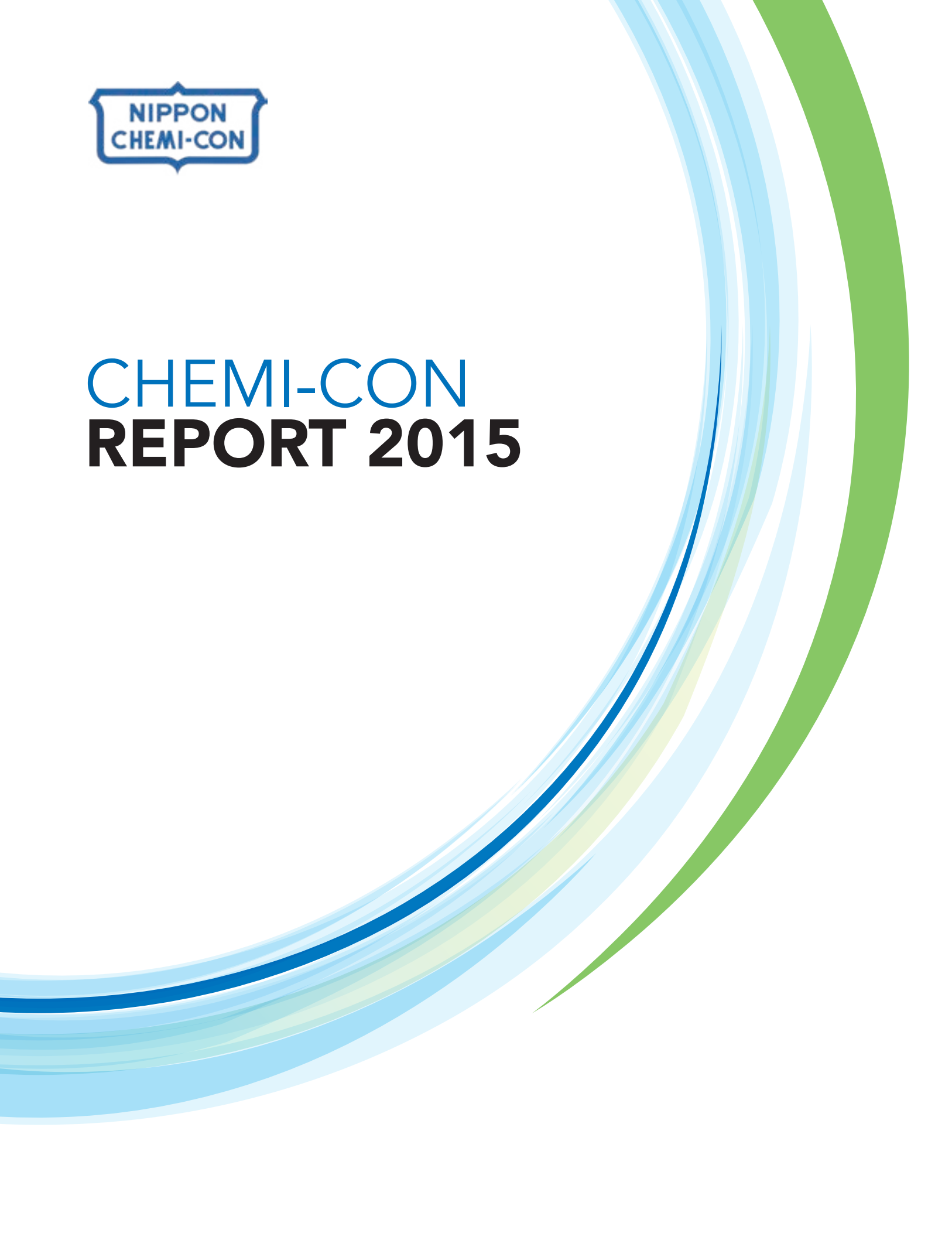




# CHEMI-CON **REPORT 2015**



## Contribution to technology with attention to environment and people

### At Nippon Chemi-Con, our corporate philosophy is to work together with society toward achieving sustainable development together.

Our origins date back to 1931 when a small local workshop became the first company in Japan to successfully commercialize electrolytic capacitors (current aluminum electrolytic capacitors) and used this success as an opportunity to launch the company that would become Nippon Chemi-Con. Understanding on the importance of material development during the development of electronic components from the onset of operations, throughout our history Nippon Chemi-Con has continued delivered unique products using proprietary materials that are the result of our company's commitment to materials research and development. These products have quietly supported the development of numerous hit products throughout the generations, including radios, stereos, color television, and video recorders. Because of our vast contributions, over time we came to be referred to as "Nippon Chemi-Con, the source for technology."

Over time, we focused our efforts on the booming electronics industry as we began to expand our operations onto the global stage. And as markets diversified from home appliances to digital AV equipment, information communications devices, industrial devices, automobiles, and new energy equipment, our mainstay aluminum electrolytic capacitor business grew to secure the No. 1 share on the global market.

Expectations regarding the role the electronics industry will play in resolving global environmental and energy issues are higher than ever. As a manufacturer of electronics components, our mission is to use technology as capital through which we contribute to society and this mission also serves as our roadmap towards corporate expansion. Our corporate philosophy of "Contribution to technology with attention to environment and people" is the manifestation of this resolve.

Nippon Chemi-Con will continue to grow, together with society.

#### About cover design

Nippon Chemi-Con's corporate color dark blue overlaps with light blue, representing air and water, and green, which represents the earth. The design represents Nippon Chemi-Con technology existing within a vast natural environment and a safe and pleasant lifestyle. The multiple rings represent both the earth and our connection with our stakeholders. Our desire is that these rings grow bigger and wider.

## History

- Aug 1931** Successful commercialization of Japan's first electrolytic capacitors. "SATO DENKI KOGYOSHO" as a limited partnership company established in Tokyo.
- Aug 1947** Company reorganized, company name changed to "NIPPON CHEMICAL CAPACITOR INC."
- May 1963** Japanese spelling of the company adjusted.
- Apr 1966** A new plant established in Miyagi Prefecture for production of small size aluminum electrolytic capacitors.
- Jun 1966** HITACHI ELECTROLYTIC FOIL LABORATORY INC. established in Ibaraki Prefecture for production of materials for aluminum electrolytic capacitors.
- Mar 1969** A new plant established in Iwate Prefecture for production of medium size aluminum electrolytic capacitors.
- Jun 1970** UNITED CHEMI-CON, INC. established in the United States.
- Sep 1970** Listed on the second section of the Tokyo Stock Exchange.
- Sep 1972** SAMYOUNG ELECTRONICS CO., LTD. established as a joint venture, in South Korea.
- Feb 1975** SINGAPORE CHEMI-CON (PTE.) LTD. established in Singapore.
- Jun 1976** A new plant established in Fukushima Prefecture for production of large size aluminum electrolytic capacitors.
- Feb 1977** EUROPE CHEMI-CON (DEUTSCHLAND) GmbH, established in Germany.
- Sep 1977** Listed on the first section of the Tokyo Stock Exchange.
- Apr 1979** TAIWAN CHEMI-CON CORP. established in Taiwan.
- Sep 1980** A local Hong-Kong affiliate (currently Hong Kong Chemi-Con Ltd.) established.
- Jul 1981** Company name changed to "NIPPON CHEMI-CON CORPORATION."
- Jan 1993** P.T. INDONESIA CHEMI-CON established in Indonesia.
- May 1994** DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD. established in China.
- Apr 1995** Acquisition of shares of MARCON ELECTRONICS CO., LTD.
- May 1998** SHANGHAI CHEMI-CON TRADING CO., LTD. established in China.
- Aug 2002** Production of aluminum electrolytic capacitors launched at CHEMI-CON (WUXI) CO., LTD. in China.
- Apr 2003** CHEMI-CON ELECTRONICS (THAILAND) CO., LTD. established in Thailand.
- Apr 2008** CHEMI-CON TRADING (SHENZHEN) CO., LTD. established in China.
- Jul 2009** CHEMI-CON ENGINEERING CO., LTD. established in Taiwan.
- Jun 2012** CHEMI-CON TECHNICAL CENTER (WUXI) LTD. established as R&D base in China.



A product from SATOH DENKI KOGYOSHO days (around 1943 to 1945)



A micro electrolytic capacitor installed in the first model of transistor radio (produced in 1955)



Conductive polymer aluminum solid capacitors launched (1998)



Mass production of large capacitance Electric double layer capacitors launched (2003)



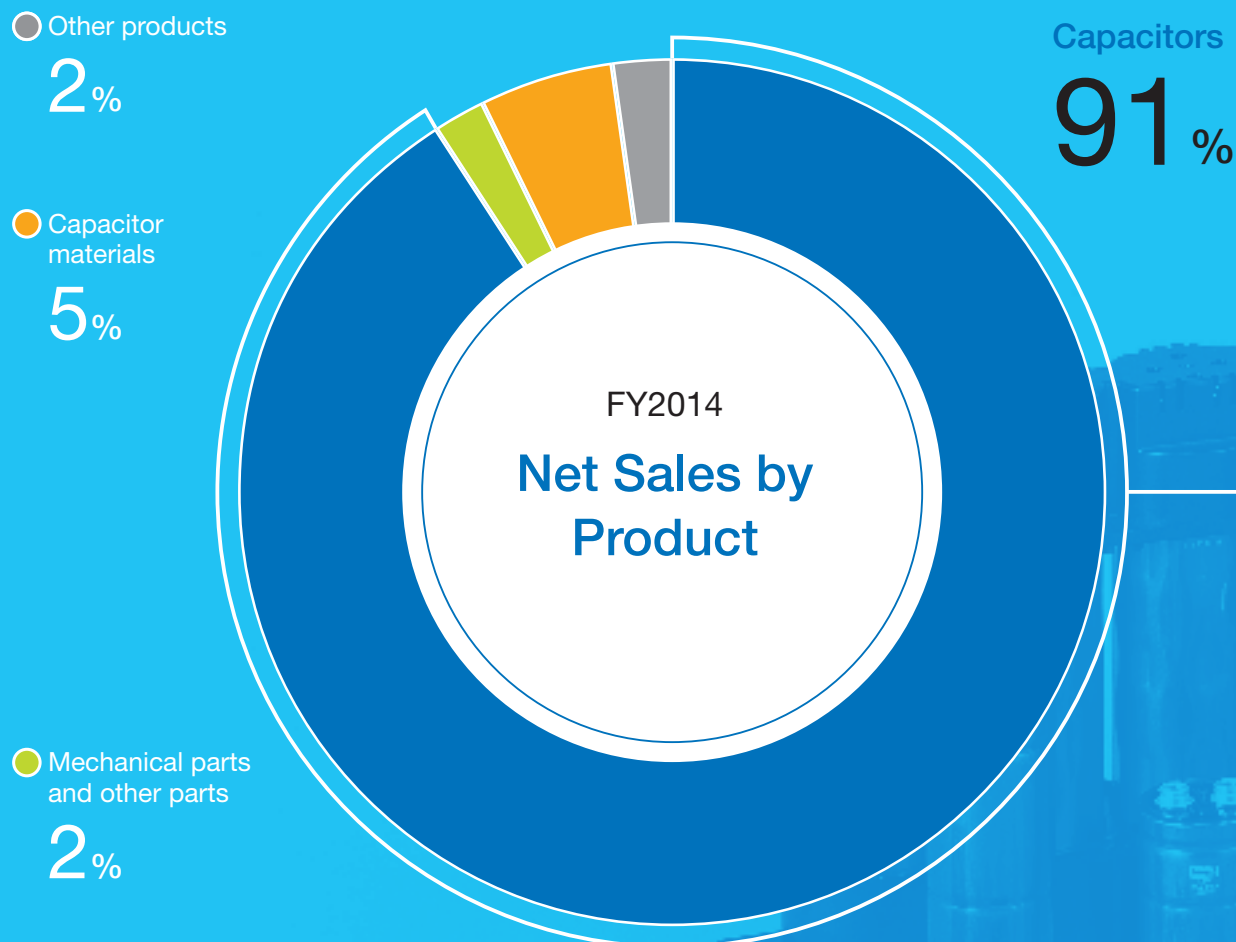
Conductive polymer hybrid aluminum electrolytic capacitors launched (2012)

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## Net Sales by Product

Our composition of net sales by product is as shown in the graph.



Nippon Chemi-Con Group sales largely break down into three divisions, which are Capacitors, Mechanical

### Capacitors

Net sales in FY2014

¥ **112,624** million (91% of total sales)

Capacitors accounts for over 90% of our total sales. Major products in this division are as follows:

- Aluminum Electrolytic Capacitors, Conductive Polymer Aluminum Solid Capacitors, Conductive Polymer Hybrid Aluminum Electrolytic Capacitors, Multilayer Ceramic Capacitors, Film Capacitors, Metal Oxide Varistors, Electric Double Layer Capacitors

### Mechanical parts and other parts

Net sales in FY2014

¥ **2,720** million (2% of total sales)

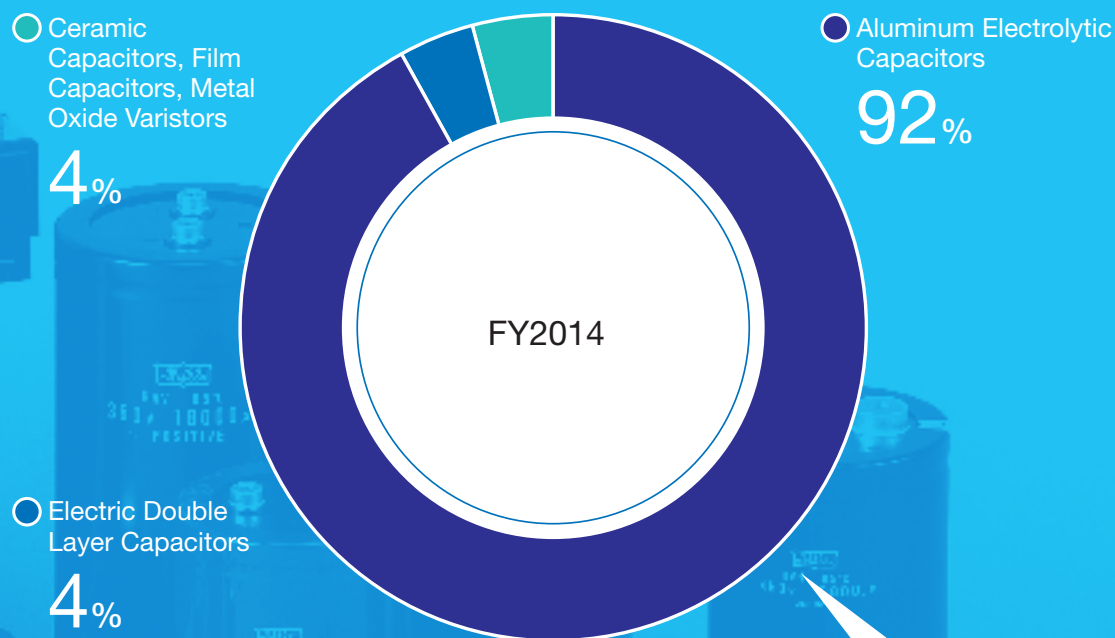
Major products in this division are as follows:

- Amorphous choke coils, Dust choke coils, CMOS camera modules



A breakdown (net sales composition) of the Capacitor division, our largest business division, is as follows:

### Breakdown of Capacitors Sales



parts and other parts, and Capacitor materials.

### Capacitor materials

Net sales in FY2014

¥**5,902** million (5 % of total sales)

Nippon Chemi-Con Group internally develops and manufactures materials used in our aluminum electrolytic capacitors. We also sell these materials to other capacitor manufacturers. Major products in this division are as follows:

● Aluminum electrode foils, Sealing rubbers

### Application Fields of Aluminum Electrolytic Capacitors

Flat-Screen TV	10-60 pcs
Personal Computer	10-60 pcs
Home Video Game Machine	10-30 pcs
Inverter Driven Air Conditioner	20-30 pcs
Inverter Driven Washing Machine	20-30 pcs
Automobile	50-200 pcs
Power Conditioner for PV Generation System for Home Use	30-50 pcs



## Net Sales by Market

Nippon Chemi-Con sales largely break down into five markets. We refer to these as our “five strategic markets” and focus our marketing, product development, and sales promotion activities on these markets.

### Automotive electronics market ▷ 24%



This category represents products that are used in automobiles. This includes products in the circuits related to engine and steering control, as well as products used in SRS airbags, air conditioners, headlights, and other systems. Electric double-layer capacitors for automobile brake energy regeneration systems also are included in this category. The products we provide are used in a broad range of applications, from vehicle-mounted chargers used in hybrid and electric automobiles to accessory devices such as car navigation systems and car audio. The automotive electronics market has recorded the most growth in recent years.

○ Major products used



Aluminum Electrolytic Capacitors (SMD type)



Aluminum Electrolytic Capacitors (Radial Lead type)



Multilayer Ceramic Capacitors



Electric Double Layer Capacitors

○ Automotive Electronics

24%

FY 2020  
Sales by Market

### Industrial-use inverter market ▷ 27%



This category represents products that are used in manufacturing equipment found in semiconductor factories, the industrial robots operating on automobile production lines, and machining equipment such as lathe and milling machines. In recent years, many of these machines have switched to the use of inverters for their power sources in order to improve energy conservation, and our products are often chosen as the inverter-based power supply for these machines. Products used in trains, airplanes, and other public transportation equipment, infrastructure facilities, and medical devices also are included in this category.

● Major products used



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Multilayer Ceramic Capacitors

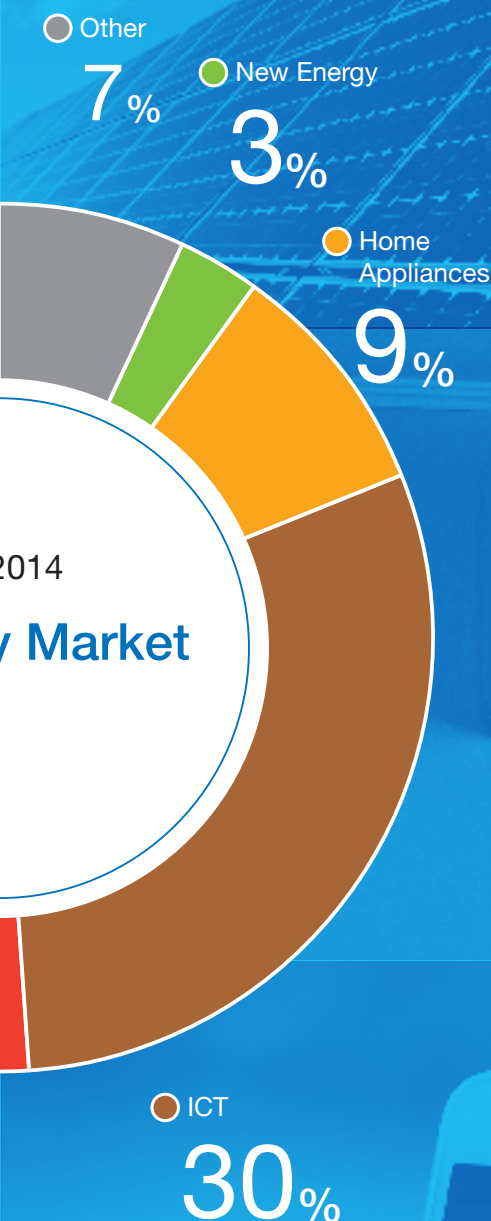


Amorphous / Dust Choke Coils

● Industrial Use Inverter

27%





### New energy market ▷ 3%

This category represents products that are used in the renewable energy sector, including the power conditioners that are vital to solar power generation systems and wind power facilities, which are gaining traction in various countries around the world. With heightened public interest, this market has gained attention for its promising growth potential.

#### Major products used



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Metal Oxide Varistors



Amorphous / Dust Choke Coils



### Home appliance market ▷ 9%

This category mainly represents the products used in traditional home appliances such as air conditioners, refrigerators, and washing machines. Increasing consumer interest in environmental issues has resulted in the majority of these devices making the transition to the use of inverters in order to improve energy conservation. As a result, the electronics components market is growing. In particular, in recent years we have seen an advanced rate of growth in overseas markets, which have a lower rate of inverter use compared to Japan. Products for LED lighting fixtures, products seeing rapid growth in popularity, also are included in this category.

#### Major products used



Aluminum Electrolytic Capacitors (Radial Lead type)



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Amorphous / Dust Choke Coils



### ICT market ▷ 30%

This category represents products used in televisions, computers, video game consoles, and other digital equipment and information communication devices. Products for communication base stations, which have seen demand growth due to the increasing popularity and increasing functionality of smartphones and other mobile information terminals, as well as products used in the data center servers that support the utilization of big data.

