



CHEMI-CON REPORT 2024

Integrated report

Contributing to Environmentally and People Friendly Technology

Corporate Philosophy

As we strive to realize a carbon-neutral society, there is immense interest in energy conversion technology. For example, technology to convert natural energy such as solar and wind power into electrical energy, technology to use that electrical energy for lighting, technology to run cars and power robots, technology to process vast amounts of information and transmit it around the world, and more. One of the electronic components essential for efficient energy conversion is the aluminum electrolytic capacitor produced by Nippon Chemi-Con.

Specifically, the Company's products are used in a wide range of applications, including power conditioners for solar power generation, LED lighting equipment, chargers and electronic control units for electric vehicles, inverter power supplies installed in robots and industrial equipment, servers installed in data centers, and mobile phone communication base stations. Our products contribute to higher functionality and energy conservation of equipment.

Nippon Chemi-Con's corporate philosophy is "Contributing to Environmentally and People Friendly Technology." The Company's philosophy is to increase its corporate value by refining technology and contributing to the resolution of social issues.

Nippon Chemi-Con aims to contribute to the realization of a sustainable society through its business activities.

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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. During the creation of this document, we reference the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). 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.

Sites covered — Nippon Chemi-Con Corporation and its Group affiliates

Period covered — FY2023 (April 1, 2023 through March 31, 2024) However, some contents include activities after April 2024

At a Glance (As of March 31, 2024)

We respect people and aim to be a company that contributes to society and the environment through the creativity of all employees.

Since its founding in 1931, Nippon Chemi-Con has been developing a wide range of electronic components, starting with aluminum electrolytic capacitors. Based on our corporate philosophy, “Contributing to Environmentally and People Friendly Technology,” we aim to create the next value (corporate value, product value, new business). We will further strengthen the development capabilities, manufacturing capabilities, and sales capabilities that we have gained over many years, and contribute to the resolution of social issues by providing high value-added products.

Consolidated Net Sales

150.7 billion yen

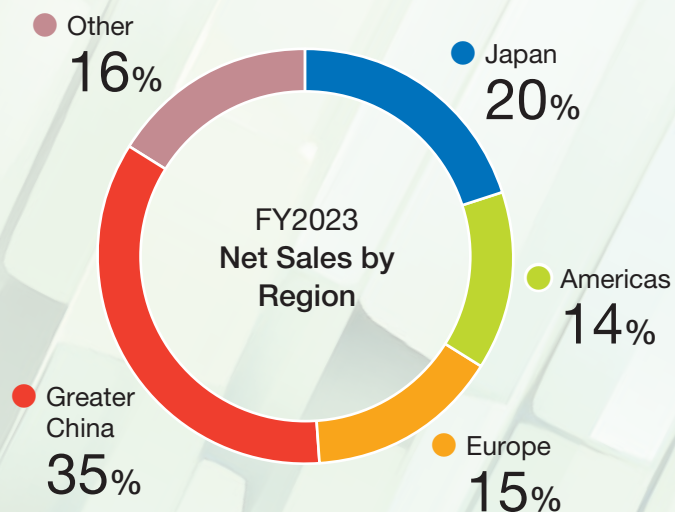
Consolidated Operating Income

9.4 billion yen

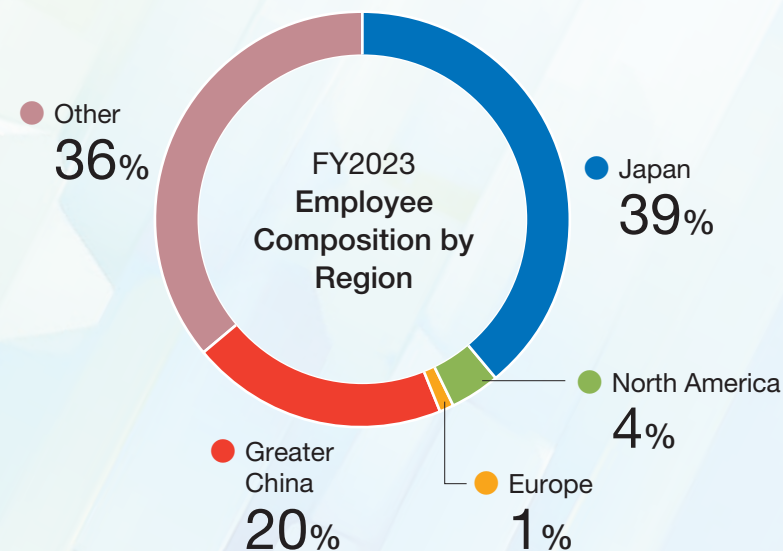
Number of Employees (Consolidated) (including fixed-term employees)

6,109

Net Sales by Region



Net Sales by Region



Nippon Chemi-Con's Value Provision Domains

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. Striving to resolve social issues, Nippon Chemi-Con continues to provide value in various domains.

Net sales by product group (FY2023)



Capacitors

94%

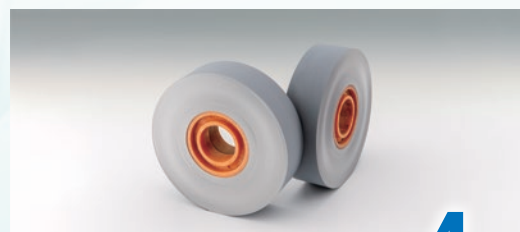
Aluminum Electrolytic Capacitors, Conductive Polymer Capacitors, Hybrid Capacitors, Supercapacitors, Multilayer Ceramic Capacitors, Metal Oxide Varistors



Mechanical and other parts

2%

Inductors (Choke Coils etc.), Camera modules



Other

4%

Capacitor material, Silicon wafers (resale products)

Realizing a carbon-free society

Demand for electronic components is projected to increase with trends such as vehicle electrification and automation, the adoption of inverters in industrial equipment and home appliances, expanding adoption of renewable energy, and energy management.

Stable supply of high-quality products

- Upgrading to smart factories
- Global manufacturing and sales network

Advancements in information infrastructure

With the expansion of fifth generation mobile communication systems (5G), demand for electronic components is projected to increase with the construction of communication base stations, an increase in data centers for supporting high-speed, large-volume communications, and advancements in information infrastructure such as the new construction of AI servers.

Net sales by market (application) (FY2023)

Automotive Electronics Market

- Electronic control units (ECU)
- Advanced driver assistance systems (ADAS)
- Onboard chargers etc.

34%

ICT Market

- PCs, home video game consoles
- Data center servers
- Communication base stations, etc.

23%

Industrial Equipment Market

- General-purpose inverters
- Servo amplifiers
- Switching power supplies etc.

22%

Home Appliances Market

- Air conditioners
- Refrigerators
- Smart home electronics etc.

8%

New Energy Market

- Photo voltaic systems
- Wind power generation systems etc.

6%

Other

7%

Market Environment and Business

Development (Develop businesses that are less affected by fluctuations in demand > Optimize sales balance by market/Focus on automotive electronics market)

Issues

Contraction of PC, camera, car navigation, and other markets due to the rise of the smartphone
Around 2007, the main device for connecting to the internet shifted from the PC to the smartphone

Strategies

Focus on growing automotive electronics market > establish competitive advantage, stabilize profitability
Sharp rise in demand for aluminum electrolytic capacitors driven by rapid shift to the electrification of automobiles
(1) Further weight reductions, (2) increased safety and reliability, (3) acceleration of network connectivity

ICT

Inventory adjustments for PCs and data center servers became prolonged, resulting in the sales ratio falling 1 percentage point from the previous fiscal year to 23% > Expectations on market expansion for AI-equipped PCs and generative AI servers

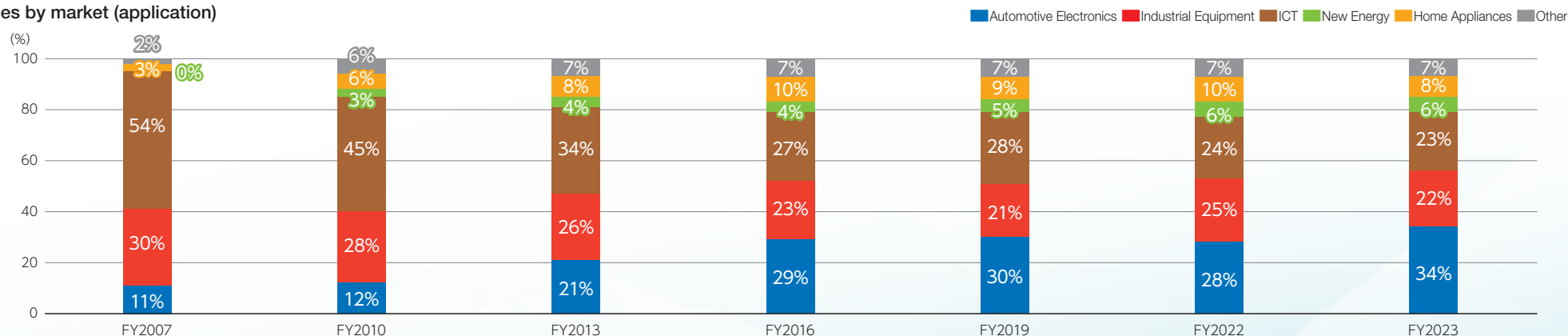
Automotive electronics

The sales ratio increased by 6 percentage points from the previous fiscal year to 34% due to the normalization of semiconductor supply and the drive toward electrification and increased use of electronics > Further market expansion is expected due to growing demand for hybrid capacitors

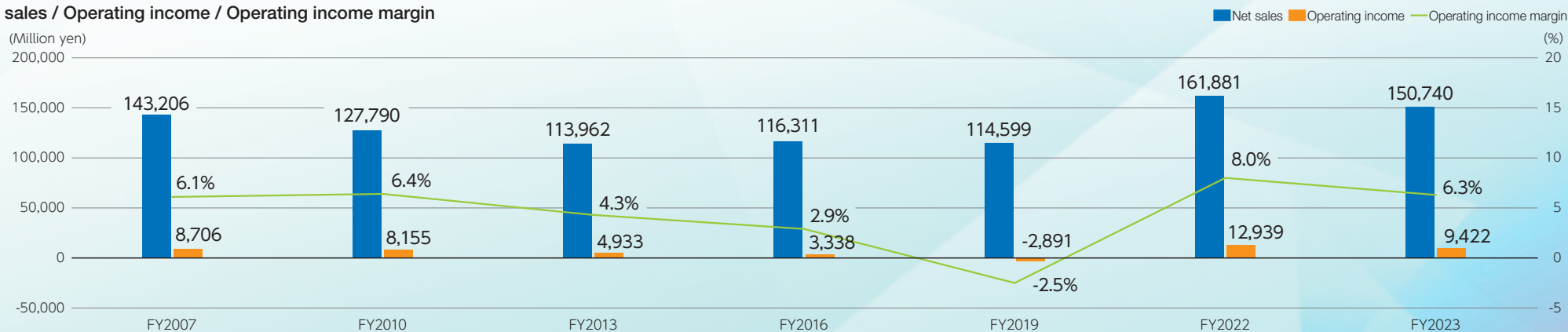
Industrial Equipment

The sales ratio decreased by 3 percentage points to 22% due to the prolonged inventory adjustment of facilities, parts, and other such things that accrued during the COVID-19 pandemic

Net sales by market (application)



Net sales / Operating income / Operating income margin



History

Since its establishment in 1931 as the first Japanese manufacturer of aluminum electrolytic capacitors, Nippon Chemi-Con has developed and provided a variety of products that meet the demands of the times.

Social
conditions/
issues

Dawn of the
electronics
industry

Post-war reconstruction and
rapid growth

Home appliance boom
Car boom

Bubble economy

Globalization

1930

1980

Values/
products we
provide

- Mass production of capacitors for radios
- Start of capacitor export
- Mass production of capacitors for TVs
- Mass production of capacitors for tape recorders
- Supplying of capacitors specialized for transistor radios (world's first)
- Automation of capacitor manufacturing facilities (world's first)
- Supplying of capacitors for vehicles
- Mass production of capacitors for consumer-use VTR

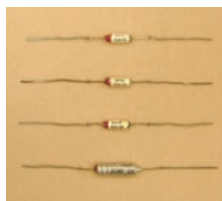
Aug 1931 Successful commercialization of Japan's first electrolytic capacitors. "SATO DENKI KOGYOSHO" as a limited partnership company established in Tokyo.

1943
|
1945 A product from SATO DENKI KOGYOSHO days



Aug 1947 Company reorganized, company name changed to "NIPPON CHEMICAL CAPACITOR INC."

1955 A micro electrolytic capacitor installed in Japan's first transistor radios



May 1963 Japanese spelling of the company adjusted.

Apr 1966 A new plant established in Miyagi Prefecture for production of small size aluminum electrolytic capacitors.

Jun 1966 HITACHI ELECTROLYTIC FOIL LABORATORY INC. (later changed to KDK CORP.) established in Ibaraki Prefecture for production of materials for aluminum electrolytic capacitors.

Mar 1969 A new plant established in Iwate Prefecture for production of medium size aluminum electrolytic capacitors.

Jun 1970 UNITED CHEMI-CON, INC. established in the United States.

Sep 1970 Listed on the second section of the Tokyo Stock Exchange.

Sep 1972 SAMYOUNG ELECTRONICS CO., LTD. established as a joint venture in South Korea.

Feb 1975 SINGAPORE CHEMI-CON (PTE.) LTD. established in Singapore.

Jun 1976 A new plant established in Fukushima Prefecture for production of large size aluminum electrolytic capacitors.

Feb 1977 EUROPE CHEMI-CON (DEUTSCHLAND) GmbH, established in Germany.

Sep 1977 Listed on the first section of the Tokyo Stock Exchange.

Apr 1979 TAIWAN CHEMI-CON CORP. established in Taiwan.

Sep 1980 A local Hong-Kong affiliate (currently HONG KONG CHEMI-CON LTD.) established.

Jul 1981 Company name changed to "NIPPON CHEMI-CON CORPORATION."

Jan 1993 P.T. INDONESIA CHEMI-CON established in Indonesia.

May 1994 DONG GUANG KDK ALUMINUM FOIL MANUFACTURE LTD. established in China.

Apr 1995 Acquisition of shares of MARCON ELECTRONICS CO., LTD.

1998 Conductive polymer aluminum solid capacitors launched



May 1998 SHANGHAI CHEMI-CON TRADING CO., LTD. established in China.

Oct 1999 Merger of the processing division of KDK CORP. to strengthen technical development capabilities of aluminum electrolytic capacitors.

History

*Total of BEV (Battery Electric Vehicle) and PHEV (Plug-in Hybrid Electric Vehicle) among passenger vehicles.
Source: International Energy Agency (IEA), Global EV Outlook 2021

Social
conditions/
issues

Century of the environment
Popularization of digital devices and IT adoption
Emergence of hybrid cars

Towards a sustainable society

Global number of EV exceeds 10 million*

2000

2022

Values/
products we
provide

- Supplying of conductive polymer aluminum solid capacitors for home video game consoles (world's first)
- Introduction of lead-free, environmentally friendly capacitors
- Supplying of supercapacitors for passenger vehicles (world's first)
- Commercialization of hybrid capacitors

Aug 2002 Production of aluminum electrolytic capacitors launched at CHEMI-CON (WUXI) CO., LTD. in China.

2003 Mass production of large capacitance supercapacitors launched



Apr 2003 CHEMI-CON ELECTRONICS (THAILAND) CO., LTD. established in Thailand.

Apr 2008 CHEMI-CON TRADING (SHENZHEN) CO., LTD. established in China.

2012 Conductive polymer hybrid aluminum electrolytic capacitors launched



Mar 2012 Kanagawa Research Center established.

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

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

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

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.

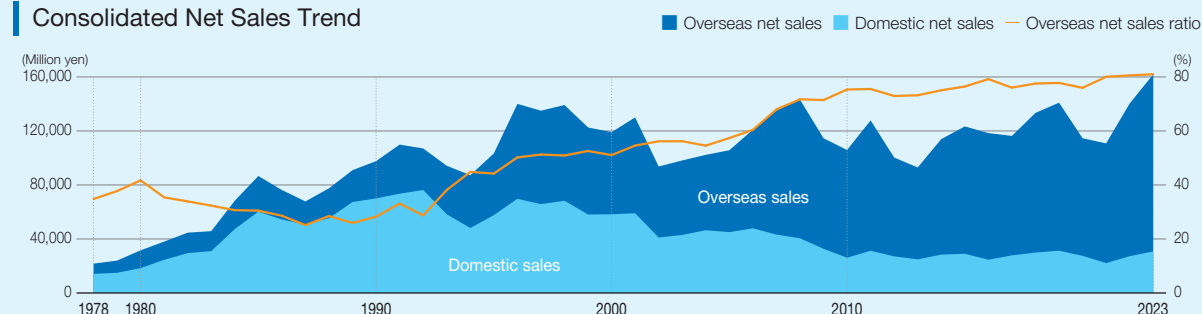
Mar 2022 Declaration of support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Apr 2022 Transition to the Prime Market of the Tokyo Stock Exchange.

Oct 2023 Absorption of CHEMI-CON MACHINERY CORP. into CHEMI-CON EAST JAPAN CORP. Absorption of CHEMI-CON NAGAOKA CORP. into CHEMI-CON YAMAGATA CORP., renamed CHEMI-CON DEVICE CORP.

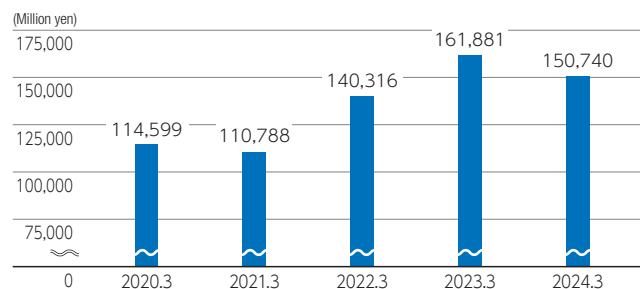
Jun 2024 Completed construction of a dedicated hybrid capacitor manufacturing building at Chemi-Con East Japan Corp. Miyagi Plant

Consolidated Net Sales Trend

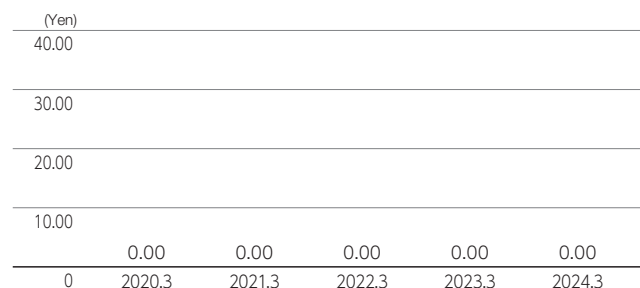


Financial and Non-financial Highlights

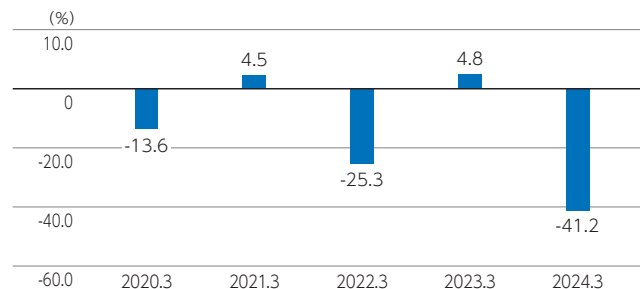
▶ Net sales



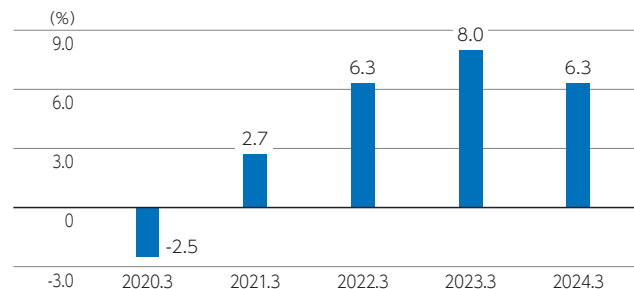
▶ Dividend per share (DPS)



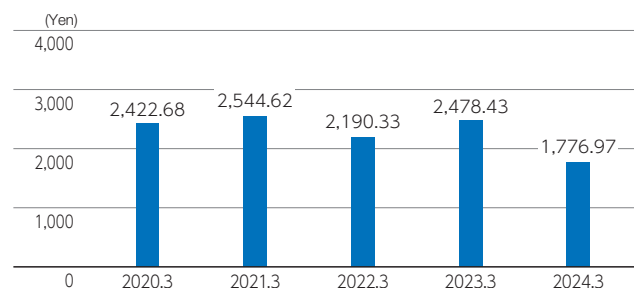
▶ Return on equity (ROE)



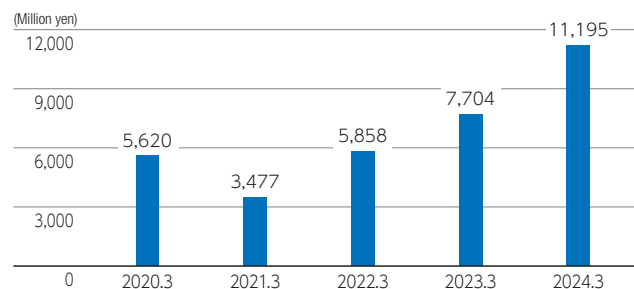
▶ Operating income margin



▶ Book value per share (BPS)

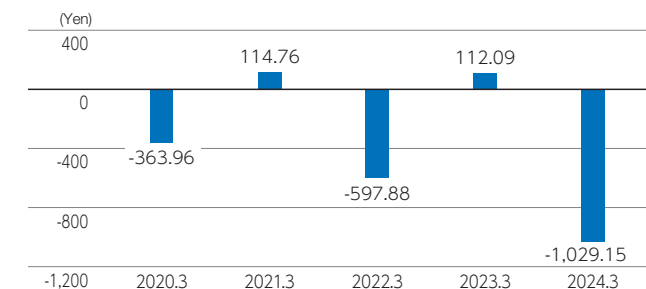


▶ Capital investment

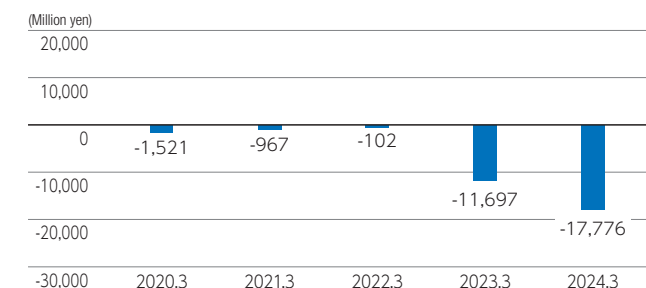


We will increase capital efficiency by concentration and selection of our capital investments.

