



CHEMI-CON REPORT 2018



Corporate Philosophy

“Contribution to technology with attention to environment and people”

Nippon Chemi-Con Striving for Sustainable Growth, together with Society

Nippon Chemi-Con began as a small local factory by a single researcher. Today, Nippon Chemi-Con is Japan's oldest and the world's largest manufacturer of aluminum electrolytic capacitors.

Why has Nippon Chemi-Con remained loved by so many users over such a long period of time? It is because of our long-standing commitment to continuously evolving our technology and using those results to support societal growth.

With the advancing 4th industrial revolution, industries are on the verge of a great revolution in a variety of fields as we approach the realization of a connected society. IoT devices networks and the dissemination of CPS (Cyber Physical System) are driving the development of technology for the gathering, analysis, and widespread utilization of data. We are seeing devices equipped with artificial intelligence (AI) that think with their own brains and move on their own. And with increasing awareness regarding environmental conservation becoming a global trend, we are seeing the birth of innovative technology in the fields of energy conservation, energy creation, and energy storage. Nippon Chemi-Con believes that these movements will lead to the resolution of various social issues and help create new lifestyles.

Many of the electronic components created by Nippon Chemi-Con are never seen by the everyday user. However, our products are mounted in automobiles, industrial equipment, information and communications equipment, household appliances, and new energy equipment, and are used in terrestrial, aerial, ocean, and space applications. Our products support the lifestyles of people around the world.

At Nippon Chemi-Con, our corporate philosophy is “contribution to technology with attention to environment and people.” Nippon Chemi-Con is committed to achieving sustainable growth and contributing to the development of 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.

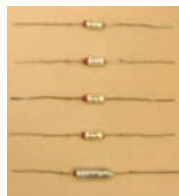
Furthermore, forward-looking statements indicated in the CHEMI-CON REPORT are forecasts we have deemed to be reasonable based on information available at the time of creation. Due to a variety of factors, actual results may differ from published forecasts.

History

Aug 1931	Successful commercialization of Japan's first electrolytic capacitors. "SATO DENKI KOGYOSHO" as a limited partnership company established in Tokyo.	
Aug 1947	Company reorganized, company name changed to "NIPPON CHEMICAL CAPACITOR INC."	
May 1963	Japanese spelling of the company adjusted.	
Apr 1966	A new plant established in Miyagi Prefecture for production of small size aluminum electrolytic capacitors.	
Jun 1966	HITACHI ELECTROLYTIC FOIL LABORATORY INC. established in Ibaraki Prefecture for production of materials for aluminum electrolytic capacitors.	
Mar 1969	A new plant established in Iwate Prefecture for production of medium size aluminum electrolytic capacitors.	
Jun 1970	UNITED CHEMI-CON, INC. established in the United States.	
Sep 1970	Listed on the second section of the Tokyo Stock Exchange.	
Sep 1972	SAMYOUNG ELECTRONICS CO., LTD. established as a joint venture, in South Korea.	
Feb 1975	SINGAPORE CHEMI-CON (PTE.) LTD. established in Singapore.	
Jun 1976	A new plant established in Fukushima Prefecture for production of large size aluminum electrolytic capacitors.	
Feb 1977	EUROPE CHEMI-CON (DEUTSCHLAND) GmbH, established in Germany.	
Sep 1977	Listed on the first section of the Tokyo Stock Exchange.	
Apr 1979	TAIWAN CHEMI-CON CORP. established in Taiwan.	
Sep 1980	A local Hong-Kong affiliate (currently Hong Kong Chemi-Con Ltd.) established.	
Jul 1981	Company name changed to "NIPPON CHEMI-CON CORPORATION."	
Jan 1993	P.T. INDONESIA CHEMI-CON established in Indonesia.	
May 1994	DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD. established in China.	
Apr 1995	Acquisition of shares of MARCON ELECTRONICS CO., LTD.	
May 1998	SHANGHAI CHEMI-CON TRADING CO., LTD. established in China.	
Aug 2002	Production of aluminum electrolytic capacitors launched at CHEMI-CON (WUXI) CO., LTD. in China.	
Apr 2003	CHEMI-CON ELECTRONICS (THAILAND) CO., LTD. established in Thailand.	
Apr 2008	CHEMI-CON TRADING (SHENZHEN) CO., LTD. established in China.	
Jul 2009	CHEMI-CON ENGINEERING CO., LTD. established in Taiwan.	
Jun 2012	CHEMI-CON TECHNICAL CENTER (WUXI) LTD. established as R&D base in China.	
Feb 2016	CHEMI-CON AMERICAS HOLDINGS, INC. established as a regional headquarters in the United States.	
Mar 2016	Consolidation of CHEMI-CON ENGINEERING CO., LTD. to TAIWAN CHEMI-CON CORP.	
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)

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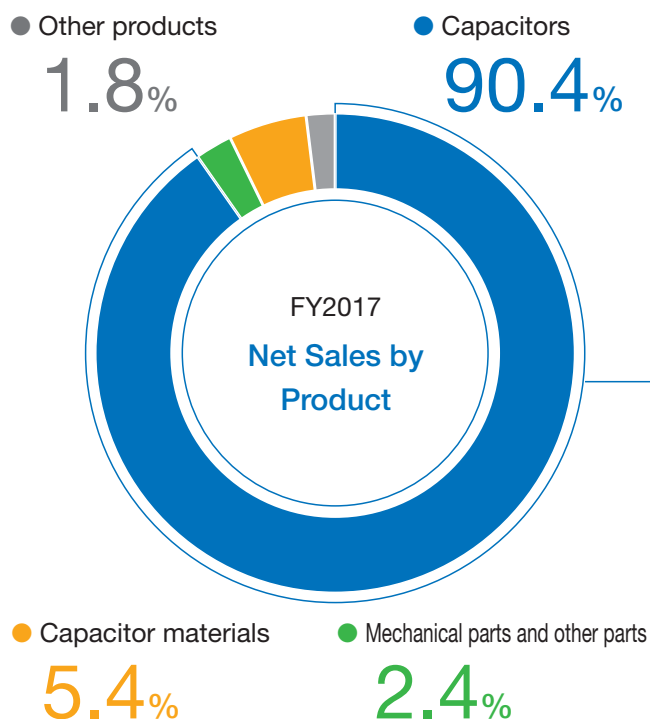
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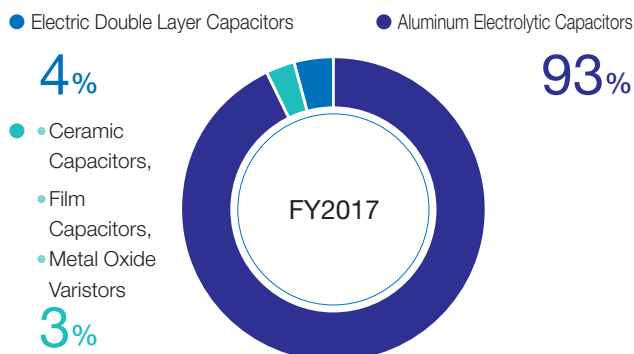
Net Sales by Product

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



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

Breakdown of Capacitors Sales



Application Fields of Aluminum Electrolytic Capacitors

Flat-Screen TV	10-50 pcs
Personal Computer	10-60 pcs
Home Video Game Machine	10-30 pcs
Inverter Driven Air Conditioner	20-30 pcs
Automobile	50-250 pcs
Power Conditioner for PV Generation System for Home Use ...	30-50 pcs
Industrial robots	50-200 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 FY2017: **¥120,596** million (90.4% of total sales)

Sales of industrial use large-sized aluminum electrolytic capacitors increased and sales of products for automotive electronics were generally favorable. In particular, for automotive applications, sales of high value-added products increased, including conductive polymer aluminum solid capacitors (below referred to as conductive polymer capacitors) and conductive polymer hybrid aluminum electrolytic capacitors (below referred to as hybrid capacitors). Major products in this division are as follows.

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

Mechanical Parts and Other Parts

Net sales in FY2017: **¥3,208** million (2.4% of total sales)

CMOS camera modules used in devices such as drive recorders drove sales, resulting in a 15.1% year-on-year increase in revenue. Major products in this division are as follows.

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

Capacitor Materials

Net sales in FY2017: **¥7,125** 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. In FY2017, sales increased thanks to increased demand for aluminum electrode foils. Major products in this division are as follows.

● Aluminum Electrode Foils, Sealing Rubbers

Other Products

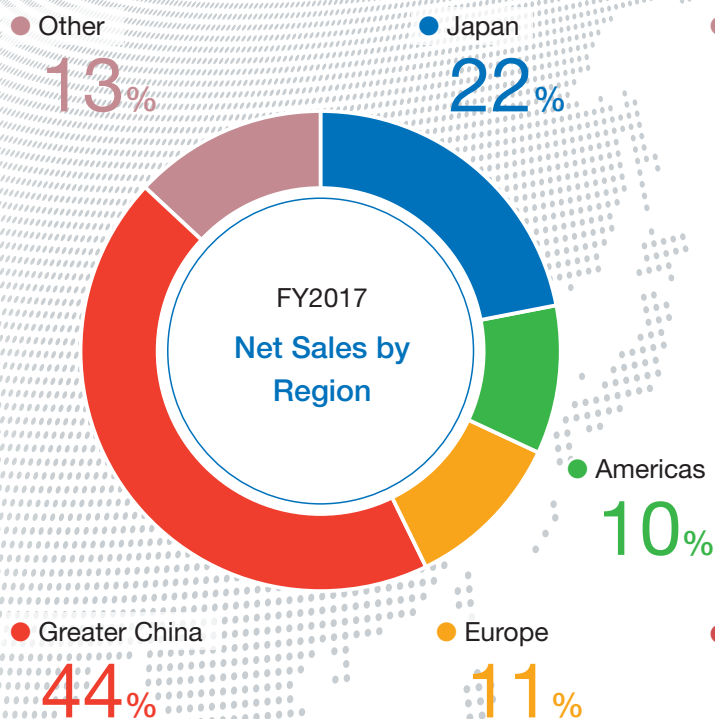
Net sales in FY2017: **¥2,431** million (1.8% of total sales)

Revenues increased 24.8% year-on-year thanks to sales of silicon wafers and other resale products. Major products in this division are as follows.

● Silicon Wafers, Reclaim Wafers

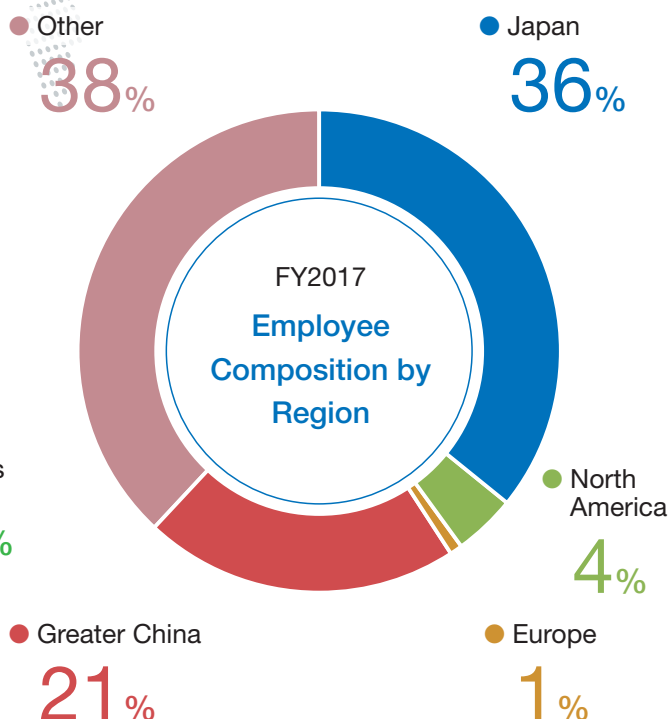
Net Sales by Region / Employee Composition by Region

Our composition of net sales by region is as shown in the graph. In FY2017, our overseas net sales ratio was 78%.



Looking at the breakdown of net sales by region, sales represented by Greater China, our largest market, grew by two points. This was mainly due to favorable sales of products for instruments and equipment such as industrial robots thanks to expanding investments in factory automation systems in China. The sales ratio for the Americas and Europe were largely unchanged but firm enough to support overall net sales.

Region-based figures for employees is as shown in the graph (including fixed-term employees).



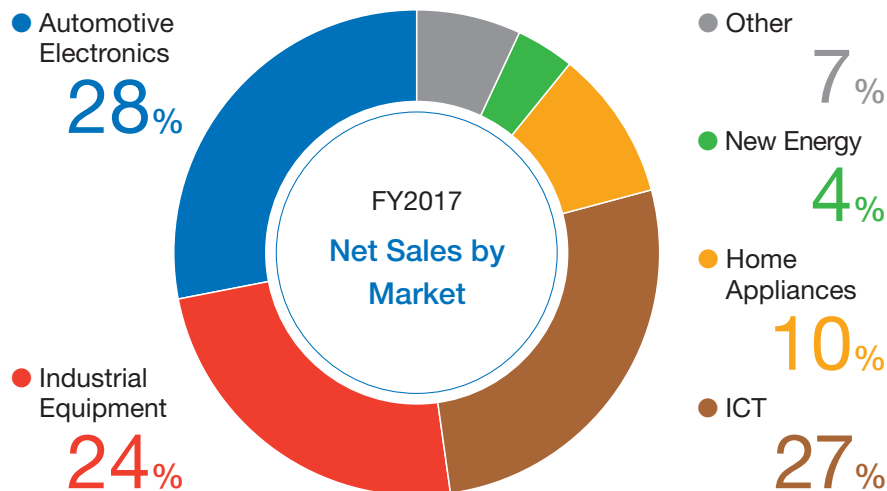
In total, the Nippon Chemi-Con Group employs nearly 7,000 people and 64% of those employees are foreign workers. To achieve speedy management suited to each region, we are supporting the transition to local business administration, including promoting local employees to management positions, as we enhance 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

The Nippon Chemi-Con Group is focused on marketing, product development, and sales promotion activities in what we refer to as our five fields expected to see market growth.

Our FY2017 net sales composition for these five strategic markets are as shown in the graph.



Automotive Electronics Market

Down 1 percentage point year-on-year

28%

Our products are used in a wide variety of mounted electronics, including the vehicle-mounted chargers installed in EV and plug-in hybrid vehicles and other EV related devices, the electronic circuits used to control engines and steering, as well as SRS airbags, air conditioning, and headlights. Seeing particular growth in recent years has been sales of products for equipment supporting intelligent vehicles, including advanced driver assistance systems (ADAS) and autonomous driving systems. In addition to electric double layer capacitors (EDLC) for braking energy recovery systems, products for car navigation systems and drive recorders are also 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 Equipment Market

Up 1 percentage point year-on-year

24%

This category covers industrial use products, including products used in the manufacturing equipment installed in semiconductor factories, the industrial robots operating on automobile production lines, and machining equipment such as lathing and milling machines. Factors driving demand include the automation of production processes (factory automation) in various industries, the dissemination of equipment with AI and IoT-based functions, and inverter power supply that improve equipment environmental performance. This category also includes products for public transportation systems such as trains and airplanes, construction machinery, security equipment used to safeguard our cities, as well as lifeline and infrastructure facilities.

