

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 29, 2026

**NOTICE OF
THE 161ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to hereby inform you that the 161st 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,

Tatsuya Akagi, 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 19, 2026 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 161st term (from April 1, 2025 to March 31, 2026)
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: Reduction in the amount of legal capital surplus
- Item 3: Election of nine Directors
- Item 4: Revision of remuneration paid to Directors and Corporate Auditors
- Item 5: Determination of the amount of remuneration, etc. for Directors related to share-based remuneration (performance-linked restricted share remuneration)

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.

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

- 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 KYOTO COFFEE Mug and a drawstring bag made of cotton fabric with the NITTUDO logo.

(Shipping is scheduled for late July. KYOTO COFFEE and NITTUDO are registered trademarks of the Nitto Group.)

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 18, 2026 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 18, 2026 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 19, 2026 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.

Items 1, 2, 4 and 5

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

Item 3

- 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.mufg.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.
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 19, 2026, 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 9, 2026

*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. 03-6833-6274

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.

<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 161st term are as described below. Since the interim dividends of 30 yen per share have already been paid, the annual dividends will be 60 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
30 yen per share of our common stock:
20,209,792,500 yen in total
- (3) Effective date of distribution of dividends
June 22, 2026

(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
FY2021 (157th term)	44	33.5
FY2022 (158th term)	48	32.5
FY2023 (159th term)	52	36.1
FY2024 (160th term)	56	28.6
FY2025 (161st term)	60	30.4

*FY2025 includes acquisition of treasury shares, resulting in a total payout ratio of 75.4%.

Item 2: Reduction in the amount of legal capital surplus

To ensure flexibility in future capital policy, we ask for your approval to reduce the amount of legal capital surplus and transfer it to other capital surplus in accordance with Article 448, Paragraph (1) of the Companies Act:

1. The amount of legal capital surplus to be reduced:
Of the 50,482,147,034 yen in legal capital surplus, 47,800,000,000 yen will be reduced, and the full amount of the reduction will be transferred to other capital surplus.
2. Effective Date of reduction in the amount of legal capital surplus
September 30, 2026

Item 3: Election of nine 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 nine 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	18 years	100% 12 out of 12	Representative Director, Chairman CEO		Reelection
2	Tatsuya Akagi	Male	2 years	100% 12 out of 12	Representative Director, President COO		Reelection
3	Yasuhiro Iseyama	Male	6 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	Reelection
4	Yasuhito Ohwaki	Male	3 years	100% 12 out of 12	Director, Senior Executive Vice President CSO, CHRO General Manager of Corporate Human Resources Division	Corporate strategy, Human resources & education, Diversity, equity & inclusion promotion, Management of Japan	Reelection
5	Hiroyuki Katayama	Male	-	-	Vice President CTO General Manager of Corporate Technology Sector	Corporate technology	New election
6	Wong Lai Yong	Female	6 years	100% 12 out of 12	Outside Director		Reelection Outside Independent
7	Michitaka Sawada	Male	5 years	100% 12 out of 12	Outside Director		Reelection Outside Independent
8	Yasuhiro Yamada	Male	4 years	100% 12 out of 12	Outside Director		Reelection Outside Independent

9	Mariko Eto	Female	3 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 Director 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; CFO: Chief Financial Officer; CSO: Chief Strategy Officer
CHRO: Chief Human Resources Officer; CTO: Chief Technology Officer; CPO: Chief Procurement Officer; CIO: Chief Information Officer

Candidate number

1

Hideo Takasaki

(Date of birth: August 11, 1953)

Number of Company shares owned: 319,200

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
April 2026	Representative Director, Chairman, CEO (present)

■ Reason for nomination as a candidate for Director

Mr. Hideo Takasaki has led the management of Nitto Group as President of the Company. Currently, as Chairman, he plays an appropriate role in enhancing corporate value by making decisions on important management matters, etc.

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.

Candidate number

2

Tatsuya Akagi

(Date of birth: November 19, 1970)

Number of Company shares owned: 30,900

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 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
April 2026	Representative Director, President, COO (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. Currently, as President, he dedicates 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.

Candidate number

3

Yasuhiro Iseyama

(Date of birth: April 19, 1962)

Number of Company shares owned: 60,100

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.

Candidate number

4

Yasuhito Ohwaki

(Date of birth: February 13, 1962)

Number of Company shares owned: 73,300

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 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, 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
April 2026	Director, Senior Executive Vice President, CSO, 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.

Candidate number

5

Hiroyuki Katayama

(Date of birth: September 6, 1971)

Number of Company shares owned: 9,900

Conflicts of interest between the Company and candidate: None

Important positions concurrently held outside of the Company: 0

Brief Profile

November 2006 Joined Nitto Denko Corporation

December 2015 General manager of Environmental Solutions Research Center, Corporate Research and Development Division, Corporate Technology Sector

October 2021 Deputy General Manager of Membrane Division

January 2022 General Manager of Membrane Division

June 2023 Vice President, General Manager of Membrane Division, Human Life Solutions Sector

June 2025 Vice President, General Manager of Human Life Solutions Sector

April 2026 Vice President, CTO (present)

■ Reason for nomination as a candidate for Director

Mr. Hiroyuki Katayama has held key positions for many years in the Corporate Technology Sector, which is at the core of the Company's manufacturing capabilities, as well as in business divisions. He has dedicated himself to enhancing the Nitto Group's corporate value.

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

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 and Innovation, Shizenkan University (present)
June 2020	Outside Director, Nitto Denko Corporation (present)
November 2022	Outside Director, Farmnote Holdings, Inc. (retired in April 2026)
June 2024	Outside Director, MITSUI E&S Co., Ltd.
June 2025	Outside Director (Audit and Supervisory Board Member), 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, 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 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 (Audit and Supervisory Board Member), 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 161st Ordinary General Meeting of Shareholders

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

*The table above shows skills specifically expected and is not all-inclusive.

*Director Hideo Takasaki is designated as Leadership only from the viewpoint that it is most important for him to oversee management as Chairman.

*Director Tatsuya Akagi is designated as Leadership only from the viewpoint that it is most important for him to exercise leadership in business execution as President.

[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.

Common explanation for Items 4 and 5

Items 4 and 5 are related proposals that address the review of the Company's executive remuneration system.

The Board of Directors believes that certain results have been achieved through management initiatives to date, including achieving operating profit of ¥183.6 billion and an ROE of 12.2% in the fiscal year ended March 2026. On the other hand, the business environment surrounding the Company continues to change significantly, and in executing the new Medium-term Management Plan, Nitto RISE 2028, the roles and responsibilities required of Officers are becoming increasingly sophisticated and diverse. To secure future competitiveness, it is necessary to steadily advance the recruitment and retention of talented human resources (Nitto Persons), and the remuneration system must support long-term value creation.

With this recognition, the Board of Directors examined the overall ideal state of the executive remuneration system, giving due regard to consistency with the Company's management policy and executive remuneration policy and considering whether it would be appropriate to review the level and composition of remuneration in an integrated manner. As a result, we concluded that it would be appropriate to redesign the balance between cash remuneration (for Directors and Corporate Auditors) and share-based remuneration (for Directors) and further strengthen incentives for long-term performance and value creation.

