NVE CORPORATION

Sustainability Report

Fiscal Year Ended March 31, 2026

Contents

1. Key Metrics

About NVE

- Leaders in practical spintronics
- In-house front- and back-end operations
- $26.3 million fiscal 2026 revenue
- 62% operating margin; 68% pretax margin; 64% net margin

Products

- Products that enable better medical devices, which improve people's lives
- Products that enable the Industrial Internet of Things for more energy efficient factories
- One-twentieth the power of conventional semiconductors to use less energy
- 75% smaller than legacy products to allow smaller magnets and less rare-earth elements

Energy, Efficiency, and Climate

- 1,350 tCO2e emissions in fiscal 2026
- 51 tCO2e/$M revenue vs. 126 tCO2e/$M for the semiconductor industry
- 69% of our electricity and 58% of our aggregated energy consumption is carbon-free
- Significant company investments in energy efficiency

People

- $358,000 net income per employee
- 48% with bachelor's or advanced degrees
- 33% employees from underrepresented groups, compared to 18% for Minnesota
- 7% employee turnover vs. 16% for the semiconductor industry

Governance

- ISS Corporate Governance Score in the top 10% of public companies
- Clarity AI Governance Score in the top 1% of public companies
- "Gender Balanced" Board of Directors with 40% women
- 100% independent directors on all Board committees

2. Overview

NVE makes high-value proprietary components with unique features. These products have an outsized societal impact as shown in the Y-axis of the figure below. We are an integrated device manufacturer (IDM), with design, "front-end" wafer fabrication, and "back-end" device testing.

By contrast, "fabless" companies buy wafers fabricated with standard processes. Commodity semiconductor companies focus on high-volume production of standardized chips. The market for these components is driven by price rather than unique intellectual property, and the products have modest societal impacts.

Most of our value is in spintronic wafer fabrication; we primarily use foundry wafers for standard interface functions. Because of the high value of our products, NVE has a relatively low carbon footprint per dollar of revenue compared to traditional semiconductor companies.

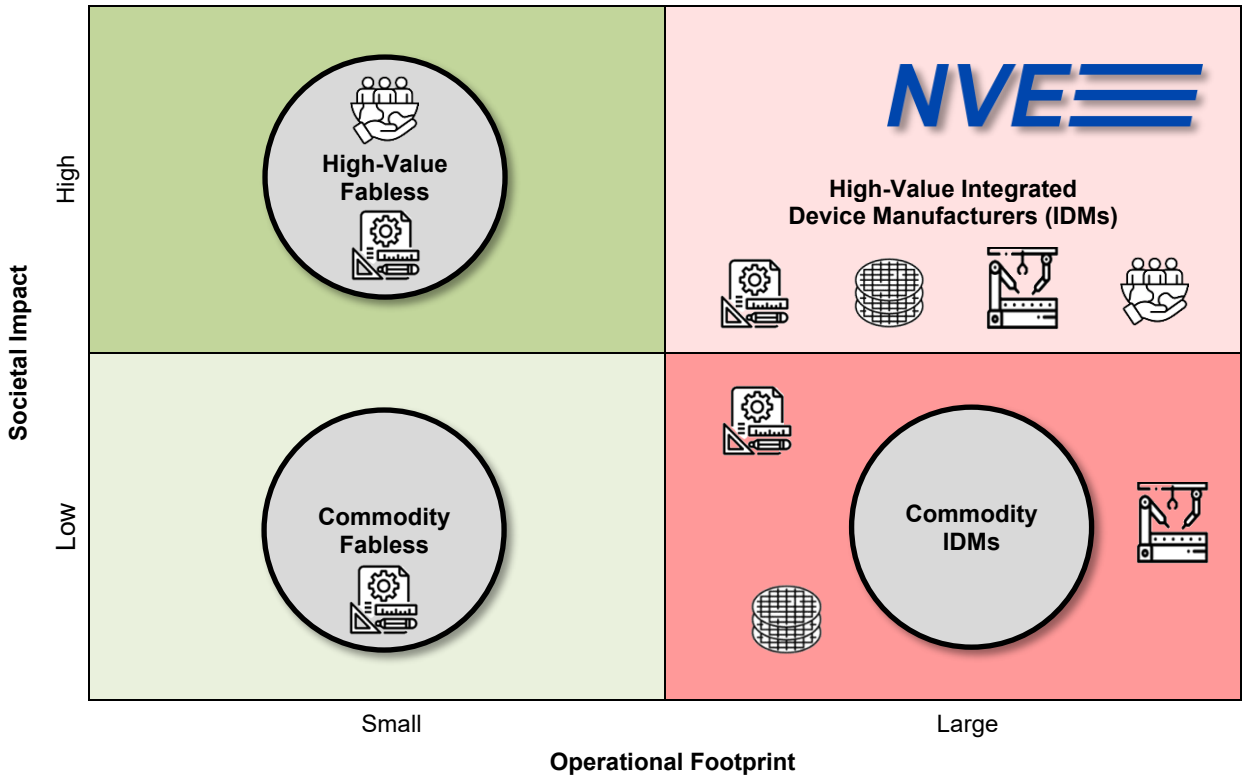

Figure 1.1. NVE has a large footprint but high impact products.

The figure below summarizes some of the positive societal impacts of our products in customer systems:

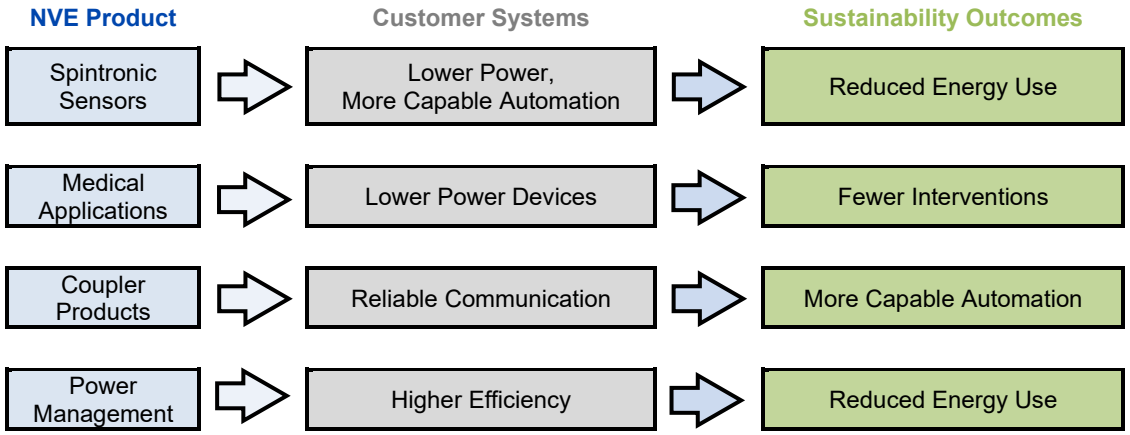

Figure 1.2. NVE's outsized societal impact.

NVE CORPORATION

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To Our Shareholders, Customers, and Employees,

NVE is committed to ensuring the safety, health, and protection of people and the environment, and to high standards of ethics and corporate governance.

We build technology at the intersection of science and real-world impact. Our spintronic sensors and isolation products enable more efficient, reliable, and intelligent systems across industrial, medical, and advanced electronics applications.

As a focused, high-value technology company, our approach to sustainability reflects both who we are and where we can have the greatest impact.

Unlike large conventional semiconductor manufacturers, our direct environmental footprint is relatively modest. We are a "small emitter" under EPA guidelines. Furthermore, because the high value of our products, we have a smaller footprint per dollar of revenue than typical conventional semiconductor manufacturers.

Our products help customers improve energy efficiency, reduce reliance on energy-intensive magnets, and extend the life of critical devices—from industrial equipment to implantable medical technologies. We believe this product-enabled impact is our most important sustainability contribution. At the same time, we recognize that responsible business practices require transparency and discipline. We begin disclosing our environmental footprint, including energy use and greenhouse gas emissions, in this report.

We are committed to ensuring our products are not harmful. We extend our positive impact by helping customers build safer, more reliable, and regulation-compliant systems. Applications include electrical isolation, medical instruments, fault protection, industrial monitoring, and operation in hazardous environments.

On the human side, we report workforce and turnover metrics. Our success depends on our employees' dedication, expertise, efficiency, and ingenuity. We are committed to maintaining a safe, collaborative, and intellectually rigorous work environment that supports innovation and long-term employee engagement.

Strong governance has long been a hallmark of NVE. Our disciplined capital allocation, a strong balance sheet, and focus on long-term shareholder value remain unchanged. These principles are embedded in our governance and risk management processes.

Our goal is to provide clear, decision-useful information about the issues that matter most to our business and our stakeholders and what makes NVE unique. This report was prepared by me and other employees who care about these issues. We did not retain consultants or graphic designers.

I'm proud to be part of a company whose products help the planet and improve people's lives. I'm also proud of our low turnover and honored that many employees, like me, have chosen to spend much of their careers at NVE. And I'm pleased to see our workforce and Board become increasingly diverse over the more than 25 years I've been with the company. We are a better company because of that.

Sincerely,

Daniel A. Baker
President and Chief Executive Officer

4. About Us

In General
NVE Corporation develops and sells devices that use spintronics, a nanotechnology that relies on electron spin rather than electron charge to acquire, store, and transmit information. We manufacture high-performance spintronic products including sensors and couplers that are used to acquire and transmit data.

NVE History and Background
NVE is a Minnesota corporation headquartered in Eden Prairie, Minnesota, a suburb of Minneapolis. We were founded in 1989.

Industry Background
Much of the electronics industry is devoted to the acquisition, storage, and transmission of information. We have focused on three applications for our spintronic technology: magnetic sensors, couplers, and memories. Sensors acquire information, couplers transmit information, and memories store information. In that sense, our technology can provide the eyes, nerves, and brains of electronic systems.

Magnetic sensors can be used for many purposes including detecting the position or speed of robotics and mechanisms, or for communicating with implantable medical devices. We believe our spintronic sensors are smaller, more precise, and more reliable than competing devices.

Couplers are widely used in factory automation, providing reliable digital communication between electronic subsystems in factories. For example, couplers are used to send high-speed data between robots and central controllers. As manufacturing automation expands, there is a need for higher-speed data and more channel density. Because of their unique properties, we believe our couplers transmit more data at higher speeds and over longer distances than conventional devices.

Near-term potential MRAM applications include mission-critical storage such as military, industrial, and antitamper applications. Long term, MRAM could address the market for ubiquitous high-density memory.

