

# **Financial Results Explanatory Material for FY2024 (FY ended March 31, 2024)**

**May 2025**

**Nippon Chemi-Con Corporation**

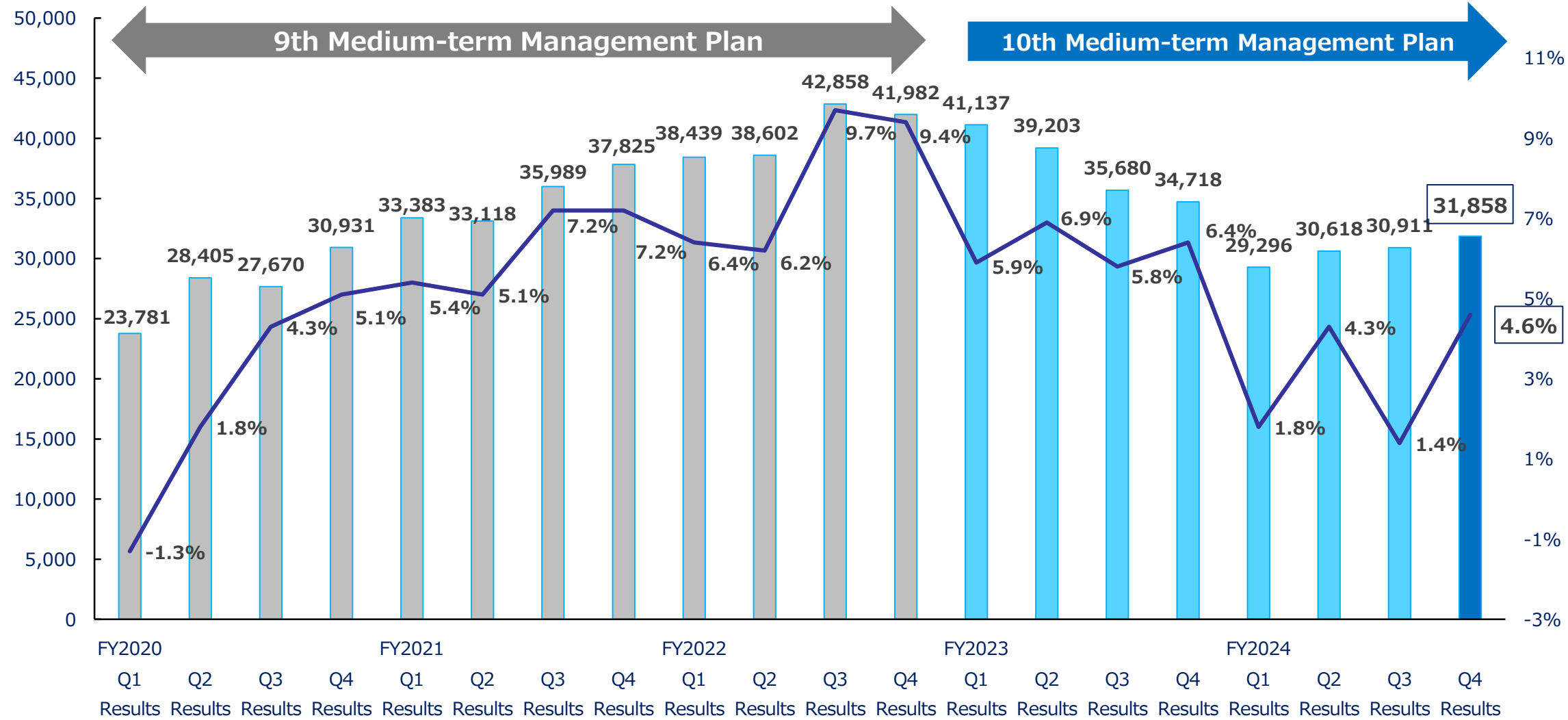
**TSE Prime Market, Securities code:6997**

# Trends in Quarterly Earnings

Net Sales  
Unit: Million yen

Operating  
Margin (%)

## Trends in Net Sales and Operating Margin



# FY2024 Consolidated Earnings Summary

Performance falls significantly below plans due to delays in the recovery of the industrial equipment market and sluggish growth for EVs in the automotive electronics market, as well as a stagnant EU market

Unit: Million yen	FY2023	FY2024	Change	Rate of Change (%)
Net Sales	150,740	122,684	-28,055	-18.6%
Operating income	9,422	3,740	-5,681	-60.3%
Operating margin	6.3%	3.0%	-3.3pt	-
Profit/loss attributable to owners of parent	-21,291	37	+21,328	-
* Excluding extraordinary loss related to antitrust law	8,313	1,011	-7,302	-87.8%
ROE	-41.2%	0.1%	+41.3pt	-
Capital investment	11,195	7,631	-3,563	-31.8%
Depreciation and amortization	6,339	6,640	+301	+4.8%
R&D expenses	4,489	4,228	-260	-5.8%
Average exchange rate: USD (yen)	144.62	152.58	Yen depreciation: 5.5%	

# Main Points of FY2024 Financial Results

## Main Points of FY2024 Financial Results

### Net Sales

**122,684** million yen  
-18.6% YoY

### Operating income

**3,740** million yen  
-60.3% YoY

### Profit attributable to owners of parent

**37** million yen  
Previous FY:  
-21,291 million yen

#### ◇ Net sales (Market Trends)

**Automotive:** Sales were low due to sluggish EV growth and a stagnant EU market.

#### **Industrial equipment:**

Customer inventory optimization progressed but market recovery was delayed as capital investments were stagnant outside of data center-related investments.

#### **ICT:**

Server demand for data centers remained favorable.

#### ◇ Operating income

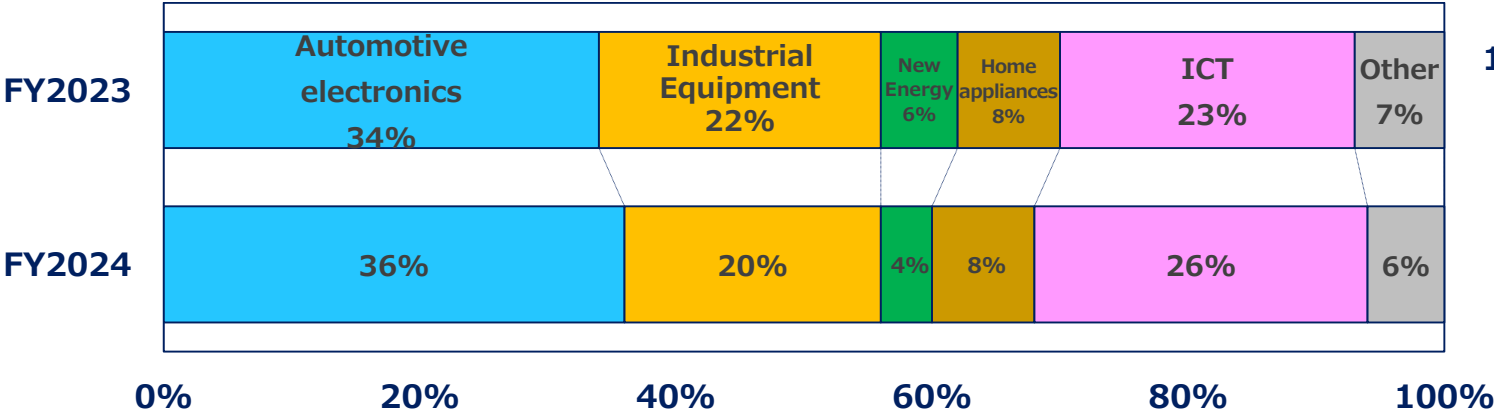
Net sales and production decreased significantly, resulting in utilization losses. In addition to delays in the recovery of the industrial equipment market, performance was also impacted by a downturn in the automotive electronics market.