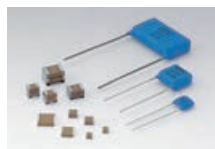
Major products used



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Multilayer Ceramic Capacitors



Amorphous / Dust Choke Coils



New Energy Market

Unchanged year-on-year

4%



This category covers sales to the renewable energy sector, including the power conditioners that are vital to solar power generation and the wind power generation systems being adopted around the world. This sector has a relatively small market scale compared to other sectors but public interest in environmental and energy issues is growing, and this market is expected to see medium and long-term growth. We will continue to examine technology and market trends as we proactively promote sales.

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

Unchanged 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

Unchanged year-on-year

27%



ICT stands for Information & Communication Technology, and as a category covers sales for audio-visual digital equipment and information communications devices, including televisions, personal computers, and video game consoles. We have reevaluated our business portfolio as we shift away from sales for consumer products, which are showing signs of becoming commodities. At the same time, we are seeing firm demand from server products due to growth in data centers and cloud services, and demand related to communication base stations due to higher speed and greater capacity in mobile communications. We also are seeing the birth of new markets such as virtual currency mining machines.

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)

	2009.3	2010.3	2011.3	2012.3
Net sales	114,578	105,896	127,790	100,290
Operating income (loss)	(6,874)	(3,036)	8,155	(2,596)
Operating income margin (%)	(6.0)	(2.9)	6.4	(2.6)
Ordinary income (loss)	(6,015)	(3,475)	6,744	(2,633)
Ordinary income margin (%)	(5.3)	(3.3)	5.3	(2.6)
Profit (loss) attributable to owners of parent	(12,700)	(4,294)	3,297	(4,909)
Profit attributable to owners of parent margin (%)	(11.1)	(4.1)	2.6	(4.9)
Profit (loss) per share (Yen) (EPS)	(1,032.94)	(361.10)	231.65	(344.93)
Dividend per share (Yen) (DPS)	60.00	0.00	30.00	0.00
Book value per share (Yen) (BPS)	4,853.30	4,238.50	4,298.25	3,884.86
Return on assets (ROA) (%)	(8.3)	(3.0)	2.4	(3.6)
Return on equity (ROE) (%)	(18.8)	(7.3)	5.4	(8.4)
Capital investment	11,943	4,013	9,614	13,521
Depreciation and amortization	11,631	8,748	8,392	8,493
Research and development (R&D) expenses	3,758	3,590	3,642	3,966
Proportion of net sales (%)	3.3	3.4	2.9	4.0
Number of employees as of the end of the year	6,556	7,492	7,684	7,095

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 fiscal year ended March 2016 net income or net loss is recorded as profit attributable to owners of parent or loss attributable to owners of parent.
3. Return on assets (ROA) is calculated by dividing term net income by average total assets.

(Million Yen)

2013.3	2014.3	2015.3	2016.3	2017.3	2018.3
92,959	113,962	123,365	118,414	116,311	133,362
(6,990)	4,933	5,122	2,179	3,338	5,818
(7.5)	4.3	4.2	1.8	2.9	4.4
(6,685)	4,304	6,207	1,165	2,002	4,416
(7.2)	3.8	5.0	1.0	1.7	3.3
(9,252)	3,315	5,362	(6,905)	840	(16,056)
(10.0)	2.9	4.3	(5.8)	0.7	(12.0)
(650.14)	223.38	329.09	(423.82)	51.57	(985.77)
0.00	0.00	30.00	30.00	30.00	30.00
3,554.65	3,901.56	4,772.25	3,834.26	3,877.73	3,012.97
(6.8)	2.4	3.7	(4.9)	0.6	(11.3)
(17.5)	5.8	7.6	(9.8)	1.3	(28.6)
5,953	3,067	5,203	4,354	4,590	7,525
8,615	7,951	7,373	7,127	6,220	6,105
3,981	3,872	4,160	4,321	4,272	4,208
4.3	3.4	3.4	3.6	3.7	3.2
7,026	6,940	7,039	6,903	6,939	7,125

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

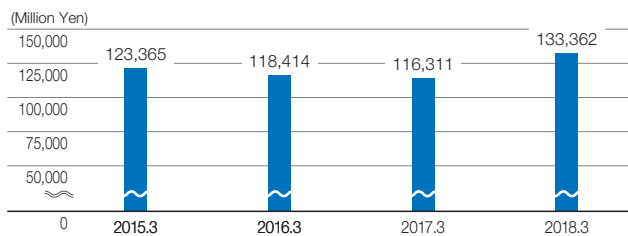
5. Depreciation and amortization expenses exclude depreciation and amortization related to research and development expenses.

6. On October 1, 2017, we conducted a share consolidation for common stock based on a ratio of 10 to 1. Per share information (EPS, BPS, and DPS) is calculated based on the assumption that said share consolidation was conducted at the beginning of fiscal year ended March 2009.

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

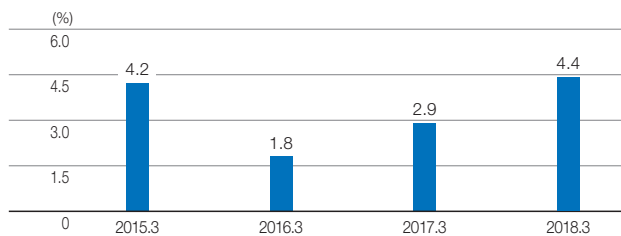
Financial Highlights / Non-financial Highlights

Net sales



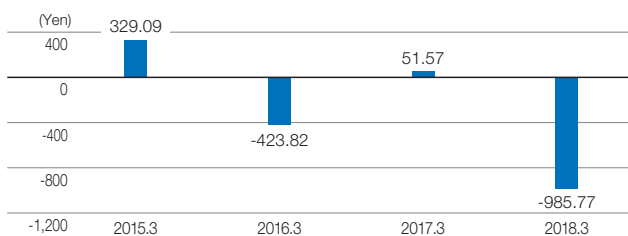
Sales for automotive applications have steadily expanded.

Operating income margin

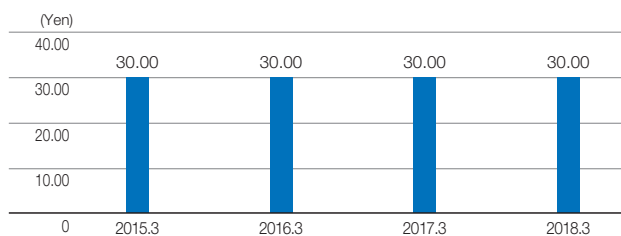


Over the medium term, we have set a goal of 6%.

Profit (loss) per share (EPS)

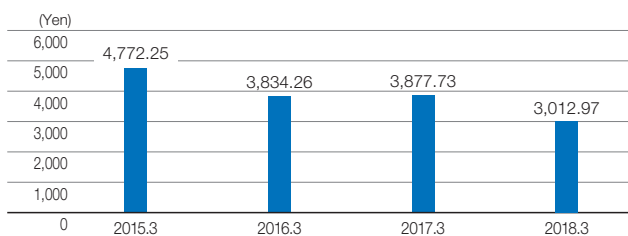


Dividend per share (DPS)

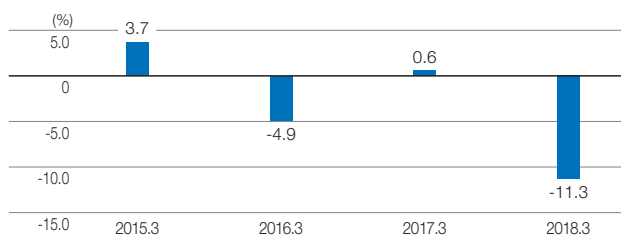


We work to provide stable dividends.

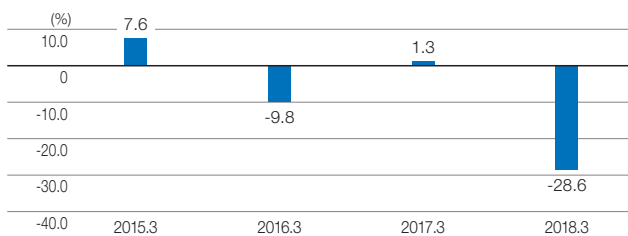
Book value per share (BPS)



Return on assets (ROA)

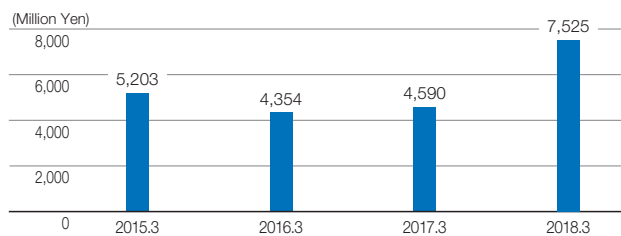


Return on equity (ROE)



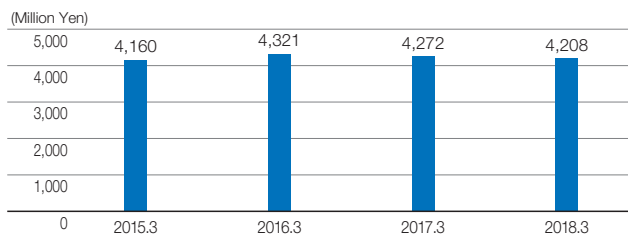
Over the medium term, we have set a goal of 8%.

Capital investment



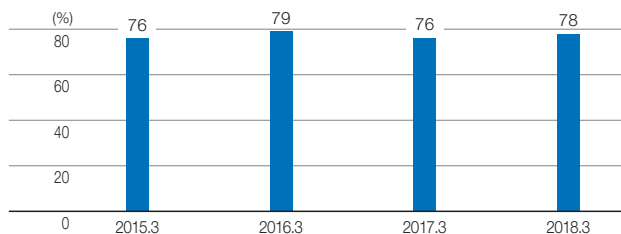
In addition to investments for streamlining and expanding production facilities for capacitors and capacitor materials, our capital investments are focused on creating product samples and establishing mass production for next-generation products.

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

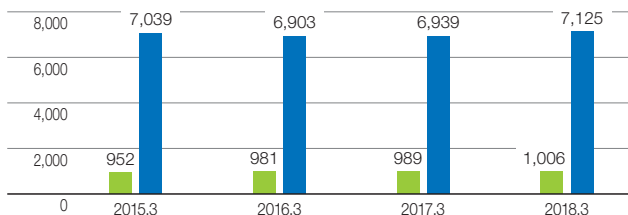


Recent years have seen a marked contraction of the domestic market and expansion of the Chinese market.

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

Number of employees (including fixed-term employees)

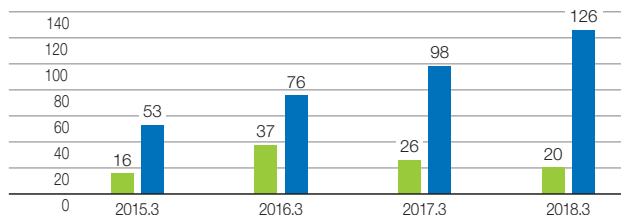
■ Non-Consolidated
■ Consolidated



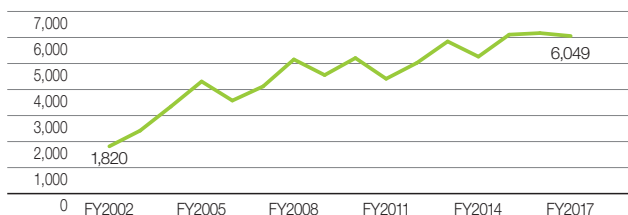
Our employee numbers are stable and there has been no significant fluctuation.

New hires and rehiring

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

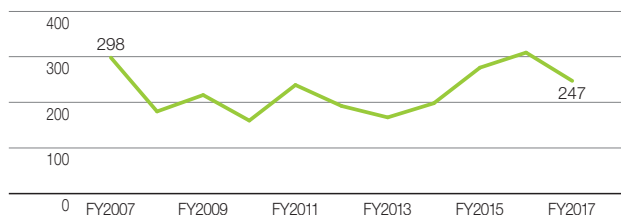


Compliance of the products



Since EU ELV directive came into force in July 2003, other laws and regulations concerning chemical substances, such as EU RoHS directive in 2006, EU REACH regulation in 2007, were enacted and enforced. In response to those movements, our customers demand "Green products" which do not contain hazardous substances. The graph shows the investigation number transition concerning "non-containment of the hazardous substances in our products" from the customers. There were about 2,000 inquiries in FY2002, but they were increased to over 6,000 inquiries in recent years as laws and regulations had been strengthened. Importance and concern of "Law compliance of the products" can be read through this numerical value.

Chemical substances management audits on suppliers



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

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

Message from our President



Ikuo Uchiyama

President

To our Shareholders, Investors, and Stakeholders

Nippon Chemi-Con will implement global reforms to rapidly solidify our position in new markets created by the 4th industrial revolution and establish a platform for leaping into the next stage of growth.

Currently, we are implementing our 8th medium-term management plan, a three-year plan aimed at fulfilling the targets set for FY2019.

Viewing the 4th industrial revolution as an opportunity for growth, we positioned FY2017, the first year of the plan, as a year for laying the foundation for future growth and implemented numerous reforms to this effect.

As a result, we were able to achieve significant year-on-year improvements in the growth rates for both net sales and operating income by expanding sales of aluminum electrolytic capacitors and other new

products on the automotive electronics market and thanks to the rapid recovery of the power electronics market.

During FY2018, we will focus on improving profitability, accelerate new product development periods, and increase our ratio of new products. We will further expand on our business management system to promote speedy business management.

We will continue to promote global reforms aimed at establishing a platform for leaping into the next stage of growth.

The 8th medium-term management plan first-year review and FY2018 targets

FY2017 results

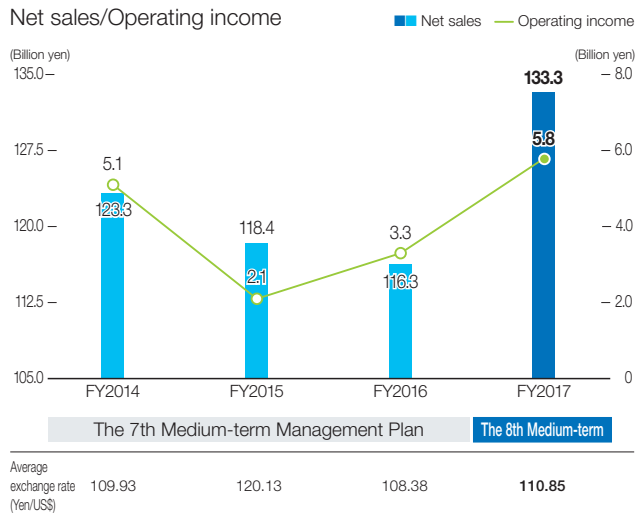
FY2017 net sales increased year on year by 14.7% to 133.3 billion yen thanks to favorable conditions on nearly all markets. This marked the first time in 10 years that net sales exceeded 130.0 billion yen. In particular, the industrial devices market was +22% and the home appliance market was +20%, indicating very high growth rates for both segments. The automotive electronics market has seen the acceleration of various new factors that are driving the market, including new segments such as autonomous

vehicles and connected cars, the transition to xEV in China and Europe, and the trend in Europe towards the 48V standard for vehicle power sources.