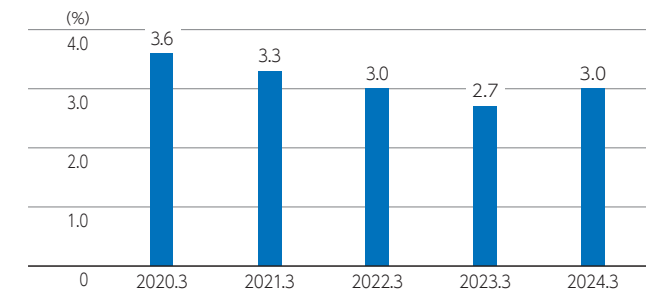
▶ Profit (loss) per share (EPS)



▶ Free cash flow



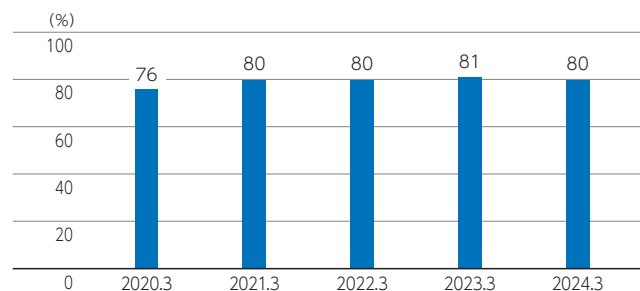
▶ R&D expenses (ratio to net sales)



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.

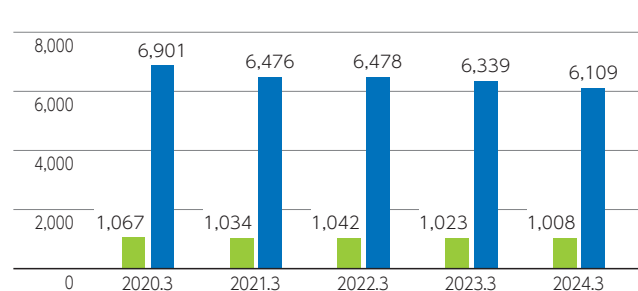
Financial and Non-financial Highlights

▶ Overseas sales ratio

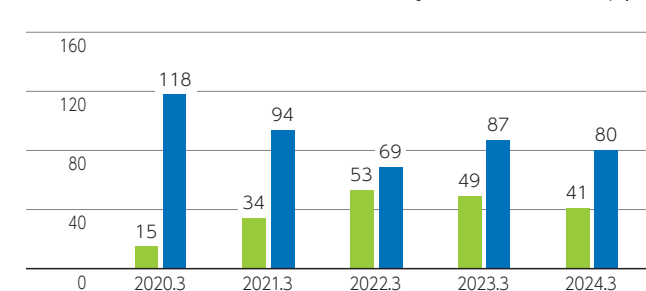


We work to strengthen regional strategies to diversify risks.

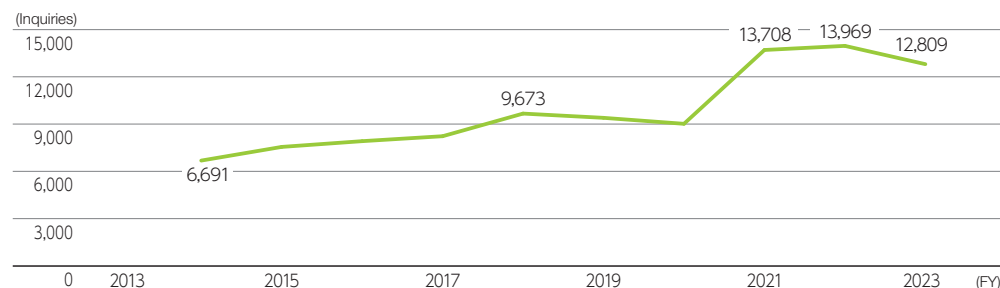
▶ Number of employees (including fixed-term employees)



▶ New employment and reemployment



▶ Product compliance (All product categories)

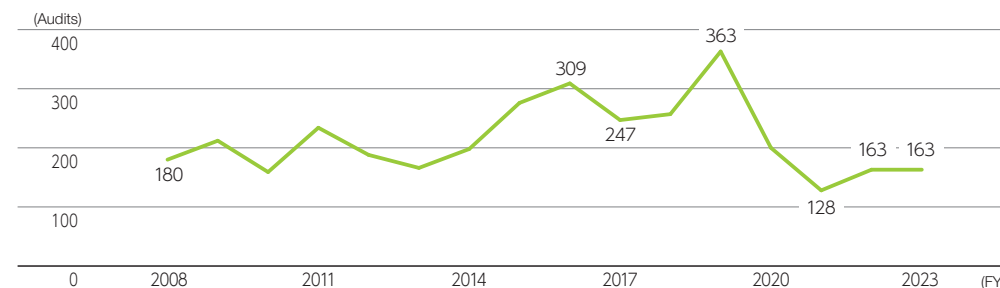


Since the ELV Directive came into force in Europe in 2003, the RoHS Directive became effective in 2006, and REACH in 2007. REACH is intended for all chemical substances. These European standards have become a global trend and countries around the world are strengthening chemical substance management.

We are committed to providing “green products” that are free of regulated chemical substances keeping up with rapidly changing chemical substance regulations and complying to laws and distributing information in advance.

The graph shows the shift in the number of surveys conducted on our products by customers such as non-containment confirmation of hazardous substances. There were about 7,000 inquiries in FY2014, but they increased to over 9,000 by the time the revised RoHS Directive (RoHS2) was implemented in 2019. In 2021, we started a service for downloading RoHS/REACH Compliance Statements on our website. This service is being used frequently, indicating how much customers are focusing on product “compliance.”

▶ QPE supplier audit results (All offices and plants in or outside Japan)



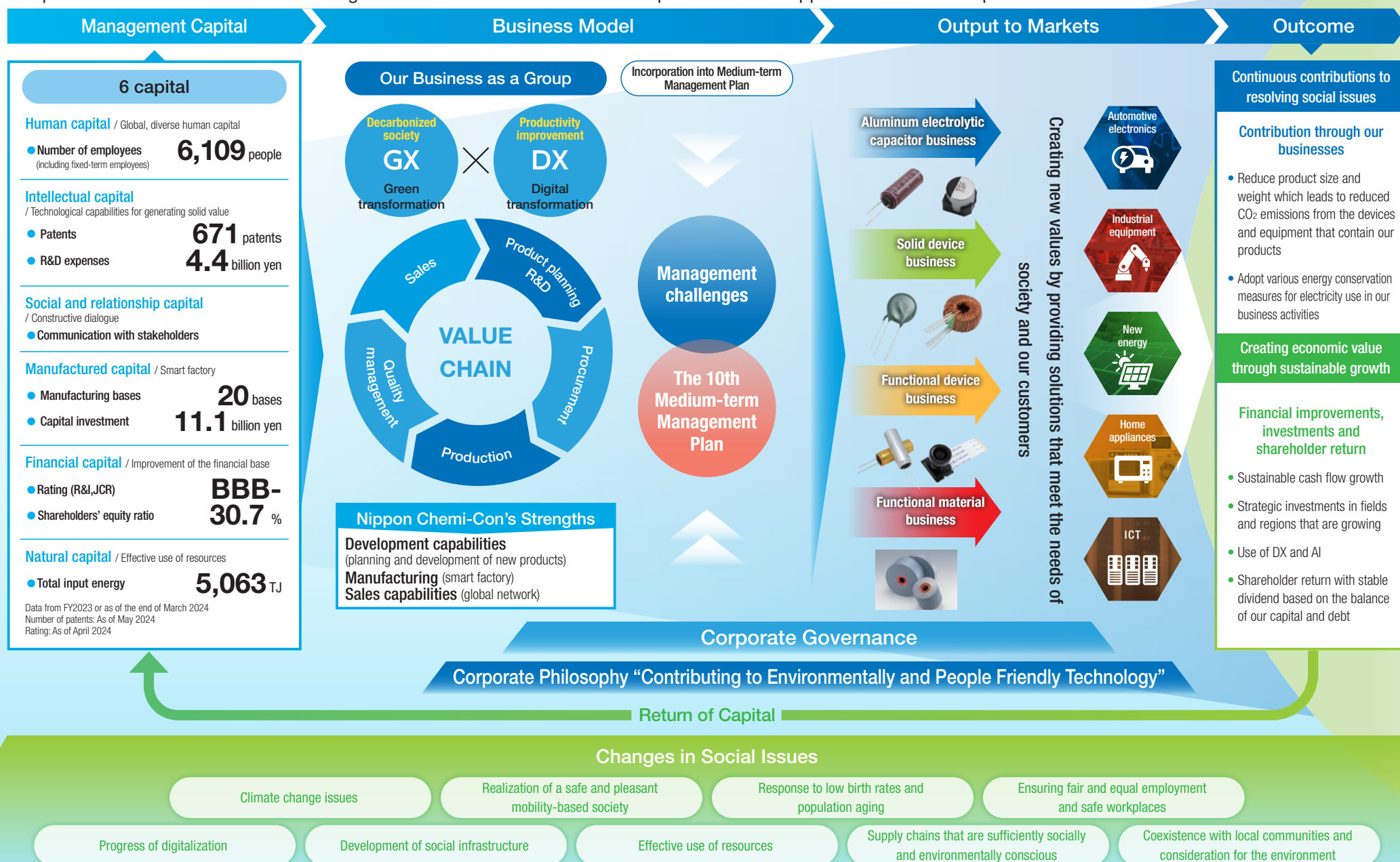
The potential applications for our products are expanding due to customer technology trends. However, it goes without saying that strong, trusting relationships with our suppliers are critical to ensure a quick response to customer expectations.

We have made improvements on the conventional Green Supplier Certification System by combining quality (Q), procurement (P) and environment (E) into a single audit system and are promoting the creation of “QPE Supplier Charts” through this system. These charts are similar to a health exam chart and enables us to regularly check on the health (management) status of our suppliers. These charts serve as a tool for close communication with our suppliers.

Process of Value Creation

Contributing to the creation of new values and resolving social issues through our business activities.

The process of value creation leads to the growth and increase in sustainable corporate value of Nippon Chemi-Con Group.



Message from Our President

Improving productivity and adaptability through total optimization management — Overcoming difficult situations

November 2024

Representative Director and President
Norio Kamiyama



Based on our corporate philosophy, “Contributing to Environmentally and People Friendly Technology,” Nippon Chemi-Con aims to provide high value-added products and services suited to each customer, and strives to create shared value that balances social value and economic value.

Fiscal 2023, the first year of our 10th Medium-term Management Plan, has been an extremely challenging and change-filled year for the Nippon Chemi-Con Group.

Nippon Chemi-Con and its U.S. subsidiary United Chemi-Con, Inc. faced civil lawsuits seeking damages for violations of competition laws related to transactions involving

aluminum electrolytic capacitors. After giving comprehensive consideration to the circumstances, the Company paid settlements after agreeing with the plaintiffs in July 2023 and September 2023 to do so. Although this brought an end to all civil lawsuits in the United States seeking compensation for damages, the payment of settlements resulted in a significant deterioration of the Group’s equity capital. I deeply apologize to our shareholders and other stakeholders for the great concern and inconvenience this has caused.

Under these circumstances, in order to strengthen our financial foundation and secure funds to promote our future growth strategy, in November 2023 we procured approximately 2.4 billion yen through the third-party allotment of common stock with Samyoung Electronics Co.,

Ltd., an affiliate in South Korea, and in December 2023 we procured 15.0 billion yen through the third-party allotment of class stock with the Japan Industrial Solutions III Investment Limited Partnership. These funds will be used for capital investment in growth areas during the 10th Medium-term Management Plan, including the construction of manufacturing buildings and the establishment of smart factories in order to increase production capacity for hybrid capacitors, demand for which is expected to increase in the future.

By continuing to steadily implement the measures in our Medium-term Management Plan, we will shift to a corporate structure that can respond flexibly to changes in the business environment and ensure high profitability even in the midst of change.

Message from Our President

FY2023 Overview of Results

Regarding the market environment surrounding the Group, although the automotive electronics market remained firm, the ICT market continued to see inventory adjustments due to the abatement of post-COVID special demand, and the industrial equipment market also experienced a prolonged slump in demand, partly due to sluggish capital investment caused by the worsening economic sentiment in China. As a result, net sales for the fiscal year under review were 150,740 million yen (down 6.9% year on year) and operating income was 9,422 million yen (down 27.2% year on year). The business environment in FY2023 saw a temporary deterioration in operations compared to FY2019, when demand decreased significantly due to trade friction between the United States and China. However, we believe that our success in generating a certain level of profit is due to the results of company-wide efforts, including structural reforms, cost reductions at factories and staff departments, and adjustments to product prices, which are reflected in the figures. In terms of sales, we focused on expanding sales of high value-added products, mainly hybrid capacitors, in the automotive electronics market, the ICT market, and the industrial equipment inverter market, which are positioned as our highest priority strategic markets in the 10th Medium-term Management Plan. Meanwhile, we endeavored to improve profitability by discontinuing production of some products that were a cause of cost increases, and promoting a shift to products with greater production efficiency. In terms of product development, we focused on developing high value-added products, such as a new series of hybrid capacitors for automotive electronics, and promoted the strengthening of competitiveness in strategic markets.

However, due to having recorded extraordinary losses

related to antitrust laws for settlements paid in relation to civil lawsuits in the United States related to competition laws, loss attributable to owners of parent was 21,291 million yen (the previous fiscal year was 2,273 million yen in profit attributable to owners of parent). In light of these circumstances, it is with sincere regret that we forewent paying a year-end dividend on our common stock for the fiscal year ended March 31, 2024. I deeply apologize for this. By steadily implementing the policies in our 10th Medium-term Management Plan, we will strive to put our corporate management back on a growth track as soon as possible, generate business profits, and resume dividends at the earliest.

10th Medium-term Management Plan

In April 2023, our Group started our 10th Medium-term Management Plan (FY2023 to FY2025), with the long-term goal of “Create next value: Let’s create the next value,” and the medium-term goal of “high-quality growth through enhancement of adaptability (resilience).” In FY2023, the first year of the 10th Medium-term Management Plan, we saw decreased revenues and income, partly due to the slump in the industrial equipment market and the ICT market. However, by steadily implementing the structural reforms we have been undertaking since the latter half of 2019 and the measures in the 10th Medium-term Management Plan, we believe that we are making progress in shifting to a corporate structure capable of securing a certain level of profits even in a harsh business environment.

Regarding our forecasts for FY2024, the domestic economy is expected to continue in a gradual recovery trend. However, the business environment influencing our Group is expected to remain unpredictable due to the impact on the global economy as a whole from monetary

tightening policies in Europe and the United States, geopolitical risks such as the situation in the Middle East and Ukraine, and climate change risks.

In this highly uncertain business environment, in order to achieve the medium- to long-term goals of the 10th Medium-term Management Plan and realize our vision, we believe that it is most essential for each and every employee to acquire and practice the ability to adapt and overcome difficult environments and situations, grow one-self, and actively confront future goals with hope. We will establish a strong corporate structure for profitability in any business environment, and will make a united effort toward the achievement of our 10th Medium-term Management Plan in order to realize sustainable growth going forward.

Toward a highly profitable structure

- Providing high value-added products and improving productivity -

The basic policy for the 10th Medium-term Management Plan is to target a highly profitable structure by providing high value-added products and improving productivity. Specifically, we will actively engage in capital investments to build a system for increasing production of hybrid capacitors, which are high value-added products and whose sales are expected to continue to increase. We plan to construct a new manufacturing building at Chemi-Con East Japan’s Miyagi Plant, and increase the Group’s hybrid capacitor production capacity two-fold by the end of FY2028 (compared to the end of FY2022). In addition, we have also started production at TAIWAN CHEMI-CON CORP., an overseas manufacturing base, and as well as working to increase production, we have been addressing BCP issues, which has long been a strong request from our customers. Hybrid capacitors are being widely adopted for automotive electronics as automation and electrification advance. In the future, however, their use is expected to

Message from Our President

expand to social infrastructure applications such as AI servers and communication base stations, and by increasing production, we will be able to capture that demand and further improve our profitability.

Meanwhile, in terms of initiatives to improve productivity, we will further promote Total Productive Management (TPM) activities at our production plants, convert plants into smart factories using digital transformation (DX), and strengthen our supply chain management (SCM) strategy and staff productivity improvements.

In shifting to smart factories, we are promoting the automation of product appearance sorting and the introduction of automated guided vehicles (AGVs), which are proving to be effective in reducing costs through labor savings and productivity improvements.

Our SCM strategy involves efficiently utilizing data from order information to production activities to create optimal production plans and promote the efficiency of the entire process, from materials procurement to product shipment. By establishing lean production operations based on highly effective plans that do not rely on human effort or judgment, we aim to reduce inventory and shorten total lead times, which will lead to the creation of free cash flow.

We recognize that improving productivity among our staff departments is one of the things we must focus on. As specific initiatives to achieve this, we are firstly undertaking stock-takes of existing work in all staff departments, and fundamentally reviewing both the content of work and the way it is implemented, including prioritizing work, deciding which tasks to discontinue, and promoting the digital transformation of simple and overlapping tasks. In addition, we will make our initiatives more effective by monitoring their progress, implementing PDCA management, and reflecting the results of these initiatives in our assessments. In this way, we will continue to promote workflow reforms while reaffirming the roles of our staff, and further improve the productivity of staff operations.

Toward strengthening product planning capabilities and taking on the challenge of new technologies

Another initiative to improve profitability is the alignment of product planning capability enhancement and technology (shifting to high-profit products by integrating market orientation and product orientation) as set out in the research and development strategy of the 10th Medium-term Management Plan. As part of this, we launched the CAT Project (Connecting Application & Technology Development Project) in April 2023. In the CAT Project, members consisting mainly of young and mid-career employees are listening closely to the challenges faced by our customers to identify potential demand and link this to the development of capacitor technology. In order to address the real issues facing our customers, we believe it is essential to deeply understand their product composition, assess products under conditions close to the actual usage conditions, and propose products that make full use of simulations. To achieve these goals, project members are working with external institutions to learn basic theories in the field of power electronics and develop circuit simulation models. Based on the simulation results, they are also working to analyze capacitor functions and develop elemental technologies from the customer's perspective. By widely disseminating the knowledge, data, and methods gained through these initiatives within the Company, we hope to eventually use them to develop next-generation products to follow hybrid capacitors.

