

This document was prepared based on the Company's Annual Securities Report in Japanese submitted to the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' Network ("EDINET") on June 17, 2026, pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The accompanying consolidated financial statements are audited by KPMG AZSA LLC.

In this document, "fiscal 2026" refers to the year ended March 31, 2026. All information contained in this document is as of March 31, 2026 or for fiscal 2026, unless otherwise indicated. This document does not contain or constitute any guarantee and the Company will not compensate any losses and/or damage stemming from actions taken based on this document.

Annual Securities Report

Fiscal Year
(The 161st Business Term)

For the year ended March 31, 2026

Nitto Denko Corporation

Table of Contents

	Page
The 161st Annual Securities Report	
[Cover]	
Part I. Company Information	2
I. Overview of the Company	2
1. Key Financial Data	2
2. History	6
3. Description of Business	8
4. Subsidiaries and Affiliates	10
II. Overview of Business	14
1. Management Policy, Business Environment, and Challenge	14
2. Attitude and Initiatives toward Sustainability	22
3. Business Risks	36
4. Management Analysis of Financial Position, Operating Results, and Cash Flows	48
5. Material Contracts, etc.	53
6. Research and Development Activities	54
III. Facilities	57
1. Overview of Capital Investment	57
2. Major Facilities	57
3. Planned Addition, Retirement, and Other Changes of Facilities	60
IV. Information about Reporting Company	62
1. Company's Shares, etc.	62
2. Acquisition and Disposal of Treasury Shares	67
3. Dividend Policy	69
4. Corporate Governance	70
5. Employees, etc.	118
V. Financial Information	121
1. Consolidated Financial Statements and Notes	122
Independent auditor's report	192
2. Non-consolidated Financial Statements and Notes	198
VI. Outline of Share-related Administration of Reporting Company	212
VII. Reference Information of Reporting Company	213
1. Information about Parent of Reporting Company	213
2. Other Reference Information	213
Part II. Information about Reporting Company's Guarantor, etc.	215
(Translation) Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting	216
Internal Control Report	221

[Cover]

[Document Title]	Annual Securities Report (“Yukashoken Hokokusho”)
[Clause of Stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	June 17, 2026
[Fiscal Year]	The 161st Business Term (from April 1, 2025 to March 31, 2026)
[Company Name]	Nitto Denko Kabushiki Kaisha
[Company Name in English]	NITTO DENKO CORPORATION
[Title and Name of Representative]	Tatsuya Akagi, President-Director
[Address of Registered Head office]	1-1-2, Shimohozumi, Ibaraki, Osaka (The above is the registered address of head office, and business is actually conducted at the location below.) Grand Front Osaka Tower A, 4-20, Ofuka-cho, Kita-ku, Osaka
[Telephone Number]	+81-6-7632-2101
[Name of Contact Person]	Yasuhiro Iseyama, CFO, Director
[Nearest Place of Contact]	Grand Front Osaka, 4-20, Ofuka-cho, Kita-ku, Osaka
[Telephone Number]	+81-6-7632-2101
[Name of Contact Person]	Kazunobu Takai, Manager of Accounting Dept.
[Place for Public Inspection]	Tokyo Sales Branch, Nitto Denko Corporation Shinagawa Season Terrace, 1-2-70, Konan, Minato-ku, Tokyo Nagoya Sales Branch, Nitto Denko Corporation Nagoya Hirokoji Bldg., 2-3-1, Sakae, Naka-ku, Nagoya Tokyo Stock Exchange, Inc. 2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo

Part I. Company Information

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal Year	International Financial Reporting Standards				
	157th Term	158th Term	159th Term	160th Term	161st Term
Year ended	March 2022	March 2023	March 2024	March 2025	March 2026
Revenue (Millions of yen)	853,448	929,036	915,139	1,013,878	1,028,171
Profit before income taxes (Millions of yen)	132,378	146,840	138,901	185,329	184,976
Net profit attributable to owners of the parent company (Millions of yen)	97,132	109,173	102,679	137,237	133,498
Comprehensive income attributable to owners of the parent company (Millions of yen)	136,207	137,078	164,816	132,783	203,566
Equity attributable to owners of the parent company (Millions of yen)	821,192	902,211	984,020	1,044,083	1,148,027
Total assets (Millions of yen)	1,094,469	1,153,647	1,251,087	1,321,920	1,441,757
Equity attributable to owners of the parent company per share (Yen)	1,109.62	1,236.60	1,391.36	1,502.42	1,704.17
Basic earnings per share (Yen)	131.26	147.75	143.91	195.74	197.20
Diluted earnings per share (Yen)	131.20	147.70	143.86	195.65	197.11
Ratio of equity attributable to owners of the parent company to total assets (%)	75.0	78.2	78.7	79.0	79.6
Return on equity attributable to owners of the parent company (%)	12.6	12.7	10.9	13.5	12.2
Price-earnings ratio (Times)	13.4	11.6	19.2	14.0	15.5
Cash flows from operating activities (Millions of yen)	144,489	181,702	155,521	217,908	192,183
Cash flows from investing activities (Millions of yen)	(57,594)	(159,906)	(67,927)	(115,105)	(107,436)
Cash flows from financing activities (Millions of yen)	(36,639)	(57,627)	(90,784)	(78,890)	(106,597)
Cash and cash equivalents at the end of the period (Millions of yen)	362,046	329,966	342,269	363,344	359,805
Number of employees (Separately, average number of temporary workers) (Persons)	25,961 (2,425)	26,070 (2,123)	25,300 (1,934)	25,769 (1,840)	26,477 (1,683)

