

# **Financial Results Explanatory Material for 1H FY2021 (Six months ended September 30, 2021)**

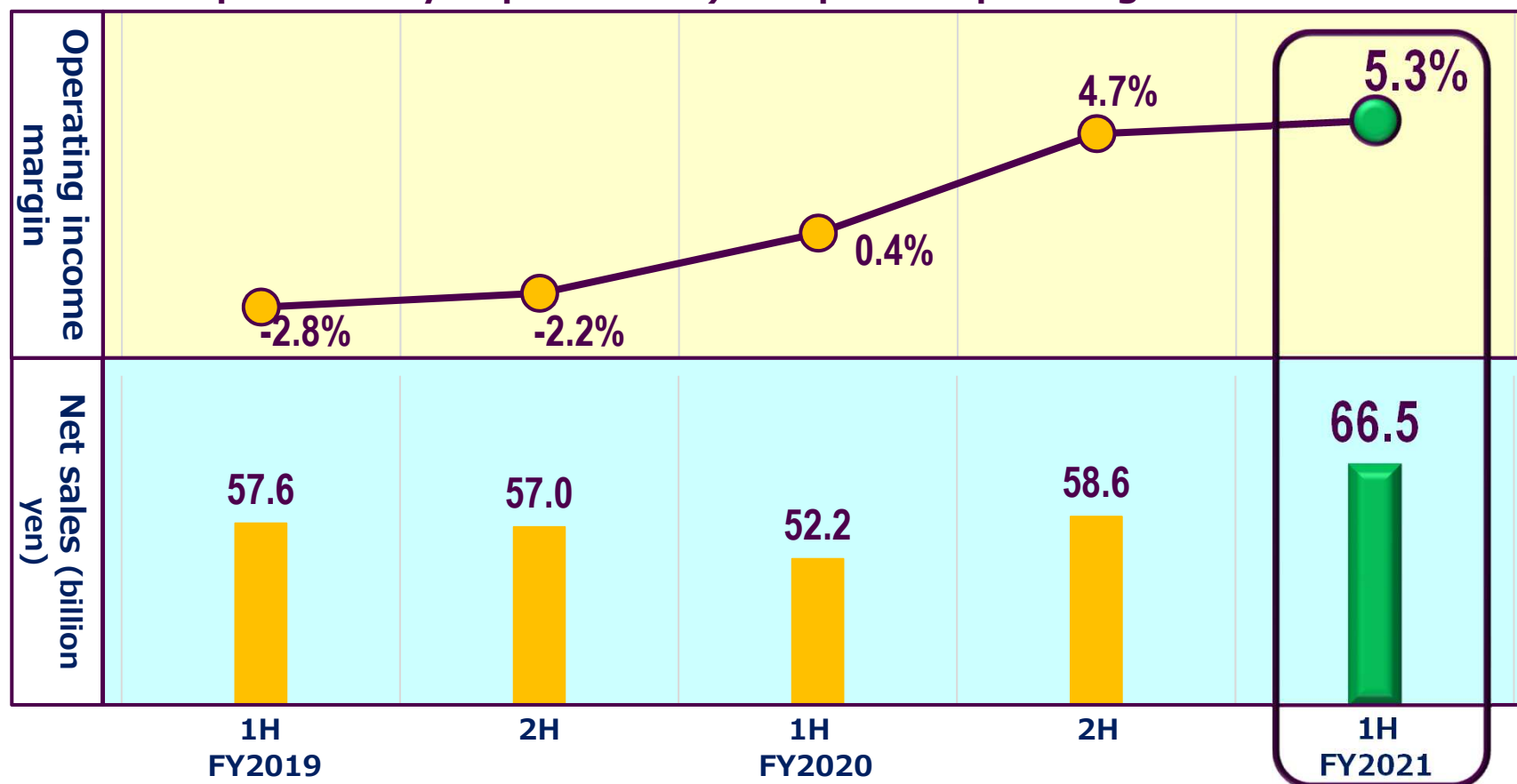
**November 2021  
Nippon Chemi-Con Corporation**

