

FY2023 Plan

May 2023
Nippon Chemi-Con Corporation

TSE Prime Market, Securities code: 6997

Reflecting on the 9th Medium-term Management Plan (FY2020 to FY2022)

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

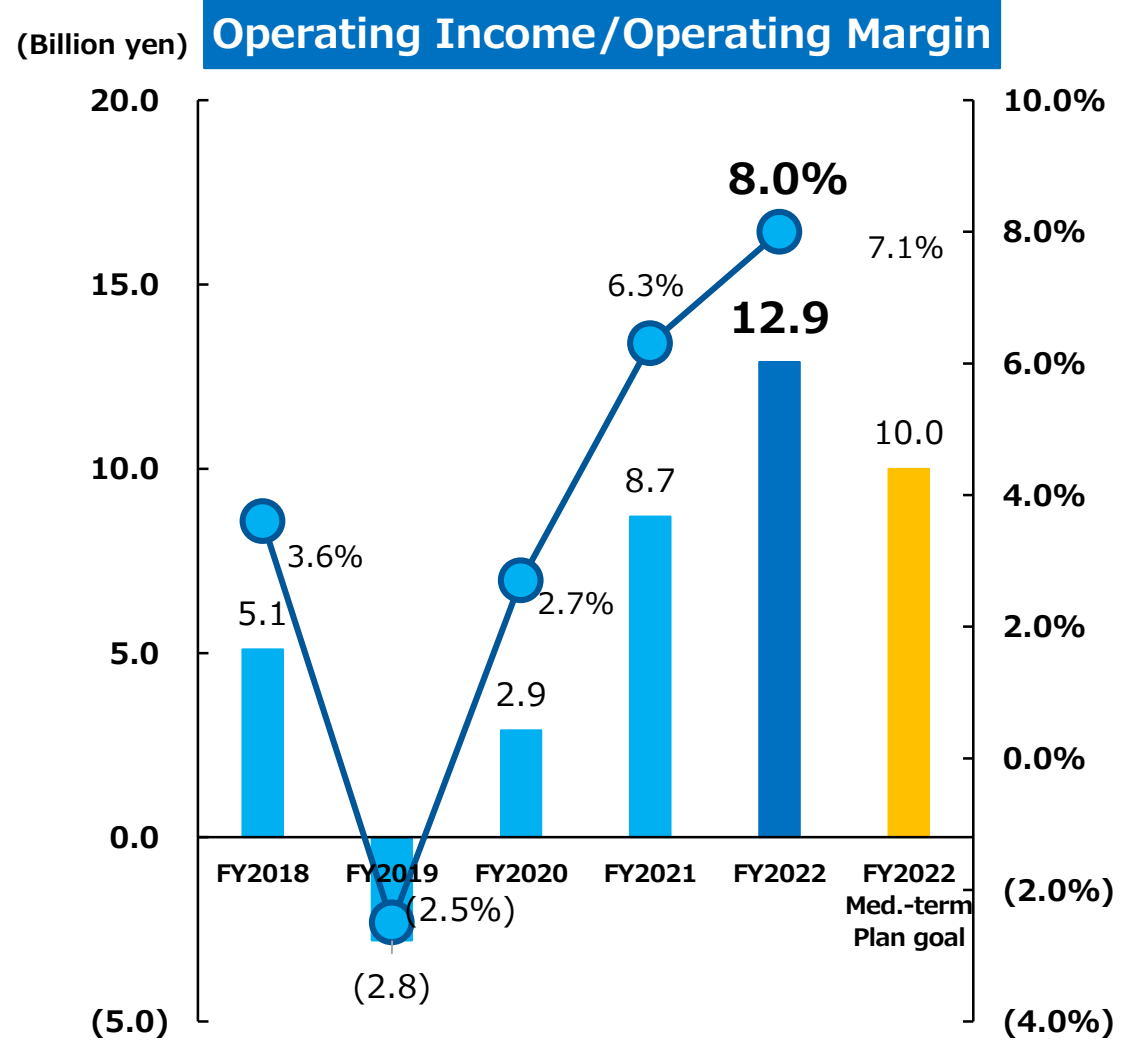
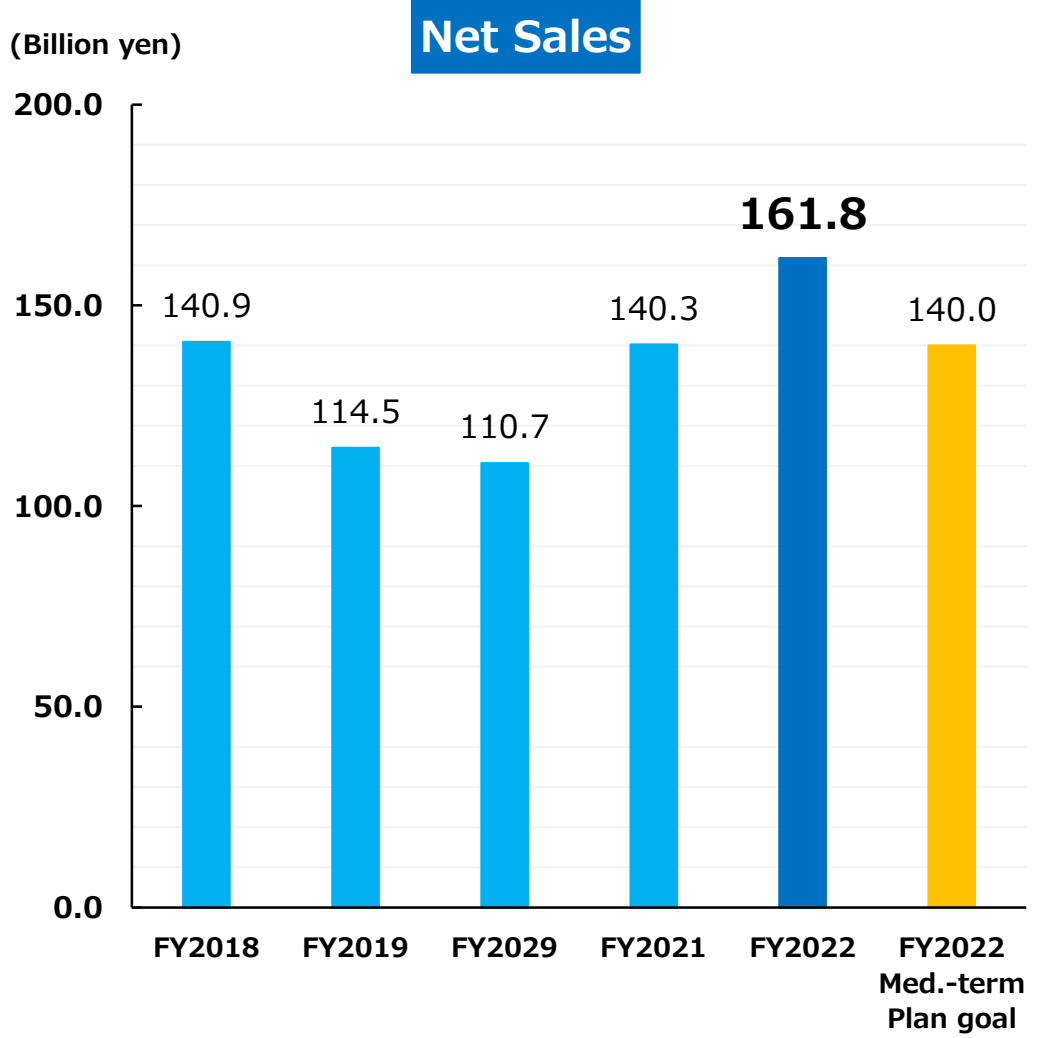
Product planning reforms	(1) Increase the percentage of new products by strengthening product planning capabilities and succeed in expanding sales of high value-added products to the most important strategic markets.
Structural reforms	(2) Achieve improvement in labor productivity through productivity reforms across the company and all divisions. (3) Eliminate the high-cost structure by reorganizing production bases and implementing productivity reforms (4) Pursue higher efficiency in logistics-related operations through supply chain management (SCM) reforms.

