INTERGRATED REPORT 2025

NIPPON FINE CHEMICAL CO., LTD.

Top Message

Towards ESG Management by Putting Our Mission into Practice

Nippon Fine Chemical was founded in 1918 as Nippon Camphor Co., Ltd. in order to integrate the camphor businesses in Japan.

Later, we started manufacturing fatty acids and other oil and fat-related products, and expanded our business lines by forging our own unique fields within chemistry. In 1971, we changed our name to Nippon Fine Chemical Co., Ltd., and have been working to develop products and businesses that stay ahead of people's needs as a fine chemicals manufacturer.

Today, we offer products in a wide range of fields. They are found in hygiene management products that make all our living environments more clean, safe, and comfortable, and form the raw materials both for pharmaceuticals that contribute to improving the quality of life (QOL) of us all and for cosmetics that are kind to both people and the environment. In addition, our functional materials are used not only in familiar daily-use products but also in electronic materials and high-performance resins.

We see our Mission, as shown on the right, as our universal mission.

Based on this Mission, we shall aim to become a corporation that continues to deliver value to society through unceasing innovation, actively responding to the changing times.

Mission

Nippon Fine Chemical fulfills its social responsibility through chemistry.

Nippon Fine Chemical strives to enhance the lives of all our stakeholders.

Nippon Fine Chemical encourages the self-fulfillment of our employees.

President and CEO
Hiroshi Yano

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Company Name	NIPPON FINE CHEMICAL CO., LTD.
Established	February 1918
URL	https://www.nipponseika.co.jp/en/
Paid in Capital	5,933.22 million yen
Number of Employees	419 (as of March 31, 2025)
Listed stock exchange	Prime Market of the TSE
Representative Director, President	Hiroshi Yano

*Please see our website for the latest information.

Vision of the Company's future self in 2030 Putting NFC VISION 2030 into practice

Nippon Fine Chemical positions our Mission as the universal and basic values and ethics as the basis from where our management plans are formulated and our business decisions are made.

In October 2021, we set “Smiles on Faces: The Power of KIREI” as our vision of where we want to be in 2030, NFC VISION 2030, along with the following three sub-concepts.

NFC VISION 2030
Smiles on Faces: The Power of KIREI

- **Sustaining the KIREI of the Earth through sustainable manufacturing**
- **Sustaining the KIREI of communities through compliance, safety, and actions that ensure peace of mind**
- **Sustaining the KIREI of the future through diversity-driven innovation**

In addition, NFC VISION 2030 sets seven goals that specifically lay out where we aim to be in the future year of 2030.

- **Goal1 Diversity & Inclusion**
- **Goal2 Fearless Organization**
- **Goal3 Employee Engagement**
- **Goal4 Marketing & Innovation**
- **Goal5 Digital Transformation**
- **Goal6 Social Responsibility**
- **Goal7 Community Benefit**

With the 14th Medium-term Management Plan (FY2023-FY2026), we have formulated a basic strategy to achieve these seven goals, and are working towards them.

Setting our current reason for existence, our Purpose

In addition, in March 2024 we formulated and made public our Purpose.

Purpose

Contributing to
the creation of a sustainable society
filled with Smiles
through the Power of **Chemistry** and **KIREI**.

We have taken a fresh look at why our company exists, how we contribute to society, and why we provide products and services in contemporary society, with diversifying values and unclear paths ahead, where there no right answers waiting for us. As a result, we have now defined our Purpose as **“Contributing to the creation of a sustainable society filled with Smiles through the Power of Chemistry and KIREI.”** Through this, our reason for existence today is made clear.

Revisions to the Value

We revised the Value in January 2025.

The Value outlines the values and behavioral standards we cherish to realize our Mission, NFC VISION 2030, and Purpose.

Value

Upholding the highest standards of safety and security.

Creating strategic value for our collaborators.

Innovating in our daily duties.

Consistently embracing challenges.

Becoming a trusted leading expert.

While retaining our previous Value, we have added two new measures: “Upholding the highest standards of safety and security” and “Creating strategic value for our collaborators.”

To contribute to a safe and secure society, we need to ensure that our company, workplace environments, methods and more are safe and secure. Putting “Upholding the highest standards of safety and security” at the top is designed to show the importance we place on each and every one of our employees being aware of compliance and acting with initiative.

The ideas behind “Creating strategic value for our collaborators” are to act with the idea that all the many people who come after us in the process chain, working together within the company, are just as much our customers as those outside the company who purchase our products and services. It is the idea of acting in ways that always ensure awareness of the values our customers feel.

The three others, “Innovating in our daily duties,” “Consistently embracing challenges,” and “Becoming a trusted leading expert,” remain unchanged from our previous Value.

By retaining the Mission Nippon Fine Chemical has cherished for years, adding to it NFC VISION 2030 and our Purpose, and by revising our Value, over the first two years of our medium-term management plan we have built a policy that leads us to the future where all employees work as one.

Overall summary of the first two years of the 14th Medium-term Management Plan

Basic policy

The first two years of the 14th Medium-term Management Plan (FY2023-FY2026 Four Year Plan) ended in March 2025.

The plan we announced in May 2023 (“the Plan”) presented “Stage to strengthen growth foundation through aggressive investment” as our basic policy.

To strengthen our business strategies, we revised our business portfolio by reorganizing segments based on our business fields.

The main changes are the change of name from the old Industrial Products segment to the new Functional Products segment, and its subsequent finer division into Beauty care field, Health care field, Fine chemicals field, and Trading, as well as the public release, starting in FY2023 when the Plan began, of net sales, operating profit, and earnings before interest, taxes, depreciation, and amortization (EBITDA) for each sub-segment.

We have set out two strategic items.

The first is phospholipids. Phospholipids, our proprietary technology product, have been positioned as a strategic item (growth driver). In the previous medium-term management plan we injected a total of some 5.3 billion yen into our phospholipids for pharmaceutical use (Health care field) and built two new plants which are operating smoothly. In addition, we focused on expanding the functions of phospholipids for cosmetics (Beauty care field) such as hair care or makeup, and not just skincare.

The second area is materials for perovskite solar cells. Supplying our Spirokite™-NS hole transport material is how we contribute to this area. The Japanese government is also encouraging widespread implementation of this technology, and has announced its intention to supply power at the 1 GW level by 2030. To make this possible, we are working on ways to mass-produce Spirokite™-NS in our medium-term management plan.

Business strategies

Next up is progress in our four key business fields

Beauty care field

Phospholipids for cosmetics are positioned as a strategic item, and we have worked on R&D and sales expansion.

However, the effects of the nuclear reactor water treatment issue and the Chinese economic contraction mean that our plans have not been completed, especially in terms of sales to China. In addition, “Bioactive ingredients” has seen a drop in sales for skin brightening agents within Japan.

At the same time, “Functional esters for cosmetics” has exceeded the initial plan. We have put an emphasis on sustainability since our previous medium-term management plan. In other words, we were one of the first to promote RSPO and Non-GMO raw materials, and expanded the ISO 16128 Natural Origin Index and COSMOS certification. Together, these led to increased demand from overseas clients in particular, and we expect to see further expansion of demand in future.

In terms of revenue, compared to FY2022, the final year of the previous medium-term plan, net sales increased by 1.77 billion yen to 8.94 billion yen, and operating profit increased by 470 million yen to 2.42 billion yen, resulting in increased sales and profits.

Health care field

“Phospholipids for pharmaceuticals” saw the construction of two new plants with an investment of around 5.3 billion yen during the previous medium-term management plan.

One plant is designed for Gilead Sciences. It started commercial production in FY2024 as planned, and is operating smoothly. The other new plant is also operating smoothly, thanks to expanded demand overseas.

In terms of R&D, we opened the Shonan Laboratory in April 2023, which functions as a starting-point for open innovation and contributes to the acquisition of new themes.

In addition, we have also stabilized production of DOP-DEDA, our proprietary phospholipid, in our continuous synesis process. These results led to our being awarded the Award for Excellence from the Japanese Society for Process Chemistry (JSPC) at the 2024 JSPC Summer Symposium. We will work on tackling issues in commercial production.

In terms of revenue, compared to FY2022, the final year of the previous medium-term plan, net sales increased by 390 million yen to 6.05 billion yen, and operating profit increased by 320 million yen to 1.02 billion yen, resulting in increased sales and profits.

Fine chemicals field

Since the end of the previous medium-term management plan, we have been reviewing the profitability of items that have supported our earnings in the past, and have been promoting a policy of selection and concentration. Specifically, we have worked on revising prices and discontinuing sales to winnow down our focus products. In addition, with our wool grease derivatives, especially cholesterol for animal feed, there has been a drop in sales overseas due to increased competition, but on the other hand, materials for perovskite solar cells are steadily seeing expanded real-world use. Although it will be some time before we see its contributions to our profits, we are well on the way with our studies regarding mass production.

In terms of revenue, compared to FY2022, the final year of the previous medium-term plan, net sales decreased by 1.44 billion yen to 5.61 billion yen, and operating profit decreased by 730 million yen to 510 million yen, resulting in decreased sales and profits. Due to being a transitional period while we promote "selection and concentration," our sales and profits are both down, but we have been able to set a certain level to aim for, and these last two years have enabled us to build a foundation for future business expansion.

Hygiene field

The first two years of the Plan were when the effects of COVID-19 gradually faded and the world returned to normal. During this period, stocks of hand sanitizers piled up, and it took time for them to be consumed. In addition, while there was an influenza epidemic, a decline in awareness of infection also worsened the market environment, leading to sluggish sales of ARBONURSE, our main product. We need to move away from this reliance on hand sanitizers, so have focused our efforts on developing new, sustainable products such as neutral concentrated cleaning agents.

In terms of revenue, compared to FY2022, the final year of the previous medium-term plan, net sales decreased by 1.08 billion yen to 6.99 billion yen, and operating profit decreased by 220 million yen to 520 million yen, resulting in decreased sales and profits.

Revisions to management indices in the 14th Medium-term Management Plan

As noted in the overall summary of the first two years, we revised our initial plan (announced on May 12, 2023) to deal with changes in the business environment, and published this on April 30, 2025. Note that, as shown below, there are no changes to "Basic policy," "Review business portfolio," "Designate strategic products," or "Investment in R&D."

However, we have made changes to "Numerical managerial goals," "Capital investment," and "Capital policies/Shareholder returns."

	Announced on May 12, 2023	Announced on April 30, 2025
Basic policy	Stage to strengthen growth foundation through aggressive investment	No changes
Review business portfolio	Restructuring of segments	No changes
Designate strategic products	- Phospholipids. - Materials for perovskite solar cells	No changes
Numerical managerial goals	Net sales/Operating profit/ EBITDA*1/ROIC*2	Revisions to Net sales/Operating profit/EBITDA/ROIC
Capital investment	12 billion yen over 4 years	Revised to 16 billion yen over 4 years
Investment in R&D	- Implementation of the materialities - Creation of future core technologies - Sales-to-R&D ratio	No changes
Capital policies/Shareholder returns	DOE*3/Dividend per share/Total return ratio*4/Cross-shareholding ratio*5	Revisions to DOE/Dividend per share

*1. EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization / *2. ROIC: Return on Invested Capital / *3. DOE: consolidated Dividend on Equity Ratio (Total annual dividends ÷ Consolidated net assets, or Dividend payout ratio × ROE)
*4. Total return ratio: (Total amount of dividends + Amount of treasury stock acquisition) ÷ Net income attributable to parent company shareholders
*5. Cross-shareholding ratio: Ratio of total amount recorded on the balance sheet for investment stocks held for purposes other than pure investment to consolidated net assets

Net sales have been revised to 38 billion yen, lower than the initial target. At the same time, operating profit has been revised slightly upward from 5.7 to 5.8 billion yen, while EBITDA has been revised slightly downward from 7.8 billion to 7.5 billion, so we can expect to see improved profit margins.

The main revisions are in the Environmental Hygiene Products segment. With the drop in awareness of preventing COVID-19 infections, the hand sanitizer market has shrunk, so figures have been revised downwards substantially. On the other hand, in the Functional Products segments, the Beauty care field and the Health care field are doing well, so have been revised upwards.

In addition, we have revised capital investment over the four years from 12 to 16 billion yen, accelerating the active investment part of our basic policy.

For reference, our current vision of the company's future self in FY2030 is to achieve net sales of 48 billion yen, 2 billion yen less than the initial target, operating profit of 8.2 billion yen, an increase of 500 million yen, EBITDA unchanged, and ROIC of 10.0%, greater than 9.0%.

Regarding the cause of the increase in operating profit, we expect that by 2030, some of the themes currently in pre-clinical trials and clinical trials for our strategic item of pharmaceutical phospholipids will be contributing to profits. Moreover, we expect sales of materials for perovskite solar cells to reach the several hundred million yen level from around 2027, with plans to gradually expand sales as we approach FY2030.

		14th Medium-term Management Plan					Vision of the Company's future self	
	FY2022	FY2023	FY2024	FY2025	FY2026		FY2030	
	Actual	Actual	Actual	Forecast	Initial target	After revision	Initial target	After revision
Net sales (100 millions of yen)	368.4	335.3	356.6	342.0	410.0	380.0	500.0	480.0
Operating profit (100 millions of yen)	50.6	42.0	49.0	50.0	57.0	58.0	77.0	82.0
EBITDA*1 (100 millions of yen)	60.1	55.0	62.5	64.9	77.9	75.1	111.8	111.0
ROIC*2 (%)	7.9	6.3	7.1	7.2	8.0	8.0	9.0	10.0
Profit attributable to owners of parent (100 millions of yen)	40.8	33.3	38.7	40.0	—	49.0	—	—
Capital investment	(*3)	From 12 to 16 billion yen over 4 years					—	—
Sales-to-R&D ratio (%)	2.4	2.7	2.7	2.9	2.7	2.7	—	—

*1. EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization *2. ROIC: Return on Invested Capital *3. Total of 10.9 billion yen over 4 years

Revise investment plan
Build new cosmetic ingredients plant

The initial plan was published with a total of 12 billion yen over four years. In this plan, the capital investment plan for the Beauty care field was announced as follows.

■Initial plan

<Additional facilities for phospholipids for cosmetics>
-Plant expansion: Takasago Plant
-Total investment amount: 2.3 billion yen
-Target for completion: FY2026

This plan will be revised as follows.

■Revised plan

<Additional facilities for phospholipids for cosmetics>
- Review existing facilities to increase production capacity through effective use
<Constructed new plant for functional esters for cosmetics (CIP: Cosmetic Ingredients Plant)>
- New plant location: Takasago Plant
- Total investment amount: Approx. 8.6 billion yen
- Operational: 2029

The background to these revisions is as follows.

■Background to revisions

- Phospholipids for cosmetics have not reached the planned figures due to the contraction of the Chinese economy (however, they remain a strategic item).
- Sales have exceeded initial planned figures thanks to expansion of overseas sales, and we expect further increases in demand.

■Investment purposes

- Meeting future demand: Ensuring stable supply and achieving continuous business profits.
- Dealing with aging facilities: Improving employee engagement through better working environments and supporting sustainable production.
- Development of a quality assurance system: Strengthening supply chain management.
- Promotion of automation and labor-saving: Improving production efficiency in a shrinking labor market.

Taking CIP investments into account, we have revised the capital investment amount over four years to 16 billion yen in total.

Revised capital policies and shareholder returns Aiming for ninth consecutive year of dividend increases

For capital policies, our dividends policy previously used 3.0% of DOE from FY2022 as our standard, but in FY2023 we changed that to targeting 3.5%, which means a dividend of 70 yen per share. In FY2024, business performance recovered, and the dividend was increased to 74 yen per share, making this the ninth consecutive year of dividend increases.

Now, we have revised the dividend amount for FY2026, and will pay out 100 yen per share. Our goal in our vision of the Company's future self by FY2030 was to offer 100 yen dividends, and with this plan, we can offer them four years ahead of schedule. Converted to DOE, this is a target of 4.3%. Our forecast for FY2025 is DOE of 4.3%, 94 yen dividend per share, and ten consecutive years of dividend increases.

In our 14th Medium-term Management Plan, from FY2023 to FY2026, the target of our total returns trend of an average of 50% or more over four years remains unchanged.

For FY2024, we do not have actual figures for our share buyback, but total dividends are approximately 1.6 billion yen, resulting in a total return ratio of 43%.

In FY2025, as we announced on April 30, we will carry out a buyback of treasury shares, buying back 1.2 million shares with a maximum limit of 2 billion yen, aiming to achieve an average of at least 50% within the period of the medium-term management plan.

Next, regarding the reduction of cross-shareholdings, there are no changes to in the plan as we aim to reduce our holdings to 17% by FY2026 and to 10% or less by FY2030.

The actual sales amount of cross-shareholdings in FY2024 was 460 million yen, with a holding ratio of 21%.

The chemicals industry is increasingly required to respond to sustainability and co-existence with local communities as we head into the future. We shall put into practice the desire in our Basic Sustainability Policy of “Aiming for our sustainable growth and to bring about a sustainable society.” This is not just revenue-based growth : we shall continue to tackle the challenge of aiming ever higher through repeated innovations into the future, based on our Mission of “Contributing to society through chemistry,” while also fulfilling our responsibilities as a member of society.

		14th Medium-term Management Plan					Vision of the Company's future self	
	FY2022	FY2023	FY2024	FY2025	FY2026		FY2030	
	Actual	Actual	Actual	Forecast	Initial target	After revision	Initial target	After revision
DOE*1 (%)	3.0	3.5	3.5	4.3 (target)	3.5 (target)	4.3 (target)	—	5.0 (target)
Dividend per share (yen)	57	70	74	94	80	100	100	135
Total return ratio*2 (%)	79	77	43	Average of 50% or more*4			—	—
Cross-shareholding ratio*3 (%)	25	24	21	—	17 or under		10 or under	10 or under

*1. DOE: consolidated Dividend On Equity ratio (Total annual dividends ÷ Consolidated net assets or Dividend payout ratio x ROE)
*2. Total return ratio: (Total amount of dividends + Amount of treasury stock acquisition) ÷ Net income attributable to parent company shareholders
*3. Cross-shareholding ratio: Ratio of total amount recorded on the balance sheet for investment stocks held for purposes other than pure investment to consolidated net assets
*4. Average of 50% or more during the term of the 14th Medium-term Management Plan

Value Creation Story

Nippon Fine Chemical offers products in a wide range of fields. These are used as raw materials for pharmaceuticals that help improve health and convenience, for cosmetics that are kind to both people and the environment, and also as the functional materials used in electronics and various resins as well as in familiar daily-use products.

We shall continue to be a corporation that contributes to creating a society that offers beautiful, healthy, and prosperous lives, full of smiles, by providing functional, high added-value raw materials for cosmetics and pharmaceuticals, and functional raw materials.

Inputs

Our Ideas

Universal Mission

Mission

Vision of the Company's future self for 2030

NFC VISION 2030
Smiles on Faces: The Power of KIREI

What we're Here for

Purpose

+

Technology Fields NFC Has Strengths in

- Synthetic organic chemistry
- Oleochemistry
- Dermatology
- Polymer chemistry
- Surface science
- Nanotechnology

+

Social Demands

KIREI of the Earth

- Measures to combat climate change
- Reduction of environmental impact
- Prevention of global warming

KIREI of society

- Strengthening compliance
- Prevention of workplace accidents
- Providing products that are safe and reliable

KIREI of the future

- Promotion of diversity
- Achieving a work-life balance
- Development of products that co-exist with the environment

Increa

Outputs

Business Fields

Beauty care

- Phospholipids for cosmetics
- Functional esters for cosmetics
- Active ingredients
- Natural polysaccharides
- Wool grease derivatives for cosmetics

Health care

- DDS materials/development and manufacturing support
- Pharmaceutical intermediates
- Pharmacology/safety testing
- Wool grease derivatives for pharmaceuticals

Fine chemicals

- Organic acid chlorides
- Materials for perovskite solar cells
- Functional Coatings
- Additives for resins
- Wool grease derivatives

Hygiene

- Hand soaps
- Hand sanitizers
- Products for public health
- Products for food hygiene
- Products for medical hygiene

Provided values

Cosmetics

Sustain your skin and hair KIREI (Beauty)

Pharmaceuticals

Supporting your body KIREI (Health)

Electronics

Supporting cutting-edge equipment KIREI (Performance)

Resources energy

Keeping resources KIREI (Sustainable)

Environmental hygiene

Keeping the environment KIREI (Clean)

sing the purity of our KIREI

"*Kirei*" is a Japanese word expressing the concept of "beautiful," "fine," "clear," or "clean," and can be used as an adjective, noun or verb.