Specifically, we believe that both revising the current upper limit on cash remuneration for Officers as a whole (Directors and Corporate Auditors) (Item 4) and reviewing the share-based remuneration system for Directors from the perspective of strengthening medium- to long-term incentives and value sharing with shareholders (Item 5) will contribute to the Company's sustainable growth and enhancement of corporate value. In conducting these deliberations, we also conducted a comprehensive review of recent trends in the levels and composition of executive remuneration systems at a group of major companies of a similar scale in the same industry, taking into account the Company's management policy and business characteristics. The Board of Directors has prepared this proposal as the form of executive remuneration system it considers appropriate at this time, while also referring to approaches used by other companies and placing importance on consistency with the roles and responsibilities expected of Officers at the Company as well as on medium- to long-term value creation.

During this review process, the Nomination and Remuneration Advisory Committee (chaired by Outside Director Michitaka Sawada) deliberated on the overall executive remuneration system, including cash remuneration for Directors, cash remuneration for Corporate Auditors, and the share-based remuneration system for Directors. Based on the details of those deliberations and the advice expressed, the Board of Directors has decided to submit Items 4 and 5 to this Ordinary General Meeting of Shareholders.

Taking into account the review process and judgments described above comprehensively, the Board of Directors has determined that both Items 4 and 5 are reasonable and consistent with the intent of the Company's executive remuneration policy. Please refer to pages 29 to 31 for the Company's "Executive Remuneration Policy" if these proposals are approved.

<For reference> Image of Items 4 and 5

Directors

		Current system	New system
Fixed remuneration	Cash remuneration	(1) Basic remuneration (2) Bonus for Directors Total: up to 1 billion yen per year (Up to 120 million yen for Outside Directors)	I Basic remuneration II Bonus for Directors Total: up to 1.5 billion yen per year (Up to 300 million yen for Outside Directors)
Variable remuneration	Share-based remuneration	(3) Performance-linked share-based remuneration Up to 364 million yen and 242,000 shares per year *Positioned as additional compensation	III Performance-linked restricted share remuneration Up to 1,000,000 shares
		(4) Restricted share remuneration Up to 243 million yen and 160,000 shares per year	

Note: We implemented five-for-one common stock split, with a record date of September 30, 2024, and an effective date of October 1, 2024. The number of shares listed in (3) and (4) reflects the stock split.

Corporate Auditors

		Current system	New system
Fixed remuneration	Cash remuneration	(5) Basic remuneration Up to 144 million yen per year	V Basic remuneration Up to 200 million yen per year

<For reference> Executive Remuneration Policy

If Items 4 and 5 are approved, the Company plans to revise its executive remuneration policy as follows.

1. Basic policy

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

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

2. Components of remuneration

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

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

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

*Excluding Outside Directors

3. Policy related to the designing of the remuneration level

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

4. Evaluation indicators and the reasons for their selection

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

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

5. Policy for determining remuneration proportions

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

6. Policy related to the determination process

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

Item 4: Revision of remuneration paid to Directors and Corporate Auditors

The current remuneration paid to Directors has remained unchanged since it was approved at the 157th Ordinary General Meeting of Shareholders held on June 17, 2022, as up to 1 billion yen per year (including up to 120 million yen per year for Outside Directors), and the remuneration paid to Corporate Auditors has remained unchanged since it was approved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021 as up to 144 million yen per year. Under this proposal, shareholders are requested to approve a revision to the amount, up to 1.5 billion yen per year for Directors (including up to 300 million yen per year for Outside Directors) and up to 200 million yen per year for Corporate Auditors.

The current number of Directors is ten (including four Outside Directors). If Item 3 is approved as originally proposed, the number of Directors will be nine (including four Outside Directors). The above remuneration amount shall not include employee salaries, as before. In addition, the current number of Corporate Auditors is five, and there will be no change in that number after the conclusion of this Ordinary General Meeting of Shareholders.

Please also refer to the information regarding this proposal on pages 27 to 31.

Item 5: Determination of the amount of remuneration, etc. for Directors related to share-based remuneration (performance-linked restricted share remuneration)

The share-based remuneration system for Directors of the Company (excluding Outside Directors) consists of two components: (1) medium-term performance-linked remuneration (performance-linked share-based remuneration) and (2) medium- and long-term performance-linked remuneration (restricted share remuneration).

Under this proposal, shareholders are requested to approve the amount of remuneration, etc. related to a new “performance-linked restricted share remuneration” (hereinafter, the “System”) after reorganizing and integrating the current framework of (1) medium-term performance-linked remuneration (performance-linked share-based remuneration) and (2) medium- and long-term performance-linked remuneration (restricted share remuneration).

In considering the System, the Company has also taken into account the recent trend among listed companies toward designing systems that more clearly link Directors’ remuneration to performance and corporate value, and has conducted its review with a view to strengthening incentives for medium- to long-term value creation. If this proposal is approved, the current (1) medium-term performance-linked remuneration (performance-linked share-based remuneration; approved by a resolution at the 153rd Ordinary General Meeting of Shareholders of the Company held on June 22, 2018) shall be abolished after the portion for the performance evaluation period from April 1, 2025 to March 31, 2028 (approved by a resolution of the Board of Directors of the Company on June 20, 2025), and (2) medium- and long-term performance-linked remuneration (restricted share remuneration; approved by a resolution at the 153rd Ordinary General Meeting of Shareholders of the Company held on June 22, 2018) shall be abolished after the portion paid in July 2025 (approved by a resolution of the Board of Directors of the Company on June 20, 2025).

Please also refer to the information regarding this proposal on pages 27 to 31.

1. Overview of the System

Depending on the degree of achievement of the performance targets during the performance evaluation period, monetary remuneration claims shall be paid to eligible Directors after the end of the performance evaluation period in order to grant restricted share remuneration, and by having all such monetary remuneration claims contributed in kind, shares of the Company’s common stock issued or disposed of by the Company shall be allotted to eligible Directors.

The amount of the monetary remuneration claims to be paid to eligible Directors shall be calculated by multiplying the number of shares to be granted by the share price at the time of payment (*1).

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

2. Eligible Directors

Directors excluding Outside Directors (*2)

*2 The current number of eligible Directors is five. If Item 3 is approved as originally proposed, the number of eligible Directors will be five.

3. Performance evaluation period

A period of two or more fiscal year as determined by the Board of Directors (*3).

*3 The initial performance evaluation period shall be the three fiscal year from April 1, 2026 to March 31, 2029, aligned with the new Medium-term Management Plan, Nitto RISE 2028.

4. Maximum amount and number of shares to be granted under the System

The total number of restricted shares to be allotted to eligible Directors shall be 1 million shares, which shall be the upper limit on the number of restricted shares to be allotted in each business term, and the annual total amount of monetary claims to be paid as remuneration, etc. relating to the restricted shares shall be within the amount obtained by multiplying 1 million shares by the share price at the time of payment.

5. Timing of payment

It shall be by the date falling two months after the day following the date of the Ordinary General Meeting of Shareholders relating to the final fiscal year of the performance evaluation period.

6. Method of calculating the number of shares to be granted

The Company shall grant the number of points determined by the Board of Directors (according to position, responsibilities, etc.) to eligible Directors in the performance evaluation period, at the time of assuming office (including reelection). The points granted to eligible Directors shall consist of (1) the performance-linked portion and (2) the fixed portion. (*4)

*4 The standard number of points to be granted for the initial performance evaluation period shall be as shown in “<For Reference> Standard number of points to be granted.”

