

This document is a translation of the Japanese language original for information purposes and is prepared as a guide for non-Japanese-speaking shareholders. In the event of a discrepancy, the Japanese original version shall prevail.

May 30, 2025

**NOTICE OF
THE 160TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to hereby inform you that the 160th Ordinary General Meeting of Shareholders of Nitto Denko Corporation (hereinafter “the Company”) will be held as indicated below.

Please refer to guidance on pages 4 to 5 for information on how to exercise voting rights.

Sincerely,

Hideo Takasaki, President

Nitto Denko Corporation

1-1-2, Shimohozumi, Ibaraki, Osaka, Japan 567-0041

(Head Office: 4-20, Ofuka-cho, Kita-ku, Osaka, Japan 530-0011)

Date/time: Friday, June 20, 2025 from 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Place: 3-1, Ofuka-cho, Kita-ku, Osaka, Japan
Grand Front Osaka, Knowledge Capital Congrès Convention Center (North Building B2F)

Meeting Agenda

Items to be reported:

1. Business Report, Consolidated and Non-Consolidated Financial Statements for the 160th term (from April 1, 2024 to March 31, 2025)
2. Auditing results of Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors

Items to be resolved:

- Item 1: Approval of the proposed dividends from surplus
- Item 2: Election of ten Directors

Internet Disclosure

- According to laws and regulations and Article 16 of the Company's Articles of Incorporation, the Company has taken measures to provide the materials of the General Meeting of Shareholders electronically.

Information regarding the electronic provision of materials is available on the websites listed below.

- In the event of any revision to the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements, it will be posted on the websites below.
- No printed documents of the electronic provision of materials will be delivered on the day of the General Meeting of Shareholders. Shareholders who wish to view the materials of the General Meeting of Shareholders at the venue of the General Meeting of Shareholders are requested to attend the meeting with a smartphone, tablet or other device that can access the Internet.

Dedicated website <https://d.sokai.jp/6988/teiji/>

Nitto Denko Corporation website <https://www.nitto.com/jp/en/ir/shareholdersmeeting/>

Tokyo Stock Exchange website <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

*Please enter or search for "Nitto Denko Corporation" for the issue name (company name) or "6988" for the code, select "Basic information," and then select "Documents for public inspection/PR information."

Webcast and Questions in advance

We will webcast the General Meeting of Shareholders via the Internet so that you can watch from home. We will also be happy to answer any questions you may have in advance.

For more information, please see pages 6 to 7 and the enclosed documents.

After the General Meeting of Shareholders, a shareholder survey will be conducted at the venue for those who attended the meeting in person as well as on the screen for those who viewed the webcast.

From survey respondents, 200 winners will be selected in a drawing to receive a Nittodo's reusable bag. (Shipping is scheduled for late July. Nittodo is Nitto Group's registered trademark.)

How to Exercise Voting Rights

Voting rights at the general meeting of shareholders is an important right for shareholders.

Please read carefully the reference materials for the general meeting of shareholders below before you exercise your voting rights.

You may exercise your voting rights by doing one of the following:

Exercising your voting rights

For prior exercise

Internet voting

Please indicate your approval or disapproval of each item by following the guidance on the next page.

Deadline for voting: Thursday, June 19, 2025 at 5:00 PM (JST)

Mailing the Voting Rights Exercise Form

Please mail the Voting Rights Exercise Form after indicating your approval or disapproval of each item.

Deadline for mail arrival: Thursday, June 19, 2025 at 5:00 PM (JST)

For attendance at the meeting on the day

Please present the Voting Rights Exercise Form at the reception of the venue.

Meeting date/time: Friday, June 20, 2025 from 10:00 AM (JST)

In the event of multiple votes cast using the Voting Rights Exercise Form and via the Internet, etc., the vote cast via the Internet, etc. shall be considered to be the effective exercise of your voting rights. If you exercise your voting rights more than once via the Internet, etc., the last vote shall be considered the effective exercise of your voting rights.

How to Fill in the Voting Rights Exercise Form

Please indicate your approval or disapproval of the following items.

Item 1

- If you approve >> Put a circle mark in the “Approve” box.
- If you disapprove >> Put a circle mark in the “Disapprove” box.

Item 2

- If you approve all >> Put a circle mark in the “Approve” box.
- If you disapprove all >> Put a circle mark in the “Disapprove” box.
- If you disapprove of some candidates >> Put a circle mark in the “Approve” box and indicate the number(s) of candidate(s) that you disapprove of.

If you indicate neither approval nor disapproval of any items when exercising your voting rights through the Voting Rights Exercise Form, it will be assumed that you approve of those items.

How to Exercise Voting Rights via the Internet

- Entering log-in ID and provisional password

Exercise of Voting Rights Website: <https://evote.tr.mufig.jp/> (Japanese text only)

*The site will be unavailable between the hours of 2:30 AM and 4:30 AM (JST) each day.

1. Access the Exercise of Voting Rights Website.
2. Enter your “log-in ID and provisional password” indicated in your Voting Rights Exercise Form and click.
3. Follow the onscreen instructions to indicate your approval/disapproval.

- How to scan a QR code

By using your electronic device to scan a QR code, you can log in to the Exercise of Voting Rights Website without having to enter the log-in ID and provisional password indicated in your Voting Rights Exercise Form.

1. Use your electronic device to scan the QR code on the right-hand side of the Voting Rights Exercise Form.

*“QR code” is a registered trademark of Denso Wave Incorporated.

2. Follow the onscreen instructions to indicate your approval/disapproval.

Please note that any costs arising from use of the Exercise of Voting Rights Website, including Internet provider connection fees and telecom rates charged by telecommunications carriers, shall be borne by the shareholder.

■ If you have any questions regarding the use of computers and smartphones when exercising your voting rights via the Internet, please call the following number:

Help Desk, Securities Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Tel: 0120-173-027 (toll free)

(Hours: 9:00 AM to 9:00 PM [JST])

Institutional investors can use the electronic voting platform operated by ICJ, Inc., in addition to exercising voting rights via the Internet described above.

Webcast and Questions in advance

If you are posting the Voting Rights Exercise Form, please keep the cut-out duplicate ballots with you.

*The login ID, password, and other information needed for the process are listed on the duplicate ballot.

Webcast

We will webcast the General Meeting of Shareholders via Engagement Portal, our dedicated shareholder site, to our shareholders so that they can watch the meeting from their homes and other locations. Shareholders viewing the meeting will not be able to participate in the resolutions or ask questions on the day of the meeting. Please exercise your voting rights in advance.

Date and time of distribution: Friday, June 20, 2025, from 10:00 a.m. until the close of the General Meeting of Shareholders.

*Connection will be available 30 minutes before the start time.

Questions in advance

The Company welcomes questions in advance from shareholders regarding the matters to be reported and resolutions to be adopted at the meeting via Engagement Portal, our dedicated shareholder site. Of the questions we have received, we plan to answer or introduce the items of particular interest to our shareholders at the meeting venue or on our website (<https://www.nitto.com/jp/ja/ir/>) at a later date.

Period for accepting questions in advance: From the arrival of this convocation until 5:00 p.m. on Tuesday, June 10, 2025

*Please note that we will not be able to respond to questions individually.

Notes:

*To protect the privacy of shareholders in attendance, the webcast will be limited to the chairman's and board members' seats.

*For some reason, the webcast may not be shown. In such case, we will notify you on our website (<https://www.nitto.com/jp/en/ir/>).

*Please note that there may be some inconvenience to the video or audio depending on your computer or Internet connection environment.

*Communication charges associated with viewing, etc. are to be borne by the shareholder.

Website for Webcast and Questions in advance

Dedicated Shareholder Site

“Engagement Portal”

<https://engagement-portal.tr.mufg.jp/>

Please enter the above URL directly on your smartphone or scan the QR code to access the site.

Please scan the QR code on the back of the Voting Rights Exercise Form with a smartphone or other device, or access the URL above and enter your login ID and password.

For inquiries, please contact;

1 How to log in to the Engagement Portal

Engagement Portal Support Hotline, Mitsubishi UFJ Trust and Banking Corporation, 0120-676-808

Hours: From 9:00 a.m. to 5:00 p.m. weekdays, excluding Saturdays, Sundays, holidays, etc./Toll free
*From 9:00 a.m. to the end of the General Meeting of Shareholders on the day of the General Meeting of Shareholders

2 Webcast on the day (viewing errors, etc.)

Call center, V-cube, Inc. 03-4335-8074

Hours: From 9:00 a.m. to the end of the General Meeting of Shareholders on the day of the General Meeting of Shareholders

Smart Convocation

The main contents of this convocation can be viewed on smartphones and PCs.

We have introduced a service that makes it easier to view the main content of this convocation on smartphones and other devices.

Please access to the following URL or QR code to view the information.

“QR code” is a registered trademark of Denso Wave Incorporated.

<https://p.sokai.jp/6988/>

- 1 Notice of convocation can be viewed anytime, anywhere.
You can access the convocation notice from your smartphone or other devices.
- 2 Exercising Voting Rights via the Internet becomes more accessible.
Direct access to the Internet voting website makes exercising voting rights via the Internet more accessible.
- 3 Multidevice support
Depending on the shareholder's web browsing environment, the information can be viewed from a smartphone, tablet, or PC.

Reference Materials for the General Meeting of Shareholders

Item 1: Approval of the proposed dividends from surplus

We consider the stable return of our profits to shareholders to be one of our most important management issues and, before providing dividends, we comprehensively assess profit conditions and the dividend payout ratio, and also consider improvement of financial conditions, prior investments for technical innovation and business development, and retained earnings. Proposed year-end dividends for the 160th term are as described below.

We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. Interim dividends, with the record date of September 30, 2024 (140 yen per share), are 28 yen per share after the stock split. Therefore, the annual dividends for the current year are equivalent to 56 yen per share.

Matters concerning year-end dividends

- (1) Type of dividend property
Cash
- (2) Matters concerning distribution of dividend property and its total amount
28 yen per share of our common stock:
19,458,171,600 yen in total
- (3) Effective date of distribution of dividends
June 23, 2025

(Reference) Trends in annual dividends and consolidated dividend payout ratio

■ Annual dividends (yen/share)		Consolidated dividend payout ratio (%)
FY	Annual dividends	Consolidated dividend payout ratio
FY2020 (156th term)	40	42.3
FY2021 (157th term)	44	33.5
FY2022 (158th term)	48	32.5
FY2023 (159th term)	52	36.1
FY2024 (160th term)	56	28.6

*FY2024 includes acquisition of treasury shares, resulting in a total payout ratio of 54.1%.

Item 2: Election of ten Directors

At the close of this Ordinary General Meeting of Shareholders, the terms of office of all the ten incumbent Directors will expire.

We hereby propose the appointment of ten Directors (including four Outside Directors).

The following are the candidates for Director.

Candidate number	Name	Gender	Length of service (as of the close of this Ordinary General Meeting of Shareholders)	Attendance at Board meetings	Current position and areas of responsibility in the Company		
1	Hideo Takasaki	Male	17 years	100% 12 out of 12	Representative Director, President-Director CEO, COO		Reelection
2	Yosuke Miki	Male	8 years	100% 12 out of 12	Director, Senior Executive Vice President CTO General Manager of Corporate Technology Sector	Corporate technology	Reelection
3	Yasuhiro Iseyama	Male	5 years	100% 12 out of 12	Director, Senior Executive Vice President CFO General Manager of Corporate Accounting & Finance Division General Manager of Export Control Center	Accounting & finance, IR, export control and internal audit	Reelection
4	Yasuhito Ohwaki	Male	2 years	100% 12 out of 12	Director, Senior Executive Vice President CHRO General Manager of Corporate Human Resources Division	Human resources & education, diversity, equity & inclusion promotion, and management of Japan	Reelection
5	Tatsuya Akagi	Male	1 year	100% 10 out of 10	Director, Executive Vice President General Manager of Information Fine Materials Sector	Information fine materials	Reelection
6	Yoichiro Furuse	Male	18 years	100% 12 out of 12	Part time Director		Reelection
7	Wong Lai Yong	Female	5 years	100% 12 out of 12	Outside Director		Reelection Outside Independent
8	Michitaka Sawada	Male	4 years	100% 12 out of 12	Outside Director		Reelection Outside Independent

9	Yasuhiro Yamada	Male	3 years	100% 12 out of 12	Outside Director		Reelection Outside Independent
10	Mariko Eto	Female	2 years	100% 12 out of 12	Outside Director		Reelection Outside Independent

Reelection: Candidate for reelected Director

New election: Candidate for newly elected Director

Independent: Independent Auditor who is registered or to be registered with Tokyo Stock Exchange

Outside: Outside Director or Candidate for Outside Director

*CEO: Chief Executive Officer, COO: Chief Operating Officer, CTO: Chief Technology Officer,

CFO: Chief Financial Officer, CHRO: Chief Human Resources Officer, CIO: Chief Information Officer, CPO: Chief Procurement Officer

Candidate number

1

Hideo Takasaki

(Date of birth: August 11, 1953)

Number of Company shares owned: 284,500

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

April 1978	Joined Nitto Denko Corporation
June 2008	Director, Vice President
June 2010	Director, Senior Vice President
June 2011	Director, Executive Vice President
June 2013	Director, Senior Executive Vice President
April 2014	Representative Director, President CEO, COO (present)

■ Reason for nomination as a candidate for Director

Mr. Hideo Takasaki has led the Nitto Group as a member of the management team and fulfilled his responsibilities as Representative Director, President of the Company by making decisions on material issues for management, among others, thus increasing the corporate value of the Company.

Based on these experiences and insights, he is considered suitable for the management of the Company. Therefore, Mr. Takasaki has been nominated as a candidate for Director again this year.

Number of Company shares owned: 58,100

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

April 1993	Joined Nitto Denko Corporation
June 2016	Vice President, General Manager of Information and Communication Technology Sector
April 2017	Vice President, Deputy CTO General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector and General Manager of New Business Development Division
June 2017	Director, Vice President
June 2019	Director, Senior Vice President
April 2020	Director, Senior Vice President, Deputy CTO General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector
June 2020	Director, Executive Vice President, CTO General Manager of Corporate Technology Sector, General Manager of Information and Communication Technology Sector
April 2021	Director, Executive Vice President, CTO
June 2022	Director, Senior Executive Vice President, CTO (present)

■ Reason for nomination as a candidate for Director

Mr. Yosuke Miki has been involved in the information and communication technology business for many years. As a manager who knows that business inside out and then as a head of the technology department - the core of any manufacturing business - he has dedicated himself to enhancing the corporate value of the Nitto Group.

Based on these experiences and insights, he is considered suitable for the management of the Company. Therefore, Mr. Miki has been nominated as a candidate for Director again this year.

Candidate number

3

Yasuhiro Iseyama

(Date of birth: April 19, 1962)

Number of Company shares owned: 49,000

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

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

■ Reason for nomination as a candidate for Director

Mr. Yasuhiro Iseyama has assumed key positions in administration sections, especially in the area of accounting and finance, over a long time, dedicating himself to enhancing the corporate value and corporate governance of the Nitto Group.

Based on these experiences and insights, he is considered suitable for the management of the Company. Therefore, Mr. Iseyama has been nominated as a candidate for Director again this year.

Number of Company shares owned: 65,700

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

April 1984	Joined Nitto Denko Corporation
June 2006	General Manager of Printed Circuits Department, Industrial Business Division
April 2010	General Manager of Planning & Management Department, Information and Communication Technology Division
April 2011	General Manager of Planning & Management Division, Tape Products Sector and General Manager of Planning & Management Department, Industrial Products Division
April 2012	General Manager of Strategy Management Division, Functional Base Products Sector
June 2012	Vice President, General Manager of Functional Base Products Sector
October 2013	Vice President, General Manager of Automotive Products Sector
April 2015	Vice President, General Manager of Quality, Environment & Safety Management Sector
April 2017	Vice President, Director of Nitto Denko India Private Limited
June 2017	Senior Vice President
October 2018	Senior Vice President, CPO
October 2019	Senior Vice President, CIO, CPO
June 2020	Executive Vice President, CIO, General Manager of Corporate Sustainability Division
June 2021	Senior Executive Vice President
April 2022	Senior Executive Vice President, General Manager of Human Resources Management Division
June 2023	Director, Senior Executive Vice President, General Manager of Human Resources Management Division
June 2024	Director, Senior Executive Vice President, CHRO (present)

■ Reason for nomination as a candidate for Director

Mr. Yasuhito Ohwaki has assumed key positions in several divisions of the Nitto Group as well as administration sections of the Head Office over a long time. He has dedicated himself to enhancing the corporate value and corporate governance of the Nitto Group.

Based on these experiences and insights, he is considered suitable for the management of the Company. Therefore, Mr. Ohwaki has been nominated as a candidate for Director again this year.

Number of Company shares owned: 25,500

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

April 1993	Joined Nitto Denko Corporation
May 2010	Director, Taiwan Nitto Optical Co., Ltd.
April 2015	General Manager of Sales Management Division, Information Fine Materials Unit, Information Fine Materials Sector
April 2016	General Manager of Business Management Division, Information Fine Materials Unit, Information Fine Materials Sector
April 2017	Deputy General Manager of Information Fine Materials Sector
June 2019	Vice President, General Manager of Information Fine Materials Sector
June 2022	Senior Vice President, General Manager of Information Fine Materials Sector
June 2024	Director, Executive Vice President, General Manager of Information Fine Materials Sector (present)

■ Reason for nomination as a candidate for Director

Mr. Tatsuya Akagi has assumed key positions in information fine materials, the focus of the Nitto Group, over a long time. In his current position as General Manager of Information Fine Materials Sector, he has dedicated himself to enhancing the corporate value of the Nitto Group.

