NIPPON CHEMI-CON

CHEMI-CON REPORT 2017

Corporate Philosophy

"Contribution to technology with attention to environment and people"

Make broad contributions to society and achieve sustainable growth

Aluminum electrolytic capacitors, first commercialized in Japan by Nippon Chemi-Con in 1931, have continued to evolve over time to where they are now used throughout the world in a variety of applications.
From home appliances such as televisions and air conditions to digital information equipment such as personal computers and servers. From automobiles, trains, and aircraft to increasingly efficient lighting fixtures. From machining equipment to industrial robots. From expanding renewable energy facilities to medical equipment that relies more and more on electronics.
To ensure safety and support enriched lifestyles, we have contributed to technical innovation in a variety of fields. As a leading company for aluminum electrolytic capacitors, this is a source of pride for Nippon Chemi-Con.
And on the cusp of a 4th industrial revolution, these devices are becoming mutually connected as IoT devices.

The coming of the IoT age is presenting new possibilities to the electronics industry. The development of next-generation infrastructure that enables super high-speed communications, the anticipated dissemination of communication robots for use not only in industry but also in welfare and daily life, intelligent automobiles, and further innovations in autonomous driving technology. The potential needs of society are endless.
Further advancements in electronics components are vital to the development of new devices. Amid this 4th industrial revolution that is seeing the beginning of dynamic utilization, the market has great expectations of Nippon Chemi-Con.

Since our founding, Nippon Chemi-Con has used technology as capital to support dynamic leaps forward.
To create a better future, we will uphold our corporate philosophy of contributing to technology that benefits the environment and people as we strive for sustainable growth by making contributions to society.

<Editing policy>

The CHEMI-CON REPORT is a report created once per year and published on our website to help our shareholders, investors, and other stakeholders better understand our business activities, our corporate value, and the appeal of the Nippon Chemi-Con Group. In addition to financial information, we provide an overview of our medium- and long-term management strategy and EGS information (environment, society, governance). More detailed information and updates may be found in the various materials we publish as necessary as well as on other pages on our website.
Furthermore, forward-looking statements indicated in the CHEMI-CON REPORT are forecasts we have deemed to be reasonable based on information available at the time of creation. Due to a variety of factors, actual results may differ from published forecasts.

History

Aug 1931 Successful commercialization of Japan's first electrolytic capacitors."SATOH 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.

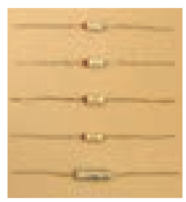
Feb 2016 CHEMI-CON AMERICAS HOLDINGS, INC. established as a regional headquarters in the United States.

Mar 2016 Consolidation of CHEMI-CON ENGINEERING CO., LTD. to TAIWAN CHEMI-CON CORP.

Aug 2016 NIPPON CHEMI-CON CORP.'s shares of CHEMI-CON (WUXI) CO.,LTD. and CHEMI-CON TECHNICAL CENTER (WUXI) LTD. transferred to HONG KONG CHEMI-CON LTD.

Apr 2017 Consolidation of FUKUSHIMA ELECTROLYTIC INDUSTRY CORP. to CHEMI-CON FUKUSHIMA CORP. and Consolidation of CHEMI-CON YONEZAWA CORP. to CHEMI-CON YAMAGATA 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)

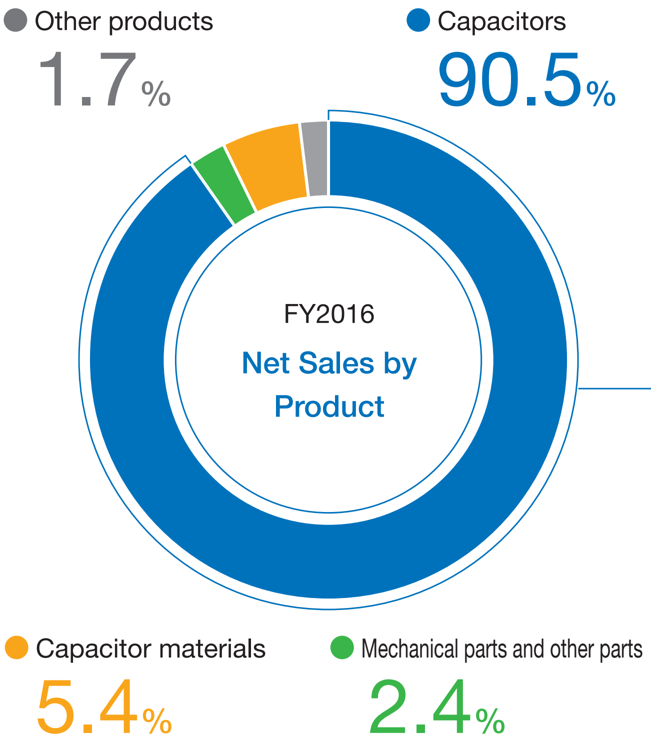
Mass production of large capacitance Electric double layer capacitors launched (2003)

Conductive polymer hybrid aluminum electrolytic capacitors launched (2012)

CONTENTS

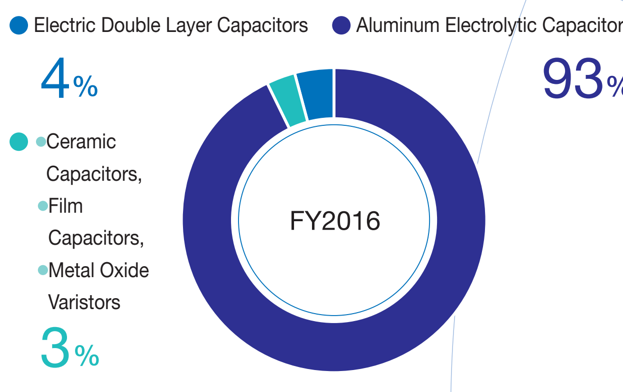
Net Sales by Product

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.

Breakdown of Capacitors Sales



Application Fields of Aluminum Electrolytic Capacitors

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

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

Capacitors

Net sales in FY2016: **¥105,243 million (90.5% of total sales)**

Net sales of capacitors decreased 2.8% YoY due to a decline in demand in industrial-equipment related products though demand in automotive electronics market was strong. 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 FY2016: **¥2,788 million (2.4% of total sales)**

Sales of CMOS camera modules increased but due to a decline in sales of amorphous choke coils, net sales of this segment declined by 0.7% YoY. Major products in this division are as follows.

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

Capacitor Materials

Net sales in FY2016: **¥6,331 million (5.4% 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. Net sales of capacitor materials increased 20.3% YoY thanks to increased demand for electrode foils for aluminum electrolytic capacitors. Major products in this division are as follows.

- Aluminum Electrode Foils, Sealing Rubbers

Other Products

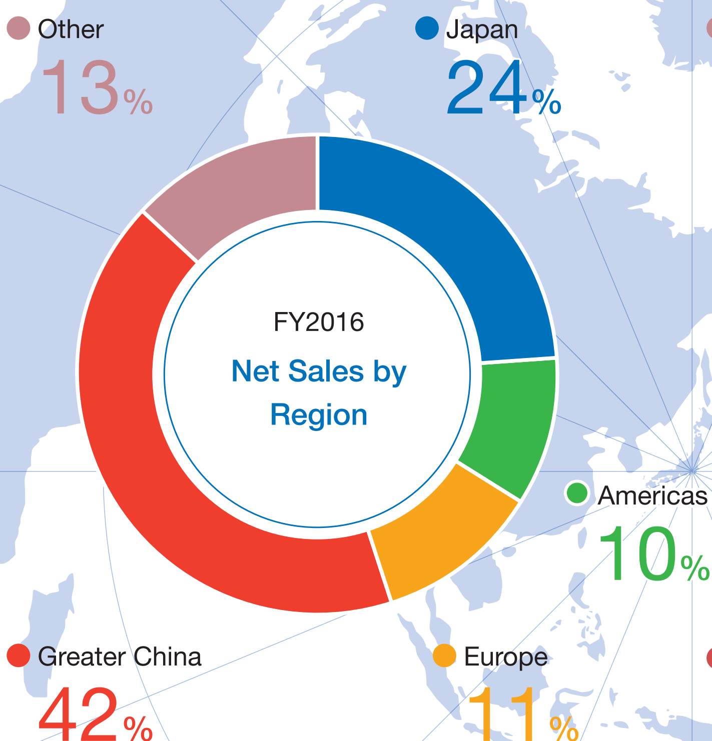
Net sales in FY2016: **¥1,948 million (1.7% of total sales)**

Net sales of other products decreased 7.3% YoY due to a decline in sales of resale products including silicon wafers.
Major products in this division are as follows.

- Silicon Wafers, Reclaim Wafers

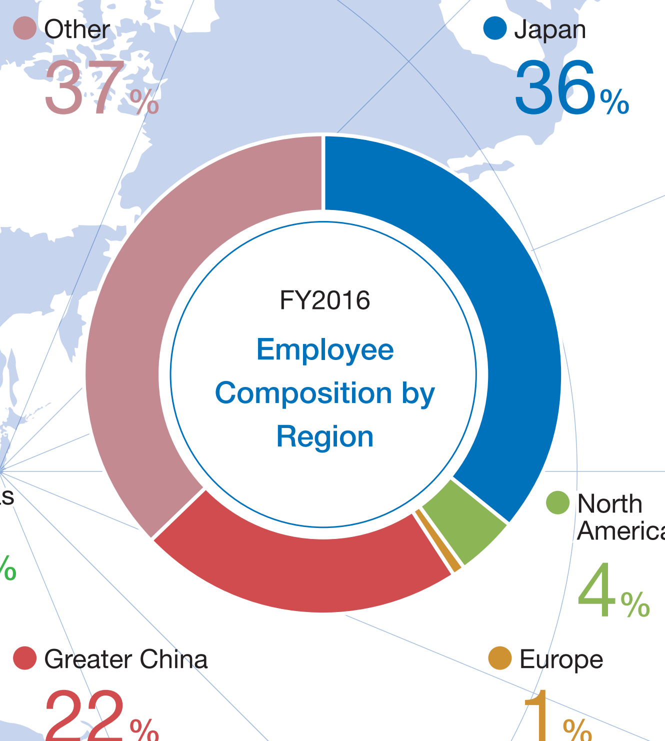
Net Sales by Region / Employee Composition by Region

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

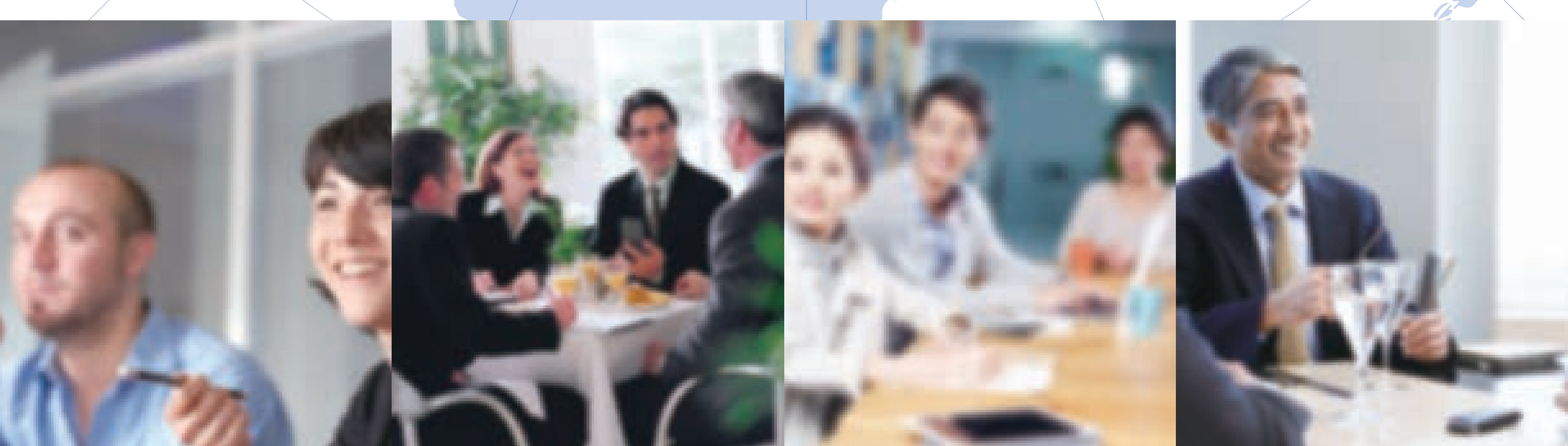


The largest market for the Nippon Chemi-Con Group is China. In addition to expanded sales to Japanese, Western, and Asian manufacturers operating factories in China, sales to local Chinese manufacturers are also growing in recent years. To further strengthen businesses in China, we designated HONG KONG CHEMI-CON LTD. as regional operations management company for China region in 2016. We aim to improve efficiency of the business operation by consolidating the management of affiliates in the region.

Region-based figures for employees working in the Nippon Chemi-Con Group is as shown in the graph (including fixed-term employees).

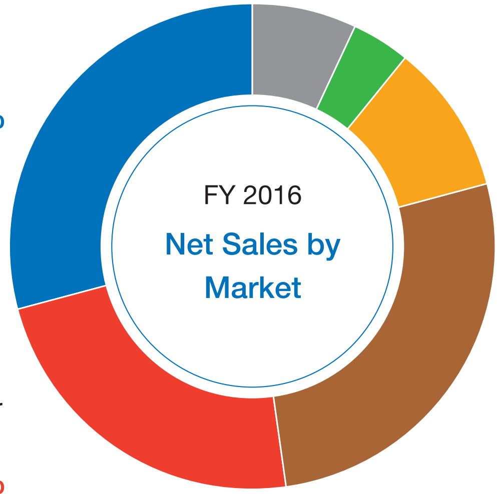


In total, the Nippon Chemi-Con Group employs nearly 7,000 people and more than 64% of those employees are foreign workers. To achieve speedy management suited to each region, we are supporting the transition to local business administration, including promoting local employees to management positions, as we enhance measures to respond to globalization of Group businesses. In recent years, we also have increased recruitment of foreign students studying in Japan. We seek to reinforce our business structure, promoting human resource diversity.



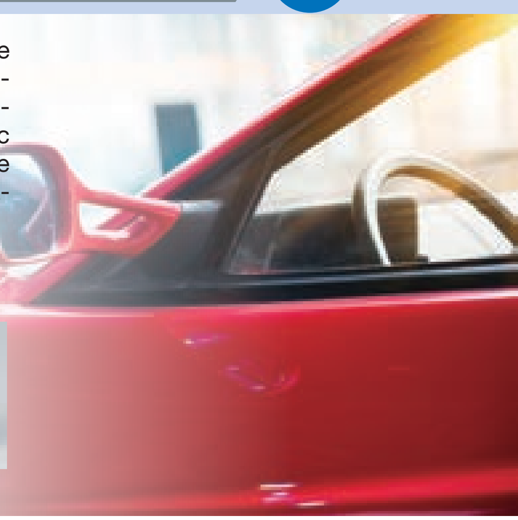
Net Sales by Market

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

Up 3 percentage points year-on-year 29%



This category represents sales to automobile-related markets which have recorded the most growth in recent years. The products we provide are used in a broad range of applications including circuits related to engine and steering control, SRS airbags, air conditioners, headlights, vehicle-mounted chargers used in plug-in hybrid and electric vehicles, and charging stations. Electric double-layer capacitors for automobile brake energy regeneration systems, products used in accessory devices such as car navigation systems and event data recorders also are included in this category.

Major products used


Aluminum Electrolytic Capacitors (SMD type)


Aluminum Electrolytic Capacitors (Radial Lead type)


Conductive Polymer Hybrid Aluminum Electrolytic Capacitors


Electric Double Layer Capacitors

Industrial-use inverter market

Unchanged year-on-year 23%

This category mainly represents sales to manufacturing equipment found in semiconductor factories, the industrial robots operating on automobile production lines, and machining equipment such as lathe and milling machines. Many of these machines use inverter power supply in order to improve energy conservation, and our products are often chosen to be used in inverter power supply. With an increase in capital investment in factory automation and growth of IoT equipment, this market is expected to grow further. Products used in trains, airplanes, and other public transportation equipment, infrastructure facilities 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

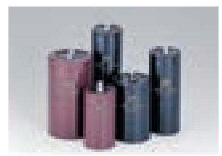
Up 1 percentage point year-on-year

4%

This category represents sales of 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. Though its scale is still small compared to other markets, this market has gained attention with heightened public interest from the perspective of environmental and energy issues and for its promising growth potential in the medium to long term. Closely monitoring technological trends and market trends, we seek to aggressively increase sales in this market.

