Message from Our President

Establishing an overwhelmingly advantageous position in the aluminum electrolytic capacitor market

— Corporate value built up by frontline capabilities, technological capabilities, and human resources

November 2025
Representative Director and President **Kenichi Konno**

A new structure for taking a step in the direction of growth and advancement

I was appointed Representative Director and President in April 2025. On this occasion, my predecessor, Norio Kamiyama (currently Director of the Company) entrusted to me his hope that despite a prolonged season of defensive management due to the competition law issue, we would now strive for growth and advancement, learning from past lessons. The Company has grappled with competition law-related issues for a long time. Taking the lessons learned in the process to heart, and with a strong determination not to repeat them, the Company will engage in management with a conviction to move forward vigorously.

My work has mainly been in the fields of manufacturing and production technology. I have been involved in many roles rooted in the frontlines, such as building efficient production lines and launching mass production of new products. One project that left a particularly strong impression was the launch of the DLCAP™ supercapacitor, the Company's first such capacitor for automotive electronics. This was the Company's first transaction as a Tier 1 manufacturer, and we faced a number of technical and operational issues, including the need to adapt our production using methods different from those we had used before. Although there were some unexpected problems, the R&D Division and the Manufacturing Division worked together to address these issues to become the first in the industry to use supercapacitors for automotive regenerative energy, and were able to achieve mass production at a level of quality that satisfied customers. I feel that this achievement was supported by two strengths unique to the Company. The first is our corporate culture of respecting the voices of those on the frontline and applying them in management. The driving force behind our continued success as a leading aluminum electrolytic capacitor manufacturer lies in the accumulation of knowledge and ingenuity on the part of each and every frontline worker. A culture of recognizing these contributions as an organization and reflecting them has taken root in the Company. The second strength is the smooth communication we have within the organization. Flat relationships in which opinions are freely exchanged beyond the confines of hierarchical relationships and department lines have contributed to the resolution of numerous issues and the development of new products. An environment in which everybody can quickly bring together the technologies we have nurtured and develop them across the organization has led to the creation of high value-added products.

One of the words I cherish is "itto shogu, manto shokoku": one lamp lights a corner; ten thousand lamps light a nation. The idea that as long as each person illuminates their own corner of the world, society as a whole will become brighter resonates with the Company's corporate culture. The power of each and every frontline employee supports the quality of

our products, builds trust in the Company, and contributes to society. It is my mission as a management to bring us into the future without extinguishing these lights. To that end, it is essential to create an environment in which employees can bring flexible ideas, apply them in their work, and put them into practice to produce results. The power to put ideas into action is what makes an organization truly strong. I believe that the role of management is to create a corporate culture that naturally fosters such capabilities. I place importance on visiting worksites and engaging in direct dialogue with employees in day-to-day communication. My aim is to create a corporate culture in which a culture of dialogue takes root organization-wide as a result of superiors embodying these attitudes, and as the individual lights become linked, they eventually become the ten thousand lamps that illuminate the entire company.

Strengthening our capability to respond to legal risks

In December 2024, the Company concluded a settlement agreement in connection with a civil class action suit in Israel, and paid a settlement amount of US$3.50 million (approximately 520 million yen). At present, only one civil suit against the Group remains unresolved, and the Company recognizes that it is unlikely that any material loss will arise in the future. We will continue to take measures to quickly conclude the matter. I sincerely and deeply apologize to our shareholders and all our stakeholders for the great concern and inconvenience this series of issues has caused.

The Company will never allow this incident to be forgotten and we will continue our efforts to prevent recurrence to fulfill our responsibility as a corporation. We will strengthen our ability to respond to legal risks and further enhance our compliance system, while also striving to foster a sound corporate culture through internal training and reforming awareness of issues.

Raising funds for sustainable growth

In 2023, the Company raised funds in an important step toward achieving sustainable growth. In November of that year, 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 of that year, we procured 15.0 billion yen through the third-party allotment of class stock with the Japan Industrial Solutions III Investment Limited Partnership (the "Partnership").

These funds were used for capital investments in growth areas, and in June 2024, a new building dedicated to hybrid capacitors was completed at the Group company, CHEMI-CON EAST JAPAN CORP. Miyagi Plant. Production began in October of the same year, and the Company will continue to expand its business with the aim of achieving monthly production capacity of 100 million units in FY2028.

At the same time, we are working to strengthen facilities at our manufacturing sites and transform them into smart factories. This is not limited to improving productivity through the use of digital technology, but also includes achieving more sophisticated quality control. Furthermore, the Company is also focusing on research and development aimed at improving the capacitance and quality of its mainstay aluminum electrolytic capacitor products to secure a technological edge in the market.

Achieving a corporate structure that generates stable earnings

FY2024 proved more difficult than expected for the Company amid accelerating global market volatility. In addition to the

slump in the automotive electronics market in Europe and elsewhere, the uptake of EVs, which had been expected to grow, slowed down more than initially expected. In addition, uncertainty over U.S. trade policy led to stagnation in capital investment, and the slump in the industrial equipment market that has persisted since 2023 continued into FY2024.