Steady implementation of measures to achieve the plan for net sales and operating income
(Billion yen)

	FY2020	FY2021	FY2022	9 th Medium-term Management Plan FY 2022 goals	Degree achieved
Net sales	110.7	140.3	161.8	140.0	○
Operating income	2.9	8.7	12.9	10.0	○
Profit/loss attributable to owners of parent	2.0	(12.1)	2.2	6.0	×
ROE	4.5%	(25.3%)	4.8%	10% or higher	×
Total asset turnover ratio	0.8x	0.9x	1.0x	1.0x or higher	○

Reflecting on the 9th Medium-term Management Plan (FY2020 to FY2022)

COVID-19 and steep rise in material and electricity costs → Implement structural reforms to achieve targets for the final year of the Medium-term Management Plan

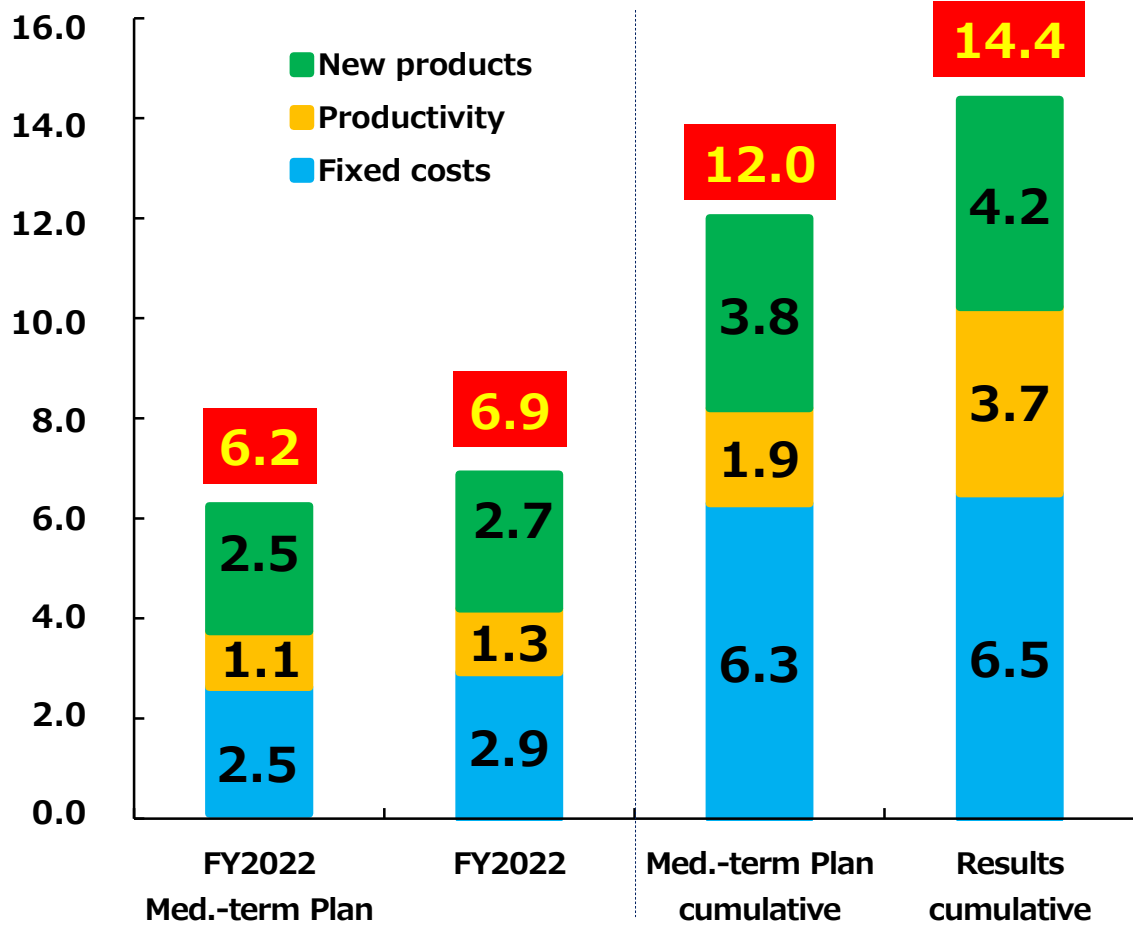


Reflecting on the 9th Medium-term Management Plan (FY2020 to FY2022)

