

Financial Results Explanatory Material for 1Q FY2021 (Three months ended June 30, 2021)

August 2021

Nippon Chemi-Con Corporation

1-1. 1Q FY2021 Results

Recovery in demand due to normalization of market conditions with COVID-19 slowdown + Implementation of structural reforms = Increase in sales and profits

(Billion yen)	FY2021	FY2020	YoY Change	
	1Q	1Q	Amount	%
Net sales	33.38	23.78	+9.60	+40.4%
Operating income	1.81	(0.31)	+2.12	—
<i>Ratio to net sales</i>	5.4%	(1.3)%	+6.7pt	—
Profit attributable to owners of parent	1.51	(0.61)	+2.12	—
<i>Ratio to net sales</i>	4.5%	(2.6)%	+7.1pt	—
Capital investment	0.89	0.83	+0.06	+7.6%
Depreciation	1.44	1.45	(0.00)	(0.0)%
R&D expenses	1.00	0.94	+0.06	+6.9%
Average exchange rate	1US\$(Yen)	109.49	107.62	Yen's weakening by 1.7%
	1euro(Yen)	131.96	118.48	Yen's weakening by 11.3%

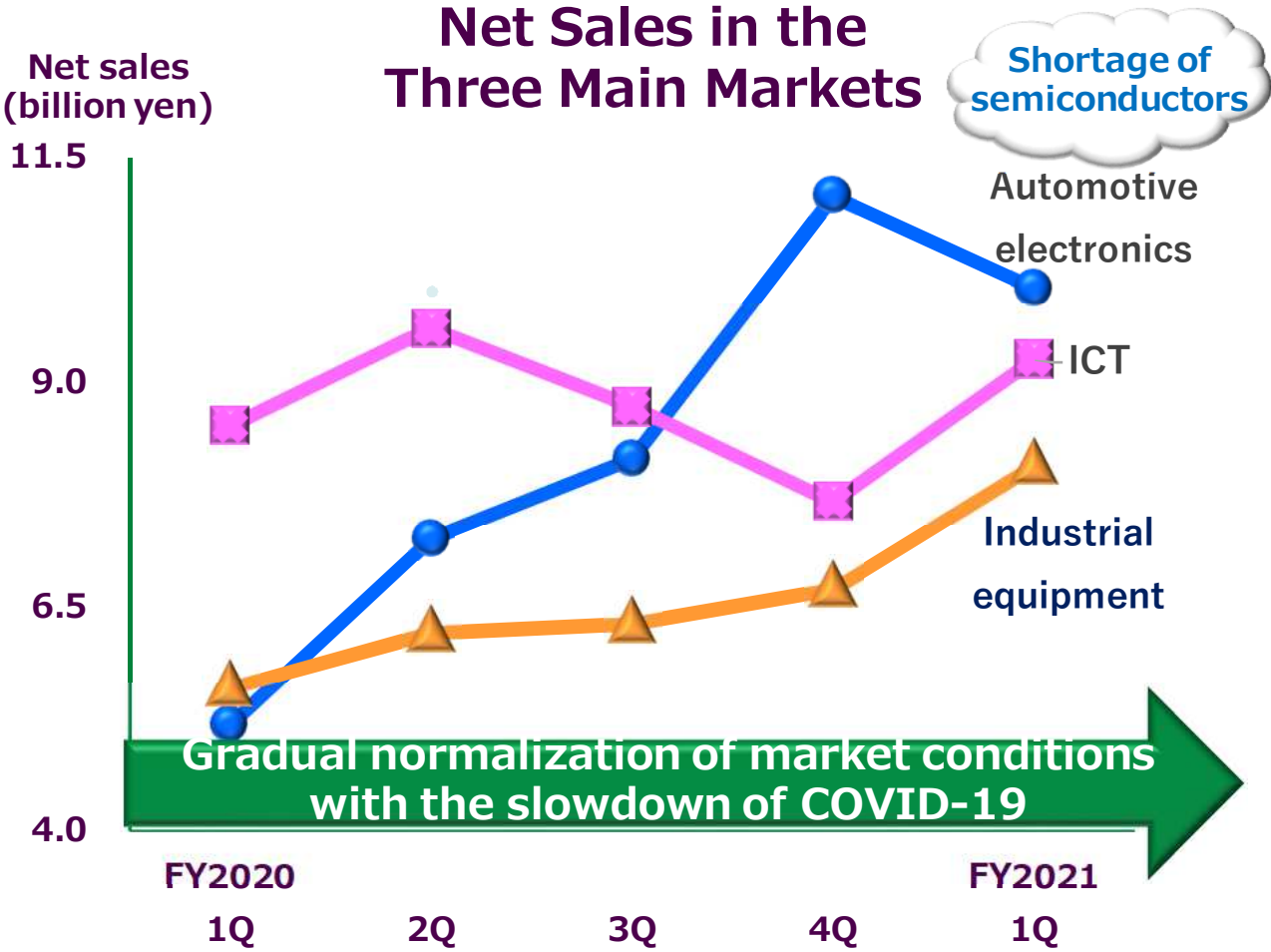
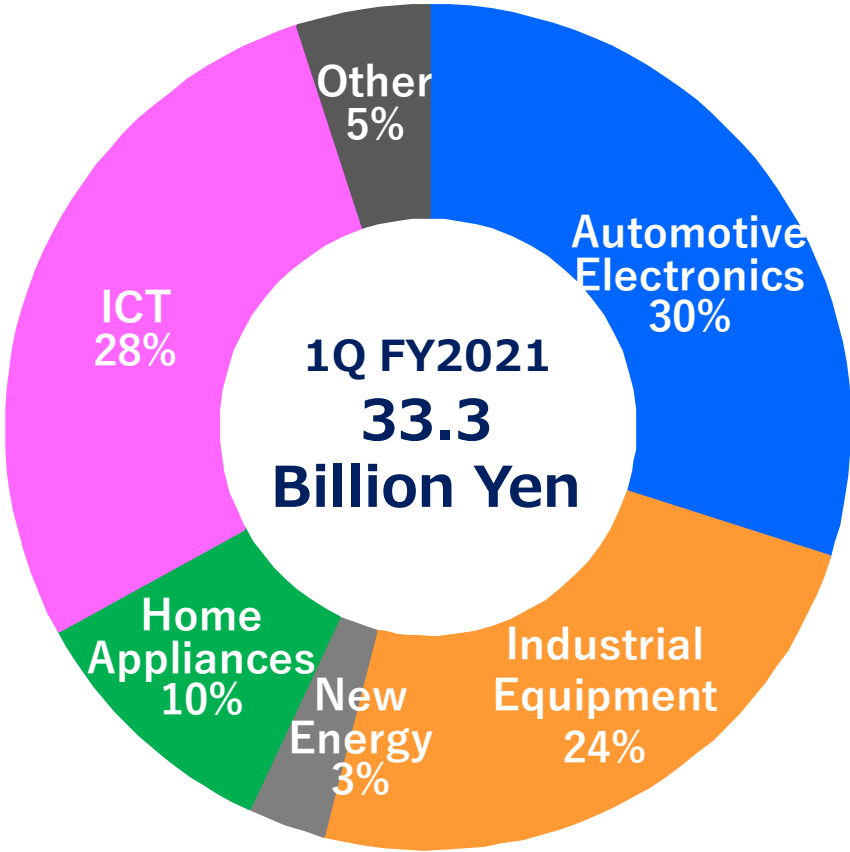
1-2. 1Q FY2021 Results (Net Sales by Product)

