



INTEGRATED REPORT 2023



Contents



Cover Story

The photos on the cover show our Group members from around the world. From top left: Indonesia, India, Vietnam, China, Japan, Brazil, Thailand (NCI Thailand), Netherlands, USA, and Thailand (ECT).

Applicable Period

April 2022 through March 2023.

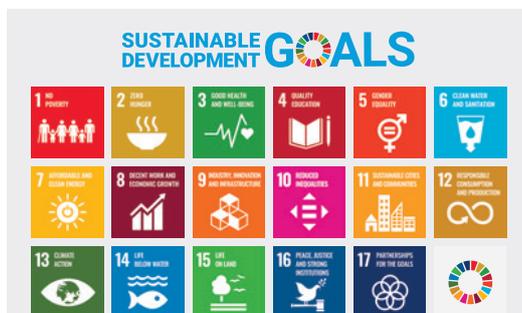
The Report includes activities and future goals for the period after April 2023.

Editorial Policy

This Report is intended to provide relevant stakeholders with a better understanding of our company. We hope that this report will help you to be more interested in our business.

Main Reference Guidelines

Ministry of Economy, Trade and Industry
"Value Creation Guidance"
IFRS Foundation "Integrated Reporting Framework"



The 2030 Agenda for Sustainable Development, which includes the Sustainable Development Goals (SDGs), was unanimously adopted at the UN Summit in September 2015. The SDGs consist of 17 Sustainable Development Goals with 169 associated targets, with a commitment to "leave no one behind". Through our products and technologies, our Group aims to realize a sustainable society by contributing to global SDG initiatives.

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Corporate Identity



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

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



A Corporate Group of Outstanding Value

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



To be sincere **Sincerity**

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

To serve **Service**

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

To cooperate **One-NCI**

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

To create **Innovation**

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

Message from the CEO



We will improve profitability and make progress toward achieving the goals of the Medium-Term Management Plan with a thorough focus on "Outstanding values= One & Only".

**Representative Director
and President ; CEO**

Sugiyama Takahisa

Looking back at FY 2022

Fiscal year 2022, the first year of our four-year medium-term management plan "NCI Kirari 2025", has almost come to an end. Our business results were down from the previous fiscal year, with both sales and profits falling below the targets we had initially set. Our performance was significantly affected by prolonged high prices of resources and raw materials, a significant decrease in shipments of products for semiconductors and electronic components due to the calming down of the so-called "stay-at-home demand" during the COVID-19 disaster, and a decrease in shipments of products for automobiles due to a decline in automobile sales caused by the shortage of semiconductors. Although we had factored in the risk of performance

fluctuations due to changes in the external environment, we recognize that our assumptions were not sufficient and that this is an issue to be addressed in the future.

On the other hand, in anticipation of a recovery in the market environment, we have been actively focusing on searching for new customers and preparing for the launch of new highly original products.

In FY2023, the market recovery is about one quarter later than expected according to my firsthand experience, and I feel that the start-up curve is also gentler than expected. However, we are well prepared to respond immediately when market conditions recover, and we hope to secure an increase in sales and profit for the full fiscal year in FY2023.

Transforming our Corporate Culture

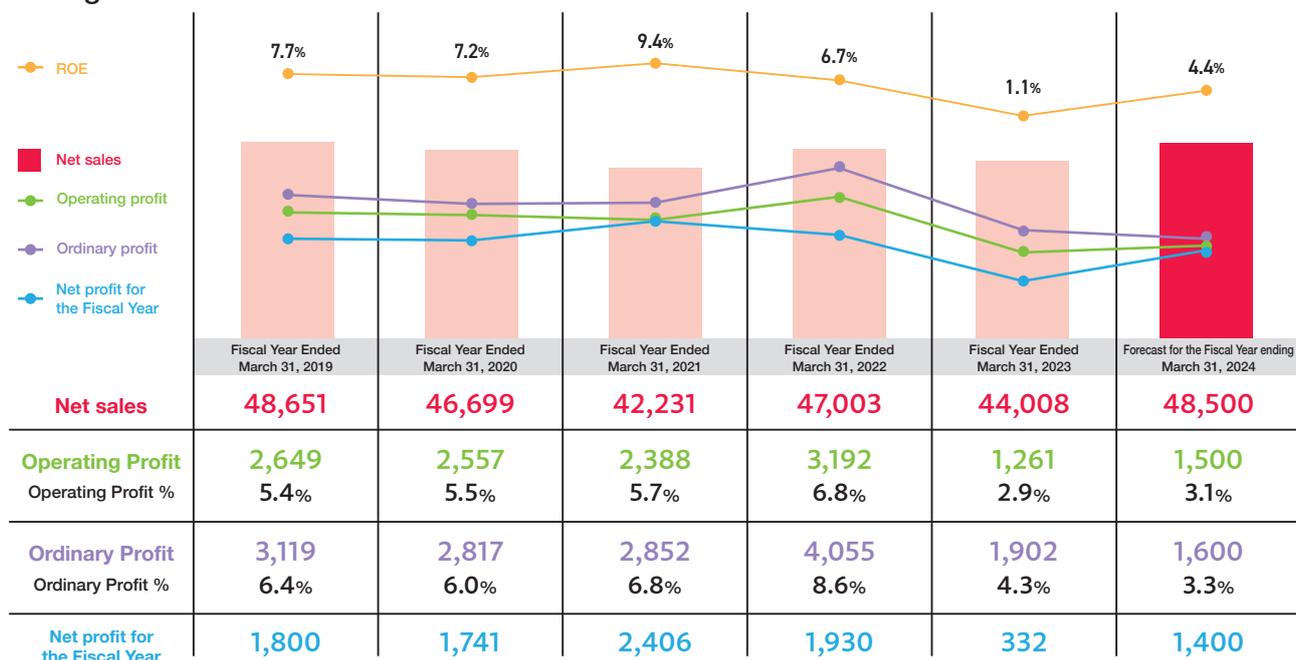
Since assuming the position of president in 2020, I have focused on changing the mindset of our employees. I strongly felt that our company's sustainability would be in jeopardy if we did not change our corporate culture, which may seem somewhat stability-oriented, in the midst of rapid changes in the world. In order to grow sustainably, each department must not just get along and avoid friction with each other, but must have a relationship in which they are able to express their opinions, engage in constructive discussions, and improve together through friendly competition. The current Medium-term Management Plan was formulated through discussions that encouraged us to expand our possibilities without narrowing our own possibilities on what the outstanding (One & Only) values and strengths of our products and technologies are and what areas of maximum growth can be achieved by taking a

global perspective of the market.

Immediately after the announcement in May of last year, the numerical targets we set forth in the Management Plan were perceived as quite challenging both internally and externally. However, the process of gaining our customers' understanding of our price revisions due to soaring raw material prices and other factors provided us with an opportunity to reaffirm the values and strengths of our products and services that our Group offers, and I feel that our employees are becoming more aware of the challenges of finding new customers and bringing new products to market. In addition, opportunities for open innovation with customers, universities, research institutes, and other organizations are increasing, and new ideas for new product development are emerging from these opportunities.

Changes in Consolidated Financial Results

※Unit: Million yen





Toward Achieving the Goals of the Medium-Term Management Plan

Our vision for 2030 is to be "a corporate Group of outstanding value that contributes to a sustainable society". In order to realize this vision, under the Medium-term Management Plan "NCI KIRARI 2025", we have defined electronics and safety as our focus areas. As for the electronics area, we will focus on semiconductors and electronic devices, and for the safety area, we will focus on the environment, life, and mobility as strategic market areas, with the aim of achieving business growth and improving profitability.

With regard to business growth, it is essential that we continue to focus on growth drivers such as products for semiconductors and electronic devices, reflective sheets for license plates, carbon neutral transition equipment, and high-function, high-strength railings in the building materials-related business, as well as the creation of new growth drivers. In addition, strengthening the structure of our core

businesses with low profitability will be a challenge in achieving our numerical targets for the final year of the plan.

How do we turn a low-profit business into a highly profitable business? The key to achieving this is to focus thoroughly on creating "Outstanding" value, that is, the One & Only high value-added products that only we can provide. Products that can be differentiated will not easily fall into price competition. Armed with our core technologies such as resin polymerization technology, film and sheet technology, and ceramic sintering technology, as well as intellectual capital such as patents, we will pursue One & Only in the areas that provide the reasons why customers purchase our products. What will we use as a weapon to win the competition? When discussing various topics such as business planning, new product creation, and R&D, we determine strategies and measures while asking ourselves what is the "winning scenario"?

Human Capital Management and Quality Compliance

From FY2023 onward, we will be required to execute our growth plan based on the framework set forth in the Medium-term Management Plan, including our focus areas and strategic market sectors. And it is our human resources who will be responsible for executing the plan.

The development of human resources is one of the most important management issues. In addition to revising our personnel evaluation system so that challenges are linked to evaluations and rewards, we have also focused on human resource development measures as well as awareness reforms, through implementing measures such as the Global Human Resource Development Program and the Next Generation Management Development Program. Further, I believe that innovation can only be born in an organization that meets diversity as well as equity and inclusion requirements. Simply mixing things together does not change anything. A new thing is born when a chemical reaction occurs in the mixture. I believe that equity & inclusion is the catalyst that creates such chemical

reaction.

To this end, it is essential to listen to minority opinions, and I believe that by creating an environment and culture in which all of our diverse human resources, including foreign nationals and women, can freely express their opinions, new perspectives and ideas will be incorporated, leading to a chemical reaction that will lead to innovation.

Also, I always tell my employees that "without safety, quality, environment, and compliance, there is no company." I instruct them not to compromise on safety measures, to comply with quality and compliance, and to thoroughly analyze the true cause of any industrial accidents or quality complaints that may occur. This is because, based on my experience, I feel that the true cause of troubles often stems from the psychological aspects of human beings arising from the workplace culture, environment, and human relations. The corporate culture, which affects psychological aspects of workers are also very important in preventing safety and quality problems.

To our stakeholders

Reforming the awareness of our human resources and transforming our corporate culture into one that takes on new challenges is one of my major missions during my term as president. In addition, in order to achieve the goals of "NCI Kirari 2025" and realize our vision for 2030, we will continue to focus on being of "Outstanding Value" thoroughly in order to achieve business growth by improving the

profitability of our businesses and further increasing the added value of our growth drivers. In addition, we will continue to pay stable dividends to our shareholders, aiming for a dividend payout ratio of 30% or more. We will put our business on a growth trajectory once again and regain the trust of our stakeholders, and we ask for your continued support in this endeavor.



Message from the CFO

Aiming to be a corporate Group of outstanding value that contributes to a sustainable society by strengthening our financial and human capitals.

Representative Director
Senior Managing Executive Officer; CFO

Iguchi Yoshitada



Financial Strategy

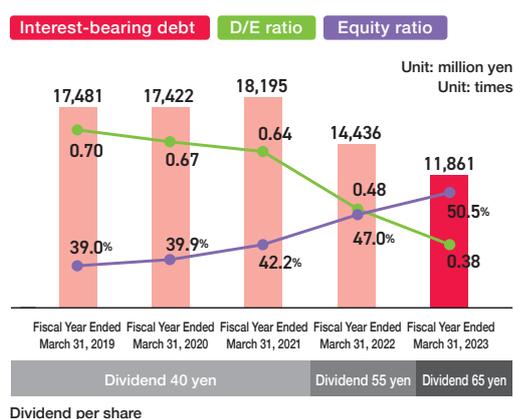
Under the four-year Medium-term Management Plan "NCI Kirari 2025" announced in 2022, we have positioned "Electronics" and "Safety" as our focus areas and are promoting business growth and improving profitability. The numerical targets for FY2025, the final year of the Medium-term Management Plan, include net sales of 62 billion yen and operating income of 7 billion yen, with ROE (key management indicator) of 12% or more and D/E ratio (financial soundness indicator) of 0.5 times or less. As for the financial position, we have been working on its improvement since the period of the previous Medium-term Management Plan, "NCI-2021", through the reduction of interest-bearing debt and other measures. In fiscal year 2022, both sales and profits declined due to the prolonged sharp rises in resource and raw material prices, impairment losses, and other factors. However, based on the strengthened financial base, we are strengthening our capital cost conscious management in order to expand investment for growth and increase shareholder returns, which will lead us to achieve our target figures for the final year of the plan.

Regarding the generation of cash for investment for

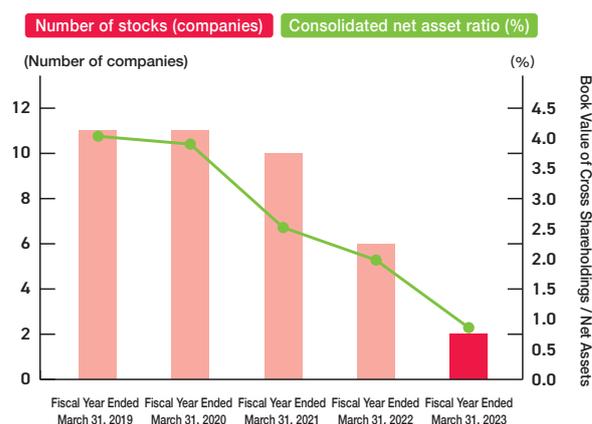
growth, in addition to generating operating cash flow during the Medium-term Management Plan period, we are also working to improve capital efficiency. Specifically, in addition to promoting the sale of assets such as cross shareholdings, we are also working to improve capital efficiency at each group company and to generate surplus funds. While considering the optimal capital structure from the perspective of the Group as a whole, we will also consider the use of interest-bearing debt if necessary. With regard to capital allocation, we will actively allocate to capital investment mainly in strategic market areas, R&D investment for new product development, and DX investment. Meanwhile, we will continue to maintain stable shareholder returns, with an aim of dividend payout ratio of 30% or more, and have amended our Articles of Incorporation at the annual general meeting of shareholders held in June of this year to allow us to flexibly implement share buybacks while taking into consideration capital efficiency, business performance, and the business environment.

In addition, we will also give consideration to maintaining a sound financial base and ensure appropriate levels of D/E ratios and capital adequacy ratios.

