



CHEMI-CON REPORT 2020

Integrated Report

Corporate Philosophy

“Contributing to Environmentally and People Friendly Technology”

To continuously provide value to society

Society is changing rapidly.

Daily life has been greatly transformed and the world now looks to create new social structures.

On multiple occasions, modern society has experienced economic change on a global scale. These changes have forced us to establish new norms and changed how companies do business.

Moreover, the societal changes we are seeing now are further driving us to create new norms. This movement to establish new norms must go beyond short-term measures and fixes. The change we strive for must achieve sustainable, widespread, and comprehensive growth.

Nippon Chemi-Con believes in “Contributing to Environmentally and People Friendly Technology.” Based on this corporate philosophy, we establish management strategy rooted in ESG, continuously seek to enhance our technology, and partner with various companies and organizations as we strive to create a sustainable society. To ensure we effectively use our management resources, we also have begun implementing structural reforms aimed at increasing productivity and achieving efficient business management. As we shift to new norms, we also are adopting new workstyles that incorporate IT.

In an everchanging world, Nippon Chemi-Con will continue to strive for change that enables us to continuously provide value to society.

<Editing Policy>

The CHEMI-CON REPORT is an integrated 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 ESG information (environment, social, 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.	May 1994	DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD. established in China.
Aug 1947	Company reorganized, company name changed to "NIPPON CHEMICAL CAPACITOR INC."	Apr 1995	Acquisition of shares of MARCON ELECTRONICS CO., LTD.
May 1963	Japanese spelling of the company adjusted.	May 1998	SHANGHAI CHEMI-CON TRADING CO., LTD. established in China.
Apr 1966	A new plant established in Miyagi Prefecture for production of small size aluminum electrolytic capacitors.	Aug 2002	Production of aluminum electrolytic capacitors launched at CHEMI-CON (WUXI) CO., LTD. in China.
Jun 1966	HITACHI ELECTROLYTIC FOIL LABORATORY INC. established in Ibaraki Prefecture for production of materials for aluminum electrolytic capacitors.	Apr 2003	CHEMI-CON ELECTRONICS (THAILAND) CO., LTD. established in Thailand.
Mar 1969	A new plant established in Iwate Prefecture for production of medium size aluminum electrolytic capacitors.	Apr 2008	CHEMI-CON TRADING (SHENZHEN) CO., LTD. established in China.
Jun 1970	UNITED CHEMI-CON, INC. established in the United States.	Jul 2009	CHEMI-CON ENGINEERING CO., LTD. established in Taiwan.
Sep 1970	Listed on the second section of the Tokyo Stock Exchange.	Jun 2012	CHEMI-CON TECHNICAL CENTER (WUXI) LTD. established as R&D base in China.
Sep 1972	SAMYOUNG ELECTRONICS CO., LTD. established as a joint venture, in South Korea.	Feb 2016	CHEMI-CON AMERICAS HOLDINGS, INC. established as a regional headquarters in the United States.
Feb 1975	SINGAPORE CHEMI-CON (PTE.) LTD. established in Singapore.	Mar 2016	Consolidation of CHEMI-CON ENGINEERING CO., LTD. to TAIWAN CHEMI-CON CORP.
Jun 1976	A new plant established in Fukushima Prefecture for production of large size aluminum electrolytic capacitors.	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.
Feb 1977	EUROPE CHEMI-CON (DEUTSCHLAND) GmbH, established in Germany.	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.
Sep 1977	Listed on the first section of the Tokyo Stock Exchange.	Apr 2020	CHEMI-CON EAST JAPAN MATERIALS CORP. established after the split of the electrode foil business of CHEMI-CON IWATE CORP. and CHEMI-CON FUKUSHIMA CORP. The absorption of CHEMI-CON IWATE CORP. and CHEMI-CON FUKUSHIMA CORP. into CHEMI-CON MIYAGI CORP., renamed CHEMI-CON EAST JAPAN CORP.
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.		



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



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



Conductive polymer aluminum solid capacitors launched (1998)



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



Conductive polymer hybrid aluminum electrolytic capacitors launched (2012)

CONTENTS

Chapter 1 About Nippon Chemi-Con 01

Corporate Philosophy / History / Contents / Editing Policy	01
What we offer: About Capacitors (Net Sales by Market)	03
At a glance (Net Sales by Product)	05
At a glance (Net Sales by Region / Employee Composition by Region)	06
Summary of Consolidated Financial Results (Ten-Year Summary)	07
Financial and Non-financial Highlights	09
Top Message	11

Chapter 2 Growth Strategy for Value Creation 15

The 9th Medium-term Management Plan	15
Financial Strategy (Message from our Executive Officer for Accounting)	18
Growth Strategy	
– Aluminum Electrolytic Capacitor Business	19
– Electric Double Layer Capacitor Business	20
Strategic Allocation of Management Resources	
Investment in Research and Development (Message from our CTO)	21
Strategic Allocation of Management Resources	
Quality Investment (Message from our CQO)	22
Strategic Allocation of Management Resources – Human Resources Investment	23

Chapter 3 Foundation for Value Creation 25

Strategic Basis for Sustainability - ESG Initiatives	25
E Environment Environmental Management	26
E Environment Green Procurement / Third-party Evaluation of Environmental Initiatives	28
S Social CSR Management	29
S Social Healthy Company	31
S Social Contributions to Local Community	32
G Governance Corporate Governance	33
G Governance Compliance	35
G Governance Risk Management	36
G Governance Executive Members	39
G Governance Message from Outside Directors	41
G Governance IR Activities / Events	42

Chapter 4 Data Section 43

Years ended March 31, 2011 through 2020	43
Consolidated Balance Sheets	45
Consolidated Statements of Income / Consolidated Statements of Comprehensive Income	46
Consolidated Statements of Cash Flows	47
Financial Status and Analysis of Operating Results	48
Major Offices and Plants, Overseas Affiliates / Domestic	49
Corporate Information / Stock Information	51
About the CHEMI-CON REPORT 2020	52

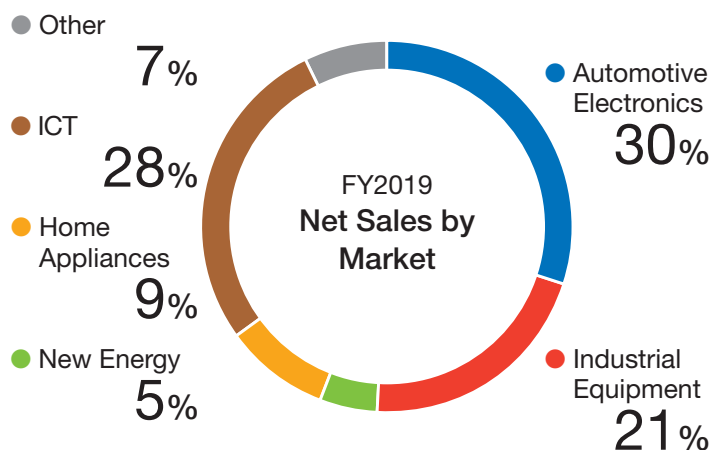
What we offer: About Capacitors

Net Sales by Market

The Nippon Chemi-Con Group focuses on marketing, product development, and sales promotion activities in five strategic markets where we expect market growth and where there is demand for our technology.

The FY2019 composition of net sales for each of the five strategic markets is as shown in the graph.

Conductive Polymer Aluminum Solid Capacitors:
hereinafter referred to as Conductive Polymer Capacitors
Conductive Polymer Hybrid Aluminum Electrolytic Capacitors:
hereinafter referred to as Hybrid Capacitors



Automotive Electronics Market

Unchanged year-on-year »

30%

In addition to equipment mounted on xEVs such as on-board chargers for EVs and hybrid vehicles, our products are also used in a wide range of vehicle electronics, including the electronic circuits used to control engines, steering, SRS airbags, air conditioners, and headlights. In particular, recent years have seen increased demand related to Advanced Driver Assistant Systems (ADAS), autonomous driving technology, and the transition to 48V for vehicle system voltage. In addition to the electric double layer capacitors used in brake energy regeneration systems and power fault prevention systems, products used in car navigation systems and dashcams 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

Down 2 percentage points year-on-year »

21%

This category comprises products used in industrial equipment, including manufacturing equipment installed in semiconductor factories and the industrial robots, lathes, and milling machines operating on vehicle manufacturing lines. This market is linked to trends in the capital investments driven by industrial development. Examples of this development include factory automation in various industries, smart factories adopting AI and IoT, and inverter power supplies that improve the environmental performance of equipment. This category also includes products used in trains, airplanes, and other forms of public transportation, construction machinery, the security equipment used to keep cities safe, and lifeline and other forms of infrastructure equipment.



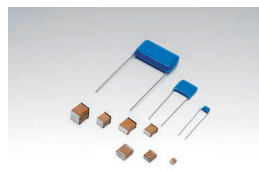
Major products used



Aluminum Electrolytic Capacitors (Snap-in type)



Aluminum Electrolytic Capacitors (Screw Terminal type)



Multilayer Ceramic Capacitors



Amorphous / Dust Choke Coils

New Energy Market

Up 2 percentage points year-on-year » **5%**

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 are aggressively promoting sales while carefully analyzing technology and market trends as we strive to contribute to the dissemination of clean energy.



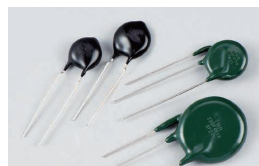
Major products used



Aluminum Electrolytic Capacitors
(Snap-in type)



Aluminum Electrolytic Capacitors
(Screw Terminal type)



Metal Oxide Varistors



Amorphous / Dust Choke Coils

Home Appliances Market

Down 2 percentage points year-on-year » **9%**

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

Up 2 percentage points year-on-year » **28%**

ICT is short for Information & Communication Technology. This category comprises sales of products for digital AV equipment and information communication equipment such as televisions, computers, and home video game consoles. Market growth linked to IT infrastructure and communications infrastructure is noticeable as the growth of cloud services in recent years has driven demand for the parts used in data center servers. We are also seeing strong growth rates in demand for communication base stations of 5th generation mobile communications systems (5G).



Major products used



Aluminum Electrolytic Capacitors
(SMD type)



Aluminum Electrolytic Capacitors
(Radial Lead type)



Aluminum Electrolytic Capacitors
(Snap-in type)



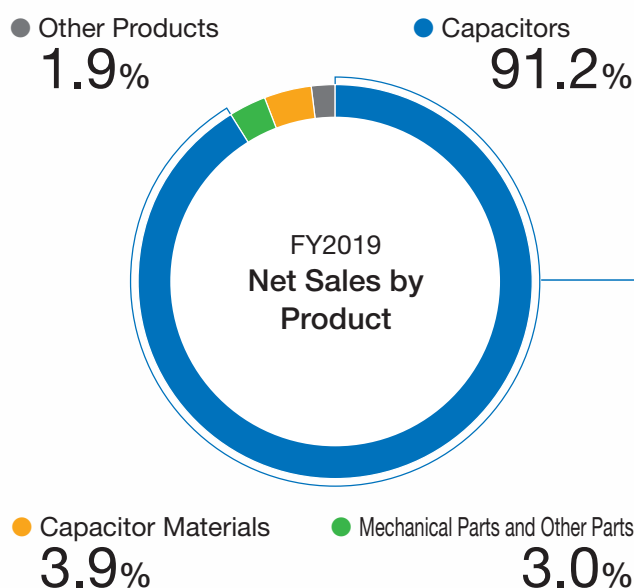
Conductive Polymer Aluminum
Solid Capacitors

At a glance

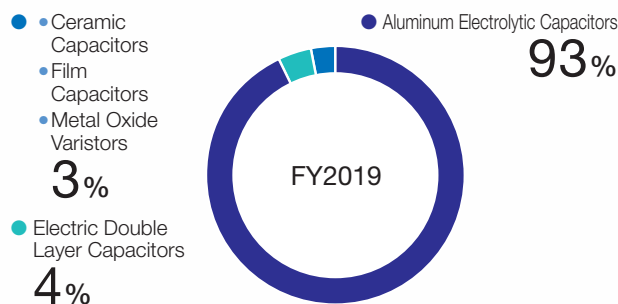
Net Sales by Product

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 Console	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 FY2019: **¥104,582** million (91.2% of total sales)

Net sales decreased 17.3% year on year. Although some products, such as aluminum electrolytic capacitors for 5G base stations and our new hybrid capacitors recorded sales growth, the prolonged US-China trade friction and the COVID-19 pandemic caused market stagnation as vehicle sales declined and corporate capital investments slowed.

Major products in this division: 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 FY2019: **¥3,390** million (3.0% of total sales)

Net sales decreased 4.1% year on year due to stagnant market conditions that resulted in decreased sales of the CMOS camera modules used in dashcams.

Major products in this division: Amorphous Choke Coils, Dust Choke Coils, CMOS Camera Modules

Capacitor Materials Net sales in FY2019: **¥4,445** million (3.9% 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 FY2019, net sales decreased significantly year on year due to a decline in demand for aluminum electrode foils.

Major products in this division: Aluminum Electrode Foils, Sealing Rubbers

Other Products Net sales in FY2019: **¥2,180** million (1.9% of total sales)

Net sales decreased significantly year on year in part due to commercial distribution changes for silicon wafer resale products.

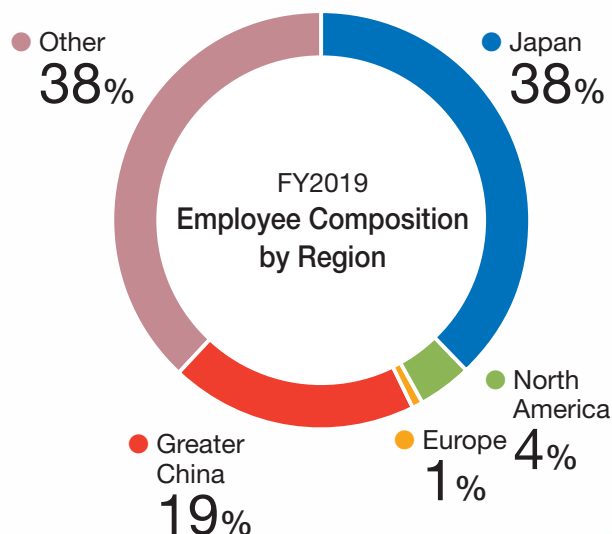
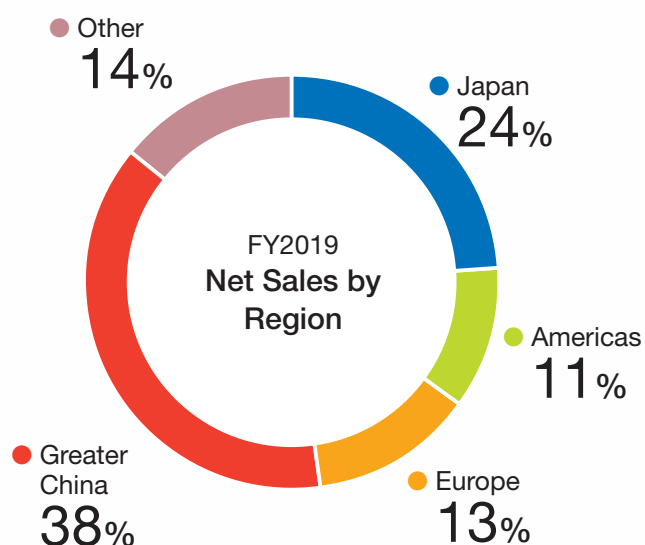
Major products in this division: Silicon Wafers, Reclaim Wafers

At a glance

Net Sales by Region/ Employee Composition by Region

Our composition of net sales by region is as shown in the graph. In FY2019, our overseas net sales ratio was 76%.

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



Looking at a breakdown of net sales by sales region, the ratio of sales in Greater China during FY2019 dropped by 5 percentage points while the ratio of sales in Japan, the Americas, Europe, and other regions increased compared to the previous fiscal year. In FY2019, the ratio of overseas net sales was 76%.

The Nippon Chemi-Con Group has approximately 7,000 employees, of which 62% are employees working overseas. 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.

Summary of Consolidated Financial Results (Ten-Year Summary)

	2011.3	2012.3	2013.3	2014.3
Net sales	127,790	100,290	92,959	113,962
Operating income (loss)	8,155	(2,596)	(6,990)	4,933
Operating income margin (%)	6.4	(2.6)	(7.5)	4.3
Ordinary income (loss)	6,744	(2,633)	(6,685)	4,304
Ordinary income margin (%)	5.3	(2.6)	(7.2)	3.8
Profit (loss) attributable to owners of parent	3,297	(4,909)	(9,252)	3,315
Profit attributable to owners of parent margin (%)	2.6	(4.9)	(10.0)	2.9
Profit (loss) per share (Yen) (EPS)	231.65	(344.93)	(650.14)	223.38
Dividend per share (Yen) (DPS)	30.00	0.00	0.00	0.00
Book value per share (Yen) (BPS)	4,298.25	3,884.86	3,554.65	3,901.56
Return on assets (ROA) (%)	2.4	(3.6)	(6.8)	2.4
Return on equity (ROE) (%)	5.4	(8.4)	(17.5)	5.8
Capital investment	9,614	13,521	5,953	3,067
Depreciation and amortization	8,392	8,493	8,615	7,951
Research and development (R&D) expenses	3,642	3,966	3,981	3,872
Proportion of net sales (%)	2.9	4.0	4.3	3.4
Number of employees as of the end of the year	7,684	7,095	7,026	6,940

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.
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.

