

S: Society

The NICHIAS Group contributes to society by providing products and services that are safe, reliable, and useful for its customers.

NICHIAS Group Employee Development Policy

As part of our mission to contribute to Earth's bright future through our TATSU-TAMOTSU (Insulation and Protection) technologies, the NICHIAS Group will promote the systematic, strategic development of human resources to foster the growth of both our employees and the company. Having defined our ideal employee profile, we established four guiding principles for their development. Furthermore, we are implementing a range of initiatives to enhance "workplace comfort" and "job satisfaction," based on our belief that a company can be a vibrant, cheerful workplace only when every employee is both physically and mentally healthy.

Ideal Employee Profile "People who enjoy growing with their colleagues"

Four Principles Underpinning Human Resource Development

- We will develop personnel with a sense of ethics and accountability for sound corporate growth.
- We will develop personnel who respect diverse ways of thinking, and who possess teamwork to deliver the best possible results through collaboration.
- We will provide an environment where our employees can take on bold challenges, and develop their creativity and problem-solving skills to drive innovation.
- We will develop a growth mindset whereby our employees can forge their own career and work proactively.

Skill and Ability Development

Under the Nichias Group's Human Resources Development Policy, we promote systematic, planned employee development. Our goal is to foster mutual growth for our employees and the company. For employee development, we have established four guiding principles: compliance with rules, communication and collaboration skills, a spirit of challenge, and a future-oriented mindset. To put these principles into practice, we have established an educational framework built on three pillars: formal training, OJT, and support for self-development. Starting this fiscal year, we have introduced several new training programs, including "Executive Candidate Training" and "Career Vision Training." We are also advancing initiatives to strengthen our human resource base, which underpins the organization's sustainable growth. These initiatives include enhancing development training for our DX talent, developing human resources to lead our future management and business operations, and providing career support.

Metrics Related to Human Resource Development

	FY2024	FY2025
Training hours per employee in training programs organized by the Personnel Department (annual)	6.4 hours	7.0 hours
Enrollment rate for distance learning (annual)	20.3%	21.6%

*Applies to full-time employees who regularly work for our company.

Conceptual Diagram

Employee Growth ⇄ Company Growth

Developing human resources

- **Compliance with Rules** (Ethics and Sense of Responsibility)
- **Communication and Collaboration Skills** (Teamwork)
- **Spirit of Challenge** (Challenge-driven Environment and Ability to break through)
- **Future-Oriented Mindset** (Growth Mindset, Career Awareness)

Formal Training	OJT	Self-development support
Level-based training Young employee exchange meetings Training by objective Career support	Workplace education C&C NKK	Correspondence courses Acquisition of qualifications TOEIC

NKK (NICHIAS Kaizen Katsudo)

Since fiscal year 2015, the NICHIAS Group has promoted its company-wide improvement initiative, "NICHIAS Kaizen Katsudo (NKK)," to balance employee satisfaction with productivity improvements.

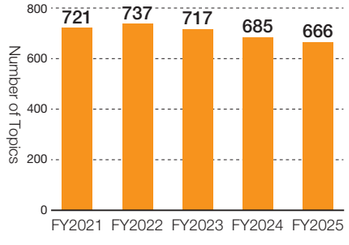
The KKK entered its 10th anniversary in fiscal year 2024 and has moved into a new phase of activity in fiscal year 2025. In this new phase, we have established three presentation categories: "Improvement," "Development," and "Exploration." Based on these categories, we promote activities such as conducting thorough analyses of daily operations, rolling out technologies across the Group, and exploring new business opportunities. Through these activities, we aim to create new businesses, products, and operations.

Additionally, the "Shikumi" Creation Awards, part of the "Shikumi 130" medium-term management plan, provided an opportunity to launch several new initiatives on topics that the originators wanted to share with other departments or the entire group. The number of adopted initiatives has increased since the awards' inaugural year of FY2022.

These initiatives are built on the three principles: "Let's try!," "Nurture," and "Gratitude." By consistently promoting these initiatives, they will become integral to the NICHIAS Group's culture and help create a "bright company where it is pleasant to work."

Through NKK, we will help our employees grow into individuals who "enjoy growing alongside their colleagues." These initiatives are effective in helping employees strengthen their teamwork skills, as well as their creativity and ability to overcome challenges and forge a path toward the future.

Trends in the Number of NKK Activity Topics



Diversity

Promoting Women's Empowerment

Our company aims to be an organization where diverse employees, regardless of gender, can demonstrate their abilities and achieve success. On the other hand, there is still room for improvement regarding the percentage of female employees and the percentage of women in management positions. Based on this understanding, we have set numerical targets for hiring women and are promoting initiatives to meet them. As a result, the number and proportion of female employees who are candidates for future management positions are steadily increasing. Furthermore, for promotions and appointments, we place the right person in the right position based on fair evaluations, regardless of gender. We believe these efforts will increase the proportion of women in management positions.

