

**NOTIFICATION OF
THE 85th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

To be held on June 26, 2020

**NICHICON CORPORATION
Kyoto, Japan**

Notes:

1. This is a translation of the Japanese-language notification of the 85th 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.

June 10, 2020

Nichicon Corporation
(Stock Code: 6996)
551, Nijoden-cho
Karasumadori Oike-agaru
Nakagyo-ku, Kyoto 604-0845
Japan

Dear Shareholders:

We hereby inform you that the 85th 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 Thursday, June 25, 2020.

- Exercising voting rights by mail:
You are kindly requested to indicate your approval or disapproval on the enclosed form and return it to the Company by mail within the assigned time limit.
- Exercising voting rights via the Internet:
When using the Internet to exercise your voting rights, first please read the attached document titled “Exercising Voting Rights via the Internet.”

1. Time and Date: June 26, 2020(Friday)10:00 a.m.
2. Venue: ANA Crowne Plaza Kyoto, 2nd Floor
10 Tsushibashi-cho Nijo-kudaru, Horikawa-dori, Nakagyo-ku, Kyoto
(Note that this is a different venue than one used last year. Please see guide information at end of this document.)
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 85th fiscal year ended March 31, 2020.
 2. Presentation of the non-consolidated financial statements for the 85th fiscal year ended March 31, 2020.

Proposals to Be Voted on:

Proposal 1:	Appropriation of Surplus
Proposal 2:	Election of Three Corporate Auditors

If you would like to attend the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

If there are any amendments to the general meeting of shareholders reference documents, business reports, financial statements and consolidated financial statements, we will post them on our website (<https://www.nichicon.co.jp/english/index.html>).

Please understand that from this year on we will not be distributing any gifts.

Shigeo Yoshida
President & COO
Nichicon Corporation

Measures to Prevent Covid-19 Infection

Since the safety of our shareholders is our highest priority, to prevent infection and spread of Covid-19 we are adopting the following guidelines for the holding of the general meeting of shareholders.

We appreciate your understanding and cooperation in this matter.

1. Our measures

- Presenters and operational staff at general meetings of shareholders will be checked for temperature and physical condition before the meeting and they will wear face masks.
- Alcohol-based disinfectant dispensers will be set up at the entrance and various other places in the meeting venue.
- The distance between seats will be increased, so the seating capacity will be less than in previous years.
- Beverages will not be offered at meetings.
- To minimize the risk of virus infection, we will no longer distribute gifts at meetings.
- To help prevent infection and spread of Covid-19, we intend to shorten the duration of meetings. For this reason, explanations of the matters to be reported and proposals to be voted on will be briefer and more focused on the essential points, with the aim of making the meeting significantly shorter than in previous years.

2. Requests to shareholders

- In light of the risk of spreading Covid-19, we ask shareholders who were planning to attend the meeting this year to reconsider. To help us minimize the risks, please consider not attending this year, regardless of your state of health.
- Please consider exercising your shareholder voting rights by mail or via the Internet instead of attending in person.
- Shareholders who attend the meeting will be asked to undergo a non-contact temperature check before registration at the venue. Admission to the meeting venue may be refused if a fever is detected or for any other reason considered essential for preventing infection or spread of the virus.

All attendees are cordially invited to cooperate by using alcohol disinfectant and by wearing face masks.

- Please understand that operational staff may approach and speak to any shareholders at the venue who appear to be unwell.

Exercising Voting Rights via the Internet

1. Notes for Shareholders Exercising Voting Rights via the Internet

Please note the following six points if you choose to exercise your voting rights via the Internet:

- 1) You can exercise your voting rights via the Internet only from the specified website (see address below).) You cannot gain access to the website via a mobile phone. You need to enter the Voting Rights Exercise Code and the Password provided in this document to exercise your voting rights from the website.
- 2) The Voting Rights Exercise Code and the Password provided in the Voting Rights Exercise Form enclosed with this document are valid only for matters related to this Ordinary General Meeting of Shareholders. A new Voting Rights Exercise Code and a new Password will be issued for future Ordinary General Meetings of Shareholders.
- 3) Exercise your voting rights via the Internet by no later than 5:15 p.m. on Thursday June 25, 2020.
- 4) If you exercise your voting rights both by mail and via the Internet, the vote cast via the Internet will count as the valid vote.
- 5) If you exercise your voting rights via the Internet twice or more, the last vote will count as the valid vote.
- 6) Shareholders shall bear the cost of accessing the Internet.

2. Steps to Exercise Voting Rights via the Internet

- 1) Go to the website set up for exercising voting rights at <https://soukai.mizuho-tb.co.jp/>
- 2) Enter the Voting Rights Exercise Code and the Password shown on the bottom right of the enclosed Voting Rights Exercise Form to log in, and follow the on-screen instructions. You are requested to change the password upon first login for security reasons.

Notes:

- The Password is a means to authenticate the identity of the person exercising the voting rights. Please note that we do not ask you for your Password via phone or email.
- Your Password will be locked after successive failed login attempts. If this happens, follow the instructions shown on the screen.
- The website set up for exercising voting rights has been verified to work on most devices with an Internet connection, but may not work on your device.

3. Contacting the Company

- 1) For inquiries relating to the use of computers to exercise voting rights via the Internet:

Mizuho Trust & Banking Co., Ltd., Securities Representative Department, Internet Helpline

- Telephone: 0120-768-524 (toll-free within Japan)
- Business hours: 9:00 a.m. to 9:00 p.m., closed on Saturdays, Sundays and Japanese holidays

- 2) For all other inquiries, including changes of address:

Mizuho Trust & Banking Co., Ltd., Securities Representative Department

- Telephone: 0120-288-324 (toll-free within Japan)
- Business hours: 9:00 a.m. to 5:00 p.m., closed on Saturdays, Sundays and Japanese holidays Note: All time and dates are indicated in Japan Standard Time.

Note for institutional investors:

When exercising voting rights at the Nichicon's general meeting of shareholders, we ask that you use the voting platform for the exercise of voting rights by institutional investors, operated by ICJ, Inc.

Business Report for the Fiscal Year Ended March 31, 2020

1. Matters Concerning the Current State of the Nichicon Group

(1) Results of Business Operations

In the 12 months to March 31, 2020, the Japanese economy was sustaining its moderate recovery with continuing improvement in capital investment and employment. In early 2020, however, the national economy slumped rapidly, due to the impact of the worldwide Covid-19 pandemic. Looking overseas to the U.S. economy, the lockdown measures taken in response to the rise in infection cases in March caused a rapid deterioration in employment and income, which had been faring well. Along with a feared decline in private consumption and other factors, the prospects for the economy look very uncertain. As for Europe, the chaos caused by the U.K.'s exit from the EU led to a slowdown in exports, and overall capital investment in the manufacturing industry (dominated by automotive-related industries) has trended downward. On top of this, the impact of the Covid-19 crisis has greatly restricted economic activity. The Chinese economy has suffered deteriorating private consumption and declining capital investment in the corporate sector due to the prolonged trade friction with the U.S. Against this backdrop, the Covid-19 crisis has also had an impact on the economy, so that shutdown of manufacturing plants and restrictions of movement since January have also contributed to economic setback. In March, economy activity started slowly picking up, but China's economic growth rate has dropped substantially.

In this business environment, the Company continued to focus on four markets—Energy, Environment & Medical equipment; Automotive & Railway-car related equipment; Household electrical appliances & Industrial inverters; and Information & Communications equipment—in which diversification was driven by the evolution of IoT, AI, 5G, and other new key technologies as well as actions toward low carbon society. In the capacitor business, sales of products for the automotive, inverter, and industrial equipment markets have slumped due to the slowdown in the world economy. On the other hand, in the automotive products category, the number of film capacitors for motor-driving inverters adopted in new model cars is increasing around the world owing to the growing global markets for electric vehicles (EV) and hybrid vehicles (HV). To address this market, we are setting up systems to enable increased production in Japan and also building new production lines in China. In addition, we developed the new “SLB series” of small lithium-ion rechargeable batteries optimized for IoT and wearable devices, and for data communication terminals. The adoption of these batteries for the stylus pens of new model smartphones is drawing a great deal of attention. Furthermore, the possible applications of these batteries are growing broader all the time, e.g., for use in the development of self-powered IoT environment sensors.