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

Up 1 percentage point year-on-year

10%

This category mainly represents sales of 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. With the increasing functionality of devices, smart home electronics and IoT home appliances have been commercialized, which is expected to expand this market.

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

Down 4 percentage points year-on-year

27%

This category represents sales of products used in televisions, computers, video game consoles, and other audio-visual digital equipment and information communication devices. In some consumer electronics market that is undergoing commoditization we have focused on sales activities for high-end models. Products for data center servers have seen solid demand growth due to the expansion of cloud services as well as products for communication base stations due to higher speed and greater capacity in mobile communications. Sales of products used in communications infrastructure have increased more than that of products used in consumer electronics.

Major products used

Aluminum Electrolytic Capacitors (SMD type)

Aluminum Electrolytic Capacitors (Radial Lead type)

Aluminum Electrolytic Capacitors (Snap-in type)

Conductive Polymer Aluminum Solid Capacitors

Summary of Consolidated Financial Results (Ten-Year Summary)

	2008.3	2009.3	2010.3
Net sales	143,206	114,578	105,896
Operating income (loss)	8,706	(6,874)	(3,036)
Operating income margin (%)	6.1	(6.0)	(2.9)
Ordinary income (loss)	4,437	(6,015)	(3,475)
Ordinary income margin (%)	3.1	(5.3)	(3.3)
Profit (loss) attributable to owners of parent	2,512	(12,700)	(4,294)
Profit attributable to owners of parent margin (%)	1.8	(11.1)	(4.1)
Profit (loss) per share (Yen) (EPS)	19.89	(103.29)	(36.11)
Dividend per share (Yen) (DPS)	12.00	6.00	0.00
Book value per share (Yen) (BPS)	618.26	485.33	423.85
Return on assets (ROA) (%)	1.5	(8.3)	(3.0)
Return on equity (ROE) (%)	3.1	(18.8)	(7.3)
Capital investment	14,620	11,943	4,013
Depreciation and amortization	11,080	11,631	8,748
Research and development (R&D) expenses	3,741	3,758	3,590
Proportion of net sales (%)	2.6	3.3	3.4
Number of employees as of the end of the year	7,243	6,556	7,492

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.

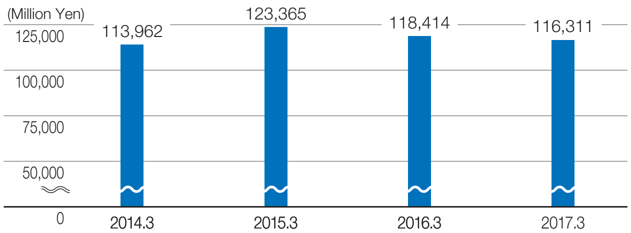
(Million Yen)

2011.3	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3
127,790	100,290	92,959	113,962	123,365	118,414	116,311
8,155	(2,596)	(6,990)	4,933	5,122	2,179	3,338
6.4	(2.6)	(7.5)	4.3	4.2	1.8	2.9
6,744	(2,633)	(6,685)	4,304	6,207	1,165	2,002
5.3	(2.6)	(7.2)	3.8	5.0	1.0	1.7
3,297	(4,909)	(9,252)	3,315	5,362	(6,905)	840
2.6	(4.9)	(10.0)	2.9	4.3	(5.8)	0.7
23.17	(34.49)	(65.01)	22.34	32.91	(42.38)	5.16
3.00	0.00	0.00	0.00	3.00	3.00	3.00
429.82	388.49	355.46	390.16	477.23	383.43	387.77
2.4	(3.6)	(6.8)	2.4	3.7	(4.9)	0.6
5.4	(8.4)	(17.5)	5.8	7.6	(9.8)	1.3
9,614	13,521	5,953	3,067	5,203	4,354	4,590
8,392	8,493	8,615	7,951	7,373	7,127	6,220
3,642	3,966	3,981	3,872	4,160	4,321	4,272
2.9	4.0	4.3	3.4	3.4	3.6	3.7
7,684	7,095	7,026	6,940	7,039	6,903	6,939

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.

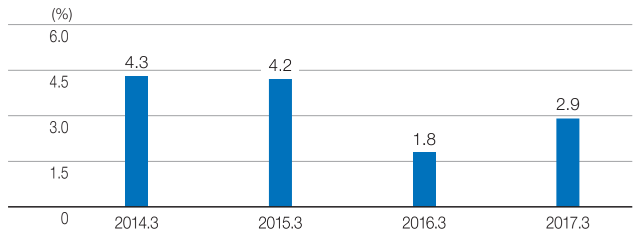
Financial Highlights / Non-financial Highlights

Net sales



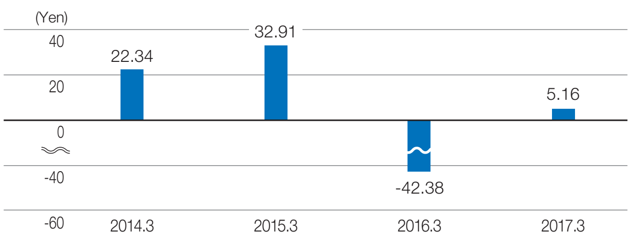
Sales for automotive applications have steadily expanded.

Operating income margin



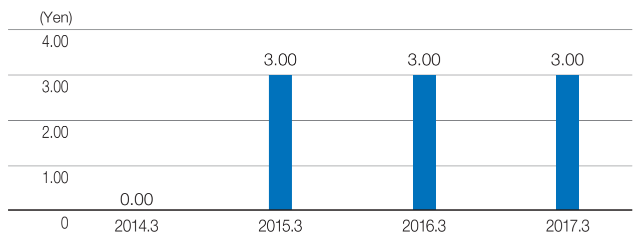
Over the medium term, we have set a goal of 6%.

Profit (loss) per share (EPS)



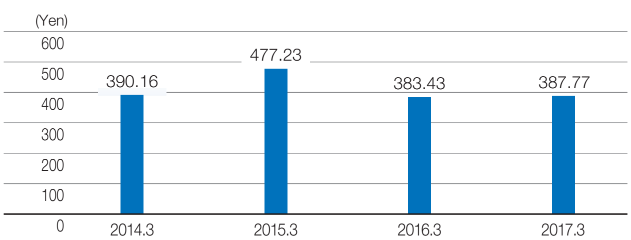
Transitions in profit per share.

Dividend per share (DPS)



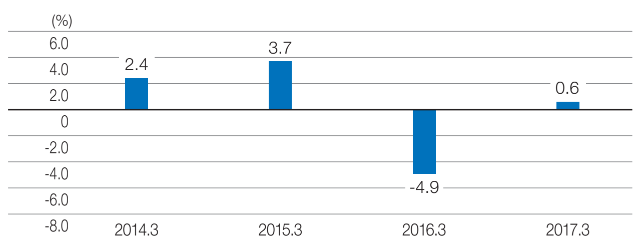
We began issuing dividends again in fiscal 2014.

Book value per share (BPS)



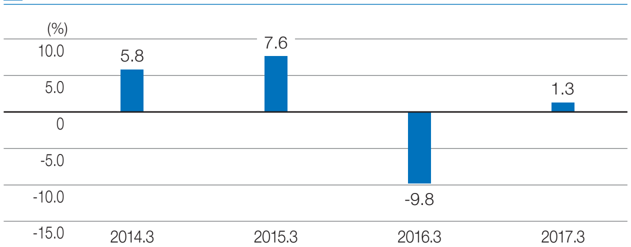
Transitions in net assets per share.

Return on assets (ROA)



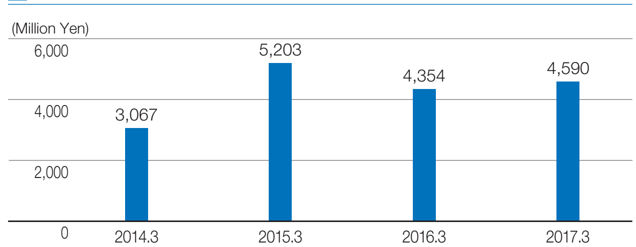
We use ROA as a benchmark for evaluating profitability and management efficiency.

Return on equity (ROE)



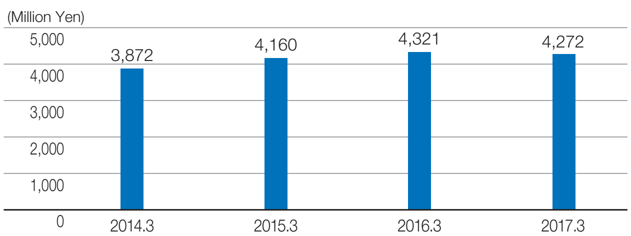
Over the medium term, we have set a goal of 8%.

Capital investment



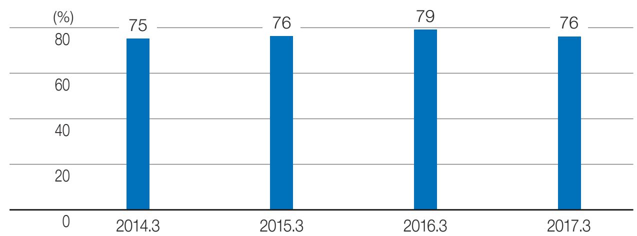
In addition to investments for streamlining and expanding production facilities for capacitors, EDLCs, and capacitor materials, our capital investments are focused on creating product samples and establishing mass production for next-generation products.

R&D expenses



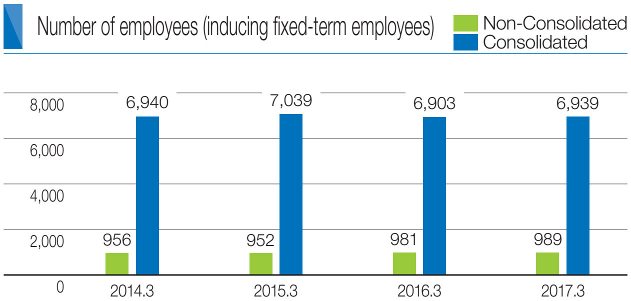
Our medium-term plans outline maintaining R&D investments equivalent to 3-4% of net sales for technology development, the driving force behind corporate growth.

Overseas sales ratio



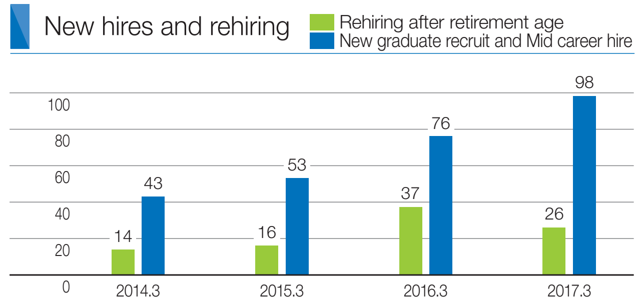
Recent years have seen a marked contraction of the domestic market and expansion of the Chinese market.
We will promote optimal sales strategies that account for other countries and regions as well.

Number of employees (inducing fixed-term employees)



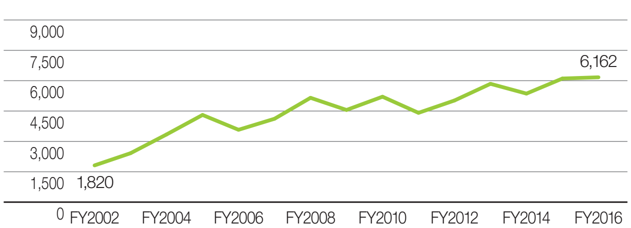
Our employee numbers are stable and there has been no significant fluctuation.

New hires and rehiring



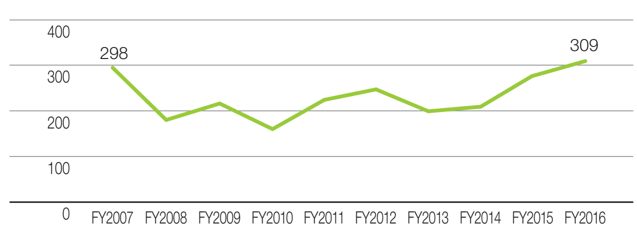
Recent years have seen an increase in the rehiring of workers past the age of mandatory retirement.

Compliancy 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 2016 as laws and regulations had been strengthened. Importance and concern of “Law compliancy of the products” can be read through this numerical value.

Chemical substances management audits on suppliers



In order to confirm law compliancy 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

Viewing this 4th industrial revolution as a growth opportunity, Nippon Chemi-Con is proactively implementing reforms that will enable us to pioneer a new age and achieve sustainable improvements to our corporate value.

Net sales for FY2016, the final year of our 7th Medium-term Management Plan, were 116.3 billion yen (down 1.8% YoY) and operating income was 3.3 billion yen (up 53.2% YoY). Net sales saw the slowdown in the previously advanced growth of the Chinese economy. As a result, demand for our mainstay aluminum electrolytic capacitors was down in almost all segments excluding the automotive electronics market. However, as we were promoting strategies that focused our efforts, from development through sales, on the automotive electronics market and the power electronics market, the second half of FY2016 saw us record our highest operating profit ratio (approx. 5%) of the 7th Medium-term Management Plan period as we made solid improvements to profitability.

Since entering FY2017, the first year of the 8th Medium-term Management Plan, it feels like the global economy has begun to trend in a favorable cycle. New technologies such as the Internet of Things (IoT) and artificial intelligence (AI) are beginning to gain prominence in a wide range of industries and in the lives of consumers. We are confident that these

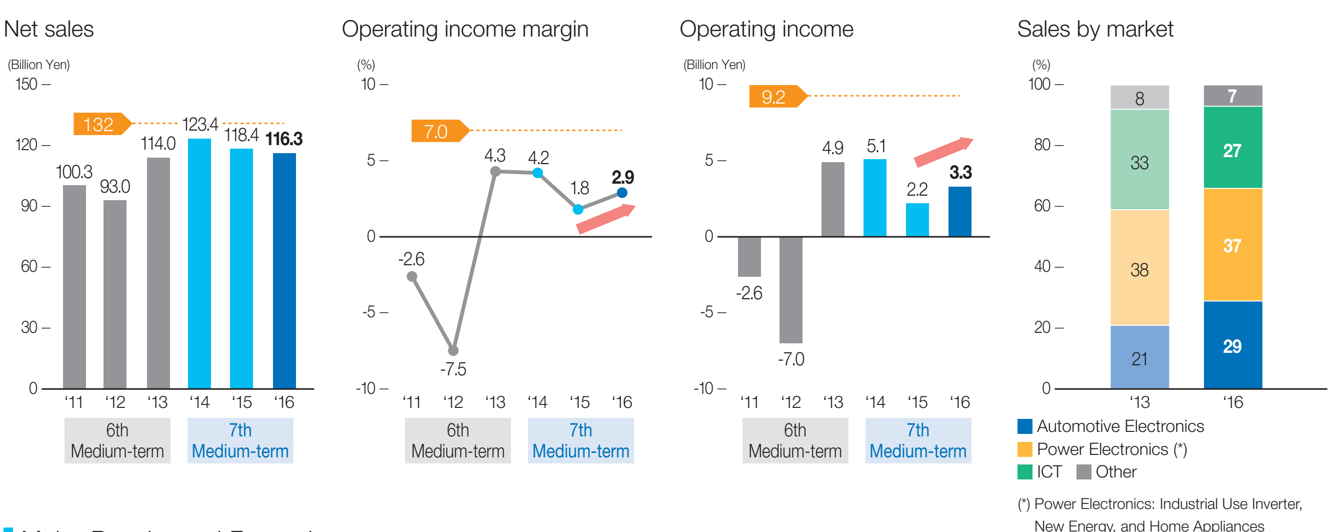
trends will invigorate the economy and lead to major social reforms in the future.
At Nippon Chemi-Con, our mission is becoming the No. 1 company for capacitors in the energy field. Viewing this 4th industrial revolution, which has the potential to stimulate fundamental economic and social change, as the ultimate opportunity for growth, we are proactively investing in human resources, advanced technology development, high-level information utilization, and other forward-looking investments in order to establish a firm presence in promising, next-generation markets.

We will continue to promote further manufacturing innovation and build a new business model that enables us to establish a competitive advantage in order to achieve sustainable improvements to our corporate value. I ask you for your continued understanding and support.

