

Progress of the 9th Medium-term Management Plan and Plans for FY2021

May 2021

Nippon Chemi-Con Corporation

1. Outline of the 9th Medium-term Management Plan and Results for the First Fiscal Year

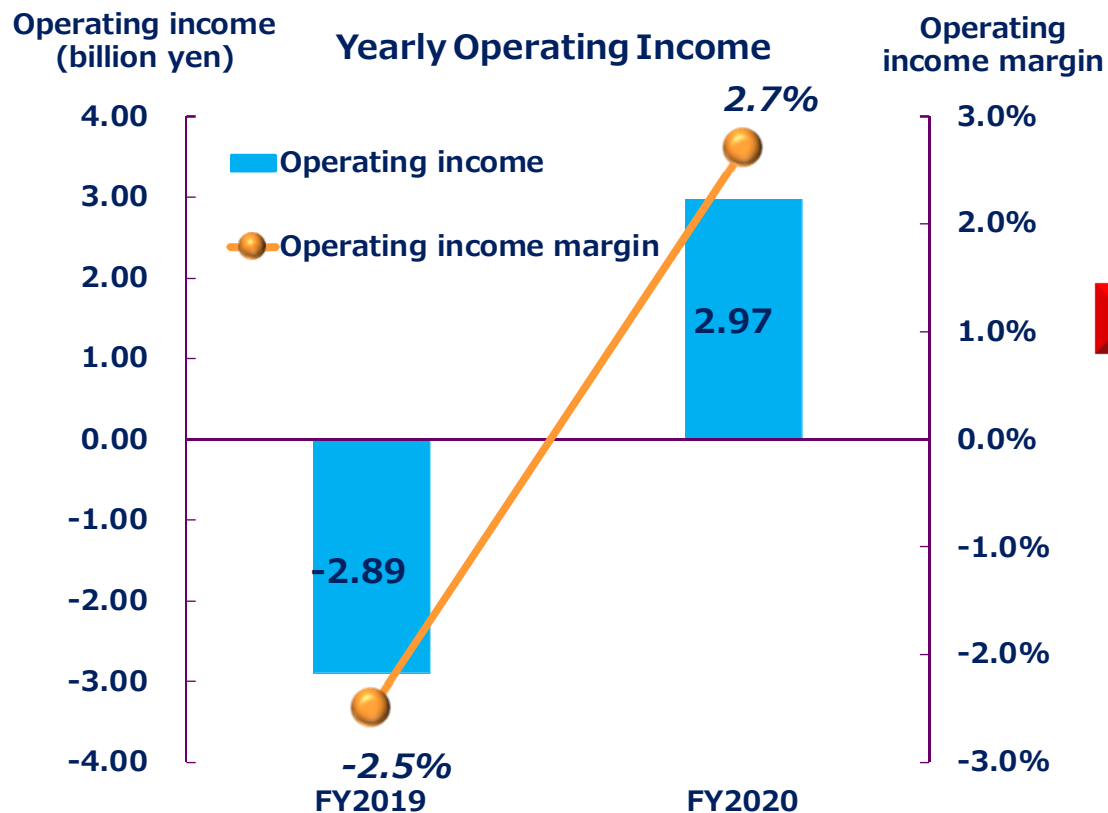
Medium-term Goal	Shift to a corporate structure capable of responding flexibly to changes in the business environment
1. Introduce new products by strengthening product planning capabilities and clarify growth strategies	Product planning reform
2. Generate profits through productivity reforms across the company and all divisions	Structural reform
3. Eliminate the high-cost structure by reorganizing production bases and implementing productivity reforms	
4. Realize speedy management	

▶ Improve financial position by improving asset efficiency and reducing fixed costs

