

## Greetings



### To Our Valued Stakeholders

I would like to express my heartfelt gratitude for your understanding and support of the Nihon Parkerizing Group's business activities.

I am Masayuki Aoyama, and I became President and Executive Officer at the annual stockholders meeting held this past June. Amid the rapid changes in the social environment, the Nihon Parkerizing Group promotes regional management across borders. It seeks to sustain the growth of the Group and continue the enhancement of its corporate value under a new management structure. I sincerely hope that all of you will extend the same support you had extended to my predecessor, Kazuichi Satomi (currently Chairman), all employees of the Group and myself.

To fulfill the ever-changing, diverse needs of customers, the Nihon Parkerizing Group has evolved and developed the surface modification technologies in which we take pride. It has created numerous highly creative technologies and products and delivered them to the world. We will continue to improve our technological capabilities and provide high-quality products, toll processing services and technical support to the whole world and strive to hone our technologies in an effort to meet the demand of the times for solutions to emerging social issues such as the environmental footprint.

Our company celebrates its 100th anniversary in 2028, but the road we have traveled so far has not been smooth. Thanks to your support and the dedicated efforts of our predecessors, we have overcome numerous difficulties and have come to this day. Currently, the business environment surrounding the Nihon Parkerizing Group is increasingly uncertain and vague and it is not possible to easily foresee the future. However, despite this situation, we will not allow ourselves to be overcome by joy or despair. We will actively develop new technologies and applications in preparation for the anticipated arrival of a decarbonized society.

To continue to be a company that everyone trusts, our Group will strive to leap forward as a genuine global niche company under the slogan of "Transforming a diverse range of surfaces with the power of science" and contribute to the realization of sustainable growth and the resolution of social issues.

We would like to ask for your continued understanding and support.

**Masayuki Aoyama** President & Executive Officer

## Message from Top Management

Challenge the conventional wisdom, change ourselves and dramatically change society.

### As the leader in surface modification, we will help to create a sustainable future

Since its foundation in 1928, Nihon Parkerizing has refined its surface modification technologies and maintained its position as the top company in this category based on its corporate philosophy, "contributing to the effective use of limited resources on planet Earth, creating new value of resources through the surface modification of all kinds of materials, preserving the global environment, and realizing an affluent society."

Through the years, the Nihon Parkerizing Group has been growing with two core industries: automotive and steel. Meanwhile, the decarbonization of the car industry is accelerating and the transition to electric vehicles (EVs) is rapidly progressing. As the reorganization of the steel industry advances domestically and internationally while countries like China and India rapidly catch up, we see the rapid growth of the demand for environmentally friendly technologies such as technologies that reduce the amount of hazardous chemical substances used.

To emerge from this potentially critical situation, the Nihon Parkerizing Group is fully committed to developing new markets and product categories such as medical devices, electronic devices, aerospace, healthcare, and household goods in addition to traditional markets like automobiles and steel. However, the business environment is growing significantly more severe. It is difficult to be optimistic because of the impact of events such as the disruption of supply chains due to Russia's invasion of Ukraine and the skyrocketing

prices of raw materials and energy.

In this environment, surface modification technologies have become commonplace for rust-resistant iron materials and antirust processing methods. Recently, people's recognition of surface modification as being environmentally friendly has been increasing, and we have seen a rise in the trend toward reviewing the roles of these technologies. For example, technologies for preventing rust, the substance synonymous with metal corrosion, curb the deterioration of metals' strength and their wear. Furthermore, the technologies are shown to improve the durability of metals and significantly extend the service life of goods. Increasing the strength of materials can make components and parts lighter in weight. Also, surface modification is widely used for lowering processing loads and helps to improve the functions of various goods through, for example, shortened manufacturing processes and energy saving.

Focusing on surface treatment technologies to contribute to the environment, the Nihon Parkerizing Group strives to deeply cultivate its existing product categories to meet the emerging needs of society through initiatives such as the development of technologies for next-generation vehicles and the development of environmentally friendly products and high-performance products. Leveraging the Group's comprehensive strengths, we will contribute to solving social issues.