(1) Performance-linked portion

The points granted as the performance-linked portion in (1) shall be accumulated each year until the end of the performance evaluation period, and the final number of points shall be calculated by multiplying the cumulative number of points by a coefficient (0 - 150%) obtained by adding the weights corresponding to each performance indicator and each payment rate. Each performance indicator, the corresponding weight, and the payment rate shall be determined in advance by the Board of Directors (*5).

Final number of points = Cumulative number of points during the performance evaluation period ×
(Payment rate for Performance Indicator A × Weight for Performance Indicator A
+ Payment rate for Performance Indicator B × Weight for Performance Indicator B
+ Payment rate for Performance Indicator C × Weight for Performance Indicator C)

*5 The calculation method for the initial performance evaluation period shall be as shown in “<For Reference> Calculation method for the performance-linked portion.”

(2) Fixed portion

The points granted as the fixed portion in (2) shall be accumulated each year through the end of the performance evaluation period, and the final number of points shall be calculated.

(3) Number of shares to be granted

The final points determined in (1) and (2) above shall be converted at the rate of one point to one share of the Company's stock (with any fractional share of less than 100 shares rounded down), with the resulting number of shares to be granted to each eligible Director.

(4) Point adjustments in the event of mid-term appointment, resignation, transfer, etc. of eligible Directors
Point adjustments in the event of mid-term appointment, resignation, transfer, etc. of eligible Directors shall be made in accordance with the method prescribed in advance by the Board of Directors.

(5) Treatment of points if the System is abolished as a result of organizational restructuring, etc.

If, before the payment of restricted share remuneration, a proposal relating to a merger agreement under which the Company becomes a dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring, etc. is approved at the Ordinary General Meeting of Shareholders of the Company (or, if approval at the Ordinary General Meeting of Shareholders of the Company is not required for such organizational restructuring, etc., at the Board of Directors of the Company), the points shall be settled by the method prescribed by the Board of Directors.

7. Treatment of stock splits, stock consolidations, etc.

If the total number of issued shares of the Company increases or decreases due to a stock split (including a stock dividend) or a stock consolidation before share-based remuneration is paid, the adjusted number of shares to be granted shall be calculated by multiplying the number of shares to be delivered before adjustment by the ratio of the consolidation or split.

8. Overview of the restricted share allotment agreement

As a condition for the issuance or disposition of the Company's common stock under the System, the Company and each eligible Director shall enter into a restricted share allotment agreement including the following terms (hereinafter, the "Allotment Agreement"). The details shall be determined by resolution of the Board of Directors.

(1) Transfer restriction period

During the period from the date on which an eligible Director receives an allotment under the Allotment Agreement until the time immediately after such eligible Director resigns or retires from a position predetermined in advance by the Board of Directors among the positions of officers and employees of the Company or its subsidiaries (hereinafter, the "Position as Officer or Employee, etc.") (hereinafter, the "Transfer Restriction Period"), the eligible Director shall not transfer, create a security interest in, or otherwise dispose of the Company's common stock allotted under the Allotment Agreement (hereinafter, the "Allotted Shares") (hereinafter, the "Transfer Restriction").

(2) Lifting of the Transfer Restriction

On the condition that the eligible Director has continuously remained in the Position as Officer or Employee, etc. during the Transfer Restriction Period, the Transfer Restriction shall be lifted on all of the Allotted Shares at the time the Transfer Restriction Period expires.

(3) Acquisition of restricted shares without consideration

If an eligible Director resigns or retires from the Position as Officer or Employee, etc. before the expiration of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without consideration, unless the Board of Directors recognizes justifiable grounds for such resignation or retirement. In addition, the Company shall automatically acquire without consideration any of the Allotted Shares for which the Transfer Restriction has not yet been lifted at the time the Transfer Restriction Period expires. Other grounds for acquisition without consideration shall be as provided in the Allotment Agreement, based on a resolution of the Board of Directors of the Company.

(4) Treatment in organizational restructuring, etc.

If matters relating to a merger agreement under which the Company becomes a dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary,

or any other organizational restructuring, etc. are approved at the Company's Ordinary General Meeting of Shareholders (or, if approval at the Company's Ordinary General Meeting of Shareholders is not required for such organizational restructuring, etc., at the Company's Board of Directors) during the transfer restriction period, the Company shall, by resolution of the Board of Directors, lift the transfer restrictions on all of the Allotted Shares prior to the effective date of such organizational restructuring, etc. In addition, in the cases provided above, the Company shall automatically acquire without consideration any Allotted Shares for which the transfer restrictions have not yet been lifted at the time immediately after the transfer restrictions are lifted.

9. Other

- This system does not include the employee salary portion for Directors who concurrently serve as employees.
- This proposal shall be separate from Item 4 (or, if Item 4 is voted down, the resolution of the 157th Ordinary General Meeting of Shareholders held on June 17, 2022).
- If an eligible Director resigns or retires from any of the positions of Director, Vice President, or employee of the Company, the Board of Directors may, by resolution, provide shares without transfer restrictions or cash payment in lieu of the payment of restricted share remuneration. In the case of cash payment, the amount to be paid shall be equivalent to the amount of the monetary claims to be paid to the eligible Directors for the grant of restricted share remuneration, and shall be separate from Item 4 (or, if Item 4 is voted down, the resolution of the 157th Ordinary General Meeting of Shareholders held on June 17, 2022).
- (For reference) This system is also scheduled to apply to Vice Presidents.

<For reference> Standard number of points to be granted

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

Business Report for the 161st Fiscal Term
For the 2025 fiscal year (April 1, 2025 to March 31, 2026)

1. Performance

(1) Highlights*¹

Item		FY2021	FY2022	FY2023	FY2024	FY2025 (Fiscal Year Ended March 31, 2026)
Revenue	(100 million yen)	8,534	9,290	9,151	10,138	10,281
Operating profit	(100 million yen)	1,322	1,471	1,391	1,856	1,836
Operating profit to revenue	(%)	15.5	15.8	15.2	18.3	17.9
Net profit attributable to owners of the parent company	(100 million yen)	971	1,091	1,026	1,372	1,334
Dividend payout ratio	(%)	33.5	32.5	36.1	28.6	30.4 ^{*2}
ROE (Return on equity attributable to owners of the parent company) (%)		12.6	12.7	10.9	13.5	12.2
ROA (Ratio of profit attributable to owners of the parent company to total assets) (%)		9.4	9.7	8.5	10.7	9.7
Capital investment (completion basis)	(100 million yen)	564	507	834	929	868
Research and development (R&D) costs	(100 million yen)	372	401	434	467	480
R&D costs/revenue ratio	(%)	4.4	4.3	4.8	4.6	4.7
Gender ratio of employees	(%)	Men: 61 Women: 39	Men: 62 Women: 38	Men: 63 Women: 37	Men: 63 Women: 37	Men: 62 Women: 38
Female leaders ratio ^{*3}	(%)	—	19	20	22	22
Number of critical occupational accidents ^{*4/5}		3	2	2 ^{*6}	2 ^{*6}	0
Number of serious occupational accidents ^{*4/5}		4	8	7	4	8
CO ₂ Emissions (Scope 1+2)	(kton)	649	571	525	472	— ^{*7}
Total Waste etc., disposed	(kton)	144	145	119	132	— ^{*7}

Notes:

1. The Nitto Group prepares its consolidated financial statements based on the International Financial Reporting Standards (IFRS).
2. FY2025 results are calculated based on a tentative dividend amount whose payment is subject to approval of Item 1 as proposed for the 161st 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 FY2023 and FY2024 were recategorized as critical occupational accidents based on follow-up observation.
7. FY2025 results are being compiled and will be disclosed on the Company’s website and in the Integrated Report.