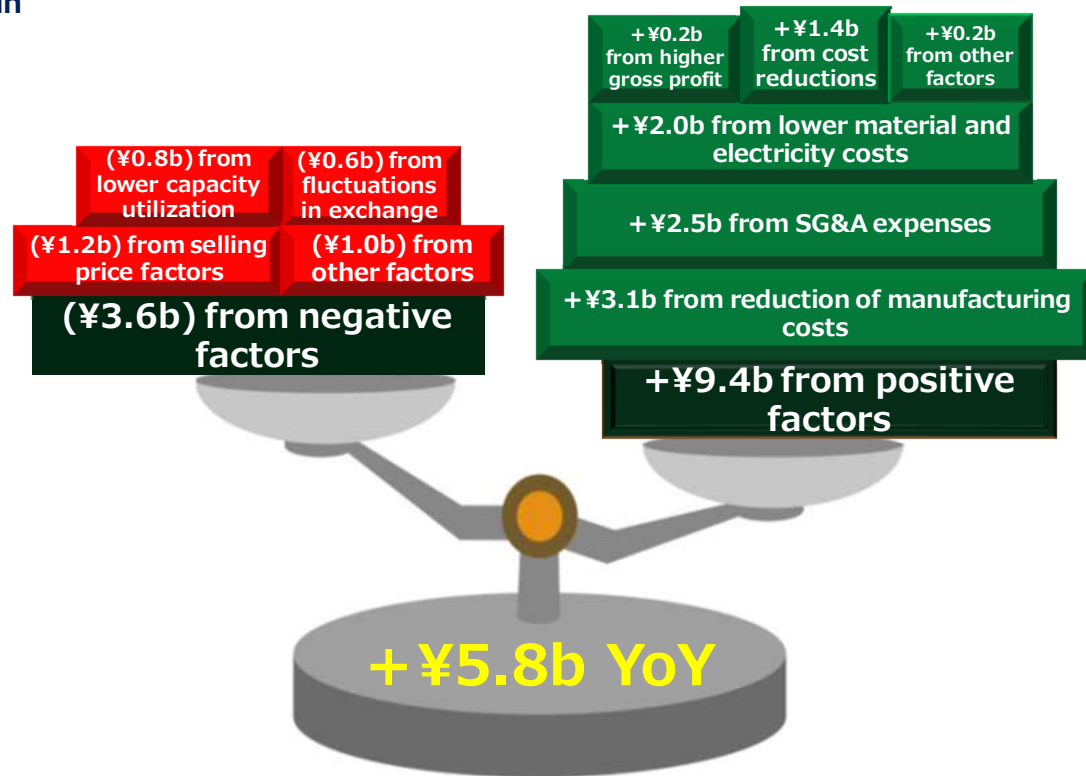
	FY2019	FY2020	Goals for FY2022
• Net sales	114.5 billion yen	110.7 billion yen	140.0 billion yen
• Operating income	(2.8) billion yen	2.9 billion yen	10.0 billion yen
• Net income	(5.9) billion yen	2.0 billion yen	6.0 billion yen
• Interest-bearing debt	61.2 billion yen	53.0 billion yen	50.0 billion yen
• D/E ratio	1.4	1.1	1.2 or lower
• ROE	(13.6)%	4.5 %	10% and higher
• Asset turnover ratio	0.8	0.8	1.0 and higher

1 - 1. FY2020 - Operating Income (YoY Change)

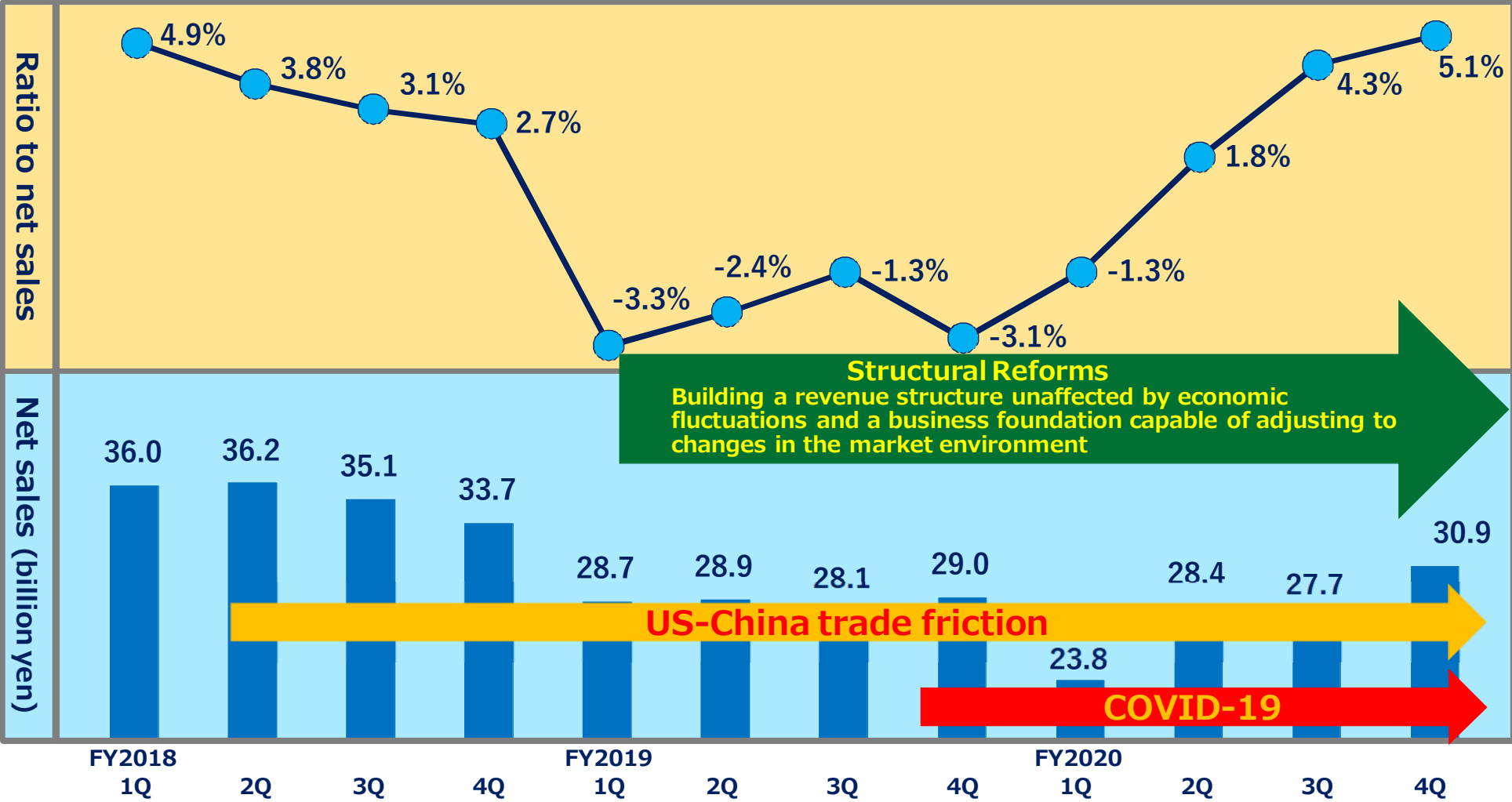
- Main positives:** 1) Reduction of manufacturing fixed costs 2) Reduction of SG&A expenses
 3) Lower material/electricity costs 4) Cost reductions 5) Increase in gross profit
- Main negatives:** 1) Foreign exchange losses caused by yen's rise 2) Selling price factors
 3) Lower capacity utilization