We have made a focused effort to make our NECST (Nichicon Energy Control System Technology) business a new core business of the Company. Due to the ending of the FIT (feed-in tariff) period and growing interest in enhancing energy self-sufficiency in the event of natural disasters, which seem to be occurring more and more frequently, demand for household energy-storage systems is growing. As a leader in the household energy-storage market, we are now starting to sell new hybrid energy-storage system products and further refining our lineup of offerings for the household energy-storage market. We are also expanding our production bases for these products and establishing recycling and processing systems that enable recycling of household energy storage systems. Through these measures, we obtained wide-area certification for both general waste and industrial waste from the Ministry of the Environment. Also, in the area of electric vehicles, we released a new grid-connectable EV POWER STATION® V2H (Vehicle to Home) system. Along with our Tribid Energy Storage System®, which links together the three elements of solar PV power generation, EV and storage battery, this has been very well received by the market. We also promoted some business expansion measures by differentiating ourselves from competitors by offering solutions to socially critical problems. One example is the development of our POWER MOVER® portable power supply, which enables rapid recovery in the event of a large-scale power outage following a typhoon or other natural disaster, by enabling electricity to be drawn from EVs, HVs, and FCVs.

As a result of all these factors, the Group's net sales for the fiscal year ended March 31, 2020 were ¥119,675 million, down 2.6% from the previous year. The Group posted an operating profit of ¥2,549 million for the year, down 53.4% year-on-year; an ordinary profit of ¥3,621 million, including a foreign exchange gain of ¥388 million, down 49.2% year-on-year; and a profit attributable to owners of parent of ¥2,812 million (loss attributable to owners of parent in the previous fiscal year was ¥7,953 million).

Looking at performance by product category, net sales of capacitors for electronics amounted to ¥62,222 million, down 19.8% for the year, due to lower sales of capacitors for automotive and inverter-related equipment.

Net sales of capacitors for electric utilities and power apparatus and for capacitor-applied systems came to ¥16,353 million, up 17.0% for the year, due mainly to higher demand for film capacitors for EV and HV vehicle equipment.

Net sales of circuit products rose significantly, to ¥40,622 million, up 34.1% for the year, thanks to higher sales of household energy-storage systems and switching power supplies, and also to stronger demand for V2H systems and other EV-related equipment.

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

Product Category	84th Fiscal Year (Ended March 31, 2019)		85th Fiscal Year (Ended March 31, 2020)		Year-on-Year Change	
	Net Sales	Percentage to total	Net Sales	Percentage to total	Net Sales	Percentage to total
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Capacitors for electronics	77,567	63.1	62,222	52.0	(15,345)	(19.8)
Capacitors for electric utilities and power apparatus, and capacitor-applied systems	13,980	11.4	16,353	13.7	2,373	17.0
Circuit products	30,298	24.7	40,622	33.9	10,323	34.1
Other	1,013	0.8	476	0.4	(536)	(52.9)
Total	122,860	100.0	119,675	100.0	(3,184)	(2.6)

(2) Capital Investment

We made a total capital investment of ¥7,079 million during the fiscal year ended March 31, 2020. Investments were focused on technology and development aimed at growth of new businesses, mass production facilities for in-vehicle equipment and for small lithium-ion rechargeable batteries, rationalization and quality improvement for aluminum electrolytic capacitors, and also on strengthening our production of film capacitors for EVs.

(3) Financing

In the fiscal year under review, we procured a total of ¥12.12 billion in funds through the issue of convertible bond-type bonds with stock acquisition rights, for repayments of long-term borrowings, for capital investment, and for appropriation of funds for purchase of treasury shares.

(4) Key Issues to be Addressed

In a market in which customer needs are becoming increasingly challenging and complex, the Company pursues "Top Notch Management" in our core capacitor business and NECST business so as to achieve first-class performance in every aspect of our business, including quality, cost, delivery, service, and technology, as well as to aggressively implement our growth strategies and bolster our corporate value.

Due to the worldwide Covid-19 pandemic, the number of cases of infection in Japan continues to increase. 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.

i. Responding to the Changing Capacitor Market

In the capacitor market, which is where our core business lies, robust demand for capacitors is expected to continue in high-growth areas such as the automobile-related fields of ADAS (Advanced Driver Assistance Systems) and autonomous vehicles, in relation to the advances in robots due to the integration of IoT and use of AI in the power electronics field, and in the field of data communications with the launch of 5G high-speed mobile communications and the expanded application of IoT that this will enable. We are striving to achieve stable, long-term growth of our capacitor business by expanding product offerings and stepping up marketing efforts for automotive and railway-car related equipment, household appliances, industrial inverters, energy and environment equipment, and information and communications devices. While introducing various kinds of capacitors for the automobiles, boasting high temperature-resistant, long life, and low ESR, our film capacitors are finding their way into an increasing number of motor-driving inverters for EVs and HVs in Japan and overseas. We are also focusing on new business based on the application of capacitor technology. For example,

we have released small lithium-ion rechargeable batteries optimized for IoT and wearable devices, and for data communication terminals. These are earning widespread acclaim in the market, as evidenced, for instance, by their adoption in stylus pens for new model smartphones.

ii. Expanding the NECST Business

Anticipating that clean energy will deliver viable solutions to energy and environmental problems, we became one of the first companies to develop and market household energy-storage systems. We have already made accumulated sales of 74,000 units as of the end of the fiscal year under review, establishing a leading position in the market.

At the same time, anticipating the popularization of eco cars, we led the market in offering quick chargers for EVs to our product line. On top of this, we released our world-leading POWER STATION® V2H (Vehicle to Home) systems. We also released new grid-connected products, which recently earned JET certification. Additionally, we released our Tribrid Energy-Storage System®, which we market with the slogan “energy saving every day, backup power in a blackout.” This product delivers enhanced energy self-sufficiency by utilizing the batteries of EVs/PHVs and storage batteries to enable all of the electricity generated by PV cells to be used within the home. Furthermore, we are supplying household energy-storage systems and EV power stations for various kinds of Virtual Power Plant (VPP) trials that will help to achieve greater electric power decentralization (local production/local consumption model), and we are also participating in the demonstration and verification of such systems. We are also taking part in validation work on the use of energy-storage systems for public and industrial use.

Due to the impact of abnormal weather in recent years, power outages seem to be occurring over wider areas and lasting longer. We developed and released products that can serve as emergency power supplies, such as our portable energy-storage systems and Power Mover® portable power supplies, which enable electric power to be drawn directly from the batteries of EVs and PHVs. These products are used for charging smartphones and for nighttime lighting at evacuation shelters.

In the field of advanced medical care, our power supplies for accelerators are used to accelerate the particles so essential to corpuscular ray therapy instruments for cancer treatment. These power supplies have been adopted by 16 medical facilities in Japan and nine overseas mainly in North America. As work continues at a number of R&D institutes to develop more advanced corpuscular ray therapy equipment, we are actively participating in the development of new accelerator power supplies.

iii. Developing Internal Talents and Promoting Academic-Industrial Collaborations

We believe that employees are a company's most valuable asset and are the source of vitality in an organization, and thus we have been continuously upgrading talent development programs for our employees. For instance, we have been working with Ritsumeikan University to provide training in management of technology (MOT) to more than 300 employees to date with leadership potential, some of whom have gone on to play their parts in developing new products for our NECST business.

We have been promoting comprehensive research and development collaborations with universities. For example, we are working with the Institute of Industrial Science at the University of Tokyo to develop local forms of energy production for local consumption as part of our efforts to create a smart society. Our collaborations with universities are intended to create new value as well as train our employees to play an active role in developing and launching new businesses. We are also working with Mie University in developing an electrolyte suitable for aluminum electrolytic capacitors with high voltage resistance. Our joint research with Kyoto University on the Super Cluster Program sponsored by the Japan Science and Technology Agency has produced an SiC power conversion module capable of delivering 1 kW of power on a 1-MHz drive frequency. Riding on this success, our collaborative effort with Osaka University on the NEDO Project has resulted in the development of an SiC power module built into a V2H kiosk, which is part of the Tribrid Energy-Storage System®.

iv. Enhancing Compliance across the Group

In addition to implementing these growth initiatives, we will continue to enhance the system for ensuring the appropriate execution of business and the reliability of financial reporting by raising awareness of compliance policies and practices throughout the organization. This will help us maintain a higher level of internal control and increase our corporate value.

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.

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 March 2018, the Company was subjected to a penalty by the European Commission and in May 2018 we filed a legal action objecting to the presumption and judgment on which the penalty was based. Both cases are currently still under deliberation.

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, but the hearing date for the final approval procedure for settlement with indirect customers, originally scheduled for April 2020, was canceled due to the impact of the Covid-19 epidemic. It is presently unclear when the final approval hearing will be held. Note that the Canada class action is still ongoing. We will respond 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 legal compliance is enforced to the letter throughout the organization.