Our Enabling Technology
Our designs are generally based on either giant magnetoresistance or tunneling magnetoresistance. These structures produce a large change in electrical resistance depending on the electron spin orientation in a free layer.

In giant magnetoresistance (GMR) devices, resistance changes due to conduction electrons scattering at interfaces within the devices. The GMR effect is only significant if the layer thicknesses are less than the mean free path of conduction electrons, which is approximately five nanometers. Our critical GMR conductor layers may be less than two nanometers, or five atomic layers, thick.

A more advanced type of spintronic structure we use is based on tunneling magnetoresistance (TMR). Such devices are known as Spin-Dependent Tunnel (SDT) junctions or Magnetic Tunnel Junctions (MTJs). SDT junctions use tunnel barriers that are so thin that electrons can “tunnel” through a normally insulating material to cause a resistance change. SDT barrier thicknesses can be in the range of one to four nanometers (less than ten molecular layers).

In our products, the spintronic elements are connected to integrated circuitry and encapsulated (“packaged”) in much the same way as conventional integrated circuits.

Our Strategy
Our vision is to become the leading developer of practical spintronics technology and devices. Our spintronic technology provides eyes, nerves, and brains for electronic systems, breathing life and intelligence into inanimate objects. Our unique products support global trends of efficient energy conversion and smart, low-power end nodes for the “Internet of Things.” To grow product sales, we plan to broaden our sensor and coupler product lines and enhance our product benefits in target markets.

Our Products and Markets

Sensor Products and Markets
Our sensor products detect the strength or gradient of magnetic fields and are often used to determine position or speed. GMR or TMR elements change electrical resistance depending on the magnetic field. In many of our devices, sensor elements are combined with foundry integrated circuitry or digital cores, and packaged in much the same way as conventional integrated circuits. Our sensors are small, highly sensitive to magnetic fields, precise, and reliable. We sell standard (“catalog”) sensors, and custom sensors designed to meet customers’ exact requirements.

Standard sensors
Our standard, or catalog sensors are generally used to detect the presence of a magnetic or metallic material to determine position, rotation, or speed. We believe our spintronic sensors are smaller, more precise, more reliable, and lower power than competing devices. Our major markets for standard sensors are the Industrial Internet of Things (IIoT) and the Artificial Intelligence of Things (AIoT) for factory automation.

Custom and medical sensors
Our primary custom products are sensors for medical devices, which are customized to our customers' requirements and manufactured under stringent medical device quality standards. Many are used to replace electromechanical magnetic switches. We believe our sensors have important advantages in medical devices compared to electromechanical switches, including no moving parts for inherent reliability, and being smaller, more sensitive, and more precise. Our sensors can be customized for size, range, and sensitivity to magnetic fields, electrical resistance, and embedded software.

Coupler Products and Markets
Our spintronic couplers combine a GMR sensor element and an integrated microscopic coil. The coil creates a small magnetic field that is detected by the spintronic sensor, transmitting data almost instantly. Couplers are also known as "isolators" because they electrically isolate the coupled systems. Our major coupler markets are power conversion, IIoT, and AIoT. Our couplers enable more efficient power conversion and interconnections to implement IIoT, and AIoT for advanced factory automation.

Power Products and Markets
Power products include voltage regulators, interface ICs, DC-to-DC convertors, and products that combine couplers and DC-to-DC convertors to transmit energy as well as data. Our isolated DC-to-DC convertors transfer energy between systems without direct electrical connections and are used in energy conversion systems and industrial networks for IIoT, and AIoT. Energy conversion applications include battery energy storage systems and hybrid/electric vehicles.

MRAM Products and Markets
MRAM uses spintronics to store data. Unlike electrical charge, the spin of an electron is inherently permanent. We have invented several types of memory cells including inventions related to advanced MRAM designs and MRAM for tamper prevention or detection. Our MRAM strategy has been focused on low bit density for applications such as tamper prevention and detection.

Product Manufacturing
Our product manufacturing includes "front-end" wafer production and "back-end" product testing. We believe having our own U.S. wafer production and test capabilities is an advantage over competitors that outsource such operations. The following diagram shows the significant steps in our product flow.

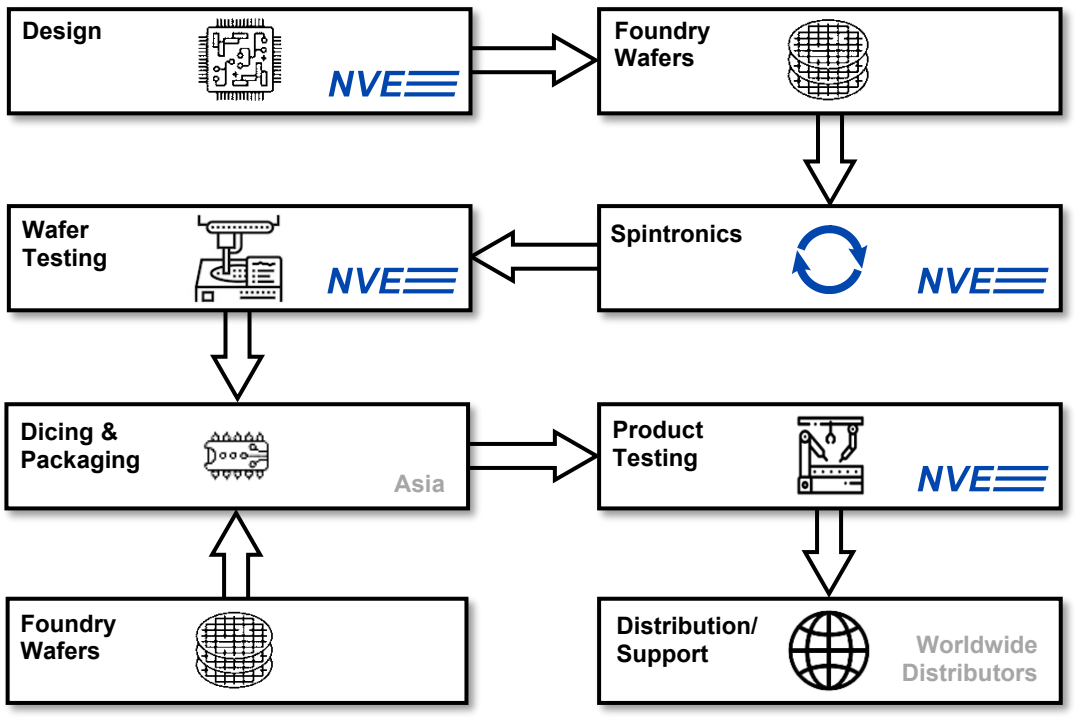

Figure 3.1. NVE product manufacturing flow.

Wafer production occurs in a cleanroom with specialized equipment to deposit, pattern, etch, and process spintronic materials. Most of our products are fabricated in our facility using either raw silicon wafers or foundry wafers. Foundry wafers contain conventional electronics that perform housekeeping functions such as voltage regulation and signal conditioning in our products.

Each wafer may include tens of thousands of devices. We build spintronics structures on wafers in our fabrication facility and do wafer-level inspection and testing. We either dice wafers to be sold in die form, process wafers into Wafer-Level Chip-Scale Parts (WLCSPs), or send wafers to Asia for dicing and packaging. The process to convert wafers to WLCSPs includes attaching solder balls, electrical testing, and wafer dicing. Alternatively, packaged parts are returned to us to be tested, inventoried, and shipped.

New Product Strategy
Our product development strategy includes ultrahigh-sensitivity TMR sensors that can be used with smaller magnets or magnets made with less energy-intensive processes and ultrahigh-low power TMR sensors that use less energy. We introduced several of these products in the past fiscal year.

Raw Materials
Our principal sources of raw materials include suppliers of raw silicon and semiconductor foundry wafers that are incorporated into our products, and suppliers of device packaging services. We have worldwide wafer sources; most of our packaging services take place in Asia.

ESG Relevance of Our Business Model

New Product Strategy
Our product development strategy includes ultrahigh-sensitivity TMR sensors that can be used with smaller magnets or magnets made with less energy-intensive processes and ultrahigh-low power TMR sensors that use less energy. We introduced several of these products in the past fiscal year.

Energy Intensive Manufacturing
NVE is an integrated device manufacturer with design, front-end, and back-end operations. Front-end and back-end operations are in clean spaces requiring filtered air and more energy intensive heating, ventilation, and air conditioning (HVAC) infrastructure than ordinary office space. Temperature and humidity are tightly controlled in our production areas.

Natural Gas Usage
Most of our emissions are direct Scope 1 emissions from natural gas. We use natural gas to heat our facility and our hot water.

Electricity Usage
Our Scope 2 emissions are from electricity usage. Semiconductor manufacturing is electricity intensive, and our spintronics processes are especially energy intensive. Front-end operations are particularly energy intensive due to cryogenic vacuum pumps and high-energy material deposition methods. We use electricity for HVAC, to chill cooling water, for deionization equipment to produce high-purity water for wafer processing, to power air and vacuum compressors, and to power front-end equipment. We also use electromagnets weighing several tons each to create large magnetic fields required in our spintronics manufacturing processes.

Water Stewardship Policies
Semiconductor industry processes depend on water for cleaning wafers, cooling equipment, and diluting chemicals and solvents.

Hazardous Waste Policies
We recycle hazardous waste wherever practical and safely dispose of what cannot be recycled. We follow international guidelines for disposal of electronic waste.

We generate approximately 17,000 pounds of hazardous waste per year and are classified as a “Large-Quantity Generator” under Minnesota regulations. We are licensed as a hazardous waste generator by Hennepin County and file annual reports with the County detailing our hazardous waste activities. In addition to annual reports, we submit semiannual effluent water test data including Total Suspended Solids (TSS) and Biochemical Oxygen Demand (BOD). We also file biennial hazardous waste reports with the U.S. EPA as required.

One-hundred percent of our hazardous waste is treated or reclaimed. We also have policies to minimize water use, treat wastewater to safe thresholds, and minimize negative impacts on marine ecosystems.

Hazardous Waste and Wastewater Processing

We use acids, bases, heavy metals (particularly nickel), and volatile organic compounds (VOCs) in our production processes. We have procedures to ensure that VOCs and other toxic organic compounds do not contaminate our wastewater, and systems to neutralize acids and bases and filter out and reclaim heavy-metals. We certify that no concentrated toxic organics reach our wastewater. We regularly test for pH and heavy metals to ensure compliance with local industrial wastewater regulations. Local regulations follow National Pollutant Discharge Elimination System permits mandated by the U.S. EPA and the Minnesota Pollution Control Agency. Our wastewater is sent to a nearby municipal water treatment plant for further treatment.