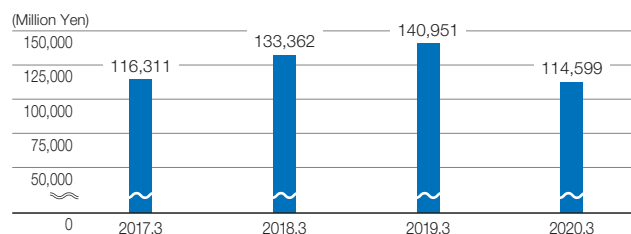
(Million Yen)

2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
123,365	118,414	116,311	133,362	140,951	114,599
5,122	2,179	3,338	5,818	5,137	(2,891)
4.2	1.8	2.9	4.4	3.6	(2.5)
6,207	1,165	2,002	4,416	4,833	(4,245)
5.0	1.0	1.7	3.3	3.4	(3.7)
5,362	(6,905)	840	(16,056)	917	(5,926)
4.3	(5.8)	0.7	(12.0)	0.7	(5.2)
329.09	(423.82)	51.57	(985.77)	56.36	(363.96)
30.00	30.00	30.00	30.00	30.00	0.00
4,772.25	3,834.26	3,877.73	3,012.97	2,921.53	2,422.68
3.7	(4.9)	0.6	(11.4)	0.7	(4.3)
7.6	(9.8)	1.3	(28.6)	1.9	(13.6)
5,203	4,354	4,590	7,525	9,553	5,620
7,373	7,127	6,220	6,105	6,496	7,199
4,160	4,321	4,272	4,208	4,288	4,161
3.4	3.6	3.7	3.2	3.0	3.6
7,039	6,903	6,939	7,125	7,132	6,901

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 2011.
7. As of the beginning of FY2018, we apply the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). As a result, we now indicate deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. Figures for FY2017 have been adjusted retroactively to reflect the change in accounting standards.
8. Employee numbers as of the end of the fiscal year include fixed-term employees.

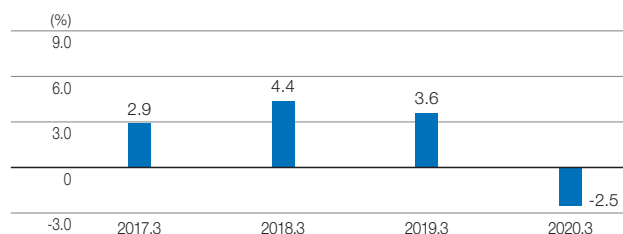
Financial and Non-financial Highlights

Net sales



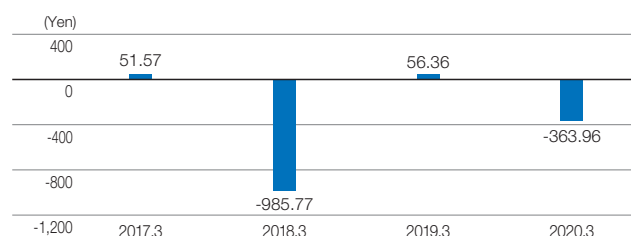
The US-China trade friction that began in 2018 and the spread of the new coronavirus infection caused a significant drop in sales.

Operating income margin

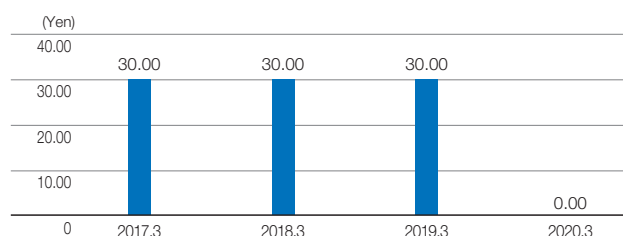


Over the medium term, we have set a goal of 7%.

Profit (loss) per share (EPS)

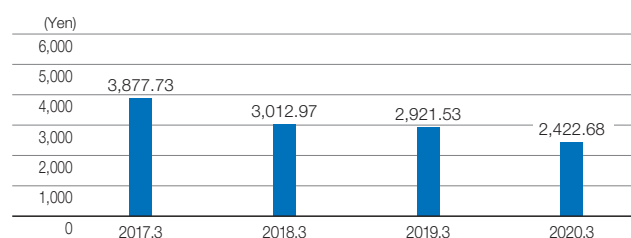


Dividend per share (DPS)

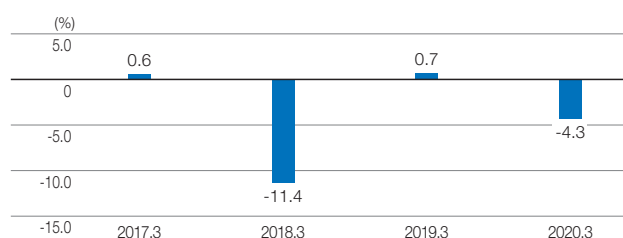


We work to provide stable dividends.

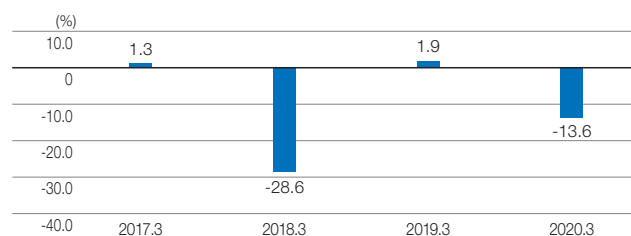
Book value per share (BPS)



Return on assets (ROA)

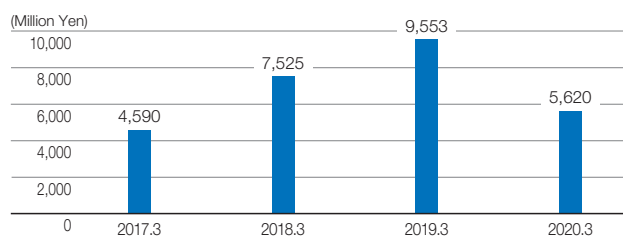


Return on equity (ROE)



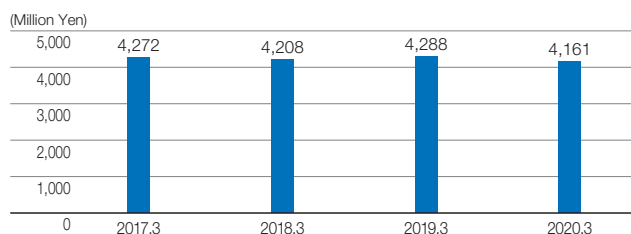
Over the medium term, we have set a goal of 10% and higher.

Capital investment



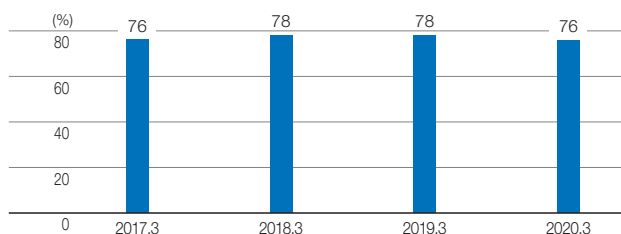
We will increase capital efficiency by concentration and selection of our capital investments.

R&D expenses



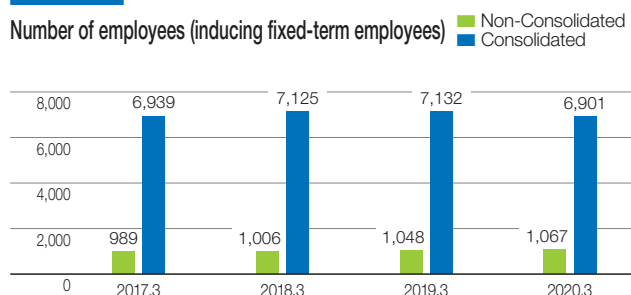
Under a medium-to long-term plan, we work to maintain R&D investments equivalent to 3-4% of net sales for technology development, the driving force behind corporate growth.

Overseas sales ratio



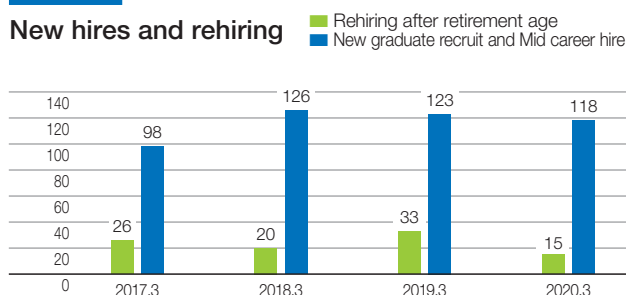
We work to strengthen regional strategies to diversify risks.

Number of employees (including fixed-term employees)

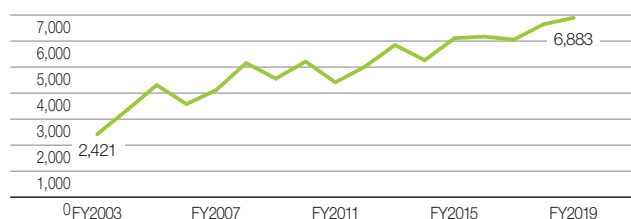


Our employee numbers are stable and there has been no significant fluctuation.

New hires and rehiring



Compliance of the products

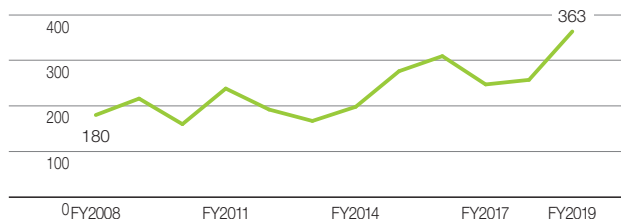


Since EU ELV directive came into force in 2003, other laws and regulations concerning chemical substances, such as EU RoHS directive in 2006, EU REACH regulation in 2007, were enacted and enforced. EU is leading environmental laws and regulations with periodic or irregular revisions. These EU laws and regulations had become global trend of managing chemical substances in products, and many countries are adopting them.

We are committed to provide "Green Products" that are free from regulated chemical substances by grasping rapidly changing chemical substances laws and regulations, by marketing law-complied products in advance, and by providing necessary information to those who requires.

The graph shows the investigation number transition concerning "non-containment of the hazardous substances in our products" from the customers. There were about 2,500 inquiries in FY2003, 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.

QPE supplier audit results



The potential applications for our products are expanding due to consumer technology trends. However, it goes without saying that strong, trust-based relationships with our suppliers are critical to ensure a quick response to customer expectations.

We have made improvements on the conventional "Green supplier approval system" by combining quality (Q), procurement (P), and environment (E) into a single audit system. The output gained from this system is the QPE Supplier Charts. These charts perform a function similar to a regular health exam chart by enabling us to check on the health (management) status of our suppliers. These charts also serve as a tool that promotes close communication with our suppliers.

Top Message

— Message from Our Chairman



We aim to “Shift to a corporate structure capable of responding flexibly to changes in the business environment” and build a business management and governance to support that structure.

November 2020
Ikuo Uchiyama
Representative Director and Chairman

To ensure independence and stimulate discussion, we appoint outside directors to chair our advisory committees.

The operating environment impacting the Nippon Chemi-Con Group is changing dramatically. The acceleration of low birth rates and aging population is causing stagnant growth on domestic markets while dramatic advancements in digital technology (digital transformation) have driven market diversification and multi-polarization, leading to the shift to online sales formats. Our Group must be able to accurately assess these changes, achieve value creation through stabilized profits obtained by innovation in our product planning and structural reforms, and enable sustainable growth. To achieve these goals, the Nippon Chemi-Con Group will focus on achieving rapid and appropriate

decision-making and business operations. We will also enhance our development of a corporate governance structure that ensures corporate transparency, fairness, and effective and efficient business operations.

The two committees overseen by the Board of Directors, the “Nomination Advisory Committee” and the “Compensation Advisory Committee,” are both chaired by outside directors. This maintains the objectivity and independence of each committee while ensuring outside directors are able to apply their expertise and vast experience towards stimulating committee discussion, improving the effectiveness of each committee as an advisory body to the Board of Directors.

By reducing the number of executive officers, we aim to increase the speed of decision-making.

The new structure we launched in June 2020 aims to increase the speed of the decision-making process by reducing the number of executive officers from 14 to 12. To achieve our medium-term goal of shifting to a corporate structure that can respond flexibly to changes in our business environment, we determined the need to make speedy decisions with a select few. At the same time, we streamlined our organization by reducing the number of back office departments from seven to three to quickly resolve current issues.

Additionally, we will actively promote expert personnel and a diverse range of personnel regardless of gender or nationality, to regional managers. As we pursue diversity, we will build a management and governance structure that can flexibly respond to environmental changes and the diversification of values.

To achieve our corporate philosophy “Contributing to Environmentally and People Friendly Technology,” we will constantly pursue the highest level of corporate governance and continuously work towards improvements.

— Interview with the President

First, we must focus on achieving immediate goals.

We aim to create a continuously changing culture in response to changes in society.

November 2020
Norio Kamiyama
Representative Director and President



In the little more than a year since assuming the position of Representative Director and President in June 2019 and adopting a new operating structure, the world has changed greatly due to the impact of the US-China trade friction and what will inevitably be a prolonged battle against COVID-19. It was also during this timeframe that the company started its 9th Medium-term Management Plan in April 2020. We spoke with President Kamiyama about what the Nippon Chemi-Con Group will strive for in a changing world searching for new order.

(Interviewer: Corporate Strategy Dept.)

— Immediately after taking over as President, you spoke to employees about your approach to “goals” and the importance of goal achievement.

Since before I assumed the position of President, I knew the Group needed to reevaluate our approach to goals.

We have been able to identify the majority of the internal issues we face as a company. To resolve those issues, we establish goals and engage in activities to achieve those goals, but I noticed that in some cases goals were confused with needs and desires.

A goal must be something that is achievable if planned out and effort is made to implement that plan. For both the people establishing goals and the people who work to achieve them, this is a requirement to have

accountability for results. Striving to achieve needs and desires with no clear path to achievement will see the dissipation of the sense of urgency that comes with having to achieve a goal. I spoke with employees about this because I want them to have this type of awareness. From there, it is the responsibility of management to evaluate what needs to be done to fill the gap between goals and needs.

Also, our operating environment is subject to completely unpredictable changes due to unexpected circumstances. Risks that are beyond our control can also make it difficult to achieve goals.

The current COVID-19 pandemic, particularly in the early stages, resulted in the temporary suspension of operations at our overseas plants and other conditions that were not a part of our initial plans. In situations like these, it is critical that a company is able to immediately reevaluate plans and respond flexibly based on operational priority.

— Has the COVID-19 pandemic affected the Nippon Chemi-Con Group in any way?

In response to COVID-19, from April 2020 we adopted telecommuting. This was a sudden measure in response to the state of emergency declaration issued by the Tokyo Metropolitan Government, so it resulted in initiating telecommuting without sufficient preparation time.

Top Message — Interview with the President



Since prior to COVID-19, I have spoken with employees about workflow reform and the need to consider stopping customary tasks and meetings. I believed that any resulting issues could be addressed as they occurred. As it turned out, the sudden shift to telecommuting forced us to move forward with such an initiative.

I believe workstyle reforms being implemented to improve productivity must first begin with not engaging in wasteful tasks.

Attempting to eliminate customary workflows and tasks can result in concerns and even resistance, but in many cases, once they are actually eliminated, people find no problem without them. In other cases, eliminating a workflow can help us see what is truly necessary. Improving productivity requires more than simply eliminating various practices. However, I do believe that we learned a lot from our recent experiences.

Of course, there is no change to the principles of our Group slogan: Safety, Quality, and Legal Compliance. Some things must be protected regardless of the situation. From there, it is important to focus on keeping only the truly important workflows and achieve greater efficiency.

— Amid the COVID-19 pandemic, the company started its 9th Medium-term Management Plan.

In FY2019, Group earnings declined significantly due to the impact of US-China trade friction and the COVID-19 pandemic. The prolongation of both issues appears inevitable, but we decided to move forward with starting our 9th Medium-term Management Plan in April.

There are various policies we must undertake towards achieving medium- to long-term growth, but looking at the current status of our Group, our priority must be earnings recovery. Instead of engaging in various initiatives, I believe it is important that we focus our efforts on profit improvement. I have made this clear to our employees as well.

Amid a difficult market environment, it will be difficult to increase sales immediately. To improve profits, it is critical that we reduce fixed costs and improve our financial structure.

In addition to achieving cost reductions by reevaluating workflows within each department, in April we conducted the consolidation and restructuring of our plants in Japan as we aim to optimize operations. We also worked to streamline our personnel structure by offering an early retirement benefits program through May.

To improve capital efficiency, we have decided to apply even stricter examination standards towards capital investments. For example, the aluminum electrode foil business, which makes capacitor materials, is heavily related to the machining industry so maintaining high operating rates for production equipment is a prerequisite to securing profitability. Instead of conducting capital investments during peak production periods, we will effectively incorporate procurement from outside sources to maintain optimal production capacity.

— You have presented a policy to strengthen product planning capabilities.

Looking ahead somewhat, the core of our Group growth strategy centers on increasing the speed in which we launch products to growth markets and increasing the ratio of high value-added products. What we must consider now is, when we think about the products our Group develops, aluminum electrolytic capacitors for example, even with our popular products it takes approximately four to five years from product launch to peak product sales. In other words, from the perspective of profits, we must assume that products for which we complete development during the 9th Medium-term Management Plan will not make significant contributions to earnings until the next Medium-term Management Plan.

For this reason, I plan to strengthen the development of proposal-based products as a path to achieving future growth. While it is important to respond to

specific requests made by customers such as “make the component smaller” or “increase the product lifespan,” I want to take a different approach. We will aggressively engage in offering original proposal-solutions through which we help customers see how they can use our technology to create new products. Looking back in time, numerous hit products are a result of this process. Through collaborations between the basic research department of materials and the product development department, we will develop products that resolve the latent needs of our customers in ways that not even the customer has conceived.

— Lastly, tell us about how you view the future.

Like I stated earlier, current conditions for our Group dictate that our only course of action for FY2020 is to focus on initiatives aimed at improving profit. On the other hand, my long-term goal is to turn Nippon Chemi-Con into a Group that achieves high employee satisfaction (ES) and high employee engagement. I want to foster an atmosphere that encourages employees to proactively take on challenges without fear of change and an environment in which every

employee feels comfortable speaking their mind on the direction they think is best for the company. I believe this will lead to the creation of a continuously changing culture that enables the company to respond to changes in society.

Achieving this will require increasing not only the company's financial value but increasing our non-financial value as well.