Based on these experiences and insights, he is considered suitable for the management of the Company. Therefore, Mr. Akagi has been nominated as a candidate for Director again this year.

Number of Company shares owned: 10,000

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 2

Brief Profile

April 1964	Joined Sumitomo Bank, Ltd.
June 1989	Director, Sumitomo Bank, Ltd.
October 1993	Executive Director, Sumitomo Bank, Ltd. (retired in June 1996)
June 1996	Senior Managing Director, Mazda Motor Corporation (retired in June 2000)
June 2001	Director, Sanyo Electric Co., Ltd.
June 2002	Representative Director and Vice President, Sanyo Electric Co., Ltd. (retired in October 2005)
January 2006	Representative Director, Evanston Corporation (present)
June 2007	Outside Director, Nitto Denko Corporation
September 2010	Non-Executive & Independent Director, Global Logistic Properties Limited (retired in December 2017)
July 2015	Chairman of Japan, Permira Advisers KK (retired in December 2020)
October 2015	Director, Sushiro Global Holdings Ltd. (retired in December 2016)
March 2016	Outside Director, Nasta Co., Ltd. (present)
January 2018	Consultant of GLP Pte. Ltd. (present)
January 2021	Consultant of Japan, Permira Advisers KK (retired in December 2022)
June 2023	Part time Director, Nitto Denko Corporation (present)

Important concurrent positions held at Evanston Corporation and GLP Pte. Ltd.

■ Reason for nomination as a candidate for Director

Mr. Yoichiro Furuse has made useful recommendations to our Board of Directors as a Part time Director, following on from being an Outside Director, based on his high level of insights and experience gained through positions of director and representative director of listed companies and mega banks over a long time.

Based on these experiences and insights, Mr. Furuse has been nominated as a candidate for Director in order to have him continue to participate in management.

Number of Company shares owned: 0

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 2

Brief Profile

September 2013	Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)
July 2018	Director, Penang Women's Development Corporation (retired in September 2023)
October 2019	Adjunct Associate Professor, Graduate School of Leadership & Innovation, Shizenkan University (present)
June 2020	Outside Director, Nitto Denko Corporation (present)
November 2022	Outside Director, Farmnote Holdings, Inc. (present)
June 2024	Outside Director, MITSUI E&S Co., Ltd. (present)

Important concurrent positions held at First Penguin Sdn.Bhd. and MITSUI E&S Co., Ltd.

■ Reason for nomination as a candidate for Outside Director and expected roles

Ms. Wong Lai Yong participated in all the Board of Directors meetings (12 times) during this fiscal year and provided useful opinions on diversity and sustainability including the promotion of women and non-Japanese nationals based on her experience of studying and working in Japan for about 16 years and diverse experience and track records in her mother country, Malaysia, and other Asian countries.

As it is expected that she will continue to oversee the Board of Directors based on her insights and experience as an expert as detailed above and provide opinions on the management of Nitto from the perspective of an expert, Ms. Wong has again been nominated as a candidate for Outside Director this year. Upon her reappointment as Outside Director, she will also work as a member of the Nomination and Remuneration Advisory Committee.

■ Matters concerning independence

The Company stipulates "Criteria for Independent Outside Directors and Outside Corporate Auditors" (please refer to page 25 for the content of these criteria) and selects candidates for Outside Directors based on the said criteria. The Company designated Ms. Wong as an Independent Director as stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Ms. Wong also currently serves as an important executing person of First Penguin Sdn. Bhd., with which the Company does not engage in transactions.

Number of Company shares owned: 0

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 3

Brief Profile

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

Important concurrent positions held at Kao Corporation, Panasonic Holdings Corporation, and Komatsu Ltd.

■ Reason for nomination as a candidate for Outside Director and expected roles

Mr. Michitaka Sawada attended all meetings (12) of the Board of Directors held during the fiscal year and provided useful opinions based on his diverse experience and achievements as a leading corporate manager in ESG promotion.

As it is expected that he will continue to oversee the Board of Directors and provide a wide range of opinions on the management of Nitto based on his insights and experience as a corporate manager, Mr. Sawada has again been nominated as a candidate for Outside Director this year. Upon his reappointment as Outside Director, he will also work as a member of the Nomination and Remuneration Advisory Committee.

■ Matters concerning independence

The Company stipulates “Criteria for Independent Outside Directors and Outside Corporate Auditors” (please refer to page 25 for the content of these criteria) and selects candidates for Outside Directors based on the said criteria. The Company designated Mr. Sawada as an Independent Director as stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Mr. Sawada also previously served as an important executing person of Kao Corporation, with which the Company does not engage in transactions.

Number of Company shares owned: 0

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 1

Brief Profile

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

Important concurrent position held at Custody Bank of Japan, Ltd.

■ Reason for nomination as a candidate for Outside Director and expected roles

Mr. Yasuhiro Yamada participated in all the Board of Directors meetings (12 times) held during the fiscal year and provided useful opinions based on his diverse experience and achievements as an expert in financial economy.

As it is expected that he will continue to oversee the Board of Directors based on his insights and experience as an expert as detailed above and provide opinions on the management of Nitto from the perspective of an expert, Mr. Yamada has again been nominated as a candidate for Outside Director this year. Upon his reappointment as Outside Director, he will also work as a member of the Nomination and Remuneration Advisory Committee.

■ Matters concerning independence

The Company stipulates “Criteria for Independent Outside Directors and Outside Corporate Auditors” (please refer to page 25 for the content of these criteria) and selects candidates for Outside Directors based on the said criteria. The Company designated Mr. Yamada as an Independent Director as stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Mr. Yamada is currently a chairman of Custody Bank of Japan, Ltd., a shareholder of the Company, but the Bank is a specialized asset management bank and the beneficial shareholders have the right to instruct the Bank to exercise voting rights. The Company has no transactions with the Bank.

Mr. Yamada also previously served as an important executing person of the Bank of Japan, with which the Company does not engage in transactions.

Number of Company shares owned: 0

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 3

Brief Profile

April 1994	Joined MITSUI & CO., LTD.
October 2003	Registered with Daini Tokyo Bar Association
April 2015	Joined TMI Associates
January 2017	Partner of TMI Associates (present)
March 2019	Outside Corporate Auditor, OTSUKA KAGU, LTD. (retired in August 2021)
June 2020	Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022)
June 2022	Outside Director, Starzen Co., Ltd. (present)
June 2023	Outside Director, Nitto Denko Corporation (present)
March 2024	Outside Director, ASICS Corporation (present)

Important concurrent positions held at TMI Associates, Starzen Co., Ltd., and ASICS Corporation

■ Reason for nomination as a candidate for Outside Director and expected roles

Ms. Mariko Eto participated in all the Board of Directors meetings (12 times) held during the fiscal year and provided useful opinions based on her diverse experience and achievements as an expert in corporate legal affairs and labor issues.

As it is expected that she will continue to oversee the Board of Directors based on her insights and experience as an expert as detailed above and provide opinions on the management of Nitto from the perspective of an expert, Ms. Eto has again been nominated as a candidate for Outside Director this year. Upon her reappointment as Outside Director, she will also work as a member of the Nomination and Remuneration Advisory Committee.

■ Matters concerning independence

The Company stipulates “Criteria for Independent Outside Directors and Outside Corporate Auditors” (please refer to page 25 for the content of these criteria) and selects candidates for Outside Directors based on the said criteria. The Company designated Ms. Eto as an Independent Director as stipulated by Tokyo Stock Exchange and reported such designation to the Exchange.

Furthermore, she is currently a partner of TMI Associates. Although the Company may receive advice on individual matters based on the expertise of TMI Associates, she is not in charge of the Company and the annual amount is less than 0.001% of Nitto’s consolidated revenue. The Company has not entered into a consultant agreement with TMI Associates. Thus, the Company’s relationship with TMI Associates does not affect her independence.

[Notes on the Candidate for Director]

■ Summary of liability limitation agreement

Nitto has entered into a liability limitation agreement with Outside Directors to limit their liability for damages to the maximum amount stipulated by law.

Therefore, Nitto intends to continue this agreement with each of Ms. Wong Lai Yong, Mr. Michitaka Sawada, Mr. Yasuhiro Yamada and Ms. Mariko Eto when they are reappointed as Outside Directors.

■ Summary of directors and officers (D&O) liability insurance policy

Nitto purchases a directors and officers (D&O) liability insurance policy from an insurance company, naming its Directors, Corporate Auditors, and so on as the insured, to cover any damage (e.g., compensations and legal fees) incurred when a lawsuit is filed against any of the insured for an action they have taken in the course of performing their duties. If Director candidates are appointed as Directors, they will be added to the insured under the said insurance policy.

■ Other

During Ms. Eto's tenure as an Outside Director of Starzen Co., Ltd., the company disclosed that there had been inappropriate transactions, including fictitious circular transactions by its employees. Although she was not aware of such facts, she routinely makes proposals from the viewpoint of legal compliance at meetings such as the Board of Directors meetings, and after such facts were discovered, she has fulfilled her responsibilities by conducting investigations and calling for further reinforcement of the system to prevent recurrence.

(Reference) Nomination of 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 of Directors and Corporate Auditors]

The Officer Appointment Standards have been established as described below and are applied when appointing a Director or Corporate Auditor. In addition, in order to further enhance fairness and transparency in appointment 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”

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.

Skills of Nitto's (prospective) Directors and Corporate Auditors following the 160th Ordinary General Meeting of Shareholders

Name	Title	Gender	Length of service	Leadership	Technology	Finance	Governance	Sustainability
Hideo Takasaki	Representative Director	Male	17	●				
Yosuke Miki	Director	Male	8	●	●			
Yasuhiro Iseyama	Director	Male	5			●	●	
Yasuhito Ohwaki	Director	Male	2	●			●	●
Tatsuya Akagi	Director	Male	1	●				
Yoichiro Furuse	Director	Male	18	●		●	●	
Wong Lai Yong	Outside Director	Female	5				●	●
Michitaka Sawada	Outside Director	Male	4	●	●			●
Yasuhiro Yamada	Outside Director	Male	3		●	●	●	
Mariko Eto	Outside Director	Female	2				●	●
Shin Tokuyasu	Corporate Auditor (full-time service)	Male	6			●	●	●
Toshihiko Takayanagi	Corporate Auditor (full-time service)	Male	2	●			●	
Yasuko Kobashikawa	Outside Corporate Auditor	Female	2			●	●	
Kiyoshi Sono	Outside Corporate Auditor	Male	1	●		●	●	
Tsuyoki Hattori	Outside Corporate Auditor	Male	1				●	●

*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 President-Director.

[Nomination of Outside Directors and Outside Corporate Auditors]

When nominating Outside Director and Outside Corporate Auditor candidates, individuals who are considered appropriate for such positions must meet the separately established “Criteria for Independent Outside Directors and Outside Corporate Auditors,” in addition to the Officer Appointment Standards. Furthermore, in order for Outside Directors and Outside Corporate Auditor to set aside the time and labor necessary to properly fulfill their roles and responsibilities at the Company, due attention is paid to the statuses of concurrent positions (officers, etc.) that they might hold at other companies to ensure that such statuses are appropriate.

<Criteria for Independent Outside Directors and Outside Corporate Auditors>

The Company, in an effort to ensure the objectivity and transparency of governance, has set forth the criteria for the independence of Outside Directors and Outside Corporate Auditors (hereinafter collectively referred to as “Outside Officer(s)”), as follows.

The Company considers an Outside Officer or a candidate for Outside Officer to have independence, if, after conducting an investigation to the utmost reasonable extent, it is determined that none of the following items are applicable to the Outside Officer or the candidate for Outside Officer.

1. A person who is or has been in the past ten years an executing person (Director, Corporate Auditor, Vice President, or any other employee) of the Company or the Group (hereinafter collectively referred to as the “Group”);
2. A person who is an important executing person (Director, Corporate Auditor, Accounting Advisor, Executive Officer, Vice President, or any other important employee; hereinafter the same shall apply) of a major shareholder of the Company (a shareholder holding 10% or more of the voting rights of the Company; hereinafter the same shall apply);
3. A person who is an important executing person of a company of which the Company is a major shareholder;
4. A person who is an important executing person of a major counterparty of the Company (a counterparty for which the amount of payment or receipt for transactions with the Company for the latest fiscal year exceeds 2% of consolidated revenue);
5. A person who is an important executing person of a major lender of the Company (a lender to which the Group’s aggregate amount of loans payable at the latest fiscal year-end exceeds 2% of consolidated total assets);
6. A person who is a legal professional, accounting and tax professional, consultant, or research and education specialist who receives a large amount of remuneration or donation (for the latest fiscal year, 10 million yen or more in the case of an individual and more than 2% of consolidated revenue in the case of a corporation or an organization) from the Company;
7. A person who has kinship status (being a relative within the third degree of kinship or a relative living together) with an executing person of the Group;
8. A person to whom any of the items 2. through 7. above has been applicable within the past ten years; and
9. In addition to the above, a person who has an interest that is reasonably considered to give rise to doubts about his or her independence as an Independent Outside Director or Independent Outside Corporate Auditor, or to give rise to a conflict of interest with shareholders of the Company.

<Criteria for “Important Concurrent Positions”>

Concurrent positions are deemed “important” if:

1. The director (candidate) in question concurrently holds a position as Director, etc. at listed companies or equivalent public companies;
2. The director (candidate) is a representative of corporations other than those stipulated in the preceding item and does not have the time, etc. necessary to fulfill his/her duties at the Company;
3. The director (candidate) has a specialist job (as a professor, lawyer, accountant, etc.) and his/her related duties can affect the allocation of time, etc. necessary to fulfill his/her duties at the Company;
4. The place of employment of the director (candidate) affects his/her independence in light of the Criteria for Appointment of Independent Outside Directors and Outside Corporate Auditors of the Company; and/or
5. The place of employment of the director (candidate) affects the allocation of time, etc. necessary to fulfill his/her duties at the Company.

Business Report for the 160th Fiscal Term

For the 2024 fiscal year (April 1, 2024 to March 31, 2025)

1. Performance

(1) Highlights*¹

Item		FY2020	FY2021	FY2022	FY2023	FY2024 (Fiscal Year Ended March 31, 2025)
Revenue	(100 million yen)	7,613	8,534	9,290	9,151	10,138
Operating profit	(100 million yen)	938	1,322	1,471	1,391	1,856
Operating profit to revenue	(%)	12.3	15.5	15.8	15.2	18.3
Net profit attributable to owners of the parent company	(100 million yen)	702	971	1,091	1,026	1,372
Dividend payout ratio	(%)	42.3	33.5	32.5	36.1	28.6* ²
ROE (Return on equity attributable to owners of the parent company) (%)		10.0	12.6	12.7	10.9	13.5
ROA (Ratio of profit attributable to owners of the parent company to total assets) (%)		7.4	9.4	9.7	8.5	10.7
Capital investment (completion basis)	(100 million yen)	505	564	507	834	929
Research and development (R&D) costs	(100 million yen)	352	372	401	434	467
R&D costs/revenue ratio	(%)	4.6	4.4	4.3	4.8	4.6
Gender ratio of employees	(%)	Men: 61 Women: 39	Men: 61 Women: 39	Men: 62 Women: 38	Men: 63 Women: 37	Men: 63 Women: 37
Female leaders ratio* ³	(%)	—	—	19	20	22
Number of critical occupational accidents* ^{4/5}		1	3* ⁶	2* ⁶	0	1
Number of serious occupational accidents* ^{4/5}		4	4	8	7	4
CO ₂ Emissions (Scope 1+2)	(kton)	685	649	571	525	—* ⁷
Total Waste etc., disposed	(kton)	129	144	145	119	—* ⁷

Notes:

1. The Nitto Group prepares its consolidated financial statements based on the International Financial Reporting Standards (IFRS).
2. FY2024 result is calculated based on a tentative dividend amount whose payment is subject to approval of Item 1 as proposed for the 160th Ordinary General Meeting of Shareholders.
3. “Female leaders ratio” is calculated as one of the future-financial targets newly introduced with the establishment of the Mid-Term Management Plan released in May 2023.
4. Critical occupational accidents: Accidents resulting in death or permanent disability. Serious occupational accidents: Accidents that could develop into critical occupational accidents.
5. The number of cases covers all critical occupational accidents and serious occupational accidents that occurred on the premises and makes no distinction based on the attributes of the affected persons.
6. Some accidents that occurred in FY2021 and FY2022 were recategorized as critical occupational accidents based on follow-up observation.
7. FY2024 results are being compiled and will be disclosed on the Company’s website and in the Integrated Report.

(2) Operating progress and results

The economic environment in fiscal year ended March 31, 2025, saw changes in monetary policies—for example, Western central banks lowering interest rates following easing inflationary pressures on a global basis. While private consumption remained strong in the United States, the Federal Reserve Board lowered interest rates as the labor market slowed down moderately. Since the inauguration of the new Trump administration, the market sentiment has turned cautious about a possible rekindling of inflation due to the administration's clear intent toward additional tariffs, among other policies. In Europe, private consumption recovered as real income increased. However, there has been a manufacturing downturn, mainly around Germany. In China, the national government enacted incentives to encourage consumer spending on replacements in light of the prolonged real estate downturn and a weak domestic consumption due to a severe employment environment. The economy in Japan recovered modestly due to increased inbound tourism consumption and companies' aggressive capital expenditures following record numbers of inbound tourists, in addition to wage growth that surpassed rising commodity prices. Meanwhile, the exchange rate saw volatility, with the yen strengthening rapidly against the dollar from a historic weak level over 160, but on the whole the yen continued to weaken from the previous fiscal year.

