

**Financial Results Explanatory Material
for 1Q FY2023
(Three months ended June 30, 2023)**

**August 2023
Nippon Chemi-Con Corporation**

TSE Prime Market, Securities code:6997

1Q FY2023 – Results Overview

- **Net sales (41.1 billion yen, +7% YoY, -2% QoQ)**
 - ◆ **Automotive electronics market**
Firm automotive demand and easing of the semiconductor shortage led to an increase in vehicle production volume.
 - ◆ **Industrial equipment market**
Demand targeted at plant automation and productivity improvement was robust, but concerns over deceleration of the global economy from the second half of last fiscal year and other factors led to a correction phase.
 - ◆ **ICT market**
The deceleration in demand for PCs and servers and inventory adjustments continued.
- **Operating income (2.4 billion yen, -1.4% YoY, -38.5% QoQ)**
 - ◆ **We continued to address the surge in the price of materials and electricity due to the prolonged conflict between Russia and Ukraine and rising energy costs by implementing structural reforms to reduce costs and revising selling prices.**
- **Profit attributable to owners of parent**
 - ◆ **Recognition of an extraordinary loss for the approx. 18.1-billion-yen settlement of a U.S. civil lawsuit with Avnet, Inc. and three other companies resulted in a loss attributable to owners of parent of 13.8 billion yen.**

