

Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives to Support Sustainable Growth

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President
NIPPO LTD.

Corporate Philosophy and Business Identity

NIPPO LTD. will continue to provide “unique value” as a “technical innovator” supporting our customers’ manufacturing in our endeavor to enhance mid- to long-term corporate value and develop a sustainable society.

Since the company's founding in 1952, NIPPO LTD. has supported our customers’ manufacturing both as a trading company specializing in the field of high-performance production components and as a manufacturer of precision-molded plastic components.

"Technical innovator" describes the business style of our company—“thinking of, selecting, and creating unique value” supported by our technical capabilities and strategic thinking, with the employees who embody this style being one of our company's greatest strengths.

We constantly strive to enhance our medium- to long-term corporate value and bring about a sustainable society, continuously helping sustain convenient and prosperous lifestyles by “creating unique value” through new challenges in the development of our customer's manufacturing and technology.



More Than the Sum

As our corporate statement, this expresses the aim to support and contribute to our customers' manufacturing goals by creating added value ("1+1=3 More Than the Sum")—that is, by providing "unique value"—based not simply on addition, but on our unique competitive advantage based on our "thinking of, selecting, and creating unique value" approach to develop products and services.

Management Philosophy

We are committed to promoting both prosperity for our company and happiness for our staff and associates by creating new value, so as to repay society for its blessings.

Management Policy

As a company creating unique value, we will continue to support the world-leading manufacturing of our customers and view our employees as a source of strength for our company, and will make it our goal to be a global company with roots in each of our local communities.

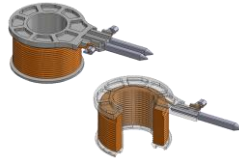
Code of Conduct

We strive to ground actions in the six core concepts that are required in providing unique value: "Customer Creed"; "Basic Consciousness"; "Fairness"; "Taking on Challenges"; "Speed"; and "Communication."

Business Segment

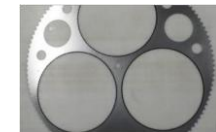
Mobility

- 【 Power Train Components 】
- 【 Electronic Control System Components 】
 - Molded Resin Products, Insert Components
 - Coil Parts and Assembly
 - Processing Metal Components
- 【Vehicle Body Components】
 - Brake System Components, etc.
- 【Customized Manufacturing Equipment 】
 - Automated Machinery
 - Inspection Machines, etc.



Electronics

- 【 Electronic Components 】
 - Wiring Board Materials
 - Functional Materials for Semiconductor Applications
 - Wafer grinding carriers
 - Photoresist Dry Film
 - High Performance Epoxy Adhesives
- 【Housing Fixtures and Equipment】
 - Water Heater and Piping Materials
 - Materials for Household Fuel Cells, etc.



Medical and Precision Devices

- 【Medical】
 - Disposable Medical Device Products
 - Medical Robots Components
- 【Precision Devices】
 - Printer Parts
 - Digital Imaging Components
 - Teflon Coating Components



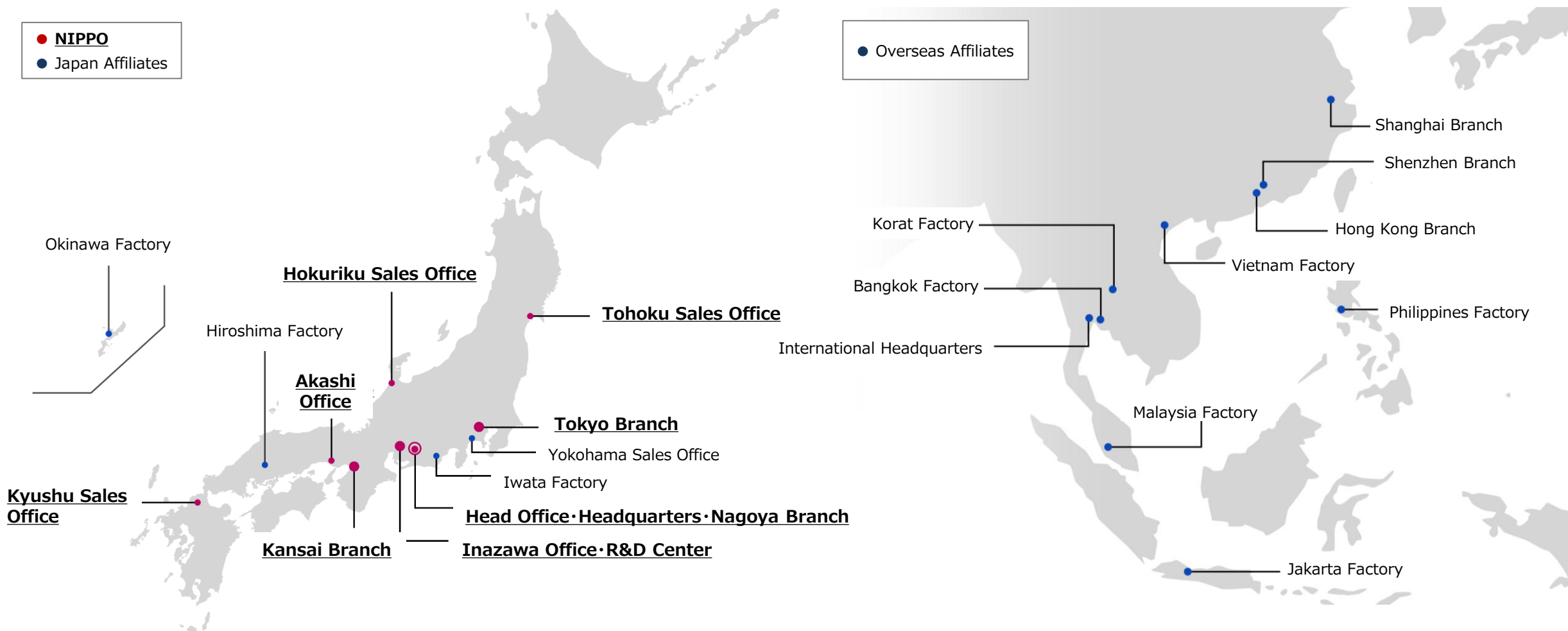
Eco Products

- 【Hydrogen Energy-related Materials】
 - Ion exchange resin
 - High-performance Thermal Insulation Material
- 【Metal-Air Battery-related Materials】
 - Catalyst for Metal-Air Batteries
- 【Eco-friendly Materials】
 - LIMEX pellets



Global Network

Working as our customers' business partner in developing a global business rooted in Japanese and overseas regions



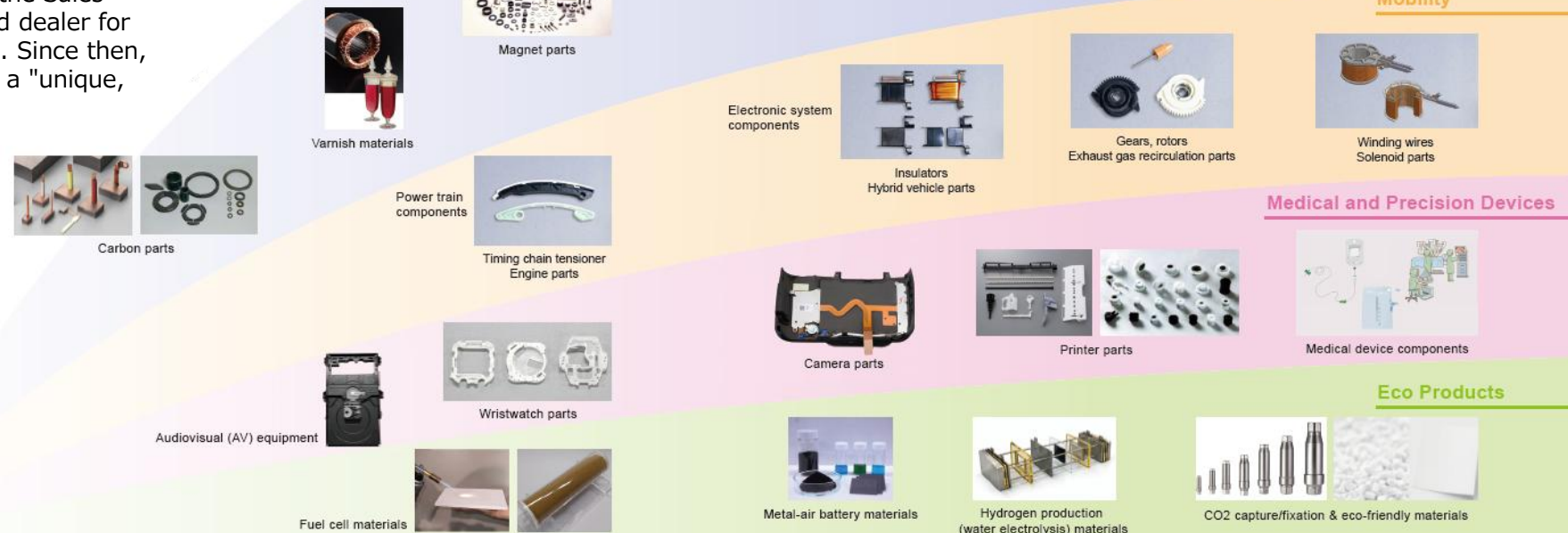
NIPPO Group consists of 14 companies, including NIPPO LTD., 3 domestic affiliates, and 10 overseas affiliates. We also support our customers' manufacturing with a total of 11 production bases (5 in Japan and 6 overseas) and 2 R&D bases.

