



CHEMI-CON **REPORT 2016**

“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 delivering 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 life-style. The multiple rings represent both the earth and our connection with our stakeholders. Our desire is that these rings grow bigger and wider.

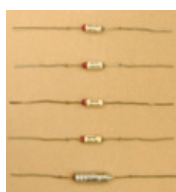


History

- 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.
- Feb 2016** CHEMI-CON AMERICAS HOLDINGS, INC. established as a regional headquarters in the United States.
- Mar 2016** Consolidation of CHEMI-CON ENGINEERING CO., LTD. to TAIWAN CHEMI-CON CORP.



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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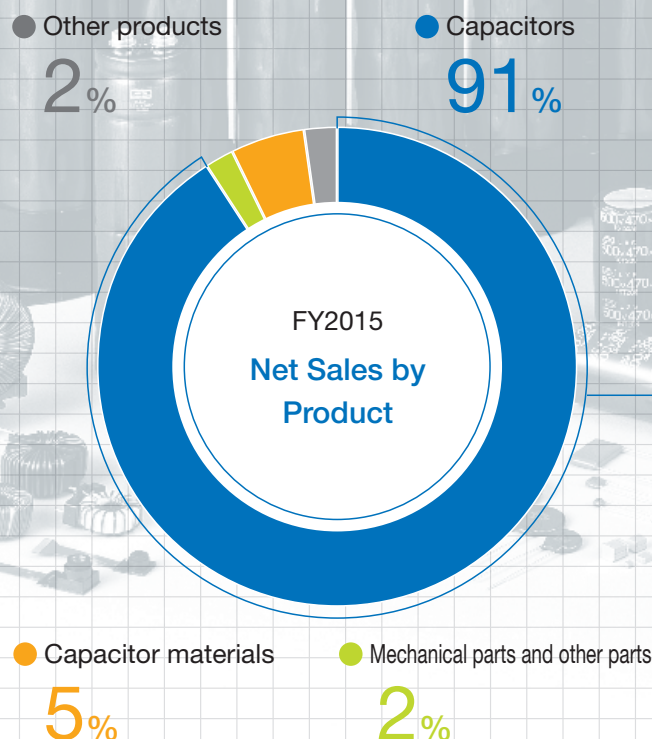
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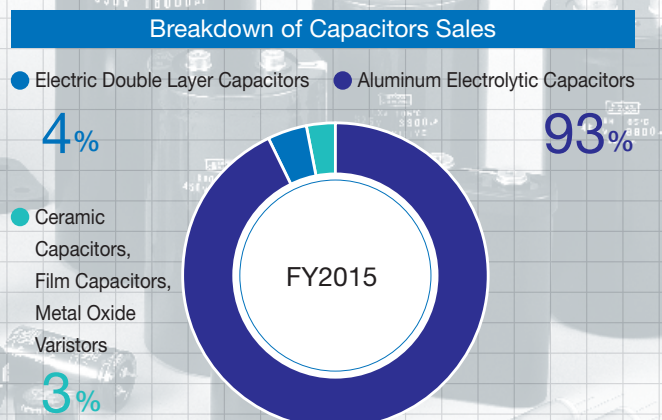
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Net Sales by Product

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



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



Application Fields of Aluminum Electrolytic Capacitors

Flat-Screen TV	10~60 pcs
Personal Computer	10~60 pcs
Home Video Game Machine	20~40 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

Nippon Chemi-Con Group sales largely break down into three divisions, which are **Capacitors**, **Mechanical parts and other parts**, and **Capacitor materials**.

Capacitors

Net sales in FY2015: **¥108,240** 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 FY2015: **¥2,807** million (2% of total sales)

Major products in this division are as follows:

- Amorphous Choke Coils, Dust Choke Coils, CMOS Camera Modules

Capacitor materials

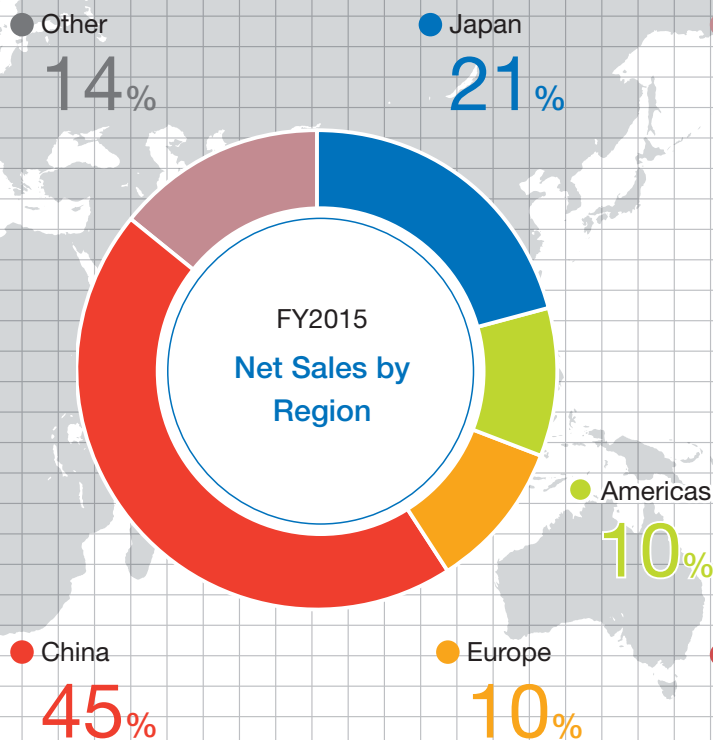
Net sales in FY2015: **¥5,264** million (5% of total sales)

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:

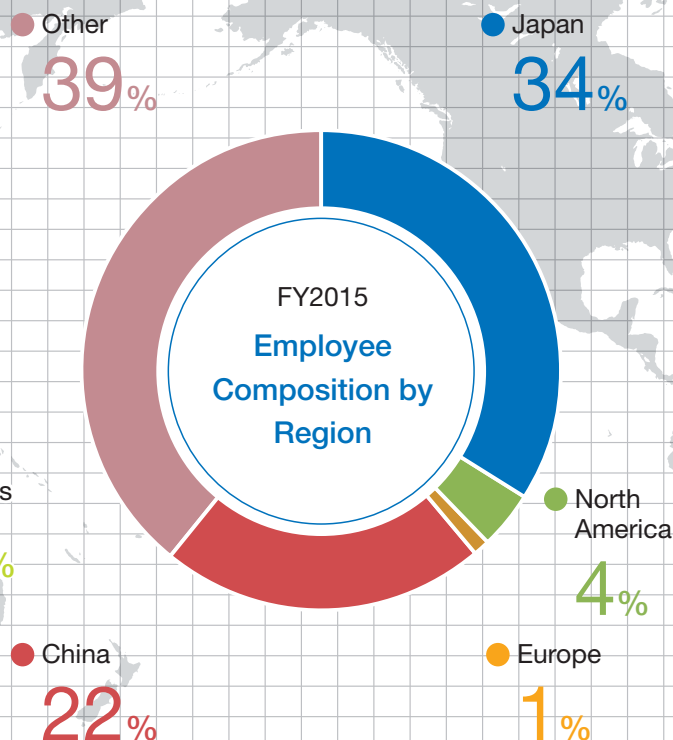
- Aluminum Electrode Foils, Sealing Rubbers

Net Sales by Region / Employee Composition by Region

Our composition of net sales by region is as shown in the graph. Nippon Chemi-Con Group overseas sales account for approximately 79% of total net sales.



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



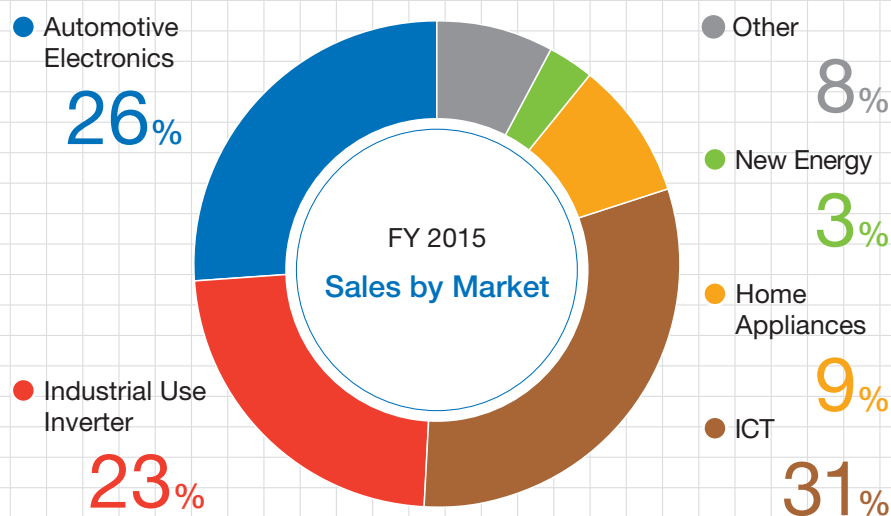
The largest market for the Nippon Chemi-Con Group is China, which accounts for nearly 45% of net sales. In addition to expanded sales to Japanese, Western, and Asian manufacturers operating factories in China, sales to local Chinese manufacturers are also growing. Recent years have seen consistent growth 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.

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.

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

26%

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.

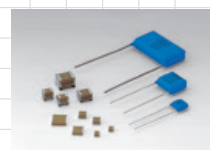
Major products used



Aluminum Electrolytic Capacitors (SMD type)



Aluminum Electrolytic Capacitors (Radial Lead type)



Multilayer Ceramic Capacitors



Electric Double Layer Capacitors



Industrial-use inverter market

23%

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.

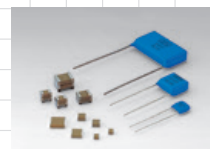
Major products used



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Multilayer Ceramic Capacitors



Amorphous / Dust Choke Coils

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

31%

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



Summary of Consolidated Financial Results (Ten -Year Summary)

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

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. As we apply the Accounting Standard for Business Combinations (ASBJ No. 21, September 13, 2013), from FY2015 net income or net loss is recorded as profit attributable to owners of parent or loss attributable to owners of parent.

(Million Yen)

2010.3	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3
105,896	127,790	100,290	92,959	113,962	123,365	118,414
(3,036)	8,155	(2,596)	(6,990)	4,933	5,122	2,179
(2.9)	6.4	(2.6)	(7.5)	4.3	4.2	1.8
(3,475)	6,744	(2,633)	(6,685)	4,304	6,207	1,165
(3.3)	5.3	(2.6)	(7.2)	3.8	5.0	1.0
(4,294)	3,297	(4,909)	(9,252)	3,315	5,362	(6,905)
(4.1)	2.6	(4.9)	(10.0)	2.9	4.3	(5.8)
(36.11)	23.17	(34.49)	(65.01)	22.34	32.91	(42.38)
0.00	3.00	0.00	0.00	0.00	3.00	3.00
423.85	429.82	388.49	355.46	390.16	477.23	383.43
(3.0)	2.4	(3.6)	(6.8)	2.4	3.7	(4.9)
(7.3)	5.4	(8.4)	(17.5)	5.8	7.6	(9.8)
4,013	9,614	13,521	5,953	3,067	5,203	4,354
8,748	8,392	8,493	8,615	7,951	7,373	7,127
3,590	3,642	3,966	3,981	3,872	4,160	4,321
3.4	2.9	4.0	4.3	3.4	3.4	3.6
7,492	7,684	7,095	7,026	6,940	7,039	6,903

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

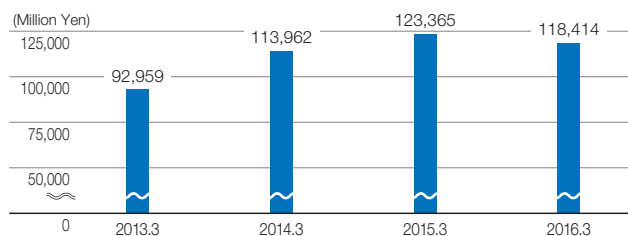
4. Return on equity (ROE) is calculated by dividing term net income by average shareholder equity.