Geographic Factors

Natural gas

We require more heating than most other semiconductor industry operations because of our cold climate.

Electricity

We benefit from an adequate supply of low-carbon, relatively low-cost electricity. Xcel Energy, which provides our electricity, reports that electricity for our region is 69% carbon-free[1], compared to a nationwide average of 43%[2]. State legislation mandates 100% carbon-free electricity by 2040. Because of the energy intensity of our operations, we use year-round cooling. An advantage of our climate is that we are able to use outside heat exchangers for cooling equipment and ambient air during cold weather.

Water

Minnesota has abundant lakes, rivers, and groundwater, unlike other semiconductor hubs such as those in Arizona, Texas, or California. According to the Minnesota Department of Natural Resources, the state has enough water to meet its needs for the foreseeable future. Minnesota also has strong laws and policies to advance water efficiency, conservation, sustainability, and affordability. Minnesota ranked in the top 10 states for water efficiency and sustainability, according to the Alliance for Water Efficiency.

Our water comes from municipal wells. We do not directly withdraw groundwater. The Minnesota Department of Natural Resources is developing a strategic plan to manage groundwater sustainability. The plan will include measures to reduce water demand, such as water conservation programs and water efficiency standards for new homes. The plan will also include measures to protect the aquifer from contamination, such as wellhead protection programs and regulations on the disposal of hazardous waste.

People

We rely on a well-educated workforce, and Minnesota consistently ranks among the top 10 most educated states, often placing high in educational attainment and higher education. Twenty-six percent of workers hold bachelor's or advanced degrees. NVE's percentage is 48%. A number of colleges and universities in the Twin Cities, combined with our tuition reimbursement program, allow us to provide our employees with educational benefits and opportunities for advancement.

Minnesota provides a high quality of life and benefits to its workers. The State provides free tuition to State colleges and universities through the "North Star Promise" program, free training in high-growth fields like manufacturing through the "Drive for 5" initiative, and has programs to encourage affordable daycare for working parents. In the past fiscal year, the State implemented paid family and medical leave, which allows us to offer up to 20 weeks paid leave per benefit year for various reasons, including an employee's own serious health condition, bonding with a new child, caring for a family member with a serious condition, and certain safety leaves.

[1] Xcel Energy report library, 2025.
[2] Business Council for Sustainable Energy, April 30, 2026.

5. Sustainability Strategy and Governance

Framework
This Report outlines our ongoing sustainability framework. Rather than a standalone initiative, this report serves as the authoritative codification of our overarching corporate sustainability policies. It details the specific internal governance procedures, risk management protocols, and strategic targets approved by the Board of Directors.

This report replaces and supersedes our Task Force on Climate-related Financial Disclosures (TCFD) report. This Report is aligned with and informed by:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB); Semiconductors
- United Nations Global Compact (UNGC)
- International Financial Reporting Standards Foundation (IFRS) S1 and S2

Applicable organizational standards are referenced in the tables in the "Metrics" section.

Sustainability Governance

Reporting Requirements
This report is being provided on a voluntary basis. Some of the items in this Report are also voluntarily included in our Securities and Exchange Commission (SEC) filings.

SEC 2024 climate-related disclosure rules did not go into effect as planned and the SEC has proposed to rescind the rules.

Responsibilities
As disclosed in our proxy statement, our Board of Directors oversees our climate policies and ensures compliance with applicable environmental, labor, and governance laws and regulations. The Compensation Committee of our Board oversees employee health and safety.

Our goals and Key Performance Indicators (KPIs) are guided by a Management Review Committee (MRC) coordinated by our Quality Manager. The MRC includes our CEO, Principal Financial Officer, and staff-level managers. The MRC meets at least annually to evaluate our strategic priorities, including those related to sustainability and climate.

Managing Climate-Related Risks
Our sustainability policies are integrated with our risk management framework.

The MRC considers interested parties, including regulators and investors, and their policies relating to climate change. For example, the proxy guidelines of two of our large institutional investors, BlackRock Inc. and State Street Investment Management have guidelines related to sustainability reporting and climate risk. Both firms prioritize climate disclosures aligned with reports like this Report. The MRC approved this Report.

The MRC also monitors emerging climate risk topics such as the expansion of artificial intelligence, grid instability, carbon taxes, and supply chain resiliency.

6. Environmental Responsibility

Environmental Management Policy
We are committed to conducting our business in an environmentally responsible manner and complying with applicable environmental laws and regulations. To fulfill this commitment, we will:

- Comply with applicable environmental laws, regulations, permits, and other requirements.
- Operate our facilities in a manner that protects the environment and promotes the health and safety of our employees.
- Seek to minimize waste generation and reduce the environmental impacts of our manufacturing and business activities where practical and cost-effective.
- Promote the efficient use of energy, water, materials, and other natural resources.
- Consider environmental impacts in the development, manufacture, and delivery of our products.
- Encourage environmental awareness and responsibility among employees.
- Work with suppliers and contractors that share our commitment to environmental responsibility and compliance with applicable environmental requirements.
- Encourage suppliers to maintain environmentally responsible business practices and to manage the environmental impacts of their operations.
- Monitor environmental performance and pursue continual improvement in our environmental management practices.

Responsibility for implementing this policy rests with all employees, under the direction of management and with oversight by our Board of Directors.

Decarbonization Transition Plan Policy
Our goal is 0% increase in CO_2-equivalent emissions per dollar of revenue. We plan to offset additional equipment and higher utilization with increased revenue and higher percentage of carbon-free electricity toward a State-mandated goal of 100% carbon-free electricity by 2040, with an interim goal of 80% carbon-free by 2030.

Climate Adaptation Policy
We have established a framework to identify and manage acute and chronic physical risks (e.g., extreme weather) and transition risks (e.g., increased cost of electricity) across operations and supply chains (see Section 7 for details).

Greenhouse Gas Emissions
This report includes both Scope 1 and Scope 2 greenhouse gas (GHG) emissions. Scope 1 covers direct emissions from owned/controlled sources (natural gas for us). Scope 2 covers indirect emissions from purchased energy (electricity for us).

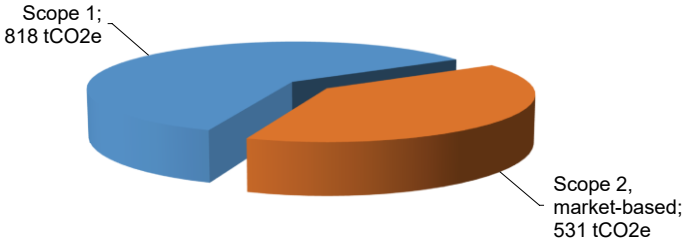

Figure 6.1. Scope 1 and Scope 2 equivalent emissions for the fiscal year ended March 31, 2026.

We are a “Small Emitter” under U.S. Environmental Protection Agency and related Department of Energy guidelines, defined as an entity with total annual greenhouse gas emissions less than or equal to 10,000 metric tons of equivalent carbon dioxide. We are not considered a “significant greenhouse gas emitter” by Institutional Shareholder Services.

Scope 1 Emissions
Our Scope 1 emissions are from natural gas, which we use primarily to heat our facility and water. We expect our Scope 1 emissions to decrease in the coming years due to conservation efforts, reduced carbon intensity in our natural gas supply, and less heating required due to climate change. The favorable impact of climate change on our Scope 1 emissions will likely be more than offset by the unfavorable impact on Scope 2 emissions for cooling, however.

Our natural gas utility, CenterPoint Energy, is committed to helping residential and business customers reduce GHG emissions attributable to their end-use of natural gas by 20-30% by 2035 (from a 2021 baseline)[3]. Most of the reduction will be from conservation by natural gas users, but CenterPoint also has programs to reduce the CO_2 intensity of their natural gas supply under the Minnesota Natural Gas Innovation Act.

Programs that would reduce our Scope 1 CO_2 intensity include renewable green hydrogen. Green hydrogen is produced by splitting water into oxygen and hydrogen using renewable electricity. Green hydrogen is carbon-free and can be blended into the utility's natural gas supply. The program is in the pilot phase and has yet to significantly reduce CO_2 intensity.

There are also programs underway to utilize renewable natural gas and reduce upstream CO_2 intensity, although such efforts would only fall under Scope 3 emissions for us. Renewable natural gas is made from recycling organic waste materials from farms, food waste, wastewater treatment facilities and other sources. More efficient upstream natural gas extraction, processing, and distribution would reduce the overall impact of natural gas.

Scope 2 Emissions

Scope 2 emissions are indirect emissions due to electricity usage. We use electricity to power HVAC infrastructure, production equipment, chillers for cooling water, water deionization for high-purity water for wafer processing, and air and vacuum compressors. We also use high-power electromagnets weighing several tons each to create large magnetic fields required to change electron spin polarizations in our processes.

To comply with the GHG Protocol Corporate Standard, we disclose two distinct metrics for our Scope 2 emissions to provide a transparent view of our electricity consumption:

- *Location-Based Method*: Reflects the physical grid reality. It calculates emissions based on the average carbon intensity of the electric grid in our location without considering specific energy contracts.
- *Market-Based Method*: Reflects our electric utility's purchasing choices. It calculates emissions using specific contractual instruments such as Renewable Energy Certificates (RECs), Power Purchase Agreements (PPAs), or utility-specific green tariffs.

We expect our Scope 2 emissions to decrease in the coming years, even if our electricity usage does not decrease, due to plans by State government and our electric utility to transition to carbon-free electricity.

In recent years, our electric utility has decreased the CO_2 intensity of our electricity supply by decommissioning coal-fired power plants, extending the service of nuclear power plants, and investing in renewable energy such as solar and wind generation. The following graph shows the decreasing CO_2 intensity of our electricity supply in the past three calendar years.[4]

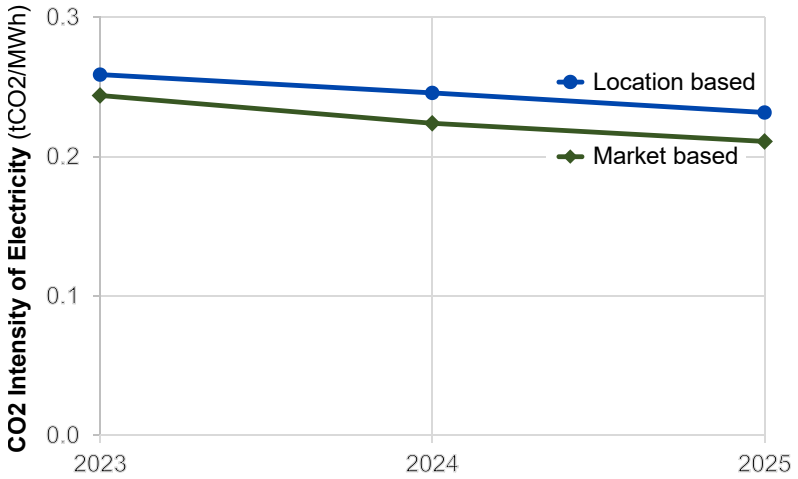

Figure 6.2. The CO_2 intensity of our electricity supply for the past three calendar years.

