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Notice Concerning Formulation of Medium-Term Management Plan 2026-2028

Nippon Yakin Kogyo Co., Ltd. (the “Company”) hereby announces that it has formulated its Medium-Term Management Plan 2026-2028, a three-year plan commencing in FY2026, as described below.

I. Background to Plan’s Formulation

To achieve sustainable growth beyond the Company’s 100th anniversary in 2025, the Nippon Yakin Kogyo Group formulated the Medium-Term Management Plan 2023, covering the three-year period from FY2023. In this Plan, we implemented a variety of initiatives with the goal of “contributing to the future of the earth as a leading supplier in the high nickel alloy and stainless steel markets by pursuing diversification of products and raw materials.”

As a result, the Group recorded earnings that exceeded the target of “EBITDA: ¥20 billion or more” set in the Medium-Term Management Plan 2023 in FY2023 and FY2024. However, this target was not reached in FY2025, the final year of the Plan.

Factors contributing to this result included sluggish demand in high-performance alloys markets, particularly overseas, due to the prolonged Russian invasion of Ukraine, U.S. tariff policy risks, and the economic downturn in China, and a softening of decarbonization efforts. Further, in the domestic stainless steel market, the Company faced difficulties caused by the threat of imported products amid the delay in recovery from the inventory adjustment phase.

Currently, escalating tensions in the Middle East, the unpredictable situation between Russia and Ukraine, unexpected policy confusion in the United States, and other factors are leading to drastic changes in the economic environment, including instability in the supply of raw materials and fuel and rising prices, as well as uncertain political conditions and global environmental issues. These factors are expected to have various impacts on the business environment.

To maintain sustainable growth into the future even while taking this unpredictable management environment into consideration, we have compiled the initiatives that we will achieve in the three years from FY2026 to FY2028 in the Medium-Term Management Plan 2026-2028.

II. Overview of Medium-Term Management Plan 2026-2028

* For details, please refer to the attachment and to the presentation materials posted on the Company’s website (<https://www.nyk.co.jp/investors/plan/>).

1. Vision of Medium-Term Management Plan 2026-2028

Become a resilient company that continues to evolve by addressing the challenge of new fields as a leading supplier in the high nickel alloy and stainless steel markets

2. Three Basic Strategies

(1) Explore market needs in new fields and develop and supply the items they require

In the high-performance alloys division, in addition to advancing the development and provision of high-performance alloy products tailored to market needs in fields and areas where future expansion of demand is expected,

we will strengthen research and development with a view to exploring new market domains, in our efforts to create medium- to long-term growth opportunities. Taking added-function stainless steel products that have a competitive advantage in the stainless steel division and re-categorizing them into the high-performance alloys division, we will work to strengthen expansion of their sales. With other stainless steel products, we will maintain and strengthen the earnings base of the domestic stainless steel business by offering the kind of value that customers seek. In addition, we will further leverage the synergy effects with Group companies to strengthen the foundations and sales structures of the individual companies, to respond to the growing sophistication of market needs.

Main measures

- High-performance alloys: Expand sales and advance development through strategic initiatives in growth markets and fields
 - 1) Reinforce organizational strength for sales expansion of high-performance alloys
 - 2) Expand target domains and supply capacity of existing materials
 - 3) Develop new alloys (high-grade high-performance alloys) and manufacturing processes to open up new market domains
 - 4) Enhance deployment of products newly positioned in the high-performance alloys division from the stainless steel division
- Stainless steel: Strengthen the domestic stainless steel business by delivering value not found in imported products
- Secure sales base through collaboration with Group companies

(2) Pursue technologies and build a production framework that can accommodate all kinds of needs

Through the adoption of new manufacturing processes and the enhancement of production responsiveness, we will increase our quality, delivery, and cost competitiveness and respond to customers' needs.

We will also aim to establish procurement operations that are able to respond to fluctuations in order volumes and changes in product mix caused by changes in the external environment. At the same time, to strengthen our internal supply framework for nickel raw materials, we will further advance the use of recycled raw materials in "carbonless nickel smelting."

Main measures

- Strengthening of QCD competitiveness: Establish production frameworks for high-performance alloys with industry-leading competitiveness by evolving our production technologies (manufacturing process innovations, realization of customer needs)
- Strengthening of procurement capabilities: Diversify raw materials and ensure stable procurement of raw materials and supplies (Flexible raw materials operations, expanded use of carbonless nickel smelting luppe (reduced metal particles))

(3) Establish a sustainable management foundation by responding to changes in our environment

Establishing a premise of environmentally considerate business activities, including reducing CO₂ emissions for the realization of carbon neutrality and implementing environmental measures in the areas surrounding the Kawasaki and Oheyama plants, we will make investments in human resources, capital expenditures, and R&D with a view to sustainable growth. At the same time, by achieving earnings targets, we will aim to strengthen our financial foundation and continue to provide stable returns to shareholders.

