

INTEGRATED REPORT 2025



NIPPON CARBIDE INDUSTRIES CO.,INC.

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Corporate identity

Mission

Creating new value with our technological capability, we help make society more prosperous.

The needs of customers are the starting points of our efforts. We refine and combine the technologies we have nurtured to provide a wide range of valuable products that help realize a sustainable society.

Vision

A Corporate Group of Outstanding Value

Our employees all have confidence and pride in their work, achieving real personal growth as they strive to satisfy all the persons they deal with. They aim to make NCI a corporate group of outstanding values to society.

Values

Sincerity

We guarantee that our stakeholders will be safe and free from worries and that we completely comply with high standards of business. We steadfastly carry out our responsibilities with sincerity and without compromise.

One-NCI (Cooperating)

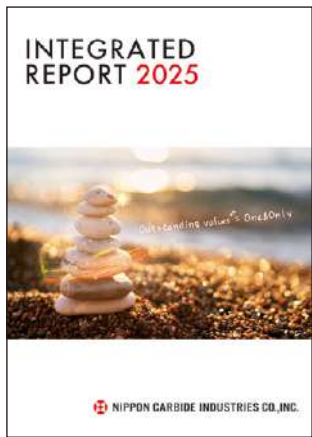
Respecting the uniqueness of each employee, we form into closely cooperating teams, working as one to find solutions to all the challenges we face.

Service

Our chief thoughts are of what we can do for our customers, for society, and for the future, not what will benefit us. Being of service is our great joy.

Innovation

We are not afraid of failure or change, fully exercising our imagination and initiative to create new value for a wide range of businesses. We continue to take up the challenge to reach ever-higher targets.



- Cover Story**
The pebbles lying on the seashore may look ordinary, but no two are alike, and they sparkle beautifully. We contribute to a sustainable society by focusing on "Outstanding values = One & Only" that only we can provide.
- Applicable Period**
April 2024 through March 2025.
The Report includes activities and future goals for the period after April 2025.
- Editorial Policy**
This Report is intended to provide relevant stakeholders with a better understanding of our company. We hope that this report will help you to be more interested in our business.

- Main Reference Guidelines:**
Ministry of Economy, Trade and Industry "Value Creation Guidance"
IFRS Foundation "Integrated Reporting Framework"
Value Reporting Foundation (VRF) "International Integrated Reporting Framework"

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, which includes the Sustainable Development Goals (SDGs), was unanimously adopted at the UN Summit in September 2015. The SDGs consist of 17 Sustainable Development Goals with 169 associated targets, with a commitment to "leave no one behind".

Through our products and technologies, our Group aims to realize a sustainable society by contributing to global SDG initiatives.



CEO MESSAGE

We contribute to a sustainable future with our advanced technological capabilities that create unique value while thoroughly pursuing “Outstanding values = One & Only”.

Representative Director, President
Chief Executive Officer

Sugiyama Takahisa



Looking Back at Fiscal Year 2024

Amid uncertainty in the global economy due to various factors, increased shipments of products for semiconductors and electronic components, increased shipments of products for motorcycles and license plates, and increased sales of Carbon Neutral Transition Facilities contributed to year-on-year growth in both revenue and profit. Furthermore, this marks the highest operating profit in the past decade. As the mindset of “Outstanding values = One & Only”, a key concept in our current medium-term management plan “NCI KIRARI 2025,” permeates throughout the organization, I believe that we are seeing tangible improvements in profitability. However, two miscalculations emerged: some businesses underperformed against initial plans, while others showed significant growth. The Electronic and Functional Products Business achieved only about 70% of its plan. Our forecast, based on the expectation that the semiconductor and electronic component markets would fully recover in the latter half of the year, proved significantly off the mark for the second consecutive year. I believe this should be a point for future reflection. Conversely, the Films and Sheetings Products Business, comprising Films, Stickers, and Retroreflective Sheetings, grew substantially. Notably, sales of retroreflective sheetings, products for car license plates, significantly exceeded the plan. Although we did anticipate increased inquiries following one competitor’s cessation of manufacturing in Europe, the actual surge in demand exceeded expectations and substantially outpaced our production capacity. Consequently, we united to improve productivity at our Chinese manufacturing base, achieving record-high output levels to meet this increased demand.

We believe the ability to meet customer demand without any opportunity loss was the primary factor in this fiscal year’s performance recovery. In fiscal 2021, when we achieved operating profit exceeding ¥3 billion (approximately ¥3.2 billion), the majority of that profit came from the Electronic and Functional Products Business, driven by the special demand for stay-at-home products during the COVID-19 pandemic. For the FY2024 operating profit of approximately ¥3.5 billion, the Films and Sheetings Products Business accounted for the largest share. We believe this reflects the successful risk diversification of our business portfolio. The fundamental principle guiding our business activities is the belief that “Companies without safety, quality, environment and compliance cannot survive,” which we aim to instill throughout the Group. Since FY2023, we have been conducting safety dialogue sessions across the entire Group to enhance safety awareness. Regarding quality, we are shifting from a defensive quality management focused on preventing complaints to a proactive approach aimed at delivering superior quality. We are working to establish and practice a culture where “quality is built into the process, not just inspected.” Regarding compliance adherence, in addition to the ongoing Quality Compliance Dialogue Meetings, this fiscal year we have started continuous dialogue sessions using case studies on non-quality themes such as harassment, the Subcontracting Act, the Antimonopoly Act, bribery, and insider trading. We are working to further enhance compliance awareness. We will continue these dialogues, using case studies of extreme choices that could arise in business operations, until this mindset becomes firmly ingrained.

Progress and Future Outlook for the Third Year of the Medium-term Management Plan “NCI KIRARI 2025”

Due to the prolonged downturn in the electronics market, which could not be anticipated when the medium-term management plan was formulated, combined with the impact of U.S. tariff measures, achievement of the financial targets is expected to be delayed by over a year. We will aim to achieve these targets within the next medium-term management plan period. For the Electronic and Functional Products Business: - In Functional Chemicals, we will focus on our proprietary azole products, pursue new customer acquisition and new application development in the electronic device and semiconductor fields. - In Functional Polymers and Electronic Materials, we will accelerate the shift toward high-value-added products to further improve profitability. In the Films and Sheetings Products Business, we will effectively utilize our global network of manufacturing and sales bases and major distributors to enter new markets, including the automotive market and other markets, with Next Generation High Functional Films such as Laser Markable Labels and Environmentally Friendly Decorative Mold Products such as 3D Emblems.

Furthermore, for Retroreflective Sheetings used in applications such as car license plates, we will aim to expand our global market share through continuous quality improvement. In the Construction Materials Related Business, we will pursue differentiation by leveraging our strength in product design that ensures high safety on upper floors, aiming to expand sales of High Strength, High Functional Handrails for skyscrapers. In the Engineering Business, we will focus on our long-cultivated Powder Conveying and Blowing Technology, aiming to expand our business by responding to customer needs for Carbon Neutral Transition Facilities. Our group has defined its desired state for 2030 as “A corporate group of outstanding value that contributes to a sustainable society.” At the core of our growth strategy lies the relentless pursuit of “Outstanding values = One & Only” – something only our group can provide. This is an indispensable guiding principle and banner for our group’s continuous future growth. We believe the pursuit of “Outstanding values = One & Only” remains unchanged in our next medium-term management plan.

Product Mix and Contribution of Growth Drivers

Semiconductor Field

Additives for Semiconductor Photoresists boast an unmatched level of low metal content as additives for photoresists used in forming wiring patterns for semiconductor integrated circuits. Recently, inquiries have increased due to rising demand for cutting-edge products such as generative AI and HBM (High Bandwidth Memory).

Chemicals for Semiconductor Materials are primarily used as additives in semiconductor encapsulation resins. They are valued for enhancing the adhesion between the resin and metal, thereby improving and maintaining the quality of semiconductor products.

Electronic Devices Field

Chemicals for Manufacturing of Electronic Components are primarily in demand as surface treatment agents for printed circuit boards. By preventing oxidation (rust) on the metal surfaces used for wiring and improving adhesion to insulating resins, they contribute to enhancing the reliability of semiconductor package substrates, which have undergone further miniaturization and multilayer development.

Environmental Field

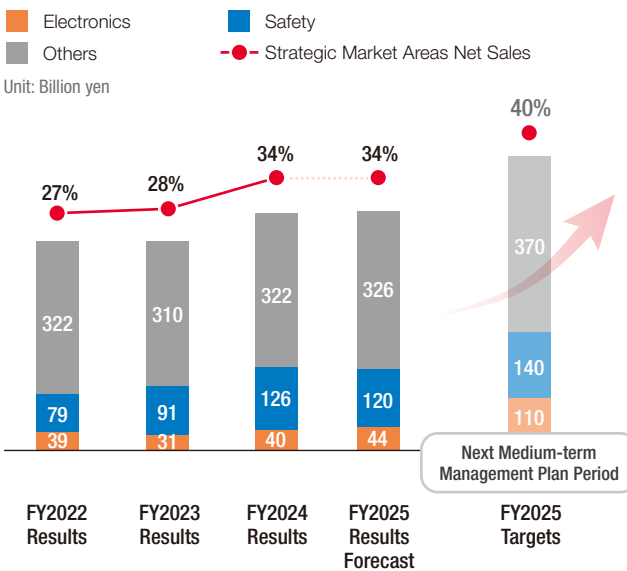
Carbon Neutral Transition Facilities contribute to reducing GHG emissions in the iron and steel and power generation sectors, utilizing our proprietary Powder Conveying and Blowing Technology. We also anticipate future expansion into hydrogen power generation applications.

Mobility Field

Retroreflective Sheetings are used primarily overseas for automotive license plates and road signs, enhancing visibility through their retroreflective properties that return light in the direction it was incident. Our strengths lie in our solid relationships of trust with major global car license plate manufacturers and distributors, as well as our products' excellent adhesion to substrates and printability, enabling high yield rates in our customers' manufacturing processes.

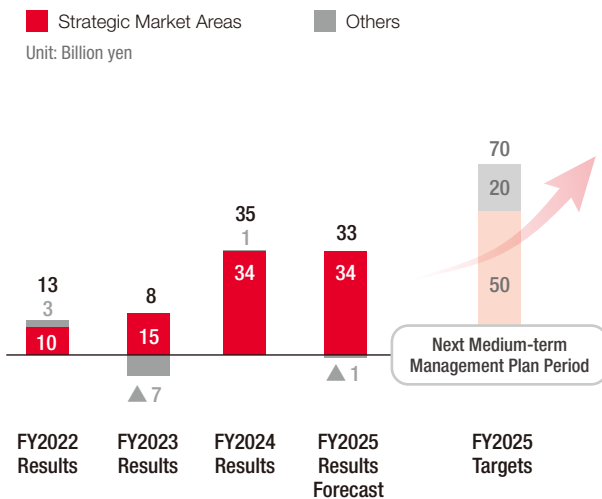
3D Emblems (Environmentally Friendly Decorative Mold Products) are flexible and excel at conforming to curved surfaces, making them ideal for motorcycle and automobile emblems. Unlike resin molded products using metal plating, they are also noted for reducing environmental impact. Our new internally illuminated 3D soft emblem features light emission from within when activated in dark environments. Similarly, our new retroreflective 3D soft emblem enhances visibility by reflecting incident light back in the direction it came from when illuminated.

▼ Strategic Market Areas Net Sales



We aim to achieve the FY2025 financial targets within the next medium-term management plan period.

▼ Strategic Market Areas Operating Income



Social Contribution and Sustainability Management

As part of our sustainability management, we recognize the SDGs as a critical priority. We have identified five materialities closely linked to realizing our mission—"Creating new value with our technological capability, we help make society more prosperous"—and conducting various activities that contribute to the SDGs. For the subcommittees related to our business activities—"Development of social and industrial digital infrastructure," "Realization of healthy living and a safe and secure society," and "Achieving carbon neutrality (opportunity)"—we set the sales of our Group products contributing to each materiality as Key Goal Indicators (KGIs). We established Key Performance Indicators (KPIs) to achieve these KGIs, managed progress, and implemented PDCA cycles.

In the Electronics focus area, Chemicals for Semiconductor Materials and Additives for Semiconductor Photoresists performed well. In the Safety focus area, Retroreflective Sheetings for License Plates and raw materials for medical poultices also showed strong performance. However, ceramic substrates, Circuit Substrates for Electronic Components, and High Strength, High Functional Handrails fell short of their targets.

Human capital management that enables personnel to maximize their capabilities

When I assumed the office as a president five years ago, I expressed my aspiration in my address to all group employees: to build a company where everyone, upon reaching retirement age, can genuinely feel, "I'm truly glad I worked for this group." I believe the various initiatives to realize this aspiration are the very essence of human capital management. Our Next-Generation Management Development Program, as part of talent development, is progressing steadily toward achieving its target number of participants by fiscal year 2030. The DE&I Team, established in April 2024,

consists of 12 members including HR department staff and employees from group companies. They meet at least once a month to discuss overall DE&I matters and activity goals. As a result of last fiscal year's efforts, the measures and report shown on the right were announced on April 1, 2025.

- 1.Publication of the DE&I Newsletter
- 2.Relaxation of restrictions on the number of days for remote work
- 3.Extension of the period for reduced working hours
- 4.Expansion of eligibility for nursing care leave

To our stakeholders

Our group will continue to pursue our fundamental policy of "Outstanding values= One & Only" as our guiding principle. By pursuing technologies of outstanding values and providing products of outstanding values, we will contribute to a sustainable society and through continuous growth and the creation of both economic and social value, we aim to become "A corporate group of outstanding value that contributes to a sustainable society." As the first step, we will strive to achieve the financial targets set forth in "NCI KIRARI 2025" at an early stage. Simultaneously, to remain an organization where employees genuinely feel "I'm glad to be part of this Group," we will work to create an environment where diverse employees can fully utilize their abilities and work with peace of mind for the long term. We sincerely ask our stakeholders for your continued understanding and support of our Group.



CFO MESSAGE

We aim to increase corporate value by accelerating the strengthening of our financial capital and realizing bold growth investments toward “Outstanding values = One & Only”.

Representative Director
Vice President Executive Officer
Chief Financial Officer
Iguchi Yoshitada

Our four-year medium-term management plan “NCI KIRARI 2025,” announced in May 2022, now has only one year remaining. Last year saw the Bank of Japan end its negative interest rate policy, prices rose, and we faced a challenging economic environment marked by soaring raw material costs and transportation expenses. Furthermore, the electronics market, our core focus area, showed only a modest recovery. As fiscal year 2025 marks the final year of our medium-term management plan, we will further accelerate the strengthening of our financial capital to ensure we can execute necessary investments at any time, including strategic investments aimed at achieving “Outstanding values = One & Only.”

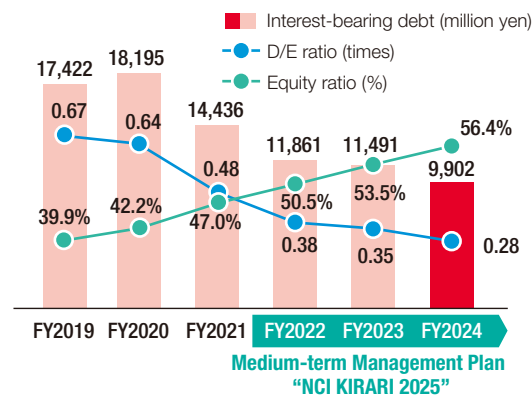
Financial Soundness

During the current medium-term management plan period, we have worked to strengthen our financial capital by improving working capital efficiency through inventory reduction and increased factory utilization rates, reducing cross-shareholdings, and compressing interest-bearing debt. As a result, the 2024 fiscal year D/E ratio reached 0.28 times, compared to the medium-term management plan target of 0.5 times or less, and the equity ratio reached 56%. Going forward, we will consider utilizing interest-bearing debt while remaining mindful of the cost of capital.

Capital Allocation

For the current four-year medium-term management plan, with funding sources of operating cash flow of ¥17.9 billion and proceeds from sales of assets including cross-shareholdings of ¥1.3 billion, capital allocation is projected to be as follows: - Capital expenditures: ¥9.1 billion - Shareholder returns: ¥3.0 billion

Interest-bearing debt-D/E ratio-Equity ratio



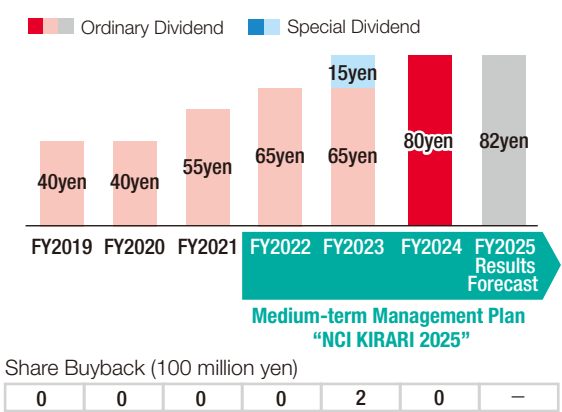
- Financial soundness including debt repayment and deposits: ¥7.1 billion.
During this period, capital expenditures decreased significantly compared to the initial plan due to factors such as the spread of COVID-19, the postponement of investments in focus areas like

electronics where market growth has stagnated, and the suspension of production capacity expansion facilities where productivity improvements through process enhancements were already on track. A portion of this reduced capital expenditure will be allocated to enhancing shareholder returns and improving financial soundness. Furthermore, in the next medium-term management plan, we will actively pursue investments for significant future growth (including M&A), incorporating the postponed investments.

Measures to achieve management that takes into account capital costs and stock prices

Our Company recognizes improving PBR as a key management priority and is advancing initiatives from both the ROE and PER perspectives. While PBR shows an improving trend, it remains below 1x. We will continue the following actions. ROE has been weak due to impairment losses recorded in fiscal years 2022 and 2023. Additionally, external factors such as delayed market recovery in strategic business segments and U.S. tariff measures have significantly impacted performance. We plan to restructure our strategy within the next medium-term management plan. Regarding capital and financial strategy, we have set a target for the sale of policy-held shares. We will explore utilizing surplus funds through capital efficiency and leveraging interest-bearing debt for strategic investments. Furthermore, we plan to increase dividends in fiscal 2025 and will

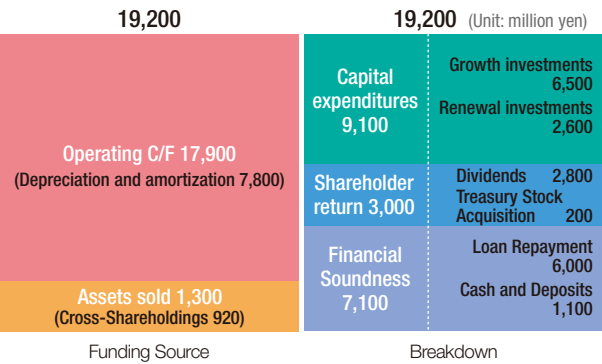
Dividend Trends



Corporate Governance Initiatives

We are actively pursuing improvements to establish a governance structure befitting a Prime Market-listed company. Our Board of Directors, including corporate auditors, consists of four internal officers and six external officers, with external officers constituting a higher proportion than internal officers. Furthermore, starting in fiscal year 2025, we have three female officers: one director and two corporate auditors. This already meets the government's target of “30% or more by 2030.” We will continue striving for further improvement from the perspectives of independence and diversity.

