

11th Medium-term Management Plan

May 2026

Nippon Chemi-Con Corporation

TSE Prime Market, Securities code:6997

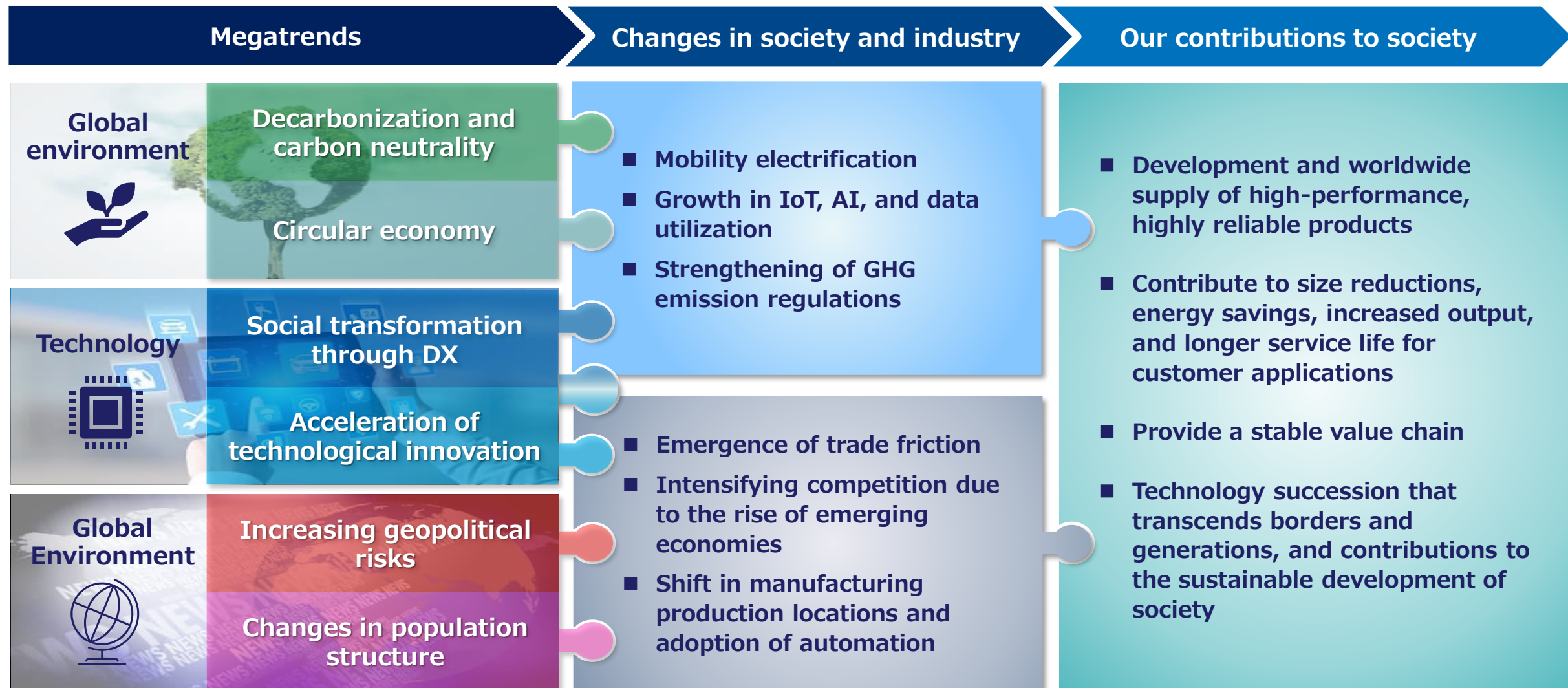
Contents

1. Analysis of our External Environment and Reflecting on the 10th Medium-term Management Plan	P. 2
2. Medium to Long-term Management Vision and a Summary of our 11th Medium-term Management Plan	P. 6
3. Summary of Business Strategy	P.10
4. Summary of Financial Strategy	P.18
5. Appendix	P.23

1. Analysis of our External Environment and Reflecting on the 10th Medium-term Management Plan

Megatrends, Changes in the Social Environment, and our Contributions to Society

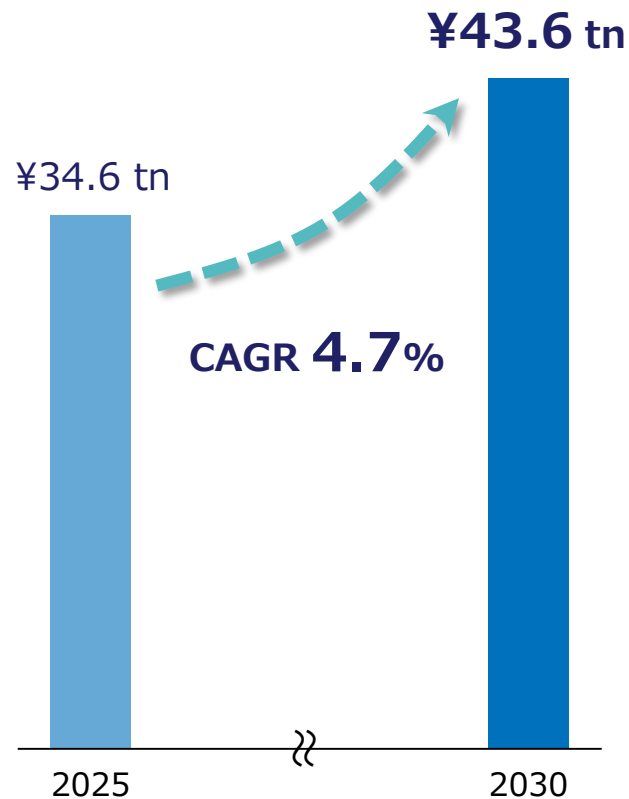
- Contribute to society through our business activities by responding to the changes in society and industry anticipated based on megatrends



Summary of the Aluminum Electrolytic Capacitor Market

- The electronic components and the aluminum electrolytic capacitor markets are projected to see continued growth driven by the electrification of mobility devices, software control and upgrades accelerating the adoption of software defined vehicles (SDV), and increased demand for data centers for AI servers

Growth forecast for the electronic components market



*Estimated based on publicly available figures

Aluminum Electrolytic Capacitor Market Overview (by Major Segment)

	Market scale* (FY2025)	Our sales projections	Application	Market conditions
Automotive electronics markets	¥217.5 bn	↗	Electronic control units Advanced Driving Assistant System (ADAS) On-board chargers, etc.	The electrification of mobility and the accelerated shift to SDV is driving increased demand for long-lasting, highly reliable products
ICT market	¥237.3 bn	→	PCs, gaming devices Communication base stations, etc.	Excluding AI-related products, 5G-related demand is largely unchanged Demand for new gaming devices increasing
Industrial equipment markets New energy markets	¥187.5 bn	↗	General purpose inverters Servo amps Switching power supplies, etc.	Market domain with intense price competition Target demand driven by data center growth
Home appliance markets	¥156.0 bn	→	Home appliances Smart meters, etc.	Low-price market Need to select and prioritize projects
AI server market	¥43.6 bn	↕	Data Center PSU	Demand for high-capacitance aluminum electrolytic capacitors is expanding rapidly due to the increasing power consumption by data centers

*Our estimates

Reflecting on the 10th Medium-term Management Plan

- While we achieved a certain level of results on an individual policy level, overall we fell significantly short of the KPI for the 10th Medium-term Management Plan due to changes in market conditions triggered by geopolitical factors and a decline in mass market share (general purpose products) due to intensifying pricing competition
- The challenge for us during the 11th Medium-term Management Plan will be to formulate and implement business strategy that enables us to increase market competitiveness to recapture mass market share (general purpose products) and adapt to market changes

10th Medium-Term Management Plan KPI					Key measures			
	FY2023 Results	FY2024 Results	FY2025 Results	10th Medium-term Management Plan Final targets	Medium-term Management Plan Measures	KPI	Results	
Net Sales	¥150.7 bn	¥122.7 bn	¥136.8 bn	¥170.0 bn	Business strategy	New product profit contributions	¥4.0 bn or more	○ Achieve cumulative contributions of ¥7.1 bn
Operating income	¥9.4 bn	¥3.7 bn	¥3.4 bn	¥14.0 bn		Increase production of hybrid capacitors	Net sales 150% (vs. 2022)	× Not achieved as net sales were 127%
ROE	-41.2%	0.1%	4.0%	15.0%		Strengthen coil business	Net sales 210% (vs. 2022)	× Significantly missed target
ROIC	-16.7%	0.0%	1.8%	7.0%	Production Strategy	Smart factory	100 people	△ Generated 90% of personnel relative to initial plans
Interest-bearing debt	¥85.4 bn	¥74.8 bn	¥70.5 bn	¥60.0 bn or lower		SCM x DX	Inventory turnover: 2.2 months Logistics expense ratio: 2.9%	△ Missed inventory turnover target (3.0 months)
D/E ratio	1.6	1.3	1.1	1.1 or lower				

Aim to improve business earnings structure by implementing cost restructuring to reduce manufacturing costs and increasing marginal profit

2. Medium to Long-term Management Vision and a Summary of our 11th Medium-term Management Plan

Medium to Long-term Management Vision and How we Position the 11th Medium-term Management Plan

- In light of our results from the 10th Medium-term Management Plan, we formulated policies and business strategy for our 11th Medium-term Management Plan to promote the realization of our Medium to Long-term Management Vision

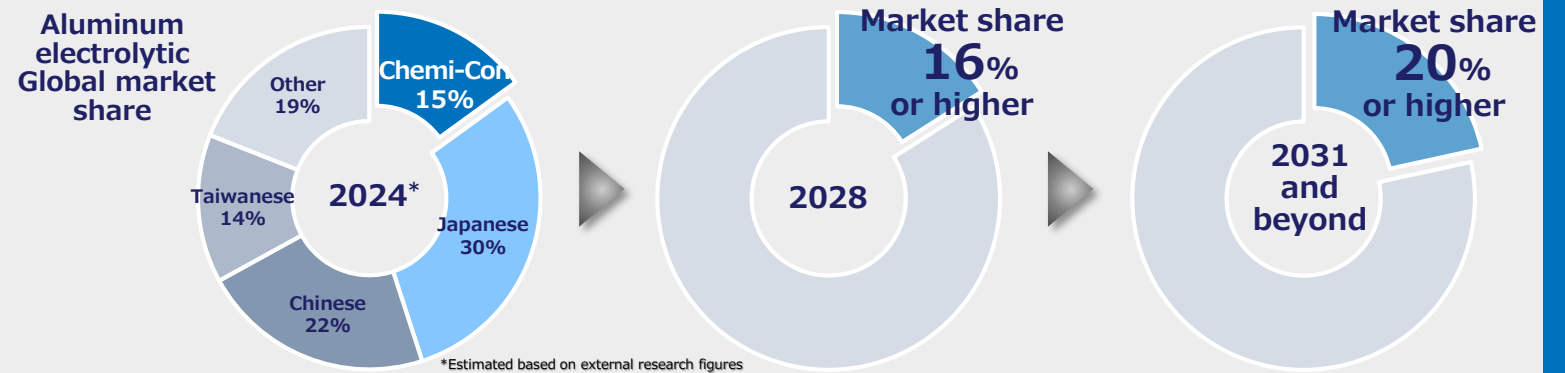
Corporate Philosophy: Contributing to Environmentally and People Friendly Technology

Our Purpose
Building a society that uses sound technology and quality to live in harmony with the environment