(5) Financial and Profit/Loss Indicators

Product Category	82nd Fiscal Year (Ended March 31, 2017)	83rd Fiscal Year (Ended March 31, 2018)	84th Fiscal Year (Ended March 31, 2019)	85th Fiscal Year (Ended March 31, 2020)
Net sales (Millions of yen)	100,401	114,767	122,860	119,675
Ordinary profit (Millions of yen)	4,750	7,005	7,122	3,621
Profit (loss) attributable to owners of parent (Millions of yen)	2,623	(10,905)	(7,953)	2,812
Net Profit (net loss) per share (yen)	37.68	(156.60)	(114.21)	40.59
Total assets (Millions of yen)	141,206	154,792	139,770	139,426
Net assets (Millions of yen)	101,783	95,762	81,313	77,450
Net assets per share (yen)	1,436.19	1,345.57	1,137.02	1,104.87

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 Parent Company and Subsidiaries

i. Relationship with 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 secondary 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 system
Torishima Electric Works, Ltd.	¥30 million	100.0	Manufacture and sale of transformers and reactors
Nippon Liniax 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	1 million EUR	100.0	Sale of capacitors
Nichicon (Hong Kong) Ltd.	HK \$5 million	100.0	Sale of capacitors
Nichicon (Singapore) Pte. Ltd.	S \$8 million	100.0	Sale of capacitors
Nichicon (Taiwan) Co., Ltd.	NT \$30 million	100.0	Sale of capacitors
Nichicon (Thailand) Co., Ltd.	20 million baht	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 \$39 million	100.0	Manufacture and sale of aluminum electrolytic capacitors
Wuxi Nichicon Electronics R&D Center Co., Ltd.	5 million yuan	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 two companies accounted for under the equity method.

(7) Principal Businesses of the Nichicon Group (as of March 31, 2020)

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 secondary batteries, PTC thermistors “Posi-R®”
Capacitors for electric utilities and power apparatus, and capacitor-applied systems	Film capacitors for power electronics, energy-storage system for public and industrial use, accelerator power supplies, momentary voltage sag compensator, power outage compensator, power transformers, pressure sensors
Circuit products	Household energy-storage systems, V2H systems, EV quick chargers, switching power supplies, function modules, uninterruptible power-supply systems
Other	Other products

(8) Principal Offices and Plants of the Nichicon Group (As of March 31, 2020)

Nichicon Corporation	Head Office		Nakagyo-ku, Kyoto
	Sales offices and other facility	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; Camberley, United Kingdom		
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, 2020)

i. Employees of the Nichicon Group

Number of employees	Change from end of the previous fiscal year
5,409	up 240

ii. Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average	Average length of service
493	up 13	44.0	9.7 years

(10) Major Lenders (as of March 31, 2020)

Lender	Loan outstanding
Mizuho Bank, Ltd.	¥3,224 million
The Bank of Kyoto, Ltd.	¥3,224 million
Sumitomo Mitsui Banking Corporation	¥3,224 million
MUFG Bank, Ltd.	¥3,224 million

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

Not applicable

2. Matters Concerning Company Shares

- (1) Authorized Number of Shares to Be Issued: 137,000,000
(2) Number of Shares Issued: 68,418,939 (excluding 9,581,061 treasury shares)
(3) Number of Shareholders: 9,999
(4) Ten Largest Shareholders:

Name of shareholder	Number of shares held (in thousand shares)	Percentage of shareholdings to total shares issued (%)
The Master Trust Bank of Japan (Trust account)	5,130	7.5
The Bank of Kyoto, Ltd.	3,469	5.1
Nichicon suppliers' stock ownership program	3,179	4.6
Japan Trustee Services Bank, Ltd. (Trust account)	2,760	4.0
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	1,565	2.3
SSBTC CLIENT OMNIBUS ACCOUNT	1,542	2.3

Notes:

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

(5) Other Important Matters Concerning Shares

The Company purchased 1,217,500 treasury shares on December 6, 2019, based on a resolution at the meeting of the Board of Directors held on December 5, 2019.

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.

Outline of stock acquisition rights attached to Euro/Yen-denominated convertible bonds due 2024 issued based on a resolution of the meeting of the Board of Directors held on December 5, 2019

Date of issue	December 23, 2019
Number of stock acquisition rights	1,200
Class of shares applicable to stock acquisition rights	Common shares of the Company
Number of shares applicable to stock acquisition rights	The number of common shares issued by the Company through the exercise of stock acquisition rights is the total amount of the face value of bonds concerned in the exercise of request divided by the conversion price. Note that the number of shares will be rounded down to the nearest whole number and no cash adjustments will be made.
Amount to be paid upon exercise of stock acquisition rights	No payment of money is required in exchange for the stock acquisition rights.
Breakdown and price of assets to be invested when exercising stock acquisition rights	When the stock acquisition rights are exercised, the relevant bonds will be invested, and the price of the bonds will be equivalent to their face value. The conversion price will be ¥1,687.
Period for exercise of stock acquisition rights	From January 6, 2020 until December 9, 2024 (local time at place exercise request is accepted)
Conditions for exercise of stock acquisition rights	It is not possible to partially exercise any stock acquisition rights.
Balance of bonds with stock acquisition rights	¥12,112 million

4. Matters Concerning Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2020)

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 and Senior Managing Executive Officer	Hitoshi Chikano	General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office
Director 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 Mtg. Co., Ltd.
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	Atsushi Abe	Senior researcher at the Center for Global MOT Research in the OIC Research Organization at 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. Hideki Ohnishi and 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.

(2) Remuneration of Directors and Corporate Auditors

Position	Amount of remuneration paid (millions of yen)	Amount of remuneration by type (millions of yen)		Number of persons compensated
		Salary	Bonus	
Directors	184	156	28	7
Corporate Auditors	38	38	—	4
Total	222	194	28	11

Notes:

1. The total amount of remuneration to Directors is limited to ¥280 million per year, and the total amount of remuneration to Corporate Auditors is limited to ¥50 million per year by a resolution adopted at the general meeting of shareholders held on June 28, 2007.
2. 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.
3. The above amount of remuneration paid to Directors includes ¥20 million for three External Directors.
4. The above amount of remuneration paid to Corporate Auditors includes ¥15 million for two External

Corporate Auditors.

(3) 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

Position	Name	Main activities
Director	Kazumi Matsushige	Attended all 10 meetings of the Board of Directors convened during the fiscal year, providing expert insight based on his wealth of knowledge and experience gained through academic studies.
Director	Yasuhisa Katsuta	Attended 9 out of 10 meetings of the Board of Directors convened during the fiscal year, providing expert insight based on his wealth of knowledge and experience in finance and accounting gained from years of involvement in financial management.
Director	Shigenobu Aikyo	Attended all 10 meetings of the Board of Directors convened during the fiscal year, providing expert insight based on his wealth of knowledge and experience in finance and accounting gained from years of involvement in financial management.
Corporate Auditor	Hideki Ohnishi	Attended all 10 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors convened during the fiscal year, providing expert insight as a certified tax accountant.
Corporate Auditor	Masahiro Morise	Attended all 10 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors convened during the fiscal year, providing expert insight based on his wealth of experience and achievements.

Note:

In addition to the meetings of the Board of Directors mentioned above, one resolution in writing was made based on the assumption that the meetings of the Board of Directors were held 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.

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 (Millions of yen)
Amount of compensation for the fiscal year under review	49
Total amount of cash and other property gains to be paid to the Accounting Auditor by the Company and its subsidiaries	62

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) 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 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. Systems for Ensuring Appropriate 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 the appropriate 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 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 held in various meetings and all-hands gatherings 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 ensure that proper compliance practices are followed and to determine if the internal control system is working.
- 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 and have been improving our systems by establishing response control departments, gathering 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 rules related to information, including the Information Management Rules and the Document Management Rules, based on the Basic Policy on Information Security. In accordance with these rules, information concerning the execution of duties by Directors is recorded in written documents (including electronic storage media) and is preserved and managed in an appropriate and easy-to-access manner.

(3) Rules and System for Managing Risks of Potential Loss

- i. The Company and Nichicon Group companies have in place and practice the Risk Management Rules to avoid losses and risks and to mitigate damages in the event that risks materialize.
- ii. To protect the Company from diverse 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. Under this committee is the Risk Management Subcommittee, which works with the CSR Office and the General Affairs Division to regularly identify and evaluate potential risks on a companywide basis and monitor the 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, safety and health, 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 a system in place to protect human lives and ascertain the safety of employees and their families in the event of a disaster, while reviewing and upgrading 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 implemented viable risk management 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 Board of Directors to a functional size and convene meetings as needed to facilitate prompt and appropriate decision-making.

