

Contributing to the achievement of local production of energy for local consumption and the creation of a smart society.

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, 2017, as well as the measures in which we are currently engaged and our management policies going forward.



Shigeo Yoshida
Representative Director,
President & CEO

Ippeï Takeda
Representative Director and
Chairman

Performance in the Year Ended March 31, 2017

Demand for Automotive-Related Products and Devices for Electric Apparatuses and Power Utilities on the Rise

During the year ended March 31, 2017, the Japanese economy continued its gentle recovery, boosted by robust exports despite the appreciation of the yen. Looking at the situation overseas, there was a recovery in corporate earnings and steady consumer spending in the United States, leading to mild economic growth. In Europe, the economy was in a recovery phase as the impact of England's decision to exit the European Union was limited. On the other hand, the pace of economic recovery in China and emerging countries continued to lack vigor.

Against this backdrop, the NICHICON Group continued to focus on the four important fields of Energy, Environment (Ecology) & Medical equipment, Automotive & Railway-car related appliances, Household Electrical Appliances & Industrial Inverters and Information &

Communications equipment, which are diversifying with the development of new key technologies such as IoT and AI. As a result, net sales declined 8.6% year on year, to ¥100,402 million; operating income fell 36.8%, to ¥3,019 million; and net income attributable to owners of the parent was ¥2,624 million, compared with a net loss of ¥591 million in the preceding fiscal year.

By product category, sales of capacitors used in automotive electronics were robust, but sales of capacitors used in home appliances and inverters declined, resulting in lower sales overall. Sales of capacitors for electric apparatus and power utilities and applied systems and equipment fell as a result of falling capacitor sales despite robust sales of devices. Sales of circuit products also fell, primarily as a result of a decline in sales of various power supply products and household energy storage systems.

Overseas, in the Asian market sales of products for use in home appliances declined, lowering overseas sales 9.3% year on year, to ¥57,622 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



Message from the Chairman and the President



sales ratio decreased 0.5 percentage points, to 57.4%. The NICHICON Group will continue working to expand sales in overseas markets as it strives to achieve growth.

Promoting the Capacitor and NECST Businesses in the Aim of Establishing a Creation Business

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." Based on this statement, we have set forth top-notch management, which aims for first-class performance in every aspect of our business, including quality, cost, delivery, service and technology, as our management policy in the aim of establishing a creation business that is capable of Koto-Zukuri (the creation of customer expectations), providing value that exceeds customer expectations and delivering joy and inspiration. We are developing our business based on the closely connected capacitor business and NECST business, which aims for stable supply of energy and protection of the global environment.

In the capacitor business, we have provided highly reliable products, from aluminum electrolytic capacitors for the automotive market to film capacitors for motor drives. Additionally, in the power electronics market, including products for renewable energy and factory automation equipment, we have provided solutions that showcase our sophisticated technological capabilities,

such as industry-leading high voltage and miniature products for energy savings. Moreover, we carried out technical and development investments in anticipation of growth of new businesses and strategic investments to strengthen our core businesses. These efforts have established a foundation for the next stage of our growth, and we will continue to leverage the strengths of our Group as we promote our business.

In the NECST business, we have been expanding sales of household energy storage systems and V2H systems for the coming smart society and have delivered many quick chargers to promote the spread of EVs and public and industrial power storage systems for evacuation centers. In the middle of 2016, the household energy storage system subsidies ended, so sales decreased, but we expanded our lineup, introducing a 12 kWh hybrid energy storage system in July of the same year and an 11.1 kWh outdoor system in October that is under ¥300,000 per kWh to address a wide range of needs.

Additionally, in December of 2016, we opened the NICHICON Tokyo Building in Nihonbashi, Chuo-ku, Tokyo, consolidating the Tokyo Branch Office, POWER SUPPLY CENTER and group company YUTAKA ELECTRIC MFG., which had been in separate locations within Tokyo. With power supply and storage technology at the core, we are integrating planning, engineering and sales to implement Koto-Zukuri (the creation of customer expectations) for new value creation at an overwhelming pace. We have installed a power storage type solar generating system on the roof of our new building as well as quick chargers to charge EVs with power from solar power generation and V2H systems. These systems embody our initiatives based on the themes of the new era of power storage and EV solutions.

Initiatives during and after the Year Ending March 31, 2018

Focusing on Growth Markets in the Capacitor Business; Cultivating New Markets in the NECST Business with the Dawn of a New Era of Power Storage

In regard to the market environment in the year ending March 31, 2018, the Japanese market is expected to exhibit a mild recovery, while overseas the United States

economy is expected to be robust overall even as the situations in Europe and China remain uncertain. Under these circumstances, overall demand in the industry to which our Group belongs has bottomed out, so we expect things to turn around in the year ending March 31, 2018.