Medium-term Management Plan Cumulative Forecast (FY2022–FY2025)

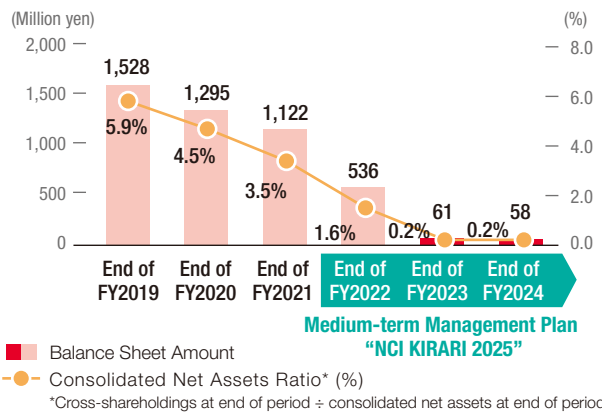


continue to strive for further enhancement of shareholder returns. Regarding the PER, we will advance our business strategy and strengthen our foundational capabilities while promoting sustainability management. To achieve carbon neutrality, we will steadily implement measures according to the established roadmap. We will also continue to actively invest in human capital with a focus on Diversity, Equity & Inclusion. While the total number of shareholders has increased significantly since the secondary offering in fiscal 2022, we will continue to prioritize active dialogue with shareholders and investors.

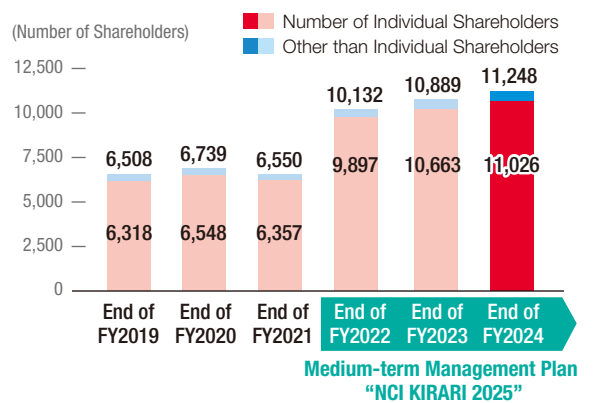
Medium-term Management Plan “NCI KIRARI 2025”

	FY2022	FY2023	FY2024	FY2025 Results Forecast
ROE	1.1%	3.1%	6.5%	6.3%
PBR	0.40	0.52	0.47	—

Reduction of Cross-Shareholdings



Changes in the total number of shareholders and the number of individual shareholders



CTO MESSAGE

We will take on the challenge of developing “One&Only” products by combining our accumulated technological capabilities with new perspectives.

Director
Managing Executive Officer
Chief Technical Officer
General Manager of the Research and Development Center
Officer in charge of Safety, Quality and Environmental Management Department
Hasegawa Yukinobu



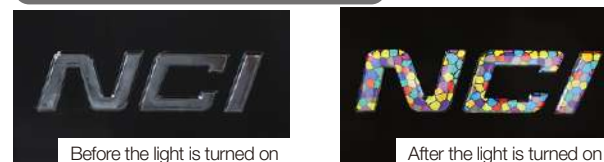
Launch of “One&Only” Products

Our Company has developed a diverse product portfolio starting with carbide, including acetylene derivatives, nitrogen compounds such as calcium cyanamide, and films made from PVC, accumulating technology through their development. Under our current medium-term management plan, we are focusing on “Electronics” and “Safety” as focus areas, pursuing the development of “One&Only” products.

In the Electronics focus area, the evolution of generative AI and 5G/6G communications demands higher performance and miniaturization of semiconductors. This brings challenges such as increased chip heat generation and reduced product yield due to circuit miniaturization. We have developed carbide-derived derivatives equipped with functions to address these challenges, and our products are adopted by multiple top-tier semiconductor manufacturers that dominate the global market share. We hold approximately 70% of the global market share for additives for negative photoresists. By applying our accumulated, broad expertise—such as integrating impurity removal technology into semiconductor material development—and combining our unique technological strengths, we are developing products that no one else can create. For film products, we develop and sell decorative films used for signboard advertisements and train car bodies. These films offer diverse printability and high durability, resisting fading even when exposed to UV rays and wind and rain, while our proprietary functional polymers adhesive ensures they remain firmly adhered over the long term. The technology cultivated through these products enables advanced design capabilities such as multicolor printing and gradients. Combined with our high-level film sheet processing

technology, this expertise is applied to stickers and three-dimensional emblems for motorcycles and automobiles within our Safety focus area. Our three-dimensional emblems, in particular, differ from conventional vapor-deposited plating resin products. They are valued for their environmentally friendly manufacturing process, which produces no air pollution or industrial wastewater, and for their premium feel. This has led to a high market share, especially in the motorcycle sector. We are currently developing products that meet diversifying design demands, such as switching products where colors change or designs appear when illuminated from within.

Example of a product under development



Furthermore, the retroreflective sheetings used for reflective license plates—which are standard overseas from a safety perspective—are produced by combining distinct functional films through lamination. This involves integrating film deposition and decorative technologies with adhesive technologies cultivated through the development of thickening and adhesive agents and film lamination techniques. Our retroreflective sheetings for license plates, which combine these proprietary technologies, are used in many countries, primarily in Europe, and hold approximately 30% of the global market share.

Efforts and issues related to new product development

The ratio of new product sales currently stands at just under 30%, falling short of the 35%+ target set in our medium-term management plan “NCI KIRARI 2025.” While plan revisions due to external factors like inventory adjustments in the semiconductor market have influenced to a certain degree, we also believe a contributing factor is the gap that emerged between customer expectations and our understanding due to the difficulty in direct communication caused by the COVID-19 pandemic since 2020, leading to situations where we couldn’t fully meet customers’ true needs. Currently, with the pandemic subsiding, we are strengthening direct

dialogue with business partners, including overseas clients. Our technical personnel are also actively visiting customers alongside sales staff. Furthermore, we recognize the importance of enhancing collaboration and partnerships with research institutions like universities and other companies and simultaneously advancing both development technology and evaluation technology in product development within the Company. I believe that improving both technologies will accelerate development and refinement, enabling us to propose solutions to previously untapped fields and new customers.

DX Promotion

The DX approach being promoted has led to a variety of concrete results in each department. The Management Department has introduced an information provision system that enables real-time grasp of sales and other management indicators, making it possible to make timely management decisions. The Sales Department has introduced customer management and sales support tools to enable a quick grasp of individual performance and the latest customer information, thereby strengthening sales capabilities. The Production Department is aiming for safer and more efficient manufacturing through the introduction of smart factories,

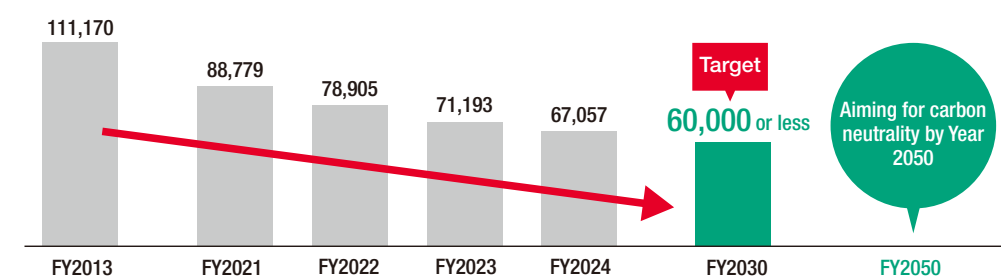
visualization of facility operation status, and the use of robots. The R&D Department has introduced a research platform system to improve research efficiency by centrally managing the progress of research themes and experimental data obtained, and is promoting the creation of a database of research data, including past data, and the utilization of Materials Informatics (MI) based on such data. In the Back-office Department, we are working to improve information security and operational efficiency through the introduction of new groupware and RPA throughout the Group.

Carbon Neutrality and Development of Environmentally Conscious Products

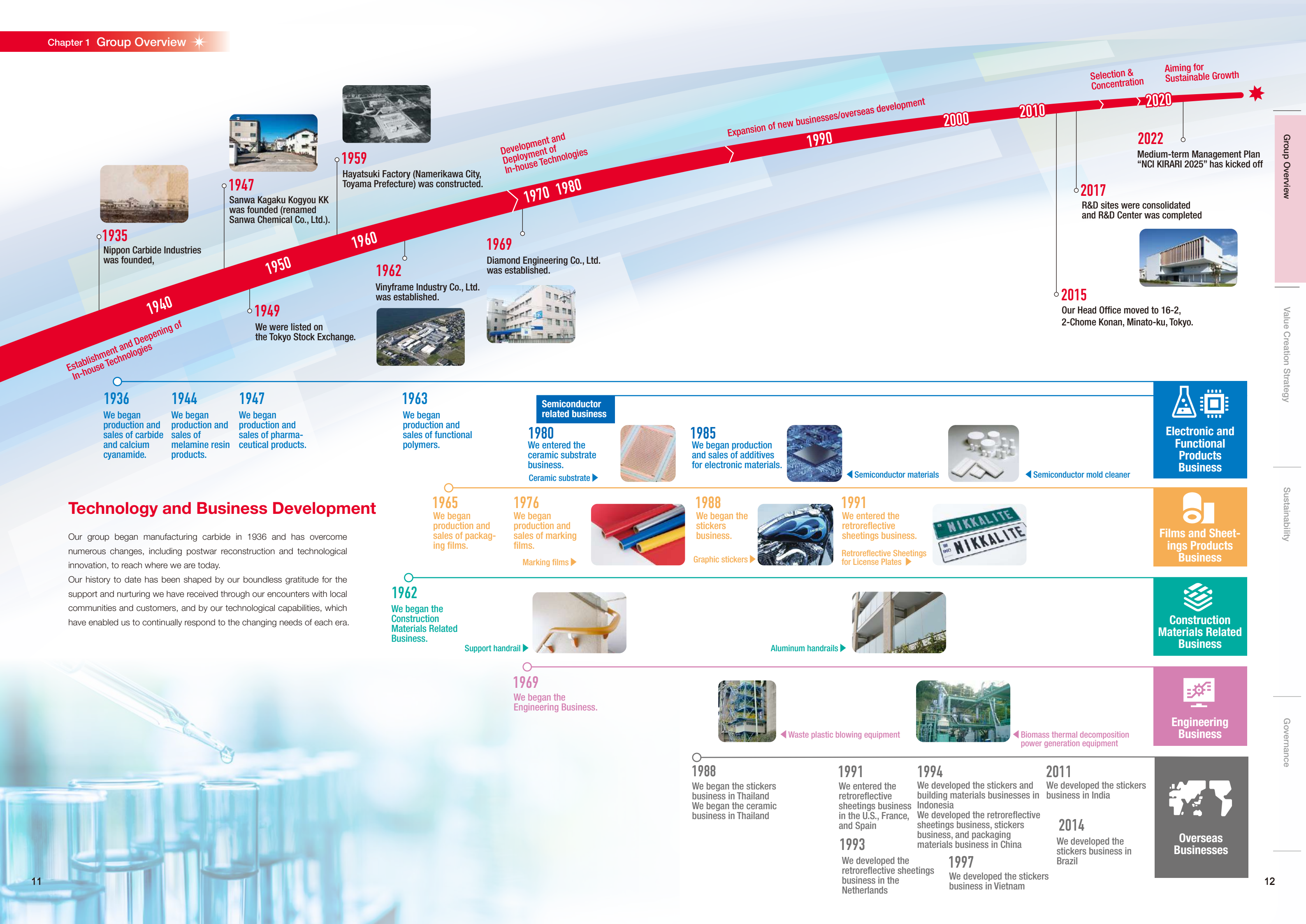
Regarding GHG emissions reduction, compared to our interim target of a 46% reduction by FY2030, we have achieved approximately a 40% reduction from 110,000 tons in FY2013 to 67,000 tons in FY2024 through energy conservation activities, production process improvements, and switching to renewable energy. I believe that this brings us well within reach of our interim target. Furthermore, anticipating growing demand for environmentally conscious products, we are advancing product development utilizing biomass raw materials. Films and adhesives using plant-derived materials are already in mass production, and our film products have obtained biomass certification. For adhesives, in addition

to biomass considerations, we are working to convert the solvent used in adhesives—previously organic solvents—to environmentally friendly water. By switching to water-based solvents, we believe this will reduce our customers’ use of organic solvents when applying adhesives. This contributes not only to lowering environmental impact but also to reducing costs associated with waste liquid and exhaust gas treatment. By applying our accumulated technologies to development and manufacturing from new perspectives, we will support the realization of a sustainable society through creating “One & Only” products that reduce environmental impact and meet customer needs.

▼ GHG Emission Reduction Target in Our Group (tCO₂)



Figures are the sum of Scope 1 and Scope 2

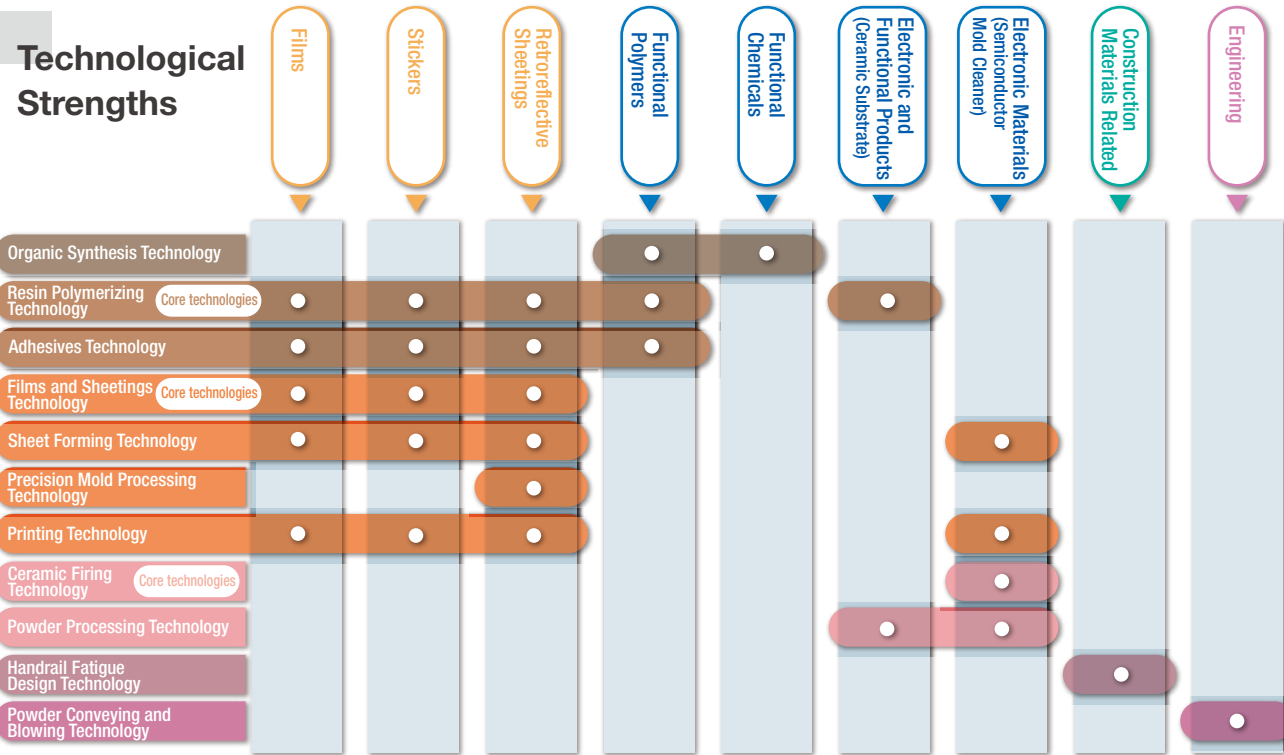
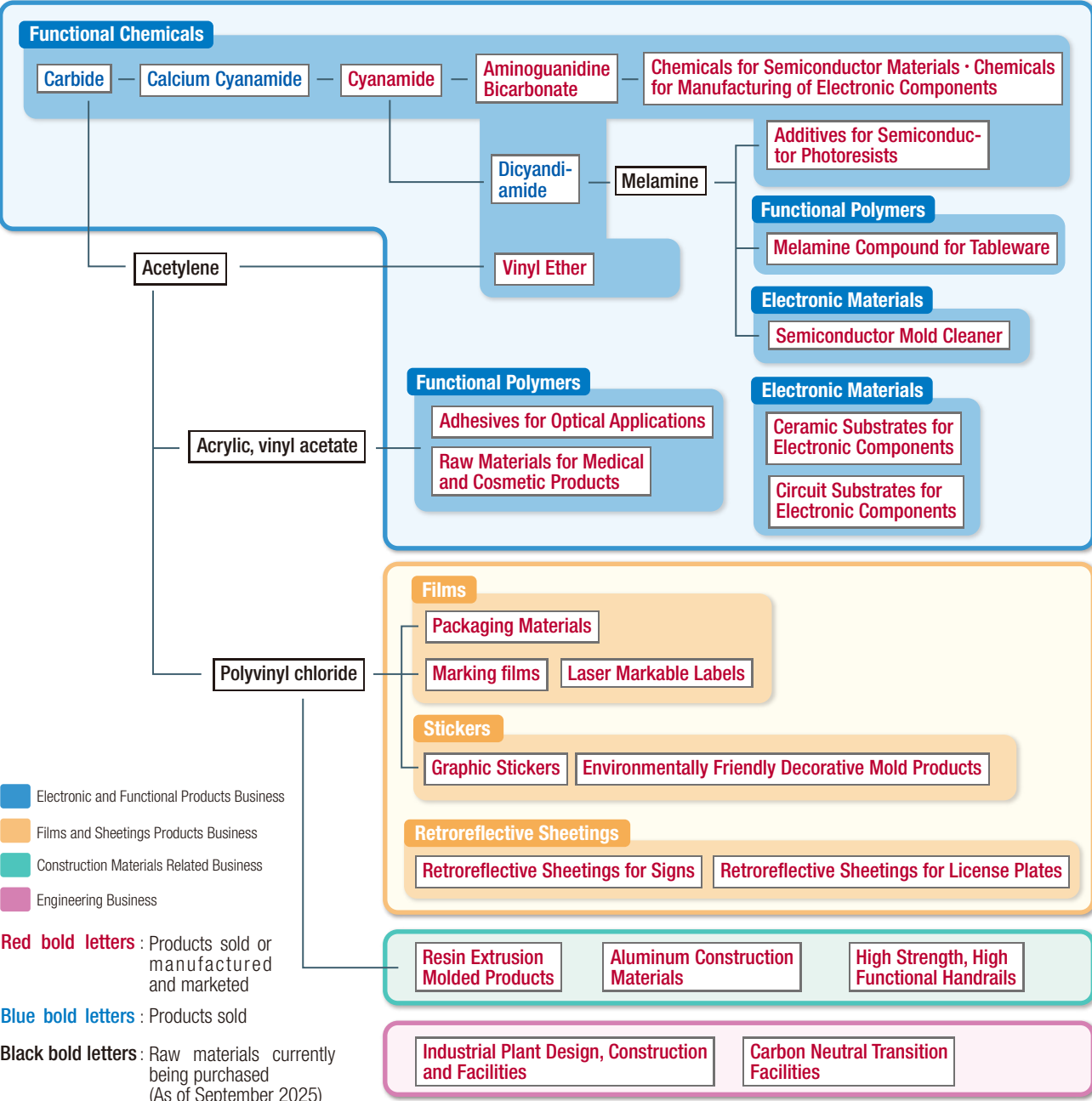


Product Deployment and Technology Strengths

Our Group started its business based on “Organic Synthesis Technology” in the acetylene derivatives industry using carbide as a raw material. Today, with our core technologies of “Resin Polymerizing Technology,” “Films and Sheetings Technology,” and “Ceramic Firing Technology,” which are our strengths, we are developing four businesses: Electronic and Functional Products Business, Films and Sheetings Products Business, Construction Materials Related Business, and Engineering Business.