Global recovery in automotive electronics and industrial equipment markets
 → increased sales especially in al-caps, DLCAPs, ceramic caps and varistors

(Billion yen)	FY2021	FY2020	YoY Change	
	1Q	1Q	Amount	%
Aluminum electrolytic capacitors	29.11	20.13	+8.98	+44.6
Aluminum electrolytic capacitors	24.56	16.75	+7.80	+46.5
Conductive polymer/hybrid	4.55	3.37	+1.17	+34.9
DLCAP™	0.73	0.54	+0.18	+34.4
Ceramic capacitors, varistors, etc.	0.80	0.61	+0.19	+32.6
Mechanical parts and other parts (inductors(coils), camera modules)	0.70	0.60	+0.09	+15.3
Capacitor materials	1.54	1.41	+0.13	+9.4
Other	0.48	0.47	+0.00	+1.2
Total	33.38	23.78	+9.60	+40.4

1-3. 1Q FY2021 Net Sales by Market

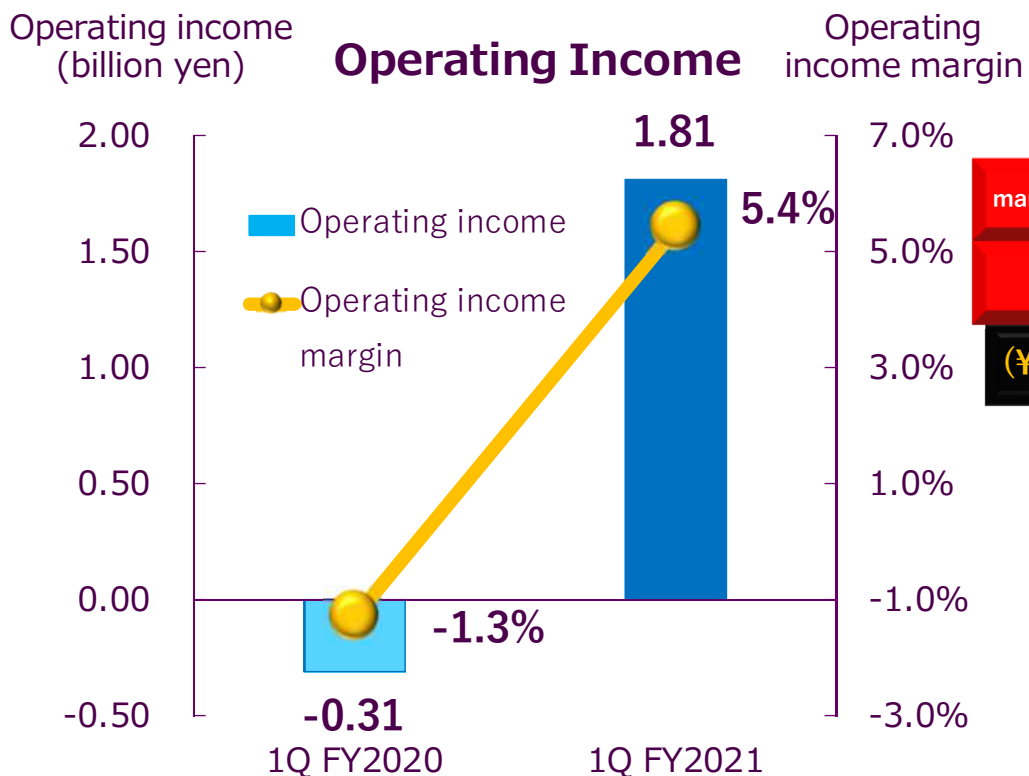
Net sales by market



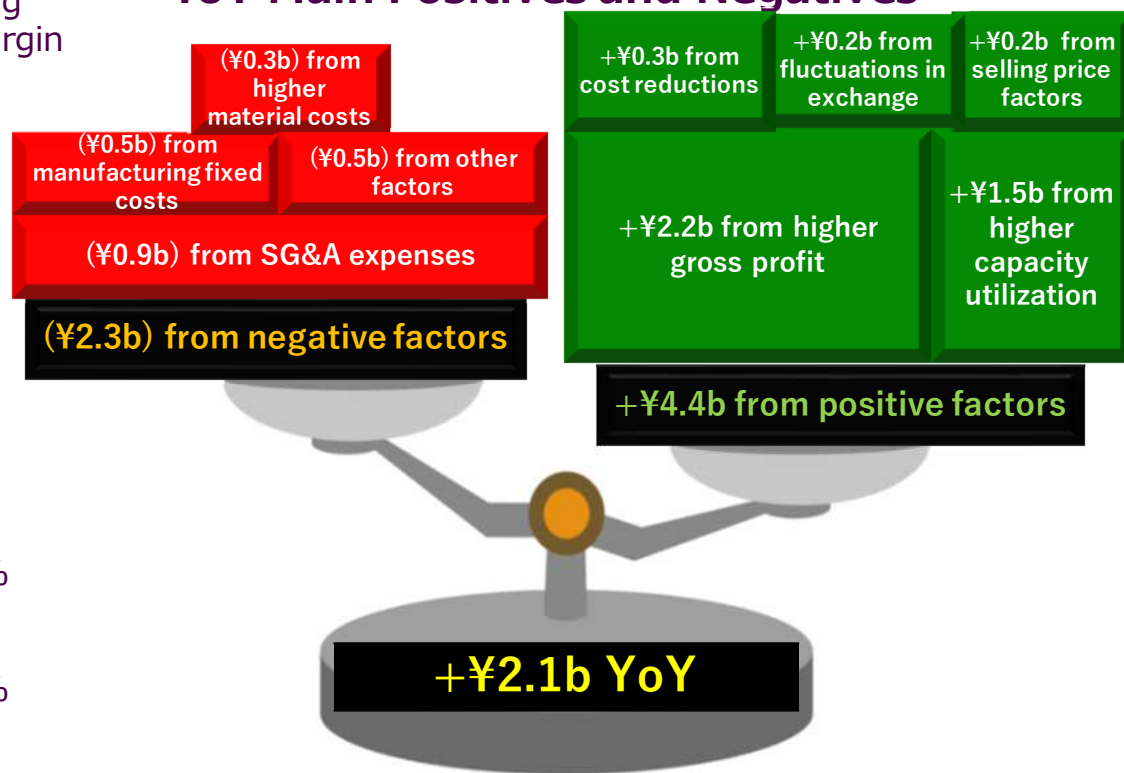
1-4-1. 1Q FY2021 Results: Operating Income (YoY Change)