Main Positives and Negatives for FY2020 Operating Income

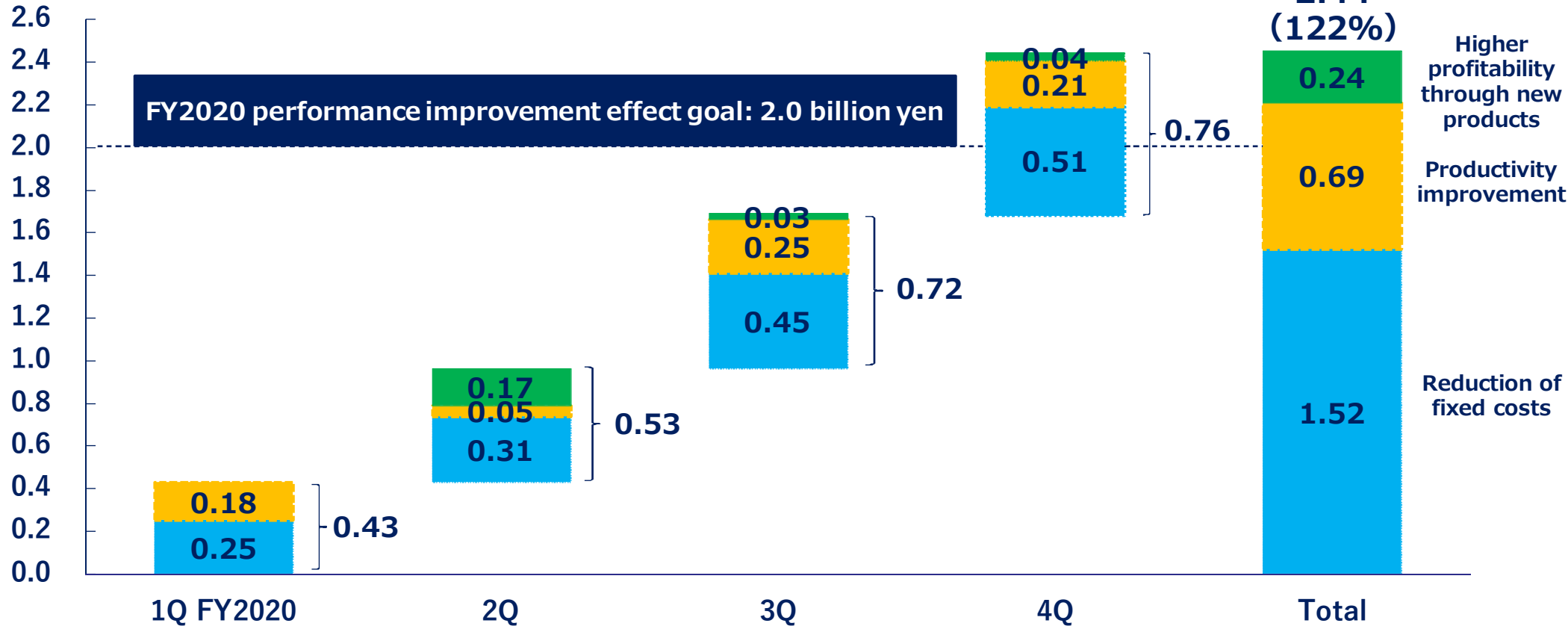


1 - 2. Quarterly Net Sales and Operating Income



1 - 3 . Performance Improvement Effects from Structural Reforms (FY2020)