SECTION 1: Initiatives to Enhance Medium- to Long-Term Corporate Value

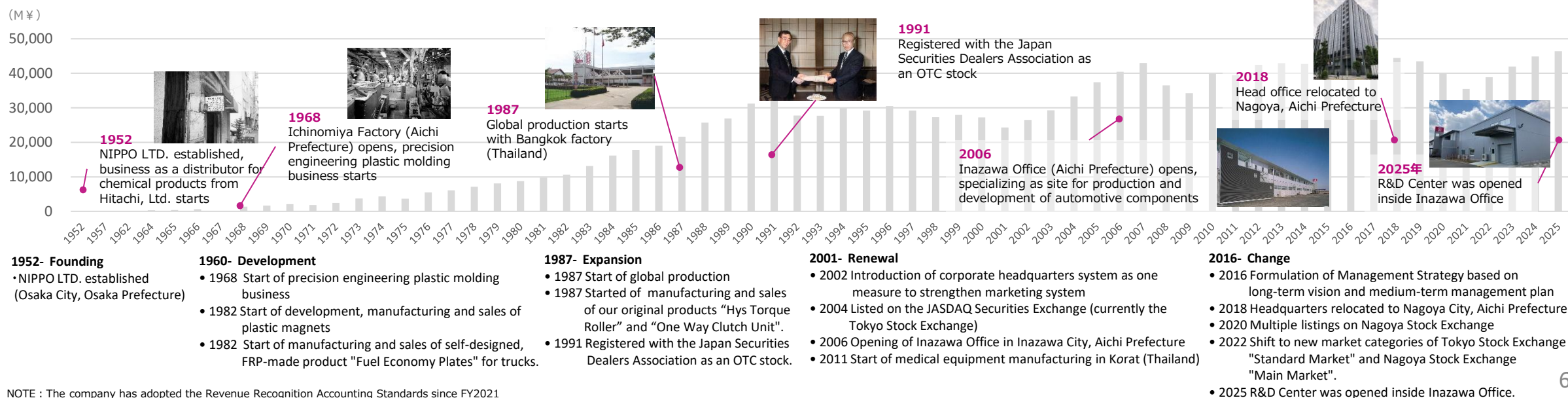
History of Value Creation

The NIPPO Group was established in 1952 based on the Sales Division of Toho Carbon Manufacturing, an authorized dealer for Hitachi, Ltd. manufacturing and selling carbon blocks. Since then, we have supported our customers' manufacturing as a "unique, value-creating company" fulfilling the dual functions of trading and manufacturing.

Changing Business Trends



History and Sales Trends



Long-term Business Targets for 2031

Long-term Vision

What We Aspire to Be

- An **essential company** that delivers unique value to help clients further their manufacturing businesses and help society achieve sustainability

Current Strengths, Future Strengths

Current Strengths

Superior QCD developed over long years of manufacturing experience

Sales methodology focused on delivering solutions to clients' technical issues



Complemented with...

Future Strengths

New products, materials, services born from Nippo's unique ideas

We will achieve our mission by creating truly unique, more beneficial value and selling these widely.

We are committed to **promoting both prosperity for our company and happiness for our staff and associates** by creating new value and selling it as widely as possible, so as to **repay society for its blessings**.

Long-term Business Targets for 2031

■ Basic Policy: Realizing Our Vision

Policies geared toward generating truly unique, more beneficial value

1

Growing manufacturing as a share of total sales from $\frac{1}{2}$ to $\frac{2}{3} +$

	Electronics	Mobility	Medical and precision devices	Consolidated total
Manufacturing % of total	16% ↑	78% ↑	75% ↑	50%
Trading % of total	84%	22%	25%	50%

FY2023

→

	Consolidated total
Manufacturing % of total	67% ↑
Trading % of total	33%

FY2031

Our aim: To be reclassified on the Tokyo Stock Exchange from wholesale to manufacturing

2

Grow the Eco- Products business into our fourth core business

We will launch an eco-products division to manufacture and sell products and key modules developed with partner companies and universities so as to help protect the environment. Resources will be added as required to get the new division up and running.

Our aim: To use our business as a vehicle for environmental protection

3

Review balance of financial discipline and growth investment to facilitate more aggressive investment in growth

Reset the maximum **net D/E ratio to** 0.6 and shift to a more aggressive footing with regards to investment in growth and human capital.

Our aim: To boost momentum in corporate growth

NB:1.The specific targets for key management indicators will be announced in our Medium-Term Management Plan.

2. We plan to add the Eco-Products Business to our segment reporting and disclose it accordingly, once the necessary preparations have been completed.

Value Creation Process

The NIPPO Group has built its business around three core pillars—Electronics, Mobility, and Medical and Precision Devices—and, in addition, aims to expand the Eco Products Business and grow it into a fourth core pillar. As a "technical innovator" supporting our customers' manufacturing, we will continue to provide "unique value" that delivers added value beyond expectations, through our approach of "thinking, selecting, and creating." In doing so, we will contribute to enhancing medium- to long-term corporate value and achieving a sustainable society.

Principal Capital (as of end of FY 2025)

Financial	Total assets	36,518 million yen
	Equity ratio	49.3 %
Manufacturing	Fixed assets	14,160 million yen
	Capital investment expenses	1,980 million yen
Intellectual	Patents held	11 cases
	R&D expenses	245 million yen
Human	Number of employees (non-consolidated)	334
	Number of employees (consolidated)	2,765
Social	Domestic group companies	3
	Overseas group companies	10
	Business partners	6
Natural	Electricity usage	42,480,435 kWh
	Water consumption	96,901 m ³

Business Activities

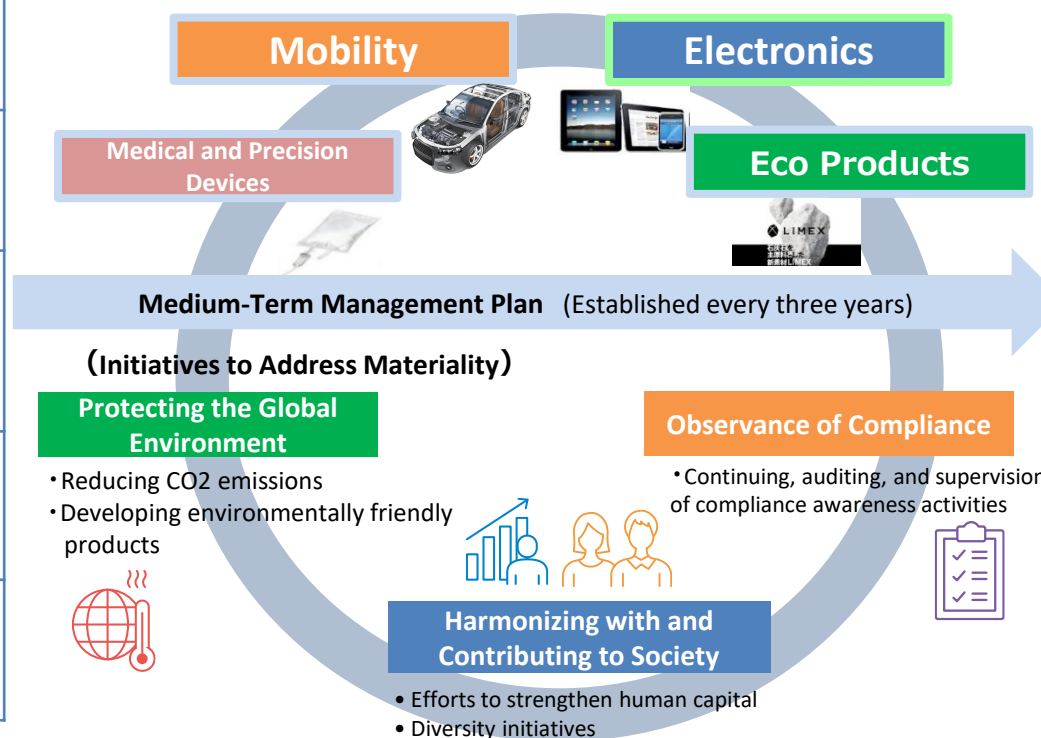
Current Strengths

- ① Superior QCD developed over long years of manufacturing experience
- ② Sales methodology focused on delivering solutions to clients' technical issues

Future Strengths

New products, materials, services born from Nippo's unique ideas

(Business Segment)



Corporate Philosophy

We are committed to promoting both prosperity for our company and happiness for our staff and associates by creating new value, so as to repay society for its blessings.

Long-term Vision

An essential company that delivers unique value to help clients further their manufacturing businesses and help society achieve sustainability

Long-term Business Targets for 2031

Basic Policy

■ Growing manufacturing as a share of total sales from 1/2 to 2/3 +

■ Launch & expand a new segment: eco-products

■ Review balance of financial discipline and growth investment to facilitate more aggressive investment in growth
Max. net D/E ratio 0.6

Major sustainability targets

■ Reduction rate in CO2 emissions : by 2050, achieving carbon neutrality (effectively zero CO2 emissions), in 2030, at least 25% in comparison with FY2021 ※targeting SCOPE 1/2

■ Developing environmentally friendly products

■ Employee Satisfaction rate : FY2028 ≥ 65%

■ Percentage of woman employees among employees at assistant manager level (including general staffs) : FY2028 40%

Medium-Term Management Plan 2028

■ Operating profit(3-year cumulative total) : 6.50bJPY

*Set final-year targets of net sales of more than 50bJPY per year and operating profit of 2.3bJPY per year

■ 3-year average ROE : 12.0% or higher ※ROE (Return on Shareholders' Equity)

Long-term Business Targets for 2031 : https://www.nip.co.jp/english/ir/.assets/vision2031_en.pdf

Medium-Term Management Plan 2028 : https://www.nip.co.jp/english/ir/.assets/chukei2028_en.pdf

Initiatives to Enhance Medium- to Long-Term Corporate Value and ESG Initiatives : https://www.nip.co.jp/english/esg/.assets/esg_torikumi_en.pdf

ESG data : <https://www.nip.co.jp/english/esg/#esgdata>

Business Portfolio

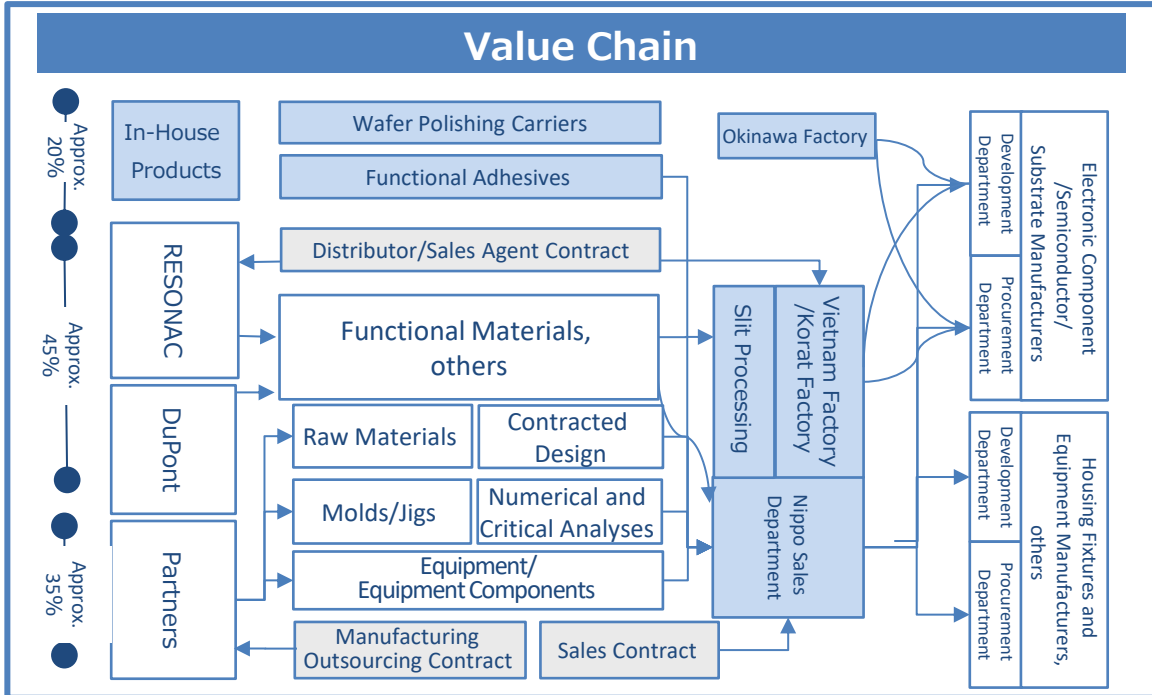
■ Basic Policy Concerning Business Portfolio