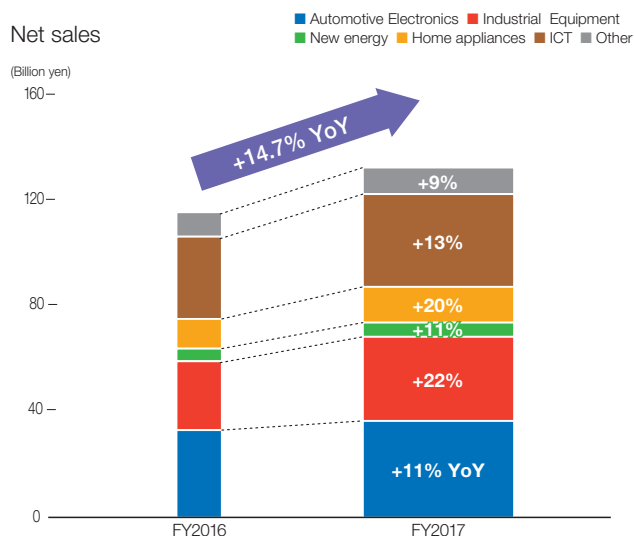
Operating income also boasted a high rate of growth thanks to firm increase in sales, increasing by 74.3% to 5.8 billion yen.

Viewing the 4th industrial revolution as an unparalleled opportunity, we will inject the market with numerous new products, including conductive polymer capacitors and hybrid capacitors, as we aim for further growth.

Net sales/Operating income



Net sales

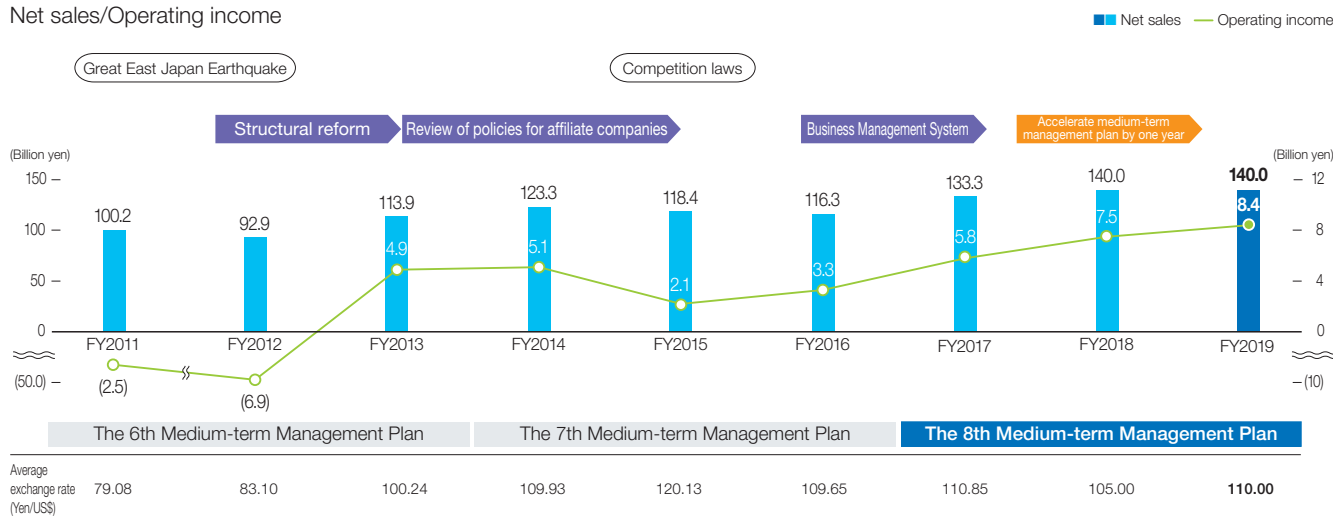


FY2018 targets

Targets for FY2018 as the second year of the 8th medium-term management plan are net sales of 140.0 billion yen and operating income of 7.5 billion yen

(currency rate assumption: US \$1 = 105 yen). This forecast means fulfilling the net sales target for the final year of the plan one year ahead of schedule.

Net sales/Operating income



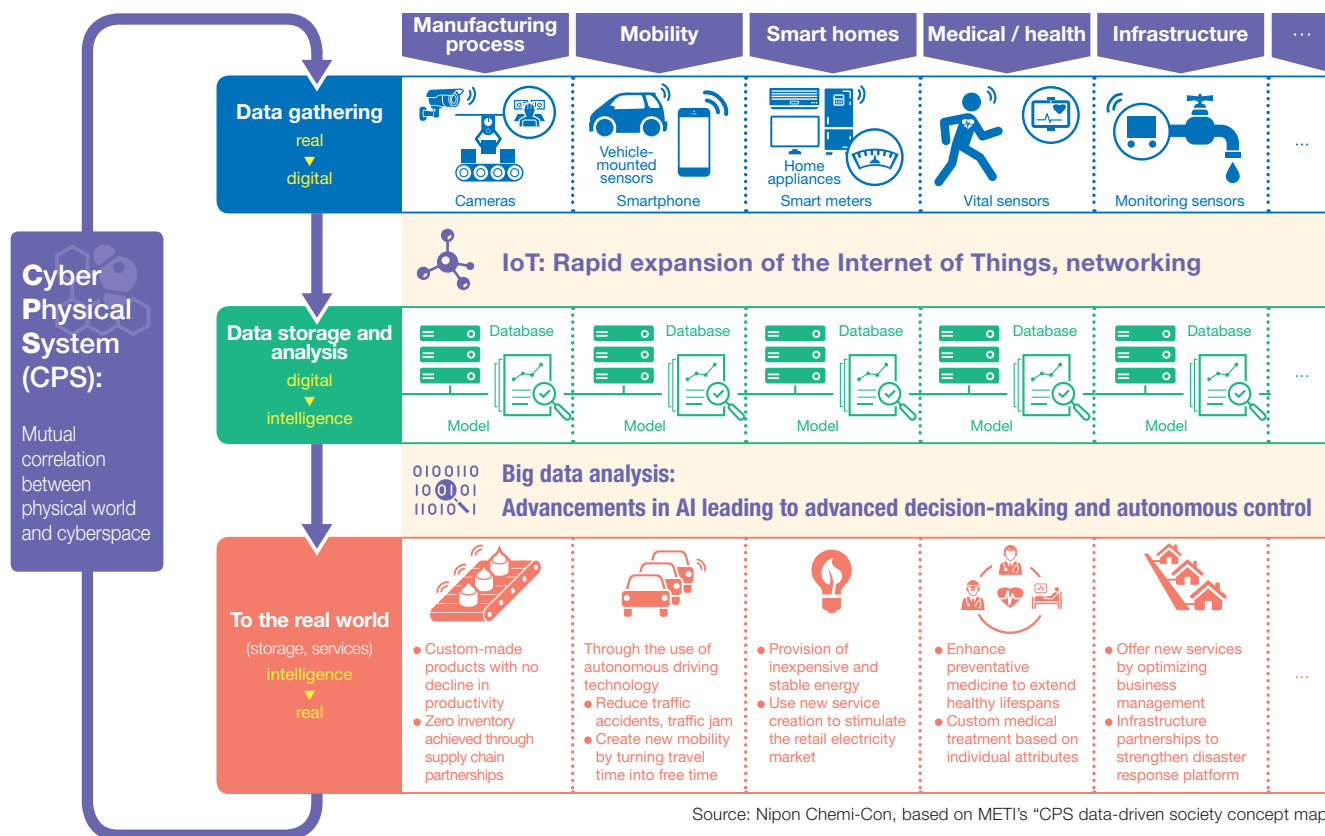
Message from our President

The 4th industrial revolution and Nippon Chemi-Con initiatives

The development of and advancements in internet and digital technology has enabled many things previously believed to be impossible. The 4th industrial revolution has enabled the combination of numerous technologies such as AI, big data, IoT, robots, and sharing economies, which has led to the creation of new lifestyles and given rise to various new services around the world.

It would not be an overstatement to say that we are seeing the birth of new industry that cannot be simply categorized within the framework of the manufacturing industry. Amid such a global movement, change is unavoidable. This is the new reality. To face this reality head-on and continue to grow as a corporation, we must further stimulate both the individual and the organization, and align our corporate organization, rules, and workstyles with the realities of today.

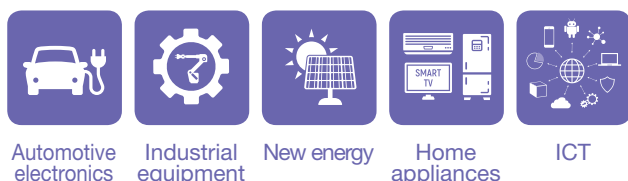
► Concept map for new market creation driven by the 4th industrial revolution



Nippon Chemi-Con basic policies

Generating profits by effective use of management resources (people, things, money and information)

Provide optimal solutions to customers (five strategic markets)



Our mission is becoming the No. 1 company for capacitors in the energy field.

Amid the ongoing 4th industrial revolution, we have positioned the automotive electronics market and the power electronics market as our priority target markets. From marketing to development and manufacturing, we will effectively utilize the links between management resources (people, things, money, and information) to generate income and achieve sustainable improvements to our corporate value.

Clarification of Growth Strategies—Nippon Chemi-Con initiatives to address new demand in our five strategic markets

In last year's report, we explained that the past 10 years have seen major changes in our portfolio in terms of sales by market segment.

In FY2007, consumer device market (ICT market), which includes personal computers, flat screen TVs, gaming consoles, etc., represented approximately 50% of sales. With the dissemination of smartphones, demand among consumer electronics for aluminum electrolytic capacitors contracted. We projected the consumer device market sales ratio would decline to 23% by FY2017 and just 21% by FY2018. However, with strong demand from cloud servers for data centers, the sales ratio for the consumer electronics market was 27% in FY2017 and is projected to be 25% in FY2018.

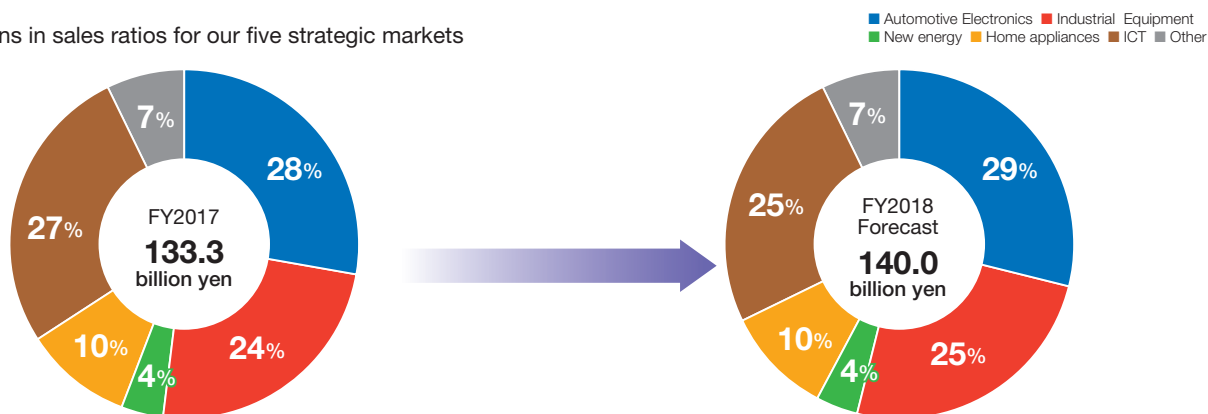
We also saw a rapid recovery in demand from the industrial equipment market thanks to the dissemination of IoT and advancements in robotics and factory automation. Sales of large-sized aluminum

electrolytic capacitors and other products increased, and the segment account for 24% of sales in FY2017. We forecast a sales ratio of 25% in FY2018.











The sales ratio for the automotive electronics market was 12% in FY2007 but grew to 28% by FY2017. We project a sales ratio of 29% in FY2018. Growth in the number of vehicles sold and new demand, including the dissemination of autonomous vehicles and the EU move to the 48V standard for vehicle-mounted power sources, had a significant impact on the adoption of new products such as conductive polymer capacitors, hybrid capacitors, and camera modules.

Moving forward, we will work to expand sales of large-sized aluminum electrolytic capacitors for use in xEV onboard chargers and charging facilities as we aim to create a platform for leaping into the next stage of growth.

► Transitions in sales ratios for our five strategic markets



► New demand in five strategic markets and Nippon Chemi-Con strategies

Strategic market		Market environment		Business strategy
	Automotive electronics		<ul style="list-style-type: none"> • Advancement in autonomous driving technology • Development of connected cars • EU switch to 48V standard for vehicle power supplies • Engagement in xEV market 	<ul style="list-style-type: none"> • Grow sales for SMD-type aluminum electrolytic capacitors, conductive polymer capacitors, hybrid capacitors • Grow sales for large-sized aluminum electrolytic capacitors for xEV • Grow sales for EDLC for power source backups • Grow camera module sales
	Industrial equipment		<ul style="list-style-type: none"> • IoT growth (infrastructure investments) • Focus on device power saving • Increased FA investments • Advancements in robotics 	<ul style="list-style-type: none"> • Large-sized aluminum electrolytic capacitors • Develop highly heat-resistant products, ultra-high voltage resistant products • Grow EDLC, camera module, ceramic capacitor, varistor, and coil sales
	New energy		<ul style="list-style-type: none"> • Solar power generation <p>Stagnancy in China and market growth in India</p>	<ul style="list-style-type: none"> • Large-sized aluminum electrolytic capacitors • Develop long-lasting products, high voltage resistant products
	Home appliances		<ul style="list-style-type: none"> • Air conditioner • Increase in use of inverters in China • EU market expansion driven by global warming • Expansion of luxury home appliances 	<ul style="list-style-type: none"> • Large-sized aluminum electrolytic capacitors • Promote cost reductions, SCM optimization
	ICT		<ul style="list-style-type: none"> • Growth of cloud server market • Growth of communications infrastructure market • 5G dissemination 	<ul style="list-style-type: none"> • Further expand conductive polymer capacitor sales • Grow sales of hybrid capacitors

Message from our President

Strengthen business management platform and improve earnings

To strengthen our business management platform for achieving growth, we will promote speedy management (further enhance business management system), promote consolidated management (strengthen governance of affiliates, strengthen governance functions in China), reinforce our earnings structure, and conduct investments in growth businesses. As a KPI (key performance indicator) for business management platform enhancements and to ensure future growth potential, we will aim for sales to the automotive electronics market to represent 29% of sales in FY2018 with the goal of achieving 30% and higher as soon as possible.