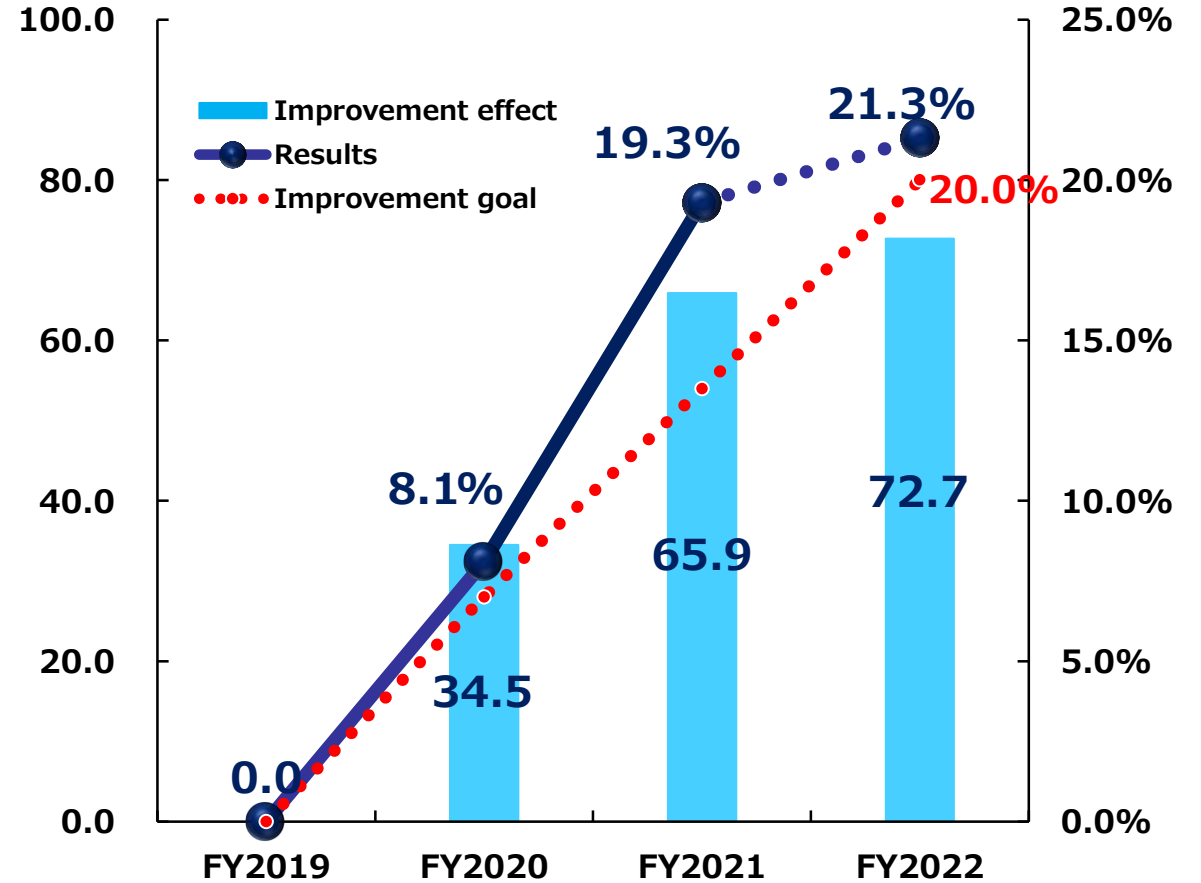
Improvement in performance from product planning and structural reforms (FY2020 to FY2022)

Improvement in OEE¹, TEEP² & per person productivity to respond to increases in production without increasing employees or facilities

Improvement effect (Billion yen)



Improvement effect (Million pcs/month)



¹ OEE: Overall Equipment Effectiveness

² TEEP: Total Effective Equipment Performance

FY2023 Policy: Fundamental Strategy

**Establish a corporate structure
that is profitable in any market environment**

**— Expand high value-added products and reinforce
response to low pricing in the market —**

Create Next Value!

Expand our horizons!