1Q FY2023 - Consolidated Results (YoY, QoQ)

YoY: Higher net sales, lower operating income

QoQ: Lower net sales and operating income

(Million yen, %)

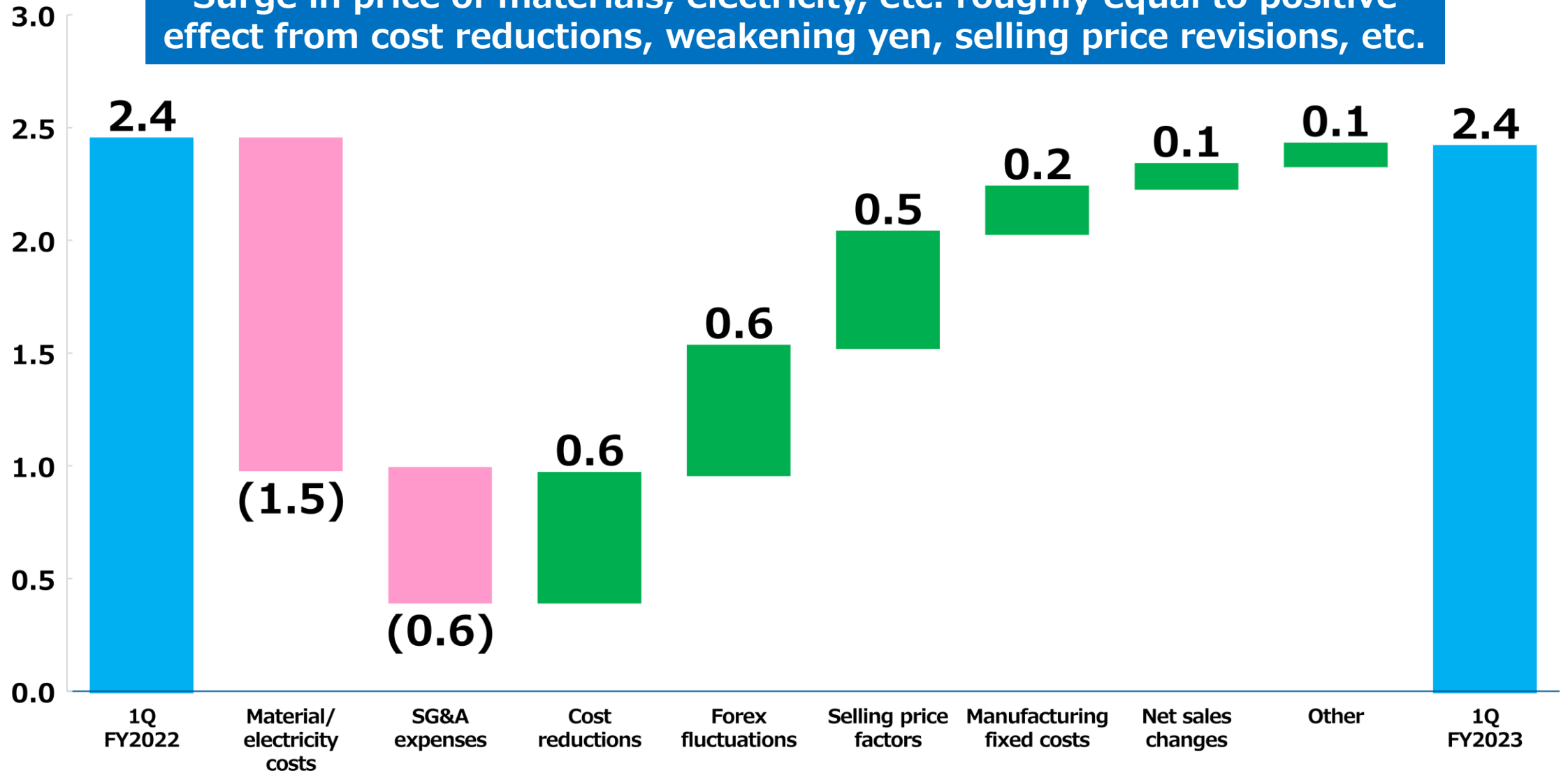
| | FY2022 | | FY2023 | YoY | | QoQ | |
|--|---------|--------|----------|-----------------|----------|-----------------|----------|
| | 1Q | 4Q | 1Q | Change | % Change | Change | % Change |
| Net sales | 38,439 | 41,982 | 41,137 | +2,698 | +7.0% | (845) | (2.0%) |
| Operating income | 2,447 | 3,926 | 2,413 | (34) | (1.4%) | (1,513) | (38.5%) |
| Ratio to net sales | 6.4% | 9.4% | 5.9% | (0.5 pt) | - | (3.5 pt) | - |
| Profit/loss attributable to owners of parent | (2,281) | 220 | (13,827) | (11,546) | - | (14,047) | - |
| Ratio to net sales | (5.9%) | 0.5% | (33.6%) | (27.7 pt) | - | (34.1 pt) | - |
| Capital investment | 1,585 | 2,569 | 1,501 | (84) | (5.3%) | (1,068) | (41.6) |
| Depreciation and amortization | 1,458 | 1,432 | 1,532 | +74 | +5.1% | +100 | +6.9 |
| R&D expenses | 1,084 | 1,135 | 1,118 | +34 | +3.1% | (17) | (1.5%) |
| Avg. exchange rate: USD (yen) | 129.57 | 132.34 | 137.37 | 6.0% weaker yen | | 3.8% weaker yen | |
| EUR (yen) | 138.12 | 142.10 | 149.47 | 8.2% weaker yen | | 5.2% weaker yen | |