● Interest-bearing debt, D/E ratio, equity ratio and dividends



● Status of Reduction of Cross Shareholdings



Human Resources Strategy

In order to realize our vision for 2030, "a corporate Group of outstanding value that contributes to a sustainable society," we have formulated a Medium-term Management Plan through FY2025 and are promoting a human resource strategy to support sustainable growth in order to realize our business strategy.

Specifically, we are working on four items: "systematic development of business leaders and global leaders," "securing excellent human resources and ensuring human resource development," "fostering an organizational culture that takes on the challenge of new initiatives and accomplishes them with One-NCI," and "creating a comfortable work environment where employees can fully demonstrate their abilities".

Progress on these initiatives is managed across the Group through subcommittees of the SDGs Promotion Committee (Increased employee satisfaction and feeling of being rewarded), and is reported to the Board of Directors.

① Systematic development of business leaders and global leaders

We are developing human resources who can play an active role as managers through the Next Generation Management Development Program, which targets a cumulative total of 185 employees by FY2025, divided into four steps from mid-level employees to general managers. We are also implementing the Global Human Resource Development Program in consideration of further global expansion in the future.

② Securing excellent human resources and ensuring human resource development

Aiming to be a company that attracts a diverse and talented workforce, we are broadening our employment opportunities by setting numerical targets such as the percentage of new graduates who are female and introducing a job return system to strengthen career recruitment. In addition, under the young employee development system, management is taking responsibility for human resource development by setting a medium- to long-term vision for the future human resource development and holding an annual results presentation meeting, where young employees and those responsible for training are given direct advice and guidance by executive officers.

③ Fostering an organizational culture that takes on the challenge of new initiatives and accomplishes them with One-NCI

In order to foster an organizational culture that promotes innovation, we have set KPIs to ensure diversity and are promoting diversity, equity, and inclusion. Further, we have revised our personnel evaluation system and implemented a mechanism to increase employees' willingness to take on new challenges.

④ Establishment of a comfortable work environment in which employees can fully demonstrate their abilities

We regularly conduct employee satisfaction surveys, and based on the results, we are working to resolve issues at each workplace. Further, in order to promote work-life balance, we have established a flextime system and a WFH system that encourage employees to work autonomously and efficiently. We are also promoting the employment of elderly employees, and are working to further improve the workplace environment in order to obtain certification as a Health and Productivity Management Organization.

Message from the CTO



Solving customer issues and contributing to society through our business activities

**Director
Managing Executive Officer; CTO**

Hasegawa Yukinobu

Growth Strategies in Focus Areas and Analysis by KBF

We are pursuing a growth strategy that focuses on two key areas: "Electronics" and "Safety". We have positioned "semiconductors" and "electronic components" in "electronics" area, and "environment," "life," and "mobility" in "safety" area as our five strategic market areas, and we plan to achieve sales target of 25 billion yen for all strategic market areas in FY2025, 1.9 times the FY 2021 result.

We believe that this goal can be achieved by improving our customers' productivity and product functionality based on the technologies we have cultivated, and by contributing to society through carbon neutrality.

We develop and manufacture products for a wide range of fields, including chemicals for semiconductor materials,

pharmaceutical ingredients, and high-performance films. With KBF (Key Buying Factor) as a common language, we always try to think about why our customers purchase our products. It is often the case that technical departments tend to view customer situations from a technical perspective. However, I am convinced that we can develop more effective products by taking a business perspective, asking ourselves "How can our technologies and products be more useful in solving our customers' real problems?" We will continue to work to ensure that opportunities are not missed through close collaboration between the technical and sales departments.

Research and development that generates participation in new markets and mass production of new products

Our research department consists of two research Groups: the Film & Sheet Group, which is mainly responsible for development related to the film and sheet product business, and the Functional Materials Group, which is responsible for development related to the electronics and functional product business, developing new technologies and products. In addition, the Business Exploration & Development Department, which searches for and

commercializes new products and markets that take advantage of our elemental technologies, is an indispensable part of our growth. The Business Exploration & Development Department and the two research Groups work together to respond to customer needs, leading to participation in new markets and mass production of new products.

DX Promotion Efforts and Effectiveness

Society is becoming increasingly digitalized in various fields. We, too, recognize the promotion of DX as an important issue, and we have indicated a road map in our Medium-term Management Plan. First, we have launched a project for FY 2022 to develop DX human resources and to make DX take root in our corporate culture. In the DX Grand Design, we have set issues in each of the five areas of "management," "sales," "production," "R&D," and "back office," and we are building a foundation for digital utilization in each area in the first year.

We expect that one of the benefits of DX promotion will be

seen in R&D. Until now, each research Group in each area has managed experimental data and other data independently. However, by centrally managing information, we hope to realize more efficient and faster development through rapid information sharing across the entire research department and the integration of each Group's proprietary technologies. The data we have accumulated to date is a valuable asset to us, and we will complete the centralization of various information by utilizing DX as soon as possible, aiming to build an R&D system that can promptly respond to our customers' needs.

Reduction of GHG (greenhouse gas) emissions including "Scope 3"

The government has announced its goal to become carbon neutral by 2050, aiming for a 46% reduction in GHG emissions by FY2030 compared to the FY2013 baseline. We, too, have a responsibility to work toward achieving this goal. In addition to continuing the energy conservation activities we have been engaged in, we will maximize the use of green power through the installation of solar panels and other measures. In addition, as a unique initiative as a manufacturer, we will review our manufacturing processes, such as shifting to manufacturing methods that use less energy and emit less carbon dioxide gas. Furthermore, we are working to improve the accuracy of "Scope 3" calculations in order to

calculate GHG emissions throughout the supply chain.

As Chief Technology Officer, I value the perspectives of "understanding and solving customer issues" and "contributing to society through our business activities". To execute this, it is essential to develop human resources capable of more practical research and development, to coexist and co-prosper with the people in the communities where our offices are located, and to manage safety and the environment. By ensuring that everyone is strongly aware of compliance as a company, and by thoroughly enforcing certain aspects of compliance that are, in a sense, taken for granted, we will continue to strive to be a company that is of service to all of our stakeholders.

History

Our Group started out in 1935 as a carbide manufacturer and overcame numerous changes, including postwar reconstruction and technological innovation, to reach the present day. Our progress up to the present day is a history of endless gratitude for the support and nurturing we have constantly received through "encounters" with our customers, and it is also none other than a history of technology that has continuously responded to the changing needs of each era.

1935

Nippon Carbide Industries was founded, with its Head Office at 751, Motoshin, Michishita-mura Shimoniikawa-gun, Toyama Pref.

1936

We acquired Kokusan Hiryou KK. Our Uozu Factory operation started (Uozu City, Toyama Pre.)
We began production and sales of carbide and coal nitrogen.



1940

Our Head Office moved to 2-1, 2-Chome Marunouchi, Kojimachi-ku, Tokyo.

1941

Our Osaka Business Place was opened (renamed Osaka Branch).

1944

We began production and sales of melamine resin products.

1947

Sanwa Kagaku Kogyo KK was founded (renamed Sanwa Chemical Co.).

We began production and sales of pharmaceutical products.



1949

We were listed on the Tokyo Stock Exchange.

1935

1940

Establishment and Deepening of In-house Technologies

1976

We began production and sales of marking films.

1980

We acquired equity ownership in Hokuriku Ceramics Co., Ltd.
We entered the ceramic substrate business.

1985

We began production and sales of additives for electric materials.

1988

NIPPON CARBIDE INDUSTRIES (THAILAND) CO., LTD. was established in Thailand.
We began the sticker business.

ELECTRO-CERAMICS (THAILAND) CO., LTD. was established in Thailand.
We developed the ceramic substrate business.

1991

NIPPON CARBIDE INDUSTRIES FRANCE S.A.S was established in France and NIPPON CARBIDE INDUSTRIES ESPAÑA S.A.U. was established in Spain.
We entered the retroreflective sheetings business.

1993

NIPPON CARBIDE INDUSTRIES (NETHERLANDS) B.V. was established in the Netherlands.
We developed the retroreflective sheetings business.

1994

PT NIPPON CARBIDE INDUSTRIES INDONESIA (present name) was established in Indonesia.
We developed the sticker business and the construction material businesses.

Nippon Carbide Industries (Hangzhou) Co., Ltd. was established in China.
We developed the retroreflective sheetings business, the sticker business and the packaging film business.

1997

NCI (VIETNAM) CO., LTD. was established in Vietnam.
We developed the sticker business.

1999

Our Head Office moved to 11-19, 2-Chome Konan, Minato-ku, Tokyo. NIPPON CARBIDE INDUSTRIES (South Carolina) INC. was established in the U.S.A.

1976

Expansion of new businesses/overseas development



Carbide

Carbide is a compound of carbon and metallic element (chemical formula: CaC_2). Carbide is produced by heating quicklime obtained from limestone and coke (carbon) at high temperatures. Carbide is produced by heating lime and coke (carbon), both of which are obtained from limestone, to high temperatures. In 1935, Nippon Carbide Industries was founded in Uozu City, Toyama Prefecture, where a stable supply of high-quality limestone could be procured and the power needed for the production could be obtained from hydroelectric power generation using the abundant water resources. At that time, the acetylene induction business using carbide as a raw material was at the forefront of the chemical industry.

1959

Hayatsuki Factory (Namekawa City, Toyama Prefecture) was constructed.



1962

Vinyframe Industry Co., Ltd. was established.

We began the construction materials-related business.



1963

We began production and sales of specialty polymers.

Our Head Office moved to 3-1, 3-Chome Marunouchi, Chiyoda-ku, Tokyo.

1965

We began production and sales of packaging films.

1969

Diamond Engineering Co., Ltd. was established.

We began the engineering business.



1963

Development and Deployment of In-house Technologies

2011

NIPPON CARBIDE INDIA PVT. LTD. was established in India.

We developed the sticker business.

2014

NIPPON CARBIDE INDUSTRIA DO BRASIL LTDA. was established in Brazil.

We developed the sticker business.

2015

Our Head Office moved to 16-2, 2-Chome Konan, Minato-ku, Tokyo.



2017

The R&D Center was completed (Namekawa City, Toyama Prefecture). Domestic research bases that were dispersed in four locations have been consolidated.



©SS Corporation / Nozomu Shimao

2022

We moved to the Prime Market of the Tokyo Stock Exchange.

2022

Medium-term Management Plan “NCI KIRARI 2025” has kicked off

Pursuit of “Outstanding values = One & Only”

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

2011

Selection & Concentration

2022

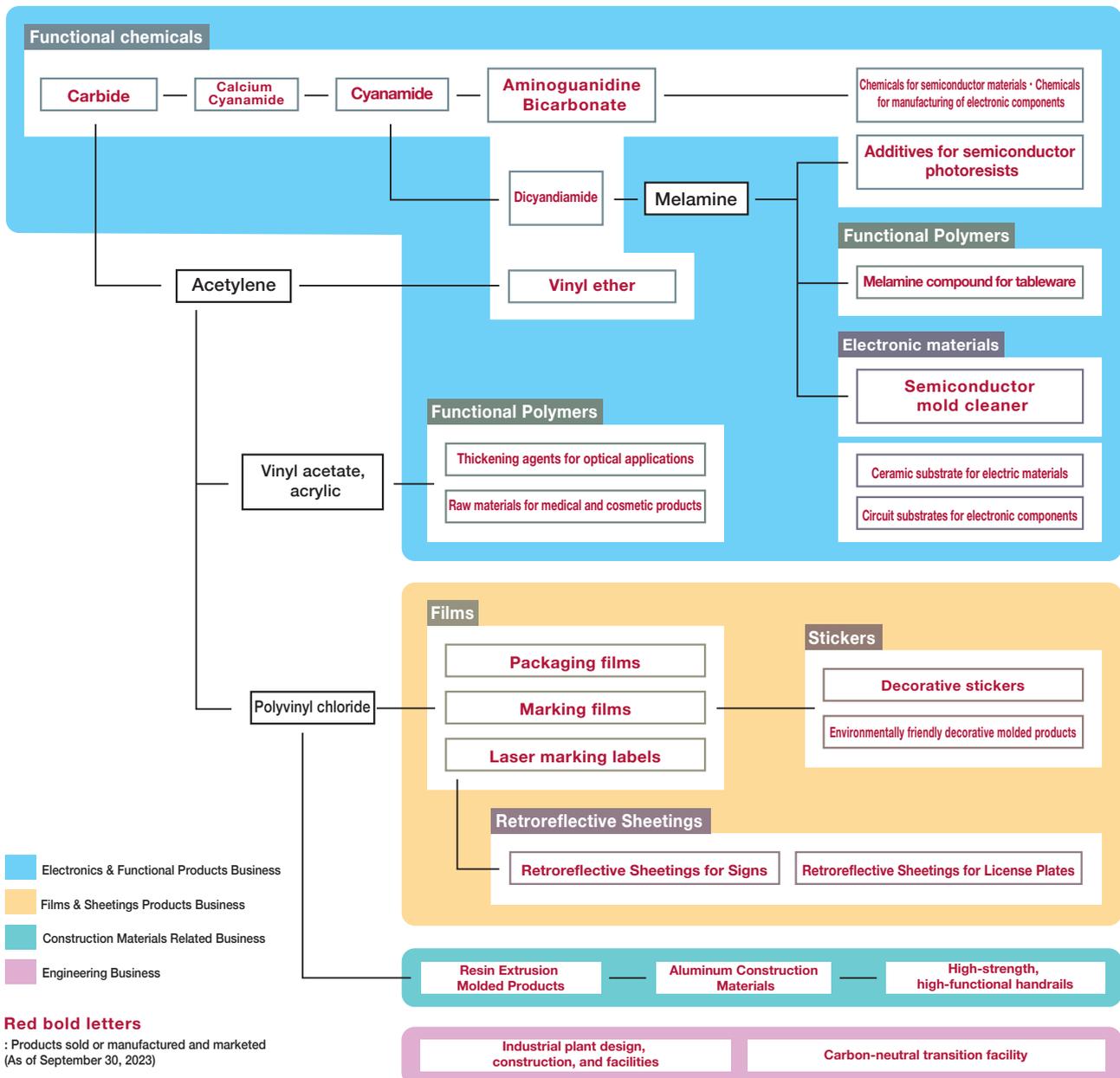
Toward Sustainable Growth in the New Normal Era

Business Activities

Our Group started our business based on "organic synthesis technology" in the acetylene induction industry using carbide as a raw material. Today, with our core technologies of "resin polymerizing technology", "films and sheetings technology", and "ceramic sintering technology," we are developing four businesses including electronics and functional products business, films and sheetings products business, construction materials-related business, and engineering business.

