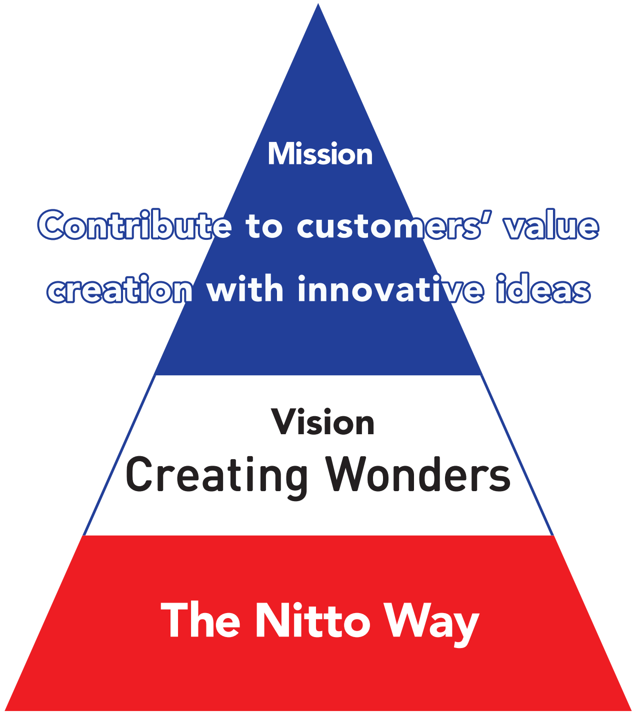
Innovation for Customers

Nitto Group Integrated Report 2026

Nitto Denko Corporation

Corporate Philosophy

Corporate Philosophy



The Nitto Group's Corporate Philosophy is comprised of three elements: Our corporate Mission, our Vision which aligns our way of thinking in attaining our Mission, and the Nitto Way, which is the set of values we practice.

Mission

Contribute to customers' value creation with innovative ideas

We at the Nitto Group relentlessly pursue products, systems, and ideas that customers find valuable. Our Mission is to deliver safety, prosperity, comfort, and affluence not only to customers whom we contact directly but also to every stakeholder.

Vision

Creating Wonders

In order to achieve our Mission to "Contribute to customers' value creation with innovative ideas" as one team, all Nitto Group employees around the world must hold the same vision, which is "Creating Wonders." Each and every employee is challenging themselves to wonder and inspire the world; in other words, we endeavor to create wonders in our everyday work and generate the power to change the world in many different domains.

The Nitto Way

The Nitto Way is a set of values that every Nitto employee is expected to practice to achieve Nitto's Vision for the future. All Nitto Group employees should understand "The Nitto Way" and work vigorously, with attention to physical safety and mental wellbeing, to realize our "Mission" and "Vision."

Safety
Place safety before everything else.

Sustainability
Prioritize being in harmony with society and nature to realize a sustainable future.

Diversity & human rights
Value integrity and modesty, as well as respect the diversity and rights of all people.

Customer
Amaze and inspire our customers by serving the global environment, humankind, and society as our customers as well.

Anticipation of change
Go where the action is to refine our ability to anticipate and leverage change.

Challenge
Continue to take on challenges without fearing failure.

***Sanshin* Activities**
Create innovation through *Sanshin* Activities.

Niche Top
Create Niche Top products all over the world as One-Nitto.

Speed and perfection
Act promptly and get things done through teamwork.

Corporate culture
Act according to an "open, fair, and best" approach.

Personal development
Transform ourselves through personal-development.
Individual development leads to growth of the team.

Sense of ownership
Act with a sense of ownership.

CONTENTS

Editing Policy

It is with great pleasure that we publish this Integrated Report of the Nitto Group to inform our stakeholders of what we are doing to "simultaneously solve social issues and create economic value."

Described in this report are the past, present, and future of the Nitto Group—how it has grown to what it is today and how we will go about co-creating value into the future—which we hope will give you an overall picture of the Group. Please refer to our corporate website for more details and relevant information.

This report is available in Japanese and English and can be found on our corporate website.

Scope

This report covers the business activities of 89 companies including Nitto Denko Corporation and its 87 subsidiaries and 1 affiliate, as of March 31, 2026.

Time Period

Fiscal 2025 (April 1, 2025–March 31, 2026)

Some performance figures and activities from periods other than the above are also included.

Reference Guidelines

This report has been prepared with reference to the following guidelines:

- Global Reporting Initiative (GRI) Standards by the Global Reporting Initiative
  GRI Content Index: https://www.nitto.com/jp/en/sustainability/index/gri/
- International Integrated Reporting Framework by the IFRS Foundation
- Guidance for Collaborative Value Creation 2.0

Footsteps of the Nitto Group

1918	1940s	1960s	1980s	1990s	2010s	2020s
Laying the Groundwork	The Second Beginning	Commencing Business in the Production of Industrial Materials	Development of Multiple Businesses and Overseas Expansion	Initiating Global Niche Top™ Strategy	Brand Slogan, "Innovation for Customers"	Implementation of the Nitto-Style ESG Strategy

Tapes
- 1918 Electrical insulating varnish cloth
- 1946 Friction tape
- 1951 Vinyl tape
- 1983 COLOCOLO adhesive floor roller
- 2001 Optically clear adhesive tape LUCIACS™

Double-sided tapes
- 1964 Double-sided adhesive tape
- 1987 REVALPHA™ thermal release sheet
- 2002 Low VOC double-sided tape
- 2004 ELEP MOUNT™ semiconductor process tape
- 2024 Electrical release tape

Surface protection sheets/films
- 1961 SPV™ surface protection vinyl sheet
- 1992 Protection film for automobiles
- 1998 E-MASK™ surface protective materials for electronic and optical parts

Polarizing films
- 1975 Adhesive polarizing film
- 1982 Highly durable polarizers for automotive displays
- 1989 Retardation film for LCD
- 2007 Roll to Panel™
- 2013 Ultra-thin polarizing film

Medical/healthcare materials
- 1967 Medical adhesive sheet
- 1983 Transdermal absorption tape formulation
- 2005 NittoPhase™ polymer beads for oligonucleotide synthesis
- 2011 Contract manufacturing for bulk oligonucleotide therapeutics

Fluoro-plastic products
- 1961 NITOFLON™ fluoroplastic product
- 1981 TEMISH™ fluorine resin porous film
- 1998 CAPSEAL™ pressure control part
- 2011 TEMISH™ acoustic membrane for mobile devices

Sputtering technology
- 1985 ELECRYSTA™ transparent conductive film
- 2022 Anti-reflection film for automotive displays

Membrane products
- 1975 Reverse Osmosis (RO) membranes
- 2010 NANO-SW NF membrane
- 2019 RO membranes for ZLD (Zero Liquid Discharge)

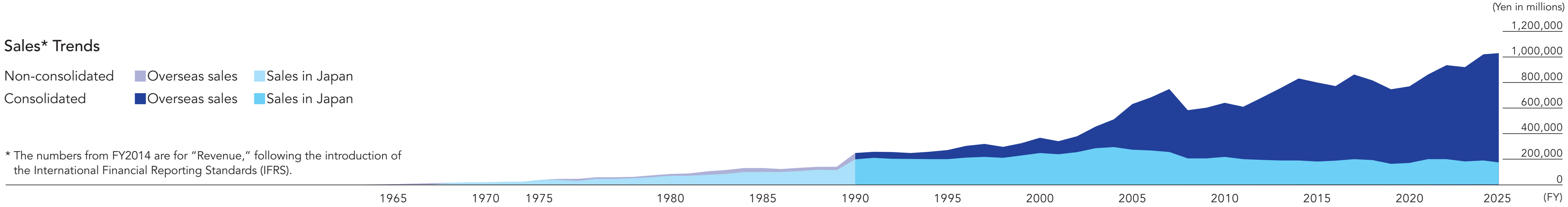
Insulation materials
- 1952 Glass fiber cloth
- 1957 Casting and molding products
- 1995 Insulation paper
- 2013 Thermal conductivity insulation sheet for automotive use

Encapsulants
- 1965 E Pellet epoxy resin
- 1983 Encapsulation resin for optical semiconductor

Vanish
- 1924 Electrical insulating varnish
- 1951 Wire varnish

Polyimide
- 1973 Flexible printed circuit
- 1996 CISFLEX™ thin-film metal base board
- 2020 High-precision circuit

Sales* Trends



* The numbers from FY2014 are for "Revenue," following the introduction of the International Financial Reporting Standards (IFRS).

Message from the CEO

To Reach Our Next Stage of Growth, We Have Moved to a CEO-COO Co-Leadership Structure, Built on the Foundation of Our Niche Top Strategy

As we kick off the new medium-term management plan, Nitto RISE 2028, we have updated our leadership structure for the first time in 12 years, with me, Hideo Takasaki, as Chairman and CEO, and Tatsuya Akagi as President and COO. To further enhance corporate value, we have clarified the division of responsibilities between management and business execution, thereby strengthening growth capabilities, capital efficiency, and corporate governance, while simultaneously solving social issues and creating economic value.

Hideo Takasaki
Representative Director, Chairman, CEO

Our "Readiness" to Become an Essential Partner for Customers Under All Circumstances Resulted in Sustained Business Growth

Twelve years have passed since I assumed the office of President CEO, COO in 2014. Over the years, I have consistently confronted the challenges before me with determination while steering this company with a forward-looking perspective. Looking back, the excitement and fulfilment I gained from overcoming those challenges always outweighed any pressure or sense of intimidation I may have felt.

Time and again we have navigated dramatic shifts in the external environment, yet the Nitto Group has consistently and quickly identified emerging changes and leveraged them to sustain growth. Immediately prior to my appointment, our market capitalization stood at approximately 860.0 billion yen. As of the end of March 2026, it had increased 2.4-fold to 2,080.0 billion yen. I believe this demonstrates that the market has recognized and positively evaluated the direction of our management.

One of the reasons the Nitto Group has achieved remarkable growth is that we have always maintained the "readiness" that makes us essential to our customers. I believe management must take fundamentally different approaches to continuously evolving structural changes and to sporadic events. In the early 2010s, as the market for smartphones and other digital devices expanded, an increasing number of products became commoditized, and price competition intensified. We could foresee, with a certain degree of clarity, the arrival of an era in which greater scale alone would no longer necessarily enhance competitiveness.

On the other hand, while we can recognize the potential emergence of risks that could significantly impact corporate activities, such as the US-China trade friction after 2018, Russia's invasion of Ukraine and other geopolitical risks, and the COVID-19 pandemic, it is difficult to anticipate their timing and magnitude.

With this recognition in mind, we focused on establishing competitive advantages less susceptible to changes in the external environment. In selected domains, we created unique value that competitors would find difficult to replicate and that would lead customers to believe, "It has to be Nitto." Through these efforts, we have sustained both the resilience and growth of our business amid this highly volatile environment. The Niche Top Strategy, which I have pursued over the past 12 years, is the very embodiment of "readiness"—an approach that, rather than passively responding to changes in the external environment, enables us to demonstrate our value all the more during times of change.

Even today, we continue to witness irreversible changes in the industrial structure, including the tightening of environmental regulations driven by the push toward decarbonization, rapid advances in digital and AI technologies, and the growing importance of economic security. We therefore never cease in our efforts to remain "ready" for the future.

After Numerous Decisions Regarding Things That Will Grow or Not to Be Preserved, the Niche Top Strategy Has Become Embedded in Nitto's Corporate Culture

Over the past 12 years, I have focused on building a robust corporate character that is not easily affected by changes in the external environment. The key to this was our consistent decision-making regarding what to grow and what not to be preserved. While prioritizing the allocation of resources to business domains that will grow, such as semiconductors, automobiles, displays, HDDs, oligonucleotide therapeutics, membranes, and hygiene products, which we expected to expand through market growth or other factors, we also decided not to preserve businesses with little prospect of achieving high profitability due to market maturity, and accordingly withdrew from, downsized, or transferred them. Through this two-pronged overhaul of our business portfolio, we successfully strengthened our earnings structure, improving our operating margin from 9.6% for fiscal 2013, immediately prior to my appointment, to 17.9% for fiscal 2025.

Throughout this process, we pursued two seemingly conflicting objectives of speed and perfection in rapidly changing domains such as optronics. By steadily implementing one value-creation initiative after another, we succeeded in generating leading-edge technologies, products, and solutions that ultimately evolved into Niche Top products. Our employees embraced this direction and executed on it. Initially, our drive toward Niche Top was essentially "words first." Over time, however, this approach permeated decision-making in the field and became embedded in our corporate culture. Today, Niche Top stands as the very source of the Nitto Group's competitive advantages. We will continue adhering to this strategy so that we may remain an "essential entity" for our valued customers.

Placing ESG at the Core of Our Management to Become a Company That Simultaneously Solves Social Issues and Creates Economic Value

With a firm determination to place ESG at the core of our management, the Nitto Group aims to simultaneously solve social issues and create economic value. To this end, we will continue to pursue the creation and expansion of "double recognized products and services" that satisfy the criteria for both PlanetFlags™/HumanFlags™ (Flags) and Niche Top products and services. "Flags" refer to products and services recognized under Nitto's unique recognition scheme of PlanetFlags™ and HumanFlags™ for their respective contributions to the environment and human society. We have made it crystal clear that we will not initiate any new development project unless it is designed to achieve such recognition.

When we first embarked on this ESG initiative, some within the company naturally viewed it skeptically. However, by consistently adhering to this policy, we have produced tangible results. A prime example is electrical release tape. I must admit that, until around 10 years ago, customers showed little interest in this technology. Nevertheless, believing it would eventually become essential, I personally spearheaded the project and continued its development. Today, the concept of the "Right to Repair" has gained traction across Europe and other regions, and electrical release tape has been adopted for smartphones. By enabling smartphone batteries to be removed more easily, this technology has made battery recycling more feasible. In addition, by contributing to reductions in CO_2 emissions throughout the product life cycle, this innovative product has delivered a significant positive impact on both society and the environment.

Speaking of electrical release tape, we are currently expanding its applications beyond smartphones. To support this initiative, we are making substantial investments, including approximately 39.0 billion yen for the construction of a new plant, where we will also ramp up production capacity for components used in other high-end devices.

In recent years, there has been a growing perception that ESG and environmental initiatives merely increase costs. Even so, the Nitto Group remains firmly committed to the view that ESG initiatives are investments for the future. By directly confronting social issues and refining technologies that help address them, we will continue to create competitive advantages for our products and services.

Reviewing Corporate Governance in the Aftermath of the Misconduct to Foster Autonomous and Transparent Management

In January 2024, we issued a press release regarding misconduct related to the acquisition of certification for municipal water supply membrane modules. We would like to take this opportunity to once again express our sincere apologies for the significant concern and inconvenience this matter may have caused to all affected parties.

This incident highlighted the need to reexamine the effectiveness of our corporate governance and gave us an opportunity to reassess the integrity of our organization based on the objective findings of the Investigation Committee.

We believe it is crucial not merely to prevent recurrence and implement corrective action, but also to revisit the very framework that underpins our business activities, so that we can strengthen our corporate governance structure. We will also redouble our efforts to strengthen the compliance frameworks of Nitto and its Group companies in a substantive and meaningful manner.

We believe the effectiveness of corporate governance should be ensured not only through the optimization of systems, but also through the management of human resources and organizations. The recent decision to appoint Tatsuya Akagi as COO was made following thorough deliberations by the Nomination and Remuneration Advisory Committee. After his appointment, I personally visited all our plants to explain the background to the decision and the rationale for his selection directly to our employees in order to gain their understanding. We will remain committed to ensuring transparent and autonomous management of our company.

The CEO-COO Co-Leadership Model for Sustainable Enhancement of Corporate Value Through Business Portfolio Transformation Aligned with the Demands of the Times

The decision to transition to the new management framework co-led by the CEO and the COO is intended to build on the robust business foundation established to date and lead the company into the next stage of growth. As Nitto's operating environment continues to change dramatically alongside the expansion and enhancement of our businesses and corporate value, it has become necessary to separate responsibility for setting the strategic direction of management from responsibility for executing business operations. Under the new framework, we will enhance the prospects for growth while further enhancing our organizational agility.

As changes in industrial structures gather pace, we must achieve both the solution of social issues and the creation of economic value at a higher dimension, while also ensuring business growth and increasing capital efficiency. To do so, we need to continually transform our business portfolio in close alignment with changes in the external environment. This is precisely the role we expect COO Akagi to fulfill.

With a profound understanding of the Niche Top Strategy, Tatsuya Akagi has led its implementation on the front lines. As such, he possesses the strategic insight to anticipate change while pursuing both business growth and structural reform, together with the ability to execute these initiatives effectively at the operational level. Going forward, he will assume full responsibility for business execution, leading the transformation of the business portfolio and accelerating business growth.

As CEO, I am entrusted with formulating management strategies and overseeing their progress, ensuring the effectiveness of our corporate governance, and setting the direction for medium- to long-term value creation. By having the CEO and the COO fulfill their respective roles and complement each other, we will enhance both the quality and speed of decision-making, thereby ensuring that these changes guide us into a renewed phase of growth.

Let Double Recognized Products and Services Drive Business Growth to Remain an "Essential Entity"

Among the financial targets set forth in the previous medium-term management plan, we fell short of our ROE target of 15%, achieving 12.2%. Enhancing capital efficiency is one of the imperatives management should address seriously, and we will continue to monitor this indicator closely.

To achieve this target, we believe it is important to increase capital efficiency in a sustainable manner by further improving the profitability of our business through the Niche Top Strategy and ongoing transformation of the business portfolio, rather than relying on financial measures aimed at achieving temporary numerical improvements. Whatever initiatives we undertake, they must contribute to value creation, including the solution of social issues or the reduction of environmental impact. At the core of these business activities is the creation and expansion of double recognized products and services that satisfy the criteria for both Flags and Niche Top products. We will continue to position this initiative as a key priority under Nitto RISE 2028.

As CEO, engaging in dialogue with investors and other stakeholders to communicate the rationale behind the Nitto Group's management direction and strategies is one of my most important responsibilities. I will take every available opportunity to consistently communicate how the Nitto Group's growth strategy will lead to improved capital efficiency and enhanced corporate value.

For the Nitto Group to remain an "essential entity" not only for its customers, but also for the global environment and human life, we will seize every opportunity as it emerges from change and take on new challenges. The new management framework represents the first step toward this goal. By organically linking oversight and execution to achieve sustainable enhancement of corporate value, we will remain fully committed to meeting the expectations of our valued stakeholders.

Turning Change into Growth: Pursuing Sustainable Value Creation and High Capital Efficiency

Under the previous medium-term management plan, Nitto for Everyone 2025, we achieved growth in both absolute profit levels and profitability by implementing the “Niche Top Strategy and Nitto-Style ESG Strategy.” Meanwhile, our ROE—an indicator of shareholder equity efficiency—remained below our expectations. In light of this, under the new medium-term management plan, Nitto RISE 2028, we will further advance management that simultaneously solves social issues and creates economic value in order to enhance the prospects for growth, as we strive for the sustainable enhancement of corporate value.

T. Akagi

Tatsuya Akagi
Representative Director, President, COO

Turning the Fruits of Growth into Sustained Corporate Value

Fiscal 2025 was another year of strong performance, with revenue topping one trillion yen and operating profit and operating margin reaching record highs. These outstanding results are, I believe, attributable to business administration based on the Niche Top Strategy and a series of initiatives aimed at enhancing profitability.

Meanwhile, our ROE was below the target level, leaving us with the challenge of how to leverage the fruits of growth to further enhance corporate value. I do not view this as merely a matter of numerical targets; rather, it signals the need for Nitto's management to move to the next stage in the way we make growth investments, allocate capital, and improve the quality of the business portfolio.

Looking back on our business by segment, we steadily boosted profit in the Industrial Tape and Optronics Businesses as a result of prioritizing resource allocation to domains with high growth prospects. Meanwhile, the Human Life Business again reported an operating loss in fiscal 2025, but in the oligonucleotide contract manufacturing business—one of its mainstay businesses—the operating loss narrowed significantly from the previous fiscal year, as we began receiving orders for projects related to commercial drugs.

Achieving profitability in the Human Life Business and subsequently expanding its earnings is an important challenge for us as we work to build a well-balanced business portfolio. We will continue to position this business as one of the priority businesses in our growth strategy. With respect to future investment decisions, we will assess them carefully, taking into account the anticipated progress of business growth, the time required to achieve profitability, and capital efficiency.

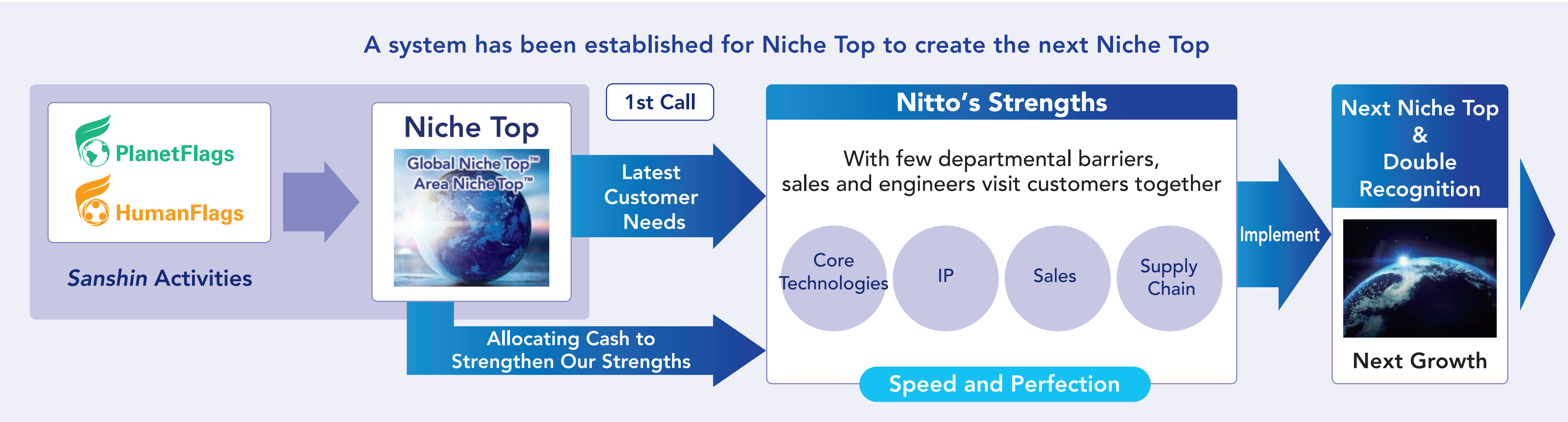
Nitto RISE 2028 to Maximize the Prospects for Growth

Our new medium-term management plan, Nitto RISE 2028, kicked off in fiscal 2026. Building on the previous medium-term management plan, this plan marks the second step in our effort to achieve our Target State 2030 of becoming an "Essential ESG Niche Top Company." Its overriding objective is to advance our ongoing initiative of simultaneously solving social issues and creating economic value, thereby helping to increase the Nitto Group's corporate value.

One of the initiatives we are prioritizing is the realization of new growth through Double Recognition. Through this unique approach, we aim to create both social and economic value simultaneously. Under Nitto RISE 2028, we are targeting an increase in the ratio of revenue generated from double recognized products and services to 40% by fiscal 2028, with a longer-term goal of 50% or higher by fiscal 2030. By increasing the proportion of businesses that generate both social and economic value, we aim to realize our vision of becoming an Essential ESG Niche Top Company.

What we mean by "enhancing the prospects for growth" in the current management plan is not only strengthening the profitability of our existing businesses, but also creating new growth businesses and establishing and maintaining leading shares in target domains, whether niche or otherwise. The Nitto Group will keep generating a steady stream of new Niche Top products by identifying social issues and customer needs and linking the latest insights from the front lines with our core technologies, intellectual property, sales networks, and supply chain. By sustaining this cycle, we believe we can maximize our presence among customers and build strong relationships in which the Nitto Group is always the first to receive their call when new business opportunities arise.

For our existing businesses, we will concentrate management resources in domains where the Nitto Group can demonstrate its competitive strengths, pursuing both higher profitability and greater growth potential. In new growth businesses, we will drive future growth



by connecting technologies both within and outside the company with customer needs in domains such as digitalization, next-generation telecommunications, semiconductors, environmental solutions, renewable energy, and life science.

Frontline-Driven Decisions to Seize Growth Opportunities Amid Change

Since its founding in 1918, the Nitto Group has faced numerous crises and changes in the operating environment. Whenever such challenges arose, we devoted all the Group's strengths to every product in order to better serve our customers, thereby laying the foundation for the next phase of growth.

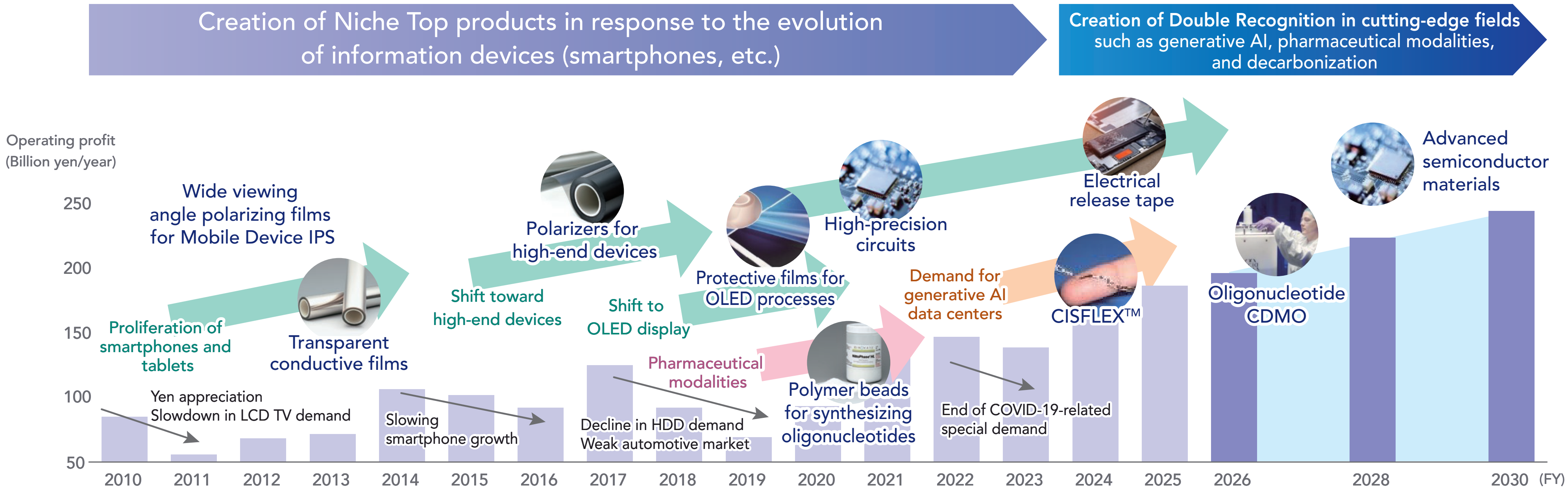
Since then, the business environment has changed dramatically, and we now find ourselves operating in an entirely different competitive landscape, where individual markets and product categories are changing and the industrial structure itself stands at a crossroads. Stricter environmental regulations driven by the push toward decarbonization, together with regulatory and systemic changes across various countries, are reshaping the way customers design their products as well as the performance requirements they demand. As customers increasingly seek lighter weight, higher durability, and greater reliability, the value the Nitto Group should deliver is evolving even within conventional applications and existing markets.

To turn these changes into growth opportunities, we must act swiftly to detect latent needs that emerge from the front lines through close dialogue with customers and players in the supply chain. For my part, I make it a point to leave the office to engage directly with customers and business partners, and I place great value on the insights gained through such face-to-face dialogue. By flexibly combining this feedback with its proprietary technologies, as well as external expertise and technologies, the Nitto Group has created new value and established itself as a leading Niche Top company.

Making prompt decisions and acting with greater agility are critical to building sustainable competitive advantages. Speaking from my own experience, I once proposed a strategic shift in the optical film business, in which we had gained the lion's share of the market, knowing that it could temporarily reduce that share. I nevertheless believed the decision was necessary to ensure the business's medium- to long-term profitability. That experience taught me that making the decisions you genuinely believe are best for Nitto without delay ultimately ensures the sustainability of the business.

Under Nitto RISE 2028, we will further promote such frontline-driven decision-making across the Group in order to stimulate the growth of the Human Life Business, while sustaining the continued growth of the Industrial Tape and Optronics Businesses, thereby building a more well-balanced business portfolio.

The Growth Trajectory of the Nitto Group



Pursuing an "Open, Fair, and Best" Approach to Consolidate the Foundation for Sustainable Value Creation

For us to leverage the Double Recognition scheme as a driver of renewed growth, we must establish an unshakable management foundation. Since I assumed the position of President and COO in April 2026, I have become keenly aware that robust governance over safety, quality, and compliance is a fundamental prerequisite for sound management. Once this is lost, the trust of society and our customers can be lost overnight.

Through my experience in manufacturing, I have learned that many problems, whether occupational accidents, misconduct, or quality issues, do not arise from extraordinary circumstances but rather from routine decisions and organizational cultures that people have come to accept as normal. In other words, I believe the single biggest risk facing any company is an unwillingness to confront inconvenient facts directly, or a workplace culture that leads employees to choose not to speak up.

The Nitto Group has long embraced the "open, fair, and best" approach as a core value in the form of The Nitto Way. This means fostering a corporate culture in which everyone is encouraged to share both good news and bad news openly, engage in fair and equal discussions, and give their very best once decisions have been made. By ensuring that leaders at every workplace continue to demonstrate this commitment, we aim to cultivate a healthy workplace environment and solidify the foundation that underpins sustainable value creation.

Building on this management foundation, human resources are the Nitto Group's most important asset in achieving sustainable growth. In an era marked by accelerating change and increasing uncertainty about the future, the driving force behind continuously creating new value lies in each and every employee who is not afraid of failure, thinks independently, and dares to take on new challenges.

In the growth stage of a business, providing opportunities to take on challenges is critically important. Speaking from my own experience, when I was a young employee at Nitto, I was selected to manage an important customer account, and through repeated challenges and failures, I was able to grow professionally. That experience taught me that people grow through challenges and that organizations become more resilient as a result. While developing human resources capable of advancing the Niche Top Strategy with diverse perspectives and high levels of expertise, the Nitto Group is also working to create a work environment where every employee feels rewarding and satisfied with what they are doing. I believe these initiatives are part of a company's fundamental responsibilities and represent important investments directly linked to the medium- to long-term enhancement of corporate value.

At the Global Conference held in March 2026, senior executives from across the Nitto Group gathered to discuss the current state of psychological safety within the Group and the challenges surrounding it.

Through these initiatives, I am determined to build an organization in which employees think independently and keep growing as they constantly take on new challenges. We will continuously monitor our future-financial indicators, including employee engagement scores and the challenge ratio, in order to further advance the Nitto Group's human capital management.

Turning Climate Action into Competitive Advantage and Corporate Value

Addressing climate change is a key management challenge that is inseparable from business strategy. Inadequate responses could result in the loss of competitive advantages and business opportunities. On the other hand, if we can accurately identify the decarbonization needs of society and our customers, those needs will present opportunities to create new value through the application of the Nitto Group's technologies. As Nitto's top executive, I intend to make all management decisions based on this recognition.

The Nitto Group plays a fundamental role in supporting the core performance and energy efficiency of end products through the provision of a wide range of components. Given this role, our management team is constantly mindful of its responsibility to reduce GHG emissions from our own business activities, while continually asking what value the Nitto Group's products can offer in contributing to the decarbonization of society as a whole.

In line with this view, we are focusing on the creation and expansion of PlanetFlags™ (products and services contributing to the environment), making all-out efforts to conserve energy, utilize renewable energy sources, and innovate our manufacturing processes. Furthermore, through collaboration with partner suppliers of raw materials and customers who use our products, we are committed to reducing environmental impact across the entire supply chain.

These initiatives may increase costs in the short term. But I regard them as important investments that will strengthen our competitive advantages and business foundation over the medium- to long-term, while enhancing our resilience to transition risks, such as fluctuations in energy prices and increasingly stringent regulations.

Recognizing the uncertainty associated with climate change, we assess risks and opportunities based on multiple scenarios that anticipate changes in our future business environment, and reflect the results of these assessments in our business strategies and investment decisions. Through this process, we continuously monitor the potential impact of climate change on our business in order to increase management resilience.

Strengthening Competitiveness Through Digital Utilization to Accelerate Value Creation

Amid the rapid evolution of AI and other digital technologies, we are entering an era in which a company's competitiveness is determined by how effectively it can use such technologies. The Nitto Group is no exception. For us, the use of digital technologies is not merely a means of improving efficiency, but a key driver that enhances growth prospects.

To quickly identify changes in the market and evolving customer needs, and to translate them into prompt decision-making and action, it is crucial to use data and AI technologies to transform both management and frontline operations. By using digital technologies to augment the human resources and expertise cultivated in the field, we will increase the number of projects for Niche Top products and *Sanshin* Activities while maximizing their growth prospects and speed of execution.

At the same time, to generate resources for future growth, we must eliminate nonessential operations and reallocate management resources more effectively. By accelerating the evolution of our manufacturing, building a more resilient supply chain, and streamlining operations through the effective use of AI technologies, we will create additional capacity in terms of time, human resources, and investment capital for the next stage of growth.

To steadily advance these initiatives, it is essential to establish a solid foundation by developing data infrastructure, instituting robust data governance, and strengthening information security. More importantly, the use of digital technologies should not be confined to a limited number of specialized divisions. Rather, by fostering an organizational culture in which every employee is encouraged to incorporate such technologies into their daily operations and autonomously drive improvements and take on new challenges, we will ensure that the use of data leads to sustainable value creation.

Taking the Solution of Social Issues as the Starting Point to Advance Our Value Creation Cycle

The three-year period covered by Nitto RISE 2028 is a critical phase for the Nitto Group, during which we must enhance the prospects for growth and demonstrate how we can evolve into an Essential ESG Niche Top Company envisioned in Target State 2030.

I myself fully recognize my responsibilities as the chief officer of this company, which include driving business growth through the solution of social issues, leveraging the resulting outcomes to increase capital efficiency, and returning value to stakeholders. Under Nitto RISE 2028, we will perpetuate this virtuous cycle of value creation.

All the more in these rapidly changing times, it is important not to rest on past successes, but to confront reality and continuously identify emerging needs amid such change. If we can turn these needs to our advantage and create double recognized products and services, we can contribute to the sustainable growth of the Nitto Group.

Driving this momentum are the challenges taken on by each employee and a healthy organizational culture that supports them. I will remain committed to engaging in dialogue with our stakeholders, so that their feedback can be reflected in our management, ultimately earning the trust of society and long-term support from investors.

I will ensure that these challenges are taken on in order to enhance corporate value in a sustainable manner, and, in my capacity as President, I will take the lead in making this a reality.

Nitto Group's Management Strategy

Our Mission

Corporate Philosophy (Mission)

Contribute to customers' value creation with innovative ideas

Basic Approach to ESG Management

Basic Policy on Sustainability

Simultaneously solving social issues and creating economic value

The Nitto Group keeps challenging itself to realize a sustainable future and support well-being for everyone by serving the global environment, humankind, and society as our customers.

Our Long-Term Targets

Target State 2030

An Essential ESG Niche Top Company

Material Issues for Sustainability

Ten material issues identified to solve social issues

Products and Services Contributing to the Environment and/or Human Life

PlanetFlags

HumanFlags

Niche Top Strategy

A strategy for capturing the leading share based on a thorough analysis of evolving and growing markets

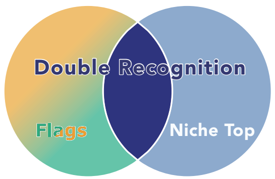
Sanshin Activities

Innovation Model

Three-Year Action Plan

Medium-Term Management Plan, "Nitto RISE 2028"

Realizing new growth through Double Recognition



In accordance with its Mission, "Contribute to customers' value creation with innovative ideas," the Nitto Group has clearly stated in its Basic Policy on Sustainability that it will aim at "simultaneously solving social issues and creating economic value" through business activities.

In alignment with this basic policy, we have deliberately chosen "An Essential ESG Niche Top Company" as our Target State 2030. Our goal is to become a company of choice for society and the market by establishing a dominant competitive advantage in niche fields as we continue to create products and services that contribute to solving social challenges. To that end, we identify risks and opportunities as we promote ESG management, and have identified high-priority issues for the Nitto Group and society in the form of "material issues for sustainability," to address them through our unique innovation model. In the focus domains of "Digital Interface," "Green Tech," and "Human Life," we will create PlanetFlags™/HumanFlags™ (Flags) as a foundational starting point, and by combining *Sanshin* Activities and the Niche Top Strategy, we will steadily verify hypotheses to bring innovative ideas to market and drive them toward contributing to profitability.

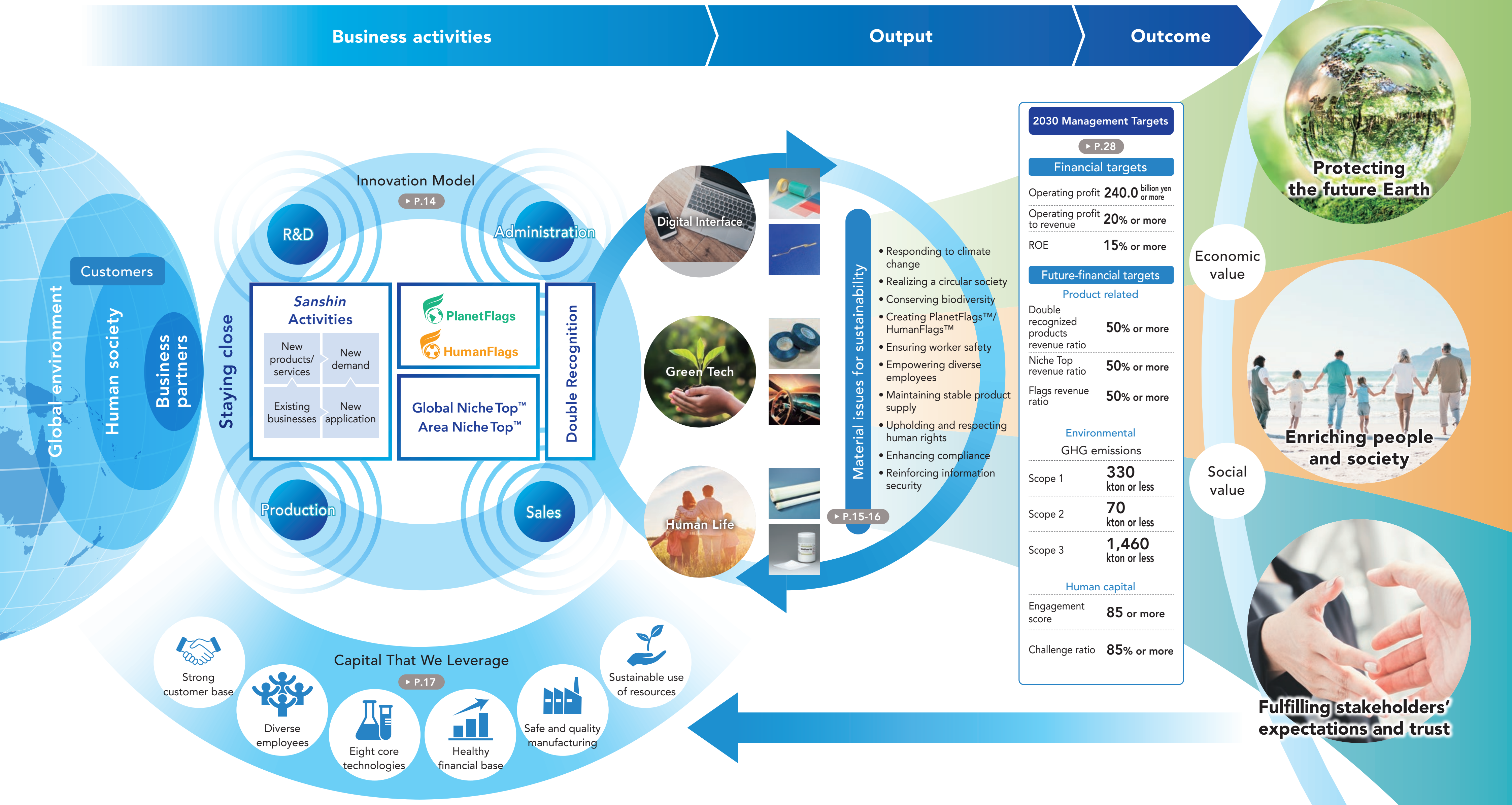
Our new growth strategy is a "Double Recognition" approach, that is, seeking to have products and services recognized as both Flags and Niche Top simultaneously, which we believe will allow us to identify business opportunities within social challenges and achieve high profitability in niche fields. Under our new medium-term management plan, Nitto RISE 2028, we have identified "realizing new growth through Double Recognition" as a focus initiative. By accelerating the creation and expansion of double recognized products and services in growing industries, we aim to transform our business portfolio and simultaneously solving social issues and creating economic value.