1. We will focus on three business segments of “Electronics,” “Mobility,” and “Medical and Precision Devices,” and in addition to undertaking initiatives to create competitive advantages in these areas, we aim to grow “Eco Products” into our fourth core business pillar.
2. We will strategically allocate management resources to businesses with high growth potential in each business segment and continue to shift resources accordingly.
3. To ensure alignment between injection of management resources that is conscious of cost of capital and our business operations, we will establish growth targets for each business segment and ensure that the Board of Directors oversees initiatives aimed at enhancing value over the medium to long term, as well as periodic reviews of our business portfolio.

	Growth Drivers	Initiatives in Core and Growth Businesses
Electronics	Generative AI-related demand × Semiconductor and wiring board materials	- Ensuring a stable supply of semiconductor materials and wiring board materials - Strengthening the manufacturing business - Increasing production capacity for the wafer polishing carrier business - Expanding the lineup of the film processing business, etc. 
Mobility	Responding to the multi-pathway approach (continued use of internal combustion engines) + brake-related components	- Meeting demand for fuel injection components by adjusting the production layout - Expanding mass production of new components for regenerative cooperative braking and ABS - Developing key modules in the CASE field (sensor-related and electromagnetic control-related) 
Medical and Precision Devices	New customer development × Development of key modules for medical equipment	- Expanding new orders for disposable medical products - Expanding orders for units for medical robots - Developing biocompatible materials 
Eco Products	LIMEX pellets, an environmentally friendly material + Business development related to metal-air batteries	- Mass production of LIMEX pellets at the Vietnam Factory - Expanding sales of hydrogen energy-related merchandise and developing electrodes for metal-air batteries and next-generation metal-air batteries 
✓ We will downsize or withdraw from businesses in each segment that do not contribute to growth in operating profit or whose contribution is no longer expected over time. ✓ In addition, we will also assess products for which it is not possible to improve deterioration in profitability due to rising material costs, labor costs, utility costs, etc.		

Business Strategy and Business Model (Electronics)

■ Business Model



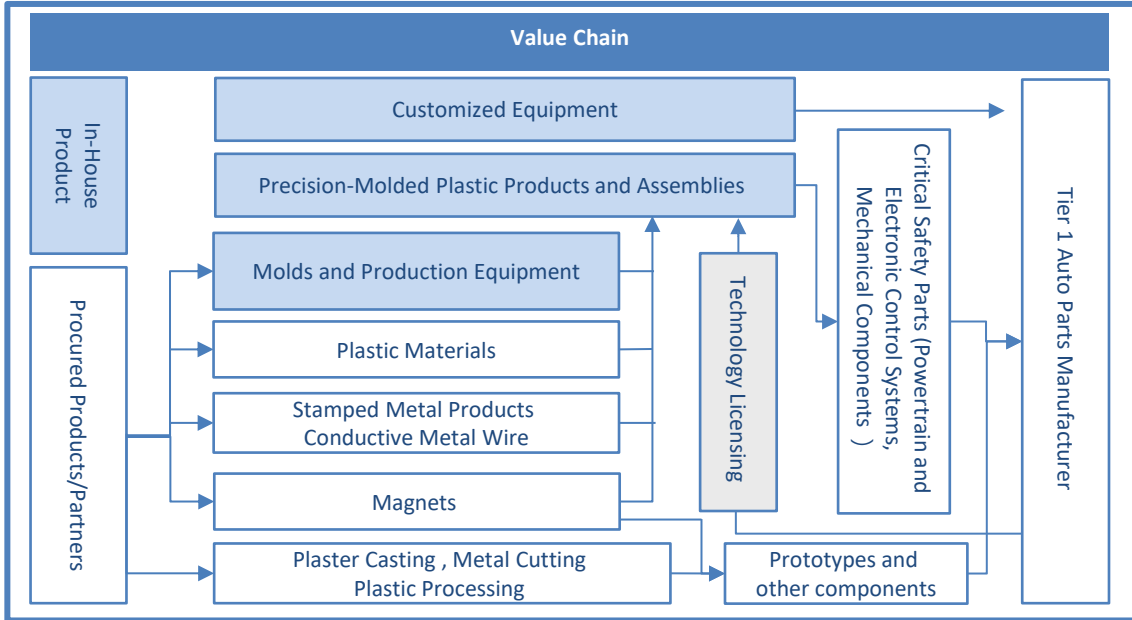
Sources of Competitive Advantage	- Problem-solving technical business style conducted in collaboration with partner companies - Superior quality assurance system equivalent to that of a manufacturer, despite being a trading company - Offering high value-added products that combine trading company and manufacturer functions
Risks	- Changes in supply chains due to reorganization of suppliers/customers' business - Increased procurement costs due to sharp increases in material prices - Accelerating cost competition for general-purpose materials
Opportunities	- Rising demand for high-performance materials amid generative AI technology advances. - Greater demand for polishing carriers due to the increasing precision of semiconductor wafers - Return of domestic production activity due to fluctuations in exchange rates and developing geopolitical risks

■ Business Strategy

Business vision	Develop as a materials and components trading company with manufacturing functions		
Our aim -Long-term Business Targets for 2031-	Capture niche demand for film for manufacturing processes that boosts electronic component productivity ☞To establish Nippo as essential to go-to manufacturer of process materials essential for the evolution of electronic components		
Efforts to Create a Sustainable Competitive Advantage			
Category			Measures
Shift to high value-added products	New business	Power device components	•Proposing highly reliable materials to improve device performance
	Main business	Semiconductor materials	•Match products that can solve customer issues
		Wiring board materials	•Shift to high-value-added fine pattern materials
Strengthening manufacturing functions	New business	High performance adhesive	•Development of original, highly functional adhesives ※
		In-house planned product	•Development of original products through in-house development and industry-academia collaboration
	Main business	Film slit processing	•Expand business in the Thai and Vietnamese markets, and expand into the Japanese market
		Wafer polishing carrier	•Increase production capacity through capital investment and improved production efficiency, and expand sales channels through collaboration with partners

Business Strategy and Business Model (Mobility)

■ Business Model



Sources of Competitive Advantage	• Mass production technology for coil (wound wire) parts • Quality control technology for critical safety parts • Equipment technology supporting high-quality and efficient mass production activities
Risks	• Disruption of supply chains due to disasters and countries' risks • Fluctuations in sales due to reorganization of supply destinations in response to changes in the competitive landscape of automakers • Harder to differentiate in parts (single-item) manufacturing as local manufacturers' technology advances. • Compensation for recalls due to defective parts • Sharp increases in transportation and personnel expenses
Opportunities	• Sustained demand for internal combustion engine components amid slowing EV adoption. • Increased demand for electronic control system parts (ECUs, PCUs, motors, etc.) • Progress in electrification leading to increased demand for new materials satisfying requirements for electrical properties and reduced weight • Advances in automated driving resulting in increased demand for new materials used to ensure safety

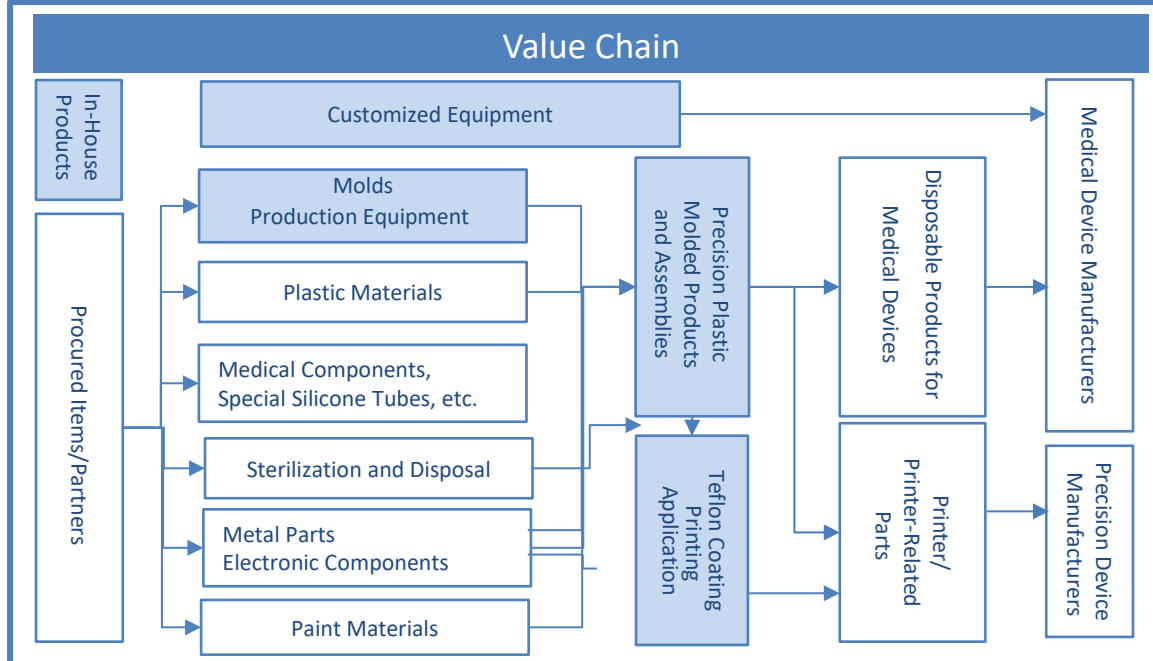
■ Business Strategy

Business vision	Evolve from Tier 2 to Tier 1.5 manufacturer
Our aim -Long-term Business Targets for 2031-	Capture growing demand for electronic control, thermal management, sensor components To establish Nippo as the go-to manufacturer of key modules essential for EVs and autonomous driving technology

