NIPPON YAKIN KOGYO CO., LTD.

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NIPPON YAKIN KOGYO CO., LTD.

100th since 1925
Our materials, your future

Integrated Report 2025

2025

Management Philosophy: Nippon Yakin Kogyo's Basic Philosophy and Reason for Existence

1. We offer excellent products that drive progress and create a better world.
1. We pursue perpetual development and improvement through creativity and efficiency based on independence and self-reliance.
1. We promote the well-being of all who join with us, and offer opportunities to society for greater job satisfaction.

Our materials, your future

Issues of Materiality: Issues to Be Tackled in the Medium to Long Term

- Provision of socially useful products
- Reduction of global environmental impact through business activities
- Achievement of safe and stable production
- Creation of workplaces where all employees can work with equality and satisfaction
- Establishment of sustainable partnerships
- Advancement of governance foundation for adaptation to the social environment

Medium-Term Management Plan:
Immediate initiatives to realize our management philosophy and resolve issues of materiality

Contributing to the future of the earth as a leading supplier in the high nickel alloy and stainless steel markets by pursuing diversification of products and raw materials

- **Basic Strategy 1** : Seek to meet the needs of increasingly advanced markets by developing and supplying industrial materials that create new value
- **Basic Strategy 2** : Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment
- **Basic Strategy 3** : Establish a sustainable management foundation that is resilient to changes in our environment

Strengthening our Business foundation (ESG Initiatives)

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Editorial Policy

To further strengthen communication with our stakeholders, we have expanded the sustainability reports we have issued since 2021 and compiled an Integrated Report from 2023.

Integrated Report 2025 outlines the characteristics and strengths of the Company's value chain, a review of the second year of Medium-Term Management Plan 2024, and policies and initiatives to increase our corporate value, such as ESG initiatives to foster harmony with society and the environment. We will further expand the information we disclose in future to provide our stakeholders with an understanding of our initiatives to achieve sustainable growth.

Scope of reporting
Nippon Yakin Kogyo Co., Ltd.
(including activities conducted as the entire Nippon Yakin Kogyo Group)

Reporting period
From April 2024 to March 2025
(FY2025, including some activities conducted before and after the period)

Publication
December 2025

Disclaimer of guarantee about future forecasts
Content pertaining to the future in this integrated report is based on judgments and assumptions based on information available to Nippon Yakin Kogyo at the time of editing, and risks and uncertain elements are present. Actual outcomes such as business results may differ from the forecasts written in this report due to various factors.

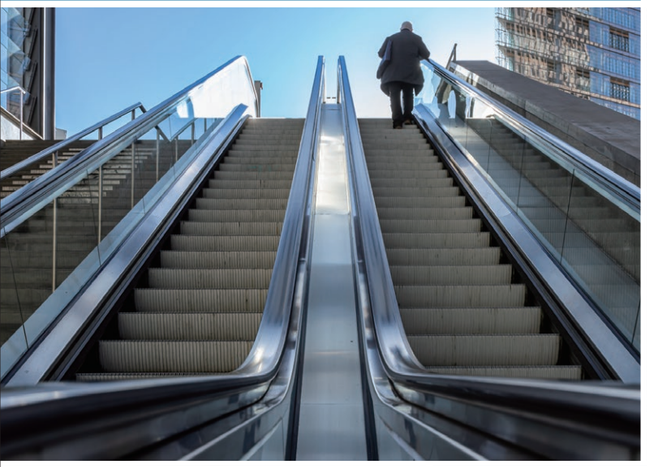
Nippon Yakin Kogyo's Businesses

Contributing to the creation of a more affluent and comfortable society by sharing the possibilities of stainless steel

Stainless steel is used in many different settings in society due to qualities such as its resistance to corrosion, high formability, and its beauty.

Its longevity and recyclability provide potential for contributions to a circular society.

By providing a reliable supply of a material that is so essential to people's daily lives and constantly working to improve its quality and functionality, we are contributing to the development of a sustainable society.



Stainless steels

Stainless steel is an iron alloy that contains at least 10.5% chromium and has superior corrosion resistance. Stainless steel is used in many different fields, including housing facilities, household appliances, construction and civil engineering, transportation machinery, and industrial machinery, due to qualities such as its resistance to corrosion and heat, its strength, its high formability and suitability for welding, and its beauty. Almost no degradation of quality occurs during its use, making it a popular choice as a recyclable material, and expansion of its usage is being discussed.

Net sales: 81.8 billion yen

Sales volume: 148,700 tonnes

Main uses

Eating utensils, kitchen equipment, building materials, pipes, home appliances, precision devices, transportation machinery, etc.

High-performance alloys

The materials we refer to as high-performance alloys are steel or alloys that contain at least 20% nickel. Their mechanical and physical properties are both superior to stainless steel: they have greater corrosion resistance, heat resistance, strength and soft magnetism and less thermal expansion. High-performance alloys are used in harsher environments than stainless steel, corrosive or high-temperature environments, contributing to decarbonization and life cycle cost reduction.

*All figures are non-consolidated

Net sales: 65.9 billion yen

Sales volume: 39,700 tonnes

Main uses

Polycrystalline silicon manufacturing plants (solar power generation), flue gas desulfurization equipment, desalination plants, electronic devices, offshore structures, chemical and food processing plants, cooking appliances

A century-old spirit of production as a springboard to addressing greater challenges for the next century

Celebrating the 100th anniversary of our establishment

The year 2025 marks a great milestone for us: the 100th anniversary of our establishment. Looking back on our establishment, the 1923 Great Kanto Earthquake had led to the world realizing the importance of first-response firefighting, and we began our endeavors by manufacturing fire extinguishers in 1925. At that time, fire extinguishers used gunpowder as a detonator to eject the extinguishing agent. After shifting its emphasis to the pyrotechnics business with the Company's advanced technology related to gunpowder, those in upper management looked ahead to the next generation, focusing on the social need for domestic production of alloys. In 1935, we began manufacturing stainless steel. Then, as Japan entered a period of rapid economic growth, we invested in equipment such as a 60-tonne electric arc furnace and a hot rolling mill to meet growing demand and improve quality, and built a highly competitive mass production system.

Though we have had several challenging business periods since then, we are here today because of the support of our stakeholders, and also because of our own persistent efforts to develop steel grades, improve facilities, and expand overseas business to adapt to market changes, while always looking ahead to the future. This spirit of consistent challenge in production is still alive and well in the Company today.

The stainless steel and high-performance alloys that are currently our mainstay products are used not only for general consumer goods but also as part of social infrastructure, such as structures and production facilities, and continue to provide value over the long term because of their excellent functionality as well as high recyclability and long product lives. In an age when both companies and products are expected to be sustainable, I believe that the mission of our management is to continue to take on the challenge of creating new products and value that people and society demand for the next 100 years.

Capturing the changing business environment and strengthening competitiveness

The business environment we face remains highly uncertain. A complex set of external factors is affecting our business activities, including soaring resource and energy prices, including sharp fluctuations in the price of nickel, as well as geopolitical risks, labor shortages in Japan due to the declining birthrate and aging population, and exchange rate fluctuations and tightening international regulations.

In this environment, our results for FY2025 resulted in lower revenues and profits compared to FY2024. The decrease in profit was due to lower selling prices as the price of nickel, a core raw material, switched to a downtrend, and due to the product mix, including a decline in demand for products in high-performance alloys. Although sales volumes of both general stainless steels and high-performance alloys increased, they did not reach the targets set at the beginning of the fiscal year.

In addition, one of the factors that affected our performance was the changing environment in our major markets, especially in China, which requires a flexible and rapid response. In the Chinese market, demand for stainless steel is declining due to economic stagnation. Furthermore, the sales volume of high nickel heat-resistant alloys declined due to delays in solar-related projects and other factors, which had a major impact on us, given that the high-performance alloy field to China accounts for approximately 40% of our overseas sales. To address this situation, we will continue to expand into other fields and develop overseas markets outside of China.

Moreover, the stagnant Chinese economy has led to more low-cost general stainless steel produced in China being exported to Japan, putting pressure on the domestic market. As a measure against it, we are working to differentiate ourselves in areas other than pricing by ensuring reliable delivery times and quality, offering better after-sales services, and increasing the ratio of niche steel grades and items that are difficult to replace with imported materials. Furthermore, we are working to build sustainable business relationships by gaining customer understanding of appropriate pricing. In many conversations of mine with our customers since serving at the Corporate Marketing Division, I have realized that our strength is the consistent improvement of our meticulous sales and delivery system and our ability to make proposals that meet niche needs through close communication with a wide variety of customers. We intend to continue providing this value going forward.

Meanwhile, with regard to the U.S. market, we are closely monitoring movement in tariff policy. Sales ratio to the U.S. account for about 2% of total sales, so the direct impact is not significant. However, sales volume to some customers has already been affected, and the future outlook is difficult to predict. Furthermore, since some products processed at our sales destinations are exported to the U.S., we must continue to be vigilant in dealing with demand fluctuations, including those in other regions. Note that U.S. tariff policies are not exclusively negative for us. If U.S.producers, who are our competitors, also have to pay tariffs on raw material imports, their costs may increase. This means that our relative competitiveness against them will increase in markets outside the U.S. In light of the slowdown in the Chinese economy, we intend to take advantage of this opportunity to expand our market to more diverse countries and regions going forward.

Shigemi Urata
President and
Representative Director

Steadily implementing core measures in the Medium-Term Management Plan

Given this business environment, we are steadily expanding sales of high-performance alloys as set forth in Basic Strategy 1 of our Medium-Term Management Plan 2024 (April 1, 2023–March 31, 2026). Although China is in an adjustment phase with an economic slowdown and financial instability, the fact remains that it is a huge market. We will continue to strengthen sales of high-performance alloys in anticipation of rising demand in the oil and gas sector, future expansion in hydrogen-related fields, and a future recovery in solar-related demand. However, in the interests of future growth and risk diversification, we will not focus solely on the Chinese market, but will also strengthen efforts to expand sales of high-performance alloys in India, an area of remarkable economic growth, and in neighboring regions such as the Middle East, using India as a foothold.

As part of this effort, we opened a local subsidiary in India in August 2025. India is appealing in that it is the country with the world's largest population, which is expected to lead to increased investment in infrastructure development and energy-related projects due to growing domestic demand. In addition, we are geographically closer to this market than our competitors in Europe and the U.S., giving us an advantage in terms of delivery time. In fact, for environmental and energy-related applications in the Middle East and demand for flue gas desulfurization equipment has been strong.

I myself have experience with sales activities in India; this is an area where you must be tough in negotiations. Business meetings are often protracted, and there are limits to what can be accomplished solely on business trips. Therefore, it is very important to establish a local base and build relationships of trust through repeated presentations and proposals while taking the other party's point of view into consideration. With the establishment of this local subsidiary, we will strive to capture further demand through such dialogue.

As a growth area, we are focusing on hydrogen infrastructure. Materials used in a hydrogen environment require test values obtained under various conditions. Though we currently outsource testing, to enable us to accumulate expertise internally, we are in the process of implementing a materials evaluation testing facility in a hydrogen environment on the Kawasaki Plant premises, scheduled for completion by the end of March 2026.

With respect to strengthening our production framework as stated in Basic Strategy 2, a new cold rolling mill equipped with state-of-the-art technology went into full-scale operation in December 2024. Until that time, the production efficiency of our cold rolling process has declined with growing numbers of high-performance alloys, products with thin sheets, and other products with high manufacturing loads. However, this equipment eliminates these problems and improve quality, production speed, and safety. The work environment has also been dramatically improved by increasing the collection capacity of oil fumes generated during rolling, leading to easier work and greater retention for employees.

The carbonless nickel smelting initiative at the Oheyama Plant is also making steady progress. This is an initiative to break away from the conventional smelting method of mainly using imported nickel ore and coal, and to utilize recycled raw materials and renewable energy, with the goal of reducing CO_2 emissions intensity of the Oheyama Plant by 70% in FY2031 compared to FY2014. Since diversification of recycled raw materials is an important measure that will directly lead to greater competitiveness, such as improvement of energy intensity and reduction of procurement costs, we are currently conducting tests to gain knowledge on about 200 types of recycled raw materials in cooperation with technical staff at production sites and our research division. Since the rotary kiln that smelts ferronickel* is in constant, 24-hour operation, we continue to conduct large-scale tests several times a year using the actual equipment when it is idle. Through these efforts, the usage rate of recycled raw materials reached 58.3% in FY2025. Furthermore, in July of 2025, work was completed to convert the kiln's fuel from coal to LNG and renewable fuels, and operations with the new fuel began in August.

Building a workplace empowering and supporting the growth of diverse human resources

Human resources are the most important management capital for sustainable growth. How to enhance human resource capabilities is an unending topic of importance for companies, and we are committed to hiring and training diverse human resources with a view to sustainable growth of our business. One of the themes we are focusing on is the utilization of diverse human resources, including women's empowerment. In order to make competitive proposals and adapt flexibly in a rapidly changing business environment, it is necessary to have multifaceted perspectives and generate new ideas and concepts. Therefore, we have set a goal of increasing the percentage of women hired in career-track positions to at least 20%, and we are working to hire and train women under this goal. We also have an urgent need to expand our global human resources who will be responsible for expanding sales of high-performance alloys overseas, and we are actively recruiting, including mid-career professionals.

In addition, it is necessary to create an environment in which the talent we recruit are motivated and can grow while demonstrating their full potential. Our new Human Resource Management System, which took effect from FY2024, was established with these issues in mind, aiming for merit-based promotions regardless of seniority, and rewarding employees based on fair and transparent evaluations. We will also conduct a survey of employees, who are responsible for carrying our organization forward, to understand the current situation, visualize and share organizational issues, and utilize the results in a new institutional design to improve employee satisfaction.

Stronger governance for faster and higher-quality decision-making

In June 2025, the Company transitioned to become a company with an Audit and Supervisory Committee in the interest of stronger corporate governance.

This has strengthened the supervisory function of the Board of Directors and enabled faster decision-making with respect to corporate management under the appropriate supervision of the Audit & Supervisory Committee.

Going forward, certain authority will be delegated from the Board of Directors to the executive side, and we will enhance deliberations at the Board of Directors regarding management plans and strategies.

Envisioning our ideal state over the next century

FY2026 marks the final year of the current Medium-Term Management Plan. Although the business environment will remain difficult to forecast, we will work as a unified Group to grow our sales and exceed expectations by capturing demand in the environmental and energy fields, especially in the target markets of India and the Middle East, using our foundation of sales in the stable domestic market.

Meanwhile, discussions will be held to formulate the next Medium-Term Management Plan. In essence, we expect to include measures founded in the development of new high-end high-performance alloy products to grow profits, new capital investment and deployment of advanced proprietary technologies, enhancement of human capital, and DX and IT strategies. As for target values, we intend to be careful in our assessments, as the sales volume target deviated significantly from the target in the current Medium-Term Management Plan.

There is one more thing that I would like to address as we formulate the next Medium-Term Management Plan: to re-envision the ideal state for Nippon Yakin Kogyo. This is because I believe that in today's uncertain times, it is essential to have a management philosophy that is the origin of value creation, and a sense of direction as a company that works in tandem with this management philosophy. This is to create an organization that is resistant to change, and to continuously increase corporate value through swift planning and implementation of diverse measures.

Therefore, over the past year, I have had a series of open discussions with our production, research, and other divisions, on themes such as which challenges we want to and should take on, what strengths and challenges we have and face, and what kind of company we want to be. Incorporating feedback from the field and advice from outside directors, we will reassess our business environment and the Company's strengths and weaknesses on the three-year, five-year, ten-year timeframe and beyond, identify key issues, and develop specific strategies and measures to address each.

As I envision the future, my own desire is to make Nippon Yakin Kogyo the global leader in high-performance alloys. To do so, we must be willing to compete not only with existing competitors, but also with new entrants such as those from China and India, taking our fight to the global stage. Competition is fierce and not for the faint of heart. However, it is my strong hope that we can prevail with a competitive mindset only gained by throwing ourselves into such a battlefield, and that we can emerge with greater strength than before.

As President, I believe my most important mission is to inspire our employees—who are known for their diligence, integrity, and strong sense of responsibility—through continuous dialogue, cultivating a spirit of challenge needed to engage in the fiercely competitive global market. I would like to taking on challenges with the entire company, including sales, production, research, and purchasing, to work together as one.

On the occasion of our 100th anniversary, it is my promise that we will continue to strengthen relationships with our stakeholders and aim to enhance our corporate value in coexistence and harmony with society and the global environment. As we move toward the next 100 years, we will strive to create a company in which we, the current generation, and the next generation of employees can be proud to work. I offer my sincerest thanks to all stakeholders for their continued understanding and support of our endeavors.

* An umbrella term for alloys of iron and nickel that are used as intermediate materials for iron and steel products

Throughout 100 years in business, we have continuously met needs and solved issues in the markets we serve in each new era.

From the time we were first established in 1925, we have continuously challenged ourselves to create new value, accurately assessing the endlessly changing needs of society and adapting our production framework and products to solve issues.

1925 onward: Founding period

Efforts to build a domestic stainless steel industry as Japan gains power

As the Japanese economy grew, the need for reinforcement of the national power and domestic manufacturing of advanced technology arose, we succeeded in producing ferronickel and stainless steel domestically. In doing so, we laid the foundation for a total system from raw materials to products.

1925

Company established
Established as Chuo Rika Kogyo Co., Ltd.
Began manufacturing and selling fire extinguishers

1928
Renamed Nippon Kako Co., Ltd.
1934
Started construction of Kawasaki Works and entered metal refining industry
Established Oheyama Nickel Mining Industry Co., Ltd. and started domestic production of ferronickel

1935

Manufactured first stainless steel product

1942
Renamed Nippon Yakin Kogyo Co., Ltd.
1943
Merged with Oheyama Nickel Kogyo Co., Ltd. (formerly Oheyama Nickel Mining Industry Co., Ltd.)

1950 onward: Growth period

The building of a mass production system and an increase in quality control to meet growing and diversifying demand

As Japan's period of high economic growth led to an improvement in quality of life and sanitation, society's need for stainless steel not only grew in terms of quantity; quality requirements diversified too. We adopted and developed world-leading technology to build the framework necessary to meet those needs.

1950

First in Japan to successfully refine stainless steel using the oxygen steel-making process as mass production of stainless steel began

1962
Developed oxygen steel-making technology and began operating a 30-tonne electric arc furnace, the first of its time to be built by a specialized stainless steel manufacturer
1968
Increased our production capacity and began operating a 60-tonne electric arc furnace to meet further demand

1977

Started operation of an argon oxygen decarburization (AOD) furnace*
This contributed to diversification of materials and reduction of electricity usage and operation hours

1989
Started operation of the world's first combined continuous annealing and pickling line integrating the annealing and pickling function and the skin-pass and leveling function, greatly improving productivity

* A furnace to refine stainless steel by blowing oxygen and argon gas into molten steel.

1990 onward: Development period

Becoming more internationally competitive and contributing to a sustainable society

Stainless steel production expanded worldwide from the 1990s due to globalization and the rise of Chinese producers. Interest in sustainability also grew from the 2000s. We adopted cutting-edge technology and increased our competitive edge at an international level while expanding our product range to meet the needs of the new era.

1996

Started operation of new hot rolling mill
This enabled us to produce both coils and plates and diversify our products to include high performance alloys in addition to stainless steels

2008

Started operation of new AOD
Introduced world-leading metal refining technology and expanded variety of high performance alloy products

2018
Established Nisco Nippon Yakin Kogyo Nanjing Co., Ltd. as a joint venture with Nanjing Iron & Steel Co., Ltd. in China to meet growing domestic demand in China and needs for large sizes of steel

2020 onward: Looking to the next 100 years

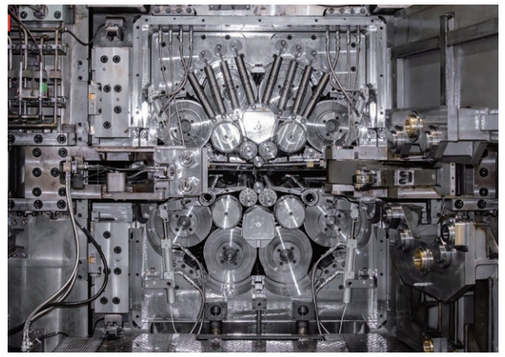
Balancing sustainability of society and the environment with improvement of corporate value

We aim to continue improving corporate value by introducing new technology with a view to societal changes and contributing to solutions to issues faced by customers.

2022

Started operation of new electric arc furnace to improve energy efficiency and working environment

2024
Started operation of new slitter lines at cold rolling shop
Started operation of new high-efficiency cold rolling mill



2025
100th anniversary of founding

FOCUS

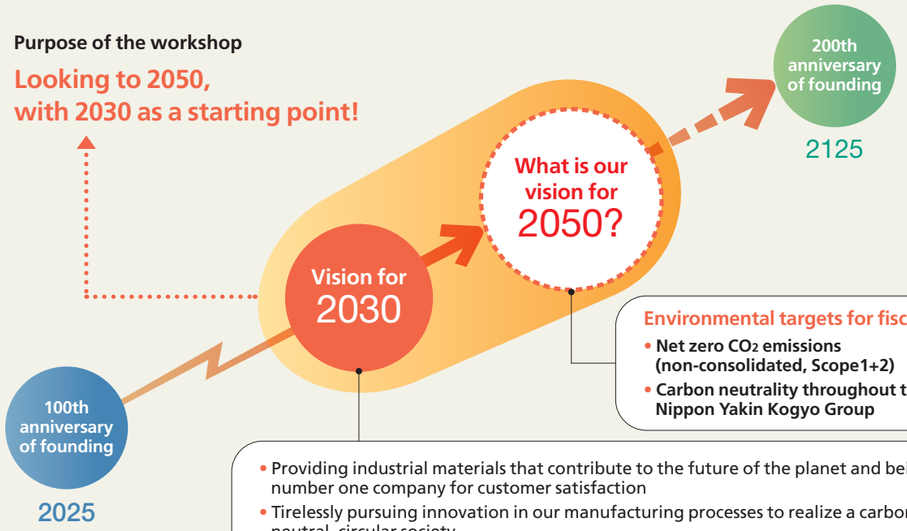
100th anniversary workshop

Young employees' visions for Nippon Yakin Kogyo's future

The Company celebrated its 100th anniversary in 2025.
As part of our anniversary projects, we held a workshop to think about the future of the Company.
Employees in their 20s and 30s from various departments attended and discussed the people they want to become and the company they want Nippon Yakin Kogyo to become.

Purpose of the workshop

Looking to 2050, with 2030 as a starting point!



Environmental targets for fiscal 2050

- **Net zero CO_2 emissions (non-consolidated, Scope1+2)**
- **Carbon neutrality throughout the Nippon Yakin Kogyo Group**

- Providing industrial materials that contribute to the future of the planet and being the number one company for customer satisfaction
- Tirelessly pursuing innovation in our manufacturing processes to realize a carbon neutral, circular society
- A company that provides job satisfaction for all of our employees and makes their families happy
- A sound governance foundation that ensures steady profitability in any environment

Overview of the workshop

We held a workshop to talk about 2050: what kind of company we want to be and what kind of work we want to do then

The Company announced its Vision for 2030 in 2023. To encourage in-depth thought about the ideal form the Company and employees themselves should take in order to realize this and achieve further growth in future, we held a workshop for 24 employees, mainly young employees, from various departments at our Head Office, Oheyama Plant, and Kawasaki Plant. The themes were the kind of company the participants wanted Nippon Yakin Kogyo to be in 2050 and the kind of work they want to do there, with 2030 as a starting point. The participants were divided into four groups, where they engaged in individual work followed by group work where they discussed their ideas and then turned them into tangible results. Based on this, they made slogans expressing their vision for the Company's future.

