"TATSU-TAMOTSU"
technologies
for a brighter future

NICHIAS Integrated Report 2026



NICHIAS



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 2026

Consolidated revenue	Operating income	Number of consolidated employees
251.9 billion yen	37.0 billion yen	6,424 people

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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.

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Turn NICHIAS's 130-year history into a force for the future — Take on the challenge of the next growth stage! —



President and Chief Executive Officer
Katsumi Kametsu



Corporate Character
NiCo

NICHIAS celebrated its 130th anniversary this year. What do you think is the main reason that NICHIAS has survived turbulent times and continued to grow to this point?

I am delighted that we have reached our 130th-anniversary milestone. First, I would like to express my heartfelt gratitude to our customers, business partners, shareholders, investors, the local community, and our employees and their families, both in Japan and abroad, for their support of NICHIAS Group over the years.

Since its founding in 1896, NICHIAS has continued to refine its "TATSU-TAMOTSU™ (Insulation and Protection)" technologies. Although the business environment has changed significantly over the years, we have consistently risen to the challenges of each era, delivering the value our customers demand. We believe this is what has enabled us to continue our 130-year journey.

Our strength does not depend on any single product or business. Instead, our strength lies in our core "TATSU-TAMOTSU™" technologies. With these technologies, we have adapted to changing times, explored new markets, and continued to contribute across a wide range of industries. Our basic attitude is to change what needs to be changed and preserve what should be preserved. I am confident this attitude will continue to fuel our growth in the years ahead.

Our current medium-term management plan, "Shikumi 130," is finally entering its final fiscal year. What has NICHIAS accomplished over the past five years? Please share your achievements and sense of accomplishment regarding the outcome.

● 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"

We used the past five years not only to improve our business performance but to prepare to make "our corporate structure resilient to change."

We have been laying the foundation for the future through initiatives such as reviewing our business portfolio, introducing ROIC-based management, and investing in digital transformation to boost productivity, as well as in human resources. As a result, we achieved a record-high financial performance and strengthened our corporate structure. I consider this a significant achievement.

I feel we have made significant progress on the systematization project, which is why we named it "Shikumi 130." We have established a system that consistently delivers results without relying solely on individual effort. As a result, NICHIAS has become a well-established company capable of adapting to change.

Our 130th anniversary is not our ultimate goal. Rather, this is the starting point for the next phase of our growth. Over the past five years, we have built a strong foundation, which we plan on reinforcing.

In the medium-term management plan, "Shikumi 130," the "Shi" is said to derive from "Shiawase," the Japanese word for "happiness." What initiatives are underway torealize the "Mechanisms of Happiness"?

I believe that a company's growth and its stakeholders' well-being are inextricably linked.

In the "Shikumi 130" medium-term management plan, "happiness" encompasses the well-being of not only our employees and their families but also all stakeholders associated with our Group, including customers, business partners, shareholders, investors, and local communities.

Among them, our employees drive the company's value creation. For this reason, we have actively promoted initiatives such as personnel system reform, measures to improve employee engagement, and efforts to enhance the workplace environment. I also prioritize direct communication with our employees and visit every office.

However, the engagement survey revealed differences in perceptions between management and frontline employees regarding issues such as human resource development and career planning. I do not regard this as a negative factor; rather, it's an important insight that will help improve our organization.

The most important thing is to take feedback seriously and use it to improve our organization. We will continue improving our workplace environment so every employee can experience growth. We are committed to further evolving our company into a "a bright company where it is pleasant to work."

Furthermore, our employees' growth and willingness to take on new challenges create value for our customers and contribute to society. As a result, this leads to the well-being of all our stakeholders. I believe that implementing such a virtuous cycle will lead to the realization of the "Mechanisms of Happiness."

This year, we celebrated our 130th anniversary. Starting next year, we will enter a new phase. Please share your thoughts on the future direction of NICHIAS.

We are at a major turning point.

The business environment is changing faster than ever. Several factors are driving these changes, including the evolution of AI, the transition to a decarbonized society, shifts in the energy mix, and escalating geopolitical risks. Although these changes pose risks, they also offer significant opportunities for growth.

Our next medium-term management plan will focus not only on strengthening the competitiveness of our current businesses but also on accelerating investment in future growth markets. In addition, we will further refine our selection and concentration strategy for the businesses we have worked on and evolve our management to achieve sustainable growth while improving capital efficiency.

To develop our next medium-term management plan, we held roundtable discussions with employees at our nationwide locations to capture a wide range of perspectives, rather than limiting the discussion to management. We had a frank exchange of views on the transformations and challenges NICHIAS may face in the future, the ideal work environment, and the kind of company we aim to become. We gained many insights and suggestions from the roundtable discussions.

Thanks to the hard work of our frontline employees, NICHIAS has grown steadily over the past 130 years. This is why I believe it is important for management and frontline employees to align and work together as one to shape our future, especially as we enter the next stage of growth. We will incorporate the feedback and requests from the employee roundtable discussions into our next medium-term management plan.



What is NICHIAS's current status on initiatives to drive the next phase of growth, including investments in semiconductors, next-generation energy, and new markets?

We believe the semiconductor and next-generation energy markets are essential to our growth.

In the semiconductor sector, global demand continues to rise, driven by advances in AI. Meanwhile, societal implementation is steadily advancing toward carbon neutrality in the next-generation energy sector. Our "TASTU-TAMOTSU™" technologies are also essential to this sector.

To expand our business, we are investing in facilities, developing new technology, and strengthening our workforce. We are steadily laying the groundwork to explore the next-generation market.

As part of our efforts in the hydrogen sector, we have built a new liquefied hydrogen testing facility at the Hamamatsu Research Laboratory to accelerate the development of liquefied hydrogen-related products. Because liquefied hydrogen must be handled at an extremely low temperature of -253°C, it requires advanced insulation and sealing technologies. By establishing our own evaluation and development environment for liquid hydrogen, we will further accelerate the development of liquid hydrogen products and services and help realize a hydrogen society.

As part of our efforts to explore new markets, we are working on the fusion energy sector. NICHIAS has formed a capital and business alliance with Helical Fusion and joined the company's "Helix Program" as an official partner. Fusion energy is a next-generation technology that could revolutionize the future energy supply. To achieve fusion energy, advanced insulation and sealing technologies capable of controlling extreme environments, including ultra-high or ultra-low temperatures and high vacuums, are essential. We believe this is a field where we can leverage the "TATSU-TAMOTSU™" technologies we have developed over the past 130 years.

We focus our management resources on this sector because the solutions to its societal issues align with our technological strengths.

Through these initiatives, we will strive to embody the NICHIAS philosophy: We contribute to the Earth's bright future through "TATSU-TAMOTSU™" technologies.

How does the NICHIAS Group promote sustainability management practices? What initiatives are you implementing to achieve this goal?

I believe promoting sustainable management is a critical priority for achieving sustainable corporate growth and enhancing corporate value over the medium to long term. Last year, we developed a framework of principles and policies to guide sustainability management, and we also developed a new sustainability policy.

Specifically, our environmental initiatives include reducing greenhouse gas emissions and improving energy efficiency. Additionally, we offer products and services that support the development of a decarbonized society. We are also continuously promoting initiatives to conserve biodiversity.

As part of our social initiatives, we are increasing our investment in human resources and creating an environment where every employee can demonstrate their abilities. Furthermore, we aim to remain a company that earns our customers' trust by continuously improving the safety and quality of our products and services.

In terms of governance, we are promoting the establishment of a management structure that draws on diverse perspectives while ensuring transparent, highly effective management.

These initiatives are not separate, independent activities. Through our business activities, we aim to solve social issues and achieve both a sustainable society and increased corporate value.

Finally, please share your message with all NICHIAS stakeholders who support NICHIAS.



Our 130th anniversary is not a time for us to look back on the past; rather, it is a time to renew our commitment to the future.

The Nichias Group will continue to view societal changes as opportunities for growth and will enthusiastically take on the challenge of creating new value. We will remain committed to our mission of contributing to society through our "TATSU-TAMOTSU™" technologies.

Over the next 10 and 100 years, we will continue to make progress by both solving social issues and increasing corporate value.

We ask for your continued support and trust in the NICHIAS Group.

NICHIAS Group's Philosophical Framework and Sustainability

NICHIAS Group's Philosophical Framework

The NICHIAS Group has established a policy framework built on three pillars: "NICHIAS Philosophy," "Our Promise," and "Sustainable Policy." This framework encompasses a range of policies and declarations (Figure 1).

"NICHIAS Philosophy" outlines the purpose and mission of the NICHIAS Group. "Our Promise" outlines the mindset and principles of conduct expected of NICHIAS Group employees.

"Sustainable Policy" was established to support the NICHIAS Group's continuous growth and a sustainable society. It serves as a framework for our wide-ranging policies and declarations.

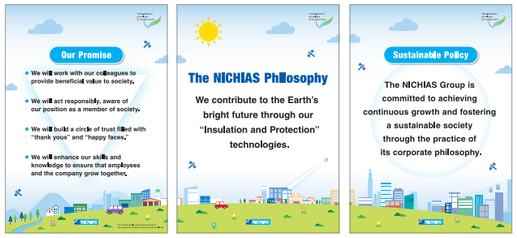
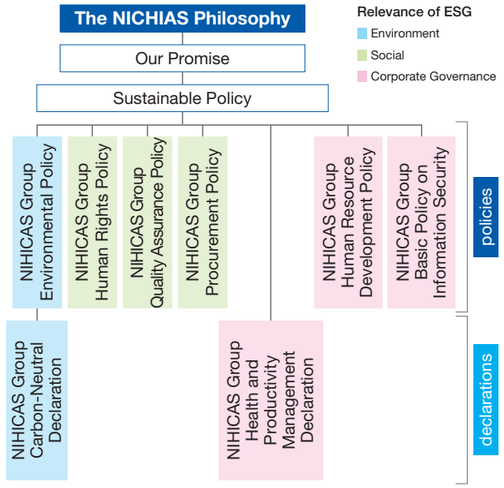


Figure 1: NICHIAS Group's Philosophical Framework



NICHIAS Group sustainability

The Sustainability Promotion Committee establishes the NICHIAS Group's overall policies and goals in accordance with our "Sustainable Policy" and is responsible for advancing the Group's sustainability.

The Sustainability Promotion Committee comprises five subcommittees: the Environment Subcommittee, the Society and Personnel Subcommittee, the (Corporate) Governance Subcommittee, the Digital Subcommittee, and the Strategy Subcommittee. Each sets its own policies, strategies, and priorities and promotes related activities.



The Environment Subcommittee addresses environmental issues, including climate change and biodiversity. The Society and Personnel Subcommittee addresses human resources issues, including human resource strategy and initiatives to enhance employee engagement. The (Corporate) Governance Subcommittee addresses management issues such as governance and compliance. The Digital Subcommittee deals with information-related issues, including digital transformation (DX) and the effective use of artificial intelligence (AI). The Strategy Subcommittee is responsible for aligning each subcommittee's activities with corporate management and ensuring their smooth implementation.

Table 1 lists the key issues for each subcommittee. To achieve NICHIAS Group's sustainable growth and a sustainable society, we will continue to address these issues.

Table 1: Key Priorities for Each Subcommittee

Subcommittee	Key Issues in FY2025	Key Issues in FY2026
Environment Subcommittee	■Development of an environmentally conscious design system ■Climate change response ■Resource circulation measures ■Human-wildlife coexistence measures ■Disclosure of information on international initiatives	■Revitalization of activities for harmony with nature ■Strengthening branding of environmental value (introduction of an environmentally conscious design system, etc.)
Society and Personnel Subcommittee	■Creation of the desired employee profile ■Establishment of human resource development policy ■DEI initiatives	■Formulation of human resource strategies linked to management strategy ■Implementation of measures to improve employee engagement ■Preparations for developing a company-wide training system
(Corporate) Governance Subcommittee	■Effective implementation of corporate governance ■Establishment of a risk management system	■Support and reinforcement of governance at domestic and overseas subsidiaries ■Penetration and establishment of the emergency response manual
Digital Subcommittee	■DX vision and development of DX policy ■Visualization of digital investments ■Development of DX talent	■Roadmap development and promotion of DX issues ■Development of DX talent
Strategy Subcommittee	■Awareness-raising activities for the renewed philosophy framework ■Support for certifications and indices	■Preparation and awareness activities for SSBJ-related implementation ■Initiatives for inclusion in the FTSE Blossom index ■Enrichment and sophistication of integrated reports

Progress on NICHIAS Group's Key Indicators (1)

Medium-term Management Plan

The medium-term management plan spans the five-year period from fiscal year 2022 to fiscal year 2026. The first two years (fiscal years 2022–2024) constitute the "1st stage," while the final two years (fiscal years 2025–2026) constitute the "2nd stage."

In the "1st stage," we focused on "improving profitability" and "selecting and concentrating on our core businesses," and we promoted efficient business strategies and optimized our investment allocation. In the "2nd stage," we increased our investment in new areas, including human resources, AI, and DX, in line with our corporate philosophy. We also reviewed the Group's key priorities and began implementing measures to address them.

Progress on NPI (NICHIAS Performance Indicators)

As shown in Figure 2, the "Mechanism Tree," we divided the NICHIAS Group's issues into five categories and assigned a Nichias Performance Indicators (NPI) to each. We promote activities based on these indices.

Amid growing global economic uncertainty, the company achieved sales of 251.9 billion yen and an operating profit margin of 14.7% in fiscal year 2025, the first year of the "2nd stage" of the medium-term management plan, as part of its "Increasing profitability" initiatives.

Regarding "Business selection and focus," capital expenditures totaled 11 billion yen, ROE was 13.9%, ROIC was 10.7%, and EBITDA was 44.3 billion yen. We have also started tracking ROIC by business segment.

Regarding "Efficient operations," we shortened meeting times and visualized the effectiveness of digitalization. As a result, we achieved a 98.9% compliance rate for total actual working hours.

For "Environmental conservation," we received a "B" score in the climate category and a "B" score in the water category in the CDP scores. We reduced our GHG emissions by 15,000 t-CO2eq compared with the previous fiscal year, bringing our total to 165,000 t-CO2eq.

For "Strengthening our foundations," there was one serious quality complaint, and the occupational accident frequency rate in domestic manufacturing was 3.07. Table 2 shows NIPs and other key indicators.

The medium-term management plan will conclude at the end of fiscal year 2026. We will continue to work diligently to meet each indicator and lay the groundwork for the next five-year medium-term management plan, which is currently under development.

Figure 2: Shikumi Tree

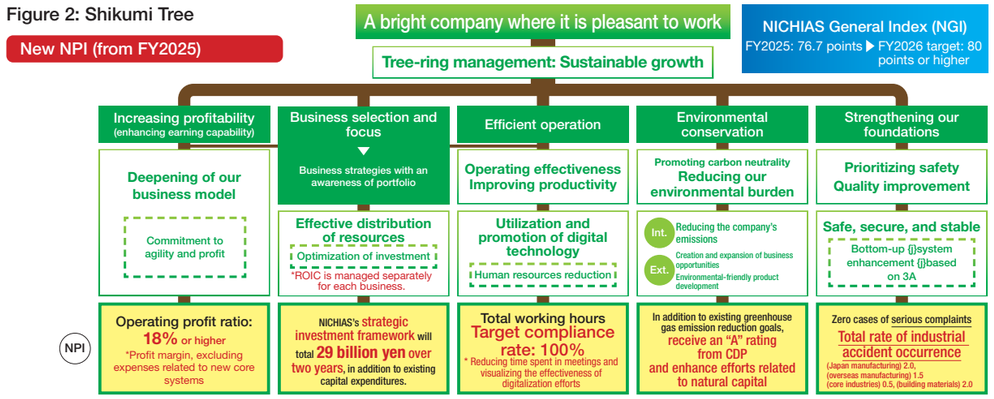


Table 2. NPI (NICHIAS Performance Index) and other numerical targets of the NICHIAS Group as well as past results

Item			NPI	FY2025 results	FY2026 target value (Second stage)	
Increasing profitability	Revenue	(100 million yen)		2,519		2,750
	Overseas revenue	(100 million yen)		518		580
	Operating income ratio	(%)	○	14.7		17.3(18.0*1)
Business selection and focus	Capital investment	(100 million yen)	○	110	Total investment amount	240*2
					Strategic investment framework	290*2
	ROE	(%)		13.9		≧15.0
	ROIC	(%)	○	10.7		14.0
	EBITDA	(100 million yen)		443		550
Efficient operation	Total working hours compliance rate	(%)	○	98.9		100
	Total working hours (average of the entire company)	(hours)		1,920		—
Environmental conservation	GHG emissions*3	(10,000 t-CO_2eq)	○	16.5		17.0
	Amount of discharged industrial waste*3	(1,000 t)		13.9		17.1
Strengthening our foundations	Total rate of industrial accident occurrence (domestic production)	–	○	3.07		2.0
	Total rate of industrial accident occurrence (overseas production)	–	○	1.40		1.5
	Total rate of industrial accident occurrence (core industries)	–	○	1.64		0.5
	Total rate of industrial accident occurrence (building materials)	–	○	2.65		2.0
	Cases of serious complaints	(number of cases)	○	1		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.

