

**NOTIFICATION OF
THE 86th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

To be held on June 29, 2021

**NICHICON CORPORATION
Kyoto, Japan**

Notes:

1. This is a translation of the Japanese-language notification of the 86th ordinary general meeting of registered shareholders.
2. The financial statements of Nichicon Corporation are prepared in accordance with applicable laws and accounting principles generally accepted in Japan.

Mission Statement

We dedicate ourselves to creating valued products that will contribute to a brighter future for society.

We strive to attain a better global environment, to live up to our ethical and social responsibilities and to diligently work to exceed the expectations of our customers, shareholders and employees.

With heart and soul we aim to maximize our corporate value by the way of "ko-do" (Think and Work).

* "ko-do" is a proprietary phrase created by the Company, which means "Think and Work."

The Nichicon Group's CSR Charter

CSR Principles

Nichicon Group recognizes that the Group's highest priority is to fulfill CSR (Corporate Social Responsibility) in all aspects of management as a good corporate citizen and to work cooperatively with all people in the future. We fully understand and abide by the intent and spirit of all applicable laws and international regulations in our business activities, and we conform our behavior to the ethical standards of society.

Action Policies

1. As a good corporate citizen, our group will advance our business activities to harmonize with society under the mottoes "*Whole-heartedly*" and "*With heart and soul*."
2. We shall aim for harmony with the environment in order to attain the goals of Harmonious Coexistence with the Global Environment and a Society Sensitive to Humankind and the Environment.
3. With the key words, "Respect a person's life and dignity by improving his/her ability" as our fundamental policy, we shall aim for building an agreeable workplace free from discrimination.

Dear Shareholders:

(Stock Code: 6996)

June 8, 2021

551, Nijoden-cho Karasumadori Oike-agaru,
Nakagyo-ku, Kyoto 604-0845, Japan

Shigeo Yoshida President & COO

Nichicon Corporation

NOTIFICATION OF THE 86th ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that the 86th Ordinary General Meeting of registered Shareholders of Nichicon Corporation will be held as set forth below.

In the event that you are unable to attend the meeting, you are kindly requested to examine the attached reference materials and exercise your voting rights by mail or via the internet by no later than 5:15 p.m. on Monday, June 28, 2021.

*** Please note that there is no ballot attached to this translation.**

1. Time and Date:

June 29, 2021 (Tuesday) 10:00 a.m.

2. Venue:

ANA Crowne Plaza Kyoto, 2nd Floor

10 Tsushibashi-cho Nijo-kudaru, Horikawa-dori, Nakagyo-ku, Kyoto

3. Agenda

Matters To Be Reported On:

1. Presentation of the business report and consolidated financial statements, as well as the reports of audits of consolidated financial statements that were conducted by the Accounting Auditor and the Board of Corporate Auditors, for the 86th fiscal year ended March 31, 2021.
2. Presentation of the non-consolidated financial statements for the 86th fiscal year ended March 31, 2021.