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.

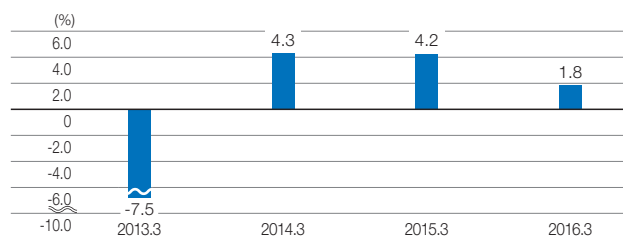
Financial highlights / Non-financial highlights

Net sales



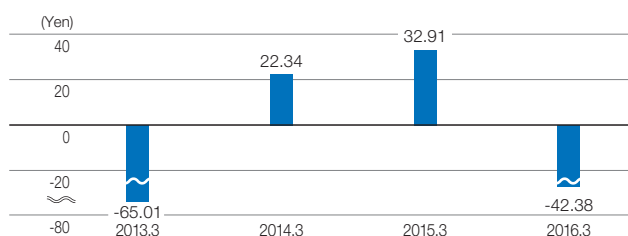
Sales for automotive applications have steadily expanded.

Operating income margin



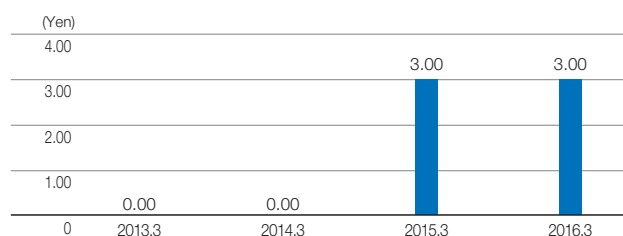
In fiscal 2012, we recorded operating losses due to the impact of the Great East Japan Earthquake. Over the medium term, we have set a goal of 7%.

Profit (loss) per share (EPS)



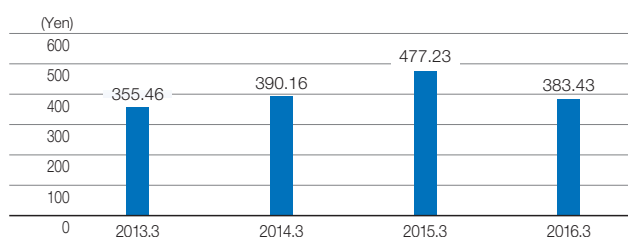
Transitions in profit (loss) per share.

Dividend per share (DPS)



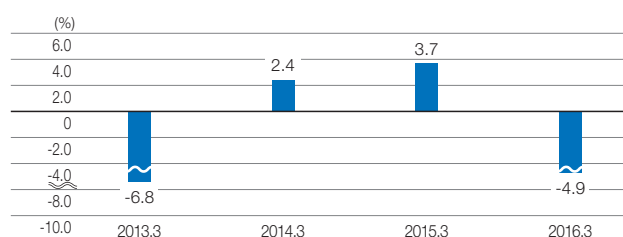
We began issuing dividends again in fiscal 2014.

Book value per share (BPS)



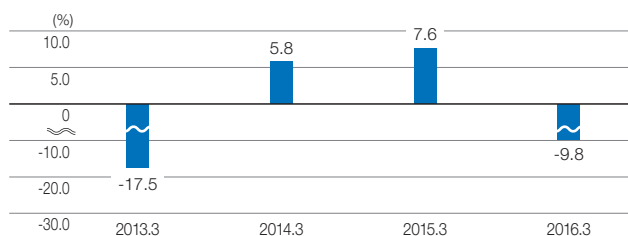
Transitions in net assets per share.

Return on assets (ROA)



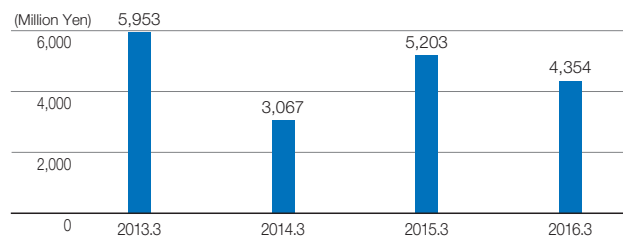
We use ROA as a benchmark for evaluating profitability and management efficiency. Our medium-term goal is 5%.

Return on equity (ROE)



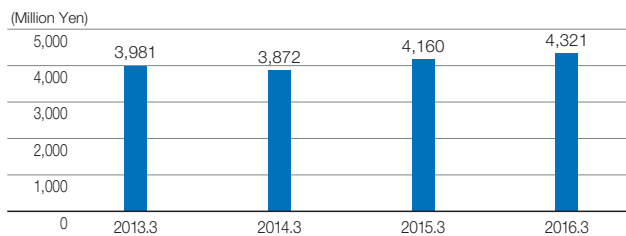
Transitions in return on equity.

Capital investment



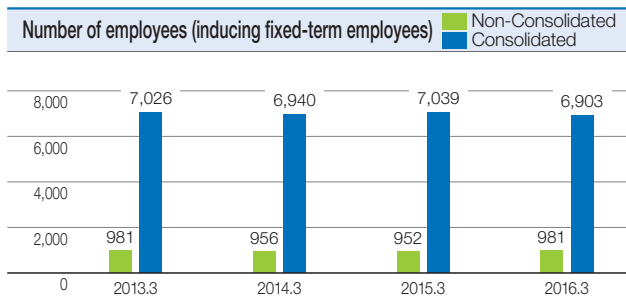
In addition to investments for streamlining and expanding production facilities for capacitors, EDLCs, and capacitor materials, our capital investments are focused on creating product samples and establishing mass production for next-generation products.

R&D expenses



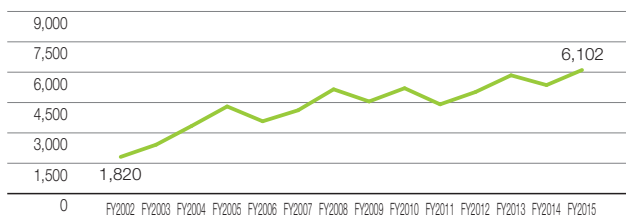
Our medium-term plans outline maintaining R&D investments equivalent to 3-4% of net sales for technology development, the driving force behind corporate growth.

Number of employees (including fixed-term employees)



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

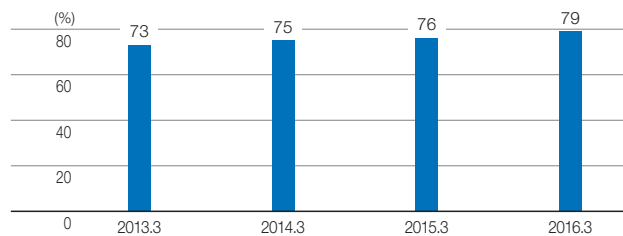
Compliance of the products



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 6,000 inquiries in FY 2015 as laws and regulations had been strengthened. Importance and concern of "Law compliance of the products" can be read through this numerical value.

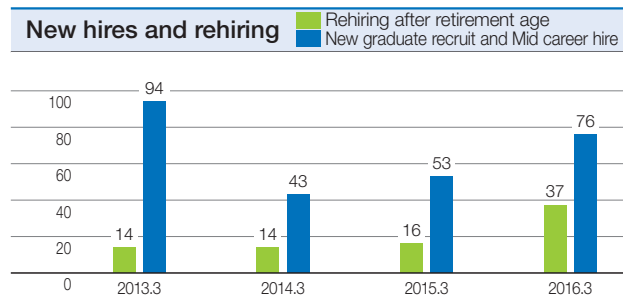
Overseas sales ratio



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

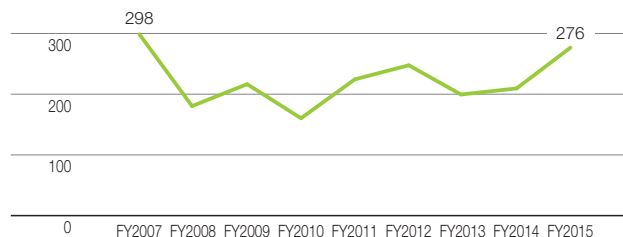
We will promote optimal sales strategies that account for other countries and regions as well.

New hires and rehiring



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

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 in FY2014, we recorded gains in revenues and profits.

We also were able to resume issuing dividends in FY2014 for the first time in three years.

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



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.

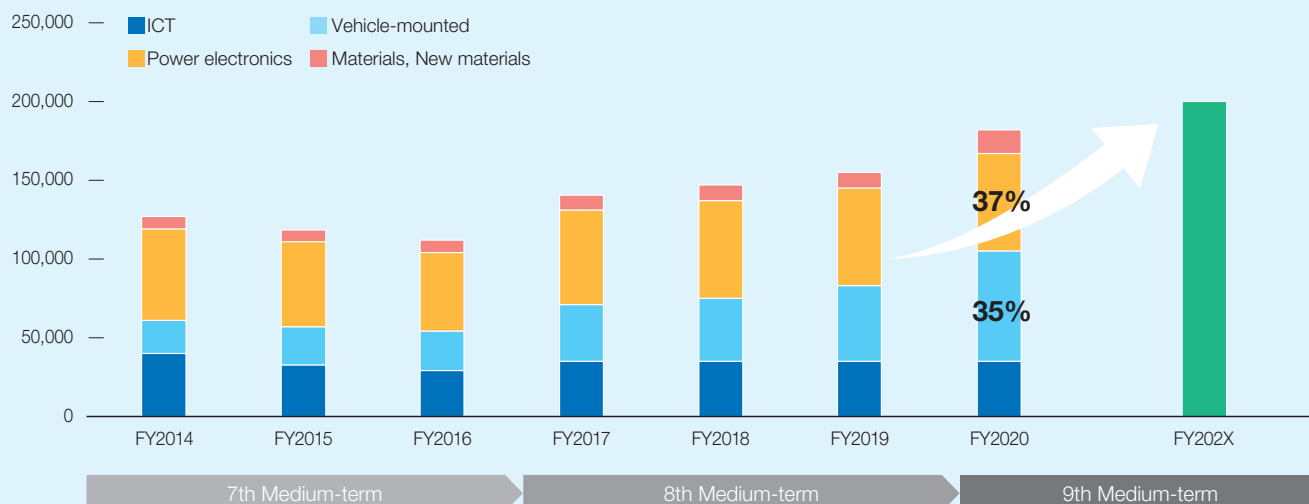
- Over the long-term, our goal is to develop into an E.C.O. solutions company.

(1) Further focus on the power electronics market

(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 annual sales of 200 billion yen in the early 2020s.

Long-term goals (Million Yen)



Message from our president

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 DL-CAP™ 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.