Medium-term Management Plan

Basic policy

Nippon Fine Chemical positions our Mission, which is our universal mission, our Purpose, which clarifies our current reason for existence, and the NFC VISION 2030, which expresses where we want to be in the future year of 2030, as the basic policies that form the basis from where our management strategies are formulated and our business decisions are made. In addition, to share our basic values and ethics, and to reflect these into actual work, we have formulated the Value and the Code of Ethics.

Mission

- Nippon Fine Chemical fulfills its social responsibility through chemistry.
- Nippon Fine Chemical strives to enhance the lives of all our stakeholders.
- Nippon Fine Chemical encourages the self-fulfillment of our employees.

Purpose

Contributing to the creation of a sustainable society filled with Smiles through the Power of Chemistry and KIREI.

Purpose

NFC VISION 2030

Revising our business portfolio and setting strategic items

Revising our business portfolio (revising segmentation)

We have reorganized our segments based on business fields to strengthen our business strategy.

The main changes are the change of name from the old Industrial Products segment to the new Functional Products segment, and its subsequent finer division into beauty care, health care, fine chemicals, and trading, as well as the public release starting from FY2023 of net sales, operating profit, and earnings before interest, taxes, depreciation, and amortization (EBITDA) for each sub-segment.

Setting strategic items

■Phospholipids

We have set phospholipids, a product made through our proprietary technology, as a strategic item (growth driver), and aim to have people think When it comes to phospholipids, look no further than Nippon Fine Chemical both for phospholipids for pharmaceuticals (health care) and phospholipids for cosmetics (beauty care).

■Materials for perovskite solar cells

Supplying our Spirokite™-NS hole transport material is how we contribute. The Japanese government is also encouraging widespread implementation of perovskite solar cells, and has announced its intention to supply power at the 1 GW level by 2030. To make this possible, we are working on ways to mass-produce Spirokite™-NS in our medium-term management plan.

Beauty care field

- Expansion of overseas sales through strengthening marketing activities aimed at overseas clients
- Acquire themes and expand sales through working jointly with clients in the Design & Creation Lab. (an open lab that opened in April 2024)
- Phospholipids for cosmetics: strengthen sales to Asian and Western markets, strengthen our search for new uses
- Continue active initiatives for sustainability and certification (RSPO, Non-GMO, ISO 16128, COSMOS, ASD)
- Promote the construction of a plant for cosmetics ingredients (CIP: Cosmetic Ingredients Plant)

Health care field

- For Gilead Sciences: Maintain a stable supply system
- High-purity phospholipids for pharmaceuticals
  Acquire clients by differentiating formulations that utilize unique functional lipids, and improve business efficiency to strengthen competitiveness
- Promote open innovation at the Shonan Laboratory
- Monetization of continuous production processes
- Wool grease derivatives for pharmaceuticals: Maintain a stable supply for existing clients
- Pharmaceutical intermediates: Focus on themes selected to continue as a result of selection and concentration, and expand sales

*RSPO: Roundtable on Sustainable Palm Oil (certification system). Non-GMO: Non-genetically modified organism. ISO 16128: Natural Origin Index. ASD: Action for Sustainable Derivatives(A collaborative initiative to collectively tackle environmental and social issues in the supply chain around palm oil and palm kernel oil derivatives.)

Fine chemicals field

- Study mass production of materials for perovskite solar cells (strategic item)
- Search for new core businesses (aim for monetization from the next medium-term management plan)
- Move ahead with selling wool grease derivatives at an appropriate price and establishing an efficient production system
- Fatty acid amides: Expand sales for uses that contribute to a sustainable society
- Coatings: Acquire clients and expand sales in the Chinese and Taiwanese markets

Hygiene field

- Develop and promote sustainable products to increase sales
- Expand sales of hygiene products for foods
- Acquire clients through products for hospitals/care facilities
- Strengthen synergy that utilizes mutual resources between Group companies

Strengthen growth foundation through active investment

In the 14th Medium-term Management Plan, we have presented "Stage to strengthen growth foundation through aggressive investment" as our slogan. Capital investment has been revised from the initial plan of 12 billion yen over four years to 16 billion yen over four years.

Actual figures for FY2023-24

Capital investment

- 4.24 billion yen
- Promotion of digitalization (updating core systems)
- Kakogawa-higashi Plant: New administrative and welfare building
- Equipment renewal investment

R&D investment

- 1.8 billion yen (Share of sales: 2.7%)
- Making our production activities sustainable through carrying out the materialities
- Creation of future core technologies (such as studies on flow reactors)
- Maximizing production efficiency by utilizing a process simulator

Management targets and capital policies (consolidated)

■Management target figures

		14th Medium-term Management Plan				
	FY2022	FY2023	FY2024	FY2025	FY2026	
	Actual	Actual	Actual	Forecast	Initial target	After revision
Net sales (100 millions of yen)	368.4	335.3	356.6	342.0	410.0	380.0
Operating profit (100 millions of yen)	50.6	42.0	49.0	50.0	57.0	58.0
EBITDA*1 (100 millions of yen)	60.1	55.0	62.5	64.9	77.9	75.1
ROIC*2	7.9	6.3	7.1	7.2	8.0	8.0
Profit attributable to owners of parent (100 millions of yen)	40.8	33.3	38.7	40.0	—	49.0
Capital investment	(*3)	From 12 to 16 billion yen over 4 years				
Sales-to-R&D ratio (%)	2.4	2.7	2.7	2.9	2.7	2.7

*1. EBITDA: Earnings before Interest, Taxes, Depreciation and Amortization *2. ROIC: Return on Invested Capital
*3. FY2018-FY2022: Total of 10.9 billion yen over 4 years

■Capital policies

		14th Medium-term Management Plan				
	FY2022	FY2023	FY2024	FY2025	FY2026	
	Actual	Actual	Actual	Forecast	Initial target	After revision
DOE*1 (%)	3.0	3.5	3.5	4.3 (target)	3.5 (target)	4.3 (target)
Dividend per share (yen)	57	70	74	94	80	100
Total return ratio*2 (%)	79	77	43	Average of 50% or more*4		
Cross-shareholding ratio*3 (%)	25	24	21	—	17 or under	

*1. DOE: consolidated Dividend On Equity ratio (Total annual dividends ÷ Consolidated net assets or Dividend payout ratio x ROE)
*2. Total return ratio: (Total amount of dividends + Amount of treasury stock acquisition) ÷ Net income attributable to parent company shareholders
*3. Cross-shareholding ratio: Ratio of total amount recorded on the balance sheet for investment stocks held for purposes other than pure investment to consolidated net assets
*4. FY2023-FY2026: Average of 50% or more over 4 years

Our Officers

Directors and Auditors (as of June 25, 2025)

Directors

President and CEO
Hiroshi Yano
(Born June 29, 1964)

April 1989: Joined NFC
September 2006: General Manager of Planning Office
June 2010: Corporate Officer
April 2011: General Manager of Corporate Planning Office
June 2015: Director
Senior General Manager of Fine Chemicals Department
April 2017: General Manager of Lipid Division
June 2020: President and CEO (to present)
October 2021: Senior General Manager of Lipid Division

Director; Executive Corporate Officer;
Executive Supervisor for Group Company Production Management and
In Charge of Plant Engineering Department
Masanobu Kawabayashi
(Born September 5, 1955)

April 1974: Joined NFC
March 2005: General Manager of Takasago Plant
June 2008: Corporate Officer
October 2008: Senior General Manager of Manufacturing & Technology Division
June 2010: Director (to present)
June 2015: Executive Corporate Officer (to present)
June 2017: Executive Supervisor for Group Company Production Management (to present)
April 2024: In Charge of Plant Engineering Department (to present)

Director; Executive Corporate Officer;
Executive Supervisor for Group Research and Development; Senior General Manager of Research Laboratory Division
Yukihiro Ohashi
(Born July 26, 1960)

September 2000: Joined NFC
September 2005: General Manager of Manufacturing Ingredients Research Laboratory Office
June 2006: General Manager of Manufacturing Ingredients Research Laboratory Department
June 2008: Corporate Officer
April 2009: Deputy Senior General Manager of Research Laboratory Division
April 2011: Senior General Manager of Cosmetic Ingredients Division
June 2011: Director (to present)
May 2013: General Manager of Research Laboratory (to present)
June 2021: Senior Corporate Officer (to present)
April 2023: Senior General Manager of Research & Development Division (to present)
June 2024: Executive Corporate Officer (to present)
Executive Supervisor for Group Research and Development (to present)

Director (Outside)
Susumu Ota
(Born October 13, 1952)

April 1975: Joined Toray Industries, Inc.
June 2006: Director at Toray Industries (Malaysia) Sdn. Bhd. and President of Penfibre Sdn. Bhd.
June 2013: CEO & COO, Kansai TEK Co., Ltd. (now Toray Engineering West Co., Ltd.)
January 2015: CEO & COO at Toray Engineering Co., Ltd.
June 2019: Advisor at Toray Engineering
June 2021: Director at NFC (to present)
(Status of main concurrent postings)
Outside Audit & Supervisory Board Member at YMC Co., Ltd.

Director (Outside)
Eriko Matsuwaka
(Born July 25, 1978)

October 2000: Joined ChuoAoyama Audit Corporation (now PwC Japan LLC)
April 2004: Registered as a Certified Public Accountant
November 2005: Joined Nippon Yusen KK
January 2017: Established Stand by C Woman Co., Ltd.; Representative Director and President (to present)
March 2020: Director and Audit and Supervisory Committee Member at Dynapac Co., Ltd. (to present)
June 2024: Director at NFC (to present)
(Status of main concurrent postings)
Representative Director and President at Stand by C Woman Co., Ltd.
Director, External Audit and Supervisory Committee Member at Dynapac Co., Ltd.

Auditors

Standing Audit & Supervisory Board Member
Kiyoshi Horie
(Born August 7, 1952)

April 1979: Joined NFC
January 2000: General Manager of Household Products Research Laboratory
March 2000: General Manager of Kobe Plant
September 2001: General Manager of Industrial Chemicals Laboratory
April 2004: General Manager of Industrial Chemicals Division
June 2004: Corporate Officer
September 2005: General Manager of Development Laboratory
June 2006: Deputy Senior General Manager of Manufacturing & Technology Division and General Manager of Material Technology Department
June 2008: Senior General Manager of Manufacturing & Technology Division and General Manager of Kakogawa-higashi Plant
April 2009: Deputy General Manager of Manufacturing & Technology Division and General Manager of Kakogawa-higashi Plant
June 2011: Standing Audit & Supervisory Board Member (to present)

Standing Audit & Supervisory Board Member
Masanori Mitsuki
(Born January 20, 1958)

April 1982: Joined NFC
2007: General Manager of Environmental Safety & Quality Assurance Department
June 2017: Standing Audit & Supervisory Board Member (to present)

Audit & Supervisory Board Member (Outside)
Tetsuo Masuda
(Born October 29, 1945)

April 1970: Registered with the Osaka Bar Association
April 1992: Deputy Chairman of Osaka Bar Association
April 2004: Standing Director of Japan Federation of Bar Associations
April 2005: Chairman of Osaka Bar Association
Deputy Chairman of Japan Federation of Bar Associations
January 2007: Representative Partner of Nakanoshima Chuo Law Office (to present)
April 2007: Chairman of Kinki Federation of Bar Associations
Governor of Japan Federation of Bar Associations
June 2017: Audit & Supervisory Board Member at NFC (to present)
(Status of main concurrent postings)
Representative Partner of Nakanoshima Chuo Law Office

Audit & Supervisory Board Member (Outside)
Kazufumi Suzuki
(Born February 11, 1976)

April 1998: Joined Nissho Iwai Corporation (now Sojitz Corporation)
October 2013: Joined Taiyo Koko Co., Ltd. as General Manager of Research & Development Department
June 2014: Director of Taiyo Koko, and General Manager of Research & Development
June 2015: Executive Corporate Officer of Taiyo Koko, and Branch Manager of Tokyo Office and General Manager of Research & Development
June 2017: Vice-President of Taiyo Koko
June 2018: Representative Director and President of Taiyo Koko (to present)
June 2021: Audit & Supervisory Board Member at NFC (to present)
(Status of main concurrent postings)
President and Representative Director at Taiyo Koko
Outside Director at Toho Kinzoku Co., Ltd.
Outside Director at Nichirin Co., Ltd.

Corporate Governance

Nippon Fine Chemical is aware that enhancing corporate governance is a key issue required for improving corporate value over the mid to long term, and for sustainable growth. We are working to construct a corporate governance system and establish a sound, transparent, and highly effective management system, including meeting our management and explanatory responsibilities towards our shareholders and other stakeholders.

Issues for corporate governance in FY2024

- Setting the stage to be involved in fostering management candidates
- Deepening debate around sustainability and risk management
- More efficient management through optimizing the provision of information to outside directors and further improvements to briefing materials

Highlights of FY2024

- Number of Board of Directors meetings: 12
- Number of Audit & Supervisory Board meetings: 13
- Number of Nomination and Remuneration Committee meetings: 7

Outline of the corporate governance system

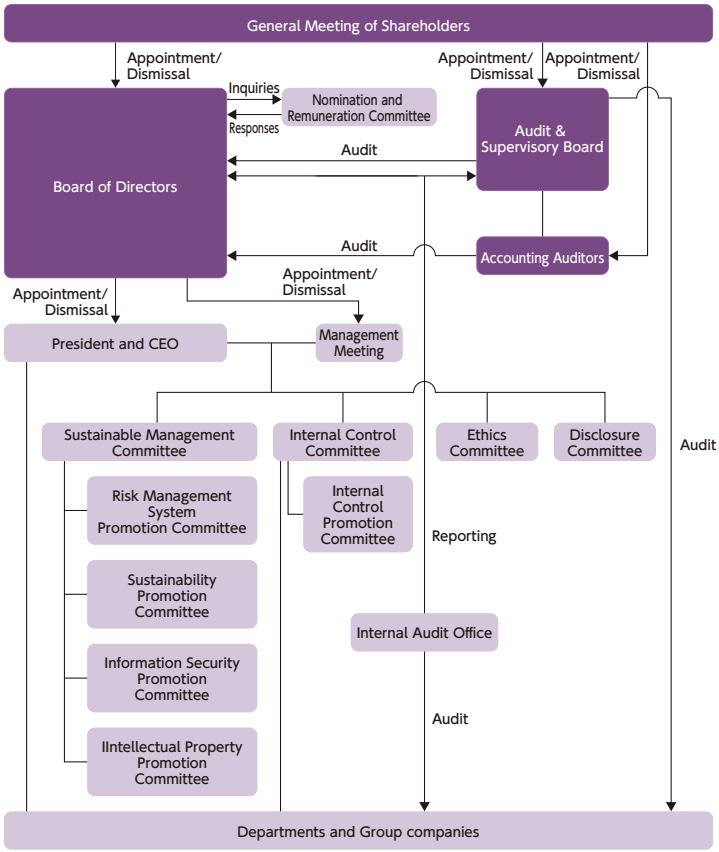
Nippon Fine Chemical established an effective business execution system. The introduced corporate officer system separates the decision-making/supervisory function and the business executive function. The decision-making process of the matters for which business execution decisions are delegated to representative directors and/or other directors/corporate officers, is clarified based on the regulations.

As the highest decision-making organization for management, the Board of Directors determines matters related to laws and regulations and the Articles of Association as well as other key matters, and supervises the business execution of directors and executive officers. In addition, the Management Meeting, made up of the representative director and other full-time directors and corporate officers, deliberates referrals to the Board of Directors of key matters relating to management planning and management policy from multiple perspectives to ensure accurate decision-making.

Auditors audit the work of the directors through investigations into the financial status, work, and attendance at important meetings such as the Board of Directors meetings based on the audit policies and audit plans determined by the Audit & Supervisory Board.

Status of initiatives to strengthen corporate governance

June: 2003	Introduction of corporate officer system
June: 2008	Abolition of the retirement benefit system for directors
June: 2010	Appointment of one independent outside director
December: 2019	Establishment of Nomination and Remuneration Committee
June: 2021	Increase of outside director ratio to 1/3
April: 2024	Establishment of the Sustainable Management Committee



In addition, to promote responses to sustainability issues, which are growing in importance, we have set up the new Sustainable Management Committee to oversee the four promotion committees (Risk Management System Promotion Committee, Sustainability Promotion Committee, Information Security Promotion Committee, and Intellectual Property Promotion Committee), and clarified the roles of the various committees and promotion committees, along with the Internal Control Committee, Internal Control Promotion Committee, Ethics Committee, and Disclosure Committee, to increase their effectiveness.

History of Nippon Fine Chemical

For a hundred years since our founding, we have contributed to the beauty and health, and prosperous lives of people. We shall actively respond to upcoming changes in eras, always innovating, as we aim to become a corporation that grow sustainably for the next hundred years, a corporation that can continue to offer value to society.

Year	Changes in Nippon Fine Chemical
1918	Established Nippon Camphor Co., Ltd. in Kobe
1931	Established Nihon Camphor Trading Co., Ltd. (later Nissei Trading Co., Ltd., now NISSEI BILIS CO., LTD.)
1933	Started manufacture of Japanese Pharmacopoeia Camphor Acquired plant site at Honjo Village, Hyogo Prefecture (Motoyama Plant, later the Kobe Plant)
1941	Established Nippon Shono Kagaku Kogyo [Camphor Chemical Industries] Co., Ltd. in Honjo-cho, Higashinada-ku, Kobe
1945	Head Office and plant totally destroyed in Kobe Air Raid
1949	Established Yamato shono Co., Ltd.
1954	Started fatty acid and oil-related products business after inheriting work of Nippon Shono Kagaku Kogyo Co., Ltd., a subsidiary (single fatty acids, etc.)
1958	Started manufacture of fatty acid monoamide lubricants for polyolefin film (Neutron) [See p.24]
1966	Completed Head Office building in Fukiai-ku (now Chuo-ku), Kobe
1970	Built the Takasago Plant in Takasago, Hyogo Prefecture
1971	Changed company name to Nippon Fine Chemical Co., Ltd.
1972	Changed company name from Yamato Shono Co., Ltd. to Nissei Kosan Co., Ltd. Started real estate and insurance agency business
1976	Relocated Head Office to Osaka City
1977	Started manufacture of Picolet toilet air freshener in Kobe Plant
1979	Listed in the Second Section of the Osaka Securities Exchange
1981	Built a new laboratory in Takasago Plant
1989	Acquired Environmental Health Biology Research Center, Inc. (Later Environmental Bilis Research Center, now NISSEI BILIS CO., LTD.) [See p.22]
1990	Acquired Arbos Yakusho Co., Ltd. (now ARBOS Co., Ltd.) [See pp.25-26]
1991	Built L Plant to manufacture high-purity phospholipids at Takasago Plant
1992	Listed in the First Section of the Osaka Securities Exchange
1995	Merger with Yoshikawa Oil and Fat Co., Ltd. (now Kakogawa-higashi Plant)
1996	Built FHP plant to manufacture fine chemicals at Kakogawa-higashi Plant Established Sichuan Nipo Fine Chemical Co., Ltd. in China, began manufacture and sale of fatty acid monoamides Obtained ISO 9002 certification for Takasago Plant for the manufacture of fatty acid monoamides [See p.24]
1997	Started manufacture of phospholipids for cosmetics at Kakogawa-higashi Plant [See p.19] Listed in the First Section of the Tokyo Stock Exchange


Nippon Camphor Co., Ltd.


Camphor, etc.

