List of Officers (as of June 26, 2026)

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)
Oct-23 In charge of internal control, compliance, sustainability and Accounting 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 & Managing Executive Officer

Sep-88 Joined NICHIAS
Jun-17 Executive Officer of NICHIAS
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
Joined Kajitani Law Office (current position)
Jun-15 Outside Audit & Supervisory Board Member of NICHIAS
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)
Mar-26 Outside Director (Audit and Supervisory Committee Member), 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 NICHIHA 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)
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
Jun-24 Outside Audit & Supervisory Board Member of NICHIAS (current position)

Message from an Outside Auditor



Nobuhiko Takano
Outside Auditor

— What do you think of the way an auditor should be as a function to check the Board of Directors?

Auditors' primary duty is to verify the legality of directors' performance of their duties. If directors perform their duties in a grossly unreasonable manner, that conduct may constitute a breach of the duty of care or a breach of fiduciary duty. From the perspective of enhancing corporate value and achieving sustainable growth, it is important to verify that they perform their duties properly. I also believe it is important to ensure that auditors fully fulfill their oversight role through these verification activities.

— From the perspective of an audit, do you think NICHIAS's Board of Directors functions?

I believe our board of directors has fostered an environment that encourages open discussion. Furthermore, potential risks and drawbacks are addressed when proposals are presented. For matters expected to require significant future decisions, the status of deliberations is communicated to outside directors and auditors in advance to ensure appropriate information sharing. Given these facts, I believe the Board of Directors is functioning effectively.

— What do you think are the challenges NICHIAS faces in corporate governance?

I think our corporate governance is functioning effectively due to our ongoing efforts towards improvement. To further strengthen our corporate governance, I believe we should take the following steps: appoint outside directors with expertise in management, strategy, M&A, and international business; strengthen governance at our domestic and overseas subsidiaries; and transition to a company with an audit and supervisory committee.

— How do you plan to draw on your career history and experience in your role as an outside auditor?

Drawing on my experience as an outside director at other companies and insights gained through communications with the firms I serve as a tax accountant, I strive to monitor management's decision-making from an objective, multifaceted perspective. In doing so, I ensure that potential risks are properly identified, appropriate preparations are in place, and measures are taken with stakeholders in mind. We are facing a rapidly changing and uncertain social and economic situation. That is precisely why I believe it is important to engage in decision-making discussions from a medium- to long-term perspective. In this regard, I would like to do my part as well.

— Please share your opinion on the expectations and challenges for NICHIAS as it strives to achieve sustainable growth.

I believe that to enhance corporate value and achieve sustainable growth, it is important to adopt an "ambidextrous approach" to managing the organization and strengthen our earning power. To that end, I would like the board of directors to further enhance management capabilities through ongoing initiatives, including reviewing the company's business portfolio and driving business renewal. Furthermore, NICHIAS's six core technologies—sealing, thermal insulation, soundproofing, fire resistance, corrosion resistance, and cleaning—are also its strengths, and I hope it will further refine them alongside its existing technologies. I also expect NICHIAS to drive future-oriented technological innovation, develop new technologies, and explore new business opportunities.

G: Governance

Corporate governance is an important issue that supports the foundations of the NICHIAS Group. Throughout the entire Group, NICHIAS builds and strengthens its governance framework that increases the transparency, fairness, and efficiency of the decision-making process of top management including the Board of Directors.

NICHIAS' efforts to strengthen and improve corporate governance

~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)