Anticipating future industry and changes in social structure

Innovation in technology as represented by the Internet of Things (IoT), big data, and artificial intelligence (AI). The world is transitioning toward a time when all things will connect over networks, real-world information is instantaneously gathered and stored as digital informa-

tion, and the massive collection of data is used to automatically control all varieties of devices. To respond to expanding needs, we continue our work to provide new value creation through a fusion of new materials and storage technology.

Management Innovation Activities

Management Innovation Activities

PI
Productivity
Innovation



SI
Strategic
Innovation

MI
Management
Innovation



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 Management 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.

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 2016

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

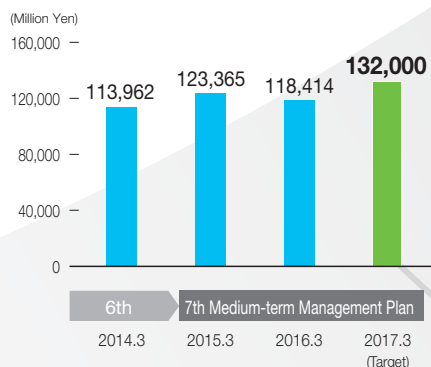
Operating Income Margin for the final year

7 %

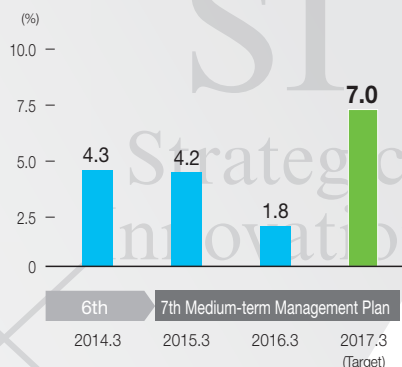
ROA for the final year

5 %

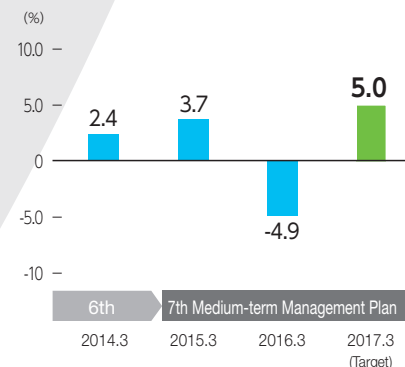
Net Sales



Operating Income Margin



ROA



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**



For the latest information on Nippon Chemi-Con's medium-term management plan, please see the website below.

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

Message from our officer in charge of accounting

Strengthen Management Platform for Sustainable Growth

We are enhancing our management platform from a variety of perspectives with common goals of strengthening our financial structure and promoting cash flow management. We are committed to implementing our management strategies and tying those efforts to profound advancements through our Eighth Medium-term Management Plan set to start in FY2017 as we aim to improve long-term shareholder value.

Focusing on the strengthening our financial structure and promoting cash flow management, the core themes of our Seventh Medium-term Management Plan, we have worked to reduce interest-bearing loans by improving capital efficiency and in turn generating free cash flow. As a result of those efforts, we succeeded in reducing interest-bearing loans by 24.2 billion yen, from 57.7 billion yen in FY2012 to 33.5 billion yen in FY2015. We understand that we caused our stakeholders great concern and inconvenience as a result of significant losses recorded in FY2015 due to having recorded extraordinary losses related to competition laws. We are implementing business structure reforms aimed at the rapid recovery of business performance and will continue striving to improve long-term shareholder value by ensuring that we maintain an ideal debt-capital balance and while investing in growth fields and by continuing to provide

stable investor returns.

Beginning last fiscal year, we added ROE as a management benchmark as part of our focus on improving capital efficiency. ROE in FY2014 was 7.6% but in FY2015, ROE was -9.8%. As we aim for our long-term goal of an ROE of 10%, we will seek to return to profitability immediately by increasing the earning potential of our core aluminum electrolytic capacitor business. Furthermore, we will focus on increasing the turnover ratio for major assets in order to realize our goal of achieving a “better-than-full” return on total assets.

Our equity ratio in FY2015 dropped 8 points from FY2014 to 45%. In order to ensure a balanced financial structure and our debt-capital balance, we will continue working in FY2016 and beyond to promote asset efficiency and reduce interest-bearing loans by generating free cash flow. We will conduct investments that facilitate future growth while strengthening equity capital.

Our Company has 27 domestic and international subsidiaries. We are progressing with the reorganization of our corporate structure in Japan and overseas in order to optimize subsidiary management. In FY2014, we consolidated four companies in the Iwate region and in FY2015, we merged two Taiwanese subsidiaries, established a general management company in North America, and consolidated five subsidiaries in China under Hong Kong Chemi-Con as part of our initiative to strengthen our management platform by developing a sales development network that offers a one-stop product solution, from design and materials to final product supply. We will continue to evaluate reforms aimed at strengthening our management and financial structure while also pursuing the effective use of management resources by general management companies established in each region.

To ensure compliance with international tax rules (BEPS*) aimed at ensuring fair tax burdens within each country, currently, we are reconstructing our transaction price policies to reflect the functions and risks of reorganized domestic and international subsidiaries. This will ensure we are making appropriate tax payments in the countries we operate and enable us to establish a global tax strategy.

*Base Erosion and Profit Shifting



Osamu Ishii

Senior Executive Officer

Message from our CTO

R&D that Delivers Happiness

We have been conducting R&D activities based on a new organization framework since April 2016, and already we are beginning to see benefits. Inter-department links that are stronger than ever are helping improve response times. The development of appealing new products that strike a chord with customers will be a driving force for our growth strategy.

This year, Nippon Chemi-Con transitioned from our conventional management structure consisting of seven operations headquarters to a matrix structure that combines a vertical management system, which assigns accountability to each business division, with a lateral operational system, which utilizes staff and corporate functions across all aspects of business.

Through this change, our R&D Headquarters, now functioning as a member of the business promotions department for each business division, has since been able to engage in more close-knit partnerships with manufacturing departments and sales departments.

At the same time, since the needs of the business division that are addressed by the development department tend to involve matters requiring immediate or urgent responses, the R&D Headquarters works to ensure that a certain level of resources are allocated towards future seeds development and other forward-looking initiatives.

To achieve both, some members of the product development departments were transferred to design departments overseen by the respective business divisions to strengthen plant design functions. In doing so, product development departments are able to focus on forward-looking development more than ever before.

In the area of forward-looking seeds development, the Basic Research Center is part of our R&D Headquarters. Last year, a new seed was proposed by the Basic Research Center.

When we discuss new seeds from our Basic Research Center, there is a tendency to imagine some “revolutionary new material” or other seeds based on advanced research but it might be better to say that these seeds consist of some minor ideas. However, presented with these seeds, product development departments get involved by quickly proposing a sample creation plan. This resulted in the proposal of content that significantly altered the new product concept.

One could say that the relationship between basic research departments and product development departments during the new product development process is upstream and downstream, one of supplier and customer. As is often mentioned by a certain customer, “customers remain customers because the product delivers happiness to the customer.” In this sense, this enables product development departments, the “customer,” to act so quickly.

Lending an ear to customer feedback and always keeping that feedback in the back of your mind so that when you conceive an idea that will resolve a problem, you will immediately be able to accept to the challenge of solving a problem. The repetition of this process enables us to provide new products and solutions that strike a chord with the customer and deliver happiness to the customer. I believe this is the ultimate mission assigned to all of us here in the R&D Headquarters.



**Norio
Kamiyama**
Senior Executive Officer
and Chief Technology Officer

Message from our CQO

To Establish a Position of Absolute Quality Superiority

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.

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.

Based on the abovementioned guidelines, Nippon Chemi-Con's global network of production sites apply the ISO/TS16949 quality management system for automobile manufacturing to maintain the efficacy of each workflow process used in our business activities. We constantly apply the PDCA cycle toward improving quality, cost, delivery, and technology. At the same time, we work to accurately ascertain and evaluate the diverse risks we face during our business activities to achieve risk mitigation and the proactive prevention of trouble.

The same expectations of high quality being placed on the automobile industry in relation to the field of autonomous driving will eventually expand to include peripheral industries. We are viewing that shift as a chance to establish a position of absolute quality superiority within the market. We will continue to pay close attention to customer feedback and proactively conduct necessary quality investments.

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

Noriaki Kakizaki

Senior Managing Executive Officer
and Chief Quality Officer



Introduction of Main Businesses → The following is an introduction of FY2015 performance and initiatives for aluminum growing as the second pillar of management.

Aluminum Electrolytic Capacitor Business

► Net sales

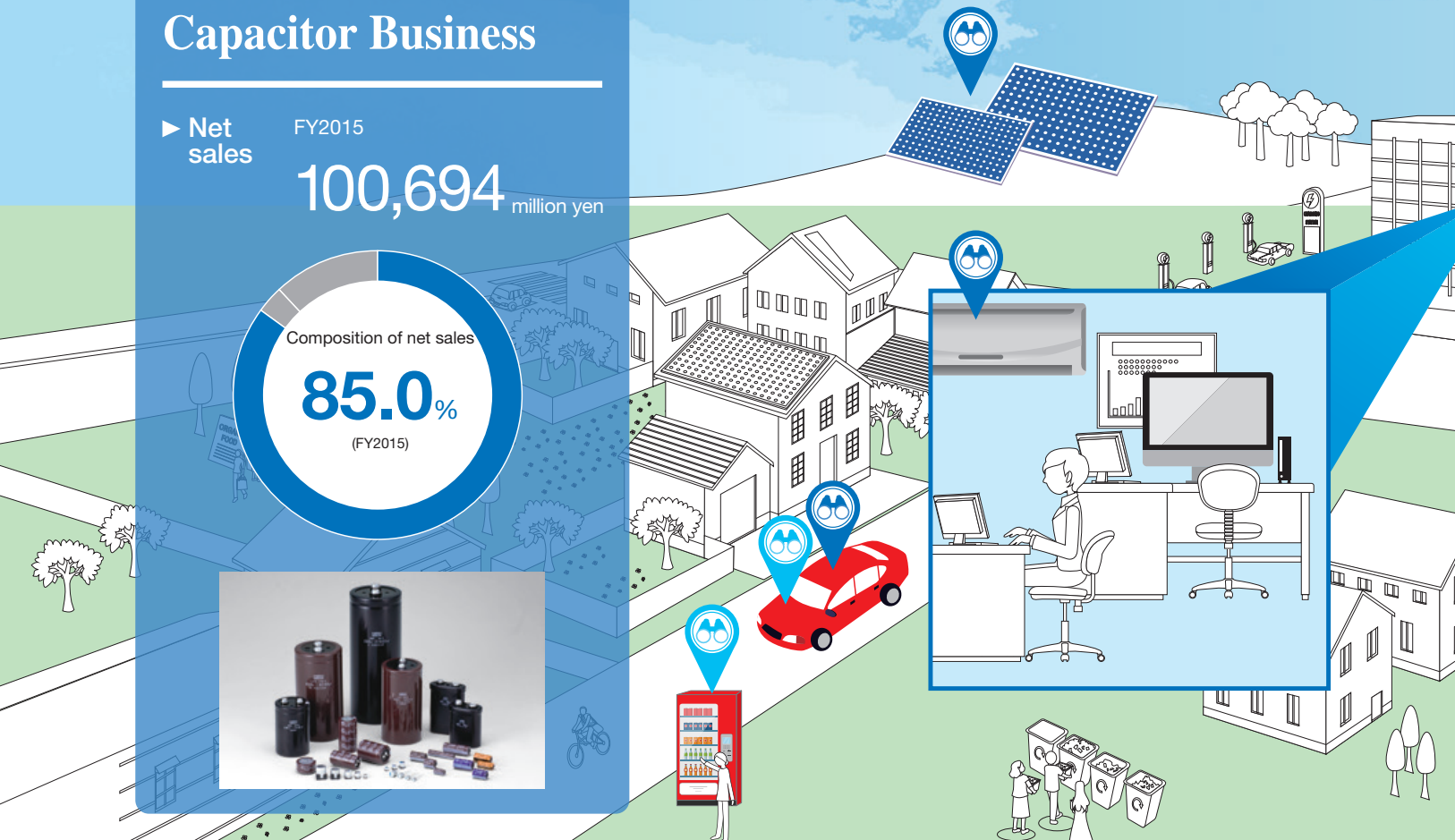
FY2015

100,694 million yen

Composition of net sales

85.0%

(FY2015)



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.