The Board of Directors regularly monitors the execution of business operations throughout the organization in order to make continual improvements to them for greater efficiency.

We have in place an operating officer system to separate the function of executing business operations from that of management oversight, which enables expedited management and 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 the Rules on Division of Duties, Office Rules, and Rules on Management of Affiliated Companies. These rules, 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 to ensure efficient management. We conduct regular audits to ascertain whether said duties are carried out in compliance with these rules.

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

We ensure that the Company and Nichicon Group companies share common values so that compliance shall be promoted, a law-abiding spirit shall be raised, business ethics shall be observed, risk management shall be implemented, and social responsibility shall be fulfilled.

In addition, based on the Rules on Management of Affiliated Companies and the Rules 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 asks 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 in 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 diagnostic evaluations 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 discussed in advance with the Board of Corporate Auditors and determined upon in order to ensure their independence from Directors.

(7) Systems for Directors and Employees to Report to Corporate Auditors and Other Systems to Report to Corporate Auditors, and to Ensure that Audits are Conducted Effectively by Corporate Auditors

Directors and employees of the Company and Nichicon Group companies report to Corporate Auditors without delay in the event that a matter arises that may have a significant impact on their respective companies.

Corporate Auditors may, at any time, ask Directors and employees of the Company and Nichicon Group companies to provide reports as needed.

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 by reviewing approval documents on important matters.

To ensure greater effectiveness of audits, Corporate Auditors receive regularly or as needed updates on internal audits from an Accounting Auditor and from 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 treatments.

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

- i. During the fiscal year under review, the Company's Board of Directors, which comprises seven Directors, including three External Directors, met 10 times to make important management decisions pursuant to relevant laws as well as the Company's Articles of Incorporation and Regulations Governing the Board of Directors, and to report on the execution of the Company's business. The Board also reviewed and revised

important internal rules.

- 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 comprises four Corporate Auditors, including two External Corporate Auditors, met 11 times to report on and exchanged ideas about 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 understand business issues and risks. The Company has in place three types of audit: an audit by Corporate Auditors; an audit by an Accounting Auditor; and an internal audit. Corporate Auditors, the Accounting Auditor, 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, process-level 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 comprises 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.

7. Basic Policy Concerning Corporate Control

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 word coined by the Company meaning “Think and Work.”

Consolidated Financial Statements

(As of March 31, 2020)

(Millions of yen)

Assets		Liabilities	
Current Assets	77,855	Current Liabilities	36,506
Cash and deposits	18,440	Notes and accounts payable – trade	10,147
Notes and accounts receivable – trade	29,765	Electronically recorded obligations	8,990
Electronically recorded monetary claims	3,720	Short-term loans payable	2,400
Securities	2,623	Long-term loans payable within 1 year	4,672
Merchandise and finished goods	8,213	Accounts payable – other	1,492
Work in progress	5,342	Accrued expenses	4,311
Raw materials and supplies	8,125	Income taxes payable	673
Other	1,633	Provision for employees' bonuses	1,089
Allowance for doubtful accounts	(40)	Provision for directors' bonuses	28
		Notes payable – facilities	460
		Other	2,242
Non-Current Assets	61,526	Non-Current Liabilities	25,469
Tangible fixed assets	33,766	Convertible bonds with equity-purchase warrants	12,112
Buildings and structures	12,371	Long-term loans payable	5,824
Machinery and equipment; vehicles and transportation equipment	12,154	Lease obligations	646
Land	5,153	Deferred tax liabilities	3,127
Lease assets	964	Provision for product warranties	1,418
Construction in progress	1,907	Provision for retirement benefits	1,677
Other	1,215	Other	663
Intangible assets	1,001	Total Liabilities	61,976
		Net Assets	
Investments and other assets	26,757	Shareholders' Equity	68,377
Investment securities	24,375	Capital stock	14,286
Long-term loans receivable	1,244	Capital surplus	16,860
Deferred tax assets	357	Retained earnings	48,854
Other	1,011	Treasury shares	(11,624)
Allowance for doubtful accounts	(230)	Accumulated other comprehensive income	7,216
		Valuation difference on available-for-sale securities	7,834
Deferred assets	44	Foreign currency translation adjustment	(618)
Cost of issuing bonds	44	Non-controlling interests	1,856
		Total Net Assets	77,450
Total Assets	139,426	Total Liabilities and Net Assets	139,426

Consolidated Statement of Income

For the Fiscal Year Ended March 31, 2020

(Millions of yen)

Line item	Amount
Net sales	119,675
Cost of sales	101,463
Gross profit	18,212
Selling, general and administrative expenses	15,663
Operating profit	2,549
Non-operating income	1,360
Interest and dividend income	567
Share of profit of entities accounted for using equity method	164
Foreign exchange gain	388
Other	240
Non-operating expenses	288
Interest expense	62
Other	225
Ordinary profit	3,621
Extraordinary income	223
Gain on sales of non-current assets	5
Gain on sales of investment securities	218
Extraordinary loss	178
Loss on disposal of non-current assets	66
Loss on valuation of investment securities	111
Pretax profit	3,666
Income taxes – current	818
Income taxes – deferred	(187)
Net profit	3,035
Profit attributable to non-controlling interests	223
Net profit attributable to owners of parent	2,812

Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2019	14,286	17,068	47,714	(10,123)	68,945
Changes of items during period					
Dividends of surplus			(1,671)		(1,671)
Net profit attributable to owners of parent			2,812		2,812
Purchase of treasury shares				(1,500)	(1,500)
Adjustments due to acquisition of shares of consolidated subsidiaries		(208)			(208)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(208)	1,140	(1,500)	(568)
Balance as of March 31, 2020	14,286	16,860	48,854	(11,624)	68,377

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Accumulated other comprehensive income Total		
Balance as of April 1, 2019	9,872	360	10,232	2,135	81,313
Changes of items during period					
Dividends of surplus					(1,671)
Net profit attributable to owners of parent					2,812
Purchase of treasury shares					(1,500)
Adjustments due to acquisition of shares of consolidated subsidiaries					(208)
Net changes of items other than shareholders' equity	(2,037)	(979)	(3,016)	(278)	(3,295)
Total changes of items during period	(2,037)	(979)	(3,016)	(278)	(3,863)
Balance as of March 31, 2020	7,834	(618)	7,216	1,856	77,450

Notes on Consolidated Financial Statements

I. Significant Accounting Policies Applied in the Preparation of the Consolidated Financial Statements

1. Scope of Consolidation

(1) Consolidated Subsidiaries

- Number of consolidated subsidiaries: 21
- Names 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.

(2) 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 of the Company's equity position), retained earnings (to the extent of the Company's equity position), and other factors.

2. Application of Equity Method

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

(2) 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 of the Company's equity position), retained earnings (to the extent of the Company's equity position), and other factors.

(3) 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 balance sheet date established by Nichicon Electronics Trading (Shenzhen) Co., Ltd. is December 31. When 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 date established by four other subsidiaries in China also is December 31. We have used the pro-forma financial statements prepared by these four subsidiaries as of the consolidated balance sheet date and made adjustments to reflect significant transactions occurred between the balance sheet date of the subsidiaries and the consolidated balance sheet date when preparing the consolidated financial statements.

4. Accounting Policies

(1) 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 fair value based on market prices on the balance sheet date.

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

Non-marketable securities:

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

(b) Standards and methods used to value inventories

Merchandise, finished goods, and work in progress:

Merchandise and finished goods as well as work in progress are principally valued at cost as determined by the weighted average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)

Raw materials and supplies:

Raw materials and supplies are principally valued at cost as determined by the moving average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)

(2) Methods Used to Depreciate Significant Depreciable Assets

(a) Tangible fixed assets (excluding lease assets):

Depreciation of tangible fixed assets is 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 are as follows:

Buildings and structures: 6 to 50 years

Machinery and equipment; vehicles and transportation equipment: 4 to 11 years

(b) Intangible fixed assets (excluding lease 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) Lease assets:

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

(3) Standards Used to Account for Significant Allowances and Provisions

(a) Allowance for doubtful accounts:

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for as general receivables based on a historical write-off ratio, and bad receivables 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 makes provisions in the amount accrued in the fiscal year under review based on the estimated amount of payments.

(d) Provision for directors' bonuses:

To provide for bonus payments to directors, the Company makes provisions in the amount accrued in the fiscal year under review based on the estimated amount of payments.

(4) 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 exchange rates in effect on the consolidated balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses. 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 earnings and cost are converted into Japanese yen using the average rates of the period concerned;

foreign exchange gains and losses are included in foreign currency conversion adjustments and non-controlling interests in the net assets section of the consolidated balance sheet.

