

**NOTIFICATION OF
THE 84th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

To be held on June 27, 2019

**NICHICON CORPORATION
Kyoto, Japan**

Notes:

1. This is a translation of the Japanese-language notification of the 84th 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 6, 2019

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

Dear Shareholders:

The 84th ordinary general meeting of registered shareholders of Nichicon Corporation will be held as set forth below. Your attendance is cordially requested.

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 Wednesday, June 26, 2019. (A proxy form is not included in this translation.)

- 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:

10:00 a.m. on Thursday, June 27, 2019

2. Venue:

Gosho-nishi Kyoto Heian Hotel 2nd Floor
Karasumadori, Kamichojamachi-agaru,
Kamigyo-ku, Kyoto

3. Agenda:

Matters to Be Reported on:

1. Presentation of the business report and consolidated financial statements, as well as the reports of audits of consolidated financial statements that were conducted by the Accounting Auditor and the Board of Corporate Auditors, for the 84th fiscal year ended March 31, 2019.
2. Presentation of the non-consolidated financial statements for the 84th fiscal year ended March 31, 2019.

Proposals to Be Voted on:

- | | |
|--------------------|---|
| Proposal 1: | Matter concerning surplus appropriation |
| Proposal 2: | Election of seven Directors |
| Proposal 3: | Election of one Corporate Auditors |

Shigeo Yoshida
President & COO
Nichicon Corporation

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 General Meetings of Shareholders.
- 3) Exercise your voting rights via the Internet by no later than 5:15 p.m. on Wednesday, June 26, 2019.
- 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 the Company does 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, you may use the voting platform for the exercise of voting rights by institutional investors, operated by ICJ, Inc.

1. Matters Concerning the Current State of the Nichicon Group

(1) Results of Business Operations

In the past 12 months to March 31, 2019, the Japanese economy continued to recover only moderately, despite improvements in personal consumption and in employment, due to the adverse effects of downturns in overseas markets. The U.S. economy continued to grow mildly, as personal consumption and corporate performance remained steady and as interest rate hikes were deferred. The European economy remains uncertain as the deadline for Britain's exit from the EU is conditionally postponed. In China, signs of economic slowdown such as a slowing of personal consumption are increasingly evident, as capital investment stagnates due to concerns over US-China trade friction and a policy of monetary tightening.

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 IoT, AI, and other new key technologies. In the capacitor business, we expanded our range of products for the automotive and industrial equipment markets, which are expected to grow over the coming years, including new conductive polymer aluminum solid electrolytic capacitors, large can aluminum electrolytic capacitors, and chip aluminum electrolytic capacitors, all featuring high temperature-resistant, long life, and low electron spin resonance (ESR). In the automotive products category, we are continuing to expand our sales of film capacitors for motor-driving inverters for the growing global markets for electric vehicles (EV) and hybrid vehicles (HV). In addition, we developed the new “SLB series” of compact lithium-ion rechargeable batteries, which are ideal for IoT, wearable devices, data communication terminals, etc. These batteries have been very well received by the market and orders have been quick to pour in.

We have made a focused effort to make our NECST (Nichicon Energy Control System Technology) business a new core business of the Company. In light of the ending of the FIT (feed-in tariff) period and the frequent occurrence of natural disasters in Japan, as well as the growing popularity of EVs, we have introduced our Tribid Energy-Storage System®, to favorable market reviews. The system allows people to use and store solar-generated electric power at home, and also to run their EVs and draw electricity from them. We have also enhanced our lineup of single-function storage systems, featuring both an ultra-compact, lightweight, low-cost 4.1 kWh system and a 16.6 kWh system—the highest capacity in the industry—which is ideal for household consumption. Furthermore, in anticipation for the growing diffusion of EVs, we have developed a new grid-connected V2H (Vehicle to Home) systems, and as storage capacitor specialists, we are offering a selection of products that address a broad range of customer needs. Additionally, in the context of natural disaster preparation, there is growing awareness of our portable energy-storage systems that require no installation and our portable Power Mover® that enables electricity to be taken from high-capacity EV, PHV, and FCV batteries to power lighting, communications, and air conditioning in evacuation shelters, and these systems are being used to provide peace of mind and safety in the emergency situations.

As a result, the Group achieved record net sales of ¥122,860 million for the consolidated fiscal year ended March 31, 2019, up 7.1% from the previous fiscal year. The Group posted an operating profit of ¥5,473 million for the year, down 11.7% year on year; an ordinary profit of ¥7,122 million, up 1.7% year on year; and a loss of ¥7,953 million attributable to owners of parent, reflecting an extraordinary loss recorded as a provision for payment of surcharges and penalty imposed under antimonopoly acts (compared with a loss of ¥10,905 million attributable to owners of parent for the previous fiscal year).

Net sales of capacitors for electronics were up 0.4% year on year to ¥77,567 million, reflecting solid sales of capacitors for use in inverter-related equipment in addition to rising demand for automotive-related equipment.

Net sales of capacitors for power utilities and electric apparatus and those of capacitor-applied systems were up 4.5% year on year to ¥13,980 million, despite stagnation in the markets of capacitors for power utilities and capacitor-applied systems. The positive results reflected strong sales of capacitors for the electric components of EVs and HVs.

Net sales of circuit products were up 30.6% year on year to ¥30,298 million, reflecting strong sales of household energy-storage systems, V2H systems, and quick chargers for EVs, on top of growing sales of switching power supplies for office equipment, due to the effects of an M&A.

The Group's overseas business generated 9.0% more in net sales than in the previous fiscal year, as a result of increased sales of switching power supplies for office equipment in the Asian market. In the U.S., net sales were up 21.3% over the previous fiscal year, due to growth in the area of automotive-related equipment. In Europe, unit sales of capacitors for automotive-related equipment grew, but net sales were down 0.1% on the previous fiscal year, due to the effects of exchange rate fluctuations. On the whole, the Group's overseas net sales were up 9.2% year on year. Net sales in Japan increased 4.1% year on year, reflecting strong sales of aluminum electrolytic capacitors for automobile-related equipment and inverter-related equipment, and of household electricity storage systems. As a result, net sales from outside Japan accounted for 59.6% of the Group's consolidated net sales for the fiscal year, up 1.2% year on year.

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

Product Sector	83rd Fiscal Year (Ended March 31, 2018)		84th Fiscal Year (Ended March 31, 2019)		Year-on-Year Change	
	Net Sales (Millions of yen)	Percentage to total (%)	Net Sales (Millions of yen)	Percentage to total (%)	Net Sales (Millions of yen)	Percentage of Change (%)
Capacitors for electronics	77,246	67.3	77,567	63.1	320	0.4
Capacitors for electric apparatus and power utilities, and capacitor-applied systems and equipment	13,374	11.7	13,980	11.4	606	4.5
Circuit products	23,191	20.2	30,298	24.7	7,107	30.6
Other	955	0.8	1,013	0.8	57	6.1
Total	114,767	100.0	122,860	100.0	8,092	7.1

(2) Capital Investment

We made a total capital investment of ¥8,550 million during the consolidated fiscal year ended March 31, 2019. In addition to doing research and development to sustain the growth of our new businesses and expanding production capacity for growth markets as a strategic investment for strengthening our core businesses, we also established a mass production system for new products.

(3) Financing

In the fiscal year under review, we procured a total of ¥14.0 billion in funds from our financial institutions for capital investment.

(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.

i. Achieving Stable, Long-Term Growth of Our Capacitor Business

Although the capacitor market, which is where our core business lies, has generally reached maturity, 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 developed small lithium-ion rechargeable batteries optimized for IoT, wearable devices, and data communication terminals, which are earning excellent reviews in the market.