We will aim to increase our gross profit margin from 20.7% in FY2017 to 21.5% in FY2018. We will achieve this by strengthening design and development cost design to reduce procurement expenses, conduct a fundamental review of production processes, and expand our ratio of highly profitable products. We will

aim to lower our SG&A expense ratio from 16.3% in FY2017 to 16.1% in FY2018. We will achieve this by optimizing our supply chain and standardizing workflows to control costs. We also will reduce the cash conversion cycle (CCC) from 100 days in FY2017 to 95 days or lower in FY2018. We will achieve this by using sales and manufacturing order information sharing to reduce lead times.

Nippon Chemi-Con has established goals concerning our ideal cost structure. We will aim to maximize our gross profit margin and optimize SG&A expenses as we take an aggressive approach to improving our cash conversion cycle.

We will continue to promote workflow process visualization and standardization grounded in a focus on utilizing management resources (people, things, money, and information) as we convert into an ideal cost structure and shift to a management direction focused on generating cash.

Strengthening business management platform to promote growth

Speedy management

- Use business management system to speed up decision-making

Promote consolidated management

- Strengthen governance of affiliate companies

Strengthen management functions in China (business model for complete operations within China)

Reinforcement of earnings structure

- Structure that produces profits even at US \$1= 100 yen

Strengthen profitability of low-profit businesses

Improve investment efficiency and asset profitability

Implement supply chain reforms (improve asset rate of return)

Invest in growth businesses

- Current FY: Capital investments of 10.0 billion yen, R&D investments of 4.5 billion yen

Implement growth strategies for each business

FY2018 goals

Strengthen growth potential (improve sales ratio for automotive electronics)

- FY2017 28% ➡ FY2018 29%, aim to quickly exceed 30%

Enhance new product development and conduct capital investments for automotive electronics market

Use speedy management to improve performance (permeate business management system)

- Gross profit margin FY2016: 20.0% ➡ FY2017: 20.7% ➡ FY2018 goal: 21.5%

Strengthen cost planning capabilities and conduct fundamental review of product processes

- SGA (selling, general and administrative expenses ratio) FY2016: 17.1% ➡ FY2017: 16.3% ➡ FY2018 goal: 16.1%

Optimize supply chain and review workflow to eliminate wasteful work steps

- CCC (cash conversion cycle)

FY2016: 108 days ➡ FY2017: 100 days ➡ FY2018 goal: 95 days or less

Optimize supply chain, visualization of order > production > distribution flow, optimize inventory

Solid steps towards achieving goals of 8th medium-term management plan

In the president's message for the previous fiscal year's Chemi-Con Report, I stated that a long-term management perspective was not enough to earn the trust of shareholders and investors. That it is equally vital that we successfully achieve short-term annual targets and fulfill the goals of our medium-term management plan. That the 8th medium-term management plan would focus on achieving stated goals, and that the Nippon Chemi-Con Group was dedicated to uniting towards fulfilling these goals. We established the automotive electronics market and the power electronics market as key target markets and from marketing to development to manufacturing, we focused our management resources on quickly expanding the use of our strategic products in the automotive electronics market. As a result, we were able to further improve both net sales and profitability. Backed by a firm global economy and factors such as advancements in IoT, we also saw the rapid recovery of the power electronics market. In FY2018, we forecast achieving net sales of 140.0 billion yen. This would represent achieving the net sales goal for our

8th medium-term management plan one year ahead of schedule.

Nippon Chemi-Con will continue to uphold our corporate philosophy of contributing to technology that benefits the environment and people as we aim to secure a competitive advantage by building a new business model grounded in innovative manufacturing. We will quickly establish ourselves in the new markets created as a result of this 4th industrial revolution while also implementing the necessary reforms (responding to change) to create a platform from which we will leap into the next stage of growth and increase our corporate value.

We also will apply the capital entrusted to us by our shareholders towards business activities.

More than ever we are aware of the importance of a continued emphasis on constructive communication with shareholders and investors to promote mutual understanding.

We ask for your continued understanding and support.

October 2018



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.

► Progress of numerical goals

Initial year results (FY2017) are as follows.

Net sales	133.3 billion yen	Operating income margin	4.4%	ROE	(28.6)%
Total asset turnover ratio	0.93	Equity ratio	34.3%	(Average exchange rate: 110.85yen to the US dollar)	

► The 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: **E**nergy, **C**apacitor, and number **0**ne.

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.



<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.

Initiatives in various countries related to enhancing domestic manufacturing

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

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 ^(*)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 equipment, 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: Automotive electronics market, industrial equipment market, new energy market, home appliance market, and ICT market.



Message from our Executive Officer for Accounting



Generate free cash flow to implement financial strategies that support sustainable growth and development

FY2018, the second year of the 8th medium-term management plan, will focus on generating free cash flow by implementing investment strategies focused on strengthening profitability and capital costs. We will implement financial strategies that support sustainable growth and development.

Osamu Ishii

Senior Executive Officer

During FY2018, the second year of the 8th medium-term management plan, we will focus on our core policies of promoting the efficient management of operating capital, stabilizing cash flow management, solidifying our financial structure, and promoting consolidated management (strengthen governance of affiliate companies). We will accomplish this by establishing investment standards with a focus on capital costs, strengthening operations, and improving our cash conversion cycle (CCC). Furthermore, we will implement various policies aimed at fulfilling our goal of achieving a total asset turnover ratio of 1.0 and higher. To achieve an ROE of 8% in FY2019, we will create free cash flow by further strengthening profitability and improving our asset efficiency to implement financial strategies that support sustainable growth and development.

To strengthen our financial platform, we will focus on expanding our operating cash flow and using generated free cash flow to invest in growth sectors, issue shareholder returns, and allocate funds towards reducing interest-bearing loans.

We recognize our weight average capital costs (WACC) as approximately 5%. For investment decisions, we apply the judgment criteria of whether or not the investment produce returns exceeding capital costs. After conducting investments, we monitoring each investment to validate and evaluate investment efficacy

in order to improve our investment efficiency.

As of the end of FY2017, we reduced interest-bearing debts by 1.2 billion yen from 35.0 billion yen to 33.7 billion yen. During FY2018, we plan to respond to firm demand by temporarily increasing capital investments and operating capital. However, moving forward, we will promote financial leverage efficiency with a focus on maintaining a D/E ratio of 0.9 or lower.

For equity, we will maintain balance between our financial structure and debt while continuing to lower interest-bearing debts by generating free cash flow and implementing investments that link to future growth. We will increase profitability while enhancing capital with the aim of quickly returning to a goal equity ratio of 50%.

This fiscal year, we will strengthen management functions in China via our Hong Kong subsidiary to improve capital efficiency and asset efficiency in the region, which will lead to improved management efficiency. We will continue to pursue the efficient management of management assets in order to further improve operating efficiency.

Nippon Chemi-Con will continue to implement business structure reforms and aggressively invest in growth sectors. At the same time, we will maintain capital to debt balance while implementing stable and continuous shareholder returns and working to improve long-term shareholder value.

Message from our CTO

Pride and responsibility as a top brand

Performance improvements in electronic components driven by technological innovation leads not only to greater device safety and convenience, but also has the benefit of contributing to environmental conservation. As a top manufacturer of aluminum electrolytic capacitors, we are keenly aware of the expectations placed on our company. We will fulfill those expectations by striving to be the E.C.O. solutions company.

Norio Kamiyama

Director and Senior Executive Officer and Chief Technology Officer



Nippon Chemi-Con has conducted operations with a focus on aluminum electrolytic capacitors for more than 80 years since our founding in 1931. As a top brand for aluminum electrolytic capacitors, our products are used by customers around the world in a wide range of applications.

IoT has enabled all electronic devices to be connected via the internet, making how industries effectively utilize this technology an extremely vital issue.

And with advancements in EV and autonomous driving, the electronics sector is more important than ever to the automobile industry.

It is likely that the world will grow more dependent on electricity and electronic devices. On the other hand, this summer we saw torrential rains and flooding hit western Japan and temperatures nationwide exceeding 40°C. So extreme and abnormal were weather conditions that the Arctic recorded temperature exceeding 30°C. It is evident we are facing environment conditions requiring full-scale global warming countermeasures.

From smoothing voltage fluctuations in power sources and converters to driving motors, suppressing noise of motors, and providing backup power supply in momentary voltage drop, our mainstay aluminum

electrolytic capacitor products are used in a wide variety of circuits. And by reducing capacitor loss, we can contribute to improved device efficiency.

Our electric double layer capacitor DLCAP™ boasts greater capacity (energy) than aluminum electrolytic capacitors. Their unique ability to frequently store energy makes them ideal for use in braking energy recovery systems and other applications. The electric double layer capacitor enables the effective utilization of energy that in the past was being wasted.

Large amounts of electricity are used in the formation of aluminum oxide layer, the dielectric of an aluminum electrolytic capacitor. By improving the formation conditions for oxide layer, we are now able to form oxide layer with equivalent withstand voltage at half the electricity compared to 10 years prior.

Our mainstay products are passive products but by improving their performance and improving production conditions, we can contribute to energy conservation and storage. In doing so, we will get closer to fulfilling our long-term corporate mission of being the E.C.O. solutions company (=E (Energy). C (Capacitor). O (number One): to be the No. 1 company for capacitors in the energy sector).

Message from our CQO



Improvements based on the 5 G's

We believe that demands for higher product quality create greater opportunities to use quality to establish an absolute competitive advantage. The Nippon Chemi-Con Group applies the 5 G's – the 3 G's, “genba (worksite),” “genbutsu (product),” “genjitsu (reality of situation)” combined with “genri (principle)” and “gensoku (basic rules).” Through the 5 G's, our entire company practices high-precision quality management.

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.

We view the growing demands facing the automotive industry for higher quality driven by the wave of autonomous vehicles as the chance to establish an absolute market position grounded in superior quality. We will further focus on customer needs and aggressively invest in ensuring our ability to provide required quality. Under the leadership of a new organization established to promote and supervise company-wide initiatives related to quality superiority, we are adopting advanced analysis technology and accelerating basic improvement activities grounded in the 5 G's.

Aiming to ensure a uniform standard of high quality at all plants, we are strengthening our global QMS and using IoT and AI to achieve workstyle reforms in our quality administration.

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

Topics: Capacitors contributing to automobile safety



The use of electronics in automobiles is increasing rapidly. With both EV and traditional automobiles, many of the instruments installed in vehicles today, including steering wheels and brakes, are controlled via electricity. This is because, compared to mechanical controls, using electricity to control vehicle instruments improves usability and efficiency.

On the other hand, many of a vehicle's functions are lost and a vehicle may become inoperable in the event power supply from the lead battery or lithium-ion battery is cut off due to an accident or malfunction. For example, it may even become impossible to unlock the vehicle doors, leaving the occupant trapped inside the vehicle. To prevent such a situation, vehicles are equipped with an emergency backup power supply referred to as power failure prevention. Nippon Chemi-Con proposes backup power supplies made using electric double-layer capacitors (EDLC).

Since 2012, Nippon Chemi-Con has provided the EDLC DLCAP™ for use in vehicle braking energy recovery systems. A braking energy recovery system uses the energy generated during vehicle deceleration via braking (previously wasted energy) to produce electricity that is stored for reuse. Stored electricity is used to power vehicle headlight, air conditioning, and car navigation system operations, and engine control, as well as for engine restart on vehicles with idle reduction engines. This has the benefit of improving fuel economy and reducing CO₂ emissions.

Significant energy is generated when the driver presses the brake while the vehicle is in motion. The efficient storage of this energy requires a large-sized EDLC that achieves low resistance and has a high capacitance. Nippon Chemi-Con commercialized screw terminal type

large-capacitance EDLC for use in such applications. Today, we supply products to companies such as Mazda.

There are also cases of small-sized EDLC being used as a power failure prevention. Thus far, Nippon Chemi-Con has offered a product line specializing in large-sized EDLC. However, we developed the DLCAP™ DKA Series as a small-sized product that responds to demand that is expected to grow moving forward. We started mass production of the DLCAP™ DKA Series in the summer of 2018.

The DKA Series is not only small-sized, but also the terminal shape has been changed from the previous screw terminal type to a radial lead type. This enables the capacitor to be mounted directly to the electronic board, which contributes to capacitor module size reduction and enables compact equipment design that eliminates wasted space. Using proprietary technology, we lowered internal resistance to constrain heat generated by charging and discharging, and provide some of this highest level output in the industry. The DLCAP™ has long contributed to improving the environmental performance of automobiles through their use in braking energy recovery systems. Now, adding the DKA Series as an optimal power failure prevention will contribute to vehicle safety performance. We will continue to expand our product line as we advance into new markets outside the automobile industry, including providing components for IoT-based industrial equipment.



To the left is a product used in braking energy recovery systems. To the right is the DKA Series for power failure prevention.

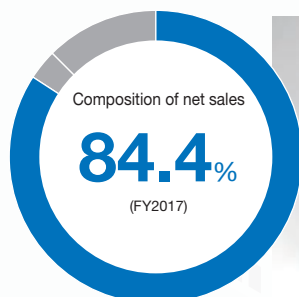
Introduction of Main Businesses

The following is an introduction of FY2017 performance and initiatives for aluminum electrolytic capacitors,

Aluminum Electrolytic Capacitor Business

FY2017

Net sales

112,558 million yen


Industrial equipment sales favorable, ADAS and other automotive use sales growing

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.