Mission
Keep contributing to technologies that fulfill our dreams by continuously providing the value that enables the creation of a brighter future and technological innovation

Medium to Long-term Management Vision (Where we want to be in 2031 and beyond)

- Grow to become a leading company that drives industry >> Contribute to society by providing product value represented by unwavering performance and quality
- Build a sound financial position and a stable management platform >> Continuously provide appealing products by establishing a solid management platform
- Improve employee engagement >> Be a company that promotes employee career formation and continuously provides motivation, serves as a source of pride, and offers challenges



11th Medium-term Management Plan Policies (FY2026 to FY2028)

Rebuild business foundation centered on strengthening the competitiveness of our aluminum electrolytic capacitor business

- Recapture mass market (general purpose products) share by strengthening market competitiveness
- Build a sound financial foundation by optimizing the balance of our capital and debts

FY2028 KPI targets
(Final fiscal year of the 11th Medium-term Management Plan)

Net sales **¥165.0 bn**

Operating income **¥14.0 bn**

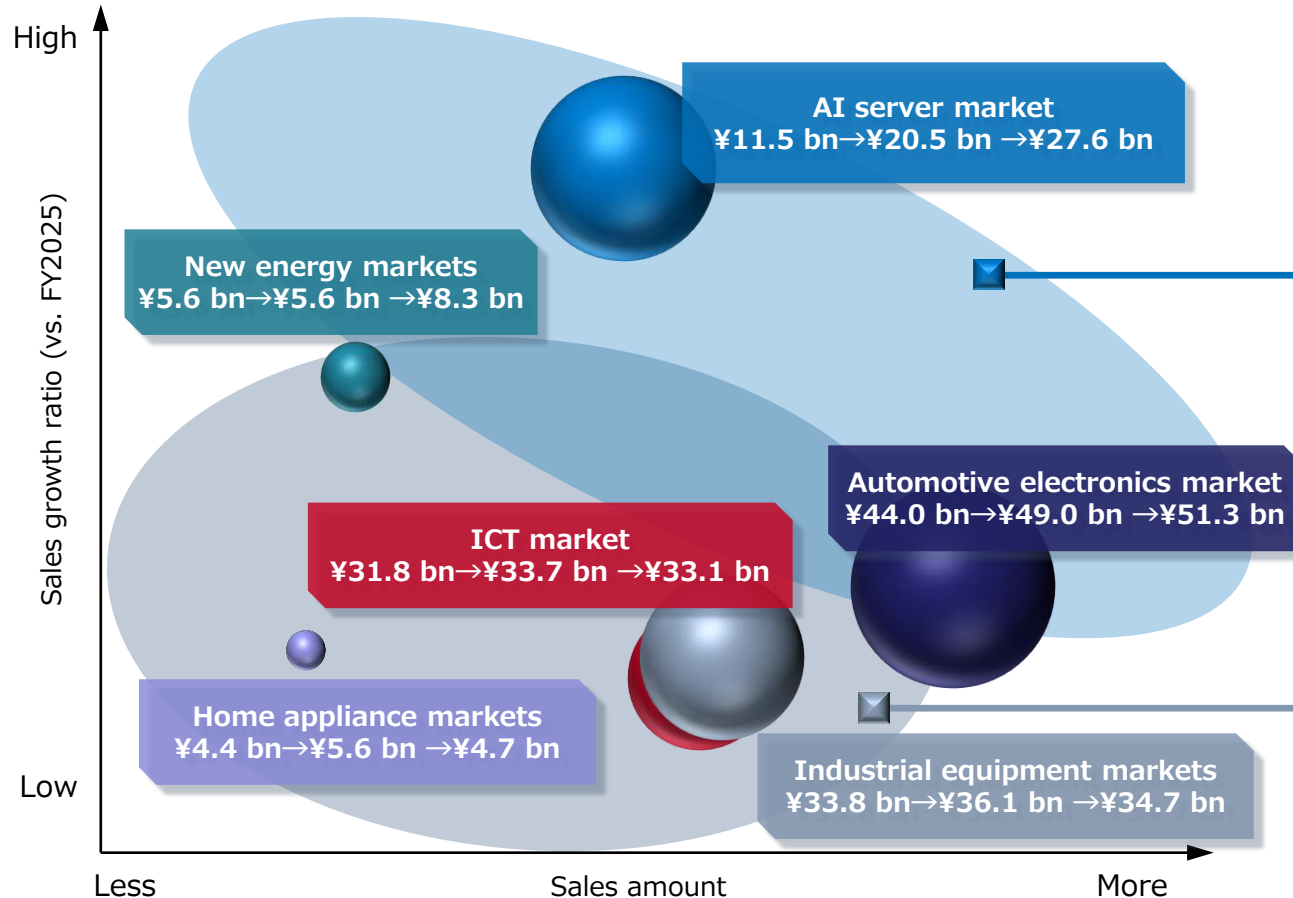
ROE **13% or higher**

Business policies for realizing our Medium-term Business Vision and Management Goals

- Aim for medium and long-term business growth by implementing business strategy that is aligned with market characteristics to increase sales and market share

Medium-term business vision by market (changes in net sales from 2025 to 2028)

Net sales : FY2025→FY2026→FY2028



Market characteristics and business policy

Growth markets and high-value-added markets

Market characteristics: A market domain with high technological barriers to entry
Basic policy: Establish market superiority by continuously injecting high-performance, high-quality products

- Promote sales growth targeting the AI server market, which is projected to grow, and the automotive electronics market, which has high requirements for performance and quality

Mass market

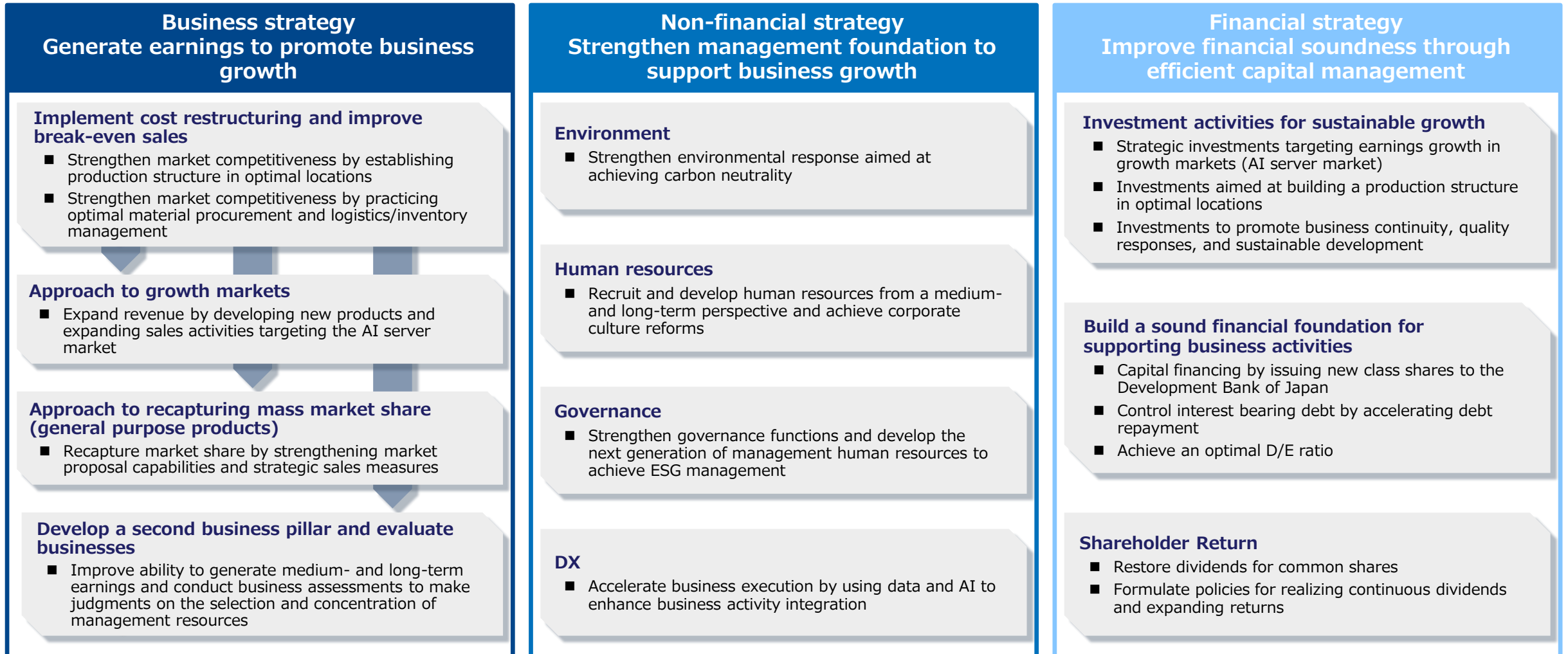
Market characteristics: A market domain with severe cost requirements
Basic policy: Implement cost restructuring to recapture market share

- Improve product market competitiveness by promoting optimal production sites and material procurement, and strengthen market proposal capabilities by engaging in strategic sales activities

*For the 11th Medium-term Management Plan onward, we compile net sales amounts for the abovementioned six markets

Overall Business Strategy for the 11th Medium-term Business Plan

- We outline rebuilding our business foundation to center on strengthening the competitiveness of our aluminum electrolytic capacitor business as our policy for the 11th Medium-term Business Plan. We will achieve medium- and long-term growth by building a corporate structure that is capable of adapting our business, non-financial, and financial strategies in response to changes in market environments

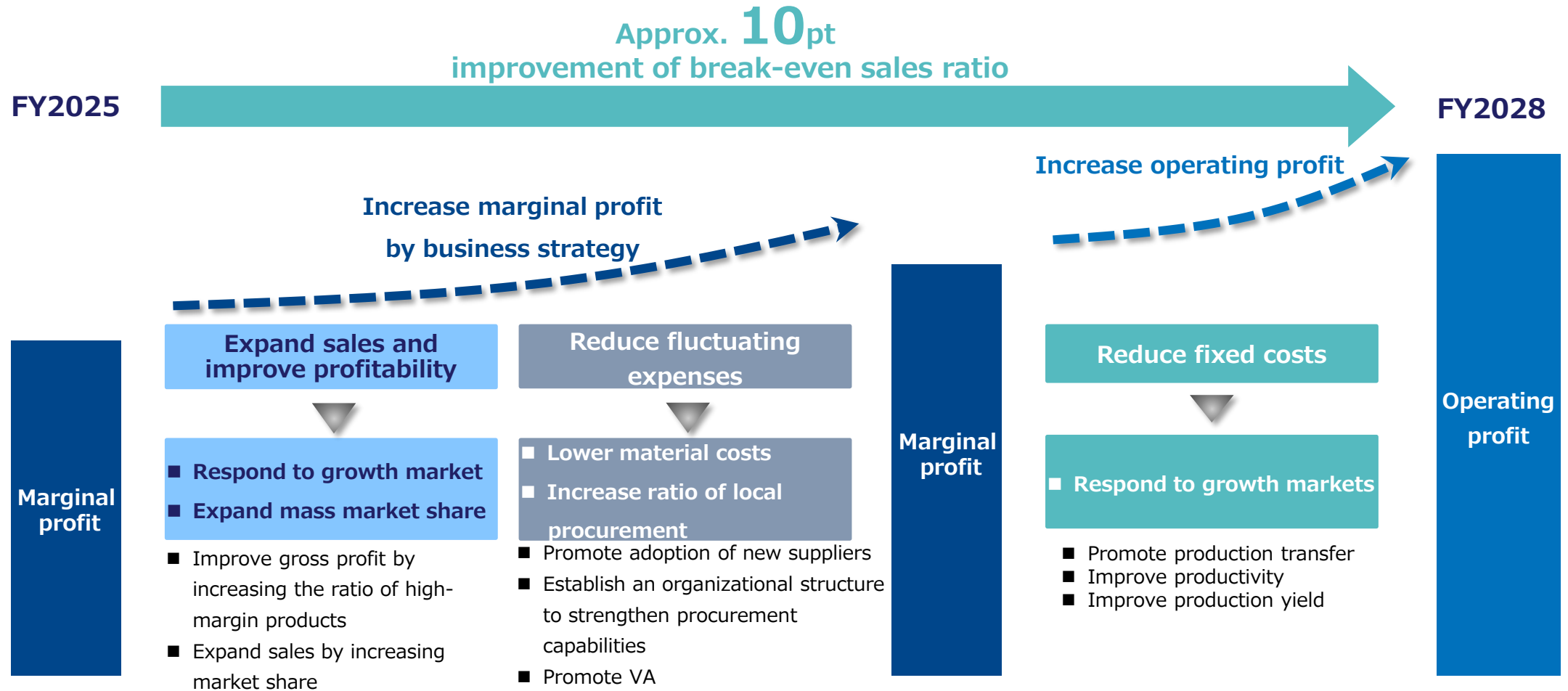


3. Summary of Business Strategy

Business Strategy: Improve Break-even Sales Ratio by Reforming Business Revenue Structure