*The approx. 18.1-billion-yen settlement for the U.S. civil lawsuit has been posted as extraordinary loss for 1Q FY2023.

1Q FY2023 - Operating Income (YoY)

(Unit: Billion yen)

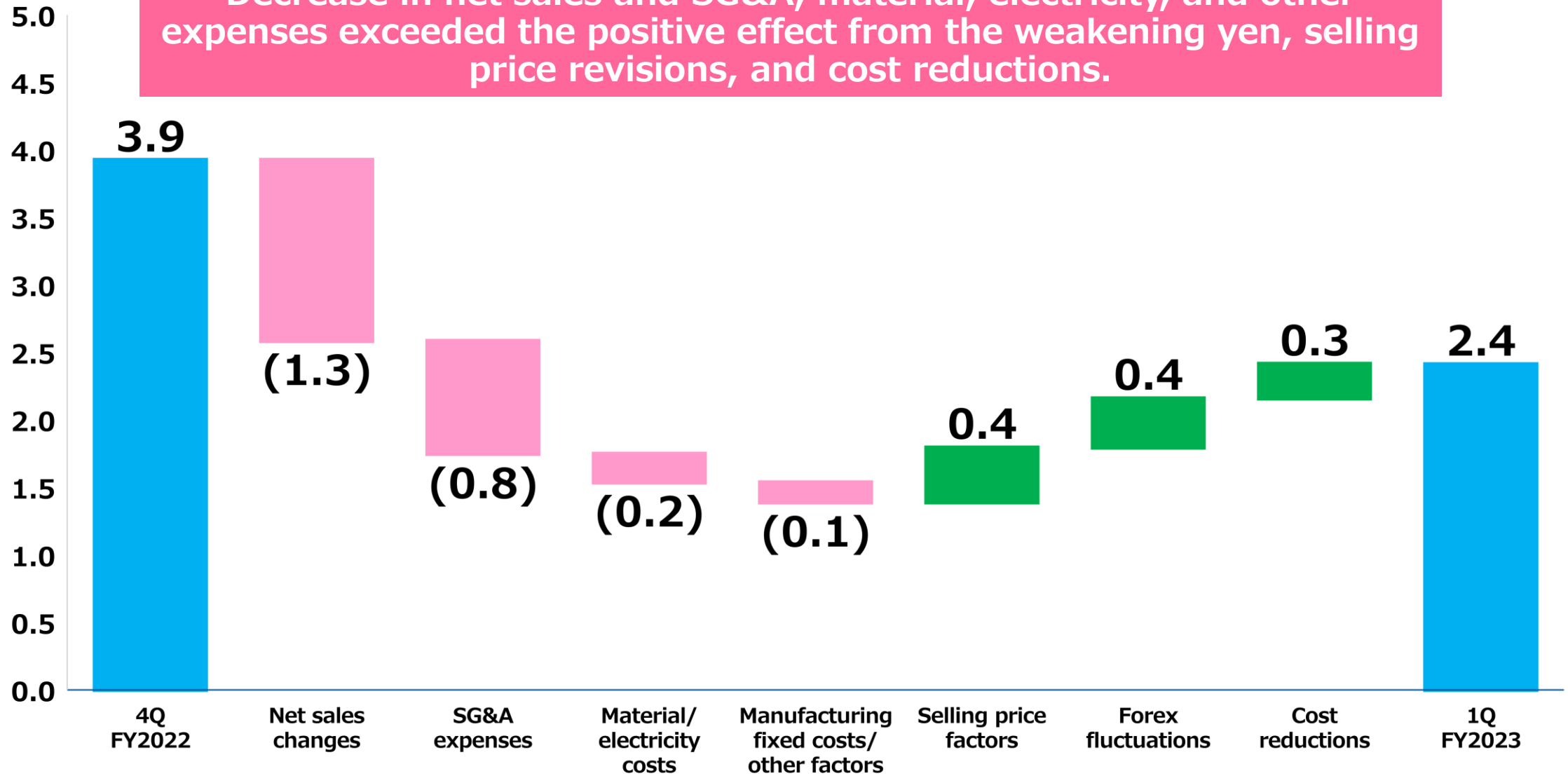
Surge in price of materials, electricity, etc. roughly equal to positive effect from cost reductions, weakening yen, selling price revisions, etc.



1Q FY2023 - Operating Income (QoQ)

(Unit: Billion yen)

Decrease in net sales and SG&A, material, electricity, and other expenses exceeded the positive effect from the weakening yen, selling price revisions, and cost reductions.



1Q FY2023 - Net Sales by Product (YoY, QoQ)