By comprehensively advancing the employment, development, and promotion of female employees, we will enhance diversity in decision-making and drive sustainable growth in corporate value. See P.10

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 P.10

Promoting Older Worker Employment

NICHIAS is working to introduce systems that enable its employees to approach their work with enthusiasm and a sense of fulfillment. Older workers also encompass those who return to work after retirement, known as special employees. We are working to ensure these workers receive appropriate assignments and treatment so they can draw on the knowledge and skills they have developed over years of experience. As a result, even for employees who do not hold management positions, their compensation reflects their performance and contributions, which in turn facilitates a smooth transition to the next generation and helps revitalize the organization.

Organizational Culture

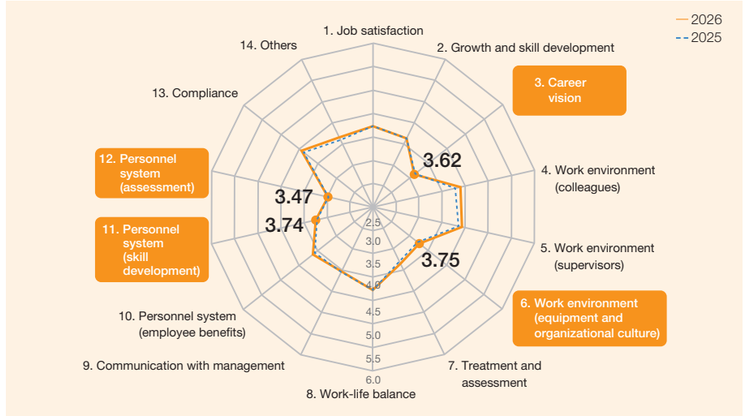
Engagement Survey

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 2024. This fiscal year's response rate reached 86% (85% last fiscal year), maintaining last year's high level. The survey has become firmly established as a means of capturing a range of employee feedback.

When analyzing the survey questions by category, the scores for 3. "Career Vision," 6. "Workplace Environment (Facilities and Organizational Culture)," 11. "Human Resources Systems (Skill Development)," and 12. "Human Resources Systems (Performance Evaluation)" have remained low since the initial survey.

Based on these results, we have already implemented several initiatives. Moving forward, we will continue to strengthen our corporate value in the years ahead, specifically by increasing our engagement score over the long term. These efforts also include measures that look beyond the short term to the medium and long term, such as career development support and initiatives to enhance job satisfaction.

Radar chart comparing with the previous year



2025 survey Average: 4.01 points
2026 survey Average: 4.04 points

Year-on-year: **+0.03** points

Work-Life Balance

Encouraging the Use of Annual Paid Leave

We view the maintenance and promotion of our employees' physical and mental health, as well as the enhancement of their engagement, as key elements of human capital management that support the sustainable creation of corporate value. Therefore, in addition to managing total working hours properly, we encourage employees to take their planned annual leave. We are working to ensure that our workplace environment supports employees' work-life balance. Through these initiatives, we are working to make our company a healthy, supportive workplace where every employee can perform at their best. See P.10

Childcare Leave Acquisition Rate

We recognize that creating an environment where a diverse workforce can continue to work with peace of mind, regardless of life-stage changes, is a key management priority. To help our employees balance work and childcare responsibilities, we encourage them to use our parental leave policy and are working to improve understanding across the workplace. We are promoting efforts to make our workplace more welcoming to employees with children, regardless of their gender identity. Through these initiatives, we aim to retain our employees and foster their professional growth, thereby strengthening the human capital that underpins our sustainable growth.

		FY2023	FY2024	FY2025
Male acquisition rate		47.5%	67.9%	83.0%
	Male employees who have taken (or are currently taking) parental leave	19 people	36 people	39 people
	Male employees whose spouses gave birth	40 people	53 people	47people
Female acquisition rate		100.0%	93.8%	91.3%
	Female employees who have taken (or are currently taking) parental leave	14 people	15 people	21 people
	Female employees who gave birth	14 people	16 people	23 people

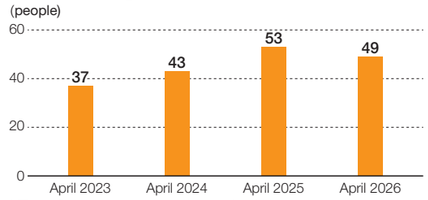
* These figures represent numbers only within our company.

Recruitment

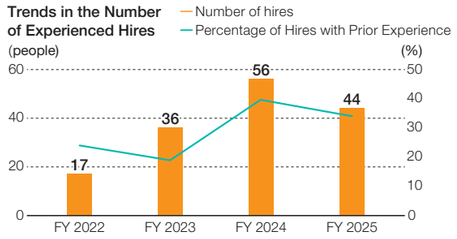
Recruitment Initiatives

The NICHIAS Group views human resources as human capital and regards retaining a diverse workforce and encouraging active participation in their work as one of our key management priorities. In our programs for newly hired graduates, we aim to foster an understanding of our business and corporate culture through hands-on work experience in our research laboratories and factories. Meanwhile, in our programs for newly hired experienced workers, we actively retain individuals with advanced expertise. Through these initiatives, we are building an organization where employees with diverse knowledge and experience can thrive, thereby contributing to the sustainable enhancement of corporate value.