On the other hand, the ICT market remained firm, mainly in data centers. In particular, generative AI servers are positioned as the most important market for the Company to drive future growth. Amid this market environment, net sales for the fiscal year under review were 122,668 million yen (down 18.6% year on year) and operating income was 3,740 million yen (down 60.3% year on year), while profit attributable to owners of parent was 37 million yen. We believe that our ability to secure a profit despite a significant decline in net sales indicates that our cumulative efforts to improve productivity implemented to date are beginning to

Message from Our President

produce steady results.

Notably, in the data center market and the next-generation automotive electronics market, we were able to provide hybrid capacitors and other high value-added products, thereby asserting a certain level of presence even in a difficult market environment. Activities to improve OEE (Overall Equipment Effectiveness), which we have been working on since 2020, have also contributed significantly to improving the efficiency of production lines. We will continue to work towards realizing a corporate structure that can generate stable earnings in any environment by continuing to provide high value-added products and building an efficient production system.

The 10th Medium-term Management Plan

FY2025 will be the final year of the 10th Medium-Term Management Plan, which began in 2023. Uncertainty in the global market further increased, and the external environment changed at a rate far exceeding the forecasts made at the time the plan was formulated. In order for a company to achieve sustainable growth in such a business environment, it is essential to strengthen its resilience - its ability to quickly respond to changes. The Company has steadily accumulated results, including productivity improvements through the shift to smart factories, the development of high value-added products, and improvements to operational efficiency through DX promotion. Our smart factory transformation initiatives are centered on automating production processes and implementing supply chain management reforms. The Group is also proactively working to leverage AI.

During the two cumulative years of the 10th Medium-term Management Plan, we reduced the number of production personnel by about 70, achieving both a reduction in investment and increased production. Production per head for production personnel is also steadily improving, and we will continue our efforts to build an efficient production system. Staff departments are also making progress in improving operational efficiency through the promotion of DX such as making use of generative AI and cloud services. On the other hand, we acknowledge that there is room to improve further in relation to the measurement and evaluation of productivity improvement in staff departments. We will focus not only on reducing working hours, but also on enhancing the quality of output, and by linking these metrics to concrete results, we will boost the capabilities of the entire organization.

FY2025, the final year of the 10th Medium-term Management Plan, is an important year in which the initiatives taken so far will bear fruit. We will speed up our decision-making, and operate our businesses flexibly and vigorously. By having each and every employee understand his or her role and demonstrate the ability to respond to change, we will increase the resilience of the entire company and generate sustainable growth.

Focused investment of management resources in priority markets

The evolution of generative AI has brought about major changes in the global industry structure. Amid this, the market for data centers is expanding rapidly. In particular, with the new generations of GPUs for generative AI servers, power consumption will increase, and demand for aluminum electrolytic capacitors capable of supporting this technology will also increase. Due to space constraints in server racks, high-density, high-capacitance, large-size aluminum electrolytic capacitors are needed in the power supply that carries large amounts of power to the servers. To address these challenges, the Company has developed aluminum electrode foils with a higher capacitance than before, and has successfully reduced capacitor size and weight. Improving the performance of electrode foils, a core material in capacitors, is one of the symbolic achievements of our technological capabilities. Demand for high-performance, high-reliability hybrid capacitors for generative AI servers is also on the rise. Our dedicated building for hybrid capacitors, completed in June 2024, accurately captured these changes in the market, and will be an important pillar for supporting the Company's growth, as a site for supplying products that contribute to the advancement of the electrification and the increased use of electronics of automobiles and the evolution of generative AI servers. We will continue to increase production to achieve a monthly production capacity of 100 million units in FY2028. In addition, in the area of liquid immersion cooling system which have come into focus as a measure to counter the heat generated by servers, we have developed aluminum electrolytic capacitors specialized for liquid immersion cooling using our new sealing rubber, developed in-house by us as an industry first. Through technological innovations that accurately capture these market needs and concentrated investments of management resources, the Company will establish an overwhelmingly superior position in the aluminum electrolytic capacitor market, the Company's mainstay business.

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Meanwhile, concerning production, we experienced a phase of build-up in component inventory and a sharp decline in demand as a result of a backlash in the temporary special demand that accompanied the end of the COVID-19 pandemic. In the manufacturing industry, the "Just in Time" method is effective in minimizing inventories, but we also faced the challenge of responding to rapid changes in the supply-demand balance. At present, we are increasing orders so as to secure a certain level of inventory, but the trend of large waves of orders is expected to continue.

Even in such an unstable market environment, the Company will promote a shift to a corporate structure that can generate stable profits by lowering the break-even point through improved productivity. By steadily implementing these measures, the Company will work to strengthen its financial standing, including by maximizing free cash flow, and move forward as a company that achieves sustainable growth during the 10th Medium-term Management Plan and beyond.