The workshop was divided into three sections. In the first, the participants considered the specific positives of the Company and the points they wanted to improve in the next five years. After their individual work, the participants shared their individual ideas and explored them further in a group discussion, and then gave group presentations to summarize their opinions. This was followed by individual work where participants considered what kind of person they wanted to be in 2030 and in 2050. Next, in the second section, the participants created slogans expressing their vision for the Company in 2050. After thinking of three slogans each and compiling their opinions as a group, they shared them with the other groups and exchanged opinions in an inter-group discussion. This enabled them to refine their slogans. The third section was a presentation where the groups shared the final slogans they had decided on. The groups created and presented four visions for the future, reflecting the thoughts of all of their members.

Reexamining the Company and exchanging opinions through free thinking

During the groups' discussions to create slogans expressing their visions for the Company in 2050, they expressed opinions from various perspectives, including the positives, strengths, and issues of the Company at present. Many positive key phrases about the future were given, including "improving our technical capabilities," "I want to meet our customers' needs," "I want to aim to make this the top company in the industry," and "I want to make the Company better known." With each participant expressing a frank opinion from their own standpoint, it was an extremely valuable opportunity to find hints and potential for future growth.

I want this to be the top company in the industry

A positive of the Company is the way it values people

I want to strengthen the Company's message to society

I want this to be a renowned company that can meet society's changing needs

I want to meet all of the needs of parties inside and outside the Company in this era and society

We need to improve the baseline of our internal operations and human resources, our renown and communication capabilities, and our growth and development

On their participation in the workshop

Hearing new perspectives sparked major new realizations for 2050

I had felt that I was somewhat aware of outside parties' impression of the Company through my interactions with customers in sales, but at this workshop I got to hear about the situation of our manufacturing sites and opinions from there, and learn about insiders' perspectives. It made me more aware of the importance of collaboration between departments, and I realized that we need to be aware of perspectives from both outside and inside the Company as we work toward 2050.

K.Y.
Sales Department

I was struck by the passion everyone had inside them for the Company and their work

Throughout the day, I talked with people from different backgrounds and heard perspectives that differed from mine. At the same time, it was clear that we all shared the same passion for providing better products. I felt that the Company can grow even more dramatically if everyone stays proud of the Company and their work and maintains a strong desire to develop advanced technologies and provide products that the world is looking for.

Y.S.
Administrative Department

I want to increase the Company's presence and renown based on my experience of discussing our vision for the future

I got to meet people from Head Office and the Oheyama Plant for the first time and exchange opinions with them about various topics. It was an interesting experience. It was amazing to share our visions and dreams about what kind of future we want to create. The experience made me want to focus more on ways to improve the environment, such as waste water cleaning and carbonless technology, and promote those technologies to increase the Company's presence and renown in society.

S.N.
Kawasaki Plant
Production Department

I want to constantly update my ways of thinking and work together with everyone else to improve the Company

The experience reaffirmed for me that having so many young employees and being able to work comfortably and discuss things frankly is one of the good things about the Company. It was clear that young employees have a growing presence in each department and the Company is improving and growing. Young employees took the lead when we were creating slogans too, which made me confident that the Company will be in good hands in future. I want to make this a company where everyone can share their ideas and opinions and have fun working together to generate profits.

N.T.
Oheyama Plant
Production Department

Value Creation Model

Throughout our value chain from research to sales, we utilize three strengths we have developed from the perspective of the needs of our customers and markets. We are working on six issues of materiality and implementing Medium-Term Management Plan 2024 to create economic and social value.

Management Philosophy: We offer excellent products that drive progress and create a better world.

Input

- Financial capital
- Manufactured capital
- Human capital
- Intellectual capital
- Natural capital
- Social & relationship capital

Business activity

Value Chain and Strengths

Research
- Data amassed through years of collaborations with customers
- Evaluation technologies underpinned by our track record

Procurement
- Proactive procurement of recycled materials and technical capability to make effective use of them
- Establishment of positive partnerships with business partners

Strength 1
Technologies and manufacturing expertise accumulated over many years

Strength 2
Product variations and solutions proposed to meet customer needs

Strength 3
An integrated production system that enables the manufacturing of a wide variety of products

Sales
- Solutions proposed to meet variety of customer needs
- Meticulous service through collaborations between research and production departments

Production
- Total production process utilized to maintain and improve quality and meet deadlines
- Technical capability to meet variety of customer needs

Risks and opportunities

- Risks: Surges in materials cost/increases in geopolitical risks/stagnant domestic demand/workforce shortages
- Opportunities: Technological innovation toward carbon neutrality/increase in demand for products that help solve environmental issues/enhancement of collaboration with local and international communities/advances in DX

Medium-Term Management Plan 2024

Issues of materiality

1. Provision of Socially Useful Products
2. Reduction of Global Environmental Impact Through Business Activities
3. Achievement of Safe and Stable Production
4. Creation of Workplaces Where All Employees Can Work with Equality and Satisfaction
5. Establishment of Sustainable Partnerships
6. Advancement of Governance Foundation for Adaptation to the Social Environment

Output (non-consolidated)

Net sales: **148.3 billion yen**
Operating profit: **13.6 billion yen**

Stainless steels
Net sales: **81.8 billion yen**
Sales volume: **148,700 tonnes**
Types carried: **18 steels**

High performance alloys
Net sales: **65.9 billion yen**
Sales volume: **39,700 tonnes**
Types carried: **44 alloys**

Technology development
Patents held:
Japan: **139**
Overseas: **60**
Trademarks held:
Japan: **158**
Overseas: **127**

Environmental impact
CO_2 emissions: **351,000t-CO_2**
Water usage: **10,925,000m³**
Final disposal volume of industrial waste **1,100 tonnes**
Water recycled
Oheyama Plant: **70% or more**
Kawasaki Plant: **90% or more**

Outcome

Aggregate market value: 100 billion yen or more
Net assets: 100 billion yen or more
Net D/E ratio: 0.5-1.0
Total return ratio: 35%

Economic value

Our materials, your future

Social value

- Contribution to the realization of a carbon-neutral society
- Contribution to the development of social infrastructure to support comfort in day-to-day life
- Realization of safe workplaces that are easy to work in
- Building of a sustainable supply chain

Management Resources

The source of our value creation is the six forms of capital we have amassed in the 100 years since we were established in 1925. In the steel industry, not only are large-scale manufactured capital and the human capital to operate it essential, but other forms of capital—such as extensive technical expertise and trusted relationships with partners—also play a vital role.

We are working to strengthen these forms of capital through our Medium-Term Management Plan and initiatives related to our issues of materiality.

	Overview of Capital		Issues and Policies for Response	Related Basic Strategies in Medium-Term Management Plan 2024	Related issues of materiality
Financial capital (Consolidated)	Total assets: 217.5 billion yen Net assets: 96.6 billion yen	To establish a stable revenue base, we are maintaining financial soundness while carrying our strategic capital investment and R&D investment with a view to sustainable growth.	• Secure revenue streams and strengthen our financial base with the aim of achieving a credit rating of A and an aggregate market value of 100 billion yen or more • Invest strategically in medium- to long-term growth	3 Establish a sustainable business foundation that is resilient to changes in our environment	1 Provision of socially useful products 3 Achievement of safe and stable production 6 Advancement of governance foundation for adaptation to the social environment
Manufactured capital (Consolidated)	Production sites: 8 Capital investment: 14.3 billion yen	With the latest equipment and stringent quality control, we have built a total production system that covers the entire process from smelting of the raw materials to production and processing, through which we provide a wide range of products to meet customers' needs.	• Expand product variations • Strengthen production system to meet demand • Maintain and improve quality and strengthen capability to meet deadlines	1 Seek to meet the needs of increasingly advanced markets by developing and supplying industrial materials that create new value 2 Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment	1 Provision of socially useful products 2 Reduction of global environmental impact through business activities 3 Achievement of safe and stable production
Human capital (Consolidated)	Number of employees: 2,095	Our personnel, who possess a wide range of experience, knowledge, and technical mastery, are the source of our value creation, and support all of our business activities. We are working on initiatives such as skill succession from experienced engineers to young ones and rolling out personnel training programs to develop personnel with the skills necessary to perform their jobs and make improvements.	• Maintain and improve occupational health and safety standards • Promotion of diversity, equity and inclusion • Hiring and training of personnel	3 Establish a sustainable business foundation that is resilient to changes in our environment	3 Achievement of safe and stable production 4 Creation of workplaces where all employees can work with equality and satisfaction
Intellectual capital (Consolidated)	R&D staff: 37 R&D cost: 800 million yen	With the wealth of expertise we have built over the years in areas such as material development technology and production and processing technology, we are able to provide solutions for various applications. We utilize this strength to create product value that sets us apart from our competitors.	• Develop materials that meet the needs of customers and society • Secure and strengthen technical mastery and specialized expertise in growth fields. • Enhance intellectual capital with a view to strengthening production technology for high performance alloys and expanding our use of recycled materials	2 Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment	1 Provision of socially useful products 2 Reduction of global environmental impact through business activities
Natural capital (Non-consolidated)	Electricity: 2,877 TJ Fuel: 2,534 TJ Water resources: 10,925,000 m^3 Recycled materials: 219,000 tonnes Ore: 87,000 tonnes	Stainless steel production requires natural resources such as nickel ore and coal, energy such as electricity and fuel, and water resources. In addition to expanding our use of recycled materials from sources such as urban mines, we are investing in energy-efficient manufacturing equipment to contribute to the realization of environmental sustainability.	• Realize carbon neutrality by FY2051 • Contribute to a circular society by reducing and reusing by-products and waste and increasing our recycling rate	2 Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment 3 Establish a sustainable business foundation that is resilient to changes in our environment	1 Provision of socially useful products 2 Reduction of global environmental impact through business activities
Social & relationship capital (Consolidated)	• Harmony with international and local communities • Relationships of trust with business partners	As we work to build a sustainable supply chain, we are emphasizing the relationships of trust that we have built with our customers through many years of trading, and coexistence with local communities.	• Secure a stable supply chain for procurement • Strengthen joint initiatives with business partners to uphold human rights • Disclose information to stakeholders as appropriate and promote dialogue	2 Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment	5 Establishment of sustainable partnerships

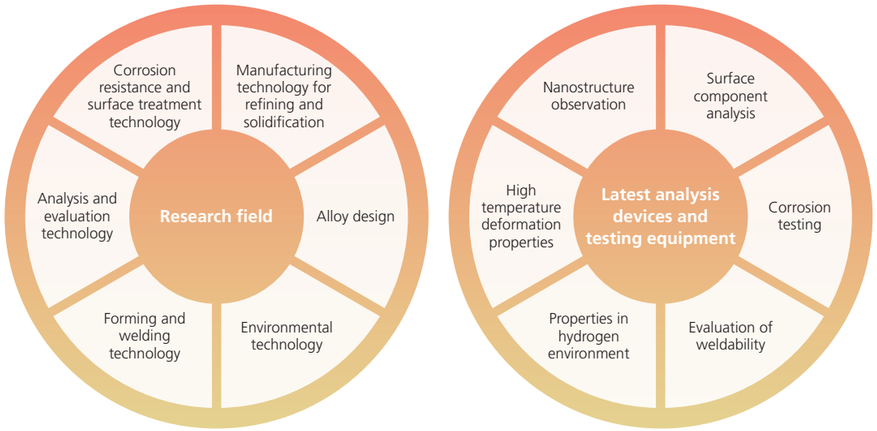
Strengths of Nippon Yakin Kogyo

Strength 1

Technologies and manufacturing know-how accumulated over many years

Promoting the development of a variety of technologies for stainless steel production

Nippon Yakin Kogyo has spent many years developing various technologies and accumulating manufacturing know-how to provide the optimal products to meet the needs of our markets. At our Technical Research Center, we work to develop stainless steels and high performance alloys with the high degree of added value that is needed in a sustainable era and to develop production technology, processing technology, and analysis and evaluation technology to aid in their production. We also use the latest analysis devices and testing equipment to record data so that we can build a highly reliable technical base.



Examples of technologies supporting Nippon Yakin Kogyo's manufacturing

Refining technology, a critical element in the quality of stainless steel

Refining, where the components of an alloy are adjusted, is a vital area of stainless steel production. In 2002, we received the John Chipman Award from the Iron and Steel Society* for our control technology for non-metallic inclusions distributed through an alloy according to the characteristics required for the alloy's final form. This technology is also used in the production of high performance alloys, which require stringent quality control as they contain a particularly high quantity of alloys.

Corrosion resistant technology underpinned by data

The corrosion resistance of stainless steel is a critical property that influences the safety and life of structures used in harsh environments, such as offshore structures. Super austenitic stainless steel containing large quantities of chromium, nickel, molybdenum, and nitrogen (corrosion resistant steel) is used for applications like these. To ensure this resistance, in addition to laboratory evaluations, the Company conducts long-term testing in actual environments, such as atmospheric exposure tests and seawater immersion tests.

Welding technology to create the necessary shapes

Welding is essential for joining multiple materials in the construction of structures like buildings and steel pipes. In particular, the welded area needs to have at least the same strength and corrosion resistance as the base metal. We develop welding technology using test equipment capable of welding of the same quality as actual production facilities, and support our customers by providing advice on welding methods.

* Now Association for Iron & Steel Technology

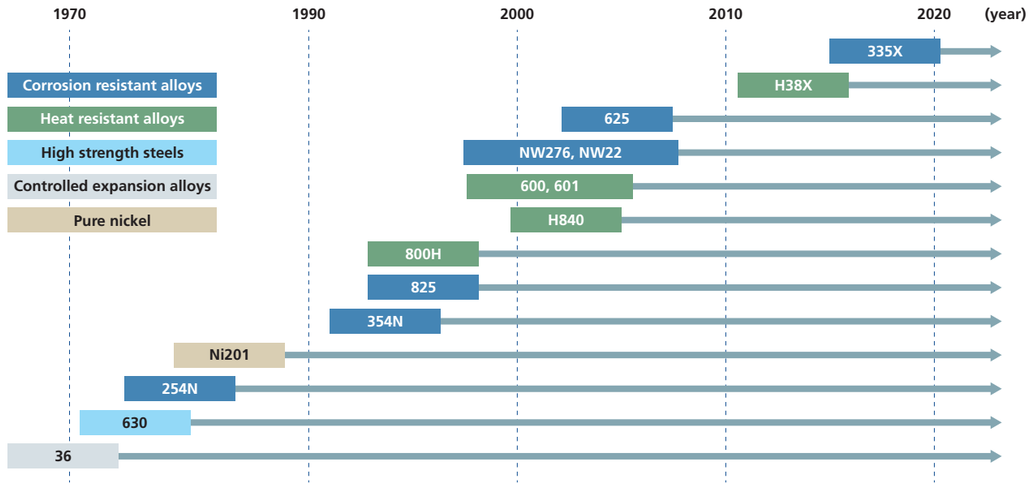
Evolution of technology development and expansion of steel and alloy range

The Company began developing high performance alloys in the 1970s, starting with the controlled expansion alloy 36. Since the 2000s, we have developed heat resistant and corrosion resistant alloys to diversify the range of steels we produce.

As we have developed these materials, we have steadily built know-how about manufacturing processes. While high performance alloys have excellent properties, defect due to alloy composition can easily occur in the manufacturing process, requiring expert management. The Company is establishing technologies to steadily and efficiently produce these difficult-to-produce high performance alloys with the same manufacturing equipment as general stainless steel, which lends itself well to mass production.

Through our years of developing technology and building manufacturing know-how, we are improving the quality and functionality of our existing high performance alloys and developing new high performance alloys.

Applications of high performance alloys (key examples)



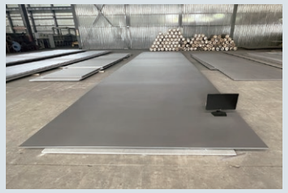
Examples of initiatives

Commercialization of ultra-wide plates in corrosion resistant and heat resistant nickel alloy

The Company is utilizing the wide-width rolling equipment possessed by Nanjing Iron & Steel Co., Ltd., a company we partner with through Nisco Nippon Yakin Kogyo Nanjing Co., Ltd., to commercialize ultra-wide plates.

With the know-how we have amassed thus far, we succeeded in commercializing 625, an ultra-thick, ultra-wide plate (50mm thick x 3,510mm wide) in 2021.

Meanwhile, applications such as natural gas stations require thinner wide plates. However, as the plate thickness decreases, the high-temperature strength of the material increases due to the drop in temperature during rolling, making hot rolling much more difficult. To address this, we further optimized manufacturing conditions such as the rolling temperature, speed, and draft, and in 2024 we successfully commercialized a thin ultra-wide plate (625, 15mm thick x 3,100mm wide) suitable as a pipe material.



Strengths of Nippon Yakin Kogyo

Strength 2

Product variations and solutions proposed to meet customer needs

Developing and producing a wide range of products to expand the scope of the solutions we propose

The Company's high performance alloys are mainly alloys containing at least 20% nickel. By appropriately adjusting the components of high performance alloys, such as nickel and chromium, we achieve excellent properties such as higher corrosion resistance and heat resistance than stainless steel. These properties are useful in harsh conditions, and our high performance alloys are used in a wide range of cutting-edge technology.

Through years of development, the Company has created a range of high performance alloys that can withstand a variety of environments, including non-magnetic steels and controlled expansion alloys in addition to alloys with properties such as corrosion resistance, heat resistance, and high strength.

Checkered stainless steel plates are another strength of ours. In addition to standard checker plates, we have developed a proprietary POLKA PLATE, which enables us to propose flexible solutions for customers' wide-ranging applications and needs.

Stainless steels

18 Grades

Category

Standard, intergranular corrosion resistance, high formability, high free-machining, high strength, heat resistance

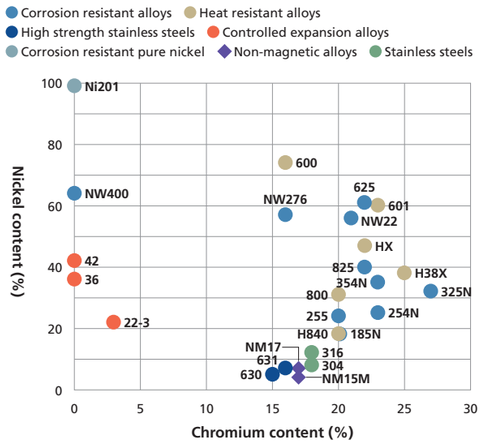
High performance alloys

44 Grades

Category

Corrosion resistant alloys, heat resistant alloys, high strength stainless steels, controlled expansion alloys, soft magnetic materials, non-magnetic alloys, corrosion resistant pure nickel, neutron absorbers

* Number of steels and alloys in our catalog



Categories and properties of our high performance alloys

Product type	Properties	Representative steels and alloys	Applications
Corrosion resistant alloys	Steels and alloys based on stainless steel or nickel, optimized with additives such as chromium, molybdenum, and nitrogen. Excellent corrosion resistance in highly corrosive environments.	254N 625 NW276 NW22	• Flue gas desulfurization equipment • Offshore structures • Oil and gas production equipment
Heat resistant alloys	Steels and alloys containing elements such as nickel, chromium, silicon, and aluminum. Excellent strength, heat resistance, and corrosion resistance in high-temperature conditions such as chemical reactors.	800H H840 600 HX	• Polisilicon manufacturing equipment for solar power generation • Sheath heaters • Heat treatment furnace materials
High strength stainless steels	Stainless steels that contain aluminum or copper and have been heat treated at a specified temperature to achieve high strength.	630 631	• Steel conveyor belts • Printed circuit board production equipment
Controlled expansion alloys	A prescribed volume of nickel is added to iron to create a material with minimal thermal expansion. Used for applications where heat deformation needs to be avoided. Conversely, materials with a large degree of thermal expansion can be achieved by adjusting the nickel and chromium content.	36 42 22-3	• Bimetals (combinations of materials with low thermal expansion and materials with high thermal expansion) • Forming molds for carbon fiber parts
Corrosion resistant pure nickel	Nickel has excellent corrosion resistance in specific corrosive environments such as those with caustic soda or chlorine gas.	Ni201	• Caustic soda manufacturing equipment
Non-magnetic alloys	These alloys are non-magnetic, even after cold working, and are used for applications requiring strong, non-magnetic materials. NM15M and NM17 are steels developed by the Company.	NM15M NM17	• Mobile phone parts • Electronic devices

Using our wide range of products to take our solutions sales activities to the next level

Our products have a significant effect on the quality and performance of the products made by customers. Accordingly, it is essential for us to communicate appropriately with our customers at the consulting stage, before we receive orders from them, and subsequently, including the production, delivery and follow-up stages. While responding to changes in the market environment including the trends for globalization and carbon neutrality, we are sincerely working to meet our customers' requests from a long-term viewpoint.

For the provision of solutions, we are fostering communication with customers mainly through the Material Solutions Sales Department. We offer advice on material selection based on sample testing and property confirmation, guidance on processing and welding methods, and proposals that utilize our database and technical knowledge.

Example of our process for providing solutions

1. Meeting → 2. Proposal → 3. Selection → 4. Ordering, manufacture, delivery → 5. Follow-up

Examples of initiatives

Using our wealth of knowledge and data to provide optimal solutions

The Company's solutions sales operations comprise five main processes. Firstly, during the meeting process, we use dialogue with the customer to ascertain both their evident needs and their latent needs and identify and sort issues. Next, in the proposal process, we propose the optimal products to solve their issues, drawing on our database and technical knowledge. In the selection process, the customer chooses the most suitable product based on our proposals. During the ordering, manufacture, and delivery process, we exchange specification documents with the customer, make the product according to the customer's requirements, down to the tolerance in the dimensions and the packaging method, and deliver the product. Then, in the follow-up process, we provide the customer with ongoing support after delivery, including giving advice on points such as welding and processing methods for their construction process, accompanying them for a post-construction inspection, and giving technical proposals.

The Company has an extensive product range that enables us to accurately identify issues based on product data and knowledge gained from a wide variety of environments. We also conduct testing such as fundamental testing in a laboratory, testing in a simulated environment, and exposure testing using actual equipment. Comparing the results for samples of our many products enables us to make more suitable proposals. The knowledge and data from these tests also equips us with capabilities such as the ability to quickly address cases where the customer's environment is not as initially expected, or has changed. Our extensive product range is a major strength that enables us to deliver higher-quality solutions.

Kensuke Miura
Material Solutions Sales Department

Strengths of Nippon Yakin Kogyo

Strength 3

An integrated production system that enables the manufacturing of a wide variety of products

We have established a total production framework from smelting of the raw materials to manufacturing and processing

At our manufacturing bases—our Oheyama Plant and Kawasaki Plant—we have established a total production framework from smelting of the raw materials to manufacturing and processing of the final product. We utilize our wealth of unique equipment and excellent production technology to produce a wide range of products like no others in the world.

Ferronickel production process: Oheyama Plant

At our Oheyama Plant, we use nickel ore and recycled materials called urban mines to produce ferronickel as the major raw material to produce stainless steels. Through this ability to use many recycled materials, we are contributing to the building of a circular society.

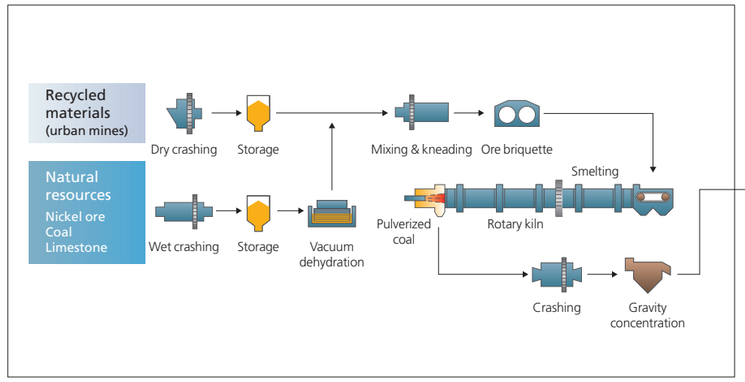
Stainless steel and high performance alloy plate & strip production process: Kawasaki Plant

At our Kawasaki Plant, we produce stainless steel and high performance alloys using recycled materials such as scrap stainless steel and scrap iron, as well as ferronickel, produced at our Oheyama Plant, and other ferroalloy, intermediate materials. The four main processes for manufacturing stainless steel plate and strip products are all performed at the same site, a plant setup that is globally unique. This characteristic enables collaboration between the processes, achieving optimal efficiency, competitive prices, and high quality.