(Notes) 1. The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above equity attributable to owners of the parent company per share and basic, diluted earnings per share are based on the assumption that the stock split is conducted at the beginning of the 157th term.

2. Figures are rounded down to the nearest million yen.

3. Consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).
4. Number of employees indicates the number of working employees.

(2) Reporting company's financial data

Fiscal Year		157th Term	158th Term	159th Term	160th Term	161st Term
Year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net sales	(Millions of yen)	517,458	544,158	518,626	598,416	576,097
Ordinary income	(Millions of yen)	85,963	113,735	94,261	131,046	125,083
Net profit	(Millions of yen)	65,815	91,368	74,874	94,998	95,589
Share capital	(Millions of yen)	26,783	26,783	26,783	26,783	26,783
Total number of issued shares	(Thousands of shares)	149,758	149,758	143,551	706,760	678,659
Net assets	(Millions of yen)	487,646	523,833	515,511	537,478	533,980
Total assets	(Millions of yen)	729,581	760,758	782,752	824,328	840,085
Net assets per share	(Yen)	658.43	717.52	728.49	773.00	792.22
Dividends per share (Interim dividends per share included in the figure above)	(Yen)	220.00 (110.00)	240.00 (120.00)	260.00 (130.00)	*168.00 (140.00)	60.00 (30.00)
Net profit per share-Basic	(Yen)	88.94	123.66	104.94	135.50	141.20
Net profit per share-Diluted	(Yen)	88.90	123.61	104.90	135.44	141.14
Ratio of shareholders' equity to total assets	(%)	66.8	68.8	65.8	65.2	63.5
Return on equity	(%)	14.0	18.1	14.4	18.1	17.9
Price-earnings ratio	(Times)	19.8	13.8	26.3	20.2	21.7
Dividend payout ratio	(%)	49.5	38.8	49.6	41.3	42.5
Number of employees (Separately, average number of temporary workers)	(Persons)	6,091 (479)	6,285 (399)	6,610 (360)	6,729 (311)	6,813 (280)
Total shareholder return (Benchmark: TOPIX Total Return Index)	(%) (%)	95.6 (102.0)	95.2 (107.9)	153.3 (152.5)	155.1 (150.2)	175.7 (202.2)
Highest share price	(Yen)	9,940	9,920	14,445	3,027 (14,750)	4,068
Lowest share price	(Yen)	7,390	7,500	8,210	2,356 (9,178)	2,255

(Notes) 1. The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above net assets per share, net profit per share-basic and diluted are based on the assumption that the stock split is conducted at the beginning of the 157th term.

*Annual dividends per share of the 160th term is shown as 168 yen, consisting of the interim dividends per share of 140 yen before the stock split and the year-end dividends per share of 28 yen after the stock split. Without taking the stock split into account, the dividend per share (Interim dividends per share included in the figure above) are as follows.

Fiscal Year	157th Term	158th Term	159th Term	160th Term	161st Term
Year ended	March 2022	March 2023	March 2024	March 2025	March 2026
Dividends per share (Interim dividends per share included in the figure above)	220.00 (110.00)	240.00 (120.00)	260.00 (130.00)	280.00 (140.00)	300.00 (150.00)

2. Of the dividends per share of 60 yen for the 161st term, the year-end dividend of 30 yen is subject to resolution at the Ordinary General Meeting of Shareholders scheduled for June 19, 2026.
3. Highest and lowest share prices were, from April 4, 2022, those recorded on the Prime Market of the Tokyo Stock Exchange and before that, those recorded on the First Section of the Exchange. The highest and lowest share prices for the 160th term are those after the stock split, and those before the stock split are shown in brackets.
4. Number of employees indicates the number of working employees.