#### Major products used



Aluminum Electrolytic Capacitors (SMD type)



Aluminum Electrolytic Capacitors (Radial Lead type)



Conductive Polymer Aluminum Solid Capacitors

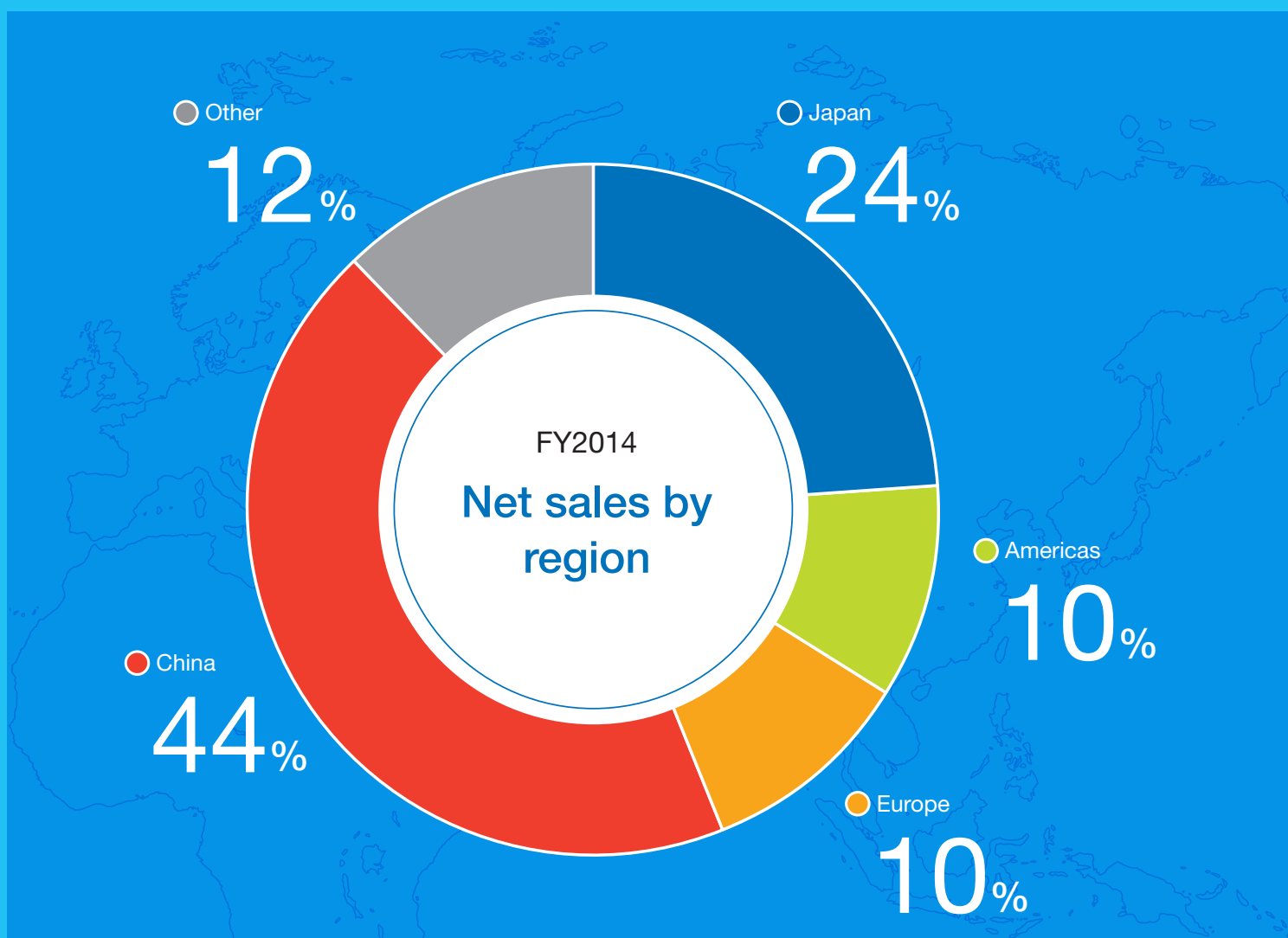


Conductive Polymer Hybrid Aluminum Electrolytic Capacitors



## Net Sales by Region

Our composition of net sales by region is as shown in the graph. Nippon Chemi-Con Group overseas sales account for approximately 76% of total net sales.



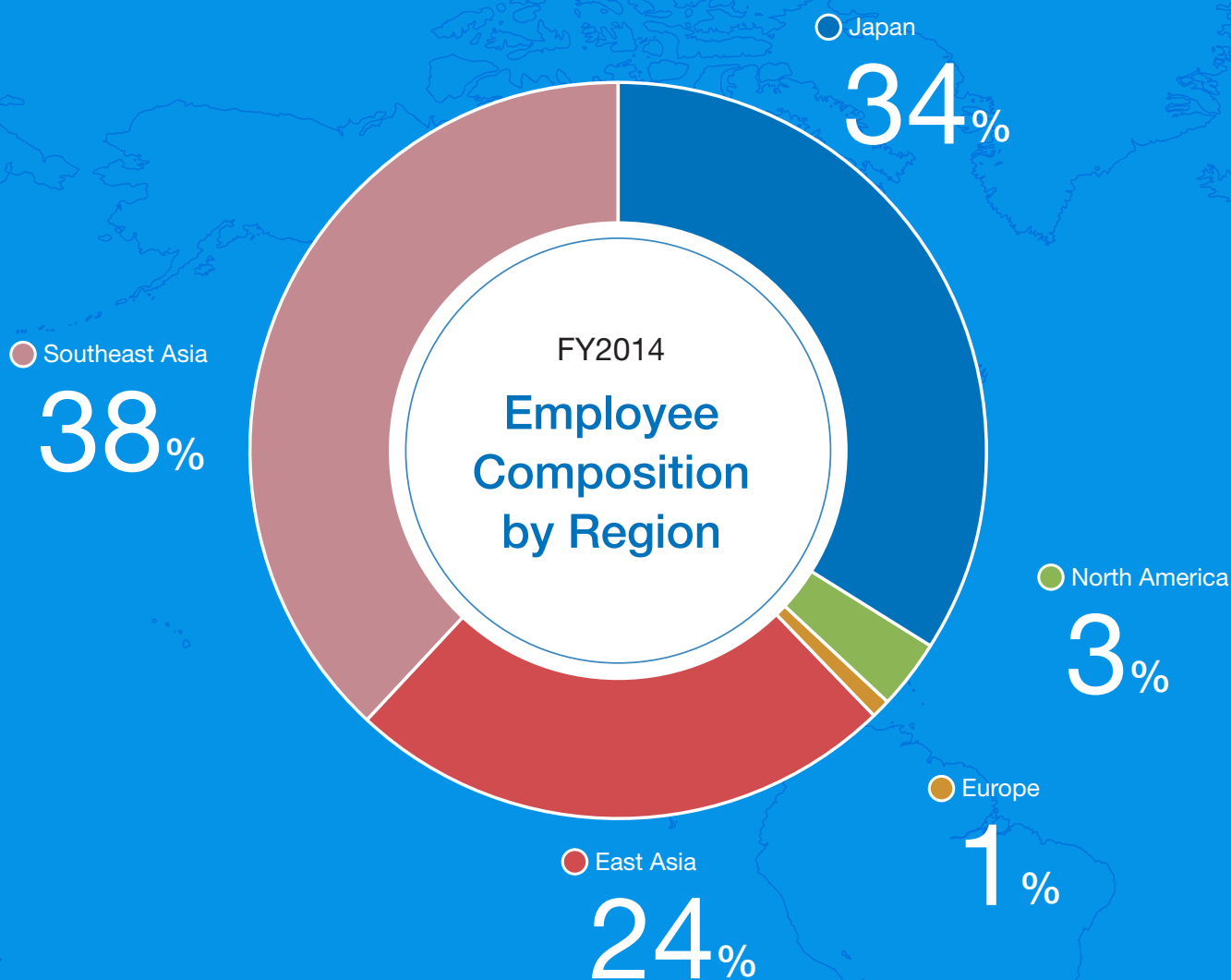
The largest market for the Nippon Chemi-Con Group is China, which accounts for nearly 44% of net sales. In addition to expanded sales to Japanese, Western, and Asian manufacturers operating factories in China, sales to local Chinese manufacturers are also growing.

Recent years have seen consistent growth in the percentage of net sales represented by overseas sales. Including Japan, the Nippon Chemi-Con Group operates production sites and sales offices in 11 countries and regions around the world. We have built a global network through which we support our customers across the globe.



## Employee Composition by Region

We released region-based figures for employees working in the Nippon Chemi-Con Group.



In total, the Nippon Chemi-Con Group employs nearly 7,000 people and more than 65% of those employees are foreign workers.

We are supporting the transition to local business administration, including hiring local employees for management positions, as we promote both localization and globalization.

# Summary of Consolidated Financial Results (Ten -Year Summary and Results Forecasts for

	2006.3	2007.3	2008.3	2009.3
Net sales	120,918	135,105	143,206	114,578
Operating income (loss)	6,128	9,433	8,706	(6,874)
Operating income margin (%)	5.1	7.0	6.1	(6.0)
Ordinary income (loss)	7,199	8,978	4,437	(6,015)
Ordinary income margin (%)	6.0	6.6	3.1	(5.3)
Net income (loss) attributable to owners of the parent company	3,991	5,572	2,512	(12,700)
Net income attributable to owners of the parent company margin (%)	3.3	4.1	1.8	(11.1)
Net income (loss) per share (Yen) (EPS)	31.30	44.07	19.89	(103.29)
Dividend per share (Yen) (DPS)	7.00	10.00	12.00	6.00
Book value per share (Yen) (BPS)	612.48	648.43	618.26	485.33
Return on assets (ROA) (%)	2.8	3.5	1.5	(8.3)
Return on equity (ROE) (%)	5.4	7.0	3.1	(18.8)
Capital investment	8,412	14,551	14,620	11,943
Depreciation and amortization	7,518	8,829	11,080	11,631
R&D expenses	3,140	3,559	3,741	3,758
Proportion of net sales (%)	2.6	2.6	2.6	3.3
Number of employees as of the end of the year	7,045	7,084	7,243	6,556

## Notes:

1. Amounts are rounded off to the nearest 1 million yen.

2. From the year ending March 2016, we have adopted Accounting Standards for Business Combinations (ASBJ Statement No. 21), Accounting Standards for Consolidated Financial Statements (ASBJ Statement No. 22), and Accounting Standards for Business Divestitures (ASBJ Statement No. 7), and have changed how term net income is indicated. As a result of this change, we have revised past financial statements.

the Current Fiscal Year)

(Million Yen)

2010.3	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 (Forecast)
105,896	127,790	100,290	92,959	113,962	<b>123,365</b>	120,000
(3,036)	8,155	(2,596)	(6,990)	4,933	<b>5,122</b>	4,000
(2.9)	6.4	(2.6)	(7.5)	4.3	<b>4.2</b>	3.3
(3,475)	6,744	(2,633)	(6,685)	4,304	<b>6,207</b>	3,800
(3.3)	5.3	(2.6)	(7.2)	3.8	<b>5.0</b>	3.2
(4,294)	3,297	(4,909)	(9,252)	3,315	<b>5,362</b>	3,000
(4.1)	2.6	(4.9)	(10.0)	2.9	<b>4.3</b>	2.5
(36.11)	23.17	(34.49)	(65.01)	22.34	<b>32.91</b>	18.41
0.00	3.00	0.00	0.00	0.00	<b>3.00</b>	3.00
423.85	429.82	388.49	355.46	390.16	<b>477.23</b>	489.76
(3.0)	2.4	(3.6)	(6.8)	2.4	<b>3.7</b>	2.1
(7.3)	5.4	(8.4)	(17.5)	5.8	<b>7.6</b>	3.8
4,013	9,614	13,521	5,953	3,067	<b>5,203</b>	6,000
8,748	8,392	8,493	8,615	7,951	<b>7,373</b>	7,300
3,590	3,642	3,966	3,981	3,872	<b>4,160</b>	4,500
3.4	2.9	4.0	4.3	3.4	<b>3.4</b>	3.8
7,492	7,684	7,095	7,026	6,940	<b>7,039</b>	7,147

3. Return on assets (ROA) is calculated by dividing term net income by average total assets.

4. Return on equity (ROE) is calculated by dividing term net income by average shareholder equity.

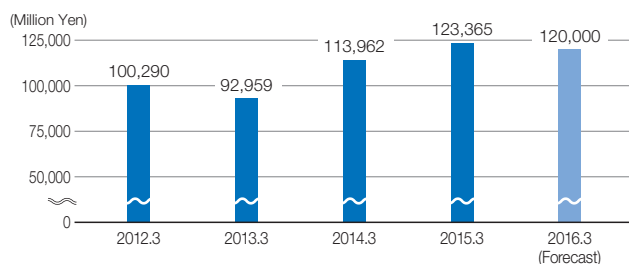
5. Depreciation and amortization expenses exclude depreciation and amortization related to research and development expenses.

6. Employee numbers as of the end of the fiscal year include fixed-term employees.



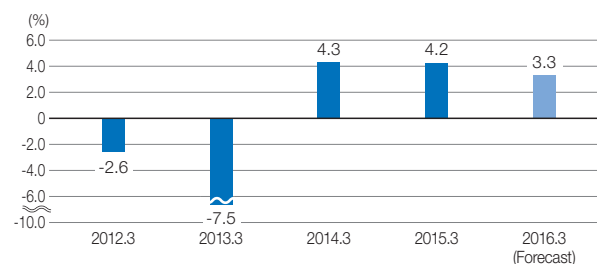
# Financial and Non-financial Highlights

## Net sales



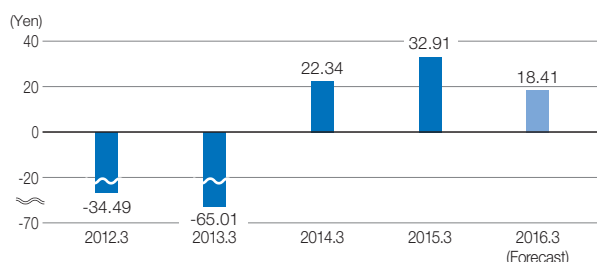
Net sales declined temporarily due to the impact of the Great East Japan Earthquake of 2011 but we have recorded consecutive gains in revenue during the last two years.

## Operating income margin



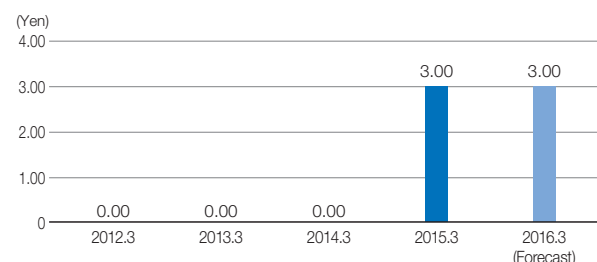
In fiscal 2011 and fiscal 2012, we recorded operating losses due to the impact of the Great East Japan Earthquake. Over the medium term, we have set a goal of 7%.

## Net income (loss) per share (EPS)



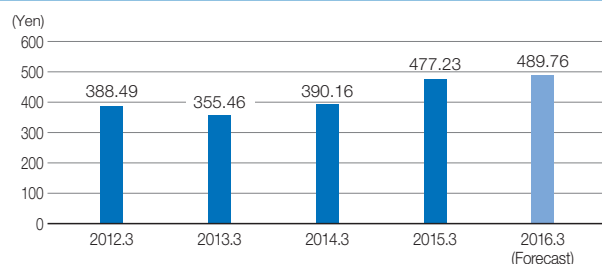
Transitions in net income (loss) per share.

## Dividend per share (DPS)



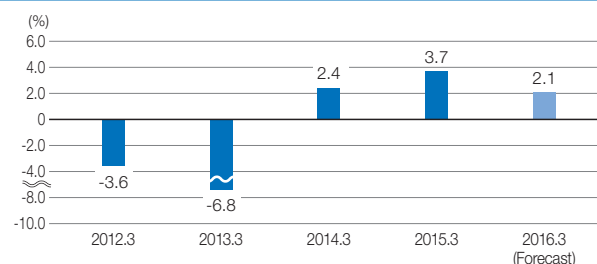
With the recovery of business performance, we began issuing dividends again in fiscal 2014. For fiscal 2015, we are planning on a dividend of ¥3.00.

## Book value per share (BPS)



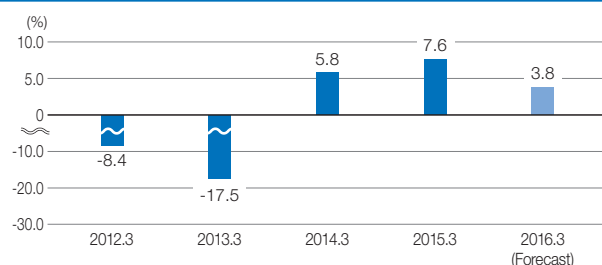
Transitions in net assets per share.

## Return on assets (ROA)



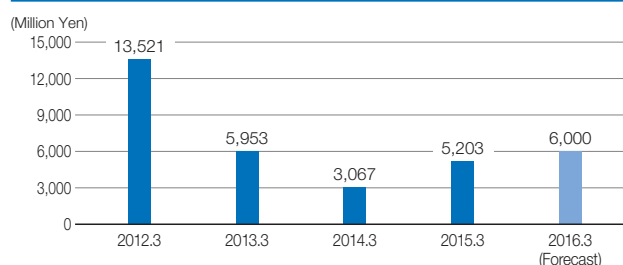
We use ROA as a benchmark for evaluating profitability and management efficiency. Our medium-term goal is 5%.

## Return on equity (ROE)



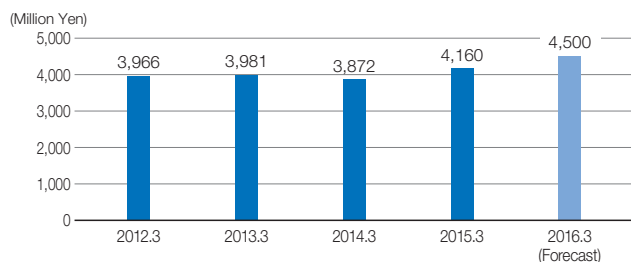
Transitions in return on equity.

## Capital investment



In addition to investments for streamlining and expanding production facilities for capacitors, EDCs, and capacitor materials, our capital investments are focused on creating product samples and establishing mass production for next-generation products.

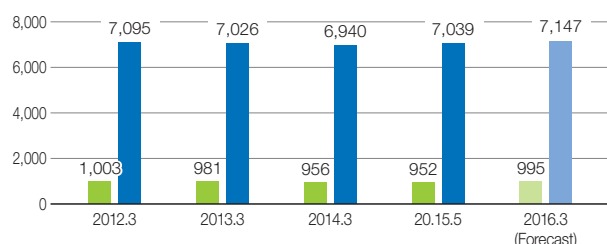
## R&D expenses



Our medium-term plans outline maintaining R&D investments equivalent to 3-4% of net sales for technology development, the driving force behind corporate growth.

## Number of employees (including fixed-term employees)

■ Non-Consolidated  
■ Consolidated



Our employee numbers are stable and there has been no significant fluctuation.

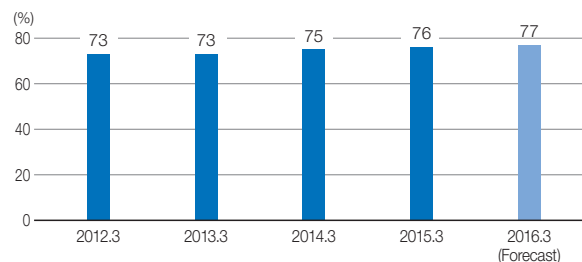
## Compliance of the products



Since EU ELV directive came into force in July 2003, other laws and regulations concerning chemical substances, such as EU RoHS directive in 2006, EU REACH regulation in 2007, were enacted and enforced. In response to those movements, our customers demand "Green products" which do not contain hazardous substances. The graph shows the investigation number transition concerning "non-containment of the hazardous substances in our products" from the customers.

There were about 2,000 inquiries in FY 2002, but they were increased to over 5,000 inquiries in FY 2014 as laws and regulations had been strengthened. Importance and concern of "Law compliance of the products" can be read through this numerical value.

## Overseas sales ratio

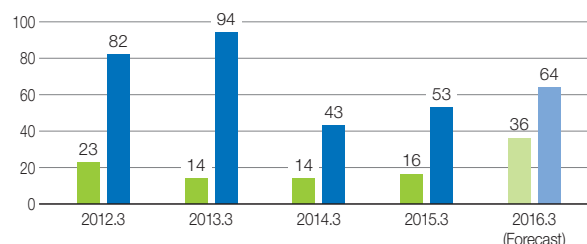


Recent years have seen a marked contraction of the domestic market and expansion of the Chinese market.

We will promote optimal sales strategies that account for other countries and regions as well.

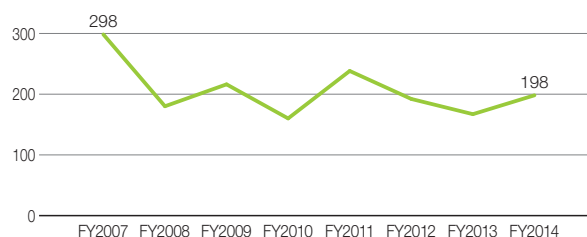
## New hires and rehiring

■ Rehiring after retirement age  
■ New graduate recruit and Mid career hire



Recent years have seen an increase in the rehiring of workers past the age of mandatory retirement.

## Chemical substances management audits on suppliers



In order to confirm law compliance of purchased materials and parts, Nippon Chemi-Con Group periodically conducts environmental audit, including on-site audit, on the suppliers, aiming at guidance to the suppliers and at progressing information.

Using various methods including green procurement, audits on suppliers, and analysis confirmation, Nippon Chemi-Con Group is strengthening law compliance of the products, regardless of direct or indirect sales in the market.

## Message from our president

### To our Shareholders, Investors, and Stakeholders



**Nippon Chemi-Con has outlined our 3-year goals and 10-year vision as we aim to continuously improve corporate value.**

**Ikuo Uchiyama**  
President

# 1.

## **Mission: Becoming No. 1 for capacitors in the energy field**

Our Company suffered staggering operating losses following the Lehman Shock of 2008 and damages due to the Great East Japan Earthquake of 2011. However, after implementing decisive structural reforms in FY2012, we succeeded in returning to a state of profitability in FY2013 and last year in FY2014, we recorded gains in revenues and profits.

We also were able to resume issuing dividends for the first time in three years.

