



Sustainability Report

Fiscal Year Ended March 31, 2026

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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

- 2,859 MtCO₂e emissions in fiscal 2026
- 109 MtCO₂e/\$M revenue
- 52% carbon-free electricity
- 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
- "Gender Balanced" Board of Directors with 40% women
- 100% independent directors on all Board committees

2. Overview

NVE has a relatively high carbon footprint per dollar of revenue compared to traditional semiconductor companies. This is partly because we are an integrated device manufacturer (IDM), with design, “front-end” wafer fabrication, and “back-end” device testing. Additionally, our unique spintronic technology manufacturing is more energy intensive than conventional semiconductors. “Fabless” companies buy wafers fabricated with standard processes. Most of our value is in spintronic wafer fabrication; we primarily use foundry wafers for standard interface functions.

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.

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.

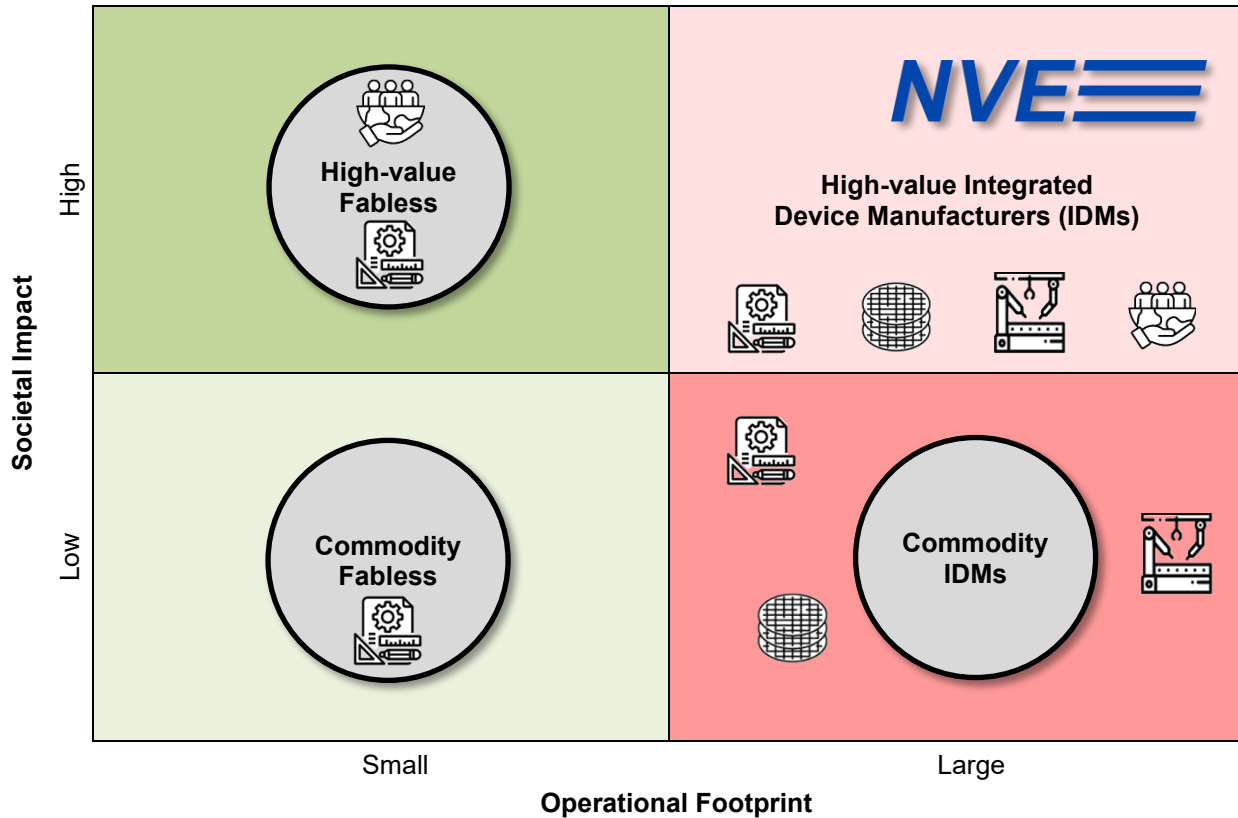


Figure 1.1. NVE has a large footprint but high impact products.