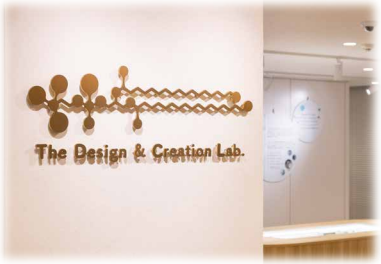

Research on manufacturing synthetic camphor

Picolet series

History of Nippon Fine Chemical

Year	Changes in Nippon Fine Chemical
1998	Obtained ISO 9002 certification for Kakogawa-higashi Plant for the manufacture of cholesterol [See p.28]
1999	Added a plant to manufacture Presome for pharmaceuticals to L Plant
2000	Kakogawa-higashi Plant obtained ISO 14001 certification Presome for pharmaceuticals gained GMP certification from FDA and EMEA [See p.22]
2001	Takasago Plant obtained ISO 14001 certification Started manufacture of functional esters at Takasago Plant [See p.20]
2002	Built New MP plant for manufacturing investigational drugs at Takasago Plant
2005	Merged Nissei Trading Co., Ltd. and Environmental Bilis Research Center, changed trade name to NISSEI BILIS CO., LTD.
2006	Built WJP plant solely for distillation at Kakogawa-higashi Plant
2007	Acquired Custom Serve Corporation (now NISSEI PLAS-TECH CORPORATION)
2009	Relocation of Sichuan Nipo Fine Chemical Co., Ltd. in China completed, new plant begins operation Establishment of joint-venture company Zillion Fine Chemicals International Co., Ltd. in Taiwan
2010	Started manufacturing plastic coating agents at Sichuan Nipo Fine Chemical Co., Ltd. in China [See p.24]
2012	Built FPC plant for manufacturing raw materials for pharmaceuticals and cosmetics at Kakogawa-higashi Plant
2017	Built LP2 plant for manufacturing raw materials for pharmaceuticals at Takasago Plant
2018	Centenary of our founding (Special Centennial Magazine: https://www.nipponseika.co.jp/company/pdf/seika100.pdf)
2022	Moved to Prime Market of the TSE Built NLP plant solely for manufacturing phospholipids for pharmaceuticals at Takasago Plant Built LP3 plant solely for Gilead Sciences at Takasago Plant Built Lipids Office Wing at Takasago Plant Kobe Plant stopped operations
2023	Opened Shonan Laboratory within Shonan Health Innovation Park [See p.22] ISO 9001 certification expanded to all Nippon Fine Chemical products, except for GMP and GMP-compliant products. Absorbed and merged Nissei Kosan Co., Ltd. into NISSEI BILIS CO., LTD.
2024	Opened the Design & Creation Lab. open laboratory on the first floor of our Head Office building. [See p.20]
2025	Built KSC (Kakogawa plant office for Sustainability and Communication) office building at Kakogawa-higashi Plant

Head Office building



The Design & Creation Lab.

Overall view of the plants
and office buildings built in FY2022

KSC office building

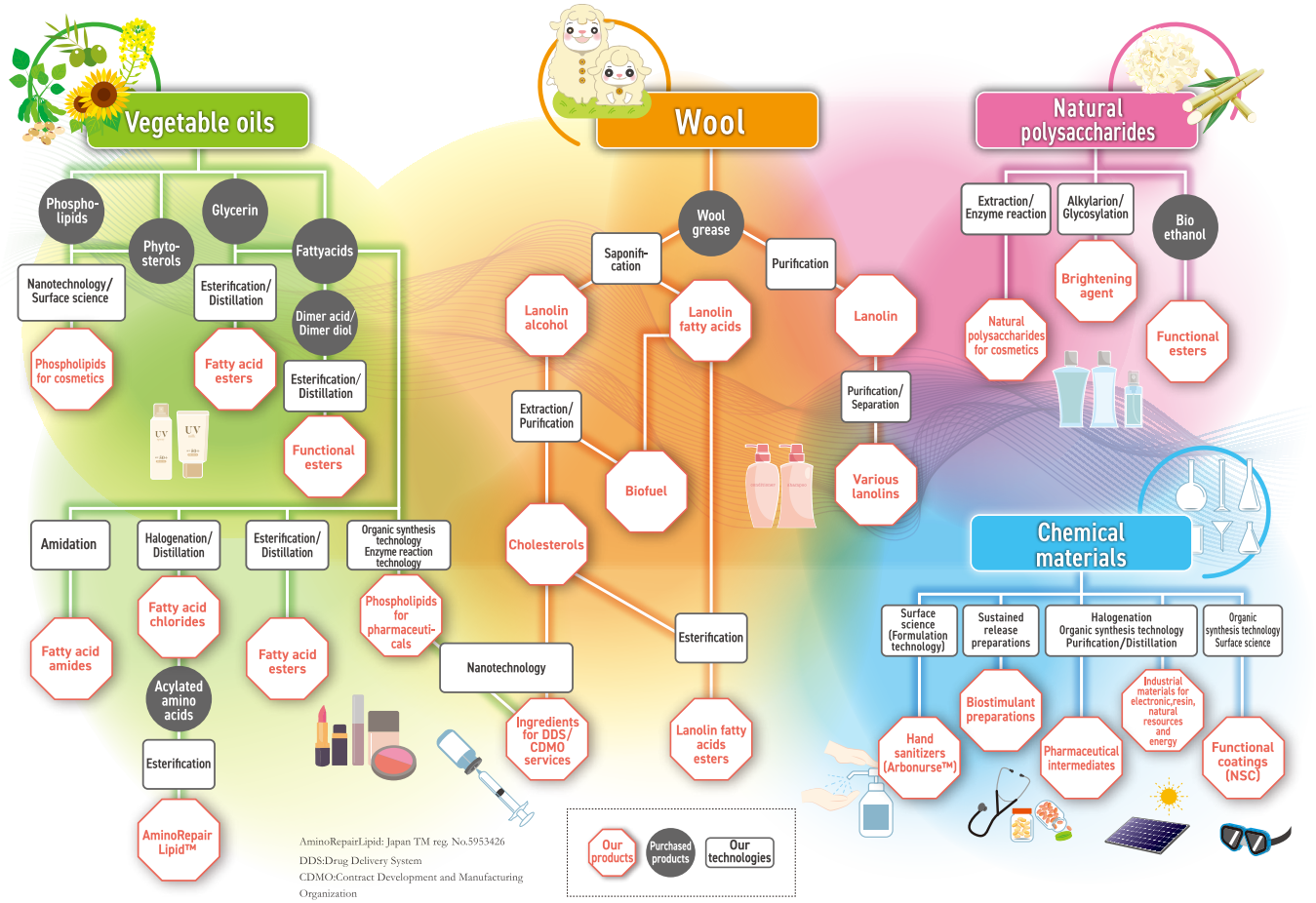
Nippon Fine Chemical Group Businesses

Our businesses cover the two segments of Functional Products and Environmental Hygiene Products, and four key fields.

Business segments

Business segments	Group companies	Business fields
Functional Products	● NIPPON FINE CHEMICAL CO., LTD. ● NISSEI BILIS CO., LTD. ● NISSEI PLAS-TECH CORPORATION ● Sichuan Nipo Fine Chemical Co., Ltd. ● Zillion Fine Chemicals International Co., Ltd.	Beauty care field Health care field Fine chemicals field Trading
Environmental Hygiene Products	● ARBOS Co., Ltd.	Hygiene field
Other	● NISSEI BILIS CO., LTD.	Real estate

Core technologies that support our businesses



AminoRepairLipid: Japan TM reg. No.5953426
DDS:Drug Delivery System
CDMO:Contract Development and Manufacturing Organization

Four key business fields

Beauty care field

- Phospholipids for cosmetics
- Functional esters for cosmetics
- Active ingredients
- Natural polysaccharides
- Wool grease derivatives for cosmetics

Health care field

- DDS materials/development and manufacturing support
- Pharmaceutical Intermediates
- Pharmacology/safety testing
- Wool grease derivatives for pharmaceuticals

DDS: Drug Delivery System

Synthetic organic chemistry
Polymer chemistry
Oleochemistry
Surface science
Dermatology
Nanotechnology

Fine chemicals field

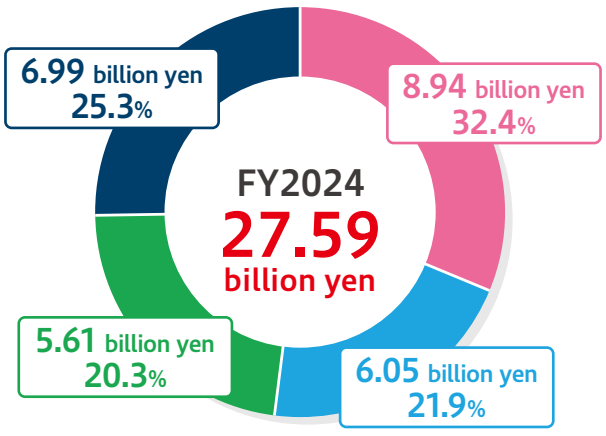
- Assorted acid chlorides
- Materials for perovskite solar cells
- Functional coatings (NSC)
- Resin additives
- Lubricants for powder metallurgy
- Assorted wool grease derivatives

Hygiene field

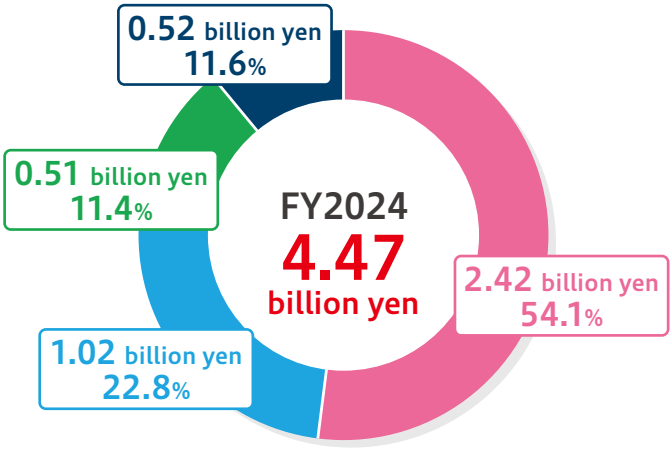
- Hand soap liquids
- Hand sanitizers
- Public health products
- Food sanitation products
- Medical hygiene products

Comparison of key business fields

Sales composition ratio



Operating profit composition ratio

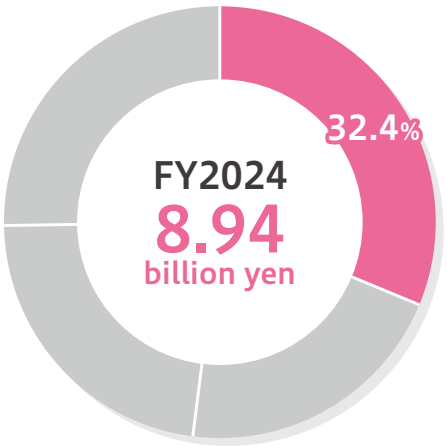


Beauty care　Health care　Fine chemicals　Hygiene

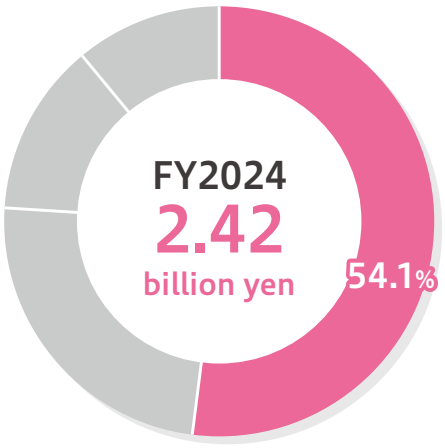
Functional Products: Beauty Care Field

Sustaining KIREI, creating a society full of smiles.

Sales composition ratio



Operating profit composition ratio



Medium-term management plan　Basic policy

For the Beauty care field, we have positioned “Phospholipids,” “Functional esters,” and “Active ingredients” as the three fields to focus on.

The latter two years (FY2025-FY2026) of the medium-term management plan have the following basic policies.

- Expansion of overseas sales through strengthening marketing activities aimed at overseas clients
- Acquire themes and expand sales through working jointly with clients in the Design & Creation Lab. (an open lab)
- Phospholipids for cosmetics (strategic item): sales to Asian and Western markets, strengthen our search for new uses
- Continue active initiatives for sustainability and certification (RSPO, Non-GMO, ISO 16128, COSMOS, ASD)
- Promote construction of CIP (Cosmetic Ingredients Plant)

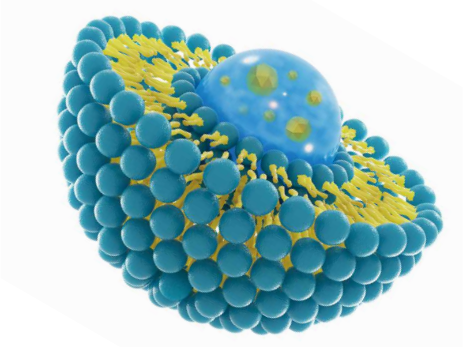
Phospholipids for cosmetics

Main products

●Liposome precursors
- Phytopresome™ series
- Presome™ series

●Natural origin emulsifiers
- Phytocompo™ series
- Composite series

●Bioactive lipids
- PrimeLipid™ series



In our Liposome precursors, we offer the Phytopresome™ and Presome™ series. We have received high praise from customers who have used lotions and serums containing active ingredients such as ceramides and astaxanthin.

In our Natural origin emulsifiers, we offer the Phytocompo™ and Composite series.

These find use in emulsions, creams, sunscreens, and in hypoallergenic cosmetics that can be used even by people with sensitive skin.

Our PrimeLipid™ series offers new value for phospholipid materials based on solid evidence.

Functional esters for cosmetics

Main products

- ●Functional esters
  - Neosolue™ series
- ●Plant derived esters
  - Plandool™ series
  - LUSPLAN™ series
- ●Highly soluble esters
  - FineNeo™ series
- ●Products for haircare
  - NanoRepair™ series
  - Erucalactone series

At Nippon Fine Chemical, we offer a range of sustainable materials derived from carefully selected plant oils, which are highly regarded by customers not just in Japan, but around the world.

We shall continue aiming to increase the share of overseas sales.

In addition, we offer a diverse lineup that covers skin care, hair care, make-up, and sunscreens, accurately identifying customer issues in these areas, and offering a full support system right from prescription development.

Active ingredients

Main products

- ●Skin brightening agent
  - Arbutin-Bio
  - Arbutin
  - Ethyl ascorbic acid
  - Tranexamic acid
- ●Polysaccharides
  - Tremoist™ series
  - Inulin-SC

At Nippon Fine Chemical, we also offer unique active ingredients.

In skin brightening agents, our lineup includes four types: Arbutin-Bio, Arbutin, Ethyl ascorbic acid (a Vitamin C derivative), and Tranexamic acid. We offer support from prescription development to pharmaceutical applications to suit our customers' development concepts.

In addition to the Tremella fuciformis polysaccharide Tremoist™ series, a fungus which the famed beauty Yang Guifei is said to have favored, we also provide Inulin, which fixes the microbiome, as a raw material for cosmetics.

The Design & Creation Lab. (TDC Lab.)

The Design & Creation Lab. (TDC Lab.) on the first floor of our Head Office building is a place where people can actually experience the appeal of Nippon Fine Chemical products, and often holds seminars with practical aspects on phospholipids and functional esters, two of our strengths.

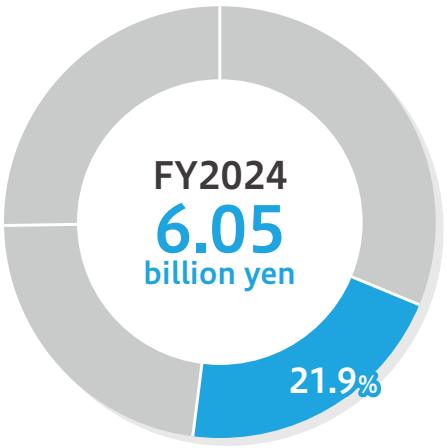
From a space where people can assemble and share a range of ideas, we contribute to solving the problems our customers face and creating new value.

The TDC Lab. is also a place where we create digital content to ensure the appeal of our products can be readily understood via the internet.

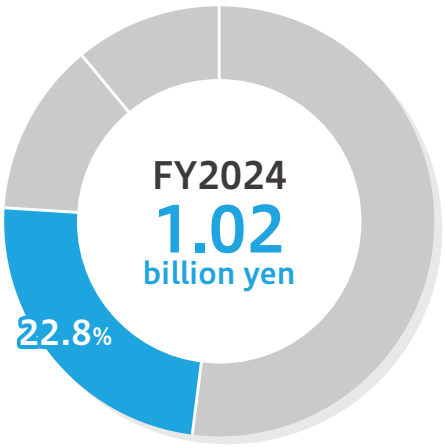
Functional Products: Health Care Field

Contributing to “Health: KIREI” and to a society full of smiles through chemistry.

Sales composition ratio



Operating profit composition ratio



Medium-term management plan　Basic policy

In the Health care field, our focus areas are pharmaceutical lipids such as phospholipid materials and cholesterol.

The latter two years (FY2025-FY2026) of the medium-term management plan have the following basic policies.

- Maintain a stable supply system for Gilead Sciences
- High purity phospholipids for pharmaceuticals: Acquire clients by differentiating formulations that utilize unique functional lipids, and improve business efficiency to strengthen competitiveness
- Promote open innovation at the Shonan Laboratory
- Monetization of continuous production processes
- Wool grease derivatives for pharmaceuticals: Maintain a stable supply for existing clients
- Pharmaceutical intermediates: Focus on themes selected to continue as a result of selection and concentration, and expand sales

Lipids and cholesterol for pharmaceuticals

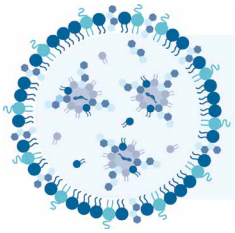
Main products

●**A range of lipids for pharmaceuticals**

- Phospholipids for pharmaceuticals
- Cationic lipids
- High purity cholesterol
- Lipids for liposome/LNP formulations

At Nippon Fine Chemical, we manufacture a range of phospholipids for pharmaceuticals using our proprietary production process. These phospholipids are manufactured in compliance with GMP standards, and thus enjoy high levels of trust among customers both in Japan and overseas. Our lipids have been used in a large number of pharmaceuticals.

In addition, one of our strengths is being able to manufacture high purity cholesterols in-house.



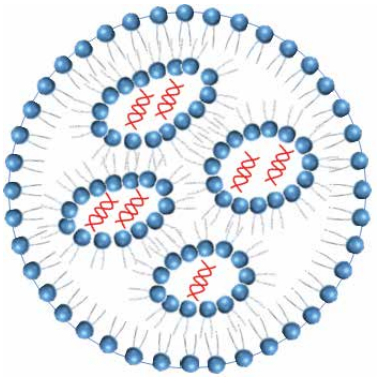
40+
years of lipid expertise

We have been researching lipids such as phospholipids and cholesterol for more than forty years.

By drawing on our knowledge of lipids technology, we have lately been focusing our efforts on the development of “Only One” raw materials such as developing cationic lipids. We also provide materials for LNP* formulations, which have been attracting attention in COVID-19 vaccines and liposomes.

*LNP: Lipid Nano Particle

Support for the development and manufacture of pharmaceuticals



LNP schematic diagram
This is a formulation in which particles containing a nucleic acid as a drug substance enveloped in cationic lipids are contained in a capsule made of phospholipids and cholesterol.

Main products and services

●DDS materials/CDMO services
- Presome™ - Liposome preparation technology - LNP preparation technology

There is increasing segmentation of fields within the medical industry in recent years.

At Nippon Fine Chemical, we actively engage in CDMO* services to support drug development using our liposome technology as our weapon.

We can quickly respond to our customers' requests using the proprietary liposome technology we have developed.

In addition, we carry a wide range of phospholipids essential for LNP formulations, such as the COVID-19 vaccine, from general-purpose materials to proprietary materials, allowing us to assist in the development of oligonucleotide therapeutics, a field that is attracting interest for next-generation pharmaceuticals.

*CDMO: Contract Development Manufacturing Organization

Open innovation: Shonan Laboratory

In April 2023, we opened the Shonan Laboratory within the Shonan iPark (photo on the left) to promote open innovation for phospholipids for pharmaceuticals. In addition to R&D, it serves as a place from where we can provide information to the pharmaceutical industry, such as by hosting seminars.

Pharmacology/safety testing

Main services

- Drug efficacy pharmacology testing for pharmaceuticals
- Safety testing/safety pharmacology testing
- Non-clinical testing of regenerative medicine products
- Mock usage testing of medical devices

In the contract business department of NISSEI BILIS CO., LTD., we work on pharmacology/safety testing within the pharmaceuticals field.

We contribute to maintaining people's health and the social environment by evaluating the safety and effectiveness of pharmaceuticals, medical devices, regenerative medicine products, and more.