Some two years ago, we conducted a large-scale employee satisfaction survey. We made changes to our personnel system based on the results of that analysis. We will continue to incorporate analysis results into the activities of management innovations and aim to achieve increased ES.

Creating a company that all employees are proud to be a part of first requires that we achieve our immediate goals and tie those efforts into future-oriented initiatives.



The 9th Medium-term Management Plan

Nippon Chemi-Con Group developed the 9th Medium-term Management Plan covering the period of three years from April 2020 to March 2023 and is implementing measures to achieve our goals. The outline of the plan is as follows:

Corporate Philosophy

Contributing to Environmentally and People Friendly Technology

Long-term Goal

Sustainable Corporate Growth and Improvement of Medium and Long-Term Corporate Value: E.C.O. Solution 2000

Medium-term Goal

Shift to a corporate structure capable of responding flexibly to changes in the business environment

Numerical Goals for the Final Year

Net Sales

140 billion yen

Operating Income Margin

7%

ROE

10% and higher

Total Asset Turnover Ratio

1.0

(Assumed exchange rate: 105yen to the US dollar)

Basic Strategy

Generate profits through productivity reforms across the company and all divisions

Key Measures

1. Reinforce safety, quality, and legal compliance and the customer-first policy
2. Foster human resources with high motivation for challenge and sensitivity to information and create a new corporate culture
3. Introduce new products by strengthening product planning capabilities and clarify growth strategies
4. Improve customer satisfaction by prioritizing quality
5. Eliminate the high-cost structure by reorganizing production bases and implementing productivity reforms
6. Promote digitization to realize speedy management (DX Promotion)

■ For the latest information on the medium-term management plan, please see the website on the right.

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

Framework of the 9th Medium-term Management Plan and Implementation of Structural Reform

Product Planning Reform

Chapter 1

About Nippon Chemi-Con

Chapter 2

Growth Strategy for Value Creation

Chapter 3

Foundation for Value Creation

Chapter 4

Data Section

1》Strategies by Market /Product Group

1. Strategically important markets

- 1 Automotive electronics (CASE)
- 2 Communication (5G/cloud)
- 3 Industrial equipment and energy conversion

2. Enhancement of the earning power of aluminum electrolytic capacitor business

- 1 Enhancement of the strength of conductive polymer and hybrid capacitors
- 2 Sales expansion of high-performance SMD type for automotive electronics
- 3 Focus and selection of large/small size (Conversion to high added value with the current production capacity)
 - i) Improvement of the proportion of new products in large size
 - ii) Termination of the production of small-capacitance small size

3. Solid devices/functional devices

- 1 Electric Double Layer Capacitors: Sales expansion for in-vehicle power supply backups
- 2 Combining and module strategy enhancement
- 3 Coils: Sales expansion of new products for automotive electronics
- 4 Multilayer Ceramic Capacitors: Sales expansion to automotive electronics and industrial equipment

2》Regional Strategy

Japan

- 1 Reorganization of sales bases and enhancement of distributor policies
- 2 Focus on industrial equipment/automotive electronics partner customers

Americas

- 1 Focused usage of production bases in the US
- 2 Enhancement of sales and marketing for GAFA/semiconductor manufacturers

Europe

- 1 Sales expansions of strategic markets (automotive electronics/5G)
- 2 Sales expansion of functional devices utilizing agents and reps

Greater China

- 1 Sales expansions of strategic markets (automotive electronics/5G)
- 2 Addressing domestic demand and usage of production bases in China

Other

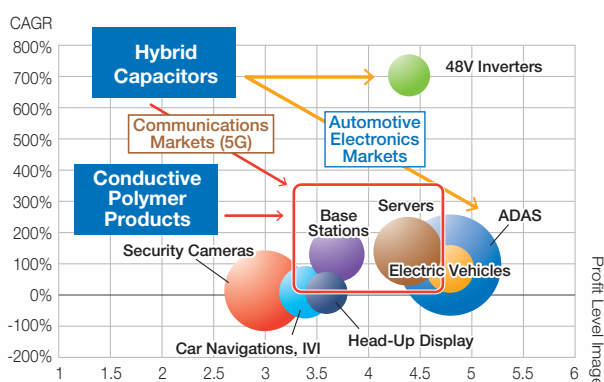
- 1 Establishment of sales bases in India
- 2 Enhancement of sales expansions to Korean customers (Enhancement of cooperation with Korean affiliate)

Global

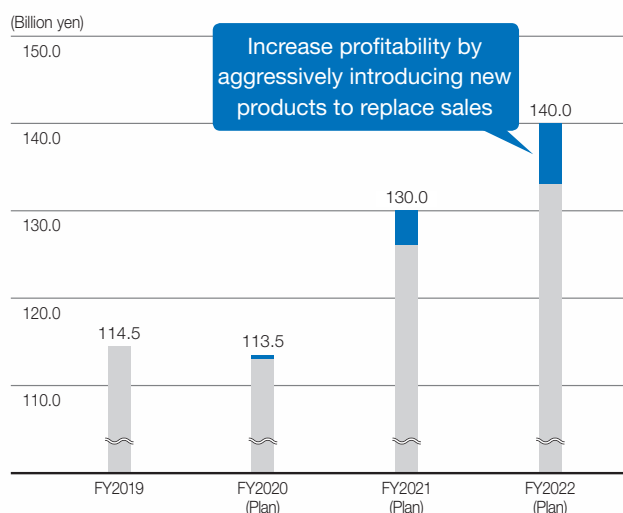
- 1 Enhancement of web strategies for sales and marketing
- 2 Enhancement of alliances and speedy management

3》Generate Highly Profitable Products by Introducing New Products

Strengthen product planning capabilities and accelerate the introduction of new products into markets that are expected to grow



Swiftly respond to changing markets/environments and aim to generate profits with technological agility



Structural Reform Measures

1 Reduction of fixed costs through productivity reform and improvement of financial position

- Workforce optimization under the early retirement program
- Improve productivity by integrating and reorganizing production sites and consolidating production site staff functions at the head office
- Reduce manufacturing processes by promoting the use of smart factories
- Establishment of a system for high-capacity operation of electrode foil facilities
- Improve capital efficiency through selection and concentration of capital investment
- Drastic reform of supply chain management system to reduce inventories

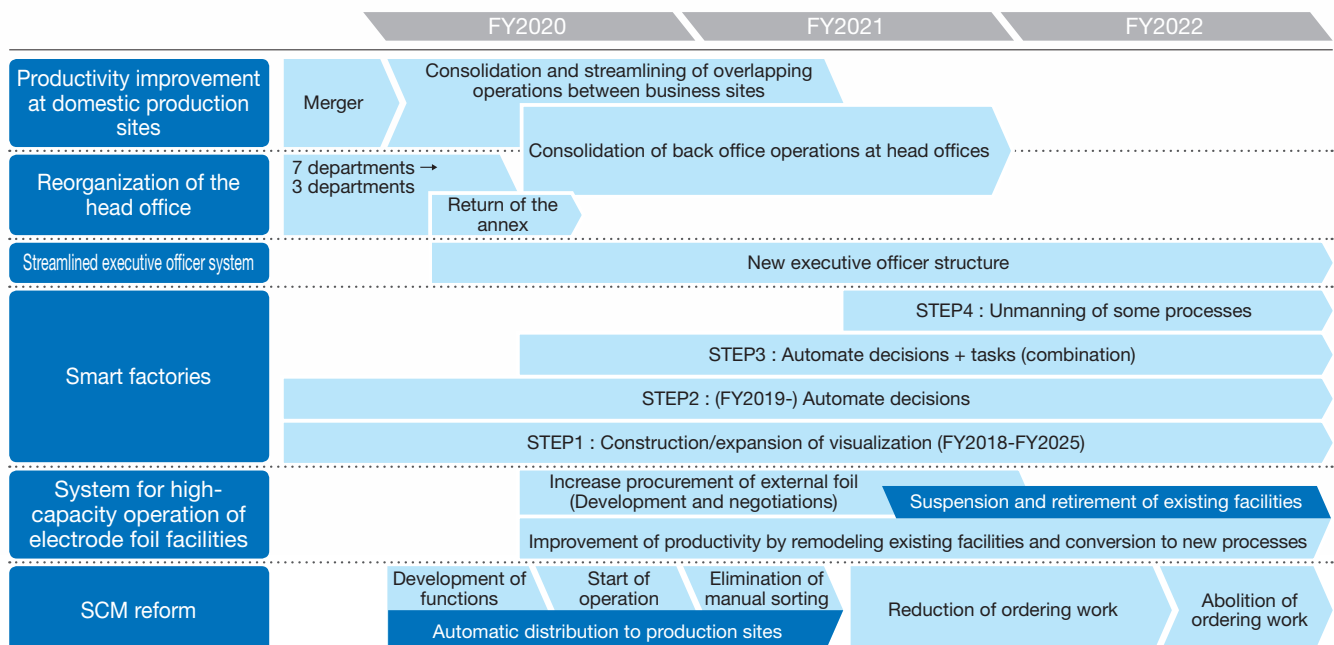
2 Realization of speedy management

- Streamlined executive officer system and reorganization of the head office

Performance Improvement Effects from Product Planning Reforms and Structural Reforms

Main Measures		Cumulative total for the three years
1	Reduce fixed costs (Executive compensation, personnel costs, depreciation, etc.)	+ 6.3 billion yen
2	Improve profit through productivity improvement (Promote smart factories, establish a system for high-capacity operation of electrode foil facilities)	+ 1.9 billion yen
3	Increase profitability by introducing new products	+ 3.8 billion yen
Performance improvement effect total		+ 12.0 billion yen
4	Inventory reduction effect	+ 3.0 billion yen

Structural Reforms Roadmap



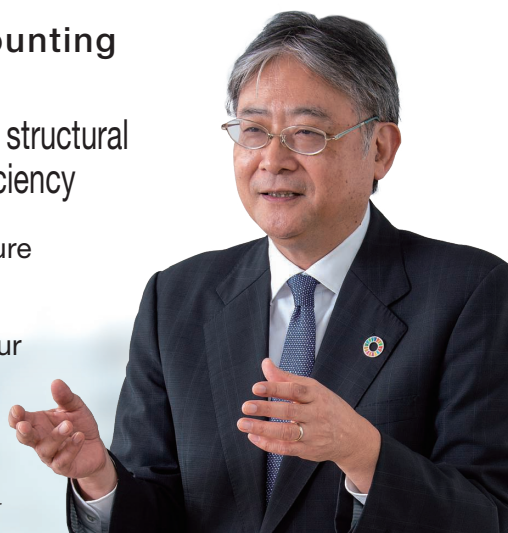
Financial Strategy

Message from our Executive Officer for Accounting

Strengthening of the financial platform by implementing structural reforms to improve the revenue structure and asset efficiency

Through structural reforms, we will build a revenue structure unaffected by economic fluctuations and a management platform capable of rapid responses to changes in our market environment. By doing so, we aim to strengthen our financial foundation and improve shareholder value in the long-term.

Osamu Ishii
Senior Executive Officer



FY2019 saw the US-China trade friction that began in FY2018 intensify and the rise of concerns regarding global economic downturn. Furthermore, earnings were significantly impacted by the COVID-19 pandemic that broke following the New Year. As a result, net sales were 114.5 billion yen, a decrease of 18.7% year on year. This is below net sales of 140.0 billion yen, the goal figure for the final year of our 8th Medium-term Management Plan.

Full year earnings were down with net losses of 5.9 billion yen. This loss caused our equity ratio to decline by 6.1 points to 28.3%.

A major factor was a decline in operations caused by demand fluctuations, which triggered a downturn in revenues. This contrasts with aggressive capital investments we conducted to increase production capacity for products for ICT related markets and the automotive electronic market, both of which are projected to see increased demand.

In the 9th Medium-term Management Plan, which we launched this fiscal year, we aim to “shift to a corporate structure capable of responding flexibly to changes in the business environment” to change to a business structure that generates stable profits under difficult market conditions. Specifically, in April 2020 we consolidated three domestic aluminum electrolytic capacitor manufacturing subsidiaries and created Chemi-Con East Japan Corp. We aim to improve productivity and reduce costs by integrated management in the aluminum electrolytic capacitor business. Furthermore, the newly established Chemi-Con East Japan Materials Corp. will succeed the aluminum electrode foil manufacturing departments of the three companies, seeking the acceleration of operation within the aluminum electrode foil business. Alongside the rebuilding of our production structure, we are implementing structural reforms aimed at shifting away from a high-cost structure by reducing fixed costs and improving productivity. This will enable us to speed up business execution and transform into a corporate structure capable of achieving profit goals.

As part of financial initiatives, we will ensure stable profits during the plan period and revise our debt and capital balance

by increasing our financial efficiency and diversifying capital procurement. We will aim for further management efficiency by achieving our ROE goal of 10% and higher, our goal for FY2022, the final year of the 9th Medium-term Management Plan.

At the end of August 2020, we decided to procure capital by conducting new share warrants via third-party allotment. By doing so, we will improve our financial platform and further increase profitability by focusing investments on highly profitable products. These products include conductive polymer capacitors and hybrid capacitors for the automotive electronics market and the communications equipment market, which will support future growth and profits.

To achieve ROE goals, we will improve capital efficiency and our total asset turnover by increasing the efficiency of working capital (CCC improvement) and adopting stricter capital investment standards while considering capital costs. Our weighted average cost of capital (WACC) is around 5%. We use net present value (NPV) and internal rate of return (IRR) as benchmarks during investment decision-making. We also try to have each business division be aware of capital cost when managing business.

To improve asset efficiency, we have continuously evaluated the disposal of non-core assets since last fiscal year and will engage in the disposal of cross-held shares and other assets based on the appropriate timing.

Through the period of the 9th Medium-term Management Plan, we will improve cash flows by engaging in growth investments, improving capital investment efficiency, generating term profits, and improving working capital as we aim to reduce our interest-bearing debt of 61.2 billion yen in FY2019 to 50.0 billion yen by FY2022.

Through structural reforms, we will build a revenue structure unaffected by economic fluctuations and a management platform capable of rapid responses to changes in our market environment. By doing so, we aim to strengthen our financial foundation and improve shareholder value in the long-term.

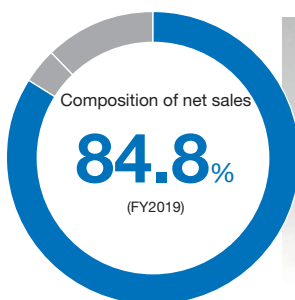
Growth Strategy

The following is a review of FY2019 performance and future initiatives for the aluminum electrolytic capacitor business, Nippon Chemi-Con Group's largest division, and the electric double-layer capacitor business, which we are developing into our second core business.

Aluminum Electrolytic Capacitor Business

FY2019

Net sales **97,219** million yen



Sales for 5G base stations were favorable while the automotive electronics market and industrial equipment market struggled

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.

FY2019 earnings and future initiatives

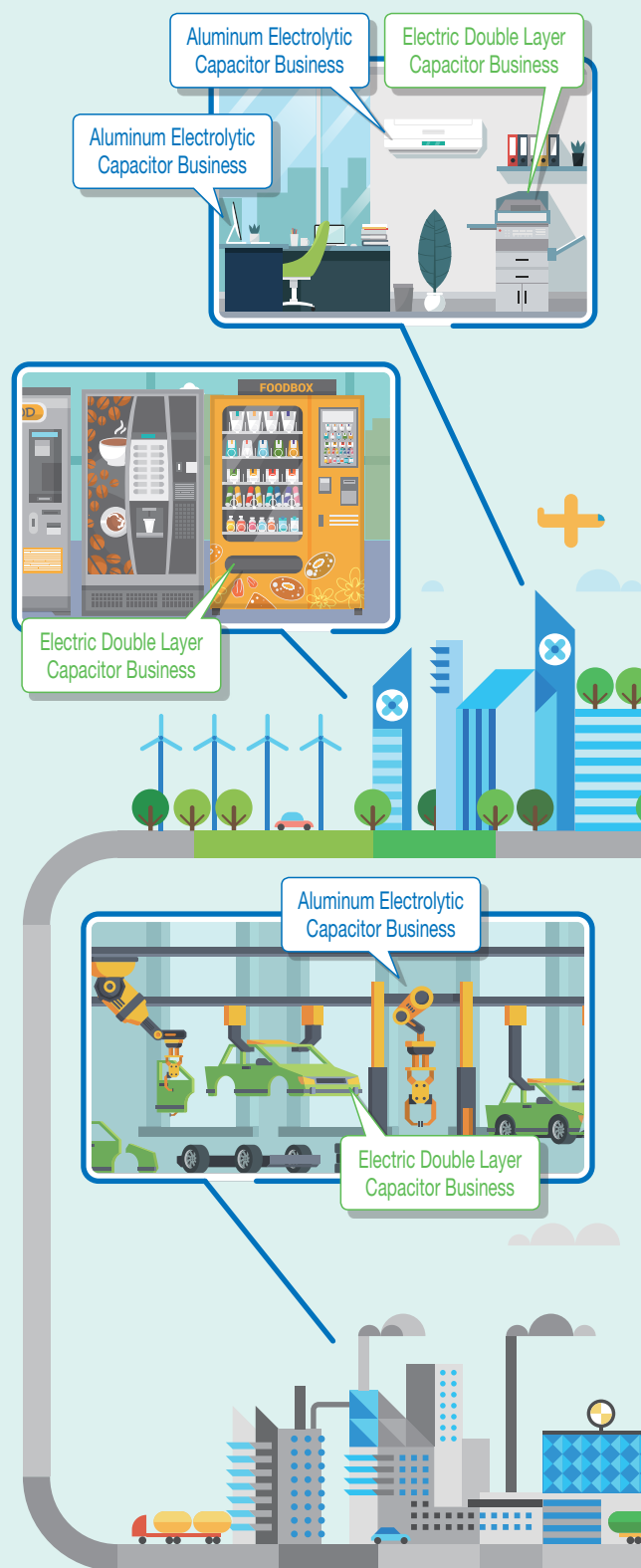
Net sales of aluminum electrolytic capacitors during FY2019 decreased by 17.9% year on year to 97.2 billion yen due to prolonged trade friction between the US and China, and the COVID-19 pandemic.