Proposals To Be Voted On:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Seven Directors

~~~~~  
If there are any amendments to the Information for Shareholders, Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements, we will post them on our website (<https://www.nichicon.co.jp/english/index.html>).

### Proposals for Deliberations and Referential Information

#### Proposal 1

#### Appropriation of Surplus

As we set profit sharing with shareholders as our important managerial goal, we aim to steadily increase our dividends by enhancing our corporate value and by strengthening our corporate structure.

On the back of the above policy, and by considering our accumulated retained earnings, we propose a dividend of ¥13.00 per share. To express our gratitude to our shareholders, we would like to increase our ordinary dividend of ¥12.00 per share by ¥1.00 per share as commemorative dividend for the 70th anniversary of the founding reached on August 1, 2020.

Thus, an annual dividend of ¥25.00 per share will be executed for the year, which is an increase of ¥1.00 from the previous fiscal year.

#### Matters concerning term-end dividend

|                                                                                 |                                                                |
|---------------------------------------------------------------------------------|----------------------------------------------------------------|
| Type of dividends                                                               | Cash                                                           |
| Matters and total amount concerning the allocation of dividends to shareholders | ¥13.00 per common stock<br>Total amount of <b>¥889,437,042</b> |
| Effective date of dividend payment                                              | June 30, 2021                                                  |

## Proposal 2 Election of Seven Directors

The terms of office of all seven (7) Directors will expire at the conclusion of the General Meeting of Shareholders.

We therefore wish to propose that the seven Directors be reelected.

The Company has established the Nomination and Compensation Committee, the majority of whose members are External Directors. The committee serves as an advisory panel to the Board of Directors, for the purpose of ensuring the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of directors, and of further enhancing the Company's corporate governance system. The selection of candidates for Director is decided by the Board of Directors based on the advice of the Nomination and Compensation Committee.

The candidates for the positions of Director are as follows:

| Candidate No. | Name              | Position and responsibilities in the Company                                                                                                                 |            |          |             |
|---------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------|-------------|
| 1.            | Ippei Takeda      | Chairman & CEO                                                                                                                                               | Reelection |          |             |
| 2             | Shigeo Yoshida    | President & COO                                                                                                                                              | Reelection |          |             |
| 3             | Hitoshi Chikano   | Director & Senior Managing Executive Officer<br>General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office | Reelection |          |             |
| 4             | Akihiro Yano      | Director and Senior Executive Operating Officer and<br>General Manager of Corporate Planning Headquarters                                                    | Reelection |          |             |
| 5             | Kazumi Matsushige | Director                                                                                                                                                     | Reelection | External | Independent |
| 6             | Yasuhisa Katsuta  | Director                                                                                                                                                     | Reelection | External | Independent |
| 7             | Shigenobu Aikyo   | Director                                                                                                                                                     | Reelection | External | Independent |

  

|            |                                      |          |                                 |             |                                                    |
|------------|--------------------------------------|----------|---------------------------------|-------------|----------------------------------------------------|
| Reelection | Candidate for reelection as Director | External | Candidate for External Director | Independent | Independent Executive as defined by Stock Exchange |
|------------|--------------------------------------|----------|---------------------------------|-------------|----------------------------------------------------|

Candidate No.

1.

Ippei Takeda

(born January 11, 1941)

Reelection

Career profile and important concurrent positions and responsibilities

|               |                                                                          |
|---------------|--------------------------------------------------------------------------|
| March 1963    | Joined the Company                                                       |
| February 1978 | Representative Director & President of Nichicon (America)                |
| June 1983     | Director of the Company                                                  |
| December 1983 | Manager of the International Division of the Company                     |
| July 1995     | General Manager of the Company's Ohno Factory and Overseas Sales Manager |
| June 1997     | Managing Director of the Company                                         |
| June 1998     | President & COO of the Company                                           |
| June 2003     | Representative Director & President, COO of the Company                  |
| June 2007     | Representative Director & Chairman, COO of the Company                   |
| June 2013     | Representative Director & Chairman, CEO (current)                        |

Reason for candidacy as Director

Since joining the Company, he has engaged in domestic and overseas sales and business operations. From 1998 served as Representative Director and President and from 2007 served as Representative Director and Chairman. Due to his abundant experience and knowledge of all aspects of management, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

No. of company shares held

15,000

Candidate No.

2

Shigeo  
Yoshida

(born September 7, 1959)

Reelection

Career profile and important concurrent positions and responsibilities

|               |                                                                           |
|---------------|---------------------------------------------------------------------------|
| April 1982    | Joined the Company                                                        |
| August 1988   | Joined Nichicon (Singapore)                                               |
| June 2003     | Acting Director for Overseas Sales in the Company's Sales Division        |
| November 2004 | General Manager of the Company's Power Supply Center                      |
| April 2007    | Director and General Manager of Nichicon (Hong Kong) Ltd.                 |
| November 2008 | Overall responsibility for the Company's East Asian sales                 |
| June 2009     | Director of the Company                                                   |
|               | Executive Officer and General Manager of the Company's Sales Headquarters |
| May 2011      | General Manager of the Company's Production Headquarters                  |
| July 2011     | Senior Managing Executive Officer of the Company                          |
| October 2012  | Representative Director and President of Nichicon Hi-Tech Foil            |
| June 2013     | Representative Director & President, COO (current)                        |

Reason for candidacy as Director

Since joining the Company, he has been engaged in domestic and overseas sales and business operations. From 2013 he served as Representative Director & President. Due to his abundant experience and knowledge of all aspects of management, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

No. of company shares held

10,000

Candidate No.

3

Hitoshi  
Chikano

(born December 5, 1960)

Reelection

Career profile and important concurrent positions and responsibilities

|                |                                                                                                                         |
|----------------|-------------------------------------------------------------------------------------------------------------------------|
| April 1983     | Joined the Company                                                                                                      |
| March 1990     | Manager of Nichicon (Hong Kong) Ltd.                                                                                    |
| June 2003      | General Manager of the Company's Investor Relations Office                                                              |
| August 2004    | General Manager of the Company's Financial and Accounting Headquarters and General Manager of Investor Relations Office |
| December 2004  | General Manager of the Company's Financial and Accounting Headquarters                                                  |
| June 2006      | Executive Officer of the Company                                                                                        |
| June 2007      | Director of the Company (current)                                                                                       |
|                | General Manager of the Company's Administration Headquarters                                                            |
| July 2008      | Senior Executive Operating Officer of the Company                                                                       |
| February 2010  | General Manager of the Company's Investor Relations Office                                                              |
| October 2013   | General Manager of the Company's Financial and Accounting Headquarters (current)                                        |
| July 2015      | Senior Executive Operating Officer of the Company                                                                       |
| July 2017      | Senior Executive Operating Officer of the Company (current)                                                             |
| September 2018 | General Manager of the Company's PR & Investor Relations Office (current)                                               |

Reason for candidacy as Director

Since joining the Company, he has engaged in domestic and overseas financial operations. From 2007 he served as Director. Due to his abundant domestic and overseas work experience and his expertise in finance and accounting, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

No. of company shares held

7,000

Candidate No.

4

# Akihiro Yano

(born December 18, 1957)

Reelection

## Career profile and important concurrent positions and responsibilities

|               |                                                                             |
|---------------|-----------------------------------------------------------------------------|
| April 1980    | Joined Pioneer Corporation                                                  |
| April 2001    | Managing Director of Planning Division of Pioneer Europe (NV)               |
| May 2005      | Representative Director and President of Pioneer Electronics Germany (GmbH) |
| December 2009 | Joined the Company as Deputy General Manager of the Production Headquarters |
| October 2010  | Deputy General Manager of the Company's Corporate Planning Headquarters     |
| May 2011      | General Manager of the Company's Corporate Planning Headquarters (current)  |
| July 2011     | Executive Officer of the Company                                            |
| June 2013     | Director of the Company (current)                                           |
| July 2015     | Executive Operating Officer of the Company                                  |
| July 2017     | Senior Executive Operating Officer (current)                                |

## Reason for candidacy as Director

Since joining the Company, he has engaged in production and planning operations. From 2013 he served as Director. Due to his abundant experience and knowledge of planning, the Company considers him suitably equipped to improve the sustainability of the Company's value, and therefore proposes him for reelection.

## No. of company shares held

3,000

Candidate No.

5

# Kazumi Matsushige

(born August 15, 1947)

Reelection

External

Independent

## Career profile and important concurrent positions and responsibilities

|            |                                                                                                                 |
|------------|-----------------------------------------------------------------------------------------------------------------|
| April 1981 | Assistant Professor in the Research Institute for Applied Mechanics, Kyushu University                          |
| May 1990   | Professor in the Faculty of Engineering, Kyushu University                                                      |
| April 1993 | Professor in Department of Electronic Science and Engineering, Graduate School of Engineering, Kyoto University |
| July 1996  | Director of Venture Business Laboratory, Kyoto University                                                       |
| April 2001 | Director of International Innovation Center, Kyoto University                                                   |
| April 2004 | Vice President of Kyoto University (responsible for industry-academia collaboration and intellectual property)  |
| April 2005 | Director, International Innovation Organization, Kyoto University                                               |
| April 2012 | Professor Emeritus, Kyoto University (current)                                                                  |
| June 2012  | Distinguished Visiting Professor, Ryukoku University                                                            |
| April 2013 | Director of the Company (current)                                                                               |
| April 2013 | President of Shikoku University and Shikoku University Junior College (current)                                 |
| June 2016  | Director of Awa Paper & Technological Company, Inc. (current)                                                   |

## Reason for candidacy as External Director and outline of expectations

The Company expects to continue leveraging the high level of insight and wealth of experience of this candidate, who has had an extensive career as a university professor, to obtain valuable guidance for its operation and management. Although the candidate does not have any experience of direct involvement in corporate management, except as an External Director, the Company judges that for the above-stated reasons, he will be able to suitably fulfill his duties as an External Director.

## No. of company shares held

2,000

Candidate No.

6

# Yasuhisa Katsuta

(born February 20, 1942)

Reelection

External

Independent

## Career profile and important concurrent positions and responsibilities

|              |                                                                                                      |
|--------------|------------------------------------------------------------------------------------------------------|
| April 1965   | Joined The Daiwa Bank Ltd. (now Resona Bank Ltd.)                                                    |
| July 1991    | Director and Manager of Head Office Branch (same bank)                                               |
| June 2001    | Representative Director and President (same bank)                                                    |
| October 2002 | Representative Director and President of Resona Holdings Inc.                                        |
| March 2003   | Representative Director and President of Resona Bank Ltd.                                            |
| April 2005   | Distinguished Visiting Professor at Faculty of Management Information, Osaka University of Economics |
| June 2005    | Director of Funai Electric Co., Ltd.                                                                 |
| June 2006    | Corporate Auditor Otsuka Pharmaceutical Co., Ltd.                                                    |
| July 2008    | President of Osaka University of Economics                                                           |
| July 2014    | Trustee of Osaka University of Economics (current)                                                   |
| June 2015    | Director of the Company (current)                                                                    |

## Reason for candidacy as External Director and outline of expectations

This candidate has been engaged in the financial industry for many years, accumulating considerable knowledge of finance and accounting. The Company expects to seek his valuable guidance on company operations, leveraging the experience he has gained through his roles as a director and president of financial institutions, as a director and auditor of other companies, and also as a university professor. For this reason, the Company proposes him for reelection as an External Director.

## No. of company shares held

1,000

| Career profile and important concurrent positions and responsibilities |                                                                                         | Reason for candidacy as External Director and outline of expectations                                                                                                                                                                                                                                                                                                                                                                                 | No. of company shares held |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| April 1972                                                             | Joined The Sumitomo Bank (now Sumitomo Mitsui Banking Corporation)                      | This candidate has been engaged in the financial industry for many years, accumulating a wealth of knowledge of finance and accounting. The Company expects to seek his valuable guidance on company operations, leveraging the experience he has gained as a manager and director of financial institutions and through his role as a director of other companies. For this reason, the Company proposes him for reelection as an External Director. | 1,000                      |
| June 2005                                                              | Managing Director and Managing Executive Officer (same bank)                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| April 2006                                                             | Director and Senior Managing Executive Officer (same bank)                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
|                                                                        | Senior Managing Executive Officer of the Sumitomo Mitsui Financial Group                |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| April 2007                                                             | Director and Vice President Executive Officer of Corporate Banking Division (same bank) |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| April 2010                                                             | Representative Director and Chairman of Nikko Cordial Securities Inc.                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| April 2011                                                             | Representative Director and Chairman of SMBC Nikko Securities Inc.                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| June 2015                                                              | Director of Hashimoto Sogyo Holdings Ltd. (current)                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| March 2016                                                             | Director of MODEC Inc. (current)                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| June 2016                                                              | Director of Sanyo Chemical Industries Ltd. (current), Director the Company (current)    |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |
| June 2019                                                              | Corporate Auditor of Starts Corporation Inc. (current)                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                            |

(Notes): 1. There is no conflict of interest between each candidate and the Company.

2. Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta, and Mr. Shigenobu Aikyo are all candidates for External Director.
3. Mr. Kazumi Matsushige will have been in the position of External Director of the Company for nine years at the conclusion of this Ordinary General Meeting of Shareholders. Mr. Yasuhisa Katsuta will have been in the position of External Director of the Company for six years at the conclusion of this Ordinary General Meeting of Shareholders. Mr. Shigenobu Aikyo will have been in the position of External Director of the Company for five years at the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company has entered into contracts with Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo, pursuant to Article 427, paragraph 1 of the Companies Act, to limit their liability for payment of damages as set forth in Article 423, paragraph 1 of the Act. The limit on liability for payment of damages under the contract is in accordance with prevailing laws and regulations, and in the event that they are reappointed, the Company plans to extend this contract with them.
5. The Company has designated Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo independent executives pursuant to the rules of the Tokyo Stock Exchange and has notified the Exchange of this.
6. The Company, pursuant to the provision of Article 430-3, paragraph 1 of the Companies Act, has entered into limited liability contracts for executives with an insurance company, to cover the amount of damages and litigation expenses incurred by the insured executives in the event of any claims for damages arising from the execution of their duties. If the reappointment of candidates is approved, they will continue to be insured under the relevant insurance contract. The insurance will be renewed under similar conditions in the case of a subsequent reappointment.

Business Report for the Fiscal Year Ended March 31, 2021

(April 1, 2020 to March 31, 2021)

**1** 1. Matters Concerning the Current State of the Nichicon Group

## (1) Results of Business Operations

In the 12 months to March 31, 2021, the Japanese economy was impacted by the Covid-19 pandemic, resulting in stagnation of the economy and social activity and a large decline in consumer spending. Further, decline of overseas demand caused by worsening economies overseas, has caused capital investments to hover at lackluster levels. Despite a gradual upturn in economic activity from the second quarter, the outlook remained uncertain; the increase of Covid infection caused by variants of the virus was one of the factors. In the U.S. economy, corporate performance improved as government employed stimulative measures and reignited economic activities. However, the effects of the U.S.-China conflict and other factors are preventing a full-fledged recovery. In the European economy, economic prospects were further clouded by a large-scale decline in both in private consumption and corporate earnings. China was quick to limit the spread of Covid-19 and to restart its economy and there are now clear indications of a moderate recovery.

Despite this situation, the Company is continuing to globally expand the number of car models adopting its film capacitors for motor-driving inverters, owing to growth in the markets for electric vehicles (EV) and hybrid vehicles (HV). To address this market, we are setting up systems to enable increased production in Japan as well as in Suqian, China, as well as to improve productions costs. In the aluminum electrolytic capacitor business too, we developed super-high-temperature-resistant and vibration-resistant products for use in automotive electrical equipment and EVs. At the same time, in the area of conductive polymer aluminum solid capacitors and conductive polymer hybrid aluminum electrolytic capacitors, we developed new products and improved specifications.

In addition, as a leader in the household energy-storage market, we made advances in our NECST (Nichicon Energy Control System Technology) business, which represents a new pillar of our corporate strategy. More specifically, in response to the ending of the feed-in tariff (FIT) system and disaster preparation, we expanded sales of our Tribrid Energy Storage System®, which links together the three elements of solar PV power generation, EVs, and storage batteries for ZEH (net Zero Energy House)—a technology with the potential to contribute substantially to the realization of a “low carbon society.” We also improved our products by adding to our line of 12kWh single-function power storage systems and developing a full load and 200V-compatible, high-capacity single-function power storage system. Despite these efforts, sales and profits were down due to the impact of Covid-19. At the same time, in relation to EVs, we saw growing sales of our new grid-connectable EV POWER STATION® V2H system and POWER MOVER® portable power supply, which enables electric power to be drawn from EVs, PHVs, and FCVs, as a result of growth in EV adoption and use for disaster recovery. With these NECST products, we contributed to the prevention of global warming by promoting the use of renewable energy and the diffusion of EVs. Furthermore, in the face of widespread power outages in recent years due to natural disasters driven by climate change, our emergency power supply technology has supported disaster countermeasures. As a result of these efforts, in November 2020 we received the Environment Minister’s Award for Global Warming Prevention Activity, in recognition of our “greenhouse gas emission reductions through innovative technology development and social contribution through disaster countermeasures.” The Company is determined to continue offering and promoting original solutions to social challenges.

As a result of all these factors, the Group’s net sales for the fiscal year ended March 31, 2021 were ¥116,073 million, down 3.0% from the previous year. The Group posted an operating profit of ¥1,573 million for the year, down 38.3% year-on-year; an ordinary profit of ¥3,015 million, down 16.7% year-on-year; and a profit attributable to shareholders of the parent company of ¥1,703 million, down 39.4% year-on-year.

Looking at performance by product category, net sales of capacitors for electronics amounted to ¥62,644 million, up 0.7% for the year, despite a drop in sales of capacitors for inverter-related equipment. The main factors influencing the positive result were a recovery in sales of capacitors for automotive-related equipment in the second half, after a decline in the first half, and growth in sales of capacitors for information-related equipment.

Net sales of capacitors for electric utilities and power apparatus and capacitor-applied systems came to ¥15,976 million, down 2.3% for the year. Although demand for film capacitors for EV and HV vehicle equipment was up, sales of capacity-applied systems fell.

Net sales of circuit products fell to ¥37,215 million, down 8.4% for the year, despite higher sales of V2H systems and other EV-related equipment, due to weaker demand for household energy-storage systems.

The Group's net sales broken down by product category are as follows:

| Product Category                                                                     | 85th Fiscal Year<br>(Ended March 31, 2020) |                     | 86th Fiscal Year<br>(Ended March 31, 2021) |                     | Year-on-Year Change      |                      |
|--------------------------------------------------------------------------------------|--------------------------------------------|---------------------|--------------------------------------------|---------------------|--------------------------|----------------------|