Responsibility and harmony as a company that supports technological development

As a company aiming for sustainable growth, initiatives for sustainability will continue to be one of the Company's most important management issues. Although the increasing number of data centers, which are the foundation of the rapidly growing market for generative AI, will enrich people's lives through the development of innovation, it also raises the issue of heightened power consumption. Failure to take appropriate measures to address this will result in an excessive burden on the global environment. In the automotive electronics market, too, companies are promoting development for reducing power consumption and suppressing heat generation. The Company is developing electronic components for automobiles that address these issues. We contribute to power saving and suppression of heat generation through the development of electronic components, and promote the production of products that take into consideration reducing the environmental burden.

As for initiatives relating to environmental regulations, the Company continuously strengthens its activities while responding to changes in regulations concerning climate change issues and the circular economy, among others. In addition to climate change-related information disclosure, the Company will strive to contribute to society and improve corporate value in various ways, such as by making products smaller and lighter and reducing waste to make more effective use of resources, as well as by expanding the use of renewable energy.

In this time of dramatic environmental and other change in the business environment, a company's competitiveness relies on the ability to flexibly respond to changes and the development of human resources who can make decisions and act autonomously. As remote work becomes more common, the importance of a frontline perspective will remain unchanged. We will also focus on learning from hands-on experience. For instance, we are studying the introduction of an inter-departmental temporary transfer system, and will provide employees with opportunities to deepen their connections and experience diverse viewpoints to broaden their thinking.

Diversity initiatives are also promoted on an ongoing basis as a priority issue. We established the Diversity Promotion Committee to analyze issues based on opinions gathered from employees and develop further measures through executive reporting meetings, among other measures being worked on company-wide. The Company believes that an organization that attracts diverse personnel with diverse experience is the foundation of the strength to overcome all difficulties.

Approaching our 100th anniversary of founding with all our shareholders

As we approach the year 2031, which is the 100th anniversary of the Company's founding, I reflect anew on the solemn responsibility of assuming the position of President of

the Company. The Company's products have long been highly evaluated in terms of technology and quality. However, due to the competition law-related issues that have persisted over the past 10 or so years, I am keenly aware that restoring the trust of all our stakeholders is of utmost and urgent importance. We will accept the strict evaluation of our stakeholders seriously, and spare no effort in moving forward once again as a reliable company. Building trust is a cumulative process, founded upon daily, sincere effort. As a management, I will work diligently to steadily implement growth strategies, improve our financial standing, and enhance returns to shareholders, and work to improve our corporate value. In addition, the Company will focus more than ever on dialogue with our shareholders and investors, and promote transparent and reliable management. I sincerely and humbly ask for your continued support and guidance.

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

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 turnover 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/

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

Hybrid Capacitor Product Strategy

Market demand has shifted to high-performance, highly reliable, and large-size products as a result of rising power consumption across various devices.

ICT High power/high-speed processing

Automotive electronics

Expansion of vehicle electrification and ADAS

Component Needs

48-63V
High reliability and longer life
High temperature resistance
Excellent temperature characteristics

Common Issues
Heat countermeasures/ higher withstand voltage

A growing need for hybrid capacitors

Capital Investment Under the 10th Medium-term Management Plan

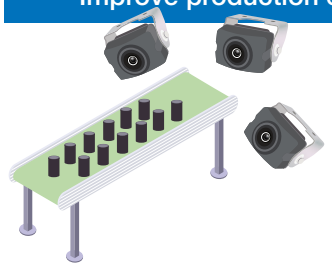
Focused investments centered on key measures, namely, the hybrid capacitor business, conversion of plants to smart factories, and R&D.

Million Yen	FY2023 Results	FY2024 Results	FY2025 Plan	Main Investments
Capacitors	8,466	5,016	2,599	Capacity-increase for hybrid capacitors; automatic conveyance machines; external appearance sorting machines; facilities capable of handling new materials
Materials	1,118	1,012	1,720	Smart factories (predictive safety systems, process automation equipment, etc.); developing higher-capacitance electrode foil
Others	1,611	1,600	1,681	Research and development (MES schedulers, etc.); system infrastructure
Total	11,195	7,628	6,000	

Implementation of Smart Factory Initiative

Further promote improvements in production efficiency by leveraging data and machinery

Improve production efficiency by automating manufacturing processes



External product appearance sorting (introduction of AI cameras)

Automatic conveyance between processes (introduction of AMR)

Measures to improve delivery compliance rate

Building scheduler MES

FY23 & 24
Achieved labor savings equivalent to 70 people

10th Medium-term Management Plan target
Labor creation equivalent to 100 employees

Financial Strategy Message from Our CFO

Strengthening capital efficiency and the earnings base to improve corporate value

Director
Senior Managing Executive Officer
Chief Financial Officer
Osamu Ishii

In FY2024, net sales decreased by year on year 18.6% to 122.6 billion yen due to a delay in the recovery of the industrial equipment market, sluggish growth in the automotive electronics EV market, and a slowdown in Europe. The downturn in sales resulted in loss in the operating rates of production sites, and while improvements were made in reducing fixed costs and raising production efficiency, operating income was 3.7 billion yen, a year on year decrease of 60%.

