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

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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.

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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.

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Message from the COO

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

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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

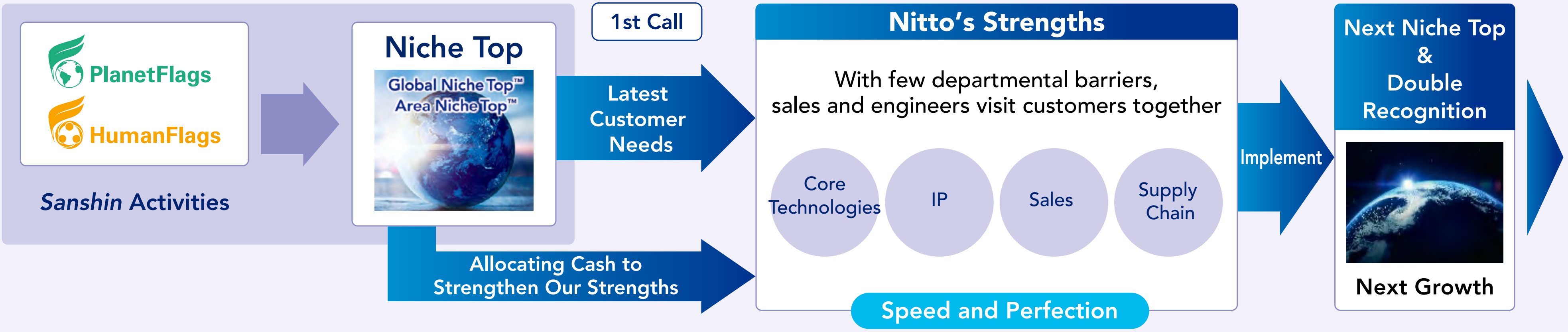
Our new medium-term management plan, Nitto RISE 2028, kicked off in fiscal 2026. Building on the previous medium-term management plan, this plan marks the second step in our effort to achieve our Target State 2030 of becoming an "Essential ESG Niche Top Company." Its overriding objective is to advance 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

A system has been established for Niche Top to create the next Niche Top



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.

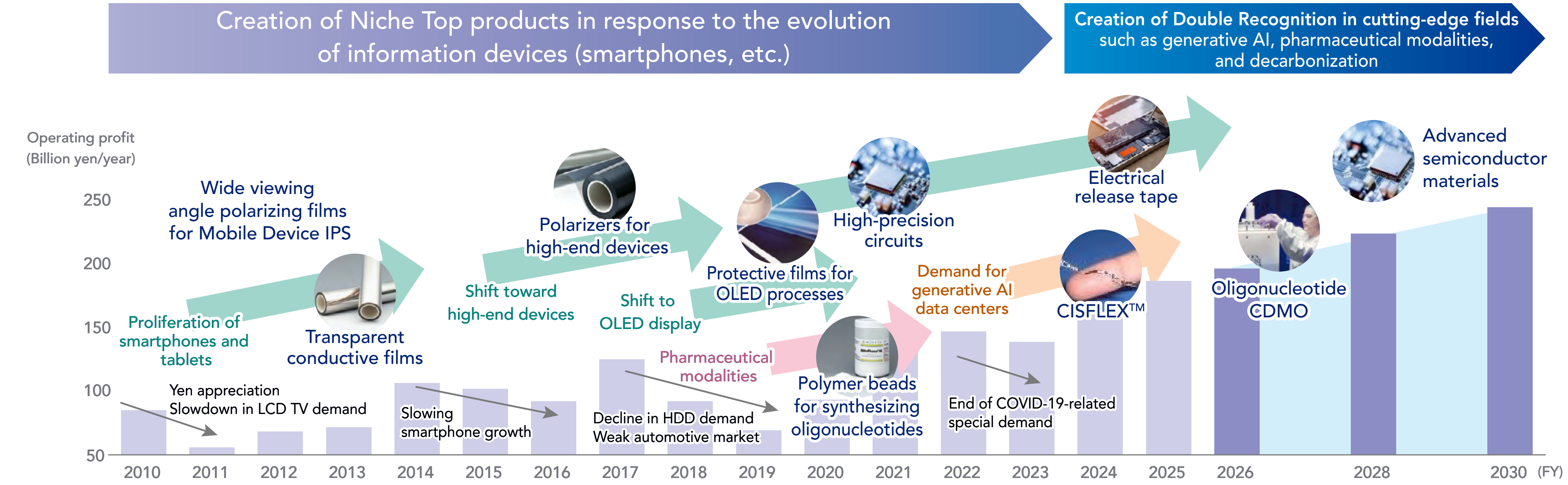
Since then, the business environment has changed dramatically, and we now find ourselves operating in an entirely different competitive landscape, where individual markets and product categories are changing and the industrial structure itself stands at a crossroads. Stricter environmental regulations 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



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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.

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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.