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

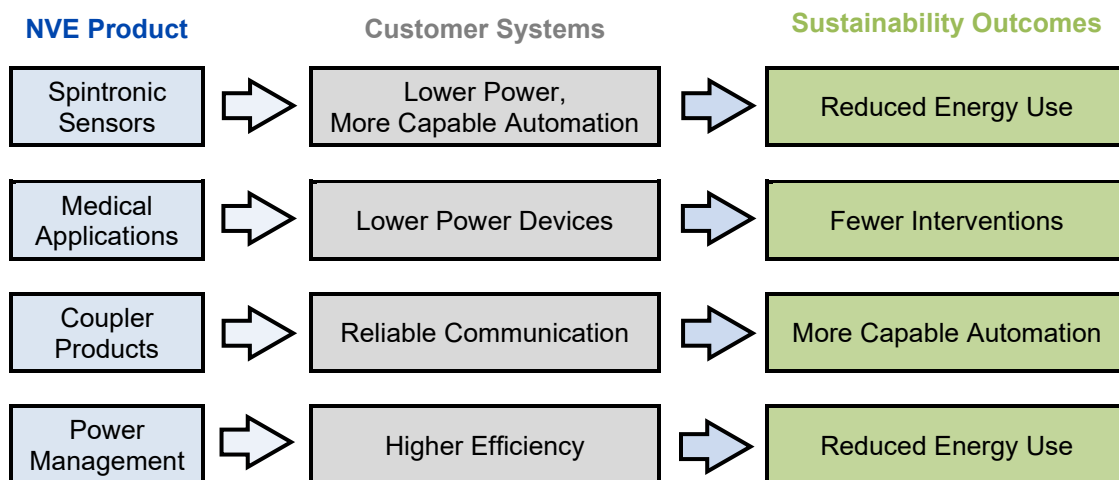


Figure 1.2. NVE’s outsized societal impact.

To Our Shareholders, Customers, and Employees,

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. However, our footprint is relatively high per dollar of revenue.

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 PDF 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 not to produce the longest sustainability report, but 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 outside 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.