The Nitto Group intends to realize a sustainable global environment and enriched human society by creating "essential" value for the world.

Value Creation Process

The Nitto Group has set its Target State 2030 as becoming an "Essential ESG Niche Top Company" and is progressing initiatives to realize this goal. With R&D, Production, Sales, and Administration working as one, we never cease to create innovative and broad values through customer-oriented approaches and unique business models.

Target State 2030
An Essential ESG Niche Top Company



2030 Management Targets P.28

Financial targets	
Operating profit	240.0 billion yen or more
Operating profit to revenue	20% or more
ROE	15% or more
Future-financial targets	
Product related	
Double recognized products revenue ratio	50% or more
Niche Top revenue ratio	50% or more
Flags revenue ratio	50% or more
Environmental	
GHG emissions	
Scope 1	330 kton or less
Scope 2	70 kton or less
Scope 3	1,460 kton or less
Human capital	
Engagement score	85 or more
Challenge ratio	85% or more

Innovation Model

The Nitto-Style Innovation Model allows us to repeatedly verify hypotheses until we are convinced of our path to victory and bring ideas to market without fail, enabling us to sustain growth while simultaneously solving social issues and creating economic value. At each stage of the process, our unique approach leverages diverse management capital to generate one innovation after another. By reallocating stable cash flows from double recognized products and services to invest in candidates for the next Flags and Niche Top themes, we create a virtuous cycle of "double recognized products and services spawning businesses of a new era," underpinning sustainable value creation and corporate value enhancement.

0 Idea → 1 Theme → 10 Product → 100 Business

Target State 2030
An Essential ESG Niche Top Company

Double recognized products and services spawning businesses of a new era

PlanetFlags™/HumanFlags™ candidates

Focus exclusively on project themes that potentially lead to Flags

PlanetFlags

Products and services "essential" for solving social issues

HumanFlags

Niche Top Strategy

Global Niche Top™
Area Niche Top™

A management strategy aiming for a leading share in niche fields to sustain Nitto's business growth

Sanshin Activities

New products/services	New demand
Existing businesses	New application

Nitto Group's proprietary marketing approach to stimulate new demand

Double Recognition

Carefully selected products and services that meet the recognition standards for both Flags and Niche Top

Double Recognition
Flags
Niche Top

Leveraging double recognized products and services to realize outstanding social contributions and profitability and enhance corporate value

Programs That Underpin Innovation

0 ▸ 1
1 ▸ 10
10 ▸ 100

Nitto Innovation Challenge (NIC): Invites all employees to offer ideas for new businesses. Outstanding ideas will receive support to form a project
Technology *Kuruma-za*: Executives from the corporate technology division gather to discuss technology strategy
R&D Innovation Networking Conference (RINC): R&D themes are widely shared from top management to the field in the early stages to accelerate theme promotion
Management funds: Enables the flexible allocation of necessary management resources based on rapid decision-making that captures business opportunities
Intellectual property strategy: Strategies to enhance business competitiveness by prioritizing intellectual property as a key intangible asset and leveraging high-quality patents
Supply chain management: Foundation for the stable implementation of innovation in society through the strengthening of procurement, production, and logistics in alignment with our business strategy
Group Activity Toward Excellence (GATE): Continual improvement activities by small groups designed to solve problems with bottom-up approaches
Global *Sanshin* Competition: The most outstanding cases of *Sanshin* Activities are awarded. These programs also provide sales personnel with opportunities to learn from each other's approaches

NIC Final
In fiscal 2025, a record-high 2,683 new ideas were submitted

Material Issues for Sustainability

For details on Material Issues for Sustainability
https://www.nitto.com/jp/en/sustainability/management/materiality/

In light of internal and external environmental changes and rising expectations from our stakeholders, the Nitto Group reviewed and redefined material issues for sustainability in 2026.

By addressing these challenges, we aim to evolve our sustainability management into an even more effective framework and become an Essential ESG Niche Top Company for the global environment, humankind, and society.

Material Issues for Sustainability	Target State 2030	Impacts
Responding to climate change	We promote decarbonization management, the establishment of a foundation prepared for diverse climate-related risks, and innovation that solves societal issues. Aiming for zero environmental impact over the entire supply chain, we contribute to the realization of a decarbonized society.	• Damage to people's physical and mental well-being, as well as the destruction of housing and infrastructure, caused by the intensification of natural disasters (typhoons, floods, sea level rise, etc.), resulting from rising temperatures • Deterioration of the living environment and the quality of clothing and food caused by changes in climate patterns
Realizing a circular society	We contribute to the realization of a sustainable circular society throughout the entire supply chain by promoting resource efficiency, environmental impact reduction, and business creation.	• Loss of the natural environment caused by the depletion of natural resources due to the extraction of raw materials and resources
Conserving biodiversity	We contribute to nature positive that aim to restore and regenerate nature toward realizing a sustainable society by collaborating with all stakeholders.	• Loss of the natural environment and degradation of ecosystem services caused by increased concentrations of pollutants in the atmosphere • Decline in soil and water purification functions, as well as in water availability for local residents, caused by the depletion of water resources
Creating PlanetFlags™/ HumanFlags™	In our three focus domains of "Digital Interface," "Green Tech," and "Human Life," we are creating essential value to the global environment, human society, our customers, and industries.	• Prevention and mitigation of environmental issues (climate change, pollution, resource consumption, etc.) and the restoration of nature through PlanetFlags™ • Contributions to solving social issues (support for extending healthy life expectancy, provision of medical and nursing care services, control of infectious diseases, maintenance and construction of safe and secure social infrastructure, etc.) through HumanFlags™
Ensuring worker safety	With the aim of reducing all types of accidents and injuries to zero, we are committed to creating a safe and healthy work environment for all people working for the Nitto Group.	• Loss of workers' lives or damage to their physical and mental well-being caused by work-related accidents or fires • Health damage to employees caused by exposure to chemical substances, etc.
Empowering diverse employees	We are committed to creating an environment in which diverse talent with a wide range of values and perspectives is respected and can thrive, while fostering talent capable of driving global business growth.	• Enhancement of individual growth, motivation to take on challenges, sense of fulfillment, and well-being through skill development and the provision of work opportunities • Maintenance and improvement of long-term and stable living standards through enhanced individual fulfillment enabled by expanded opportunities to contribute
Maintaining stable product supply	Aiming to remain a company trusted and chosen by stakeholders, we are engaged in high-quality manufacturing through continuous improvement and sustainable collaboration across the entire supply chain.	• Hindrance to product supply due to supply chain disruptions or shortages of raw materials and supplies with high procurement risk • Health damage to end-users caused by the provision of products that do not meet safety standards including chemical substance regulations
Upholding and respecting human rights	By preventing or reducing the negative impacts of our business activities on human rights, we contribute to realizing a society where everyone can work with peace of mind through corporate activities that respect human rights.	• Damage to the physical and mental well-being of our employees, economic and opportunity losses, and deterioration of work-life balance caused by the lack of respect for labor rights • Loss of life and damage to the physical and mental well-being of workers in the value chain, caused by forced labor and child labor
Enhancing compliance	While promoting the understanding and practice of the Business Conduct Guidelines among every employee, we are mitigating compliance risks and strengthening systems for early detection and correction of misconduct to prevent occurrence, contributing to sustainable growth and earning society's trust.	• Economic losses for stakeholders and disruptions to the supply chain caused by compliance violations
Reinforcing information security	While maintaining the trust invested in us by our clients and contributing to the stability of society, the Nitto Group fulfills its responsibilities to society through our information security management activities.	• Delays in product supply due to internal system shutdowns caused by cyberattacks • Economic losses for stakeholders caused by the leakage of confidential information

As part of the materiality review process, we identified key challenges arising from our business activities and assessed their impacts on both the environment and society, as well as on our own operations. Based on this assessment, we identified the most significant issues as "Material Issues for Sustainability."

After discussions with both internal and external stakeholders to validate the appropriateness of these material issues, the proposed materiality framework was deliberated at the Corporate Strategy Meeting and subsequently approved by the Board of Directors. The new material issues have been incorporated into our business plans, including the medium-term management plan.

Material Issues for Sustainability	Implementation details	KPIs and targets for FY2030	FY2025 results
Responding to climate change	• Reduction in GHG emissions • Increasing the renewable energy ratio	• GHG emissions (Scope 1): 330 kton or less • GHG emissions (Scope 2): 70 kton or less • GHG emissions (Scope 3): 1,460 kton or less • Renewable energy ratio: 100% (2035)	272 kton 89 kton 1,391 kton 79%
Realizing a circular society	• Effective use of resources (product design [weight reduction and yield improvement], reuse, recycling, etc.) • Use of biomass and recyclable materials with low environmental impact	• Resource utilization ratio: 69% or more • Sustainable materials procurement ratio: 30% or more	72% 24%
Conserving biodiversity	• Appropriate management and reduction of VOCs and other air pollutant emissions • Efficient use of water	• VOC emissions at a priority site (Nitto Bento Bantçilik San. ve Tic. A.Ş.): 70% or more reduction (compared to FY2018) • Water recycling volume at a priority site (Kameyama Plant): 420 kton or more/year • Recycled water utilization ratio in the manufacturing processes at a priority site (Shiga Plant): 100%	74% 154 kton 83%
Creating PlanetFlags™/ HumanFlags™	• Development through the integration of R&D, Production, Sales, and Administration, and the creation of essential products and services • Strengthening the innovation model to create PlanetFlags™/HumanFlags™	• Double recognized products revenue ratio: 50% or more • Niche Top revenue ratio: 50% or more • Flags* revenue ratio: 50% or more	40% 49.7% 46%
Ensuring worker safety	• Prevention of the occurrence of work-related accidents and injuries • Prevention of the occurrence of fires and environmental accidents	• Number of critical/serious occupational accidents: Zero • Tier1 PSIC (Process Safety Incident Count): Zero	8 To be disclosed next fiscal year
Empowering diverse employees	• Promotion of HR initiatives that encourage employees to take on challenges • Implementation of bottom-up organizational development to address specific challenges within each organization • Practicing inclusion in each workplace	• Engagement scores: 85 or more • Challenge ratio: 85% or more • Inclusion scores: 75 or more	81 58% 73
Maintaining stable product supply	• Implementation of procurement risk assessments for raw materials and supplies • Appropriate chemical substance management on a global scale	• Implementation rate of risk assessments for purchased raw materials: 100% • Number of significant chemical regulatory violations: Zero	To be disclosed next fiscal year To be disclosed next fiscal year
Upholding and respecting human rights	• Prevention of the occurrence of human rights incidents involving our employees, value chain workers, and local communities	• Number of serious human rights incidents involving our employees: Zero • Number of suppliers identified through our CSR assessments as having substantial actual or potential negative impacts on labor and human rights: Zero	To be disclosed next fiscal year 82
Enhancing compliance	• Awareness-raising activities and training of compliance centered on the Business Conduct Guidelines (BCG) • Operation of the compliance management system	• BCG behavioral adoption level: 90% or more • Compliance management system implementation rate: 100%	88% 100%
Reinforcing information security	• Promotion of information security management	• Information security education implementation rate: 100%	98%

*Flags=PlanetFlags™/HumanFlags™

Capital That We Leverage

To create new value, it is vital that we inject all sorts of capital. The Nitto Group is fortunate enough to have six kinds of capital that it leverages. Cultivated over a long period, they have consistently evolved to become robust. This unique set of Nitto's capital has underpinned the Group's innovation, differentiating positively from our industry peers.

	Detailed account (importance) of capital	Examples of initiatives	Related pages
Strong customer base	As its business has changed over time, the Nitto Group has been fortunate enough to forge a bond of trust with many different customers. We cherish this hard-earned future-financial value as "customer relations assets." This close bond expanded beyond direct customers, i.e., business partners, to encompass end customers and suppliers, resulting in customer relations assets that extend throughout the supply chain. By fostering close relationships with customers and integrating sales, marketing, and technology teams to advance *Sanshin* Activities and the Niche Top Strategy, we are able to drive innovations.	- Creating Global Niche Top™/Area Niche Top™ products - Global *Sanshin* Competition - NIC (New business creation event) - Signing strategic alliances (M&As/capital contribution, partnership)	▷ P.4–6 ▷ P.7–11
Diverse employees	Considering human resources as our most valuable assets, the Nitto Group seeks to recruit and develop a diverse workforce through the implementation of human capital management. We provide an environment where employees enjoy taking on challenges and an organizational framework that enables them to deliver their full potential, thus cultivating Nitto Persons worldwide who practice The Nitto Way and providing them with opportunities to excel. The value created by our human resources differentiates us from competitors and leads to sustainable growth.	- Engagement surveys - Support for career development and autonomy - Human resource development programs including Nitto Global Business Academy (NGBA) - Empowerment of female employees through FLOWER Program etc. - Recruitment/Retention of human resources	▷ P.33–38
Eight core technologies	The Nitto Group has made constant efforts to combine and advance its founding technologies to develop diverse core technologies, which have since been applied to a broad range of products and services. In the three focus domains where these technologies and strengths are most impactful, and at the intersections of these areas, we hybridize our core and peripheral technologies to develop essential products and technologies, and maximize profits through intellectual property strategies.	- Creation and expansion of double recognized products and services - PlanetFlags™/HumanFlags™ recognition scheme - R&D Innovation Networking Conference (RINC) - NIC (New business creation event) - Signing strategic alliances (M&As/capital contribution, partnership) - Utilization of intellectual property - Digital utilization	▷ P.21–25 ▷ P.29–30 ▷ P.31–32 ▷ P.39
Healthy financial base	The Nitto Group ensures sound financial conditions by balancing a solid equity base and adequate liquid capital on hand. This strategy not only secures a financial base that is protected from external influences and risk-resistant but also enables us to swiftly seize growth opportunities and access necessary funds, thereby catalyzing continuous growth.	- Promotion of ROIC-based management, enhancement of ROE - Optimal cash allocation, balance sheet management - Shareholder returns (stable dividends, flexible share buybacks)	▷ P.18–20
Safe and quality manufacturing	"Placing safety before everything else," the Nitto Group remains committed to a safety culture. By ensuring the security and safety of every stakeholder involved in the process—from raw materials procurement to product development, production, and use—both inside and outside the company, we aim to increase their satisfaction through the pursuit of top-notch manufacturing quality. Furthermore, we ensure that human rights are respected throughout our supply chains when conducting business activities, thus earning trust from our stakeholders while assuring business continuity.	- Commitment to a safety culture—Placing safety before everything else - Improvement of quality awareness - Supply chain management - Sustainable procurement - Human rights due diligence - GATE (small group activity) - Digital utilization	▷ P.39 ▷ P.55–58
Sustainable use of resources	Fully aware of the environmental impact of energy and resource consumption, as well as CO_2 emissions and waste generated during manufacturing, the Nitto Group is working to reduce these impacts through coordinated efforts among business execution departments, special function departments, and regional headquarters. By promoting environmental measures for decarbonization, 3Rs (Reduce, Reuse, Recycle), and pollution prevention while updating its businesses and technologies, the Nitto Group strives to realize a sustainable society while achieving business growth along the way.	- Declaration of Nitto Group Carbon Neutral 2050, support for SBT, joining RE100 - Support for the recommendations by TCFD/TNFD - Global Green Committee (GGC)	▷ P.42–47

Nitto Group's Financial Strategy as per the Chief Financial Officer

Toward achieving a transformation of our business portfolio through the creation and expansion of double recognized products and services, we will simultaneously pursue high levels of growth investments and shareholder returns under disciplined cash allocation and balance sheet management.

Yasuhiro Iseyama

Director,
Senior Executive Vice President, CFO
General Manager of Corporate Accounting & Finance Division

To Realize our "Target State 2030," We Will Drive Sustainable Growth and Enhance Corporate Value Through Flexible Financial Management that Prioritizes Earnings Growth and Capital Efficiency

The Previous Medium-Term Management Plan in Review

In the final year of the previous medium-term management plan, "Nitto for Everyone 2025," revenue amounted to 1,028.2 billion yen and operating profit to 183.6 billion yen (operating margin: 17.9%). Of the financial targets set out in that medium-term management plan, we again exceeded those for operating profit (170.0 billion yen) and operating margin (17%), following fiscal 2024.

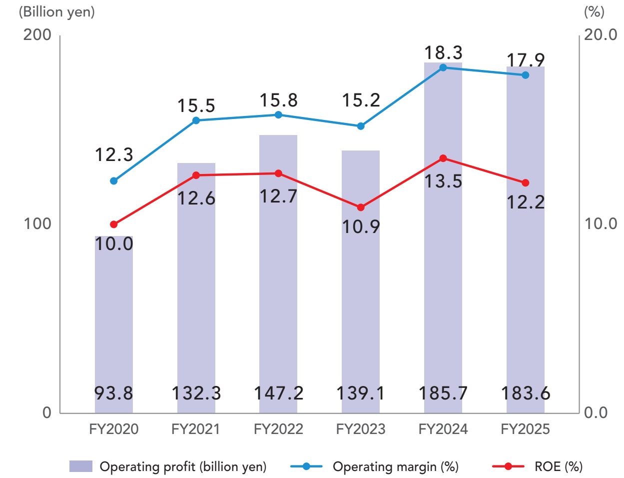
By business segment, in the Optronics segment, demand for optical films increased on the back of strong unit production of high-end laptop PCs and tablets. Demand for high-precision circuits also grew strongly, driven by expanding production of high-end smartphones, as did demand for high-capacity hard disk drives (HDDs) from data centers as generative AI continued to spread, with CISFLEX™ making additional contributions to segment performance. In the Industrial Tape segment, our battery bonding electrical release tape has been adopted across more models, and demand for process materials used in the production of semiconductor memories and ceramic capacitors increased. In the Human Life segment, sales of oligonucleotide contract manufacturing and nucleic acid synthesis material used within the manufacturing process saw an uptake and production for the large-scale project expected to be commercialized in the future began in the second quarter of the current fiscal year.

The strong performance owes much to the Niche Top Strategy, under which we aim for the No. 1 market share based on our technological advantages and solid customer relationships. Our ability to generate cash has grown as well.

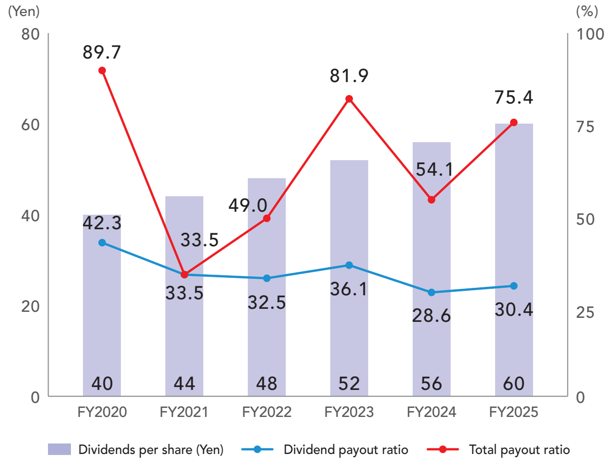
Our cash flows from operating activities during the three-year period of the previous medium-term management plan totaled 565.6 billion yen, surpassing the original plan of 500.0 billion yen. This robust cash generation allowed us to pursue disciplined capital allocation, investing 263.3 billion yen to support future growth while also delivering substantial shareholder returns through stable dividends and 142.0 billion yen in share repurchases over the course of the three years.

On the other hand, with respect to ROE, although we implemented a certain level of shareholder returns, the steady accumulation of shareholders' equity resulting from strong business performance led to an ROE of 12.2% in fiscal 2025, falling short of our medium-term management plan target of 15%. Our business portfolio, which remains heavily weighted towards the Optronics business, is another area we will address in the new medium-term management plan.

Earnings Trends



Shareholder Returns



Financial Initiatives in the New Medium-Term Management Plan

Over the three years of "Nitto RISE 2028," the new medium-term management plan, we will pursue a strategic approach of transforming our business portfolio by creating and expanding double recognized products and services, with the aim of improving our growth trajectory toward 2030. Our financial targets for fiscal 2028 include operating profit of 220.0 billion yen, operating margin of 20%, and ROE of 14%. We will place particular emphasis on ROE, whose target was unmet in the previous medium-term management plan. As CFO of the Nitto Group, I will ensure a renewed focus on achieving this target. To do so, I believe it is crucial to remain flexible in managing financial affairs with a focus on profit growth and capital efficiency, which means allocating cash and managing the balance sheet in a disciplined manner.

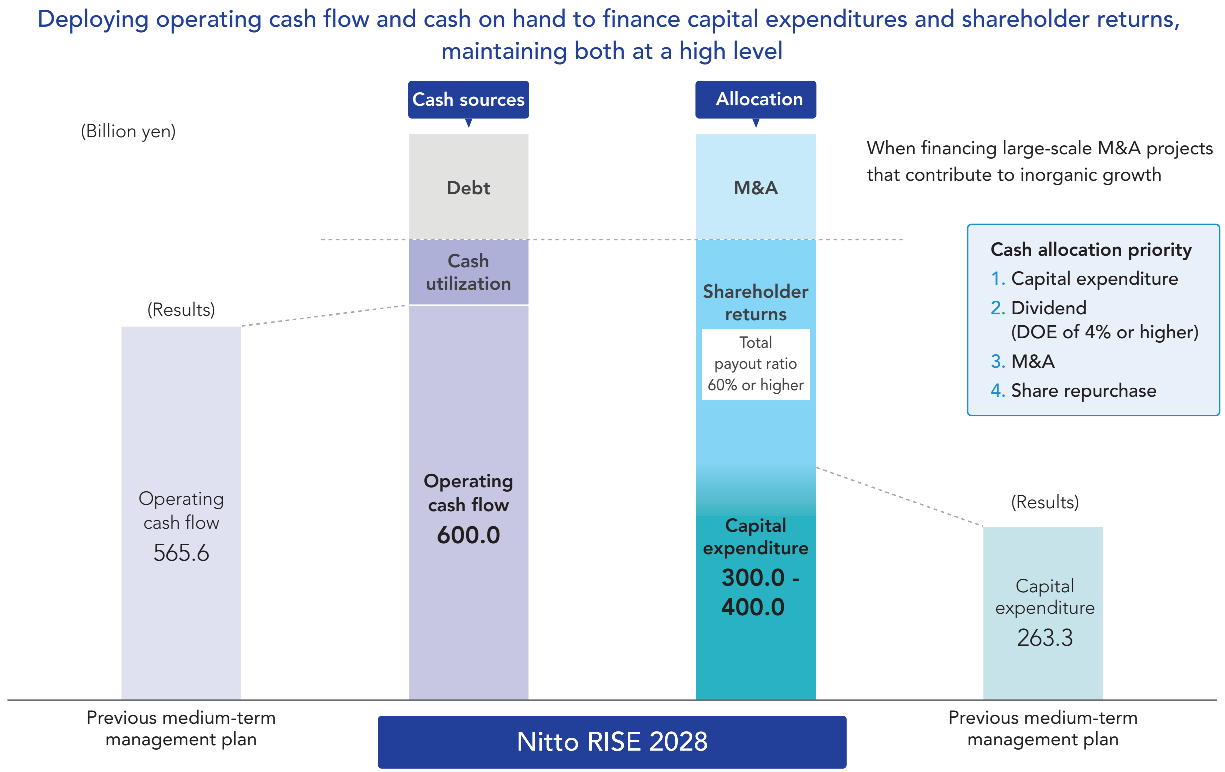
■ Cash allocation

The order of priority for cash allocation remains as follows: capital expenditures, dividends, M&As, and share repurchase. Our fundamental policy is to fund capital expenditures and shareholder returns from operating cash flows and cash on hand. For large-scale M&A transactions that could help transform our business portfolio, we will use debt financing flexibly to capture opportunities in a timely manner. On capital expenditures, we plan to invest in the semiconductor-related business in anticipation of its medium- and long-term growth, in addition to electrical release tape, information tapes, and CISFLEX™, in order to create and expand double recognized products and services. We expect total capital expenditure to be higher than the previous medium-term management plan, ranging between 300.0 and 400.0 billion yen.

Our shareholder return policy also remains unchanged: a DOE of 4% or higher and a total payout ratio of 60% or higher, while maintaining stable dividends. Meanwhile, as shareholders' equity has continued to accumulate, we aim to maintain a high level of shareholder returns from a capital efficiency perspective, while balancing returns to shareholders with ongoing capital expenditure.

We expect cash flows from operating activities—our primary source of capital—to total 600.0 billion yen, an increase from the previous medium-term management plan. To support both capital expenditures and shareholder returns at a high level, we intend to supplement operating cash flows with surplus cash on hand.

Cash Allocation



■ Balance sheet management

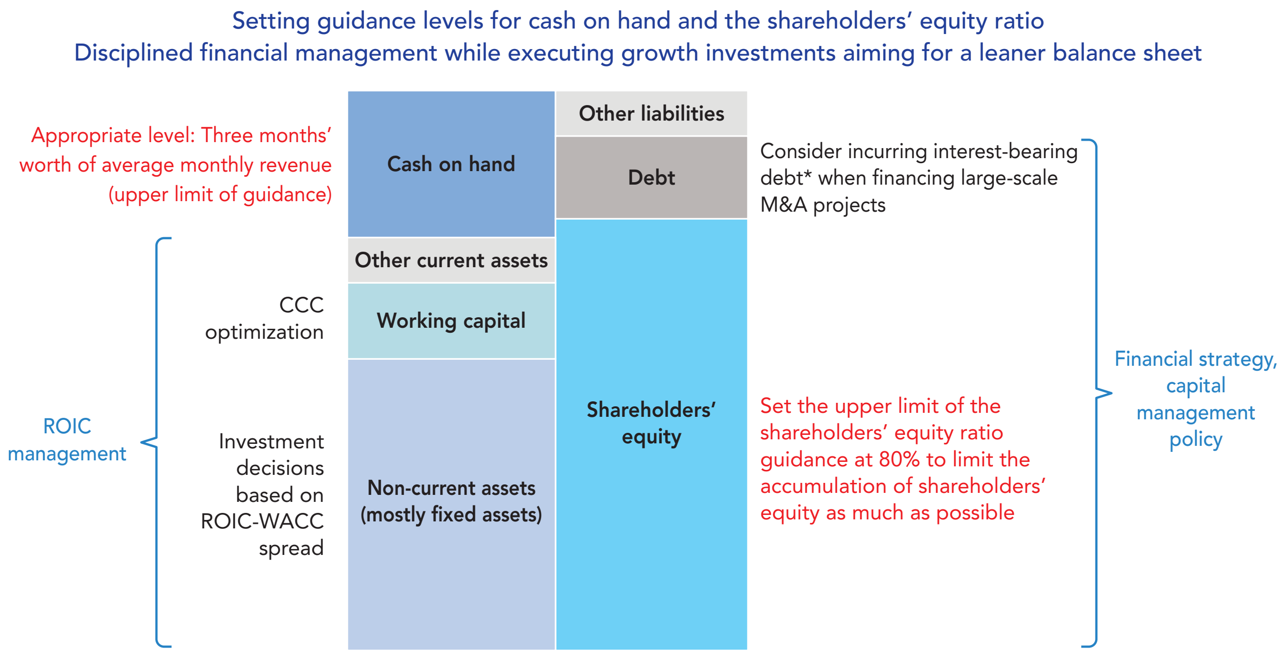
As of the end of fiscal 2025, our shareholders' equity ratio had reached approximately 80%. The steady accumulation of retained earnings over many years has enabled us to maintain a highly stable financial position. At the same time, recognizing the need to balance financial soundness with capital efficiency, we will place greater emphasis on capital-efficient balance sheet management going forward. To achieve the portfolio transformation envisioned in our new medium-term management plan, we will proactively pursue capital expenditures and M&A opportunities that are expected to drive earnings growth. While such investments may lead to an expansion of our balance sheet, we will maintain financial discipline by establishing appropriate target levels for key balance sheet items and optimizing them accordingly. Through these efforts, we aim to build a stronger and more capital-efficient balance sheet. On the asset side, we enforce discipline across business segments and corporate functions primarily through ROIC, while on the liability and equity side, we maintain disciplined financial management through our financing strategy and capital policy.

The Nitto Group has long been committed to ROIC-based management. To further enhance capital efficiency, we will make full use of data and insights from our ongoing data-driven management initiatives to surface key challenges, encourage business segments to improve working capital, such as by reducing inventories, and share best practices for improvement across the Group. In making investment decisions and determining the direction of less-profitable businesses, we prioritize ROIC and the WACC spread set for each business segment, enabling comprehensive decision-making grounded in careful assessment of market growth potential and the competitive landscape. In the new medium-term management plan, rather than setting a fixed capital expenditure target, we have established a range of 300.0 billion yen to 400.0 billion yen to ensure disciplined investment management instead of simply spending against a predetermined budget. This flexibility in the investment budget allows us to allocate capital more dynamically and, when appropriate, deploy it toward M&A and shareholder returns.

This disciplined approach will also be applied to our financing strategy and capital policy. Based on a thorough reassessment, we have determined that, except in times of emergency, cash on hand should be capped at approximately three months' worth of average monthly sales. Accordingly, we will minimize cash on hand and put surplus funds to efficient use. Given that our current shareholder equity ratio provides a sufficient level of financial soundness, we have set an upper guideline of approximately 80% for this metric. Going forward, we will seek to limit the accumulation of shareholder equity as much as possible by maintaining appropriate shareholder returns.

Interest-bearing debt is primarily envisioned as a source of funding for large-scale M&A opportunities. We intend to utilize debt within a disciplined financial framework that supports the maintenance of our current credit ratings while preserving financial flexibility and borrowing capacity for future growth opportunities. Furthermore, as a prudent level of leverage can contribute to a lower WACC and improved capital efficiency, we will consider the strategic use of debt when appropriate needs arise.

Rationale Behind Balance Sheet Management



*Consider utilization within a range that maintains the current credit rating and preserves sufficient borrowing capacity

In Conclusion

Fiscal 2026, the first year of the new medium-term management plan, has begun amid increasing uncertainty in the global economic and financial environment, driven in part by rising geopolitical risks. As this elevated uncertainty is expected to persist, we will leverage our strong cash-generation capabilities and solid financial foundation to steadily execute the growth strategies outlined in our new medium-term management plan, striving to achieve profit growth and enhance return on capital.

The Nitto Group has set its Target State 2030 as becoming an Essential ESG Niche Top Company. While recognizing the importance of constructive dialogue with diverse stakeholders, including shareholders and investors, we will strive to simultaneously solve social issues and create economic value through business activities.

Nitto Group's R&D Strategy as per the Chief Technology Officer

Shaping Nitto's Future Core Technologies to Achieve Best-in-Class Performance by Anticipating Customers' Unrecognized Needs and Backcasting from the Society of the Future

One of the key imperatives for the Nitto Group to become an Essential ESG Niche Top Company and sustain long-term growth is to elevate our core technologies to Best-in-Class by sharing and accumulating hard-earned expertise across the Group. To this end, we will deliver a continuous stream of products and services that contribute to the environment and society by connecting technology, business, and the front lines even more closely.

Hiroyuki Katayama

Director, Senior Vice President, CTO
General Manager of Corporate Technology Sector

Drawing on My Experience in Academia to Connect Technology, Business, and the Front Lines

■ On taking office as Chief Technology Officer (CTO)

In April 2026, I had the honor of assuming the role of CTO of the Nitto Group. My responsibility in this position, I believe, is to connect technology, business, and the front lines in order to further strengthen Nitto's competitiveness for years to come. This conviction stems from the experiences I have gained over the course of my career.

After earning my PhD, I spent eight years as a researcher and instructor at universities in Japan and abroad before joining Nitto Denko Corporation at the age of 35. Having spent my entire career in academia, whose fundamental mission is the creation of knowledge, I took great pride in contributing to the advancement and prosperity of humanity purely through the pursuit of science. Looking back, however, this perspective also led me to underestimate the technological capabilities of industry.

No sooner had I joined Nitto than I realized how mistaken I had been. What I witnessed here was a company delivering numerous innovations to society by harnessing advanced technologies grounded in scientific excellence. I was deeply impressed by Nitto's development infrastructure, which, built over a century of business growth, has leveraged outstanding technologies to produce countless products essential to people's health, convenience, and comfortable living. Today, I take great pride in having the opportunity to lead technology management in such an exceptional environment.

My academic background in scientific research initially shaped my career path. Since joining this company, however, I have gained experience not only in product development but also in launching new businesses, alongside research and development management and business administration. Through the various roles I have held across the manufacturing process, beginning with scientific research, I have come to realize that a company cannot function effectively if any of the three essential elements—technology, business, and the front lines—is missing.

Even if a company is dedicated exclusively to technology development and succeeds in raising the bar, it cannot sustain such efforts unless they ultimately translate into business results. Conversely, if a company becomes so preoccupied with pursuing short-term revenue that it stops enhancing its technologies, it cannot remain competitive, let alone sustain growth. And even when technology development and business strategy are closely aligned, no value reaches customers unless those on the front lines bring them together in an integrated way. If Nitto is to remain competitive into the future, I believe it is vital that technology, business, and the front lines are closely connected and aligned as one. As CTO, my mission is to serve as the key person connecting these three. To fulfill this critical responsibility, I intend to draw on the leadership as a business manager that I have gained from my experience thus far.

Foreseeing Needs Before They Emerge to Maximize Nitto's Competitive Edge

■ Nitto's enduring strengths to preserve and pass on

I have already spoken about how impressed I was by the excellence of Nitto's technological capabilities. Yet many of its competitors also possess outstanding technological expertise. What has underpinned Nitto's competitive advantage is its value creation process, which starts with the customers.

Guided by its signature Niche Top Strategy, Nitto has built close relationships with customers and, through these interactions, has been quick to perceive challenges facing businesses and society as a whole. Furthermore, through *Sanshin* Activities, namely, creating new products, applications, and demand through the multiplicative effect of proprietary technologies and knowledge, we have driven innovation to establish a competitive advantage in niche markets. Continuing to create new demand by building on the competitive edge it has cultivated through existing businesses—this is the very source of Nitto's growth.

To accelerate this value creation process, in recent years we have strengthened our R&D+M initiatives, which integrate research and development with marketing. One notable example of this approach is electrical release tape. An evolution of our adhesion technology, this unique tape provides strong adhesion under normal conditions yet can be released easily by applying electricity. For many years, Nitto has pursued the two seemingly contradictory functions of strong adhesion and easy removability, steadily advancing on-demand adhesion and release technologies. Building on earlier innovations that enabled release through the application of heat or ultraviolet rays, we have now made the electrical release function a reality.

What merits particular attention here is that this technology represents more than just another milestone in technological progress; it has evolved into a form of social value closely aligned with customer needs. With the concept of the "Right to Repair" gaining momentum today, ease of disassembly and reuse has become increasingly important. I believe Nitto's ability to recognize this emerging trend early through marketing activities coordinated with its technology development played a key role in creating this value. The technological seed of electrical release has taken tangible form by addressing these needs, thereby creating even greater value.

Implementing R&D+M initiatives by using existing businesses as a starting point to create opportunities for the next phase of growth—repeating this cycle time and again is the very source of Nitto's competitiveness and, I believe, a critical strength that must be carried forward into the future.

Translating Nitto's Unwavering Commitment to Social Responsibilities Into Core Technologies

■ My agenda for transformation as the new CTO

The business process that begins with existing businesses, which Nitto has long derived its strengths from, is inherently rooted in a forecasting approach based on customer demand. Looking around, however, we see that Nitto's business is exposed to rapid change. In this era marked by geopolitical risks, climate change, inflation, technological innovation, and rapidly evolving customer preferences, businesses are increasingly required to operate from a long-term perspective while maintaining a stronger focus on what is truly essential. In other words, it will become ever more important for Nitto to adopt a backcasting approach based on a clear vision of the kind of world we aspire to shape and the social responsibilities we intend to fulfill.

This does not mean pursuing innovations entirely different from what we have worked on to date. Rather, it represents an attempt to give concrete form to the business themes we seek to address as a socially responsible company by demonstrating the strengths the Nitto Group has cultivated through its *Sanshin* Activities. One of the keys for Nitto to succeed once again here and scale up its business lies in developing universal core technologies that contribute to humanity's fundamental values, such as the sustainability of resources and the global environment. I believe this is precisely where we can realize our aspiration of becoming an Essential ESG Niche Top Company.

Under the new medium-term management plan, Nitto RISE 2028, we aim to raise the double recognized products revenue ratio to 50% or higher by fiscal 2030. To achieve this target, we have carefully identified our focus domains based on three key areas that contribute to humanity's fundamental values: "Digital Interface," which contributes to the further development of the information society by responding to major market shifts—such as in AI and semiconductors—in addition to the evolution of conventional information devices; "Green Tech," which strengthens sustainable businesses such as decarbonization and resource recycling; and "Human Life," which aims to create products and services that contribute to human society, particularly in the life science field. All of these domains are not only critical to the advancement of human society but also offer a well-balanced portfolio comprising existing businesses expected to deliver high profitability and growth fields targeted for strategic investments.

To ensure that the Nitto Group delivers overwhelming performance in these three domains and drives sustainable growth, we have identified eight core technologies: adhesion, optical design, circuit formation, thin layer formation, porous formation, separation, oligonucleotide synthesis, and drug delivery system (DDS). As CTO, I am determined to elevate these core technologies to even higher levels so that they become enduring sources of competitiveness that competitors would find difficult to replicate. The keyword we have selected for this purpose is Best-in-Class.

There are many indicators by which to measure the added value created by technology, including performance, functionality, cost competitiveness and uniqueness, but developing technologies that excel across all of them is not realistic. Rather, I believe that identifying approaches to create universal value and achieving "Best-in-Class" in selected domains are the prerequisites for world-class technology.

Our goal is to establish a position that no competitor can easily emulate and to become a company widely accepted by society. We will continue to refine our core technologies through the backcasting perspective, constantly asking ourselves what technologies we need to develop in order to address the social responsibilities we aspire to fulfill.

Passing On the Pioneering Zeal of Our Predecessors to Future Generations

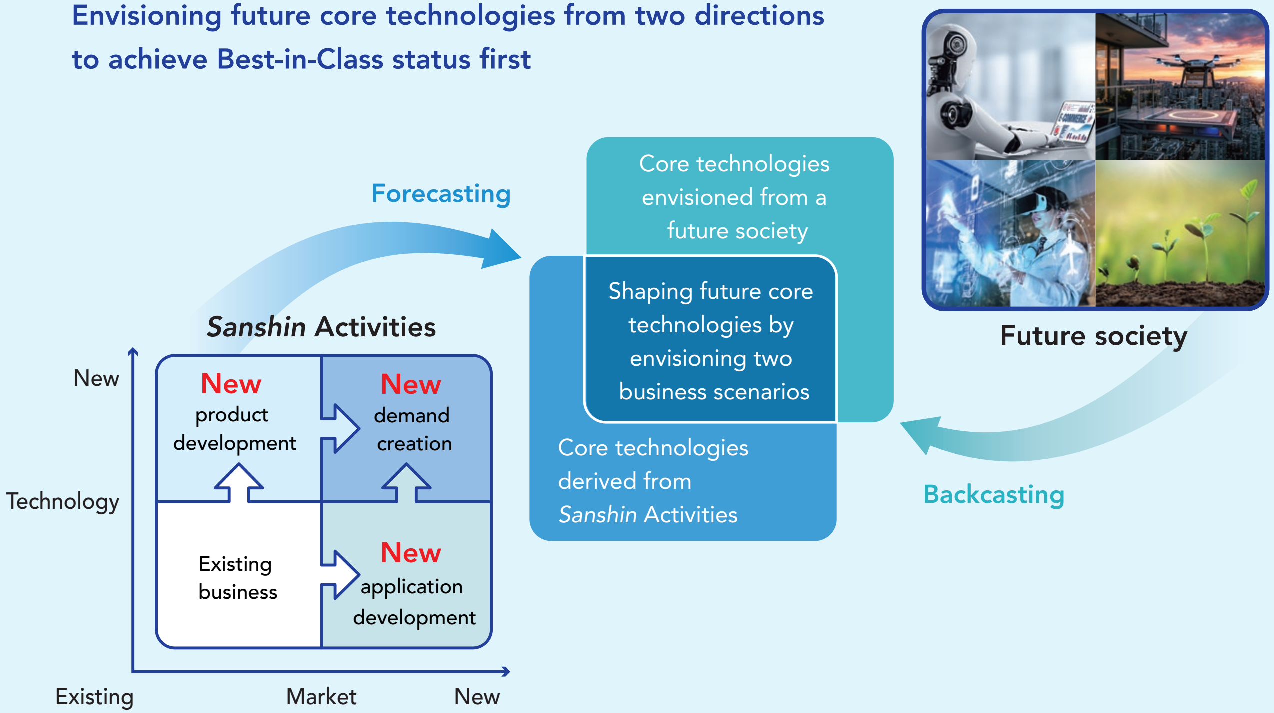
■ Specific strategies to realize Best-in-Class

As we continue to refine our core technologies, we have identified the domains on which we should focus: those where the forecasting approach, which has long been one of Nitto's strengths, intersects with the backcasting approach, which we will further strengthen going forward. Once we have successfully strengthened our core technologies in these domains, they can truly be regarded as "core technologies of the future." They embody Nitto's firm commitment to how we seek to contribute to society, while remaining grounded in the solid foundation of our existing technologies, businesses, and immediate demands.