Sustainability Efforts

For many years, our Group has continued to support society and technological innovation from the background through



Message from Our President



the development and manufacture of electronic components. I believe the reason our products and business activities have long been accepted by society is not only because of technological strengths, but also because of our corporate philosophy, “Contributing to Environmentally and People Friendly Technology.” This philosophy, which continually recognizes that our actions and business operations have an impact on the environment and society, is at the foundation of all our activities and represents our commitment to strive for balance between our operating activities and contributions to social development.

In addition to the recent environmental issues of climate change and biodiversity, we are also facing a crisis of limited resources as a result of vigorous economic activities that exceed the limit of what the planet itself can tolerate. There is a demand for manufacturing that is based on principles such as how to most effectively use existing resources and how to reduce the environmental load through the optimal life cycle of products.

The Company believes that its raison d’être and vision is to enrich people’s lives and livelihoods by providing electronic components, and to contribute to the global environment and local communities through continuous business operations. We will continue to operate our business with awareness and responsibility, with the aim of manufacturing products that are needed by society and being a company that is needed by society.

We believe that sustainability initiatives based on this philosophy will, in the medium to long term, reduce risks by strengthening resilience and increase cash flows through high-quality growth, thereby contributing to the sustainable improvement of our corporate value. In particular, in the current highly uncertain business environment, we recognize that it is important to acquire competitiveness through adaptability and innovation in order to quickly respond to change, and that investing in human capital, which is the

source of corporate value, and responding to climate change issues constitute management issues that we should focus on.

As we continue to pursue sustainable technological innovation that balances our business activities with respect for and coexistence with people, society, and the environment, we will further accelerate investment in human capital to train the human resources who will lead the Company 10 years from now as set out in our Human Resources Development Policy; in other words, human resources capable of taking on challenges that go beyond the borders of organizations and systems. With regard to climate change issues, we will analyze the risks and opportunities that could affect the Company’s business in accordance with the framework set out in the TCFD, and reflect them in our management strategies.

To our stakeholders

The Company will celebrate its centenary in 2031. If we are to continue to achieve sustainable growth, it is important that we create new value for society and our customers. In order to achieve the long-term goal of our 10th Medium-term Management Plan, “Create next value: Let’s create the next value,” we hope to proactively take on new challenges without fear of failure and create the next generation of value (corporate value, product value, new business) so that all our employees will not be satisfied with the status quo but will set their sights even higher. We will strive ever harder than before to engage in dialogue with stakeholders to ensure that they have a deeper understanding of our approach and efforts toward improving the Group’s medium- to long-term corporate value.

I ask for your continued support and understanding.

Medium-term Management Plan

The 10th Medium-term Management Plan (FY2023 to FY2025)

Corporate Philosophy

“Contributing to Environmentally and People Friendly Technology”

Long-term Goal

Create next value (Let's create the next value!)

- Create a value of the next generation (corporate value, product value, new business)! Create human resources who can try crossing borders through organizational and structural reforms!

Medium-term Goal

High-quality growth through enhancement of adaptability (resilience)

- Acquire the ability to adapt and overcome difficult environments and situations, grow one-self, and actively confront future goals with hope

Basic Policy for the Medium-term Management Plan

Target a highly profitable structure by providing high value-added products and improving productivity

- Practice of sustainable management in order to be trusted and needed by society continuously
- Development of innovative human resources that have both creativity and practical skills
- Taking action to meet hidden customer demands through integration of market orientation and product orientation
- Reform of the production structure through an optimal portfolio (reconfiguration/standardization) and smart factories

Basic Strategy / Key Measures

- | | |
|---|---|
| 1. Implementation of ESG management | 4. Establishment of an optimal production system |
| 2. Enhancement of the human resource strategy | 5. Strengthening of cost competitiveness through productivity improvement |
| 3. Improvement of earning power through alignment of product planning capability enhancement and technology | |

Business Strategy

Strengthening highly profitable products

1. Investing in and increasing production of hybrid capacitors
2. Strengthening the coil business

Improving Productivity

Production structure reforms through optimal portfolio (rebuilding and standardizing)

1. Smart factories
2. Supply chain management (SCM) strategy
3. Improvement in staff productivity

*Pursue 1. through 3. based on the DX strategy

Numerical Goals for FY2025

Net sales	170 billion yen	D/E ratio	1.1 x or less
Operating income	14 billion yen	Total asset turn-over ratio	1.0 x or more
Operating income margin	8.2 %	ROE	15.0 %
Profit attributable to owners of parent	10 billion yen	ROIC	7.0 %
Interest-bearing debt	60 billion yen		

(Revised on May 16, 2024)

Capital Policy During the 10th Medium-term Management Plan Period

- Prioritize internal reserves for investment in strengthening the financial foundation and in growth areas, expand business scale and stabilize the revenue base, and then strive to restore dividends to shareholders quickly.
- Accurately determine the cost of capital and add the following indicators as KPI targets to increase capital efficiency and improve profitability.
 - (1) ROE greater than the cost of shareholder capital
 - (2) ROIC greater than the weighted average cost of capital (WACC)
- Progress on the KPI will be disclosed on our corporate website and we will redouble efforts to engage in dialog with investors and other stakeholders.

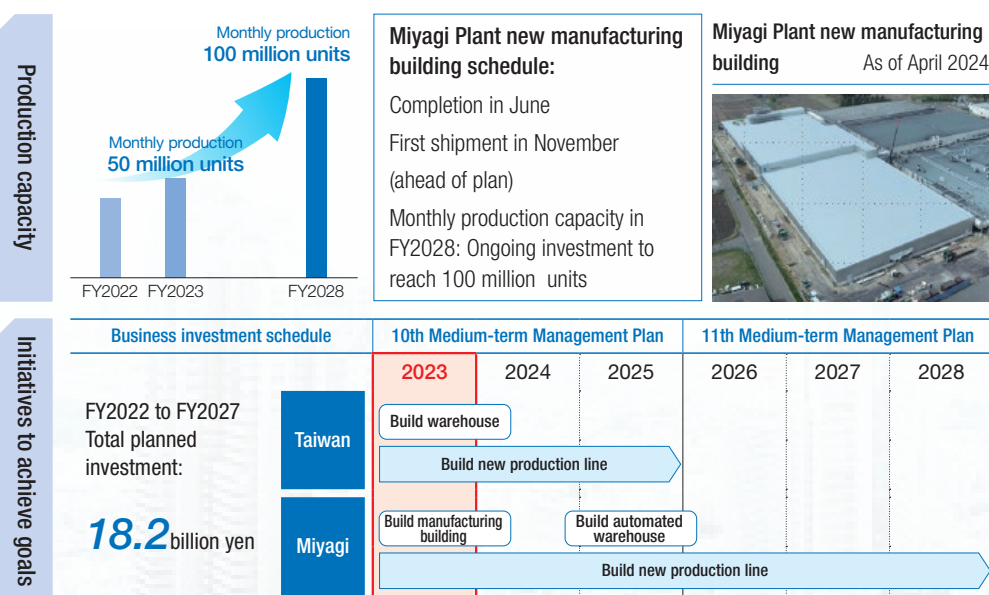
■ For the latest information on the medium-term management plan, see the webpage below.

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

中期経営計画

The 10th Medium-term Management Plan (Growth Strategy)

Increase Hybrid Capacitor Production Capacity



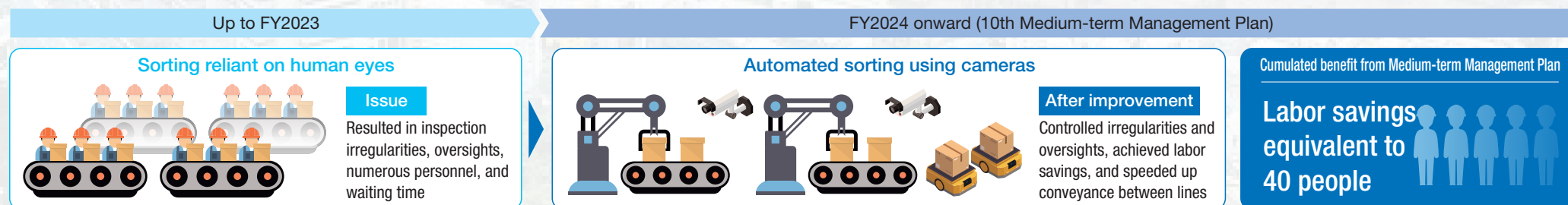
Specific Uses of Proceeds from Financing

Proceeds from financing will mainly be used for key measures in the 10th Medium-term Management Plan; namely, capital investment in the hybrid capacitor business, capital investment in conversion of plants to smart factories, and R&D-related investment.

	Class shares	Common shares
Capital investment in conductive polymer hybrid aluminum electrolytic capacitor business	7,899 million yen	2,374 million yen
Capital investment in upgrading plants to smart factories	4,443 million yen	—
R&D-related investment	2,468 million yen	—
Timing of expenditure (planned)	April 2023 to March 2026	December 2023 to March 2026

Automate External Appearance Sorting (Smart Factory Initiative)

Automate external product appearance sorting ⇒ Use omni-directional external appearance sorter to switch from human judgment to quantitative judgment of all items



Financial Strategy Message from Our CFO



Promote the establishment of an earnings platform and greater asset efficiency

In FY2023, net sales decreased by 6.9% year on year to 150.7 billion yen mainly due to a decline in demand for products for industrial equipment in our key strategic markets, primarily as a result of the continued turmoil in Ukraine and the slump in capital investment due to a slowdown in China's economy and real estate market.

Looking at income, the loss in the operating rates of plants due to the downturn in sales of our mainstay aluminum electrolytic capacitors had a significant impact, resulting in operating income of 9.4 billion yen, a year-on-year decrease of 27%. However, we were able to secure a certain level of profit thanks to the growth of high value-added products such as hybrid capacitors, and the continuation of the structural reforms that we started under the 9th Medium-term Management Plan, which have transformed our business into one that is profitable even in an economic downturn.

In FY2023, the Company procured 17.4 billion yen in capital financing through a third-party capitalization involving the use of class shares and common shares. The aim of this decision was to restore the Group's net assets, which were damaged by the recording of extraordinary losses of 29.6 billion yen due to large settlements paid in relation to civil lawsuits in the United States. This move was also made to secure capital for growth. As a result, shareholders' equity ratio was 30.7% (down 0.2% year on year), and net assets were 53.6 billion yen (up 2.9 billion yen year

on year).

The funds procured will be used for investment in growth areas, including hybrid capacitors and research and development, with the aim of improving profitability in the medium to long term.

We believe that this capital increase has resulted in a certain degree of financial stabilization by securing liquidity. However, we recognize that the further strengthening of our financial base is one of the most important issues in the electronic components market, which is susceptible to fluctuations in demand.

Additionally, based on the results for FY2023, we have revised our numerical targets for FY2025, which is the final year of the 10th Medium-term Management Plan. To achieve our targets of 60.0 billion yen or less in interest-bearing debt, a D/E ratio of 1.1 or less, an ROE of 15%, and an ROIC of 7%, we need to steadily reduce interest-bearing debt by increasing net assets by way of recording profits for the fiscal year and by generating cash flows.

To achieve this, we are promoting the establishment of an earnings platform and the greater efficiency of assets. In the previous fiscal year, we disposed of all of our cross-shareholdings, and in the current fiscal year we are working to improve profitability by expanding the production scale of hybrid capacitors at the Miyagi Plant and TAIWAN CHEMI-CON CORP., and by expanding sales of high value-added large-size capacitors. At the same time, we are utilizing DX to link order data with

production plans in the supply chain, aimed at reducing inventory by shortening lead times and improving working capital (CCC).

Additionally, with regard to ROIC, which was incorporated from the 9th Medium-term Management Plan, we have started operations in which the achievement of improvement targets (KPIs) at each site will lead to the improvement of business-based ROIC by introducing ROIC targets for each business, and we are strengthening management that is conscious of the cost of capital.

As a medium- to long-term financial strategy, we believe it is important to increase our cash flow generation capabilities by focusing on reducing interest-bearing debt, correcting the balance of our capital/debt structure, and redeeming class shares. We also recognize that a major management issue is to strengthen our earning power by setting an annual EBITDA (earnings before interest, tax, depreciation, and amortization) target of 20.0 billion yen or more, invest in growth areas and research and development, reduce interest-bearing debt, and allocate funds to human capital, while resuming dividends to shareholders as soon as possible.

Going forward, we will strive to improve our corporate value through dialogue with all stakeholders, including by strengthening our financial position and communicating our non-financial initiatives in a manner that is easy to understand through IR/SR opportunities.

Technology Strategy Message from Our CTO



Creating high value-added products

— Realizing actual and latent needs —

In line with our medium-term goal of achieving high-quality growth through enhancement of adaptability (resilience), the R&D Headquarters is committed to securing profits in any type of operating environment.

In order to achieve this, one of the most important issues is to shift to high value-added products, and I believe there are two main ways to approach this.

- (1) Being at the forefront in responding to customers' emerging needs
- (2) Presenting proposals that identify latent needs

Regarding (1), we have built a system capable of meeting customer requirements from basic research, materials, facilities, and product development to mass production, based on a platform of elemental technologies that include intellectual property.

For example, in the development of snap-in types of

capacitors, we are focusing on the AI server power supply market, which is currently experiencing rapid growth. This market is changing rapidly, and we need to respond more quickly than ever before. To this end, we are working to improve efficiency by incorporating the specifications, timing, and other requirements by the market from the most upstream development of electrode foils through to production technology, manufacturing and sales, and by forming a company-wide development and business structure. Furthermore, by blending this sense of urgency with our proprietary technology for combining new electrode foils with other materials, we have been able to bring more competitive, high value-added products to the market.

Regarding (2), we have consistently aimed to develop "concept-driven products." In April 2023, we launched CAT (Connecting Application & Technology Development) Project, which helps young capacitor developers acquire skills such as customer circuit technology and develop the ability to view capacitors from the customer's perspective. From FY2024, we

will incorporate this activity into our existing operations and disseminate it throughout our worldwide sales network, aiming to bring ourselves closer to meeting customers' latent needs.

Additionally, in April 2022 we established the New Business Promotion Department to provide a forum for learning about social issues, customer requirements, technological development, social implementation, and monetization in a practical setting through new business education, and to cultivate human resources that proactively take on new challenges from a position that is closer to the customer's.

We believe that the important factor to have in common is for each engineer to understand the overall picture and direction of the mission, and to act proactively in order to develop products more efficiently.

Based on the above, we will create products with higher added value from intangible assets such as technology, and work to improve investment efficiency.

Quality Strategy Message from Our CQO



Executive Officer
Chief Quality Officer
Hiroyuki Wakabayashi

Stable provision of “quality that satisfies our customers”

Nippon Chemi-Con has always considered “providing quality that satisfies our customers” to be one of the most important factors in our business. With this as our quality philosophy, we have been working on corporate activities. In recent years in particular, the usage environments have become increasingly strict and the range of usage has expanded rapidly in markets that have a major impact on society, including automotive electronics where automation and electrification are progressing and applications that support social infrastructure such as AI servers and communication base stations. As a result, social demands and responsibility for the quality required are becoming more stringent.

On the other hand, there are increasing risks involved in maintaining product quality and providing a stable supply, including the difficulty in securing personnel due to the declining working population in Japan and soaring labor expenses overseas, and the difficulty in steadily securing materials stemming from strengthened environmental regulations and geopolitical risks, including regional situations, and we believe that adequate measures are required.

We at Nippon Chemi-Con are fully aware of these changes, and recognize that it is our responsibility as a manufacturer to provide “quality that satisfies our customers” in a steady and timely manner. At the same time, we take pride in the technological capabilities that enable us to achieve this, which is Nippon Chemi-Con’s strength. We have outlined the goal of “balancing quality and productivity by promoting practical quality control,” and are working to realize the stable supply of “quality that satisfies our customers.”

To achieve this, we believe it is important not only to consider “design quality” and “production quality,” but also to regard every aspect from “material quality” that is the input to “logistics quality” that delivers products to customers as the “scope of the quality required,” and to proceed with improvements in each of these four categories. Specifically, we will proceed with the following initiatives.

- 1) Continue to promote the shift to smart factories in order to improve production efficiency while maintaining quality
Reduce manual work, reduce sensory evaluation through automatic evaluation systems using big data, etc.

- 2) Strengthen management of material and logistics suppliers
- 3) Develop and strengthen human resources capable of “improving and building quality systems”



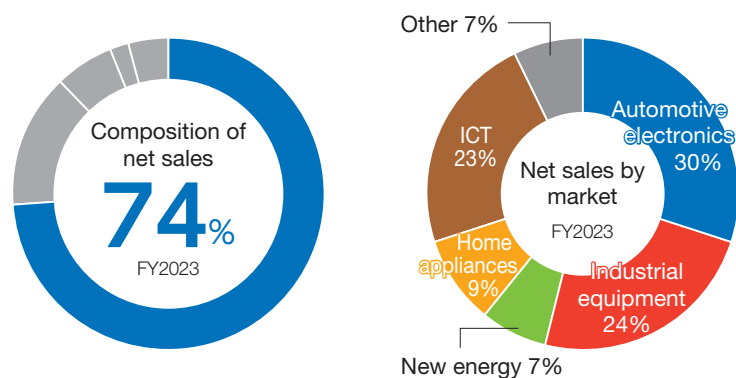
Every employee at Nippon Chemi-Con is constantly aware that the products we provide have a critical role in supporting social infrastructure, and we will continue our endless pursuit of improvements so that we remain a company that is needed by our customers and that contributes to society.

Business Overview

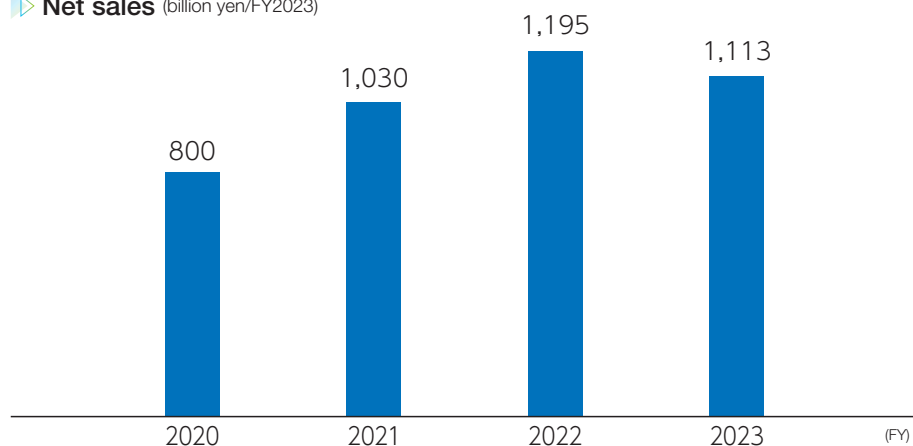
Business-based Strategies

Aluminum Electrolytic Capacitors
(excluding conductive polymer capacitors)

Aluminum electrolytic capacitors are capacitors that use a thin layer of oxidized aluminum as the dielectric. They feature a large capacitance by forming minute unevenness on the surface of aluminum foil through electrochemical treatment to enlarge the surface area. They are widely used for smoothing and decoupling.