FY2015 performance

Net sales for aluminum electrolytic capacitors during FY2015 were approximately ¥100.6 billion, down 3.4% year on year. Chinese markets for home appliances such as air conditioners, and industrial equipment such as industrial robots were sluggish, resulting in weak sales of large-size products (screw terminal type and snap-in type).

On the other hand, we saw strong performance in sales of automobile products such as surface mount type products. In the automotive electronics market, popularity of advanced

eco-vehicles is expected to grow further in the medium and long term. 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. 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.

electrolytic capacitors, the Nippon Chemi-Con Group's largest business, and electric double-layer capacitor business, a new business that is

Electric Double Layer Capacitor Business

► Net sales

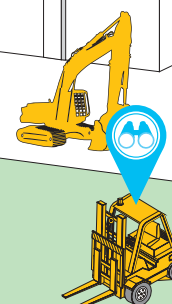
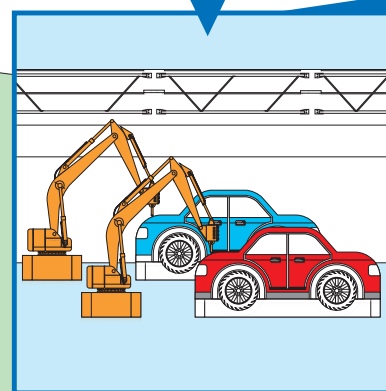
FY2015

3,931 million yen

Composition of net sales

3.3%

(FY2015)



As the Second Pillar of Management

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.

FY2015 performance

During FY2015, net sales of electric double layer capacitors decreased by 8.6% year on year to approximately ¥3.9 billion. Major customers included automobile manufacturers, which accounted for over 90% of the net sales.

At present, this sector represents 3.3% 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.

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 CO₂ 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 development and sales.

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

Executive Members (as of June 29, 2016)

Directors

President and Chief Executive Officer

A

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)

Director and Managing Executive Officer

B

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
 Apr 2016 Director and Managing Executive Officer, Division Manager of Product Business Management (current)

Director and Managing Executive Officer

C

Shuichi 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
 Jun 2016 Director and Managing Executive Officer, Division Manager of Sales Headquarters and Officer in charge of Management Strategy Dept. (current)

Director and Senior Executive Officer

D

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
 Apr 2014 Director and Senior Executive Officer, Division Manager of Production Headquarters
 Apr 2016 Director and Senior Executive Officer, Deputy Division Manager of Product Business Management (current)

Outside Director

E

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)



Outside Director

F

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.
 Jun 2015 Director of Nippon Chemi-Con Corp. (current)
 Mar 2016 Corporate adviser of The Yokohama Rubber Co., Ltd. (current)

Audit & Supervisory Board Member

G

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)

Audit & Supervisory Board Member

H

Yukisada Takahashi (February 1, 1957)

Jun 1979 Joined Nippon Chemi-Con Corp.
 Apr 2005 Department Manager of SCM Promotion Dept.
 Apr 2007 Department Manager of SCM Promotion Dept. and Information System Dept.
 Aug 2007 Department Manager of Information System Dept.
 Apr 2014 Department Manager of Management Strategy Dept., Planning Headquarters
 Jun 2015 Executive Officer, Department Manager of Management Strategy Dept., Planning Headquarters
 Apr 2016 Executive Officer, Deputy Officer in charge of Value Creation SCM Dept., Corporate IT Planning Dept., and Management Strategy Dept., Department Manager of Corporate IT Planning Dept.
 Jun 2016 Audit and Supervisory Board Member (current)

Outside Audit & Supervisory Board Member

I

Toyoji Aida (May 1, 1950)

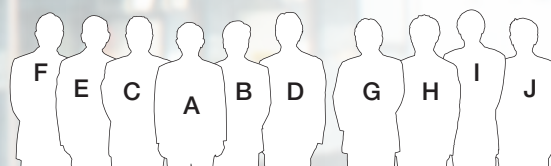
Apr 1974 Joined Hitachi, Ltd.
 Apr 2001 General Manager of Procurement Dept., Storage Division, Hitachi, Ltd.
 Apr 2003 General Manager of RSD Procurement Dept., Hardware Procurement Division, Information & Telecommunication Systems Group, Hitachi, Ltd.
 Jun 2004 Director, General Manager of Procurement 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)

Outside Audit & Supervisory Board Member

J

Fumio Morita (August 30, 1955)

Apr 1978 Joined The Yokohama Rubber Co., Ltd.
 Jun 2007 Head of Corporate Finance & Accounting Dept., The Yokohama Rubber Co., Ltd.
 Jun 2009 Corporate Officer, Head of Corporate Finance & Accounting Dept., The Yokohama Rubber Co., Ltd. and President of Yokohamagomu Finance Co., Ltd.
 Jun 2010 Director and Corporate Officer, in charge of Corporate Finance & Accounting Dept. and Audit Dept., The Yokohama Rubber Co., Ltd., and President of Yokohamagomu Finance Co., Ltd.
 Mar 2012 Director and Managing Corporate Officer, in charge of Sports Business Dept., Corporate Finance & Accounting Dept., Audit Dept., Information System Dept., and Global Procurement Division, The Yokohama Rubber Co., Ltd., and President of Yokohamagomu Finance Co., Ltd.
 Mar 2014 Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd., in charge of Yokohama Motorsports International Co., Ltd.
 Jan 2015 Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd., in charge of Yokohama Motorsports International Co., Ltd., President of PRGR Co., Ltd.
 Mar 2016 Corporate adviser of The Yokohama Rubber Co., Ltd., President of PRGR Co., Ltd. (current)
 Jun 2016 Audit and 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.

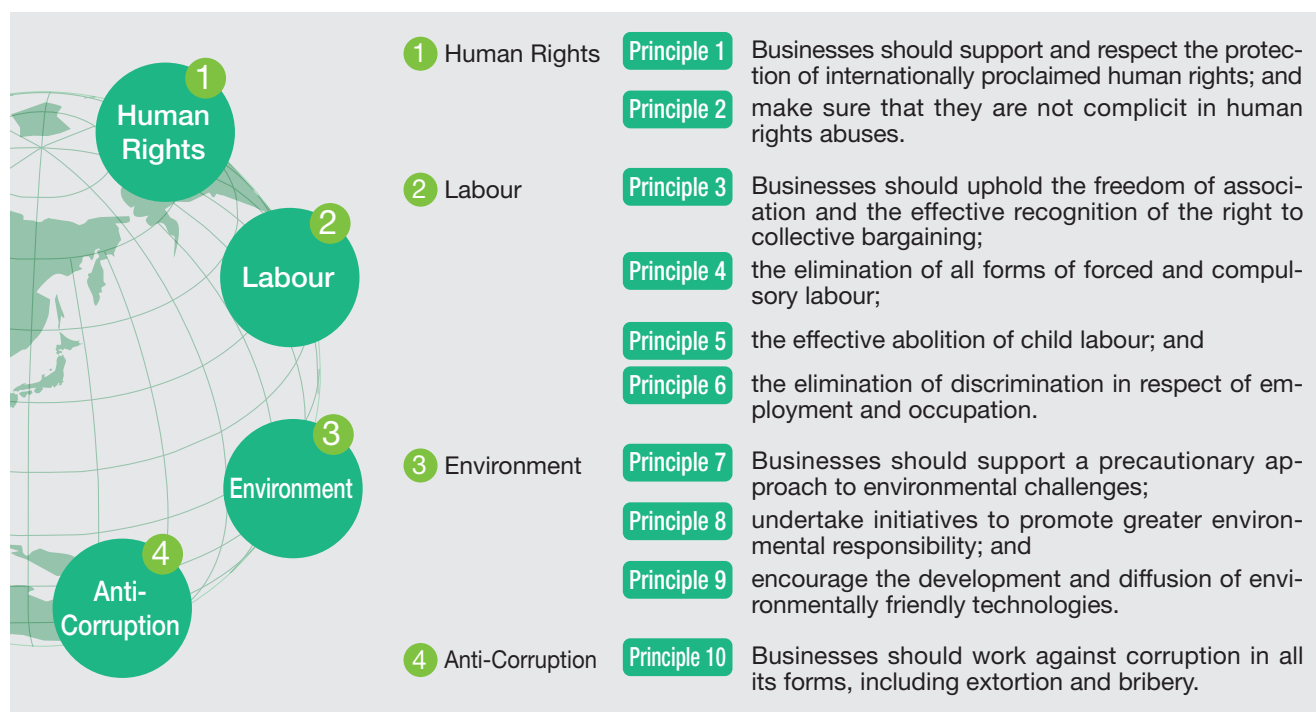
In 2014, we introduced our Healthy Company system that focuses on the health management of our employees and their families. We are conducting activities to ensure the ability of our employees and their families to have energetic and healthy lifestyles.

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



Human Resources Strategy

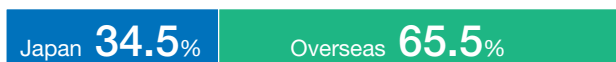
Diversity

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

Amid continuing globalization, overseas production accounts for approximately 65% 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



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. Our main office sponsors 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.

With the goal of increasing employee skill levels at our overseas affiliates, since 2006 we have selected employees from overseas offices to participate in training conducted in Japan. Since then, already over 110 overseas employees have participated. Among those who have completed the training are numerous employees who are already working as managers overseas. Moving forward, we will continue striving to develop human resources capable of thinking, deciding, and acting based on a global perspective and who are able to lead a team comprised of a diverse range of individuals towards goal achievement.

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.

Additionally, to supplement the function of the Board of Directors, in November 2015 we established a Nomination Advisory Committee and a Compensation Advisory Committee. For both the Nomination Advisory Committee and the Compensation Advisory Committee, the chairperson is an independent outside director and the majority of members are independent outside directors.

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.

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

Details of the Corporate Organs



Board of Directors	Nippon Chemi-Con's Board of Directors comprises six 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.
Nomination Advisory Committee	The Nomination Advisory Committee consult with other members about the content of a draft to be proposal to a General Meeting of Shareholders concerning selection and dismissal of directors and members of the Audit & Supervisory Board and the content of a draft to be proposed to the Board of Directors concerning selection and dismissal of executive officers. Such consultations are conducted prior to determination of such proposals in light of the "Standards for Selection of Directors and Executive Officers" and the "Standards for Selection of Members of the Audit & Supervisory Board" set by the company, the conclusions of which are recommended to the Board of Directors.
Compensation Advisory Committee	The Compensation Advisory Committee consult with other members about matters concerning compensation of directors and executive officers and expenses opinions and advice to the Board of Directors. Such consultations are conducted after the committee considers the business scale and levels of compensation of employees of the company, and decent third party's study conducted periodically on compensation of corporate management, etc. in addition to levels of compensation of other competitors, socio-economic conditions, etc.
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.

aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.