Sales of products for 5G base stations and data center servers were generally favorable, but stagnant corporate capital investments resulted in sluggish sales of large-sized aluminum electrolytic capacitors used in industrial robots and machining equipment. Despite favorable sales growth for automotive electronics in recent years, this segment struggled due to declining vehicle sales.

As for an outlook on the market, COVID-19 is predicted to drive further interest in automation, non-contact, and remote-control technology for devices and services. This shift is expected to drive growth in markets related to 5G and data centers as well as a result of increased demand for IT terminals for telecommuting and consumer gaming devices due to people staying at home.

While the stagnant automotive market awaits the recovery of vehicle sales numbers, we anticipate demand for electronic components related to electrification and autonomous driving will continue to grow in the medium- to long-term.

We will focus on these markets to aggressively promote sales of high value-added products such as our conductive polymer capacitors and conductive polymer hybrid capacitors.



Electric Double Layer Capacitor Business

FY2019

Net sales

4,428

 million yen

Composition of net sales

3.9%

(FY2019)



New adoption for vehicle backup power supply

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.

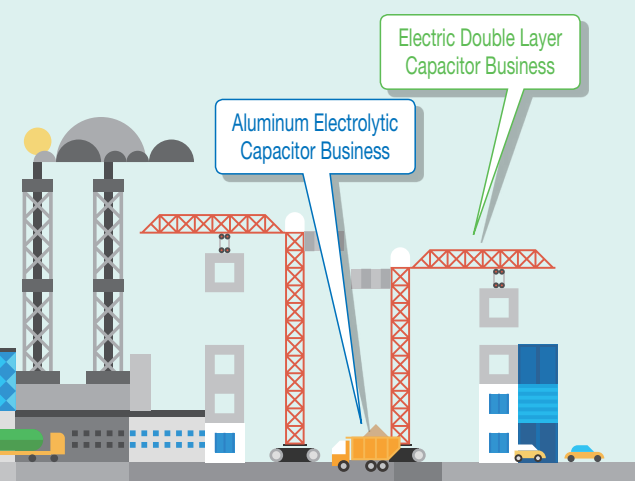
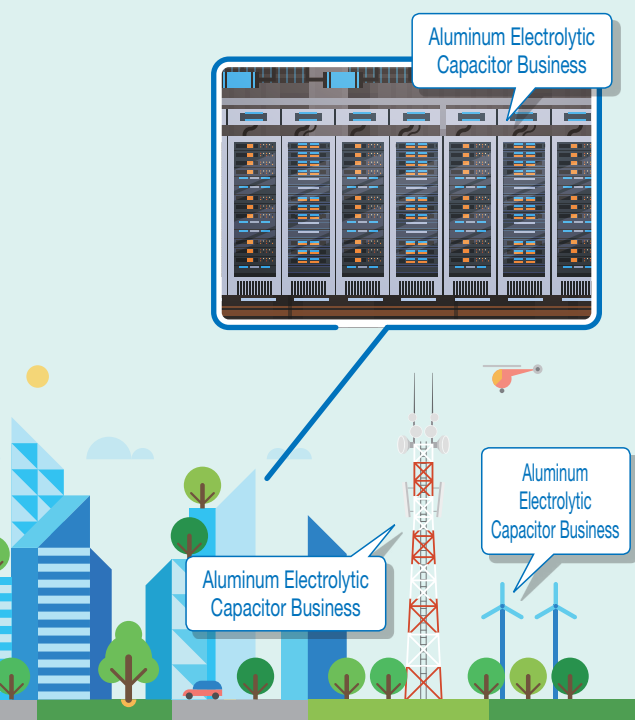
FY2019 earnings and future initiatives

In FY2019, net sales of electric double-layer capacitors were largely unchanged from the previous fiscal year at 4.4 billion yen. The ratio to total net sales increased by 0.8 points to 3.9%.

Compared to rechargeable batteries, electric double-layer capacitors are notable as storage devices capable of fast charging and discharging, and having less of an environmental impact as they last longer and do not include heavy metals. Praised for their high reliability, the majority of our products are used in vehicle electronics such as the brake energy regeneration system which improves vehicle mileage and reduces CO₂ emissions.

Although vehicle sales decreased in FY2019 due to the impact of US-China trade friction, the radial lead-type DKA Series, for which we started mass production in FY2018, was recently adopted for use in backup power supply systems that enable the electrical unlocking of vehicle doors in the event of an emergency. This enabled us to maintain overall sales volume.

Our policy is to continue expanding sales targeting vehicle electronics. At the same time, to capture new customers we will establish capacitor modules as a line of standard products. As these products are easy for customers to evaluate their performance, promoting this line of products will increase opportunities for customers to better understand the superior properties of our products and promote new product applications in a wide variety of fields.



Strategic Allocation of Management Resources Investment in Research and Development

Message from our CTO

Improving product planning capabilities - Distinguishing ourselves through R&D + “D”

Technology is an unseen asset. The ability to efficiently manage those assets is the key to corporate growth. Our engineers are motivated when the products we develop contribute to performance and society.

Katsunori Nogami

Executive Officer and Chief Technology Officer



From this fiscal year, we changed the Japanese name of the R&D Headquarters from Kenkyū-Kaihatsu Headquarters to the Gijutsu Headquarters. One of our policies is to strengthen our product planning capabilities. To achieve this, it is critical that in addition to research and development (R&D), we must be able to quickly and accurately deploy (D) that technology into society. We decided to express this concept of R&D+D with the word “gijutsu (technology).”

As an organization, technology departments absorbed a part of marketing departments to accelerate product launch and improve product proposal capabilities. We also adopted two major missions: to ascertain customer needs and strengthen new product promotion. Of course, we have been engaged in these initiatives thus far, but we are committed to further strengthening collaborations with technology to achieve speedy and more accurate results. To ascertain customer needs, we focus on not leaving uncertain issues as they are and repeating the process of hypothesis and validation to increase accuracy. To strengthen new product promotion, we will provide necessary information by taking a wide range of approaches using the internet and other IT. By strengthening the input and output related to new products, we will be able to increase our ability to respond to changes in our environment. As such, even as the world continues to undergo dramatic change due to COVID-19, while we may accelerate these policies, we will make no change.

Furthermore, we are working to visualize the progress of new product promotions and sales in order to promote awareness of these activities among engineers. I believe helping engineers see how the products they develop impact society will lead to increased motivation. At any company, it is common for many newly hired engineers to embrace the hope that their technological achievements will contribute to society. Our hope is to help engineers reembrace those hopes and dreams.

This will promote autonomous action among engineers. Repeating lots of small mistakes and sharing them will increase the experience levels of individuals and the organization. Embracing the corporate culture of maintaining sincerity towards technology and our customers as our foundation, we will improve our organizational strengths and differentiate ourselves.

The assets overseen by the R&D Headquarters include numerous invisible assets, including brand strength built on our technology and product development capabilities, and the human resource and organizational strength that support those functions. Achieving the accelerated deployment of our technology through the products we develop will improve the inventory turnover rate for our technology, in other words our invisible assets, and strengthen our organizational capabilities, and I believe this will make efficient contributions to corporate profits.

Strategic Allocation of Management Resources

Quality Investment Message from our CQO

Using IoT to promote consistent quality across all plants

As part of our BCP measures to address conditions such as disasters and pandemics, we are strengthening our global quality management system (QMS) and building smart factories by adopting IoT and AI. Through these efforts, we will promote consistent quality across all domestic and international manufacturing plants.

Yoshifumi Minegishi

Director and 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 operation, 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.

Applying with the preceding guidelines, all Nippon Chemi-Con plants around the world implement IATF 16949, a quality management system for the automotive industry. This helps to maintain work

process effectiveness and promote quality, cost, delivery, and technology improvements by implementing a CAPDo cycle (Check > Act > Plan > Do) that is grounded in the principles of the Five Gs (Genba (worksite), Genbutsu (product), Genjitsu (reality of situation), Genri (principle), and Gensoku (basic rules)).

The automotive industry’s high-quality requirements, such as that required for autonomous driving, are being adopted by other industries. We view this timing as an opportunity to establish an absolute advantage in quality in the market. By engaging in continuous quality investments and enhancing Total Production Management (TPM) activities, we are focusing on the concept of “plant-wide quality over quality on specific production lines” and working to improve process quality.

Additionally, we will strengthen our global Quality Management System (QMS) and build smart factories by adopting IoT and AI. The intention is to guarantee a stronger BCP and provide a stable supply of high-quality products to our customers and will continue working on consistent quality production at all of our factories. In an age of supply chain globalization, these changes need to be made in the face of the critical risk of supply disruptions caused by global disasters and pandemics.

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

Strategic Allocation of Management Resources – Human Resources Investment

Human Resources Strategy

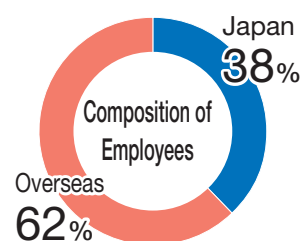
Diversity



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

Amid continuing globalization, overseas production accounts for approximately 65% of production (in volume) at Nippon Chemi-Con and of our approximately 7,000 employees, about 62% 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 Promotion of Active Participation for Women Act enacted in April 2016, we drafted a plan to (1)

increase the number of women in management positions by 50% by FY2020 and, (2) increase the percentage of female hires to 30% and higher for technical and manufacturing positions, and 40% and higher for sales and clerical positions. We will continue to promote various initiatives aimed at promoting the active participation of women in the workplace.



Action Plan based on Promotion of Active Participation for Women Act

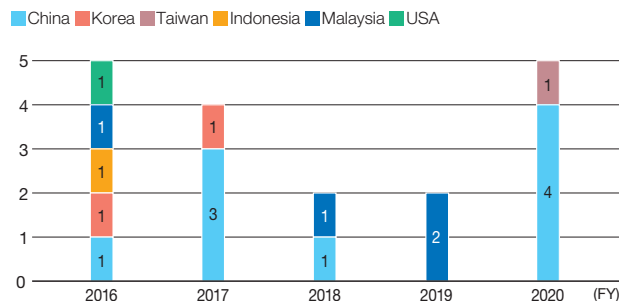
Plan period: April 1, 2016 to March 31, 2021

Issues	Numerical goals	Initiative goals
Low number of women in management positions	Increase the numbers by 50% from the end of March 2015	-Consider a system for rehiring employees who resigned due to the spouse's job transfer, etc.
		-Consider enlightenment activities for direct supervisors to expand growth opportunities for female employees
		-Disseminate information such as introducing role models to help develop career consciousness among female employees
Low ratio of female hiring	Aim for 30% in technology and manufacturing positions, 40% or higher in sales and clerical positions	-Hold events for employment seekers to interact with female employees, enhance information dissemination related to active participation of female employees

Active Participation of Foreign Students in Japan

Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief is 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. We newly hired 5 foreign students in this fiscal year. As of April 2020, we have 27 such personnel on staff who are involved in a variety of roles in the company.

Foreign employees - Number of employment and breakdown



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

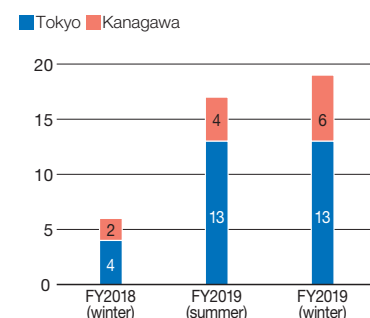
disabilities. We are aiming for persons with disabilities to represent at least 2.5% of hiring by FY2020. The Nippon Chemi-Con Group will continue working to expand our overall hiring and provide work opportunities for persons with disabilities.

Internships (number of people accepted for internships)

Since winter 2018, in addition to introductions from universities, we also started open recruitment of internships. In FY2019, the product development department (Tokyo) accepted 26 interns and the basic research department (Kanagawa) accepted 10 interns, with each internship period lasting for 5 days or longer. We plan to offer internships regularly and hope to promote familiarity with Nippon Chemi-Con by offering various experiences such as dismantling and analyzing electronic components and designing circuits.



▶ Number of people accepted for internships



Nippon Chemi-Con Education Policy



One of the core policies of our 9th Medium-term Management Plan is “personnel to lead operations ten years down the road and our Personnel Management Policy.” We will foster human resources who will lead operations ten years down the road by instilling the concepts of “thinking and acting autonomously,” “taking on challenges,” and “the culture of discovery.” We will ensure all employees understand the following educational policy and reflect this policy in all our business activities.

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 15 tiered training sessions where we provide 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 have conducted 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, our domestic production division conducts 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 170 overseas employees have participated. In fiscal 2019, 28 overseas employees participated from Taiwan, Indonesia and Malaysia. Among those who have completed the training are numerous

employees who are already working as managers overseas. We also started an overseas training program in FY2018. Through this program, employees in Japan selected through an open enrollment system are sent for training at an overseas affiliate. A total of seven employees have finished this program thus far. 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.



Strategic Basis for Sustainability – ESG Initiatives

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



ESG Activities (Major activities/goals for FY2020)

Core issues / Materiality		FY2020 major activities and goals	Related pages	
E	Global environment conservation	Global warming prevention and energy conservation activities	P26	P28
		Appropriate management of chemical substances used by factories	P26	
		Management of chemical substances contained in the products (environmentally conscious products)	P10	P28
		Effective use of resources and waste reduction, promotion of 3Rs	P27	
		Continuous improvements based on environment management system (ISO14001)	Website CSR/Environment	
		Biodiversity conservation activities	P27	
		Contributions to local society	P32	
		Compliance with environmental laws	P10	Website CSR/Environment
		Development of energy-efficient products	Website CSR/Environment	
S	HR/benefits	Adoption of work-from-home system		
		Continue welcome back program (rehiring program)	Website Welcome back program	
	Worker health and safety	Reduce overtime to average 29 hours or less per month per employee	P31	
		Increase paid leave usage rate and childcare leave usage rate to 70% and higher	P31	
		Continue mandatory rest between shifts		
		Continued implementation of healthy company activities	P31	
	Human resource development	Conduct position-specific training (15 times/year)	P24	
		Continue to offer Japan training program for overseas local workers	P24	
		Continue overseas assignments via the global human resources development program (application based)	P24	
		Continue implementing measures to maintain 5-year turnover rate of 11% or less for young employees		
	Diversity	Proactive hiring of foreign students studying in Japan	P23	
		Increase rate of hiring for disabled workers to 2.5% or higher by FY2020	P23	
		Increase rate of female hiring to 30% or higher for technical and manufacturing positions and 40% or higher for sales and clerical positions	P23	
		Increase number of female managers by 50% by FY2020	P23	
	Social welfare	Provide support such as vaccines and clothing to developing nations	P29	
		Support wheelchair purchases	P29	
Next-generation development	Continuation of internship system	P24		
	Dispatch instructors for next-generation human resource development conducted by industry organizations			
G	Corporate governance	Increased participation in management by outside officers and creation of environment that promotes engagement	P33	P41
		Reflect results of internal controls efficacy evaluations on management		
		Compliance with basic policy on corporate governance	P33	
		Communication with shareholders and investors (Explanation of financial results and constructive dialogue with major investors)	P38	P42
	Risk management	Regular BCP validation, reviews (head office, factories)	P36	
		Reinforce information leak prevention (data center, thin client, internal audits, etc.)		
	Compliance	Continued systematic implementation of compliance education	P35	
		Continued participation in UN Global Compact (participating since 2012)	P29	
		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 Welcome back program

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

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

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.

There have been no accidents that could impact the environment.

<Activities results>

▶ Total volume of carbon dioxide emissions and breakdown

Fiscal Year	2015	2016	2017	2018	2019
Purchased electric power	475,603	489,601	518,243	476,074	428,225
A-grade heavy oil	23,446	27,127	29,378	23,351	11,486
Kerosene	1,507	1,581	1,799	1,458	1,020
City gas	22,295	17,587	18,463	21,210	17,267
Gasoline	325	310	304	320	243
LPG	308	304	366	354	280
LNG	510	0	0	1,825	8,813
Gas oil	155	65	233	120	41
Industrial steam	2,465	2,430	2,561	2,486	1,687
Total	526,615	539,005	571,346	527,198	469,062

Notes:

1. We have revised the energy-CO₂ conversion factor since FY2018 for the sites outside Japan.
2. Amount of energy-origin CO₂ emissions is calculated by using emission factor (adjusted emission factor) released from Federation of Electric Power Companies.

Environmental Activities

Energy Conservation



The Nippon Chemi-Con group has the target of 1% 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 "the Low-carbon society Action Plan" by the industrial associations:

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

Annual average : **1** % and higher

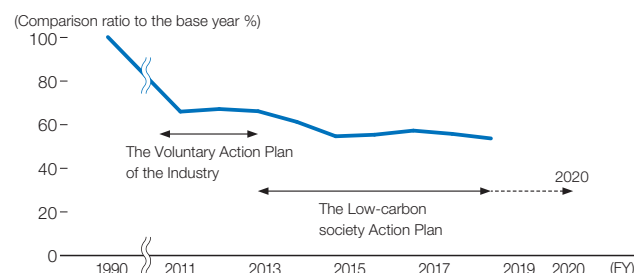
<Long-term target>

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

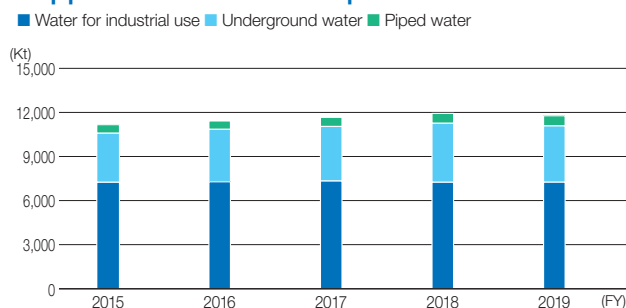
element. Efficient use of such resources will protect global environment and ecology.