Net sales (billion yen/FY2023)



Competitive advantages of aluminum electrolytic capacitors (comparison with other capacitors)

Capacitor type	Aluminum electrolytic			Ceramic	Film
	Electrolytic	Conductive polymer	Hybrid		
High capacitance	◎	◎	◎	△	×
Cost	◎	○	○	△	△
ESR	×	◎	○	◎	◎
No use of rare metals	◎	◎	◎	△	○
Lifespan	×	○	○	◎	◎
Temperature characteristics	△	◎	◎	△	◎
Heat resistance	○	○	○	◎	△

Product strategy - Focus on automotive electronics / ICT (communications) / industrial equipment / energy conversion markets

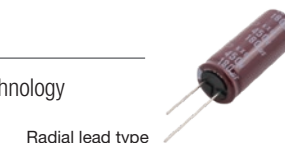
Focus on industrial equipment / energy conversion / ICT (communications)/automotive electronics markets

- Shift to high value-added product development based on materials technology
- Improvement of overall equipment effectiveness (OEE) for existing facilities



Selection and concentration

- Shift to high value-added product development based on materials technology
- Termination of production of small-size small-capacitance products



Further improve profitability by expanding sales to the automotive electronics market

- Improvement of product mix by increasing the rate of highperformance products
- Improvement of overall equipment effectiveness (OEE) for existing facilities



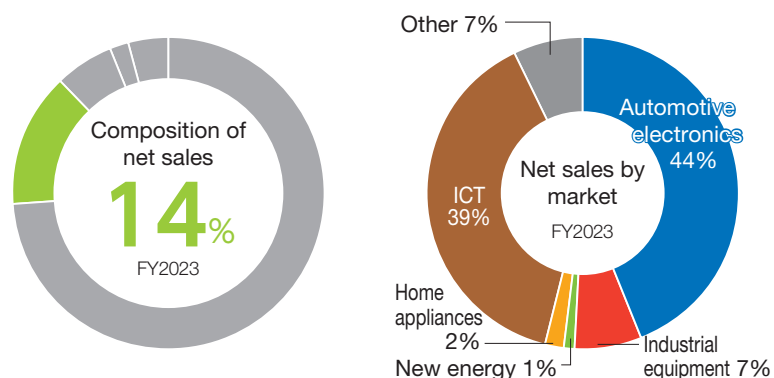
Business Overview

Business-based Strategies

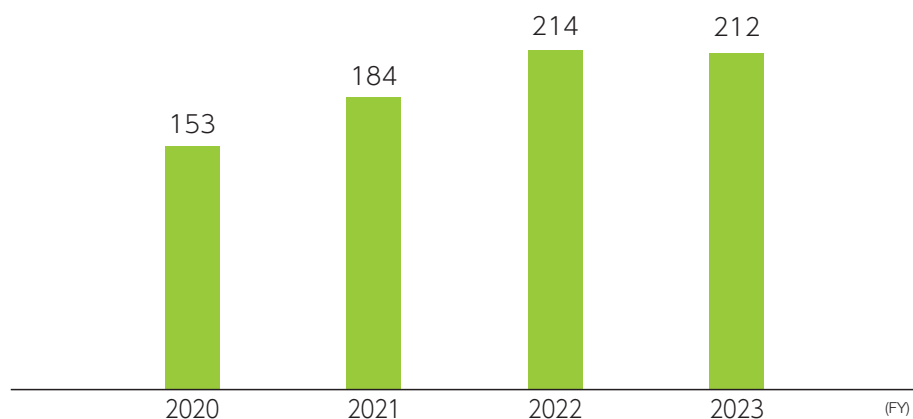
Conductive Polymer Capacitors

Ultra-low ESR products using solid conductive polymers instead of electrolyte liquid are also widely used.

In recent years, hybrid capacitors that combine electrolyte liquid and conductive polymers have also been added, and they continue to evolve to provide the optimal characteristics suited to the usage conditions.

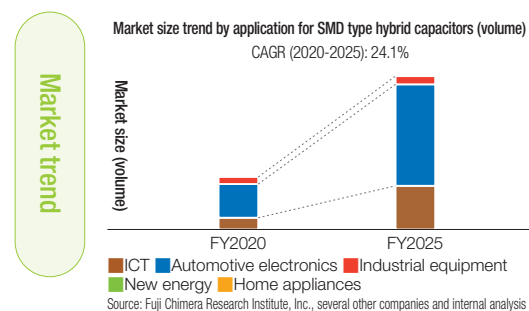


▶ **Net sales** (billion yen/FY2023)

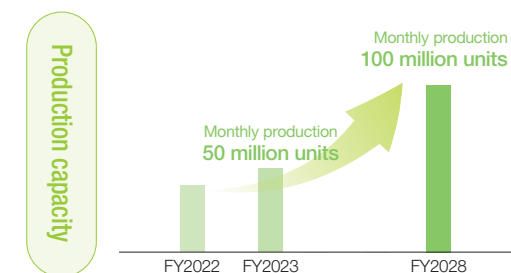


Increasing production to meet the rapidly growing hybrid capacitor market

▶ Market size forecast



▶ Production expansion plan



Product strategy - Focus on automotive electronics / ICT (communications) / industrial equipment / energy conversion markets

Conductive polymer capacitors

Radial lead type

- ICT Market : Focus on generative AI servers/high value-added markets

Conductive polymer capacitors radial lead type



SMD type

- ICT Market : Focus on generative AI servers/high value-added markets
Permeate 5G communications base station markets and new product development targeting 6G
- Automotive electronics market : Inject new products and strengthen sales promotion on ADAS and other automotive CASE applications

Conductive polymer capacitors SMD type



Hybrid capacitors

Automotive electronics market

- Expand domains into ADAS, 48V mild hybrid systems, LED headlights, EPS (electric power steering), OBC, and ECU

ICT market (communication base stations)

- Focus on generative AI server market/high value-added markets
- Permeate 5G communications base station markets and new product development targeting 6G



Hybrid capacitors radial lead type



Hybrid capacitors SMD type

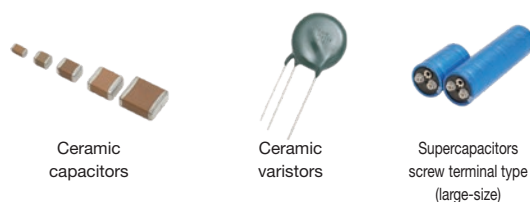
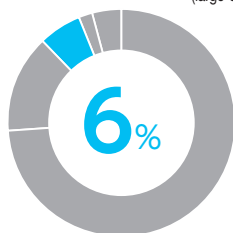
Business Overview

Business-based Strategies

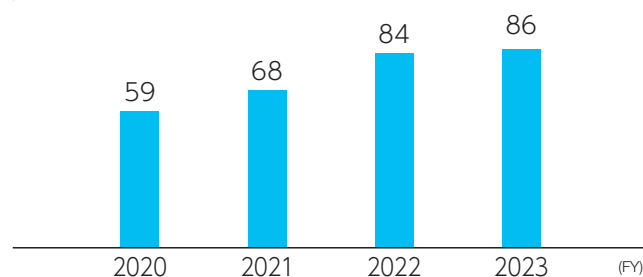
Other Capacitors

(including solid devices and functional devices)

▶ Main products

▶ Composition of net sales
(FY2022)

▶ Net sales (billion yen/FY2023)

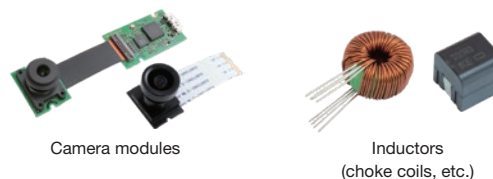
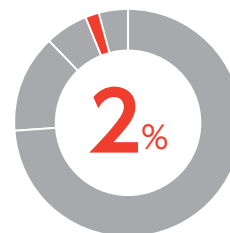


- Ceramic capacitors:
Develop and expand sales of distinguishing products focused on high capacitance and large-size products
- Ceramic varistors:
Optimization of global production operations
- Supercapacitors:
New product development (expand product line) targeting backup power sources on the automotive electronics market

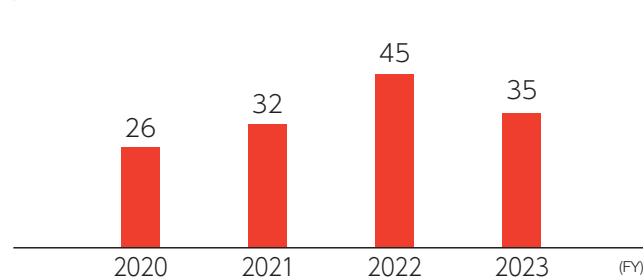
Mechanical and other parts

(including solid devices and functional devices)

▶ Main products

▶ Composition of net sales
(FY2022)

▶ Net sales (billion yen/FY2023)

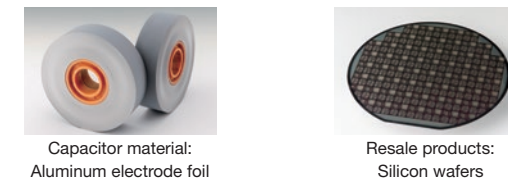
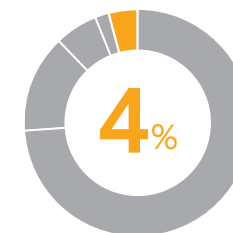


- Modules:
Launch high-performance camera modules that capture the needs of the automotive electronics and industrial equipment markets
- Inductors (choke coils, etc.):
Strengthen new product development and sales expansion using nanocrystalline materials for the automotive electronics market

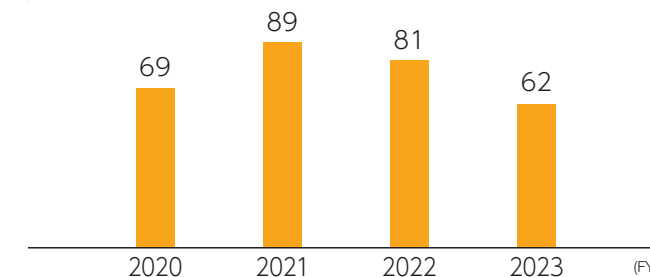
Other

(including functional material)

▶ Main products

▶ Composition of net sales
(FY2022)

▶ Net sales (billion yen/FY2023)



- Capacitor material:
Aluminum electrode foil
Increasing sales of highly profitable and new products by identifying market needs
- Resale products:
Silicon wafers
Strengthen sales expansion targeting semiconductor manufacturers servicing the automotive electronics and industrial equipment markets

Sustainability Management

Basic Policy of Sustainability

Nippon Chemi-Con embraces the corporate philosophy “Contributing to Environmentally and People Friendly Technology.” Over the years, we have continuously played a role in supporting people’s lives and enabling technological innovation for society. This corporate philosophy represents our belief that the technology that supports society and its development must not harm the environment or people. Nippon Chemi-Con believes that the essence of sustainability is to be appreciated by society and to contribute to society while engaging in communication and maintaining harmony with stakeholders. We drafted our new “Basic Policy of Sustainability” as a policy to make this philosophy a reality.

WEB Basic Policy of Sustainability
<https://www.chemi-con.co.jp/en/company/sustainability/philosophy/>

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

How Nippon Chemi-Con positions sustainability activities and concepts

We position ESG and SDGs as a framework for implementing and evaluating our efforts related to corporate CSR. We do not view these concepts as mutually exclusive, rather as overlapping and deeply correlated. With this notion, we will comprehensively engage in sustainability activities.

With consideration to the impact our corporate activities have on society, we will also aim to increase our nonfinancial value through internal sustainability investments with the goal of generating a positive impact on earnings. We believe that it is important to have processes that link sustainability investments, such as human capital, intellectual property and climate change measures, to the reduction of business risks and improvement of both short-term and long-term earnings. Through these activities, we will continue to be a better company for our shareholders, customers, employees and other stakeholders, and make efforts to continuously improve our corporate value.

Sustainability Promotion System

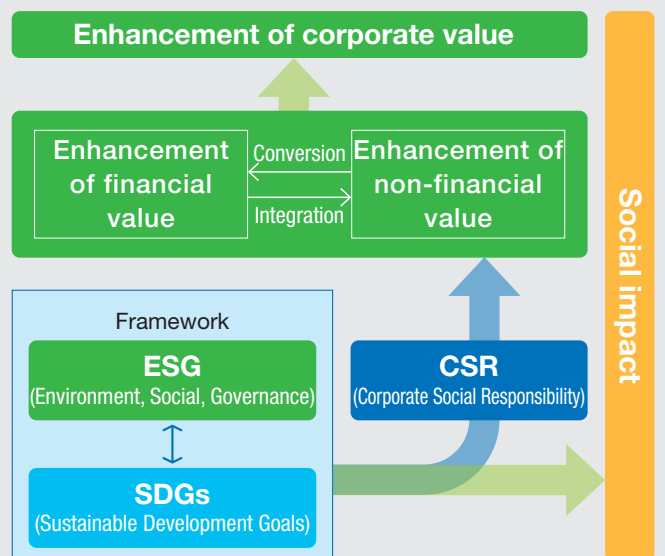
The Nippon Chemi-Con Group works to cooperate with all divisions and sites mainly through the Administration Dept. The Administration Dept. takes charge of practical matters with supervision and instructions from the Board of Directors and the Executive Committee. To promote CSR upon our supply chain, 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. We have adopted a system that selects auditors from sites that are not subject to auditing to monitor each other.

Participation in the UN Global Compact

The Nippon Chemi-Con Group participates in the United Nations Global Compact (UNGC). The UNGC is comprised of 10 universal principles related to four areas: human rights, labour, environment, and anti-corruption.

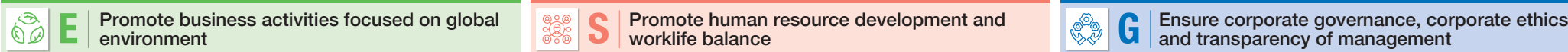
The Ten Principles of the UN Global Compact

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













Strategic Basis for Sustainability – ESG Initiatives

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



Sustainable Corporate Growth


▶ **ESG Activities (Goals, Achievements, Progress, and Degree of Completion)** ◎: Achieved : Achievement rate of 80% or more ○ : Achievement rate of 50% or more △: No progress —x: Not evaluated in the fiscal year under review

ESG initiative items	FY2023 major activities and goals	FY2023 achievements and progress	Degree of completion	FY2024 major activities and goals	Related pages
E Environment  Global environment conservation	Global warming prevention and energy conservation activities -Energy intensity improvement: 1% or higher per year ¹ -CO ₂ emission reduction rate goal: 30.0% (FY2013 comparison) ²	Base year (FY2020) comparison: 13.8% improvement Base year (FY2013) comparison: 33.7% improvement	◎ ◎	Global warming prevention and energy conservation activities -Energy intensity improvement: 1% or higher per year ¹ CO ₂ emission reduction rate goal (FY2013 comparison) ¹ Manufacturing bases in Japan: 32.7% Manufacturing bases overseas (excluding Samyoung Electronics and Qingdao Samyoung Electronics): (0.8)%	P27 
	Appropriate management of chemical substances used by factories ¹ -Environmental impact of chemical substances used by factories	Appropriate management conducted at all plants, no incidents having an impact on the environment	◎	Appropriate management of chemical substances used by factories ¹ -Environmental impact of chemical substances used by factories	P29 
	Management of chemical substances used in products (environmentally friendly products) ³ -Zero environmental-related product accidents	No environmental-related product accidents	◎	Management of chemical substances used in products (environmentally friendly products) ³ -Zero environmental-related product accidents	P09 
	Effective use of resources and waste reduction, promotion of 3Rs including plastic waste -Final disposal rate: 1.0% or less ²	Final disposal rate: 0.86%	◎	Effective use of resources and waste reduction, promotion of 3Rs including plastic waste -Final disposal rate: 1.0% or less ²	P28 
	Continue improvements based on environmental management system (ISO14001 etc.) ³	Environmental management system functioned effectively and performance including environmental goals improved	◎	Enhance performance by continued improvements based on environmental management system (ISO14001 etc.) ³	WEB 
	Promote biodiversity conservation activities ² -Continue protection of endangered species -Cooperation with local companies and schools -Conservation activities near sites	Each site conducted distinctive initiatives to promote cooperation with local communities	○	Promote biodiversity conservation activities ² -Continue protection of endangered species -Cooperation with local companies and schools -Conservation activities near sites	P28 P36 
	Contribute to local communities ² -No legal violations including accidents resulting in environmental pollution attributable to the Company	Volunteer work we conducted as part of our community contributions includes environmental beautification activities, such as cleaning around each plant and along shorelines.	◎	Contribute to local communities ² -Continue environmental conservation activities	P36 
	Compliance with environmental laws ³ -No legal violations including accidents resulting in environmental pollution attributable to the Company	No legal violations including accidents resulting in environmental pollution attributable to the Company	◎	Compliance with environmental laws ³ -No legal violations including accidents resulting in environmental pollution attributable to the Company	P27 
	Expand line of products enabling size reductions and higher temperature resistance and longer life ³	Promoted product size reductions and energy conservation with new electrode foil, and developed solutions for higher temperature resistance and longer life	◎	Expand line of products enabling size reductions and higher temperature resistance and longer life ³	P04 P20 

¹Manufacturing bases in Japan and overseas (excluding Samyoung Electronics and Qingdao Samyoung Electronics), head office ²Manufacturing bases in Japan ³Nippon Chemi-Con Group

Strategic Basis for Sustainability – ESG Initiatives

▶ **ESG Activities (Goals, Achievements, Progress, and Degree of Completion)** ◎: Achieved : Achievement rate of 80% or more ○ : Achievement rate of 50% or more △: No progress —x: Not evaluated in the fiscal year under review

ESG initiative items		FY2023 major activities and goals	FY2023 achievements and progress	Degree of completion	FY2024 major activities and goals	Related pages
<div>S</div> <div>Social</div> 	HR/benefits	Adopt work-from-home system ⁴	Continued work-from-home system	◎	Adopt work-from-home system ⁴	
		Continue welcome back program (rehiring program) ⁵	No applications	—	Continue welcome back program (rehiring program) ⁵	WEB
	Employee health and safety	Reduce average overtime to average 29 hours or less per month per employee ⁴	Achieved	◎	Reduce average overtime to average 29 hours or less per month per employee ⁴	P34
		Increase paid leave usage rate and childcare leave usage rate to 70% and higher ⁵	Achieved	◎	Increase paid leave usage rate and childcare leave usage rate to 70% and higher ⁵	P34-35
		Continue mandatory rest between shifts ⁵	Continued mandatory rest between shifts	◎	Continue mandatory rest between shifts ⁵	
		Continue healthy company activities ⁵	Mainly conducting walking events that could be worked on individually and environmental conservation activities near sites	○	Continue healthy company activities ⁵	P35
	Human resource development	Conduct tiered training ⁵	Conducted as scheduled	◎	Conduct tiered training ⁵	P33
		Continue training programs in Japan for overseas local employees ⁶	Miyagi Plant accepted 11 employees	◎	Continue training programs in Japan for overseas local employees ⁶	P33
		Continue overseas assignments via the global human resources development program (application based) ⁵	Not conducted due to COVID-19	—	Continue overseas assignments via the global human resources development program (application based) ⁵	P33
		Continue measures to maintain a 5-year turnover rate of 11% or less for young employees ⁴	Not achieved	△	Continue measures to maintain a 5-year turnover rate of 11% or less for young employees ⁴	P32-33
	Diversity	Proactive employment of foreign students studying in Japan ⁴	Not achieved	△	Proactive employment of foreign students studying in Japan ⁴	P32
		Increase employment rate for disabled workers to 2.5% by FY2023 ⁵	Hired one person but did not achieve goals	×	Increase employment rate for disabled workers to 2.5% by FY2024 ⁴	P32
		Increase female employment rate to 30% or higher for technical and manufacturing positions and 40% or higher for sales and clerical positions ⁴	FY2023 results: Technical and manufacturing positions: Approx. 6% Sales and clerical positions: Approx. 80%	△	Increase female employment rate to 30% or higher for technical and manufacturing positions and 40% or higher for sales and clerical positions ⁴	P32
		Increase female managers/section chiefs/section managers/deputy section managers by 50% by the end of FY2025 compared to the end of FY2020 ⁴	As of end of FY2023: Increased by 21%	○	Increase female managers/section chiefs/section managers/deputy section managers by 50% by the end of FY2025 compared to the end of FY2020 ⁴	P32
	Social welfare	Provide support such as vaccines and clothing to developing nations ⁵	Partially implemented, including by donating disaster-prevention supplies	△	Provided public support, including donation of emergency supplies and collection of soda can pull tabs ⁵	
		Support wheelchair purchases ⁵	Continued collection of soda can pull tabs	◎		
	Next-generation development	Continue internship system ⁴	Conducted at Nippon Chemi-Con head office, Kanagawa Research Center, Chemi-Con East Japan Corp. Fukushima Plant and Chemi-Con Device Corp. Nagai Plant (for university graduates)	◎	Continue internship system ⁴	P32
		Dispatch instructors for next-generation human resource development conducted by industry organizations ⁴	Participated in JEITA Human Resources Development Council-Elementary and Secondary Education WG “visiting lectures” project	◎	Dispatch instructors for next-generation human resource development conducted by industry organizations ⁴	

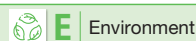
⁴Nippon Chemi-Con ⁵Nippon Chemi-Con and affiliates in Japan ⁶Taiwan Chemi-Con, Indonesia Chemi-Con

Strategic Basis for Sustainability – ESG Initiatives

▶ **ESG Activities (Goals, Achievements, Progress, and Degree of Completion)** ●: Achieved : Achievement rate of 80% or more ○ : Achievement rate of 50% or more △: No progress —×: Not evaluated in the fiscal year under review

ESG initiative items		FY2023 major activities and goals	FY2023 achievements and progress	Degree of completion	FY2024 major activities and goals	Related pages
G Governance 	Corporate governance	Increase participation in management by outside officers and creation of environment that promotes engagement ⁴	Attended various meetings as necessary and conducted inspection tours of sites	○	Increase participation in management by outside officers and creation of environment that promotes engagement ⁴	P37
		Reflect results of internal controls efficacy evaluations on management ⁴	Issued report to management on internal governance efficacy evaluation	●	Reflect results of internal controls efficacy evaluations on management ⁴	P37 WEB
		Compliance with basic policy on corporate governance ⁴	In compliance with policies	●	Compliance with basic policy on corporate governance ⁴	P37 WEB
		Promptly disclose financial results explanatory materials ⁴ (May/November: on day of briefing session, August/February: on day of results announcement)	May/November: on day of briefing session August: on day of results announcement February: within one week of results announcement	○	Promptly disclose financial results explanatory materials ⁴ (May/November: on day of briefing session, August/February: on day of results announcement)	WEB
	Compliance	Continue publishing articles related to legal affairs in the company newsletter ⁵	Continued publishing articles related to legal affairs in the company newsletter	△	Continue publishing articles related to legal affairs in the company newsletter ⁵	P40 WEB
		Continue participation in UN Global Compact (participating since 2012) ³	Continued participation in UN Global Compact	●	Continue participation in UN Global Compact (participating since 2012) ³	P23 WEB
		Conduct CSR internal audits at 8 sites Expand the system where different sites audit each other as deputy auditors ⁵	CSR internal audits: conducted at 6 sites (2 sites to be conducted in FY2024) Expand participation by deputy auditors	△	Conduct CSR internal audits at 6 sites Expand the system where different sites audit each other as deputy auditors ⁵	P40
	Risk management	Regular BCP validation, reviews ³	Conducted annual regular updates, including the list of material suppliers and created new lists of BCP information for each site	●	Regular BCP validation, reviews ³	P40 WEB
		Reinforce information leak prevention (data center, thin client, internal audits, etc.) ⁵	Conducted internal audits as planned	●	Reinforce information leak prevention (data center, thin client, internal audits, etc.) ⁵	WEB

³Nippon Chemi-Con Group ⁴Nippon Chemi-Con ⁵Nippon Chemi-Con and affiliates in Japan



Environmental Management

Nippon Chemi-Con's Environmental Policy (Summary)

- Structures organization that operates at every level for conserving the global environment
- Sets environmental goals and targets, Improves environmental performances, Continuous improvements of Environmental Management System (EMS)
- Considers biodiversity
- Observes all environmental laws, regulations, agreements, and internal standards
- Promotes Carbon neutral and Energy conservation, Proper control of Chemical substances in the products, Effective use of resources, and 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 on environmental management activities to the public positively, and promotes sufficient communication with the local community and stakeholders

Compliance to the Laws and Significant Accidents

Occurrence Status

Nippon Chemi-Con responds to environmental laws and complies to legal standards. We also set stricter independent standards for management depending on regulatory objectives. Our company has not caused any accidents involving environmental pollution.