Product flow starting with carbide

Functional chemical products are derived from calcium cyanamide and acetylene, which are derived from carbide. In addition, our Company has traditionally manufactured vinyl chloride and vinyl acetate from acetylene, and functional polymer products were created by polymerising these. Vinyl chloride and vinyl acetate polymers have been used to create marking films and packaging materials using film forming technology and Printing Technology. Furthermore, retroreflective sheet products have been manufactured using Sheet Forming Technology and Precision Mold Processing Technology. Vinyl chloride has developed into a building material for buildings and houses, and plastic products for interior construction. In addition, since we were selling carbide as a desulfurisation agent for steel mills, we have developed into an engineering business characterised by Powder Conveying and Blowing Technology.



Organic Synthesis Technology

We provide drug substances, pharmaceutical and agrochemical intermediates, and biochemicals using Organic Synthesis Technology for cyanamide derivatives derived from calcium carbide, additives for semiconductors using synthesis and purification technology, and cross-linking agents for semiconductor materials using demetalization and purification technology. Further, using organic synthesis technology for vinyl ether derivatives derived from acetylene, we provide products in a wide range of fields, including monomers for weather-resistant paints and additives for semiconductor materials.

Resin Polymerizing Technology

Core technologies

This technology encompasses polymerization technologies for acrylic resins and initial condensation products of melamine resins. Using these technologies, we provide adhesives products such as water-based adhesives, solvent-based adhesives, and non-aqueous resins, as well as melamine compound for tableware and semiconductor mold cleaner.

Adhesives Technology

This technology encompasses resin design, resin formulation, and resin evaluation methods for water-based adhesives, solvent-based adhesives based on acrylic resins. Using these technologies, we provide adhesive products for a wide range of applications, as well as marking films, retroreflective sheetings, stickers, and other products.

Films and Sheetings Technology

Core technologies

This technology encompasses solution film forming technology using resin solutions and melt film forming technology using resin pellets. By using these technologies to form thin and uniform film sheets and to laminate the resulting films, we provide retroreflective sheetings, marking films, and sticker products. This technology is also applied to the manufacturing of ceramic substrates.

Sheet Forming Technology

This technology is used to form optical prism sheets using molds made by Precision Mold Processing Technology and film sheets by pressure molding and other methods. Using these technologies, we provide prismatic retroreflective sheetings products, three-dimensional emblems, and other products.

Precision Mold Processing Technology

This technology is related to mold design and precise, fine mold machining. We provide products such as prismatic retroreflective sheetings using molds made with these technologies.

Printing Technology

We provide retroreflective sheeting products, marking film products, and sticker products by using inkjet printing, screen printing, and gravure printing technologies for film sheets.

Ceramic Firing Technology

Core technologies

This technology is used to produce small, dimensionally accurate ceramic substrates after powder is kneaded into a sheet and processed into a predetermined shape. We use this technology to provide electronic components for chip resistors and other products.

Powder Processing Technology

This technology encompasses powder mixing and granulation, as well as molding and processing. Using these technologies, we provide products such as melamine compound for tableware, semiconductor mold cleaner, and ceramic substrates.

Handrail Fatigue Design Technology

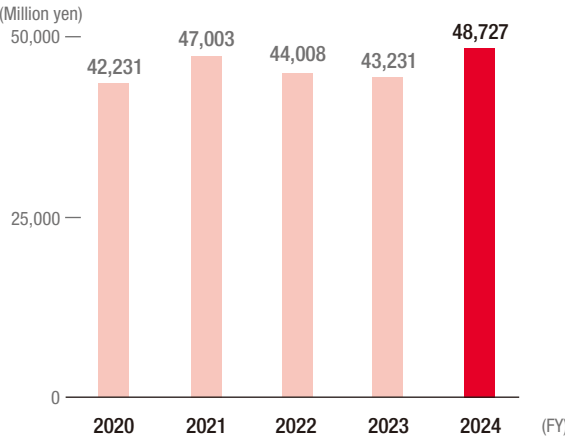
This is a technology for evaluating the effect of wind forces on aluminum handrails. Since handrails installed in high-rise condominiums are strongly affected by wind, this evaluation technology enables us to supply highly safe handrails that can withstand wind repeatedly.

Powder Conveying and Blowing Technology

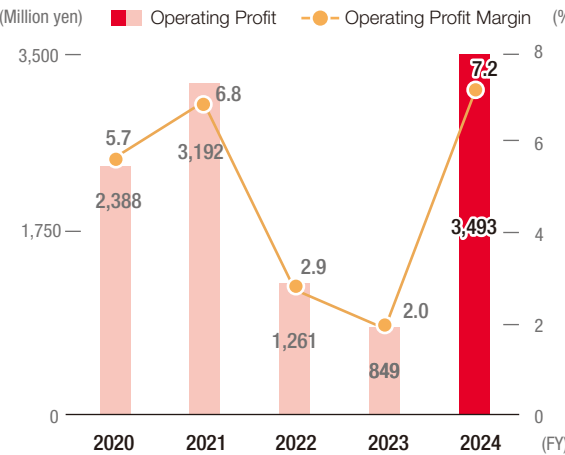
This is a technology for conveying a variety of powders and granules and blowing them continuously and stably while maintaining high metering and distribution accuracy. We provide the optimum equipment to meet the various needs of our customers, such as pressure and temperature conditions at the blowing destination and the use of multiple powders and granules.

Financial Highlights

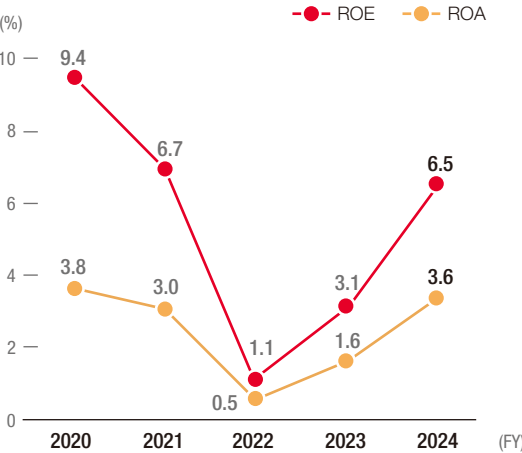
Net sales



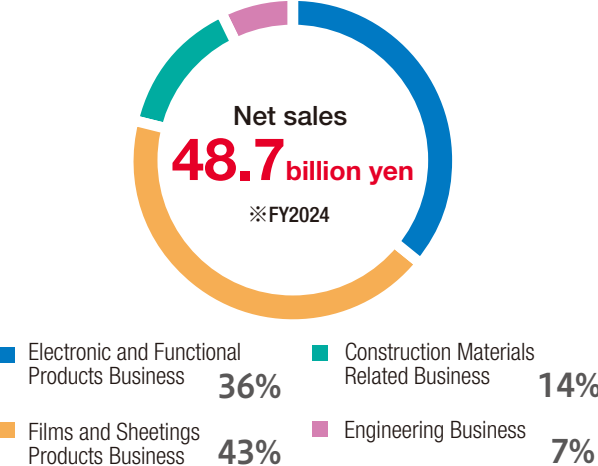
Operating Profit/Operating Profit Margin



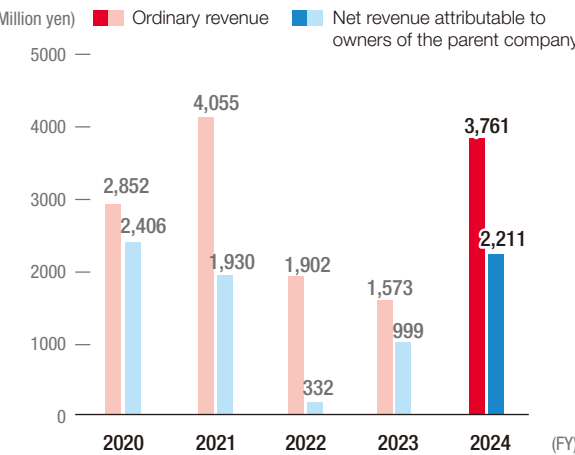
ROE / ROA



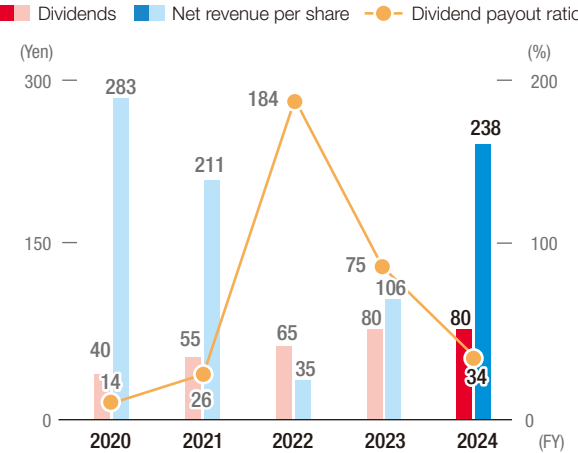
Sales Ratio by Business



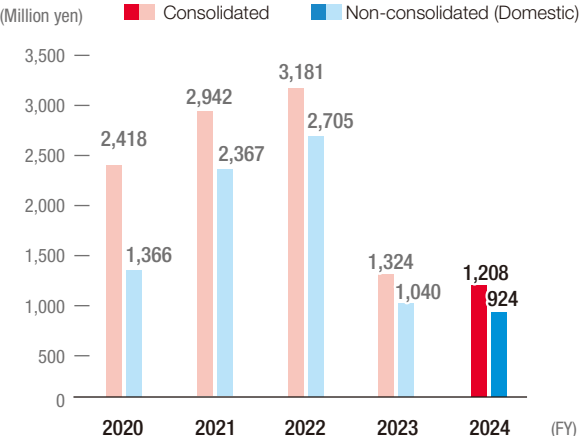
Ordinary profit/Profit attributable to owners of parent



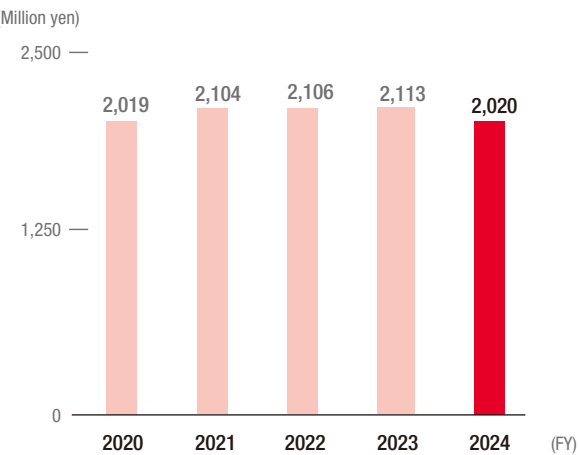
Dividends / Net revenue per share / Dividend payout ratio



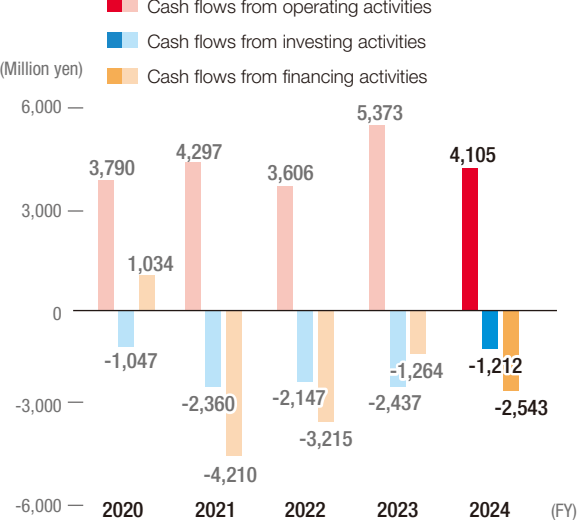
Capital investment



R&D expenditure

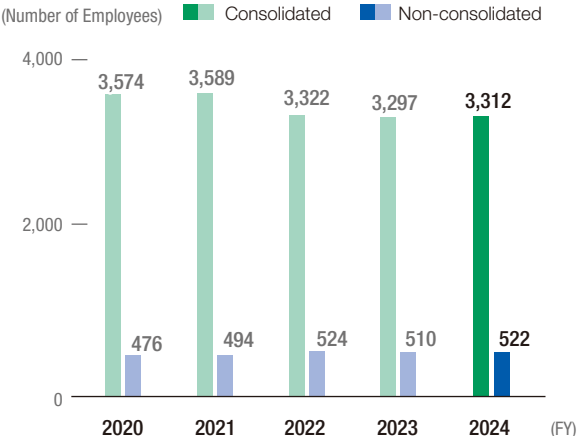


Cash Flow Trends

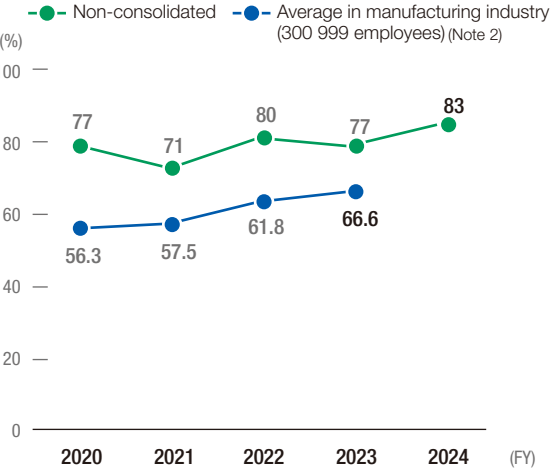


Non-Financial Highlights

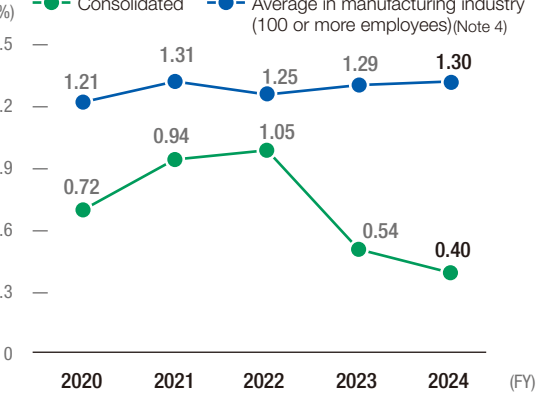
Number of Employees



Annual Leave Acquisition Rate (Note 1)



Frequency of occurrence of industrial accidents (Note 3)



(Note 1) "Usage Rate" is total number of days of annual paid leave taken/total number of days granted x 100 (%). "Number of days of paid leave taken" is the number of days actually taken in a single year. "Number of days granted" excludes the number of days carried over.

(Note 2) Source: [Ministry of Health, Labor and Welfare] General Survey on Working Conditions: Average across all industries (300-999 employees)

(Note 3) Number of work-related casualties per million total actual working hours resulting in one or more days of lost work or loss of a body part or its function

(Note 4) Source: [Ministry of Health, Labor and Welfare] Survey on Industrial Accidents (Survey on establishments with 100 or more employees) and survey on general construction)

Value Creation Process

The NCI Group is committed to creating values through its business and corporate activities in order to contribute to a sustainable society. Under the Medium-term Management Plan “NCI KIRARI 2025,” we have defined focus areas and strategic markets as our growth strategy and are promoting our business plan.

Inputs

*As of March 31, 2025
*Figures are consolidated

Financial Capital

Adequate financial strength

Net assets: 37,906 million yen
Equity ratio: 56.4%

Manufacturing Capital

Global manufacturing base structure

Number of overseas manufacturing bases: 7
Number of domestic manufacturing bases: 8

Intellectual Capital

Core technologies: Resin Polymerizing Technology ,
Films and Sheetings Technology, Ceramic Firing
Technology

Number of registered patents: 739

Human Capital

Diverse human resources to support value creation

Total number of employees: 3,312
Number of employees at overseas offices: 2,349
Ratio of female employees: 40% / Ratio of female managers: 13%

Social Capital

Long-standing relationships of trust cultivated
with stakeholders and local communities in
each country

Wide range of business partners: semiconductors,
electronic devices, automobiles, pharmaceuticals,
steel, electric power, construction, etc.
Number of business partners: Approximately
5,000 companies

Natural Capital (For FY2024)

Energy consumption

Total electricity consumption: 89,525 MWh
Water consumption: 5,060,000 t

Medium-term Management Plan

“NCI KIRARI 2025”

Business Segment

Electronic and Functional Products

Films and Sheetings Products

Construction Materials Related

Engineering

Focus area

Electronics

Semiconductors

Electronic Devices

Safety

Environment

Life

Mobility

Reinforcement of R&D Structure

Promotion of SDGs Management

Promotion of DX measures

Initiatives to Support

Growth Strategies

Pursuit of “Outstanding values = One & Only”

Contribute to a sustainable society and achieve growth by pursuing technologies of outstanding values and providing products of outstanding values.