We aggressively worked to constrain fixed costs and improve production efficiency (OEE improvements, etc.) but underperformed previous fiscal year results by roughly 60%.

# FY2024 Net Sales by Market and by Region

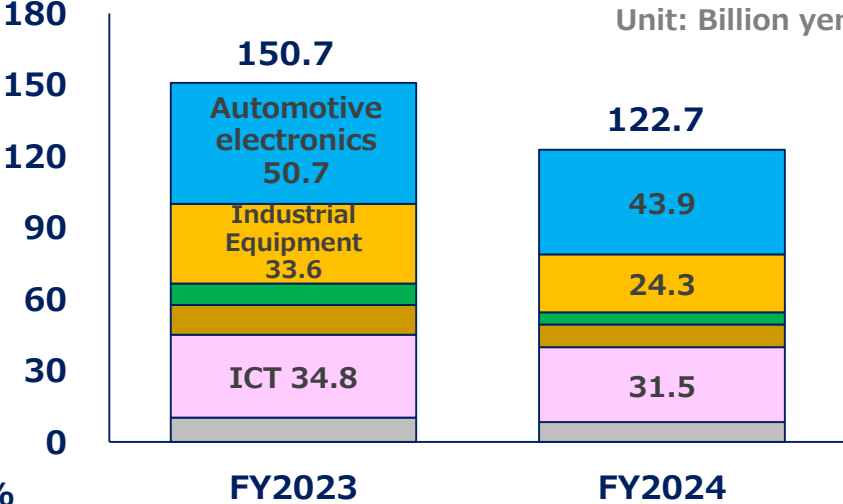
## Percentage of Net Sales by Market

ICT+3pt, automotive electronics +2pt = industrial equipment, new energy -2pt



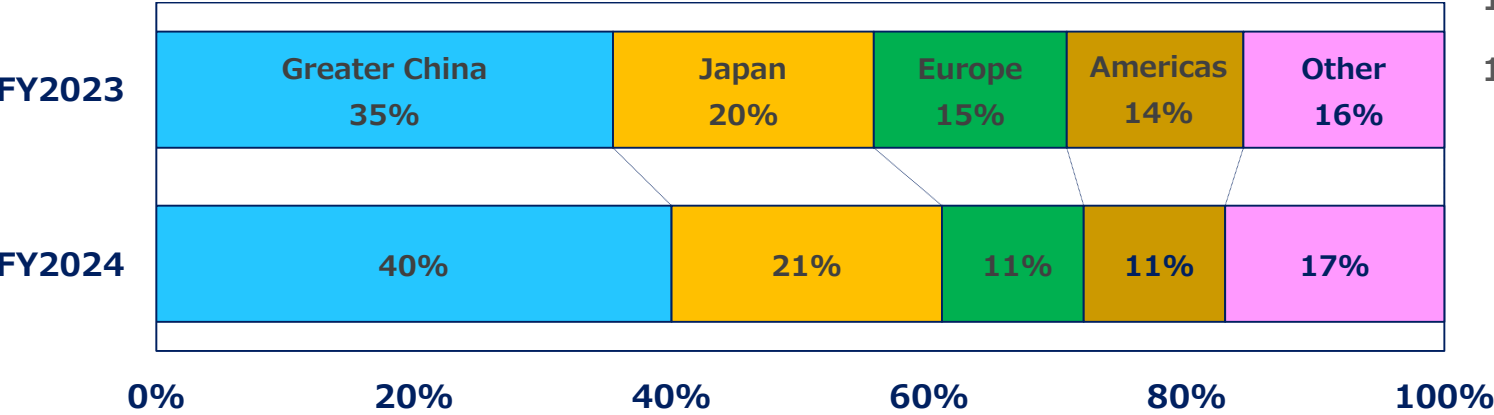
## Net Sales Trends by Market

Unit: Billion yen



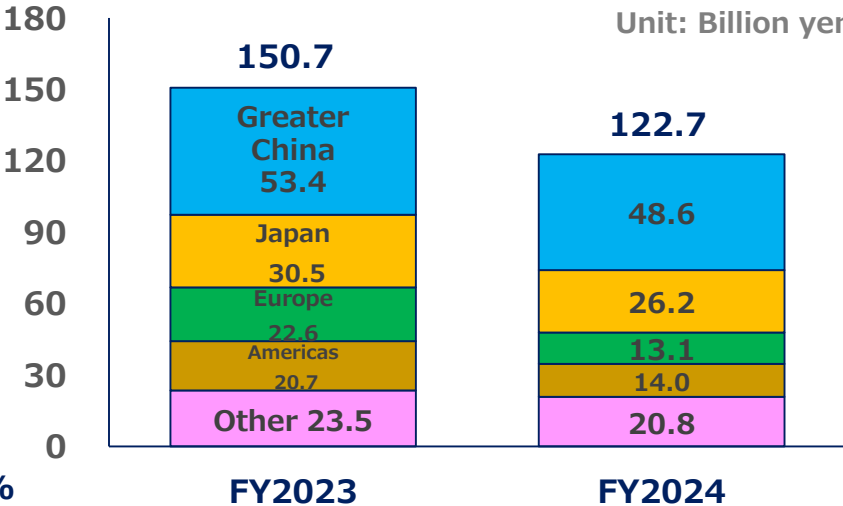
## Percentage of Net Sales by Region

Greater China +5pt, Japan, Others +1pt = Europe -4pt, Americas -3pt



## Net Sales Trends by Region

Unit: Billion yen



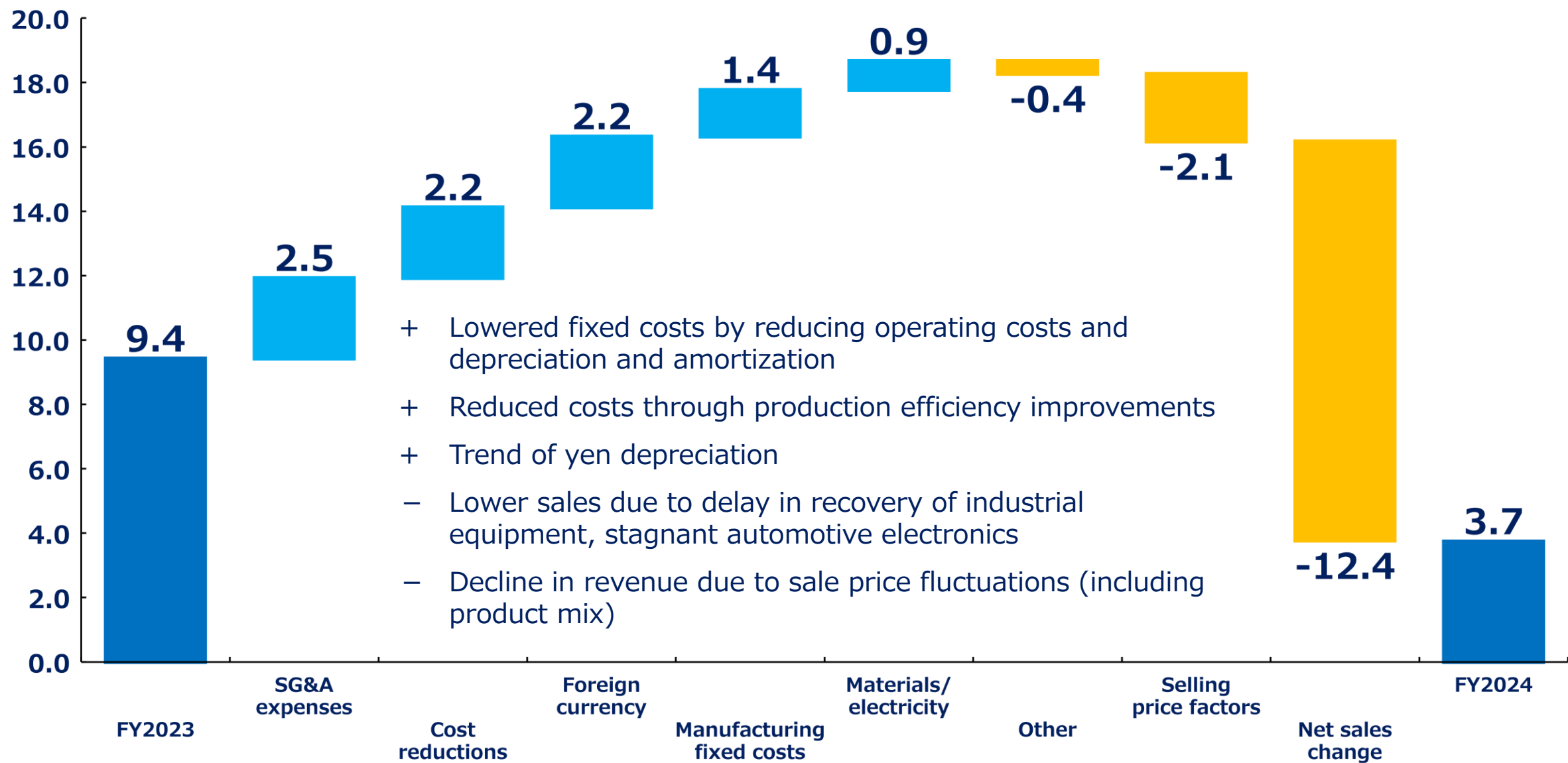
# FY2024 Net Sales by Product

Industrial equipment market and automotive electronics market were sluggish but sales of hybrid capacitors and conductive polymer capacitors for servers remained strong

Unit: Million yen	FY2023 Results	FY2024 Results	Change	Rate of Change (%)
Aluminum electrolytic	132,497	106,114	-26,382	-19.9%
Conductive polymer	21,231	20,306	-924	-4.4%
DLCAP™	5,195	3,751	-1,444	-27.8%
Ceramic capacitors/ Varistors	3,389	2,452	-936	-27.6%
Mechanical parts and other parts	3,500	3,441	-58	-1.7%
Capacitor materials	4,615	5,703	+1,087	+23.6%