Ikuo Uchiyama
President

Overview of 7th Medium-term Management Plan

Results of 7th Medium-term Management Plan



Major Results and Future Issues

Results

1. Ensuring medium and long-term growth potential

Expand automotive electronics market sales and ratio relative to total net sales

Automotive electronics market sales ratio: 21% in FY2013 ▶ **29 % in FY2016**

2. Speedy management

1H/FY2016: 0.8% 2H/FY2016: 4.9%

Solid improvements to profitability through adoption of business management system

Operating profit ratio: 1.8% in FY2015 ▶ **2.9 % in FY2016**

3. Enhance Group management and stabilize financial structure

Establish region-specific management companies, consolidate affiliate companies
Improve asset turnover ratio (improve CCC, investment efficiency)

CCC: 115 days in FY2015 ▶ **108 days in FY2016**

Issues

1. Ability to rapidly respond to market environment changes
2. Implement rapid business portfolio reform by implementing business management system

Solid implementation of growth strategy

To maximize our strengths, we will focus even more resources on the automotive electronics market and the power electronics markets.
The automotive electronics market and the power electronics markets, which require high reliability and high efficiency, are the industry in which we can maximize our strengths. We are confident this market will guarantee our future growth.

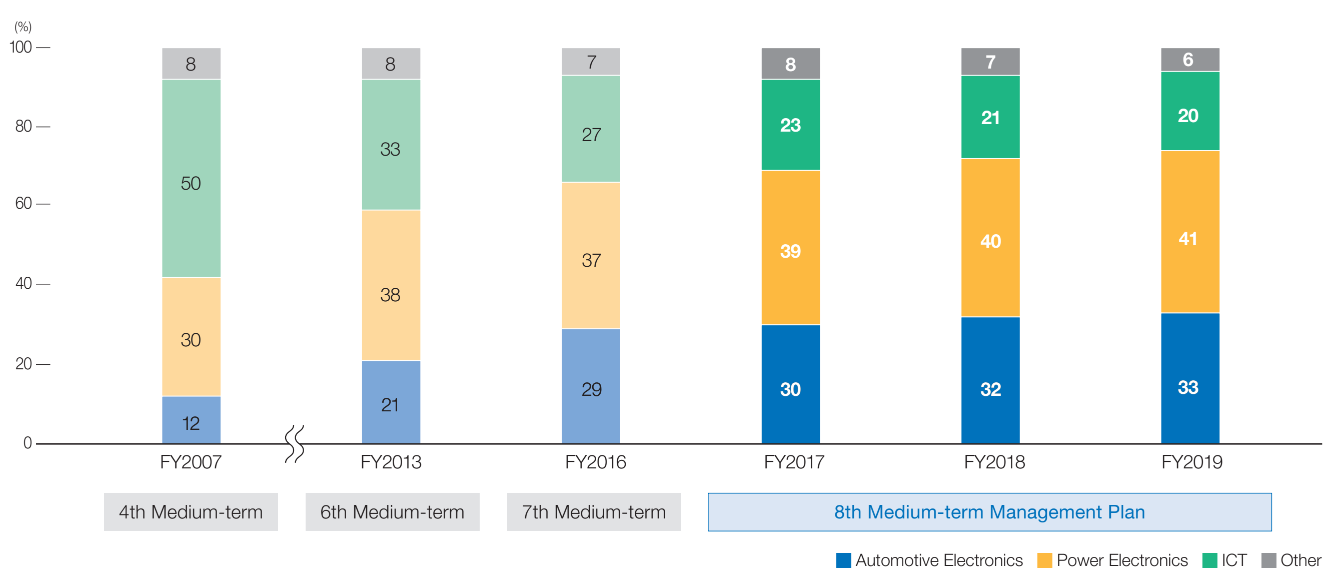
Our sales portfolio by market over the past ten years has changed significantly. Ten years ago, consumer markets such as personal computers, flat screen TVs, and gaming devices drove market activity as the consumer device market (currently the ICT market) represented 50% of sales. However, the emergence of smartphones caused a sudden change in market structure. During the 6th Medium-term Management Plan period, this market represented 33% of sales and had fallen to 26% of sales during the 7th Medium-term Management Plan period.

On the other hand, ten years ago, the automotive electronics market represented 12% of sales but this ratio grew rapidly, surpassing 20% during the 6th Medium-term Management Plan period and 29% of sales and during the 7th Medium-term Management Plan period. Also, ten years ago, the power electronics market represented 30% of sales but this ratio has expanded, representing 38% during the 6th Medium-term Management Plan period and 37% of sales during the 7th Medium-term Management Plan period.

The demand shift caused by the emergence of smartphones and the dramatic changes in the socioeconomic environment caused by the Lehman Shock and other factors resulted in a paradigm shift in the structure of the manufacturing industry. As a reflection of this shift, today's environment is referred to as the VUCA era. VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity. Today's socioeconomic environment is increasingly referred to by this term. Achieving continuous growth amid such a socioeconomic environment requires the invigoration of both the individual and the organization in order to increase value.

Our corporate mission is becoming the No. 1 company for capacitors in the energy field. We have worked in a united effort, from marketing to development to manufacturing, to implement strategies targeting the automotive electronics market and the power electronics market. As a result, we have made major changes to our market-specific portfolios. Even in this age of VUCA and drastic change, I believe we have been able to build a platform that ensures our ability to grow. We will continue implementing strategies and aim for a net sales ratio of 33% for the automotive electronics market and 41% for the power electronics market by FY2019, the final year of our 8th Medium-term Management Plan.

Transitions in net sales ratio by market



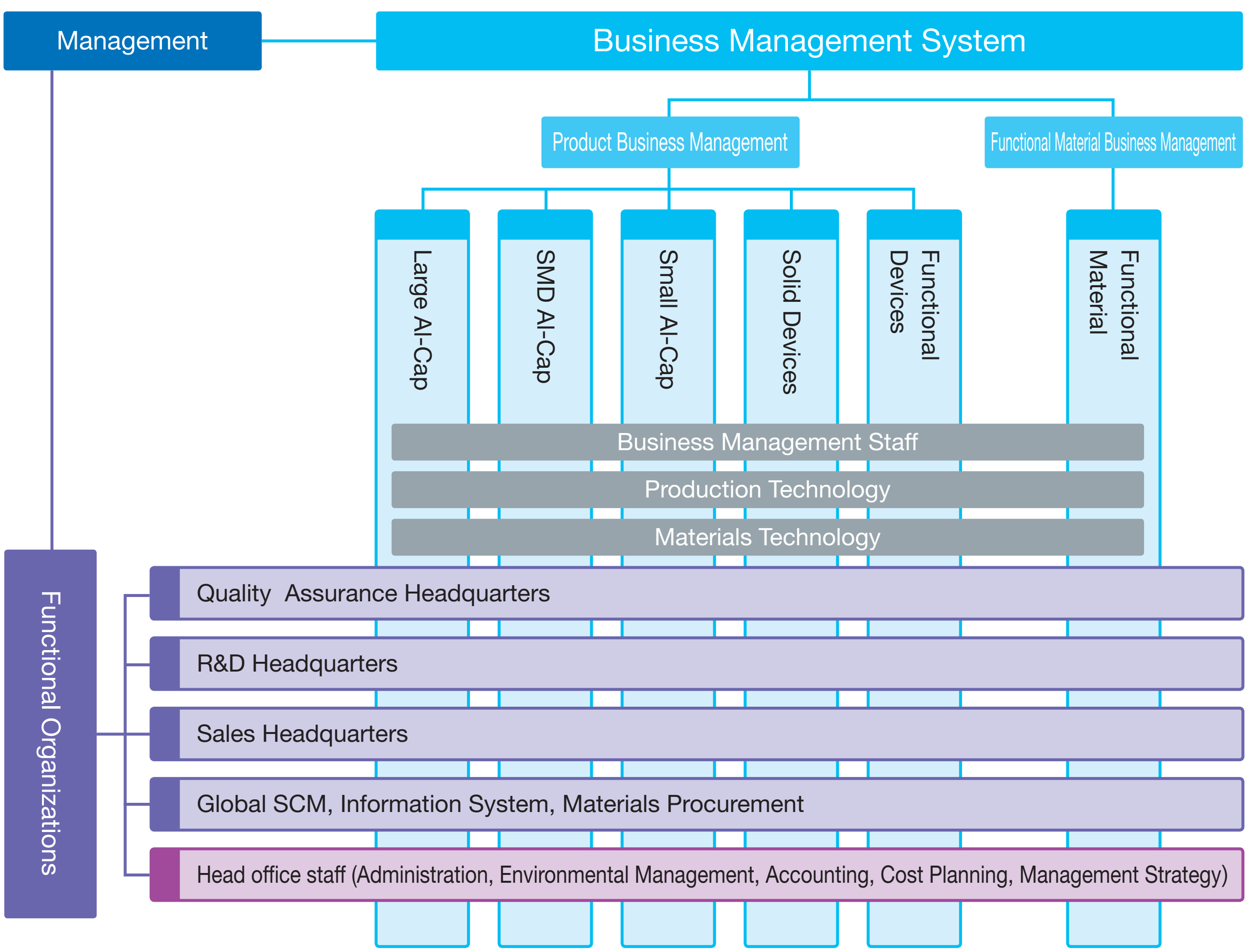
Speedy management

In April 2016, we separated our business into six divisions, designating executive officers and clarifying business responsibilities for each division in order to strengthen our ability to respond rapidly to changes in market environments.

In order for Nippon Chemi-Con to become a highly profitable company even during difficult conditions with the kind of dramatic market environment changes we are seeing today, management must unite to immediately implement quality reform, SCM innovation, speed up product development, and make fundamental improvements to our cost competitiveness. To address this, from April 2016 we adopted a business management structure and started operations based on core leadership by six executive officers. At the same time, we clarified our expectations of these businesses and executive officers.

This business management structure separates operations into a total of six divisions consisting of five product divisions and one functional materials division. This systems incorporate a matrix-type organization through which quality assurance, R&D, sales, SCM, IT, materials procurement, and other staff work laterally within all divisions.
Furthermore, production technology functions are transferred to each product division, and production technology, manufacturing technology, and materials technology are consolidated to achieve major improvements to operational efficiency.

New organizational structure



Reinforcing Group sales strength (maximizing management resources)

While focusing on automotive electronics and the power electronics markets, we will carefully evaluate Group companies to ensure organizational optimization and pursue maximum Group synergy.

Consolidation of Japanese domestic affiliates

We liquidated Hidaka Electron, an aluminum electrode foil manufacturer, in 2013, and reorganized affiliate companies in the Iwate region in 2014, and in the Fukushima region and Yamagata region in 2017. The consolidation of the two companies in the Fukushima region conducting aluminum electrolytic capacitor assembly and aluminum electrode foil manufacturing will provide benefits not only in terms of regional proximity but also in terms of how their businesses complement each other. We will use this consolidation as an opportunity to adopt a uniform system, from materials manufacturing to product assembly, and tie that into further cost performance improvements. Furthermore, the consolidation of the two companies in the Yamagata region will improve productivity of electric double-layer capacitors and promote efficiency among back office departments.

2013

Hidaka Electron (aluminum electrode foil manufacturing) liquidated

2014

Chemi-Con Iwate (aluminum electrolytic capacitor manufacturing) absorbed the following three companies via merger

(1) Iwate Electrolytic Industry (aluminum electrode foil manufacturing)
(2) Nichiei Electronics (aluminum case manufacturing)
(3) Iwate Electronics (coil manufacturing)

2017

Chemi-Con Yamagata (capacitor manufacturing) absorbed Chemi-Con Yonezawa (capacitor manufacturing) via merger

2017

Chemi-Con Fukushima (aluminum electrolytic capacitor manufacturing) absorbed Fukushima Electrolytic Industry (aluminum electrode foil manufacturing) via merger

Consolidation of overseas affiliates and establishment of regional management company

In areas outside Japan as well, since 2015 we have consolidated affiliates in China and Taiwan regions to promote speedy management by accelerating decision-making processes and to achieve more efficient management. We also adopted a regional management structure in order to strengthen governance in the China and USA regions. We are transferring management functions to local subsidiaries in China and the USA and fostering the development of global human resources.
We will continue to evaluate the status of Group companies in order to optimize our organizational structure and maximize Group synergy.

2015

Chemi-Con Material Logistics (capacitor materials distribution) business consolidated into Hong Kong Chemi-Con (aluminum electrolytic capacitor etc., sales)

2016

Hong Kong Chemi-Con (aluminum electrolytic capacitor, etc. sales) designated as management company for China region
Following companies added as subsidiaries

(1) Shanghai Chemi-Con (aluminum electrolytic capacitor, etc. sales)
(2) Chemi-Con Wuxi (aluminum electrolytic capacitor manufacturing)
(3) Chemi-Con Technical Center (Wuxi) (aluminum electrolytic capacitor design)

2016

Established USA management company: Chemi-Con Americas Holdings
Following companies added as subsidiaries:

(1) United Chemi-Con (aluminum electrolytic capacitor manufacturing and sales)
(2) Chemi-Con Materials (aluminum electrode foil manufacturing)

2016

Taiwan Chemi-Con (aluminum electrolytic capacitor manufacturing and sales) absorbed Chemi-Con Engineering (capacitor manufacturing equipment) via merger

Importance of achieving annual plans and Medium-term Management Plan to realizing long-term goals

Due to the shift from an age in which we could expect stable growth driven by market expansion to current times when dramatic changes in the market environment occur repeatedly, we have reached a time when it is necessary for us to evaluate how we establish and implement the business plans that serve as our corporate compass. In the past, the Medium-term Management Plan was determined using a so-called buildup method, through which our goals were outlined based on the trajectory of our performance from the past up to the present.

However, with this method it will be incredibly difficult to maintain continuous growth potential in today's chaotic and noncontinuous business environments. As a corporation, in order for us to maintain growth potential and continuously improve our corporate value, it is vital that we outline our corporate vision. Beginning with our 7th Medium-term Management Plan, we shifted to a method of clarifying our "ideal situation" three years from now based on a top-down approach outlining our "ideal situation" ten years from now. We also believe that aiming for medium and long-term growth will require that we further enhance governance. In response, we have implemented numerous measures, including establishing an executive officer system and appointing outside directors. Identifying the keywords "safety, quality, and legal compliance," senior management is directly involved in reinforcing issues of governance with employees.

At the same time, simply indicating a long-term management perspective will not lead to us earning the trust of our shareholders and investors. It is also important that we properly implement short-term annual plans and Medium-term Management Plans. The 8th Medium-term Management Plan embraces "making good on our promises" as we work together as a united Nippon Chemi-Con Group to achieve our goals.

We apply the capital entrusted to us by shareholders towards our business activities. We are aware of the importance of engaging in constructive communication with shareholders and investors to further understanding. We ask for your continued understanding and support.

October 2017

The 8th Medium-term Management Plan

The Nippon Chemi-Con Group has outlined and is implementing our 8th Medium-term Management Plan, which covers the three-year period between April 2017 (FY2017) and March 2020 (FY2019).

Medium-term Target

Establishment of a Robust Management Platform through Business Structure Transformation toward the 90th Anniversary

- Deepening Management Innovation -

Numerical Goals for the Final Year

Net sales	140 billion yen
Operating Income Margin	6%
ROE	8%
Total asset turnover ratio	1.0
Equity ratio	50%

(Assumed Exchange Rate: 110yen to the US dollar)

Fundamental Strategy

Offering services that delight our customers and creating new values that satisfy genuine demands of customers

Key Measures

1. Clarification of growth strategies
2. Reinforcement of earnings structure
3. Strengthening corporate governance
4. Enhancing customers' satisfaction through quality first and speedy business management
5. Creating a vibrant corporate culture and fostering human resources for ten years ahead

Slogan and Logo

Slogan **STAND UP AND STAND OUT**

The slogan and logo mark adopted for our 8th Medium-term Management Plan were both determined based on an open call for submissions to all companies in the Nippon Chemi-Con Group. The internal open call resulted in 3,386 submissions from domestic and overseas employees.

8th Medium-term Management Plan Positioning and Initiatives

Towards our 90th anniversary

To achieve the Nippon Chemi-Con Group's long-term goals: "Sustainable Corporate Growth and Improvement of Medium and Long-Term Corporate Value: E.C.O. Solution 2000." Viewing our 90th anniversary in 2021 as a turning point, we are aiming to build the platform that will enable us to grow into a company with 200 billion in annual sales. E.C.O. represents: Energy, Capacitor, and number One.