Selection of Outside Officers

Of the six 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.

All four outside officers are registered with the Tokyo Stock Exchange as independent officers.

Officer Compensation

Compensation for Nippon Chemi-Con directors is designed and managed as a system that is both linked to performance and investor long-term income and to the

promotion of personnel growth and development. Our basic policy is to achieve an appropriate and fair balance that further increases director motivation toward maximizing corporate value.

For the purpose of enhancing the independence and objectivity of functions related to determining directors' compensation, we establish a Compensation Advisory Committee to deliberate on matters related to directors' compensation, after which a decision is made by the Board of Directors.

Furthermore, compensation for executive directors is comprised of monthly compensation and performance-linked compensation, which is determined based on company performance for the given fiscal year and individual performance. As performance-linked compensation is not appropriate for non-executive directors and outside directors, their compensation consists solely of monthly compensation.

Compensation for Audit & Supervisory Board Members is monthly compensation only, which is determined as individual fixed compensation based on deliberations by Audit & Supervisory Board Members.

Officer category	Total compensation (million yen)	Total compensation by type (million yen)		Number of applicable officers
		Base compensation	Bonus	
Directors (excluding outside directors)	165	165	—	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	44	44	—	2
Outside officers	32	32	—	5
Total	241	241	—	12

(For the Fiscal Year Ended March 31, 2016)

Compliance

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.

Enhancing Education and Training and Initiatives on Competition Law Compliance

As part of our CSR education, Nippon Chemi-Con conducts compliance training related to competition 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. At Nippon Chemi-Con, we take a proactive approach to compliance education and training for the entire Group. In fiscal 2015, in addition to these activities our legal affairs department conducted compliance audits at 42 factories and departments.

As an initiative on competition law compliance, we hold training conferences led by external coaches (attorneys) where we cover competition laws. Nippon Chemi-Con has outlined internal regulations and manuals, including our “Basic Policies Concerning Compliance with Competition Laws,” aimed at ensuring compliance with competition laws. Also, our legal affairs department is conducting audits.

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. During compliance training, we explain the importance and effectiveness of whistleblowing to promote awareness about the whistleblowing system. 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 Department) 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 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 29, 2016, the day we submitted financial statements.

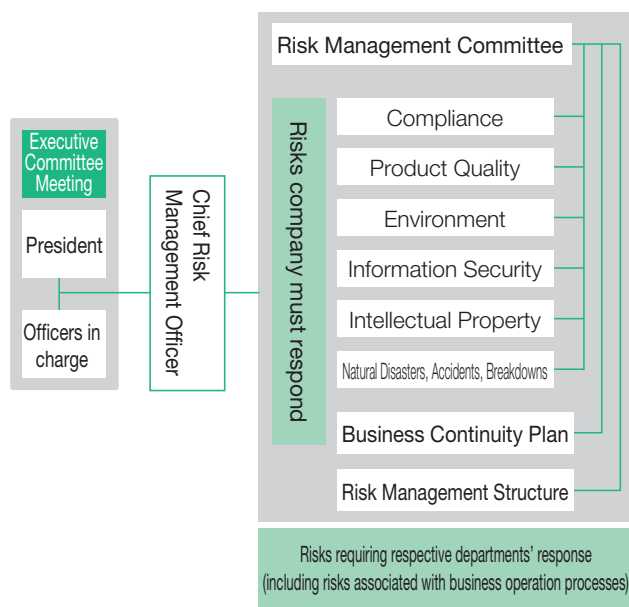
1. Risks concerning economic conditions

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 76.5% in the FY2014, and 79.2% in the FY2015. 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.

■ Risk Management System



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 worldwide 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.

Nippon Chemi-Con Group is being subjected to investigations conducted by competition authorities of the United States,

EU, China and other countries, with respect to transaction of aluminum electrolytic capacitors and other capacitors.

In March 2016, the Japan Fair Trade Commission found our aluminum electrolytic capacitor transactions to be in violation of the Antimonopoly Act of Japan. As a result, we were issued a cease and desist order and a surcharge payment order in the amount of 1,435.24 million yen. While we have a difference of opinion concerning the certification of facts and legal assessment made by the Japan Fair Trade Commission and thus do not fully accept said findings, following a comprehensive evaluation of circumstances pertinent to the case in hand, we believe it more important to prioritize efforts related to increasing medium- and long-term corporate value, and thus we decided not to file a suit for the revocation of judgment in relation to the abovementioned actions.

In November 2015, Nippon Chemi-Con and our European subsidiary Europe Chemi-Con (Deutschland) GmbH received a Statement of Objections from the European Commission concerning suspicions of a violation of the European Competition Law in relation to our sales of aluminum electrolytic capacitors and tantalum electrolytic capacitors in Europe. Nippon Chemi-Con and Europe Chemi-Con (Deutschland) GmbH intend to respond appropriately to this Statement of Objections.

In December 2015, Nippon Chemi-Con, our Taiwan subsidiary Taiwan Chemi-Con Corp., and our Hong Kong subsidiary Hong Kong Chemi-Con Ltd. received notice from the Taiwan Fair Trade Commission concerning suspicions that our aluminum electrolytic capacitor transactions were in violation of the Taiwan Competition Law, and the decision that Nippon Chemi-Con, Taiwan Chemi-Con, and Hong Kong Chemi-Con would be levied a fine of TWD 1,307.81 million, TWD 205.66 million, and TWD 58.03 million, respectively. As we feel it inappropriate to accept this decision due to a difference of awareness between us and the Commission, in February 2016 we filed an administrative suit with the Taipei High Administrative Court requesting the revocation of said decision. With regard to this matter, civil actions have been filed against our company and our subsidiaries in the United States and Canada.

If an unfavorable judgement is made against Nippon Chemi-Con in these legal proceedings, business results and financial position of Nippon Chemi-Con Group may be adversely affected.

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



Hideaki Takahashi

Outside Director

Strengthening Our Overseas Production Centers

Overseas production accounts for approximately 65% of Nippon Chemi-Con's production by volume. As such, we are committed to the careful monitoring of our manufacturing subsidiaries and other overseas locations.

In autumn 2015, I visited our sales subsidiary in Nuremburg. As Nippon Chemi-Con's product distribution hub in Europe, the Nuremburg facility is where products manufactured in Japan, Asia, and the United States are repackaged and then shipped to various destinations in Europe. The visit reinforced Nuremburg's importance as a core entity in our logistics network.

The following month, I visited four subsidiaries in the ASEAN region. Malaysia and Indonesia are home to aluminum electrolytic capacitor assembly plants. This visit helps me understand the difficulty involved in people of different histories, culture, and religion collaborating to work together. I also got a first-hand look at some of the concerns faced by the Japanese staff. At the sales office, I could see the effort being put forth towards promoting sales to local companies and foreign corporations, as well as efforts to engage in emerging markets such as India and Vietnam.

In spring 2016, I visited a total of 7 production sites and sales offices in East Asia. With 45% of Nippon Chemi-Con products currently being sold on the Chinese market, they are making the transition to local procurement of raw materials in order to beat out the pricing competition of Taiwanese and Chinese companies.

Just recently I also visited two subsidiaries in the United States. The plant in Lansing, North Carolina boasts a long history and storied tradition. This plant mainly produces large-sized products. The plant was greatly impacted by the harbor strike that occurred on America's west coast. The visit was a stark reminder of the importance of material and distribution management.

The recent trend of yen appreciation has had a significant impact as it has been difficult to generate profits even with production running at near full capacity. The difficulties that face overseas production do vary, but the importance of overseas production continues to grow. We currently are working to strengthen our overseas manufacturing sites and the key to success in this area is how to achieve organization optimization. I look forward to seeing and evaluating future progress.



Kinya Kawakami

Outside Director

Solid Implementation of Strategies

I would like to touch on the things I have felt through my work since being elected to the position of outside director on June 26, 2015.

Last year, the Company was ordered to pay a fine by Japanese authorities and received a notice of a fine assessment decision from Taiwanese authorities for acts that were deemed in violation of competition laws.

I view this as incredibly unfortunate and as a very serious issue. The Company initiated new compliance education to prevent a reoccurrence and I will work to confirm that these education has permeated and taken hold within the Company.

What I sense from attending the Board of Directors' meetings is that discussion is very spirited. President Uchiyama leads discussions by encouraging participants to provide their opinions. Outside directors also ask questions and voice opinions. I feel that these deliberations are helping to make corporate governance stronger.

Since taking this position, I have visited domestic and overseas factories. I learned that domestic factories have advanced technology related to material development and manufacturing methods, and that the Company is pouring resources into R&D in these areas. I also sensed the strong intent to make improvements among manufacturing facility workers. The domestic factory is operated as a mother factory for overseas factories and serves to support overseas productions. There are restrictions on overseas factories due to government regulations. For example, in Malaysia foreign workers cannot work for more than three years consecutively. This forces the factory to accept new personnel, which is a barrier against stable skills development. We work to develop local managers and hope that through their own skills they will be successful at facilitating the transfer and improvement of skills.

Competition from other companies grows stronger. Nippon Chemi-Con possesses rich technology and an elite development team. I believe we can beat the competition if we further cultivate talent, strengthen ties between sales and production, and continue the timely provision of products that meet the needs of our customers. I hope the company will apply the strength of its production, sales, and technology towards improving performance.

IR Activities / Events

Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2015, results briefings were held in May and November. In addition to presentations from the President and the Director in charge of Management Strategy, the CTO also gave a presentation on technology developments.

Technology Seminars

During FY2015, we held technology seminar on one occasion 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 FY2015, we held over 100 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 FY2015 (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.



FY2015 Conference and exhibit participation

Month	Name of the Conference	Place
May	● AUTOMOTIVE ENGINEERING EXPOSITION 2015	Japan
	● Electronic Distribution Show 2015	U.S.A.
July	● TECHNO-FRONTIER 2015 / POWER SYSTEM JAPAN 2015	Japan
September	● BATTERY OSAKA—2nd Int'l Rechargeable Battery Expo Osaka	Japan
	● electronica India 2015	India
October	● CEATEC JAPAN 2015	Japan
November	● IDTech 2015	U.S.A.
	● China Hi-Tech Fair ELEXCON 2015	China
January	● EV JAPAN—7th EV & HEV Drive System Technology Expo	Japan
March	● BATTERY JAPAN 2016—7th Int'l Rechargeable Battery Expo	Japan
	● The Applied Power Electronics Conference and Exposition 2016	U.S.A.