Meanwhile, a Group-wide consensus has yet to be reached on the specific roadmap for advancing each of these technologies, and this remains a key challenge. To establish an overwhelmingly advantageous position relative to competitors and secure long-term growth centered on our core technologies, we must achieve Best-in-Class status in each of them. As CTO, I will clearly define which core technologies we will enhance and how, thereby accelerating technology development across the Group.

What warrants particular attention here is that the technology development processes based on the forecasting approach and the backcasting approach differ significantly in nature. This makes it necessary to manage the two differently while also identifying where they overlap.

Envisioning future core technologies from two directions to achieve Best-in-Class status first

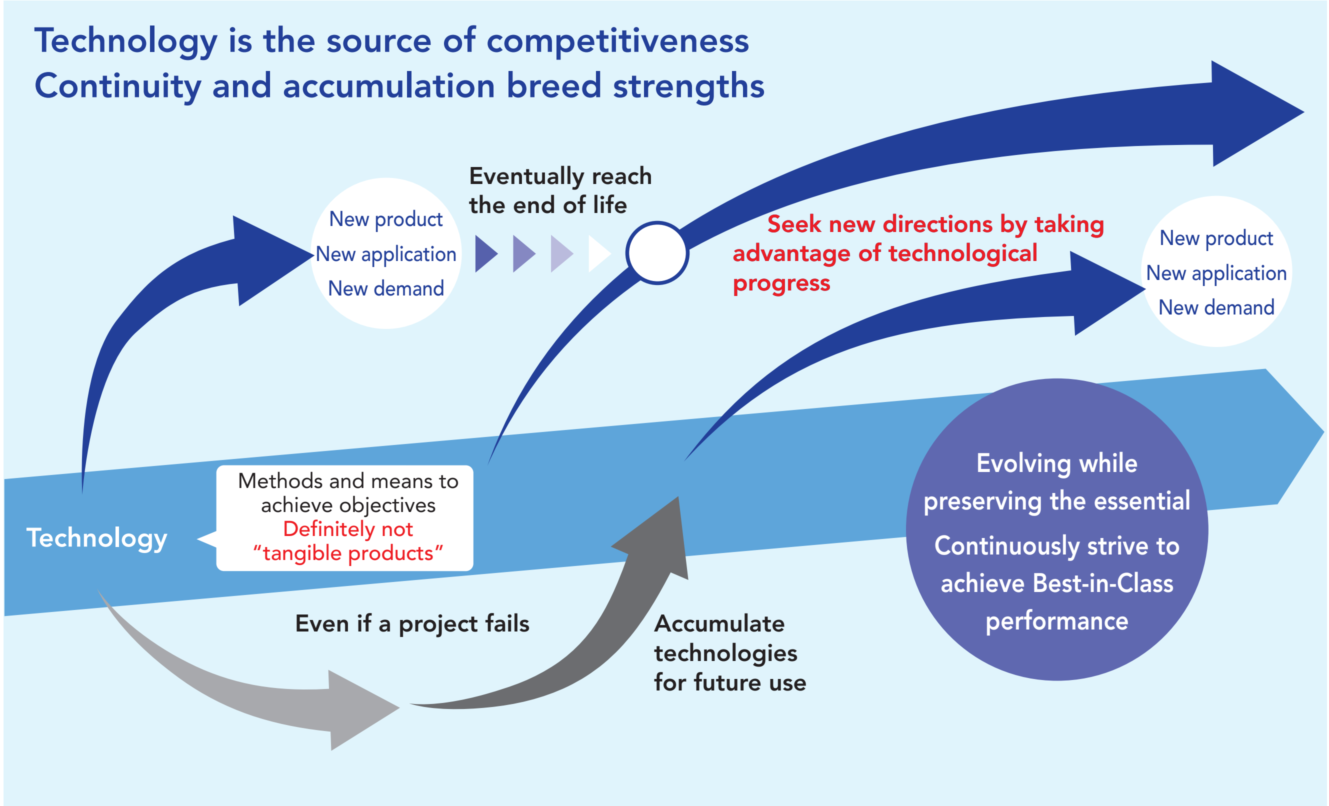


Technology development based on a forecasting approach is guided by indicators such as responsiveness to customer needs, feasibility, competitive advantage, and the likelihood of investment recovery, and it requires open, fair, and timely decisions on whether to continue or discontinue projects. In contrast, technology development based on a backcasting approach makes the likelihood of success inherently difficult to predict. If the same criteria used for forecasting-based development are applied to this approach, there is a risk of stifling innovation at an early stage. What is therefore required is the determination to support the efforts of pioneering leaders over the long term, even when a certain degree of uncertainty is involved.

Another thing I consider important in building up our core technologies is how we accumulate and pass down our technological assets, including those from discontinued projects.

I believe the essential nature of technology lies in the continuity and accumulation of knowledge. Take the electrical release tape I mentioned earlier: if one traces the history of adhesion technologies, it ultimately leads back to materials such as asphalt, dating as far back as before Christ. Even if we fail to put a technology into practical application, as long as we accumulate the experience gained through the process and continue developing the technology, that experience can eventually be transformed into new products, applications, or sources of demand. In fact, the development of adhesion technology was preceded by countless unsuccessful attempts before electrical release technology was established. The cycle of passing on know-how to bring about future innovation, which resembles the evolutionary process of humankind, must be embedded within our organization. By contrast, technologies that reside exclusively with specific individuals or individual pieces of equipment lack continuity and are therefore difficult to scale globally.

For this reason, I have included the continuity and accumulation of technologies as one of my focus areas as CTO. Rather than merely documenting the progress of technology development and management going forward, I will delve into the accumulated experience of past innovation processes. By identifying the essence of success and failure in R&D initiatives that is unique to the Nitto Group, and by improving the accuracy and speed of managerial decision-making, I will elevate our core technologies to Best-in-Class status.



Leveraging Cutting-Edge AI Technologies to Propel R&D Activities and the Continuity and Accumulation of Technologies

■ Use of AI technologies and advancement of digital transformation (DX)

To accelerate R&D, AI technologies, and the advancement of DX are indispensable. Nitto began working in this area in 2017 and established a dedicated data science group in 2019 under my initiative.

It all began during my assignment at Nitto's research center in the U.S. around 2014 and 2015. Under the Obama Administration, the U.S. was advancing a national project to develop new materials in the field where data science and material science met. This could be seen as a precursor to what has recently been attracting attention as materials informatics. What had a particularly strong impact on me was the target they set: to halve the lead time for materials development, which typically ranges from 10 to 20 years from discovery to market launch. At that time, even in the U.S., efforts to use AI technologies for R&D were still in an exploratory stage. However, as momentum was beginning to build within parts of Japanese academia, I felt an opportunity had emerged for Nitto to take a leading position in this field. Since then, AI technologies have, needless to say, advanced and spread at an extraordinary pace.

Today, the accuracy and speed of Nitto's R&D have improved dramatically through the effective use of AI technologies. One recent example involves polymer beads used in oligonucleotide synthesis. By making the most of AI to optimize polymer composition, we reduced development lead time by approximately half. We have also been fortunate to build strong relationships with academic experts in data science from an early stage. Going forward, we will continue to adopt ever-evolving technologies in a timely manner to accelerate their full-scale application across Nitto's R&D activities.

AI technologies are also essential to the continuity and accumulation of technological knowledge. With its broad portfolio of businesses and the vast technological assets that support them, Nitto possesses an enormous volume of technological data. However, simply accumulating such data serves little purpose. We must instead use it effectively to preserve and transfer technological knowledge. To this end, we are currently developing an AI system that organizes a vast repository of technical reports and *Sanshin* Activities, with plans to roll it out across the Group soon.

Tapping Into Our Engineering Legacy to Elevate Our Technological Prowess to Best-in-Class Status and Deliver Tangible Results

Nitto is fortunate to possess trusted customer relationships built through consistently meeting customer needs, core technologies that create value, and a team of outstanding engineers who underpin many of these precious intangible assets. We will make the fullest possible use of these assets to reach a new level, adopting a backcasting approach where necessary.

Our ultimate goal is to become a company recognized for its technological excellence by investors, other stakeholders, and society at large. To achieve this, we must continue to hone the technologies that enable us to develop high-quality products with superb competitive advantages, thereby further strengthening the trust we have cultivated over many years.

As we proactively envision the future society, we will strive to elevate our core technologies to Best-in-Class status, creating products and services that contribute to the environment and human life while securing leading positions in niche markets. By connecting technology, business, and the front lines of our operations and providing a clear direction for the entire Group, we will remain committed to simultaneously solving social issues and creating economic value.

Intellectual Property Strategy

■ Basic Policy

The Nitto Group has sustained its growth by continuously expanding its business domains through *Sanshin* Activities and by pursuing the Niche Top Strategy to achieve meaningful differentiation. Underlying this enduring success has been the strategic use of intellectual property. As a vital management resource, intellectual property, when closely aligned with business strategy, enables the Group to establish technological advantages. Recognizing that investment in intellectual property contributes to the creation of "future-financial" value, the Nitto Group remains committed to sustainably enhancing its corporate value through the expansion of operating margin and the extension of expected earnings duration.

These initiatives have received strong external recognition. In January 2026, Nitto was named one of the Clarivate Top 100 Global Innovators by Clarivate Plc for the fifth consecutive year and the 13th time overall. Intellectual property plays a central role in refining the Nitto Group's Niche Top Strategy, and we will continue to evolve our intellectual property strategy through sustained commitment.

■ Intellectual Property Strategy: An Intellectual Property Network for Maximizing Business Value

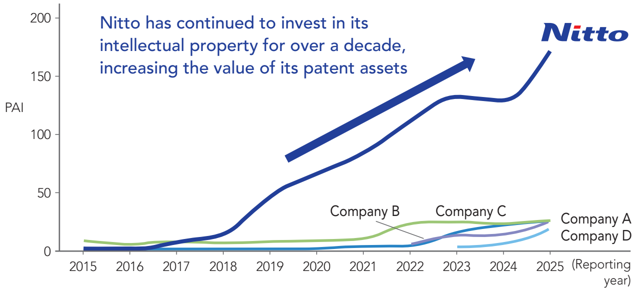
In formulating intellectual property strategies for each business, we begin by anticipating future market directions and identifying the technological value drivers that will be in demand. We then determine the technologies that will serve as sources of positive differentiation. Next, we identify, create, and strategically utilize the intellectual property required to protect those differentiating technologies, thereby establishing an intellectual property network that sustains our competitive advantages. The Nitto Group's intellectual property strategy encompasses this entire process.

A prime example is our strategy to make use of the intellectual property around electrical release tape. In recent years, the concept of the "Right to Repair," which acknowledges consumers' right to repair products they have purchased without relying on manufacturers, has gained significant attention. Legislative measures have been enacted in EU member states and certain U.S. jurisdictions, including New York and California, and similar discussions are underway in India, Australia, and other countries. Nitto considers this trend an essential element of a future circular society and has continued to hone its release technology, one of its core technologies. One outcome of these efforts is electrical release technology, which has been applied to the electrical release tape used to fix batteries in high-end smartphones and is experiencing growing sales.

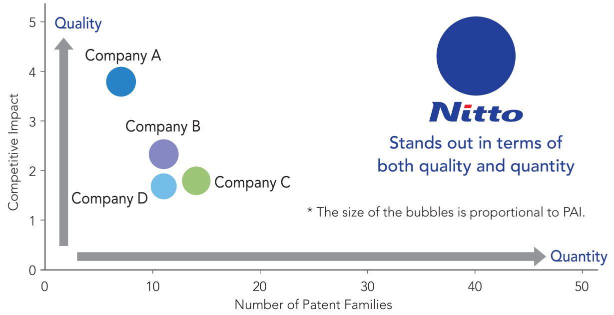
While development was still underway, we filed patent applications for electrical release technology as a differentiating technology aligned with the right to repair, taking an early lead in building an intellectual property network and gaining a competitive advantage. Graph 1 illustrates how sustained investment over the years has significantly built up the value of our intellectual property, while Graph 2 demonstrates that our intellectual property network is well-balanced in both quality and quantity.

Patent Analysis: Electrical Release Adhesive
(Pressure-Sensitive Adhesive)

Graph 1: Trend in Patent Asset Index (PAI) (Nitto vs. Peers)



Graph 2: Number of Patent Families and Competitive Impact (CI)
(as of December 31, 2025)



(Notes)

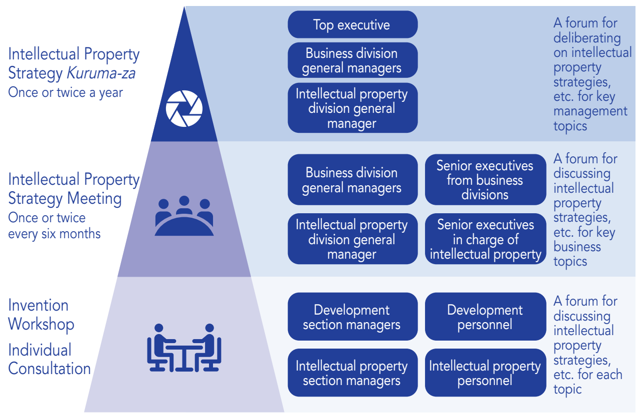
1. PAI, CI, and the number of patent families are indicators provided by PatentSight+®, a patent analytics database offered by LexisNexis.
2. PAI is a proprietary indicator of intellectual property value used in PatentSight+® and represents the aggregate of CI scores across all active patent families. CI is an indicator of patent competitiveness and quality.
3. The scores in Graph 1 are as of December 31 of each reporting year.
4. "PatentSight" is a registered trademark of PatentSight GmbH.

As we expect the right to repair concept to expand into other fields, we are continually strengthening our intellectual property network to secure our competitive advantages and profitability in these emerging fields.

■ Collaborative Approach: Integrating Business and Intellectual Property Strategies Across All Levels, from Management to Development Teams

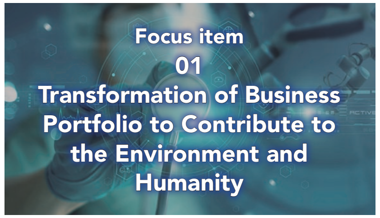
The Nitto Group regards its intellectual property as a key management resource in refining its Niche Top Strategy. Accordingly, we offer a variety of training programs to enhance employees' intellectual property knowledge and establish forums at each organizational level, from management to development teams, to build practical intellectual property awareness.

Two notable examples are the Intellectual Property Strategy Meeting, in which general managers from business divisions, planning departments, development departments, and intellectual property division meet to discuss intellectual property strategies from a business perspective, and the Intellectual Property Strategy *Kuruma-za*, in which the top executive, together with general managers of business and intellectual property divisions and other relevant stakeholders, discuss intellectual property strategies for key topics. By involving both management and development teams in this way, we ensure alignment on the strategic direction for each topic, foster a shared commitment to intellectual property activities, and promote business and intellectual property strategies in an integrated manner.



Review of the Previous Medium-Term Management Plan "Nitto for Everyone 2025"

The Nitto Group formulated its medium-term management plan, "Nitto for Everyone 2025," covering fiscal years 2023 to 2025.
Under the slogan of "Implementing our Niche Top Strategy and ESG Strategy," the Group has been driving initiatives across four focus items.
As a result of these initiatives, the Group has further advanced the simultaneously solving social issues and creating economic value.

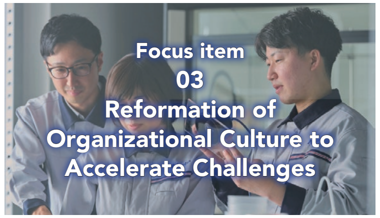


◆Toward a transformation to a business portfolio that contributes to the environment and humanity progress in creating and expanding businesses that address social issues

- Resolved to build a new factory at the Toyohashi Plant to support further business expansion, with planned manufacture of electrical release tapes, optical transparent adhesive sheets, and component-fixing tapes.
- In fiscal 2025, four new products (38 products in total) were recognized as PlanetFlags™/HumanFlags™.
- Entered into joint development agreements with partner companies to advance business creation in new business areas.

◆Advance the Nitto-Style Innovation Model to create "essential" Niche Top solutions

- In fiscal 2025, the electrical release tapes for battery fixation achieved the No.1 market share by reducing manufacturing loss and cutting life cycle CO_2 emissions by more than 50%, while also contributing to the right to repair for consumers.
- The electrical release tapes for battery fixation have also obtained "Double Recognition," being recognized under both PlanetFlags™/HumanFlags™ and Global Niche Top™.



◆Promoting human capital management to empower diverse talent and teams to take on innovation challenges

- The engagement score improved to 81, exceeding the fiscal 2025 target for the entire Group, driven by progress in unique initiatives to enhance employee engagement across sites in Japan and overseas.
- The number of entries for the new business creation initiatives "NIC," an initiative aimed at fostering a culture of "enjoying challenges," increased to 2,683 entries —approximately 1.7 times the highest-ever number recorded in the previous year.

◆Building a resilient management infrastructure immune to external influences, placing safety before everything else

- With the aim of "maintaining and enhancing a resilient financial structure with high capital efficiency," we acquired treasury shares.
- Recognized for advancing ESG management, we were selected for the second consecutive year as a Sustainability Yearbook Member in "The Sustainability Yearbook 2026" published by S&P Global.
- In August 2025, we expressed our support for the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD") and registered as a TNFD Adopter.

Financial Indicators

	FY2025 Targets	FY2025 Results
Operating profit	170.0 billion yen	183.6 billion yen
Operating profit to revenue	17%	17.9%
ROE	15%	12.2%

Future-Financial Indicators

		FY2025 Targets	FY2025 Results
Product related	Niche Top revenue ratio	50%	49.7%*
	PlanetFlags™/ HumanFlags™ category revenue ratio	40%	46%
	New products ratio	35% or more	40%
Environ-ment related	Waste plastics recycling ratio	50%	54%
	Sustainable materials procurement ratio	20%	24%
	CO_2 emissions (Scope 1+2)	470 kton	361 kton
HR related	Engagement score	78	81
	Challenge ratio	70%	58%
	Female leaders ratio	24%	22%

*The Group has conventionally displayed actual results rounded to the nearest whole number. However, the figure is displayed to one decimal place as an exception for this category to show the degree of achievement relative to the target value (50%) more explicitly.

Toward the Target State 2030

The medium-term management plan, Nitto RISE 2028, covers the three-year period from fiscal 2026 to fiscal 2028. The previous medium-term management plan was positioned as the first step toward achieving our Target State 2030, while this plan is positioned as the second step. As key financial indicators emphasizing the Group's earning power and profitability, we have set operating profit and operating profit to revenue, and as an indicator to measure the degree of corporate value enhancement with an awareness of capital cost, we have set ROE. In addition, we have established eight future-financial indicators. By achieving these targets, we aim to further enhance corporate value.

Through the promotion of Nitto RISE 2028, the Nitto Group will create new value through co-creation and innovation with customers and partners, and will meet the trust and expectations of its stakeholders as an essential presence for a sustainable global environment and human society.

	FY2025	FY2028	FY2030
Operating profit	183.6 billion yen	220.0 billion yen	240.0 billion yen or more
Operating profit to revenue	17.9%	20%	20% or more
ROE	12.2%	14%	15% or more

Nitto for Everyone 2025 (FY2023–FY2025)

Implementing our Niche Top Strategy and Nitto-Style ESG Strategy

Nitto RISE 2028 (FY2026–FY2028)

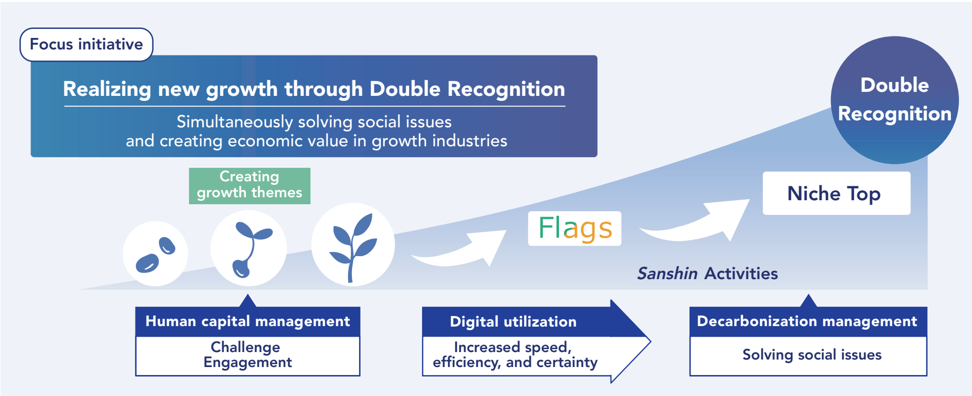
Realizing new growth through Double Recognition
(Simultaneously creating social and economic value in growth industries)

Essential ESG Niche Top Company

Simultaneously solving social issues and creating economic value
Double recognized products revenue ratio: 50% or more

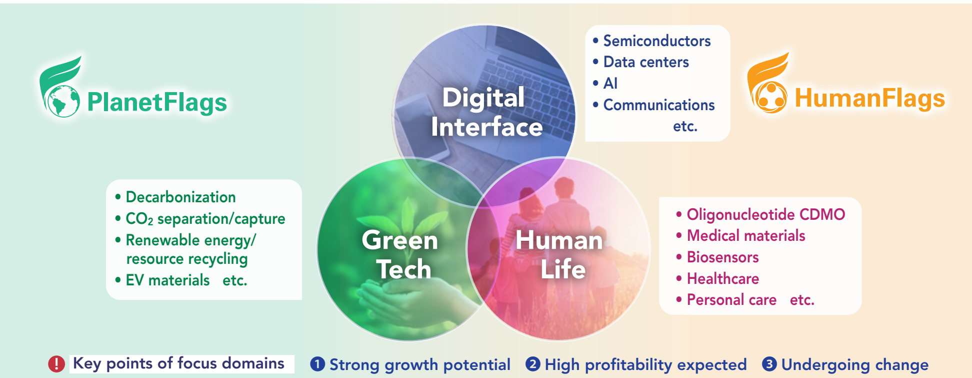
New Medium-Term Management Plan “Nitto RISE 2028”

Under the new medium-term management plan, Nitto RISE 2028, we position “Realizing new growth through Double Recognition” as a key initiative. To simultaneously solve social issues and create economic value, we will promote the creation and expansion of products and services with Double Recognition that meet the recognition criteria for both PlanetFlags™/HumanFlags™ and Global Niche Top™/Area Niche Top™. To support this key initiative, we will drive sustainable growth by advancing human capital management, digital utilization, and decarbonization management.



■ Focus Domains

We have defined “Digital Interface,” “Green Tech,” and “Human Life” as our focus domains. By leveraging the Group’s strengths—its core technologies and *Sanshin* Activities—in fields where significant market growth is expected, including digital and next-generation ICT, semiconductors, environmental and renewable energy, and life sciences, and by allocating management resources intensively, we will drive transformation of our business portfolio.



■ Management Targets

To realize our Target State 2030, “An Essential ESG Niche Top Company,” we have set targets for fiscal 2028 and fiscal 2030.

For fiscal 2028, we aim to achieve operating profit of 220 billion yen, an operating profit to revenue of 20%, and ROE of 14% as our financial targets. In addition, to accelerate ESG management, we have established eight future-financial targets across the categories of “Product related,” “Environmental,” and “Human Capital.” By working as a Group to achieve these targets, we will drive further enhancement of corporate value.

Financial indicators	FY2028 targets	FY2030 targets
Operating profit	220.0 billion yen	240.0 billion yen or more
Operating profit to revenue	20%	20% or more
ROE	14%	15% or more

Future-financial indicators			FY2028 targets	FY2030 targets
Product related	Double recognized products revenue ratio*1		40%	50% or more
	Niche Top revenue ratio*2		50%	50% or more
	Flags revenue ratio*3		50%	50% or more
Environmental	GHG emissions*4	Scope 1	300 kton	330 kton or less
		Scope 2	100 kton	70 kton or less
		Scope 3*5	1,520 kton	1,460 kton or less
Human Capital	Engagement score*6		84	85 or more
	Challenge ratio*7		70%	85% or more

*1. An indicator for measuring the creation and expansion of products and services that simultaneously solve social issues and create economic value.
*2. An indicator for measuring the creation and expansion of essential Nitto products that have achieved the top market share in niche fields.
*3. An indicator for measuring the creation and expansion of essential products and services that solve social issues.
*4. An indicator referring to greenhouse gas (GHG) emissions and measuring progress in efforts to respond to climate change.
*5. Target categories: 1. Purchase of raw materials, 3. Fuel production and electricity generation, 4. Transportation (purchase and outbound logistics), 5. Waste disposal, 12. Product disposal
*6. An indicator for measuring the three elements that indicate organizational revitalization: employees’ sense of belonging and willingness to contribute, productive work environment, and physical and mental well-being and vitality.
*7. An indicator for measuring the percentage of employees who took on challenges to broaden their experience and potential toward creating new value.

Focus Initiative "Realizing New Growth Through Double Recognition"

Under the new medium-term management plan, Nitto RISE 2028, we will promote the creation and expansion of products and services with Double Recognition that meet the recognition standards for both PlanetFlags™/HumanFlags™, representing products and services that are "essential" in addressing social issues, and Global Niche Top™/Area Niche Top™, which achieve No.1 market share in niche areas within growing and evolving markets, in order to simultaneously solve social issues and create economic value. Through this Double Recognition, we aim to achieve both high social contribution and profitability, thereby enhancing corporate value.

Simultaneously solving social issues and creating economic value

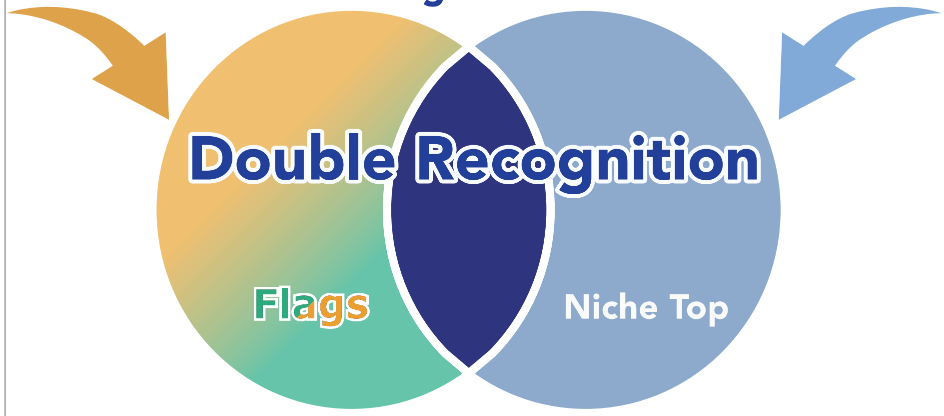
Flags
contributions to
the environment
and/or
human life

Products and services essential to solving social issues

Recognition criteria

① **Degree of contribution**
(reviewed by external experts & internal committees)
Necessity, leadership, external recognition

② **Growth potential, track record, and alignment with strengths**



Simultaneously meeting two different sets of criteria

Flags and Niche Top are reviewed by internal recognition councils

Niche Top

A differentiation strategy aims for the No.1 market share in the niche fields

Recognition criteria

① **Strong business performance (scale and profitability)**

② **Top market share**

Target State 2030

A state in which double recognized products and services account for **more than half** of Nitto's revenue = **A state offering greater expectations of sustainable growth**

Double recognized products revenue ratio

FY2025		FY2030
40%	▶	50% or more

200 billion yen or more in scale

To achieve our Target State 2030, an Essential ESG Niche Top Company, we will enhance both the profitability and sustainability of our businesses by promoting the creation and expansion of double recognized products and services.

As a key indicator of progress, we have set a target of achieving a double recognized products revenue ratio of 50% or more by fiscal 2030, and aim to increase double recognized products revenue by more than 200 billion yen from the fiscal 2025 baseline.

Selected Double Recognized Products

Battery bonding electrical release tape

Double Recognition | Global Niche Top™ | PlanetFlags | HumanFlags

Impact on the environment and society

Realizing the Right to Repair for smartphones and other devices

- Contributing to easier battery removal
- Supporting DIY-repair of smartphones and other devices
- Life cycle CO_2 emissions: more than 50% decrease

Providing products that ensure comfort and security of life | Providing products that promote digital society | Providing solutions for decarbonization and material-circulation solution

Battery bonding electrical release tape secures batteries in smartphones and other devices while allowing easy removal when voltage is applied. Unlike conventional mechanical release methods, it enables batteries to be separated from device housings without damage, supporting product designs premised on repair and recycling. By addressing the Right to Repair and increasingly stringent battery regulations, particularly in Europe, this tape contributes to extending product lifecycles and achieving resource circulation. Recognized as a breakthrough material technology that establishes a novel release mechanism, this product exemplifies simultaneously solving social issues and creating economic value.

Highly durable polarizers for automobile displays

Double Recognition | Global Niche Top™ | HumanFlags

Impact on society

Delivering a smarter driving experience with enhanced safety and comfort

- Highly reliable image display performance that withstands the harsh in-cabin environment

Providing products that ensure comfort and security of life | Providing products that promote digital society

Highly durable polarizers for automobiles are display components that maintain display performance even in the harsh in-cabin environment (direct sunlight, high temperature), and are recognized for their outstanding durability. Their wide viewing angle, low reflection, and other distinctive features also help guarantee high visibility while driving, enhancing a safe and comfortable driving experience.

Polymer beads for synthesizing oligonucleotides NittoPhase™

Double Recognition | Global Niche Top™ | HumanFlags

Impact on society

Contributing to people's healthy and fulfilling lives as a synthetic material for oligonucleotide synthesis

- Supporting a variety of nucleic acid types for the creation of novel nucleic acid drugs
- Realizing efficient synthesis of high-yield, high-purity oligonucleotides

Providing products that support sound and healthy life

Serving as the foundation for oligonucleotide synthesis based on precision particle synthesizing technology, polymer beads for oligonucleotide synthesis NittoPhase™ offer the following three distinctive features.

First, they enable the synthesis of large quantities of highly pure oligonucleotides. Second, they deliver consistent quality with minimal lot-to-lot variation. Third, they are available in a range of variants to meet diverse customer requirements. These strengths make them an essential material for the manufacturing and development of nucleic acid drugs.

Let Double Recognized Products Lead Us to a New Stage of Growth

Forging Solid Footing as an ESG Niche Top Company by Supplying Products Essential for the Well-Being of the Earth and Society

Naohiro Kato
Manager, Section 1, Development Department, Mobile Products Division, Functional Base Products Sector

Mieko Ishikawa
Manager, Corporate Planning Department, Corporate Strategy & ESG Management Division

Kenshi Tozuka
Vice President
General Manager of Corporate Strategy & ESG Management Division

Takuya Mase
Manager, Section 1, Planning Department, Mobile Products Division, Functional Base Products Sector

Shaping the Future of the Nitto Group Through Double Recognition

Tozuka "Double Recognition" refers to products and services recognized under both PlanetFlags™/HumanFlags™ and Global Niche Top™/Area Niche Top™, two of our own product recognition schemes.

Since the mid-1990s, the Nitto Group has pursued the Niche Top Strategy, driving business growth to this day. Put simply, it is about finding market segments with high growth potential and capturing the leading share in those niche fields. Holding a leading market share gives us timely access to the latest customer information. Naturally, customer expectations are higher and we must offer more advanced technology, but we have become what we are today by leveraging our proprietary technologies and expertise to more than meet customer demand and earn their trust as a reliable partner. This virtuous cycle has enabled us to sustain highly profitable business growth.

Ishikawa The other recognition scheme, PlanetFlags™/HumanFlags™ ("Flags"), was established in fiscal 2022. We do not think there is even one Nitto Group offering that does not contribute to solving social issues, but in the past its impact and value were not clearly articulated. The point of the Flags recognition scheme is to visualize how our products and services benefit the global environment and human society. Its screening criteria are strict: we score candidate products on parameters such as need and feedback from supportive customers. With input from outside experts, we then recognize products and services that demonstrate particularly high contributions to addressing social issues.

Tozuka By establishing the double recognition scheme, Nitto has made clear, across the Group and beyond, its firm commitment to fulfilling the corporate social responsibility demanded by global trends, with the aim of sustaining growth as a company highly sought after in the global community. As the public grows more conscious of sustainability each year, we need to aim even higher.

Ishikawa Guided by its policy of placing ESG at the core of our management, the Nitto Group has clearly defined its course of action. There is no question that the Flags recognition scheme is serving as an engine driving this effort. Of course, spreading the scheme across the Group since its inception has not been without difficulty, and at times we struggled to have its significance and rationale understood. Under our policy of focusing on projects to develop products eligible for Flags recognition, the list of Flags has grown to the point where their merits are now easier to demonstrate, which in turn facilitates recognition of the scheme. Meanwhile, each business division organizes workshops and other forums on the scheme to discuss how their products contribute to solving social issues and how they can be improved to earn recognition.

Mase Although the level of penetration varies across divisions, understanding of the Flags recognition scheme is steadily deepening, particularly among members involved in growth businesses, fostering a stronger sense of ownership over their projects.

Kato I can see the members of my development team growing increasingly conscious of the scheme. From the outset of a development project, all team members are clearly informed that they are expected to develop products worthy of Flags recognition. This approach also helps the scheme gain greater penetration across the company.

The Flagship Double Recognized Product Shaped by Continuous Innovation and Persistence

Ishikawa The Double Recognition scheme began only recently, but we already have several products recognized under it. One is battery bonding electrical release tape. I can imagine the development team faced considerable difficulty along the way.

Kato Electrical release tape offers high bonding performance yet can be released easily by applying just a small voltage, without damaging the materials. We began working on this innovative product in 2014, and it took some time before we could match it with customer demand. We started by demonstrating the technology to customers to probe for latent needs, and around that time the concept of the Right to Repair emerged in Europe. Thanks to this fortunate alignment between market needs and our electrical release tape technology, the product reached the market.

Mase Involving others in the company posed a major challenge. Given its scale, some argued we should involve the entire business division, while others insisted the development team should take the lead in steering the project. Through repeated discussions, we decided who would play what role. Once we reached the manufacturing stage, working closely with other divisions became essential, highlighting the need to strengthen cross-divisional and cross-group cooperation. In the final phase of development, we faced challenges in obtaining customer approval and were uncertain whether they would ultimately adopt our tape. Once we received the green light, however, we worked closely with the procurement team to ensure an uninterrupted supply of materials, mobilizing all available resources toward the effort.

Kato Electrical release tape is not like ordinary adhesive tape, which is discarded after a single use. Because it undergoes numerous processes before application, there is a risk that its electrical release performance may be compromised depending on how it is used. For this reason, we involved members from the quality and production teams, who seldom have opportunities to meet customers face-to-face, alongside those from sales and development, in repeated discussions with customers to bring the product to market. This integrated approach across R&D, Production, Sales, and Administration enabled us to become the first in the world to put electrical release tape into practical use. Nitto has a corporate culture of enjoying challenges, and this unique culture was instrumental in helping us overcome these challenges and respond effectively to customer needs.

Ishikawa Electrical release tape went on to achieve Double Recognition and was honored internally with the President's Award. This enhanced the motivation of members in other divisions, who in turn grew more conscious of the need to contribute to society and customers. It is a case of one Niche Top product serving as a seed for more Niche Top products.

Mase Following the recognition, we have received more customer inquiries, which has also led customers to learn about other Nitto products and technologies.

Kato As the scheme became more visible, internal communication grew smoother.

Tozuka If you keep pursuing your goals without giving up, you may eventually find that social needs align with your aspirations. Everyone involved in this project remained committed, anticipating changes in society and persistently promoting the product rather than chasing short-term profits. This perseverance was another key factor in our success.

Toward the Next Stage of Growth

Mase While marketing electrical release tape and other environmentally friendly products, we have noticed two types of companies, distinguished by what they emphasize: one is sensitive to regulatory trends, and the other values economic rationality. My impression is that companies in Europe and North America tend to place greater emphasis on the former, while those in Asia tend to focus more on the latter. One of the key strengths of double recognized products is their ability to deliver value that is both socially significant and economically rational, and we will continue to proactively address both dimensions.

Kato In retrospect, it took considerable resources and time before we were able to bring electrical release tape into practical use. Looking ahead, our next challenge is to lower the hurdle for practical implementation within a shorter timeframe, while further enhancing product quality.

Ishikawa I must acknowledge that, among the divisions involved in creating double recognized products, some demonstrated a stronger sense of ownership than others, suggesting that the initiative had not yet fully permeated all departments. That said, in many cases, initiatives not originally intended to benefit the environment ultimately made significant contributions to it. I would be pleased to see the Double Recognition scheme reach every corner of the organization as we continue to communicate its significance with confidence, ultimately enhancing our corporate value. I believe we can change society if this approach is embraced more widely.

Tozuka In the new medium-term management plan, Nitto RISE 2028, we have identified becoming an Essential ESG Niche Top Company as our Target State 2030, and we have set a quantitative target of raising the double recognized products revenue ratio to 50% or higher by fiscal 2030. With leading market shares, Niche Top products and services deliver relatively higher profitability, and we believe that expanding our portfolio of such products and services will further enhance profitability. By increasing the number of products that make significant contributions to the global environment and human society, we can simultaneously solve social issues and create economic value.

The Nitto Group has a proven track record of creating numerous Niche Top products that meet society's expectations. Also deeply embedded in our corporate culture is a strong commitment to meeting the expectations of our customers and other stakeholders through strong teamwork. By continuing to leverage these unique strengths, let us all work together to become an Essential ESG Niche Top Company, so that we remain the trusted partner customers rely on in times of challenge.

Nitto Group's Human Resource Strategy as per the Chief Human Resource Officer

Realizing Renewed Growth by Developing People as Key Nodes in the Global Value Chain

The Nitto Group remains committed to developing talent by leveraging its inherent DNA of "taking on challenges" to integrate its global value chain. Through the appointment of Human Resource Business Partners (HRBPs), the Corporate Human Resources Division will take on the challenge of playing a more direct role in driving business performance.

Yasuhito Ohwaki

Director, Senior Executive Vice President,
CSO, CHRO
General Manager of
Corporate Human Resources Division

Staying Focused on the Nitto-Style Human Capital Management Model to Align Nitto's Management Strategy with Human Resource Strategy

The Nitto Group has expanded into new growth areas globally by identifying markets with growth potential and flexibly shifting its business focus through its unique approaches of the Niche Top Strategy and the Nitto-Style ESG Strategy. Currently, overseas revenue accounts for approximately 80% of the Group's total, and its supply chain extends globally. Moreover, end customers, whose preferences shape product specifications, as well as our production sites and direct customers, are located across many different countries and regions. We therefore need to connect value at each stage of the value chain to maximize our contribution to customers' value creation.

As the world continues to change at an unprecedented pace, market needs and required capabilities are evolving daily. To continue creating innovation, we believe it is vital to connect the value chain globally and align R&D, Production, Sales, and Administration. Guided by its human resource strategy of "creation of a work environment where everyone feels rewarding and satisfied with what they are doing," the Nitto Group aims to realize renewed growth by developing talent capable of connecting the global value chain. The Nitto-Style Human Capital Management Model breaks down and realigns this human resource strategy from a human capital perspective.

The Nitto Group has long considered human resources its most valuable assets. Its workforce is "highly motivated to achieve its goals" and "operates as a cohesive team, pursuing shared goals with speed and agility." To further hone these distinctive traits and sustain business growth, it is crucial to develop a full understanding of diversity, a key pillar of our workforce, and to revitalize both individuals and organizations in tandem. These three elements—diversity, revitalizing individuals, and revitalizing organizations—are

not independent of one another but mutually reinforcing and complementary. Just as individuals and organizations cannot thrive without an understanding of and respect for diversity, each element is indispensable. What is critical is a corporate culture in which respect for diversity is embedded as a given, one that encourages individual members to proactively take on challenges while fostering a sense of growth. In doing so, organizations become aligned around shared objectives and deliver results. It is through this process that innovation is generated and human resources capable of connecting each node of the global value chain are developed.

Building on the Outcomes of the Previous Medium-Term Management Plan to Drive Further Improvements

During the previous medium-term management plan, with a focus on creating a workforce environment that supports the growth of our human resources, we worked to visualize the level of implementation of the Nitto-Style Human Capital Management Model. Specifically, we set three indicators: the challenge ratio, engagement score, and female leaders ratio. Alongside targets for fiscal 2030, we worked toward numerical targets set for the end of fiscal 2025.

■ Challenge ratio

The challenge ratio measures the percentage of employees who have taken initiatives that expand their personal experiences and possibilities while contributing to the company's business growth and corporate value. Since its introduction, the ratio has been increasing year by year from 41%, consistently fostering a workplace culture of "enjoying" challenges.

For fiscal 2025, however, the result was 58%, below the target of 70%. In practice, more employees took on challenges than the ratio suggests, but not all such efforts were captured. In addition, while we need to establish and communicate clear criteria for determining whether a challenge contributes to enhancing corporate value, I feel that we have not been fully successful in conveying these criteria, particularly in our overseas sites. In light of these issues, we will continue to promote further initiatives under the leadership of our executives, while ensuring alignment with our management and human resource strategies.

