

NICHIAS Integrated Report

2025



The NICHIAS Philosophy

We contribute to the Earth's bright future through our "TATSU-TAMOTSU™ (Insulation and Protection)" technologies.

Basic data of the fiscal year ending March 2025

Consolidated revenue

256.5 billion yen

Number of consolidated employees

6,373 people

Consolidated operating income ratio

15.5%

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Reporting Period

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Editing and Publishing

Sustainability Promotion Committee,
NICHIAS Corporation

Notes about Future Outlook

The performance, prediction, and future plans of the NICHIAS Group are stated in this report. They are presumptions or judgments based on the information available at the time of publication and may differ from actual performance and activity results. We appreciate your understanding.

*TOMBO is a trademark or registered trademark of Nichias Corporation. *Names with a ™ symbol are trademarks of Nichias Corporation.

Until now and then, NICHIAS will contribute to the Earth's

Establishment and Development of Business

NICHIAS, which started with manufacturing and sales of sealing materials and thermal insulation materials, has expanded its business as the industry grows and established the current five business structures.

- 1896** Established as a pioneer of manufacturers of sealing materials and thermal insulation materials.
- 1920s** Disseminated thermal insulation technologies to the engineering field.
- 1950-60s** Thermal insulation materials were expanded to the building material field as the economy grew rapidly.
- 1980s** Established a manufacturing factory for manufacturing rubber-metal composite sealing materials and started business in the automobile market at full scale.
- 1980s** Developed fluoropolymer products for the semiconductor market.

1923

Launch of NICHIAS TOMBO BRAND

Familiar TOMBO mark was trademarked in 1923. The shape of the "TOMBO mark" back then was different from that of today.



TOMBO mark in around 1924

1896

Establishment

1962

Listed on the first section of Tokyo Stock Exchange

1979

Entered overseas market for the first time.

1981

Changed the trade name to NICHIAS

1996

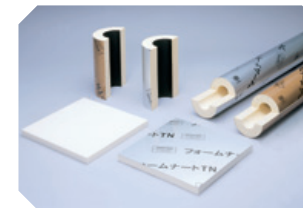
TOMBO mark in around 1924

bright future through our "TATSU-TAMOTSU™" technologies.

From **2000s**

Contribution to Global Environmental Issues

Global environmental issues, including global warming, are in a serious state requiring global-scale measures such as energy saving.



Rigid urethane foam thermal insulation material "FOAMNERT™ TN"

2004
Acquired the Excellence, Ozone Layer Protection and Global Warming Prevention Award. It was highly evaluated for not containing chlorofluorocarbon-derived foaming agents.



Rock wool products

2014
Ministry of Economy, Trade and Industry Resource Recycling Technologies and Systems Awards Environment Policy Bureau Prize Recycling through solidification of rock wool mineral fiber cotton (into bricks) in the manufacturing process won the admiration.



High performance thermal insulation material "ROSLIM™ Board"

2015
Acquired the Energy Conservation Grand Prize. The products were well received because they contribute to promoting energy saving of a wide variety of industrial furnaces, and their application is expected to expand, for example, for fuel cells.



Heat retention maintenance work "Overlapped Heat Retention method"

2018
Acquired the Energy Conservation Grand Prize. Our business model was valued, because it takes energy-saving measures in a comprehensive manner including diagnosis of heat loss, installation of heat retention materials, and confirmation of heat-loss-collection effect.

2001

NICHIAS Environmental Charter
Date of establishment

Established the NICHIAS Group Human Rights Policy.

2020

2005

Green Procurement Standard
Date of establishment

NICHIAS Group Carbon Neutrality Declaration

NICHIAS Group Health and Productivity Management Declaration

2021

2022

Declaration of Partnership Building

2011

"The NICHIAS Philosophy"
Date of establishment

2015

NKK (NICHIAS Kaizen Katsudo) started

2023

100th anniversary of the birth of the TOMBO BRAND

2024

NICHIAS Group Establishment of Sustainability Promotion Structure
See P18

2025

Establishment of a New Philosophical Framework
See P15

Energy and Industrial Plants Business

Industrial Products Business

Advanced Products Business

Autoparts Business

Building Materials Business

Five businesses of NICHIAS

For details, see the pages introducing our businesses ▶ P. 20-24



The Mission of the NICHIAS Group – For a Brighter Future for Earth

Katsumi Kametsu
Representative Director
President and Chief Executive Officer

What is your perception of societal changes that are impacting the business of the NICHIAS Group?

The NICHIAS Group has offered products and services based on our “TATSU-TAMOTSU™ (Insulation and Protection)” technologies to many industrial fields since its establishment in 1896.

The current social environment is undergoing a period of transformation, and the impact of those changes will be significant. The various societal changes occurring both in Japan and overseas will naturally have a major impact on the business of our Group. I believe that identifying risks and opportunities and figuring out how to adapt to change are what is expected of management.

From a medium-to-long-term perspective, the most critical issue for us to monitor is global climate change. Greenhouse gases present a challenge for all companies. As a result, the structure of industry is undergoing significant change. Within our Group, environmentally conscious products and manufacturing equipment design have become urgent priorities; while at the same time, there has been an increase in opportunities to contribute to solving the problem of climate change, such as decarbonization, through our Group’s products and service solutions.

The impact of recent economic trends is that energy costs, labor costs, and raw material costs remain high, so we need our customers to understand why it is necessary to pass on appropriate price increases. Furthermore, we cannot ignore the protectionist stance being pursued by the United States with its focus on tariffs. In any case, our approach to these challenges is clear: it involves enhancing the added value of our Group’s products and services. To avoid the pitfalls of price wars, we need to consistently provide products and services with genuine added value that our customers truly desire.

The decline in the working-age population is also becoming an increasingly critical problem in Japan. To ensure that our business remains sustainable, we are pushing for smart factories through automation and systemization efforts that utilize digital technology. In addition, it is indispensable for us to create a pleasant work environment in order to secure human resources. We aim to be a company that continues to contribute to society while strengthening its efforts toward diversity, respect for human rights, and employee safety management.

Please review the Group’s performance during the fiscal year ending March 2025 and your outlook for the next year.

The business environment is undergoing rapid change, but during the fiscal year ending March 2025, we achieved record-breaking results for the fourth consecutive year: net sales of 256.5 billion yen, operating income of 39.7 billion yen, ordinary income of 41.7 billion yen, and net income of 32.1 billion yen. This fiscal year’s results were significantly influenced by growth in our plant construction and sales businesses. Although every segment has faced specific challenges, including a partial slowdown in the semiconductor segment and a slump in the Building Materials Department, I consider overall performance to be satisfactory.

Our numerical targets for FY 2026, as set forth in our current Medium-Term Management Plan, are as follows: sales of 275

billion yen, an operating profit margin of 17.3%, ROE of at least 15.0%, and ROIC of 14.0%. Although there are elements of uncertainty in the business environment, I believe these goals are generally achievable. In order to achieve further long-term growth, we have already begun investing in our future 10 years and 20 years down the road. As we look toward our next Medium-Term Management Plan, we will continue to focus on the hydrogen business and other areas where we can make progress toward carbon neutrality, as well as the semiconductor sector, where advancements in AI are expected to drive further demand increases. These efforts will provide a foundation for growth.

Could you explain what the April 2025 philosophical framework adjustment consists of and the purpose behind it?

We restructured our philosophical framework in April 2025 in order to foster sustainable value creation and to share our vision with a broad range of stakeholders. We have consolidated our traditional corporate philosophy, “contributing to the Earth’s bright future through TATSU-TAMOTSU™ (insulation and protection) technologies,” together with our Slogan, which express that philosophy concisely, Our Promise, which describes the mindset and principles that guide employee conduct, and our newly established Sustainability Policy, organizing all these elements under a single framework.

For details, please refer to the special feature in this report: “Initiatives for Sustainable Value Creation by the NICHIAS Group.” We have created an illustration that encapsulates this reorganization of our philosophical framework. By providing a visual representation of our overall philosophical framework and communicating it clearly to stakeholders, we hope to foster a deeper understanding of our Group’s business activities.

What progress has been made on the second stage of the Medium-Term Management Plan?

Our current Medium-Term Management Plan, called “Shikumi 130,” commenced in April 2022. Shikumi is a slogan that combines elements from the Japanese words shiawase (“happiness”), which expresses support for our employees and their families, kufu (ingenuity), which describes interdepartmental collaboration for problem-solving, and mirai (“the future”), which represents the sustainable growth we are aiming for as we adapt to societal and environmental changes. By using ingenuity to create happiness and a better future, we are producing happiness in new ways. We always have this virtuous cycle in mind.

In our current Medium-Term Management Plan, we regard the first three years as the first stage and the latter two years as

the second stage. The NICHIAS Group has identified five particularly significant challenges to pursue as NPI (NICHIAS Performance index) items: improving profitability, selecting and focusing on our core businesses, efficient operations, environmental conservation, and strengthening our foundations. In order to implement these items, during stage one, we withdrew from unprofitable businesses, made growth investments with a medium-to-long-term perspective, and proceeded with manufacturing changes that would contribute to achieving carbon neutrality. I believe we were able to achieve solid results with regard to our FY2024 NPI items.

FY2025 is the first year of the second stage, which will be the culmination of our efforts so far. For our NPI during the

● Slogan for the medium-term management plan

SHI KU MI
130
Medium-Term Management Plan
Five-year plan from FY2022 to FY2026

Creating mechanisms “Shikumi” that respond to change

Shi	Shiawase (happiness)	Mechanisms “Shikumi” for the happiness of our employees and their families that support them	“A company that is a good place to work and full of smile”
Ku	Kufu (creative action)	Mechanisms “Shikumi” to devise ways to solve the issues in a cross-sectional manner without being satisfied with the present state	“Forward-looking thinking and forward-looking organization”
Mi	Mirai (future)	Mechanisms “Shikumi” to aim for sustainable growth while being adapted to social and environmental changes	“Creating a bright future”

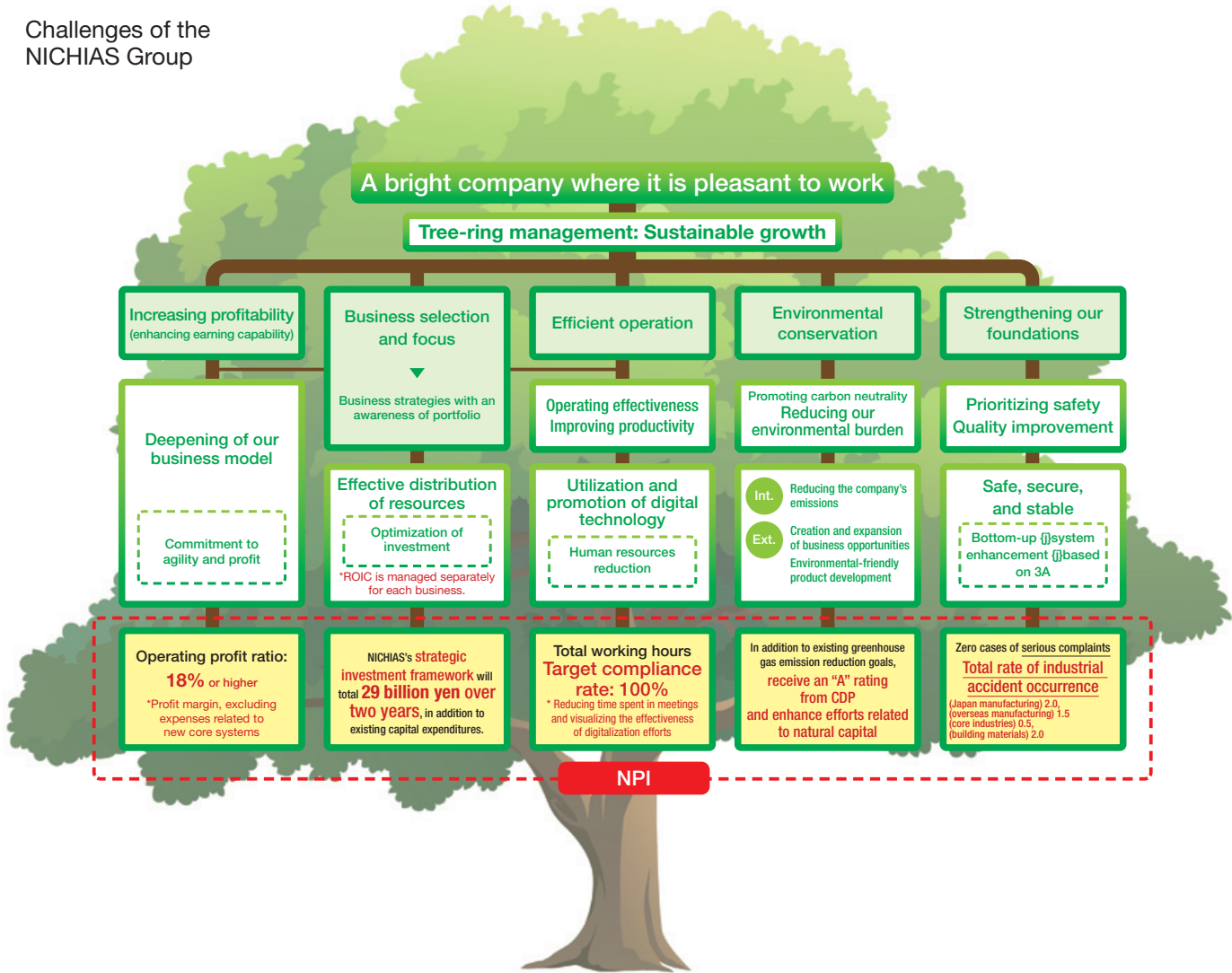


second stage, we are reviewing target numbers and items in addition to the earlier challenges. We will pursue new NPI items in key areas by making new investments in human resources and technology and by enhancing our adoption of new core systems, our promotion of business-specific evaluations through the use of ROIC, our compliance with regulations related to total working hours, and initiatives to strategically reduce greenhouse gas emissions.

We are making steady progress in our efforts toward becoming a “bright company where it is pleasant to work,” as we emphasized in last year’s Integrated Report. Through organizational restructuring aimed at personnel system reform and productivity improvement, we achieved a score of 75.9 on the NICHIAS General Index in FY2024. However, in areas such as human resource development and career planning, a gap between the mindset of our management and employees can be seen. We intend to achieve our FY2026 target score of 80 by eliminating these issues.

The target year of our Medium-Term Management Plan is approaching quickly, but by strategically executing on each policy, we will continue to deliver tangible business growth.

Challenges of the NICHIAS Group



What key challenges are you focused on with regard to sustainability management, which is promoted through ESGD's?

In addition to business growth, the sustainability of the NICHIAS Group and society is an essential element for enhancing long-term corporate value. We have been engaged in full-scale sustainability management since 2024, which was “sustainability year one.”

For our Group, our core sustainability policy is called ESGD's, which combines ESG (environment, society, and governance) with D for digital, which facilitates our ESG efforts, and S for strategy, which encompasses the whole thing. Currently, under our Sustainability Promotion Committee, we have five specialized subcommittees – Environment, Social & Personnel, (Corporate) Governance, Digital, and Strategy – that are establishing various policies and advancing related activities.

With regard to environmental issues, in recent years, we have begun to emphasize not only greenhouse gas emission reductions but also the protection of water resources and ecosystems. The NICHIAS corporate logo includes a depiction of a dragonfly, which is an insect associated with victory. However, dragonfly populations have been declining in recent years, so our Group has undertaken the Dragonfly Protection Project as part of our biodiversity conservation activities. Creating habitats that are suitable for dragonflies could be considered one of the benchmarks of our business and social contribution activities.

A staunch partner in this field is the Hiroshima Dragonflies, a professional basketball team for which our company is a Diamond Partner as of the current fiscal year. The team's name is inspired by the Miyajima dragonfly, which inhabits the island of Miyajima in Hiroshima Prefecture. The team logo also incorporates a dragonfly. The shared use of a dragonfly, which also appears in our own logo, is what led to us forming a partnership agreement. Going forward, we plan to undertake a conservation project to create habitats in which dragonflies can thrive, giving shape to something that both parties are passionate about. It is my hope that our employees, the community, and the world at large will arrive at a deeper understanding of biodiversity through these efforts.

In the domain of human capital, we have prioritized employee job satisfaction and comfortable workplaces, and we have introduced engagement surveys. In addition to conducting detailed opinion surveys of our employees, I actively participate in group meetings at each workplace in order to get workplace feedback that cannot be captured by surveys alone. We have established a system under which all employee questions are answered as a matter of principle, and I feel that a corporate culture of openness has been cultivated through the establishment of a system in which specific requests related to workplace environment improvements and similar topics can be addressed.

In terms of governance, we have pursued structural improvements by ensuring balanced representation by outside directors and female executives in each committee. The training of future executives and adjustments to the current management team's compensation structure are taking place under the oversight of diverse viewpoints in order to enhance the transparency and fairness of our decision-making.

Sustained enhancement of corporate value also requires us to address new challenges. To strengthen information security in response to growing customer demand, we formulated the NICHIAS Group Information Security Basic Policy under the authority of the Sustainability Promotion Committee's Digital Subcommittee and established the Digital Investment Committee. The new core systems currently under development also prioritize enhanced security alongside productivity improvements as major areas of focus. Our measures concerning natural disasters are also critical. Our Business Continuity Planning (BCP) Measures up to this point have mainly focused on earthquake preparedness, but we are now advancing measures to deal with wind and water damage resulting from climate change at our facilities both in Japan and overseas.

I look forward to seeing how the integration of these sustainability management initiatives with our business and social contribution activities will lead to a new form of value creation for NICHIAS.

Tell us what your vision as a leader is for the future beyond FY2026.

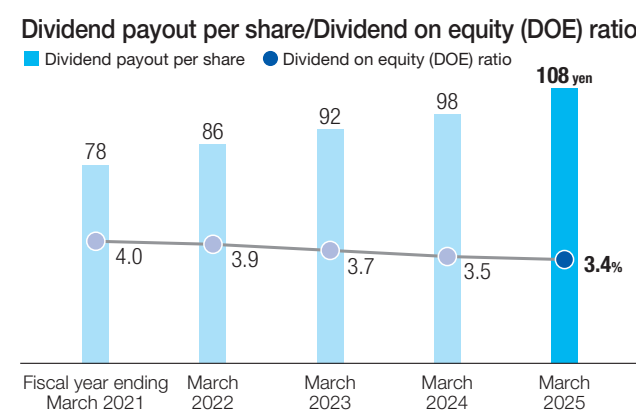
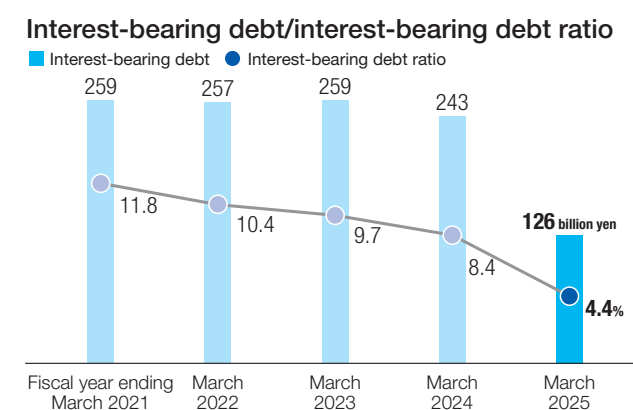
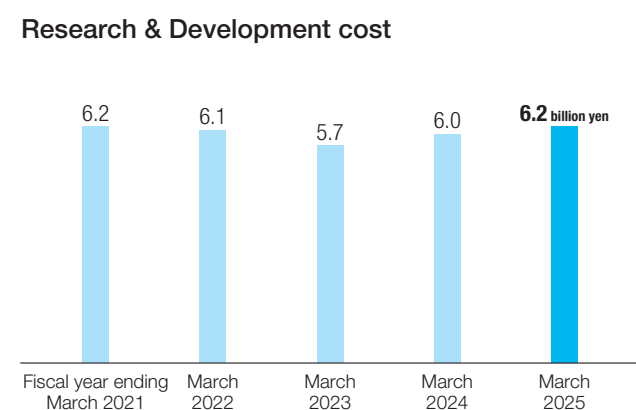
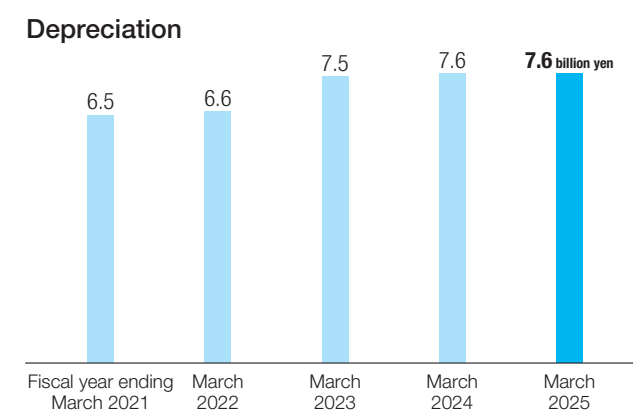
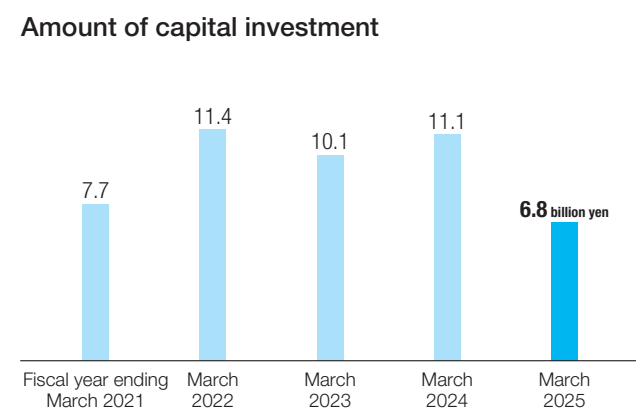
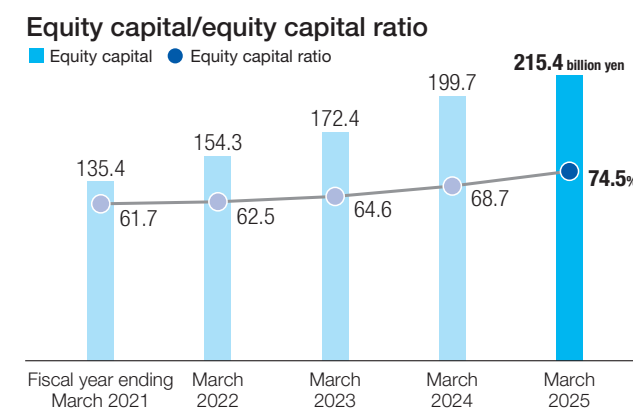
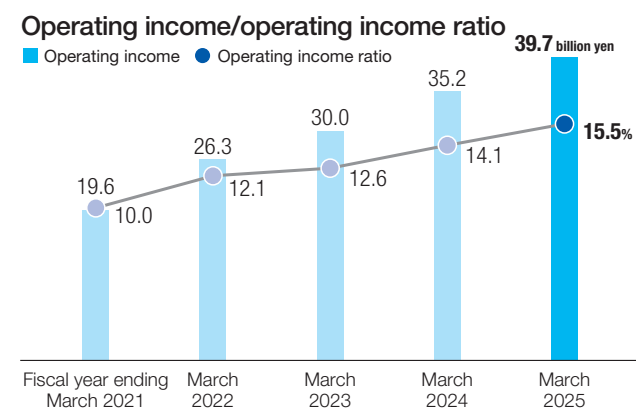
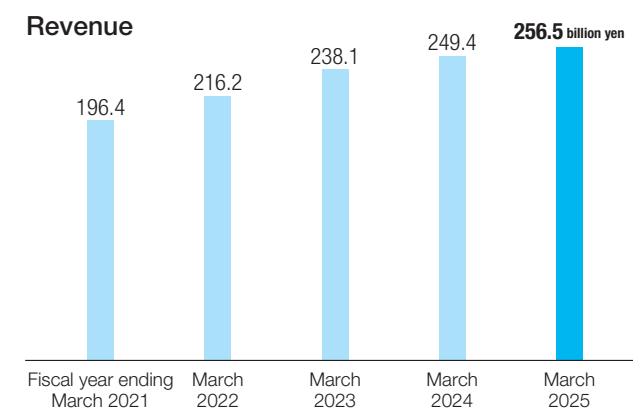
The various initiatives we're pursuing under our Medium-Term Management Plan are designed to prepare the company for future changes in the business environment. Once we have completed our “business selection and focus” initiative and optimized our business portfolio, growth will accelerate in the next phase.