FY2017 earnings and future initiatives

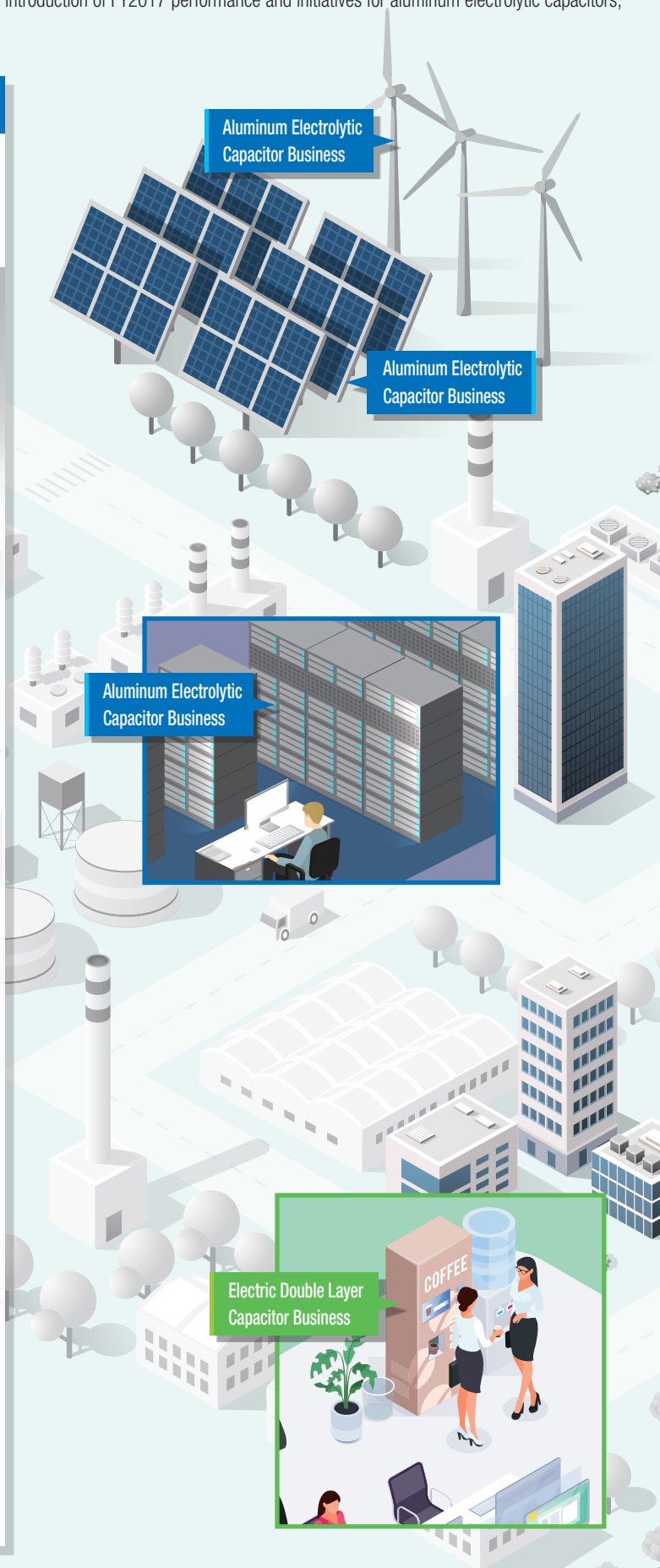
Net sales of aluminum electrolytic capacitors in FY2017 increased by 15.4% year on year to 112.5 billion yen.

The industrial equipment market, the main market for large-sized aluminum electrolytic capacitors was active. Sales were particularly strong in China, which saw stimulated adoption of automation equipment such as industrial robots.

As an outlook for the market, we are expecting medium- to long-term growth in demand for electronic components for use in industrial robots and manufacturing equipment backed by the accelerated adoption of IoT aimed at achieving productivity improvements. Nippon Chemi-Con will meet this demand by promoting new product development that takes advantage of our material development capabilities, and strengthening our production system and SCM.

Looking at automotive electronics market, the advancement of intelligent systems for automobiles, including ADAS and autonomous driving systems drove sales for small-sized products such as surface-mounted aluminum electrolytic capacitors. Sales of large-sized aluminum electrolytic capacitors used in the vehicle-mounted chargers of EV and plug-in hybrid vehicles were also favorable.

With continued advancements in automobile electronic control technology, the demand for higher performance, highly reliable electronic components will increase. We have significantly increased sales of conductive polymer capacitors and hybrid capacitors, some of the high added value products we offer. We will further expand our production system to meet firm market demand.



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

FY2017

Net sales

4,423 million yen

Composition of net sales

3.3%

(FY2017)



Supplying to automobile manufacturers, launching new products in FY2018

Environmental and energy issues are driving increased interest in power storage devices. Nippon Chemi-Con plans to develop electric double-layer capacitors into a business that rivals our aluminum electrolytic capacitor business.

FY2017 earnings and future initiatives

Net sales of electric double-layer capacitors in FY2017 were 4.4 billion yen, largely unchanged from the previous fiscal year. This represents only 3.3% of overall net sales but societal interest in power storage devices is strong and we will develop this segment as a business with strong growth potential.

The majority of sales are for braking energy recovery systems, which help improve vehicle fuel economy and we secured stable sales in FY2017. We currently supply products to two domestic automobile manufacturers but we will aggressively promote sales in other fields as well, including industrial equipment and new energy, as we aim to expand business.

We also are progressing with new product development. In addition to expanding our product line to include a product that achieves the industry's top class heat resistance, we also advance development of products that increase rated voltage. Most recently, in summer of 2018 we launched mass production of a radial lead type product at the Chemi-Con Yamagata Yonezawa Plant. This product features a smaller format compared to the screw terminal type we currently mass produce, enabling welding directly to electronic boards and contributing to compact product designs. In addition to use in vehicle backup power supplies that enable the unlocking of electronic doors in the event of an emergency, this product also can be used in IoT device power supplies and the peak assist power supplies of portable devices. We plan to pioneer new applications and engage in new markets.

Executive Members (as of June 28, 2018)



Directors

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

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

D Director and Senior Executive Officer Norio Kamiyama (April 1, 1959)

Apr 1983 Joined Nippon Chemi-Con Corp.
Nov 2004 Department Manager of Ceramic and Film Capacitor Engineering Department in Technical, R&D Headquarters
Apr 2006 Department Manager of Ceramic and Film Capacitor Engineering Department in Technical, R&D Headquarters and Department Manager of DLAP Design Department in Supercapacitor Division Headquarters
Oct 2006 Deputy Division Manager of Quality Assurance Headquarters
Aug 2009 Division Manager of Quality Assurance Headquarters
Apr 2011 Division Manager in Quality Assurance, Quality Assurance Headquarters
Jun 2012 Director, CQO and General Manager of Quality Assurance Headquarters
Jun 2013 Director, CTO and General Manager of R&D Headquarters
Jun 2014 Senior Executive Officer, CTO and General Manager of R&D Headquarters
Apr 2016 Senior Executive Officer, CTO and Division Manager of R&D Headquarters and Officer in charge of Solid Devices Business (Ceramic Capacitor, Varistor, Film Capacitor, Coil) in Product Business Management
Jun 2018 Director and Senior Executive Officer, CTO and Division Manager of R&D Headquarters and Officer in charge of Solid Devices Business (Ceramic Capacitor, Varistor, Film Capacitor, Coil) in Product Business Management (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)

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)

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)

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)

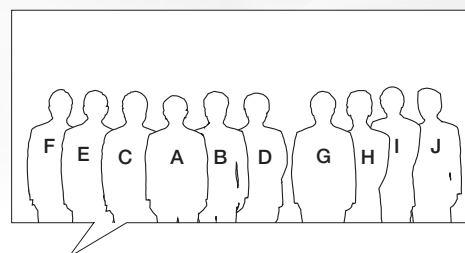
Jan 1982 Joined Nippon Chemi-Con Corp.
 Oct 2003 Department Manager of Electro-Products Development Dept., Electro-Mechanical Products Business, Solid Products & Electro-Mechanical Products Division Headquarters
 Jul 2005 Department Manager of Electro-Products Development Dept., Electro-Mechanical Products 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)



ESG Initiatives

Nippon Chemi-Con incorporates ESG (environment, society, governance) into our corporate strategies to pursue sustainable growth. We outline activity goals and promote company-wide participation.



ESG Activities (Major activities/goals for FY2018)

	Core issues / Materiality	FY2018 major activities and goals	Related pages
E	Global environment conservation	Global warming prevention and energy conservation activities	P.37 P.39
		Appropriate management of chemical substances used by factories	P.37
		Management of chemical substances contained in the products (environmentally conscious products)	P.10 P.39
		Effective use of resources and waste reduction, promotion of 3Rs	P.37 P.39
		Continuous improvements based on environment management system (ISO14001)	Website CSR/Environment
		Biodiversity conservation activities	P.38
		Contributions to local society	P.40
		Compliance with environmental laws	P.10 Website CSR/Environment
		Development of energy-efficient products	Website CSR/Environment
S	HR/benefits	Overseas assignments via the global human resources development program (application based)	P.29
		Reflect results of employee awareness surveys in HR strategies	
		Adopt welcome back program (rehiring program)	Website Careers
	Worker health and safety	Enhance work time management system by establishing worker health and safety system	
		Reduce overtime to average 29 hours per worker per month	P.30
		Increase paid leave usage rate and childcare leave usage rate to 70% and higher	P.30
		Adopt mandatory rest between shifts	
	Human resource development	Continued implementation of healthy company activities	P.30
		Conduct position-specific training (15 times/year)	P.29
		Continue to offer Japan training program for overseas local workers	P.29
		Continue implementing measures to maintain 5-year turnover rate of 12% or less for young employees	
	Diversity	Proactive hiring of foreign students studying in Japan	P.29
		Increase rate of hiring for disabled workers to 2.5% or higher by 2020	P.29
		Conduct cross-segment training for female employees	
		Increase rate of female hiring to 30% or higher for technical and manufacturing positions and 40% or higher for sales and administrative positions	P.29
G	Corporate governance	Increase participation in management by outside officers and creation of environment that promotes engagement	P.31 P.35
		Reflect results of internal controls efficacy evaluations on management	
		Compliance with basic policy on corporate governance	
		Constructive communication with shareholders (continue investor visits)	
		Hold IR conferences (twice)	P.36
	Risk management	Respond to EU GDPR (General Data Protection Regulation)	
		Regular BCP validation, reviews (head office, factories)	P.33
		Reinforce information leak prevention (data center, thin client, internal audits, etc.)	P.33
	Compliance	Systematic implementation of compliance education	P.31
		Continued participation in UN Global Compact (participating since 2012)	P.28
		Continue internal audits related to competition laws, export management, ethics, labor, and health and safety	

Website CSR/Environment

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

Website Careers

<https://www.chemi-con.co.jp/company/sustainability/society/resources/welcomback.html>

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, the Nippon Chemi-Con Group Business Conduct Guidelines outline the character that every executive and employee of the Nippon Chemi-Con Group must apply to our daily corporate activities. As a company that provides products and services capable of contributing to the lifestyles of people around the world, we strive for harmony with international society while maintaining our commitment to the local community and stakeholders. We are committed to compliance with the laws and regulations of each country and practice honest business activities based on sound corporate ethics and a strong awareness of our position as a corporate citizen.

Positioning of CSR Activities

Nippon Chemi-Con does not simply pursue profits. We strive to fulfill our social responsibilities as a corporation and contribute to the greater society. With this in mind, we position CSR activities as a core aspect of our business activities.

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 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 | 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. |



SDGs

We aim to contribute to the sustainable development goals (SDGs) outlined in the 2030 Agenda for Sustainable Development adopted at the September 2015 UN Summit.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



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 63% 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	35.7%	Overseas	64.3%
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Utilization of Foreign Students in Japan

Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief that the hiring of human resources who live in Japan and have an understanding of Japanese culture is vital. Since 2012, we have aggressively recruited foreign students in Japan. As of April 2018, we have 21 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 fifteen 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. Since 2017 we also conduct OJT leader training at domestic affiliate companies. We aim to equip new hires with the ability to quickly engage in and contribute to business operations. This training will also help develop the basic management skills of supervisors in charge of education and training.

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 130 overseas employees have participated. Among those who have completed the training are numerous employees who are already working as managers overseas. This fiscal year we also started overseas training as an educational program for global personnel. This program is application based and selects domestic employees to partake in practical training at overseas affiliates.

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.

Furthermore, 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

Individual Commitment to Health

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.

Also, since 2017, we have participated in the Survey on Health and Productivity Management conducted by Ministry of Economy, Trade and Industry. By further quantifying the “health”, we advance an effective approach toward ensuring health.

Activities during FY2018

I Reinforcing smoking rules, reducing smoking – Reaching national smoking average (17.9%)

Society is paying greater attention to measures against smoking because tobacco impacts not only the smoker but also the health of non-smokers due to second-hand smoke. Tobacco increases the risk of lung cancer and ischemic heart disease, and can greatly impact future health. We promote various anti-tobacco measures from the desire to promote health maintenance.

II Metabolic syndrome prevention measures – Reducing BMI of 25 or higher to 20% or lower by fiscal year 2020

We believe that obesity (BMI of 25 or higher) leads to severe diabetes and other future health risks. As such, we promote obesity prevention and improvement among employees by providing instruction regarding lifestyle changes. As obesity is spreading among younger generations, from the time of hiring we conduct blood tests as part of health examinations in order to emphasize the importance of health from an early stage. Furthermore, we promote improved health awareness by using internal magazine to introduce improvement case studies.

We also conduct behavior modification seminar at all sites once a year to provide an opportunity for our employees to think about health management and lifestyle diseases prevention.

III Mental health support – Continuation of stress check system

We conduct the stress check system at all workplaces 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. At the same time, we provide line care training for management personnel to provide opportunities for learning how to respond to consultations from subordinates.

IV Achieving work-life balance

We work to create a comfortable work environment that enables balance between work and childcare or family care in order to provide all employees with the opportunity to reach their full 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.

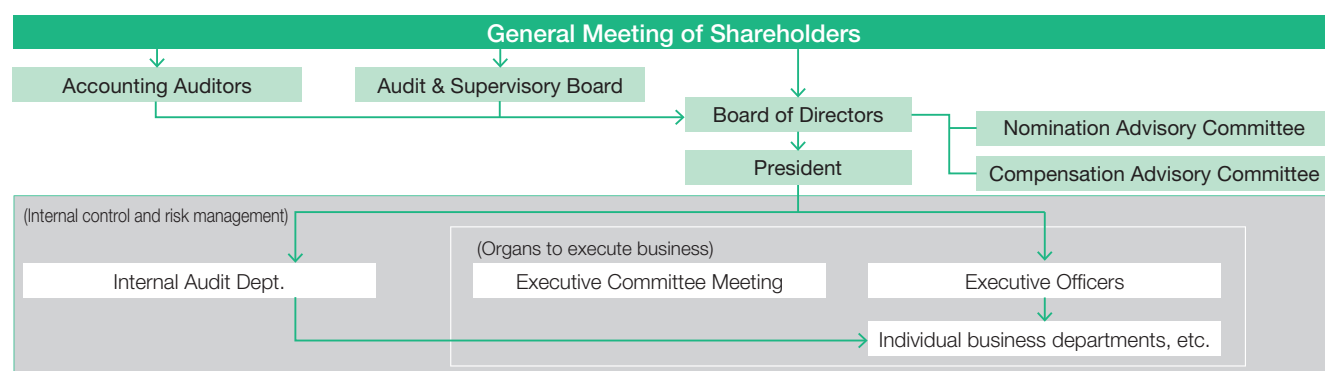
Our Audit & Supervisory Board comprises four members. The board audits decisions made by directors and operational executions carried out by executive officers, the business and financial positions of Nippon Chemi-Con and its subsidiaries in Japan and overseas.

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

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.

conducts regular internal audits of management systems related to all aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.

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)	133	133	—	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	43	—	3
Outside officers	36	36	—	4
Total	213	213	—	11

(For the fiscal year ended March 31, 2018)

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 laws including 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.

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 internal audits conducted by the legal affairs department every year.

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 phones for emergency and tablet PCs, emergency provisions, and an employee status confirmation system. Based on the BCP, we regularly conduct emergency evacuation and fire drills.

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

Risk Factors

Listed below are the principal business risks of Nippon Chemi-Con that may have a significant influence on operating results, stock price and financial status. All references to possible future developments in the following text were made by Nippon Chemi-Con Group as of June 28, 2018, the day we submitted financial statements.