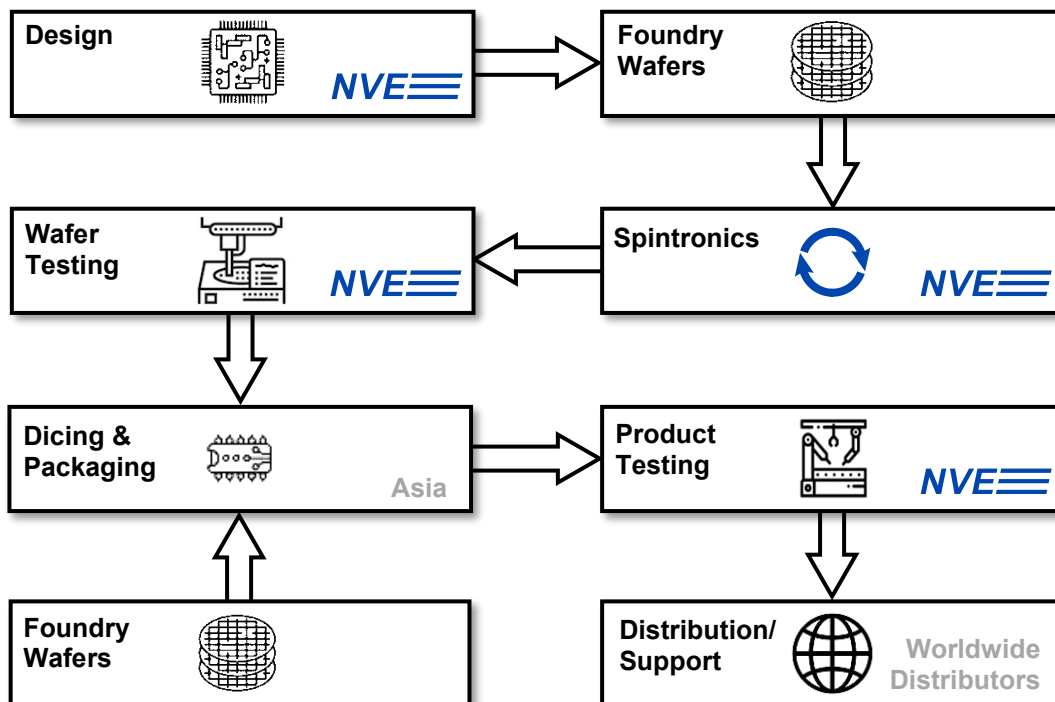


Figure 3.1. NVE product flow.

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 unusual as a smaller semiconductor-industry manufacturer with both front-end and back-end operations. Both 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. Front-end operations are especially energy intensive due to cryogenic vacuum pumps and high-energy material deposition methods. The nature of spintronics fabrication makes our front-end operations more energy intensive than conventional semiconductors.

Natural Gas Usage

Our Scope 1 emissions are from natural gas, which we use primarily to heat our facility and water.

Electricity Usage

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

Water Usage

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

Wastewater Processing

We comply with local wastewater regulations by neutralizing acids and bases and filtering heavy-metal and potentially toxic materials from our wastewater.

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, is [53% carbon-free](#), compared to [a nationwide average of 41%](#). State legislation requires 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 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. For 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 an educated workforce, and Minnesota is consistently ranked 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 high-quality 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.

5. Sustainability Strategy and Governance

Framework

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

- 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. Many of the items in this Report are also voluntarily included in our Securities and Exchange Commission (SEC) filings.

We are exempt from SEC requirements to disclose Scope 1 and Scope 2 Greenhouse Gas emissions because we are classified as a “Smaller Reporting Company.” Other climate-related disclosure rules apply to Smaller Reporting Companies in fiscal years beginning in 2027, which for us will be the fiscal year ending March 31, 2028.

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, proxy guidelines from 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 one.

The MRC also monitors emerging climate risk topics such as fuel efficiency standards, electric vehicle mandates, carbon taxes, and closed loops and supply chain resiliency.

6. Environmental Responsibility

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).

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 not considered a “significant greenhouse gas emitter” by Institutional Shareholder Services.

Scope 1 and Scope 2 Emissions

Our Scope 1 emissions are from natural gas, which we use primarily to heat our facility and water. Scope 2 emissions are from electricity usage. We use electricity to power HVAC front-end equipment, to chill cooling water, for deionization equipment to produce 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.

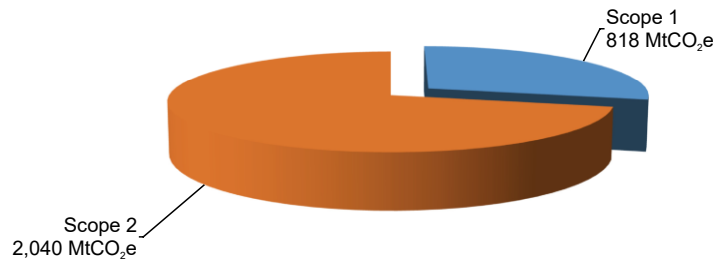


Figure 5.1. Scope 1 and Scope 2 equivalent emissions (metric tons CO₂ equivalent) for the fiscal year ended March 31, 2026.

Most of our CO₂ equivalent emissions are Scope 2. We expect those 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 by 2040.

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.