|                                                                                      | Net Sales                                  | Percentage of total | Net sales                                  | Percentage of total | Net Sales                | Percentage of change |
| Capacitors for electronics                                                           | (Millions of yen)<br>62,222                | %<br>52.0           | (Millions of yen)<br>62,644                | %<br>53.9           | (Millions of yen)<br>422 | %<br>0.7             |
| Capacitors for electric utilities and power apparatus, and capacitor-applied systems | 16,353                                     | 13.7                | 15,976                                     | 13.8                | (377)                    | (2.3)                |
| Circuit products                                                                     | 40,622                                     | 33.9                | 37,215                                     | 32.1                | (3,407)                  | (8.4)                |
| Other                                                                                | 476                                        | 0.4                 | 237                                        | 0.2                 | (239)                    | (50.3)               |
| Total                                                                                | 119,675                                    | 100.0               | 116,073                                    | 100.0               | (3,602)                  | (3.0)                |

(2) Capital Investment

We made a total capital investment of ¥6,542 million during the fiscal year ended March 31, 2021. Investments were focused on technology and development aimed at growth of new businesses, on enhancing our lineup of new small lithium-ion rechargeable battery products and upgrading production of film capacitors for EVs.

(3) Financing

Not applicable

(4) Key Issues to be Addressed

In view of the increasing sophistication and diversity of customer needs and the growing need for corporate activities to take into account environmental impacts, the Nichicon Group is concentrating its management resources on growth products in its core capacitor and NECST businesses, with a desire to help resolve social challenges and shape a bright future for society. In this way, we plan to increase our corporate value further.

At the same time, the impact Covid-19 continues to worsen in Japan. Nonetheless, we continue to deliver products and services to our customers, even though our highest priority is ensuring the safety of customers, employees and their families, and preventing the infection and spread of the disease.

1) To capture business opportunities for the realization of a low-carbon society and advancement of key technologies

Capacitor business:

For our aluminum electrolytic capacitors for automotive/5G applications and our film capacitors for automotive applications, there are numerous fields that offer growth potential. In the automotive area, there is the whole area of CASE (Connected, Autonomous, Shared & Services, Electric) technologies, while in the information and communications area, there is the launch of 5G-based communication services, along with the associated installation of associated base stations and the expansion of IoT. In addition, with the accelerating expansion of the IoT market, demand for small lithium-ion rechargeable batteries will break out beyond wearable devices and data communication terminals, into areas such as smart homes, smart factories, smart agriculture, and disaster detection solutions. To ensure that we do not miss these opportunities, we are upgrading our supply capacity and stepping up our development of new, highly competitive products.

NECST business:

Household energy storage systems and V2H systems have attracted attention not only for environment-friendly applications such as electricity self-consumption, but also for use as emergency power supplies in the face of increasingly frequent natural disasters. In response to these shifts, we have developed new home energy storage system products that enable backup power supply to all the rooms of a home. These products are equipped with an "automatic switchboard" that can be used with any kind of wiring system, with a function to switch automatically to energy-storage mode based on weather alert information, as well as the ability to switch from energy storage to energy supply in the event of a power outage. Furthermore, to help promote greater electric power decentralization (local production/local consumption of electricity), we are cooperating in various kinds of Virtual Power Plant (VPP) trials by supplying household energy-storage systems and V2H systems. We are also taking part in validation work on the use of energy-storage systems for public and industrial use. Looking to the future, we are striving to expand our business by commercializing complex systems that organically combine these kinds of systems, as part of our efforts to help shape a low-carbon society and promote sustainability.

Our medical power supplies for accelerators contribute to cancer treatment by accelerating particles which is essential to corpuscular ray therapy instruments. As of the end of March 2021, our systems have been adopted by 17 facilities in Japan and 9 facilities overseas, mainly in North America. By actively participating in the development of new accelerator power supplies carried out at R&D institutes, we are contributing to build a more comfortable society.

## 2) Strengthening management to make business less affected by the external environment

We conduct our own R&D on aluminum electrolytic capacitors, even on basic materials such as electrode foil and electrolytes, and in the face of ever more diverse applications, we are working to develop products to meet the need for increasingly advanced functionality. For the above-mentioned high-priority fields, we have put together a wide range of devices, including large capacitors with screw terminals, chip capacitors optimized for surface mounting, conductive polymer aluminum solid electrolytic capacitors that utilize conductive polymer cathode materials, and conductive polymer hybrid aluminum electrolytic capacitors that combine the features of both the latter products.

In the area of film capacitors, we have developed a metalized film, a basic material, and we are focusing effort on the development and manufacture of products for automotive and railway car-related equipment, particular inverter smoothing capacitors for the motor drives of EVs, HVs, and PHVs, which are enjoying remarkably strong market growth. The film capacitors used in these motor drive inverter units not only boast excellent high-frequency characteristics and current resistance, as well as long life, high reliability, and excellent safety, they are also able to flexibly meet the demands of customers. For these reasons, adoption by domestic and overseas automobile manufacturers is growing rapidly.

In relation to our NECST business products, the government has now clearly defined its goal to achieve carbon neutrality by 2050, and is also formulating policies to expand the use of renewable energy to meet the goal. ZEH (Zero Energy House) is seen as a promising element for supporting carbon neutrality. The Nichicon group is contributing to the expansion of ZEH by installing complex system products in the ZEHs sold by house makers, such as hybrid-type systems combining household energy storage and/or solar PV power generation systems, and “tribrid”-type systems incorporating V2H (Vehicle to Home) functions. We were also the first in the industry to develop V2H systems that enable EVs to supply electric power to homes. These are marketed under the name EV POWER STATION®. Along with energy storage systems for public and industrial use and our POWER MOVER® V2L (Vehicle to Load) systems that enables EVs to serve as independent power supplies, these products are making a substantial contribution to security and safety in emergency situations, by their ability to supply electric power at evacuation shelters during extended power outages following severe natural disasters, which are occurring more frequently in recent times.

As a company-wide, cross-sectional initiative to strengthen this area of our business, we are focusing on improving productivity and reducing costs at our production bases, through automation and labor-saving, and on establishing absolute quality, as well as on promoting the digitalization of sales, production, R&D, management, and all other activities, and creating future innovation.

## 3) Setting up and promoting ESG management

To achieve sustainable growth and increase corporate value, the Group is striving to contribute to the global environment through its products, to strengthen its human resource base through greater workstyle diversity, and to strengthen its system of corporate governance and compliance.

As part of our efforts to address environmental issues, we have installed a complex system that stores up the solar PV power generated at the company’s facilities and supplies it efficiently, without waste to charge EVs and power production facilities. Like this we are cutting CO<sub>2</sub> emissions through new ways of utilizing renewable energy in production plants and other large-scale facilities.

We also believe that “people” are the Group’s most valuable asset and the source of its vitality. Accordingly, we put importance on enhancing our human resource base, so that each and every employee can sensitively perceive the needs of our society and our times and think and work (ko-do) with a high level of awareness of compliance, with the opportunity to demonstrate their abilities and realize true fulfillment and personal growth. In terms of our interactions with the society, our main focus is industry-academia collaboration. We have been actively promoting joint R&D activities with university institutions, for example collaborating with Ritsumeikan University on MOT (Management of Technology) education, and signing a comprehensive industry-academia research collaboration agreement with the Institute of Industrial Science at The University of Tokyo, aimed at developing local forms of energy production for local consumption and contributing to the creation of a smart society.

In addition, for improved corporate governance, one-third of the Company’s Board of Directors consists of External Directors, to ensure greater transparency in the Board’s supervisory and executive responsibility for the Company’s management. Furthermore, we established a Nomination and Compensation Committee, to serve as an advisory panel for the Board of Directors. A majority of the panel members are External Corporate Officers. The panel’s purpose is to ensure the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of directors. To strengthen compliance we are improving our systems for ensuring the appropriate execution of business and for ensuring the reliability of financial reporting. Like this, we are promoting further improvement and implementation of internal controls.

(5) Financial and Profit/Loss Indicators

| Product Category                                                                   | 83th Fiscal Year<br>(Ended March 31, 2018) | 84th Fiscal Year<br>(Ended March 31, 2019) | 85th Fiscal Year<br>(Ended March 31, 2020) | 86th Fiscal Year<br>(Ended March 31, 2021) |
|------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------|
| Net Sales (Millions of yen)                                                        | 114,767                                    | 122,860                                    | 119,675                                    | 116,073                                    |
| Ordinary profit (Millions of yen)                                                  | 7,005                                      | 7,122                                      | 3,621                                      | 3,015                                      |
| Profit (loss) attributable to shareholders of the parent company (Millions of yen) | (10,905)                                   | (7,953)                                    | 2,812                                      | 1,703                                      |
| Net Profit (net loss) per share (yen)                                              | (156.60)                                   | (114.21)                                   | 40.59                                      | 24.90                                      |
| Total assets (Millions of yen)                                                     | 154,792                                    | 139,770                                    | 139,426                                    | 156,008                                    |
| Net assets (Millions of yen)                                                       | 95,762                                     | 81,313                                     | 77,450                                     | 89,266                                     |
| Net assets per share (Yen)                                                         | 1,345.57                                   | 1,137.02                                   | 1,104.87                                   | 1,274.33                                   |

(Notes) 1. Profit or loss per share is calculated based on the average number of issued shares less treasury shares during the period; and net assets per share are calculated based on the number of issued shares less treasury shares at the end of the period.

2. From the beginning of the 84th fiscal year ended March 31, 2019, we are applying the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). The value of total assets in the 83rd fiscal year ended March 31, 2018, are calculated after retrospectively applying this amended accounting standard.

(6) Important Status of the Parent Company and Subsidiaries

i. Relationship with the Parent Company

Not applicable

ii. Principal Consolidated Subsidiaries

| Subsidiary                                        | Capital         | Percentage of voting rights held by the Company (%) | Primary business                                                                                                                   |
|---------------------------------------------------|-----------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Nichicon Hi-Tech Foil Corporation                 | ¥80 million     | 100.0                                               | Manufacture of electrode foils for aluminum electrolytic capacitors                                                                |
| Nichicon (Kusatsu) Corporation                    | ¥80 million     | 100.0                                               | Manufacture of capacitors for electric apparatus and power utilities, film capacitors, and capacitor-applied systems and equipment |
| Nichicon (Kameoka) Corporation                    | ¥80 million     | 100.0                                               | Manufacture of function modules, V2H systems, PTC thermistors, and household energy-storage systems                                |
| Nichicon (Ohno) Corporation                       | ¥80 million     | 100.0                                               | Manufacture of aluminum electrolytic capacitors, electric double-layer capacitors, and small lithium-ion rechargeable batteries    |
| Nichicon (Iwate) Corporation                      | ¥100 million    | 100.0                                               | Manufacture of aluminum electrolytic capacitors                                                                                    |
| Nichicon (Wakasa) Corporation                     | ¥84 million     | 100.0                                               | Manufacture of power supplies and household energy-storage systems                                                                 |
| Torishima Electric Works, Ltd.                    | ¥30 million     | 100.0                                               | Manufacture and sale of transformers and reactors                                                                                  |
| Nippon Liniac Co., Ltd.                           | ¥15 million     | 100.0                                               | Manufacture and sale of pressure sensors and measuring instruments                                                                 |
| Yutaka Electric Mfg. Co., Ltd.                    | ¥330 million    | 100.0                                               | Development, design, manufacture, and sale of power supply systems                                                                 |
| Nichicon (America) Corporation                    | US\$ 3 million  | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon (Austria) GmbH                           | EUR 1 million   | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon (Hong Kong) Ltd.                         | HK\$ 5 million  | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon (Singapore) Pte. Ltd.                    | SP\$ 8 million  | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon (Taiwan) Co., Ltd.                       | NT\$ 30 million | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon (Thailand) Co., Ltd.                     | BAHT 20 million | 49.0                                                | Sale of capacitors                                                                                                                 |
| Nichicon Electronics Trading (Shanghai) Co., Ltd. | US\$ 500,000    | 100.0                                               | Sale of capacitors                                                                                                                 |
| Nichicon Electronics Trading (Shenzhen) Co., Ltd. | US\$ 300,000    | 100.0                                               | Services associated with the sale of capacitors and circuit products                                                               |
| Nichicon (Malaysia) Sdn. Bhd.                     | M\$ 63 million  | 100.0                                               | Manufacture and sale of aluminum electrolytic capacitors                                                                           |
| Nichicon Electronics (Wuxi) Co., Ltd.             | US\$ 75 million | 100.0                                               | Manufacture and sale of aluminum electrolytic capacitors and various power supplies                                                |
| Nichicon Electronics (Suqian) Co., Ltd.           | US\$ 55 million | 100.0                                               | Manufacture and sale of aluminum electrolytic capacitors and capacitors for electric apparatus                                     |
| Wuxi Nichicon Electronics R&D Center Co., Ltd.    | RMB 5 million   | 100.0                                               | Development and design of power supplies and aluminum electrolytic capacitors                                                      |

Notes: 1. The above percentage of voting rights held by the Company includes voting rights held by the Company's subsidiaries.

2. The Company has 21 consolidated subsidiaries and 2 companies accounted for under the equity method.

(7) Principal Businesses of the Nichicon Group (as of March 31, 2021)

The Nichicon Group engages in the manufacture and sale of capacitors for electronics, capacitors for electric apparatus and power utilities, capacitor-applied systems and equipment, and circuit products.

The principal product categories are as follows.

| Product category                                                                     | Principal products                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capacitors for electronics                                                           | Aluminum electrolytic capacitors, film capacitors, small lithium-ion rechargeable batteries, Posi-R® PTC thermistors                                                                                  |
| Capacitors for electric utilities and power apparatus, and capacitor-applied systems | Film capacitors, energy-storage system for public and industrial use, accelerator power supplies, momentary voltage sag compensators, power outage compensators, power transformers, pressure sensors |
| Circuit products                                                                     | Household energy-storage systems, V2H systems, EV·PHV quick chargers, switching power supplies, function modules, uninterruptible power-supply systems                                                |
| Other                                                                                | Other                                                                                                                                                                                                 |

(8) Principal Offices and Plants of the Nichicon Group (as of March 31, 2021)

| Nichicon Corporation                    | Head Office                        |                         | Nakagyo-ku, Kyoto |
|-----------------------------------------|------------------------------------|-------------------------|-------------------|
|                                         | Sales offices and other facilities | Tokyo Sales Office      | Chuo-ku, Tokyo    |
|                                         |                                    | Nagoya Sales Office     | Naka-ku, Nagoya   |
|                                         |                                    | West Japan Sales Office | Nakagyo-ku, Kyoto |
|                                         |                                    | Power Supply Center     | Chuo-ku, Tokyo    |
| Nichicon Hi-Tech Foil Corp.             | Ohmachi, Nagano; Ohno, Fukui       |                         |                   |
| Nichicon (Kusatsu) Corp.                | Kusatsu, Shiga                     |                         |                   |
| Nichicon (Kameoka) Corp.                | Kameoka, Kyoto                     |                         |                   |
| Nichicon (Ohno) Corp.                   | Ohno, Fukui; Azumino, Nagano       |                         |                   |
| Nichicon (Iwate) Corp.                  | Iwate-cho, Iwate                   |                         |                   |
| Nichicon (America) Corp.                | Illinois, United States            |                         |                   |
| Nichicon (Austria) GmbH                 | Vienna, Austria                    |                         |                   |
| Nichicon (Hong Kong) Ltd.               | Hong Kong, China                   |                         |                   |
| Nichicon (Taiwan) Co., Ltd.             | Taipei, Taiwan                     |                         |                   |
| Nichicon (Malaysia) Sdn. Bhd.           | Selangor, Malaysia                 |                         |                   |
| Nichicon Electronics (Wuxi) Co., Ltd.   | Wuxi, China                        |                         |                   |
| Nichicon Electronics (Suqian) Co., Ltd. | Suqian, China                      |                         |                   |

(9) Employees (as of March 31, 2021)

i. Employees of the Nichicon Group

| No. of employees | Change from end of previous fiscal year |
|------------------|-----------------------------------------|
| 5,209            | Down 200                                |

ii. Employees of the Company

| No. of employees | Change from end of previous fiscal year | Average age | Average length of service |
|------------------|-----------------------------------------|-------------|---------------------------|
| 506              | Up 13                                   | 44.1        | 10.1 years                |

(10) Major Lenders (as of March 31, 2021)

| Lenders                             | Loans outstanding |
|-------------------------------------|-------------------|
| Mizuho Bank, Ltd.                   | ¥3,206 million    |
| The Bank of Kyoto, Ltd.             | ¥3,206 million    |
| Sumitomo Mitsui Banking Corporation | ¥3,206 million    |
| MUFG Bank, Ltd.                     | ¥3,206 million    |

(11) Other Important Matters Concerning the Current State of the Nichicon Group

The Company and some of its overseas sales subsidiaries have been under investigation by the Japan Fair Trade Commission (JFTC) and regulatory authorities of the European Union, the United States, and other bodies since March 2014 over alleged violations of applicable competition laws arising from the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in respective regions and countries. In March 2016, the Company received from the JFTC a cease-and-desist order and an order to pay a surcharge for the investigation in Japan. In September 2016, we expressed dissatisfaction with the presumption and judgment of the JFTC's orders and filed a legal action. In March 2019, a decision was handed down to dismiss our claims, and in April 2019, we filed an appeal against this decision. However, in December 2020, the court ruled to dismiss the appeal and in the same month the Company filed an appeal to the Supreme Court as well as a petition for acceptance of the appeal.

In December 2015, Nichicon (Hong Kong) Ltd., a Company subsidiary, was subjected to a penalty from the Taiwan Fair Trade Commission. In February 2016, the Company expressed dissatisfaction with the presumption and judgment on which the penalty was based and filed a legal action. Then in July 2020, there was a ruling to dismissing the appeal, and in August of the same year the Company filed a legal action in the Supreme Administrative Course, objecting to the ruling. The case is still ongoing. In addition, in March 2018, the Company was sanctioned by the European Commission with a fine and in May of the same year it filed a lawsuit to appeal the finding and decision of the sanction. The hearing is currently ongoing.

We have already paid the above surcharges and penalty in full within the due period in order to avoid the risk of having to pay delinquency charges. Class action lawsuits have been filed against us in the United States and Canada over alleged violations of applicable laws. In the case of the U.S., in September 2018 we concluded a settlement with indirect customers involving the payment by us of US\$ 21.5 million. Then in December 2018 we concluded a settlement with direct customers involving the payment by us of US\$ 90 million. These settlements need to be officially confirmed by means of court approval procedures. Final approval of the settlement with direct customers was given by the court in May 2019, and final approval of the settlement with indirect customers was given by the court in July 2020. Note that the Canada class action is still ongoing. We will continue to deal with this case appropriately.

We apologize to our shareholders, customers, and other stakeholders for causing concern over these allegations.

As stated earlier, the Company does not agree with the presumptions and judgment upon which the JFTC and other regulatory authorities have based their orders and we will seek a fair judgment from courts in relation to these matters (except in the cases in which judgments have already been made and those that are currently being settled). In the meantime, we have stepped up our efforts to institute more stringent compliance with competition laws and to raise the awareness of legal compliance amongst employees, by updating internal rules, upgrading our internal compliance system, and training and educating employees on compliance. We will spare no effort to ensure that compliance is strengthened and shared throughout the organization.

## 2. Matters Concerning Company Shares

- (1) Authorized Number of Shares to Be Issued: 137,000,000 shares  
(2) Number of Shares Issued: 68,418,234 shares (excluding 9,581,766 treasury shares)  
(3) Number of Shareholders: 20,917  
(4) Ten Largest Shareholders:

| Name of shareholder                                                              | Number of shares held (thousands) | Percentage of total shares issued (%) |
|----------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|
| The Master Trust Bank of Japan (Trust account)                                   | 4,733                             | 6.9                                   |
| The Bank of Kyoto, Ltd.                                                          | 3,409                             | 5.0                                   |
| Nichicon suppliers' stock ownership program                                      | 3,268                             | 4.8                                   |
| Custdy Bank of Japan, Ltd. (Trust account)                                       | 2,963                             | 4.3                                   |
| Mizuho Bank, Ltd.                                                                | 2,690                             | 3.9                                   |