In these circumstances, in the Group's main markets, the production levels of high-capacity hard disk drives (HDD) and IT devices for data centers exceeded expectations and demand for Nikko Denko Corporation's products increased.

As a result of the above, revenue increased by 10.8% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 1,013,878 million yen. Operating profit increased by 33.4% to 185,667 million yen, profit before income taxes increased by 33.4% to 185,329 million yen, net profit increased by 33.6% to 137,307 million yen, and net profit attributable to owners of the parent company increased by 33.7% to 137,237 million yen. The yen's exchange rate against the U.S. dollar for the fiscal year ended March 31, 2025, was 152.9 yen to the dollar, a 6.3% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen increased operating profit by 23.3 billion yen.

(3) Summary of operations by segment

[Industrial Tape] Composition of revenue: 34.5%

Main products or businesses: Functional Base Products (bonding and joining products, protection products, process materials, automotive products, etc.)

For Functional Base Products, revenue increased from the previous fiscal year. Demand for assembly materials for high-end smartphones grew as the new sale of electrical release tapes used for fixing batteries began in addition to the expansion of models adopted for existing products. Furthermore, demand for process materials used for manufacturing products such as semiconductor memories and ceramic condensers continued a moderate recovery. Automotive materials remained weak due to a decrease in automotive production volume.

As a result of the above, revenue increased by 5.3% to 355,733 million yen and operating profit increased by 19.0% to 46,043 million yen.

[Optronics] Composition of revenue: 52.7%

Main products or businesses: Information Fine Materials (optical film, etc.), Circuit Materials (CIS [Circuit Integrated Suspension], high precision circuits, etc.)

For Information Fine Materials, revenue increased from the previous fiscal year. As production for high-end notebook PCs and tablet devices progressed favorably, demand for optical film and transparent conductive film grew significantly. While global automotive production volume remained sluggish, demand for durable optical films increased with automotive displays growing in size and in quantity.

For Circuit Materials, revenue increased from the previous fiscal year. As demand for storage for data centers and HDD capacities further expanded with the spread of generative AI, demand for CIS (Circuit Integrated Suspension) increased significantly. Demand for high-precision circuits increased as the production of high-end smartphones remained strong. Furthermore, following the decision to suspend business development for plastic optical fiber cables in the third quarter of the consolidated accounting period, we posted 2,690 million yen in impairment losses.

As a result of the above, revenue increased by 15.4% to 542,999 million yen and operating profit increased by 39.0% to 173,121 million yen.

[Human Life] Composition of revenue: 12.8%

Main products or businesses: Life Science (nucleic acid contract manufacturing, nucleic acid synthesis materials, nucleic acid drug discovery, medical-related products, etc.), Membrane (high-polymer separation membrane), Personal Care Materials (functional films for sanitary materials, etc.)

In Life Science, revenue increased from the previous fiscal year. For nucleic acid contract manufacturing, production for a project, which is expected to be commercialized in the future, began at a new plant at our base in Massachusetts, U.S. Demand from some of our customers also increased for our nucleic acid material, NittoPhase™, for commercial drugs. In nucleic acid drug discovery, Phase I clinical trials were completed for the intractable cancer drugs in the first quarter of the consolidated accounting period, and we will continue to work for out-licensing going forward.

In Membrane (high-polymer separation membrane), revenue increased from the previous fiscal year. While demand for various industrial purposes fell, primarily in China, demand increased in India for Zero Liquid Discharge, which contributes to zero wastewater and effluent in response to stricter wastewater regulations.

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. A review of the business plan for Nitto Advanced Film Gronau GmbH, a consolidated subsidiary of Nikko Denko Corporation, also resulted in 3,298 million yen being recorded as impairment losses related to goodwill in the fourth quarter of the consolidated accounting period.

As a result of the above, revenue increased by 6.1% to 132,098 million yen and operating loss amounted to 11,902 million yen. (operating loss of 9,490 million yen was reported in the same period of the previous year)

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

Main products or businesses: new businesses, other products

Please note that this segment includes new products that have not generated sufficient revenue yet. A review of the flexible sensor business plan for Nitto Bend Technologies, a consolidated subsidiary of Nikko Denko Corporation, also resulted in 5,199 million yen being recorded as impairment losses related to goodwill in the third quarter of the consolidated accounting period.

As a result of the above, revenue increased by 53.9% to 19 million yen and operating loss amounted to 12,229 million yen. (operating loss of 5,661 million yen was reported in the same period of the previous year)

Notes: 1. The breakdown of composition of revenue stated above is calculated by excluding eliminations and corporate.

2. Reporting segments were partially changed during the fiscal year. The figures for the previous fiscal year are adjusted to reflect this change.

(4) Capital expenditure

Capital investment by the Group during the fiscal year totaled 92,976 million yen.

For the Industrial Tape segment, 18,795 million yen was spent to enhance its production capacity of adhesive tapes, renew aging buildings and equipment, and so on. For the Optronics segment, 47,875 million yen was invested in total. In Information Fine Materials, we built additional UV coaters which contribute to reducing environmental impact and enhanced BCP for post-processing equipment. In Circuit Materials, new plants were completed in Kameyama and Vietnam, aiming to increase production capacity for CIS and high-precision circuits. For the Human Life segment, 15,108 million yen was invested to capture early-stage clinical projects in nucleic acid contract manufacturing and to increase production capacity for expanding sales of our nucleic acid material, NittoPhaseTM, among other projects. In the Others segment, 1,741 million yen was invested to build buildings with CO₂ separation membrane facilities and introduce infrastructure for new business development, among other projects. Capital expenditures not directly related to any business segment amounted to 9,456 million yen.

(5) Financing

With the Group's policy to utilize its funds efficiently and reduce borrowings as much as possible, consolidated total borrowings in the fiscal year stood at 455 million yen.

(6) Status of major subsidiaries

Corporate name	Capital	Company's stake	Main business
Nissho Corporation	in million yen 515	100.0 %	Production, processing, and sales; Industrial Tape
Nitto EMEA NV	in thousand euro 212,282	100.0	Administration of Group companies in Europe
Nitto Belgium NV	in thousand euro 28,446	100.0 (100.0)	Production, processing, and sales; Industrial Tape
Nitto, Inc.	in thousand U.S. dollars 0	100.0	Administration of Group companies in the Americas Production, processing, sales, etc.; Industrial Tape
Nitto Denko Avecia Inc.	in thousand U.S. dollars 1	100.0 (100.0)	Production and sales; Human Life
Nitto Advanced Film Gronau GmbH	in thousand euro 7,600	100.0	Production, processing, and sales; Human Life
Nitto Denko (China) Investment Co., Ltd.	in thousand RMB 925,394	100.0	Administration of the Group companies in China
Taiwan Nitto Optical Co., Ltd.	in thousand NT\$ 568,003	100.0	Production, processing, and sales; Optronics
Korea Nitto Optical Co., Ltd.	in million won 84,365	100.0	Production, processing, and sales; Optronics
Nitto Denko (HK) Co., Ltd.	in thousand HK\$ 24,652	100.0	Sales; Industrial Tape and Optronics
Shanghai Nitto Optical Co., Ltd.	in thousand RMB 89,981	100.0 (35.0)	Production, processing, and sales; Optronics
Shenzhen Nitto Optical Co., Ltd.	in thousand RMB 568,925	100.0	Production, processing, and sales; Optronics
Nitto (China) New Materials Co., Ltd.	in thousand RMB 50,000	100.0 (100.0)	Sales; Industrial Tape and Others
Nitto Denko (Singapore) Pte. Ltd.	in thousand U.S. dollars 90,590	100.0	Administration of Group companies in South Asia Sales; Industrial Tape
Nitto Denko Material (Thailand) Co., Ltd.	in thousand Thai Baht 460,000	100.0 (100.0)	Production, processing, and sales; Optronics
Taiwan Nitto Corporation	in thousand NT\$ 262,768	100.0	Sales; Optronics and Industrial Tape
Nitto Vietnam Co., Ltd.	in thousand U.S. dollars 31,500	100.0 (100.0)	Production, processing, and sales; Optronics

Note: Figures in parenthesis in "Company's stake" indicate the percentage of indirect stake.

2. Management Issues and Plans

(1) Basic Management Policies

The mission of the Group's Corporate Philosophy is to "Contribute to customers' value creation with innovative ideas," which is at the core of our Corporate Philosophy. Based on this, we will strive to resolve social issues through our business activities by placing the environment, society, and governance (ESG) at the core of our management, and aim to be a corporate group that continues to grow while contributing to the global environment and society with the aim of realizing a sustainable future. For this purpose, by combining our strengths in core technologies developed over our history, diverse business domains and strong intellectual property, as well as a broad customer base in a wide range of industries, we will accelerate innovation through the *Sanshin* Activities^{*1} and Niche Top Strategy^{*2}, and create products and solutions that contribute to the global environment and society.

In addition, we have identified Material Issues for Sustainability (material issues) in order to become essential to the global environment, humanity, society, and the world, and further accelerate sustainable growth. Through our commitment to the 10 material issues defined for the ESG domains, we will aim to simultaneously solve social issues, create economic value, and enhance our corporate value.

Field	Ideal state	Material issue
E (Environment)	Protecting the future Earth	Realizing a decarbonized society
		Realizing a circular society
		Conserving biodiversity
		Creating PlanetFlags ^{*3}
S (Society)	Enriching people and society	Safe manufacturing
		Empowering diverse employees
		Upholding and respecting human rights
		Building resilient supply chains
		Creating HumanFlags ^{*3}
G (Governance)	Fulfilling stakeholders' expectations and trust	Enhancing management safety

*1. The Group's unique marketing activities for creating new demand through new demand creation and new product development.

*2. A differentiation strategy unique to the Group, which aims for the top market share by continuously creating indispensable products, functions, and business models by integrating the Group's unique technologies and knowledge and co-creating with stakeholders in niche areas while identifying markets that are changing and growing.

*3. The Group established a scheme for recognizing products that contribute to the environment and humanity in fiscal 2022. The Group's products and services are measured by contribution to the environment and humanity and those with particularly high contribution are recognized as PlanetFlags/HumanFlags.

(2) Medium- to Long-term Management Strategy

<1> 2030 Ideal State and the Mid-Term Management Plan, “Nitto for Everyone 2025”

The Group has set forth being “An essential top ESG company that continually brings amazement and inspiration as a Niche Top creator” as its 2030 Ideal State. Based on a corporate culture of enjoying taking on challenges, which is the Nitto's uniqueness, the Company will contribute to a prosperous future by creating “niche-top products that contribute to the environment and humanity” and by providing customers with the best possible “surprises and amazement”. The Group will create new value through co-creation innovation with stakeholders, especially customers, and live up to their trust and expectations as an indispensable presence in a sustainable global environment and human society.

“Nitto for Everyone 2025,” our Mid-Term Management Plan covering the period from fiscal 2023 to 2025, has the implementation of “Niche Top Strategy x Nitto-Style ESG Strategy” as its slogan. Under this plan, we are working on four focus items: “Transformation of Business Portfolio to Contribute to the Environment and Humanity,” “Advancement of Innovation Model to Produce New Niche Top products/services”, “Reformation of Organizational Culture to Accelerate Changes,” and “Transformation of Management Structure to Anticipate Change.” In order to become “an essential top ESG company,” our 2030 Ideal State, we will push forward to steadily implement the Mid-Term Management Plan.

<2> Focus items and progress of the Mid-Term Management Plan, “Nitto for Everyone 2025”

a. Business Portfolio Transformation to Contribute to the Environment and Humanity

While we will make focused investments in growth items that we have identified in terms of both social value and economic value, we will implement structural reforms, including withdrawal and sale, for “items that will not be retained,” such as items for which future growth is not expected or for which we may no longer be able to manufacture due to environmental chemical substance regulations. In new areas, we will promote the transformation of our business portfolio by actively utilizing strategic alliances, including M&A and investments in startup companies, and by taking on the challenge of creating environmental and solution businesses. In fiscal 2024, new facilities were completed at the Kameyama Plant and our Vietnam base to accommodate increased production of CIS, a Global Niche Top* product, as well as high-precision circuits, a HumanFlags recognized product.

In new areas, as an environmental business, in addition to reducing energy consumption through the shift to solvent-free, etc., we are pushing forward with our Negative Emission Factory Concept. Under this concept, we will accelerate the development of negative emission technologies (technology to remove CO₂ from the atmosphere by capturing, absorbing, storing, and fixing atmospheric CO₂), such as capturing CO₂ that is inevitably emitted in the manufacturing process, and work toward proposing them as total solutions to reduce CO₂ emissions.

b. Advancement of Innovation Models to Create Niche Top

The Group places ESG at the core of its management and aims to simultaneously solve social issues and create economic value. With Power & Mobility, Digital Interface, and Human Life as our three focus domains, we will leverage the Group’s technological strengths and convergence, particularly in the intersections of these focus domains, to become essential. By refining differentiating technologies that provide Niche Top essential solutions to social issues to create PlanetFlags/HumanFlags, enhancing business development capabilities by strengthening marketing capabilities, and accelerating commercialization through co-creation with customers and partners, we will establish new ways to win in addition to the winning ways it has cultivated to date.

In fiscal 2024, 11 new products (35 products in total) were certified as PlanetFlags/HumanFlags. In order to further accelerate ESG management, the Group will increase the number of double recognized products, i.e. both recognized as PlanetFlags/HumanFlags and Global Niche Top*/Area Niche Top* products, that simultaneously solve social issues and create economic value.

*Global Niche Top and Area Niche Top are trademarks of Nitto Denko Corporation.

c. Reforming Organizational Culture to Accelerate Challenges for Human Capital and Teams

The Group regards human resources as its most important asset. To create new innovations necessary for sustainable growth, we will foster a culture that enjoys taking on challenges and reform our human resources and training systems. As part of this, we are working on the Nitto Innovation Challenge for new business creation. It is an initiative in which we solicit ideas for new business creation from all Group companies and support the realization of the most promising ideas. As we move toward the fifth challenge in fiscal 2024, we have received 1,500 entries, the highest ever. This initiative is also a framework to create PlanetFlags/HumanFlags products and by extension, Global Niche Top/Area Niche Top products.

Furthermore, being highly recognized for fully grasping human capital opportunities and risks and promoting human capital management with multiple unique indicators, we received awards in Human Capital Survey 2024—Human Capital Leadership 2024 and Human Capital Management Quality (Gold)—for two consecutive years.

d. Transformation into a Management Infrastructure that Anticipates Change

In order to implement the “Niche Top Strategy x Nitto ESG Strategy” that the Group is aiming for, it is necessary to anticipate changes in the surrounding business environment. To realize this, we are advancing a transformation toward a resilient management infrastructure that can support “an essential top ESG company.”

In fiscal 2024, with the aim of improving our foresight and responsiveness to supply chain risk, we expanded the EcoVadis*¹ platform which we have introduced to our Japanese suppliers since 2023 to our suppliers in Europe, North America, and East and South Asia. We will continue to focus on increasing the number of suppliers covered by this platform, improving the participation rate in assessments, and improving low scores, and ensuring appropriate evaluation cycle. In implementing data-driven management through digital utilization, we further developed a core system and a platform for utilizing data as we move ahead with business reforms, business model transformations, and other activities. In accelerating initiatives toward becoming a leading ESG company and securing brand recognition, we worked with the ATP (Association of Tennis Professionals), FITP (Italian Tennis and Padel Federation), and the host City of Turin to advance the Nitto ATP Finals Torino Green Project, a collaborative project to reduce CO₂ emissions, as part of our Nitto ATP Finals*² sponsorship activities. Furthermore, being recognized for taking various actions that place the Group’s ESG central to our management, we were selected as a Sustainability Yearbook Member for the first time in Sustainability Yearbook 2025 published by S&P Global, a survey and rating agency in fiscal 2024. We were also selected as Industry Mover, a company that improved the most in rating in industry from fiscal 2023.

*1. EcoVadis is a company that provides a large variety of sustainability solutions designed for organizations to manage, measure, and improve their entire value chains. The EcoVadis rating provides a detailed evaluation of a company’s sustainability performance in fields such as the environment, labor and human rights, ethics, and procurement of sustainable materials.

*2. The Nitto ATP Finals marks the climax of the men’s pro tennis season and is a tournament where the final title of the year is contested. The Group has served as a title sponsor since 2017.

(3) Objective indicators for assessing the achievement of management goals, etc.

Under “Nitto for Everyone 2025,” our management targets for the end of FY2025 were operating profit of 170 billion yen, an operating profit to revenue of 17%, and return on equity (ROE) attributable to owners of the parent company of 15%. Furthermore, while the Group has not yet reached its financials, we have established nine future-financial indicators, which we call “future-financial” elements that could become financial in the future, or elements that will be converted into financials. We will accelerate our transformation and enhance our corporate value by promoting activities to achieve these future-financial indicator targets.

For CO₂ emissions, which are one of the environment related future-financial indicators, we had already set targets for Scope 1 + 2 to achieve “Nitto Group Carbon Neutral 2050”, but we newly established a Scope 3 emissions reduction target of 1,460 kton by fiscal year 2030 based on SBT^{*1} to achieve zero environmental impact not only within the Group but also across its entire supply chain. Through initiatives such as the shift to solvent-free and the promotion of renewable energy^{*2}, we are further accelerating our activities toward realizing a decarbonized society.