Advancing industrial and social infrastructure development

Various devices now connect to the internet, bringing about major changes to lifestyles and business. The dissemination of wearable devices, the application of big data, the advanced development of artificial intelligence (AI) and robots, the commercialization and operation of IoT-compatible devices. Innovation aimed at realizing a more enriched society is occurring in a broad range of fields, sparking a movement being referred to as the 4th industrial revolution.

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

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

Amid such an environment, manufacturing industries around the world are seeing the strategic implementation of enhancements. In the future, the use of IT in manufacturing industries will expand and we expect to see a global trend towards industrial and social infrastructure development.

Europe	China	Japan	Asia	North America
industry 4.0	Made in China 2025	Society 5.0 CPS/IoT	Smart City	Industrial Internet

Initiatives in various countries related to enhancing domestic manufacturing

Building a platform for growth

The Nippon Chemi-Con Group is addressing such trends in society by taking a medium- to long-term perspective that focuses on corporate structural reforms and the review of our business portfolio.

In our 7th Medium-term Management Plan (FY2014-FY2016), we launched Management Innovation (MI) activities, promoted speedy management decisions by adopting a business management structure, and worked to improve our financial structure. At the same time, we linked Productivity Innovation (PI) activities and Strategic Innovation (SI) activities to promote overall optimization as we worked towards building a platform for corporate growth. To ensure our ability for medium and long-term growth, we worked to increase the ratio of sales for products targeting the automotive electronics industry. As a result, the percentage of net sales represented by these products increased by eight points over the last three years.

Steps towards dynamic growth

The 8th Medium-term Management Plan builds on the corporate structure improvements made through initiatives undertaken in our previous Medium-term Management Plan while promoting further business structure reforms that will enable us to shift towards a growth trajectory.

Amid the current 4th industrial revolution, the key to our corporate growth will be to identify future growth markets and technology trends and make timely investments that lead to sales growth.

Of the five strategic markets (*Note 1) targeted by the Nippon Chemi-Con Group, during the period of the 8th Medium-term Management Plan we anticipate particularly significant growth in three markets: automotive electronics, industrial-use inverters, and home appliances.

We will attack these markets by effectively injecting management resources and solidifying an unwavering position as the No. 1 supplier.

Enhancing our growth potential

We will aim for a high rate of growth that outperforms the market by focusing management resources on domains, customers, and regions identified by market research as having strong growth potential.

We will combine this with the functions of the business management system we adopted in April 2016 to clarify roadmaps for each business and strengthen strategy progress management.

As initiatives aimed at expanding operations, including the creation of new businesses, we are effectively utilizing industry-academic partnerships and alliances with other companies to promote the accelerated commercialization and profit realization for retained technology.

Enhancing our profitability

To enhance our profitability, we will pursue high value-added products and services through innovation activities that strengthen our product development capabilities and solution activities that strengthen our proposal capabilities.

In addition to enhancing our cost planning capabilities and fundamental reforms to production processes, we will pursue cost reductions by promoting location-optimal production for global markets.

Reinforcing safety, quality, and legal compliance

We will strengthen corporate governance by reinforcing safety, quality, and legal compliance and enhancing our risk management. We also will continue promoting cash flow management, a stable financial structure, and enhance policies for affiliate companies.

Improving customer satisfaction

We will offer services that satisfy our customers to elevate our status as a business partner.

In addition to further enhancing our new product development capabilities, we will promote automotive electronics quality throughout the company with the focus on quality first. We will improve customer satisfaction by providing not only product performance but also a level of added value to quality and the supply chain that is unique to a No. 1 supplier.

Management that promotes personnel development and opportunities

The Nippon Chemi-Con Group works to build an energetic corporate culture and to develop the personnel who will lead operations 10 years down the road. Our 8th Medium-term Management Plan outlines policies for evaluating and valuing personnel who take on challenges and who are able to take action. This is part of our commitment to fostering a diverse corporate culture. Both in Japan and overseas, we are conducting aggressive hiring in order to solidify local management and establish HR systems that are in line with future needs.

*Note 1) Automotive electronics market, industrial-use inverter market, new energy market, home appliance market, and ICT.

Message from our Executive Officer for Accounting

Enhancing cash flow management and strengthening financial structure

Achieving the numerical goals outlined in our 8th Medium-term Management Plan, which began in fiscal 2017, requires that we generate free cash flow by improving profitability and increasing capital efficiency, which will in turn result in a strong financial structure and long-term increases to our stock value.

Osamu Ishii
Senior Executive Officer

In our 8th Medium-term Management Plan, we focus on stabilizing cash flow management, improving our financial structure, and promoting consolidated management (strengthening policies related to affiliates). This strategy builds on the policy of promoting cash flow management outlined in our 7th Medium-term Management Plan. Our numerical goals for FY2019, the final year of the 8th Medium-term Management Plan, are net sales of 140 billion yen, an operating income margin of 6%, and ROE of 8%. To achieve these goals, we will strengthen profitability and improve capital efficiency to generate free cash flow, thereby strengthening our financial structure.

Interest-bearing debt as of the end of FY2016 increased from 33.5 billion yen during the previous fiscal year to 35.0 billion yen but net interest-bearing debt, or interest-bearing debt minus cash and deposits, declined by 0.7 billion yen.

We are proceeding with business structural reforms while aggressively investing in growth domains. At the same time, we will continue to provide stable dividends and other shareholder returns based on due consideration of our capital-debt balance to increase our long-term shareholder value.

Since FY2014, we have included ROE as a management benchmark with the aim of improving our capital efficiency. ROE in FY2015 was minus 9.8% due to having recorded a loss but in FY2016, ROE recovered to 1.3% and we are projecting an ROE of 6.2% for FY2017. We will aim for an ROE of 8% in FY2019, the final year of our 8th Medium-term Management Plan and our long-term goal is an ROE of 10%. Needless to say, achieving this will require that we improve profitability. Furthermore, to achieve a 100% total asset turnover ratio we will focus on improving the turnover ratio for major assets.

As a measure to improve our turnover ratio, we will improve our Cash Conversion Cycle (CCC), particularly the turnover ratio for inventory assets, and focus on investments in core domains to improve ROI (return on investment). In particular, through the 8th Medium-term Management Plan we will prioritize investments related to the automotive electronics market and the power electronics market.

Regarding equity capital, in FY2017 and beyond we will give due consideration to our financial structure-to-debt balance while promoting capital efficiency to generate free cash flow in order to reduce interest-bearing debt. At the same time, we will conduct investments that lead to future growth while aiming to enhance capital towards achieving our goal equity ratio of 50% in FY2019.

Since 2013, we have conducted the aggressive reorganization of our domestic and overseas subsidiaries. In FY2017, we merged two companies in the Fukushima region and two companies in the Yamagata region as part of efforts to optimize subsidiary operations. This year and beyond, we will continue to evaluate additional reorganization aimed at strengthening operations and our financial structure as well as pursue the efficient utilization of management resources by management companies in each region as we aim to improve operating efficiency.

Message from our CTO

Expand our horizons

Continuously challenging ourselves in new domains requires that we have various interests, constantly update our information, and gain a broad perspective. I believe the role of company management is to create an enriched platform for fostering curiosity, and then taking the seeds born of that curiosity and tying them to results. The intellectual curiosity of researchers and engineers is the driving force that creates a company's future.

Norio Kamiyama
Senior Executive Officer and Chief Technology Officer

Nippon Chemi-Con will celebrate its 90th anniversary in 2021. Our ability to exist for nearly 100 years as a company focused on a single business (aluminum electrolytic capacitors) since our founding is incredibly fortunate. However, just because this has been possible thus far does not mean that maintaining the status quo will produce the same results.

The pace of change is accelerating and product life cycles are shortening. Amid such an environment, we must be able to continuously provide new technology and new products that meet the needs of a changing market and society. Existing as the driving force that propels us towards new products and new business domains is the mission of the R&D Headquarters. It is with this understanding that we chose "Expand our horizons - Embracing Curiosity" as the title of R&D Headquarters policy in the 8th Medium-term Management Plan launched this year.

Needless to say, it is the management team that makes final decisions regarding the company's involvement in new domains or markets and our engagement in new business operations. However, during evaluations leading up to decision-making, for us the question is, what potential can we discover in what domains? I believe it is the duty of each of individual in the R&D Headquarters to lead the company in the evaluation of and discussion on future feasibility of technological capabilities and technology seeds that the company currently possesses.

To fulfill this role, we must expand our views beyond our assigned duties to take into account the current status of our surrounding environment, feedback from customers, market trends, and new advancements in technology. The driving force behind this is the intellectual curiosity of our researchers and engineers.

As company management, I believe it duty to create and provide an atmosphere and environment that enables, encourages, and promotes actions by employees that are based on ingenuity and the desire to engage their direct supervisors and the entire company in their ideas. Furthermore, as company management, we must be able to identify and foster the development of seeds that can be tied to future results.

I believe the continuous provision of creative technology and products gained through the collective efforts of all our employees will lead to customer satisfaction and result in contributions to society, thereby ensuring our growth as a company.

Message from our CQO

To establish absolute quality superiority

As an electronics components manufacturer, at Nippon Chemi-Con our mission is to continuously supply products designed and manufactured based on the concept of quality first. All company departments and all employees engage in business activities with a commitment to quality. Looking to establish absolute quality superiority, in April 2017 we launched a new organization whose goal is to promote and supervise company-wide quality initiatives.

Noriaki Kakizaki
Senior Managing Executive Officer and Chief Quality Officer

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

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

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

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

All Nippon Chemi-Con sites throughout the world use the abovementioned guidelines to apply IATF 16949, the quality management system for automotive manufacturing. While maintaining the efficacy of each business activity process, we continuously utilize the PDCA cycle to improve quality, cost, delivery, and technology. At the same time, we work to enhance the robustness of our global distribution quality in order to appropriately ascertain and evaluate the diverse risks we face in our business activities to minimize these risks and prevent problems in advance.

The high quality requirements of the automotive industry necessary to achieve autonomous driving are spreading to ancillary industries. We view this as an opportunity to establish absolute quality superiority. We will incorporate customer feedback as we proceed aggressively with necessary quality investments while also enhancing our organizational structure by establishing a new department dedicated to promoting and supervising company-wide initiatives aimed at ensuring quality superiority.

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

Topics : Electric double-layer capacitors and wireless charging

DLCAP™

Electric double-layer capacitor (DLCAP™)

Wireless charging is a technology also referred to as non-contact power transfer. As the name suggests, this technology makes it possible to transfer power to a device without any wired connection. This technology has become familiar to many as it is used in electric shavers and electric toothbrushes.

Looking ahead to the future, universities and corporations are advancing R&D related to applying this technology to power electric vehicles. Wireless charging eliminates the need to connect charging cables, which would enable charging not only when parked in a parking lot, but also while, for example, stopped at a traffic light. Beyond that, it is technologically possible to even charge the car while driving with no need to stop the car. This is the motivation concept of incremental charging while driving instead of charging large amounts of energy at once during a long-term stop.

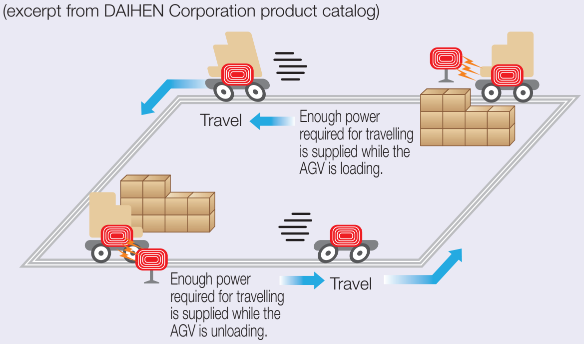
The commercialization of electric vehicles requires not only the development of the vehicle itself, but also the development of infrastructure facilities that enable charging. While there are still numerous hurdles to overcome, there is no doubt that the realization of this technology will bring about major lifestyle changes.

Although it will take some time before the wireless charging for electric vehicles reaches practical implementation, we already have seen the commercial application of automatic guided vehicles (AGV), which are based on the same framework.

AGV are motorized carts used mainly in plants and warehouses that are used to carry materials and products. The carts are equipped with sensors and are programmed to run autonomously along pre-determined routes by following magnetic tape attached to the floor to create a pathway. More advanced units feature AI (artificial intelligence) that enables the carts to operate along optimal routes that the units determine for themselves. Today, numerous types of AGV have been commercialized.

Operating these carts requires charging the unit's battery. Normally, charging involves using a cable that connects the cart to a charger. Though they may operate autonomously, this means the units still require human involvement for charging. However, wireless charging will eliminate the need for a worker to connect cables or exchange a unit's battery for a fully charged one. Eliminating this human involvement will allow these units to operate autonomously 24 hours a day. Also, such a system would protect workers from accidental electrocution during charging, providing major benefits from a worker safety perspective.

Concept image for using AGV that use wireless charging
(excerpt from DAIHEN Corporation product catalog)



Although wireless charging will eliminate labor, productivity will not increase if charging takes too long. Further improving productivity will require that charging times be reduced and cart operating rates be increased.

This led to the development of AGV equipped with power storage devices made from electric double-layer capacitors, which are able to charge faster than batteries.

In spring 2016, DAIHEN Corporation (Yodogawa, Osaka), considered one of Japan's eight leading heavy electric manufacturers, launched sales of a wireless charging system featuring Nippon Chemi-Con's electric double-layer capacitor DLCAP™ for AGV. Attaching this system to motorized carts allows companies to convert their AGV units to wireless charging systems.

Compared to batteries, DLCAP™ enables rapid charging using a larger current so transporter downtime can be reduced significantly. This enables transporters to be fully recharged during loading and unloading, which will lead to higher productivity.

Using electric double-layer capacitors, transporters are able to operate while using wireless charging technology to charge in small increments. In the future, this same technology will be applicable to electric vehicles.

From factory automation to future electric vehicles. Wireless charging and electric double-layer capacitors are a marvelous combination offering endless commercial and industrial potential.

A capacitor-based wirelessly charged AGV in operation at Chemi-Con Nagaoka Corp., part of the Nippon Chemi-Con Group. The white plate on the side is a power receiver coil unit for wireless charging. This cart is used to transport components autonomously to the production line.

Introduction of Main Businesses

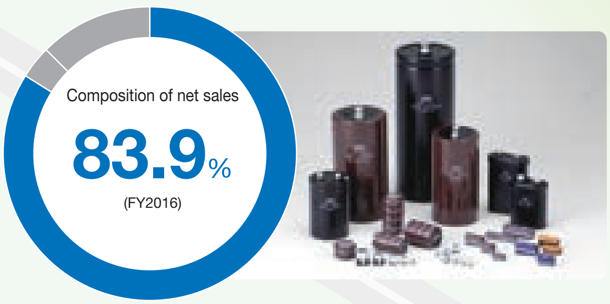
The following is an introduction of FY2016 performance and initiatives for aluminum electrolytic capacitors,

Aluminum Electrolytic Capacitor Business

Net sales

FY2016

97,559 million yen



Significant growth in sales for automotive electronics

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.