## 1-1. Net Sales/Operating Income Margin

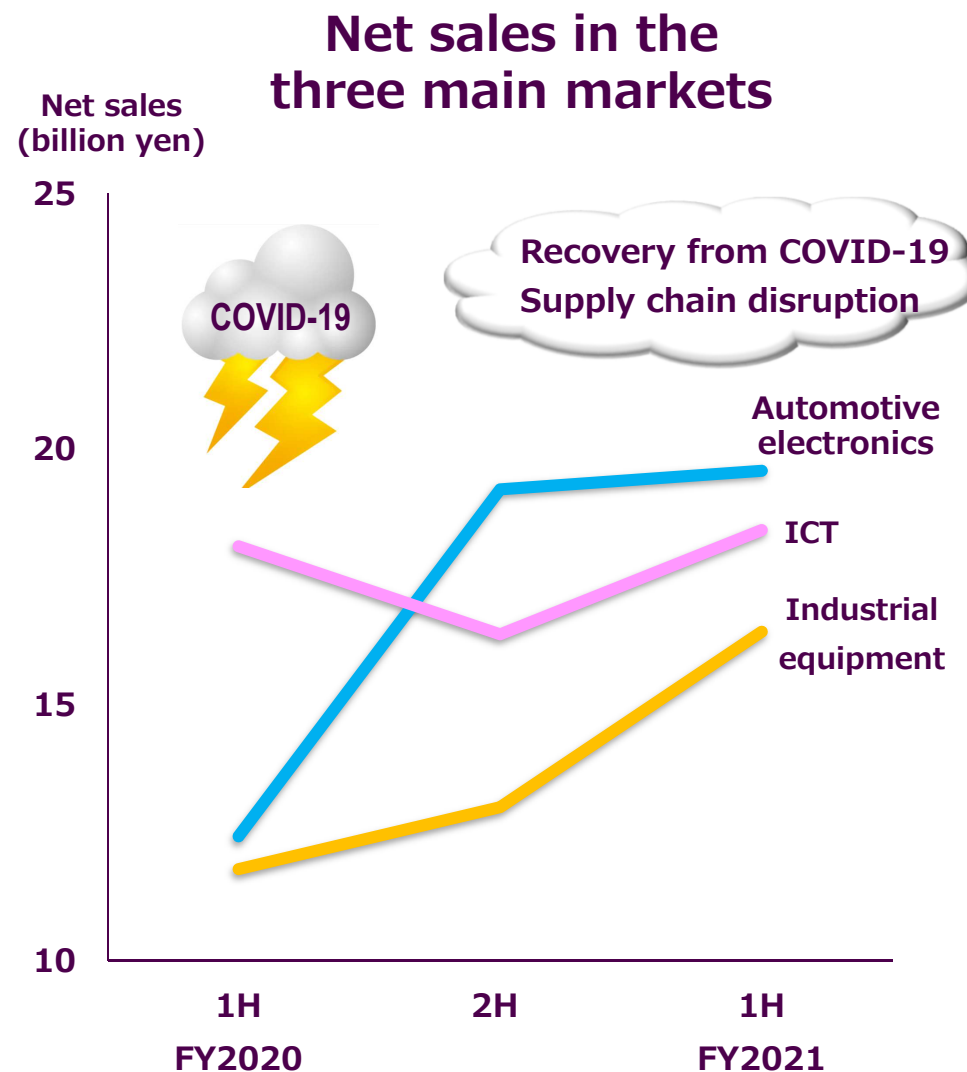
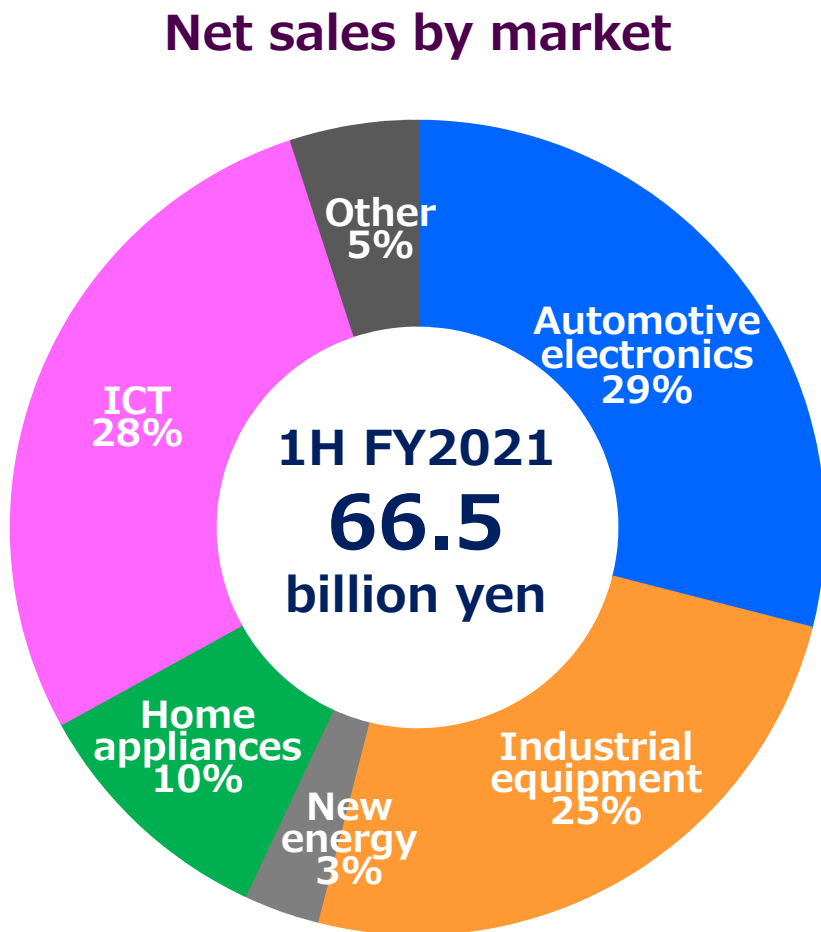
Net sales and operating income margin improved rapidly with the recovery of our key markets and implementation of structural reforms

◆ Net sales: Continuation of large orders with the recovery of automotive electronics/industrial equipment/ICT markets

◆ Operating income margin: Effects of structural reforms (reduction of fixed costs and productivity improvement) and product planning reforms