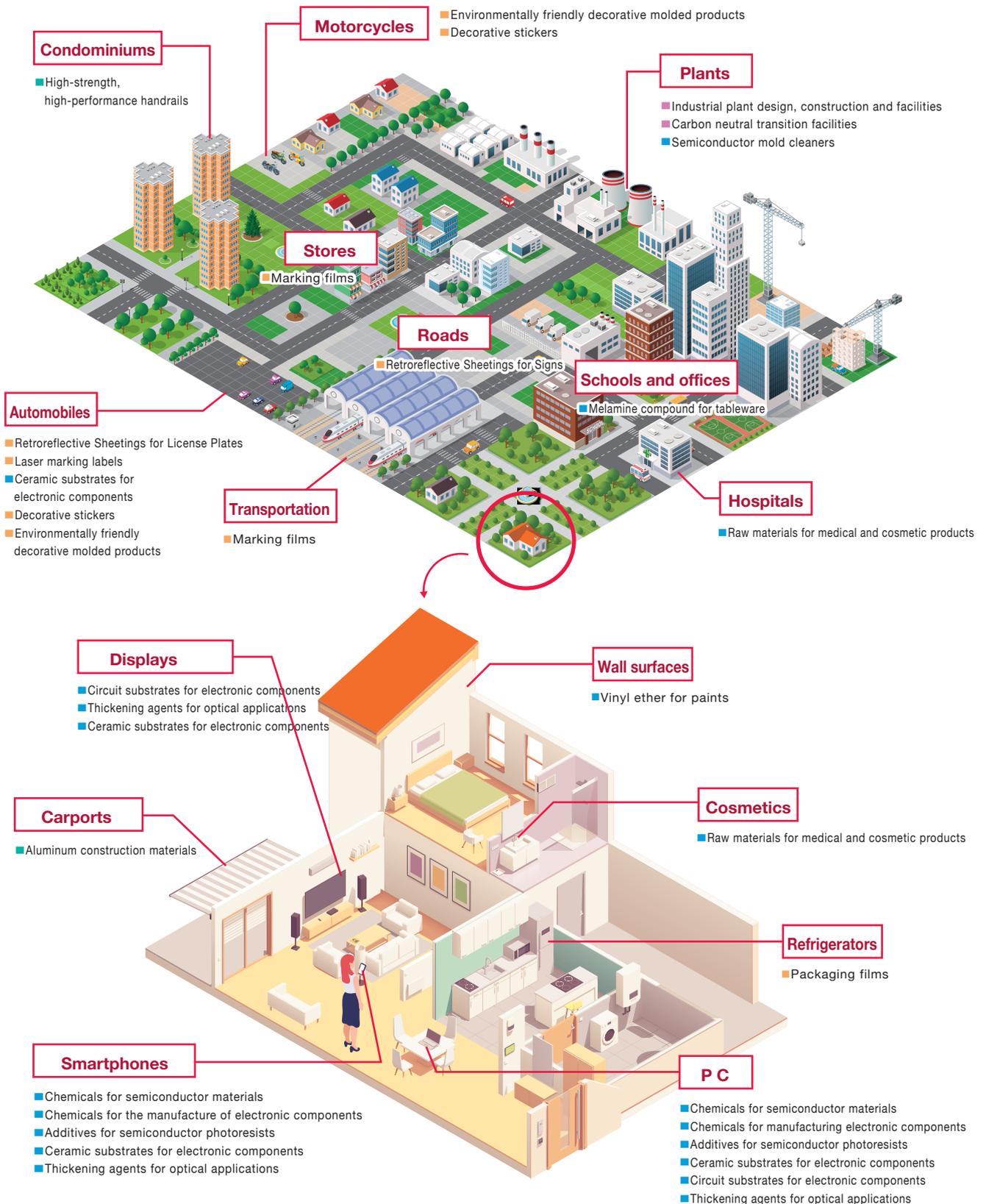
Product flow starting with carbide

Functional chemical products are derived from lime nitrogen and acetylene, which are derived from carbide. Originally, using carbide as a raw material, vinyl chloride and vinyl acetate were manufactured from acetylene. By polymerizing these materials, specialty polymer products were produced. The polymers of vinyl chloride and vinyl acetate became marking films and packaging films through film making technology and printing technology. Further, retroreflective sheeting products were manufactured through sheetings molding technology and precision metal mold technology. Vinyl chloride was developed into aluminum construction materials for buildings and houses and resin extrusion molded products used in the construction materials related business. In addition, since we were selling carbide as a desulfurization agent to steel mills, this developed into an engineering business featuring powder conveying technology, etc.



Our Products for Everyday Life

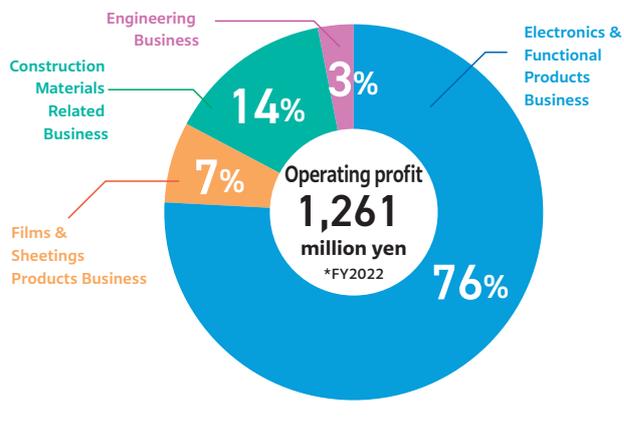
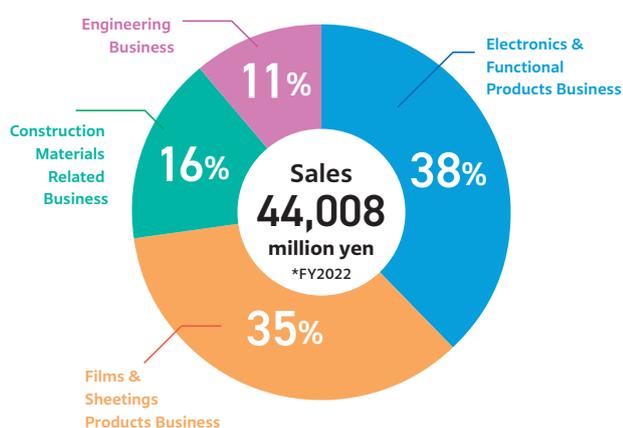
Our Group's core technologies, "resin polymerization technology", "films and sheetings technology," and "ceramic sintering technology", are at the core of our business, and the products produced through integration of these technologies have been used throughout society and contribute to the lives of people around the world.



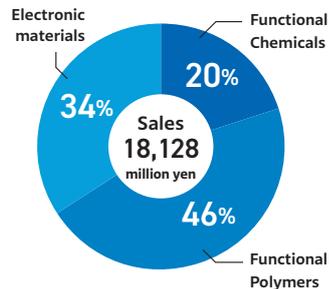
at a glance

Four Businesses Supporting the NIPPON CARBIDE INDUSTRIES GROUP

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



Electronics & Functional Products Business



Functional Chemicals

- Vinyl ether
- Chemicals for semiconductor materials/chemicals for electronic component manufacturing
- Additive for semiconductor photoresists

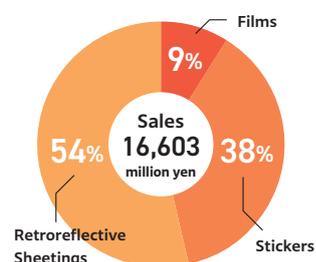
Functional Polymers

- Thickening agents for optical applications
- Raw materials for medical and cosmetic products
- Melamine compound for tableware

Electronic materials

- Ceramic substrates for electronic components
- Circuit Substrates for Electronic Components
- Semiconductor Mold Cleaner

Films & Sheetings Products Business



Films

- Marking films
- Laser marking labels
- Packaging films

Stickers

- Graphic Stickers
- Environmentally friendly molded products

Retroreflective Sheetings

- Reflective Sheetings for Signs
- Reflective Sheetings for License Plates

Construction Materials Related Business

Sales **7,589** million yen

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

Engineering Business

Sales **5,084** million yen

- Industrial plant design, construction and facilities
- Carbon Neutral Transition Facilities

The products listed are major products.

Electronics & Functional Products Business

Main Products

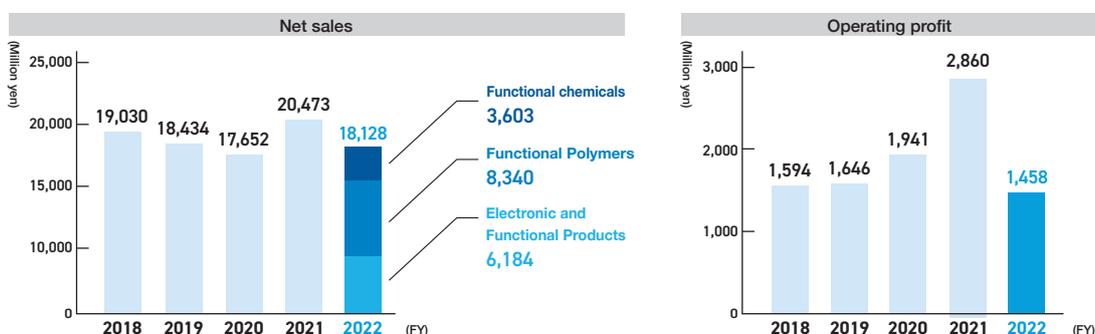
Functional chemicals such as fine chemical products, pharmaceutical ingredients, and pharmaceutical and agrochemical intermediates; functional resins such as adhesives and glues; and electronic materials such as semiconductor mold cleaning materials and ceramic substrates



Performance Trend (FY2022)

In functional chemicals, both sales and profits declined from the previous fiscal year, as shipments of pharmaceutical ingredients decreased due to a decline in shipments of products for COVID-19 PCR test agents, despite firm shipments of products for semiconductors. For Functional Polymers, both sales and profits declined from the previous fiscal year due to a decrease in shipments of adhesives and glues for optical-related fields caused by a delay in the recovery of LCD panel-related market conditions. As for electronic materials, both sales and profits declined from the previous fiscal year due to a decrease in shipments of high-value-added products for electronic components such as PCs, servers, and telecommunication equipment following the end of special demand during COVID-19 crisis, as well as a decrease in shipments of general-purpose ceramic substrates due to the economic slowdown caused by global inflation.

Performance Trend



Growth drivers

Chemicals for semiconductor materials/chemicals for electronic component manufacturing

■ Functional Chemicals

Applications

Preventing metal from rusting as a surface treatment agent, and increasing the adhesion between resin and metal to make semiconductors more resistant to impact even when they are miniaturized, etc.

Characteristics

We possess high handling technology for raw materials with unstable physical properties (cyanamide).

Additive for semiconductor photoresists

■ Functional Chemicals

Applications

Additives for solidifying resist resins that form the image layer of semiconductor circuits.

Characteristics

We possess advanced demetalization technology and holds approximately 70% of the global market share for negative photoresist additives (according to our own research).

Raw materials for pharmaceutical and cosmetic products

■ Functional Polymers

Applications

Poultice, materials for mascara products, etc.

Characteristics

Registered in the "Drug Master File (DMF)" and can be supplied for medical products

Circuit Substrates for Electronic Components

■ Electronic materials

Applications

Substrates for timing devices and fuse substrates for lithium-ion batteries

Characteristics

Printing electrodes, resistive elements, protective films, etc. on alumina ceramic substrates to make circuits.

Semiconductor Mold Cleaner

■ Electronic materials

Applications

Cleaning materials for molds used in the semiconductor manufacturing process

Characteristics

We have the largest share with approximately 50% of the global market share (according to our own research).

Business Strategy

We will build a strong and profitable business foundation by leveraging our core technologies of resin polymerization and ceramic sintering. For the strategic electronics market, which is our focus area in the Medium-term Management Plan, we will strengthen our ability to respond to high value-added products by identifying new needs through technical exchanges with customers. Meanwhile, for the safety strategic market, we will accelerate the development of new applications and products by deepening our proprietary technologies.

Films & Sheetings Products Business

Main Products

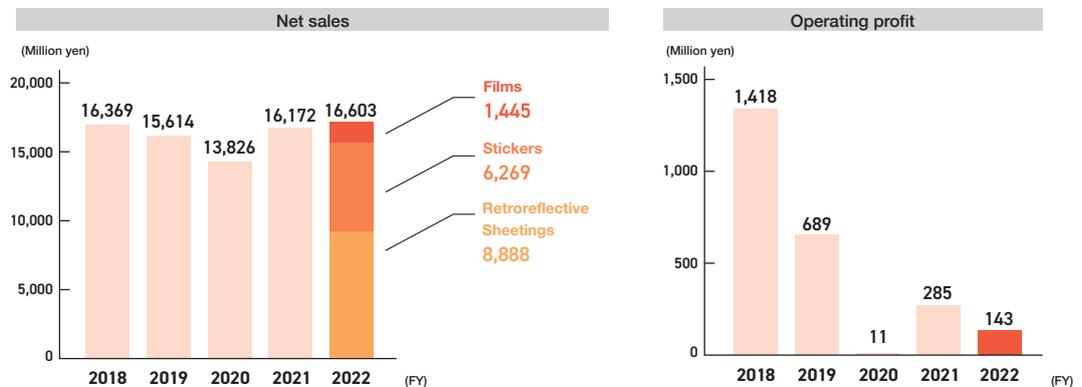
Films, stickers, retroreflective sheetings, etc.