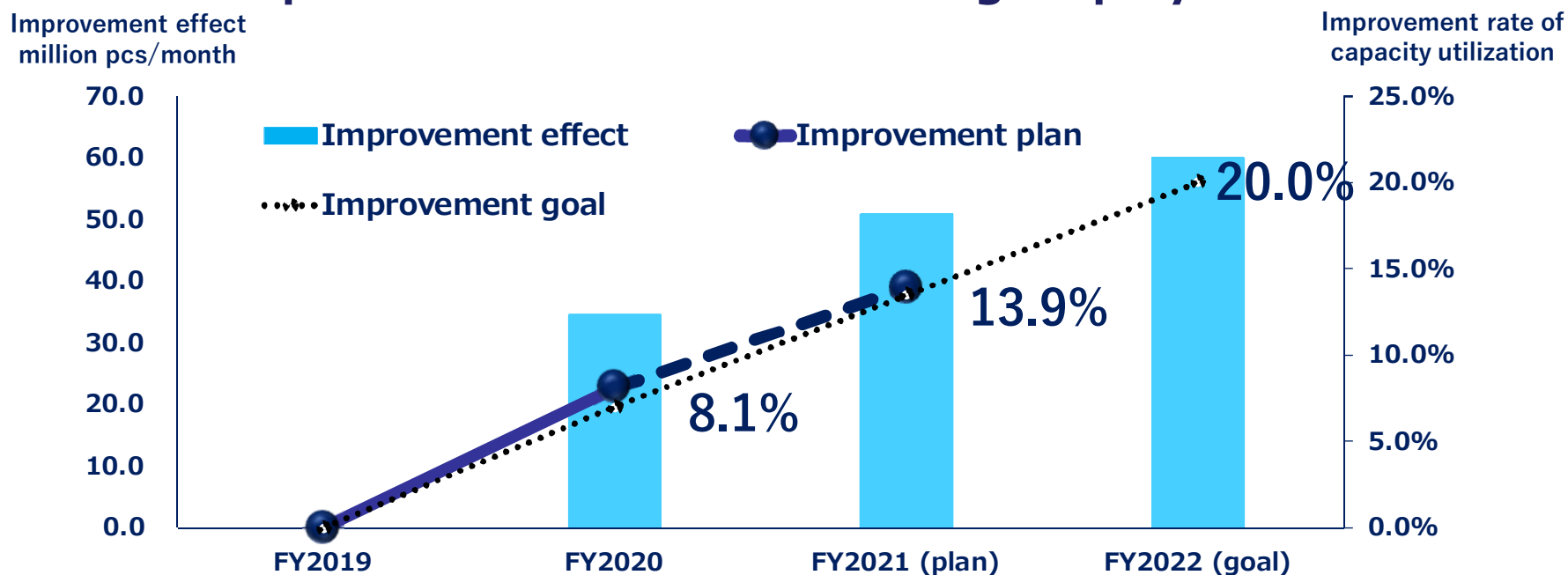
Effects : billion yen
(achievement rate)



2. FY2021 Management Policy

1) Shifting to a solid earnings structure

- Improvement of OEE, TEEP & per person productivity to respond to increases in production without increasing employees or facilities



- Improvement of staff productivity
- Promotion of standardization

2. FY2021 Management Policy

2) Toward the next growth

- Development of a growth strategy for 10, 20 years from now
 Kickoff of the 100th anniversary project and establishment of a long-term plan in 2021
- Product planning reform
- Realization of the smart factory concept

9th Medium-term Management Plan	FY2020	FY2021	FY2022
<ul style="list-style-type: none"> ◆ Quantification of bottlenecks based on data analysis and process improvement ◆ Shift to optimal VSM* and realization of autonomous factories through automation 	Quantification of support work	Autonomation of production support work	Expansion of autonomation targets
	Infrastructure upgrades(LAN)	Implementation of a manufacturing information system	Implementation of **MES
		Selection of a production planning system	Simulation