2. History

Month/Year	History
October 1918	Nitto Electric Industrial Co., Ltd. is established in Ohsaki, Tokyo to produce electrical insulating materials in Japan.
December 1941	Ibaraki Plant begins operation.
July 1946	Head office is relocated to Ibaraki, Osaka.
October 1946	Begins production of Black Tape and enters into the tape business.
June 1957	Takes a stake in Shinko Kagaku Kogyosha (Now called Nitto Shinko Corporation and a consolidated subsidiary of the Company).
February 1961	Spins off the dry battery and magnetic tape divisions into Maxell Electric Industrial Co., Ltd. (Now called Maxell, Ltd.).
May 1962	Toyohashi Plant begins operation.
August 1962	Lists common stocks on the Tokyo Stock Exchange and the Osaka Securities Exchange (Now integrated into the Tokyo Stock Exchange).
September 1967	Kanto Plant begins operation.
December 1968	Nitto Denko America, Inc is established.
October 1969	Kameyama Plant begins operation.
December 1969	Nitto Denko (Taiwan) Corporation (Now a consolidated subsidiary of the Company) is established.
June 1973	Begins production of Flexible Printed Circuits.
February 1974	Nitto Europe NV is established (Now called Nitto Belgium NV and a consolidated subsidiary of the Company).
April 1975	Nitoms, Inc. is established (Now a consolidated subsidiary of the Company).
April 1975	Begins production of polarizing films for liquid crystal displays.
April 1976	Begins production of high-polymer separation membranes.
March 1977	Tohoku Plant begins operation as a specialized plant for medical products.
January 1980	Nitto Denko (Singapore) Pte. Ltd. is established (Now a consolidated subsidiary of the Company).
December 1983	Begins production of transdermal drug delivery patches.
April 1986	Shiga Plant begins operation as a specialized plant for high-polymer separation membranes.
November 1987	Acquires Hydranautics in the United States (hereinafter “the U.S.”) (Now a consolidated subsidiary of the Company).
September 1988	Changes name from Nitto Electric Industrial Co., Ltd. to Nitto Denko Corporation.
December 1995	Nitto Denko (Shanghai Songjiang) Co., Ltd. is established (Now a consolidated subsidiary of the Company).
February 1996	Onomichi Plant begins operation as a specialized plant for liquid crystal displays-related products.
January 1999	Nitto Denko Packaging System Corporation. is established (Now called Nitto Denko Base Material Corporation and a consolidated subsidiary of the Company).
November 1999	Korea Nitto Optical Co., Ltd. is established (Now a consolidated subsidiary of the Company).
November 2000	Nitto Denko America Latina LTDA. is established (Now a consolidated subsidiary of the Company).
August 2002	Nitto Denko (China) Investment Co., Ltd. is established (Now a consolidated subsidiary of the Company).
April 2003	Taiwan Nitto Optical Co., Ltd. is established (Now a consolidated subsidiary of the Company).
November 2004	Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. is established (Now a consolidated subsidiary of the Company).
July 2005	Shanghai Nitto Optical Co., Ltd. is established (Now a consolidated subsidiary of the Company).
January 2006	Head Office is relocated to Kita-ku, Osaka.
October 2006	Shenzhen Nitto Optical Co., Ltd. is established (Now a consolidated subsidiary of the Company).
February 2011	Acquires Avecia Biotechnology Inc. in the U.S. (Now called Nitto Denko Avecia Inc. and a consolidated subsidiary of the Company).
June 2012	Acquires Bento Bantçılık ve Temizlik Maddeleri Sanayi Ticaret in Turkey (Now called Nitto Bento Bantçılık San. ve Tic. A.S. and a consolidated subsidiary of the Company).
March 2016	Opens “inovas,” a facility for R&D and human resource development in Ibaraki Office, Osaka.
November 2016	Enters into a global exclusive license contract with Bristol Myers Squibb for the development, manufacturing, and sale of organ fibrosis drugs.

Month/Year	History
November 2017	Enters into a technical partnership contract with Hangzhou Jinjiang Group Company Ltd. and its affiliated companies for large-scale polarizing film.
April 2022	Pursuant to the Tokyo Stock Exchange's market segment restructuring, the listing of the Company's stocks moves from the First Section to the Prime Market.
May 2022	Acquires Bend Labs, Inc. in the U.S. (Now called Nitto Bend Technologies, Inc. and a consolidated subsidiary of the Company).
June 2022	Acquires the Personal Care Components business of Mondi plc which is listed on the London Stock Exchange (now called Nitto Advanced Film Gronau GmbH and other three companies, all of which are consolidated subsidiaries of the Company).