Progress on NICHIAS Group's Key Indicators (2)

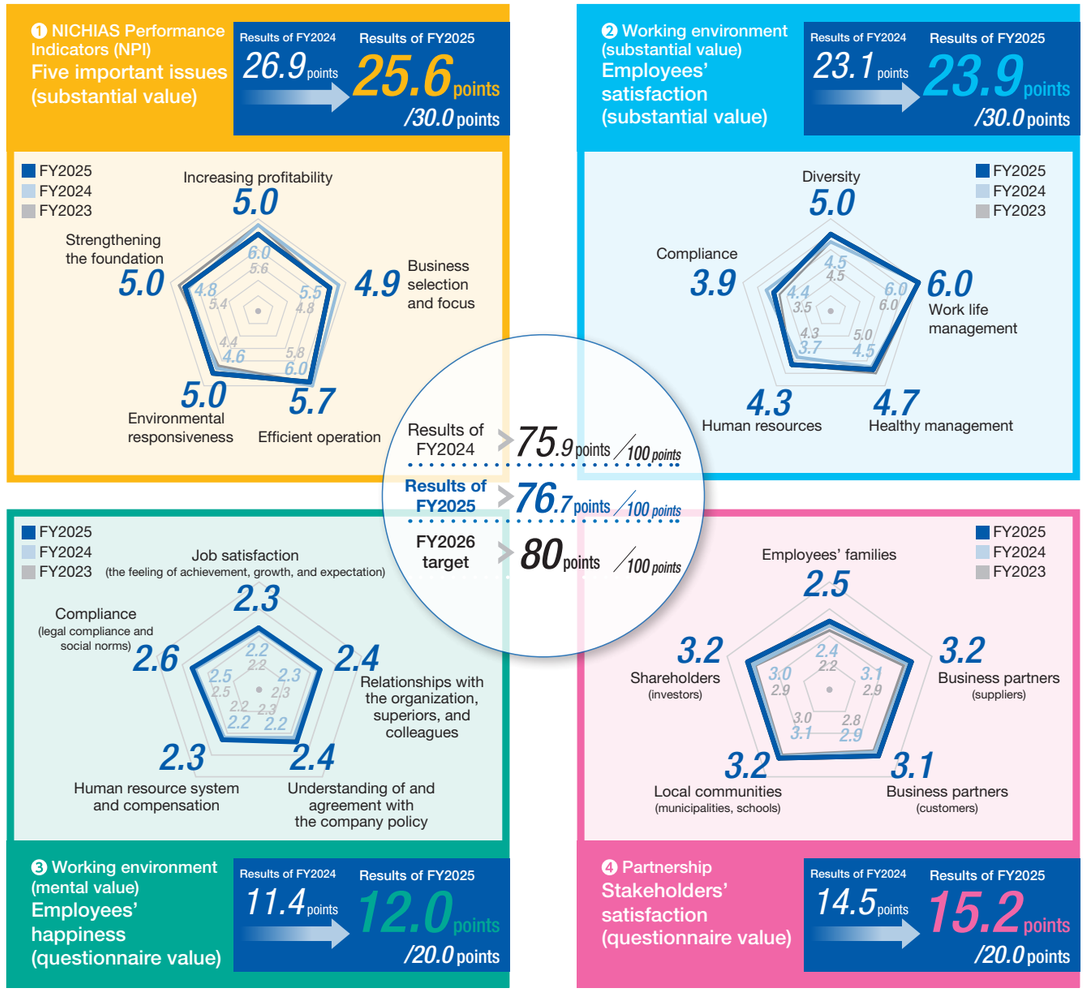
FY2025 NICHIAS Happiness Value Index – Results and Improvement Measures

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 "a bright company where it is pleasant to work" (Figure 3).

The NICHIAS Happiness Value Index consists of four evaluation elements: ❶ the NICHIAS Performance Index (NPI), ❷ employee satisfaction, ❸ employee happiness, and ❹ stakeholder satisfaction.

For details, see the figure below. Our score in FY2025 was 76.7 points out of 100, and we are pushing toward a target of 80.0 points by FY2026.

Figure 3 FY2025 NICHIAS Happiness Value Index



Initiatives Toward Index Score Improvement Based on FY2025 Results

Regarding ①Nichias Performance Index (NPI) results for FY2025, we observed a decline in the "Improving profitability" category score. By contrast, the scores for ②Employee satisfaction, ③Employee happiness, and ④Stakeholder satisfaction improved.

However, as was the case last fiscal year, the scores for "job satisfaction" under ③Employee happiness and for "employees' families" under ④Stakeholder satisfaction remain low.

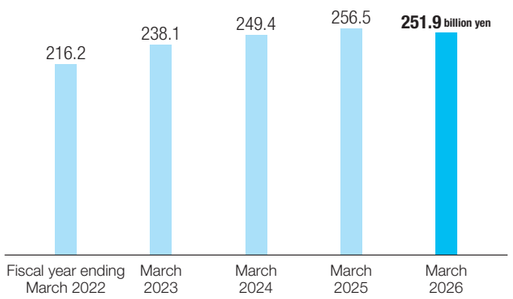
To address this issue, we will take the necessary measures in fiscal year 2026 to increase employee engagement and help employees visualize their career goals. At the same time, we will work to enhance the satisfaction and happiness of our stakeholders and employees. For example, we plan to organize more company events for employees and their families.

We will continue to implement various measures aimed at improving our NICHIAS Happiness Value Index scores as we endeavor to become a "worker-friendly and cheerful company."

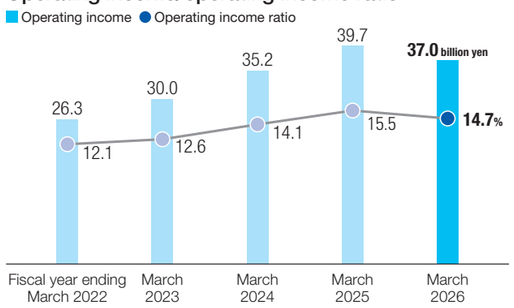
Financial and Non-financial Data

Financial data (as of March 31, 2026)

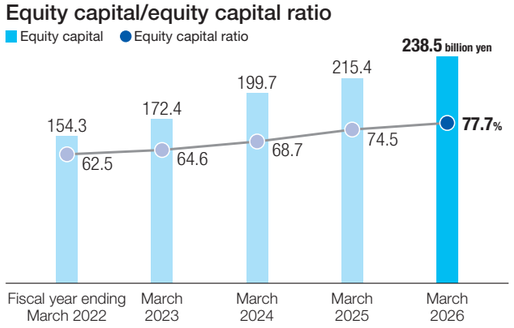
Revenue



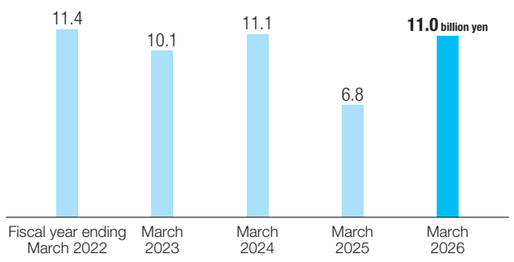
Operating income/operating income ratio



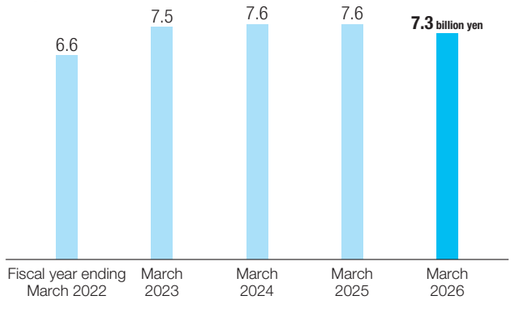
Equity capital/equity capital ratio



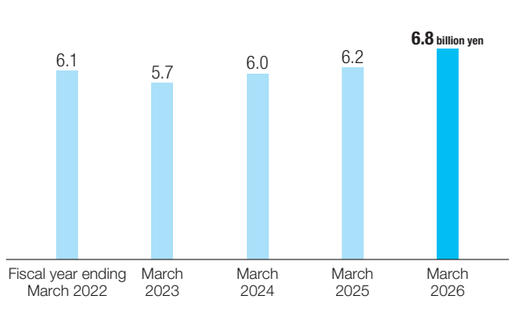
Amount of capital investment



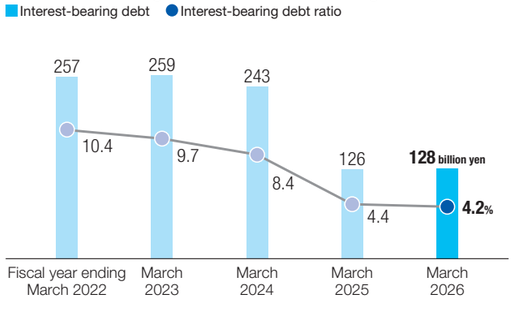
Depreciation



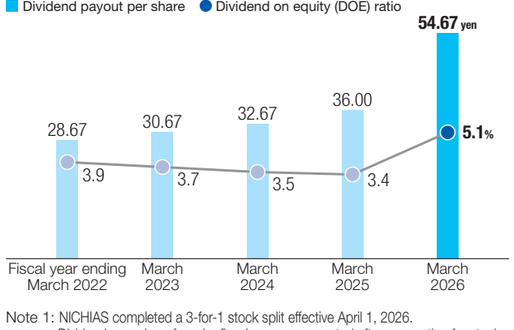
Research & Development cost



Interest-bearing debt/interest-bearing debt ratio



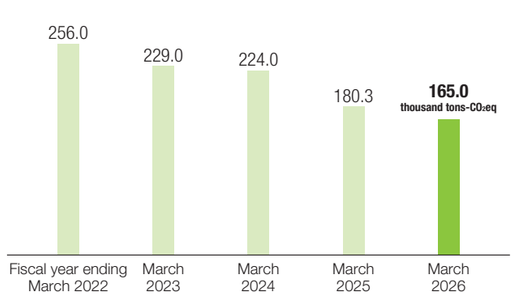
Dividend payout per share[Note 1]/Dividend on equity (DOE) ratio



Note 1: NICHIAS completed a 3-for-1 stock split effective April 1, 2026.
Dividends per share for prior fiscal years are reported after accounting for stock splits.

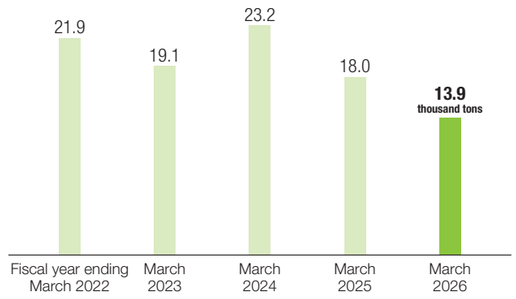
Non-financial data (as of March 31, 2026)

GHG emissions



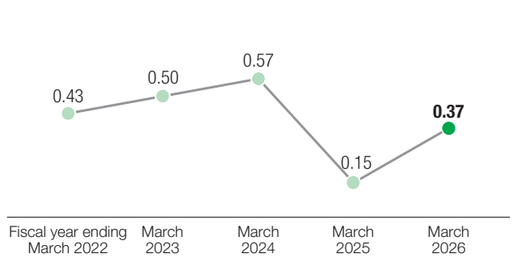
* NICHIAS Group's domestic and overseas manufacturing offices

Amount of discharged industrial waste



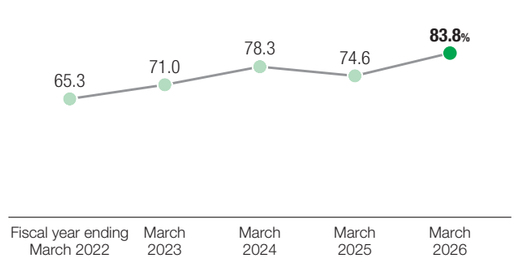
* NICHIAS Group's domestic and overseas manufacturing offices

Rate of industrial accident occurrence



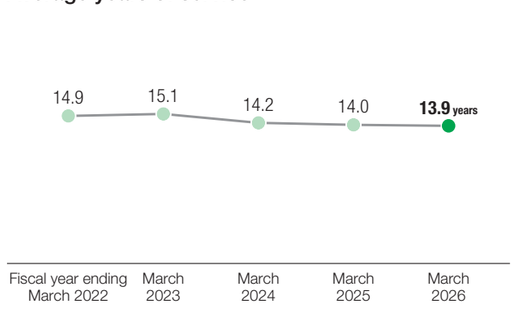
* NICHIAS Group's domestic manufacturing offices, Research Laboratory, Construction Department (construction and installation work of building materials for plants)

Rate of paid holidays taken



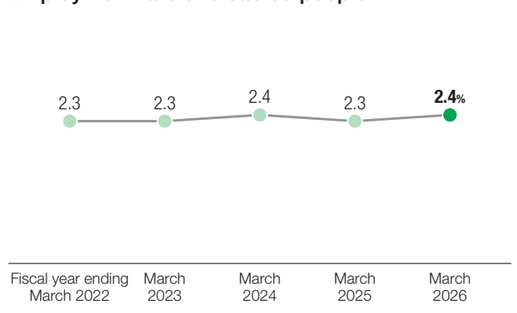
* NICHIAS, non-consolidated

Average years of service



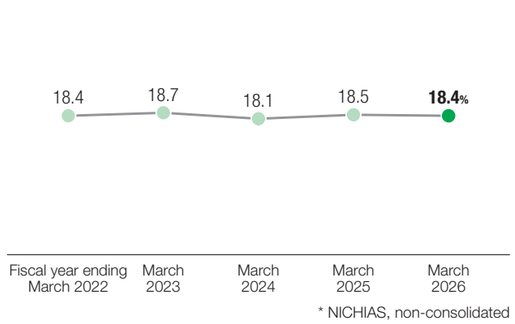
* NICHIAS, non-consolidated

Employment rate of disabled people



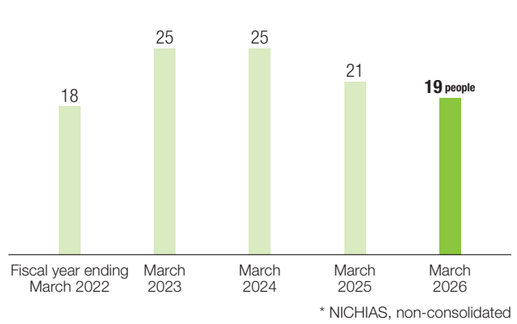
* NICHIAS, non-consolidated

Rate of female employees



* NICHIAS, non-consolidated

Number of employees on temporary retirement



* NICHIAS, non-consolidated

Until now and then, NICHIAS will contribute to the Earth's bright future through our "TATSU-TAMOTSU™ " technologies.