*VSM=Value Stream Mapping **MES=Manufacturing Execution System

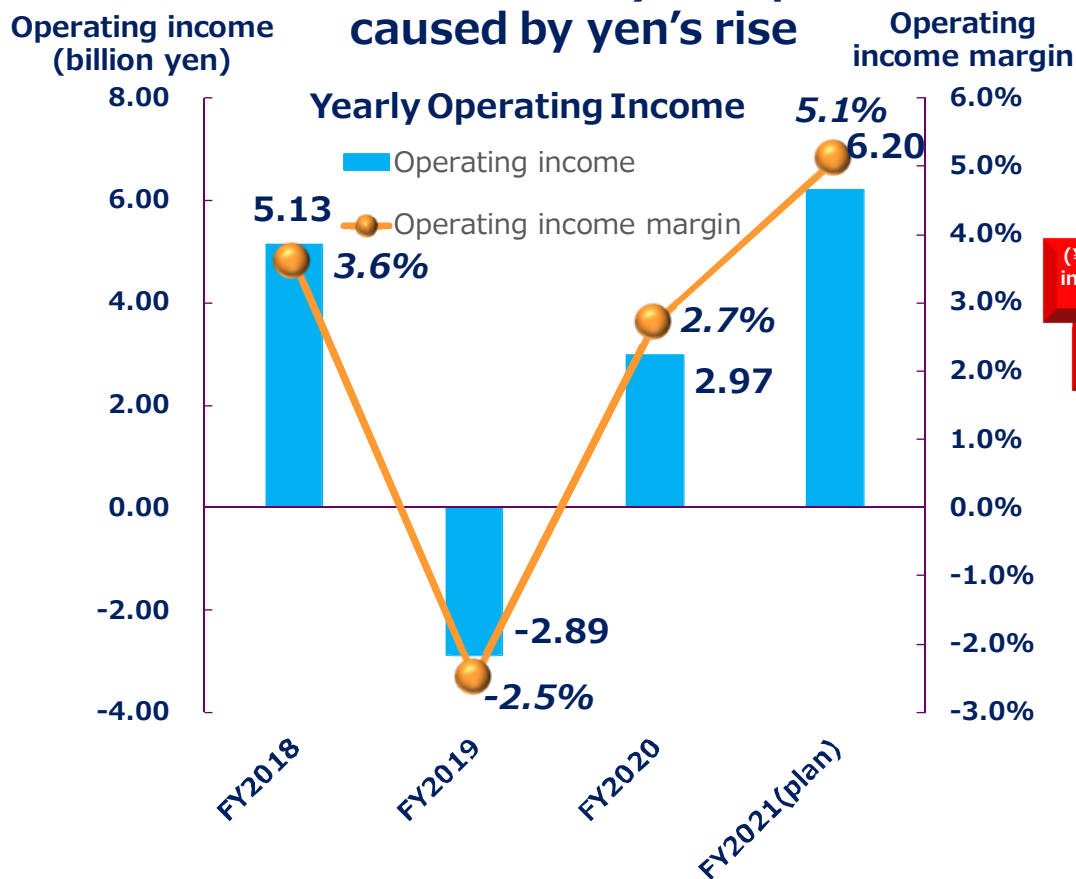
3. FY2021 Plan

(Billion yen)	FY2020 Results	FY2021 Plan	YoY Change	
			Amount	%
Net sales	110.78	122.00	11.21	10.1%
Operating income	2.97	6.20	3.22	108.7%
Ratio to net sales	2.7%	5.1%	2.4pt	–
Profit attributable to owners of parent	2.03	4.20	2.16	106.0%
Ratio to net sales	1.8%	3.4%	1.6pt	–
ROA	1.5%	3.0%	1.5pt	–
ROE	4.5%	7.9%	3.4pt	–
Capital investment	3.47	7.00	3.52	101.3%
Depreciation	5.74	6.00	0.25	4.4%
R&D expenses	3.71	4.00	0.29	7.8%
Average exchange rate 1US\$(Yen)	106.06	105.00	–	Yen's rise by 1.0%
1euro(Yen)	123.70	126.00	–	Yen's weakening by 1.9%