Other	1,541	1,220	-320	-20.8%
Total	150,740	122,684	-28,055	-18.6%

# FY2024 Operating Income Analysis

Unit: Billion yen



# FY2024 Financial Results Summary (Statement of Cash Flow)

- ◆ Free cash flow increased YoY mainly due to an increase in net income before taxes and other adjustments and a decrease in payment amounts for antitrust law-related losses
- ◆ The balance of cash and cash equivalents decreased YoY due to the lowering of interest-bearing debt and investment in growth sectors, etc.

Unit: Million yen	FY2023 Results	FY2024 Results	Change
Cash flows from operating activities	-12,959	-493	12,465
Cash flow from investment activities	-4,817	-9,754	-4,936
Free cash flow	-17,776	◆ -10,247	7,529
Cash flow from financing activities	35,421	-11,931	-47,352
Impact (amount) of currency fluctuations	1,514	748	-766
Cash and cash equivalents balance	45,295	◆ 23,864	-21,430
Reference: Cash flows from operating activities (Excludes payment amounts for antitrust law-related losses)	19,948	870	-19,078

# FY2024 Classified Shares

**March 10, 2025**  
**Press release**  
※Japanese Only

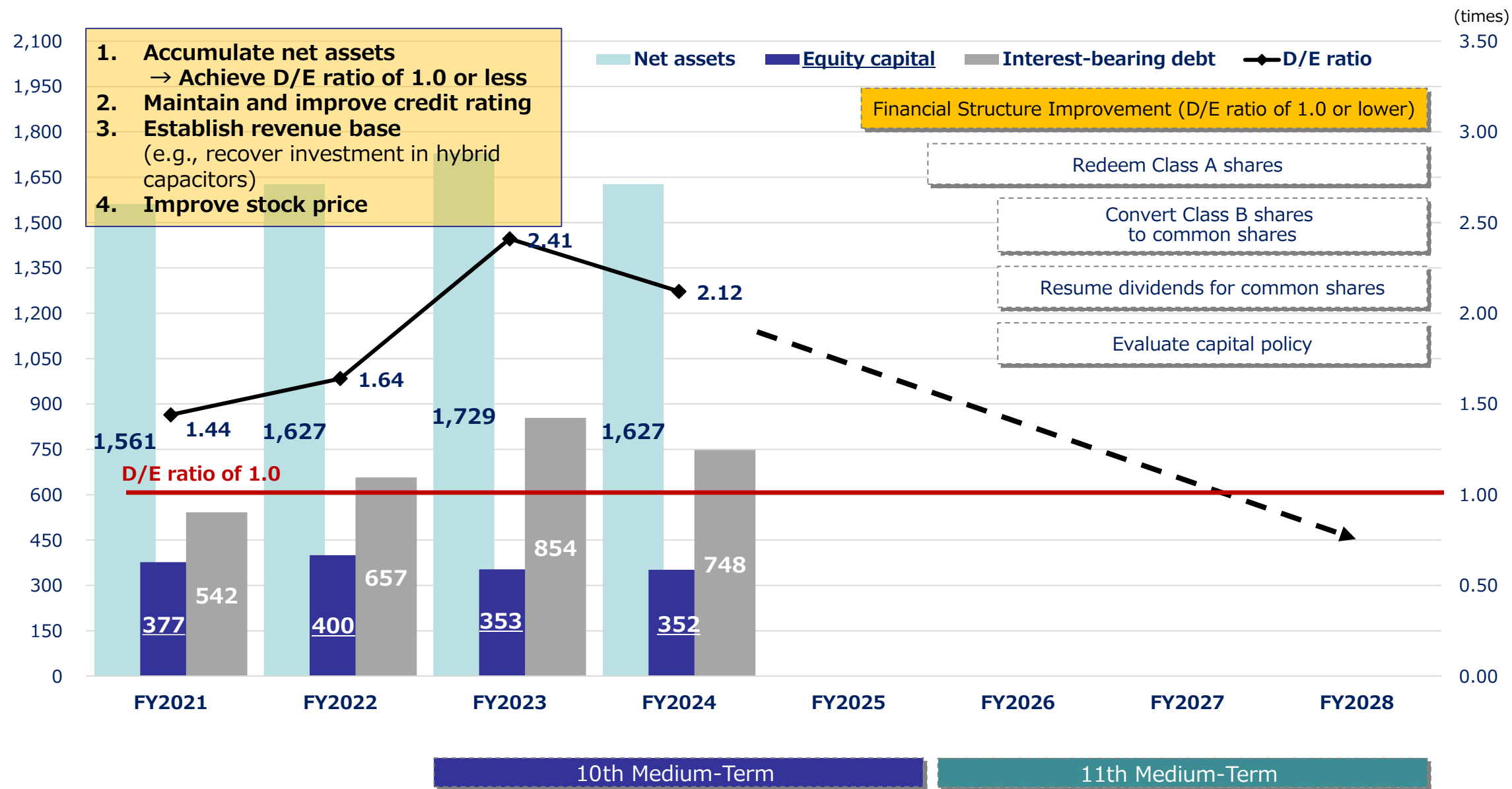
**The removal of conversion restriction from FY2025 onwards was accelerated by one year**