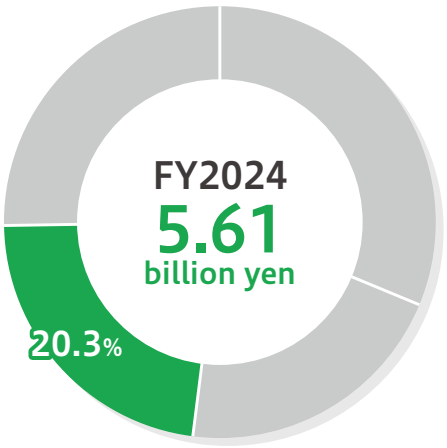
In addition, we will also have an animal-friendly laboratory that meets international standards and adheres strictly to the 3Rs principle.

*3Rs:
- Refinement : reducing the suffering of animals
- Reduction : reducing the number used
- Replacement : finding replacements

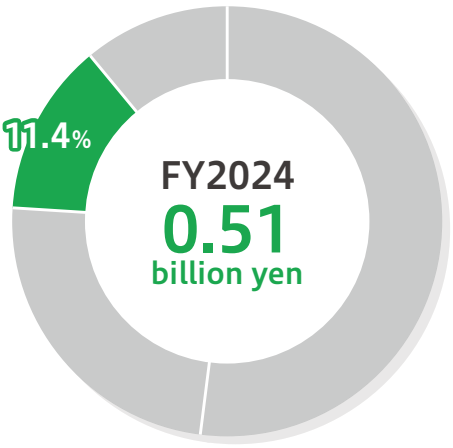
Functional Products: Fine Chemicals Field

Our high purity, high quality new materials help make the future KIREI.

Sales composition ratio



Operating profit composition ratio



Medium-term management plan　Basic policy

In the Fine Chemicals field, we use the organic synthetic chemistry that is one of Nippon Fine Chemical's strengths to provide a range of materials.

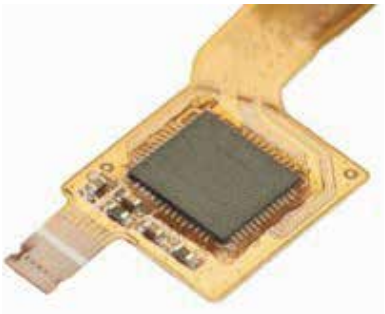
The latter two years (FY2025-FY2026) of the medium-term management plan have the following basic policies.

- Study mass production of materials for perovskite solar cells (strategic item)
- Search for new core businesses (aim for monetization from the next medium-term management plan)
- Move ahead with selling wool grease derivatives at an appropriate price and establishing an efficient production system
- Fatty acid amides: Expand sales for uses that contribute to a sustainable society
- Coatings: Acquire clients and expand sales in the Chinese and Taiwanese markets

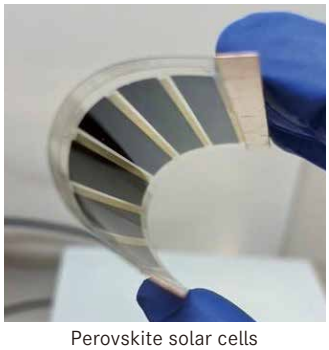
Materials related to electronics and resource energy

Main products

- ●Materials for perovskite solar cells
  - Spirokite™ series
- ●A range of materials for engineering plastic
  - High-purity organic acid chloride
- ●Resin additives
  - Release agents, lubricants



Substrates for high-speed communication



Perovskite solar cells
(Photo credit: Toin University of Yokohama)

At Nippon Fine Chemical, we can offer a range of acid chlorides by utilizing our specialty halogenation technology.

These acid chlorides are essential materials for engineering plastics such as polyimide and polyamideimide.

In addition, the fields where Nippon Fine Chemical materials are used are expanding more and more even in the resources and energy fields, such as for perovskite solar cells.

Fatty acid amides

Main products

●**Fatty acid amides** - Neutron™ series

One of Nippon Fine Chemical's top products is our fatty acid amides.

These are produced by Sichuan Nipo Fine Chemical, an affiliate located in Sichuan Province, China.

By adding these when forming shopping bags, they migrate to the surface and make it easier to separate the two surfaces when they are stuck together. This is just one of the ways these amides are used as plastic additives.

There has been a large increase in environmentally-friendly plastics recently.

We are focusing on expanding sales to target markets like this.

Functional coatings

Main products

- Hard coatings for helmet visors
- Hard coatings for medical goggles
- Anti-fogging coatings
- Hydrophilic coatings

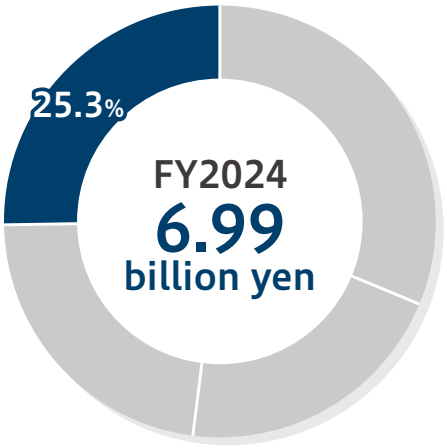
Coatings to prevent scratches or fogging for medical goggles or helmet visors also use Nippon Fine Chemical products, helping people see more KIREI.

We will focus on this segment, where we expect more and more demand in future for products like anti-fogging or hydrophilic coatings.

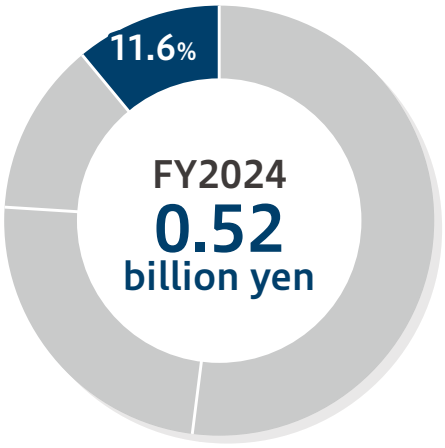
Environmental Hygiene Products: Hygiene Field

Creating KIREI in daily life through sustainable products.

Sales composition ratio



Operating profit composition ratio



Medium-term management plan　Basic policy

In the Hygiene field, we focus our efforts on the development and sales of sustainable products in the three fields of Food Business, Medical, and Amenities.

The latter two years (FY2025-FY2026) of the medium-term management plan have the following basic policies.

- Develop and promote sustainable products to increase sales
- Expand sales of hygiene products for foods
- Acquire clients through products for hospitals/care facilities
- Strengthen synergy that utilizes mutual resources between Group companies

Products to prevent infectious diseases (hand sanitizers, hand soaps, etc.)

Main products

●Hand sanitizer (designated quasi-drug)
- ARBONURSE (biomass bottles)
- ARBONURSE LL

●Hand soaps
- ARBOS SOAP SOLUTION i G-N
- ARBOS SOAP SOLUTION ECO
- -HANDWHIP™ (biomass bottle)
- -ARSACTOR™ A

Our ARBONURSE hand sanitizer is highly regarded for how it protects the skin from damage, leading to a lot of repeat business.

In addition, we offer a wide lineup of products such as ARBONURSE LL, which is suited for long-term storage in case of disasters, ARSACTOR™ A scrubbing hand soap, which uses no microplastics due to concerns about their effect on ecosystems, and ECOFESSIONAL, which uses RSPO-certified products and a biomass-derived bottle.

Cleansers for the food business

Main products

- ●Detergent for automatic dishwashers
  - AUTOCLEAN SERIES
- ●Fruit and vegetable cleanser
  - ARVEGE
- ●Degreasing cleanser
  - POWER ZAK™
- ●Dishwashing detergent
  - ARUFINE™ SERIES
- ●Disinfecting cleanser
  - FOAM DETERGENT BF™
  - ARBOS SANITIZER C

At ARBOS, we offer a full range of cleaning and hygiene and cleaning items, from products that suit each usage scenario to gloves and paper towels.

In our product development and improvement, we aim to create products that anyone can easily use by making them lighter and more concentrated. We also try to expand our business with an awareness of the SDGs and environmental friendliness, such as by reducing workloads and waste where our products will be used.

In addition, we work with our customers to create safer, more pleasant environments through supporting hygiene management, such as by providing manuals on using our products, or holding lecture sessions on hygiene inspections and hygiene.

Cleansers for medical or long-term care use

Main products

- ●Hand soaps
  - -CAREMILD
- ●Hand disinfectants (Class 3 OTC drug)
  - ARBONURSE PRO
  - ARBONURSE PRO GEL
- ●Cleaning equipment cleanser (for medical instruments)
  - NEOARBEST SERIES
- ●Hair care, body care
  - ARCHARM™ SERIES

At ARBOS, we develop products helpful for implementing standard precautions in medical and care facilities. We have an extensive lineup that covers the entire medical and care field, including hand soaps, hand sanitizers, and cleansers for medical equipment.

In our product development, we also carry out joint research with universities to obtain data that can be used to both improve the value of existing products and to develop new products.

Focus Material

Phospholipids

The power inherent in our phospholipids helps make things KIREI.

Smile on Faces; The KIREI power of the Phospholipids, by Nippon Fine Chemical.

We shall boost our R&D and sales for phospholipids in the fields of beauty care and health care, where we expect to see further market growth in the future, aiming have people say “when it comes to phospholipids, look no further than Nippon Fine Chemical.”

Beauty care field

Markets

- Skin care forecast to grow 7.5% CAGR* in the global market (2020-2030)
- The market drivers will be the United States, China, and Europe

Initiatives

- Strengthening sales overseas
- Expand production capacity to expand sales
- Utilize up-cycled raw materials and expand uses

Health care field

Markets

- Nucleic acid medicine forecast to grow 16.6% CAGR (2020-2026)
- Segmentation of pharmaceuticals development

Initiatives

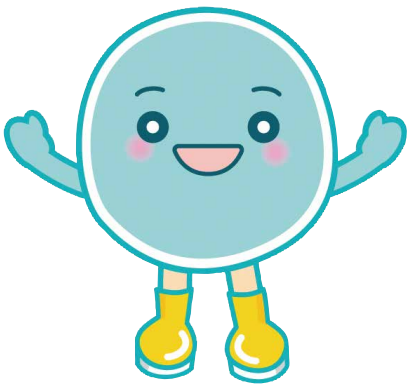
- Differentiation in CDMO* through LNP/liposome technology
- Solid maintenance and expansion of existing businesses
- Maintain GMP-compliant production and assurance system

*CAGR: Compound Annual Growth Rate

*CDMO: Contract Development Manufacturing Organization

We have opened a special site for phospholipids.
With plenty of illustrations, it is a fun way to easily learn about phospholipids.

https://www.nipponseika.co.jp/en/phospholipid/index.html



Lipopi, Nippon Fine Chemicals’ phospholipids mascot

Focus Material

Lanolin and Cholesterol

Wool-derivative multifunctional materials

Lanolin is a natural oil obtained by purifying wool grease, the lipid components adhering to wool. Lanolin contains many components similar to human epidermal lipids such as cholesterol and branched fatty acids.

Lanolin is obtained from sheep wool shorn every year, not from internal fat like lard or tallow. We use it for a number of different purposes in the functional products segments of Beauty care field, Health care field, and Fine chemicals field.

We are working to ensure transparency throughout our wool grease supply chain to help reduce the impact on sheep.

Beauty care field

Main products

Ecolano™ series
- Lanolin for cosmetics
- Cholesterol for cosmetics
- Cholesterol derivatives for cosmetics

Main uses

- Skin care: barrier functions
- Hair care: hair surface modification oils
- Make-up: pigment dispersion/gloss

Health care field

Main products

- Lanolin for pharmaceuticals
- High purity cholesterol

Main uses

- Ointments for pharmaceuticals
- Liposome/LNP formulations

Fine chemicals filed

Main products

- Rust prevention/lubricants (LanoAce™ series)
- Cholesterol for LCDs
- Cholesterol for animal feed

Main uses

- Rust inhibitors for car bodies and lubricants for metals
- LC displays
- For shrimp feed

Our lanolin/cholesterol mascots:
Ecola (L) and Lano (R)

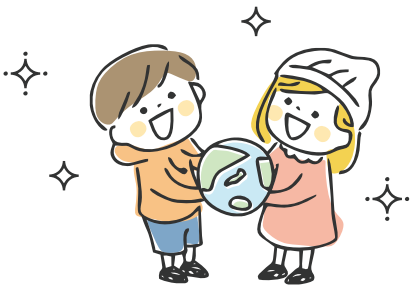
Sustainability Directions and Information

Basic ideas

At Nippon Fine Chemical, we have set a basic policy for sustainability, basic policies for the environment, safety, and quality (see p.41, p.47, and p.49), and basic policies for human capital and procurement (p.35, p.46). All employees independently and continuously make improvements based on these policies, fulfilling our social responsibility.

Basic Sustainability Policy

Aiming for our sustainable growth and to bring about a sustainable society



Nippon Fine Chemical's Basic Sustainability Policy has been set based on the following ideas.

- Nippon Fine Chemical fulfills its social responsibility through chemistry (our Mission)
- Smiles on Faces: The Power of KIREI (NFC VISION 2030 Company Statement)
- Helping to sustain the three "KIREIs" of the Earth, society, and the future (NFC VISION 2030 Sub-concept)

To carry out this basic policy properly, we have established a Sustainability Office and Sustainability Promotion Committee, set targets and KPIs (key performance indicators) for sustainability, and are working on specific initiatives.

Sustainability organizations

At Nippon Fine Chemical, we have established a Sustainability Promotion Committee chaired by the Senior Corporate Officer, Senior General Manager of the Administration Division and composed of members selected from each division and Group company.

The Committee identifies sustainability-related materialities (key issues), plans measures, and manages progress. It also uses scenario analysis to assess the importance of risks and opportunities related to climate change issues. Committee operations are handled by the secretariat, which is Administration Divisions, and the Sustainability Office.

The progress and results of our activities are reported to the Sustainable Management Committee, which is chaired by Nippon Fine Chemical's President and CEO, then the Board of Directors, which also oversees the progress of these activities.

Training related to sustainability

Nippon Fine Chemical publishes training materials called "Sustainability Notes" that present matters related to general sustainability, including the SDGs, in an easy-to-understand way, and makes them available on the company intranet so that all employees can read them. Ten issues were published in FY2024.

In addition, we create videos and train employees in the status and background of our materiality initiatives listed on the Materialities pages (pp. 31-32). Training sessions were held five times during FY2024, with more than 90% of employees participating in each session through viewing these videos on the company intranet.

Participation in initiatives and information disclosure

Globally, people are paying more and more attention to sustainability initiatives within organizations and corporations. For this reason, Nippon Fine Chemical is in agreement with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the Ten Principles related to the four fields of Human Rights, Labour, the Environment, and Anti-Corruption as stated by the United Nations Global Compact (UNGC) (see p.33), and continues striving to achieve these. In addition, we have obtained RSPO certification regarding palm oil-derived products.

Information on our initiatives related to sustainability is published on our website, as well as in our securities report, TCFD Report and Integrated Report. In addition, we disclose information for our stakeholders on multiple platforms. Through this, we strive to increase the transparency of our management and build relationships of trust with our stakeholders.

Initiatives in line with TCFD recommendations

We use raw materials and fuels from fossil sources in the process of manufacturing a wide variety of products. For that reason, we consider the risks and opportunities from climate change to be a key management issue, and so in December 2021 we expressed our support for the TCFD recommendations.

We use scenario analysis to assess the risks and opportunities of the impact of climate change on our business. Going forward, we will recognize its significance and strengthen the resilience of our strategies by reflecting this impact in our management measures. These initiatives are published in our TCFD Report.

https://www.nipponseika.co.jp/en/sustainability/pdf/tcfdreport_2025.pdf

RSPO Certification

We are working to increase the number of our products that make use of RSPO*1-certified raw materials. As part of these efforts, in February 2025 we were given a high score of 8.8 on the SR Scorecard.*2

We will continue working towards sustainability in accordance with the SR requirements, based on our Basic Sustainability Policy.

*1. RSPO: Roundtable on Sustainable Palm Oil
*2. SR Scorecard: Shared Responsibility Scorecard. This shows what stage, out of ten, we are at in our initiatives for sustainability based on the RSPO Shared Responsibility framework (transparency and legality, social, environmental and resourcing). The average score of the sectors we work in is 2.4 points.

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Information disclosure via platforms

We disclose a wide range of information, including that related to the environment and human rights, on international information disclosure platforms such as CDP, EcoVadis, and Sedex.

CDP

A UK-based non-profit organization that runs a global environmental disclosure system for companies. We responded to the CDP Corporate Questionnaire in FY2024, and obtained a B score in both “Climate change” and “Water security.”

EcoVadis

A provider of rankings founded in France. We were given their Bronze Medal in FY2024.

Link to our recognition page

Sedex

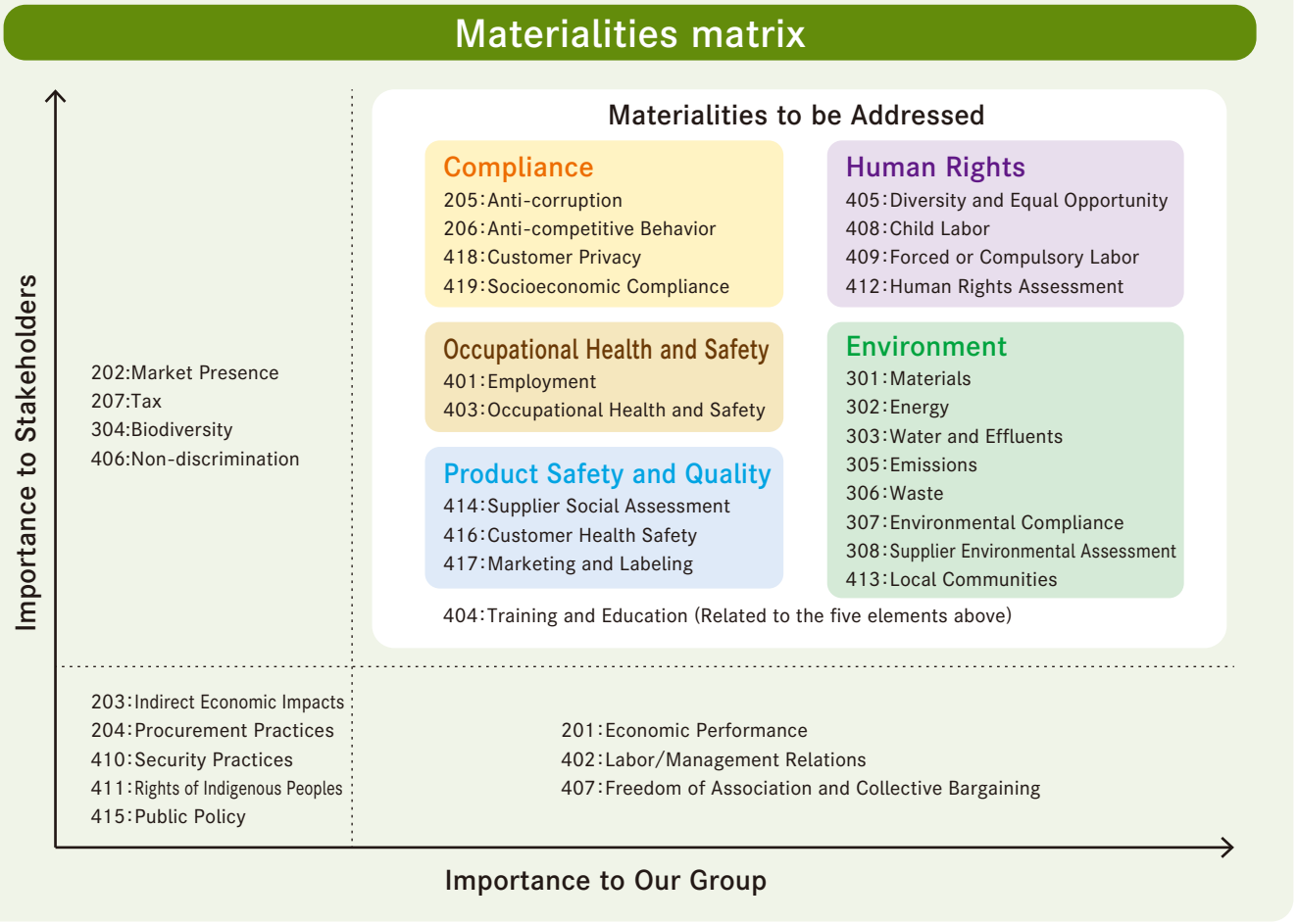
A UK-based NPO, it enables the sharing of CSR self-assessment questionnaire results and audit results. In FY2024, we responded to not only their normal SAQ, but the new Environment SAQ as well.