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.

From 2000s Contribution to Global Environmental Issues

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



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 Retenation 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.



Energy-saving diagnosis system "Thermofit™"

2025
Received the Encouragement Award at the 8th EcoPro Awards.*
Our technology was recognized for its energy-saving capabilities. It detects poorly insulated areas to reduce heat loss.
* Currently known as the SX Awards.

EcoPro Awards

1896
Establishment

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

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
100th anniversary

2001
NICHIAS Environmental Charter
Date of establishment

2005
Green Procurement Standard
Date of establishment

2011
"The NICHIAS Philosophy" Date of establishment

2015
NKK (NICHIAS Kaizen Katsudo) started

2020
Established the NICHIAS Group Human Rights Policy.

2021
NICHIAS Group Carbon Neutrality Declaration
NICHIAS Group Health and Productivity Management Declaration

2022
Declaration of Partnership Building

2023
100th anniversary of the birth of the TOMBO BRAND

2024
NICHIAS Group Establishment of Sustainability Promotion Structure

2025
Establishment of a New Philosophical Framework

2026
The 130th anniversary of the NICHIAS's founding See P.13

Corporate Character "NiCo" was born. See P.16



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. 22-26

1890s 1920s 1950s 1980s 1990s 2000s 2010s 2020s

A 130-Year Journey and New Challenges for the Future

In April 2026, NICHIAS Corporation celebrated its 130th anniversary.

Since its founding, NICHIAS has adapted to changing times to meet the expectations of society and its customers. To date, we have faced numerous environmental changes and challenges. We have addressed each one and gained experience along the way. These experiences have refined our unique business strengths and values.

Underlying this are the founding spirit, the people who carry it forward, and the intangible assets NICHIAS has cultivated over many years, such as technical expertise and trust.

In honor of the 130th anniversary, this special issue looks back on NICHIAS's history, reaffirms the foundation of our current value creation, and outlines our direction of future growth.



Industries are built on invisible technologies.

Thanks to the support of so many people, NICHIAS has continued to move forward to this day.

NICHIAS will continue to deliver new value to society, carrying its spirit of gratitude into the future.

President and Chief Executive Officer
Katsumi Kametsu



History

History of Value Creation That Has Evolved with Social Change

Since its founding, NICHIAS has continuously improved its materials and technologies to meet the functional needs of each era and to overcome its challenges.

We have evolved into a company that delivers value by building on the foundations of globalization and high-performance materials. Our evolution began with our contributions to industrial modernization and the subsequent expansion of our business during rapid economic growth. We have continued on this path, transforming our business structure in response to the asbestos phase-out.

On this page, we will review our evolution, which is divided into four phases. We will also reflect on the value we provided to society during each phase.

NICHIAS's 130-Year Journey

▶History of NICHIAS (see page 11)

	Founding Phase: 1896–	Expansion Phase: 1940–	Transition Phase: 1970–	Sophistication Phase: 2000–
Changes in Society and Industry (External Environment) **Social Issues and Needs by Phase**	Development of modern industry and advancement of infrastructure	Expansion of industrial demand driven by rapid economic growth	Growing environmental and safety awareness and tighter regulations	Advances in technological innovation and globalization, and increase in complexity of social issues
NICHIAS's Initiatives (Company) **Evolving Value to Meet the Demands of the Times for 130 Years**	Development and promotion of materials technology, with a focus on asbestos	Diversification of products and businesses and expansion of supply system	Promotion of asbestos phase-out and review of business structure	Development of high-performance materials and global business expansion
Value Delivered (Outcomes) **History of Continually Addressing Social Issues**	Support for building industrial infrastructure through heat and energy control	Contribution to a stable supply and increased efficiency across diverse industries	Creation of new values that balance safety and environmental considerations	Provision of solutions that contribute to the realization of a sustainable society

Founding Period

1896– | Establishment of materials technologies that helped industrialization







NICHIAS was founded in 1896 as Nippon Asbestos Co., Ltd. By establishing material technologies based on asbestos products, the company laid the groundwork for the development of modern industries such as shipbuilding and steelmaking, thereby contributing to the development of social infrastructure. We were also the first company in Japan to manufacture joint sheets in 1931 and rock wool products in 1938, both of which remain our flagship products.

Transition Phase

Around 1970– | Transformation of the business structure and establishment of a new definition of value







The company changed its name to NICHIAS Corporation in 1981. In response to the asbestos phase-out, we redefined our business and implemented structural reforms. Around this time, the company established its corporate identity: contributing to society through its "TATSU-TAMOTSU™" technologies.
Additionally, the company established its first overseas facility in 1979 and entered the automotive industry in 1985 by developing rubber-metal composite sealing materials. These initiatives laid the groundwork for creating new value.

Expansion Phase

Around 1940– | Expansion of business operations driven by rapid economic growth







In response to the need for post-war reconstruction and to growing demand during a period of rapid economic growth, the company diversified its businesses, product lines, and technologies to lay the foundation for its future as a comprehensive materials company. This included entering the building materials sector and developing fluoropolymer products in 1951, and establishing a research laboratory in 1956.

Sophistication and Globalization Phase

Around 2000–Present | Growth Driven by Enhanced Functionality and Global Expansion







The company increased its business sophistication by developing high-performance materials and organizing its operations around its five current segments. Additionally, the company has accelerated its global expansion and established overseas bases to support a broad range of businesses.
Furthermore, the company has intensified its efforts to build a sustainable society. These efforts include establishing the NICHIAS Environmental Charter in 2001, now known as the NICHIAS Group Environmental Policy. The company is working to expand the range of values it provides in response to social challenges.

Present

Sources of Value Creation Cultivated Over 130 Years of History

Over its 130-year history, NICHIAS has adapted to changing times and built strengths across diverse areas, including technology, business, customer base, human resources, and manufacturing and development capabilities.

These strengths do not operate in isolation. Rather, they are interconnected and form a vital foundation for creating value.

This page provides a systematic overview of these strengths, which are the sources of our competitive advantage, and of the structure that supports our current businesses.

Five NICHIAS Strengths

6 Core Technology

Six "TATSU-TAMOTSU™" Technologies That Support Industry

The "TATSU-TAMOTSU™" Technologies are built on six core technologies, including thermal insulation and sealing, and provide essential capabilities that support industrial safety and efficiency. For example, at power or chemical plants, our insulation and sealing products help improve energy efficiency and ensure safe operation.

▶"TATSU-TAMOTSU® (Insulation and Protection)" (see page 17)

5 Business Portfolio

Stable Business Foundation Built on Five Business Segments

Our five business segments support a broad range of industries, enabling us to maintain a stable revenue structure that can withstand economic fluctuations. Thanks to our consistent revenue structure, we have increased our dividends for 17 consecutive years, beginning in 2009.

▶Our Businesses (see page 22)

3,000 Customer Base

Long-Term Relationship of Trust with Customers

We have built long-term relationships with our approximately 3,000 customers and continue to deliver value across a broad range of industries. We are maintaining and expanding our business with our long-standing manufacturing customers through continuous product improvement and joint development.

6,000 Human Resources and Organization

Human Capital that Supports Expertise and Technology Transfer

Each of our more than 6,000 employees has a high level of expertise and contributes to the company's value creation.

Additionally, through our unique group-wide activity system called NKK, which focuses on improvement, development, and pioneering, we are working to advance and transfer the technologies we have cultivated over the years while creating new business opportunities.

▶Human Resources and Organization (see page 39)

500 Technology Development and Production Capacity

Integration of Development Capabilities and Manufacturing Technologies

By strengthening our product development capabilities alongside our manufacturing technologies, we can adapt swiftly to shifts in customer needs and the social environment, differentiate ourselves from competitors, and create value that others find hard to replicate. These efforts have built intellectual property, including more than 500 patents, enabling us to deliver advanced products that integrate development and manufacturing. For example, this is evident in components for semiconductor manufacturing equipment.

▶Manufacturing of NICHIAS (see page 27)

Introducing Our 130th Anniversary Event Initiatives | 130th Anniversary Special Website: https://www.nichias.co.jp/130th_Anniversary

130th Anniversary Symbol
The commemorative symbol for the event was chosen by employee vote.



A series of feature articles was published in the company newsletter, "TOMBO NO WA."
We published a special issue titled "What Makes NICHIAS So Appealing?"



Commemorative Gifts to Employees
We gave our employees commemorative gifts to express our gratitude for their hard work and to wish them well in the future.

Granting Stock to Employees
We will grant our company stock to employees at no cost to improve our medium- to long-term business performance and to raise their awareness of their contribution to increasing corporate value.

Future

Directions for Value Creation Toward Future Growth

Building on our technologies and strengths developed over our 130-year history, we are advancing our value-creation initiatives into the next phase of our growth.

Amid the growing need to build a sustainable society, we will strengthen our initiatives across the environmental and energy sectors and in next-generation technologies. We aim to create more opportunities to deliver new value.

To achieve this, we will steadily implement specific measures aligned with our medium-term management plan.

Our Vision for Society

Contribution to Building a Sustainable Society

▶E: Environment (see page 44)

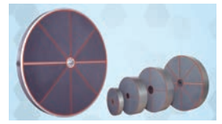
Carbon Neutrality Declaration

We are committed to achieving net-zero emissions (carbon neutrality) of greenhouse gases, including carbon dioxide, across all our facilities by 2050. We are promoting our initiatives to reach this goal.

Environment-related products

We define and roll out our products and services that help reduce environmental impact, such as energy conservation and noise reduction for society and our customers, as environmental products.





Developing Next-Generation Technologies and Industries Through Challenges

Hydrogen-Related Technologies

As part of our efforts to build a hydrogen society, we completed construction of a hydrogen testing facility at the Hamamatsu Research Laboratory in March 2026. We are accelerating the development of evaluation technologies for cryogenic ranges and related products.



Fusion Energy (Nuclear Fusion)

To promote the creation of a fusion energy industry, NICHIAS has formed a capital and business alliance with Helical Fusion, which is developing an energy plant based on a helical fusion reactor. We will collaborate to advance development.



Source: Helical Fusion, Inc.

To achieve this goal, we are advancing various initiatives as part of our medium-term management plan.

SHI KU MI Initiatives in our 130 medium-term management plan.

- Increasing profitability
- Business selection and focus
- Efficient operation
- Environmental responsiveness
- Strengthening the foundation

▶Medium-Term Management Plan (see page 7)



The 130th Anniversary Commemorative Video
Under the theme "Insulation and Protection and progress" we have assembled a video highlighting the Group's history, technology, pride, and upcoming challenges.



Weaving Appreciation into the Future — "130th Anniversary Appreciation Event"
We organized this event to express our appreciation for everyone in the Group, including our agencies and partner companies.

The corporate character, "NiCo," was born.
It was created to add a touch of color to the group's public relations activities. The character's design and name were decided through an employee-led process.



Launch of the Nichias Official YouTube Channel
This channel offers an easy-to-understand introduction to our company.

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 CO_2 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 cleanness 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 facilitycontrol 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 laborsaving 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 cleanness 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.

Heat-resistant perfluoro elastomer
Rubber O-ring BLAZER™ NEXT



It is a perfluoroelastomer sealant used in equipment, piping, and valves. It prevents leaks in pipes.

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

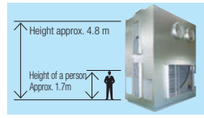
Extremely high-temperature heat resistant board
RF BOARD™



Heat-resistant board that is used in firing furnaces of multi-layered ceramic condenser (MLCC).

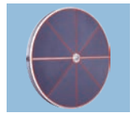
8 For battery factories (of lithium ion batteries)

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

Kitchen exhaust duct fire-proofing material
CERACOVER™ S



It is a fireproof material for kitchen exhaust ducts.

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 Retenation 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 to the realization of a sustainable society with our unique technologies of TATSU-TAMOTSU™ (Insulation and Protection) that have been developed since the establishment.

INPUT

Six resources of NICHIAS

(as of March 31, 2026)

Financial resources

Strong and stable financial base

- Shareholder's equity ratio: 77.7%
- Total assets: 307.1 billion yen
- Liquidity in hand: 2.7 months

Manufacturing resources

Global and diversified manufacturing bases

- Number of manufacturing bases: 24 in Japan, 14 overseas
- Capital expenditures: 11.0 billion yen

Intellectual resources

Supporting the six technologies of TATSU-TAMOTSU

- R&D expenses: 6.8 billion yen
- Number of R&D personnel: 512
- Number of intellectual property rights (Japanese patents, utility models, designs, and trademarks) held: 574

Human resources

Human resources that can play as a member of a team through NKK (NICHIAS Kaizen Katsudo)

- Number of employees: 6,424
- Number of NKK participants: 5,863 (Total number of people)

A company that is a good place to work and full of smile culture

- Rate of paid holidays taken: 83.8%
- Average years of service: 13.9 years

Social and related capital

Relationships of trust with stakeholders and the power of the brand established in the course of the 130 years of history

Wide network in close relationship with customers

- Number of sales bases: 68 in Japan, 8 overseas
- Number of permanent sites: 97 bases

Coexistence with local communities

- Number of social contribution activity cases: 427 in Japan, 97 overseas

Natural capital

Manufacturing aiming for minimization of environmental burden

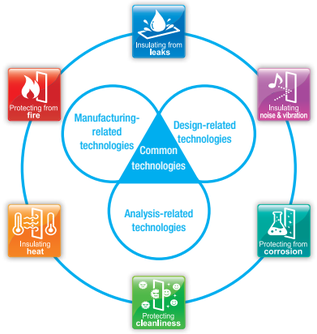
- Amount of energy used: 48,182 kL (crude oil basis)
- Water consumption: 1,416 thousand m^3

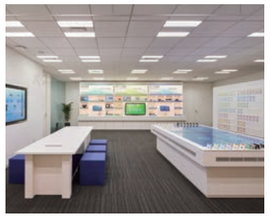
BUSINESS ACTIVITY (our initiatives)

Corporate philosophy

NICHIAS contributes to the Earth's bright future through our "Insulation and Protection" technologies.

The strengths of NICHIAS





"NICHIAS DISCOVERY GATE," a permanent exhibition hall at our Head Office.

We create innovation through our six core technologies and elemental technologies, giving shape to a diverse lineup of products and services!

Materiality (Our Promise)

See P21

- We will work with our colleagues to provide beneficial value to society.
- We will act responsibly, aware of our position as a member of society.
- We will build a circle of trust filled with "thank yous" and "happy faces."
- We will enhance our skills and knowledge to ensure that employees and the company grow together.

NICHIAS General Index

See P8

The performance record of NICHIAS: Evaluating our success at becoming a "bright company where it is pleasant to work"

Sustainability policy

The NICHIAS Group aims to achieve a sustainable society and sustainable growth for the Group through the implementation of its corporate philosophy.

Medium-Term Management Plan

SHI KU MI 130

Management strategies to be achieved over five years from FY2022 to FY2026

Review and revise the NPI (NICHIAS Performance Index) in conjunction with the establishment of our new philosophical framework.

See P7

OUTPUT

NICHIAS Group businesses

See P22-P26

Energy and Industrial Plants Business





Cold retention work, sales of sealing materials, and provision of services such as GASKET KOBO™

Industrial Products Business





Sales of thermal insulation materials such as ROSLIM™ Board and filter products such as SOLVENTCLEAN™

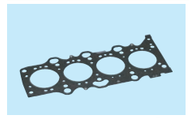
Advanced Products Business

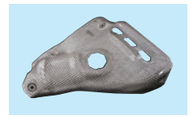




Sales of fluoropolymer products such as NAFLON™ TUBE and piping heater products like ENETHERMO™ PH.