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 53,000 units as of the end of the fiscal year under review, establishing a leading position in the market.

We have also anticipated the popularization of eco cars, and on top of being early to add onboard chargers and quick chargers for EVs to our product line, we were one of the first companies to develop and market V2H (Vehicle to Home) systems. We have also developed new grid-connected products. We have now released our Tribrid Energy-Storage System®, which leverages all our experience and accumulated technical prowess in energy-storage systems and EV/PHV solutions. This is a brand new, next-generation energy-storage system that efficiently connects three kinds of batteries—a photovoltaic power system, an EV or PHV battery, and a storage battery. This new system, which enables self-sufficient delivery of energy from a photovoltaic power system to home and automobiles, is expected to drive up the popularity of EVs and play an important role in sustaining the global environment. To meet our customers' needs, we have also enhanced our lineup of single-function storage systems, featuring both an ultra-compact, lightweight, low-cost 4.1 kWh system and a 16.6 kWh system—the highest capacity in the industry, which is ideal for household consumption.

In the advanced medical-care field, we have developed an acceleration power-supply system boasting our proprietary super-high-precision power control technology. The system has found its way into the SACL X-ray free-electron laser facility operated by the Riken research institution, and it is also used to power a corpuscular ray therapy instrument for cancer treatment at 14 facilities in Japan, including Kyoto Prefectural University of Medicine and Osaka Heavy Ion Therapy Center. It is now also being utilized in overseas medical facilities.

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 will be officially confirmed at a future time after all applicable court approval procedures have been completed.) Note that the Canada class action is still ongoing, and 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 Sector	81st Fiscal Year (Ended March 31, 2016)	82nd Fiscal Year (Ended March 31, 2017)	83rd Fiscal Year (Ended March 31, 2018)	84th Fiscal Year (Ended March 31, 2019)
Net sales (Millions of yen)	109,815	100,401	114,767	122,860
Ordinary profit (Millions of yen)	4,337	4,750	7,005	7,122
Profit (loss) attributable to owners of parent (Millions of yen)	(591)	2,623	(10,905)	(7,953)
Profit (loss) per share (yen)	(8.49)	37.68	(156.60)	(114.21)
Total assets (Millions of yen)	136,683	141,206	154,792	139,770
Net assets (Millions of yen)	98,440	101,783	95,762	81,313
Net assets per share (yen)	1,390.80	1,436.19	1,345.57	1,137.02

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, will be 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 and PTC thermistors
Nichicon (Ohno) Corporation	¥80 million	100.0	Manufacture of aluminum electrolytic capacitors and electric double-layer capacitors
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, 2019)

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 sectors are as follows.

Product sector	Principal products
Capacitors for electronics	Aluminum electrolytic capacitors, film capacitors, PTC thermistors "Posi-R [®] "
Capacitors for electric apparatus and power utilities, and capacitor-applied systems and equipment	Film capacitors, 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, 2019)

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, 2019)

i. Employees of the Nichicon Group

Number of employees	Change from end of the previous consolidated fiscal year
5,169	115 (decrease)

i. Employees of the Company

Number of employees	Change from end of the previous fiscal year	Average age	Average length of service
480	14 (increase)	43.0	9.8 years

(10) Major Lenders (as of March 31, 2019)

Lender	Loan outstanding
Mizuho Bank, Ltd.	¥4,000 million
The Bank of Kyoto, Ltd.	¥4,000 million
Sumitomo Mitsui Banking Corporation	¥4,000 million
MUFG Bank, Ltd.	¥3,800 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 Issued Shares: 69,637,127 (excluding 8,362,873 treasury shares)

(3) Number of Shareholders: 9,774 (as of March 31, 2019)

(4) Ten Largest Shareholders

Name of shareholder	Number of shares held (in thousand shares)	Percentage of shareholdings to total issued shares (%)
The Master Trust Bank of Japan (Trust account)	4,113	5.9
The Bank of Kyoto, Ltd.	3,479	5.0
Japan Trustee Services Bank, Ltd. (Trust account)	3,407	4.9
Nichicon suppliers' stock ownership program	3,097	4.4
Mizuho Bank, Ltd.	2,690	3.9
Nippon Life Insurance Company	2,670	3.8
Sumitomo Mitsui Banking Corporation	2,200	3.2
MUFG Bank, Ltd.	2,000	2.9
SSBTC CLIENT OMNIBUS ACCOUNT	1,850	2.7
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/JANUS HENDERSON HORIZON FUND	1,693	2.4

Notes:

1. The Company holds 8,362,000 treasury shares, which are excluded from the above table.

2. The percentage of shareholdings to total issued shares is calculated after deduction of treasury stock

3. The number of shares held is rounded down to the nearest thousand shares.

3. Matters Concerning Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2019)

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.; Director of DAIHEN Corporation
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:

- 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.
- Hideki Ohnishi and Masahiro Morise are External Corporate Auditors.
- Hideki Ohnishi, Corporate Auditor, is a certified tax accountant and has considerable knowledge of financial affairs and accounting.
- Masahiro Morise, Corporate Auditor, has been engaged for many years in financial management and has considerable knowledge of financial affairs and accounting.
- The following Director assumed new positions and responsibilities:

Effective date	Name	New positions and responsibilities	Old positions and responsibilities
September 3, 2018	Hitoshi Chikano	Senior Managing Executive Officer General Manager of Financial & Accounting Headquarters and General Manager of PR & Investor Relations Office	Senior Managing Executive Officer General Manager of Financial & Accounting Headquarters and General Manager of Investor Relations Office

(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	153	153	—	7
Corporate Auditors	38	38	—	4
Total	192	192	—	11

Notes:

- 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 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.
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.

4. 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	44
Total amount of cash and other property gains to be paid to the Accounting Auditor by the Company and its subsidiaries	45

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

5. 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 Auditing and Legal Affairs Office conducts regular internal audits of the Company and Nichicon Group companies to ensure that proper compliance practices are conducted 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 Auditing and Legal Affairs 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 Auditing and Legal Affairs 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 Auditing & Legal Affairs Office (responsible for conducting internal audits) collaborated with each other through exchanges of information.

iv. The Auditing & Legal Affairs 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 made 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.

6. 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 Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
Current Assets	75,626	Current Liabilities	39,378
Cash and deposits	13,628	Notes and accounts payable – trade	11,200
Notes and accounts receivable – trade	29,654	Electronically recorded obligations	10,236
Electronically recorded monetary claims	3,980	Short-term loans payable	1,800
Securities	3,107	Long-term loans payable within 1 year	3,504
Merchandise and finished goods	9,346	Accounts payable – other	3,335
Work in progress	5,437	Accrued expenses	5,238
Raw materials and supplies	7,320	Income taxes payable	863
Other	3,200	Provision for bonuses	1,091
Allowance for doubtful accounts	(50)	Notes payable – facilities	585
		Other	1,522
Non-Current Assets	64,143		
Property, plant and equipment	31,809	Non-Current Liabilities	19,077
Buildings and structures	12,696	Long-term loans payable	10,496
Machinery, equipment and vehicles	9,904	Lease obligations	492
Land	5,276	Deferred tax liabilities	4,251
Lease assets	686	Provision for product warranties	1,314
Construction in progress	1,875	Net defined benefit liabilities	1,862
Other	1,369	Other	661
Intangible assets	1,132		
Investments and other assets	31,202		
Investment securities	28,971	Total Liabilities	58,456
Long-term loans receivable	1,074		
Deferred tax assets	461	Net Assets	
Other	924	Shareholders' Equity	68,945
Allowance for doubtful accounts	(230)	Capital stock	14,286
		Capital surplus	17,068
		Retained earnings	47,714
		Treasury shares	(10,123)
		Accumulated other comprehensive income	10,232
		Valuation difference on available-for-sales securities	9,872
		Foreign currency translation adjustment	360
		Non-controlling interests	2,135
		Total Net Assets	81,313
Total Assets	139,770	Total Liabilities and Net Assets	139,770