3. Description of Business

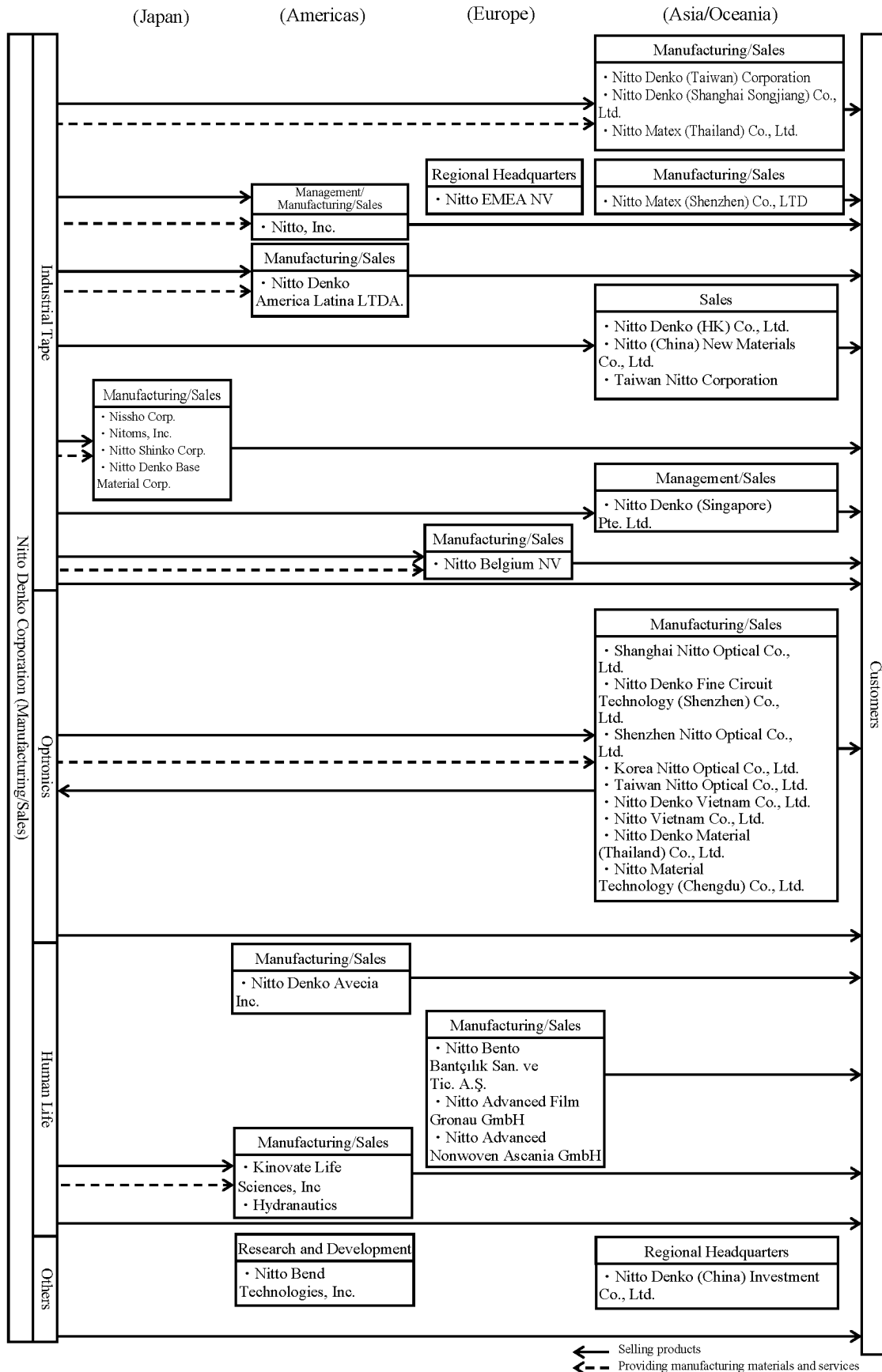
The Company and its subsidiaries and affiliates (comprising the Company, 87 subsidiaries, and one affiliate as of March 31, 2026) conduct businesses mainly related to four segments of Industrial Tape, Optronics, Human Life, and Others with a broad range of products. Positions of the Company and its subsidiaries and affiliates in each business are as follows.

Please note that the following four segments are the same as the segment categories shown in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 5. Segment information.”

Operating segment	Major products or business
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials (optical films, etc.), Circuits Materials (CIS (Circuit Integrated Suspension), high-precision circuits, etc.)
Human Life	Life Science (oligonucleotide contract manufacturing business, nucleic acid synthesis materials, nucleic acid drug discovery, medical products, etc.), Membrane (high-polymer separation membrane), Personal Care Materials (functional film for hygienic materials, etc.)
Others	New Business, Other Products

Business Organization Chart

The business organization chart is as follows:



(A box with multiple companies means one or more companies in the box are related in the process indicated by an arrow.)