1. Risks concerning economic conditions

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

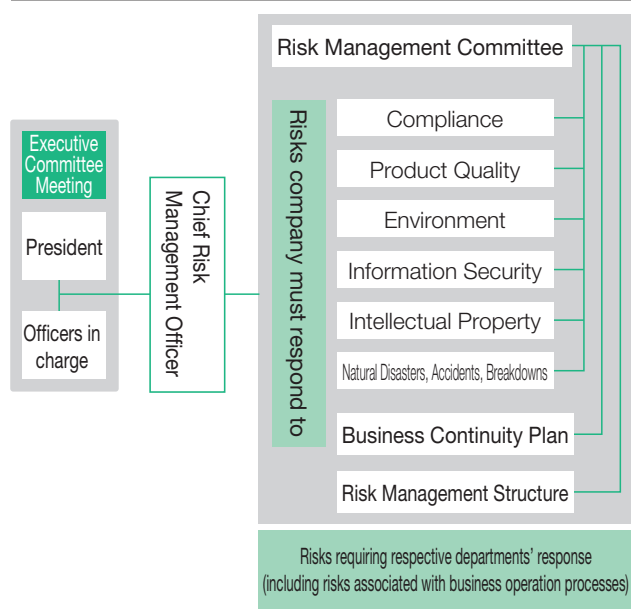
2. Risks concerning exchange rate fluctuations

Products of Nippon Chemi-Con Group are sold not only in Japan but also in Americas, Europe and Asia, and the proportion of consolidated net sales accounted for by overseas sales stood at 76.0% in the FY2016, and 77.6% in the FY2017. 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

Risk Management System



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 using legal means to respond to some decisions by the competition law authorities of various countries to assess fines against our Group in relation to aluminum electrolytic capacitor transactions. Other competition law authorities are still conducting investigations related to aluminum electrolytic capacitor transactions.

In October 2017, the U.S. Department of Justice filed a lawsuit in the U.S. District Court for the Northern District of California against Nippon Chemi-Con Corporation claiming a violation of U.S. antitrust laws and alleging that Nippon Chemi-Con engaged in a price cartel and pricing collusion for electrolytic capacitors. We responded appropriately to

these claims, including filing an official rebuttal and providing counterevidence but on May 10, 2018 we decided to reach a settlement with the U.S. Department of Justice involving the payment of a fine. The fine amount to be paid as a result of said settlement will be between US \$40 and 60 million. This amount will be finalized upon settlement approval by the U.S. District Court for the Northern District of California. Also, in January 2018, Nippon Chemi-Con subsidiary Singapore Chemi-Con (Pte.) Ltd. received notification from the Competition Commission of Singapore of their decision to fine the company SG \$6,993,805 on suspicion of violations of the Singapore Competition Law. The suspicions are in relation to aluminum electrolytic capacitor transactions with customers in Singapore. In regards to this decision, the recognition and interpretation of facts by Nippon Chemi-Con and Singapore Chemi-Con (Pte.) Ltd. differ from those of the Competition Committee. While we do not completely agree with this decision, upon comprehensive evaluation of the facts and based on our desire to prioritize increasing our medium- and long-term corporate value, we have decided not to file an objection to this judgment.

Furthermore, in March 2018, we received notification from the European Commission of their decision to assess a fine of 97,921,000 euro on suspicion of violations of European Competition Law in relation to aluminum electrolytic capacitor and tantalum electrolytic capacitor transactions in Europe. In regards to this decision, our recognition and interpretation of facts differ from those of the European Commission, and we have filed an appeal with the European General Court.

Nippon Chemi-Con and our U.S. subsidiary United Chemi-Con, Inc. are the subject of a class action civil lawsuit filed with the U.S. District Court for the Northern District of California claiming damages for violations of U.S. antitrust laws in relation to electrolytic capacitors and film capacitors. Although Nippon Chemi-Con and United Chemi-Con, Inc. do not recognize any liability for damages, upon comprehensive evaluation of the situation, in January 2018 we reached an agreement with the indirect purchaser plaintiffs to pay a settlement in the amount of US \$13.5 million and concluded an official settlement agreement in February 2018. This settlement shall take effect upon approval by the court.

In addition to the above, civil lawsuits have been filled against Nippon Chemi-Con and our subsidiaries in the United States and Canada.

If these legal proceedings result in unfavorable verdicts, there is the possibility of an impact on the business results and financial position of Nippon Chemi-Con Group.

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

Valuing the fundamentals of manufacturing

Hideaki Takahashi

Outside Director



It has been five years since I joined Nippon Chemi-Con as an outside director. As someone who has been involved in research and education at universities and other institutions, through my experience as an outside director I have come to understand the true nature of issues facing manufacturing companies.

In the business world, I am truly surprised at the speed at which things are decided. The ups and downs of the academic world largely depend on internal effort but corporate performance can be greatly influenced by global politics and economics. The ongoing trade war between America and China is sure to impact the supply chain of Nippon Chemi-Con.

The fundamentals of manufacturing are safety, quality, and legal compliance. Failure to uphold any of these could have a critical impact on the company. The major losses recorded for FY2017 are attributable to issues related to competition law, and we must accept those results as a lesson to be learned.

With business overseas, communication is important. In addition to language, there is a need to understand history, culture, customs, religions, and other aspects. Nearly 80% of Nippon Chemi-Con products are sold overseas but business customs change greatly depending on the country or region. This is one of the challenges of global business. As raw materials, unfinished products, and finished products are shipped all over the world so the company's logistics strategy is also important. There is an immediate need to improve logistics costs, including air-based transport expenses.

The development of new products requires both a consideration of the fundamentals of manufacturing (safety, quality, legal compliance) and price. This differs greatly from research at the university where I was only focused on the development of new materials and new processes. In order for Nippon Chemi-Con to continue contributing to society, we must adopt IoT and AI to achieve innovation in productivity by connecting people, things, money, and information. As an outside director, I will continue to monitor and support company initiatives.

Business development ground in our strengths

Kinya Kawakami

Outside Director



It has been three years since I assumed the position of outside director. Like last year, I want to take this opportunity to discuss the things I have noticed through my work.

April 2017 marked the beginning of the 8th medium-term management plan. During FY2017, the first year of this plan, the Company recorded extraordinary losses of 19.2 billion yen in relation to antitrust judgments. As a result, FY2017 recorded losses exceeding 16 billion yen. This result is both disappointing and a painful reminder of the importance of compliance. I am committed to conducting strict monitoring and implementing reoccurrence prevention measures to ensure this never happens again.

FY2017 net sales outperformed targets and exceeded 133.3 billion yen. We have set a goal of 140 billion yen for FY2018 and plan to achieve the final year goals of our medium-term management plan ahead of schedule.

Advancements in automobile electronics and growth in industrial equipment are driving higher demand for electronic components. We are making investments to upgrade production capacity and meet demand and aggressively pursue the development of automation facilities that incorporate IoT.

The role of a manufacturer is to flexibly respond to market needs through its development, manufacturing, and sales. Nippon Chemi-Con is the world's only aluminum electrolytic capacitor manufacturer that conducts the internal development and manufacturing of materials, including aluminum electrode foil, electrolyte, and seal rubber. The conductive polymer hybrid aluminum electrolytic capacitor we developed using our internal R&D strengths have recently been adopted for use in vehicles and are seeing rapid growth in demand.

To continue responding to customer needs, we must further improve our material development capabilities. We must strengthen our fundamental materials technology (analysis technology) and advance technology development that is backed by our intellectual property. We also must conduct activities that increase our manufacturing productivity.

As a previously discussed topic, we are improving the link between production, sales, and technology. We will further promote partnerships and conduct the speedy development of products that respond to customer needs. We will aim to increase corporate value by creating a foundation for building income and advancing efforts to reinforce our earnings structure. I am excited about the future of Nippon Chemi-Con.

IR Activities / Events

Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2017, 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 FY2017, we held over 140 meetings and telephone conference calls.

IR Information Website

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



Conference Exhibits

Nippon Chemi-Con had booths at the following conferences in FY2017 (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.



FY2017 Conference and Exhibit Participation

Month	Name of the Conference	Place
Apr	● TECHNO-FRONTIER 2017 / POWER SYSTEM JAPAN 2017	Japan
May	● AUTOMOTIVE ENGINEERING EXPOSITION 2017 ● Electronic Distribution Show and Conference 2017	Japan U.S.A.
Sep	● The Battery Show 2017 ● electronica India 2017	U.S.A. India
Oct	● CEATEC JAPAN 2017 ● The 30th International Electric Vehicles Symposium & Exhibition	Japan Germany
Nov	● Embedded Technology 2017	Japan
Dec	● China Hi-Tech Fair ELEXCON 2017	China
Jan	● EV JAPAN – 9th EV & HEV Drive System Technology Expo	Japan
Feb	● nano tech 2018 – The 17th International Nanotechnology Exhibition & Conference ● BATTERY JAPAN 2018 – 9th Int'l Rechargeable Battery Expo	Japan Japan
Mar	● Applied Power Electronics Conference and Exposition 2018	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 maintains management systems that minimize the impacts from the risks such as climate changes
- Releases information to the public positively, and promotes sufficient communication with the local community and stakeholders

Compliance to the Laws and Significant accidents occurrence status

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

No significant accident occurred that impact the environment.

<Activities results>

Total volume of carbon dioxide emissions and breakdown

(t-CO ₂)					
Fiscal Year	2013	2014	2015	2016	2017
Purchased Electric Power	471,148	483,070	475,603	489,601	518,243
A-grade Heavy oil	21,593	23,921	23,446	27,127	29,378
Kerosene	1,551	1,489	1,507	1,581	1,799
City Gas	23,249	23,449	22,295	17,587	18,463
Gasoline	361	351	325	310	304
LPG	343	340	308	304	366
LNG	490	382	510	0	0
Gas oil	79	106	155	65	233
Industrial steam	2,532	2,557	2,465	2,430	2,561
Waste Materials – Oil, Plastics	0	0	0	0	0
Waste Materials – Paper, Wood	0	0	0	0	0
Total	521,346	535,665	526,614	539,005	571,347

Notes:

1. Energy-CO₂ conversion factor used by the sites outside Japan is reappraised from 2014.
2. Amount of energy-origin CO₂ emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

Environmental Activities



The Nippon Chemi-Con group has the target of 1% and higher 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** % and higher

<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** % and higher

Trends in volume of carbon dioxide emissions and unit energy consumption (sites in Japan)



Resource conservation



In the manufacturing activities of industries, the resources are essential

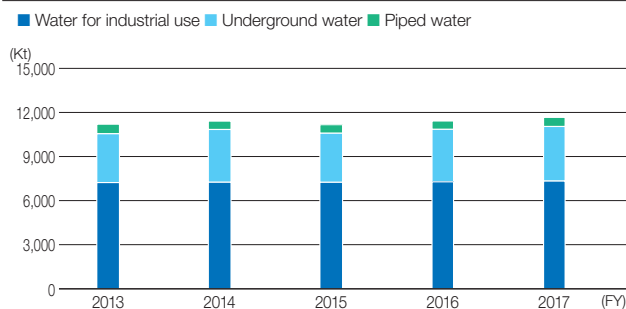
element. Efficient use of such resources will protect global environment.

We encourage the “3R,” recycling, reusing, and reducing activities in order to contribute to the preservation of the environment.

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



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



Waste reduction

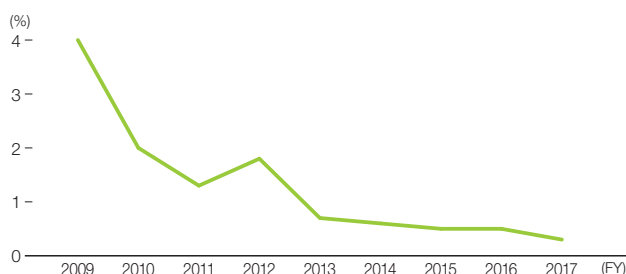


The Nippon Chemi-Con Group has addressed activities for resource recycling and reduction in landfill

disposal volumes by reducing the amount of industrial waste generated.

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

Trends of final disposing rate (sites in Japan)



Biodiversity Initiatives



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

impacts on biodiversity.

1. [Impact from procurement of raw materials] In cooperation with our suppliers, we share views and mutual understanding concerning biodiversity, and move continuously ahead with activities.
2. [Impact on ecosystems caused by manufacturing] Our manufacturing processes use energy and resources, and they emit CO₂, waste water and other emissions. As this is an area where our Group's business activities directly have an impact, effective and continuous activities are ongoing.
3. [Impact on biodiversity due to changes in environments surrounding our workplaces caused by our use of land] Consideration to local environment and surrounding ecosystem by securing green space in our premises and the social contribution activities.

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



◀ Nippon Chemi-Con Corp.
Niigata Plant
Birdhouse placed in the premises to protect wild birds, and the “Visitor.”

Chemi-Con Iwate Corp. ▶
A water quality analysis of the spring water “Suzu” which exists nearby the site.
Analysis is conducted every year to monitor deterioration with age.



◀ Chemi-Con Fukushima Corp. Kitakata Plant
Protection of *Lilium rubellum* (red list)
A flower bed is set in the premises for raise.



• 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 including revised EU RoHS, which will come in effect soon, are strengthened, and 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 "Guidelines for the Management of Chemical substances in Products," with "Keep Out, Do not Use, Do not Deliver, Do not Mix" as our key words, at all production sites. To ensure thorough management of "Keep Out" from development stage of the products, we have introduced environmental approval system to manage our purchasing materials and parts. By combining those two management systems and the Green Procurement Guidelines, we are able to manage chemical substances in the products at various levels of corporate activities such as development, purchasing, production and sales.

Moreover, to ensure proper information distribution and to satisfy customer's requirements, from FY2017 we have been using chemSHERPA which was developed under guidance of the Ministry of Economy, Trade and Industry of Japan.

Green procurement and Green Supplier Approval System

In order to achieve products development that meet diversified customer's requirement, it is essential to construct cooperative relationship with suppliers and to share information in timely manner.

The Nippon Chemi-Con Group has established "Nippon Chemi-Con Group Green Procurement Guideline" from the viewpoint of ensuring a strict level of management. To cope with latest laws, regulations and requirements of automotive customers, we revised our Green Procurement Guidelines in April 2018 for more thorough management. We held suppliers meeting when we revised our guidelines to propel higher level of cooperation between Nippon Chemi-Con and our suppliers.

We also conduct periodical and continuous audit and evaluation on our suppliers to confirm their chemical substances management and environmental protection activities.



Green Supplier Meeting

Green purchase

Each business site and plant of Nippon Chemi-Con Group carries out green purchase based on the Law on Promoting Green Purchasing and green procurement network standards. The guidelines encourage on procuring environmentally friendly goods and services.



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.