(5) Important Hedge Accounting Method

The deferred hedge accounting method is principally applied. Exchange contracts that fulfill the conditions for appropriation are appropriated.

(6) Other Important Considerations in Preparing Consolidated Financial Statements

(a) Standards used to account for net defined benefit liability

The amount of benefit obligations projected at the end of the fiscal year under review with the amount of pension assets deducted was recorded as net defined benefit liability in order to prepare for payment of retirement benefits to employees. Actuarial differences and past service costs were handled as a lump-sum expense in the fiscal year of their incurrence.

(b) Accounting for consumption taxes

Japanese consumption taxes are excluded from transaction amounts.

II. Notes on Changes in Accounting Policy

Some of the Company's overseas subsidiaries have adopted the International Financial Reporting Standards 16 "Lease" (hereinafter "IFRS 16") as of the first day of the consolidated accounting period under review. Therefore, these overseas subsidiaries that take any asset on a lease principally record all their leases as assets or liabilities on their balance sheet. In the adoption of IFRS 16, the Company has employed the method in which the cumulative effect of applying this standard is recognized at the date of initial application, which follows the transition method.

This change has no material impact on the consolidated financial statements of the accounting period under review.

III. Notes on Changes in Presentation Method

Not applicable

IV. Additional Information

(Accounting policy based on the consolidated tax payment system)

The Company and some of its consolidated subsidiaries made an application to use the consolidated tax payment system during the accounting period under review, and, as of the accounting period starting April 1, 2020, the consolidated tax payment system will be adopted by the Company and some of its consolidated subsidiaries. Therefore, our accounting policy, effective as of the accounting period under review, assumes our adoption of the consolidated tax payment system, based on the following documents: "The Present Handling of Tax Effect Accounting in the Event that the Company and Its Subsidiaries Adopt the Consolidated Tax Payment System, Part One" (in *The Business Practice Report to Accounting Standards Board of Japan, Number Five*, dated January 16, 2015), and "The Present Handling of Tax Effect Accounting in the Event that the Company and Its Subsidiaries Adopt the Consolidated Tax Payment System, Part Two" (in *The Business Practice Report to Accounting Standards Board of Japan, Number Seven*, dated January 16, 2015).

The Company and some of its consolidated subsidiaries handle the amounts of 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, Number Twenty-Eight*, 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, Number Thirty-Nine*, dated March 31, 2020) for items reconsidered in the context of the transition from the single company tax payment system to the group company aggregate tax payment system and the establishment of the group company aggregate tax payment system itself by the enactment of the Partial Amendment of the Income Tax Act, etc.

V. Notes on Consolidated Balance Sheet

- | | |
|---|------------------|
| 1. Accumulated Depreciation on Tangible Fixed Assets | ¥130,454 million |
| 2. Deduction Entries for Non-Current Assets Eliminated from Acquisition Cost | |
| Buildings and structures | ¥1,819 million |
| Machinery and equipment; vehicles and transportation equipment | ¥3,942 million |
| Land and other | ¥1,164 million |
| 3. Investigations by Regulatory Authorities Based on Competition Laws and Related Class Action Lawsuits | |
| The Nichicon Group has been under investigation over the sale of electrolytic capacitors by anti-competition regulatory authorities in several countries. However, all investigations by these authorities have been completed and all fines imposed as a result of the investigations have now been fully paid by the Group. | |
| As for class action lawsuits associated with these matters, the Group has now reached settlement with parties | |

involved in the U.S., and it is currently awaiting the completion of court approval procedures in relation to these settlements. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. These ongoing investigations and legal proceedings may affect the Group's business and financial performance.

VI. Notes on Consolidated Statement of Income

Loss on valuation of investment securities

The Company devalued its investment securities whose market values had dropped considerably and were deemed unrecoverable.

VII. Notes on Consolidated Statement of Changes in Shareholders' Equity

1. Matters Concerning the Total Number of Issued Shares (Thousands of shares)

Type of shares	Number of shares as of April 1, 2019	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, 2020
Common stock	78,000	—	—	78,000

2. Matters concerning the number of treasury shares (Thousands of shares)

Type of shares	Number of shares as of April 1, 2019	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, 2020
Common stock	8,362	1,218	—	9,581

Note: The increase of treasury shares resulted from the acquisition of 1,217 thousand treasury shares and the repurchase of 0 thousand fractional shares.

3. Matters Concerning Dividends of Surplus

(1) Dividends Paid in the Fiscal Year Ended March 31, 2020

(a) Matters concerning dividends in accordance with the resolution adopted at the 84th Ordinary General Meeting of Shareholders held on June 27, 2019:

- Aggregate amount of dividends ¥835 million
- Dividend per share ¥12.00
- Date of record March 31, 2019
- Effective date June 28, 2019

(b) Matters concerning dividends in accordance with the resolution adopted at the meeting of the Board of Directors held on November 5, 2019

- Aggregate amount of dividends ¥835 million
- Dividend per share ¥12.00
- Date of record September 30, 2019
- Effective date December 3, 2019

(2) Dividends whose dates of record fell during the fiscal year under review and effective dates fell on or after April 2, 2020

A proposal will be made as follows at the 85th Ordinary General Meeting of Shareholders to be held on June 26, 2020:

- Aggregate amount of dividends ¥821 million
- Source of dividends Retained earnings
- Dividend per share ¥12.00
- Date of record March 31, 2020
- Effective date June 29, 2020

VIII. Notes on Financial Instruments

1. Matters Concerning the Status of Financial Instruments

(1) Policy on Financial Instruments

The Company and its group raise its operating capital and facility investment capital principally through bank loans and issuance of convertible bonds with equity-purchase warrants. The Company and its group manage temporary surplus funds through financial assets with low risk. We use derivatives only to hedge currency risks associated with trade credits denominated in foreign currencies and not for speculative purposes.

(2) 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 posed by our customers. To manage such credit risks, we keep track of due dates and

an account balance of each customer and perform a by-customer credit review annually pursuant to our credit management rules. Accounts receivable denominated in foreign currencies are subject to foreign exchange risks.

Pursuant to our securities management rules, 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 operating capital and funds for equipment. This financing is obtained from our banks.

The convertible bonds with equity-purchase warrants 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 rules. 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 failing to pay liabilities on due dates). Each company in the Nichicon Group devises 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, 2020, 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 balance sheet amount (Millions of yen)	Fair value (millions of yen)	Difference (millions of yen)
1. Cash and deposits	18,440	18,440	—
2. Notes and accounts receivable – trade	29,765	29,765	—
3. Electronically recorded monetary claims	3,720	3,720	—
4. Short-term and long-term investment securities			
(1) Held-to-maturity debt securities	4,215	4,212	(2)
(2) Available-for-sale securities	19,222	19,222	—
(3) Shares of subsidiaries and affiliated companies	911	1,366	454
5. Short-term and long-term loans receivable (*1)	1,352		
Allowance for doubtful accounts (*2)	(0)		
	1,351	1,351	—
Total Assets	77,628	78,080	451
1. Notes and accounts payable – trade	10,147	10,147	—
2. Electronically recorded obligations	8,990	8,990	—
3. Short-term loans payable	2,400	2,400	—
4. Convertible bonds with equity-purchase warrants	12,112	11,580	△532
5. Long-term loans payable (*3)	10,496	10,496	(0)
Total liabilities	44,145	43,613	(532)
Derivative transactions	—	—	—

*1. Short-term and long-term loans receivable include short-term loans receivable and current portion of long-term loans receivable within one year included in "Other" under "Current Assets" on the consolidated balance sheet.

*2. Allowance for doubtful accounts reserved for each long-term loan receivable is excluded.

*3. Long-term loans payable include current liabilities payable within one year.

Note 1: Calculation method of fair values of financial instruments and matters concerning securities and derivative transactions:

Assets

1. Cash and Deposits 2. Notes and Accounts Receivable – Trade 3. Electronically Recorded Monetary Claim
As these three items are settled within a relatively short period of time and their fair values approximate their book values, we deem their book values to be their fair values.

4. Short-Term and Long-Term Investment Securities

Fair values of stocks are based on prices on securities exchanges and those of bonds are based on prices on securities exchanges or valuations obtained from brokers.

Notes on securities by type are as follows:

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

	Type	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Securities whose fair values exceed consolidated balance sheet amount	Corporate bonds	1,703	1,705	1
Securities whose fair values do not exceed consolidated balance sheet amount	1. Municipal bonds	100	99	(0)
	2. Corporate bonds	2,411	2,407	(3)
	Subtotal	2,511	2,507	(3)
Total		4,215	4,212	(2)

- (2) 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 (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose consolidated balance sheet amount exceeds acquisition cost	Stocks	17,898	6,632	11,266
Securities whose consolidated balance sheet amount does not exceed acquisition cost	1. Stocks	1,106	1,481	(375)
	2. Other	217	217	—
	Subtotal	1,324	1,699	(375)
Total		19,222	8,331	10,891

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, we deem their book values to be their fair 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, we deem their book values to be their fair values.