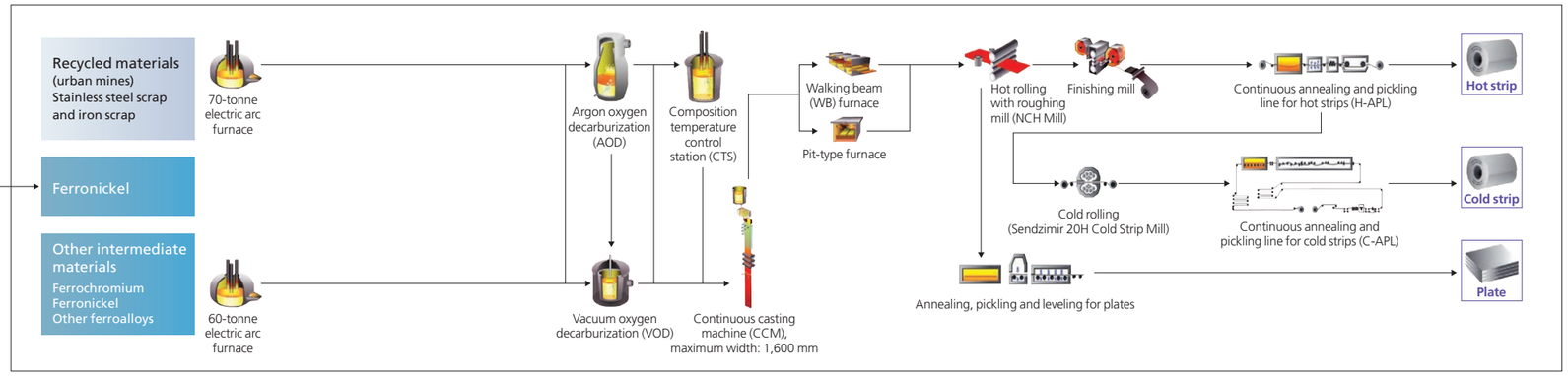
Benefits of our total production framework

- Flexible production to handle a wide range of customer needs, including wide-ranging products, small lots, and tight turnarounds
- Collaborative use of recycled materials by both production sites enables us to build resilience on the raw materials side
- Collaboration between processes enables overall optimization of quality, cost, and production efficiency

Ferronickel production process



Stainless steel and high performance alloy plate & strip production process: Kawasaki Plant



Raw material

We begin by pretreating materials to make it easier to smelt the ferronickel.

Wide variety of materials handled

In addition to natural nickel ore, we are increasingly using materials recycled from urban mines. Both dry and wet treatment processes are used, enabling a wide variety of materials to be treated.

Smelting process

The materials are smelted using heat and reducing agents to separate out the ferronickel.

Smelting technology like no other in the world

Ferronickel is typically produced using an electric arc furnace as a kiln. Nippon Yakin Kogyo is the only producer in the world to employ a Krupp-Renn process that does not use an electric arc furnace, in post-processing.

Sorting process

Ferronickel and slag are sorted and collected from the smelted intermediate products.

Proprietary crashing and sorting processes

We have built proprietary crashing and sorting processes to efficiently sort the ferronickel and slag from the intermediate products.

Melting and refining process

The materials are melted and refined to remove impurities and adjust the components of the alloy.

Optimal combinations of components to achieve corrosion-proof and heat-proof performance

The components of our alloys are stringently controlled according to the quality that is required for the final product, achieving a variety of characteristics that can solve social and environmental issues.

Wide range of materials used

Like our Oheyama Plant, Kawasaki Plant uses recycled materials from urban mines.

Continuous casting process

The molten steel is continuously cast after being refined.

Wide range of products produced by continuous casting

We produce a wide range of products using continuous casting, from stainless steels to high-performance alloys. Our seven-story high vertical continuous casting machine is the ideal equipment for high performance alloys.

Hot rolling process

Cast intermediate products are heated and rolled out thin.

Multifunction rolling equipment

We have two furnaces and two types of rolling mills. Both coils and thick plates are produced as intermediate products and formed into a variety of shapes for the final products.

Cold rolling process/ annealing and pickling process

The products are rolled out even thinner at room temperature and then heat treated. The surface is then washed with acid.

Variety of shapes and surface characteristics to meet customers' needs

Final adjustments are made to create a shape and surface characteristics that are suited to the environment where the customer will use the product, enabling us to flexibly meet a wide variety of needs.

We have proprietary technology. We have processes that guarantee quality products. We are cost-competitive. We contribute to a recycling-oriented society.

Round-Table Discussion with Executive Officers

Kenji Nagata
Managing Executive Officer
In charge of Raw Materials Department, Purchasing Department and Oheyama Plant

Akira Akimoto
Director and Managing Executive Officer
Executive General Manager of Corporate Marketing Division

Hisashi Hayakawa
Managing Executive Officer
Executive General Plant Manager of Kawasaki Plant

Shigeru Hirata
Executive Officer
General Manager of Technical Research Center

Staying one step ahead of market needs through closer interdepartmental cooperation

Nippon Yakin Kogyo's value chain builds greater corporate value through close cooperation between our research, production, sales, and procurement units.

In this round-table discussion, officers in charge of these units shared their views on the roles and strengths of their respective organizations in our value chain.

Respective roles and strengths in the value chain

Akimoto • The Sales Division is tasked with presenting customers with products that the research, procurement, and production departments have jointly created. The Company has two main product categories: stainless steel, and high-performance alloys. The former is mainly sold domestically, with the greatest aim to deliver high-quality products to customers on schedule. By contrast, our high-performance alloys, which typically contain at least 20% nickel, are mainly for markets outside Japan. For this latter category, close collaboration with the research and production departments is essential to identify latent needs through market research and use these insights to propose future products that will be needed in the future.

Hirata • Nippon Yakin Kogyo's value chain originates in the Technical Research Center. Based on customer requests relayed from the sales team, this research unit develops new technologies, as well as new steel grades and proposals for technologies. We even work to improve production processes and resolve quality issues at the request of the production team. We also use the latest evaluation technology to gather analysis and other data for use in developing future products and technologies.

Hayakawa • The Company's production units primarily work to ensure steady production capabilities and deliver products with consistent quality and competitive prices on a schedule that works for the customer. The Kawasaki Plant in particular has top-notch proprietary equipment such as an energy-efficient electric arc furnace, a hot rolling mill that can handle a wide range of steels and alloys, and a cold rolling mill unlocking greater productivity. This lineup of superior facilities provides us a major competitive advantage. Another strength is our efficiency; all of the processes required to produce stainless steel from melting to completion of products are located at one site. These hardware-focused strengths are complemented by outstanding skill in improving production processes. The Company has a well-rooted culture encouraging every single member, from new employees to mid-career professionals, to suggest improvements on a daily basis. This has led to as many as 1,000 suggestions every year. Employees who spot an area for improvement come up with a solution themselves, which is then reflected in operating procedures, operating conditions, and process designs. That ability to troubleshoot and propose solutions has helped us to improve quality, reduce costs, and solve various issues.

Nagata • The mission of the procurement arm is to find lower-priced raw materials. Specifically, reducing nickel costs is our most pressing issue. Anyone can make good products from good materials; the Company's strength lies in procuring and deftly processing materials that are low-cost but somewhat difficult to work with. This is very effectively making the Company both more profitable and more competitive. Until recently, our Oheyama Plant used ore in its nickel smelting processes, but in recent years this is increasingly being replaced with recycled materials from "urban mines." Recycled materials have a higher ratio of nickel than nickel ore and are more energy efficient, but often contain impurities. We brainstorm with the research and production teams every day about how to overcome this issue and use these materials effectively.

A positive cycle created by interdepartmental cooperation

Hirata • Research and production teams collaborate on every production-related process, including manufacturing processes, quality assurance, productivity improvement, cost reduction, and operational stability. Partly thanks to being co-located, we get all information from the production team, including the bad news. This is advantageous in that we can rapidly respond to developments.

Hayakawa • The research and production units hold meetings together three times a month. Mr. Hirata, in his role as the General Manager of the Technical Research Center, also attends these meetings, where we are in constant discussions over topics such as improving processes, stabilizing quality, and developing new steel grades, which strengthens our partnership.

Hirata • On the research side, we are continuously carrying out research on how to improve production processes, and we bring our ideas to the production side for them to discuss. I think that cycle is functioning well.

Akimoto • Speaking from a sales perspective, I see the Company's strengths as close, barrier-free cooperation where we get to meet with teams from research, production, and procurement face to face. When there's a problem, I immediately know who to talk to about it. As Japan's only specialist stainless steel producer, our customers are counting on us to provide steady supplies of products and dynamically meet a wide range of needs. Therefore, our respective departments need to work together even more closely and keep improving our ability to solve problems and adapt. I am conscious of the fact that our ability to meet customers' needs relies on our interdepartmental relationship that allows us to have frank discussions together about a variety of topics, from delivery and quality to new challenges.

Nagata • I, too, think it is a strength of the Company's that our organizations are so incredibly compact and there is such strong communication. An example of what others have said about venues where we can discuss anything is our monthly meetings on expanding our business for high-performance alloys and stainless steels, which are attended by every department.

Akimoto • Yes. We discuss all kinds of things at those meetings; for example, if we get a request from a customer, we discuss whether we can produce it, what to do if that's unreasonable, how to cut costs, and which steel grades or alloys to use.

Nagata • The procurement side first ascertains what kind of orders the sales side is trying to get and what kind of orders they are likely to get, and we are constantly thinking about how we can more rapidly procure needed raw materials. For example, if the sales side tells us that they are likely to get an order for a high-nickel alloy, we start making arrangements for the nickel procurement right away. I think that kind of cooperation is one source of our competitive advantage.

Akimoto • Looking at recent developments in domestic sales, there's been an influx of imported stainless steel, creating increasingly intense competition. For this reason, in my sales activities, I make sure to actively promote a wide range of the Company's strengths in addition to quality to provide more added value.

Hayakawa • I share the view that it is important to provide value above and beyond what customers are paying for. While cost-competitiveness is obviously important in production, everything depends on quality and steady supplies. I aim to continue working to give the Company an unbeatable edge in that area.

Nagata • It's important to know where to focus to distinguish our products from imports. For example, the Company is creating new value through environmental initiatives such as the carbonless nickel smelting process being used at our Oheyama Plant. As society becomes more environmentally conscious, I want to eventually distinguish us from our competitors by emphasizing sustainable materials produced through processes that generate minimal CO_2 emissions. I think after we become cost-competitive, we need to think about how to add more social value.

Akimoto • Total, Company-wide cooperation to meet the needs of a customer or society can increase the scope of what we can do and uncover new needs. I want to continue creating that kind of positive cycle through even closer cooperation going forward.

Sustainability Promotion System

We have established effective sustainability policies and promotion systems to implement initiatives to achieve a sustainable society and make our businesses more useful to society.

Promoting sustainability to achieve our Management Philosophy

Our external environment has changed dramatically: there has been a greater call for carbon neutrality and uncertainty has grown in society, to name just two changes. Nippon Yakin Kogyo upholds the vision of becoming a "resilient company" for the creation of a sustainable society. Accordingly, we are implementing measures to increase the sustainability of Nippon Yakin Kogyo Group itself.

We have identified issues that need to be tackled in order to achieve our vision and designated these as issues of materiality.

We use these issues of materiality as the starting point when discussing and establishing Medium-Term Management Plans to ensure that the activities we carry out will be effective and respond to changes in our external environment. We will also share information about the activity results and progress as necessary.

Implementation of the management philosophy

Our vision
Become a resilient company

Sharing of information through integrated reports

Incorporation into Medium-Term Management Plan

Process to specify the issues of materiality

STEP 1
Grasp changes in the external environment and organize issues of materiality
Each department worked to grasp changes in the Company's business environment and organize issues of materiality based on the risks and opportunities posed to the Company by external changes.

STEP 2
Specify the issues of materiality for each department
After organizing the issues particularly important for society and the Company from among the issues examined in STEP 1, each department selected their own issues of materiality.

STEP 3
Transformation of the departmental issues of materiality into company-wide priorities
The issues of materiality specified by each department were examined to be transformed into the company-wide issues of materiality.

STEP 4
Discussion by management

Meeting on sustainability (now Sustainability Strategy Promotion Committee)
A meeting was held to enable the directors to develop a shared recognition and understanding of the trends affecting the external environment and society at large, and to discuss what issues the Company should address as priorities.

Board of Directors
The management team, including outside directors, discussed and agreed on the issues of materiality in consideration of corporate governance.

STEP 5
Specify the issues of materiality
As a result of discussion at the first meeting of the Sustainability Strategy Promotion Committee, six issues of materiality were specified and approved by the Board of Directors.

Risks and opportunities

Global environment
- ▼ Decrease in productivity and risk of operational suspension
- ▼ Increase in cost due to the introduction of carbon pricing and expanded capital investment
- ▲ Expansion of opportunities for technological innovation and investments toward carbon neutrality
- ▲ Increase in demand for our products that help solve environmental issues
- ▲ Effective use of green energy

Business environment
- ▼ Surges in materials cost, increases in geopolitical risks
- ▼ Expanded volatility of domestic demand due to borderless market
- ▼ Stagnant domestic demand due to continued low economic growth
- ▲ Promotion of business reform (DX reform), mainly at our plants, by the use of AI and big data
- ▲ Enhancement of collaboration with business partners
- ▲ Enhancement of collaboration with local and international communities
- ▲ Pioneering of a new market

Working environment
- ▼ Labor shortages and difficulty of passing skills on to younger generations
- ▲ Diversification of human resources and utilization of such resources
- ▲ Labor saving through digitized operation

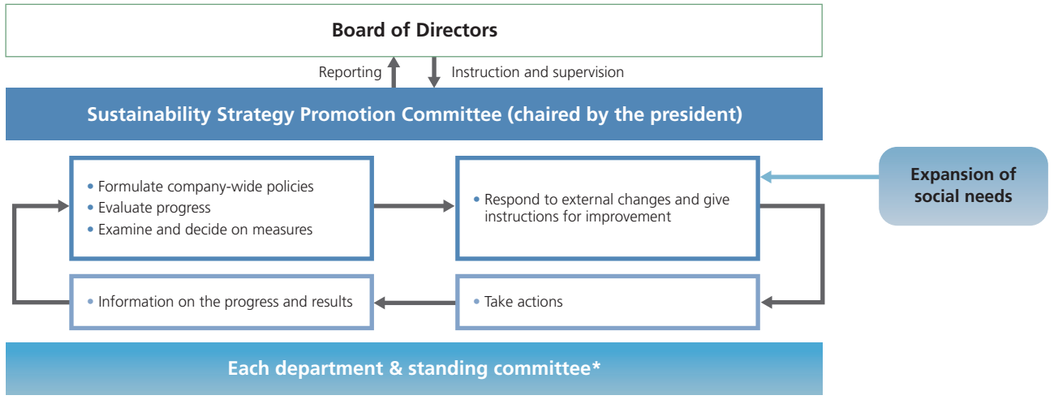
▼ Risks ▲ Opportunities

Sustainability promotion system

Nippon Yakin Kogyo established the Sustainability Strategy Promotion Committee, chaired by the president, on August 1, 2021, with an eye to addressing the sustainability-related issues of materiality across the company.

Our Sustainability Strategy Promotion Committee identifies issues of materiality related to sustainability and carries out inter-department evaluations of activities based on this materiality. The Committee, as part of top management, also works together with each department and standing committee to implement the Company's sustainability initiatives.

Discussions by the Sustainability Strategy Promotion Committee are reported to the Board of Directors and feedback from outside directors is sought before policies about investment and strategies are decided.



* Environmental Committee, Research and Development Committee, Compliance Committee, Corporate Communication Committee, Nippon Yakin Kogyo Group Quality Assurance Committee and Export Trade Control Committee

Main discussions by Sustainability Strategy Promotion Committee

Below are the main topics that were discussed in FY2025.

- Meetings held in FY2025: 9 in total

Date	Main topics
April 12, 2024	• Nippon Yakin Kogyo Group Human Rights Policy (Draft)
June 10, 2024	• Implementation of Declaration of Partnership Building and "white logistics" • Voluntary targets for GX League
August 6, 2024	• Revision of TCFD (revision of quantitative evaluation of risks and opportunities)
September 9, 2024	• Publishing of Integrated Report 2024 • Initiatives toward carbon neutrality
October 15, 2024	• Response to ESG evaluation bodies
January 10, 2025	• Sustainability Promotion Roadmap 2025
February 6, 2025	• Updating and announcement of multi-stakeholder policy

2 other meetings

Issues of Materiality: Major Targets, Initiatives and Results

Nippon Yakin Kogyo identifies issues of materiality from a risks and opportunities perspective based on changes in our external environment including the global, business and working environments.

For each issue of materiality, we disclose our vision, KPI and results from implementing the measures, and we manage progress toward achieving these measures.

● Being implemented ■ To be realized in FY2031 ◆ To be realized in FY2051

Issues of materiality	Our vision	KPI (Targets/Results for FY2025)	Main measures and challenges	Progress	Results of initiatives conducted in FY2025	Relevance to Basic Strategy in Medium-term Management Plan
Issue of Materiality 1 **Provision of Socially Useful Products**	Nippon Yakin Kogyo Group provides stainless steels and high performance alloys that have excellent corrosion and heat resistance, formability and aesthetics. Each of our products demonstrates high performance when used in each environment. We aim to continuously earn our customers' trust by providing the industry's top-level highly functional materials and high-quality services in terms of quality, due dates, cost, and technologies and solutions.	**Sales ratio of high performance alloys (non-consolidated)** Target: FY2026 **50%** ▶ Result: FY2025 **44%**	Build a flexible production system to be able to respond nimbly to changes in the demand structure	●■	■ Started operations at Indian subsidiary (August 2025)	1
			Promote sales in the newly emerging field of environment & energy (Carbon neutrality, renewable energy, etc.)	●■	■ Sales ratio of high performance alloys: 44%	
			Respond to customer needs in an attentive manner	●	■ Development of new alloy types: 2, development of production processes: 6	
Issue of Materiality 2 **Reduction of Global Environmental Impact Through Business Activities**	Global environment issues are becoming increasingly serious, such as the intensification of natural disasters due to climate change, depletion of resources and loss of biodiversity. The Nippon Yakin Kogyo Group has a responsibility to address these issues as they emerge because our business activities consume a large amount of energy and emit a large amount of CO_2. Our Group is striving to minimize CO_2 emissions and realize a sustainable global environment by recycling resources and improving operating technologies.	**CO_2 emissions reduction rate (Relative to FY2014, non-consolidated)** Target: FY2026 **46% reduction**, FY2051 **Carbon neutrality** ▶ Result: FY2025 **54% reduction**	Establish carbonless smelting technology by increasing the use of recycled materials	●■	■ Technological development for expansion of use of recycled materials ■ Currently carrying out activities to realize carbonless nickel smelting	2 3
			Improve operational technology and further reduce per unit energy use	●	■ Carried out initiatives to gain a return on our investment in our new electric arc furnace ("E furnace") ■ Upgraded to highly efficient equipment	
			Foster fuel conversion for carbon neutrality		■ Shifted from coal to LNG as energy source for rotary kiln at Oheyama Plant (completed in July 2025)	
			• Shift from heavy oil and coal to LNG	●■		
			• Shift from LNG to hydrogen, ammonia and synthetic methane	◆		
			Effective use of green power	■	■ Obtained non fossil certificate	
			Reduce by-products and waste and increase the recycling rate	●■	■ Recycling of by-products generated from the manufacturing process: 149,000 tonnes ■ Established JIS standard for FINESAND to contribute to circular economy	
Issue of Materiality 3 **Achievement of Safe and Stable Production**	It is our Group's responsibility to conduct business activities safely and provide a steady supply of high quality materials to society. We are eliminating occupational hazards, implementing measures to maintain and improve product quality, and updating our equipment for the prevention of equipment failures. We are thus making improvements in both tangible and intangible ways.	**Number of serious occupational accidents (non-consolidated)*** Target: **0** in fiscal year ▶ Result: FY2025 **0**	Continue to make strategic investments on a medium- to long-term basis	●	Kawasaki Plant ■ Started operation of new cold rolling mill ■ Modified existing cold rolling mill	2
			Maintain and improve occupational health and safety standards	●	■ Rate of incident victims who took leave (Frequency rate): 2.61 ■ Rate of lost-time accidents (Severity rate): 0.08	
			Make investments for stable operation	●	■ Currently transitioning to digital operations for procurement	
Issue of Materiality 4 **Creation of Workplaces Where All Employees Can Work with Equality and Satisfaction**	Nippon Yakin Kogyo Group's products are made possible by the experience and technology that our employees have developed over the years. Therefore, for the further growth of our Company, it is necessary to create an attractive workplace where our employees want to continue working. We are hiring and training a diverse workforce and developing an environment in which they can play an active role.	**Percentage of women among the new graduate career-track hires (non-consolidated)** Target: **20% or more per fiscal year** ▶ Result: FY2025 **20%** **Rate of employees taking paid holidays per year (non-consolidated)** Target: **70% or more per fiscal year** ▶ Result: FY2025 **78%**	Promote diversity & inclusion	●■	■ Recruitment of career-track employees to join the Company in April 2025: 11, number of women career-track employees: 4 ■ Rate of employment of people with disabilities: 2.4% ■ Improvement of workplaces for female staff	3
			Improve the working environment with automation and labor-saving measures	●	■ Introduced various automated equipment for new cold rolling mill, reducing workload and simplifying the learning process ■ Digitalized production equipment inspection records, reducing workload	
			Enhance employee welfare facilities	●	■ Installed toilets on grounds, upgraded employee housing and employee club facilities	
			Make use of advanced technologies for human resource development and the transfer of skills to younger generations	●■	■ Conducted voluntary improvement activities ■ Held training for career-track employees	
Issue of Materiality 5 **Establishment of Sustainable Partnerships**	For corporate sustainability, companies need to understand what their stakeholders expect from them and what they are interested in. To this end, Nippon Yakin Kogyo Group is promoting communication with various stakeholders, including local communities. Through this communication we aim to help them deepen their understanding of the Group and to achieve harmony and co-prosperity with them by listening to their opinions.		Respect human rights across the supply chain	●	■ Conducted desktop investigation of human rights risks in our procurement ■ Published Nippon Yakin Kogyo Sustainable Procurement Guidelines (July 2025) ■ Regularly checked for the purchase of conflict minerals and other materials of concern as part of human rights due diligence	2
			Enhancement of collaboration with business partners	●	■ Currently carrying out activities according to Declaration of Partnership Building and declaration of voluntary "white logistics" practices	
			Maintain relations of trust with local communities	●	Kawasaki Plant ■ Conducted cleanup activities around plant ■ Traffic safety initiatives in nearby area Oheyama Plant ■ Conducted cleanup activities around plant ■ Conducted plant tours for students ■ Worked together with Miyazu City government to utilize used and discarded hand warmers as ferronickel materials	
			Disclose information to and promote dialogue with stakeholders	●	■ Held two IR briefing sessions per year ■ Enhanced dialogue with institutional investors and analysts ■ Published Integrated Report 2024	
Issue of Materiality 6 **Advancement of Governance Foundation for Adaptation to the Social Environment**	To support sustainable corporate growth, companies need to establish a robust management foundation that is resilient to changes in the social environment. Based on this recognition, Nippon Yakin Kogyo is striving to increase corporate value under an even better governance system so that the system can continue to deliver stable business by meeting the changing requests and expectations of the public based on the background of the continuously changing social environment.	**EBITDA (consolidated)** Target: FY2026 **20.0 billion yen or more** ▶ Result: FY2025 **22.7 billion yen** **ROE (consolidated)** Target: FY2026 **10.0%** ▶ Result: FY2025 **12.5%**	Enhance the financial base to ensure business continuity and foster business development	●	■ Net D/E ratio (Consolidated): 0.68 (Target for the final year of the medium-term management plan: 0.5-1.0)	3
			Continue to implement measures for legal compliance	●	■ Conducted human rights training for all directors and employees, including at Group companies	
			Raise employees' awareness of sustainability-related measures	●	■ Distributed copies of Integrated Report 2024 to all directors and employees of the Group ■ Published series of sustainability-related columns in the in-house magazine	
			Enhance corporate governance to meet market needs	●	■ Made necessary responses to the revised Corporate Governance Code	

* Serious occupational accidents refer to fatalities and disabling injuries or illnesses of disability grade 1 to 7.