- Aim for shift to business revenue structure that is highly adaptable to market fluctuations by improving our break-even sales ratio through cost restructuring that reduces fixed costs and sales measures for increasing marginal profit

Effect of improving break-even ratio through business strategy measures



Business Strategy: Cost Restructuring | Strengthen Market Competitiveness by Establishing an Optimal Production Structure

- Improve market competitiveness through the medium- and long-term consolidation of production and shifting to overseas production to establish a production structure that is optimized by location

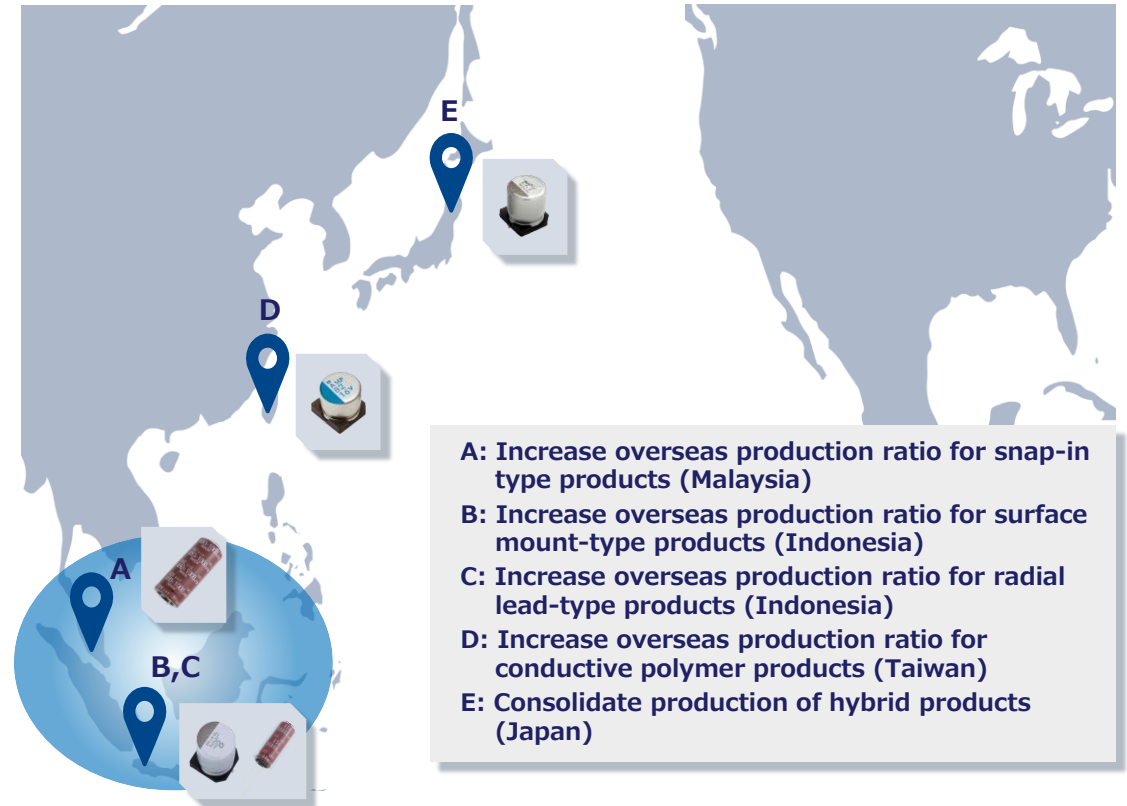
Establish an optimal production structure for aluminum electrolytic capacitors

	FY2025 (10th Medium-term Management Plan)	FY2026 (First fiscal year of the 11th Medium-term Management Plan)	FY2028 (Final fiscal year of the 11th Medium-term Management Plan)
Overseas sales ratio	80%	81%	81%
Overseas production ratio	65%	68%	74%
Overall equipment efficiency(OEE) improvement rate*1	19%	24%	32%
Snap-in type products Major production sites	Overseas (USA)	→	Malaysia
Surface mount-type products Major production sites	Japan (Miyagi)	→	Indonesia
Conductive polymer products Major production sites	Japan (Miyagi, Yonezawa)	→	Taiwan

*1. Improvement rate compared with FY2019

- Build an optimal production structure to increase the overseas production ratio to a level on par with the overseas sales ratio
- Build strong market competitiveness by improving productivity at overseas production sites

Overall image of production consolidation and shift to overseas production



- Increase market competitiveness by increasing the overseas production ratio for ASEAN region production sites

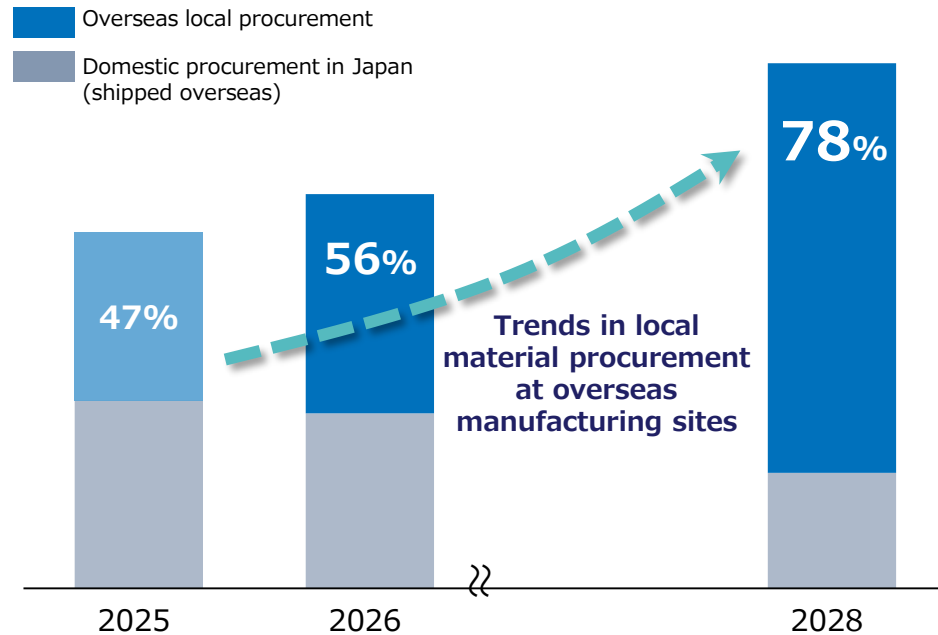
Business Strategy: Cost Restructuring | Optimal Location for Material Procurement and Logistics & Inventory Management

- Support business revenue growth driven by an optimized production structure by promoting local procurement and strengthening logistics & inventory management

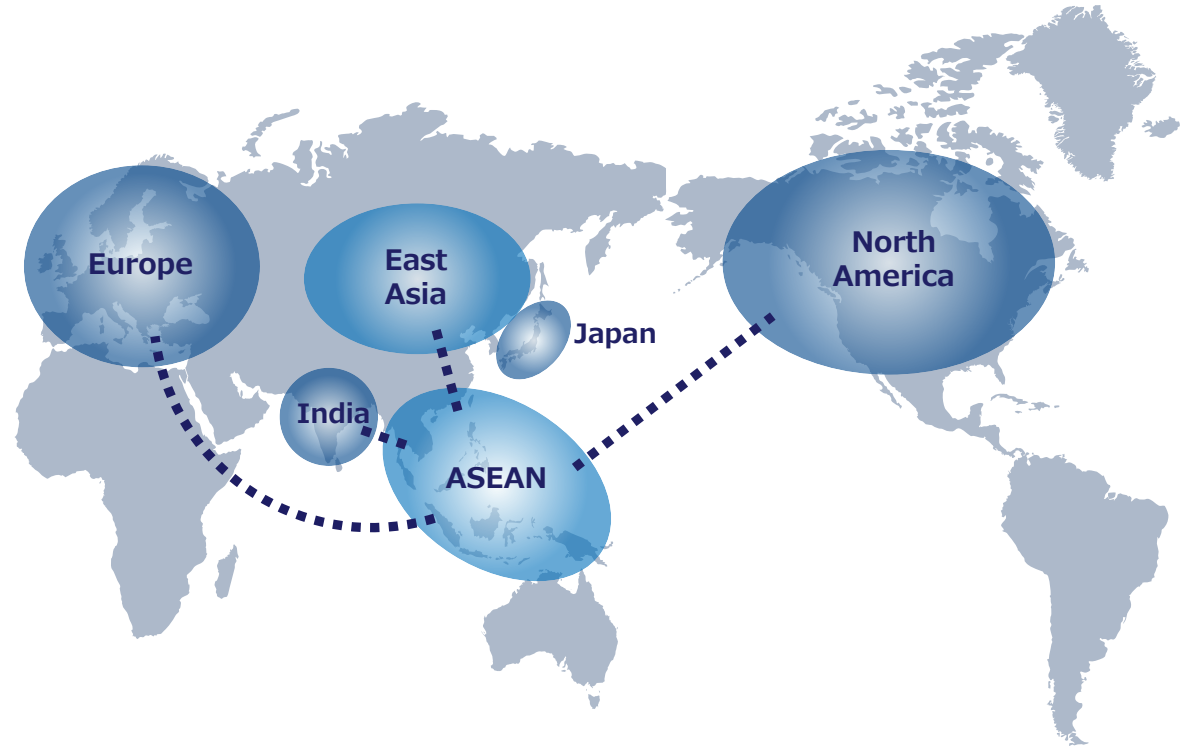
Strengthen market competitiveness by purchasing raw materials from optimal locations

Refine logistics & inventory management to support an optimized production structure

Trends in the ratio of local material procurement at overseas manufacturing sites



- Strengthen market competitiveness through an optimized production structure by promoting local procurement to ensure a stable supply of raw materials
- Strengthen global procurement capabilities by establishing a dedicated structure for proposing and implementing procurement strategy