Main positives: 1) Sales increase 2) Cost reductions 3) Fluctuations in exchange 4) Selling price factors

Main negatives: 1) Increase in SG&A expenses 2) Increase in raw material costs 3) Increase in manufacturing fixed costs 4) Other



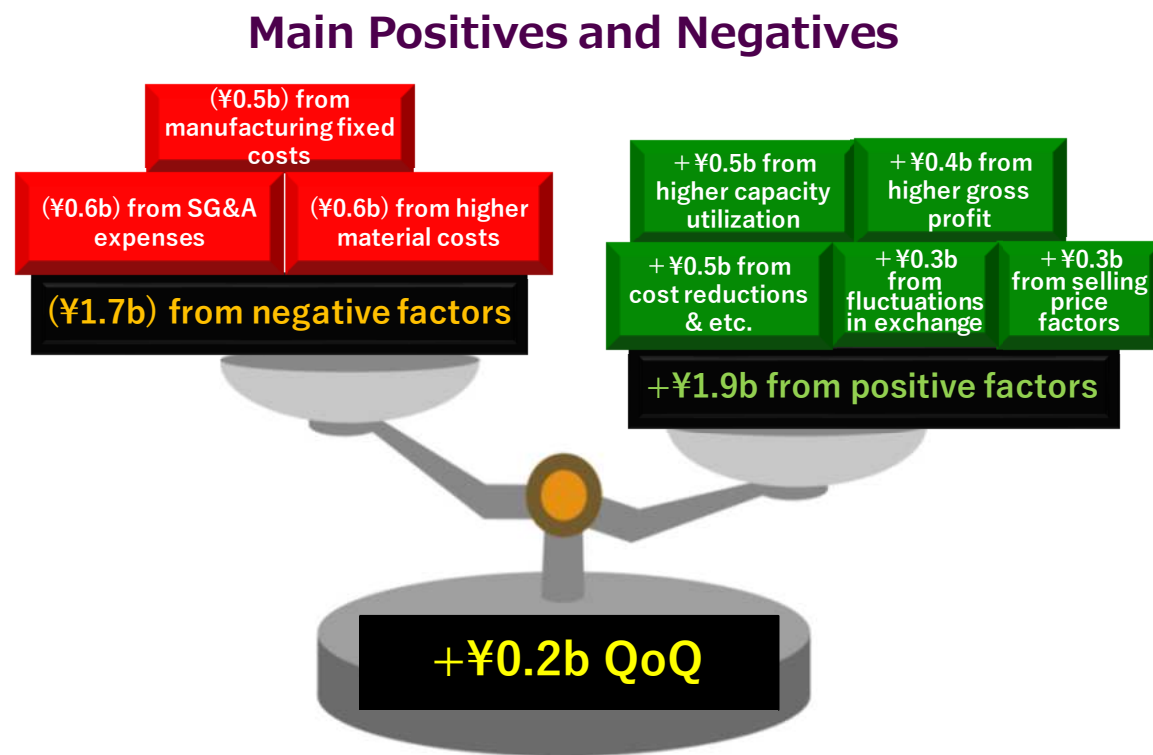
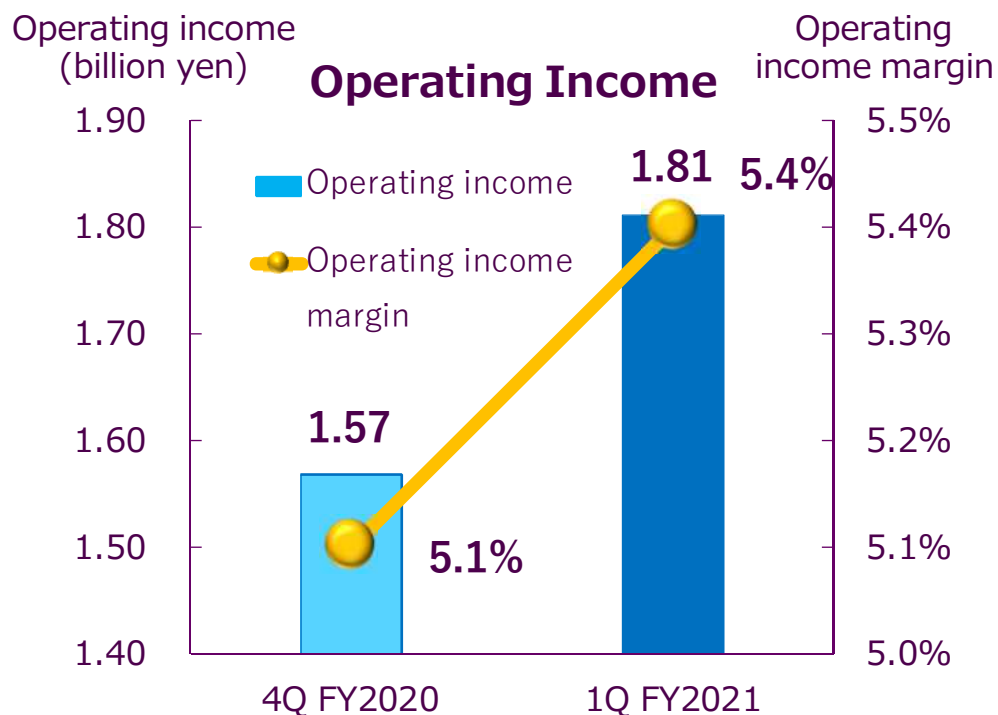
YoY Main Positives and Negatives



