

Based on the concept of “Top Notch Management,” we aim to be a “creation business” that provides ongoing joy and excitement.

We wish to offer everyone our sincerest gratitude for their unwavering and exceptional support. The following explains our performance in the fiscal year ended March 31, 2016, as well as the measures in which we are currently engaged and our management policies going forward.



Representative Director and President
Shigeo Yoshida

Representative Director and Chairman
Ippei Takeda

Performance in the Year Ended March 31, 2016

Robust Performance in Products for Automotive Equipment and Household Energy Storage Systems

During the year ended March 31, 2016, the Japanese economy was characterized by a rebound in personal consumption and signs of improved corporate earnings. However, the rebound was modest, affected by a slowdown in emerging market economies. Looking overseas, the U.S. economy was generally robust, buoyed by increased personal consumption and improvements in the employment situation, and the European economy was in a recovery phase, albeit a gradual one. In emerging markets, on the other hand, the Chinese economy continued to decelerate, and other emerging markets were negatively affected by falling resource prices, leading to a growing sense of future uncertainty.

Against this backdrop, the NICHICON Group reinforced its capacitor business, centering on products

for automobiles and power electronics—areas slated for future growth. At the same time, we worked to expand the NECST business and grow it into a new pillar of management.

As a result, net sales rose 2.4% year on year, to ¥109,816 million; operating income grew 23.2%, to ¥4,778 million; and the net loss attributable to owners of the parent was ¥591 million, compared with net income of ¥2,258 million in the preceding fiscal year.

By product category, sales of products used in automotive electronics were robust, as were sales for use in industrial equipment. However, sales of products for home appliances decreased, leading to a downturn. Sales of circuit products increased, thanks to robust demand for various power sources and household energy storage systems. In electric apparatus and power utilities and applied systems and equipment, sales fell as a result of lower sales of film capacitors for automobiles and railcars.

Overseas, in the Asian market sales for use in home appliances declined, lowering overseas sales 3.8% year on year, to ¥63,543 million. As a result, the overseas

Management Policy and Business Strategy

Top Notch Management

First-class performance in every aspect of our business, including quality, cost, delivery, service and technology

Growth Strategy Based on Structure of Two Business Headquarters

For each business headquarters, completing an organizational structure for thoroughly integrated management from development through to sales

Three Core Product Lines and Targets

Aluminum electrolytic capacitors / Film capacitors / Circuit products

Capacitor Business Headquarters

Aluminum electrolytic capacitors

Film capacitors

Expand sales in growth markets

NICHICON Energy Control System Technology (NECST) Business Headquarters

Circuit products

Create new markets



sales ratio decreased 3.7 percentage points, to 57.9%. The NICHICON Group will continue working to expand sales in overseas markets as it strives to achieve growth.

Aiming for Further Growth in Both Capacitors and NECST

The 2015 United Nations Climate Change Conference (COP21), held in Paris last year, put in place a framework for response to global warming. As participating countries engage in activities to reduce greenhouse gases, we expect to see the proliferation of electric vehicles (EVs) and fuel cell vehicles (FCVs), as well as zero-energy homes that utilize renewable energy. In industry, we anticipate further progress on the industrial use of inverter technologies.

The NICHICON Group's mission statement indicates its aims of "striving to attain a better global environment" and "contributing to a brighter future for society by creating valued products." To this end, we launched the NECST Project in 2010. In 2013, we transitioned to a two-headquarters structure, with the NECST Business Headquarters and the Capacitor Business Headquarters providing integrated business management spanning development, manufacturing and sales. We are pursuing the NECST and capacitor businesses in parallel as we aim to further accelerate growth.

In the capacitor business, we are developing highly reliable products, such as aluminum electrolytic capacitors for use in on-board automotive electronics and film capacitors for EV and HV motor drives. In the

field of power electronics, including products for renewable energy and factory automation equipment, we have provided solutions that showcase the Company's sophisticated technological capabilities, such as our proprietary high-speed charge-discharge technologies and inverter circuits. Performance is growing steadily as a result, and we will continue leveraging our strengths as we promote this business.