(2) Operating progress and results

In the fiscal year ended March 31, 2026, the economic environment was characterized by supportive actions in major countries through monetary and fiscal policies as economies and trade policies around the world were disrupted by a series of tariff measures imposed by the United States. Furthermore, uncertainty in the business environment increased, as the tensions in the Middle East escalated rapidly toward the end of the fiscal year. In the United States, personal consumption and capital investment were robust, supported by the Federal Reserve Board (FRB)'s monetary easing measures amid concerns over persistently high inflation and a slowdown in employment. In Europe, while defense-related spending and IT investment mitigated the economic slowdown, the recovery in manufacturing, including automobiles, remained sluggish. In China, government measures to promote the replacement of consumer goods continued to support personal consumption, and demand for semiconductors and IT-related products remained firm. In addition, exports routed through Southeast Asian countries increased, reflecting efforts to avoid U.S. tariffs. In Japan, business sentiment remained firm as capital investment increased and a trend of companies raising wages widened amid labor shortages.

Against this backdrop, in the Group's major markets, production volume of IT devices and high-end smartphones exceeded expectations, and demand for the Company's products increased. In addition, in the nucleic acid contract manufacturing field, projects related to major diseases advanced from the clinical to the commercial stage, leading to improved profitability.

As a result of the above, revenue increased by 1.4% from the previous fiscal year (changes hereafter are given in comparison with the previous fiscal year) to 1,028,171 million yen. Operating profit decreased by 1.1% to 183,615 million yen, profit before income taxes decreased by 0.2% to 184,976 million yen, net profit decreased by 2.7% to 133,537 million yen, and net profit attributable to owners of the parent company decreased by 2.7% to 133,498 million yen. The yen's exchange rate against the U.S. dollar for the fiscal year ended March 31, 2026, was 150.2 yen per dollar, a 1.7% appreciation of the yen compared with the previous fiscal year. The stronger yen had a negative impact of 8.1 billion yen on operating profit.

(3) Summary of operations by segment

[Industrial Tape] Composition of revenue: 35.3%

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 increased mainly due to the wider adoption of battery bonding electrical release tape. Furthermore, demand increased for process materials used for manufacturing products such as semiconductor memory and ceramic condensers. Automotive materials posted a decrease in revenue as the automotive production volume of Japanese manufacturers in China declined.

As a result of the above, revenue increased by 4.2% to 366,607 million yen and operating profit increased by 12.6% to 51,662 million yen.

[Optronics] Composition of revenue: 50.9%

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

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

As a result of the above, revenue decreased by 2.6% to 527,812 million yen and operating profit decreased by 13.4% to 149,871 million yen.

[Human Life] Composition of revenue: 13.8%

Main products or businesses: Life Science (nucleic acid contract manufacturing, nucleic acid synthesis materials, nucleic acid drug discovery, medical-related materials, 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. Demand increased for nucleic acid contract manufacturing and nucleic acid material (NittoPhase™) which is used for such manufacturing. In addition, production for a large-scale project, which is expected to be commercialized in the future, began in the second quarter. In nucleic acid drug discovery, activities continued toward the out-licensing of therapeutics for intractable cancers.

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

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

As a result of the above, revenue increased by 8.5% to 143,702 million yen and operating loss amounted to 5,041 million yen (operating loss of 11,718 million yen was reported in the previous fiscal 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 revenue.

Main products or businesses: new business, other products

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

As a result of the above, revenue decreased by 40.6% to 11 million yen and operating loss amounted to 6,971 million yen (operating loss of 12,229 million yen was reported in the previous fiscal year).

*The Group established a recognition scheme for products and services 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™.

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

2. Reporting segments were partially changed during the fiscal year ended March 31, 2026. The figures for the previous fiscal year are adjusted to reflect this change.

(4) Capital expenditure

Capital expenditures by the Group during the fiscal year ended March 31, 2026, totaled 86,841 million yen.

For the Industrial Tape segment, 19,339 million yen was spent to enhance its production capacity of adhesive tapes, renew aging buildings and equipment, and so on. For the Optronics segment, 43,628 million yen was invested in total. In Information Fine Materials, we built additional UV coaters and implemented BCP measures for post-processing equipment to help reduce environmental impact. In Circuit Materials, we handled mass production of new high-precision circuits. For Human Life segment, 16,853 million yen was invested to expand production capacity at domestic and U.S. plants to increase sales of nucleic acid materials (NittoPhase™). For Others segment, 1,567 million yen was invested for mass production of CO₂ separation membrane and for the introduction of equipment for new business development. Capital expenditures not directly related to any business segment amounted to 5,452 million yen.

(5) Financing

Not applicable

(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 the 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

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. To this end, we will bring together our strengths—core technologies developed over our history, diverse business fields, strong intellectual property, and a broad customer base across a wide range of industries—to accelerate innovation through the *Sanshin* Activities*¹ and the Niche Top Strategy*². And by also meeting the recognition standards for PlanetFlags™/HumanFlags™*³, which recognize products and services with an especially high degree of contribution to the environment and humanity, we will create and expand Double recognition*⁴ products and services that simultaneously solve social issues and create economic value.

In addition, we have identified Material Issues for Sustainability (material issues) to become an essential presence for the global environment and human society and further accelerate sustainable growth. By addressing the 10 material issues defined for the ESG fields, we will aim to further enhance our corporate value.

Field	Ideal state	Material issue
E (Environment)	Protecting the future Earth	Responding to climate change
		Realizing a circular society
		Conserving biodiversity
S (Society)	Enriching people and society	Creating PlanetFlags™/HumanFlags™
		Ensuring worker safety
		Empowering diverse employees
		Ensuring stable supply of products
G (Governance)	Fulfilling stakeholders' expectations and trust	Upholding and respecting human rights
		Improving compliance
		Strengthening information security

*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 essential products, functions, and business models by integrating the Group's unique technologies and knowledge and co-creating with stakeholders in niche fields while identifying markets that are changing and growing

*3. The Group established a recognition scheme for products and services 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™.

*4. Carefully selected products and services that meet the recognition standards for both PlanetFlags™/HumanFlags™ and Global Niche Top™/Area Niche Top™. Through Double recognition, the Group will realize a high level of social contribution and profitability, thereby enhancing corporate value.

(2) Medium- to Long-term Management Strategy

<1> Review of the previous Mid-Term Management Plan, Nitto for Everyone 2025

Under the Mid-Term Management Plan, Nitto for Everyone 2025, covering the period from fiscal 2023 to fiscal 2025, we have worked on the following focus items under the slogan of implementing the Niche Top Strategy × Nitto-style ESG Strategy: “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 Challenges,” and “Transformation of Management Infrastructure to Anticipate Change.”

As a result, we achieved the Financial Targets set for the fiscal year ended March 31, 2026, of 170.0 billion yen in operating profit and an operating profit to revenue ratio of 17%. On the other hand, we did not achieve the ROE target of 15%. We will work to further improve capital efficiency under the next Medium-Term Management Plan.