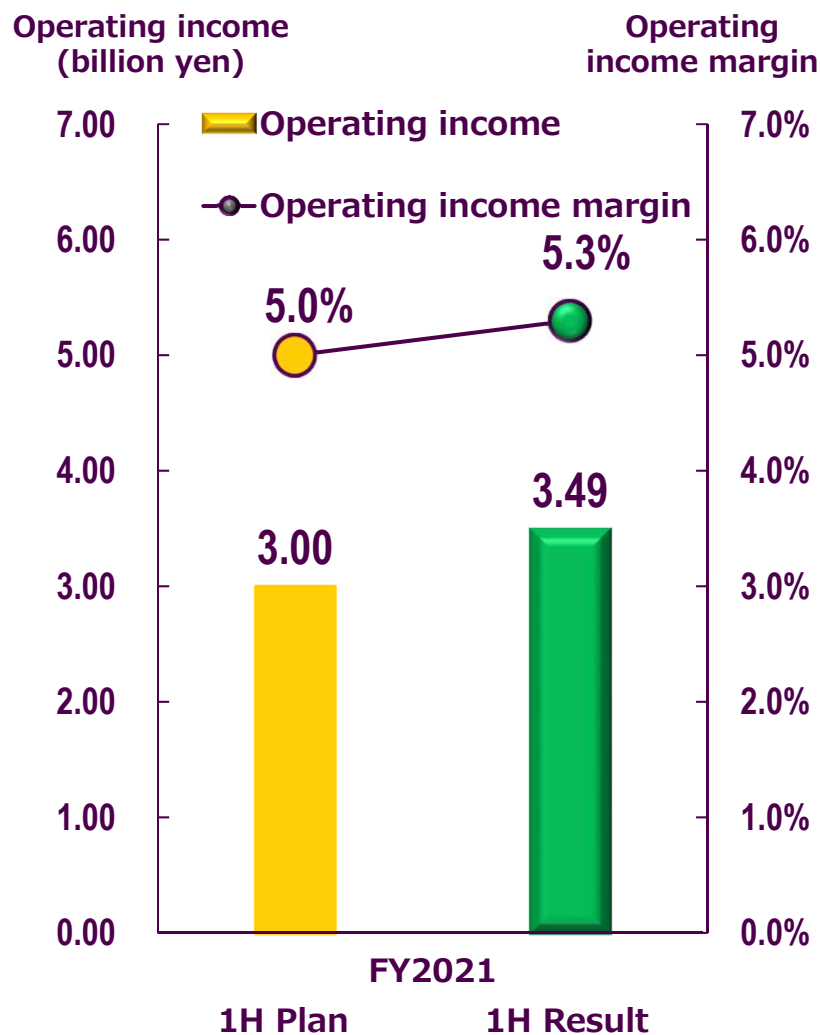


# 1-2. 1H FY2021: Net Sales by Market



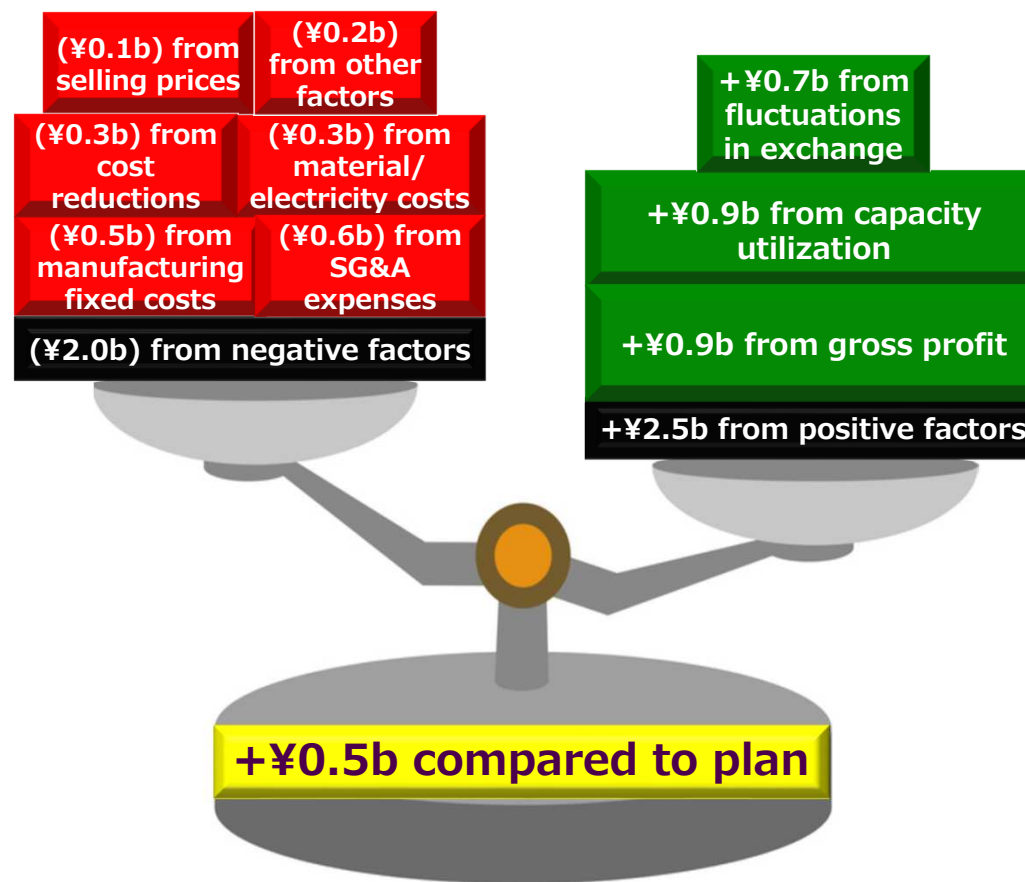
# 1-3. 1H FY2021: Operating Income – Plan Comparison