The capacitor business, which is the backbone of our Group, is in a mature market, but we hope to promote development of appealing products to cultivate new markets. For example, our policy is to supply aluminum electrolytic capacitors with newly developed oscillation-proof structures and conductive polymer hybrid aluminum electrolytic capacitors, a new product for which mass production was launched this spring, for onboard ECUs and switching power supplies, which are increasing in demand, and develop these into the main products of the capacitor business. Furthermore, we will expand our lineup of new products for automobiles and railway cars and increase the sales ratio of automotive & railway-car related appliances from the current 18% to more than 30%. We are working on technical proposals for the use of our newly developed large aluminum electrolytic capacitors in industrial equipment, robots

and major household appliances.

In the NECST business, the year ending March 31, 2018 is being considered the beginning of the new era of power storage, and we will tie it into growth of the clean energy market, including generating, storing and saving energy. The NICHICON Group was the first in the industry to bring household energy storage systems to the market, and as of the year ended March 31, 2017, we have achieved cumulative sales of 36,000 units. As one of the leading companies in the industry, we will expand our sales ahead of the transition from the early phase to the popularization phase in terms of demand. As for our products for EVs, we predict increasing demand for 50kW to 100kW quick chargers and will simultaneously achieve improved output and miniaturization. We will expand our lineup of V2H systems to a total of four models to increase sales.

Gearing Up for a New Stage in Which Various Key Technologies Are Linked

In recent years, the populations of emerging countries have been growing, while the populations of advanced countries are shrinking as birthrates decline and the

Priority Initiatives in the Year Ending March 31, 2018

Business	Strategy	Key Products/Technologies
Capacitor Business	Focus on growth fields of automobiles and industrial equipment	<p>[Automobiles]</p> <ul style="list-style-type: none"> ● Oscillation-proof structure ● Low ESR support ● Conductive polymer hybrid aluminum electrolytic capacitors ● EV/HV film capacitors <p>[Industrial Equipment]</p> <ul style="list-style-type: none"> ● Smallest size in industry ● Highest withstand voltage in industry ● Permissible abnormal voltage ● Longer life
NECST Business	Product development and introduction of new technologies ahead of new era of power storage and EV popularization phase	<p>[Power Storage Systems]</p> <ul style="list-style-type: none"> ● Hybrid model (12kWh) for local production for local consumption ● Single-function model (11.1kWh) with superior cost performance <p>[EV-related]</p> <ul style="list-style-type: none"> ● Power Mover portable power feeder ● Advanced model V2H system ● 10-50kW quick chargers

Message from the Chairman and the President

populations age. Additionally, various challenges such as energy and environmental problems are coming to the surface, and expectations are growing for new markets and fields like advanced medicine, IoT, AI and automatic driving. We will promptly get to work on solving these challenges faced by society and will develop and sell products that contribute to the fields of power electronics, energy and the environment, and advanced medicine to contribute to achieving local production of energy for local consumption and creating a smart society.

Household energy storage systems are one of the main products of our NECST business, and as a leading company, we will grow the business substantially in anticipation of the new era of energy storage where every family will have such a system. We will also capture demand for public and industrial power storage systems and smart agriculture from the penetration of business continuity planning (BCP) measures. Marked expansion is expected in the EV-related market with the sudden materialization of EV and PHV markets in China and other Asian countries and the distinct shift from diesel engines to EVs in the European market. The NICHICON Group will promote development and sales of unique new products that anticipate environmental demand, such as

onboard chargers, which are key devices of EVs, quick chargers for infrastructure development and V2H systems that connect the coming EV society and smart houses.

Additionally, in the capacitor business, we will focus on growth fields such as automobile-related advanced driver assist systems (ADAS), automatic driving, fusion with IoT in the field of power electronics, and the robot market, which is expected to grow rapidly in the future.