Under the new medium-term management plan, we have reset the fiscal 2028 target for the challenge ratio at 70% as a milestone toward our fiscal 2030 target of 85%. We will also continue to foster a corporate culture in which employees enjoy taking on challenges by sharing more exemplary cases across the Group. While maintaining the current definition of "challenges," we will expedite development of the infrastructure needed to capture and measure initiatives that have not been fully counted.

The Corporate Human Resources Division offers a variety of programs to support employees' personal growth and encourage them to take on new challenges. For example, we have implemented an ESG training program for all employees globally, with the number of supported languages gradually increasing. For selective training, we continue to offer our global leader development program, the Nitto Global Business Academy (NGBA). In the meantime, we have also begun developing a pipeline of candidates for senior executives, as well as a succession plan for global talent.

■ Engagement scores

The engagement score measures employees' intrinsic motivation to contribute. In the fiscal 2023 survey, the score reached 81, exceeding the fiscal 2025 target of 78 ahead of schedule. This achievement was made possible by the continuous improvement activities of each Group company. It is also encouraging that understanding of and engagement with these initiatives have advanced significantly across our workplaces over the past three years.

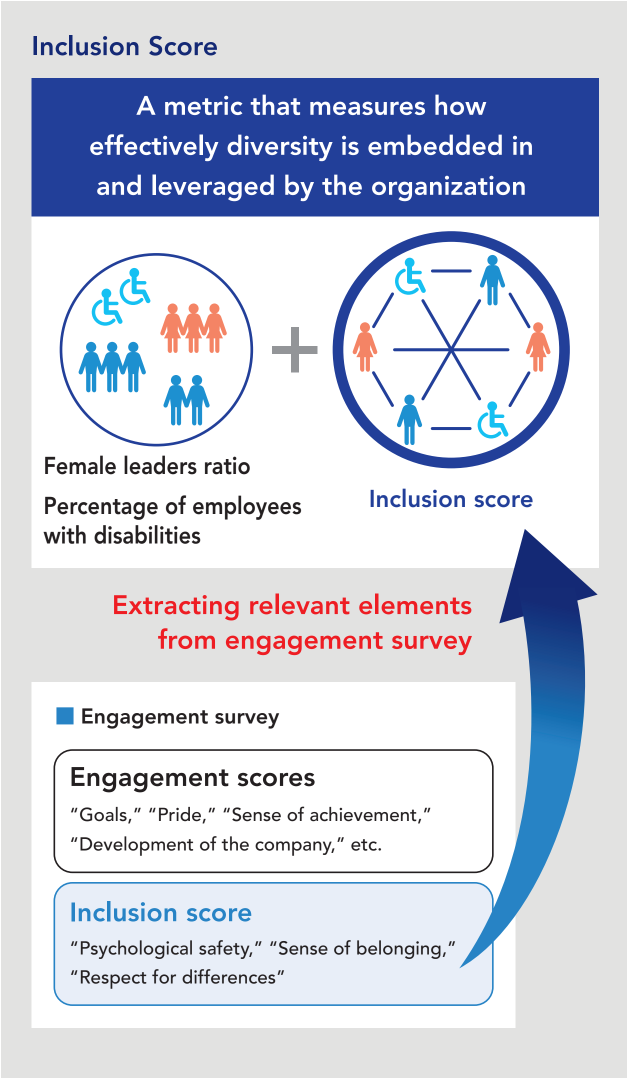
The fiscal 2025 score, however, remained unchanged at 81, the first time it has not improved from the previous survey. While top-down initiatives at each plant and overseas subsidiary have matured, we recognize that the sense of urgency around key issues is not always shared uniformly between leadership and individual organizations. Our view was that there remains room for improvement in how we address issues that are perceived differently across organizations and in how we encourage each member to take ownership of them.

Under the new medium-term management plan, we will set a fiscal 2028 target of 84 as a milestone toward our fiscal 2030 target of 85. To address the identified problems—differences in how issues are perceived across organizations and a lack of employee ownership—we will expand access to survey results so that they are available at the organizational level. We also plan to shift to a more bottom-up approach, whereby each organization reviews its survey findings and determines how best to address them. In addition, starting from fiscal 2025, we will change the survey frequency from biannual to annual, enabling us to operate the PDCA cycle with greater speed.

■ Female leaders ratio

We have made some progress in increasing the proportion of women in leadership positions. The provisional result for fiscal 2025 was 22%, slightly below the target of 24%. In Japan, we initiated the FLOWER Program in fiscal 2022, primarily targeting female associate managers. In fiscal 2025, we launched two additional programs: the Next Female Leader (NFL) Project, which brings in external female employees in managerial positions to mentor female managers without direct reports, and the Empowerment Lab (E Lab), a networking platform for female employees.

In South Korea and EMEA, where a similar sense of urgency around the development of female leaders is shared, we have continued to support initiatives to empower women; in contrast, in some areas, the proportion of female leaders has reached nearly 40%. Inspired by this outcome, we have reviewed our existing indicators to design metrics that more accurately measure diversity across the Nitto Group globally. Under the new medium-term management plan, we have refined the female leaders ratio to include the monitoring of achievements as a metric and added an inclusion score to our materiality KPIs to better visualize the implementation of DE&I across the organization.



Focused on Initiatives that Lead to Renewed Growth in the New Medium-Term Management Plan

The Nitto Group believes that understanding and respecting diversity is essential for its business growth, and this belief will never change.

For the Group to sustain its growth over the long term, continuing to create innovation will be vital. Among the three elements of DE&I, inclusion is particularly critical to enabling such innovation. Accordingly, we have decided to introduce an inclusion score starting in fiscal 2026. Based on employee engagement survey results, this new metric quantitatively visualizes the extent to which individuals feel included and the degree to which their knowledge and experiences are leveraged to create synergy.

More recently, the Nitto Group has expressed its endorsement of two global DE&I initiatives: the Women's Empowerment Principles (WEPs) and The Valuable 500 on disability inclusion. In alignment with their principles, we will conduct business activities with a strong emphasis on understanding and respect for diversity.

To develop a human resources strategy that contributes more directly to business growth, we have appointed HRBPs for each business, who have begun their activities in earnest. By identifying human and organizational issues unique to each business and developing targeted measures to address them, we will design succession plans and build a sustainable leadership pipeline.

To make meaningful changes to the business, it is necessary to visualize not only "who is where" but also "whether there is a surplus or shortage of talent with necessary skills." To this end, we have begun developing skill maps, starting with administrative functions such as human resources and accounting. This benefits employees as well, as it clarifies the skills required for their current roles and future career development, encouraging them to take on new challenges. In addition, digital literacy is an essential skill for future business growth and directly affects the company's competitiveness. In collaboration with the Digital Promotion Division, we will establish a structured digital transformation (DX) training framework—from basic to intermediate and advanced levels—with the aim of raising overall digital literacy across the entire workforce.

Aiming to Become an Essential ESG Niche Top Company, Our Target State 2030

A notable example of the Nitto-Style Human Capital Management Model driving business growth is the increasing participation in the Group Activity Toward Excellence (GATE). In fiscal 2025, this small group activity engaged approximately 7,000 participants, a significant increase from the previous year. While participation was previously concentrated among production teams, the number from administrative functions has grown rapidly in recent years, and GATE has evolved into a globally expanding platform where employees learn to take on challenges.

Needless to say, a wide range of dynamic business initiatives are underway globally. Best practices are shared across the Group, with their benefits reflected in the financial statements. These practices are also linked to the business portfolio transformation outlined in our management strategy, as well as to structural reform initiatives that support this transformation and our growth strategy.

As stated in our human resources strategy, we will continue to create a work environment where everyone feels rewarding and satisfied with what they are doing, thereby developing more employees capable of connecting our value chain globally. However, we recognize that we still have some way to go. The Nitto Group has long fostered a corporate culture that supports taking on challenges, cultivated through its history in intermediate materials manufacturing. We are now working to elevate this into a culture in which employees actively embrace and "enjoy challenges." While such attempts may sometimes succeed and at other times fall short, the experience gained through these efforts enables our people to grow and shine more brightly. Success is always desirable, but we believe that fostering a corporate culture in which employees enjoy taking on challenges without fear of failure is essential. By doing so, we aim to achieve our Target State 2030 of becoming an Essential ESG Niche Top Company and to realize renewed growth.

Human Capital Management

The Nitto-Style Human Capital Management Model breaks down and realigns our human resource strategy, "Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They Are Doing," from a human capital perspective. Believing that sustaining business growth requires the growth of each individual employee, we are working hard to provide a training experience focused on developing future management team members and talent who maintain the integrity of our global value chain.

■ Human Resource Management: Policy and Organizational Structure

Under the direction and supervision of the Board of Directors, the Nitto Group has established a sustainability governance structure centered on the Corporate Strategy Meeting to draw up and pursue strategies for addressing issues including human resource management from short-, medium-, and long-term perspectives. Key policies, strategies, challenges, and initiatives regarding human resource management are reported to and resolved by each meeting body based on internal standards. The Corporate HR Division plays the central role in ensuring the effectiveness of the defining or resulting activities, in collaboration with each region. In Japan, these efforts are led by the Japan Region HR & Governance Division, which works closely with business divisions, locations, and group companies in Japan and overseas.

Regarding the strategic use of human resource data, an initiative dating back to the previous medium-term management plan, we will continue to take an offensive approach by investing resources to enable more advanced decision-making. At the same time, from the defensive perspective of personnel governance, we will strengthen internal controls and enhance training for managers.

■ Revitalization of Individuals

■ Development of global leadership

One of our key management agenda items is developing global leaders capable of integrating an increasingly complex value chain to achieve renewed growth. At the core of this initiative are a global leadership pipeline and a selective training program. The global leadership pipeline consists of two talent pools: the global key position pool (GKP), which manages candidates for key positions, and the executive talent pool (ETP), which manages candidates for vice president positions. To develop candidates systematically, management and the HR division meet regularly to discuss and implement assignments and support measures from a strategic perspective, in order to maximize candidates' personal growth. Each year, selected members from these pools participate in the Nitto Global Business Academy (NGBA), a selective training program that provides opportunities for action learning on management and business challenges, along with input from management. With support from officers and external mentors, participants refine their ability to view the business from a global perspective and make sound decisions by independently identifying challenges and conceiving and proposing solutions.

■ Providing younger employees with cross-border experience

As a global company, we provide younger employees, particularly those from Japan, with opportunities early in their careers to gain cross-border experience and develop the ability to think and act across different cultures. Some of the most notable measures in this regard include an overseas trainee program and an overseas short-term dispatch training program. The overseas trainee program sends younger employees who have successfully completed a selection process to Nitto's overseas subsidiaries, where they gain not only language skills but also hands-on experience with different values and business practices through training in local operations, on-the-job training (OJT), and collaboration with local colleagues. Before and after the program, participants receive cross-cultural training and opportunities to reflect on their experiences, ensuring that the program contributes meaningfully to their future career development rather than serving as merely a temporary experience. The overseas short-term dispatch training program, on the other hand, helps participants develop the ability to identify business opportunities and to think and act proactively through fieldwork conducted with peers from multiple countries. Since fiscal 2022, about 70 employees have taken advantage of these training programs. Going forward, we will continue to cultivate talent capable of taking on global challenges.

■ Recruitment, development, and empowerment of human resources

In Japan, we recruit both new college graduates and mid-career professionals from diverse backgrounds to strengthen our human resource foundation. Amid the shrinking working population in this country, we are enhancing our employer branding efforts to communicate Nitto's appeal and values to prospective employees. At the same time, we are leveraging AI technology to improve the quality of the screening process.

On the development and empowerment fronts, in addition to the Group's common foundational training, we have systematically restructured job-level and selective training programs to promote skill development tailored to each employee's role and stage of growth. In fiscal 2026, we plan to further strengthen job-level training to raise employees' overall management capabilities and professional expertise, thereby enhancing the Group's productivity and value-creation capabilities. Believing that changes in job responsibilities and work locations contribute to individual growth, Nitto has revised its human resource systems to provide employees with opportunities to take on new challenges, while also introducing allowances for transferees to support their continued development.

■ Visualizing employee skills

As the operating environment continues to change rapidly, visualizing what skills employees possess and which skills need to be developed is vital if we are to demonstrate our competitive edge in business. To this end, in fiscal 2026 we introduced a job-specific skill map that organizes the skills and knowledge required for each job category, enabling employees to understand where they stand and identify areas where they need to grow. This data-driven tool allows employees to determine the learning opportunities and experience they need, supporting autonomous career development, skill enhancement, and the pursuit of new challenges. At the same time, visualizing skills helps optimize strategic workforce allocation and training investments while advancing talent management initiatives. Currently covering 16 job types, the skill map allows us to provide learning content tailored to each individual's skill set and is expected to be rolled out globally, further strengthening Nitto's business competitiveness.

■ Initiatives to foster a corporate culture of enjoying taking on challenges

[More employees embracing challenges that are uniquely Nitto]

The “revitalization of individuals” is perhaps best symbolized by each employee’s willingness to take on challenges. Since the previous medium-term management plan, the challenge ratio has been set as one of our future-financial indicators. To date, this indicator has been linked to Group-wide activities such as small group activities “GATE” and a new business creation event “NIC,” encouraging employees to participate.

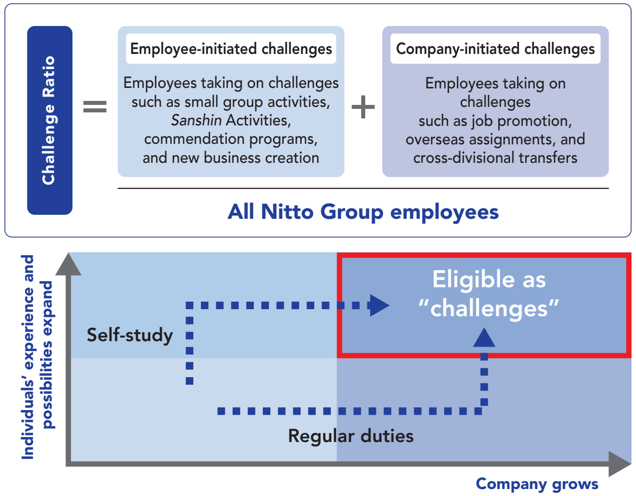
In fiscal 2025, we categorized the “challenges” that the Nitto Group encourages its employees to undertake into several areas and established guidelines defining the criteria for such challenges, which are shared across each region. As a result, a variety of original programs tailored to the operating environment and employee needs of each location have been planned and designed, leading to a total of approximately 7,000 employees taking on these challenges. These original programs encompass a diverse range of initiatives, including work process improvements through digital utilization, social contribution activities that enhance corporate value, and the acquisition of qualifications to deepen professional expertise. Despite their diversity, they share a common objective: expanding the experiences and potential of individuals while contributing to business growth. Under the new medium-term management plan, we will continue to advance these efforts in pursuit of challenges that are uniquely Nitto.

Example of an Original Program Counted in the Challenge Ratio

Programs to Enhance the Skills of HR Personnel Through Open Calls for Applications

In fiscal 2023, the Corporate HR Division introduced an original e-learning program for HR personnel with the aim of enhancing their knowledge and strengthening their professional networks. The initiative extends beyond e-learning alone. Participants also organize periodic workshops led by employee lecturers. At the end of the program period, participants gather to develop proposals for the CHRO, ensuring systematic learning and skill enhancement that can subsequently be applied to their business divisions.

Definition and Concept of Challenge Ratio



[Developing an environment that inspires employees to take on challenges]

To ensure the concept of “taking on challenges” permeates every workplace, we are also working to create an environment that supports such efforts. Taking on challenges does not refer only to pursuing something novel or highly visible; it also includes steadily meeting customer expectations in day-to-day operations and preventing errors in ways that boost productivity. We recognized the need to properly identify and acknowledge these everyday “challenges” occurring in the workplace.

In fiscal 2026, to address this issue, we established commendation systems at each Group company to shine a spotlight on employees’ everyday efforts and challenges. By recognizing and celebrating employees’ daily contributions, we aim to create a virtuous cycle in which the sense of fulfillment gained through recognition encourages employees to take on new challenges, ultimately leading to a higher challenge ratio.

[Sharing challenge cases within the Group and analyzing them]

It is also important not only to retain these challenges as individual experiences, but to accumulate them as organizational learnings. In fiscal 2026, we will share examples of challenges undertaken across the Group globally, fostering a corporate culture of enjoying challenges. Through these efforts, we aim to encourage new challenges in other organizations and regions, while deepening our analysis of how such challenges contribute to business growth and influence employee engagement, with the goal of maximizing human capital value.

■ Revitalization of Organization

■ Initiatives to improve employee engagement

Recognizing the need to further enhance the quality and speed of initiatives aimed at improving employee engagement as we work toward our fiscal 2030 targets, we are pursuing the following initiatives.

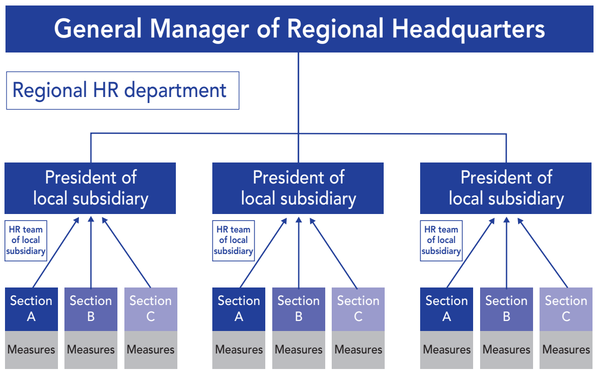
■ Transition to an implementation framework for qualitative enhancement (Bottom-Up approaches x Leadership by regional headquarters)

Under the previous medium-term management plan, we primarily adopted a top-down approach, in which responsible persons at each site, local subsidiary, or human resources department designed and implemented action plans based on analyses of survey results. However, as workplace-specific challenges became increasingly diverse, it became more difficult to achieve sufficient results through such uniform approaches. Against this backdrop, in fiscal 2025 we revised the system to enable responsible persons within each organization to review survey results independently, shifting to a bottom-up approach in which each workplace autonomously implements improvement initiatives. Under this framework, each workplace is now responsible for the entire process, from reviewing feedback results and engaging in dialogue to determining and implementing initiatives tailored to its specific circumstances. The roles expected of both organizational leaders and individual members have also been clarified, with both encouraged to actively participate in these initiatives. Meanwhile, the human resources department is expected to support each workplace by ensuring a clear understanding of the significance of each initiative and by leveraging expert insights.

In addition to the transition described above, the primary axis of these activities has shifted from business divisions to regional headquarters. This change reflects our belief that engagement scores are closely correlated with the culture and workplace morale of each region, making it essential to incorporate region-specific characteristics into our initiatives. Under the new framework, responsible persons in each region and at each site and local subsidiary are assigned ownership of specific measures and are accountable for the full process through to monitoring. This structure also enables closer collaboration across regions in promoting shared improvement initiatives.

The result is a hybrid framework that integrates top-down and bottom-up approaches, in which each department and section takes the lead in setting challenges and designing initiatives, while responsible persons at each region and local subsidiary support frontline employees in achieving their goals. We believe this framework will take our initiatives to enhance employee engagement to the next level.

Region-Centric Framework



■ Initiatives to accelerate the PDCA cycle and improve the accuracy of target achievement

To ensure steady and continuous improvement, we are also accelerating the PDCA cycle. Beginning in fiscal 2025, we shortened the interval between employee engagement surveys from two years to one year and introduced a five-question follow-up survey conducted six months after each main survey, enabling us to periodically monitor the status of initiatives implemented at each workplace.

According to the Corporate HR Division, the organizational development process itself—sharing survey results and working together through dialogue to drive improvement—contributes to higher employee engagement. Through the follow-up survey, we assess whether the PDCA cycle is functioning effectively and refine our support programs and survey operations accordingly, improving the likelihood of achieving our employee engagement target scores.

PDCA Cycle for Increasing Employee Engagement

■ Diversity

The Nitto Group believes that bringing together the knowledge and experience of diverse individuals—that is, inclusion—is essential to driving innovation and achieving sustainable growth. Based on this belief, we will introduce new KPIs and promote initiatives aligned with international frameworks.

■ Inclusion scores to visualize employee awareness

Introduced for the first time under the new medium-term management plan, "inclusion scores" visualize employee perceptions of three related elements: psychological safety, a sense of belonging to the company, and respect for differences. The scores are calculated from responses to related questions in employee engagement surveys. We have positioned inclusion scores as one of our materiality KPIs and will promote various initiatives aimed at raising the score from 73 in fiscal 2025 to 75 by fiscal 2030. While the female leaders ratio, one of the future-financial indicators under the previous medium-term management plan, has already reached a relatively high level, inclusion scores remain below external benchmarks in some regions. We are therefore keenly aware of the need to identify region-specific challenges in greater depth and to continue our efforts.

In Japan, we will continue to prioritize the empowerment of female employees and the employment of persons with disabilities. The female leaders ratio will remain a key management indicator in Japan, and, as before, we will continue supporting women's career development and the expansion of their roles through initiatives such as developing future leadership candidates, providing mentoring opportunities with expertise from both inside and outside the company, and offering networking opportunities.

■ Coordination with international initiatives and the future course of action

To promote these initiatives in line with international standards, in fiscal 2025 Nitto announced its support for the Women's Empowerment Principles (WEPs), an international initiative and guideline for gender equality, as well as The Valuable 500, a global initiative promoting the inclusion of persons with disabilities. While adhering to the principles set forth by these initiatives, we will identify and address challenges within international frameworks alongside monitoring based on inclusion scores. In Japan, together with the seven Himawari Group special subsidiaries, we will remain committed to promoting the employment of persons with disabilities and expanding job categories suited to the needs of each local community.

Nitto-Style Human Capital Management is founded on diversity, and internal data analysis has shown that inclusion has a positive impact on employee engagement and employees' willingness to take on challenges. By identifying the issues that need to be addressed to improve inclusion scores and implementing employee training and other initiatives accordingly, we aim to achieve our targets for the challenge ratio and engagement scores.

Female manager development program (NFL) beginning in fiscal 2025

Digital Utilization

To achieve our Target State 2030 of becoming an Essential ESG Niche Top Company, the Nitto Group is advancing digital utilization across the organization. By placing data, AI technologies, and the people who use them at the core of this strategy, we will accelerate the creation of value that enhances our competitive advantages and achieves sustainable growth, while establishing a foundational platform and strengthening information security.

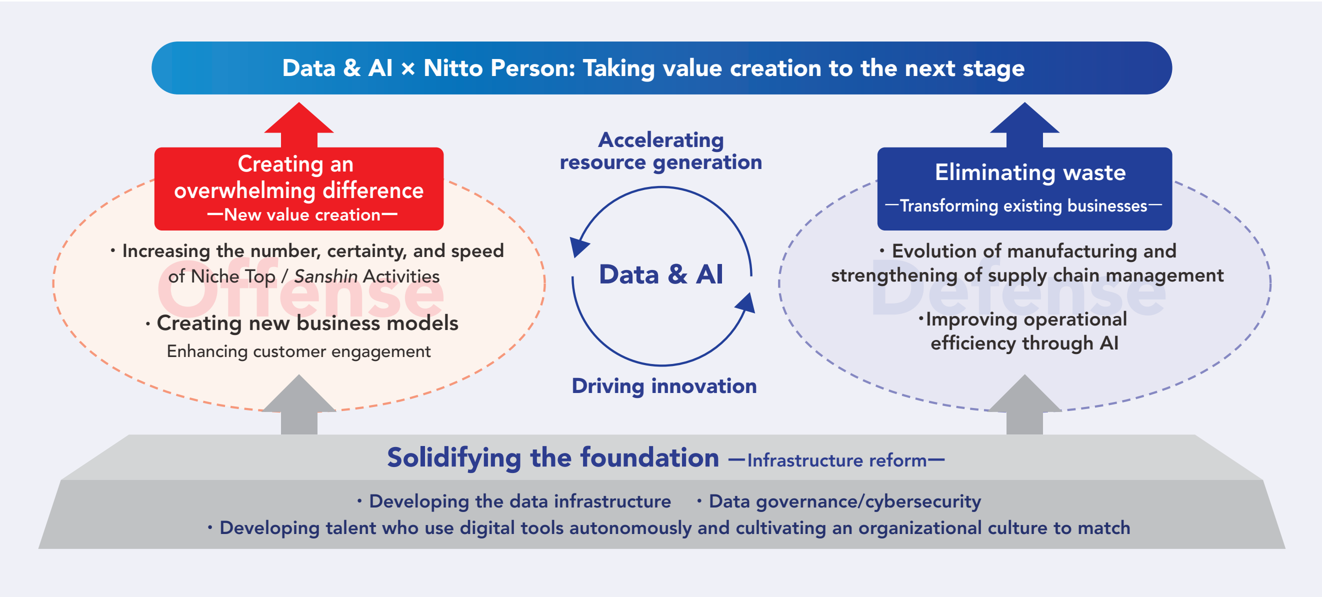
The Nitto Group regards rapidly evolving digital technology, beyond just improving operational efficiency, as one of the key management capital essential to strengthening our business competitiveness and achieving sustainable value creation. In the past, the Nitto Group has developed an information technology platform and infrastructure that are resilient to change and highly flexible and sustainable by deploying a communication platform common across the Group and promoting the proactive use of public cloud services. At the same time, we have worked to build a foundation for the use of digital technologies throughout the Group through initiatives such as renewing mission-critical systems and establishing data utilization platforms.

Under the new medium-term management plan Nitto RISE 2028, we will move beyond platform development to focus on value creation through utilization. By placing AI technology, data, and digital professionals skilled in using such tools at the core of this strategy, the Nitto Group will further drive these initiatives, thereby accelerating and advancing value creation.

For example, we have begun combining AI agent technology with *Sanshin* Activities, which play a central role in the Nitto Group's marketing approach, to uncover latent needs and accelerate value creation.

To revitalize the competitiveness of existing businesses, we will utilize digital technologies to enhance both efficiency and sophistication of not only production and back-office operations but also individual work styles. At the same time, alongside developing a highly reliable and secure AI platform and further advancing the data platforms that underpin these initiatives, we will further strengthen information security, thereby making effective use of digital technologies and enhancing our organizational agility.

With regard to human resources, we will raise the overall level of digital literacy among all employees while also developing innovator talent capable of leading the resolution of managerial challenges and driving business transformation through the use of digital technologies. Through these efforts, we aim to evolve into an organization in which employees have a strong command of digital technologies and deliver tangible results.



Initiatives for Information Security

In line with its Basic Policy on Information Security, the Nitto Group regards cybersecurity against increasingly sophisticated and complex cyberattacks as a key managerial issue, strengthening security measures as a foundation that underpins business continuity and corporate value.

Under the direction and supervision of the Board of Directors, we continuously monitor the status of information security management and related risks, and respond promptly and appropriately to evolving threats, in an effort to enhance the security and reliability of our business activities.

On the technology front, we implement a comprehensive range of security measures, including adopting layered defenses and building systems for early detection and prompt response. We also periodically conduct vulnerability assessments of our information systems and continuously address identified issues to maintain and enhance security levels.

As employee-focused measures, we regularly provide all account holders, including officers, with information security education, workplace training, and simulated targeted cyberattack exercises to enhance each employee's literacy and awareness. As part of business continuity management (BCM), we have also drawn up a business continuity plan (BCP) for information security and ensure its effectiveness through regular drills.

Round-Table Talk Utilizing Digital Technologies to Accelerate Value Creation

Balancing "Offensive" and "Defensive" Uses of Digital Technologies

K. Nakamura One of the key initiatives of the new medium-term management plan, Nitto RISE 2028, is advancing digital utilization. The key to this initiative lies in two perspectives: an "offense" approach focused on promptly delivering new value to the market, and a "defense" approach aimed at enhancing business stability and profitability by ensuring a stable supply through supply chain management and optimized inventories.

S. Nakamura Primarily responsible for the "offense" domain, the Corporate Technology Sector covers the "0→1" phase of developing ideas into themes, as well as the "1→10" phase of productization. In recent years, I have come to recognize that the use of AI technologies is transforming our development process. During the "0→1" phase, in collaboration with the Digital Promotion Division, we aim to accelerate *Sanshin* Activities by enhancing both the quality and speed of project creation through the use of AI technologies.

Fujiwara The Nitto Group possesses a wealth of technical reports accumulated through the long-standing efforts of our researchers, which serve as the foundation for our core technologies, knowledge, and know-how. We are currently building a platform for generating ideas that may lead to the development of new technologies and applications, through the AI-enabled integration of these technological assets with social issues and market needs.

S. Nakamura The use of AI technologies is not limited to idea generation. Signs of change are emerging in the "1→10" phase of productization as well. In the past, we had to draw on a wide range of elemental technologies within the Nitto Group and identify optimal conditions through repeated cycles of prototyping and evaluation, which required considerable time and effort. By combining conventional simulations with AI-based machine learning, however, we can now bring products to market faster and more efficiently. A notable example is battery bonding electrical release tape. In addition, for an increasing number of products, we can reduce development lead times by nearly half by having AI analyze trade-offs among properties and narrow down optimal conditions.

K. Nakamura The changes in both the "0→1" and "1→10" phases are expected to become a major driving force behind the creation of the double recognized products and services we aim to achieve under Nitto RISE 2028. The use of AI is expanding across the shop floor.

Kigawa On the shop floor, by introducing an AI analytics platform, we link quality data with process data to improve quality, cost, and delivery (QCD). For such "defensive" uses of digital technologies, we have already begun to see substantial short-term results, particularly in stabilizing and improving production efficiency. Our image analysis technology is highly advanced and represents a key strength of the Nitto Group. For instance, when a defect occurred in the past, we had to rely on specific individuals with experience and intuition. Today, in an increasing number of cases, we can use data to identify root causes and make appropriate decisions on the spot. This ability to reach decisions immediately is a significant and meaningful change.

Ito Digitalizing production is, I believe, also highly important from a business perspective. Real-time access to firsthand information helps improve the accuracy and speed of management and business decisions, which in turn raises the level of data-driven management.

Kigawa From the production perspective, I still feel there is significant room for improvement. Previously, the production team's initiatives focused mainly on improving production efficiency; going forward, however, we will review the entire production process to drive structural reform.

K. Nakamura That story made me realize that, although they seem different, the R&D team and the production team share a common foundation. At the base of AI-enabled value creation lies, it seems, a pride in "manufacturing" that the Nitto Group has long cherished. AI and all other digital technologies are merely means, not ends in themselves. Our goal should be to use them to our advantage and deliver value to customers sooner and with greater safety. Above all, we must never forget that at the center of all this is each Nitto Person.

Solid Digital Infrastructure Unlocks Synergies

K. Nakamura To ensure that this pioneering initiative is not confined to a limited number of areas, we must establish a foundation that is accessible to everyone.

Fujiwara At the Nitto Group, over 20,000 employees use computers for a wide range of operations. As we already have a common platform in place for sharing information, it will be important to further enhance its value through the use of AI technologies and other means, thereby ensuring that all employees can access and leverage this foundation equally and autonomously.

Ito On the business front, we have made continuous efforts to "visualize" data by aggregating various datasets into a single system. The reality, however, is that we have yet to fully embed the use of data into the daily operations of frontline personnel. Moving forward, we aim to have AI learn the very cycle by which humans examine data to make decisions, so as to achieve faster and more advanced decision-making. To this end, I believe it is important to organize data so that both management and frontline personnel can use it, and to standardize the way data is interpreted.

K. Nakamura As the business environment becomes increasingly complex and unpredictable, data-driven management—using data to quickly assess risks and conditions—is growing in importance. This will be essential to fulfilling our social mission of stably supplying products to customers.

Ito The fact is that the sales, production control, and accounting teams all work with data, but the granularity and definitions of that data can differ from one team to another. Take sales data as an example: different departments record figures at different times, in different units, or in different Excel formats. This results in a "bucket relay," in which the same data is processed repeatedly by different parties. Ultimately, such data must be reconciled manually, leading to delays in decision-making.

Kigawa The production team faces the same issue. The volume of data we use is steadily increasing, as is its scope. However, the use of data—what data to review and how to use it—still depends heavily on individual judgment, to the extent that we may not be fully leveraging the data available to us. Another key challenge ahead is how to ensure the consistent use of data across management, frontline personnel, and production processes.

S. Nakamura In product design, we sometimes face insufficient sharing of data on common elemental technologies, which often leads to redundant reviews. What we in the development team aim to achieve is a system for accumulating experiment data generated through day-to-day research and development activities, and using that data to make timely proposals on products that meet customer requests.

Fujiwara The Nitto Group's use of digital technologies is unique in that we treat data and AI technologies as an integrated set. Although data preparation requires significant effort, we have a clear vision of how it should be used and for what purposes. By combining AI's analytical capabilities with the information contained in technical reports, as well as the insights contained in weekly reports on the progress of daily operations—including records of trial-and-error processes, perspectives, and decision-making—I believe we can deliver value that only the Nitto Group can provide.

Building a Future Where Humans and Digital Infrastructure Seamlessly Complement Each Other

K. Nakamura Someone mentioned data preparation earlier, and the key to preparing data lies in the digital literacy of the people who handle it. Digital technologies can only be truly used when both a robust digital infrastructure and people capable of using it effectively are in place.

S. Nakamura On the development front, I sense that what makes a difference in competitiveness is what data you possess and how you use it, rather than AI technologies themselves. With this in mind, the Corporate Research and Development Division is dedicated to developing human resources, implementing a systematic training program for all new recruits that includes fundamental knowledge of AI and guidance on its use. Recently, we have seen more employees use data and AI without being prompted to.

Kigawa Training initiatives have also progressed on the shop floor. That said, some employees are still entering available data without a clear purpose, highlighting the need to build a more systematic training framework.

Ito I suspect many employees understand the importance of digital utilization, yet struggle to keep pace because they are constantly occupied with their daily responsibilities. On the business front, I often hear that employees want to use such technologies but are unsure where to begin. I believe it will become increasingly important to support these employees by understanding their individual circumstances and providing step-by-step guidance until they learn how to use them.

Fujiwara The Digital Promotion Division is strengthening support for the use of digital technologies by organizing workshops on their use, providing members with opportunities to use them through the sharing of use cases from both within and outside the company, and supporting and facilitating such activities. We believe the effective use of digital technologies will improve work efficiency and promote automation. If we can reallocate the resources generated through these improvements to more strategic areas, we can further increase our competitiveness.

Ito Quite a few people still view the use of digital technologies negatively, fearing that they may take jobs away from humans. However, what we seek to reduce is not human involvement, but inefficient operations. By reallocating the time created through the use of AI and data to more creative and higher-value-added work—work that only employees of the Nitto Group can deliver—we can further enhance our competitiveness. This is the state we should strive to create through digital utilization.

K. Nakamura I think that is exactly the point. That perspective is critically important, as we all share the desire to deliver meaningful value to society. If we consider how digital technologies can best be used based on that shared understanding, I am confident that cross-divisional initiatives will naturally gain momentum. By 2030, I hope to realize a state in which data and AI technologies are used so naturally across development, production, and business operations that there is no longer any need to explicitly say, "We use digital technologies." We will continue to demonstrate what we can do to reach this goal. At the same time, I hope each and every one of you will take the initiative in driving these efforts forward.

Decarbonization Management

The Nitto Group has chosen decarbonization management as one of its key initiatives in the new medium-term management plan and is accelerating its efforts to reduce GHG emissions accordingly. Through planned investments in decarbonization, along with energy conservation and the adoption of renewable energy, we aim to achieve carbon neutrality in fiscal 2050 and sustainably enhance corporate value.

■ Support for the Decarbonization Initiatives and Reduction Targets

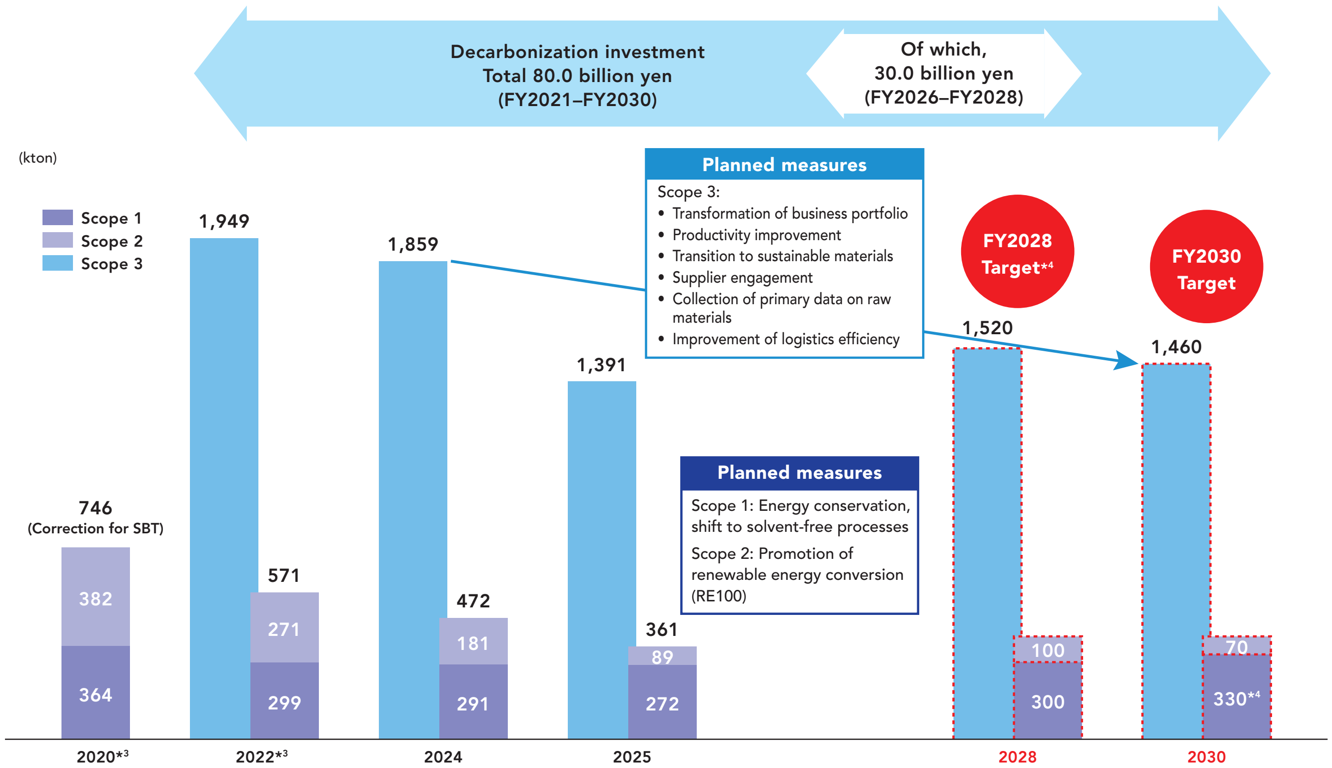
In August 2024, the Nitto Group received Science Based Targets (SBT) certification, confirming that its 2030 GHG emission targets are grounded in scientific evidence. To further accelerate our response to climate change and to comply with the revised SBT rules, the Nitto Group has set targets for fiscal 2028 and fiscal 2030 under its new medium-term management plan, as outlined below. Scope 1 emissions are expected to increase from fiscal 2028 to fiscal 2030, reflecting assumed business expansion over the period. With these targets in mind, the Group will work to reduce emissions across the supply chain.

GHG Emissions Reduction Targets (kton)

	Scope 1	Scope 2*1	Scope 3*2
FY2028	300	100	1,520
FY2030	330	70	1,460

*1 Scope 2: Market-based *2 Scope 3 Categories: 1, 3, 4, 5, 12

The Nitto Group is also a signatory to the Renewable Energy 100% (RE100) initiative and aims to achieve 100% renewable energy usage by 2035. By contributing to the broader adoption of renewable energy and converting the electricity used in its business operations to 100% renewable sources, the Group seeks to further reduce its GHG emissions.



*3: Scope 1+2: Baseline; 2020 Scope 3: Baseline; 2022

*4: The figures reflect an increase due to assumed business expansion.

■ Investment Plan for Decarbonization

To achieve carbon neutrality (net zero GHG emissions for Scope 1+2 by fiscal 2050), the Nitto Group has set interim reduction targets for fiscal 2030 of 330 ktons for Scope 1 emissions and 70 ktons for Scope 2 emissions. Over the 10-year period from fiscal 2021 to fiscal 2030, the Group has allocated approximately 80.0 billion yen for decarbonization investments.

Over the five-year period through fiscal 2025, we invested 37.2 billion yen in decarbonization, primarily focused on energy conservation through improved equipment operation and the replacement of facilities with more efficient equipment, as well as expanding renewable energy use through new and additional solar power generation systems. As a result, GHG emissions were reduced by 359 ktons (compared with fiscal 2020) by fiscal 2025, reaching approximately 95% of the reduction required to meet the fiscal 2030 target. Progress remains on track toward achieving the fiscal 2030 target.