Revenue CO_2 Intensity

Our fiscal 2026 emissions normalized to revenue were 31 metric tons of carbon dioxide equivalent per million dollars of revenue ($tCO_2e/\$M$) for Scope 1, 20 $tCO_2e/M\$$ for Scope 2, and 51 $tCO_2e/M\$$ total.

[3]https://www.centerpointenergy.com/en-us/corporate/about-us/news/2086#sthash.gQrGcnzx.dpuf
[4]Xcel Energy report library, 2025.

Because the high value of our products and the low carbon content of our electricity, we have a smaller footprint per dollar of revenue than the semiconductor industry as a whole. As shown in the Figure below, the average footprint for semiconductor market manufacturers is 50 tCO_2e/$M for Scope 1, 76 tCO_2e/M$ for Scope 2, and 126 tCO_2e/M$ total[5].

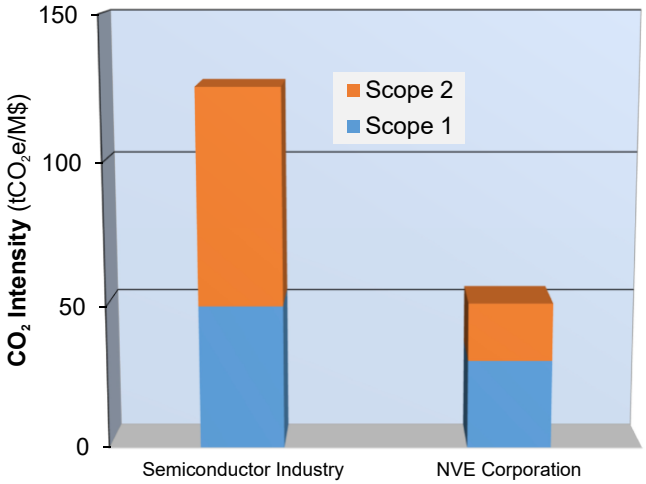

Figure 6.3. Revenue CO_2 intensity compared to the semiconductor market average.

Scope 1 emissions are a higher percentage of our total emissions compared to most semiconductor market companies. We have a relatively high usage of Scope 1 natural gas due to our cold-weather location.

Seasonality

Temperatures during the winter months are colder in the Twin Cities than in any other major metropolitan area in the continental United States. Our natural gas usage, and therefore our Scope 1 emissions, are highly seasonal with heating demand peaking in the winter months. There is also background usage for water heating throughout the year.

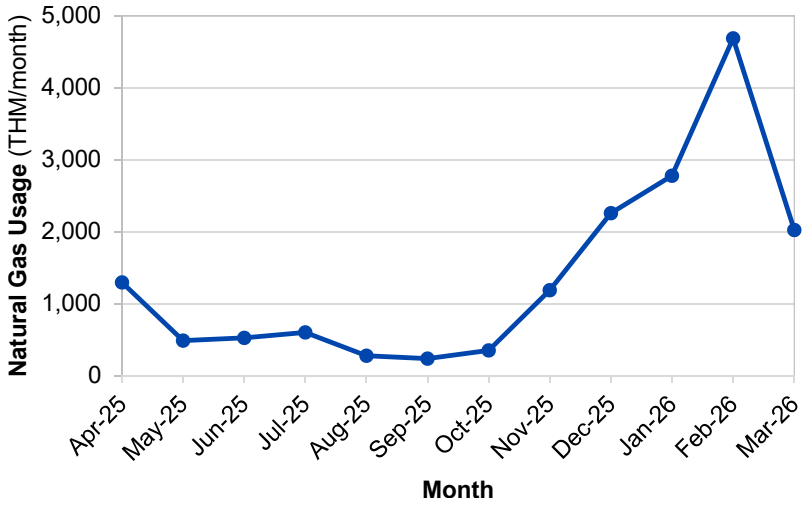

Figure 6.4. Natural gas usage by month for the fiscal year ended March 31, 2026.

High Percentage of Carbon-Free Energy

Xcel Energy, which provides our electricity, reports that electricity for our region is 69% carbon-free,[6] compared to a nationwide average of 43%,[7] and 41% renewable. A Minnesota law requires utilities to supply 100% carbon-free electricity by 2040. There are pilot programs to add carbon-free and renewable components to our natural gas supply, but the current content is insignificant. Therefore, our aggregated energy (electricity and natural gas) is 58% carbon-free and 35% renewable.

[5]"GHG emissions of semiconductor manufacturing in 2021."

[6]Xcel Energy report library, 2025.

[7]Business Council for Sustainable Energy, April 30, 2026.

Energy and Resource Efficiency Improvements

Investment Criteria

Our goal of increasing long-term shareholder value drives financial discipline in all investments, including energy efficiency. Facility investments must generally project positive shareholder value added over the remaining life of our lease, which expires May 31, 2031. Equipment investments must generally show positive shareholder value added over their economic life, which we generally assume to be five years.

In addition to our goal of being good corporate citizens, we have a financial motivation to minimize resource usage. In the past fiscal year, our total expenditures for natural gas, electricity, and water were approximately $299,000, which was a significant component of our costs and expenses.

Recent Improvements

We completed an expansion in the past year, which included several HVAC and other infrastructure efficiency improvements. Our goal was to partially offset the additional energy used by new production equipment with efficiency improvements. Those improvements included an upgraded outdoor air-cooled heat exchanger to dissipate heat during cold weather, improved control algorithms to increase the efficiency of our HVAC and air compressors, and energy-efficient window film on our outside windows and doors to reduce solar heat gain in summer and improve insulation to retain heat in winter.

A leasehold improvement allowance partially funded the recent efficiency improvements. We negotiated the allowance with a lease renewal executed in November 2024. We also made improvements under an earlier lease renewal executed in 2020. Those improvements were completed in 2022 and included more water-efficient plumbing fixtures.

In recent years we have continued to improve lighting efficiency with high-frequency electronic ballasts, specular reflectors, and replacing fluorescent with LED tubes.

In fiscal 2026, we changed from plastic “bubble pack” to recyclable “honeycomb” paper for most of our outgoing packaging filler. The honeycomb paper is fully recyclable. The bubble pack was not recyclable through most industrial recycling programs. The change eliminated approximately 36,000 square feet, or 336 pounds, of plastic material per year.

Also in fiscal 2026, we eliminated redundant labels on transparent bags containing clearly labeled part packages. The change eliminated several thousand labels per year.

Environmental Compliance

Substance Substitution Policy

Our policy is to phase out hazardous chemicals, Persistent Organic Pollutants (POPs), and Substances of Very High Concern (SVHCs) by identifying safer, bio-based alternatives and working with our suppliers to ensure they are doing the same.

RoHS

Most NVE ICs comply with European Union Restriction of Hazardous Substances (RoHS) directives and are marked accordingly. We certify that these products meet environmental regulations including: EU Directive 2011/65/EU RoHS 2, amending Annex II 2015/863/EU RoHS 3, China RoHS 2, EU 1907/2006 REACH, and EU 2019/1021. NVE also certifies that to the best of our knowledge, shipping / packing materials, magnets, accessories, and other items delivered with the NVE products conform to the requirements of the above EU RoHS and China RoHS 2 Directives.

REACH

We certify that to the best of our knowledge, NVE products meet EU Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulations EU 1907/2006 REACH and Annex XVII REACH.

No Persistent Organic Pollutants

We certify that to the best of our knowledge our products contain no Persistent Organic Pollutants (POPs) under Persistent Organic Pollutants regulation (EU) 2019/1021 and subsequent amendments and under Stockholm Convention on Persistent Organic Pollutants.

California Proposition 65 Compliance

We have evaluated our products against the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65). There are no California Proposition 65 substances beyond the safe harbor limits as determined by the Office of Environmental Health Hazard Assessment (OEHHA). Therefore, our products are not required to have California Proposition 65 warning labels.

EU Medical Device Regulation Compliance
We certify that to the best of our knowledge NVE products do not contain substances on the EU MDR list (October 17, 2025) above threshold.

Microplastics Management
We monitor, capture, and eliminate the unintentional release of microplastics and microfibers from our manufacturing processes and textile lifecycles.

Using Sustainable Inputs

Sustainable Packaging Materials
We use recyclable cardboard boxes for outgoing shipments, and avoid non-recyclable .materials such as Styrofoam, plastic air pillows, or padded envelopes.

Supporting the Sustainable Forestry Initiative
Where possible we use office paper and packaging materials certified by the Sustainable Forestry Initiative® ("SFI"). The SFI Standard is based on principles and measures that promote sustainable forests and considers all forest values.

Sustainable Transportation
NVE is accessible by public transportation and bicycling. We provide accommodations for employees who bicycle to work. There are many homes, apartments, and restaurants within walking distance.

Sustainable Coffee
Our coffee service provides sustainably-grown coffees with certifications including Fair Trade, Rain Forest Alliance, and UTZ Kapeh. We provide employees and visitors stylish ceramic coffee cups to avoid paper or Styrofoam waste.

Sustainable Shareholder Communications
In 2007, NVE was one of the first publicly-traded companies to adopt Notice and Access ("e-Proxy") procedures that allow companies to provide proxy materials to shareholders through the Internet. This reduces environmental impact by saving trees and reducing fossil fuel consumption. Annual reports and proxy statements we are required to mail use Sustainable Forestry Initiative (SFI) certified paper.

Responsible Disposal of Electronic Waste
We follow international guidelines for disposal of electronic waste, including the Basel Convention Technical Guidelines waste electrical and electronic equipment (WEEE).

Recycling
NVE complies with applicable environmental laws and regulations, particularly for industrial waste and emissions. We recycle byproducts of our manufacturing processes wherever practical and safely dispose of what cannot be recycled..