Trends in the Number of New Graduates Hired for General Management Positions



Trends in the Number of Experienced Hires



* These figures represent numbers only within our company.

Workplace well-being

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 Group 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 certified for five consecutive years, starting in fiscal year 2022.

In addition, Group companies are also carrying out health and productivity management initiatives. One of our Group companies, Kumamoto NICHIAS Corporation, was certified as part of the Bright 500 in the SME category. Other Group companies have also obtained certification as "Outstanding Organizations of KENKO Investment for Health."

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

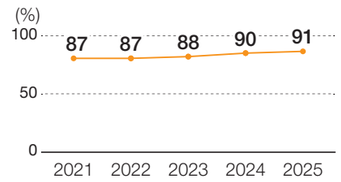
Health Information

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 21 NICHIAS Group companies, including those with less than 50 employees. Group analysis is also carried out. This is how NICHIAS tries to create a more pleasant workplace.

Stress check participation rate



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.

Communication with Stakeholders

IR Activities(Communication with Shareholders and Investors)

NICHIAS strives to enhance communication with shareholders and investors based on the principle of fair disclosure. In FY2025, 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 250 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 July 2026, 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 "YasaihanaTM 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 seventh year this year. Families have shared heartwarming reports such as tomatoes bearing fruit and mini sunflowers blooming.

Contribution to Local Communities

The Corporate Hometown Tax Donation Program is a system through which companies donate to regional revitalization projects implemented by local governments to promote regional development and support local communities. Using this program, we made donations to the following local governments in which the NICHIAS Group's offices are located.

Local government: Shinchi Town, Fukushima Prefecture; Shimotsuma City, Ibaraki Prefecture; Yokohama City; Gifu Prefecture; Hashima City, Gifu Prefecture; Fukuroi City, Shizuoka Prefecture; Nara Prefecture; Oji Town, Nara Prefecture; Okayama City; Niihama City, Ehime Prefecture; Kikuyo Town, Kumamoto Prefecture.

In addition, we regularly clean the areas around our offices and subsidiaries, helping maintain the local environment and preserve its aesthetic appeal. In fiscal year 2025, a total of 2,000 people in Japan and abroad participated in this activity.



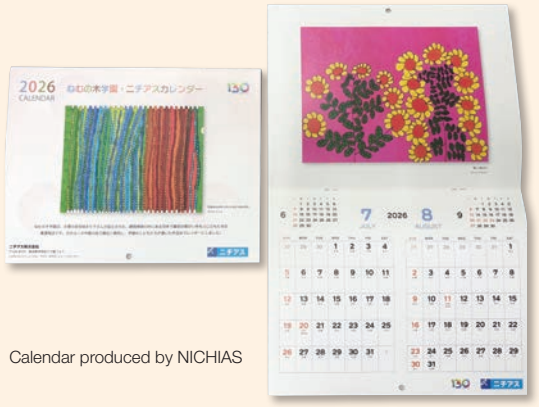
Oji Factory, Metakote Industry, Kokubu Industry, and Tatsuta Industry participated in "Operation Yamato River and Ishikawa Cleaning."

Community Service Activities

CSR Activities

Nemunoki Gakuen, located in Kakegawa City, Shizuoka Prefecture, is Japan's first dedicated care facility for children with disabilities. NICHIAS supports the facility's founding purpose and provides assistance. Every year, NICHIAS produces and distributes a calendar featuring artwork from students at this facility.

In addition, we regularly implement activities to support local communities at each business base, such as donating emergency rations to food banks and blood donations.



Calendar produced by NICHIAS

Cultural and Sports Support Activities

Sponsorship of the Professional Basketball Club "HIROSHIMA DRAGONFLIES"

NICHIAS also supports the "Hiroshima Dragonflies," a professional basketball team whose logo is a "dragonfly," matching our corporate logo.

Sharing a commitment to revitalizing the local community through sports and to preserving the natural environment, we are advancing a range of collaborative initiatives.

In August 2026, we hosted the "Tombo Basketball Class" in cooperation with Chuo-ku in Tokyo, where our head office is located. Ryu Watanabe of the Hiroshima Dragonflies provided hands-on instruction to children. On the day of the event, a total of 38 children, including NICHIAS Group employees' children and local children, participated. By creating opportunities for interaction and learning through sports, we contributed to the local community and supported the development of the next generation.

In addition, NICHIAS is engaged in efforts to preserve dragonfly ecosystems. Through our partnership with the Hiroshima Dragonflies, we are working to raise awareness of environmental conservation. We will continue contributing to building a sustainable local community by advancing both sports promotion and the protection of the natural environment.



Uniform featuring the NICHIAS logo



"Tombo Basketball Class" Held at the Chuo General Sports Center

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.

In the 2025 season, the team won the Round 2 race at Fuji Speedway.



Race car featuring the NICHIAS logo



Yoshiaki Katayama (left) and Roberto Merhi Muntan (right) sharing the joy of victory