Trends in the Stainless Steel Market and Nippon Yakin Kogyo's Measures

Invented and commercialized in the early 1910s, stainless steel has been used in various fields due to its resistance to rust. Global demand has grown since 2000 with the economic growth of countries such as China and the ASEAN nations, making stainless steel a major growth market. However, international competition has also intensified, so we will focus on capturing demand in markets that are expected to grow in future.

The Company has established a highly unique market position by expanding our range of high performance alloy products while also maintaining a steady supply of stainless steels in the domestic market.

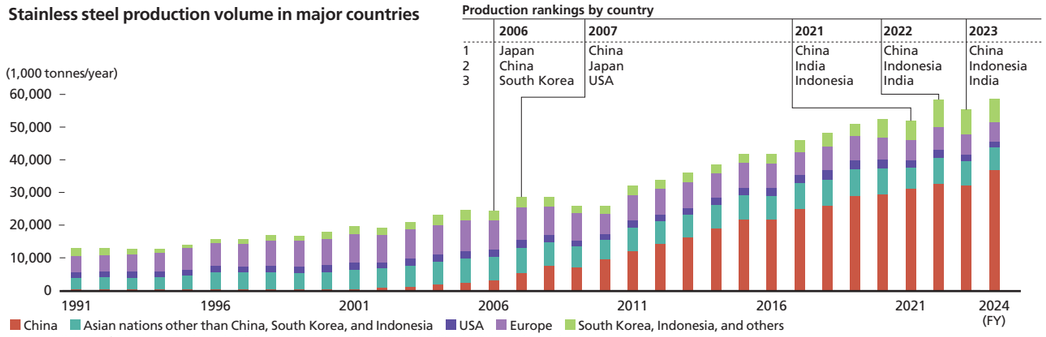
Global trends

Being more expensive than ordinary steel, stainless steel is classified as high-end steel, with usage reportedly increasing as consumers' income level increases. From 2000, citizens' income levels have risen in middle-income countries such as China, the ASEAN nations, and India, which has seen an ongoing increase in stainless steel production. In particular, the market has grown by 5% per year on average since 2010, and global demand is expected to continue to grow in future.

On the other hand, stagnating domestic demand and increasingly intense international competition have seen production trend downward in Japan and in Europe, the birthplace of stainless steel, leading to restructuring of companies and consolidation of facilities.

Opportunity	Increase in global demand
Risk	Overproduction and price stagnation in China

Stainless steel production volume in major countries



Production rankings by country

	2006	2007	2021	2022	2023
1	Japan	China	China	China	China
2	China	Japan	India	Indonesia	Indonesia
3	South Korea	USA	Indonesia	India	India

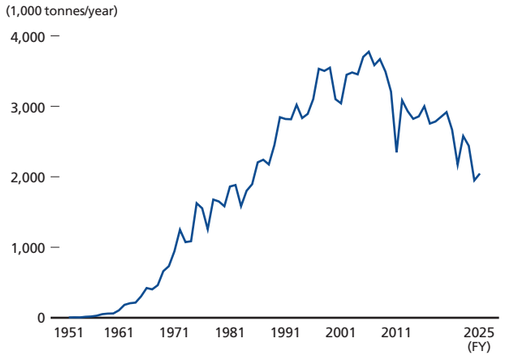
Source: Ministry of Economy, Trade and Industry, JAPAN STAINLESS STEEL ASSOCIATION, worldstainless

Trends in Japan

Japan's stainless steel production volume has trended downward since Japan was overtaken by China as the top producer in 2006. Like in Europe, restructuring has taken place in Japan's stainless steel industry, with facilities being consolidated as the number of companies decreases. Additionally, imports from countries such as China are increasing, while exports to the ASEAN nations, the mainstay of Japanese exports for many years, are decreasing every year.

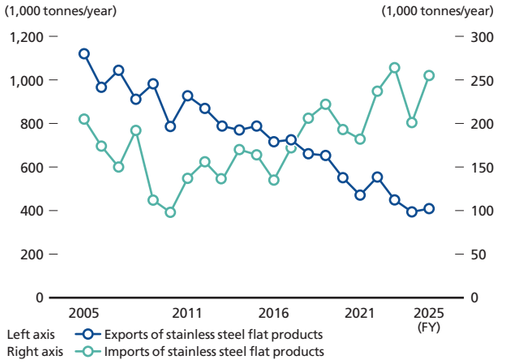
Opportunity	Expansion of applications in growth fields
Risk	Further influx of imports and decreases in prices

Japan's stainless steel production volume



Source: Ministry of Economy, Trade and Industry, JAPAN STAINLESS STEEL ASSOCIATION

Current state of imports and exports of stainless steel flat products



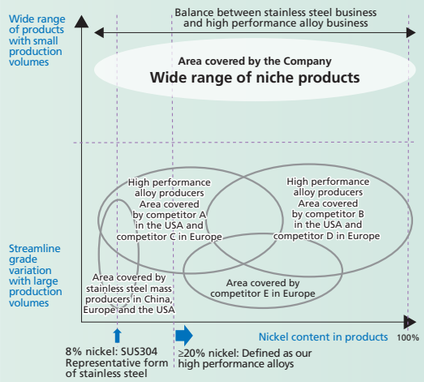
Source: Ministry of Economy, Trade and Industry, JAPAN STAINLESS STEEL ASSOCIATION

Nippon Yakin Kogyo's Measures to Address Global Trends

In a unique endeavor to achieve growth and improve resilience amid the tough competition of the global stainless steel market, the Company has carried out a two-pronged strategy with stainless steels for general use and high performance alloys for more high-end applications.

Under this strategy, we have emphasized a wide product range, rolling out many types of products in small volumes as a basic practice, while also expanding our range of high performance alloys to suit users' needs, covering almost the entire range of nickel content. This enables us to serve a wide scope of applications. As a result, we have established a highly unique position in the market that no competitor in the world has duplicated.

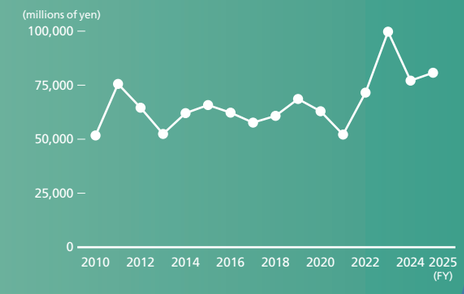
With an extensive variety of products that straddles multiple areas of demand, we have created a robust product portfolio that is not easily affected by fluctuations in business, which contributes significantly to stabilizing our revenue base and improving resilience.



Measures for Stainless Steels

The Company has built a unique value chain in the around 90 years since we first began producing and selling stainless steel in 1935. Our Kawasaki Plant performs integrated production system from steel-making to dispatch of finished products, allowing production of small lots and flexibility with delivery times. Under this company culture that places the highest priority on customers' needs, we have developed extensive experience and technical capabilities, enabling us to create high-quality designs suited to various applications. This sets our products apart from the imports, and we have maintained stable sales in the domestic market despite the shrinking of the economy.

Sales of Stainless Steel Division



Measures for High Performance Alloys

The Company began mass producing 36, a low thermal expansion alloy used in shadow masks for cathode-ray tubes, in the 1980s. Since around 2000, we have developed more advanced production technology and expanded the range of high performance alloys we work with to strengthen our sales. With international competition intensifying in the stainless steel market, we actively diversified our high performance alloy products as a unique way forward. Our high performance alloys now account for around 50% of our sales.

Sales ratio of high performance alloys

Growth Markets Captured by Nippon Yakin Kogyo

Identifying growth markets and rolling out Nippon Yakin Kogyo products

Based on the international market environment for stainless steel flat products, we provide a steady supply of stainless steels in Japan while working to grow our business by expanding sales of high performance alloys. We accurately ascertain high performance alloy markets where growth is expected and roll out products to fill each niche.

We are carrying out various measures under Medium-Term Management Plan 2024 to raise the sales ratio of high performance alloys to 50% by FY2026.

Growth markets	Products					
	Stainless steels	Corrosion resistant alloys	Heat resistant alloys	Corrosion resistant pure nickel	Controlled expansion alloys	High strength stainless steels
1. Renewable energy (solar, geothermal power, etc.)		●	●			
2. Hydrogen	●			●		
3. Electrification of thermal energy			●		●	
4. Semiconductors and information/ communications					●	●
5. Reduction of life cycle costs	●	●	●			

The above growth markets were identified by referring to the Japanese government's Green Growth Strategy Through Achieving Carbon Neutrality in 2050 (June 2021).

Growth areas in the energy field

Trends in energy demand in Japan

In its outlook for primary supply, the 7th Strategic Energy Plan, established by the Agency for Natural Resources and Energy in February 2025, indicates a significantly increased ratio of renewable energy.

New energies such as hydrogen, which have thus far held a ratio close to zero, are also expected to play a solid role. Renewable energy is divided into fine categories, and solar energy is expected to be the central driver of growth.

Outlook for primary energy supply

	FY2014 (result)	FY2023 (result)	FY2041 (outlook)
Primary energy supply	540 million KL	470 million KL	Around 420-440 million KL
Renewable energy	50 million KL	70 million KL	↗ Around 110-130 million KL
Nuclear energy	Below 10 million KL	10 million KL	↗ Around 50 million KL
Hydrogen, etc.*	—	—	↗ Around 20 million KL
Natural gas	130 million KL	100 million KL	↘ Around 80-90 million KL
Oil	230 million KL	170 million KL	↘ Around 90-120 million KL
Coal	140 million KL	120 million KL	↘ Around 40-50 million KL

* Including hydrogen, ammonia, synthetic fuel, and synthetic methane.

Outlook for power generation

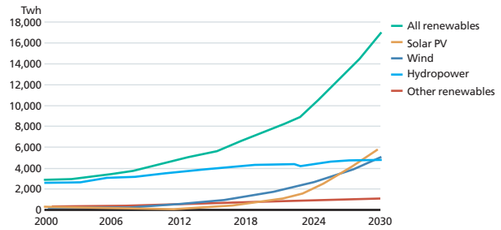
	FY2014 (result)	FY2023 (result)	FY2041 (outlook)
Power generation	**1.08** trillion kWh	**1.00** trillion kWh	**1.1-1.2** trillion kWh
Renewable energy	10.9%	21.8%	↗ Around 40-50%
Solar energy	1.2%	9.2%	↗ Around 23-29%
Wind energy	0.5%	0.9%	↗ Around 4-8%
Hydro energy	7.3%	7.7%	→ Around 8-10%
Geothermal energy	0.2%	0.3%	→ Around 1-2%
Biomass	1.6%	3.7%	→ Around 5-6%

Source: Outlook for Energy Supply and Demand in FY2040, Agency for Natural Resources and Energy, February 2025

Global trends in demand for renewable energy and hydrogen

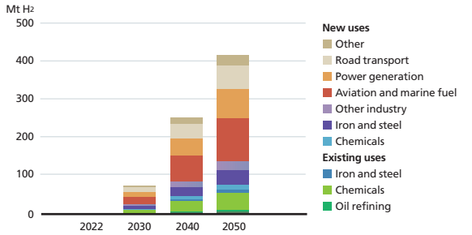
Significant growth in demand for renewable energy and hydrogen is expected at a global level in future. According to Renewables 2024 CC BY4.0 and Net Zero Roadmap 2023 update CC BY4.0 published by the International Energy Agency (IEA), solar energy supply is expected to approximately triple between now and 2030. Use of hydrogen and hydrogen-based fuel is also predicted to increase dramatically by 2040.

Prediction of global demand by mode of power generation



Source: Renewables 2024 CC BY4.0, IEA
https://iea.blob.core.windows.net/assets/17033b62-07a5-4144-8dd0-651cdb6caa24/Renewables2024.pdf

Prediction of global hydrogen demand



Source: Net Zero Roadmap 2023 update CC BY4.0, IEA
https://iea.blob.core.windows.net/assets/8ad619b9-17aa-473d-8a2f-4b90846f5c19/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf

Products to meet energy demand

The Company is rolling out products for the solar and hydrogen fields, where future growth is expected, and has already launched specific products.

Solar energy — Heat resistant alloys

Polycrystalline silicon production equipment for solar energy equipment needs to withstand high-temperature environments without oxidizing. Our heat resistant alloy 800H is used for production under these harsh conditions. This helps to ensure stability in the production process, contributing to the creation of renewable energy.

Supplied by Jiangsu Sunpower Heat Exchanger & Pressure Vessel Co., Ltd.

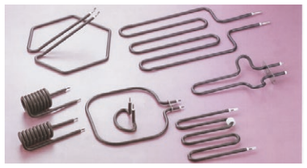
Hydrogen — Stainless steels

In FY2016, the Company won the JAPAN STAINLESS STEEL ASSOCIATION Prize Highest Award for our heat exchanger for hydrogen stations, made with our improved SUS316L. This is expected to be used to supply hydrogen, which is set to be a core source of clean energy in future, in settings such as gas stations.

Products for other growth fields

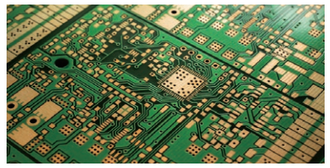
Electrification of thermal energy — Heat resistant alloys

Our heat resistant alloy H840 is used in heating equipment (sheath heaters) in household cooking tools such as hot plates and microwave ovens. The Company's products boast a world-leading share in this field.



Semiconductors and information/ communications — High strength stainless steels

Printed circuit boards are used in electronic control equipment. The production process for these multilayered circuit boards requires press plates with a high degree of strength and excellent wear resistance. As a material that meets these requirements, our 630 is used for press plates, contributing to the informatization and automation of society.



Reduction of life cycle costs — Corrosion resistant alloys

Structures exposed to seawater are subjected to extremely corrosive conditions. Standard stainless steel is not sufficiently durable, shortening the life cycle. Corrosion resistant alloys developed proprietarily by the Company are used to lengthen the life of the runway bridge pier at Haneda Airport, a critical piece of social infrastructure.

Medium-Term Management Plan 2024

The Company started Medium-Term Management Plan 2024 (April 1, 2023 - March 31, 2026) in light of changes in conditions in the industry.

Our vision

Contributing to the future of the earth as a leading supplier in the high nickel alloy and stainless steel markets by pursuing diversification of products and raw materials

Results of initiatives conducted in FY2025

- While the sales volume of high performance alloys increased, the average price fell below that of our stainless steels due to changes in the product mix, with the result that the sales ratio of high performance alloys decreased by 5% compared to fiscal FY2024.
- 9.6 billion yen in capital investments were approved, mainly to increase production of high performance alloys and invest in facility for carbon neutrality. The total investments we intend to approve during the three-year period of the Medium-Term Management Plan are at the level of the initial target.
- We have endeavored to secure a fixed rolling margin for both stainless steels and high performance alloys in our sales activities, and EBITDA and ROE are at the level needed to meet the target for the final year (FY2026).

	Results in FY2024	Results in FY2025	Target for FY2026
Sales ratio of high performance alloys (non-consolidated)	49%	44%	50%
EBITDA	25.4 billion yen	22.7 billion yen	20.0 billion yen or more
ROE	16.0%	12.5%	10.0%
Total return ratio	35%	35%	35%
CO_2 reduction (compared to FY2014; non-consolidated)	60%	54%	46% or more
Strategic investments*1	1.7 billion yen	3.5 billion yen	11.5 billion yen*2
Investment in strengthening of corporate platforms*1	1.3 billion yen	1.0 billion yen	5.5 billion yen*2
Investment in facility upgrades*1	2.9 billion yen	2.8 billion yen	9.0 billion yen*2
Investment in Group companies*1	0.9 billion yen	2.3 billion yen	5.0 billion yen*2

*1 Based on corporate decisions
*2 Three-year total

Basic strategies and measures

Basic strategies	Key measures	Initiatives
1 **Seek to meet the needs of increasingly advanced markets by developing and supplying industrial materials that create new value** ■ We aim to supply high performance alloys to growth fields and areas ■ Likewise, for stainless steels, we will strengthen our domestic customer base not only by being cost-competitive but by achieving a total competitive edge through understanding of customers' needs, including quality, delivery times and effective solutions	**(1) Expansion of product lineup**	■ Build a new material evaluation and testing facility for hydrogen environments →Working on development of materials that can be used in hydrogen environments P.35 ■ Expand the product lineup through the joint venture in China →Expand rolling range and steel grades of existing high performance alloys to remain competitive in the Chinese market →Considering selling large-width high performance alloys in India P.36 ■ Actively considering deploying proprietary technology and utilizing other companies' facilities →Deepen and broaden alliances and contracting both domestically and internationally to alleviate bottlenecks in internal production ■ Development of new alloys →for energy, home appliance, semiconductor, chemical industries, etc.
	(2) Strengthen customer base and improve revenue streams	■ Integrate production and sales operations to share customer QCD issues and resolve them more quickly ■ Expand sales of cold rolled strips and sheets to distinguish our materials from imports and grow our domain of differentiation
2 **Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment** ■ Work to build an efficient production system that ensures safety and steady supplies ■ In addition to working on initiatives for "Taking on the Challenge of Carbonless Nickel Smelting" and building a framework for the sustainable supply of nickel materials, we aim to increase the ratio of recycled materials we use to become a resource-recycling company that contributes to the global environment	**(1) Establish a framework to increase production of high performance alloys and achieve even more superior technology, and pursue greater productivity**	**Improvement of operations** ● Improve capability of steel melting processes at Kawasaki Plant ◆ Improve operations of the new electric arc furnace ("E furnace") ◆ Initiatives to ensure more consistent quality **Capital investment** ● Introduced high-precision, high-performance slitter line ● Introduce cold rolling mill to alleviate load on difficult-to-process coils ● Perform facility upgrades necessary for production of high performance alloy plates P.37 ◆ Upgrade aging facilities **Technology development** ● Improve stability and efficiency of production process technology and develop technology that will become future revenue bases ●: High performance alloys ◆: Stainless steels
	(2) Initiatives for carbon neutrality	**Oheyama Plant** ■ Expand use of recycled materials P.38 ■ Transition from coal to LNG and renewable fuels as energy sources **Kawasaki Plant** ■ Maximally utilize capabilities of new electric arc furnace ("E furnace") to improve electricity efficiency and process yield ■ Invest in energy conservation ■ Fuel transitions
	(3) Respond flexibly to diversification and changes in raw materials to improve sustainable procurement capabilities and maximize cost-competitiveness of raw materials	■ Improve usage rate of recycled materials ■ Strengthen scrap procurement framework ■ Steady procurement of raw materials based on carbonless nickel smelting plan at Oheyama Plant ■ Build optimal operational framework through integration of Oheyama Plant and Miyazu Kairiku Unyu to produce ferronickel more cost-competitive
3 **Establish a sustainable business foundation that is resilient to changes in our environment** ■ Improve cash flow for a robust financial foundation ■ Create new organizational capabilities as management resources that combine the personnel soft power and digital technology we have developed thus far	**(1) Establish and execute medium- to long-term investment plan with a view to 2030**	■ Establish and execute plans for human capital investment and strategic facility investment ■ Secure revenue streams and strengthen our financial foundations with the aim of achieving a credit rating of A and an aggregate market value of 100 billion yen or more
	(2) Initiatives to utilize DX to improve operational efficiency and organizational capabilities	■ Improve operation management system →Fully migrate to an open platform ■ Utilize DX at production sites to increase operational efficiency P.38
	(3) Steady execution of environmental measures at our plants and elsewhere	■ Compliance with laws and regulations such as the Air Pollution Control Act and Water Pollution Prevention Act ■ Regular measurement and ongoing monitoring of exhaust gas, waste water, etc.

Medium-Term Management Plan 2024

Basic strategy 1 **Seek to meet the needs of increasingly advanced markets by developing and supplying industrial materials that create new value**

Measure: Expansion of product lineup

Around 40%*[1] of the Company's exports of high performance alloys have been sold to China. We will diversify our sales channels through promotional activities in target growth markets. We will also strengthen development of alloys in target growth areas to increase our competitive edge in the high performance alloy field.

*1 By net sales

Progress in FY2025

Promoting expansion of high performance alloy sales

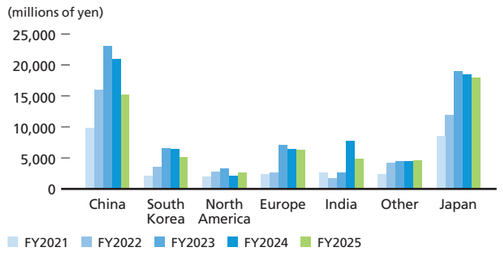
In terms of exports of high performance alloys in FY2025, in exports to China, sales increased for corrosion resistant alloys for oil and gas applications in the Middle East, as did high strength stainless steels for semiconductor applications. On the other hand, sales of heat resistant alloys for solar-related fields decreased, and while the aforementioned increases partially offset this, revenue ultimately decreased by 27% year-on-year.

In exports to India, revenue decreased by 36% year-on-year in FY2025 as revenue for FY2024 was particularly high due to a large order for flue gas desulfurization equipment (FGD). However, FGD sales are steadily growing, and as a result, the ratio of exports to India among high performance alloy export sales is growing solidly, now accounting for 13%.

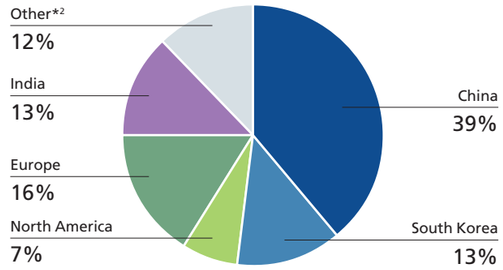
In exports to Europe, sales for hydrogen-related fields helped to keep sales at roughly the same level, with a decrease of 2% year-on-year.

In domestic sales, with steady sales of pure nickel for caustic soda production equipment, sales decreased 3% year-on-year. The domestic market accounted for a steady share of around 30% of our high performance alloy sales, offsetting the decrease in revenue from exports to China and India and providing a solid profit base.

Sales revenue of high performance alloys by region



Exports of high performance alloys by region in FY2025



*2 Latin America, Southeast Asia, etc.

Building a new material evaluation and testing facility for hydrogen environments (Kawasaki Plant)

To strengthen our technology for the hydrogen field, we plan to establish a testing facility where materials can be evaluated in a hydrogen gas or liquid hydrogen environment by the end of FY2026. In addition to adopting slow strain rate testing (SSRT) equipment, which tests hydrogen brittleness*[3], the testing facility will contain equipment enabling long-term exposure to hydrogen gas so that data can be collected and evaluated under the most realistic conditions possible. We also plan to evaluate both the base material and joins of our wide range of stainless steels and alloys.