We recycle paper goods (including office paper, cardboard, and shipping materials), plastic, glass, and aluminum cans. We comply with Hennepin County business recycling requirements, including pairing recycling bins with trash bins and recycling at least three materials. We recycle unneeded electronics using environmentally sound recycling practices, and periodically offer employees free recycling of their hazardous waste and unneeded personal electronics.

Other recycling activities the past two fiscal years included:

- Recycled approximately 29,000 pounds of office waste in fiscal 2026.
- Recycled approximately 850 pounds of electronics and other solid hazardous waste generated by the Company or brought in by employees in fiscal 2026.
- Recycled approximately 7,000 pounds of scrap metal in fiscal 2026.
- Reclaimed approximately $135,000 of precious metals used in our manufacturing process in fiscal 2025. We cumulated materials for several years for more favorable prices.

7. Environmental Risks and Opportunities

This section highlights two primary types of climate risks and opportunities: physical and transition. Physical risks include extreme weather events such as flooding, and the longer-term impact of increasing average global mean temperatures. Transition risks and opportunities include risks and opportunities from the global transition to a low-carbon economy, new regulations, and innovations in energy efficiency.

PHYSICAL RISKS

Increased Electricity Usage for Cooling and Dehumidification
Risk Type: Chronic physical
Time horizon: Long-term
Likelihood: Likely
Magnitude of impact: Low-medium

Description:
Climate change could increase our electricity needs for cooling and dehumidification. This, combine with expected higher costs for electricity, could increase our costs and expenses.

Higher Capacity Requirement HVAC for Cooling and Dehumidification
Risk Type: Chronic physical
Time horizon: Long-term
Likelihood: Possible
Magnitude of impact: Low-medium

Description:
Increased cooling and dehumidification needs could require us to invest in more or higher-capacity HVAC equipment in the long term. In the medium term, we currently believe our major HVAC systems are adequate for our current lease term through May 2031.

Increased Likelihood of Damage to our Facilities from Severe Weather Events
Risk Type: Acute physical
Time horizon: Near-term
Likelihood: Likely
Magnitude of impact: Low-medium

Description:
The Minnesota Pollution Control Agency has noted that an increased frequency of extreme weather events such as severe flooding has contributed to a large increase in insurance premiums in Minnesota. Further increases in the frequency of extreme weather events could increase the likelihood of damage to our facility or property and disruption of our operations, and increase our insurance costs.

Increased Likelihood of Infrastructure Damage from Severe Weather Events
Risk Type: Acute physical
Time horizon: Near-term
Likelihood: Likely
Magnitude of impact: Low-medium

Description:
Damage to infrastructure such as roads, bridges, or utilities caused by an increased frequency of extreme weather events such as severe flooding or tornadoes could interrupt our operations, increase transportation costs, and increase our state and local taxes to repair and maintain infrastructure.

Wafer Supply Chain Disruption
Risk Type: Acute physical
Time horizon: Short-term
Likelihood: Possible
Magnitude of impact: Medium-high

Description:
Our critical suppliers include suppliers of certain raw silicon and semiconductor foundry wafers that are incorporated in our products. We maintain inventory of some critical wafers, but we have not identified or qualified alternate suppliers for many of the wafers now being obtained from single sources. Wafer supply interruptions for any reason, including acts of God such as floods, typhoons, cyclones, earthquakes, or pandemics could seriously jeopardize our ability to provide products that are critical to our business and operations, and may cause us to lose revenue. Risks related to extreme weather may be exacerbated by the effects of climate change.

Packaging Vendor Supply Disruption
Risk Type: Acute physical
Time horizon: Short-term
Likelihood: Possible
Magnitude of impact: Medium-high

Description:
We are dependent on our packaging vendors. Because of the unique materials our products use, the complexity of some of our products, unique magnetic requirements, and high isolation voltage specifications, many of our products are more challenging to package than conventional integrated circuits. Some of our products use processes or tooling unique to a particular packaging vendor, and it might be expensive, time-consuming, or impractical to convert to another vendor in the event of a supply interruption due to vendors' business decisions, business condition, or acts of God, including floods, typhoons, earthquakes, or pandemics. Certain of our packaging vendors are in flood-susceptible areas. Flooding risks to such vendors may increase in the future due to possible higher ocean levels, extreme weather, and other potential effects of climate change. We have alternate vendors or potential alternate vendors for the majority of our products, but it can be expensive, time-consuming, and technically challenging to convert to alternate vendors. Furthermore, we may not be able to recover work in process or finished goods at a packaging vendor in the event of a disruption. Supply delays, interruptions, or loss of inventory could seriously jeopardize our ability to provide products that are critical to our business and operations and may cause us to lose revenue.

TRANSITION RISKS

Regulatory Compliance and External Commitments
Risk Type: Emerging regulation
Time horizon: Medium-term
Likelihood: Possible
Magnitude of impact: Low-medium

Description:
Climate change regulations at the federal, state or local level or in international jurisdictions could require us to limit emissions, change our manufacturing processes, or undertake other costly activities. Additionally, we could be subjected to future liabilities, fines or penalties or the suspension of product production for failing to comply, or being alleged as failing to comply, with various laws and regulations, including environmental regulations. Specific gasses we use that could be subject to future regulations include certain refrigerants used in our air-handling equipment and sulfur hexafluoride used in our production processes.

Increased Cost of Electricity
Risk Type: Emerging regulation
Time horizon: Near-term
Likelihood: Likely
Magnitude of impact: Low-medium

Description:
NVE uses a relatively large amount of electricity for clean room air handling and for production equipment. The cost of electricity is expected to increase due to regulatory mandates to increase generation from renewable sources, nuclear power disincentives, and restrictions and higher costs for fossil fuels used to generate electricity. Our risks are mitigated somewhat by a relatively low contribution of fossil fuels to electricity production in the upper Midwest. Xcel Energy reported the following breakdown for 2025 for its Upper Midwest service area including Minnesota: 13% coal, 18% natural gas, 27%

nuclear, 31% wind, 6% solar, and 4% other renewables. Xcel reported NSP System's electricity was 69% carbon-free in 2025. It plans to reduce carbon emissions 80% on the way to being a net-zero energy provider by 2050. A Minnesota law requires utilities to supply 100% carbon-free electricity by 2040. The transition to carbon-free electricity may increase the cost of our electricity.

Electricity Shortages Due to Less Electricity Generated by Fossil Fuels
Risk Type: Emerging regulation with acute physical effects
Time horizon: Long-term
Likelihood: Possible
Magnitude of impact: High

Description:
Xcel Energy reports that its power generation for our region is 31% fossil fuels. Under legislation enacted in February 2023, Minnesota utilities will be required to provide electricity that is 80% carbon-free by 2030, 90% carbon-free by and 55% renewable by 2035, and 100% carbon-free by 2040. This could lead to electricity shortages, brownouts, or rolling blackouts that could disrupt our production.

Electricity Shortages Due to Less Nuclear Power
Risk Type: Acute physical
Time horizon: Long-term
Likelihood: Possible
Magnitude of impact: High

Description:
Xcel Energy reports that 27% of its power generation for our region is from two nuclear generating plants. The Prairie Island nuclear generating plant's Federal licenses expire in the early 2050s and the PUC has approved operation until then. The Federal license for Xcel's Monticello nuclear generating plant expires in 2050. The Minnesota Public Utilities Commission has allowed it to extend operations through 2040, and Xcel has said it will seek PUC approval for the additional 10 years. Minnesota has had a moratorium since 1994 on nuclear power construction. The decommissioning of nuclear plants without enough alternative generating capacity could lead to electricity shortages, brownouts, or rolling blackouts that could disrupt our production.

Accelerated Degradation of Infrastructure
Risk Type: Chronic physical
Time horizon: Medium-term
Likelihood: Possible
Magnitude of impact: Low-medium

Description:
Studies have suggested that climate change could accelerate degradation of infrastructure in northern climates such as Minnesota. A 2020 study commissioned by the Minnesota Department of Transportation suggests that more frequent freeze-thaw cycles induced by climate change could accelerate the degradation of roads. A 2026 report by The University of Minnesota Center for Transportation Studies based on climate models concluded that Minnesota's bridges may face significantly higher thermal stresses in the future which would speed the deterioration infrastructure. Accelerated degradation of infrastructure caused by climate change could increase transportation costs and increase our state and local taxes to maintain roads and bridges.

TRANSITION OPPORTUNITIES

Reducing the Need for Rare Earth Magnets
Opportunity Type: Products and services
Time horizon: Immediate
Likelihood: Highly likely
Magnitude of impact: Medium

Description:
In addition to their insecurity of supply, mining and processing rare earth elements requires approximately twice as much energy per ton compared to iron processing due to complex extraction and high-temperature sintering.[8]

[8]"Material and Energy Requirement for Rare Earth Production," *JOM: the journal of the Minerals, Metals & Materials Society* 65(10):1327-1340, October 2013.

We make ultraminiature, high-sensitivity magnetic sensors that can be used to measure position or proximity with smaller or weaker magnets. This can eliminate the need for rare earth magnets in some applications, or allow the use of smaller rare earth magnets in other applications. Reducing the need for rare earth magnets reduces global energy usage.

Nanopower Sensors
Opportunity Type: Products and services
Time horizon: Immediate
Likelihood: Highly likely
Magnitude of impact: Medium

Description:
We make sensors that require only nanowatts of power, allowing sensors to be powered by small batteries or harvested energy such as solar power in applications including utility meters and portable instruments. Our lowest power parts use one-twentieth the power of an "ultra-low power" conventional semiconductor sensor.[9]

Energy savings in battery-powered applications are magnified significantly since more than 500 times the energy a typical small battery produces goes into making the battery, plus there are additional end-of-life environmental costs related to batteries.[10]

Sensors for Smart Utility Meters
Opportunity Type: Products and services
Time horizon: Immediate
Likelihood: Highly likely
Magnitude of impact: High

Description:
Our sensors enable smart utility meters, particularly water meters. Such meters facilitate water conservation programs that reduce energy to supply water to homes and businesses or reduce water usage.

Products for Smart Grids
Opportunity Type: Products and services
Time horizon: Medium-term
Likelihood: Somewhat likely
Magnitude of impact: Medium

Description:
Our isolators, particularly new isolators with integrated step-up DC-to-DC convertors, address one of the challenges for smart grids, which is that microcontrollers run on low voltages like three or five volts, while motors that consume energy, such as those in furnaces or refrigerators, run on 120 or 240 volts. Our isolators provide a bridge between control systems and line voltage measurements, allowing more efficient control of motors and other energy consumers.