Autoparts Business

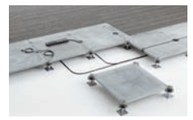




Sales of METAKOTE™ and other types of cylinder head gaskets and metallic covers such as INSAL COVER™

Building Materials Business





Sales and installation of fire-proofing covering materials like MAKIBEE™ and flooring materials for buildings such as NICHIAS OMEGA FLOOR™

VISION

Realization of how it should be

Slogan

"TATSU-TAMOTSU" technologies for a brighter future

IMPACT

Major SDGs related to value creation

Creation of social effect by the use of various products and services of NICHIAS Group and that of economic effect by sales increase

Example of economic value

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Example of social value

Contribution to the realization of a sustainable society, such as carbon neutral society	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Contribution to the realization of recycling-orientated society	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Contribution to the prevention of air pollution	3 GOOD HEALTH AND WELL-BEING, 11 SUSTAINABLE CITIES AND COMMUNITIES
Contribution to stakeholders' human-right protection	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
Realization of a friendly and bright company	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH

The main foundations supporting our five businesses

- Developing products and services that serve society
- Efficient production activity
- Reliable quality control system
- Thorough environmental management system
- Group-wide activities related to safety and health
- Sales activities in line with customers' needs
- Corporate governance and full compliance with laws and regulations
- Development and fostering of human resources
- Efficient business management through the promotion of digital transformation
- Community-based activities that contribute to society

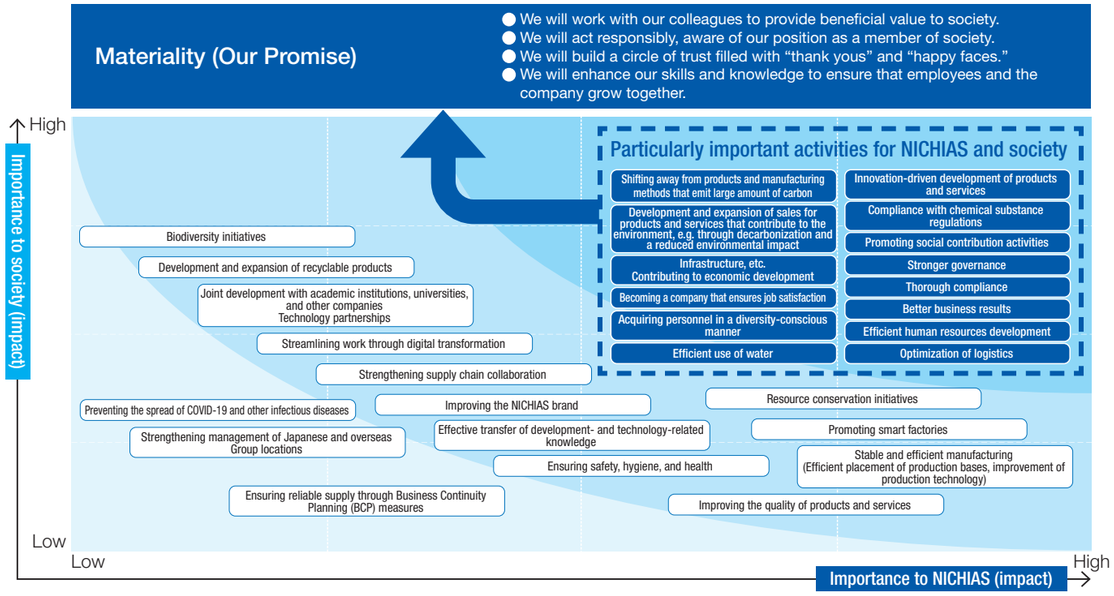
A bright company where it is pleasant to work

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.

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).

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. Leveraging our Group's teamwork, we contribute to solving customer and societal challenges through our TATSU-TAMOTSU (insulation and protection) technologies.	(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 (3) Working environment (substantial value) – Employees' happiness - Relationships with the organization, supervisors, and colleagues(j) - Understanding of company policies and agreement with company policies(j) (4) Partnerships – Stakeholders' satisfaction level - Shareholders (investors)	- 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 - Acquiring personnel in a diversity-conscious manner - Compliance with chemical substance regulations - Efficient human resources development - Becoming a company that ensures job satisfaction - Optimization of logistics - Efficient use of water	
We are conscious of our role as members of society and will act responsibly. Coexistence with society, consideration for the environment, and thorough compliance	(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 - Efficient use of water	
We will build a circle of trust that fosters gratitude and happiness. Always remember to express gratitude toward stakeholders, to inspire joy in them, and to build strong relationships of trust.	(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	
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	

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. Moving forward, we will enhance our organizational and on-site capabilities and expand our existing businesses, aiming to enter the next-generation energy market and achieve carbon neutrality. We will also develop new construction methods and products, continue supporting diverse industries, and contribute to societal development.



Mikio Torizuka
Division Director of Energy and Industrial Plants Division

Mainstay products, services


Installation constract of Industrial thermal insulation

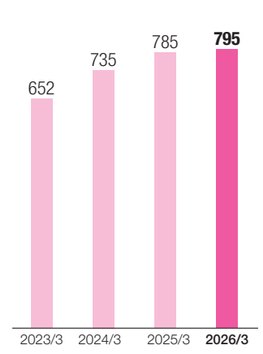

Heat retention function recovering method


Mobile service truck for gasket processing

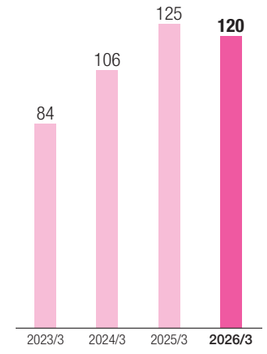
Looking back on FY2025

In fiscal year 2025, the safety improvement work required to restart nuclear power plants reached a milestone. As a result, we shifted our focus to routine periodic inspections. In the thermal power sector, periodic inspections were carried out as planned in response to increased electricity demand. In the oil refining sector, incidental work associated with inspections to extend the service life of existing facilities and ensure stable operations remained steady. Furthermore, within our group companies, increased construction volume in cold storage warehouses and steel manufacturing, along with sales of thermal insulation materials for nuclear power plants, contributed to our financial performance and helped us achieve record sales.
Looking ahead, the plant engineering industry's market environment is expected to accelerate energy-structure reform to achieve carbon neutrality. At the same time, it faces uncertainty stemming from the global situation and facility consolidations or closures. However, with an eye toward the next surge in demand, we will move forward with initiatives such as strengthening our workforce, developing new construction methods, and promoting design-in activities.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)

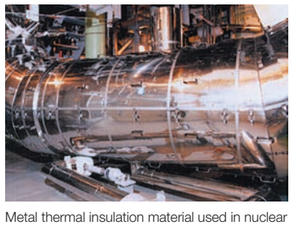


Segment strategy

- **Differentiation from competitors through our comprehensive support system covering product supply, construction, and diagnostic services**
- **Exploring the current maintenance market and developing a personnel structure for future construction projects**
- **Securing carbon-neutral projects and entering next-generation energy markets**
- **Developing insulation methods for the construction of next-generation innovative reactors and entering the fusion energy market**

Future initiatives

Although the plant engineering industry's market environment faces uncertainty due to business or facility consolidations driven by the global situation or sluggish market conditions, electricity demand is expected to continue growing because of new data center and semiconductor factory construction, fueled by investment in generative AI and the need for energy-saving measures to achieve carbon neutrality. In the short term, our business division will focus on design-in activities in anticipation of increased demand for safety improvement work, such as fire protection and the replacement of metal thermal insulation materials, ahead of the restart of nuclear power plants. At the same time, we will work to strengthen our production system and staffing structure for these materials. In the medium to long term, we will promote design-in activities for equipment-sealing materials in cryogenic applications as part of our efforts to realize a hydrogen society. We will also advance the development of piping insulation methods and materials using the newly established liquefied hydrogen testing facility at the Hamamatsu Research Laboratory. Leveraging our strength in providing comprehensive support, ranging from product supply to construction, we will build trust-based relationships with our customers and strive for sustainable growth, positioning ourselves as a key contributor to society's infrastructure.


Metal thermal insulation material used in nuclear power plants


New Liquefied Hydrogen Testing Facility at the Hamamatsu Research Laboratory

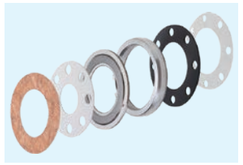
Industrial Products Business

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.



Shohei Fujii
Division Director of Industrial Products Division

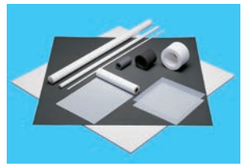
Mainstay products



Gasket



Rock wool MG products



Fluororesin Products

Looking back on FY2025

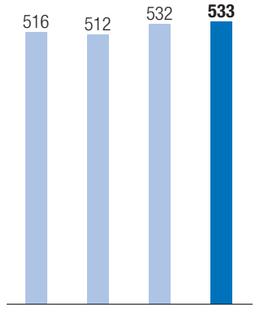
In fiscal year 2025, demand for fluoropolymer products for semiconductors recovered more slowly than expected. However, our sales matched the level seen in fiscal year 2024. Our rock wool products for overseas markets contributed to our sales growth.

Meanwhile, our operating profit declined due to a sluggish recovery in semiconductor demand and weaker demand for PAF lined pipes used in high-purity chemical manufacturing equipment.

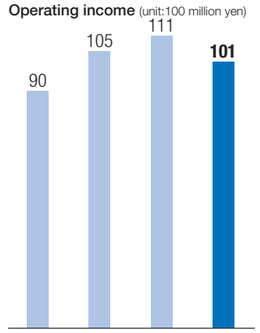
However, signs of a recovery in demand for fluoropolymer products in the semiconductor industry have emerged toward the end of fiscal year 2025.

In addition, demand for our filter products in the stationary battery storage market is expected to grow. We will strive to minimize lost opportunities by strengthening our stable supply system.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



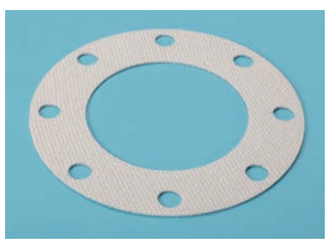
Segment strategy

- **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

Although we have been expanding our industrial products business primarily in Asia, we are accelerating our shift toward growth sectors and optimizing our global footprint. During the last fiscal year, we continued to build on the technology and expertise we have cultivated in the environmental sustainability sector, including the development of an eco-friendly manhole gasket. Looking ahead, we will focus our efforts on sectors where we expect demand to grow over the medium to long term, including next-generation batteries for electric vehicles and the semiconductor industry. We will continue to strengthen our supply system to respond quickly to customer needs, with an emphasis on filter and fluoropolymer products. We will also advance our strategic capital investments tailored to each market.

Additionally, given changes in market conditions and geopolitical risks, we will diversify our production bases and strengthen their capabilities. Our goal is to ensure consistent product quality and reliable supply. Through these efforts, we will deliver a strong response to growing markets and higher profitability, and strive to continuously enhance our corporate value and further strengthen our business foundation.



Eco-Friendly Manhole Gaskets



Dehumidification rotor for industrial dehumidifiers

Advanced Products Business

We will strive to maximize our business value. Specifically, we will focus on the growing semiconductor market as our primary target and offer differentiated products, technologies, and services for fluororesin, inorganic thermal insulation materials, and rubber. Our core strengths lie in our material development capabilities, proven evaluation techniques, and advanced processing technologies, all built over many years. Through close, on-site support, we will address our customers' issues and make it our top priority to provide optimal solutions that capture their needs. We will continue to strengthen our differentiation strategy and aim to achieve sustainable, steady growth by consistently delivering new value that exceeds our customers' expectations.



Akira Sasaki
Division Director of Advanced Products Division

Mainstay products



PFA for drug solution transportation



Piping heater



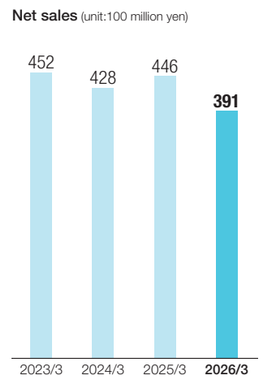
Chemical filter

Looking back on FY2025

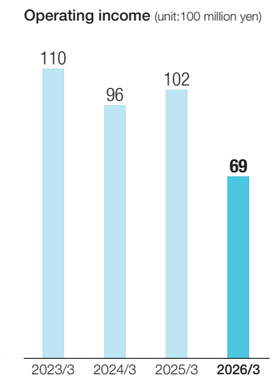
In fiscal year 2025, the semiconductor market remained generally sluggish across sectors, including smartphones, PCs, and automotive power devices, resulting in weak demand. Meanwhile, investment in AI-related sectors remained robust. However, demand recovery in non-AI sectors was slower than expected, and customer inventory adjustments were prolonged. As a result, consolidated net sales fell 12% year over year to 39.1 billion yen, and operating profit declined 30% to 6.9 billion yen.

In fiscal year 2026, AI-related investment is expected to expand rapidly, particularly in the memory sector, and the market is projected to enter a period of significant growth. We expect our sales and profits to increase substantially compared with the prior fiscal 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**
- **Strengthening our development foundation to create differentiated products and to establish a rapid development framework.**
- **Avoiding lost opportunities by establishing a production system that can adapt to market fluctuations (through expansion and by promoting automation).**

Future initiatives

In the semiconductor market, which is expected to grow over the medium to long term, we will work to become an even more indispensable supplier for customers, focusing on the following five points:

①Building trust-based relationships with customers by providing comprehensive solutions;②Promoting the development of differentiated products and environmentally friendly technologies; ③Making forward-looking business investments and establishing a consistent production system through automation;
④Strengthening BCP by diversifying production bases and establishing a supply chain to ensure stable procurement;
⑤Promoting "Exploration" activities to acquire new customers and create new applications.



Tubes with excellent cleanliness and chemical resistance



Energy-efficient piping heater

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.

As the automotive industry shifts its focus from transportation to delivering valuable experiences, we will continue to develop new eco-friendly products. Through these efforts, we will help build a next-generation mobility society.

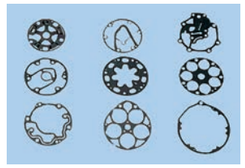


Hironobu Imanaka
Division Director of Autoparts Division

Mainstay products



Brake shims



Gasket for air-compressor



Resin parts for automobiles

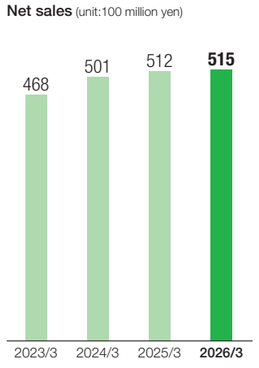
Looking back on FY2025

The view that the automotive industry will shift toward electrification and EVs in the long term remains unchanged. However, demand for hybrid vehicles is currently rising due to factors such as the rollback of environmental policies in some countries.

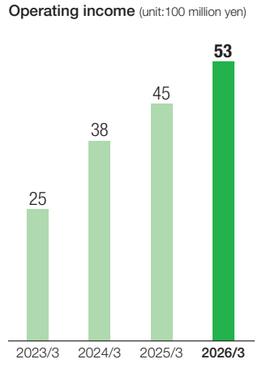
In FY2025, Japanese automobile manufacturers saw robust demand continue in North America, but demand remained sluggish in China, resulting in a decrease in global production volume compared to the previous year.

Despite market downturns and U.S. tariff measures, our autoparts business increased both revenue and profit. This was driven by the continued weakening of the yen and price pass-through for rising raw material and energy costs. Net sales increased 0.6% year over year to 51.5 billion yen, and operating profit rose 17% to 5.3 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.

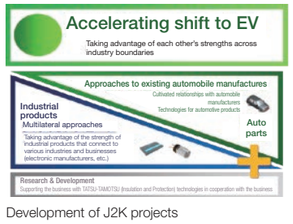
The Indian market is expected to continue growing as demand for internal combustion engine vehicles increases. We will establish a local design, prototyping, and evaluation system to expand our Indian plant and enhance our technical service capabilities.

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

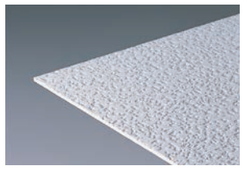
Our Building Materials Business has contributed to social infrastructure by providing products that help create safe, secure architectural spaces, built on the fire-resistant and thermal-insulation technologies we have developed over many years. At the same time, we have been building relationships with a range of customers across the construction industry.