However, we are not satisfied with these results. We view this success as simply one of the stepping stones toward achieving corporate reforms. We continue to have a strong sense of urgency as we progress with corporate reforms and move forward towards being an E.C.O. solutions company.

\*E.C.O. stands for Energy, Capacitor, number One.



■ Long-term numerical goals:

Net sales → **¥200** billion    Operating income margin → **10** %    ROE → **10** % or more

# 2.

## Aiming for our 10-year vision

This mission is a platform.

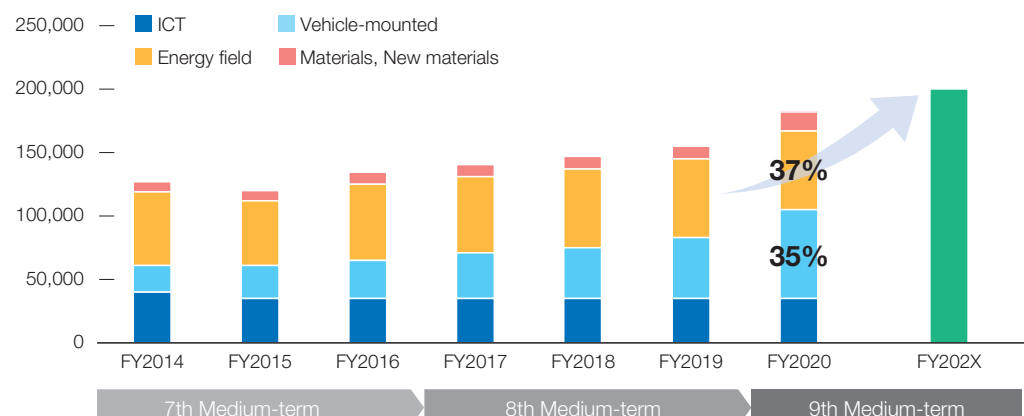
- In our Sixth Medium-term Management Plan (FY2011 – FY2013), we launched activities that were a part of our initiative to reform into an E.C.O. solutions company.
- In our Seventh Medium-term Management Plan (FY2014 – FY2016), we embraced the slogan of conducting corporate rehabilitation aimed at creating a foundation for becoming an E.C.O. solutions company. We are working to strengthen our financial position, clarify our growth strategy, and implement speedy business management.
- Over the long-term, our goal in FY2022 is to develop into an E.C.O. solutions company.

### (1) Improve the energy field

### (2) Expand ratio of sales from the vehicle-mounted electronics market

We are strengthening our product development as we aim to become a company with net sales of 200 billion yen per year in the early 2020s.

Long-term goals (Million Yen)



Message from our president

# 3. Reason for strategic keyword, becoming an E.C.O. solutions company

I believe the keywords for our future corporate growth are energy and vehicle-mounted electronics.

The energy sector is expected to see an explosive surge in demand on a global scale due to a transformation of emerging markets into a massive market that propels the global economy. Addressing increasing energy demand will require the diversification and dispersal of energy resources. Energy creation using solar power generation and renewable energy, energy storage using rechargeable batteries and capacitors, energy conservation through the promotion of improved energy consumption efficiency, and energy management to ensure the efficient use of energy. The various technologies that will enable measures aimed at achieving the efficient cycling of energy will be extremely important.

We will work aggressively to expand the sales of our large size aluminum electrolytic capacitors and our DLCAP™ electric double layer capacitor on the energy market.

The vehicle-mounted electronics market is expected to grow due to strong new demand in various regions as well as the transition to digital for various vehicle functions and the formation of new markets such as self-driving vehicles.

In the vehicle-mounted electronics market, we will focus on expanding sales of our aluminum electrolytic capacitors, hybrid capacitors, and DLCAP™ products.

We will focus on managing global resources effectively, diligently responding to growing concerns for environmental responsibility, product development that utilizes available technology, and the formation of new markets while constantly aiming to increase our corporate value as an E.C.O. solutions company.

# 4. Management Innovation Activities

In FY2010, we launched Productivity Innovation (PI) activities aimed at increasing innovative productivity.

We first aimed to improve operating rates. In the Sixth Medium-term Management Plan (FY2011 – FY2013), we began implementing PI activities at overseas production facilities in order to stabilize and expand on this concept. In the Seventh Medium-term Management Plan (FY2014 – FY2016), we combined PI activities with Strategic Innovation (SI) activities as part of corporate revitalization to make the next leap forward: shift from structural reform to management innovation. This combination of PI and SI activities has evolved into Manage-

ment Innovation (MI) activities, which are activities that will drive continuous reform at the Nippon Chemi-Con Group.

MI activities represent our realization that we must establish an overwhelming competitive advantage in the market through innovation and cost reductions with a sense of speed and urgency in order to survive in the coming age.

#### Management Innovation Activities



# 5. Strengthening our corporate governance structure



In Japan, a corporate governance code was enacted in June 2015 with the goal of achieving sustainable corporate growth and increasing medium and long-term corporate value.

Nippon Chemi-Con will work to ensure management transparency and efficiency based on our corporate philosophy of contributing to environmentally-friendly technology (continually contributing to technology that fulfills the dream of building an enriched future society). We will work to build trust while meeting the expectations of our shareholders and stakeholders. We will aim to continuously increase our corporate value while positioning and improving on corporate governance as the highest priority issue facing management.

Nippon Chemi-Con aims to be the No. 1 company for capacitors in the energy field. To achieve this, we will put forth our maximum effort towards establishing an overwhelming competitive advantage in the market through innovation and cost reductions and reforming into a sturdy corporate structure able to adapt to unpredictable changes in the future. We ask for your continued understanding and support.

November 2015

President **Ikuo Uchiyama**



## The Seventh Medium-term Management Plan

Nippon Chemi-Con Group is implementing "The Seventh Medium-term Management Plan" for the three years from April 2014 through March 2017 (FY2014-FY2016).

### ■ Medium-term Target

## Corporate Revitalization to Make the Next Leap Forward: Shift from Structural Reform to Management Innovation

### ■ Numerical Goals

Net Sales for the final year **132** billion yen

Operating Income Margin for the final year **7** %

ROA for the final year **5** %

### ■ Fundamental Strategy

**Achievement of significant competitive advantage in the market through innovations and cost reductions**

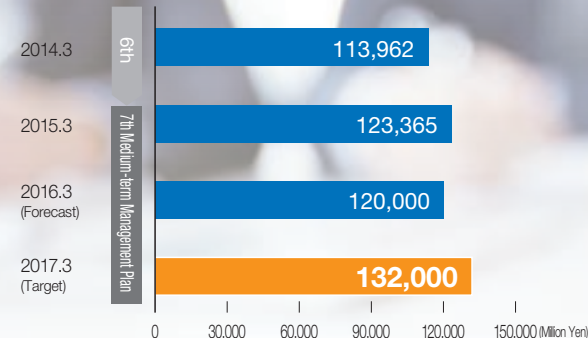
Aim toward a strong management structure that is unaffected by changes in the business environment

### ■ Slogan and logo

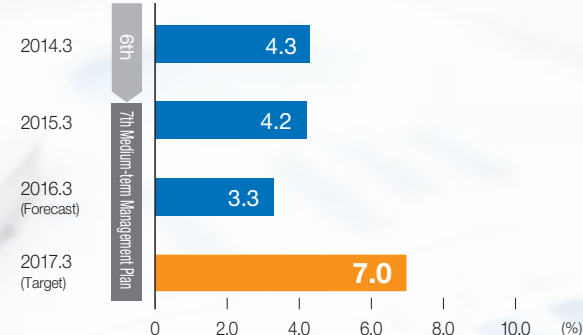
**Best Solution & True Innovation**



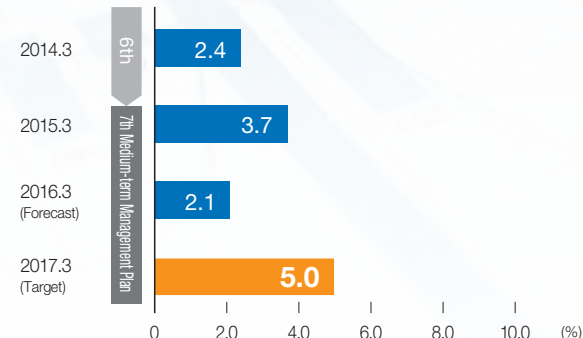
Net Sales



Operating Income Margin



ROA



## Message from our officer in charge of accounting



### Aiming to Increase Long-term Shareholder Value

Our Seventh Medium-term Management Plan, which concludes in FY2016, outlines strengthening our financial position and the promotion of cash flow management as a core strategy towards our initiative to strengthen our corporate structure. Beginning this fiscal year, we have added ROE to corporate benchmarks as we aim to increase long-term shareholder value.

**Osamu Ishii**

Executive Officer

We outlined strengthening our financial position and the promotion of cash flow management as one of the core strategies in our Seventh Medium-term Management Plan in order to aim for improved profitability and asset efficiency and create free cash flow, which helped reduce interest-bearing debt. As a result, we succeeded in reducing FY2014 interest-bearing debt by 21.2 billion yen, from 57.7 billion yen in FY2012 to 36.5 billion yen. Moving forward, we will focus on capital and debt balance while using investments in growth domains and shareholder returns, including continuous stable dividends, to increase long-term shareholder value.

Beginning this year, we added ROE to management benchmarks as part of our goal to increase capital efficiency. ROE in FY2014 was 7.6% but as we aim to achieve our long-term goals, we will focus on strengthening business profitability and increasing our asset turnover ratio.

Currently, we are working to improve inventory asset turnover ratio by reforming global distribution and we have re-evaluated investment standards in order to further improve capital expenditure efficiency as we seek to improve our fixed asset turnover ratio. For our total asset turnover ratio, we are immediately aiming for at least one turnover.

Our company has 27 subsidiaries in Japan and internationally, making subsidiary management efficiency a major is-

sue. From FY2014, we have conducted a merger of four companies in the Iwate region and reorganized five companies in the Hong Kong/South China region in order to strengthen our management platform. We will continue evaluating reorganization and optimization aimed at strengthening our financial position.

Currently, we have 18 overseas subsidiaries in Europe, East Asia, and ASEAN. We will work to ensure consistency between the strategies for each region and overall Group strategy in order to strengthen consolidated management. Region-specific strategies will focus on efficient capital management achieved through the reflux of capital created within each region. Overall, we will address the new transfer pricing taxation system (BEPS) to be enacted in FY2017 by reevaluating our Group internal transaction pricing policies and developing new tax strategies.

Moving forward, we will increase our ROE and aim to improve long-term shareholder value through initiatives such as expanding sales and stabilizing profits as well as through initiatives including asset turnover ratio improvement and the improvement of our debt-capital balance.

## Message from our CTO



# Growth through Innovation

We identified current emerging markets and future expected growth markets and will promote marketing-based new product development that will tie into sales expansion. We will analyze technology trends for each market to conduct product development that is optimized for the needs of each market.

**Norio Kamiyama**

Senior Executive Officer and Chief Technology Officer

The Products R&D Center in charge of development for Nippon Chemi-Con products has its main facilities located on the grounds of Chemi-Con Fukushima (Nishi-Shirakawa District, Fukushima), which manufactures our large size aluminum electrolytic capacitors. The Nippon Chemi-Con Group's domestic manufacturing companies are concentrated in the Northeastern region of Japan. Conducting new product R&D in a location near our manufacturing site enables the R&D team to share issues with the manufacturing team, a significant advantage in terms of promoting speedy new product development.

Innovation is the driving force behind Nippon Chemi-Con's growth strategy. The ability to use new product R&D to continuously bring to market highly value-added products is a vital to business expansion.

To develop new products ahead of our competitors, Nippon Chemi-Con is establishing a uniform system for development and production, beginning at the materials level. By continuously incorporating new technology from the materials level, we are enabling the faster development of appealing new products not available through our competitors. On a side note, Nippon Chemi-Con internally manufactures the aluminum electrode foils and sealing rubber used in our aluminum electrolytic capacitors and we also sell these materials to other capacitor manufacturers. Nippon Chemi-Con is both an electronic components manufacturer and a materials manufacturer.

One of the greatest features of Nippon Chemi-Con is that we manufacture our own production facilities. Involving ex-

perts in equipment development from the initial phase of new product development enables fast production startup and highly-efficient production activities.

From materials to production, internalizing the entire production process enables creative product development and leads to the black boxing of technology.

On the other hand, a uniform production system from the materials level and the internalization of production equipment manufacturing is a double-edged sword that can also be a weakness. Ensuring that these elements remain a strength, requires that we maintain an overwhelming competitive advantage. Superiority in materials development and production equipment development is the source of our strength as a cooperation and is our core technology. Moving forward, we will continue to strengthen our position in these fields.

Vital to ensuring advancement in these fields is the development of fundamental seeds. As such, we established the Basic Research Center as an organization dedicated to researching advanced materials for electronic components such as capacitors. The center also conducts research partnerships with specialist schools, universities, and research institutions.

Creating a company with an overwhelming competitive advantage requires that we approach our R&D activities with an awareness of the major role we bear as an organization of engineers and maintain the strong will and big dreams that can push us through difficult times.



## Message from our CQO

# Enhancement of our Global Quality Control System

In a world of continuously advancing electronic devices that support our daily lives, there is a growing need for an ever greater level of reliability from electronic components. Embracing the philosophy of quality first, our role at Nippon Chemi-Con is to continue providing society with safe, stable products.

**Masakazu Furukawa**

Senior Executive Officer and Chief Quality Officer

At Nippon Chemi-Con, our business activities are founded in our pride as an electronics components manufacturer and our commitment to quality. Our quality policy states, “As a specialist manufacturer, we will contribute to society by providing products and services that prioritize quality, are aligned with the current needs of the market, and earn the satisfaction and trust of our customers.” We are promoting the following three strategies as specific guidelines aimed at achieving this policy.

1.

From product development, design, and manufacturing to sales and services, each department and all staff fulfill their roles and responsibilities related to quality in order to continuously prevent quality defects.

2.

In every segment of company operations, aggressively utilize statistical methods and other quality management techniques to improve quality through continuous improvement activities.

3.

Work to unify concepts, standards, and information related to quality and establish a company-wide quality system that can continuously achieve consistent quality at all sites of operation.

In particular, we believe the promotion and enhancement of our Global Quality Control System (GQCS) as a framework for continuously achieving consistent quality. GQCS is a management system that ensures the ability to provide consistent quality and services throughout our globally expanding business, regardless of production site or sales office. The system that serves as the foundation for this framework is ISO/TS16949, the quality management system for the automobile industry that demands high reliability and quality. This system is utilized by numerous affiliates, including our overseas manufacturers.

As part of our efforts to maintain and improve quality, costs, delivery times, and technology, we treat each task during business activities as a process. In addition to maintaining the efficacy of each process, our product and service provision process also focuses on the continuous utilization of the PDCA cycle in order to improve efficiency. We accurately access and evaluate the various risks associated with our business operations to minimize risks and prevent all types of undesirable situations.

Nippon Chemi-Con will continue to contribute to society by providing safe and reliable products.

## Introduction of Main Businesses

The following is an introduction of FY2014 performance and layer capacitor business, a new business that is growing as

### Aluminum Electrolytic Capacitor Business

#### ● Net sales

FY2014 actual

**104,195** million yen

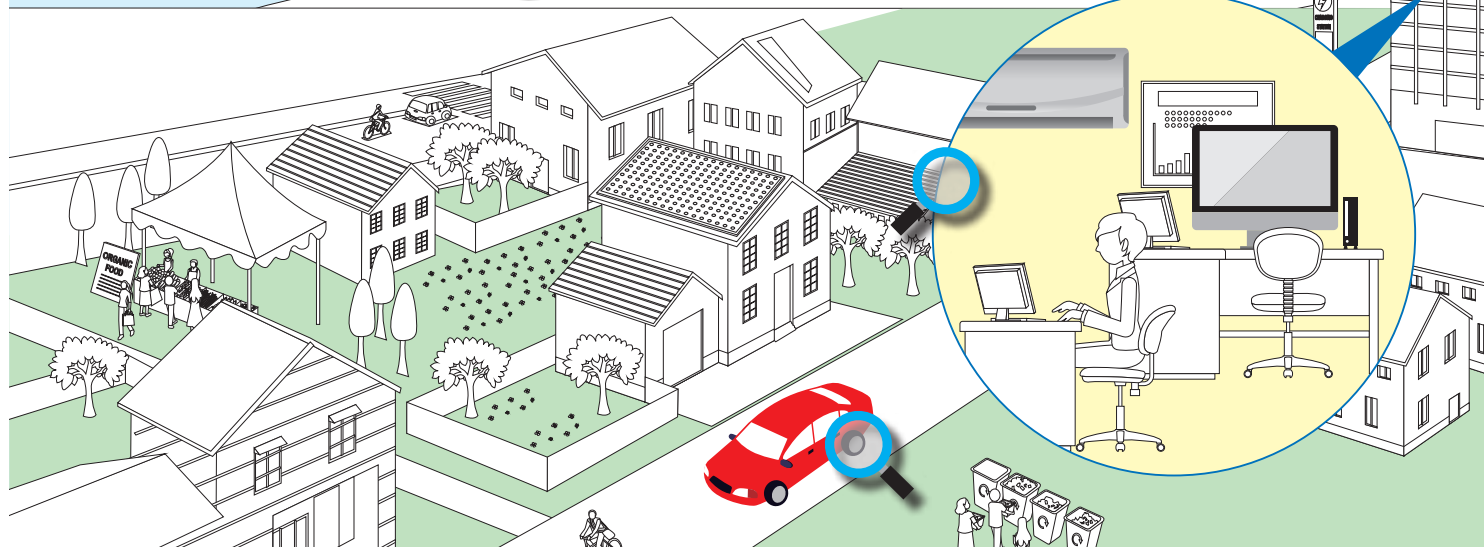
FY2015 forecast

**102,600** million yen

Composition of net sales

**84.5%**

(FY2014 actual)



## Strengths of a Leading Company

Nippon Chemi-Con is the world's largest manufacturer of aluminum electrolytic capacitors. Our products are used in a broad variety of applications, from consumer electronics to industrial devices, automobile and avionics, and medical device.

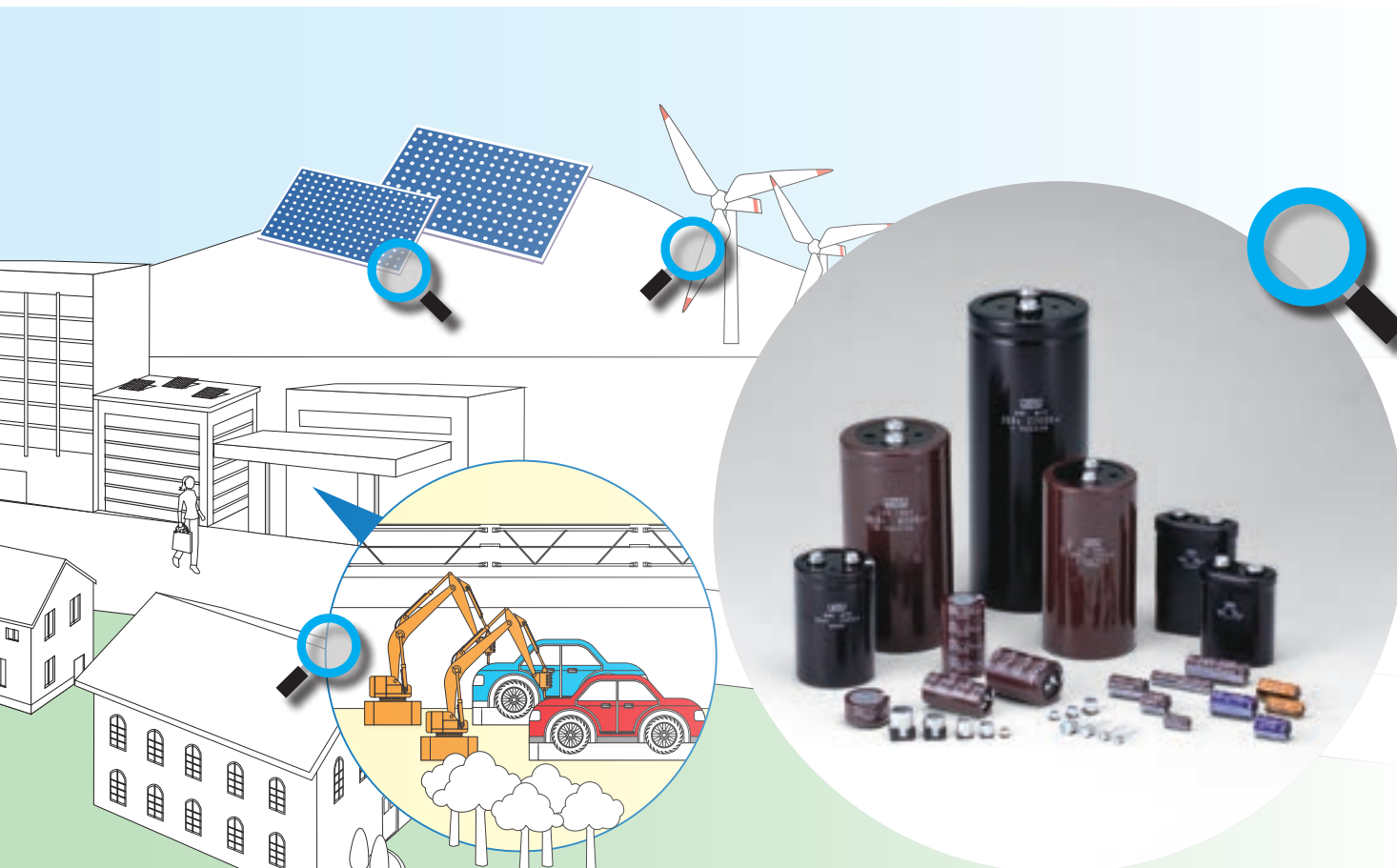
#### FY2014 performance

Net sales for aluminum electrolytic capacitors during FY2014 were approximately ¥104.1 billion, up 8.2% year on year.