On the other hand, in the ICT market centered on AI servers in particular which has been expected to see growth since the previous fiscal year, the Company is working to build an earnings base for the next Medium-term Management Plan from the second half of the fiscal year by increasing the composition of large-size capacitors and hybrid capacitors in the lineup, being highly profitable products.

The failure to achieve operating income of the stipulated level for the fiscal year ended March 31, 2025 against the Medium-term Management Plan target of 11.0 billion yen caused the event that terminates conversion control of class shares issued in FY2023, and it became possible to exercise the rights for conversion of the class shares into common shares. The lifting of the restriction was thus brought forward by one year, as it was initially to take place in or after the fiscal year ended March 31, 2026.

The Company expects to redeem the shares of Class A stock in cash as initially planned, and concerning the Class B stock, by aiming to increase corporate value and maximize equity value, control dilution resulting from the conversion to common stock.

In FY2025, inventory adjustments in the automotive electronics market and industrial equipment market will end, and from 2Q, as demand recovers, we expect growth in high value-added products, mainly hybrid capacitors. In the ICT market, investment in AI infrastructure by hyperscalers and major cloud service providers (CSPs) will continue to increase beyond FY2025, and we expect robust demand for AI servers. Accordingly, we expect demand for large-size capacitors, hybrid capacitors, and conductive polymer capacitors to increase.

Operating income is expected to increase by 100.5% year on year to 7.5 billion yen due to factors such as an improvement in product mix and an increase of profit in the operating rates at production sites.

The numerical targets for FY2025 which is the final year of the 10th Medium-term Management Plan are a D/E ratio of 1.1 or less, ROE of 15% and ROIC of 7%. ROE and ROIC are expected to be revised downward to ROE of 7% and ROIC of 3% due to changes in the announced results. The Company acknowledges that its cost of equity is approximately 10% to 11%, which is lower than its capital cost, which calls for further improvements to our capital efficiency.

In addition, we acknowledge that the Company's PBR remaining below 1 poses an important management issue for improving corporate value, which we will address by 1. improving profitability and making growth investments; 2. optimizing financial leverage; 3. improving capital efficiency; and 4. promoting shareholder returns and improving dialogue with capital markets. In terms of improving profitability, we will increase sales of capacity increased hybrid capacitors and make investments to increase our capacity for high value-added, large-sized capacitors for AI servers. As for optimizing financial leverage, during the period of the next Medium-term Management Plan, we will target an EBITDA of 20.0 billion yen and FCF of 10.0 billion yen per fiscal year at the minimum, and allocate the funds to reducing interest-bearing debts, monetary redemption of Class A stock, and distributing shareholder returns. We are currently formulating financial strategies to achieve a shareholders' equity ratio of 40% and a D/E ratio of 1.0 in the fiscal year ending March 31, 2028, which will be the final year of the 11th Medium-term Management Plan. We expect to announce these plans at the financial results announcement for the fiscal year ending March 31, 2026.

The Company recognizes that for shareholders, resuming dividends as soon as possible is a major management issue. We will steadily resume a dividend payment of 20 yen in the fiscal year ended March 31, 2026, as we have announced, and aim to expand shareholder returns over the medium- to long-term through management with a view to continuing stable dividends in line with improved profits during the period of the 11th Medium-term Management Plan.

The Company will promote dialogue with capital markets to further deepen understanding of its business and financial strategies as well as non-financial initiatives, while recognizing that it is essential to reflect the suggestions and advice of investors and shareholders in management in order to improve corporate value. We will strive to improve shareholders' value by further strengthening these initiatives.

Nippon Chemi-Con's Five Strategic Markets

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.

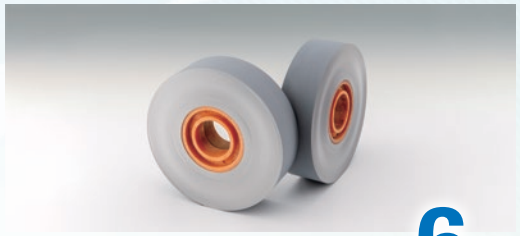
Net sales by product group (FY2024)

Capacitors 91%

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

Mechanical and other parts 3%

Inductors (Choke Coils etc.), Camera modules



Other 6%

Capacitor material, Silicon wafers (resale products)

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

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) (FY2024)

Automotive Electronics Market 36%

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

ICT Market 26%

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

Industrial Equipment Market 20%

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

Home Appliances Market 8%

- Air conditioners
- Refrigerators
- Smart home electronics etc.

New Energy Market 4%

- Photo voltaic systems
- Wind power generation systems etc.