■ Environmental Management

■ Basic ideas

In 2025, the global average temperature was 1.47°C above pre-industrial levels, and the three-year average from 2023 to 2025 exceeded 1.5°C above pre-industrial levels for the first time, underscoring the urgency of sustained action on climate change. Businesses have a social responsibility to advance initiatives that reduce environmental impact, including the efficient use of energy and resources and the reduction of GHG emissions and waste. Unrelenting effort and innovative approaches are urgently needed.

Under its Basic Policy on Environment, the Nitto Group will leverage its proprietary technologies and expertise to reduce environmental impact not only within the Group but across the entire supply chain.

As more countries introduce official requirements for sustainability-related disclosure, the scope and complexity of corporate reporting is increasing, driven in part by revisions to international frameworks for calculating GHG emissions. The Nitto Group will respond to these changes in pursuit of a sustainable society.

■ Promotion system

To address environmental issues, the Nitto Group has established a sustainability governance structure centered on the Corporate Strategy Meeting, which operates under the instruction and supervision of the Board of Directors. In order to enhance the effectiveness of its environmental initiatives, the Group has set up the Global Green Committee (GGC), chaired by the officer in charge of environmental affairs. The GGC collaborates with various departments, including those overseeing ESG management and procurement, to develop strategies and implement relevant measures.

■ Targets and achievements

In the previous medium-term management plan, we established CO_2 emissions, the sustainable materials procurement ratio, and the waste plastics recycling ratio, as environment-related future-financial indicators. We successfully met all of these targets in fiscal 2025.

[CO_2 emissions (Scope 1+2)]
We have worked to achieve our self-set emissions target of 470 ktons for fiscal 2025, bringing emissions to 361 ktons in fiscal 2025. Through a combination of energy conservation and greater use of renewable energy, our Scope 2 emissions have declined steadily from 181 ktons to 89 ktons. We will consider introducing new programs to reduce Scope 1 emissions (272 ktons in fiscal 2025).

[CO_2 emissions (Scope 3)]
In fiscal 2025, our Scope 3 CO_2 emissions amounted to 1,391 ktons. Moving forward, with the goal of achieving both decarbonization and business growth, we are developing concrete reduction plans, including business portfolio transformation and a transition to sustainable materials, while exploring ways to refine our calculation methodologies through the collection of primary data in cooperation with our suppliers.

[Sustainable materials procurement ratio]
For fiscal 2025, our sustainable materials procurement ratio was 24%, exceeding the target of 20%. We will continue to promote the transition to sustainable materials.

[Waste plastics recycling ratio]
For fiscal 2025, our recycling ratio reached 54%. In order to advance the circulation of resources beyond plastics, we have set a new target for the resource utilization ratio.

■ Initiatives to Reduce Nitto's Own GHG Emissions (Scope 1+2)

■ Initiatives for renewable energy

In fiscal 2025, our renewable energy ratio increased to 79%, up from 62% in the previous year, bringing CO_2 emissions down to 361 ktons (Scope 1+2).

Furthermore, to facilitate the adoption of renewable energy, we continue to use Power Purchase Agreements (PPAs) for medium- and long-term energy procurement. The Nitto Group's basic policy is to procure renewable energy after confirming that sufficient consideration has been given to its impact on local communities and the natural environment. On a non-consolidated basis, Nitto Denko Corporation has set a target of procuring 200,000 MWh of renewable energy with high additionality by fiscal 2030 through a corporate PPA. In fiscal 2025, we procured 37,301 MWh of renewable energy, reducing CO_2 emissions by 16.4 ktons for the year.

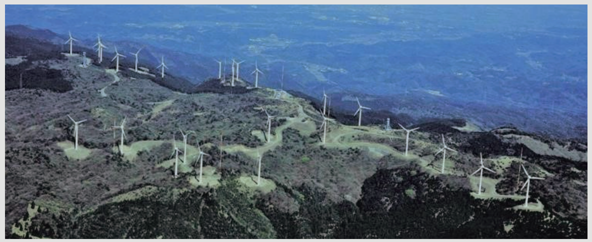
Overseas, we focused on expanding renewable energy procurement mainly in Asia and Europe, increasing procurement by 1.8 times compared to fiscal 2024. This is equivalent to a GHG emissions reduction of 180 ktons.

Initiatives at Each Site

Renewable Energy

Procuring Renewable Electricity Through a PPA

In fiscal 2025, we signed an agreement for an onshore wind farm project in Aoyama Plateau, Mie, Japan. Under this agreement, we plan to procure 27 GWh of renewable energy per year, beginning in March 2027.



■ Initiatives to conserve energy

In processes that require substantial energy for drying and solvent recovery, we continue to promote energy conservation. We are improving manufacturing processes while replacing energy-intensive equipment to reduce overall energy consumption.

More concretely, we are adopting solvent-free adhesives, utilizing waste heat more efficiently, and introducing high-efficiency equipment. Through these initiatives, we are advancing energy conservation to reduce GHG emissions.

■ Initiatives to Reduce GHG Emissions Throughout the Supply Chain (Scope 3)

Achieving carbon neutrality across society requires managing and reducing GHG emissions throughout the supply chain. The Nitto Group is exploring measures to reduce Scope 3 emissions in pursuit of its fiscal 2030 targets.

Key measures in this regard include business portfolio transformation, productivity improvement, and accelerated transition to sustainable materials, as well as more rigorous calculation methodologies, such as collecting primary data on raw materials (i.e., emissions data obtained directly from suppliers) and verifying product end-of-life treatment. As part of our efforts to track reduction impacts, we evaluate individual products in terms of profitability and carbon efficiency and quantify the GHG reductions attributable to each initiative.

As cooperation from suppliers is critical for collecting primary data on raw materials and improving transportation efficiency, we are also strengthening supplier engagement.

■ Promotion of Circular Economy

At the Nitto Group, we are advancing the procurement of environmentally responsible raw materials while transforming our manufacturing processes to maximize the effective use of those materials. By optimizing production processes to improve yield rates, we are reducing waste at its source and promoting the efficient use of resources. In addition, we regard waste as an untapped resource and are advancing circular use through thorough waste separation and recycling initiatives.

Our focus has been on recycling plastics, which account for about half of such waste, and we have worked to improve the recycling ratio for waste plastics. This initiative is making steady progress, with the waste plastics recycling ratio reaching 54% in fiscal 2025.

Moving forward, to further expand circular resource utilization beyond plastics, we have established a new target for the resource utilization ratio. This metric is designed to improve the efficient use of resources throughout the entire process, from raw material procurement and manufacturing to recycling. By promoting integrated initiatives from resource input to resource output, we aim to contribute to the realization of a circular economy while supporting the sustainable enhancement of corporate value.

■ Procurement of sustainable materials

Many Nitto Group products use raw materials derived from fossil fuels. To deliver environmentally friendly products to customers, we have increased the proportion of recycled and biomass-derived materials in our procurement. For fiscal 2025, our sustainable materials procurement ratio was 24%, exceeding the target of 20%. This year-on-year increase reflected the inclusion of data from the Europe region, where the procurement ratio of pulp and other biomass-derived materials is high, following the global expansion of the calculation scope. As part of our effort to transition to sustainable raw materials, we also began procuring certified raw materials for polysulfone and ethyl acetate using the mass balance method*. Furthermore, at a site in Europe, we have transitioned to 100% biomass-derived ethyl acetate. By continuing to refine our raw materials strategy and strengthen collaboration with suppliers, we will further advance initiatives that contribute to resource circulation and the expanded use of renewable resources.

*The mass balance method is a certification approach that assigns specific attributes (e.g., biomass-derived content) to a portion of the final product based on the proportion of input materials, used when they are mixed with conventional materials (e.g., petroleum-derived content).

Initiatives at Each Site

Energy Conservation

Increasing Energy Efficiency of the Waste Solvent Recycling Process (Shiga Plant)

When recycling wastewater containing high-boiling solvents from product cleaning operations, we are working through collaboration with equipment manufacturers to improve energy efficiency in the concentration process, which is highly energy-intensive. To date, we have established a highly efficient concentration process using proprietary RO membranes. During fiscal 2026, a solvent recovery system incorporating mechanical vapor recompression (MVR) technology will be completed and brought into full-scale operation. This system is expected to substantially reduce CO_2 emissions in the targeted processes by approximately 2,000 tons per year compared with conventional methods.

This project received the highest honor—the Minister of Economy, Trade and Industry Award—at the FY2025 Energy Conservation Grand Prize organized by the Energy Conservation Center, Japan. This flagship technology contributes to both decarbonization and the circular economy.

In addition to rolling it out to other plants, the Nitto Group will also explore its potential to support decarbonization in other industries with similar processes.

Reducing Natural Gas Consumption by Recovering Waste Heat from Deodorizing Furnaces

At Nitto Denko (Shanghai Songjiang) Co., Ltd., approximately 40% of GHG emissions come from natural gas consumption, making its reduction a key priority.

By maximizing the use of waste heat from deodorizing furnaces, the facility is reducing natural gas consumption. In fiscal 2025, it installed equipment to recover waste heat via steam generators, reducing GHG emissions by approximately 2,350 tons annually.

■ Waste plastics recycling

Since about half of the waste generated within the Nitto Group consists of petroleum-derived waste plastics, we have focused on reducing waste and promoting recycling.

Many of our products are composite materials consisting of plastic films laminated with adhesives and materials with optical properties. While these products deliver advanced functionality, their composite structure has made recycling difficult and has long remained a challenge.

Addressing this challenge requires separating materials into their individual components (monomaterials). In particular, adhesive separation technology, which helps prevent quality degradation and limitations on the use of recycled materials, is positioned as a key technology for realizing a circular economy. Against this backdrop, the Nitto Group has been developing adhesive separation technologies since fiscal 2021. In fiscal 2025, a pilot-scale demonstration facility was introduced at our Toyohashi Plant, and testing toward commercial-scale production commenced. We will continue to accelerate these efforts to achieve our fiscal 2030 targets of a 60% waste plastics recycling ratio and a resource utilization ratio of 69% or higher.

We are also undertaking initiatives to enhance the value of waste plastics. In fiscal 2025, we produced plastic trays using sorted and collected waste film as a raw material, and these trays were used at Expo 2025 Osaka, Kansai, Japan. After the Expo concluded, the trays were donated to local schools and other community organizations, while additional materials were recycled into drainage pipes used to improve water runoff at facilities such as sports grounds. In addition, materials made from 100% Nitto Group waste plastics have been incorporated into the plastic components of employee uniforms, with deployment already underway at certain locations. We plan to expand the use of these materials going forward.

In line with the policy of "contributing to customer CO_2 emission reduction through products and solutions" set out in the Declaration of Nitto Group Carbon Neutral 2050, the Nitto Group is positioned to address challenges across the supply chain and society as a whole by leveraging the resource-circulating technology it has developed.

■ Conservation of Water Resources

We are committed to conserving limited water resources by using water efficiently in our business activities and by promoting business continuity measures against water supply disruptions potentially caused by natural disasters and abnormal weather, aiming to fulfill our responsibilities as a supplier.

At our Shiga Plant and Onomichi Plant, we use a water treatment technology employing the Nitto Group's reverse osmosis (RO) membranes, which purify water by filtering out impurities, to recycle wastewater and effluents generated on site. At these sites, this technology enables the recycling of up to 90% of factory effluents.

Furthermore, through disclosure in line with the Taskforce on Nature-related Financial Disclosures (TNFD), we identified and assessed priority locations from the perspectives of water stress and drought risk, among other factors. Based on these results, along with potential financial risks associated with water shortages, we have identified key sites where efforts to reduce water intake and promote water recycling should be prioritized. Building on these initiatives, we have established new fiscal 2030 targets for two priority locations: at the Kameyama Plant, increasing the water recycling volume to at least 420 ktons per year; and at the Shiga Plant, achieving 100% of recycled water utilization ratio in manufacturing processes.

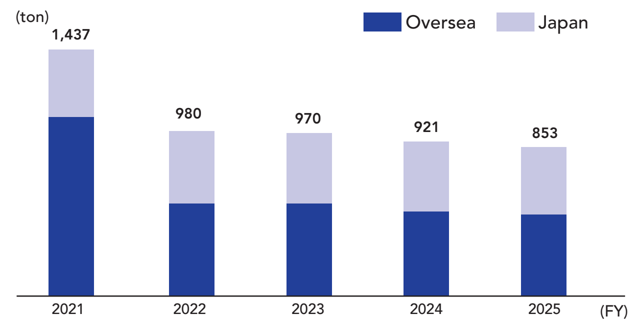
■ Prevention of Air Pollution

Volatile organic compounds (VOCs) can cause PM2.5 and photochemical smog, and curbing their emissions remains a challenge. As part of its efforts to minimize any impact on the environment surrounding our plants and on employees' health, the Nitto Group is dedicated to reducing VOCs both in Japan and abroad. In fiscal 2025, we reduced VOC emissions by 68 tons compared with the previous fiscal year.

Following the TNFD disclosure standards, we identified and assessed our dependencies and impacts on nature. Based on these results, together with VOC emissions data, we have selected priority locations where VOC emissions reduction efforts should be prioritized. Building on these initiatives, we have established a new fiscal 2030 target to reduce VOC emissions at a priority site (Nitto Bento Bantçılık San. ve Tic. A.Ş.) by at least 70% compared with the fiscal 2018 level.

We will further promote solvent-free manufacturing through ultraviolet curing and water-based adhesives, while continuing to curb the use of hazardous substances in accordance with voluntary control standards, sustaining our efforts to reduce VOC emissions.

VOC Emissions



From FY2022, the number of organic solvents included in the calculation has been expanded from 6 major solvents to 24 including other solvents used.

Response to Climate Change

Details for climate change related disclosure and 2025 results https://www.nitto.com/jp/en/sustainability/environment/TCFD/

Recognizing that responding to climate change is an important management issue, the Nitto Group has strategically included such responses in its management agenda. In May 2022, we announced its support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). Every year, we assess the impact that climate-change-related risks and opportunities may have on our business and make revisions as necessary. In fiscal years 2025 and 2026, we have further accelerated our response to climate change and, in order to enhance its effectiveness, established new targets and indicators, including GHG emission reduction targets by scope.

■ Governance

The Nitto Group is formulating and promoting short- to medium-term and long-term strategies including environment for each issue by establishing a sustainability governance system, where the Corporate Strategy Meeting body plays the central role under the direction and supervision of the Board of Directors.

In addition, in order to increase the effectiveness of environmental initiatives including climate change response, we have established the Global Green Committee led by the Vice President in charge of promoting climate change-related issues and strengthen cross-organizational coalitions while examining strategies and implementing and promoting countermeasures against the issues.

We place ESG (Environment, Society and Governance) at the core of its management. As such, rather than establishing a general sustainability committee or ESG committee, we use the Corporate Strategy Meeting, chaired by the President & COO and comprising of all Vice Presidents, as a platform to discuss the promotion of ESG management. This enables us to incorporate ESG into management in a swift and appropriate manner, and to achieve governance that ensures higher feasibility by integrating the company's sustainability and growth strategy.

■ Risk and Opportunity Management

Regarding key risks and opportunities related to climate change in business activities, the Nitto Group understand the impact of changes in the internal and external environment; evaluates and identifies (selects) relative importance based on the "magnitude of impact" on business in the case of an incident and the "possibility of occurrence"; and determines the priority of the risks and opportunities.

The key risks and opportunities will be monitored by business execution departments and regional management teams in collaboration, while the department responsible for environmental issues will assume responsibility for managing them. Information regarding monitored risks and opportunities, together with information managed by other special function departments, will be reported and deliberated monthly at the Corporate Strategy Meeting, which consists of Directors and Vice Presidents. The results of the deliberation will be instantly instructed to each responsible department and countermeasures will be promptly taken to strengthen controls. The progress of the implementation and improvement will be again reported to the Corporate Strategy Meeting to increase the effectiveness of the Group management.

As a group, we manage risks and opportunities comprehensively by integrating them with other key risks that significantly impact our business activities.

Type of risk/ opportunity		Event	Assumed risks and opportunities	Countermeasures	Indicators	Targets (FY2030)
Transition risks	Policy and laws and regulations	Strengthening of low carbon regulations	An increase in transition costs to low GHG-emitting raw materials	Conversion of raw materials to alternatives, weight reduction of products Promotion of the development of recycled materials in cooperation with suppliers	Reduction of raw material usage GHG emissions (Scope 3)	– 1,460 kton or less
			A substantial increase in renewable energy procurement costs due to the spread of renewable energy	Implementation of the Domestic Renewable Energy Procurement Master Plan Promotion of PPA procurement	Renewable energy ratio	100% (2030: in Japan) (2035: in group-wide)
			An increase in capital expenditures due to the spread of renewable energy	Introduction/Installation of solar power generation system on the premises		
		An increase in GHG emission price	An increase in taxation costs due to the increased introduction of carbon taxes and carbon levies	Use of renewable energy, shifting to solvent-free processes, and improving infrastructure and utility efficiency	GHG emissions (Scope 1) GHG emissions (Scope 2)	330 kton or less 70 kton or less
	Technology	Transition to low carbon products due to investment in new technologies	A substantial increase in capital expenditures due to the development and introduction of high energy-efficient technologies	Promotion of solvent-free technology Improvement of infrastructure and utility efficiency		
	Industry/ market	A substantial increase in raw material prices	An increase in petroleum-derived raw materials procurement costs due to soaring fossil fuel prices	Effective utilization of resources	Reduction of raw material usage GHG emissions (Scope 3)	– 1,460 kton or less
			An increase in petroleum-derived raw material costs due to carbon taxes and other taxes in the upstream of the value chain	Effective utilization of resources (product design, reuse, recycling, etc.) Promotion of the shift from oil-based raw materials to sustainable materials	Sustainable materials procurement ratio Resource utilization ratio GHG emissions (Scope 3)	30% or more 69% or more 1,460 kton or less
			An increase in energy prices due to soaring fossil fuel prices	Promotion of energy saving, shift to solvent-free processes, electrification	GHG emissions (Scope 1) GHG emissions (Scope 2)	330 kton or less 70 kton or less
Physical risks	Acuteness	Occurrence of abnormal weather and natural disaster	Damage to the company's buildings, facilities, infrastructure, etc., plant shutdowns, and lost opportunities due to a flood, high tide, etc.	Promotion of business continuity management at an individual Nitto-Group business location level	Continuous implementation of BCM at a group level and an individual business location level	–
			Suspension of operation at the company's plants, loss of opportunities due to major suppliers being hit by a flood, high tide, etc.	Promotion of sustainable procurement	BCP planning at partners System to check the safety of and impact on partners	–
Opportunities	Products/ services	An increase in demand for low-carbon products	An increase in revenue from products contributing to the environment due to increased demand for recycled products	Expansion of the PlanetFlags™	Flags revenue ratio	50% or more
		An increase in demand for medical-related products	An increase in revenue from medical-related products due to an increase in health damage, such as infectious diseases due to rising average temperature	Expansion of the HumanFlags™		

■ Strategy

The Nitto Group carried out a scenario analysis regarding transition risks and physical risks and opportunities expected due to climate change. The results of the scenario analysis have been incorporated into the Nitto Group Carbon Neutral 2050, as well as 2030 management targets and the medium-term management plan Nitto RISE 2028. We have promoted initiatives to remove solvents, save energy, use renewable energy, and create products that contribute to the environment, and confirmed that it would be able to minimize risks and maximize opportunities, and that the strategy would be useful.

■ Indicators and Targets

The Nitto Group ensures that the countermeasures are implemented to minimize risks and maximize opportunities and has established 2030 management indicators and targets to regularly monitor and manage the progress of those countermeasures. In fiscal years 2025 and 2026, we have further accelerated our response to climate change and, in order to enhance its effectiveness, established new targets and indicators, including GHG emission reduction targets by scope.

Response to Nature-Related Issues

Details for nature related disclosure and 2025 results https://www.nitto.com/jp/en/sustainability/environment/TNFD/

The Nitto Group considers its response to nature-related issues as a critical management issue. Every year, we assess and review the impact on our business from our dependencies on and impacts on nature, as well as the associated risks and opportunities, and make revisions accordingly. In addition, in August 2025, we announced its support for the recommendations by the Nature-related Financial Disclosures (TNFD) and registered as a TNFD Adopter.

■ Governance

The Group is formulating and promoting short- to medium-term and long-term strategies including environment for each issue by establishing a sustainability governance system, where the Corporate Strategy Meeting body plays the central role under the direction and supervision of the Board of Directors. In addition, in order to increase the effectiveness of environmental initiatives including those related to nature, a Vice President has been appointed as the responsible officer.

■ Risk and Opportunity Management

We assess and identify the importance of business dependencies and impacts on nature, as well as related risks and opportunities in our business activities, and determine priorities. The LEAP approach is used for assessment and identification. Also, the current assessment scope is limited to the Nitto Group's manufacturing sites and the upstream portion of the value chain for certain products that are considered to have relatively high dependence or impact on nature.

Regarding manufacturing sites, we identified sensitive locations from the perspectives of "Biodiversity importance," "Ecosystems integrity," "Importance of ecosystem service," etc. We designated sites strongly connected to nature or local communities as material locations. Areas where sensitive locations and material locations overlap are particularly identified as key priority locations and we assessed their dependencies on and impacts on nature, and as well as risks and opportunities.

We manage key risks and opportunities related to nature-related issues in the same way as those related to "response to climate change."

Type of risk/ opportunity	Assumed dependencies and impacts	Assumed risks and opportunities	Countermeasures	Indicators	Targets (FY2030)
Transition risk	Water resource utilization	Increase in operational costs due to strengthened water intake regulations	Improving water use efficiency	Water recycling volume at a priority site (Kameyama Plant) Recycled water utilization ratio in the manufacturing processes at a priority site (Shiga Plant)	420 kton or more/ year 100%
	Air pollution	Increase in tax costs due to tighter regulations on the emission of air pollutants	Reduction and proper management of VOC emissions Proper management of other air pollutants	VOC emissions at a priority site (Nitto Bento Bantçilik San. ve Tic. A.Ş.)	70% or more reduction (compared to FY2018)
	Waste emissions	Increase in waste disposal costs due to stricter waste disposal regulations and standards	Promotion of the 3Rs of waste Efficient use of resources	Resource utilization ratio	69% or more
	GHG emissions	Increased procurement costs of petroleum-derived raw materials due to soaring fossil fuel prices	Transition from petroleum-derived raw materials to sustainable materials Reduction of raw material purchase and usage amounts	Sustainable materials procurement ratio Resource utilization ratio	30% or more 69% or more
Physical risk	Water resource utilization	Decrease in production capacity due to water resource reduction	Improving water use efficiency	Water recycling volume at a priority site (Kameyama Plant) Recycled water utilization ratio in the manufacturing processes at a priority site (Shiga Plant)	420 kton or more/ year 100%
Opportunity	Water resource utilization GHG emissions Waste emissions	Increase in sales of membrane products due to rising demand for water recycling products Increased sales of low VOC products due to changes in customer preferences Increased sales of recycled products as a response to waste disposal requirements	Expansion of PlanetFlags™	Flags revenue ratio	50% or more
	Air pollution Water pollution	Increase in sales of medical-related products due to growing health damage from air and water pollution	Expansion of HumanFlags™	Flags revenue ratio	50% or more

■ Strategy

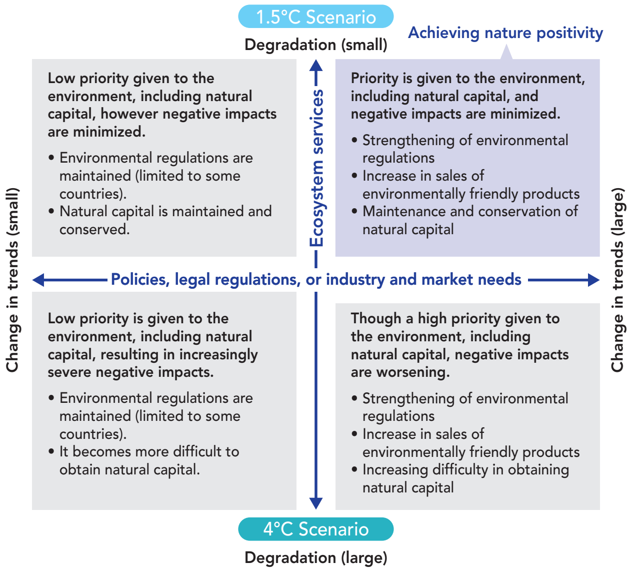
Looking ahead to 2050, the Nitto Group is considering the situations: one where there is a high priority on nature (with growing trends in policies, regulations, or industry and market needs) and where the degradation of ecosystem services is minimized, and another where there is a low priority on nature (with little to no change, or even a decline, in such trends) and where the degradation of ecosystem services is significant. (See diagram below)

We aim to achieve nature positivity by understanding and taking measures to address not only the impacts on its business from major environmental risks and opportunities, including those related to nature, but also its own dependencies and impacts on nature through its business activities.

■ Indicators and Targets

The Nitto Group ensures that the countermeasures are implemented to minimize risks and maximize opportunities and has established 2030 management indicators and targets to regularly monitor and manage the progress of those countermeasures.

Assumed Scenario



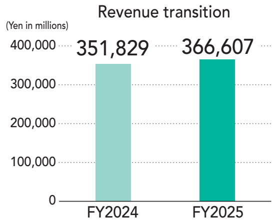
Summary of Results by Segment

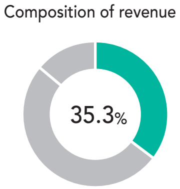
Industrial Tape

For Functional Base Products, revenue increased from the previous fiscal year. Demand for assembly materials for high-end smartphones increased mainly due to the wider adoption of battery bonding electrical release tape. Furthermore, demand increased for process materials used for manufacturing products such as semiconductor memory and ceramic condensers. Automotive materials posted a decrease in revenue as the automotive production volume of Japanese manufacturers in China declined.

Revenue
366,607 million yen 4.2% ↑

Operating profit
51,662 million yen 12.6% ↑





Human Life

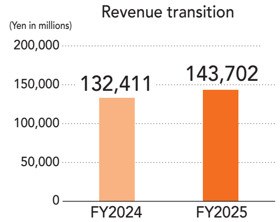
In Life Science, revenue increased from the previous fiscal year. Demand increased for oligonucleotide contract manufacturing and nucleic acid synthesis material (NittoPhase™) which is used for such manufacturing. In addition, production for a large-scale project, which is expected to be commercialized in the future, began in the second quarter. In nucleic acid drug discovery, activities continued toward the out-licensing of therapeutics for intractable cancers.

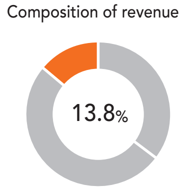
For Membrane (high-polymer separation membrane), revenue did not reach the level of the previous fiscal year. While demand for ZLD (Zero Liquid Discharge) which contributes to zero wastewater and effluent in response to stricter wastewater regulations remained firm in China, demand for high-polymer separation membrane for various industrial purposes decreased.

For Personal Care Materials, revenue increased from the previous fiscal year. The expansion of sales continued for new sanitary material products for diapers and environmentally friendly products using biodegradable technology. In the third quarter, impairment losses on non-current assets of 1,452 million yen were recorded.

Revenue
143,702 million yen 8.5% ↑

Operating profit
-5,041 million yen





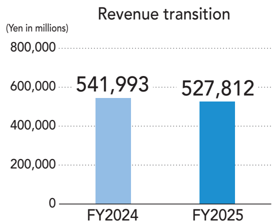
Optronics

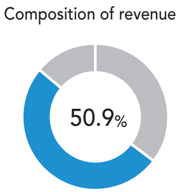
For Information Fine Materials, revenue did not reach the level of the previous fiscal year. As the production volume of high-end notebook PCs and tablet devices progressed favorably, demand for optical films grew significantly. On the other hand, revenue decreased due to the strategic withdrawal from optical films for LCD (Liquid Crystal Display) smartphones and price reductions resulting from material rationalization of process protection films.

For Circuit Materials, revenue increased from the previous fiscal year. Demand for high-precision circuits increased as production of high-end smartphones expanded. In addition, CIS (Circuit Integrated Suspension) remained firm as demand for high-capacity hard disk drives (HDD) for data centers increased due to the spread of generative AI.

Revenue
527,812 million yen 2.6% ↓

Operating profit
149,871 million yen 13.4% ↓



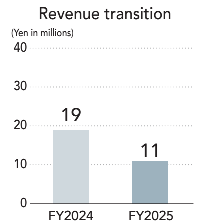


Others

Please note that this segment includes new products that have not generated sufficient revenue yet. In the fields of next generation semiconductors, environmental solutions, and digital health, we are intensively investing management resources on candidates themes for PlanetFlags™/HumanFlags™, aiming for early commercialization.

Revenue 40.6% ↓
11 million yen

Operating profit
-6,971 million yen



*The composition of revenue is not shown because it is a small percentage of the total, as most of the businesses do not yet have sufficient sales revenue.

Business Strategies by Segment

Industrial Tape

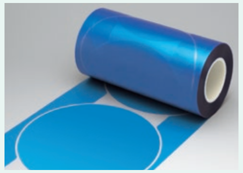
Nitto's unique tape technology helping customers reduce the environmental impact of their products and processes while creating new value

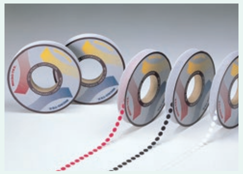
Overview

Segment Profile

The Industrial Tape segment delivers high-performance, high-quality components to a broad range of markets, drawing on Nitto's core technologies, including adhesion and porous formation, along with structural materials, process materials, porous materials, and thermally conductive insulation materials. By applying our "stress-free peeling" technology, which has seen surging demand in recent years, we incorporate various features into our tapes to align with customers' manufacturing processes and product requirements, continuing to create new value in key applications including information devices, displays, semiconductors and electronic components.

In response to growing demand for a circular economy, we continue to develop products that use our release technology and adopt environmentally low-impact materials, reducing CO_2 emissions across the material life cycle and supporting the ongoing shift to a circular society.



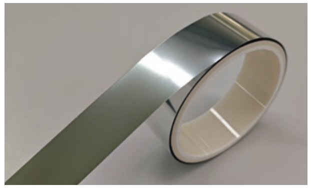


Strengths	
	● Fully leveraging Nitto's core technologies of adhesion, porous formation, and release to provide essential products to customers ● Extensive networks of production sites, R&D centers, and sales channels that enable global marketing of products developed using our proprietary technologies ● A comprehensive product lineup ranging from commodity products to cutting-edge functional materials ● Exceptional development and problem-solving capabilities that address a wide range of customer needs

■ Products

For information devices and displays

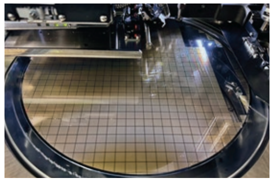
Nitto's primary offering in this field is double-sided tape for information devices, wearable devices, and AR/VR devices. The key competitive advantage lies in our release technology, which maintains strong adhesive performance while allowing easy removal when needed. Electrical release tape, one of our proprietary technologies, reduces its adhesion when electric voltage is applied, enabling the repair and replacement of components without stressing the device, thereby facilitating reuse and improving repairability. Made from recycled raw materials, our eco-friendly tape meets the advanced performance requirements for securing components in devices, including repulsion resistance and strong adhesion. We are also working to ensure traceability across the supply chain to comply with ISCC PLUS and other third-party certifications.



Electrical release tape

For semiconductors and electronic components

Nitto provides adhesive tapes for temporarily fixing workpieces (customers' products such as semiconductor wafers and chips) during semiconductor and electronic component manufacturing processes (shaving, cutting, etc.). These tapes offer strong adhesion for secure attachment, yet can be easily removed without stressing the workpiece once the task is complete, by applying heat or ultraviolet light. While meeting the unique requirements of semiconductors, such as high thermostability, chemical resistance, and chip lamination, we deliver total solutions that combine tapes with laminating devices across diverse processes, including dicing, back grinding, and chip transfer.



Dicing tape that enables chemical treatment and pickup of thin-film chips

For mobility applications

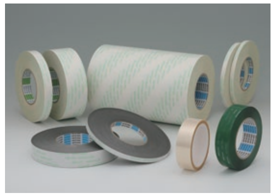
Nitto provides a variety of products essential for the safe operation and comfort of automobiles and aircraft, such as high-performance sealing materials and insulation materials. Our internal pressure adjusting materials combine air permeability with water resistance and have found broad applications in automotive components, which need to block dust while allowing air circulation. As automobiles become increasingly electrified, the number of Nitto products used in xEV batteries and inverters is growing. Our harness protection PVC tape delivers performance equivalent to conventional harness protection components, and replacing those components with this tape helps reduce vehicle weight and CO_2 emissions.

Tapes for protection and binding

Internal pressure adjusting materials

For industrial applications

Here, Nitto draws on two of the Group's core technologies, adhesion and porous formation, to provide removable, highly adhesive double-sided tape, surface protection films for metal and resin, and heat-resistant sheets offering high thermostability, insulation, and low friction. Designed to block water while allowing vapor to pass, TEMISH™ fluorine porous film holds a high market share in healthcare, automotive, and electronic device applications. Nitto also provides numerous products that contribute to reducing environmental impact, such as low-VOC (volatile organic compound) double-sided tape, which helps lower CO_2 and VOC emissions during the product life cycle.



Low VOC double-sided tape

Industrial Tape

Medium- and Long-Term Strategies Delivering distinctive products that address a broad range of market changes to achieve sustainable growth

■ For information devices and displays

Europe and North America are at the forefront of tightening regulations aimed at promoting the recycling and reuse of electronic devices and appliances, and the scope of such measures continues to expand. This trend is expected to stimulate demand for rework, repair, recycling, and reuse, both in customers' products and within production processes. The Nitto Group will further expand its lineup of products and technologies, including release technologies (electric or otherwise) and adhesive properties, and offer solutions that combine these strengths to differentiate itself in the market. We are also focusing on developing products that meet performance requirements distinct from those of conventional devices in response to accelerating trends toward higher functionality and flexibility in the display market, exemplified by foldable smartphones. We will also continue to make capital investments designed to enhance sustainability by reducing environmental impact or through other measures.

Example application of electrical release tape

When used to secure mobile phone batteries, electrical release tape allows for quick and easy battery replacement using an electric current.

■ For semiconductors and electronic components

As demand for process materials and other products used in the manufacturing of advanced semiconductors for AI-powered devices and electronic components continues to expand, we will remain committed to growth investments in these target markets. The rapid rise of AI, which processes vast volumes of data in a short time, has significantly transformed the semiconductor landscape. Meanwhile, as the push for greater semiconductor miniaturization and functionality accelerates, design rules for wire processing are evolving rapidly. Previously, given its critical importance, such processing was confined to front-end processes, where wafer patterning is performed. However, it is increasingly being applied in back-end processes as well, where wafers are diced into chips and assembled into packages, driving stricter requirements for clean environments and chemical resistance. To support rigorous quality control at the micron level, where even trace foreign matter must be controlled, we will invest in people and equipment systematically to develop new products.

In the advanced semiconductor field, we will also further promote the collection and recycling of materials and devices while reducing or eliminating solvent use, in anticipation of growing demand for CO_2 emissions reduction and recycling across the supply chain.

■ For mobility applications

While remaining committed to enhancing the safety and comfort of mobility products, Nitto will intensify its efforts to deliver innovative solutions across the entire powertrain domain, which powers electric vehicles, with the goal of contributing to the realization of a next-generation mobility society. We will also focus on securing design-ins with suppliers of all-solid-state batteries, whose development is being led by Japanese manufacturers and which are expected to replace lithium-ion batteries as that market matures. For internal pressure adjusting materials, we are working to add new value to expand our presence in the electronic device market, in addition to our established automotive lamp applications where we have historically held a strong market share. In May 2026, we completed construction of a new plant in Taiwan for the production of PVC tapes for wire harness protection and binding. There, we plan to develop products that meet customer demand for increased thinness and other performance requirements.

Another ongoing trend drawing our attention is the mandatory use of recycled plastic under the End of Life (ELV) Vehicles Directive in Europe. In response to growing customer demand for recycling, we have begun developing concepts for products that contribute to a circular economy, such as easy-peel tape.

■ For industrial applications

We supply industrial materials to a broad range of markets, including electronics, medical and healthcare, and housing and construction, and these materials contribute to the growth of other businesses within the Nitto Group. As such, we are transforming our business portfolio in line with trends in each fast-changing market and the Nitto Group's updated strategies. For instance, we are applying surface protection films traditionally used in metal processing to electronic component manufacturing processes, and by leveraging double-sided tape technology developed for electronics and automotive parts, we are expanding into mobile device and display component applications. Amid rising ESG awareness and tightening regulations across more countries, we will continue to promote our PlanetFlags™/HumanFlags™ approach and establish ourselves as an Area Niche Top™ and ultimately a Global Niche Top™. Meanwhile, out of concern for safety and environmental impact, we will replace obsolete equipment to improve operational efficiency and reduce CO_2 emissions. Most of the industrial materials Nitto provides are highly versatile, allowing us to draw on a wide range of technologies and expertise developed to date and respond swiftly to changes in material specifications and environmental performance requirements.

Optronics

Supporting a secure and accessible lifestyle and a sustainable circular society (Information fine materials)

"What's new?" —Bringing forward innovations we can proudly present to the world, powered by our strengths (Circuit materials)

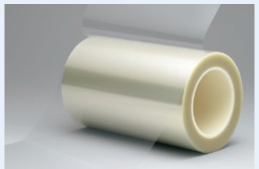
Overview

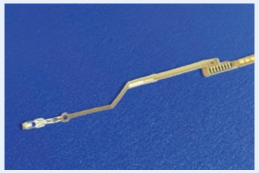
Segment Profile

The Optronics segment comprises information fine materials, including protection films for organic light-emitting displays (OLEDs) and polarizing films with excellent optical properties, and highly transparent and visible adhesive sheets, as well as circuit materials such as CISFLEX™ and high-precision circuits.

In the information fine materials sub-segment, we draw on our proprietary technologies for optical design, adhesion, and sputtering to process various materials and functional films into optical products, working with customers from the product design stage to offer tailored solutions.

In the circuit materials sub-segment, our key technology lies in printed circuit board formation, combining micro wiring with high positioning accuracy. This enables the electrical and mechanical performance required in hard disk drives (HDDs) and smartphones, making our materials essential to our customers' operations.





Strengths

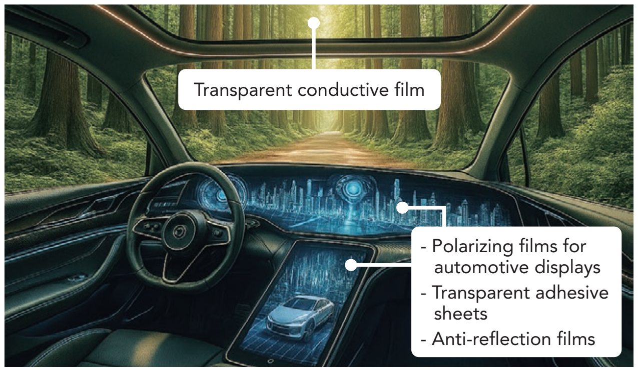
- Information fine materials : A leading position in the high-end market, where technological differentiation is critical, enabling us to identify the most sophisticated customer needs and provide solutions ahead of competitors, along with optical and sputtering technologies with potential applications beyond display-related products
- Circuit materials : Building on an overwhelmingly strong market position in CISFLEX™ and high-precision circuits, Nitto is well-positioned to capture emerging customer needs early and develop and launch new products

Products

Information fine materials

Offering total solutions built on our strengths in optical design and adhesion technologies, Nitto delivers a wide range of display products, including polarizing films, OLED protection films, optical clear adhesive (OCA) sheets, and anti-reflection films. Leveraging our strong presence in each field, we anticipate latent market needs, enabling a steady stream of new products ahead of our competitors. One example is a film that uses ultraviolet rays to alter adhesion levels, allowing process films to double as structural materials and reduce both processing burdens and material use for customers. For automotive display applications, Nitto responds to trends such as greater adoption of OLED and larger-format displays by delivering highly durable polarizing films with a wider viewing angle, together with anti-reflection films, OCA sheets, and other offerings, securing a solid competitive edge in the market.

Beyond display applications, Nitto is also active in the non-display market with high-performance offerings. Using our proprietary sputter deposition method to achieve high transparency, superior surface conductivity, and excellent adhesion, our transparent conductive films serve applications ranging from touch panels to light-control sunroofs in automobiles.



Circuit materials

Key offerings in this sub-segment include CISFLEX™, a thin-film metal base board with the leading market share as a circuit material essential for HDDs, as well as flexible printed circuit (FPC) boards. For smartphones, Nitto delivers high-precision circuits.

The Nitto Group leverages polymer design technology to achieve miniaturization, thin films, and mechanical properties that competitors cannot replicate. We have developed technology for forming fine circuits on various metal substrates using in-house polyimide. Because these constituent materials are developed internally, we can exercise precise control, meeting increasingly advanced performance and functional requirements. Furthermore, our roll-to-roll production system boosts productivity while curbing costs, allowing us to respond to changes in market and customer needs both flexibly and swiftly.