4. Subsidiaries and Affiliates

Name	Location	Share capital or investment in capital (Millions of yen)	Principal business	Ratio of voting rights holding (held)		Description of relationship
				Holding ratio (%)	Held ratio (%)	
(Consolidated subsidiaries) Nissho Corporation	Kita-ku, Osaka City	515	Industrial Tape	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The Company provides the subsidiary some of the semi-finished products.
Nitto Shinko Corporation	Sakai City, Fukui	482	Industrial Tape	95.1	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The Company purchases the subsidiary's products, etc.
Nitoms, Inc.	Shinagawa-ku, Tokyo	160	Industrial Tape	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The Company provides the subsidiary some of the semi-finished products.
Hydranautics	Oceanside, the U.S.	(1,000 USD) 511	Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in North America.
Nitto Denko America Latina LTDA.	Santana de Parnaiba, Brazil	(1,000 BRL) 68,850	Industrial Tape	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The subsidiary sells the Company's products in South America.
Kinovate Life Sciences, Inc.	Carlsbad, the U.S.	(1,000 USD) 0	Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in North America.
Nitto, Inc.	Teaneck, the U.S.	(1,000 USD) 0	Industrial Tape Holding company	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in North America. (5) The subsidiary acts as the regional headquarters in Americas.
Nitto Denko Avecia Inc.	Milford, the U.S.	(1,000 USD) 1	Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company.

Name	Location	Share capital or investment in capital (Millions of yen)	Principal business	Ratio of voting rights holding (held)		Description of relationship
				Holding ratio (%)	Held ratio (%)	
Nitto EMEA NV	Genk, Belgium	(1,000 EUR) 212,282	Industrial Tape Human Life Holding company	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The subsidiary acts as the regional headquarters in Europe.
Nitto Belgium NV	Genk, Belgium	(1,000 EUR) 28,446	Industrial Tape Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Europe.
Nitto Bento Bantçılık San. ve Tic. A.S.	Istanbul, Turkey	(1,000 TRY) 7,646	Industrial Tape Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company.
Nitto Advanced Film Gronau GmbH	Gronau, Germany	(1,000 EUR) 7,600	Human Life	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company.
Nitto Advanced Nonwoven Ascania GmbH	Aschersleben Germany	(1,000 EUR) 850	Human Life	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company.
Nitto Denko (Taiwan) Corporation	Kaohsiung, Taiwan	(1,000 TWD) 405,497	Industrial Tape	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Taiwan.
Nitto Denko (Shanghai Songjiang) Co., Ltd.	Shanghai, China	(1,000 RMB) 428,709	Industrial Tape Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products.
Nitto Denko (HK) Co., Ltd.	Hong Kong	(1,000 HKD) 24,652	Industrial Tape Optronics	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The subsidiary sells the Company's products in Hong Kong and China.
Shanghai Nitto Optical Co., Ltd.	Shanghai, China	(1,000 RMB) 89,981	Optronics	100.0 (35.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in China.

Name	Location	Share capital or investment in capital (Millions of yen)	Principal business	Ratio of voting rights holding (held)		Description of relationship
				Holding ratio (%)	Held ratio (%)	
Korea Nitto Optical Co., Ltd.	Pyeongtaek, Korea	(1 million KRW) 84,365	Optronics	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Korea.
Nitto Denko (China) Investment Co., Ltd.	Shanghai, China	(1,000 RMB) 925,394	Holding company	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The subsidiary acts as the regional headquarters in China.
Taiwan Nitto Optical Co., Ltd.	Taichung, Taiwan	(1,000 TWD) 568,003	Optronics Industrial Tape	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Taiwan.
Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd.	Shenzhen, China	(1,000 RMB) 210,913	Optronics	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The Company purchases the subsidiary's products, etc.
Shenzhen Nitto Optical Co., Ltd.	Shenzhen, China	(1,000 RMB) 568,925	Optronics	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products.
Nitto Matex (Shenzhen) Co., Ltd.	Shenzhen, China	(1,000 RMB) 21,131	Industrial Tape	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company.
Nitto (China) New Materials Co., Ltd.	Shanghai, China	(1,000 RMB) 50,000	Industrial Tape Optronics Human Life	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The subsidiary sells the Company's products in China.
Nitto Material Technology (Chengdu) Co., Ltd.	Chengdu, China	(1,000 RMB) 310,750	Optronics	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in China.
Nitto Denko Vietnam Co., Ltd.	Ho Chi Minh, Vietnam	(1,000 USD) 34,280	Optronics	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products.