Value Creation

Economic Value
(FY2025 plan)

Net sales — 62 billion yen

Operating profit — 7 billion yen

ROE — 12% or more

D/E Ratio — X0.5 or less

Social Value

Through business activities

Development of social and industrial digital infrastructure
Realization of healthy living and a safe and secure society
Achieving carbon neutrality

Through corporate activities

Achieving carbon neutrality
Coexistence and co-prosperity with local communities
Increased feeling of satisfaction and reward for employees

Progress of the Medium-term Management Plan “NCI KIRARI 2025”

Outline

In order to realize our vision for 2030, “A corporate group of outstanding value that contributes to a sustainable society,” we have formulated a Medium-term Management Plan “NCI KIRARI 2025” in May 2025. Under “NCI KIRARI 2025”, we will contribute to a sustainable society in the new normal era and achieve growth by pursuing technologies of outstanding values and providing products of outstanding values.

What we want to be in 2030

A corporate group of outstanding value that contributes to a sustainable society

New Medium-term Management Plan “NCI KIRARI 2025” has been established with an aim at “Sustainable Growth in the New Normal Era”

Pursuit of “Outstanding values = One & Only”

Contribute to a sustainable society and achieve growth by pursuing technologies of outstanding values and providing products of outstanding values.

Financial Targets

We aim to achieve the FY2025 performance targets set forth in the medium-term management plan “NCI KIRARI 2025” within the next medium-term management plan period.

	FY2024 Results		FY2025 Results Forecast		“NCI KIRARI 2025” FY25 Financial Targets
Net sales	48.7billion yen	▶	49billion yen	▶	62billion yen
Operating profit	3.5billion yen	▶	3.3billion yen	▶	7billion yen
ROE	6.5%	▶	6.3%	▶	12%or more
D/E Ratio	x0.28	▶	x0.27	▶	x0.5or less

Strategy

Chemical electronics materials used in the manufacturing process of semiconductors and electronic devices that make the world more convenient. Film materials that play an active part in the drug substance and safe-mobility markets that contribute to the safety and security of the world. We have designated these products, which are the Group’s strengths, as growth drivers, and have set “Electronics” and “Safety” as our focus areas.

Focus area	Strategic Market Areas	Growth Strategy
Electronics	Semiconductors Electronic Devices	Business growth by strengthening our ability to respond to high value-added products in high-growth markets.
Safety	Environment Life Mobility	Improved profitability by deploying engineering technologies and establishing a solid business foundation.
Initiatives to Support Growth Strategies		Reinforcement of R&D Structure Promotion of SDGs Management Promotion of DX Measures

Strategies in Focus Areas

Electronics

For chemical electronics materials, which support high functionality in semiconductors and electronic devices, we aim to expand the scale of business by further improving the level of technology and expanding supply capacity.

External Environment	Examples of specific strategies	Examples of growth drivers
<p>Growing demand for semiconductors and electronic device due to the spread of 5G and IoT and the evolution of ICT technologies.</p> <p>Growing demand for car electronics with the development of “CASE” and “ADAS”.</p> <p>Growing demand for consumer products represented by PCs, smartphones, game consoles, etc. in the New Normal.</p>	<p>Focus resources on existing growth drivers</p> <p>Promote Commercialization of next-generation growth drivers</p> <p>Strengthen R&D capabilities to create new growth drivers</p>	<ul style="list-style-type: none">Chemicals for Semiconductor MaterialsChemicals for Manufacturing of Electronic ComponentsAdditives for Semiconductor PhotoresistsSemiconductor Mold CleanerBinders for Electronic ComponentsCircuit Substrates for Electronic ComponentsNext Generation Prismatic Retroreflective SheetingsUltra Low Metal, High Purity Products <p>We are currently exploring new growth drivers for the next medium-term management plan.</p>

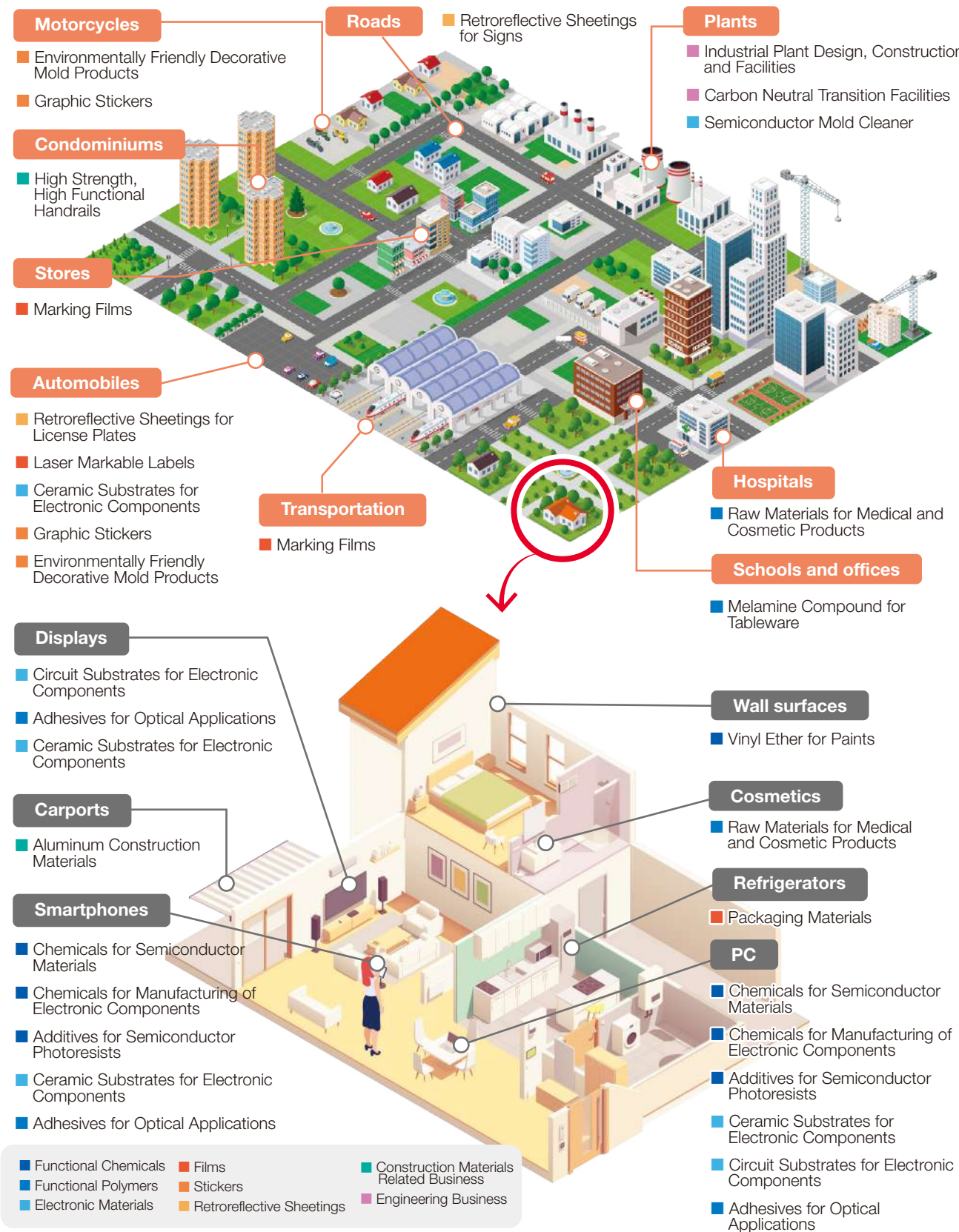
Safety

We aim to contribute to the development of a safe, secure and sustainable society through high value-added film functions and the application of engineering technology to carbon neutral transitions in order to respond to external environment.

External Environment	Examples of specific strategies	Examples of Growth Drivers
<p>Environment</p> <p>Life</p> <p>Mobility</p> <p>Growing interest in and demand for SDGs & carbon neutrality.</p> <p>Global aging/ Extension of healthy life expectancy</p> <p>Evolution of automated driving technology Development of transportation infrastructure in emerging countries</p>	<p>Deployment of engineering technology</p> <p>Development of new products and technologies to improve quality of life</p> <p>Multi-functional and high-functional films and sheets</p>	<ul style="list-style-type: none">Carbon Neutral Transition FacilitiesDrug SubstancesRaw Materials for Medical and Cosmetic ProductsHigh Strength, High Functional HandrailsEnvironmentally Friendly Decorative Mold ProductsNext Generation High Functional FilmsRetroreflective Sheetings for License Plates

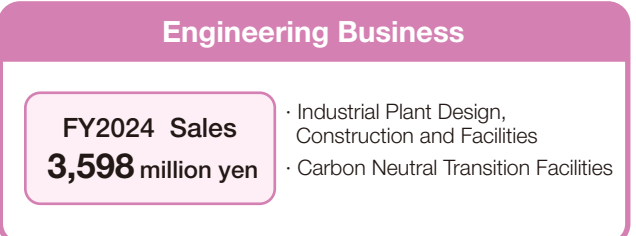
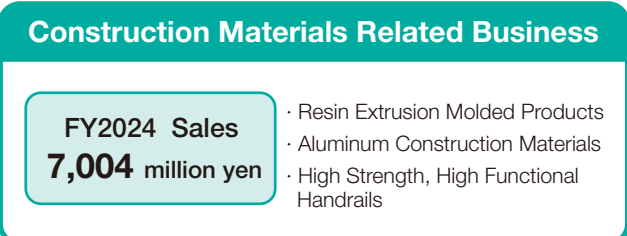
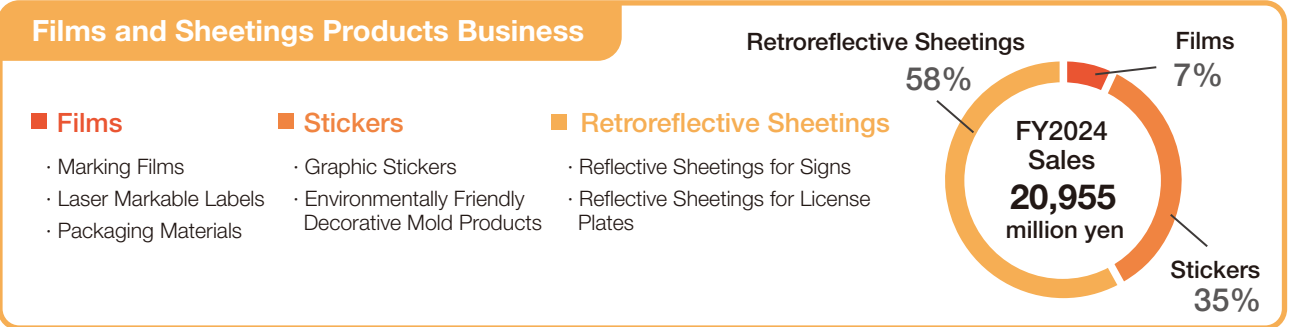
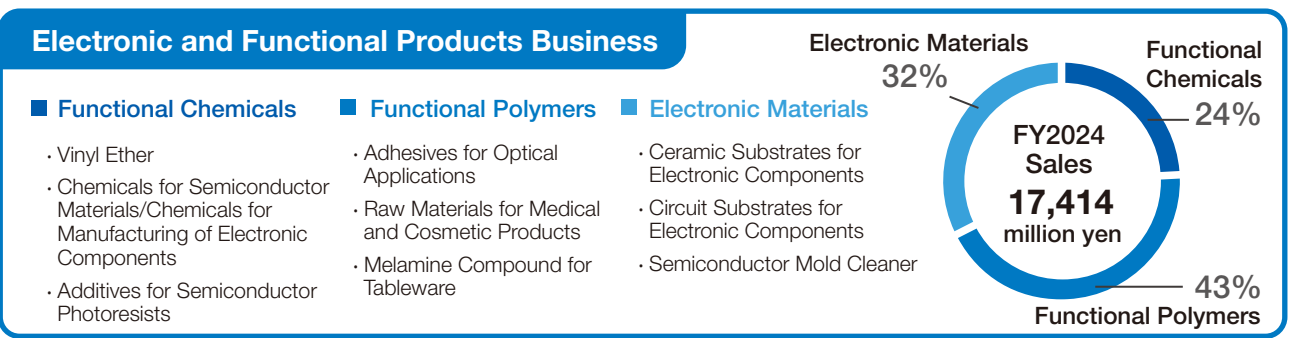
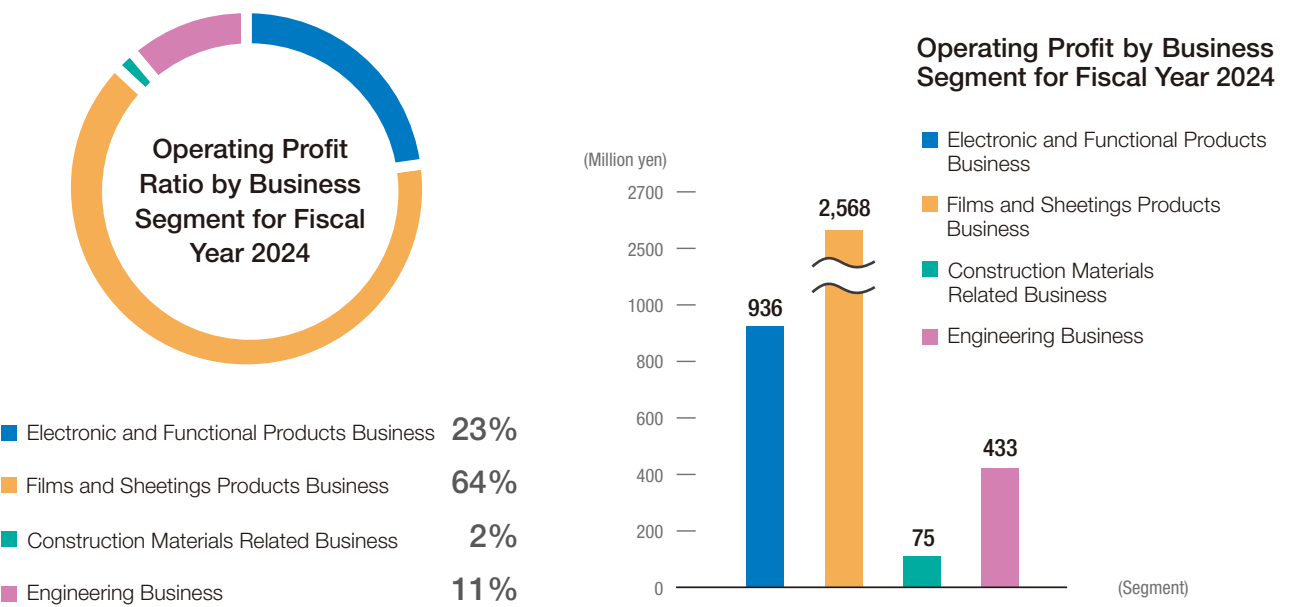
Our Products for Everyday Life

Our Group's products have been created through the fusion of our core technologies of "Resin Polymerizing Technology," "Films and Sheetings Technology," and "Ceramic Firing Technology". Our products are used throughout society and contribute to the lives of people around the world.



Four Businesses Supporting Nippon Carbide

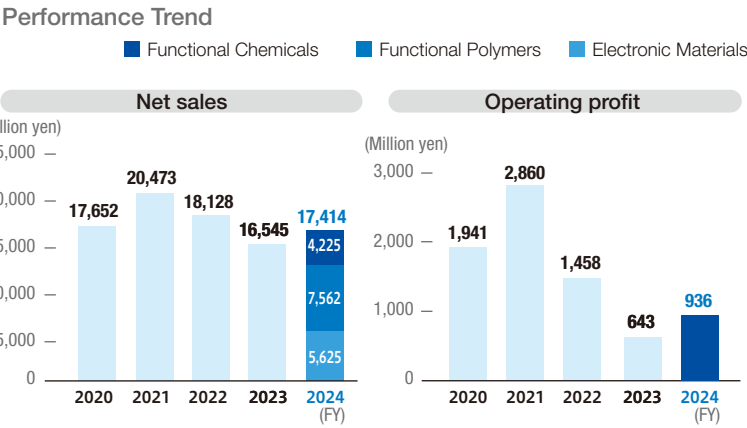
Our Group business is divided into four segments, namely, the Electronic and Functional Products Business, the Films and Sheetings Products Business, the Construction Materials Related Business, and the Engineering Business, each of which develops and manufactures a variety of products.



*The products listed are major products.

Business Performance by Segment

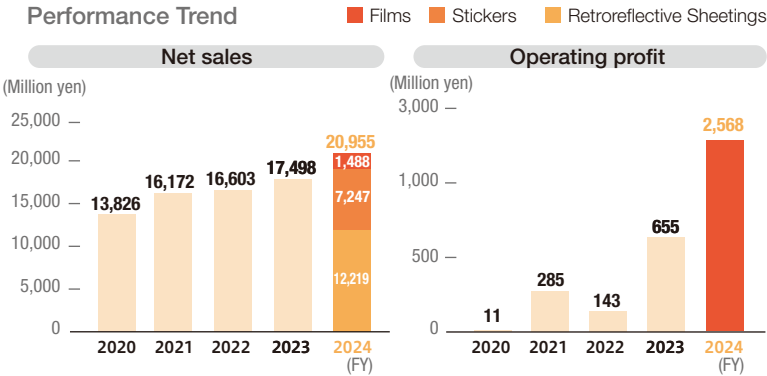
Electronic and Functional Products Business



OverView

This segment recorded increased revenue and profit compared to the previous period. Functional Chemicals saw increased shipments of products for semiconductors and electronic components, driven by a gradual recovery in the electronics market, resulting in higher revenue and profit compared to the previous period. Functional Polymers saw a positive impact on profitability from product price revisions in response to rising raw material costs. However, shipments of Adhesives for Optical Related Fields decreased due to delays in switching to next-generation products for the Chinese and domestic markets, resulting in a decrease in both revenue and profit compared to the previous period. Electronic Materials saw increased shipments of products for semiconductors and electronic components due to the gradual recovery of the electronics market. However, inventory reduction had a negative impact on profitability, resulting in increased revenue but decreased profit compared to the previous period.

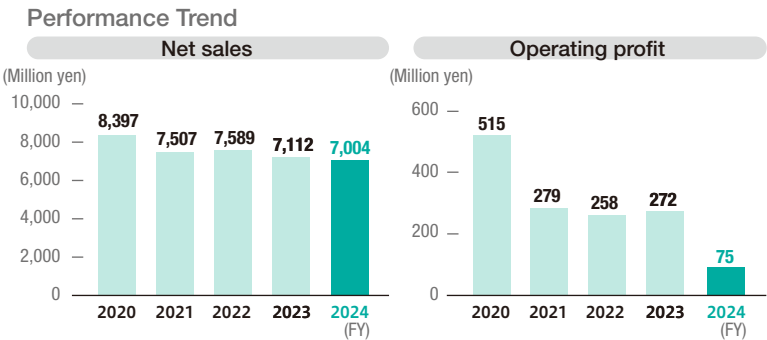
Films and Sheetings Products Business



OverView

This segment recorded increased revenue and profit compared to the previous period. Films revenue and profit increased compared to the previous period due to expanded sales in China, which boosted shipments of Laser Markable Labels. Stickers revenue and profit increased compared to the previous period due to increased shipments of motorcycle-related products, driven by higher motorcycle production volumes in Vietnam, Indonesia, and Brazil. Retroreflective Sheetings revenue and profit increased compared to the previous period due to expanded market share in Europe, which boosted shipments of products for license plates.