Environmental Activities

Energy Conservation

Since FY2021, the Nippon Chemi-Con Group has participated in the electrical and electronics industry's "Carbon Neutrality Action Plan."

We are continuing efforts to achieve our Group energy

intensity improvement goal of 1% or more through FY2030 based on FY2020 results.

As an additional target, we have set a goal of "reducing CO₂ emissions from manufacturing in FY2030 by roughly 46% in Japan and by an average of 29% overseas compared to FY2013 levels to achieve carbon neutrality in 2050."

To achieve this goal, the Group is engaged in company-wide activities led by an energy conservation working group, which is comprised of staff in charge of energy.

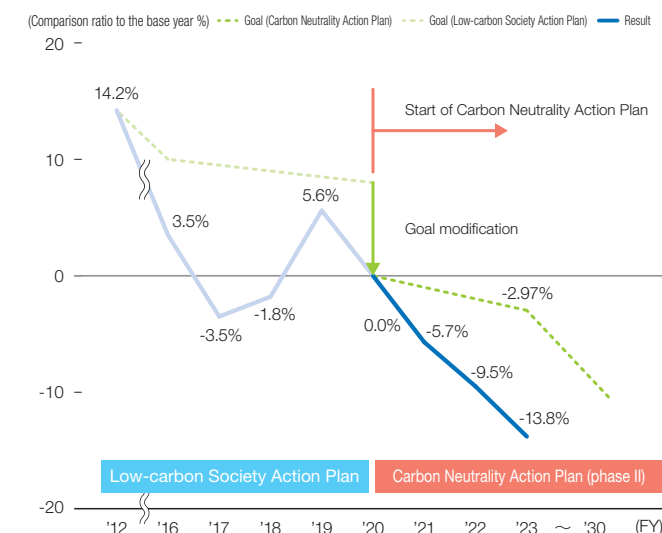
Mid-term target In light of "Carbon Neutrality Action Plan" by industrial associations:

Toward FY2030 Improvement target in energy intensity → **Annual average : 1% and higher**

Long-term target In light of the common goal set by industrial associations:

Toward FY2050 Improvement target in energy intensity → **Annual average : 1% and higher**

Trend of energy intensity improvement (Manufacturing bases in Japan and overseas (excluding Samyoung Electronics and Qingdao Samyoung Electronics))



Activity Results Breakdown of total CO₂ emissions by year¹

(t-CO₂)

Fiscal Year	2019	2020	2021	2022	2023
Purchased electric power ²	428,225	373,316	397,629	389,238	339,868
Grade A heavy oil ³	11,486	7,291	6,029	5,961	5,380
Kerosene	1,020	1,293	1,144	1,128	881
City gas	17,267	11,451	18,133	15,929	14,460
Gasoline	243	205	118	189	189
LPG	280	222	260	306	277
LNG ³	8,813	15,836	16,179	15,164	14,405
Diesel (Light oil)	41	164	52	37	34
Industrial steam	1,687	2,158	294	174	0
Total	469,062	411,936	439,839	428,126	375,494

Notes: ¹Aggregation scope: Total for overseas manufacturing bases (excluding Samyoung Electronics and Qingdao Samyoung Electronics), manufacturing bases in Japan and head office.

²Overseas electricity consumption-CO₂ emission factor: International Energy Agency (IEA) CO₂ Emissions from Fuel Combustion Highlights 2019, International Energy Agency (IEA)

Electricity consumption in Japan-CO₂ emission factor: Calculated based on emission factor (adjusted emission factor) published by the Federation of Electric Power Companies of Japan.

³Partial conversion of boiler fuel to LNG from grade A heavy oil in FY2019. As a result, CO₂ emissions from LNG combustion increased and emissions from Grade A heavy oil combustion decreased.

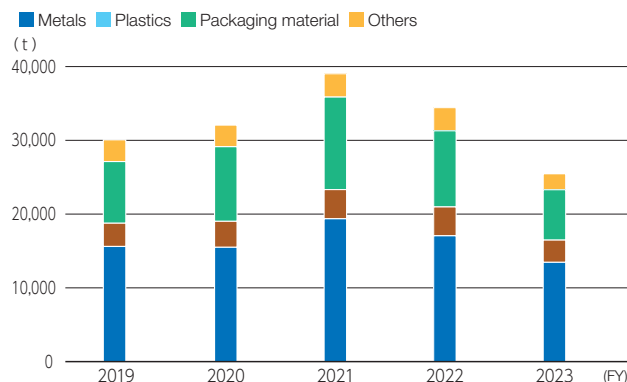
Environmental Management

Resource Conservation

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

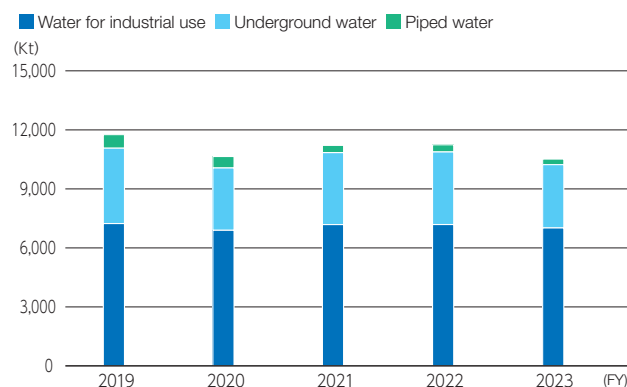
We contribute to the preservation of the environment by encouraging the 3Rs, which stand for reduce, reuse and recycle, and improving production processes.

Trend of resource consumption by Nippon Chemi-Con Group*



*Manufacturing bases in Japan and overseas (excluding Samyoung Electronics and Qingdao Samyoung Electronics), head office

Trend of water consumption by Nippon Chemi-Con Group*



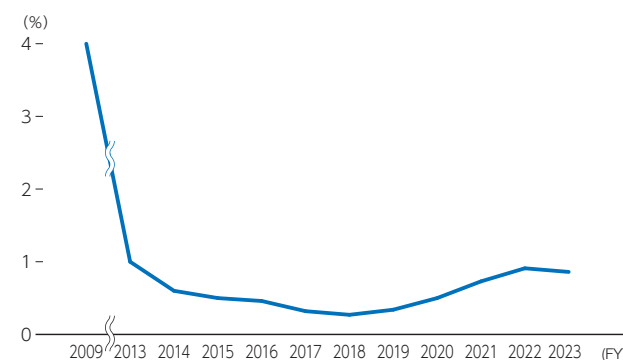
*Manufacturing bases in Japan and overseas (excluding Samyoung Electronics and Qingdao Samyoung Electronics), head office

Waste Reduction

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

We contribute to the preservation of the environment by encouraging the 3Rs, which stand for reduce, reuse and recycle, and improving production processes.

Trend of final disposal rate (manufacturing bases 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.

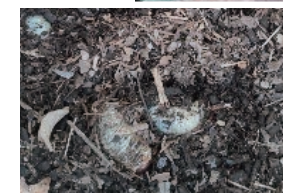
1. Impact from procurement of raw materials: In cooperation with our suppliers, we share views and mutual understanding concerning biodiversity, and move continuously ahead with activities.
2. Impact on ecosystems caused by manufacturing: Our manufacturing processes use energy and resources, and they 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 Device Corp. Nagai Plant
We conducted an organism survey in the pond on plant grounds and found Japanese wrinkled frogs living in a rich ecosystem. Japanese wrinkled frogs are classified as a near threatened species by Yamagata prefecture.

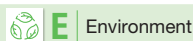
Nippon Chemi-Con Corporation Niigata Plant
To protect wild birds, we have installed nests in trees on factory grounds, and we have observed nesting by wild birds.



◀ Chemi-Con East Japan Corp. Fukushima Plant
To protect the beetles, an egg-laying site was set up within the factory premises, and we observed many larvae in autumn.

For more environmental information, see the webpages below.

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



Green Procurement/Third-party Evaluation of Environmental Initiatives

Management of Chemical Substances in the Products

Through policies such as RoHS Directives, prohibited and restricted substances have been defined based on consideration of human health and the ecosystem, and the aim of reducing waste, thus the management of such substances has become essential. The Nippon Chemi-Con Group has established and operates the following based on the keywords “Keep Out, Do not Use, Do not Emit, Do not Mix”: (1) A CiP management system* at all production sites and related departments; we have implemented our own (2) Green Supplier Certification System and (3) material approval system to ensure thorough management of “Keep Out” from development stage of the products, and appropriately manage chemical substances at each stage of development, procurement, manufacturing, and sales. We also respond to various environmental requirements (legal regulations,

industry requirements, customer requirements). Information on chemical substances in products is very important in modern society. These requirements are not limited to the management of specific prohibited substances,

but also apply to information used towards waste reduction, the stable supply of important resources, information related to realizing a resource recycling-based society, and important information disclosure to waste disposal companies. As such, it is necessary to engage in initiatives that consider the entire life cycle.

Cooperation across the entire supply chain is essential to handling more advanced information. We place great significance on the green supplier certification system, and are promoting measures to give preferential treatment to suppliers with a strong track record and high level of cooperation.

Green Procurement and Green Supplier Certification System

Building strong cooperation with suppliers and sharing information in a timely manner are essential not only for compliance with laws but also for making products that meet diversifying customer requirements. The Nippon Chemi-Con Group has established and implemented the Nippon Chemi-Con Group Green Procurement Standards from the viewpoint of procuring materials and parts that satisfy legal regulations and customer requirements and is working to ensure thorough chemical substance

management. In addition, we support our sustainable global procurement activities by sharing regulatory information with suppliers through the Green Supplier Certification System and conducting regular audits and evaluations of suppliers' status of chemical substances and maintenance management. From July 2021, we have started issuing our “Climate Change Risk Assessment Report” during supplier audit feedback to promote a common un.

Third-party Evaluation of Environmental Initiatives



Yuji Kishi

Professor emeritus,
Keio University

In the international climate change arena, there is a marked tendency to focus on adaptation measures rather than traditional mitigation measures in the wake of severe water and landslide disasters around the world. The wars in Ukraine and Middle East has made new developments inevitable in the international debate over the diversification of renewable energy sources and corporate strategies. In response to

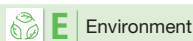
these developments, companies aiming to contribute to the environment will inevitably have to make efforts to formulate a proactive vision that takes into account changes in the international environment, while adhering to national and international environmental guidelines and sustainable management as a basis.

The “CHEMI-CON REPORT 2024” of your company, which expressed support for the TCFD recommendations in FY2021, shows that the final waste disposal rate, which had been on a slight upward trend, has turned slightly

downward, and that improvements continue in the areas of total CO₂ emissions by year, resource conservation, and energy conservation per-unit improvement rate. Despite the drastic changes in the business environment, your company is making steady efforts in accordance with its basic environmental policy.

In the area of biodiversity, I understand you have continued to protect rare species and important local organisms at biotopes and other facilities on the factory grounds. The Japanese Ministry of the Environment has recently changed its focus from 10-years-of-biodiversity to “30 by 30” policy, which aims to expand the conservation area by 305 by 2030. But it is not yet time to discuss the details of the relationship between this policy and corporate activities. We believe it is appropriate for your company to continue and strengthen steady efforts in cooperation with local governments, schools, citizens, etc., based on your company's tradition of promoting biodiversity conservation and ex-situ conservation efforts at your company's site. With the announcement by the Ministry of Land, Infrastructure, Transport and Tourism of a policy for river basin flood control in 2020, we may see a future in which contributions to global warming adaptation measures are combined with contributions to flood control and other activities in the field of biodiversity contribution.

* A chemical substances in products (CiP) management system based on guidelines (<https://chemsherpa.net/english/docs/guidelines>) drafted by the Joint Article Management Promotion-consortium (JAMP).



Climate Change Initiatives

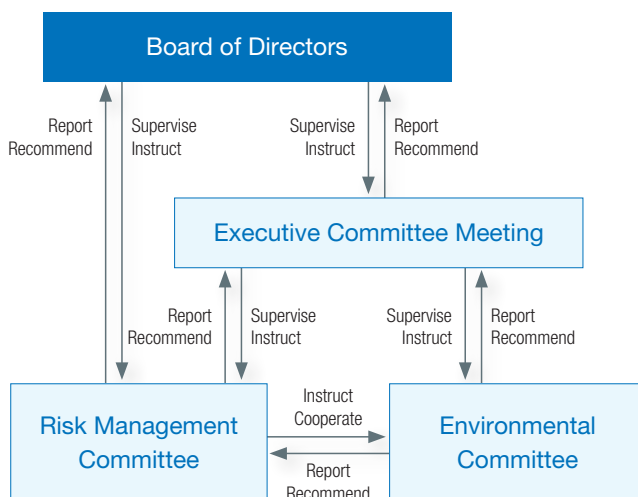
In March 2022, Nippon Chemi-Con declared support for the recommendations of the “Task Force on Climate-Related Financial Disclosures (TCFD)” with the recognition that climate change is a significant issue which affects the continuation of our business. In accordance with the framework set forth in the TCFD, we analyze risks/opportunities related to climate change that may affect our business and reflect them in our corporate strategy. At the same time, we engage in disclosure of financial information related to climate change.



Governance

The Company will conduct discussions related to climate change and evaluate/manage statuses of climate change initiatives at the Risk Management Committee. The Risk Management Committee will report climate-related information including risks and opportunities that may affect our business to the Executive Committee Meeting and Board of Directors twice a year, and the Board of Directors will instruct/supervise. We will also implement initiatives towards resolving issues related to climate change, environmental risks and environmental tasks at the Environmental Committee. The Environmental Committee will extend initiatives to executing divisions and manage progress of initiatives towards decarbonization and energy conservation, and report to the Executive Committee Meeting and Risk Management Committee.

Simple diagram of governance related to climate change



Strategy

In FY2021, TCFD response members selected events for risks and opportunities for the Company's business related to climate change, and in FY2022, all Executive Officers conducted an assessment based on an additional review of these risks and opportunities. In FY2023, we reviewed, identified, and assessed the impact and duration of risks. The results are as follows.

Risks/opportunities	Events	Impact ¹	Term ²
Transition risks	[Market] Risks that will occur when customer demands related to climate change is not met	Impact: Large	Short to medium term

(Potential events) In a 1.5°C scenario, technology related to climate change and other requests are assumed to increase. Our net sales could decrease if we cannot meet customer demands.

(Measures) (1) The automotive electronics and industrial equipment/energy conversion markets which are included in our current strategically important markets greatly contribute to the mitigation of climate change through vehicle electrification, etc. We will continue developing new products for these markets while further increasing our speed to meet customer demands and respond to risks. As a metric for this measure, we will aim to achieve R&D expenses equal to 4% of net sales.
(2) We ask our suppliers to implement initiatives on climate-related risks in our Green Procurement Standards. When entering into or renewing transactions, we ask suppliers facing high physical risks to advance initiatives through the supply chain by reviewing their business continuity plans taking climate-related risks into consideration and by implementing adaption measures.

Transition risks	[Policy/Legal] Adoption of carbon pricing and increase in electricity and fuel costs	Impact: Large	Short to medium term
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(Potential events) In a 1.5°C scenario, carbon pricing such as carbon taxes is assumed to be adopted as measures for climate change. This could directly/indirectly increase electricity costs, fuel costs, material costs, and taxes.

(Measures) We have an Energy Conservation Subcommittee under the Environmental Committee as a measure for carbon pricing. The Subcommittee engages in group-wide energy conservation and CO₂ reduction, and is working to reduce the future impact. We have started introducing renewable energy power to achieve carbon neutrality in 2050. We are also considering further utilization.

Physical risks	[Acute] Increase in severity of disasters due to extreme weather	Impact: Small	Short to long term
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(Potential events) In a 4°C scenario, heavy rains due to currently assumed extreme weather are assumed to become frequent.

(Measures) Since the 2011 earthquake, we have adopted a production system to manufacture products and materials at multiple locations, and have also established a system to purchase materials from other companies. Furthermore, we have quantified the annual impact of the future flood risk at domestic sites, and regularly check hazard maps published by local governments for any changes. Risk responses at domestic sites were prioritized based on hazard maps.
The BCP (Business Continuity Plan) was reviewed for potentially affected domestic manufacturing sites, and measures were initiated to reduce the risk at sites that were likely to suffer a disaster on the planned flood scale (L1, once every 10 to 100 years). Measures were also sequentially planned and initiated at sites that were likely to suffer a disaster on the assumed maximum flood scale (L2, once every 1000 years) in an effort to reduce the risk.

Opportunities	[Market] Providing products/services that meet customer demand [Technology] Improvement of competitive advantage due to development of new technology	Impact: Large	Short to medium term
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(Potential events) In a 1.5°C scenario, adoption of facilities and changes in device specifications is assumed to be promoted to suppress greenhouse gas emissions. In such a world that promotes electrification and energy conservation, utilization opportunities of our products could increase. Moreover, we believe we will be able to provide products with reduced CO₂ emissions as we have already been proactively reducing the amount of electricity consumption in our electrode foil production.

(Measures) (1) The automotive electronics and industrial equipment/energy conversion markets which are included in our current strategically important markets greatly contribute to the mitigation of climate change through vehicle electrification, etc. We will continue developing new products for these markets while further increasing our speed to meet customer demands and expand business opportunities. As a metric for this measure, we will aim to achieve R&D expenses equal to 4% of net sales.
(2) We will promote product development and production facility development/adoption with the prospect of reducing CO₂ emissions in production.

Opportunities	[Resilience] Promotion of renewable energy programs and energy-saving measures	Impact: Small	Short to medium term
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(Potential events) In a 1.5°C scenario, promotion of renewable energy programs and energy-saving measures is required.

(Measures) We aim to improve competitiveness by promoting renewable energy programs and energy-saving measures to reduce costs, etc.

¹Risks and opportunities that may have an effect of over 5% of net sales is evaluated as having a large impact.

²The terms assume the following periods: short=until FY2025, medium=until FY2030, long=until FY2050.

Risk Management

Our Group has formulated the Basic Risk Management Policy, and is working to develop and strengthen its risk management system based on the Basic Regulations for Risk Management and related guidelines. Our Group has established the Risk Management Committee under the general manager of risk management to formulate action plans related to risk management and monitor the status of their implementation from the perspective of the entire group. In this committee, we consider climate change risks as a risk to our business, which is discussed within the committee. The committee meets twice a year and reports the status of risk management to the Board of Directors and the Executive Committee Meeting. In particular, with regard to climate change risks, the division in charge develops policies for risk reduction and opportunity acquisition to each business site and division, and monitors the status of initiatives. It also provides support to related divisions.