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

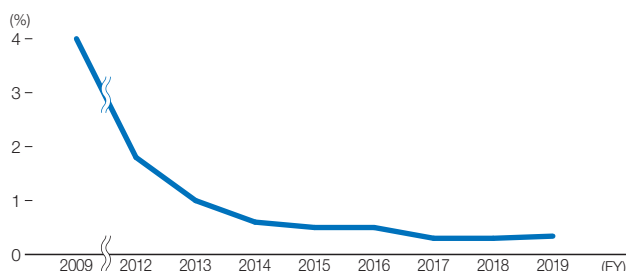


The Nippon Chemi-Con Group has addressed activities for resource

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 including plastic waste and improve the final disposal rate.

► Trends of final disposing rate (sites in Japan)



Biodiversity Initiatives



In the Nippon Chemi-Con Group's activities to conserve

biodiversity, we will take actions for each of the three impacts on biodiversity.

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

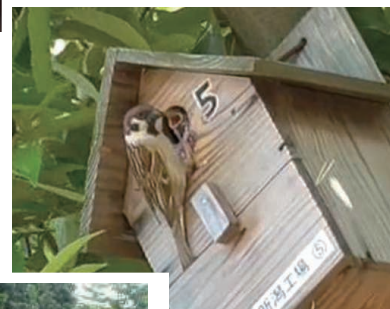
Biodiversity offers indispensable and vital bounties (ecosystem services) to all of humanity. The activities that we are able to perform are steady and modest ones, we think. Yet we believe that each workplace employing its ingenuity, and continuing with what small activities it can accomplish, is a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



◀ Chemi-Con East Japan Corp. Iwate Plant
We conducted conservation activities for the Minami-Medaka (Japanese rice fish/ *Oryzias latipes*), an endangered species in Iwate prefecture. We also requested cooperation from nearby elementary schools.

Nippon Chemi-Con Corporation
Niigata Plant

We installed bird houses in trees on plant grounds to promote the protection of wild birds. This year also saw the arrival of a new family.



◀ Chemi-Con East Japan Corp. Fukushima Plant
We held a nature tour for employees' families. The children participating were captivated.



• For more information, please see the website below.

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

Management of Chemical Substances in the Products



Revised EU laws is enacted since July 2019 with 10 substances including 4 phthalic acid esters added newly. Moreover, same 4 phthalic acid esters will be regulated by threshold limit of 0.1% (total of phthalic acid esters) under EU REACH regulations from 2020. The regulatory environment surrounding our products are increasingly severe, and further comprehensive management system is required.

The Nippon Chemi-Con Group has constructed management system for chemical substances in the products based on JIS Z 7201 "JAMP* Guidelines for the Management of Chemical substances in Products (CiP)" 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 our original environmental approval system and material approval system to manage our purchasing materials and parts.

By combining those three 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, we have been actively using chemSHERPA (Ver.2) which was developed under guidance of the Ministry of Economy, Trade and Industry of Japan.

*JAMP: Joint Article Management Promotion-consortium

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 a timely manner.

The Nippon Chemi-Con Group has established "Nippon Chemi-Con Group Green Procurement Guideline" from the viewpoint of procuring law-compliant raw materials and parts for ensuring a strict level of management. To cope with latest laws, regulations and requirements of automotive customers, we revised our Green Procurement Guidelines for more thorough management. We also conduct periodical and continuous audit and evaluation on our suppliers to confirm their chemical substances management and environmental protection activities. Further, in order to support sustainable global procurement activities, we share regulatory information with suppliers through "Green supplier approval system," and periodically audit and evaluate chemical substances / environment protection management of suppliers.

Third-party Evaluation on Environmental Initiatives



Yuji Kishi

Professor emeritus,
Keio University

I reviewed the CHEMI-CON REPORT 2020. In line with your company's Environmental Policy, you are making steady contributions in basic fields such as (1) Greenhouse gas reduction, (2) the 3Rs, (3) promotion of environmental education for employees, (4) consideration for biodiversity conservation, and (5) collaboration with local communities involved in environmental activities. In

terms of reducing Greenhouse gas emissions, you reduced emissions by 8% from 2017 to 2018 and by 11% from 2018 to 2019. In the area of resource conservation, a reduction of 18% from 2018 to 2019 was attained. Also, the long-term reduction trend is maintained in the domain of amount of waste material as well. In the area of biodiversity, your plants over the country are promoting ex-situ (outside of the natural

habitat) protection of endangered species in their on-site biotopes. At some plants, the practice of ex-situ conservation efforts has been linked to environmental education at local elementary schools. From 2015, the Iwate Plant carried on an ex-situ conservation program for the endangered freshwater fish, Minami-Medaka (*Oryzias latipes*) of the Kitakami River system, and this program has expanded to include learning activities at local schools as well as another company located in the same river system, TDK Akita Corporation Kitakami Plant. The idea of creating multiple ex-situ conservation areas for endangered freshwater fish set up within the same watershed is a hopeful method to reduce the risk of extinction of small population of endangered species under protection due to accidents, etc., and may be rated high as a unique and important contribution to the 10th anniversary of biodiversity conservation under the Convention on Biological Diversity. It is expected that efforts to contribute to the conservation of biodiversity based on the formation of an ex-situ conservation network for rare organisms will be further strengthened with fruitful results.

S Social CSR Management

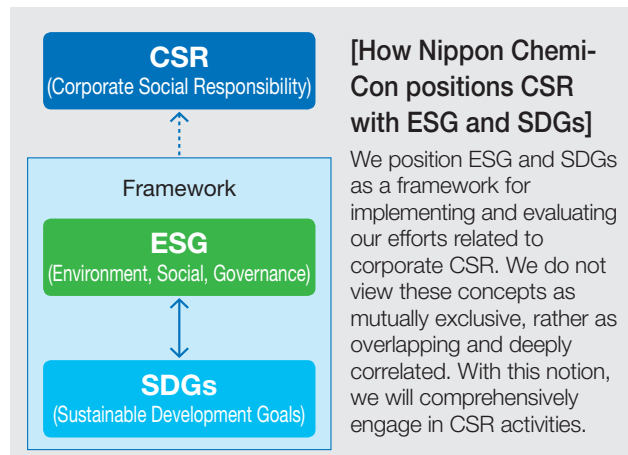
Basic CSR Policy

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.

Nippon Chemi-Con Group Charter of Corporate Behavior
<https://www.chemi-con.co.jp/en/company/sustainability/governance/compliance/charter.html>

► Positioning of CSR Activities

The Nippon Chemi-Con Group engages in CSR activities to pursue not only profits, but also to contribute widely to society by fulfilling our corporate social responsibility. We maintain an awareness of the impact and risks related to Nippon Chemi-Con Group activities. To ensure stable growth, we prioritize the non-financial aspects of CSR and engage in CSR activities to promote high rates of satisfaction among both employees and customers, and to maintain our position as a company that is trusted by society. The Nippon Chemi-Con Group positions CSR activities as part of our management strategy for reducing business risks and achieving sustainable growth. We further recognize that these types of CSR activities are inseparable from corporate ESG and achieving sustainable development goals (SDGs). We are committed to balancing business development with resolving societal problems.



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. To promote CSR upon our supply chain, we convey our CSR policies to suppliers before implementing assessments and aim for mutual sustainable development through communication. All Group offices and plants conduct CSR internal audits and independently work to understand and correct risks, enforcing policies to become a better company. Through various training, we will enhance Group employee awareness of corporate social responsibility and remain dedicated to contributing to all our stakeholders by linking our business activities to social development.

► 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 anticorruption. 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

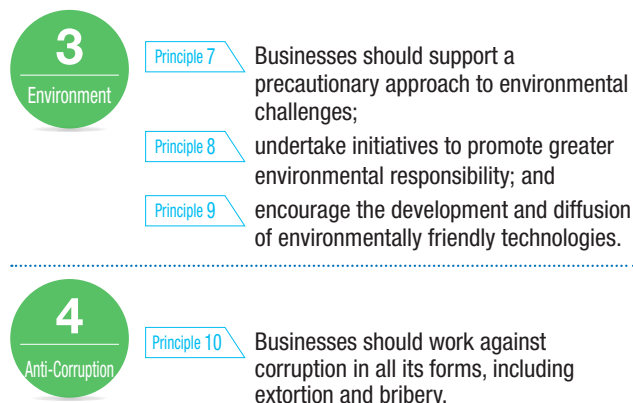
Labour

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.



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. Through the outside-in approach (method of establishing corporate goals based on societal needs and social issues outside the company), we will work to proactively create business opportunities focused on resolving social issues.



Initiatives Related to SDGs

1) Creating long-lasting products to support industrial infrastructure



We developed a surface mount type aluminum electrolytic capacitor that increases the product lifespan of conventional products by 250%.

Using a unique structure, we constrain

performance degradation and are able to guarantee 5,000 hours at 125°C. Products achieving long lifespans are used in electronic control units and 5G communication base stations and supports the industrial infrastructure that sustains people's lives and technical innovation.

2) Developing technology to support the social welfare sector



The diaper sensor we exhibited at the 18th International Nanotechnology Exhibition & Conference was awarded the Life Nanotechnology Award. The diaper sensor is a

system that uses our product materials to provide wireless updates on when it is time to change the wearer's diaper. This system uses technology that does not require batteries, eliminating the need for complicated wiring or charging. Featuring materials with a low environmental load, these diapers can be thrown away as normal trash. The practical realization of these diaper sensors will enable more efficient diaper changing, which will help reduce stress and enable a pleasant daily life for both the carer and the care recipient.

S Social Healthy Company

3 GOOD HEALTH AND WELL-BEING



Activity Details

Ensuring the health of our employees and their families enables employees to work with peace of mind and leads to growth for the company. Embracing the approach that employee health is a benchmark of corporate management status, we aim to provide a comfortable work environment that encourages all employees to actively engage in health management, health risk countermeasures, and health maintenance and improvement. To support the mental and physical health of our employees, we will strengthen our collaboration with health insurance unions and proactively adopt ICT in initiatives to promote health management. Since FY2017, Nippon Chemi-Con has participated in health management surveys conducted by the Ministry of

Economy, Trade, and Industry (METI) to promote effective health initiatives by quantifying health information. Also, in a survey of insurer implementation rates for designated health examinations and designated health guidance published by the Ministry of Health, Labour, and Welfare (MHLW) in FY2019, the Nippon Chemi-Con Health Insurance Union had a designated health guidance implementation ratio of 85.2% (figures from FY2017), ranking tenth in all health insurance unions (total of 1,635) in Japan. We will continue working towards increasing implementation rates as a way to contribute to health maintenance and improvement for health insurance union enrollees.

Activities for FY2020

I. Health management initiatives

1) Maintain a 100% health examination consultation rate and measures to increase rate of re-examinations.

Although we have a 100% health examination consultation rate, there is room to improve the rate of re-examinations. To ensure compliance with the Industrial Safety and Health Act and increase health awareness among employees, we will continue working to increase the rate of re-examinations.

2) Providing designated health guidance based on health examination results

Using the results of designated examinations focused on metabolic syndrome, we will use dedicated staff to proactively provide designated health guidance to persons with high risks of lifestyle diseases and may greatly enhance their chances of disease prevention through lifestyle improvements.

3) 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.

II. Health risk initiatives

1) Total ban on smoking during work hours

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.

In FY2020, the Nippon Chemi-Con Group initiated smoking bans during work hours at all factories as part of efforts to further prevent passive smoking.

2) Lifestyle disease prevention

Health physicians and specialists use health examination results to provide health guidance to persons applicable to metabolic syndrome and pre-metabolic syndrome to support lifestyle improvements. To promote the prevention of common illnesses and lifestyle diseases related to eating habits and sleep, we regularly hold behavior improvement seminars at our offices and plants.

III. Health maintenance and improvement initiatives

Implementing various measures to promote improvement of exercise habits

While many people understand the importance and joy of exercise, the reality is that, even with that understanding, few people habitually engage in exercise. To improve this situation, we are aiming to increase the rate of people regularly engaged in appropriate exercise, one of the categories on the Health Scoring Report used to evaluate the status of initiatives related to employee health status, medical costs, prevention, and health maintenance. In addition to holding activities and events that promote improvements in exercise habits, we also recommend participation in walking events held by the health insurance union.

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 childcare 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.

S Social 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



“Shinai-motsugo” is a type of fish, registered as an endangered species by Ministry of Environment, found at Shinai-numa in Miyagi Prefecture.

Chemi-Con East Japan Corp. Miyagi Plant has been attempting hatching of Shinai-motsugo in its premises by guidance from NPO since FY2016.

In June 2019, we released Shinai-motsugo to their home, “Katsurasawa-pond,” with elementary school students. As a member of community, we will perform activities that share the importance of passing on the rich nature to our future generations.



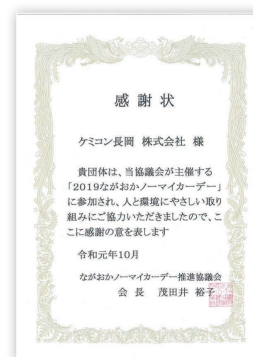
Certificate and Letter of Appreciation in FY2019



The Nippon Chemi-Con Group received a letter of appreciation for its community contribution activities in 2019.

●Chemi-Con Nagaoka Corp.
“Letter of appreciation – Nagaoka No Private Car Day 2019”
Sponsor: Nagaoka No Private Car Day Promotion Council (Co-Sponsor: Nagaoka City, Niigata Prefecture)

Chemi-Con Nagaoka Corp. participated in the “Nagaoka No Private Car Event in 2019” co-sponsored by Nagaoka City, and received a letter of appreciation for its efforts to reduce greenhouse gas emissions from commuter vehicles.



Environmental Volunteer Activities



For the purpose of environment protection, Nippon Chemi-Con Group conducts environmental volunteer activities every year, including cleanup of nearby areas, by our employees and their family members.



▲Cleaning activity of surrounding area by members of Nippon Chemi-Con Corporation Takahagi Plant

▲Cleaning activity of surrounding area by members of Chemi-Con Yamagata Corp. Yonezawa Plant

Regional Cooperation for Conservation of the Endangered Minami-Medaka (Japanese rice fish/Oryzias latipes)



The Chemi-Con East Japan Iwate Plant has worked to protect the Minami-Medaka (Japanese rice fish/Oryzias latipes), which has been designated as a Vulnerable species on the Ministry of Environment Red List since 2015. These activities started from protection of medaka native to the local Kitakami River using the pond located on plant grounds to leave regional medaka to the children of the future. Our donation of the medaka raised on plant grounds to nearby elementary schools helped spread the circle of conservation.

In 2016, we started a partnership with TDK Akita Kitakami Plant, which is located in the same region by donating approximately 30 medaka. In October 2019, we helped the grown medaka return home by releasing them into the Chemi-Con East Japan Iwate Plant pond. We will continue to cooperate with the people of the Kitakami region towards medaka conservation.



G Governance 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

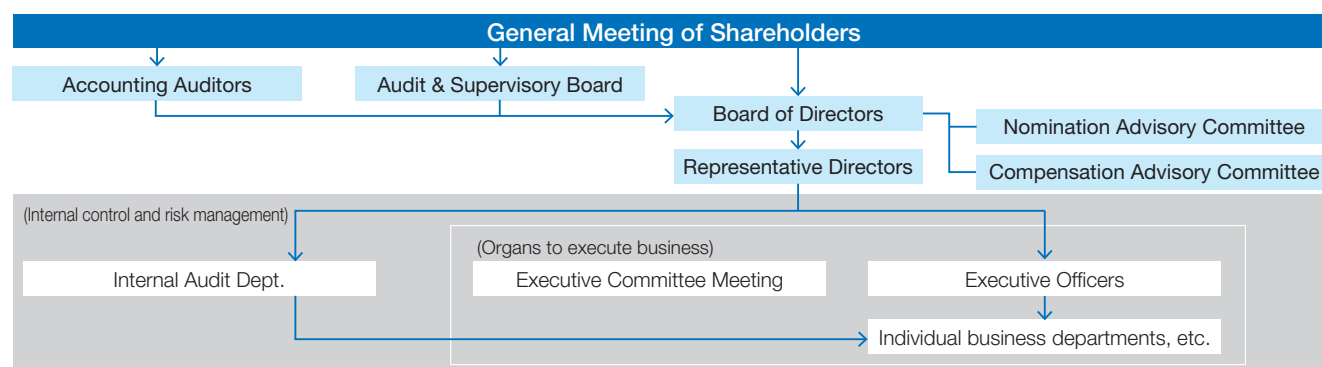
Nippon Chemi-Con is a company with an Audit & Supervisory Board. The company has introduced an executive officer system in the company since June 2014 in order to have a distinct separation between inspection and supervision of management and execution of operations. The company concurrently reduced 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 half of the members are independent outside directors. Our Audit & Supervisory Board comprises four members. The board audits decisions made by directors and operational executions carried out by executive officers, the business and financial positions of Nippon Chemi-Con and its subsidiaries in Japan and overseas.

Business Supervision and Audit Function

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

The Audit & Supervisory Board monitors the state of governance and business management, and also monitors daily business activities, including the activities conducted by directors. Specifically, Audit & Supervisory Board Members working under guidelines outlined in auditing policies and audit plans created by the Audit & Supervisory Board attend board of directors meetings and conduct factory visits to investigate and validate the status of work implementation and business management, and conduct audits to determine the existence of circumstances that violate laws or the Articles of Incorporation, or that could harm the interests of shareholders and other stakeholders. In addition to Audit & Supervisory Board Members fulfilling a role as a legal entity, we also have established the internal audit department which reports directly to the company president. The internal audit department works to strengthen monitoring functions for transactions and other general business activities. The internal audit department conducts regular internal audits of management systems related to all aspects of business and provides detailed advice and recommendations aimed at improvement of work processes and reinforcing compliance.

► Details of the Corporate Organs



Board of Directors	Nippon Chemi-Con's Board of Directors comprises 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.