Products that Improve Power Conversion Efficiency
Opportunity Type: Products and services
Time horizon: Short-term
Likelihood: Likely
Magnitude of impact: Medium

Description:
We have opportunities to facilitate designs for more efficient power conversion in applications such as data centers, electric vehicle charging stations and battery management systems for electricity storage. Our isolator products can increase the efficiency of these systems, often in conjunction with advanced power switches such as gallium nitride and silicon-carbide wide bandgap FETs.

[9] 0.095 µA typ. at 1.4 V vs. 1.6 µA typ. at 1.8 V, NVE AHL025-20E Nanopower GMR Switch vs. Texas Instruments DRV5032FADBZR Ultra-Low-Power Digital-Switch Hall Effect Sensor.
[10] "Life Cycle Impacts of Alkaline Batteries with a Focus on End-of-Life," *National Electrical Manufacturers Association*, https://www.epbaeurope.net/assets/resources/NEMA_alkalinelca2011.pdf

Products that Improve Data Center Efficiency
Opportunity Type: Products and services
Time horizon: Short-term
Likelihood: Likely
Magnitude of impact: Medium to High

Description:
Worldwide data center electricity demand is forecast to double from 448 TWh in 2025 to 980 TWh by 2030.[11] Our isolators and DC-to-DC convertors provide high-voltage isolation and faster switching of advanced transistors such as silicon carbide and gallium nitride field-effect transistors. Isolation is critical as backplane architectures transition from 12 or 48 volts to 800 volts. Faster switching reduces energy losses.

Products that Improve Motor Efficiency
Opportunity Type: Products and services
Time horizon: Short-term
Likelihood: Likely
Magnitude of impact: Medium

Description:
By one estimate, motors account for 45% of global power consumption.[12] U.S. Energy Star guidelines and European Union standards encourage power factor control.[13] We have the opportunity to facilitate designs that improve electric motor efficiency by measuring motor position and speed with our angle, rotation, and gear-tooth sensors; measuring instantaneous motor current with our current sensors, and high efficiency motor power control and power-factor correction using our isolators.

Products that Improve the Efficiency of Hybrid/Electric Vehicles
Opportunity Type: Products and services
Time horizon: Medium-term
Likelihood: Fairly likely
Magnitude of impact: Medium

Description:
We have opportunities to facilitate designs that improve the efficiency of hybrid/electric vehicles by measuring actuator position, rotation, and current with less power consumption than conventional alternatives; and improving the efficiency of on-board battery charging electronics and battery management systems.

Products that Enable Home Electricity Storage
Opportunity Type: Products and services
Time horizon: Near- to Medium-term
Likelihood: Fairly likely
Magnitude of impact: Medium

Description:
In January 2023 we announced a design win with a high-profile provider of residential battery systems for renewable. Such systems may encourage and enable more widespread use of photovoltaic solar and wind-based residential power sources by storing power to be used when the wind isn't blowing or the sun isn't shining.

Products that Enable Charging Infrastructure for Electric Vehicles
Opportunity Type: Products and services
Time horizon: Near- to Medium-term
Likelihood: Fairly likely
Magnitude of impact: Medium

Description:
In January 2023 we announced a design win with a high-profile provider of electric vehicle charging stations. Such stations may encourage and enable more widespread adoption of electric vehicles.

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[11] Gartner press release.
[12] "The Changing Landscape of Electric Motor Efficiency Standards," *magneticsmag.com*, 7/18/18.
[13] "Power Factor and Power Factor Correction," CUI, Inc., 4/20/19.

Products that Enable Power-Efficient Biosensors
Opportunity Type: Products and services
Time horizon: Near- to Medium-term
Likelihood: Speculative (currently academic research)
Magnitude of impact: Medium

Description:
NVE sensors have been shown to have significant potential as a rapid and reliable biosensors that are power-efficient. The sensitivity of the sensors are compatible with an eco-friendly method for synthesizing ferrite nanoparticles.[14]

Reduce Resource Usage
Opportunity Type: Resource efficiency
Time horizon: Short-term
Likelihood: Very likely
Magnitude of impact: Low-medium

Description:
Our process engineering group continuously evaluates opportunities to use less resources in our production process. Candidates for resource reduction projects include electricity, water, bulk chemicals, bulk gasses, liquid nitrogen, and silicon wafers. In addition to direct reductions in resource use, reducing usage would decrease the impacts of transportation and electricity used to process or manufacture the resources.

Reduce Sulfur Hexafluoride Usage
Opportunity Type: Resource efficiency
Time horizon: Short-term
Likelihood: Very likely
Magnitude of impact: Medium

Description:
Sulfur hexafluoride (SF_6) has been identified by the U.S. Environmental Protection Agency (EPA) as an especially potent greenhouse gas, and is widely used in the semiconductor industry and in our production. Our equipment is designed to avoid leaking SF_6 into the atmosphere.

Recycle Precious Metals
Opportunity Type: Resource efficiency
Time horizon: Immediate
Likelihood: Ongoing
Magnitude of impact: Low-medium

Description:
Our process uses significant qualities of precious metals, which are energy intensive to produce but often recyclable. In fiscal 2025 we reported $135,000 in other income, primarily from reclaiming precious metals used in our manufacturing process. In addition to the financial benefit, recycling precious and industrial metals is significantly more energy-efficient than mining and producing new metals.

Improve the Efficiency of our Manufacturing Infrastructure
Opportunity Type: Resource efficiency
Time horizon: Short-term
Likelihood: Likely
Magnitude of impact: Low-medium

Description:
We have and will continue to upgrade our heating, air conditioning, air-handling, and water heating systems for higher efficiency. We also convert to more environmentally-friendly refrigerants as practical.

[14]"Development of a Reliable Assay of Eco-friendly Fe_3O_4Ag Nanocomposite-Based Giant Magnetoresistance Sensor," *J. Electrochemical Society,* Nov., 2024.

POTENTIAL FAVORABLE IMPACTS OF CLIMATE CHANGE

Less use of Natural Gas
Opportunity Type: Resource use
Time horizon: Long-term
Likelihood: Likely
Magnitude of impact: Low

Description:
A warming climate could reduce our need for heating in the winter.

More Desirable Climate for Attracting Employees
Opportunity Type: Resource use
Time horizon: Long-term
Likelihood: Likely
Magnitude of impact: Low

Description:
The Minnesota State Demographer has said that a warming climate could help increase foreign immigration and migration from other states and help address medium-term worker shortages.

8. People

Employee Demographics
The following charts shows our workforce demographics by race for fiscal 2026 and 2025.[15]

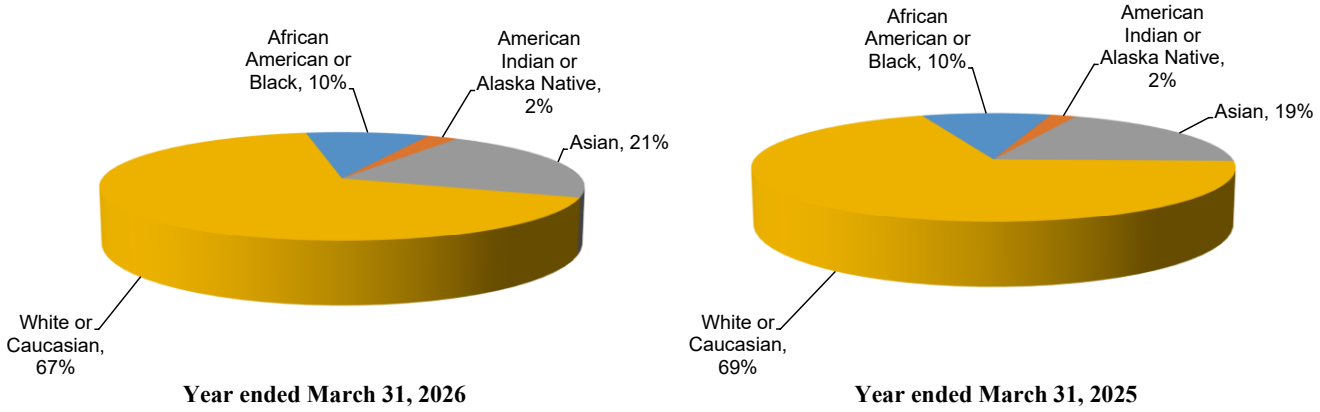

Figure 6.1. NVE racial demographics, fiscal years ended March 31, 2026 and 2025.

In fiscal 2026, 33% of our employees were from underrepresented groups, compared to 18% for the State of Minnesota.[16] That was a slight increase from fiscal 2025, when 31% of our employees were from underrepresented groups, compared to 17% for the State.

Low Turnover
Our employee turnover was 7% in fiscal 2026,[17] much lower than the semiconductor industry average of 16%.[18]

Executive Demographics
We have three Executive Officers. All three are male; one is African American.

Board of Directors Demographics
We disclose the gender, race, and ethnicity of our directors in diversity matrices in our proxy statements and on our website. Two of our five directors are women and one is Asian American. We meet Glass-Lewis' board of directors' diversity guidelines for Russell 3000 companies of at least 30% gender diversity and our Board is considered "gender balanced" by 50/50 Women on Boards.

Employee Efficiency
The following figure shows our revenue and net profit per employee. Based on industry data, our employee efficiency is significantly higher than best-in-class semiconductor Integrated Device Manufacturers (companies that both design and fabricate components). For 2025, Texas Instruments, for example, had revenue per employee of approximately $536,000 and net income per employee of approximately $151,000.[19] We believe this reflects the efficiency of our employees and the high value of our products.

[15]Although we are not required to file forms with the U.S. Equal Employment Opportunity Commission, we assess our demographics using the data collection procedures for EEOC form EEO-1. Specifically, we conducted a voluntary survey for self-identification and supplemented those data with personnel data and observer identification.
[16]Minnesota demographics are from U.S. Census Bureau data for the latest quarter available.
[17]Voluntary turnover, calculated as the number of regular full-time employees as of March 31, 2025 who left voluntarily in the year ended March 31, 2026 (excluding retirements), divided by the average number of full-time employees. We define average number of employees as the average of the number of full-time employees at the beginning and at the end of the fiscal year.
[18]NVIDIA Sustainability Report, Fiscal Year 2025.
[19]Derived from Texas Instruments' 2025 Annual Report on Form 10-K.