Performance Trend (FY2022)

With regard to films, both sales and profits declined from the previous fiscal year due to a delayed recovery in domestic demand for products for automobiles and signboards. For stickers, both sales and profits increased from the previous fiscal year due to an increase in shipments for motorcycles application in Southeast Asia as a result of the recovery from the COVID-19 disaster. For retroreflective sheetings, both sales and profits saw decrease from the previous fiscal year due to a decline in shipments for license plate application as a result of lower automobile sales volume caused by inflation in Europe and the United States.

Performance Trend



Growth drivers

Laser marking labels (next-generation highly functional film)

■ Films

Applications

Traceability and tamper-evident labels for automobile bodies and parts

Characteristics

We offer films for tamper-evident labels by imparting self-destructive properties.

3D Emblems (Environmentally friendly molded products)

■ Stickers

Applications

Emblems for motorcycles and automobiles, emblems for outdoor use

Characteristics

Flexible and excellent in following curved surfaces. Can be used for letters that are not in one continuous line but are separated one by one.

Reflective Sheetings for License Plates

■ Retroreflective Sheetings

Applications

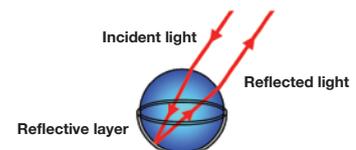
Automobile license plates

Characteristics

We have one of the largest share with approximately 30% of the global market share (according to our own research).

What is retroreflection?

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



Business Strategy

We will expand new business by fully utilizing the multi-layer wide width film manufacturing equipment, which has been upgraded, to launch high-functional products for the automobile, motorcycle, and electronics fields, as well as by strengthening cooperation with our affiliated companies in several countries around the world.

Construction Materials Related Business

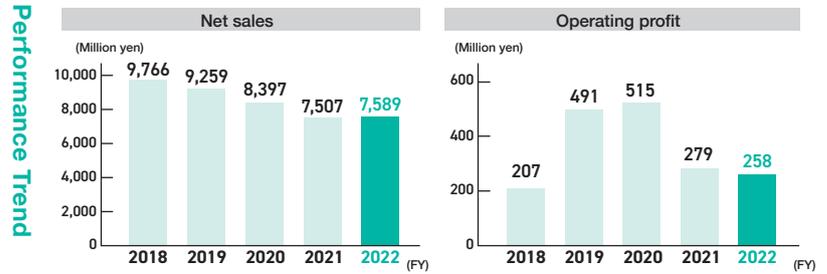
Main Products

Resin extrusion molded products for housing, aluminum construction materials, high-strength, high-function handrails



Performance Trend (FY2022)

Sales of aluminum building materials for buildings increased due to progress in condominium construction work, which had been delayed during the COVID-19 crisis, and net sales increased from the previous fiscal year, while segment profit decreased from the previous fiscal year due to the impact of the steep rise in aluminum ingot prices.



Growth drivers

High-Strength, High-Function Handrails

Applications

For high-rise buildings such as tower condominiums

Characteristics

High strength makes it resistant to damages caused by typhoons and other strong wind, and there are many design variations.

Business Strategy

We will strive to strengthen profitability by expanding sales of high-strength, high-performance handrails that can be used on the upper floors of high-rise condominiums, as well as LED coping and that won the Good Design Award 2022, and provide new products that meet the needs of changing lifestyles.

Engineering Business

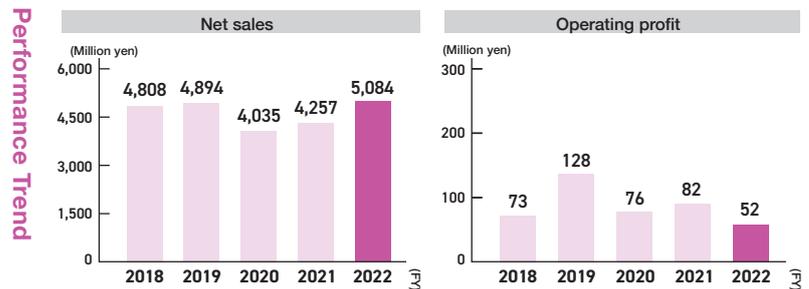
Main Products

Design, construction, and equipment for industrial plants in the steel, chemical, electric power, and environmental fields, as well as carbon neutral transition facilities



Performance Trend (FY2022)

Sales increased due to the completion of large-scale facility construction projects for group companies, resulting in a year-on-year increase in net sales. Meanwhile, segment profit saw a year-on-year decrease due to changes in the order mix and other factors.



Growth drivers

Carbon Neutral Transition Facilities

Applications

Innovative development facilities related to carbon neutral transition for the iron manufacture industry/electric power industry.

Characteristics

We are expanding our contribution to CO₂ emissions reduction mainly through our high-precision powder conveying technology.

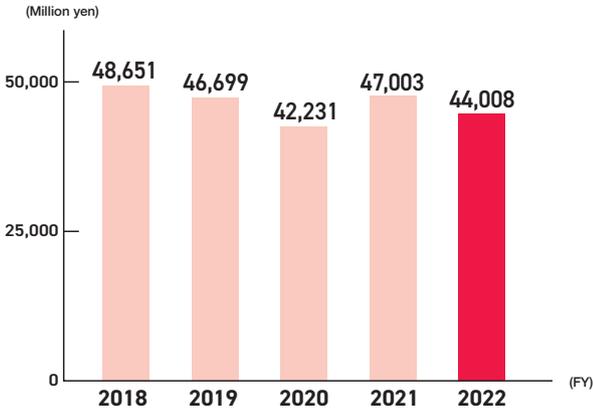
Business Strategy

We will expand our business by acquiring business opportunities in carbon neutral transition, leveraging the powder conveying and blowing technology we have cultivated over the years.

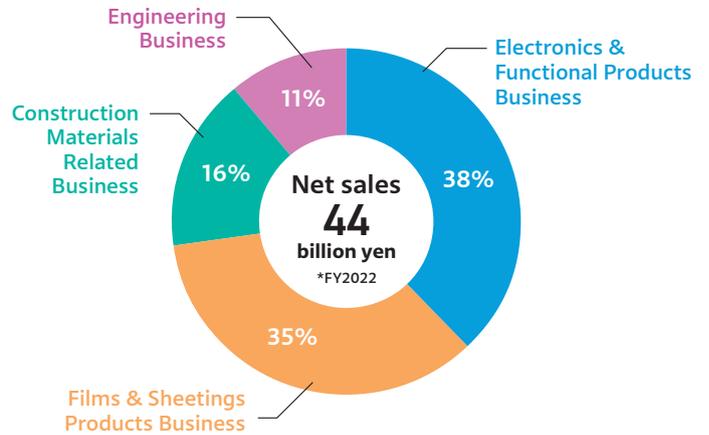


Financial and Non-Financial Highlights

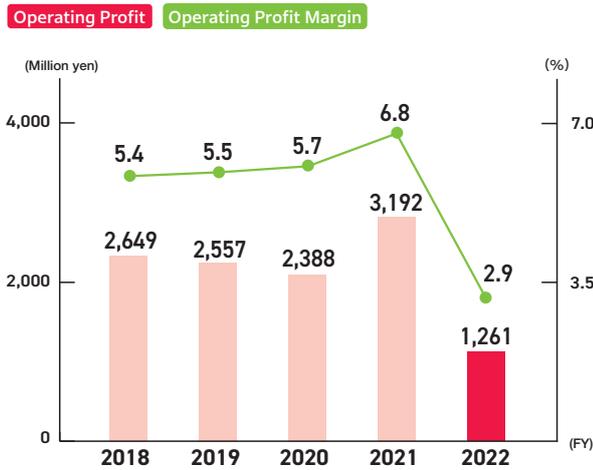
● Net sales



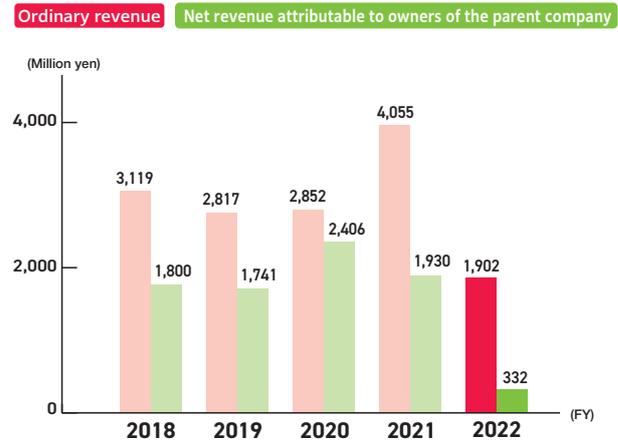
● Sales Ratio by Business



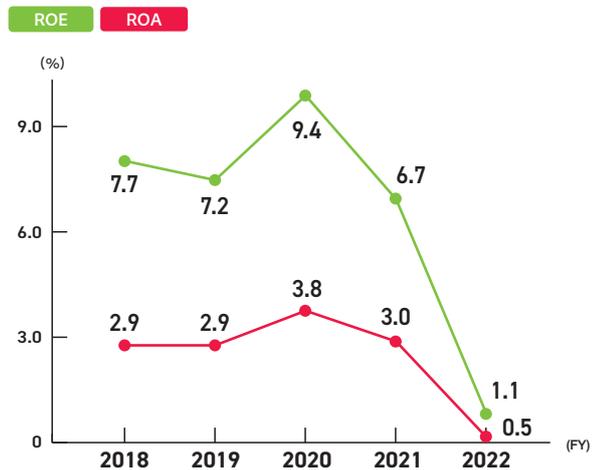
● Operating Profit/Operating Profit Margin



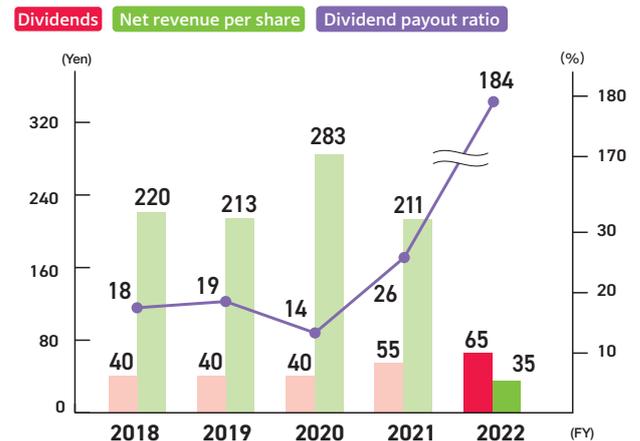
● Ordinary revenue/Net revenue attributable to owners of the parent company



● ROE/ROA

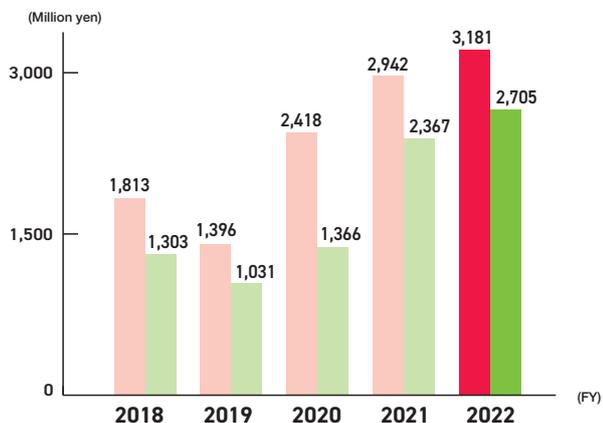


● Dividends / Net revenue per share / Dividend payout ratio

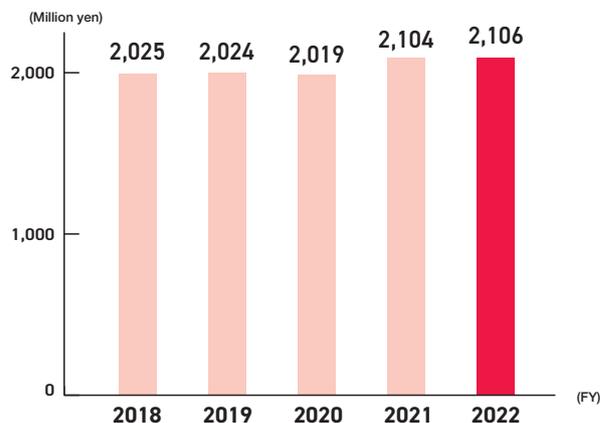


● Capital investment

Consolidated Non-consolidated (Domestic)

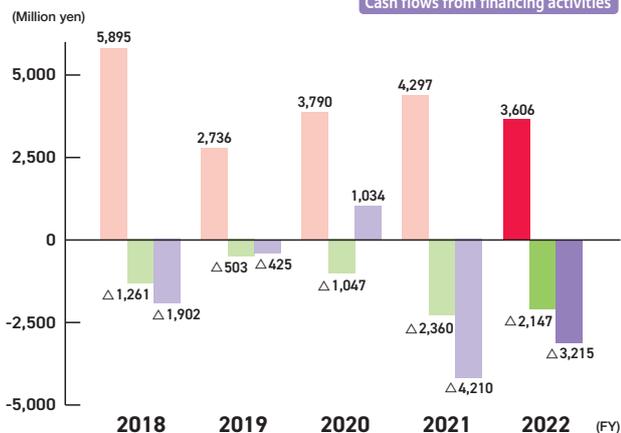


● R&D expenditure



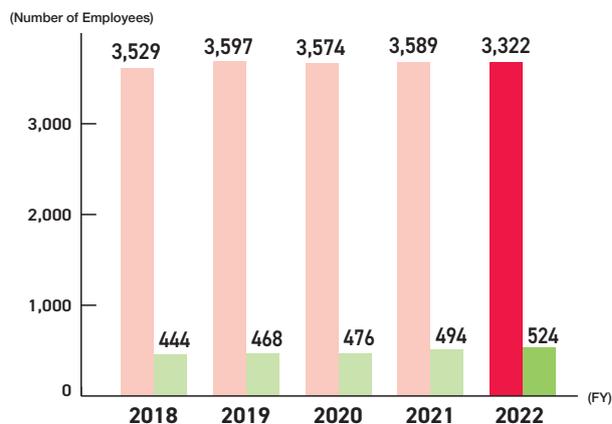
● Cash Flow Trends

Cash flows from operating activities
Cash flows from investing activities
Cash flows from financing activities