<2> Formulation of Target state 2030 and the new Medium-Term Management Plan, Nitto RISE 2028

In formulating the new Medium-Term Management Plan, we revised what had previously been positioned as our Ideal state 2030, an Essential Top ESG Company, to Target state 2030: an Essential ESG Niche Top Company. This revision reflects our intention under the new Medium-Term Management Plan, Nitto RISE 2028, to move into a phase that places greater emphasis on execution and results and aim to further improve profitability and clarify Nitto’s uniqueness. The new Medium-Term Management Plan, Nitto RISE 2028, is positioned as the second step toward realizing our Target state 2030, and sets operating profit, operating profit to revenue, and ROE as the Financial Targets for fiscal 2028, together with eight Future-Financial Targets, as it seeks to enhance corporate value. Through the promotion of Nitto RISE 2028, the Group will create new value through co-creation and innovation with customers and partners and live up to the trust and expectations of its stakeholders as an essential presence for sustainable global environment and human society.

<3> Focus initiatives of the new Medium-Term Management Plan, Nitto RISE 2028

Under the new Medium-Term Management Plan, Nitto RISE 2028, we will position “Realizing new growth through Double recognition” as a focus initiative and promote the creation and expansion of products and services with Double recognition that meet the recognition standards for both PlanetFlags™/HumanFlags™ and Global Niche Top™/Area Niche Top™ in order to simultaneously solve social issues and create economic value.

We have designated Digital Interface, Green Tech, and Human Life as focus domains. By deploying the Group’s strengths—core technologies and *Sanshin* Activities—to the fields where market growths are expected, such as digital and next-generation ICT, semiconductor, environment and renewable energy, and life science, and allocating management resources intensively, we will drive transformation of our business portfolio.

To support these focus initiatives, we will ensure growth by engaging in human capital management, digital utilization, and decarbonization management.

a. Human capital management

To realize sustainable growth, the Group positions its people as its most valuable asset. We will work to foster a culture of “Enjoying Challenges,” which serves as the foundation for creating and accelerating new innovation and to reform our human resources and training systems. In addition, under our human resources strategy, “Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They Are Doing,” we will promote measures to revitalize both individuals and the organization with the aim of growing the business.

b. Digital utilization

The Group recognizes that mastery of digital technologies enhances corporate competitiveness and will drive transformation in both management and operations through the use of data and AI. We will accelerate efforts to increase the accuracy and speed of the Niche Top Strategy and the Sanshin Activities through digital utilization as offensive initiatives directly linked to value creation. Simultaneously, as defensive initiatives to create the resources for such efforts, we will strengthen supply chain management and improve operational efficiency. In addition, as infrastructure supporting both offensive and defensive initiatives, we will continue to develop our operational data infrastructure and strengthen data governance and cybersecurity.

c. Decarbonization management

The Group recognizes responding to climate change as an important management issue and aims to contribute to realizing a decarbonization society. Along with promoting the creation and expansion of PlanetFlags™, thorough energy conservation, the use of renewable energy, and innovation in manufacturing processes, we will advance efforts to reduce environmental impact across the entire supply chain through collaboration with partners supplying raw materials to us and customers using our products.

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

Under the Medium-Term Management Plan, Nitto RISE 2028, we have set operating profit and operating profit to revenue as Financial Targets that emphasize the business's earning power and profitability, and ROE as a Financial Target that measures the degree to which we enhance corporate value while accounting for capital costs.

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

Furthermore, while the Group has not yet reached its financials, we have established eight future-financial indicators, which we call "Future-Financial" elements that could become financial in the future or be converted into financials. We will accelerate transformation and further enhance corporate value by promoting activities to achieve these Future-Financial indicator targets.

Future-Financial Indicators		FY2025 Results	FY2028 Targets	FY2030 Targets	Related Material Issues	
Product related	Double recognized products revenue ratio ^{*1}	40%	40%	50% or more	Creating PlanetFlags™/ HumanFlags™	
	Niche Top revenue ratio ^{*2}	49.7% ^{*7}	50%	50% or more		
	Flags revenue ratio ^{*3}	46%	50%	50% or more		
Environmental	GHG emissions ^{*4}	Scope 1	Under compilation	300 kton	330 kton or less	Responding to climate change Realizing a circular society
		Scope 2		100 kton	70 kton or less	
		Scope 3		1,520 kton	1,460 kton or less	
Human Capital	Engagement score ^{*5}	81	84	85 or more	Empowering diverse employees	
	Challenge ratio ^{*6}	58%	70%	85% or more		

*1. An indicator for measuring the creation and expansion of products and services that simultaneously solve social issues and create economic value.

*2. An indicator for measuring the creation and expansion of essential Nitto products that have achieved the top market share in niche fields.

*3. An indicator for measuring the creation and expansion of essential products and services that solve social issues.

*4. An indicator referring to greenhouse gas (GHG) emissions and measuring progress in efforts to respond to climate change.

*5. An indicator for measuring the three elements that indicate organizational revitalization: employees' sense of belonging and willingness to contribute, productive work environment, and physical and mental well-being and vitality.

*6. An indicator for measuring the percentage of employees who took on challenges to broaden their experience and potential toward creating new value.

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

(4) Strategies and initiatives by segment

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

· Industrial Tape

In Industrial Tape, as mandatory implementation of the Right to Repair for electronic devices such as smartphones advances in Europe, demand for battery bonding electrical release tape is expected to expand. Leveraging the Group's release technology, we decided to invest 39.0 billion yen in the Toyohashi Plant, the largest scale in our history, with the aim of further expanding the business. In addition, with the spread of generative AI, we will promote sales growth by developing new applications for process materials used for semiconductors and ceramic condensers and aim to further improve profitability across Industrial Tape as a whole.

· Optronics

In Optronics, although close attention will need to be paid to the impact of semiconductor memory shortages on production volumes of IT devices and smartphones, we will continue to focus on high-end products for automotive displays and foldable smartphones, which are growth areas. In these areas, we will contribute to the evolution of displays by providing customers with total solutions that combine multiple related products rather than a single product alone.

In addition, in light of changes in the market environment, we will work to create new businesses in non-display markets with a view to medium- to long-term growth.

For Circuit Materials, demand for CIS is expected to grow based on the assumption that demand for data center storage in the HDD market will continue to rise and HDD capacity will further increase due to advances in new technologies such as HAMR (Heat-Assisted Magnetic Recording). In addition, for high-precision circuits for high-end smartphones, we plan to sell new products for new applications to existing customers, as well as for existing applications.

· Human Life

In Human Life, demand is expected to increase in Life Science for large-scale contract manufacturing projects involving nucleic acid drugs that have entered the commercialization stage. In addition, in anticipation of increased demand for nucleic acid materials (NittoPhase™), new plants in Japan and the United States, where production capacity has been expanded, are scheduled to commence full-scale operations.

In nucleic acid drug discovery, we will focus on developing nucleic acid DDS (Drug Delivery System) design technology and entering into license agreements. As for activities aimed at the out-licensing of therapeutics for intractable cancer, we will determine our direction while taking into account the business environment and other factors.

In Membrane, demand for products that contribute to zero wastewater and effluent is expected to increase against the backdrop of stricter wastewater regulations in various countries. In addition, we will focus on developing energy-saving, long-lasting products that help reduce customers' costs.

In Personal Care Materials, we will continue to expand sales of new sanitary materials for diapers and environmentally friendly products using biodegradable technology, with the aim of improving profitability.

· Others

In new businesses in Others, we will intensively invest management resources on candidate themes for PlanetFlags™/HumanFlags™ in the fields of advanced semiconductors, environmental solutions and medical devices, aiming of early commercialization.