The NICHIAS philosophy of “TATSU-TAMOTSU (Insulation and Protection)” will continue to be at the heart of our corporate values. TATSU-TAMOTSU (insulation and protection) technologies have contributed to industry in keeping with the times, in areas that include shipbuilding, power generation, construction, and automobiles. These technologies now underpin the semiconductor and hydrogen sectors, and I'm confident that they will be essential in industries that are central in the future. In order to maintain our contributions to society in the future, I will fulfill my duties as executive while prioritizing the “TATSU-TAMOTSU” philosophy.

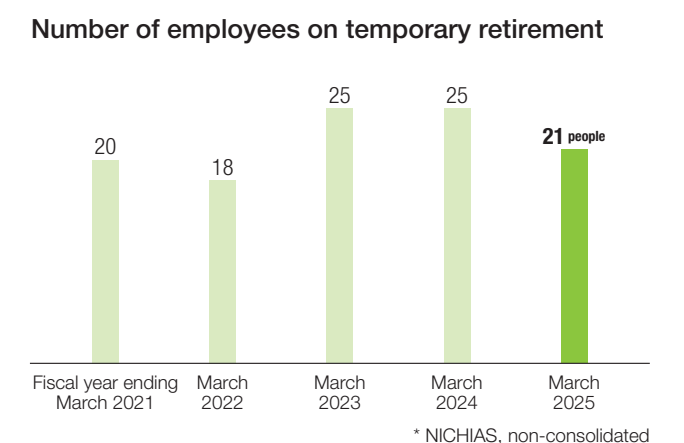
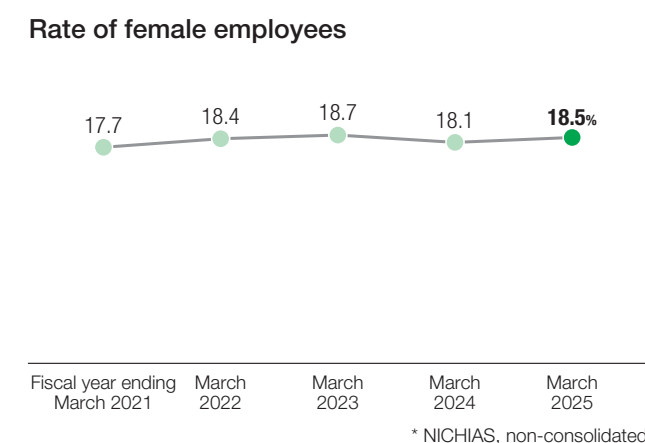
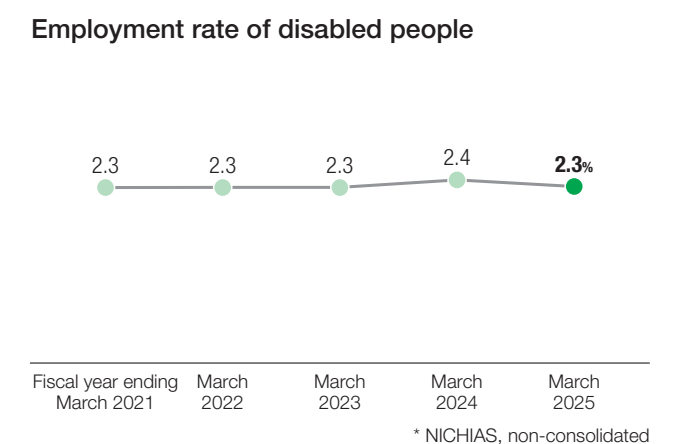
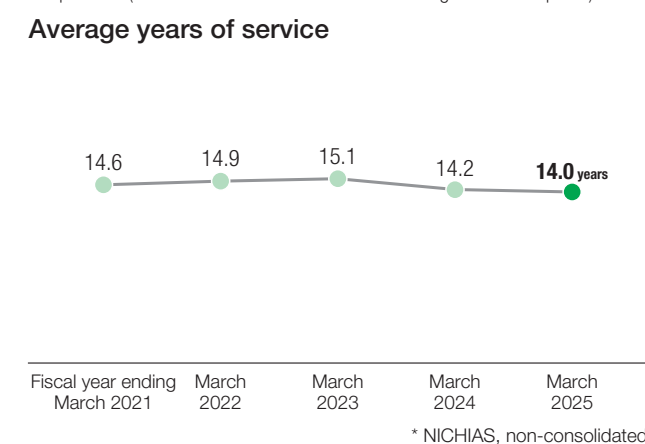
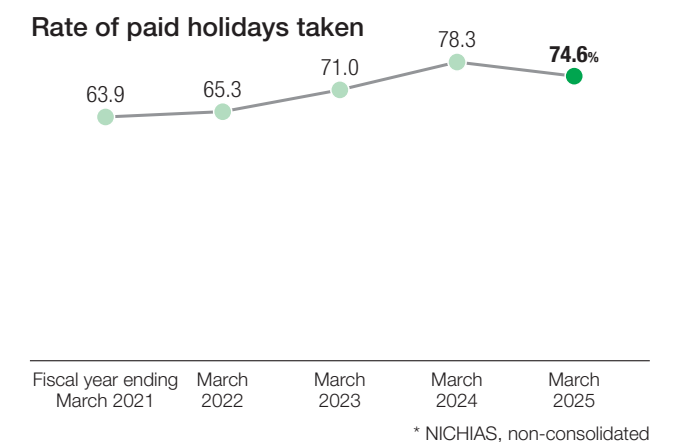
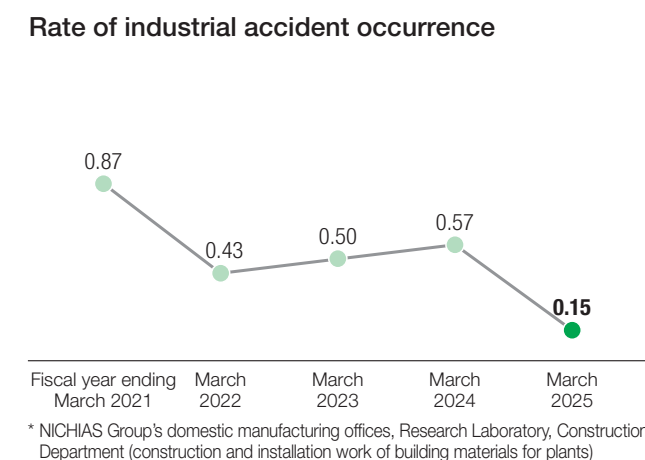
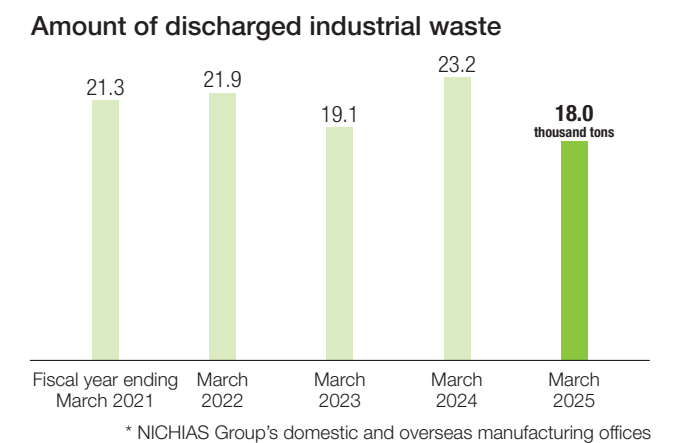
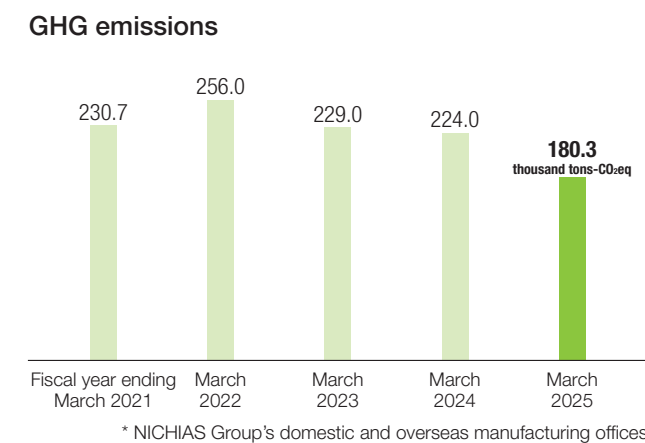
The support of stakeholders is indispensable for the business activities of the NICHIAS Group. I ask for your continued support as we strive toward a brighter future for earth.



Financial data (as of March 31, 2025)



Non-financial data (as of March 31, 2025)



Technologies, products, and services of NICHIAS that solve social issues

The NICHIAS Group provides products and services to a wide variety of fields including infrastructure that supports social foundation such as petrochemistry and electricity, automobiles supporting logistics and transportation of people, buildings and housing supporting lives, and semiconductor devices that support advanced information technologies.



Five businesses

- Energy and Industrial Plants Business
- Industrial Products Business
- Advanced Products Business
- Autoparts Business
- Building Materials Business

Six technologies of TATSU-TAMOTSU™

- Sealing technology**
It prevents fluid leakage from pipe joints and supports the safe operation of the facility.
- Thermal insulation technology**
This technology contributes to energy saving by maintaining the temperature of the item that is heated (or cooled down) and insulating the heat from outside and helps reduce CO₂ emissions.
- Soundproofing technologies**
Soundproofing technologies contribute to quiet and comfortable life through reducing the noise from factories and vibration sound from automobile brakes.
- Fireproof technology**
It provides materials that protect industrial furnaces, incinerators, and buildings in fire from fire to secure safety.
- Corrosion-proof technology**
The technology prevents corrosion and pollution caused by chemicals. For example, it plays an active role in the processes of manufacturing semiconductors and food, which have severe standards for cleaning and sanitizing control.
- Clean technology**
It maintains cleanliness in processes that tolerate no impurity, such as semiconductor manufacturing. We pursue cleanliness to the extreme.

1 For rockets

Fluoropolymer hose
NAFLON™ PFA pressure resistant hose
Hoses made of fluoropolymer that are used for rocket launching platform equipment and facility control lines.

2 For logistics warehouses

Wrap-Type Fire-proofing Covering Materials
MAKIBEE™
Fire-proofing covering materials used for beams and pillars of steel construction buildings. It also contributes to labor saving in construction.

3 For refrigerated warehouses

Heat insulation work
Construction work for installing heat retention and cold retention materials at such as -20°C largescale refrigerated warehouses.

4 For nuclear power plants

Heat retention materials for nuclear power stations
Metallic heat retention material
All-metal heat retention material, which does not generate dust and is used for pressure vessels and piping of atomic furnaces.

5 For food-manufacturing plants

Sealing materials for food
SANICLEAN™ GASKET
Odor-free and contamination-proof sealing material used for filling lines in the food manufacturing process, etc.

6 For semiconductor manufacturing factories

Fluoropolymer tube
NAFLON™ PFA-NE TUBE
Fluoropolymer tubes for preventing discharging phenomena caused by friction while maintaining the cleanliness of high-purity chemicals used in semiconductor manufacturing processes.
Pipe heating and insulation jacket heater
ENETHERMO™ PH
A jacket-type detachable heater that heats the equipment and pipes and keep them warm.

7 For electronic part factories (of multi-layer ceramic condensers)

Extremely high-temperature heat resistant board
RF BOARD™
Heat-resistant board that is used in firing furnaces of multi-layered ceramic condenser (MLCC).

8 For battery factories (of lithium ion batteries)

Volatile organic compound concentrator
SOLVENTCLEAN™
Equipment for absorbing and collecting gas, including volatile organic compounds (VOC) emitted from factories.
Industrial dehumidification rotor
HONEYCLE™ EX-SG
This is a dehumidification rotor that generates ultra-low dew-point air (dry air) that is sent into lithium-ion battery factories.

9 For automobiles, 10 EVs

High-performance brake shim material
METAPLUS™ Multi-Layer Shims
A soundproofing part to be installed onto disc brake pads. Reduces unpleasant noise generated during braking.

11 For alkaline water electrolysis plants

Fluororesin tube
NAFLON™ PTFE tube processed products
A fluororesin tube manufactured with special bending processing technology.

12 For buildings

Raised-Access Floor Systems
NICHIAS OMEGA FLOOR™
Raised-access floor system of double-floor structure with the office floor. It has superior walking comfort and creates a comfortable office environment.

13 For housing

Furniture sliding material
Fluororesin sliding material to be attached to the bottom of furniture to facilitate their movement.

14 For LNG facilities, 18 ammonia hydrogen storage plants

Heat retention material for extremely low temperatures
FOAMNERT™ TN
Polyurethane foam heat retention material used for piping in which low-temperature fluid flows.

15 For hospitals

Medical tube
NAFLON™ Multi-lumen tubes
Tube made of fluoropolymer with only a diameter of around 1 mm, which is used as a part of medical equipment such as endoscopes that need to be clean.

17 For fuel-transporting vessels

Cold retention work
Construction work for installing heat retention materials on the piping and tanks of LNG vessels in which low-temperature fluid flows.

16 Waste incineration plant, 19 thermal power plant, 20 steelmaking plants

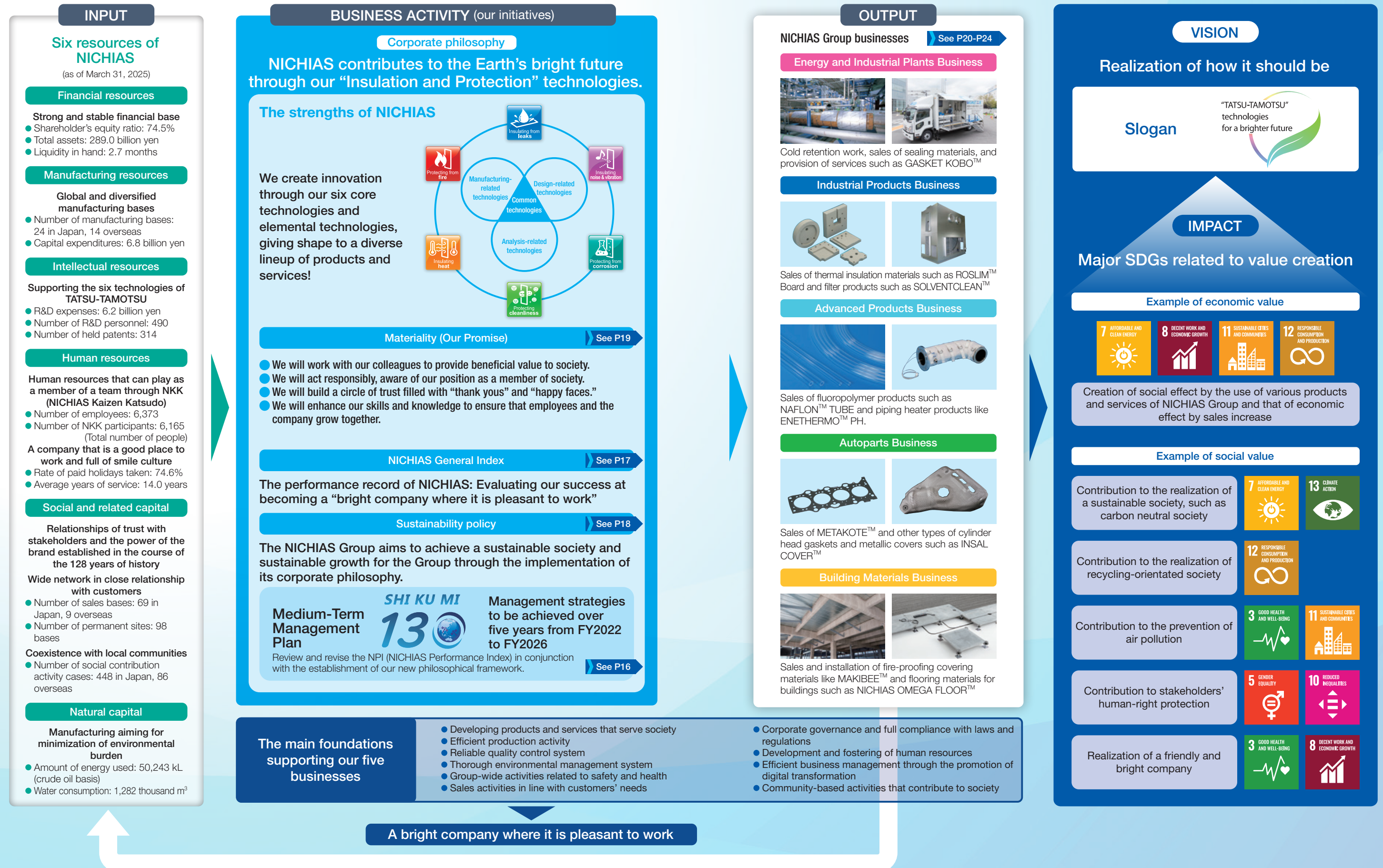
Thermal insulation material for high temperatures
FINEFLEX BIO™ Blanket
Thermal insulation material used for boiler ceilings and furnace walls. It contributes to energy saving.

21 For petrochemical plants

Heat retention function recovering method
Overlapped Heat Retention method
In this method, the heat retention performance is recovered through lap-winding new heat retention material without removing the deteriorated heat retention material.
GASKET KOBO™
A truck that can be driven to the customer's factory and process gaskets on site. Speedy response is a feature of this service.

Value-Creation Process

Making most of the six resources, the NICHIAS Group creates value in various industrial fields and contributes (Protection) that have been developed since the establishment.



A bright company where it is pleasant to work

Our Group's Medium-Term Management Plan, called "Shikumi 130," aims to make NICHIAS a "bright company where it is pleasant to work." We regard the first three years (FY2022–FY2024) as the first stage, and the latter two years (FY2025–FY2026) as the second stage.}}

As we commence second stage, we have established a philosophical framework and have printed new philosophy posters as part of our Group's efforts toward sustainable value creation (Figure 1).

In this special feature, we showcase our Group's initiatives for continuously creating sustainable value.

Initiative I

The NICHIAS Group's new Philosophical Framework

The new philosophical framework being established at this time consists of our Corporate Philosophy (NICHIAS Philosophy), our Slogan, Our Promise, and our Sustainability Policy (Table 1).

Our Corporate Philosophy expresses the purpose and mission of the NICHIAS Group.

Our Slogan is a concise expression of our Corporate Philosophy – a rallying cry, to put it another way.

Our Promise describes the mindset and code of conduct for the employees of the NICHIAS Group and presents our vision for human resources.

At the same time, our employees need to be committed not only to the company but to society (the stakeholders) as well, and these four promises encompass that aspect as well.

Our Sustainability Policy has been established at this time for the purpose of achieving sustainable growth for our Group and a sustainable society. It serves as an overarching framework that encompasses a variety of policies and declarations.

Figure 2 is a conceptual diagram illustrating this philosophical framework and its positioning within our Medium-Term Management Plan. It represents our Group's employees as one family gathered under one roof.

The upper section of the house says "Corporate Philosophy," which represents the family's purpose and mission. The lower section says "Our Promise," which represents the aspirations of employees working to implement the Corporate Philosophy (1).

In the front yard of the house grows the Shikumi Tree, which symbolizes the Medium-Term Management Plan (2). The soil supporting the house's foundation and the Shikumi Tree is the corporate culture and work environment, which produce a bright company where it is pleasant to work (3).

Our Slogan is represented by the sun, which continually shines over all of NICHIAS (4), and our Sustainability Policy is represented by the pleasant sky that surrounds everything (5).

Under this philosophical framework, we will build a bright, sustainable future for our Group and for society together with our employees.

Figure1: Our new philosophy posters



Table 1. New Philosophical Framework

Corporate Philosophy (NICHIAS Philosophy)	We contribute to the Earth's bright future through our TATSU-TAMOTSU (insulation and protection) technologies.
Slogan	For a bright future with TATSU-TAMOTSU
Our Promise	● We will provide value that is useful to society together with our partners. ● We are conscious of our role as members of society and will act responsibly. ● We will build a circle of trust that fosters gratitude and happiness. ● Our employees will grow together with the company by improving their skills and knowledge.
Sustainability policy	The NICHIAS Group aims to achieve a sustainable society and sustainable growth for the Group through the implementation of its corporate philosophy.

Figure 2. Diagram of the New Philosophical Framework



Initiative II

Initiatives and Numerical Targets for the Second Stage of Our Medium-Term Management Plan

During the first stage of our Medium-Term Management Plan, we focused on improving profitability and on selecting and focusing on our core businesses, and we promoted efficient business strategies along with effective allocation of investments. The NPI (NICHIAS Performance Index) for FY2024 showed generally favorable results across all items (Table 2).

During the second stage, following the establishment of our new philosophical framework, we will accelerate our activities by intensifying our investments in human resources, AI (artificial intelligence), DX (digital transformation), and other areas, while we revise our Group target planning, which includes NPI.

Key Initiatives During Our Medium-Term Management Plan, and Future Outlook

With regard to our "Shikumi Tree," which will include NPI during the second stage, although we continue to address previous challenges, we have also raised our target values and added new items (Figure 3).

In terms of increasing profitability, we will increase our target for operating profit margins to 18%, taking into account the costs of introducing and developing new key systems.

In terms of business selection and focus, we will promote management and operations using business-specific ROIC as one of our business mechanisms for evaluating efficiency.

In terms of efficient operation, we will improve operational efficiency by reducing meeting time, leveraging digital technologies, and evaluating their effectiveness, while adhering to guidelines for total working hours.

In terms of environmental conservation, we will strategically promote the reduction of greenhouse gas emissions and aim to achieve an A rating under CDP certification.

In terms of strengthening our foundations, our metric will be revised to a total frequency rating that includes non-work-related accidents within its assessment scope.

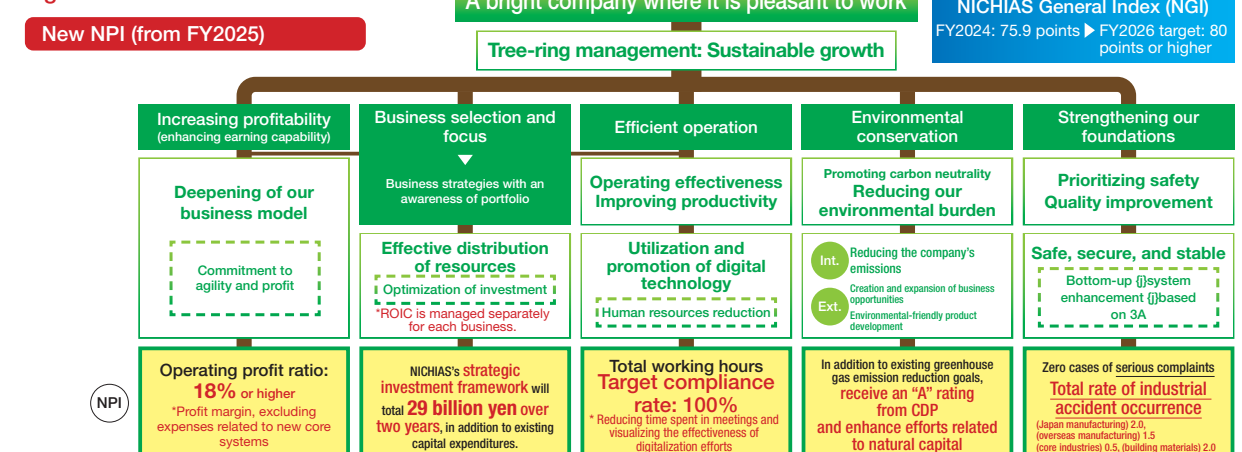
Aside from these NPI target revisions, we will also launch new activities during second stage. These will include organizational restructuring aimed at personnel system reform and productivity improvement, expanding the scope of items related to NKK (NICHIAS Kaizen Katsudo), commencing the operation of new key systems, establishing a new visitor showroom at our headquarters building, and developing the concept for a central research institute. Stay tuned for what's next from the NICHIAS Group.