Applies to "In the case of confident projections that results will fall, or have already fallen, 20% below the FY2024 Medium-term Management Plan target of 11 billion yen"

## ■ However, we have received the following the policy from JIS Fund

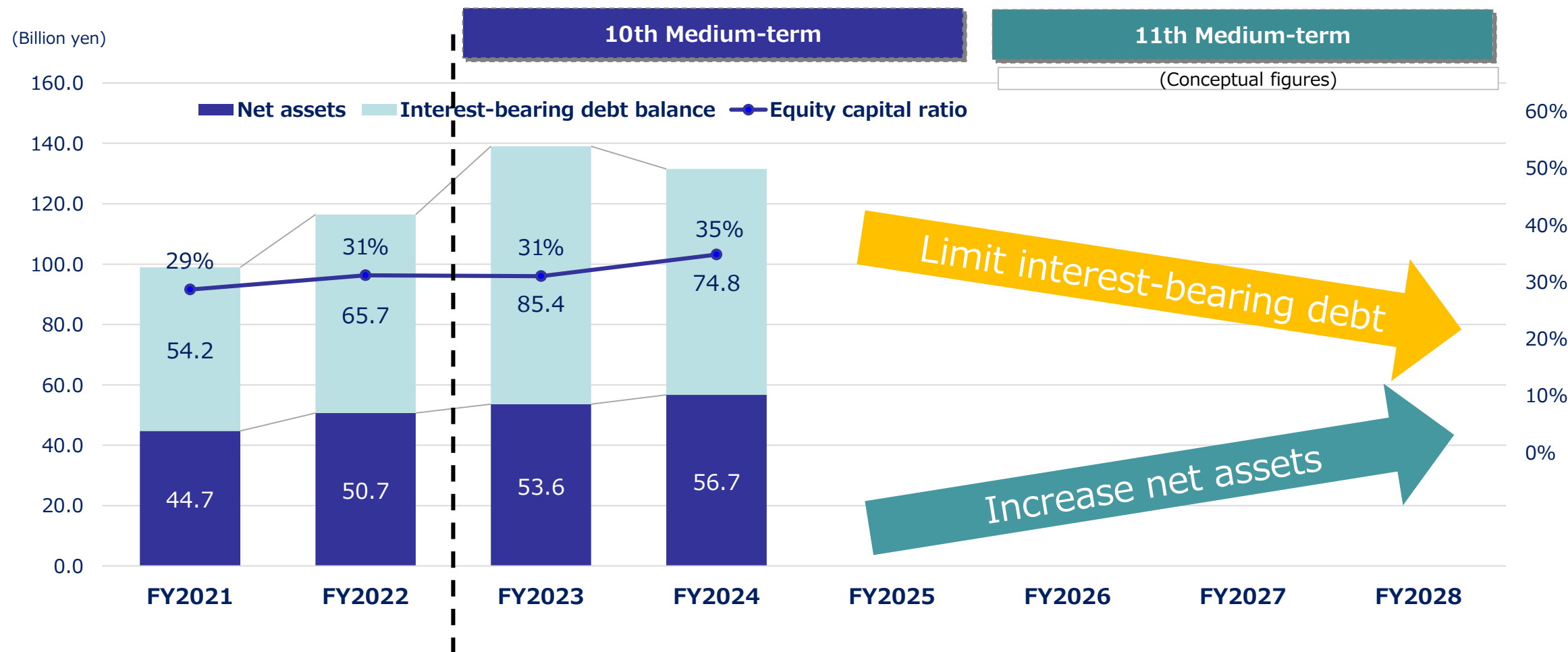
- |     |  |   |
|-----|--|---|
| (1) | For the time being, JIS policy is to not allow the transfer of this class of shares to a third party |   |
| (2) | Class A shares   | For the time being, there are no plans to exercise acquisition claims involving common stock as the compensation  |
| (3) | Class B shares   | Assumes that JIS Fund will gradually exercise acquisition claims to acquire Company common stock and then sell said shares on the market when it is deemed appropriate for the objective of achieving capital gains by improving the Company's corporate value and maximizing share value |

# FY2024 Profit/Loss, Other Financial Information (Trends in Balance Sheet)



# FY2024 Profit/Loss, Other Financial Information (Trends in Financial Position)

In light of the impact of demand fluctuations, this fiscal year equity capital increased only slightly. From next fiscal year onwards, we will aim to improve financial structure by accumulating retained earnings, redeeming and converting class shares, and repaying interest-bearing debt.



# FY2025 Consolidated Full-Year Forecast

Earnings are projected to improve on increased sales and improvement in product mix thanks to a recovery in the industrial equipment market and increased demand for parts for the ICT and automotive electronics markets

Unit: Million yen	FY2024	FY2025				
	Full-year Results	1H plan	2H plan	Full-year Plan	Change YoY	% Change YoY
Net Sales	122,684	66,000	80,000	146,000	+22,315	+19.0%
Operating income	3,740	1,200	6,300	7,500	+3,759	+100.5%
Operating margin	3.0%	1.8%	7.9%	5.1%	+2.1pt	-
Profit attributable to owners of parent	37	0	4,400	4,400	+4,362	-
ROE	0.1%	-	-	7.6%	+7.5pt	-
Capital investment	7,631	3,800	2,200	6,000	-1,631	-21.4%
Depreciation and amortization	6,640	3,100	3,200	6,300	-340	-5.1%
R&D expenses	4,228	2,200	2,200	4,400	+171	+4.0%
Average exchange rate: USD (yen)	152.58	145.00	145.00	145.00	5.0% yen appreciation	