FY2016 earnings and future initiatives

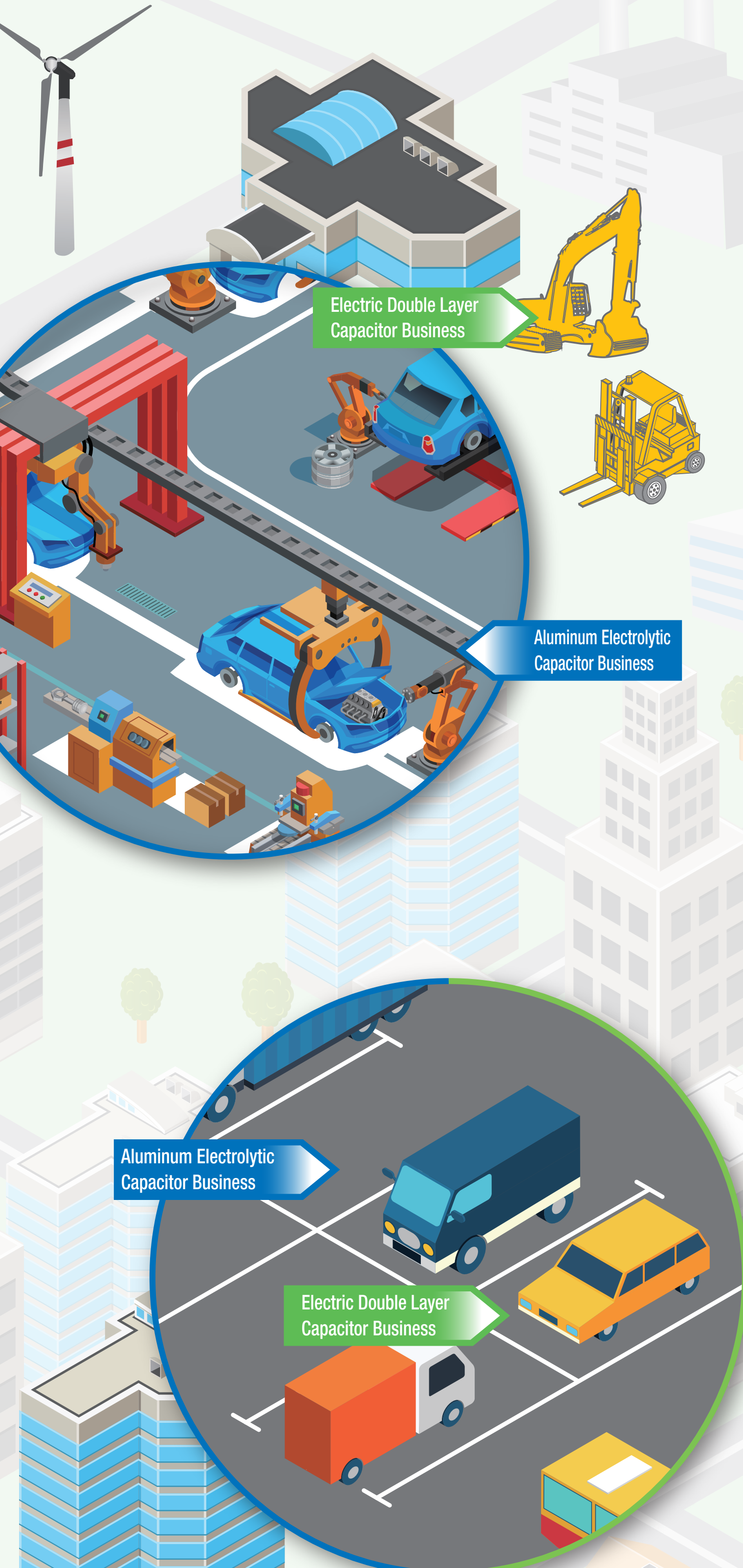
In FY2016, aluminum electrolytic capacitor net sales were approximately 97.5 billion yen, down 3.1% year on year. However, excluding the impact of currency fluctuations, actual sales increased, and production volume also increased from the previous year.

Looking at market specific performance, sales for automotive electronics were favorable, with sales up 5% year on year. With innovation in automotive electronic control systems and the shift to EV, the number of aluminum electrolytic capacitors being used in a single vehicle is on the rise. At the same time, demand for higher performance components is growing, including more compact sizes, lower resistance, and improved heat resistance and vibration resistance. Amid such a market, we successfully expanded sales of our new hybrid capacitors and performance outperformed initial plans.

In non-automotive markets, sales of aluminum electrolytic capacitors for inverters used in residential air conditioning units were firm.

The automotive industry is sure to see the dissemination of ADAS (advanced driver assistance systems) and further advancements in autonomous driving technology, suggesting that demand for aluminum electrolytic capacitors for use in automotive electronics will only continue to grow. And with the shift to construction automation, we expect the expanded utilization of industrial robots and the drive toward IoT compatibility for a variety of devices will continue for the foreseeable future. As a result, this is projected to drive demand for aluminum electrolytic capacitors. In light of such conditions, we will continue to enhance production capacity, including adding new production lines, to further strengthen our aluminum electrolytic capacitor business.

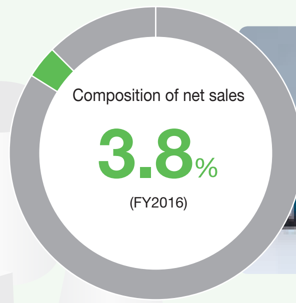
the Nippon Chemi-Con Group's largest business, and electric double-layer capacitor business, a new business that is growing as the second pillar of management.



Electric Double Layer Capacitor Business

Net sales

FY2016
4,424 million yen



Accelerate new product development to capture new markets

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.

FY2016 earnings and future initiatives

In FY2016, net sales for electric double-layer capacitors were approximately 4,400 million yen, up 12.5% YoY. The ratio of net sales among all products also increased by 0.5% YoY.

Sales were firm for braking energy recovery systems, the largest market for these products. Sales related to plant facilities, railways, and other segments other than automobiles also grew, resulting in double-digit growth compared to the previous fiscal year.

Braking energy recovery is a technology that improves vehicle fuel efficiency. Our electric double-layer capacitors are used as storage devices for that recovered energy. To enable ease of mounting in engine rooms, which reach high temperatures during driving, we developed and launched sales of new products with improved heat resistance. We are implementing these and other initiatives to expand sales to the automotive market.

In FY2017, in addition to large-sized products (screw terminal type products) compatible with large energy applications like braking energy recovery systems, we are proceeding with plans to commercialize reduced-size compact products (radial lead type products) for use in systems like emergency backup power sources. With advancements in vehicle braking, steering, transmission, and other electronic control systems, these products will be proposed as solutions for emergency power sources (power failure prevention). We plan to capture market share by developing broad applications outside the automotive field, including power sources for IoT devices.

As the next core business after aluminum electrolytic capacitors, we will work to foster and grow our electric double-layer capacitor business.

Executive Members (as of June 29, 2017)

Directors

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

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

B Director and Managing Executive Officer
Yoshifumi Minegishi (November 28, 1957)

Apr 1980 Joined Nippon Chemi-Con Corp.
Jul 2001 Plant Manager of Niigata Plant, Material Division Headquarters
Jul 2003 Deputy Division Manager of Material Division Headquarters and Plant Manager of Takahagi Plant
Jun 2005 Director, Division Manager of Material Division Headquarters
Jul 2007 Director, Division Manager of Production Engineering Headquarters and Division Manager of Material Division Headquarters
Apr 2008 Director, Division Manager of Production Facilities Engineering Headquarters and Division Manager of Material Division Headquarters
Apr 2011 Director, Division Manager of Material Division Headquarters
Jun 2013 Executive Managing Director, Division Manager of Material Division Headquarters
Jun 2014 Director and Managing Executive Officer, Division Manager of Material Division Headquarters
Apr 2016 Director and Managing Executive Officer, Division Manager of Product Business Management (current)

C Director and Managing Executive Officer
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)

D Director and Senior Executive Officer
Toru Konparu (July 4, 1956)

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

E Outside Director
Hideaki Takahashi (January 29, 1946)

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

F Outside Director
Kinya Kawakami (November 20, 1951)

Apr 1976 Joined The Yokohama Rubber Co., Ltd.
Jan 2003 Head of Tire Materials Development Dept., The Yokohama Rubber Co., Ltd.
Jun 2008 Director and Corporate Officer, in charge of Procurement Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.
Jun 2011 Director and Managing Corporate Officer, in charge of Global Human Resources Division, Head of Corporate Social Responsibility Division, The Yokohama Rubber Co., Ltd.
Mar 2012 Director and Managing Corporate Officer, Head of Corporate Social Responsibility Division, Head of R&D Center, The Yokohama Rubber Co., Ltd.
Mar 2014 Corporate adviser of The Yokohama Rubber Co., Ltd., and Representative Director and President of Hamagomu Real Estate Co., Ltd.
Jun 2015 Director of Nippon Chemi-Con Corp., Corporate adviser of The Yokohama Rubber Co., Ltd., and Representative Director and President of Hamagomu Real Estate Co., Ltd.
Mar 2016 Director of Nippon Chemi-Con Corp. and Corporate adviser of The Yokohama Rubber Co., Ltd.
Nov 2016 Director of Nippon Chemi-Con Corp. (current)

Audit & Supervisory Board Members

G Audit & Supervisory Board Member
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)

H Audit & Supervisory Board Member
Hiroyuki Yajima (April 7, 1957)

Jan 1982	Joined Nippon Chemi-Con Corp.
Oct 2003	Department Manager of Electro-Products Development Dept., Electro-Mechanical Products Business, Solid Products & Electro-Mechanical Products Division Headquarters
Jul 2005	Department Manager of Electro-Products Development Dept., Electro-Mechanical Products Division Headquarters
Jul 2007	Department Manager of Solution R&D Dept.
Apr 2008	Department Manager of Solution R&D Dept. and Marketing Dept.
Apr 2011	Department Manager of Solution R&D Dept., R&D Headquarters
Jun 2014	Executive Officer, Department Manager of Solution R&D Dept., R&D Headquarters
Jun 2016	Senior Executive Officer, Deputy Division Manager of R&D Headquarters
Jun 2017	Audit and Supervisory Board Member (current)

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

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

J Outside Audit & Supervisory Board Member
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)

Topics : Hybrid capacitors are the "best of both worlds"


Hybrid capacitors

Sales of hybrid capacitors have been favorable, particularly to automakers. Officially, this is a new type of capacitor known by the long name conductive polymer hybrid aluminum electrolytic capacitor. As the name suggests, this is a type of aluminum electrolytic capacitor and is even identical in appearance. So, what is unique about the hybrid capacitor?

Conventional aluminum electrolytic capacitors use electrolyte for the cathode material. In other words, the aluminum electrolytic capacitor is an electronics component made with an electrode (cathode) made from a liquid. The main merit to using a liquid as an electrode is (1) it is possible to make products with a large capacitance (ability to store electricity), (2) it is possible to make products with a high withstand voltage, and (3) it has the capability to repair scratches in the oxide layer formed on the surface of the aluminum electrode foil (*1), among others.

On the other hand, demerits with using electrolyte include higher ESR (equivalent series resistance), which can cause heating during use. This is due to low conductivity because electrolyte charge transfer is based on ion conduction. Also, use in extremely low-temperature environments can cause increased electrolyte viscosity and higher ESR. Another demerit is that the material is susceptible to ambient temperatures.

*1: Defects (tears) in the oxide layer of the aluminum electrode foil caused by surges, etc., can cause malfunctions.

One product developed to resolve this was the conductive polymer aluminum solid capacitor (conductive polymer capacitor). We first offered our version of this product in 1998. Conductive polymer capacitors use a solid conductive polymer as the cathode instead of electrolyte. Solid electrolytes use electronic conduction, which has a higher conductivity than ion conduction, to move the electrical charge. This makes it possible to reduce ESR to a level not possible with products using electrolyte. Furthermore, the material is also stable in heat, making is possible to reduce performance fluctuations due to changes in ambient temperature. Since product launch, conductive polymer capacitors have been used widely in digital equipment such as computers and home gaming systems and have contributed to higher performance devices.

On the other hand, due to the characteristics of conductive polymer, there was a need to sacrifice large capacitance and the oxide layer self-repair, some of the merits of conventional aluminum electrolytic capacitors. Also, we currently mass produce 35V products (as of October 2017) but compatible voltages are relatively limited, which limits potential applications of the product.

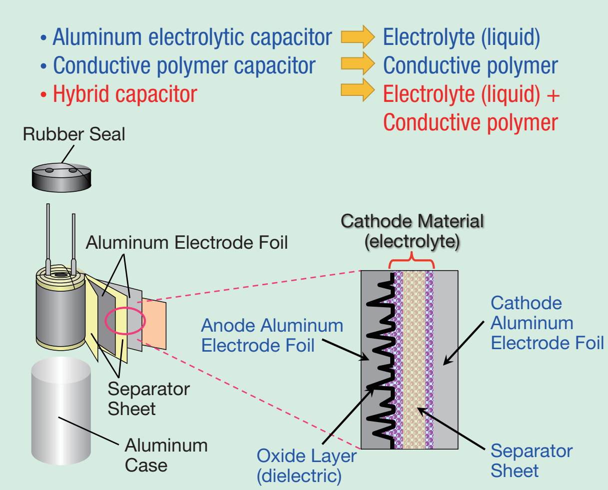
The product addressing this is hybrid capacitors. This product debuted as a solution featuring the "best of both worlds" from conventional aluminum electrolytic capacitors and conductive polymer capacitors. We successfully developed this product in 2012 and quickly achieved a successful product launch.

The cathode is made of a proprietary material that is a hybrid mixture (compound) of a liquid electrolyte and a solid conductive polymer capacitor. The result was the creation of a product with low ESR properties similar to those of conductive polymer capacitors while also offering stable performance in changing temperatures and oxide layer auto-reparability. Hybrid products also offer a range of voltage compatibility that, while not on the level of conventional aluminum electrolytic capacitors, still exceeds the range offered by conductive polymer capacitors. We mass produce products up to 80V (as of October 2017) and also are working on the development of products with a higher withstand voltage.

The main market for hybrid capacitors is automobiles. They are used in the ECU (electronic control units) used to control engines and mounted equipment. Propelled by the growing trend of increased electronics in automobiles and the popularity of EV, sales have grown at a rate that exceeds initial targets and we expect continued market growth moving forward. In addition to communication base stations, which require a high level of reliability, the use of hybrid capacitors is also expanding to include the compact, high-performance switching power supplies used in industrial equipment and medical devices. Production is underway at Chemi-Con Miyagi Corp. and the Chemi-Con Yamagata Corp. Yonezawa Plant, and we are expanding production capacity to meet strong order demand.

Hybrid capacitors are a leading product rewriting the history of the continuously evolving aluminum electrolytic capacitor.

Creation of hybrid cathode materials (electrolyte materials)



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 launched healthy company initiatives that focus on the health management of employees and their families. We are promoting activities that involve employee families to ensure that both employees and their families lead energetic, healthy lifestyles.

Participation in UN Global Compact

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

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

The Ten Principles of the UN Global Compact

1 Human Rights

2 Labour

3 Environment

4 Anti-Corruption

1 Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
	Principle 2	make sure that they are not complicit in human rights abuses.
2 Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	the elimination of all forms of forced and compulsory labour;
	Principle 5	the effective abolition of child labour; and
	Principle 6	the elimination of discrimination in respect of employment and occupation.
3 Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	undertake initiatives to promote greater environmental responsibility; and
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.
4 Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Human Resources Strategy / Healthy Company

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 60% of production (in volume) at Nippon Chemi-Con and of our approximately 7,000 employees, about 64% 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.

Also, Nippon Chemi-Con faces the reality that women only represent 2.0% of employees in management positions. To address this and the Women's Workplace Utilization Promotion Act enacted in April 2016, we drafted a plan to (1) increase the number of women in management positions by 50% by 2020 and, (2) increase the percentage of female hires to 30% and higher for technical and manufacturing positions, and 40% and higher for sales and administrative positions. We will continue to promote various initiatives aimed at promoting the utilization of women in the workplace.

Composition of employees

Japan 36.1% | Overseas 63.9%

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 2017, we have 20 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 8th 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 2016, 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 120 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.

Healthy Company

Slogan Judge a Company by the Physical and Mental Health of Its Employees

Activity details:

Based on the approach that the mental and physical health of employees is a benchmark of company management, we are collaborating with health insurance unions to enhance employee health management efforts. When employees and their families are healthy, employees are able to work with peace of mind, which leads to growth for the company. In particular, we identify keywords such as rate of smokers, metabolic syndrome prevention, and mental health to implement initiatives that help improve the health awareness of each employee.

Activities during FY2017

Ⅰ Reinforcing smoking rules, reducing smoking – Reaching national smoking average(18.2%)

There is growing social awareness of the impact of tobacco on the health of not only smokers, but also the impact of second-hand smoke on non-smokers. Smoking increases the risk of lung cancer and congestive heart disease, and is a threat to the future health of individuals. From the perspective of ensuring health, we are promoting various measures to reduce smoking.

Ⅱ Metabolic syndrome prevention measures – Reducing BMI of 25 or higher to 20% or lower within 5 years

We view obesity (BMI 25 or higher) as a major factor in increasing medical expenses. In particular, the impact of obesity on medical expenses is significant and this impact is expanding to younger generations. We are promoting the reevaluation of personal lifestyle choices and the reduction of future risks such as severe diabetes. Nippon Chemi-Con sets BMI as a benchmark and we perform blood tests during health examinations. We also apply this to younger employees from the time of employment. We aim to educate younger generations of employees on the importance of healthy lifestyles and help improve health awareness by sharing information in our employee magazine on specific stories of people who improved their health.