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
		Fixed compensation	Performance-linked compensation	Retirement bonuses	
Directors (excluding outside directors)	154	154	0	0	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	43	0	0	2
Outside officers	36	36	0	0	5
Total	234	234	0	0	11

(For the fiscal year ended March 31, 2020)

Effectiveness Evaluations for the Board of Directors

To improve the overall functionality of our Board of Directors, Nippon Chemi-Con conducts evaluations based on our Basic Policy for Corporate Governance to ensure the Board of Directors is functioning appropriately in accordance with this policy. Directors and Audit & Supervisory Board Members comprising the Board of Directors complete surveys on Board of Directors' agendas and management status. These surveys are used to conduct an effectiveness analysis and evaluation of the Board of Directors. In FY2019, we received feedback that agendas (decisions, reports) conducted by the Board of Directors were clear and that the number of issues and the volume of relevant agenda materials presented to the Board of Directors was appropriate. We also received recognition that improvements

had been made to Board of Directors' deliberations and agendas. Based on these results, our evaluation concluded that the company was largely maintaining the effectiveness of the Board of Directors. On the other hand, we confirmed issues indicating room for improvement. These include ensuring that the Board of Directors exercise their influence with appropriate timing in relation to deciding and revising corporate strategy, the need to effectively manage overall deliberation time (time allocation based on agenda importance, etc.) and increase explanations that enable appropriate managerial judgments (avoid use of industry terminology and internal lingo, focus explanations on key points, etc.), and so on.

In light of this analysis and evaluation, we will continue with initiatives aimed at increasing the effectiveness of the Board of Directors.

G Governance 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.

To further ensure overall compliance, we conduct CSR internal audits of each factory to confirm that management systems related to labor, health and safety, and ethics at all factories are constantly operating effectively.

As CSR education, we include compliance education related to competition laws and insider trading regulations in new hire training and continuous training conducted at each employee level. We teach all employees that compliance is at the forefront of all our corporate activities. One initiative related to ensuring compliance with competition laws is to invite external lecturers (attorneys) to hold competition law seminars. At the same time, we drafted the Basic Policies Concerning Compliance with Competition Laws and other internal regulations, manuals, etc., which are applied to internal audits conducted by the legal affairs department every year.

Whistleblowing System

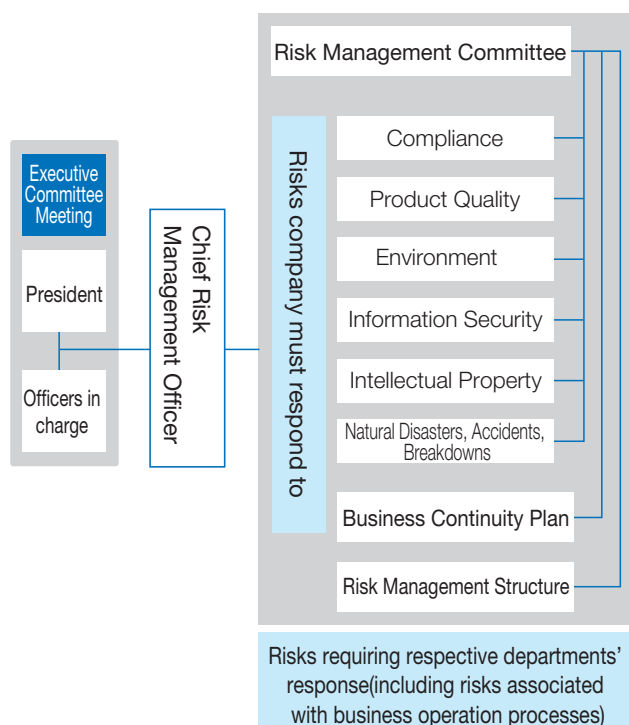
The Nippon Chemi-Con Group has established "Rules on Handling of Whistleblowing," through which we established a consultation desk and whistleblowing help desk for employees (Nippon Chemi-Con in-house standing statutory member of the Audit & Supervisory Board and Administration Department manager) as 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. During compliance training, we explain the importance and efficacy of whistleblowing and promote awareness of our whistleblowing system. To address questions that arise during daily operations, the department in charge of legal affairs serves as a help desk to provide legal consultation and help prevent compliance risks before they arise.

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 System



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. When the state of emergency was declared due to the COVID-19 pandemic, we adopted telecommuting mainly in the Tokyo metropolitan area and major cities such as Nagoya, Osaka, and Fukuoka to reduce the number of commuting employees to roughly 20%. For employees commuting to work, we adopted flexible time schedules to avoid crowded public transportation. These and other measures enable us to maintain a minimum level of business operations. 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

Nippon Chemi-Con Group positions risk management as the highest priority matter involving corporate leadership. Nippon Chemi-Con Group has established a Risk Management Committee in accordance with our Basic Policy for Risk Management. This committee is responsible for the centralized management of Group risks. We categorize existing and potential risks as strategic risks, financial risks, hazard risks, and operational risks. Twice a year, these risks are evaluated by the Risk Management Committee, which provides reports during Executive Committee Meetings. Among identified and reported risks, the following are major risks with the potential to impact the operating results, stock price, cash flow, and financial position of

consolidated companies. Furthermore, forward-looking statements are judgments made by the Nippon Chemi-Con Group at the end of the consolidated fiscal year 2019 (March 31, 2020).

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 operating 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 77.8% in the FY2018, and 76.0% in the FY2019. 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 operating results of Nippon Chemi-Con Group.

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

3 Risks concerning price competition

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

4 Risks concerning raw material price fluctuations and procurement

Nippon Chemi-Con Group operating results and financial position may be impacted by cost increases attributable to increased procurement prices for raw materials such as aluminum foils and heavy oil or delays in product shipments caused by difficulty in procuring raw materials.

Nippon Chemi-Con Group implements various risk avoidance measures, including promoting continuous cost reductions by engaging in local procurement at overseas manufacturing companies and pursuing productivity

improvements. Nippon Chemi-Con Group also purchases raw materials from multiple suppliers and engages in regular credit management of our suppliers. However, Nippon Chemi-Con Group operating results and financial position could be impacted in the event of an extreme increase in raw material prices or extensive raw material shortages caused by natural disasters or other conditions.

5 Risks concerning product defects

Nippon Chemi-Con Group conducts manufacturing at each global production site in accordance with globally recognized quality management standards (UL standards, AEC-Q200, etc.).

However, there is no guarantee that we will not experience product defects in any of our products at some point in the future. Although we do have product liability insurance, there is no guarantee that this insurance will be sufficient to fully cover liability compensation amount.

Furthermore, we have obtained certification such as ISO9001 and IATF16949 at all manufacturing sites as part of efforts to strengthen quality management. However, Nippon Chemi-Con Group operating results and financial position could be impacted by the occurrence of a large-scale product defect.

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. Separately from the above, civil lawsuits have been filed against Nippon Chemi-Con and our subsidiaries in relation to this case in the United States and Canada.

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

7 Risks concerning natural disasters and unpredictable events

Nippon Chemi-Con Group operating results and financial position could be impacted by a stop in production caused by facility damage or difficulty in supplying electricity or water due to natural disasters such as earthquakes or some unpredictable events. Furthermore, the spread of the COVID-19 pandemic has become an actualized risk but we are implementing measures to ensure the stable continuation of operations, including adopting staggered office hours and various infection prevention measures. Under the awareness that the continued expansion or prolongation of the pandemic could cause market stagnation, we will continue to engage in information gathering and working with authorities as we implement various measures aimed at minimizing the impact on

business. We also will continue to place our highest priority on the safety and health of our employees and stakeholders by using remote working tools and other measures to continue business operations.

8 Risks concerning serious phenomena related to assumptions regarding business continuity

Due to the value of consolidated fiscal year-end (March 31, 2020) net assets dropping below certain levels, Nippon Chemi-Con Group is currently infringing on the financing restrictions stipulated in the syndicated loan and certain loan agreements. However, we have received acknowledgement from the relevant financial institutions that no measures will be taken to exercise the right to accelerate payments.

Communication with Shareholders

Nippon Chemi-Con holds individual meetings for major institutional investors with investing policies focused on achieving medium- and long-term shareholder profits through the retention of our stock. During these meetings, we engage in discussions concerning our corporate governance and important management policy. We also hold earnings results briefings twice a year for institutional investors and securities analysts. Additionally, we position the Ordinary General Meeting of Shareholders held annually in June as an important opportunity to engage in direct dialogue with our shareholders. By practicing early meeting notice distribution and disclosure of said meeting notices on our website before distribution, we work to provide shareholders with sufficient opportunity to evaluate reports and decisions to be made at the Ordinary General Meeting of Shareholders. At the Ordinary General Shareholders' Meeting, we promote mutual communication by using videos to provide easily comprehensible explanations and work to create an atmosphere that encourages questions and opinions. The opinions and requests gained through these dialogues are provided as feedback to our directors and management team as we aim to link the sharing of problem awareness to increases in our corporate value.



▲ Shareholder meeting layout with social distance (June 26, 2020)

G Governance

Executive Members (as of June 26, 2020)



Representative
Director and
Chairman
**Ikuo
Uchiyama**
(June 11, 1951)

Apr 1977 Joined Nippon Chemi-Con Corp.
Jul 1997 Plant Manager of Niigata Plant, KDK Corp.
Oct 1999 Plant Manager of Niigata Plant, Material Division Headquarters
Jun 2001 Director, in charge of Administration Dept., Personnel Dept., and Material Procurement Dept.
Jun 2003 President
Jun 2004 President, in charge of Corporate Planning Dept.
Apr 2005 President, in charge of Corporate Planning Dept., SCM Promotion Dept., and Internal Audit Dept.
Jun 2014 President and Chief Executive Officer, in charge of Internal Audit Dept.
Jun 2019 Chairman and Chief Executive Officer (current)



Director and
Senior 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
Jun 2019 Director and Managing Executive Officer, CQO and Division Manager of Quality Assurance Headquarters and Production System Headquarters (current)
Jun 2020 Director and Senior Managing Executive Officer, CQO and Division Manager of Quality Assurance Headquarters and Production System Headquarters (current)



Representative
Director and
President
**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 DLCAP Design Department in Supercapacitor Division Headquarters
Oct 2006 Deputy Division Manager of Quality Assurance Headquarters
Aug 2009 Division Manager of 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
Jun 2019 President and Chief Operating Officer (current)



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)



Director and
Senior 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, Vice President of Samyoung Electronics Co., Ltd.
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.
Jun 2019 Director and Senior Managing Executive Officer, Division Manager of Sales Headquarters and Officer in charge of Corporate Strategy Department (current)



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 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)



Audit &
Supervisory
Board Member
**Shinichi
Shibata**
(June 29, 1959)

Apr 1983 Joined Nippon Chemi-Con Corp.
Jan 2002 Department Manager of Administration Dept. of Chemi-Con (Wuxi) Co., Ltd.
Jul 2006 Department Manager of Division Planning, Material Division Headquarters
Jun 2009 President of Iwate Electric Industry Co., Ltd.
Apr 2016 Department Manager of Accounting Dept. of Nippon Chemi-Con Corp.
Jun 2019 Executive Officer and Deputy Officer in charge of Accounting Dept.
Jun 2020 Audit and Supervisory Board Member (current)



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.
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., Corporate adviser of The Yokohama Rubber Co., Ltd., President of PRGR Co., Ltd.
Mar 2020 Audit and Supervisory Board Member of Nippon Chemi-Con Corp. (current)



Outside Audit &
Supervisory
Board Member
**Shuji
Ota**
(December 16, 1951)

Oct 1975 Joined Showa Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)
Jul 2000 Senior Partner of Century Ota Showa & Co.
Jan 2006 Examiner of Certified Public Tax Account Examination
Jul 2013 Established Shuji Ota CPA Office Head of Shuji Ota CPA Office (current)
Apr 2017 External Director of Tri Chemical Laboratories Inc. (current)
Jun 2017 Auditor of Japan International Broadcasting Inc. (current)
Jun 2019 Audit and Supervisory Board Member of Nippon Chemi-Con Corp. (current)

Executive Officers

Representative Director and Chairman	Ikuo Uchiyama
Representative Director and President	Norio Kamiyama
Director and Senior Managing Executive Officer	Shuichi Shiraishi
Director and Senior Managing Executive Officer	Yoshifumi Minegishi
Senior Executive Officer	Masakazu Furukawa
Senior Executive Officer	Takayuki Ito
Senior Executive Officer	Osamu Ishii
Senior Executive Officer	Kenichi Konno
Executive Officer	Kenji Tamamitsu
Executive Officer	Kentaro Nakaaki
Executive Officer	Takumi Iwata
Executive Officer	Katsunori Nogami

G Governance

Message from Outside Directors

Business in a
Post-COVID World**Hideaki Takahashi**

Outside Director

The COVID-19 pandemic has spread across the world and shows no sign of subsiding. As of July 15, there were a total of 13.5 million infected worldwide and the virus had claimed over 600,000 lives. In Japan, the pandemic has led to over 20,000 infections and approximately 1,000 deaths. Since March, lockdowns were instituted worldwide and a state of emergency was declared in Japan, resulting in a stay-at-home movement that caused a dramatic economic downturn. Soon after loosening restrictions on economic activities, the effects of the pandemic began to reappear.

To avoid the “Three Cs,” many companies have adopted telecommuting and web conferencing, creating vast opportunities for IoT. Some companies have begun closing offices in urban areas and some people have left their condominium in the city for rural life surrounded by nature. The COVID-19 pandemic is accelerating workstyle reform. Workers directly involved in production are not able to work from home, so it is likely that the adoption of artificial intelligence (AI) will accelerate in order to avoid the Three Cs and to improve productivity. According to *The Pure Mechanized Economy* by Tomohiro Inoue, in the past, society maintained a balance between technical development and employment demand. The development of AI will cause this balance to collapse and result in employment losses. This is because once AI programming is completed, it will be possible to copy programming instantly without human power.

The WHO has officially designated COVID-19 a pandemic and is calling on countries to cooperate towards preventing the spread of infection, but countermeasures have varied vastly between each country. In China, the origin of the outbreak, strict control of the population enabled the country to overcome the crisis in just over a month. South Korea used social media to get control over the outbreak. However, in European countries with developed democratic societies, the protection of privacy and human rights as well as concerns about preventing economic downturn have resulted in an inability to effectively control the spread of the virus. In developing nations, there is concern about insufficient medical systems. In his book, *Demain, qui gouvernera le monde?*, Jacques Attali predicted that power would disperse after the Cold War and conflict between the USA and China, driving the world into a period of uncertainty. Current conditions would suggest that the world is accelerating in that direction.

The global B-to-B business in which the Nippon Chemi-Con Group is involved is severely influenced by the state of the world. In the uncertain world after COVID-19, the company will need to ensure strict and dynamic leadership.

Enhancing Response to
Customer Needs**Kinya Kawakami**

Outside Director

I have served as an outside director for five years. Same as last year, I would like to discuss the perspective I have gained through my work.

FY2019 performance resulted in net sales of 114,599 million yen (down 18.7% YoY) and operating losses of 2,891 million yen (previous year resulted in operating income of 5,137 million yen). As these results indicate, Nippon Chemi-Con was unable to achieve its initial targets. I want to express my regret for this performance. These results are attributable to factors such as economic downturn caused by US-China trade friction as well as the COVID-19 pandemic that broke out at the beginning of the year. However, despite these conditions the company must still find a way to be profitable.

The COVID-19 pandemic caused a global economic crisis and we have yet to see signs of a recovery. At the same time, the pandemic has caused various changes in how we work, with the accelerated adoption of telecommuting and the expansion of takeout services in the restaurant industry. US-China relations continue to lack transparency, with the countries closing their consulates and other incidents continuing to drive increasing tension. Amid such changes, the electrolytic capacitor business environment continues to see strong demand for new products needed for the development of 5G (5th generation mobile communication system) base stations and the continued trend towards vehicle electrification.

In an environment of dramatic change and tough customer demands, the ability to deliver products quickly and at reasonable prices will determine success or failure. To achieve this, the sales department must accurately convey customer needs within the organization, optimize our wide array of products and relevant elemental technology, ensure strong supply capacity by establishing a flexible production structure for the manufacturing department, and the manufacturing knowhow to offer our products at reasonable prices.

Nippon Chemi-Con boasts world-class technology. The basic research departments have cultivated the knowhow and elemental technology for the development of advanced materials and the R&D departments have developed the latest in aluminum electrode foils, electrolyte and rubber seal materials, and product design technology. Production system development departments are engaged in technology development that enables innovation in manufacturing technology. Nippon Chemi-Con must rapidly fuse this advanced technology to address customer needs by delivering good products at inexpensive prices and in a timely fashion. How the company accomplishes this is the subject I will focus on as an outside director. In particular, it is important that the company focus on its areas of strength and increase operational efficiency.

With the COVID-19 pandemic disrupting the operating environment, I am confident that the company will combine the sales departments' ability to identify customer needs with the product development capabilities of the technology development departments to overcome these difficult times.

G Governance IR Activities / Events

Earnings Results Briefing

We hold earnings results briefings for institutional investors twice a year. During FY2019, results briefings were held in May and November. In addition to presentations from the President and the Director in charge of Corporate Strategy, the CTO also gave a presentation on technology developments.

Factory Tours

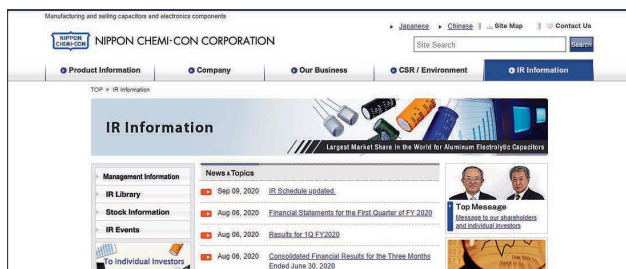
We held a factory tour for institutional investors in FY2019.

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 FY2019, we held over 110 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 FY2019 (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.