Consolidated Statement of Income
For the Fiscal Year Ended March 31, 2019

(Millions of yen)

Line Item	Amount
Net sales	122,860
Cost of sales	101,124
Gross profit	21,735
Selling, general and administrative expenses	16,262
Operating profit	5,473
Non-operating income	2,099
Interest and dividend income	645
Share of profit of entities accounted for using equity method	192
Foreign exchange gain	984
Other	277
Non-operating expenses	450
Interest expense	47
Environmental expense	254
Other	149
Ordinary profit	7,122
Extraordinary income	1,337
Gain on sales of non-current assets	0
Gain on sales of investment securities	1,337
Extraordinary loss	14,421
Loss on disposal of non-current assets	65
Provision for payment of surcharges and penalty imposed under antimonopoly acts	14,285
Other	70
Net loss before income taxes	5,961
Income taxes – current	1,067
Income taxes – deferred	687
Net loss	7,717
Profit attributable to non-controlling interests	236
Net loss attributable to owners of parent	7,953

Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2018	14,286	17,068	57,199	(10,123)	78,431
Changes of items during period					
Dividends of surplus			(1,532)		(1,532)
Loss attributable to owners of parent			(7,953)		(7,953)
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	(9,485)	(0)	(9,485)
Balance as of March 31, 2019	14,286	17,068	47,714	(10,123)	68,945

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2018	14,266	1,004	15,270	2,060	95,762
Changes of items during period					
Dividends of surplus					(1,532)
Loss attributable to owners of parent					(7,953)
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	(4,394)	(643)	(5,037)	75	(4,962)
Total changes of items during period	(4,394)	(643)	(5,037)	75	(14,448)
Balance as of March 31, 2019	9,872	360	10,232	2,135	81,313

Notes on Consolidated Financial Statements

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

(1) Scope of Consolidation

i. Consolidated Subsidiaries

- Number of consolidated subsidiaries: 21
- 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 Liniax Co., Ltd.; Yutaka Electric Mfg. Co., Ltd.; Nichicon (America) Corp.; Nichicon (Austria) GmbH; Nichicon (Hong Kong) Ltd.; Nichicon (Singapore) Pte. Ltd.; Nichicon (Taiwan) Co., Ltd.; Nichicon (Thailand) Co., Ltd.; Nichicon Electronics Trading (Shanghai) Co., Ltd.; Nichicon Electronics Trading (Shenzhen) Co., Ltd.; Nichicon (Malaysia) Sdn. Bhd.; Nichicon Electronics (Wuxi) Co., Ltd.; Nichicon Electronics (Suqian) Co., Ltd.; Wuxi Nichicon Electronics R&D Center Co., Ltd.

ii. Non-Consolidated Subsidiaries

- Non-consolidated subsidiaries: Harbor Electronics Co., Ltd. and three other companies
- These companies were excluded from the scope of consolidation due to their insignificance in light of their assets, net sales, profit or loss (to the extent of the Company's equity position), retained earnings (to the extent of the Company's equity position), and other factors. Their exclusion does not impede reasonable judgment as to the financial condition or performance of the Nichicon Group.

(2) Application of Equity Method

i. Non-Consolidated Subsidiaries or Associates Accounted for under the Equity Method

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

ii. Non-Consolidated Subsidiaries or Associates Not Accounted for under the Equity Method

- Names of non-consolidated subsidiaries and associates 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. Their exclusion does not impede reasonable judgment as to the financial condition or performance of the Nichicon Group.

iii. Special Note on the Procedure of Equity Method Application

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

(3) Balance Sheet Dates of Consolidated Subsidiaries

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

The 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

i. Standards and Methods Used to Value Significant Assets

a. Standards and methods used to value securities

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

Available-for-sale securities:

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

(Unrealized gains and losses are all directly charged or credited to 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 as determined by the moving average method.

b. Standards and methods used to value inventories

- Merchandise and finished goods, and work in progress: Merchandise and finished goods as well as work in progress are valued at cost as 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.)

ii. Depreciation Methods for Significant Depreciable Assets

a. Property, plant and equipment (lease assets not included)

Depreciation of property, plant and equipment is computed using the declining balance method.

The straight-line method is applied to buildings (excluding other facilities) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016.

The usable lifespans of major buildings and equipment are as follows:

Buildings: 7 to 50 years

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

b. Intangible assets (lease assets not included)

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 usable life of five years.

c. Lease assets

Depreciation of lease assets is computed using the straight-line method with usable lives being the lease period and with no residual value.

iii. Standards Used to Account for Significant Allowances and Provisions

a. Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for as general receivables based on a historical write-off ratio, and of bad receivables based on a case-by-case determination of collectability by management.

b. Provision for product warranties

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

c. Provision for bonuses

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

iv. Standards Used to Translate Significant Assets and Liabilities Denominated in Foreign Currencies into Japanese Yen

Assets and liabilities denominated in foreign currencies are translated into Japanese yen according to exchange rates on the balance sheet date, and foreign exchange gains or losses are recognized as non-operating income or expenses. Assets and liabilities of subsidiaries and associates located outside of Japan are translated into Japanese yen according to exchange rates on the balance sheet date, and their income and expenses are translated into Japanese yen according to the annual average rates during the financial year under review, and foreign exchange translation differences are recorded in the foreign currency translation adjustment and in the non-controlling interests (minority interests) both under the Net Assets.

v. Important Hedge Accounting Method

The deferred hedge accounting method is applied. As for exchange contracts, those that fulfill the conditions for appropriation are appropriated.

vi. Other Important Considerations in Preparing Consolidated Financial Statements

a. Standards used to account for net defined benefit liability

Net defined benefit liability is posted in order to prepare for retirement benefits for employees by deducting the amount of pension assets from retirement benefit obligations estimated at the end of the fiscal year under review. Unrecognized actuarial gains and losses as well as unrecognized past-service expenses are recognized as lump-sum expenses in the fiscal year in which they are incurred.

b. Accounting for consumption taxes

Japanese consumption taxes are excluded from transaction amounts.

2. Notes on Changes in Accounting Policy

Not applicable

3. Notes on Changes in Presentation Method

(Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year under review, and "Deferred tax assets" are stated under "Investments and other assets," while "Deferred tax liabilities" are stated as "Non-current liabilities."

4. Notes on Consolidated Balance Sheet

(1) Accumulated Depreciation on Property, Plant and Equipment: ¥131,301 million

(2) Deduction Entries for Non-Current Assets Eliminated from Acquisition Cost:

Buildings and structures: ¥1,819 million

Machinery, equipment and vehicles: ¥4,114 million

Land and other: ¥1,164 million

(3) Investigations by Anti-Competition Regulatory Authorities 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 respond appropriately as the matter continues to unfold. These investigations and legal proceedings are ongoing, and their outcomes may affect the Group's business and financial performance.

5. Notes on Consolidated Statement of Income

Provision for payment of surcharges and penalty imposed under antimonopoly acts

The Company and its U.S. subsidiary were subjected to a class action lawsuit in the U.S. by a plaintiff group of indirect customers arising from the alleged violation of U.S. anti-trust laws connected with the sale of electrolytic capacitors. On September 27, 2018, settlement was reached with the plaintiff group to resolve the matter. In accordance with the settlement agreement, the companies paid a settlement fee of US \$21.5 million (¥2,404 million) to the plaintiff group of indirect customers.