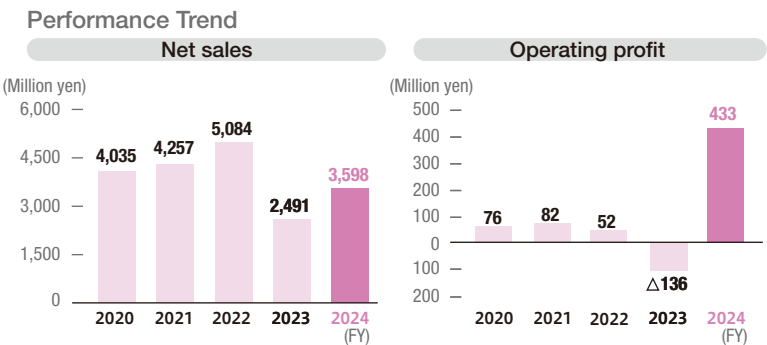
Construction Materials Related Business



OverView

Although shipments of resin extrusion molded products for housing fixtures increased due to rising demand for home renovations driven by the energy-saving subsidy program, segment sales revenue decreased compared to the previous period due to lower sales of aluminum building materials resulting from a decline in housing starts. Segment profit decreased compared to the previous period due to higher raw material costs caused by the surge in aluminum ingot prices.

Engineering Business



OverView

Sales increased due to higher orders for Carbon Neutral Transition Facilities for the iron and steel sector. Additionally, cost reductions from improved procurement efficiency positively impacted profitability. Consequently, this segment's sales revenue increased year-on-year, and segment profit also rose year-on-year.

Business Strategy by Segment

Electronic and Functional Products Business



Electronic and Functional Products Division Senior General Manager Yokota Yuichi

Main Products

- Functional Chemicals**
 - Chemicals for Semiconductor Materials
 - Chemicals for Manufacturing of Electronic Components
 - Additives for Semiconductor Photoresists
 - Vinyl Ether
- Functional Polymers**
 - Adhesives for Optical Applications
 - Raw Materials for Medical and Cosmetic Products
 - Melamine Compound for Tableware
- Electronic Materials**
 - Ceramic Substrates for Electronic Components
 - Circuit Substrates for Electronic Components
 - Semiconductor Mold Cleaner

Business Strategy

We will thoroughly pursue "Outstanding values = One & Only" and promote high value-added products in the focused electronics area and the creation of new products in the focused safety area by deepening our proprietary technologies.

Key Challenges and Actions toward Achieving "NCI KIRARI 2025"

Areas	Key challenges	Key Initiatives for Fiscal Year 2025
Strategic Markets	Expanding sales of high-value-added products, primarily those for semiconductor materials and electronic devices	Promoting product development with customers in the electronic devices and advanced semiconductor fields
Others	Expanding sales of Adhesives for Optical Applications and other products in the Chinese market	Strengthen R&D backup structure in Japan and technical services in China

Growth drivers

	Applications	Characteristics
Chemicals for Semiconductor Materials/Chemicals for Manufacturing of Electronic Components ■ Functional Chemicals	Surface treatment agents for semiconductor substrates and additives for encapsulating resins. Prevents metal surfaces used for wiring from rusting and improves adhesion to resin, thereby contributing to improved reliability of semiconductors, which are becoming finer and more multilayered.	Our refining and particle shape control technologies achieve the high purity and high quality demanded by our customers.
Additives for Semiconductor Photoresists ■ Functional Chemicals	Additives to photoresists used in the formation of wiring patterns for semiconductor integrated circuits	We have de-metallisation technology at the ppb (parts per billion) level and have a global market share of approximately 70% (according to our own research) for negative photoresist additives.
Raw Materials for Medical and Cosmetic Products ■ Functional Polymers	Poultice, materials for mascara products, etc.	Registered in the "Drug Master File (DMF)" and can be supplied for medical products
Circuit Substrates for Electronic Components ■ Electronic Materials	Substrates for timing devices and fuse substrates for lithium-ion batteries	Printing electrodes, resistive elements, protective films, etc. on alumina ceramic substrates to make circuits.
Semiconductor Mold Cleaner ■ Electronic Materials	Cleaning materials for molds used in the semiconductor manufacturing process	We have the largest share with approximately 50% of the global market share (according to our own research).

Films and Sheetings Products Business



Advanced Films Division
Senior General Manager
Hiroshi Miyake

Main Products

Films

- Marking Films
- Laser Markable Labels
- Packaging Materials

Stickers

- Graphic Stickers
- Environmentally Friendly Decorative Mold Products

Retroreflective Sheetings

- Reflective Sheetings for Signs
- Reflective Sheetings for License Plates

Business Strategy

We will thoroughly pursue “Outstanding values = One & Only” to expand sales of films and sheetings products with an eye on the global market, and promote the creation of new products that can contribute to a sustainable society.

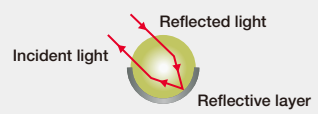
Key Challenges and Actions toward Achieving “NCI KIRARI 2025”

Areas	Key challenges	Key Initiatives for Fiscal Year 2025
Strategic Markets	<ul style="list-style-type: none">Expanding new business opportunities in Next Generation High Functional Films and Environmentally Friendly Decorative Mold Products.	<ul style="list-style-type: none">Expanding the high-function label performance cultivated through the development of products for automotive applications into the electronics market, etc., and adding further value to these productsStrengthening the entry of environmentally friendly 3D Emblems, cultivated through the development of products for motorcycles, into the automotive market.
Others	<ul style="list-style-type: none">Expanding sales of retroreflective sheetings for the graphic arts market in the U.S.	<ul style="list-style-type: none">Expanding collaboration with major distributorsAdapting to a wide variety of substrates by improving adhesion performance

Growth drivers	Applications	Characteristics
Laser Markable Labels (Next Generation High Functional Films)	Traceability and tamper-evident labels for automobile bodies and parts	We offer films for tamper-evident labels by imparting self-destructive properties.
3D Emblems (Environmentally Friendly Decorative Mold Products)	Emblems for motorcycles and automobiles, emblems for outdoor use	Highly flexible with excellent contour-following capability, they can accommodate not only continuous text but also individual letters separated one by one and diverse designs.
Retroreflective Sheetings for License Plates	Automobile license plates	We have one of the largest share with approximately 30% of the global market share (according to our own research).

What is retroreflection?

A reflection phenomenon in which incident light returns to the direction of incidence



Construction Materials Related Business



Vinyframe Industry Co. Ltd.
President Yoshizawa Nobutaka

Main Products

- Resin Extrusion Molded Products
- Aluminum Construction Materials
- High Strength, High Functional Handrails

Business Strategy

We will supply products that support safe and secure living by utilizing Handrail Fatigue Design Technology, and promote the creation of new environmentally friendly products that contribute to a sustainable society.

Key Challenges and Actions toward Achieving “NCI KIRARI 2025”

Areas	Key challenges	Key Initiatives for Fiscal Year 2025
Strategic Markets	<ul style="list-style-type: none">Expanding sales High Strength, High Functional Handrails for high-rise buildings	<ul style="list-style-type: none">Differentiation through product design that ensures high safety standards for upper floors
Others	<ul style="list-style-type: none">Expanding sales of carport products for EVsExpanding sales of LED lighting products (handrails and copings) to stores and commercial facilities	<ul style="list-style-type: none">Promoting product development tailored to regional characteristics such as snow-prone areas

Growth drivers	Applications	Characteristics
High Strength, High Functional Handrails	For high-rise buildings such as tower condominiums	High strength makes it resistant to damages caused by typhoons and other strong wind, and there are many design variations.

Engineering Business



Diamond Engineering Co. Ltd.
President Kunihiro Takao

Main Products

- Industrial Plant Design, Construction and Facilities
- Carbon Neutral Transition Facilities

Business Strategy

We will contribute to carbon neutral transition with our unique Powder Conveying and Blowing Technology, and respond to a wide range of customer needs.

Key Challenges and Actions toward Achieving “NCI KIRARI 2025”

Areas	Key challenges	Key Initiatives for Fiscal Year 2025
Strategic Markets	<ul style="list-style-type: none">Expanding business by capturing opportunities in carbon neutral transition field	<ul style="list-style-type: none">Leveraging our long-cultivated expertise in Powder Conveying and Blowing Technology to drive customer needs fulfillment
Others	<ul style="list-style-type: none">Expanding the EPC (Engineering, Procurement, and Construction) contract business	<ul style="list-style-type: none">Strengthening the cooperative relationships with customers through permanent presence at the facility

Growth drivers	Applications	Characteristics
Carbon Neutral Transition Facilities	Innovative development facilities related to carbon neutral transition for the iron manufacture industry/electric power industry.	We are expanding our contribution to GHG emissions reduction mainly through our high-precision Powder Conveying and Blowing Technology.


SDGs Management Initiatives

Sustainability Approaches and Initiatives


In order to realize our vision for 2030, “A corporate group of outstanding value that contributes to a sustainable society,” we have formulated a Medium-term Management Plan through “NCI KIRARI 2025”. Under the Plan, we consider the SDGs as an important goal for sustainability management, and have established materialities that are closely related to our mission of “Creating new value with our technological capability, we help make society more prosperous,” and that will lead to our contribution to the SDGs. We will provide a wide range of valuable products by mastering and integrating the technologies we have cultivated over the years, and by realizing the materialities, we will strive to sustainably enhance our corporate value and realize a sustainable society.

Five Materialities

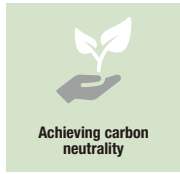
We have identified five materialities (important issues) that are closely related to the realization of our Group’s mission (Creating new value with our technological capability, we help make society more prosperous), based on our understanding of changes in social interests and needs.




Development of social and industrial digital infrastructure




Realization of healthy living and a safe and secure society



Achieving carbon neutrality



Co-existence and Co-prosperity with Local Communities



Increased employee satisfaction and feeling of being rewarded

About the SDGs Promotion Committee

To achieve the materialities, we are working on SDGs management through the establishment of SDGs Promotion Committee in FY2023, chaired by the Representative Director, President and comprising all executive officers and presidents of major Group companies as well as the subcommittees under the Committee to study the realisation of each materiality. The subcommittees, which include Group companies, comprise members at the executive level from organisations related to each materiality across different organisations In principle, subcommittee meetings are held every two months to manage issues and progress towards achieving the themes for each member by implementing the PDCA cycle. The activities of the subcommittees are reported twice a year to the SDGs Promotion Committee, which discusses the direction and progress of the activities, and the content discussed by the SDGs Promotion Committee is reported to the Board of Directors for discussion and progress management.

SDGs Promotion Committee Structure

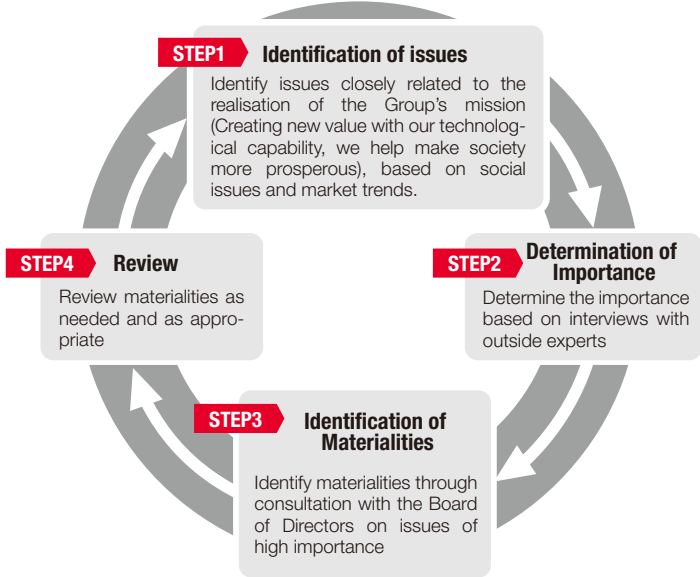
SDGs Promotion Committee

Chairman	Representative Director, President
Vice-Chairman	Representative Director, Vice President
Committee Members	All executive officers, presidents of major group companies












Subcommittees

- Development of social and industrial digital infrastructure
- Realization of healthy living and a safe and secure society
- Achieving carbon neutrality (opportunity)
- Achieving carbon neutrality (risk)
- Coexistence and co-prosperity with local communities
- Increased feeling of satisfaction and reward for employees

Materiality Identification Process




Business Activities

Social Interests and Needs	Materialities	Details of Initiatives	Relevant SDGs Targets
<ul style="list-style-type: none">Development of automated driving and control technologyDevelopment of ICT society	<p>Development of social and industrial digital infrastructure</p> 	<ul style="list-style-type: none">Identification of products contributing to information and communication equipment essential for a digital society.Verification of specific contributions to materialitiesSetting the target KPIs (sales figures for target products) and checking the progress <p>(Product examples: Azole Compounds, Ceramic Substrates for Electronic Components, Circuit Substrates for Electronic Components, Adhesive for Displays)</p>	<div></div> <div></div>
<ul style="list-style-type: none">Responding to infectious diseasesIncreasing healthy life expectancy	<p>Realization of healthy living and a safe and secure society</p> 	<ul style="list-style-type: none">Identification of products that contribute to healthy living and a safe and secure society.Confirmation of contribution to specific materialitiesSetting the target KPIs (sales figures for target products) and checking the progress.Promoting initiatives to reduce industrial waste as a corporate activity. <p>(Product examples: Retroreflective Sheetings for License Plates, Binders for Poultice, Aluminum Handrails)</p>	<div></div>
<ul style="list-style-type: none">Use of renewable energyPopularization of EVs	<p>Achieving carbon neutrality (opportunity)</p> 	<ul style="list-style-type: none">Identification of products that lead to GHG emission reductionsSetting the target KPIs (GHG reductions and sales etc.) and checking the progressConfirmation of the basis for calculation of GHG emission reductionsConsideration of new business opportunities <p>(Product examples: Carbon Neutral Transition Facilities, EV Components)</p>	<div></div> <div></div>


Specific Product Examples

Development of social and industrial digital infrastructure

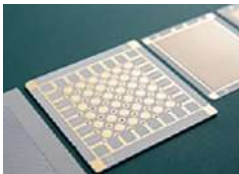
Azole Compounds
(Electronic Circuit Components)




Ceramic Substrates
for Electronic Components



Circuit Substrates
for Electronic Components



Adhesive for Displays



Realization of healthy living and a safe and secure society

Retroreflective Sheetings
for License Plates



Binders for Poultice



Aluminum Handrails




Achieving carbon neutrality (opportunity)












Carbon Neutral
Transition Facilities



EV Components



Business Activities

Social Interests and Needs	Materialities	Details of Initiatives	Relevant SDGs Targets
<ul style="list-style-type: none">● Consideration for the natural environment● Reduction of environmental impact● Disclosure of environmental indices	<p>Achieving carbon neutrality (risk)</p> 	<ul style="list-style-type: none">● Establishment of roadmap to reduce GHG emissions by 46% in FY2030 compared to FY2013● Quantification of migration risk/physical risk and study of countermeasures● Study of calculation methods for emissions from each product● Confirmation of progress in GHG emissions reduction efforts	<div></div> <div></div>
<ul style="list-style-type: none">● Revitalization of local community● Creation of local employment● Regional environmental response	<p>Coexistence and co-prosperity with local communities</p> 	<ul style="list-style-type: none">● Promotion of activities that contribute to community vitality, safety, environment, health, and education● Setting the policies and annual goals for each contribution activity and checking the progress● Expansion of awareness of the Group through community interaction	<div></div>
<ul style="list-style-type: none">● Human capital management● Achieving work-life balance● Promotion of diversity● Promotion of Health Management	<p>Increased feeling of satisfaction and reward for employees</p> 	<ul style="list-style-type: none">● Promotion of human capital management (diversity, human resources development, personnel system reform)● Promotion of Health Management, reformation of work styles, and improvement of workplace environment● Setting the targets and fiscal year for achievement of initiatives for each theme, and checking the progress	<div></div> <div></div>

Increased feeling of satisfaction and reward for employees



Solar power generation facility installed at 恩希愛 (杭州) 薄膜有限公司/NIPPON CARBIDE INDUSTRIES (Hangzhou) CO., LTD.

Regarding solar power generation facilities, which are initiatives to reduce GHG emissions, operations commenced at 恩希愛 (杭州) 薄膜有限公司/NIPPON CARBIDE INDUSTRIES (Hangzhou) CO., LTD. in December 2023, in addition to the existing facilities at the Uozu Factory (Toyama Prefecture) and ECT (Thailand).



Solar power generation facility installed at Uozu Factory



Solar power generation facility installed at ECT (Thailand)

In addition, four Group companies in Toyama Prefecture have partially switched to green power, and the Brazil Factory has switched to wind-generated power. As a result, GHG emissions at the Brazil Factory in FY2024 were reduced by 86% compared to the level before the switchover. Through these efforts, we will continue to proactively reduce GHG emissions.



Wind power generation used at the Brazil factory (Photo is for illustrative purposes only)

Environment



We shall actively work to preserve the global environment and strive to preserve the environment in all of our corporate activities.

Based on this environmental policy, our Group's code of conduct regarding the environment, which all directors and employees must comply with, is "We shall comply with environmental laws and regulations, always pay attention to environmental preservation, and cooperate with the company's measures to reduce the burden on the environment at every stage of our operations, from technology development, product design, procurement, production, sales, transportation, use and disposal, to recovery."

Disclosures of Information on Climate Change Response

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group conducts appropriate information disclosures on "Governance," "Risk Management," "Strategy," and "Indicators and Targets". By recognizing and analyzing the risks and opportunities of climate change, we will take concrete measures and take action toward the early realization of a decarbonized society.

Governance

Climate change-related issues are discussed by the Risk Management Committee and reported regularly to the Board of Directors. The Risk Management Committee has put in place a system to deal with climate change in an appropriate manner by establishing the TCFD Promotion Team as a working-level discussion and response organization to deal with climate change-related issues. The Board of Directors receives the reports, conducts monitoring and continuously supervises activities aimed at addressing climate change, and setting and achieving GHG reduction targets.