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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	Products and Services Contributing to the Environment and/or Human Life	Niche Top Strategy
Ten material issues identified to solve social issues	PlanetFlags HumanFlags	A strategy for capturing the leading share based on a thorough analysis of evolving and growing markets

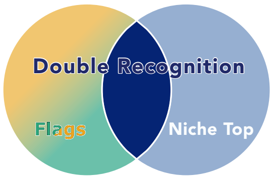
Sanshin Activities

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.

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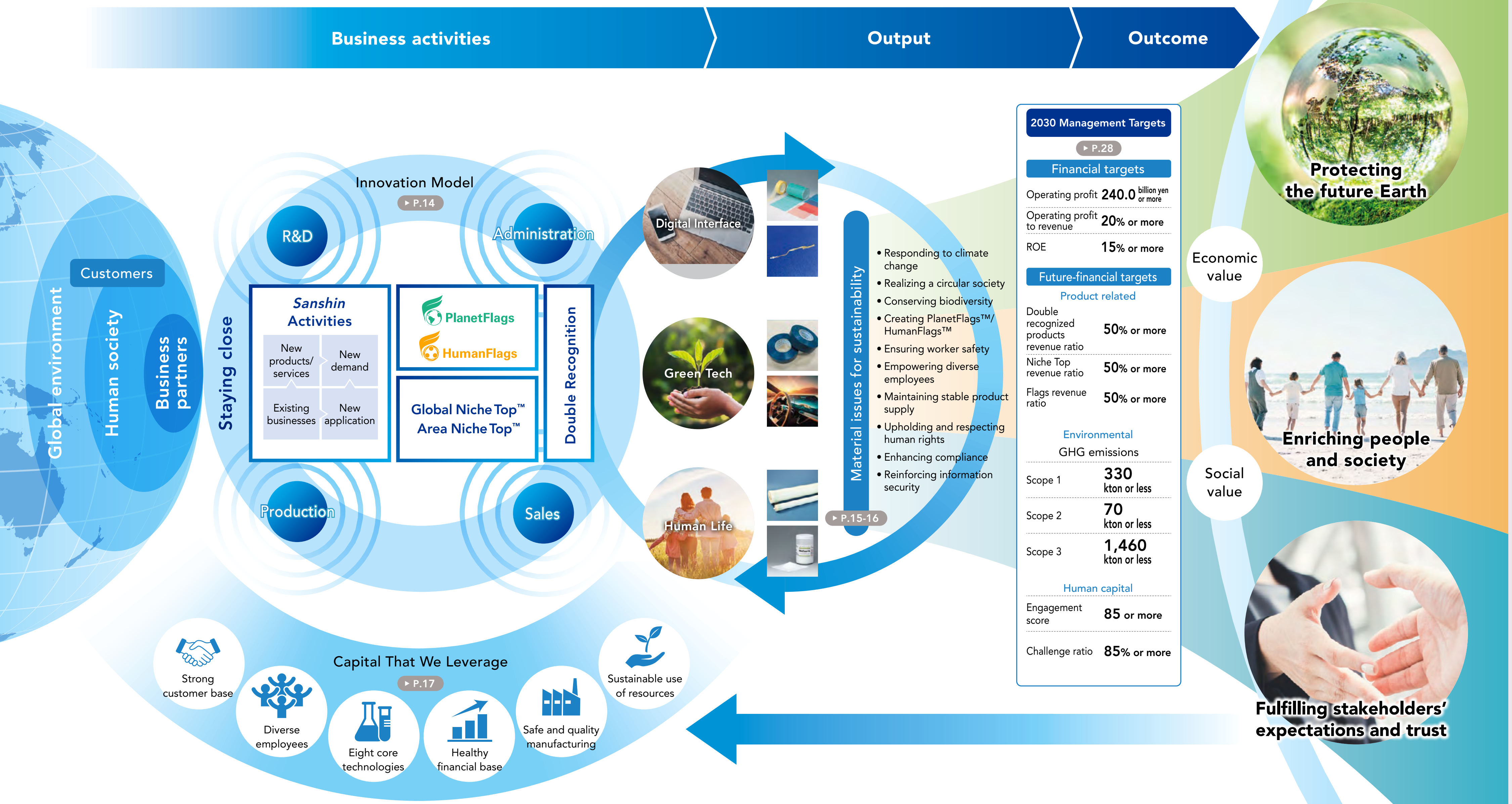
Value Creation Process

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

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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

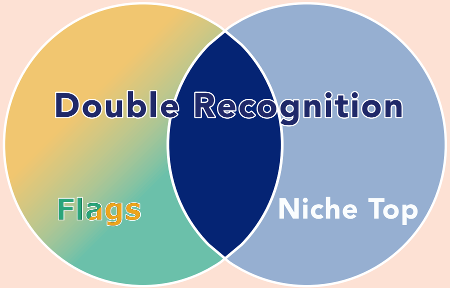
Sanshin Activities

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



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

Programs That Underpin Innovation

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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

1 ▸ 10

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

10 ▸ 100

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

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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

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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™

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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

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