The Company and its U.S. subsidiary were also subjected to a class action lawsuit in the U.S. by a plaintiff group of direct customers arising from the alleged violation of U.S. anti-trust laws connected with the sale of electrolytic capacitors. On December 6, 2018, settlement was reached with the plaintiff group to resolve the matter. In accordance with the settlement agreement, the companies paid a settlement fee of US \$90 million (¥10,026 million) to the plaintiff group of direct customers.

For the fiscal year under review, the Company posted an extraordinary loss of ¥14,285 million relating to payment of penalties imposed in relation to antimonopoly laws, including the settlement fees mentioned above.

6. 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, 2018	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, 2019
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, 2018	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, 2019
Common stock	8,362	0	—	8,362

Note: The increase of 0 treasury shares resulted from the repurchase of fractional shares.

(3) Matters Concerning Dividends of Surplus

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

a. Matters concerning dividends in accordance with the resolution adopted at the 83rd Ordinary General Meeting of Shareholders held on June 28, 2018:

- Aggregate amount of dividends ¥766 million
- Dividend per share ¥11.00
- Record date March 31, 2018
- Effective date June 29, 2018

b. Matters concerning dividends in accordance with the resolution adopted at the meeting of the Board of Directors held on November 2, 2018

- Aggregate amount of dividends ¥766 million
- Dividend per share ¥11.00
- Record date September 30, 2018
- Effective date December 4, 2018

ii. Dividends whose record dates fell during the fiscal year under review and effective dates fell on or after April 2, 2019

A proposal will be made as follows at the 84th Ordinary General Meeting of Shareholders to be held on June 27, 2019:

- Aggregate amount of dividends ¥835 million
- Source of dividends Retained earnings

• Dividend per share	¥12.00
• Record date	March 31, 2019
• Effective date	June 28, 2019

7. Notes on Financial Instruments

(1) Matters Concerning the Status of Financial Instruments

i. Policy on Financial Instruments

The Nichicon Group manages its funds through financial assets with low risk and by raising operating capital through bank loans. We use derivatives only to hedge currency risks associated with trade credits denominated in foreign currencies and not for speculative purposes.

ii. Details of Financial Instruments and 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 associates, whose financial soundness we monitor regularly.

Trade debts such as notes payable and accounts payables including 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 banks.

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, 2019, 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).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and deposits	13,628	13,628	—
(2) Notes and accounts receivable – trade	29,654	29,654	—
(3) Electronically recorded monetary claims	3,980	3,980	—
(4) Short-term and long-term investment securities			
i. Held-to-maturity debt securities	6,339	6,342	3
ii. Available-for-sale securities	22,144	22,144	—
iii. Shares of subsidiaries and associates	933	2,759	1,825
(5) Short-term and long-term loans receivable ¹	1,189		
Allowance for doubtful accounts ²	(0)		
	1,189	1,189	—
Total assets	77,869	79,698	1,828
(1) Notes and accounts payable – trade	11,200	11,200	—
(2) Electronically recorded obligations	10,236	10,236	—
(3) Short-term loans payable	1,800	1,800	—
(4) Long-term loans payable ³	14,000	13,995	(4)
Total liabilities	37,236	37,231	(4)
Derivative transactions	—	—	—

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

2. 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 Claims

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:

i. 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.

(Millions of yen)

	Type	Consolidated balance sheet amount (A)	Fair value (B)	Difference (B)-(A)
Securities whose fair values exceed consolidated balance sheet amount	(1) Municipal bonds	100	100	0
	(2) Corporate bonds	3,124	3,129	5
	Subtotal	3,224	3,229	5
Securities whose fair values do not exceed consolidated balance sheet amount	Corporate bonds	3,114	3,112	(2)
Total		6,339	6,342	3

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

(Millions of yen)

	Type	Acquisition cost (A)	Consolidated balance sheet amount (B)	Difference (B)-(A)
Securities whose consolidated balance sheet amount exceeds acquisition cost	Stocks	7,204	21,268	14,063
Securities whose consolidated balance sheet amount does not exceed acquisition cost	Stocks	1,078	875	(202)
Total		8,283	22,144	13,860

(5) Short-Term and Long-Term Loans Receivable

As short-term loans receivable are settled within a relatively short period of time, long-term loans carry variable interest rates, and 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) 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	2,662

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

(Millions of yen)

	Due in one year or less	Due in one to five years	Due in five to 10 years	Due in more than 10 years
Cash and deposits	13,628	—	—	—
Notes and accounts receivable – trade	29,654	—	—	—
Electronically recorded monetary claims	3,980	—	—	—
Short-term and long-term investment securities				
Held-to-maturity debt securities	3,107	3,231	—	—
Short-term and long-term loans receivable	265	370	327	225
Total	50,636	3,602	327	225

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

(Millions of yen)

	Due in one year or less	Due in one to two years	Due in two to three years	Due in three to four years	Due in more than four years
Notes and accounts payable – trade	11,200	—	—	—	—
Electronically recorded obligations	10,236	—	—	—	—
Short-term loans payable	1,800	—	—	—	—

Long-term loans payable	3,504	4,672	4,672	1,152	—
Total	26,740	4,672	4,672	1,152	—

8. Notes on Investment and Rental Property

Statement is omitted due to the immateriality of the gross amount of the investment and rental property.

9. Notes on Per-Share Information

- | | |
|---------------------------|-----------|
| (1) Net assets per share: | ¥1,137.02 |
| (2) Net loss per share: | ¥114.21 |

10. Notes on Significant Subsequent Events

Not applicable

11. 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, 2019)

(Millions of yen)

Assets		Liabilities	
Current Assets	41,163	Current Liabilities	26,150
Cash and deposits	4,829	Notes payable – trade	173
Notes receivable - trade	2,397	Electronically recorded obligations	1,232
Electronically recorded monetary claims	3,610	Accounts payable – trade	12,983
Accounts receivable - trade	25,602	Short-term loans payable	2,358
Securities	2,004	Long-term loans payable within 1 year	3,872
Merchandise and finished goods	1,107	Accounts payable – other	2,517
Raw materials and supplies	227	Accrued expenses	2,305
Other	1,415	Income taxes payable	104
Allowance for doubtful accounts	(33)	Provision for bonuses	290
		Other	311
Non-Current Assets	58,299	Non-Current Liabilities	21,276
Property, plant and equipment	13,998	Long-term loans payable	14,392
Buildings	7,971	Deferred tax liabilities	4,012
Structures	47	Provision for retirement benefits	1,005
Machinery and equipment	112	Provision for product warranties	1,238
Vehicles	20	Other	627
Tools, furniture and fixtures	423		
Land	4,646		
Lease assets	3		
Construction in progress	772		
		Total Liabilities	47,426
		Net Assets	
Intangible assets	724	Shareholders' Equity	42,381
		Capital stock	14,286
Investments and other assets	43,577	Capital surplus	17,068
Investment securities	24,924	Legal capital surplus	17,065
Shares of subsidiaries and associates	13,460	Other capital surplus	3
Long-term loans receivable	11,074	Retained earnings	21,149
Other	568	Legal retained earnings	2,141
Allowance for doubtful accounts	(6,451)	Other retained earnings	19,007
		Reserve for advanced depreciation of non-current assets	57
		General reserve	26,517
		Retained earnings brought forward	(7,566)
		Treasury shares	(10,123)
		Valuation and translation adjustments	9,655
		Valuation difference on available-for-sale securities	9,655
		Total Net Assets	52,036
Total Assets	99,463	Total Liabilities and Net Assets	99,463

Statement of Income
For the Fiscal Year Ended March 31, 2019

(Millions of yen)