Going forward, we will further accelerate the development of eco-friendly products while taking on the challenge of creating new value. Furthermore, to address issues such as labor shortages, we will focus on developing construction technologies that reduce labor needs.



Hiroyuki Tomimatsu
Division Director of Building Materials Division

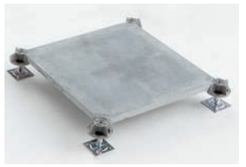
Mainstay products



Interior noncombustible materials



Wrap-Type Fire-proofing Covering Materials

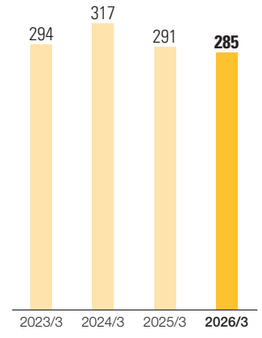


Raised-Access Floor Systems

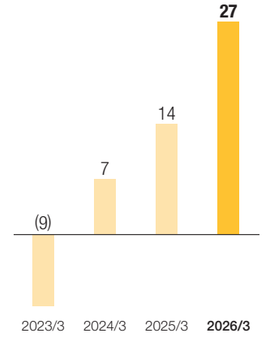
Looking back on FY2025

In fiscal year 2025, the domestic construction market maintained a steady supply of rental housing in the residential sector, while demand in the fire-resistant sector remained steady. Meanwhile, large-scale redevelopment projects in Tokyo have affected our business operations. This was due to construction delays that have become the norm because of labor shortages and work-style reforms. Furthermore, rising material and logistics costs, driven by the prolonged weak yen, have affected project operations. Despite this difficult business environment, we optimized staffing and reduced inventory, thereby improving our working capital. In addition, improved production efficiency for certain products boosted operating profit by 92% year over year to 2.7 billion yen, despite a decline in fiscal year 2025 revenue compared with the previous fiscal year.

Net sales (unit:100 million yen)



Operating income (unit:100 million yen)



Segment strategy

- **Advancing expertise in fire-resistant and thermal-insulation areas and promoting process innovation across our core revenue businesses**
- **Strengthening our development capabilities for eco-friendly, high-value-added products**
- **Re-establishing our production system to adapt to changes in the business environment**
- **Developing highly innovative talent and building an organizational structure to drive sustainable growth**

Future initiatives

Tokyo is undergoing large-scale redevelopment. To meet demand, we have expanded our supply system to keep up with the demand for flooring materials. Furthermore, we are preparing for the Building Lifecycle Carbon Assessment Scheme, expected to take effect in 2028, and for SuMPO EPD System certification of our major products. We have established a material recycling program for selected products in collaboration with external companies, primarily our customers. These efforts are advancing our strategies in anticipation of future environmental regulations and market trends. As we implement these initiatives, we view changes in environmental regulations and market needs as opportunities for growth and are accelerating the development and launch of eco-friendly products.

The structural reforms we have implemented under the current medium-term plan have significantly improved our profitability. Moving forward, we will work to consistently maintain this favorable result. At the same time, by accurately identifying our customers' needs, we are promoting innovative environmental initiatives that enable us to implement value-proposition activities. We will strive to establish a system that delivers new value to the market.

30th Anniversary of the Launch of "Makibee™"





Continuing to Evolve
- Obtained an additional fire resistance certification
- The surface material's color has been renewed.

A dedicated website has been opened.

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



Koji Iwata
Division Director of Research & Development Division

“TATSU-TAMOTSU™,” the technological foundation of NICHIAS, has evolved alongside our customers in diverse fields.

Recent advances in decarbonization and the semiconductor industry have made the required technologies increasingly sophisticated and more diverse. Against this backdrop, our company is pursuing enhanced product functionality and broader applications, grounded in our “six core technologies”: sealing, thermal insulation, soundproofing, fire resistance, corrosion resistance, and cleaning. In addition, we are strengthening our efforts in the next-generation energy sector, including hydrogen, and in the advanced semiconductor sector. We are also promoting activities to identify issues using a backcasting approach.

Furthermore, through our digital transformation initiatives in R&D, we are improving development efficiency and accuracy to enhance our competitiveness. We are also strengthening our R&D organization with an eye toward societal implementation. Through these efforts, we will help build a sustainable society.

Main Initiatives

1. Information and Communications and Semiconductor Sector

As information and communications equipment becomes faster and operates at higher frequencies, material requirements are becoming more sophisticated. Due to their low dielectric loss, fluororesin materials are attracting attention for use in high-speed, high-frequency printed circuit boards. However, issues such as thermal expansion and poor adhesion remain unresolved. Using our fluororesin compounding and proprietary molding technologies, we are working to resolve these issues. Furthermore, as semiconductor manufacturing processes become more sophisticated, operating environments are becoming increasingly harsh.Against this backdrop, in the high-performance rubber sector, we are further advancing our cross-linking and compounding technologies to accelerate the development of products with superior heat resistance and durability.

2. Next-generation energy sector

Achieving a hydrogen society requires our technologies across the following key areas: production, transportation, storage, and use. We completed construction of a hydrogen testing facility at the Hamamatsu Research Laboratory in March 2026. We are accelerating the development of evaluation technologies for cryogenic applications and related products. Through these efforts, we are accelerating the development of advanced insulation and sealing technologies for liquid hydrogen, ammonia, and other substances. We are striving to achieve both safety and efficiency while vigorously promoting practical applications by strengthening our evaluation and design technologies. Furthermore, cryogenic evaluation technology is a key technology that can be applied to substances beyond hydrogen. We are collecting and analyzing empirical data to improve the reliability of our technologies. We will drive development and aim to expand our technologies across a wide range of applications.



Hydrogen testing facility (at Hamamatsu Research Laboratory)

Future Challenges and Outlook

By applying our strengths in customer-focused research and development, we have consistently delivered technical solutions that meet diverse needs. Moving forward, we will continue advancing our core technologies and strengthen our efforts to identify issues through backcasting, a method that involves working backward from a social issue or future need. We will work to identify R&D themes that will create value in the medium to long term.

Additionally, as part of our efforts to promote open innovation, we will continue to leverage our collaborative research, including NanoTerasu, and deepen partnerships with universities, research institutions, and startups to integrate diverse insights and develop innovative technologies. We will accelerate our research and development initiatives beyond conventional approaches by embracing new ideas through cross-sector collaboration.

Furthermore, one of our key priorities is advancing DX across our research and development. We are working to make information collection and sharing more sophisticated and to leverage Materials Informatics (MI) and AI technologies. We will also focus on developing the talent needed to meet these challenges. Specifically, we will cultivate human resources who possess both “TASTU-TAMOTSU” technologies and data-handling capabilities. They will help enhance the quality and speed of our research and development and further strengthen the foundation for our sustainable growth.

Production

Message from the General Manager of Production Division



Hiroki Asada
Division Director of Production Headquarter 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.

In manufacturing, as part of manufacturers’ social responsibility, we need to address greenhouse gas emissions, resource recycling, human-wildlife coexistence, and other environmental issues. We must also take measures to address worsening labor shortages, strengthen supply chains, and prepare for natural disasters.

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.

In addition, we will invest in new technologies while reviewing and improving our current production technologies. We will also develop our human resources in anticipation of the ideal future and enhance our production capabilities.

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. In addition to ensuring the quality of our products, which our customers can trust, we strive to keep our factories safe for both employees and local residents. To that end, we actively address safety initiatives, the work environment, the regional environment, and other safety-related concerns. We also focus on disaster prevention and mitigation measures, such as seismic strengthening of older buildings.

The second is the far-sighted securing of production resources. Our production strategy involves investing in facilities and equipment, procuring materials with BCP in mind, and developing human resources who help enhance our production capabilities.

The third is “promoting environmental mitigation activities.”We will promote initiatives for decarbonization, resource recycling, and human-wildlife coexistence across our entire Group, both in Japan and abroad.

The fourth is the evolution and efficiency of manufacturing. We will proactively adopt and leverage new technologies, including automation, DX, and AI, to improve labor productivity. Our goal is to adapt flexibly to a shrinking domestic labor force and to evolve our business operations.



Welfare building at Tsurumi Factory
A new building serves as an employee cafeteria, break room, and automated warehouse

Future Challenges and Outlook

Society is expected to undergo several changes in the future, including widespread adoption of AI, the energy transition, rising disaster risks, and labor shortages driven by a shrinking working-age population. Although these changes will pose many challenges for our production system, automation, for example, will enable us to accelerate our efforts to save labor and energy like never before. We will move forward with manufacturing in smart factories that leverage generative AI and other technologies.

On the one hand, we have a wealth of older equipment and expertise that have supported our 130-year history. To carry forward our legacy, we must actively maintain and manage that equipment, make our expertise visible, and advance our production technologies.

Securing and cultivating our human resources are essential to adopting new technologies and improving existing ones. We are committed to securing and developing human resources for the next generation through initiatives such as hiring new graduates and experienced professionals, leveraging external resources as needed, and providing OJT through training programs and learning promotion.

Going forward, we will collaborate with all manufacturing bases to pursue manufacturing that is both human- and earth-friendly.



Unmanned forklift at the Tsurumi Factory Welfare Building



Collaborative robots introduced to automate manual tasks

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)

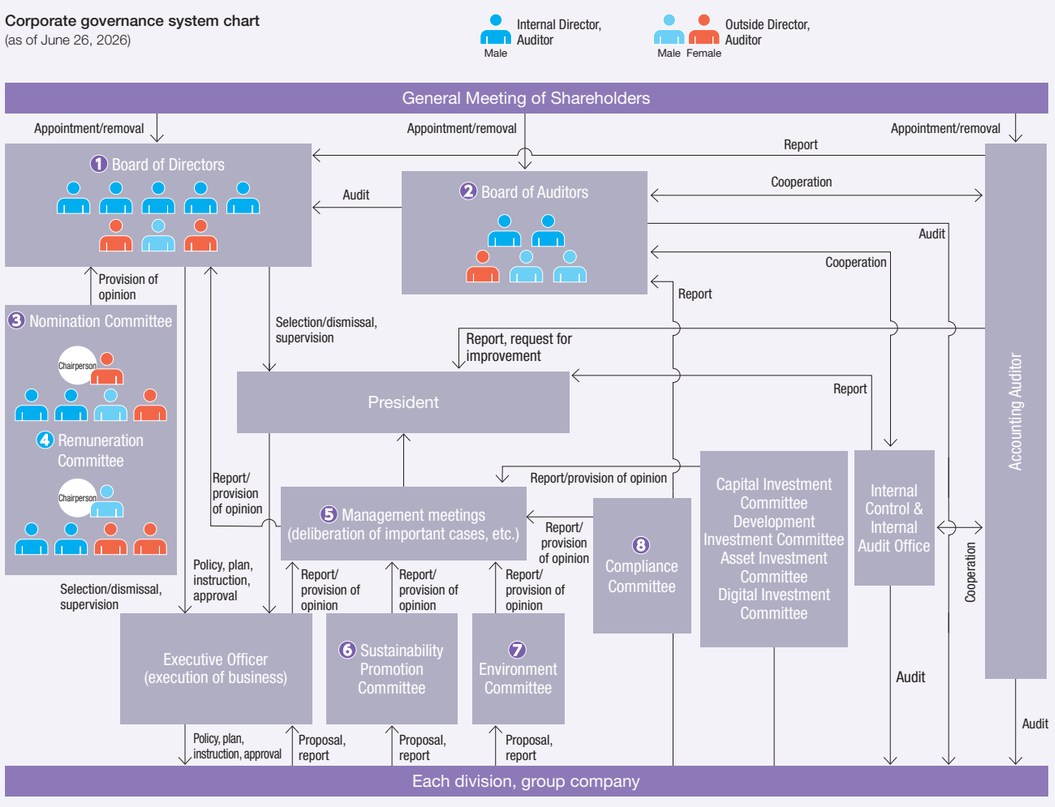
2010~

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

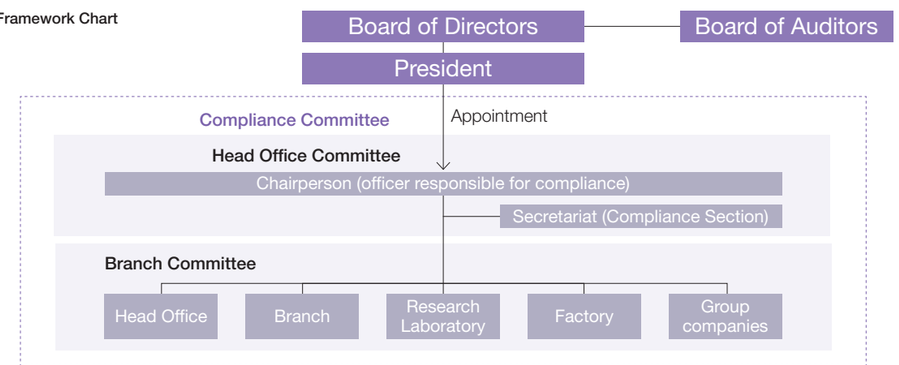
Compliance Framework Based on Worksite

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

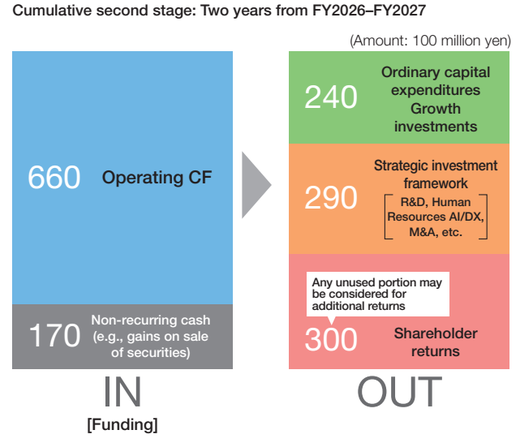
Improving Capital Efficiency

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.

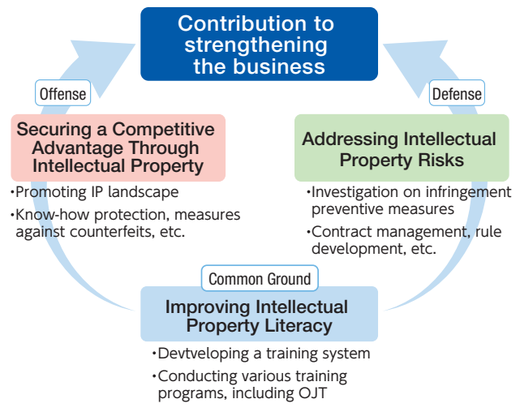
Furthermore, to make our shares more affordable by lowering the per-share price, we implemented a three-for-one stock split effective April 1, 2026.

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.





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.

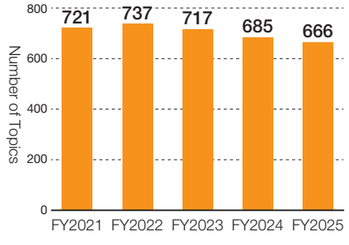
The KKK entered its 10th anniversary in fiscal year 2024 and has moved into a new phase of activity in fiscal year 2025. In this new phase, we have established three presentation categories: "Improvement," "Development," and "Exploration." Based on these categories, we promote activities such as conducting 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

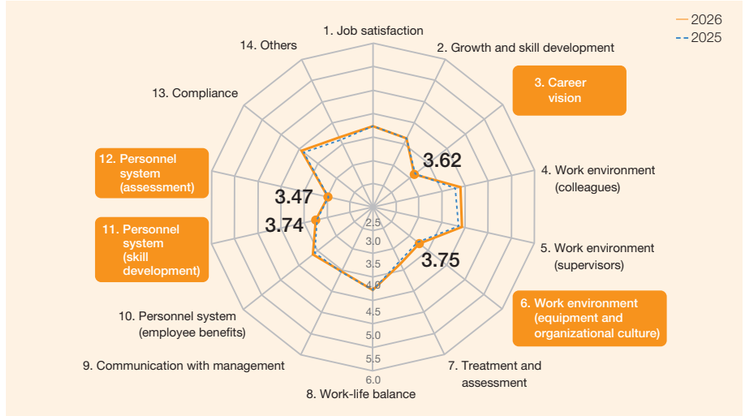
Engagement Survey

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

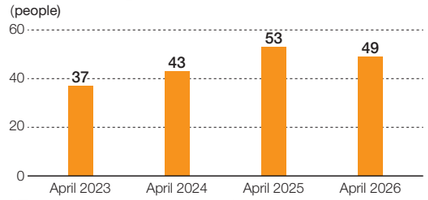
* These figures represent numbers only within our company.