*3 A phenomenon in which a metal material's strength and ductility decrease when hydrogen enters the material

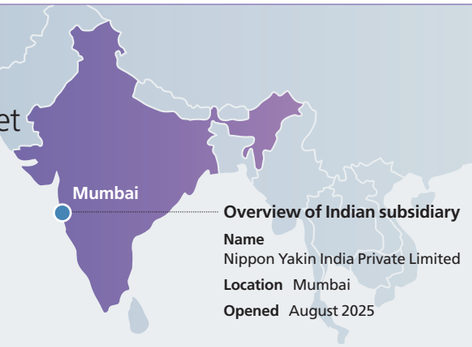
Conceptual drawing of material evaluation and testing facility (exterior)

Close Up

Operations started at new India subsidiary

Growth prospects of the Indian market

As we strategically grow the sales of our high performance alloys, India is an important market where we can expect demand to increase. There is a growing need for high performance alloys in India and surrounding areas such as the Middle East, particularly in the energy and environmental fields. To further capture demand from those sources, we opened a wholly Group-owned local subsidiary in India.



Overview of Indian subsidiary

Name Nippon Yakin India Private Limited
Location Mumbai
Opened August 2025

Why the Indian market?

In recent years, India has been creating an environment to attract investors, announcing measures such as the National Green Hydrogen Mission and EV policies with the aim of shifting away from dependence on energy imports and building an independent energy industry by 2047. The country also has more advanced technology in the heavy industries field than the Middle East and Southeast Asia, and handles engineering and production of equipment and machinery for the oil, gas, petrochemical, and chemical industries, both domestically and for overseas markets, particularly the Middle East due to its geographical proximity. These factors make India an extremely promising market with greater demand for high performance alloys than the Middle East and Southeast Asia. Strong demand for corrosion resistant alloys in the medical and chemical fields is also anticipated with the expansion of generic drugs and contracted manufacturing. Additionally, we have designated nickel-based heat resistant alloys for the solar power field and products for hydrogen-related fields as growth targets for applications related to carbon neutrality.

Voice

India is a growth market: in 2025, India's nominal GDP is set to overtake Japan's and reach 4.186 trillion dollars. While often seen as a country that enthusiastically pursues ongoing economic growth, India is a collective of small, discrete societies formed based on religion, territory, family ties, and caste, with a many different cultures and values coexisting.

Its business customs also have unique characteristics, requiring highly skillful negotiation during sales activities. Prices carry high expectations and terms can change mid-negotiation, so it is not uncommon for business talks to take longer than with Southeast Asian countries.

We believe that it will be important to utilize the local subsidiary that we are opening in August 2025 to develop an understanding of this local business culture, spend time building relationships of trust and steadily carry out sales activities.

We look forward to gaining an understanding of growth factors and cultural background and expanding our business possibilities through our sales activities in this diversity-rich country.

Atsushi Kawajiri
Managing Director
Nippon Yakin India Private Limited

Medium-Term Management Plan 2024

Basic strategy 2 Build an efficient production framework to increase our technical advantage and adapt to changes in our market environment

Measure: Establish a framework to increase production of high performance alloys and achieve even more superior technology, and pursue greater productivity

We are establishing a flexible production framework that will enable us to maintain appropriate production volumes for high performance alloys and stainless steels while also adapting production based on sales plans.

Progress in FY2025

Introduction of new cold rolling mill

As part of our strategic capital investment, we commenced operation of a new cold rolling mill in December 2024. Together with the modification of our existing cold rolling mill in 2024, a total of around 11 billion yen was invested in this initiative. This will eliminate the shortage in our cold rolling capacities caused by the growing need for thin products, improve productivity, accuracy of shape control, and working conditions, and save labor.

Close Up

Commencement of operation of new cold rolling mill

Building a stable production framework to meet customers' needs

Cold rolling is an important process that quality depends on

A cold rolling mill is equipment that precisely rolls hot-rolled coils to the final thickness required for the finished product and creates a smooth surface appearance. This is an important process that the final quality of the product depends on.

The production process of cold strips

Melting, refining, and continuous casting → Hot rolling → Annealing and pickling → **Cold rolling** → Annealing and pickling → Cold strip

Characteristics and effects of new cold rolling mill

1. Improvement of productivity and further stabilization of quality

We are working to improve productivity by utilizing the new cold rolling mill's high shape control capabilities—2.4 times that of the previous rolling mill—and rolling speed of up to 1,000m per minute.

The new cold rolling mill can also measure rolling load, unlike the previous rolling mill. This, along with its advanced automated control functions, enables uniform quality regardless of operators' proficiency.

2. Labor saving and shorter working times

The roll gap that can be created with the new cold rolling mill is around 20 times larger than that of the previous rolling mill. This will simplify feeding work and shorten the recovery time required in the event of issues, making operation easier. An automated coil insertion function and binding equipment have also been added to reduce operators' workload.

3. Improved working conditions

The entire top of the rolling mill is covered with a hood and a large extractor is installed to prevent the dispersion of fumes (a spray of rolling oil that occurs due to the heat generated during rolling), which improves working conditions.

Inside the housing of the new cold rolling mill

The new cold rolling mill

Measure: Initiatives for carbon neutrality

We are contributing to the realization of a carbon-neutral society through decisive by taking on challenges of carbonless nickel smelting at our Oheyama Plant.

Progress in FY2025

Taking on the challenge of carbonless nickel smelting (Oheyama Plant)

We are phasing out the conventional nickel smelting process, which requires imported nickel ore and coal, and working on carbonless nickel smelting using mainly recycled materials.

WEB https://ssl4.eir-parts.net/doc/5480/tdnet/2099171/00.pdf (only in Japanese)

(1) Energy transition

We transitioned from coal to LNG as the energy source of our rotary kiln for nickel smelting, with operations commencing in summer 2025. We expect to reduce CO_2 emissions by around 16% compared to previous operations.

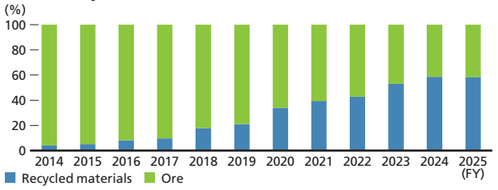
(2) Carbon replacement (chemical recycling)

We are working to replace coal (anthracite) with waste plastic (RPF, etc.) as our nickel ore reductant.

(3) Diversification and extended use of recycled materials

We are working to shift from nickel ore to the use of recycled materials. In FY2025, recycled materials accounted for 58.3% of the materials used. In future, we aim not to depend on nickel ore in our nickel smelting at all.

Ratio of recycled materials and ore



(4) Reduction and utilization of byproducts and waste

Our fine ferronickel slag (product name: NASFINESAND) received a Japanese Industry Standard (JIS A 5016) in June 2024. Thus far, we have used it for purposes such as ground refill, and we expect to expand its usage in future.

Basic strategy 3 Establish a sustainable business foundation that is resilient to changes in our environment

Measure: Initiatives to utilize DX to improve operational efficiency and organizational capabilities

The sales information and technical information owned by the Company is an element that provides us with a competitive edge. Through our response to changes in our external environment, we have amassed a dramatically growing volume of information. We are working to digitalize this information, and aim to utilize new digital technology to drastically improve the efficiency of our operations and optimize the Company as a whole.

Progress in FY2025

Promotion of business reform and digitalization

As we address changes in markets and technologies, the workload involved in managing information associated with order contracts has become an issue. Our sales and procurement departments are carrying out business reforms to unify our operational procedures and digitalize our information to facilitate more efficient operations and the execution of PDCA cycles.

Example of verification of digital technology at production sites

At our Kawasaki Plant, monitoring is carried out on an ongoing basis to prevent air pollution and water contamination. To further strengthen detection capabilities, we are verifying technology in which AI trained on camera images performs judgments and issues an alert when it estimates a condition that differs from normal. At our Oheyama Plant, GPS is used for more accurate management and optimal allocation of recycled materials. A control center has also been built to automate operations and enable remote monitoring.

Our Financial Approach in Medium-Term Management Plan 2024

Sustainable enhancement of our corporate value, improving profitability while delivering steady shareholder returns

Shingo Kobayashi
Vice President and Representative Director

Initiatives to improve corporate value

The Company has established "What we aim to be in 2030" with the aim of adapting to environmental changes and working toward sustainable growth.

To provide a numerical image for "What we aim to be," our long-term management target is net worth of 100 billion yen or more by FY2031. At the same time, we are taking ongoing measures to boost our share price, targeting a PBR of 1.0 or higher and a market capitalization exceeding 100 billion yen.

To resolve the issues faced by the Company in achieving these targets, considerable investment in areas such as equipment, research, systems, and personnel will be needed. To secure the capital needed to achieve "What we aim to be," including annual capital investments of around 10 billion yen, we aim to continuously enhance profitability, building on our current EBITDA of over 20 billion yen and an ROE of over 10.0%.

For achieving the above management targets, three basic strategies are being implemented under Medium-Term Management Plan 2024 as a step toward creating cash flow and improving profitability. Under these basic strategies, we will work to achieve steady profits for our stainless steels, which primarily serve the Japanese market. For our high performance alloys, which primarily serve overseas markets, we will work on continuous growth of the business by expanding sales in our target areas and working together with our Chinese joint venture. We will also work to install new equipment and improve the productivity of our existing equipment through measures such as capital investment and technology development, as well as improving per-unit energy usage through energy-saving measures and expanding our use of recycled materials to increase our cost-competitiveness on raw materials. Additionally, we will continually invest in areas such as DX, IT, and personnel to build sustainable management foundations that will enable us to adapt to environmental changes.

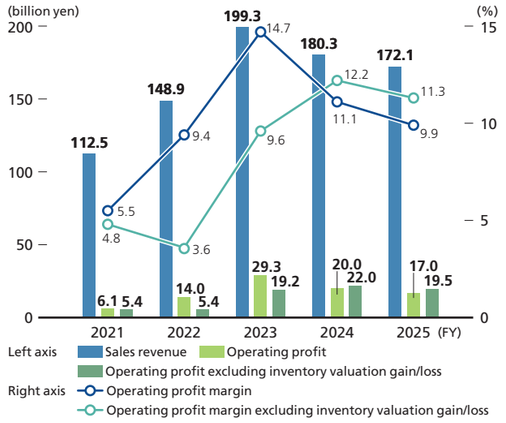
As we work on these measures to improve profitability and maintain ROE that is higher than our capital costs, we will also work to deliver steady shareholder returns. As part of our proactive IR activities, we also engage in more in-depth two-way communication with our investors to improve PER and achieve a PBR of 1.0 or higher.

Results in FY2025

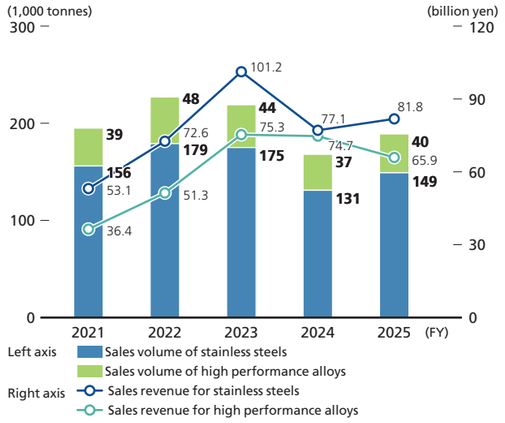
In FY2025, inventory adjustments were completed on the end user side for stainless steels for retail and high performance alloys for durable consumer goods such as sheath heaters, which contributed to an increase in sales volume. On the other hand, in addition to a decrease in nickel prices on the LME, stagnation in demand for the comparatively high-priced products for solar power in China led to a change in our product mix and a decrease in average unit prices. As a result, the decrease in profit (-19.8 billion yen) due to the lower sales prices was larger than the increase in profit from larger sales volume (+4.8 billion yen) and the increase in profit from reduction of costs such as raw material costs (+11.9 billion yen), and operating profit excluding inventory valuation gain/loss was 19.5 billion yen (-2.5 billion yen year-on-year). However, with the securing of a fixed rolling margin for both stainless steels and high performance alloys, EBITDA was 22.7 billion yen and ROE was 12.5%, exceeding the targets of 20.0 billion yen or more in EBITDA and 10.0% or more in ROE for the final year of Medium-Term Management Plan 2024.

The ROE of 12.5% exceeded the capital costs assumed by the Company as the index for PBR of 1.0 or greater, and we are endeavoring to improve profitability by stabilizing the rolling margin for stainless steels and carrying out measures for high performance alloys such as increasing sales through means such as capturing demand for flue gas desulfurization equipment in India, which we have positioned as a growth market. Our target for the sales ratio of high performance alloys for FY2026 was set as 50% or more in the current Medium-Term Management Plan, but results fell short at 44% due to the abovementioned decrease in average unit price, despite corrosion resistant alloys, which are used in the environmental and energy fields, continuing to contribute to sales. As a result of efforts to reduce interest-bearing debt, our net D/E ratio (net interest-bearing debt ratio) was 0.68, a level that will enable us to achieve the target in the current Medium-Term Management Plan. Additionally, our equity ratio increased to 44.3% in the fiscal year ended March 2025.

Sales revenue, operating profit and operating profit margin (consolidated)



Sales volume and sales revenue for stainless steels and high performance alloys (non-consolidated)



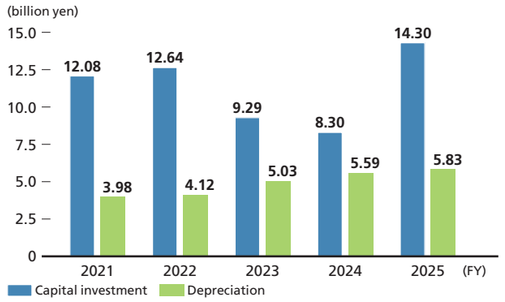
Current state of capital investment

Under Medium-Term Management Plan 2024, we plan to continue capital investments of 10 billion yen per year, with strategic investments aimed at expanding the production volume of high performance alloys and advancing efforts toward carbon neutrality.

Capital investments for FY2025, including Group companies, totaled 14.3 billion yen on an acceptance inspection basis and 9.6 billion yen on an approval basis. We have maintained a high level of capital investment since FY2021, including during the previous Medium-Term Management Plan period.

Major achievements include the commencement of operation of our new cold rolling mill in December 2024, aimed at increasing the production of high performance alloys. Additionally, as part of strategic capital investment for carbon neutrality, we decided on fuel conversion at the steel works at our Kawasaki Plant (900 million yen) and the establishment of hydrogen environmental research facilities (600 million yen).

Capital investment and depreciation (consolidated)



Main capital investment plan (approval basis: three-year total)

◆ Kawasaki Plant ■ Oheyama Plant ● Total

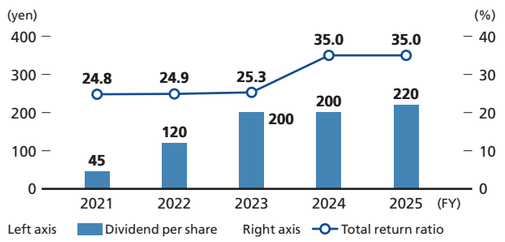
Strategic investments	11.5 billion yen →	Improvement of production efficiency to increase production of high performance alloys ◆ Upgrade of flat leveling equipment for plates ◆ Upgrade of hot strip annealing and pickling line welding equipment Carbon neutrality measures ◆ Upgrade of electric equipment for annealing and pickling line ■ Transition to LNG as kiln fuel ◆ Establishment of hydrogen environmental research facility
Investment in strengthening of corporate platforms	5.5 billion yen →	◆ Upgrade of drive motors ◆ Establishment of new test facilities at Technical Research Center ● Upgrade of operation management system
Investment in maintenance	9 billion yen →	◆ Replacement of crane in steel works ■ Replacement of high-voltage and special high-voltage electrical equipment
Group companies	5 billion yen →	• Replacement of electrical equipment for cold rolling mill (NAS STAINLESS STEEL STRIP MFG.) • Replacement of Kansai Processing Center building (NAS TRADING) • Replacement of heat treatment furnace (NAS TOA)
Total	**31 billion yen**	

State of shareholder returns

In Medium-Term Management Plan 2024, we set a target total return ratio of 35%. In FY2025, under a basic policy of continuous, steady dividends, we achieved a total return ratio of 35%, delivering special dividends to celebrate our 100th anniversary in 2025 and carrying out flexible acquisition of treasury stock.

For FY2026, we will continue with the same basic policy. Annual dividends of 220 yen are planned, considering our earnings forecast (110 yen as an interim dividend and 110 yen as a year-end dividend).

Shareholder returns (consolidated)



Environment

We believe that as the Nippon Yakin Kogyo Group consumes a lot of energy and generates large volumes of CO_2 emissions through its business activities, we have a responsibility to address the worsening global environmental issues that are occurring. The Group is carrying out efforts such as recycling resources and improving our operational technology to minimize our CO_2 emissions and, in doing so, achieve a sustainable global environment.

Environmental management

Our approach

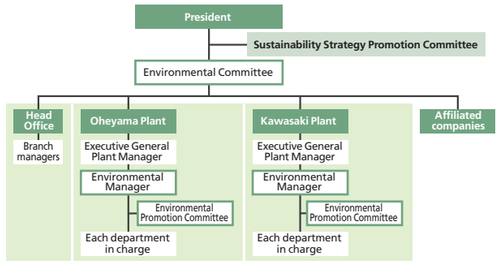
We are well aware of the importance of environmental protection. We promote environmentally friendly business complying with environmental treaties, laws, regulations, etc. In addition, we are proactively implementing environmental initiatives, including effective use of resources, saving energy and facilitating green procurement.

Environmental management system

We have established the Environmental Committee, chaired by a director appointed by the president to smoothly progress with environmental management by Nippon Yakin Kogyo and the Nippon Yakin Kogyo Group. The Committee deliberates on and reports the environmental management plans implemented at our two plants and the issues related to energy conservation.

Our Kawasaki and Oheyama Plants, our production bases, have standardized environmental management systems according to the international ISO 14001 and JIS Q 14001 standards.

Environmental management system



Environmental policies

We have implemented measures for our plants to achieve the environmental policies and environmental management planned by the Environmental Promotion Committee of each plant.

WEB We have posted the environmental policies of the plants here.

https://www.nyk.co.jp/en/sustainability/environment.html

Climate change countermeasures

Our approach

The steel industry is an energy-intensive industry. At Nippon Yakin Kogyo, we believe that addressing climate change is a management issue of ours as a member of the steel industry, and are proactively working for carbon neutrality to fulfill this social responsibility.

Governance

The Sustainability Strategy Promotion Committee chaired by the president discusses the risks and opportunities posed by climate change and how to address them, and reports the details as necessary to the Board of Directors. The Board of Directors oversees initiatives to address the reported issues.

P.26

Strategies

We likewise regard the risks and opportunities posed by climate change as important issues for our own sustainability. We have analyzed scenarios in line with the recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD).

We conducted scenario analysis for the 4°C scenario (the projected outcome if no measures against climate change are taken) and the 1.5°C scenario (the outcome if the average temperature increase in this century is limited to 1.5°C). We predicted the worldwide situation in 2030 based on each of the scenarios and identified the risks and opportunities, and then divided the identified risks into transition risks and physical risks. For transition risks we referred to the International Energy Agency (IEA) "World Energy Outlook" for information such as future energy supply and demand and carbon pricing in each scenario, and for physical risks we referred to the hazard maps created by local governments. By using these materials, we assessed the impact of the risks on our business.

In doing so, we determined that while opportunities such as demand in the environment- and energy-related fields will increase, there are also major risks such as increases in manufacturing costs due to the additional cost caused by carbon pricing as well as higher electricity/fuel prices. We are further discussing the financial impact associated with points that will have a major impact according to our assessment. Nippon Yakin Kogyo announced its support for the TCFD's recommendations in September 2022.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Scenario analysis results

Scenario	Impact assessment item (Social changes)	Impact assessment* 4°C	Impact assessment* 1.5°C	Risks and opportunities	Countermeasures
Transition risk	Introduction of carbon pricing Policies, Laws & Regulations Market	—	▼ Large	Increase in the manufacturing cost due to the additional cost caused by carbon pricing	• Capital investment and operational improvement for energy conservation and carbon neutrality • Fuel conversion to hydrogen, ammonia, synthetic methane and biofuels • Development of carbonless nickel smelting technologies
Transition risk	Shift to a carbon neutrality-oriented society Technology Market Reputation	—	▼ Large	• Higher electricity/fuel prices • Higher cost of procuring materials, transportation services, etc.	• Promotion of energy-saving operation (decrease of per unit energy use) • Appropriate product pricing in consideration of the cost
Transition risk	Shift to a carbon neutrality-oriented society Technology Market Reputation	—	▼	Increase in the amount of capital investment for CO_2 emissions reduction	• Investment decisions in consideration of the environmental impact reduction effect • Appropriate product pricing in consideration of the investment cost
Transition risk	Shift to a carbon neutrality-oriented society Technology Market Reputation	—	▼	Shrinkage/elimination of demand in fields with large CO_2 emissions (Flue gas desulfurizers for low-efficiency coal-fired thermal power plants, boilers and EGR systems)	• Development of environment-friendly products in response to customers' needs • Sale of solutions to meet new demand for hydrogen, renewable energy sources, electric vehicles (EVs), fuel cell vehicles (FCVs), secondary batteries and CCUS
Transition risk	Shift to a carbon neutrality-oriented society Technology Market Reputation	—	▲ Large	New demand in the environment- and energy-related fields	
Transition risk	Shift to a carbon neutrality-oriented society Technology Market Reputation	—	▼	Tight supply of recycled materials	• Diversified use of recycled materials by the introduction of a new electric arc furnace ("E furnace") • Securing of supply sources that offer reasonable prices (Oheyama Plant)
Physical risk	Impact of abnormal weather events on business Acute	▼ Large	▼	More frequent and intense natural disasters (heavy rain, strong winds and storm surges) that cause the suspension of production, fragmentation of the supply chain and the suspension of logistic services	• Examination and implementation of natural disaster countermeasures (inspection and enhancement of equipment, BCP measures, etc.) • Shared use of equipment with other companies through outsourced production and others • Effective use of domestic resources and securing of stable sources for logistics, sales and surveys for the establishment and diversification of the supply chain
Physical risk	Degradation of the working environment due to rise in temperature Chronic	▼	—	Expanded risks of health damage caused by infectious diseases and heatstroke	• Improvement of the working environment and investment to increase labor productivity • Enhancement of BCPs against infectious diseases and heatstroke

* ▼: Risk ▲: Opportunity Large: ¥5 billion or more —: No impact or minor impact

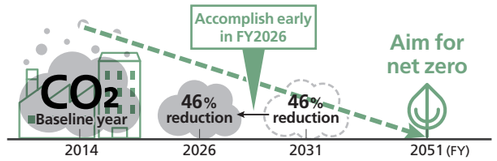
Risk management

The Sustainability Strategy Promotion Committee has identified risks and opportunities posed by climate change. Each department breaks down risks and opportunities that have been identified and discusses countermeasures. The latest information including the IEA "World Energy Outlook" is obtained so that risks and opportunities and countermeasures we should take are discussed by the Sustainability Strategy Promotion Committee about once a year, after which the committee makes revisions where necessary and reports the details to the Board of Directors as necessary. New risks are reported to the relevant departments and committees as necessary. Risks reported to the Compliance Committee may, if necessary, be added to the risks that are managed appropriately according to the Nippon Yakin Kogyo Group Risk Management Rules.

Our CO_2 emissions reduction targets

In December 2021, we set a CO_2 emissions reduction target of 46% for FY2031 (Scope 1 + 2, compared to FY2014), and aim to achieve net zero emissions by FY2051. In Medium-Term Management Plan 2024, which we announced in May 2023, we established a plan to achieve our 46% reduction target in FY2026, ahead of FY2031. We are also promoting initiatives to achieve carbon neutrality throughout the entire Nippon Yakin Kogyo Group.