Efforts to Create a Sustainable Competitive Advantage			
Category			Measures
Enhancing differentiated technologies	New business	ADAS-related components	• Unitization of products by combining partners' technologies and resources • Addition of a new production line for brake components • Acquire techniques for evaluating electrical characteristics and reliability • Acquire techniques for evaluating bonding of plastics with dissimilar materials • Strengthening in-house design and development capabilities
		Winding technology applied products ※	
		Incorporating new products	
	Main business	Electronic control Parts	• Unitization of products combining thin-wall molding technologies, winding technologies, independently procured products, etc
		Coil parts	
Enhancing cost competitiveness	Promoting automation in mass production and inspections process		• Promote automation by incorporating equipment independently manufactured by NIPPO (produced in-house) and sales of equipment produced in-house※
Strengthening BCP response	BCP Initiatives		• Promote production in optimal locations, optimize locations for logistics sites and warehouses

Business Strategy and Business Model (Medical and Precision Devices)

■ Business Model



Sources of Competitive Advantage	- Environment, technology, and licensing for specially controlled medical devices - Obtained medical QMS- "ISO13485 Certification" - Obtained Medical Device Manufacturing Registration Certificate (Japan)
Risks	(Common to Both) Change in supply chain due to partners restructuring their businesses (Precision Devices) Decrease in printer demand due to increasingly paperless work (Medical Devices) Recall payouts due to defective components and other factors (Medical Devices) Tougher differentiation as more companies enter the medical device manufacturing business
Opportunities	- Increased demand for medical robots due to labor shortages at medical institutions - Increased demand for telemedicine, including online medical examinations and remote device operation due to labor shortages at medical institutions, prevention of nosocomial infections, and other developments - Increased demand for high-quality, high-precision components due to an increase in medical lawsuits

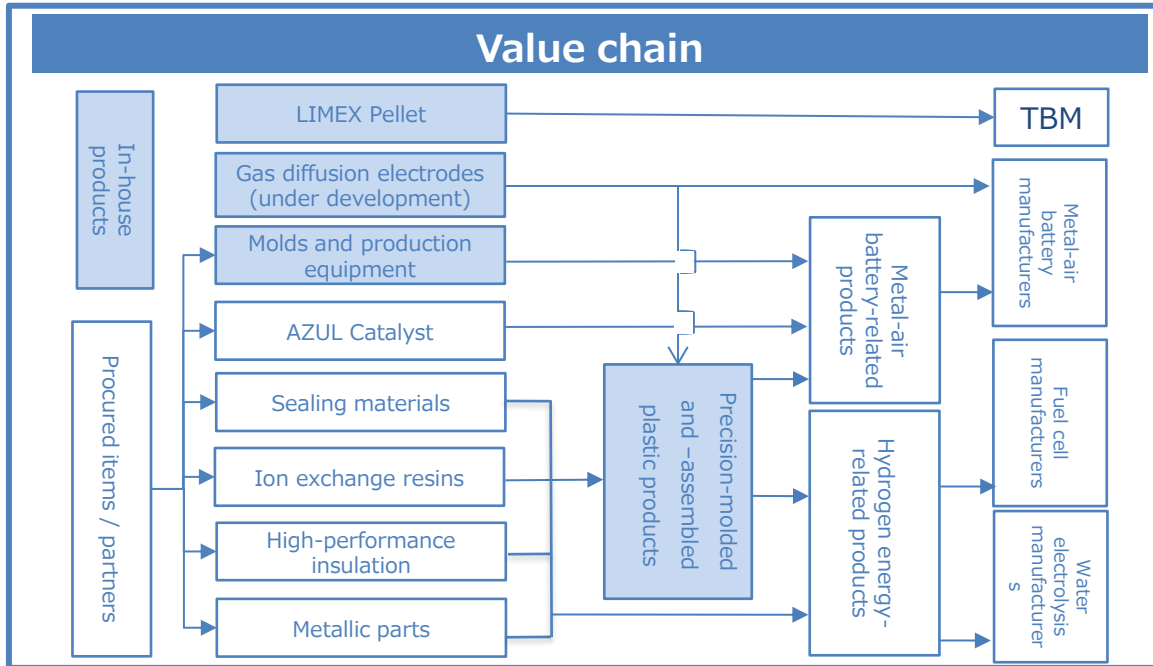
■ Business Strategy



Efforts to Create a Sustainable Competitive Advantage			
Category			Measures
Strengthening Differentiated Technologies	New business	Parts for medical robots	•Acquire knowledge on specialized material processing for medical device components •Contract manufacturing of unit products utilizing our own equipment technology
	Main business	Disposable parts for medical equipment	•Enhance assembly, adhesion technology, surface treatment technology, and validation skills •Scale up contract manufacturing by strengthening overseas (ASEAN) production system
Enhance cost competitiveness • Development of contract manufacturing system	Main business	•Improving production efficiency and reducing manufacturing costs by changing the layout •Promoting automation in mass production and inspections process	•Quality maintenance activities for mass-produced medical device components, and stable material procurement, at the Thailand (Korat) and Inazawa Factories.
			•Enhance assembly, adhesion technology, surface treatment technology, and validation skills •Promote automation with in-house equipment and create production lines capable of handling integrated production, from component units to finished products
Reinforce the Equipment Business	Equipment for medical device manufacturing		•Lateral development (sales) of devices produced in-house utilizing equipment technology developed with automotive parts

Business Model and Business Strategy (Eco Products)

■ Business Model



Sources of competitive advantage	- A problem-solving technical sales approach that integrates trading and manufacturing functions - Providing high-value-added products through collaboration with partner companies and the utilization of resources - Utilizing resources at our own manufacturing facilities in Japan and overseas - Track record of transactions and human network built up over the years in the fuel cell sector
Risks	- Delays in recovering upfront investments due to delays in the business plan - Intensifying cost competition due to the rise of competitors - Fluctuations in demand forecasts due to changes in customers' development trends and in market needs
Opportunities	- Growing demand for environmentally friendly materials and services aimed at reducing CO₂ emissions - Expected growth of the market for metal-air batteries as next-generation storage batteries - National policy to strengthen investment support programs for environmental businesses

■ Business Strategies

Business vision

Grow the Eco Products business into our fourth business pillar

Our aim -Long-term Business Targets for 2031-

Growing demand for environmental contribution business
➡ **Becoming a leading manufacturer of niche components that contribute to the environment**

Efforts to Create a Sustainable Competitive Advantage

Category			Initiatives
Strengthening our in-house production system	New businesses	LIMEX Pellet	· Bringing contract manufacturing at the Vietnam factory onto track
		AZUL Catalysts/Electrodes	· Conducting joint development of gas diffusion electrodes using AZUL Energy's catalyst technology
		Assembling of finished products of fuel cells and next-generation metal-air batteries	· Securing contract manufacturing orders for finished product assembly by utilizing our in-house factories
		Common	· Establishing mass production capabilities and building a quality assurance system
Strengthening revenue base	Main businesses	Ion exchange resins	· Strengthening sales expansion for fuel cell applications · Strengthening market expansion activities in response to PFAS
		High-performance insulation	· Developing new applications beyond fuel cells
Strengthening technology development capabilities	· Conducting joint development of electrodes and next-generation metal-air batteries in collaboration with AZUL Energy · Developing proprietary technologies using the Research and Development Center		

SECTION 2: ESG Initiatives Supporting Sustainable Growth

Sustainability Policy

The NIPPO Group's management philosophy expresses our mission to promote both prosperity for our company and happiness for our staff and associates by creating new value so as to repay society for its blessings.

We have established the following policies as sustainability policies based on our "Compliance Declaration and Code of Conduct," which we are bound to follow as a good corporate citizen, and commit ourselves through our business activities to enhancing our medium- to long-term corporate value and bringing about a sustainable society in accordance with the SDGs.

Social Policies

- We understand and respect the basic human rights guaranteed by Japan's Constitution and the laws and regulations of each individual country, as well as the basic human rights stipulated in international guidelines.
- We respect every country's and region's culture and customs, and we strive to harmonize with and contribute to our local communities in cooperation with our diverse stakeholders.

Environmental Policies

- We promote business activities that help protect the global environment and continuously work to improve such activities.
- We are proactive in dealing with the risks of climate change and strive to reduce CO2 emissions in the process of manufacturing and selling our products and materials