Recruitment

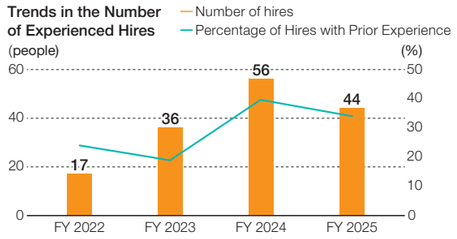
Recruitment Initiatives

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.

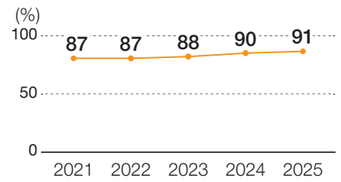
Health Information

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.



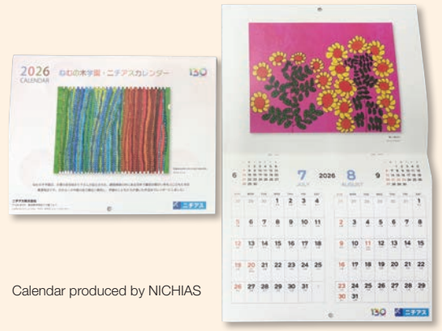
Oji Factory, Metakote Industry, Kokubu Industry, and Tatsuta Industry participated in "Operation Yamato River and Ishikawa Cleaning."

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.

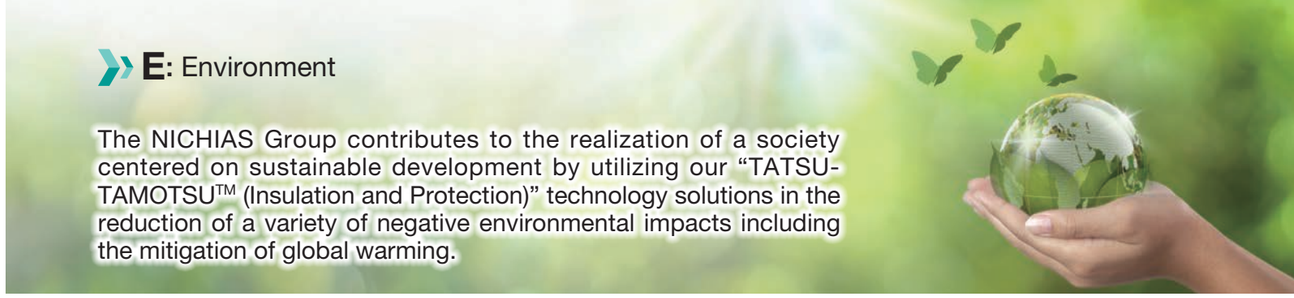
In the 2025 season, the team won the Round 2 race at Fuji Speedway.



Race car featuring the NICHIAS logo



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



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.

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 declared its support for the TCFD recommendations and, in July 2023, registered as a TNFD Adopter. We will work to improve our disclosure of information on our measures to address climate change and nature-related issues. At the same time, we will monitor international discussions that build on the TCFD framework and trends in disclosure standards established by the SSBJ. Through these efforts, we will strive to disclose our corporate information to foster constructive dialogue with our stakeholders.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

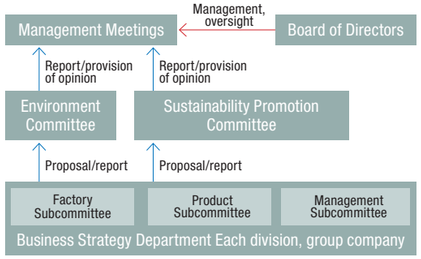
TNFD Taskforce on Nature-related Financial Disclosures

Governance and Risk Management

TCFD • TNFD

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.

Additionally, starting in fiscal year 2026, we have transferred the environmental management promotion function to the Corporate Strategy Division and established a framework to address climate change and nature-related issues in an integrated manner, aligned with corporate strategy and resource allocation.



Climate Change Strategy

TCFD

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

Anticipating growing demand for energy-saving solutions through 2030, the NICHIAS Group supports our customers' decarbonization efforts by focusing on thermal insulation products and energy-saving assessment services. Our "TATSU-TAMOTSU" technologies are essential for reducing energy loss and are the foundation of our competitive advantage.

With an eye toward future societal implementation, we are pursuing the establishment of our evaluation technology and the development of technologies for low-carbon energy, such as ammonia and hydrogen, as well as in the EV sector. Our new liquid hydrogen testing facility at the Hamamatsu Research Laboratory enables us to evaluate physical properties under extreme conditions of -253°C. This strengthens our technological foundation and leads directly to practical applications. In addition, we are taking on the challenge of nuclear fusion, a next-generation energy technology. Advanced thermal control and insulation technologies are essential for the practical application of nuclear fusion, and our technology has the potential to play a central role in this field. By collaborating with our partner companies, we will accelerate development. We will advance our technology beyond research and translate it into practical value for the future energy society.

Achieving a Clean Energy Society via Refrigeration Technology

As plans to build ammonia-fuel conversion facilities advance toward a decarbonized society, development of liquefied ammonia storage tanks and ancillary equipment is gaining momentum. In this field, we will continue to contribute by leveraging the technical expertise and track record we have built in refrigeration construction. In addition to construction technologies, we are engaged in developing insulation materials. For example, in 2002, we were among the first to commercialize CFC-free rigid polyurethane foam that contains no fluorocarbon blowing agents, delivering both reduced environmental impact and high thermal insulation performance. We will contribute to the widespread adoption of clean energy by developing both materials and construction technologies.



Ammonia fuel conversion facility under construction (Source: JERA)

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
Policies and regulations	Manufacturing costs increase due to the introduction of carbon taxes and response to environmental issues.	Increase in risk of energy costs used for manufacturing processes of the company's factories	Risk	Middle	Mid term	- Promotion of energy-saving activities - Proactive introduction of renewable electricity - Reduction of GHG emissions by transforming businesses and manufacturing methods of high CO_2 emission segment	Company-wide
Market	Moves afoot to restart nuclear power plants will gain momentum to achieve decarbonization and secure a reliable power supply.	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	Medium to long term	- Expand production capacity for nuclear power generation products and enhance safety measures to meet new regulations.	Plant and industrial products
	Efforts to develop new energy sources will gain momentum to achieve decarbonization and ensure reliable power supplies.	Increase in demand for thermal insulation and sealing products due to more fusion power projects.	Opportunities	Large	Long term	- Participate in demonstration projects to develop new energy sources.	
	Fossil fuels will be replaced by decarbonized fuels, including ammonia and hydrogen.	Creation of opportunities due to the expansion of low-carbon energy market, such as ammonia, hydrogen, biomass, SAF, and CCUS	Opportunities	Large	Medium to long term	- Develop new manufacturing methods and technologies for the low-carbon energy market (ammonia, hydrogen, biomass, SAF, and CCU).	
	The widespread adoption of renewable energy will increase demand for stationary energy storage systems.	Increase in demand for industrial dehumidification filters in lithium-ion battery manufacturing plants.	Opportunities	Middle	Medium to long term	- Expand market share by improving dehumidification rotor performance and shortening lead times.	Industrial 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 - Establishment of a production system through appropriately grasping the market trend and making forward-thinking prior investment	Advanced products
	The shift from internal combustion engine vehicles to electric vehicles (EVs) and fuel cell vehicles (FCVs) is progressing	Sales of products for internal combustion automobiles are expected to decline.	Risk	Large	Long term	- Launch of parts with sound, heat, and sealing functions for next-generation automobiles	Auto parts
		Increase in the need for new components for next-generation vehicles (EVs, FCVs, and hydrogen engines)	Opportunities	Large	Long term		
	Demand for energy-saving products will increase during the transition to carbon neutrality.	Increase in demand for thermal analyses, energy-saving consultations, and high-performance, energy-saving insulation products.	Opportunities	Middle	Short to mid-term	- Enhance thermal analysis and energy-saving consulting services. - Develop and commercialize high-performance, energy-saving insulation products.	Company-wide

Physical Risks and Opportunities Associated with the Manifestation of Climate Change (4°C scenario)

	Expected scenario	Impact on businesses		Financial impact	Time axis	Major measures	Related businesses
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	- Assess risks using a wind and flood damage checklist and strengthen business continuity plans. - Assess raw material procurement risks and supplier engagement using supplier surveys.	Company-wide
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 of employee-friendly working environment realized by automation of operations with the help of robots, etc. - Introduce daylight saving time to the construction business.	Company-wide

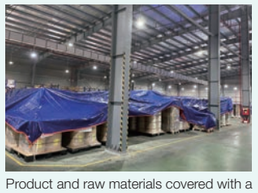
< Time axis >
Short term: until FY2026 (final fiscal year of the current medium-term management plan)
Mid term: until FY2030 (mid-term target fiscal year for the GHG emission reduction)
Long term: until FY2050 (target fiscal year for achieving carbon neutrality)

< Financial Impact and Investment Amounts >
- Large: 5 billion yen or more; Medium: 1 billion yen or more but less than 5 billion yen; Small: Less than 1 billion yen

Adaptation Measures for Physical Risks Associated with Climate Change

As part of our climate change adaptation measures, we are working to mitigate the risk of damage from wind and flooding. To this end, we are conducting assessments using self-check sheets.

Furthermore, building on the experience of our Vietnam subsidiary, which was damaged by a major typhoon in September 2025, we take precautionary measures as a typhoon approaches, including shielding products and raw materials, placing sandbags, and securing hazardous materials to minimize damage and enable rapid recovery.



Product and raw materials covered with a protective sheet

Climate Change Indicators and Targets

TCFD

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.

Transition Plan

We are systematically implementing three key initiatives to meet our fiscal year 2030 milestones. First, we will review our products and manufacturing processes to promote decarbonized manufacturing and reduce emissions intensity. Second, we will strengthen energy-saving initiatives across the entire group and continuously improve energy efficiency by upgrading equipment and optimizing operations. Third, we will expand the adoption of renewable energy and accelerate the transition away from our dependence on fossil fuels. By implementing these measures in a phased, integrated manner, we will achieve reliable emissions reductions.

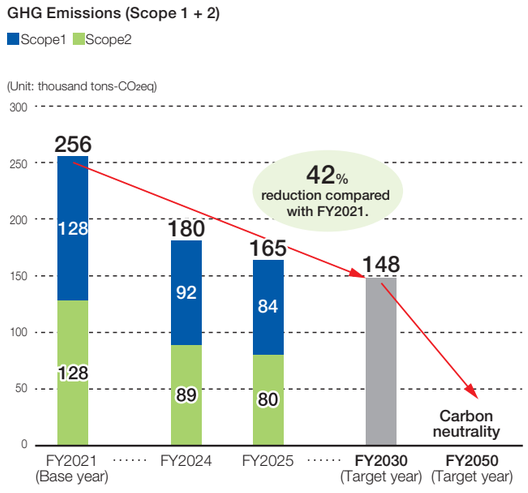
SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

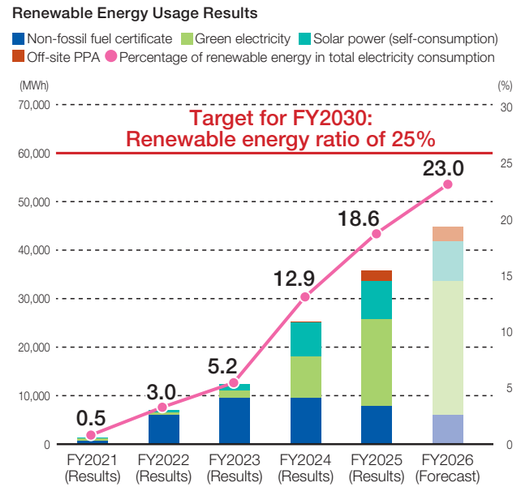
In March 2025, the NICHIAS Group obtained SBT (Science Based Targets) certification* for its greenhouse gas reduction targets for FY2030.

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

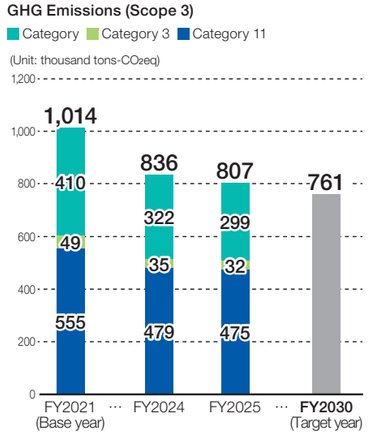
GHG Emissions (Scope 1 + 2)



Renewable Energy Usage Results



GHG Emissions (Scope 3)



*Only categories subject to reduction targets are shown.

FY2025 GHG Emissions Results

(Unit: t-CO2eq)

Scope 3 Upstream 443,000			Scope 3 downstream 532,000		
Category 1:	Purchased goods and services	299,000	Category 9:	Downstream transportation and distribution	25,000
Category 2:	Capital goods	29,000	Category 10:	Processing of sold products	18,000
Category 3:	Fuel- and energy-related activities	32,000	Category 11:	Use of sold products	475,000
Category 4:	Upstream transportation and distribution	66,000	Category 12:	End-of-life treatment of sold products	14,000
Category 5:	Waste generated in operations	4,000	Category 13:	Downstream leased assets	0
Category 6:	Business travel	2,000	Category 14:	Franchises	0
Category 7:	Employee commuting	7,000	Category 15:	Investments	0
Category 8:	Upstream leased assets	3,000			

* All emission figures are rounded to the nearest whole number; the total may not match the sum of the individual values.
* Figures shown in blue represent categories of non-company emissions (Scope 3) that are subject to reduction targets.

NICHIAS Group Carbon Neutrality Declaration

Third-Party Verification of GHG Emissions
(Conducted for Scope 1, Scope 2, and Scope 3 Categories 1, 3, and 11)

Calculation methods for each emission

Natural Capital Strategy

TNFD

Through its business activities, from procuring raw materials to manufacturing, the NICHIAS Group relies heavily on natural capital, including biodiversity. At the same time, it also has impacts on natural capital to some extent. With this in mind, in line with the LEAP approach developed by the TNFD, we assess our dependence on and impact on nature and analyze the resulting risks and opportunities.

General Requirements

Application of Materiality	Based on the double materiality concept, we assess both the impact of nature on our business and the impact of our business on society and 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.
Time axis	As with climate change, the assessment covers the short term (the current medium-term management plan), the medium term (fiscal year 2030), and the long term (fiscal year 2050).
Target Areas	Assessment targets include the areas in which the company operates.
Integration with Other Sustainability Issues	We are working to disclose information integrated with other sustainability issues, including climate-related issues. Climate- and nature-related issues interact with resource recycling and chemical substance management. Therefore, these issues need to be addressed comprehensively.
Engagement with stakeholders	We promote activities that support biodiversity conservation and reduce environmental impact by collaborating with local residents, government agencies, NPOs, and educational and research institutions, including universities. We aim to implement effective initiatives that reflect diverse perspectives.

Assessment of Dependencies and Impacts

We assessed our dependence on nature and our impact on it in the context of our business. The assessment revealed that extracting sand and minerals, particularly during upstream raw-material procurement, significantly impacts ecosystems. Furthermore, it has become clear that, in addition to our dependence on water resources, environmental impacts, such as GHG emissions and water and soil pollution, are significant issues within our operations.