Line item	Amount
Net sales	85,350
Cost of sales	79,286
Gross profit	6,064
Selling, general and administrative expenses	7,460
Operating loss	1,395
Non-operating income	5,159
Interest and dividend income	2,620
Foreign exchange gain	1,074
Technical advisory fee	369
Reversal of allowance for doubtful accounts	1,027
Other	68
Non-operating expenses	346
Interest expense	34
Environmental expense	254
Other	58
Ordinary profit	3,416
Extraordinary income	1,337
Gain on sales of investment securities	1,337
Extraordinary loss	13,711
Loss on disposal of non-current assets	8
Provision for payment of surcharges and penalty imposed under antimonopoly acts	13,648
Other	54
Loss before income taxes	8,957
Income taxes – current	134
Income taxes – deferred	389
Net loss	9,481

Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended March 31, 2019

(Millions of yen)

(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, 2018	14,286	17,065	3	17,068	2,141	57	41,517	(11,553)	32,162	(10,123)	53,395
Changes of items during period											
Dividends of surplus								(1,532)	(1,532)		(1,532)
Reversal of reserve for advanced depreciation of non-current assets						(0)		0	—		—
Reversal of general reserve							(15,000)	15,000	—		—
Net loss								(9,481)	(9,481)		(9,481)
Purchase of treasury shares										(0)	(0)
Net changes of items other than shareholders' equity											
Total changes of items during period	—	—	—	—	—	(0)	(15,000)	3,987	(11,013)	(0)	(11,013)
Balance as of March 31, 2019	14,286	17,065	3	17,068	2,141	57	26,517	(7,566)	21,149	(10,123)	42,381

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2018	14,078	14,078	67,473
Changes of items during period			
Dividends of surplus			(1,532)
Reversal of reserve for advanced depreciation of non-current assets			—
Reversal of general reserve			—
Net loss			(9,481)
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	(4,422)	(4,422)	(4,422)
Total changes of items during period	(4,422)	(4,422)	(15,436)
Balance as of March 31, 2019	9,655	9,655	52,036

Notes on Non-Consolidated Financial Statements

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

(1) Standards and Methods Used to Value Assets

i. Held-to-Maturity Debt Securities

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

ii. Shares of Subsidiaries and Associates

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

iii. Available-for-Sale Securities

• **Marketable securities:** Marketable securities are stated at fair value based on market prices on the balance sheet date. (Unrealized gains and losses are all directly charged or credited to 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.

iv. Standards and Methods Used to Value Inventories

• **Merchandise and finished goods:** Merchandise and finished goods 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 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

i. Property, Plant and Equipment (lease assets not included)

Property, plant and equipment are depreciated using the declining balance method. The straight-line method is applied to buildings (excluding other facilities) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired after April 1, 2016.

The major usable lifespans of buildings and equipment are as follows:

Buildings: 7 to 50 years

Machinery and equipment: 4 to 10 years

ii. Intangible Assets (lease assets not included)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated usable life of five years.

iii. Lease Assets

Lease assets are depreciated using the straight-line method with usable lives being the lease period and with no residual value.

(3) Standards Used to Account for Allowances and Provisions

i. 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 management.

ii. Provision for Product Warranties

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

iii. Provision for Bonuses

To provide for bonus payments to employees, the Company makes a provision in the amount accrued in the fiscal year under review based on estimated payment amounts.

iv. 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.

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

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

(5) Important Hedge Accounting Method

The deferred hedge accounting method is applied.

As for exchange contracts, those that fulfill the conditions for appropriation are appropriated.

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

Japanese consumption taxes are excluded from transaction amounts.

2. Notes on Changes in Accounting Policy

Not applicable

3. Notes on Changes in Presentation Method

(Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the fiscal year under review, and “Deferred tax assets” are stated under “Investments and other assets,” while “Deferred tax liabilities” are stated as “Non-current liabilities.”

4. Notes on Balance Sheet

(1) Receivables from and Payables to Subsidiaries and Associates

Short-term receivables	¥11,641 million
Long-term receivables	¥11,066 million
Short-term payables	¥12,637 million
Long-term payables	¥3,896 million

(2) Payables to Directors and Corporate Auditors ¥253 million

(3) Accumulated Depreciation on Property, Plant and Equipment: ¥30,625 million

(4) Suretyship obligations

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

Nichicon (Kusatsu) Corp.	¥2,672 million
Nichicon (Ohno) Corp.	¥2,293 million
Nichicon (Wakasa) Corp.	¥1,439 million
Nichicon (Iwate) Corp.	¥1,153 million
Other	¥2,277 million

Total ¥9,835 million

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

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

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

The Nichicon Group has been under investigation 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 law suits associated with these matters, the Group has now reached settlement with parties involved in the US, 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 respond appropriately as the matter continues to unfold. These investigations and legal proceedings are ongoing, and their outcomes may affect the Company's business and financial performance.

5. Notes on Statement of Income

(1) Transactions with Subsidiaries and Associates

i. Sales	¥36,464 million
ii. Purchases	¥64,006 million
iii. Non-sales transactions	¥3,328 million

(2) Provision for Payment of Surcharges and Penalty Imposed under Antimonopoly Acts

The Company and its U.S. subsidiary were subjected to a class action lawsuit in the U.S. by a plaintiff group of indirect customers arising from the alleged violation of U.S. anti-trust laws connected with the sale of electrolytic capacitors. On September 27, 2018, settlement was reached with the plaintiff group to resolve the matter. In accordance with the settlement agreement, the companies paid a settlement fee of US \$20.4 million (¥2,287 million) to the plaintiff group of indirect customers.

The Company and its U.S. subsidiary were also subjected to a class action lawsuit in the U.S. by a plaintiff group of direct customers arising from the alleged violation of U.S. anti-trust laws connected with the sale of electrolytic capacitors. On December 6, 2018, settlement was reached with the plaintiff group to resolve the matter. In accordance with the settlement agreement, the companies paid a settlement fee of US \$85.5 million (¥9,524 million) to the plaintiff group of direct customers.

For the fiscal year under review, the Company posted an extraordinary loss of ¥13,648 million as a provision for payment of surcharges and penalty imposed under antimonopoly acts, including the settlement fees mentioned above.

6. Notes on 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, 2018	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, 2019
Common stock	8,362	0	—	8,362

Note: The increase of 0 treasury shares resulted from the repurchase of fractional shares.

7. Notes on Tax Effect Accounting

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

	(Millions of yen)
Deferred tax assets	
Tax loss carried forward	6,468
Amount exceeding the limit for inclusion into allowance for doubtful accounts	1,984
Amount exceeding the limit for inclusion into provision for bonuses	88
Amount exceeding the limit for inclusion into provision for retirement benefits	307
Environmental expense	588
Loss on valuation of shares of subsidiaries and associates	3,964
Provision for payment of surcharges and penalty imposed under antimonopoly acts	469
Other	556
Subtotal deferred tax assets	14,427
Valuation reserve relating to tax loss carried forward	(6,248)
Valuation reserve relating to total deductible temporary difference	(7,958)
Subtotal valuation reserves	(14,207)
Total deferred tax assets	220
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(4,207)
Reserve for reduction entry of land	(23)
Other	(1)
Total deferred tax liabilities	(4,232)
Net deferred tax liabilities	(4,012)