Ⅲ Mental health support – Incorporation of stress check system

We continue to conduct the stress check system we implemented last fiscal year based on the same timing as physical examinations to expand opportunities for discovery with a focus on prevention. In doing so, we are working to prevent the rate of workers who suffer from mental illness or require a leave of absence. We also provide line care training for managers to educate them on how to respond to consultations from their subordinates.

Ⅳ Achieving work-life balance

We are working to create an environment that allows all employees to work while also providing child care or family care, thereby promoting a culture that helps all employees fulfill their potential.
We also have established an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Through this plan, we aim for paid leave utilization rates and child care leave utilization rates of 70% and higher, and to reduce average overtime to 29 hours or less per month, per employee. We are near achievement of these goals.
We will continue enhancing systems that promote flexible and diverse working styles.

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.

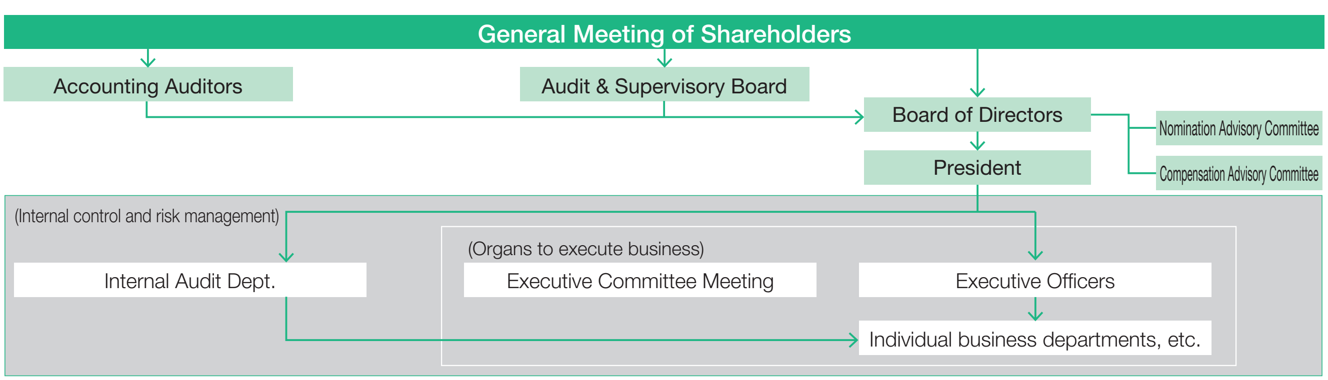
Our Corporate Governance System

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

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.

all 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)	150	142	8	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	43	—	3
Outside officers	36	36	—	5
Total	230	221	8	13

(For the fiscal year ended March 31, 2017)

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.

Initiatives for enhancing education & training to ensure compliance with competition laws

As part of our CSR activities, Nippon Chemi-Con conducts compliance training covering matters such as competition laws and insider trading regulations. Training is conducted at every level, from new hires (including mid-career hires) to management. We teach employees that compliance is a prerequisite in all corporate activities. We also provide education to each Nippon Chemi-Con department and subsidiary to ensure and reinforce awareness of Nippon Chemi-Con Group Business Conduct Guidelines. These and other compliance education and awareness activities are conducted on a Group-wide level. In FY2016, we conducted compliance audits overseen by our legal affairs department at 35 domestic and overseas factories and offices. Moving forward, we will continue to conduct similar audit activities.
One initiative related to ensuring compliance with competition laws is to invite external lecturers (attorneys) to hold competition law seminars. At the same time, we drafted the Basic Policies Concerning Compliance with Competition Laws and other internal regulations, manuals, etc., which are applied to audits conducted by the legal affairs department since FY2016.

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

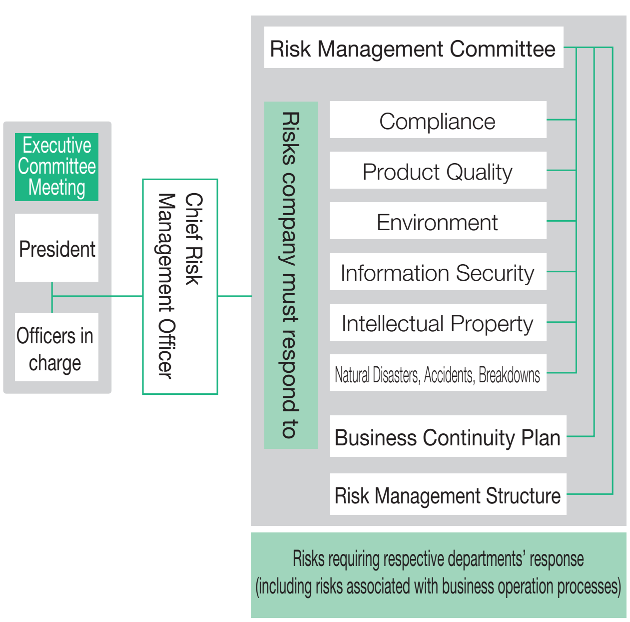
The Nippon Chemi-Con Group designates the executive in charge of risk management (executive officer in charge of the Nippon Chemi-Con Administration Department) as the chief risk management officer who is in charge of drafting and implementing risk management policy and action plans. This chief risk 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 Management System



Risk Factors

Listed below are the principal business risks of Nippon Chemi-Con that may have a significant influence on operating results, stock price and financial status. All references to possible future developments in the following text were made by Nippon Chemi-Con Group as of June 29, 2017, 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 79.2% in the FY2015, and 76.0% in the FY2016. Although we forward exchange contracts to hedge the risk of exchange rate fluctuations, it is impossible to eliminate all such risk, and therefore such fluctuations may affect the business results of Nippon Chemi-Con Group.

In preparing consolidated financial statements, those of our foreign affiliates are converted to JPY. Even if prices remain unchanged in local currencies, yen translations may fluctuate and thereby affect our business results.

3. Risks concerning price competition

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

4. Risks concerning price volatility of raw materials

Increase in the purchase price of raw materials including aluminum foil and heavy oil may push up the cost of our products.

Nippon Chemi-Con Group is taking risk avoidance measures such as continuously reducing costs by promoting local procurement at overseas manufacturers and improving productivity, however, rapid rise in the price of raw materials may influence the business results and financial position of Nippon Chemi-Con Group.

5. Risks concerning product defects

Nippon Chemi-Con Group manufactures products at 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 and other countries, with respect to transaction of aluminum electrolytic capacitors and other capacitors.

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 suspected violations of European competition laws in relation to sales of aluminum electrolytic capacitors and tantalum electrolytic capacitors in Europe. We continue to respond appropriately to investigations being conducted by the European Commission.

In December 2015, Nippon Chemi-Con, our Taiwan subsidiary Taiwan Chemi-Con Corp., and our Hong Kong subsidiary Hong Kong Chemi-Con Ltd. received notification from the Taiwan Fair Trade Commission concerning suspected violations of Taiwan Competition Law and indicating that the Commission had reached a decision to assess a penalty. However, we are unwilling to accept such a penalty due to differences in our awareness of facts. As such, in February 2016 we filed an administrative motion with the Taipei High Administrative Court requesting the revocation of the Commission's action.

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

Sustainable growth grounded in trust and reliability

Hideaki Takahashi
Outside Director

Recently I read Sapiens: A Brief History of Humankind by Yuval Noah Harari. Why were Homo sapiens able to surpass Neanderthals and other species? Harari believes this to be because Homo sapiens possessed imagination that was superior to other species. Harari believes that imagination produces trust and reliability, which enabled the creation of a complex society.

Nippon Chemi-Con has an 86-year track record as a manufacturer and seller of aluminum electrolytic capacitors. Our ability to conduct business activities over such a long period of time can only be attributed to the efforts of our employees, from policy decisions by our management team to technology development by our technology team and market development by our sales team. Applying the theories presented by Harari, our success is due to the fact that we made trust and reliability our highest priority.

In order for our internal command structure to function smoothly, all employees need to act with a clear visualization and understanding of the management team's thinking. This is only possible when employees trust the management team. The company also is working to shorten our Cash Conversion Cycle (CCC). CCC refers to the number of days between the payment date for raw materials and the product payment receipt date. In addition to the number of days for product manufacturing and the number of days for the transport of work-in-progress and finished products, CCC also includes the number of days required for processing bank notes. Bank notes represent a method of payment that is rooted in mutual trust with the transaction partner.

Also, fully applying our imagination towards customer needs leads to the development of new products and solution proposals that satisfy our customers, and has helped us earn trust.

The abovementioned book also discusses the future of the human race. Advancements such as artificial intelligence and gene manipulation are beginning to have major changes on society.

In my fourth year as an outside director, I will continue to observe trends in society in hopes of being able to provide beneficial advice to management.

Strengthen alliance between production, sales, and technology

Kinya Kawakami
Outside Director

It has been two years since I assumed the role of outside director. I again want to take a moment to reflect on observations gained through my work.

With my visit to Chemi-Con Europe in June of this year, I have now visited all the sites in the Nippon Chemi-Con Group. I experienced this last year as well but once again I was impressed by Nippon Chemi-Con as a committed group that is backed by outstanding technology. I am excited about the growth potential for this Group.

At each Board of Directors' Meeting, outside directors and outside audit & supervisory board members actively discuss issues and present various questions and opinions. Each business division provides business reports on goal achievement status, making it easy to understand progress and present issues. My impression is that these intense deliberations are contributing towards improving corporate governance.

This fiscal year marks the start of the 8th medium-term management plan. In FY2019, the company will aim for net sales of 140 billion yen. The business environment is facing further changes due to transitions in the automotive industry. Advancements in autonomous driving and the growing popularity of electric vehicles is resulting in greater performance requirements and expanded applications of electrolytic capacitors. This is driving market growth. We need to be able to respond accordingly. I think the key will be the ability to propose and provide products that meet customer needs in a timely manner. Beyond product development, we also need to pay attention to the status of material development and overall business execution by technology departments.

In last year's report, I noted that we will aim to strengthen the alliance between production, sales, and technology and this stance remains unchanged. To compete effectively against our competitors, we will need to provide technology departments with precise feedback on customer needs and support improved alliances between production, sales, and technology that promotes strong product development.

Through these initiatives, we will further improve performance and achieve the goals outlined in the 8th medium-term management plan.

IR Activities / Events

Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2016, 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.

Meetings with Institutional Investors

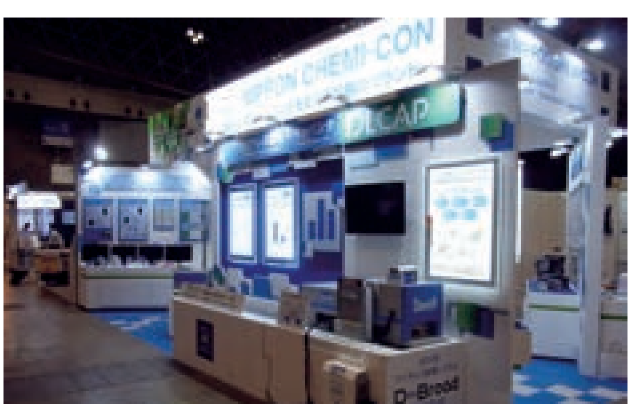
We proactively respond to individual meeting requests from securities analysts and institutional investors and hold discussions that help promote understanding and appropriate valuations of our company. In FY2016, we held over 90 meetings and telephone conference calls.

IR Information Website

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

Conference Exhibits

Nippon Chemi-Con had booths at the following conferences in FY2016 (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.



FY2016 Conference and Exhibit Participation

Month	Name of the Conference	Place
Apr	●TECHNO-FRONTIER 2016 / POWER SYSTEM JAPAN 2016	Japan
	●ID Tech 2016	Germany
May	●AUTOMOTIVE ENGINEERING EXPOSITION 2016	Japan
	●Electronic Distribution Show 2016	U.S.A.
Sep	●BATTERY OSAKA – 3rd Int'l Rechargeable Battery Expo Osaka	Japan
	●electronica India 2016	India
Oct	●CEATEC JAPAN 2016	Japan
Nov	●China Hi-Tech Fair ELEX-CON 2016	China
Jan	●EV JAPAN – 8th EV & HEV Drive System Technology Expo	Japan
Feb	●nano tech 2017 – The 16th International Nanotechnology Exhibition & Conference	Japan
Mar	●BATTERY JAPAN 2017 – 8th Int'l Rechargeable Battery Expo	Japan
	●The Applied Power Electronics Conference and Exposition 2017	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.

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 %

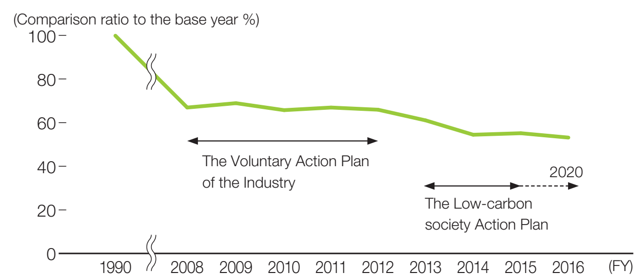
<Long-term target>

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)



<Activities results>

Total volume of carbon dioxide emissions and breakdown

(t-CO_2)

Fiscal Year	2011	2012	2013	2014	2015	2016
Purchased Electric Power	406,777	386,594	471,148	483,070	475,603	489,601
A-grade Heavy oil	28,603	18,877	21,593	23,921	23,446	27,127
Kerosene	1,686	1,682	1,551	1,489	1,507	1,581
City Gas	23,143	22,786	23,249	23,449	22,295	17,587
Gasoline	457	397	361	351	325	310
LPG	383	342	343	340	308	304
LNG	0	474	490	382	510	0
Gas oil	50	49	79	106	155	65
Industrial steam	0	862	2,532	2,557	2,465	2,430
Waste Materials – Oil, Plastics	0	0	0	0	0	0
Waste Materials – Paper, Wood	0	0	0	0	0	0
Total	461,099	432,063	521,347	535,665	526,615	539,005

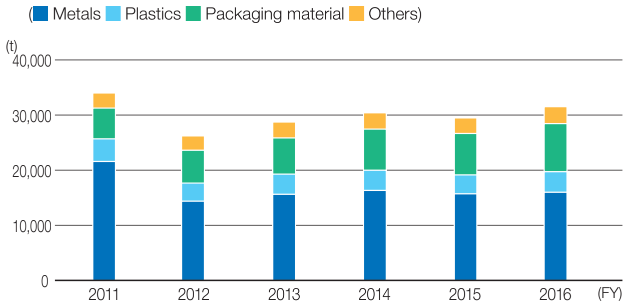
Notes:
1. Energy-CO_2 conversion factor used by the sites outside Japan is reappraised from 2014.
2. Amount of energy-origin CO_2 emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

Resource conservation

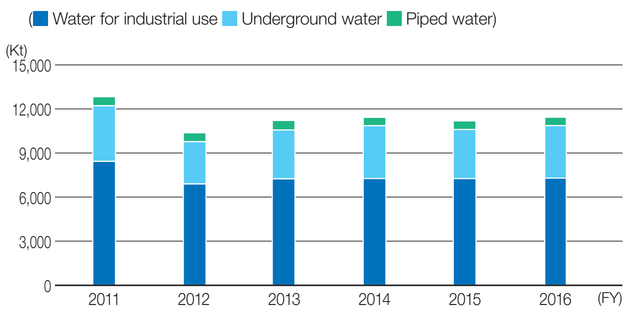
In the manufacturing activities of industries, the resources are essential element. Efficient use of such resources will protect global environment.

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

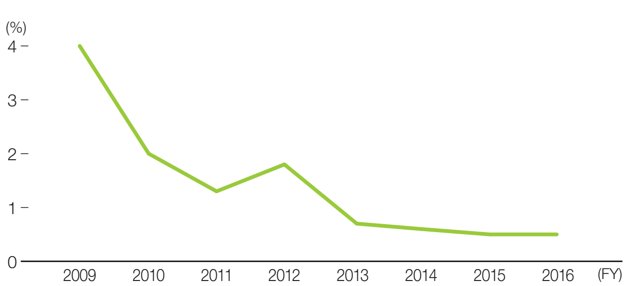


Waste reduction

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

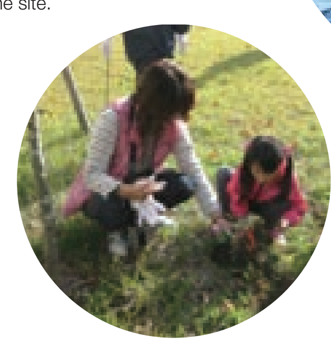
In the Nippon Chemi-Con Group’s activities to conserve biodiversity, we will take actions for each of the three impacts on biodiversity.