# Main Points of FY2025 Consolidated Full-Year Forecast

Main Points of FY2025 Forecast (excluding impact of tariffs)	
Net Sales	◇ Net Sales
146,000 million yen YoY +19.0%	<ul style="list-style-type: none"><li>* For the automotive electronics market, we forecast an end to parts inventory adjustments and growth for high value-added products, particularly hybrid capacitors.</li><li>* The industrial equipment market saw inventory adjustments subside towards the end of 1Q, so we are forecasting demand recovery from 2Q.</li><li>* For the ICT market, we forecast that investment in data centers, mainly by major IT companies in the US, will remain strong. We forecast increased demand not only for conventional servers but also for AI servers, resulting in higher demand for high-profit products such as hybrid capacitors.</li></ul>
Operating income	◇ Operating income
7,500 million yen YoY +100.5%	<ul style="list-style-type: none"><li>* With increased net sales, net production will also increase, which will improve utilization gains. At the same time, the increase in hybrid capacitors will improve the product mix, resulting in improved profitability.</li><li>* We will work to achieve further productivity improvements by promoting the smart factory transformation of our manufacturing sites.</li></ul>
Profit attributable to owners of parent	
4,400 million yen Previous FY 37 million yen	

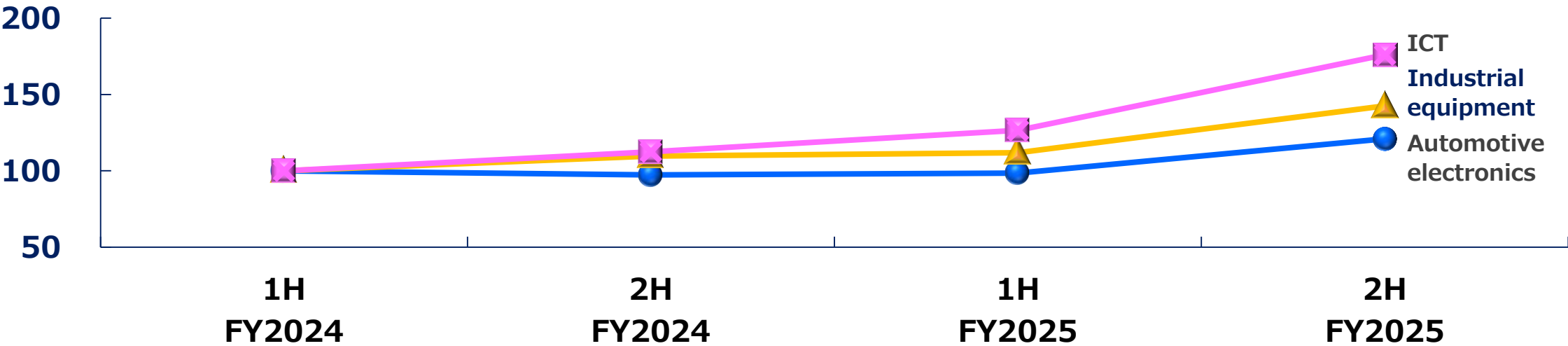
# FY2025 Difference Compared to the 10th Medium-term Management Plan

- ◇ **External environment:** Orders fell significantly from initial plans due to a market correction as customers had excess inventory investments attributable to the semiconductor shortage caused by COVID-19, the prolonged conflict in Ukraine, and a slowdown in China's economic growth.
- ◇ **Operating revenue:** Planning to launch new products such as hybrid capacitors and large-format products for servers on growth projections for the generative AI market. The plans incorporate manufacturing cost reductions along with initiatives to reduce fixed costs.

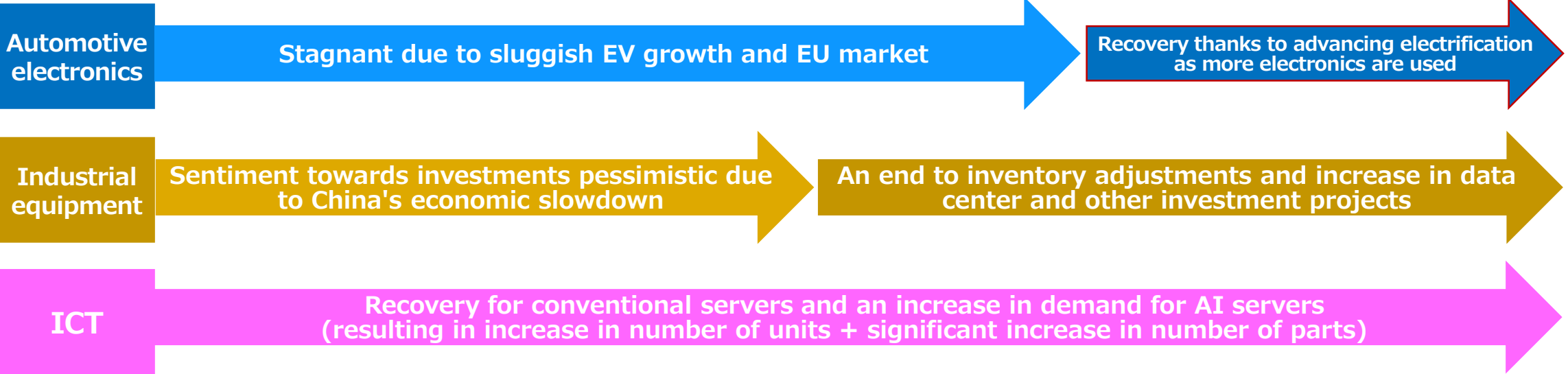
Unit: Million yen	FY2025 Plan	10th Medium-term Management Plan (FY 2025)	Projected difference
Net Sales	146,000	170,000	-24,000
Operating income	7,500	14,000	-6,500
Operating margin	5.1%	8.2%	-3.1pt
Profit attributable to owners of parent	4,400	10,000	-5,600
Interest-bearing debt	73,000	60,000 or less	-
D/E ratio	1.9 x	1.1 x or less	-
ROE	7.6%	15.0%	-7.4pt
ROIC	3.4%	7.0%	-3.6pt

# Current Business Environment and FY2025 Forecast (Envisioned market rebound)

[Net Sales Index Trends by Market] (1H/FY2024≐100)