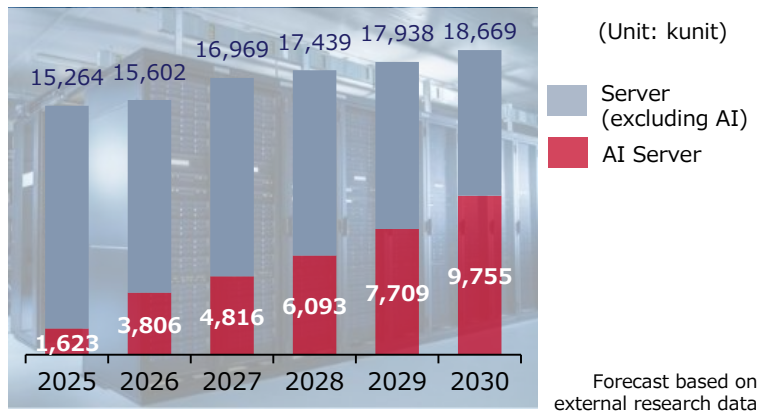


- Develop an efficient logistics network linking production sites with each region and build an inventory management structure
- In response to growth markets, optimize logistics management by shortening the number of days required for shipping to the ASEAN and East Asian regions where numerous major clients are located

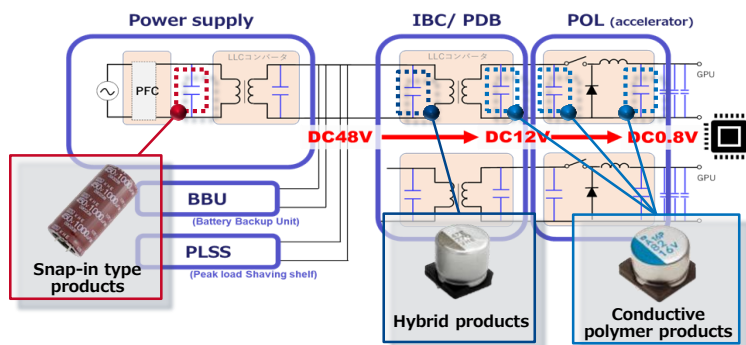
Business Strategy: Approach to Growth Markets

- Strengthen profitability by securing orders for high-capacitance aluminum electrolytic capacitors for the AI server market, which is expected to be highly profitable

Global AI server demand forecast



AI server PSU circuit configuration

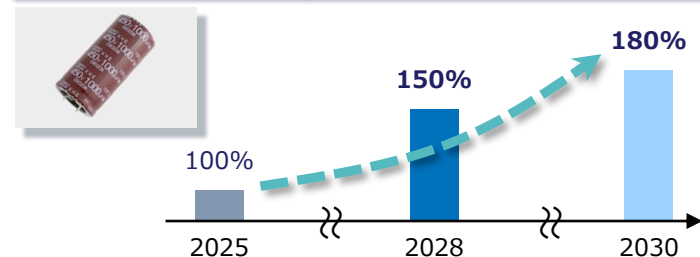


- Demand for high-capacitance aluminum electrolytic capacitors is expanding rapidly due to the increasing power consumption by data centers

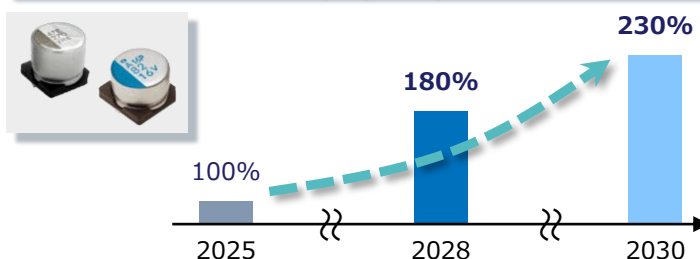
Approach to AI Server Market

New product development for AI servers

Roadmap to high-capacitance for snap-in type products

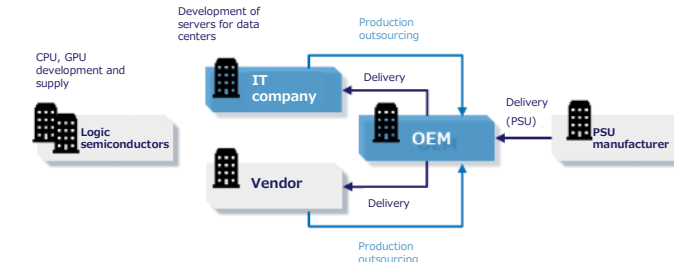
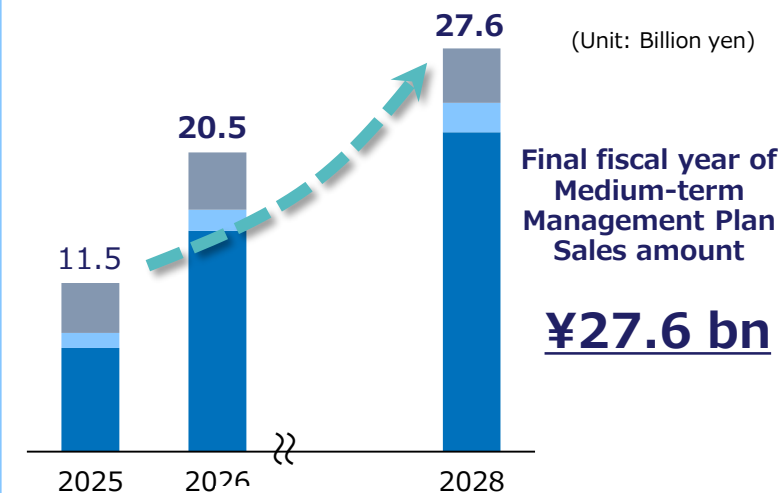


Roadmap to high-capacitance for hybrid and conductive polymer products



- Achieve dynamic increase in capacitance for aluminum electrolytic capacitors through a fusion of elemental technologies (materials, component design technology)
- While developing high-capacitance products, also conduct R&D activities pursuing next-generation products to establish medium- and long-term market superiority

AI server market-related sales projections

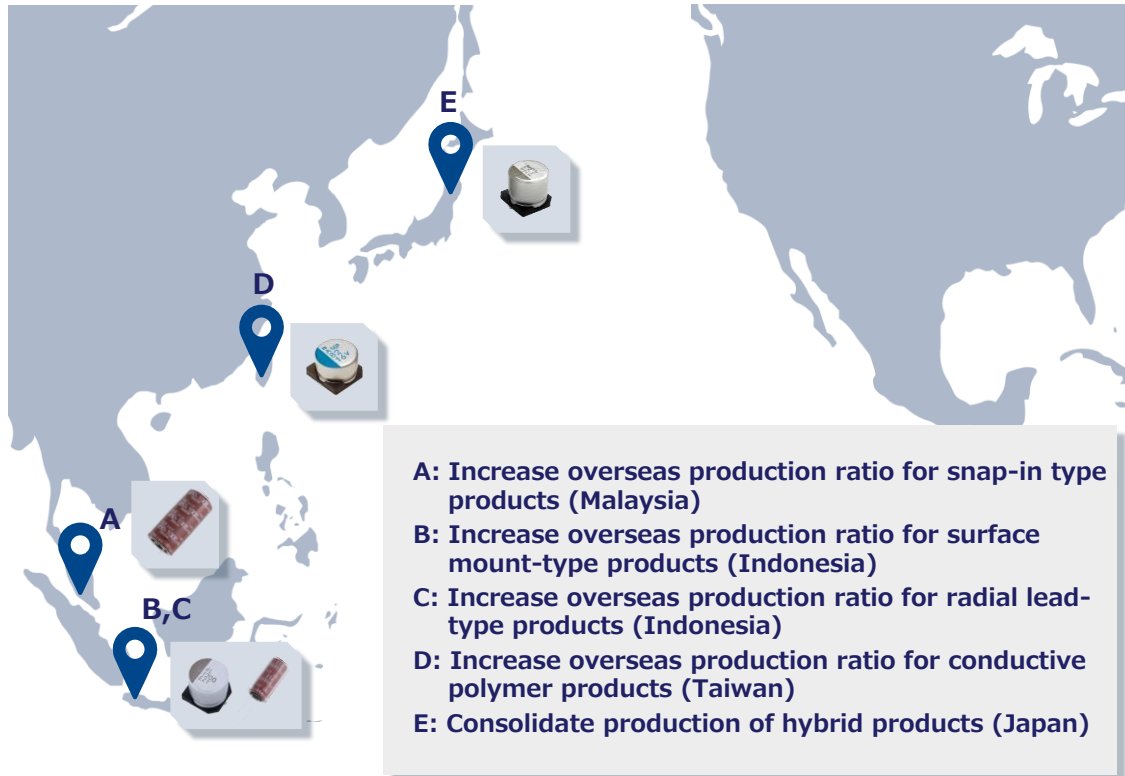


- Expand profits by engaging in comprehensive sales activities targeting data center server-related customers to secure orders

Business Strategy: Approach to Recapturing Mass Market Share (General Purpose Products)

- Aim to recapture share in each target market through cost restructuring centered on optimal production to increase market competitiveness

Approach to recapture share: Build optimal manufacturing footprint



- Recapture mass market share (general purpose products) by building an optimal production structure to enable comprehensive cost restructuring, from manufacturing and sales to logistics

Target markets

Automotive electronics

Key products: Hybrid products



- Work to expand market share centered on the automotive electronics market by promoting the adoption of products incorporating new materials while also aiming to expand profits through utilization gains

Key products: Surface mount-type products



- Aim to expand market share centered on the automotive electronics market by promoting the adoption of products incorporating new materials and cost restructuring to increase market competitiveness

Target markets

ICT

Key products : Conductive polymer products



- Aim to recapture market share centered on the ICT market by promoting the adoption of new materials to increase market competitiveness

Target markets

Industrial equipment

New energy

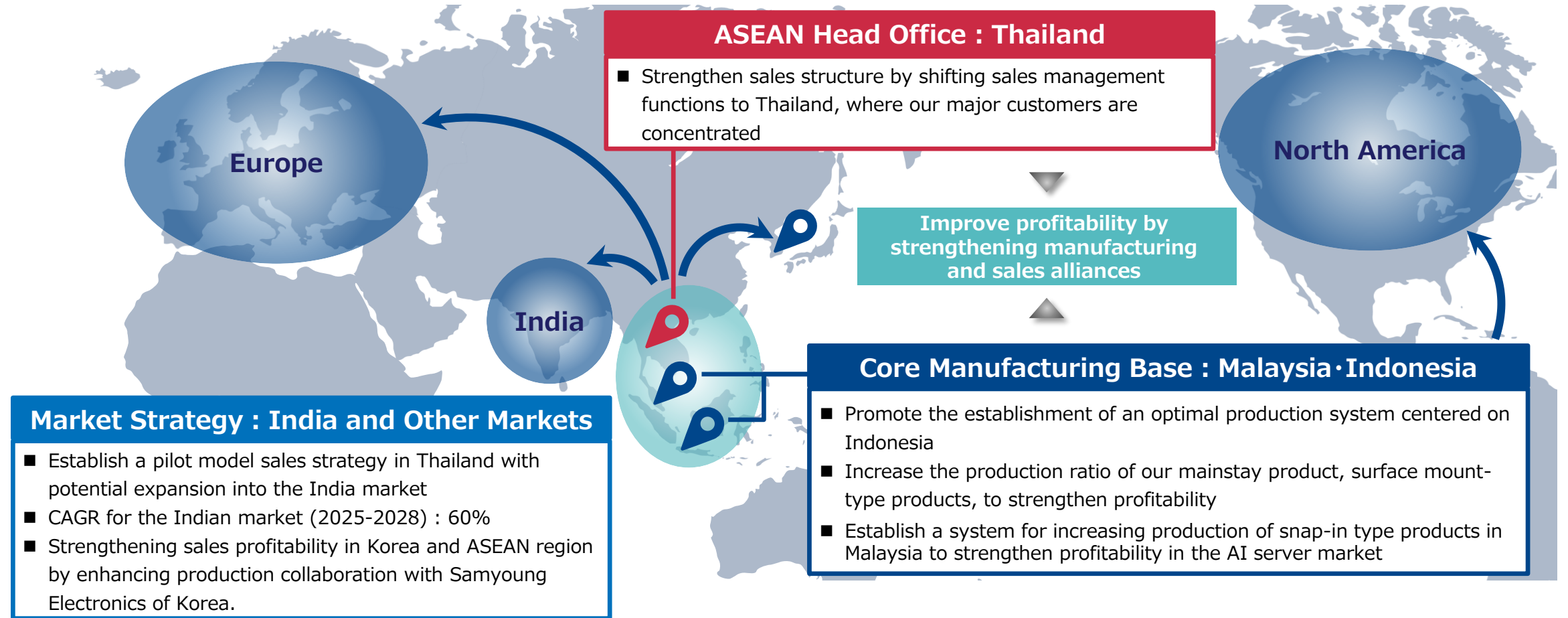
Key products : Snap-in / Radial lead-type products