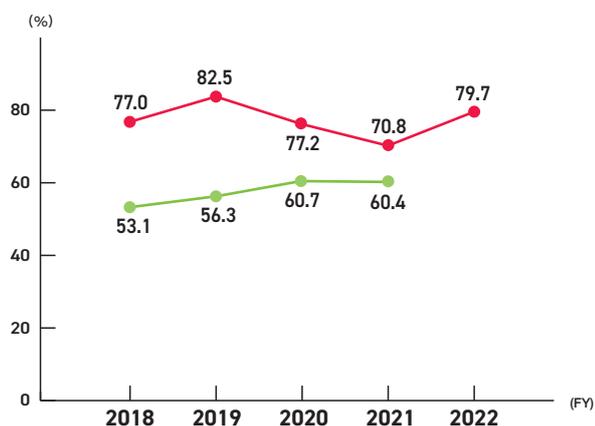
● Number of Employees

Consolidated Non-consolidated



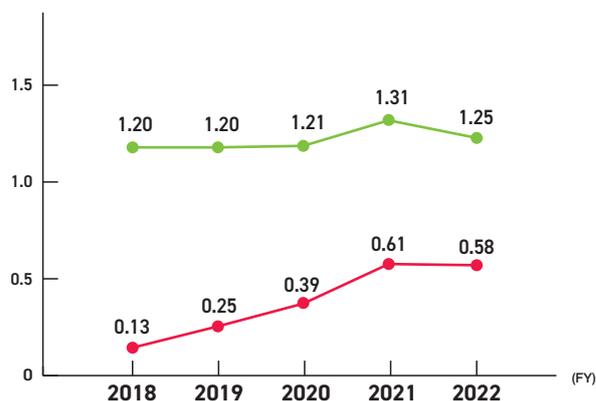
● Annual Leave Acquisition Rate (Note 1)

Non-consolidated Average in manufacturing industry (300~999 employees) (Note 2)



● Frequency of occurrence of industrial accidents (Note 3)

Consolidated Average in manufacturing industry (100 or more employees) (Note 4)



(Note 1) "Usage Rate" is total number of days of annual paid leave taken/total number of days granted x 100 (%). "Number of days of paid leave taken" is the number of days actually taken in a single year. "Number of days granted" excludes the number of days carried over. (Note 2) Source: [Ministry of Health, Labor and Welfare] General Survey on Working Conditions: Manufacturing Industry (300-999 employees) (Note 3) Number of fatalities and injuries due to industrial accidents per million total working hours. (Note 4) Source: [Ministry of Health, Labor and Welfare] Survey on Industrial Accidents for 2021/2022 (Survey on establishments (with 100 or more employees) and survey on general construction)

Value Creation Process

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

Inputs

*As of March 31, 2023
*Figures are consolidated



Financial Capital

Adequate financial strength

Net assets: 33,086 million yen

Equity ratio: 50.5%



Manufacturing Capital

Global manufacturing base structure

Number of overseas manufacturing bases: 7

Number of domestic manufacturing bases: 8



Intellectual Capital

Core technologies: Resin polymerization technology, films and sheetings technology, ceramic sintering technology

Number of registered patents: 678



Human Capital

Diverse human resources to support value creation

Total number of employees: 3,322

Number of employees at overseas offices: 2,452

Ratio of female employees: 41% /

Ratio of female managers: 13%



Social Capital

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

Wide range of business partners: semiconductors, electronic devices, automobiles, pharmaceuticals, steel, electric power, construction, etc.

Number of business partners: Approximately 5,000 companies



Natural Capital (For FY2022)

Energy consumption

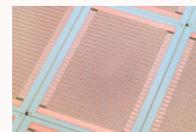
Total electricity consumption: 94,136 MWh

Water consumption: 3,424,000 t

Medium term Management Plan

NCI KIRARI 2025

Business Segment



Electronics and Functional Products



Films and Sheetings Products



Construction Materials Related



Engineering

Initiatives to Support Growth Strategies

Pursuit of “Outstanding values = One & Only”

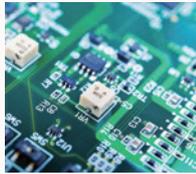
Contribute to a sustainable society and achieve growth by pursuing technologies of outstanding values and providing products of outstanding values.

Focus area

Electronics



Semiconductors



Electronic Components

Safety



Environment



Life



Mobility

Reinforcement of R&D Structure

Promotion of SDGs Management

Promotion of DX measures

Value Creation

Economic Value (FY2025 plan)

Net sales	62 billion yen
Operating profit	7 billion yen
ROE	12% or more
D/E Ratio	X0.5 or less

Social Value

● Through business activities

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

● Through corporate activities

- Achieving carbon neutrality
- Coexistence and co-prosperity with local communities
- Increased employee satisfaction and feeling of being rewarded

✳ Medium term Management Plan

Medium term Management Plan “NCI KIRARI 2025”

Outline

In order to realize our vision for 2030, "a corporate Group of outstanding value that contributes to a sustainable society," we have formulated a Medium-term Management Plan "NCI KIRARI 2025" in May 2022. Under "NCI KIRARI 2025", we will contribute to a sustainable society in the new normal era and achieve growth through the pursuit of technologies of outstanding values and the provision of products of outstanding values.

What we want to be in 2030

**A corporate Group of outstanding value
that contributes to a sustainable society**

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

Pursuit of “Outstanding values = One & Only”

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

■ Financial Targets

By steadily executing business strategies in each business segment, we aim to achieve our financial forecasts for FY2023 and return to a growth trajectory, thereby achieving the financial targets for FY2025 set forth in our Medium-term Management Plan "NCI Kirari 2025".

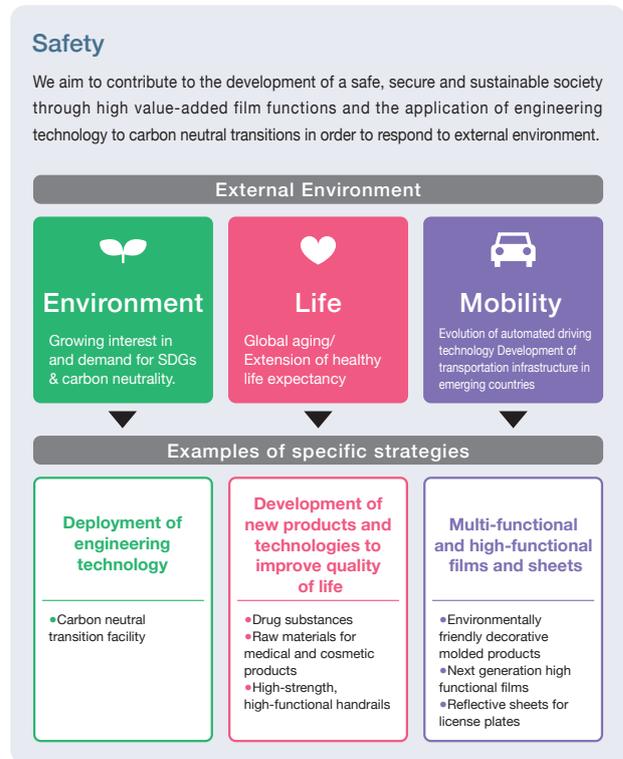
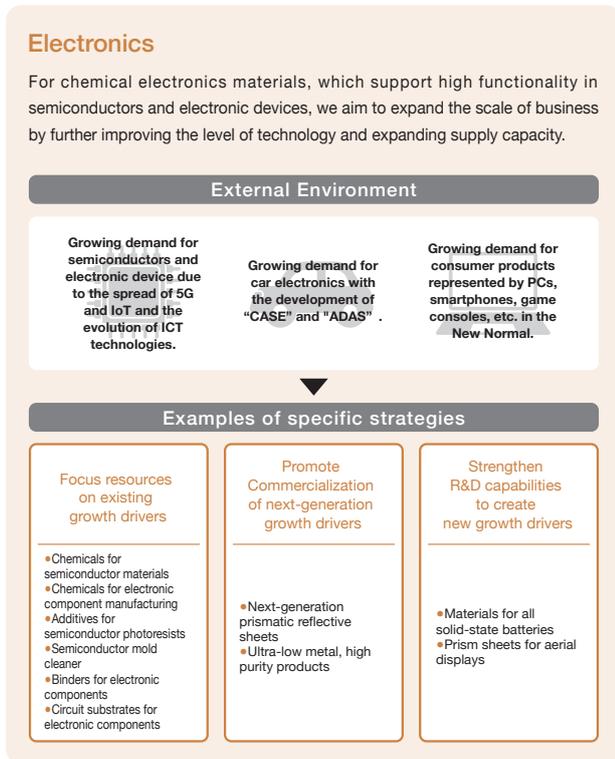
	FY2022 Results		FY2023 Results Forecast		FY2025 Targets
Net sales	44 billion yen	▶	48.5 billion yen	▶	62 billion yen
Operating profit	1.2 billion yen	▶	1.5 billion yen	▶	7 billion yen
ROE	1.1%	▶	4.4%	▶	12% or more
D/E Ratio	X0.38	▶	X0.41	▶	X0.5 or less

Strategy

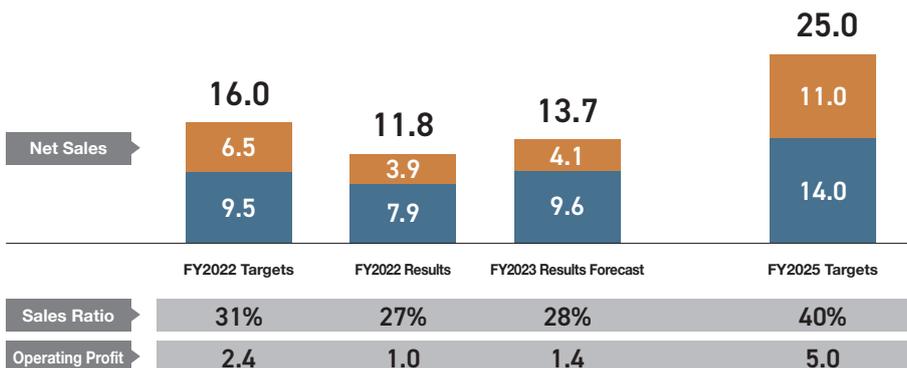
Chemical electronics materials used in the manufacturing process of semiconductors and electronic devices that make the world more convenient. Film materials that play an active part in the drug substance and safe-mobility markets that contribute to the safety and security of the world. We have designated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



Strategies in Focus Areas



Performance Image of Strategic Market Sectors



In FY2023, sales in the electronics strategic market are projected to be 4.1 billion yen, sales in the safety strategic market are projected to be 9.6 billion yen, sales in the strategic market as a whole are projected to be 13.7 billion yen, and operating profit in the strategic market as a whole are projected to be 1.4 billion yen.

SDGs Management Initiatives

Sustainability Approaches and Initiatives

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

Five Materialities

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



About the SDGs Promotion Committee

In order to promote materiality, we have established the SDGs Promotion Project with the President & Representative Director as the project leader and directors concurrently serving as executive officers as sub-leaders, and are examining specific targets, KPIs, measures, plans, etc. The contents of such plans etc. are reported and proposed to the Board of Directors. In FY2023, we will further develop this initiative by establishing an SDGs Promotion Committee chaired by the President & Representative Director, which will work on sustainability management, including the realization of materiality. The contents discussed by the committee will be reported to the Board of Directors on a regular basis for discussion and progress management.

Examples of our Group's products that contribute to the realization of materiality



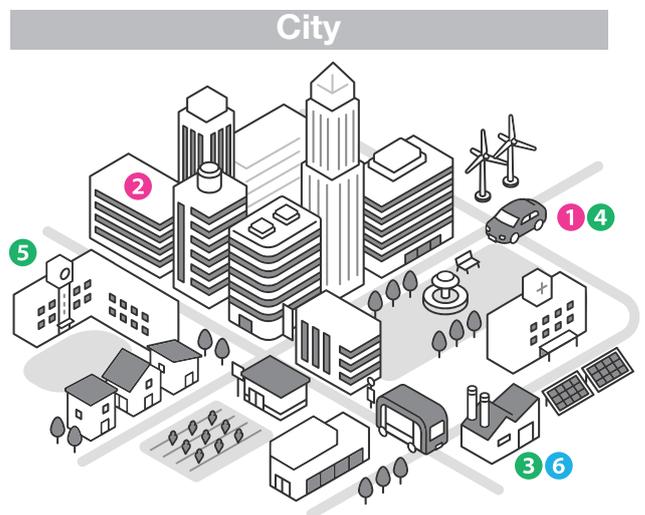
- 1 Automobiles · Retroreflective Sheetings for license plates
- 2 Condominiums · High-strength, high-functional handrails



- 3 Plants · Carbon neutral transition facility
- 4 Automobiles · Ceramic substrate for electric materials
· Laser marking labels
- 5 Schools and offices · Melamine compound for tableware



- 6 Plants · Semiconductor mold cleaner



Contribution to carbon neutrality in the engineering business

Various testing efforts at an experimental plant for a commercial equipment for the integrated coal gasification combined cycle (IGCC) power plant.

Diamond Engineering Co., LTD., a group company, is providing its powder conveying technology, developed over many years in the steel industry, to a demonstration test project for an integrated coal gasification combined cycle (IGCC) power plant. IGCC is a power generation system that combines gas turbine combustion of coal gas and steam turbine power generation, contributing to the reduction of CO₂. The system continuously supplies pulverized



Panoramic view of the plant dedicated for powder experiments



Powder Blowing Test Facility

coal to a high-pressure coal gasifier, and has been highly evaluated for its stable supply as well as its high ability to follow load fluctuations. In order to meet the various requirements and conditions of our customers for commercial equipment in the future, we are conducting a series of tests and evaluations at our own powder test facilities. This technology is expected to be used for hydrogen power generation and hydrogen production from lignite coal, and we are continuing our efforts to ensure further reliability.

Collaboration with JP Steel Plantech Co.