| Nippon Life Insurance Company                                                    | 2,670                             | 3.9                                   |
| Sumitomo Mitsui Banking Corporation                                              | 2,200                             | 3.2                                   |
| MUFG Bank, Ltd.                                                                  | 2,000                             | 2.9                                   |
| Nichicon Employees' Shareholding Association                                     | 1,612                             | 2.4                                   |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/ JASDEC/ JANUS HENDERSON HORIZON FUND | 1,333                             | 1.9                                   |

- (Notes): 1. The Company holds 9,581,000 treasury shares, which are excluded from the above table.  
2. The percentage of shareholdings (of total shares issued) is calculated after deduction of treasury shares.  
3. The number of shares held is rounded down to the nearest thousand shares.

## 3. Matters Concerning Stock Acquisition Rights, etc. of the Company

- (1) State of stock acquisition rights issued as compensation for the execution of duties by Company officers  
Not applicable  
(2) State of stock acquisition rights issued to Employees, etc. as compensation for the execution of duties during the fiscal year under review  
Not applicable  
(3) Other important matters concerning stock acquisition rights, etc.  
Not applicable

#### 4. Matters Concerning Company Officers

##### (1) Directors and Corporate Auditors (as of March 31, 2021)

| Title                                              | Name               | Position in the Company and important positions held in other companies or organizations                                                                           |
|----------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairman and Chief Executive Officer               | Ippei Takeda       | CEO                                                                                                                                                                |
| President and Chief Operating Officer              | Shigeo Yoshida     | COO                                                                                                                                                                |
| Director<br>Senior Managing Executive Officer      | Hitoshi Chikano    | General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office                                                       |
| Director<br>and Senior Executive Operating Officer | Akihiro Yano       | General Manager of Corporate Planning Headquarters                                                                                                                 |
| Director                                           | Kazumi Matsushige  | Professor Emeritus at Kyoto University; President of Shikoku University and Shikoku University Junior College; Director of Awa Paper & Technological Company, Inc. |
| Director                                           | Yasuhisa Katsuta   | Trustee of Osaka University of Economics                                                                                                                           |
| Director                                           | Shigenobu Aikyo    | Director of Hashimoto Sogyo Holdings Co. Ltd.; Director of MODEC Inc.; Director of Sanyo Chemical Industries, Ltd.; Corporate Auditor of Starts Corporation, Inc.  |
| Standing Corporate Auditor                         | Sachihiko Araki    |                                                                                                                                                                    |
| Standing Corporate Auditor                         | Yoshihiko Nakatani | Senior Researcher at Center of Research for Science and Technology, Ritsumeikan University                                                                         |
| Corporate Auditor                                  | Hideki Ohnishi     |                                                                                                                                                                    |
| Corporate Auditor                                  | Masahiro Morise    |                                                                                                                                                                    |

(Notes): 1. Kazumi Matsushige, Yasuhisa Katsuta, and Shigenobu Aikyo are External Directors.

The Company has designated Kazumi Matsushige, Yasuhisa Katsuta, and Shigenobu Aikyo as Independent Executives in accordance with the rules established by the Tokyo Stock Exchange and has registered them accordingly with the Stock Exchange.

2. Yoshihiko Nakatani, Hideki Ohnishi, Masahiro Morise are External Corporate Auditors.

3. Hideki Ohnishi, Corporate Auditor, is a certified tax accountant and has considerable knowledge of financial affairs and accounting.

4. Masahiro Morise, Corporate Auditor, has been engaged for many years in financial management and has considerable knowledge of financial affairs and accounting.

5. The reassignments of Corporate Auditors in the current financial year are as follows:

- At the 85th General Meeting of Shareholders on June 26, 2020, Yoshihiko Nakatani was newly elected and installed as a Corporate Auditor.
- On the occasion of the 85th General Meeting of Shareholders on June 26, 2020, Corporate Auditor Atsushi Abe retired.

##### (2) Remuneration of Directors and Corporate Auditors

i. As approved by the Board of Directors on March 10, 2021, the policy for deciding on the remuneration of individual directors is as follows.

###### 1. Basic policy

The basic policy is to link remuneration of the Company's directors to shareholder profit, so as to function effectively as an incentive for sustainably improving corporate value, and to determine the appropriate level of remuneration of individual directors based on their particular responsibilities. More specifically, the remuneration of executive directors shall consist of a fixed basic compensation and a performance-linked compensation, whereas Outside Directors, who only serve a supervisory function, shall be paid only a fixed compensation, in line with their role and independence.

###### 2. Policy for determining the basic remuneration of individuals

The basic compensation of the Company's directors shall consist of a fixed monthly sum, within a limit for directors decided at the general meeting of shareholders, comprehensively taking into account individual responsibilities and performance, corporate performance and trends at other companies, medium to long-term performance, and record of past remuneration.

3. Policy for determining the details and amount performance-linked compensation

To raise awareness of the need to improve business performance every fiscal year, the Company's performance-linked compensation shall be decided based on the recommendations of the Nomination and Compensation Committee, within the limit decided by the general meeting of shareholders. The amount of compensation shall be in accordance with the role and contribution of the individual over the short, medium, and long term within a specific range of net profit attributable to shareholders of the parent company. The compensation shall be paid yearly at a specific time.

4. Policy for determining the values of basic and performance-linked compensation as proportions

Since the Company's performance-linked compensation is paid within the range of the net profit attributable to the shareholders of the parent company, it will vary substantially depending on the corporate results. As a result, the value of performance-linked compensation as a proportion of basic compensation tends to vary widely from year to year. For this reason, there are no predetermined guidelines regarding the proportion of each component of compensation.

5. Matters concerning the determination of remuneration of individual directors

The details of the remuneration of individual directors shall be worked out by the CEO and COO subject to the approval of the Board of Directors. The authority of the CEO and COO extends to deciding on the basic compensation of individual directors as well as evaluating and distributing performance-linked compensation, in consultation with each other.

To ensure that this authority is appropriately exercised by the CEO and COO, the Board of Directors shall consult with and take guidance from the Nomination and Compensation Committee, and the CEO and COO who are charged with this responsibility must take decisions in accordance with the guidance they are given.

ii. Total amount of compensation for the fiscal year under review

| Category                                           | Amount of compensation<br>(Millions of yen) | Amount by type (millions of yen) |           | No. of Corporate Officers |
|----------------------------------------------------|---------------------------------------------|----------------------------------|-----------|---------------------------|
|                                                    |                                             | Basic compensation               | Bonus     |                           |
| Director<br>(External Directors)                   | 174<br>(20)                                 | 156<br>(20)                      | 18<br>(-) | 7<br>(3)                  |
| Corporate Auditor<br>(External Corporate Auditors) | 36<br>(21)                                  | 36<br>(21)                       | -<br>(-)  | 5<br>(3)                  |
| Total<br>(External Corporate Officers)             | 210<br>(41)                                 | 192<br>(41)                      | 18<br>(-) | 12<br>(6)                 |

- (Notes): 1. As per a resolution adopted at the general meeting of shareholders of June 28, 2007, the total remuneration paid to Directors is limited to ¥280 million per year (there were 7 directors as of the end of fiscal year under review), and the total remuneration paid to Corporate Auditors is limited to ¥50 million per year (there were 3 Corporate Auditors as of the end of fiscal year under review).
2. The above amount of remuneration paid to Corporate Auditors includes the remuneration paid to one Corporate Auditors who retired during the fiscal year under review is included.
3. The above amount of remuneration paid to Directors does not include employee salaries or bonuses paid to Directors who are also employees of the Company.
4. The remuneration of each Corporate Auditor is decided in consultation with the Board of Corporate Auditors, but due to the oversight nature of their auditor's role, they are only paid a fixed compensation.
5. The amount of remuneration paid to directors in the fiscal year under review was determined in consultation by the CEO and COO, after receiving due authorization from the Board of Directors.

### (3) Matters concerning External Corporate Officers

i. The Company's Relationship with the Companies or Organizations in which External Directors or Corporate Auditors Have Representation: None

ii. Main Activities of External Corporate Officers during the Fiscal Year under Review

| Category          | Name               | Attendance, remarks and outline of duties performed in relation to the role expected of External Director                                                                                                                                                                                                                                                                                                                                    |
|-------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director          | Kazumi Matsushige  | Attended 10 out of 10 meetings of the Board of Directors during the fiscal year under review. He makes statements at suitable times, offering expert insight based on his wealth of knowledge and experience as an academic, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management.                                                                                        |
| Director          | Yasuhisa Katsuta   | He attended 9 out of 10 meetings of the Board of Directors during the fiscal year under review. He has worked in the financial industry for many years and he makes statements at suitable times, offering expert insight based on his wealth of knowledge and experience in the fields of finance and accounting, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management.  |
| Director          | Shigenobu Aikyo    | He attended 10 out of 10 meetings of the Board of Directors during the fiscal year under review. He has worked in the financial industry for many years and he makes statements at suitable times, offering expert insight based on his wealth of knowledge and experience in the fields of finance and accounting, adequately fulfilling his role and responsibility of providing highly effective supervision of the Company's management. |
| Corporate Auditor | Yoshihiko Nakatani | Since his appointment on June 26, 2020, he has attended 8 out of 8 meetings of the Board of Directors and 10 out of 10 meetings of the Board of Corporate Auditors. He makes states at suitable times, offering expert insights based on his wealth of knowledge and experience as a technical manager in the private sector and as an academic.                                                                                             |
| Corporate Auditor | Hideki Ohnishi     | He has attended 10 out of 10 meetings of the Board of Directors and 14 out of 14 meetings of the Board of Corporate Auditors during the fiscal year under review. He makes statements at suitable times based on his expert insight, most notable as a certified tax accountant.                                                                                                                                                             |
| Corporate Auditor | Masahiro Morise    | He has attended 10 out of 10 meetings of the Board of Directors and 14 out of 14 meetings of the Board of Corporate Auditors during the fiscal year under review. He makes statements at suitable times with expert insight, based on his wealth of experience and strong track record.                                                                                                                                                      |

(Note) Aside from the above-mentioned meetings of the Board of Directors, three resolutions made in writing were deemed to have been passed by the Board of Directors in accordance with Article 370 of the Companies Act of Japan and Article 26, paragraph 2 of the Articles of Incorporation of the Company.

iii. Overview of Limited Liability Contracts into which the Company entered with External Directors and External Corporate Auditors

In accordance with Article 427, paragraph 1 of the Companies Act of Japan and Article 31, paragraph 2 and Article 43, paragraph 2 of the Articles of Incorporation of the Company, the Company has entered into limited liability contracts with its External Directors and External Corporate Auditors, which limit the amount of liability for damage as described in Article 423, paragraph 1 of the Companies Act of Japan to the total amount of the amounts described in each of the items in Article 425, paragraph 1 of the Act.

(4) Outline of liability insurance contracts for corporate officers

In accordance with Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into an executive liability insurance contract with an insurance company, to ensure that its corporate officers are able to freely fulfill their expected roles in executing their duties, and to enable the Company to secure outstanding human resources.

i. Persons insured and premiums

The insurance contract covers directors, corporate auditors, and executive officers of the Company and its subsidiaries (including persons appointed after conclusion of the contract). A part of the insurance premium is paid by the covered individuals themselves, divided proportionally between them according to their particular roles. The rest of the premium is paid by the Company and some of its subsidiaries.

ii. Outline of insurance incidents covered by the policy

The insurance policy covers payable damages and litigation expenses incurred by an insured individual as a result of a damages claim arising from the execution of Company-related duties. However, we have taken measures to help ensure that corporate officers perform their work duties with integrity, by withholding liability compensation from any corporate officers who engage bribery or criminal actions or in any kind of intentional misconduct.

(Reference)

To ensure the fairness, transparency, and objectivity of procedures relating to the nomination and compensation of directors, on March 10, 2021, the Company established a Nomination and Compensation Committee, to serve as an advisory panel for the Board of Directors, with the aim of further improving our corporate governance procedures. The majority of the members of the Nomination and Compensation Committee are External Corporate Officers, to improve the independence and objectivity of processes relating to nomination and compensation decisions.

## 5. Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor: Deloitte Touche Tohmatsu LLC

(2) Amount of Compensation Paid to the Accounting Auditor

|                                                                                                                        | Amount paid<br>(Millions of yen) |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Amount of compensation for the fiscal year under review                                                                | ¥54 million                      |
| Total amount of cash and other property gains to be paid to the Accounting Auditor by the Company and its subsidiaries | ¥63 million                      |

Notes: 1. In the contract between the Company and the Accounting Auditor, the amount of compensation is not divided into compensation for an audit conducted under the Companies Act of Japan and compensation for an audit conducted under the Financial Instruments and Exchange Act of Japan. Therefore, the above amount of compensation paid to the Accounting Auditor for the fiscal year under review indicates the total amount.

2. The Company's Board of Corporate Auditors agreed on the amount of compensation to the Accounting Auditor in accordance with Article 399, paragraph 1 of the Companies Act of Japan, after having reviewed the audit plan presented by the Accounting Auditor as well as the Auditor's performance of its auditing duties.

3. The Company pays compensation to the Accounting Auditor for advisory services relating to the application of new standards of revenue recognition beyond the scope of services defined in Article 2, paragraph 1 of the Certified Public Accountants Act of Japan.

(3) Non-Audit Services Entrusted to the Accounting Auditor

The Company pays compensation to the Accounting Auditor for its non-audit services that are outside the services prescribed in Article 2, paragraph 1 of the Certified Public Accountants Act of Japan.

(4) Policy on Decisions Concerning Dismissal or Non-Reappointment of the Accounting Auditor

The Board of Corporate Auditors shall determine the content of the proposal to be submitted to a general meeting of shareholders concerning the dismissal or non-reappointment of the Accounting Auditor when the Board of Corporate Auditors deems it necessary to do so, such as in the event that the Accounting Auditor is hindered from performing proper execution of duty.

Furthermore, if the Accounting Auditor is determined to fall under any of the items set forth in Article 340, paragraph 1 of the Companies Act of Japan, the Board of Corporate Auditors, with the unanimous consent of its members, shall dismiss the Accounting Auditor. If this is the case, a Corporate Auditor selected by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor and reasons for the dismissal at the first general meeting of shareholders to be held after the said dismissal.

(5) Agreements on Limitation of Responsibility with the Accounting Auditor

Not applicable

(6) Matters Concerning an Order to the Accounting Auditor to Suspend Business

Not applicable

(7) Audit of Financial Reports of the Company's Subsidiaries Conducted by a CPA or an Auditing Firm other than the Company's Accounting Auditor

Not applicable

(8) Matters Concerning the Accounting Auditor Who Resigned during the Fiscal Year under Review

Not applicable

## 6. Basic Policy Concerning Corporate Governance

As stated in our mission statement, we strive to attain a better global environment and to dedicate ourselves to creating valued products that will contribute to a brighter future for society. We also strive to live up to our ethical and social responsibilities and to diligently work to exceed the expectations of our shareholders and all other stakeholders, and aim to maximize our corporate value by means of “ko-do\*”.

Based on the mission statement above, in the event that an acquisition offer is made to us, our basic policy concerning corporate governance sets out that a final decision on whether to accept it or not should be made by the shareholders of the Company. In such a case, for the establishment and enhancement of the company’s value and the shareholders’ common interest, we will ensure that all of our shareholders will have sufficient information and an extended review period to make an informed judgment through fair and transparent procedures for confirming shareholder intentions.

\* Ko-do is a proprietary wording created by the Company meaning “Think and Work.”

## 7. Systems for Ensuring Proper Execution of Business and Their Post-Implementation Status

The matters resolved by the Board of Directors with regard to the systems for the Company to ensure proper execution of business and the post-implementation status of those systems are as follows:

(1) System for Ensuring that Directors and Employees Comply with Laws and Regulations as well as the Articles of Incorporation of the Company in the Execution of their Duties

i. We aim to foster a sound corporate culture in which directors and employees of the Company and Nichicon Group companies are educated and trained to comply not only with laws and regulations and the Articles of Incorporation and the internal rules of the Company, but also with the social codes and ethics as outlined in the Nichicon Group Code of Conduct—which was originally adopted in October 2002 and revised in April 2013—when they perform their duties to fulfill the Company’s Mission Statement. The revised Code of Conduct incorporates the requirements outlined in the code of conduct set forth by the Responsible Business Alliance (former Electronic Industry Code of Conduct) with regard to labor, environment, health and safety, and ethics.

In addition, we have in place the CSR Promotion Committee, chaired by the president of the Company, as an instrument to serve these purposes.

ii. We seek to ensure compliance by having directors and employees participate in compliance awareness-raising activities and education activities held at conferences and all-hands meetings at the beginning of workdays on a regular basis. We also have in place an internal reporting system (compliance hotline). The Compliance Subcommittee and the Competition Law Compliance Subcommittee under the CSR Promotion Committee are responsible for developing and implementing an internal system that ensures that directors and employees adhere to laws and regulations as well as the Company rules, and for regularly providing training and materials for compliance-training sessions.

iii. The Internal Audit Office conducts regular internal audits of the Company and Nichicon Group companies to enhance awareness of compliance issues and verify the maintenance of a proper control environment.

iv. We also have a system in place that enables corporate auditors to present their opinions and request improvements when they identify a problem with respect to compliance with laws and regulations and the Articles of Incorporation by the Company and Nichicon Group companies.

v. The Nichicon Group Code of Conduct stipulates that the Company takes a firm stance against, maintains no relationships with, and provides no support for the activities of any antisocial forces or bodies that pose a threat to the order and safety of society and that the Company conducts its business in a fair and ethically sustainable manner. We take an uncompromising stance in this matter by establishing a dedicated department to address any issues, collecting information, collaborating with external specialists, and conducting in-house educational activities.

(2) System for Preserving and Managing Information Concerning the Execution of Duties by Directors

In order to preserve and manage information concerning the execution of duties by directors of the Company and Nichicon Group companies, we have expanded and updated the regulations related to information, including the Information Management Regulations and the Document Management Regulations, based on the Basic Policy on Information Security. Execution of duties by directors is documented (including in electromagnetic format), and stored and managed in an appropriate and highly searchable manner in accordance with these regulations.

(3) Regulations and Systems for Loss Risk Management

- i. The Company and Nichicon Group companies have in place and practice Risk Management Regulations to avoid losses and risks and to mitigate damages in the event that risks materialize.
- ii. To protect the Company from losses and risks, and to continue to earn the trust of society, we have in place the CSR Promotion Committee, chaired by the president and chief operating officer of the Company. The Risk Management Subcommittee established under the Committee, in liaison with the CSR Office and the General Affairs Division, conducts a regular compilation and assessment of risks on a company-wide basis, and monitors the status of management of losses and risks. The subcommittee also provides employees with education and training in risk management.  
Losses and risks associated with business operations include legal compliance, human rights and labor, health and safety, natural disasters, quality of products and services, environment, information security, export control, and trade credit administration. We have in place a system for eliminating or mitigating these risks, which might have a significant impact on business management.
- iii. We have established a system to protect human lives and ascertain the safety of employees and their families in the event of a disaster, and continuously review and upgrade our Business Continuity Planning (BCP) and Business Continuity Management (BCM) in an effort to provide uninterrupted business operations and to ensure a prompt resumption of operations should an interruption occur.
- iv. To ensure the accuracy and reliability of financial reporting, we have established an effective risk management system by evaluating and ensuring the execution of internal control activities in accordance with relevant laws and regulations. For the purpose of ensuring the effectiveness of internal control, we also have in place the Internal Control Promotion Committee, chaired by the president and chief operating officer of the Company.

(4) System for Ensuring the Efficient Execution of Duties by Directors

- i. To accelerate decision-making by directors and ensure efficient business operations, we have streamlined the number of participants at Board of Directors Meetings and convene extraordinary meetings as needed to facilitate prompt and appropriate decision-making.

The Board of Directors has established a structure to ensure efficient business execution on a company-wide basis, by regularly monitoring the progress status of business execution and formulating improvement measures thereon.

We have in place an executive officer system to separate the function of executing business operations from that of management oversight, which enables expedited management as well as effective and efficient business operations through a clearly defined division of duties and authority and through flexible decision-making that takes into consideration the nature of each operating division.

- ii. We have in place Regulations on Divisional Responsibilities, Office Regulations, and Regulations on Management of Affiliated Companies. These regulations, which define the duties and responsibilities that come with each job position and the responsibilities of each organizational unit, are applicable to directors and employees of the Company and Nichicon Group companies and have been implemented to ensure management efficiency. We conduct regular audits to confirm business and duties are carried out according to these regulations.

(5) Systems for Ensuring Proper Execution of Business by the Company Group Consisting of the Company and its Subsidiaries