- Aim to recapture share in the industrial equipment and new energy markets, which have strict cost requirements, by promoting cost restructuring centered on mid- and high-voltage products to increase market competitiveness

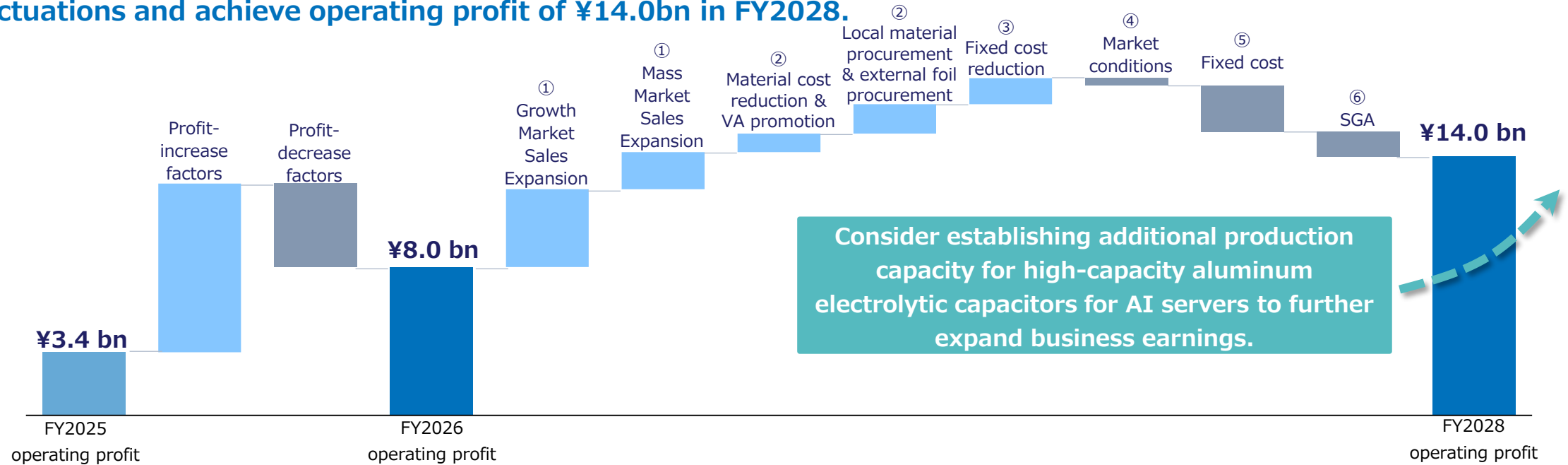
Business Strategy: Market Approach Based on Building a Business Structure in the ASEAN Region

- Strengthen sales structure by shifting sales management functions in the ASEAN region from Singapore to Thailand, where the manufacturing bases of our major customers are concentrated
- Aim to increase profitability in growth markets and mass markets (general purpose products) by strengthening manufacturing and sales alliances in Indonesia, the core manufacturing base of an optimized production structure, Malaysia, the manufacturing base for snap-in type products for growth domains, and Thailand, which oversees sales management functions



Business Strategy: Creating Business Earnings through Cost Structure Reform and Marginal Profit Expansion

- Through cost restructuring and marginal profit expansion, we will build an earnings structure resilient to market fluctuations and achieve operating profit of ¥14.0bn in FY2028.



Note: FY2026 operating profit change details are provided in the financial results explanatory materials for FY2026 full-year earnings forecast.

Factors behind changes in operating profit during the Medium-Term Plan

Profit-Increase Factors

- Sales expansion (①): Increase marginal profit through sales initiatives for growth and mass markets
- Variable cost reduction (②): Reduce material and logistics costs through cost structure reform
- Fixed cost reduction (③): Reduce fixed costs by promoting production in optimal locations through cost structure reform

Profit-Decrease Factors

- Market conditions (④): Sales decrease due to worsening market environment, considering the silicon cycle
- Fixed costs (⑤): Increase in fixed costs, including higher depreciation from growth investments
- SGA(⑥): Increase in SG&A expenses associated with production capacity expansion

- Generate business earnings by transforming profit structure through cost restructuring and demonstrating strong resilience to market fluctuations

4. Summary of Financial Strategy

Financial Strategy: Financial Strategy Policy in the 11th Medium-Term Business Plan

- Establish a stable revenue base through growth investments, and build a financial foundation that is resilient to change and flexible by redeeming Class A shares and improving our financial structure



Financial Strategy Policy

Secure investment capital through the monetary redemption of Class A shares and the issuance of new class shares

- Use operating cash flow and equity financing to conduct capital investments of approximately ¥20.0 bn during the new Medium-term Management Plan
 - » Primarily invest in increasing production capacity of high-capacitance aluminum electrolytic capacitors for the AI server market and in R&D.
- Accelerate the monetary redemption of Class A shares to control the increased monetary burden from preferential dividends and redemption premiums
- Achieve a business foundation capable of consistently generating over ¥15.0 bn in operating cash flow during the new Medium-term Management Plan

Conversion of Class B shares to common stock

- Potential dilution associated with the remaining 1,188 Class B shares will be mitigated through measures to improve the share price

Strengthen financial structure, improve credit rating and share price

- Aim to achieve key KPIs by implementing the measures outlined in the new Medium-term Management Plan, increasing equity capital, and reducing interest-bearing debt through improvements in earnings and free cash flow
- Maintain and improve credit rating
 - » Aim to improve credit rating during the new Medium-term Management Plan by increasing equity capital and reducing interest-bearing debt

Reduce interest-bearing debt and redeem new class shares

- We will prioritize reducing interest-bearing debt, while simultaneously evaluating the early redemption of new class shares