3. Executives

(1) Directors and Corporate Auditors (as of March 31, 2026)

Name	Title (Position)	Responsible area, etc.
Hideo Takasaki	Representative Director, President 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
Yasuhito Ohwaki	Director, Senior Executive Vice President CHRO General Manager of Corporate Human Resources Division	Human resources & education, Diversity, equity & inclusion promotion, 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
Wong Lai Yong	Outside Director	Founder, Principal Trainer and Consultant of First Penguin Sdn. Bhd. Outside Director (Audit and Supervisory Board Member), 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 (Audit and Supervisory Board Member), ASICS Corporation
Shin Tokuyasu	Corporate Auditor (full-time service)	
Toshihiko Takayanagi	Corporate Auditor (full-time service)	
Yasuko Kobashikawa	Outside Corporate Auditor	Certified Public Accountant & Certified Public Tax Accountant, JK & CREW Tax Accountant's Corporation Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation
Kiyoshi Sono	Outside Corporate Auditor	Vice Chair, Kansai Economic Federation Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc.

Tsuyoki Hattori	Outside Corporate Auditor	
-----------------	---------------------------	--

* 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.
6. Effective April 1, 2026, the titles (positions) and responsible areas, etc. of Directors were changed as follows.

*CSO: Chief Strategy Officer

Name	Title (Position)	Responsible area, etc.
Hideo Takasaki	Representative Director, Chairman CEO	
Tatsuya Akagi	Representative Director, President COO	
Yosuke Miki	Director, Senior Executive Vice President	Corporate strategy (specially assigned)
Yasuhito Ohwaki	Director, Senior Executive Vice President CSO, CHRO General Manager of Corporate Human Resources Division	Corporate strategy, Human resources & education, Diversity, equity & inclusion promotion, Management of Japan

(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 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 Nomination and Remuneration Advisory Committee meetings from this perspective during the fiscal year. Mr. Sawada also chairs the Nomination and Remuneration Advisory Committee.
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 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 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% (14 out of 14 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, She proactively made comments at the Nomination and Remuneration Advisory Committee meetings.
Kiyoshi Sono	Participation Board of Directors meetings: 100% (12 out of 12 times) Board of Corporate Auditors meetings: 100% (14 out of 14 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, He proactively made comments at the Nomination and Remuneration Advisory Committee meetings.
Tsuyoki Hattori	Participation Board of Directors meetings: 100% (12 out of 12 times) Board of Corporate Auditors meetings: 100% (14 out of 14 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, He proactively made comments at the Nomination and Remuneration Advisory Committee meetings.

Notes:

(1) Structure and roles of the 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 director nominations and executive remuneration systems, the Company has established the 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 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 Nomination and Remuneration Advisory Committee

The Committee met seven times in the fiscal year (FY2025). 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: 7 out of 7 times

Wong Lai Yong: 7 out of 7 times

Michitaka Sawada: 7 out of 7 times

Yasuhiro Yamada: 7 out of 7 times

Mariko Eto: 7 out of 7 times

Yasuko Kobashikawa: 7 out of 7 times

Kiyoshi Sono: 7 out of 7 times

Tsuyoki Hattori: 7 out of 7 times

<Major consultations and deliberations during the current fiscal year (FY2025)>

- Succession plan for executive management
- Review of the executive remuneration system

(3) Reorganization of the Nomination and Remuneration Advisory Committee

As a result of reviewing the role of the Nomination and Remuneration Advisory Committee and its relationship with the Board of Directors, the Company has decided that, effective June 19, 2026, the voluntary Nomination and Remuneration Advisory Committee will be repositioned

from an advisory body to the Representative Directors to an advisory body to the Board of Directors, so that the Board of Directors may be appropriately involved in matters relating to the nomination and remuneration of executive management and exercise its supervisory function more clearly. To ensure fairness, transparency, and objectivity, the committee is planned to be composed so that Outside Directors constitute a majority of its members.

(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)

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)	967	297	500	56	113	6
Outside Directors	78	78	-	-	-	4
Corporate Auditors (excluding Outside Corporate Auditors)	88	88	-	-	-	2
Outside Corporate Auditors	51	51	-	-	-	3

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

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 the fiscal year ended March 31, 2026	269
2)	Total amount of money and other asset interests to be paid by the Company and the subsidiaries of the Company	300

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. 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, 2026)

(1) Number of shares authorized to be issued	2,000,000,000 shares
(2) Number of shares issued	678,659,700 shares
(Amount of treasury shares held	4,999,950 shares)
(3) Number of shareholders	34,172

3. Major shareholders (top 10)

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

- 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, 2026.

Please note that we implemented a five-for-one common stock split, with a record date of September 30, 2024, and an effective date of October 1, 2024; however, the number of shares stated is as of the date the large shareholding report was filed.

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

A total of three shareholders comprising Mitsubishi UFJ Trust and Banking Corporation and its joint holder
33,322,320 shares (as of July 14, 2025)

A total of two shareholders comprising Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders
59,029,505 shares (as of September 15, 2025)

Nomura Asset Management Co., Ltd.
75,225,400 shares (as of October 15, 2025)

Capital Research and Management Company
17,237,777 shares (as of February 13, 2026)

A total of 13 shareholders comprising BlackRock Japan Co., Ltd. and its joint holders
63,469,747 shares (as of April 15, 2026)

(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	49,700 shares of the Company's common stock	41,700 shares of the Company's common stock
Number of eligible recipients	Directors 3 persons	Directors 5 persons

Note: Part time Director, Outside Directors and Corporate Auditors are not eligible to receive the above share-based remuneration.

(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 a record date of September 30, 2024, and an 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.
- We are improving the operation of the proposal and deliberation processes to ensure the effectiveness of the decision-making process.
- 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 Plant (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 Vecia 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	

(2) Employees of the Group and the Company (as of March 31, 2026)

	Number of employees	Changes from the end of the previous fiscal year
Group	26,477	+708
Company	6,813	+84

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, 2026)

Not applicable

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, 2026	As of March 31, 2025 (Reference)
(Assets)		
Current assets	797,294	750,209
Cash and cash equivalents	359,805	363,344
Trade and other receivables	231,880	210,418
Inventories	157,870	142,932
Other financial assets	19,436	7,732
Other current assets	28,301	25,781
Non-current assets	644,463	571,711
Property, plant and equipment	466,960	417,636
Right-of-use assets	20,608	19,058
Goodwill	64,125	57,167
Intangible assets	16,942	17,026
Investments accounted for using equity method	6,687	7,319
Financial assets	13,516	11,096
Deferred tax assets	19,095	17,873
Other non-current assets	36,526	24,533
Total assets	1,441,757	1,321,920

Consolidated Statements of Financial Position

(Millions of yen)

	Amount	
	As of March 31, 2026	As of March 31, 2025 (Reference)
(Liabilities)		
Current liabilities	225,970	221,735
Trade and other payables	103,605	100,508
Borrowings	—	455
Income tax payables	17,932	28,183
Other financial liabilities	39,828	36,102
Other current liabilities	64,604	56,485
Non-current liabilities	66,683	55,070
Other financial liabilities	21,711	20,160
Defined benefit liabilities	29,809	28,991
Deferred tax liabilities	11,780	3,856
Other non-current liabilities	3,381	2,062
Total liabilities	292,653	276,806
(Equity)		
Equity attributable to owners of the parent company	1,148,027	1,044,083
Share capital	26,783	26,783
Capital surplus	49,934	49,934
Retained earnings	912,008	890,040
Treasury shares	-13,849	-31,799
Other components of equity	173,150	109,124
Non-controlling interests	1,075	1,031
Total equity	1,149,103	1,045,114
Total liabilities and equity	1,441,757	1,321,920