Ironmaking methods include the blast furnace method, which uses iron ore as raw material, and the electric furnace method, which uses scrap and other cold iron sources as raw material. The electric arc furnace method is said to emit 1/4 of CO₂ compared to the blast furnace method, and is expected to be in high demand in the future. To achieve carbon neutrality in the steel industry, we are collaborating with JP Steel Plantech Co., a group company of JFE Holdings, Inc., Hitachi Zosen Corporation, and Kawasaki Heavy Industries, Ltd. in the introduction of electric arc furnace equipment, the Ecological and economical arc furnace (ECOARC™), by supplying auxiliary equipment including our unique powder blowing technology.



Ecological and economical arc furnace (ECOARC™)



- 7 Wall surfaces
- 8 Construction materials

- Vinyl ether for paints

- Aluminum construction materials

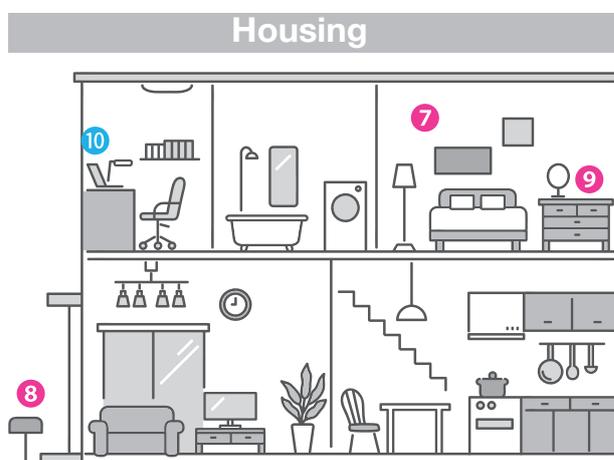
- 9 Medical and cosmetic products

- Raw materials for medical and cosmetic products



- 10 PCs and displays

- Circuit substrates for electronic components
- Thickening agents for optical applications
- Chemicals for semiconductor materials
- Ceramic substrates for electronic components



Environment



Environmental Policy

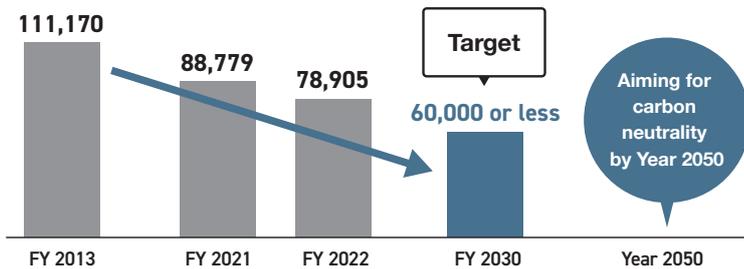
We shall actively work to preserve the global environment and strive to preserve the environment in all of our corporate activities.

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

Initiatives toward realization of carbon neutrality

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

GHG reduction target in our Group (tCO₂)



Abbreviation for Greenhouse Gas, a generic term for greenhouse gases including CO₂.

Disclosures of Information on Climate Change Response

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

Governance

Climate change-related issues are discussed by the Risk Management Committee and reported regularly to the Board of Directors.

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



Risk Management

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

Strategies

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

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

Overview of risks and opportunities related to climate change

Type	Description		Impact	Response
Transition risk	Policy and Regulation	<ul style="list-style-type: none"> ● Rise in energy and raw material costs due to the introduction of carbon tax 	Medium	<ul style="list-style-type: none"> ● Active promotion of energy-saving activities ● Introduction of solar power generation ● Conversion to renewable energy ● Scope 3 reductions through collaboration with suppliers ● Price pass-through
		<ul style="list-style-type: none"> ● Increase in capital investment and other costs to implement measures in order to achieve GHG reduction targets 		<ul style="list-style-type: none"> ● Development of investment plans
	Market	<ul style="list-style-type: none"> ● Increase in technical and cost competition with original manufacturers to establish new manufacturing methods for key products ● Increase in logistics costs due to higher energy prices 	Medium	<ul style="list-style-type: none"> ● Reviewing and establishing new manufacturing methods with the risks mentioned left in mind ● Encouraging delivery companies to introduce EV vehicles ● Review of delivery methods
	Technology	<ul style="list-style-type: none"> ● Increase in costs to respond to the introduction of new energy-saving and renewable energy technologies ● Increase in R&D expenses for new technologies, etc. 	Medium	<ul style="list-style-type: none"> ● Simultaneous consideration of cost reduction
Reputation	<ul style="list-style-type: none"> ● Decrease in demand for products due to delay in GHG reductions, as client companies become more aware of the need to reduce GHG emissions 	Small	<ul style="list-style-type: none"> ● Achieving GHG reduction targets 	
Physical Risks	Chronic	<ul style="list-style-type: none"> ● Increase in cooling costs due to higher average temperatures ● Inundation of production sites and supply chain disruption due to flooding 	Large	<ul style="list-style-type: none"> ● Increase in cooling efficiency (e.g., by switching equipment) ● Identification of risk areas and consideration of countermeasures
	Acute	<ul style="list-style-type: none"> ● Inundation of production sites due to flooding caused by extreme weather conditions 	Large	<ul style="list-style-type: none"> ● Assumption of disaster level at each site ● Study and reinforcement of disaster prevention measures tailored to each disaster level
Opportunities	Resource efficiency	<ul style="list-style-type: none"> ● Energy cost increases due to the introduction of new energy-saving and renewable energy technologies. 	Medium	<ul style="list-style-type: none"> ● Achieving increased competitiveness through proactive introduction of new technology
	Reputation	<ul style="list-style-type: none"> ● Increase in sales by switching to a product lineup with higher added value in terms of environmental aspects 	Medium	<ul style="list-style-type: none"> ● Timely product development ● Preparation of production capacity to meet demand
	Products, Services, etc.	<ul style="list-style-type: none"> ● Increase in EV-related demand ● Increase in demand for solid state batteries ● Increase in demand for decarbonization equipment and zero-carbon steel ● Increase in demand for hydrogen fuel production facilities 	Medium	<ul style="list-style-type: none"> ● Timely product development ● Preparation of production capacity to meet demand

Human Resources



Human Resources Policy

Based on the belief that human resources are the cornerstone of all our business activities, the our Group believes that by bringing together a diverse range of people, allowing each employee to take confidence and pride in his or her work, maximizing the use of abilities, and realizing growth, and by pursuing the satisfaction of all those involved, both employees and the Group will be a presence of outstanding value in society.

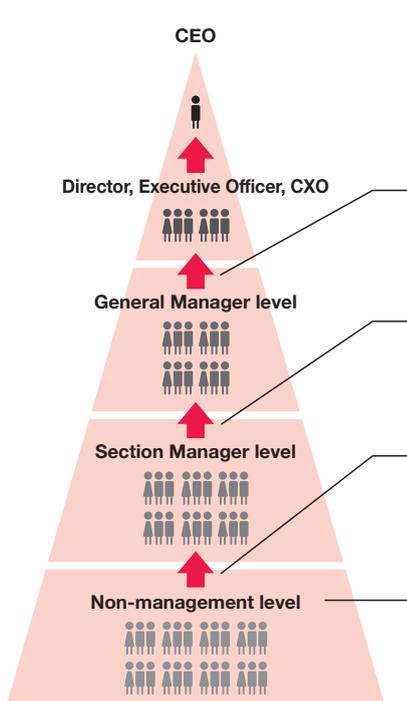
Human Resources Strategy

In order to realize our vision for 2025 and 2030 and achieve full-scale growth, our Group has a policy of expanding our business through contribution to a sustainable society. In order to expand our business, it is important to achieve improvement of technology level, production of high value-added products, and expansion of our supply capacity through capital investment, and develop new markets and create new products while focusing on strategic markets in our focus areas. We will also focus on market development by utilizing our global bases. In order to realize these business strategies, we will steadily implement the following measures: "systematic development of business leaders and global leaders," "securing excellent human resources and ensuring human resource development," "fostering an organizational culture that takes on the challenge of new initiatives and accomplishes them with OneNCI," and "creating a comfortable work environment where employees can fully demonstrate their abilities".

Systematic development of business leaders and global leaders

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

Next Generation Management Development Program (starting in FY2021)



Training Steps	Objective	Key to development (example)	Results		Cumulative Target	
			FY2021-2022	FY2025	FY2030	
STEP 4 (3 years)	Management development (Succession of CEOs, CXOs, and Executive Officers)	<ul style="list-style-type: none"> ● Change industry/company ● Practice business transformation/business creation ● Direct education of CEOs, mentoring of board members 	20	30	50	
	Leader development (Succession of CEOs, CXOs, and Executive Officers)	<ul style="list-style-type: none"> ● Change business ● Practice vision formation/strategic thinking ● Rotation (overseas, different fields, affiliated company executives, etc.) 	13	33	53	
	Strengthen management of managers	<ul style="list-style-type: none"> ● Change workplace ● Practice problem finding/problem solving ● Rotation (overseas, different fields, etc.) 	0	60	100	
	Identification and development of high-potential human resources	<ul style="list-style-type: none"> ● Change job ● Practice logical/hypothetical thinking ● Basics of problem finding/problem solving ● Rotation (e.g., overseas experience) 	42	62	122	
Total			75	185	325	

The number of participants in the program is the cumulative total number of participants.

Securing excellent human resources and ensuring human resource development

(1) Recruiting excellent human resources (Recruitment and Retention)

In the midst of fierce competition for human resources and the ever-increasing mobility of human resources, we intend to be a company that attracts a diverse and talented workforce. When conducting new graduate and career recruitment, we will continue to provide realistic information to job applicants so that they can accept our employment offer with a sense of satisfaction. In addition, we are strengthening career recruitment in order to hire people with diverse experience, knowledge, and expertise. Further, by introducing a job return system in FY2022, we intend to meet the needs of people who have left the Company and wish to work for the Company again. In addition, we have set a target of hiring 30% or more female employees to ensure diversity in our workforce.

(2) Ensuring human resource development

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

Young Employee Development Program

To help young employees grow into top-notch talents, we have implemented the young employee development program. The program establishes an individual mid- to long-term developmental future vision (outline), creates an annual development plan each year, and provides daily guidance on the themes by the person in charge of education. In addition, based on the policy that the entire company, including management, is responsible for training young employees, once a year, young employees report their achievements for the year, and the person in charge of education reports to all executive officers on the progress of the training policy and training plan. Executive officers confirm the growth of young employees and provide necessary advice and guidance to young employees and persons in charge of training, thereby ensuring the development of human resources and strengthening training capabilities.

Human Resource Development Initiatives at R&D Centers

We are working to improve our technical capabilities through technical study sessions, patent education, and CI activities.

Technical study sessions

Researchers of mid-career and above are invited to conduct research on products, technologies, and markets of interest to them, as well as technologies that could be used by the Company to create new products, and to present their findings. The purpose of this activity is to deepen technological knowledge outside of one's own field of expertise and to take advantage of synergies.

Patent education

In order to achieve the target number of patent applications by 2025, we provide patent education for young researchers up to their third year with the company, with the goal of filing applications.

CI (Creation/Innovation) activities

We conduct free research activities with the goal of creating new themes that will become new growth drivers for the Company. (In principle, activities are conducted on an approximately one-year basis.)

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

(1) Ensuring Diversity

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

Establishment of KPIs to ensure diversity

One of the key issues in our Medium-term Management Plan is "promotion of diversity," and our Group has set KPIs for the utilization of female, non-Japanese, and mid-career human resources (See below for specific figures). In this regard, the ratio of women in management positions needs to be improved. To this end, we are working to raise the ratio of women to 30% or more at the time of hiring, have established a new DE&I Promotion Team to support the careers of female employees, and have set targets for each of our group companies.

Establishment of a new DE&I Promotion Team

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

Ensuring Diversity

Status of Operation of Childcare/Nursing Care Leave System

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

Company: 100% for female employees, 50% for male employees
Group: 100% for female employees, 40% for male employees

Initiatives for Employment of the Elderly

We have a reemployment system that allows employees to continue working until the age of 65 after the retirement age of 60. Employees are rehired at workplaces where they can make use of their many years of experience, and are subjected to the same personnel performance evaluations as the current generation, with the results reflected in their compensation. In addition, while assuming that a generational shift will be implemented, we also appoint employees over the age of 60 to key positions such as department managers based on the idea of placing the right people in the right jobs, thereby utilizing human resources without being restricted by age. In addition, information is shared with the labor union and ongoing discussions are held to secure work opportunities for employees between the ages of 65 and 70.

Diversity KPI

Ratio of female managers

Classification	Actual number		Target	
	FY2021	FY2022	FY2025	FY2030
Our Group	13%	13%	15%	20%
Our Company	2.6%	2.4%	5%	10%

(2) A personnel system that places importance on challenges

We provide appropriate personnel treatment through a personnel system that motivates employees to take on new challenges, so that each employee can work with a sense of fulfillment and enthusiasm. We enable employees to take on the challenge of doing the work they want to do in the right place at the right time through an internal open recruitment system, an internal entry system, and self-assessment sheets, and other means.

Revision of Personnel Performance Evaluation System

We have revised our personnel performance evaluation system with the aim of fostering a corporate culture that encourages employees to take on challenges. We have incorporated target management into our personnel performance evaluation system, which allows employees to receive points not only for the degree of achievement of goals, but also for the degree of difficulty of goals, effort and ingenuity, and contribution to the company. From FY2022, the system has been revised and put into operation, including an increase in points awarded for difficulty, in order to appreciate the willingness to take on challenging goals.

Introduction of an internal entry system and an internal open recruitment system

Starting in FY 2023, we will begin operating an internal entry system and an internal open recruitment system with the aim of enabling employees to take the jobs they want, increasing their sense of satisfaction with their work, improving job satisfaction, and placing the right people in the right jobs.