We will also promote the streamlining and smartification of operations that leverage digital technologies and pursue operational process reforms across the entire organization.

Main measures

- Environmental consideration: Initiatives for the realization of carbon neutrality
- Human resources measures: Execution of a future-oriented human capital plan
- Use of DX/AI: Operational process reforms and IT infrastructure development through promotion of DX
- Strengthening of financial foundation: Strengthening of financial foundation with a view to obtaining an A credit rating

3. Capital Investment Plan

We have planned for capital investments totaling ¥38.2 billion (on a decision basis) over the next three years. This will include the adoption of new facilities that will contribute to enhancing the earning power of the high-performance alloys division, the Group's strategic area, and to the development of new fields for the future. The plan also includes strategic investments related to the strengthening of competitiveness and carbon neutrality, as well as investments for reinforcing our business foundations and replacing equipment and investments in Group companies.

Capital Investment Plan (cumulative over three years)

	Decision Basis
Strategic investments	¥15.8 billion
Business foundation reinforcement	¥3.1 billion
Replacement investments	¥11.7 billion
Sub-total	¥30.6 billion
Investments in Group companies	¥7.6 billion
Total	¥38.2 billion

[Reference] Depreciation expenses (consolidated, cumulative over three years): ¥24.4 billion

4. Cash Allocation

We plan to allocate ¥45.1 billion, equivalent to over 50% of total revenue of ¥81.7 billion for the period of the Medium-Term Management Plan 2026-2028, to capital investment and R&D expenditure (i.e., investment in the future).

Cash Allocation (cumulative over three years)

Revenue		Expenditure	
Ordinary profit (before R&D expenditures)	¥52.7 billion	Capital investment/ R&D expenditures	¥45.1 billion
Depreciation	¥24.4 billion	Shareholder returns	¥10.4 billion
Change in borrowings/cash and deposits	¥4.6 billion	Working capital/taxes, etc.	¥26.2 billion
Total	¥81.7 billion	Total	¥81.7 billion

5. Targets to be Achieved

	Target (FY2028)
High-performance alloys division sales ratio (non-consolidated)	60%
EBITDA	¥30 billion
ROE	10.0%
Dividend payout ratio	35% or more
DOE (Note 1)	2.8% or more
(Reference) Net D/E ratio	0.5 – 0.7

Note 1: From the perspective of conducting stable, continuous shareholder returns, we have set a minimum for DOE (dividend on equity) of 2.8%.

“Medium-Term Management Plan 2026-2028” Vision

Our Future Vision

PBR of 1.0 or higher

Vision of
Medium-Term
Management
Plan 2026-2028

Become a resilient company that continues to evolve by addressing the challenge of new fields as a leading supplier in the high nickel alloy and stainless steel markets

* Leading supplier: Possesses QCD competitiveness at a global level

Key Issues

Management
Philosophy

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

We pursue perpetual development and improvement through creativity and efficiency based on independence and self-reliance.

We promote the well-being of all who join with us, and offer opportunities to society for greater job satisfaction.

We have established a solid foundation for our corporate activities.

We have established a corporate culture of strong self-innovation.

We conduct our corporate activities with social awareness.

Resilient company*

A company that possesses resilience and the ability to recover in the face of a crisis

Three Basic Strategies

Vision of Medium-Term Management Plan 2026-2028

Become a resilient company that continues to evolve by addressing the challenge of new fields as a leading supplier in the high nickel alloy and stainless steel markets

Basic Strategy (1)

Explore market needs in new fields and develop and supply the items they require

- **High-performance alloys:** Expand sales and advance development through strategic initiatives in growth markets and fields
- **Stainless steel:** Strengthen the domestic stainless steel business by delivering value not found in imported products
- **Secure sales base through collaboration with Group companies**

Basic Strategy (2)

Pursue technologies and build a production framework that can accommodate all kinds of needs

- **Strengthening of QCD competitiveness:** Establish production frameworks for high-performance alloys with industry-leading competitiveness by evolving our production technologies
- **Strengthening of procurement capabilities:** Diversify raw materials and ensure stable procurement of raw materials and supplies

Basic Strategy (3)

Establish a sustainable management foundation by responding to changes in our environment

**Environmental
Consideration**

**Human Resources
Measures**

Use of DX/AI

**Strengthening of
Financial
Foundation**