Materialities

Identifying and classifying materialities

At Nippon Fine Chemical, we have used the GRI Standard to create a matrix with the two axes of " Importance for our Stakeholders " and "Importance for our Group." This was used to identify materialities following discussions by the Sustainability Promotion Committee. Finally, we created a matrix of materialities we need to address classified into the five categories of Human Rights, Environment, Compliance, Occupational Health and Safety, and Product Safety and Quality.

Materialities matrix



Determining initiative details

The initiative details of 22 materialities in 5 categories we need to address are categorized into the three sub-concepts in our long-term vision, NFC VISION 2030.

NFC VISION 2030 Sub-concept

KIREI of the future:
Sustaining the KIREI of the future through diversity-driven innovation.

KIREI of the Earth:
Sustaining the KIREI of the Earth through sustainable manufacturing.

KIREI of society:
Sustaining the KIREI of communities through compliance, safety, and actions that ensure peace of mind.

We set a KPI and numerical goal for each initiative, and our Group then works with a range of departments and Group companies to plan and work daily towards achieving these targets.

Our initiatives for FY2024 are shown in the table on the next page. Please refer to the following web page for details of past initiatives and initiatives to FY2025.

https://www.nipponseika.co.jp/en/sustainability/materiality/

Status of initiatives for FY2024

Theme	Initiatives (NFC VISION 2030)	KPIs (Key Performance Indicators)	Numerical Goals	Performance	SDGs
Human Rights	Be a company where women can play an active role (KIREI of the future)	- Ratio of female employees*2 - Ratio of females in management*2	- With the aim of having 30% or more ratio of females in management by the 2030s, the goals are to have 20% or more ratio of female employees, as well as 15% or more ratio of females in management and management candidate positions by FY 2027.	- Ratio of females in management: 5% - Ratio of female employees: 21% - Ratio of females in management and management candidate : 10%	
	Be a workplace where people can work equally regardless of disability (KIREI of the future)	- Ratio of disabled people hired*1.2	- The goal is to have 2.5% or more ratio of disabled people hired by the end of FY2024.	- Ratio of disabled people hired : 3.2%	
	Achieve work-life balance by supporting child-rearing and long-term care (KIREI of the future)	- Ratio of child-care leave taken*1.2 - Specific measures for long-term care	- The goal is to take 70% or more ratio of child-care leave by the end of FY2025.	- Ratio of child-care leave taken: 94%	
Environment	Develop products that can co-exist with the environment (KIREI of the future and Earth)	- Amount of R&D investment - Number of patents	- The goal is to have 4.4% of sales or more amount of research and development investment every fiscal year during FY2023 to FY2026. - The goal is to apply 75 patents over the five years between FY2022 and FY2026.	- R&D investment rate: 4.1% - Number of patents: 44 (cumulative number since FY2022)	
	Reduce emissions of substances targeted by the PRTR Register (KIREI of the Earth)	- Amount of emissions of substances targeted by the PRTR Register	- With the aim to reduce the amount of movement by 50% or more compared to FY2020 by the end of FY2030, the specific studies are carried out.	- Amount of movement of substances targeted by the PRTR Register : 65% reduction	
	Contribute to achieving a carbon-neutral society (KIREI of the Earth)	- Amount of greenhouse gas emissions*1.2	- The specific studies are carried out to reduce emissions by 41.5% by FY2030 compared to FY2018.*3	- Amount of CO_2 emissions: 48% reduction	
	Reduce industrial waste and promote resource recycling (KIREI of the Earth)	- Amount of industrial waste generated*1 - Recycling rate*1	- The specific studies are carried out to reduce the generated amount of industrial waste by 20% or more compared to FY2019 by the end of FY2030. - The specific studies are carried out to achieve 90% or more recycling rate by the end of FY2030.	- Amount of industrial waste generated: 35% reduction - Recycling rate: 92%	
	Strengthen the effective use of water resources (KIREI of the Earth)	- Amount of water used*1.2 - Amount of effluent*1.2	- The specific studies are carried out to reduce the used amount of water by 10% or more compared to FY2019 by the end of FY2030. - The specific studies are carried out to reduce the amount of effluent by 10% or more compared to FY2019 by the end of FY2030.	- Amount of water used: 20% reduction - Amount of effluent: 19% reduction	
Compliance	Strengthen compliance (KIREI of society))	- Number of serious compliance violations*1.2 - Rate of compliance training session attendance*1.2	- The goal is to achieve zero occurrence of a serious compliance violation. - The goal is to achieve 100% attendance rate of compliance training session.	- Number of serious compliance violations: 0 - Rate of compliance training session attendance: 98%	
Occupational Health and Safety	Prevent workplace accidents and ensure health and safety for workers (KIREI of society)	- Number of workplace accidents*1.2 - Rate of stress check implementation*2	- The goal is to achieve zero occurrence of workplace accidents every fiscal year. - The goal is to achieve a 90% or more implementation rate of stress check every fiscal year.	- Number of workplace accidents: 5 - Rate of stress check implementation: 92%	
Product Safety and Quality	Contribute to society through safe and reliable products (KIREI of society)	- Number of quality claims	- The goal is to reduce the number of quality claims by 50% from that of the previous fiscal year in each fiscal year.	- Number of quality claims: 50% reduction	

*1. The KPI including ARBOS Co., Ltd.
*2. The KPI including NISSEI BILIS CO., LTD.
*3. The base year and the numerical goal have been updated since FY2024 due to the inclusion of NISSEI BILIS CO., LTD. because the available emission data of greenhouse gas for counting as group companies starts from FY2018.

Respect for Human Rights

Basic ideas

The Nippon Fine Chemical Group set the Nippon Fine Chemical Group Human Rights Policy in March 2023. This is in accordance with our principle of respecting the rights of all persons involved with our business activities and avoiding any and all discriminatory treatment, and based on the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, and the UN Guiding Principles on Business and Human Rights.

In addition, the Nippon Fine Chemical Group Human Rights Policy stipulates that the Group will respect the human rights of all persons involved in its business activities, including employees, and will also require this of its supply chain.

Initiatives

Initiatives for Human Rights Due Diligence

The Nippon Fine Chemical Group is working on Human Rights Due Diligence in order to identify negative effects on human rights, and prevent or mitigate them.

Using a risk assessment method that references various guidelines on human rights, we identify and evaluate risks that could create negative effects on human rights (human rights risks), and which could come about through our Group's business activities.

■Priority risks

Our Group has set the following eight priority risks. These priority risks will be continually revisited.

Priority risks	Groups affected	Main risks
Access to relief offices	All stakeholders	Inappropriate responses when infringements of human rights are noticed
Employee privacy	Nippon Fine Chemical employees	Leaking of employees' personal information
HR and labor for employees	Nippon Fine Chemical employees	Unpaid wages, interference with freedom of association and collective bargaining, and undeveloped disciplinary systems
Health and safety of employees	Nippon Fine Chemical employees	Dangers, harsh working environments, fires/explosions
Health and safety of local communities	Local communities	Damage to local communities and health impacts from fires, explosions, or chemical leaks
Health and safety of clients and consumers	Clients, Consumers	Obstruction of client/consumer choice due to lack of appropriate product information
Health and safety in the supply chain	Suppliers	Dangers, harsh working environments, fires/explosions
Child labor in the supply chain	Suppliers	Child labor, dangerous work assignments, harsh working conditions

Participation in the United Nations Global Compact

In March 2023, we announced we would become a signatory to the United Nations Global Compact (UNGC) and support the UNGC as a participating company.

Designed to create a sound global society, the UNGC is the world's biggest sustainability initiative. The signatory companies and groups agree to uphold its ten principles related to the four fields of Human rights, Labour, the Environment, and Anti-Corruption, and are required to continually work towards achieving these.

We have a Basic Sustainability Policy which aims to achieve both our sustainable growth and to bring about a sustainable society, and promotes ESG management in line with the Ten Principles of the UNGC as a way to achieve the SDGs that aim to create a sustainable society.

Freedom of association and the right to collective bargaining

In our Corporate Code of Conduct, the Group states "we respect the right of employees to organize, bargain collectively, and act collectively, and we promote dialogue with our employees to maintain and improve a safe, clean, and healthy workplace." As such, we do not unduly restrict the rights of employees recognized under applicable laws and regulations.

We believe that working with others while holding mutual dialogues on issues such as building good labor-management relations, improving working conditions and creating better workplace environments will lead to improved corporate value and employee engagement.

Related to this, the Nippon Fine Chemical Labor Union, founded in 1971, has 333 members as of March 31, 2025.

Enacting harassment prevention measures

Our Group is working to clarify that no forms of harassment are permissible under our Corporate Standards of Conduct, and to ensure sound workplace environments without discrimination or harassment from a stance of "Do not do, do not cause, do not allow" harassment such as power harassment, sexual harassment, maternity harassment and so on.

At Nippon Fine Chemical, we hold harassment study sessions aimed at officers and managers/supervisors, and carry out employee questionnaires on how mentally and emotionally safe our organizations are. We are working to ensure our stance on harassment reaches people, and strive to prevent it or detect it in the early stages.

Human Capital

Basic policy on human capital

Part of the Mission of Nippon Fine Chemical is encouraging the self-realization of our employees. In addition, the NFC VISION 2030 includes the goals of "Diversity & Inclusion," "Fearless Organization," and "Employee Engagement." In this way, based on being amply aware of the importance of people, one part of our management capital, we are carrying out ongoing initiatives from the two fronts of developing human resources and developing internal environments as we work towards maximizing our human capital.

Our Group is working to maximize our human capital in each of the companies that make up our consolidated group, but as we do not manage data on initiatives or indicators uniformly over the entire consolidated group due to variances in corporate scale, industry, and so on, this section will describe NFC's initiatives.

Human resources development policy

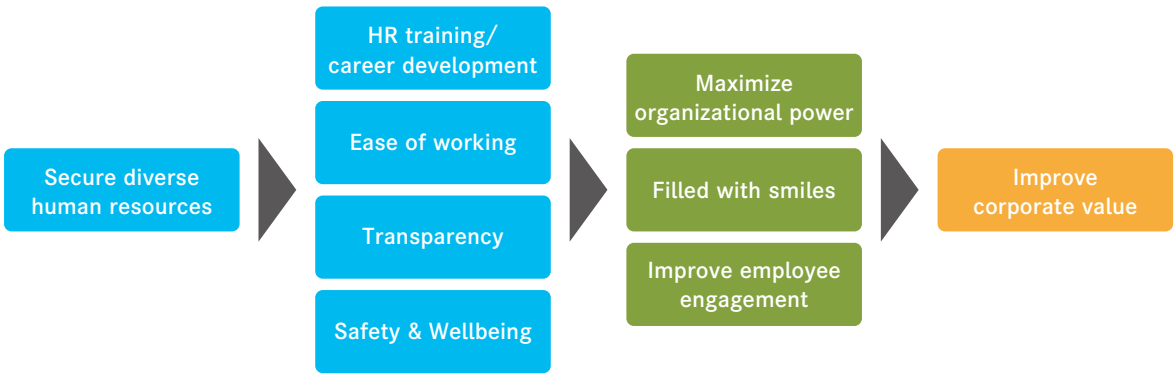
Depict a human resources portfolio that can contribute to achieving business strategies and creating innovation, and work on the diversity of knowledge and experience within an organization towards this. In addition, we will foster a culture in which each and every employee can sense their growth and continues to work towards self-actualization.

Policy for developing the internal environment

We shall contribute improving both the work and life of each and every employee, working closely with the diverse values of workplace members, with the aim of creating a company of smiles through work, where people can take pride in being a Nippon Fine Chemical employee.

Human resources strategy map

By securing and investing in diverse human resources, we are working on "Improve corporate value" by meeting "Maximize organizational power" and "Improve employee engagement" aspects. And in addition, we are working to maximize human capital through continuing the human capital cycle from "Secure diverse human resources" to "Improve corporate value" (see figure below).



Engagement

Starting in FY2024, we have carried out engagement surveys to assess the status of our initiatives towards maximizing human capital. By using these results to drive the PDCA cycle, we aim to maximize human capital in order to maximize corporate value.

Indicator	Numerical Goal	FY2024
Total engagement*	3.5 or higher each FY	3.51

*This is an evaluation indicator based on an engagement survey service provided by an external specialist research company, and uses a score (with 3.5 out of 5 as the standard) based on a survey of all employees to see how much job satisfaction they get from their current work and workplace/company and whether they work with the intention of contributing themselves.

Town hall meetings

To improve employee engagement, we began holding town hall meetings in April 2025, based on the idea that we needed a forum where management could share business strategies and visions with employees, and exchange opinions on them.

At these forums, management discusses with employees business strategies and visions that are not usually discussed between the two parties, and they exchange opinions on them.

Secure diverse human resources

The NFC VISION 2030, which lays out where we want to be in 2030, has “Sustaining the KIREI of the future through diversity-driven innovation” as a sub-concept.

Excluding unavoidable times due to the nature of the work, for example, we hire people by looking at their ability to fulfill the expected role, experience, and abilities, and not in terms of gender, age, or other personal attributes. In addition, we strive to create an organization where people of all genders, ages, experiences, values, and more respect each other, allowing each and every person to maximize their abilities in order to improve corporate value.

Covers: NFC alone

Indicators	Numerical Goals	FY2022	FY2023	FY2024
Number of employees	–	416	432	435
Percentage of female employees	At least 20% of employees will be female by FY2027	Company-wide: 16.6% Full-time employees: 15.4%	Company-wide: 18.3% Full-time employees: 17.7%	Company-wide: 19.3% Full-time employees: 18.6%
Percentage of females in management and management candidate positions among full-time employees*1	At least 15% of those in management and management candidate positions will be female by FY2027	7.0%	7.9%	9.0%
Percentage of female full-time hires	–	18.6%	38.9%	37.0%
Percentage of mid-career hires among full-time hires	–	81.4%	83.3%	74.1%
Percentage of employees with disabilities*2	At least 2.5% of employees will be people with disabilities by the end of FY2025	1.22%	2.57%	2.73%

*1. “Management” refers to workers at the section chief level or higher (excluding officers), and “management candidate” refers to workers at the level below section chief (junior management).
*2. Calculated based on the Employment Rate System for Persons with Disabilities in the Act to Facilitate the Employment of Persons with Disabilities.

Smile Farm

As a business that handles chemicals products, it is not always easy to provide employment to people with disabilities. So, in June 2022, we participated in the social farm run by S-Pool Plus, Inc. and opened Nippon Fine Chemical Co., Ltd. Smile Farm in Yodogawa Ward, Osaka.

At Smile Farm, which has the watchword, “Smiles for everyone through the power of vegetables,” two NFC employees serve as farm managers, working alongside six NFC employees with disabilities to grow vegetables hydroponically. The harvested vegetables are provided to children’s cafeterias in Osaka and Hyogo prefectures, as well as to our own company cafeterias at our various places of business, helping us ensure ESG management.

HR training/career development

Based on the idea that the growth of each and every employee is connected to the sustained development of our company, we shall revitalize organizations and achieve proactive career development for individual employees, including support for rank-specific group training and independent learning for employees' own self-expression.

In addition, promotions are based on performance, the degree to which the expected role is fulfilled, and the extent to which abilities are demonstrated. These are decided without regard to gender, age, educational background, length of service, and so on.

Covers: NFC alone

Indicators	Numerical Goals	FY2022	FY2023	FY2024
Education and training expenses per person	Previous fiscal year standard or higher	46,272 yen	68,670 yen	60,289 yen
Percentage of females in management positions*1	30% or higher in the 2030s	0.0%	1.8%	4.7%
Percentage of mid-career hires in management positions	—	32.2%	33.3%	35.9%
Engagement in work*2	3.5 or higher each fiscal year	Not implemented	Not implemented	3.50

*1. "Management" refers to workers at the section chief level or higher (excluding officers).
*2. This is an evaluation indicator based on an engagement survey service provided by an external specialist research company, and uses a score (with 3.5 out of 5 as the standard) based on a survey of all employees to see how well they understand their work and their own characteristics, and whether they are utilizing them in their current work or creating new opportunities to do so.

Rank-Specific Group Training

Rank-specific group training is designed to deepen understanding of the expected roles at each rank and encourage behavioral change, leading to the growth of each employee and further improving organizational strength.

Rank	Rank-specific training		
Management	New managers training		Department heads survey training Section chiefs survey training
General	Mid-level employees training Young leaders training	Next-term managers training Female leaders development training	Enhancing communication skills training
New hires	New graduate hires onboarding training	Mid-career hires onboarding training	

Roundtable between the female director and female leaders (candidates)

To train future female leaders, we have held training sessions, and with the cooperation of our female director, in May 2025 we started holding casual roundtables for our female managers and management candidates at our company to discuss leadership and career advancement based on our female director' own experiences.

Ease of working

We encourage taking leave and suppress lengthy working hours as a way to achieve a work-life balance that fits with the diverse values of our employees. There are a great range of jobs within our company, so there are limits on how much we can fit them all into a uniform system. Therefore, taking into consideration the characteristics of each job type, we are exploring ways to allow employees to work efficiently in each separate job type by introducing flextime systems and work-from-home systems that allow for flexibility in time and location.

We are also promoting digitalization and investment in improving workplace environments, making gradual progress as we incorporate what our employees think, the goal being for them to get great results from working efficiently yet relaxed in a comfortable working environment.

Covers: NFC alone

Indicators	Numerical Goals	FY2022	FY2023	FY2024
Total actual working hours per person per year	Not more than 2,000 hours per fiscal year	1,979.38 hours	1,979.58 hours	1948.83 hours
Annual paid leave take-up rate for full-time employees	70% or higher each fiscal year	80.2%	82.6%	85.2%
Ratio of child-care leave taken*1,2	Child-care leave take-up rate of at least 70% by the end of FY2025 (at least 50% take-up rate for men)	Overall 35.3% Men 28.6% Women 66.7%	Overall 66.7% Men 50.0% Women 133.3%	Overall 90.0% Men 100.0% Women 50.0%

*1. The percentage of employees taking child-care leave, etc. was calculated under Article 71-6, Item 1 of the "Ordinance for Enforcement of the Act on Child-care Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members"(Ordinance of the Ministry of Labor No. 25 of 1991) , in accordance with the provisions of the "Act on Child-care Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).
*2. Of the female employees who gave birth during FY2022, some began taking their child-care leave in FY2023, resulting in a 66.7% take-up rate in FY2022 and a 133.3% take-up rate in FY2023. Additionally, of the female employees who gave birth in FY2024, some began their child-care leave from FY2025, causing the result to be 50.0%.

Support for balance

We are promoting initiatives towards supporting employees who work while balancing child-care, caregiving, and so on. In addition, as one of our efforts to raise awareness of the need to eradicate a corporate culture that prevents the use of support systems for child-care and caregiving, we carry out annual harassment training sessions for management and supervisory staff, and compliance training for all employees.

In addition, to support caregiving, we provide information four times a year on our intranet so that employees do not need to panic when suddenly faced with the need, and hold life planning seminars that offer information about the company's support programs and how the long-term care insurance support works.

Safety, wellbeing, transparency

We believe that workplaces that offer safety and wellbeing are vital to ensure our employees can work to the best of their abilities. In addition, to allow our employees to make good use of their abilities, we have been striving to create workplace environments that are safe, wellbeing, and comfortable. Some ways we do this are by the obvious steps of improving facilities, like renovating our offices and strengthening safety measures/heatstroke prevention measures in production workplaces, but also striving to foster an awareness of compliance through sustained engagement, as well as by providing regular harassment training for managers and supervisors.

Covers: NFC alone

Indicators	Numerical Goals	FY2022	FY2023	FY2024
Average age/average years of service of full-time employees	—	39.6 years old 12.7 years	39.5 years old 12. 6 years	40.0 years old 12.8 years
Rate of compliance training session attendance	100% each fiscal year (all employees participate)	99.7%	100.0%	100.0%
Rate of stress check implementation	90% or higher each fiscal year	93.3%	97.3%	94.1%
Psychological safety in the workplace*1	3.5 or higher each fiscal year	Not implemented	Not implemented	3.45

*1. This is an evaluation indicator based on an engagement survey service provided by an external specialist research company, and uses a score (with 3.5 out of 5 as the standard) based on a survey of all employees to see whether their workplaces offer mutual respect, cooperation, and have an atmosphere of being able to speak freely.