Future-Financial Indicators		FY2024 Results	FY2025 Targets	FY2030 Targets	Related Material Issues
Product related	Niche Top revenue ratio	48%	50%	At least 50%	—
	Planet Flags/Human Flags category revenue ratio	44%	40%	At least 50%	Creating PlanetFlags Creating HumanFlags
	New products ratio	41%	At least 35%	At least 35%	—
Environment related	Waste plastics recycling ratio	Under compilation	50%	60%	Realizing a circular society
	Sustainable materials procurement ratio	18% ^{*3}	20%	30%	
	CO ₂ emissions	Under compilation	470 kton/year	400 kton/year	Realizing a decarbonized society
HR related	Engagement scores ^{*4}	—	78	85	Utilizing diverse talent
	Challenge ratio	41%	70%	85%	
	Female leaders ratio	22%	24%	30%	

*1. SBT is an abbreviation for Science Based Targets. It refers to “greenhouse gas emission reduction targets” set by companies that are consistent with the science-based targets adopted in the Paris Agreement (to limit the temperature increase to less than 1.5°C above pre-industrial levels). The Group has achieved SBT certification, affirming that its greenhouse gas emission targets for fiscal year 2030 are based on scientific evidence.

*2. With the aim to commit to sourcing 100% renewable electricity, the Group joined membership in RE100 (an international initiative that aims for companies to commit to using 100% renewable electricity).

*3. This is a compilation for Japan (Non-consolidated).

*4. For fiscal 2024, the engagement score was excluded from the survey.

(4) Strategies and initiatives by segment

The key strategies and initiatives in each segment are as follows.

- **Industrial Tape**

In response to the increasing Right to Repair legislation for electronic devices like smartphones, primarily in Europe, we expect an increase in the number of devices that will adopt electrical release tapes used for fixing batteries for which sales began in fiscal 2024. Capitalizing on the growing momentum toward a resource-circular society, the Group aims to further expand its business by leveraging its release technology. With the spread of generative AI, growth in demand is also expected for process materials for use in semiconductors and ceramic condensers. On the other hand, while the automotive materials sector is expected to continue facing a challenging business environment due to factors such as sluggish global automotive production volume, we will proceed with building a business foundation capable of generating stable and high profit margins for the industrial tape business as a whole.

- **Optronics**

In Information Fine Materials, our focus will be on high-end products for automotive displays and foldable smartphones amid a maturing display market. As the number of displays installed per vehicle is rising and the display size is growing every year, we expect to see a continued strong demand for the Group's optical films, which offer excellent durability. While new display technologies for foldable smartphones are trending toward eliminating the need for optical films, the Group is developing transparent adhesive sheets with optical characteristics. In addition, we have been actively promoting the reduction of CO₂ emissions through solvent-free production process, and will continue to pursue further added value as a total solution provider for display peripheral materials.

For Circuit Materials, in addition to the continued increase in demand for data center storage in the HDD market, further increases in HDD capacity are expected due to advancements in new technology such as HAMR (Heat-Assisted Magnetic Recording). In response to this, the Group is increasing its production capacity in its base in Vietnam, while expanding its range of products for HAMR. Moreover, in high-precision circuits for high-end smartphones, we are currently working to develop new products with new usage for existing customers.

- **Human life**

In Life Science, the contract manufacturing business for nucleic acid drugs saw some progress being made on a large project for which commercialization is anticipated, and we expect demand to increase. In fiscal 2024, we plan to increase production at our new plant in Massachusetts, U.S., which has just begun its operation.

In nucleic acid drug discovery, we will focus on the development of nucleic acid DDS (Drug Delivery System) design technology and the conclusion of licensing agreements. Work for out-licensing is ongoing regarding intractable cancer drug development.

In Membrane, we expect demand for products that contribute to zero wastewater and effluent to increase in response to stricter wastewater regulations in various countries, primarily in India.

In Personal Care Materials, we aim to improve profitability by expanding sales of new sanitary materials for diapers and environmentally friendly products using biodegradable technology.

- **Others**

As for our new businesses in Others, we will invest our management resources intensively on PlanetFlags/HumanFlags candidate themes in the next-generation semiconductor, environmental solutions, and digital health fields with the aim of commercializing them as soon as possible.

3. Executives

(1) Directors and Corporate Auditors (as of March 31, 2025)

Name	Title (Position)	Responsible area, etc.
Hideo Takasaki	Representative Director, President-Director CEO, COO	
Yosuke Miki	Director, Senior Executive Vice President CTO General Manager of Corporate Technology Sector	Corporate technology
Yasuhiro Iseyama	Director, Senior Executive Vice President CFO General Manager of Corporate Accounting & Finance Division General Manager of Export Control Center	Accounting & finance, IR, export control, and internal audit
Yasuhito Ohwaki	Director, Senior Executive Vice President CHRO General Manager of Corporate Human Resources Division	Human resources & education, diversity, equity & inclusion promotion, and management of Japan
Tatsuya Akagi	Director, Executive Vice President General Manager of Information Fine Materials Sector	Information fine materials
Yoichiro Furuse	Part time Director	Representative Director, Evanston Corporation Consultant, GLP Pte. Ltd.
Wong Lai Yong	Outside Director	Founder, Principal Trainer and Consultant of First Penguin Sdn. Bhd. Outside Director, MITSUI E&S Co., Ltd.
Michitaka Sawada	Outside Director	Special Advisor, Kao Corporation Outside Director, Panasonic Holdings Corporation Outside Director, Komatsu Ltd.
Yasuhiro Yamada	Outside Director	Chairman, Custody Bank of Japan, Ltd.
Mariko Eto	Outside Director	Partner of TMI Associates Outside Director, Starzen Co., Ltd. Outside Director, ASICS Corporation
Shin Tokuyasu	Corporate Auditor (full-time service)	
Toshihiko Takayanagi	Corporate Auditor (full-time service)	
Yasuko Kobashikawa	Outside Corporate Auditor	JK & CREW Tax Accountant's Corporation (Certified Public Accountant and Certified Public Tax Accountant) Outside Corporate Auditor, JVCKENWOOD Corporation
Kiyoshi Sono	Outside Corporate Auditor	Vice Chair, Kansai Economic Federation Outside Director (Member of the Audit and Supervisory Board), Sompō Japan Insurance Inc. Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc.

Tsuyoki Hattori	Outside Corporate Auditor	
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* CEO: Chief Executive Officer, COO: Chief Operating Officer,
CTO: Chief Technology Officer,
CFO: Chief Financial Officer, CHRO: Chief Human Resources Officer

Notes:

1. Corporate Auditor (full-time service) Shin Tokuyasu has assumed key positions at accounting & finance and other administrative departments of the Company and as Representative Director of the Company's overseas subsidiary over many years, thus possessing a broad range of knowledge in finance and accounting.
2. Outside Corporate Auditor Yasuko Kobashikawa has qualifications as Certified Public Accountant and Certified Public Tax Accountant and possesses significant insights into finance and accounting.
3. Outside Corporate Auditor Kiyoshi Sono possesses significant insights into finance and accounting through his long years of involvement in the management of financial institution.
4. The Company has designated all of the Outside Directors and Outside Corporate Auditors as Independent Directors/Corporate Auditors as stipulated by Tokyo Stock Exchange and reported them to the Exchange.
5. The Company has no special relationship with any of the organizations at which the Outside Directors and Outside Corporate Auditors hold important concurrent positions.

(2) Major activities of Outside Directors and Outside Corporate Auditors

Name	Major activities
1. Outside Directors	
Wong Lai Yong	Participation Board of Directors meetings: 100% (12 out of 12 times) In addition to overseeing the Board of Directors based on her insight and experience as a corporate representative who provides advice on diversity and sustainability, Ms. Wong is expected to provide opinions on the business administration of the Company from an expert perspective. She proactively made comments at the Company's Board of Directors and Management, Nomination and Remuneration Advisory Committee meetings from this perspective during the fiscal year.
Michitaka Sawada	Participation Board of Directors meetings: 100% (12 out of 12 times) In addition to overseeing the Board of Directors based on his insight and experience as corporate manager of a leading company which promotes ESG strategy, Mr. Sawada is expected to provide opinions on the Company's management from an expert perspective. He proactively made comments at the Company's Board of Directors and Management, Nomination and Remuneration Advisory Committee meetings from this perspective during the fiscal year.
Yasuhiro Yamada	Participation Board of Directors meetings: 100% (12 out of 12 times) In addition to overseeing the Board of Directors based on his insight and experience as an expert in financial economy, Mr. Yamada is expected to provide a wide variety of opinions on the Company's management. He proactively made comments at the Company's Board of Directors and Management, Nomination and Remuneration Advisory Committee meetings from this perspective during the fiscal year.
Mariko Eto	Participation Board of Directors meetings: 100% (12 out of 12 times) In addition to overseeing the Board of Directors based on her insight and experience as an expert in corporate legal affairs and labor issues, Ms. Eto is expected to provide a wide variety of opinions on the Company's management. She proactively made comments at the Company's Board of Directors and Management, Nomination and Remuneration Advisory Committee meetings from this perspective during the fiscal year.
2. Outside Corporate Auditors	
Yasuko Kobashikawa	Participation Board of Directors meetings: 100% (12 out of 12 times) Board of Corporate Auditors meetings: 100% (13 out of 13 times) In addition to conducting appropriate audits based on her insight and experience as an expert in accounting and finance, Ms. Kobashikawa is expected to provide opinions on the business administration of the Company from an expert perspective. She conducted appropriate audits from this perspective during the fiscal year. In addition, Ms. Kobashikawa proactively made comments at the Management, Nomination and Remuneration Advisory Committee meetings.
Kiyoshi Sono	Participation Board of Directors meetings: 100% (10 out of 10 times) Board of Corporate Auditors meetings: 100% (10 out of 10 times) In addition to conducting appropriate audits based on his insight and experience as an expert in finance and financial fields, Mr. Sono is expected to provide opinions on the business administration of the Company from an expert perspective. He conducted appropriate audits from this perspective during the fiscal year. In addition, Mr. Sono proactively made comments at the Management, Nomination and Remuneration Advisory Committee meetings.
Tsuyoki Hattori	Participation Board of Directors meetings: 100% (10 out of 10 times) Board of Corporate Auditors meetings: 100% (10 out of 10 times) In addition to conducting appropriate audits based on his insight and experience as an expert in risk management, Mr. Hattori is expected to provide opinions on the business administration of the Company from an expert perspective. He conducted appropriate audits from this perspective during the fiscal year. In addition, Mr. Hattori proactively made comments at the Management, Nomination and Remuneration Advisory Committee meetings.

Notes:

(1) Structure and roles of the Management, Nomination and Remuneration Advisory Committee

To strengthen the independence, objectivity, and accountability of the Board of Directors' functions with respect to important issues such as key management themes, director nominations, and executive remuneration systems, the Company has established the Management, Nomination and Remuneration Advisory Committee, which consists of Outside Directors and Outside Corporate Auditors, as a voluntary advisory body to the Representative Director(s).

By having the above important matters deliberated by the Management, Nomination, and Remuneration Advisory Committee, the Company has achieved a system whereby the Representative Director receives appropriate advice in advance from Outside Directors and Outside Corporate Auditors, and the Board of Directors deliberates on these matters.

This structure ensures objectivity and transparency in the deliberations of the Board of Directors and reinforces corporate governance.

(2) Activities of the Management, Nomination and Remuneration Advisory Committee

The Committee met three times in the fiscal year (FY2024). All outside officers played important roles as the members of the Advisory Committee utilizing their deep insights and extensive experience in their respective areas of expertise. The following are attendance status, main consultations and deliberations:

<Participation>

Hideo Takasaki: 3 out of 3 times

Wong Lai Yong: 3 out of 3 times

Michitaka Sawada: 3 out of 3 times

Yasuhiro Yamada: 3 out of 3 times

Mariko Eto: 3 out of 3 times

Yasuko Kobashikawa: 3 out of 3 times

Kiyoshi Sono: 3 out of 3 times

Tsuyoki Hattori: 3 out of 3 times

<Major consultations and deliberations during the current fiscal year (FY2024)>

・Approach to future-financial targets in Nitto-Style ESG Strategy

・Ideal approach to director system, including components of remuneration

(3) Reorganization of the Advisory Committee

We will reorganize the Management, Nomination and Remuneration Advisory Committee to further enhance the fairness, transparency, and objectivity of procedures related to nomination and remuneration of our executive management by clarifying the significance of advisory items. We will create a voluntary Nomination and Remuneration Advisory Committee on June 20, 2025.

(3) Summary of liability limitation agreement

The Company has executed agreements with all of the Outside Directors and Outside Corporate Auditors in accordance with the Articles of Incorporation to limit the compensation liability provided in Paragraph 1, Article 423 of the Companies Act, and the compensation limitation amount under these agreements are the minimum amount determined under laws and regulations.

(4) Summary of directors and officers (D&O) liability insurance policy

The Company purchases a directors and officers (D&O) liability insurance policy from an insurance company, naming its Directors, Corporate Auditors, and Vice Presidents (hereinafter collectively referred to as the “Company D&O”) and the officers of Nitto Shinko Corporation, which is a member company of the Group, as the insured, to cover any damage (e.g., compensations and legal fees) incurred when a lawsuit is filed against any of the insured for an action they have taken in the course of performing their duties. The insurance policy has an exemption clause excluding from its coverage any liability that has arisen due to the insured’s intent, illegal and personal sharing of profits, and criminal acts, among other things. Insurance premiums are fully borne by the Company for the Company D&O, and fully borne by Nitto Shinko Corporation for its Directors.

(5) Summary of the policy to determine the amount or calculation method of remuneration for Directors and Corporate Auditors

<1> Remuneration paid to Directors

a. Basic policy related to remuneration for Directors

- The content of remuneration shall be such that Nitto Persons* are allowed to be appointed as a Director.
- 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.

* 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.

b. Components of remuneration

Directors (excluding Part time Director and Outside Directors) shall be remunerated as follows.

Type	Category	Policy related to the content of remuneration, methods of calculating the cash amount/number of shares, and the timing of payment
Fixed remuneration	Basic remuneration (cash)	Monthly remuneration as determined by position, responsibility, and length of service is paid in cash.
Short-term performance-linked remuneration	Bonus for Directors (cash)	Remuneration in cash is paid after the relevant business term is over to raise awareness about the Group's performance improvement for each business term. The amount of remuneration paid to each Director is determined by the progress of achievement of the Group's performance indicators on consolidated operating income and consolidated ROE* ¹ over the period of one business term and by the progress made against the targets set for each Director's areas of responsibilities.
Medium-term performance-linked remuneration	Performance-linked share-based remuneration	This additional remuneration is designed to incentivize Directors to improve business performance over the mid-term, and share-based remuneration is granted once every three consecutive business terms. The number of shares to be granted to each Directors will be determined based on consolidated operating income, consolidated ROE, and ESG items (future-financial targets that the Company has positioned as key issues)* ² as of the end of the third year after the start of the performance evaluation period. Targets should be set high, and no remuneration is paid if the targets are not met. The number of shares to be granted ranges between 0% and 150% according to the progress against the targets.
Medium- and long-term performance-linked remuneration	Restricted share remuneration	Share-based remuneration is granted for each business term to align the interests of Directors and shareholders and reflect medium- and long-term business performance in their remuneration. The number of shares to be granted to each Director is determined by position, responsibility, and length of service. The amount of remuneration is linked to the market price by setting restrictions on transfer until retirement.

*1. Consolidated operating income is used as an indicator of commitment to results and consolidated ROE as a measure of business stability.

*2. ESG-related items serve as a measure of sustainable corporate value improvement. The Group also refers to elements that are not yet financial at this time, but could become financial in the future, or that will be converted to financials, as "future-financial" elements.

In light of their roles and independence, Part time Director and Outside Directors are remunerated by fixed remuneration only.

c. Policy related to the designing of the remuneration level

In order to ensure that remuneration for Nitto's officers, etc. is at a competitive level vis-à-vis industry standards, their remuneration level is set by benchmarking a group of major companies of a similar scale in the same industry as Nitto.

d. Component ratio of remuneration

For the purpose of standard evaluation, the target component ratio of remuneration is: Remuneration in cash : Bonus for Directors : Restricted share remuneration = 30% : 60% : 10%. Performance-linked share-based remuneration is provided as additional remuneration when medium-term targets are achieved, but not provided for a standard evaluation.

e. Policy related to the determination process

The policy related to the standard amount, calculation method, component ratio among different types of remunerations, timing or conditions of payment, etc. for the remuneration of each Director shall be decided by the Board of Directors, by comprehensively taking into account such factors as the Company's business conditions, management environment, the levels of remuneration to officers at major companies of a similar scale in the same industry as the Company, after receiving a report on the results of deliberations by the Nomination and Remuneration Advisory Committee.

Decisions on concrete details of basic remuneration for each term of office and the allocation of executive bonuses

to each Director shall be entrusted to the President (who is also a Board Member) pursuant to a resolution of the Board of Directors. Because the President is in a position to evaluate if targets for Directors other than Outside Directors have been met, it is deemed rational for him/her to make a decision on the allocation. Remuneration in cash shall be determined according to the position, responsibility, and length of service, whereas bonuses for officers shall be determined by taking into account the progress of achievement of targets set for areas of responsibilities of each Director in accordance with the predetermined standard amount and calculation method above, in order to prevent arbitrary decisions from being made. For performance-linked share-based remuneration and restricted share remuneration, the Board of Directors shall determine the number of shares to be granted to each Director using a predetermined formula.

<2> Remuneration paid to Corporate Auditors

a. Basic policy related to remuneration of Corporate Auditors

- The content of remuneration shall be such that Nitto Persons are allowed to be appointed as a Corporate Auditor.
- The remuneration structure shall be such that it contributes to the fulfillment of their duties, including audits of the performance of duties by Directors.

b. Components of remuneration

Remuneration of Corporate Auditors does not include any share-based or other performance-linked portions and instead is comprised solely of fixed remuneration in cash.

c. Policy related to the designing of the remuneration level

In order to ensure that remuneration for Nitto's officers, etc. is at a competitive level vis-à-vis industry standards, their remuneration level is set by benchmarking a group of major companies of a similar scale in the same industry as Nitto.

d. Policy related to the determination process

Remuneration of individual Corporate Auditor is determined through consultations among themselves.