Other 6%

Market Environment and Business

(Develop businesses that are less affected by fluctuations in demand > Optimize sales balance by market/Focus on automotive electrification and AI server markets)

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

Sharpen focus on highly profitable, high-growth markets (centralize human resources, assets, time, and investments)
◇ Automotive electronics market Growing demand for components due to further advancements in electrification
◇ ICT Market Rapid growth in generative AI servers (rise in power consumption → increase in demand for aluminum electrolytic capacitors)
The Company's strengths:①Product supply capabilities ②High product reliability ③Technological capabilities (materials-based approach)

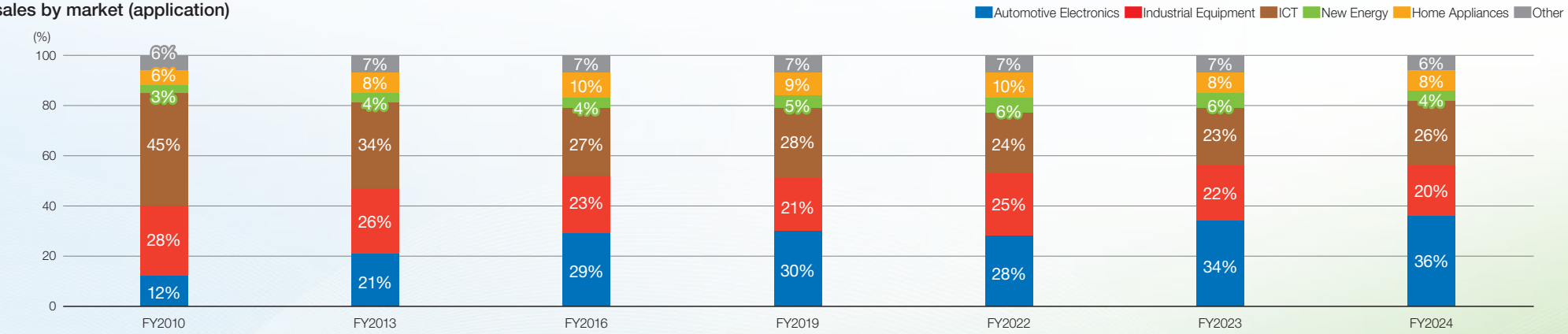
Changes in composition of net sales by market for FY2024

ICT Inventory adjustments for PCs and data center servers come to an end, resulting in the sales ratio increasing 3 percentage points from the previous fiscal year to 26% > Expectations of growth in the generative AI server market

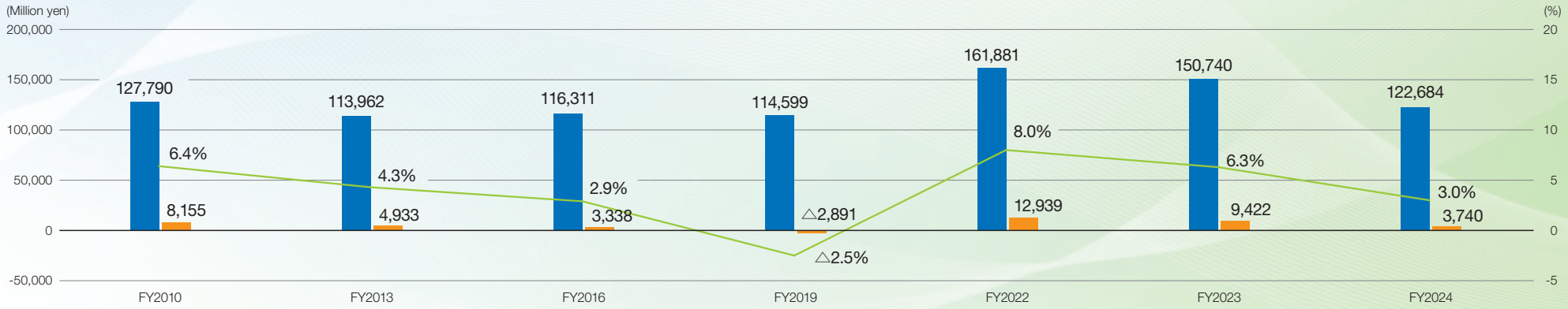
Automotive electronics The sales ratio increased by 1 percentage point from the previous fiscal year to 35% due to the drive toward electrification and increased use of electronics > Urgent need to establish monthly production capacity of 100 million units due to growing demand for hybrid capacitors

Industrial Equipment The sales ratio decreased by 2 percentage points to 20% due to the prolonged inventory adjustment of facilities, parts, and other such things that accrued during the COVID-19 pandemic > Affected by impact of uncertainty over global economic outlook

Net sales by market (application)