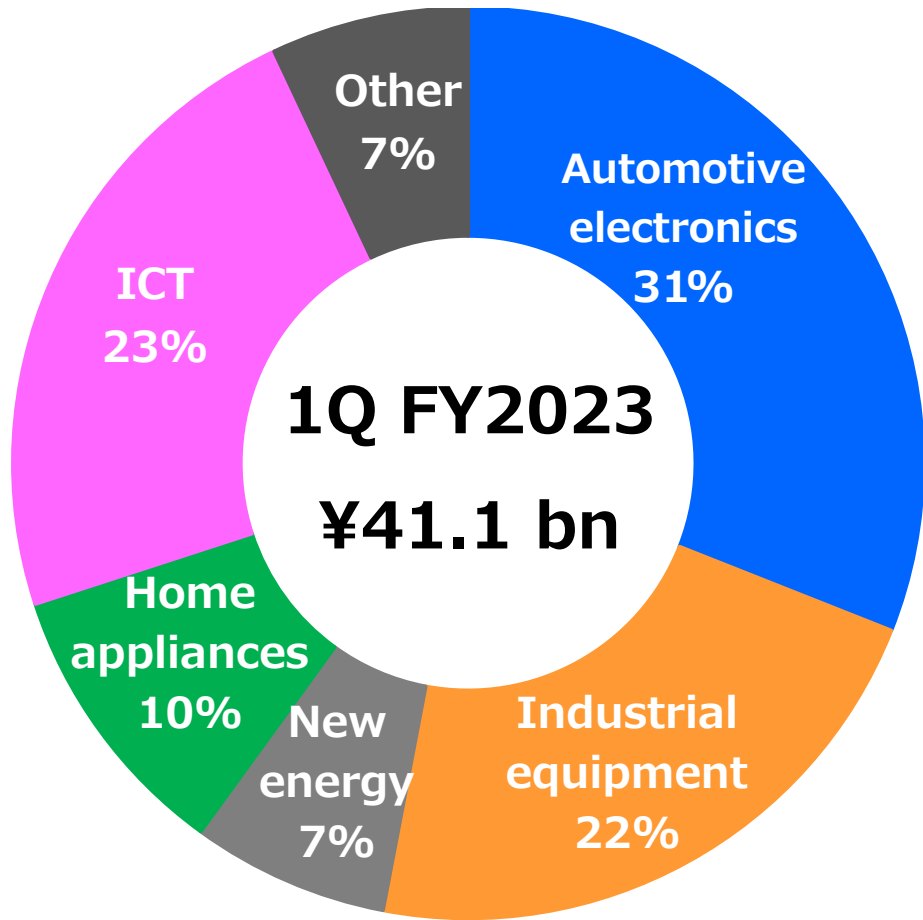
YoY: Decline in sales of all products except for aluminum electrolytic capacitors and DLCAP™/

QoQ: Decline in sales of all products except for aluminum electrolytic capacitors (Million yen, %)

| | FY2022 | | | | FY2023 | | YoY | | QoQ | |
|----------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|-------------|--------------|--------------|
| | 1Q | | 4Q | | 1Q | | Change | % Change | Change | % Change |
| | Amount | % of total | Amount | % of total | Amount | % of total | | | | |
| Aluminum electrolytic capacitors | 33,264 | 86.5 | 36,598 | 87.2 | 36,855 | 89.6 | +3,590 | +10.8 | +257 | +0.7 |
| Conductive polymer/ Hybrid | 5,020 | 13.1 | 5,577 | 13.3 | 5,293 | 12.9 | +272 | +5.4 | (284) | (5.1) |
| DLCAP™ | 910 | 2.4 | 1,365 | 3.2 | 1,209 | 2.9 | +298 | +32.9 | (156) | (11.4) |
| Ceramic capacitors/ varistors | 918 | 2.4 | 948 | 2.2 | 877 | 2.1 | (41) | (4.6) | (71) | (7.5) |
| Mechanical and other parts | 1,155 | 3.0 | 1,328 | 3.2 | 844 | 2.0 | (310) | (26.9) | (484) | (36.4) |
| Capacitor materials | 1,592 | 4.1 | 1,293 | 3.1 | 1,056 | 2.6 | (535) | (33.7) | (237) | (18.3) |
| Other | 597 | 1.6 | 450 | 1.1 | 295 | 0.7 | (302) | (50.6) | (155) | (34.4) |
| Total | 38,439 | 100.0 | 41,982 | 100.0 | 41,137 | 100.0 | +2,698 | +7.0 | (845) | (2.0) |