Assessment of Risks and Opportunities

Based on these results, we assess our risks and opportunities related to future uncertainties regarding natural capital using two contrasting scenarios: “Scenario I” and “Scenario IV.” In Scenario I, regulations and environmental conservation awareness are stronger, and ecosystem service degradation is low. In Scenario IV, environmental conservation falls down the list of priorities, and ecosystem service degradation is high. The following excerpt outlines the risks and opportunities in Scenario I.

Assessment of Risks and Opportunities in Scenario I

Risk Category		Potential Impact on Business	Measures	Time axis
Transition Risk	Policies and Laws	Tighter environmental regulations will make it difficult to procure natural resources such as sand and minerals.	Strengthen raw material traceability and BCP for procurement	Medium to long term
	Regulations	Wastewater regulations will become stricter to reduce the impact on ecosystems.	Reinforce and secure the oversight of wastewater quality.	Medium to long term
	Market	Environmental protection costs will increase raw material procurement costs.	Improve resource efficiency through productivity gains.	Medium to long term
	Reputation	The company will be accused of adversely affecting local water resources due to its indiscriminate water use.	- Set KPIs for water use and promote initiatives to meet these goals. - Promote activities that contribute to dragonfly conservation, as dragonflies are an indicator of abundant water resources.	Short to long term
Opportunities	Markets and Services	Products designed to reduce environmental impact throughout their life cycle will create opportunities for new market entrants.	- Develop environmentally friendly products and enter their initial market.	Medium to long term
	Reputation	Our facilities’ contributions to environmental conservation in their local communities will help build trust with local governments and residents.	- Promote human-nature coexistence initiatives in partnership with local communities.	Short to long term

Indicators and Targets

Based on this analysis, the NICHIAS Group has identified water conservation as one of its key priorities and, in April 2026, set a water-use target. We have identified priority facilities based on water use and are implementing measures across all facilities to reduce water waste. Our goal is to reduce water use by at least 1% compared with the previous fiscal year.

Initiatives for Water Resource Conservation
Quantity of water intake
Target: 25% reduction compared with FY2024 in FY2031

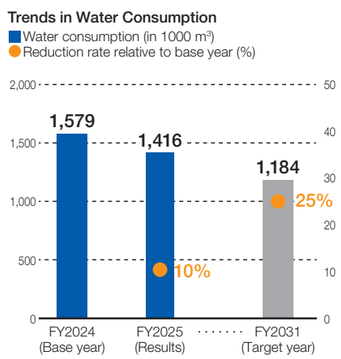
FY 2025 Result
10% Reduction

Reducing Industrial Water Use with Cooling Towers

Our Fukuroi Plant consumes 200,000 m³ of industrial water annually, accounting for approximately 15% of the Group’s total consumption. Reducing industrial water use is our top priority. To meet this goal, we installed a cooling tower in August 2025 to cool the industrial water used for mold cooling. Our water management approach has shifted toward circular water use. As a result, we reduced the plant’s annual water consumption for mold cooling from about 9,000 m³ to 300 m³, a 97% reduction. Combined with other measures, the plant achieved an overall 13% reduction compared with the previous fiscal year. With this impetus, similar efforts have spread to other departments within the plant, and we are phasing in cooling-water recirculation systems at other manufacturing facilities on the premises.


Cooling Tower

Trends in Water Consumption



Initiatives for Coexistence with Nature

TNFD

The NICHIAS Group promotes conservation activities for dragonflies. NICHIAS uses a dragonfly in its company logo, and dragonflies are also indicator species used to gauge the health of aquatic environments. In addition to creating biotopes and participating in conservation organizations, we are conducting dragonfly distribution surveys with the “Biome” app. Dragonflies are insects that are sensitive to changes in aquatic environments. Understanding their distribution provides insight into ecosystem health and contributes to the conservation of biodiversity.



Certified as a Nature Harmony Site

The green space, “Nichias Fukushima Dragonfly Forest,” located on the north side of Fukushima Nichias, has been certified as a “Nature Harmony Site” by the Ministry of the Environment and other organizations. As a result, an area of about 3.7 hectares will be registered as an OECM. The area is home to a diverse array of dragonflies and provides a healthy wetland environment. We will continue working with local communities to help build a society that lives in harmony with nature.

自然共生サイト認定 30by30


Wide-bellied skimmer (Lyriothemis pachygastra) found at the site


Landscape of the Site

Expert Comment **Tadaaki Tsutsumi**, Professor, Faculty of Symbiotic Systems Science, Fukushima University

About the value of Nichias Fukushima Dragonfly Forest

Environments like satoyama, which are areas between flat plains and mountain foothills and have been shaped by the harmonious coexistence of people and nature, have declined significantly nationwide in recent years. Many species that depend on these environments are now on the verge of extinction. The green space at Fukushima Nichias’s premises features a satoyama-like environment, where you can find a diverse array of plants and animals, including rare species. Retention ponds are created green spaces where emergent plants thrive. These spaces include open water and areas where land and water gently merge, creating diverse environments valuable for wildlife habitat. NICHIAS uses a dragonfly as its logo, and many dragonflies live along the edges of satoyama forests and around retention ponds. These ponds are also home to plants and insects on the verge of extinction.

Satoyama-like environments cannot be sustained without appropriate human intervention. We look forward to working with local communities to conserve green spaces whose value to biodiversity is widely recognized.

Initiatives for Resource Recycling

Efforts to reduce waste and promote recycling are important initiatives that help curb greenhouse gas emissions from resource extraction and incineration and mitigate environmental impacts on the natural environment. Anticipating that we would meet our industrial waste reduction targets ahead of schedule, we expanded the scope of our efforts to include both domestic and international operations and increased our targets. We will continue to promote continuous improvement to achieve resource-efficient business operations.

Initiatives for Resource Recycling
Amount of discharged industrial waste
Previous Target: 30% reduction by FY 2030 vs. FY 2019 (domestic manufacturing).
Updated Target: 55% reduction by FY 2031 vs. FY 2019 (domestic and overseas manufacturing)

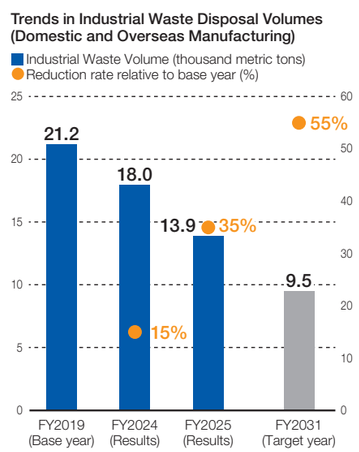
FY 2025 Result
35% reduction

Initiatives to Reduce Waste Through Automated Recovery and Reuse of Manufacturing By-products

The NICHIAS Group is working at its rock wool plants in Japan and abroad to recycle by-products from rock wool manufacturing, such as unfibrous materials and offcuts. The Sakai Nichias’s Wakayama Plant used to recycle unfibrous materials by remelting them in an electric furnace. However, this process relied on manual operation and could not meet demand. As a result, some materials were left unrecycled and disposed of as industrial waste. To streamline the process, we introduced automated recovery and conveyance equipment for unfibrous materials. This promoted recycling.
As a result, glass and ceramic waste decreased from about 2,900 metric tons in the previous fiscal year to 250 metric tons, representing a reduction of about 90%.


Pointing and verifying the settings

Trends in Industrial Waste Disposal Volumes (Domestic and Overseas Manufacturing)



Environmental Management

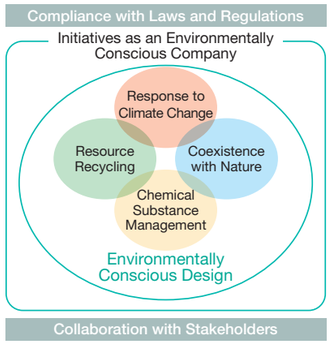
We will continue to improve our environmental management to reduce environmental risks. Our goal is to achieve sustainable growth in our corporate value.

NICHIAS Group Environmental Policy

Since establishing the “NICHIAS Environmental Charter” in 2001, the NICHIAS Group has worked to reduce its environmental impact. Following the development of our sustainability policy in April 2025, we restructured the NICHIAS Group Environmental Charter and renamed it the “NICHIAS Group Environmental Policy.” It clarifies our priority initiatives and business framework, which is designed to minimize business risks and maximize opportunities and is grounded in our fundamental principles of legal compliance and stakeholder collaboration.

A comprehensive approach is necessary to manage the priority initiatives outlined in this policy from multiple perspectives. The driving force behind this is environmentally conscious design, which incorporates both financial and non-financial perspectives from the design stage onward.Our goal is to achieve sustained improvement in our corporate value over the medium to long term (sustainable value creation). To this end, we will thoroughly minimize compliance and operational risks during the development and design phase while enhancing our competitiveness in environmentally conscious and environmentally related products.

NICHIAS Group Environmental Policy ▶

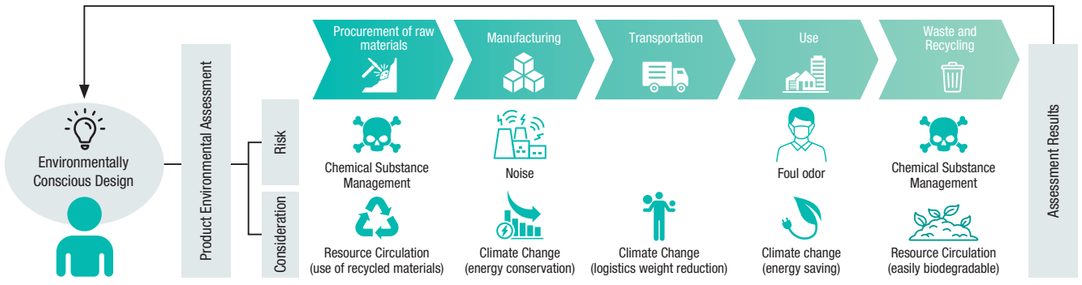


Promotion Framework

To implement concrete activities that reflect our environmental policy, we have established a structure. Specifically, we formed an Environmental Committee chaired by the President and Chief Executive Officer and created three subcommittees under it: “Products,” “Management,” and “Plants.” In the Product Subcommittee, discussions focus on promoting environmentally conscious design, including conducting environmental assessments and managing chemical substances. Administration Sub-Committee 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. Based on proposals and reports from each subcommittee, the Environment Committee deliberates on matters, including decisions on goals, policies, and strategies. The Board of Directors then manages and oversees these deliberations. ▶See P.44

Environmentally Conscious Design

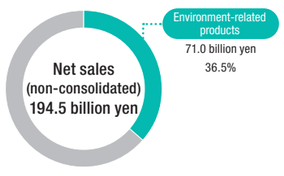
To promote environmentally conscious design, the NICHIAS Group has required that a product environmental assessment be conducted for all new product development and design updates, effective fiscal year 2021. In the product environmental assessment, two points, “risk” and “environment-friendliness,” 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 (see figure below). In fiscal year 2025, about 30% of the products that completed assessment were found to be more environmentally friendly than conventional products.



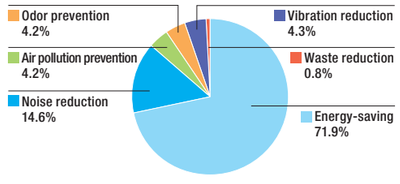
Environment-related products

Guided by its environmentally conscious design philosophy, the NICHIAS Group offers products and services that help society and our customers reduce their environmental impact, including energy conservation and noise reduction. We quantitatively evaluate our products that help customers reduce environmental impact during the application phase and define them as “NICHIAS Environment-Related Products.” The percentage of these products in our total sales is as follows:

FY 2025 NICHIAS Environment-Related Products Sales (Non-consolidated) and their Percentage



FY2025 Percentage of NICHIAS Environment-Related Products by item



Chemical Substance Management

The following table presents the input and output amounts of chemical substances associated with the NICHIAS Group.

Environmental Performance

INPUT

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

Energy

Type	Consumption
Electricity	**123,860** thousand kwh
Petroleum-based fuel	**3** thousand kL
Gaseous fuel	**8,150** thousand m^3
Coke	**6** thousand t

Water resource

Type	Quantity of water intake
Clean water	**171** thousand m^3
Industrial water	**506** thousand m^3
Underground water	**462** thousand m^3

Substances subject to PRTR*

Type total	**62**
Consumption	**2,768**t

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

OUTPUT

CO_2

Type	Emissions
CO_2	**98** thousand t-CO_2

Air pollutant

Type	Emissions
Sulfur oxides	**14.6**t
Nitrogen oxide	**47.8**t
Dust	**7.9**t

Discharged water

Type	Emissions
Amount of discharged water	**483** thousand m^3

Water pollutant

Type	Emissions
Suspended solids (SS)	**13.0**t

Industrial waste

Type	Emissions
Industrial waste	**7,435**t

Environmentally Impactful Substances (PRTR Reportable Substances)

Substance name	Emissions
Toluene	**136.6**t
Xylene	**0.2**t
Ethylene Glycol Monoethyl Ether	**3.0**t
Formaldehyde	**1.5**t
Triethylamine	**1.0**t
Phenol	**5.7**t

Environment Management System

The NICHIAS Group promotes environmental management in accordance with our Environmental Policy and Carbon Neutrality Declaration.

Our factory and our major group companies in Japan and abroad have obtained ISO 14001 certification. By implementing this standard, we promote initiatives that reduce our environmental impact and help build a sustainable society. We also work to address environmental issues.

Please check here for the status of acquiring ISO14001.

Environmental risk management

Initiatives for Management of Chemical Included in Products

We strictly ensure compliance with chemical substance regulations at every stage, from product development and design through procurement, manufacturing, and sales. By fully using the “database for managing chemical substances contained in products” established in fiscal year 2022, we carry out operations such as responding to SDS requests, creating product labels, ensuring regulatory compliance, and providing customers with information.

Environment Patrol

With the purpose of coexisting with the local communities, the NICHIAS Group has implemented environmental patrol since 1990. In fiscal year 2025, we addressed 281 issues raised across the Group. (Patrols were conducted 146 times.) We continue this activity to reduce the environmental risk, if only a little, by doing what we can.

Case Pointed out by Outside

In fiscal year 2025, we received one piece of feedback regarding noise generated from a manufacturing site across the Group. We identified the root cause, took appropriate action, and explained how we resolved the issue. To prevent similar issues from occurring, we will share information about the issue raised, including the root cause and the action to be taken, across the entire Group and use it to prevent recurrence.

Activities for Raising Awareness toward Environment

We conduct activities to raise environmental awareness among all employees. We designate July as Environmental Awareness Month each year. During that period, we promote activities to raise environmental awareness, including instructive talks, inspections, and training. We also encourage employees to build the knowledge needed to carry out their operations, including environmental laws and regulations and chemical substance management, through environmental e-learning.