Consolidated Statements of Profit or Loss

(Millions of yen)

	Amount	
	April 1, 2025 – March 31, 2026	April 1, 2024 – March 31, 2025 (Reference)
Revenue	1,028,171	1,013,878
Cost of sales	637,408	618,365
Gross profit	390,763	395,513
Selling, general and administrative expenses	156,322	151,835
Research and development expenses	48,025	46,771
Other income	12,571	11,827
Other expenses	15,371	23,066
Operating profit	183,615	185,667
Finance income	3,258	2,901
Finance expenses	2,045	3,131
Share of profit of investments accounted for using the equity method	147	-108
Profit before income taxes	184,976	185,329
Income tax expenses	51,438	48,021
Net profit	133,537	137,307
Net profit attributable to:		
Owners of the parent company	133,498	137,237
Non-controlling interests	38	70

Consolidated Statements of Cash Flows (Reference)

(Millions of yen)

	Amount	
	April 1, 2025 – March 31, 2026	April 1, 2024 – March 31, 2025
I Cash flows from operating activities		
Profit before income taxes	184,976	185,329
Depreciation and amortization	70,677	65,595
Impairment losses	4,717	12,339
Increase (decrease) in defined benefit liabilities	-1,196	1,048
Decrease (increase) in trade and other receivables	-4,670	-3,791
Decrease (increase) in inventories	-5,957	-8,526
Increase (decrease) in trade and other payables	332	2,369
Increase (decrease) in advances received	540	-413
Interest and dividend income	3,214	2,849
Interest expenses paid	-1,036	-809
Income taxes (paid) refunded	-57,302	-34,304
Other	-2,111	-3,779
Net cash provided by (used in) operating activities	192,183	217,908
II Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-96,607	-106,003
Proceeds from sale of property, plant and equipment and intangible assets	4,534	208
Decrease (increase) in time deposits	-12,110	-2,371
Purchase of investment securities	-3,123	-762
Proceeds from sale of investment securities	8	55
Purchase of shares of subsidiaries and affiliates	-206	-6,256
Others	68	23
Net cash provided by (used in) investing activities	-107,436	-115,105
III Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	109
Repayment of lease liabilities	-6,626	-5,822
Decrease (increase) in treasury shares	-60,287	-35,062
Cash dividends paid	-39,667	-38,040
Others	-15	-75
Net cash provided by (used in) financing activities	-106,597	-78,890
IV Effect of exchange rate changes on cash and cash equivalents	18,311	-2,837
V Net increase (decrease) in cash and cash equivalents	-3,538	21,074
VI Cash and cash equivalents at the beginning of the period	363,344	342,269
VII Cash and cash equivalents at the end of the period	359,805	363,344

Consolidated Statements of Changes in Equity

April 1, 2025 – March 31, 2026

(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	49,934	890,040	-31,799	109,124	1,044,083	1,031	1,045,114
Net profit			133,498			133,498	38	133,537
Other comprehensive income					70,067	70,067	24	70,092
Total comprehensive income	—	—	133,498	—	70,067	203,566	63	203,629
Share based remuneration transactions		19			-88	-69		-69
Dividends			-39,667			-39,667	-19	-39,687
Changes in treasury shares		-77,835		17,950		-59,884		-59,884
Transfer from other components of equity to retained earnings			5,952		-5,952	—		—
Transfer from retained earnings to capital surplus		77,815	-77,815			—		—
Others						—	0	0
Total transactions with owners	—	0	-111,530	17,950	-6,041	-99,622	-18	-99,640
Balance at the end of current year	26,783	49,934	912,008	-13,849	173,150	1,148,027	1,075	1,149,103

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: 87

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

<2> Increase/decrease of consolidated subsidiaries

Increase: 5

Decrease: 1

(3) Fiscal year of consolidated subsidiaries

Number of subsidiaries that close books on the same date as the Company: 70

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, 2026 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 162nd term.

(1) Impairment of non-financial assets

- <1> Amount posted on consolidated financial statements for the fiscal year under review:
Property, plant and equipment 466,960 million yen; goodwill 64,125 million yen; intangible assets 16,942 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.”

(2) Evaluation of recoverability of deferred tax assets

- <1> Amount posted on consolidated financial statements for the fiscal year under review:
Deferred tax assets 19,095 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) 29,043 million yen; defined benefit liabilities 29,809 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 on additional information

(Acquisition of treasury shares)

At its meeting held on March 30, 2026, the Board of Directors resolved matters relating to the acquisition of treasury shares pursuant to Article 156 of the Companies Act, as applied by replacing phrases therein pursuant to Paragraph 3, Article 165, thereof.

(1) Reason for the acquisition of treasury shares

This acquisition will be carried out as part of the flexible execution of capital policy in response to changes in the business environment and as part of the Company’s comprehensive measures to provide shareholder returns.

(2) Details of the acquisition of treasury shares

- <1> Class of shares to be acquired: The Company’s common stock
- <2> Total number of shares to be acquired: 20,000,000 shares (maximum)
(Percentage of the total number of shares issued [excluding treasury shares] as of March 30, 2026: 2.97%)
- <3> Total acquisition price of shares: 50 billion yen (maximum)
- <4> Acquisition period: April 8, 2026 to August 31, 2026
- <5> Method of acquisition: Market purchases on the Tokyo Stock Exchange

4. Notes to the consolidated statements of financial position

Accumulated depreciation of property, plant and equipment (including accumulated impairment losses)	902,345 million yen
--	---------------------

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 678,659 thousand 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 20, 2025	Common stock	19,458	28	March 31, 2025	June 23, 2025	Retained earnings
Board of Directors meeting held on October 27, 2025	Common stock	20,209	30	September 30, 2025	November 28, 2025	Retained earnings
Total	—	39,667	—	—	—	—

- 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 19, 2026.

Total dividends 20,209 million yen

Dividend per share 30 yen

Record date March 31, 2026

Effective date June 22, 2026

Dividends are to be paid out of retained earnings.