Key KPI

Cash flows from operating activities

¥**15.0** bn
or more

EBITDA

¥**21.0** bn
or more

Equity ratio

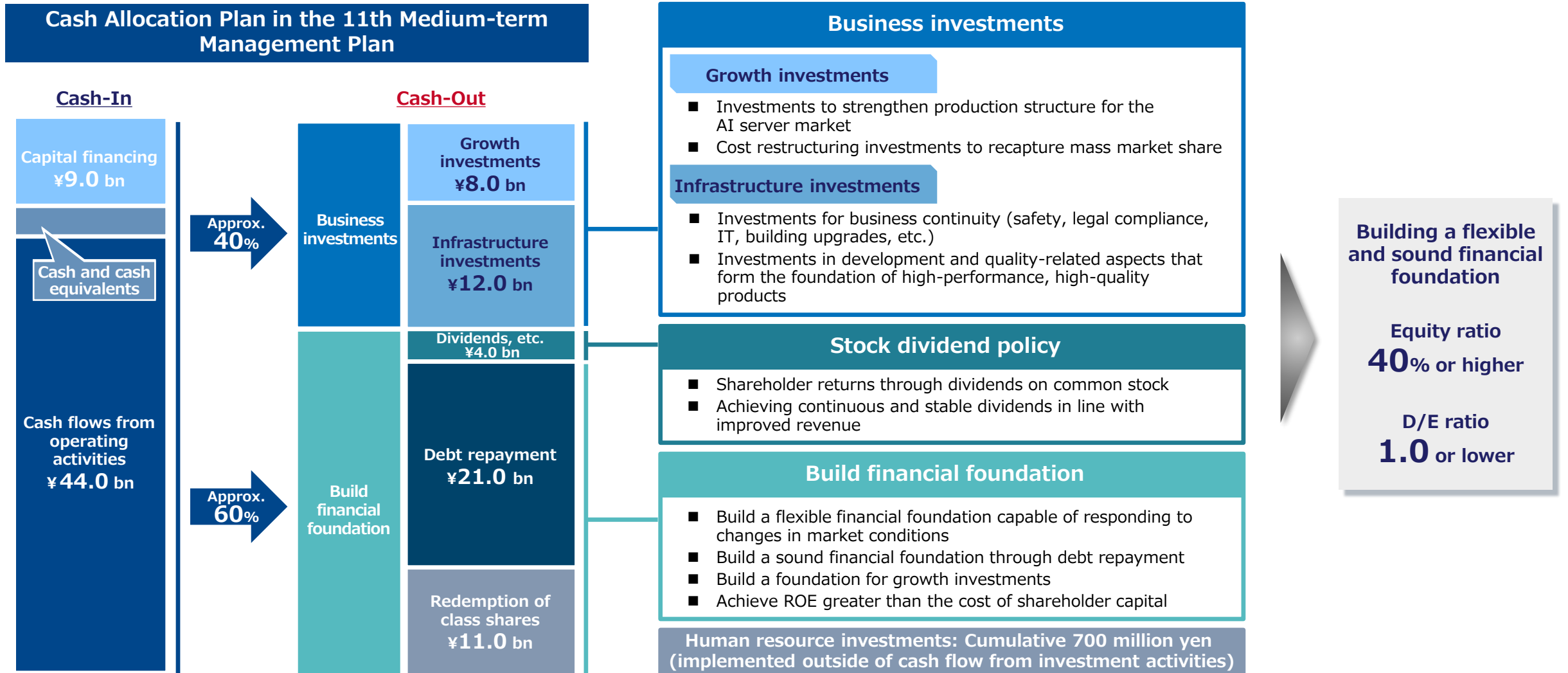
40% or higher

D/E ratio

1.0 or lower

Financial Strategy: Cash Allocation

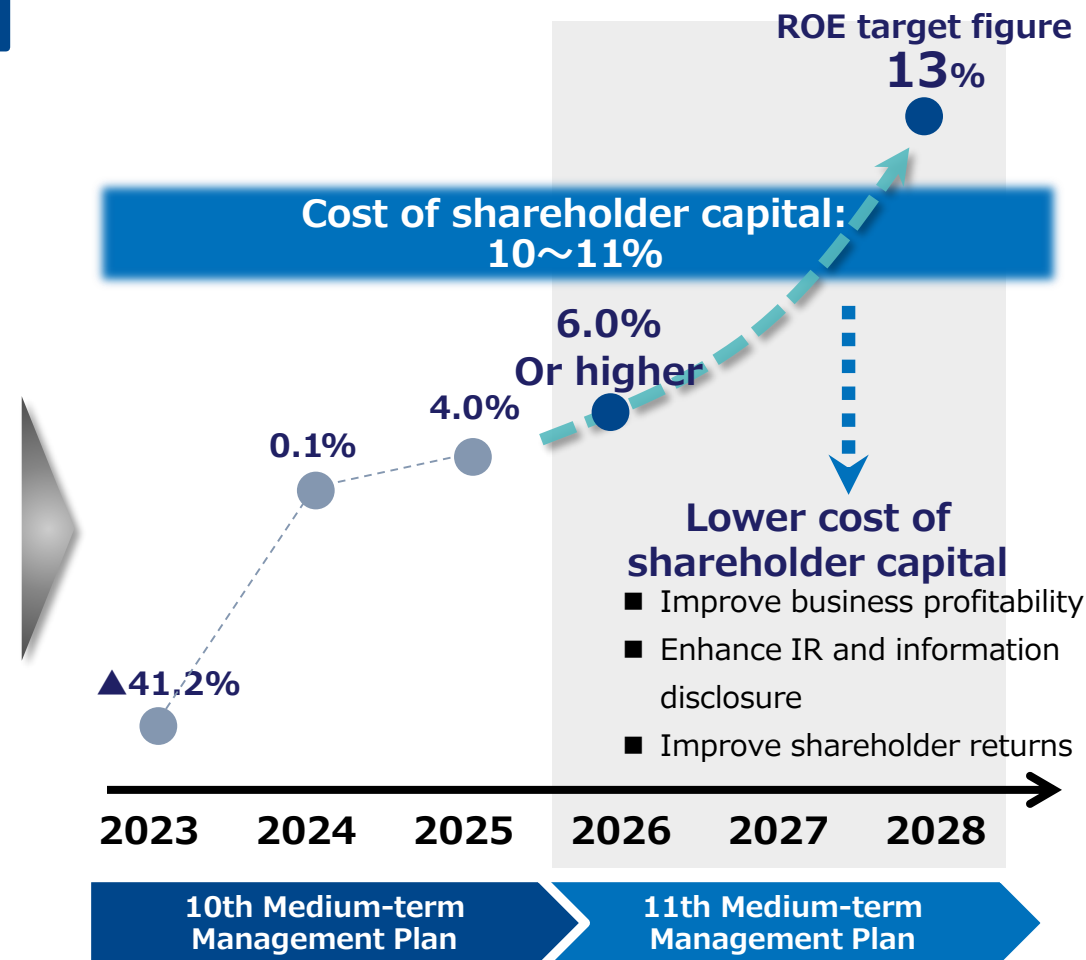
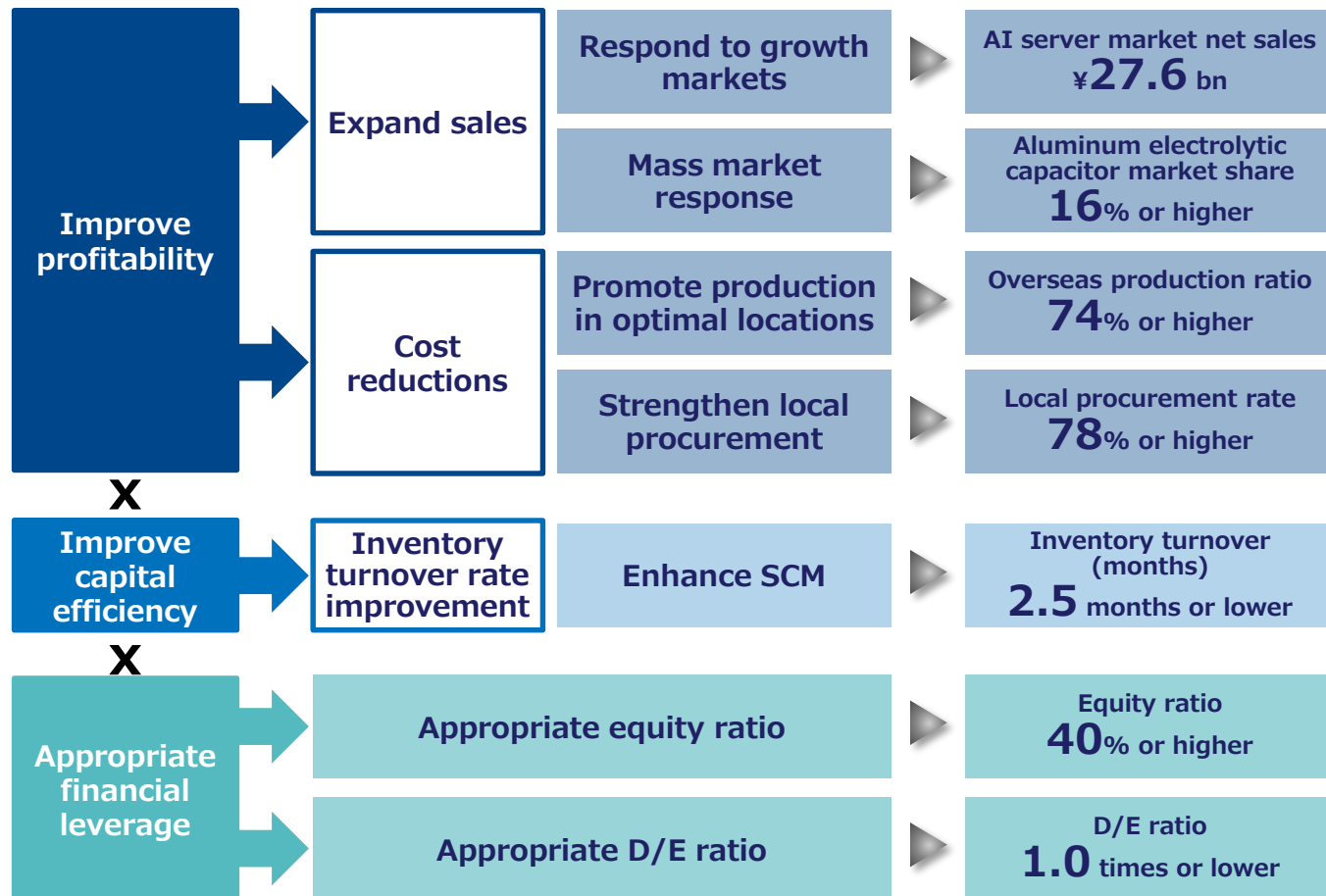
- While considering business characteristics and the external environment, we will allocate roughly 40% of cash flow from operating activities towards business investments, with the remaining 60% to go towards building our financial foundation
- We will resume common stock dividend payments to build a sustainable growth foundation and a flexible and sound financial foundation



Financial Strategy: Promote a Medium-term Management Plan focused on Cost of Capital and ROE

- By implementing each business strategy initiative, we aim to achieve an ROE exceeding the cost of equity (10-11%) in the final year of the 11th Medium-term Management Plan and enhance corporate value

Key initiatives and KPI for improving ROE during the 11th Medium-Term Management Plan



11th Medium-Term Management Plan | Financial & Non-financial KPI

- By implementing business, financial, and non-financial strategies, we aim to achieve sustainable improvements in corporate value through growth and evolution toward our future vision

		FY2025 Results (Final fiscal year of the 10th Medium-term Management Plan)	FY2026 forecast (11th Medium-term Management Plan)	FY2028 forecast (Final fiscal year of the 11th Medium-term Management Plan)
Financial KPI	Net sales	¥136.8 billion	¥160.0 billion	¥165.0 billion
	Operation profit	¥3.4 billion	¥8.0 billion	¥14.0 bn
	Operation profit margin	2.5%	5.0% or higher	8.0% or higher
	ROE	4.0%	6.0% or higher	13% or higher
	ROIC	1.8%	3.0% or higher	7.0% or higher
	EBITDA	¥10.2 billion	¥14.0 billion or more	¥21.0 billion or more
	Aluminum electrolytic capacitor global market share	15%	FY2028: 16% or higher *1	
	Equity ratio	37.6%	35%以上	40% or higher
	D/E ratio	1.1	1.1以下	1.0 or lower
Non- financial KPI	Environment: CO ₂ Emission Reduction (vs. FY2013)	Domestic: 39%, Overseas: 5.8% (FY2024 results)	FY2028: Domestic: 42%, Overseas: 19%	
	Social: Employee Engagement Survey	Engagement Score: 3.3pt (FY2025 results)	FY2028: Engagement Score: 3.5pt or higher *2 (Maximum score: 5.0pt)	
	Governance: Board of Directors Efficacy Assessment	Average of all items: 3.3pt (FY2024 results)	FY2028: Average of all items: 3.5pt or higher *3 (Maximum score: 5.0pt)	

*1 As a medium- to long-term goal, aim for a global market share of 20% or more in aluminum electrolysis from 2031 onwards.

*2 A score of 3.5 points or higher is considered "high."

*3 A score of 3.5 points or higher is considered "high" (aiming for 3.5 points or higher from the FY2026 survey).

5. Appendix

Identifying Material Issues and Initiatives in the 11th Medium-term Management Plan

- We aim to improve corporate value and contribute to society by implementing initiatives through business strategies that are aligned with the material issues we identify

Corporate Philosophy, Purpose, Material Issues, and the positioning of the Medium-Term Business Plan

Corporate Philosophy
Contributing to Environmentally and People Friendly Technology

Our Purpose
Building a society that uses sound technology and quality to live in harmony with the environment

Our Mission
Keep contributing to technology that fulfills our dreams by constantly providing the value that enables the creation of a brighter future and technological innovation

Our Vision

- Grow to become a leading company that drives industry
- Build a sound financial position and a stable management platform
- Improve employee engagement

Material Issues

11th Medium-term Management Plan
Rebuild business foundation centered on strengthening the competitiveness of our aluminum electrolytic capacitor business

Business: Realize business revenue growth through fundamental cost restructuring

- Generate profit by approaching growth markets
- Strengthen competitiveness and regain mass market share by establishing an optimal production structure
- Improve the break-even point ratio through cost restructuring and by increasing marginal profit



Environment: Strengthen environmental measures toward achieving CN

- Adopt high-efficiency equipment and pursue energy conservation in production processes
- Expand use of renewable energy and non-fossil fuel electricity
- New processes to promote the effective use of materials



Social: Realize a society that provides people happiness

- Revise HR and evaluation systems linked to D&I promotion activities
- Implement personnel rotations that are aligned with career plans
- Conduct human rights due diligence utilizing external entities



Governance: Implement governance that strengthens business continuity

- Permeate compliance awareness and foster a sound organizational culture
- Build a structure and implement monitoring for measures in the Medium-term Management Plan
- Improve the efficacy of the Board of Directors
- Formulate a succession plan focused on developing the next-generation of management human resources



Non-Financial Strategy: Environmental Strategy – Strengthening Response to Climate Change

