

Financial Results Explanatory Material for 1Q FY2024

(Three months ended June 30, 2024)

August 2024

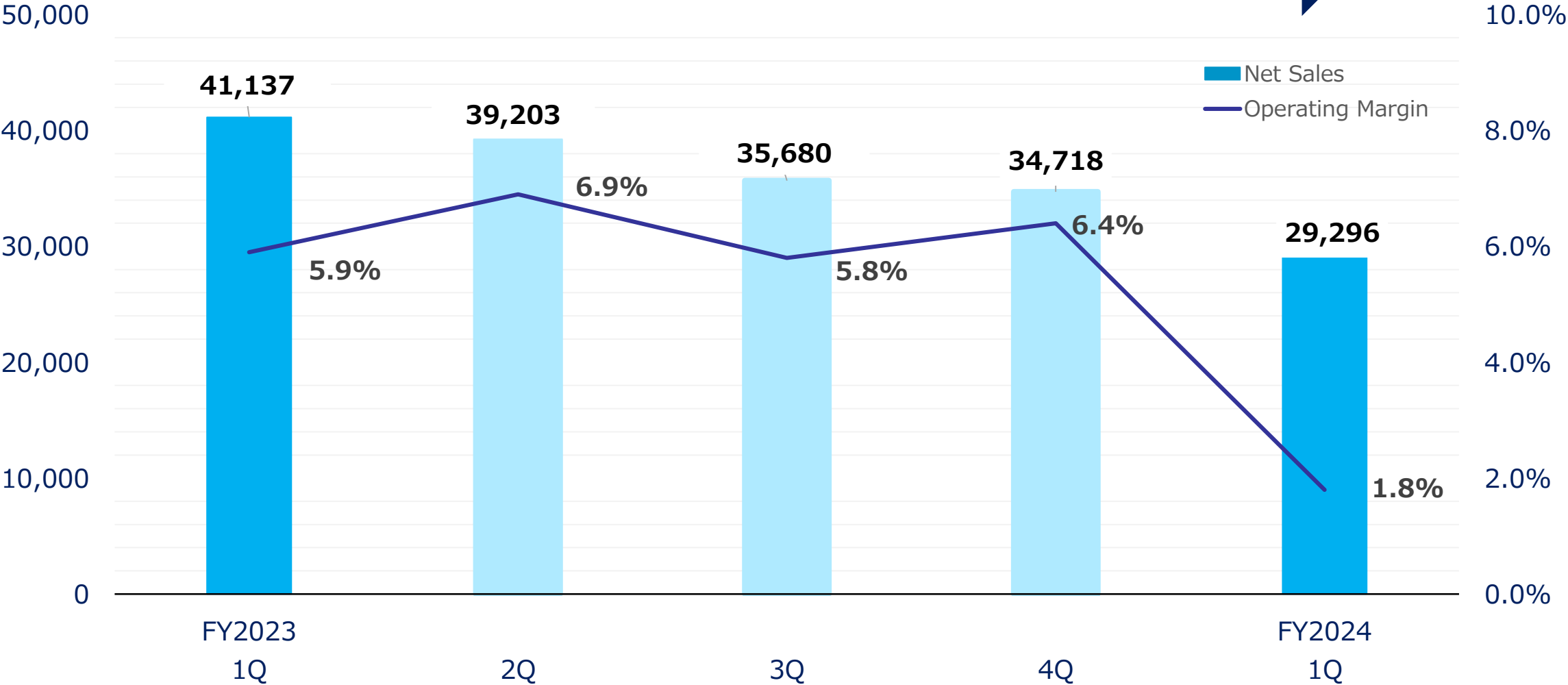
Nippon Chemi-Con Corporation

TSE Prime Market, Securities code:6997

1Q FY2024 Trend in Net Sales and Operating Margin

(Million yen)