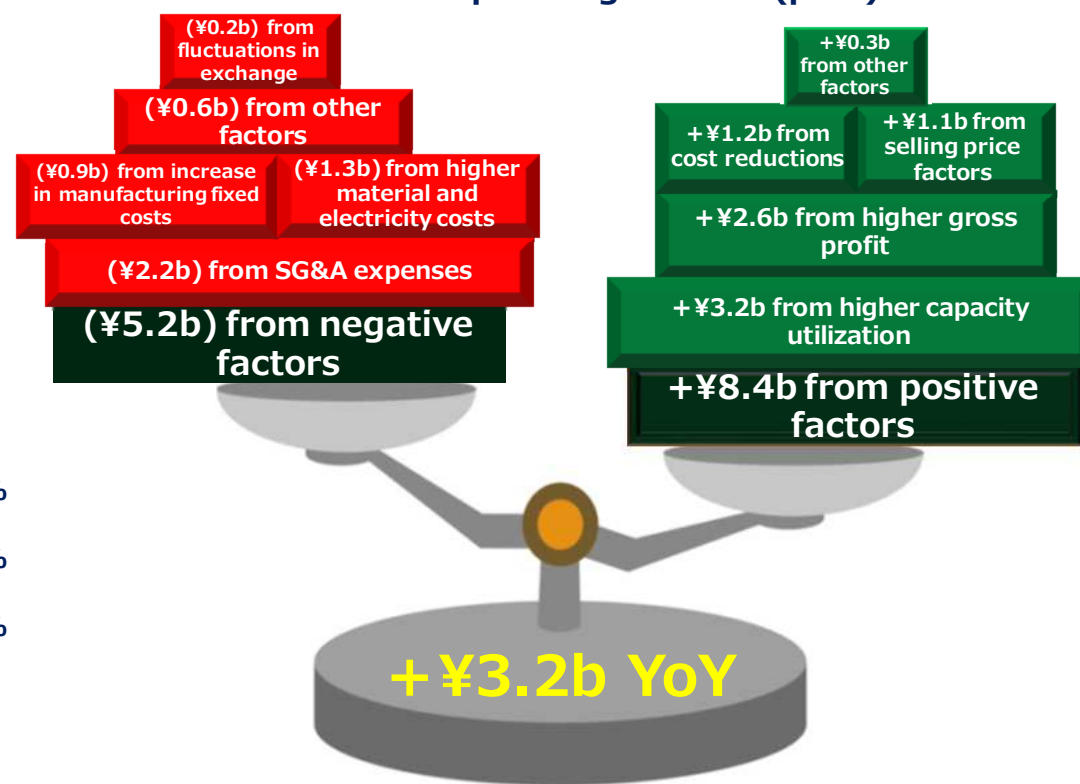
3 - 1. FY2021 Plan - Operating Income (YoY Change)

Main positives: 1) Higher capacity utilization 2) Increase in gross profit 3) Cost reductions 4) Selling price factors 5) Other

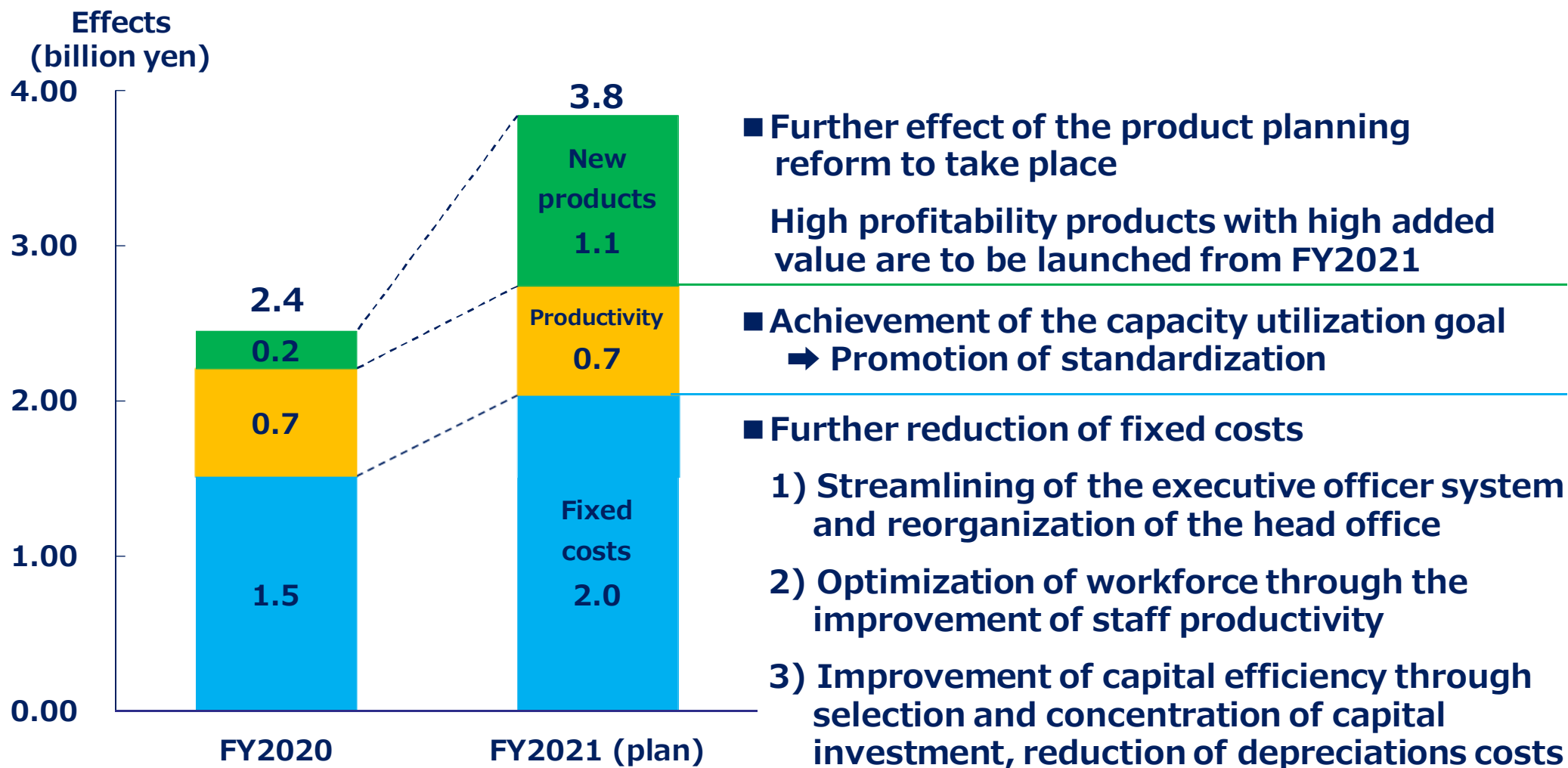
Main negatives: 1) Increase in SG&A expenses (logistics costs) 2) Increase in manufacturing fixed costs 3) Sharp rise of material/electricity costs 4) Foreign exchange losses caused by yen's rise