Table 2. NPI (NICHIAS Performance Index) and other numerical targets of the NICHIAS Group as well as past results

Item	NPI	FY2024 results	FY2026 target value	
			Second stage	
Increasing profitability	Revenue	(100 million yen)	2,565	2,750
	Overseas revenue	(100 million yen)	530	580
	Operating income ratio	(%)	15.5	17.3 (18.0*)
Business selection and focus	Capital investment	(100 million yen)	68	Total investment amount 240*2
	ROE	(%)	15.5	Strategic investment framework ≥15.0
	ROIC	(%)	12.2	14.0
	EBITDA	(100 million yen)	474	550
Efficient operation	Total working hours compliance rate	(%)	99.5	100
	Total working hours (average of the entire company)	(hours)	1,921	—
Environmental conservation	GHG emissions*3	(10,000 t-CO ₂ eq)	18.0	17.0
	Amount of discharged industrial waste*3	(1,000 t)	18.0	17.1
Strengthening our foundations	Total rate of industrial accident occurrence (domestic production)	—	2.4	2.0
	Total rate of industrial accident occurrence (overseas production)	—	1.9	1.5
	Total rate of industrial accident occurrence (core industries)	—	1.0	0.5
	Total rate of industrial accident occurrence (building materials)	—	0	2.0
	Cases of serious complaints	(number of cases)	3	0

*1: Value excluding costs related to the new core system *2: Total for 2 years *3: Covering the overseas manufacturing sites of the NICHIAS Group.

Figure 3: Shikumi Tree



Initiative III

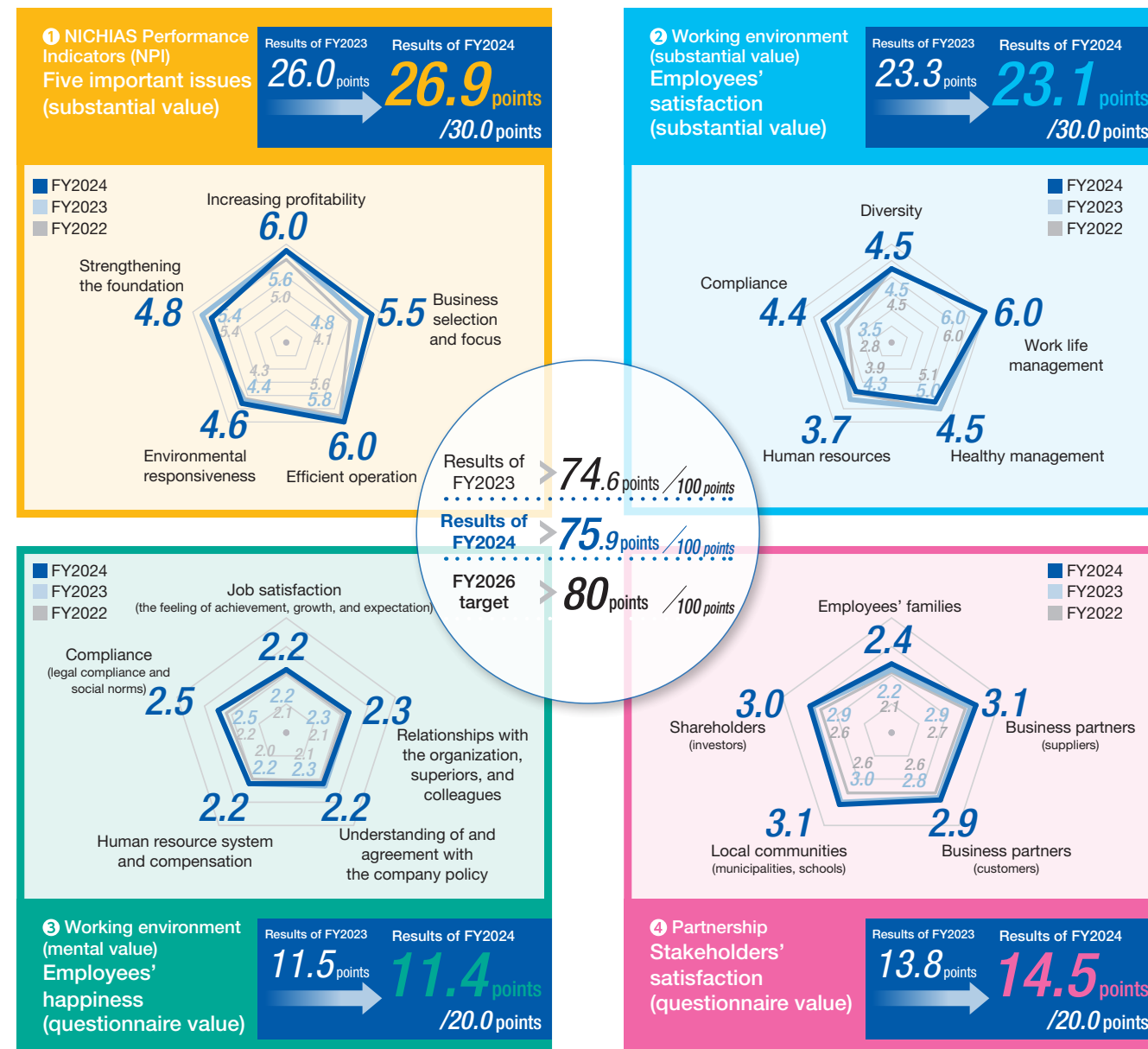
FY2024 NICHIAS General Index – Results and Improvement Measures

At the NICHIAS Group, we've been promoting NICHIAS General Index evaluations since FY2022 as a performance record to evaluate the degree to which we have become a "bright company where it is pleasant to work."

The NICHIAS General Index consists of four evaluation elements: ① the NICHIAS Performance Index (NPI), ② employee satisfaction, ③ employee happiness, and ④ stakeholder satisfaction.

For details, see Figure 4. Our score in FY2024 was 75.9 points out of 100, and we are pushing toward a target of 80.0 points by FY2026.

Figure 4 FY2024 NICHIAS Happiness Value Index



Initiatives Toward Index Score Improvement Based on FY2024 Results

Our results for FY2024 showed overall improvements in the scores for ① the NICHIAS Performance Index (NPI) and ④ stakeholder satisfaction. However, declines were seen in the scores for the "human resources" and "health management" categories under ② employee satisfaction and the "understanding and sympathy toward company policies" category under ③ employee happiness.

To improve these metrics, in FY2025 we are advancing concrete measures such as developing a desired candidate profile under our personnel strategy, expanding events like walking challenges to promote health, and rolling out awareness activities for our new philosophy framework.

We are also expanding our employee benefits programs, such as enrolling in services intended to improve the satisfaction of employees' family members.

We will continue to implement various measures aimed at improving our NICHIAS General Index scores as we endeavor to become a "bright company where it is pleasant to work."

Initiative IV

Sustainability Promotion Activities

Sustainability Promotion Structures

When our Group considers sustainability, there are five key elements we prioritize: the environment; society and personnel; governance; digital, which connects everything together; and strategy, which encompasses the whole. We refer to these by their initials as ESGD's (Figure 5).

Our Group's Sustainability Promotion Committee establishes major policies and identifies challenges related to the five aforementioned elements (overall sustainability).

Based on these policies and challenges, five specialized committees under the umbrella of the Sustainability Promotion Committee — the Environment Subcommittee, the Society and Personnel Subcommittee, the (Corporate) Governance Subcommittee, the Digital Subcommittee, and the Strategy Subcommittee — establish various policies, formulate concrete strategies, identify challenges, and carry out activities (Figure 6).

Figure 5 ESGD's

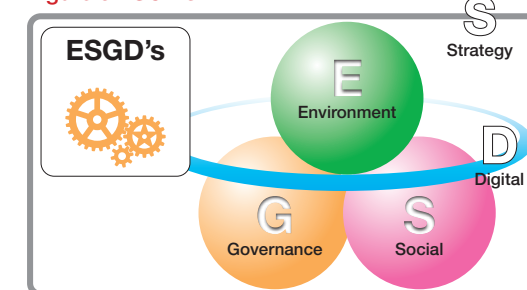


Figure 6 Sustainability Promotion Committee



Establishing Sustainability Policies

Our Sustainability Policy was established in April 2025 for the purpose of achieving sustainable growth for our Group and a sustainable society. This policy also serves as an overarching framework that encompasses a variety of policies and declarations, and it forms the operational guidelines for the Sustainability Promotion Committee, which commenced its activities in 2024. The results of the activities of the Sustainability Promotion Committee are extremely important in order for us to become a "bright company where it is pleasant to work."

Sustainable Policy

The NICHIAS Group is committed to achieving continuous growth and fostering a sustainable society through the practice of its corporate philosophy.

Sustainability-Related Activities

Table 3 shows the main activities and challenges that were being considered by each subcommittee in FY2024.

The Environmental Subcommittee obtained environmental certifications, including those for measures related to climate change. The Society and Personnel Subcommittee established a personnel strategy that included the development of a desired candidate profile.

Furthermore, the (Corporate) Governance Subcommittee developed regulations for Japanese and overseas Group companies and expanded our BCP. The Digital Subcommittee formulated the NICHIAS Group Information Security Basic Policy and established the Digital Investment Committee. The Strategy Subcommittee restructured our philosophy framework, including the establishment of our sustainability policy, and conducted a thorough review and clarification of materiality topics.

In FY2025, we will further refine these activities and proactively pursue measures to increase employee engagement, including the formulation of personnel-related policies in particular.

Through these activities, we will build a foundation for the sustainable prosperity of our Group and society.

Table 3. Subcommittee activities in FY2024

Environment Subcommittee	- Achievement of environmental certification; disclosure of information and preparation for natural capital - Definition of environmentally friendly products and establishment of a system for their evaluation
Society and Personnel Subcommittee	- Establishment of a desired candidate profile as part of their personnel strategy, and establishment of training and hiring policies - Consideration of diverse work styles
(Corporate) Governance Subcommittee	- Development of regulations for Japanese and overseas Group companies - Expansion of Business Continuity Planning (BCP) measures
Digital Subcommittee	- Establishment of digital policies - Establishment of a Digital Investment Committee
Strategy Subcommittee	- Restructuring of our philosophical framework and establishment of a sustainability policy - Scrutiny and identification of materiality

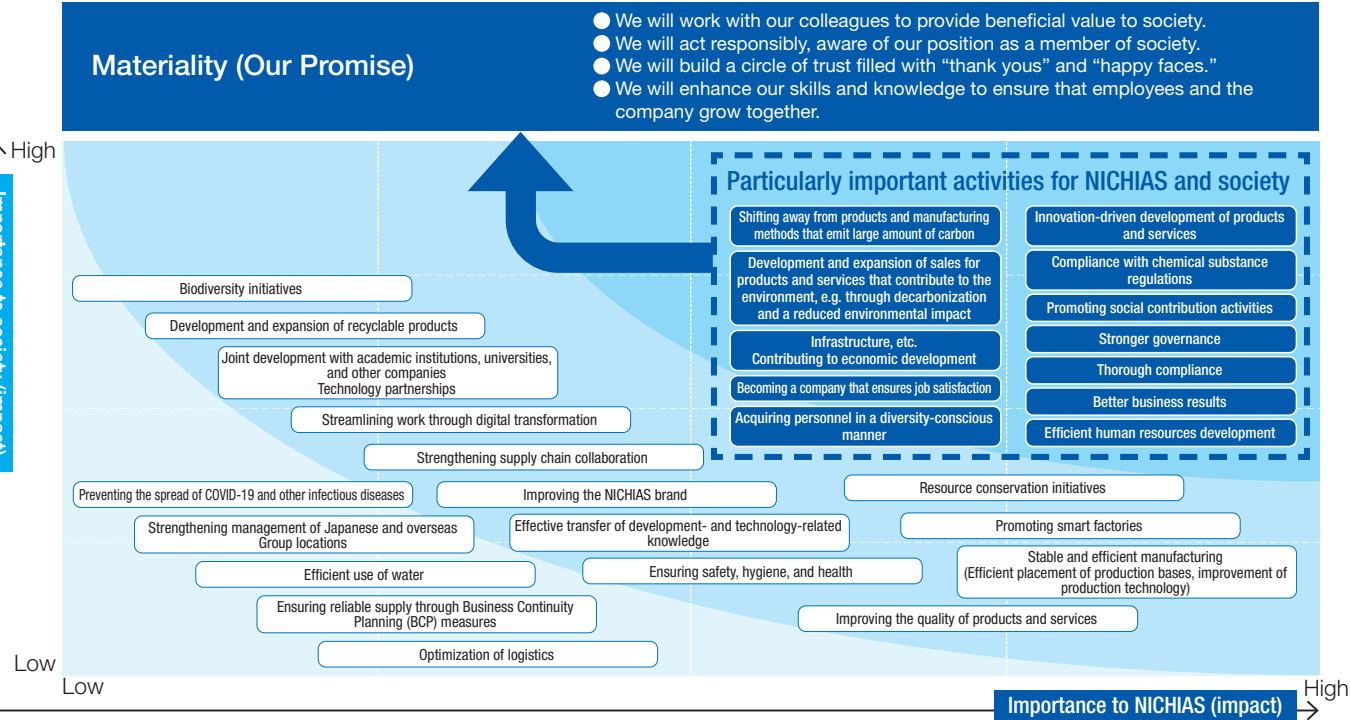
NICHIAS Group Materiality Assessment

For the NICHIAS Group, Our Promise serves as both a code of conduct and as a materiality (a key issue that should be prioritized by the company) for addressing societal challenges.

By engaging in thoughts and actions that uphold Our Promise, we can not only resolve societal issues but also achieve sustainable growth for the Group.

The chart below shows our Group's materiality and its relationship to the NICHIAS General Index, as well as its connection to activities of particular importance to our company and society and to the SDGs (Sustainable Development Goals). By achieving these materiality items, we will contribute toward achieving a sustainable society.

The NICHIAS Group's materiality identification process



The NICHIAS General Index in relation to the Group's materiality

Materiality (Our Promise)	Related NICHIAS General Index items	Particularly important activities for NICHIAS and society	Main related SDGs
We will provide value that is useful to society together with our partners.	(1) NICHIAS Performance Indicators (NPI) – Five Main Challenges - Increasing profitability (enhancing earning capability) - Business selection and focus - Efficient operation - Environmental conservation - Strengthening our foundations (2) Working environment (substantial value) – Employees' satisfaction level - Diversity - Human resources	- Better business results - Contributing to economic development through infrastructure and other means - Innovation-driven development of products and services - Stronger governance - Development and expansion of sales for products and services that contribute to the environment, e.g. through decarbonization and a reduced environmental impact - Shifting away from products and manufacturing methods that emit large amount of carbon - Compliance with chemical substance regulations - Acquiring personnel in a diversity-conscious manner - Efficient human resources development - Becoming a company that ensures job satisfaction	4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 17
Leveraging our Group's teamwork, we contribute to solving customer and societal challenges through our TATSU-TAMOTSU (insulation and protection) technologies.	(3) Working environment (substantial value) – Employees' happiness - Relationships with the organization, supervisors, and colleagues[] - Understanding of company policies and agreement with company policies[] (4) Partnerships – Stakeholders' satisfaction level - Shareholders (investors)	- Development and expansion of sales for products and services that contribute to the environment, e.g. through decarbonization and a reduced environmental impact - Shifting away from products and manufacturing methods that emit large amount of carbon - Compliance with chemical substance regulations - Acquiring personnel in a diversity-conscious manner - Efficient human resources development - Becoming a company that ensures job satisfaction - Promoting social contribution activities	4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 17
We are conscious of our role as members of society and will act responsibly.	(1) NICHIAS Performance Indicators (NPI) – Five Main Challenges - Environmental conservation (2) Working environment (substantial value) – Employees' satisfaction level - Diversity - Human resources - Compliance (3) Working environment (substantial value) – Employees' happiness - Compliance (legal compliance and social norms) (4) Partnerships – Stakeholders' satisfaction level - Local communities (municipalities, schools)	- Development and expansion of sales for products and services that contribute to the environment, e.g. through decarbonization and a reduced environmental impact - Shifting away from products and manufacturing methods that emit large amount of carbon - Compliance with chemical substance regulations - Acquiring personnel in a diversity-conscious manner - Efficient human resources development - Becoming a company that ensures job satisfaction - Thorough compliance - Promoting social contribution activities	4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 17
We will build a circle of trust that fosters gratitude and happiness.	(2) Working environment (substantial value) – Employees' satisfaction level - Work-life management - Health management - Human resources (3) Working environment (substantial value) – Employees' happiness - Relationships with the organization, supervisors, and colleagues - Human resource system and compensation (4) Partnerships – Stakeholders' satisfaction level - Employees' families - Business partners (suppliers) - Business partners (customers)	- Becoming a company that ensures job satisfaction - Efficient human resources development	3, 4, 5, 6, 7, 8, 17
Our employees will grow together with the company by improving their skills and knowledge. Encourage a mindset of self-improvement to achieve sustainable growth for both employees and NICHIAS.	(2) Working environment (substantial value) – Employees' satisfaction level - Human resources (3) Working environment (substantial value) – Employees' happiness - Job satisfaction (feelings of achievement, growth, and anticipation)	- Efficient human resources development - Becoming a company that ensures job satisfaction	4, 5, 6, 7, 8

Energy and Industrial Plants Business

This business provides heat-retention, cold-retention, fire-resistant, and soundproofing work, as well as various sealing materials and insulation products. It has established a long-term relationship of trust with customers who belong to a wide variety of industries, such as construction and maintenance, and has earned high praise as a result. Moving forward, we will expand our existing business operations and develop new construction methods and products in order to participate in next-generation energy infrastructure projects aimed at achieving carbon neutrality, in our efforts to support a wide range of industries and contribute to society.

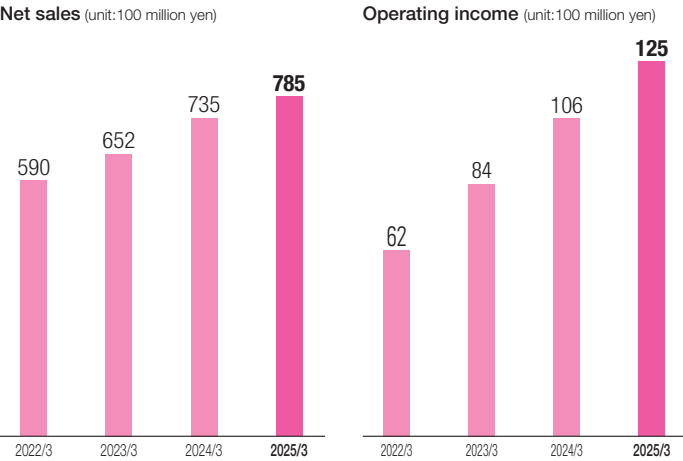
Mainstay products, services



Mikio Torizuka
Division Director of Energy and Industrial Plants Division

Looking back on FY2024

The shift in energy structures toward carbon neutrality was slower in FY2024 than we had expected. Amidst these circumstances, our maintenance activities in the petroleum refining and petrochemical sectors remained steady, as we focused on stable operations and extending the service life of existing facilities. Additionally, in the nuclear power sector, it was a year of intense safety measures construction work aimed at restarting idled reactors. While the situation regarding new approvals for restarting nuclear power plants remains unclear, nuclear power is essential for achieving carbon neutrality and ensuring that the need for more sources of power can be met in the future. We will continue in our efforts toward getting our products included in nuclear power specifications and winning construction contracts for newly approved restart projects. In summary, we saw steady growth in both sales and profits, which enabled us to achieve record-high performance.



Segment strategy

- Differentiating ourselves from competitors by providing unique, comprehensive support services, from product supply to customers to construction work
- Participating in next-generation energy and infrastructure projects through technical collaboration with customers in order to achieve carbon neutrality
- Expanding sales of Thermofit™ through the launch of Diagnosis Lite and capturing the demand for energy conservation through broader market access

Future initiatives

In the future, there will be an accelerated transformation of society's energy structures toward carbon neutrality, and we anticipate a variety of changes as a result. The number of data centers, semiconductor plants, and related facilities will increase by 2040, and the demand for power is expected to increase. In addition to adopting renewable energy sources, we need to restart nuclear power plants in order to meet the growing demand for power while achieving carbon neutrality. A variety of safety measures and construction tasks are required in order to safely restart operations. One example is fire protection measures, which involves wrapping equipment and electrical conduits with fire-resistant materials to prevent damage in the event of a fire occurring within the power plant. During seismic retrofitting work, new supports for ductwork will be installed, and this will require the installation of metal insulation material around these supports. Going forward, we will be involved in efforts toward getting our products included in nuclear power specifications so that we can receive orders for safety-related construction work as required for plant restarts. We will also differentiate ourselves from our competitors by offering more comprehensive support services ranging from component supply to construction work, and we will build trust relationships with our customers.



Pyrogel™ XTE is used as a refractory material.

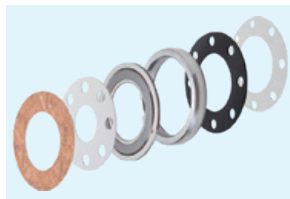


This metal insulation material will be newly installed around supports.

Industrial Products Business

The Industrial Products Business offers a wide range of products that include sealing materials, heat-insulation materials, fluoropolymer products, and filter products. We supply a variety of industrial sectors both in Japan and overseas. As are core company-wide business with the mission of creating new business ventures, we will contribute to the further development of industry by identifying market environment changes, technological innovation, and other trends from a global perspective, and by pursuing the creation of new value based on our TATSU-TAMOTSU (insulation and protection) technologies.

Mainstay products



Gasket



Rock wool MG products



Pipe lining

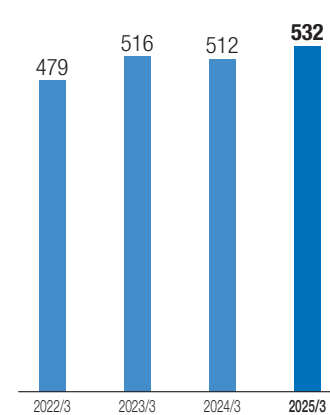


Shohei Fujii
Division Director of Industrial
Products Division

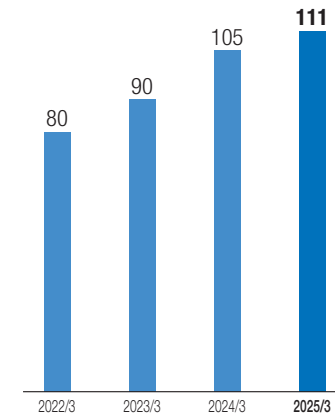
Looking back on FY2024

In FY2024, amidst continuing robust demand in Japan for sealing materials for infrastructure, medical devices, and food-related machinery, fluoropolymer ductwork materials for high-purity chemical manufacturing equipment and semiconductor facilities performed well, driven by AI-related investments. We also saw signs of renewed investment in some parts of the electronic components manufacturing sector, enabling our Industrial Products Business to achieve its best results ever. The slowdown in the shift to electric vehicles (hereinafter “EV”) and sluggish demand for PCs and smartphones have created a challenging market environment for filter products and fluoropolymer materials. However, we still expect to see growth in both markets over the medium to long term. Accordingly, we are pushing forward with product development and securing production capacity in anticipation of the next surge in demand.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- Formulation of business strategies for each market and proactive investment in prospective growing markets
- Enhancing our marketing framework for new business development
- Improving our cost competitiveness by promoting activities to reduce costs
- Promoting environmentally conscious product development and manufacturing
- Ensuring a stable supply of products through diversification of raw material suppliers and manufacturing bases

Future initiatives

For a long time, the Industrial Products Business has been expanding its overseas operations — particularly in East Asia and Southeast Asia. In recent years, it has been working to diversify its manufacturing bases and establish a local production for local consumption model for products that target promising growth markets. Last year at Suzhou Nichias Industrial Products Co., Ltd. (China) Plant No. 3, we commenced production of the Blazer™ series of high-performance rubber O-rings.