Our CO_2 emissions reduction targets (Scope 1 + 2, nonconsolidated)



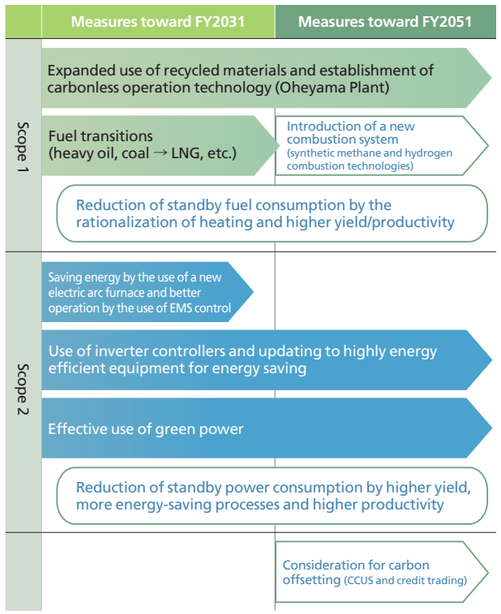
Scope 1: Direct greenhouse gas emissions from the company
Scope 2: Indirect greenhouse gas emissions due to the use of electricity, heat and steam supplied by other companies to the company

Environment

Progress with measures

Nippon Yakin Kogyo formulated a roadmap to achieve carbon neutrality by FY2051, and has been thoroughly implementing energy-saving countermeasures in all the business activities. We use the devices equipped with inverters and LED lamps at Kawasaki Plant. We also began operating an efficiently energy-saving electric arc furnace ("E furnace") in the plant in January 2022. Moreover, in FY2022 we began operating a system responding to demand enabling flexible operation according to changes in the electricity supply-demand balance. In addition, since FY2023, we have been operating an internal carbon pricing (ICP) system to set carbon prices and virtually convert our CO_2 emissions into monetary costs for capital investment to reduce our CO_2 emissions.

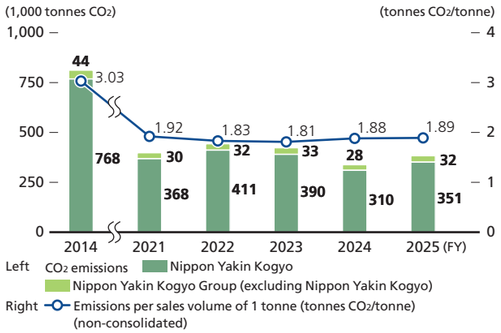
Roadmap to carbon neutrality



Current CO_2 emissions (Scope 1 + 2)

The total amount of CO_2 emissions for FY2025 from Nippon Yakin Kogyo on a non-consolidated basis came to 351,000 tonnes including emissions from Kawasaki and Oheyama Plants. The amount of emissions from the entire Nippon Yakin Kogyo Group totaled 383,000 tonnes. It is generally recognized that the amount of CO_2 emissions significantly depends on the amount of production. However, we are aiming at achieving our reduction targets by steadily decreasing per unit emissions.

CO_2 emissions (Scope 1 + 2)



CO_2 emissions from the entire supply chain (Scope 3)

In order to grasp the amount of CO_2 emissions generated across the entire supply chain that supports our business activities, we are estimating our Scope 3 emissions based on the basic guidelines (Ver. 2.7) for the estimation of greenhouse gas emissions across the supply chain published by the Ministry of the Environment and the Ministry of Economy, Trade and Industry.

CO_2 emissions from supply chain

(1,000 tonnes CO_2)

		Nippon Yakin Kogyo (non-consolidated)	Consolidated
Scope 1		**207**	**222**
Scope 2		**143**	**160**
Scope 3		**631**	**752**
Breakdown	1. Purchased goods and services	506	608
	2. Capital goods	44	54
	3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	50	56
	4. Upstream transportation and distribution	30	33
	5. Waste generated in operations	0.2	0.5
	6. Business travel	0.2	0.3
	7. Employee commuting	0.4	0.7

Scope 3: Indirect emissions other than those included in Scope 1 and Scope 2 emissions (those emitted by other companies but related to the activities of the company)

Scope of calculation: Categories 1 to 7 (Categories 8 to 15 are not covered)
Source used for emission factor data: IDEA v2 (for the estimation of greenhouse gas emissions in the supply chain), emission factor database to calculate emission data such as greenhouse gas emitted by organizations across their supply chains, Ver. 3.5

GX League

GX League is a forum promoted by the Ministry of Economy, Trade and Industry as a venue for government-academia collaborations by companies working on sustainable growth with the aim of achieving Japan's goal to be carbon neutral by 2050. Nippon Yakin Kogyo announced its entry into the GX League in March 2024.

WEB https://www.nyk.co.jp/files/pdf/ja/news_240314.pdf (Japanese only)

Reduction of environmental impact

Preventing air pollution

We regularly monitor the air emissions discharged from our plants according to the related laws to manage and improve them. At Oheyama Plant, we combined a wet-type precipitator and an electrostatic precipitator to decrease particulate matter, and are appropriately managing this equipment. At Kawasaki Plant, we have taken measures such as applying a burner with low NOx for a furnace and trying to reduce emissions of nitrogen oxides.

Preventing water pollution

Water used in our production processes is released out of the plant after being treated at our wastewater treatment facilities so as to meet all the regulatory standards relevant to prevention of water pollution. Water at Kawasaki Plant is constantly monitored for contaminants (nitrogen, phosphorus, COD).

Waste generation

Nippon Yakin Kogyo has been suppressing the generation of industrial waste and promoting the recycling of such waste to reduce the final disposal amount.

WEB **We have posted data related to our reduction of our environmental impact here.**

https://www.nyk.co.jp/en/sustainability/environment.html#environmentLoadReduction

Building a recycling-oriented society

Our approach

Nippon Yakin Kogyo aims to depart from society's current norms of mass production, mass consumption, and mass waste and contribute to the building of a recycling-oriented society where environmental impact is reduced through efficient resource use and recycling. Stainless steel is 100% recyclable and collectible as scrap for recycling. We apply the raw materials reclaimed from "urban mines" to reduce consumption of natural resources and promote effective use of resources.

Usage rate of recycled materials (Oheyama Plant and Kawasaki Plant)

At our Oheyama Plant, we produce ferronickel alloys as the major raw material to produce stainless steels. Nickel is a precious mineral resource that has been designated by the Ministry of Economy, Trade and Industry as a critical mineral. In the past, all of our raw nickel materials were nickel ore imported from outside Japan, but we are now working to expand our use of recycled materials, with the aim of reaching 100% in future. In FY2025, recycled materials accounted for 58.3% of the materials used.

The usage rate of recycled materials for stainless steels at our Kawasaki Plant is currently around 80%. In addition to the urban-mined ferronickel produced at our Oheyama plant, our Kawasaki plant uses raw materials such as stainless steel scrap and ferrochrome to produce stainless steel. In future, our Kawasaki Plant will work together with our Oheyama Plant to diversify its raw materials and further improve its usage rate of recycled materials.

Recycling of dust and sludge

In the stainless steel process, byproducts are generated including dust from the electric arc furnace and pickling sludge from the wastewater treatment process. They contain valuable metals including iron, chromium, nickel, molybdenum and others. NASTECH Co., Ltd., an affiliated company at our Kawasaki Plant, mixes these with water and kneads them into briquettes, which are then melted in an electric arc furnace to extract the valuable metals by separating slag. The valuable metals are collected to help produce stainless steels.

Handling of water resources

Evaluation of water risks

Nippon Yakin Kogyo is conscious that the water risks in our corporate activities are a management issue. With this in mind, we evaluated the water risks at production sites of the Company (non-consolidated) using the World Resources Institute (WRI)'s Aqueduct tools. In this evaluation, it was judged that our Oheyama Plant has a low-medium risk and our Kawasaki Plant has a medium-high risk. None of our sites have a high or extremely high water risk. As an important resource we recycle water in our production processes. The recycling rate attained is more than 70% and more than 90% at Oheyama and Kawasaki Plants, respectively.

Social

We are working to create workplaces where diverse employees, regardless of age and educational background, are all respected and can enjoy job satisfaction. We are also making improvements in both tangible and intangible ways in order to conduct our business activities safely and provide a stable supply of high-quality materials, and carrying out dialogue with local communities and other stakeholders to achieve harmony and co-prosperity with them.

Human resource development

Our approach

Nippon Yakin Kogyo Group's products are made possible by the experience and technology that our employees have developed over the years. To facilitate further growth of the Group, we have established a Human Resource Development Policy and are working to ensure that diverse employees can thrive.

Human Resource Development Policy
We are working to secure and develop personnel who can fulfill our action guidelines so that we can tackle the various management issues we are facing and further increase our corporate value.

Internal Environment Improvement Policy
We are improving our internal environment so that every employee can work safely and securely, fully display their capabilities, and enjoy job satisfaction and a sense of ease.

Initiatives

Collective training (for career-track employees)
To develop employees who will be core personnel in future, we provide rank-based training in the first five years so that employees can start from the basics and then make qualitative and quantitative improvements.

Results of training for career-track employees in FY2025

Number of employees who attended training	75
Ratio of employees who attended training	100%
Hours of training	563

One-on-one meeting system (for career-track employees)
We have introduced a one-on-one meeting system to foster active communication and facilitate human resource development tailored to each employee's characteristics. This regular dialogue provides employees with the opportunity to ask questions about minor matters in their work and hear about potential directions their career could take and the Company's expectations of them, which encourages autonomous growth by each employee.

E-learning (for career-track employees and administrative employees)
We have introduced online video training where employees can select content based on their specific challenges.

Financial support for capacity building (for career-track employees)
To encourage autonomous skill development, we have introduced a system to subsidize the cost of courses in areas such as management, leadership, and language skills, financial skills, accounting knowledge, and IT literacy, regardless of whether it is directly necessary in an employee's job.

Training of new employees and skill succession (for production operators)
Upon joining the Company, new employees receive three months of collective training to learn the basics and gain qualifications. Employees then receive one-on-one education from experienced employees as OJT from the end of their threemonth collective training to the end of their second year so that they can promptly acquire the necessary skills. We also recommend technical certification exams and provide safety education using VR.

During each employee's first two years at the Company, an experienced employee provides one-on-one instruction and training to support the employee in their on-the-job training.

Employees can acquire some government technical certification in-house.

Program for studying at the College of Industrial Technology (for production operators)
We have a program allowing production operators who have graduated high school or are equivalently skilled to study at the College of Industrial Technology. The specialized knowledge that the employees gain enables them to work in a wider range of career-track roles after graduating.

Employees who have studied at the College of Industrial Technology (since FY1987, including current students)	20 in total

Promotion of diversity, equity and inclusion

Our approach

One of Nippon Yakin Kogyo's action guidelines is "We respect diversity and differences, and demonstrate our comprehensive capabilities with a spirit of harmony." In line with the diversification of values in recent years, we believe that respecting the diverse backgrounds and ideas of employees and enabling all employees to thrive here will help us achieve sound growth and are promoting diversity, equity and inclusion in the workplace accordingly.

Promotion of empowerment of women

We are carrying out the following initiatives to facilitate active hiring of women and promotion of the building of working environments where women can work comfortably.
1. Hiring women in at least 20% of executive-track roles.
2. Ensuring that employees continuously take at least 70% of their paid holidays.

Four out of the 11 career-track employees who joined the Company in April 2025 are women. The rate of employees taking paid holidays in FY2025 was 78%.

Promoting the advancement of people with disabilities

By creating workplaces where each employee can utilize their diverse capabilities and building frameworks to develop connections with society, we are contributing to the realization of a sustainable society where everyone can thrive.

To promote the advancement of people with disabilities, our Kawasaki Plant provides employees with disabilities with a special office space where they can work in comfort, as well as dedicated support personnel, giving due consideration to their individual characteristics and needs. If it is judged that an employee can perform standard work with guidance from support personnel, they can become a full-time employee in one of the Company's workplaces. One employee with a disability became a full-time employee in FY2025. If an employee with a disability cannot become a full-time employee but it is judged that they can work consistently over a long period of time, they can transition to a permanent position. (Two employees with disabilities transitioned to a permanent position in FY2025.)

Additionally, to provide employees with disabilities with new employment opportunities, we have established frameworks for work such as roasting coffee and packaging. By providing work suited to employees' individual characteristics, this framework draws out the motivation and skills of employees with disabilities and gives them a sense of accomplishment. Support staff and specialized personnel provide extensive support on a daily basis to enable occupational independence and ongoing employment.

We will continue promoting the creation of environments where people with disabilities can work long-term with peace of mind and endeavoring to foster a corporate culture that respects diversity.

The coffee that is made is given to employees as part of our health and welfare initiatives.

Measures for work-life balance

We are implementing measures to help employees maintain a work-life balance so that they can perform their duties and achieve job satisfaction while also spending time outside the workplace raising children, providing nursing care, and meeting family responsibilities, participating in their local communities and pursuing personal goals, thereby leading a healthy and fulfilling life.

System	Results of the system for FY2025
Childcare leave	10 in total
Shorter working hours for childcare	12 in total
Long-term nursing care leave	1 in total
Shorter working hours for nursing care	0 in total
Nursing care leave for children	66 people (307.8 days in total)
Rate of paid holidays taken	78%
For the accumulation of paid holidays*	45 people (476 days in total)

* Employees can accumulate paid holidays not taken before the expiration of the two-year period and use them for specific purposes, such as recuperation and volunteer activities.

Social

Human rights

Our approach

Companies are required to recognize that they may have direct and/or indirect impacts on human rights through their business activities and take measures to prevent human rights infringements.

To clearly define the Group's human rights obligations, the Nippon Yakin Kogyo Group Human Rights Policy was established in April 2024. Based on this policy, we will promote the realization of an inclusive society with no human rights violations or discrimination.

WEB **Nippon Yakin Kogyo Group Human Rights Policy**

https://www.nyk.co.jp/en/pdf/sustainability/human-rights-policy2024.pdf

Human rights due diligence

The Group began carrying out human rights due diligence (HRDD) initiatives in FY2024 according to the United Nations Human Rights Council's Guiding Principles on Business and Human Rights.

WEB **Nippon Yakin Kogyo Group Domestic Human Rights Due Diligence**

https://www.nyk.co.jp/en/sustainability/society.html#humanrights

Management system

The specifics of HRDD initiatives are discussed by our Sustainability Strategy Promotion Committee chaired by the president. Discussions by the Sustainability Strategy Promotion Committee are reported to and supervised by the Board of Directors as necessary.

Initiatives conducted in FY2024

We conducted a human rights risk impact survey for domestic Group businesses. The table below shows the priority human rights issues that were identified in the human rights risk assessment.

We had already been working on mitigation and prevention of the three risks that were identified, but we will continue and strengthen our activities to that end in future.

Initiatives conducted in FY2025

We conducted a desktop survey of human rights risks in our supply chain and confirmed human rights risks associated with our primary raw materials.

Training of employees

Nippon Yakin Kogyo conducts human rights training for Group employees to facilitate human rights activities according to our Human Rights Policy. In FY2025, we conducted training for our officers and employees, including those at our subsidiaries, on human rights policies and harassment prevention.

Consultation services

The Group has established Nippon Yakin Kogyo Group Helpline Rules under which we accept consultations and reports about human rights risks such as harassment. We have established and enforced rules such as stringent confidentiality practices for reports and consultations and prevention of retaliation against those who make a report or consultation. P.53

Human rights issues to be addressed, and the Group's response

Issue	Response
Development of Safe and Healthy Work Environment	• Improvement of health and safety level according to OSHMS (occupational safety and health management system) and internal rules • Ongoing safety training centering on plants • Improvement of working environment with automation and labor-saving measures through strategic medium- to long-term investments
Elimination of Discrimination and Harassment	• Establishment of regulations and training on prevention of harassment • Thorough communication about internal reporting systems and harassment consultation services
Responsibility to Communities	• Stringent environmental management according to ISO 14001 and internal rules

Procurement

Our approach

With regard to the procurement of mineral resources, the risks of conflict, human rights violations, and environmental destruction are being taken seriously internationally. There is a call for companies to carry out human rights due diligence throughout their supply chains and appropriately address ESG risks. To meet these social needs, we are paying attention to movements in government policy and industries in various countries and working together with various departments to strengthen our initiatives for responsible procurement of minerals. We will continue building a highly transparent procurement framework and contributing to the realization of a sustainable society.

An ore yard at our Oheyama Plant

Management of conflict minerals

We have established the Conflict Minerals Management Rules (hereinafter, "the Rules") for the management of so-called Conflict Minerals (i.e., gold, tin, tantalum, tungsten, and other minerals themselves, or alloying materials containing such minerals). Under the Rules, we do not procure from the Democratic Republic of the Congo, surrounding countries, or other conflict zones or high-risk areas. Information is gathered from our raw material suppliers through the vendors we deal with, and is stored for seven years. The Export Trade Control Committee manages the Company's responses to these matters, the effectiveness of which are also examined through internal auditing. The details of the committee's discussions are also reported at Management Meetings.

Indoor iron alloy warehouse, Kawasaki Plant

Human rights due diligence, etc. across the supply chain

Our rules and regulations incorporate mechanisms to gather information from business partners about raw materials, secondary materials and other supplies connected to countries and regions requiring human rights due diligence. In April 2024, we announced the Nippon Yakin Kogyo Group Human Rights Policy, and we have begun investigating human rights risks associated with materials such as our primary minerals. We also established the Nippon Yakin Kogyo Sustainable Procurement Guidelines in July 2025 to realize sustainable procurement environments throughout our supply chain. We are also carrying out appropriate efforts with our suppliers on an ongoing basis.

In October 2023, we announced a policy not to accept scrap metal from "illegitimate yards", which could impact local communities' quality of life through harm such as noise, vibration and water pollution. We also asked our business partners to thoroughly manage the operations of parties such as their suppliers to ensure compliance, in an effort to uphold our responsibilities to local communities and the environment.

WEB **Nippon Yakin Kogyo Sustainable Procurement Guidelines**

https://www.nyk.co.jp/en/news/2025/news_250725-446.html

Scrapyard at Kawasaki Plant

Establishment of sustainable partnerships

Nippon Yakin Kogyo has agreed to the statements by the Council on Promoting Partnership Building for Cultivating the Future, which is promoted by the Cabinet Office and Small and Medium Enterprise Agency, and announced its own Declaration of Partnership Building in June 2022. The Company also agrees to the promotion of "white logistics" and has submitted a Voluntary Action Declaration.

Additionally, to further strengthen our sustainable partnerships, we regularly discuss pricing with our business partners and actively work to optimize payment conditions.

Loading products

WEB **Declaration of Partnership Building**

https://www.nyk.co.jp/en/sustainability/society.html#procurement

WEB **Voluntary Action Declaration for the Promotion of White Logistics**

https://www.nyk.co.jp/en/sustainability/society.html#procurement

Social

Occupational safety and health

Our approach

We have introduced an occupational safety and health management system (OSHMS), making an effort to take our occupational safety and health to the next stage. By executing a PDCA cycle as a core element of the OSHMS, we will continue to step up the level of the occupational safety and health. Thereby, we prevent occupational accidents along with providing all employees with safe and healthy workplaces.

Structure

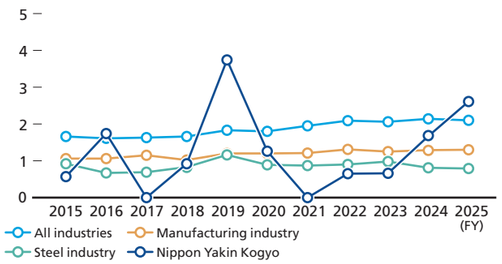
The executive general plant manager serves as the occupational safety and health supervisor and appoints an occupational safety and health manager (from among general managers) and an industrial physician, whose roles are defined in our occupational safety and health management rules. Also, each of the plants has its own occupational safety and health committee composed of the occupational safety and health supervisor, occupational safety and health manager, industrial physician and a representative of the labor union. The committee meets once a month to discuss and monitor legal issues and works to raise employees' awareness of the plant's annual safety and health plan and monthly initiatives.

Safety records

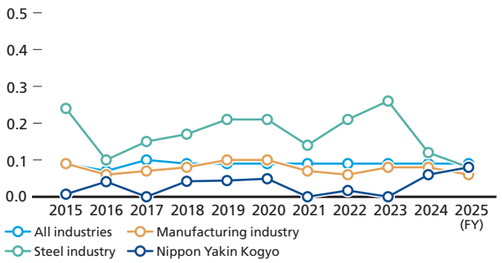
The following figures show Nippon Yakin Kogyo's safety record. Serious occupational accidents* remained at zero like the previous fiscal year, but our rate of incident victims requiring leave (frequency rate) and our rate of lost-time accidents (severity rate) worsened compared to FY2024. We will continue to carry out rigorous safety activities to reduce our overall accident rate.

* Serious occupational accidents refer to fatalities and disabling injuries or illnesses of disability grade 1 to 7.

Frequency rate



Severity rate



Quality

Our approach

Nippon Yakin Kogyo produces products that meet customer needs and specifications while complying with related laws, regulations and standards. As a method for managing and increasing our product quality, we are committed to establishing, implementing, maintaining and constantly improving our quality management system that meets the requirements determined by JIS Q 9001/ISO 9001 and JIS Q 9100.

Quality policy

The quality policy of our Kawasaki Plant, which handles the final production processes of our products, is posted on our website.

WEB https://www.nyk.co.jp/en/sustainability/society.html#quality

Quality assurance system

We have established the Nippon Yakin Kogyo Group Quality Assurance Committee, chaired by a director appointed by the president to continuously improve the Nippon Yakin Kogyo Group's quality assurance system. This committee is tasked with the following roles:

- Formulate policies on the improvement of the quality assurance system
- Carry out audits at Group companies' major production bases (once a year in principle)
- Organize a meeting of Group companies' employees in charge of quality assurance (once a year)

Standardization activities

To ensure that our products are competitive, we are actively carrying out standardization activities, registering our products for standards such as JIS. Major products of ours, including 64, 254N and 354N, have already been made JIS-compliant.

Stakeholder engagement

Communication with local communities: social contribution activities

Nippon Yakin Kogyo, under the leadership of Kawasaki and Oheyama Plants and in cooperation with the related Group companies, communicates with local residents to help them deepen their understanding of the Company and to contribute to the creation of a safe and comfortable living environment and the revitalization of local communities.

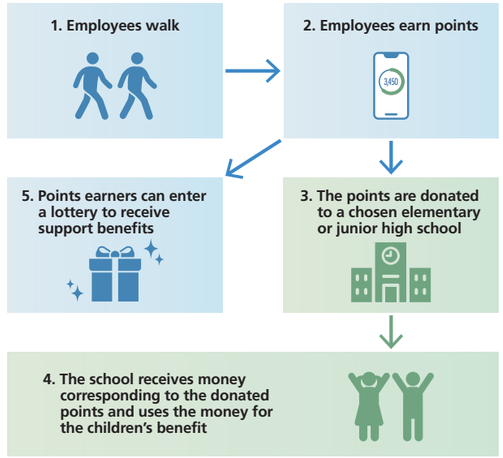
Kawasaki Plant

Traffic safety initiatives in the nearby community

Our Kawasaki Plant is a member of the Kawasaki Portside Driving Safety Management Association, which comprises various businesses within the local police district, and is actively involved in traffic safety activities for both the Company and the wider community, including giving instructions in the street and organizing accident prevention and awareness-raising competitions. In 2024, the Plant received an award for its many years of driving safety management and contributions to the community.

Involvement with Kawasaki points-based health project (Kawasaki TEKTEK)

Our Kawasaki Plant is involved with a health project using a walking app created by the Kawasaki City government. In addition to raising employees' own health awareness through the app, the points are donated to schools to improve the children's experience, creating a cycle of health and kindness in the community.



Oheyama Plant

Plant tours

Our Oheyama Plant offers factory tours for business partners and families of employees, as well as for students at local elementary schools, junior high schools, high schools, and special schools. These tours foster a greater understanding of the plant's business among members of the community and make the plant a more familiar presence.

Collaboration with Miyazu City, designated by the Japanese government as an SDGs Future City*

From FY2025, the Company has been working together with Miyazu City, where our Oheyama Plant is located, on an initiative to turn used hand warmers into a new resource. With the help of our community members who collect used hand warmers, we are repurposing the hand warmers as ferronickel resources, and, in doing so, contributing to a reduction of trash in Miyazu City.