Name	Location	Share capital or investment in capital (Millions of yen)	Principal business	Ratio of voting rights holding (held)		Description of relationship
				Holding ratio (%)	Held ratio (%)	
Nitto Denko (Singapore) Pte. Ltd.	Queenstown, Singapore	(1,000 USD) 90,590	Industrial Tape Human Life Holding company	100.0	-	(1) The Company has concurrent appointment of officers. (2) The Company has loaned funds to the subsidiary. (3) The subsidiary sells the Company's products in Southeast Asia. (4) The subsidiary acts as the regional headquarters in South Asia.
Nitto Denko Material (Thailand) Co., Ltd.	Ayutthaya, Thailand	(1,000 THB) 460,000	Optronics Industrial Tape	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Thailand.
Nitto Matex (Thailand) Co., Ltd.	Chonburi, Thailand	(1,000 THB) 931,000	Industrial Tape	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products. (4) The subsidiary sells the Company's products in Thailand.
Nitto Vietnam Co., Ltd.	Bac Ninh, Vietnam	(1,000 USD) 31,500	Optronics	100.0 (100.0)	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The Company provides the subsidiary some of the semi-finished products.
Taiwan Nitto Corporation	Taipei, Taiwan	(1,000 TWD) 262,768	Optronics Industrial Tape	100.0	-	(1) The Company has concurrent appointment of officers. (2) The subsidiary has not borrowed funds from the Company. (3) The subsidiary sells the Company's products in Taiwan.
Other 56 companies						
Affiliates accounted for using the equity method: 1 companies						

(Notes) 1. The "Principal business" column represents segment names.

2. Among the subsidiaries above, Nitto Denko America Latina LTDA., Nitto EMEA NV, Nitto Belgium NV, Nitto Denko (Shanghai Songjiang) Co., Ltd., Nitto Denko (HK) Co., Ltd., Korea Nitto Optical Co., Ltd., Nitto Denko (China) Investment Co., Ltd., Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd., Shenzhen Nitto Optical Co., Ltd., Nitto Material Technology (Chengdu) Co., Ltd., Nitto Denko Vietnam Co., Ltd., Nitto Denko (Singapore) Pte. Ltd. and Nitto Vietnam Co., Ltd. meet the criteria of the specified subsidiaries or "Tokutei Kogaisya" as defined in the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. of Japan.

3. The figures in parentheses in the "Ratio of voting rights holding (held)" column indicate shares attributable to indirect ownership.

4. The revenue of Shanghai Nitto Optical Co., Ltd. (excluding the internal revenue between consolidated companies) accounted for more than 10% of the consolidated revenue.

Key information of profit or loss, etc.

(1) Revenue	192,507 million yen
(2) Net profit	10,489 million yen
(3) Total equity	72,128 million yen
(4) Total assets	95,605 million yen

II. Overview of Business

1. Management Policy, Business Environment, and Challenge

The forward-looking statements included in this section are based on the judgment of the Group (the Company and its affiliates; the same applies hereinafter) as of March 31, 2026. Please note that the forward-looking statements, including the forecast, are prepared based on information available to the Group and on certain assumptions deemed reasonable as of the issuing date of the report. Actual results may differ materially from forecast figures due to various unknown factors.

(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
		Creating PlanetFlags™/HumanFlags™
S (Society)	Enriching People and Society	Ensuring worker safety
		Empowering diverse employees
		Maintaining stable product supply
		Upholding and respecting human rights
G (Governance)	Fulfilling Stakeholders’ Expectations and Trust	Enhancing compliance
		Reinforcing information security

As for attitude and initiatives toward sustainability, please refer to “II. Overview of Business, 2. Attitude and Initiatives toward Sustainability.”

- *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™*³ and Global Niche Top™/Area Niche Top™*². 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

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.

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

Regarding our Future-Financial Targets, we have established nine indicators, broken down into three categories: product related, environmental, and human capital indicators and achieved the targets for the product related indicators—the PlanetFlags™/HumanFlags™ category revenue ratio and the new product ratio; the environmental indicators—the waste plastics recycling ratio, the sustainable materials procurement ratio, and CO2 emissions (Scope1+2); as well as the human capital indicator—the engagement score. Conversely, we fell short of the targets for the product related indicator—the Niche Top revenue ratio—and for the human capital indicators—the challenge ratio and female leaders ratio.

Future-Financial Indicators		FY2025 Targets	FY2025 Results	Related Material Issue
Product related	Niche Top revenue ratio	50%	49.7%*	-
	PlanetFlags™/HumanFlags™ category revenue ratio	40%	46%	Creating PlanetFlags™ Creating HumanFlags™
	New products ratio	35% or more	40%	-
Environmental	Waste plastics recycling ratio	50%	54%	Realizing a circular society
	Sustainable materials procurement ratio	20%	24%	
	CO2 emissions (Scope1+2)	470kton/year	361kton/year	Realizing a decarbonized society
Human Capital	Engagement score	78	81	Empowering diverse employees
	Challenge ratio	70%	58%	
	Female leaders ratio	24%	22%	

* 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.