CISFLEX™
Thin-film metal base board

FPC
Flexible printed circuit board

High-precision circuits, low dielectric circuits
For smartphones

Optronics

Medium- and Long-Term Strategies

Transforming the product portfolio to maintain high profitability of the business (Information fine materials) Creating "What's new?" by fostering a corporate culture of enjoying challenges and advancing human resource development to build a bridge to the next generation (Circuit materials)

■ Information fine materials

Nitto continues to make strategic investments to maximize customer value in the growth markets of OLED and automotive applications.

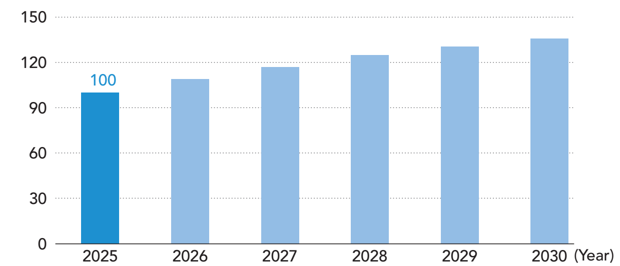
For polarizing films used in smartphones and tablets, we are developing new process technologies to boost productivity and enhance our competitive edge.

We will also advance our total solution business, which integrates multiple display assembly components, including OCA sheets and protection films, both rooted in our adhesion technology. By consistently introducing new technologies and building long-lasting relationships with customers, we aim to increase the number of Nitto components and devices used in each foldable OLED unit, reinforcing our market position. As demand for OCA sheets is expected to grow, we will build a new factory within our Toyohashi Plant to support further business expansion.

In the automotive product market, demand for OLED and larger-format displays is expected to grow alongside advances in self-driving technologies and increasing design flexibility. To capitalize on this trend, we aim to sustain high market penetration by offering highly durable, high-performance solutions across a broad product range, including high-end products, further strengthening our market leadership.

Forecast of Trends in the Area of the Automotive Display Panel Market (Nitto's forecast based on surveys)

* The baseline year of 2025 = 100



In the non-display market, we are working to establish new businesses and applications by leveraging our optical and sputtering technologies. A key example is our transparent conductive films, which offer superior transparency and surface conductivity. These films are expected to see wider adoption in the solar battery field, where demand is projected to grow, as well as in light-control sunroofs for automobiles.

We will also accelerate product development with the goal of achieving Double Recognition as both Global Niche Top™/Area Niche Top™ and PlanetFlags™/HumanFlags™. As an ESG Niche Top Company, we aim to create double recognized products that deliver both economic value and solutions to social challenges. This dual focus will extend beyond growth areas such as OLED and automotive applications to emerging fields, including solar batteries, as we work to sustain our competitive advantage.

Furthermore, through our data-driven management approach, we will make every effort to standardize operations, optimize the organization, and enhance corporate resilience by making prompt decisions based on objective data. By concentrating resources on new product development, we will continue to meet market needs by applying our advanced technological capabilities to deliver new value to customers.

■ Circuit materials

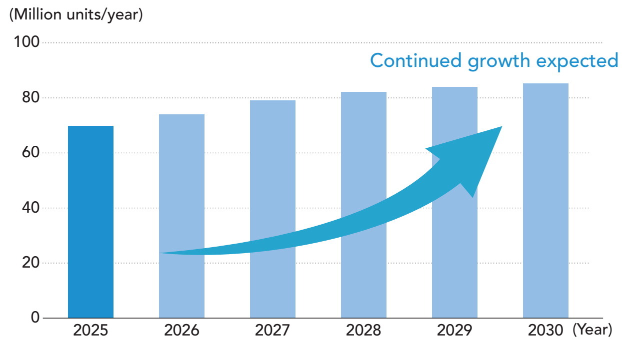
The data storage market is expected to sustain its growth on the back of emerging demand driven by advances in generative AI, in addition to existing demand from cloud services. In this context, HDDs hold inherent advantages over other storage technologies in terms of both supply scalability and cost efficiency. HDD manufacturers have been aggressively ramping up production capacity and developing new models with higher per-unit capacity, which are being deployed in data centers. The Nitto Group has leveraged these market shifts to add new functions that better meet market and customer needs, supporting business growth while increasing customer satisfaction.

As the next growth business following CISFLEX™ and high-precision circuits, we are developing new products with an eye on the XR device and semiconductor substrate markets. Through this approach, we will upgrade our business portfolio by expanding into new products and markets that draw on our core technologies of miniaturization, thin films, and mechanical properties. Meanwhile, we will integrate our elemental technologies to develop one-of-a-kind technologies that bring about innovation. With a focus on emerging domains such as the sensing market, we will continue creating HumanFlags™ that contribute to human society by supporting safe and comfortable lifestyles and the advancement of digital society.

Given the nature of this sub-segment, which includes many products with significant market share and therefore a critical responsibility in market supply, we will reinforce the management of our existing business by leveraging our Vietnam factory as the main production site, continuously ramping up capacity there while progressively transferring production functions from Japan. In parallel, we remain on track to realize our Virtual One Factory initiative globally by fiscal 2027. Surplus resources in Japan generated through this transition will be redeployed to new business development and strategic investments to drive future growth. Investments aimed at reducing environmental impact will also remain a priority. In light of the substantial water requirements for circuit board production, we will focus on initiatives to conserve water resources.

Under the new slogan "What's new?," we aim to transform our organization so that we can deliver an unbroken stream of innovation across a broad range of areas, not only in product development, but also in production processes and business processes and systems.

High-Capacity HDD Unit Forecast (Nitto's forecast based on surveys)



Human Life

For coexistence
with the global environment,
better living, and a fulfilled life

Strengths

- **Life science**: The added value of NittoPhase™ in oligonucleotide therapeutics
  Oligonucleotide contract manufacturing process supporting everything from early-stage development to commercial drug production
  Highly functional, safe DDS development technology cultivated through in-house development of clinical-grade nucleic acid DDS drugs
- **Membranes**: Global sales network and brand strength that have led the market for over three decades
- **Personal care materials**: Global business operations centered on the hygiene market, with a broad product lineup including elastic films, nonwoven fabrics, and sanitary adhesive tapes

Overview

Segment Profile

The Human Life segment is responsible for developing and manufacturing products and services that contribute to "accessible and user-friendly healthcare," "a society where anyone can function," and "a secure and safe future."

In the life science sub-segment, the Nitto Group manufactures polymer beads for oligonucleotide synthesis (NittoPhase™), conducts oligonucleotide contract manufacturing, and engages in drug discovery by leveraging our long-standing expertise in polymer synthesis technology. Our development team is also working on a drug delivery system (DDS) to deliver nucleic acids precisely to targeted areas within the body.

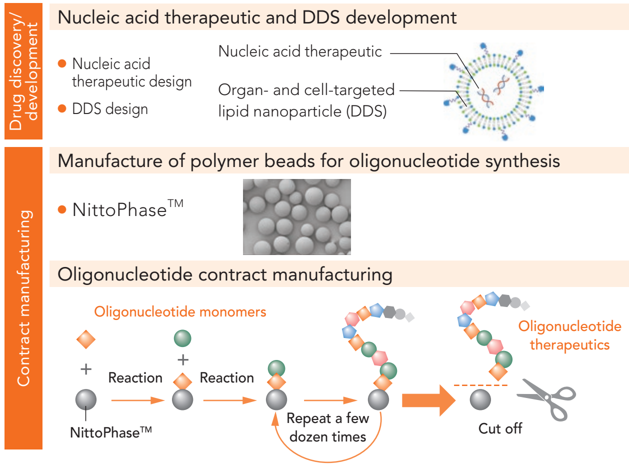
In the membrane subsegment, we contribute to water resource conservation and water pollution prevention by manufacturing and selling polymeric separation membranes used for wastewater treatment.

In the personal care materials sub-segment, we manufacture and sell elastic films, nonwoven fabrics, and functional films for use in products such as diapers and wet wipes.

Products

Life science

Combining the Nitto Group's core technologies and manufacturing expertise, NittoPhase™ offers three distinctive attributes; high purity, high yield, and high versatility, meeting diverse needs across R&D, clinical studies, and commercial production. In the oligonucleotide contract manufacturing business, drawing on extensive experience in oligonucleotide synthesis, we develop manufacturing processes tailored to specific customer requirements and provide advanced manufacturing technologies to support the commercialization of oligonucleotide therapeutics. We are also manufacturing active pharmaceutical ingredients for the commercialization of major projects such as hepatitis B drugs, working to improve productivity and develop new technologies for next-generation oligonucleotide therapeutics, and recycling solvents as part of our environmental programs. In nucleic acid therapeutic development, we not only develop therapeutic drugs but also license our DDS technologies, which deliver drugs to their target sites in the body with cellular-level precision.



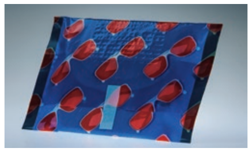
Membranes

Leveraging our proprietary thin-film technology, we manufacture and sell separation membranes used in a wide range of water treatment applications. Our membranes feature superior fouling resistance, a hallmark of the Nitto Group, contributing to longer product lifespans and helping customers reduce energy consumption and resource use. We offer a diverse product lineup, including ZLD*-related products addressing increasingly stringent wastewater regulations across various countries, ultrapure water products supporting the growth of the electronics industry, and products for offshore oil fields. In addition, drawing on deep expertise cultivated primarily in reverse osmosis (RO) membranes and our proprietary simulation technology, we can also propose and design optimal solutions tailored to each customer's specific water quality requirements, a key strength of our business.

*ZLD (Zero Liquid Discharge): A system that combines multiple treatment technologies to recover wastewater as reusable water, minimizing the external discharge of liquid effluent.

Personal care materials

We design, develop, manufacture, and sell diaper materials (elastic films), technical films used as liquid container labels and base materials for tapes, nonwoven fabrics for wet wipes and similar products, and pouch films for feminine care items. Beyond films, nonwoven fabrics, hygienic adhesive tapes, and integrated products, we also develop highly functional products that draw on diverse film design and manufacturing process technologies, including those with elasticity, breathability, and absorbency, as well as sustainable products.



Human Life

Medium- and Long-Term Strategies Transforming the business portfolio to achieve further growth for strong performance

Life science

As the number of clinical cases grows and sales of commercial drugs for major diseases expand, the oligonucleotide contract manufacturing market is projected to grow by 20% annually through 2030. Riding this growth trend, the Nitto Group will strengthen its supply capacity by improving productivity and, in anticipation of intensified price competition driven by market scale, improve its cost competitiveness by investing in the development of new process technologies. To meet increasingly diverse and sophisticated customer needs, we are also further strengthening collaboration between our oligonucleotide contract manufacturing business and our NittoPhase™ polymer beads for oligonucleotide synthesis to accelerate the creation of new value.

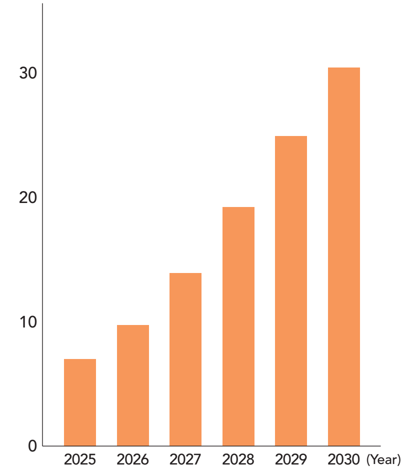
Kinovate Life Sciences, which manufactures NittoPhase™, began full-scale operations at its new San Diego plant in fiscal 2026 to strengthen supply capacity. It is also working to streamline business processes and improve productivity through digital transformation.

Meanwhile, Nitto Denko Avecia has successfully implemented continuous purification technology in the oligonucleotide therapeutics manufacturing process and has delivered meaningful results in contract manufacturing during the mass-production process. This technology contributes to improving the yields of oligonucleotide therapeutics by linking purification columns* and repeating the purification process. Consequently, it helps control manufacturing costs for oligonucleotide therapeutics, which is expected to lead to lower healthcare costs. Furthermore, we will continue our efforts to reduce CO_2 emissions during contract manufacturing of oligonucleotide therapeutics through initiatives such as solvent recycling, thereby contributing to a reduced environmental footprint.

In nucleic acid drug development, we will accelerate our licensing business around more precise DDS design technology in advanced medicine fields such as cell and gene editing therapy. To drive this initiative, we will seek to develop novel technologies early through collaboration with startup businesses and research institutions, and invest more in training the experts who will lead these efforts.

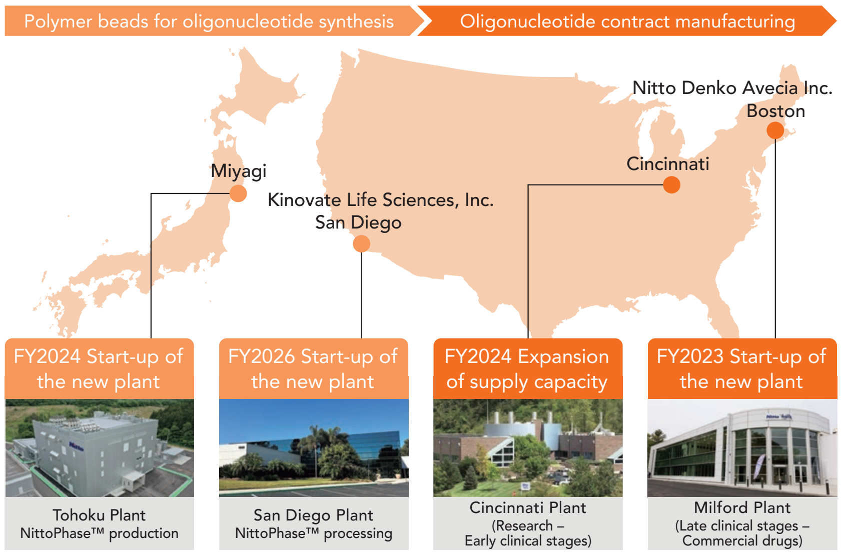
*A cylindrical vessel filled with packing material for extracting target compounds from a mixture

Forecast for the Oligonucleotide Therapeutics Market (Commercial)



Source: Evaluate Pharma data

Progress of the Growth Strategy for the Oligo Business



Membranes

We have identified the Americas, Europe, China, India, and East Asia as our key markets, and are focusing on growth sectors such as wastewater treatment, ultrapure water for semiconductors, and food processing. We are pursuing a portfolio transformation from volume to value, aiming to improve profitability by shifting toward higher-value-added products. We are currently investing in capital expenditure and workforce development to strengthen our ZLD-related product offerings in response to increasingly complex customer needs and to develop new products that further reduce operating costs for our customers. Through these efforts, we aim to help our customers achieve both lower environmental impact and improved profitability. We have also set a key target to significantly reduce energy consumption and waste generation across both the manufacturing and use phases of our products, and are advancing a range of initiatives toward this goal.

Personal care materials

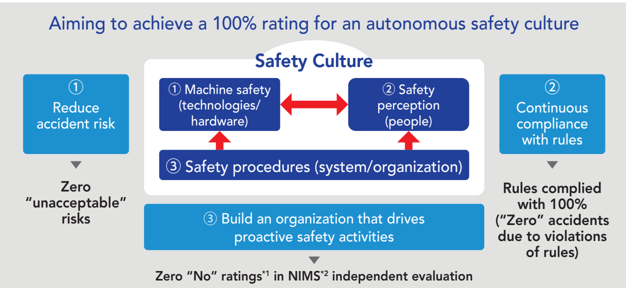
For hygiene products, we aim to expand our target markets for adult and female consumers by broadening sales coverage and offering total solutions. In technical films, we will develop differentiated products for high-growth emerging markets such as semiconductors, mobile devices, and mobility products, thereby acquiring new customers. We will drive business growth by innovating our product portfolio to optimize sales mix alongside transforming our customer portfolio. To build a production system capable of sustaining product development and meeting emerging demand, we will also focus on accelerating capital investments, further improving productivity, establishing robust manufacturing processes, and advancing digitalization.

Safe Manufacturing

■ Fostering a Safety Culture

In its Basic Policy on Occupational Safety and Health, the Nitto Group declares its goal of "achieving zero accidents and injuries," and is working to foster a robust safety culture to create a workplace where employees can work with confidence and peace of mind.

A safety culture comprises three elements: "machine safety (technologies/hardware)," which aims to render hardware (equipment and machines) harmless and reduce accident risk; "safety perception (people)," which is grounded in behavioral psychology and shapes operators' behavior to promote compliance with rules; and "safety procedures (system/organization)," which establish systems and organizational structures to sustain the effectiveness of the first two elements. By setting indicators to monitor safety activities and continuously improve individual initiatives, we aim to build a management framework for operators to engage actively in safety activities. We are also working on safety technology that separates people from machines, with a view to creating unattended manufacturing sites in the future. By establishing a safety culture that integrates technology, people, and systems, we aim to ensure occupational safety at a higher level.



*1 Cases judged as not meeting NIMS criteria
*2 Nitto Minimum Standard, the baseline set of requirements that the Nitto Group must comply with at a minimum

■ Machine safety (technologies/hardware)

In an effort to reduce the risk of accidents from equipment and machines, we are implementing safety measures based on a risk assessment approach. By identifying hazard sources in equipment and operations, we assess the magnitude of those risks and address them appropriately. At the same time, we use AI and other emerging technologies to advance our safety measures.

As part of this effort, we are developing Dr. Safety, a safety diagnosis system that uses AI to analyze image data from equipment and shop floors, identify hazard sources, and support risk assessment. By complementing the risk identification process, which has traditionally relied on individual operators' experience and knowledge, AI reduces overlooked hazard sources and enables broader risk coverage. Scheduled for launch within the Nitto Group in fiscal 2026, the system is expected to enhance the quality of risk assessment and the accuracy of safety measures.

For processes in which operators handle chemical substances, we conduct chemical risk assessment (CRA). In fiscal 2025, we revised the relevant internal guidelines to enhance assessment methodologies for evaluating the potential impact on operators' eyes and skin by incorporating operating conditions, exposure areas, and the hazards associated with each chemical substance. This allows us to assess risks and prioritize actions in a way that more accurately reflects actual operating environments, resulting in more effective safety measures. We are currently rolling out this assessment methodology across our global sites.

Furthermore, we have developed a fire risk assessment methodology focused on the three elements of combustibles, oxygen, and ignition sources to prevent fire accidents in equipment and on shop floors. This methodology evaluates risk by monitoring whether these elements coincide and verifying the status of actions taken, and is continuously applied under our fire management system. The methodology has been implemented at our sites in Japan and will be extended to our global sites going forward.

■ Safety perception (people)

On shop floors, it is not always feasible to mitigate risks from all hazard sources through equipment and machinery measures alone. This being the case, safety activities focused on operators' behavioral psychology form another key pillar, encouraging people to adopt safe practices and comply with rules.

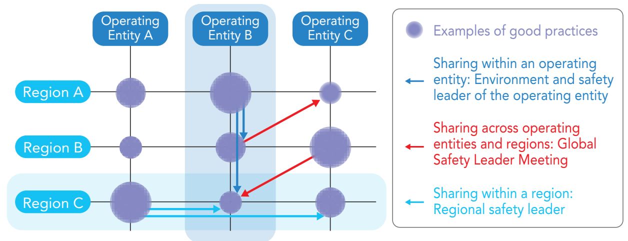
One concrete initiative in this area is AHT (*Anzen Hakken* <Safety Discovery> Training), which incorporates the Safety II approach, a safety management concept focused on ensuring that things go right, by discovering and sharing effective safety practices on-site. By making the factors behind safe operations visible, we improve the reproducibility of those practices. We also promote initiatives grounded in behavioral psychology and workplace environments. These include "positive feedback," in which supervisors praise and recognize operators' safe behaviors; activities in which operators review and validate rules themselves; and the use of "communication cards" to facilitate interaction in multinational workplaces. Together, these initiatives aim to revitalize internal communication and foster a workplace environment where employees are motivated to engage in safety practices.

Nitto has introduced these initiatives on a trial basis at selected production sites. Now that they have proven effective, we plan to expand their adoption to other offices and sites in fiscal 2026.

■ Safety procedures (system/organization)

To ensure that the initiatives related to "machine safety (technologies/hardware)" and "safety perception (people)" function continuously, we have established safety procedures that enable the promotion of safety activities under the Group's common rules while facilitating knowledge sharing across sites to raise the overall level of safety within the Group.

At the foundation of these initiatives is our global safety management system. We periodically convene regional safety leaders at a Global Safety Leader Meeting to share progress on these initiatives and regional best practices, as well as to discuss and communicate Group-wide safety measures. Safety leaders in each region are responsible for implementing these measures locally, providing support, and conducting monitoring activities such as patrols and audits. They also investigate occupational accidents and injuries and promote the horizontal deployment of relevant measures. Best practices identified in one region are shared globally. By ensuring information sharing and coordination across site, regional, and global levels, we ensure the continuous improvement of safety activities. Our goal is to achieve and sustain zero accidents and injuries by building a strong safety culture through robust systems and organizational frameworks.



Sharing Best Practices Throughout the Group Under the Global Safety Management System

By sharing knowledge gained from safety activities first within each region and then across the Group through Global Safety Leader Meetings, we establish a safety culture on a global basis.

■ Management of Chemical Substances

Proper management of chemical substances plays a key role in ensuring the safety and quality of products. The Nitto Group's Basic Policy on Chemical Substance Management sets out the goal of "Offering safety and confidence to our stakeholders." With a full understanding of chemical substance risks, we work to prevent related accidents and injuries, maintain a safe and healthy working environment, and preserve ecosystems and the environment.

In recent years, international regulations regarding PFAS (Per- and Polyfluoroalkyl Substances) and POPs (Persistent Organic Pollutants) have been tightening at a rapid pace, requiring businesses to meet higher chemical substance management standards. As we handle nearly 4,000 types of chemical substances, the Nitto Group manages them at every stage, from the selection and procurement of raw materials to development, production, and sales, across the entire supply chain. Before beginning business with new raw material suppliers, we require verification of the chemical substances contained in their materials and compliance with applicable laws and regulations. During development and production, we assess the risks associated with each chemical substance and manage the work environment accordingly. At the product sales stage, we provide Safety Data Sheets (SDSs) and confirm that our products are properly labelled. By appropriately managing the chemical substances in our products, we ensure risks are identified early at each stage and that safety and regulatory compliance are maintained.

The Chemical Substance Composition Management System serves as the platform for this Group-wide initiative on chemical substance management. By centrally managing composition data for raw materials and products, along with chemical substance-related regulatory information from various countries, the system enables each division to manage their chemical substances by accessing the data they need at each stage of development, procurement, production, and sales. The system also helps determine whether substances are subject to voluntary management and enhances compliance with applicable laws and regulations, establishing a globally-unified chemical substance management framework.

We continuously monitor regulatory revision trends and new legislation in Europe and other regions to assess their potential impact on our business. In particular, for regulations with significant global implications, such as the EU REACH Regulation and the U.S. TSCA, we collect relevant information from the deliberation stage to enable early impact assessment once they are enacted. By sharing this information across the Group, we maintain a framework that allows each division to select materials and design products with potential future regulatory risks in mind. When necessary, we consider switching to alternative materials or submit public comments, ensuring regulatory compliance and product safety.

Meanwhile, in response to the tightening of PFAS regulations, we are exploring alternative materials while addressing customer inquiries and requests. Taking into account regulatory implementation timelines and applicable grace periods for each application, we will implement measures in phases to ensure a stable supply to the market. Through these efforts, we are positioning ourselves to respond to anticipated regulatory tightening with confidence.

■ Improvement of Quality Awareness

To prevent quality fraud and establish a global culture of quality compliance, the Nitto Group is working to raise quality awareness among every employee.

One concrete example is a program designed to build quality awareness by learning from past quality issues and preventing their recurrence through training and dialogue. This program is conducted on an ongoing basis for all employees.

A central component is training content that helps employees understand the underlying mechanisms of quality fraud. In fiscal 2025, we developed training materials in the form of four-frame cartoons illustrating the decisions and assumptions that can arise in day-to-day operations. Through stories addressing "What constitutes quality fraud?" and "Why does quality fraud occur?," the materials allow trainees to see intuitively how a series of everyday decisions can ultimately lead to fraud. Available in 18 languages, including Japanese and English, the materials allow employees to access them in their native language. During Quality Month in November, we also developed animated training materials on quality fraud for use in dialogue-based *Kuruma-za* sessions at each workplace. By organizing discussions around realistic scenarios, we encourage trainees to recognize that such issues could arise in their own work and to exchange views on how to prevent fraud. Through these dialogues, we aim to foster a psychologically safe workplace environment and promote open communication.

To assess how well these initiatives have taken hold, we conduct an annual quality awareness survey for all Nitto employees globally. Based on the findings, we monitor changes in employees' awareness and engagement with quality over time, identify challenges in the field, and use these insights to improve training curricula and related measures. By continuing this integrated approach of training, dialogue, and surveys, we aim to further embed a culture of quality compliance across the organization.

Designing systems and measures in isolation is not enough to ensure product safety and quality. Rather, it is essential to foster and establish them as globally shared values by connecting initiatives for chemical substance management and quality awareness. The Nitto Group remains committed to cultivating a corporate culture that prevents quality fraud and discourages misconduct, with every employee taking ownership of quality.

Four-frame cartoons used as teaching materials in Malaysia

Suppliers	Deliverables	Selection	Procurement	Development	Manufacturing	Sale	Customers
	• Conveying information on chemical substances contained	• Checking applicable laws/regulations • Checking voluntarily managed substances	• Supplier certification system • Surveys on relevant regulations in each country • Surveys on substances to be regulated in the future*1	• Approval for raw materials • Preliminary Safety Examination Regulation • CRA*2 (hazard assessment) • Checking composition information and registration with an in-house system*3	• CRA • Measuring the work environments • Training using the Hazardous Substance Manuals*4 and SDSs*5	• Providing SDSs • Labeling • Issuing a "Yellow Card" during transportation • Supporting UN Transport*6	

*1 Chemical substances (reportable chemical substances) whose legal regulation is under consideration *2 Chemical Risk Assessment *3 Nitto's unique management system for chemicals in products
*4 Nitto's original chemical substance training tool *5 Safety Data Sheets *6 United Nations Recommendations on the Transport of Dangerous Goods

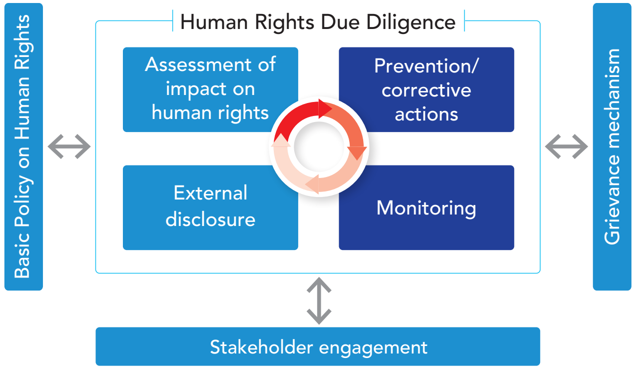
Upholding and Respecting Human Rights

■ The Nitto Group's Approaches to Human Rights

In line with its Basic Policy on Human Rights, the Nitto Group has built a human rights due diligence management system based on the UN Guiding Principles on Business and Human Rights, with the aim of preventing or mitigating any negative impact our business activities may have on human rights.

Basic Policy on Human Rights

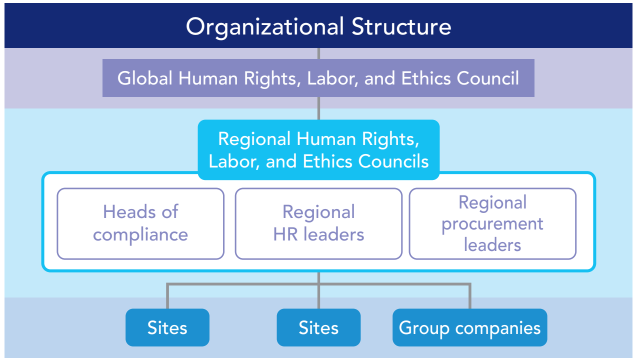
https://www.nitto.com/jp/en/sustainability/social/human/



■ Promotion of Human Rights Initiatives in Collaboration with Human Rights, Labor, and Ethics Councils

The Nitto Group has established Human Rights, Labor, and Ethics Councils comprising members responsible for Group companies and sites. These councils monitor not only human rights and labor issues identified at each location, but also the implementation of remedial measures through a plan-do-check-act (PDCA) cycle. Issues identified at individual companies and sites are shared with regional and global councils to enable coordinated, Group-wide responses.

In fiscal 2025, we established the Group Human Rights and Labor Management Regulations and Risk Assessment Guidance to define a management process for ongoing human rights protection and human rights due diligence procedures.



■ Prevention/Corrective Actions

In fiscal 2024, we conducted a human rights impact assessment to identify priority human rights issues requiring focused attention.

Based on the assessment results, in fiscal 2025 we began identifying attributes of stakeholder groups that may be vulnerable to human rights infringement and have implemented the following preventive measures.

Details on priority human rights issues

https://www.nitto.com/jp/en/sustainability/social/human/

■ Human rights training and awareness

True to the policy of "placing ESG at the core of management," in fiscal 2024 we began offering sustainability training to all Group employees to deepen their understanding of ESG and sustainability. This training provides a structured overview of the fundamental principles employees must follow regarding human rights, based on international human rights standards and internal policies.

■ Elimination of discrimination and inhumane treatment, including harassment

To eliminate discrimination and inhumane treatment, including harassment, we provide harassment prevention, compliance, and workplace mental health training tailored to the specific circumstances of each plant and Group company, in addition to the Group-wide standardized training described above. Some plants also periodically conduct pulse surveys to assess employees' awareness of organizational culture and workplace harassment.

■ Provision of adequate working conditions for workers

We provide all employees with e-learning on working hours to deepen their understanding of working time and attendance management. To ensure appropriate management of working time, access control and computer log-in management systems have been introduced at multiple sites. In fiscal 2024, official working hours at Nitto Denko Corporation were reduced as the number of days off increased.

■ Creating a healthy and safe workplace for workers

We provide a safe and hygienic work environment to prevent accidents and injuries and to ensure that all employees can work free from undue concern. We also strive to maintain the mental and physical well-being of our workforce. As part of these efforts, we have implemented a health management system that enables our occupational health staff to centrally manage employees' health checkup results, medical records, and other health-related data. This system provides employees with feedback on their health checkup results and facilitates stress checks, encouraging self-assessment and improving health literacy. We also administer fatigue check questionnaires to employees whose working hours exceed specified thresholds to raise awareness of the importance of maintaining good health.

■ Monitoring

To ensure compliance and promote ESG management, the Nitto Group maintains the Nitto Minimum Standard (NIMS), a baseline set of internal control requirements that must be met. Based on this standard, we monitor the status of internal controls. Beginning in fiscal 2024, human rights and labor standards were incorporated into NIMS to enable monitoring at each site and Group company. The results are reported to management at the Corporate Strategy Meeting and reflected in activities for the following fiscal year.

Building Resilient Supply Chains

■ Nitto Group's Sustainable Procurement

In order to fulfill our corporate social responsibility across supply chains, the Nitto Group has defined its approach to sustainable procurement around three core pillars: risk management, CSR procurement, and green procurement. Amid changes in the operating environment and business risks, we are strengthening our procurement foundation through the proactive implementation of forward-looking initiatives.

■ Strengthening efforts to reduce procurement risk associated with important raw materials and stabilize their supply

To reduce procurement risk, we identify and visualize potentially high-risk materials used in mass-produced models and take appropriate actions.

To ensure highly accurate visibility aligned with actual conditions, we periodically review our survey and selection criteria to keep our list of high-risk materials up to date, drawing on past supply issues and discussions with suppliers. We prioritize risk assessments for single-sourced materials and, where issues are identified, either work with the supplier to address them or explore alternative materials, thereby mitigating risks.

We will also monitor developments in the external environment, such as changes to chemical regulations, on a continuous and timely basis, to identify and address risks from multiple perspectives.

■ Global expansion and establishment of responsible procurement

The Nitto Group promotes responsible procurement management to develop a sustainable supply chain. We have implemented a global training program on the Basic Policy on Procurement, revised in fiscal 2024, achieving an e-learning participation rate of at least 90% among target employees. We also expanded the letter-of-consent requirement on a global basis in fiscal 2025, steadily enhancing awareness of responsible procurement and compliance.

Furthermore, in addition to our own CSR procurement questionnaire, we use the EcoVadis platform, a third-party rating service, to conduct CSR assessments globally. Fiscal 2025 marked the second year of these assessments. We also conduct follow-up interviews, share the Nitto Group policies, and review findings to reduce risk through ongoing dialogue.

■ Promotion of eco-friendly procurement

In order to reduce GHG emissions associated with raw materials, we collect by-material emissions data (primary data) directly from suppliers and act on the results. For the sustainable materials procurement ratio, one of our Materiality KPIs, we are working with suppliers to increase it. For chemical substances subject to increasingly stringent regulations particularly in Europe, we have established an advance substance content assessment framework to facilitate timely responses to regulatory requirements.

■ Enhancement of supplier engagement

To help suppliers better understand the three pillars of risk management, CSR procurement, and green procurement, as well as the Nitto Group itself, we host partnership meetings, which took place in fiscal 2025 in China, as well as Japan and Europe. At each meeting, we delivered a consistent message and shared our goals with suppliers. We are working to strengthen supplier engagement through the Voice of Supplier initiative, an activity that emphasizes two-way communication, including opportunities for dialogue on ESG-related topics.

■ Response to the procurement act revision

Following the revision of the Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (Subcontract Act) into the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators in Japan in January 2026, we reviewed all business partners in Japan and updated their records, including headcount classifications, to ensure a smooth transition to the new regulatory framework. We also hold annual legal compliance sessions to help employees better understand applicable laws and improve transparency in transaction terms.

■ Increasing Efficiency in Logistics

The Nitto Group considers improving supply chain logistics a key management priority.

To address Japan's "logistics 2024 issue," we continue to improve the situation by promptly transporting finished products to shipping stations where trucks are on standby and notifying logistics providers in advance of any shipping delays. Average truck standby time across eight sites in Japan was approximately two minutes, achieving our target.

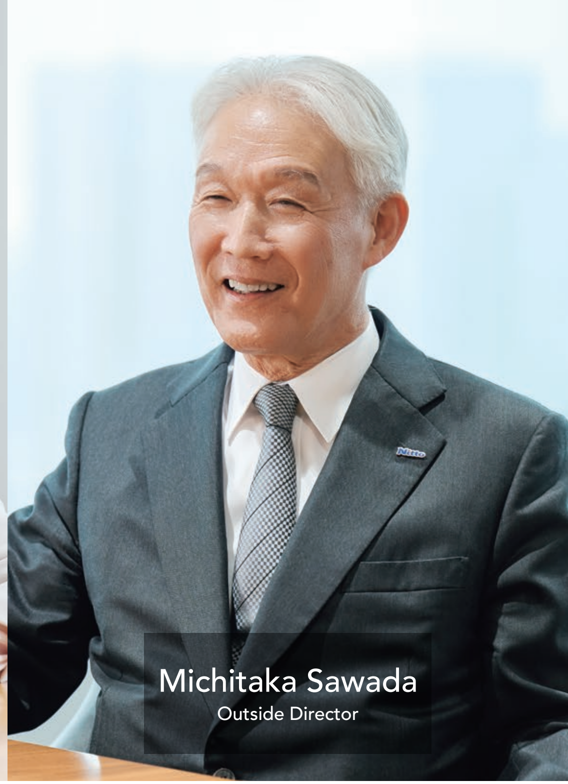
To reduce GHG emissions in logistics, we are working to improve load factors and review transportation routes. In fiscal 2025, logistics-related GHG emissions in Japan fell by 59.3 tons, representing a 1.2% reduction year-on-year, surpassing our self-imposed KPI of 1%. For international logistics, we are tracking GHG emissions, optimizing transportation modes to increase the use of marine and rail transport, and improving load efficiency, among other measures. We are accelerating these initiatives across the supply chain both domestically and internationally.

Starting in fiscal 2025, Nitto joined the Chemicals Working Group of the Physical Internet Realization Council, a government-led industry-academia-government collaboration body, to ensure compliance, optimize transportation, and promote digital transformation (DX) across the industry.

Round-Table Talk Among Outside Directors

Yasuhiro Yamada
Outside Director

Wong Lai Yong
Outside Director



Michitaka Sawada
Outside Director

Mariko Eto
Outside Director

Continuing to Take on Challenges to Drive Steady Growth Over the Next Three Years While Distinguishing Between What to Change and What to Preserve

To navigate an uncertain business environment and achieve the targets laid out in the new medium-term management plan Nitto RISE 2028, further advancing governance through initiatives such as enhancing the effectiveness of the Board of Directors is essential. For this feature discussion, we invited our four Outside Directors, each with distinctive expertise, to discuss from diverse perspectives how Nitto can sustainably enhance corporate value based on a review of its achievements to date.

Unwavering Commitment Steered Nitto Through the Turbulence of Fiscal 2025

- How do you look back on fiscal year 2025?

Sawada Looking at the world in broad terms, it was an exceptionally turbulent year marked by a series of significant changes. Overseas, new conflicts emerged, and Japan experienced a change in government. Against this backdrop, Nitto was able to execute its business plan under strong leadership, while we Outside Directors took on a challenging role of supporting management. In retrospect, I must say that neither was an easy task.

Yamada In both macro and micro financial contexts, a series of uncertain factors, such as fluctuations in foreign exchange rates and interest rates and the accelerated pace of AI investment, affected demand for Nitto Group's products. Looking at Nitto's management conditions, however, our strengths, including the shift toward growth domains and diversified portfolio management, remained evident despite these changes. The management team's dedicated commitment delivered solid financial performance, which I believe deserves high recognition.

Wong Speaking of changes within the Nitto Group itself, we updated our material issues for sustainability. I highly commend the Nitto Group's unwavering commitment to placing ESG at the core of its management, as demonstrated by its clear focus on PlanetFlags™/HumanFlags™, support for the TNFD, and endorsement of the WEPs and The Valuable 500.

Sawada With regard to the management structure, the Nomination and Remuneration Advisory Committee, which I chaired, was established. Among its agenda items was the selection of the new President. The Committee also deliberated on proposed revisions to executive remuneration. It was a particularly demanding year.

Eto I found the process of selecting the new top executive deeply impressive, and I believe it represented a major milestone for the Company. On a personal note, as I entered my third year of tenure, I gained a deeper understanding of the Company and developed even stronger relationships with the other members. Teamwork among Outside Directors was also strengthened, which helped deepen our discussions. I think it was truly a significant year.

Taking Board Effectiveness to the Next Level Following Steady Enhancement Efforts

- How do you rate the effectiveness and governance of the Nitto Group's Board of Directors?

Sawada I have my own definition of "effectiveness." First, governance must be functioning properly. Second, business performance must improve as a result of effective governance. Third, improved performance must ultimately be reflected in the Company's stock price. The linkage among these three elements is critical. For instance, even if business performance and the stock price are rising, effectiveness cannot be said to exist if governance is not functioning properly. Conversely, no matter how well governance functions, it cannot truly be considered effective unless it ultimately leads to improved performance and a higher stock price.

In addition, effective governance has both offensive and defensive dimensions. "Offensive governance" refers to a state in which members of the business execution team proactively take on challenges with support from the Board of Directors, while "defensive governance" refers to supporting members of the business execution team so that they remain on the proper course.

Following this line of reasoning, I believe the Nitto's Board of Directors strikes an excellent balance between offense and defense, encouraging its members to take on challenges while ensuring that unnecessary risks are avoided. The Nitto Group has been able to maintain solid performance amid today's challenging global environment because its governance framework has kept the Board of Directors functioning effectively.

Yamada As Sawada-san rightly pointed out, the effectiveness of our Board of Directors has steadily improved. This is particularly evident in the selection of agenda items on key topics, the transparency of disclosure, and the foundation of its supervisory function.

There are two key points we must address to further enhance the effectiveness of the Board of Directors. The first is the setting of agenda items. We need to strategically determine how much time should be allocated to operational reporting versus discussions on strategy, so that we can maximize the time devoted to key strategic topics. In other words, we must also decide "what not to do."

The second point concerns what to include in reports submitted to board meetings. Rather than merely sharing facts, if we include the underlying reasons and the actions that should be taken next, which we hope will lead to the creation of insight reports, we can expect to deepen our discussions further. Going forward, we will increasingly be required to leverage initiatives led by the Board of Directors to further enhance our corporate value.

Wong Regarding presentations from overseas regions, we may also invite local employees to speak along with Vice Presidents. The Nitto Group has a wonderful culture in which employees, including those in non-managerial positions, are provided with opportunities to actively share their views and speak up. This enables us to obtain firsthand insights shaped by the unique cultural and business contexts that local employees naturally understand.

- Could you share your impressions and thoughts on the composition of the Board of Directors and the way it conducts its discussions?

Wong As I see it, the Board of Directors covers a sufficient breadth of agenda items and allocates an appropriate amount of time to discussions. The Nitto's Board of Directors consists of 15 members, which is relatively large. Nevertheless, this has not prevented the Board from engaging deeply with agenda items and fostering a culture of candid and rigorous discussions among all members.