Market Forecasts



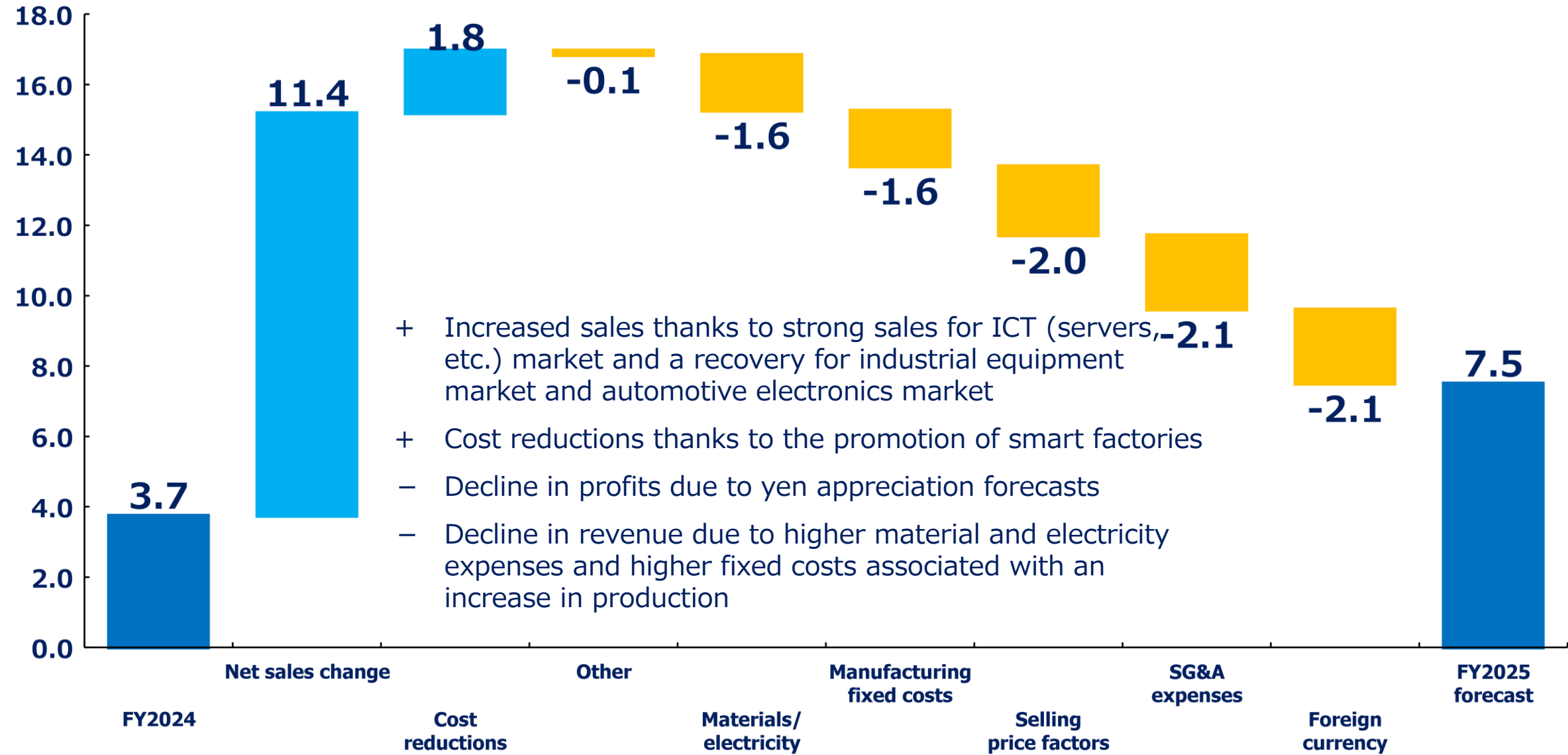
# FY2025 Forecast of Net Sales by Product

Increased sales of aluminum electrolytic capacitors thanks to a recovery in industrial equipment market and increased number of parts for the ICT market (AI servers, etc.) and automotive electronics market

Unit: Million yen	FY2024 Results	FY2025					
		1H plan	2H plan	Full-year Forecast	% Composition (full-year forecast)	Change YoY	% Change YoY
Aluminum electrolytic	106,114	58,300	72,200	130,500	89.4%	+24,385	+23.0%
Conductive polymer	20,306	11,100	12,700	23,800	16.3%	+3,493	+17.2%
DLCAP™	3,751	1,700	1,900	3,600	2.5%	-151	-4.0%
Ceramic capacitors / Varistors	2,452	1,100	1,300	2,400	1.6%	-52	-2.2%
Mechanical parts and other parts	3,441	1,800	1,900	3,700	2.5%	+258	+7.5%
Capacitor materials	5,703	2,500	2,000	4,500	3.1%	-1,203	-21.1%
Other	1,220	600	700	1,300	0.9%	+79	+6.5%
Total	122,684	66,000	80,000	146,000	100.0%	+23,315	+19.0%

# FY2025 Analysis of Factors Behind YoY Change in Operating Income

Unit: Billion yen



# 10th Medium-term Management Plan Growth Strategy: Promote structure for increase hybrid capacitor production capacity

## Increasing in production capacity of hybrid capacitors

### ■ Chemi-Con East Japan Corp. Miyagi Plant

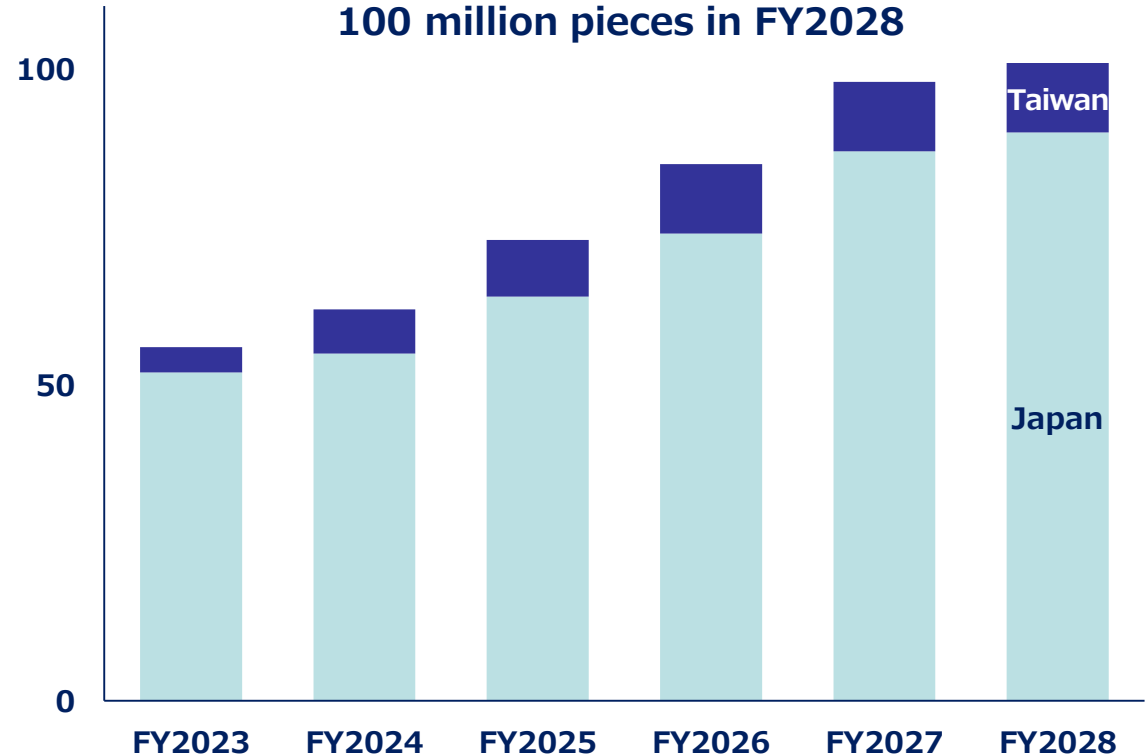
- Completion of new manufacturing building (end of June 2024) → Start production in October
- May 2025 Production line transfer, expansion within the year (as planned)