Although global economic trends remain unclear due to factors like U.S.-China trade friction, we are considering capital investments in response to future demand and where demand will be located. These involve filter products for future-oriented next-generation EV battery-related investments as well as fluoropolymer products for the semiconductor manufacturing field, in which Japanese companies hold a technological advantage.

In the Industrial Products Business, we will continue to build an optimal global production and supply system that takes into consideration market growth potential and the competitive strengths of our products in terms of quality and price as well as geopolitical risks.



SUZHOU NICHIAS INDUSTRIAL
PRODUCTS CO., LTD.
Plant No. 3 (completed in 2024)



Dehumidification
rotor for industrial
dehumidifiers

Advanced Products Business

The Advanced Products Business will offer the semiconductor market differentiated products and technical services in the fluoropolymer, inorganic insulation material, and rubber fields. We prioritize providing optimal solutions by leveraging our strengths in material development, evaluation techniques, and advanced processing technologies in a variety of fields while maintaining close collaboration with customers to ensure that we thoroughly understand their needs. We will continue to pursue a differentiation strategy and provide new value to customers as we aim for sustainable growth.

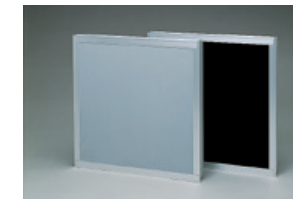
Mainstay products



PFA for drug solution
transportation



Piping heater



Chemical filter

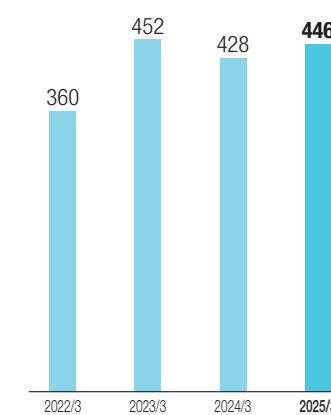


Yukinori Ryuko
Division Director of Advanced
Products Division

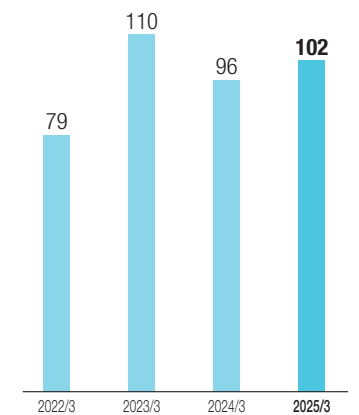
Looking back on FY2024

The semiconductor market in FY 2024 lost momentum due to sluggish demand for smartphones, PCs, and automotive power devices. Instead, the market was propelled by AI-focused semiconductor investments and data center investments that were driven by the proliferation of generative AI services. Amidst this market environment, consolidated net sales increased by 4% from the previous year to 44.6 billion yen, and operating profit rose by 5% to 10.2 billion yen. For the first half of FY2025, we expect demand outside of AI to remain sluggish, with a full-fledged recovery occurring only in the second half or later. Consequently, we project overall market growth for the full year to be slightly higher than that of the previous year. That said, due to inventory adjustments by some customers, we anticipate both sales and profits for this fiscal period to be on par with the previous year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

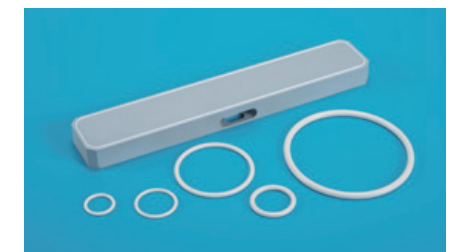
- Establish relationships of trust with customers realized by thorough sales activity in close relationships with customers
- Create differentiated products by technology development that catch the needs in advance
- Avoid opportunity loss by establishing a production system that keeps up with changes in the market trend

Future initiatives

With regard to the medium-to-long-term growth of the semiconductor market, we will focus our efforts on the following four key areas: (1) building trust with customers by offering comprehensive solutions, (2) developing differentiated and environmentally-friendly products, (3) establishing a stable production structure through proactive business investments and automation, and (4) strengthening our business continuity plan (BCP) measures by diversifying our production bases and building supply chains for stable procurement. Through these efforts, we aim to become an even more indispensable partner for our customers.



Tubes with excellent cleanliness and
chemical resistance



Rubber products with cross-linked
structures, designed and developed in-
house

Autoparts Business

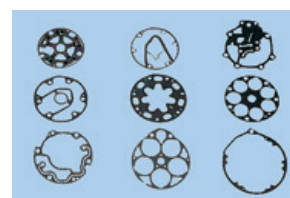
The pillars of our autoparts business are sealing materials that protect against leakage from the likes of vapor and liquids around engines, thermal insulation parts that protect against heat from engines, and soundproofing and vibration-damping parts that protect against the sound and vibrations of the brakes and on-board parts. NICHIAS supplies these products to automobile manufacturers in Japan and overseas. By building a framework that runs from material development right through to design, assessment, manufacturing, and quality assurance, Nichias meets diverse needs and receives high praise and trust from its customers.

We will contribute to the advancement of the automotive industry through new product development that anticipates diversifying needs as well as environmentally conscious product offerings and technological initiatives.

Mainstay products



Brake shims



Gasket for air-compressor



Resin parts for automobiles



Hironobu Imanaka
Division Director of Autoparts Division

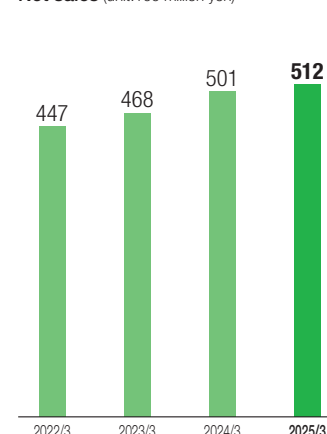
Looking back on FY2024

The automotive industry remains steadfast in its long-term outlook on electrification and the shift to EVs, but signs of a backlash against the rapid changes seen thus far are emerging in Europe, the United States, and other regions.

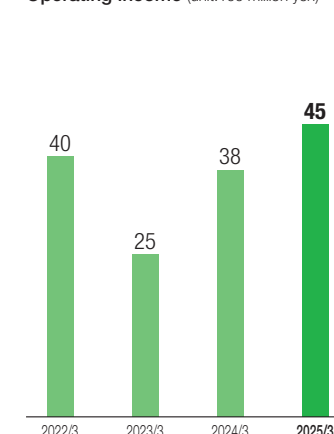
In FY2024, Japanese automobile manufacturers saw robust demand continue in North America, but demand remained sluggish in China and Southeast Asia, resulting in a decrease in global production volume compared to the previous year.

Despite the impact of market downturns, our autoparts business enjoyed an increase in both revenue and profit. Due to yen depreciation and our ability to pass on the higher costs of raw materials and energy, net sales increased by 2% from the previous year to 51.2 billion yen, and operating profit increased 20% to 4.5 billion yen.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- Creation of differentiated products that catch the needs of the expanding next-generation vehicle market in advance
- Establishment of production systems adapted to the change in business environment trends
- Promotion of initiatives for product development and production improvement that aim for carbon neutrality

Future initiatives

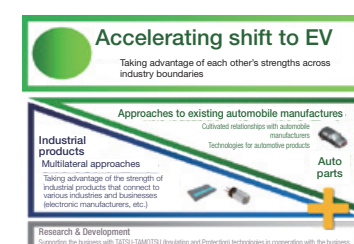
Regarding the business of internal combustion engines, against the backdrop of the electrification trend, a demand decrease is expected. However, since the progress of electrification differs according to the energy situation of each region and country and the use of vehicles, we will try to optimize the production system to meet the demand. In the Indian market, we anticipate continued growth driven by the expansion of internal combustion engine vehicles. Therefore, we intend to strengthen our development capabilities through the establishment of a design and evaluation system, and we will proceed with investment in plant expansions to increase production capacity.

Our next-generation automotive business is expanding into new markets by leveraging our TATSU-TAMOTSU™ (insulation and protection) technologies in activities centered on J2K (next-generation business development) projects.

Leveraging the core strengths of our TATSU-TAMOTSU technologies will allow us to further intensify our efforts to create new business ventures.



An expansion of our Indian plant under consideration

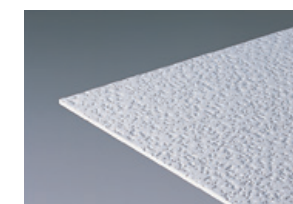


Development of J2K projects

Building Materials Business

Our Building Materials Business is responsible for developing, manufacturing, and selling products with superior properties that include fire resistance, non-combustibility, thermal insulation functionality, and soundproofing properties, developed with the TATSU-TAMOTSU (insulation and protection) technologies cultivated over our long history, in order to enhance the daily living spaces of customers. We also provide installation services for some of our products. We are also focusing on expanding the usage applications of our existing products, and we are endeavoring to broaden these opportunities so that more customers can use our products with confidence.

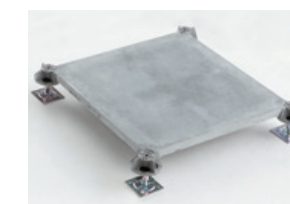
Mainstay products



Interior noncombustible materials



Wrap-Type Fire-proofing Covering Materials



Raised-Access Floor Systems

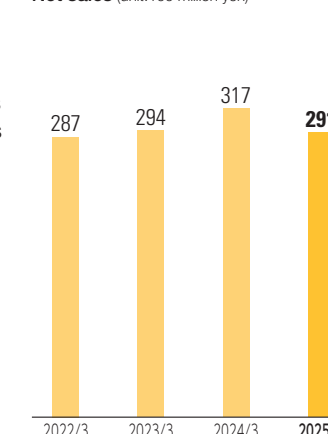


Hiroyuki Tomimatsu
Division Director of Building Materials Division

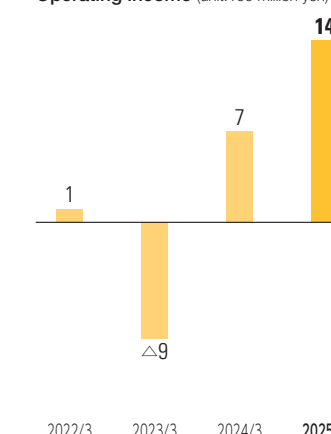
Looking back on FY2024

The construction market has seen rising costs due to the depreciation of the yen, wage increases, and soaring material prices that have continued since last year. Furthermore, delays in the construction schedules of major redevelopment projects in Tokyo have occurred due to supply shortages of some construction materials. While negative environmental factors hindered planned product deliveries, the effects of withdrawing from the unprofitable rock wool insulation business last year and the efficiency gains from consolidating the production of calcium silicate products have proven effective. Consequently, our financial results in FY2024 included a decrease in revenue but an increase in profit compared to the previous year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- Establishing a production system capable of responding quickly to fluctuations in demand, and reforming our revenue model
- Developing products tailored to individual user needs and establishing a production system that will enable this
- We plan to expand into overseas markets with our primary focus being Southeast Asia.

Future initiatives

Makibee™, a wrap-type fireproofing coating material that is one of the core products of the Building Materials Business, has been widely adopted in numerous projects as a fireproof coating for office buildings, warehouses, and similar structures. We are currently pursuing development in several areas to expand the number places this product can be used in buildings going forward. Additionally, for NICHIAS Omega Floor™, a product with a high market share in the raised-access floor market, we are building an expanded production system in FY2025 to boost our supply capacity. We plan to actively pursue orders for major redevelopment projects that will serve as urban landmarks, while at the same time we review our sales network and operational structure to ensure consistent business results and the ability to respond quickly to project delays and other sudden demand fluctuations. We have also established a business development team at our headquarters that is primarily composed of young employees, in order to facilitate development-related activities. We will accelerate these activities and successfully create new businesses to form part of our next-generation portfolio.



Makibee™ acquired new 1.5-hour and 2.5-hour fireproof certifications on April 1, 2023 in conjunction with the partial revision of the Building Standards Act.

Research and development and production systems of the NICHIAS Group that generate products and services that are the embodiment of the TATSU-TAMOTSU™ (Insulation and Protection) technologies. In collaboration with the business divisions, we are engaged in manufacturing that serves society

Research & Development

Message from the General Manager of the Research & Development Division

TATSU-TAMOTSU (insulation and protection), the technological foundation of our Group, has evolved over many long years together with our customers in various fields. The demands of the times and the market change greatly from one day to the next, and in order for us to continue our contributions toward building a sustainable, bright future, we are pushing to expand and refine our TATSU-TAMOTSU (insulation and protection) technologies.

Sealing technology, thermal insulation technology, soundproofing technology, fireproof technology, corrosion-resistant technology, and clean technology — those are our Group's "Six Technologies." Together with the diverse elemental technologies that support, they are indispensable even in growth industries such as information and communications, semiconductors, next-generation energy, and mobility. Further development of these technologies is needed in order to meet market demands and to keep pace with the speed of change. Furthermore, as part of our activities to create new businesses and technologies, we intend to enhance our open innovation our initiatives to digitally transform our research together with external partners such as universities, external research institutions, and venture companies.



Koji Iwata
Division Director of Research & Development Division

Main Initiatives

1. Information, communications, and the semiconductor industry

Smartphones, IoT devices, communication and network equipment, autonomous driving systems, and other information and communication devices are becoming increasingly sophisticated year by year. All these fields rely on high-speed, high-frequency circuit boards. Fluoropolymer, characterized by its low transmission loss, is gaining significant attention as a material capable of satisfying the demand for even higher speeds. However, fluoropolymers have weaknesses of their own — namely, a high thermal expansion coefficient, poor adhesion, and being difficult to combine with copper foil and other circuit materials. Using our fluoropolymer composite technology and proprietary molding technology as a starting point, we are accelerating our research and development with a focus on solving those challenges.

2. The renewable energy field

With Japan's push toward sustainability, the concept of a hydrogen society has been gaining attention in particular. Liquid hydrogen, liquefied ammonia, and methylcyclohexane (MCH) are attracting attention as hydrogen carriers for efficient hydrogen transportation. Our TATSU-TAMOTSU (insulation and protection) technologies can contribute to all aspects of the hydrogen industry, including production, transportation, storage, and usage, and we are enhancing our research and

development for that purpose. Our particular expertise lies in thermal insulation materials covering a full temperature range, from cold to hot, along with technologies for evaluating and designing such materials, and we are actively expanding our capabilities into the cryogenic temperature range.



Cryogenic thermal conductivity measuring device

Future Challenges and Outlook

NICHIAS excels in customer-focused research and development. We can leverage our broad range of business areas and technologies to provide technical solutions that satisfy the problems and demands of customers. As we continue to enhance our core technologies, our goal is to implement open innovation practices in order to accommodate the speed of technological progress and changes in the market environment. Last year, as part of this initiative, we began using NanoTerasu, a high-brightness synchrotron radiation facility that had been set up at Tohoku University. Going forward, we intend to make further use of the "coalition," a voluntary alliance that generates results through industry-academia collaboration. We will also expand our connections with universities, startups, venture companies, and external research institutions in order to facilitate creativity in new areas. Our TATSU-TAMOTSU (insulation and protection) technologies can contribute to these external partnerships, and they are enhancing our research and development efforts. Our particular expertise lies in thermal insulation materials covering a full temperature range, from cold

to hot, along with technologies for evaluating and designing such materials, and we are actively expanding our capabilities into the cryogenic temperature range. These enhancements will enable us to conduct research from a wider variety of perspectives, and this is likely to lead to the development of innovative technologies. Digital transformation in research and development is also a major challenge. Consolidating the research and development information by using the information-management and sharing tools, we try to streamline the process. We also pay attention to MI (Materials Informatics) and examine how to use it in a NICHIAS Group's way. Even if excellent information analysis tools and AI technologies exist, human effort is required to make use of it.

In the research laboratory, we are committed to developing not only human resources that can utilize information technologies but also those who can use TATSU-TAMOTSU (insulation and protection) technologies. We expect this to further enhance our research and development capabilities and support sustainable growth.

* Utilizing digital technologies for developing materials.

Production

Message from the General Manager of Production Division

There have been remarkable technological innovations in recent years, driving rapid change across all fields, and this trend is likely to continue. We recognize that our response to these changes — whether we succeed or fail — presents both opportunities and risks for the company.

When it comes to manufacturing, it has become necessary, as part of our social responsibility, to address greenhouse gas emission reduction, resource recycling, the coexistence of society with nature, and other environmental challenges, as well as the increasingly severe labor shortage and the need to reinforce our supply chains.

With regard to the NICHIAS Group's production activities, we are engaged in deploying our production strategy and making advancements in manufacturing as needed in order to respond to these challenges and changes. We will also continue to proactively make investments and technology improvements to secure production resources such as personnel, buildings, and production equipment, and to reduce our environmental impact.



Hiroki Asada
Division Director of Production Headquarter Division

Main Initiatives

At the Production Headquarter Division, we are addressing the following four important policies. The first is the establishment of a safe, secure, and stable production structure.

We proactively pursue safety and environmental improvements to ensure the peace of mind of plant employees and local residents while maintaining quality that our customers can rely on. We are also focusing on the renovation and improvement of aging buildings and facilities as well as disaster management measures.

The second is the far-sighted securing of production resources. We will strategically consider the relocation of manufacturing bases and push for greater efforts to secure buildings, equipment, personnel, and materials in order to maintain flexibility in our responses to business changes.

The third is promoting environmental management. We are actively engaged in installing solar panels and promoting energy-saving initiatives both in Japan and overseas. Going forward, we will promote initiatives not only for decarbonization but also for encouraging resource recycling and coexistence with nature.

The fourth is the evolution and efficiency of manufacturing. We are proactively working to automate



Solar panels at NICHIAS HAIPHONG CO., LTD. (Vietnam)

processes, digitalize the flow of information, and adopt AI so we can compensate for the shrinking worker population in Japan and respond with more flexibility to business changes. Furthermore, we are further enhancing the ability of our production sites to implement improvements with the aim of boosting labor productivity through NKK (NICHIAS Kaizen Katsudo).

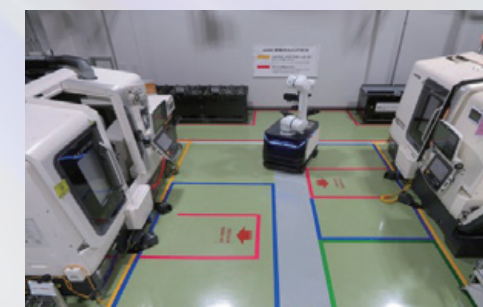
Future Challenges and Outlook

Many changes are in store for society's future, including EVs that will enable a decarbonization society, changes in our energy, an increase in disaster risks due to climate change, labor shortages due to a shrinking population of workers, and growth in the semiconductor industry. Although these changes will pose numerous challenges for our production system, automation will allow us to accelerate our efforts to save labor and energy more than ever before, and we will transition various management tasks from digitalization to systemization as we advance toward our goal of manufacturing through smart factories. At the same time, we will need to simultaneously push forward with maintenance, preservation, and improvement activities for our older equipment.

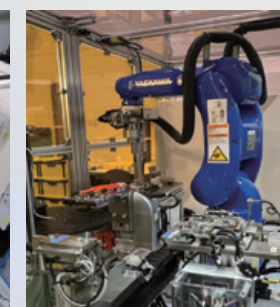
One essential requirement for that is securing and developing personnel. We plan to actively pursue the hiring of new graduates and experienced workers and, furthermore, to utilize external resources in order to secure human

resources with skills related to engineering and digital technology. Our aim is to establish a robust training system and to secure and develop the next generation of talent.

Going forward, we will collaborate with all manufacturing bases in the pursuit of manufacturing that is both human-friendly and earth-friendly.



Utilization of automated transport robots



An automated finishing line for machined products

List of Officers (as of June 27, 2025)

Director



Katsumi Kametsu
Representative Director President & Chief Executive Officer

Mar-85 Joined NICHIAS
Jun-13 Executive Officer of NICHIAS
Jun-16 Director & Executive Officer of NICHIAS
Jun-19 Director & Managing Executive Officer of NICHIAS
Jun-22 Representative Director President and Chief Executive Officer of NICHIAS (current position)



Tsukasa Yamamoto
Representative Director & Senior Managing Executive Officer

Mar-86 Joined NICHIAS
Jun-18 Executive Officer of NICHIAS
Jun-21 Director & Executive Officer of NICHIAS
Jun-22 Representative Director & Senior Managing Executive Officer of NICHIAS (current position)
June of the same year In charge of internal control, compliance, CSR, accounting
Oct-23 In charge of internal control, compliance, sustainability and Accounting of NICHIAS (current position)



Satoshi Tanabe
Director & Senior Managing Executive Officer

Apr-89 Joined NICHIAS
Jun-13 Executive Officer of NICHIAS
Jun-19 Director & Executive Officer of NICHIAS
Jun-21 Director & Managing Executive Officer of NICHIAS
Apr-24 Division Director of Production Headquarter Division of NICHIAS (current position)
Apr-25 Overseeing the Production, Safety and Health, Environment, and Quality Assurance Departments of NICHIAS (current position)



Kiyoshi Sato
Director & Managing Executive Officer

Jun-03 Joined NICHIAS
Jun-16 Executive Officer of NICHIAS
Apr-18 Division Director of Research & Development Division of NICHIAS (current position)
Jun-21 Director Executive Officer of NICHIAS
Oct-23 In charge of Research & Development and Digitalization Promotion of NICHIAS (current position)
Apr-24 Director & Senior Executive Officer of NICHIAS
June of the same year Director & Managing Executive Officer of NICHIAS (current position)



Yukinori Ryuko
Director & Senior Executive Officer

Sep-88 Joined NICHIAS
Jun-17 Executive Officer of NICHIAS
Jun-21 Division Director of Advanced Products Division (current position)
Jun-22 Director & Executive Officer of NICHIAS
Oct-23 In charge of Sales Department of NICHIAS (current position)
Apr-24 Director & Senior Executive Officer of NICHIAS (current position)
Jun-25 Director & Managing Executive Officer of NICHIAS (current position)



Yoko Wachi
Outside Director

Apr-89 Registered as lawyer (current position)
April of the same year
Jun-15 Joined Kajitani Law Office (current position)
Jun-19 Outside Director of NICHIAS (current position)
Jun-23 Outside Director of S.T. CORPORATION (current position)
Mar-25 Outside Auditor & Supervisory Board Member of Kyowa Kirin Co., Ltd. (current position)



Yasushi Manabe
Outside Director

Apr-79 Joined Hitachi, Ltd.
Apr-17 Vice President and Executive Officer, Deputy Director General Corporate Sales & Marketing Group, CMO of Industry & Distribution Business, Water & Urban Business of the company
Jun-21 Outside Director, MGC (current position)
Jun-24 Outside Director of NICHIAS (current position)



Reiko Iwasaki
Outside Director

Apr-89 Joined Toppan Printing Co., Ltd. (currently Toppan Holdings Co., Ltd.)
Apr-02 Managing Director of Toppan Mind Wellness Co., Ltd. (currently Toppan Inc.)
Jan-14 Representative Director of Toppan Mind Wellness Co., Ltd. (currently Toppan Inc.)
May-24 Outside Director of Arclands Corporation (current position)
August of the same year Established For SDGs Inc. Representative Director of For SDGs Inc. (current position)
Jun-25 Outside Director of Nishikawa Rubber Co., Ltd. (current position)
June of the same year Outside Director of NICHIAS (current position)

Auditor



Mitsuru Nose
Full-time Audit & Supervisory Board Member

Mar-86 Joined NICHIAS
Jun-23 Full-time Audit & Supervisory Board Member of NICHIAS (current position)



Kazuyuki Motohashi
Full-time Audit & Supervisory Board Member

Oct-89 Joined NICHIAS
Jun-24 Full-time Audit & Supervisory Board Member of NICHIAS (current position)



Sachiko Murase
Outside Audit & Supervisory Board Member

Apr-95 Joined NICHIIA Co., Ltd.
Sep-08 Registered as lawyer (current position)
Nov-15 Outside Audit & Supervisory Board Member of BUNKYODO GROUP HOLDINGS Co., Ltd. (current position)
Sep-18 Joined Kudanzakaue Law Office (current position)
Jun-19 Outside Audit & Supervisory Board Member of NICHIAS (current position)
Jun-20 Maxell Holdings, Ltd. (currently Maxell, Ltd.) Outside Director (current position)
Jun-24 Outside Director of NIPPON CHUZO.K.K. (current position)



Nobuhiko Takano
Outside Audit & Supervisory Board Member

Apr-75 Joined Fukuoka Regional Taxation Bureau
Jul-16 Regional Commissioner, Kumamoto Regional Taxation Bureau
Aug-17 Registered as certified public tax accountant (current position)
August of the same year President, Nobuhiko Takano Accountant Office (current position)
Mar-18 Outside Director (Audit & Supervisory Committee Member) of Toagosei Co., Ltd. (current position)
Jun-20 Outside Audit & Supervisory Board Member of NICHIAS (current position)



Masatoshi Deguchi
Outside Audit & Supervisory Board Member

Apr-82 Joined Sumitomo Corporation
Apr-17 Executive Officer and General Manager of Internal Auditing Department of the company
Apr-19 Managing Executive Officer of Sumitomo Precision Products Co., Ltd.
Jun-20 Representative Director, Senior Managing Executive Officer, and General Manager of Corporate Management Division of the company
Sep-23 Outside Director (Audit & Supervisory Committee Member) of TechnoPro Holdings, Inc. (current position)
Jun-24 Outside Audit & Supervisory Board Member of NICHIAS (current position)



Message from an Outside Director Yoko Wachi
Outside Director

— What are your thoughts on the state of discussions and main topics at Board of Directors meetings?
Candid opinions are being expressed by both inside and outside directors, and open discussions are taking place. Regarding reporting items, efforts continue to be made to present actual results concisely while incorporating a medium-term vision that includes future challenges. This approach is probably conducive to the Board of Directors' important responsibilities: making decisions regarding management policies and governance.