Risk Management

The Risk Management Committee, with the Corporate Planning Department acting as its secretariat, has established a system to appropriately address important risk issues related to sustainability in general. The Risk Management Committee identifies important risks each year and determines which departments and divisions are responsible for addressing them. The Risk Management Committee meets four times a year to receive reports on countermeasures, action plans, progress, etc., for each issue from the department or division in charge, and to reduce risks through deliberations at meetings attended by all executive officers. The Board of Directors is in a position to supervise the Risk Management Committee, receiving reports twice a year from the committee, and is involved in overall risk activities, including basic risk management policies, identification of important risks, determination of important measures, monitoring of measures and instructions for improvement.

Strategies

Our Group aims to grow sustainably with society through contributing to resolutions of issues related to climate change impacts and mitigation and other climate change-related issues, and recognizes that addressing climate change is an important sustainability issue. We have examined the risks and opportunities of climate change impacts under the scenarios of average temperatures of "4 °C" and "less than 2 °C". As a result, we have identified risks including the introduction of carbon tax, increased energy costs, increased investment in renewable energy and energy-saving facilities, and damage to facilities due to more severe natural disasters. In addition, we are expecting opportunities including increased demand for decarbonization facilities and zero-carbon steel, increased EV-related demand, and increased demand for hydrogen fuel production facilities.

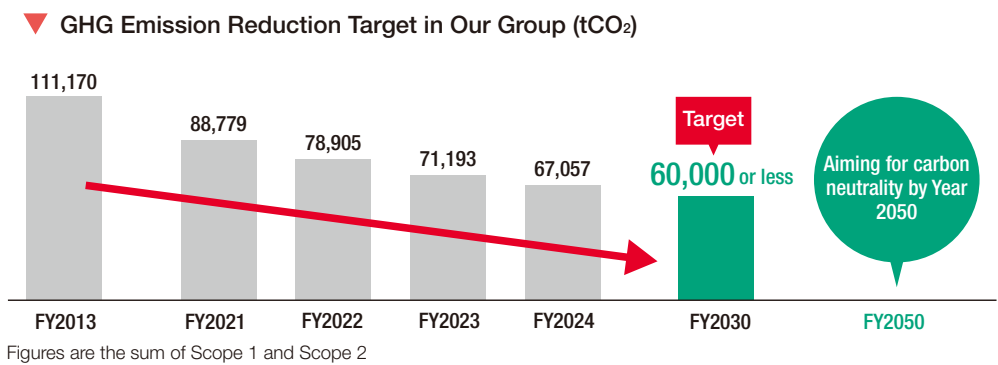
Our Group will continue to mitigate risks by responding in a timely manner to changes in global warming policies and other factors, and aim for sustainable growth and increased corporate value through initiatives that contribute to further mitigating the effects of climate change.

Overview of risks and opportunities related to climate change

Type	Description		Impact	Response
Transition risk	Policy and Regulation	● Rise in energy and raw material costs due to the introduction of carbon tax	Medium	● Active promotion of energy-saving activities ● Introduction of solar power generation ● Conversion to renewable energy ● Scope 3 reductions through collaboration with suppliers ● Price pass-through
		● Increase in capital investment and other costs to implement measures in order to achieve GHG emission reduction targets		● Formulation of systematic capital investment plan
	Market	● Intensifying competition with entrant manufacturers in terms of technology and cost toward establishing new manufacturing methods for key products ● Increase in logistics costs due to higher energy prices	Medium	● Promoting the investigation and establishment of new manufacturing methods ● Encouraging delivery companies to adopt EVs ● Review of delivery methods
	Technology	● Declining competitiveness due to delays in research and development of new technologies	Medium	● Promoting research and development of new technologies to address climate change
Physical Risks	Reputation	● Due to strengthened measures by our business partners, a decline in product demand resulting from delays in GHG emissions reduction	Small	● Certain achievement of GHG emission reduction targets
	Chronic	● Increase in cooling costs due to higher average temperatures	Small	● Increase in cooling efficiency (e.g., by switching equipment)
Opportunities	Acute	● Water damage at production facilities and disruption of supply chains due to severe flooding caused by intensifying extreme weather events	Large	● Assumption of disaster level at each site ● Study and reinforcement of disaster prevention measures tailored to each disaster level
	Resource efficiency	● Reduced energy costs through the introduction of new energy-saving and renewable energy technologies	Medium	● Achieving increased competitiveness through proactive introduction of new technology
	Reputation	● Increase in sales by switching to a product lineup with higher added value in terms of environmental aspects	Medium	● Timely product development ● Preparation of production capacity to meet demand
	Products, Services, etc.	● Increase in EV-related demand ● Increase in demand for solid state batteries ● Increase in demand for decarbonization equipment and zero-carbon steel ● Increase in demand for hydrogen fuel production facilities	Medium	● Timely product development ● Preparation of production capacity to meet demand

Indicators and Targets

As part of our efforts to prevent global warming, our Group aims to reduce GHG emissions and achieve carbon neutrality. By promoting initiatives such as the use of renewable energy from solar power generation and other sources, promotion of process efficiency reforms, recovery and reuse of waste heat, fuel conversion, switching to energy-efficient equipment, and conversion to green power, we aim to reduce GHG emissions by 46% from the fiscal 2013 level by FY2030 and to become carbon neutral by 2050.



Human Rights

Views on Human Rights

Our group aims to create value through technological strength of outstanding value and contribute to the development of a sustainable society, recognizing that respect for human rights is an indispensable element. The Group has established a Human Rights Policy to ensure that it understands the human rights of all people involved in its business activities and that it fulfills its responsibility to respect human rights. (see our "Human Rights Policy" at <https://www.carbide.co.jp/cms/wp-content/uploads/2025/08/20250730-NCIグループ人権方針.pdf>)

Respect for Human Rights

To ensure that our Group's business activities do not adversely impact the human rights of various internal and external stakeholders, we not only refrain from human rights violations ourselves but also encourage stakeholders, including business partners, to commit to respecting human rights in accordance with this policy. The Group understands the purpose of the United Nations International Bill of Human Rights, the Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, etc., and respects human rights.

Human Rights Due Diligence

In order to respect human rights, the Group will conduct human rights due diligence on identified human rights issues. In addition to ensuring that we ourselves do not commit human rights violations, we will strive to reduce the risk of human rights violations by our stakeholders, including our suppliers and other business partners. If it becomes clear that the Group has caused or encouraged human rights violations, we will work to correct and remedy such violations.

Human rights issues related to business activities

We will promote efforts to address the following human rights issues related to the Group's business activities.

- Discrimination
- Harassment
- Forced labor
- Child labor
- Freedom of association and right of collective bargaining
- Occupational health and safety
- Working hours and wages
- Mineral procurement

Complaint Handling Mechanism

In response to any actual or suspected violation of human rights in the Group's business activities, we have established a whistleblower hotline, which is available to internal and external stakeholders. Upon receiving a report or allegation that human rights are not being respected, we will conduct an appropriate investigation and take initiatives and approaches to correct the situation.

Dialogue with Stakeholders

The Group will address issues related to human rights by utilizing outside expertise and engaging in ongoing dialogue with relevant internal and external stakeholders.

Education and Awareness-raising Activities

The Group will work to raise awareness of human rights, strive to ensure that its officers and employees have a correct understanding of human rights and issues related to human rights, and provide necessary education and skills development to its officers and employees.



Human Resources



Human Resources Policy

Based on the belief that human resources are the cornerstone of all our business activities, our Group is actively working to improve the workplace environment, secure diverse human resources, develop human resources, and promote career development so that our diverse workforce will have confidence and pride in their work, and through mutual cooperation, can maximize their abilities and create synergy to realize growth and success. We are actively working on securing diverse human resources, human resource development, and career development.

Human Resources Strategy

In order to realize our vision for 2030 and achieve full-fledged growth, the Group has established the basic policy for our Medium-term Management Plan as the pursuit of “Outstanding values = One & Only,” and we will contribute to a sustainable society and achieve sustainable growth by mastering technologies of outstanding values and providing products of outstanding values.

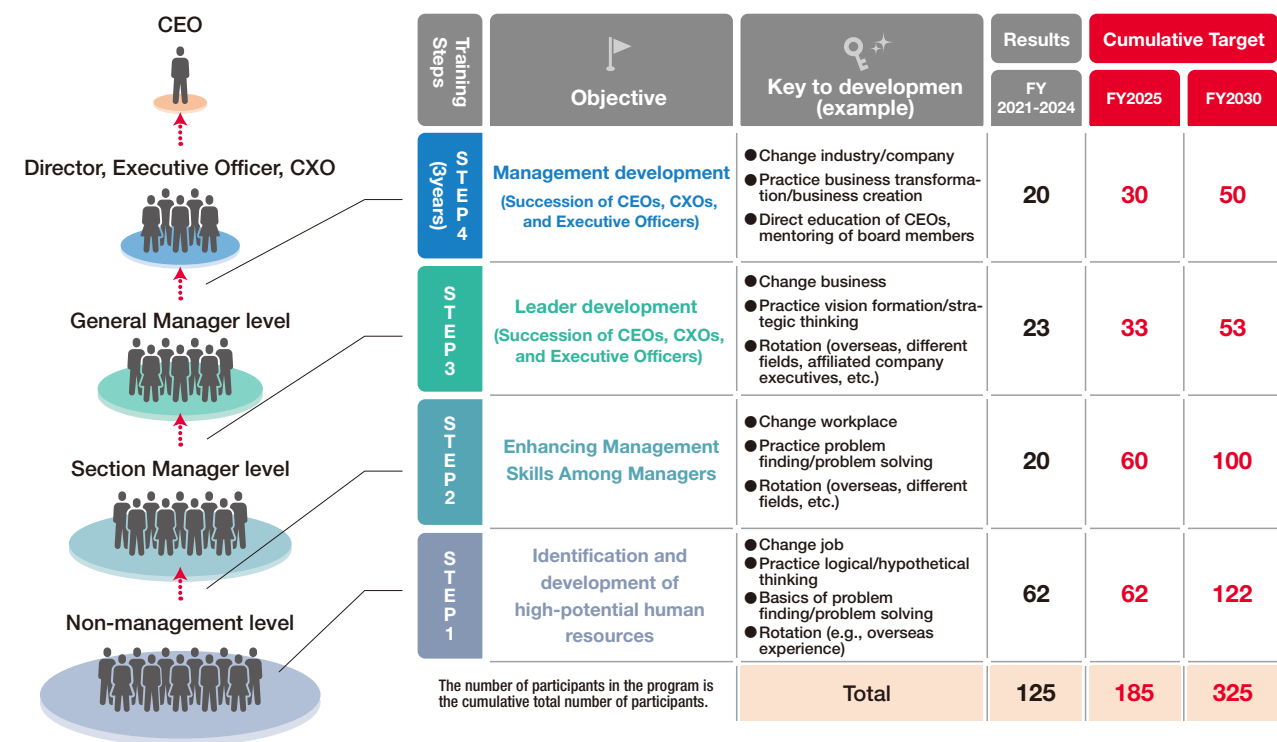
To this end, it is important to improve our technology level, add value to our products, expand our supply capacity through capital investment, and develop new markets and create new products in the strategic markets of our focus areas. We will also focus on market development using our global bases.

In order to realize these business strategies, we will steadily implement the following measures: “systematic development of business leaders and global leaders,” “securing excellent human resources and ensuring human resource development,” “fostering an organizational culture that takes on the challenge of new initiatives and accomplishes them with ‘One-NCI,’” and “creating a comfortable work environment where employees can fully demonstrate their abilities.”

Systematic development of business leaders and global leaders

For the expansion of our Group’s business, it is essential to develop business leaders and global leaders who can explore new markets and create new products. We are developing business leaders and global leaders through the Next Generation Management Development Program and the Global Human Resource Development Program.

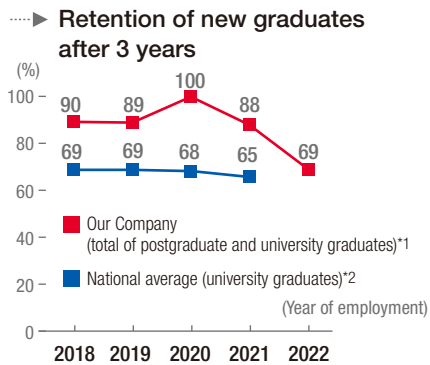
Next Generation Management Development Program (starting in FY2021)



Securing excellent human resources and ensuring human resource development

Recruiting excellent human resources (Recruitment and Retention)

In the midst of fierce competition for human resources and the ever-increasing mobility of human resources, we intend to make our Company a place where diverse and talented people can gather. When conducting new graduate and career recruitment, we will continue to carefully provide job applicants with the information each of them need to know so that they can join the Company with a sense of satisfaction. In addition, we are strengthening mid-career recruitment in order to hire personnel with diverse experience, knowledge, and expertise. Furthermore, we have introduced a reemployment system in FY2022. We will continue to improve our system so that we can respond to the needs of our employees who wish to experience multiple companies and then choose a Company where they can work for a long time. In addition, we aim to increase the ratio of female employees to more than 30% as a target to ensure diversity in our workforce.



*1 Percentage of new graduates hired in April of each year who are still with the Company 3 years later.
*2 Ministry of Health, Labour and Welfare, Job Turnover of New Graduates (March 2021 Graduates) (Published in October 2024) (figures are rounded to the nearest whole number)

Ensuring human resource development

The Company is working in unison from the person in charge of education to all executive officers to develop young employees through the operation of the young employee development program and other measures aimed at fostering top-notch engineers and other excellent human resources.

Young Employee Development Program

To help young employees grow into first-class human resources, we have implemented a young employee development program. We set individual mid- to long-term future visions (outlines) for training, create a one-year training plan each year, and provide daily work guidance by the person in charge of education. In addition, based on the policy that the entire Company, including management, is responsible for training young employees, once a year, we have young employees present their achievements for the year and the person in charge of education present the training policy and the progress of the training plan at a debriefing session attended by all executive officers. Executive officers confirm the growth of young employees and provide necessary advice and guidance to young employees and persons in charge of training, thereby strengthening the Company’s training capabilities.

Human Resource Development Initiatives at R&D Centers

In order to pursue technologies of outstanding value, we are making efforts to improve our technical capabilities through R&D discussion meetings, technical study sessions, patent education, and CI activities.

- 1 R&D Discussion Meetings**
This is an activity for researchers up to mid-career to present the contents and issues of the development theme they are in charge of and receive opinions and advice from other researchers.
- 2 Technical study sessions**
Researchers of mid-career and above are invited to conduct research on products, technologies, and markets of interest to them, as well as technologies that could be used by the Company to create new products, and to present their findings. The purpose of this activity is to deepen technological knowledge outside of one’s own field of expertise and to take advantage of synergies.
- 3 Patent education**
In order to achieve the target number of patent applications by 2025, we provide patent education for young researchers up to their third year with the company, with the goal of filing applications.
- 4 CI (Creation/Innovation) activities**
We are conducting free research activities by teams composed of researchers from different technical fields, with the goal of creating new themes that should become new growth drivers for our company (activities are generally conducted on an approximately one-year basis).

Fostering an organizational culture that takes on the challenge of new initiatives and accomplishes them with One-NCI

Ensuring Diversity

We believe that in order to innovate, increase corporate value, and achieve sustainable growth, it is important to respect the individuality of each employee, and to enable human resources with diverse experience, knowledge, and expertise to freely express their ideas and play an active role, regardless of gender, nationality, or age. We further believe that it is important for employees to be able to exercise their abilities to the fullest by providing support and fair opportunities that take into consideration the differences of each employee and his/her situation. We will work to foster an organizational culture and strengthen our organizational structure to realize these goals.

Establishment of KPIs to ensure diversity

One of the key issues in our medium-term management plan is "promotion of diversity," and we have set KPIs for the utilization of female, non-Japanese, and career hires. Regarding the challenge of increasing the proportion of women in management positions, we are implementing measures such as ensuring a minimum of 30% female representation in new hires, establishing a new DE&I Promotion Team to support the career development of female employees, and setting specific targets for each company within our group.

Establishment and activities of the DE&I Promotion Team

We have established a DE&I Promotion Team with the aim of promoting DE&I (Diversity, Equity & Inclusion) in 2023. We will work to promote DE&I, including activities to support the career development of female employees.

Initiatives for Employment of the Elderly

We have a re-employment system in place for employees who retire at the age of 60, and who wish to continue working until the age of 65. We re-employ them in positions where they can make use of their many years of experience, and we evaluate them in the same way as our younger employees, and reflect the results of these evaluations in their remuneration. Furthermore, while we do assume that there will be a generational change, we also make use of personnel regardless of age, and we appoint people over the age of 60 to important positions such as department manager, based on the idea that the right person should be in the right place. Furthermore, from April 2024, we have changed our system so that employees who are 65 years old or older and who have been specially approved by the Company can be rehired until they are 70 years old, if they are deemed necessary for the Company's business operations.

Operation of childcare/nursing care leave system

We have implemented a childcare/nursing care leave system to prevent career discontinuation due to childbirth, childcare, or nursing care. In accordance with the revision of the Act on Child-care Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members in 2022, we are promoting the use of childcare leave for male employees by revising regulations in accordance with the changes in the Act and by informing employees of the revised Act. The childcare leave utilization rate for FY2023 is as follows.

Company: 100% for female employees, 69% for male employees
Group: 100% for female employees, 61% for male employees

Ensuring Diversity

Diversity KPI

Ratio of female managers

Classification	Actual number			Target	
	FY2022	FY2023	FY2024	FY2025	FY2030
Our Group	13%	13%	13%	15%	20%
Our Company	2.4%	2.2%	3.7%	5%	10%

A personnel system that places importance on challenges

We provide fair personnel treatment through a personnel system that motivates employees to take on challenges, so that each and every employee can feel a sense of fulfilment and work with vitality. In addition, we have an internal entry system, internal job openings, and self-assessment sheets that enable the right people to take on the work they want to do at the right place at the right time.

Conducting an Industrial Engineering (IE) Contest for Talent Development

As part of our productivity improvement activities aimed at developing human resources, we continuously hold IE contests primarily for employees in the manufacturing departments of our domestic group companies. IE refers to the methods and techniques for efficiently providing attractive products. Bringing participants together across workplaces, these contests also serve as a platform for invigorating personnel exchange. In the fourth contest held in July 2025, participants first determined manufacturing strategies based on given prerequisites, then repeatedly cycled through design, development, and prototyping to produce a "dart." Participants devised solutions considering not only ease of flight toward the target and ease of sticking to the bullseye, but also mass-production feasibility. Through this exercise, participants gained a tangible understanding of the importance of collaboration and analysis, and how failure can lead to success. We hope this fosters a workplace culture where proactive proposals and actions, without fear of failure, become widespread. Moving forward, we will continue our productivity improvement activities while cultivating problem-solving thinking, communication skills, and judgment skills.