## Moving on to the next stage of growth

### Toward the centenary of the establishment of Nihon Parkerizing and Vision 2030

Nihon Parkerizing will celebrate its centenary in 2028. The centenary milestone is a once-in-forever opportunity for us to accept the forthcoming paradigm shift and transition to a more flexible corporate structure. Executives and employees work together to reform, boldly anticipate change and aggressively seek solutions to social issues. Doing this, I believe, will make it possible to elevate the Nihon Parkerizing Group to a higher growth stage.

People are the key to this. In 2021, the Nihon Parkerizing Group formulated Vision 2030, which advocates the promotion of sustainability-oriented management and five fundamental strategies, including increasing the diversity of human resources. Currently, we are formulating the fifth Medium-term Management Plan, which will start in fiscal 2025. While formulating this plan, the Nihon Parkerizing Group has repeatedly asked itself what it should do to enhance the collective strength of the Group and compete in the global market. We came up with one answer: maximally draw

out each employee's capabilities by creating workplaces where everyone can work vibrantly irrespective of differences in gender, nationality or other attributes.

The basis of surface modification, the Nihon Parkerizing Group's core business, is the wisdom from the spirit of valuing materials. The spirit of valuing materials is connected to the achievement of a decarbonized society, which society is calling for today. To identify megatrends for the future and discover human resources with a passionate desire to change the world using their technologies and establish a world where no one is left behind, we must provide appropriate opportunities for education and training as well as proactively and voluntarily commit to diversity, which is a prerequisite for discovering these human resources.

As a step toward making these wishes a reality, we set the target of 10% or more of our managerial-level employees being women this year. Regarding this, we have to confess that we are not at a level we can publicly be proud of. However, this is a high hurdle to

clear for the Nihon Parkerizing Group as women have conventionally been a small part of the industry and the Group. Our efforts will continue so that this recently set goal can mark "one giant leap" for the Nihon

Parkerizing Group, as the well-known quote from Neil Armstrong, the captain of the USA's Apollo 11 spaceship, says.

## Challenges for Change

### Make the New Central Research laboratories a springboard for growth

More than 8 billion human beings and many different animals and plants coexist on the Earth. As climate change is currently worsening, the sustainability of society is a significant social issue. The longer we do nothing about climate change, the worse it will get. We must squarely and sincerely face social issues such as these.

Our corporate policy for this coming one-year period is titled "Challenges for Change". We will transform ourselves and establish a corporate culture that breaks free of the conventional thinking of the past so that the company will be able to survive the next 100 years. By doing so, we will provide new value to our stakeholders, including our customers.

If we stay away from stereotypes and change our perspective, our core surface modification technology has the potential to open up new technological horizons.

As the leader in surface modification, the Nihon Parkerizing Group has sought to be an R&D-oriented company. Currently, we are constructing the new Central Research Laboratories in Hiratsuka, Kanagawa, with the goal of innovating. Completion will be in December this year.

There, we will break free from conventional thinking and established ideas and seek to change the processes for developing new businesses and providing products, toll processing and technical support. More specifically, we will develop surface modification technologies to contribute to a decarbonized society and assign more talented human resources with the goal of

advancing environment-related research and development efforts such as the transition to EVs, technological innovation for the anticipated arrival of hydrogen energy and a hydrogen society and the development of applications for other utilization. In this way, we will discover new surface modification technologies and contribute to the resolution of social issues.

The new Central Research Laboratories will do more than just enhance the Nihon Parkerizing Group's corporate value. We aim to create a new hub that will confront the social issues that are common to all of humanity and eventually generate the energy to create a new society. We have great hopes for this facility and we cannot wait to see it completed.

The active participation of diverse human resources is essential for the Nihon Parkerizing Group to achieve sustainable growth and innovation. We will maximize the Group's strength in terms of human resources by recruiting and developing a diverse workforce. To do this, we will create an environment where many different people maximize their capabilities and everyone can take leading roles. At the same time, we must establish systems that allow for flexible workstyles and improve our workplace environment so that employees find their jobs rewarding and feel they are achieving personal development.

The Nihon Parkerizing Group will continue to disclose information transparently to increase stakeholders' understanding of the Nihon Parkerizing Group's efforts to create new value.

#### "Vision2030" Roadmap

### Transforming a diverse range of surfaces with the power of science