We strive to ensure that the Company and Nichicon Group companies share common values including compliance, fostering a law-abiding spirit, raising business ethics, increasing awareness of risk management, and commitment to social responsibility.

In addition, based on the Regulations on Management of Affiliated Companies and the Regulations on Internal Control over Financial Reporting, we enhance coordination between the Company and Nichicon Group companies—via directions, guidance, and reports—in promoting the internal control system. The Company has instructed Nichicon Group companies to report on their business conditions and financial results on a regular and continuous basis in order to achieve soundness and efficiency of business as a company group and to ensure reliability of the Group's financial reporting.

Corporate auditors and the Internal Audit Office carry out audits and assessments of the Company and Nichicon Group companies, and report the results and findings to the Board of Directors.

(6) Matters Concerning Employees Assigned to Assist Corporate Auditors and the Assurance that Such Employees Remain Independent from Directors, and Matters Concerning the Effectiveness of the Instructions Provided to Such Employees

Directors, in consultation with the Board of Corporate Auditors, appoint and assign employees to the Auditors Office to assist corporate auditors. These employees are under the direction of corporate auditors, and personnel matters including the appointment, transfer, appraisal, and remuneration of these employees are determined upon advance consultation with and consent of the Board of Corporate Auditors to ensure their independence from directors.

- (7) Systems for Directors and Employees to Report to Corporate Auditors, Other Systems to Report to Corporate Auditors, and Systems to Ensure that Audits are Conducted Effectively by Corporate Auditors. Upon occurrence of matters that may cause serious impact or damage to the Company, directors and employees of the Company and Nichicon Group companies shall report such matters to the corporate auditors without delay.

Corporate auditors may, at any time, request reports as needed from the directors and employees of the Company and Nichicon Group companies.

In addition, we have a system in place that allows corporate auditors to attend meetings of the Board of Directors and other important meetings of the Company and Nichicon Group companies and express their opinions, and to request important documents, approval documents, and reports from directors or employees as necessary. Corporate auditors perform audits by investigating the execution of duties by directors as well as business operations and assets of the Company and Nichicon Group companies, and through reviewing approval documents on important matters.

To ensure greater effectiveness of audits, corporate auditors receive on a regular or as-needed basis, updates on internal audits from the accounting auditors and the Internal Audit Office.

Directors and employees of the Company and Nichicon Group companies who report to corporate auditors on important matters according to the above-mentioned policies are protected from any unfair treatment.

- (8) Post-Implementation Status of Systems for Ensuring Proper Execution of Business

- i. During the fiscal year under review, the Company's Board of Directors, which is comprised of seven directors, including three external directors, met 10 times to make important management decisions, and to report on the execution of the Company's business, pursuant to relevant laws as well as the Company's Articles of Incorporation and Regulations Governing the Board of Directors. The Board also reviewed and revised important internal Regulations.
- ii. The Company held Management Meetings every month, in which the implementation and progress of business plans were reviewed, and important business topics and issues were reported on and discussed.
- iii. During the fiscal year under review, the Company's Board of Corporate Auditors, which is comprised of four corporate auditors, including three external corporate auditors, met 14 times to report and exchange ideas on audit plans and results. Corporate auditors attended meetings of the Board of Directors and other important meetings of the Company and advised the Company and Nichicon Group companies as needed on important management matters after having received reports from directors and employees, reviewed approval documents, and conducted on-site audits to identify business issues and risks. The Company has in place three types of audits: audits by corporate auditors; audits by accounting auditors; and internal audits. The corporate auditors, the accounting auditors, and the Internal Audit Office (responsible for conducting internal audits) collaborated with each other through exchanges of information.
- iv. The Internal Audit Office, an organization unit independent of operating divisions of the Company, regularly conducted internal audits of the Company and Nichicon Group companies as part of efforts to enhance legal compliance, and reported the results and findings to the Board of Directors and the Board of Corporate Auditors.
- v. To ensure the accuracy and reliability of financial reporting, the Internal Control Promotion Committee regularly evaluated the Company and Nichicon Group companies for their performance in company-level controls, financial reporting process controls, business process controls, company-level IT controls, and IT application controls, and reported the results and findings to the Board of Directors and the Board of Corporate Auditors.
- vi. The CSR Promotion Committee, which is comprised of the Compliance Subcommittee, the Competition Law Compliance Subcommittee, the Risk Management Subcommittee, the Environmental Management Subcommittee, and the Information Security Subcommittee, held joint sessions every month to promote the implementation of CSR initiatives by the Company and Nichicon Group companies, and provided progress reports to the Board of Directors and the Board of Corporate Auditors.

# Consolidated Financial Statements

(As of March 31, 2021)

(Units: Millions of yen)

| Assets                                                         |                | Liabilities                                     |                |
|----------------------------------------------------------------|----------------|-------------------------------------------------|----------------|
| Current Assets                                                 | <b>77,865</b>  | Current Liabilities                             | <b>41,183</b>  |
| Cash and deposits                                              | 19,766         | Notes and accounts payable – trade              | 11,728         |
| Notes and accounts receivable – trade                          | 29,928         | Electronically recorded obligations             | 8,563          |
| Electronically recorded monetary claims                        | 3,797          | Short-term loans payable                        | 7,000          |
| Securities                                                     | 1,044          | Long-term loans payable within 1 year           | 4,672          |
| Merchandise and finished goods                                 | 8,329          | Accounts payable – other                        | 1,892          |
| Work in progress                                               | 4,859          | Accrued expenses                                | 3,889          |
| Raw materials and supplies                                     | 8,373          | Income taxes payable                            | 512            |
| Other                                                          | 1,829          | Provision for employee bonuses                  | 1,074          |
| Allowance for doubtful accounts                                | (61)           | Provision for director bonuses                  | 18             |
| Non-Current Assets                                             | <b>78,108</b>  | Notes payable – facilities                      | 377            |
| Tangible fixed assets                                          | <b>35,505</b>  | Other                                           | 1,455          |
| Buildings and structures                                       | 12,451         | Non-Current Liabilities                         | <b>25,558</b>  |
| Machinery and equipment; vehicles and transportation equipment | 12,329         | Convertible bonds with equity-purchase warrants | 12,088         |
| Land                                                           | 5,154          | Long-term loans payable                         | 1,152          |
| Lease assets                                                   | 950            | Lease obligations                               | 693            |
| Construction in progress                                       | 3,255          | Deferred tax liabilities                        | 7,891          |
| Other                                                          | 1,364          | Provision for product warranties                | 1,538          |
| Intangible assets                                              | <b>1,050</b>   | Provision for retirement benefits               | 1,510          |
|                                                                |                | Other                                           | 683            |
|                                                                |                | Total Liabilities                               | <b>66,741</b>  |
| Investments and other assets                                   | <b>41,551</b>  | <b>Net Assets</b>                               |                |
| Investment securities                                          | 38,605         | Shareholder Equity                              | <b>68,438</b>  |
| Long-term loans receivable                                     | 1,732          | Capital                                         | 14             |
| Deferred tax assets                                            | 336            | Capital surplus                                 | 14,286         |
| Other                                                          | 1,208          | Retained earnings                               | 16,860         |
| Allowance for doubtful accounts                                | (331)          | Treasury shares                                 | 48,916         |
| Deferred assets                                                | <b>35</b>      | Other accumulated comprehensive income          | (11,625)       |
| Cost of issuing bonds                                          | 35             | Valuation difference on available-for-sale –    | <b>18,749</b>  |
|                                                                |                | Foreign currency translation adjustment         | 18,512         |
|                                                                |                | Non-controlling interests                       | 236            |
|                                                                |                | Total Net Assets                                | <b>2,079</b>   |
|                                                                |                | Total Liabilities and Net Assets                | <b>89,266</b>  |
| Total Assets                                                   | <b>156,008</b> |                                                 | <b>156,008</b> |

# Consolidated Statement of Income

( From April 1, 2020  
To March 31, 2021 )

(Units: Millions of yen)

| Accounts                                                      | Amount  |
|---------------------------------------------------------------|---------|
| Net sales                                                     | 116,073 |
| Cost of sales                                                 | 99,185  |
| Gross profit                                                  | 16,888  |
| Selling, general and administrative expenses                  | 15,314  |
| Operating profit                                              | 1,573   |
| Non-operating income                                          | 1,733   |
| Interest and dividend income                                  | 535     |
| Share of profit of entities accounted for using equity method | 4       |
| Foreign exchange gain                                         | 426     |
| Subsidiary income                                             | 513     |
| Other                                                         | 254     |
| Non-operating expenses                                        | 292     |
| Interest expense                                              | 49      |
| Other                                                         | 242     |
| Ordinary profit                                               | 3,015   |
| Extraordinary income                                          | 291     |
| Gain on sales of non-current assets                           | 1.      |
| Gain on sales of investment securities                        | 289     |
| Extraordinary loss                                            | 553     |
| Loss on disposal of non-current assets                        | 19      |
| Special retirement allowances                                 | 63      |
| Losses associated with the COVID-19 pandemic                  | 469     |
| Pretax profit                                                 | 2,752   |
| Income taxes, resident taxes, and business tax                | 750     |
| Income taxes adjustments                                      | 112     |
| Net profit                                                    | 1,889   |
| Net profit attributable to non-controlling interests          | 186     |
| Net profit attributable to shareholders of the parent company | 1,703   |

## **Consolidated Statement of Changes in Shareholders' Equity**

For the Fiscal Year Ended March 31, 2021

(Millions of yen)

|                                                      | Shareholders' Equity |                 |                   |                 |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance as of April 1, 2020                          | 14,286               | 16,860          | 48,854            | (11,624)        | 68,377                     |
| Changes during period                                |                      |                 |                   |                 |                            |
| Dividends of surplus                                 |                      |                 | (1,642)           |                 | (1,642)                    |
| Net profit attributable to owners of parent          |                      |                 | 1,703             |                 | 1,703                      |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |
| Disposal of treasury shares                          |                      | (0)             |                   | 0               | 0                          |
| Net changes in items other than shareholders' equity |                      |                 |                   |                 |                            |
| Total changes during period                          | —                    | (0)             | 61                | (0)             | 60                         |
| Balance as of March 31, 2021                         | 14,286               | 16,860          | 48,916            | (11,625)        | 68,438                     |

|                                                      | Accumulated other comprehensive income                |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                           |                  |
| Balance as of April 1, 2020                          | 7,834                                                 | (618)                                   | 7,216                                        | 1,856                     | 77,450           |
| Changes during period                                |                                                       |                                         |                                              |                           |                  |
| Dividends of surplus                                 |                                                       |                                         |                                              |                           | (1,642)          |
| Net profit attributable to owners of parent          |                                                       |                                         |                                              |                           | 1,703            |
| Purchase of treasury shares                          |                                                       |                                         |                                              |                           | (0)              |
| Disposal of treasury shares                          |                                                       |                                         |                                              |                           | 0                |
| Net changes in items other than shareholders' equity | 10,678                                                | 854                                     | 11,532                                       | 222                       | 11,755           |
| Total changes during period                          | 10,678                                                | 854                                     | 11,532                                       | 222                       | 11,816           |
| Balance as of March 31, 2021                         | 18,512                                                | 236                                     | 18,749                                       | 2,079                     | 89,266           |

## **Notes on Consolidated Financial Statements**

### **1. Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements**

#### **(1) Scope of Consolidation**

##### **i. Consolidated Subsidiaries**

- Number of consolidated subsidiaries: 21
- Name of Consolidated Subsidiaries: Nichicon Hi-Tech Foil Corp.; Nichicon (Kusatsu) Corp.; Nichicon (Kameoka) Corp.; Nichicon (Ohno) Corp.; Nichicon (Iwate) Corp.; Nichicon (Wakasa) Corp.;  
Torishima Electric Works, Ltd.; Nippon Liniac Co., Ltd.; Yutaka Electric Mfg. Co., Ltd.; Nichicon (America) Corp.; Nichicon (Austria) GmbH; Nichicon (Hong Kong) Ltd.; Nichicon (Singapore) Pte. Ltd.; Nichicon (Taiwan) Co., Ltd.;  
Nichicon (Thailand) Co., Ltd.; Nichicon Electronics Trading (Shanghai) Co., Ltd.;  
Nichicon Electronics Trading (Shenzhen) Co., Ltd.; Nichicon (Malaysia) Sdn. Bhd.;  
Nichicon Electronics (Wuxi) Co., Ltd.; Nichicon Electronics (Suqian) Co., Ltd.;  
Wuxi Nichicon Electronics R&D Center Co., Ltd.

##### **ii Non-Consolidated Subsidiaries**

- Non-consolidated subsidiaries: Harbor Electronics Co., Ltd. and three other companies
- These companies were excluded from the scope of consolidation due to their insignificance in light of their assets, net sales, profit or loss (to the extent corresponding to the Company's shareholding), retained earnings (to the extent corresponding to the Company's shareholding), and other factors.

#### **(2) Application of Equity Method**

##### **i. Non-Consolidated Subsidiaries or Affiliated Companies Accounted for under the Equity Method**

- Number of non-consolidated subsidiaries and affiliated companies accounted for under the equity method: 2
- Names of non-consolidated subsidiaries and affiliated companies accounted for under the equity method: Samwha Electric Co., Ltd. and Taicon Corporation

##### **ii. Non-Consolidated Subsidiaries or Affiliated Companies Not Accounted for under the Equity Method**

- Names of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method: Harbor Electronics Co., Ltd. and four other companies.
- These companies are not accounted for under the equity method due to their insignificance in light of their profit or loss (to the extent corresponding to the Company's shareholding), retained earnings (to the extent corresponding to the Company's shareholding), and other factors.

##### **iii. Special Note on the Procedure of Equity Method Application**

For those companies that are accounted for under the equity method and whose balance sheet dates are different from the consolidated balance sheet date, financial statements as of their balance sheet dates are used in preparing the consolidated financial statements.

#### **(3) Balance Sheet Dates of Consolidated Subsidiaries**

Five of the consolidated subsidiaries have balance sheet dates different from the consolidated balance sheet date.

The year-end closing date of Nichicon Electronics Trading (Shenzhen) Co., Ltd. is December 31. In preparing the consolidated financial statements, we used the pro-forma financial statements prepared by this subsidiary as of the consolidated balance sheet date.

The balance sheet dates of four other subsidiaries in China also were December 31. We have used the pro-forma financial statements prepared by these four subsidiaries as of the consolidated balance sheet date and made consolidating adjustments for significant transactions that occurred between the balance sheet dates of the subsidiaries and the consolidated balance sheet date in preparing the consolidated financial statements.

#### **(4) Accounting Policies**

##### **i. Standards and Methods Used to Value Significant Assets**

###### **(a) Standards and methods used to value securities**

Held-to-maturity debt securities: Held-to-maturity debt securities are amortized in equal installments over the term held (straight-line method). Available-for-sale securities

Marketable securities: Marketable securities are stated at their fair values based on market prices on the consolidated balance sheet date. (Unrealized gains and losses are all directly charged or credited to net assets. Cost of sales is determined principally by the moving average method.)

Non-marketable securities: Non-marketable securities are stated principally at cost as determined by the moving average method.

- (b) Standards and methods used to value inventories
  - Merchandise and finished goods, and work in progress: Merchandise and finished goods as well as work in progress are, in principle, valued at cost as determined by the gross average method. (The amount on the balance sheet is based on the written-down book value to reflect lower profitability.)
  - Raw materials and supplies: Raw materials and supplies are in principle valued at cost as determined by the moving average method. (The amount on the balance sheet is based on the written-down book value to reflect lower profitability.)
- ii. Methods Used to Depreciate Significant Depreciable Assets
  - (a) Tangible fixed assets (excluding leased assets): Depreciation of tangible fixed assets is, in principle, computed using the declining balance method.
    - The straight-line method is applied to buildings acquired on and after April 1, 1998, (excluding attached facilities) and facilities attached to buildings and structures acquired on or after April 1, 2016.
    - The service life of major buildings and equipment is as follows:
 

|                                                           |               |
|-----------------------------------------------------------|---------------|
| Buildings and structures:                                 | 3 to 50 years |
| Machinery and equipment, vehicles and delivery equipment: | 4 to 12 years |
  - (b) Intangible fixed assets (excluding leased assets): Depreciation of intangible fixed assets is computed using the straight-line method.
    - Software for internal use is amortized using the straight-line method over an estimated service life of five years.
  - (c) Leased assets: Leased assets are depreciated using the straight-line method with their service life being the lease period and with no residual value.
- iii. Standards Used to Account for Significant Allowances and Provisions
  - (a) Allowance for doubtful accounts: To prepare for credit losses on accounts receivable, allowances for uncollectible receivables are provided for ordinary receivables based on a historical write-off ratio, and for specific bad debts based on a case-by-case determination of collectability by the management.
  - (b) Provision for product warranties: The Company records a provision for product warranties based on historical experience and estimated costs of providing, during a warranty period, free-of-charge services for the products it sells.
  - (c) Provision for employees' bonuses: To provide for bonus payments to employees, the Company books provisions based on the estimated amount of payments for the portion corresponding to the fiscal year under review.
  - (d) Provision for directors' bonuses: To provide for bonus payments to directors, the Company books provisions based on the estimated amount of payments for the portion corresponding to the fiscal year under review.
- iv. Standards Used to Convert Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen
 

Assets and liabilities denominated in foreign currencies are converted into Japanese yen based on spot exchange rates in effect on the consolidated balance sheet date, and foreign exchange differences are recognized as income or loss. Assets and liabilities of our overseas consolidated subsidiaries are converted into Japanese yen based on spot exchange rates in effect on the consolidated balance sheet date, and their revenues and expenses are converted into Japanese yen using the average rates during the period concerned; foreign exchange differences are booked in foreign currency translation adjustment and non-controlling interests in the net assets section of the consolidated balance sheet.
- v. Important Hedge Accounting Method
 

The deferred hedge accounting method is principally applied. The appropriation method is applied for forward exchange contracts that fulfill the conditions for appropriation.
- vi. Other Important Considerations in Preparing Consolidated Financial Statements
  - (a) Standards used to account for Provision for Retirement Benefits
 

Provision for retirement benefits was booked based on the amount of benefit obligations projected at the end of the fiscal year under review, net of the amount of pension assets, in order to prepare for payment of retirement benefits to employees. Actuarial differences and past service costs are booked as a lump-sum expense in the fiscal year of their incurrence.
  - (b) Standards used to account for construction revenue
 

The percentage-of-completion method (percentage of completion of construction activity is evaluated based on the ratio of direct labor hours) is applied for the portion completed by the end of the fiscal year under review, to the extent completion of the portion is deemed certain, otherwise the completed-contract method is applied.
  - (c) Accounting for Deferred Assets
 

The straight-line method is applied to bond issuance costs over the redemption period of five years.
  - (d) Accounting for consumption taxes
 

Japanese consumption taxes are excluded from transaction amounts.
  - (e) Application of the consolidated tax payment system
 

The Company and some consolidated subsidiaries have adopted the consolidated tax payment system with the Company being a consolidated parent company for tax payment purposes.

(f) Application of tax effect accounting pertaining to the transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System

The Company and some of its consolidated subsidiaries account for deferred tax assets and deferred tax liabilities based on the taxation laws before their amendments. The Company and some of its consolidated subsidiaries do not rely on the provision of Section 44 on "The Accounting Standard Application Guideline for Tax Effect Accounting" (in The Corporate Accounting Standard Application Guideline, No. 28, dated February 16, 2018), and, instead, rely on the provision of Section 3 on "Handling of Tax Effect Accounting Related to Transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System" (in The Business Practice Report, No. 39, dated March 31, 2020) for items reconsidered in the context of the transition to the group company aggregate tax payment system and the revisions to the single company tax payment system thereby by the enactment of the Partial Amendment of the Income Tax Act (Act No. 8 of 2020).

2. Notes on Changes in Accounting Policy: Not applicable

3. Notes on Changes in Presentation Method

"Subsidy income," which was included and presented as "Other" under Non-operating income until the previous fiscal year, is presented separately from the fiscal year under review due to its increased significance in terms of amount.

Subsidiary income for the previous fiscal year was ¥26 million.

(Application of the "Accounting Standards for Disclosure of Accounting Estimates")