FY2020 Conference and Exhibit Participation



Month	Name of Conference	Place
Apr	• TECHNO-FRONTIER 2019 / POWER SYSTEM JAPAN 2019	Japan
	• PCIM Europe 2019	Germany
May	• Electronic Distribution Show and Conference 2019	U.S.A.
	• AUTOMOTIVE ENGINEERING EXPOSITION 2019	Japan
Sep	• CAR-ELE Nagoya - 2nd Int'l Automotive Electronics Technology Expo Nagoya	Japan
	• electronica India 2019	India
Oct	• CEATEC 2019	Japan
Nov	• Embedded Technology 2019	Japan
Dec	• China Hi-Tech Fair ELEXCON 2019	China
Jan	• EV JAPAN - 11th EV & HEV Drive System Technology Expo	Japan
Feb	• BATTERY JAPAN 2019 - 11th Int'l Rechargeable Battery Expo	Japan

Chapter 1

About Nippon Chemi-Con

Chapter 2

Growth Strategy for Value Creation

Chapter 3

Foundation for Value Creation

Chapter 4

Data Section

Years ended March 31, 2011 through 2020

	2011.3	2012.3	2013.3	2014.3
For the year				
Net sales	127,790	100,290	92,959	113,962
Operating income (loss)	8,155	(2,596)	(6,990)	4,933
Operating income margin (%)	6.4	(2.6)	(7.5)	4.3
Ordinary income (loss)	6,744	(2,633)	(6,685)	4,304
Ordinary income margin (%)	5.3	(2.6)	(7.2)	3.8
Profit (loss) attributable to owners of parent	3,297	(4,909)	(9,252)	3,315
Profit attributable to owners of parent margin (%)	2.6	(4.9)	(10.0)	2.9
Capital investment	9,614	13,521	5,953	3,067
Depreciation and amortization	8,392	8,493	8,615	7,951
Research and development (R&D) expenses	3,642	3,966	3,981	3,872
Proportion of net sales (%)	2.9	4.0	4.3	3.4
At year end				
Current assets	71,824	70,657	69,007	76,619
Fixed assets	62,868	66,901	65,447	63,149
Current liabilities	36,041	28,076	43,915	32,730
Long-term liabilities	37,153	53,872	39,784	43,194
Net assets	61,498	55,610	50,754	63,844
Total assets	134,693	137,559	134,454	139,769
Cash flows				
Cash flows from operating activities	8,636	1,820	4,651	12,161
Cash flows from investing activities	(8,671)	(12,951)	(6,925)	(1,620)
Free cash flow	(34)	(11,131)	(2,273)	10,541
Cash flows from financing activities	(3,018)	12,790	1,725	(6,143)
Per share data				
Profit (loss)	231.65	(344.93)	(650.14)	223.38
Cash dividends	30.00	0.00	0.00	0.00
Net assets	4,298.25	3,884.86	3,554.65	3,901.56
Financial indicators				
Return on assets (ROA) (%)	2.4	(3.6)	(6.8)	2.4
Return on equity (ROE) (%)	5.4	(8.4)	(17.5)	5.8
Shareholders' equity ratio (%)	45.4	40.2	37.6	45.5
Average exchange rate (Yen)				
US\$	85.72	79.08	83.10	100.24
EUR	113.12	108.98	107.14	134.37

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 = ¥108.83.

4. Free cash flow = Cash flows from operating activities + Cash flows from investing activities.

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

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

Million Yen Thousand U.S. dollars

2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2020.3
123,365	118,414	116,311	133,362	140,951	114,599	1,053,014
5,122	2,179	3,338	5,818	5,137	(2,891)	(26,572)
4.2	1.8	2.9	4.4	3.6	(2.5)	(2.5)
6,207	1,165	2,002	4,416	4,833	(4,245)	(39,010)
5.0	1.0	1.7	3.3	3.4	(3.7)	(3.7)
5,362	(6,905)	840	(16,056)	917	(5,926)	(54,454)
4.3	(5.8)	0.7	(12.0)	0.7	(5.2)	(5.2)
5,203	4,354	4,590	7,525	9,553	5,620	51,645
7,373	7,127	6,220	6,105	6,496	7,199	66,150
4,160	4,321	4,272	4,208	4,288	4,161	38,235
3.4	3.6	3.7	3.2	3.0	3.6	3.6
81,689	78,775	83,799	83,659	78,254	80,380	738,587
64,968	58,341	55,968	59,052	60,030	59,234	544,284
42,106	40,377	29,442	61,425	47,389	52,748	484,688
26,405	33,875	46,754	31,875	42,980	47,084	432,645
78,146	62,864	63,571	49,410	47,914	39,781	365,538
146,657	137,117	139,768	142,711	138,284	139,615	1,282,872
10,730	10,970	6,443	5,305	(13,856)	3,925	36,069
(4,269)	(2,878)	(4,334)	(7,265)	(8,771)	(5,447)	(50,051)
6,460	8,091	2,108	(1,960)	(22,627)	(1,521)	(13,982)
(7,675)	(4,712)	710	(1,759)	17,128	10,478	96,280
329.09	(423.82)	51.57	(985.77)	56.36	(363.96)	(3.34)
30.00	30.00	30.00	30.00	30.00	0.00	0.00
4,772.25	3,834.26	3,877.73	3,012.97	2,921.53	2,422.68	22.26
3.7	(4.9)	0.6	(11.4)	0.7	(4.3)	
7.6	(9.8)	1.3	(28.6)	1.9	(13.6)	
53.0	45.6	45.2	34.4	34.4	28.3	
109.93	120.13	108.38	110.85	110.91	108.74	
138.77	132.57	118.79	129.70	128.41	120.82	

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 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 2011.

9. As of the beginning of FY2018, we apply the Partial Amendments to Accounting Standards for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018). As a result, we now indicate deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities.

Figures for FY2017 have been adjusted retroactively to reflect the change in accounting standards.

Consolidated Balance Sheets

For the years ended March 31, 2020 and 2019

		Million Yen	Thousand U.S. dollars
	2019.3	2020.3	2020.3
Assets			
Current assets	78,254	80,380	738,587
Cash on hand and in banks	19,011	27,724	254,746
Notes and accounts receivable – trade	26,587	22,226	204,233
Inventories	27,902	26,531	243,784
Other current assets	4,759	3,907	35,901
Less allowance for doubtful accounts	(6)	(8)	(78)
Fixed assets	60,030	59,234	544,284
Property, plant and equipment	40,535	40,514	372,271
Intangible fixed assets	1,247	1,600	14,705
Investments and other assets	18,247	17,119	157,307
Total assets	138,284	139,615	1,282,872
Liabilities			
Current liabilities	47,389	52,748	484,688
Notes and accounts payable – trade	8,321	6,610	60,743
Short-term debt	20,702	27,551	253,161
Other current liabilities	18,364	18,586	170,783
Long-term liabilities	42,980	47,084	432,645
Long-term debt	30,001	33,712	309,770
Net defined benefit liability	9,194	8,382	77,027
Other long-term liabilities	3,785	4,989	45,847
Total liabilities	90,370	99,833	917,334
Net Assets			
Shareholders' equity	48,681	42,264	388,353
Accumulated other comprehensive income	(1,108)	(2,817)	(25,892)
Non-controlling interests	341	334	3,076
Total net assets	47,914	39,781	365,538
Total liabilities and net assets	138,284	139,615	1,282,872

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

2. US dollar amounts are calculated based on currency rate of \$1 = ¥108.83.

Consolidated Statements of Income

For the years ended March 31, 2020 and 2019

	Million Yen		Thousand U.S. dollars
	2019.3	2020.3	2020.3
Net sales	140,951	114,599	1,053,014
Cost of sales	114,256	96,764	889,129
Gross profit	26,694	17,835	163,884
Selling, general and administrative expenses	21,557	20,727	190,456
Operating income (loss)	5,137	(2,891)	(26,572)
Non-operating income			
Interest income	37	38	357
Dividend income	134	126	1,162
Equity in earnings of affiliated companies	510	268	2,464
Other	41	36	337
Total	724	470	4,322
Non-operating expenses			
Interest expense	669	722	6,638
Financing expenses	15	565	5,196
Foreign exchange losses	299	502	4,618
Other	44	33	306
Total	1,028	1,824	16,760
Ordinary income (loss)	4,833	(4,245)	(39,010)
Extraordinary income			
Gain on sales of property, plant and equipment	3	3	35
Gain on sales of investment securities	192	—	—
Total	195	3	35
Extraordinary loss			
Loss on disposal of property, plant and equipment	32	7	65
Extra retirement payments	—	845	7,771
Loss related to Antitrust laws	2,733	79	728
Total	2,766	932	8,566
Profit (loss) before income taxes	2,263	(5,173)	(47,541)
Income taxes			
Current	1,448	612	5,630
Deferred	(73)	132	1,220
Total	1,374	745	6,851
Profit (loss)	888	(5,919)	(54,392)
Profit (loss) attributable to non-controlling interests	(29)	6	61
Profit (loss) attributable to owners of parent	917	(5,926)	(54,454)

	Yen		U.S. dollars
	2019.3	2020.3	2020.3
Profit (loss) per share			
Basic	56.36	(363.96)	(3.34)
Diluted	—	—	—

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2020 and 2019

	Million Yen		Thousand U.S. dollars
	2019.3	2020.3	2020.3
Profit (loss)	888	(5,919)	(54,392)
Other comprehensive income			
Net unrealized holding gains (losses) on securities	(876)	(552)	(5,078)
Foreign currency translation adjustments	(842)	(1,042)	(9,578)
Remeasurements of defined benefit plans	(115)	(65)	(599)
Share in other comprehensive income of affiliated companies accounted for using equity method	(54)	(62)	(570)
Total other comprehensive income	(1,888)	(1,722)	(15,826)
Comprehensive income	(999)	(7,641)	(70,219)
Attributable to			
Owners of parent	(1,000)	(7,635)	(70,157)
Non-controlling interests	0	(6)	(61)

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

2. US dollar amounts are calculated based on currency rate of \$1 = ¥108.83.

Consolidated Statements of Cash Flows

For the years ended March 31, 2020 and 2019

Million Yen

Thousand U.S. dollars

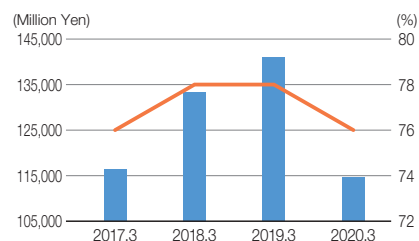
	2019.3	2020.3	2020.3
Cash flows from operating activities:			
Profit (loss) before income taxes	2,263	(5,173)	(47,541)
Depreciation and amortization	7,024	7,716	70,901
Loss related to Antitrust laws	2,733	79	728
Increase (decrease) in net defined benefit liability	(204)	(56)	(517)
Increase (decrease) in allowance for doubtful accounts	(11)	2	19
Increase (decrease) in provision for environmental safety measures	(76)	(3)	(29)
Interest and dividend income	(171)	(165)	(1,520)
Interest expense	669	722	6,638
Foreign exchange loss (gain)	(6)	(9)	(85)
Equity in earnings of affiliated companies	(510)	(268)	(2,464)
Loss (gain) on disposal of property, plant and equipment, net	29	3	30
Decrease (increase) in notes and accounts receivable	2,411	4,104	37,710
Decrease (increase) in inventories	(4,904)	1,005	9,241
Increase (decrease) in notes and accounts payable	(1,618)	(2,940)	(27,020)
Increase (decrease) in accounts payable – other	63	(318)	(2,923)
Other	1,556	1,882	17,298
Sub total	9,246	6,580	60,465
Interest and dividends received	334	328	3,022
Interest paid	(682)	(701)	(6,443)
Income taxes paid	(1,246)	(900)	(8,278)
Payments related to Antitrust laws	(21,508)	(1,381)	(12,697)
Net cash provided by (used in) operating activities	(13,856)	3,925	36,069
Cash flows from investing activities:			
Decrease in time deposit	51	—	—
Purchase of property, plant and equipment	(8,920)	(5,036)	(46,281)
Proceeds from sales of property, plant and equipment	3	9	85
Purchase of intangible fixed assets	(384)	(618)	(5,684)
Proceeds from sales of investment securities	367	—	—
Payments of loans receivable	(19)	(14)	(129)
Collection of loans receivable	22	18	169
Other	107	194	1,789
Net cash provided by (used in) investing activities	(8,771)	(5,447)	(50,051)
Cash flows from financing activities:			
Net increase (decrease) in short-term debt	14,573	3,014	27,701
Proceeds from long-term debt	14,500	10,000	91,886
Repayments of long-term debt	(12,284)	(2,362)	(21,704)
Purchase of treasury shares	(7)	(2)	(23)
Repayments of lease obligations	(167)	(688)	(6,322)
Proceeds from sale and leaseback	1,003	1,004	9,231
Cash dividends paid	(488)	(488)	(4,488)
Net cash provided by (used in) financing activities	17,128	10,478	96,280
Effect of exchange rate changes on cash and cash equivalents	(129)	(243)	(2,240)
Net increase (decrease) in cash and cash equivalents	(5,628)	8,712	80,057
Cash and cash equivalents at beginning of year	24,634	19,005	174,638
Cash and cash equivalents at end of year	19,005	27,718	254,696

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

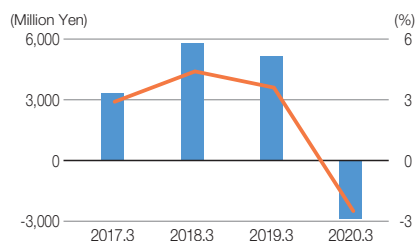
2. US dollar amounts are calculated based on currency rate of \$1 = ¥108.83.

Financial Status and Analysis of Operating Results

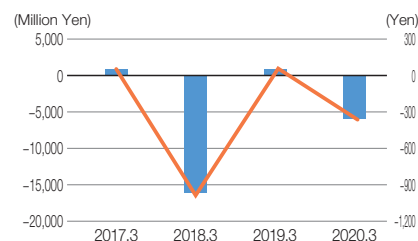
1 ● Net sales ● Overseas sales ratio



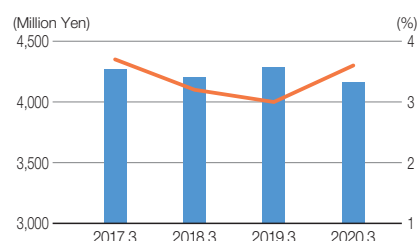
2 ● Operating income ● Operating income margin



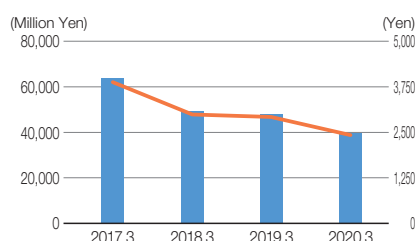
3 ● Profit attributable to owners of parent ● Profit per share



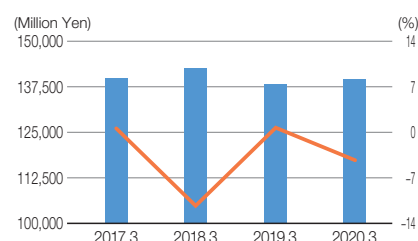
4 ● R&D expenses ● Proportion of net sales



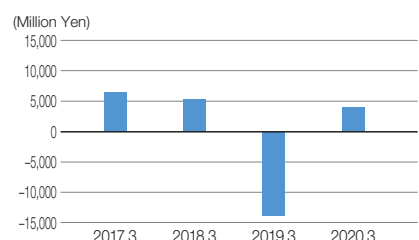
5 ● Net assets ● Net assets per share (BPS)



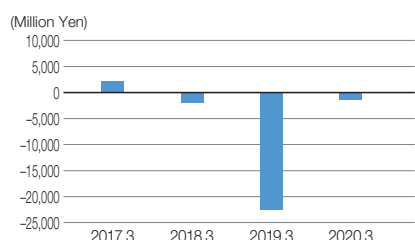
6 ● Total assets ● ROA



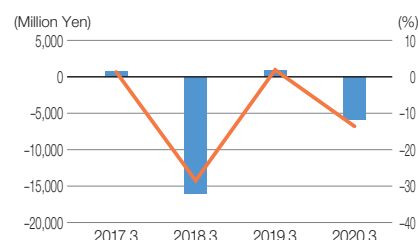
7 Cash flows from operating activities



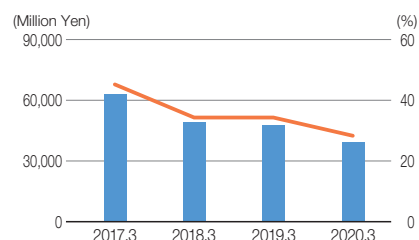
8 Free cash flow



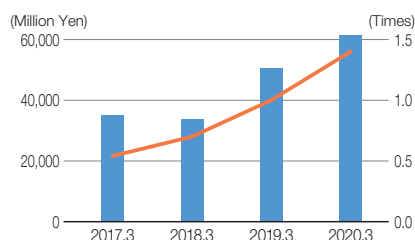
9 ● Profit attributable to owners of parent ● ROE



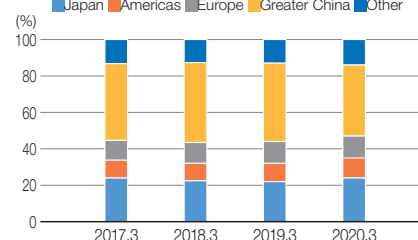
10 ● Equity ● Equity ratio



11 ● Interest-bearing debts ● Debt/Equity ratio



12 Net sales by region



1 Net sales, Overseas sales ratio FY2019 net sales were 114,599 million yen (down 18.7% YoY) due to decreased demand for automotive electronics and industrial equipment-related products as a result of prolonged US-China trade friction and the impact of the COVID-19 pandemic. Looking at region-specific sales, Japan decreased 12.1% YoY. Overseas, Americas decreased 13.4% YoY, Europe decreased 11.7% YoY, and Greater China decreased 23.9% YoY. The ratio of overseas net sales was 76%.

3 Profit attributable to owners of parent, Profit per share Losses attributable to owners of parent were 5,926 million yen (previous FY resulted in profit attributable to owners of parent of 917 million yen) due to stagnant corporate capital investments attributable to prolonged US-China trade friction and the impact of the COVID-19 pandemic, which resulted in reduced orders received for large-sized aluminum electrolytic capacitors and a decline in capacity utilization. As a result, profit per share was loss of 363.96 yen for FY2019, compared to 56.36 yen during the previous fiscal year.