Environment Audit Structure

In the manufacturing offices, environmental reviews are executed by the following three: ①internal audits in the manufacturing office, ②audits by the environment departments of the Head Office, and ③audits by an outside organization." In Fiscal Year 2025, also, in the course of continued activities for ISO14001 integrated certification for the factories, we conducted a mutual internal audit with other business offices. 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 777 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/FY2025)(million yen)

Classification		Amount
Cost inside the business area	Cost for pollution prevention	115
	Cost for protection of global environment	78
	Cost for resource cycling	418
Cost for management activities		166
Total		777

Financial data (As of March 31, 2026)

	(Unit)	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Financial Information													
Net Sales	(million yen)	170,430	180,363	197,495	215,495		208,876	196,372	216,236	238,116	249,391	256,512	**251,910**
(of which, overseas net sales)	(million yen)	30,381	29,300	34,464	38,579		35,958	33,574	40,304	45,145	46,780	53,049	**51,840**
Cost of sales	(million yen)	131,271	135,346	149,545	164,869		160,719	150,307	162,856	180,107	184,626	185,739	**182,013**
Selling, general and administrative expenses	(million yen)	24,054	25,416	26,592	27,996		27,730	26,448	27,115	28,055	29,555	31,041	**32,883**
Operating income	(million yen)	15,104	19,600	21,357	22,629		20,427	19,616	26,264	29,954	35,208	39,732	**37,014**
Profit attributable to owners of the parent	(million yen)	6,669	13,409	14,956	15,861		14,674	10,715	22,034	21,398	26,961	32,073	**31,634**
Capital expenditures	(million yen)	4,287	9,775	12,772	12,816		8,978	7,703	11,355	10,069	11,117	6,819	**11,031**
Depreciation & amortization	(million yen)	4,598	3,969	4,800	5,760		6,274	6,536	6,616	7,454	7,593	7,626	**7,314**
R&D expenses	(million yen)	5,460	5,446	5,692	5,976		6,132	6,168	6,110	5,715	6,037	6,209	**6,808**
Net cash provided by (used in) operating activities	(million yen)	13,424	24,798	18,122	15,833		20,094	18,683	25,073	18,650	19,167	31,246	**23,936**
Net cash provided by (used in) investing activities	(million yen)	(4,443)	(10,617)	(14,370)	(11,818)		(9,036)	(6,799)	(5,523)	(8,651)	(12,897)	(913)	**(10,154)**
Free cash flow	(million yen)	8,981	14,181	3,751	4,014		11,057	11,884	19,550	9,998	6,270	30,333	**13,782**
Net cash provided by (used in) financting activities	(million yen)	(3,717)	(4,965)	(6,221)	(4,197)		(5,667)	(5,469)	(5,881)	(6,368)	(11,107)	(27,404)	**(16,992)**
Total assets	(million yen)	154,922	175,999	197,839	206,426		208,076	219,602	246,924	266,907	290,788	289,044	**307,123**
Interest-bearing debt	(million yen)	25,840	23,976	23,818	26,065		26,077	25,861	25,652	25,892	24,286	12,611	**12,800**
Shareholder's equity	(million yen)	84,879	97,367	109,195	116,786		126,297	135,429	154,286	172,359	199,681	215,421	**238,515**
Financial indicator													
Return on sales (ROS)	(%)	8.9	10.9	10.8	10.5		9.8	10.0	12.1	12.6	14.1	15.5	**14.7**
Return on equity (ROE)	(%)	8.2	14.7	14.5	14.0		12.1	8.2	15.2	13.1	14.5	15.5	**13.9**
Shareholder's equity ratio	(%)	54.8	55.3	55.2	56.6		60.7	61.7	62.5	64.6	68.7	74.5	**77.7**
Dividend on equity (DOE) ratio	(%)	3.3	3.8	3.9	4.0		4.1	4.0	3.9	3.7	3.5	3.4	**5.1**
Return on invested capital (ROIC) ratio	(%)	6.0	11.6	11.8	11.5		9.9	6.8	12.9	11.3	11.6	12.2	**10.7**
EBITDA	(100 million yen)	197	236	262	284		267	262	329	374	428	474	**443**
Data per share Note 1													
Net income per share (EPS)	(JPY)	34.58	66.94	74.24	79.57		73.74	53.84	110.73	107.53	135.53	163.79	**165.59**
Dividend	(JPY)	14.00	17.33	20.00	22.67		25.33	26.00	28.67	30.67	32.67	36.00	**54.67**
Dividend payout ratio (consolidated)	(%)	40.5	25.9	26.9	28.5		34.4	48.3	25.9	28.5	24.1	22.0	**33.0**
Book value per share (BPS)	(JPY)	426.37	478.67	543.08	586.84		634.64	680.54	775.32	866.15	1,013.09	1,116.25	**1,261.39**
Other financial information													
Price-to-earnings ratio	(times)	13.0	11.1	12.1	9.2		9.1	17.4	7.6	8.2	10.0	9.4	**17.4**
Price-book value ratio	(times)	1.1	1.6	1.7	1.2		1.1	1.4	1.1	1.0	1.3	1.4	**2.3**
Stock information													
Share price at fiscal year end Note 1	(JPY)	449	746	451	731		675	937	842	887	1,357	1,538	**2,887**
Market capitalization Note 2	(100 million yen)	894	1,518	1,834	1,486		1,373	1,906	1,714	1,804	2,760	3,130	**5,513**

Note 1 NICHIAS implemented a one-for-two reverse stock split on October 1, 2018, and a three-for-one split on April 1, 2026.Earnings per share (EPS), dividends per share (DPS), book value per share (BPS), and the year-end stock price were calculated assuming the stock split and reverse stock split occurred at the start of fiscal year 2015.
Note 2 Market capitalization is calculated including the owned shares.

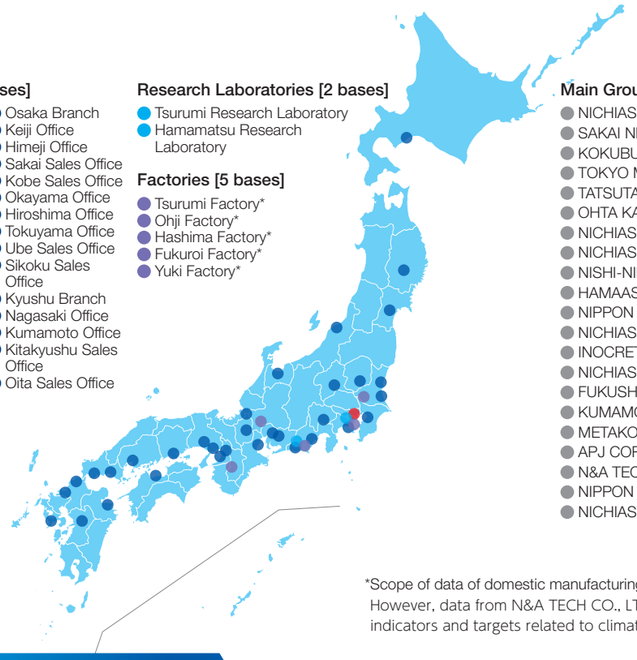
* Partial Amendments to Accounting Standards for Tax Effect Accounting, etc., have been applied since the beginning of Fiscal Year 2018.
* Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. have been applied since the beginning of Fiscal Year 2021.

Non-financial data (As of March 31, 2026)

	(Unit)	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Work-style-related													
Number of employees	(人)	5,155	5,523	5,784	6,036		6,260	6,337	6,402	6,445	6,431	6,373	**6,424**
Number of NKK participants	(人)	2,582	4,114	4,333	4,963		4,957	5,379	5,884	6,258	6,435	6,165	**5,863**
Environment-related													
GHG emissions Note 3, Note 4	(thousand t-CO_2/ thousand t-CO_2eq)	180	185	180	187		268	231	256	229	224	180	**165**
Percentage of renewable energy usage Note 5	(%)	—	—	—	—		—	—	0.5	3.0	5.2	12.9	**18.6**
Amount of industrial waste discharge Note 3	(t)	10,687	13,074	11,159	12,578		21,239	21,326	21,858	19,147	23,182	17,973	**13,858**

Note 3 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 4 The data for FY2018 and before covers CO2 emissions. The data for FY2019 and after covers GHG emissions.
Note 5 The renewable energy ratio data is available from FY2021 onward.

List of Major Domestic Bases



● Head Office

Sales bases [34 bases]

- Hokkaido Office
- Sendai Office
- Kitagami Sales Office
- Tokyo Branch
- Kashima Office
- Chiba Office
- Yokohama Office
- Hitachi Sales Office
- Utsunomiya Sales Office
- Takasaki Sales Office
- Niigata Sales Office
- Yamanashi Sales Office
- Nagoya Branch
- Wakasa Office
- Shizuoka Sales Office
- Hamamatsu Office
- Toyota Office
- Yokkaichi Office
- Toyama Sales Office
- Osaka Branch
- Keiji Office
- Himeji Office
- Sakai Sales Office
- Kobe Sales Office
- Okayama Office
- Hiroshima Office
- Tokuyama Office
- Ube Sales Office
- Sikoku Sales Office
- Kyushu Branch
- Nagasaki Office
- Kumamoto Office
- Kitakyushu Sales Office
- Oita Sales Office

Research Laboratories [2 bases]

- Tsurumi Research Laboratory
- Hamamatsu Research Laboratory

Factories [5 bases]

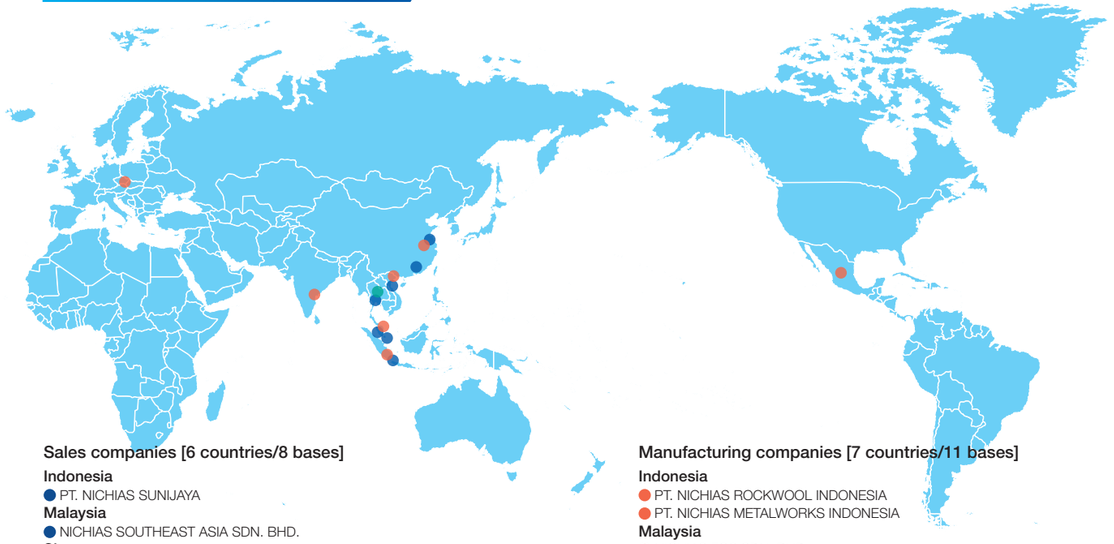
- Tsurumi Factory*
- Ohji Factory*
- Hashima Factory*
- Fukuroi Factory*
- Yuki Factory*

Main Group companies [21 companies]

- NICHIAS CERATECH CO., LTD.
- SAKAI NICHIAS CORPORATION
- KOKUBU INDUSTRY CORPORATION
- TOKYO MATERIALS CORPORATION
- TATSUTA INDUSTRY CORPORATION
- OHTA KASEI CORPORATION
- NICHIAS MECHATECHNO CO., LTD.
- NICHIAS KANTO SALES CORPORATION
- NISHI-NIPPON NICHIAS CORPORATION
- HAMAASU CORPORATION
- NIPPON THERMAL ENGINEERING CORPORATION
- NICHIAS ENGINEERING SERVICE CORPORATION
- INOCRETE CO., LTD.
- NICHIAS KYUSHU SALES CO., LTD.
- FUKUSHIMA NICHIAS CORPORATION
- KUMAMOTO NICHIAS CORPORATION
- METAKOTE INDUSTRY CORPORATION
- APJ CORPORATION
- N&A TECH CO., LTD.
- NIPPON ROCKWOOL CORPORATION
- NICHIAS CEMCRETE CORPORATION

*Scope of data of domestic manufacturing sites of the NICHIAS Group. However, data from N&A TECH CO., LTD. was used solely to calculate the indicators and targets related to climate change in E: Environment.

List of Major Overseas Bases



Sales companies [6 countries/8 bases]

Indonesia
- PT. NICHIAS SUNIJAYA

Malaysia
- NICHIAS SOUTHEAST ASIA SDN. BHD.

Singapore
- NICHIAS SINGAPORE PTE. LTD

Vietnam
- NICHIAS VIETNAM CO., LTD

Thailand
- NICHIAS (THAILAND) CO., LTD.
- THAI NICHIAS INTERNATIONAL CO., LTD.

China
- NICHIAS (SHANGHAI) TRADING CO., LTD.
- NICHIAS (SHANGHAI) TRADING CO., LTD. GUANGZHOU BRANCH

Construction company [1 country/1 base]

Thailand
- THAI-NICHIAS ENGINEERING CO., LTD.

Manufacturing companies [7 countries/11 bases]

Indonesia
- PT. NICHIAS ROCKWOOL INDONESIA
- PT. NICHIAS METALWORKS INDONESIA

Malaysia
- NICHIAS FGS SDN. BHD.
- NT RUBBER-SEALS SDN. BHD.

Vietnam
- NICHIAS HAIPHONG CO., LTD.

China
- SUZHOU NICHIAS INDUSTRIAL PRODUCTS CO., LTD
- SUZHOU NICHIAS SEAL MATERIAL CO., LTD
- SUZHOU SHUANGYOU AUTOPARTS CO., LTD

India
- NICHIAS INDUSTRIAL PRODUCTS PRIVATE LTD.

Czech
- NICHIAS AUTOPARTS EUROPE a.s.*

Mexico
- NAX MFG, S. A. DE C. V.*

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

Corporate Profile (as of March 31, 2026)

Company name	NICHIAS Corporation
Company name in English	NICHIAS Corporation
Establishment	April 9, 1896
Capital fund	12,128 million yen
Major businesses	Energy and Industrial plants, industrial products, advanced products, autoparts, building materials
Number of employees	6,424 people (consolidated)/1,930 people (non-consolidated)
Head Office	1-6-1, Hatchobori, Chuo-ku, Tokyo 104-8555, Japan
Branch	Tokyo Branch (Chuo-ku, Tokyo) Nagoya Branch (Minami-ku, Nagoya City) Osaka Branch (Chuo-ku, Osaka City) Kyushu Branch (Chuo-ku, Fukuoka City)
Factory	Tsurumi Factory (Tsurumi-ku, Yokohama City) Ohji Factory (Kitakatsuragi-gun, Nara) Hashima Factory (Hashima City, Gifu) Fukuroi Factory (Fukuroi City, Shizuoka) Yuki Factory (Shimotsuma City, Ibaraki)
Research Laboratory	Tsurumi Research Laboratory (Tsurumi-ku, Yokohama City) Hamamatsu Research Laboratory (Hamana-ku, Hamamatsu City)
Consolidated companies	41 companies
Equity method affiliate	2 companies

External evaluations

JPX-NIKKEI 400

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.

JCR Japan Credit Rating Agency, Ltd.

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

2026 Sompo Sustainability Index

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

CDP Discloser 2025

Received a "B" rating in both Climate Change and Water Security during fiscal year 2025.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBT Certification from the Science Based Targets initiative (SBTi)

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

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

2026 ESG FINANCE AWARDS JAPAN SUSTAINABLE

Selected as an environmentally sustainable company in the 7th ESG Finance Awards Japan.

YOMIURI 333

Incorporated into the Yomiuri Stock Index (Yomiuri 333).



About the cover photo

NICHIAS has used the dragonfly (or tombo as it isknown 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 people submitted photographs in 2026. The cover photo, which was inspired by "harmony with nature," won the best prize.

Comment by the photographer

I am very pleased that my photo was selected for the cover of this IR report. This photo captures a fleeting scene that suddenly appeared before my eyes during a family trip to the Blue Pond in Hokkaido. Against the backdrop of clear blue water and sky, with standing dead larch trees, the dragonfly's delicate form stands out, allowing me to capture the beautiful, serendipitous contrast that nature creates. I would like to express my heartfelt gratitude to everyone who selected my photo.

Keisuke Tanaka, Production Strategic Planning Section, Production Strategic Planning Department, Production Headquarter Division

NICHIAS Corporation

1-6-1, Hatchobori, Chuo-ku, Tokyo 104-8555, Japan
Tel. 03-4413-1194 (Sustainability Promotion Committee Secretariat)

https://www.nichias.co.jp/en

NICHIAS
Corporate Character
"NiCo"

130th SINCE 1896

Thanks to All
For the 130th Anniversary!

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