Net sales / Operating income / Operating income margin

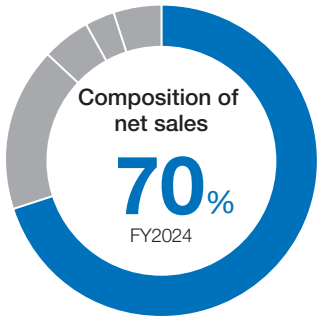


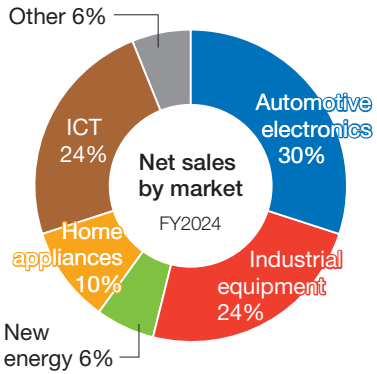
Business Overview

Business-based Strategies

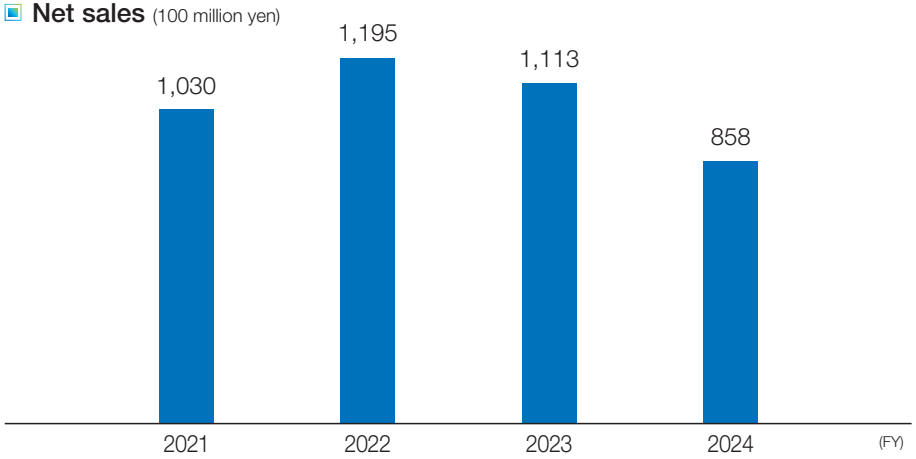
Aluminum Electrolytic Capacitors
(excluding conductive polymer capacitors)

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 (100 million yen)



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

Large-size products

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

- Shift to high value-added product development based on materials technology
- Supply of large-size, high-capacitance products for data centers

Screw terminal type / snap-in type

Small and medium-size products

Selection and concentration

- Strengthen lineup of industry-leading high-capacity products
- Termination of production of small-size small-capacitance products

Radial lead type

SMD type 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

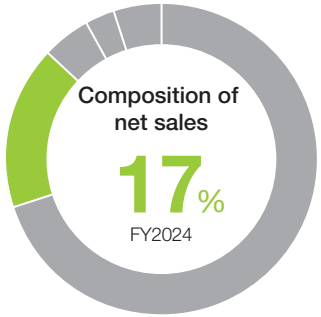
SMD type

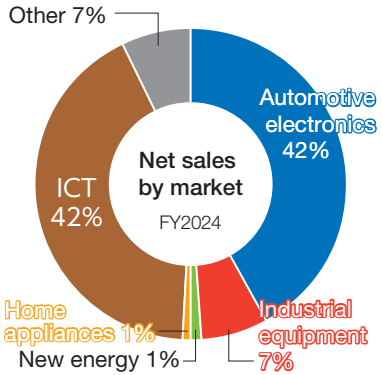
Business-based Strategies

Conductive Polymer Capacitors

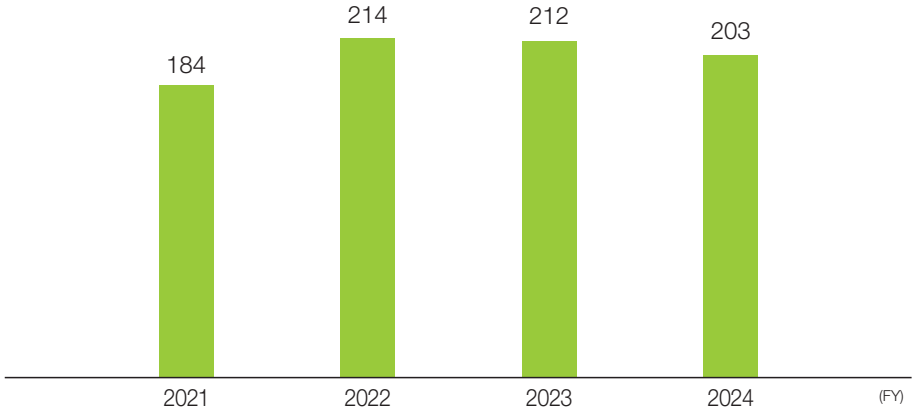
Ultra-low ESR products using solid conductive polymers instead of electrolyte liquid are also widely used.

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.





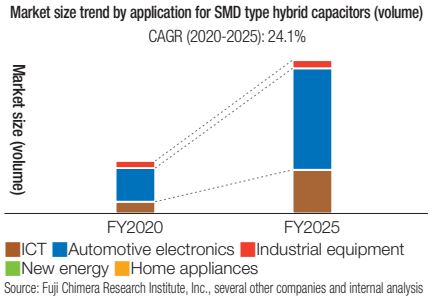
Net sales (100 million yen)



Increasing production to meet the rapidly growing hybrid capacitor market

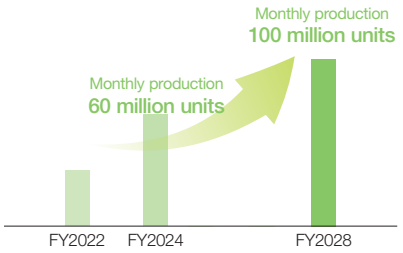
Market size forecast

Market trend



Production expansion plan

Production capacity



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-based Strategies

Other Capacitors
(including solid devices and functional devices)