Creating a comfortable work environment in which employees can fully demonstrate their abilities

Creating a comfortable work environment

We promote the creation of a comfortable work environment in which employees can fully demonstrate their abilities. We conduct employee satisfaction surveys on a regular basis, and based on the results, implement workplace improvement activities to make the workplace a better place to work. We also promote the realization of work-life balance through the promotion of autonomous, efficient, and well-rounded work styles and support for employees with childcare or other circumstances.

Promoting the Realization of Work-Life Balance

Promotion of autonomous and efficient work styles
(flextime system, WFH system)

Promotion of a well-balanced work style
(Promotion of taking paid leave)

Support for employees raising children
(Shorter working hours for childcare)

Employee Engagement Survey and Workplace Improvement Activities

We conduct an employee engagement survey once every three years to determine how satisfied employees are with their organization, work environment, and job content. The results of the survey are reported to the Board of Directors, and a summary of the results is shared with employees through internal newsletters and other means. Based on the results of the survey, workplace improvement activities are implemented to improve the workplace, change the corporate culture to encourage employees to take on new challenges, and raise awareness of compliance and safety in the workplace. Meetings are held at each workplace to sort out issues faced by the workplace, discuss measures to address the issues, and implement initiatives in accordance with the action plan.



Creating a safe and secure work environment

Safety, quality, environment, and compliance are the basic premise of our business activities, and we cannot operate without safety. The Group not only complies with the Labor Standards Act and other labor-related laws and regulations, but also works to ensure the safety of all employees.

Health Management Initiatives

Our Company is committed to health management, including addressing an aging workforce and mental health issues, to ensure employees remain physically and mentally healthy and can perform at their best. In fiscal year 2024, all domestic group companies in Japan worked together toward certification as a "Health and Productivity Management Organization" and five domestic group companies achieved this certification.

Consultation service for various concerns

We have established an external consultation service as a preventive measure before mental disorder becomes apparent and as a measure to alleviate mental disorder. Mental disorders are the result of various stresses and worries. We ensure that employees and their families can consult with counselors and other specialists at any time on a wide range of issues, including workplace problems, family problems, interpersonal relationships, health problems, and any other kind of problems.

VOICE

Three Months of Childcare Leave in Two Installments



Diamond Engineering Co. Ltd.
Science Solution Department

Imon Natsuki

I had my first son in the fall of 2024, and I took childcare leave for a total of three months in two installments. I researched the baby's growth and the process of taking care of him beforehand, and decided when to take the leave systematically after consulting with my workplace, taking into consideration the timing of my wife's returning home from her parents' home, the start of weaning, and the busy season for my business. After returning to work, I am using the flextime system to balance work and childcare in cooperation with my wife. I am sincerely grateful to everyone at my workplace who warmly accepted and cooperated with my decision to take childcare leave.

Winning the Highest Gold Award for Business Efficiency through DX



Advanced Films Division
Planning and Management Office
Sugimoto Yasuko

Our office faced the challenge of significant workload in preparing monthly closing documents and other materials. To address this, we worked on efficiency improvements for several years. By creating and implementing systems leveraging digital transformation (DX), and continuously refining our approach, we achieved substantial efficiency gains. This led to our office receiving the highest gold award at the Workplace Improvement Activity Report Meeting. We believe the key factor in this success was the entire organization working together, consistently tracking progress each month, and maintaining a mindset of continuous improvement. We intend to keep improving and strive to remain a workplace that continues to grow.

Supply Chain Management

Basic Purchasing Transaction Policy

The Group will conduct fair and equitable procurement activities based on the following Basic Purchasing Transaction Policy.

Basic Purchasing Policy

1 Fairness, Impartiality, Transparency

We provide our business partners with fair and impartial opportunities for trade. We select our business partners based on appropriate criteria, taking into account their cost competitiveness, ability to ensure stable supply, technical capabilities, and corporate stance (including their efforts to comply with laws and social norms, consideration for the environment, and respect for human rights).

2 Partnership

We aim to establish business relationships with all our business partners that will lead to mutual prosperity. To this end, we place great importance on communication with our business partners and strive to build stronger relationships of trust.

3 Respect for Human Rights

To ensure that our Group's business activities do not adversely impact the human rights of various internal and external stakeholders, we not only refrain from human rights violations ourselves but also encourage stakeholders, including business partners, to respect human rights in accordance with our human rights policy. The Group understands the purpose of the United Nations International Bill of Human Rights, the Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, etc., and respects human rights.

4 Compliance with Relevant Laws and Regulations and Consideration for Safety and the Environment

In carrying out our purchasing activities, we will act in good faith in accordance with the laws and regulations of each country and international norms, and will give appropriate consideration to safety, the environment, resource conservation, etc.

In addition, in accordance with the above Basic Purchasing Policy, the Group also requests that its suppliers who make up its supply chain take the same approach.

Approach to and Initiatives regarding Conflict Minerals

We will not procure minerals traded around the world if there is clear evidence or a high risk of involvement by armed groups, serious human rights violations, environmental destruction, etc., regarding their mineral resources.

We recognise that these issues related to minerals are important social issues, and we will work to procure minerals responsibly based on whether or not there is involvement in conflicts or human rights violations in conflict zones and high-risk areas.

The Purchasing Department will monitor the efforts of suppliers to address these issues through means such as the Green Procurement Guidelines and questionnaires related to sustainable procurement.

In addition, we will work with our business partners to ensure that procurement activities do not lead to conflict or human rights violations, through the following initiatives.

Details of mineral surveys conducted

- ① If conflict minerals (tin, tantalum, tungsten and gold) are contained in products, we request that suppliers take steps to reduce risk by using raw materials and materials from CFS ConflictFree Smelter certified smelters.
- ② If minerals such as cobalt and natural mica are sourced from high risk areas (CAHRAs), we request an investigation into the presence or absence of risks described in OECD Guidance Annex II (e.g. human rights abuses including child labor, money laundering, etc.).

With respect to target minerals and areas of origin, we confirm information on laws, regulations, etc. and review the scope of the mineral survey on a regular basis.

Contribution to Local Communities



One of our materialities is "Coexistence and co-prosperity with local communities". The Company strives to contribute to economic, social, and cultural development as a good corporate citizen through cooperation with local communities toward a sustainable society. Further, the Company continues to contribute to the revitalization of local communities through environmental activities and support for the inheritance of traditional culture.

NCI Group donates umbrellas for public use

Domestic Group Companies

(June 4, 2025)

Our Group has been donating umbrellas to be placed at train stations and public facilities to provide peace of mind to local residents in the event of a sudden rain. This initiative previously undertaken by Diamond Engineering Co. Ltd. (DEC) has been expanded to include four group companies, including our Company, starting in fiscal year 2024. Since then, seventy umbrellas were donated to Uozu Station and fifty to Namerikawa Station. Furthermore, as a new initiative, seventy umbrellas and four umbrella stands were donated to Uozu City, with a handover ceremony held on July 1st. The umbrellas have been placed at five facilities within the city.



Presented 2024 Academic Year Scholarships to Employees' Children

NCI Thailand

(July 13, 2024)

Our group company NCI Thailand has operated a scholarship program since 2007 to support the education of employees' children, awarding scholarships to 30 elementary and junior high school students in the 2024 academic year. During the presentation ceremony, participants learned about our Company's history and technologies through lectures, factory tours, and activities like making keychains using our products. It serves as a place for children to learn and also provides employees with an opportunity to take pride in their work.



Donated reflective stickers to a nearby junior high school

NCI Vietnam

(November 29, 2024)

Our group company NCI Vietnam donated 1,000 reflective stickers to a nearby middle school to improve traffic safety. At the presentation ceremony, the principal expressed gratitude for the consideration shown to the students and gave favorable feedback on the Hanoi-inspired design of the sticker. Our Group's various locations are also actively distributing reflective stickers, contributing broadly to enhancing the safety of local communities.



Hayatsuki Factory Toyama Prefectural Uozu Technical High School Organized a factory tour for third-year students of the Information Environment Course

Our Company

(July 1, 2025)

We welcomed 26 third-year students from the Information and Environment Course of Toyama Prefectural Uozu Technical High School to our Hayatsuki Factory for a factory tour. The purpose was to convey the appeal of manufacturing by providing first-hand opportunities to experience our technologies and products. In addition to a tour of the manufacturing site, students deepened their understanding of the mechanism of retro-reflection by experiencing the reflected light when shining light onto retro-reflective sheetings.



Blood Donation Drives

ECT (Thailand)

(July 31, 2024)

Our group company Electro Ceramics Thailand (ECT) has been conducting blood donation drives twice a year for the past eight years to promote community health and support medical care. This time, with the Thai Red Cross Society present, 46 employees participated, donating approximately 18,500 cc (equivalent to about one oil drum) of blood. Additionally, a new initiative to encourage organ donation consent resulted in 14 employees expressing their willingness.



Awarded as a company excelling in safety, health, and welfare

NC India

(January 27, 2025)

NC India, a member of our group, was honored as a company excelling in "Safety, Health, and Welfare" by the Haryana State Labor Department in India, receiving the RUNNER UP award in recognition of its 2,901-day accident-free record. In India, where awareness of working conditions is growing amid rapid economic development, the creation of a workplace environment prioritizing employee safety and security has led to this long-term accident-free achievement.



Dialogue with Outside Directors

We engage the market with transparent management centered on “Outstanding values = One & Only.”

Yoshioka Satsuki

Kadomukai Yuzo

Two of our outside directors spoke about our corporate governance, future growth, and challenges.



Outside Director
Yoshioka Satsuki

Corporate Governance and the Role of the Board of Directors

Yoshioka

Regarding corporate governance, each responsible party approaches their duties with a high level of awareness. We are developing mechanisms tailored to our Company while also referencing other companies' systems. In my view, we have established a grounded system. Discussions within the Board of Directors are also very active. Our outside directors and outside corporate auditors are of diverse backgrounds, contributing various perspectives from their respective positions. While discussions sometimes become too lively and tend to focus on solutions for immediate issues, I believe it would be beneficial to increase the time dedicated to discussing long-term strategy going forward.

Kadomukai

The board of directors consists of 10 members, including 6 outside directors and 30% women, which we recognize as a well-structured arrangement in terms of objectivity, indicating that governance is evolving. The board addresses diverse themes, fostering the foundation and culture necessary to enhance corporate value. It serves as a forum for permeating the Company's overall perspective, where constructive opinions are offered on reporting items and resolutions are made after taking time to hear opinions. I believe that keywords like “Outstanding values = One & Only,” “KBF,” and “Winning Scenarios” help consolidate our thinking processes and contribute to advancing governance. While continuing to ensure diversity, it is crucial to use these concepts as anchors to identify previously unrecognized positive aspects and strengths, and to evolve them. For director nominations and compensation, we have established a Nomination and Compensation Committee as an advisory body to the Board of Directors. This committee has a majority of outside members, and the chairperson is also an outside director. Opportunities for outside perspectives and for directors to voice their opinions are frequently provided.

Yoshioka

Regarding compensation, the Nomination and Compensation Committee establishes certain standards and perspectives, and then discussions are held primarily among outside directors. For nominations, we place strong emphasis on employee education and participate in management-level training to understand employee perspectives and tendencies. Discussions on the overall succession plan also take place after thoroughly understanding the actual positions and responsibilities of those involved.

Progress and Challenges of the Medium-term Management Plan “NCI KIRARI 2025”

Yoshioka

We recognize that the anticipated failure to achieve the financial targets of our current medium-term management plan, “NCI KIRARI 2025,” is largely due to external environmental factors. As the chemical industry operates upstream within manufacturing, it is particularly susceptible to societal conditions. Discussions are ongoing within the Board of Directors to mitigate these impacts, and we expect that the certainty will be enhanced with the next medium-term management plan.

Kadomukai

Since “Electronics” and “Safety”, set as our focus areas, have not grown as much as initially planned, it is crucial to prioritize their expansion and enhance profitability by incorporating elements only our Company can deliver. While improvements in low-profitability businesses are progressing, the next step involves establishing systems and mechanisms that generate high added value. We are steadily evolving in terms of “Creating new value with our technological capability, we help make society more prosperous.” Therefore, strengthening risk management to prepare for unforeseen circumstances not anticipated during plan formulation will be necessary going forward.

Yoshioka

I believe that a grounded management approach is in place, characterized by thorough consideration and numerical analysis driven by a strong sense of urgency, followed by discussions on how to generate profits and resolve issues. In addition, I believe the executive team recognizes the need to accelerate ROE improvement and envisions achieving the targeted ROE by increasing the pace of execution.

Kadomukai

While in terms of the medium-term management plan, sales and operating profit fall short of targets in some areas, it is true that management is strengthening its capital cost-conscious management. The D/E ratio and equity ratio are maintained at healthy, high levels, providing a solid foundation for intensifying capital cost-conscious management. Since improving ROE is crucial for the company's financial strength, the strategy of aiming for an ROE of 12% or higher by improving low-profit businesses and expanding high-value-added product markets seems sound. The improvement in FY2024 performance compared to the previous year stems from price revisions aligned with market realities and new high-margin products, creating a positive “we can do it” experience within the Company. Extending this momentum to other business segments should accelerate the pace of ROE improvement.



Outside Director
Kadomukai Yuzo

“Outstanding values = One & Only” and Market Evaluation

Kadomukai

Transparent and consistent information disclosure to stakeholders is essential for meaningful dialogue. I anticipate that advancing disclosure centered on “Outstanding values = One & Only” will enhance the quality of this dialogue. This powerful keyword, directly linked to creating “Winning Scenarios,” is being concretized through initiatives such as consolidating R&D hubs, advancing DX, and recruiting talent with fresh perspectives, fostering collaboration with human capital. In order to communicate the Company's substance to a broader stakeholder base, we appreciate efforts such as creating an integrated report upon entering the Prime Market.

Yoshioka

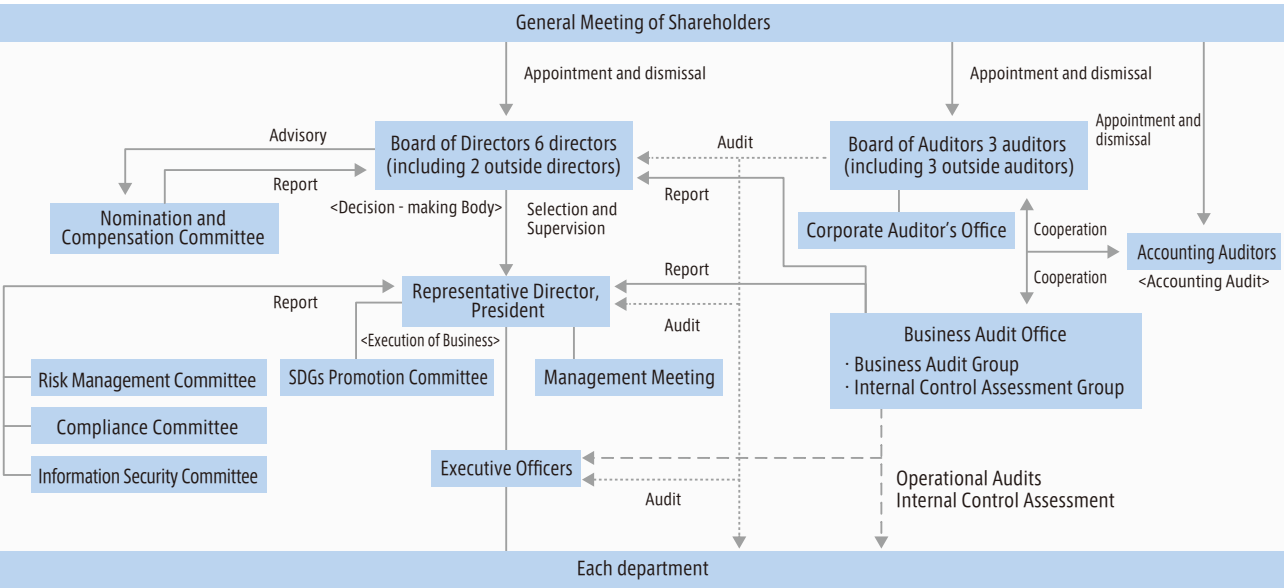
Regarding IR, we receive detailed reports on a regular basis and take investor feedbacks seriously, discussing them at board meetings. While our lower profile may contribute to the stock price not rising, it is a fact that we are highly regarded by some analysts. Therefore, as a company, we are making efforts to raise awareness through our website and surveys. “Outstanding values = One & Only” is becoming ingrained as a thinking process. For instance, at R&D presentations, department heads ask young researchers who make presentations questions like “What is the KBF in that case?” We are currently in the stage of educating all employees to make it practically usable, and I believe it is a versatile and effective slogan. The Board of Directors aims to further deepen discussions that contribute to long-term strategy and personally, I also wish to contribute opinions that foster diversity, leveraging my perspectives as a woman and a younger member.

Corporate Governance

Basic Approach

Our basic approach toward corporate governance is to strive for sustainable growth and increased corporate value by ensuring fair and highly transparent management and a system that enables swift management decisions and business execution in a rapidly changing business environment, and by ensuring that internal checks and balances function effectively, thereby fulfilling our responsibilities to our shareholders and other stakeholders.

Corporate Governance Structure



Here is the link to the Corporate Governance Report. <https://www.carbide.co.jp/ir/news/>

Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors in order to ensure opportunities for appropriate involvement and advice from outside directors in considering important matters such as the selection and dismissal of directors, compensation and succession planning, as well as to enhance corporate governance by strengthening the fairness, transparency and objectivity of procedures related to the selection and dismissal of directors, compensation and other matters.

- The Nomination and Compensation Committee shall, in response to the Board of Directors’ inquiries, deliberate on matters relating to the nomination and compensation of directors and others, and report to the Board of Directors.
- The Nomination and Compensation Committee shall consist of at least three directors selected by a resolution of the Board of Directors, a majority of whom shall be independent outside directors. In this regard, the chairman of the Committee shall be selected by a resolution of the Board of Directors from among the members who are independent outside directors.

Committee member name	Inside and outside directors	Number of committee meetings	Number of committee meetings attended
Yoshioka Satsuki (Committee Chairman)	Outside Director	16	16
Kadomukai Yuzo	Outside Director (assumed office in June 2024)	15	15
Sugiyama Takahisa	Representative Director	16	16

*April 2024 - July 2025

Appointment of Directors

The Company considers it fundamental that the Board of Directors, including outside directors, with different expertise and experience, be able to effectively demonstrate their abilities and that the Board of Directors be highly effective in terms of the scale of the Company. In addition, a skill matrix listing the skills that each director should possess is included in the notice of the Ordinary General Meeting of Shareholders and disclosed on the Company’s website. For appointment of directors, the Nomination and Compensation Committee, the majority of whose members are independent outside directors, deliberates and reports to the Board of Directors, and the Board of Directors makes decisions based on the committee’s report.