## Operating Income

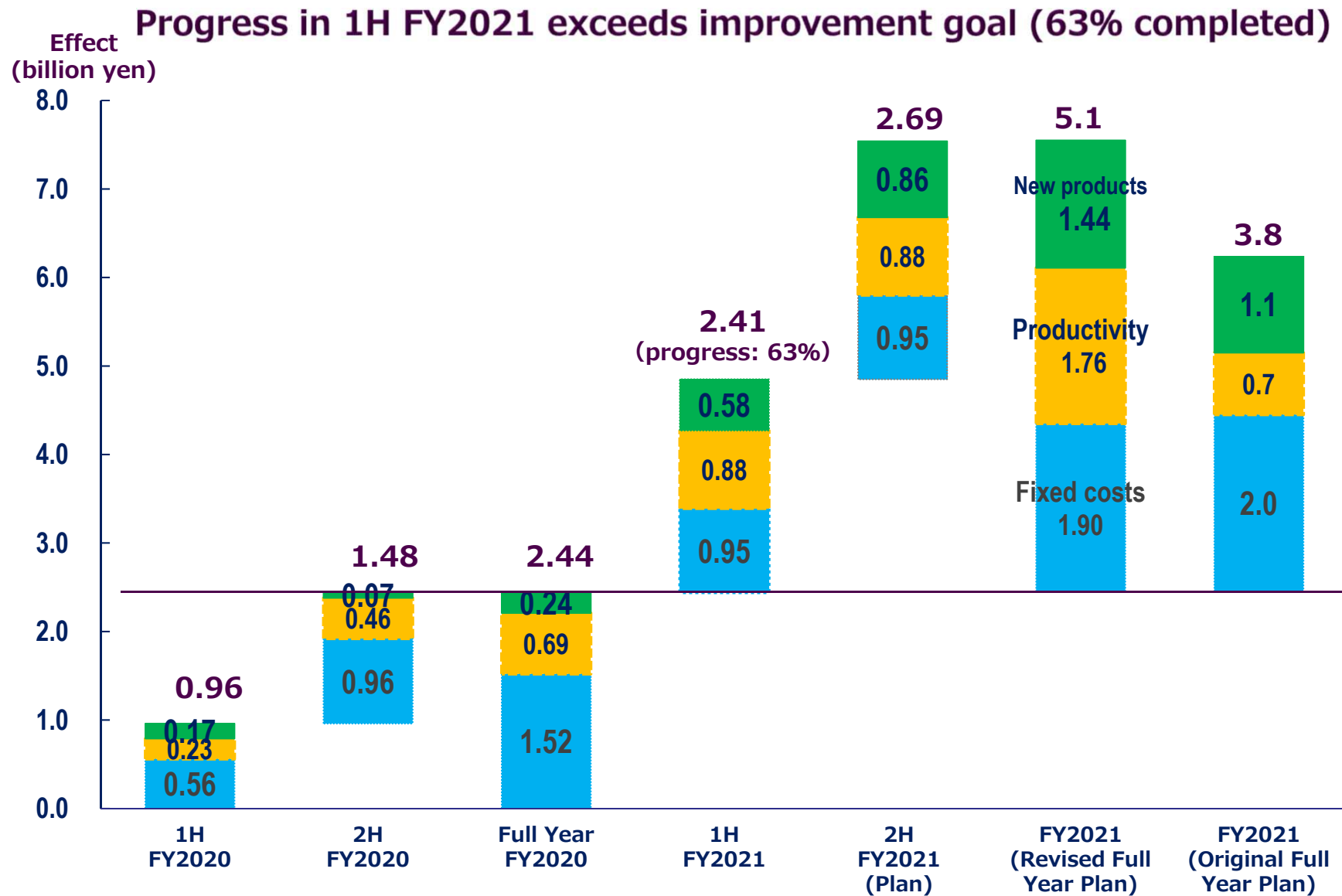


## Positive/Negative Factors

- (+) Recovery of the industrial equipment market due to strong corporate capital investments
- (-) Higher logistics costs from disruption in the supply chain
- (-) Higher material/electricity costs from demand expansion