Eto The Board members all come from different backgrounds and possess unique expertise, enabling them to candidly share insights from their respective perspectives and engage in discussions from a variety of angles. As for myself, I feel free to express my views openly and without hesitation. I truly feel that I am part of an outstanding team.

Sawada From a diversity standpoint, there may be room to appoint a few additional Outside Directors. In doing so, we would need to carefully select the right individuals, but by bringing in people with skill sets different from those of us four, we could expect even deeper discussions from a wider range of angles.

Eto If we begin appointing individuals with diverse backgrounds from within Nitto to the Board in addition to Outside Directors, I expect the quality of discussions to improve further.

Wong With regard to avenues for strategic dialogue, I would welcome occasions outside of Board of Directors meetings where Nitto employees and Directors can engage in open discussions without preconceptions. For us Outside Directors to properly oversee management, access to background information is critical. In this respect, it would be extremely valuable to hear firsthand voices from the front lines on matters such as the extent to which the mindset of placing ESG at the core of management has taken root and where challenges remain.

Enhancing Responsiveness to Contingencies Is the Key to Achieving Nitto RISE 2028

- Fiscal 2025 marked the final year of Nitto for Everyone 2025. How do you evaluate the achievements of the initiatives taken thus far?

Yamada I can say that the direction of Nitto for Everyone 2025 was highly appropriate. What impressed me most was that its core principle of integrating the Niche Top Strategy and ESG Strategy remained firmly intact despite changes in the external environment.

Wong What particularly drew my attention was Nitto's decision to set ambitious indicators, including future-financial targets, in quantitative terms. Although some of these targets have yet to be achieved, the very fact that the Company took on such challenges and successfully enhanced corporate value while yielding meaningful results was, in itself, a triumph.

Sawada During Nitto for Everyone 2025, Nitto achieved some targets ahead of schedule, including its operating margin, making great strides on the financial front. This was attributable not only to the tireless efforts of the management team, but also to the dedication of each individual employee. Another major factor behind these achievements was the shared awareness among all employees of the four focus items and the integrated pursuit of the Niche Top Strategy and Nitto-Style ESG Strategy. Rather than prioritizing the numerical targets themselves, Nitto remained focused on pursuing its goals, with strong financial results following as an outcome. Ultimately, this reflects the proven strengths of the Nitto Group.

Eto I assumed the role of Outside Director in fiscal 2023, during the period of Nitto for Everyone 2025. When I first heard about Nitto's Niche Top Strategy then, I felt it was the kind of strategy every company aspires to pursue. At the same time, I was surprised to learn that the Nitto Group had remained committed to it for many years. Nitto has been able to deliver such a consistent string of strong results because every employee has internalized both the Niche Top Strategy and the principles of ESG.

- How do you assess Nitto RISE 2028, and what are your prospects for it?

Wong In formulating Nitto RISE 2028, we held thorough discussions based on sufficient reports and input to enable in-depth deliberations.

Sawada What merits particular attention is the accuracy of the target-setting process. While many companies formulate plans merely for the sake of planning, the Nitto Group established targets that were ambitious yet realistic and achievable through dedicated effort.

Yamada I believe that the advice from Outside Directors was fully reflected, particularly in discussions concerning business portfolios and growth domains. Well-crafted as it is, Nitto RISE 2028 successfully sets out the direction the Nitto Group should pursue going forward.

Wong Whether the targets can be achieved will depend heavily on business portfolios. This was one priority area in Nitto for Everyone 2025. As the world undergoes significant changes, achieving those targets under the status quo would be difficult. We must therefore approach our ongoing monitoring with a heightened sense of vigilance.

Yamada To sustain the cycle of monitoring and follow-up, it may be effective to broaden the range of scenarios considered. Meanwhile, in terms of portfolio strategy, I believe three elements are particularly important: first, prioritized allocation of resources; second, the reallocation of human resources to growth domains; and third, external alliances through M&As and partnerships. The success of Nitto RISE 2028 will depend not only on doing what should be done but also on discontinuing what should be stopped—in other words, on maintaining the right balance between the two.

Eto In a world and society that are highly unusual in many ways, I hope to see Nitto sustain its growth, equipped both with bold challenges that can surprise the world and with the resilience to respond flexibly to unforeseen circumstances.

Incorporating a New Frame of Reference to Further Refine Traditional Strengths

- What do you think we should work on for the Nitto Group to grow further?

Sawada What the Nitto Group must do next is further strengthen its existing businesses while building new pillars of revenue. There are four key elements to achieving this, which will support sustainable growth and higher corporate value.

First, it must not lose its ability to adapt. The Nitto Group does not hesitate to change course once it determines that doing so is the better option. I am confident that this ability will be instrumental to future growth.

Second, it must listen carefully to customers when developing new technologies. While this is already a strength, there remains room to enhance customer orientation further. Human connections give rise to trust, from which new technologies emerge that can drive innovation in society. I hope Nitto will continue this cycle without deviation.

Third, it must push its ESG initiatives further. ESG and business must always go hand in hand. The Nitto Group has long placed ESG at the center of its management and integrated it into its business activities. To further enhance its corporate value, I believe Nitto should proactively emphasize this stance as the ESG Niche Top Company.

Lastly, leadership needs to sharpen its sense of awareness. In this post-COVID world, it is not uncommon to see a "reversal of common sense," where what was once taken for granted may no longer hold true. If we continue to do things in the way we have become accustomed to, we will eventually become obsolete. I therefore expect leadership to further hone its sensitivity, so that we can respond promptly to shifting times and guide this organization toward sustainable growth.

Yamada To become an ESG Niche Top Company, Nitto has set a target for the double recognized products revenue ratio, which I found highly unique and easy to understand. To achieve this target, three points are critical: ensuring the objectivity, clarity, and consistency of the recognition scheme; embedding it at the operational level by linking it to KPIs; and clearly communicating its relationship to corporate value to investors. This is a highly ambitious initiative in that it visualizes the intersection between economic value and social value, as well as between current value and future value. How this concept can be effectively communicated both inside and outside the Company poses a major challenge.

To further enhance corporate value, it is essential to complement this with a market-driven perspective. Nitto's strengths clearly lie in its technology and Niche Top Strategy. Going forward, however, the speed and strength with which it connects to growth markets will be critical. If Nitto can leverage its inherent technology-driven approaches to connect more rapidly and robustly with growth markets such as AI, semiconductors, next-generation energy, and healthcare, further growth should be assured.

Wong From a strategic perspective, I fully endorse the pursuit of Niche Top Strategies. Furthermore, regarding Double Recognition, I believe we could benefit from a perspective of "backcasting from impact." In ESG as well, moving beyond mere words, the actual impact of Nitto Group's products and technologies on our society—and how this is realized—will become increasingly important.

As a global company, Nitto may have room to increase the proportion of foreign Vice Presidents somewhat. More broadly, it is vital to incorporate fresh concepts and viewpoints into the organization, such as digital expertise and a start-up mindset.

Eto Some things are better left unchanged if one wishes to grow. In Nitto's case, these include *Sanshin* Activities and the integrated approach in which R&D, Production, Sales, and Administration function as one. These are Nitto's growth engines that bridge technology and markets, and I hope they will remain unchanged.

However, achieving further growth also requires change, and I would therefore like to see continued efforts to pursue the next growth drivers. At present, I do not have full visibility of all of Nitto Group's technologies and business domains, but I look forward to being surprised by challenges that the Company has never taken on before.

Striving to Enhance Corporate Value with a Holistic Perspective

- Lastly, could you tell us what roles you consider important as Outside Directors and what you hope to accomplish going forward?

Wong If I were to define the role of Outside Directors in a single phrase, it would be the enhancement of corporate value. The key role and mission of Outside Directors is to carefully consider what actions will most effectively enhance corporate value at any given time, and to provide oversight and advice accordingly. To fulfill this role, I will continue to update my perspectives, staying aligned with the ever-changing world by attending seminars, studying best practices at other companies, and keeping track of global trends.

Sawada As an Outside Director, I consider two points particularly important. First, using a parent-child analogy, Outside Directors are expected to properly fulfill the role of "parents" to the business execution team as "children." If we see them holding back, we must encourage them to take on more challenges, and if they are heading in the wrong direction, we must correct their course. This is similar to the "offensive and defensive" aspects of governance, but it is essential to ensure effectiveness on both sides.

The second point is to guide them to continue changing themselves while also always keeping in mind what they should not change. As they say, there is no growth without change; however, as Eto-san pointed out, some things are better left unchanged. The ability to determine what should change and what should not is a key component of sustainable growth and, in that sense, part of the mission of Outside Directors.

Yamada I understand that Outside Directors are expected to oversee the execution of management with both supervision and advice in mind, rather than acting as a substitute for management. To this end, it is necessary to maintain a slightly broader perspective than that of the business execution team in order to identify key issues and deepen discussions. Only then can we appropriately support management decisions at the right time.

I will continue to express my views on key issues in discussions at future Board of Directors meetings, taking into account decisions made by the business execution team as well as insights from the front lines, while remaining mindful of my role in enhancing the quality of discussions from an external point of view.

Eto As I understand it, the ultimate role of Outside Directors is to participate as part of the team in discussions on matters that influence the direction of management and to help ensure the right decisions are made. I am still deepening my understanding of Nitto's business, but I am determined to work diligently so that I can remain an Outside Director whose contribution is valued even at Nitto's critical moments, which will inevitably arise.

Directors and Auditors

Toshihiko Takayanagi
Corporate Auditor

Yasuko Kobashikawa
Outside Corporate Auditor

Yasuhito Ohwaki
Director,
Senior Executive
Vice President

Yasuhiro Yamada
Outside Director

Hiroyuki Katayama
Director,
Senior Vice President

Mariko Eto
Outside Director

Yasuhiro Iseyama
Director,
Senior Executive
Vice President

Shin Tokuyasu
Corporate Auditor

Tsuyoki Hattori
Outside Corporate Auditor

Wong Lai Yong
Outside Director

Tatsuya Akagi
Representative Director,
President

Hideo Takasaki
Representative Director,
Chairman

Michitaka Sawada
Outside Director

Kiyoshi Sono
Outside Corporate Auditor

Directors

Hideo Takasaki
Representative Director,
Chairman, CEO

Apr. 1978	Joined Nitto Denko Corporation
Jun. 2008	Director, Vice President
Jun. 2010	Director, Senior Vice President
Jun. 2011	Director, Executive Vice President
Jun. 2013	Director, Senior Executive Vice President
Apr. 2014	Representative Director, President, CEO, COO
Apr. 2026	Representative Director, Chairman, CEO (present)

Tatsuya Akagi
Representative Director,
President, COO

Apr. 1993	Joined Nitto Denko Corporation
Jun. 2019	Vice President, General Manager of Information Fine Materials Sector
Jun. 2022	Senior Vice President, General Manager of Information Fine Materials Sector
Jun. 2024	Director, Executive Vice President, General Manager of Information Fine Materials Sector
Apr. 2026	Representative Director, President, COO (present)

Yasuhiro Iseyama
Director, Senior Executive Vice President, CFO
General Manager of Corporate Accounting & Finance Division,
General Manager of Export Control Center

Jun. 1991	Joined Nitto Denko Corporation
Jun. 2017	Vice President, General Manager of Corporate Accounting & Finance Division
Jun. 2020	Director, Senior Vice President, CFO
Jun. 2021	Director, Executive Vice President, CFO
Jun. 2023	Director, Senior Executive Vice President, CFO (present)

Yasuhito Ohwaki
Director, Senior Executive Vice President, CSO, CHRO
General Manager of Corporate Human Resources Division

Apr. 1984	Joined Nitto Denko Corporation
Jun. 2012	Vice President, General Manager of Functional Base Products Sector
Oct. 2013	Vice President, General Manager of Automotive Products Sector
Apr. 2015	Vice President, General Manager of Quality, Environment & Safety Management Sector
Apr. 2017	Vice President, Director, Nitto Denko India Private Limited
Jun. 2017	Senior Vice President
Oct. 2018	Senior Vice President, CPO
Oct. 2019	Senior Vice President, CIO, CPO
Jun. 2020	Executive Vice President, CIO, General Manager of Corporate Sustainability Division
Jun. 2021	Senior Executive Vice President
Apr. 2022	Senior Executive Vice President, General Manager of Human Resources Management Division
Jun. 2023	Director, Senior Executive Vice President, General Manager of Human Resources Management Division
Jun. 2024	Director, Senior Executive Vice President, CHRO
Apr. 2026	Director, Senior Executive Vice President, CSO, CHRO (present)

Hiroyuki Katayama
Director, Senior Vice President, CTO
General Manager of Corporate Technology Sector

Nov. 2006	Joined Nitto Denko Corporation
Dec. 2015	General Manager of Environmental Solutions Research Center, Corporate Research and Development Division, Corporate Technology Sector
Oct. 2021	Deputy General Manager of Membrane Division
Jan. 2022	General Manager of Membrane Division
Jun. 2023	Vice President, General Manager of Membrane Division, Human Life Solutions Sector
Jun. 2025	Vice President, General Manager of Human Life Solutions Sector
Apr. 2026	Vice President, CTO
Jun. 2026	Director, Senior Vice President, CTO (present)

Wong Lai Yong
Outside Director

Sep. 2013	Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)
Jul. 2018	Director, Penang Women's Development Corporation (retired in Sep. 2023)
Oct. 2019	Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)
Jun. 2020	Outside Director, Nitto Denko Corporation (present)
Nov. 2022	Outside Director, Farmnote Holdings, Inc. (retired in April 2026)
Jun. 2024	Outside Director, MITSUI E&S Co., Ltd.
Jun. 2025	Outside Director (Audit and Supervisory Board Member), MITSUI E&S Co., Ltd. (present)

Michitaka Sawada
Outside Director

Apr. 1981	Joined Kao Soap Co., Ltd.
Jun. 2008	Director, Executive Officer, Kao Corporation
Jun. 2012	Representative Director, President and CEO, Kao Corporation
Jun. 2020	Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present)
Jan. 2021	Director and Chair of the Board of Directors, Kao Corporation
Jun. 2021	Outside Director, Nitto Denko Corporation (present)
Jun. 2022	Outside Director, Komatsu Ltd. (present)
Mar. 2024	Special Advisor, Kao Corporation (present)

Yasuhiro Yamada
Outside Director

Apr. 1987	Joined Bank of Japan
May 2018	Executive Director, Bank of Japan (retired in May 2022)
Jun. 2022	Outside Director, Nitto Denko Corporation (present)
Sep. 2022	Outside Director, SUSMED, Inc. (retired in Sep. 2024)
Jun. 2024	Chairman, Custody Bank of Japan, Ltd. (present)

Mariko Eto
Outside Director

Apr. 1994	Joined MITSUI & CO., LTD.
Oct. 2003	Registered with Daini Tokyo Bar Association
Apr. 2015	Joined TMI Associates
Jan. 2017	Partner of TMI Associates (present)
Mar. 2019	Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)
Jun. 2020	Outside Corporate Auditor, Starzen Co., Ltd. (retired in Jun. 2022)
Jun. 2022	Outside Director, Starzen Co., Ltd.(present)
Jun. 2023	Outside Director, Nitto Denko Corporation (present)
Mar. 2024	Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)

*CEO: Chief Executive Officer, COO: Chief Operating Officer, CSO: Chief Strategy Officer, CHRO: Chief Executive Human Resources Officer, CFO: Chief Financial Officer, CTO: Chief Technology Officer, CPO: Chief Procurement Officer, CIO: Chief Information Officer

Auditors

Shin Tokuyasu
Corporate Auditor (full-time service)

- Apr. 1985 Joined Nitto Denko Corporation
- Jun. 2017 Vice President, Representative Director, Nitto Automotive, Inc.
- Jul. 2018 Vice President, General Manager of Compliance Division
- Apr. 2019 Vice President, General Manager of Corporate Sustainability Division
- Jun. 2019 Corporate Auditor (full-time service) (present)

Toshihiko Takayanagi
Corporate Auditor (full-time service)

- Apr. 1981 Joined Nitto Denko Corporation
- Jun. 2009 Representative Director, Nitto Shinko Corporation
- Aug. 2014 Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd.
- Apr. 2018 Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch
- Jun. 2018 Senior Vice President
- Jun. 2020 Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan
- Jun. 2023 Corporate Auditor (full-time service) (present)

Yasuko Kobashikawa
Outside Corporate Auditor

- Feb. 2001 Registered as a Certified Public Accountant
- Jun. 2006 Established MIKASA&Co (retired in August 2019)
- Jun. 2015 Outside Director of ARTNATURE INC. (retired in Jun. 2022)
- Dec. 2017 Established JK & CREW Tax Accountant's Corporation (present)
- Jun. 2023 Outside Corporate Auditor, Nitto Denko Corporation (present)
- Jun. 2024 Outside Corporate Auditor, JVCKENWOOD Corporation
- Jun. 2025 Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation (present)

Kiyoshi Sono
Outside Corporate Auditor

- Apr. 1976 Joined The Sanwa Bank, Ltd.
- May 2014 Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Jun. 2015 Chairman, Mitsubishi UFJ Financial Group, Inc.
- May 2017 Vice Chair, Kansai Economic Federation (retired in May 2026)
- Jun. 2017 Outside Director, Nankai Electric Railway Co., Ltd. (retired in Jun. 2024)
- Apr. 2019 Chairman/CAO, MUFG Bank, Ltd.
- Jun. 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in Apr. 2021)
- Jun. 2019 Outside Director, Mitsubishi Motors Corporation (retired in Jun. 2022)
- Apr. 2021 Special Advisor, MUFG Bank, Ltd. (present)
- May 2021 Outside Director, Yomiuri Telecasting Corporation (present)
- Jun. 2022 Outside Corporate Auditor, Sompo Japan Insurance Inc.
- Apr. 2024 Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (Present)
- Jun. 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)
- Jun. 2024 Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)

Tsuyoki Hattori
Outside Corporate Auditor

- Apr. 1979 Joined Tokio Marine Fire Insurance Co., Ltd.
- May 2012 Outside Director, Matsuya Co., Ltd. (retired in May 2017)
- Jun. 2013 Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd
- Apr. 2015 Senior Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in March 2017)
- Jun. 2017 Representative Director & President, Nippon Automated Cargo And Port Consolidated System (NACCS) Inc. (retired in June 2021)
- Jun. 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)

Skills Matrix

Name	Title	Gender	Length of service	Leadership	Technology	Finance	Governance	Sustainability
Hideo Takasaki	Chairman	Male	18	●				
Tatsuya Akagi	President	Male	2	●				
Yasuhiro Iseyama	Director	Male	6			●	●	
Yasuhito Ohwaki	Director	Male	3	●			●	●
Hiroyuki Katayama	Director	Male	-		●			●
Wong Lai Yong	Outside Director	Female	6				●	●
Michitaka Sawada	Outside Director	Male	5	●	●			●
Yasuhiro Yamada	Outside Director	Male	4		●	●	●	
Mariko Eto	Outside Director	Female	3				●	●
Shin Tokuyasu	Corporate Auditor (full-time service)	Male	7			●	●	●
Toshihiko Takayanagi	Corporate Auditor (full-time service)	Male	3	●			●	
Yasuko Kobashikawa	Outside Corporate Auditor	Female	3			●	●	
Kiyoshi Sono	Outside Corporate Auditor	Male	2	●		●	●	
Tsuyoki Hattori	Outside Corporate Auditor	Male	2				●	●

*The table above shows skills specifically expected and is not all-inclusive.
*Director Hideo Takasaki is designated as Leadership only from the viewpoint that it is most important for him to oversee management as Chairman.
*Director Tatsuya Akagi is designated as Leadership only from the viewpoint that it is most important for him to exercise leadership in business execution as President.

Policies and Procedures for Electing and Dismissing Directors and Corporate Auditors

Appropriate Structure of the Board of Directors and Board of Corporate Auditors

Given the current scale of business, the need to facilitate substantial discussions at Board of Directors meetings and Board of Corporate Auditors meetings and to ensure an appropriate number of Outside Directors, and so forth, the Company believes that the appropriate size of the Board of Directors is not more than ten (10) Directors (one third (1/3) or more of whom are Independent Outside Directors). Likewise, the Articles of Incorporation set an upper limit of ten (10). The Company also believes that the appropriate size of the Board of Corporate Auditors is not more than five (5) members (half or more of whom are Independent Outside Corporate Auditors), who are individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, with at least one (1) Corporate Auditor who has sufficient expertise in finance and accounting. Likewise, the Articles of Incorporation set an upper limit of five (5). Furthermore, in order to make important policy decisions in an ever-changing business environment and to exercise a sustained supervisory function, we have identified five qualities, knowledge, experience, etc. (hereinafter collectively referred to as "skills") in "leadership," "technology," "finance," "governance," and "sustainability" for the Board of Directors and Board of Corporate Auditors and believe that a composition that ensures a good balance of such skills will contribute to management.

Appointment and Dismissal of Directors and Corporate Auditors

The Officer Appointment Standards and the Officer Dismissal Standards have been established as described on the right and are applied when appointing or dismissing a Director or Corporate Auditor. In addition, in order to further enhance fairness and transparency in appointment and dismissal of Directors, the Nomination and Remuneration Advisory Committee meets and reports the results of its deliberations to the Board of Directors, and the Board of Directors makes the final decision by taking such report into account.

<Officer Appointment Standards>

1. A person who practices the Nitto Way*
2. A person who can contribute to the Company with the five skills identified by the Company.

*Nitto's unique values, consisting of: "Safety," "Sustainability," "Diversity & human rights," "Customer," "Anticipation of change," "Challenge," "*Sanshin* Activities," "Niche Top," "Speed and perfection," "Corporate culture," "Personal development," and "Sense of ownership"

<Officer Dismissal Standards>

1. An act was committed that was contrary to public order and morality;
2. A violation of the laws and ordinances, the Articles of Incorporation, or any other regulations of the Group was committed, and Nitto suffered a substantial loss or hindrance to Group business operations due to such violation;
3. A material inconvenience was caused to the execution of the duties of an Officer; or
4. Any of the quality requirements set forth in the Officer Appointment Standards is no longer satisfied.

Five Skills Identified by the Company

Skill	Reason for selection
Leadership	For a company to keep growing in a dramatically changing business environment, it needs to make bold business decisions. For this reason, we have chosen leadership qualities and experience in a global organization, such as being part of a management team or a person responsible for a large project at a listed company, or a manager of a venture company, or having a key role in a government, as a skill we seek in our Board members.
Technology	To achieve Nitto's mission, "Contribute to customers' value creation with innovative ideas," we need to keep investing in innovation. For this reason, we have chosen in-depth knowledge in science and technology not only in relation to our existing businesses but also in relation to IT, DX, quality, the environment, safety technologies, and new areas as a skill we seek in our Board members.
Finance	To manage a company, we need scientific investment measures based on financial indicators. For this reason, we have chosen knowledge in finance and accounting as a skill we seek in our Board members.
Governance	The statement, "We place safety before everything else," which is one of the principles of "The Nitto Way," also encompasses "safety in business management." For this reason, we have chosen insights into and board experience in areas such as legal matters, risk management, and labor as a skill we seek in our Board members.
Sustainability	For a company to keep growing, it needs to help build a sustainable society in addition to achieving its own growth. For this reason, we have chosen a background in areas, such as diversity, environmental contribution, and brand value, as a skill we seek in our Board members.

Message from the Chairperson of the Nomination and Remuneration Advisory Committee

From a Fair and Objective Standpoint, We Offer Advice on the Nomination and Remuneration of Management Appropriate for Nitto's Next Stage of Growth

Michitaka Sawada

Outside Director,
Chairperson of the Nomination and Remuneration Advisory Committee

We interviewed Outside Director Michitaka Sawada, who chairs the Nomination and Remuneration Advisory Committee established in June 2025, about the committee's roles and some of the initiatives undertaken in fiscal 2025.

— Why was the Nomination and Remuneration Advisory Committee established? Could you tell us about the background and objectives behind its establishment?

Until fiscal 2024, Nitto had the Management, Nomination and Remuneration Advisory Committee as an advisory body to the Representative Director. Beginning in fiscal 2025, we reorganized our existing committees to establish the voluntary Nomination and Remuneration Advisory Committee (the "Committee"), aiming to further enhance the fairness, transparency, and objectivity of procedures related to the nomination, remuneration, and other matters concerning management. I was appointed the inaugural Chairperson of the Committee. In June 2026, we reorganized the Committee into an advisory body to the Board of Directors, with a structure comprising all Outside Directors, one Outside Corporate Auditor, and the Representative Directors. The Chairperson is elected by Committee members from among the Outside Directors.

Although the Committee is a voluntary body, it plays a vital role in underpinning our corporate governance. With respect to nominations, appointing the top executive is the top agenda item, but the Committee is also actively involved in developing a Board structure that supports such appointments. In electing Directors, the Committee must consider the Board's skill matrix, diversity and the proportion of Outside Directors on the Board. For executive remuneration, the Committee aims to design a remuneration framework suited to Nitto by focusing on key points such as strengthening the link between remuneration and business performance, incorporating future-financial metrics, and increasing the proportion of share-based remuneration from a shareholder perspective.

— A new management structure was launched in April 2026. What process was followed in selecting the new President, and what are your expectations for the new leadership team?

Following the Committee's establishment in June 2025, we held careful and prudent discussions regarding the appointment of the new President upon consultation.

The Committee held in-depth discussions on the profile of a person capable of contributing to Nitto's sustainable growth and the enhancement of corporate value, and evaluated candidates from multiple perspectives. The Committee then reported its conclusion to the Board of Directors, which approved the appointment unanimously.

We expect the new President and management team to deepen their focus on existing businesses while developing the next generation of core profit drivers. What differentiates Nitto from its peers is its customer-focused marketing and sales, technology development that rapidly supports these activities, and the speed of its decision-making. We expect the management team to execute by fully leveraging these strengths, and we are confident in their ability to do so.

For this to happen, the leadership team is expected to play an important role. Key attributes they need include the ability to develop and empower people to realize their full potential, as well as the business acumen to identify opportunities in increasingly volatile and rapidly changing times. Amid a "reversal of conventional wisdom," where what was once taken for granted no longer holds true, and what was once considered irrational now appears rational, we must recognize that traditional approaches may no longer work. We expect the leadership team to sharpen this awareness. Sustainable growth can be achieved only through continuous transformation.

— The executive remuneration system was revised in June 2026. What aspects were considered particularly important in the review?

With the establishment of the Committee, we undertook a bold revision of the executive remuneration system. The previous system was somewhat complex and did not always promptly reflect performance outcomes; we have therefore simplified it and made it more effective as an incentive mechanism, in alignment with the new medium-term management plan. Specifically, as noted earlier, we have strengthened the link between remuneration and business performance, incorporated as many future-financial metrics as possible, and increased the proportion of share-based remuneration from a shareholder perspective. These are the key changes in the new system. After extensive discussion in response to the consultation, the Committee reached this agreement and reported its conclusions to the Board of Directors, which approved them unanimously.

A remuneration system should effectively motivate people and incorporate an appropriate balance of components. Executive remuneration should also align with the employee remuneration system. With these considerations in mind, we will continue our discussions to develop a more well-balanced and coherent remuneration system.

Going forward, we will continue to strive to be a Committee capable of proposing nomination and remuneration practices befitting the ESG Niche Top Company we proudly operate globally.

Corporate Governance

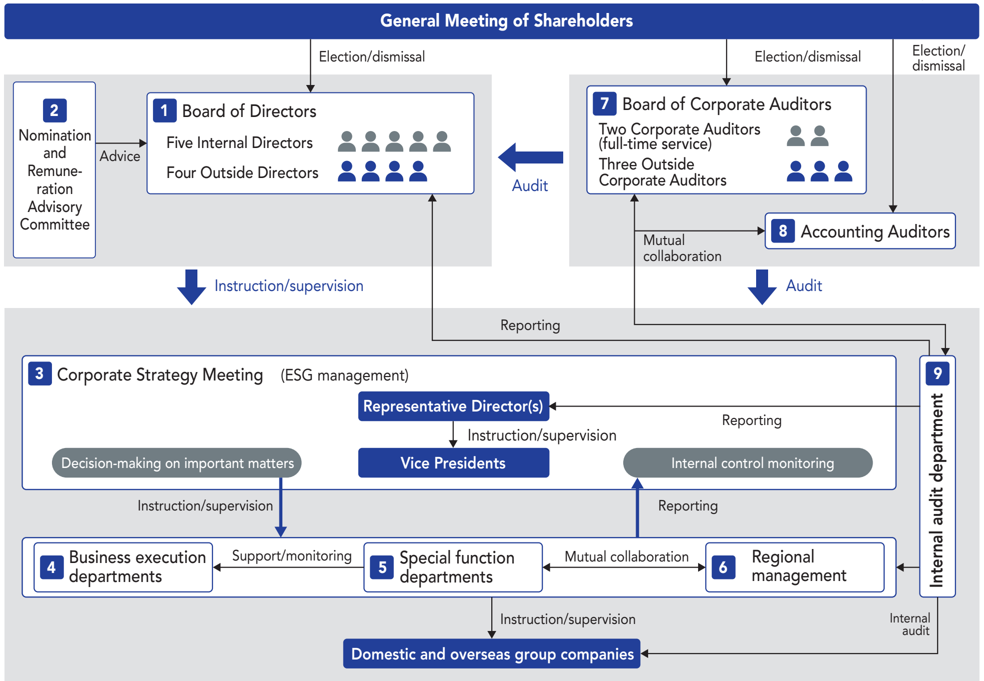
Corporate Governance System

Nitto recognizes that the structure we choose to build for corporate governance is vitally important to facilitate the promotion of business activities. Dedicated wholeheartedly to addressing social challenges, not to mention complying with laws and regulations, we make constant efforts to improve corporate governance to realize a better management system.

As part of this initiative, Nitto maintains the corporate governance structure as below.

Corporate Governance System

As of July 1, 2026



Descriptions and Roles of the Organizations

Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, Chairman	[Composition] Five (5) Internal Directors and four (4) Outside Directors (nine (9) in total) · Decision-making on important matters such as basic policies and strategic management decisions, including management policy, mid-term management plan, and ESG management · Supervision of business execution by Representative Directors, Vice Presidents, etc. · Establishment of internal controls and supervision of its operational status · Decision-making on other legal resolutions
2 Nomination and Remuneration Advisory Committee [Chairperson] Michitaka Sawada, Outside Director	[Composition] Two (2) Representative Directors, four (4) Outside Directors, one (1) Outside Corporate Auditor (seven (7) in total) · Voluntary advisory committee serving as an advisory body to the Board of Directors · A structure where Outside Directors constitute a majority of the advisory committee and important matters are deliberated at the Board of Directors · Advice on important issues including nomination of management team, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Tatsuya Akagi, President	[Composition] Directors (excluding Chairman and Part-time Directors) and Vice Presidents (twenty-seven (27) in total) * Members may be limited for discussion of urgent/technical agenda items. · Decision-making on important management matters · Discussion and decision-making on measures to promote ESG management · Internal control monitoring and decision-making on corrective measures
4 Business execution departments	· Execution of business delegated by the Representative Director(s) · Decision-making on important business operations through meetings hosted by the business execution departments (chaired by the Head of said department).
5 Special function departments	· Support for business execution departments from a professional perspective by special function departments organized by function, such as management strategy, human resources, accounting and finance, etc. · Control and monitor compliance of business execution departments through the formulation of rules and regulations, etc.
6 Regional management	· Established in major overseas regions (Americas, EMEA, China, Korea, Taiwan, South Asia/India/Oceania) · Support, control and monitoring based on the characteristics of each region, implemented in cooperation with special function departments
7 Board of Corporate Auditors [Chairperson] Shin Tokuyasu, Corporate Auditor (full-time service)	[Composition] Two (2) Corporate Auditors (full-time service) and three (3) Outside Corporate Auditors (five (5) in total) · Monitoring of directors' execution of duties through attendance at Board of Directors meetings · Attendance at important meetings, interviews with Directors and employees on the status of their activities, inspection of approved documents and other important documents, inspection of the head office, technology and business divisions and offices, and domestic and overseas group companies, as well as interviews with the Accounting Auditors on their audit reports and exchanges of opinions.
8 Accounting Auditors	KPMG AZSA LLC · Audit of appropriateness and legality of accounting and internal control over accounting
9 Internal audit department	· Internal audits of the accuracy, legitimacy, and reasonableness of management activities at each Group company for the purpose of contributing to the improvement of operations and business performance, independent of the execution of those activities. · Internal audits include QES audits for quality, environment, and safety, and external evaluations on a regular basis.

■ Characteristics of Nitto's Corporate Governance Structure

From the standpoint of unitary audits, independent of execution that contribute to the Company's enhanced governance, Nitto has chosen to be a company with the Board of Corporate Auditors. It has also adopted the executive officer system and promotes quick decision-making by making each Vice President's authority clear. Furthermore, it has established the Nomination and Remuneration Advisory Committee that mainly consists of Independent Outside Officers to build a system to hear neutral opinions. Nitto's corporate governance structure has the following characteristics.

1. Diversity of the Board of Directors and the Board of Corporate Auditors to consolidate multifaceted opinions

Comprehensively taking into account diversity including elements such as the balanced allocation of specializations (e.g., skill, specialty, and length of tenure) to be fully acquired, gender, age, work experience, race, ethnicity, or cultural background, Nitto appoints members of the Board of Directors and the Board of Corporate Auditors, who can practice The Nitto Way or a set of values that expresses what the Nitto Group should cherish and its standard for judgment.

2. Open and robust discussions by the Board of Directors

The Nitto Board Effectiveness Evaluation, which the Company conducts annually, confirms that open and robust discussions on each management issue are among its Board of Directors' strengths.

3. Effectiveness-focused Nomination and Remuneration Advisory Committee

Outside Directors comprise the majority of the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. Chaired by an Outside Director, the Committee holds substantive discussions involving Representative Directors, thereby ensuring the transparency, fairness, and objectivity of the overall process for nomination and determining remuneration (Representative Directors do not participate in discussions of certain matters as part of how the Committee operates). One Outside Corporate Auditor also attends for the purpose of a process audit to ensure the appropriateness of the deliberation process.

4. Triple axis management for adequate resolution of management issues

Nitto has built a system for adequately resolving management issues through supplementary and collaborative operations of the following three axes: the business axis centering on the business execution departments, the functional axis centering on the special function departments, and the regional axis centering on the regional oversight function.

5. ESG management promotion system to ensure effectiveness

Under the slogan, "Place ESG at the core of our management," Nitto has appointed a Director or Vice President in charge of ESG promotion and established a department in charge within a specialized functional department. The relevant department makes proposals on sustainability, including the identification of materiality issues, based on which the Board of Directors and the Corporate Strategy Meeting make decisions. The Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to implement the proposals, ensuring the effectiveness of ESG management promotion.

Please note that Nitto has not established a sustainability or ESG committee to which some members belong. Rather, it designates the Corporate Strategy Meeting for which the President is responsible and to which all Vice Presidents belong as a place to discuss ESG management promotion.

6. Compliance and risk management promotion system leading to voluntary activities

Nitto has appointed a Director or Vice President in charge of compliance and risk management and established a department in charge within the specialized functional departments. These systems promote compliance and risk management. In addition, the department in charge puts together the status of compliance and risks (human rights, human capital, whistleblowing, environment, safety, information security, etc.) to report to the Board of Directors and the Corporate Strategy Meeting on a regular basis. Representative Directors and Vice Presidents, who are members of the Board of Directors and the Corporate Strategy Meeting, instruct the responsible business execution departments and Group companies in their respective areas to make improvements, thereby ensuring the effectiveness of internal control monitoring.

Please note that Nitto has not established a risk committee or a committee for each target risk as a place for final monitoring. Rather, it has a system in place where the Corporate Strategy Meeting for which the President is responsible and to which all Vice Presidents belong receives compliance and risk monitoring results as their own problems.

7. Alignments to ensure audits by Corporate Auditors

It is characteristic of Nitto for Corporate Auditors to participate in its key meetings and strongly align with the departments in charge of internal audits and the Nitto Group's auditors, in order to ensure the effectiveness of audits by Corporate Auditors.

■ Findings on the Nitto Board Effectiveness Evaluation

Nitto conducted an effectiveness analysis and evaluation of its Board of Directors for fiscal 2025 (FY2025), which confirmed that the Board is effective. The following shows a summary of the evaluation process and findings:

1. An outline of the evaluation process

This evaluation was conducted based on the Company's established annual process under which a survey is conducted by a third-party organization. The results are then discussed by the Board of Directors, and a summary of the findings is disclosed. Regarding the evaluation method, in addition to the conventional five-point scale (the current state of the Board, the composition of the Board, the operations of the Board, management strategy and management plans, internal controls and risk management, nomination and remuneration, and an overview), the Company adopted a policy of conducting deliberations using free statements (delegation of authority by the Board, strengthening the supervisory functions of the Board, nomination and remuneration governance, supervision of ESG promotion, and the roles of Outside Directors and Outside Corporate Auditors (collectively "Outside Officers") as the main materials for discussion.

2. Overview of the analysis/evaluation results

The Company has confirmed that one of the strengths of its Board of Directors is that it has open and robust discussions on all management issues. This was found in the FY2024 evaluation, too. It also confirmed that the quality of deliberations has been improved through initiatives to expand the involvement of Outside Officers, including information sharing with management meetings and participation in internal events.

On the other hand, the following issues were identified for future discussions:

(1) The supervisory functions of the Board regarding internal controls and risk management
– There is a need for more systematic and continuous discussions

(2) Discussions concerning institutional design and succession
– There is a need to deepen consideration from a medium- to long-term perspective

(3) Effective utilization of the extensive knowledge and experience of Outside Officers
– There is a need to deepen discussions on the role and operations of the Board

Concerning efforts by the Board to address the challenges recognized in the FY2024 evaluation, the Company established a voluntary Nomination and Remuneration Advisory Committee, and it put in place a framework to further strengthen the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of management.

3. Future actions

With the above analysis and evaluation findings and discussions at the voluntary Nomination and Remuneration Advisory Committee in mind, the Company's Board of Directors will remain committed to further enhancing the effectiveness of the entire Board.

Topics discussed at Board of Directors meetings in FY2025

Management	- Formulation of the new medium-term management plan - Executive succession plan - Discussion on fund usage
Monitoring	- Verification of the implementation status of internal control - Summary of activities in respective regions and special function departments
Others	- Dialogue with investors

Major consultations and deliberations discussed in the Nomination and Remuneration Advisory Committee during FY2025
- Executive succession plan
- Review of remuneration for officers

■ Remuneration for Directors and Corporate Auditors

Given the growing trend among listed companies to align Director remuneration more clearly with business performance and corporate value, and with the aim of strengthening incentives for medium- to long-term value creation, we streamlined and consolidated our existing share-based compensation framework. In addition, we have newly included performance-linked restricted share remuneration as part of our medium- to long-term performance-linked compensation structure.

■ Executive Remuneration Policy

1. Basic policy

- The content of remuneration shall be such that Nitto Persons*1 are allowed to be appointed as Directors or Corporate Auditors.
- The remuneration structure must motivate Directors to contribute to Nitto's sustainable growth and the enhancement of its corporate value over the medium and long term.
- The remuneration determination process shall be fair and transparent.

*1 In addition to meeting the basic requirement of having profound insights and high levels of expertise acquired from past experience, a Nitto Person is a person who can comprehend and practice Nitto's Corporate Philosophy, deliver results, and keep taking on new challenges.

2. Components of remuneration

The remuneration structure for Directors (excluding Outside Directors) shall consist of (1) basic remuneration as fixed remuneration, (2) bonuses as short-term performance-linked remuneration, and (3) performance-linked restricted share remuneration as medium- and long-term performance-linked remuneration.

From the perspective of their roles and independence, the remuneration for Outside Directors and Corporate Auditors shall consist solely of (1) basic remuneration.

Type	Category	Evaluation indicators	Summary of remuneration	Eligible recipients
Fixed remuneration	Basic remuneration (cash)	-	An amount commensurate with the position, responsibilities, etc. shall be paid monthly.	All Directors/ Auditors
Short-term performance-linked remuneration	Bonus for Directors (cash)	Operating profit ROE Individual evaluation results	To be paid after the end of the relevant fiscal year for the purpose of raising awareness of improving the Nitto Group's performance for each fiscal year.	Director*2
Medium- and long-term performance-linked remuneration	Performance-linked restricted share remuneration	Operating profit Operating profit to revenue ROE ESG initiative results	To be paid at the end of three fiscal year, which coincide with the period of the Medium-term Management Plan, as an incentive for achieving the Nitto Group's targets under the plan and increasing the share price.	Director*2

*2 Excluding Outside Directors

3. Policy related to the designing of the remuneration level

A group of major companies of a similar scale in the same industry shall serve as benchmarks to ensure a competitive level vis-à-vis industry standards.