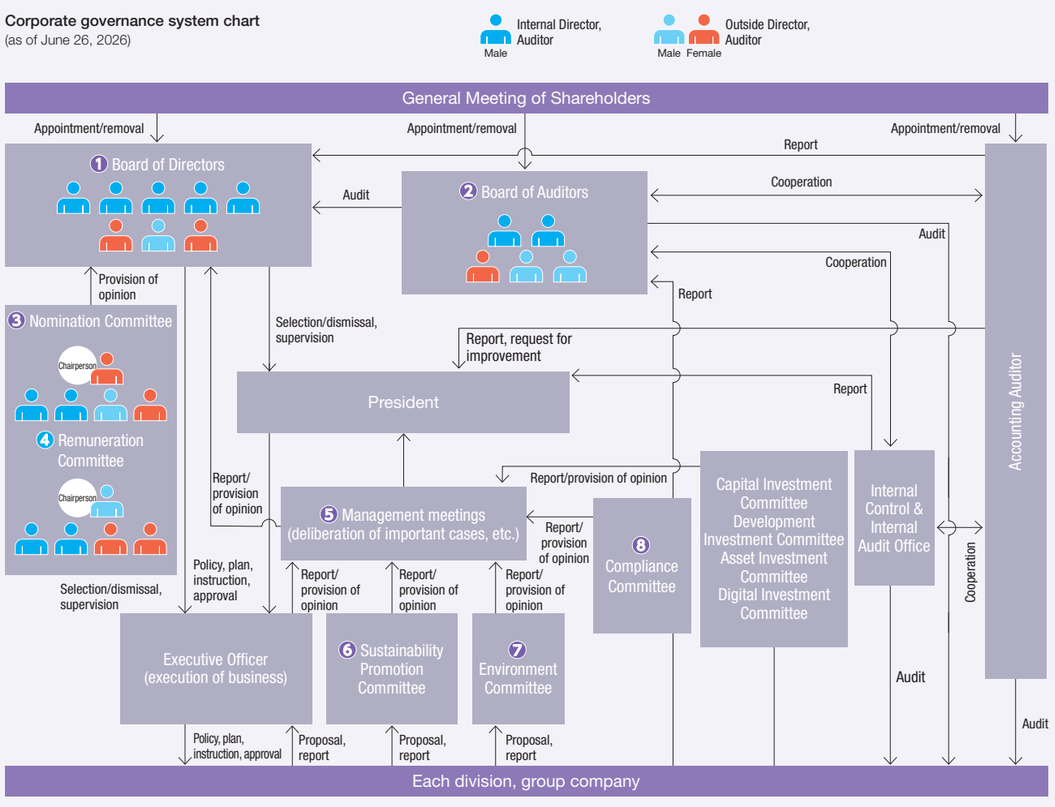
2010~

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.
2026 ■ Introduction of a performance-based compensation system for executives

Corporate governance system chart
(as of June 26, 2026)



① Board of Directors

In order to increase the transparency and fairness of management and rapidly and efficiently carry decision-making, the NICHIAS Board of Directors comprises Directors who are highly knowledgeable and experienced in the company businesses, and 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.

Activities in FY2025
At the Board of Directors meeting, the Board designated the fourth year of the five-year medium-term management plan, "Shikumi 130," as the first year of the plan's second stage and conducted a comprehensive review of the company's Philosophical Framework. The Board also discussed and deliberated on matters such as business selection and concentration, capital allocation, and shareholder returns.
In addition, the progress of existing investment projects, response to climate change, response to cyber security, and other issues are also monitored periodically.
Number of meetings held in FY2025: 14

Workability Assessment of Board of Directors

Each year, based on factors such as each director's self-assessment, the Board of Directors analyzes and evaluates the effectiveness of the Board in accordance with the following criteria:

Implementation period
June 2026

1. Analysis, assessment method
Following is the outline of the analysis and assessment methods.
1) Carry out a survey concerning the composition and operational status of the Board of Directors, targeting all the Directors and Audit & Supervisory Board Members (13).
2) Submit the survey results to Outside Directors.
3) After discussion, finalize the evaluation of the Board of Directors' effectiveness based on the survey results and the Outside Directors' opinions of those results.

2. Overview of survey items
The overview of the survey items is provided below: Each question is rated on a one-to-five scale accompanied by a comment section. Additional explanations or opinions shall be stated in this section as needed.
(1) Composition of Board of Directors
(2) Roles and duties of Board of Directors
(3) Operation and deliberation of Board of Directors
(4) Job responsibilities of Board of Directors
(5) Arbitrary advisory meeting, etc.

3. Evaluation results
In the Board of Directors meeting held in June 2026, the effectiveness of the Board of Directors was analyzed and assessed based on the results of the above survey. As a result, it was confirmed that the effectiveness of the Board of Directors as a whole is sufficiently secured. However, several issues were identified, including the "corporate governance structure," the "narrowing of the agenda," the "discussion of medium- to long-term strategies for sustainable growth and nonfinancial information," and the need to "strengthen the Nomination and Remuneration Committee."