4. Convertible bonds with equity-purchase warrants

The fair values of convertible bonds with equity-purchase warrants are determined based on valuations obtained from brokers.

5. Long-term loans payable (including long-term loans payable within one year)

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 (Millions of yen)
Unlisted stocks	2,648

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 of monetary credits and securities with maturity following the consolidated balance sheet date

	Due in one year or less (Millions of yen)	Due in one to five years (Millions of yen)	Due in five to 10 years (Millions of yen)	Due in more than 10 years (Millions of yen)
Cash and deposits	18,440	—	—	—
Notes and accounts receivable – trade	29,765	—	—	—
Electronically recorded monetary claims	3,720	—	—	—
Short-term and long-term investment securities				
Held-to-maturity debt securities	2,405	1,809	—	—
Negotiable deposits	217	—	—	—
Short-term and long-term loans receivable	256	418	404	272
Total	54,806	2,228	404	272

Note 4: Amounts to repay monetary liabilities following the consolidated balance sheet date

	Due in one year or less (Millions of yen)	Due in one to two years (Millions of yen)	Due in two to three years (Millions of yen)	Due in three to four years (Millions of yen)	Due in more than four years (Millions of yen)
Notes and accounts payable – trade	10,147	—	—	—	—
Electronically recorded obligations	8,990	—	—	—	—
Short-term loans payable	2,400	—	—	—	—
Convertible bonds with equity-purchase warrants	—	—	—	—	12,000
Long-term loans payable	4,672	4,672	1,152	—	—
Total	26,209	4,672	1,152	—	12,000

IX. Notes on Real Property such as Rental Property

Statement is omitted due to the immateriality of the gross amount of the real property such as rental property.

X. Notes on Per-Share Information

1. Net assets per share ¥1,104.87
2. Net profits per share ¥40.59

XI. Notes on Significant Subsequent Events

Not applicable

XII. Other Notes

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

Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Assets		Liabilities	
Current Assets	43,220	Current Liabilities	22,999
Cash and deposits	5,425	Notes payable – trade	179
Notes receivable - trade	1,495	Electronically recorded obligations	813
Electronically recorded monetary claims	3,492	Accounts payable	10,184
Accounts receivable	27,220	Short-term loans payable	2,400
Securities	2,305	Long-term loans payable within one year	5,897
Merchandise and finished goods	1,213	Accounts payable – other	527
Work in progress	23	Accrued expenses	1,784
Raw materials and supplies	199	Income taxes payable	156
Other	1,879	Provision for employees' bonuses	269
Allowance for doubtful accounts	(35)	Provision for directors' bonuses	28
		Other	757
Non-Current Assets	55,985	Non-Current Liabilities	26,425
Tangible fixed assets	14,395	Convertible bonds	12,112
Buildings	7,862	with equity-purchase warrants	
Structures	41	Long-term loans payable	8,414
Machinery and equipment	1,135	Deferred tax liabilities	3,039
Vehicles and transportation equipment	17	Provision for retirement benefits	904
Tools, furniture and fixtures	362	Provision for product warranties	1,328
Land	4,646	Other	626
Lease assets	2	Total Liabilities	49,424
Construction in progress	327	Net Assets	
		Shareholders' Equity	42,180
Intangible assets	568	Capital stock	14,286
		Capital surplus	17,068
		Legal capital surplus	17,065
		Other capital surplus	3
Investments and other assets	41,021	Retained earnings	22,449
Investment securities	20,366	Legal retained earnings	2,141
Shares of subsidiaries and affiliated companies	13,460	Other retained earnings	20,307
Long-term loans receivable	13,947	Reserve for advanced depreciation of non-current assets	56
Other	558	General reserve	16,517
Allowance for doubtful accounts	(7,311)	Retained earnings brought forward	3,733
Deferred assets	44	Treasury shares	(11,624)
Cost of issuing bonds	44	Valuation and translation adjustments	7,644
		Valuation difference on available-for-sale securities	7,644
		Total Net Assets	49,825
Total Assets	99,250	Total Liabilities and Net Assets	99,250

Statement of Income

For the Fiscal Year Ended March 31, 2020

(Millions of yen)

Line item	Amount
Net sales	90,541
Cost of sales	82,455
Gross profit	8,085
Selling, general and administrative expenses	7,353
Operating profit	732
Non-operating income	3,217
Interest and dividend income	2,476
Foreign exchange gain	433
Technical advisory fee	228
Other	78
Non-operating expenses	1,104
Interest expense	169
Amount exceeding the limit for inclusion into allowance for doubtful accounts	860
Other	75
Ordinary profit	2,844
Extraordinary income	218
Gain on sales of investment securities	218
Extraordinary loss	114
Loss on disposal of non-current assets	3
Loss on valuation of investment securities	111
Net profit before income taxes	2,948
Income taxes – current	102
Income taxes – deferred	(125)
Net profit	2,971

Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended March 31, 2020

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Retained earnings					Treasury shares	Total
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance as of April 1, 2019	14,286	17,065	3	17,068	2,141	57	26,517	(7,566)	21,149	(10,123)	42,381
Changes of items during period											
Dividends of surplus								(1,671)	(1,671)		(1,671)
Reversal of reserve for advanced depreciation of non-current assets						(0)		0	—		—
Reversal of general reserve							(10,000)	10,000	—		—
Net profit								2,971	2,971		2,971
Purchase of treasury shares										(1,500)	(1,500)
Net changes of items other than shareholders' equity (Net amount)											
Total changes of items during period	—	—	—	—	—	(0)	(10,000)	11,300	1,300	(1,500)	(200)
Balance as of March 31, 2020	14,286	17,065	3	17,068	2,141	56	16,517	3,733	22,449	(11,624)	42,180

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2019	9,655	9,655	52,036
Changes of items during period			
Dividends of surplus			(1,671)
Reversal of reserve for advanced depreciation of non-current assets			—
Reversal of general reserve			—
Net profit			2,971
Purchase of treasury shares			(1,500)
Net changes of items other than shareholders' equity (Net amount)	(2,010)	(2,010)	(2,010)
Total changes of items during period	(2,010)	(2,010)	(2,211)
Balance as of March 31, 2020	7,644	7,644	49,825

Notes on Non-Consolidated Financial Statements

I. Significant Accounting Policies Applied in the Preparation of the Non-Consolidated Financial Statements

1. Standards and Methods Used to Value Assets

(1) Held-to-maturity debt securities:

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

(2) Shares of subsidiaries and affiliated companies:

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

(3) Available-for-Sale Securities

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

(Differences in valuation are all directly charged or credited to the net assets. Cost of sales is determined by the moving average method.)

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

(4) Standards and Methods Used to Value Inventories

- Merchandise, finished goods, and work in progress: Merchandise, finished goods, and work in progress are valued at cost determined by the individual method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)
- Raw materials and supplies: Raw materials and supplies are valued at cost as determined by the moving average method. (The amount shown on the balance sheet is calculated using the devaluation method for book value due to lower profitability.)

2. Depreciation Methods for Non-Current Assets

- (1) Tangible fixed assets:** (excluding lease assets) Tangible fixed assets are depreciated 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 after April 1, 2016.

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

Buildings: 7 to 50 years
Machinery and equipment: 4 to 10 years

- (2) Intangible assets:** (excluding lease assets) Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated service life of five years.

- (3) Lease assets:** Lease assets are depreciated using the straight-line method with their service life being the lease period and with no residual value.

3. Handling Methods for Deferred Assets

The straight-line method is applied to the cost of issuing bonds over the redemption period of five years.

4. Standards Used to Account for Allowances and Provisions

- (1) Allowance for doubtful accounts: To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for as general receivables based on a historical write-off ratio, and bad receivables based on a case-by-case determination of collectability by the management.
 - (2) 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.
 - (3) To provide for bonus payments to employees, the Company makes a provision in the amount accrued in the fiscal year under review based on estimated payments.
 - (4) Provision for directors' bonuses: To provide for bonus payments to directors, the Company makes provisions in the amount accrued in the fiscal year under review based on the estimated amount of payments.
 - (5) Provision for retirement benefits: This allowance was posted in order to prepare for retirement benefits for employees based on the liabilities for retirement benefits and the estimated amount of pension assets at the end of the fiscal year under review.
- Unrecognized actuarial gains and losses are recognized as lump-sum expenses in the fiscal year under review.