* SDGs Future Cities are selected by the Cabinet Office from cities and other communities that are working on fundamental, comprehensive initiatives in line with the principles of the SDGs. Cities and communities that receive this designation are those with particularly high potential to realize sustainable development through the creation of new economic, social, and environmental value. 207 local governments were selected between FY2019 and FY2025.

Communication with shareholders and investors

To further increase the Company's corporate value, we disclose information appropriately to shareholders and investors as and when necessary and are working to further enhance our disclosures. At our twice-yearly briefing sessions about our financial results, we facilitate exchanges of opinion about our financial results and management plans and speak one-on-one with institutional investors (62 dialogues with 65 parties in FY2024→60 dialogues with 76 parties in FY2025). Feedback we receive is shared with our management team and relevant internal divisions and relayed to our Board of Directors through our Corporate Communication Committee, which is overseen by the director in charge of the Investor Relations and Public Relations Department. We also held tours of our Kawasaki Plant for individual and institutional investors in FY2025, like in FY2024, where we showed them our equipment, such as our new cold rolling mill, and explained our business strategies.

Governance

In order for a company to grow sustainably and continuously increase its value from a medium- to long-term perspective, it is essential to create a system to help management make prompt and appropriate decisions, while providing suitable monitoring and advice. Nippon Yakin Kogyo is striving to bring about evolution in its governance foundation under an even better governance system that will facilitate smooth business operations and meet the changing demands and expectations of the public as the social environment continues to change.

Corporate governance

Our approach

To grow sustainably and increase our corporate value in the medium to long term, it is essential that we pursue effective corporate governance. We are conscious that enhancing our corporate governance through timely and appropriate disclosure of information and thorough compliance is critical for ensuring the soundness of our business management and further increasing our credibility as a company, and we take measures accordingly.

Structure*1

Organizational design	Company with Audit & Supervisory Committee
Chair of Board of Directors	Chairman of Directors
Number of directors	14 in total
Number of outside directors	7 in total
Number of directors who are Audit & Supervisory Committee members	4 in total
Number of Audit & Supervisory Committee members	4 in total
Number of outside directors	3 in total
Optional committees	Nomination and Compensation Committee
Chair of Nomination and Compensation Committee	President & Chief Executive Officer
Number of Nomination and Compensation Committee members	5 in total
Number of outside directors	4 in total
Term of directors	1 year (2 years for directors who are Audit & Supervisory Committee members)
Number of executive officers	15 in total

*1 As of June 26, 2025

Initiatives to enhance corporate governance

Date	Initiatives
June 2012	Introduced executive officer system
June 2013	Appointed independent outside directors
January 2016	Established Nomination and Compensation Committee
April 2016	Introduced evaluations of the Board of Directors' effectiveness
June 2025	Transitioned to a Company with Audit & Supervisory Committee

Main discussion topics of Board of Directors (FY2025)

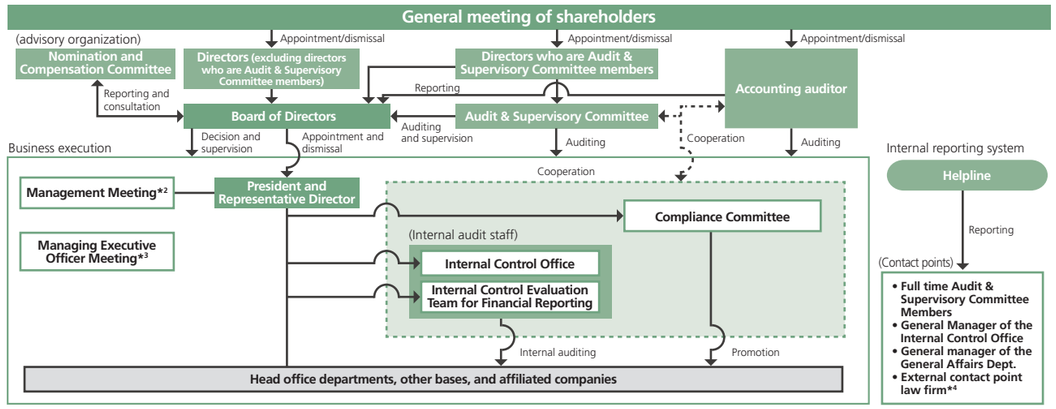
14 meetings of the Board of Directors were held. The following topics were discussed.

- Summarization of first year of Medium-Term Management Plan 2024
- Establishment of local base in India
- Amendment of skill requirements for Board of Director
- Decision to transition to a Company with Audit & Supervisory Committee

Main discussion topics of Nomination and Compensation Committee (FY2025)

Four meetings of the Nomination and Compensation Committee were held. Topics such as those below were discussed and reported to the Board of Directors.

- Appointment and dismissal of directors and executive officers
- Succession plans for officers
- Review of skill matrix
- Officer compensation



*2 Management Meeting (typically once per week): Held between executive officers. Full-time Audit & Supervisory Committee members can attend management meetings and give opinions.
*3 Managing Executive Officer Meeting: Held with the participation of executive officers. Audit & Supervisory Committee members examine the meeting materials and participate as necessary or receive explanations from the related departments.
*4 LPC Hoshikawa Law Office
Refer to "Framework for promoting sustainability" on P26 for details on The Standing Committee.

Evaluation of the Board of Directors' effectiveness

We are conscious that ensuring the effectiveness of the corporate governance is essential for growing sustainably and increasing corporate value in the medium to long term. We have therefore been evaluating the effectiveness of the Board of Directors since FY2017 by checking the results and progress of our measures and clearly defining issues to be resolved in future.

We will examine how to improve the Board of Directors' effectiveness evaluation framework and the evaluation method.

Measures for FY2025 based on the results for FY2024

To improve the effectiveness of our Board of Directors, the board has conducted more in-depth discussion on important management issues such as medium- to long-term growth strategies. We also sought feedback in the establishment of our next Medium-Term Management Plan, including free discussion between all directors and auditors and exchanges of opinion with outside directors, outside auditors, and multiple individual departments.

(1) Sincere efforts were made to improve on the issues that were identified in fiscal 2024's evaluation of the effectiveness of the Board of Directors.
(2) Sustainability issues were adequately discussed and overseen by the Board of Directors and related information was provided to shareholders and investors in a form that was easy to understand.
(3) Various exchanges of opinion, etc. were held with outside directors to improve sharing of information.

Evaluation for FY2025

1. Evaluation method
To ensure objectivity, we received support from external bodies and surveyed the directors and auditors who make up our Board of Directors (14 members in total) in the form of a questionnaire. The chair of the board also exchanged opinions with our outside directors based on the results of the survey, which were reported to the Board of Directors.

2. Overview of evaluation results
From the results of this evaluation, we determined that our Board of Directors is, for the most part, functioning effectively. The following points were highly evaluated in the survey results.

3. Initiatives going forward
In FY2026, we will focus on working on the following issues. To further improve the effectiveness of our Board of Directors, in addition to in-depth discussion of matters such as important management issues, we will continue holding various exchanges of opinion between outside directors and management to facilitate more in-depth communication.

- Further enhancement and invigoration of discussions among the Board of Directors
- More in-depth discussion on medium- to long-term issues (e.g. management with an awareness of capital costs and share prices)
- Further enhancement of discussion by the Nomination and Compensation Committee and improvement of transparency of these discussions

Officers compensation system

The compensation paid to our officers is composed of (1) basic salary; (2) stocks of the Company; and (3) bonuses for directors/officers. However, to ensure their independence from management as well as their objectivity, outside directors and Audit & Supervisory Board members are paid only a basic salary (1).

(1) Basic salary
The amount is set by job rank and is paid at a fixed amount in cash on a monthly basis.

(2) Medium- to long-term incentive (stocks of the Company)
Restricted stock units are distributed to directors excluding outside directors in the amount equivalent to 10% of their basic salary at a certain timing each year.

(3) Short-term incentive (bonuses for officers)
A bonus is paid to officers according to their individual performance.

Decision process
Total amount of basic salary and bonuses paid: The Board of Directors makes a resolution in reference to the report made by the Nomination and Compensation Committee, which is mainly composed of independent outside directors. The amount paid to each director is decided by the president, being commissioned by the Board of Directors and based on the deliberation report made by the Nomination and Compensation Committee.
Total amount paid in the form of stocks: Decided by the Board of Directors in reference to the deliberation report made by the Nomination and Compensation Committee. The compensation paid to each director is decided by the president in the form of a certain ratio to their basic salary in reference to the deliberation report made by the Nomination and Compensation Committee.
Basic salary to be paid to individual auditors: Decided by themselves in reference to the deliberation report made by the Nomination and Compensation Committee.

Total amount paid in compensation, etc. in FY2025

Category	No. of targeted persons (persons)	Total payment amount (millions of yen)	Total payment amount by category (millions of yen)		
			Basic salary	Performance-linked compensation (bonus)	Non-monetary compensation (restricted stock units)
Directors (outside directors)	11 (5)	340 (31)	192 (31)	132 (–)	17 (–)
Audit & Supervisory Board Members (outside auditors)	5 (3)	42 (13)	42 (13)	– (–)	– (–)

Notes 1. The total payment amount includes the payments made to one director and one Audit & Supervisory Board member who resigned during the fiscal year.
2. As performance-linked compensation, the Company pays a bonus to directors excluding outside directors. The total performance-linked compensation (bonuses) is an estimate of the compensation expected to be paid in July 2025. For the calculation of the amount to be paid, the consolidated operating profit is referred to. The consolidated operating profit for this business year was 16.967 billion yen. The reason why this was chosen as a metric is because it is an important metric in evaluations of our management results. In addition, the total amount of dividends paid to shareholders and others is taken into consideration in deciding whether or not to pay a bonus to directors and in determining the total payment amount. Targets are not set for amounts such as performance-linked compensation as consolidated operating profit is used as an absolute value in calculations.
3. As non-monetary compensation, the Company distributes restricted stock units (RSUs) to directors excluding outside directors.

Governance

Compliance

Our approach

We established the Compliance Committee to make sure that all directors, managers and employees are aware of corporate ethics and the importance of complying with laws and regulations. The Committee deliberates and drafts compliance-related policies and monitors to ensure compliance with the policies in cooperation with the related departments. We have also posted our Declaration of Compliance on our website to inform the public of our commitment to continuously enhancing our compliance awareness.

WEB https://www.nyk.co.jp/en/sustainability/governance/compliance.html

Internal control

We have established a code of conduct to show what is required of all of our directors, managers and employees to conduct our corporate activities appropriately and comply with laws, regulations and social norms both in Japan and abroad. Our Compliance Committee, headed by one of our full-time directors, has also established a system to prevent legal noncompliance and any acts that might lead to noncompliance.

WEB **We have posted data on our action guidelines and code of conduct here.**

https://www.nyk.co.jp/en/sustainability/governance/guidelines.html

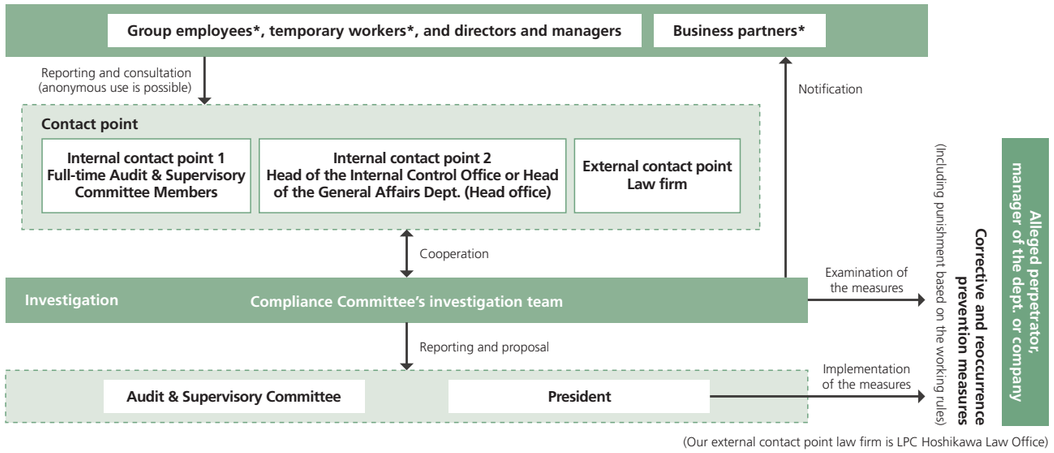
Compliance activities

Our Compliance Committee shares information about the compliance education plans throughout the fiscal year and how they are implemented as well as compliance-related cases and measures across the Group. The secretariat supports the activities by providing information to employees through channels such as our intranet, giving them necessary warnings and helping them to increase their compliance awareness.

Internal reporting system (Helpline)

Nippon Yakin Kogyo Group has established Nippon Yakin Kogyo Group Helpline Rules for its internal reporting system. Employees at Group companies can seek advice from and make reports to the contact points set up by Nippon Yakin Kogyo if they detect any acts in our business practices that constitute or may constitute a violation of laws, regulations or the Company's code of conduct. To make the system function more effectively, we are continuously raising awareness of the importance of internal reporting and whistleblower protection through channels such as our in-house magazine.

Internal reporting system: Nippon Yakin Kogyo Group Helpline



(Our external contact point law firm is LPC Hoshikawa Law Office)

*Including employees who have resigned from their jobs within the past one year

Risk management

Our approach

Nippon Yakin Kogyo Group defines risks as factors that could hinder Group companies from implementing their basic management policies (management philosophy, action guidelines and code of conduct) and management plans (business policies, medium-term management plans and budgets). We are working to ensure the corporate soundness and sustainability of the Group by accurately ascertaining risks to our business management, establishing a system to appropriately manage risks, and implementing that system in an effective manner.

Management system

Nippon Yakin Kogyo Group has established Nippon Yakin Kogyo Group Risk Management Rules. Our president serves as the risk management supervisor, and a Risk Manager role is allocated to the director in charge of each division, chairpersons of the permanent committees, and the managers of relevant departments. Under their leadership, we implement the following risk management process: (1) Identify risks; (2) Analyze and evaluate the risks and decide on countermeasures; and (3) Formulate and carry out plans to implement the measures. Specific risk management activities are discussed at meetings such as Management Meetings and meetings of the Sustainability Strategy Promotion Committee, after which they are implemented in our everyday business activities. Standing committees such as the Compliance, Environmental, Quality Assurance and Export Trade Control Committees also conduct activities to deal with particular risks. We also monitor each Group department to check their risk awareness and responses. Our findings are reviewed under the leadership of the General Managers of all departments and teams, and applied in Group-wide working group activities.

Emergency response system

We are working to minimize the risks posed to us through risk management. However, we are still subject to certain inherent and residual risks, and in the event that any such risks or other unexpected risks do materialize, we will implement our emergency response system as planned in preparation against such risks. We are thus appropriately managing risks by formulating a plan to collect and communicate information, launch an emergency response organization, and set emergency response measures.

Information security

Nippon Yakin Kogyo uses various sales and technical information it has retained, including information received from customers, to distinguish itself from competitors and remain a competitive edge. This information is a source of our corporate value and needs to be managed stringently while it is used.

We are also conscious of the need for appropriate management to protect personal information and prevent insider trading according to the relevant laws.

With background like this in mind, Nippon Yakin Kogyo has built systems and mechanisms to prevent incidents such as information leaks and cyber attacks and ensure information security, focusing on the following three points.

Firstly, we establish frameworks that enable the protection and appropriate management of information to be stipulated and effectively enforced as internal rules. Information security assessments are conducted to identify risks and establish and execute countermeasures. Regular briefings are also held to increase employees' awareness of the need for and importance of information security.

Secondly, to protect information systems such as our operational applications and email systems, and our data, from cyber attacks, we have created redundancy in protective mechanisms, such as our mechanisms for detecting and removing anomalies, to ensure protection against threats. Protective mechanisms with uniform specifications have been introduced throughout the Group.

Thirdly, the status of our information security management is shared with our managers, focusing on points such as the external environment, risks and countermeasures, and education and training, and company-wide consensus is sought for various measures so that they are implemented effectively.

Management of intellectual property

Nippon Yakin Kogyo owns around 140 patents in Japan to maintain the technological superiority in high-performance alloys. We have also applied for many patents in other countries such as India and China, and are acquiring patent rights there.

Our trademarks, "NAS" and our sourin (double circle) logo, are registered trademarks in various countries around the world as the Group's brand and symbol.

Governance

Composition of the Board of Directors

As of September 2025

In our appointment of directors, we aim to achieve a good overall balance of the knowledge, experience and skills required to materially fulfill the roles and duties of the Board of Directors, and to ensure diversity of attributes such as gender, nationality, career experience, and age while also keeping the Board at an appropriate size.

Directors

Hisashi Kubota
Chairman of Directors

Board of Directors meeting participation rate: 100% (14/14 times)

Shigemi Urata
President and Representative Director

Board of Directors meeting participation rate: 100% (14/14 times)

Shingo Kobayashi
Vice President and Representative Director

In charge of Finance & Accounting and Human Resources Departments

Board of Directors meeting participation rate: 100% (14/14 times)

Hiroshi Toyoda
Director and Senior Managing Executive Officer

In charge of the Corporate Planning and Investor Relations, Public Relations, and General Affairs Departments

Board of Directors meeting participation rate: 100% (14/14 times)

Hisashi Yamada
Director and Senior Managing Executive Officer

In charge of the IT Systems Department and Group Environment & IP Department

Board of Directors meeting participation rate: 100% (14/14 times)

Akira Akimoto
Director and Managing Executive Officer
Executive General Manager of Corporate Marketing Division

In charge of the Corporate Marketing Division (Sales Planning Dept., Material Solutions Sales Dept.), six branches engaging in sales activities, the Overseas Sales Department, and overseas subsidiaries

Board of Directors meeting participation rate: 100% (11/11 times)

Kenji Tani
Outside Director

Daiki Aluminium Industry Co., Ltd.
Outside Director

Board of Directors meeting participation rate: 100% (14/14 times)

Taizo Suga
Outside Director

Board of Directors meeting participation rate: 100% (14/14 times)

Naomi Eto
Outside Director

The Nisshin OilliO Group, Ltd.
Outside Director

Board of Directors meeting participation rate: 100% (14/14 times)

Mariko Ogawa
Outside Director

Board of Directors meeting participation rate: 100% (11/11 times)

Directors who are Audit & Supervisory Committee Members

Toshihiro Onodera
Director (Full-time Audit & Supervisory Committee Member)

Board of Directors meeting participation rate: 100% (14/14 times)
Audit & Supervisory Board meeting participation rate: 94% (17/18 times)

Nobuyoshi Okada
Outside Director (Full-time Audit & Supervisory Committee Member)

Board of Directors meeting participation rate: - (Newly appointed)
Audit & Supervisory Board meeting participation rate: - (Newly appointed)

Tetsuo Hoshiya
Outside Director (Audit & Supervisory Committee Member)

Yakiniku Sakai Holdings Inc.
Outside Director
Hosokawa Micron Corporation,
Outside Director

Board of Directors meeting participation rate: 100% (14/14 times)
Audit & Supervisory Board meeting participation rate: 100% (18/18 times)

Soichi Wakamatsu
Outside Director (Audit & Supervisory Committee Member)

Board of Directors meeting participation rate: 100% (11/11 times)
Audit & Supervisory Board meeting participation rate: 100% (11/11 times)

Skill matrix of directors

Nippon Yakin Kogyo categorizes the skills required of the directors into those for 1) corporate management; 2) sales and marketing; 3) manufacturing, equipment and R&D; 4) finance and accounting, 5) compliance and risk management, 6) personnel development, 7) global issues, 8) IT and DX, and 9) sustainability.

Our Board of Directors comprises members with the following skills. The skill matrix is decided by the Board of Directors every year in response to deliberation and reporting by the Nomination and Compensation Committee.

Name	Position in Company	Skill								
		Corporate management	Sales and marketing	Manufacturing / Equipment / R&D	Finance and accounting	Compliance and risk management	Personnel development	Global issues	IT and DX	Sustainability
Hisashi Kubota	Chairman of Directors	●	●		●	●	●			●
Shigemi Urata	President and Representative Director	●	●			●		●		●
Shingo Kobayashi	Vice President and Representative Director	●			●	●	●			●
Hiroshi Toyoda	Director and Senior Managing Executive Officer	●			●	●		●	●	●
Hisashi Yamada	Director and Senior Managing Executive Officer	●		●					●	●
Akira Akimoto	Director and Managing Executive Officer	●	●							●
Kenji Tani	Outside Director	●	●			●		●		
Taizo Suga	Outside Director	●			●	●		●	●	
Naomi Eto	Outside Director	●				●	●			●
Mariko Ogawa	Outside Director	●			●			●		
Toshihiro Onodera	Director (Full-time Audit & Supervisory Committee Member)	●		●		●	●			
Nobuyoshi Okada	Outside Director (Full-time Audit & Supervisory Committee Member)	●			●				●	
Tetsuo Hoshiya	Outside Director (Audit & Supervisory Committee Member)	●			●	●		●		●
Soichi Wakamatsu	Outside Director (Audit & Supervisory Committee Member)	●		●	●					

Round-Table Discussion with Outside Directors

Reaching the next stage toward becoming a resilient company: recommendations from outside directors

Moderated by Senior Managing Executive Officer Hiroshi Toyoda, four outside directors held a round-table discussion on issues aimed at improving corporate value over the medium to long term, such as the state of the Board of Directors and expectations for the next Medium-Term Management Plan.

A year of emerging issues for growth, despite achieving profit targets

Toyoda • I would like to go around and hear everyone's overall view on the Company's management in FY2025.
Tani • While I commend the Company for exceeding its profit target in the second year of the current Medium-Term Management Plan and for carrying out shareholder dividends and other intended measures as planned, I am concerned about the current state of the Company, where performance has declined from its peak in the final year of the previous Medium-Term Management Plan. It feels as if a reexamination is necessary of the cost structure and sales portfolio. Following the electric arc furnace, the Company has made other large-scale investments, including a new cold rolling mill with a total investment of 11 billion yen. However, it is important to first stabilize operations adapted to this new equipment to ensure steady results and secure cost competitiveness. From this perspective, I intend to closely monitor the progress and results in this area.
Suga • Though studies are underway about shifting to a more profitable sales portfolio, I feel this has not produced results yet. In order to expand the scale of the Company's business and product variation, partnering with other companies may be worth considering. In any case, the Company needs to find its strengths in this area to be competitive while assessing its position in the industry.
Eto • My impression of FY2025 is that the Company was faced with a challenging environment and focused on short-term actions to handle this. Although the business environment is expected to remain uncertain in FY2026, I hope the Company will not only secure profits on the immediate term, but also firmly implement measures for medium- to long-term business growth as set forth in the Medium-Term Management Plan.
Ogawa • The Company has a mission to supply products as one of few stainless steel producers in Japan, and is expected to sustain its business operations. However, the Company's environment is in a state of great flux and uncertainty. I believe that it is time to discuss from multiple angles what to focus on and what the Company's strengths will be in the future, rather than continuing with business as usual. To this end, I believe it is also vital to look into new collaborative frameworks for growth, while deepening trust on a global level with companies and the public sector that have different functions from the Company's.
Toyoda • You are correct that the current Medium-Term Management Plan is on target in terms of profitability, but that challenges remain in the cost structure and business portfolio. On the other hand, the financial foundation is steadily improving. We on the executive side of the business, including the Corporate Planning Department, recognize that the question of how we make the final year of the current Medium-Term Management Plan a launchpad to formulating the next Medium-Term Management Plan is a significant task for us.
Tani • The environment in the stainless steel industry is changing dramatically, especially with restructuring on the production side. Amid these changes, I think there is a need to reassess the Company's current position and establish an accurate awareness of exactly how much capability, including production capacity, the Company actually has.
Toyoda • That is an important perspective. We have made major capital investments so far, including a hot rolling mill, an argon oxygen decarburization furnace, and a new electric arc furnace, which have been critical to the Company's survival, and we are proud of our production facilities and manufacturing technology. However, it takes time to reap the benefits of such an investment. This is why I believe that evaluation and ongoing efforts from a long-term perspective are required.

