



December 5, 2019

NICHICON CORPORATION
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Notice regarding Issuance of Euro-Yen Convertible Bonds (with Call Provision) Due 2024 (Bonds with Stock Acquisition Rights)

NICHICON CORPORATION (hereinafter “the Company”) hereby announces that it has resolved, at its Board of Directors' meeting held on December 5, 2019, to issue Euro-Yen Convertible Bonds (with Call Provision) Due 2024 (Bonds with Stock Acquisition Rights) (hereinafter the “Bonds with Stock Acquisition Rights”), as outlined below.

[Background to issuance of the Bonds with Stock Acquisition Rights]

The Company and its affiliates (hereinafter “the Group”) focuses its efforts on four key markets: (1) energy, the environment (ecology) and medical equipment, (2) automotive and railway-car related appliances, (3) household electrical appliances and industrial inverters, and (4) information and communications equipment.

The Group makes proactive investment plans in its capacitor business to enhance expansion in growing markets. These investments will strengthen development and production of aluminum electrolytic capacitors for various products applications such as automotive onboard electronics and information and communication equipment such as 5G base stations, inverter smoothing film capacitors for electronic and hybrid vehicles (EVs/HVs), and new products such as small lithium-ion rechargeable batteries, which are a new type of power storage device ideal for the IoT market and wearable technologies.

The Group has also developed Nichicon Energy Control System Technology (NECST) business, utilizing its own technology for efficient power management, which the Group has captured since its establishment, and plans to grow NECST businesses as a new pillar of its business. The Group is moving forward with the development and sales of new products that help protect the environment and support the transition to smart societies, including its “Home Power Station@,” an industry-leading home energy storage system, “EV Power Station@,” the world’s first developed and introduced Vehicle-to-Home energy transferring system to the market, and the “Tribrid Energy Storage System@,” the world’s first power solution that provides electricity to homes and EVs using solar power .

Under these conditions, the Company has decided to issue the Bonds with Stock Acquisition Rights. Zero coupon bonds will be issued with a premium over the face value, as low-cost debt financing to raise the long-term funds required to further strengthen its financial position and to achieve sustainable improvement in its corporate value. Further, the Company needs to maintain a certain level of financial liquidity on hand and expand its fundraising capabilities to ensure it is not missing investment opportunities in such growing markets, which are developing and expanding at a rapid pace. And thus the Company has decided to diversify its financing methods and pay out a portion of its debts through the resolution.

In addition, the Company has decided to use a portion of the proceeds to repurchase stock in order to mitigate the

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potential short-term impact on supply and demand for the Company's stocks in the market by the issuance of the Bonds with Stock Acquisition Rights, and to achieve smooth fundraising. Through the stock repurchase, the Company is also going to aim to suppress stock dilution, improve capital efficiency, and achieve flexible capital management in response to changes in the business environment, while enhancing profit returns to its shareholders by increasing shareholder value per share.

[Use of proceeds]

The proceeds of approx. ¥12.0 billion from the issue of the Bonds with Stock Acquisition Rights are expected to be used as follows:

1. Approx. ¥8.7 billion to be used as capital investment through the end of March 2020 as follows;
 - Capital investment: approx. ¥4.1 billion. To achieve streamline and labor reduction for the Company's core aluminum electrolytic capacitors business (Note 1) for automotive onboard electronics and information and communication equipment such as 5G base stations, and increase production of conductive polymer hybrid aluminum electrolytic capacitors and small lithium-ion rechargeable batteries (a new product line).
 - Capital investment: (approx. ¥3.6 billion. To increase production capacity of inverter smoothing film capacitors (Note 2) for EVs/HVs
 - Capital investment: approx. ¥1.0 billion. To increase production capacity of home energy storage systems and expand the Vehicle-to-Home systems lineup, which are considered as core products in the Company's NECST businesses.
2. Approx. ¥1.8 billion to be used for repayment of a portion of long-term loans maturing by March 2020.
3. Approx. ¥1.5 billion to be used for a stock repurchase scheduled on December 6, 2019, in order to mitigate the potential short-term impact on supply and demand for the Company's stocks in the market by the issuance of the Bonds with Stock Acquisition Rights, and to achieve smooth fundraising. Through the stock repurchase, the Company is also aiming to improve capital efficiency and achieve flexible capital management in response to changes in the business environment, while enhancing profit returns to its shareholders by increasing shareholder value per share.

Regarding to the stock repurchase, the Company resolved at its Board of Directors meeting held today to repurchase its stocks with a maximum purchase value of ¥1.5 billion through the Off-Auction Own Stock Repurchase Trading System of the Tokyo Stock Exchange (TosTNet-3) on December 6, 2019, along with the resolution on the issuance of the Bonds with Stock Acquisition Rights,. The stock repurchase is scheduled prior to the payment date for the Bonds with Stock Acquisition Rights, and the Company plans to use a portion of the proceeds from the issuance of the Bonds with Stock Acquisition Rights to replenish the cash reserves used for the repurchase.