## 2. Improvement Effect from Structural Reforms



### 3-1. FY2021 Full Year Forecast

(Billion yen)	FY2020			FY2021					
	1H	2H	Full Year	1H	2H (Plan)	1H Comparison	Full Year (Plan)	YoY	
								Amount	%
Net sales	52.187	58.600	110.788	66.502	65.498	(1.004)	132.000	+21.212	+19.1%
Gross profit	9.077	12.071	21.147	14.172	13.628	(0.544)	27.800	+6.653	+31.4%
Ratio to net sales	17.4%	20.6%	19.1%	21.3%	20.8%	(0.5)pt	21.1%	+2.0pt	-
Selling, general and administrative expenses	8.869	9.307	18.176	10.680	10.420	(0.260)	21.100	+2.924	+16.1%
Ratio to net sales	17.0%	15.9%	16.4%	16.1%	15.9%	(0.2)pt	16.0%	(0.4)pt	-
Operating income	0.207	2.764	2.971	3.492	3.208	(0.284)	6.700	+3.729	+125.5%
Ratio to net sales	0.4%	4.7%	2.7%	5.3%	4.9%	(0.4)pt	5.1%	+2.4pt	-
Profit attributable to owners of parent	(0.154)	2.192	2.038	2.497	2.103	(0.394)	4.600	+2.562	+125.6%
Ratio to net sales	(0.3)%	3.7%	1.8%	3.8%	3.2%	(0.6)pt	3.5%	+1.7pt	-
Capital investment	1.567	1.910	3.477	2.817	4.183	+1.366	7.000	+3.523	+101.3%
Depreciation	2.870	2.876	5.747	2.868	3.132	+0.264	6.000	+0.253	+4.4%
R&D expenses	1.847	1.863	3.710	1.993	2.007	+0.014	4.000	+0.290	+7.8%
Average exchange rate 1USD(JPY) 1EUR(JPY)	106.92 121.30	105.20 126.11	106.06 123.70	109.80 130.90	108.00 130.00	Yen's rise by 1.6% Yen's rise by 0.7%	108.90 130.45	Yen's weakening by 2.6% Yen's weakening by 5.5%	

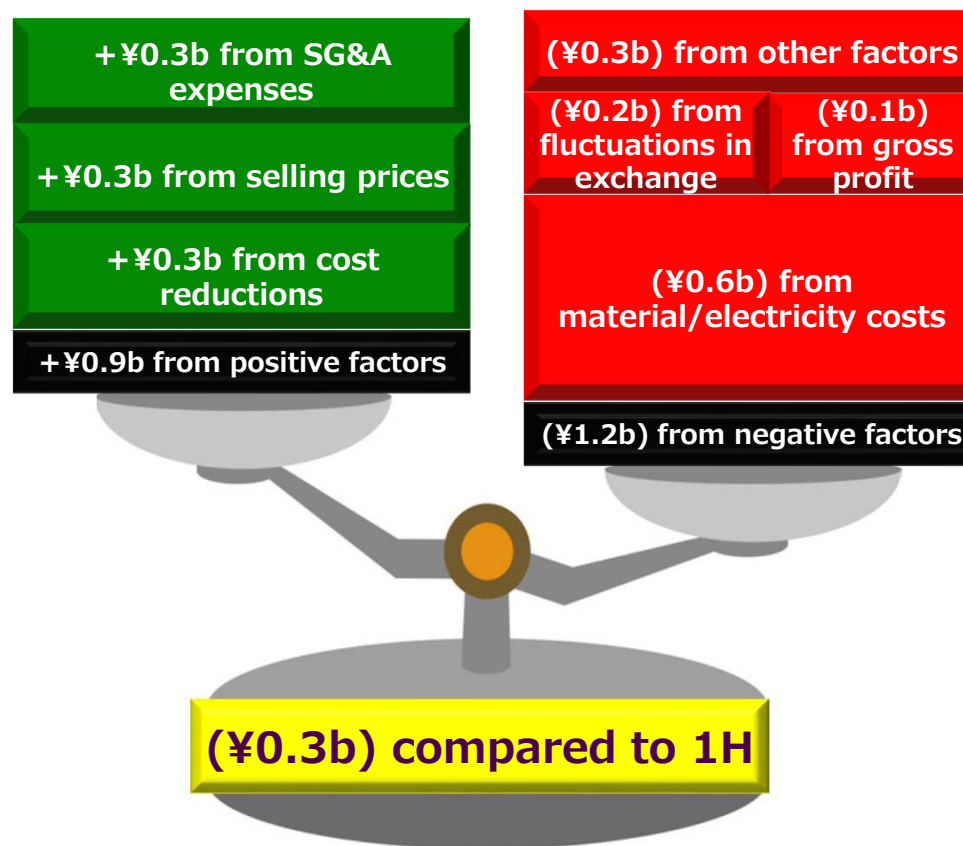
### 3-2. 2H FY2021 Forecast: Operating Income – 1H Comparison

#### Operating Income



#### Positive/Negative Factors

- (+) Recovery of the industrial equipment market due to continuation of strong corporate capital investments
- (-) Higher material/electricity costs from electricity shortage in China
- (-) Decline in auto production from semiconductor shortage