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

Fiscal Year	2011	2012	2013	2014	2015
Purchased Electric Power	406,777	386,594	471,148	483,070	475,603
A-grade Heavy oil	28,603	18,877	21,593	23,921	23,446
Kerosene	1,686	1,682	1,551	1,489	1,507
City Gas	23,143	22,786	23,249	23,449	22,295
Gasoline	457	397	361	351	325
LPG	383	342	343	340	308
LNG	0	474	490	382	510
Gas oil	50	49	79	106	155
Industrial steam	0	862	2,532	2,557	2,465
Waste Materials – Oil, Plastics	0	0	0	0	0
Waste Materials – Paper, Wood	0	0	0	0	0
Total	461,099	432,063	521,347	535,665	526,615

Notes:

1. Energy-CO₂ conversion factor used by the sites outside Japan is reappraised from 2014.
2. Amount of energy-origin CO₂ 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** %

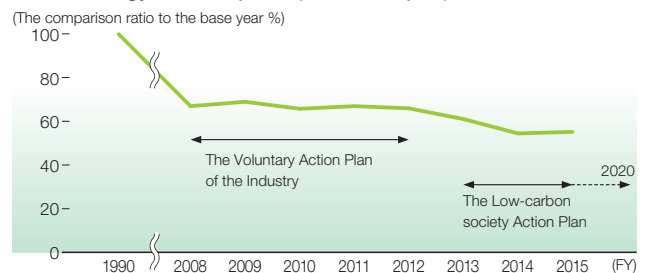
<Long-term target>

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)

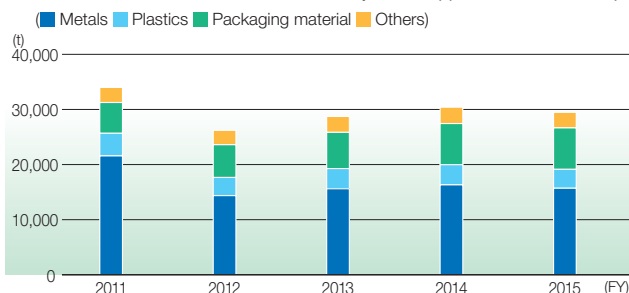


Resource conservation

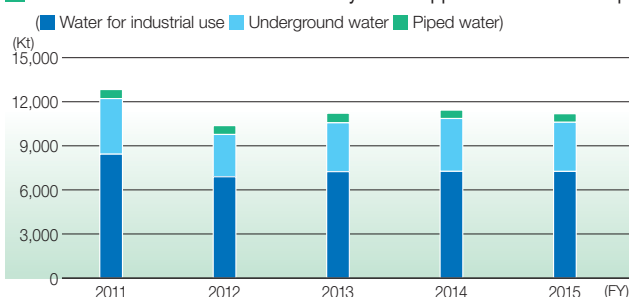
In the manufacturing activities of industries, the resources are essential element. Efficient use of such resources will protect global environment.

We encourage the “3R,” recycling, reusing, and reducing 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

The Nippon Chemi-Con Group has addressed activities for resource recycling and reduction in landfill disposal volumes by reducing the amount of industrial waste generated.

We further promote 3R, effective utilization and recycling of resources to reduce wastes and improve the final disposal rate.

Trends of final disposing rate (Sites in Japan)



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 CO₂, 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. ▶
Protecting “Minami-Medaka” (*Oryzias latipes*), endangered species of the Kitakami river water system, at the pond in the site.



◀ 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



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 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, obesity has a major impact on medical expenses and this problem is growing among younger generations as well. As such, we aim to reevaluate individual lifestyles and reduce future risks such as severe diabetes. Nippon Chemi-Con uses BMI as one indicator and requires that employees undergo physical examinations at hiring. These examinations include blood tests that help employees understand the importance of health from a young age. We also use internal publications to distribute transformation case studies and other information to promote increased health awareness.

III. Mental health measures —

Incorporation of stress check system

We introduced a stress check system that is aligned with the timing of health examinations. This system focuses on prevention and aims to increase opportunities for awareness in order to help prevent mental illness and the occurrence of employees requiring a leave 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.

Relationship with local community

Chemi-Con Iwate is participating in situ conservation activities of "Minami-Medaka" (*Oryzias latipes*) which is one of "Not apparent local fish." With support from NPO and other people, we started protecting "Minami-Medaka" from June, 2015. In October 2015, many fry were incubated. Incubated fry were presented to the local primary schools and junior high schools. We intend to keep participating in activities, such as protecting "Minami-Medaka" for future children.



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, 10 cleanup activities were launched in FY 2015.



Chemi-Con Fukushima's Healthy Eco Walking (October 24, 2015)

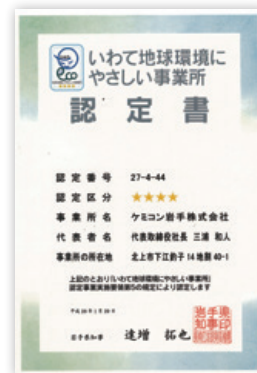
Certificate and Letter of appreciation in FY2015

Chemi-Con Iwate Corp.

"Certificate of Global-environment friendly site of Iwate"
Four-star (Highest Rated)

■ Sponsorship: Iwate prefecture

The business establishment taking active measures on carbon dioxide discharge suppression was certified as "Global-environment friendly site of Iwate." Chemi-Con Iwate was certified "4-star" (Highest rated).



Chemi-Con Nagaoka Corp.

"Letter of appreciation – Nagaoka no-private-car-day 2015"

■ Sponsorship: City of Nagaoka

Chemi-Con Nagaoka received a "Letter of appreciation" from City of Nagaoka for participating City of Nagaoka sponsored "no-private-car event in 2015" (Activity for reducing greenhouse effect gas).



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 brake 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 2016). 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 DLCAP™ use in automobiles

	2012	2013				2014	2015				2016		
	November	August	September	November	December	October	February	May	May	June	June	July	September
Manufacturer	MAZDA	MAZDA	HONDA	MAZDA	HONDA	MAZDA	MAZDA	HONDA	MAZDA	HONDA	MAZDA	MAZDA	HONDA
Vehicle Type	Atenza (Mazda6)	CX-5	Fit (Jazz)	Axela (Mazda3)	Vezel (HR-V)	Demio (Mazda2)	CX-3	Shuttle	Roadster (MX-5)	Grace (CITY)	CX-4	CX-9	Freed

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, 2007 through 2016

	2007.3	2008.3	2009.3	2010.3
For the year				
Net sales	135,105	143,206	114,578	105,896
Operating income (loss)	9,433	8,706	(6,874)	(3,036)
Operating income margin (%)	7.0	6.1	(6.0)	(2.9)
Ordinary income (loss)	8,978	4,437	(6,015)	(3,475)
Ordinary income margin (%)	6.6	3.1	(5.3)	(3.3)
Profit (loss) attributable to owners of parent	5,572	2,512	(12,700)	(4,294)
Profit attributable to owners of parent margin (%)	4.1	1.8	(11.1)	(4.1)
Capital investment	14,551	14,620	11,943	4,013
Depreciation and amortization	8,829	11,080	11,631	8,748
Research and development (R&D) expenses	3,559	3,741	3,758	3,590
Proportion of net sales (%)	2.6	2.6	3.3	3.4
At year end				
Current assets	87,700	82,743	74,732	72,648
Fixed assets	80,476	77,600	69,261	65,249
Current liabilities	41,959	43,328	48,227	39,521
Long-term liabilities	43,497	38,363	38,508	37,578
Net assets	82,720	78,652	57,258	60,797
Total assets	168,176	160,343	143,994	137,897
Cash flows				
Cash flows from operating activities	19,218	11,144	8,134	6,514
Cash flows from investing activities	(13,419)	(13,020)	(12,388)	(4,891)
Free cash flow	5,798	(1,876)	(4,254)	1,622
Cash flows from financing activities	1,488	(3,499)	16,774	(10,405)
Per share data				
Profit (loss)	44.07	19.89	(103.29)	(36.11)
Cash dividends	10.00	12.00	6.00	0.00
Net assets	648.43	618.26	485.33	423.85
Financial indicators				
Return on assets (ROA) (%)	3.5	1.5	(8.3)	(3.0)
Return on equity (ROE) (%)	7.0	3.1	(18.8)	(7.3)
Shareholders' equity ratio (%)	48.7	48.7	39.5	43.8
Average exchange rate				
US\$	117.02	114.28	100.54	92.85
EUR	150.09	161.53	143.48	131.15

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. As we apply the Accounting Standard for Business Combinations (ASBJ No. 21, September 13, 2013), from FY2015 net income or net loss is recorded as profit attributable to owners of parent or loss attributable to owners of parent.
3. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.
4. Free cash flow = Cash flows from operating activities + Cash flows from investing activities.
5. Return on assets (ROA) is calculated by dividing term net income by average total assets.
6. Return on equity (ROE) is calculated by dividing term net income by average shareholder equity.
7. Depreciation and amortization expenses exclude depreciation and amortization related to research and development expenses.

						Millions of yen	Thousands of U.S. dollars
	2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2016.3
	127,790	100,290	92,959	113,962	123,365	118,414	1,050,891
	8,155	(2,596)	(6,990)	4,933	5,122	2,179	19,344
	6.4	(2.6)	(7.5)	4.3	4.2	1.8	1.8
	6,744	(2,633)	(6,685)	4,304	6,207	1,165	10,344
	5.3	(2.6)	(7.2)	3.8	5.0	1.0	1.0
	3,297	(4,909)	(9,252)	3,315	5,362	(6,905)	(61,283)
	2.6	(4.9)	(10.0)	2.9	4.3	(5.8)	(5.8)
	9,614	13,521	5,953	3,067	5,203	4,354	38,648
	8,392	8,493	8,615	7,951	7,373	7,127	63,253
	3,642	3,966	3,981	3,872	4,160	4,321	38,350
	2.9	4.0	4.3	3.4	3.4	3.6	3.6
	71,824	70,657	69,007	76,619	81,689	78,775	699,107
	62,868	66,901	65,447	63,149	64,968	58,341	517,762
	36,041	28,076	43,915	32,730	42,106	40,377	358,338
	37,153	53,872	39,784	43,194	26,405	33,875	300,630
	61,498	55,610	50,754	63,844	78,146	62,864	557,902
	134,693	137,559	134,454	139,769	146,657	137,117	1,216,870
	8,636	1,820	4,651	12,161	10,730	10,970	97,359
	(8,671)	(12,951)	(6,925)	(1,620)	(4,269)	(2,878)	(25,548)
	(34)	(11,131)	(2,273)	10,541	6,460	8,091	71,811
	(3,018)	12,790	1,725	(6,143)	(7,675)	(4,712)	(41,820)
	23.17	(34.49)	(65.01)	22.34	32.91	(42.38)	(0.38)
	3.00	0.00	0.00	0.00	3.00	3.00	0.03
	429.82	388.49	355.46	390.16	477.23	383.43	3.40
	2.4	(3.6)	(6.8)	2.4	3.7	(4.9)	
	5.4	(8.4)	(17.5)	5.8	7.6	(9.8)	
	45.4	40.2	37.6	45.5	53.0	45.6	
	85.72	79.08	83.10	100.24	109.93	120.13	
	113.12	108.98	107.14	134.37	138.77	132.57	

Consolidated Balance Sheets

For the years ended March 31, 2016 and 2015

		Millions of yen	Thousands of U.S. dollars
	2015.3	2016.3	2016.3
Assets			
Current assets			
Cash on hand and in banks	24,483	26,250	232,966
Notes and accounts receivable – trade	27,303	24,433	216,837
Inventories	22,709	20,801	184,610
Deferred tax assets	220	770	6,837
Other current assets	7,012	6,558	58,206
Less allowance for doubtful accounts	(40)	(39)	(349)
Total current assets	81,689	78,775	699,107
Fixed assets			
Property, plant and equipment			
Buildings and structures	14,072	13,111	116,356
Machinery and equipment	19,123	16,463	146,110
Land	7,048	6,897	61,211
Construction in progress	1,461	1,324	11,755
Other	2,005	1,794	15,928
Total property, plant and equipment	43,711	39,591	351,361
Intangible fixed assets	1,699	1,438	12,768
Investments and other assets			
Investment securities	18,025	15,449	137,108
Deferred tax assets	307	593	5,265
Other	1,259	1,298	11,527
Less allowance for doubtful accounts	(35)	(30)	(268)
Total investments and other assets	19,556	17,311	153,632
Total fixed assets	64,968	58,341	517,762
Total assets	146,657	137,117	1,216,870

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.