1-4-2. 1Q FY2021 Results: Operating Income (QoQ Change)

Main positives: 1) Sales increase 2) Cost reductions 3) Fluctuations in exchange 4) Selling price factors

Main negatives: 1) Increase in SG&A expenses 2) Increase in raw material costs 3) Increase in manufacturing fixed costs



1-5. Performance Improvement Effect From Structural Reforms (vs FY2019)

Productivity and capacity utilization improved due to strong demand and the effect of structural reforms achieved more than planned

Performance improvement effect in 1Q: ¥1.2b [32% of FY2021 plan (¥3.8b) completed]

Main Measures	FY2021 Plan	1Q Results	Progress
1) Reduce fixed costs Reduction of personnel costs and depreciation costs	¥2.0b	¥0.46b	Almost as planned
2) Improve profit through productivity improvement Promote smart factories/ Establish a system for high-capacity operation of electrode foil	¥0.7b	¥0.50b	More than planned
3) Increase profitability by introducing new products	¥1.1b	¥0.24b	Almost as planned
Total	¥3.8b	¥1.20b	More than planned

2-1. FY2021 Results Forecast (Effects of COVID-19 and Market Trends)

- Production

Although the spread of COVID-19 in Malaysia and Indonesia has had some effect on production, we will adjust to the circumstances by increasing production in other regions.

- Regional situations

The economy is recovering in Western countries due to the spread of vaccines. Japan and ASEAN markets are forecasted to follow.

- Main market trends

- 1) Automotive electronics: although the shortage of semiconductors will have some effect, demand for new vehicles will recover in Western countries and recovery in production of semiconductors will follow.
- 2) Industrial equipment: capital investment in all markets are taking a favorable turn and a strong recovery will continue.
- 3) ICT: 5G communications will gradually spread in countries besides China as well.

2-2. Steady Implementation of Structural Reforms

“Building a revenue structure unaffected by economic fluctuations and a business foundation capable of adjusting to changes in the market environment”

1. Shifting to a solid earnings structure

- Improvement of OEE, TEEP & per person productivity to respond to increases in production without increasing employees or facilities
- Improving staff productivity
- Promotion of standardization

2. Toward the next growth

- Growth strategy for 10, 20 years from now
- Product planning reform
- Realization of the smart factory concept

{Note}

The projected performance figures in this material are based on information available to Nippon Chemi-Con's management at the time this material was prepared.

There are many uncertain factors inherent in forecasting, and there might be cases in which actual results differ from forecast values. Nippon Chemi-Con undertakes no obligation to publicly update or revise any forward-looking statements included in this material.

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