Review of focus items under “Nitto for Everyone 2025”

(a) Transformation of Business Portfolio to Contribute to the Environment and Humanity

During the current fiscal year, we resolved to build a new factory at the Toyohashi Plant to support further expansion of our operations in existing business areas. At the new factory, we plan to manufacture electrical release tapes used in smartphones, etc.; optical transparent adhesive sheets for foldable products with organic EL (OLED) displays—a field attracting attention in next-generation high-end devices; and component-fixing tapes.

In new business areas, we entered into joint development agreements with partner companies to advance business creation in our focus domains. In the digital interface domain, we are advancing the evaluation of new materials with IBM aimed at improving thermomechanical reliability in semiconductor packaging.

In the environmental business sector, we are advancing the development of next-generation decarbonization technology in collaboration with Numat Technologies—a global leader in advanced materials innovation and a pioneer in metal-organic framework materials—and Aqualung Carbon Capture, a pioneer in membrane-based CO₂ separation technology.

(b) Advancement of Innovation Models to Produce New Niche Top

In the current fiscal year, 4 new products (38 products in total) were recognized as PlanetFlags™/HumanFlags™. One such example is the protective film for OLED display panel shipment certified as a PlanetFlags™ product, which uses internationally certified recycled materials for the majority of its product weight and reduces life cycle CO₂ emissions by 21% compared with conventional products.

Another example is the electrical release tapes used for fixing batteries, which has been certified as both a PlanetFlags™ and HumanFlags™ product. By facilitating the removal of smartphone batteries, it reduces manufacturing losses—cutting life cycle CO₂ emissions by more than 50% compared with conventional methods—and also supports consumers’ Right to Repair. This product is also recognized as a Global Niche Top™ product. In order to further accelerate ESG management, the Group will create and increase the number of double recognized products and services—those certified as both PlanetFlags™/HumanFlags™ and Global Niche Top™/Area Niche Top™—that simultaneously solve social issues and create economic value.

(c) Reformation of Organizational Culture to Accelerate Challenges

In the current fiscal year, the challenge ratio—an indicator measuring the proportion of employees who took on value-creation challenges—was 58%, falling short of the target for fiscal 2025. However, through initiatives such as the Nitto Innovation Challenge and small group improvement activities in workplaces, more than 15,000 Group employees took on value creation challenges. Through the Nitto Innovation Challenge initiative, we solicit ideas for new business creation from all Group companies and support the realization of the most promising ideas. As we moved toward the sixth challenge in fiscal 2025, we received 2,683 entries—approximately 1.7 times the highest-ever number recorded in the previous year. This initiative is also a framework to create PlanetFlags™/HumanFlags™ as well as Global Niche Top™/Area Niche Top™ products.

The ratio of female leaders was 22%. Although many areas surpassed their targets, achieving further improvement in Japan remains an issue to be addressed. Through the “FLOWER Program,” an internal initiative designed to develop female leaders capable of driving organizations and teams, we aim to foster mindset shifts among female employees who serve as role models. Moreover, we will further promote women’s advancement by providing growth opportunities aligned with development plans tailored to their future career paths.

In terms of the engagement survey, following its implementation in fiscal 2023, it was conducted again and the Group-wide score reached 81, exceeding the target for fiscal 2025. We are carrying out unique initiatives to enhance engagement at our sites both in Japan and overseas, and share those that have proven effective across the Group.

(d) Transformation of Management Infrastructure to Anticipate Change

Recognizing the necessity to anticipate changes in the surrounding business environment in implementing our Niche Top Strategy and ESG Strategy, we have advanced the transformation of our management infrastructure to make it more resilient and robust against external volatility.

With respect to the focus item of “maintaining and enhancing a resilient financial structure with high capital efficiency,” we acquired treasury shares totaling 142 billion yen over the three years from fiscal 2023 to fiscal 2025, the period covered by the medium-term management plan, Nitto for Everyone 2025. In March 2026, we announced the acquisition of treasury shares of up to 50 billion yen. We will continue to pursue further improvements in capital efficiency.

Under the initiative to accelerate our evolution into a leading ESG-driven company, we view nature-related issues as a critical management priority. Therefore, we are evaluating the business impact of our nature-related dependencies, impacts, risks, and opportunities, and are taking proactive steps in response. In August 2025, we expressed our support for the recommendations of the Taskforce on Nature-related Financial Disclosures (“TNFD”) and registered as a TNFD Adopter. Furthermore, being recognized for taking various actions that place the Group’s ESG at the core of our management, we were selected for the second consecutive year as a Sustainability Yearbook Member in “The Sustainability Yearbook 2026”^{*1} published by S&P Global, a leading global research and rating agency, during the current fiscal year.