4. Specific initiatives
In fiscal year 2025, we revised the criteria for matters submitted to or reported to the Board of Directors. We reduced the number of agenda items by about 20% compared with the previous fiscal year. Going forward, we will consider measures to further enrich discussions on medium- to long-term strategies that support our sustainable growth, as well as on non-financial information.
In fiscal year 2025, the Nomination Committee met seven times, and the Remuneration Committee met four times to discuss matters including the development plan and its progress for future executive candidates, the review of the skills matrix, and the introduction of a performance-based compensation system (short-term) for directors. We plan to further enrich the committee's discussions.
We will review our corporate governance to identify the approach that best suits our organization, including a potential transition from our current structure, which is a company with a board of corporate auditors.

② Board of Auditors

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 FY2025: 12

❸ 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 26, 2026)
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 FY2025
The Nomination Committee deliberated on candidates for directors and executive officers for fiscal year 2026. It also reviewed the development plan and its progress for future executive candidates, discussed updating the skills matrix, and submitted the report to the Board of Directors.
Number of meetings held in FY2025: 7

❹ 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 26, 2026)
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 FY2025
The Remuneration Committee discussed proposed compensation for director and executive officer candidates for fiscal year 2026, including appropriate incentives, KPIs, calculation methods, and upper limits for the executive performance-based compensation plan (short-term), and submitted its report to the Board of Directors.
Number of meetings held in FY2025: 4

Outline of Board of Directors, Board of Auditors, Nomination Committee, Remuneration Committee (FY2025 results)

	Name		Attendance status of each meeting			
			Board of Directors	Board of Auditors	Nomination Committee	Remuneration Committee
Director	Katsumi Kametsu		14/14 meetings	—	7/7 meetings	4/4 meeting
	Tsukasa Yamamoto		14/14 meetings	—	7/7 meetings	3/3 meeting
	Satoshi Tanabe		14/14 meetings	—	—	—
	Kiyoshi Sato		14/14 meetings	—	—	—
	Yukinori Ryuko		14/14 meetings	—	—	—
	Yoichi Eto	(Outside)	4/4 meetings	—	—	—
	Yoko Wachi	(Outside)	14/14 meetings	—	7/7 meetings	4/4 meeting
	Yasushi Manabe	(Outside)	14/14 meetings	—	7/7 meetings	3/3 meeting
	Reiko Iwasaki	(Outside)	10/10 meetings	—	7/7 meetings	3/3 meeting
Auditor	Mitsuru Nose		14/14 meetings	12/12 meetings	—	—
	Kazuyuki Motohashi		14/14 meetings	12/12 meetings	—	1/1 meeting
	Sachiko Murase	(Outside)	14/14 meetings	12/12 meetings	—	—
	Nobuhiko Takano	(Outside)	13/14 meetings	12/12 meetings	—	1/1 meeting
	Masatoshi Deguchi	(Outside)	13/14 meetings	12/12 meetings	—	1/1 meeting

Skills Matrix of Directors and Audit & Supervisory Board Members (as of June 26, 2026)

	Name		Expertise and experience of Directors and Audit & Supervisory Board Members (skill matrix)							
			Corporate management, strategy	Finance, accounting	Legal and risk management	Sales, marketing	Manufacturing, development, and IT	Global	Environment	Human resources
Director	Katsumi Kametsu	Representative Director President & Chief Executive Officer	●	●	●	●		●		●
	Tsukasa Yamamoto	Representative Director, Senior Managing Executive Officer	●	●	●	●				●
	Kiyoshi Sato	Director & Managing Executive Officer	●		●		●			
	Yukinori Ryuko	Director & Managing Executive Officer	●			●	●	●		
	Yoko Wachi	Outside Director	●	●	●				●	
	Yasushi Manabe	Outside Director	●			●	●	●		
	Reiko Iwasaki	Outside Director	●							●
Auditor	Mitsuru Nose	Full-time Audit & Supervisory Board Member			●					●
	Kazuyuki Motohashi	Full-time Audit & Supervisory Board Member		●	●					●
	Sachiko Murase	Outside Audit & Supervisory Board Member	●	●	●				●	●
	Nobuhiko Takano	Outside Audit & Supervisory Board Member		●						●
	Masatoshi Deguchi	Outside Audit & Supervisory Board Member	●	●	●		●	●		●

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

▶ Executive Bodies

❺ 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 FY2025: 48

❻ 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 P6

Number of meetings held in FY2025: 12

❼ 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 FY2025: 3

❽ 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 P36

Number of meetings held in FY2025: 12

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 120,000 per year.