In the NECST business, we have been an industry leader in the launch of household energy storage systems, V2H systems, space-saving EV quick chargers and public and industrial power storage systems that function as emergency backups. In these products, we have promoted the development of products that make use of our unique technologies to manage electricity efficiently. We have launched a high-capacitance 12kWh model of the household energy storage systems we launched in 2015, adding energy management support service functionality to enable remote monitoring and control. The positive response to our products leads us to anticipate a major expansion in the NECST business. Accordingly, we will develop products and further step up our sales efforts in growth fields. At the same time, we will consider M&A opportunities that present synergies.

To step up our efforts in these areas, we have identified the concept of "Top Notch Management," aiming for first-class performance in every aspect of our business, including quality, cost, delivery, service and technology. We will propose value that exceeds customer expectations and, as a "creation business" enabling Koto-Zukuri (the creation of customer expectations) that provides ongoing joy and excitement. In these ways, we aim to remain a company that earns the trust of its stakeholders.

Initiatives during and after the Year Ending March 31, 2017

Expanding Sales in New Markets and Creating New Markets

In the capacitor business, we are proactively launching attractive new products and bolstering production capacity of various capacitors for the automotive and power electronics fields, including aluminum electrolytic, film, conductive polymer aluminum solid

electrolytic, and electric double layer capacitors. We aim to increase sales of aluminum electrolytic capacitors for use in on-board automotive electronics, which are expected to experience a growing market thanks to automated driving and other applications. We also aim to expand the models that use our products by further reinforcing our production capacity for film capacitors used in EV and HV motor drives. As EV adoption in China accelerates, we will leverage the strength of our sales of EV quick chargers and on-board power chargers in Japan to expand sales of aluminum electrolytic capacitors in China. In the power electronics field, including products for renewable energy and factory automation equipment, we will continue to concentrate on proposing solutions involving our unique high-speed charge-discharge technologies and inverter circuits. Around the world, inverters account for a steadily growing share of air conditioners, and we are developing our sales activities in a tailored manner to capture this demand. We have developed capacitors for wearable equipment, such as an ultrafine type electric double layer capacitor measuring 4mm in diameter and 30mm in length that can handle a capacitance of 2.7V1F, as well as a newly shaped aluminum electrolytic capacitor for mobile devices that is 3mm thick and has a withstand voltage of 330–400V. In conductive polymer aluminum solid electrolytic capacitors, we are pursuing the manufacture of products for personal computer motherboards and servers at our factory in Suqian, China.

With solar power generation becoming more commonplace for individual households, in the NECST business we aim to expand sales of household energy storage systems with a large, 12kWh capacity and a 15-year guarantee, and remain a leading company in this area by developing new products and achieving major business growth. As EV proliferation increases, we will promote V2H systems and EV quick chargers that are smaller, more lightweight and of higher efficiency. In V2H systems, we are adding to our lineup advanced models that further increase convenience. We are also working to increase sales of higher-output and more-compact versions of our current 20kW and 30kW EV quick chargers, rounding out our lineup with products that have outputs of 25kW and 35kW. In public and industrial power storage systems, we are working to

further increase sales based on our extensive number of installations to date. We are also harnessing the technological fortes of Yutaka Electric, which became a Group company in July 2015. These include power supplies for ATMs, automatic ticket wickets, amusement devices, telecommunication base stations and marine equipment. By taking advantage of these strengths, we are endeavoring to augment our operational domain through synergistic effects.

Throughout Japan, we are promoting the installation of power supplies for medical equipment, and we have a high share of the market for accelerator power supplies for corpuscular ray cancer treatment at medical facilities. Of Japan's 16 medical institutions in this category—including those that are under construction—we have delivered accelerator power supplies to 11. Through this area of technological expertise, we are contributing to the popularization of corpuscular ray cancer treatment systems.

As a result of these business activities, in the year ending March 31, 2017, we anticipate net sales of ¥115,000 million and net income attributable to owners of the parent of ¥2,400 million.

Research and Development

Strengthening Our Internal R&D Structure and Promoting Industry–Academia Collaboration

Some say we are in the midst of a fourth industrial revolution. Whereas in the past, home electronics and information equipment functioned independently, nowadays such devices are connected over the Internet and offer interconnected functionality. Meanwhile, in 2016 advanced driver assistance systems (ADASs) are expected to trigger demand in the automotive industry, and some sources believe that driverless cars will go into operation in Japan leading up to the 2020 Tokyo Olympics. The industrial sector is also changing, as progress in M2M and IoT sees interactions between machines. We are entering an era in which robots produce other robots, and when artificial intelligence progresses faster than ever before. With technology evolving at a dizzying pace, the NICHICON Group makes a consistent effort to engage in research flexibly and with a sense of speed as it aims to remain at the

forefront of technology.