Capital investments were sluggish amid increasing economic uncertainty



- **Net Sales: Decreased 29% YoY to 29,200 million yen**
 - ◆ **Automotive electronics market**
Stable growth in global demand
 - ◆ **Industrial equipment market**
Overall capital investment demand remained sluggish on economic downturn in China, etc.
 - ◆ **ICT market**
Demand recovery for data center servers
Increased demand related to PC replacement needs
- **Operating income: Decreased by 78% YoY to 500 million yen**
 - ◆ **Capital investment demand was sluggish amid increasing economic uncertainty. No recovery on the industrial equipment market due to global interest rates remaining high and increasing geopolitical risks**

1Q FY2024: Consolidated Results (YoY)

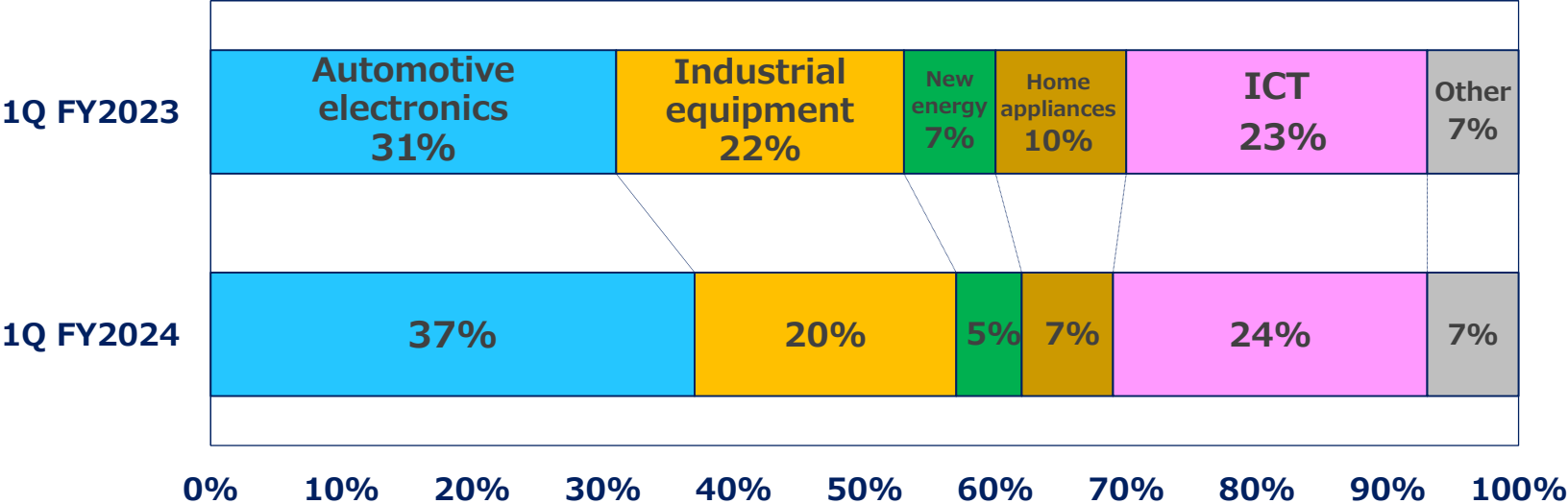
Industrial equipment and home appliances markets remained stagnant
 ➔ Recorded YoY decline in net sales and income

(Million yen, %)

	FY2023	FY2024	YoY	
	1Q	1Q	Change	% Change
Net Sales	41,137	29,296	-11,841	-28.8%
Operating income	2,413	520	-1,892	-78.4%
Ratio to net sales	5.9%	1.8%	-4.1pt	-
Profit/loss attributable to owners of parent	-13,827	451	+14,278	-
Ratio to net sales	-33.6%	1.5%	+35.1pt	-
Capital investment	1,501	3,582	+2,081	+138.6%
Depreciation and amortization	1,532	1,596	+64	+4.2%
R&D expenses	1,118	1,023	-94	-8.4%
Avg. exchange rate: USD (yen)	137.37	155.88	13.5% weaker yen	
EUR (yen)	149.47	167.88	12.3% weaker yen	