5. 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 according to exchange rates on the balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses.

6. Important Hedge Accounting Method

The deferred hedge accounting method is applied.

Exchange contracts that fulfill the conditions for appropriation are appropriated.

7. Other Important Considerations in Preparing Non-Consolidated Financial Statements

Japanese consumption taxes are excluded from transaction amounts.

II. Notes on Changes in Accounting Policy

Not applicable

III. Notes on Changes in Presentation Method

Not applicable.

IV. Additional Information

(Application of the consolidated tax payment system)

The Company made an application to use the consolidated tax payment system during the accounting period under review, and, as of the accounting period starting April 1, 2020, the consolidated tax payment system will be adopted by the Company. Therefore, our accounting policy, effective as of the accounting period under review, assumes our adoption of the consolidated tax payment system, based on the following documents: "The Present Handling of Tax Effect Accounting in the Event that the Company and Its Subsidiaries Adopt the Consolidated Tax Payment System, Part One" (in The Business Practice Report to Accounting Standards Board of Japan, Number Five, dated January 16, 2015), and "The Present Handling of Tax Effect Accounting in the Event that the Company and Its Subsidiaries Adopt the Consolidated Tax Payment System, Part Two" (in The Business Practice Report to Accounting Standards Board of Japan, Number Seven, dated January 16, 2015).

The Company handles the amounts of 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, Number Twenty-Eight, 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, Number Thirty-Nine, dated March 31, 2020) for items reconsidered in the context of the transition from the single company tax payment system to the group company aggregate tax payment system and the establishment of the group company aggregate tax payment system itself by the enactment of the Partial Amendment of the Income Tax Act, etc.

V. Notes on Balance Sheet

1. Receivables from and Payables to Subsidiaries and Affiliated Companies

Short-term receivables	¥11,546 million
Long-term receivables	¥13,940 million
Short-term payables	¥9,011 million
Long-term payables	¥2,590 million

2. Payables to Directors and Corporate Auditors

¥253 million

3. Accumulated Depreciation on Tangible Fixed Assets

¥31,596 million

4. Suretyship obligations

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

Nichicon (Kusatsu) Corp.	¥2,542 million
Nichicon (Wakasa) Corp.	¥2,180 million yen
Nichicon (Ohno) Corp.	¥1,628 million
Other	¥2,829 million
Total	¥9,180 million

5. Deduction Entries for Non-Current Assets Eliminated from Acquisition Cost

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

6. Investigations by Regulatory Authorities Based on Competition Laws and Related Class Action Lawsuits

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

As for class action lawsuits associated with these matters, the Group has now reached settlement with parties involved in the U.S., and it is currently awaiting the completion of court approval procedures in relation to these settlements. As for class action lawsuits filed against the Group in Canada, we will continue to address them appropriately. These ongoing investigations and legal proceedings may affect the Company's business and financial performance.

VI. Notes on Statement of Income

1. Transactions with Subsidiaries and Affiliated Companies

(1) Sales	¥33,595 million
(2) Purchases	¥60,080 million

- (3) Non-sales transactions ¥2,647 million
2. Loss on valuation of investment securities
The Company devalued its investment securities whose market values had dropped considerably and were deemed unrecoverable.

VII. Notes on Non-Consolidated Statement of Changes in Shareholders' Equity

Matters concerning the number of treasury shares (Thousands of shares)

Type of shares	Number of shares as of April 1, 2019	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, 2020
Common stock	8,362	1,218	—	9,581

Note: The increase of treasury shares resulted from the acquisition of 1,217 thousand treasury shares based on the resolution of the Board of Directors and the repurchase of 0 thousand fractional shares.

VIII. 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		¥6,463 million
Amount exceeding the limit for inclusion into allowance for doubtful accounts		¥2,247 million
Amount exceeding the limit for inclusion into provision for bonuses		¥82 million
Amount exceeding the limit for inclusion into provision for retirement benefits		¥276 million
Environmental expense		¥425 million
Loss on valuation of shares of subsidiaries and affiliated companies		¥3,964 million yen
Other		¥663 million
Subtotal of deferred tax assets		¥14,123 million
Valuation reserve relating to tax loss carried forward		(¥6,118 million)
Valuation reserve relating to total deductible temporary difference		(¥7,659 million)
Subtotal of valuation reserves		(¥13,778 million)
Total of deferred tax assets		¥345 million
Deferred tax liabilities		
Valuation difference on available-for-sale securities		¥3,359 million
Reserve for reduction entry of land		¥23 million
Other		¥1 million
Total of deferred tax liabilities		¥3,384 million
Net deferred tax liabilities		¥3,039 million

IX. Notes on Related-Party Transactions

Transactions with Subsidiaries and Affiliated Companies

(Millions of yen)

Type	Name of company	Percentage of voting rights held 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 Interlocking of director Lease of land and buildings, etc.	Sale of raw materials (* 4) Purchase of raw materials (* 4) Receipt of interest (* 1)	11 8,079 —	Accounts receivable Accounts payable Long-term loans receivable (*2)	1,772 1,582 2,000
	Nichicon (Kusatsu) Corp.	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products (*4) Guarantee for electronically recorded obligations (*6)	13,251 2,542	Accounts payable	260 —
	Nichicon (Kameoka) Corp.	Directly owned 100%	Financial support Interlocking of director Lease of land and buildings, etc.	Receipt of interest (* 1)	55	Long-term loans receivable (*2)	4,899
	Nichicon (Ohno) Corp.	Directly owned 100%	Financial support Interlocking of	Purchase of products (*4) Receipt of interest	12,713 25 1,628	Accounts payable Long-term loans receivable	821 2,220

			director Lease of land and buildings, etc.	(* 1) Guarantee for electronically recorded obligations (* 6)		(*2)	—
	Nichicon (Iwate) Corp.	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products (* 4)	7,953	Accounts payable	2,467
	Nichicon (Wakasa) Corp.	Directly owned 100%	—	Purchase of products (* 4) Guarantee for electronically recorded obligations (*6)	8,791 2,180	Accounts payable	1,416 —
	Yutaka Electric Mfg. Co., Ltd.	Directly owned 100%	Financial support Interlocking of director	Receipt of interest (* 1)	32	Long-term loans receivable (*2)	2,937
	Nichicon (America) Corporation	Directly owned 100%	Borrowing of capital Interlocking of director	Payment of interest (* 3)	89	Long-term loans payable (* 3)	2,973
	Nichicon (Austria) GmbH	Directly owned 100%	Interlocking of director	Sale of products (* 4)	5,173	Accounts receivable	1,397
	Nichicon (Hong Kong) Ltd.	Directly owned 100%	Interlocking of director	Sale of products (* 4)	11,306	Accounts receivable	2,833
	Nichicon Electronics (Wuxi) Co., Ltd.	Directly owned 100%	Interlocking of director	Receipt of technical advisory fee (* 5)	185	Other current assets	26

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 ¥7,081 million was reserved for long-term loans receivable from subsidiaries. In addition, a total of ¥860 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.

X. Notes on Per-Share Information

1. Net assets per share ¥ 728.24
2. Net profits per share ¥ 42.89

XI. Notes on Significant Subsequent Events

Not applicable

XII. Other Notes

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 25, 2020

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC
Kyoto Office

Designated Limited-Liability Partner
and Engagement Partner
Designated Limited-Liability Partner
and Engagement Partner

Nobuyuki Onaka, C.P.A. ·
Hideya Sudo, C.P.A. ·

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, 2020. The consolidated financial statements are the consolidated balance sheet, the consolidated statements of income, the consolidated statement of changes in shareholders' 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, 2020, and the results of its operations for the year then ended in conformity with corporate accounting principles generally accepted in Japan.

Basis for Opinion

We have conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibility designated in the auditing standards is delineated under "Auditor's Responsibility in Auditing Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries following the regulations related to professional ethics set forth in Japan. We have fulfilled such ethical responsibility as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 to emerge. It is the auditors that select and employ a specific auditing procedure. We obtain sufficient and appropriate evidence that forms a basis for their 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 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.

Vested 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-

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 25, 2020

Nichicon Corporation
To the Board of Directors of

Deloitte Touche Tohmatsu LLC
Kyoto Office

Designated Limited-Liability Partner
and Engagement Partner
Designated Limited-Liability Partner
and Engagement Partner

Nobuyuki Onaka, C.P.A. ·
Hideya Sudo, C.P.A. ·

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 85th fiscal year ended March 31, 2020. 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, 2020, in conformity with corporate accounting principles generally accepted in Japan.