The Company has adopted and applied the "Accounting Standards for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) for year-end consolidated financial statements effective from the fiscal year ended March 31, 2021. Accounting estimates are stated in the Notes on Significant Accounting Estimates of the Consolidated Financial Statements.

4. Notes on Accounting Estimates

(1) Impairment loss on tangible fixed assets

i. Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

As of March 31, 2021, the Nichicon Group has booked a total of ¥35,505 million of tangible fixed assets, including ¥12,451 million of buildings and structures and ¥12,329 million of machinery and equipment; vehicles and delivery equipment. No impairment losses have been recorded.

ii. Information concerning the contents of significant accounting estimates on identified asset items

The Nichicon Group owns tangible fixed assets such as buildings and structures, machinery, equipment, vehicles and delivery equipment that are used for manufacturing and sale of capacitors and capacitor-related products. The Nichicon Group identifies impairment loss on its assets and asset groups based on product classification used for performance management. During the fiscal year under review, we identified indications of impairment in the following asset groups: certain items in capacitors for electronics, capacitors for electric utilities and power apparatus, capacitor-applied systems and circuit products. As a result of the comparison between the total of undiscounted future cash flows expected from the aforementioned asset groups and their book values, we verified the amount of total undiscounted future cash flow exceeds the book value. Therefore, no impairment losses have been recognized.

Undiscounted future cash flow is calculated taking into account factors such as the use value based on a business plan, including market trends and anticipated production plans based on the market trends, approved by management. Cash flows for periods subsequent to the final year of a business plan are calculated using the estimated growth rate taking into consideration the relevant business environment.

In the event that future business plans require a review for reasons such as deterioration in market environment compared with our assumptions, the Company may recognize impairment losses in the following fiscal year.

(2) Recoverability of Deferred Tax Assets

i. Amounts recorded on the consolidated financial statements for the fiscal year ended March 31, 2021

As of March 31, 2021, the Nichicon Group recorded ¥336 million of deferred tax assets and ¥7,891 million of deferred tax liabilities (deferred tax assets and deferred tax liabilities are presented on a net basis per same taxable entity.)

ii. Information concerning the contents of significant accounting estimates on identified asset items

The Nichicon Group recorded important deferred tax assets relating to tax losses carried forward. The amount of tax losses carried forward that is deemed recoverable based on the estimated taxable income (before deducting tax losses carried forward) for the following fiscal year is recorded as deferred tax assets.

Estimated taxable income for the following fiscal year is calculated on the basis of the business plan, including market trends and anticipated production plans based on the market trends, approved by the management.

In the event that future business plans require a review for reasons such as deterioration in market environment compared with our assumptions, the Company may reverse the accounting for deferred tax assets in the following fiscal year to the extent deemed unrecoverable.

## 5. Notes on the Consolidated Balance Sheet

(1) Accumulated Depreciation on Property, Plant and Equipment: ¥134,006 million

(2) Deduction Entries from Acquisition Costs for Non-Current Assets

Buildings and structures: ¥1,817 million

Machinery and equipment; vehicles and delivery equipment: ¥3,917 million

Land: ¥1,161 million

(3) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits

The Nichicon Group has been under investigation by anti-competition regulatory authorities in several countries over the sale of electrolytic capacitors. However, all investigations by these authorities have been completed and all fines imposed as a result of the investigations have now been paid in full by the Group.

As for class action lawsuits associated with these matters, the Group has now reached settlement with parties involved in the United States, and court approval procedures in relation to these settlements have been completed. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. These ongoing investigations and legal proceedings might affect the Group's business and financial performance.

## 6. Notes on the Consolidated Statement of Income

(1) Subsidy income

Subsidies received from various national and municipal governments to compensate for losses arising from plant closures and wage payments during closures as part of the efforts to mitigate the spread of COVID-19 were recorded under non-operating income.

(2) Losses caused by the COVID-19 pandemic

In response to the requests from national and municipal governments, some of our consolidated subsidiaries in Japan and overseas suspended their operations to stem the spread of COVID-19. Fixed expenses (personnel costs, rent, and depreciation expenses, etc.) incurred during the period of plant operational suspension to comply with such requests were recorded as extraordinary losses.

## 7. Notes to Consolidated Statement of Changes in Shareholders' Equity

(1) Matters Concerning the Total Number of Issued Shares

(Unit: Thousand shares)

| Type of shares | Number of shares as of April 1, 2020 | Number of shares increased in the consolidated fiscal year under review | Number of shares decreased in the consolidated fiscal year under review | Number of shares as of March 31, 2021 |
|----------------|--------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------|
| Common stock   | 78,000                               | —                                                                       | —                                                                       | 78,000                                |

(2) Matters concerning the number of treasury shares

(Unit: Thousand shares)

| Type of shares | Number of shares as of April 1, 2020 | Number of shares increased in the consolidated fiscal year under review | Number of shares decreased in the consolidated fiscal year under review | Number of shares as of March 31, 2021 |
|----------------|--------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------|
| Common stock   | 9,581                                | 0                                                                       | 0                                                                       | 9,581                                 |

Note: The increase of 0 thousand treasury shares resulted from the repurchase of fractional shares. The reduction of 0 thousand treasury shares resulted from the sale of fractional shares in response to requests for additional purchases.

(3) Matters Concerning Dividends of Surplus

i. Dividends Paid in the Fiscal Year Ended March 31, 2019

(a) Matters concerning dividends in accordance with the resolution adopted at the 85th Ordinary General Meeting of Shareholders held on June 26, 2020:

- Aggregate amount of dividends ¥821 million
- Dividend per share ¥12.00
- Record date March 31, 2020
- Effective date June 29, 2020

(b) Matters concerning dividends in accordance with the resolution adopted at the meeting of the Board of Directors held on November 10, 2020

- Aggregate amount of dividends ¥821 million
- Dividend per share ¥12.00
- Record date September 30, 2020
- Effective date December 8, 2020

ii. Dividends whose record dates fell during the fiscal year under review and effective dates were after April 2, 2021. A proposal will be made as follows at the 86th Ordinary General Meeting of Shareholders to be held on June 29, 2021:

- |                                 |                   |
|---------------------------------|-------------------|
| • Aggregate amount of dividends | ¥889 million      |
| • Source of dividends           | Retained earnings |
| • Dividend per share            | ¥13.00            |
| • Record date                   | March 31, 2021    |
| • Effective date                | June 30, 2021     |

## 8. Notes on Financial Instruments

### (1) Matters Concerning the Status of Financial Instruments

#### i. Policy on Financial Instruments

The Company and its group raise funds to finance working capital and capital expenditure principally through bank borrowings and the issuance of convertible bond-type bonds with share acquisition rights. The Company and its group deposits temporary surplus funds in financial products with low risk. We use derivatives only to hedge currency risks associated with trade credits denominated in foreign currencies and not for speculative purposes.

#### ii. Details of Financial Instruments, Their Risks and Risk Management System

Trade credits such as notes receivable and accounts receivable including electronically recorded monetary claims are subject to credit risks to our customers. To manage such credit risks, we keep track of due dates and account balances of each customer and perform a by-customer credit review annually pursuant to our credit management regulations. Accounts receivable denominated in foreign currencies are subject to foreign exchange risks.

Pursuant to our securities management regulations, we hold securities and held-to-maturity debt securities classified as investment securities only with high credit ratings to minimize their credit risks. Stocks we hold as investment securities are those issued by corporations with which we have business relationships and are subject to market risks. We review, on an on-going basis, the risk of owning such stocks by monitoring their market prices and the issuers' (our business partners') financial soundness regularly and by taking into consideration the relationships we have with them.

Short-term and long-term loans receivable are from our affiliated companies, whose financial soundness we monitor regularly.

Trade debts such as notes payable, accounts payable, and electronically recorded obligations in our possession have due dates within one year. Short-term and long-term loans payable are for the purpose of procuring funds for working capital and capital expenditure, which are secured from our banks.

The convertible bond-type bonds with share acquisition rights are for the purpose of procuring necessary funds for equipment, payment for long-term loans, and acquisition of treasury shares.

We engage in and manage derivative transactions in accordance with our derivative management regulations. To minimize credit risks associated with derivative transactions, we enter into transactions only with financial institutions with high credit ratings.

Trade debts and borrowings are subject to liquidity risks (risks of settling liabilities on due dates). Each company in the Nichicon Group has devised a monthly cash management plan to manage its liquidity risks.

(2) Matters Concerning Fair Values of Financial Instruments

The following table shows the amounts of financial instruments recognized on the consolidated balance sheet, their fair values, and the differences between them as of March 31, 2021, which was the balance sheet date of the consolidated fiscal year under review. Items whose fair values are deemed extremely difficult to determine are excluded from the table below (see Note 2 below).

|                                                               | Consolidated<br>balance sheet<br>amount<br>(Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------|---------------------------------|
| (1) Cash and deposits                                         | 19,766                                                       | 19,766                          | —                               |
| (2) Notes and accounts receivable – trade                     | 29,928                                                       | 29,928                          | —                               |
| (3) Electronically recorded monetary claims                   | 3,797                                                        | 3,797                           | —                               |
| (4) Short-term and long-term investment securities            |                                                              |                                 |                                 |
| i. Held-to-maturity debt securities                           | 1,302                                                        | 1,304                           | 1                               |
| ii. Available-for-sale securities                             | 34,551                                                       | 34,551                          | —                               |
| iii. Shares of subsidiaries and associates                    | 984                                                          | 3,438                           | 2,453                           |
| (5) Short-term and long-term loans receivable (*1)            | 1,882                                                        |                                 |                                 |
| Allowance for doubtful accounts (*2)                          | (100)                                                        |                                 |                                 |
|                                                               | 1,781                                                        | 1,781                           | —                               |
| <b>Total assets</b>                                           | <b>92,112</b>                                                | <b>94,568</b>                   | <b>2,455</b>                    |
| (1) Notes and accounts payable – trade                        | 11,728                                                       | 11,728                          | —                               |
| (2) Electronically recorded obligations                       | 8,563                                                        | 8,563                           | —                               |
| (3) Short-term loans payable                                  | 7,000                                                        | 7,000                           | —                               |
| (4) Convertible bond-type bonds with share acquisition rights | 12,088                                                       | 12,690                          | 602                             |
| (5) Long-term loans payable (*3)                              | 5,824                                                        | 5,822                           | (1)                             |
| <b>Total liabilities</b>                                      | <b>45,204</b>                                                | <b>45,805</b>                   | <b>600</b>                      |
| Derivative transactions                                       | —                                                            | —                               | —                               |

\*1. Short-term and long-term loans receivable include short-term loans receivable and current portion of long-term loans receivable included in “Other” under “Current Assets” on the consolidated balance sheet.

\*2. Deduction of allowance for doubtful accounts specifically provided for on long-term loans receivable.

\*3. Long-term loans payable include current portion of long-term loans payable.

Note 1: Matters concerning calculation method of fair values of financial instruments and transactions involving securities and derivatives:

Assets

(1) Cash and Deposits

(2) Notes and Accounts Receivable – Trade

(3) Electronically Recorded Monetary Claims

As these three items are settled within a relatively short period of time and their fair values approximate their book values, they are recorded at their book values.

(4) Short-term and long-term investment securities

Fair value of stocks is based on prices on securities exchanges and that of bonds is based on prices on securities exchanges or quoted prices obtained from financial institutions.

Notes on securities categorized by holding purpose are as follows:

- i. The following table shows the amount of held-to-maturity debt securities by type reflected on the consolidated balance sheet, their fair values, and the differences between them.

|                                                                              | Type  | Consolidated<br>balance sheet<br>amount<br>(Millions of yen) | Fair value<br>(Millions of yen) | Difference<br>(Millions of yen) |
|------------------------------------------------------------------------------|-------|--------------------------------------------------------------|---------------------------------|---------------------------------|
| Securities whose fair values exceed consolidated balance sheet amount        | Bonds | 600                                                          | 604                             | 3                               |
| Securities whose fair values do not exceed consolidated balance sheet amount | Bonds | 702                                                          | 700                             | (1)                             |
| <b>Total</b>                                                                 |       | <b>1,302</b>                                                 | <b>1,304</b>                    | <b>1</b>                        |

- ii. The following table shows the acquisition cost of available-for-sale securities by type, their consolidated balance sheet amount, and the differences between them.

|                                                                                     | Type      | Consolidated balance sheet amount<br>(Millions of yen) | Acquisition cost<br>(Millions of yen) | Difference<br>(Millions of yen) |
|-------------------------------------------------------------------------------------|-----------|--------------------------------------------------------|---------------------------------------|---------------------------------|
| Securities whose consolidated balance sheet amount exceeds acquisition cost         | Stocks    | 32,958                                                 | 6,536                                 | 26,422                          |
| Securities whose consolidated balance sheet amount does not exceed acquisition cost | 1. Stocks | 1,149                                                  | 1,279                                 | (129)                           |
|                                                                                     | 2. Other  | 442                                                    | 442                                   | —                               |
|                                                                                     | Subtotal  | 1,592                                                  | 1,722                                 | (129)                           |
| Total                                                                               |           | 34,551                                                 | 8,258                                 | 26,292                          |

(5) Short-term and long-term loans receivable

Short-term loans receivable are settled within a relatively short period of time. Long-term loans carry variable interest rates. As both of their fair values approximate their book values, they are recorded at their book values.

Liabilities

(1) Notes and Accounts Payable - Trade;

(2) Electronically Recorded Obligations;

(3) Short-Term Loans Payable

As these three items are settled within a relatively short period of time and their fair values approximate their book values, they are recorded at their book values.

(4) Convertible bond-type bonds with share acquisition rights

The fair values of convertible bond-type bonds with share acquisition rights are determined based on quoted prices obtained from financial institutions.

(5) Long-term loans payable (including current portion of long-term loans payable)

The fair value of long-term loans payable is calculated based on the present value of the total amount of principal and interest discounted at the interest rate applicable to a new loan of the same amount.

Derivative transactions

Not applicable

Note 2: Financial instruments whose fair values are extremely difficult to determine

| Classification  | Consolidated balance sheet amount<br>(Millions of yen) |
|-----------------|--------------------------------------------------------|
| Unlisted stocks | 2,810                                                  |

As there are no market values for these unlisted stocks and their fair values are deemed extremely difficult to determine, they are excluded from “4. Short-Term and Long-Term Investment Securities.”

Note 3: Amounts to be redeemed after the consolidated balance sheet date from monetary credits and securities with maturity

|                                                | Due in one year or less<br>(Millions of yen) | Due in one to five years<br>(Millions of yen) | Due in five to 10 years<br>(Millions of yen) | Due in more than 10 years<br>(Millions of yen) |
|------------------------------------------------|----------------------------------------------|-----------------------------------------------|----------------------------------------------|------------------------------------------------|
| Cash and deposits                              | 19,766                                       | —                                             | —                                            | —                                              |
| Notes and accounts receivable – trade          | 29,928                                       | —                                             | —                                            | —                                              |
| Electronically recorded monetary claims        | 3,797                                        | —                                             | —                                            | —                                              |
| Short-term and long-term investment securities |                                              |                                               |                                              |                                                |
| Held-to-maturity debt securities               | 600                                          | 701                                           | —                                            | —                                              |
| Certificate of Deposit (CD)                    | 442                                          | —                                             | —                                            | —                                              |
| Short-term and long-term loans receivable      | 150                                          | 603                                           | 666                                          | 462                                            |
| Total                                          | 54,686                                       | 1,304                                         | 666                                          | 462                                            |

Note 4: Amounts to be repaid on monetary liabilities after the consolidated balance sheet date

|                                                           | Due in one<br>year or less<br>(Millions of<br>yen) | Due in one<br>to two years<br>(Millions of<br>yen) | Due in two<br>to three<br>years<br>(Millions of<br>yen) | Due in three<br>to four years<br>(Millions of<br>yen) | Due in more<br>than four<br>years<br>(Millions of<br>yen) |
|-----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|
| Notes and accounts payable – trade                        | 11,728                                             | —                                                  | —                                                       | —                                                     | —                                                         |
| Electronically recorded obligations                       | 8,563                                              | —                                                  | —                                                       | —                                                     | —                                                         |
| Short-term loans payable                                  | 7,000                                              | —                                                  | —                                                       | —                                                     | —                                                         |
| Convertible bond-type bonds with share acquisition rights | —                                                  | —                                                  | —                                                       | 12,000                                                | —                                                         |
| Long-term loans payable                                   | 4,672                                              | 1,152                                              | —                                                       | —                                                     | —                                                         |
| Total                                                     | 31,964                                             | 1,152                                              | —                                                       | 12,000                                                | —                                                         |

9. Notes on Real Property Held for Rental or Investment

Statement is omitted due to the immateriality of the gross amount of the real property held for rental or investment.

10. Notes on Per Share Information

(1) Net assets per share: ¥1,274.33

(2) Net profits per share: ¥24.90

11. Significant Subsequent Events: Not applicable

12. Other Notes

Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

(Additional Information)

(Accounting Estimates in Relation to the COVID-19 Pandemic)

With respect to the economic environment surrounding the Nichicon Group, we were confronted with a challenging business environment in the first half of the fiscal year ended March 31, 2021, due to the severe decline in the global economy triggered by the COVID-19 pandemic. However, with the global resumption of economic activities, economic conditions are showing signs of a gradual recovery. Although uncertainty remains due to concerns over a resurgence of COVID-19 cases that may prolong economic recovery, we expect this gradual recovery will continue. Accounting estimates such as impairment losses on non-current assets and recoverability of deferred tax assets are based on our business plans that reflect these assumptions. Please note that there is a high level of uncertainty in these assumptions. Should it take longer than anticipated for the pandemic to subside, and the adverse effect of COVID-19 on the economy is prolonged, we might incur losses in the future.

## Balance Sheet

(As of March 31, 2021)

(Units: Millions of yen)

| Assets                                          |                | Liabilities                                             |                 |
|-------------------------------------------------|----------------|---------------------------------------------------------|-----------------|
| Current Assets                                  | <b>43,934</b>  | Current Liabilities                                     | <b>30,170</b>   |
| Cash and deposits                               | 5,598          | Notes payable – trade                                   | 175             |
| Notes receivable - trade                        | 1,500          | Electronically recorded obligations                     | 1,001           |
| Electronically recorded monetary claims         | 3,652          | Accounts payable – trade                                | 12,544          |
| Accounts receivable - trade                     | 27,814         | Short-term loans payable                                | 7,000           |
| Securities                                      | 300            | Long-term loans payable within 1 year                   | 5,800           |
| Merchandise and finished goods                  | 1,305          | Accounts payable – other                                | 1,483           |
| Work in progress                                | 80             | Accrued expenses                                        | 1,470           |
| Raw materials and supplies                      | 445            | Income taxes payable                                    | 171             |