		Millions of yen	Thousands of U.S. dollars
	2015.3	2016.3	2016.3
Liabilities and Net Assets			
Current liabilities			
Notes and accounts payable – trade	7,868	7,080	62,838
Short-term debt	20,196	18,243	161,903
Accounts payable – other	7,464	9,518	84,471
Income taxes payable	487	567	5,036
Bonus reserve	1,772	1,664	14,768
Other current liabilities	4,316	3,303	29,320
Total current liabilities	42,106	40,377	358,338
Long-term liabilities			
Long-term debt	16,335	15,314	135,908
Deferred tax liabilities	1,062	873	7,748
Provision for environmental safety measures	202	185	1,647
Net defined benefit liability	8,163	11,822	104,921
Other long-term liabilities	641	5,679	50,403
Total long-term liabilities	26,405	33,875	300,630
Total liabilities	68,511	74,252	658,968
Net assets			
Shareholders' equity			
Common stock	21,526	21,526	191,036
Issued and outstanding at March 31, 2015: 162,946,487 shares (excluding treasury stock)			
Issued and outstanding at March 31, 2016: 162,922,606 shares (excluding treasury stock)			
Capital surplus	28,568	28,568	253,533
Retained earnings	21,846	14,452	128,261
Treasury shares at March 31, 2015: 201,847 shares	(64)	(71)	(632)
at March 31, 2016: 225,728 shares			
Total shareholders' equity	71,876	64,475	572,200
Accumulated other comprehensive income			
Net unrealized gain on securities	2,051	896	7,958
Foreign currency translation adjustments	5,324	2,527	22,432
Remeasurements of defined benefit plans	(1,490)	(5,431)	(48,200)
Total accumulated other comprehensive income	5,885	(2,006)	(17,809)
Non-controlling interests	384	395	3,511
Total net assets	78,146	62,864	557,902
Total liabilities and net assets	146,657	137,117	1,216,870

Notes:

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

2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.

Consolidated Statements of Income

For the years ended March 31, 2016 and 2015

		Millions of yen	Thousands of U.S. dollars
	2015.3	2016.3	2016.3
Net sales	123,365	118,414	1,050,891
Cost of sales	97,953	95,749	849,750
Gross profit	25,411	22,664	201,141
Selling, general and administrative expenses	20,289	20,484	181,796
Operating income	5,122	2,179	19,344
Non-operating income			
Interest income	94	70	627
Dividend earned	92	107	950
Foreign exchange gains	1,312	—	—
Equity in earnings of affiliated companies	626	499	4,432
Other	136	86	770
Total	2,262	764	6,780
Non-operating expenses			
Interest expense	486	440	3,910
Financing expenses	667	427	3,791
Foreign exchange losses	—	875	7,769
Other	23	34	308
Total	1,177	1,778	15,780
Ordinary income	6,207	1,165	10,344
Extraordinary income			
Gain on sales of property, plant and equipment	24	5	47
Gain on sales of investment securities	1	570	5,059
Subsidy	453	—	—
Total	478	575	5,107
Extraordinary loss			
Loss on disposal of property, plant and equipment	98	28	249
Loss related to Antitrust laws	—	7,217	64,057
Other	0	25	227
Total	98	7,271	64,534
Profit (loss) before income taxes	6,588	(5,530)	(49,081)
Income taxes			
Current	1,096	1,836	16,294
Deferred	46	(494)	(4,385)
Total	1,143	1,341	11,908
Profit (loss)	5,444	(6,872)	(60,990)
Profit (loss) attributable to non-controlling interests	81	32	292
Profit (loss) attributable to owners of parent	5,362	(6,905)	(61,283)
		Yen	U.S. dollars
	2015.3	2016.3	2016.3
Profit (loss) per share			
Basic	32.91	(42.38)	(0.38)
Diluted	—	—	—

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2016 and 2015

		Millions of yen	Thousands of U.S. dollars
	2015.3	2016.3	2016.3
Profit (loss)	5,444	(6,872)	(60,990)
Other comprehensive income			
Net unrealized holding gain on securities	725	(1,144)	(10,160)
Foreign currency translation adjustments	4,925	(2,806)	(24,907)
Remeasurements of defined benefit plans	1,898	(3,925)	(34,834)
Share in other comprehensive income of associates accounted for using equity method	164	(36)	(328)
Total other comprehensive income	7,713	(7,913)	(70,230)
Comprehensive income	13,158	(14,785)	(131,220)
Attributable to			
Owners of parent	13,030	(14,797)	(131,322)
Non-controlling interests	127	11	101

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2016 and 2015

	Millions of yen									
	Common stock	Capital surplus	Retained earnings	Treasury shares	Net unrealized gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total net assets at end of current year
Balance at April 1, 2014	21,526	39,838	4,059	(53)	1,317	306	(3,406)	63,587	257	63,844
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					—		—
Profit (loss) attributable to owners of parent			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
Balance as of March 31, 2015	21,526	28,568	21,846	(64)	2,051	5,324	(1,490)	77,762	384	78,146
Balance at April 1, 2015	21,526	28,568	21,846	(64)	2,051	5,324	(1,490)	77,762	384	78,146
Changes of items during year										
Cash dividends paid			(488)					(488)		(488)
Profit (loss) attributable to owners of parent			(6,905)					(6,905)		(6,905)
Purchase of treasury shares				(7)				(7)		(7)
Other					(1,154)	(2,797)	(3,940)	(7,892)	11	(7,880)
Total changes of items during year	—	—	(7,394)	(7)	(1,154)	(2,797)	(3,940)	(15,293)	11	(15,281)
Balance as of March 31, 2016	21,526	28,568	14,452	(71)	896	2,527	(5,431)	62,468	395	62,864

	Thousands of U.S. dollars									
	Common stock	Capital surplus	Retained earnings	Treasury shares	Net unrealized gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Non-controlling interests	Total net assets at end of current year
Balance at April 1, 2015	191,036	253,533	193,883	(568)	18,206	47,255	(13,231)	690,115	3,409	693,524
Changes of items during year										
Cash dividends paid			(4,338)					(4,338)		(4,338)
Profit (loss) attributable to owners of parent			(61,283)					(61,283)		(61,283)
Purchase of treasury shares				(63)				(63)		(63)
Other					(10,248)	(24,823)	(34,968)	(70,039)	101	(69,937)
Total changes of items during year	—	—	(65,621)	(63)	(10,248)	(24,823)	(34,968)	(135,723)	101	(135,622)
Balance as of March 31, 2016	191,036	253,533	128,261	(632)	7,958	22,432	(48,200)	554,391	3,511	557,902

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.

Consolidated Statements of Cash Flows

For the years ended March 31, 2016 and 2015

		Millions of yen	Thousands of U.S. dollars
	2015.3	2016.3	2016.3
Cash flows from operating activities:			
Profit (loss) before income taxes	6,588	(5,530)	(49,081)
Depreciation and amortization	7,910	7,632	67,740
Loss on antitrust laws	—	7,217	64,057
Increase (decrease) in net defined benefit liability	209	(212)	(1,885)
Increase (decrease) in allowance for doubtful accounts	(29)	(1)	(15)
Increase (decrease) in provision for environmental safety measures	(0)	(16)	(147)
Interest and dividend income	(187)	(177)	(1,577)
Interest expense	486	440	3,910
Foreign exchange losses (gains)	(364)	293	2,603
Equity in earnings of affiliated companies	(626)	(499)	(4,432)
Loss on disposal of property, plant and equipment, net	73	22	201
Decrease (increase) in notes and accounts receivable	(580)	2,433	21,600
Decrease (increase) in inventories	(369)	977	8,675
Increase (decrease) in notes and accounts payable	6	(59)	(528)
Increase (decrease) in accounts payable – other	76	408	3,624
Other	(1,008)	(139)	(1,236)
Sub total	12,184	12,790	113,508
Interest and dividends received	316	322	2,864
Interest paid	(456)	(407)	(3,616)
Income taxes paid	(1,313)	(1,734)	(15,396)
Net cash provided by operating activities	10,730	10,970	97,359
Cash flows from investing activities:			
Increase in time deposit	(2,098)	(1,558)	(13,830)
Decrease in time deposit	2,389	2,065	18,333
Purchase of property, plant and equipment	(4,429)	(4,181)	(37,105)
Proceeds from sales of property, plant and equipment	46	5	50
Purchase of intangible fixed assets	(195)	(207)	(1,845)
Purchase of investment securities	(1)	(501)	(4,447)
Proceeds from sales of investment securities	5	1,492	13,249
Payments of loans receivable	(28)	(28)	(256)
Collection of loans receivable	44	45	406
Other	(1)	(11)	(103)
Net cash provided by investing activities	(4,269)	(2,878)	(25,548)
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	(3,087)	(3,454)	(30,659)
Proceeds from long-term debt	1,400	15,500	137,559
Repayments of long-term debt	(5,337)	(14,888)	(132,131)
Purchase of treasury shares	(10)	(7)	(63)
Repayments of lease obligations	(640)	(1,373)	(12,187)
Cash dividends paid	—	(488)	(4,338)
Net cash provided by financing activities	(7,675)	(4,712)	(41,820)
Effect of exchange rate changes on cash and cash equivalents	1,310	(1,101)	(9,775)
Net increase (decrease) in cash and cash equivalents	96	2,277	20,215
Cash and cash equivalents at beginning of year	23,871	23,967	212,706
Cash and cash equivalents at end of year	23,967	26,245	232,921

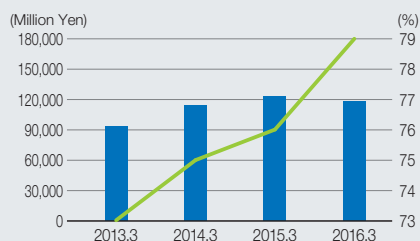
Notes:

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

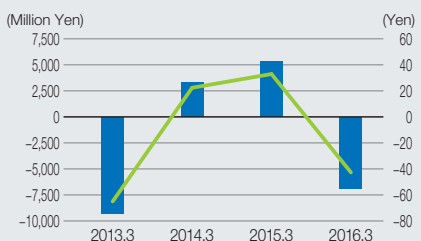
2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.68.