Main Positives and Negatives for FY2021 Operating Income (plan)



3 - 2. Performance Improvement Effect From Structural Reforms (FY2021 Plan)

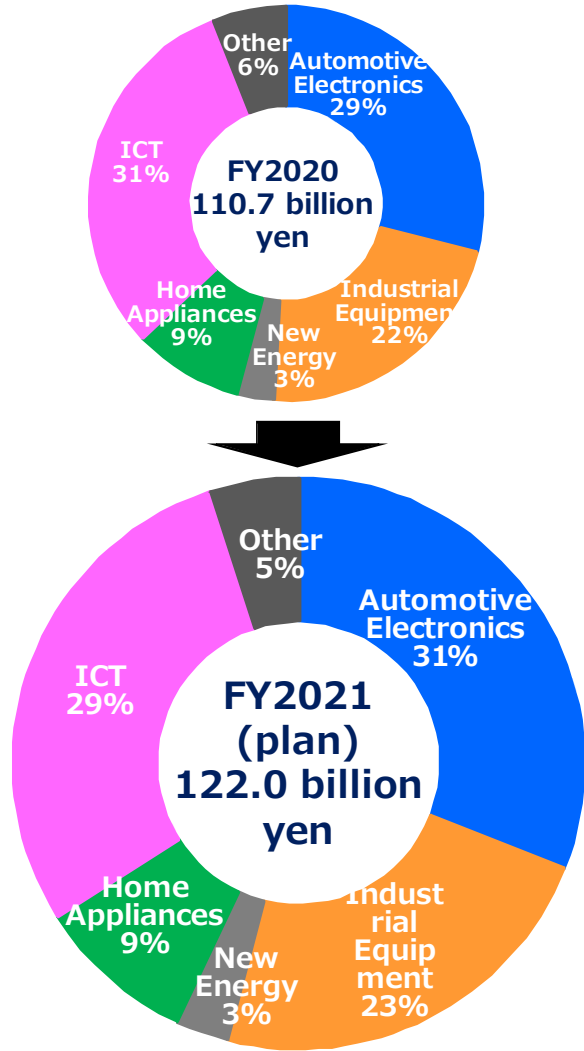


3-3. FY2021 Net Sales by Product (Plan)

Double-digit growth is expected although demand will be partly affected by semiconductor shortage