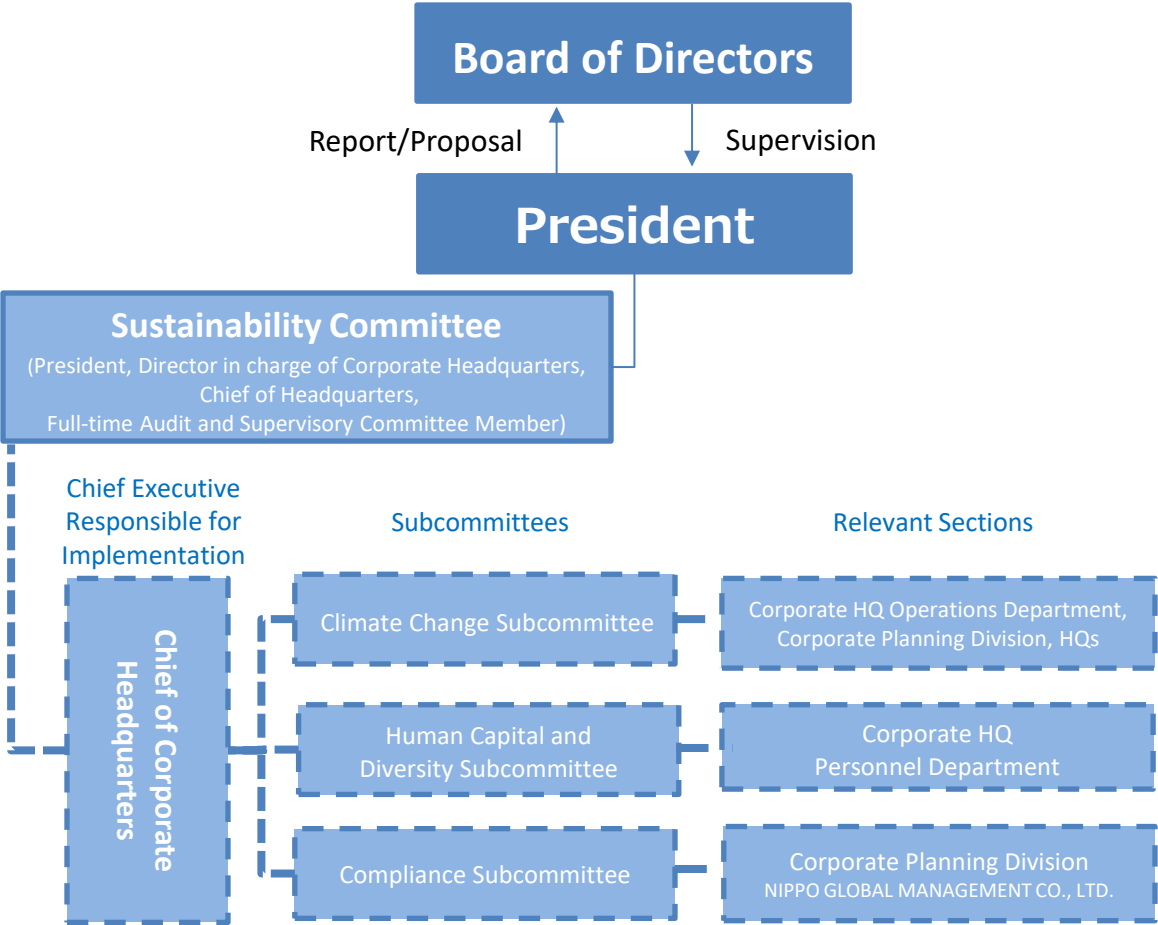
Stakeholder Policies

Customers	With our new challenge of "creating and providing unique value," we support our customers' manufacturing businesses, and contribute to technological development and fuller, more convenient lifestyles around the world.
Suppliers	We strive to build relationships as a trusted business partner based on the spirit of fairness and the philosophy of mutual prosperity through free and equitable business dealings.
Employees	We adhere to the principle of mutual respect for one another's values and thinking, regardless of nationality, race, gender, age, religion, and other differences. We are committed to creating a workplace environment where employees can work with peace of mind as they take on challenges together, supporting our employees in their aim to build more enriching lives.
Shareholders/ Investors	We disclose information to our shareholders and investors in a timely and appropriate manner and emphasize constructive dialogue aimed at enhancing medium- to long-term corporate value.
Local Community	As a good corporate citizen with roots in the community, we actively engage in programs that contribute to society.

Sustainability System

Based on our Sustainability Policy, the NIPPO Group has established the Sustainability Committee, which is chaired by the president, as a framework for promoting initiatives to improve medium- to long-term corporate value and create a sustainable society. To promote sustainability, we plan to identify and review materiality as well as review efforts to address identified materiality. Subcommittees will promote specific initiatives to maintain and improve each identified materiality, with the results of the activities being reported to the Sustainability Committee every six months. In addition, the Board of Directors will supervise the activities of this committee and subcommittees via the annual management review.

Sustainability System Chart



Roles of Each Institution (Organization)

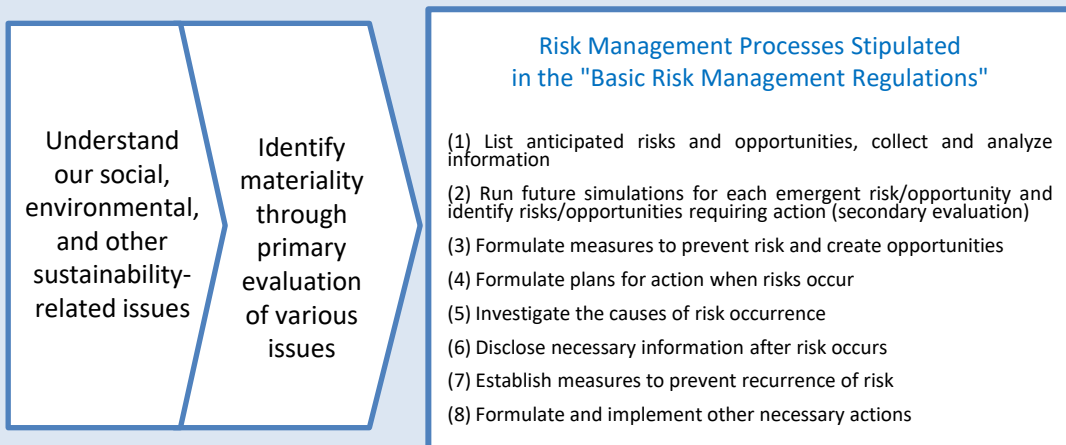
	Roles
Board of Directors	• Determine basic policies for sustainability-related initiatives • Supervise sustainability-related management issues
President	• Chief executive responsible for dealing with sustainability-related management issues • Report and provide recommendations to the Board of Directors regarding sustainability-related management issues • Develop Sustainability Committee activities with advice from the Board of Directors
Sustainability Committee	• Identify and review materiality • Review subcommittee's initiatives for each identified materiality • Resolve other sustainability-related problems and issues
Subcommittees	• Promote specific initiatives to maintain and improve identified materiality • Report to the Sustainability Committee on the results of activities *In order to link the sustainability promotion system and the Group's risk management system, Chief Executive Responsible for Implementation of the subcommittees and Chief of Risk Management Headquarters are appointed concurrently.

Materiality Identification and Review Process and Risk Management System

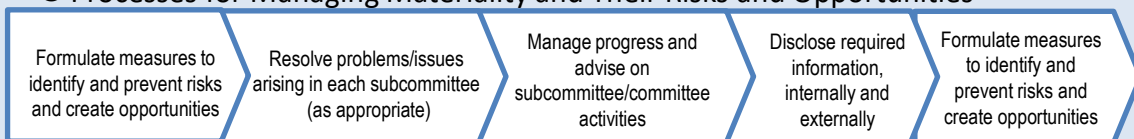
The Sustainability Committee is tasked with providing the NIPPO Group with an understanding of the company's social and environmental problems and other sustainability-related issues, identifying materiality following a primary evaluation of the impacts these issues have on NIPPO's stakeholders, on society, and on the company's management and business. A secondary evaluation of materiality that have been identified involves elucidating the risks and opportunities for each one and determining the specific efforts necessary to maintain and improve them. The aim is to create an efficient and effective management system by integrating each process for identifying, reviewing, maintaining and improving materiality with the Risk Management System, based on the Basic Risk Management Regulations separately established by the Group.

Materiality Identification and Review Processes

● Processes for distinguishing, identifying, and evaluate materiality and their risks and opportunities



● Processes for Managing Materiality and Their Risks and Opportunities



Be constantly aware of link between the "long-term vision" and "medium-term management plan," proceed through the PDCA cycle

Integration with Risk Management System

Risk Management System Stipulated in the "Basic Risk Management Rules"		Sustainability System	
Risk Category	Chief of Risk Management Headquarters	Subcommittee	Chief Executive Responsible for Implementation
• Risks related to climate change • Risks related to labor issues (human capital, diversity, etc.) • Risks related to compliance • Risks related to disasters and accidents • Risks related to information security • Risks related of trade, other risks	Chief of Corporate Headquarters	• Climate Change Subcommittee • Human Capital and Diversity Subcommittee • Compliance Subcommittee	Chief of Corporate Headquarters
• Risks related to technology and patents • Risks related to sales transactions • Risks related to purchasing transactions • Risks related to distribution • Other risks related to transactions	Chief of Business Headquarters	—	—

* The aim is to create an efficient and effective management system by integrating the framework for materiality initiatives carried out by subcommittees under the Sustainability Committee with the risk management system stipulated in the Basic Risk Management Regulations.

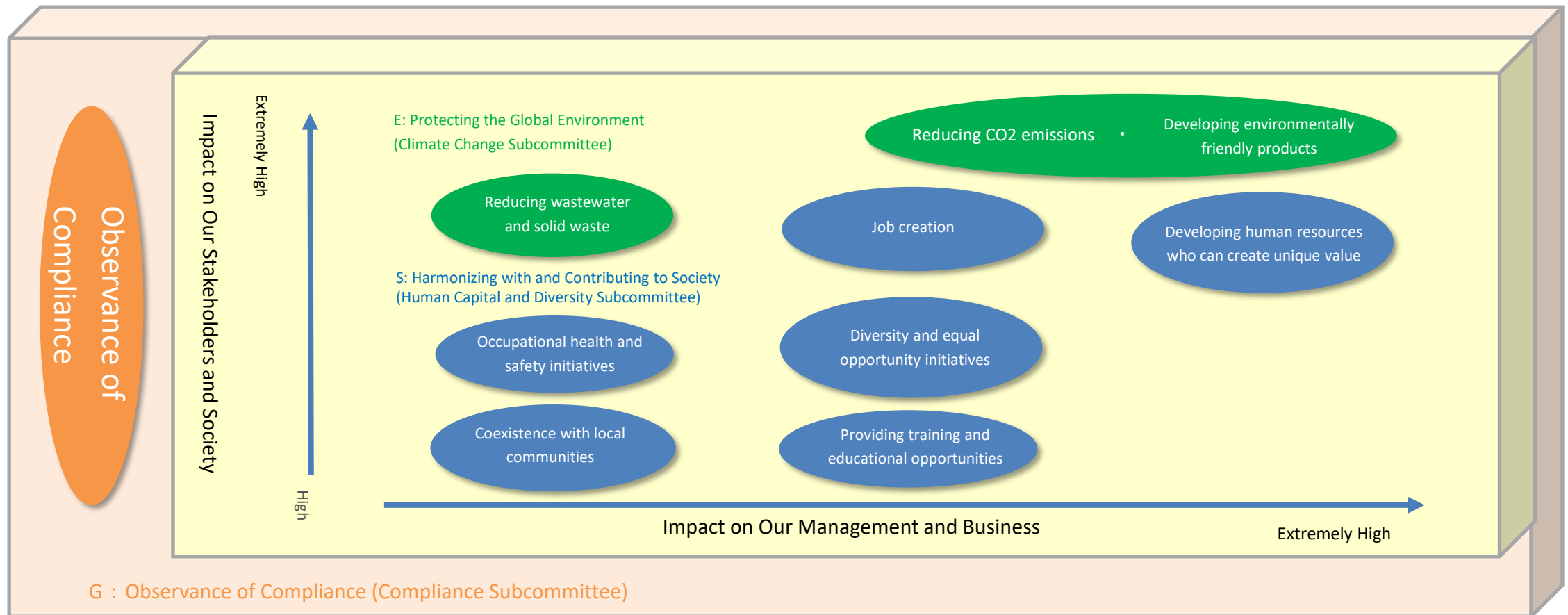
* Please refer to "Risk Management System" under "Basic Risk Management Regulations" on Page 30.