* This figure is based on the number of shares after the April 1, 2026 stock split.

c. Each director's compensation is set by the Board of Directors, which first establishes a base amount based on the director's position and years of service, reviews the results of the consultation among the Remuneration Committee, the Outside Directors, and the Outside Auditors, and then determines the specific compensation amount by considering the director's performance, the importance of the director's duties, and the responsibilities associated with those duties.
Furthermore, as part of efforts to address social issues, including the "NICHIAS Group Carbon Neutrality Declaration," approximately 10% of the base salary for directors (excluding outside directors) will be added based on the extent to which ESG indicators were met in the previous fiscal year.

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.

Note that executive compensation is determined based on the following criteria, which reflect the performance-based compensation system for executives introduced in fiscal year 2026.

a. NICHIAS's directors' compensation comprises base salary, performance-based compensation, and stock-based compensation. However, Outside Directors shall be paid only a base salary, given their responsibilities.
The ratio of directors' compensation shall be based on the following guideline: base salary: performance-based compensation (base amount): stock-based compensation = 60:20:20.

b. Base salary is determined by position and years of service.
Performance-based compensation for each position is calculated by multiplying the position's base amount for performance-based compensation by a performance-based coefficient. This coefficient is determined by the extent to which the targets for consolidated operating profit, consolidated operating profit margin, and ESG indicators, which are key performance indicators in the medium-term management plan, have been met.
The total annual compensation for the Company's directors shall not exceed 500 million yen, of which the total annual compensation for outside directors shall be less than 60 million yen.
In addition, stock-based compensation shall consist of shares subject to a transfer restriction for a specified period, separate from the cash compensation mentioned above, with an annual limit of up to 100 million yen and up to 120,000 shares.

c. Our directors' performance-based compensation is determined by the following formula. Each director's compensation is set by the Board of Directors, which first establishes a base amount based on the director's position and years of service, reviews the results of the Remuneration Committee's consultation, and then determines the specific compensation amount by considering the director's performance, the importance of the director's duties, and the responsibilities associated with those duties.

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.

Calculation Formula for Performance-Based Compensation

Base Amount × Performance-Linked Coefficient (Breakdown: Consolidated Operating Profit 5 6%, Consolidated Operating Profit Margin 24%, ESG Indicators 20%)
* The performance-based coefficient ranges from 0% to 200%, depending on the level of achievement.

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 (FY2025 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)	340 million yen	285 million yen	54 million yen	5 people
Auditors (excluding Outside Auditors)	38 million yen	38 million yen	—	2 people
Outside Director	43 million yen	43 million yen	—	4 people
Outside Director	27 million yen	27 million yen	—	3 people

Total consolidated remuneration, etc. by officer* (FY2025 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	117 million yen	Director	Submitting company	96 million yen	21 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.

In addition, based on this "Global Compliance Policy," we have updated our compliance code to the "Compliance Code, 11th Edition." 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.

Three basic attitudes toward compliance	Code of Conduct in Global Compliance Policy
We observe the laws, regulations, and rules and execute healthy corporate activities respecting the spirit.	1. Compliance with social norms
	2. Prohibition of bribery
	3. Prohibition of conflict of interest
	4. Fair business competition
	5. Prohibition of trading of stocks, etc., based on undisclosed company information (prohibition of insider trading)
	6. Compliance with trade laws and regulations and proper import/export procedures
We respect employees' human rights, personality, and autonomy and support their growth.	7. Respect for human rights and personality
	8. Prohibition of harassment
We maintain a good relationship with society at large through communication and action from the standpoint of the various stakeholders surrounding the Group.	9. Safety and quality of products and services
	10. Consideration for environment
	11. Healthy and safe working environment
	12. Protection and utilization of intellectual property rights
	13. Information management
	14. Accurate financial record

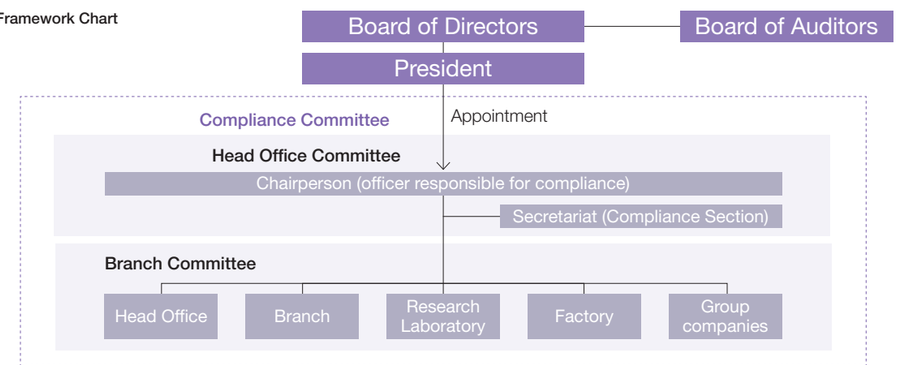
Compliance Framework Based on Worksite

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.