Overall performance for large size products was strong during FY2014. Sales of large size aluminum electrolytic capacitors (screw terminal type and snap-in type) used in the inverter power supply of industrial equipment, new energy equipment, and home appliances. In particular, during the first half of the year sales of products for solar power generating power conditioners expanded.

We also saw strong performance in sales of automobile products such as surface mount type and radial lead type products. Additionally, the growing popularity and increasing functionality of smartphones and other mobile information terminals helped drive sales of products for communication base stations.

FY2015 initiatives for aluminum electrolytic capacitors, the Nippon Chemi-Con Group's largest business, and electric double layer capacitors, the core of our secondary businesses.



### FY2015 forecast

Our net sales forecast for FY2015 is ¥102.6 billion, a year-on-year decrease of 1.5% over FY2014.

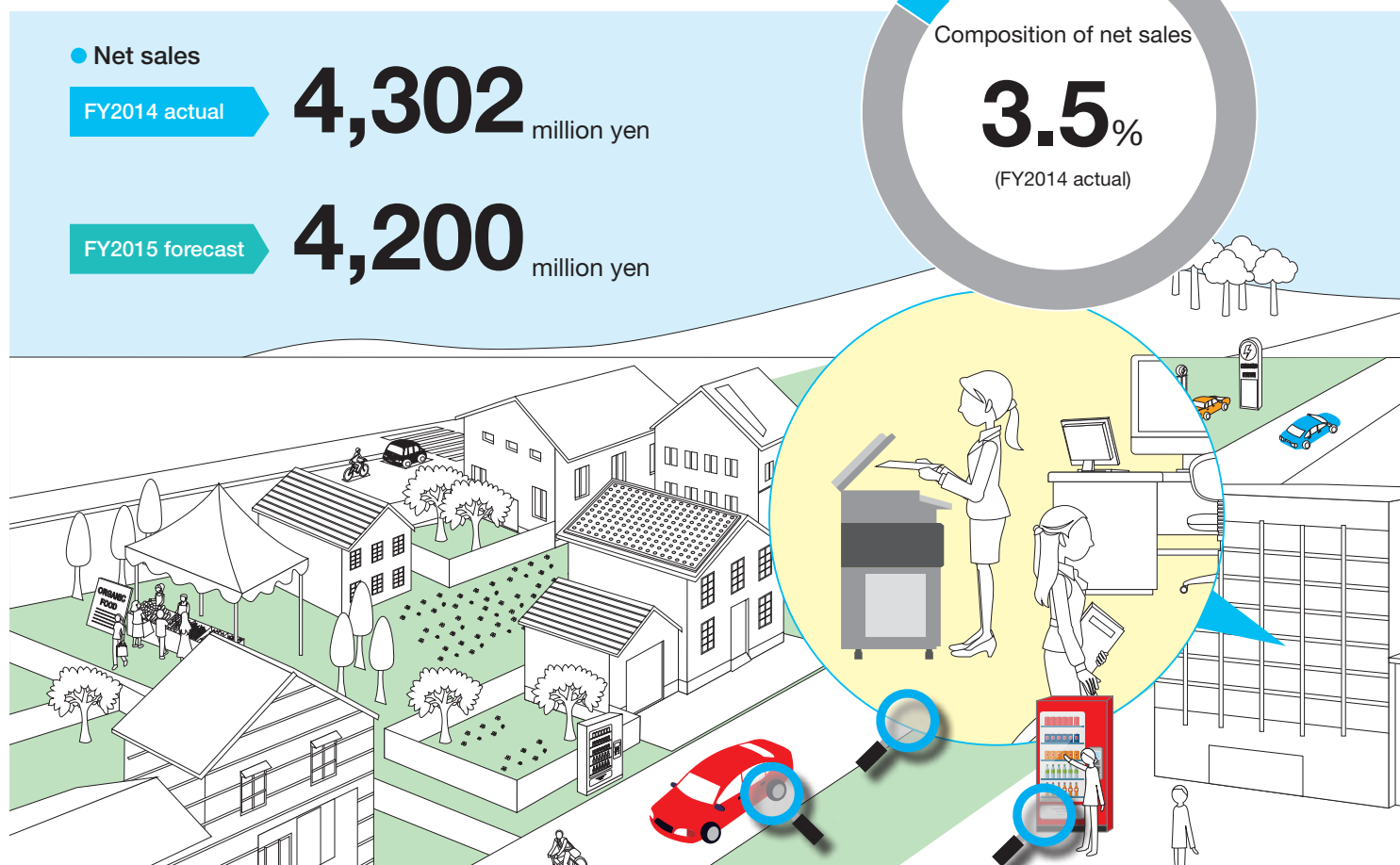
We project that FY2015 will see strong demand for automotive electronics and home-use game console in the USA and in Europe. However, amid economic slowdown in China and other countries in Asia, demand for industrial equipment is sluggish affected by low corporate spending, and demand for personal computers and home appliances is weakening, making for tough business conditions. We will work to aggressively increase sales in our five strategic markets which are automotive electronics, industrial-use inverter, new energy, home appliances and ICT, to achieve our net sales target for FY2015.

In the continuously growing automotive electronics market, in addition to hybrid vehicles and electric

automobiles, advancements in the commercialization of fuel cell vehicles are projected to further drive the popularity of advanced eco-vehicles. Furthermore, as we see more advanced R&D into ADAS (Advanced Driving Assistant Systems) and auto-driving systems, we project that future demand for electronics components will grow even more. Amid this environment, we will work to strengthen partnerships with automobile manufacturers and automotive electronics manufacturers as we seek to aggressively increase sales in the automotive electronics market and increase the ratio of this market in our net sales.

## Introduction of Main Businesses

### Electric Double Layer Capacitor Business



### Developing as a Pillar of our Secondary Business

In the field of technology development related to furthering the efficient use of energy, there is increasing focus on the importance of electricity storage devices. We plan to develop electric double layer capacitors into a business that rivals our aluminum electrolytic capacitor business.

#### FY2014 performance

During FY2014, net sales of electric double layer capacitors increased by 26.9% year on year to approximately ¥4.3 billion. Major customers included automobile manufacturers, which accounted for over 90% of the net sales. At Nippon Chemi-Con, we have been developing large capacitance electric double layer capacitors since the 1990s but since beginning to supply products to automobile manufacturers in 2012, net sales were approximately ¥1.3 billion in FY2012, approximately ¥3.4 billion in FY2013, and approximately ¥4.3 billion in FY2014, representing rapid growth.

At present, this sector represents 3.5% of group's total net sales but we will continue working to enhance business as we look to grow this segment as a secondary core business behind our aluminum electrolytic capacitor business.





### FY2015 forecast

Our net sales forecast for FY2015 is 4.2 billion yen, a 2.4 % decrease over FY2014. At this point, we are projecting net sales from this segment to account for 3.5%.

We project that sales of fuel efficient vehicles equipped with electric double layer capacitors in FY2015 will be little below initial expectations affected by low price of crude oil. But we will continue to strengthen sales targeting automobile market based on medium to long term perspectives.

We project that the automobile industry will see accelerated growth in the development and growth of fuel efficient vehicles as we head toward the start of CO<sub>2</sub> emissions regulations scheduled to start in 2020. The market for electric double layer capacitors, which contribute to improved automobile fuel economy, is also expected to grow and in response we will work to strengthen both develop-

ment and sales.

We will also strengthen sales activities toward industrial equipment and other applications than automobiles as we seek to expand and stabilize business.

### New product information

Our new DXG Series released in May 2015 features an expanded temperature range, with tolerable temperatures ranging from -40°C to 85°C (previous product: -40°C to 70°C). This increases potential installation locations and we project that this will expand the range of applications for this product.



DXG Series



# Executive Members (as of June 26, 2015)



## Directors

### **A** President and Chief Executive Officer **Ikuo Uchiyama** (June 11, 1951)

**Apr 1977** Joined Nippon Chemi-Con Corp.  
**Jul 1997** Plant Manager of Niigata Plant, KDK Corp.  
**Oct 1999** Plant Manager of Niigata Plant, Material Division Headquarters  
**Jun 2001** Director, in charge of Administration Dept., Personnel Dept., and Material Procurement Dept.  
**Jun 2003** President  
**Jun 2004** President, in charge of Corporate Planning Dept.  
**Apr 2005** President, in charge of Corporate Planning Dept., SCM Promotion Dept., and Internal Audit Dept.  
**Jun 2014** President and Chief Executive Officer, in charge of Internal Audit Dept. (current)

### **D** Director and Senior Executive Officer **Syuuichi Shiraishi** (February 14, 1956)

**Apr 1979** Joined Nippon Chemi-Con Corp.  
**Jul 1995** Department Manager of Corporate Planning Dept.  
**Jun 1999** Managing Director of Marcon Electronics Co., Ltd.  
**Sep 2002** Department Manager of New Products Sales Promotion Dept. 2, Sales Headquarters and Department Manager of Logistics Dept. and Managing Director of Marcon Electronics Co., Ltd.  
**Feb 2003** Department Manager of New Products Sales Promotion Dept. 2, Sales Headquarters and Department Manager of Logistics Dept.  
**Jul 2005** Department Manager of Division Planning Dept., Capacitor Division Headquarters  
**Jun 2008** Director, Deputy Division Manager of Capacitor Division Headquarters  
**Feb 2009** Director, Deputy Division Manager of Production Headquarters  
**Mar 2009** Director  
**Jan 2013** Director, Division Manager of Planning Headquarters  
**Jun 2014** Director and Senior Executive Officer, Division Manager of Planning Headquarters (current)

### **B** Director and Senior Managing Executive Officer **Noriaki Kakizaki** (February 11, 1954)

**Nov 1982** Joined Nippon Chemi-Con Corp.  
**Apr 1999** Managing Director of Europe Chemi-Con (Deutschland) GmbH  
**Apr 2004** President of United Chemi-Con, Inc.  
**Sep 2007** Chairman of United Chemi-Con, Inc.  
**May 2008** Deputy Division Manager of Sales Headquarters and Chairman of United Chemi-Con, Inc.  
**Jun 2008** Director, Division Manager of Sales Headquarters  
**Jun 2010** Executive Managing Director, Division Manager of Sales Headquarters  
**Jun 2013** Senior Executive Managing Director, Division Manager of Sales Headquarters  
**Jun 2014** Director and Senior Managing Executive Officer, Division Manager of Sales Headquarters (current)

### **E** Director and Senior Executive Officer **Toru Konparu** (July 4, 1956)

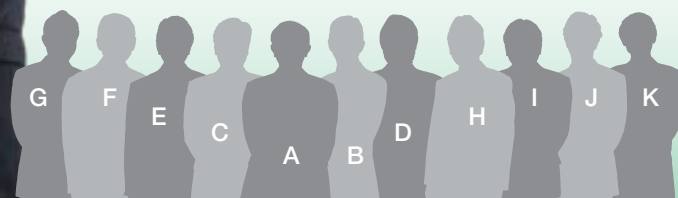
**Apr 1979** Joined Nippon Chemi-Con Corp.  
**Jun 2002** Department Manager of Division Planning Dept., Electrolytic Capacitor Division Headquarters  
**Apr 2004** President of P.T. Indonesia Chemi-Con  
**Mar 2009** Department Manager of Production Planning Dept., Production Headquarters  
**Jun 2010** Director, Division Manager of Production Headquarters  
**Jun 2014** Director and Senior Executive Officer, Division Manager of Production Headquarters (current)

### **C** Director and Managing Executive Officer **Yoshifumi Minegishi** (November 28, 1957)

**Apr 1980** Joined Nippon Chemi-Con Corp.  
**Jul 2001** Plant Manager of Niigata Plant, Material Division Headquarters  
**Jul 2003** Deputy Division Manager of Material Division Headquarters and Plant Manager of Takahagi Plant  
**Jun 2005** Director, Division Manager of Material Division Headquarters  
**Jul 2007** Director, Division Manager of Production Engineering Headquarters and Division Manager of Material Division Headquarters  
**Apr 2008** Director, Division Manager of Production Facilities Engineering Headquarters and Division Manager of Material Division Headquarters  
**Apr 2011** Director, Division Manager of Material Division Headquarters  
**Jun 2013** Executive Managing Director, Division Manager of Material Division Headquarters  
**Jun 2014** Director and Managing Executive Officer, Division Manager of Material Division Headquarters (current)

### **F** Outside Director **Hideaki Takahashi** (January 29, 1946)

**Jun 1990** Associate Professor, Faculty of Engineering, Hokkaido University  
**Jun 1994** Professor, Graduate School of Engineering, Hokkaido University  
**Apr 2008** Professor Emeritus at Hokkaido University, President of Asahikawa National College of Technology  
**Apr 2014** Professor Emeritus at Hokkaido University, Professor Emeritus at Asahikawa National College of Technology (current)  
**Jun 2014** Director of Nippon Chemi-Con Corp. (current)



### Audit & Supervisory Board Members

**G** Outside Director  
**Kinya Kawakami** (November 20, 1951)

**Apr 1976** Joined The Yokohama Rubber Co., Ltd.  
**Jan 2003** Head of Tire Materials Development Dept., The Yokohama Rubber Co., Ltd.  
**Jun 2008** Director and Corporate Officer, in charge of Procurement Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.  
**Jun 2011** Director and Managing Corporate Officer, in charge of Global Human Resources Division, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd.  
**Mar 2012** Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.  
**Mar 2014** Corporate adviser of The Yokohama Rubber Co., Ltd., and Representative Director and President of Hamagomu Real Estate Co., Ltd. (current)  
**Jun 2015** Director of Nippon Chemi-Con Corp. (current)

**H** Audit & Supervisory Board Member  
**Atsushi Kanezaki** (November 11, 1951)

**Apr 1978** Joined Nippon Chemi-Con Corp.  
**Feb 2001** Executive Managing Director, Nichiju Marcon Co., Ltd.  
**Apr 2002** Department Manager of R&D Dept. 1, Technical R&D Headquarters  
**Jun 2002** Department Manager of Design Dept. 1, Technical R&D Headquarters  
**Jun 2003** Director in charge of Technical R&D Headquarters and Quality Assurance Center  
**Apr 2005** Director in charge of Technical R&D Headquarters, Quality Assurance Headquarters, and Production Engineering Headquarters  
**Apr 2008** Director and CQO  
**Apr 2011** Director and CQO, Division Manager of Quality Assurance Headquarters  
**Jun 2012** Audit & Supervisory Board Member (current)

**J** Outside Audit & Supervisory Board Member  
**Muneo Ohta** (March 26, 1948)

**Apr 1976** Registered as an attorney-at-law (Daini Tokyo Bar Association) (current)  
**May 1993** Registered as an attorney-at-law at New York Bar Association (current)  
**Jun 1998** Audit & Supervisory Board Member of Nippon Chemi-Con Corp. (current)

**I** Audit & Supervisory Board Member  
**Noboru Ichikawa** (December 16, 1952)

**May 1984** Joined Nippon Chemi-Con Corp.  
**Jul 1987** Managing Director of Europe Chemi-Con (Deutschland) GmbH  
**Apr 1999** President of United Chemi-Con, Inc.  
**Sep 2002** Department Manager of Internal Audit Dept.  
**Dec 2012** Advisor to Internal Audit Dept.  
**Jun 2013** Audit & Supervisory Board Member (current)

**K** Outside Audit & Supervisory Board Member  
**Toyoji Aida** (May 1, 1950)

**Apr 1974** Joined Hitachi, Ltd.  
**Apr 2001** General Manager of Procurement Dept., Storage Division, Hitachi, Ltd.  
**Apr 2003** General Manager of RSD Procurement Dept., Hardware Procurement Division, Information & Telecommunication Systems Group, Hitachi, Ltd.  
**Jun 2004** Director, General Manager of Procurement Division, Xanavi Informatics Corp.  
**Apr 2006** Deputy General Manager of Procurement Division, Automotive Systems Group, Hitachi, Ltd.  
**Apr 2007** General Manager of Global Procurement Division, Clarion Co., Ltd.  
**Jun 2007** Director, Corporate Officer and General Manager of Global Procurement Division, Clarion Co., Ltd.  
**Jun 2009** Executive Corporate Officer, General Manager of Global Procurement Division, Clarion Co., Ltd.  
**Apr 2011** Executive Corporate Officer, General Manager of Procurement Division, Clarion Co., Ltd.  
**Jun 2015** Audit & Supervisory Board Member of Nippon Chemi-Con Corp. (current)

# CSR Management

## Basic CSR Policy

In 2003, the Nippon Chemi-Con Group released the Nippon Chemi-Con Group Charter of Corporate Behavior as an internal and external declaration of our commitment to business activities that ensure our position as a corporation that contributes to society through fair and transparent business activities.

Based on the spirit of this Charter of Corporate Behavior, we also have established the Nippon Chemi-Con Group Business Conduct Guidelines, which outline the awareness executives and employees working at the Nippon Chemi-Con Group must maintain during their daily execution of business activities. As a company that achieves harmony with international society while providing products and services that contribute not only to our stakeholders and local society, but also to the lives of people throughout the world, we will conduct our daily activities with integrity, sound corporate ethics, and a high standard of social responsibility.

## Positioning of CSR Activities

The Nippon Chemi-Con Group positions our CSR activities as a core aspect of business management to ensure that we go beyond simply pursuing profits to fulfill our corporate social responsibilities and make broad contributions to society.

## CSR Promotion System

The Nippon Chemi-Con Group has established a CSR promotion system within the Nippon Chemi-Con Administration Department to work with each department and factory on specific activities.

We go beyond simple corporate activities. For example, in the area of social contributions, we collaborate with labor unions on activities such as purchasing wheelchairs through soda can pull tab collections, providing vaccinations to developing countries through PET bottle cap collection, and donating used clothing to developing countries.

In 2014, we introduced our Healthy Company system that focuses on the health management of our employees and their families. We are conducting activities to ensure the ability of our employees and their families to have energetic and healthy lifestyles.

## Participation in UN Global Compact

On January 26, 2012, the Nippon Chemi-Con Group announced our support for and participation in the United Nations Global Compact (UNGC). The UNGC is comprised of 10 universal principles related to four areas: human rights, labour, environment, and anti-corruption.

The Nippon Chemi-Con Group is working to incorporate the 10 principles of the UNGC into our daily business activities in order to achieve a high level of corporate social responsibility and meeting the expectations of all our stakeholders.

## The Ten Principles of the UN Global Compact



### 1 Human Rights

**Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2** make sure that they are not complicit in human rights abuses.

### 2 Labour

**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4** the elimination of all forms of forced and compulsory labour;  
**Principle 5** the effective abolition of child labour; and  
**Principle 6** the elimination of discrimination in respect of employment and occupation.

### 3 Environment

**Principle 7** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9** encourage the development and diffusion of environmentally friendly technologies.

### 4 Anti-Corruption

**Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery.



# Human Resources Strategy

## Diversity

### Aiming to diversify management by promoting global HR development and utilization of females in the workplace

Amid continuing globalization, overseas production accounts for over 60% of production (in volume) at Nippon Chemi-Con and of our approximately 7,000 employees, more than 65% are outside Japan. Regardless of age, gender, or nationality, we emphasize individuality among our diverse human resources. We believe that the new ideas created as a result of this diversity will contribute to the creation of technology that benefits both the environment and people.

At present, Nippon Chemi-Con only has 1.5% of our leadership roles filled by women. We will implement numerous initiatives to promote the utilization of women in the workplace.

#### ■ Composition of employees

Japan	33.7%	Overseas	66.3%
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## Utilization of foreign students in Japan

Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief that the hiring of human resources who live in Japan and have an understanding of Japanese culture is vital. Since 2012, we have aggressively recruited foreign students in Japan. As of April 2015, we have 10 such personnel on staff who are involved in a variety of roles in the company.



## Promoting the hiring of persons with disabilities

Nippon Chemi-Con proactively conducts the hiring of persons with disabilities. Not only does this include staff on site in our various factories and offices, but we also work to allow telecommuting to ensure a comfortable working environment for persons with disabilities. We are aiming for persons with disabilities to represent at least 2.5% of hiring by 2020. The Nippon Chemi-Con Group will continue working to expand our overall hiring and provide work opportunities for persons with disabilities.

## Nippon Chemi-Con Education Policy

In our 7th medium-term management plan, we outline developing the human resources for 10 years ahead as one of our core strategies. What is happening on the global stage? What is our position and what must we study? To achieve continuous innovation, we ensure that all our employees understand the following education policy.

### Nippon Chemi-Con Group Education Policy

Requirements of a Nippon Chemi-Con Group employee common to both domestic and international offices.

1. Employees who can take on increasingly difficult challenges
2. Employees with high communication skills
3. Employees who can independently think and act from a global perspective

## About Nippon Chemi-Con Group Education and Training System

At Nippon Chemi-Con, we have established various education systems of tiered training for personnel development, including position-based training, distance learning (Nippon Chemi-Con Business School), and OJT.

Tiered training is a system of curriculum that serves as the foundation for long-term personnel development. In FY2014, our main office sponsored thirteen tiered training sessions where we provided education on the skills required for each tier. In FY2015, we established an additional system for employees who have been with the company for five years. We are focused on providing training that is in line with the needs of society and the company.

Additionally, since 2010 our domestic production division has conducted global leadership training for select young employees. This training covers themes that transcend position and office and provide education that cannot be gained through tier-based training.