Main products

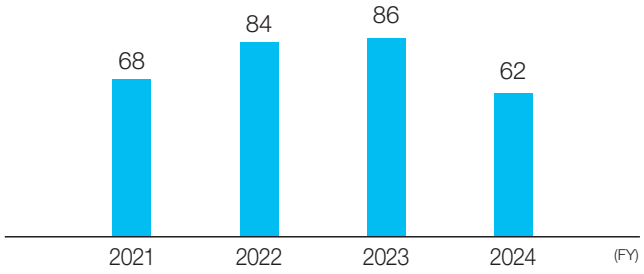
Ceramic capacitors

Ceramic varistors

Supercapacitors

Composition of net sales (FY2024)

Net sales (100 million yen)



- 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)

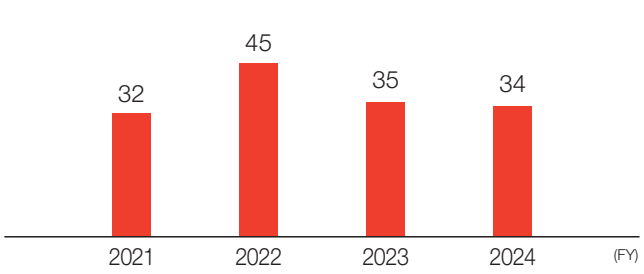
Main products

Camera modules

Inductors (choke coils, etc.)

Composition of net sales (FY2024)

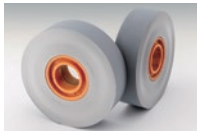
Net sales (100 million yen)

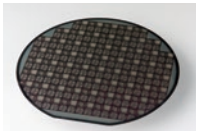


- Modules:
  Launch high-performance camera modules that capture the needs of the automotive electronics and industrial equipment markets
- Inductors (choke coils, etc.):
  Strengthen new product development and sales expansion using nanocrystalline materials for the automotive electronics market
  Strengthen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

Other
(including functional material)

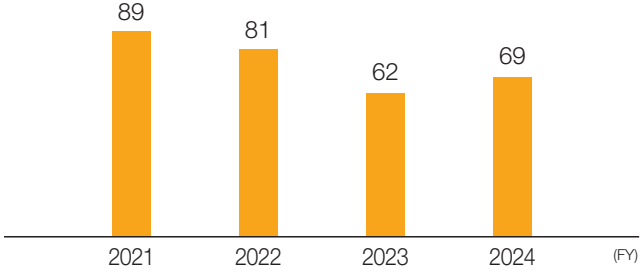
Main products


Capacitor material:
Aluminum electrode foil


Resale products:
Silicon wafers

Composition of net sales (FY2024)

Net sales (100 million yen)



- 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

Technology Strategy Message from Our CTO

Focusing technological resources on priority markets and growth strategy

Managing Executive Officer
Chief Technology Officer **Katsunori Nogami**

The environment in which we operate is on the brink of significant change with the birth of generative AI. This has led to a rapid increase in demand for capacitors for AI servers. We sense that this growth trend is expected to continue, and that we need to further concentrate our technological resources in this field in order to respond to market changes. Specifically, our snap-in type capacitors which have been widely used in industrial equipment is now also being used in AI server power supply devices. We will increase the number of our development personnel in order to secure the top share in this market, which is expected to grow further.

The selection and concentration of technological resources raises concerns of creating biases in technology toward specific fields. However, by effectively incorporating the technologies we develop into a shared technology platform, I believe that we will be able to avoid over-emphasizing a given technology, and in fact firmly develop our technology base. Strengthening our technology base in this manner is also extremely important if we are to ride on the waves of other market trends.

For example, we believe that the automotive electronics market represented by XEVs will take off in time, and we undertaking the development of products for AI servers keeping in mind how these technologies may be deployed in this other market. The fact is that both markets share a common trend toward the development of products of higher voltage as well as with higher output. Thus, for our hybrid capacitors, we are focusing on the development of high-capacitance products in voltage bands of 80 WV or higher, with a view to expanding into the automotive electronics market.

Furthermore, in order to respond to such rapidly changing AI needs, the Materials Development Division was placed in R&D Headquarters together with the R&D Division, achieving stronger cooperation and increasing our speed of development. A key point to note is that the development period for materials is longer than the development period for products, and it is difficult to make rapid changes in policies. It is thus important to ensure consistency between long-term product concepts and materials technology platforms. In addition to customer technology roadmaps, we believe that it is necessary to understand medium- to long-term technological trends particularly in semiconductors and formulate development policies based on a comprehensive judgement of the relevant technologies. We are working to increase the speed of development by instilling product concepts that have emerged from such marketing throughout our basic research, materials development and product development, through to production technology and manufacturing.