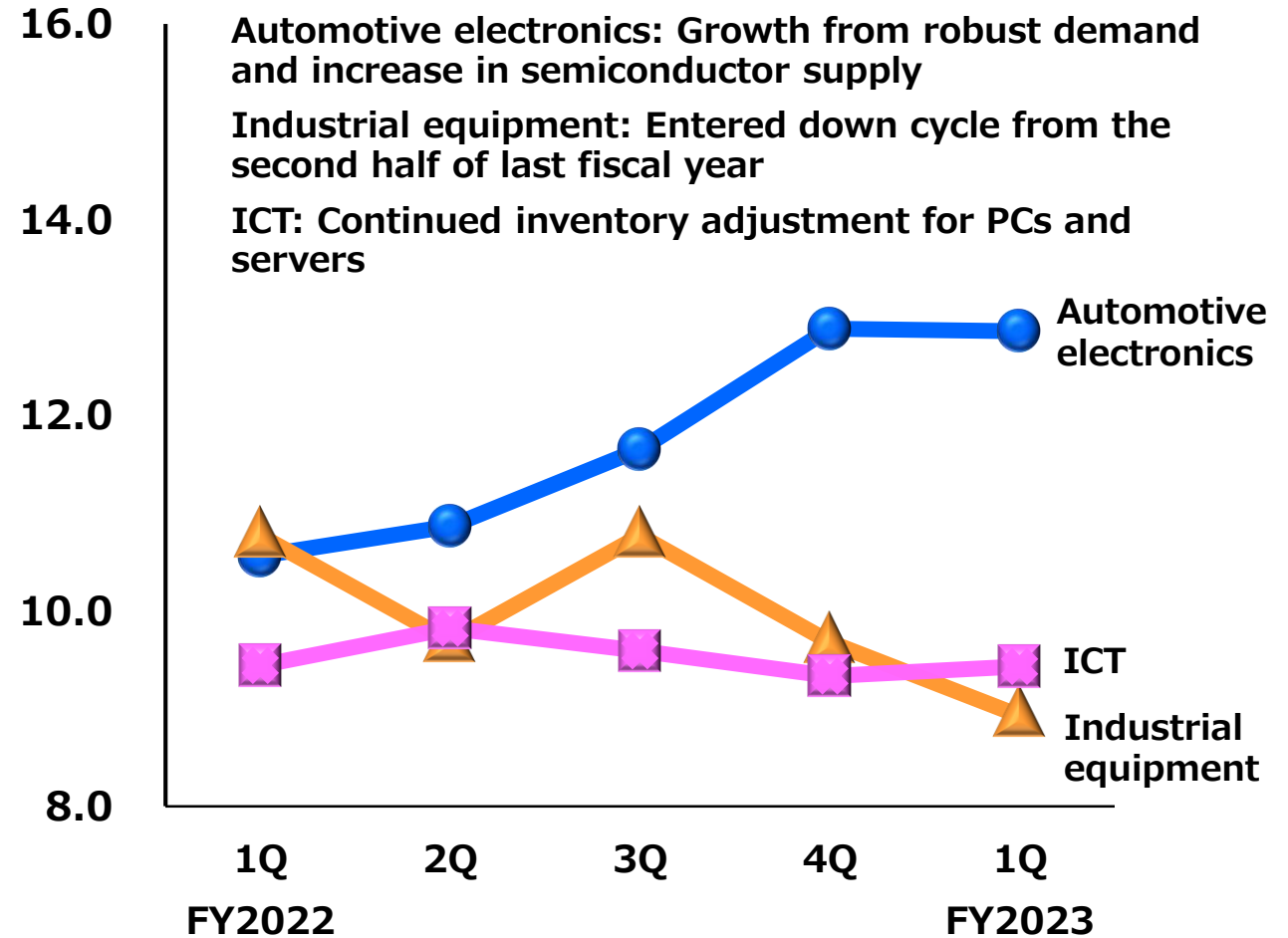
1Q FY2023 - Net Sales by Market

Percentage of Net Sales by Market



Net sales in the Three Main Markets

(Net sales: Billion yen)



FY2023 Policy: Key Measures

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

- 1. Complete structural reforms.**
(1) Increase productivity (OEE/TEEP/per-person productivity/staff productivity) and (2) Reorganization of subsidiaries in Japan
- 2. Implement product planning reforms.**
- 3. Respond swiftly to market changes (logistics improvement and inventory reduction)**
Formulate and implement future-oriented production plans and make a dedicated effort to shrink inventory
- 4. Strengthen ESG response.**
(1) Reinforce efforts to achieve carbon neutrality and (2) Promote diversity
- 5. Implement HR system reforms.**

FY2023 - Consolidated Full-Year Forecast

(Million yen, %)

| | FY2022 | FY2023 | YoY | |
|--|---------|----------|-----------------------|----------|
| | Results | Forecast | 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% | (1.7pt) | - |
| Profit/loss attributable to owners of parent | 2,273 | (9,500) | (11,773) | - |
| Ratio to net sales | 1.4% | (5.9%) | (7.3pt) | - |
| 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 | 4.0% Yen appreciation | |
| EUR (yen) | 140.97 | 140.00 | 0.7% Yen appreciation | |

*The approx. 18.1-billion-yen settlement for the U.S. civil lawsuit has been posted as extraordinary loss for 1Q FY2023.

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