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 CO_2, 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 birds, 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.

WEB
● 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 suppliers. As a part of chemical substances management, we have established "Nippon Chemi-Con Group Green Procurement Guideline" from the viewpoint of ensuring 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 have been taking place since April, 2 0 0 7, 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
Lighting	Fluorescent lighting equipment, Fluorescent tubes
Cars	Company-owned cars, Leasing cars
Uniforms	Uniforms, Work clothes
Waste disposal	Environmental-friendliness of waste disposers

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 have been presented to the local nursery schools, primary schools and junior high schools. We intend to keep participating in activities, such as protecting “Minami-Medaka” for future children.

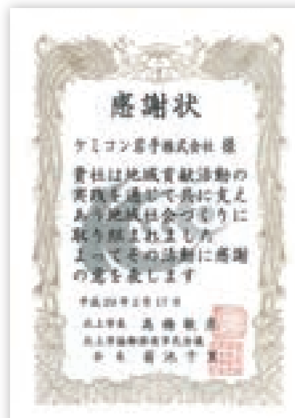
Certificate and Letter of appreciation in FY2016

Chemi-Con Iwate Corp.

“Letter of appreciation - Contributions to local communities”

■Sponsorship: Kitakami City, Iwate Prefecture

Chemi-Con Iwate received a “Letter of appreciation” from Kitakami City for conducting biodiversity conservation activities and river clean-up activities.



Cleaning volunteer work

For the purpose of environment protection, Nippon Chemi-Con Group continuously conducts cleanup of near-by areas by our employees. With appreciation to the local community, 10 cleanup activities were launched in FY 2016.

Nippon Chemi-Con Corp. Niigata Plant’s Cleanup activity at Ajirohama Beach (June 18, 2016)

Years ended March 31, 2008 through 2017

	2008.3	2009.3	2010.3	2011.3
For the year				
Net sales	143,206	114,578	105,896	127,790
Operating income (loss)	8,706	(6,874)	(3,036)	8,155
Operating income margin (%)	6.1	(6.0)	(2.9)	6.4
Ordinary income (loss)	4,437	(6,015)	(3,475)	6,744
Ordinary income margin (%)	3.1	(5.3)	(3.3)	5.3
Profit (loss) attributable to owners of parent	2,512	(12,700)	(4,294)	3,297
Profit attributable to owners of parent margin (%)	1.8	(11.1)	(4.1)	2.6
Capital investment	14,620	11,943	4,013	9,614
Depreciation and amortization	11,080	11,631	8,748	8,392
Research and development (R&D) expenses	3,741	3,758	3,590	3,642
Proportion of net sales (%)	2.6	3.3	3.4	2.9
At year end				
Current assets	82,743	74,732	72,648	71,824
Fixed assets	77,600	69,261	65,249	62,868
Current liabilities	43,328	48,227	39,521	36,041
Long-term liabilities	38,363	38,508	37,578	37,153
Net assets	78,652	57,258	60,797	61,498
Total assets	160,343	143,994	137,897	134,693
Cash flows				
Cash flows from operating activities	11,144	8,134	6,514	8,636
Cash flows from investing activities	(13,020)	(12,388)	(4,891)	(8,671)
Free cash flow	(1,876)	(4,254)	1,622	(34)
Cash flows from financing activities	(3,499)	16,774	(10,405)	(3,018)
Per share data				
Profit (loss)	19.89	(103.29)	(36.11)	23.17
Cash dividends	12.00	6.00	0.00	3.00
Net assets	618.26	485.33	423.85	429.82
Financial indicators				
Return on assets (ROA) (%)	1.5	(8.3)	(3.0)	2.4
Return on equity (ROE) (%)	3.1	(18.8)	(7.3)	5.4
Shareholders' equity ratio (%)	48.7	39.5	43.8	45.4
Average exchange rate (Yen)				
US$	114.28	100.54	92.85	85.72
EUR	161.53	143.48	131.15	113.12

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 = ¥112.19.
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.

					Million Yen	Thousand U.S. dollars
2012.3	2013.3	2014.3	2015.3	2016.3	2017.3	2017.3
100,290	92,959	113,962	123,365	118,414	116,311	1,036,739
(2,596)	(6,990)	4,933	5,122	2,179	3,338	29,756
(2.6)	(7.5)	4.3	4.2	1.8	2.9	2.9
(2,633)	(6,685)	4,304	6,207	1,165	2,002	17,852
(2.6)	(7.2)	3.8	5.0	1.0	1.7	1.7
(4,909)	(9,252)	3,315	5,362	(6,905)	840	7,488
(4.9)	(10.0)	2.9	4.3	(5.8)	0.7	0.7
13,521	5,953	3,067	5,203	4,354	4,590	40,921
8,493	8,615	7,951	7,373	7,127	6,220	55,449
3,966	3,981	3,872	4,160	4,321	4,272	38,084
4.0	4.3	3.4	3.4	3.6	3.7	3.7
70,657	69,007	76,619	81,689	78,775	83,799	746,946
66,901	65,447	63,149	64,968	58,341	55,968	498,874
28,076	43,915	32,730	42,106	40,377	29,442	262,434
53,872	39,784	43,194	26,405	33,875	46,754	416,741
55,610	50,754	63,844	78,146	62,864	63,571	566,645
137,559	134,454	139,769	146,657	137,117	139,768	1,245,820
1,820	4,651	12,161	10,730	10,970	6,443	57,433
(12,951)	(6,925)	(1,620)	(4,269)	(2,878)	(4,334)	(38,638)
(11,131)	(2,273)	10,541	6,460	8,091	2,108	18,794
12,790	1,725	(6,143)	(7,675)	(4,712)	710	6,337
					Yen	U.S. dollars
(34.49)	(65.01)	22.34	32.91	(42.38)	5.16	0.05
0.00	0.00	0.00	3.00	3.00	3.00	0.03
388.49	355.46	390.16	477.23	383.43	387.77	3.46
(3.6)	(6.8)	2.4	3.7	(4.9)	0.6	
(8.4)	(17.5)	5.8	7.6	(9.8)	1.3	
40.2	37.6	45.5	53.0	45.6	45.2	
79.08	83.10	100.24	109.93	120.13	108.38	
108.98	107.14	134.37	138.77	132.57	118.79	

Consolidated Balance Sheets

For the years ended March 31, 2017 and 2016

	Million Yen		Thousand U.S. dollars
Assets	2016.3	2017.3	2017.3
Current assets			
Cash on hand and in banks	26,250	28,497	254,014
Notes and accounts receivable – trade	24,433	27,314	243,464
Inventories	20,801	20,878	186,100
Deferred tax assets	770	1,246	11,110
Other current assets	6,558	5,897	52,563
Less allowance for doubtful accounts	(39)	(34)	(305)
Total current assets	**78,775**	**83,799**	**746,946**
Fixed assets			
Property, plant and equipment			
Buildings and structures	13,111	12,305	109,684
Machinery and equipment	16,463	14,994	133,656
Land	6,897	6,908	61,577
Construction in progress	1,324	1,118	9,968
Other	1,794	2,214	19,736
Total property, plant and equipment	**39,591**	**37,541**	**334,622**
Intangible fixed assets	1,438	1,083	9,656
Investments and other assets			
Investment securities	15,449	15,663	139,612
Deferred tax assets	593	370	3,298
Other	1,298	1,342	11,964
Less allowance for doubtful accounts	(30)	(31)	(279)
Total investments and other assets	**17,311**	**17,344**	**154,595**
Total fixed assets	**58,341**	**55,968**	**498,874**
Total assets	**137,117**	**139,768**	**1,245,820**

Notes:
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of $1 = ¥112.19.

Million Yen | Thousand U.S. dollars

Liabilities and Net Assets	2016.3	2017.3	2017.3
Current liabilities			
Notes and accounts payable – trade	7,080	8,682	77,391
Electronically recorded obligations	—	5,440	48,493
Short-term debt	18,243	5,873	52,356
Accounts payable – other	9,518	4,198	37,421
Income taxes payable	567	638	5,692
Bonus reserve	1,664	1,684	15,010
Other current liabilities	3,303	2,924	26,068
Total current liabilities	**40,377**	**29,442**	**262,434**
Long-term liabilities			
Long-term debt	15,314	29,177	260,075
Deferred tax liabilities	873	1,156	10,306
Provision for environmental safety measures	185	150	1,338
Net defined benefit liability	11,822	10,848	96,694
Other long-term liabilities	5,679	5,421	48,326
Total long-term liabilities	**33,875**	**46,754**	**416,741**
Total liabilities	**74,252**	**76,196**	**679,175**
Net assets			
Shareholders' equity			
Common stock	21,526	21,526	191,870
Issued and outstanding at March 31,2016: 162,922,606 shares (excluding treasury stock)			
Issued and outstanding at March 31,2017: 162,904,799 shares (excluding treasury stock)			
Capital surplus	28,568	28,079	250,284
Retained earnings	14,452	15,292	136,310
Treasury shares at March 31, 2016: 225,728 shares	(71)	(75)	(670)
at March 31, 2017: 243,535 shares			
Total shareholders' equity	**64,475**	**64,822**	**577,795**
Accumulated other comprehensive income			
Net unrealized gain on securities	896	1,387	12,363
Foreign currency translation adjustments	2,527	959	8,554
Remeasurements of defined benefit plans	(5,431)	(3,999)	(35,649)
Total accumulated other comprehensive income	**(2,006)**	**(1,652)**	**(14,731)**
Non-controlling interests	**395**	**401**	**3,581**
Total net assets	**62,864**	**63,571**	**566,645**
Total liabilities and net assets	**137,117**	**139,768**	**1,245,820**

Notes:
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥112.19.

Consolidated Statements of Income

For the years ended March 31, 2017 and 2016

	Million Yen		Thousand U.S. dollars
	2016.3	2017.3	2017.3
Net sales	118,414	116,311	1,036,739
Cost of sales	95,749	93,078	829,648
Gross profit	22,664	23,233	207,090
Selling, general and administrative expenses	20,484	19,895	177,334
Operating income	**2,179**	**3,338**	**29,756**
Non-operating income			
Interest income	70	29	262
Dividend earned	107	96	862
Equity in earnings of affiliated companies	499	441	3,935
Other	86	81	730
Total	764	649	5,790
Non-operating expenses			
Interest expense	440	414	3,692
Financing expenses	427	221	1,972
Foreign exchange losses	875	1,250	11,148
Other	34	98	881
Total	1,778	1,985	17,694
Ordinary income	**1,165**	**2,002**	**17,852**
Extraordinary income			
Gain on sales of property, plant and equipment	5	26	232
Gain on sales of investment securities	570	2	19
Total	575	28	251
Extraordinary loss			
Loss on disposal of property, plant and equipment	28	19	170
Loss related to Antitrust laws	7,217	—	—
Loss on liquidation of subsidiaries	—	61	551
Other	25	—	—
Total	7,271	81	722
Profit (loss) before income taxes	**(5,530)**	**1,950**	**17,381**
Income taxes			
Current	1,836	1,315	11,721
Deferred	(494)	(215)	(1,925)
Total	**1,341**	**1,099**	**9,795**
Profit (loss)	(6,872)	851	7,585
Profit (loss) attributable to non-controlling interests	32	10	97
Profit (loss) attributable to owners of parent	**(6,905)**	**840**	**7,488**

	Yen		U.S. dollars
	2016.3	2017.3	2017.3
Profit (loss) per share			
Basic	(42.38)	5.16	0.05
Diluted	—	—	—

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2017 and 2016

	Million Yen		Thousand U.S. dollars
	2016.3	2017.3	2017.3
Profit (loss)	(6,872)	851	7,585
Other comprehensive income			
Net unrealized holding gain on securities	(1,144)	490	4,370
Foreign currency translation adjustments	(2,806)	(1,429)	(12,740)
Remeasurements of defined benefit plans	(3,925)	1,475	13,148
Share in other comprehensive income of associates accounted for using equity method	(36)	(186)	(1,665)
Total other comprehensive income	(7,913)	349	3,112
Comprehensive income	**(14,785)**	**1,200**	**10,697**
Attributable to			
Owners of parent	(14,797)	1,194	10,643
Non-controlling interests	11	6	54

Notes:
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of $1 = ¥112.19.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2017 and 2016

Million 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, 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**
Balance at April 1, 2016	**21,526**	**28,568**	**14,452**	**(71)**	**896**	**2,527**	**(5,431)**	**62,468**	**395**	**62,864**
Changes of items during year										
Cash dividends paid		(488)						(488)		(488)
Profit (loss) attributable to owners of parent			840					840		840
Purchase of treasury shares				(3)				(3)		(3)
Other					490	(1,568)	1,431	353	6	360
Total changes of items during year	—	(488)	840	(3)	490	(1,568)	1,431	701	6	707
Balance as of March 31, 2017	**21,526**	**28,079**	**15,292**	**(75)**	**1,387**	**959**	**(3,999)**	**63,170**	**401**	**63,571**

Thousand 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, 2016	**191,870**	**254,640**	**128,822**	**(634)**	**7,993**	**22,530**	**(48,410)**	**556,812**	**3,526**	**560,339**
Changes of items during year										
Cash dividends paid		(4,356)						(4,356)		(4,356)
Profit (loss) attributable to owners of parent			7,488					7,488		7,488
Purchase of treasury shares				(35)				(35)		(35)
Other					4,370	(13,976)	12,761	3,154	54	3,209
Total changes of items during year	—	(4,356)	7,488	(35)	4,370	(13,976)	12,761	6,251	54	6,305
Balance as of March 31, 2017	**191,870**	**250,284**	**136,310**	**(670)**	**12,363**	**8,554**	**(35,649)**	**563,063**	**3,581**	**566,645**

Notes:
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of $1 = ¥112.19.

Consolidated Statements of Cash Flows

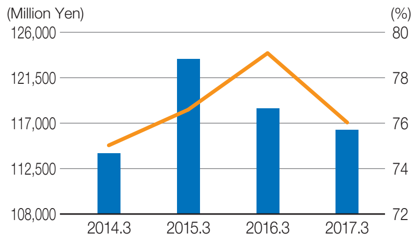
For the years ended March 31, 2017 and 2016

	Million Yen		Thousand U.S. dollars
	2016.3	2017.3	2017.3
Cash flows from operating activities:			
Profit (loss) before income taxes	(5,530)	1,950	17,381
Depreciation and amortization	7,632	6,715	59,861
Loss on antitrust laws	7,217	—	—
Increase (decrease) in net defined benefit liability	(212)	488	4,351
Increase (decrease) in allowance for doubtful accounts	(1)	(4)	(42)
Increase (decrease) in provision for environmental safety measures	(16)	(35)	(316)
Interest and dividend income	(177)	(126)	(1,124)
Interest expense	440	414	3,692
Foreign exchange losses (gains)	293	127	1,135
Equity in earnings of affiliated companies	(499)	(441)	(3,935)
Loss (gain) on disposal of property, plant and equipment, net	22	(7)	(62)
Decrease (increase) in notes and accounts receivable	2,433	(2,651)	(23,630)
Decrease (increase) in inventories	977	(393)	(3,503)
Increase (decrease) in notes and accounts payable	(59)	7,099	63,280
Increase (decrease) in accounts payable – other	408	(5,174)	(46,123)
Other	(139)	(148)	(1,324)
Sub total	12,790	7,812	69,638
Interest and dividends received	322	255	2,281
Interest paid	(407)	(415)	(3,701)
Income taxes paid	(1,734)	(1,210)	(10,785)
Net cash provided by operating activities	**10,970**	**6,443**	**57,433**
Cash flows from investing activities:			
Increase in time deposit	(1,558)	(860)	(7,665)
Decrease in time deposit	2,065	810	7,228
Purchase of property, plant and equipment	(4,181)	(4,062)	(36,208)
Proceeds from sales of property, plant and equipment	5	29	262
Purchase of intangible fixed assets	(207)	(189)	(1,687)
Purchase of investment securities	(501)	—	—
Proceeds from sales of investment securities	1,492	2	21
Payments of loans receivable	(28)	(26)	(235)
Collection of loans receivable	45	36	321
Other	(11)	(75)	(675)
Net cash provided by investing activities	**(2,878)**	**(4,334)**	**(38,638)**
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	(3,454)	2,162	19,278
Proceeds from long-term debt	15,500	15,502	138,180
Repayments of long-term debt	(14,888)	(16,309)	(145,377)
Purchase of treasury shares	(7)	(3)	(35)
Repayments of lease obligations	(1,373)	(151)	(1,352)
Cash dividends paid	(488)	(488)	(4,356)
Net cash provided by financing activities	**(4,712)**	**710**	**6,337**
Effect of exchange rate changes on cash and cash equivalents	(1,101)	(622)	(5,550)
Net increase (decrease) in cash and cash equivalents	2,277	2,196	19,582
Cash and cash equivalents at beginning of year	23,967	26,245	233,939
Cash and cash equivalents at end of year	26,245	28,442	253,521

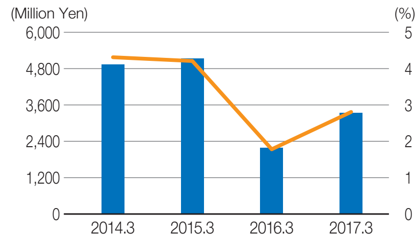
Notes:
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of $1 = ¥112.19.