Product development and manufacture

At Nippon Fine Chemical, we carry out initiatives designed to care for the environment in the development and manufacture of a range of products.

Research and development using renewable raw materials with low environmental impact

Development of products using plant-derived raw materials

To achieve a sustainable society, we have a strong focus on research and development of raw materials for cosmetics that use plant-derived raw materials, and provide a large number of such products. From our concerns for the safety of the environment and living things, we are expanding our lineup of products that do not use genetically-modified plant-derived materials (non-GMO) and that meet Roundtable on Sustainable Palm Oil (RSPO) certification standards (RSPO certification obtained in June 2020). Moreover, we are working on developing products that improve our natural origin index (ISO 16128), the international index standard for natural and organic products, developing highly biodegradable products such as phospholipids, and promoting acquiring certification from COSMOS, the standard for organic or natural cosmetics.

CERTIFIED SUSTAINABLE PALM OIL ™ RSPO

2-0947-19-100-00

「lano」
Nippon Fine Chemical's lanolin mascots

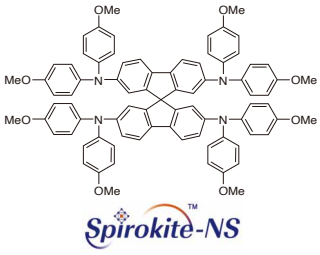
Lanolin and cholesterol

Lanolin is a natural oil obtained by purifying wool grease, the lipid components adhering to wool. We provide customers in a range of fields with products that use the features of lanolin such as the cholesterol or branched fatty acids it contains. We are working to ensure transparency throughout our wool grease supply chain to help reduce the impact on sheep.

Development of materials for use in perovskite solar cells(next-generation solar cells)

Perovskite solar cells are next-generation solar cells that could provide both high energy generation efficiency and low manufacturing costs. We are moving ahead with initiatives to see them be implemented in society soon. Due to being a thin, lightweight and very flexible film, it is expected to be used in a wide range of applications where installation has been difficult, such as on building walls and windows, automobiles, and aircraft/drones.

We are working on initiatives for the development and commercialization of Spirokite™-NS, which is used in perovskite solar cells.



Considering the introduction of a continuous production method

We are bringing in a continuous production method in order to stabilize quality, maximize production efficiency, and reduce the impact on the environment. In FY2024, we studied bringing this in for phospholipids for oligonucleotide therapeutics, which are an area difficult to scale up. As a result, we found that while with the previous batch method, we could only make a few grams a week, with the continuous production method we could get stable productions of 10 g an hour, opening the way to mass production. These results were announced at the 2024 JSPC Summer Symposium, and led to our being awarded the Award for Excellence from the Japanese Society for Process Chemistry (JSPC), showing the high regard they are held in. In addition, we also use simulators for process design during the development period, and have been able to balance both reducing risks and reducing development time. At present, we are working on adjusting conditions for the use of AI and the automation of the entire process, and are studying ways to use automatic continuous production in future. Going forward, we will move from the prototype study phase to the verification phase, and work on further strengthening our continuous production system for future commercialization.

Continuous production equipment at NFC

Phospholipids for oligonucleotide therapeutics (continuous production test products)

JSPC Award for Excellence

Development of readily biodegradable products

People are paying close attention to the environmental impact of plastic waste, which remains in the environment even when disposed of. This is why our scrubbing agents, which are used as skin cleansers to remove dirt and excess sebum from the skin, are made with fatty acid amides rather than plastics.

Initiatives for intellectual property

Nippon Fine Chemical, as one of the ways we are strengthening our corporate governance, set up a Sustainable Management Committee in April 2024, and an Intellectual Property Promotion Committee under this. The members of the Promotion Committee are, in addition to the people in charge of IP (Intellectual Property) at each research department, also people from the business strategy departments of all companies, making up a governance system that cuts across the entire Group. For patent and trademark applications, the Committee drafts and executes strategies in collaboration with the various R&D departments.

Our basic policy for IP is not just about protecting our rights for our products and technologies through active patent applications but also places importance on respecting the IP of others.

The features of our patent strategy for each field in the 14th Medium-term Management Plan are as follows.

In the Beauty care field, we emphasize filing comprehensive patent applications not just regarding the rights to the proprietary cosmetic ingredients we have developed, but also for applications that utilize our ingredients, such as lotions, emulsions, shampoos, conditioners, and makeup. This is done so that customers can rely on our products and technologies.

In addition, we actively recruit mid-career hires from cosmetic brand manufacturers and ODM manufacturers, so one of our strengths is that we have many researchers with extensive knowledge of cosmetics formulations. As a result, we can also strategically apply for applications that utilize our formulation expertise. We are also strengthening activities to turn ideas generated by the Design & Creation Lab., which was opened in April 2024, into patent applications.

As shown in the figure below, the Beauty care field accounts for the majority of patents held by field, as a result of the patent network we have built based on the above strategy.

In the Health care field, we focus on patent applications and rights acquisitions for phospholipids for pharmaceuticals in particular. Specifically, we file patent applications for new substances essential for oligonucleotide therapeutics, and process patents that aim at efficient production. Based on our promotion of open innovation, we also file jointly with universities and research institutions.

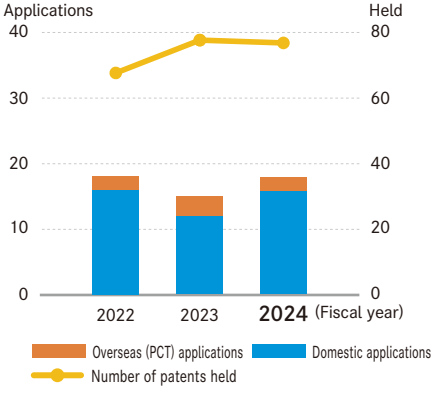
Looking at the Fine chemicals field, when it comes to materials for perovskite solar cells that are positioned as a strategic item for the 14th Medium-term Management Plan, we do not merely file applications, but, in order to ensure we understand what is happening with technical development around the world in terms of intellectual property, we also survey and monitor published patents and published articles.

In these ways, we practice IP strategies appropriate for our position in the various business fields, and propose and carry out patent application strategies from the perspectives of both quantity and quality.

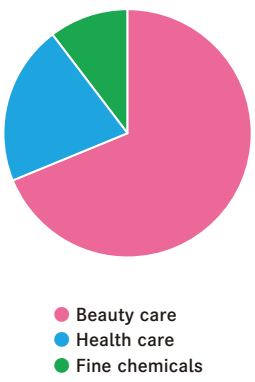
Progress in the materiality KPI regarding intellectual property

In addition, as one of our materiality (key issues) KPIs (Key Performance Indicators), we have announced a target of getting a cumulative total of 75 patent applications over the five-year period from FY2022 to the end of FY2026. In FY2024, we carried out the number of applications shown in the figure. We have made 44 total patent applications over the three-year period to date, which is generally in line with our target.

Patent application/patents held numbers



Ration of held patents by field (FY2024)



Environmental Preservation

Basic environmental policy

Nippon Fine Chemical is independently and continuously developing environmental impact assessment and reduction activities in all processes, from product development to manufacturing, use, and disposal, as well as complying with laws and regulations related to business activities, in its effort to protect the global environment.

Environmental management system

At the Kakogawa-higashi Plant and Takasago Plant, Nippon Fine Chemical's main sites, we have obtained ISO14001 Environmental Management System (ISO14001:2015) certification, and are promoting environmental preservation through our business activities in accordance with specific environmental policies. In addition, we have been inspected by the certification body for conformity with the standards every year since obtaining certification, and we are working on ongoing improvements and effective activities.

Environmental policy

Nippon Fine Chemical's Kakogawa-higashi Plant and Takasago Plant manufacture raw materials for cosmetics, for pharmaceuticals, and for functional ingredients, etc. To continue pursuing production operations, policies concerning the environment have been established as follows, and we are working towards continuous improvement.

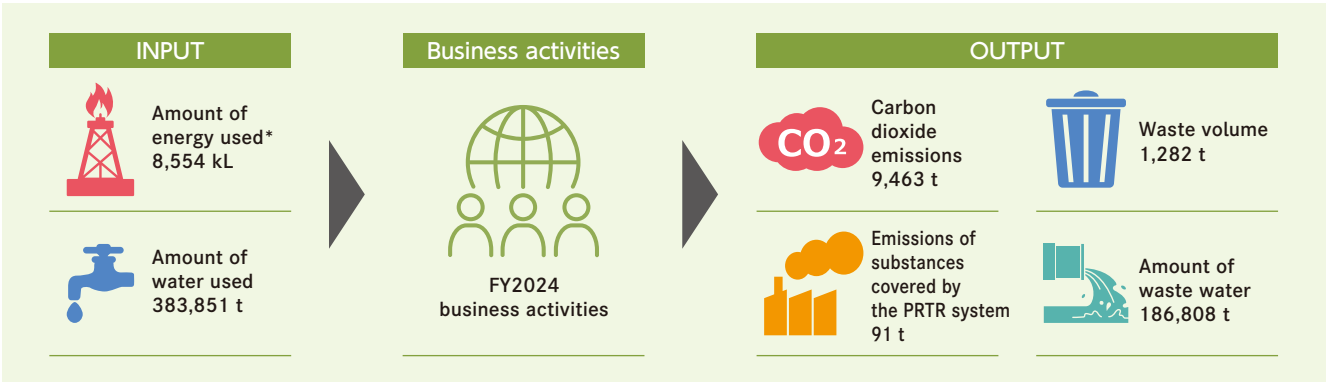
1. Our production is designed to understand and comply with environmentally-related laws and regulations, and ensure there are no serious effects on the environment in or outside our company.
2. We are reducing the usage of chemical substances that impact the environment and using raw materials that consider sustainability to provide environmentally-friendly products.
3. Specific targets, goals, and periods are set, energy-saving activities are done in a planned fashion, and we save resources and reduce the amount of waste generated.
4. We work to suppress or mitigate the dispersion of bad smells (waste water, raw materials, or other bad smells arising from production) to co-exist with the community.

Material flow

The material flow of our business activities for FY2024 is as shown in the diagram below.

In order to bring about a sustainable society, Nippon Fine Chemical strives daily to reduce the amount of environmentally-damaging emissions we generate, and to manufacture sustainably.

Covers: NFC alone



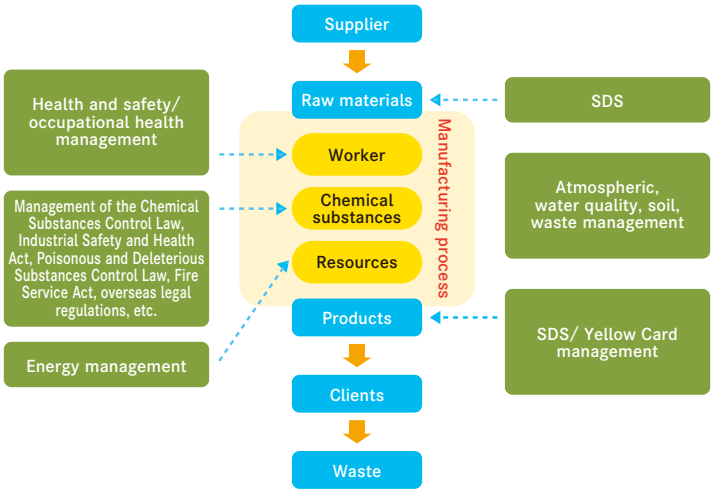
Note: For "energy" here, city gas, electricity and other energy sources are used, so the energy conversion coefficient as per the Act on the Rational Use of Energy is used and the unit standardized as kL.

Initiatives for the appropriate management of chemical substances

The manufacture and sale of chemical substances is governed by an extremely large set of laws and regulations, including the Act on the Regulation of Manufacture and Evaluation of Chemical Substances, the Industrial Safety and Health Act, Poisonous and Deleterious Substances Control Act, the Fire Services Act, the Air Pollution Control Act, and the Water Pollution Prevention Act.

Nippon Fine Chemical complies with these various environmental laws and regulations, as well as the bylaws and agreements of various local authorities.

In addition, to minimize the environmental burden, the harm to humans, and the danger of our production processes, we carry out comprehensive management of environmentally hazardous chemical substances.



Initiatives to reduce environmental impacts

Initiatives for improving waste reduction and recycling rates

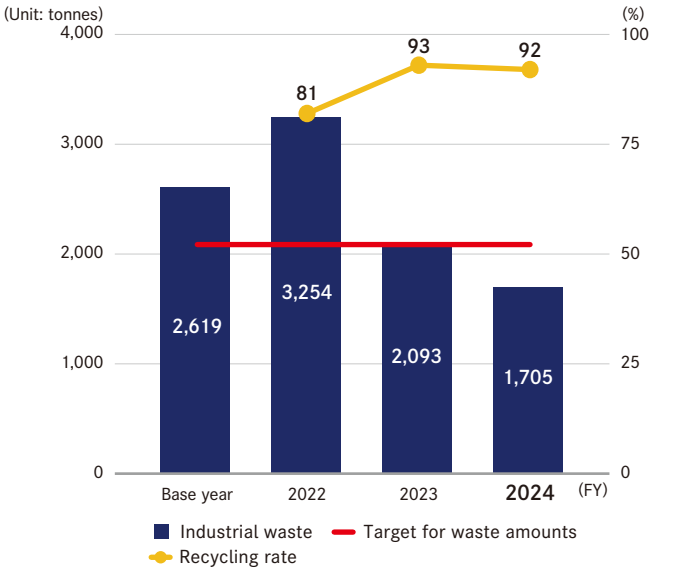
Nippon Fine Chemical and ARBOS are promoting activities with a focus on the 3Rs (Reduce, Reuse, Recycle), aiming to reduce industrial waste output by more than 20% from the base year by the end of FY2030 and to achieve a recycling rate of at least 90%.

Some of our efforts in FY2024 focused on internal reuse and reduce activities, and on turning waste solvents into valuable resources through improving processes. We managed to get the total amount of industrial waste from Nippon Fine Chemical and ARBOS combined down to 1,705 tonnes (35% less than the base year), and reached a recycling rate of 92%.

In addition, we are committed to sustainable manufacturing with a focus on reducing environmental impact from the development stage. We shall continue to work on improving our recycling rate and reducing our industrial waste generation even further.

Industrial waste generation, recycling rate

Covers: Nippon Fine Chemical, ARBOS



Recycling rate =
(Amount of recycled materials + Amount of valuable resources) /
(Total amount of industrial waste + Amount of valuable resources)

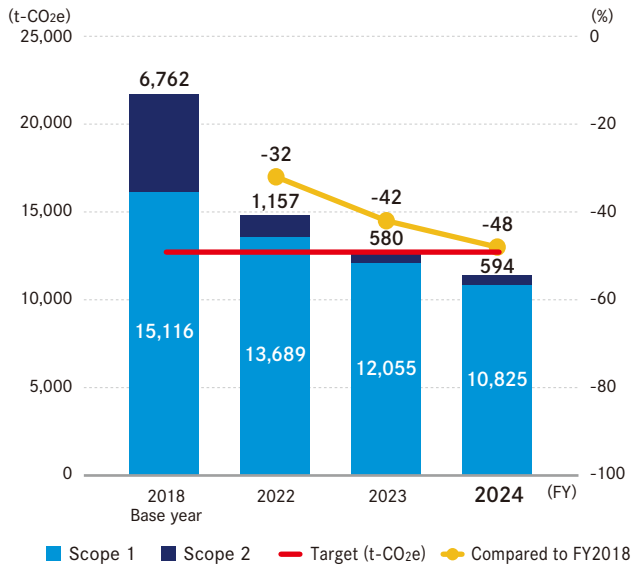
Initiatives to reduce GHG emissions

The greenhouse gases our Group generates are mainly carbon dioxide from energy sources. Nippon Fine Chemical, ARBOS, and NISSEI BILIS have set targets of a 41.5% reduction from FY2018 by FY2030 in carbon dioxide equivalents for Scope 1 and 2. We are actively engaging in improvements to make our production more efficient and save energy. Our emissions for FY2024 were 11,419 t-CO_2e over all three companies, a reduction of 48% from FY2018. We shall continue to tackle climate change from the twin aspects of mitigation and adaptation from a long-term perspective.

*Until FY2020, carbon dioxide emissions were calculated based on the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. From FY2021, calculations are based on the GHG Protocol standards.

Changes in Scope 1 and 2 emissions

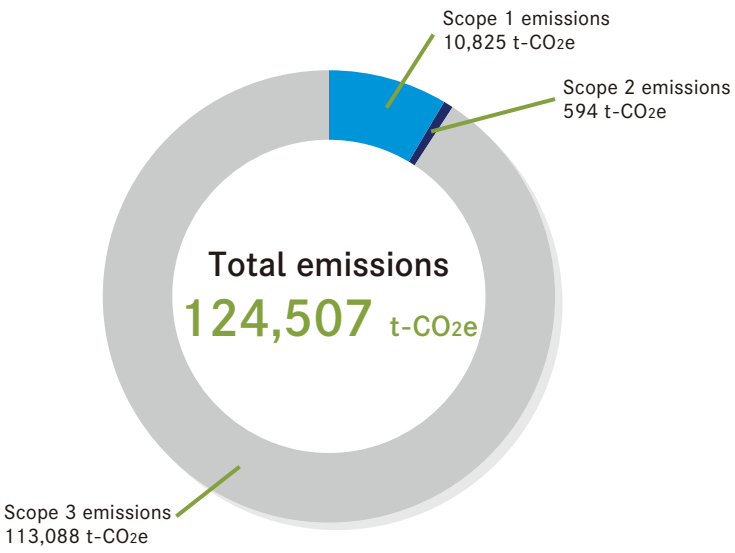
Covers: Nippon Fine Chemical, ARBOS, NISSEI BILIS



Scope 1: Direct GHG emissions from an operator's own fuel combustion
Scope 2: Indirect GHG emissions from the use of electricity and heat supplied by other companies

From FY2023, our Group has been calculating the emissions amount for the indirect, Scope 3 upstream categories as well. The combined total supply chain emissions (Scope 1, 2, and 3) for FY2024 for Nippon Fine Chemical, ARBOS, and NISSEI BILIS amounted to 124,507 t-CO_2e.

We shall continue to formulate measures for reduction by understanding how much is emitted in each Scope and Category and analyzing the results, working to reduce emissions throughout our supply chain.



Covers: Nippon Fine Chemical, ARBOS, NISSEI BILIS

Scope	Category	Emitted amount (t-CO_2e)
Scope 1		10,825
Scope 2		594
Scope 3	Category 1	99,464
	Category 2	6,929
	Category 3	2,317
	Category 4	2,607
	Category 5	687
	Category 6	323
	Category 7	761
	Category 8	0

Scope 3: Indirect emissions other than Scope 1 or 2
(emissions from other companies related to the business entity's activities)
【Calculation Method】
Calculations were based on the GHG Protocol and the Ministry of the Environment and the Ministry of Economy, Trade and Industry's "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organization in their Supply Chains (Ver 3.4)."

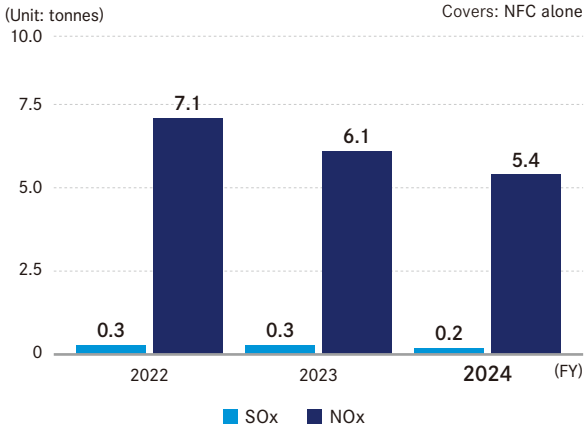
*For Category 8, the emissions from the use of leased assets are calculated using Scopes 1 and 2, so is excluded from the calculations.
*Categories 9 to 13 are hard to ascertain, so are excluded from the calculations. Categories 14 and 15 are not applicable to our Group.

Initiatives for preventing atmospheric pollution

For boiler emissions, we measure the amounts of sulfur oxides (SOx) and nitrogen oxides (NOx), and operate them to comply with the regulation values.

SOx have been dropping since our switch from heavy oil to city gas started in 2016. We maintain low emissions for NOx.