(6) Remuneration etc. paid to Directors and Corporate Auditors

(Millions of yen)

(millions of yen)

Position	Total amount of remuneration, etc.	Remuneration by type				Number of eligible Directors and Corporate Auditors
		Fixed remuneration	Performance-linked remuneration			
		Basic remuneration (cash)	Bonus for Directors (cash)	Performance-linked share-based remuneration	Restricted share remuneration	
Directors (excluding Outside Directors)	1,028	285	505	135	102	6
Outside Directors	76	76	-	-	-	5
Corporate Auditors (excluding Outside Corporate Auditors)	88	88	-	-	-	2
Outside Corporate Auditors	48	48	-	-	-	5

- Notes: 1. The above includes one Director (an Outside Director) and two Corporate Auditors (Outside Corporate Auditors) who retired mid-term during fiscal 2024.
2. The maximum amount of base 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 (including no more than 120 million yen 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.
3. The above bonuses to Directors, excluding Outside Directors, are the amounts scheduled to be paid by resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders as described in Note 2 and excluding Part-time Director.
4. The upper limits of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were set at 364 million yen and 242,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).
5. The upper limit of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were set at 243 million yen and 160,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. 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 remuneration in cash and bonuses for directors to Hideo Takasaki, President-Director 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. For the fiscal year, the Company's consolidated operating income was 185,667 million yen and consolidated ROE 13.5%. With regard to performance-linked share-based remuneration, we are considering basing evaluation on the results of ESG categories listed under "1. Performance (1) Highlights." Restricted share remuneration is linked to the market price of the Company's shares. There is nothing that needs to be disclosed in relation to its performance.
8. Individual remuneration and so on granted to Directors and others for the fiscal year 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.
10. We implemented 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 4. and 5. reflects the stock split.

4. Accounting auditors

(1) Name of Accounting Auditor: KPMG AZSA LLC

(2) Amount of remuneration for the Accounting Auditor

(Millions of yen)

1)	Amount of remuneration as an accounting auditor for this fiscal year	258
2)	Total amount of money and other asset interests to be paid by the Company and the subsidiaries of the Company	298

Notes:

1. The Board of Corporate Auditors conducts necessary verification of the contents of the Accounting Auditor's audit plans, the status of their execution of duties, and the validity of the basis for estimation of their remuneration, before agreeing to such remuneration and other matters.
2. The remuneration for auditing as an accounting auditor under the Companies Act and the remuneration for auditing under the Financial Instruments and Exchange Act have not been differentiated in the auditing agreement between the Accounting Auditor and the Company, and also cannot be materially differentiated, so the above figure is the total of these remunerations.
3. The Company has paid remuneration to the Accounting Auditor for advisory services, which are services other than those stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act (non-auditing work). The amount of such remuneration is included in the figure stated above.
4. Some of our significant subsidiaries are audited by certified public accountants or auditing firms other than our accounting auditor (who have qualifications equivalent to these qualifications in foreign countries).

(3) Policy to determine dismissal or non-reappointment of the Accounting Auditor

In addition to dismissal of the Accounting Auditor in accordance with the provision of Article 340 of the Companies Act of Japan, when appropriate execution of duties by the Accounting Auditor is deemed to be difficult or when problems are found regarding the eligibility or creditworthiness of the Accounting Auditor in light of auditing standards, the Board of Corporate Auditors resolves, in principle, that it will not reelect the Accounting Auditor, and will instead elect another appropriate audit corporation and bring the Accounting Auditor appointment agenda to the general meeting of shareholders. The Board of Corporate Auditors will also determine reappointment or non-reappointment of the Accounting Auditor based on the number of continuous years of auditing, in addition to the factors mentioned above.

5. Shareholders' equity (as of March 31, 2025)

*We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024.

(1) Number of shares authorized to be issued	2,000,000,000 shares
(2) Number of shares issued	706,760,750 shares
(Amount of treasury shares held	11,826,050 shares)
(3) Number of shareholders	32,334
(4) Major shareholders (top 10)	

Name	Number of shares held	Ownership percentage
The Master Trust Bank of Japan, Ltd. (Trust Account)	Thousands of shares 177,242	% 25.50
Custody Bank of Japan, Ltd. (Trust Account)	74,648	10.74
JP MORGAN CHASE BANK 385632	34,152	4.91
STATE STREET BANK AND TRUST COMPANY 505001	14,808	2.13
STATE STREET BANK WEST CLIENT-TREATY 505234	14,477	2.08
STATE STREET BANK AND TRUST COMPANY 505223	13,434	1.93
STATE STREET BANK AND TRUST COMPANY 505103	10,997	1.58
Nippon Life Insurance Company	10,410	1.50
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	10,050	1.45
JP MORGAN CHASE BANK 385781	10,037	1.44

Notes: 1. The ownership percentage has been calculated based on the number of shares issued, excluding treasury shares.
2. Although the reports on large-scale shareholdings have been submitted as follows, the Company lists the major shareholders above according to the shareholder register as of March 31, 2025.
Notwithstanding the above stock split, we have listed the number of shares held at the time the reports on large-scale shareholdings were submitted.

A total of two shareholders comprising Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders
13,635,900 shares (as of June 30, 2022)

A total of 13 shareholders comprising BlackRock Japan Co., Ltd. and its joint holders
13,144,535 shares (as of October 31, 2022)

A total of three shareholders comprising Mitsubishi UFJ Trust and Banking Corporation and its joint holder
8,223,466 shares (as of October 9, 2023)

A total of three shareholders comprising Nomura Securities Co., Ltd. and its joint holders
14,646,870 shares (as of March 8, 2024)

A total of two shareholders comprising MFS Investment Management K.K. and its joint holder
6,167,640 shares (as of June 28, 2024)

(5) Shares granted to the Company's officers as consideration for the performance of duties during the fiscal year under review

Name	Performance-linked share-based remuneration	Restricted share remuneration
Type and number of shares	-	8,100 shares of the Company's common stock
Number of eligible recipients	-	Directors 5 persons

Notes: 1. Part time Director, Outside Directors and Corporate Auditors are not eligible to receive the above share-based remuneration.
2. We implemented 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 the above share remuneration reflects those granted before the stock split.

(6) Matters concerning share acquisition rights

<1> Summary of share acquisition rights issued to the Company's officers as remuneration for executing their duties and held by such officers as at the end of the fiscal year under review

Subject	Equity-based remuneration stock options
Number of share acquisition rights	467 units (500 shares of common stock per unit)
Class and number of underlying shares subject to share acquisition rights	Company's common stock: 233,500 shares
Exercise value (payment amount per unit at time of exercise)	500 yen
Exercise period	<ul style="list-style-type: none"> • 30 years from the day following the issuing date • 10 days from the day following the day from which they no longer serve as Directors
Number of owners and units	4 Directors 467 units

Notes: 1. Part time Directors, Outside Directors and Corporate Auditors are not eligible to receive the above share acquisition rights.
2. We implemented 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 the above share acquisition rights reflects the stock split.

<2> Summary of share acquisition rights issued as remuneration for executing duties and responsibilities to the employees of the Company and officers and employees of subsidiaries during this fiscal year.

Not applicable

6. Internal control system and policies of the Company

(1) Basic policy on internal control and status of its implementation

The Nitto Denko Group has established a Mission (to contribute to the creation of value for our customers through new ideas) and The Nitto Way as our management philosophy, which expresses the values, attitudes, and standards of conduct common to all executives and employees. The Nitto Way is a set of principles that we have adopted to guide us in our operations. The Company also recognizes that The Nitto Way of “putting safety before everything else” includes not only physical safety but also management safety, and that the establishment of the necessary systems (internal control systems) to ensure the appropriateness of operations and the confirmation of their operational status is an important management process.

Based on this approach, the Group has established the following basic policy on internal control.

<1> Compliance promotion system

(Article 362, Paragraph (4), item (vi) of the Companies Act; Article 100, Paragraph (1), item (iv) and item (v) of the Ordinance for Enforcement of the Companies Act)

(Summary of resolutions at the Board of Directors)

- (1) Development of the Code of Conduct
The Nitto Group has established the “Nitto Group Business Conduct Guidelines” as the basis of the Group’s compliance practices that will guide the Group’s officers and employees to act ethically in compliance with laws and ordinances in their business activities.
- (2) Appointment of officers and departments in charge
An officer in charge of compliance (Director or Vice President) shall be appointed and a department in charge of compliance shall be established to promote compliance in the Group.
- (3) Development of a whistleblowing system
The department in charge of compliance shall function as a contact point for the Nitto Group’s whistleblowing system. In addition, an external professional organization shall function as an outside contact point to directly receive information from whistleblowers. The department in charge of compliance shall respond to reported incidents and develop a system to prevent their recurrence.

(Implementation status confirmed)

- In order to disseminate the “Nitto Group Business Conduct Guidelines”, we provide various educational activities for the Group’s officers and employees.
- Compliance promotion activities, including the above-mentioned awareness and education, are conducted mainly by the Director in charge of compliance and the department in charge of compliance.
- Appropriate measures are taken to resolve issues and prevent the recurrence of problems reported to the whistleblower hotline.

<2> Risk Management Promotion system

(Article 100, Paragraph (1), item (ii) and item (v) of the Ordinance for Enforcement of the Companies Act)

(Summary of resolutions at the Board of Directors)

- (1) Development of a business risk management system
Business execution departments shall manage risks associated with their business mix and overseas business operations, risks arising from external factors, such as foreign exchange fluctuations and country risks, and risks associated with technological competitiveness, such as capabilities to develop new technologies and intellectual property rights (hereinafter, "Business Risks").
- (2) Development of an operational risk management system
Special function departments shall manage risks associated with safety, the environment, disasters, and product quality/defects and risks associated with measures for information security and antisocial forces, and antimonopoly and export control laws (hereinafter, "Operational Risks").
- (3) Development of a risk monitoring system in each region
To build a global risk monitoring system, an officer in charge of regional management shall be appointed for each major geographic region to develop a regional oversight function.
- (4) Development of a system of risk monitoring by officers
With respect to Business Risks, Each business execution department shall provide reports to the Board of Directors and Corporate Strategy Meeting of Nitto Denko Corporation (hereinafter, "Nitto") as needed. In respect of Operational Risks, an officer in charge of risk management shall be appointed and a department in charge of risk management shall be established to create a system for Nitto's Board of Directors and Corporate Strategy Meeting to receive reports on Operational risks.
- (5) Development of a Crisis management system
A system shall be developed to ensure that a report is promptly given to Nitto's President and its officer in charge of risk management upon the occurrence of an emergency, accident, or disaster (hereinafter, collectively referred to as the "Emergency"). Upon the occurrence of an emergency, a Crisis management task force shall be created under the command of Nitto's President to minimize the damage and to continue and promptly recover business operations.

(Implementation status confirmed)

- Business risks are monitored by each business execution department and are appropriately managed through reports on management status to the Board of Directors and the Corporate Strategy Meeting.
- Business risks (including compliance risks) are monitored by special functional departments and area managers, and are appropriately managed through risk monitoring reports to the Board of Directors and the Corporate Strategy Meeting.
- In accordance with above, in respect of these risks, an officer in charge of risk management and the department in charge of risk management shall create a system for reporting to Board of Directors and Corporate Strategy Meeting, and evaluate risks.
- A crisis management system for emergencies is in place under the Emergency Reporting Rules and other relevant regulations.

<3> Operational efficiency improvement promotion system

(Article 100, Paragraph (1), items (iii), and (v) of the Ordinance for Enforcement of the Companies Act)

(Summary of resolutions at the Board of Directors)

- (1) Promotion of efficiency improvement of the Board of Directors
As a basis for the system to ensure the efficient execution of duties by Nitto's Directors, the Board of Directors shall meet regularly, in principle, once a month, and have extraordinary meetings when needed.
- (2) System to promote efficiency through the delegation of authorities
Important matters concerning the Group's concrete management policies and strategies shall be subject to a resolution of Nitto's Board of Directors depending on the degree of their importance. They also shall be subject to a resolution at a meeting of the Corporate Strategy Meeting, which consists of Nitto's Directors (excluding Outside Directors) and Vice Presidents and, in principle, convenes once a month; a resolution of a meeting organized by the relevant business execution department; or an approval through a *ringi* collective decision-making process.
- (3) Development of the Nitto Group's reporting system
The appropriateness of business operations of the entire Group shall be ensured by establishing a system whereby Nitto is involved in the Group companies' decision making on their management issues and other important matters. These include requiring a resolution of, prior consultations with, or reporting to Nitto.
- (4) Appointment of officers in charge
The Group's decision-making regulations and standards and other instruments (hereinafter, the "Decision-Making Rules") shall be developed to clarify matters such as a decision-making entity, a responsible person, the scope of his or her responsibilities, business execution procedures, and the recipients of reports, concerning the business execution of the Group. An officer in charge of management strategies shall be responsible for developing the decision-making rules and shall periodically review their contents.
- (5) Development of a system for management and safekeeping of business documents
All documents associated with the execution of duties by Nitto's Directors, including, but not limited to the minutes of Nitto's general meetings of shareholders, Board of Directors meetings, and Corporate Strategy Meetings, and *ringi* collective decision-making documents, shall be safekept and managed in a manner that is appropriate and reliable for the chosen storage medium, such as printed paper or electromagnetic media, in accordance with the regulations on control and safekeeping of documents, and shall be kept in a condition that allows inspection as necessary.

(Implementation status confirmed)

- Appropriate decisions are made at meetings of the Board of Directors, Corporate Strategy Meeting, etc., in accordance with approval and reporting categories based on the Group's decision-making rules.
- The Company has established a group governance system, including prior approval based on the Group's decision-making rules, and deliberation of important matters of the Company's group companies at the Company in accordance with the classification of matters to be reported.
- Periodic review of the Group's decision-making rules is conducted.
- The department in charge of administration properly stores the Company's authorized documents in accordance with the Company's rules and regulations.

<4> Internal audit system

(Article 362, Paragraph (4), item (vi) of the Companies Act)

(Summary of resolutions at the Board of Directors)

An internal audit department shall be created to conduct internal audits within the Nitto Group. The results of internal audits shall be reported to the Board of Directors.

(Implementation status confirmed)

- The internal audit department conducts internal audits, and through reports to the Board of Directors and the Representative Director, the Company ensures appropriate management.

<5> Policy on ensuring effectiveness of audits by Corporate Auditors

(Article 100. paragraph (3) of the Ordinance for Enforcement of the Companies Act)

(Summary of resolutions at the Board of Directors)

(1) Support for audits by Corporate Auditors

- Nitto's Directors shall recognize and comprehend the importance and usefulness of audits by Corporate Auditors, ensure that such recognition and comprehension are shared throughout the Nitto Group, and strive to enhance the Group's internal audit system.

(2) Appointment of staff for Corporate Auditors

- Staff for Corporate Auditors shall be appointed as employees who should assist the duties of the Corporate Auditors of Nitto.
- Staff of Corporate Auditors shall be affiliated with an independent department and perform their duties under the direct command of Corporate Auditors.
- The appointment and transfer of staff for Corporate Auditors shall be determined with the approval of Corporate Auditors (full-time service).
- Corporate Auditors (full-time service) shall determine the evaluation of staff for Corporate Auditors.
- Staff for Corporate Auditors shall not hold a concurrent position that concerns business execution.

(3) Development of a system of reporting to Corporate Auditors

- Nitto's Directors and employees shall report to the Corporate Auditors of Nitto significant matters that may affect the operations and/or performance of the Nitto Group in accordance with the audit plan determined by the Audit & Supervisory Board and/or its Members.
- Notwithstanding the above, Corporate Auditors of Nitto may, whenever necessary, demand reports from Nitto's Directors and employees, their attendance at important meetings, and access to the minutes of such meetings or *ringi* collective decision-making documents and other reports.
- A system shall be established to ensure that Nitto's Corporate Auditors are reported to promptly and adequately concerning whistleblowing and the Emergency.
- A system shall be established to prevent any disadvantageous treatment of a person on the ground of him or her making a report to Nitto's Corporate Auditors.

(4) Policy on expenses for audits by Corporate Auditors

- When Nitto's Corporate Auditors demand from Nitto any advance payment or reimbursement of expenses that are incurred in the execution of their duties, such expenses or liabilities shall be processed promptly after deliberations by the division in charge, unless it is proven that the expenses or liabilities thus claimed were unnecessary for the execution of duties by the Corporate Auditors in question.

(5) Other policies

- A system shall be established to allow Nitto's Corporate Auditors to conduct audits efficiently in collaboration with accounting auditors, the department in charge of internal audits, and others concerned, and through exchanges of opinions and information with corporate auditors of Group companies.
- In addition to the audit described above, a system shall be established to allow Nitto's Corporate Auditors to demand a report from corporate auditors, directors, and senior executives of the Nitto Group companies whenever necessary.

(Implementation status confirmed)

- The Company ensures the effectiveness of the auditing system of the Board of Corporate Auditors by maintaining the Board of Corporate Auditors Rules, etc., and by having the staff of Corporate Auditors, who are independent of the execution of business, assist in the duties of the Corporate Auditors.
- Corporate Auditors attend the meetings of the Board of Directors, Corporate Strategy Meeting, etc., and important documents requested by the Corporate Auditors are made available for their inspection.
- A system has been established for internal and external specialized contacts to report to the Corporate Auditors as well, and is operated and implemented in accordance with this system.
- The Company operates and implements the system in accordance with the provisions for Corporate Auditors' expenses in the Board of Corporate Auditors Rules, etc.