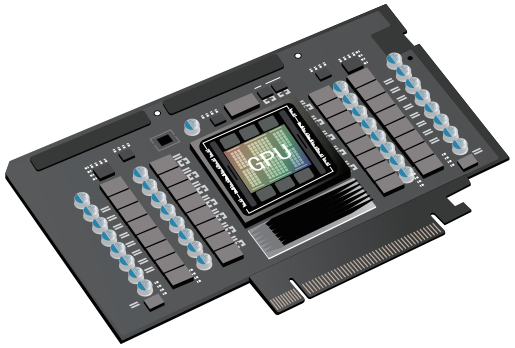
In this manner, we aim to steadily ride the wave of AI demand while seeking the next wave of the next Medium-term Management Plan, and build up our second and third pillars even further.

Special Feature

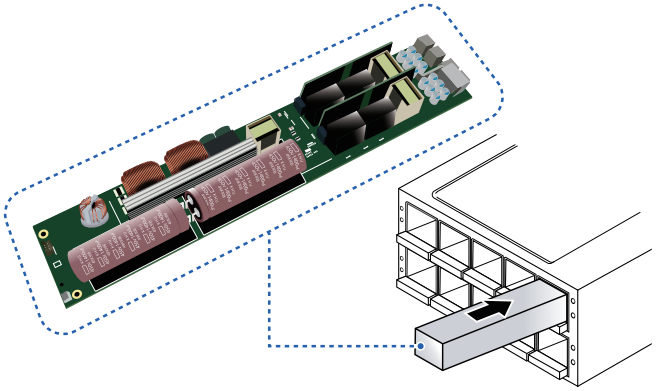
Aluminum Electrolytic Capacitors for use in the Field of AI

Since 2023, which has been called the "year that generative AI was born," AI technology has been introduced in various industries at an accelerating rate. In order to process massive amounts of information, generative AI requires a large-scale computing environment centered on high-performance semiconductors such as GPUs. These environments are mainly built in data centers, and the Company's aluminum electrolytic capacitor plays an important part in the power supply systems for these centers.

GPU



Server power supply unit



Data centers receive high voltage power and progressively transform, rectify, and finally supply the electricity as a low voltage, high current GPU-adjacent power source. In this sequential process, our aluminum electrolytic capacitors are products that are essential for various functions, such as accumulating emergency power as circuit breakers, stabilizing the rectification and output of AC/DC power supply equipment, power conversion in the uninterruptible power supply (UPS), and stabilizing the voltage around the GPU and the server's on-board power supply.

Generative AI servers in particular are high-output servers requiring power in excess of 10 kW per unit, and server space limitations require the installation of high-capacitance, high-performance capacitors. We provide advanced product lines that include large-scale, high-voltage and high-capacitance products as well as conductive polymer aluminum solid capacitors that achieve ultra-low ESR (equivalent series resistance).

We expect to see advancements in higher withstand voltage power supply and cooling technology (liquid or cold plate cooling and liquid immersion cooling) with the further spread of generative AI. The Company is developing products that are compatible with these new technologies, and will contribute to the realization of a sustainable society as a top global manufacturer.

Quality Strategy Message from Our CQO

Aiming to achieve an overwhelming industry advantage in quality

Executive Officer
Chief Quality Officer **Hiroyuki Wakabayashi**

Since its founding, Nippon Chemi-Con has 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.

The Company’s core products of aluminum electrolytic capacitors and other energy storage devices are important components that support the social infrastructure, as applications that support the basis of society in AI servers and communication base stations and in next-generation automotive electronics applications in a field of accelerating electrification and automation. In addition to increasing product performance, social demands and quality standards continue to rise daily to ensure product reliability in high-load, high-density, harsh environments to meet society’s needs.

On the other hand, the difficulty in securing personnel due to the declining working population in Japan and soaring labor expenses overseas is a major business continuity challenge. A specific measure we have adopted to address these issues is promoting the development of smart factories that utilize IoT and AI. This shift to smart factories that we are promoting will not stop at improving production efficiency through automation and efficiency improvements. We aim to achieve wider goals such as reducing the sensory tasks through automatic evaluation that utilizes big data obtained from work processes, and achieve a standard of quality control that would not be possible using quality control methods that rely on conventional human resources deployment through the utilization of AOI (Automated Optical Inspection) AI image evaluation, SOP (Standard Operation Procedure) compliance using guidance, and similar measures.

There are increasing risks involved in maintaining product quality and providing a stable supply as can be seen from the challenges in steadily securing materials stemming from recent stronger environmental regulations and geopolitical risks, including regional situations, and we will make efforts to strengthen the development and management of our materials suppliers.

We regard these changes as critical and as an opportunity to establish an overwhelming advantage in quality in the industry. We will maximize our strengths, namely our technological capability to realize stable quality and reliability, and actively engage in quality improvement activities to achieve the goal in the Medium-term Management Plan of "balancing quality and productivity by promoting practical quality control."

Every employee at Nippon Chemi-Con is aware that quality is the highest form of product value, and we will continue our endless pursuit of improvement so that through an overwhelming industry advantage in quality, we remain a company that is trusted by our customers and that contributes to society.