SOx and NOx emissions

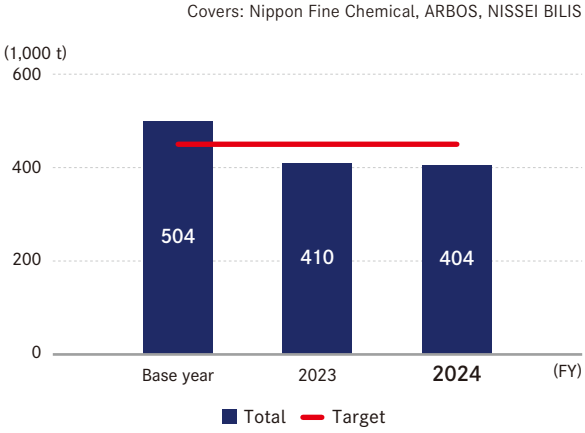


Initiatives for protecting water resources

We, along with ARBOS and NISSEI BILIS, have a target of at least a 10% reduction in water use by the end of FY2030 compared to the base year. Our water sources include tap water, well water, and industrial-use water. Waste water from our plants and research facilities is treated at waste water treatment facilities and then discharged into public water bodies and sewers.

We are seeing effects from promoting the effective use of water resources, such as reusing plant cooling water, adopting water-saving nozzles, and revising how we operate boilers in order to save water.

Amount of water used

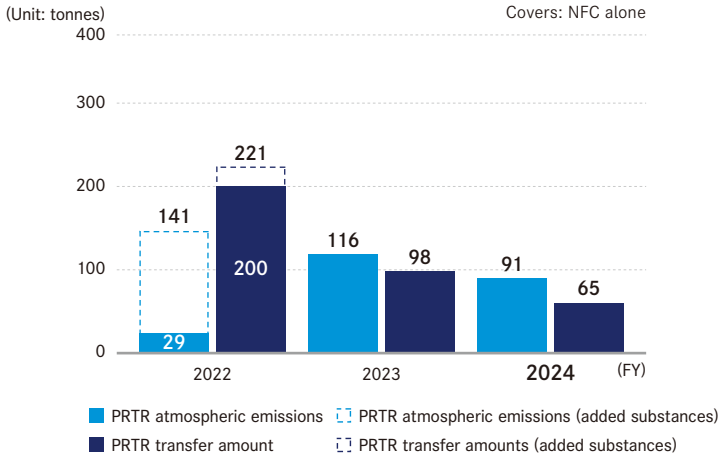


Initiatives for the PRTR system

We submit notices of the emissions and transfer amounts for PRTR substances* and manage the chemical substances in question.

We continue to work on reducing atmospheric emissions and transfer amounts by studying manufacturing methods that do not use targeted chemicals, and by improving processes.

PRTR emissions, transfer amounts



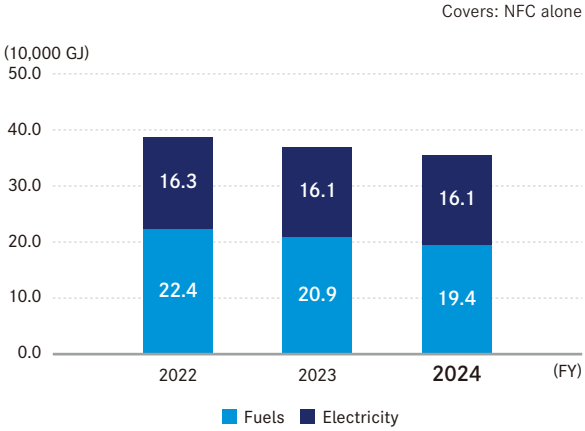
*Substances covered by the PRTR system: Chemical substances as defined by law that may be harmful to human health or the ecosystem.

Initiatives for reducing energy consumption

We are working on saving energy through an environmental management program.

In FY2024, we were able to see results from our energy-saving activities that included implementing energy-saving boiler operation, working to prevent steam leaks to reduce the amount of steam used, encouraging the use of LED lighting equipment, and working to optimize our production schedules.

Amount of energy used



Compliance

Compliance

At the Nippon Fine Chemical Group, we consider compliance to be one of our most important issues, and have established our Code of Ethics to ensure it is practiced.

The Code of Ethics is made up of our Corporate Code of Conduct, laying out the universal ideas and is the code of conduct to ensure all officers and employees working at our Group put into practice our Mission, and our Corporate Standards of Conduct, which presents how we should act in order to practice the Corporate Code of Conduct in the workplace.

Its contents are reviewed, and changed if needed, on a regular basis to keep up with social changes, and to ensure that what is seen as commonsense for the NFC Group does not diverge from what society sees as commonsense.

Fostering an awareness of compliance

To foster an awareness of compliance, our Group has prepared a Code of Ethics Booklet that includes aspects such as our Mission, Code of Ethics, Human Rights Policy, and Whistle-Blower System, and distributes this to all officers and employees working at our Group.

We carry out ongoing initiatives in order to ensure its contents sink in, such as by giving all officers and employees regular opportunities to read it once every year, in addition to reading it when first hired.

Compliance training at Nippon Fine Chemical

- Ethics education during on-boarding training
- Regularly reading through the Code of Ethics (annually)
- Listing cases of compliance violations on the internal intranet (quarterly)
- Workplace training on cases of compliance violations (biannually)
- Harassment training sessions (once a year) targeted at managers and supervisors

Whistle-blower system

We have established an internal reporting hotline that allows our group's officers and employees to anonymously report any compliance violations or suspicious behavior they discover. The Senior General Manager of the Administration Division plays the central role in maintaining and operating a sound whistle-blower system, working in cooperation with the Audit & Supervisory Board members to protect whistleblowers and inquirers, investigate reported matters, and take corrective measures. The system's operational status is regularly reported to the Ethics Committee, chaired by the President and CEO, as well as to the Board of Directors.

In addition, we also work to ensure awareness of our whistle-blower system such as by regularly holding whistle-blowing drills for our Group's employees that utilize our hotline.

Compliance contact and reporting portal

At Nippon Fine Chemical, in addition to our in-house reporting hotline, we also have a compliance contact and reporting portal on our Group website so that any discovery of actual violations or the suspicion of violations of laws and regulations, illicit actions, ethical violations such as infringements of human rights by officers or employees of our Group, or by our Group, can be corrected promptly or prevented before it happens.

This online portal clearly states that it is there to accept reports not just from our Group employees, but also those working at our Group such as dispatch employees, former employees, as well as employees at the various companies our Group does business with.

Relations with suppliers

Nippon Fine Chemical has established the basic purchasing policy shown on the following page, and the Flow up to the Transaction Start. In line with our basic purchasing policy, while complying with the relevant laws and regulations, we open our gates widely to all suppliers, both in Japan and around the world, in the name of equal opportunities. In addition, our purchasing activities are done with an awareness not just of economic rationality in the selection of items, but CSR purchasing as well.

In addition, we have carried out a CSR Procurement Self-Assessment Survey so that our business partners can understand CSR risks and move ahead with improvements.

https://www.nipponseika.co.jp/en/company/purchasing/

Basic purchasing policy

(1) Equal opportunities / fairness / justice

We welcome domestic and international business partners in pursuit of equal opportunity, and deal fairly and justly with all customers.

(2) Economic rationality

The selection and evaluation of business partners is based on a comprehensive consideration of their overall quality, technology, price, delivery time, service, reliability, safety, and CSR activities. Our decisions are based on economic rationality, and assume that appropriate quality control and assurance are always thoroughly implemented.

The Nippon Fine Chemical CSR Procurement Guidelines are formed around eight core items that are based on the ten principles of the United Nations Global Compact.

1. Human Rights
2. Labor
3. Environment
4. Fair Business Practices
5. Quality and Safety
6. Information Security
7. Supply Chain
8. Relations with Local Communities

(3) Legal compliance and rejection of antisocial organizations

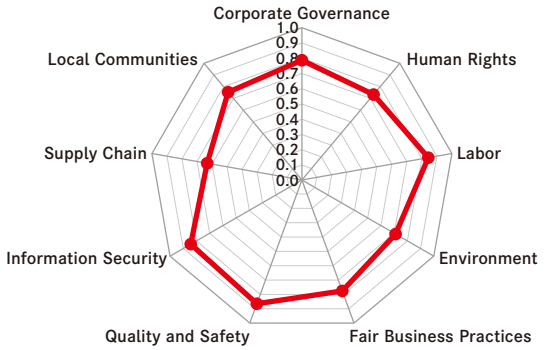
We comply with relevant laws and their spirit in the course of purchase transactions.

(4) Promotion of CSR procurement

As we move towards bringing about a sustainable society, we have established the Nippon Fine Chemical CSR Procurement Guidelines, which lay out what we want our business partners to actively work on, in order to meet our social responsibilities throughout our entire supply chain.

Results of the CSR Procurement Self-Assessment Survey for FY2024

Aggregate results from FY2024 Average scores (average of responses)



Judgment	A	B	C	Overall average percentage score
Score category	≧90	61-89	≦60	
Ratio	33%	44%	23%	78%

We got responses to our questionnaire from 94% of companies (about 200). The aggregated results are shown in the table and radar chart on the left.

Looking at the results by item, “Labor,” “Quality and Safety” and “Information Security” are all high, while “Supply Chains” has a relatively low score.

We have disclosed the survey results to the business partners who responded, and have requested that they continue working to improve.

We shall continue carrying out this CSR questionnaire, working on initiatives to construct a sustainable supply chain.

Initiatives for palm oil-derived raw materials

Membership in ASD

ASD (Action for Sustainable Derivatives) is an inter-corporate collaborative organization that shares information and measures to increase transparency along the supply chain of palm oil derivatives. The aim is to comply with NDPE commitments, ban deforestation, respect human rights, and support the livelihoods of producers.

Nippon Fine Chemical joined ASD in February 2025. With the cooperation of our suppliers, we are seeking transparency across our supply chains through ongoing surveys.

Obtained RSPO Certification

The RSPO (Roundtable on Sustainable Palm Oil) was established to promote the production and use of sustainable palm oil.

As a company that processes palm oil, we obtained RSPO Supply Chain Certification in 2020, and this was renewed in 2025. Please see p.30 for specific initiatives.

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Labor environment

Basic safety policy

Nippon Fine Chemical will continue to run operations without accidents and disasters to ensure the safety of employees and local communities.

Nippon Fine Chemical specifies the properties of products and how to handle them to protect the safety and health of all users including customers.

Initiatives for safety and peace of mind

Initiatives for security and accident prevention

We hold evacuation drills and fire prevention drills every year to ensure quick and smooth initial responses to emergencies such as major earthquakes or fires. In addition, we also hold planned drills that assume a leak of combustible raw material or solvent, etc. on the premises to ensure its impact can be kept to a minimum.

Takasago Plant evacuation drill (held Sept. 24, 2024)

RECPY activities

Nippon Fine Chemical's plants are engaged in RECPY* activities. Based on the 5G methodology (Gemba [Workplace], Gembutsu [Thing], Genjitsu [Fact], Genri [Tenet], Gensoku [Rule]), we will strive to maintain and improve our workplace environments as KIREI, safe, and easy to work in, and boost productivity.

*This stands for "REformation of Clean and ProductivitY" and refers to activities carried out by the company with the aim of improving company beautification and productivity.

Internal proposals

We make improvements by having employees offer proposals for methods to improve daily task efficiency or improve hidden risks through their ideas and creativity as they carry out their work.

Business Continuity Plan (BCP)

We are formulating and developing a system for operating a business continuity plan (BCP), one that prioritizes the safety of our employees and their families, in order to minimize the effects on our stakeholders and reduce the long-term impact of a business stoppage even when business continuance is difficult due to large-scale disasters such as major earthquakes or epidemics.

Lost-time accidents

There were no lost-time accidents during FY2024. Following the five workplace accidents requiring at least one day of leave that happened in 2021, safety managers were stationed at the Takasago Plant and the Kakogawa-higashi Plant to work full-time on health and safety, and we are working to strengthen the safety management system for plants. We are working to eliminate industrial accidents by promoting safety education that goes back to the basics, and patrols to improve dangerous areas.

Lost-time accident rate

Covers: NFC alone

	CY2021	CY2022	CY2023	CY2024
Nippon Fine Chemical	8.35	6.36	0.00	0.00
All industries	2.09	2.06	2.14	2.10
Chemicals industry	1.07	1.16	1.04	1.23

Lost-time accident severity rate

Covers: NFC alone

	CY2021	CY2022	CY2023	CY2024
Nippon Fine Chemical	0.15	0.02	0.00	0.00
All industries	0.09	0.09	0.09	0.09
Chemicals industry	0.02	0.06	0.03	0.04

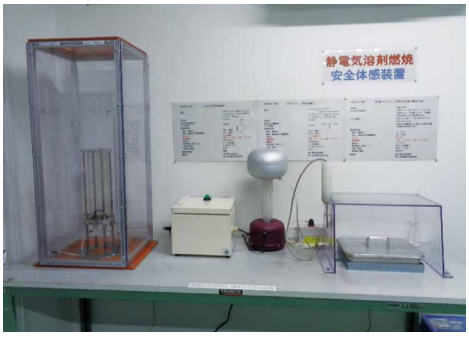
Lost-time accident rate = 1,000,000 x (number of lost-time accident victims) / (total hours worked)
Lost-time accident severity rate = 1,000 x (Total number of lost work days/Total number of working hours)
Nippon Fine Chemical: aggregate of lost-time accidents requiring at least one day off
Statistics from: January to December
All industries/Chemicals industry: Taken from the occupational accident statistics on the Workplace Safety Website

Improved risk sensitivity through experience-based safety training

To improve sensitivity towards risks, we have set up a facility to allow employees to experience electrostatic solvent combustion and coupler residual pressure shock at our Kakogawa-higashi Plant.

The experiential safety equipment realistically reproduces the latent risks of operating factory facilities and the accidents and disasters that are specific to chemical plants. By simulating the fear and danger, it cultivates both a sensitivity to risk and the ability to predict it. We will work to further enhance this facility, improving our employees' awareness of safety.

Display of protective equipment and teaching materials



Electrostatic solvent combustion experience equipment


Coupler residual pressure shock experience equipment

Introduction of heat exchanger-type cool air supply equipment

With global warming, we are seeing more and more days each year above 35 degrees, and the risk of heatstroke at work is increasing. For this reason, the Industrial Safety and Health Act was revised on June 1, 2025, requiring measures for providing comfortable environments, such as heatstroke countermeasures, to be implemented.

Our measures include management of work environments. In addition, in September 2024 we introduced new heat exchanger-type cool air supply equipment that uses well water at our Kakogawa-higashi Plant to improve the working environment. The coolant it uses is well water, and after heat exchange, the well water is all reused to supply boilers or other uses. This allows us to both carry out heatstroke prevention measures and save energy at the same time.


Outlet vent for heat exchanger-type cool air supply equipment


Main unit of heat exchanger-type cool air supply equipment

Product Safety and Quality

Basic quality policy

Nippon Fine Chemical will continue to provide quality products and services that satisfy customers and are reliable.

Activities for product safety

Nippon Fine Chemical prepares product safety data sheets (SDSs) in accordance with the Japanese Industrial Standards (JIS). In addition, for products that include substances covered by the labeling requirements of the Industrial Safety and Health Act, we use the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), and display the GHS pictograms on labels, providing our customers with safety and hazard information.To enhance the contents of these SDSs, in April 2021 we started operating our chemical substances management system and are expanding it to all our products.

We strive to ensure our management of chemical substances is done safely: we actively work to comply with the various laws and regulations on chemical products in countries around the world, Japan included, and to ensure management of chemical products throughout our supply chain.

Initiatives for quality assurance

Cosmetics and chemicals field

We obtained ISO 9002 certification in 1996, and, following the later move to ISO 9001, have extended the number of covered products. In March 2023, we completed extending application to the Kakogawa-higashi Plant and the Takasago Plant, which means all Nippon Fine Chemical products are now managed in accordance with our quality management system.

Additionally, along with implementing ongoing training to deepen awareness of ISO 9001 and quality assurance regarding cosmetic raw materials, we use both internal audits and examinations by external audit organizations to help us continually improve and increase our level.

Pharmaceuticals and pharmaceutical intermediates field

We assure quality by complying with GMP (Good Manufacturing Practice) standards, a quality assurance system for pharmaceuticals. We shall continue to maintain these high quality assurance systems, providing high-quality products into the future.

Digitalization of quality assurance work

We are making work more efficient by promoting the digitalization of quality assurance work and improving its level. We are working the prevention human error and strengthening data integrity by digitizing document management and label issuance, and by moving ahead with workflows for education and training.

Outline of Consolidated Financials Over the Last Decade

		FY2015	FY2016	FY2017	FY2018
Profit and Loss (MY)					
Net sales		25,867	25,153	27,598	28,084
Operating profit		2,383	2,369	2,749	3,199
Ordinary profit		2,611	2,560	2,902	3,503
Profit attributable to owners of parent		1,799	1,815	2,014	2,303
Financial status (financial year-end data, MY)					
Total assets		37,924	40,066	46,118	48,214
Equity		30,733	32,846	36,449	37,093
Cash flow (MY)					
Cash flows from operating activities		2,070	2,851	3,626	3,434
Cash flows from investing activities		△ 1,081	△ 1,135	△ 541	△ 598
Cash flows from financing activities		△ 593	△ 621	△ 609	△ 741
Cash and cash equivalents at end of period		5,766	6,837	9,329	11,411
Other (MY)					
Capital investment amount (tangible)		1,552	991	699	1,379
Depreciation		1,003	1,028	976	1,107
R&D expenses		535	555	609	675
Indices					
Operating profit ratio (%)		9.2	9.4	10.0	11.4
Return on equity (ROE) (%)		6.1	5.8	5.9	6.3
Equity-to-asset ratio (%)		79.2	80.3	77.5	76.9
Net income per share (JPY)		75.76	76.45	84.83	96.98
Net assets per share (JPY)		1,263.99	1,354.12	1,504.66	1,562.03
Dividends per share (JPY/year)		23	23	28	30
Dividend payout ratio (consolidated) (%)		30.4	30.1	33.0	30.9
Overseas sales ratio (%)		22.3	20.1	21.8	20.2
Number of employees (persons)		585	594	606	631
Performance by business segment (MY)					
Industrial products/ Functional products as of FY2022 (Scope varies within segment as well)	Net sales	18,551	17,772	19,931	20,323
	Operating profit	1,708	1,659	1,956	2,401
	Operating profit ratio (%)	9.2	9.3	9.8	11.8
Household products/ Environmental hygiene products as of FY2022 (Scope varies within segment as well)	Net sales	6,246	6,438	6,606	6,686
	Operating profit	494	519	522	540
	Operating profit ratio (%)	7.9	8.1	7.9	8.1
Real estate	Net sales	389	The real estate business segment has been		
	Operating profit	142			
	Operating profit ratio (%)	36.6			
Other	Net sales	682	944	1,062	1,075
	Operating profit	39	192	271	259
	Operating profit ratio (%)	5.7	20.3	25.5	24.0
Total	Net sales	25,867	25,153	27,598	28,084
	Operating profit	2,383	2,369	2,749	3,199
	Operating profit ratio (%)	9.2	9.4	10.0	11.4

FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
29,047	30,509	33,448	36,838	33,531	35,663
3,641	3,939	4,881	5,057	4,197	4,895
3,920	4,154	5,127	5,389	4,452	5,210
2,621	2,758	3,472	4,079	3,327	3,870
47,561	53,265	54,807	56,672	59,450	59,796
37,749	42,116	43,732	45,266	46,647	48,160
3,061	4,698	2,285	1,439	6,278	4,087
△ 1,817	△ 2,418	△ 2,741	△ 1,779	△ 634	△ 1,768
△ 894	△ 874	△ 1,399	△ 3,320	△ 2,545	△ 602
11,720	13,187	11,410	7,766	10,937	12,638
1,676	2,228	2,716	2,575	1,534	2,440
1,205	1,064	1,070	950	1,436	1,357
717	712	824	893	901	967
12.5	12.9	14.6	13.7	12.5	13.7
7.0	6.9	8.1	9.2	7.2	8.2
79.4	79.1	79.8	79.9	78.5	80.5
110.37	116.17	146.32	174.42	146.40	172.06
1,589.64	1,773.54	1,851.84	1,984.58	2,074.07	2,140.58
33	35	54	57	70	74
29.9	30.1	36.9	32.7	47.8	43.0
21.9	21.4	24.8	25.2	25.2	30.3
665	671	684	717	719	719
20,573	19,306	23,601	28,448	26,195	28,443
2,748	2,293	3,622	4,161	3,603	4,314
13.4	11.9	15.3	14.6	13.8	15.2
7,337	10,070	8,646	8,073	7,083	6,993
620	1,423	928	743	487	519
8.4	14.1	10.7	9.2	6.9	7.4
incorporated under “Other” as of FY2016.					
1,137	1,134	1,201	316	252	226
274	223	333	152	106	61
24.1	19.7	27.7	48.1	42.3	27.4
29,047	30,509	33,448	36,838	33,531	35,663
3,641	3,939	4,881	5,057	4,197	4,895
12.5	12.9	14.6	13.7	12.5	13.7