FY2023 Policy: Key Measures

- 1. Complete structural reforms.**
(1) Increase OEE/TEEP, (2) Increase per-person productivity, (3) Increase staff productivity, and (4) Improve distribution efficiency and shrink inventory
- 2. Implement product planning reforms.**
(1) Strengthen product planning capabilities and (2) Increase sales growth/ Strengthen the cooperation between sales and development
- 3. Respond swiftly to market changes.**
(1) Make a dedicated effort to shrink inventory and (2) Formulate and implement future-oriented production plans
- 4. Strengthen ESG response.**
(1) Reinforce efforts to achieve carbon neutrality, (2) Promote diversity, (3) Strengthen the business structure, and (4) Enhance contributions to the community at offices and plants
- 5. Implement HR system reforms (implement in offices in Japan first).**
(1) Provide more thorough evaluator training and educate managers, (2) Stimulate more rotation activity (create the mechanism), (3) Explore the vision for human resources education, and (4) Revise hiring policy

As we usher in our 100th anniversary . . . Let's Move, Grow, and Change!

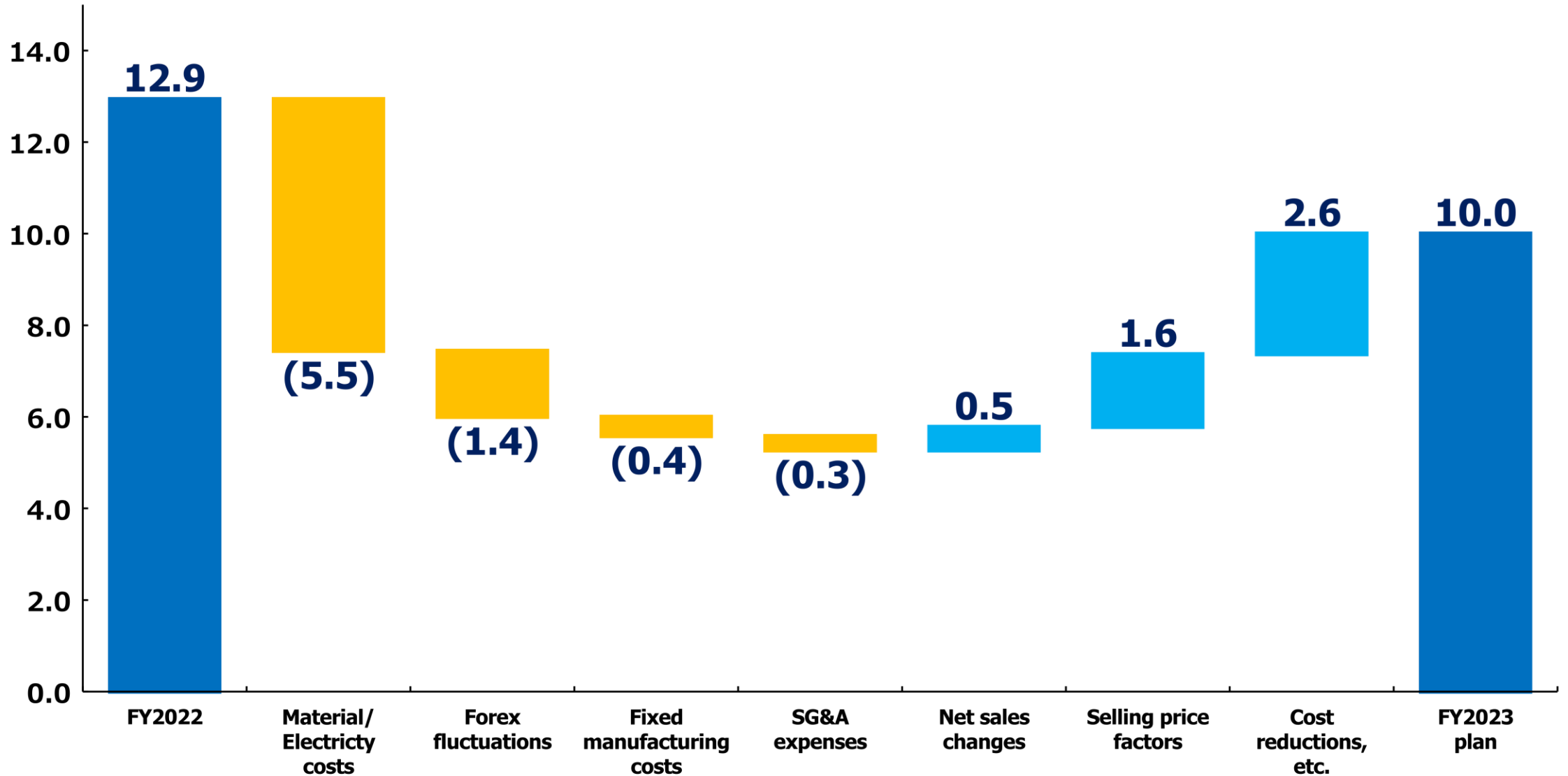
FY2023 Operating Results Forecast

(Million yen, %)