### ■ Production expansion to progress as planned

Million units/  
month

Planned monthly production capacity of  
100 million pieces in FY2028



Approximately one-third of total capital investment in FY2024-25 related to hybrid capacitors

# 10th Medium-Term Management Plan Growth Strategy: Competitive Advantage on Server Market

**Aim for growth by capturing server market growth to expand profits**  
**Demand for electrolytic capacitors will increase significantly on increasing power consumption**

## Supply Capability

**Production system capable of supplying large-format server projects**

- The strength of owning factories for both electrode foils and finished products
- Increase operating efficiency by conducting the mass production of a small variety of products

## Product Reliability

**Proven track record for the high-quality, highly reliable products needed to keep infrastructure running**

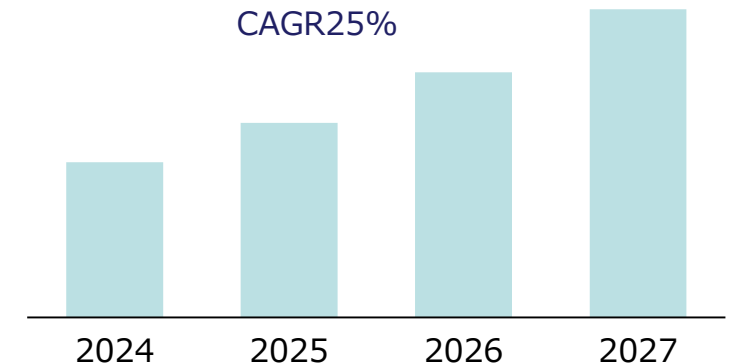
- Long history of partnership with major power supply manufacturers
- Proven track record of hybrid capacitor adoption in the automotive electronics market

## Technology Innovation

**Products that respond to increasing power consumption, such as high wattage servers**

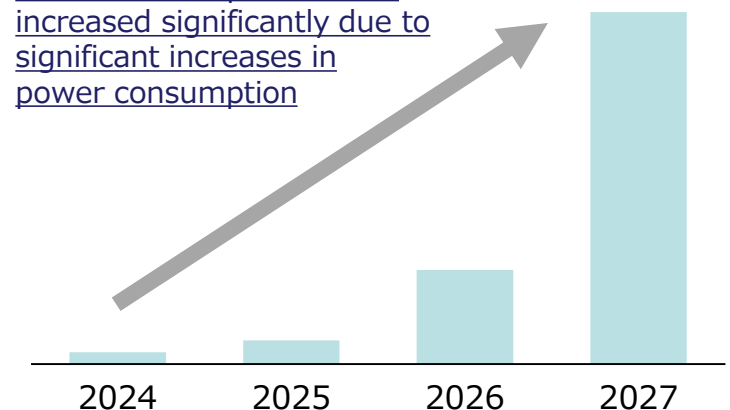
- Diverse lineup of hybrid capacitors and conductive polymer capacitors
- Used new technology to improve performance, offer the products for immersion cooling systems

Number of AI servers



Our sales for AI servers

Demand for capacitors has increased significantly due to significant increases in power consumption



# 10th Medium-Term Management Plan Growth Strategy: Product Strategy for the AI Server Market

Aiming for broad adoption for AI servers as a key market

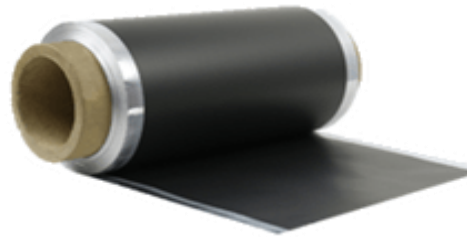
[Aluminum Electrolytic Capacitors]

New cathode foil developed in-house will be incorporated into all products

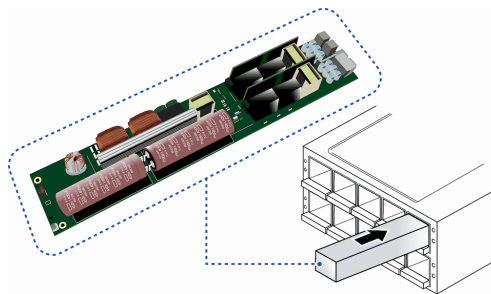
[EDLC] Propose solutions for AI servers

**New foil that offers high performance and cost advantages**

- High capacitance for large power consumption
- Longer lifetimes and higher temperatures durability
- Patented technology

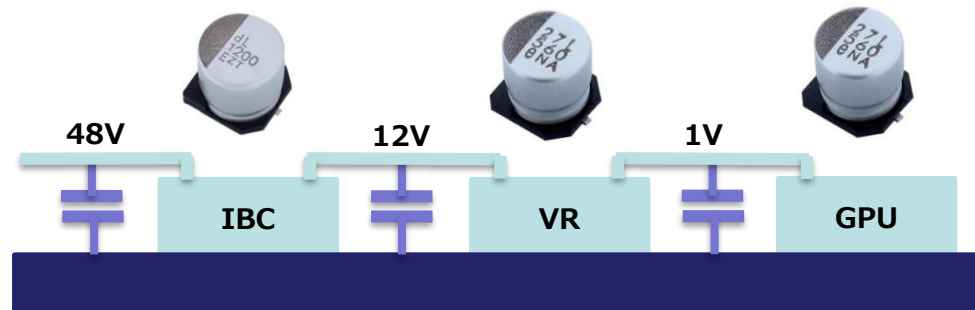


High-capacity large size capacitors



Power supply unit (input)

Hybrid capacitors  
Conductive polymer capacitors



IBC : Intermediate Bus Converter / VR : Voltage Regulator

**Developed EDLC  
for peak shaving**



Introduced at the Automotive Exhibition

# 10th Medium-Term Management Plan Growth Strategy: Promoting Smart Factory Initiative to Improve Productivity and Save Labor

## Production process automation

Labor-saving measures based on manufacturing process automation  
Implement external product appearance sorting, conveyance between lines

**FY2023-24 results:**  
Labor savings of 70 people

## SCM Restructuring

Scheduler/MES construction  
Improved delivery schedule adherence rate, including eliminating delayed orders