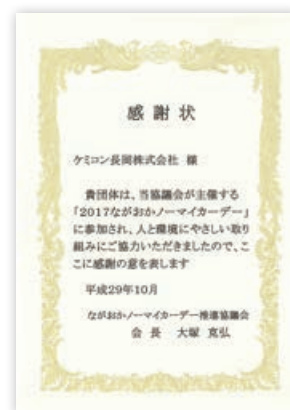
Certificate and Letter of appreciation in FY2017

● Chemi-Con Nagaoka Corp.

“Letter of appreciation – Nagaoka no-private-car-day 2017”

Sponsorship: City of Nagaoka

Chemi-Con Nagaoka received a “Letter of appreciation” from City of Nagaoka for participating City of Nagaoka sponsored “no-private-car event in 2017” (Activity for reducing greenhouse effect gas).



Cleaning volunteer work

For the purpose of environment protection, Nippon Chemi-Con Group continuously conducts cleanup of nearby areas by our employees. Seeking to leave the gifts of nature to future generations, many of our employees and their families participate in the cleanup activities including beach cleanups every year.



Beach cleanup by Takahagi Plant, Nippon Chemi-Con Corp. (July 2017)



Cleanup of nearby areas by Kitakata Plant, Chemi-Con Fukushima Corp. (October 2017)

Years ended March 31, 2009 through 2018

	2009.3	2010.3	2011.3	2012.3
For the year				
Net sales	114,578	105,896	127,790	100,290
Operating income (loss)	(6,874)	(3,036)	8,155	(2,596)
Operating income margin (%)	(6.0)	(2.9)	6.4	(2.6)
Ordinary income (loss)	(6,015)	(3,475)	6,744	(2,633)
Ordinary income margin (%)	(5.3)	(3.3)	5.3	(2.6)
Profit (loss) attributable to owners of parent	(12,700)	(4,294)	3,297	(4,909)
Profit attributable to owners of parent margin (%)	(11.1)	(4.1)	2.6	(4.9)
Capital investment	11,943	4,013	9,614	13,521
Depreciation and amortization	11,631	8,748	8,392	8,493
Research and development (R&D) expenses	3,758	3,590	3,642	3,966
Proportion of net sales (%)	3.3	3.4	2.9	4.0
At year end				
Current assets	74,732	72,648	71,824	70,657
Fixed assets	69,261	65,249	62,868	66,901
Current liabilities	48,227	39,521	36,041	28,076
Long-term liabilities	38,508	37,578	37,153	53,872
Net assets	57,258	60,797	61,498	55,610
Total assets	143,994	137,897	134,693	137,559
Cash flows				
Cash flows from operating activities	8,134	6,514	8,636	1,820
Cash flows from investing activities	(12,388)	(4,891)	(8,671)	(12,951)
Free cash flow	(4,254)	1,622	(34)	(11,131)
Cash flows from financing activities	16,774	(10,405)	(3,018)	12,790
Per share data				
Profit (loss)	(1,032.94)	(361.10)	231.65	(344.93)
Cash dividends	60.00	0.00	30.00	0.00
Net assets	4,853.30	4,238.50	4,298.25	3,884.86
Financial indicators				
Return on assets (ROA) (%)	(8.3)	(3.0)	2.4	(3.6)
Return on equity (ROE) (%)	(18.8)	(7.3)	5.4	(8.4)
Shareholders' equity ratio (%)	39.5	43.8	45.4	40.2
Average exchange rate (Yen)				
US\$	100.54	92.85	85.72	79.08
EUR	143.48	131.15	113.12	108.98

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 fiscal year ended March 2016 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 = ¥106.24.
4. Free cash flow = Cash flows from operating activities + Cash flows from investing activities.

					Million Yen	Thousand U.S. dollars
2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2018.3
92,959	113,962	123,365	118,414	116,311	133,362	1,255,293
(6,990)	4,933	5,122	2,179	3,338	5,818	54,766
(7.5)	4.3	4.2	1.8	2.9	4.4	4.4
(6,685)	4,304	6,207	1,165	2,002	4,416	41,566
(7.2)	3.8	5.0	1.0	1.7	3.3	3.3
(9,252)	3,315	5,362	(6,905)	840	(16,056)	(151,134)
(10.0)	2.9	4.3	(5.8)	0.7	(12.0)	(12.0)
5,953	3,067	5,203	4,354	4,590	7,525	70,839
8,615	7,951	7,373	7,127	6,220	6,105	57,473
3,981	3,872	4,160	4,321	4,272	4,208	39,610
4.3	3.4	3.4	3.6	3.7	3.2	3.2
69,007	76,619	81,689	78,775	83,799	84,751	797,733
65,447	63,149	64,968	58,341	55,968	58,490	550,549
43,915	32,730	42,106	40,377	29,442	61,425	578,176
39,784	43,194	26,405	33,875	46,754	32,405	305,021
50,754	63,844	78,146	62,864	63,571	49,410	465,084
134,454	139,769	146,657	137,117	139,768	143,241	1,348,282
4,651	12,161	10,730	10,970	6,443	5,305	49,941
(6,925)	(1,620)	(4,269)	(2,878)	(4,334)	(7,265)	(68,392)
(2,273)	10,541	6,460	8,091	2,108	(1,960)	(18,451)
1,725	(6,143)	(7,675)	(4,712)	710	(1,759)	(16,557)
(650.14)	223.38	329.09	(423.82)	51.57	Yen (985.77)	U.S. dollars (9.28)
0.00	0.00	30.00	30.00	30.00	30.00	0.28
3,554.65	3,901.56	4,772.25	3,834.26	3,877.73	3,012.97	28.36
(6.8)	2.4	3.7	(4.9)	0.6	(11.3)	
(17.5)	5.8	7.6	(9.8)	1.3	(28.6)	
37.6	45.5	53.0	45.6	45.2	34.3	
83.10	100.24	109.93	120.13	108.38	110.85	
107.14	134.37	138.77	132.57	118.79	129.70	

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.

8. On October 1, 2017, we conducted a share consolidation for common stock based on a ratio of 10 to 1. Per share data are calculated based on the assumption that said share consolidation was conducted at the beginning of fiscal year ended March 2009.

Consolidated Balance Sheets

For the years ended March 31, 2018 and 2017

		Million Yen	Thousand U.S. dollars
	2017.3	2018.3	2018.3
Assets			
Current assets			
Cash on hand and in banks	28,497	24,692	232,424
Notes and accounts receivable – trade	27,314	29,108	273,990
Inventories	20,878	22,958	216,100
Deferred tax assets	1,246	1,092	10,278
Other current assets	5,897	6,917	65,113
Less allowance for doubtful accounts	(34)	(18)	(173)
Total current assets	83,799	84,751	797,733
Fixed assets			
Property, plant and equipment			
Buildings and structures	12,305	11,684	109,981
Machinery and equipment	14,994	14,891	140,172
Land	6,908	6,905	64,996
Construction in progress	1,118	2,378	22,390
Other	2,214	2,168	20,412
Total property, plant and equipment	37,541	38,029	357,954
Intangible fixed assets	1,083	1,073	10,101
Investments and other assets			
Investment securities	15,663	17,585	165,523
Deferred tax assets	370	451	4,251
Other	1,342	1,377	12,961
Less allowance for doubtful accounts	(31)	(25)	(241)
Total investments and other assets	17,344	19,388	182,494
Total fixed assets	55,968	58,490	550,549
Total assets	139,768	143,241	1,348,282

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥106.24.

		Million Yen	Thousand U.S. dollars
Liabilities and Net Assets	2017.3	2018.3	2018.3
Current liabilities			
Notes and accounts payable – trade	8,682	10,106	95,129
Electronically recorded obligations	5,440	7,045	66,312
Short-term debt	5,873	15,678	147,572
Accounts payable – other	4,198	18,287	172,135
Income taxes payable	638	766	7,217
Bonus reserve	1,684	1,788	16,832
Other current liabilities	2,924	7,752	72,975
Total current liabilities	29,442	61,425	578,176
Long-term liabilities			
Long-term debt	29,177	18,093	170,310
Deferred tax liabilities	1,156	993	9,355
Provision for environmental safety measures	150	133	1,260
Net defined benefit liability	10,848	9,273	87,284
Other long-term liabilities	5,421	3,910	36,810
Total long-term liabilities	46,754	32,405	305,021
Total liabilities	76,196	93,830	883,198
Net assets			
Shareholders' equity			
Common stock	21,526	21,526	202,616
Issued and outstanding at March 31, 2017: 16,290,480 shares (excluding treasury stock)			
Issued and outstanding at March 31, 2018: 16,286,052 shares (excluding treasury stock)			
Capital surplus	28,079	28,079	264,301
Retained earnings	15,292	(1,252)	(11,790)
Treasury shares at March 31, 2017: 24,353 shares	(75)	(92)	(871)
at March 31, 2018: 28,781 shares			
Total shareholders' equity	64,822	48,260	454,256
Accumulated other comprehensive income			
Net unrealized gain on securities	1,387	1,692	15,928
Foreign currency translation adjustments	959	1,483	13,960
Remeasurements of defined benefit plans	(3,999)	(2,366)	(22,271)
Total accumulated other comprehensive income	(1,652)	809	7,617
Non-controlling interests	401	341	3,210
Total net assets	63,571	49,410	465,084
Total liabilities and net assets	139,768	143,241	1,348,282

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥106.24.
3. On October 1, 2017, we conducted a share consolidation for common stock based on a ratio of 10 to 1. Common stock and treasury shares are presented based on the assumption that said share consolidation was conducted at the beginning of fiscal year ended March 2017.

Consolidated Statements of Income

For the years ended March 31, 2018 and 2017

	Million Yen		Thousand U.S. dollars
	2017.3	2018.3	2018.3
Net sales	116,311	133,362	1,255,293
Cost of sales	93,078	105,748	995,369
Gross profit	23,233	27,614	259,923
Selling, general and administrative expenses	19,895	21,795	205,157
Operating income	3,338	5,818	54,766
Non-operating income			
Interest income	29	39	367
Dividend earned	96	100	947
Equity in earnings of affiliated companies	441	375	3,537
Other	81	35	330
Total	649	550	5,183
Non-operating expenses			
Interest expense	414	500	4,706
Financing expenses	221	547	5,153
Foreign exchange losses	1,250	883	8,317
Other	98	21	205
Total	1,985	1,953	18,383
Ordinary income	2,002	4,416	41,566
Extraordinary income			
Gain on sales of property, plant and equipment	26	3	28
Gain on sales of investment securities	2	—	—
Gain on sales of investments in affiliated companies	—	24	233
Total	28	27	262
Extraordinary loss			
Loss on disposal of property, plant and equipment	19	43	409
Loss related to Antitrust laws	—	19,223	180,946
Loss on liquidation of subsidiaries	61	—	—
Other	—	154	1,452
Total	81	19,421	182,808
Profit (loss) before income taxes	1,950	(14,977)	(140,979)
Income taxes			
Current	1,315	1,310	12,338
Deferred	(215)	(201)	(1,893)
Total	1,099	1,109	10,445
Profit (loss)	851	(16,087)	(151,424)
Profit (loss) attributable to non-controlling interests	10	(30)	(290)
Profit (loss) attributable to owners of parent	840	(16,056)	(151,134)
	Yen		U.S. dollars
	2017.3	2018.3	2018.3
Profit (loss) per share			
Basic	51.57	(985.77)	(9.28)
Diluted	—	—	—

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2018 and 2017

	Million Yen		Thousand U.S. dollars
	2017.3	2018.3	2018.3
Profit (loss)	851	(16,087)	(151,424)
Other comprehensive income			
Net unrealized holding gain on securities	490	296	2,791
Foreign currency translation adjustments	(1,429)	558	5,260
Remeasurements of defined benefit plans	1,475	1,595	15,013
Share in other comprehensive income of associates accounted for using equity method	(186)	(18)	(173)
Total other comprehensive income	349	2,432	22,892
Comprehensive income	1,200	(13,655)	(128,532)
Attributable to			
Owners of parent	1,194	(13,594)	(127,960)
Non-controlling interests	6	(60)	(571)

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥106.24.
3. On October 1, 2017, we conducted a share consolidation for common stock based on a ratio of 10 to 1. Per share information is calculated based on the assumption that said share consolidation was conducted at the beginning of fiscal year ended March 2017.

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2018 and 2017

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, 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
Balance at April 1, 2017	21,526	28,079	15,292	(75)	1,387	959	(3,999)	63,170	401	63,571
Changes of items during year										
Cash dividends paid			(488)					(488)		(488)
Profit (loss) attributable to owners of parent			(16,056)					(16,056)		(16,056)
Purchase of treasury shares				(17)				(17)		(17)
Other					305	523	1,633	2,462	(60)	2,401
Total changes of items during year	—	—	(16,545)	(17)	305	523	1,633	(14,100)	(60)	(14,161)
Balance as of March 31, 2018	21,526	28,079	(1,252)	(92)	1,692	1,483	(2,366)	49,069	341	49,410

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, 2017	202,616	264,301	143,944	(707)	13,055	9,033	(37,645)	594,597	3,782	598,380
Changes of items during year										
Cash dividends paid			(4,600)					(4,600)		(4,600)
Profit (loss) attributable to owners of parent			(151,134)					(151,134)		(151,134)
Purchase of treasury shares				(163)				(163)		(163)
Other					2,872	4,927	15,374	23,174	(571)	22,602
Total changes of items during year	—	—	(155,734)	(163)	2,872	4,927	15,374	(132,724)	(571)	(133,296)
Balance as of March 31, 2018	202,616	264,301	(11,790)	(871)	15,928	13,960	(22,271)	461,873	3,210	465,084

Notes:

1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥106.24.