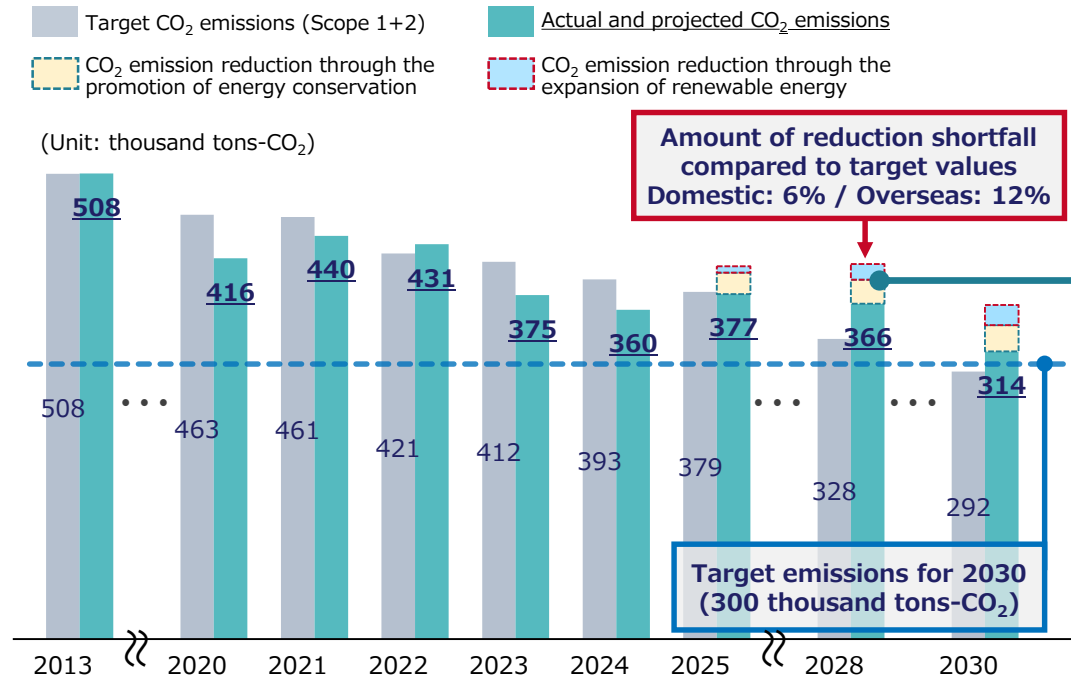
- Aiming to reduce CO₂ emissions through energy conservation and the promotion of renewable energy adoption, in order to achieve carbon neutrality (CN)

Medium- to Long-Term Environmental Targets for Achieving Carbon Neutrality

- CO₂ Emission Reduction Targets (vs. FY2013)
 - 2030: Domestic manufacturing bases: 46% / Overseas manufacturing base average: 29%
 - 2050: Implement CO₂ emission reduction activities to achieve CN

- Energy intensity improvement rate targets
 - 2030: Average annual improvement of 1% or higher (based on the CN Action Plan promoted by the machinery and electronics industry)
 - 2050: Average annual improvement of 1% or higher (based on the common target for the machinery and electronics industry)

Trends and projections for CO₂ emissions (domestic + overseas manufacturing bases)



Initiatives to reduce CO₂ emissions

CO₂ emission reduction targets for FY2028 (vs. FY2013)

Domestic manufacturing bases: 42% / Overseas manufacturing bases: 19%

Reduce electricity and fuel consumption through the promotion of energy conservation	Expand use of renewable energy and non-fossil fuel electricity
<ul style="list-style-type: none"> ■ Promote upgrades to highly efficient production equipment and ancillary facilities ■ Adopt highly efficient production systems 	<ul style="list-style-type: none"> ■ Promote renewable energy purchasing at manufacturing bases ■ Install solar power generation equipment on manufacturing site grounds (Utilize on-site PPA)

As reductions in CO₂ emissions from the promotion of energy conservation and adoption of renewable energy are projected fall short, take measures to reduce emissions by leveraging off-site PPAs or purchasing non-fossil fuel certificates



Non-Financial Strategy: Human Resource Strategy, Governance Strategy

- Transform our corporate culture and build a strong management platform by strengthening governance functions that are linked to our human resource strategy

Human resource strategy for transforming our corporate culture

Profile of desired human resources



Strategies to recruit and develop talent into desired human resources

- Recruitment: Acquire diverse human resources by expanding recruitment content
- Placement: Revitalize the organization by conducting suitability analyses to achieve strategic personnel rotations
- Development: Provide educational programs linked to the HR system and promote employee career development

Revitalize the organization through revisions to the human resource and compensation systems (to be introduced from 2028)

- Maximize individual capabilities through a generalist/specialist system (separation of job titles and ranks)
- Accelerate promotions for promising young human resources into key positions and transform our corporate culture
- Achieve medium- and long-term human resource development and skills transfer by specialist personnel
- Transform the performance evaluation system to support employee challenges

Improve employee engagement and foster a corporate culture that encourages employees to take on challenges through recruitment and human resource development that is focused on the next generation

Strengthen governance functions for ESG management

ESG Management

Environment (E)

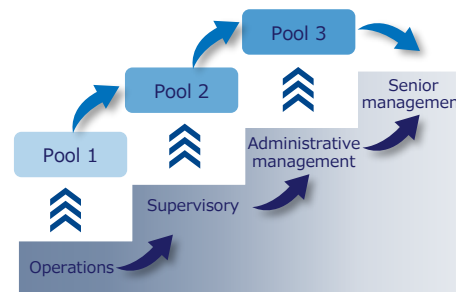
Social (S)

Governance (G)

Initiatives for strengthening governance functions

- Reinforce compliance education and strengthen various risk management systems (linked to risk assessment investments)
- Conduct human rights due diligence utilizing external entities
- Strengthen the Board of Directors' functions

Develop next-generation management human resources to promote business continuity (linked to human resource strategy)



Pool System: Providing core personnel opportunities to acquire skill assets required for the next tier

Initiatives for developing next-generation management human resources

- Develop skill assets necessary for each job level
- Provide opportunities to acquire skill assets
- Introduce a skill pool system for the early development of core personnel and adopt a strategic personnel placement system

Achieving medium- to long-term business stability by strengthening governance functions and developing core human resources to lead the next generation of management

Non-financial Strategy: DX strategy – Achieving Highly Linked Business Activities –

- Implement DX to achieve rapid business execution, create new value, and build a strong management platform

Promote DX to realize highly linked business activities and create value



Realize rapid business activities through core system DX

DX × Production System Improvement (Manufacturing × Quality × SCM)

- Optimize equipment utilization through productivity improvement
- Improve productivity and create new value through smart factories

DX × Core Data Integration (Manufacturing × SCM × Sales)

- Build optimal production and shipment system

Overall Equipment Effectiveness (OEE) improvement rate

Smart Factory Personnel Created

Inventory Turnover Months

Promote core system DX to link business activities

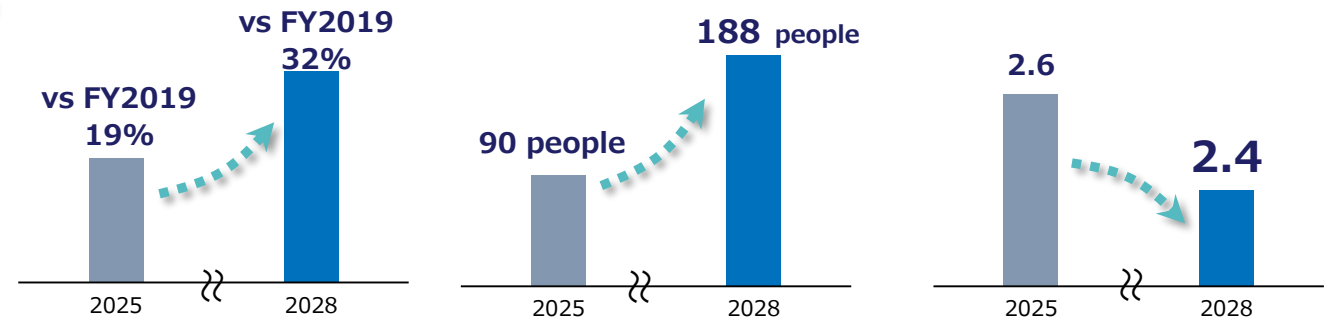
Develop globally standard IT infrastructure and practice strict access control
 » Realize a "secure and uninterrupted company-wide infrastructure" that supports business speed, quality, and supply

- Improve operational efficiency: Stabilize communication through overseas bases, cloud utilization, and terminal environment improvements
- Improve security risks: Address the risk of disruption to core business operations

Realize operational efficiency and new value creation through the use of data assets and AI

» Transform company-wide decision-making and operations into a data-driven model

- Core data integration: ERP, MES, PLM, QMS
- Platform development and cleansing: Establish a foundation for AI utilization through data centralization and the elimination of inconsistencies
- Company-wide initiative to utilize AI: Improve the accuracy and speed of predictions, analysis, and improvements in all business activities



- Aim to build a highly efficient production system by further improving already high OEE and enhancing TEEP through smart factory initiatives.
- Through DX, we will closely integrate all business activities, accelerate business execution, and enhance business competitiveness

Financial Strategy: Capital Procurement Summary

- To both secure investment capital and maintain a sound financial foundation, finance capital by issuing new class shares to the Development Bank of Japan (DBJ)

Secure investment capital during the new Medium-term Management Plan

- Increase production capacity for high-capacitance aluminum electrolytic capacitors for the rapidly expanding AI server market
- Invest in production facilities to improve product proposal capabilities in mass markets (general purpose products) by engaging in cost restructuring
- Invest in R&D, mainly towards increasing the output of high-capacitance aluminum electrolytic capacitors and aluminum electrode foils for the AI server market

Maintain the financial foundation established after the monetary redemption of existing class shares

- The conclusion of the competition law-related case resolves concerns about the adverse impact of that case on our financial foundation
- From April 1, 2026, the increase in the preferential dividend rate for Class A shares*¹ and the redemption premium from July 1 onward will increase the financial burden associated with preferential dividends and cash redemption

Early redemption of Class A shares deemed necessary

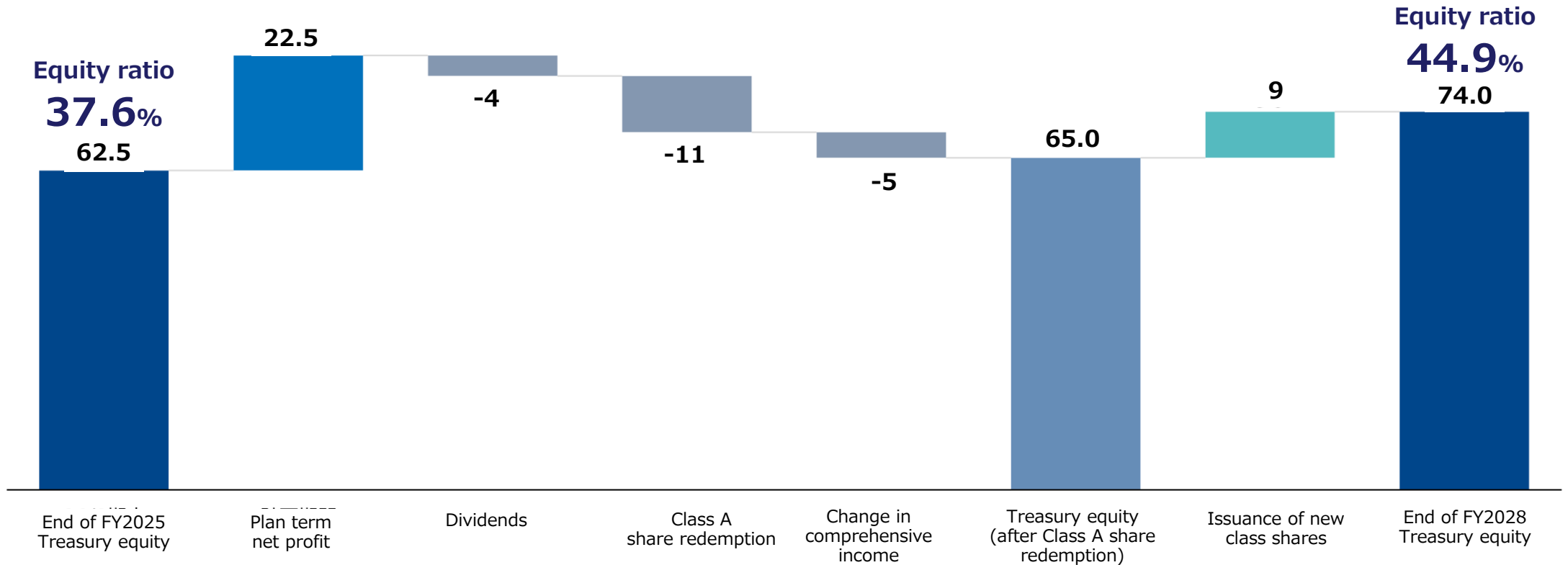
The new class shares will mitigate potential stock dilution risks and reduce cost of capital compared to existing class shares