**FY2024 results:**  
Increased by 30 points

\*Compared to FY2022



**Aim to continue productivity improvements in FY2025 as well**

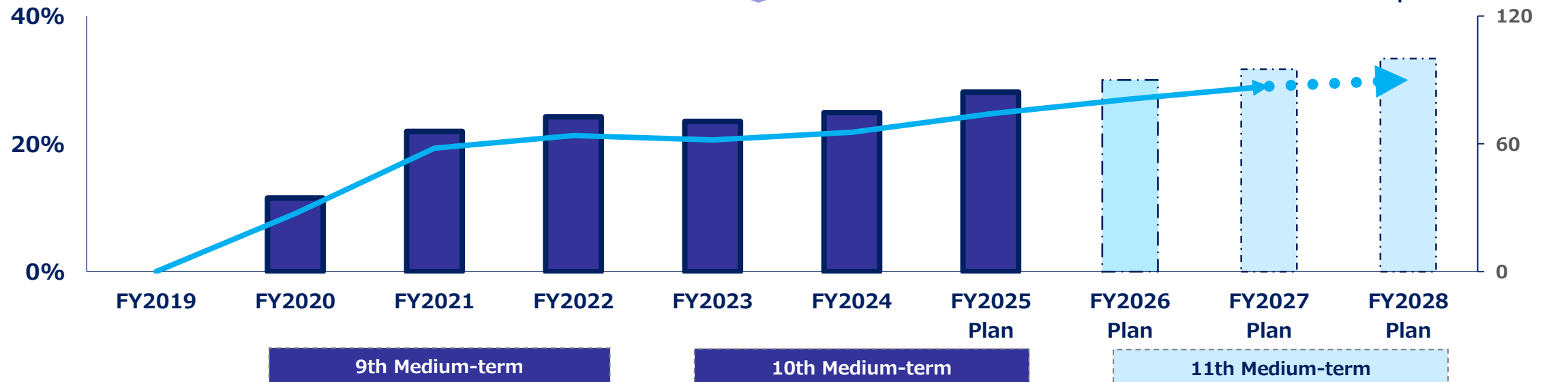
Production process automation: Planning to adopt AI sorting

SCM restructuring: Improved scheduler functions

Other smart factory measures implemented

**FY2023-25 target:**  
Generate savings equivalent to 100 employees

OEE Improvement rate: %  
(OEE: overall equipment effectiveness)



- **Impact of the US government's reciprocal tariff policy and measures to address this policy**
  - **Global footprint**

Maximize the effective use of our global production sites

We are the only company in the US that has both an aluminum electrode foil and an aluminum electrolytic capacitor plant
  - **Changes in demand in major markets, production shift by customers, changes in SCM, etc.**

Utilize global footprint to achieve flexible and rapid procurement, production, and sales response
  - **Fluctuation in assumed currency rates**
  - **Sudden fluctuations in raw material and energy prices, increases in logistics costs, etc.**
- \* **The impact of tariff policies, their associated impact on the global economy, and the actual impact of exchange rate trends are currently under investigation and have not been factored into the earnings forecast.**

# 10th Medium-Term Management Plan: Response to US trade policy risks

**Avoid risks from trade policies/Maximize potential of our supply system**  
**Strengthen the optimization of production sites, supply chains, and pricing strategies**

## Production in multiple locations

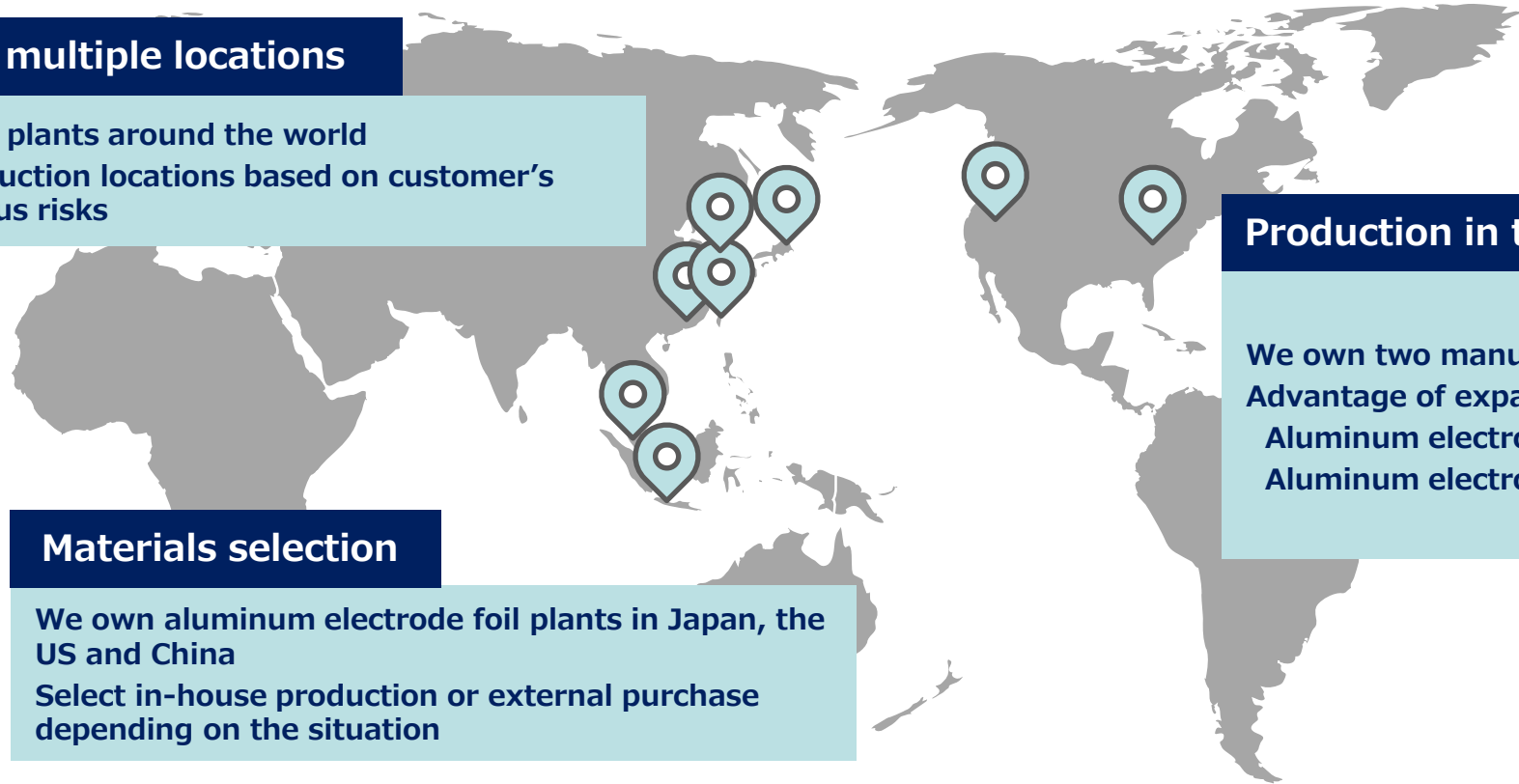
We own production plants around the world  
Select optimal production locations based on customer's demands and various risks

## Production in the US

We own two manufacturing locations in the US.  
Advantage of expanding sales to industrial market  
Aluminum electrode foil plant: Washington  
Aluminum electrolytic capacitor plant : North Carolina

## Materials selection

We own aluminum electrode foil plants in Japan, the US and China  
Select in-house production or external purchase depending on the situation



# ESG Initiatives in Strengthening Governance

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Progress toward declaring an end to the antitrust law issue that has continued for nearly 10 years

Continue implementing measures to strengthen governance

## [Current status of antitrust law]

2024/12/25 Timely disclosure of settlement to class action lawsuit in Israel

Currently only one lawsuit in Taiwan remains unresolved (no significant losses expected)

## [Measures to strengthen governance]

- Continue with measures to prevent a recurrence of antitrust law-related issues
  - Regular training by experts (external lawyers) and departments in charge of Legal Affairs
  - Submission of a written pledge on compliance with competition law by all employees
- Strengthen legal affairs
  - Invite qualified external legal experts

# Disclaimer

**This material has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

**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.**

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