Financial Status and Analysis of Operating Results

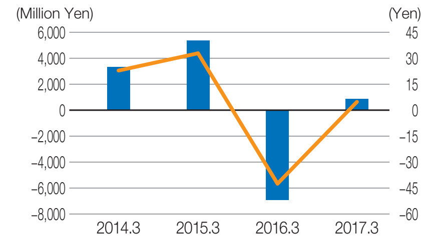
1 ●Net sales ●Overseas sales ratio



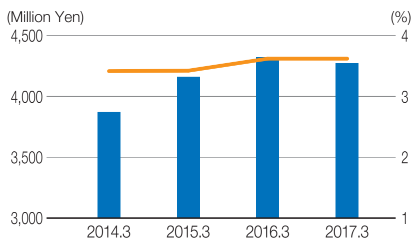
2 ●Operating income ●Operating income margin



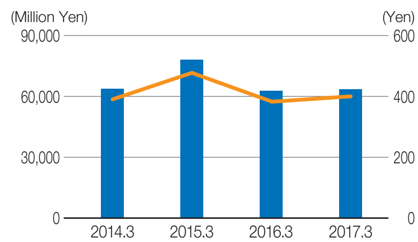
3 ●Profit attributable to owners of parent ●Profit per share



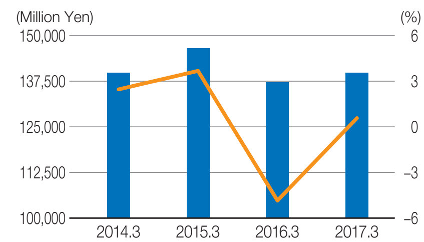
4 ●R&D expenses ●Proportion of net sales



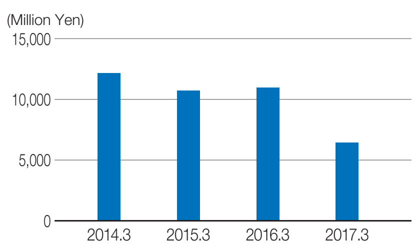
5 ●Net assets ●Net assets per share (BPS)



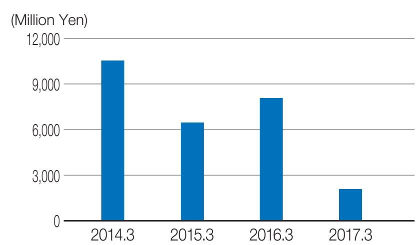
6 ●Total assets ●ROA



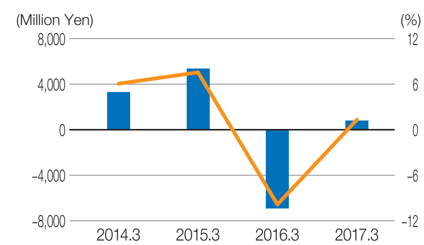
7 Cash flows from operating activities



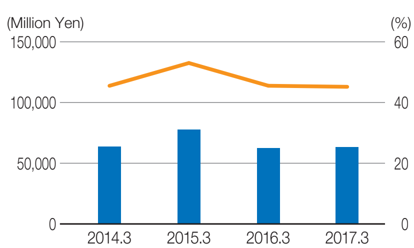
8 Free cash flow



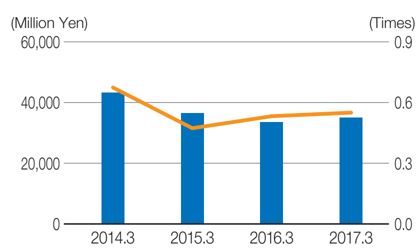
9 ●Profit attributable to owners of parent ●ROE



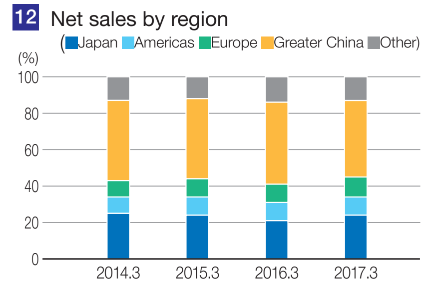
10 ●Equity ●Equity ratio



11 ●Interest-bearing debts ●Debt/Equity ratio



12 Net sales by region



1 Net sales, Overseas sales ratio

FYE March 2017 net sales were 116,311 million yen (down 1.8% YoY). Although home appliance and automobile-related demand increased, revenues were impacted negatively by yen appreciation. By region, Japan increased 13% YoY while overseas, Europe increased 2% YoY, and Americas and China declined YoY. Overall, the ratio of overseas net sales declined from 79% to 76%.

3 Profit attributable to owners of parent, Profit per share

Despite recording exchange losses due to yen appreciation towards the end of the fiscal year, increased operating income resulted in profit attributable to owners of parent of 840 million yen (previous year: losses attributable to owners of parent of 6,905 million yen). As a result, profit per share improved to 5.16 yen, compared to losses of 42.38 yen per share during the previous year.

4 R&D expenses

R&D activities during FYE March 2017 included the development of new products incorporating material technologies, one of our strengths, to enhance our product lineup for growth markets. Total R&D expenses for the consolidated accounting period were 4,272 million yen (down 48 million yen YoY).

5 Net assets, Net assets per share

Net assets for FYE March 2017 were 63,571 million yen, up 707 million yen from the end of the previous consolidated accounting period. This was due to profit attributable to owners of parent, increases in valuation gains on other marketable securities thanks to the recovery of stock price at the end of the consolidated accounting period, and a decline in foreign currency translation adjustments due to yen appreciation, among other reasons. As a result, net assets per share were 387.77 yen (previous year: 383.43 yen).

6 Total assets

Assets were 139,768 million yen, up 2,651 million yen compared to the end of previous consolidated accounting period, due to increased cash on hand and in banks, and increased accounts receivables due to higher sales, among other factors. Liabilities were 76,196 million yen, up 1,944 million yen compared to the end of the previous consolidated accounting period. Main increase factors included interest-bearing debts increasing by 1,494 million yen compared to the end of the previous consolidated accounting period.

7 8 Cash flows

Cash flow from operating activities resulted in revenues of 6,443 million yen due to profit before income taxes of 1,950 million yen and depreciation and amortization of 6,715 million yen. Cash flow from investing activities resulted in expenditures of 4,334 million yen. This was due to expenditures to enhance production facilities for aluminum electrolytic capacitor electrode foils and investments to optimize production facilities for aluminum electrolytic capacitors. Cash flow from financing activities resulted in revenues of 710 million yen due to dividend payments, and proceeds from loans payable, among other factors.

Major Offices and Plants

Domestic

(As of September 30, 2017)

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
1-7-8, 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.
Production Department / Engineering Department / Administration Department
14-40-1, Shimo-Ezuriko, Kitakami, Iwate 024-0073, Japan
TEL: +81-197-77-2231 FAX: +81-197-77-3210
Foil Production Section, Material Production Department
2-7-15, Sennin, Waga-cho, Kitakami, Iwate 024-0326, Japan
TEL: +81-197-74-2224 FAX: +81-197-74-2225
Sealing Material Production Section, Material Production Department
20-90-4, Nameshida, Kitakami, Iwate 024-0074, Japan
TEL: +81-197-77-2471 FAX: +81-197-77-2475
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, Cores, Coils), ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors, Aluminum cases for use in aluminum electrolytic capacitors), 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.
Fukushima Plant
185-1, Marunouchi, Yabuki-machi, Nishi-Shirakawa, Fukushima 969-0235, Japan
TEL: +81-248-42-4101 FAX: +81-248-44-2041
Kitakata Plant
8086-1, Shimogawara, Kitakata, Fukushima 966-0850, Japan
TEL: +81-241-23-1251 FAX: +81-241-23-1256
Main Business: Manufacturing and selling of capacitors 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), ISO14001

CHEMI-CON YAMAGATA CORP.
Nagai Plant
1-1, Saiwai-cho, Nagai, Yamagata 993-8511, Japan
TEL: +81-238-84-2131 FAX: +81-238-84-2396
Yonezawa Plant
2465 Kami-Komatsu, Kawanishi-machi, Higashi-Okitama, 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 (Varistors, Ceramic capacitors, Electric double layer capacitors, Aluminum solid capacitors), ISO9001 (Film capacitors), ISO9001 (Electric double layer 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%

MARCON DENSO CO., LTD.
3893-1, Hagiu, Iide-machi, Nishi-Okitama, 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, 2017)

CHEMI-CON AMERICAS HOLDINGS, INC.
Continental Towers, 1701 Golf Road 1-1200, Rolling Meadows, Illinois 60008, U.S.A.
Main Business: Regional headquarters in the USA
Percentage Owned by Nippon Chemi-Con: 100.00%

UNITED CHEMI-CON, INC.
Main Office
Continental Towers, 1701 Golf Road 1-1200, Rolling Meadows, Illinois 60008, U.S.A.
TEL: +1-847-696-2000 FAX: +1-847-696-9278
Plant
185 Mcneil Road, Lansing, North Carolina 28643-8301, U.S.A.
TEL: +1-336-384-2551 FAX: +1-336-384-6928
Buena Park Office
5651 Dolly Avenue, Buena Park, California 90621, U.S.A.
TEL: +1-714-255-9500 FAX: +1-714-256-1328
Huntsville Office
South Park Office Center, 7501 Memorial Parkway SW, Suite 209, Huntsville, Alabama, 35801, U.S.A.
TEL: +1-256-489-9385 FAX: +1-256-489-9387
Main Business: Manufacturing and selling of capacitors
Percentage Owned by Nippon Chemi-Con: 100.00%
TS16949/ISO9001 (Aluminum electrolytic capacitors), ISO14001

CHEMI-CON MATERIALS CORP.
9053 Graham Road, N.E.Moses Lake Washington, 98837, U.S.A.
TEL: +1-509-762-8788 FAX: +1-509-762-2027
Main Business: Manufacturing and selling of aluminum electrode foils
Percentage Owned by Nippon Chemi-Con: 100.00%
ISO9001 (Aluminum electrode foils for use in aluminum electrolytic capacitors), ISO14001

EUROPE CHEMI-CON (DEUTSCHLAND) GmbH
Hamburger Strasse 62, D-90451 Nuremberg, Germany
TEL: +49-911-9634-0 FAX: +49-911-9634-260
Main Business: Selling of capacitors
Percentage Owned by Nippon Chemi-Con: 100.00%

CHEMI-CON ELECTRONICS (KOREA) CO., LTD.
IT-Castle 2-302, 98, Gasan Digital 2-Ro, Geumcheon-gu, Seoul 153-768, Korea
TEL: +82-2-2082-6082 FAX: +82-2-2082-6084
Main Business: Selling of electronic device, parts and precise device
Percentage Owned by Nippon Chemi-Con: 100.00%

SAMYOUNG ELECTRONICS CO., LTD.
Main Office
47, Sagimakgol-ro, Jungwon-gu, Seongnam-si, Gyeonggi-do, Korea
TEL: +82-31-743-6701 FAX: +82-31-741-3077
QINGDAO SAMYOUNG ELECTRONICS CO., LTD.
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.
Rm 1607, No.1777, Chuangye Road, Hisense Southern Building, Nanshan District, Shenzhen, 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

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 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%

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
Sales 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, 2017)

Foundation August 1931

Establishment August 1947

Capital ¥21,526 million

Number of Employees 6,939 (Consolidated)
(including fixed-term employees)

Common Stock

- Issued: 163,148,334 shares
(16,314,833 shares on or after October 1, 2017)
- Trading Unit: 1,000 shares
(100 shares on or after October 1, 2017)
- Number of Shareholders: 13,228

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

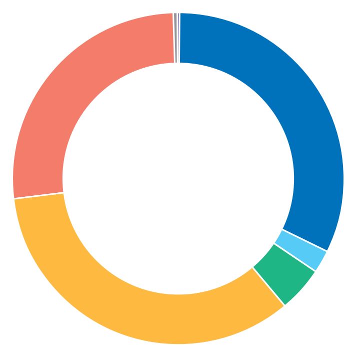
Head Office 5-6-4, Osaki, Shinagawa-ku,
Tokyo 141-8605, Japan
TEL: +81-3-5436-7711
FAX: +81-3-5436-7631

Major Shareholders (Top 10)

Name	Percentage of issued shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	3.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.72
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.55
Nippon Life Insurance Company	3.15
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	3.00
MSCO CUSTOMER SECURITIES	2.45
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	2.43
CBNY-GOVERNMENT OF NORWAY	2.10
Sumitomo Mitsui Banking Corporation	2.05
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.94

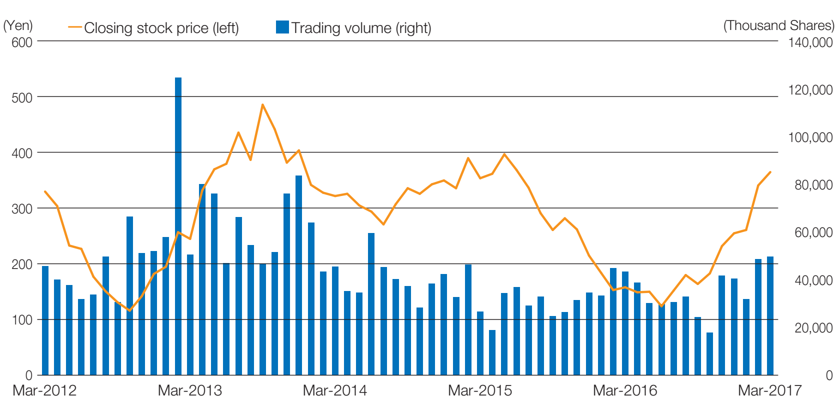
Note: Shareholding ratio is calculated by subtracting treasury stock.

Ownership and Distribution of Shares



- Government and local government 0.01%
- Financial institutions 32.27%
- Securities companies 2.27%
- Other corporations 4.53%
- Foreign investors 34.19%
- Individuals and others 26.58%
- Treasury stock 0.15%

Stock Price and Volume (Tokyo Stock Exchange)



Highest and Lowest Annual Stock Prices

FY	High (¥)	Low (¥)
2012	330	100
2013	510	224
2014	405	264
2015	417	128
2016	394	117

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

About the CHEMI-CON REPORT 2017

Shuichi Shiraishi

Director and Managing Executive Officer

The CHEMI-CON REPORT is a report created once per year and published on our website to enhance communication with our shareholders, investors, and other stakeholders. This year marks the third release of the CHEMI-CON REPORT. The CHEMI-CON REPORT contains previously released financial information as well as information on the background and results of various activities we have conducted but not had significant opportunities to convey to our stakeholders.
Recent years have seen increasing intensity in the environment changes that impact our business operations. Continuously increasing our corporate value requires that, in addition to conducting business based on a solid medium and long-term management plan, but also it is becoming more important that this plan include management strategies that account for ESG (environment, society, and governance).
Embracing the corporate philosophy of contributing to technology that benefits the environment and people, we promote management activities that focus on sustainability and we will continue to strive for corporate growth that is grounded in strong relationships with society.
We thank you for your continued interest in and support of our business activities.

October 2017

■ Inquiries regarding CHEMI-CON REPORT 2017

Management Strategy Group, Management Strategy Department
TEL: +81-3-5436-7716 FAX: +81-3-5436-7491 WEB 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

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