In 2014, the NICHICON Group established a Development Center in the NECST Business Headquarters. The Group reinforced its research structure in 2015 by setting up the new Technology Center at Capacitor Business Headquarters. These centers are aimed at accelerating new product development and reinforcing our development of core technologies.

In the NECST business, in addition to responding to customers' requests we take a proactive proposal-based approach, focusing on product development that enables us to lead the industry in our sales launches. As our mission statement suggests, we persevere in product development on an ongoing basis, and we are convinced of our ability to remain a step ahead of our competitors in the products we create. In 2015, we participated in the Kyoto Area Super Cluster Program, a development program featuring industry-academia and intra-industry collaboration. In this program, we collaborated with Kyoto University and ROHM Co., Ltd., on the use of

silicon carbide (SiC), a next-generation power semiconductor material, in the development of a high-efficiency SiC power conversion module. The module achieved output of 1kW at 1MHz. Going forward, we will pursue developments that meet future needs in the power electronics domain by offering products with even higher frequencies. We expect to roll out these developments for use in household energy storage systems, V2H systems, EV quick chargers, and public and industrial power storage systems, thereby providing additional value.

At the Technology Center, in addition to pursuing our own development we are concentrating on collaborative industry-academia research. Recent examples include the results of joint development with Mie University we have been pursuing since 2010 on the theme of design and synthesis of electrolytes at the molecular level. This effort culminated in the successful development of a new electrolyte capable of withstanding more than 750V at 105°C, paving the way for the realization of an electrolyte capable of offering the highest rated voltages

Industry-Academia Collaboration with the University of Tokyo Institute of Industrial Science

NICHICON and the University of Tokyo Institute of Industrial Science have entered into an alliance, which employs a flexible and dynamic operating method, in the aims of realizing the local production of energy for local consumption and contributing toward the creation of a smart society.

This accord targets the development of next-generation devices employing groundbreaking new technologies and innovative techniques that cannot be achieved simply through the extension of existing technologies, as well as the development of compact and higher-performance next-generation NECST products driven at higher frequencies than conventional SiC, GaN and other power semiconductors. As a result, we aim to create new value and cultivate human resources to handle new business launches. In an era when manufacturers are being called on to achieve even higher quality levels, the agreement aims to promote innovative development that makes use of simulation technologies employing scientific principles and big data; the creation of production processes; and the acceleration of

development speed and quality for NICHICON's capacitors and modules, power storage systems, and V2H and other NECST products, realizing thoroughgoing cost competitiveness.



Left: Ippei Takeda, Chairman, NICHICON; right: Teruo Fujii, Director General, University of Tokyo Institute of Industrial Science

in the industry. This development should enable higher withstand voltages on aluminum electrolytic capacitors, meeting demand in the power electronics market for higher levels of power and efficiency, enabling us to further expand our fields of concentration.

Anticipating a Robust and Sound Financial Structure

Responding with Alacrity in a Rapidly Changing Era

August 2015 marked the 65th anniversary of the NICHICON Group's establishment. This landmark underscored our gratitude to stakeholders for their support over the years. Since establishment, we have sought to offer top-quality products at a reasonable price, delivered in a timely manner. We believe these factors, plus thorough QCDS application in our support, have enabled the Company's ongoing growth and development. To promote such activities going forward, as well, we uphold five behavioral guidelines for employees: "indicate clearly how specific issues are to be resolved," "respond with a superb speed that impresses customers," "organizational leaders should be player-managers who lead by example," "share accurate information" and "build strong teams that engage in friendly competition." We aim to augment operating performance by consistently following these guidelines.

In addition, we recognize that building a robust financial structure is essential to our ability to deploy proactive business strategies targeting sustainable corporate growth. The NICHICON Group maintains a stable and highly sound financial structure. In addition, the NICHICON Group recognizes the management importance of returning profits to shareholders. We endeavor to steadily increase dividends by maximizing corporate value and strengthening our corporate structure. In the year ended March 31, 2016, we awarded dividends of ¥20 per share.



We ask our stakeholders, including our shareholders and investors, for their ongoing support.

June 29, 2016

NICHICON CORPORATION
Representative Director
and Chairman

Ippei Takeda

Representative Director
and President

Shigeo Yoshida