- (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

(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	11,826,050	21,427,900	28,254,000	4,999,950

(Outline of reasons for change)

The 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 27, 2025 21,427,900 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 20, 2025 152,900 shares

Decrease due to cancellation of treasury shares based on resolution at the Board of Directors meeting held on September 25, 2025 28,101,050 shares

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 the 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	—	—	3,305	3,305
Derivative	—	88	—	88
Financial assets measured at fair value through other comprehensive income				
Investments in capital instruments	—	—	2,618	2,618
Total financial assets	—	88	5,924	6,012
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative	—	-319	—	-319
Total financial liabilities	—	-319	—	-319

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	106,433	32,848	39,327	186,217	364,827
	Information fine materials	14,459	—	—	370,396	384,855
Optronics	Circuit materials	43,959	—	—	95,783	139,742
	Total	58,418	—	—	466,179	524,598
Human Life	Life science	3,774	45,533	2	0	49,310
	Membrane	2,725	15,014	5,012	8,984	31,736
	Personal care materials	—	3,520	52,152	526	56,199
	Total	6,499	64,069	57,166	9,511	137,246
Other	New business, other products	—	11	—	—	11
Adjustment		1,487	—	—	—	1,487
	Total	172,839	96,929	96,494	661,908	1,028,171

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
Receivables arising from contracts with customers	206,315	218,996
Contract assets	4,102	12,883
Contract liabilities	11,866	13,265

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 7,652 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 1,000 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	1,704.17 yen
Basic earnings per share	197.20 yen

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, 2026	As of March 31, 2025 (Reference)
(Assets)		
Current assets	372,092	381,590
Cash and deposits	173,111	197,581
Notes receivable-trade	1,655	1,787
Accounts receivable-trade	116,482	107,140
Merchandise and finished goods	10,175	9,171
Work in process	31,533	27,001
Raw materials and supplies	25,602	20,166
Short-term loans receivable	0	5,753
Other	14,124	13,310
Allowance for doubtful accounts	-591	-322
Non-current assets	467,992	442,737
Property, plant and equipment	208,588	197,383
Buildings	85,194	84,391
Structures	5,324	4,932
Machinery and equipment	83,639	73,784
Vehicles	768	538
Tools, furniture and fixtures	8,473	6,632
Land	13,772	13,772
Construction in progress	11,416	13,332
Intangible assets	8,473	8,423
Software	6,420	7,611
Other	2,052	812
Investments and other assets	250,930	236,930
Investments securities	5,923	2,844
Stocks of subsidiaries and affiliates	193,229	175,756
Long-term loans receivable	14,970	21,852
Deferred tax assets	25,682	27,442
Prepaid pension cost	7,740	7,617
Other	3,383	2,111
Allowance for doubtful accounts	-0	-0
Allowance for investment loss	-	-693
Total assets	840,085	824,328

Non-Consolidated Balance Sheets

(Millions of yen)

	Amount	
	As of March 31, 2026	As of March 31, 2025 (Reference)
(Liabilities)		
Current liabilities	266,435	244,895
Accounts payable-trade	52,908	52,046
Short-term borrowings	26,045	19,155
Accounts payable-other	43,534	40,521
Accrued expenses	13,180	13,808
Income taxes payable	9,778	20,656
Deposits received	114,396	91,901
Other	6,592	6,805
Non-current liabilities	39,669	41,953
Provision for retirement benefits	39,497	41,135
Guarantee deposits received	5	204
Other	167	614
Total liabilities	306,104	286,849
(Net assets)		
Shareholders' equity	533,805	537,461
Capital stock	26,783	26,783
Capital surplus	50,482	50,482
Legal capital surplus	50,482	50,482
Retained earnings	470,334	491,930
Legal retained earnings	4,095	4,095
Other retained earnings	466,238	487,835
Reserve for advanced depreciation of non-current assets	1,755	1,828
General reserve	185,000	185,000
Retained earnings brought forward	279,483	301,007
Treasury shares	-13,794	-31,734
Valuation and translation adjustments	-118	-276
Valuation difference on available-for-sale securities	-118	-276
Subscription rights to shares	292	292
Total net assets	533,980	537,478
Total liabilities and net assets	840,085	824,328

Non-Consolidated Statements of Profit or Loss

(Millions of yen)

	Amount	
	April 1, 2025 – March 31, 2026	April 1, 2024 – March 31, 2025 (Reference)
Net sales	576,097	598,416
Cost of sales	355,694	362,285
Gross profit	220,402	236,130
Selling, general and administrative expenses	113,880	114,116
Operating profit	106,522	122,014
Non-operating income	25,996	18,631
Interest and dividends income	22,412	15,892
Other	3,584	2,739
Non-operating expenses	7,435	9,599
Interest expenses	3,892	3,791
Foreign exchange losses	2,433	3,895
Allowance for investment losses	—	693
Other	1,110	1,218
Ordinary income	125,083	131,046
Extraordinary income	15	122
Gain on sales of non-current assets	5	66
Gain on sales of investment securities	7	55
Gain on sales of stocks of subsidiaries and affiliates	2	—
Extraordinary loss	3,683	10,148
Loss on sales and retirement of non-current assets	1,332	1,336
Loss on sales of stocks of subsidiaries and affiliates	7	—
Loss on devaluation of stocks of subsidiaries and affiliates	—	6,026
Impairment losses	1,069	2,411
Loss on devaluation of investment securities	1,273	374
Income before income taxes	121,415	121,020
Income taxes-current	24,139	28,783
Income taxes-deferred	1,686	-2,761
Net income	95,589	94,998

Non-Consolidated Statements of Changes in Equity

April 1, 2025 – March 31, 2026

(Millions of yen)

	Shareholders' equity										
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings					
						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	1,828	185,000	301,007	491,930	-31,734	537,461
Net changes of items during the period											
Dividends from surplus								-39,667	-39,667		-39,667
Reversal of reserve for advanced depreciation of non-current assets						-72		72	—		—
Net income								95,589	95,589		95,589
Acquisition of treasury shares										-60,000	-60,000
Disposal of treasury shares			19	19						402	422
Cancellation of treasury shares			-77,537	-77,537						77,537	—
Transfer from retained earnings to capital surplus			77,518	77,518				-77,518	-77,518		—
Net change of items other than shareholders' equity during the period											
Total changes of items during the period	—	—	—	—	—	-72	—	-21,524	-21,596	17,939	-3,656
Balance at the end of current year	26,783	50,482	—	50,482	4,095	1,755	185,000	279,483	470,334	-13,794	533,805

	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	-276	-276	292	537,478
Net changes of items during the period				
Dividends from surplus				-39,667
Reversal of reserve for advanced depreciation of non-current assets				—
Net income				95,589
Acquisition of treasury shares				-60,000
Disposal of treasury shares				422
Cancellation of treasury shares				—
Transfer from retained earnings to capital surplus				—
Net change of items other than shareholders' equity during the period		157	157	157
Total changes of items during the period	157	157	—	-3,498
Balance at the end of current year	-118	-118	292	533,980

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 fiscal year under review.

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 208,588 million yen; intangible assets 8,473 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 25,682 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 193,229 million yen

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

The above stocks of subsidiaries and affiliates include 70,703 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 affiliates 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 fiscal year under review.

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 7,740 million yen; provision for retirement benefits 39,497 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 on additional information

(Acquisition of treasury shares)

With respect to matters relating to the acquisition of treasury shares, the note has been omitted because the same information is provided in "3. Notes on additional information" in the Notes to the Consolidated Financial Statements.

4. Notes to the non-consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment	511,364 million yen
(2) Short-term receivables from affiliates	95,121 million yen
Long-term receivables from affiliates	14,970 million yen
Short-term payables to affiliates	151,461 million yen

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

Transactions with subsidiaries and affiliates	
Sales to subsidiaries and affiliates	488,766 million yen
Purchases from subsidiaries and affiliates	50,290 million yen
Transactions other than business deals with subsidiaries and affiliates	26,844 million yen

6. 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	11,826,050	21,427,900	28,254,000	4,999,950

(Outline of reasons for change)

The 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 27, 2025 21,427,900 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 20, 2025 152,900 shares

Decrease due to cancellation of treasury shares based on resolution at the Board of Directors meeting held on September 25, 2025 28,101,050 shares

7. 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.

8. 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.

9. Notes on information per share

Net assets per share	792.22 yen
Net profit per share	141.20 yen

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.