1Q FY2024: Net Sales by Market and by Region

Percentage of Net Sales by Market



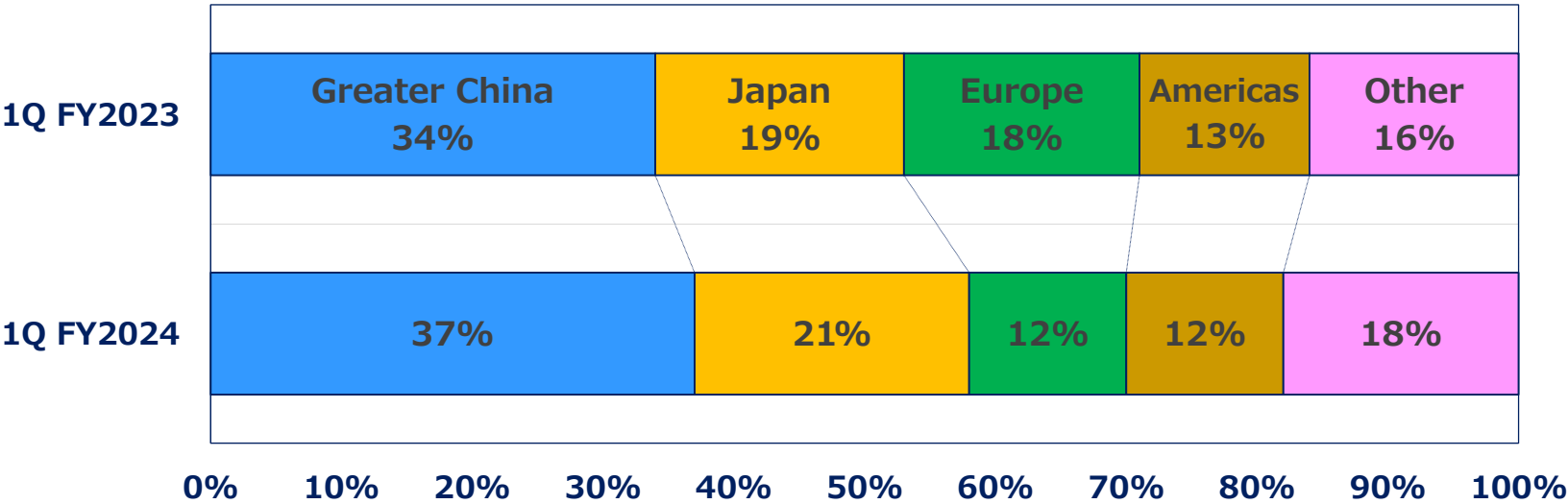
Market Overview

Automotive electronics
Stable growth in global demand

Industrial equipment
Capital investment demand remained sluggish

ICT
Recovery trend for PCs and servers

Percentage of Net Sales by Region



Regional overview

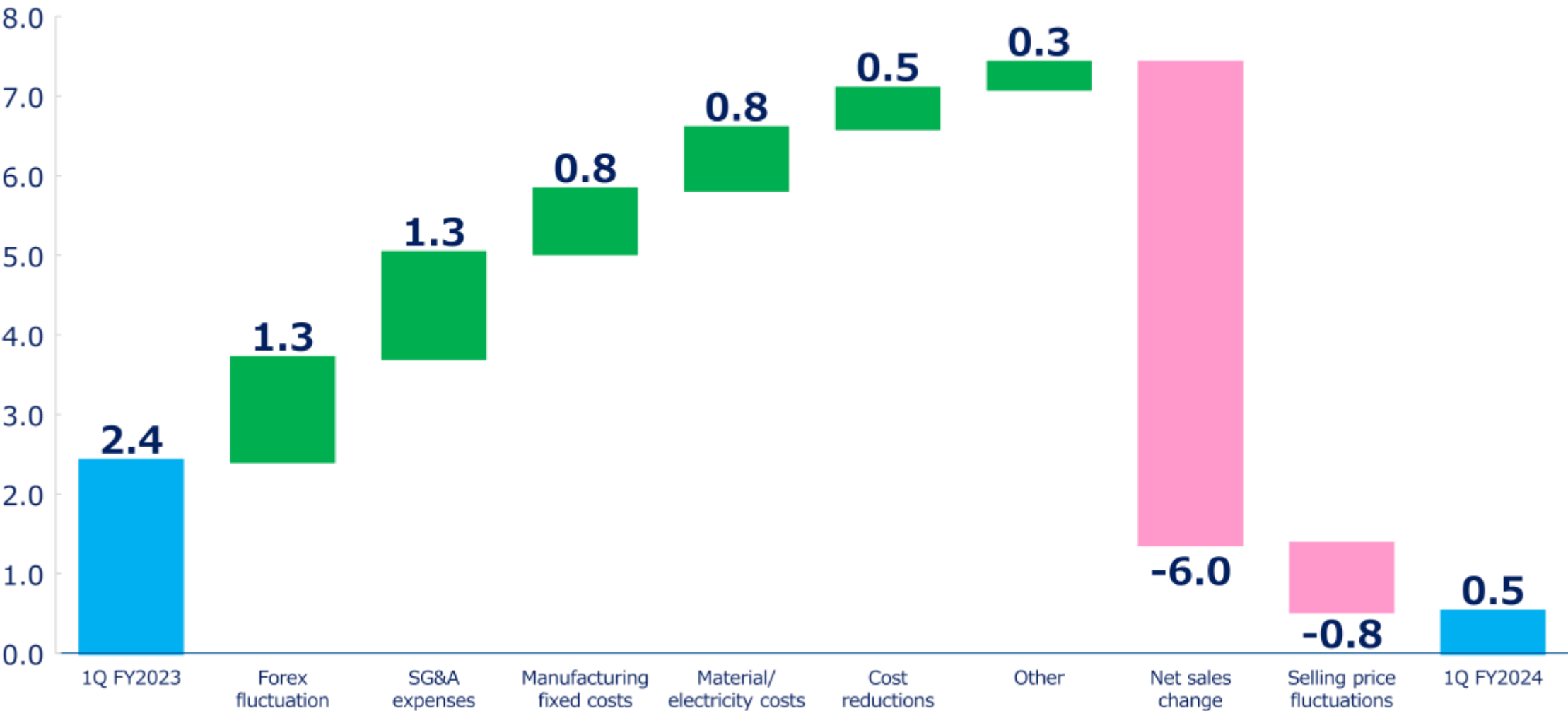
Europe
Downturn in economic recovery due to declining consumer sentiment caused by prolonged inflation and a slowdown in wage increases due to an easing of the labor supply and demand balance

Greater China
Recovery on buildup in ICT markets

1Q FY2024: Operating Income (YoY)

Downturn in operating income is mainly due to the impact of decreased net sales

(Billion yen)



1Q FY2024: Net Sales by Product (YoY)