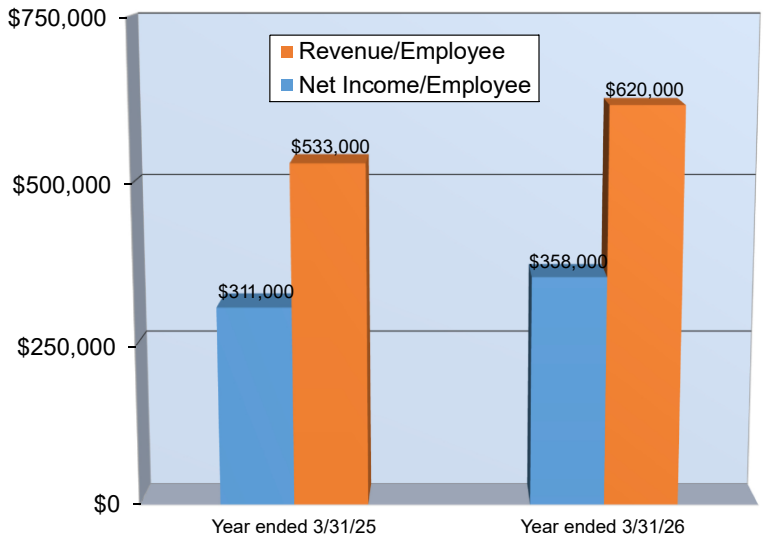

Figure 6.2. High efficiency measured by revenue and net profit per employee, past two fiscal years.

Anti-discrimination Policies
We do not tolerate harassment or discrimination and provide Equal Treatment and Opportunities. We do not discriminate on basis of race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, veteran status, or any other characteristic protected by law.

Accessibility
Although our building predates the Americans with Disabilities Act of 1990, we have upgraded our facility for accessibility and to comply with the ADA. Our restrooms are ADA compliant.

Complying with Policies for Government Contractors
We comply with applicable rules, regulations, and Executive Orders, including Executive Order 14173, applicable to Government contractors.

Supporting Women and Families
In addition to our Antidiscrimination Policies, we provide employees protections in accordance with the Minnesota Women's Economic Security Act of 2014, including:

- We provide reasonable accommodations to employees for health conditions related to pregnancy or childbirth.
- We make hiring, promotion, and termination decisions regardless of an employee's familial status.
- We provide up to 12 weeks of paid pregnancy/parental leave.

Paid Leaves for Employees
We participate in a Minnesota program where we offer up to 20 weeks paid leave per benefit year for various reasons, including an employee's own serious health condition, bonding with a new child, caring for a family member with a serious condition, and certain safety leaves.

Top-Notch Benefits
NVE provides good-paying jobs with excellent benefits. Benefits include medical insurance, Health Savings Accounts (HSAs) with a company contribution, dental insurance, prescription drug coverage, fully-paid life and long-term disability insurance, 401(k) program with a 100% company match up to 3% of salary, Dependent Care Spending Accounts (DCFSAs), tuition reimbursement, and paid family/medical leave. We also provide free coffee because we're driven by spintronics, talent, and caffeine.

9. Product Safety

Clean, Safe Products
As detailed in Section 6—Environmental Responsibility, we are committed to ensuring our products clean and safe. We comply with environmental product regulations such as RoHS and REACH, as well as restrictions on Persistent Organic Pollutants (POPs), halogens, and Per- and polyfluoroalkyl substances (PFAS) “forever chemicals.”

Enabling Safe Systems
By helping customers build safer, more reliable, and regulation-compliant systems, we extend the positive impact of our technologies beyond our own operations. Our isolation and sensing products help customers design systems that protect users, equipment, and critical processes. Applications include electrical isolation, medical instruments, fault protection, industrial monitoring, and operation in hazardous environments.

Enhancing Electrical Safety
Our isolators meet recognized electrical safety requirements, including UL and Verband der Elektrotechnik, Elektronik und Informationstechnik (VDE) standards. NVE is a VDE “Approved Place of Manufacture,” signifying that our facility is inspected and found capable of producing electrical products that consistently meet VDE’s safety, quality, and technical standards. The approval ensures that production, quality systems, and testing procedures are continuously monitored, rather than relying solely on product testing. In addition to certifications for the isolators themselves and our facilities, our isolators help our customers meet broad safety standards for medical, audio/video, information, and communication technology equipment.

Enhancing Safety in Explosive Environments
Many of our isolators are also certified to stringent ATEX and IECEx standards for use as isolating components between intrinsically safe circuits (IS-to-IS) in explosive atmospheres. Applications include refineries, chemical plants, and areas processing powdered materials like grain.

10. Responsible Business

Ethics and Business Conduct
Our Policy on Ethics and Business covers conflicts of interest, anti-corruption, child labor, human trafficking, and forced labor.

Human Rights Policy
Our Human Rights Policy is in alignment with the Universal Declaration of Human Rights and the ILO Declaration. We uphold all fundamental workplace rights, including a commitment to gender equality and women's rights.

Responsible Sourcing

Full Material Disclosures
We require our parts and material suppliers provide full material disclosures for their products. We also supply such reports to our customers on request.

Conflict Minerals
As a public company, we file annual Conflict Minerals Reports with the SEC on Forms SD. These reports reinforce our commitment to responsible sourcing and summarizing our due diligence performed. We perform Reasonable Country of Origin Inquiries ("RCOI"). The inquiry was designed to determine whether our Conflict Minerals either did not originate in the DRC or an adjoining country or came from recycled or scrap sources. We apply reasonable skepticism and judgment in assessing statements from suppliers and look for discrepancies such as omissions of Conflict Minerals and locations of the supplier.

We have taken a number of steps to exercise due diligence on the source and chain of custody of Conflict Minerals. Our due diligence is designed to be consistent with the Global e-Sustainability Initiative and the Electronic Industry Citizenship Coalition and the ("GeSI-EICC") approach. These steps include:

- We adopted a Conflict Minerals Policy / Position governing the supply chain of Conflict Minerals.
- Based on our RCOI, we have notified relevant suppliers to ensure they are aware of our Conflict Minerals Policy and have urged our suppliers to support this policy.
- Our policy is available to our customers and suppliers from our Website, has been provided to appropriate NVE employees, and sent to customers and suppliers on request.
- We designated an employee responsible for Conflict Minerals Policy compliance with the authority to conduct due diligence as necessary.
- We have performed due diligence on the source and chain of custody of the Conflict Minerals that are included in our products and for which, based on our RCOI, we have reason to believe may have originated in the DRC or an adjoining country and may not have come from recycled or scrap sources.
- We have an established process to obtain information from our suppliers concerning the origins of the metals used in the manufacture of our products.
- We require suppliers of items that may contain Conflict Minerals to complete a GeSI-EICC Conflict Minerals reporting template.
- All of our suppliers of items containing Conflict Minerals have provided some or all of the GeSI-EICC Conflict Minerals reports, DRC "conflict-free" designations from a recognized industry group, independent audits of a processing facility's supply chain, or other certifications or audits.

Respecting "Red Flag" Lists
In addition to our policies relating to Conflict Minerals, we monitor smelter "Red Flag" lists such as the Uyghur Forced Labor Prevention Act (UFLPA) Entity List and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance Red Flags. These lists flag geographic risks and risks of child or forced labor. Based on such lists we maintain a list for outreach to our suppliers to remove high-risk smelters from our supply chain.

Respecting Embargoes
We do not export to countries designated by the U.S. Department of State as "State Sponsors of Terrorism," or subject to other trade embargoes. Countries currently designated as State Sponsors of Terrorism as of March 31, 2026 are Cuba, Iran,

North Korea, and Syria. Countries under economic sanctions enforced by the Commerce Department include Russia and Belarus. We also have policies and procedures to respect the Commerce Department Entity List "blacklist."

Cybersecurity

As disclosed in our Proxy Statements, we operate under written cybersecurity policies and procedures, and we use a risk-based approach to information security and periodically assess our cybersecurity risks. We internally audit to information security standards. We have information security training and compliance programs, develop and implement actions to correct deficiencies and reduce or eliminate vulnerabilities, and have formal cybersecurity contingency plans. New employees are required to complete information security training, and all employees must complete information security training annually. We had no material cybersecurity incidents in the past fiscal year.

Customer Health, Safety, and Compliance

In the past fiscal year, we had:

- No notices of violations received for non-conformance with regulatory labeling and/or marketing codes.
- No legal or regulatory fines, settlements, or enforcement actions associated with false, deceptive, or unfair marketing, labelling, or advertising.
- No product recalls.

11. Corporate Governance

Governance Overview
NVE maintains a strong corporate governance framework supported by formal policies, independent oversight, and a commitment to ethical business practices. The Company operates under established Corporate Governance Guidelines, a Code of Business Conduct and Ethics, and a Human Rights Policy applicable to employees, directors, contractors, and suppliers. These documents are available on the Corporate Governance section of our website. These policies prohibit corruption, bribery, conflicts of interest, forced labor, human trafficking, and other unethical or illegal practices. Employees are required to acknowledge key policies upon onboarding, and the Company provides confidential, anonymous reporting channels with protections against retaliation.

Our Board of Directors
The Board of Directors provides independent oversight of strategy, risk, and corporate responsibility. The Board is composed primarily of independent directors and is led by an independent Chair, with separate Chair and CEO roles to enhance accountability and governance. The Board oversees a broad range of risks—including financial, operational, cybersecurity, climate, and emerging risks—and reviews risk exposures on an ongoing basis. Formal processes are in place for CEO succession planning, annual Board and committee self-evaluations, and ongoing Board refreshment.

Our Board Committees
Our Board committees—Audit, Compensation, and Nominating/Corporate Governance—are composed entirely of independent directors and operate under written charters. The charters are available on the Corporate Governance section of our website. These committees oversee key areas including financial reporting and controls, cybersecurity, executive compensation, human capital management, employee safety, and Board composition. The Board and its committees also oversee emerging topics such as artificial intelligence (AI), climate-related policies, and regulatory compliance.

Our full board oversees our climate-related policies and Management reviews such policies with the Board at least annually.

The Audit Committee is responsible for cybersecurity.

The full Board of Directors oversees our AI strategy and its alignment with business strategy. Our Audit Committee oversees AI governance and regulatory compliance, as well as data and ethics concerns related to AI. Our Compensation Committee oversees recruiting, training, and workforce impacts of AI.

Ethics Policies
NVE emphasizes transparency, accountability, and ethical conduct across its operations. The Company maintains policies governing insider trading, whistleblower protection, and lobbying activities, and it aligns its climate-related disclosures with recognized standards. The Board also oversees compliance with applicable environmental, labor, and governance laws and supports a culture of integrity, safety, and respect throughout the organization.

Employees can confidentially and anonymously submit concerns about accounting, auditing, or ethics matters to the Audit Committee via a link to a reporting platform. We have committed to protect employees who in good faith report concerns or engage in whistle-blowing activities from unfair and undue repercussions and retaliation.