— Tell us about a discussion that left a lasting impression on you.
There was an instance in which a detailed progress report facilitated deliberation that was sufficient to result in a final decision. In the current climate of unpredictable economic and political conditions, a swift and decisive judgment is often required. However, I have come to realize that in some situations, it may also be necessary to stay flexible enough to observe developments and take more time for careful deliberations.

— What is your own assessment of NICHIAS's governance?
I believe the company is managed with a consistent focus on whether its governance is functioning effectively. It goes without saying, however, that there is always room for improvement. (That's the spirit of NKK, after all.)

— How do you make use of your background and experience as an outside director?
Additionally, what role do you see yourself fulfilling in the future?
I have been involved in corporate legal affairs across various industries for many years, handling not only incidents that have already occurred but also taking preventive legal measures. Moreover, serving as an outside director for multiple companies not only has provided me with opportunities to consider compliance and governance advice from a legal perspective but has also taught me how to manage a company's mid-to-long-term direction in response to societal changes. I intend to continue applying these experiences and maintaining an outside perspective in order to facilitate the growth of NICHIAS.

— Please share your opinion on the expectations and challenges for NICHIAS as it strives to achieve sustainable growth.
I feel that the practice of the NICHIAS philosophy, to "contribute to a bright future for the Earth through our "TATSU-TAMOTSU (Insulation and Protection)" technology", is being carefully considered not only by the executives but also by each and every employee. Contributing to a bright future for the Earth is not only a mission of NICHIAS but also something that supports the sustainable growth of society as a whole. Going forward, it is of course essential that we continue to uphold this philosophy, while at the same time I also hope to see flexibility demonstrated, including a shift in mindset when necessary.

A wide-angle shot of a modern conference room. A long, dark, polished conference table stretches across the room, reflecting the light from large windows on the left. Several black leather chairs are arranged around the table. The room has a clean, minimalist aesthetic with light-colored walls and a bright, airy atmosphere.

~2009	
1999	■ Introduction of the Executive Officer System
2001	■ Establishment of the Nomination Committee and Remuneration Committee
2002	■ Shortening of Directors' terms of office (from two years to one year)
2003	■ Establishment of the Compliance Committee
	■ Establishment of whistleblower hotlines (currently six locations)
2004	■ Increase in the number of Outside Auditor & Supervisory Board Members (total: three)
2005	■ Establishment of an (Internal) Audit Office
2006	■ Decisions on matters related to the Internal Control System
	■ Launch of the Internal Control Project Team
2008	■ Discontinuation of the Chairman position
	■ Establishment of an Internal Control Office
2009	■ Establishment of the Internal Control & Internal Audit Office (merging of the Audit Office and Internal Control Office)
2010~	
2015	■ Appointment of Outside Director (total: one)
2016	■ Increase in the number of Outside Directors (total: two)
2019	■ Further increase in the number of Outside Directors (total: three)
2020~	
2023	■ Introduction of a stock-based compensation plan
2024	■ The chairs of the Nomination Committee and the Remuneration Committee, as well as a majority of their members, were changed to outside officers.
2025	■ Introduction of an executive performance-linked compensation system incorporating non-financial factors (to be applied from FY2026).



In order to increase the transparency and fairness of management and rapidly and efficiently carry decision-making, the NICHIAS Board of Directors comprises five Directors who are highly knowledgeable and experienced in the company businesses, and three Outside Directors who contribute proposals from an independent standpoint. The Board of Directors meets once a month on a regular schedule and holds extraordinary meetings as necessary, and in addition to making decisions on various important matters as stipulated in the Board of Directors Regulations, it also supervises the status of business execution.

At meetings of the Board of Directors, discussions and deliberations were held on measures such as improving profitability, efficient operations, environmental conservation, and strengthening our foundation, in line with the final year of the first stage of the five-year Medium-Term Management Plan “Shikumi 130,” which began in FY2022. The Board also considered matters including business selection and concentration, new investment projects, and shareholder returns in preparation for the second stage of the plan starting in FY2025. In addition, the progress of existing investment projects, response to climate change, response to cybersecurity, and other issues are also monitored periodically.

Number of meetings held in FY2024: 14

At NICHIAS, all Directors and Auditor & Supervisory Board members conduct a self-evaluation through an anonymous questionnaire regarding the composition and operation of the Board of Directors. The results are then reviewed and analyzed by the Board to evaluate its effectiveness.

June 2025

- Composition of Board of Directors
- Roles and duties of Board of Directors
- Operation and deliberation of Board of Directors
- Job responsibility of Board of Directors
- Arbitrary advisory meeting, etc.

It was confirmed that the overall effectiveness of the Board of Directors has been sufficiently secured. Issues identified included the need to review meeting operations by narrowing down agenda items, and to deepen medium- to long-term discussions and deliberations on non-financial information that contribute to sustainable growth.

We will continue working to further improve the operation of the Board of Directors and strive to deepen medium- to long-term discussions, including those related to non-financial information.

NICHIAS is a company with an Auditor & Supervisory Board, and to ensure objectivity and neutrality in its oversight functions, the Board is composed of three Outside Auditors & Supervisory Board Members, each with expertise in different fields (corporate management, law, and finance/accounting), who are able to express opinions from an independent standpoint, together with two full-time Audit & Supervisory Board Members who have diverse experience in our business operations. As a general rule, the Auditor & Supervisory Board meets once a month, where reports on audit activities are shared and active discussions are held on matters such as the legality of business execution. In addition, at Board of Directors meetings and other forums, Audit & Supervisory Board Members proactively express their views on management from a broad and high-level perspective.

Number of meetings held in FY2024: 13

3 Nomination Committee

The Nomination Committee has been established as an advisory body to the Board of Directors. With respect to the appointment of Director candidates, the Nomination Committee deliberates and makes recommendations based on established selection criteria, and the Board of Directors then considers these recommendations and proposes candidates to the General Meeting of Shareholders. To enhance the objectivity and validity of the Director candidate nomination process, the Committee chair and a majority of its members are independent outside officers.

Members (as of June 27, 2025)
Chairperson: Yoko Wachi (Outside Director)
Committee members: Katsumi Kametsu (Representative Director President & Chief Executive Officer), Tsukasa Yamamoto (Representative Director Senior Executive Officer), Yasushi Manabe (Outside Director), Reiko Iwasaki (Outside Director)
Activities in FY2024
At the Nomination Committee, following the conclusion of the FY2024 General Meeting of Shareholders and under the new management structure, the composition of the Committee was reviewed, and changes were made to ensure that both the Chairperson and a majority of members are outside officers. In addition to deliberating on candidates for Directors and Executive Officers for FY2025, the Committee discussed measures for developing future executive talent and the establishment of a new organization to oversee NICHIAS' future human resources strategy, and submitted its recommendations to the Board of Directors.
Number of meetings held in FY2024: 2

4 Remuneration Committee

The Remuneration Committee has been established as an advisory body to the Board of Directors. With regard to the determination of Directors' remuneration, factors such as performance, the importance of duties, and responsibilities are taken into consideration. Based on the discussions held by the Remuneration Committee, the results are deliberated on and finalized by the Board of Directors. To enhance the objectivity and validity of the process for determining executive remuneration, the Committee chair and a majority of its members are independent outside officers.

Members (as of June 27, 2025)
Chairperson: Yasushi Manabe (Outside Director)
Committee members: Katsumi Kametsu (Representative Director President & Chief Executive Officer), Tsukasa Yamamoto (Representative Director Senior Executive Officer), Yoko Wachi (Outside Director), Reiko Iwasaki (Outside Director)
Activities in FY2024
At the Remuneration Committee, following the conclusion of the FY2024 General Meeting of Shareholders and under the new management structure, the composition of the Committee was reviewed, and changes were made to ensure that both the Chairperson and a majority of members are outside officers. In addition to proposals on remuneration for Director and Executive Officer candidates for FY2025, the Committee discussed whether to introduce a performance-linked compensation system for executives incorporating non-financial factors such as ESG indicators, as well as the range of remuneration variability and the timing of implementation, and submitted its recommendations to the Board of Directors.
Number of meetings held in FY2024: 3

Outline of Board of Directors, Board of Auditors, Nomination Committee, Remuneration Committee (FY2024 results)

	Name	Attendance status of each meeting			
		Board of Directors	Board of Auditors	Nomination Committee	Remuneration Committee
Director	Katsumi Kametsu	14/14 meetings	—	2/2 meetings	3/3 meeting
	Tsukasa Yamamoto	13/14 meetings	—	—	1/1 meeting
	Satoshi Tanabe	13/14 meetings	—	—	—
	Kiyoshi Sato	14/14 meetings	—	—	—
	Yukinori Ryuko	14/14 meetings	—	—	—
	Yoichi Eto (Outside)	14/14 meetings	—	2/2 meetings	—
	Yoshito Hirabayashi (Outside)	4/4 meetings	—	—	—
	Yoko Wachi (Outside)	14/14 meetings	—	—	3/3 meeting
	Yasushi Manabe (Outside)	10/10 meetings	—	2/2 meetings	—
Auditor	Hiroaki Seki	4/4 meetings	3/3 meetings	—	1/1 meeting
	Mitsuru Nose	14/14 meetings	13/13 meetings	2/2 meetings	—
	Kazuyuki Motohashi	10/10 meetings	10/10 meetings	—	2/2 meeting
	Isao Iwabuchi (Outside)	4/4 meetings	3/3 meetings	—	—
	Sachiko Murase (Outside)	14/14 meetings	13/13 meetings	2/2 meetings	1/1 meeting
	Nobuhiko Takano (Outside)	14/14 meetings	13/13 meetings	—	3/3 meeting
	Masatoshi Deguchi (Outside)	10/10 meetings	10/10 meetings	—	2/2 meeting

Skill matrix of the Board of Directors (as of June 27, 2025)

	Name		Expertise and experience of Directors (skill matrix)				
			Corporate management, strategy	Finance, accounting	Legal affairs, compliance	Sales, marketing	Manufacturing, development
Director	Katsumi Kametsu	Representative Director President & Chief Executive Officer	○	○	○	○	
	Tsukasa Yamamoto	Representative Director, Senior Managing Executive Officer	○	○	○		
	Satoshi Tanabe	Director & Senior Managing Executive Officer	○		○		○
	Kiyoshi Sato	Director & Managing Executive Officer	○		○		○
	Yukinori Ryuko	Director & Senior Executive Officer	○			○	○
	Yoko Wachi	Outside Director		○	○		
	Yasushi Manabe	Outside Director	○			○	○
	Reiko Iwasaki	Outside Director	○		○		

* The skill matrix only states the fields that are especially expected instead of all the expertise and experiences.

Executive Bodies

5 Management meetings

The management meetings, serving as deliberative bodies to enhance the efficiency of the Board of Directors and composed of Directors, full-time Audit, division heads, and individuals designated by the President, are held weekly as a general rule, and these meetings deliberate and report on the approval of decision-making items, company-wide operational management, and specific important matters.

Number of meetings held in FY2024: 48

6 Sustainability Promotion Committee

In order to achieve sustainable growth while addressing environmental and social issues, the Company has also established a Sustainability Promotion Committee, chaired by the officer in charge of sustainability. This Committee is responsible for formulating NICHIAS' basic policies and strategies on sustainability, supervising the activities of its specialized subcommittees, and promoting sustainability initiatives across the NICHIAS Group. [See P18](#)

Number of meetings held in FY2024: 8

7 Environment Committee

To conduct business activities with consideration for the global environment and with the aim of reducing environmental impact, NICHIAS has established an Environment Committee, chaired by the Representative Director President & Chief Executive Officer. The Committee formulates measures addressing environmental issues, including climate change, and provides guidance and promotes initiatives across the NICHIAS Group to reduce environmental impact.

Number of meetings held in FY2024: 4

8 Compliance Committee

In addition to complying with laws and regulations, NICHIAS has established a Compliance Committee, chaired by the officer in charge of compliance, to promote compliance activities based on sound social ethics and common sense. This Committee formulates the various measures necessary for the practice of compliance and provides guidance and promotes compliance activities across the NICHIAS Group. [See P33](#)

Number of meetings held in FY2024: 11

Officer Remuneration

- NICHIAS has resolved at meetings of the Board of Directors the policy regarding the determination of individual remuneration for Directors, and its outline is as follows.
- a. The remuneration of NICHIAS’ Directors consists of fixed financial compensation and stock-based compensation to provide incentives. However, regarding the remuneration of Outside Directors, considering their job responsibilities, only fixed compensation shall be paid.
 - b. The amount of the fixed compensation shall be set within 32 million yen per month. Stock-based compensation shall be in the form of shares subject to a certain period of restricted transfer, with an annual amount not exceeding 100 million yen, which is to be calculated separately from the fixed compensation, and a maximum number of shares not exceeding 40,000 per year.
 - c. The remuneration of each Director is based on the standard amount according to the position of the Director, with the specific amount decided after discussions at the Remuneration Committee meeting with attendance of Outside Directors and Outside Auditors, and consultation with the Board of Directors as to the outcome of the discussions at the Remuneration Committee meeting, taking into account the factors such as business performance and importance of duties and responsibilities of each director.
 - d. Each of the total amount of the fixed compensation and stock-based compensation of all the Directors shall be determined within a range of the maximum limit specified by the resolution at the general meeting of shareholders.

The total amount of remuneration, etc., for each officer category and the total amount of remuneration, etc., by type, as well as the number of applicable officers (FY2024 results)

Category	Total amount of compensation, etc.	Total amount of compensation, etc. by type		Number of officers covered
		Fixed compensation	Stock-based compensation	
Directors (excluding Outside Directors)	296 million yen	255 million yen	40 million yen	5 people
Auditors (excluding Outside Auditors)	37 million yen	37 million yen	—	3 people
Outside Director	41 million yen	41 million yen	—	4 people
Outside Director	24 million yen	24 million yen	—	4 people

Total consolidated remuneration, etc. by officer* (FY2024 results)

Name	Total amount of consolidated compensation, etc.	Officer classification	Company classification	Amount of consolidated compensation, etc. by type	
				Fixed monetary compensation	Stock-based compensation
Katsumi Kametsu	105 million yen	Director	Submitting company	88 million yen	16 million yen

*Disclosure is limited to those whose total consolidated compensation, etc. amounts to 100 million yen or more.

Compliance

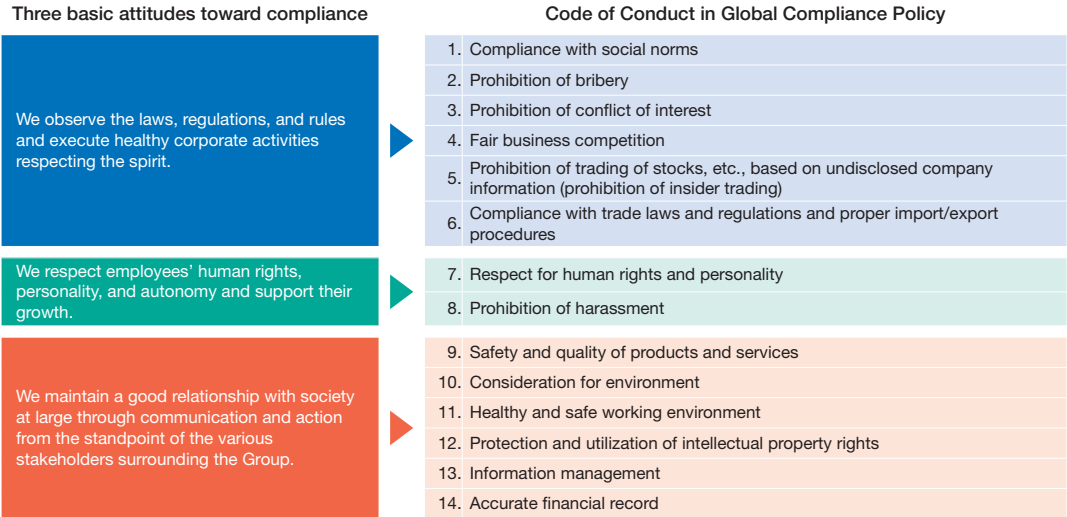
In running the company and as a member of society, the NICHIAS Group engages in compliance efforts based on social norms and common sense, as well as complying with laws and regulations and the Articles of Incorporation, in order to build good relationships with its many stakeholders.

The foundation of the NICHIAS Group's compliance activities lies in the monthly meetings of the Head Office Committee and Compliance Committee and the branch committee meetings held once every three months at each business site and Group company.

Global Compliance Policy

The NICHIAS Group has long positioned the practice of compliance as its highest management priority, in order to ensure sound global management in line with the NICHIAS Philosophy. To put this priority into practice, we have established the Global Compliance Policy, which sets forth the key matters that must be uniformly observed across all NICHIAS Group companies, both in Japan and overseas.

Based on this Global Compliance Policy, we have also formulated a Compliance Code. The Code shows a “basic attitude concerning compliance, which all the stakeholders of the NICHIAS Group are required to observe,” such as conformity to changes in social conditions and revision of law and regulations, awareness-raising activities toward violations, and response to the report made to the contact for whistle-blowing.



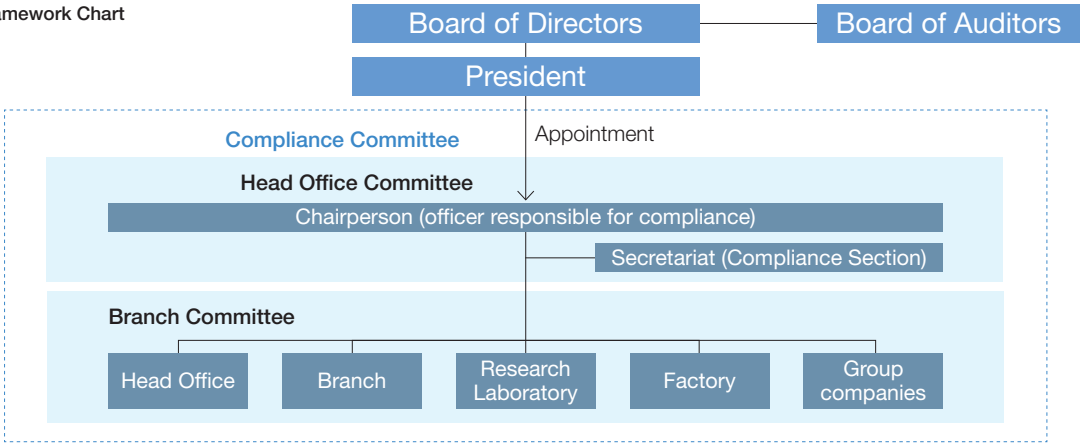
Framework

Branch Compliance Committees are organized at each business office and group company in Japan and overseas to facilitate compliance, and efforts are taken in a proactive spirit, such as formulating and educating everyone on unique action guidelines that address the issues of each workplace.

To promote compliance from a Group-wide perspective, Nichias has established, as a specialized organization, a Compliance Section.

In addition to planning and implementing specific measures in line with NICHIAS' Compliance Activities Policy, the Compliance Section ascertains the state of compliance at each workplace, makes suggestions and gives advice on issues, and deals with feedback and matters sent to the compliance counters (whistleblower hotline) in a fair and honest manner.

Compliance Framework Chart



Whistleblowing System

To facilitate reports and consultations regarding compliance, a compliance hotline was set up on the NICHIAS website in addition to the general compliance hotline (NICHIAS Group Corporate Ethics Hotline), an external hotline (contact point at a law firm), internal hotlines (compliance officer and labor union hotline), and each compliance counter (whistleblower hotline) at the contact points for handling “important management matters” (auditor hotline). With a more transparent compliance framework, NICHIAS strives to operate its business in a compliance-orientated manner. A comment box has also been set up at each workplace, making it easier for employees to speak out.

Reports received by the compliance counters are checked at the Compliance Reporting and Response Council by sufficiently investigating the truth behind reports and interviewing those concerned to resolve any compliance issues. In the case of reports for which the whistleblower clearly states their name, the outcome of the action taken as a result of the investigation will, without fail, be fed back to the whistleblower. Even in the case of an anonymous report, the facts will be investigated if the department where the incident occurred is identified and action is taken to resolve the problem. We also hold internal training programs.

There were 63 whistleblower reports in FY2024. Appropriate action was taken for each report.

Risk Management

For risks that could have a significant impact on management, it is essential to detect them at an early stage and respond appropriately. To minimize diversified risks, the NICHIAS Group is working to strengthen and enhance its risk management system, with each specialized division taking the lead based on its expertise.

Quality Assurance

To continuously provide products that its customers can use safely and with peace of mind, NICHIAS Corporation has systems to review each stage of the production process from planning and designing products right up to their disposal. The R&D, Technology Development, Sales, Manufacturing, Quality Assurance, Safety, Environment, and Facilities Engineering departments work together from their respective areas of expertise to rigorously review product quality, safety, and reliability, as well as the validity of production processes.

Stable Distribution of Products & Services

Stable Distribution of Products & Services

The NICHIAS Group recognizes that production stoppages caused by equipment failures or large-scale disasters can significantly affect the supply of products and services, and we are strengthening both the resilience of our production facilities and our recovery systems accordingly.

Securing Raw Materials

To mitigate the procurement risks of raw materials arising from natural disasters, accidents, or conflicts, we are strengthening the resilience of our supply chain. For raw materials deemed to have high procurement risk, we are working on measures such as diversifying procurement sources and securing inventory.