Consolidated Statements of Cash Flows

For the years ended March 31, 2018 and 2017

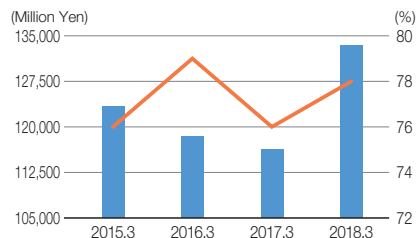
		Million Yen	Thousand U.S. dollars
	2017.3	2018.3	2018.3
Cash flows from operating activities:			
Profit (loss) before income taxes	1,950	(14,977)	(140,979)
Depreciation and amortization	6,715	6,632	62,432
Loss on antitrust laws	—	19,223	180,946
Increase (decrease) in net defined benefit liability	488	47	448
Increase (decrease) in allowance for doubtful accounts	(4)	(20)	(196)
Increase (decrease) in provision for environmental safety measures	(35)	(16)	(152)
Interest and dividend income	(126)	(139)	(1,315)
Interest expense	414	500	4,706
Foreign exchange losses (gains)	127	22	213
Equity in earnings of affiliated companies	(441)	(375)	(3,537)
Loss (gain) on disposal of property, plant and equipment, net	(7)	40	380
Decrease (increase) in notes and accounts receivable	(2,651)	(3,655)	(34,405)
Decrease (increase) in inventories	(393)	(2,334)	(21,972)
Increase (decrease) in notes and accounts payable	7,099	4,891	46,039
Increase (decrease) in accounts payable – other	(3,293)	281	2,646
Other	(148)	(615)	(5,796)
Sub total	9,694	9,504	89,458
Interest and dividends received	255	280	2,641
Interest paid	(415)	(502)	(4,726)
Income taxes paid	(1,210)	(1,041)	(9,800)
Payments related to antitrust law	(1,881)	(2,935)	(27,632)
Net cash provided by operating activities	6,443	5,305	49,941
Cash flows from investing activities:			
Increase in time deposit	(860)	(1)	(12)
Decrease in time deposit	810	—	—
Purchase of property, plant and equipment	(4,062)	(6,546)	(61,621)
Proceeds from sales of property, plant and equipment	29	3	36
Purchase of intangible fixed assets	(189)	(345)	(3,252)
Purchase of investment securities	—	(399)	(3,764)
Proceeds from sales of investment securities	2	—	—
Payments of loans receivable	(26)	(21)	(205)
Collection of loans receivable	36	31	294
Other	(75)	14	133
Net cash provided by investing activities	(4,334)	(7,265)	(68,392)
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	2,162	(374)	(3,525)
Proceeds from long-term debt	15,502	1,500	14,118
Repayments of long-term debt	(16,309)	(2,196)	(20,676)
Purchase of treasury shares	(3)	(17)	(163)
Repayments of lease obligations	(151)	(181)	(1,710)
Cash dividends paid	(488)	(488)	(4,600)
Net cash provided by financing activities	710	(1,759)	(16,557)
Effect of exchange rate changes on cash and cash equivalents	(622)	(88)	(835)
Net increase (decrease) in cash and cash equivalents	2,196	(3,808)	(35,844)
Cash and cash equivalents at beginning of year	26,245	28,442	267,720
Cash and cash equivalents at end of year	28,442	24,634	231,875

Notes:

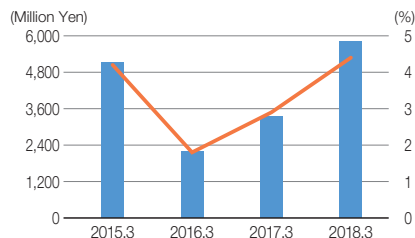
1. Amounts are rounded off to the nearest 1 million yen.
2. US dollar amounts are calculated based on currency rate of \$1 = ¥106.24.

Financial Status and Analysis of Operating Results

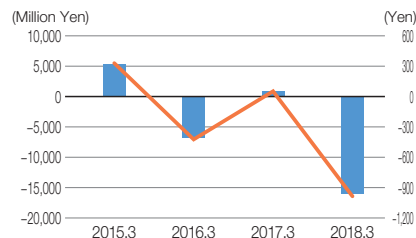
1 ● Net sales ● Overseas sales ratio



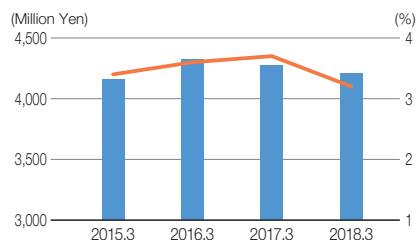
2 ● Operating income ● Operating income margin



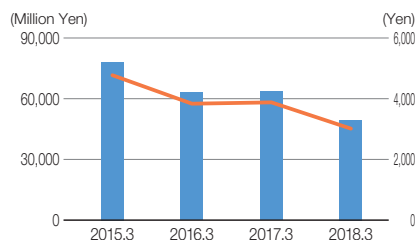
3 ● Profit attributable to owners of parent ● Profit per share



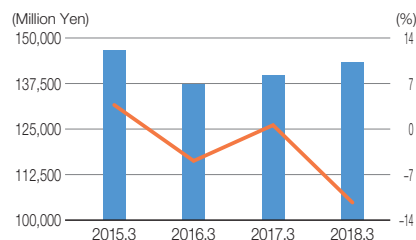
4 ● R&D expenses ● Proportion of net sales



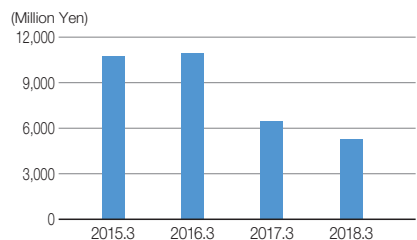
5 ● Net assets ● Net assets per share (BPS)



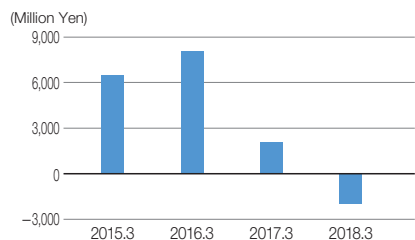
6 ● Total assets ● ROA



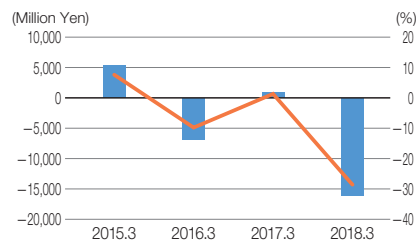
7 Cash flows from operating activities



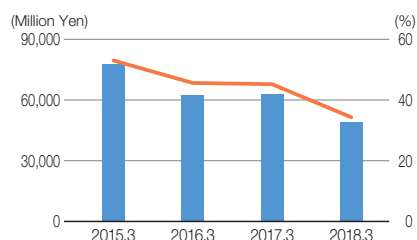
8 Free cash flow



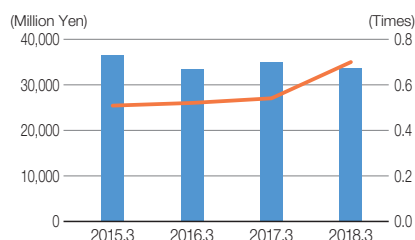
9 ● Profit attributable to owners of parent ● ROE



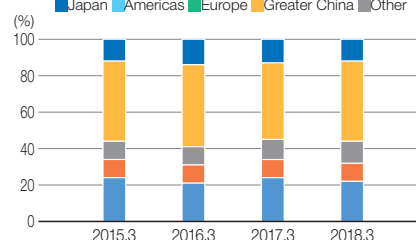
10 ● Equity ● Equity ratio



11 ● Interest-bearing debts ● Debt/Equity ratio



12 Net sales by region



1 Net sales, Overseas sales ratio

FY2017 net sales were 133,362 million yen (up 14.7% YoY) on higher demand for home appliance and automobile-related products in China and other Asian regions. Looking at region-specific sales, Japan increased 7% YoY. Overseas, China and Europe increased 20% YoY and net sales also increased over the previous year in the Americas and other regions. The ratio of overseas net sales increased from 76% to 78%.

3 Profit attributable to owners of parent, Profit per share

Losses attributable to owners of parent were 16,056 million yen (previous FY was net income attributable to owners of parent of 840 million yen). This was due to having recorded currency exchange losses due to yen appreciation towards the end of the fiscal year and the recording of losses related to antitrust laws. As a result, loss per share was 985.77 yen for FY2017 compared to profit of 51.57 yen during the previous fiscal year. Furthermore, on October 1, 2017, we conducted a share consolidation. As a result, FY2017 net income per share is calculated as if said share consolidation was conducted at the beginning of FY2014.

4 R&D expenses

In FY2017, we conducted R&D activities such as the development of a new product that takes advantage of our materials technology, one of our core strengths, as we aimed to enhance our product line in growth markets. Total R&D expenses for the current consolidated fiscal year were 4,208 million yen (down 64 million yen YoY).

5 Net assets, Net assets per share

FY2017 net assets decreased by 14,161 million yen compared to the previous

consolidated fiscal year to 49,410 million yen. This was due to having recorded net losses attributable to owners of parent, including the recording of extraordinary losses related to antitrust decisions. As a result, net assets per share were 3,012.97 yen (previous FY was 3,877.73 yen). Furthermore, on October 1, 2017, we conducted a share consolidation. As a result, FY2017 net assets per share is calculated as if said share consolidation was conducted at the beginning of FY2014.

6 Total assets

Assets were 143,241 million yen (increase of 3,472 million yen from end of previous consolidated FY) on higher accounts receivable due to increased sales. Despite a decrease in liabilities thanks to the repayment of debt, liabilities increased by 17,634 million yen from end of previous consolidated FY to 93,830 million yen due to having recorded unpaid amounts related to antitrust judgments.

7/8 Cash flows

Cash flows from operating activities resulted in revenues of 5,305 million yen. Although trade receivables increased on higher sales and inventory assets increased, we also recorded depreciation costs of 6,632 million yen. Cash flow from investing activities resulted in expenditures of 7,265 million yen due to investments for upgrades to production facilities for electrode foils used in aluminum electrolytic capacitors and electrolytic capacitor production facilities.

Cash flows from financing activities resulted in expenditures of 1,759 billion yen on the payment of dividends and debt repayment.

Major Offices and Plants

Domestic

(As of September 30, 2018)

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

Japan Sales Department, Head Office

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

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

Japanese Distributor Sales Group, Japan Sales Department, 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

3-11-28, 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%

IATF16949/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%

IATF16949/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%

IATF16949/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%

IATF16949/ISO9001 (Varistors, Ceramic capacitors, Electric double layer capacitors, Aluminum solid 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%

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, 2018)

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%

IATF16949/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 08506, 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%

IATF16949/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%

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%

IATF16949/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%

IATF16949/ISO9001 (Aluminum electrolytic
capacitors, Varistors), ISO14001

Corporate Information / Stock Information (As of March 31, 2018)

Foundation	August 1931
Establishment	August 1947
Capital	¥21,526 million
Number of Employees	7,125 (Consolidated) (including fixed-term employees)

Common Stock

- Issued 16,314,833 shares
- Trading Unit 100 shares
- Number of Shareholders 13,097

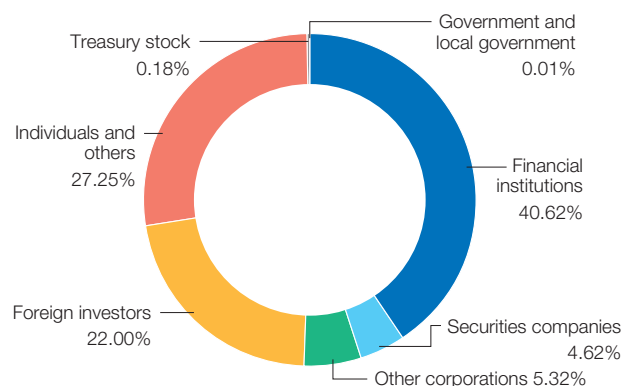
Stock Listing	First Section of the Tokyo Stock Exchange
Securities Code	6997
Fiscal Year-End	March 31
Ordinary General Shareholders' Meeting	June
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Head Office	5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan TEL: +81-3-5436-7711 FAX: +81-3-5436-7631

Major Shareholders (Top 10)

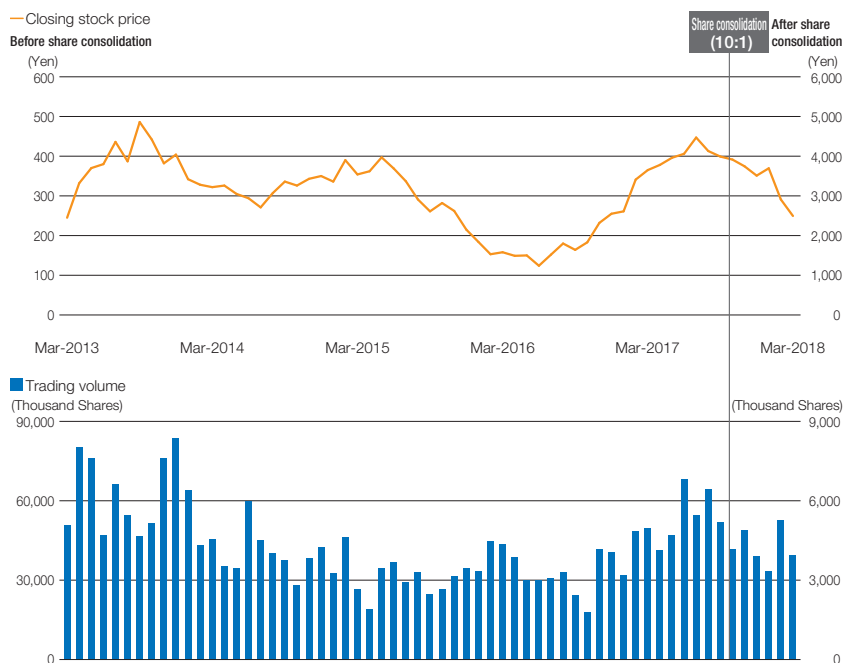
Name	Percentage of issued shares (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	11.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	3.58
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.55
Nippon Life Insurance Company	3.15
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2.61
MSCO CUSTOMER SECURITIES	2.19
Sumitomo Mitsui Banking Corporation	2.05
DFA INTL SMALL CAP VALUE PORTFOLIO	1.93
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.90
JAPAN CAPACITOR INDUSTRIAL CO., LTD.	1.43

Note: Shareholding ratio is calculated by subtracting treasury stock.

Ownership and Distribution of Shares



Stock Price and Volume (Tokyo Stock Exchange)



About share consolidation and change in number of shares constituting one unit

On October 1, 2017, we conducted a share consolidation for common stock (10 shares consolidated to 1 share) and changed the number of shares constituting one unit (from 1,000 shares to 100 shares).

Highest and Lowest Annual Stock Prices

FY	High (¥)	Low (¥)
2013	510	224
2014	405	264
2015	417	128
2016	394	117
2017	475 (4,550)	303 (2,342)

Notes: 1. Highest and lowest stock prices are the prices listed on First Section of the Tokyo Stock Exchange
2. The stock price for FY2017 is indicated as the highest and lowest stock prices prior to the share consolidation, with the post-consolidation highest and lowest prices indicated in ().

About the CHEMI-CON REPORT 2018

Shuichi Shiraishi

Director and Managing Executive Officer




The CHEMI-CON REPORT is a tool through which we communicate with our shareholders, investors, and other stakeholders. Since 2015, we publish this report once annually to our company website. The main purpose of this publication is to present our business activities from the perspectives of both financial and non-financial information to further understanding of Nippon Chemi-Con's approach to increasing our corporate value. Nippon Chemi-Con's corporate philosophy is the contribution to technology with attention to environment and people. Based on this philosophy, we aim to contribute to the development of a sustainable society. Under medium- and long-term corporate strategies centered on ESG (environment, society, governance), we strive for healthy and sustainable corporate growth. The understanding of stakeholders is vital to achieving these goals and we view building strong relationships as critical to this mission. Through the CHEMI-CON REPORT, we hope to provide a greater understanding of our business activities.

October 2018

■ Inquiries regarding CHEMI-CON REPORT 2018

Management Strategy Group, Management Strategy Department

TEL: +81-3-5436-7716 FAX: +81-3-5436-7491  <https://www.chemi-con.co.jp/en/company/>



Precautions concerning forecasts

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

NIPPON CHEMI-CON CORPORATION

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

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FAX: +81-3-5436-7631

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