Skills Matrix

Name	Position	Business Management	Finance & Accounting	Legal & Compliance	Sales & Marketing	R&D/Production Technology	International Affairs	Risk Management
Sugiyama Takahisa	Representative Director President & CEO	●			●		●	●
Iguchi Yoshitada	Representative Director Vice President & CFO	●	●	●				
Hasegawa Yukinobu	Director & CTO	●			●	●		
Yokota Yuichi	Director	●			●			●
Yoshioka Satsuki	Outside Director			●				●
Kadomukai Yuzo	Outside Director	●				●	●	
Hayashi Fumiaki	Full-time Corporate Auditor (Outside)	●						●
Sawada Masahiro	Full-time Corporate Auditor (Outside)		●					●
Ayukawa Yumi	Corporate Auditor (Outside)	●						●
Oka Ayumi	Corporate Auditor (Outside)		●					●

Independence of Outside Directors

The Company selects candidates for independent outside directors based on whether they meet the criteria for independence set forth by the Tokyo Stock Exchange as well as whether they have broad business experience and knowledge. Based on this, the Company has notified the Tokyo Stock Exchange of the two outside directors as independent directors as stipulated by the Tokyo Stock Exchange. There is no business relationship between the two outside directors and the Company.

Compensation for Directors

The compensation of the Company’s directors is determined by the Nomination and Compensation Committee, which, after deliberating the policy for determining the amount of compensation, etc. of directors and the details of individual compensation, etc. based on this policy, reports to the Board of Directors, which, after discussion, passes a resolution on the amount of compensation within the annual amount approved by the General Meeting of Shareholders.

Compensation for Directors

The Compensation of the Company’s Directors, within the annual amount resolved at the General Meeting of Shareholders, is calculated based on the duties and responsibilities of each individual Director, taking into account the general standards, and generally consists of fixed Compensation (monthly Compensation: 65% of the amount paid), performance-linked Compensation (bonus: 25% of the amount paid) and stock-based Compensation (10% of the amount paid) on a standard payment basis. In this regard, however, performance-linked Compensation and stock-based Compensation are not paid to outside directors. Compensation for corporate auditors, within the annual amount resolved at the general meeting of shareholders, is determined through consultation of the corporate auditors based on the duties and responsibilities of each individual auditor.

Introduction of Medium- to Long-term Incentive Stock Compensation Plan

We have introduced a medium- to long-term incentive stock compensation plan (restricted stock unit) for our directors with the aim of continuously improving the corporate value of our Group and further promoting value sharing with our shareholders.

Amount of performance-linked compensation

The amount of performance-linked compensation will, in principle, vary within a range of 0% to 180% of the standard payment amount, depending on the performance evaluation for a single fiscal year. In addition, in the process of determining the amount of performance-linked compensation, the Nomination and Compensation Committee prepares a compensation proposal based on a comprehensive evaluation of the degree of achievement of the indicators related to performance-linked compensation and the contribution of each director to the Company’s performance and reports to the Board of Directors, which, after discussion, passes a resolution on the amount of performance-linked compensation for each director.

Indicators for Performance-Linked Remuneration

As we place importance on enhancing business profitability and generating cash, we use operating income (degree of achievement against targets and degree of growth over the previous year) and operating cash flow (degree of growth over the previous year) as indicators for performance-linked remuneration. For the current fiscal year, actual operating income amounted to 3.49 billion yen versus a target of 2.25 billion yen. Operating income increased compared to the previous fiscal year. Operating cash flow decreased from the previous fiscal year.

Evaluation of the Effectiveness of the Board of Directors

With regard to the evaluation of the effectiveness of the Board of Directors, the Company employed an external consultant to conduct a survey in March 2024 of all directors and all corporate auditors on 33 items, including the composition and operation of the Board of Directors, and the results of the survey were discussed at a meeting of the Board of Directors. As a result of the discussions, it was concluded that the effectiveness of the Board of Directors was generally maintained, but there were also new issues pointed out, such as measures to deepen discussions at the Board of Directors level regarding management that is conscious of the cost of capital. Based on these points, the Company will implement further measures and create an environment to enhance the effectiveness of the Board of Directors.



Compliance/Risk Management

Compliance

■ Basic Approach

The Group has established “Basic Guidelines for Corporate Activities” and “Code of Conduct” as its compliance regulations. The President and Chief Executive Officer is in charge of compliance, and the Compliance Committee is in charge of operations for compliance with laws, regulations, and corporate ethics.

■ Code of Conduct

Based on the “Basic Guidelines for Corporate Activities”, the Group has established a Code of Conduct to be followed by all the officers and the employees of the Group.

(For more information, please visit our website at <https://www.carbide.co.jp/corporate/behavior/>)

■ Promotion System

To promote compliance, we conduct training and other activities to ensure that all officers and employees conduct business operations in accordance with the Compliance Rules and Regulations. In addition, we take a firm stance against antisocial forces that threaten the order and safety of civil society, and have established an internal system to prevent any relationship with such forces. Furthermore, the Business Audit Office, which is in charge of internal audits, monitors the execution of business operations in accordance with laws, regulations, and company rules, and the President and Chief Executive Officer provides guidance for improvement. In addition to the Legal Office, we have also set up a whistleblower system (hotline) that allows employees to consult with and report to external lawyers.

Risk Management

■ Basic Approach

As for the risk management of the Group, the Risk Management Committee, whose secretariat is the Corporate Planning Department, evaluates and prioritizes risks based on the Risk Management Basic Policy, and instructs relevant departments to take appropriate measures to reduce risks in day-to-day business activities. The Board of Directors is in a position to supervise the Risk Management Committee, receiving reports twice a year from the Committee, and is involved in overall risk management activities, including basic risk management policies, identification of important risks, determination of important measures, monitoring of measures and giving instructions for improvement.

■ Major Business Risks

The major risks that the Group recognizes as having the potential to materially affect its financial position, operating results, and cash flows are as follows.

(1) Sudden changes in market conditions in core businesses (2) Fluctuations in raw material prices (3) Fluctuations in exchange rate (4) Declines in the value of fixed assets (5) Geopolitical risks (6) Accident disasters (7) Natural disasters (8) Litigation etc. (9) Intellectual property rights (10) Product liability (11) Compliance with environmental regulations and response to climate change (12) System risks (13) Securing of human resources

For more information, please refer to pages 24 and 25 of the Annual Securities Report for the year ended March 31, 2025 at <https://www.carbide.co.jp/cms/wp-content/uploads/2025/06/2025年3月期有価証券報告書.pdf>

■ Basic Guidelines on Corporate Activities

- 1 The Nippon Carbide Industries Group shall observe any and all laws and ordinances applicable to its corporate activities, faithfully follow the principles of social ethics, and carry out corporate activities with sound judgment.
- 2 The Nippon Carbide Industries Group shall strive to accurately grasp the needs of the market and customers, and provide excellent products and services in terms of quality, price, safety, and other aspects.
- 3 The Nippon Carbide Industries Group shall respect humanity, nurture human resources, and foster a corporate culture in which “each and every employee can develop his or her own ideas and put them into practice”, ensure the health and safety of employees in the workplace and strive to promote their comfort and affluence in life.
- 4 The Nippon Carbide Industries Group shall actively work to preserve the global environment, and make every effort to protect the environment in all of its corporate activities.
- 5 The Nippon Carbide Industries Group shall establish relationships of mutual trust and cooperation with all the stakeholders including but not limited to shareholders, business partners, and local communities, and strive for co-existence and co-prosperity.
- 6 The Nippon Carbide Industries Group shall strive to contribute to society and culture as a good corporate citizen.
- 7 The Nippon Carbide Industries Group shall take a firm stance against antisocial forces that threaten the order and safety of civil society.

Board Members and Executive Officers

Directors



**Representative Director, President
Chief Executive Officer
Sugiyama Takahisa**

After serving as Executive Officer at AGC Inc., he now manages the Company as Representative Director, President and Executive Officer since June 2020 (CEO since June 2022). He provides appropriate management, supervision, and leadership of the entire Group for the Company's sustainable growth and enhancement of corporate value.



**Director
Managing Executive Officer
Chief Technical Officer
Hasegawa Yukinobu**

For many years, he has been responsible for the manufacturing and business divisions of the Company, and currently serves as Director, Managing Executive Officer, CTO, and General Manager of the R&D Center, overseeing the technology division of the Company as well.



**Representative Director
Vice President Executive Officer
Chief Financial Officer
Iguchi Yoshitada**

After serving as Managing Executive Officer at Mitsubishi UFJ Research and Consulting Co., Ltd., he manages the Company as Representative Director, Vice President Executive Officer, and CFO, overseeing the administrative division.



**Director
Managing Executive Officer
Yokota Yuichi**

For many years, he has been responsible for various business divisions within the Company, and currently serves as Director, Managing Executive Officer and Senior General Manager of the Electronic and Functional Products Division, driving business strategy.

Outside Directors



**Outside Director
Yoshioka Satsuki**

Leveraging extensive expertise as a lawyer, she provides advice to the management team of the Company from a diversity-based perspective.



**Outside Director
Kadomukai Yuzo**

Based on experience in product development and business operations primarily within Hitachi, Ltd.'s automotive-related businesses, as well as serving as Representative Director at a Hitachi Group company, he possesses expertise in corporate management and research and development.

Corporate Auditors



**Full-time Corporate Auditor
Hayashi Fumiaki**

He is a former executive officer of AGC Inc. and possesses extensive experience and broad expertise gained from many years of overseeing the materials and logistics division at the company.



**Full-time Corporate Auditor
Sawada Masahiro**

After engaging in a wide range of responsibilities across Sony Corporation's business divisions, he gained experience in strengthening governance and managing executive operations as a corporate auditor and CFO at a Sony Group company.



**Corporate Auditor
Ayukawa Yumi**

After engaging in a wide range of responsibilities within business divisions of Ajinomoto Co., Inc., She gained experience overseeing the corporate division as a director of a group company.



**Corporate Auditor
Oka Ayumi**

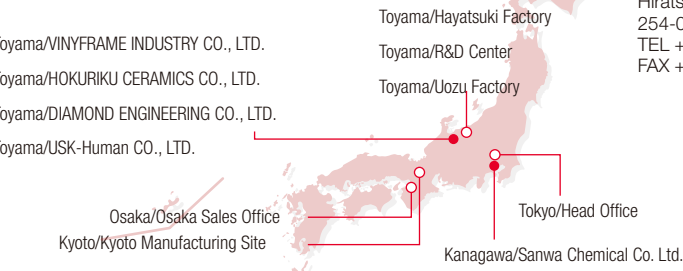
She possesses knowledge as a certified public accountant and has been involved in accounting audits and the establishment of governance systems at audit firms and venture companies. She also has experience serving as a corporate auditor at a medical device manufacturer.

Global Network

Domestic Offices and Domestic and Overseas Group Companies

Domestic Offices

- Head Office**
16-2, 2-Chome Konan, Minato-ku, Tokyo 108-8466, JAPAN
TEL+81-3-5462-8200 FAX+81-3-5462-8244
- Osaka Sales Office**
6-1, 3-Chome, Hirano-cho, Chuo-ku, Osaka-shi, Osaka 541-0046, JAPAN
TEL+81-6-6233-0500 FAX+81-6-6233-0510
- Uozu Factory**
751, Motoshin, Uozu-shi, Toyama 937-8567, JAPAN
TEL+81-765-24-1100 FAX +81-765-22-0223
- Hayatsuki Factory**
530, Ojima, Namerikawa-shi, Toyama 936-8555, JAPAN
TEL+81-76-471-2211 FAX+81-76-471-2041
- Kyoto Manufacturing Site**
8-1, Minamikanamura, Kaide-cho, Muko-shi, Kyoto 617-0004, JAPAN
TEL+81-75-921-5347 FAX+81-75-931-1649
- Research and Development Center**
530, Ojima, Namerikawa-shi, Toyama 936-8555, JAPAN
TEL+81-76-471-0211 FAX+81-76-471-0225



Major domestic subsidiaries

- VINYFRAME INDUSTRY CO., LTD.**
[Business Activities]
Manufacturing and Sales of Aluminum construction Materials and Resin Products, etc.;
Sales of Property Insurance
[Head Office/Factory]
616, Kitaonie, Uozu-shi, Toyama 937-8566, JAPAN
TEL +81-765-24-1032 FAX +81-765-24-1051
[Sales office]
Sapporo, Sendai, Tokyo, Uozu, Nagoya, Osaka, Hiroshima, Fukuoka, Miyazaki
- HOKURIKU CERAMICS CO., LTD.**
[Business Activities]
Manufacturing and Sales of Ceramic Substrates and Thick Film Printing Substrates
[Head Office / Factory]
143-3, Yokomakura, Uozu-shi, Toyama 937-0044, JAPAN
TEL +81-765-24-7387 FAX +81-765-24-6654
- DIAMOND ENGINEERING CO., LTD.**
[Business Activities]
Design, Supervision, Construction, Maintenance and Analysis of Industrial Plants
[Head Office]
7-22, 1-chome, Shakado, Uozu-shi, Toyama 937-0067, JAPAN
TEL +81-765-24-5670 FAX +81-765-23-9210
- USK-Human CO., LTD.**
[Business Activities]
Business contract, General worker dispatch business
[Head Office]
751, Motoshin, Uozu-shi, Toyama 937-0068, JAPAN
TEL +81-765-22-3620 FAX +81-765-22-7806
- SANWA CHEMICAL CO., LTD.**
[Business Activities]
Manufacturing and Sales of Chemical Products and Medicine
[Head Office/Factory]
24-8, 9-chome, Tamura, Hiratsuka-shi, Kanagawa 254-0013, JAPAN
TEL +81-463-55-3140 FAX +81-463-54-0203

Major Overseas Subsidiaries

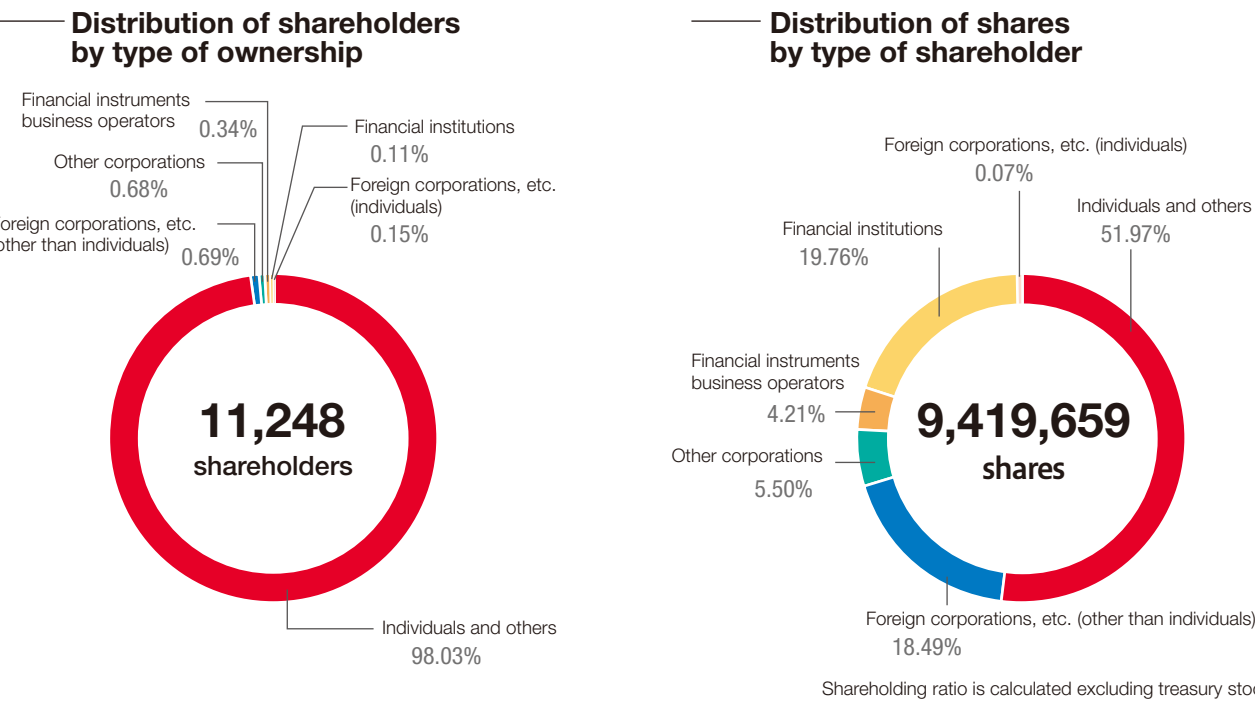
- 恩希愛(杭州)薄膜有限公司 / NIPPON CARBIDE INDUSTRIES (Hangzhou) CO.,LTD.**
Films and Sheetings Products Business
Electronic and Functional Products Business
 - NIPPON CARBIDE INDUSTRIES (USA) INC.**
Films and Sheetings Products Business
Electronic and Functional Products Business
 - NIPPON CARBIDE INDUSTRIES(South Carolina) INC.**
Films and Sheetings Products Business
 - NIPPON CARBIDE INDIA PVT. LTD.**
Films and Sheetings Products Business
 - PT NIPPON CARBIDE INDUSTRIES INDONESIA**
Films and Sheetings Products Business
Construction Materials Related Business
 - ELECTRO-CERAMICS (THAILAND) CO.,LTD.**
Electronic and Functional Products Business
 - NIPPON CARBIDE INDUSTRIES (THAILAND) CO.,LTD.**
Films and Sheetings Products Business
 - NCI(VIETNAM) CO.,LTD.**
Films and Sheetings Products Business
 - NIPPON CARBIDE INDUSTRIA DO BRASIL LTDA.**
Films and Sheetings Products Business
 - NIPPON CARBIDE INDUSTRIES(NETHERLANDS) B.V.**
Films and Sheetings Products Business
Electronic and Functional Products Business
 - NIPPON CARBIDE INDUSTRIES FRANCE S.A.S.**
Films and Sheetings Products Business
Electronic and Functional Products Business
 - NIPPON CARBIDE INDUSTRIES ESPAÑA, S.A.U.**
Films and Sheetings Products Business
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Company Information/Stock Information

Corporate Outline

Name	NIPPON CARBIDE INDUSTRIES CO., INC.	Employees	Consolidated: 3,312 Non-consolidated: 522 (as of March 31, 2025)
Head Office	16-2, 2-Chome Konan, Minato-ku, Tokyo 108-8466, JAPAN TEL +81-3-5462-8200 FAX +81-3-5462-8244	Group Business Activities	Electronic and Functional Products Business, Films and Sheetings Business, Construction Materials Related Business, Engineering Business
Established	8th October, 1935		
Listed Stock Exchange	Tokyo Stock Exchange: Prime Market		
Capital Stock	7,797,898,752 yen (as of March 31, 2025)		
Total number of shares issued	9,419,659 shares (as of March 31, 2025)		

Shareholder and Share Distribution (As of March 31, 2025)



Stock prices