8. Notes on Related-Party Transactions

(1) Transactions with Subsidiaries and Associate

(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%	Interlocking of director Lease of land and buildings, etc.	Sale of raw materials ⁴ Purchase of raw materials ⁴	6 10,292	Accounts receivable Accounts payable	2,253 1,516
	Nichicon (Kusatsu) Corp.	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁴ Guarantee of electronically recorded obligations ⁶	11,020 2,672	Accounts payable	2,404 —
	Nichicon (Kameoka) Corp.	Directly owned 100%	Financial support Interlocking of director Lease of land and buildings, etc.	Receipt of interest ¹	57	Long-term loans receivable ²	4,999
	Nichicon (Ohno) Corp.	Directly owned 100%	Financial support Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁴ Receipt of interest ¹ Guarantee of electronically recorded obligations ⁶	15,445 26 2,293	Accounts payable Long-term loans receivable ²	2,531 2,300 —
	Nichicon (Iwate) Corp.	Directly owned 100%	Interlocking of director Lease of land and buildings, etc.	Purchase of products ⁴ Guarantee of electronically recorded obligations ⁶	9,361 1,153	Accounts payable	2,566 —
	Nichicon (Wakasa) Corp.	Directly owned 100%	—	Purchase of products ⁴ Guarantee of electronically recorded obligations ⁶	7,072 1,439	Accounts payable	1,092 —
	Yutaka Electric Mfg. Co., Ltd.	Directly owned 100%	Financial support Interlocking of director	Receipt of interest ¹	32	Long-term loans receivable ²	2,987
	Nichicon (America) Corp.	Directly owned 100%	Borrowing of capital Interlocking of director	Payment of interest ³	—	Long-term loans payable ³	3,036
	Nichicon (Austria) GmbH	Directly owned 100%	Interlocking of director	Sale of products ⁴	6,526	Accounts receivable	1,639
	Nichicon (Hong Kong) Ltd.	Directly owned 100%	Interlocking of director	Sale of products ⁴	9,167	Accounts receivable	2,699
	Nichicon (Thailand) Co., Ltd.	Directly owned 49%	Borrowing of capital Interlocking of director	Payment of interest ³	6	Long-term loans payable ³	1,229
	Nichicon Electronics Trading (Shanghai) Co., Ltd.	Directly owned 80% Indirectly owned 20%	—	Sale of products ⁴	6,938	Accounts receivable	856
	Nichicon Electronics (Wuxi) Co., Ltd.	Directly owned 100%	Interlocking of director	Receipt of technical advisory fee ⁵	309	Other current assets	58
Associate	Taicon Corporation	Directly owned 31.9% Indirectly owned 3.3%	Interlocking of director	Proceeds from sale of shares of associated companies ⁷	623	—	—

Notes:

- The interest rate on the loan was determined rationally with due consideration of market interest rates. Collateral was not accepted.
- A total allowance for doubtful accounts of ¥6,221 million was reserved for long-term loans receivable from subsidiaries. In addition, a total of ¥1,027 million reversal of allowance for doubtful accounts was posted for the fiscal year under review. Note that long-term loans receivable includes long-term loans receivable within one year.
- The interest rate of loans was determined rationally with due consideration of market interest rates. Note that long-term loans payable includes long-term loans payable within one year.
- Purchase and sale prices of products and raw materials were determined by reference to their market prices.
- The amount of technical advisory fee was, by contract, determined based on sales amount.
- The Company provides guarantees of the electronically recorded obligations (including facility-related electronically recorded obligations) of subsidiaries.
- The sale value of shares of associated companies was decided based on the valuation of a third-party institution.

9. Notes on Per-Share Information

(1) Net assets per share:	¥747.26
(2) Net loss per share:	¥136.15

10. Notes on Important Subsequent Events

Not applicable

11. 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 15, 2019

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC

Nobuyuki Onaka, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner

Hideya Sudo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner

Pursuant to the provisions of Article 444, paragraph 4, of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2019, of Nichicon Corporation (hereinafter the "Company"), and the related consolidated statements of income and changes in shareholders' equity, and related notes for the consolidated fiscal year ended March 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with generally accepted accounting principles in Japan, and for such internal control that 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.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence as to the amounts and disclosures in the consolidated financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to intent or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes an evaluation of the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management of the Company, as well as an evaluation of the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As described under "Investigations by Anti-Competition Regulatory Authorities 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. These events do not affect our audit opinion.

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-

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

INDEPENDENT AUDITOR'S REPORT

May 15, 2019

To the Board of Directors of
Nichicon Corporation

Deloitte Touche Tohmatsu LLC

Nobuyuki Onaka, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner

Hideya Sudo, C.P.A. (seal)
Designated Limited-liability Partner and
Engagement Partner

Pursuant to the provisions of Article 436, paragraph 2, item 1, of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2019, of Nichicon Corporation (hereinafter the "Company"), and the related statements of income and changes in shareholders' equity, and the related notes for the 84th fiscal year ended March 31, 2019, and the accompanying supplemental schedules.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of financial statements and the accompanying supplemental schedule in accordance with generally accepted accounting principles in Japan, and for such internal control that management deems necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplemental schedule that are free from material misstatement whether due to intent or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the financial statements and the accompanying supplemental schedule based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Japan. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedule are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedule. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedule, whether due to intent or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Company, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the above-mentioned financial statements and the accompanying supplemental schedule present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

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

These events do not affect our audit opinion.

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-

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

AUDIT REPORT

May 20, 2019

The Board of Corporate Auditors received audit reports prepared by Corporate Auditors concerning the Directors' execution of their duties during the 84th fiscal year ended March 31, 2019. 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, interviewed the Directors and employees in the internal audit department and other departments to collect information and to improve the environment, and conducted 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 decision-making documents, 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 from Directors and employees periodic reports on and requested explanations on the establishment and operations of systems necessary to ensure the execution of duties, which are described in the Business Report, by Directors complies with laws and ordinances and the Articles of Incorporation, and the contents of resolutions adopted by the Board of Directors on the development of other systems stipulated in Article 100, paragraph 1, and Article 100, paragraph 3, of the Ordinance for Enforcement of the Companies Act of Japan as systems required for ensuring the appropriateness of operations of a corporate group consisting of a stock company and its subsidiaries and the systems established in accordance with such resolutions (internal control systems) , and expressed our opinions.
 - (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, 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), etc., 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, 2019, 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 TohmatsuLLC were appropriate.

**The Board of Corporate Auditors
Nichicon Corporation**

Sachihiko Araki, Standing Corporate Auditor (seal)

Atsushi Abe, Standing Corporate Auditor (seal)

Hideki Ohnishi, External Corporate Auditor (seal)

Masahiro Morise, External Corporate Auditor (seal)

-End-

Note: The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Information about Ordinary General Meeting of Shareholders

Proposals 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 to increase our profit, which will in turn result in a steady increase in dividends.

Although the balance of our retained earnings brought forward was negative at the end of the fiscal year under review, we propose that we reduce a partial amount of the general reserve to pay the term-end dividend as follows, taking into account the above-described policy and accumulated retained earnings.

With this, an annual dividend of ¥23.00 per share will be executed for the year, which is an increase of ¥1.00 from the previous fiscal year.

1. Matters concerning the surplus appropriation

(1) Item and amount to be reduced:

General reserve ¥10,000,000,000

(2) Item and amount to be increased

Retained earnings brought forward ¥10,000,000,000

2. 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 ¥835,645,524

(2) Effective date of dividend payment

June 28, 2019

Proposal 2: Election of Seven Directors

All seven directors of the Company will reach the expiration of their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, we hereby propose the election of seven Directors.