For our basic policy and processes regarding risk management, please refer to the link below.

WEB <https://www.chemi-con.co.jp/en/company/sustainability/governance/risk/management.html>

Metrics and Targets

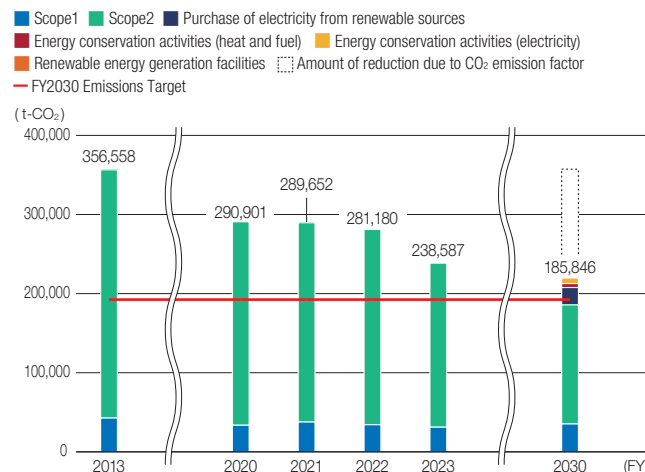
Nippon Chemi-Con uses the following metrics and targets to assess/manage climate-related risks. As part of our activities for FY2023, we have set new targets for our international sites and started on activities.

- We aim to improve energy consumption per unit by an annual average of 1% or higher towards FY2030 based on the "Carbon Neutrality Action Plan" promoted by electrical and electronics industries.
- To realize carbon neutrality by 2050, we will pursue a reduction of approximately 46% in Japan and an average of 29% overseas for CO₂ emissions caused by our production operations in FY2030 on a FY2013 basis.

Status of domestic and overseas CO₂ emissions

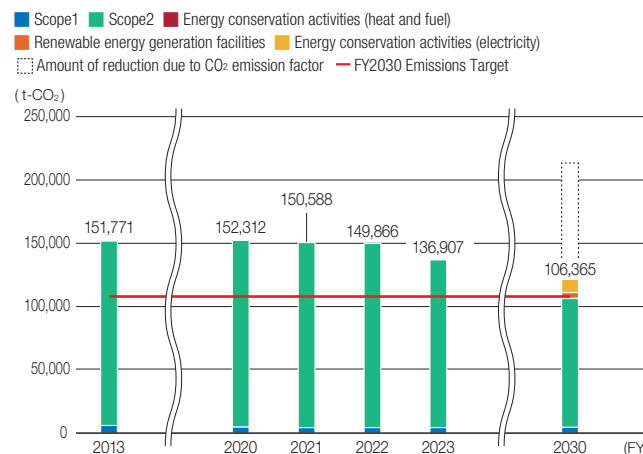
Regarding a reduction in CO₂ in FY2023, domestic CO₂ emissions were 357,000 tons in FY2013 but this figure fell by approximately 33% in FY2023 to 239,000 tons.

Status of emissions at domestic sites



Overseas, the amount was 152,000 tons in FY2013 but this figure fell by approximately 10% in FY2023 to 137,000 tons.

Status of emissions at international sites



Measures

We will proceed with the following initiatives.

	FY2020-FY2023	FY2024-FY2027	FY2028-FY2030
Reduce electricity and fuel through energy conservation	[Progress bar]		
Purchase electricity from renewable sources, etc.	[Progress bar]		
Consider the introduction of on-site PPA	[Progress bar]		
Introduce on-site PPA	[Progress bar]		
Consider the introduction of off-site PPA and the purchase of certification	[Progress bar]		

Energy conservation related to electricity

Conversion of lighting to LEDs, renewal of air conditioning equipment, energy conservation of production facilities, renewal of rectifiers and transformers, etc.

Energy conservation related to heat and fuel

Replacement of boilers, fuel conversion, heat insulation, seamless production equipment, etc.

Introduction of renewable energy generation facilities

Installation and use of solar power generation facilities on production sites, etc.

Purchase of electricity from renewable sources, etc.

Purchase of electricity from renewable sources, etc. at production sites

In 2023, we started generating electricity using solar panels at CHEMI-CON (WUXI) CO., LTD. in China, and in January 2024 we began generating solar power through an on-site PPA at Chemi-Con East Japan Corp. Fukushima Plant. In FY 2024, we will introduce an on-site PPA at CHEMI-CON (MALAYSIA) SDN. BHD.

For GHG emissions by Nippon Chemi-Con's operations, please refer to the link below.

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

For Nippon Chemi-Con's performance based on metrics and targets related to climate change, please refer to the link below. (Metrics/targets for risks)

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



Social

Diversity/Human Resource Development/Employee Safety

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 70% of production (in volume) at Nippon Chemi-Con and of our approximately 6,000 employees, about 60% are outside Japan. In the recruitment of new graduates, we set targets for the ratio of female and foreign students to be employed and provide support for career plans and regular interviews after entering the company. 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.

▶ Initiatives of Nippon Chemi-Con and affiliates in Japan

Active Participation of Women

- Percentage of female new graduate employment (most recent three fiscal years) Approx.28%
- Percentage of women in management positions End of FY2023: 3.6%

Goal : Increasing the number of female section chiefs, section managers and deputy section managers as well as women in management positions by 50% by the end of FY2026 (compared to the end of FY2020)

Initiative examples : We established a Diversity Promotion Committee, and are making company-wide efforts through trainings, internal surveys, and internal newsletters.

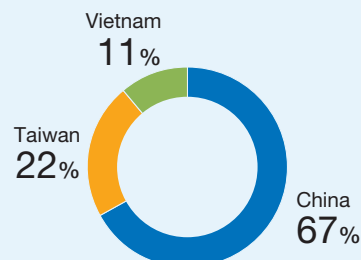
Mid-career Employment

- Status of employment FY2021 : 1 person FY2022 : 7 people FY2023 : 6 people
- Percentage of mid-career employees in management positions End of FY2023: Approx. 17%

We continuously engage in mid-career employment activities to secure personnel capable of making immediate contributions and future candidates for management positions. Mid-career personnel are positioned in various fields including development, sales, and clerical positions. We also provide individual training for mid-career employees to help them rapidly acquire an understanding of our organization.

Foreign Students

- Foreign employees - Rate of hiring (most recent five fiscal years)



Nippon Chemi-Con practices the hiring of foreign students studying in Japan. Amid continuing globalization, our belief is that the employment of human resources who live in Japan and understand Japanese culture is vital. Since 2012, we have aggressively recruited foreign students in Japan. As of April 2024, we have 21 such personnel who are involved in a variety of roles in the company. We will continue providing equal opportunities for employees based on their qualifications and capabilities to step up their careers regardless of nationality.

Persons with Disabilities

- Status of employment End of FY2023: 1.55%
- Goal employment rate 2.5%

Nippon Chemi-Con proactively conducts the employment 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. We are aiming for persons with disabilities to represent at least 2.5% of employees. As a new initiative starting from FY2023, we are accepting trainees from special needs education schools in the metropolitan area. We are working to promote the employment of workers with disabilities from a medium- to long-term perspective.



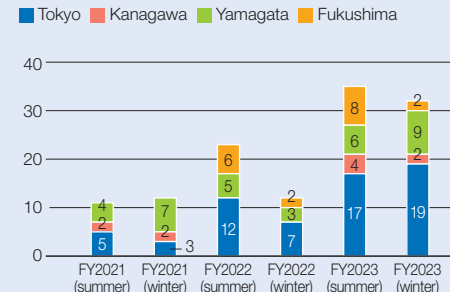
Accepting students from special needs education schools

Internships

From winter of 2018, we started an open recruitment of internships as part of our job training program. We had mainly accepted students in Tokyo and Kanagawa, but expanded regions to Yamagata in FY2021 and Fukushima in FY2022. Starting in FY2023, we also implemented a new initiative offering administrative internships (staff and sales positions). We will continue

to increase opportunities to promote familiarity with Nippon Chemi-Con through various workplace experiences.

- Number of people accepted for internships



Scenes from internships

Nippon Chemi-Con Group Education System

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

	Target persons	Program	Number of participants for FY2023
Tiered training	Managerial tier	New managerial staff training	31
		Mid-career employee training	11
	Practical tier	Follow up training I & II	52
		New employee training	26
		Prospective employee training	20

• Tiered training

Tiered training is a system of curriculum that serves as the foundation for long-term personnel development. We conduct tiered training sessions where we provide education on the skills required for each tier. To ensure diversity and raise awareness, internationalization, training is included in new employee training. Since FY 2020, we have incorporated online training and currently conduct content.



New employee training

	Target persons	Program	Number of participants for FY2023
Selective training	Managerial tier	Newly appointed overseas representative training	0
		Overseas pre-assignment training	11
	Practical tier	Local overseas employee training system	0
		Global HR development program	0
		Management capability assessment	82
		OJT leader training	26

• Selective Training

We also work to develop global human resources. 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. Among those who have completed the training are numerous employees who are already working as managers overseas. We also started an overseas training program (Global HR development 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. We were unable to conduct this program in FY2023 due to COVID-19, but we will expand target persons and make the program even more appealing.

Assessment training has been a requirement for promotion to management positions. From FY2020, we adopted a new separate evaluation process to be promoted to supervisors. 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.

	Target persons	Program	Number of participants for FY2023
Self-development	All employees	Nippon Chemi-Con Business School (distance learning)	410
Other	All employees	Mental health training	16
		Harassment training	

• Self-development

Nippon Chemi-Con and affiliates in Japan 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-development.

• Other

The Act on Comprehensive Promotion of Labor Policies (commonly referred to as the Power Harassment Prevention Act) was enacted in June 2020. This law requires companies to implement measures to increase worker awareness and understanding of power harassment as well as measures to promote awareness among workers of their colleagues' words and actions towards other workers. As part of these measures, we implement harassment training for Nippon Chemi-Con and affiliates in Japan. We have started conducting training for managerial and supervisory staff from the second half of FY2020, and for all employees from the second half of FY2021. Thus far, over 2,000 employees have receiving training as we work to improve overall awareness within the Group.



S

Social

Diversity/Human Resource Development/Employee Safety

Realization of Work Style Diversity

The Nippon Chemi-Con Group initiates environmental improvement to make active participation possible for personnel with diverse backgrounds and values.

Diverse work styles

- Adoption of work-from-home
- Adoption of flextime
- Adoption of hourly paid leave
- Expansion of half-day paid leave
- Change in units for acquirable accumulated paid leave (half-day allowed)
- Childcare leave
- Family care leave
- Shorter working hours
- Staggered working hours
- Returnment support for employees on administrative leave
- Work-treatment balance support
- Welcome-back (rehiring) program

Realization of work-life balance

- Implementation of no-overtime day
- Reduction of overtime work
- Promotion of paid leave acquisition
- Promotion of childcare leave acquisition for men
- Rest between shifts

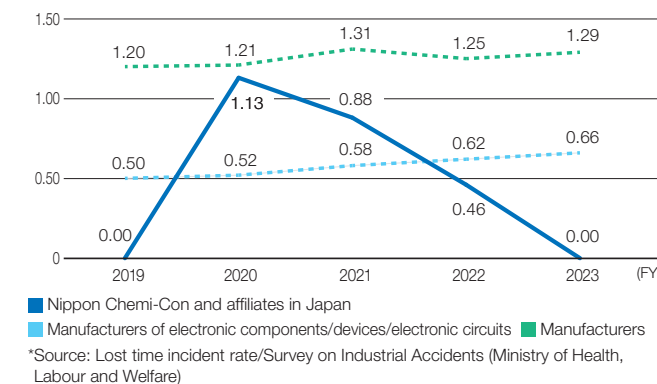
Industrial Safety and Health

The Nippon Chemi-Con Group has Industrial Safety and Health Committees at each site and promotes initiatives on industrial safety and health. In the event of a labor accident, the cause and correction actions are shared with domestic and overseas bases through the supervisory division of manufacturing businesses to prevent reoccurrences.

Status of labor accidents

The lost time incident rate (LTIR) in Japan varies depending on the fiscal year, but the rate in FY2023 was 0.00. There were no incidents that resulted in death.

Lost time incident rate (LTIR)



Lost time incident rate (LTIR) = Number of victims (leave of 1 day or more) due to industrial accidents ÷ total actual working hours x 1,000,000

Topic

Initiatives to Promote Diversity

In the second half of FY2022, Nippon Chemi-Con established a committee and promoted the following types initiatives focused on promoting opportunities for women in the workplace and supporting work-life balance in FY2022 and FY2023.

(1) Internal enlightenment

We use internal newsletters and intranet bulletin boards to regularly provide information related to diversity promotion and promote understanding of internal diversity initiatives.

(2) Female employee forum

Gathered approximately 30 female employees from within the Group to promote networking between female employees and increase motivation.

(3) Information on support for balancing work and childcare

We organize information on internal and external programs and procedures related to maternity leave, childcare leave, and child-rearing, as well as post interviews with employees on their own experiences to help relieve concerns and inconveniences related to achieving work-life balance.

We organize information on internal and external programs and procedures related to maternity leave, childcare leave, and child-rearing, as well as post interviews with employees on their own experiences to help relieve concerns and inconveniences related to achieving work-life balance.

Goal Diversity Promotion Committee

To accept differences and maximize the potential of everyone towards increasing the satisfaction and sense of belonging among employees throughout the entire Group as well as ensure our ability to secure diverse human capital. Also, utilize diverse human capital towards technological innovation, increased business performance, and improvements in our corporate value.



Social

Healthy Company

Activity Details

Ensuring the health of our employees and their families enables employees to work safely 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 and affiliates in Japan have participated in health management surveys conducted by the Ministry of Economy, Trade, and Industry (METI) to promote effective health initiatives by quantifying health information. With the designation of COVID-19 as a Class V infectious disease in May 2023, we will continue to apply the lessons learned thus far while taking a managerial and strategic approach to employee health and productivity management.

▶ Activities in FY2023 (Nippon Chemi-Con and affiliates in Japan)

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.

Additionally, we visit all offices and plants and arrange to have industry doctors conduct interviews with employees who work long hours.

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 illnesses or require a leave of absence. To increase respondents, we check employees' response statuses using the online response system adopted in FY2021 and further urge people to respond if they have not yet answered.

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 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. In FY2022, as in FY2021, Nippon Chemi-Con continued online attendance as an alternative to group training to prevent the spread of COVID-19. We will use online measures as well in FY2023 depending on conditions. In FY2023, we conducted online courses that were accessible to many people in response to employee needs, irrespective of location or time constraints. We will use online measures as well in FY2024 depending on conditions.

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 aim to increase our "habitual exerciser ratio (ratio of people who have decent exercise habits)" which is an indicator of the Survey on Health and Productivity Management. In FY2023, as in FY2022, we recommended participation in walking events sponsored by the Health Insurance Union, which are easy for individuals to participate in. We will continue to recommend proactive participation in walking events in FY2024.

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.

Nippon Chemi-Con has 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 achieved these goals in FY2023.

We will continue enhancing systems that promote flexible and diverse working styles.



Social

Contributions to Local Communities

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

Relationships with Local Communities



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

Chemi-Con East Japan Corp. Miyagi Plant has been attempting hatching of Shinai-motsugo in its premises under the guidance of a local NPO since FY2016.

In June 2019, we released Shinai-motsugo to their home “Katsurasawa pond” with local elementary school students.

We have continued to participate in the pond release event since 2020, and we also participated in the event on June 23, 2023.

As a member of the community, we will perform activities that share the importance of passing on the rich nature to our future generations.

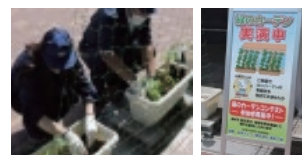


(Photos are from June 2023)

FY2023 Local Contribution Activities

Nippon Chemi-Con Corp. Takahagi Plant participated in the Green Curtain Contest held by Takahagi City as part of its local contribution activities, donating seeds and installing a green curtain and signboard at Takahagi City Hall.

In addition, Takahagi Plant also donated flower seedlings to create flower beds at certified childcare centers, elementary schools, and junior high schools.



▲ Takahagi Certified Childcare Center



▲ Takahagi Junior High School



▲ Higashi Elementary School



▲ Akiyama Junior High School

Environmental Volunteering Activities



As a part of regional contributions, the Nippon Chemi-Con Group conducts volunteer activities by employees for the purpose of environment protection. Every year, many employees and their families participate in cleanup activities along the roads around our offices and in nearby shorelines and rivers to preserve the nature that brings us many “blessings” into the future.



◀ Cleanup activities by Chemi-Con East Japan Corp. Ome Division

Cleaning activity of surrounding area by employees of Chemi-Con Device Corp. Nagai Plant



Regional Cooperation for Conservation of the Endangered Minami-Medaka

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.

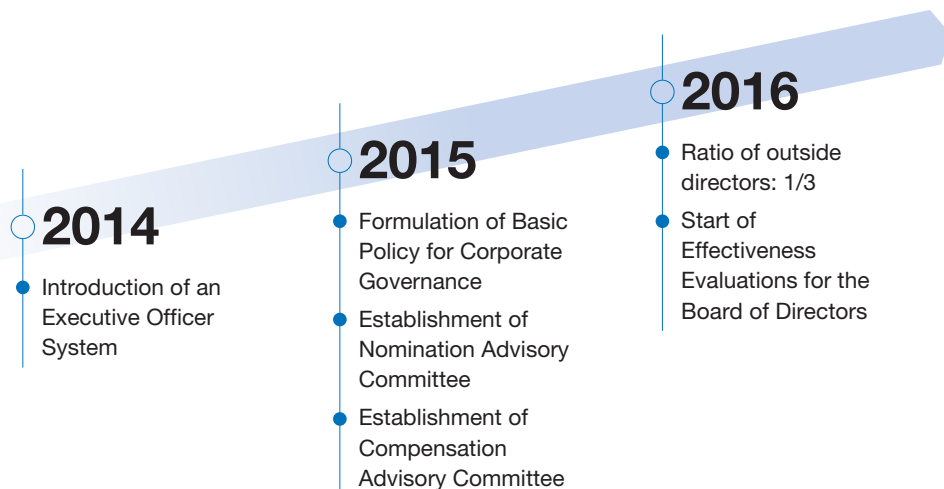
In 2016, we started a partnership with then TDK Akita Kitakami Plant, which is located in the same region by donating approximately 30 medaka. In October 2019, we helped the grown medaka return home by releasing them into the Chemi-Con East Japan Iwate Plant pond. In FY2023, we donated medaka to three local elementary and junior high schools and to one company. We will continue to cooperate with the people of the Kitakami region towards medaka conservation.





Corporate Governance

Enhancement of 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. We have adopted an executive officer system to clearly separate inspection/supervision of management and execution of operations. Additionally, we have established a Nomination Advisory Committee and a Compensation Advisory Committee to strengthen our governance of executive appointments and compensation. Both the Nomination Advisory Committee and Compensation Advisory Committee are chaired by independent outside directors, and each advisory committee is made up of a majority of independent outside directors.

(As of March 31, 2024)

Nippon Chemi-Con's Board of Directors comprises six members. A Board of Directors with this small number allows it to make swift decisions, and includes three outside directors (two of whom are independent outside directors with no vested interests in the Company) to reinforce the function of inspecting and supervising management. The Nippon Chemi-Con Articles of Incorporation outline that the company shall appoint no more than 10 people as directors.

■ Composition of the Board of Directors

Number of outside officers

Board of Directors



Gender Male:5 Female:1 Average age 62

■ Status of outside director activities

Name	Summary of statements and duties	SummaryRate of attendance at the Board of Directors of statements and duties
Suzuko Miyata	Makes beneficial statements at various meetings from an independent and objective standpoint based on advanced knowledge of legal affairs and risk management.	21/21
Hiroshi Yoshida	Makes beneficial statements at various meetings from an independent and objective standpoint based on advanced knowledge on sales and marketing.	16/16
Takashi Komagata	Makes beneficial statements at various meetings from a broad perspective based on his involvement in operations at major financial institutions and management of investment fund management companies as well as his wealth of experience and knowledge in finance and corporate management.	5/5

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.

The Audit & Supervisory Board inspects the state of the corporate governance, the steering situations, and daily activities in management including those performed by directors. The Board works closely with the internal audit department and the corporate auditor to exchange reports, opinions, and information.