Financial Status and Analysis of Operating Results

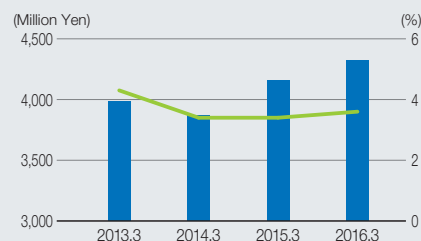
1 ● Net sales ● Overseas sales ratio



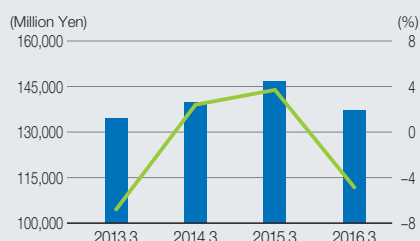
2 ● Profit attributable to owners of parent ● Profit per share



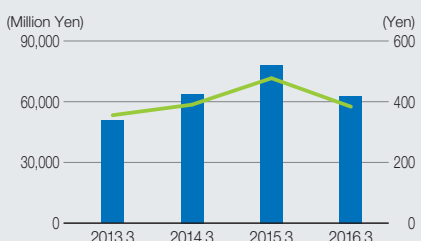
3 ● R&D expenses ● Proportion of net sales



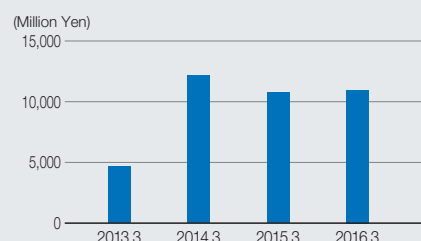
4 ● Total assets ● ROA



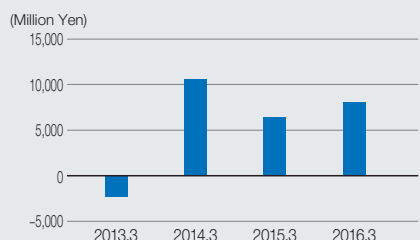
5 ● Net assets ● Net assets per share (BPS)



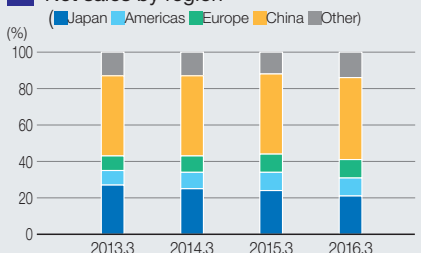
6 Cash flows from operating activities



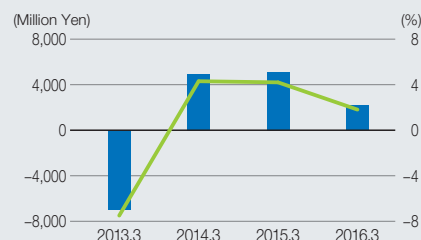
7 ● Free cash flow



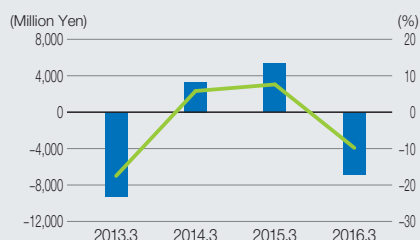
8 Net sales by region



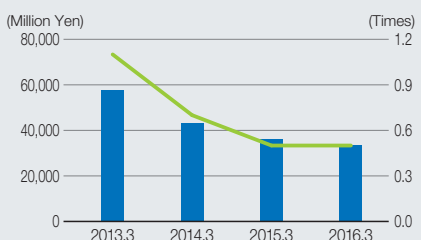
9 ● Operating income ● Operating income margin



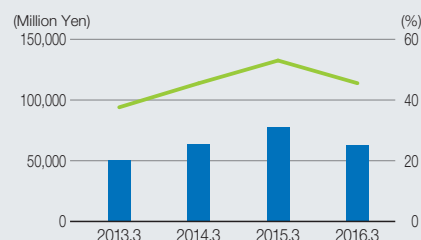
10 ● Profit attributable to owners of parent ● ROE



11 ● Interest-bearing debts ● Debt/Equity ratio



12 ● Equity ● Equity ratio



1 Net sales, Overseas sales ratio

Net sales for FY2015 were 118,414 million yen (down 4.0% YoY) due to a decline in demand on the home appliance market, the inverter market, and markets related to industrial equipment. By region, net sales for Japan declined 15% YoY. Overseas, Europe (up 3% YoY), the Americas, and China were largely unchanged from the previous year as the ratio of overseas net sales increased from 76% to 79%.

2 Profit attributable to owners of parent, Profit per share

In addition to the decline in operating income, we also recorded currency fluctuation losses due to yen appreciation and extraordinary losses related to an antitrust action. This resulted in losses attributable to owners of parent of 6,905 million yen (previous fiscal year was profit attributable to owners of parent of 5,362 million yen).

As a result, loss per share was 42.38 yen for FY2015 compared to profit of 32.91 yen during the previous fiscal year.

3 R&D expenses

R&D activities during FY2015 saw the development of numerous new products taking advantage of our expertise in materials technology as we enhance our lineup of products for promising growth markets. Total R&D expenses for the consolidated fiscal year were 4,321 million yen (YoY increase of 160 million yen).

4 Total assets

Assets were 137,117 million yen (decline of 9,540 million yen compared to the end of previous consolidated fiscal year) due to a decline in accounts receivable resulting from lower sales and a decline in inventory assets. Liabilities were 74,252 million yen, up 5,741 million yen compared to the end of the previous consolidated fiscal year. Major reasons for this increase include an increase in fixed liabilities (liabilities related to retirement benefits, etc.), which were up by 7,469 million yen compared to the end of the previous consolidated fiscal year.

5 Net assets, Net assets per share

Net assets for FY2015 declined by 15,281 million yen compared to the end of the previous consolidated fiscal year to 62,864 million yen due to the recording of a loss attributable to owners of parent and a decline in foreign currency translation adjustment due to yen appreciation. As a result, net assets per share were 383.43 yen (previous year was 477.23 yen).

6 Cash flows

Cash flows from operating activities resulted in revenues of 10,970 million yen. Although we had expenditures, including 5,530 million yen as a loss before income taxes, we recorded 7,632 million yen as depreciation expenses, among others.

Cash flows from investment activities resulted in expenditures of 2,878 million yen mainly due to investments related to the optimization of our aluminum electrolytic capacitor production facilities.

Cash flows from financing activities resulted in expenditures of 4,712 million yen due to the repayment of loans, etc.

Major Offices and Plants

Domestic

(As of September 30, 2016)

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

Sales Department I, Head Office

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan

TEL: +81-3-5436-7218 FAX: +81-3-5436-7492

Japanese Distributor Sales Group, Sales Department I, Head Office

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan

TEL: +81-3-5436-7625 FAX: +81-3-5436-7498

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, Hagiu, 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 September 30, 2016)

CHEMI-CON AMERICAS HOLDINGS, INC.

Continental Towers, 1701 Golf Road 1-1200,
Rolling Meadows, Illinois 60008, U.S.A.

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 Washing-
ton, 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.

No5. 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

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.

Room 2101, 21/F, Chinachem Exchange Square,
1 Hoi Wan Street, Quarry Bay, Hong Kong

TEL: 852(2527)3066 FAX: 852(2865)1415

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.

Room 2102, 21/F, Chinachem Exchange Square,
1 Hoi Wan Street, Quarry Bay, Hong Kong

TEL: 852(2333)2219 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)31226239 FAX: 60(3)31226292

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, 2016)

■ **Foundation** August 1931

■ **Establishment** August 1947

■ **Capital** ¥21,526 million

■ **Number of Employees** 6,903 (Consolidated)
(including fixed-term employees)

■ Common Stock

● Issued 163,148,334 shares

● Trading Unit 1,000 shares

● Number of Shareholders 16,097

■ **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

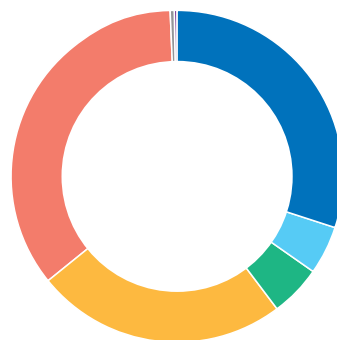
■ **Head Office** 5-6-4, Osaki, Shinagawa-ku,
Tokyo 141-8605, Japan
TEL: +81-3-5436-7711
FAX: +81-3-5436-7631

■ 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)	3.47
Japan Trustee Services Bank, Ltd. (Trust Account)	3.34
Nippon Life Insurance Company	3.15
Sumitomo Mitsui Banking Corporation	2.05
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2.05
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1.95
DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	1.51
JUNIPER	1.44
JAPAN CAPACITOR INDUSTRIAL CO., LTD.	1.43

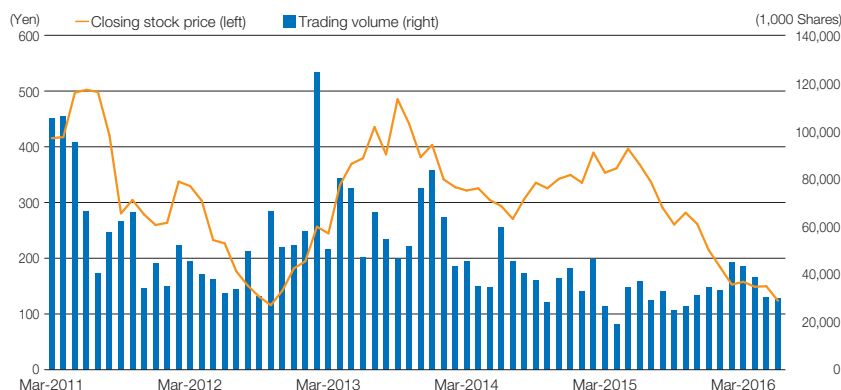
Note: Shareholding ratio is calculated by subtracting treasury stock (225,728 shares).

■ Ownership and Distribution of Shares



● Government and local government	0.01%
● Financial institutions	30.04%
● Securities companies	4.72%
● Other corporations...	5.16%
● Foreign investors	24.46%
● Individuals and others	35.47%
● Treasury stock	0.14%

■ Stock Price and Volume (Tokyo Stock Exchange)



■ Highest and Lowest Annual Stock Prices

FY	High (¥)	Low (¥)
2011	536	236
2012	330	100
2013	510	224
2014	405	264
2015	417	128

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

About the CHEMI-CON REPORT 2016

Shuichi Shiraishi

Director and Managing Executive Officer



As part of initiatives to enhance communication with stakeholders, since FY2015 Nippon Chemi-Con has created the CHEMI-CON REPORT, which is available on our website. With increasing emphasis within society on the importance of appropriate information disclosure by companies and communication with investors, we sincerely hope that this report helps further that purpose.

Recent years have seen significant and sudden changes in the operating environment that affects our Company. Amid such conditions, we believe there is a growing demand for companies to avoid settling for short-term

profits and instead focus on initiatives aimed at sustainable improvements to corporate value from the perspective of the environment, society, and governance (E.S.G.). We promote corporate management that embraces sustainability and are dedicated to fulfilling our social responsibilities by aiming to maximize our corporate value based on a medium- to long-term plan.

We hope that you will take an interest in our corporate activities and embrace our future vision.

November 2016

■ Inquiries regarding CHEMI-CON REPORT 2016

Management Strategy Group, Management Strategy Department

TEL : 03-5436-7716 FAX : 03-5436-7491  <https://www.chemi-con.co.jp/en/company/>

Precautions concerning forecasts

This report includes future forecasts related to company plans, strategies, performance, and other matters. These forecasts are based on judgments made using presently available information. Please note that actual performance may differ from these forecasts as a result of various factors.



NIPPON CHEMI-CON CORPORATION

5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan

TEL: +81-3-5436-7711

FAX: +81-3-5436-7631

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