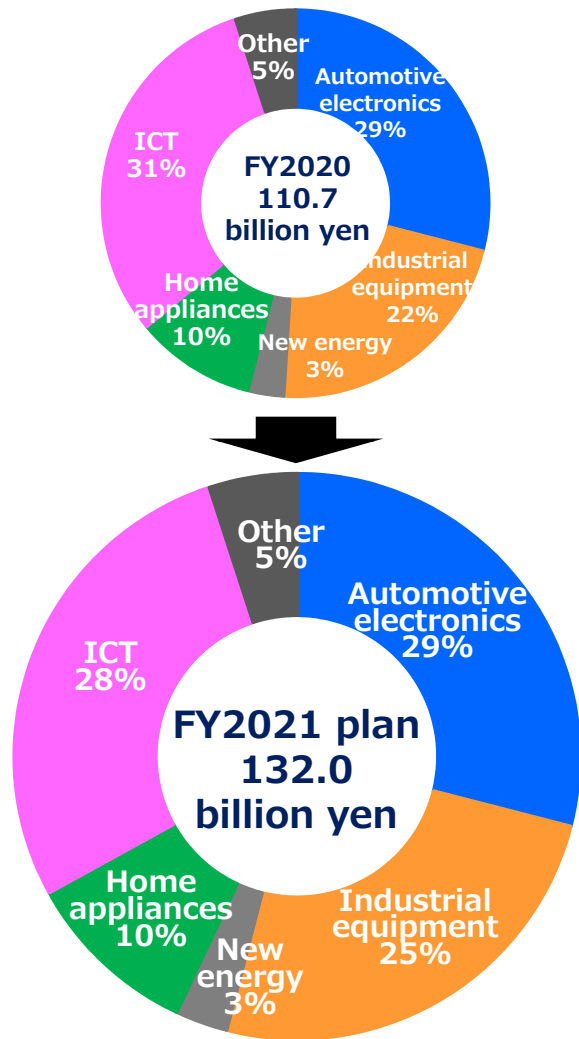


### 3-3. 2H FY2021 Forecast: Net Sales by Product

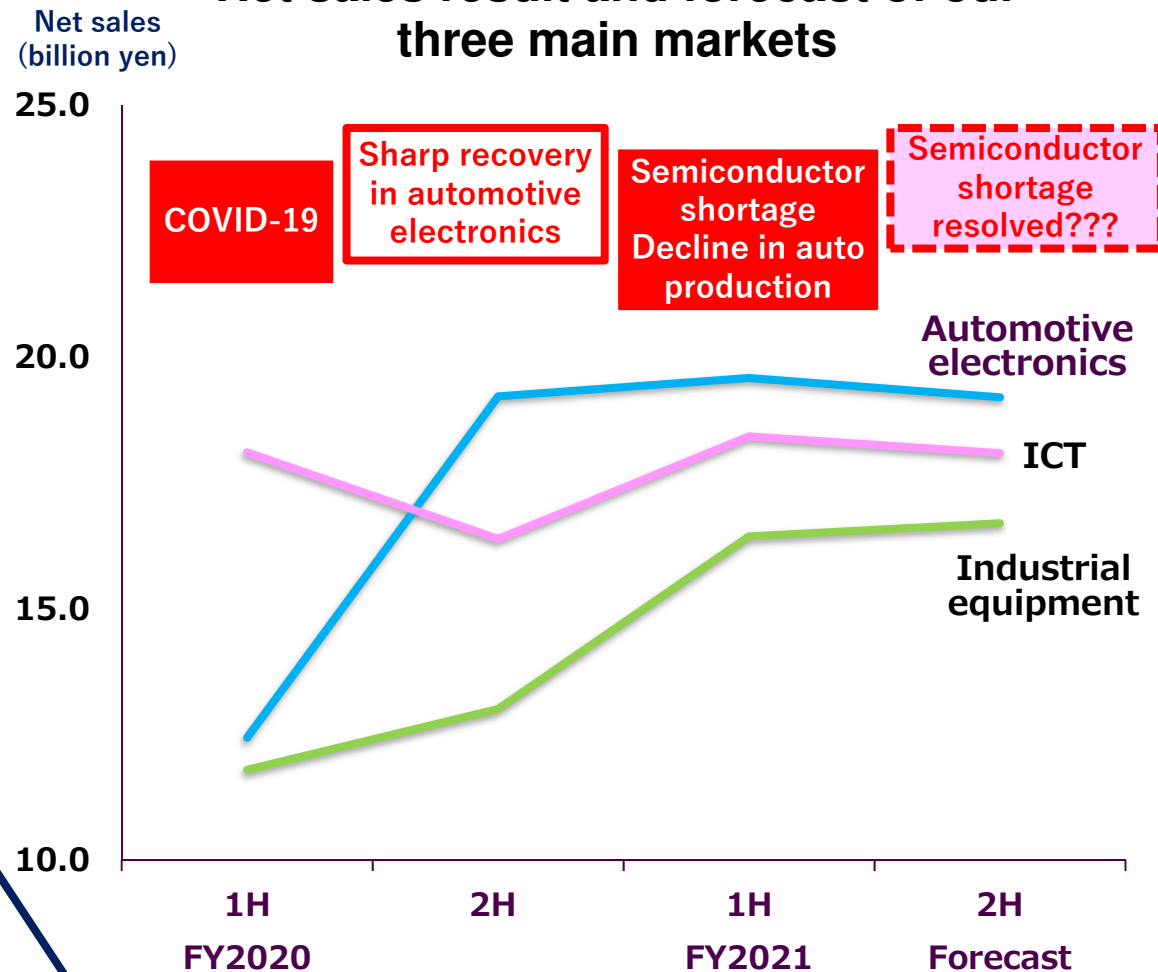
(Billion yen)	FY2020	FY2021					
		1H	2H Plan	1H Comparison	Full Year Plan	YoY Change	
	Full Year					Amount	%
Aluminum electrolytic capacitors	95.294	57.897	56.603	(1.294)	114.500	+19.206	+20.1%
Aluminum electrolytic capacitors	80.010	49.134	47.296	(1.838)	96.430	+16.420	+20.5%
Conductive polymer, hybrid	15.285	8.763	9.307	+0.544	18.070	+2.785	+18.2%
DLCAP™	3.363	1.420	1.680	+0.260	3.100	(0.263)	(7.8)%
Ceramic capacitors, varistors, etc.	2.561	1.645	1.555	(0.090)	3.200	+0.639	+25.0%
Mechanical parts and other parts (inductors, camera modules)	2.621	1.472	1.628	+0.156	3.100	+0.479	+18.2%
Capacitor materials	4.903	3.094	3.006	(0.088)	6.100	+1.197	+24.4%
Other	2.044	0.974	1.026	+0.052	2.000	(0.044)	(2.2)%
<b>Total</b>	<b>110.788</b>	<b>66.502</b>	<b>65.498</b>	<b>(1.004)</b>	<b>132.000</b>	<b>+21.212</b>	<b>+19.1%</b>