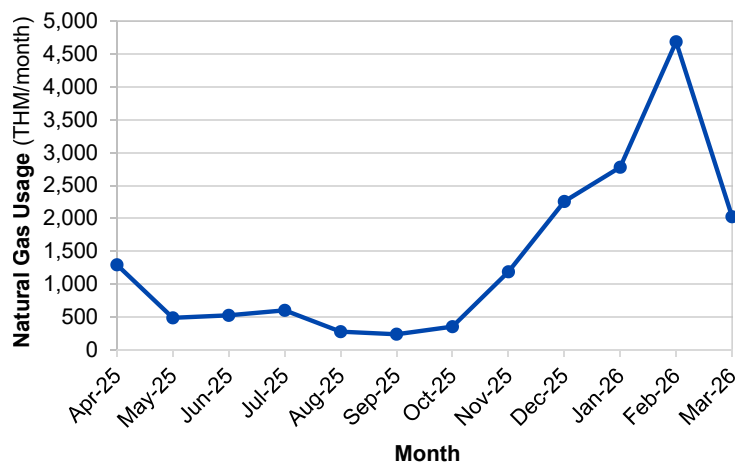


Figure 5.2. Natural gas usage by month for the fiscal year ended March 31, 2026.

Energy 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 Efficiency 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 heat exchange system used for cooling 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.

The improvements were partially funded by a leasehold improvement allowance. The allowance was negotiated with a lease renewal executed in November 2024. We also made improvements under an earlier lease renewal executed in March 2020. Those improvements were completed in 2022 and included more water-efficient plumbing.

Environmental Compliance

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

NVE certifies 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.

Persistent Organic Pollutants

We certify that our products do not contain Persistent Organic Pollutants (POPs) and comply with 2004/259/EC, TSCA PBT Section 6(h), California Proposition 65, and IEC Halogen-Free.

California Proposition 65 Compliance

NVE certifies to the best of our knowledge that NVE products do not contain any substances regulated by California Proposition 65, as updated on January 1, 2025, with the exception of nickel. NVE products do not contain nickel concentrations above the safe harbor levels as determined by the Office of Environmental Health Hazard Assessment (OEHHA). Therefore, NVE products are not required to have California Proposition 65 warning labels.

Halogen-Free

NVE certifies that to the best of our knowledge NVE products comply with the International Electrochemical Commission's (IEC) definition of Halogen-Free requirements.

PFAS-Free

NVE certifies that our products are free from per- and polyfluoroalkyl substances (PFAS), including all substances defined under current regulatory standards, and fully comply with applicable environmental and chemical safety requirements.

EU Medical Device Regulation Compliance

NVE certifies that to the best of our knowledge NVE products do not contain substances on the EU MDR list (October 17, 2025) above threshold.

Recycling

NVE complies with applicable environmental laws and regulations, particularly for industrial waste and emissions. We recycle byproducts of our manufacturing processes wherever practical. We also recycle shipping materials, office paper, and aluminum cans. We comply with Hennepin County business recycling requirements, including pairing recycling bins with trash bins.

Other recycling activities the past two fiscal years included:

- Recycled approximately 850 pounds of electronics and other 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.

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. We recycle unneeded electronics using environmentally sound recycling practices, and periodically offer employees free recycling of their hazardous waste and unneeded personal electronics.

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 SFI-certified paper.

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 2024 its Upper Midwest service area of Minnesota, North Dakota, South Dakota, Wisconsin, and Michigan: 10% coal, 26% natural gas, 23% nuclear, 29% wind, 4% solar, and 7% other renewable. Excel [reported](#) NSP System's electricity was 52% carbon-free in 2024. 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 provide carbon-free electricity standard is for 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:

Excel Energy's [reports](#) that its power generation for our region is 36% 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 its power generation for our region has 23% nuclear power generation from two nuclear generating plants. Xcel's Federal license for its Monticello 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. Xcel's Prairie Island Nuclear Generating Plant Federal licenses expire in 2033 for Unit 1 and 2034 for Unit 2. 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.¹

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.²

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.³

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 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.

¹“Material and Energy Requirement for Rare Earth Production,” *JOM: the journal of the Minerals, Metals & Materials Society* 65(10):1327-1340, October 2013.

²0.095 μ A typ. at 1.4 V vs. 1.6 μ A typ. at 1.8 V, [NVE AHL025-20E Nanopower GMR Switch](#) vs. [Texas Instruments DRV5032FADBZR Ultra-Low-Power Digital-Switch Hall Effect Sensor](#).

³“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 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.⁴ U.S. Energy Star guidelines and European Union standards encourage power factor control.⁵ 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.

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.⁶

⁴“The Changing Landscape of Electric Motor Efficiency Standards,” *magneticsmag.com*, 7/18/18.