*1. Of the Class A shares (totaling ¥10.0 bn) and Class B shares (totaling ¥5.0 bn) issued to the Japan Industrial Solutions No. 3 Investment Limited Partnership (JIS) on December 27, 2023, the Class A shares (totaling ¥10.0 bn) remain unredeemed

Financial Strategy: Need for Equity Financing

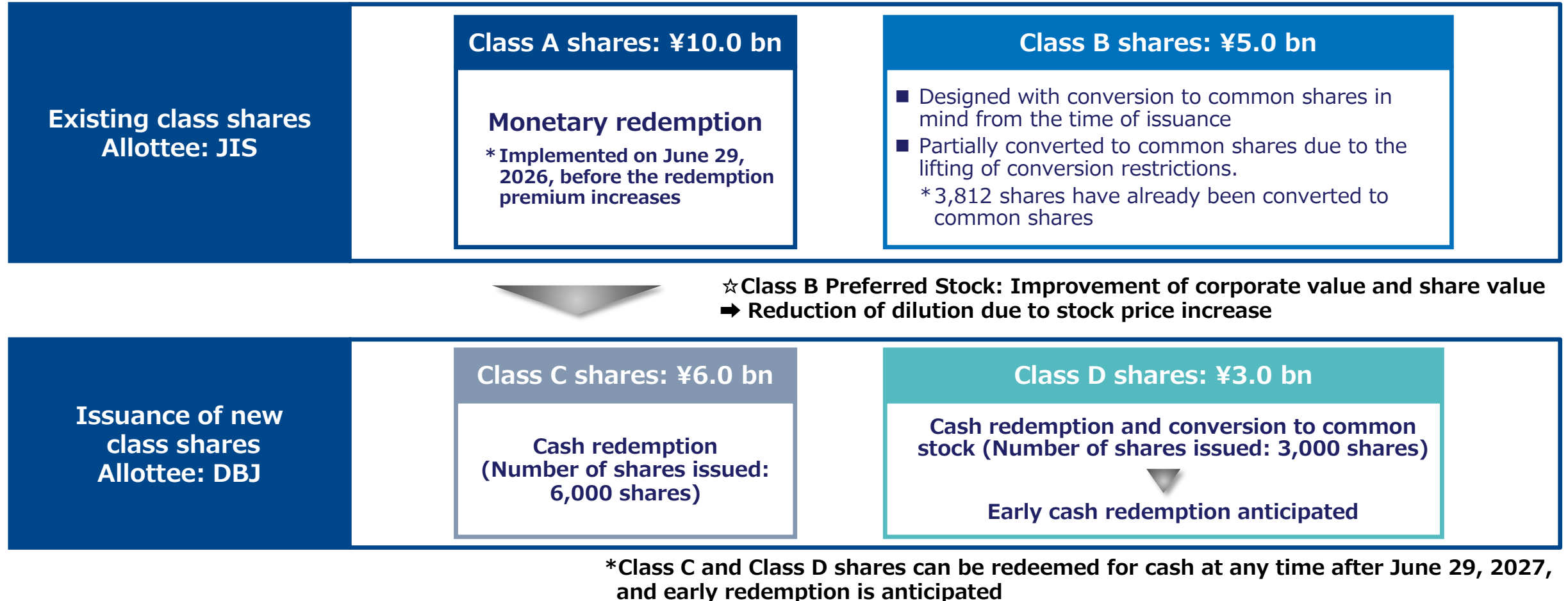
- Securing long-term, stable financing is essential for enhancing profitability through strategic investments in growth markets outlined in the new Medium-Term Management Plan.
- In addition to building shareholders' equity through retained earnings, equity financing is necessary to execute growth investments while maintaining a sound financial foundation.

(Unit : ¥ billion)



Financial Strategy: Response Policy for Class Shares

- The cash redemption of Class A shares allocated to JIS will be carried out before the redemption premium increases
- Issue new class shares to the DBJ to secure growth investment capital and maintain a sound financial foundation during the 11th Medium-term Management Plan
- Class D shares have a lower potential dilution rate than the existing Class B shares, helping to minimize dilution risk



Financial Strategy: Comparison of New and Existing Class Shares

- Mitigating Potential Stock Dilution Risks and Reducing Cost of Capital
- We are evaluating our Redemption Policy for new class shares based on our operating environment and financial soundness during the period of the new Medium-Term Management Plan

	Existing class shares (JIS)		New class shares (DBJ)		
	Class A Shares	Class B Shares	Class C Shares	Class D Shares	Total for Class C and Class D shares
Amount of issuance	¥10.0 bn	¥5.0 bn	¥6.0 bn	¥3.0 bn	¥9.0 bn
Restrictions	Yes *Transfer restrictions lifted from March 10, 2025		Yes	Yes	-
Acquisition Clause (Our rights)	Possible at any time after the date of issuance		Possible at any time one year after the date of issuance		
Right to request acquisition (Shareholder's rights)	Compensation	Common shares/Cash	Cash	Common shares/Cash	-
	Conversion of common shares	Conversion restrictions lifted from March 10, 2025* ¹	None	Yes (no price revision)	-
	Conversion period		None	Yes * ²	-
Preferential dividend rate	7.5%	None	6.5% (until June 29, 2029) 8.5% (from June 30, 2029)	5.0% (until June 29, 2029) 7.0% (from June 30, 2029)	6.0% (until June 29, 2029) * ³ 8.0% (from June 30, 2029) * ³
Premium	1.085 (until June 30, 2026) 1.100 (from July 1, 2026) 1.110 (from July 1, 2027)	1.415 (until June 30, 2026) 1.605 (from July 1, 2027)	None		-
Arrangement fee	None		-		¥180 million (2.0% of the total issuance amount)
Conversion price to common shares	Prior to the acquisition price adjustment dates at the end of June and the end of December of each year 90% of the average VWAP for 20 consecutive trading days		-	¥1,396	-
Adjusted acquisition cost lower and upper thresholds	Lower threshold: ¥955		Upper threshold: ¥1,773.6, Lower threshold: ¥955		-
Dilution rate * ⁴	Assumption * ⁵	33.1%	4.9%		8.10% * ⁶
	Maximum * ⁷	44.7%	6.6% * ⁸		-

*1. The right to acquire shares can be exercised from March 10, 2025, when an event triggering the lifting of the conversion restriction occurs. *2. The earlier of three years from the date of issuance or when JIS ceases to hold Class B shares (with a separate one-year exercise restriction). *3. A weighted average value assuming all Class C and Class D shares remain. *4. As of May 22, 2026 (Class A shares, Class B shares). *5. The dilution rate is calculated based on the current adjusted acquisition price. *6. The ratio of the number of common shares issued (2,148 thousand shares) assuming all Class D shares are immediately converted to the total number of outstanding shares as of May 22, 2026 (26,688 thousand shares). *7. Assumes the conversion price is at the lower threshold and the acquisition premium is at the maximum threshold. *8. 3,812 shares have already been converted to common shares

Financial Strategy: Addressing Common Share Dilution Risk

- While the combined dilution rate of Class B and Class D shares is estimated to be up to approximately 15%, we will work to minimize dilution risk through an increase in stock price driven by improved business earnings

(As of May 22, 2026)

Dilution rate of existing Class B shares

	Class shares* ¹	Common stock issued* ²	Issued shares	Dilution rate	(retention percentage) Reference figures
Current acquisition amount	1,188 shares	1,304,000 shares	26,688,000 shares	4.9%	4.7%
Minimum	"	947,000 shares	"	3.6%	3.4%
Maximum	"	1,760,000 shares	"	6.6%	6.2%

*¹ Of the 5,000 Class B shares, 3,812 shares have already been converted to common shares. *² Adjusted acquisition price: ¥1,289.1, minimum ¥1,773.6, maximum ¥955, acquisition premium 1.415

* Adjusted acquisition price: 90% of the average VWAP for the 20 consecutive trading days preceding the acquisition price adjustment date at the end of June and December of each year

Maximum dilution ratio for new class shares


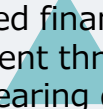
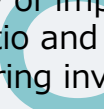
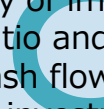


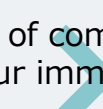
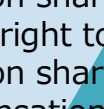


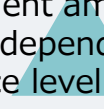

	Class shares	Common stock issued* ¹	Issued shares	Dilution rate	(retention percentage) Reference figures
Class D Shares	3,000 shares	2,148,000 shares	26,688,000 shares	8.1%	7.5%
Class B shares + Class D shares* ²	4,188 shares	3,909,000 shares	"	14.6%	12.8%

*¹ Acquisition price of Class D shares: ¥1,396

*² Maximum dilution for Class B shares (maximum dilution) and Class D shares combined

Reasons for Selecting Capital Procurement Method

- Having considered financial soundness, the absence of common share dilution, and the certainty of capital procurement, we chose a capital policy of selecting capital financing through a third-party allocation of new class shares

	Monetary redemption of Class A shares only	Capital procurement through debt	Public offering of common shares	Third-party allocation of class shares
Financial soundness	Securing investment capital is difficult 	Risk of increased D/E ratio and delayed financial improvement through interest-bearing debt reduction due to borrowing 	Possibility of improving equity ratio and D/E ratio, and securing investment capital 	Possibility of improving equity ratio and D/E ratio, stable cash flow, and securing investment capital 
Dilution of common shares	No dilution of common shares will occur 	No dilution of common shares will occur 	Dilution of common shares will occur immediately 	Possibility that dilution of common shares will occur (If the right to acquire common shares as compensation is exercised *1) 
Certainty of procured capital amount		Given our current creditworthiness, a certain level of procurement is possible 	Procurement amount will fluctuate depending on the stock price level 	Provides certainty in capital procurement 

*1. Class D shares include the right to acquire common stock as compensation. The exercise period is the earlier of 3 years from the date of issuance or when JIS ceases to hold Class B shares (with a separate 1-year exercise restriction)

Use of Procured Capital

- Investments to strengthen profitability in growth markets and mass markets (general purpose products) as outlined in the new Medium-term Management Plan
- Use procured capital to strengthen profitability in each market and achieve business growth

Specific purpose of use of procured capital	Amount (million yen)	Planned expenditure period
Install production equipment for high-capacitance aluminum electrolytic capacitors for the AI server market	4,840	April 2026 - June 2028
Invest in production equipment to improve product proposal capabilities for mass markets (general purpose products) by engaging in cost restructuring	2,460	April 2026 - June 2028
R&D investments *Mainly for increasing the output of high-capacitance aluminum electrolytic capacitors and aluminum electrode foils for the AI server market	1,467	April 2026 - March 2029

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.

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. If you are interested in investing in Nippon Chemi-Con, you are requested to make a final investment decision at your own risk.

Please note that neither Nippon Chemi-Con nor any third party providing information shall be responsible for any damage or loss you may suffer due to investment in Nippon Chemi-Con based on the information shown in this material.