	FY2022	FY2023 Plan	YoY	
			Change	% Change
Net sales	161,881	160,000	(1,881)	(1.2)
Operating income	12,939	10,000	(2,939)	(22.7)
Ratio to net sales	8.0%	6.3%	(1.7 pt)	-
Profit attributable to owners of parent	2,273	6,200	+3,927	+172.8
Ratio to net sales	1.4%	3.9%	+2.5pt	-
ROA	1.4%	3.8%	+2.4pt	-
ROE	4.8%	11.8%	+7.0pt	-
Capital investment	7,704	13,000	+5,296	+68.7
Depreciation and amortization	5,933	6,200	+267	+4.5
R&D expenses	4,383	4,500	+117	+2.7
Avg. exchange rate: USD (yen)	135.47	130.00	(5.47)	(4.0)
EUR (yen)	140.97	140.00	(0.97)	(0.7)

FY2023 Full-Year Forecast - Operating Income (vs Previous Fiscal Year)

(Billion yen)

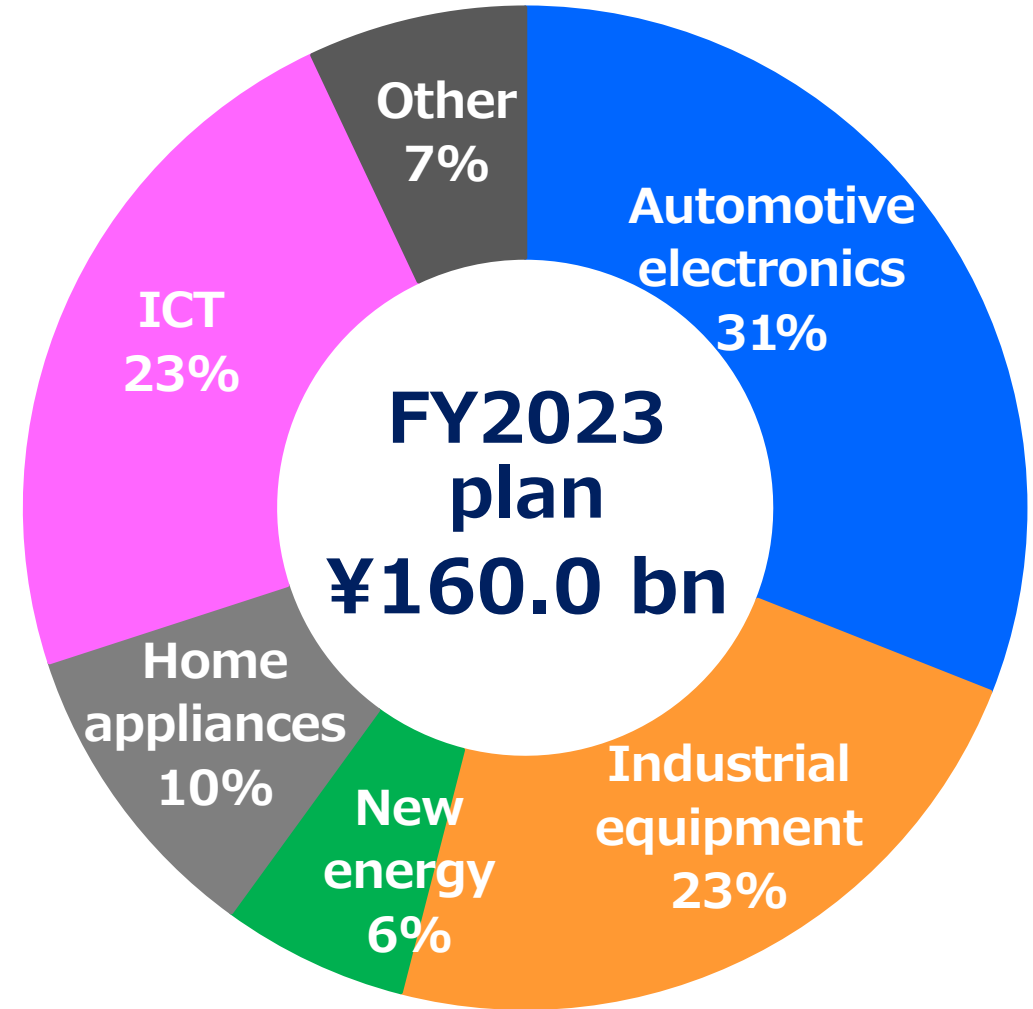
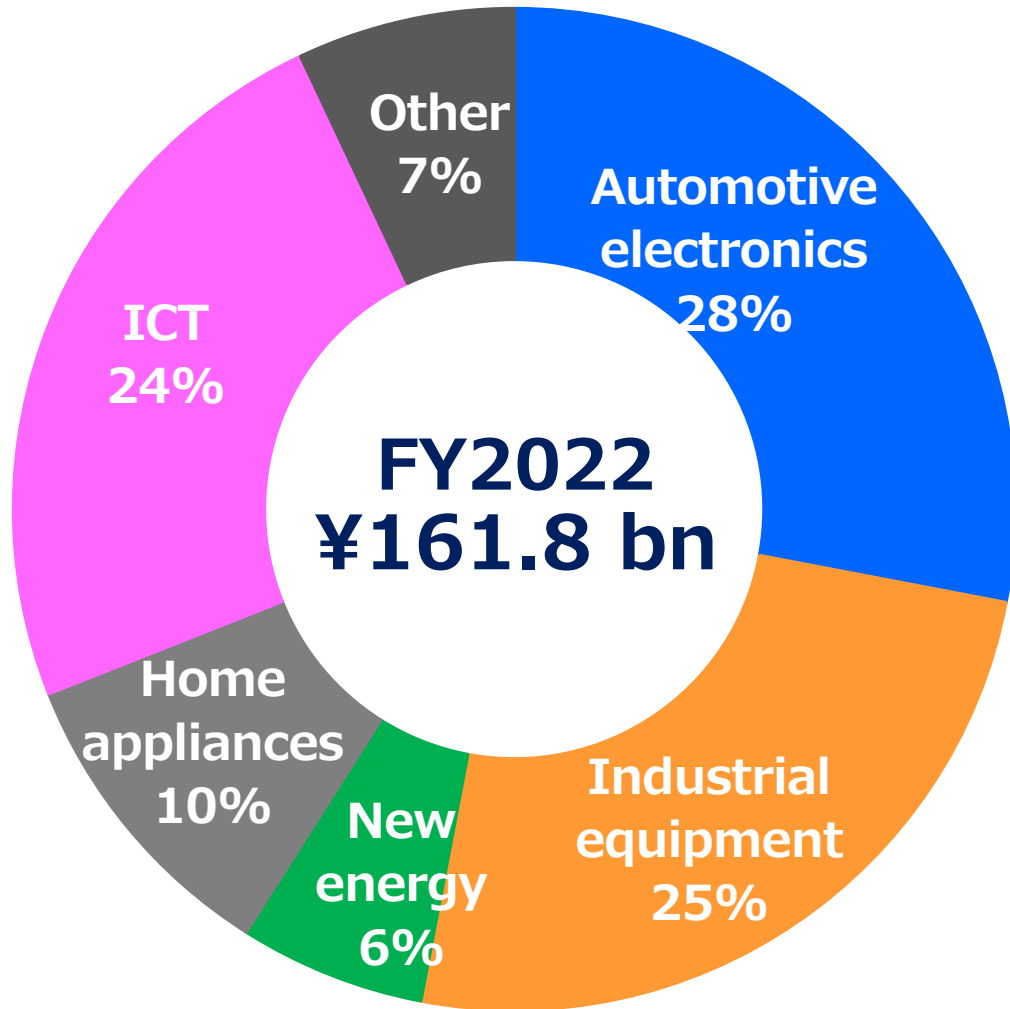


Net Sales by Product - FY2023 Forecast (vs FY2022)

(Million yen, %)