Regarding Item 3 described in above, there is a possibility the stock repurchase amounts might not reach the total repurchase amount described in Item 3 due to factors such as the market environment. In such case, the Company will use the remaining proceeds to repay a portion of its long-term debts maturing by the end of June, 2022.

(Note 1) Aluminum electrolytic capacitors are the core product of the Group. Among capacitors that provide stable voltage and noise reduction, they are distinguished by using aluminum oxide as the dielectric. Compared to other dielectrics, aluminum oxide can be prepared in the form of thinner films and has a higher dielectric constant, and therefore offers both large capacitance and low cost per capacity. By roughening (etching) the surface of the aluminum foil, the effective surface area can be increased, making it relatively easy to reduce the size of capacitors.

(Note 2) Inverter smoothing film capacitors are capacitors that control voltage fluctuations and realize stable motor drive in inverters that control auto motor output. Film capacitors are generally regarded as optimal for high voltages, and aluminum electrolytic capacitors as optimal for low and medium voltages. Because the

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Group develops and supplies both inverter smoothing film capacitors and aluminum electrolytic capacitors, the Group can provide a broad range of products for EVs/HVs.

[Purpose of Issuance of Bonds with Stock Acquisition Rights and Stock Repurchase]

Upon selecting financing methods, the Group concluded that obtaining long-term funds by issuing the Bonds with Stock Acquisition Rights is the optimal method from the standpoint of expanding shareholder benefits, strengthening its mid-to-long term financial position, and improving corporate value.

The issuance enables low-cost financing because the Bonds with Stock Acquisition Rights are zero coupon instruments that the Company does not pay interest and the Bonds are issued with a premium over the face value. In addition, the issuance is designed to minimize dilutive impact on earnings per share by setting the conversion price substantially above the market price, and by including a contingent conversion clause (trigger of 130%) and call provision (cash settlement type).

In addition, the Company resolved at its Board of Directors' meeting held today to repurchase stocks with a maximum purchase value of ¥1.5 billion through the Off-Auction Own Stock Repurchase Trading System of the Tokyo Stock Exchange (TosTNet-3) on December 6, 2019, as outlined in the "Notice regarding Repurchase of Stocks through the Off-Auction Own Stock Repurchase Trading System of the Tokyo Stock Exchange (ToSTNeT-3)," released today in order to mitigate the potential short-term impact on demand and supply for the Company's stocks in the market by the issuance of the Bonds with Stock Acquisition Rights, improve the issuance terms, enhance shareholder returns, and improve capital efficiency..

Note 1 [Contingent conversion clause (trigger of 130%)]

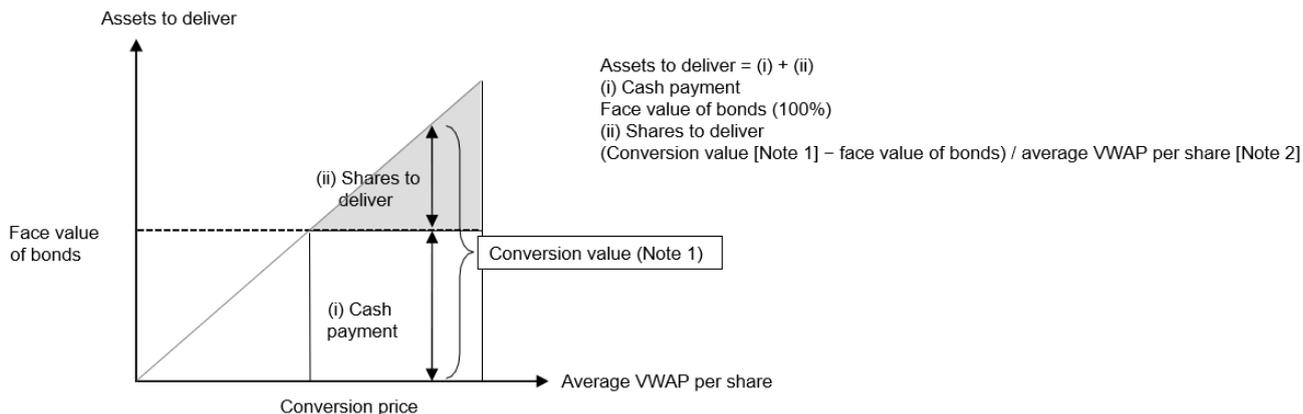
This refers to a clause under which bondholders cannot exercise stock acquisition rights unless the market price of the Company's stocks exceeds to conversion price by a certain level for a certain period. As a rule, bondholders can exercise the stock acquisition rights in the immediately following quarter, only if the closing price of the common stocks of the Company for the final 20 consecutive trading days of any quarter (referring to the three-month periods that make up a calendar year; same in the next paragraph) is more than 130% of the conversion price in effect on the last trading day of such quarter before or on September 20, 2024..