4 R&D expenses FY2019 research and development activities focused on the development of high value-added products driven by our in-house development structure from materials to products. We also focused on further improving quality and fundamental research aimed at creating new businesses. Total R&D expenses for FY2019 were 4,161 million yen (down 127 million yen YoY).

5 Net assets, Net assets per share FY2019 net assets were 39,781 million yen, a decrease of 8,132 million yen compared to the end of the previous consolidated fiscal year. This is largely attributable to having recorded loss attributable to owners of parent, a decrease in net unrealized gains on securities due to declines in stock prices at the end of the fiscal year, and a decrease in foreign currency translation adjustments due to currency rate fluctuations. As a result, net assets per share were 2,422.68 yen (previous year was 2,921.53 yen).

6 Total assets Assets were 139,615 million yen (up 1,330 million yen compared to the end of the previous fiscal year) due to reduced collection of receivables and a decrease in inventory assets. Liabilities were 99,833 million yen, an increase of 9,463 million yen compared to the end of the previous fiscal year. This is caused by debts increasing despite accounts payable decreasing.

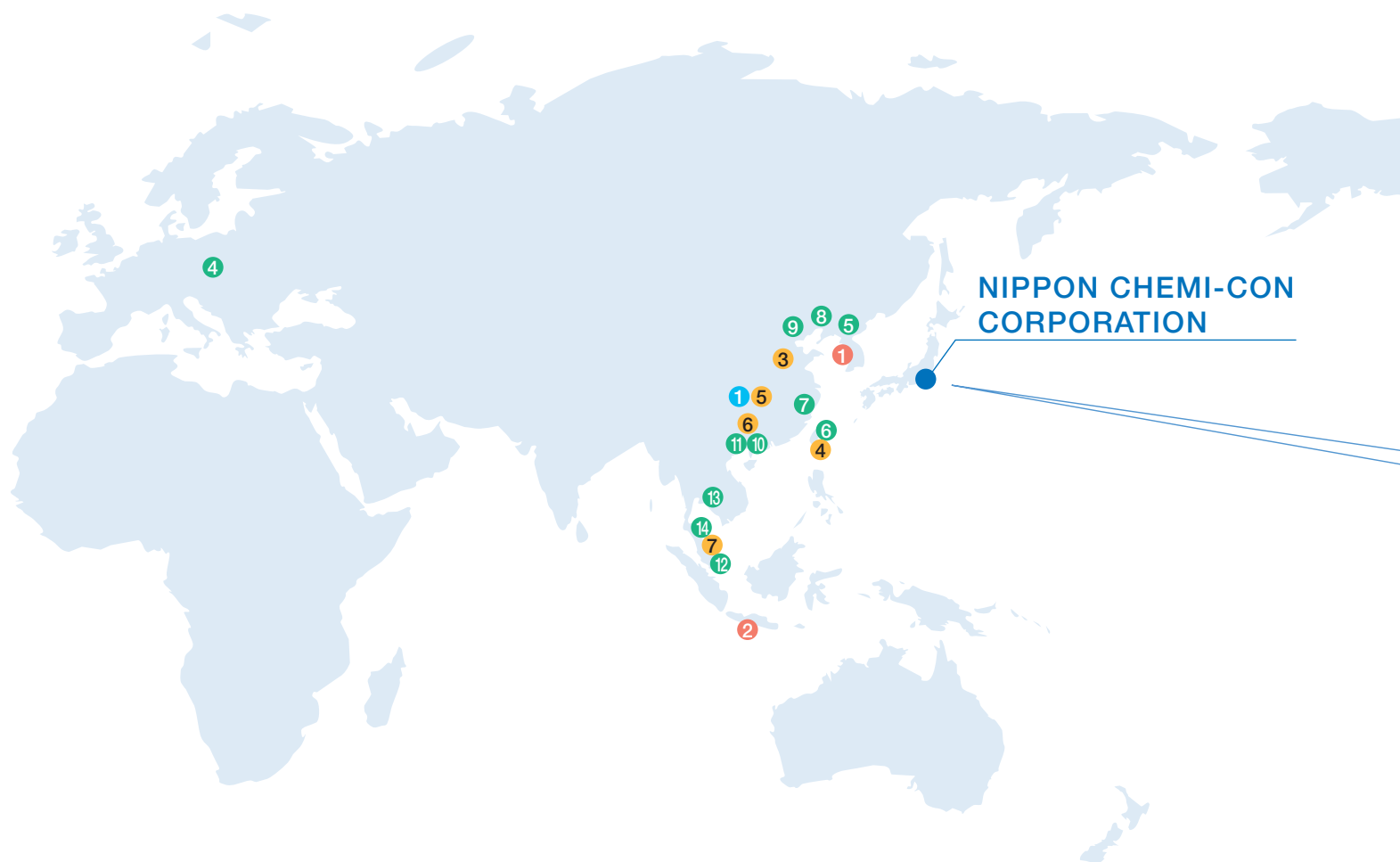
7/8 Cash flows Cash flows from operating activities were revenues of 3,925 million yen. This is caused by depreciation and amortization expenses and a decrease in inventory assets despite recording a loss before income taxes. Cash flows from investing activities resulted in expenditures of 5,447 million yen. Capital expenditures included investments related to expanding production facilities for aluminum electrolytic capacitor electrode foils and aluminum electrolytic capacitors. Cash flows from financing activities resulted in revenues of 10,478 million yen on revenues from loan payments.

Major Offices and Plants

Overseas
Affiliates

Domestic

(As of September 30, 2020)



Overseas Affiliates

Manufacturing Bases

- 1 UNITED CHEMI-CON, INC. (North Carolina, U.S.A.)
- 2 CHEMI-CON MATERIALS CORP. (Washington, U.S.A.)
- 3 QINGDAO SAMYOUNG ELECTRONICS CO., LTD. (Shandong, China)
- 4 TAIWAN CHEMI-CON CORP. (Nantou)
- 5 CHEMI-CON(WUXI)CO.,LTD. (Jiangsu, China)
- 6 DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD. (Guangdong, China)
- 7 CHEMI-CON(MALAYSIA) SDN. BHD. (Selangor)

Sales Bases

- 1 UNITED CHEMI-CON, INC. (Illinois, U.S.A.)
- 2 UNITED CHEMI-CON, INC. (California, U.S.A.)
- 3 UNITED CHEMI-CON, INC. (Alabama, U.S.A.)
- 4 EUROPE CHEMI-CON (DEUTSCHLAND) GmbH (Bavaria, Germany)
- 5 CHEMI-CON ELECTRONICS (KOREA) CO., LTD.
- 6 TAIWAN CHEMI-CON CORP. (Taipei)
- 7 SHANGHAI CHEMI-CON TRADING CO.,LTD. (Shanghai, China)

- 8 SHANGHAI CHEMI-CON TRADING CO.,LTD. (Dalian, China)
- 9 SHANGHAI CHEMI-CON TRADING CO.,LTD. (Beijing, China)
- 10 HONG KONG CHEMI-CON LTD.
- 11 CHEMI-CON TRADING (SHENZHEN) CO.,LTD. (Shenzhen, China)
- 12 SINGAPORE CHEMI-CON (PTE.) LTD.
- 13 CHEMI-CON ELECTRONICS (THAILAND) CO., LTD.
- 14 CHEMI-CON(MALAYSIA) SDN. BHD. (Penang)

Manufacturing and Sales Bases

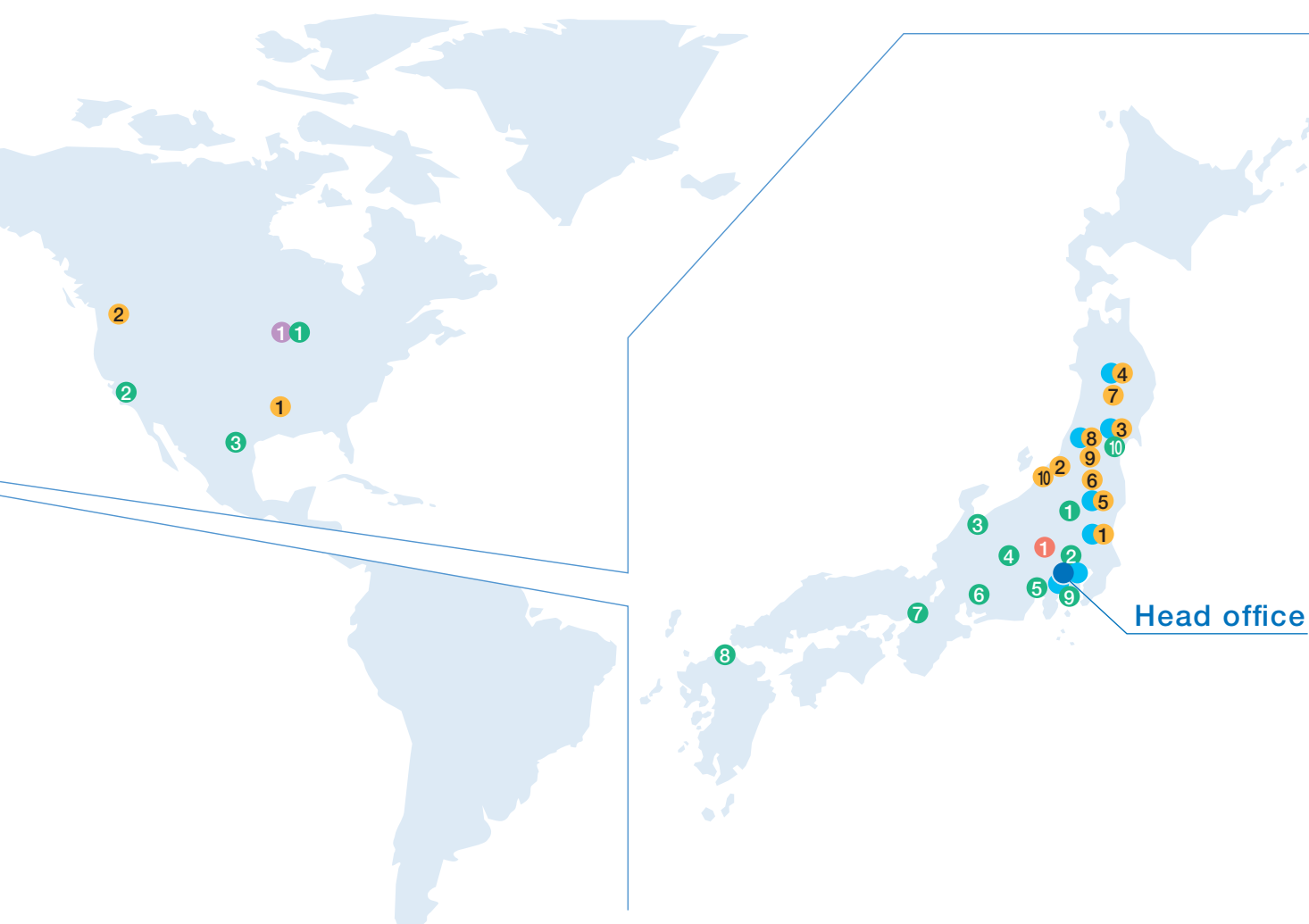
- 1 SAMYOUNG ELECTRONICS CO., LTD. (Gyeonggi-do, Korea)
- 2 P.T.INDONESIA CHEMI-CON

R&D Base

- 1 CHEMI-CON TECHNICAL CENTER (WUXI) LTD. (Jiangsu, China)

Regional Headquarter

- 1 CHEMI-CON AMERICAS HOLDINGS, INC. (Illinois, U.S.A.)



Major Offices and Plants in Japan

- NIPPON CHEMI-CON CORPORATION -

● Head Office (Tokyo)

Manufacturing Bases

- ① Takahagi Plant (Ibaraki)
- ② Niigata Plant

Sales Bases

- ① Kita-Kanto Sales Office (Tochigi)
- ② Japan Sales Department / Sales Promotion Department (Tokyo)
- ③ Hokuriku Sales Office (Ishikawa)
- ④ Nagano Sales Office
- ⑤ Shizuoka Sales Office
- ⑥ Nagoya Sales Office (Aichi)
- ⑦ Osaka Sales Office
- ⑧ Fukuoka Sales Office

R&D Bases

- R&D Headquarters / Production System Headquarters / Material Development Dept.
(Iwate / Miyagi / Yamagata / Fukushima / Ibaraki / Tokyo / Kanagawa)

- Affiliates in Japan -

Manufacturing Bases

- ③ CHEMI-CON EAST JAPAN CORP. Miyagi Plant
- ④ CHEMI-CON EAST JAPAN CORP. Iwate Plant
- ⑤ CHEMI-CON EAST JAPAN CORP. Fukushima Plant
- ⑥ CHEMI-CON EAST JAPAN MATERIALS CORP. Kitakata Plant (Fukushima)
- ⑦ CHEMI-CON EAST JAPAN MATERIALS CORP. Iwate Waga Plant
- ⑧ CHEMI-CON YAMAGATA CORP. Nagai Plant
- ⑨ CHEMI-CON YAMAGATA CORP. Yonezawa Plant
- ⑩ CHEMI-CON NAGAOKA CORP. (Niigata)

Sales Bases

- ⑨ KDK CORP. (Tokyo)
- ⑩ CHEMI-CON MACHINERY CORP. (Miyagi)

Manufacturing and Sales Base

- ① CHEMI-CON MACHINERY CORP. (Tokyo)

Corporate Information / Stock Information (As of March 31, 2020)

Foundation	August 1931
Establishment	August 1947
Capital	¥21,526 million
Number of Employees	6,901 (Consolidated) (including fixed-term employees)
Common Stock	
• Issued	16,314,833 shares
• Trading Unit	100 shares
• Number of Shareholders	12,283

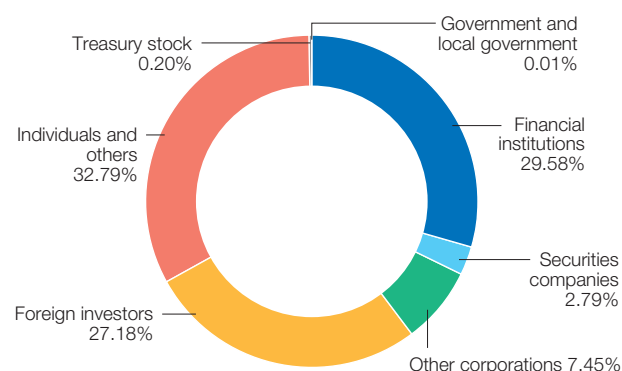
Major Shareholders (Top 10)

Name	Percentage of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.83
SSBTC CLIENT OMNIBUS ACCOUNT	3.79
MUFG Bank, Ltd.	3.55
Japan Trustee Services Bank, Ltd. (Trust Account)	3.32
Nippon Life Insurance Company	3.15
CAPITAL SECURITIES CORP. -LIPERS ENTERPRISE CO., LTD.	2.81
Sumitomo Mitsui Banking Corporation	2.06
DFA INTL SMALL CAP VALUE PORTFOLIO	1.95
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.90
JP MORGAN CHASE BANK 385151	1.55

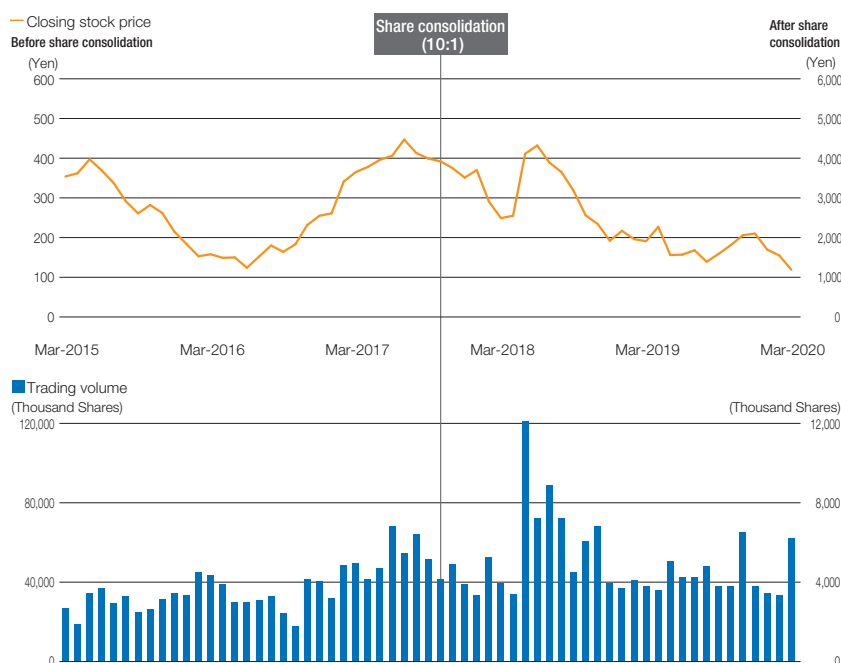
Note: Shareholding ratio is calculated by subtracting treasury stock.

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

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 (¥)
2015	417	128
2016	394	117
2017	475 (4,550)	303 (2,342)
2018	4,930	1,710
2019	2,442	1,054

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 2020

Shuichi Shiraishi

Director and Senior Managing Executive Officer

The CHEMI-CON REPORT is an integrated report that we publish to the Nippon Chemi-Con website. This marks the 6th edition of this report. This report serves as a communication tool for providing information to our shareholders, investors, and other stakeholders from a variety of angles. In addition to financial information, this report introduces our ESG initiatives and the correlation between our business activities and the SDGs. From information on immediate issues to medium and long-term goals, we create this report as a comprehensive overview of our business activities aimed at achieving sustainable growth.

As the COVID-19 pandemic drives us towards new norms, society is searching for new lifestyle standards and industrial frameworks. Until conditions in society calm down, we will continue to face a lack of transparency and predictability. In times like these it is increasingly important that we engage in communication with stakeholders. Our hope is that this CHEMI-CON REPORT provides an opportunity for communication.

November 2020

Inquiries regarding CHEMI-CON REPORT 2020

Corporate Communications Group, Corporate 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.



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