Evaluation and Identification of Materiality

The NIPPO Group recognizes that compliance is the most important undertaking for a company seen as a public institution. In addressing this, we identify the social and environmental problems and other sustainability-related issues (materiality) that affect the company and incorporate this materiality in our business strategy so as to enhance our medium- to long-term corporate value and successfully achieve a sustainable society through the creation of unique value.

Materiality Identified by the Company and Subcommittees Responding

E: Environmental Issues S: Social Issues G: Governance Issues



Specific Initiatives to Identify Materiality

The NIPPO Group identifies risks and opportunities related to the identified materiality and promotes initiatives in line with the countermeasures formulated for each, and we strive to

	Materiality	Risk and Opportunity		NIPPO Initiatives	Related SDGs
E Environment	<u>Protecting the Global Environment</u> - Reducing CO2 emissions - Developing environmentally friendly products - Reducing wastewater and solid waste	Risks - Increased costs following stricter reporting requirements for CO2 emissions and reducing wastewater and solid waste. - Decreased sales due to delayed responses to market changes, such as lower demand for printers resulting from the shift to paperless operations and the electrification of automobile engines - Increase demand from the business partners to reduce CO2 emissions and impact of that on company's evaluation - Damage to our own factories due to increases in abnormal weather and natural disasters	Opportunities - Increasing need for environmentally friendly products that help reduce environmental impact and lower CO2 emissions - Increasing need for products related to CO2 separation, capture, and utilization, with "carbon neutral" being the operating key phrase - Increasing need for components related to hydrogen energy, which is attracting attention as a next-generation, non-CO2-emitting energy source	E-1 Reducing CO2 emissions	 
				E-2 Developing environmentally friendly products	  
S Social	<u>Harmonizing with and Contributing to Society</u> - Developing human resources who can create unique value - Job creation - Diversity and equal opportunity initiatives - Providing training and educational opportunities - Occupational health and safety initiatives - Coexistence with local communities	Risks - Results of decline in the working population: - Increased workload - Increased wages - Lower productivity and work engagement - Employee attrition - Recruitment difficulties - Work environments not meeting world's needs: - Lower productivity and morale - Reduced innovation - Employee attrition - Troubles with neighbors	Opportunities We will contribute to sustainable corporate growth and a sustainable of society by ensuring this is a company where all employees—who are the source of our strength—respect each other's individuality and can continue in their work with peace of mind.	S-1 Initiatives to Strengthen Human Capital -1 Initiatives to Strengthen Human Capital	 
				S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role -1 Creating a Workplace Environment Where Employees Can Work Safely and Securely -2 Creating a Workplace Environment Where Everyone Can Play an Active Role -3 Establishing an evaluation and reward system that encourages challenges	
G Governance	<u>Observance of Compliance</u>	Risks Decline in social trust/credibility due to non-compliance		G Continuing Compliance Awareness Programs with Auditing and Oversight	

E-1 Reducing CO2 emissions

The NIPPO Group has identified the global issue of “protection of the global environment” as one of its material issues, and recognizes that it is a company’s responsibility to address this issue. Among these, we believe that concrete efforts to address climate change are urgently needed. In December 2022, we announced our support for the TCFD recommendations, and the Climate Change Subcommittee discussed the risks and opportunities, and responses that climate change could affect our business. We are also disclosing information in accordance with these recommendations.

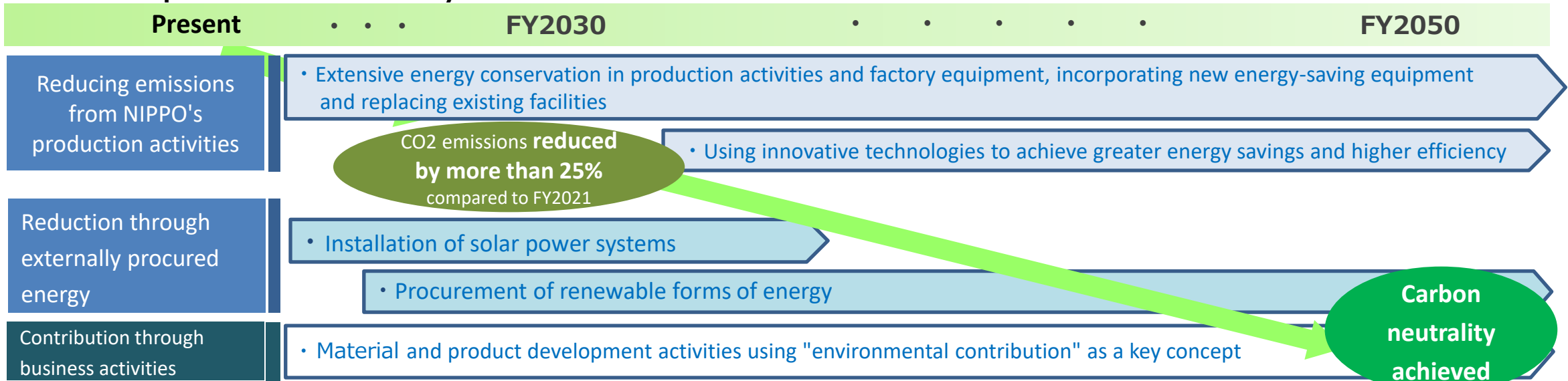
※ For risks and opportunities identified by our company and specific initiatives, please refer to "Information Disclosure Based on TCFD Recommendations" (https://www.nip.co.jp/english/esg/.assets/tcf_d_en.pdf).

● Metrics and Targets

	FY2025 Results	FY2030 Target	FY2050 Target
Reduction rate in CO2 emissions (in comparison with FY2021)	±0%	Reduce ≥25%	Carbon neutrality (effectively zero CO2 emissions)

- We have set a target for reducing CO2 emissions, the greenhouse gas with the greatest impact on global warming.
- Results for each fiscal year: https://www.nip.co.jp/english/esg/.assets/esg_environment_en.pdf
- We will make an announcement about the range and calculation method of “SCOPE 3” that can be managed in practice once we have determined that information and are prepared to disclose it.

● Roadmap to Carbon Neutrality

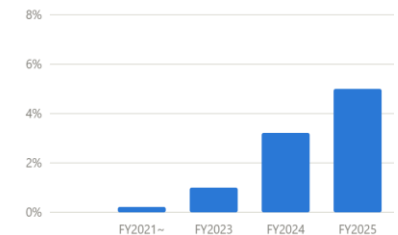


TOPICS

Initiatives toward reducing CO2 emissions

To reduce electricity consumption, which is a primary contributor to CO2 emissions, we are progressively introducing self-consumption solar power generation systems. These systems are currently operational at our Inazawa Office, Bangkok Factory, and Malaysia Factory, contributing to an increase in the proportion of renewable energy in our total electricity consumption.

Trends in Renewable Energy Ratio



E-2 Developing environmental contribution products

The NIPPO Group, guided by its "Long-Term Management Goals 2031," will grow its "Eco Products Business" into a fourth business pillar by expanding environment-friendly products in "new energy" and "eco-materials," aiming for sustainable growth and a better society.

New Energy

Manufacturing, Assembly, and Sales of Components for the Hydrogen Market

- Manufacturing, assembly, and sales of components for water electrolysis stacks
- Joint development of a "new type of fuel cell" that does not require a supply of hydrogen gas



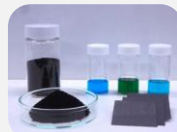
Manufacturing and Sales of Materials for Energy Conversion

[Development Case Study]

Joint Development of Electrodes Utilizing "AZUL Catalyst" — a Rare-Metal-Free, High-Performance Catalyst

• We have entered into a "Distributorship Agreement" and a "Manufacturing License Agreement" with AZUL Energy, which has developed a high-performance catalyst that does not use platinum, covering sales and manufacturing. Through this new catalyst, we aim to expand sales in the new energy market.

In addition, we are jointly developing electrodes utilizing this technology, which serve as key modules for water electrolysis, fuel cells, and metal-air batteries.



Environmentally Friendly Materials

Contract Manufacturing and Joint Development of LIMEX Pellet, a New Environmentally Friendly Material

- Contract manufacturing of LIMEX Pellet at our Vietnam factory (Mass production scheduled to begin in FY2026)



- Joint development of new materials for industrial products

[Application Development Case Study] Metal Circuit Transfer onto LIMEX Sheet ~Application Development of Film-Type Sensor Devices~

- Wearable Medical Devices
Reduces discomfort during wear, for heart rate sensors and other devices
- Management Tags
Supports logistics efficiency and quality control



Reduction of CO2 Emissions

Expansion of Ultra-Fine Bubble Generators into Environmental Applications (e.g., Cement)

- Improved reaction efficiency for CO2 fixation
- Improved production efficiency of calcium carbonate
- Reduction of processing heat



Removal of Organic Fluorine Compounds

Removal of Organic Fluorine Compounds (PFAS) Using Ion Exchange Resin

- The ion exchange resin selectively adsorbs and removes a wide range of PFAS compounds with high capacity



Initiatives to Strengthen Human Capital and Increase Diversity

The NIPPO Group's employees—who we consider to be our technical innovators—are the source of our competitive advantage. Through "unique value creation," we aim to evolve into an "Essential Company" that advances our clients' manufacturing and supports the realization of a sustainable society through the active participation and diverse perspectives of each employee as well as their mutual coexistence and cooperation. In order to continue this practice, the NIPPO Group is placing even greater focus on efforts to strengthen human capital and increase diversity.

■ Initiatives for "Unique Value Creation"

S-1. Initiatives to Strengthen Human Capital

• Developing human resources who can create unique value

Developing human resources who can create unique value. We are committed to developing employees who can combine diverse perspectives and strategic thinking to generate "1+1=3" unique value, fostering a high-engagement workplace where collaboration maximizes individual potential, while also recruiting and developing highly specialized talent to maintain and enhance our technological competitiveness.