(2) Policy on corporate dominance

The basic views of the Company on acquisition of substantial shares of the Company are as follows:

In case acquisition aimed at substantial shareholdings is to be made, the Company is of the opinion that the decision on whether or not to accept the acquisition should ultimately be left to the judgment of its shareholders. On the other hand,

however, the Company cannot deny the existence of corporate takeovers with unjust objectives such as sell-offs at high prices, and realize that it is obviously the responsibility of the management of the Company, to secure the basic principles and the brand of the Company and protect the interests of our shareholders and other stakeholders from such unjust parties. At present, neither is the Company placed under any specific threat for acquisition of substantial shareholdings nor does the Company intend to define explicit defense measures against the advent of such a buyer (so-called takeover defense measures). Yet the Company, having assumed the management responsibility entrusted from its shareholders, is committed at all times to keep close watch over its stock transactions and shareholder movements, and will immediately take measures deemed most appropriate should there be any sign of a party with the intention to acquire substantial shares of Nitto Denko stocks.

7. Other

(1) Principal offices of the Group

Nitto Denko Corporation	Head Office	Head Office (Kita-ku, Osaka), Tokyo Head Office (Minato-ku, Tokyo)
	Offices (Plants/Laboratory)	Tohoku Plant (Osaki, Miyagi), Kanto Plant (Fukaya, Saitama), Toyohashi Plant (Toyohashi, Aichi), Kameyama Plant (Kameyama, Mie), Shiga Plant (Kusatsu, Shiga), Ibaraki Laboratory (Ibaraki, Osaka), Onomichi Plant (Onomichi, Hiroshima)
	Branches	Tokyo Sales Branch (Minato-ku, Tokyo), Nagoya Sales Branch (Naka-ku, Nagoya), Osaka Sales Branch (Chuo-ku, Osaka), Kyushu Sales Branch (Hakata-ku, Fukuoka)
Nissho Corporation	Kita-ku, Osaka, Japan	
Nitto EMEA NV	Genk, Belgium	
Nitto Belgium NV	Genk, Belgium	
Nitto, Inc.	Teaneck, NJ, U.S.	
Nitto Denko Avecia Inc.	Milford, MA, U.S.	
Nitto Advanced Film Gronau GmbH	Gronau, Germany	
Nitto Denko (China) Investment Co., Ltd.	Shanghai, China	
Taiwan Nitto Optical Co., Ltd.	Taichung, Taiwan	
Korea Nitto Optical Co., Ltd.	Pyeongtaek, South Korea	
Nitto Denko (HK) Co., Ltd.	Hong Kong, China	
Shanghai Nitto Optical Co., Ltd.	Shanghai, China	
Shenzhen Nitto Optical Co., Ltd.	Shenzhen, China	
Nitto (China) New Materials Co., Ltd.	Shanghai, China	
Nitto Denko (Singapore) Pte. Ltd.	Queenstown, Singapore	
Nitto Denko Material (Thailand) Co., Ltd.	Ayutthaya, Thailand	
Taiwan Nitto Corporation	Taipei, Taiwan	
Nitto Vietnam Co., Ltd.	Bắc Ninh, Vietnam	

(2) Employees of the Group and the Company (as of March 31, 2025)

	Number of employees	Changes from the end of the previous fiscal year
Group	25,769	+469
Company	6,729	+119

Note: The number of employees does not include Directors (those who are classified as employees) and temporary workers.

(3) Major creditors (as of March 31, 2025)

Details of major creditors are omitted here because the borrowing amounts are immaterial.

Note: Fractions below the figures shown are omitted in the amounts of money and the number of shares described in the Business Report.
Percentages (%) are rounded to the nearest decimal point.

[Reference Data]

The Company's Corporate Governance Report is available on the website below, and the Board effectiveness survey and corporate governance structure are disclosed on the Company's website as well as in the same report.

<https://www.nitto.com/jp/en/ir/governance/cgreport/>

The list of Vice Presidents who are members of the Corporate Strategy Meeting, which makes decisions on important management matters, is posted on the website below.

https://www.nitto.com/jp/en/about_us/corporate/board/VicePresidents/

The Integrated Report, which describes the Group's efforts is available on the website below.

<https://www.nitto.com/jp/en/sustainability/report/>

Consolidated Financial Statements
Consolidated Statements of Financial Position

(Millions of yen)

	Amount	
	As of March 31, 2025	As of March 31, 2024 (Reference)
(Assets)		
Current assets	750,209	717,957
Cash and cash equivalents	363,344	342,269
Trade and other receivables	210,418	209,341
Inventories	142,932	136,804
Other financial assets	7,732	5,220
Other current assets	25,781	24,321
Non-current assets	571,711	533,130
Property, plant and equipment	417,636	378,535
Right-of-use assets	19,058	19,321
Goodwill	57,167	66,056
Intangible assets	17,026	20,674
Investments accounted for using equity method	7,319	2,115
Financial assets	11,096	9,192
Deferred tax assets	17,873	20,985
Other non-current assets	24,533	16,248
Total assets	1,321,920	1,251,087

Consolidated Statements of Financial Position

(Millions of yen)

	Amount	
	As of March 31, 2025	As of March 31, 2024 (Reference)
(Liabilities)		
Current liabilities	221,735	206,856
Trade and other payables	100,508	98,965
Borrowings	455	345
Income tax payables	28,183	13,402
Other financial liabilities	36,102	38,396
Other current liabilities	56,485	55,746
Non-current liabilities	55,070	59,182
Other financial liabilities	20,160	20,843
Defined benefit liabilities	28,991	33,130
Deferred tax liabilities	3,856	3,427
Other non-current liabilities	2,062	1,779
Total liabilities	276,806	266,038
(Equity)		
Equity attributable to owners of the parent company	1,044,083	984,020
Share capital	26,783	26,783
Capital surplus	49,934	49,928
Retained earnings	890,040	808,062
Treasury shares	-31,799	-23,298
Other components of equity	109,124	122,544
Non-controlling interests	1,031	1,028
Total equity	1,045,114	985,048
Total liabilities and equity	1,321,920	1,251,087

Consolidated Statements of Profit or Loss

(Millions of yen)

	Amount	
	April 1, 2024 – March 31, 2025	April 1, 2023 – March 31, 2024 (Reference)
Revenue	1,013,878	915,139
Cost of sales	618,365	584,280
Gross profit	395,513	330,858
Selling, general and administrative expenses	151,835	146,143
Research and development expenses	46,771	43,485
Other income	11,827	9,914
Other expenses	23,066	12,012
Operating profit	185,667	139,132
Finance income	2,901	2,195
Finance expenses	3,131	2,460
Share of profit of investments accounted for using the equity method	-108	34
Profit before income taxes	185,329	138,901
Income tax expenses	48,021	36,146
Net profit	137,307	102,755
Net profit attributable to:		
Owners of the parent company	137,237	102,679
Non-controlling interests	70	75

Consolidated Statements of Cash Flows (Reference)

(Millions of yen)

	Amount	
	April 1, 2024 – March 31, 2025	April 1, 2023 – March 31, 2024
I Cash flows from operating activities		
Profit before income taxes	185,329	138,901
Depreciation and amortization	65,595	60,811
Impairment losses	12,339	1,651
Increase (decrease) in defined benefit liabilities	1,048	1,371
Decrease (increase) in trade and other receivables	-3,791	-19,033
Decrease (increase) in inventories	-8,526	11,769
Increase (decrease) in trade and other payables	2,369	3,804
Increase (decrease) in advances received	-413	-1,312
Interest and dividend income	2,849	2,065
Interest expenses paid	-809	-609
Income taxes (paid) refunded	-34,304	-41,030
Other	-3,779	-2,868
Net cash provided by (used in) operating activities	217,908	155,521
II Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-106,003	-67,774
Proceeds from sale of property, plant and equipment and intangible assets	208	602
Decrease (increase) in time deposits	-2,371	-2,465
Purchase of investment securities	-762	-723
Proceeds from sale of investment securities	55	551
Purchase of shares of subsidiaries and affiliates	-6,256	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	1,871
Others	23	10
Net cash provided by (used in) investing activities	-115,105	-67,927
III Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	109	72
Repayment of lease liabilities	-5,822	-7,631
Decrease (increase) in treasury shares	-35,062	-47,167
Cash dividends paid	-38,040	-36,041
Others	-75	-16
Net cash provided by (used in) financing activities	-78,890	-90,784
IV Effect of exchange rate changes on cash and cash equivalents	-2,837	13,573
V Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	—	1,920
VI Net increase (decrease) in cash and cash equivalents	21,074	12,302
VII Cash and cash equivalents at the beginning of the period	342,269	329,966
VIII Cash and cash equivalents at the end of the period	363,344	342,269

Consolidated Statements of Changes in Equity

April 1, 2024 – March 31, 2025

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at the beginning of current year	26,783	49,928	808,062	-23,298	122,544	984,020	1,028	985,048
Net profit			137,237			137,237	70	137,307
Other comprehensive income					-4,454	-4,454	15	-4,438
Total comprehensive income	—	—	137,237	—	-4,454	132,783	86	132,869
Share based remuneration transactions					123	123		123
Dividends			-38,040			-38,040	-20	-38,060
Changes in treasury shares		-26,308		-8,501		-34,809		-34,809
Transfer from other components of equity to retained earnings			9,089		-9,089	—		—
Acquisition of NCI without change in control		6				6	-63	-56
Transfer from retained earnings to capital surplus		26,308	-26,308			—		—
Total transactions with owners	—	6	-55,259	-8,501	-8,965	-72,720	-83	-72,803
Balance at the end of current year	26,783	49,934	890,040	-31,799	109,124	1,044,083	1,031	1,045,114

Notes to the Consolidated Financial Statements

1. Notes regarding significant accounting policies for the preparation of the consolidated financial statements and others

(1) Basis of the consolidated financial statements

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as "IFRS") under the provisions of Paragraph 1, Article 120 of the Ordinance on Accounting of Companies. As per the provisions of the second sentence of the same paragraph of the same Ordinance, some disclosure items required by IFRS are omitted here.

(2) Scope of consolidation

<1> Number of consolidated subsidiaries: 83

Major subsidiaries: Nissho Corporation, Nitto EMEA NV, Nitto Belgium NV, Nitto, Inc., Nitto Denko Avecia Inc., Nitto Advanced Film Gronau GmbH, Nitto Denko (China) Investment Co., Ltd., Taiwan Nitto Optical Co., Ltd., Korea Nitto Optical Co., Ltd., Nitto Denko (HK) Co., Ltd., Shanghai Nitto Optical Co., Ltd., Shenzhen Nitto Optical Co., Ltd., Nitto (China) New Materials Co., Ltd., Nitto Denko (Singapore) Pte. Ltd., Nitto Denko Material (Thailand) Co., Ltd., Taiwan Nitto Corporation, Nitto Vietnam Co., Ltd.

<2> Increase/decrease of consolidated subsidiaries

Increase: —

Decrease: 1

(3) Fiscal year of consolidated subsidiaries

Number of subsidiaries that close books on the same date as the Company: 66

Number of subsidiaries that do not close books on the same date as the Company: 17

For the above 17 subsidiaries, provisional settlement of accounts as of March 31, 2025 are used.

(4) Accounting policies

<1> Valuation basis and method for principal assets

1) Financial assets

Non-derivative financial assets

The Group initially recognizes trade and other receivables on the dates when they are originated. The Group recognizes all other non-derivative financial assets on the trade dates when the Group becomes a contracting party of the financial instruments in question.

(a) Financial assets measured at amortized cost

Financial assets are classified as "financial assets measured at amortized cost" when the following two requirements are met:

- The foregoing financial assets are held within a business model of the Group whose objective is to collect the contractual cash flows.
- The contractual terms of the foregoing financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost, excluding operating receivables that do not contain significant financing component, are initially recognized at fair value, which includes the transaction costs directly attributable to the acquisition of the financial asset. Financial assets are measured by adding up the initially measured amount and the finance income calculated after the fact using the effective interest method. The amount after deducting impairment losses is recorded as the carrying amount. Operating receivables that do not contain significant financing components are initially recognized at the transaction price, and the amount remaining after deducting any impairment losses is recorded as the carrying amount.

(b) Financial assets measured at fair value through other comprehensive income

(i) Debt instruments measured at fair value through other comprehensive income

Debt instruments are classified as "financial assets measured at fair value through other comprehensive income" when the following two requirements are met:

- The foregoing financial assets are held within a business model whose objective is to hold assets in order to both collect the contractual cash flows and sell the financial assets.

- The contractual terms of the foregoing financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Equity instruments measured at fair value through other comprehensive income
The Group has made an irreversible choice where changes in fair value of investments in any other equity instruments are recognized via other comprehensive income, not via net profit or loss.

With regard to financial assets measured at fair value via other comprehensive income, gains or losses attributable to changes in realized fair value and recognized impairment losses are not reclassified to net profit or loss. However, dividend income from the foregoing investments is recognized as “financial income” as a part of net profit or loss, except in cases where it is clear that such dividends are repaying the investment principal.

- (c) Financial assets measured at fair value through net profit or loss
Financial assets designated as those measured at fair value through net profit or loss and financial assets other than (a) and (b) are classified as financial assets measured at fair value through net profit or loss.

Financial assets measured at fair value as in (b) and (c) above are initially recognized at fair value. The Group includes in fair value any transaction costs directly attributable to the acquisition of such financial assets, with the exception of financial assets measured at fair value via net profit or loss.

2) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories is calculated using the average method. The cost of finished goods and work in process comprises the raw material costs, direct labor costs, other direct costs, and related production overhead (based on normal production capacity). Net realizable value represents the estimated selling price for inventories in the ordinary course of business less the related variable selling cost.

3) Valuation basis for goodwill

Goodwill is measured as the excess of the consideration transferred, the amount of non-controlling interests in the acquired company, and the fair value of the previously held equity in the acquired company at the time of acquisition over the fair value of the Group’s share of the identifiable net assets acquired.

4) Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for any impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset after deducting costs to sell or its value in use. In calculating value in use, estimated future cash flows are discounted to present value using a discount rate that reflects the time value of money and the inherent risks of the asset. In order to be considered for impairment, assets are grouped into the smallest units (cash-generating units) for which there are separately identifiable cash flows. Intangible assets with indefinite durations and intangible assets that are not yet available for use are not subject to amortization, but are tested for impairment at least once a year to estimate the recoverable amount of the asset and compare it to its carrying amount.

Goodwill is also tested for impairment each period, and the carrying amount is the acquisition cost minus accumulated impairment losses. Goodwill is distributed to each cash-generating unit that is expected to benefit from the synergies of the business combination for impairment testing purposes.

Property, plant and equipment and intangible assets excluding goodwill, for which impairment losses have been recognized in the past, are evaluated at the end of each reporting period for the probability that the impairment losses will be reversed.

<2> Depreciation method of major depreciable assets

- 1) Property, plant and equipment (excluding right-of-use assets):
Straight-line method
- 2) Intangible assets (excluding right-of-use assets):
Straight-line method (software for in-house use is depreciated using the straight-line method over its useful life of 5 years)
- 3) Right-of-use assets
Straight-line method over the lease term or the useful life of the underlying asset for the right-of-use asset, whichever is shorter

<3> Accounting criteria for major provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A provision is measured as the present value of cash outflows that are deemed necessary to settle obligations using a pre-tax discount rate that reflects the market valuation of the time value of money and the risks specific to the obligations. Any increases in provisions that may have taken place over time are recognized as finance expenses.

<4> Translation criteria of major assets or liabilities denominated in foreign currencies into Japanese yen

1) Foreign currency transactions

Items in financial statements of each entity within the Group are measured using the currencies in the primary economic environment in which each entity engages in operating activities (the “functional currency”).

Foreign currency transactions are translated into functional currencies using the exchange rates prevailing on the dates of transactions or, when remeasuring any items in financial statements, the exchange rate prevailing on the dates of remeasurement. Exchange differences arising from such transactions and any exchange differences that may arise when translating monetary assets and liabilities denominated in foreign currencies using the prevailing exchange rates on the reporting date are recognized as net profit or loss.

2) Foreign operations

For foreign operations that use functional currencies different from the Group’s presentation currency, assets and liabilities, including goodwill arising from the acquisitions and adjustment of fair value are translated into Japanese yen at the closing rate at the date of the statement of financial position, and the income and expenses are translated into Japanese yen at the average exchange rate for the period.

Exchange differences arising from the translation of foreign currencies in connection with the financial statements of foreign operations are included in other components of equity.

<5> Derivative financial instruments and hedge accounting

The Group uses certain derivative instruments as cash flow hedges in order to hedge foreign exchange risk, interest rate risk, etc., in the future.

At the inception of a transaction, the Group formally documents the relationship between the hedging instrument and the hedged item and the risk management objective and strategies for undertaking the transaction. At the inception of the hedge, and on an ongoing basis, the Group documents its assessment of whether the derivative used for the hedge transaction can be highly effective in offsetting changes in the cash flows of the hedged item. The Group also verifies whether forecast transactions are highly probable in order to apply cash flow hedges to such forecast transactions.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges and satisfy relevant requirements is recognized in other components of equity. The ineffective portion is recognized in net profit or loss in the consolidated statements of profit or loss.

Any amount incurred with respect to hedging instruments that is recognized in other components of equity is reclassified to net profit or loss in the period when hedged items affect profit or loss. When forecast transactions to be hedged can give rise to recognition of non-financial assets, any amount that has been recognized as other comprehensive income is reclassified and included in initial measurement of the acquisition cost of the respective assets.