We regularly conduct awareness campaigns to ensure employees can use these reporting channels whenever needed. As part of the campaign, we distribute compliance cards that list the contact information for each reporting channel to all employees across the Group. In addition, we publish compliance posters annually to raise awareness and display them at each business location. We also list the reporting channels on our internal compliance portal site so employees can access them anytime.

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 70 whistleblower reports in FY2025. 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.

BCP Measures

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.

In response to concerns about raw-material supply amid rising tensions in the Middle East, including the Strait of Hormuz blockade, we have secured the materials needed for production. We achieved this through company-wide efforts across the NICHIAS Group, including the management team, both domestically and internationally. We also drew on our resilient supply chain.

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

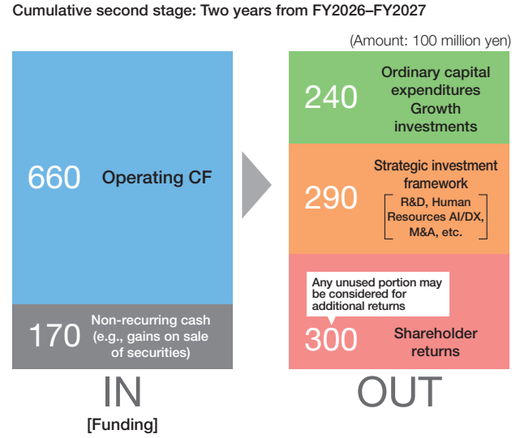
Improving Capital Efficiency

As we enter the final year of the second stage (fiscal years ending March 2026 through March 2027) of our medium-term management plan, “Shikumi 130,” we remain committed to operating with capital efficiency in mind. We will maintain a liquidity target equivalent to 1.5 to 2.0 months of working capital. We have established a policy not to increase the equity ratio beyond its current level. We will continue to reduce our cross-shareholdings as appropriate and will strive to sell them all through negotiations with our business partners by the end of the next medium-term management plan (fiscal year ending March 2032).

Additionally, we have begun tracking ROIC and the cash conversion cycle (CCC) by segment. We are also working to incorporate these metrics into each business unit’s performance management. We will steadily advance initiatives to strengthen our cash-generating capabilities, including reducing inventory and shortening the accounts receivable turnover period.

Capital allocation

For the cumulative use of proceeds during the second stage (two-year period) of our medium-term management plan, we have allocated 29 billion yen to our strategic investment quota, separate from traditional capital investment, to fund our future-oriented initiatives. 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 the chart below)



Shareholder Return Policy (Dividend Policy)

Our shareholder return policy is based on a dividend on equity (DOE) of 5.0% or higher and on progressive dividends, and we will continue to pay stable dividends. In addition, the total return ratio, which includes dividends and treasury stock purchases, is generally set at 50% or higher. For the fiscal year ending in March 2026, we have set the annual dividend at 164 yen per share, reflecting our operating and financial performance. In addition, we have been repurchasing our own shares while balancing these purchases against dividend payments. We repurchased shares worth 8 billion yen during the year and canceled 4.15 million treasury shares, representing 6.1% of the total number of issued shares.

Furthermore, to make our shares more affordable by lowering the per-share price, we implemented a three-for-one stock split effective April 1, 2026.

Going forward, under the aforementioned policy, we will continue to deliver appropriate shareholder returns while carefully assessing our financial condition and business performance. ▶See pages 51 and 52

Intellectual Property Strategy

The NICHIAS Group will strengthen its businesses by pursuing comprehensive intellectual property strategies from both offense and defense perspectives in response to changes in our business environment and our future vision (see the figure below). 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. Additionally, we respect the intellectual property rights of others and take appropriate measures to manage intellectual property risks. For example, we conduct thorough investigations and verifications to ensure that our new product does not infringe any intellectual property rights before its launch.

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 fiscal year 2025, we pursued the following initiatives: proposing inventions aligned with our development strategy through IP landscape analysis, placing IP specialists at the Tsurumi Research Laboratory ahead of schedule, and launching a pilot program for customized business training tailored to each division’s needs.