| Other                                           | 3,271          | Provision for employee bonuses                          | 282             |
| Allowance for doubtful accounts                 | (35)           | Provision for director bonuses                          | 18              |
|                                                 |                | Other                                                   | 222             |
| Non-Current Assets                              | <b>71,507</b>  | Non-Current Liabilities                                 | <b>25,487</b>   |
| Tangible fixed assets                           | <b>14,610</b>  | Convertible bonds with equity-purchase warrants         | 12,088          |
| Buildings                                       | 7,739          | Long-term loans payable                                 | 2,668           |
| Structures                                      | 35             | Deferred tax liabilities                                | 7,852           |
| Machinery and equipment                         | 1,157          | Provision for retirement benefits                       | 819             |
| Vehicles and transportation equipment           | 11             | Provision for product warranties                        | 1,423           |
| Tools, furniture and fixtures                   | 366            | Other                                                   | 635             |
| Land                                            | 4,646          | <b>Total Liabilities</b>                                | <b>55,657</b>   |
|                                                 |                | <b>Net Assets</b>                                       |                 |
| Lease assets                                    | 1              | Shareholder Equity                                      | <b>41,563</b>   |
| Construction in progress                        | 652            | Capital                                                 | <b>14,286</b>   |
| Intangible assets                               | <b>646</b>     | Capital surplus                                         | <b>17,068</b>   |
| Investments and other assets                    | <b>56,250</b>  | Legal capital surplus                                   | <b>17,065</b>   |
| Investment securities                           | 34,561         | Other capital surplus                                   | 3               |
| Shares of subsidiaries and affiliated companies | 15,165         | Retained earnings                                       | <b>21,832</b>   |
| Long-term loans receivable                      | 14,412         | Legal retained earnings                                 | 2,141           |
| Other                                           | 662            | Other retained earnings                                 | 19,690          |
| Allowance for doubtful accounts                 | (8,551)        | Reserve for advanced depreciation of non-current assets | 56              |
|                                                 |                | General reserve                                         | 16,517          |
| Deferred assets                                 | <b>35</b>      | Retained earnings brought forward                       | 3,117           |
| Cost of issuing bonds                           | 35             | Treasury shares                                         | <b>(11,625)</b> |
|                                                 |                | Valuation and translation adjustments                   | <b>18,256</b>   |
|                                                 |                | Valuation difference on available-for-sale securities   | <b>18,256</b>   |
|                                                 |                | <b>Total Net Assets</b>                                 | <b>59,819</b>   |
| <b>Total Assets</b>                             | <b>115,477</b> | <b>Total Liabilities and Net Assets</b>                 | <b>115,477</b>  |

# Statement of Income

( From April 1, 2020  
To March 31, 2021 )

(Millions of yen)

| Accounts                                       | Amount        |
|------------------------------------------------|---------------|
| Net sales                                      | <b>87,967</b> |
| Cost of sales                                  | <b>80,924</b> |
| Gross profit                                   | <b>7,042</b>  |
| Selling, general and administrative expenses   | <b>7,399</b>  |
| Operating loss                                 | <b>356</b>    |
| Non-operating income                           | <b>3,092</b>  |
| Interest and dividend income                   | 2,051         |
| Foreign exchange gain                          | 674           |
| Technical advisory fee                         | 255           |
| Other                                          | 111           |
| Non-operating expenses                         | <b>1,421</b>  |
| Interest expense                               | 123           |
| Inclusion into allowance for doubtful accounts | 1,240         |
| Other                                          | 57            |
| Ordinary profit                                | <b>1,314</b>  |
| Extraordinary income                           | <b>289</b>    |
| Gain on sales of investment securities         | 289           |
| Extraordinary loss                             | <b>2</b>      |
| Loss on disposal of non-current assets         | 2             |
| Net profit before income taxes                 | <b>1,601</b>  |
| Income taxes, resident taxes, and business tax | 439           |
| Income taxes adjustments                       | 137           |
| Net profit                                     | <b>1,025</b>  |

## Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended March 31, 2021

(Millions of yen)

|                                                                           | Shareholders' equity |                       |                       |                       |                         |                                                                           |                 |                                   |                         |                 |                            |
|---------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---------------------------------------------------------------------------|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------|
|                                                                           | Capital stock        | Capital surplus       |                       |                       | Retained earnings       |                                                                           |                 |                                   |                         | Treasury shares | Total shareholders' equity |
|                                                                           |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings                                                   |                 |                                   | Total retained earnings |                 |                            |
|                                                                           |                      |                       |                       |                       |                         | Reversal of Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward |                         |                 |                            |
| Balance as of April 1, 2020                                               | 14,286               | 17,065                | 3                     | 17,068                | 2,141                   | 56                                                                        | 16,517          | 3,733                             | 22,449                  | (11,624)        | 42,180                     |
| Changes during period                                                     |                      |                       |                       |                       |                         |                                                                           |                 |                                   |                         |                 |                            |
| Dividends of surplus                                                      |                      |                       |                       |                       |                         |                                                                           |                 | (1,642)                           | (1,642)                 |                 | (1,642)                    |
| Reversal of Reserve for tax purpose reduction entry of non-current assets |                      |                       |                       |                       |                         | (0)                                                                       |                 | 0                                 | —                       |                 | —                          |
| Net profit                                                                |                      |                       |                       |                       |                         |                                                                           |                 | 1,025                             | 1,025                   |                 | 1,025                      |
| Purchase of treasury shares                                               |                      |                       |                       |                       |                         |                                                                           |                 |                                   |                         | (0)             | (0)                        |
| Disposal of treasury shares                                               |                      |                       | (0)                   | (0)                   |                         |                                                                           |                 |                                   |                         | 0               | 0                          |
| Net changes in items other than shareholders' equity (Net amount)         |                      |                       |                       |                       |                         |                                                                           |                 |                                   |                         |                 |                            |
| Total changes during period                                               | —                    | —                     | (0)                   | (0)                   | —                       | (0)                                                                       | —               | (616)                             | (616)                   | (0)             | (617)                      |
| Balance as of March 31, 2021                                              | 14,286               | 17,065                | 3                     | 17,068                | 2,141                   | 56                                                                        | 16,517          | 3,117                             | 21,832                  | (11,625)        | 41,563                     |

|                                                                           | Valuation and translation adjustments                 |                                             | Total net assets |
|---------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
|                                                                           | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance as of April 1, 2020                                               | 7,644                                                 | 7,644                                       | 49,825           |
| Changes during period                                                     |                                                       |                                             |                  |
| Dividends of surplus                                                      |                                                       |                                             | (1,642)          |
| Reversal of reserve for tax purpose reduction entry of non-current assets |                                                       |                                             | —                |
| Net profit                                                                |                                                       |                                             | 1,025            |
| Purchase of treasury shares                                               |                                                       |                                             | (0)              |
| Disposal of treasury shares                                               |                                                       |                                             | 0                |
| Net changes in items other than shareholders' equity (Net amount)         | 10,611                                                | 10,611                                      | 10,611           |
| Total changes during period                                               | 10,611                                                | 10,611                                      | 9,993            |
| Balance as of March 31, 2021                                              | 18,256                                                | 18,256                                      | 59,819           |

## **Notes on Non-Consolidated Financial Statements**

### **1. Significant Accounting Policies Applied in the Preparation of the Non-Consolidated Financial Statements**

#### **(1) Standards and Methods Used to Value Assets**

i. Held-to-maturity debt securities: Held-to-maturity debt securities are amortized in equal installments over the term held (straight-line method).

ii. Shares of subsidiaries and affiliated companies: Shares of subsidiaries and affiliated companies are valued at cost as determined by the moving average method.

#### **iii. Available-for-Sale Securities**

• Marketable securities: Marketable securities are stated at fair value based on market prices on the balance sheet date.

(Unrealized gains and losses are all directly charged or credited to net assets. Cost of sales is determined by the moving average method.)

• Non-marketable securities: Non-marketable securities are valued at cost as determined by the moving-average method.

#### **iv. Standards and Methods Used to Value Inventories**

• Merchandise and finished goods, and work in progress: Merchandise and finished goods as well as work in progress are valued by the individual cost method. (The amount on the balance sheet is based on the book value devaluation method based on lower profitability.)

• Raw materials and supplies: Raw materials and supplies are valued at cost as determined by the moving average method. (The amount on the balance sheet is based on the book value devaluation method based on lower profitability.)

#### **(2) Depreciation Methods for Non-Current Assets**

##### **i. Tangible fixed assets (excluding leased assets):**

Depreciation of tangible fixed assets is computed using the straight-line method. The straight-line method is applied to buildings acquired on and after April 1, 1998, (excluding attached facilities) and facilities attached to buildings and structures acquired after April 1, 2016.

The service life of major buildings and equipment is as follows:

Buildings: 7 to 50 years

Machinery and equipment: 4 to 10 years

##### **ii. Intangible fixed assets:**

Depreciation of intangible fixed assets is computed using the straight-line method. Software for internal use (excluding leased assets) is amortized using the straight-line method over an estimated service life of five years.

##### **iii. Leased assets:**

Leased assets are depreciated using the straight-line method with their service life being the lease period and with no residual value.

#### **(3) Accounting for Deferred Assets**

The straight-line method is applied to bond issuance costs over the redemption period of five years.

#### **(4) Standards Used to Account for Allowances and Provisions**

##### **i. Allowance for doubtful accounts:**

To prepare for credit losses on accounts receivable, allowances for uncollectible receivables are provided for ordinary receivables based on a historical write-off ratio, and for specific bad debts based on a case-by-case determination of collectability by the management.

##### **ii. Provision for product warranties:**

The Company records a provision for product warranties based on historical experience and estimated costs of providing, during a warranty period, free-of-charge services for the products it sells.

iii. Provision for bonuses: To provide for bonus payments to employees, the Company books provisions based on the estimated amount of payments for the portion corresponding to the fiscal year under review.

##### **iv. Provision for directors' bonuses:**

To provide for bonus payments to directors, the Company books provisions based on the estimated amount of payments for the portion corresponding to the fiscal year under review.

##### **v. Provision for retirement benefits:**

This provision is booked based on the amounts of both benefit obligations and pension assets projected at the end of the fiscal year under review, in order to prepare for payment of retirement benefits to employees.

Actuarial differences are booked as a lump-sum expense in the fiscal year under review.

(5) Standards used to account for construction revenue

The percentage-of-completion method (percentage of completion of construction activity is evaluated based on the ratio of direct labor hours) is applied for the portion completed by the end of the fiscal year under review, to the extent completion of the portion is deemed certain, otherwise the completed-contract method is applied.

(6) Standards Used to Translate Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen according to spot exchange rates on the balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses.

(7) Important Hedge Accounting Method

The deferred hedge accounting method is applied.

The appropriation method is applied for forward exchange contracts that fulfill the conditions for appropriation.

(8) Other Important Considerations in Preparing Non-Consolidated Financial Statements

(1) Accounting for consumption taxes

Japanese consumption taxes are excluded from transaction amounts.

(2) Application of the Consolidated Tax Payment System

From the fiscal year under review, the Company adopted the Consolidated Tax Payment System.

(3) Application of tax effect accounting pertaining to the transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System

The Company accounts for deferred tax assets and deferred tax liabilities based on the taxation laws before their amendments. The Company does not rely on the provision of Section 44 on "The Accounting Standard Application Guideline for Tax Effect Accounting" (in The Corporate Accounting Standard Application Guideline, No. 28, dated February 16, 2018), and, instead, relies on the provision of Section 3 on "Handling of Tax Effect Accounting Related to Transition from Consolidated Tax Payment System to Group Company Aggregate Tax Payment System" (in The Business Practice Report, No. 39 dated March 31, 2020) for items reconsidered in the context of the transition to the group company aggregate tax payment system and the revisions to the single company tax payment system thereby by the enactment of the Partial Amendment of the Income Tax Act (Act No. 8 of 2020).

2. Notes on Changes in Accounting Policy: Not applicable

3. Notes on Changes in Presentation Method

(Application of the "Accounting Standards for Disclosure of Accounting Estimates")

The Company has adopted and applied the "Accounting Standards for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) for year-end financial statements effective from the fiscal year under review. Accounting estimates are stated in the Notes on Significant Accounting Estimates of the Financial Statements.

4. Notes on Accounting Estimates

Recoverability of Deferred Tax Assets

(1) Amounts recorded on the non-consolidated financial statements for the fiscal year ended March 31, 2021

As of March 31, 2021, the Company recorded ¥7,852 million of deferred tax liabilities (deferred tax assets before netting with deferred tax liabilities was ¥208 million).

(2) Information concerning the contents of significant accounting estimates on identified asset items.

Method used to calculate the amounts stated in (1) is the same as described in "4. Notes on Accounting Estimates (2) Recoverability of Deferred Tax Assets" in the Notes on Consolidated Financial Statements.

## 5. Notes on the Balance Sheet

### (1) Receivables from and Payables to Subsidiaries and Affiliated Companies

|                        |                 |
|------------------------|-----------------|
| Short-term receivables | ¥14,634 million |
| Long-term receivables  | ¥14,407 million |
| Short-term payables    | ¥11,863 million |
| Long-term payables     | ¥1,516 million  |

### (2) Payables to Directors and Corporate Auditors

¥253 million

### (3) Accumulated Depreciation on Tangible Fixed Assets

¥32,383 million

### (4) Guarantee obligations

Joint guarantee obligations corresponding to electronically recorded obligations (including facility-related electronically recorded obligations) of subsidiaries and affiliated companies

|                          |                |
|--------------------------|----------------|
| Nichicon (Kusatsu) Corp. | ¥2,518 million |
| Nichicon (Ohno) Corp.    | ¥1,817 million |
| Nichicon (Wakasa) Corp.  | ¥1,131 million |
| Other                    | ¥2,887 million |

|       |                |
|-------|----------------|
| Total | ¥8,354 million |
|-------|----------------|

### (5) Deduction Entries from Acquisition Costs for Non-Current Assets

|                          |                     |
|--------------------------|---------------------|
| Buildings ¥1,263 million | Land ¥1,048 million |
|--------------------------|---------------------|

### (6) Investigations by Anti-Competition Regulatory Authorities and Related Class Action Lawsuits

The Nichicon Group has been under investigation by anti-competition regulatory authorities in several countries over the sale of electrolytic capacitors. However, all investigations by these authorities have been completed and all fines imposed as a result of the investigations have now been paid in full by the Group.

As for class action lawsuits associated with these matters, the Group has now reached settlement with parties involved in the United States, and court approval procedures in relation to these settlements have been completed. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. These ongoing investigations and legal proceedings might affect the Company's business and financial performance.

## 6. Notes on the Non-consolidated Statement of Income Transactions with Subsidiaries and Affiliated companies

|                             |                 |
|-----------------------------|-----------------|
| i. Sales                    | ¥36,267 million |
| ii. Purchases               | ¥58,943 million |
| iii. Non-sales transactions | ¥2,157 million  |

## 7. Notes on Statement of Changes in Shareholders' Equity

Matters concerning the number of treasury shares

(Unit: Thousand shares)

| Type of shares | Number of shares as of April 1, 2020 | Number of shares increased in the fiscal year under review | Number of shares decreased in the fiscal year under review | Number of shares as of March 31, 2021 |
|----------------|--------------------------------------|------------------------------------------------------------|------------------------------------------------------------|---------------------------------------|
| Common stock   | 9,581                                | 0                                                          | 0                                                          | 9,581                                 |

Note: The increase of 0 thousand treasury shares resulted from the repurchase of fractional shares. The reduction of 0 thousand treasury shares resulted from the sale of fractional shares in response to requests for additional purchases.

## 8. Notes on Tax Effect Accounting

Breakdown of significant reasons for the recording of deferred tax assets and deferred tax liabilities

### Deferred Tax Assets

|                                                                                                   |                   |
|---------------------------------------------------------------------------------------------------|-------------------|
| Tax loss carried forward                                                                          | ¥6,442 million    |
| Amount in excess of deductible expense limit for tax purposes (allowance for doubtful accounts)   | ¥2,627 million    |
| Amount in excess of deductible expense limit for tax purposes (provision for bonuses)             | ¥86 million       |
| Amount in excess of deductible expense limit for tax purposes (provision for retirement benefits) | ¥250 million      |
| Environmental expenses                                                                            | ¥300 million      |
| Loss on valuation of shares of subsidiaries and associates                                        | ¥3,964 million    |
| Other                                                                                             | ¥650 million      |
| Subtotal of deferred tax assets                                                                   | ¥14,322 million   |
| Valuation-related reserves concerning loss carried forward                                        | (¥6,233 million)  |
| Valuation-related reserves concerning the sum of deductible and temporary differences             | (¥7,880 million)  |
| Total of valuation-related reserves                                                               | (¥14,113 million) |
| Total of deferred tax assets                                                                      | ¥208 million      |
| Deferred tax liabilities                                                                          |                   |
| Valuation difference on available-for-sale securities                                             | ¥8,035 million    |
| Reserve for reduction entry of land                                                               | ¥23 million       |
| Other                                                                                             | ¥1 million        |
| Total of deferred tax liabilities                                                                 | ¥8,060 million    |
| Net deferred tax liabilities                                                                      | ¥7,852 million    |

9. Notes on Related-Party  
Transactions Subsidiaries and Affiliated companies

(Millions of yen)

| Type         | Name of company                                   | Percentage of voting rights held by/owned by the Company | The Company's relationship with related party                                      | Nature of transaction                                                                                                                              | Transaction amount          | Account                                                                    | Balance at year end        |
|--------------|---------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------------------------------|----------------------------|
| Subsidiaries | Nichicon Hi-Tech Foil Corp.                       | Directly owned 100%                                      | Financial support<br>Interlocking of director<br>Lease of land and buildings, etc. | Sale of raw materials (*4)<br>Purchase of raw materials (*4)<br>Receipt of interest (*1)                                                           | 2<br>7,609<br>22            | Accounts receivable<br>Accounts payable<br>Long-term loans receivable (*2) | 2,438<br>2,270<br>2,000    |
|              | Nichicon (Kusatsu) Corp.                          | Directly owned 100%                                      | Financial support<br>Interlocking of director<br>Lease of land and buildings, etc. | Purchase of products (*4)<br>Guarantee for electronically recorded obligations (*6)<br>Receipt of interest (*1)                                    | 12,745<br>2,518<br>18       | Accounts payable<br>Long-term loans receivable (*2)                        | 1,474<br>—<br>2,000        |