### 3-4. FY2021 Plan: Net Sales by Market



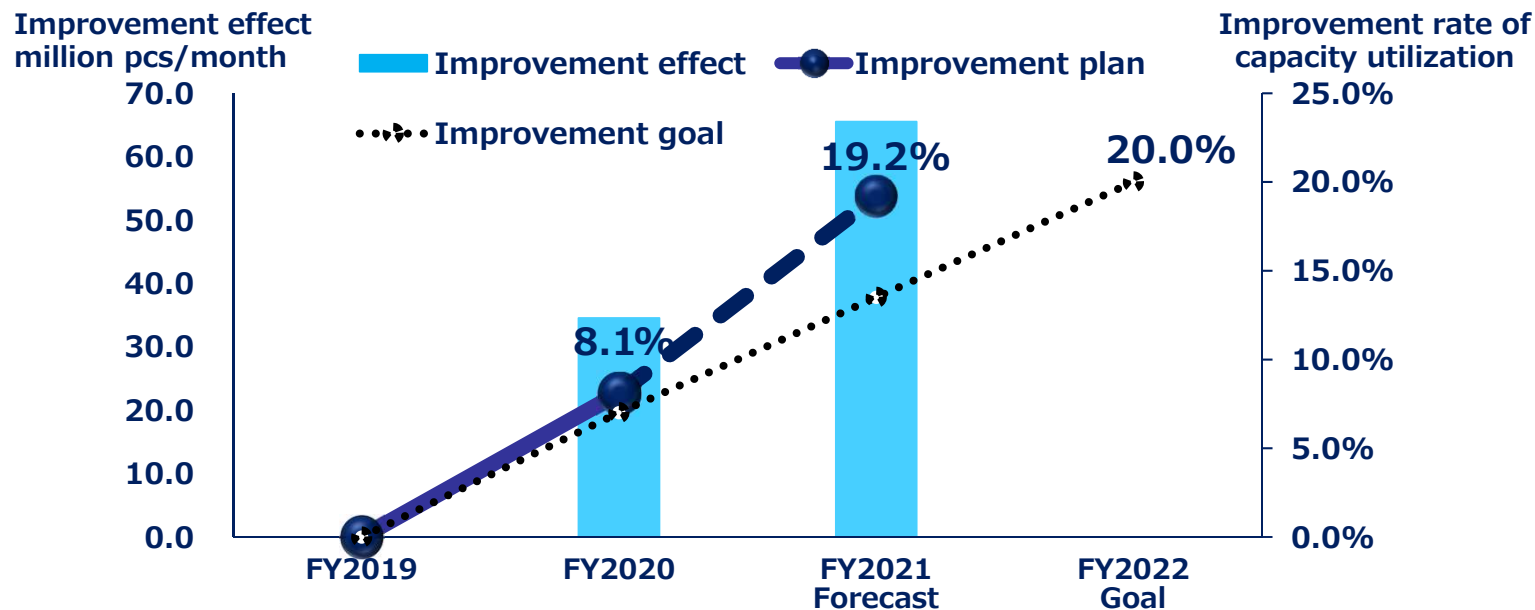
#### Net sales result and forecast of our three main markets



## 4. Further approaches to structural reform and product planning reform post COVID-19

### Shifting to a solid earnings structure

- Improvement of OEE<sup>1</sup>, TEEP<sup>2</sup> & per person productivity to respond to increases in production without increasing employees or facilities



<sup>1</sup>Abbreviation for Overall Equipment Effectiveness.

<sup>2</sup>Abbreviation for Total Effective Equipment Performance.

- Improving staff productivity
  - FY2020 Integration of head office staff
  - ⇒ FY2021 Drafting of a productivity improvement plan
- Promotion of standardization
  - Future market outlook ⇒ Proactive investments toward strategic products and production termination of unprofitable products

## 4. Further approaches to structural reform and product planning reform post COVID-19

### Toward the next growth

- Growth strategy for 10, 20 years from now (100th anniversary)  
Kickoff of the 100th anniversary project and establishment of a long-term plan in 2021
- Realization of the smart factory concept