Our 7th medium-term management plan also outlines a plan for conducting global leadership training for select employees from our production, sales, technology, and staffing divisions. Our aim is to “develop personnel who are able to think, make decisions, and act with a global perspective and lead teams made of diverse, international members to achieve results.”

Lastly, we have partnered with a distance learning provider to offer distance learning courses covering nearly 200 subjects twice a year. This system enables employees to freely select courses to promote skill improvement. As an incentive, employees who complete courses with high scores are eligible for partial tuition subsidies from the company. Also, employees who complete coursework are allotted “career points,” which are a parameter in the evaluation of promotions and raises. Linking this education system to our HR system helps promote self-improvement.

# Corporate Governance / Compliance

## Corporate Governance

### Basic Concept

Nippon Chemi-Con's basic concept of corporate governance is to ensure the transparency and efficiency of management for shareholders and all other stakeholders.

In addition to legal functions such as General Meeting of Shareholders, the Board of Directors, the Audit & Supervisory Board, and Accounting Auditor, the company established the internal control systems, and continuously provided information on business conditions through briefing session on financial results and timely disclosure to implement sound, efficient and transparent corporate management.

### Our Corporate Governance System

Nippon Chemi-Con is a company with an Audit & Supervisory Board. The company has introduced an executive officer system in the company since June 2014 in order to have a distinct separation between inspection and supervision of management and execution of operations. The company concurrently reduced the number of directors but appointed one outside director to strengthen the function of inspecting and supervising management. In June 2015, the number of outside directors was increased to two to reinforce the function.

Our Audit & Supervisory Board comprises four members. The board audits decisions made by directors and operational executions carried out by executive officers, the business and financial positions of Nippon Chemi-Con and its subsidiaries in Japan and overseas.

In addition to the statutory function of the Audit & Supervisory Board members, the company has established the Internal Audit Department that is specialized in internal audit. The Internal Audit Department carries out field audit of not only legal compliance but also the appropriateness of operational efficiencies and procedures.

The new audit system of the company has allowed the

Board of Directors to reinforce the function of inspecting and supervising management, in addition to the existing Audit & Supervisory Board and the internal audit section. The company believes that these audit systems will lead to establishing a corporate governance system that enables to perform proper inspection and supervision and increase the effectiveness.

### Business Supervision and Audit Function

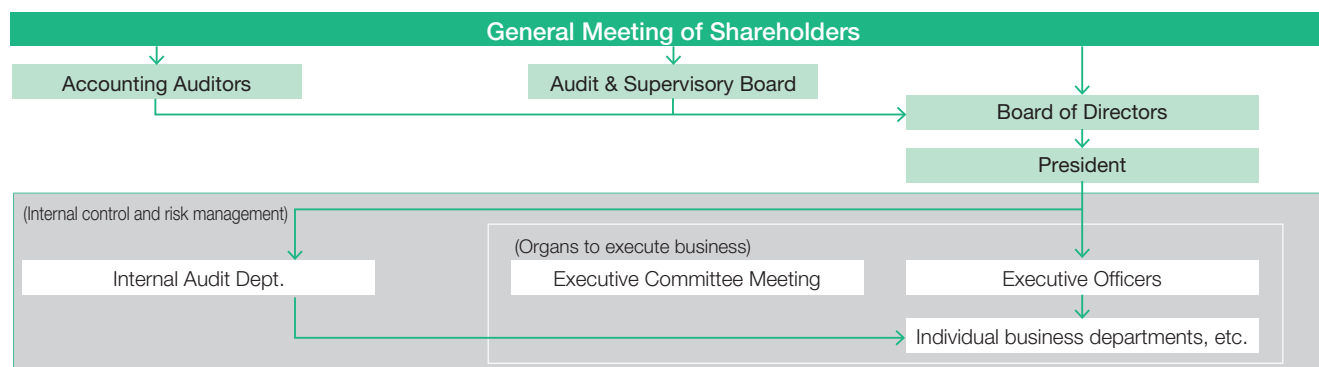
Nippon Chemi-Con uses an executive officer system to separate the business monitoring and supervision function and the business execution function of company directors in order to strengthen the business monitoring and supervision function of directors.

The Audit & Supervisory Board monitors the state of governance and business management, and also monitors daily business activities, including the activities conducted by directors. Specifically, Audit & Supervisory Board Members working under guidelines outlined in auditing policies and audit plans created by the Audit & Supervisory Board attend board of directors meetings and conduct factory visits to investigate and validate the status of work implementation and business management, and conduct audits to determine the existence of circumstances that violate laws or the Articles of Incorporation, or that could harm the interests of shareholders and other stakeholders.

In addition to Audit & Supervisory Board Members fulfilling a role as a legal entity, we also have established the internal audit department which reports directly to the company president.

The internal audit department works to strengthen monitoring functions for transactions and other general business activities. The internal audit department conducts regular internal audits of management systems related to all aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.

### Details of the Corporate Organs



Board of Directors	Nippon Chemi-Con's Board of Directors comprises seven members. The Board of Directors with this small number has enabled to make swift decisions and appointed two independent outside directors who are disinterested in the company to reinforce the function of inspecting and supervising management.
Executive Officer System	Nippon Chemi-Con has introduced an executive officer system to make separation between the function of the Board of Directors' decision making in management and of directors' inspecting and supervising operations and the function of executive officers' executing operations. Executive officers swiftly execute operations based on decisions in management by executing matters determined by the Board of Directors.
Audit & Supervisory Board	The Audit & Supervisory Board inspects the state of the corporate governance, the steering situations, and daily activities in management including those performed by directors.
Executive Committee Meeting	Nippon Chemi-Con has established the Executive Committee Meeting for making swift decisions. The committee, which is the consultation organ on operational execution policies, holds weekly meetings, in principle, in order to examine important subjects in management.



### Selection of Outside Officers

Of the seven directors of Nippon Chemi-Con, two are outside directors. Also, of our four Audit & Supervisory Board Members, two are outside Audit & Supervisory Board Members.

In addition to the parameters outlined in the Companies Act, we established our own “Criteria for appointment of outside officers that ensure independence from Nippon Chemi-Con” to ensure highly-independent audits and supervision by our outside officers. Outside officers are selected based on these standards.

Of our four outside officers, three are registered with the Tokyo Stock Exchange as independent officers.

### Officer Compensation

To provide appropriate incentives aimed at ensuring the sustainable growth of Nippon Chemi-Con, director compensation is comprised of a fixed amount of base compensation based on position and length of employment and performance-linked compensation based on performance during each fiscal year.

(For the Fiscal Year Ended March 31, 2015)

Officer category	Total compensation (million yen)	Total compensation by type (million yen)		Number of applicable officers
		Base compensation	Bonus	
Directors (excluding outside directors)	158	158	—	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	42	42	—	2
Outside officers	22	22	—	3
Total	222	222	—	13

## Compliance

As part of our CSR activities, the Nippon Chemi-Con Group has established a compliance management system based on principles of the Nippon Chemi-Con Group Charter of Corporate Behavior and the Nippon Chemi-Con Group Business Conduct Guidelines. The officers and employees of the Nippon Chemi-Con Group conduct business activities in compliance with local laws and with integrity, sound corporate ethics, and a high standard of social responsibility.

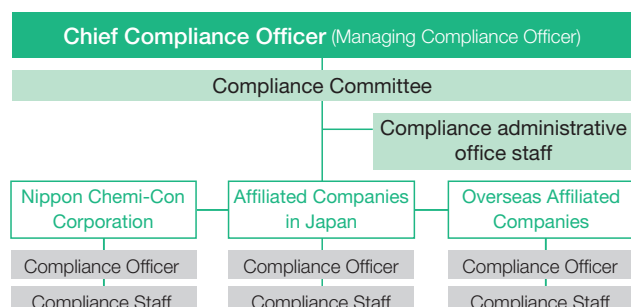
### Compliance Promotion System

In addition to our Compliance Regulations, the Nippon Chemi-Con Group has established various internal regulations related to compliance and appoints a managing compliance officer (executive officer in charge of the Nippon Chemi-Con Administration Department) as the chief officer in charge of compliance promotion and enforcement. This chief compliance officer oversees a compliance committee, which works to draft compliance policy that is applied to the entire Group, draft action plans related to compliance, and conduct monitoring of implementation progress for these initiatives. Each department in Nippon Chemi-Con and Group company has assigned a compliance officer and compliance staff, who work to promote and reinforce policy related to compliance.

### Enhanced Education and Training

As part of our CSR education, Nippon Chemi-Con conducts compliance training related to anti-trust laws, insider trading regulations, etc. This training is based on a tier-based system that covers every level of employee, from new hires (including mid-career hires) to management level employees to ensure education that reinforces the importance of compliance within all our corporate activities. We also provide education aimed at reinforcing the Nippon Chemi-Con Group Business Conduct Guidelines to each department and to our Group subsidiaries. Furthermore, we hold training conferences led by external coaches (attorneys) for Group sales staff and managers where we cover anti-trust laws. At Nippon Chemi-Con, we take a proactive approach to compliance education and training for the entire Group.

### Compliance Organization



### Whistleblowing Help Desk

The Nippon Chemi-Con Group has established “Regulations Related to the Handling of Whistleblowing,” through which we established a consultation desk and whistleblowing help desk for employees (Nippon Chemi-Con in-house standing statutory member of the Audit & Supervisory Board and administration department manager) as part of a system for ensuring the early discovery and prevention of legal infractions and to protect whistleblowers. The legal affairs department (Nippon Chemi-Con Administration Department) serves as the point of contact for legal consultations related to daily operations and works to prevent compliance risks.

# Risk Management

The Nippon Chemi-Con Group has drafted Basic Policy for Risk Management to prevent risks, including human error and natural disaster, which could have a major impact on business and minimize the subsequent risks to stakeholders. We use Basic Regulations for Risk Management and other relevant regulations to maintain and enhance our risk management system.

## Risk Management Promotion System

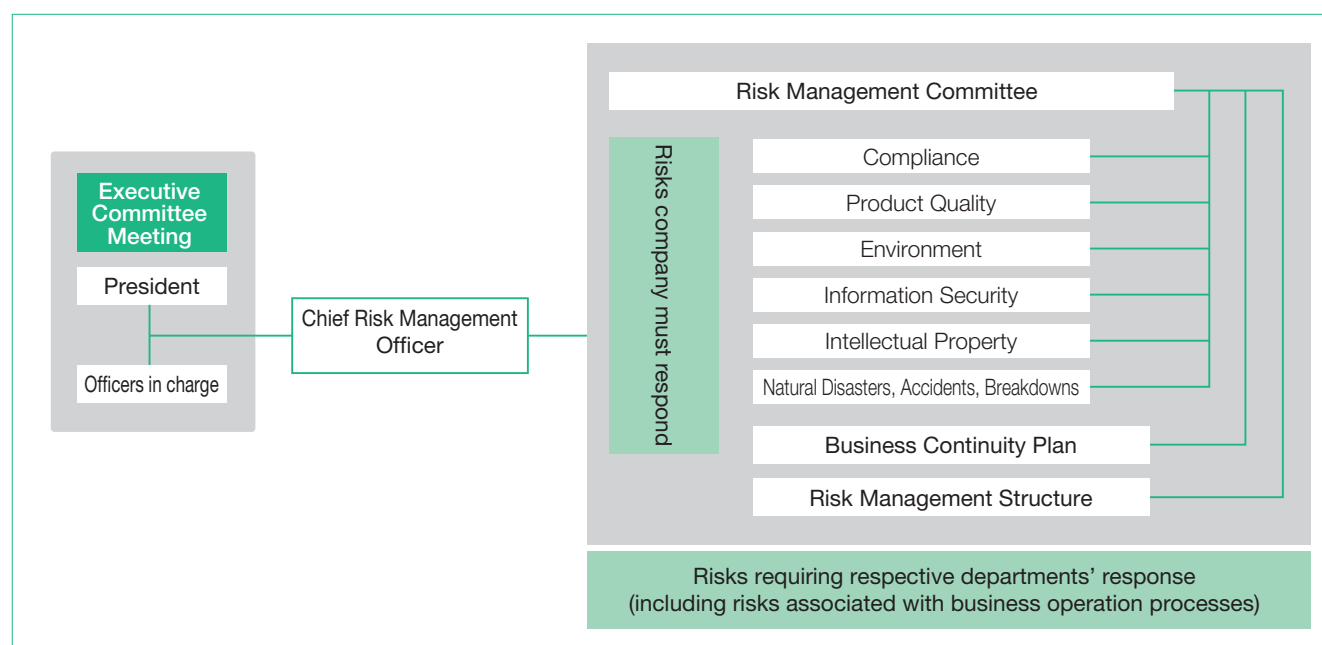
The Nippon Chemi-Con Group designates the executive in charge of risk management (executive officer in charge of the Nippon Chemi-Con Administration Division) as the chief risk management officer who is in charge of drafting and implementing risk management policy and action plans. This chief risk management officer oversees a risk management committee, which promotes policy related to risk management. This committee works to draft risk management policy that is applied to the entire Group, draft action plans related to risk management, and conduct monitoring of implementation progress for these initiatives. The committee is comprised of the chief risk management officer, managers of departments in charge of risk management, and Audit & Supervisory Board Members. The committee meets once each half year and holds provisional meetings when necessary.

## Risk Management Response

The Nippon Chemi-Con Group drafted Business Continuity Regulations to prepare for interruptions in business activities caused by fire, earthquake, or other natural disasters or unpredictable incidents. Based on these regulations, we promote the establishment and maintenance of our business continuity plan (BCP). Following the Great East Japan Earthquake of March 2011, the Nippon Chemi-Con Group has gradually established information infrastructure consisting of satellite phones and tablet PCs, emergency provisions, and an employee status confirmation system. Based on the BCP, we regularly conduct emergency evacuation and fire drills.

We will continue to develop and evaluate our risk management measures in order to minimize the impact on stakeholders caused by unpredictable incidents.

## Risk Management System



## Risk Factors

Listed below are the principal business risks of Nippon Chemi-Con that may have a significant influence on operating results, stock price and financial status. All references to possible future developments in the following text were made by Nippon Chemi-Con Group as of June 26, 2015, the day we submitted financial statements.

### 1. Risks concerning economic conditions

Nippon Chemi-Con Group's principle business is manufacturing and sales of capacitors and other electronic components. Our business has expanded globally, covering regions including Japan, Americas, Europe and Asia, and therefore, changes in the economic conditions of these regions and countries, where our products are sold, have the potential to impact the business results and financial position of Nippon Chemi-Con Group.

### 2. Risks concerning exchange rate fluctuations

Products of Nippon Chemi-Con Group are sold not only in Japan but also in Americas, Europe and Asia, and the proportion of consolidated net sales accounted for by overseas sales stood at 75.1% in the FY2013, and 76.5% in the FY2014. Although we forward exchange contracts to hedge the risk of exchange rate fluctuations, it is impossible to eliminate all such risk, and therefore such fluctuations may affect the business results of Nippon Chemi-Con Group. In preparing consolidated financial statements, those of our foreign affiliates are converted to JPY. Even if prices remain unchanged in local currencies, yen translations may fluctuate and thereby affect our business results.

### 3. Risks concerning price competition

Emerging manufacturers from China and Taiwan are increasing cost competition in aluminum electrolytic capacitors, which is the core product among electronic components manufactured and sold by Nippon Chemi-Con Group. Although we deal with the intensified competition by reducing costs, developing high-value added products and reorganizing overseas production system, the increased competition at the lower end of the market may affect business results and financial position of Nippon Chemi-Con Group.

### 4. Risks concerning price volatility of raw materials

Increase in the purchase price of raw materials including aluminum foil and heavy oil may push up the cost of our products. Nippon Chemi-Con Group is taking risk avoidance measures such as continuously reducing costs by promoting local procurement at overseas manufacturers and improving productivity, however, rapid rise in the price of raw materials may influence the business results and financial position of Nippon Chemi-Con Group.

### 5. Risks concerning product defects

Nippon Chemi-Con Group manufactures products at world-wide production sites, in accordance with the internationally recognized quality control standard, however, we cannot guarantee that all products will be totally free of defects. Although we are covered by product liability insurance, we cannot guarantee that final compensation will be fully covered by insurance payouts. Nippon Chemi-Con Group is dedicated to strengthen the quality control, however, large-scale defects in its products may influence the business results and financial position of Nippon Chemi-Con Group.

### 6. Risks concerning laws and public regulations

Significant changes in laws and public regulations in regions both at home and overseas, where Nippon Chemi-Con Group operates its business, may influence the business results and financial position of Nippon Chemi-Con Group. Besides expenses to comply with such regulations, criminal penalties and administrative actions including governmental charges or payment of compensation in case of violation against laws and public regulations, may also influence the business results and financial position of Nippon Chemi-Con Group.

Nippon Chemi-Con Group's business is subject to environmental regulations, and introduction of new regulations or the significant changes in the existing ones may pose the risk of environmental responsibility to Nippon Chemi-Con Group.

On June 24, 2014, our head office and other relevant sales offices were subjected to an on-site investigation conducted by the Japan Fair Trade Commission due to a suspected violation of the Antimonopoly Act of Japan with respect to sales of aluminum electrolytic capacitors, tantalum electrolytic capacitors and electric double layer capacitors. Nippon Chemi-Con Group is also being subjected to investigations conducted by competition authorities of the USA, EU, China and other countries, with respect to various capacitors including aluminum electrolytic capacitors. Nippon Chemi-Con group is responding sincerely to the investigations conducted by the Japan Fair Trade Commission and the respective competition authorities of other countries. With regard to this matter, a class action lawsuit has been filed against our company and our subsidiaries in the USA and Canada.

### 7. Risks concerning natural disaster and unpredictable events

Halt in production caused by destruction of facilities and lack of power and water supplies, attributed to natural disasters or unpredictable events, may influence the business results and financial position of Nippon Chemi-Con Group.

## Message from Outside Directors

### As an outside director of Nippon Chemi-Con

Nippon Chemi-Con boasts an 85-year history as a dedicated manufacturer of aluminum electrolytic capacitors since the founding of SATOH DENKI KOGYOSHO. Considering we also manufacture and sell other passive electronic components, including electric double layer capacitors and camera modules for vehicle-mounted cameras, technically speaking we are not a dedicated manufacturer but since aluminum electrolytic capacitors account for about 85% of all sales, it would not be an overstatement to consider ourselves a dedicated manufacturer. As proof of this, our aluminum electrolytic capacitor shipment volume is No. 1 in the world. I am both proud and excited for the opportunity to work as an outside director of Nippon Chemi-Con, a company with a long history and rich tradition.

It has been one year since I was appointed to the position of outside director. Previously, I was involved in research and youth education at universities and vocational schools so at my age the opportunity to be involved in an exciting business environment was unexpected. However, as someone with years of experience in research related to aluminum anodic oxidation coating, I was incredibly excited to see how this research could be applied in aluminum electrolytic capacitors.

As an outside director, my role is to attend board of directors meetings and partake in the decision-making process while supervising the company's execution of business operations to maintain an appropriate governance system. My main responsibilities are to ensure that company activities are being conducted in accordance with the company's Charter of Corporate Behavior and carefully look out for the company with an outsider's perspective. While I question my own ability to serve such a vital role as someone from a completely different field, I know that the only answer is to put forth my every effort.

The SWOT analysis is often used for company management. This is designed to contribute to management policies by dividing the company's business environment into internal and external strengths and weaknesses. As a SWOT analysis of myself, my strengths are my engineering expertise and connections in human resources development and academia while my knowledge related to economics, business management, and company operations is extremely limited. As the oldest member of the company, I do pay close attention to my health management but there is no way to know if or when my health might deteriorate. Those are my weaknesses. I hope to take advantage of my strengths while focusing on risk management in order to make even the smallest contribution to the development of Nippon Chemi-Con.



**Hideaki Takahashi**  
Outside Director



**Kinya Kawakami**  
Outside Director

### Conducting trusted corporate activities

I was appointed to the position of outside director on June 26, 2015. I want to discuss my aspirations towards the position.

The duty of a director is to raise corporate value. The point to achieving this is to gain the trust of our stakeholders, including shareholders, customers, employees, and the local community. This involves the disclosure of appropriate information, highly transparent corporate management, creating highly reliable products, the environment, and other corporate activities that earn the trust of the local community.

Nippon Chemi-Con manufactures and sells capacitors and other electronic components that support electronic devices. Capacitors are comprised of aluminum foil, electrolyte, sealing rubber etc. Product performance is impacted by the performance of its individual structural materials.

Since accepting this post, I have visited factories in Japan and learned about the company's advanced material and manufacturing technology, and how the company is focusing on R&D in these fields. I am also impressed by the manufacturing personnel and their strong dedication to improvement. I believe we can look forward to the continued development of the company.

At board of directors meetings, President Uchiyama encourages members to exchange opinions and discuss issues. Often our discussions will even overrun the allotted time. The discussion and exchange that takes place between directors at board of directors meetings supports a solid decision-making system. I believe this process will help Nippon Chemi-Con continue to grow into the future.

I look forward to fulfilling my role as director and working toward the continued development of Nippon Chemi-Con.

## IR Activities / Events

### Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2014, results briefings were held in May and November. In addition to presentations from the President and the Director in charge of Finance, the CTO also gave a presentation on technology developments.

### Technology Seminars

During FY2014, we held technology seminars on three occasions for domestic and international institutional investors.

### Meetings with Institutional Investors

We proactively respond to individual meeting requests from securities analysts and institutional investors and hold discussions that help promote understanding and appropriate valuations of our company. In FY2014, we held over 120 meetings and telephone conference calls.