Hedge accounting is discontinued when the hedging instrument expires or is sold or the hedge no longer meets the criteria for hedge accounting. Any amount incurred with respect to hedging instruments that have already been recognized under other components of equity is further recognized until forecast transactions are eventually recognized in net profit or loss. When forecast transactions are no longer expected to occur, the amount incurred with respect to hedging instruments that is recognized in other components of equity is immediately recognized in net profit or loss.

<6> Employee benefits

1) Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount when the related service is provided. For bonus and paid absence costs, a liability is recognized for the amount expected to be paid in accordance with the relevant systems if the Group has a legal or constructive obligation to pay this amount and the obligation can be estimated reliably.

2) Long-term employee benefits

The Group provides its employees and retirees with post-employment benefit plans, which comprise defined benefit plans and defined contribution plans.

Obligations for defined benefit plans are recognized as the present value of defined benefit obligations at the end of each reporting period less the fair value of any plan assets. Qualified actuaries use the projected unit credit method to calculate defined benefit obligations annually. The present value of defined benefit obligations is calculated by discounting estimated future cash outflows based on the market yields of high quality corporate bonds that have a maturity approximating the estimated dates for payments of obligations and are denominated in the currencies in which such payments are made.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise, and immediately reclassified to retained earnings.

Prior service costs of pension plans are recognized as gains/losses of the period in which they are incurred.

With regard to defined contribution plans, the Group pays contributions to publicly or privately managed pension insurance plans. So long as the Group pays contributions, the Group will not be obliged to make additional payments. Such contributions are recognized as employee benefit expenses when they are due.

<7> Revenue recognition

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify the contract with the customer.

Step 2: Identify performance obligations in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue as or when performance obligations are satisfied.

The Group's main businesses are Industrial Tape, Optronics, and Human Life. In these businesses, the Group sells goods and conducts licensing business such as patent and technology licensing.

For sales of goods, the Company considers that the performance obligation is satisfied when the goods are delivered to the customer in accordance with the terms of the contract or when the customer acquires control over the goods in accordance with the terms of trade stipulated by Incoterms and other regulations, and recognizes revenue when performance obligations are satisfied. With respect to revenue related to the manufacture and sale of certain medical-related products in the Human Life segment, the Company recognizes revenue based on the progress of manufacturing because the performance obligation is satisfied over a certain period of time. Progress is measured by the input method based on costs incurred, since the Company believes that the accrual of costs is proportional to the progress of manufacturing.

In the licensing business, the Company determines when the performance obligation is satisfied in accordance with the substance of the contract and recognizes revenue either with the provision of services or upon completion of services. However, running royalty income is measured based on the sales of the contract partner and other factors, and revenue is recognized in consideration of the point in time when such income is generated.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods to the customer, less any discounts or rebates.

2. Notes on accounting estimates

The figures for the following items are posted on consolidated financial statements for the fiscal year under review using accounting estimates and may have a material impact on consolidated financial statements for the 161st term.

(1) Impairment of non-financial assets

- <1> Amount posted on consolidated financial statements for the fiscal year under review:
Property, plant and equipment 417,636 million yen; goodwill 57,167 million yen; intangible assets 17,026 million yen
- <2> Information that would be useful to the understanding of accounting estimates
Please refer to “(4) Impairment of non-financial assets” in “<1> Valuation basis and method for principal assets” of “(4) Accounting policies” in “1. Notes regarding significant accounting policies for the preparation of the consolidated financial statements and others.”
4. Please refer to “Other expenses” in the “Notes to the consolidated statements of profit or loss.”

(2) Evaluation of recoverability of deferred tax assets

- <1> Amount posted on consolidated financial statements for the fiscal year under review:
deferred tax assets 17,873 million yen
- <2> Information that would be useful to the understanding of accounting estimates

The Group evaluates the recoverability of deferred tax assets each term and recognizes deferred tax assets taking into account material uncertainty concerning the recoverability of our deferred tax assets.

(3) Calculation of defined benefit liabilities

- <1> Amount posted on consolidated financial statements for the fiscal year under review:
prepaid pension cost (Note) 18,581 million yen; defined benefit liabilities 28,991 million yen
(Note) Prepaid pension cost is included in “Other non-current assets” in the consolidated statements of financial position.
- <2> Information that would be useful to the understanding of accounting estimates

Please refer to “(2) Long-term employee benefits” in “<6> Employee benefits” of “(4) Accounting policies” in “1. Notes regarding significant accounting policies for the preparation of the consolidated financial statements and others.”

3. Notes to the consolidated statements of financial position

Accumulated depreciation of property, plant and equipment (including accumulated impairment losses)	848,750 million yen
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4. Notes to the consolidated statements of profit or loss

Other expenses

Other expenses include 12,339 million yen in impairment losses.

The main itemization for impairment losses is as follows:

In Circuit Materials under the Optronics segment umbrella, 1,846 million yen is recorded in impairment losses in relation to production capacity due to the decision to suspend the commercialization of plastic optical fiber cables. Accordingly, the carrying amount has been reduced to its recoverable amount, which is zero. The recoverable amount is calculated using the fair value after deducting disposable costs (expected sale price), and the level of fair value measurement hierarchy is 3.

In addition, 5,199 million yen is recorded as impairment losses related to goodwill concerning the flexible sensor business of Nitto Bend Technologies, which belongs to the Others segment. This is because the initial prediction on earnings is no longer feasible as a result of reviewing the business plan, leading to the conclusion that the carrying amount is not recoverable. The recoverable amount is calculated based on the fair value after deducting disposable costs using the discounted cash flow method, and the level of fair value measurement hierarchy is 3. Our main assumptions are the demand projection outlined in the business plan and the discount rate. The discount rates (before income tax) applied for the fiscal year under review and the previous fiscal year were 29.0% and 28.3%, respectively. In addition, 3,298 million yen is recorded as impairment losses related to goodwill concerning Nitto Advanced Film Gronau GmbH, which belongs to the Human Life segment. This is because the initial prediction on earnings is no longer feasible as a result of reviewing the business plan, leading to the conclusion that the carrying amount is not recoverable. The recoverable amount is calculated based on the fair value after deducting disposable costs using the discounted cash flow method, and the level of fair value measurement hierarchy is 3. Our main assumptions are the demand projection outlined in the business plan, the terminal growth rate, and the discount rate. The terminal growth

rates for the fiscal year under review and the previous fiscal year were both 1.4%, and the discount rates (before income tax) for the fiscal year under review and the previous fiscal year were 7.2% and 7.5%, respectively.

5. Notes to the consolidated statements of changes in equity

(1) Type and total number of shares issued as of the end of the fiscal year under review

Common stock 706,760 thousand shares

Note: Following the Board of Directors meeting on May 24, 2024, Nikko Denko Corporation implemented a five-for-one common stock split on October 1, 2024, which increased the number of shares issued by 565,408,600 shares, bringing the total to 706,760,750 shares.

(2) Dividends

1) Dividend payments

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	18,388	130	March 31, 2024	June 24, 2024	Retained earnings
Board of Directors meeting held on October 28, 2024	Common stock	19,651	140	September 30, 2024	November 29, 2024	Retained earnings
Total	—	38,040	—	—	—	—

2) Of the dividends for which the record date falls during the fiscal year under review, items for which the effective date arrives during the following fiscal year

The following proposal on dividends for common stock will be presented for resolution at the Ordinary General Meeting of Shareholders scheduled on June 20, 2025.

Total dividends 19,458 million yen
Dividend per share 28 yen
Record date March 31, 2025
Effective date June 23, 2025

Dividends are to be paid out of retained earnings.

Note: We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The amount of dividends per share presented for resolution at the aforementioned Ordinary General Meeting of Shareholders scheduled on June 20, 2025, reflects the actual dividend amount after the stock split.

(3) Type and number of shares to be issued upon exercise of the share acquisition rights (excluding items for which the initial date of the rights exercise period has not arrived) as of the end of the fiscal year under review

Common stock 250,500 shares

Note: We implemented 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 the above reflects the stock split.

(4) Matters concerning treasury shares

Class of shares	At the beginning of the fiscal year under review	Increase	Decrease	At the end of the fiscal year under review
Common stock	2,104,272	11,939,963	2,218,185	11,826,050

(Outline of reasons for change)

The rough breakdown of the increase is as follows:

Increase due to acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 26, 2024 1,095,300 shares
Increase due to the stock split based on resolution at the Board of Directors meeting held on May 24, 2024 3,926,208 shares
Increase due to acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 27, 2025 6,917,500 shares

The rough breakdown of the decrease is as follows:

Decrease due to disposal of treasury shares based on resolution at the Board of Directors meeting held on June 21, 2024 18,600 shares

Decrease due to cancellation of treasury shares based on resolution at the Board of Directors meeting held on June 21, 2024

2,199,585 shares

Notes: 1. We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024.

2. The above-mentioned increase due to the acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 26, 2024, as well as the disposal or cancellation of treasury shares based on the resolution at the Board of Directors meeting held on June 21, 2024, reflect the number of treasury shares before the stock split.

6. Notes to financial instruments

1. Matters relating to the status of financial instruments

(1) Capital risk management

The Group's basic policy on capital risk management is to build and maintain a stable financial base in order to ensure sound and efficient management and to achieve sustainable growth of the Group. In accordance with this policy, capital expenditures, dividends, M&As, returns to shareholders through purchases of treasury shares, and repayments of debts are made based on the plentiful operational cash flows generated through development and sale of competitive products.

(2) Financial risk management

Risk management policies

The Group conducts risk management to mitigate the financial risks arising from the business activity processes. The Group's basic policy on risk management is to eliminate the sources of risks to avoid their occurrence and to mitigate the risks that are not avoidable.

Derivative transactions are entered into within the actual demands to hedge the risks described below in compliance with the internal regulations governing the scope and the selection of financial institutions etc. for derivative transactions.

For details of the Group's major financial risks and the management policies thereon, reference is made to (3) Financial risks.

(3) Financial risks

Business activities of the Group are affected by the environment of businesses and of financial market. The financial instruments owned by the Group in the course of its business activities are exposed to their inherent risks including (a) market risks ((i) foreign exchange risk, (ii) price risk, and (iii) interest rate risk), (b) credit risk, and (c) liquidity risk.

(a) Market risks

(i) Foreign exchange risk

The Group's businesses are operated globally, and the products manufactured by the Company and its subsidiaries are sold in the overseas markets. Consequently, the Group is exposed to the risk of changes in foreign currency exchange rates (hereinafter: "foreign exchange risk") arising from the translation of the balances of foreign-currency-denominated trade receivables and trade payables resulted from the transactions by the Company and its subsidiaries denominated in currencies other than the Group's functional currency into the Group's functional currency at the rates of exchange prevailing at the end of the reporting period. The Group's foreign exchange risk arises mainly from changes in the exchange rate with US dollars.

Although the Group's trade receivables and trade payables denominated in foreign currencies are exposed to foreign exchange risk, the Group uses forward exchange contracts to hedge its foreign exchange risk in principle for the net exposure of such trade receivables and trade payables whose balances are monitored monthly by currency.

(ii) Price risk

Equity instruments held by the Group mainly are the shares of the companies with which the Group has business relationships. Such shares are acquired and held from the perspective of enhancing the Group's corporate value over a long term, and not for short-term trading purposes. The Group reviews whether the status of transactions with such companies and returns on the holdings are commensurate with the capital cost that the Company incurs by periodically monitoring the fair values and the financial conditions of investees (counterparty companies) for unlisted shares, thereby determining whether or not the Group should continue to hold those equity instruments.

Therefore, the Group considers its current price risk as not material.

(iii) Interest rate risk

Interest rate risk is defined as the risk arising from the changes in fair values of financial instruments or in future cash flows generated from financial instruments due to the fluctuation of market interest rates. The Group's exposure to interest rate risk is mainly related to liabilities such as borrowings and to assets such as time deposits and loans receivable. As the interest amount is affected by the fluctuation of market interest rates, the future cash flows from interests are exposed to the interest rate risk.

The Group is working to utilize its funds efficiently and reduce interest-bearing debts as much as possible, with the result that the level of its interest-bearing debts is kept extremely low vis-à-vis total assets.

Therefore, the Group considers its current interest rate risk as immaterial.

(b) Credit risk

In the Group, trade receivables, contract assets, other receivables and other financial assets are mainly exposed to credit risk. The Group holds trade receivables and contract assets from numerous customers through its Industrial Tape, Optronics, Human Life, and Others segments. Credit risk of customers is managed by establishing the payment terms and credit limits for customers. Through regular monitoring of collection status, reasons for overdue trade receivables are clarified and the respective measures are appropriately taken. Credit evaluation is also regularly performed by analyzing the ongoing information gathered and the actual credit reports of counterparties obtained from external institutions as needed together with the historical payment performance of customers. The Company also examines the recoverability of other receivables and other financial assets using historical information and credit reports, etc. provided by external institutions.

If, as a result, the credit standing of a customer is judged as changed or abnormal, or if no payment is performed by a customer on or before the payment due date contractually agreed upon, we will check the situation of the customer and take appropriate preventive measures, such as change of payment terms and factoring. Those measures are subject to approval of the respective responsible persons in charge.

The Group establishes an allowance for doubtful accounts with respect to trade and other receivables by considering recoverability and using historical information regarding default rates of the respective customers and credit reports, etc. provided by external institutions.

Other financial assets consist mainly of deposits. The Group deposits surplus funds with financial institutions and uses derivative financial instruments provided by financial institutions to mitigate the business-related risks. Since the transactions regarding deposits and derivative financial instruments are engaged in only with financial institutions with high credit rating, the Group considers its current credit risk regarding such transactions as immaterial.

(c) Liquidity risk

The Group uses short-term borrowings principally for funding the working capital and long-term borrowings payable for funding capital investments. Those liabilities together with trade notes and accounts payables are exposed to the liquidity risk that the Group will encounter difficulties in meeting the obligation associated with such liabilities. The Group manages liquidity risk by adequately preparing the cash planning based on the cash flow forecast to meet its liabilities when they are due.

Liquidity risk of short-term borrowings is managed by timely preparing and updating the cash management plan based on the reports from respective departments and by maintaining adequate level of liquidity in hand. In addition, surplus funds generated in the subsidiaries are managed within the Group for efficient cash management.

As to long-term borrowings for purposes of long-term financing, cash planning is prepared prior to the execution of long-term fund raising that is subject to the approval of the Board of Directors.

(2) Matters relating to the fair values of financial instruments

Estimated fair values

(i) Fair value measurement method

The Group determines fair values of financial assets and financial liabilities as follows.

[Cash and cash equivalents, trade and other receivables, trade and other payables, and short-term borrowings]

Since they are settled in a short term, their fair values approximate the carrying amounts. Accordingly, their fair values are determined by the corresponding carrying amounts.

[Other financial assets and other financial liabilities]

Among other financial assets, the fair values of marketable securities are determined based on market prices, etc., while the fair values of unlisted securities are determined using valuation techniques.

Derivatives are calculated based on forward exchange rates at the end of the reporting period.

The specific valuation techniques used in measuring the fair values of financial instruments include followings:

- Quoted market prices of similar financial instruments or broker quotes
- The fair values of foreign currency forward contracts are calculated based on the values calculated using the forward exchange rates at the end of the reporting period.
- In calculating the fair values of financial instruments other than those listed above, other valuation techniques are used such as discounted cash flow analysis, etc.

(ii) Carrying amount and fair value of financial instruments

There are no financial instruments not measured at fair value in the consolidated statement of financial position at each closing date.

(iii) Fair value hierarchy

The following table presents an analysis of financial instruments measured at fair value. The definition of each level is as follows.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are either directly observable (such as the prices themselves) or indirectly observable (such as the prices themselves) for the asset or liability.

Level 3: Inputs that are not based on observable market data for the asset or liability (in other words, unobservable inputs).

The following table presents the Group's assets and liabilities measured at fair values.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Investments in debt instruments	—	—	2,716	2,716
Derivative	—	531	—	531
Financial assets measured at fair value through other comprehensive income				
Investments in capital instruments	—	—	128	128
Total financial assets	—	531	2,845	3,376
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative	—	-32	—	-32
Total financial liabilities	—	-32	—	-32

There were no transfers between Levels 1, 2 and 3 during this fiscal year.

7. Notes on revenue recognition

The Group's main businesses are Industrial Tape, Optronics, and Human Life. In these businesses, the Group sells goods and conducts licensing business such as patent and technology licensing.

For sales of goods, the Company considers that the performance obligation is satisfied when the goods are delivered to the customer in accordance with the terms of the contract or when the customer acquires control over the goods in accordance with the terms of trade stipulated by Incoterms and other regulations, and recognizes revenue when performance obligations are satisfied. With respect to revenue related to the manufacture and sale of certain medical-related products in the Human Life segment, the Company recognizes revenue based on the progress of manufacturing because the performance obligation is satisfied over a certain period of time. Progress is measured by the input method based on costs incurred, since the Company believes that the accrual of costs is proportional to the progress of manufacturing.

In the licensing business, the Company determines when the performance obligation is satisfied in accordance with the substance of the contract and recognizes revenue either with the provision of services or upon completion of services. However, running royalty income is measured based on the sales of the contract partner and other factors, and revenue is recognized in consideration of the point in time when such income is generated.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods to the customer, less any discounts or rebates. The consideration for the transactions is received primarily within one year of satisfaction of the performance obligation and does not include a significant financial element.

(1) Disaggregation of revenue

Revenues are disaggregated into product groups and locations of subsidiaries. The relationship between these disaggregated revenues and the revenues from external customers of each reportable segment is as follows.