4. Evaluation indicators and the reasons for their selection

Remuneration components	Evaluation indicators	Reason for selection
Bonus for Directors	Operating profit*1	To incentivize Directors to generate profit through business activities in the relevant fiscal year
	ROE*1	To incentivize Directors to create shareholder value
	Individual evaluation results	To incentivize Directors to perform their individual duties and achieve results
Share-based remuneration	Operating profit*1 and operating profit to revenue	To incentivize Directors to generate quality-backed profit targeted by the Niche Top strategy
	ROE*1	To incentivize Directors to create shareholder value
	ESG initiative results	To incentivize Directors to resolve social issues

*1 Operating profit and ROE are positioned as the Company's most important KPIs and are reflected in both bonuses for Directors and share-based remuneration in order to incentivize Directors to create short-term and medium-and long-term results.

5. Policy for determining remuneration proportions

In light of the role-related responsibilities and performance-related responsibilities of each position, the remuneration structure shall be designed in a way that the higher the position, the greater the linkage to short-term and medium- and long-term performance.

<Reference> Breakdown of Remuneration for the President

Performance Indicators				Component ratio of remuneration by performance		
Operating profit	Operating profit to revenue	ROE	Progress in ESG Initiatives	Basic remuneration	Bonus	Share remuneration
220 billion yen	20%	14%	100%	20%	34%	46%
330 billion yen	20%	21%	150%	14%	38%	48%

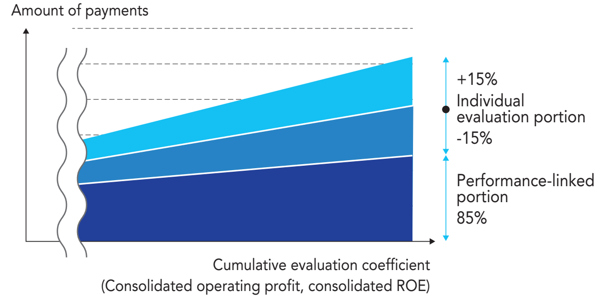
6. Policy related to the determination process

Directors	General	Taking into account the Company's business content, management environment, and other factors comprehensively, the Board of Directors shall make decisions after consulting the Nomination and Remuneration Advisory Committee and obtaining its advice.
	Basic remuneration	Since fixed remuneration (basic remuneration) requires detailed arrangements, such as the monthly payment date, the President shall determine the specific details based on a delegation by the Board of Directors. However, the amount payable to each Director shall be in accordance with predetermined standards.
	Bonus for Directors	Since short-term performance-linked remuneration (bonuses for Directors) requires the President to evaluate the individual achievement of targets by Directors (excluding Outside Directors), the President shall determine the specific details upon delegation by the Board of Directors. However, most of the performance-linked portion shall reflect quantitative results, and the individual evaluation by the President shall be limited to the predetermined range (-15% to 15%).
	Share-based remuneration	For medium- and long-term performance-linked remuneration (share-based remuneration), the Board of Directors shall determine the calculation method for evaluation indicators and other matters after consulting the Nomination and Remuneration Advisory Committee and obtaining its advice. The calculation method shall be disclosed promptly upon determination by the Board of Directors. The number of shares to be granted to each Director shall be determined by the Board of Directors based on the standard number of shares predetermined and the results under the above calculation method.
Corporate Auditors		To be determined by the Board of Corporate Auditors upon consultation among the Corporate Auditors.

■ Bonus for Directors

Paid to Directors (excluding Outside Directors) pursuant to the executive remuneration policy.

<Reference> Breakdown of Bonus for Directors



■ Performance-Linked Restricted Share Remuneration

1. Overview of performance-linked restricted share remuneration (hereinafter, the "System") during the performance evaluation period

Depending on the degree of achievement of the performance targets during the performance evaluation period (from April 1, 2026 to March 31, 2029) corresponding to the term of the medium-term management plan, Nitto RISE 2028, monetary remuneration claims shall be paid to eligible Directors after the end of the performance evaluation period in order to grant restricted share remuneration, and by having all such monetary remuneration claims contributed in kind, shares of the Company's common stock with transfer restrictions until retirement, to be issued or disposed of by the Company, will be allotted to the eligible Directors.

The amount of the monetary remuneration claims to be paid to eligible Directors shall be calculated by multiplying the number of shares to be granted by the share price at the time of payment*2.

*2 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors of the Company concerning such issuance or disposition (or, if no trading took place on that date, the closing price on the most recent trading day preceding that date).

2. Eligible Directors

Five (5) Directors (excluding Outside Directors)

3. Timing of payment

July 2029 (subject to change)

4. Method for calculating the number of shares to be granted

(1) The Company shall grant points, the number of which is determined by the Board of Directors in accordance with position and responsibilities, to eligible Directors who assume the position of Director (including reappointed Directors) on the date of an Ordinary General Meeting of Shareholders during the performance evaluation period, at the time of their assumption (no points shall be granted to interim Directors appointed on a date other than the date of an Ordinary General Meeting of Shareholders). The points granted to eligible Directors consist of a performance-linked portion and a fixed portion.

Performance evaluation period: From April 1, 2026 to March 31, 2029

(2) The points thus granted shall accumulate each year until the end of the performance evaluation period, and the final number of points shall be fixed upon completion of the performance evaluation at the end of that period (for details, please see 5. below).

(3) The number of shares to be granted to eligible Directors shall be determined with one point converted into one share of Nitto's stock (fractions below 100 points will be omitted).

(4) The Company shall provide monetary remuneration claims*1 for payment in kind to each eligible Director, based on the number of shares to be granted as determined in (3) above. The amount of said monetary remuneration claims shall be determined by the Company's Board of Directors within a range not particularly advantageous to each eligible Director who receives the shares of the Company's stock.

*1 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors resolution on their issuance or disposal (or the closing price on the most recent preceding trading day if no transaction takes place on such business day)

(5) Upon the issuance of new shares or the disposal of treasury shares by the Company, each eligible Director shall acquire shares of the Company's common stock with transfer restrictions by making an in-kind contribution of the monetary remuneration claims described in (4) above.*2

*2 Conditions for the payment to eligible Directors are as follows.
- Each eligible Director has signed a restricted stock allotment agreement.
- Pursuant to the provisions of Article 208, paragraph (2) of the Companies Act, the entire amount of the monetary remuneration claims granted shall be contributed in kind in exchange for the restricted shares.

5. Method for calculating the specific number of shares to be granted under the System

(1) The standard number of points to be granted shall be as follows.

Standard number of points to be granted

Position	Performance-linked portion	Fixed portion
Chairman	53,100	12,200
President	53,100	12,200
Director, Senior Executive Vice President	16,000	4,300
Director, Executive Vice President	5,900	3,800
Director, Senior Vice President	5,400	2,700
Director, Vice President	4,300	2,400

(2) The number of points to be granted for the performance-linked portion shall be calculated by multiplying the total number of points for the performance-linked portion granted for each year during the performance evaluation period by the grant rate based on financial results (consolidated operating profit; hereinafter, "operating profit"), consolidated operating margin (hereinafter, "operating margin"), consolidated ROE (hereinafter, "ROE"), and future-financial results (outcomes of ESG initiatives) for the year ending March 31, 2029, the final fiscal year of the performance evaluation period. The number of points to be granted for the performance-linked portion shall be calculated as follows.

Number of points to be granted for the performance-linked portion = Standard number of points to be granted × Payment rates by performance

Payment rates by performance = Payment rate for operating profit and operating profit margin <1> × Weight of operating profit and operating profit margin <2>
+ ROE payment rate <1> × ROE weight <2>
+ Payment rate for ESG initiative results <1> × Weight of ESG initiatives <2>

(3) The performance-linked payment rate under the above calculation method shall be determined based on the weighted payment rate for each performance indicator. The reasons for selecting each evaluation indicator, the range of fluctuation of the payment rate, and the applicable weightings are as follows.

Evaluation indicators		Reason for selection	Range of payment rate <1>	Weight <2>	Range of payment rate for the overall performance-linked portion <1>×<2>
Financial	Operating profit and operating profit to revenue	To incentivize Directors to generate quality-backed profit targeted by the Niche Top strategy	0 – 150%	0.5	0 – 75%
	ROE	To incentivize Directors to create shareholder value	0 – 150%	0.2	0 – 30%
Future-financial	ESG initiative results*3	To incentivize Directors to resolve social issues	0 – 150%	0.3	0 – 45%

Total: 0 – 150%

*3 The outcomes of ESG initiatives shall be determined by taking into comprehensive consideration the progress made toward the future-financial targets (product related, environmental, and human capital related targets) outlined in the medium-term management plan, Nitto RISE 2028.

(4) The payment rate for each evaluation indicator shall be calculated as follows.

Evaluation indicators		Payment rate calculation methods
Financial	Operating profit, operating profit to revenue	(see table below) *1 The achievement rate is operating profit for the year ending March 31, 2029, as a percentage of the operating profit target for the medium-term management plan, Nitto RISE 2028 (220 billion yen).
	ROE	(see table below) *4 The achievement rate is ROE for the year ending March 31, 2029, as a percentage of the ROE target for the medium-term management plan, Nitto RISE 2028 (14%).
Future-financial	ESG initiative results	(see table below)

Operating profit	Operating profit to revenue: Below 20%	Operating profit to revenue: 20% or more
Below 220 billion yen	0	50% x Achievement rate*1
220 billion yen or more	50% x Achievement rate*1, *2 *2 Up to 75%	100% x Achievement rate*1, *3 *3 Up to 150%

*1 The achievement rate is operating profit for the year ending March 31, 2029, as a percentage of the operating profit target for the medium-term management plan, Nitto RISE 2028 (220 billion yen).

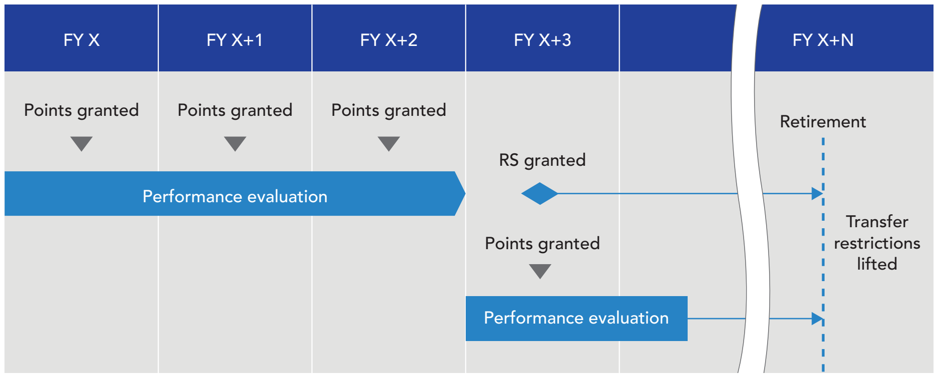
ROE	Payment rate
Below 10%	0%
10% or more but below 14%	50% x Achievement rate*4
14% or more	100% x Achievement rate*4, *5 *5 Up to 150%

*4 The achievement rate is ROE for the year ending March 31, 2029, as a percentage of the ROE target for the medium-term management plan, Nitto RISE 2028 (14%).

ESG initiative results	Payment rate
Progress	0 – 150%

The System shall apply to Vice Presidents as well.

<Reference> Payment schedule



Remuneration etc. paid to Directors and Corporate Auditors for FY2025 (Millions of yen)

Position	Total amount of remuneration, etc.	Remuneration by type: Fixed remuneration: Basic remuneration (cash)	Performance-linked remuneration: Bonus for Directors (cash)	Performance-linked remuneration: Performance-linked share-based remuneration	Performance-linked remuneration: Restricted share remuneration	Number of eligible Directors and Corporate Auditors
Directors (excluding Outside Directors)	979	297	500	68	113	6
Outside Directors	78	78	-	-	-	4
Corporate Auditors (excluding Outside Corporate Auditors)	88	88	-	-	-	2
Outside Corporate Auditors	51	51	-	-	-	3

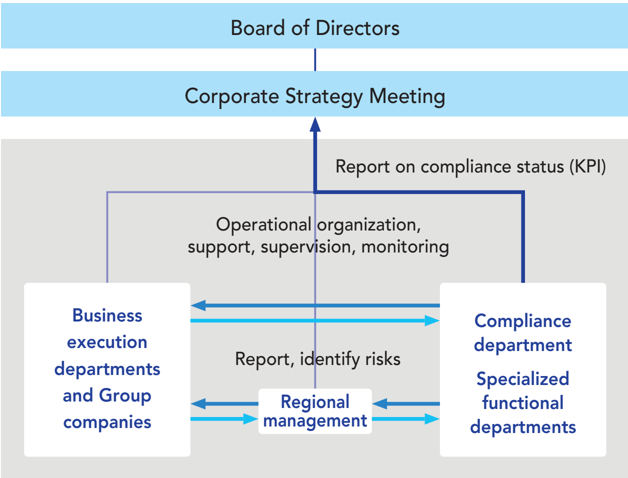
(Notes)

1. The maximum amount of basic remuneration and bonuses for Directors was resolved at the 157th Ordinary General Meeting of Shareholders held on June 17, 2022, to be no more than 1 billion yen per year (of which no more than 120 million yen shall be paid for Outside Directors). The number of Directors at the close of the said Ordinary General Meeting of Shareholders was ten (of which, six were Outside Directors). The maximum amount of basic remuneration for Corporate Auditors was resolved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021, to be no more than 144 million yen per year. The number of Corporate Auditors at the close of said Ordinary General Meeting of Shareholders is five.
2. The bonuses for Directors (excluding Outside Directors) shown in the table above are the amounts scheduled to be paid pursuant to a resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders described in Note 1. No bonuses for Directors will be paid to Part-time Directors.
3. The maximum amount and maximum number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were resolved at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018, to be 364 million yen and 242,000 shares per year. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
4. The performance-linked share-based remuneration shown in the table above is the amount recorded as an expense during the fiscal year ended March 31, 2026, and represents the scheduled payment amount calculated based on the share price at the time the expense was recorded. In addition, with respect to the previous fiscal year, a decrease of 5 million yen arose due to the difference between the share price at the time the expense was recorded and that at the time the shares were delivered. However, the difference is not included in the amounts shown in the table above.
5. The maximum amount and maximum number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were resolved at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018, to be 243 million yen and 160,000 shares per year. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
6. In accordance with the determination process, the Board of Directors has delegated the determination of the specific details of basic remuneration to Hideo Takasaki, President, based on a resolution of the Board of Directors. In addition, with regard to bonuses for Directors, in accordance with the same policy, the Board of Directors plans to delegate the determination of the specific details thereof to Tatsuya Akagi, the new President, based on a resolution of the Board of Directors.
7. Consolidated operating income and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance-linked share-based remuneration are calculated. In addition to these indicators, for performance-linked share-based remuneration, the number of ESG items achieved under the medium-term management plan is also used as a performance indicator. For the fiscal year ended March 31, 2026, consolidated operating profit was 183,615 million yen, consolidated ROE was 12.2%, and six ESG items were achieved. Since restricted share remuneration is remuneration linked to market price and does not fall under performance-linked remuneration, etc., there are no matters to be disclosed as results.
8. Individual remuneration and so on granted to Directors and others for the fiscal year ended March 31, 2026, are (or will be) paid in accordance with the determination process. The Board of Directors considers that their details are in line with the Company's remuneration policy.
9. Salaries (including bonuses) of Directors concurrently serving as employees are separate from the above remuneration, etc., but no employee salaries were paid in the fiscal year ended March 31, 2026.
10. We implemented a five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The number of shares listed in 3. and 5. reflects the stock split.

Enhancing Compliance

■ Compliance Promotion System/Code of Conduct

The Nitto Group established the Nitto Group Business Conduct Guidelines (BCG) as a code of conduct for its officers and employees. By promoting awareness of the BCG globally, we enhance compliance awareness across the Group. To advance compliance efforts, we established a framework in which the officer and department in charge of compliance work closely with the heads of each site and Group company worldwide.

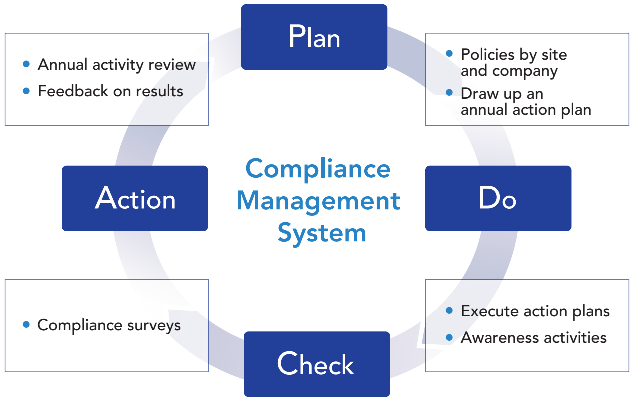


■ Compliance Management System

The Nitto Group maintains a unique compliance management system developed with reference to the management system concept commonly used in quality control and other fields. Given the global nature of our business, separate councils have been established at each of three levels: Group-wide, regional, and site-specific, supported by an executive office led by the compliance department. These councils follow a PDCA cycle each fiscal year to continuously raise compliance standards and reduce associated risks. We have also established a system for information sharing across all levels of councils, with the aim of achieving both autonomous management suited to regional and company-specific circumstances and globally consistent management. To facilitate the operation of the management system, members from around the world gather annually at the global meeting to discuss future directions. At the most recent meeting in May 2026, participants from each region shared the progress of their initiatives and key priorities, and exchanged opinions with each other.

Other programs include compliance surveys covering all Group employees to identify risks. By refining the PDCA cycle to account for a broad range of information, including internal and external environmental changes alongside survey findings, we ensure the effectiveness of our management system continues to improve.

Going forward, we will raise compliance standards throughout the entire group by strengthening ties among the councils as we steadily improve how the system is operated.



■ Publicity and Dissemination of BCG

To help all employees recognize compliance issues in their work, we make the BCG available in 18 languages and keep the BCG training curriculum updated for each trainee group.

We are rolling out BCG Day (the 25th of every odd-numbered month) in stages, not only in Japan but also overseas. Activities include group readings of the BCG, discussions of BCG content at Nitto Group's original *Kuruma-za* round-table talk, and BCG-related games for employees. By sustaining awareness-raising activities at workplaces across the Nitto Group, we encourage employees to keep BCG principles in mind in their daily work, and are making steady progress in raising compliance awareness and building an organizational culture that prioritizes compliance.

BCG Day activities at sites outside Japan

■ Whistle-Blowing System

At the Nitto Group, we maintain an open whistle-blowing system for employees to enable the early discovery and correction of legal violations and ethical issues. We also operate the Partner Hotline, a channel for business partners to report noncompliance or suspicious activity worldwide. We are working to raise awareness of this externally operated service among business partners globally.

Risk Management

Basic Policy

Nitto Group has established a risk management policy on Basic Policy on Internal Control for major risks that management believes may have a material impact on its business activities.

Business risks include risks related to business operations, such as risks related to business mix and overseas business operations, risks based on external factors such as exchange rate fluctuations and geopolitical factors, and risks related to technological competitiveness such as new technology development capabilities and intellectual property rights. Business execution departments are responsible for these risks. Operational risks include risks related to functional operations for entire Group, such as risks related to safety, environment, disasters, product quality, and defects, information security, responses to antisocial forces, and risks related to the antimonopoly law and the export trade control order. Special function departments are responsible for these risks.

Thus, we have carried out appropriate risk management classifying major risks into these two types.

Risk Management System

Regarding the risk management system, business axis centered on business execution departments controls and manages business risks, while functional axis centered on special function departments controls and manages operational risks. In addition, regional axis centered on regional management located in major overseas regions conducts monitoring on eacn regional basis.

Information on risks that are controlled, managed, and monitored by these three axes is reported by the officer and department in charge of risk management to the Corporate Strategy Meeting, which is composed of directors and vice presidents, and is deliberated there on monthly basis. These deliberation results are immediately directed to the responsible departments, those departments promptly implement measures to control risks, such as tightening controls, and eventually the actions taken and the status of improvements are reported to and confirmed again in the Corporate Strategy Meeting, thereby enhancing the effectiveness of the Group's risk management.

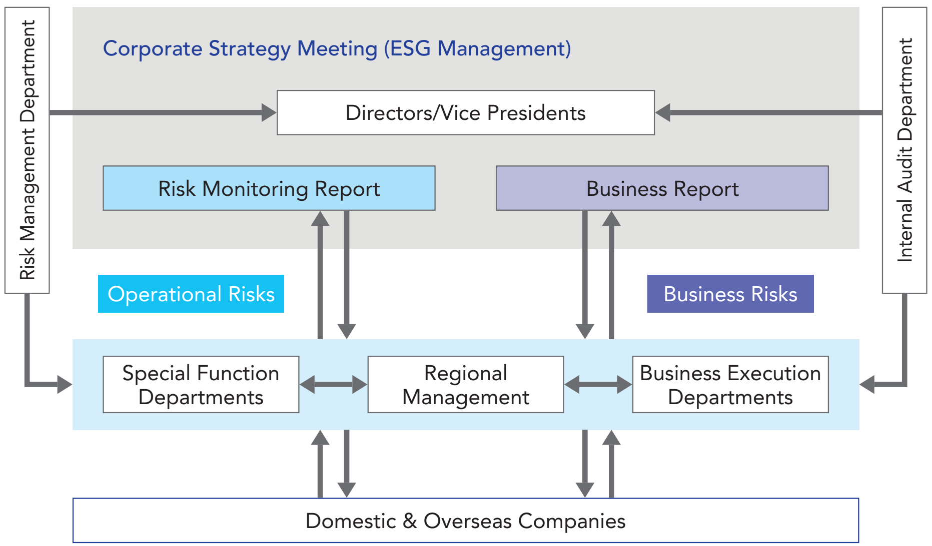
Management Status of Major Risks

Regarding major risks, the Group has analyzed the importance of each risk on the following two axes, with the degree of impact on the business if a risk is materialized and an incident occurs as the vertical axis, and the probability of occurrence as the horizontal axis. Thus, the Group recognizes and visualizes the relative importance of the major risks.

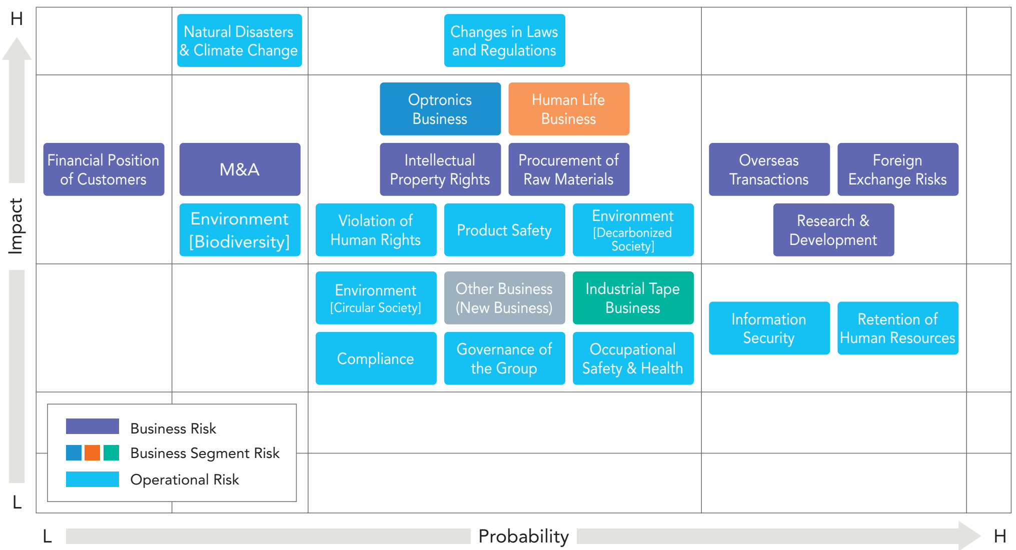
At the end of fiscal year, each responsible department conducts selfassessment for the major risks (business risks and operational risks) that have been reported and deliberated in the Corporate Strategy Meeting, based on assessment criteria such as the establishment of a management system, the actions for controls and countermeasures, and the occurrence of an incident and responses to the incident. In addition, the officer and the department in charge of risk management conduct independent assessments and report those assessment results to the Corporate Strategy Meeting and the Board of Directors.

The results of each risk assessment at the end of fiscal year are shown on the following page. The year-end assessment of each risk is measured by whether the risk has increased since the beginning of the year.

Risk Management System



Risk Map of FY2025



Risk Assessment Results of FY2025

	Major risks	Direction	Assessed items	Risk measures (FY2025)
Business risks	Foreign Exchange Risks	→	Deterioration of cash flow Exchange rate fluctuation	- Timely monitoring of the internal cash balance, finance situation and asset & liability by currency in the group - Control of risks related to currency volatilities through fund centralization at regional treasury centers and the use of exchange contracts
	Overseas Transactions	↗	Trade restrictions/incidents Impact of conflict/geopolitical risks Impact of U.S. Tariff Policies on Financial Performance	- Close monitoring of the impacts of geopolitical risks, including sharp rises in transportation costs and constraints on transportation capacities - Strenghthning of logistics management such as visualization and BCP - Promoting education for export managers and system development
	Financial Position of Customers	→	Irrecoverable receivables	- Adequate credit checks and insurances to prevent bad debts
	Procurement of Raw Materials	↗	Change of supply chain conditions Deterioration of procurement conditions & environments	- Establishing departments for reviewing and taking measures for geopolitical risks and chemical regulations, and promoting further strengthening of sustainable procurement
	Research & Development	→	Delayed/obsolete R&D	- Promoting R&D for new technologies and products, as well as equipment investments, focusing on the *Sanshin* Activities - Intensive investment of R&D resources for PlanetFlags™/HumanFlags™
	Intellectual Property Rights	→	Intellectual property infringement	- Actions to detect infringement of our IPs in cordination with business divisions
	Industrial Tape Business	→	Changes in electronics related market Changes in automobile productions Delay in addressing growth market	- Focusing on creating the high value-added products for growing markets - Continuous establishment of our constitution resilient to the market conditions - Implementing diversification of raw material suppliers and appropriate reviews of sales prices in preparation for geopolitical risks
	Optronics Business	→	Generalization & obsolescence of products & technologies Maturity & shrinkage of market Entry of competitors Delay of new product development	- Promptly identifying customer needs and promoting new product development leveraging our technological capabilities, as well as market expansion - Ensuring stable product supply by securing procurement sources, diversifying production locations, and implementing productivity improvements through the use of digital technologies
	Human Life Business	→	Changes in customer demand Decline in competitive advantage/value Rising raw material prices, supply shortage	- Ensuring of the competitive technologies in line with progresses of customers' R&D - Addressing risks to product supply and rising costs by diversifying suppliers and production locations, as well as appropriate inventory management - Achieving cost reductions and stable profitability through improved production efficiency by promoting capital investment and digitalization
	Other Business · M&A	→	Failure of new business Failure of assumed business plan	- Promotion of new business taking into accounts market trends and customer needs

↗ : Increased → : No Change ↘ : Decreased

	Major risks	Direction	Assessed items	Risk measures (FY2025)
Operational risks	Product Safety	→	Product defect Stricter regulations Solving quality compliance issues	- Continuous improvement by acquisition of international quality management system certification - Actions taken for products quality compliance such as education, hard-development on production and inspection sites, and quality audit by 3 lines of defense - Strengthening our chemical substance management system for PFAS alternatives in anticipation of stricter regulations, and promoting compliance through early acquisition of regulatory information via industry associations
	Environment (Decarbonized Society)	→	Response to environmental regulations Incompliance of regulations Higher renewable energy cost Higher emission rights cost Higher waste treatment cost	- Actions taken to address rising carbon pricing costs due to geopolitical risks and global environmental regulations - Continued promotion of energy conservation in manufacturing processes and the introduction of renewable energy - Promoting the reduction of customers' GHG emissions through our products and solutions
	Environment (Circular Society)	→		- Setting targets for waste plastics recycling ratio and resource efficiency, and promoting resource circulation and effective use of resources
	Environment (Biodiversity Conservation)	↗		- Promoting efforts to mitigate identified risks and increase opportunities in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
	Information Security	→	Cyber crime/attack IT system destruction/failure Information leakage/Illegal use	- Actions taken such as information security education/training, and ensuring compliance with information management rules - In addition to establishment of measures against incidents, conduct of Business Continuity Plan (BCP) training
	Changes in Laws, Regulations	→	Revision of laws and regulations	- Continuously monitoring trends in laws and regulations that may affect our business - Assessing the potential impacts of regulatory changes in advance and taking measures to avoid or minimize such impacts
	Compliance	→	Violation of laws Breach of compliance	- Conduct of compliance surveys and education for business conduct guidelines, and improvement of whistle-blowing system (for all employees in the group) - Establishment of compliance hot line (for suppliers in all region)
	Governance of the Group	→	Accounting frauds/deficiencies Delayed response to legal disclosure of sustainability information Irregularities of purchase Management overrides/deficiencies	- Strengthening of governance system, and comprehensive monitoring by promoting three-axes management
	Natural Disasters & Climate Change	→	Earthquakes Heavy rain, floods, typhoons (warming)	- Conduct of evacuation drills, disaster-related decision-making drills - Establishment and revision of BCP
	Retention of Human Resources	→	Loss of human resources Insecurity of human resources	- Enhancing of engagement such as realizing confortable work environment which makes it easy to try - Initiatives to acquire, develop and retain diversified human resourses
	Occupational Safety & Health	→	Accidents/Disasters	- Continuous efforts to identify and mitigate risks, and initiatives to ensure compliance of rules
	Human Rights	→	Human rights violations (In the Group) Human rights violations (Supply chain)	- Strengthening of measures for global human rights issues by the Human Rights, Labor, and Ethics Council - Implemented sustainability training program including respect for human rights (for all empoyees in the Group) - CSR procurement assessment and third-party assessments (for suppliers)

Details of major risks https://www.nitto.com/jp/en/sustainability/governance/management/risk/

Business Results: 10-Year Summary

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (Millions of yen)	2025 (U.S. dollars in Thousands (Note 1))
Statement of profit or loss												
Revenue		767,710	857,376	806,495	741,018	761,321	853,448	929,036	915,139	1,013,878	1,028,171	6,847,170
Operating profit (ratio to revenue)		92,589 (12.1%)	125,722 (14.7%)	92,777 (11.5%)	69,733 (9.4%)	93,809 (12.3%)	132,260 (15.5%)	147,173 (15.8%)	139,132 (15.2%)	185,667 (18.3%)	183,615 (17.9%)	1,222,796 (–)
Profit before income taxes		91,791	126,168	91,910	69,013	93,320	132,378	146,840	138,901	185,329	184,976	1,231,859
Net profit		63,690	87,463	66,616	47,224	70,308	97,234	109,264	102,755	137,307	133,537	889,298
Net profit attributable to owners of the parent company (ratio to revenue)		63,453 (8.3%)	87,377 (10.2%)	66,560 (8.3%)	47,156 (6.4%)	70,235 (9.2%)	97,132 (11.4%)	109,173 (11.8%)	102,679 (11.2%)	137,237 (13.5%)	133,498 (13.0%)	889,038 (–)
Total comprehensive income		63,344	83,907	62,060	35,359	89,796	136,323	137,177	164,910	132,869	203,629	1,356,080
Cash flows from operating activities		119,939	122,551	98,569	123,641	116,309	144,489	181,702	155,521	217,908	192,183	1,279,855
Cash flows from investing activities		-49,739	-50,215	-49,955	-59,991	-57,538	-57,594	-159,906	-67,927	-115,105	-107,436	-715,477
Cash flows from financing activities		-28,884	-44,919	-58,419	-51,637	-68,297	-36,639	-57,627	-90,784	-78,890	-106,597	-709,889
Cash and cash equivalents at the end of period		280,343	304,709	297,682	304,922	300,888	362,046	329,966	342,269	363,344	359,805	2,396,144
Segment information by geographic area (Millions of yen)												
Japan	Revenue	186,979	200,556	194,087	166,419	173,918	195,642	200,634	184,662	192,852	172,839	1,151,032
	Operating profit	51,979	75,982	53,545	51,149	54,526	75,205	103,806	91,867	123,813	109,673	730,374
Americas	Revenue	80,123	82,568	75,967	66,659	58,425	83,334	100,730	88,058	90,094	96,929	645,505
	Operating profit	16,570	12,225	7,928	2,429	2,162	9,897	1,957	-6,419	-8,617	-1,138	-7,579
Europe	Revenue	40,521	45,578	45,683	40,402	38,806	42,127	75,188	85,146	88,934	96,494	642,608
	Operating profit	3,727	4,218	3,071	-1,460	3,580	3,064	-1,740	1,597	-1,244	4,853	32,319
Asia & Oceania	Revenue	460,085	528,672	490,757	467,536	490,172	532,344	552,483	557,272	641,997	661,908	4,408,018
	Operating profit	22,905	32,793	26,065	21,419	34,659	47,586	39,902	60,258	73,465	71,942	479,102

(Notes) 1. The exchange rate used was JPY150.16 to USD1.00, which was the rate as at March 31, 2026.
2. From the fiscal year ended March 31, 2019, "royalty income," which was previously included in "other income" on the consolidated statement of profit or loss, is included in "revenue." Accordingly, the above numbers for the fiscal year ended March 31, 2018, have been reclassified to reflect the change.
3. The above 10-year Summary is presented based on the International Financial Reporting Standards (IFRS). The term based on the Japanese standard for "Revenue" is "Net sales," "Net profit attributable to owners of the parent company" is "Net income," "Equity attributable to owners of the parent company per share" is "Net assets per share," "Basic earnings per share" is "Net income per share," "Equity attributable to owners of the parent company" is "Equity," "Ratio of profit attributable to owners of the parent company to total assets" is "Return on assets," "Return on equity attributable to owners of the parent company" is "Return on equity" and "Ratio of equity attributable to owners of the parent company to total assets" is "Equity to total assets."

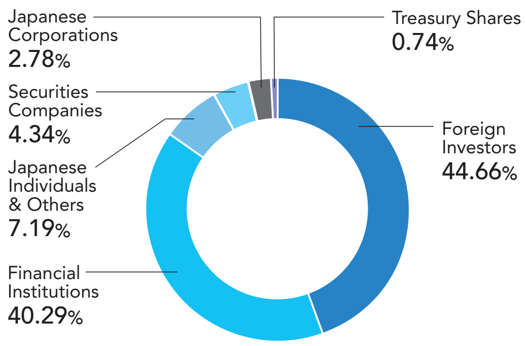
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025
Per share information (Yen)											(U.S. dollars)
Equity attributable to owners of the parent company per share	805.5	865.7	893.1	895.9	967.6	1,109.6	1,236.6	1,391.4	1,502.4	1,704.2	11.35
Basic earnings per share	78.2	107.8	84.7	60.3	94.5	131.3	147.8	143.9	195.7	197.2	1.31
Diluted earnings per share	78.1	107.7	84.6	60.2	94.5	131.2	147.7	143.9	195.7	197.1	1.31
Price earnings ratio	22.0	14.8	13.7	16.0	20.0	13.4	11.6	19.2	14.0	15.5	–
Dividends per share Dividend payout ratio (Consolidated)	30.0 (38.4)	32.0 (29.7)	36.0 (42.5)	40.0 (66.4)	40.0 (42.3)	44.0 (33.5)	48.0 (32.5)	52.0 (36.1)	56.0 (28.6)	60.0 (30.4)	0.40 –
Issued shares (thousands)	868,792	868,792	793,792	793,792	748,792	748,792	748,792	717,758	706,760	678,659	–
Number of treasury shares at the end of the period (thousands)	57,170	67,962	9,543	24,198	8,963	8,723	19,202	10,521	11,826	4,999	–
Average number of issued shares during the period (thousands)	811,556	810,560	785,826	782,508	742,900	739,980	738,881	713,483	701,124	676,979	–
Number of shareholders	29,742	35,847	37,684	36,871	28,456	28,802	28,984	22,746	32,334	34,172	–
(Millions of yen)											(U.S. dollars in Thousands)
Total assets	879,899	937,796	913,418	921,900	965,901	1,094,469	1,153,647	1,251,087	1,321,920	1,441,757	9,601,472
Equity attributable to owners of the parent company	653,772	693,278	700,443	689,446	715,868	821,192	902,211	984,020	1,044,083	1,148,027	7,645,358
Ratio of profit attributable to owners of the parent company to total assets (ROA)	7.4%	9.6%	7.2%	5.1%	7.4%	9.4%	9.7%	8.5%	10.7%	9.7%	–
Return on equity attributable to owners of the parent company (ROE)	10.0%	13.0%	9.6%	6.8%	10.0%	12.6%	12.7%	10.9%	13.5%	12.2%	–
Ratio of equity attributable to owners of the parent company to total assets	74.3%	73.9%	76.7%	74.8%	74.1%	75.0%	78.2%	78.7%	79.0%	79.6%	–
Capital investment	36,538	47,193	64,353	58,930	50,597	56,496	50,789	83,445	92,976	86,841	578,323
Depreciation cost	48,556	49,283	45,904	49,390	47,950	50,211	57,362	60,811	65,595	70,677	470,678
R&D expenses	30,366	31,243	31,990	33,765	35,261	37,271	40,175	43,485	46,771	48,025	319,826
Number of employees (Note 4)	29,617	29,704	29,019	28,751	28,289	28,438	28,371	27,426	27,915	28,006	–

4. Part-time employees are included.
5. The Company has implemented the stock split with an effective date of October 1, 2024, and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above per share information are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2017.

Shareholder/Stock Information (as of March 31, 2026)

Code number	6988
Stock exchange listing	Prime Market, Tokyo Stock Exchange
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Total number of authorized shares	2,000,000,000 shares
Total number of issued shares	678,659,700 shares (Of which, number of treasury shares: 4,999,950 shares)
Number of shareholders	34,172
One unit of shares	100 shares

Ownership and Distribution of Shares



Major Shareholders (top 10)

Name of shareholding party	Number of shares held (Thousands of shares)	Ownership percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	170,514	25.31
Custody Bank of Japan (Trust Account)	68,890	10.23
THE CHASE MANHATTAN BANK,N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	14,049	2.09
STATE STREET BANK AND TRUST COMPANY 505223	13,539	2.01
JPMorgan Securities Japan Co., Ltd.	13,128	1.95
STATE STREET BANK AND TRUST COMPANY 505001	12,620	1.87
STATE STREET BANK AND TRUST COMPANY 505103	12,039	1.79
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	11,258	1.67
Nippon Life Insurance Company	10,410	1.55
JP MORGAN CHASE BANK 385781	9,961	1.48

Note: The ownership percentage has been calculated based on the number of issued shares, excluding treasury shares.

IR Activities

In following the "Policies Related to Constructive Dialogue with Shareholders," we reflect the opinions received from our shareholders and investors at the Ordinary General Meeting of Shareholders, company information meetings, and IR activities in our management.

	The 158th meeting (June 23, 2023)	The 159th meeting (June 21, 2024)	The 160th meeting (June 20, 2025)	The 161st meeting (June 19, 2026)
Number of attendees at the Ordinary General Meeting of Shareholders	128	83	114	136

Events	Target audiences	Frequency (per year)
Company information meetings	Japanese/overseas institutional investors	2
Financial results conference calls	Japanese institutional investors/ analysts	4
Overseas IR roadshows	Institutional investors in North America and Europe	3
Conferences hosted by securities companies	Japanese/overseas institutional investors	5
Information meetings for individual investors hosted by securities company	Individual investors	1

Note: The above events include IR meetings held by the CEO or CFO.

Social Contribution Activities

Social Contribution Activities at the Nitto ATP Finals

The Nitto Group has served as the title partner of the Nitto ATP Finals, the season-ending tournament of men's professional tennis, since 2017. As part of its partnership, the Group has undertaken a range of social contribution activities that support environmental sustainability and community engagement.

● Nitto ATP Finals Torino Green Project

Together with the ATP (Association of Tennis Professionals), FITP (Italian Tennis and Padel Federation), and the host city of Turin, the Nitto Group is promoting the Nitto ATP Finals Torino Green Project, an initiative aimed at mitigating the environmental impact of the tournament. This project promotes the expansion of green spaces in Turin through activities such as tree-planting in a park adjacent to the venue, rooftop greening of tram stops, and the relocation of a plant wall installed at the tournament venue (The Green Wall) to public elementary schools within the city.

At the 2025 tournament, local artists collaborated with children supported by U.G.I. ODV, an organization that assists pediatric cancer patients, to create a "Green Art Wall" using paint that promotes the absorption of CO_2 from the atmosphere. In addition, the Nitto Group donated 40,320 paper napkins made from its CAC nonwoven fabric* for use in the tournament venue's food court and other areas.

*CAC nonwoven fabric: A sustainable and biodegradable nonwoven fabric containing no plastic

Green Art Wall using paint that promotes the absorption of CO_2 from the atmosphere

● Inviting Children to Watch the Matches

In cooperation with U.G.I. ODV, which is based in Turin, the Nitto Group invited 84 children supported by the organization, along with their families and others, to attend the matches. Furthermore, through fundraising activities conducted by Nitto Group employees, the Group contributes to organizations that support children around the world.

Invited children and their families

Disclaimer

This report contains future projections as well as past and present facts related to Nitto Denko Corporation (non-consolidated) and the Nitto Group (consolidated). These statements are based on information at the time of creation and may not be completely accurate at the time of reading. Please be advised that actual business activity results may differ materially from those described in the projections. All chapters of this report are also available in Japanese. In the event of any discrepancies between the two versions, the Japanese version will prevail.

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