■ Composition of Audit & Supervisory Board

Number of outside officers

Inside Audit & Supervisory Board Members 2	Outside Audit & Supervisory Board Members 2	Average age 64
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Audit & Supervisory Board

■ Priority audit points for FY2023

- i Audits the legality and appropriateness of decision-making processes and decisions made at Board of Directors meetings and other important meetings.
- ii Audit of legal compliance of business operations and status of compliance with Business Conduct Guidelines as a business group
- iii Audits the organization and operation of the internal control systems for the Nippon Chemi-Con Group as well as the effectiveness of subsidiary governance by each head office organization in charge.
- iv Audit of the progress of the basic strategies and key measures for the first year of the 10th Medium-term Management Plan

■ Status of outside Audit & Supervisory Board member activities

Name	Summary of statements	Rate of attendance at the Board of Directors/Audit & Supervisory Board
Masaaki Doi	Makes objective statements based on many years of experience and knowledge as a Certified Public Accountant.	21/21 17/17
Kaoru Ogawa	Makes objective statements based on many years of experience and knowledge as a Certified Public Accountant.	—

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.

Officer Compensation

1. Policies

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.

2. Procedures

For the purpose of enhancing the independence and objec-

tivity 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. The Nippon Chemi-Con Board of Directors has determined that the Representative Director is the most appropriate person for comprehensively assessing the level of contributions to overall Company performance made by the departments overseen by each director. As such, the Board entrusts decisions on individual compensation for each director to the Representative Director. Furthermore, compensation for executive directors is comprised of monthly compensa-

tion 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. Policies concerning decisions on compensation for individual directors are determined following consultation with and a review by the Compensation Advisory Committee.

Officer category	Total compensation (million yen)	Total compensation by type (million yen)				Number of applicable officers
		Fixed compensation	Performance-linked compensation	Retirement bonuses	Non-monetary compensation (within types on the left)	
Directors (excluding outside directors)	122	122	—	—	—	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	42	42	—	—	—	2
Outside officers	45	45	—	—	—	6
Total	210	210	—	—	—	13

(For the fiscal year ended March 31, 2024)

Effectiveness Evaluations for the Board of Directors

Nippon Chemi-Con conducts effectiveness surveys on all Directors and Audit & Supervisory Board Members comprising the Board of Directors. These surveys are used to conduct an effectiveness analysis and evaluation of the Board of Directors.

Main evaluation points

- **Structure and governance of the Board of Directors**
(Ratio/responsibilities of independent outside directors, officer training, etc.)
- **Corporate strategy and business strategy**
(Monitoring and supervision of the progress of action plans, providing information necessary for strategic deliberations, etc.)
- **Business ethics and risk management**
(Establishment of risk assessment process, supervision of establishment and operation of internal control systems, etc.)
- **Performance monitoring and evaluation of executives**
(Correlation between performance indicators and management indicators, appropriate formulation and implementation of succession plans, etc.)
- **Communication with shareholders**
(Feedback from shareholders, etc.)

For this survey, we used an external organization to evaluate survey questions, and to collect and tabulate the survey responses.

Based on these results of the surveys, our evaluation concluded that the company was largely maintaining the effectiveness of the Board of Directors in FY2023.

Highly evaluated points

- The Board of Directors is comprised of a sufficient percentage of independent outside directors. Independent outside directors offer constructive opinions to management and are able to raise objections as necessary.
- The performance indicators used by management to report performance to the Board of Directors are linked to company's important management strategy or business strategy as well as the key management indicators for determining the corporate value emphasized by the company.
- The Board of Directors determines the basic policy regarding the establishment of an internal control system for the Group as a whole, and appropriately supervises the establishment and operation of the internal control system.
- The Board of Directors confirms that the disclosure and provision of non-financial information, such as ESG information, is highly useful to shareholders and investors and such information is provided appropriately.

Points requiring improvement

- In accordance with the details of the items to be resolved at the Board of Directors meeting, effective materials will be provided with sufficient lead time, and opportunities for outside officers to be briefed in advance on the agenda for the Board of Directors meeting will be enhanced.
- Continue to consider our human resources strategy (including

human resources development policies and internal environment improvement policies) that includes the development of legal personnel, managers, and future officer candidates, and share the issues identified and recognized with the Board of Directors.

- To enhance and strengthen the risk management system, review the operating methods of the Risk Management Committee, and strengthen our ability to respond to actual risks and future potential risks.

Based on this analysis/evaluation, we will continue with initiatives aimed at increasing the effectiveness of the Board of Directors.

Issues from FY2022 Effectiveness Evaluations and FY2023 initiatives

Issues in FY2022

Steadily share with the Board of Directors the various measures currently being implemented with regard to dialogue with shareholders, etc.

FY2023 initiatives

The Company engages in constructive dialogue with shareholders, etc. regarding the progress of our Medium-term Management Plan and the proactive disclosure of our growth strategy, and provides feedback to management on opinions and questions. Going forward, we will endeavor to ensure that this feedback is shared with the entire Board of Directors.

Compliance

Compliance Promotion System

1. System

The Nippon Chemi-Con Group appoints a managing compliance officer as the chief officer in charge. This chief compliance officer oversees a compliance committee which works to draft compliance policies and action plans related to compliance, and conduct monitoring of implementation progresses for these initiatives. Each department in Nippon Chemi-Con and company of the Group has assigned a compliance officer and compliance staff who work to promote and reinforce policy related to compliance.

2. Measures

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 compliance education, we hold seminars on sustainability, competition laws and insider trading regulations in new employee training and continuous training conducted at each employee level. One initiative related to ensuring compliance with competition laws is to invite external lecturers (attorneys) to hold competition law seminars. At the same time, we drafted the Basic Policies Concerning Compliance with Competition Laws and other internal regulations and manuals 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. 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.

WEB Whistleblowing system

<https://www.chemi-con.co.jp/en/company/sustainability/governance/compliance/whistleblowing.html>

Risk Management

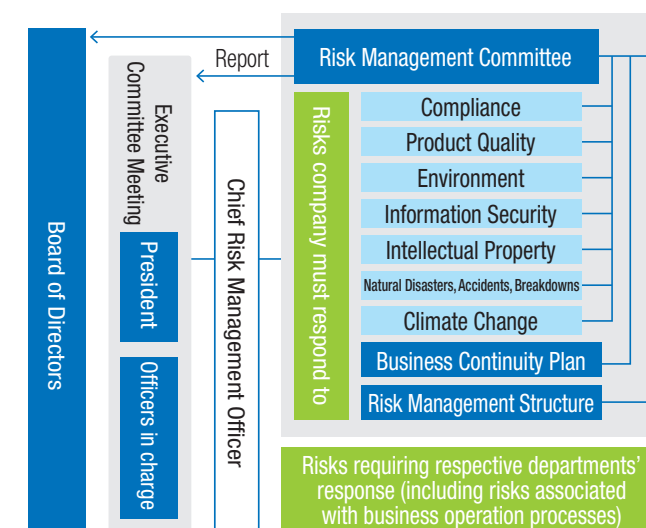
The Nippon Chemi-Con Group has established Basic Policy for Risk Management to prevent risks, including human error and natural disaster, which could have a major impact on business and minimize the subsequent risks to stakeholders. We use Basic Regulations for Risk Management and other relevant regulations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

Risk Management Promotion System

At the Nippon Chemi-Con Group, the 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.

The committee reports twice a year the status of risk management to the Board of Directors and Executive Committee Meeting.

Risk Management System



▶ Risk Factors

Risk items	Risk details	Risk mitigation measures
(1) Risks concerning economic conditions	<ul style="list-style-type: none"> Fluctuations in economic conditions in the countries and regions in which our products are sold 	<ul style="list-style-type: none"> Achieve “high-quality growth through enhancement of adaptability” as set forth in the 10th Medium-term Management Plan.
(2) Risks concerning exchange rate fluctuations	<ul style="list-style-type: none"> Fluctuations in exchange rates when converting financial statements of our foreign affiliates into JPY 	<ul style="list-style-type: none"> Hedge risk through forward exchange contracts, etc.
(3) Risks concerning price competition	<ul style="list-style-type: none"> Fluctuations in production and sales costs, and rises in material costs Price competition between competitors in Japan and overseas due to innovations in production technology 	<ul style="list-style-type: none"> Utilize an integrated production system from material development to product sales. Reduce costs through optimized production systems. Develop products with high added value and high profitability, and expand sales in core markets.
(4) Risks concerning raw material price fluctuations and procurement	<ul style="list-style-type: none"> Pressure for material prices to rise due to the weakening of the yen and soaring logistics and labor expenses Cost increases due to rising prices of raw materials such as aluminum foils and heavy oil Delays in product shipments caused by raw material shortages due to natural disasters, etc. Procurement risk due to economic security measures including the enforcement of the Uyghur Forced Labor Prevention Act (UFLPA) and the sanctions against Russia Increase in production suspension (EOL) cases to reduce unprofitable operations 	<ul style="list-style-type: none"> Promote local procurement at overseas manufacturing companies. Continuously reduce costs through productivity improvements. Purchase raw materials from multiple suppliers. Engage in regular credit management of suppliers. Reinforce the supply chain aimed at stable procurement.
(5) Risks concerning product defects	<ul style="list-style-type: none"> Potential for a large-scale product defect to impact operating results and financial position Product liability insurance may not be sufficient to fully cover the liability compensation amount 	<ul style="list-style-type: none"> Comply with quality management standards (UL standards, AEC-Q200, etc.). Obtain ISO9001 and IATF16949 certifications and strengthen quality. Establish a structure that responds quickly to minimize effects in case of a defect.
(6) Risks concerning laws and public regulations	<ul style="list-style-type: none"> Cost burden associated with changes in laws and public regulations Criminal penalties, governmental charges, and payment of compensation due to regulatory violations Environmental liability risk due to the enactment or amendment of environmental legislation Payment of fines imposed by competition law authorities of various countries and settlements in civil lawsuits 	<ul style="list-style-type: none"> Comply with environmental legislation and respond rapidly to amendments. Manage risk through legal means and settlements.
(7) Risks concerning natural disasters and unpredictable events	<ul style="list-style-type: none"> Production halts caused by facility damage or difficulty in supplying electricity or water due to earthquakes, etc. Economic downturn due to the spread and prolongation of infectious diseases Suspension of operations requested by national governments 	<ul style="list-style-type: none"> Strengthen cooperation with administrative authorities and information gathering. Implement various infection prevention measures, including telecommuting and staggered working hours. Continue operations by adopting tools for remote work.
(8) Risks concerning climate change	<ul style="list-style-type: none"> Additional costs arising from the introduction of carbon tax, carbon pricing, and an emission trading system. Lowering of market competitiveness in the event of an inability to meet customer requirements related to environmental performance and sustainability Suspension of business continuity and additional costs arising from intensified and more frequent natural disasters 	<ul style="list-style-type: none"> Reduce CO₂ based on the roadmap for energy saving and carbon-neutral measures. Expand disaster prevention equipment at business bases, which would be significantly impacted by a natural disaster. Make endeavors that will satisfy customer requirements from the viewpoints of procurement and R&D.

Message from Outside Officers



Promoting Diversity & Inclusion to Create the Next Value

Outside Director
Suzuko Miyata

“Let’s create the next value.” This is one of Nippon Chemi-Con’s long-term goals in its 10th Medium-term Management Plan. I believe that “internal change” will be an essential factor in discovering the value of the next generation. Positive changes within an organizational structure can unlock the hidden talents of each individual, thereby opening the door to new perspectives, new ideas, and new initiatives. I believe that diverse sensibilities and abilities are extremely useful in enabling a person to sensitively perceive the needs of the times and discover added value.

The activities of the Company’s Diversity Promotion Committee play an extremely important role in promoting this “internal change.” The Committee, which was established in 2022, currently consists of 24 members, including Chairperson, who were brought together from a wide range of departments within the Group, including the administration, manufacturing, and sales departments. From the perspective of diversity, the Committee is making steady efforts in internal educational activities and overtures to management aimed at promoting flexible working styles and the active participation of women, and creating diverse internal communication.

Achieving this ideal will require perseverance with a view to the future that lies ahead. As an advisor to the Committee, I would like to support these efforts.



From “Creating Value” to “Creating Price.”

Outside Director
Hiroshi Yoshida

From March to April 2024, I visited several of our development bases and manufacturing bases to discuss the issues they face. I also had the opportunity to see the new hybrid capacitor manufacturing building, which is nearing completion, at Chemi-Con East Japan’s Miyagi Plant. Hybrid capacitors are our core business that we aim to expand over the medium to long term as our product performance surpasses that of our competitors. Furthermore, discussions with local developers provided me with a real sense of the potential for creating new technologies in the future.

As mentioned above, the Company’s development team has the best ability in the industry to create product value. So what can we say about the new products that the developers are providing to customers in terms of price? Certainly our technical team is creating significant new value and providing this to customers. But I wonder if the “price” of the new products is commensurate with the newly created value? Is the “price” of the new products based on a cost-addition method? Value is determined by the benefit customers receive from using the product. Additionally, that benefit is quantifiable. Quantifiable means expressing the benefit in terms of “XX yen”; in other words, the price. This quantification requires identifying and analyzing the actual state of a customer’s products, manufacturing, and costs, and is not an easy thing to do. We would like to have 20% of development and sales teams’ working hours allocated to this analysis.

I believe that Japanese manufacturing companies, including ours, are lacking when it comes to quantifying customer value and setting prices accordingly. I expect our development and sales teams to shift from “creating value” to “creating price,” and to make great strides forward in improving our corporate value.



Toward Further Value Creation

Outside Director
Takashi Komagata

In previous years, the Company’s financial situation was adversely affected by the payment of massive penalties and settlements due to competition law violations. However, I do not believe that our competitive advantage has been impaired.

The Company has strong development and production technology capabilities as the result of many years of initiatives undertaken by our predecessors. These initiatives have enabled us to resolve our customers’ issues, achieve mass production, and provide a stable supply of products, which has earned the trust of customers and led to new business discussions. I am certain that this cycle of value creation supports our competitive advantage. By further refining the Company’s unique value creation cycle, I believe that our competitiveness will increase and that our financial situation will steadily recover.

FY2024 will be an extremely important year as we head toward the completion of the 10th Medium-term Management Plan. The key will be to implement various measures in line with our basic policy of strengthening our defenses and aiming to achieve a highly profitable structure by providing high value-added products and improving productivity. This includes strengthening governance, including preventing the recurrence of competition law violations, investing in the growth area of hybrid capacitors, shifting to smart factories, and improving productivity in staff departments. I will fulfill my responsibilities as an Outside Director by continuing to closely monitor the Company’s initiatives to achieve this high-quality growth.



Further Promoting Reform and Strengthening Governance

Audit &
Supervisory Board Member

Masaaki Doi

Uncertainty is increasing on a global scale and various problems are emerging. The basis for a healthy global economy is a stable international situation, but if that foundation is shaken, concerns arise over the various adverse effects this could have on the economic society, and corporate activities.

Although facing various challenges as it operates as a global company, the Nippon Chemi-Con Group is currently implementing the 10th Medium-term Management Plan as an initiative for setting a new stage. As the internal and external environments of companies undergo major change, they are being called upon to achieve quality growth by enhancing their adaptability (resilience), and to further promote reforms aimed at completing the various measures set out in their medium-term management plans and achieving these goals.

In particular, I expect the entire Group to work together while remaining highly motivated, with the aim of creating new value, increasing productivity, improving profitability, and continuing to grow through reforms and improvements in organizations, human resources, and operations.

Having the flexibility to adapt to any changes in the environment is extremely important. At the same time, however, it is also necessary to maintain the principles of corporate governance and integrated operations within the Nippon Chemi-Con Group. As an Outside Audit & Supervisory Board Member, I will continue to closely monitor the Group's governance. I would like to reiterate my comment from last year that the process of strengthening governance requires repeatedly addressing issues and validating responses, and working continuously to maintain an appropriate structure.



Aiming for Sustainable Corporate Management

Audit &
Supervisory Board Member

Kaoru Ogawa

We are currently said to be in the era of VUCA (Volatility, Uncertainty, Complexity, Ambiguity). As scientific and technological progress continues to accelerate, people's values change, and perceptions that have been taken for granted up until now may become outdated before we even realize. In these times, in order for the Company to survive and grow into the future, we must constantly identify the trends of the present era and respond appropriately to changes in the external environment.

In recent years, sustainability has become particularly important, and companies must address a variety of issues including global warming, human rights issues, and biodiversity. Here at Nippon Chemi-Con,

we strive to be a company that respects the global environment and people, and applies the creativity of all our employees toward contributing to society and the environment.

All of our executives and employees are working together to achieve this goal.

From my perspective as an Outside Audit & Supervisory Board Member who plays a role in governance, I will endeavor to help Nippon Chemi-Con to achieve this goal.



Executive Members (As of June 27, 2024)



Representative
Director and
President

Norio Kamiyama

- Date of birth :
April 1, 1959
- Joined Company in 1983

Currently President and Chief Executive Officer

Formerly CQO and Division Manager of Quality Assurance Headquarters, Nippon Chemi-Con Corp., CTO and Division Manager of R&D Headquarters, Nippon Chemi-Con Corp.



Director

Osamu Ishii

- Date of birth :
July 3, 1959
- Joined Company in 1984

Currently Senior Managing Executive Officer (CFO, Officer in charge of Accounting Dept./Corporate Strategy Dept./Digital Strategy Dept.)

Formerly Department Manager of Division Planning Dept., Material Division Headquarters, Nippon Chemi-Con Corp., Department Manager of Accounting Dept., Planning Headquarters, Nippon Chemi-Con Corp.



Director

Kenichi Konno

- Date of birth :
December 25, 1965
- Joined Company in 1984

Currently Senior Executive Officer (Division Manager of Business Management, and President of Chemi-Con East Japan Corp.)

Formerly Division Manager of Product Business Management, Nippon Chemi-Con Corp., Department Manager of Module Production Planning Department, Production Headquarters, Nippon Chemi-Con Corp.



Outside Director

Suzuko Miyata

- Date of birth :
April 2, 1955
- Appointed as Director in
June 2021

Formerly Senior Managing Director, Legal Affairs Strategy Manager, Chairperson of Risk Management Committee, Special Expert Committee Member of Internal Audit Division, TV TOKYO Holdings Corporation



Outside Director

Hiroshi Yoshida

- Date of birth :
July 24, 1955
- Appointed as Director in
June 2023

Formerly Director and Vice Presidential Executive Officer, President of Performance Polymers SBU, Asahi Kasei Corp. Executive Officer, Asahi Kasei Chemicals Corp.



Outside Director

Takashi Komagata

- Date of birth :
May 6, 1976
- Appointed as Director in
December 2023

Currently Member of the Board, Japan Industrial Solutions Co., Ltd. Outside Director of MITSUBA Corp.



Audit & Supervisory
Board Member

Kazuto Miura

- Date of birth : January 22, 1959
- Joined Company in 1982
- Appointed as Audit &
Supervisory Board Member in
June 2021

Formerly Senior Executive Officer, Nippon Chemi-Con Corp., President of Chemi-Con East Japan Corp.



Audit & Supervisory
Board Member

Shunichi Horino

- Date of birth : september 3, 1963
- Joined Company in 1988
- Appointed as Audit &
Supervisory Board Member in
June 2024

Formerly Department Manager of Internal Audit Department



Outside Audit & Supervisory
Board Member

Masaaki Doi

- Date of birth :
September 15, 1960
- Appointed as Audit &
Supervisory Board Member in
June 2022

Currently Head of Doi CPA Office

Formerly Managing Director, General Manager of Osaka Regional Office No.2, Asahi Shinwa & Co. (currently KPMG AZSA LLC)



Outside Audit & Supervisory
Board Member

Kaoru Ogawa

- Date of birth : April 3, 1958
- Appointed as Director in
- Appointed as Audit &
Supervisory Board Member in
June 2024

Currently Head of Ogawa CPA Office
Outside Audit & Supervisory Board
Member of Japan Tissue Engineering Co.,
Ltd.

Formerly Partner, Deloitte Touche Tohmatsu LLC
Director, The Japanese Institute of
Certified Public Accountants
Partner, GYOSEI & CO.
Outside Audit & Supervisory Board
Member, AT-Group Co., Ltd.

▶ Skill Matrix - Directors and Audit & Supervisory Board Members

To promote the Company's sustainable growth and medium- and long-term improvements in corporate value, we use our corporate philosophy as the basis for identifying the skills and experience required of the Board of Directors with comprehensive consideration given to the following: (1) product planning reform and structural reform measures, (2) global market environment response measures, and (3) sustainability promotion. Particular areas of expectation for directors include the following. Furthermore, skills selection for independent outside directors focuses on management experience at other companies and the ability to make meaningful recommendations concerning governance for Nippon Chemi-Con.