⁵“Power Factor and Power Factor Correction,” CUI, Inc., 4/20/19.

⁶“Development of a Reliable Assay of Eco-friendly Fe₃O₄Ag Nanocomposite-Based Giant Magnetoresistance Sensor,” *J. Electrochemical Society*, Nov., 2024.

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 (SF₆) 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 SF₆ 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 quantities 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.

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 2025⁷:

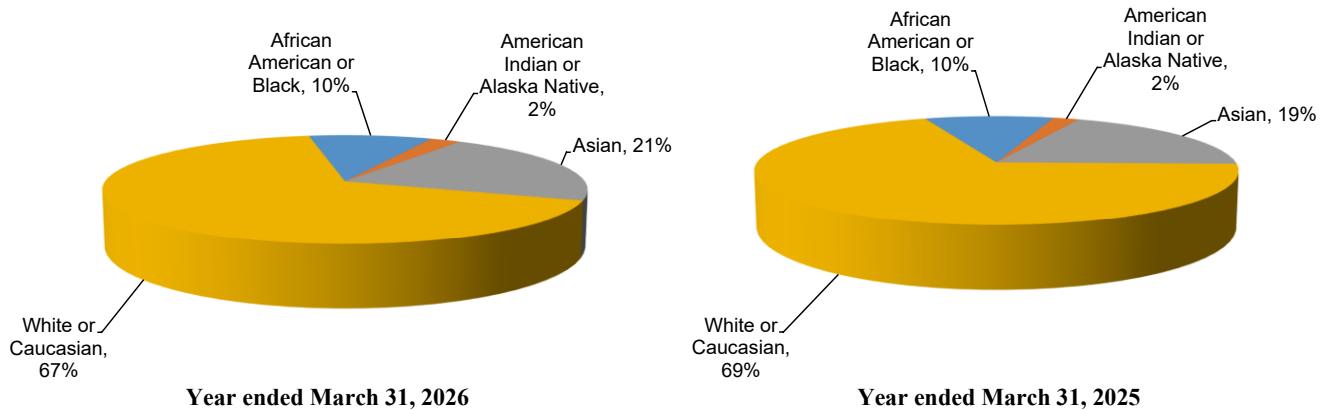


Figure 6.1. NVE racial demographics, fiscal years ended March 31, 2026 and 2025.

In fiscal 2026, 33% of our employees were from underrepresented groups, compared to 18% for the State of Minnesota⁸. 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 2026⁹, much lower than the semiconductor industry average of 16%¹⁰.

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 do both design and fabrication). For 2025, Texas Instruments, for example, had revenue per employee of approximately \$536,000 and net income per employee of approximately \$151,000¹¹. We believe this reflects the efficiency of our employees and the high value of our products.

⁷Although 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.

⁸Minnesota data are from U.S. Census Bureau data for the latest quarter available.

⁹Voluntary 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.

¹⁰[NVIDIA Sustainability Report, Fiscal Year 2025](#).

¹¹Derived from the company's 2025 Annual Report on Form 10-K.

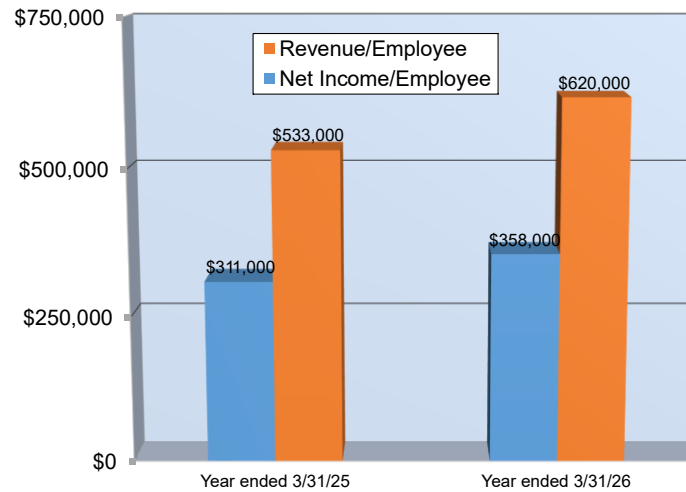


Figure 6.2. High efficiency measured by revenue and net profit per employee, past two fiscal years.