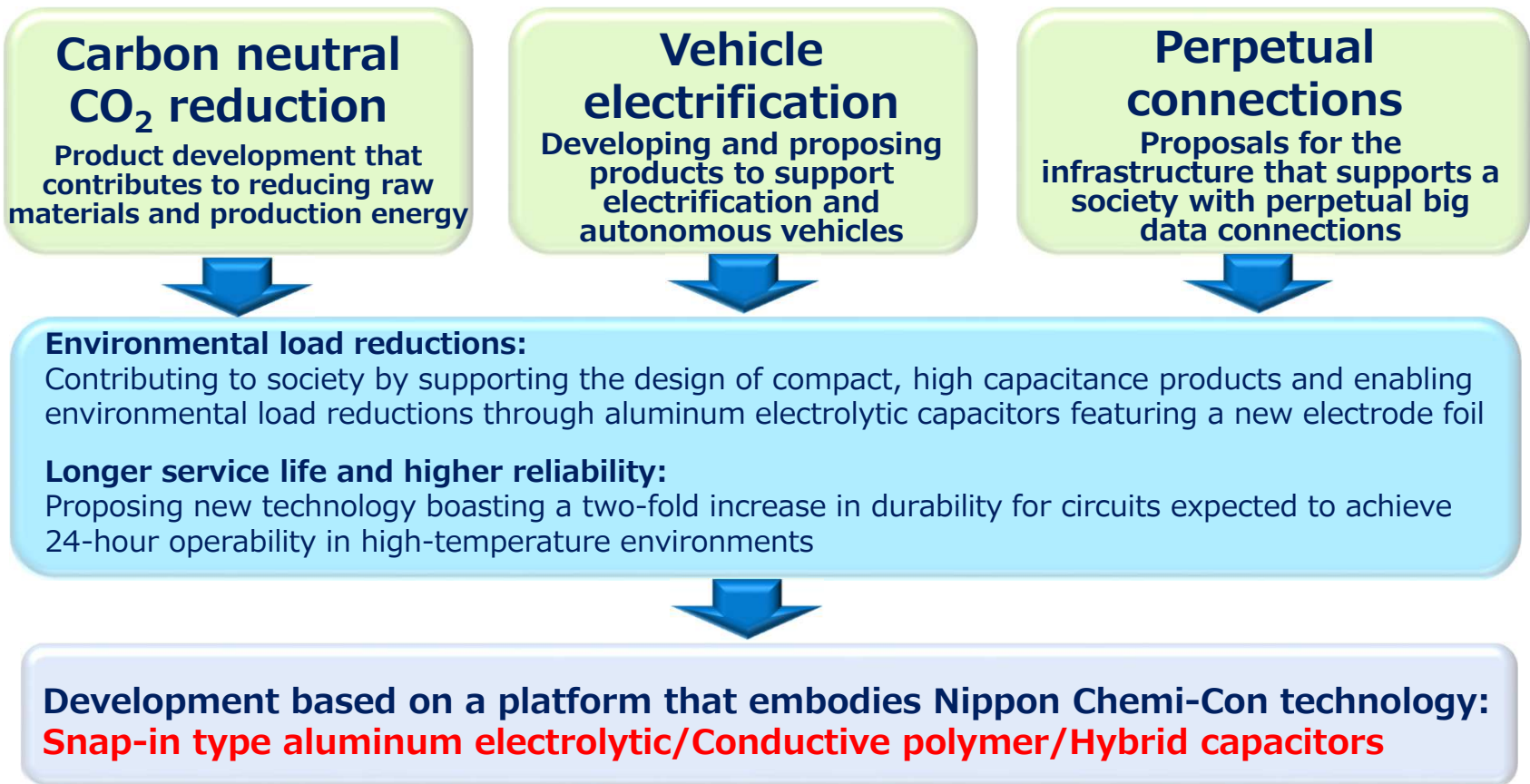
9th Medium-term Management Plan	FY2020	FY2021	FY2022
<p>◆ Quantification of bottlenecks based on data analysis and process improvement</p> <p>◆ Shift to optimal VSM<sup>1</sup> and realization of autonomous factories through automation</p>	<p>Quantification of support work</p> <p>Infrastructure upgrades(LAN)</p>	<p>Autonomation of production support work</p> <p>Implementation of a manufacturing information system</p> <p>Selection of a production planning system</p>	<p>Expansion of autonomation targets</p> <p>Implementation of MES<sup>2</sup></p> <p>Simulation</p>

<sup>1</sup>Abbreviation for Value Stream Mapping. <sup>2</sup>Abbreviation for Manufacturing Execution System.

## 4. Further approaches to structural reform and product planning reform post COVID-19

- Product planning reform, Product development and market proposals: perspective rooted in society

Nippon Chemi-Con technology initiatives related to the environments impacting our society and customers



## 5. Climate Change Initiatives

### Commencement of studies toward evaluations based on the TCFD framework

The Nippon Chemi-Con Group has commenced studies toward evaluations based on the framework outlined by the Task Force on Climate-related Financial Disclosures (TCFD). This reflects Nippon Chemi-Con's awareness of climate-related risks and opportunities as critical issues facing Group management.

From FY2021, the Nippon Chemi-Con Group positions climate change risks as one of our core management issues. We will adopt initiatives based on TCFD recommendations and work to further enhance our commitment to environmentally friendly business activities. In addition to initiatives aimed at minimizing climate change risks, we also view this as an opportunity to aggressively engage in applying Nippon Chemi-Con technology to resolving social issues. These opportunities include technology for reducing the size and weight of products for the automotive electronics market. The technology contributes to vehicle weight reductions, which in turn helps reduce CO<sub>2</sub> emissions.

**[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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