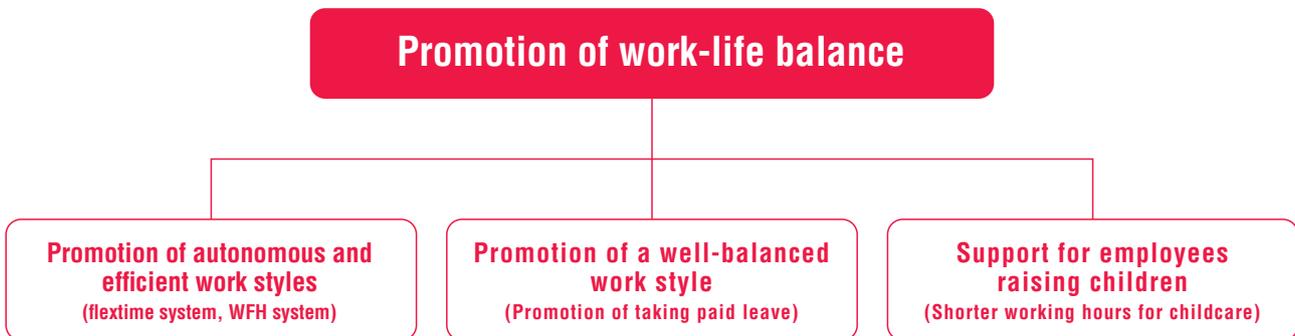
Creating a comfortable work environment in which employees can fully demonstrate their abilities

(1) Creating a comfortable work environment

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

Employee satisfaction surveys and workplace improvement activities

We conduct an employee satisfaction survey once every three years to check how satisfied employees are with their organization, work environment, and job content. A debriefing session is held for all executive officers regarding the results of the employee satisfaction survey, and a summary of the results is shared with employees through internal newsletters and other means. Further, based on the results of the employee satisfaction survey, we are also implementing workplace improvement activities with the aim of improving the workplace, changing the corporate culture to one that encourages employees to take on challenges, and raising awareness of compliance and safety in the workplace. Meetings are held at each workplace to sort out issues faced by the workplace, discuss countermeasures, and implement initiatives in accordance with the action plan.



(2) Health Management Initiatives

We are committed to health management, as we want each and every one of our employees to be healthy both physically and mentally so that they can maximize their abilities.

Initiative toward obtaining certification as a Health and Productivity Management Organization.

We believe that it is necessary to respond to the aging of our employees in line with the progress of employment of the elderly and to strengthen our response to those with mental health problems, and we intend to further enhance our health management efforts in the future. As part of these efforts, we aim to be certified as a Health and Productivity Management Organization.

Consultation service for various concerns

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

Contribution to Local Communities



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

Contributing to Local Communities in Japan

Volunteering as a mentor to junior high school students for their work experience.



The Company is cooperating as a volunteer instructor in the "14-Year-Old Challenge" to Learn from Society" program promoted by the Toyama Prefectural Board of Education. The program is designed to help second-year junior high school students acquire the ability to live strongly throughout their lives by participating in work experience, welfare, and volunteer activities outside of school for five days and we accepted two junior high school students from Uozu City. After touring our Uozu and Hayatsuki factories, the students attended a lecture on adhesives at the R&D Center and experienced hands-on training in compounding, coating, and making aerial image kits.

Donation of excess food at home to Food Nation



The Company collected uneaten food items from households of the employees of group companies in Toyama Prefecture and donated them to Food Nation Uozu, an activity organized by the Uozu City Council of Social Welfare. The total donated items amounted to 150 items, 135 kg of rice and other items in 4 cardboard boxes. The donated items will be provided to households and welfare facilities in need in Uozu City and nearby areas through the Council of Social Welfare.

Contribution to traffic safety for local children



As part of our contribution to the local community, the Company has been distributing reflective stickers made of our retroreflective sheetings to new first-year students in eight municipalities in the eastern part of Toyama Prefecture for more than 10 years. This year, the Company also donated reflective stickers featuring "Miratan," the image character of Uozu City, and for the first time, our Kyoto Manufacturing Site also donated reflective stickers to the neighboring community.

Donation of Umbrellas to Local Stations



group company Diamond Engineering Co., Ltd. has been donating umbrellas to the nearby Uozu Station of the Ainokaze Toyama Railway since 2014 as a part of its community contribution activities. The umbrellas are used by station users in case of sudden rain or snow.

Contribution to Local Communities Overseas

Donation of Offerings to Neighboring Villages



group company NCI Indonesia donated a cow to a village near the plant in conjunction with the local Eid al-Adha (Sacrifice Festival). During the festival, a sheep or cow was offered as a sacrifice to God, and the meat was shared with the people of the neighboring community based on the idea that all people should be equal.

Donation of medical equipment to hospital and regular participation in blood donation activities



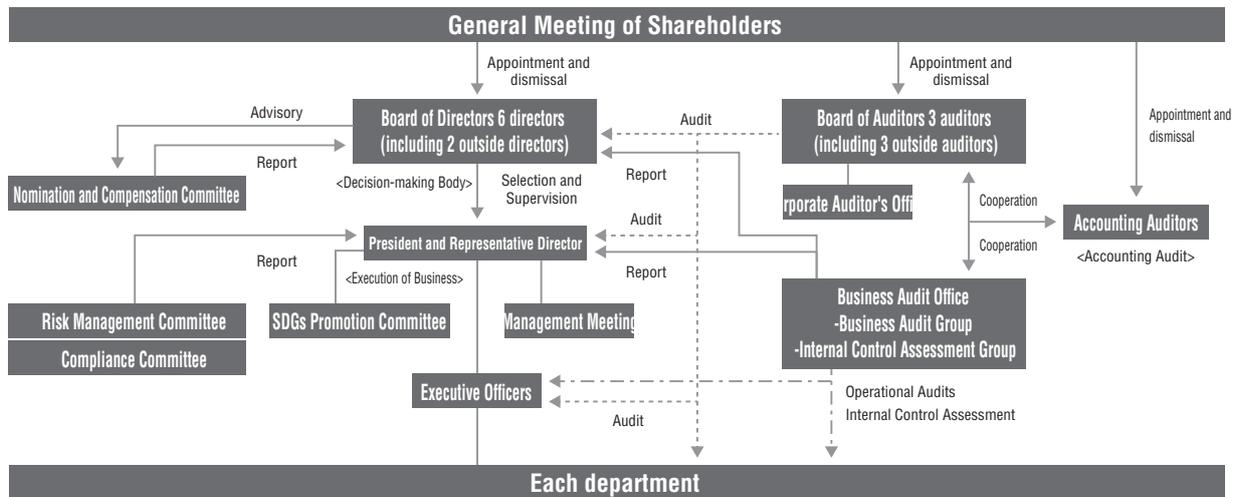
group company Electro Ceramics (Thailand) Co., Ltd. (ECT) has been making donations to Lamphun Hospital, a national hospital in Lamphun Province, Thailand, as part of its community contribution activities. The company donated syringe pumps, a medical device used to enhance the convenience and safety of intravenous infusion. In addition, the Thai Red Cross has been visiting the company once every three months since 2015 to conduct blood donation activities, with about 50 employees participating each time.

Corporate Governance

Basic Approach

Our basic approach to corporate governance is to establish a system that enables fair and highly transparent management, and prompt management decisions and business execution in a rapidly changing business environment, and at the same time to ensure that internal checks and balances are functioning effectively to achieve sustainable growth and increase corporate value, and to fulfill our responsibilities to our shareholders and other stakeholders.

Corporate Governance Structure



Here is the link to the Corporate Governance Report. <https://www2.jpx.co.jp/disc/40640/140120230526584163.pdf>

Nomination and Compensation Committee

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

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

Committee member name	Inside and outside directors	Number of committee meetings	Number of committee meetings attended
Shirai Hitoshi (Chairperson)	Outside Director	14	14
Yoshioka Hatsuki (Director)	Outside Director (assumed office in June 2023)	2	2
Endo Naoko (Director)	Outside Director (retired in June 2023)	12	12
Sugiyama Takahisa (Representative Director)	Representative Director	14	14

*April 2022 - August 2023

Appointment of Directors

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

Skills Matrix

Name	Business Management	Finance & Accounting	Legal & Compliance	Sales & Marketing	R&D/Production Technology	International Affairs	Risk Management
Sugiyama Takahisa (In-house Director)	○			○		○	○
Iguchi Yoshitada (In-house Director)	○	○	○				
Hasegawa Yukinobu (In-house Director)	○			○	○		
Yokota Yuichi (In-house Director)	○			○			○
Shirai Hitoshi (Outside Director)	○					○	○
Yoshioka Hatsuki (Outside Director)			○				
Kubo Hideaki (Full-time Corporate Auditor)		○	○				
Hayashi Fumiaki (Full-time Corporate Auditor)	○						○
Emi Mutsuo (Corporate Auditor)		○					○

Independence of Outside Directors

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

Compensation for Directors

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

Composition of Directors' Compensation

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

Introduction of a medium- to long-term incentive stock compensation plan

At the 123rd Ordinary General Meeting of Shareholders held on June 29, 2022, we have introduced a new medium- to long-term incentive stock compensation (restricted stock) plan for the purpose of giving our directors incentives to continuously improve the corporate value of our Group and to promote further value sharing with our shareholders.

Amount of performance-linked compensation

The amount of performance-linked compensation will, in principle, vary within a range of 0% to 150% of the standard payment amount, depending on the performance evaluation for a single fiscal year. In addition, in the process of determining the amount of performance-linked compensation, the Nomination and Compensation Committee prepares a compensation proposal based on a comprehensive evaluation of the degree of achievement of the indicators related to performance-linked compensation and the contribution of each director to the Company's performance and reports to the Board of Directors, which, after discussion, passes a resolution on the amount of performance-linked compensation for each director.

Performance-Linked Compensation-Related Indicators

The performance-linked compensation-related indicators are operating income (degree of achievement related to target and year-on-year growth) and operating cash flow (year-on-year growth), as emphasis is placed on increasing business profitability and generating cash. For the current fiscal year, actual operating income was 1.26 billion yen versus a target operating income of 3.5 billion yen. This was a decrease from the previous fiscal year. Operating cash flow also decreased from the previous fiscal year.

Evaluation of the Effectiveness of the Board of Directors

The Company employs an outside consultant to evaluate the effectiveness of the Board of Directors. In April 2023, all directors and auditors were asked to respond to a questionnaire covering 31 questions (an increase of two items from the previous survey), including the composition and operation of the Board of Directors, and the results were used to evaluate the effectiveness of the Board of Directors through discussion by the Board of Directors. As a result of the discussion, the Board of Directors evaluated that the effectiveness of the Board of Directors was generally maintained this time as well, but some new issues were pointed out regarding efforts to deepen discussions at the Board of Directors meetings. Based on these issues pointed out, the Company will implement further measures and improve its environment to enhance the effectiveness of the Board of Directors.



Compliance/Risk Management

Compliance

Basic Approach

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

Code of Conduct

Based on the "Basic Guidelines for Corporate Activities", the Group has established a Code of Conduct to be followed by all the officers and the employees of the Group. (For more information, please visit our website at <https://www.carbide.co.jp/corporate/behavior/>)

Promotion Structure

For promotion of compliance, we conduct training and other activities to ensure that all officers and employees below them are conducting business operations in accordance with the Compliance Regulations. In addition, we take a resolute stance against antisocial forces that threaten the order and safety of civil society, and we have established an internal system to block any relationship with such forces. Further, the Business Audit Office, which is in charge of internal audits, monitors the execution of business operations in accordance with laws, regulations, and company rules, and the Representative Director provides guidance for improvement. In addition, we have established an internal reporting system (hotline) for consultation and reporting, which includes the Legal Office and an outside attorney as a contact person.

Risk Management

Basic Approach

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

Major Business Risks

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

(1) Sudden changes in market conditions in core businesses(2) Fluctuations in raw material prices(3) Fluctuations in exchange rate(4) Declines in the value of fixed assets(5) Geopolitical risks(6) Accident disasters(7) Natural disasters

(8) Re-spread of COVID-19 infection(9) Litigation etc.(10) Intellectual property rights(11) Product liability(12) Compliance with environmental regulations and response to climate change(13) System risks(14) Securing of human resources"

(For more information, please visit our website: Financial Report for the Year Ended March 31, 2023, page 20: https://ssl4.eir-parts.net/doc/4064/yuho_pdf/S100R7QY/00.pdf)

Basic Guidelines on Corporate Activities

1 The Nippon Carbide Industries Group shall observe any and all laws and ordinances applicable to its corporate activities, faithfully follow the principles of social ethics, and carry out corporate activities with sound judgment.

2 The Nippon Carbide Industries Group shall strive to accurately grasp the needs of the market and customers, and provide excellent products and services in terms of quality, price, safety, and other aspects.

3 The Nippon Carbide Industries Group shall respect humanity, nurture human resources, and foster a corporate culture in which "each and every employee can develop his or her own ideas and put them into practice", ensure the health and safety of employees in the workplace and strive to promote their comfort and affluence in life.

4 The Nippon Carbide Industries Group shall actively work to preserve the global environment, and make every effort to protect the environment in all of its corporate activities.

5 The Nippon Carbide Industries Group shall establish relationships of mutual trust and cooperation with all the stakeholders including but not limited to shareholders, business partners, and local communities, and strive for co-existence and co-prosperity.

6 The Nippon Carbide Industries Group shall strive to contribute to society and culture as a good corporate citizen.

7 The Nippon Carbide Industries Group shall take a firm stance against antisocial forces that threaten the order and safety of civil society.