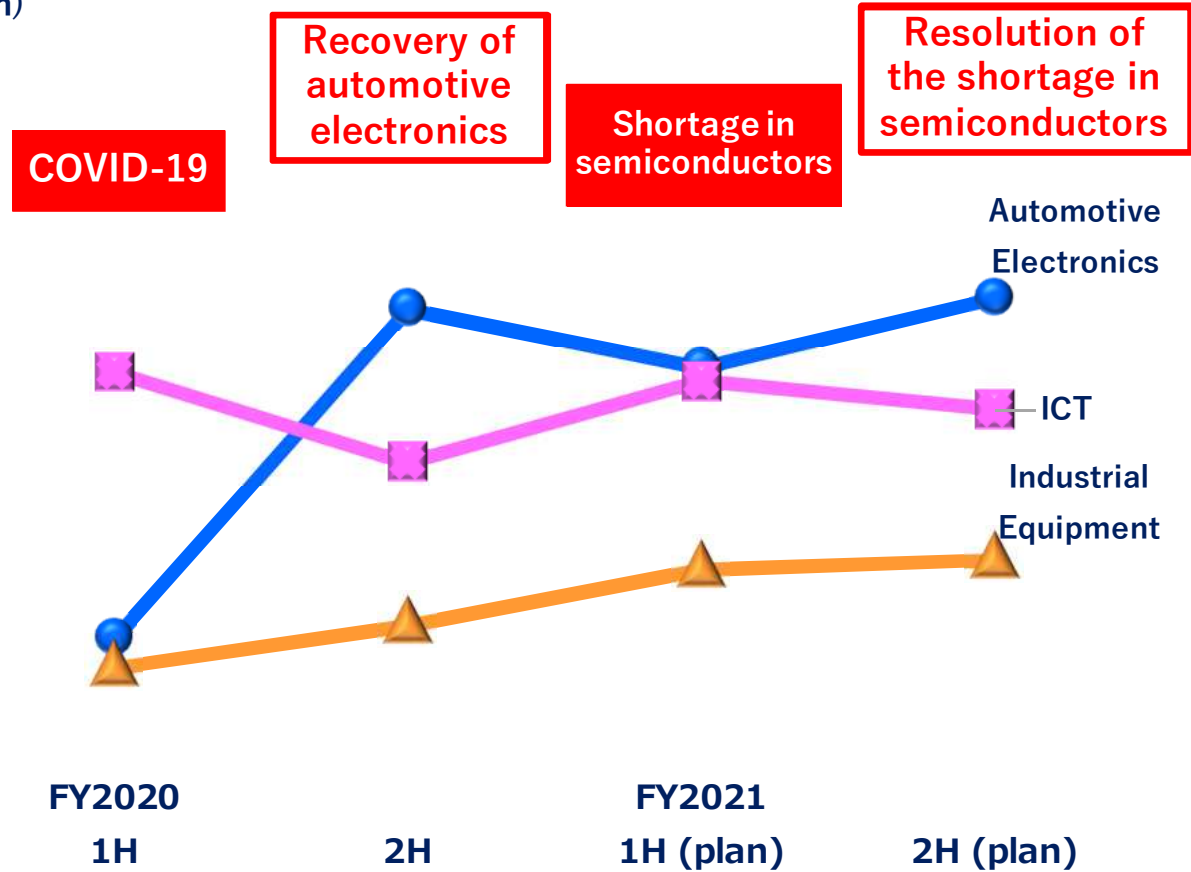
(Billion yen)	FY2020	Percentage of total sales	FY2021 Plan	Percentage of total sales	YoY Change (Amount)	YoY Change (%)
Aluminum electrolytic capacitors	95.29	86.0%	106.90	87.6%	11.60	12.2%
(Conductive polymer capacitors)	15.28	13.8%	17.30	14.2%	2.01	13.2%
DLCAP™	3.36	3.0%	3.10	2.5%	(0.26)	(7.8)%
Ceramic capacitors, varistors	2.56	2.3%	2.80	2.3%	0.23	(9.3)%
Mechanical and other parts	2.62	2.4%	2.75	2.3%	0.12	4.9%
Capacitor materials	4.90	4.4%	4.85	4.0%	(0.05)	(1.1)%
Other	2.04	1.8%	1.60	1.3%	(0.44)	(21.7)%
Total	110.78	100.0%	122.00	100.0%	11.21	10.1%

3-4. FY2021 Net Sales Plan by Markets



Results and plans for the three main markets (automotive electronics, industrial equipment, ICT)

Net sales (billion yen)



● The 2nd Phase of Structural Reform

Building a revenue structure unaffected by economic fluctuations and a business foundation capable of adjusting to changes in the market environment

1. Shifting to a solid earnings structure

- Improvement of OEE, TEEP & per person productivity to respond to increases in production without increasing employees or facilities
- Improving staff productivity
- Promotion of standardization

2. Toward the next growth

- Growth strategy for 10, 20 years from now
- Product planning reform
- Realization of the smart factory concept

● Response to COVID-19

- Thorough infection prevention measures

Our efforts to prevent infections in the Group include measures such as sanitizing hands, taking body temperatures with thermographic devices when entering buildings, wearing masks, recording activities within the company, holding conferences online and refraining from participation in exhibits and other events.

- The Nippon Chemi-Con Group prioritizes the well-being and safety of local residents, customers, suppliers and all our employees. We will act based on government policy and continue to work on infection control and prevention of the spread of infection.

Due to thorough infection prevention measures, there has been almost no effect on production.

{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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