S-2. Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

• Creating a workplace environment where employees can work safely and securely

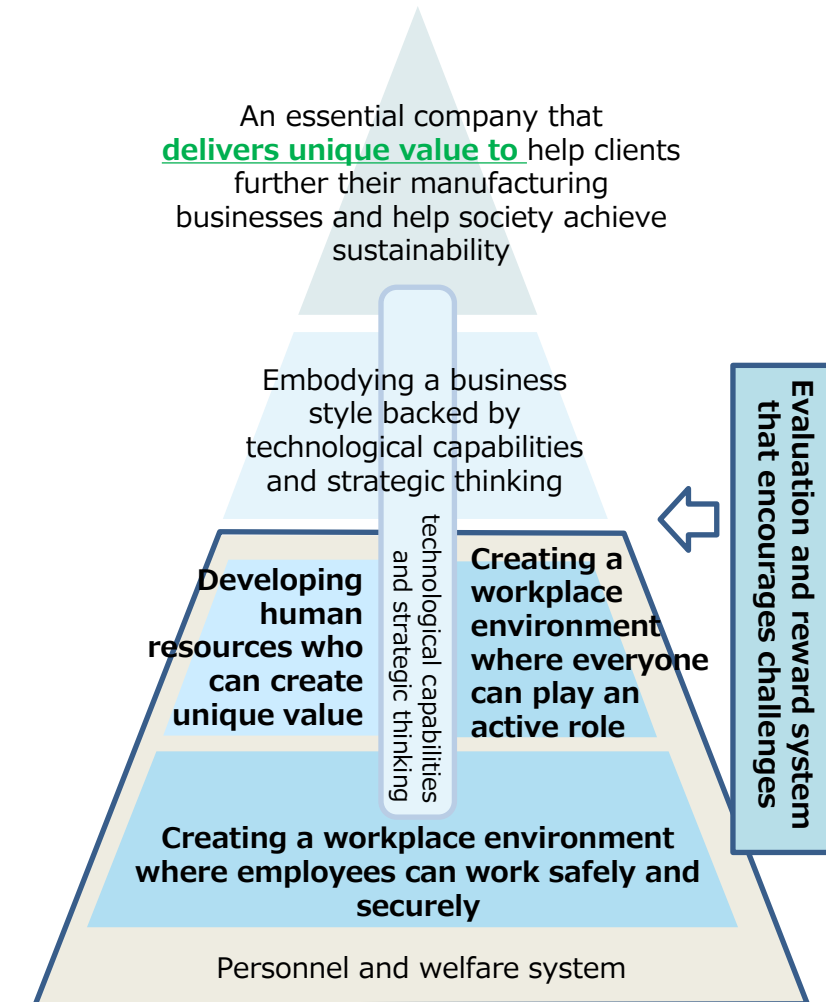
We consider safety and security to be a basic condition for continuously creating unique value, and will introduce and review personnel systems while promoting work style reforms to create a comfortable working environment.

• Creating a workplace environment where everyone can play an active role

We believe that enabling all employees — regardless of position, career, or age — to thrive with diverse perspectives is essential to continuously creating unique value, and will introduce and review personnel systems to create an environment where everyone can play an active role.

• Establishing an evaluation and reward system that encourages challenges

To continuously foster a culture of challenge, we will implement fair evaluation and compensation through job grading and goal management systems. In particular, through performance-linked rewards, incentive programs, and exceptional talent-based appointments, we will build a virtuous cycle where those who create unique value are highly recognized and motivated to take on the next challenge.



S-1 Initiatives to Strengthen Human Capital

■ Developing Human Resources Who Can Create Unique Value

● Metrics and Targets

	FY2025 Results	FY2028 Target
Participation rate of level-specific training	99.4%	100%
Participation rate of training for managers	100%	100%

(1) Stratified Human Resource Development System

To develop technical innovators with both technological expertise and strategic thinking from a medium- to long-term perspective, we implement hierarchical mutual learning training based on the concept of "teaching, learning, and growing together." Specifically, based on the job requirements defined for each level, we provide opportunities for employees to carefully consider their future goals and the steps to achieve them alongside their colleagues, promoting knowledge retention and the accumulation of practical experience.

(2) Developing Candidates for Management

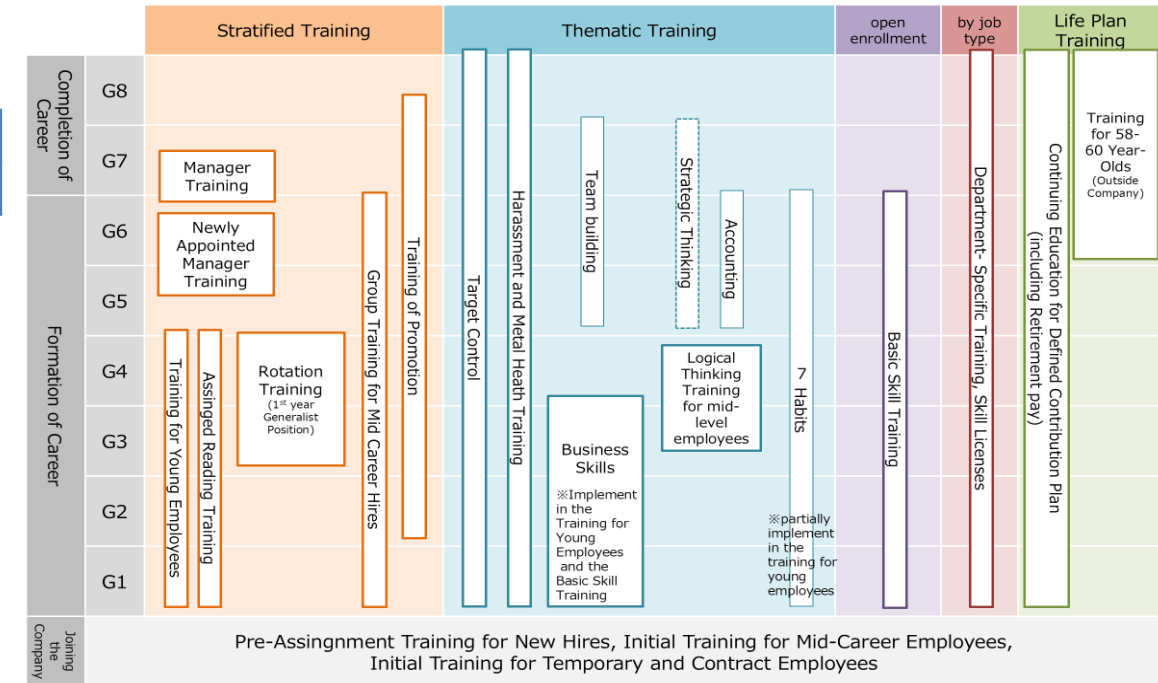
To enhance organizational goal achievement, we conduct training aligned with our development framework. In the "Basic Management Training" program for management candidates, participants first learn fundamental management skills — such as how to drive their organization toward its goals and deliver results through their teams — then put this into practice by analyzing issues within their own departments, formulating action plans, and aligning with their department heads. This process promotes the shift from reactive, issue-driven management to proactive, strategy-driving management.

(3) Recruiting and Developing Highly Specialized Talent

Securing talent in highly specialized fields is one of our most critical management priorities, directly linked to maintaining and enhancing our technological competitiveness as we strengthen our manufacturing capabilities. In addition to recruiting job-ready specialists, we are continuously committed to developing highly specialized talent through expanded in-house training programs and support for obtaining professional qualifications.

● FY2026 Human Resource Development System

■ : On-going training
 □ : Training schedule for FY2026
 ▨ : Training schedule for FY2027~



TOPICS

Holding "Senior Management Training" to Enhance Strategic Drive Enhancement

As part of our human capital strengthening initiatives, we conducted "Senior Management Training" for department heads. With the aim of shifting management from a reactive, issue-driven approach to a proactive, strategy-led one, participants developed the mindset and skills needed to lead their organizations by crafting strategies and building frameworks as leaders of their departments. The program is designed to drive organizational transformation by cascading the mindset shift and skill enhancement of senior managers down to section managers and team members.



S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

■ Creating a Workplace Environment Where Employees Can Work Safely and Securely

(1) Periodic Examinations with a “Management and Labor Assessment”

by a Certified Labor and Social Security Attorney

As we aim to be a company that values each and every employee, we were continuously certified as a company that has passed the management and labor assessment, following a certified social insurance and labor consultant's assessment of our compliance with labor and social insurance laws and regulations and of our initiatives to reform the workplace environment.



(2) Increasing the Childcare Leave Rate

We are committed to building systems and a workplace environment that enable employees to take leave for childbirth, childcare, or other reasons without anxiety, and to return to work smoothly.

	FY2025 Results	FY2028 Target
Male Employees	66.7%	100%
Women Employees	100%	100%

(3) Initiatives to Improve Mental Health and Employee Satisfaction

Recognizing that the mental health of our employees is a fundamental condition for their own well-being and that of their families, as well as for maintaining a vibrant workplace, we are committed to promoting mental well-being — not only through the prevention of mental illness, but also through initiatives to enhance communication in the workplace.

	FY2025 Results	FY2028 Target
Stress Check Index *1	95	95
Employee Satisfaction *2	58.4%	≥65%
High Stress Percentage*3	15.3%	<10%
Turnover Rate *4	5.3%	<5%

* 1 Stress Check Index: An indicator of "comprehensive health risk" established by the Ministry of Health, Labor and Welfare. The national average is set at 100. The higher index (above 100) indicates the higher risk that the working environment is having a negative impact on workers' health.

*2 Employee Satisfaction: Index of job satisfaction based on stress checks (percentage of employees who are "satisfied" or "somewhat satisfied" with their jobs)

*3 High Stress Percentage: Percentage of "employees deemed to be highly stressed" according to stress checks

*4 Turnover Rate: Turnover rate of regular employees (excluding mandatory retirement)

TOPICS

Fostering a Supportive Workplace for Employees on Leave – Launch the “Colleague Support Allowance”

We have introduced the "Workplace Support Bonus" system to foster a workplace culture where employees understand each other's circumstances — such as childcare and caregiving — and support one another in balancing work and personal life, enabling employees to take leave and return to work with peace of mind. By making appreciation for colleagues' support visible, we aim to ease the psychological burden on employees on leave and build a workplace where it is natural for everyone to support one another when a colleague is away.



S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

■ Creating a Workplace Environment Where Everyone Can Play an Active Role

(1) Ensuring Diversity in Core Human Resources

As we believe a multifaceted perspective enhances an organization's growth, one aim is to increase the percentage of woman employees in career-track and professional positions as well as employees at assistant manager level.

	FY2025 Results	FY2028 Target
Percentage of woman employees in career-track and professional positions (not including managers)	12.2%	20%
Percentage of woman employees among employees at assistant manager level (including general staffs)	38.5%	40%

(2) Creating Frameworks Where Anyone Can Challenge Themselves and Experience Success

We have introduced an open application-based internal project formation system, an internal dual-role system, and an internal internship program as frameworks that allow anyone interested to take on new challenges and gain successful experiences, transcending the boundaries of job categories and specializations. Through discussions that bring together diverse perspectives, we aim to generate the "1+1=3" kind of "unique value" that goes beyond the sum of individual contributions.