(As of June 27, 2024)

Name	Attributes	Position in the Company	Age	Gender	Term of office	Skills and experience					
						Corporate Management	R&D/Quality	Sales/Marketing	Legal Affairs/Sustainability	Finance/Accounting	International Experience
Norio Kamiyama		President (Chief Executive Officer)	65	Male	8	●	●				
Osamu Ishii		Director (Senior Managing Executive Officer)	64	Male	3	●				●	●
Kenichi Konno		Director (Senior Executive Officer)	58	Male	1	●	●				
Suzuko Miyata	Outside Independent officer	Director	69	Female	3	●			●		
Hiroshi Yoshida	Outside Independent officer	Director	68	Male	1	●		●			
Takashi Komagata	Outside officer	Director	48	Male	0.5	●				●	
Kazuto Miura		Full-time Audit & Supervisory Board Member	65	Male	3	●	●				●
Shunichi Horino		Full-time Audit & Supervisory Board Member	60	Male	-					●	●
Masaaki Doi	Outside Independent officer	Audit & Supervisory Board Member	63	Male	2					●	
Kaoru Ogawa	Outside Independent officer	Audit & Supervisory Board Member	66	Male	-					●	

Results for Years Ended March 31, 2015 through 2024

Million Yen Thousand U.S. dollars

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2024.3
For the year											
Net sales	123,365	118,414	116,311	133,362	140,951	114,599	110,788	140,316	161,881	150,740	995,576
Operating income (loss)	5,122	2,179	3,338	5,818	5,137	(2,891)	2,971	8,798	12,939	9,422	62,231
Operating income margin (%)	4.2	1.8	2.9	4.4	3.6	(2.5)	2.7	6.3	8.0	6.3	6.3
Ordinary income (loss)	6,207	1,165	2,002	4,416	4,833	(4,245)	2,091	8,038	10,994	7,913	52,268
Ordinary income margin (%)	5.0	1.0	1.7	3.3	3.4	(3.7)	1.9	5.7	6.8	5.3	5.3
Profit (loss) attributable to owners of parent	5,362	(6,905)	840	(16,056)	917	(5,926)	2,038	(12,124)	2,273	(21,291)	(140,619)
Profit attributable to owners of parent margin (%)	4.3	(5.8)	0.7	(12.0)	0.7	(5.2)	1.8	(8.6)	1.4	(14.1)	(14.1)
Capital investment	5,203	4,354	4,590	7,525	9,553	5,620	3,477	5,858	7,704	11,195	73,939
Depreciation and amortization	7,373	7,127	6,220	6,105	6,496	7,199	5,747	5,885	5,933	6,339	41,869
Research and development (R&D) expenses	4,160	4,321	4,272	4,208	4,288	4,161	3,710	4,156	4,383	4,489	29,651
Proportion of net sales (%)	3.4	3.6	3.7	3.2	3.0	3.6	3.3	3.0	2.7	3.0	3.0
At year end											
Current assets	81,689	78,775	83,799	83,659	78,254	80,380	81,523	96,434	97,758	104,815	692,260
Fixed assets	64,968	58,341	55,968	59,052	60,030	59,234	57,925	59,706	64,983	68,106	449,814
Current liabilities	42,106	40,377	29,442	61,425	47,389	52,748	54,278	69,223	59,181	75,017	495,459
Long-term liabilities	26,405	33,875	46,754	31,875	42,980	47,084	33,265	42,201	52,881	44,293	292,539
Net assets	78,146	62,864	63,571	49,410	47,914	39,781	51,904	44,715	50,678	53,610	354,076
Total assets	146,657	137,117	139,768	142,711	138,284	139,615	139,448	156,140	162,741	172,921	1,142,074
Cash flows											
Cash flows from operating activities	10,730	10,970	6,443	5,305	(13,856)	3,925	2,067	5,105	(4,862)	(12,959)	(85,590)
Cash flows from investing activities	(4,269)	(2,878)	(4,334)	(7,265)	(8,771)	(5,447)	(3,034)	(5,208)	(6,834)	(4,817)	(31,817)
Free cash flow	6,460	8,091	2,108	(1,960)	(22,627)	(1,521)	(967)	(102)	(11,697)	(17,776)	(117,408)
Cash flows from financing activities	(7,675)	(4,712)	710	(1,759)	17,128	10,478	(3,470)	(218)	12,049	35,421	233,943

Results for Years Ended March 31, 2015 through 2024

	Yen									U.S. dollars	
	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2024.3
Per share data											
Profit (loss) per share Basic	329.09	(423.82)	51.57	(985.77)	56.36	(363.96)	114.76	(597.88)	112.09	(1,029.15)	(6.80)
Profit (loss) per share Diluted	—	—	—	—	—	—	114.63	—	—	—	—
Cash dividends	30.00	30.00	30.00	30.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00
Net assets	4,772.25	3,834.26	3,877.73	3,012.97	2,921.53	2,422.68	2,544.62	2,190.33	2,478.43	1,776.97	11.74
Financial indicators											
Return on assets (ROA; %)	3.7	(4.9)	0.6	(11.4)	0.7	(4.3)	1.5	(8.2)	1.4	(12.7)	
Return on equity (ROE; %)	7.6	(9.8)	1.3	(28.6)	1.9	(13.6)	4.5	(25.3)	4.8	(41.2)	
Shareholders' equity ratio (%)	53.0	45.6	45.2	34.4	34.4	28.3	37.0	28.4	30.9	30.7	
Average exchange rate (Yen)											
US\$	109.93	120.13	108.38	110.85	110.91	108.74	106.06	112.38	135.47	144.62	
EUR	138.77	132.57	118.79	129.70	128.41	120.82	123.70	130.56	140.97	156.80	

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=¥151.41.
4. Free cash flow = Cash flows from operating activities + Cash flows from investing activities.
5. Diluted earnings per share for the fiscal year from 2014 to 2019, 2021 and 2022 are not presented because there are no dilutive shares. Diluted earnings per share for the fiscal year 2023 are not presented due to net loss per share, although there are dilutive shares.
6. Return on assets (ROA) is calculated by dividing term net income by average total assets.
7. Return on equity (ROE) is calculated by dividing term net income by average shareholder equity.
8. Depreciation and amortization expenses exclude depreciation and amortization related to research and development expenses.
9. 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 2015.
10. 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.

Corporate Information / Stock Information (As of March 31, 2024)

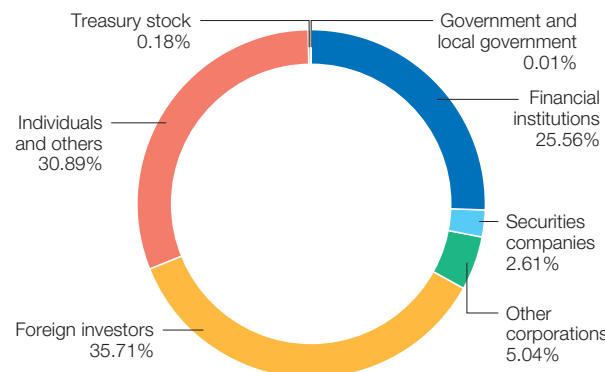
▶ Foundation	August 1931
▶ Establishment	August 1947
▶ Capital	5,452 million yen
▶ Number of Employees	6,109 (Consolidated) (including fixed-term employees)
▶ Common Stock	
• Issued	Common stock 21,939,933 shares Class A stock 10,000 shares Class B stock 5,000 shares
• Trading Unit	100 shares
• Number of Shareholders	Common stock 12,920 Class A stock 1 Class B stock 1
▶ Stock Listing	Prime Market of the Tokyo Stock Exchange
▶ Securities Code	6997
▶ Fiscal Year-End	March 31
▶ Ordinary General Shareholders' Meeting	June
▶ Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
▶ Head Office	5-6-4, Osaki, Shinagawa-ku, Tokyo 141-8605, Japan TEL: +81-3-5436-7711 FAX: +81-3-5436-7631

▶ Major Shareholders (Top 10)

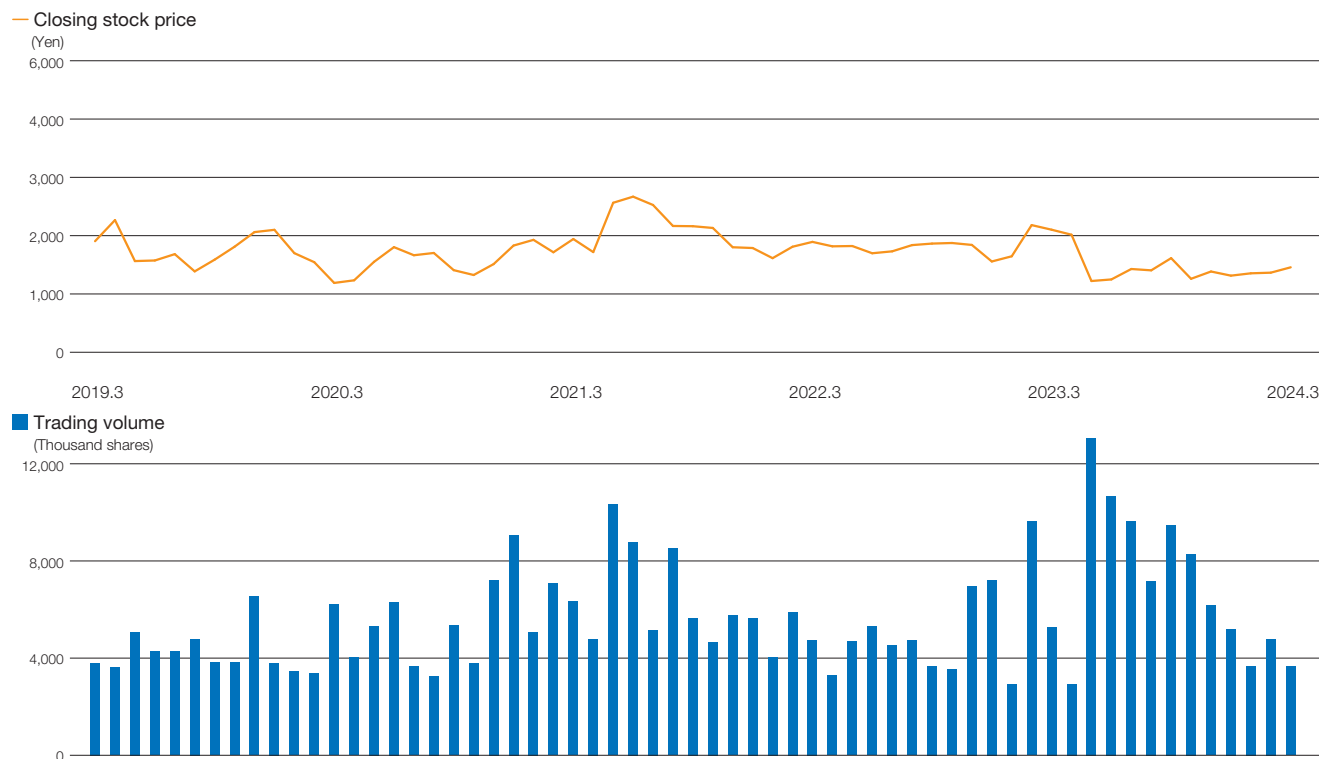
Name	Percentage of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12.82
KOREA SECURITIES DEPOSITORY-SAMSUNG	7.45
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE CLIENTS NON-TREATY ACCOUNT	2.95
MSIP CLIENT SECURITIES	2.86
MUFG Bank, Ltd.	2.39
Custody Bank of Japan, Ltd. (Trust Account)	2.35
Nippon Life Insurance Company	2.34
SSBTC CLIENT OMNIBUS ACCOUNT	2.26
Sumitomo Mitsui Banking Corporation	1.53
JP MORGAN CHASE BANK 385781	1.50

Note: Shareholding ratio is calculated by subtracting treasury stock.

▶ Ownership and Distribution of Shares



▶ Stock Price and Volume (Tokyo Stock Exchange)



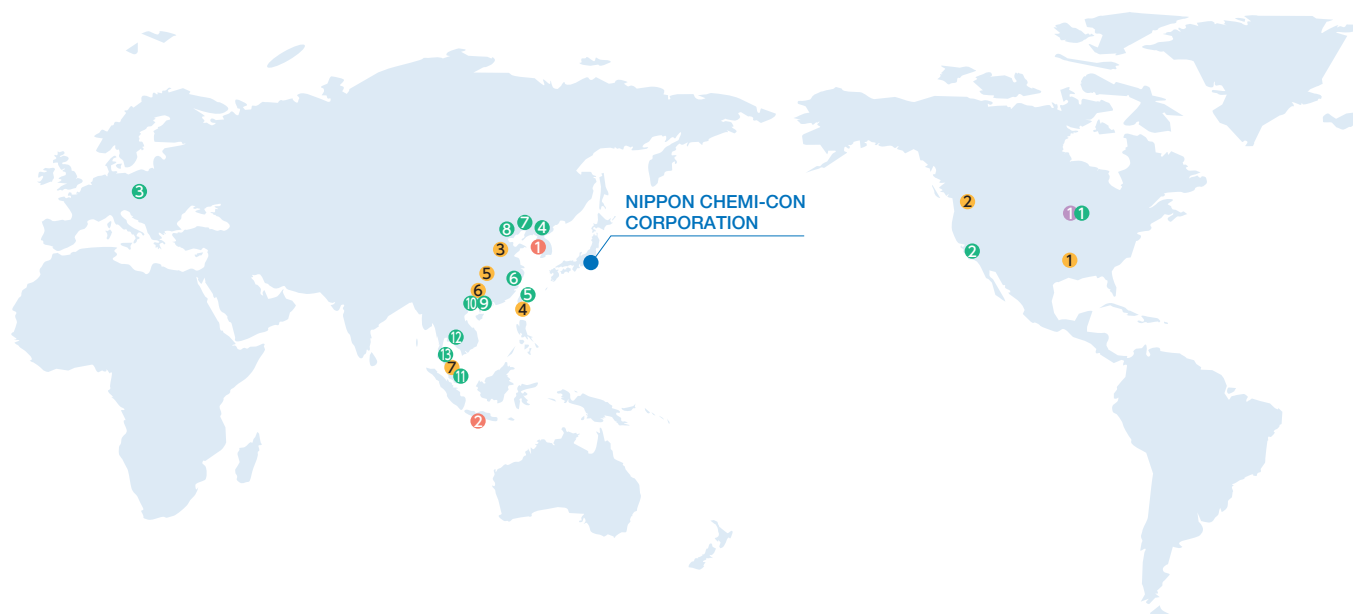
▶ Highest and Lowest Annual Stock Prices

FY	High (¥)	Low (¥)
2019	2,442	1,054
2020	2,134	957
2021	2,780	1,513
2022	2,354	1,494
2023	2,170	1,196

Note: Highest and lowest values for stock price are based on the Tokyo Stock Exchange Prime Market as of April 4, 2022. Prior to that date, values are based on the Tokyo Stock Exchange (First Section).

Global Network (As of October 1, 2024)

Nippon Chemi-Con Group Overseas Network



— 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 EUROPE CHEMI-CON (DEUTSCHLAND) GmbH (Bavaria, Germany)
- 4 CHEMI-CON ELECTRONICS (KOREA) CO., LTD.
- 5 TAIWAN CHEMI-CON CORP. (Taipei)
- 6 SHANGHAI CHEMI-CON TRADING CO.,LTD. (Shanghai, China)

Sales Bases

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

Manufacturing and Sales Bases

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

Regional Headquarter

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

Nippon Chemi-Con Group Domestic Network



— 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 Shizuoka Sales Office
- 4 Nagoya Sales Office (Aichi)
- 5 Osaka Sales Office
- 6 Fukuoka Sales Office

R&D Bases

- 1 Kanagawa Research Center

— 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 DEVICE CORP. Nagai Plant (Yamagata)
- 9 CHEMI-CON DEVICE CORP. Yonezawa Plant (Yamagata)
- 10 CHEMI-CON DEVICE CORP. Nagaoka Plant (Niigata)

Sales Bases

- 7 KDK CORP. (Tokyo)
- 8 CHEMI-CON EAST JAPAN CORP. Sendai Division. (Miyagi)

Manufacturing and Sales Bases

- 1 CHEMI-CON EAST JAPAN CORP. Ome Division (Tokyo)

Fundamental Product Knowledge

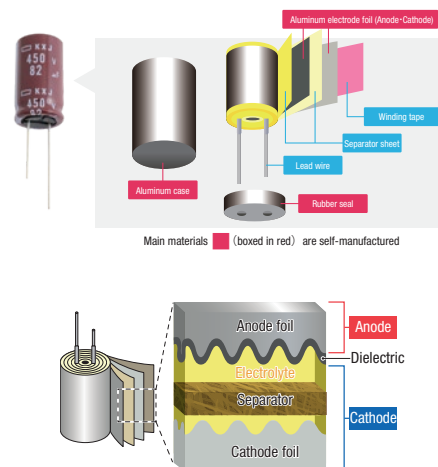
Aluminum electrolytic capacitors

Capacitors are electronic components that adjust and stabilize the flow of electricity by storing (charging) and releasing (discharging) it. Capacitors have important functions that include storing electricity, passing only alternating current and not direct current, and absorbing “noise” that can cause malfunctions to electronic devices. There are several types of capacitors, depending on the material used, including ceramic capacitors and tantalum capacitors, each with their own unique features. The Company’s main product, aluminum electrolytic capacitors, are capacitors that use “a thin layer of oxidized aluminum foil (Al_2O_3)” as the dielectric.

They feature a large capacitance by forming minute unevenness on the surface of aluminum foil through electrochemical treatment to enlarge the surface area. They are used in all types of electrical and electronic equipment (automobiles, industrial equipment, white goods appliances, digital devices, social infrastructure, etc.), taking advantage of their properties as an anode, dielectric, and cathode (a true cathode is an electrolyte).

Ultra-low ESR products that use solid conductive polymers instead of electrolyte liquid are also widely used, mainly in digital devices. Hybrid capacitors that combine electrolyte liquid and conductive polymers have also made an appearance in recent years and are extensively used in automobiles, telecommunications equipment, server applications, etc. They continue to evolve to provide the optimal characteristics suited to the usage conditions.

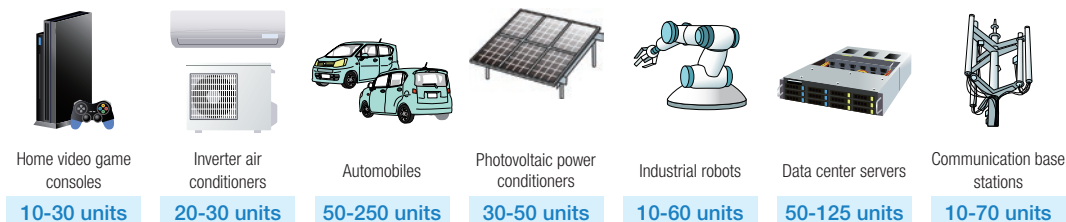
Basic Structure of Aluminum Electrolytic Capacitors



Features 1. Small size 2. High capacitance 3. Low price 4. High reliability 5. Broad applications

Compared with other types of capacitors with the same capacitance, aluminum electrolytic capacitors are smaller, have higher capacitance, and are low in price. As mentioned above, they are essential electronic components for power supply circuits, and are widely used for a broad range of purposes.

Examples of aluminum electrolytic capacitor applications



About the CHEMI-CON REPORT 2024

Director and Senior
Managing Executive Officer

Osamu Ishii

Based on our corporate philosophy, “Contributing to Environmentally and People Friendly Technology,” Nippon Chemi-Con strives to create shared value that balances social value and economic value by providing high value-added products and services suited to each customer, and aims to contribute to the resolution of social issues.

In April 2023, our Group started our 10th Medium-term Management Plan (FY2023 to FY2025), with the long-term goal of “Create next value: Let’s create the next value,” and the medium-term goal of “high-quality growth through enhancement of adaptability (resilience).” The 10th Medium-term Management Plan is a roadmap for taking on the challenge of realizing this vision of value creation, and various reforms are underway throughout the Company as a whole.

In CHEMI-CON REPORT 2024, we would like to present the progress of Nippon Chemi-Con’s value creation, as well as share our awareness of the issues and risks involved in value creation, and our future initiatives. As was the case in the previous year, we are continuing to publish messages that include honest opinions from President Kamiyama, Executive Officers, Outside Directors, and Outside Audit & Supervisory Board Members. We hope this information will be useful in promoting constructive dialogue with stakeholders.

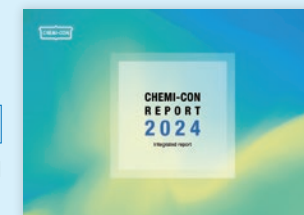
November 2024

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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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