The candidates for the positions of Director are as follows:

Candidate No.	Name (Date of birth)	Career profile, title and position in the Company, and important positions concurrently held in other companies or organizations		Number of Company shares held
1	Ippei Takeda (January 11, 1941)	March 1963 February 1978 June 1983 December 1983 July 1995 June 1997 June 1998 June 2003 June 2007 June 2013	Joined the Company Representative Director of Nichicon (America) Corp. Director of the Company General Manager of International Affairs Division General Manager of Ohno Factory and Overseas Sales Managing Director of the Company Representative Director and President of the Company Representative Director and President and Chief Operating Officer of the Company Representative Director and Chairman and Chief Executive Officer of the Company Representative Director and Chairman and CEO of the Company (currently in office)	15,000
	[Reason for candidacy as Director] Since joining the Company, he has engaged in management of sales and business divisions in Japan and overseas for many years, and has served as Representative Director and President from 1998 and Representative Director and Chairman from 2007. Given his broad and rich management experience and knowledge, he is judged to be a suitable person to help sustainably improve corporate value, and therefore we recommend his reelection as Director.			
2	Shigeo Yoshida (September 7, 1959)	April 1982 August 1988 June 2003 November 2004 April 2007 November 2008 June 2009 May 2011 July 2011 October 2012 June 2013	Joined the Company Manager of Nichicon (Singapore) Pte. Ltd. Deputy General Manager of Overseas Sales Division at Sales Headquarters General Manager of Administration at Power Supply Division Director of Nichicon (Hong Kong) Ltd. In charge of sales in East Asia Director and Operating Officer of the Company General Manager of Sales Headquarters General Manager of Production Headquarters Senior Operating Officer of the Company Representative Director of Nichicon Hi-Tech Foil Corporation Representative Director and President and COO of the Company (currently in office)	10,000
	[Reason for candidacy as Director] Since joining the Company, he has engaged in management of sales and business divisions in Japan and overseas, and has served as Representative Director and President from 2013. Given his broad and rich management experience and knowledge, he is judged to be a suitable person to help sustainably improve corporate value, and therefore we recommend his reelection as Director.			

3	Hitoshi Chikano (December 5, 1960)	<p>April 1983 March 1990 June 2003 August 2004</p> <p>December 2004</p> <p>June 2006 June 2007</p> <p>July 2008 February 2010 October 2013</p> <p>July 2015</p> <p>July 2017</p> <p>September 2018</p>	<p>Joined the Company Manager of Nichicon (Hong Kong) Ltd. General Manager of IR Office General Manager of Accounting Division at Administration Headquarters and General Manager of IR Office General Manager of Accounting Division at Administration Headquarters Operating Officer of the Company Director of the Company (currently in office) General Manager of Administration Headquarters Senior Operating Officer of the Company General Manager of IR Office General Manager of Financial & Accounting Headquarters of the Company (currently in office) Senior Executive Operating Officer of the Company Senior Managing Executive Officer of the Company (currently in office) General Manager of PR & IR Office (currently in office)</p>	7,000
[Reason for candidacy as Director] Since joining the Company, he has engaged in management of finance divisions in Japan and overseas and has served as a Director from 2007. Given his rich work experience in Japan and overseas and his specialized expertise in finance and accounting, he is judged to be a suitable person to help sustainably improve corporate value, and therefore we recommend his reelection as Director.				
4	Akihiro Yano (December 18, 1957)	<p>April 1980 April 2001</p> <p>May 2005</p> <p>December 2009</p> <p>October 2010</p> <p>May 2011</p> <p>July 2011 June 2013</p> <p>July 2015 July 2017</p>	<p>Joined Pioneer Corporation Director of Pioneer Europe NV General Manager of Corporate Planning Department President of Pioneer Electronics Deutschland GmbH Joined the Company, Deputy General Manager, Production Management Division, Production Headquarters Deputy General Manager, Corporate Planning Headquarters General Manager, Corporate Planning Headquarters (currently in office) Operating Officer of the Company Director of the Company (currently in office) Senior Operating Officer of the Company Senior Executive Operating Officer of the Company (currently in office)</p>	3,000
[Reason for candidacy as Director] Since joining the Company, he has engaged in management of production and planning divisions, and has served as a Director from 2013. Given his rich experience and knowledge relating to planning, he is judged to be a suitable person to help sustainably improve corporate value, and therefore we recommend his reelection as Director.				

5	Kazumi Matsushige (August 15, 1947)	April 1981	Assistant Professor of the Research Institute of Applied Dynamics at Kyushu University	2,000
		May 1990	Professor of the Engineering Department at Kyushu University	
		April 1993	Professor of Electrical Engineering at the Graduate School of Engineering at Kyoto University	
		July 1996	Director of the Venture Business Laboratory at Kyoto University	
		April 2001	Director of the International Innovation Center at Kyoto University	
		April 2004	Vice President at Kyoto University (in charge of academic-industrial alliance and intellectual property)	
		April 2005	Director of the International Innovation Institute at Kyoto University	
		April 2012	Professor Emeritus at Kyoto University (currently in office)	
			Special Contract Professor at Ryukoku University	
		June 2012	Director of the Company (currently in office)	
		April 2013	President of Shikoku University and Shikoku University Junior College (currently in office)	
	June 2016	Director of Awa Paper Mfg., Ltd. (currently in office)		
<div>[Reason for candidacy as External Director]</div> <div>The candidate has worked as a university professor. Since we judge that the Company’s management system can be strengthened by his effective management advice, making use of his advanced knowledge and rich experience as a scholar, we recommend his reelection as External Director. The candidate does not have any experience of corporate management except as an external executive, but for the above reason, we judge that he can function effectively as External Director.</div>				
6	Yasuhisa Katsuta (February 20,1942)	April 1965	Joined Daiwa Bank Limited (currently Resona Bank Limited.)	1,000
		July 1991	Director and General Manager of Sales Headquarters, Daiwa Bank	
		June 2001	Representative Director and President of Daiwa Bank	
		October 2002	Representative Director and President of Resona Holdings, Inc.	
		March 2003	Representative Director and President of Resona Bank Limited.	
		April 2005	Special Contract Professor, The Department of Business Administration and Information Technology, Osaka University of Economics	
		June 2005	Director of Funai Electric Co., Ltd.	
		June 2006	Statutory Auditor of Otsuka Pharmaceutical Co., Ltd.	
		July 2008	Chairman of Board of Trustees, Osaka University of Economics	
		July 2014	Trustee, Osaka University of Economics (currently in office)	
			June 2015	
<div>[Reason for candidacy as External Director]</div> <div>The candidate has engaged in financial work for many years, and in addition to considerable knowledge of finance and accounting, he has served as a representative director and president of a financial institution, as a director and auditor of another company, and as a university professor. By taking advantage of his experience in all these roles and his advice, we judge that the Company’s management system can be strengthened further, so we recommend his reelection as External Director.</div>				

7	Shigenobu Aikyo (October 1, 1949)	April 1972	Joined the Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)	1,000
		June 2005	Managing Director and Managing Executive Officer of the Sumitomo Bank, Limited	
		April 2006	Director and Executive Vice President of the Sumitomo Bank, Limited Executive Vice President of Sumitomo Mitsui Financial Group, Inc.	
		April 2007	Director and Executive Vice President of the Sumitomo Mitsui Banking Corporation Officer in charge of directing the corporate banking division	
		April 2010	Chairman and Representative Director of Nikko Cordial Securities Inc.	
		April 2011	Chairman and Representative Director of SMBC Nikko Securities Inc.	
		June 2015	Director of Hashimoto Sogyo Holdings Co., Ltd. (currently in office)	
		March 2016	Director of MODEC Inc. (currently in office)	
		June 2016	Director of Sanyo Chemical Industries, Ltd. (currently in office) Director of DAIHEN Corporation (currently in office) Director of SCSK Corporation Director of the Company (currently in office)	
<p>[Reason for candidacy as External Director]</p> <p>The candidate has engaged in financial work for many years, and in addition to considerable knowledge of finance and accounting, he has worked in management at and served as a director of a financial institution, as well as a director of another company. By taking advantage of his experience in all these roles and his advice, we judge that the Company’s management system can be strengthened further, so we recommend his reelection as External Director.</p>				