No Political Donations or Lobbying
We do not make political donations, loans, or contributions.

We do not engage in political lobbying, so the monetary value of our lobbying activity was zero.

Excellent Governance Scores
As of April 1, 2026, our Institutional Shareholder Services (ISS) Corporate Governance Score was “1,” which is the highest score possible and places us in the top 10% of public companies. Our Score improved from “2” as of April 1, 2025.

Our Clarity AI quantitative ESG score was 79 (on a 0 to 100 scale) as of May 27, 2026, with component scores of 68 for Environmental, 86 for Social, and 99 for Governance.

12. Goals and Targets

Our key sustainability goals and targets for the fiscal year ending March 31, 2027 are:

Environmental

1. **0% increase** in total Scope 1 and Scope 2 CO_2-equivalent emissions per dollar of revenue to remain at or below 51 tCO2e/$M revenue for fiscal 2027.
    a. **0% increase** in Scope 1 emissions to remain at emissions per dollar of revenue to remain at or below 31 tCO2e/$M revenue. Our goal is to offset higher facility utilization with conservation and increased revenue.

    b. **0% increase** in Scope 2 emissions per dollar of revenue to remain at or below 20 tCO2e/$M revenue. Our goal is to offset new equipment and higher utilization with increased revenue and a higher percentage of carbon-free electricity.

2. **0% increase in water usage** to remain at or below 227,000 gallons. Our goal is to have water conservation offset additional equipment and higher utilization.

3. Recycle **75% of our solid waste** by 2030, corresponding to a Minnesota mandate for the Twin Cities metropolitan area.

4. Remove carbon from our electricity supply toward a State of Minnesota mandated goal of **100% carbon-free electricity by 2040**, with an interim goal of 80% carbon-free by 2030. Although these goals are not within our direct control and our ethics policies prohibit us from political lobbying, we indirectly support the carbon-free goal through our payments and surcharges.

People

5. Nominate a Board slate that continues to meet Glass-Lewis **diversity guidelines** for Russell 3000 companies.

Responsible Business

6. Maintain the best Institutional Shareholder Services (ISS) **Corporate Governance Score of "1."**

7. Improve our Clarity AI **quantitative ESG score** to at least 80.

8. Timely file our **Conflict Minerals Report** on Form SD reinforcing our commitment to responsible sourcing and summarizing our due diligence performed.

13. Metrics

Energy, Efficiency, and Climate

Metric	Value (units)	Reference Indicators	Notes and References
Greenhouse gas (GHG) emissions			
Scope 1	819 tCO_2e	GRI 305-1; UNGC E6; SASB TC-SC-110a.1	Natural gas used to heat building and water
Scope 2, market-based	531 tCO_2e	GRI 305-2; UNGC E6	Xcel Energy report library
Total, Scope 1 + market-based Scope 2	1,350 tCO_2e		"Small emitter" under eCFR §300.5 (<10,000 metric tons/year)
Scope 2, location-based	584 tCO_2e		
GHG emissions intensity (Scope 1 and market-based Scope 2)	51 tCO2e/ $M revenue	GRI 305-4	
Aggregated energy consumption	10,697 GJ	GRI 302-1; UNGC E9	Natural gas + electricity
Renewable energy percentage	35 %		Excel Energy Sustainability Report for Upper Midwest region (MN, ND, SD, WI, MI).
Carbon-free energy percentage	58 %		
Water consumption	227,000 gallons 859 m^3	GRI 303-5; SASB TC-SC-140a.1	
Directly withdrawn water	0 %		100% of water usage is from municipal wells.
Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress	100 %	SASB TC-SC-140a.1	Water originates from wells into the Jordan-Prairie du Chien aquifer group, which experiences "significant localized stress" in the Twin Cities Metropolitan Area (via World Resources Institute Aqueduct Water Risk Atlas).
Wastewater percentage of water consumption	100 %		
Percentage of water discharged to municipal treatment plants	100 %		
Effluent water limits for potential pollutants used in our processes			
Acidity (internal specification)	6 pH		Regulatory minimum pH is 5
Alkalinity (internal specification)	8 pH		Regulatory maximum pH is 11
Nickel (heavy metal)	6.0 mg/L		Metropolitan Council Industrial Waste and Pollution Prevention Local and Federal Pretreatment Standards
Hazardous material spills	Zero.		Spills reportable to the State duty officer.
Interactions with water as a shared resource		GRI 303-1; UNGC E11	• Neutralize and filter wastewater. • Equipment cooling water is reused in closed-loop systems. • Water-efficient plumbing.
Responsible Disposal of Electronic Waste		WEEE	
Monetary losses from legal proceedings associated with environmental regulations	Zero.		

Recycling and Hazardous Waste Processing

Metric	Value (units)	Notes and References
Hazardous waste generated	17,000 lbs	As reported to the Minnesota Polution Control Agency
Hazardous waste treated or reclaimed	100 %	
Office waste generated	58,000 lbs	
Office waste recycled	29,000 lbs	
Percentage of office waste recycled	50 %	
Electronics and other hazardous waste recycled	850 lbs	
Scrap metal recycled	7,000 lbs	

People and Demographics

Metric	Value	Reference Indicators	Notes and References
Employees			
Full-time	40	GRI 2-7	2026 10-K
Part-time	2		
Total employees	42		
Revenue per employee, Fiscal 2026	$620,000 per employee		Based on the average number of full-time equivalent employees at the beginning and at the end of the fiscal year.
Revenue per employee, Fiscal 2025	$533,000 per employee		
Net income per employee, Fiscal 2026	$358,000 per employee		
Net income per employee, Fiscal 2025	$311,000 per employee		
Employees at company headquarters	100 %		
Collective bargaining agreements	None.	GRI 2-30; UNGC L1.2	Minnesota law allows Union Security Clauses.
Bachelor's or advanced degree	48 %	GRI 405-1	
Voluntary turnover	7 %		Semiconductor industry average is 16.4%. Voluntary turnover is calculated as the number of regular full-time employees as of March 31, 2025 who left voluntarily in the year ended March 31, 2026 (excluding retirements), divided by the average number of full-time employees. We define average number of employees as the average of the number of full-time employees at the beginning and at the end of the fiscal year.

Employee Gender			
Fiscal 2026			
Male	74 %	GRI 2-7, 405-1; SASB TC-SI-330a.3	2026 10-K
Female	26 %		
Fiscal 2025			
Male	74 %	GRI 2-7, 405-1; SASB TC-SI-330a.3	2025 10-K
Female	26 %		

People and Demographics (cont.)

Metric	Value	Reference Indicators	Notes and References
Employee Race			
Fiscal 2026			2026 10-K
African American or Black	10 %	GRI 405-1; SASB TC-SI-330a.3	
American Indian or Alaska Native	2 %		
Asian	21 %		
White or Caucasian	67 %		Minnesota workforce is 82% white [via QWI Explorer, U.S.Census Bureau, Center for Economic Studies.]
Fiscal 2025			2025 10-K
African American or Black	10 %	GRI 405-1; SASB TC-SI-330a.3	
American Indian or Alaska Native	2 %		
Asian	19 %		
White or Caucasian	69 %		Minnesota workforce was 83% white
Board Gender			
Male	60 %	GRI 2-7, 405-1; SASB TC-SI-330a.3	Proxy statements
Female	40 %		
Directors of underrepresented ethnicity	20 %	GRI 405-1	Proxy statements
Employee Health and Safety			
OSHA recordable incident rate	Zero.	GRI 403-9, 403-10; UNGC L9	The OSHA recordable incident rate is calculated by multiplying the number of recordable cases by 200,000 and dividing by the number of labor hours at the company (200,000 represents 100 employees working 40 hours per week; 50 weeks per year.)
Workers compensation claims	Zero.		Due to occupational injuries or illnesses.
Employee injury rate	Zero.		
Employee total lost days	Zero.		
Employee contractor deaths	Zero.		
Contractor injury rate	Zero.		
Contractor total lost days	Zero.		
Vontractor deaths	Zero.		

Product Safety

Metric	Reference Indicators	Notes and References
Hazardous substances in products	EU Directive 2011/65/EU RoHS 2, amending Annex II 2015/863/EU RoHS 3, China RoHS 2, EU 1907/2006 REACH, EU 2019/1021	NVE Environmental Compliance Certificate
Hazardous shipping / packing materials		
Halogens and POPs		
Electrical safety		
Electrical safety – General	UL1577	UL Certificate of Compliance
Electrical safety – Basic Isolation	IEC 60747-17, VDE 0884-17	VDE Basic Isolation
Electrical safety – Reinforced Isolation		VDE Reinforced Isolation
Production, quality systems, and testing procedure monitoring	OD CIG 421	VDE Approved Place of Manufacture Certificate
Electrical safety for medical electrical equipment	IEC 60601	Specified in product datasheets.
Electrical safety for audio/video, information, and communication technology equipment	IEC 62368	
Intrinsically-safe circuits in explosive atmospheres	ATEX Directive 2014/34/EU	ATEX Certificate
	IECEx	IECEx Certificate

Responsible Business

Metric	Reference Indicators	Notes and References
Conflicts of interest	GRI 2-15	Policy on Ethics and Business Conduct
Anti-corruption policies	GRI 205-1, 205-2; UNGC AC3	
Child labor	GRI 408; UNGC AC5	Human Rights Policy
Human trafficking and forced labor	GRI 409; UNGC AC5	
Women's rights	GRI 406; UNGC HR2	
Conflict minerals policy and reporting	GRI 414-1, 414-2; 17 CFR 240.13p-1	CMR report
"Whistleblower" policies	GRI 2-16, GRI 2-25, 2-26; UNGC G8	Proxy statements
Shareholder communications with the Board	GRI 2-16	
Political contributions and lobbying	GRI 415	We do not engage in political donations, loans or contributions.
Monetary value of lobbying activity	GRI 415	Zero. We do not engage in political lobbying.
Material cybersecurity incidents	TC-SI-230a.1	We have not experienced any cybersecurity incidents in the past three fiscal years, nor have there been any a third-party information security breaches affecting, or with the potential to affect, the Company.
Data security	GRI 418; TC-SC-520a.1	We had no complaints and no financial losses relating to data security.

Statements in this report that relate to future plans, events, or performance are forward-looking statements that are subject to certain risks and uncertainties including the risk factors listed from time to time in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended March 31, 2026. Actual results could differ materially from the information provided, and we undertake no obligation to update forward-looking statements.