|              | Nichicon (Kameoka) Corp.                          | Directly owned 100%                                      | Financial support<br>Interlocking of director<br>Lease of land and buildings, etc. | Receipt of interest (*1)                                                                                                                           | 53                          | Long-term loans receivable (*2)                                            | 4,799                      |
|              | Nichicon (Ohno) Corp.                             | Directly owned 100%                                      | Financial support<br>Interlocking of director<br>Lease of land and buildings, etc. | Sale of raw materials (*4)<br>Purchase of raw materials (*4)<br>Receipt of interest (*1)<br>Guarantee for electronically recorded obligations (*6) | 91<br>12,681<br>23<br>1,817 | Accounts receivable<br>Accounts payable<br>Long-term loans receivable (*2) | 1,193<br>920<br>2,060<br>— |
|              | Nichicon (Iwate) Corp.                            | Directly owned 100%                                      | Interlocking of director<br>Lease of land and buildings, etc.                      | Purchase of products (*4)                                                                                                                          | 7,788                       | Accounts payable                                                           | 2,824                      |
|              | Nichicon (Wakasa) Corp.                           | Directly owned 100%                                      | —                                                                                  | Purchase of products (*4)<br>Guarantee for electronically recorded obligations (*6)                                                                | 6,329<br>1,131              | Accounts payable                                                           | 975<br>—                   |
|              | Yutaka Electric Mfg. Co., Ltd.                    | Directly owned 100%                                      | Financial support<br>Interlocking of director                                      | Receipt of interest (*1)                                                                                                                           | 32                          | Long-term loans receivable (*2)                                            | 2,887                      |
|              | Nichicon (America) Corporation                    | Directly owned 100%                                      | Borrowing of funds<br>Interlocking of director                                     | Payment of interest (*3)                                                                                                                           | 79                          | Long-term loans payable (*3)                                               | 2,276                      |
|              | Nichicon (Austria) GmbH                           | Directly owned 100%                                      | Interlocking of director                                                           | Sale of products (*4)                                                                                                                              | 4,809                       | Accounts receivable                                                        | 1,307                      |
|              | Nichicon (Hong Kong) Ltd.                         | Directly owned 100%                                      | Interlocking of director                                                           | Sale of products (*4)                                                                                                                              | 12,229                      | Accounts receivable                                                        | 3,123                      |
|              | Nichicon Electronics Trading (Shanghai) Co., Ltd. | Directly owned 80%<br>Indirectly owned 20%               | —                                                                                  | Sale of products (*4)                                                                                                                              | 6,837                       | Accounts receivable                                                        | 1,310                      |
|              | Nichicon (Malaysia) Sdn. Bhd.                     | Directly owned 55.5%<br>Indirectly owned 44.5%           | Financial support<br>Interlocking of director                                      | Receipt of interest (*1)                                                                                                                           | 54                          | Long-term loans receivable (*2)                                            | 1,645                      |
|              | Nichicon Electronics (Wuxi) Co., Ltd.             | Directly owned 100%                                      | Interlocking of director                                                           | Receipt of technical advisory fee (*5)                                                                                                             | 215                         | Other current assets                                                       | 54                         |

Notes: 1. The interest rate on the loan was determined rationally with due consideration of market interest rates. Collateral was not accepted.

2. A total allowance for doubtful accounts of ¥8,321 million was reserved for long-term loans receivable from subsidiaries. In addition, a total of ¥1,240 million reversal of allowance for doubtful accounts was posted for the fiscal year under review. Note that long-term loans receivable include long-term loans receivable within one year.
3. The interest rate of loans was determined rationally with due consideration of market interest rates. Note that long-term loans payable include long-term loans payable within one year.
4. Purchase and sale prices of products and raw materials were determined by reference to their market prices.
5. The amount of technical advisory fee was, by contract, determined based on sales amount.
6. The Company provides guarantees for the electronically recorded obligations (including facility-related electronically recorded obligations) of subsidiaries.

10. Notes on Per Share Information

|                            |         |
|----------------------------|---------|
| (1) Net assets per share:  | ¥874.32 |
| (2) Net profits per share: | ¥14.98  |

11. Significant Subsequent Events: Not applicable

12. Other Notes

Japanese yen accounts are presented in millions of yen and are rounded down to the nearest million yen.

(Additional Information)

(Accounting Estimates in Relation to the COVID-19 Pandemic)

With respect to the economic environment surrounding the Company, we were confronted with a challenging business environment in the first half of the fiscal year ended March 31, 2021, due to the severe decline in the global economy triggered by the COVID-19 pandemic. However, with the global resumption of economic activities, economic conditions are showing signs of a gradual recovery. Although uncertainty remains due to concerns over a resurgence of COVID-19 cases that may prolong economic recovery, we expect this gradual recovery will continue. Accounting estimates such as recoverability of deferred tax assets are based on these assumptions. Please note that there is a high level of uncertainty in these assumptions. Should it take longer than anticipated for the pandemic to subside, and the adverse effect of COVID-19 on the economy is prolonged, we might incur losses in the future.

## INDEPENDENT AUDITOR'S REPORT

May 20, 2021

To the Board of Directors of  
Nichicon Corporation

Deloitte Touche Tohmatsu LLC  
Kyoto Office

Designated Limited-liability Partner  
and Engagement Partner

Nobuyuki Onaka, C.P.A.

Designated Limited-liability Partner  
and Engagement Partner

Hideya Sudo, C.P.A.

### Audit Opinion

Pursuant to the provisions of Article 444, paragraph 4, of the Companies Act, we have audited the consolidated financial statements of Nichicon Corporation (hereinafter the "Company") for the fiscal year ended March 31, 2021. The consolidated financial statements are the consolidated balance sheet, the consolidated statements of income, the consolidated statement of changes in shareholder equity, and related notes on the consolidated financial statements.

In our opinion, the above-mentioned consolidated financial statements present fairly, in all material respects, the financial position of the Company Group comprising the Company and its consolidated subsidiaries as of March 31, 2021, and the results of its operations for the year then ended in conformity with corporate accounting principles generally accepted in Japan.

### Basis for our Audit Opinion

We have conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibility defined in the auditing standards is stipulated under "Auditor's Responsibility in Auditing Consolidated Financial Statements." In accordance to the regulations regarding professional ethics set forth in Japan, we are independent from the Company and its consolidated subsidiaries, and we have also fulfilled other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

### Emphasized Matters

As described in the note under "Investigations by Regulatory Authorities Based on Competition Laws and Related Class Action Lawsuits," a class action has been filed against the Group in Canada. These ongoing legal proceedings may affect the Group's business and financial performance.

However, these proceedings do not affect our audit opinion.

### Responsibility of Management, Corporate Auditors, and Board of Corporate Auditors for Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with generally accepted corporate accounting principles in Japan. This responsibility includes establishing and executing internal control that the management deems necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to intent or error.

In preparing for consolidated financial statements, the management is responsible for assessing whether or not preparing consolidated financial statements is appropriate based on the going concern assumption. The management is also responsible for disclosing matters related to the going concern as necessary in accordance with the standards of corporate accounting generally accepted as fair and reasonable in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring company directors' exercise of their duties in terms of facilitating financial reporting.

#### Auditor's Responsibility in Auditing Consolidated Financial Statements

Our responsibility is to express an independent opinion in this report on the consolidated financial statements based on our audit, obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement due to intent or error. Misstatement may arise from fraudulent conducts or errors. If they are deemed, individually or in aggregate, to influence decision-making by the users of the consolidated financial statements, they are determined to be material.

We follow auditing principles generally accepted in Japan during the auditing process, make judgments as professional auditors, and promise to offer the following services with an attitude of professional skepticism:

- We identify and assess the risk of material misstatement due to intent or error. We also design and execute an auditing procedure that addresses the risk of material misstatement. Auditing procedures are chosen and employed based on the judgement of the auditor. We obtain sufficient and appropriate evidence that form the basis of our opinion.
- The purpose of auditing the consolidated financial statements is not for the auditors to express their views on the efficacy of internal controls. However, in making the risk assessment, the auditor considers internal controls relevant to the auditing process in order to design auditing procedures that are appropriate for the circumstances.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management of the Company, as well as the relevancy of the related notes.
- We determine whether it is appropriate or not for the Company management to prepare consolidated financial statements with the going concern assumption. We also determine whether we see any material uncertainty that raises significant doubt about the going concern assumption. If we see any material uncertainty that raises significant doubt about the going concern assumption, we are required to draw attention, in our Audit Report, to the notes on the consolidated financial statements. If the notes on the consolidated financial statements concerning the material uncertainty are not appropriate, we are required to express our opinion with exceptive items about the consolidated financial statements. Our conclusions are based on the audit evidence obtained on or before the audit report date. Depending on future events and circumstances, the Company may become unviable as a business.
- We assess whether or not the presentation of the consolidated financial statements and their notes are in accordance with generally accepted corporate accounting principles in Japan. We also assess whether or not the presentation of the consolidated financial statements including their notes, their structures and contents, and the consolidated financial statements themselves properly reflect the business transactions and accounting events.
- We obtain sufficient and appropriate audit evidence related to financial information of the Company and its consolidated subsidiaries in order to express our opinion on the consolidated financial statements. We are responsible for directing, supervising, and executing the audit of the Company's consolidated financial statements. We are solely responsible for the audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors on the scope and period of the designed audit, material findings including critical shortcomings in internal control identified during the audit, and other matters that audit standards require us to report.

We report to the Corporate Auditors and the Board of Corporate Auditors that we have followed Japan's regulations on professional ethics related to independence of our work. If we identify any matters that may reasonably be considered as impacting our independence against which we establish any safeguard to remove or reduce any interfering factors, we report on them.

#### Conflicts of interest

Neither our firm nor its engagement partners have any financial interest in the Company and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Act.

-End-

## INDEPENDENT AUDITOR'S REPORT

May 20, 2021

To the Board of  
Directors of Nichicon  
Corporation

Deloitte Touche Tohmatsu LLC

Kyoto Office

Designated Limited-liability  
Partner and Engagement Partner

Nobuyuki Onaka, C.P.A.

Designated Limited-liability  
Partner and Engagement Partner

Hideya Sudo, C.P.A

### Audit Opinion

Pursuant to the provisions of Article 436, paragraph 2, item 1 of the Companies Act, we have audited the financial statements of Nichicon Corporation (hereinafter the "Company") for the 86th fiscal year ended March 31, 2021. The financial statements are the balance sheet, the statements of income, the statement of changes in shareholders' equity, related notes on the statements, and the accompanying supplemental schedules (hereinafter the "financial statements, etc.>").

In our opinion, the above-mentioned financial statements, etc. present fairly, in all material respects, the financial position of the Company as of March 31, 2021, in conformity with corporate accounting principles generally accepted in Japan.

### Basis for our Audit Opinion

We have conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibility defined in the auditing standards is stipulated under "Auditor's Responsibility in Auditing Financial Statements, etc." In accordance to the regulations regarding professional ethics set forth in Japan, we are independent from the Company and its consolidated subsidiaries, and we have also fulfilled other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

### Emphasized Matters

As described in the note under "Investigations by Regulatory Authorities Based on Competition Laws and Related Class Action Lawsuits," a class action has been filed against the Group in Canada. These ongoing legal proceedings may affect the Company's business and financial performance.

However, these proceedings do not affect our audit opinion.

### Responsibility of Management, Corporate Auditors, and Board of Corporate Auditors for Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the financial statements, etc. in accordance with generally accepted corporate accounting principles in Japan. This responsibility includes establishing and executing internal control that the management deems necessary to enable the preparation and fair presentation of the financial statements, etc. that are free from material misstatement whether due to intent or error.

In preparing for the financial statements, etc., the management is responsible for assessing whether or not preparing financial statements, etc. is appropriate based on the going concern assumption. The management is also responsible for disclosing matters related to the going concern as necessary in accordance with the standards of corporate accounting generally accepted as fair and reasonable in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring company directors' exercise of their duties in terms of facilitating financial reporting.

#### Auditor's Responsibility in Auditing Financial Statements, etc.

Our responsibility is to express an independent opinion in this report on the financial statements, etc. based on our audit, obtaining reasonable assurance about whether the financial statements, etc. are free of material misstatement due to intent or error. Misstatement may arise from fraudulent conduct or errors. If they are deemed, individually or in aggregate, to influence decision-making by the users of the financial statements, etc., they are determined to be material.

We follow auditing principles generally accepted in Japan during the auditing process, make judgments as professional auditors, and promise to offer the following services with an attitude of professional skepticism:

- We identify and assess the risk of material misstatement due to intent or error. We also design and execute an auditing procedure that addresses the risk of material misstatement. Auditing procedures are chosen and employed based on the judgement of the auditor. We obtain sufficient and appropriate evidence that form the basis of our opinion.
- The purpose of auditing the financial statements, etc. is not for the auditors to express their views on the efficacy of internal controls. However, in making the risk assessment, the auditors consider internal controls relevant to the auditing process in order to design auditing procedures that are appropriate for the circumstances.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management of the Company, as well as the relevancy of the related notes.
- We determine whether it is appropriate or not for the Company management to prepare the financial statements, etc. with the going concern assumption. We also determine whether we see any material uncertainty that raises significant doubt about the going concern assumption. If we see any material uncertainty that raises significant doubt about the going concern assumption, we are required to draw attention, in our Audit Report, to the notes on the financial statements, etc. If the notes on the financial statements, etc. concerning the material uncertainty are not appropriate, we are required to express our opinion with exceptive items about the financial statements, etc. Our conclusions are based on the audit evidence obtained on or before the audit report date. Depending on future events and circumstances, the Company may become unviable as a business.
- We assess whether or not the presentation of the financial statements, etc. and their notes are in accordance with generally accepted corporate accounting principles in Japan. We also assess whether or not the presentation of the financial statements, etc. including their notes, their structures and contents, and the financial statements, etc. themselves properly reflect the business transactions and accounting events.

We report to the Corporate Auditors and the Board of Corporate Auditors on the scope and period of the designed audit, material findings including critical shortcomings in internal control identified during the audit, and other matters that audit standards require us to report.

We report to the Corporate Auditors and the Board of Corporate Auditors that we have followed Japan's regulations on professional ethics related to independence of our work. If we identify any matters that may reasonably be considered as impacting our independence against which we establish any safeguard to remove or reduce any interfering factors, we report on them.

#### Conflicts of interest

Neither our firm nor its engagement partners have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

-End-

## AUDIT REPORT

The Board of Corporate Auditors received audit reports prepared by Corporate Auditors concerning the Directors' execution of their duties during the 86th fiscal year ended March 31, 2021. After discussing the audit results on the basis of those reports, we have prepared this Audit Report and hereby report as follows.

### 1. Methods and details of audits conducted by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audition policies and division of duties and received from each Corporate Auditor a report on audit execution status and results and from the Directors and Accounting Auditors it received reports on the status of the execution of their duties, requesting additional explanations as necessary.
- (2) Each Corporate Auditor, in accordance with the standards for conducting audits established by the Board of Corporate Auditors and pursuant to the audit policy and the allocation of duties, communicated with the Directors and employees in the internal audit department and other departments to collect information and to improve the environment for the audits, and conducted the audits in the following manner:
  - i. We attended meetings of the Board of Directors and other important meetings, received reports on the status of the execution of duties from the Directors and employees, requested additional explanations as necessary, reviewed important documents that had assisted decision making, and examined the status of business operations and assets at the Head Office and principal offices and factories. We communicated and exchanged information with the Directors and Corporate Auditors of the subsidiaries and received reports on their business as needed.
  - ii. We received periodic reports and requested explanations from the Directors and employees on the following organizational structures: structures to ensure that the execution of duties by the Directors, which are described in the Business Report, complies with laws, ordinances, and the Articles of Incorporation; and internal control systems which had been established based on the resolutions adopted by the Board of Directors in compliance with Article 100, paragraph 1 and Article 100, paragraph 3 of the Ordinance for Enforcement of the Companies Act of Japan, which mandates internal control systems to ensure appropriate operations of a corporate group consisting of a stock company and its subsidiaries. We expressed our opinions on the basis of this information.
  - iii. We reviewed the basic policy set forth in Article 118, item 3-a, of the Ordinance for Enforcement of the Companies Act of Japan, which is discussed in the Business Report, based on the deliberations in the meetings of the Board of Directors and other meetings.
  - iv. We monitored and verified whether the Accounting Auditor maintained independence and conducted audits properly. We received reports from it on the status of the execution of its duties and requested explanations as necessary. Furthermore, we received reports from the Accounting Auditor that it had a system in place for ensuring that it executes its duties properly (as described in each item under Article 131 of the Ordinance for Corporate Accounting) pursuant to the "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), and requested additional explanations as necessary.

Based on the methods described above, we reviewed the Business Report as well as the Supplementary Schedules, Financial Statements for the fiscal year under review—namely, the Balance Sheet, Statement of Income, Statement of Changes in Shareholders' Equity, and Notes on Non-consolidated Financial Statements—as well as the Supplemental Schedules, and the Consolidated Financial Statements for the fiscal year under review—namely, the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Shareholders' Equity, and Notes on the Consolidated Financial Statements.

## 2 . Results of Audit

### (1) Audit results of the Business Report

- i. We have confirmed that the Business Report and the Supplemental Schedules accurately represent the state of the Company as of March 31, 2021, pursuant to the applicable laws and regulations, and the Articles of Incorporation of the Company.
- ii. We have not discovered any misconduct concerning the execution of duties by the Directors or serious violations of applicable laws and regulations or the Articles of Incorporation of the Company.
- iii. We have confirmed that resolutions adopted by the Board of Directors concerning the internal control system were reasonable. Moreover, we have found nothing that constitutes discrepancies concerning the description of the internal control system in the Business Report or the execution of duties by the Directors.

As discussed in the Business Report, the Company and some of its overseas sales subsidiaries have been under investigation by the Japan Fair Trade Commission (JFTC) and regulatory authorities of the European Union, the United States, and other bodies since March 2014 over alleged violations of applicable competition laws from the sale of aluminum electrolytic capacitors and tantalum electrolytic capacitors in respective regions and countries. In March 2016, the Company received from the JFTC a cease-and-desist order and an order to pay a surcharge for the investigation in Japan. In September 2016, we expressed dissatisfaction with the presumption and judgment of the JFTC's orders and filed a legal action. In March 2019, a decision was handed down to dismiss our claims, and in April 2019, we filed an appeal against this decision. However, in December 2020, the court ruled to dismiss the appeal and in the same month the Company filed an appeal to the Supreme Court as well as a petition for acceptance of the appeal.

In December 2015, Nichicon (Hong Kong) Ltd., a Company subsidiary, was subjected to a penalty from the Taiwan Fair Trade Commission. In February 2016, the Company expressed dissatisfaction with the presumption and judgment on which the penalty was based and filed a legal action. Then in July 2020, there was a ruling to dismissing the appeal, and in August of the same year the Company filed a legal action in the Supreme Administrative Course, objecting to the ruling. The case is still ongoing. In addition, in March 2018, the Company was sanctioned by the European Commission with a fine and in May of the same year it filed a lawsuit to appeal the finding and decision of the sanction. The hearing is currently ongoing.

As the Board of Corporate Auditors, we confirmed that the Group has ensured compliance with all laws and ordinances, and thus we continue to strive to further enhance our auditing capacities in order to strengthen and reinforce the Company's compliance systems and corporate ethics.

- iv. We have found nothing that constitutes discrepancies with regard to the basic policy concerning corporate governance, described in the Business Report.

### (2) Audit results of Financial Statements, the Supplemental Schedules, and the Consolidated Financial Statements

We have confirmed that the methods of audits used by and their results produced by Deloitte Touche Tohmatsu LLC were appropriate.

May 25, 2021

The Board of Corporate Auditors      Nichicon Corporation

|                            |                 |
|----------------------------|-----------------|
| Standing Corporate Auditor | Sachihiko Araki |
|----------------------------|-----------------|

|                                       |                    |
|---------------------------------------|--------------------|
| Standing Corporate Auditor (External) | Yoshihiko Nakatani |
|---------------------------------------|--------------------|

|                            |                |
|----------------------------|----------------|
| External Corporate Auditor | Hideki Ohnishi |
|----------------------------|----------------|

|                            |                 |
|----------------------------|-----------------|
| External Corporate Auditor | Masahiro Morise |
|----------------------------|-----------------|

-End-