Securing of Employees' Safety

To provide products and services stably, securing the safety of employees who support the business activities is important. To promptly ascertain the safety of employees, we have introduced a safety confirmation system and conduct safety confirmation drills regularly (at least twice a year). In addition, District Disaster Prevention Committees have been established at all domestic Group companies to strengthen preparedness against natural disasters and fires in each region, and these committees conduct disaster or fire evacuation drills (at least once a year) and review potential concerns that may arise in the event of a disaster. Starting in FY2025, District Disaster Prevention Committees are also being established at overseas sites, enabling all Group companies, both in Japan and overseas, to engage in disaster prevention and mitigation activities.

Information Security

The NICHIAS Group ensures thorough and appropriate management of information assets entrusted to us by customers and business partners, as well as those owned by NICHIAS itself, in order to protect them from a wide range of threats such as leaks and unauthorized access.

To this end, we have established a Basic Information Security Policy and are continuously working on strengthening our information security framework. This includes building a management structure that involves senior management, ensuring compliance with relevant laws and regulations, maintaining and operating internal rules, reinforcing technical measures, and providing ongoing education and training for employees.

In addition, taking into account changes in threats such as cyberattacks and the tightening of standards in relevant guidelines, we regularly review and improve our information security systems. Particular emphasis is placed on strengthening IT-based technical measures and enhancing internal education and training through e-learning and hands-on programs, with the scope and content of these initiatives expanding year by year.

Growth Strategy

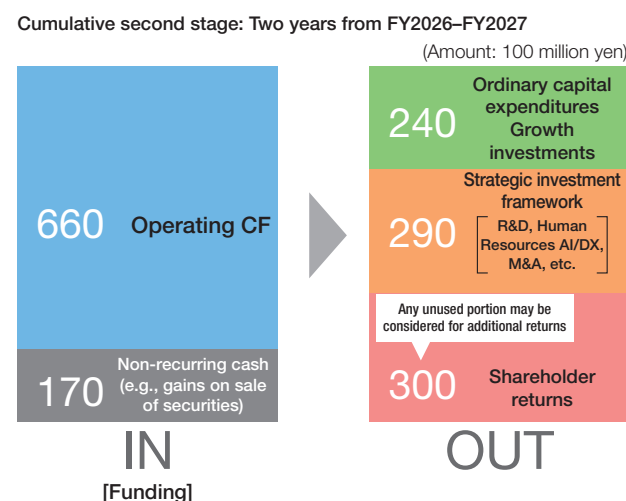
Financial Strategy

Improving capital efficiency

For the second stage of the Medium-Term Management Plan "Shikumi 130" (FY2026–FY2027), our financial strategy will focus on operating with an awareness of improving capital efficiency. We will maintain a liquidity target equivalent to 1.5 to 2.0 months of working capital. The equity ratio will not be increased beyond the current level, and we will work to reduce the ratio of policy-holding stocks to net assets. In addition, we will newly introduce ROIC management by segment and begin evaluating the cash conversion cycle, thereby driving transformation from our conventional financial structure.

Capital allocation

With respect to capital allocation, we have formulated the cumulative uses of funds for the second stage of the Medium-Term Management Plan (two projects). In addition to conventional capital expenditures, we have established a new strategic investment framework of 29 billion yen to enable more future-oriented investments. With regard to shareholder returns, we have set a total of 30 billion yen, and in the event that there are unused portions within the strategic investment framework, we will consider providing additional returns to shareholders. [See right-hand chart]



Shareholder Return Policy (Dividend Policy)

Our basic policy on shareholder returns is to maintain a total return ratio of 50% or more. With regard to dividends, we adhere to a policy of progressive dividends with a DOE of 5.0% or higher, and will continue to provide stable dividends going forward. In addition, we will carry out share repurchases while maintaining a balance with dividends. As a guideline, the upper limit of treasury stock holdings is set at 10% of shares outstanding, and repurchased shares will be retired as appropriate.

Intellectual Property Strategy

The NICHIAS Group strengthens its businesses by carrying out activities related to intellectual properties (hereinafter "intellectual property activities") from both offensive and defensive perspectives, taking into account changes in the business environment and our future vision. In particular, for technologies newly created through research and product development, we actively promote the acquisition of rights such as patents and the management of know-how, thereby securing competitive advantages. At the same time, we respect the intellectual property rights of others and appropriately address IP risks, such as by conducting investigations and confirmations to prevent infringement when launching new products.

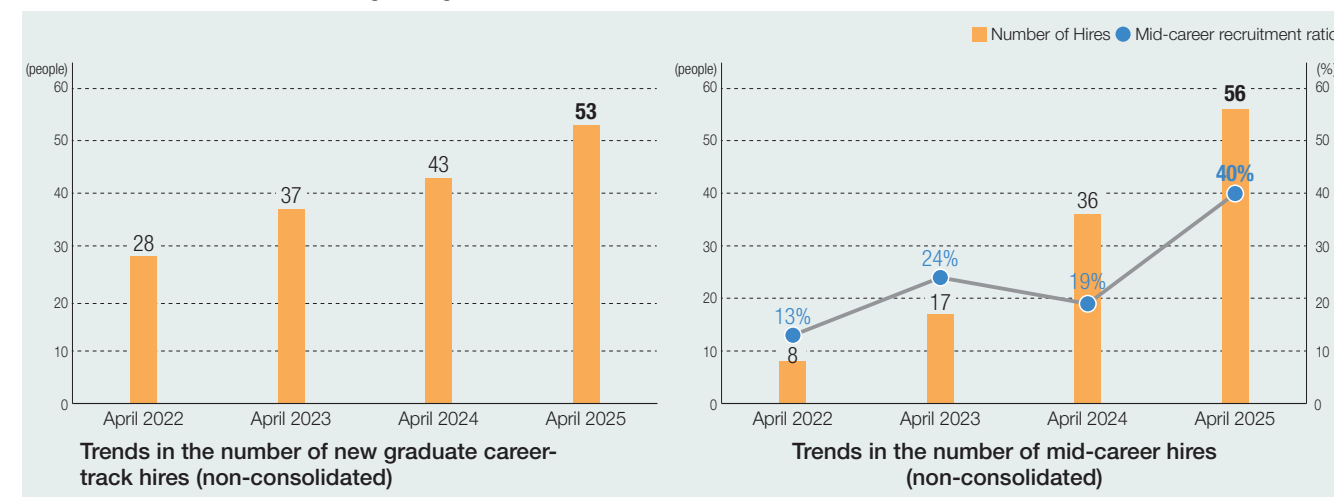
In intellectual property activities, the Intellectual Property Department plays a central role, advancing various initiatives in cooperation with relevant departments and external partners under smooth communication with the responsible executive officer. In FY2024, initiatives included revising and increasing invention rewards to strengthen incentives for innovation, piloting IP landscape analysis using AI-based patent analysis tools, and developing mechanisms to manage know-how that contributes to competitive advantage.

The NICHIAS Group not only carries out corporate social responsibility (CSR) efforts within the Group but also contributes to society by providing products and services that are safe, reliable, and useful for its customers.

Recruitment

Recruitment Initiatives

The NICHIAS Group regards human resources as its most important capital for the sustainable enhancement of corporate value, and conducts recruitment activities with a long-term perspective aimed at securing a diverse workforce. For new graduate recruitment, we provide opportunities to experience work at our research laboratories and factories so that candidates can directly sense the atmosphere of NICHIAS, thereby communicating the appeal of our workplace. In addition, to secure more diverse and highly specialized human resources, we are also strengthening mid-career recruitment.



Human Resource Development & Training

Training System

Based on the belief that employee growth and company growth are two sides of the same coin, NICHIAS supports individual skill development and autonomous career building through three pillars: OFF-JT (various training programs), OJT (e-learning and workplace-based training), and Self-Development (such as correspondence courses). Through these initiatives, we aim to enhance personal capabilities and foster organizational vitality. In particular, our training programs are categorized into three types: by employee level, by objective, and in cooperation with main office. Through this wide variety of programs, we work to enhance the capabilities of employees across a broad range of grades and job types, from new hires to management.

Employee Growth ↔ Company Growth

Growth Support

- Enhancement of individual abilities
- Autonomous career development
- Organizational vitality

Training (OFF-JT)	OJT	Self-development
• Level-based training (seven programs) • Purpose-based training (six programs) • Training in cooperation with main office (three programs)	• Workplace education • Basic business knowledge	• Correspondence courses • TOEIC • Qualifications & reskilling
E-learning		

Young Employee Exchange Meetings

At NICHIAS, we hold Young Employee Exchange Meetings at sites nationwide with the aim of building communities where younger employees can interact across departments and consult with peers about concerns or ideas unique to their generation. Through these exchanges among the next generation of employees, participants not only encourage each other to improve, but also foster a sense of camaraderie, contributing to the realization of a "bright company where it is pleasant to work."



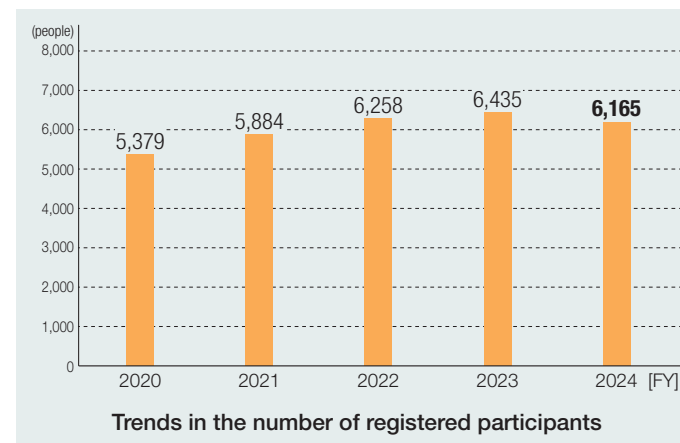
Scene from Young Employee Exchange Meeting

NKK (NICHIAS Kaizen Katsudo)

Since 2015, the NICHIAS Group has been promoting NICHIAS Kaizen Katsudo (NKK) with the aim of achieving both employee engagement and improved productivity.

At the NKK World Convention in FY2024, which marked the 10th anniversary of the program, the scale and number of participants were expanded so that more employees could share their activities and achievements. In particular, the “Shikumi Award,” a collaboration between the Medium-Term Plan “Shikumi 130” and NKK, was established as a special award to make it easier to incorporate “system-building” as part of improvement activities.

As the external environment undergoes major changes and the issues to be addressed grow more complex, we are building a support framework in which leaders and supervisors encourage proposals for new businesses and operations to emerge from NKK, thereby achieving adaptive system-building. By continuing these activities based on the three principles of “Attempt,” “Nurture,” and “Gratitude,” NKK has become part of the NICHIAS Group’s corporate culture, contributing to the realization of our vision of “becoming a worker-friendly and cheerful company.” Through NKK, we are also fostering talent who can independently identify problems, think through solutions, and resolve issues in collaboration with colleagues.



Diversity

Hiring of Persons with Disabilities

As one of the mechanisms that enables people with disabilities to work with peace of mind, NICHIAS has introduced a Social Office System. The Social Office System is a framework in which personnel with specialized skills in supporting people with disabilities provide comprehensive support. This includes offering advice on carrying out work duties, encouraging independence in daily social life, and providing mental health support, thereby ensuring that employees with disabilities are fully supported in their workplace experience. Through such initiatives, we are advancing our diversity efforts to create a “bright company where it is pleasant to work” for employees with disabilities as well.

See P10

Active participation of women

NICHIAS aims to be a workplace where women can thrive and is actively recruiting women for career-track positions. We have set a target of ensuring that at least 20% of new graduate recruits each year are women. As a result of our ongoing recruitment efforts, we expect that within a few years the number of women with the experience and capabilities to assume managerial positions will steadily increase.

See P10

		FY2022	FY2023	FY2024
Percentage of Women Among Hired Employees	Percentage	28.6%	29.7%	30.2%
	Number of women	8	11	13
	Number of hires	28	37	43

Engagement

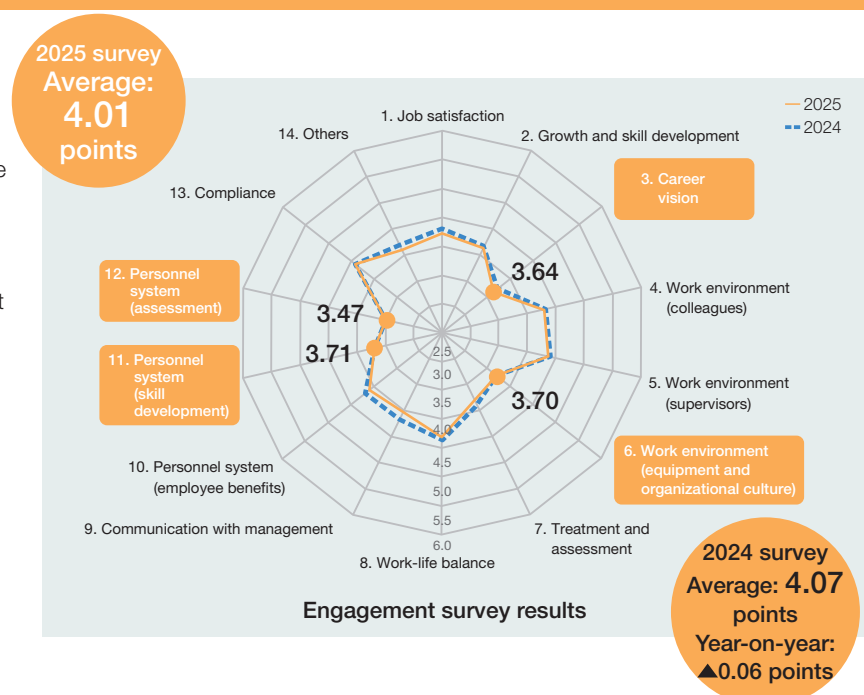
Engagement Survey

At NICHIAS, we regard employees as our most important capital. As a mechanism to capture their voices, we have been conducting an engagement survey since June 2024.

In the 2024 survey, the response rate was approximately 70%, while in the 2025 survey it rose to about 85%, an increase of 15 percentage points, allowing us to collect input from a greater number of employees.

The 2025 survey results showed that the same four items as last year (career vision, equipment and organizational culture, skill development, and assessment) received the lowest evaluations.

We will continue to conduct engagement surveys on an ongoing basis and address the issues identified through these surveys in order to maintain and further strengthen a positive relationship between employees and the company.



NICHIAS General Index

We established the NICHIAS General Index, a mechanism to evaluate the level of realization of a “bright company where it is pleasant to work,” and have conducted surveys annually since 2022.

See P17

Health

Health and Productivity Management Declaration

The NICHIAS Group regards the health and safety of its employees as the basis of its corporate activities and believes that because each member of staff’s physical and mental health is in good shape, the NICHIAS Group is a company full of smiles where its staff can work enthusiastically. Based on those policies, the Group established the NICHIAS Health and Productivity Management Declaration in April 2021. Positioning the health of the workplace, body, and mind as three important items that require measures, we build the “mechanisms” of health and are proactively engaged in the health management of employees.

Key measures	Workplace well-being	- Creating a cheerful workplace where our staff can work with enthusiasm - A company full of smiles where “thank you” is often overheard
	Physical well-being	- Early detection and prevention of diseases - Reduce the number of individuals with abnormal test results in regular health checkups - Reduce the risk of lifestyle-related diseases
	Mental well-being	- Increase stress awareness and improve performance - Implement stress checks and improve the work environment - Improve line care (mental well-being supervision by senior staff) and self-care awareness through mental health education

Certification as an Outstanding Organizations of KENKO Investment for Health

NICHIAS was certified as an “Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category),” which the Ministry of Economy, Trade and Industry and NIPPON KENKO KAIGI rewarded. We have been rewarded for four consecutive years since 2022. In addition, Group companies are also carrying out health and productivity management initiatives. One of our Group companies, Nippon Thermal Engineering Corporation, was certified under the Bright 500 in the SME category. Other Group companies have also obtained certification as “Outstanding Organizations of KENKO Investment for Health.”

NICHIAS is also working across the organization to promote employee health. In particular, to help establish exercise habits, we extended the duration of our walking event to two months. In addition, we created a dedicated NICHIAS website that ranks participants by their step counts to encourage friendly competition, with the goal of achieving an average of more than 8,000 steps per day.

We will continue to promote health, build mechanisms to improve health literacy, and work to enhance employee performance.

Health Information

NICHIAS recommends a secondary inspection when a recheck is required at the periodic health checkup to maintain health. And, NICHIAS supports influenza vaccination in cooperation with the NICHIAS Health Insurance Association, holds sports events, and supports optional inspections during health checkups to encourage and support employees 35 or older to have a comprehensive medical examination. Furthermore, we set the target concerning the health conditions and lifestyle habits for the entire company to tackle health management.

Mental Healthcare

Putting importance on mental health as well, NICHIAS concluded the industrial-doctor contract with a psychologist. Interviews are set regularly for those who do not feel well, and we continue to interview them even after they return to work. We also support their superior as needed. Mental health education is always included in the in-house training for new employees and new managers, improving awareness of line care and self-care. Stress checks were conducted for approximately 5,300 people in the 25 NICHIAS Group companies, including those with less than 50 employees. Group analysis is also carried out. Group analysis is also carried out. This is how NICHIAS tries to create a more pleasant workplace.

Improvement of Employees’ Health Literacy

We consider that employees need to acquire correct knowledge about health to maintain their mental and physical health themselves. A column written by the industrial doctor to raise employees’ awareness toward health is on Tombo no wa, the Group’s journal, which serves as a tool to improve health literacy.

We conduct Group-wide walking events, utilizing dedicated software to make it possible for employees to take on the challenge in an enjoyable way.

Work-Life Balance

Paid Leave

As part of creating an environment where employees can work with peace of mind, we manage total working hours to control long working hours and set the target for annual paid holidays so that employees proactively take paid holidays. Employees are asked to plan to take annual paid holidays for the year in advance and share the plan with colleagues. In this way, in addition to raising their awareness of the need to take paid holidays, we, as an organization, pay attention to creating an atmosphere in which it is easy to take annual paid leave.

See P10

Childcare Leave Acquisition Rate

To support employees in balancing childcare and work, NICHIAS has established a variety of systems that exceed legal requirements. We have also created a guidebook to clearly explain these systems and actively share information with employees. Each year, the number of male employees taking childcare leave has been increasing, as has the average number of days taken.

		FY2022	FY2023	FY2024
Childcare leave acquisition rate by gender (non-consolidated)	Male acquisition rate	36.1%	47.5%	67.9%
	Men who took childcare leave	13	19	36
	Female acquisition rate*	110.0%	100.0%	93.8%
	Women who took childcare leave	11	14	15
	Women who gave birth	10	14	16

*The acquisition rate is calculated based on the standards set by the Ministry of Health, Labour and Welfare.

Communication with Stakeholders

IR Activities

NICHIAS strives to enhance communication with shareholders and investors based on the principle of fair disclosure. In FY2024, we held financial results briefings online at the time of the year-end earnings announcement and the second-quarter earnings announcement. We also conducted small meetings and facility tours, and participated in domestic and international conferences hosted by securities companies. In our daily work, we held a total of 221 IR meetings, including in-person, online, and via teleconference system. The opinions obtained through dialogue are regularly reported by the IR team at management meetings and other forums, and are utilized to help improve management and business activities. NICHIAS will continue its efforts to strengthen its communication with shareholders and investors both inside and outside Japan, as well as forming a broad spectrum of shareholders.

Building Relationships with Employees' Families

It is very important for a company to build good relationships with the families of its employees. Having employees' children see their parents at work contributes to the development of the children's understanding of careers and also helps realize the NICHIAS Group's vision of becoming a "bright company where it is pleasant to work." In August 2025, we held an event called "Children's Workplace Visitation Day," where employees' children were invited to visit their parents' workplace. This initiative began in 2015 and, although it was suspended for four years due to the COVID-19 pandemic starting in 2020, it has otherwise been held every year.

In addition, every summer we distribute the agricultural growing medium "Yasaihana™ Pot," a product of NICHIAS' Group company, Nippon Rockwool Co., Ltd., to the families of our Group employees. This program started in 2020 and marks its sixth year this year. Families have shared heartwarming reports such as tomatoes bearing fruit and mini sunflowers blooming.

Support Activities for Culture and Sports

Sponsorship of the Professional Basketball Team "HIROSHIMA DRAGONFLIES"

NICHIAS supports the professional basketball team HIROSHIMA DRAGONFLIES, a member of the B.LEAGUE, as a Diamond Partner for the 2025-26 season.

The team's name originates from the Miyajima Dragonfly, an endangered species that inhabits only Miyajima Town in Hatsukaichi City, Hiroshima Prefecture, and both the team's logo and NICHIAS' corporate mark feature a dragonfly.

NICHIAS is engaged in activities to protect the dragonfly's ecosystem, and by working together with the HIROSHIMA DRAGONFLIES, we aim to contribute not only to the promotion of sports and the development of culture, but also to the protection of the natural environment.



Uniform featuring the NICHIAS logo

Sponsorship of the Racing Team "Team LeMans"

NICHIAS sponsors the racing team VELOREX (Team LeMans), which competes in the SUPER GT series. The SUPER GT series is one of the largest racing events in Japan, boasting the highest attendance among domestic motorsports, with 30,000 to 60,000 spectators per race. During the season, the NICHIAS brand logo is displayed on the team's Ferrari race car. Through this sponsorship, NICHIAS is contributing to the promotion of motorsports culture.



Race car featuring the NICHIAS logo

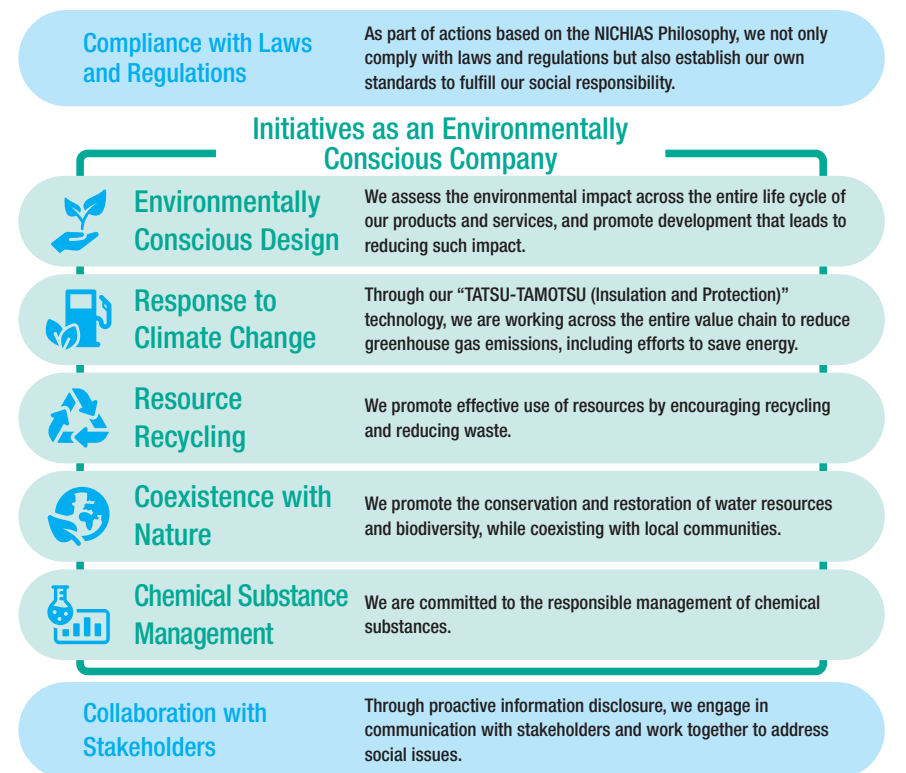
The NICHIAS Group contributes to the realization of a society centered on sustainable development by utilizing our "TATSU-TAMOTSU (Insulation and Protection)" technology solutions in the reduction of a variety of negative environmental impacts including the mitigation of global warming.

NICHIAS Group Environmental Policy

Since establishing the NICHIAS Environmental Charter in 2001, the NICHIAS Group has implemented various initiatives to reduce environmental impact.