Notes:

1. There is no conflict of interest between each candidate and the Company.
2. Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta, and Mr. Shigenobu Aikyo are all candidates for External Director.
3. Mr. Kazumi Matsushige will have been in the position of External Director of the Company for seven years at the conclusion of this Ordinary General Meeting of Shareholders. Mr. Yasuhisa Katsuta will have been in the position of External Director of the Company for four years at the conclusion of this Ordinary General Meeting of Shareholders.
Mr. Shigenobu Aikyo will have been in the position of External Director of the Company for three years at the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company, pursuant to the provision of Article 427, paragraph 1 of the Companies Act, has entered into limited liability contracts with Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo, which set forth the limitation on their damage compensation liabilities as described in Article 423, paragraph 1 of the Act, provided that the amount of the limitation on the damage compensation under said contracts shall be the amount provided by laws or ordinances. If the said candidates are reelected as External Directors, the Company plans to continue said contracts described herein with them.
5. The Company designated Mr. Kazumi Matsushige, Mr. Yasuhisa Katsuta and Mr. Shigenobu Aikyo as independent officers pursuant to the provisions of the Tokyo Stock Exchange and notified the Exchange of the matter.

Proposal 3: Election of One Corporate Auditor

Corporate Auditor Mr. Hideki Ohnishi will reach the expiration of his term of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, we hereby propose the election of one Corporate Auditor.

This proposal has been approved by the Board of Auditors.

The candidate for the position of Corporate Auditor is as follows:

Name (Date of birth)	Career profile and important positions concurrently held in other companies or organizations		Number of Company shares held
Hideki Ohnishi (October 16, 1943)	April 1962	Appointed to General Affairs Section, General Affairs Department, Osaka Regional Taxation Bureau	2,000
	July 1995	Chief of Wadayama Regional Taxation Bureau	
	July 1996	Manager of Welfare Section in General Affairs Department, Osaka Regional Taxation Bureau	
	July 1998	Manager of Inspection, Inspection Division 1, Osaka Regional Taxation Bureau	
	July 2000	Examiner-in-chief at Tax Tribunal of Osaka Regional Taxation Bureau	
	July 2001	Chief of Shimogyo Regional Taxation Bureau	
	July 2002	Retired	
	August 2002	Registered as certified tax accountant (currently in office)	
	June 2007	Corporate Auditor of the Company (currently in office)	
	[Reason for candidacy as External Corporate Auditor] The candidate has been engaged in tax work for many years. In order to take advantage of his knowledge and experience as a licensed tax account for the auditing of the Company, we recommend his reelection as External Corporate Auditor. The candidate does not have any experience of corporate management except as an external executive, but for the above reason we judge that he can function effectively as an External Corporate Auditor.		

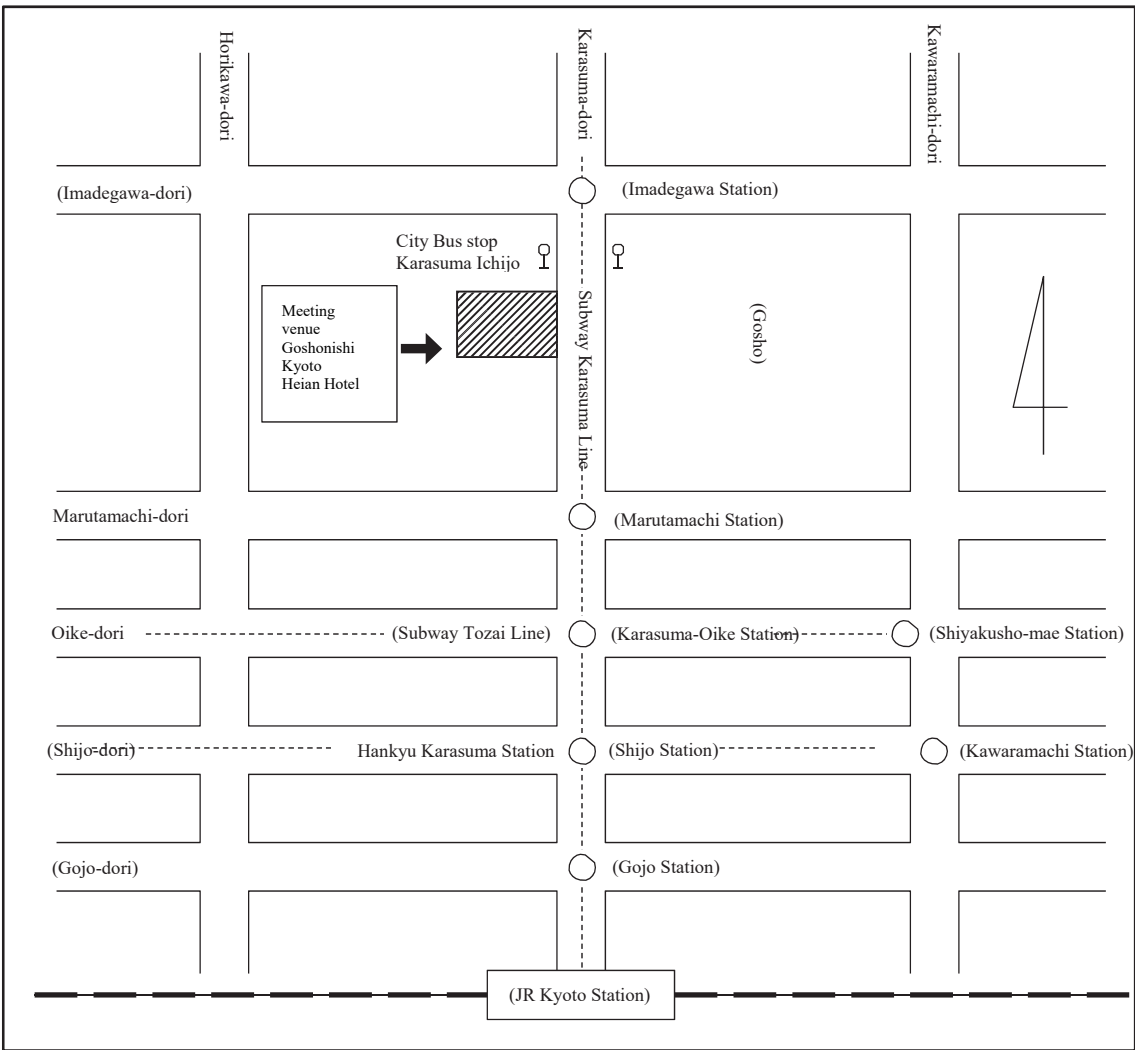
Notes:

1. There is no conflict of interest between the candidate and the Company.
2. Mr. Hideki Ohnishi is a candidate for External Corporate Auditor.
3. Mr. Hideki Ohnishi will have been in the position of Corporate Auditor of the Company for 12 years at the conclusion of this Ordinary General Meeting of Shareholders.
4. The Company, pursuant to the provision of Article 427, paragraph 1 of the Companies Act, has entered into a limited liability contract with Mr. Hideki Ohnishi, which sets forth the limitation on his damage compensation liabilities as described in Article 423, paragraph 1 of the Act, provided that 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.

-End-

—MEMO—

Guide to Venue



7 min. walk south from Exit No. 6 of Imadegawa Station (Kyoto City Subway Karasuma Line)

1 min. walk south from Karasuma-Ichijo bus stop (Kyoto City Bus)