Financial Statements

Consolidated balance sheet

(Unit: Millions of JPY)

	Previous consolidated fiscal year (March 31, 2024)	Current consolidated fiscal year (March 31, 2025)
Assets		
Current assets		
Cash and deposits	12,856	**12,300**
Notes and accounts receivable- trade	9,172	**8,221**
Securities	—	**2,000**
Merchandise and finished goods	4,394	**3,936**
Work in process	2,207	**2,338**
Raw materials and supplies	3,204	**2,977**
Other	195	**440**
Allowance for doubtful accounts	△0	**△0**
Total current assets	32,031	**32,213**
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,207	**16,363**
Accumulated depreciation	△8,718	**△8,603**
Buildings and structures, net	6,488	**7,759**
Machinery, equipment and vehicles	16,201	**15,909**
Accumulated depreciation	△13,493	**△13,153**
Machinery, equipment and vehicles, net	2,708	**2,756**
Land	3,719	**3,719**
Construction in progress	754	**546**
Other	3,719	**3,937**
Accumulated depreciation	△2,989	**△3,111**
Other, net	730	**826**
Total property, plant and equipment	14,401	**15,609**
Intangible assets	778	**656**
Investments and other assets		
Investment securities	11,861	**10,871**
Retirement benefit assets	117	**154**
Other	261	**290**
Total investments and other assets	12,240	**11,316**
Total non-current assets	27,419	**27,582**
Total assets	59,450	**59,796**

(Unit: Millions of JPY)

	Previous consolidated fiscal year (March 31, 2024)	Current consolidated fiscal year (March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts receivable- trade	3,954	**3,049**
Short-term borrowings	—	**300**
Accounts payable - other	812	**1,107**
Income taxes payable	1,351	**273**
Provision for bonuses	718	**691**
Provision for bonuses for directors (and other officers)	41	**54**
Provision for environmental measures	426	**43**
Accounts payable - facilities	983	**1,307**
Asset retirement obligations	82	**18**
Other	1,067	**571**
Total current liabilities	9,437	**7,416**
Non-current liabilities		
Long-term borrowings	—	**800**
Deferred tax liabilities	2,186	**2,278**
Retirement benefit liability	127	**114**
Long-term accounts payable - other	19	**4**
Long-term guarantee deposits	92	**88**
Asset retirement obligations	5	**5**
Other	21	**18**
Total non-current liabilities	2,453	**3,310**
Total liabilities	11,891	**10,726**
Net assets		
Shareholders' equity		
Share capital	5,933	**5,933**
Capital surplus	6,870	**6,882**
Retained earnings	30,368	**32,619**
Treasury shares	△4,117	**△4,105**
Total shareholders' equity	39,055	**41,329**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,613	**5,919**
Deferred gains or losses on hedges	4	**△2**
Foreign currency translation adjustment	947	**869**
Remeasurements of defined benefit plans	26	**44**
Total accumulated other comprehensive income	7,592	**6,830**
Non-controlling interests	911	**908**
Total net assets	47,559	**49,069**
Total liabilities and net assets	59,450	**59,796**

Consolidated statement of income and comprehensive income

(Unit: Millions of JPY)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Net sales	33,531	35,663
Cost of sales	23,602	24,785
Gross profit	9,929	10,878
Selling, general and administrative expenses	5,731	5,983
Operating profit	4,197	4,895
Non-operating income		
Interest income	34	37
Dividend income	307	314
Miscellaneous income	60	58
Total non-operating income	402	409
Non-operating expenses		
Interest expenses	1	4
Foreign exchange losses	15	5
Depreciation	125	60
Miscellaneous losses	6	23
Total non-operating expenses	147	94
Ordinary profit	4,452	5,210
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	932	350
Total extraordinary income	933	350
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	10	137
Impairment losses	32	–
Loss on valuation of investment securities	43	–
Provision for environmental measures	426	43
Other	7	–
Total extraordinary losses	519	180
Profit before income taxes	4,867	5,380
Income taxes - current	1,992	1,137
Income taxes - deferred	△544	274
Total income taxes	1,448	1,412
Profit	3,419	3,968
Profit attributable to		
Profit attributable to owners of parent	3,327	3,870
Profit attributable to non-controlling interests	91	97
Other comprehensive income		
Valuation difference on available-for-sale securities	144	△694
Deferred gains or losses on hedges	1	△7
Foreign currency translation adjustment	328	△103
Remeasurements of defined benefit plans	27	17
Total other comprehensive income	501	△787
Comprehensive income	3,920	3,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,750	3,109
Comprehensive income attributable to non-controlling interests	169	72

Consolidated statement of changes in shareholders' equity

■ Previous consolidated fiscal year(from April 1, 2023 to March 31, 2024) (Unit: Millions of JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,933	6,821	28,513	△3,171	38,097
Changes during period					
Dividends of surplus			△1,460		△1,460
Profit attributable to owners of parent			3,327		3,327
Purchase of treasury shares				△986	△986
Disposal of treasury shares		48		40	89
Employee welfare benefit fund			△11		△11
Net changes in items other than shareholders' equity					
Total changes during period	−	48	1,855	△946	958
Balance at end of period	5,933	6,870	30,368	△4,117	39,055

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,469	3	697	△1	7,169	834	46,101
Changes during period							
Dividends of surplus							△1,460
Profit attributable to owners of parent							3,327
Purchase of treasury shares							△986
Disposal of treasury shares							89
Employee welfare benefit fund							△11
Net changes in items other than shareholders' equity	144	1	249	27	423	76	500
Total changes during period	144	1	249	27	423	76	1,458
Balance at end of period	6,613	4	947	26	7,592	911	47,559

■ Current consolidated fiscal year(from April 1, 2024 to March 31, 2025) (Unit: Millions of JPY)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,933	6,870	30,368	△4,117	39,055
Changes during period					
Dividends of surplus			△1,619		△1,619
Profit attributable to owners of parent			3,870		3,870
Purchase of treasury shares				△0	△0
Disposal of treasury shares		11		12	24
Net changes in items other than shareholders' equity					
Total changes during period	−	11	2,251	11	2,274
Balance at end of period	5,933	6,882	32,619	△4,105	41,329

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,613	4	947	26	7,592	911	47,559
Changes during period							
Dividends of surplus							△1,619
Profit attributable to owners of parent							3,870
Purchase of treasury shares							△0
Disposal of treasury shares							24
Net changes in items other than shareholders' equity	△694	△7	△78	17	△761	△2	△764
Total changes during period	△694	△7	△78	17	△761	△2	1,510
Balance at end of period	5,919	△2	869	44	6,830	908	49,069

Consolidated statement of cash flows

(Unit: Millions of JPY)

	Previous consolidated fiscal year (from April 1, 2023 to March 31, 2024)	Current consolidated fiscal year (from April 1, 2024 to March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	4,867	**5,380**
Depreciation	1,436	**1,375**
Impairment losses	32	**–**
Increase (decrease) in allowance for doubtful accounts	△0	**0**
Increase (decrease) in retirement benefit liability	△17	**△13**
Decrease (increase) in retirement benefit assets	△50	**△36**
Increase (decrease) in provision for environmental measures	426	**△383**
Interest and dividend income	△341	**△351**
Interest expenses	1	**4**
Foreign exchange losses (gains)	△25	**1**
Loss (gain) on sales of investment securities	△932	**△350**
Loss (gain) on valuation of investment securities	43	**–**
Loss (gain) on sale and retirement of non-current assets	9	**137**
Decrease (increase) in trade receivables	△260	**939**
Decrease (increase) in inventories	1,301	**537**
Increase (decrease) in guarantee deposits received	△10	**△3**
Increase (decrease) in trade payables	△312	**△849**
Decrease (increase) in consumption taxes refund receivable	524	**△154**
Increase (decrease) in accrued consumption taxes	298	**△336**
Other	215	**27**
Subtotal	7,204	**5,924**
Interest and dividends received	341	**351**
Interest paid	△1	**△4**
Income taxes paid	△1,266	**△2,183**
Net cash provided by (used in) operating activities	6,278	**4,087**
Cash flows from investing activities		
Payments into time deposits	△636	**–**
Proceeds from withdrawal of time deposits	–	**206**
Purchase of property, plant and equipment	△851	**△2,282**
Proceeds from sale of property, plant and equipment	5	**0**
Payments for retirement of property, plant and equipment	–	**△55**
Payments for asset retirement obligations	–	**△47**
Purchase of intangible assets	△414	**△39**
Purchase of investment securities	△1	**△1**
Proceeds from sale of investment securities	1,264	**451**
Net cash provided by (used in) investing activities	△634	**△1,768**
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	**300**
Proceeds from long-term borrowings	–	**800**
Dividends paid	△1,460	**△1,619**
Dividends paid to non-controlling interests	△89	**△74**
Purchase of treasury shares	△986	**△0**
Other	△8	**△6**
Cash flows from financing activities	△2,545	**△602**
Effect of exchange rate change on cash and cash equivalents	72	**△15**
Net increase (decrease) in cash and cash equivalents	3,171	**1,701**
Cash and cash equivalents at beginning of period	7,766	**10,937**
Cash and cash equivalents at end of period	10,937	**12,638**

Safety and Environment Information

This information is for NFC alone.

■ Lost-time accident rate

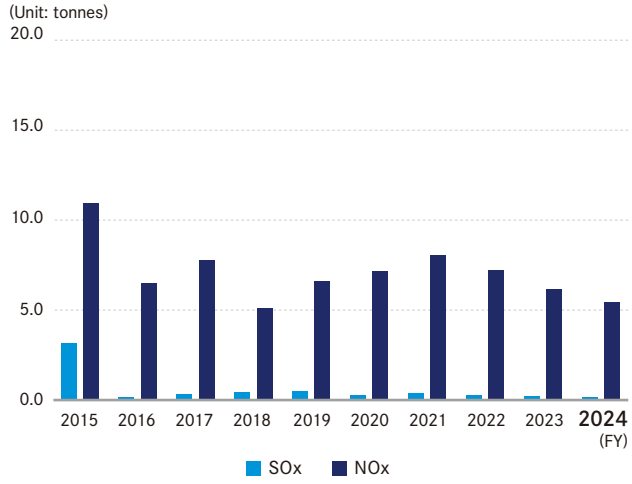
	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	**CY2024**
Nippon Fine Chemical	2.31	2.15	2.08	0.00	1.87	0.00	8.35	6.36	0.00	**0.00**
All industries	1.61	1.63	1.66	1.83	1.80	1.95	2.09	2.06	2.14	**2.10**
Chemicals industry	0.81	0.88	0.81	0.90	0.94	0.93	1.07	1.16	1.04	**1.23**

■ Lost-time accident severity rate

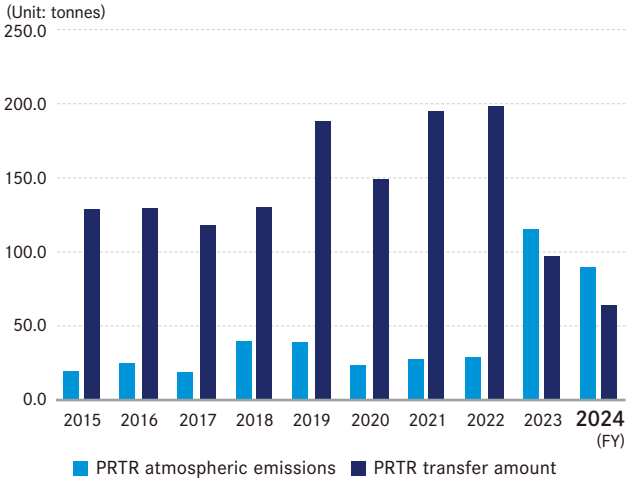
	CY2015	CY2016	CY2017	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023	**CY2024**
Nippon Fine Chemical	0.00	0.02	0.01	0.00	0.00	0.00	0.15	0.02	0.00	**0.00**
All industries	0.07	0.10	0.09	0.09	0.09	0.09	0.09	0.09	0.09	**0.09**
Chemicals industry	0.04	0.03	0.09	0.06	0.02	0.03	0.02	0.06	0.03	**0.04**

Lost-time accident rate = 1,000,000 x (number of lost-time accident victims) / (total number of working hours)
Lost-time accident severity rate = 1,000 x (total number of lost work days/total number of working hours)
Nippon Fine Chemical: aggregate of lost-time accidents requiring at least one day off
Statistics from: January to December
All industries: Taken from the occupational accident statistics on the Workplace Safety Website
Chemicals industry: Taken from the Japan Chemical Industry Association's "Results of Occupational Health and Safety Survey Results"

■ SOx and NOx emissions



■ PRTR transfer amount, emissions



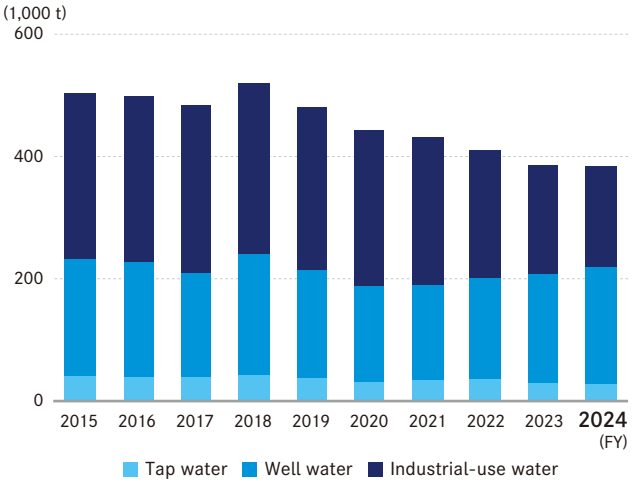
■ Changes in chemical substances with large amounts of atmospheric emissions

(Unit: tonnes)

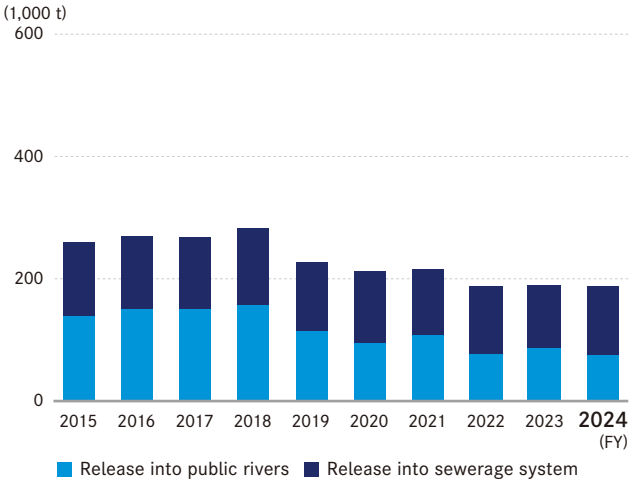
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	**FY2024**
Toluene	8.2	13.4	17.4	22.7	31.5	18.1	23.2	26.1	19.4	**8.2**
Chloroform	1.4	0.4	0.5	0.3	2.6	5.2	4.0	2.5	3.7	**1.4**
Chlorodifluoromethane	0.0	4.2	0.0	8.4	1.7	0.0	0.0	0.0	0.0	**0.0**
Dichloromethane	0.1	4.2	0.5	6.9	2.2	0.4	0.0	0.3	0.4	**1.4**
Cyclohexane*	—	—	—	—	—	—	—	—	27.0	**24.4**
Heptane*	—	—	—	—	—	—	—	—	65.6	**55.3**

*Notification of release/transfer amounts required from April 1, 2023.

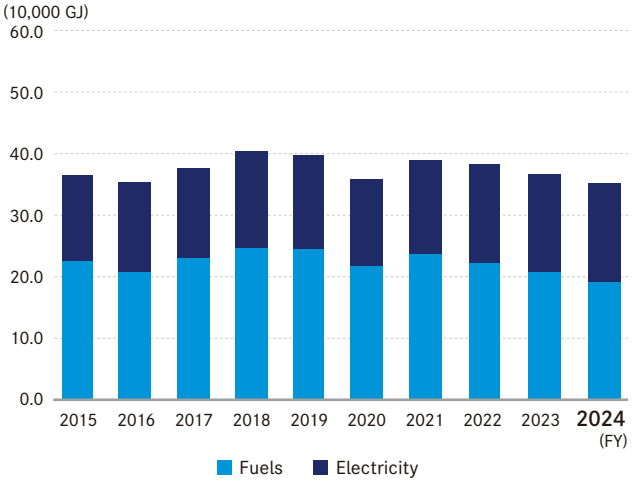
■ Amount of water used



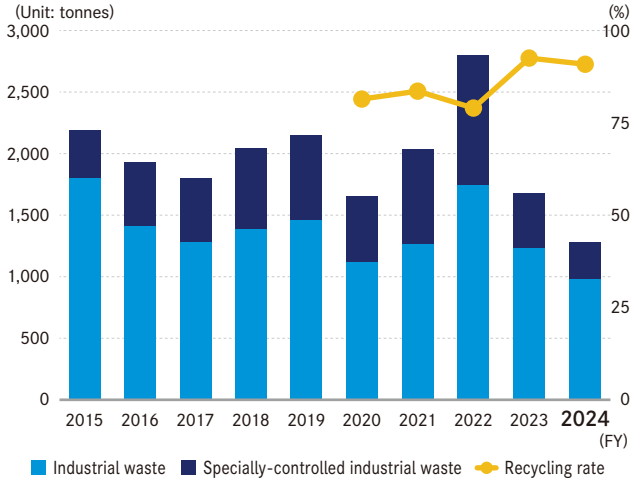
■ Amount of effluent



■ Amount of energy used



■ Waste volume and recycling rate



■ GHG emissions

(Unit: t-CO_2e)

Greenhouse gas emissions (GHG)	FY2023	**FY2024**
GHG emissions (Scope 1)	10,462	**9,437**
GHG emissions (Scope 2)	25	**26**
GHG emissions (Scope 3) / Total for categories listed below	71,936	**76,337**
Category 1 Purchased goods and services	60,109	**65,695**
Category 2 Capital goods	8,087	**6,915**
Category 3 Fuel- and energy-related activities not included in Scope 1 or 2	1,997	**1,967**
Category 4 Upstream transportation and distribution	379	**410**
Category 5 Waste generated in operations	582	**554**
Category 6 Business travel	199	**231**
Category 7 Employee commuting	583	**565**
Category 8 Upstream leased assets	0	**0**
Categories 9-13 Downstream categories not done due to difficulty of calculation	—	**—**
Category 14 Franchises	—	**—**
Category 15 Investments	—	**—**

Calculation Method

Calculations were based on the GHG Protocol and the Ministry of the Environment and the Ministry of Economy, Trade and Industry's "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organization in their Supply Chains (Ver 3.4)."

Purpose

Contributing to
the creation of a sustainable society
filled with Smiles
through the Power of **Chemistry** and **KIREI**.

NIPPON FINE CHEMICAL CO., LTD.

Editorial Policy

Nippon Fine Chemical issues an Integrated Report as of FY2023, which replaces the RC Report, CSR Report, and Sustainability Report. This report includes management strategies, a business overview, financial information, sustainability initiatives information, and so on.

We hope to this report is able to pass on to as many stakeholders as possible our efforts to improve our corporate value as well as give an overall picture, so that they will take an interest in our company.

Note regarding forecasts

This report not only describes the past and current status of the Group companies, but also includes future projections and plans based on currently available information. These results may differ or change due to various factors such as changes to the business environment.

Published Information about Nippon Fine Chemical

Basic information about Nippon Fine Chemical is published on our website.

■Nippon Fine Chemical website
https://www.nipponseika.co.jp/en/

■TCFD Report
https://www.nipponseika.co.jp/en/sustainability/report/

■Securities Report
https://www.nipponseika.co.jp/investors/library/securities/

Period Covered

FY2024 (April 2024 - March 2025, some content from FY2025 is also included.)

Date of Issue

February 2026