In April 2025, with the establishment of our Sustainability Policy, the Environmental Charter was redefined as the NICHIAS Group Environmental Policy, which explicitly sets forth the initiatives we must now prioritize as an environmentally conscious company. This policy declares our commitment not only to legal compliance but also to actively promoting environmentally friendly initiatives in collaboration with our stakeholders.

Based on this newly established policy, the NICHIAS Group will further strengthen its efforts as a company that contributes to a bright future for the planet.



Promotion Framework

We have set up an Environment Committee to apply the NICHIAS Group Environmental Policy to specific activities and implement them. This committee is made up of the three subcommittees of Products, Management, and Factories. In the Product Subcommittee, discussions focus on promoting environmentally conscious design, including conducting environmental assessments and managing chemical substances. Administration Subcommittee discusses energy saving of offices and waste discharged from the offices. In the Factory Subcommittee, discussions address compliance with environmental laws and regulations, as well as activities related to energy conservation, resource recycling, and biodiversity conservation.

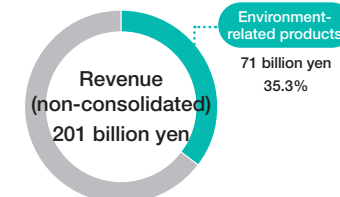
Environmentally Conscious Design

Since FY2021, the NICHIAS Group has mandated the Group companies to carry out a product environmental assessment when developing new products and changing the design. In the product environmental assessment, two points, "risk" and "environment-friendliness," are assessed. In "risk" assessments, the aim is to minimize environmental regulatory compliance issues and impacts on the surrounding environment. We identify and improve environmental problems related to raw material procurement, production, customer use, and disposal. Meanwhile, in "consideration" assessments, we evaluate how products can be made more environmentally friendly across their entire life cycle. In FY2024, about 30% of the products that completed assessment were found to be more environmentally friendly compared to conventional products. For example, some products eliminated the use of organic solvents, improved transportation efficiency, or reduced CO₂ emissions through process improvements.

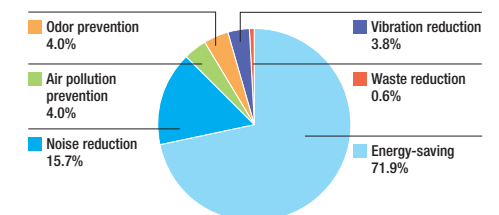
NICHIAS' environment-related products

The NICHIAS Group defines the products and services that help society and customers reduce the environmental burden through saving energy, preventing noise, etc. as "NICHIAS environment-related products."

FY2024 Sales (non-consolidated) and ratio of NICHIAS environment-related products



FY2024 Ratio by item of NICHIAS environment-related products



Approach to Climate Change and Nature-Related Issues

Through our business activities, the NICHIAS Group makes use of natural capital such as minerals and water, while also impacting the global environment through greenhouse gas emissions and other factors. While the intensification of climate change and the loss of natural capital, including biodiversity, pose significant business risks, the NICHIAS Group believes that its "TATSU-TAMOTSU™ (Insulation and Protection)" technology can contribute to solving environmental issues and lead to the creation of new business opportunities.

Information Disclosure in Line with TCFD and TNFD Recommendations

In June 2023, the NICHIAS Group expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in July 2025, we registered as an Adopter of the Taskforce on Nature-related Financial Disclosures (TNFD). We will continue to actively promote information disclosure in line with these recommendations.



Key Environmental Priorities

Important environmental matters were reviewed and discussed by the Sustainability Promotion Committee and the Environment Committee, and finalized accordingly. The five identified focus areas, including "Promotion of Environmentally Conscious Design," "Response to Climate Change," "Resource Recycling Initiatives," "Coexistence with Nature," and "Chemical Substance Management," were established as the NICHIAS Group Environmental Policy in April 2025.

Scope of Disclosure

For climate change, the scope covers the entire value chain, and for nature-related issues, it covers both direct operations and the upstream portion of the value chain.

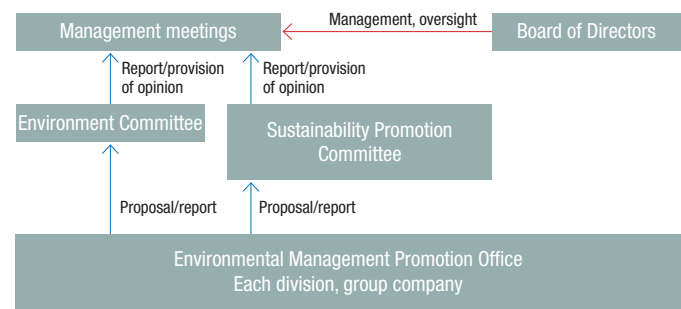
Time Axis for Consideration

The evaluation of dependencies, impacts, risks, and opportunities related to climate change and nature was conducted with the following time frames: short-term as FY2026 (the final year of the Medium-Term Management Plan), medium-term as FY2030 (the interim target year for GHG* emission reductions), and long-term as FY2050 (the target year for achieving carbon neutrality).

*GHG: Greenhouse Gas

Governance and Risk Management

The evaluation of issues related to climate change and nature, as well as related opportunities and risks, is led by the Environmental Management Promotion Office in consultation with each business division and Group company. Findings and proposals are then reported to the Sustainability Promotion Committee and the Environment Committee. The Sustainability Promotion Committee, chaired by the executive officer in charge of sustainability, convenes on a monthly basis. The Environment Committee, chaired by the President and Chief Executive Officer, meets once every quarter. Within the Environment Committee, matters such as goal and policy setting, strategy formulation, and the status of initiatives are deliberated, and the items discussed are then managed and overseen by the Board of Directors.



Climate Change Strategy

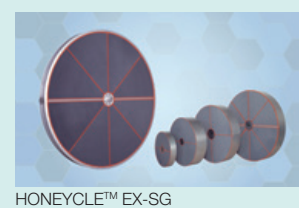
The NICHIAS Group conducts scenario analysis using the 1.5°C and 4°C temperature rise pathways, referencing sources such as the World Energy Outlook (WEO) published by the International Energy Agency (IEA).
© Reference scenarios

1.5°C scenario	IEA Net Zero by 2050 (NZE Scenario), WEO 2023	4°C scenario	Intergovernmental Panel on Climate Change (IPCC) RCP8.5 Scenario
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Looking toward 2030, we anticipate increasing demand for energy conservation as part of the transition to carbon neutrality. By leveraging our wide range of insulation products and energy-saving diagnostic services, which are the NICHIAS Group's strengths, we expect to contribute to customers' energy efficiency. Looking toward 2040, the 7th Strategic Energy Plan has indicated that nuclear power generation will be utilized to the maximum extent possible. We also view the growing demand for safety upgrade construction work related to nuclear power plant restarts as a business opportunity. Looking ahead to the realization of a carbon-neutral society in 2050, we are advancing the development of next-generation vehicles, including electric vehicles, as well as next-generation energy-related products such as hydrogen, and by participating from the demonstration stage, we aim to capture future demand.

High-Performance Dehumidifying Filter Contributing to Energy Savings in Battery Manufacturing Plants

With the spread of electric vehicles and energy storage systems, demand for lithium-ion batteries is expected to increase further in the future. In the manufacturing process, moisture in the air can affect battery performance and lifespan, making humidity control extremely important. By using NICHIAS' industrial dehumidification rotor TOMBO™ No.8800-EX-SG "HONEYCLE™ EX-SG," it is possible to produce dry air with a dew point of -50°C, and compared to conventional products, it requires a lower temperature for the hot air used in regeneration, resulting in a significant improvement in energy-saving performance. This technology not only reduces running costs and lessens environmental impact but also meets the stringent humidity control requirements in lithium-ion battery manufacturing processes.



HONEYCLE™ EX-SG

Risks and opportunities for transition to carbon neutral society (1.5°C scenario)

	Expected scenario	Impact on businesses	Financial impact	Time axis	Major measures	Related businesses				
						Plants	Industrial products	Advanced products	Auto parts	Building materials
Policies and legal regulations	Manufacturing costs increase due to the introduction of carbon taxes and response to environmental issues.	Increase in energy costs used for manufacturing processes of the company's factories	Risk	Middle	Mid term	- Reduction of GHG emissions by transforming businesses and manufacturing methods of high CO ₂ emission segment - Proactive introduction of renewable electricity - Promotion of energy-saving activities	○	○	○	○
		Increase in costs due to carbon tax imposed on suppliers and costs for response to environmental issues passed on	Risk	Middle	Mid term	- Replacement with low-CO ₂ emission products - Improvement of yields	○	○	○	○
Reputation	Investment and purchasing actions of investors and customers considering the climate change risks expand.	Less credibility from stakeholders due to delay in response to climate change and passive attitude toward information disclosure	Risk	Middle	Mid term	- Setup of new targets for reducing GHG emission that conforms to the Paris Agreement (SBT certification acquired)	○	○	○	○
Market	Demand for energy-saving products in the transition stage for carbon neutrality increases.	Increase in demand for heat diagnosis and proposal for energy-saving, expansion of demand for energy-saving, high thermal insulation products	Opportunities	Middle	Short to mid term	- Expansion and enhancement of heat diagnosis and proposal for saving energy - Development and launch of energy-saving, high thermal insulation products	○	○	○	○
	Electrification spreads due to green transformation, and smart city initiatives are strengthened.	Increase in sales for semiconductor manufacturing devices due to increase in the demand for generative AI and power semiconductors	Opportunities	Large	Short to mid term	- Development and sales expansion of energy-saving products by proactive investment in development - Establishment of a production system through appropriately grasping the market trend and making forward-thinking prior investment		○		
	The need for environment-friendly products increases because environmental awareness is enhanced.	Increase in demand for low-GHG-emission products considering the life cycle of the product and resource-recycling products	Opportunities	Small	Short to long term	- Launch of products contributing to reduction of GHG emissions in the entire life cycle - Launch of resource-recycling products - Promotion of eliminating organic solvents		○	○	○
	The shift from internal combustion engine vehicles to electric vehicles (EVs) and fuel cell vehicles (FCVs) is progressing	Decrease in sales of products for internal-combustion cars	Risk	Large	Short to long term	- Launch of parts with sound, heat, and sealing functions for next-generation automobiles - Enhancement in development and production capability of high-performance dehumidifying filters for lithium-ion manufacturing devices		○		○
		Increase in need for new parts for next-generation vehicles (EVs, FCVs, hydrogen engines) and demand for parts for lithium-ion battery manufacturing devices	Opportunities	Large	Short to long term					
		As a transition measure away from coal-fired power generation, demand is rising for ammonia co-firing power generation and LNG thermal power generation	Opportunities	Middle	Short to mid term	- Expansion of orders for construction work related to ammonia co-firing and LNG power generation plants	○	○		
		Creation of opportunities due to the expansion of low-carbon energy market, such as ammonia, hydrogen, biomass, SAF, and CCUS	Opportunities	Middle	Short to long term	- Development of new manufacturing methods and new technologies for the low-carbon energy market (ammonia, hydrogen, biomass, SAF, and CCUS)				
	Fossil fuels like petroleum and coal are replaced with sustainable fuels like ammonia and hydrogen.	The restart of nuclear power generation and demonstration projects for next-generation innovative reactors are driving increased demand for safety-related construction work	Opportunities	Middle	Short to long term	- Enhancement of production capacity for products used in nuclear power generation - Expansion of safety upgrade construction to comply with new regulations	○			
		Increase in demand for water electrolysis devices due to expansion of green-hydrogen-manufacturing market	Opportunities	Middle	Short to long term	- Market launch and capacity expansion of products for alkaline water electrolysis equipment and solid oxide water electrolysis equipment		○		

Physical risks that arise when climate change becomes obvious (4°C scenario)

	Expected scenario	Impact on businesses	Financial impact	Time axis	Major measures	Related businesses				
						Plants	Industrial products	Advanced products	Auto parts	Building materials
Acute	Due to severe wind and flood damage, infrastructure disruption, human casualties, and property damage will increase.	Operations stop due to supply chain disruptions and factory damage, resulting in decreased sales and restoration costs, etc.	Risk	Small	Short to long term	- Reinforcement of BCP and establishment of manufacturing facilities and systems that suit the environment - Decrease in cost due to improved production efficiency	○	○	○	○
Chronic	The average temperature rises.	Costs increase due to reduced productivity and increased air conditioning costs at factories and construction sites, especially during the summer.	Risk	Small	Short to long term	- Improvement and creation of employee-friendly working environment realized by automation of operations with the help of robots, etc.	○	○	○	○

- "Financial impact" is shown in the following three categories, based on the expected impact on profits and costs during the period shown under "Time axis." Small: less than 1 billion yen; middle: 1 billion to less than 5 billion yen; large: 5 billion yen or above
- The following periods are assumed for the time axis.
Short term: until FY2026 (final fiscal year of the current medium-term management plan)
Mid term: until FY2030 (mid-term target fiscal year for the GHG emission reduction)
Long term: until FY2050 (target fiscal year for achieving carbon neutrality)

Climate Change Indicators and Targets

The NICHIAS Group has declared its commitment to achieving zero GHG emissions from its own operations by 2050, thereby realizing carbon neutrality, and as a milestone toward this goal, we have set a target to reduce GHG emissions by FY2030 in alignment with the Paris Agreement's 1.5°C target.

NICHIAS emissions (Scope 1 + 2)	Reduce GHG emissions by 42% compared to FY2021 by FY2030 Achieve carbon neutrality by FY2050
Non-company emissions (Scope 3) *Target category: 1, 3, 11	Reduce GHG emissions of the target category by 25% compared to FY2021 by FY2030
Renewable energy ratio	Achieve a renewable energy ratio of 25% or more by FY2030



In March 2025, the NICHIAS Group obtained SBT (Science Based Targets) certification* for its greenhouse gas reduction targets for FY2030.

*This certification indicates alignment with international decarbonization goals, specifically the Paris Agreement's 1.5°C target.

FY2024 GHG Emissions Performance

(Unit: thousand tons-CO₂eq)

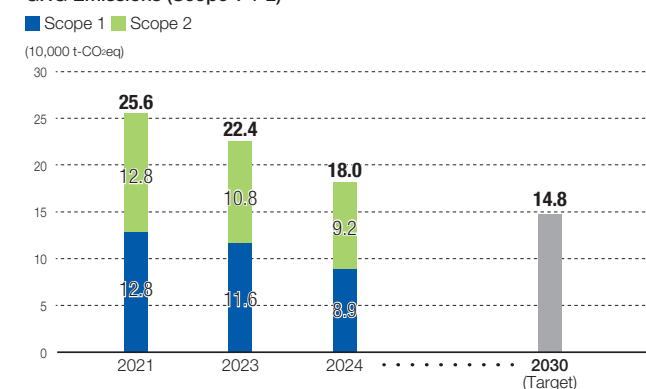
Scope 3 upstream 475			Scope 1, 2 NICHIAS 180		Scope 3 downstream 540		
Category 1	Purchased products, raw materials	322	Scope 1 ★ (Direct emissions by the use of fuel and gas)	92	Category 9	Transportation, distribution (downstream)	26
Category 2	Capital goods	31			Category 10	Processing of sold products	17
Category 3	Fuel and energy-related activities ★	35			Category 11	Use of sold products	479
Category 4	Transportation, logistics (upstream)	71			Category 12	Disposal of sold products	17
Category 5	Waste generated from business	3	Scope 2 ★ (Market-based) (Indirect emissions by purchase of electricity and heat)	89	Category 13	Leased asset (downstream)	0
Category 6	Business trips	2			Category 14	Franchise	0
Category 7	Commune of employees	8			Category 15	Investment	0
Category 8	Leased asset	2					

*Each emission figure is shown to one decimal place, so totals may not match exactly.

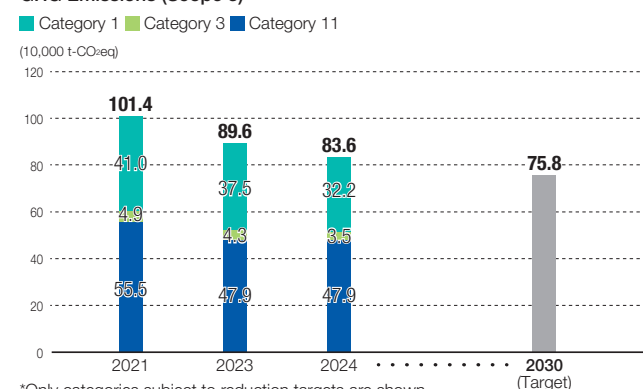
*Figures shown in blue represent categories of non-company emissions (Scope 3) that are subject to reduction targets.

*Items marked with ★ have undergone third-party verification.

GHG Emissions (Scope 1 + 2)



GHG Emissions (Scope 3)

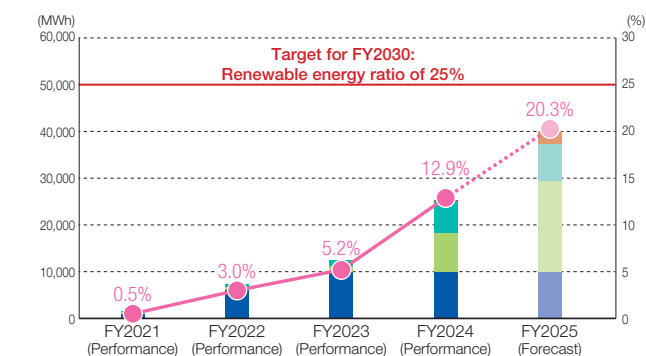


*Only categories subject to reduction targets are shown.

FY2024 Renewable Energy Usage Performance

Trends in renewable energy consumption (MWh) and renewable energy ratio (%)

■ Non-fossil certificates ■ Green power ■ Solar power generation (for in-house consumption)
■ Off-site PPA ● Renewable energy ratio



Start of Off-site PPA Electricity Procurement at Fukuroi Factory

In March 2025, the Fukuroi Factory began procuring electricity through the NICHIAS Group's first off-site PPA. As a result, the Fukuroi Factory can reduce annual CO₂ emissions from electricity use by approximately 842 tons (9%). The solar power generation facilities are installed on idle land owned by NICHIAS. Together with an energy storage system, they can also serve as an emergency power source for local community associations during disasters, providing electricity both day and night.



Solar power generation facilities installed on idle land owned by NICHIAS

Natural Capital Strategy

TNFD

Through business activities such as raw material procurement and product manufacturing, the NICHIAS Group both depends on and impacts natural capital, including biodiversity. In line with the TNFD recommended framework, we analyze dependencies on nature, impacts, and nature-related risks and opportunities, and consider appropriate countermeasures.

1 General Requirements

Application of Materiality	We apply the concept of double materiality, assessing both the impact of nature on our business and the impact of our business on nature.
Scope of Disclosure	Within the NICHIAS Group, the scope is limited to businesses involved in the manufacturing and sale of products (construction businesses are excluded). This report specifically discloses information on the upstream value chain and direct operations (domestic and overseas manufacturing sites), where dependence on and impact on nature are considered significant.
Integration with Other Sustainability Issues	Evaluations were also conducted based on the TCFD recommendations. Our governance and risk management framework covers all nature-related issues, including climate change.

2 Points of Contact with Nature

The NICHIAS Group uses raw materials such as natural minerals, resins, and steel to manufacture and sell various products, and we recognize that there are many points of contact with nature in raw material procurement. For direct operations (domestic and overseas manufacturing sites), we evaluated points of contact with nature using GIS (Geographic Information Systems) and related databases. As a result, the points of contact shown in the table on the right were identified.

Evaluation of points of contact with nature

Evaluation indicators	Number of applicable business sites
Regions important for biodiversity*1	Two overseas business sites
Regions with high ecosystem integrity*2	One domestic business sites
Regions with high water risk*3	Five overseas business sites

*1: Sites overlapping with WWF Global 200 (2012)

*2: Sites where Mean Species Abundance (2015) is 60% or higher

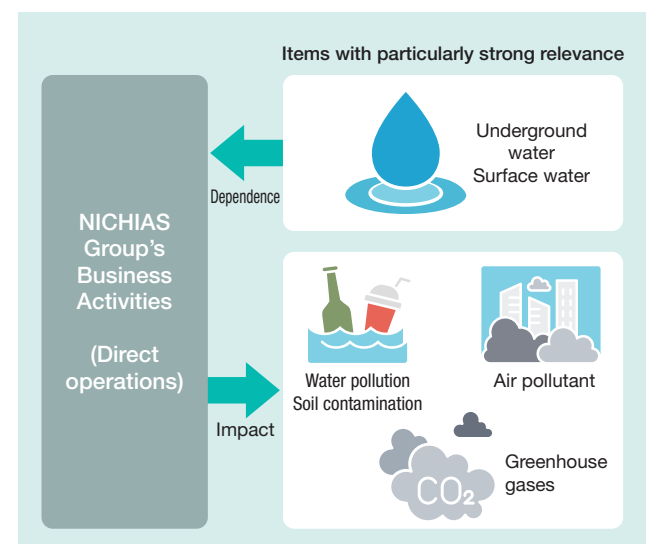
*3: Sites identified as "Extremely High" water stress in Aqueduct 4.0

3 Evaluation of Dependence and Impact on Nature

Based on the TNFD-recommended tool (ENCORE) and adjusted to our business environment, we evaluated our dependence on and impact on nature. This evaluation focused on businesses engaged in in-house product manufacturing.

In the upstream segment of the value chain, raw materials such as sand and minerals that involve mining processes are considered to have a significant impact on ecosystems through extraction activities. Through supplier surveys and other measures, we encourage environmentally responsible mining, while also promoting the recycling of products that use these raw materials to reduce environmental impact.

In our direct operations, we found a high dependence on water resources, along with significant impacts from GHG emissions, soil and water pollutants, and non-GHG air pollutants. We will work to reduce environmental impact by cutting GHG emissions and will also strengthen initiatives that contribute to the conservation of water resources.



4 Evaluation of Risks and Opportunities

Referring to TNFD guidance, we assumed Scenario I (where ecosystem service degradation is limited and market and non-market drivers are aligned) to evaluate risks and opportunities.

At manufacturing sites, we anticipate stricter environmental regulations and stronger stakeholder demands for environmental protection, and recognize the importance of reducing current environmental burdens while also working to conserve water resources.

In raw material procurement, future risks were identified, such as difficulties in obtaining non-renewable resources or increased costs.

To mitigate these risks, we will diversify procurement sources, strengthen traceability, and promote recycling.

Response to Water Risks -Strengthening Wastewater Monitoring-

At the Okayama Factory of Metakote Industry Corporation, we manufacture rubber-coated metal gaskets for automobiles. Wastewater generated during the manufacturing process undergoes various treatments, including coagulation and sedimentation, before being discharged into the Seto Inland Sea via the Asahi River.

Previously, wastewater treatment facilities were inspected twice daily, but in 2023, to enable early detection of equipment or wastewater abnormalities, we installed a surveillance monitor inside the production building that displays key equipment data, allowing for real-time monitoring of wastewater management values. Going forward, we will continue to work toward the preservation of the Seto Inland Sea through enhanced monitoring and proper response.



Surveillance monitor

Initiatives for Coexistence with Nature

TNFD

One of the natural capitals the NICHIAS Group depends on in its business activities is water. We use water for wet molding, cleaning, equipment cooling, and boiler operations, making it an indispensable resource for continuing our business. Meanwhile, the dragonfly, which is also the symbol of NICHIAS, lays its eggs on aquatic plants, and its larvae (nymphs) grow in the water. Dragonflies serve as indicators of a rich water environment, requiring clean water and surrounding vegetation.

With this in mind, NICHIAS has decided to promote activities to protect dragonflies as part of our efforts to achieve coexistence with nature. We have started with initiatives such as creating biotopes on factory grounds and participating in local conservation groups. On a nationwide scale, we have also launched the “Dragonfly Survey Team,” which collects basic information on the habitats and species of dragonflies. This activity uses the “Biome” app, operated by Biome Inc., as a platform to gather data on dragonflies and aquatic plants.