### IR Information website

 <https://www.chemi-con.co.jp/en/company/ir/>



### Conference Exhibits

Nippon Chemi-Con had booths at the following conferences in FY2014 (excerpt of major conferences only). These conferences provided us with opportunities to interact and communicate with customers, agents and distributors, business partners (suppliers), institutional and individual investors, students involved in the recruitment process, and families with their children.



### FY2014 Conference and exhibit participation

Month	Name of the Conference	Place
May	●AUTOMOTIVE ENGINEERING EXPOSITION 2014	Japan
	●Electronic Distribution Show 2014	U.S.A.
July	●TECHNO-FRONTIER 2014 / POWER SYSTEM JAPAN 2014	Japan
September	●BATTERY OSAKA - 1st Int'l Rechargeable Battery Expo Osaka	Japan
	●electronica India 2014	India
October	●CEATEC JAPAN 2014	Japan
	●MEDICAL CREATION FUKUSHIMA 2014	Japan
November	●electronica 2014	Germany
	●IDTech 2014	U.S.A.
	●China Hi-Tech Fair ELEXCON 2014	China
January	●EV JAPAN-6th EV & HEV Drive System Technology Expo	Japan
February	●BATTERY JAPAN 2015-6th Int'l Rechargeable Battery Expo	Japan
March	●The Applied Power Electronics Conference and Exposition 2015	U.S.A.
	●electronica China 2015	China



# Environmental Management

## Nippon Chemi-Con's Environmental Policy (Summary)

- Structures organization that operates at every level for conserving the global environment
- Sets environmental goals and targets, Improves environmental performances, Continuous improvements of EMS
- Considers biodiversity
- Observes all environmental laws, regulations, agreements, and internal standards
- Promotes Energy conservation, Proper control of Chemical substances in the products, Effective use of resources, Waste reduction
- Promotes the development and marketing of products that have a less environmental loads
- Educates and enlightens our entire workforce
- Prevents the environmental risks, and maintain management systems
- Releases information to the public positively, and promotes sufficient communication with the local community and stakeholders

## Compliance to the Laws and Significant accidents occurrence status

In corresponding to the laws and regulations, depending on regulation parameters, Nippon Chemi-Con Group sets stricter independent standard value for management, and all legal standards are observed.

No significant accident occurred that impact the environment.

### <Activities results>

#### ■ Total volume of carbon dioxide emissions and breakdown for different years

(t-CO<sub>2</sub>)

Fiscal Year	2010	2011	2012	2013	2014
Purchased Electric Power	481,429	406,777	386,594	471,148	483,070
A-grade Heavy oil	33,177	28,603	18,877	21,593	23,921
Kerosene	1,682	1,686	1,682	1,551	1,489
City Gas	25,505	23,143	22,786	23,249	23,449
Gasoline	452	457	397	361	351
LPG	458	383	342	343	340
LNG	0	0	474	490	382
Gas oil	122	50	49	79	106
Industrial steam	0	0	862	2,532	2,557
Waste Materials - Oil, Plastics	0	0	0	0	0
Waste Materials - Paper, Wood	0	0	0	0	0
Total	542,826	461,099	432,063	521,347	535,665

Notes:

1. Energy-CO<sub>2</sub> conversion factor used by the sites outside Japan is reappraised from 2014.

2. Amount of energy-origin CO<sub>2</sub> emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

## Environmental activities

### Energy conservation

The Nippon Chemi-Con group has the target of 1% per unit of improvement rate a year based on the Low-carbon society action Plan of Japanese 4 Industrial Associations from FY 2013, and we are promoting activities of the energy conservation working groups that are organized by the employees in charge of energy.

### <Mid-term target>

In light of a "the Low-carbon society action Plan" by the industrial associations,

**Toward 2020  
Improvement target in energy  
consumption per unit**

annual average : **1** %

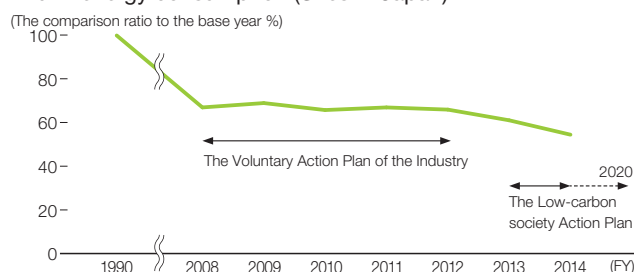
### <Long-term target>

In light of a common target set by the industrial associations,

**Toward 2030  
Improvement target in energy  
consumption per unit**

annual average : **1** %

### ■ Trends in volume of carbon dioxide emissions and unit energy consumption (Sites in Japan)

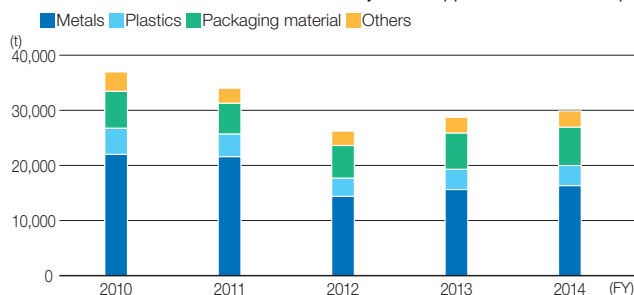


### Resource conservation

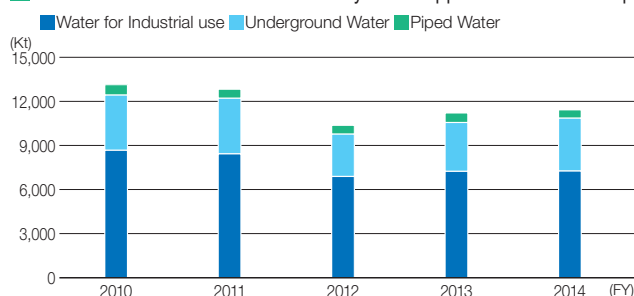
In the manufacturing activities of industries, the resources are essential element. Efficient use of such resources will protect global environment.

We encourage the recycling, reuse, and reduce activities in order to contribute to the preservation of the environment.

■ Trends in volume of resources consumed by entire Nippon Chemi-Con Group



■ Trends in volume of water consumed by entire Nippon Chemi-Con Group

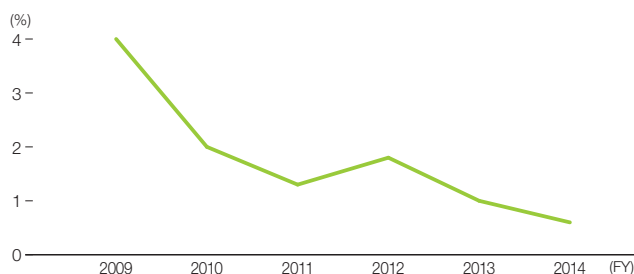


### Waste reduction

Nippon Chemi-Con Group is active in reducing industrial waste emission, and also pushing 3R (Reduce, Reuse and Recycling) for resource circulation and for reducing volume of final land disposal.

In FY2014, total amount of final disposal increased due to increase in production activities but we were able to decrease final disposal rate by 3R activities.

■ Trends of final disposing rate (Sites in Japan)



We will continue our activities for targeting waste and final land disposal reduction by sharing resource recovery information and supporting resource recovery programs.

### Biodiversity Initiatives

In the Nippon Chemi-Con Group's activities to conserve biodiversity, we will take actions for each of the three impacts on biodiversity.

1. [Impact from procurement of raw materials] In cooperation with our suppliers, we share views and mutual understanding concerning biodiversity, and move continuously ahead with activities.
2. [Impact on ecosystems caused by manufacturing] Our manufacturing processes use energy and resources, and they emit CO<sub>2</sub>, waste water and other emissions. As this is an area where our Group's business activities directly have an impact, effective and continuous activities are ongoing.
3. [Impact on biodiversity due to changes in environments surrounding our workplaces caused by our use of land] Consideration to local environment and surrounding ecosystem by securing green space in our premises and the social contribution activities.

Biodiversity offers indispensable and vital bounties (ecosystem services) to all of humanity. The activities that we are able to perform are steady and modest ones, we think. Yet we believe that each workplace employing its ingenuity, and continuing with what small activities it can accomplish, is a very significant thing. We will roll out such steady and continuous activities.



◀Chemi-Con Iwate Corp.  
Birdhouse placed in the premises to protect wild bird, and the "Visitor"



◀Chemi-Con Iwate Corp.  
Monitoring of water quality at near-by river and water spring

Chemi-Con Yamagata Corp.▶  
Planting of nursery plant in the premises to protect specified natural monument of Yamagata Prefecture "butterfly", with cooperation of protecting society, near-by agricultural high school students, and children.



●For more information, please see the website below.

<https://www.chemi-con.co.jp/en/company/sustainability/environment/>

## Green Procurement and Green Purchase



### Management of chemical substances in the products

Laws and regulations concerning chemical substances in the products such as EU RoHS, China RoHS, and EU REACH, have been put into effect. As a result, construction and practice of thorough management system has become essential. The Nippon Chemi-Con group has constructed management system for chemical substances in the products (CMS) based on JIS Z 7201 : 2012 "Guidelines for the Management of Chemical substances in Products", with "Keep Out, Do not Use, Do not Deliver" as our key words, at all production sites. By practicing this CMS, we are able to manage chemical substances in the products at various levels of corporate activities such as Development, Purchasing, Production and Sales. In addition, to deal with EU REACH regulation, we confirm the influences of newly added SVHC on the materials we use, and encourage procuring materials that do not contain SVHC.

### Green procurement

In order to achieve thorough chemical substances control, we must manage the chemical contents of the raw materials delivered by our supplier. As a part of chemical substances management, we have established "Nippon Chemi-Con Group Green Procurement Guideline" from the viewpoint, to ensure a strict level of management.

In addition, we have introduced environmental approval system to manage our purchasing materials and parts. This is a "Keep out" part of our management system for chemical substances in the products (CMS) and its objective is to construct CMS throughout the supplier chain.

The periodical and constant audit/consulting of all suppliers had been taking place since April, 2007, to strengthen monitoring of chemical substances in the products.

### Green purchase

Each business site and plant of Nippon Chemi-Con group carries out green purchase based on the common guidelines. The guidelines target on the following nine goods and five services, which were selected based on the Law on Promoting Green Purchasing and green procurement network standards.

Target	Details
Paper	Copy paper, Printing paper, Toilet paper, etc.
Stationery	Ballpoint pens
Office furniture	Desks, Chairs, Shelves
Office automation equipment	Copiers, Fax machines, PCs, Printers, Monitors
Home appliances	Air conditioners
Lightning	Fluorescent lighting equipment, Fluorescent tubes
Cars	Company-owned cars, Leasing cars
Uniforms	Uniforms, Work clothes
Waste disposal	Environmental-friendliness of waste disposers



# Healthy Company System

Slogan:

Let's start now, a long-lasting  
**healthy life**

## Details of Activities:

Health leads to employee happiness and is an asset for the company. Based on this idea, the Nippon Chemi-Con Group collaborates with health insurance union to strengthen initiatives related to employee health management. When employees and their families are healthy, employees are able to work with peace of mind and contribute to the development of the company. We promote the keywords: percentage of smokers, measures to prevent metabolic syndrome, and mental health as we implement initiatives aimed at improving the health of each employee.

## Details of FY2015 Activities

### I. Reinforcing smoking rules and lower smoking rates

– reaching national smoking average (19.3%)

Societal concern is growing regarding the impact of smoking, not only regarding the health of smokers but also concerning measures to prevent passive exposure by non-smokers. Smoking increases the risk of lung cancer and ischemic heart disease, and can threaten the future health of an individual. We are promoting smoking reduction measures from the perspective of ensuring health.

### II. Metabolic syndrome prevention

– lowering BMI above 25 to below 20% of workforce in five years

We treat obesity (BMI above 25) as a major factor leading to increasing medical care costs. In particular, the impact on medical care costs caused by obesity is significant and growing among younger generations. Our company uses BMI as a benchmark and conduct blood tests from the time of hiring during even age year\* to instill health awareness among employees and promote self-evaluation of lifestyle choices, as well as the reduction and early discovery of future risks such as diabetes.

\*Conducted yearly for employees 35 and older

### III. Mental health measures

– Seminar participation rate of 100%

We conduct seminars for all employees that focus on “self-awareness,” an important aspect of mental health. Continually holding these seminars helps root this concept in the consciousness of employees and helps prevent the need for leaves of absence. Managers are also provided line care training to learn how to respond to consultations from their staff.

## Contributions to Local Community

The Nippon Chemi-Con Group values communication with local communities and actively promotes local contribution activities in a spirit of coexistence and coprosperity.

### Cleaning volunteer work

For the purpose of environment protection, Nippon Chemi-Con Group is conducting cleanup of near-by areas by our employee. With appreciation to the local community, 11 cleanup activities were launched in FY 2014.



Nippon Chemi-Con Corp. Takahagi Plant's Cleanup activity at Takahagi Beach (July 6, 2014)

### Nature restoration

The area where Waga river and Kitakami river (which flow through Iwate prefecture) join was a swamp (fen with woods at the waterside) formerly, but changed into dry land with earth and sand accumulated. To restore this Waga river swamp, nature restoration project is being conducted in co-operation among citizens, local firms, the Ministry of Land, Infrastructure and Transport, and an NPO.

Chemi-Con Iwate Corporation located in Kitakami city, participated in the activity of this project twice (June 18 and July 13) in 2014. The activity makes a channel and builds beaver dams. The dams scatter the water flowing through the channel and shave the accumulated earth and sand, which promotes the restoration of the swamp.



Installation of a beaver dam

### Installed solar LED street lights that use capacitor power supply

Nippon Chemi-Con collaborated with a major LED manufacturer to develop street lights that use solar panels to generate electricity during the day that is stored in an electric double layer capacitor and used to power LED bulbs at night. As this is a self-sufficient lighting system that relies solely on solar power, the surrounding area can be lit without the use of commercial electricity.

Typically, the power storage device used in this type of street light is a lead-acid or other type of rechargeable battery. The major characteristic of this street light is that it uses electric double layer capacitors manufactured by Nippon Chemi-Con.

Using electric double layer capacitors instead of rechargeable batteries has the following merits.

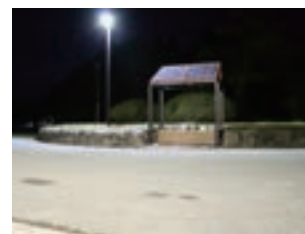
- (1) Longer service life compared to rechargeable batteries means replacement frequency is reduced (reduction of waste material)
- (2) Sufficient power storage even in extreme cold climates where the winter temperatures drop below freezing.
- (3) Efficient storage of generated electricity even in cloudy situations with low solar irradiation.

On March 30, 2010, we donated and installed these street lights for the Toki Community Center, a facility in Sado, Niigata Prefecture that is involved in the protection of the crested ibis, a bird designated as a Special Natural Monument. Operating on 100% renewable energy, this system is environmentally friendly and independence from commercial electricity means that the system can continue operating even in the event of power outages due to natural disaster.

This initiative is part of our efforts to apply electronics towards community service and was featured in 100 Examples of IT & Electronics + Community Revitalization, introduced by the Japan Electronics and Information Technology Industries Association (JEITA) in November 2014.



Street lights installed at Toki Community Center



Reaches full capacity charge in approximately two hours on sunny days. Even on cloudy days, the system can be fully charged in 6-9 hours (depending on rate of illumination). At full charge, the LED lights can be illuminated for nearly 14 hours.



## Topics What is EDLC?



### Why electric double layer capacitors?

Electric double layer capacitors are electronic components classified as capacitors that are able to store electricity temporarily. Other types of components capable of storing electricity include rechargeable batteries such as lithium-ion batteries but each have their own unique properties.

Taking advantage of those properties enables manufacturers to create superior devices.

Comparing components by their ability to recharge (ability to store electricity) relative to size or weight, the rechargeable battery is superior (holds more electricity). On the other hand, the electric double layer capacitor is superior in terms of its ability to rapidly charge and discharge.

If electricity were water, both the electric double layer capacitor and the rechargeable battery fulfill the role as a container for storing water. However, they are a different type of container. The rechargeable battery is like a drum barrel and the electric double layer capacitor is the equivalent of a bucket.

The drum barrel can hold large volumes of water but it has a small opening, meaning that only a small amount can be put in or taken out at any given time. The bucket, however, can only hold a small amount of water but has a wide mouth, meaning water can be stored and removed quickly. In other words, the electric double layer capacitor is ideal for applications requiring frequent electrical input/output.



The drum barrel (rechargeable battery) has a high capacity but struggles with rapid storage and release. The bucket (electric double layer capacitor) cannot hold large volume but excels at continual input and output. Taking advantage of the properties of both can lead to the development of convenient and superior products.



### Other features

Electric double layer capacitors have the following characteristics.

#### ●Long-lasting

Hardly any change in performance even after repeated charge-discharge over 1 million times (performance of typical

rechargeable batteries deteriorates and requires replacement after a few thousand times.)

#### ●Low resistance

Low electricity loss even after charge/discharge (charge/discharge heat is constrained)

#### ●Environmentally friendly

Structural materials use no toxic heavy metals such as lead (activated carbon is main material)

#### ●Highly safe

Non-flammable, even if pierced or crushed (safe in all conditions)

### Use in automobiles will bring to forefront

The most promising field for taking advantage of the features of electric double layer capacitors is use as a power storage device for break energy regeneration systems in automobiles.

Brake energy regeneration systems use the energy generated with an automobile brakes (wasted energy) to create electricity that is stored and reused, thereby improving fuel economy. Stored electricity can be used to power headlights, air conditioners, and car navigation systems, for engine control, and to start the engine in cars practicing idling reduction.

The braking of an automobile in motion results in the instantaneous production of significant energy. There is a limit to the ability of the drum barrel with its small opening (lead-acid batteries, lithium-ion batteries, etc.) to store electricity created using this large amount of energy. Most of this electricity would be wasted (discharged into the air as heat energy).

For such applications, the bucket with its large opening is used. The electric double layer capacitor can efficiently store the significant amounts of electrical energy produced during braking. Furthermore, the long life of electric double layer capacitors means that, under normal usage conditions, they will not require replacement throughout the life of the automobile.

Nippon Chemi-Con is the only company in the world supplying automobile manufacturers with electric double layer capacitors for such applications (as of October 2015). At present, we are supplying these products to two automobile manufacturers in Japan but we are committed to developing both domestic and overseas markets as we work to expand this business.

### Examples of DLAP™ use in automobiles

	2012	2013				2014	2015			
	November	August	September	November	December	October	February	May	May	June
Manufacturer	MAZDA	MAZDA	HONDA	MAZDA	HONDA	MAZDA	MAZDA	HONDA	MAZDA	HONDA
Vehicle Type	Ateza (Mazda6)	CX-5	Fit (Jazz)	Axela (Mazda3)	Vezel (HR-V)	Demio (Mazda2)	CX-3	Shuttle	Roadster (MX-5)	Grace (CITY)

Notes:

1. Year and month indicates timing when the automobile equipped with the electric double layer capacitor went on sale.
2. Includes both standard equipment and manufacturer options.
3. Vehicle configurations may vary depending on grade and place of sale.

## Years ended March 31, 2006 through 2015

	2006.3	2007.3	2008.3	2009.3
<b>For the year</b>				
Net sales	120,918	135,105	143,206	114,578
Operating income (loss)	6,128	9,433	8,706	(6,874)
Operating income margin (%)	5.1	7.0	6.1	(6.0)
Ordinary income (loss)	7,199	8,978	4,437	(6,015)
Ordinary income margin (%)	6.0	6.6	3.1	(5.3)
Net income (loss)	3,991	5,572	2,512	(12,700)
Net income margin (%)	3.3	4.1	1.8	(11.1)
Capital investment	8,412	14,551	14,620	11,943
Depreciation and amortization	7,518	8,829	11,080	11,631
Research and development expenses	3,140	3,559	3,741	3,758
Proportion of net sales (%)	2.6	2.6	2.6	3.3
<b>At year end</b>				
Current assets	76,031	87,700	82,743	74,732
Fixed assets	75,795	80,476	77,600	69,261
Current liabilities	33,971	41,959	43,328	48,227
Long-term liabilities	39,567	43,497	38,363	38,508
Net assets	78,287	82,720	78,652	57,258
Total assets	151,826	168,176	160,343	143,994
<b>Cash Flows</b>				
Cash flows from operating activities	7,873	19,218	11,144	8,134
Cash flows from investing activities	(9,078)	(13,419)	(13,020)	(12,388)
Free cash flow	(1,205)	5,798	(1,876)	(4,254)
Cash flows from financing activities	4,396	1,488	(3,499)	16,774
<b>Per share data</b>				
Net income (loss)	31.30	44.07	19.89	(103.29)
Cash dividends	7.00	10.00	12.00	6.00
Net assets	612.48	648.43	618.26	485.33
<b>Financial indicators</b>				
Return on assets (ROA) (%)	2.8	3.5	1.5	(8.3)
Return on equity (ROE) (%)	5.4	7.0	3.1	(18.8)
Shareholders' equity ratio (%)	51.1	48.7	48.7	39.5
Average exchange rate				
US\$	113.31	117.02	114.28	100.54
EUR	137.86	150.09	161.53	143.48

### Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.
3. Free cash flow = Cash flows from operating activities + Cash flows from investing activities.
4. Return on assets (ROA) is calculated by dividing term net income by average total assets.
5. Return on equity (ROE) is calculated by dividing term net income by average shareholder equity.
6. Depreciation and amortization expenses exclude depreciation and amortization related to research and development expenses.