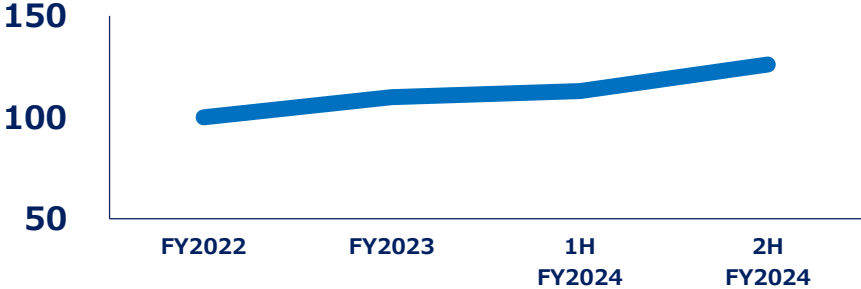

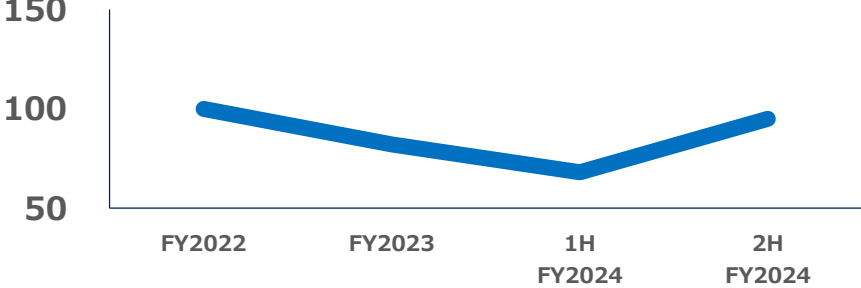

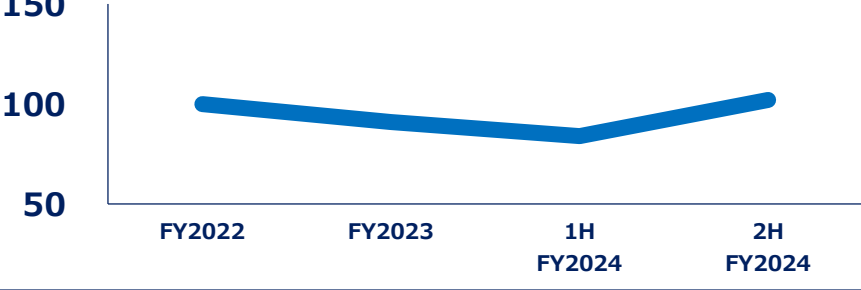
Industrial equipment and home appliances markets remained stagnant but the ICT market shifted towards recovery trend from 1Q

(Million yen, %)

	FY2023		FY2024		YoY	
	1Q		1Q			
	Amount	% of total	Amount	% of total	Change	% Change
Aluminum electrolytic	36,855	89.6	25,377	86.6	-11,477	-31.1
Conductive polymer	5,293	12.9	4,910	16.8	-382	-7.2
DLCAP™	1,209	2.9	1,015	3.5	-193	-16.0
Ceramic capacitors, varistors	876	2.1	584	2.0	-292	-33.3
Mechanical parts and other parts	844	2.0	752	2.6	-92	-10.9
Capacitor materials	1,056	2.6	1,271	4.3	+215	+20.4
Other	295	0.7	295	1.0	-0	-0.1
Total	41,137	100.0	29,296	100.0	-11,841	-28.8

Future operating environment (Envisioned market rebound)

Overall, the business environment is developing on par with initial assumptions
On the ICT market, the recovery on the server market is faster than assumptions. Automotive electronics projected to recover from 2Q onward. Industrial equipment forecast to see a mild recovery from 2H onward.

Main markets	[INDEX: FY2022 = 100]	Outlook on changes in operating environment
<div>Automotive electronics</div> <div></div>	<div></div>	<div><input type="checkbox"/> The number of vehicles is forecast to increase by 3% in 2024 to 89 million.</div> <div><input type="checkbox"/> Progress on electrification, increasing use of electronics.</div> <div>The number of components installed in vehicles is forecast to increase by 7%.</div>
<div>Industrial equipment</div> <div></div>	<div></div>	<div><input type="checkbox"/> Inventory adjustments by customers and distributors/agents</div> <div><input type="checkbox"/> Forecasting mild recovery from 2H FY2024 onward</div> <div><input type="checkbox"/> Developments in investments in semiconductors and labor-savings</div>
<div>ICT</div> <div></div>	<div></div>	<div><input type="checkbox"/> PCs: Inventory adjustments came to an end, rebound from 1Q</div> <div><input type="checkbox"/> Servers</div> <div>Rapid growth in generative AI servers will continue.</div> <div>Rebound in orders received from 1Q for conventional servers as well</div>

FY2024: Consolidated Full-Year Forecast

No changes to full-year earnings forecast
from figures announced in May

(Million yen, %)

	FY2023	FY2024 _(Forecast)	YoY	
	Results	No change from figures announced in May	Change	% Change
Net Sales	150,740	153,000	+2,259	+1.5%
Operating income	9,422	11,500	+2,077	+22.0%
Ratio to net sales	6.3%	7.5%	+1.2pt	-
Profit/loss attributable to owners of parent	-21,291	7,400	+28,691	-
Ratio to net sales	-14.1%	4.8%	+18.9pt	-
Capital investment	11,195	9,300	-1,895	-16.9%
Depreciation and amortization	6,339	6,700	+360	+5.7%
R&D expenses	4,489	4,500	+11	+0.2%
Avg. exchange rate: USD (yen)	144.62	145.00	0.3% weaker yen	
EUR (yen)	156.80	158.00	0.8% weaker yen	

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