Having deeper, more effective discussions from a medium- to long-term perspective

Toyoda • Taking into account the issues we have discussed so far, how do you all see the ideal state of the Board of Directors going forward?
Tani • With the Company's transition to a company with an Audit and Supervisory Committee, the structure is changing to one where a great deal of execution-side authority is delegated to certain directors. In light of these changes to the governance structure, I hope to build a Board of Directors that can engage in dense discussions on strategies and measures to enhance corporate value over the medium to long term, as well as human capital initiatives, including succession planning.
Suga • I think it is essential to have a clear focus and robust discussions outside of Board meetings in order for the Company's corporate strategy to be successful. Regarding the operation of the Board of Directors, it is desirable for members to be able to bring their own ideas to meetings and have effective discussions on matters that will develop in the future.
Eto • The Company must present a growth path that will instill a sense of expectation and interest in investors that corporate growth is ahead. Recently, the Company has enhanced its investor relations and public relations activities, and investors' expectations have become more clearly understood. Based on feedback received, I expect that if the Board of Directors can discuss the Company's

Kenji Tani
Independent Outside Director

Naomi Eto
Independent Outside Director

Taizo Suga
Independent Outside Director

Mariko Ogawa
Independent Outside Director

Hiroshi Toyoda
Director and Senior Managing Executive Officer, Moderator

Round-Table Discussion with Outside Directors

medium- to long-term growth strategy, and if those from the executive side can formulate a concrete plan and clearly communicate it to investors, it will lead to an improvement in the share price.

Tani • To enable this kind of discussion, it is also necessary to seek out why it is important to modify the Company's institutional design. Just modifying the system or changing the number of directors has no meaning if you intend to improve the Board of Directors. I feel it is critical to make it clear why this is changing, and what the purpose is.

Ogawa • I feel that the Board of Directors has an open and welcoming atmosphere where people feel comfortable speaking up. As for the substance of the discussion, I feel there is room for more lively discussions, but everyone has been very sincere in their responses, and I am encouraged by that. In order to deepen discussions going forward, I feel that in addition to narrowing the focus, it is also necessary to share awareness of issues on a daily basis.

Eto • I think there is great openness in this regard, as the Company's training for outside officers includes plant tours, pre-Board meeting presentations, and open discussions.

Strategically managing our takeover response policy

Toyoda • In conjunction with the discussion on our current takeover response policy, we must, in essence, discuss how we can improve corporate value. To this end, we intend to continue to hold effective discussions at Board of Directors meetings.

Eto • As I said last year, I believe the significance of the Company's policy responding to takeovers is to prepare shareholders with the information and time necessary to make a rational decision. Therefore, I believe that the Company's current response is reasonable to a certain extent, but it is necessary to discuss what kind of response would be preferable in light of social trends and other factors before June 2026, when the preemptive takeover defense measures expire. In principle, if a company receives a takeover offer, it should calmly assess the details of the proposal and consider its merits and potential. If this results in a strong desire not to be acquired, then the company must present a convincing growth narrative of its own to shareholders.

Tani • I do not disagree with the position that the current policy for dealing with takeovers has a certain rationale. However, the Company must take seriously the reality that in the current market environment, it is becoming less and less acceptable to have anti-takeover measures in times of normalcy. It is very likely that only a contingency-based anti-takeover policy will be able to convincingly answer the question of whether there is really any basis for resisting such a reality. The Company must be prepared to establish a system in this direction going forward.

Suga • I too feel that this kind of peacetime anti-takeover policy is no longer appropriate for the current situation. The important thing is to take the time to explain the situation in detail and to make the final decision at the general meeting of shareholders. On the other hand, there will be situations where it must be determined whether the proposing party's acquisition has the Company's growth in mind as well. In this context, it is important to establish a posture that enables shareholders to understand the situation, determine that the Company has made a reasonable proposal, and agree with the Company in the event of a contingency.

Ogawa • The Company must continue to seriously consider a takeover as a real possibility. It does not have to be passive about this and should not limit itself to reactionary measures. Rather, in discussions about the new Medium-Term Management Plan, we should proactively consider what should be done from a strategic perspective, including takeover risk.

Tani • It is also important to look at how a takeover would change the Company and whom such a takeover would make happy. To put it differently, I believe that in some cases, a takeover can be a desirable decision for all stakeholders if the proposing party can present a clear vision for improving corporate value and can be trusted to execute it.

Toyoda • It is true that the Company has a history of riding out the storms of industry restructuring and, in light of recent activist trends, takeovers do not tend to be viewed positively. I believe that by understanding the Company's history and calmly accepting outside opinions, we can move forward in a constructive direction by discussing how to handle the situation. In order to draw up an equity story for enhancing our corporate value, we would like to strategically position and address the nature of our takeover response policy in discussions about our new Medium-Term Management Plan.

From defense to offense: A stronger corporate structure helps to reach the next stage

Toyoda • Finally, what are your thoughts on the next Medium-Term Management Plan, for which discussions are about to begin?

Tani • At the risk of repeating myself, it is extremely important that the Company first builds and maintains an efficient and cost-competitive production system so that the strategic investments it has made over the past few years will bear fruit.

Based on this, I believe that in the next Medium-Term Management Plan, the Company should shift to an aggressive management approach to more proactively attain growth.

Suga • I believe it is important to aim for quantitative growth as well, founded in improving the Company's own productivity and competitiveness, while also being aware of the movements of competitors in Japan and abroad. What the Company will need for this growth is human resource capabilities. In addition to acquiring talent who can dynamically ideate and execute, it is also important to bring in leaders at the department general manager level who can steer projects forward. A more agile structure is needed for the Company to reach the next phase.

Eto • Human resources are not something that will produce results immediately on recruitment; however, securing and cultivating these resources, including at manufacturing bases, is an important foundation for future growth. I hope that the Company will take these points into consideration and address its human resource strategy with a greater sense of urgency.

Toyoda • It is a key theme that we build an environment empowering diverse human resources, including those in the field. How can we maintain high labor productivity amid limits on working hours due to overtime regulations and other factors? In addition, as we expand overseas, how do we go about hiring and training talent overseas? I believe that such issues need to be firmly incorporated into the next Medium-Term Management Plan.

Ogawa • For example, when considering growth in the Indian market, it will be important to work with new local partners as well as existing colleagues. I look forward to further discussions on measures to enhance communication and other elements that will be necessary in this process.

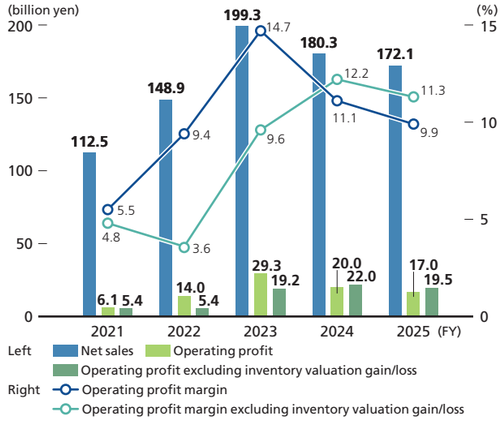
Tani • It is important for the younger generation to be in a company where they can expect future growth and the excitement of taking on new challenges. Such a corporate culture will not be achieved unless each and every one of us acts with the desire to create such a company. Messaging from top management is also important. The announcement of the new Medium-Term Management Plan is an excellent time for the president to set a new direction.

Eto • President Urata is an expert in overseas sales and has a strong awareness of issues related to governance and human resource development. As this will be his first formulation of Medium-Term Management Plan as president, I would like him to capitalize on his perspective and lead by example at the forefront.

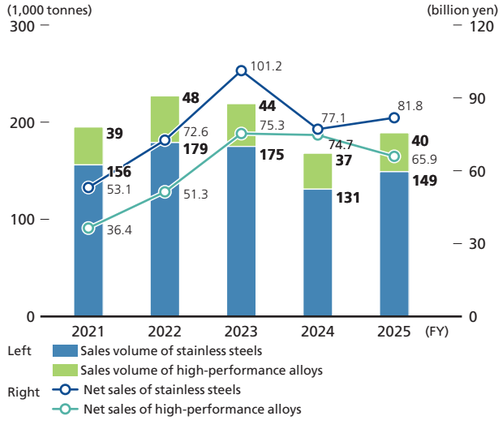
Toyoda • Toward the formulation of the next Medium-Term Management Plan, the Corporate Planning Department is currently conducting interviews with each division, which has completed as of early August. The next Medium-Term Management Plan will reflect the president's thoughts to the fullest extent, and as you have pointed out, the plan is not about backward-looking stability, but about pioneering a new future and increasing corporate value. In this sense, our first priority is to be resilient (flexible and strong), and we intend to draw up a flexible and powerful growth strategy that is not bound solely by the movements of the external environment. Thank you very much for your time today.

Financial and Non-Financial Highlights

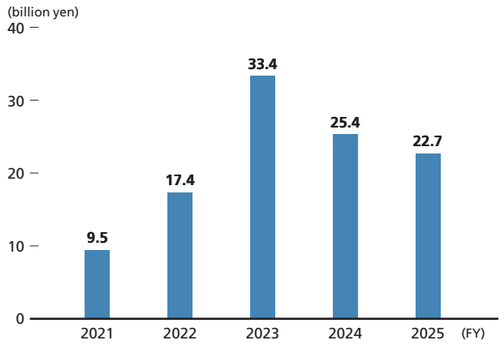
Net sales, operating profit and operating profit margin (consolidated)



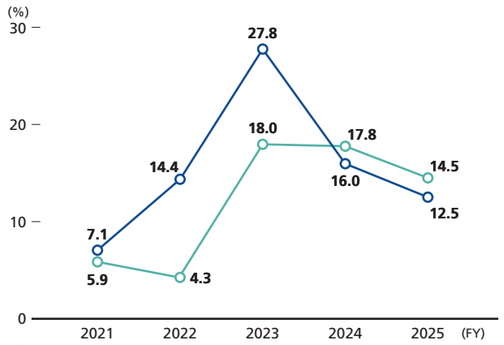
Sales volume and net sales for stainless steels and high-performance alloys (non-consolidated)



EBITDA (consolidated)

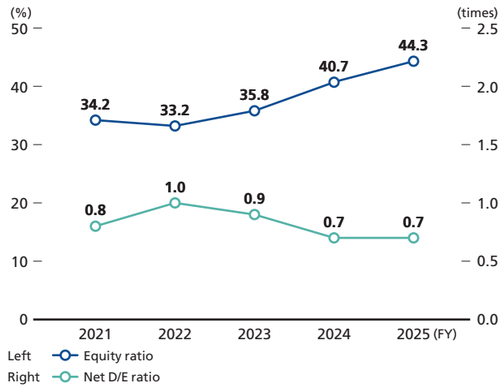


ROE (consolidated)

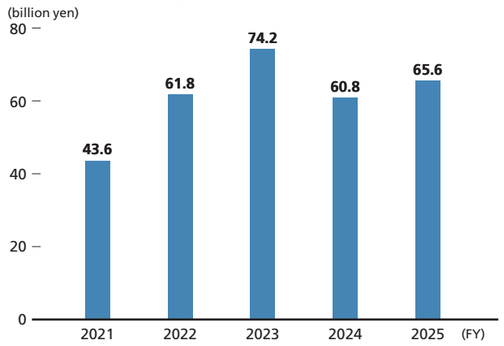


* Calculation method: [Net profit for the period - inventory valuation gain/loss after deducting corporate tax based on corporate tax rate] ÷ [average equity capital for the period] x 100

Equity ratio and net D/E ratio (consolidated)

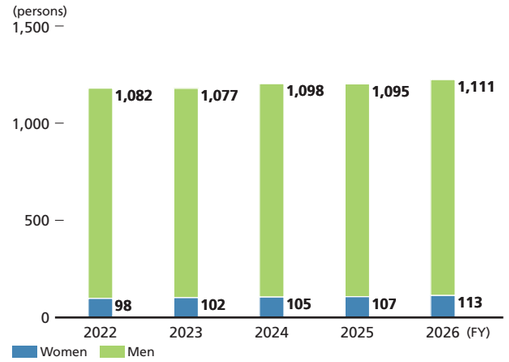


Net interest-bearing debt balance (consolidated)

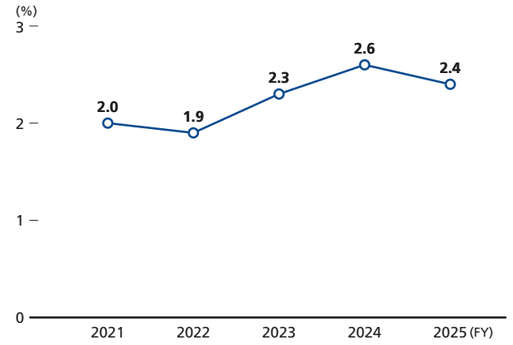


No. of employees (male/female) (non-consolidated)

*As of April 1, 2025

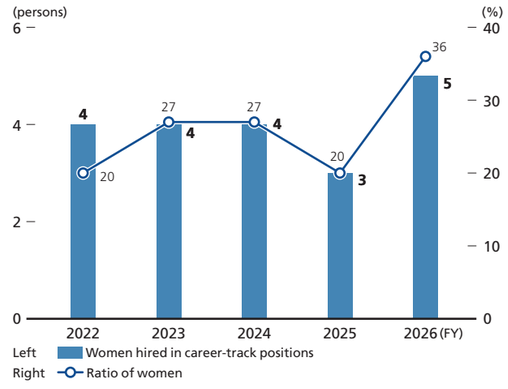


Rate of employment of people with disabilities (non-consolidated)

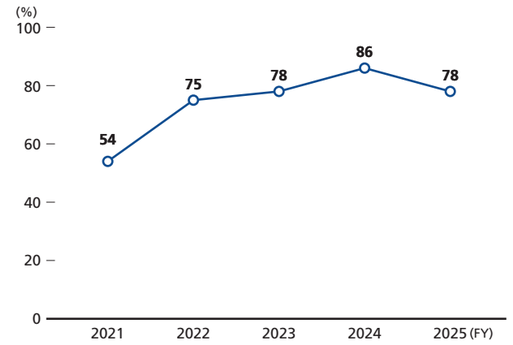


Women hired in career-track positions (non-consolidated)

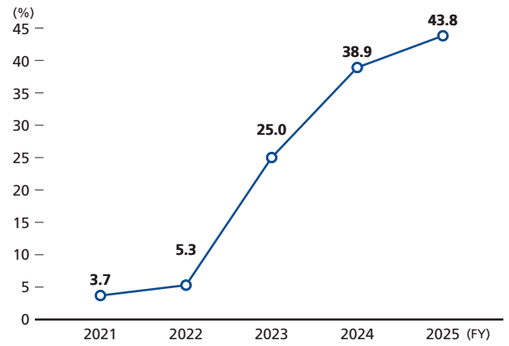
*Including mid-career hires



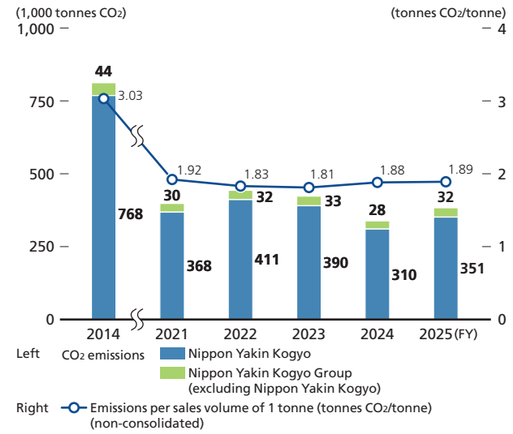
Rate of employees taking paid holidays (non-consolidated)



Rate of male employees taking childcare leave (non-consolidated)



Current CO_2 emissions (Scope 1 + 2) (consolidated)



Financial Data for 10 Years

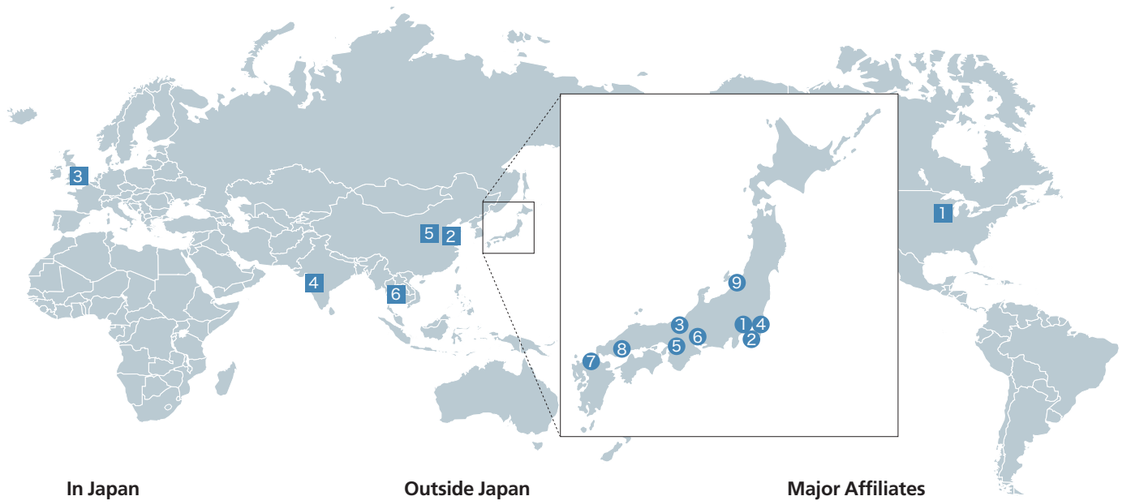
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Profit & Loss Statement and Balance Sheet (Consolidated)										
Net sales (millions of yen)	121,044	112,962	119,091	143,740	136,373	112,482	148,925	199,324	180,341	**172,097**
Operating profit (millions of yen)	1,892	4,352	4,168	9,443	7,838	6,145	13,966	29,256	20,010	**16,967**
Operating profit margin (%)	1.56	3.85	3.50	6.57	5.75	5.46	9.38	14.68	11.10	**9.86**
Ordinary profit (millions of yen)	524	2,849	3,386	8,178	6,342	4,990	12,807	27,738	19,128	**16,200**
Profit attributable to owners of parent (millions of yen)	821	2,349	4,575	7,686	5,325	3,764	8,471	19,703	13,565	**11,579**
Net assets (millions of yen)	34,150	36,889	41,829	47,940	51,131	55,127	62,169	79,619	89,785	**96,606**
Total assets (millions of yen)	134,774	135,666	147,624	150,115	158,568	161,230	187,494	222,294	219,988	**217,461**
Other financial data (Consolidated)										
Cash flows from operating activities (millions of yen)	6,770	8,361	5,031	9,172	7,979	11,182	(697)	3,649	26,824	**11,041**
Cash flows from investing activities (millions of yen)	(2,738)	(3,048)	(2,852)	(6,207)	(5,511)	(6,776)	(15,656)	(13,035)	(7,919)	**(11,389)**
Cash flows from financing activities (millions of yen)	(4,061)	(4,228)	(2,475)	(2,417)	8,692	(7,995)	15,049	8,530	(14,318)	**(7,394)**
Capital investment (millions of yen)	4,004	2,339	5,812	4,854	5,028	12,083	12,636	9,289	8,301	**14,302**
Return on Equity (ROE) (%)	2.4	6.6	11.6	17.1	10.8	7.1	14.4	27.8	16.0	**12.5**
Earnings per share (EPS) (yen)	53.09	151.90	295.85	497.02	350.09	247.85	561.25	1,316.79	933.64	**819.46**
Dividend per share (DPS) (yen)	1.5	2.5	4.0	6.0	33.0	45.0	120.0	200.0	200.0	**220.0**
Book-value per share (BPS) (yen)	2,207.83	2,384.99	2,704.48	3,099.68	3,368.36	3,629.02	4,121.13	5,324.80	6,188.05	**6,845.74**

* On October 1, 2019, we consolidated 10 common stocks into one common stock.
EPS and BPS are calculated based on the assumption that the stock consolidation was carried out at the beginning of FY2016.

Corporate Profile

Company name	Nippon Yakin Kogyo Co., Ltd.
Establishment	August 22, 1925
Head office location	1-5-8 Kyobashi, Chuo-ku, Tokyo 104-8365 Japan
Business details	Manufacture and sale of stainless steels, heat-resistant alloys and high nickel alloy steel sheets, plates and strips (in coil form) and forgings and processed products as well as the manufacture of ferronickel
Capital	24,300,910,790 yen (As of March 31, 2025)
Representative	Shigemi Urata
Number of employees	1,171 (non-consolidated), 2,095 (consolidated) (As of March 31, 2025)
Net sales	148,252 million yen (non-consolidated), 172,097 million yen (consolidated) (FY2025)

Global Network



In Japan

1. Head Office (1-5-8 Kyobashi, Chuo-ku, Tokyo)
2. Kawasaki Plant (4-2 Kojima-cho, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture)
3. Oheyama Plant (413 Aza Suzu, Miyazu City, Kyoto Prefecture)
4. Tokyo Branch
5. Osaka Branch
6. Nagoya Branch
7. Kyushu Branch
8. Hiroshima Branch
9. Niigata Branch

Outside Japan

1. Nippon Yakin America, Inc. (Subsidiary in Chicago)
2. Nippon Yakin Shanghai Co., Ltd. (Subsidiary in Shanghai)
3. Nippon Yakin Europe Limited (Subsidiary in London)
4. Nippon Yakin India Private Limited (Subsidiary in India)
5. NISCO Nippon Yakin Kogyo Nanjing Co., Ltd. (Joint venture in Nanjing)

Major Affiliates

NAS TOA CO., LTD.
NAS STAINLESS STEEL STRIP MFG. CO., LTD.
NAS TRADING CO., LTD.
Clean Metals Co., Ltd.
NAS ENGINEERING CO., LTD.
NAS TEC CO., LTD.
MIYAZU KAIRIKU UNYU CO., LTD.
6 NAS TOA (THAILAND) CO., LTD.

External Evaluations and Inclusion in Indexes (As of September 2025)

JPX-NIKKEI 400 JPX-NIKKEI Mid Small FTSE Blossom Japan Sector Relative Index

Third-Party CO_2 Guarantee

SUSA
Sustainability Accounting Co.,Ltd.

Independent Assurance Statement

August 7, 2025

Mr. Shigemi Urata
President and Representative Director
Nippon Yakin Kogyo Co., Ltd.

1. Purpose

We, Sustainability Accounting Co., Ltd., have been engaged by Nippon Yakin Kogyo Co., Ltd. ("the Company") to provide limited assurance on the Company's CO_2 emissions from April, 2024 to March, 2025, 207 kt-CO_2 for Scope1, 143 kt-CO_2 for market-based Scope2, 631 kt-CO_2e for Scope3 (Categories 1,2,3,4,5,6,7) and Nippon Yakin Kogyo Group's CO_2 emissions from April, 2024 to March, 2025, 222 kt-CO_2 for Scope1 and 160 kt-CO_2 for market-based Scope2. The purpose of this process is to express our conclusion on whether the CO_2 emissions was calculated in accordance with the Company's standards. The Company's management is responsible for calculating the CO_2 emissions. Our responsibility is to independently carry out a limited assurance engagement and to express our assurance conclusion.

2. Procedures Performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagement 3000 (ISAE 3000) and International Standard on Assurance Engagement 3410 (ISAE 3410). The key procedures we carried out include:

- Interviewing the Company's responsible personnel to understand the Company's standards and reviewing the Company's standards
- Performing cross-checks on a sample basis and performing recalculation to determine whether the CO_2 emissions were calculated in accordance with the Company's standards.

3. Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the CO_2 emissions have not been calculated in all material respects in accordance with the Company's standards.

We have no conflict of interest relationships with the Company.

Takashi Fukushima
Representative Director
Sustainability Accounting Co., Ltd.