Note 2 [Call provision (cash settlement type)]

The Bonds with Stock Acquisition Rights are designed to give the Company the right to redeem them in exchange for assets (i) and (ii) below in accordance with the Companies Act. Under the call provision (cash settlement type) applicable to the Bonds with Stock Acquisition Rights, the Company may, after August 23, 2024, at its sole discretion but provided it gives notice a certain period in advance, redeem all outstanding Bonds with Stock Acquisition Rights in exchange for (i) cash payment equivalent to 100% of their face value, and (ii) the number of common shares (fractions of less than one share rounded down and no adjustment or cash payment made in respect thereof) calculated by dividing the amount obtained by subtracting the face value of the bonds from the conversion value (Note 1) (positive value only) by the average VWAP per share (Note 2).

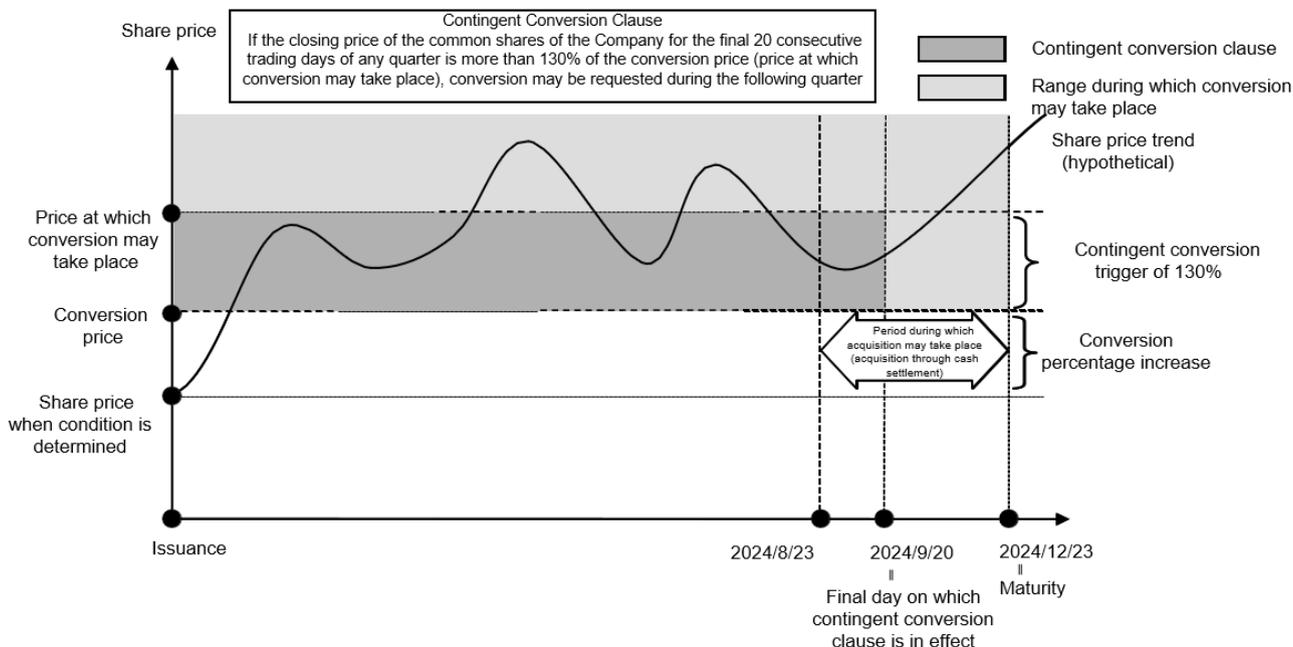
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The following diagram illustrates the call provision (cash settlement type).



- Conversion value [Note 1]: (bond face value / conversion price on final day) x average VWAP per share
- Conversion price on the final day: Conversion price in effect on the final day of the calculation period for the average VWAP per share
- Average VWAP per share [Note 2]: The average of the Volume Weighted Average Prices (“VWAP”) of the shares reported by the Tokyo Stock Exchange on each of the 20 consecutive trading days beginning on the 5th trading day from, but excluding the date on which the Company notifies the acquisition to bondholders.

The following diagram illustrates the correlation between the period during which conversion may take place and share price while taking into account both the contingent conversion clause (trigger of 130%) and call provision (cash settlement type).



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