(Millions of yen)

Segment name	Main products or businesses	Japan	The Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional base products	107,210	34,025	35,418	175,044	351,698
	Information fine materials	20,743	—	—	383,101	403,844
Optronics	Circuit materials	56,604	—	—	77,032	133,636
	Total	77,348	—	—	460,133	537,481
	Life science	4,050	35,455	6	—	39,512
Human Life	Membrane	2,778	16,863	4,745	6,279	30,667
	Personal care materials	—	3,736	48,762	523	53,023
	Total	6,828	56,056	53,515	6,803	123,203
Other	New business, other products	0	3	—	16	19
Adjustment		1,465	9	—	—	1,475
	Total	192,852	90,094	88,934	641,997	1,013,878

Revenue by region is based on the location of each base, and the main countries and regions included in the classification other than Japan are as follows.

The Americas:	United States, Mexico, Brazil
Europe:	Belgium, France, Germany, Sweden, Turkey
Asia/Oceania:	China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand, Vietnam

(2) Outstanding contracts

The balances of receivables and contract assets and liabilities arising from contracts with customers are as follows.

(Millions of yen)

	Balance at beginning of period	Balance at end of period
Claims arising from contracts with customers	206,724	206,315
Contract assets	2,616	4,102
Contract liabilities	12,455	11,866

In the consolidated statements of financial position, receivables and contract assets arising from contracts with customers are included in trade and other receivables, and contract liabilities are included in other current liabilities. Contract assets are rights to consideration received in exchange for satisfaction of a portion of a performance obligation based on conditions other than the passage of time, and are recognized in the manufacturing and sales of certain medical-related products in the Human Life segment in line with progress in manufacturing. Contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract liabilities are those for which consideration has been received or is due from the customer prior to the transfer of goods or services.

The amount of revenue recognized in the fiscal year under review that was included in the contract liability balance at the beginning of the period was 6,561 million yen. The amount of revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods was not significant in the fiscal year under review.

(3) Transaction prices allocated to outstanding performance obligations

The total transaction price allocated to the outstanding performance obligations at the end of the fiscal year under review and at the end of the previous fiscal year were 1,000 million yen and 3,300 million yen respectively. Such outstanding performance obligations are expected to be recognized as revenue within five years from the end of the fiscal year under review provided the contractual prerequisites are satisfied.

The Group applies the practical expedient method specified in IFRS 15, and the above amounts do not include the transaction price for unsatisfied performance obligations with an initial expected contract period of one year or less.

There are no significant amounts of consideration arising from contracts with customers that are not included in the transaction price.

8. Notes on information per share

Equity attributable to owners of the parent company per share	1,502.42 yen
Basic earnings per share	195.74 yen

Note: We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The above-mentioned equity attributable to owners of the parent company per share and basic earnings per share are calculated under the assumption that the stock split was performed at the beginning of the fiscal year under review.

In the consolidated statements of financial position, the consolidated statements of profit or loss, and the consolidated statements of changes in equity, the amounts presented are rounded down to the nearest million yen.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

(Millions of yen)

	Amount	
	As of March 31, 2025	As of March 31, 2024 (Reference)
(Assets)		
Current assets	381,590	356,778
Cash and deposits	197,581	168,047
Notes receivable-trade	1,787	2,612
Accounts receivable-trade	107,140	118,939
Merchandise and finished goods	9,171	9,674
Work in process	27,001	23,399
Raw materials and supplies	20,166	20,186
Short-term loans receivable	5,753	0
Other	13,310	14,341
Allowance for doubtful accounts	-322	-420
Non-current assets	442,737	425,973
Property, plant and equipment	197,383	178,803
Buildings	84,391	76,922
Structures	4,932	4,609
Machinery and equipment	73,784	63,004
Vehicles	538	470
Tools, furniture and fixtures	6,632	6,151
Land	13,772	13,772
Construction in progress	13,332	13,873
Intangible assets	8,423	9,457
Software	7,611	7,624
Other	812	1,832
Investments and other assets	236,930	237,713
Investments securities	2,844	2,724
Stocks of subsidiaries and affiliates	175,756	175,535
Long-term loans receivable	21,852	26,245
Deferred tax assets	27,442	24,608
Prepaid pension cost	7,617	7,554
Other	2,111	1,046
Allowance for doubtful accounts	-0	-0
Allowance for investment loss	-693	—
Total assets	824,328	782,752

Non-Consolidated Balance Sheets

(Millions of yen)

	Amount	
	As of March 31, 2025	As of March 31, 2024 (Reference)
(Liabilities)		
Current liabilities	244,895	226,150
Accounts payable-trade	52,046	52,233
Short-term borrowings	19,155	63,059
Accounts payable-other	40,521	46,143
Accrued expenses	13,808	11,118
Income taxes payable	20,656	6,383
Deposits received	91,901	41,096
Other	6,805	6,115
Non-current liabilities	41,953	41,090
Provision for retirement benefits	41,135	40,738
Guarantee deposits received	204	187
Other	614	164
Total liabilities	286,849	267,240
(Net assets)		
Shareholders' equity	537,461	515,254
Capital stock	26,783	26,783
Capital surplus	50,482	50,482
Legal capital surplus	50,482	50,482
Retained earnings	491,930	461,235
Legal retained earnings	4,095	4,095
Other retained earnings	487,835	457,140
Reserve for special depreciation	—	0
Reserve for advanced depreciation of non-current assets	1,828	1,924
General reserve	185,000	185,000
Retained earnings brought forward	301,007	270,214
Treasury shares	-31,734	-23,246
Valuation and translation adjustments	-276	-35
Valuation difference on available-for-sale securities	-276	-35
Subscription rights to shares	292	292
Total net assets	537,478	515,511
Total liabilities and net assets	824,328	782,752

Non-Consolidated Statements of Profit or Loss

(Millions of yen)

	Amount	
	April 1, 2024 – March 31, 2025	April 1, 2023 – March 31, 2024 (Reference)
Net sales	598,416	518,626
Cost of sales	362,285	322,064
Gross profit	236,130	196,561
Selling, general and administrative expenses	114,116	108,158
Operating profit	122,014	88,403
Non-operating income	18,631	14,457
Interest and dividends income	15,892	12,802
Other	2,739	1,654
Non-operating expenses	9,599	8,599
Interest expenses	3,791	3,055
Foreign exchange losses	3,895	4,173
Allowance for investment losses	693	—
Other	1,218	1,369
Ordinary income	131,046	94,261
Extraordinary income	122	1,415
Gain on sales of non-current assets	66	5
Gain on sales of investment securities	55	497
Gain on sales of stocks of subsidiaries and affiliates	—	39
Gain on extinguishment of tie-in shares	—	843
Other	—	29
Extraordinary loss	10,148	1,617
Loss on sales and retirement of non-current assets	1,336	935
Loss on devaluation of stocks of subsidiaries and affiliates	6,026	—
Impairment losses	2,411	641
Loss on devaluation of investment securities	374	41
Income before income taxes	121,020	94,059
Income taxes-current	28,783	18,796
Income taxes-deferred	-2,761	388
Net income	94,998	74,874

Non-Consolidated Statements of Changes in Equity

April 1, 2024 – March 31, 2025

(Millions of yen)

	Shareholders' equity											
	Capital stock	Capital surplus			Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings		
						Reserve for special depreciation	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at the beginning of current year	26,783	50,482	—	50,482	4,095	0	1,924	185,000	270,214	461,235	-23,246	515,254
Net changes of items during the period												
Dividends from surplus									-38,040	-38,040		-38,040
Reversal of reserve for special depreciation						-0			0	—		—
Reversal of reserve for advanced depreciation of non-current assets							-96		96	—		—
Net income									94,998	94,998		94,998
Acquisition of treasury shares											-35,004	-35,004
Disposal of treasury shares			29	29							222	252
Cancellation of treasury shares			-26,293	-26,293							26,293	—
Transfer from retained earnings to capital surplus			26,263	26,263					-26,263	-26,263		—
Net change of items other than shareholders' equity during the period												
Total changes of items during the period	—	—	—	—	—	-0	-96	—	-30,792	30,695	-8,487	22,207
Balance at the end of current year	26,783	50,482	—	50,482	4,095	—	1,828	185,000	301,007	491,930	-31,734	537,461

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current year	-35	-35	292	515,511
Net changes of items during the period				
Dividends from surplus				-38,040
Reversal of reserve for special depreciation				—
Reversal of reserve for advanced depreciation of non-current assets				—
Net income				94,998
Acquisition of treasury shares				-35,004
Disposal of treasury shares				252
Cancellation of treasury shares				—
Transfer from retained earnings to capital surplus				—
Net change of items other than shareholders' equity during the period	-240	-240		-240
Total changes of items during the period	-240	-240	—	-21,967
Balance at the end of current year	-276	-276	292	537,478

Notes to the Non-Consolidated Financial Statements

1. Notes regarding significant accounting policies

(1) Basis and method for valuation of securities

Available-for-sale securities:

Securities other than shares that do not have a market value

Fair value method, with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method.

Shares that do not have a market value

Moving average cost method

Shares of subsidiaries and affiliates:

Moving average cost method

(2) Valuation basis and method for derivatives

Stated at fair value

(3) Valuation basis and method for inventories

Merchandise and finished goods, work in process, and raw materials and supplies

Stated at gross average cost (for balance sheet valuation, in the event that an impairment is determined: impairment write down is calculated based on inventory net realizable value)

(4) Depreciation method of major depreciable assets

Property, plant and equipment (excluding lease assets):

Straight-line method

Intangible assets (excluding lease assets):

Straight-line method (software for in-house use is depreciated using the straight-line method over its useful life of 5 years)

Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership of the leased property to the lessee are depreciated over the lease terms by the straight-line method with no residual value.

(5) Accounting criteria for allowances and provisions

Allowance for doubtful accounts

To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable

Allowance for investment loss

An allowance for potential investment loss is stated by taking into account a Company's financial conditions, etc., in accordance with a Company's policy, to prepare for losses related to investments in subsidiaries and affiliates.

Provision for directors' bonuses

The Company makes provisions for the amount of bonuses for Directors deemed to accrue during the fiscal year, based on the Company's estimated payment obligation for the fiscal year under review.

Provision for retirement benefits

To make allowances for the payment of retirement benefits to employees, this is recorded based on the amount of projected retirement benefit liabilities and pension assets as of the end of the current fiscal year.

Past service costs are recorded as expenses using the straight-line method over a fixed number of years (in 12 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.

Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (in 12 years) that is within the average number of years of remaining service of employees at the time the differences emerge each fiscal year.

(6) Standards for recognizing revenues and expenses

The Company recognizes revenue based on the following five-step approach:

- Step 1: Identify the contract with the customer.
- Step 2: Identify performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when or as the entity satisfies a performance obligation.

The Company's main businesses are Industrial Tape, Optronics, and Human Life. In these segments, the Company sells goods and conducts licensing business such as patent and technology licensing.

For sales of goods, the Company considers that the performance obligation is satisfied when the goods are delivered to the customer in accordance with the terms of the contract or when the customer acquires control over the goods in accordance with the terms of trade stipulated by Incoterms and other regulations, and recognizes revenue when performance obligations are satisfied.

In the licensing business, the Company determines when the performance obligation is satisfied in accordance with the substance of the contract and recognizes revenue either with the provision of services or upon completion of services. However, running royalty income is measured based on the sales of the contract partner and other factors, and revenue is recognized in consideration of the point in time when such income is generated.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods to the customer, less any discounts or rebates.

(7) Method of hedge accounting

1) Method of hedge accounting

Deferred hedge accounting is used for forward exchange contracts applied to forecast transactions. For foreign currency swaps that meet the conditions, deferral hedge accounting is used. For interest rate swaps that meet the requirements, special treatment is used.

2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, Currency swaps, Interest rate swaps

Hedged items: Foreign currency-denominated receivables and payables, etc.

3) Hedge policy

The Company adopts a policy aimed at managing the risks associated with exchange fluctuations and interest rate fluctuations.

4) Assessing hedge effectiveness

The effectiveness is assessed by comparing a market change in a hedged item or cumulative change in its cash flows with a market change in a hedging instrument or cumulative change in its cash flow to observe a ratio of those changes. However, the assessment of the effectiveness is omitted for interest rate swaps that are handled under special rules.

2. Notes on accounting estimates

The figures for the following items are posted on non-consolidated financial statements for the fiscal year under review using accounting estimates and may have a material impact on non-consolidated financial statements for the next fiscal year. For information that would be useful to the understanding of accounting estimates, matters that are identical to the contents of the notes to the consolidated financial statements are omitted.

(1) Evaluation of recoverability of property, plant and equipment, and intangible assets

Amount posted on non-consolidated financial statements for the fiscal year under review: property, plant and equipment 197,383 million yen; intangible assets 8,423 million yen

(2) Evaluation of recoverability of deferred tax assets

Amount posted on non-consolidated financial statements for the fiscal year under review: deferred tax assets 27,442 million yen

(3) Evaluation of recoverability of shares of subsidiaries and affiliates

<1> Amount posted on non-consolidated financial statements for the fiscal year under review: shares of subsidiaries and affiliates 175,756 million yen

<2> Information that would be useful to the understanding of accounting estimates

The above stocks of subsidiaries and affiliates include 56,590 million yen in shares of Nitto Advanced Film Gronau GmbH.

In the valuation of shares of subsidiaries and affiliates that do not have market prices, if the net asset value of the shares declines significantly due to a deterioration in the financial condition of the issuing company, the impairment loss is accounted for by reducing the value of the shares by an equivalent amount, unless a recoverability is supported by sufficient evidence. In determining recoverability, the Company makes a reasonable estimate of the future net asset value of the shares based on the business plans of the subsidiaries or affiliate and examines whether the net asset value will recover to the acquisition price within approximately five years. Such estimates may be affected by uncertain future changes in economic conditions, etc., which may have a material effect on the non-consolidated financial statements for the following fiscal year.

For the shares of Nitto Advanced Film Gronau GmbH, the Company compares the net asset value which reflects the excess earning power expected at the time of acquisition to the carrying amount to determine if there is a significant decline in the net asset value of the shares. As there was no significant decrease in the net asset value, no loss on valuation of shares of affiliates was recorded in the current fiscal year.

The review for impairment of excess earning capacity is based on business plans and other estimates approved by management as in the impairment testing of goodwill and intangible assets with indefinite useful life in the preparation of the consolidated financial statements. Such estimates may be affected by uncertain future changes in economic conditions, etc., which may have a material effect on the non-consolidated financial statements for the following fiscal year.

(4) Provision for retirement benefits

<1> Amount recorded on non-consolidated financial statements for the fiscal year under review: prepaid pension cost 7,617 million yen; provision for retirement benefits 41,135 million yen

<2> Information that would be useful to the understanding of accounting estimates

Please refer to "Provision for retirement benefits" in "(5) Accounting criteria for allowances and provisions" of "1. Notes regarding significant accounting policies."

3. Notes to the non-consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment	494,000 million yen
(2) Short-term receivables from affiliates	92,923 million yen
Long-term receivables from affiliates	21,852 million yen
Short-term payables to affiliates	121,150 million yen

4. Notes to the non-consolidated statements of profit or loss

(1) Transactions with subsidiaries and affiliates	
Sales to subsidiaries and affiliates	488,083 million yen
Purchases from subsidiaries and affiliates	52,400 million yen
Transactions other than business deals with subsidiaries and affiliates	20,216 million yen

(2) Impairment losses

Extraordinary losses include 2,411 million yen in impairment losses.

The main itemization for impairment losses is as follows:

In Circuit Materials under the Optronics segment umbrella, 1,383 million yen is recorded in impairment losses in relation to machinery and equipment in Japan due to the decision to suspend the commercialization of plastic optical fiber cables. Accordingly, the carrying amount has been reduced to its recoverable amount, which is zero. The recoverable amount is calculated using net realizable value.

5. Notes to the non-consolidated statements of changes in equity

Matters concerning treasury shares

Class of shares	At the beginning of the fiscal year under review	Increase	Decrease	At the end of the fiscal year under review
Common stock	2,104,272	11,939,963	2,218,185	11,826,050

(Outline of reasons for change)

The rough breakdown of the increase is as follows:

Increase due to acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 26, 2024 1,095,300 shares

Increase due to the stock split based on resolution at the Board of Directors meeting held on May 24, 2024 3,926,208 shares

Increase due to acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 27, 2025 6,917,500 shares

The rough breakdown of the decrease is as follows:

Decrease due to disposal of treasury shares based on resolution at the Board of Directors meeting held on June 21, 2024 18,600 shares

Decrease due to cancellation of treasury shares based on resolution at the Board of Directors meeting held on June 21, 2024 2,199,585 shares

Notes: 1. We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024.

2. The above-mentioned increase due to the acquisition of treasury shares based on resolution at the Board of Directors meeting held on January 26, 2024, as well as the disposal or cancellation of treasury shares based on the resolution at the Board of Directors meeting held on June 21, 2024, reflect the number of treasury shares before the stock split.

6. Notes on deferred tax accounting

The main reasons why deferred tax assets arise are excess of the limit of inclusion in depreciation expenses and disallowed provision for retirement benefits, while deferred tax liabilities are mainly due to prepaid pension costs and reserve for condensed booking of fixed assets for tax purposes.

7. Notes on revenue recognition

Regarding information that forms the basis for understanding revenue from contracts with customers, notes have been omitted as the same information is presented in “7. Notes on revenue recognition” in the Notes to the Consolidated Financial Statements.

8. Notes on information per share

Net assets per share	773.00 yen
Net profit per share	135.50 yen

Note: We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The above-mentioned net assets per share and net profit per share are calculated under the assumption that the stock split was performed at the beginning of the fiscal year under review.

In the non-consolidated balance sheets, the non-consolidated statements of profit or loss, and the non-consolidated statements of changes in equity, the amounts presented are rounded down to the nearest million yen.