Anti-discrimination Policies

We do not tolerate harassment or discrimination.

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 pregnancy/parental leave.

Top-Notch Benefits

NVE provides good-paying jobs with excellent benefits. Benefits include medical insurance, HSA with \$3,600/year/family 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, tuition reimbursement, and paid family/medical leave. We also provide free coffee because we're driven by spintronics, talent, and caffeine.

9. Product Safety

As detailed in [Section 6—Environmental Responsibility](#), we are committed to ensuring our products aren't harmful. 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.”

Enhancing safety is an important aspect of NVE's sustainability contribution. 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.

Our isolators meet recognized safety requirements, including UL, Verband der Elektrotechnik, Elektronik und Informationstechnik (VDE) standards. Our products help our customers meet safety standards for medical, audio/video, information, and communication technology equipment.

Some of our parts are also certified to stringent ATEX and IECEx standards for use as isolating components between intrinsically safe circuits (IS-to-IS) in explosive atmospheres.

By helping customers build safer, more reliable, and regulation-compliant systems, we extend the positive impact of our technologies beyond our own operations.

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.

Material Disclosures

NVE requires that its parts and material suppliers provide full material disclosures for their products.

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

Additionally, 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.

11. Corporate Governance

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.

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—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, climate-related policies, and regulatory compliance.

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.

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.

12. Goals and Targets

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

1. **0% increase** in CO₂-equivalent emissions per dollar of revenue. Our goal is to offset additional equipment and higher utilization with increased revenue and higher percentage of carbon-free electricity.
2. Remove carbon from our electricity supply toward a State-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.
3. Maintain the highest possible Institutional Shareholder Services (ISS) **Corporate Governance Score of “1.”**
4. Timely file our **Conflict Minerals Report** on Form SD reinforcing our commitment to responsible sourcing and summarizing our due diligence performed.
5. Formally task the Board of Directors with oversight of **Artificial Intelligence**.
6. Nominate a Board of Directors slate that continues to meet Glass-Lewis **diversity guidelines** for Russell 3000 companies.

13. Metrics

Energy, Efficiency, and Climate

Metric	Value (units)	Reference Indicators	Notes and References
Greenhouse gas (GHG) emissions			
Scope 1	818 MtCO ₂ e	GRI 305-1; UNGC E6; SASB TC-SC-110a.1	Natural gas used to heat building and water
Scope 2	2,040 MtCO ₂ e		Electricity for lighting, equipment operation, etc. Emission factor from EPA eGRID MRO West subregion
Total, Scope 1 + Scope 2	2,859 MtCO ₂ e		"Small emitter" under eCFR §300.5 (<10,000 Mt/year)
GHG emissions intensity (Scope 1 and 2)	109 MtCO ₂ e/\$M revenue	GRI 305-4	
Electricity used	2,519 MWh	GRI 302-1; UNGC E9	
Renewable electricity percentage	29 %		Excel Energy Sustainability Report
Carbon-free electricity percentage	52 %		
Water consumption			
	227,000 gallons	GRI 303-5; SASB TC-SC-140a.1	Water originates from wells into the Jordan-Prairie du Chien aquifer group.
	859 m ³		
Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress	100 %	SASB TC-SC-140a.1	The Jordan-Prairie du Chien aquifer group experiences "significant localized stress" in the Twin Cities Metropolitan Area (via World Resources Institute Aqueduct Water Risk Atlas).
Interactions with water as a shared resource		GRI 303-1; UNGC E11	<ul style="list-style-type: none"> • Neutralize and filter wastewater. • Equipment cooling water is reused in closed-loop systems. • Water-efficient plumbing.

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	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.
Voluntary turnover	7 %		

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 82% white
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 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.		

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
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	
"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	Prohibited under our Policy on Ethics and Business Conduct.
Material cybersecurity incidents	TC-SI-230a.1	We have not experienced any cybersecurity incidents in the last three 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.