Board Members and Executive Officers

Directors



**Representative Director & President
Chief Executive Officer**

Sugiyama Takahisa

April 1982 Asahi Glass Co., Ltd. (now AGC Inc.)
 July 2005 General Manager, Planar Device Department, Optical Components Business Division, Electronics & Energy Business Group, Asahi Glass Co., Ltd.
 July 2006 General Manager, Planar Devices Department, Electronics & Energy Division, Asahi Glass Co., Ltd.
 January 2008 General Manager, Optical Components Division, Electronics & Energy Business Group, Asahi Glass Co., Ltd.
 July 2009 General Manager, Optical Components Business Division, Electronic Company Electronics Business Group, Asahi Glass Co., Ltd.
 January 2015 General Manager, Electronic Company Electronic Component Business Group, Asahi Glass Co., Ltd.
 January 2016 Executive Officer; General Manager, Electronic Company Electronic Component Business Group, Asahi Glass Co., Ltd.
 March 2020 Advisor of the Company
 June 2020 Representative Director & President; Chief Executive Officer (present post)



**Representative Director
Senior Managing Executive Officer**

Iguchi Yoshitada

April 1982 Joined Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.)
 January 2001 Branch Manager, Ikebukuro Higashiguchi Branch, Mitsubishi Bank
 April 2004 Branch Manager, Ebisu Branch, Mitsubishi Bank
 January 2006 Deputy General Manager, Corporate Banking Department II, Mitsubishi Bank
 May 2007 Branch Manager, Shinbashi Branch, Mitsubishi Bank
 May 2009 General Manager, Financial Institutions Department, Mitsubishi Bank
 June 2011 Managing Executive Officer, Mitsubishi UFJ Research and Consulting Co., Ltd.
 January 2019 Advisor of the Company
 April 2019 Managing Executive Officer; Officer in charge of Administration Division; General Manager, Corporate Planning Department
 June 2019 Director; Managing Executive Officer; Officer in charge of Administration Division; General Manager, Corporate Planning Department
 April 2020 Director; Managing Executive Officer; Officer in charge of Administration Division
 April 2021 Director; Senior Managing Executive Officer; Officer in charge of Administration Division
 June 2021 Representative Director; Senior Managing Executive Officer; Officer in charge of Administration Division
 June 2022 Representative Director; Senior Managing Executive Officer; CFO; Officer in charge of Administrative Division (present post)



**Director
Managing Executive Officer**

Hasegawa Yukinobu

April 1985 Joined the Company
 April 2016 General Manager, Specialty Polymers Business Department, Functional Products Business Division; General Manager, Osaka Branch
 June 2016 Executive Officer; General Manager, Specialty Polymers Business Department, Functional Products Business Division; General Manager, Osaka Branch
 April 2017 Executive Officer; Deputy General Manager, Functional Products Business Division; General Manager, Specialty Polymers Business Department
 April 2018 Executive Officer; General Manager, Films & Sheetings Business Division
 June 2018 Director; Operating Officer; General Manager, Films & Sheetings Business Division
 April 2020 Director; Operating Officer; General Manager, Electronics & Functional Products Business Division
 April 2021 Director; Operating Officer; Officer in charge of Technology; General Manager, Uozu and Hayatsuki Factories
 June 2021 Director; Executive Officer; Officer in charge of Technology; General Manager, Uozu and Hayatsuki Factories; General Manager, Research & Development Center
 April 2022 Director; Managing Executive Officer; Officer in charge of Technology; General Manager, Uozu and Hayatsuki Factories; General Manager, Research & Development Center
 June 2022 Director; Managing Executive Officer; CTO; General Manager, Uozu and Hayatsuki Factories; General Manager, Research & Development Center; Officer in charge of Safety, Quality, and Environmental Management Department (present post)



Director Executive Officer

Yokota Yuichi

April 1985 Joined the Company
 April 2001 Second Manager in charge of Electronic Materials, Electronic Materials Division
 April 2004 Leader, Print Substrate Business Department, Electronic Materials Division
 April 2012 Leader, Ceramic Substrate Business Department, Electronic Materials Division
 April 2013 General Manager, Optical Products Business Promotion Department, Electronic & Optical Products Business Division
 April 2015 General Manager, Electronic Components Business Department, Electronic & Optical Products Business Division
 April 2018 Executive Officer; General Manager, Planning & Manufacturing Management Office, Electronics & Functional Products Business Division
 April 2020 Executive Officer; General Manager, Planning & Manufacturing Management Office, Electronics & Functional Products Business Division; General Manager, Osaka Sales Office
 April 2021 Executive Officer; General Manager, Corporate Planning Department
 June 2021 Director; Executive Officer; General Manager, Corporate Planning Department (present post)

Outside Director



Outside Director

Shirai Hitoshi

April 1979 Joined Hitachi, Ltd.
 April 1998 Principal Research Engineer, Hitachi Research Institute
 October 1999 General Manager, e-Government Project Promotion Center, Public Information Division, Hitachi, Ltd.
 April 2003 General Manager, Business Development Department, Urban Development Systems Group, Hitachi, Ltd.
 June 2005 Deputy General Manager, Hitachi Research Institute
 October 2009 Executive Vice President and Director, Hitachi Asia
 October 2010 Director, Hitachi Global Storage Technologies, Ltd.
 June 2011 Director and General Manager, Hitachi Research Institute
 April 2013 President and Representative Director, Hitachi Research Institute
 April 2020 Director, Hitachi Research Institute; Senior Strategist, Hitachi, Ltd.
 June 2020 Director of the Company (present post)
 April 2021 Director, J. F. Oberlin University and Affiliated Schools (present post)
 June 2021 Retired as Director, Hitachi Research Institute
 September 2021 Retired as Senior Strategist, Hitachi, Ltd.



Outside Director

Yoshioka Satsuki

November 2010 Joined the Legal Training and Research Institute of the Supreme Court of Japan
 December 2011 Completed the same
 December 2011 Registered as an attorney-at-law
 December 2011 Joined Ono Sogo Legal Profession Corporation
 June 2021 Transferred to the Personal Information Protection Commission, Government of Japan as a government employee with term of office
 June 2023 Returned to Ono Sogo Legal Profession Corporation
 June 2023 Director of the Company (present post)

Corporate Auditors



Full-time Corporate Auditor

Kubo Hideaki

April 1982 Joined Mitsubishi Bank, Ltd. (now MUFG Bank, Ltd.)
 January 2001 Branch Manager, Mejiro Branch, Mitsubishi Bank
 February 2003 Branch Manager, Yaesu Branch, Mitsubishi Bank
 October 2004 Branch Manager, Ogikubo Branch, Mitsubishi Bank
 October 2006 Branch Manager, Umeda Chuo Branch, Mitsubishi Bank
 June 2008 Branch Manager, Kashiwa Chuo Branch, Mitsubishi Bank
 May 2011 President and Representative Director, Mitsubishi UFJ Loan Business Inc.
 June 2016 President and Representative Director, MU Techno Service Inc.
 June 2020 Full-time Corporate Auditor of the Company (present post)



Full-time Corporate Auditor

Hayashi Fumiaki

April 1984 Joined Asahi Glass Co., Ltd. (now AGC Inc.)
 January 2015 General Manager, Material & Logistics Department, Asahi Glass Co., Ltd.
 January 2017 Executive Officer; General Manager, Material & Logistics Department, Asahi Glass Co., Ltd.
 January 2021 Executive Officer; Assistant to the President, Asahi Glass Co., Ltd.
 March 2021 Retired as Executive Officer of Asahi Glass Co., Ltd.
 June 2021 Full-time Auditor of the Company (present post)



Corporate Auditor

Emi Mutsuo

March 1992 Registered as a certified public accountant (present post)
 February 1996 Joined Century Audit Corporation (now Ernst & Young ShinNihon LLC)
 May 2001 Partner, Century Audit Corporation
 July 2008 Senior Partner, Century Audit Corporation
 July 2013 Deputy Head of Finance Department, Century Audit Corporation
 July 2014 Head of Finance Department, Financial Business Division, Century Audit Corporation
 February 2016 Managing Director (in charge of financial business), Century Audit Corporation
 October 2019 Internal Council Member, Century Audit Corporation
 June 2021 Corporate Auditor of the Company (present post)
 July 2021 Head of Self-Regulatory Division, The Japanese Institute of Certified Public Accountants

Global Network

Domestic Offices and Domestic and Overseas Group Companies

Domestic Network

- Head Office**
 16-2, 2-Chome Konan, Minato-ku, Tokyo 108-8466, JAPAN
 TEL+81-3-5462-8200 FAX+81-3-5462-8244
- Osaka Sales Office**
 6-1, 3-Chome, Hirano-cho, Chuo-ku, Osaka-shi, Osaka 541-0046, JAPAN
 TEL+81-6-6233-0500 FAX+81-6-6233-0510
- Uozu Factory**
 751, Motoshin, Uozu-shi, Toyama 937-8567, JAPAN
 TEL+81-765-24-1100 FAX +81-765-22-0223
- Hayatsuki Factory**
 530, Ojima, Namerikawa-shi, Toyama 936-8555, JAPAN
 TEL+81-76-471-2211 FAX+81-76-471-2041
- Kyoto Manufacturing Site**
 8-1, Minamikanamura, Kaide-cho, Muko-shi, Kyoto 617-0004, JAPAN
 TEL+81-75-921-5347 FAX+81-75-931-1649
- Research and Development Center**
 530, Ojima, Namerikawa-shi, Toyama 936-8555, JAPAN
 TEL+81-76-471-0221 FAX+81-76-471-0225

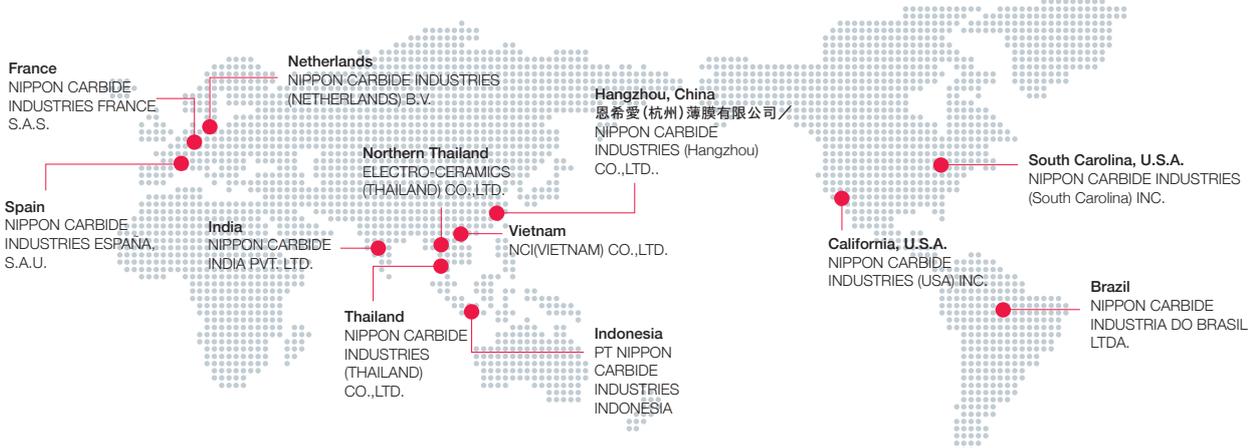


Major domestic subsidiaries

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

Major Overseas Subsidiaries

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



Company Information/Stock Information

Corporate Outline

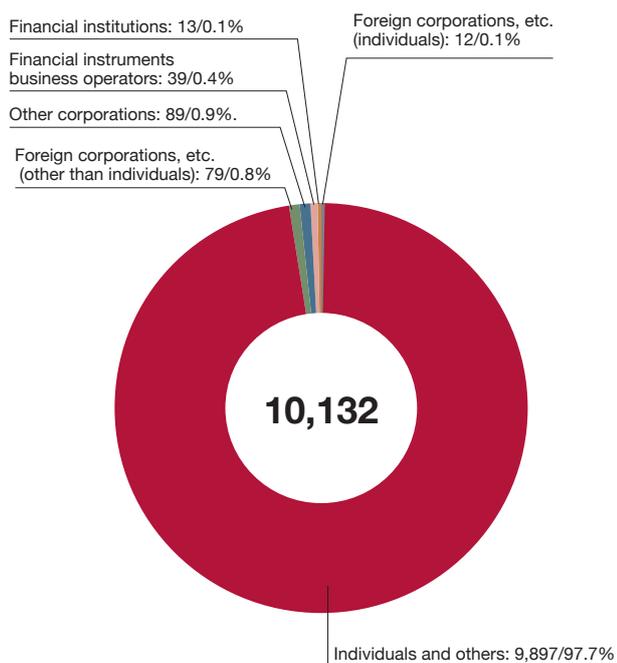
Name	NIPPON CARBIDE INDUSTRIES CO., INC.
Head Office	16-2, 2-Chome Konan, Minato-ku, Tokyo 108-8466, JAPAN TEL +81-3-5462-8200 FAX +81-3-5462-8244
Established	8th October, 1935
Listed Stock Exchange	Tokyo Stock Exchange: Prime Market
Capital Stock	7,789,101,730YEN*
Total number of shares issued	9,406,826*
Employees	Consolidated: 3,322* Non-consolidated: 524*
Group Business Activities	Electronic and Functional Products Business, Films and Sheetings Business, Construction Materials Related Business, Engineering Business

*As of March 31, 2023

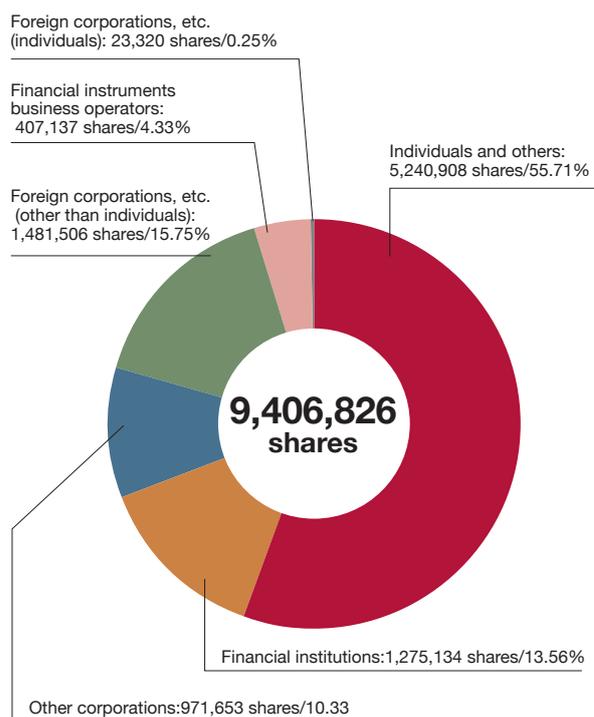
Shareholder and Share Distribution

*As of March 31, 2023

Distribution of shareholders by type of ownership



Distribution of shares by type of shareholder



 **NIPPON CARBIDE INDUSTRIES CO.,INC.**