					Millions of yen	Thousands of U.S. dollars
2010.3	2011.3	2012.3	2013.3	2014.3	2015.3	2015.3
105,896	127,790	100,290	92,959	113,962	123,365	1,026,591
(3,036)	8,155	(2,596)	(6,990)	4,933	5,122	42,627
(2.9)	6.4	(2.6)	(7.5)	4.3	4.2	4.2
(3,475)	6,744	(2,633)	(6,685)	4,304	6,207	51,656
(3.3)	5.3	(2.6)	(7.2)	3.8	5.0	5.0
(4,294)	3,297	(4,909)	(9,252)	3,315	5,362	44,628
(4.1)	2.6	(4.9)	(10.0)	2.9	4.3	4.3
4,013	9,614	13,521	5,953	3,067	5,203	43,303
8,748	8,392	8,493	8,615	7,951	7,373	61,358
3,590	3,642	3,966	3,981	3,872	4,160	34,622
3.4	2.9	4.0	4.3	3.4	3.4	3.4
72,648	71,824	70,657	69,007	76,619	81,689	679,783
65,249	62,868	66,901	65,447	63,149	64,968	540,635
39,521	36,041	28,076	43,915	32,730	42,106	350,388
37,578	37,153	53,872	39,784	43,194	26,405	219,732
60,797	61,498	55,610	50,754	63,844	78,146	650,298
137,897	134,693	137,559	134,454	139,769	146,657	1,220,418
6,514	8,636	1,820	4,651	12,161	10,730	89,297
(4,891)	(8,671)	(12,951)	(6,925)	(1,620)	(4,269)	(35,532)
1,622	(34)	(11,131)	(2,273)	10,541	6,460	53,764
(10,405)	(3,018)	12,790	1,725	(6,143)	(7,675)	(63,871)
(36.11)	23.17	(34.49)	(65.01)	22.34	32.91	0.27
0.00	3.00	0.00	0.00	0.00	3.00	0.03
423.85	429.82	388.49	355.46	390.16	477.23	3.97
(3.0)	2.4	(3.6)	(6.8)	2.4	3.7	
(7.3)	5.4	(8.4)	(17.5)	5.8	7.6	
43.8	45.4	40.2	37.6	45.5	53.0	
92.85	85.72	79.08	83.10	100.24	109.93	
131.15	113.12	108.98	107.14	134.37	138.77	

# Consolidated Balance Sheets

For the years ended March 31, 2015 and 2014

		Millions of yen	Thousands of U.S. dollars
	2014.3	2015.3	2015.3
<b>Assets</b>			
Current assets			
Cash on hand and in banks	24,628	24,483	203,741
Notes and accounts receivable - trade	25,577	27,303	227,208
Inventories	20,879	22,709	188,975
Deferred tax assets	188	220	1,838
Other current assets	5,409	7,012	58,357
Less allowance for doubtful accounts	(64)	(40)	(338)
<b>Total current assets</b>	<b>76,619</b>	<b>81,689</b>	<b>679,783</b>
Fixed assets			
Property, plant and equipment			
Buildings and structures	14,472	14,072	117,105
Machinery and equipment	19,620	19,123	159,134
Land	7,018	7,048	58,654
Construction in progress	1,319	1,461	12,164
Other	1,824	2,005	16,690
<b>Total property, plant and equipment</b>	<b>44,255</b>	<b>43,711</b>	<b>363,749</b>
Intangible fixed assets	2,016	1,699	14,146
Investments and other assets			
Investment securities	15,381	18,025	149,997
Deferred tax assets	242	307	2,558
Other	1,285	1,259	10,478
Less allowance for doubtful accounts	(31)	(35)	(295)
<b>Total investments and other assets</b>	<b>16,877</b>	<b>19,556</b>	<b>162,739</b>
<b>Total fixed assets</b>	<b>63,149</b>	<b>64,968</b>	<b>540,635</b>
<b>Total assets</b>	<b>139,769</b>	<b>146,657</b>	<b>1,220,418</b>

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.



		Millions of yen	Thousands of U.S. dollars
Liabilities and Net Assets	2014.3	2015.3	2015.3
Current liabilities			
Notes and accounts payable - trade	6,854	7,868	65,475
Short-term debt	13,764	20,196	168,070
Accounts payable-other	6,873	7,464	62,113
Income taxes payable	638	487	4,059
Bonus reserve	1,587	1,772	14,746
Provision for loss on disaster	51	—	—
Provision for structure reform	53	—	—
Other current liabilities	2,906	4,316	35,922
<b>Total current liabilities</b>	<b>32,730</b>	<b>42,106</b>	<b>350,388</b>
Long-term liabilities			
Long-term debt	29,520	16,335	135,938
Deferred tax liabilities	747	1,062	8,840
Provision for environmental safety measures	202	202	1,683
Net defined benefit liability	10,900	8,163	67,932
Other long-term liabilities	1,823	641	5,337
<b>Total long-term liabilities</b>	<b>43,194</b>	<b>26,405</b>	<b>219,732</b>
<b>Total liabilities</b>	<b>75,924</b>	<b>68,511</b>	<b>570,120</b>
Net assets			
Shareholders' equity			
Common stock	21,526	21,526	179,129
Issued and outstanding at March 31, 2014: 162,978,311 shares (excluding treasury stock)			
Issued and outstanding at March 31, 2015: 162,946,487 shares (excluding treasury stock)			
Capital surplus	39,838	28,568	237,731
Retained earnings	4,059	21,846	181,798
Treasury shares at March 31, 2014: 170,023 shares	(53)	(64)	(533)
at March 31, 2015: 201,847 shares			
<b>Total shareholders' equity</b>	<b>65,369</b>	<b>71,876</b>	<b>598,126</b>
Accumulated other comprehensive income			
Net unrealized gains on securities	1,317	2,051	17,071
Foreign currency translation adjustments	306	5,324	44,310
Remeasurements of defined benefit plans	(3,406)	(1,490)	(12,407)
<b>Total accumulated other comprehensive income</b>	<b>(1,782)</b>	<b>5,885</b>	<b>48,974</b>
<b>Minority interests</b>	<b>257</b>	<b>384</b>	<b>3,197</b>
<b>Total net assets</b>	<b>63,844</b>	<b>78,146</b>	<b>650,298</b>
<b>Total liabilities and net assets</b>	<b>139,769</b>	<b>146,657</b>	<b>1,220,418</b>

Notes:

1. Amounts are rounded off to the nearest 1 million yen.

2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.

# Consolidated Statements of Income

For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2014.3	2015.3	2015.3
Net sales	113,962	123,365	1,026,591
Cost of sales	90,452	97,953	815,124
Gross profit	23,510	25,411	211,466
Selling, general and administrative expenses	18,577	20,289	168,839
<b>Operating income</b>	<b>4,933</b>	<b>5,122</b>	<b>42,627</b>
Non-operating income			
Interest income	62	94	788
Dividend earned	86	92	769
Foreign exchange gains	—	1,312	10,923
Equity in earnings of affiliated companies	386	626	5,211
Other	148	136	1,136
Total	683	2,262	18,830
Non-operating expenses			
Interest expense	654	486	4,050
Financing expenses	299	667	5,552
Foreign exchange losses	286	—	—
Other	72	23	198
Total	1,312	1,177	9,801
<b>Ordinary income</b>	<b>4,304</b>	<b>6,207</b>	<b>51,656</b>
Extraordinary income			
Gain on sales of property, plant and equipment	364	24	203
Subsidy	79	453	3,770
Other	35	1	11
Total	479	478	3,984
Extraordinary loss			
Loss on disposal of property, plant and equipment	109	98	816
Impairment loss	65	—	—
Other	8	0	0
Total	183	98	817
<b>Income before income taxes and minority interests</b>	<b>4,600</b>	<b>6,588</b>	<b>54,823</b>
Income taxes			
Current	1,175	1,096	9,128
Deferred	29	46	390
<b>Total</b>	<b>1,205</b>	<b>1,143</b>	<b>9,518</b>
Income before minority interest	3,395	5,444	45,304
Minority interests	79	81	676
<b>Net income</b>	<b>3,315</b>	<b>5,362</b>	<b>44,628</b>

	Yen		U.S. dollars
	2014.3	2015.3	2015.3
Net income per share			
Basic	22.34	32.91	0.27
Diluted	—	—	—

# Consolidated Statements of Comprehensive Income

For the years ended March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars
	2014.3	2015.3	2015.3
Income before minority interests	3,395	5,444	45,304
Other comprehensive income			
Net unrealized holding gains on securities	347	725	6,039
Foreign currency translation adjustments	5,305	4,925	40,983
Remeasurements of defined benefit plans	—	1,898	15,799
Share in other comprehensive income of associates accounted for using equity method	187	164	1,367
Total other comprehensive income	5,840	7,713	64,190
<b>Comprehensive income</b>	<b>9,235</b>	<b>13,158</b>	<b>109,495</b>
Attributable to			
Shareholders of Nippon Chemi-Con Corporation	9,136	13,030	108,437
Minority interests	99	127	1,057

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.

# Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2015 and 2014

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury shares	Net unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	Total net assets at end of current year
<b>Balance at April 1, 2013</b>	<b>17,884</b>	<b>36,196</b>	<b>743</b>	<b>(42)</b>	<b>956</b>	<b>(5,153)</b>	<b>—</b>	<b>50,585</b>	<b>168</b>	<b>50,754</b>
Cumulative effect of change in accounting policies								—		—
Restated balance at April 1, 2013	17,884	36,196	743	(42)	956	(5,153)	—	50,585	168	50,754
Changes of items during year										
Issuance of new shares	3,641	3,641						7,283		7,283
Net income			3,315					3,315		3,315
Purchase of treasury shares				(11)				(11)		(11)
Other					360	5,459	(3,406)	2,414	88	2,502
Total changes of items during year	3,641	3,641	3,315	(11)	360	5,459	(3,406)	13,001	88	13,090
<b>Balance as of March 31, 2014</b>	<b>21,526</b>	<b>39,838</b>	<b>4,059</b>	<b>(53)</b>	<b>1,317</b>	<b>306</b>	<b>(3,406)</b>	<b>63,587</b>	<b>257</b>	<b>63,844</b>
<b>Balance at April 1, 2014</b>	<b>21,526</b>	<b>39,838</b>	<b>4,059</b>	<b>(53)</b>	<b>1,317</b>	<b>306</b>	<b>(3,406)</b>	<b>63,587</b>	<b>257</b>	<b>63,844</b>
Cumulative effect of change in accounting policies			1,154					1,154		1,154
Restated balance at April 1, 2014	21,526	39,838	5,213	(53)	1,317	306	(3,406)	64,741	257	64,998
Changes of items during year										
Deficit disposition		(11,269)	11,269					—		—
Net income			5,362					5,362		5,362
Purchase of treasury shares				(10)				(10)		(10)
Other					734	5,018	1,915	7,667	127	7,795
Total changes of items during year	—	(11,269)	16,632	(10)	734	5,018	1,915	13,020	127	13,147
<b>Balance as of March 31, 2015</b>	<b>21,526</b>	<b>28,568</b>	<b>21,846</b>	<b>(64)</b>	<b>2,051</b>	<b>5,324</b>	<b>(1,490)</b>	<b>77,762</b>	<b>384</b>	<b>78,146</b>

Thousands of U.S. dollars

	Common stock	Capital surplus	Retained earnings	Treasury shares	Net unrealized gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Minority interests	Total net assets at end of current year
<b>Balance at April 1, 2014</b>	<b>179,129</b>	<b>331,514</b>	<b>33,780</b>	<b>(448)</b>	<b>10,961</b>	<b>2,547</b>	<b>(28,343)</b>	<b>529,142</b>	<b>2,139</b>	<b>531,281</b>
Cumulative effect of change in accounting policies			9,606					9,606		9,606
Restated balance at April 1, 2014	179,129	331,514	43,386	(448)	10,961	2,547	(28,343)	538,748	2,139	540,888
Changes of items during year										
Deficit disposition		(93,783)	93,783					—		—
Net income			44,628					44,628		44,628
Purchase of treasury shares				(85)				(85)		(85)
Other					6,110	41,762	15,936	63,809	1,057	64,867
Total changes of items during year	—	(93,783)	138,412	(85)	6,110	41,762	15,936	108,352	1,057	109,410
<b>Balance as of March 31, 2015</b>	<b>179,129</b>	<b>237,731</b>	<b>181,798</b>	<b>(533)</b>	<b>17,071</b>	<b>44,310</b>	<b>(12,407)</b>	<b>647,101</b>	<b>3,197</b>	<b>650,298</b>

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.

# Consolidated Statements of Cash Flows

For the years ended March 31, 2015 and 2014

		Millions of yen	Thousands of U.S. dollars
	2014.3	2015.3	2015.3
Cash flows from operating activities:			
Income before income taxes and minority interests	4,600	6,588	54,823
Depreciation and amortization	8,560	7,910	65,826
Increase (decrease) in net defined benefit liability	495	209	1,743
Increase (decrease) in allowance for doubtful accounts	(2)	(29)	(241)
Increase (decrease) in provision for environmental safety measures	(0)	(0)	(6)
Interest and dividend income	(149)	(187)	(1,558)
Interest expense	654	486	4,050
Foreign exchange losses (gains)	(485)	(364)	(3,032)
Equity in earnings of affiliated companies	(386)	(626)	(5,211)
Loss (gain) on sales of shares of subsidiaries and associates	(255)	73	612
Decrease (increase) in notes and accounts receivable	(2,998)	(580)	(4,833)
Decrease (increase) in inventories	2,397	(369)	(3,076)
Increase (decrease) in notes and accounts payable	430	6	52
Increase (decrease) in accounts payable – other	651	76	639
Other	125	(1,008)	(8,394)
Sub total	13,638	12,184	101,393
Interest and dividends received	262	316	2,632
Interest paid	(753)	(456)	(3,802)
Income taxes paid	(986)	(1,313)	(10,926)
<b>Net cash provided by operating activities</b>	<b>12,161</b>	<b>10,730</b>	<b>89,297</b>
Cash flows from investing activities:			
Increase in time deposit	(1,533)	(2,098)	(17,465)
Decrease in time deposit	2,241	2,389	19,881
Purchase of property, plant and equipment	(3,503)	(4,429)	(36,863)
Proceeds from sales of property, plant and equipment	664	46	384
Purchase of intangible fixed assets	(112)	(195)	(1,628)
Purchase of investment securities	(1)	(1)	(10)
Proceeds from sales of investment securities	84	5	45
Payments of loans receivable	(54)	(28)	(235)
Collection of loans receivable	39	44	374
Other	553	(1)	(14)
<b>Net cash provided by investing activities</b>	<b>(1,620)</b>	<b>(4,269)</b>	<b>(35,532)</b>
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	(4,350)	(3,087)	(25,694)
Proceeds from long-term debt	4,000	1,400	11,651
Repayments of long-term debt	(14,469)	(5,337)	(44,415)
Proceeds from issuance of common shares	7,283	—	—
Purchase of treasury shares	(11)	(10)	(85)
Repayments of lease obligations	(592)	(640)	(5,327)
Proceeds from sales and leasebacks	1,997	—	—
<b>Net cash provided by financing activities</b>	<b>(6,143)</b>	<b>(7,675)</b>	<b>(63,871)</b>
Effect of exchange rate changes on cash and cash equivalents	1,408	1,310	10,906
Net increase (decrease) in cash and cash equivalents	5,806	96	799
Cash and cash equivalents at beginning of year	18,065	23,871	198,649
Cash and cash equivalents at end of year	23,871	23,967	199,448

Notes:

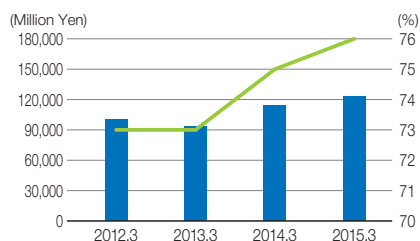
1. Amounts are rounded off to the nearest 1 million yen.

2. US dollar amounts are calculated based on currency rate of \$1 = ¥120.17.

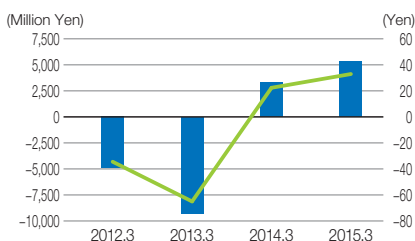


# Financial Status and Analysis of Operating Results

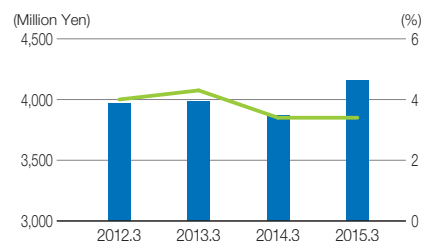
**1** ● Net sales ● Overseas sales ratio



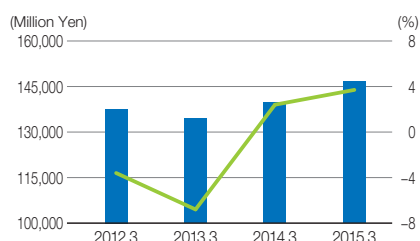
**2** ● Net income ● Net income per share



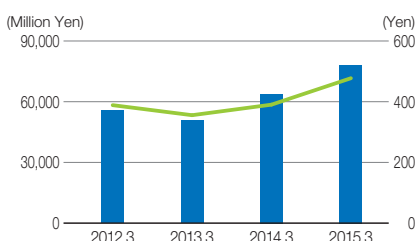
**3** ● R&D expenses ● Proportion of net sales



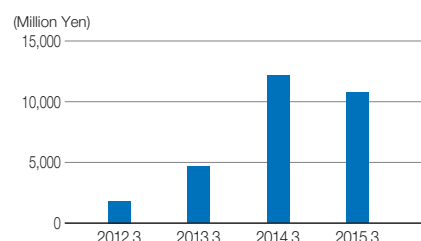
**4** ● Total assets ● ROA



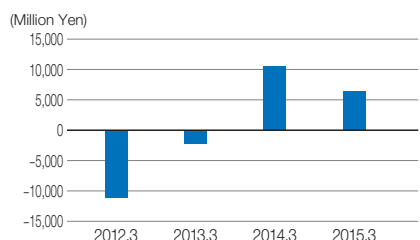
**5** ● Net assets ● Net assets per share



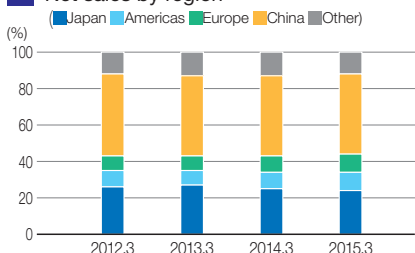
**6** Cash flows from operating activities



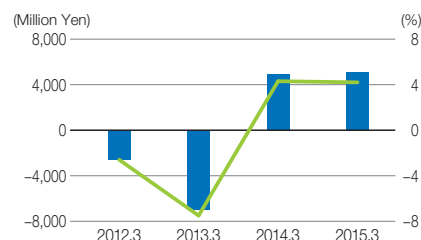
**7** ● Free cash flow



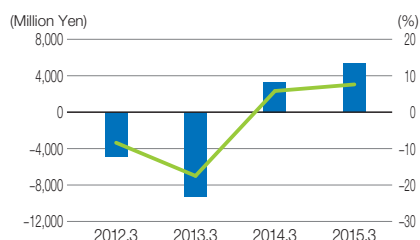
**8** Net sales by region



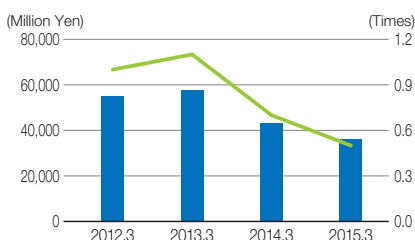
**9** ● Operating income ● Operating income margin



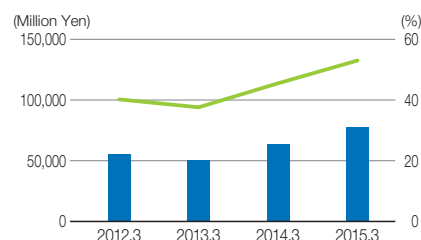
**10** ● Net income ● ROE



**11** ● Interest-bearing debts ● Debt/Equity ratio



**12** ● Equity ● Equity ratio



**1 Net sales, Overseas sales ratio** Net sales during FYE March 2015 increased to ¥123,365 million (YoY +8.3%). This was due to growth in sales of products related to inverters and industrial equipment and as well increased sales of electric double layer capacitors.

By region, overseas net sales increased particularly in Americas (YoY +19%), Europe (YoY +15%), and China (YoY +11%), and the ratio of net sales represented by overseas sales grew year on year from 75% to 76%.

**2 Net income, Net income per share** Net income for the FYE March 2015 was ¥5,362 million, up 61.7% year on year. This was due to an increase in operating income, gains on currency due to yen depreciation, and extraordinary gain from subsidy revenues.

As a result, net income per share increased ¥10.57 from ¥22.34 the previous fiscal year to ¥32.91.

**3 R&D expenses** R&D activities during FYE March 2015 included the development of high value added products based on our total product development system that extends from the base material to the finished product. We also focused research activities on achieving a higher level of quality, further reducing environment load, and basic research aimed at establishing new businesses.

Total R&D expenses for the FYE March 2015 were ¥4,160 million (YoY up ¥288 million).

**4 Total assets** Assets were ¥146,657 million (increase of ¥6,888 million compared to end of previous fiscal year). This was the result of an increase in

accounts receivable and increased inventory assets due to increased sales. Liabilities were ¥68,511 million, a decline of ¥7,413 million compared to end of previous fiscal year.

The main decrease was in interest-bearing liabilities (total for long and short term debt, and lease liabilities), which declined by ¥7,255 million compared to end of previous fiscal year.