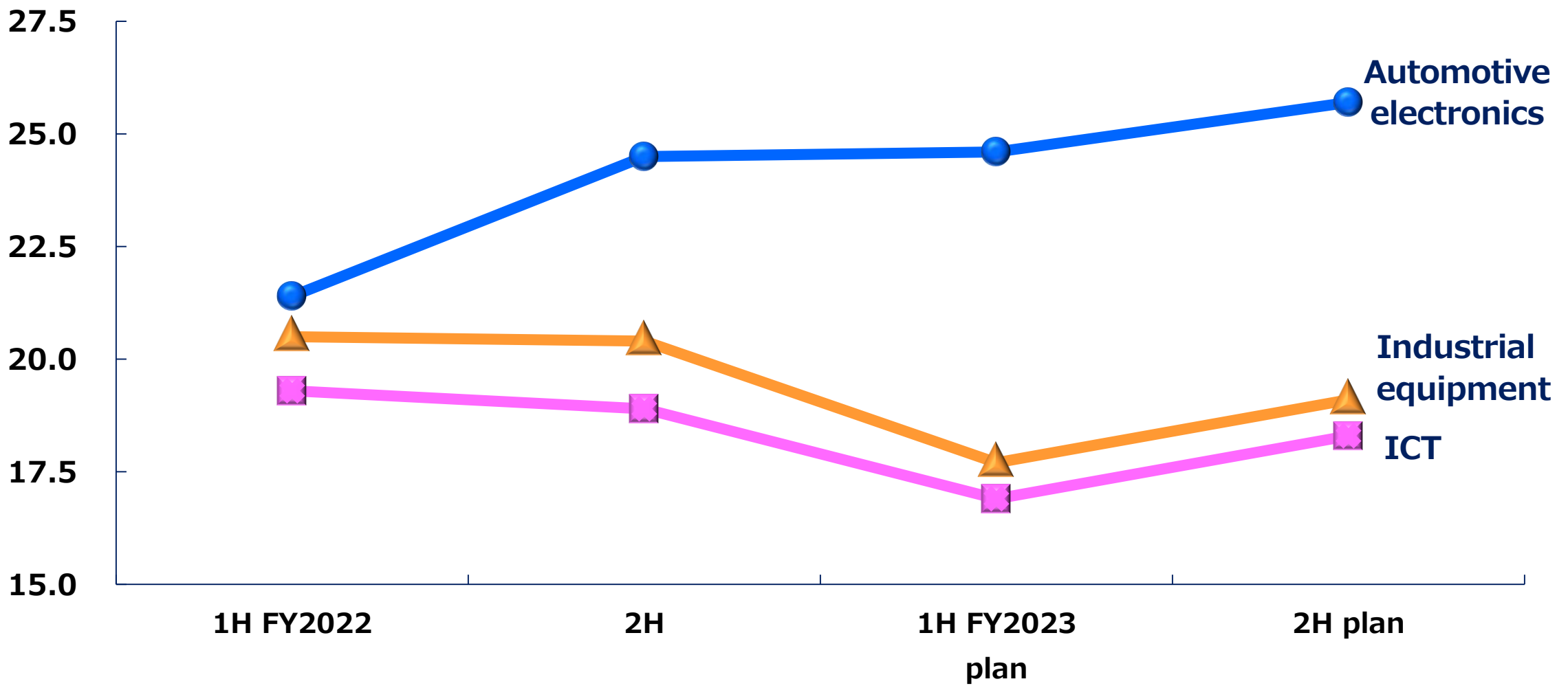
Product	FY2022	Ratio	FY2023 plan	Ratio	Change	% Change
Aluminum electrolytic capacitors	140,897	87.0%	141,900	88.7%	+1,003	+0.7%
Conductive polymer/ Hybrid	21,379	13.2%	21,900	13.7%	+521	+2.4%
DLCAP™	4,471	2.8%	4,250	2.7%	(221)	(4.9%)
Ceramic capacitors/ Varistors	3,940	2.4%	3,750	2.3%	(190)	(4.8%)
Mechanical and other parts	4,496	2.8%	3,600	2.3%	(896)	(19.9%)
Capacitor materials	5,731	3.5%	5,000	3.1%	(731)	(12.8%)
Other	2,345	1.4%	1,500	0.9%	(845)	(36.0%)
Total	161,881	100.0%	160,000	100.0%	(1,881)	(1.2%)

Net Sales by Market



Forecast Trends in the Three Main Markets (FY2022 to FY2023)

(Net sales: Billion yen)



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