TOPICS

Holding a dialogue session aimed at promoting women's empowerment.

With the aim of identifying and analyzing the barriers faced by female employees in pursuing managerial positions, we held a discussion session between female employees and the HR Department.

Going forward, we will work to raise awareness of various HR systems and case studies that support balancing childcare and work, and implement strategic measures to address the identified barriers. Through these efforts, we aim to encourage female employees to aspire management roles and further improve our workplace culture.

Examples of Barriers

- Concerns about future relocations and flexible working arrangement
- Lack of role models
- The lingering implicit perception of gender-based role assignments shared by both the workplace and female employees

INTERVIEW

Internal dual job system・Internal internship system

As a system that enables employees to gain diverse work experience while remaining within the company, we introduced the "Internal dual job system" and the "Internal internship system".

<Comments from Participating Employees and Hosting Department Managers>

Dual job

Admi. Dept.
► Business Development Dept.



Being directly involved in new business development was a series of exciting experiences that boosted my motivation. Additionally, being exposed to new fields further increased my desire to learn.

Dual job

Manager of the Hosting Department



The dual job members delivered outputs in ways that existing team members could not, which broadened the scope of our organizational activities. Furthermore, her strong ambition served as a positive stimulus for existing members and encouraged those who had wanted to participate in the program but had not yet taken the step.

S-2 Creating a Workplace Environment Where Diverse Employees Can Play an Active Role

■ Establishing an evaluation and reward system that encourages challenges

We are working to establish evaluation criteria that assess not only goal achievement but also the attitude and process of taking new steps, encouraging employees engaged in unique value creation to embrace challenges, reflecting their challenges and growth in compensation, and linking this with other initiatives such as "building a system where anyone can take on challenges and gain successful experiences."

- Evaluation criteria that fairly recognize employees who embrace challenges

No.1	Those who took on new challenges and achieved results
No.2	Those who took on new challenges but did not succeed
No.3	Those who maintained the status quo and achieved results
No.4	Those who took no action and achieved no results

① Developing systems and evaluation criteria that encourage challenges

Job grading system

Goal management system

Special promotion system

Compensation and incentive system



② Creating opportunities to reflect employees' challenges and growth in evaluation and compensation

Open application-based internal projects

Internal dual-role and internal internship programs

Self-development support including internal and external training

Qualification reward system

TOPICS

Special Promotion System

Since FY2023, we have been refining our Special Promotion System to open early promotion opportunities for employees who demonstrate exceptional motivation and results beyond standard criteria. Employees who consistently exceed their regular roles and already perform at a higher grade level are recommended as special promotion candidates. In FY2025, five employees were promoted through this system, contributing to greater growth motivation and work engagement across our workforce.

G Continuing Compliance Awareness Programs with Auditing and Oversight

The NIPPO Group has identified "observance of compliance" as the company's most important materiality. We have incorporated the "Compliance Declaration and Code of Conduct" into our "Compliance Guidebook" as a fundamental set of directives to be observed in the execution of our daily duties. We always take the ethical path and proceed with good social sense so that we may be deemed a good corporate citizen.

■ Compliance Training System

Follow-up for managers

- Training for managers
Labor management, harassment, etc.

Follow-up for all employees

- Compliance training for all employees
- Thematic compliance training (optional)
Subcontracting law,
Act on the Protection of Personal Information
environmental laws and
regulations, harassment,
Security Trade Control / Export Control etc.

For New employees

- Pre-assignment training for new hires
- Mid-career employee training
Importance of compliance,
internal management systems, etc.

Basic Issues Requiring Compliance in the Execution of Regular Operations as Stipulated in the "Compliance Guidebook"

- Respect for Human Rights
- Prohibiting Discrimination
- Prohibiting Harassment
- Ensuring Health and Safety
- Fair Manufacturing
- Tackling Environmental Challenges
- Compliance with Chemical Substance Regulations
- Proactive Communication
- Fair Procurement Practices
- Free and Fair Competition
- Compliance with Import/Export Regulations
- Appropriate Information Disclosure
- Ensuring Accuracy of Financial Reporting
- Prohibiting Insider Trading
- Prohibiting Transactions Constituting Competition with Company Business or Conflicts of Interest
- Prohibiting Corruption
- Eliminating All Connections to Anti-Social Forces
- Prohibiting Private or Unauthorized Use of Company Property
- Protecting Classified Company Information
- Protecting Personal Information
- Protecting Intellectual Property

TOPICS

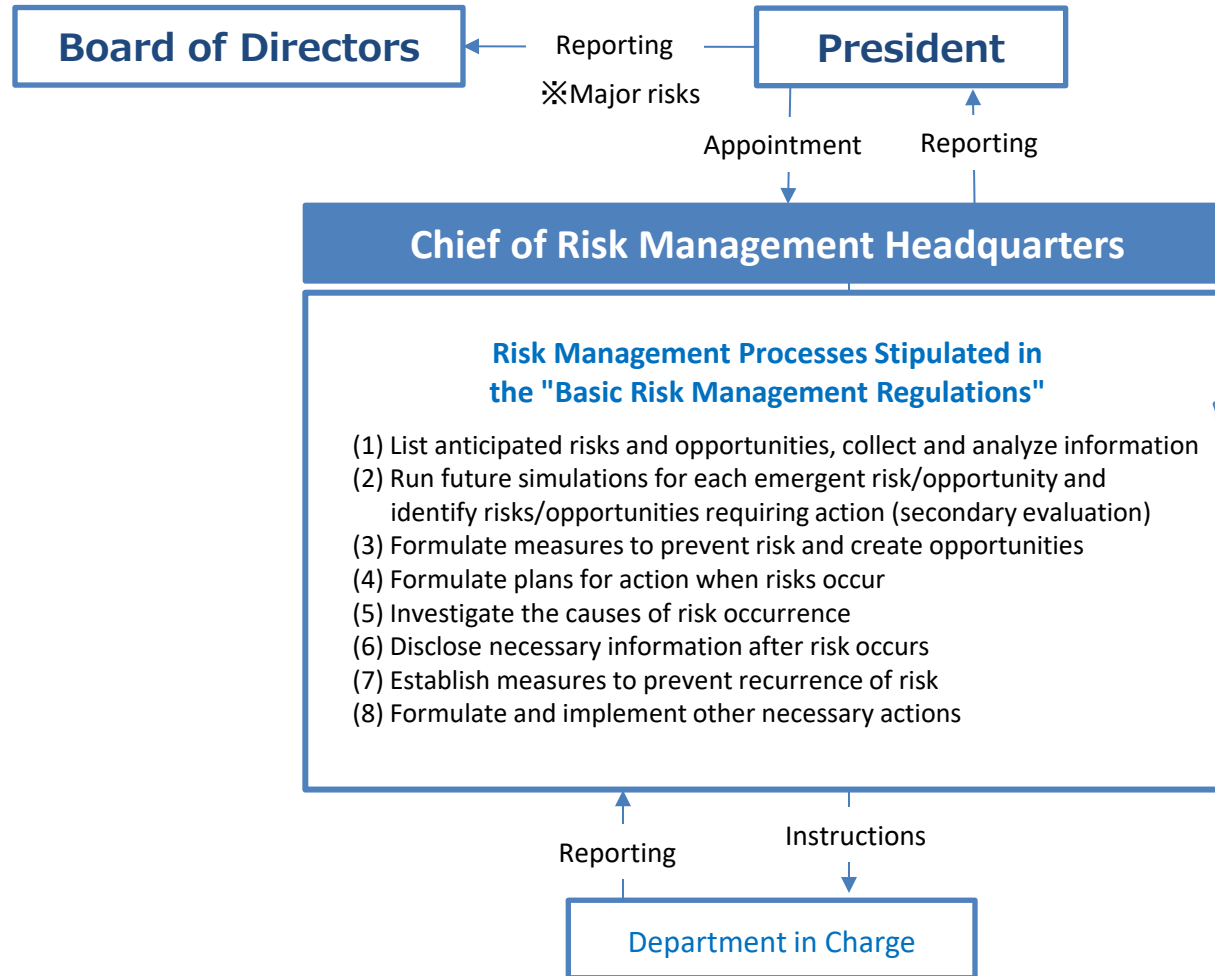
Rollout and Operational Development of the Compliance Guidebook Across Group Locations

With the aim of raising compliance awareness and ensuring thorough adherence throughout the Group, we have developed and delivered the "Compliance Guidebook" along with associated training across all Group locations. Specifically, we created country-specific versions of the Guidebook and established an operational framework enabling each location to independently and continuously conduct new employee training and annual compliance education.



Awareness Activities at
the Malaysia Factory

G Risk Management System



Appointment categories for Chief of Risk Management Headquarters

Risk contents	Chief of Risk Management Headquarters
• Risks related to climate change • Risks related to labor issues (human capital, diversity, etc.) • Risks related to compliance • Risks related to disasters and accidents • Risks related to information security • Risks related to trade, other risks	Chief of Corporate Headquarters
• Risks related to technologies and patents • Risks related to sales transactions • Risks related to purchasing transactions • Risks related to logistics • Risk related to other transactions	Chief of Business Headquarters

※ The diagram for auditing and supervision is the same as the corporate governance system.

Disclosure of ESG Information

Non-financial information on the environment, society, and governance is disclosed on our website as "ESG data."

* Respective data subject to disclosure may change based on the progress of this initiative at our company.

Information Disclosed		
E nvironmental Issues	• CO2 emissions • Waste emissions (non-consolidated) • Electricity usage	• Water usage • Sales of energy-saving and environmentally friendly products
S ocial Issues	• Number of employees • New graduate and mid-career hires (number) • Managers (number of people) • Percentage of woman employees in career-track and professional positions (not including managers) • Percentage of woman employees among employees at assistant manager level (including general staffs) • Employment rate for persons with disabilities • Turnover • Length of service • Average annual income (by job category) • Occupational accidents (number of days) • Occupational accidents (frequency) • Average days of paid leave taken	• Number of employees taking childcare leave • Number of employees taking nursing care leave • Stress Check Index • Employee Satisfaction Index • Percentage of high-stress employees • Regular health check-up rate • Participation rate of rank-based training • Participation rate of managerial training • Number of training sessions related to technology and skills • Number of participants in training related to technology and skills • Number of newly qualified employees
G overnance Issues	• Board of Director effectiveness (ratio of independent directors/ratio of women directors / ratio of foreign directors /number of board meetings / skill set) • Number of participants in compliance training • Number of legal violations	• Number of internal reports • Number of external reports