Basis for Opinion

We have conducted our audit in accordance with generally accepted auditing standards in Japan. Our responsibility designated in the auditing standards is delineated under "Auditor's Responsibility in Auditing Financial Statements, etc." We are independent of the Company following the regulations related to professional ethics set forth in Japan. We have fulfilled such ethical responsibility as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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. It is the auditors that select and employ a specific auditing procedure. We obtain sufficient and appropriate evidence that forms a basis for 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.

Vested 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-

(TRANSLATION)

AUDIT REPORT

The Board of Corporate Auditors received audit reports prepared by Corporate Auditors concerning the Directors' execution of their duties during the 85th fiscal year ended March 31, 2020. 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 formulated the audit policy, allocated duties to each Corporate Auditor, and received reports on the execution and results of the audit from each of them. In addition, the Board of Corporate Auditors received from Directors and the Accounting Auditor reports on the status of the execution of their duties and requested 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 executed at 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, 2020, 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.

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 March 2018, the Company was subjected to a penalty by the European Commission and in May 2018 we filed a legal action objecting to the presumption and judgment on which the penalty was based. Both cases are currently still under deliberation.

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 26, 2020

The Board of Corporate Auditors		Nichicon Corporation
Standing Corporate Auditor	Sachihiko Araki	·
Standing Corporate Auditor	Atsushi Abe	·
External Corporate Auditor	Hideki Ohnishi	·
External Corporate Auditor	Masahiro Morise	·

-End-

Information for Shareholders

Proposals for Deliberations and Referential Information

Proposal 1: Matters Concerning the Surplus Appropriation

We believe it an important management policy to return our profit to our shareholders. We are determined to enhance our corporate value and strengthen our corporate structure thereby increasing our profit, which will in turn result in a steady increase in dividends.

In light of the above described policy, accumulated retained earnings, and other considerations, we propose the following term-end dividend.

With this, an annual dividend of ¥24.00 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

(1) Matters and total amount concerning the allocation of dividends to shareholders

¥12.00 per common stock Total amount of ¥821,027,268

(2) Effective date of dividend payment

June 29, 2020

Proposal 2: Election of Three Corporate Auditors

Corporate Auditors, Mr. Sachihiko Araki, Mr. Atsushi Abe, and Mr. Masahiro Morise will reach the expiration of their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, we hereby propose the appointment of three Corporate Auditors to fill the position.

This proposal has been approved by the Board of Auditors.

The candidates for the position of Corporate Auditor are as follows:

Candidate No.	Name (Date of birth)	Career profile and important positions concurrently held in other companies or organizations	Number of Company shares held
1	Sachihiko Araki (January 4, 1943)	March 1965 Joined the Company May 1999 General Manager of the Company's Kusatsu Factory June 2003 Director, Operating Officer of the Company General Manager of Administration Headquarters October 2004 General Manager of CSR Office June 2007 Representative Director and President, Chief Operating Officer of the Company June 2013 Special Advisor to the Company June 2016 Corporate Auditor of the Company (currently in office)	9,000
[Reason for candidacy as Corporate Auditor] Since joining the Company, the candidate has served as manager of the Company administration division and production division. In his capacity as manager, Mr. Araki has been involved in the management of the Company for many years, equipping himself with a wide range of skills related to business management. Mr. Araki's rich experience makes him an ideal candidate for the position of Corporate Auditor, and we recommend Mr. Araki's reelection as Corporate Auditor.			

Candidate No.	Name (Date of birth)	Career profile and important positions concurrently held in other companies or organizations		Number of Company shares held
2	Masahiro Morise (January 25, 1948)	April 1970	Joined the Bank of Kyoto, Ltd.	1,000
		June 1994	General Manager of International Affairs Division of Bank of Kyoto, Ltd.	
		June 2000	Director of Bank of Kyoto, Ltd.	
		June 2003	Managing Director of Bank of Kyoto, Ltd.	
		June 2008	Senior Managing Director of Bank of Kyoto, Ltd.	
		June 2010	Representative Director/ Senior Managing Director of Bank of Kyoto, Ltd.	
		June 2012	Corporate Auditor of the Company (currently in office)	
[Reason for candidacy as Corporate Auditor] The candidate has been involved in financial services for many years, and has considerable knowledge and expertise in financial affairs and accountancy. We believe Mr. Morise is an ideal candidate for the position of Corporate Auditor, and we recommend his reelection as Corporate Auditor.				
3	*Yoshihiko Nakatani (October 7, 1946)	April 1972	Joined Matsushita Electric Industrial Company (currently Panasonic Corporation)	0
		April 1995	General Manager of Multimedia Promotion Office	
		April 1997	Executive Vice President of the European Laboratories, GmbH	
		September 1999	Director of the Overseas R & D Promotion Center	
		October 2004	Professor in COE Program Promotion organization at Ritsumeikan University	
		April 2008	Professor in Ritsumeikan Global Innovation Research Organization at Ritsumeikan University	
		April 2009	Director of the Research Department at Ritsumeikan University	
		April 2012	Vice President of the Industry-Academia-Government Collaboration Strategy Board at Ritsumeikan University	
		April 2020	Senior Researcher, Center of Research for Science and Technology at Ritsumeikan University (current appointment)	
[Reason for candidacy as Corporate Auditor] The candidate has expertise in technology management at a private business as well as deep insights as a scholar. Capitalizing on his rich experience, we believe Mr. Nakatani will be a great asset to our auditing infrastructure. We recommend his election as Corporate Auditor.				

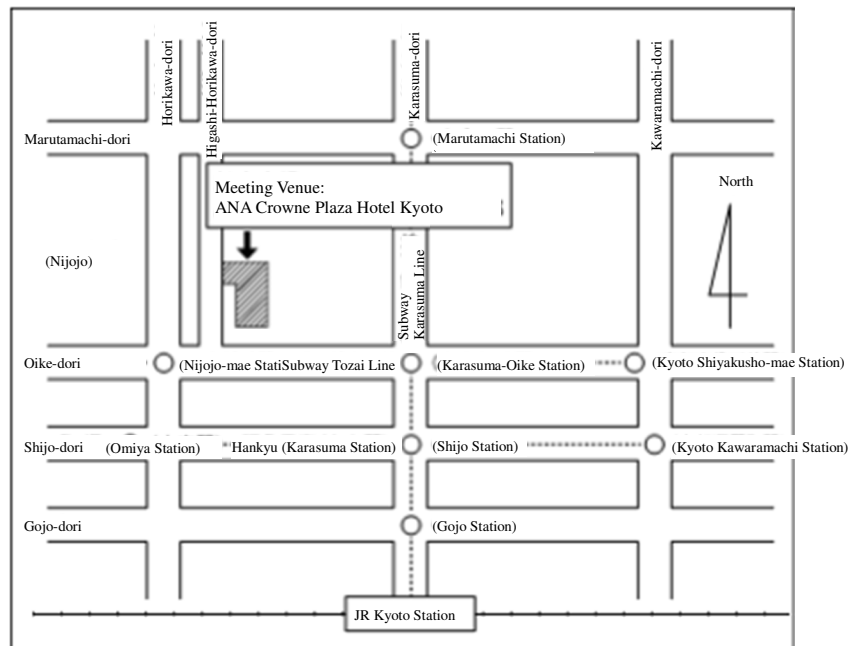
Notes:

1. A new candidate for Corporate Auditor is marked by *.
2. There is no conflict of interest between each candidate and the Company.
3. Mr. Masahiro Morise and Mr. Yoshihiko Nakatani are candidates for External Corporate Auditor.
4. Mr. Masahiro Morise will have been in the position of Corporate Auditor of the Company for 8 years at the conclusion of this Ordinary General Meeting of Shareholders.
5. The Company, pursuant to the provision of Article 427, paragraph 1 of the Companies Act, has entered into a limited liability contract with Mr. Masahiro Morise, which sets forth the limitation on his damage compensation liabilities as described in Article 423, paragraph 1 of the Act. The amount of the limitation on the damage compensation under said contracts shall be the amount provided by laws or ordinances. If the said candidate is reelected as Corporate Auditor, the Company plans to continue said contract described herein with him. With the same principle, the Company plans to enter into a similar limited liability contract with Mr. Yoshihiko Nakatani should he be elected as Corporate Auditor.

-End-

—NOTES—

Guide to Venue



A one-minute walk from Nijojo-mae Subway Station (Tozai Line): Take Exit No. 2 and turn right.

A 12-minute walk from Karasuma-Oike Subway Station (Karasuma Line)

A 15-minute walk from Omiya Station (Hankyu)

Note that this is a different venue from last year. Please take care to come to the right venue.