By thoroughly reducing our immediate environmental impact and promoting activities that enhance biodiversity, we aim to contribute to the realization of a society that coexists with nature.

Factory Biotope



Tsurumi Factory



Oji Factory

Dragonfly Survey Team



“Biome” app

Initiatives for Resource Recycling

Regarding industrial waste, although emissions increased in some business offices due to increased production, emissions in FY2024 were reduced by 29% compared with those in FY2019 because of the improvement of yield rate and the promotion of reduction of industrial waste. In addition, discharged industrial waste production unit was reduced by 45% compared with FY2019. 61% of the unnecessary substances of the NICHIAS Group*¹ are recycled*². At each manufacturing site, we will conduct initiatives to reduce waste during manufacturing and efficiently use resources.

In the NICHIAS Group Environmental Policy established in April 2025, we set forth initiatives for resource recycling, specifically focusing on reducing waste emissions and promoting recycling. We will expand the volume of recycled materials such as rock wool products, which have obtained wide-area certification, while also promoting the use of recycled resources to further reduce GHG emissions.

*¹ Waste discharged from the NICHIAS Group, including those sold as valuables.

*² Intermediate treatment recycling excluding permanent disposal (landfill), selling waste as valuables, and in-house recycling are defined as “recycling.”

Initiatives for Reduction of Unnecessary Substances and Industrial Waste

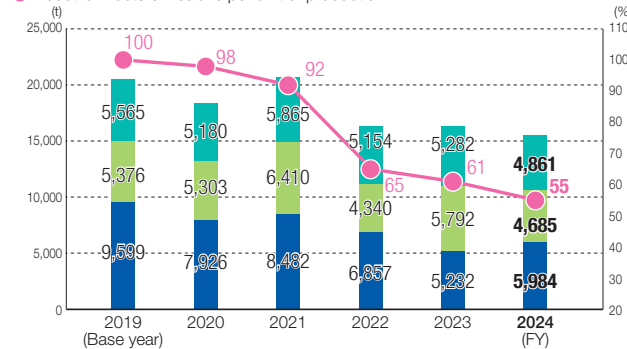
Amount of discharged industrial waste
Target: 30% reduction compared with FY2019 in FY2030

FY2024 results
29% reduction

Transition of amount of discharged unnecessary substances and industrial waste

(NICHIAS Group's domestic manufacturing sites)

■ Landfill ■ Intermediate process recycling ■ Selling as valuables
● Industrial waste emissions per unit of production



Environmental Performance

* All the data on this item refer to the NICHIAS Group's domestic manufacturing offices.

INPUT

Energy

Type	Consumption
Electricity	129,380 thousand kwh
Petroleum-based fuel	5 thousand kL
Gaseous fuel	6,890 thousand m³
Coke	6 thousand t

Water resource

Type	Quantity of water intake
Clean water	182 thousand m³
Industrial water	593 thousand m³
Underground water	507 thousand m³

Substances subject to PRTR*

Type total	69
Consumption	3,278t

*Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

OUTPUT

CO₂

Type	Emissions
CO ₂	152 thousand t-CO ₂

Air pollutant

Type	Emissions
Sulfur oxides	14.6t
Nitrogen oxide	54.6t
Dust	8.6t

Discharged water

Type	Emissions
Amount of discharged water	448 thousand m³

Water pollutant

Type	Emissions
Suspended solids (SS)	9.6t

Industrial waste

Type	Emissions
Industrial waste	10,669t

Environmentally Impactful Substances (PRTR Reportable Substances)

Substance name	Emissions
Toluene	146.0t
Xylene	0.2t
Ethylene Glycol	3.2t
Monoethyl Ether	
Formaldehyde	1.3t
Triethylamine	1.0t
Phenol	4.4t

Environment Management System

The NICHIAS Group will be committed to various environmental issues and aim to realize environmental management based on the Environment Policy and Carbon-Neutral Declaration.

Among the NICHIAS Group, NICHIAS' factories and major companies in Japan and overseas acquired ISO14001 and strengthened their initiatives to reduce the environmental burden and establish a sustainable society.

Please check here for the status of acquiring ISO14001.



Environmental risk management

Initiatives for Management of Chemical Included in Products

The NICHIAS Group continues the initiatives for thorough compliance with chemical regulations in each stage of the product, from development design, procurement, and manufacturing to sales. Taking advantage of the “database for managing chemical substances contained in products” established in FY2022, we respond to the Safety Data Sheet (SDS), product labels, and regulations on chemicals and provide customers with information about chemicals contained in products.

Environment Patrol

With the purpose of coexisting with the local communities, the NICHIAS Group has implemented environmental patrol since 1990. In this activity, employees patrol the area around the business office to check the four points, that are, “beauty of the view,” “air (dust, odor),” “noise and vibration,” and “discharged water” according to the characteristics of the business office.

In FY2024, the patrol was conducted 154 times by the entire Group, and 230 cases pointed out were improved. We continue this activity to reduce the environmental risk, if only a little, by doing what we can.

External Feedback

In FY2024, we received one piece of feedback regarding noise generated from a manufacturing site across the Group. For the concern raised, we investigated the root cause, provided an appropriate response, and offered an explanation. To prevent recurrence, the details of the feedback and our response have been shared across the entire Group. Up to now, we have created an “Environmental Complaint Risk Map” and continuously checked for potential risks that could lead to complaints, while raising awareness in the workplace, but, we take this recent feedback very seriously and will further strengthen initiatives to prevent both occurrence and recurrence.

Environmental Awareness Activities

At NICHIAS, we carry out environmental awareness activities for all employees with the aim of raising awareness about environmental protection and deepening knowledge related to the environment. As part of this effort, we regularly conduct environmental e-learning programs (held in December in FY2024), helping each employee take environmentally conscious actions in their daily work.

Environment Audit Structure

In the manufacturing offices, environmental reviews are executed by the following three: (1) internal audits in the manufacturing office, (2) audits by the environment departments of the Head Office, and (3) audits by an outside organization. In Fiscal Year 2024, also, in the course of continued activities for ISO14001 integrated certification for the factories, we conducted a mutual internal audit with other business offices.

As a result of the audit cases, there was no serious violation of law although there was noise that exceeds a certain level at the property line. Items pointed out at the time of the audit will be shared with other offices, which will lead to the environmental improvement of the Group.

Environmental Conservation Capital Investment

The amount invested in environmental conservation facilities related to business activities was 606 million yen.

As in previous years, we have continued investing in solar power generation facilities (introduction of renewable energy), equipment related to productivity improvement, and maintenance of existing facilities, all of which contribute to reducing our environmental burden. Going forward, we will continue making proactive capital investments to reduce GHG emissions and promote resource recycling.

Capital investment concerning environmental protection
(NICHIAS Group's domestic manufacturing offices/FY2023)

(million yen)

Classification		Amount
Cost inside the business area	Cost for pollution prevention	61
	Cost for protection of global environment	21
	Cost for resource cycling	405
Cost for management activities		119
Total		606

Financial data (As of March 31, 2025)

	(Unit)	FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Financial Information													
Net Sales	(million yen)	158,939	170,430	180,363	197,495		215,495	208,876	196,372	216,236	238,116	249,391	256,512
(of which, overseas net sales)	(million yen)	25,776	30,381	29,300	34,464		38,579	35,958	33,574	40,304	45,145	46,780	53,049
Cost of sales	(million yen)	124,529	131,271	135,346	149,545		164,869	160,719	150,307	162,856	180,107	184,626	185,739
Selling, general and administrative expenses	(million yen)	22,919	24,054	25,416	26,592		27,996	27,730	26,448	27,115	28,055	29,555	31,041
Operating income	(million yen)	11,490	15,104	19,600	21,357		22,629	20,427	19,616	26,264	29,954	35,208	39,732
Profit attributable to owners of the parent	(million yen)	7,532	6,669	13,409	14,956		15,861	14,674	10,715	22,034	21,398	26,961	32,073
Capital expenditures	(million yen)	2,788	4,287	9,775	12,772		12,816	8,978	7,703	11,355	10,069	11,117	6,819
Depreciation & amortization	(million yen)	4,659	4,598	3,969	4,800		5,760	6,274	6,536	6,616	7,454	7,593	7,626
R&D expenses	(million yen)	5,602	5,460	5,446	5,692		5,976	6,132	6,168	6,110	5,715	6,037	6,209
Net cash provided by (used in) operating activities	(million yen)	8,571	13,424	24,798	18,122		15,833	20,094	18,683	25,073	18,650	19,167	31,246
Net cash provided by (used in) investing activities	(million yen)	△ 4,115	△ 4,443	△ 10,617	△ 14,370		△ 11,818	△ 9,036	△ 6,799	△ 5,523	△ 8,651	△ 12,897	△ 913
Free cash flow	(million yen)	4,456	8,981	14,181	3,751		4,014	11,057	11,884	19,550	9,998	6,270	30,333
Net cash provided by (used in) financing activities	(million yen)	△ 1,556	△ 3,717	△ 4,965	△ 6,221		△ 4,197	△ 5,667	△ 5,469	△ 5,881	△ 6,368	△ 11,107	△ 27,404
Total assets	(million yen)	156,234	154,922	175,999	197,839		206,426	208,076	219,602	246,924	266,907	290,788	289,044
Interest-bearing debt	(million yen)	33,830	25,840	23,976	23,818		26,065	26,077	25,861	25,652	25,892	24,286	12,611
Shareholder's equity	(million yen)	78,132	84,879	97,367	109,195		116,786	126,297	135,429	154,286	172,359	199,681	215,421
Financial indicator													
Return on sales (ROS)	(%)	7.2	8.9	10.9	10.8		10.5	9.8	10.0	12.1	12.6	14.1	15.5
Return on equity (ROE)	(%)	10.4	8.2	14.7	14.5		14.0	12.1	8.2	15.2	13.1	14.5	15.5
Shareholder's equity ratio	(%)	50.0	54.8	55.3	55.2		56.6	60.7	61.7	62.5	64.6	68.7	74.5
Dividend on equity (DOE) ratio	(%)	2.8	3.3	3.8	3.9		4.0	4.1	4.0	3.9	3.7	3.5	3.4
Return on invested capital (ROIC) ratio	(%)	7.1	6.0	11.6	11.8		11.5	9.9	6.8	12.9	11.3	11.6	12.2
EBITDA	(100 million yen)	162	197	236	262		284	267	262	329	374	428	474
Data per share ^{Note 1}													
Net income per share (EPS)	(JPY)	125.7	103.8	200.8	222.7		238.7	221.2	161.5	332.2	322.6	406.6	491.4
Dividend	(JPY)	34	42	52	60		68	76	78	86	92	98	108
Dividend payout ratio (consolidated)	(%)	27.1	40.5	25.9	26.9		28.5	34.4	48.3	25.9	28.5	24.1	22.0
Book value per share (BPS)	(JPY)	1,294.73	1,279.10	1,436.01	1,629.24		1,760.51	1,903.93	2,041.63	2,325.95	2,598.45	3,039.26	3,348.75
Other financial information													
Price-to-earnings ratio	(times)	11.0	13.0	11.1	12.1		9.2	9.1	17.4	7.6	8.2	10.0	9.4
Price-book value ratio	(times)	1.1	1.1	1.6	1.7		1.2	1.1	1.4	1.1	1.0	1.3	1.4
Stock information													
Share price at fiscal year end	(JPY)	693	673	1,119	1,352		2,192	2,024	2,810	2,527	2,661	4,070	4,615
Market capitalization ^{Note 2}	(100 million yen)	867	894	1,518	1,834		1,486	1,373	1,906	1,714	1,804	2,760	3,130

Note 1 As of October 1, 2018, the reverse share split is implemented at a ratio of one share for every two shares of common shares.
 Past figures are also retroactively converted to post-reverse share split figures.

Note 2 Market capitalization is calculated including the owned shares.

* Partial Amendments to Accounting Standards for Tax Effect Accounting, etc., have been applied since the beginning of Fiscal Year 2018.
 * Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of Fiscal Year 2021.

Non-financial data (As of March 31, 2024)

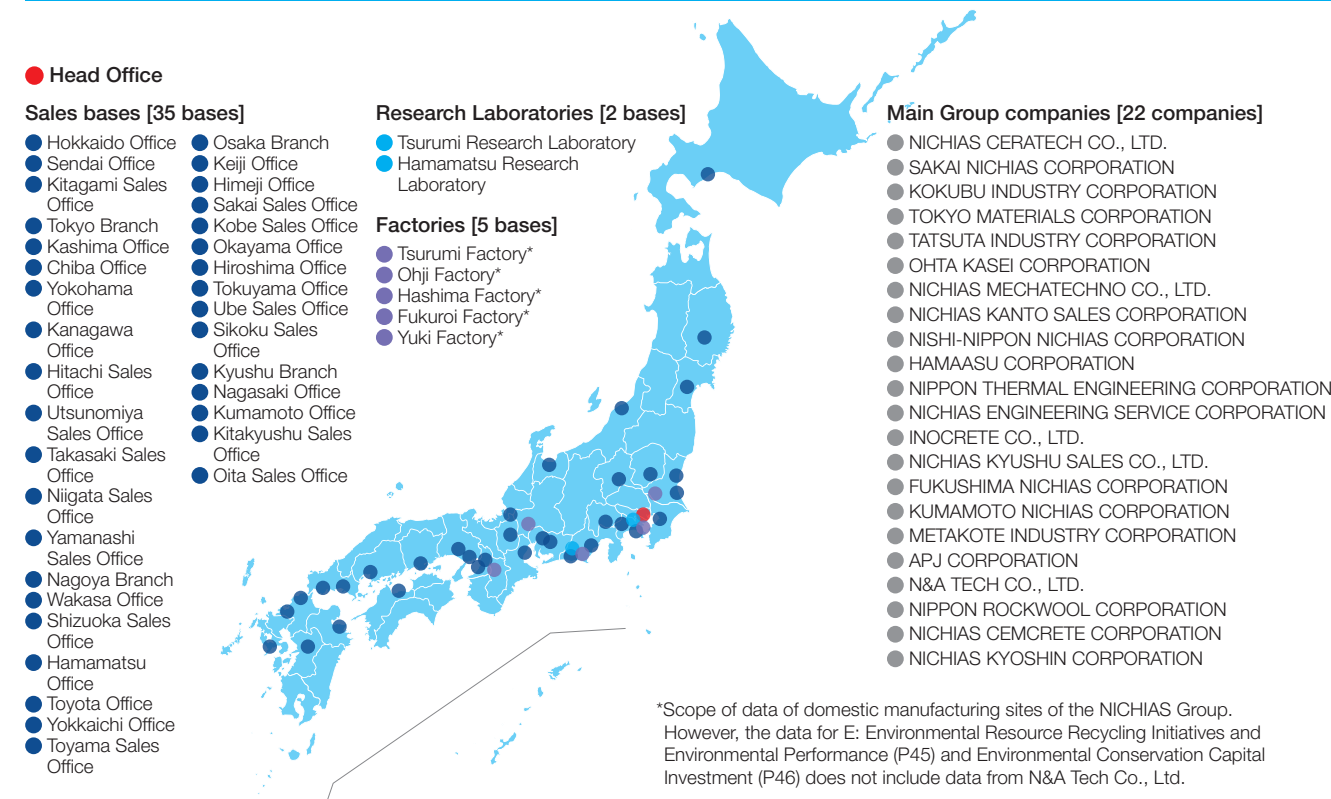
	(Unit)	FY2014	FY2015	FY2016	FY2017		FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Work-style-related													
Number of employees	(people)	5,062	5,155	5,523	5,784		6,036	6,260	6,337	6,402	6,445	6,431	6,373
Number of NKK participants ^{Note 3}	(people)	—	2,582	4,114	4,333		4,963	4,957	5,379	5,884	6,258	6,435	6,165
Environment-related													
GHG emissions ^{Note 4, Note 5}	(t-CO ₂ eq)	170,289	180,382	184,720	179,940		187,135	268,243	230,715	255,992	229,012	223,989	180,336
Percentage of renewable energy usage ^{Note 6}	(%)	—	—	—	—		—	—	—	0.5	3.0	5.2	12.9
Amount of industrial waste discharge ^{Note 4}	(t)	10,448	10,687	13,074	11,159		12,578	21,239	21,326	21,858	19,147	23,182	17,973

Note 3: NKK (NICHIAS Kaizen Katsudo) activities started in FY2015.

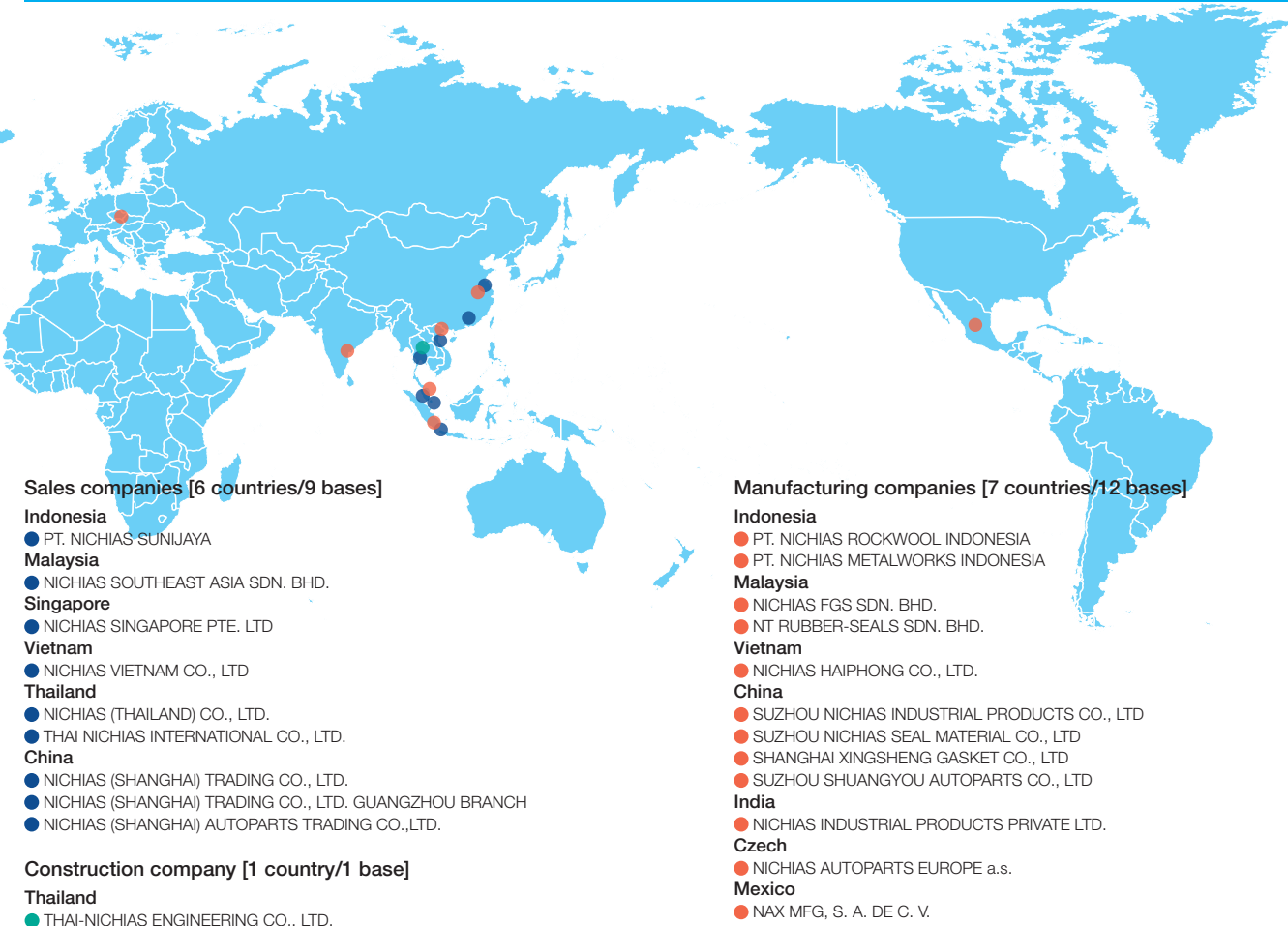
Note 4: The data for FY2018 and before covers the domestic manufacturing sites of the NICHIAS Group. The data for FY2019 and after also covers the overseas manufacturing sites of the NICHIAS Group.

Note 5: The data for FY2018 and before covers CO₂ emissions. The data for FY2019 and after covers GHG emissions.
 Note 6: The renewable energy ratio data is available from FY2021 onward.

List of Major Domestic Bases



List of Major Overseas Bases



*Scope of data of overseas manufacturing sites of the NICHIAS Group.

Corporate Profile (as of March 31, 2025)

Company name	NICHIAS Corporation	Branch	Tokyo Branch (Chuo-ku, Tokyo) Nagoya Branch (Minami-ku, Nagoya City) Osaka Branch (Chuo-ku, Osaka City) Kyushu Branch (Chuo-ku, Fukuoka City)
Company name in English	NICHIAS Corporation	Factory	Tsurumi Factory (Tsurumi-ku, Yokohama City) Ohji Factory (Kitakatsuragi-gun, Nara) Hashima Factory (Hashima City, Gifu) Fukuroi Factory (Fukuroi City, Shizuoka) Yuki Factory (Shimotsu City, Ibaraki)
Establishment	April 9, 1896	Research Laboratory	Tsurumi Research Laboratory (Tsurumi-ku, Yokohama City) Hamamatsu Research Laboratory (Hamana-ku, Hamamatsu City)
Capital fund	12,128 million yen	Consolidated companies	42 companies
Major businesses	Energy and Industrial plants, industrial products, advanced products, autoparts, building materials	Equity method affiliate	2 companies
Number of employees	6,373 people (consolidated)/1,886 people (non-consolidated)		
Head Office	1-6-1, Hatchobori, Chuo-ku, Tokyo 104-8555, Japan		

External evaluations



2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

2025 CONSTITUENT MSCI NIKONKABU ESG SELECT LEADERS INDEX

As of 2025, NICHIAS CORPORATION received an MSCI ESG Rating of A.

THE USE BY NICHIAS CORPORATION OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF NICHIAS CORPORATION BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.



Selected for the JPX-Nikkei Index 400

Nikkei Continuous Dividend Growth Stock Index

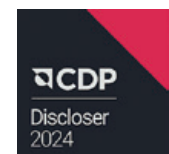
We have been selected for the Nikkei Continuous Dividend Growth Stock Index, which tracks 70 companies that have increased dividends for over 10 consecutive years.



The Japan Credit Rating Agency (JCR) has assigned us a long-term issuer rating of "A+" with a "Stable" outlook.



We have been selected as a constituent of the SOMPO Sustainability Index, an investment indicator for ESG-focused investments.



In FY2024, we received ratings of "B" for Climate Change and "B-" for Water Security.



SBT Certification from the Science Based Targets initiative (SBTi)



We have been certified as an Outstanding Organizations of KENKO Investment for Health.



About the cover photo

NICHIAS has used the dragonfly (or tomo as it is known in Japanese), which symbolizes Japan, as its symbol mark for many years. Dragonfly-themed photographs are solicited from the NICHIAS Group's employees to include them in the Integrated Reports. Fifty-two people submitted photographs in 2025. The cover photo, which was inspired by "harmony with nature," won the best prize.

Comment by the photographer

I'm incredibly happy that my photograph was chosen from among the so many excellent photographs that were submitted. Thank you very much. This photo was taken during a visit to Hakuba Iwatake during what could be considered my first family vacation as an adult. It shows a small dragonfly against an expansive scenic panorama. In this composition, I sense hope mingled with a certain amount of unease. I offer my heartfelt gratitude to everyone who voted for my submission and to my brother who planned this trip.

**Kentaro Yamashita, Technical Services Office,
Plant Technology Department, Key Industries
Business Division**



1-6-1, Hatchobori, Chuo-ku, Tokyo 104-8555, Japan
Tel. 03-4413-1194 (Sustainability Promotion Committee Secretariat)
<https://www.nichias.co.jp/en>