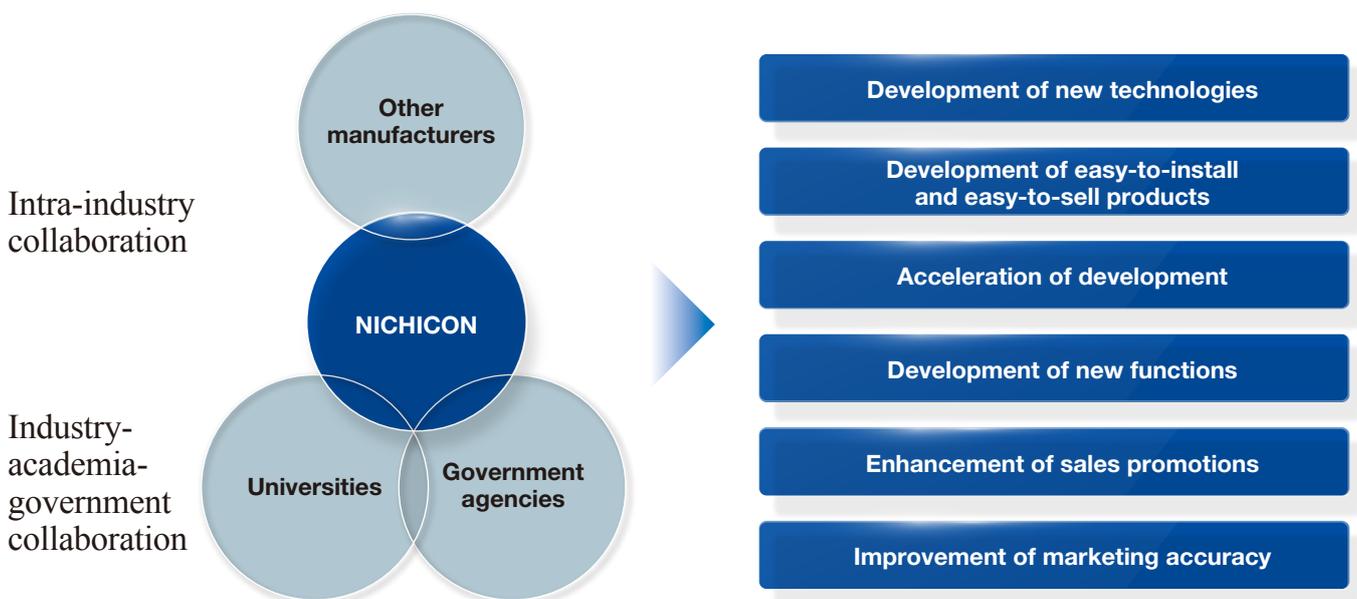
In the academic research field, our ultra-high-precision accelerator power supply was adopted for use in the heart of SACLA, RIKEN's X-ray Free Electron Laser (XFEL) facility, and in the smart medicine field, that technology is utilized in corpuscular ray cancer treatment systems. This technology will be rolled out into the next generation of products in the NECST business.

Research and Development

Promote Industry-Academia-Government and Intra-Industry Collaboration to Advance R&D in Anticipation of the Next Generation

As for R&D, we have established a system that integrates everything from production to sales under the

Collaboration-Based Technology & Product Development System



organizational structure that manages R&D resources centered on the Technology Center of the Capacitor Business Headquarters and the R&D Center of the NECST Business Headquarters to accelerate the development of new products.

Not only are we engaged in in-house development but we are also aggressively pursuing industry-academia-government and intra-industry collaborations. In October 2016, we signed a comprehensive industry-academia collaborative agreement with the Institute of Industrial Science, the University of Tokyo, for the purpose of contributing to local production of energy for local consumption and the creation of a smart society, and we have since been actively promoting joint R&D. This agreement promotes development of next-generation devices that use revolutionary new technologies and methods that are not possible as an extension of existing technologies. We will develop next-generation NECST products like small, high-performance household energy storage systems and EV and PHV quick chargers that are equipped with power semiconductors working on higher frequencies than in the past to create new value. We have dispatched three engineers to work at the Institute of Industrial Science, the University of Tokyo, and they conduct joint research on electrode material and electrolytes for aluminum electrolytic capacitors and train human resources that will handle the launching of new businesses.

Additionally, under the NEDO (New Energy and Industrial Technology Development Organization) project, we are developing a power conversion module that uses SiC semiconductors jointly with Osaka University and RIKEN. Field tests equipping SACLA, RIKEN's X-ray Free Electron Laser (XFEL) facility, with our accelerator power supply were successful. We have applied this technology in miniaturizing and increasing the functionality of V2H systems that supply electricity to houses from EVs and public and industrial power storage systems. We are promoting collaboration and interaction with Ritsumeikan University for research and education. Our engineers participate in Management of Technology (MOT) classes provided by Ritsumeikan University so that we can train engineers that understand management. We are also engaged in joint development of electrolytes for aluminum electrolytic capacitors with Mie University, and with Kyoto University, we are jointly developing a SiC



power conversion module under the super cluster program of the Japan Science and Technology Agency (JST).

As for intra-industry collaborations, we are developing new household energy storage system products in collaboration with Kyocera, Sekisui Chemical and others, and in the EV field, we are bringing V2H systems to market jointly with major automobile manufacturers like Nissan Motor. We will continue to form alliances with companies that lead in their respective fields and create markets as we promote R&D that anticipates future trends to quickly meet customer demand.

In addition to these growth strategies, we will work on thorough compliance and will enhance our structure to ensure reliability of financial reporting while optimizing operations, promoting further development and implementation of internal control in the aim of improving corporate value.

The NICHICON Group recognizes returning profits to shareholders as an important management issue, and we are working to steadily increase dividends by maximizing corporate value and strengthening our business structure. The annual dividend for the year ended March 31, 2017 was 21 yen per share.

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

June 29, 2017

Ippei Takeda
NICHICON CORPORATION
Representative Director
and Chairman

Shigeo Yoshida
Representative Director,
President & CEO