**5 Net assets, Net assets per share** Net assets for the FYE March 2015 were ¥78,146 million, an increase of ¥14,302 million compared to the previous fiscal year. In addition to an increase in net income, other factors included an increase in foreign currency translation adjustments due to the impact of yen depreciation.

As a result, net assets per share was ¥477.23 (¥390.16 during previous fiscal year).

**6 Cash flows** Cash flows from operating activities resulted in cash inflow of ¥10,730 million. This was mainly due to the total of recorded income before income taxes and minority interests of ¥6,588 million and depreciation and amortization of ¥7,910 million.

Cash flows from investing activities resulted in net outflow of ¥4,269 million for investments implemented to expand production facilities for electric double layer capacitors and aluminum electrolytic capacitors.

Cash flows from financing activities resulted in net outflow of ¥7,675 million due to the repayment of loans and other factors.

# Major Offices and Plants

## Domestic

(As of October 31, 2015)

### NIPPON CHEMI-CON CORPORATION

#### Head Office

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan  
TEL: +81-3-5436-7711 FAX: +81-3-5436-7631

#### Plants

##### Niigata Plant

6-5525-21, Higashikou, Seiro-machi, Kita-Kanbara, Niigata 957-0101, Japan  
TEL: +81-25-256-1251 FAX: +81-25-256-1250  
Main Business: Manufacturing of aluminum electrode foils  
ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors), ISO14001

##### Takahagi Plant

363 Arakawa, Takahagi, Ibaraki 318-8505, Japan  
TEL: +81-293-23-2511 FAX: +81-293-24-1034  
Main Business: Manufacturing of aluminum electrode foils  
ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors), ISO14001

#### Research Center

##### Kanagawa Research Center

1025 C Wing, R&D Business Park Building, 3-2-1 Sakado, Takatsu-ku, Kawasaki, Kanagawa 213-0012, Japan  
TEL: +81-44-379-6881 FAX: +81-44-379-6885

#### Sales Offices

##### Sendai Sales Office

100-1, Karayashiki, Tajirinumabe, Osaki, Miyagi 989-4308, Japan  
TEL: +81-229-39-4011 FAX: +81-229-39-4015

##### Kita-Kanto Sales Office

4-1-20, Odori, Utsunomiya, Tochigi 320-0811, Japan  
TEL: +81-28-346-8100 FAX: +81-28-346-8110

##### Eastern Japan Sales Department, Head Office

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan  
TEL: +81-3-5436-7218 FAX: +81-3-5436-7492

##### Sales Promotion Department Japanese Agent Group, Head Office

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan  
TEL: +81-3-5436-7625 FAX: +81-3-5436-7595

##### Niigata Sales Office

3-4-12, Shinsan, Nagaoka, Niigata 940-2127, Japan  
TEL: +81-258-94-4785 FAX: +81-258-46-9535

##### Hokuriku Sales Office

332, Nakacho, Moroe-machi, Kanazawa, Ishikawa 920-0016, Japan  
TEL: +81-76-237-3411 FAX: +81-76-237-3741

##### Nagano Sales Office

303-1, Shimadachi, Matsumoto, Nagano 390-0852, Japan  
TEL: +81-263-47-5660 FAX: +81-263-47-6033

##### Shizuoka Sales Office

1-8-6, Tokiwa-cho, Aoi-ku, Shizuoka City, Shizuoka 420-0034, Japan  
TEL: +81-54-253-8828 FAX: +81-54-253-6613

##### Nagoya Sales Office

25, Takaragaoka, Meito-ku, Nagoya, Aichi 465-0043, Japan  
TEL: +81-52-772-8551 FAX: +81-52-773-6665

### Osaka Sales Office

1-9-7, Esaka-cho, Suita, Osaka 564-0063, Japan  
TEL: +81-6-6338-2331 FAX: +81-6-6338-2334  
**Fukuoka Sales Office**  
3-11-14, Hakataeki-Higashi, Hakata-ku, Fukuoka City, Fukuoka 812-0013, Japan  
TEL: +81-92-412-4470 FAX: +81-92-412-4472

#### Affiliates in Japan

### CHEMI-CON IWATE CORP.

#### Iwate Plant

14-40-1, Shimo-Ezuriko, Kitakami, Iwate 024-0073, Japan  
TEL: +81-197-77-2231 FAX: +81-197-77-3210

#### Waga Plant

2-7-15, Sennin, Waga-cho, Kitakami, Iwate 024-0326, Japan  
TEL: +81-197-74-2224 FAX: +81-197-74-2225

#### Ezuriko Plant

20-90-4, Nameshida, Kitakami, Iwate 024-0074, Japan  
TEL: +81-197-77-2471 FAX: +81-197-77-2475

#### Coil Engineering Department

14-40-1, Shimo-Ezuriko, Kitakami, Iwate 024-0073, Japan  
TEL: +81-197-77-5281 FAX: +81-197-77-5285

Main Business: Manufacturing and selling of capacitors, choke coils, and aluminum electrode foils  
Percentage Owned by Nippon Chemi-Con: 100.00%

TS16949/ISO9001 (Aluminum electrolytic capacitors), ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors, Aluminum cases for use in aluminum electrolytic capacitors, Cores, Coils), ISO14001, Eco-Action 21

### CHEMI-CON MIYAGI CORP.

100-1, Karayashiki, Tajirinumabe, Osaki, Miyagi 989-4308, Japan

TEL: +81-229-39-1251 FAX: +81-229-39-1138  
Main Business: Manufacturing and selling of capacitors  
Percentage Owned by Nippon Chemi-Con: 100.00%  
TS16949/ISO9001 (Aluminum electrolytic capacitors), ISO14001

### CHEMI-CON FUKUSHIMA CORP.

185-1, Marunouchi, Yabuki-machi, Nishi-Shirakawa, Fukushima 969-0235, Japan  
TEL: +81-248-42-4101 FAX: +81-248-44-2041  
Main Business: Manufacturing and selling of capacitors  
Percentage Owned by Nippon Chemi-Con: 100.00%  
TS16949/ISO9001 (Aluminum electrolytic capacitors), ISO14001

### CHEMI-CON YONEZAWA CORP.

2465 Kami-Komatsu, Kawanishi-machi, Higashi-Okita, Yamagata 999-0121, Japan  
TEL: +81-238-42-3135 FAX: +81-238-42-3138  
Main Business: Manufacturing and selling of capacitors  
Percentage Owned by Nippon Chemi-Con: 100.00%  
TS16949/ISO9001 (Aluminum solid capacitors), ISO9001 (Electric double layer capacitors), ISO14001

### FUKUSHIMA ELECTROLYTIC INDUSTRY CORP.

8086-1, Shimogawara, Kitakata, Fukushima 966-0000, Japan  
TEL: +81-241-23-1251 FAX: +81-241-23-1256  
Main Business: Manufacturing and selling of aluminum electrode foils  
Percentage Owned by Nippon Chemi-Con: 100.00%  
ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors), ISO14001

### KDK CORP.

5-4-3, Togoshi, Shinagawa-ku, Tokyo 142-0041, Japan  
TEL: +81-3-5750-2611 FAX: +81-3-5750-2616  
Main Business: Selling of aluminum electrode foils  
Percentage Owned by Nippon Chemi-Con: 100.00%

### CHEMI-CON YAMAGATA CORP.

1-1, Saiwai-cho, Nagai, Yamagata 993-8511, Japan  
TEL: +81-238-84-2131 FAX: +81-238-84-2396  
Main Business: Manufacturing and selling of capacitors  
Percentage Owned by Nippon Chemi-Con: 100.00%  
TS16949/ISO9001 (Varistors, Ceramic capacitors), ISO9001 (Film capacitors), ISO14001

### MARCON DENSO CO., LTD.

3893-1, Hagi, Iide-machi, Nishi-Okita, Yamagata 999-0602, Japan  
TEL: +81-238-72-2290 FAX: +81-238-72-2292  
Main Business: Manufacturing and selling of electronic auto parts  
Percentage Owned by Nippon Chemi-Con: 20.00%  
ISO/TS16949, ISO14001

### CHEMI-CON NAGAOKA CORP.

3-4-12, Shinsan, Nagaoka, Niigata 940-2127, Japan  
TEL: +81-258-46-2244 FAX: +81-258-46-9535  
Main Business: Manufacturing and selling of electronic device and parts  
Percentage Owned by Nippon Chemi-Con: 100.00%  
ISO9001 (Electric double layer capacitors application product, Camera modules & units, Battery charger for rechargeable batteries)  
ISO14001

### CHEMI-CON MACHINERY CORP.

#### Main Office/Plant

1-7-6, Higashi-Ome, Ome, Tokyo 198-0042, Japan  
TEL: +81-428-24-3830 FAX: +81-428-24-8599

#### Sendai Office

2-3-7, Fukiage, Iwanuma, Miyagi 989-2436, Japan  
TEL: +81-223-22-3344 FAX: +81-223-22-2939  
Main Business: Manufacturing and selling of machinery instrument and parts  
Percentage Owned by Nippon Chemi-Con: 100.00%  
Eco-Action 21

# Major Offices and Plants

## Overseas Affiliates

(As of October 31, 2015)

### UNITED CHEMI-CON, INC.

#### Main Office

Continental Towers, 1701 Golf Road 1-1200,  
Rolling Meadows, Illinois 60008, U.S.A.  
TEL: +1-847-696-2000 FAX: +1-847-696-9278

#### Plant

185 Mcneil Road, Lansing, North Carolina  
28643-8301, U.S.A.  
TEL: +1-336-384-2551 FAX: +1-336-384-6928

#### Buena Park Office

5651 Dolly Avenue, Buena Park, California 90621,  
U.S.A.

TEL: +1-714-255-9500 FAX: +1-714-256-1328

#### Huntsville Office

South Park Office Center, 7501 Memorial Parkway  
SW, Suite 209, Huntsville, Alabama, 35801,  
U.S.A.

TEL: +1-256-489-9385 FAX: +1-256-489-9387

Main Business: Manufacturing and selling of  
capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

TS16949/ISO9001 (Aluminum electrolytic  
capacitors), ISO14001

### CHEMI-CON MATERIALS CORP.

9053 Graham Road, N.E.Moses Lake

Washington, 98837, U.S.A.

TEL: +1-509-762-8788 FAX: +1-509-762-2027

Main Business: Manufacturing and selling of  
aluminum electrode foils

Percentage Owned by Nippon Chemi-Con:  
100.00%

ISO9001 (Aluminum electrode foils for use in  
aluminum electrolytic capacitors), ISO14001

### EUROPE CHEMI-CON (DEUTSCHLAND)

#### GmbH

Hamburger Strasse 62, D-90451 Nuremberg,  
Germany

TEL: +49-911-9634-0 FAX: +49-911-9634-260

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### CHEMI-CON ELECTRONICS (KOREA) CO., LTD.

IT-Castle 2-302, 98, Gasan Digital 2-Ro,

Geumcheon-gu, Seoul 153-768, Korea

TEL: +82-2-2082-6082 FAX: +82-2-2082-6084

Main Business: Selling of electronic device, parts  
and precise device

Percentage Owned by Nippon Chemi-Con:  
100.00%

### SAMYOUNG ELECTRONICS CO., LTD.

#### Main Office

47, Sagimakgol-ro, Jungwon-gu, Seongnam-si,  
Gyeonggi-do, Korea

TEL: +82-31-743-6701 FAX: +82-31-741-3077

### QINGDAO SAMYOUNG ELECTRONICS CO., LTD.

No.5, Changjiang Road, Pingdu City, Shandong  
Province, China

TEL: +86-532-88382040

FAX: +86-532-88382042

Main Business: Manufacturing and selling of  
aluminum electrolytic capacitors

Percentage Owned by Nippon Chemi-Con:  
33.40%

TS16949/ISO9001 (Aluminum electrolytic  
capacitors), ISO9001 (Aluminum electrolytic  
capacitors), ISO14001

### TAIWAN CHEMI-CON CORP.

#### Main Office

87-1, Long Shen Road, Puli Chin, Nantou,  
Taiwan, 545 R.O.C.

TEL: +886-49-299-5101

FAX: +886-49-298-1174

### Taipei Office

5F, No.38, Bo-Ai Road, Chung-Cheng District,  
Taipei, Taiwan, 100 R.O.C.

TEL: +886-2-2311-6556

FAX: +886-2-2371-9695

Main Business: Manufacturing and selling of  
capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

ISO9001 (Aluminum electrolytic capacitors),  
ISO14001

### CHEMI-CON ENGINEERING CO., LTD.

87-1, Long Shen Road, Puli Chin, Nantou,  
Taiwan, 545 R.O.C.

TEL: +886-49-299-5101

FAX: +886-49-298-1174

Main Business: Manufacturing and selling of  
machinery instrument and parts

Percentage Owned by Nippon Chemi-Con:  
100.00%

### SHANGHAI CHEMI-CON TRADING CO., LTD.

Room18E, New Hua Lian Mansion East Bldg.,  
No.755, Huai Hai Mid Road, Shanghai, China  
200020

TEL: +86-21-64454588

FAX: +86-21-64455368

#### Dalian Office

Rm 2205, Dalian Gold Name Commercial Tower,  
68 Renmin Rd. Zhongshan Dist., Dalian, China

TEL: +86-411-82101691

FAX: +86-411-82101692

#### Beijing Office

Rm 905, Towercrest Plaza, No.3 Maizidian West  
Road, Chaoyang District, Beijing, China 100016

TEL: +86-10-51087377

FAX: +86-10-51087378

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### CHEMI-CON (WUXI) CO., LTD.

No.15, Changjiang South Road, Xinqu, Wuxi,  
Jiangsu Province, P.R. China

TEL: +86-510-8534-2112

FAX: +86-510-8534-2552

Main Business: Manufacturing and selling of  
capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

TS16949/ISO9001 (Aluminum electrolytic  
capacitors), ISO14001

### CHEMI-CON TECHNICAL CENTER (WUXI) LTD.

A-No.15, Changjiang South Road, Xinqu, Wuxi,  
Jiangsu Province, P.R. China

TEL: +86-510-8534-2112

FAX: +86-510-8534-2552

Main Business: Designing and developing of  
aluminum electrolytic capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### HONG KONG CHEMI-CON LTD.

Unit 2101, 21/F, Chinachem Exchange Square,  
1st Hoiwan Street Quarry Bay, Hong Kong

TEL: +852-2527-3066 FAX: +852-2865-1415

#### Kowloon Office

Unit 603-604, 6/F, Fourseas Building, 208-212  
Nathan Road, Kowloon, Hong Kong

TEL: +852-2333-2219 FAX: +852-2362-1517

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### CHEMI-CON TRADING (SHENZHEN) CO., LTD.

22F, Tower A, NEO, No.6011 Shennan Avenue,  
Futian District, Shenzhen, 518041 China

TEL: +86-755-8347-6810

FAX: +86-755-8347-6820

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### HONG KONG KDK LTD.

Unit 603-604, 6/F, Fourseas Building, 208-212  
Nathan Road, Kowloon, Hong Kong

TEL: +852-2736-2991 FAX: +852-2362-1517

Main Business: Selling of aluminum electrode foils

Percentage Owned by Nippon Chemi-Con:  
100.00%

### DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD.

59 Xing Guang Road, Xing Guang Village, Huang  
Jiang Town, Dong Guan City, Guangdong  
Province, China

TEL: +86-769-8362-4698

FAX: +86-769-8362-4248

Main Business: Manufacturing and selling of  
aluminum electrode foils

Percentage Owned by Nippon Chemi-Con:  
100.00%

ISO9001 (Aluminum electrode foils for use in  
aluminum electrolytic capacitors), ISO14001

### CHEMI-CON ELECTRONICS (THAILAND) CO., LTD.

183 Regent House Floor 14th Rajdamri Road,  
Lumpini, Pathumwan, Bangkok 10330 Thailand

TEL: +66-2651-9782 FAX: +66-2651-9784

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### SINGAPORE CHEMI-CON (PTE.) LTD.

17, Joo Yee Road, Jurong, Singapore 619201

TEL: +65-6268-2233 FAX: +65-6268-2237

Main Business: Selling of capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

### CHEMI-CON (MALAYSIA) SDN. BHD.

#### Main Office

FIZ Telok Panglima Garang, Km15, Jalan  
Klang-Banting, 42507 Kuala Langat, Selangor,  
Darul Ehsan, Malaysia

TEL: +60-3-3122-6239 FAX: +60-3-3122-6292

#### Kuala Lumpur Office

Suite 2115, Level 21, Plaza Pengkalan Batu 3,  
Jalan Ipoh, 51100 Kuala Lumpur, Malaysia

TEL: +60-3-40442437 FAX: +60-3-40442445

#### Penang Office

Unit 3A-3A, 4th Floor, Wisma LEADER No.8  
Jalan Larut, 10050 Penang, Malaysia

TEL: +60-4-2297631 FAX: +60-4-2291779

Main Business: Manufacturing and selling of  
capacitors

Percentage Owned by Nippon Chemi-Con:  
100.00%

TS16949/ISO9001 (Aluminum electrolytic  
capacitors), ISO14001

### P.T.INDONESIA CHEMI-CON

EJIP Industrial Park Plot 4C Cikarang Selatan,  
Bekasi 17550, Indonesia

TEL: +62-21-8970070 FAX: +62-21-8970071

Main Business: Manufacturing and selling of  
capacitors

Percentage Owned by Nippon Chemi-Con:  
90.00%

TS16949/ISO9001 (Aluminum electrolytic  
capacitors, Varistors), ISO14001

# Corporate Information / Stock Information (as of March 31, 2015)

**Foundation** August 1931

**Establishment** August 1947

**Capital** ¥21,526 million

**Number of Employees** 7,039 (Consolidated)  
(including fixed-term employees)

## Common Stock

- Issued 163,148,334 shares
- Trading Unit 1,000 shares
- Number of Shareholders 14,568

**Stock Listing** First Section of the Tokyo Stock Exchange

**Securities Code** 6997

**Fiscal Year-End** March 31

**Ordinary General Shareholders' Meeting** June

**Shareholder Registry Administrator** Mitsubishi UFJ Trust and Banking Corporation

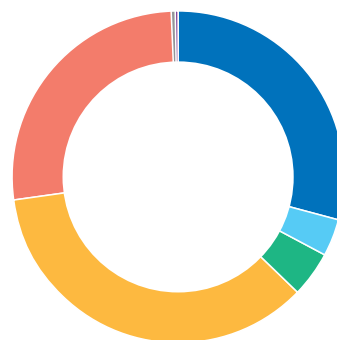
**Head Office** 5-6-4, Osaki, Shinagawa-ku,  
Tokyo 141-8605, Japan  
TEL: +81-3-5436-7711  
FAX: +81-3-5436-7631

## Major Shareholders (Top 10)

Name	Percentage of issued shares (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.51
Nippon Life Insurance Company	3.15
Japan Trustee Services Bank, Ltd. (Trust Account)	2.49
JUNIPER	2.40
CBNY-GOVERNMENT OF NORWAY	2.28
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2.13
EVERGREEN	2.12
Sumitomo Mitsui Banking Corporation	2.05
BNY FOR BNYM GCM ACCOUNT E ESSC	1.67

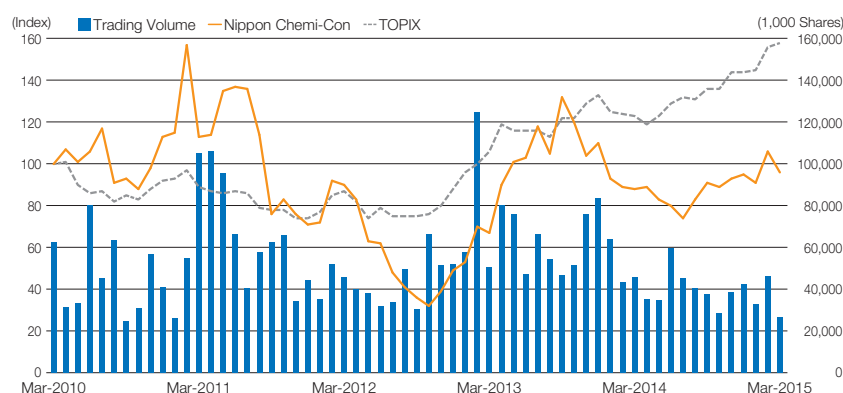
Note: Shareholding ratio is calculated by subtracting treasury stock (201,847 shares).

## Ownership and Distribution of Shares



Government and local government	0.01%
Financial institutions	29.30%
Securities companies	3.74%
Other corporations	4.18%
Foreign investors	35.78%
Individuals and others	26.87%
Treasury stock	0.12%

## Stock Price and Volume (Tokyo Stock Exchange)



Note: Share index (2010/3E = 100)

## Highest and lowest annual stock prices

FY	High (¥)	Low (¥)
2010	590	263
2011	536	236
2012	330	100
2013	510	224
2014	405	264

Note: Highest and lowest stock prices are the prices listed on First Section of the Tokyo Stock Exchange.



## About the CHEMI-CON REPORT



**Syuuichi Shiraishi**

Director and Senior Executive Officer

In 2015, Nippon Chemi-Con started the CHEMI-CON REPORT system. In addition to conventional company introductions and earnings reports, the purpose of issuing this report is to convey the Nippon Chemi-Con approach and current direction to an even wider audience among our stakeholders.

In Japan, the enactment of the corporate governance code on June 1, 2015 has caused society to reevaluate the importance of appropriate information disclosure by companies and interaction with investors. At Nippon Chemi-Con, we are enhancing corporate governance and expanding IR activities as we aim to continuously increase corporate value, and through interaction with society, we are working to build solid relationships. The CHEMI-CON REPORT is one aspect of those activities.

We introduce the current state of Nippon Chemi-Con and our goals for the future. We hope readers will be interested in our current and future business activities.

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