To enhance brand awareness, we have decided to extend our partnership with the ATP for five years, continuing through 2030. Through our sponsorship of the Nitto ATP Finals^{*2}—recognized as one of the most sustainable tournaments on the ATP Tour—the Group aims to deliver inspiration and excitement while pursuing further growth as a global enterprise.

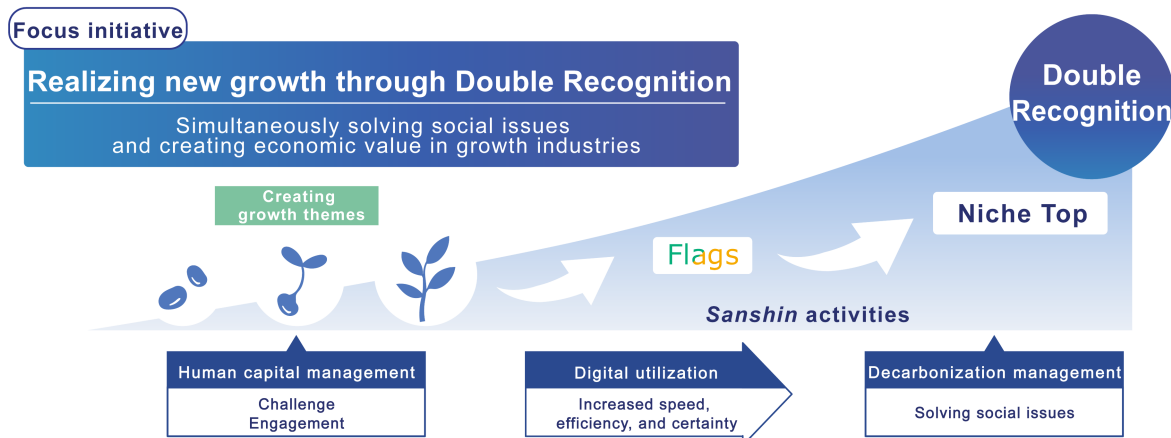
- *1. S&P Global evaluates the sustainability of global companies from economic, environmental, and social perspectives through their unique CSA (Corporate Sustainability Assessment) and, every year, publishes “The Sustainability Yearbook,” which lists the top-rated 15% of the companies in each industry.
- *2. The Nitto ATP Finals marks the climax of the men’s pro tennis season and is a tournament where the top eight singles players and doubles teams in the world compete and the final title of the year is contested. It began in 1970 and is currently held in Turin, Italy. The Group has served as a title sponsor since 2017.

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 Target 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.





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 Indicators	FY2025 Results	FY2028 Targets	FY2030 Targets
Operating profit	183.6 billion yen	220 billion yen	240 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 Issue	
Products related	Double recognized products revenue ratio (1)	40%	40%	50% or more	Creating PlanetFlags™/ HumanFlags™	
	Niche Top revenue ratio (2)	49.7%	50%	50% or more		
	Flags revenue ratio (3)	46%	50%	50% or more		
Environmental	GHG emissions (4)	Scope 1	272kton	300kton	330kton or less	Responding to climate change Realizing a circular society
		Scope 2	89kton	100kton	70kton or less	
		Scope 3 (5)	1,391kton	1,520kton	1,460kton or less	
Human Capital	Engagement score (6)	81	84	85 or more	Empowering diverse employees	
	Challenge ratio (7)	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. Flags means PlanetFlags™/HumanFlags™.
- (4) An indicator referring to greenhouse gas (GHG) emissions and measuring progress in efforts to respond to climate change.
The GHG emissions figures for fiscal 2025 represent the total amount compiled as of the submission date. Figures that have obtained third-party assurance will be disclosed in the Nitto Group Sustainability Data Book 2026.
- (5) Target categories: 1. Purchase of raw materials, 3. Fuel production and electricity generation, 4. Transportation (purchase and outbound logistics), 5. Waste disposal, 12. Product disposal
- (6) An indicator for measuring the three elements that indicate organizational revitalization: employees’ sense of belonging and willingness to contribute, productive work environment, and physical and mental well-being and vitality.
- (7) An indicator for measuring the percentage of employees who took on challenges to broaden their experience and potential toward creating new value.

(4) Strategies and initiatives by segment

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

- Industrial tape

In Industrial Tape, as Europe moves to mandate the “Right to Repair” for electronic devices such as smartphones, demand is expected to grow for battery bonding electrical release tape. Leveraging our release technologies and aiming for further business expansion, the Group has decided to make its largest-ever investment of 39 billion yen at the Toyohashi plant.

In addition, against the backdrop of the spread of generative AI, the Group will accelerate sales expansion by developing new applications for process materials used in the production of semiconductor memories and ceramic capacitors, with the aim of further improving profitability across the Industrial Tape segment as a whole.

- Optronics

In Information Fine Materials under Optronics, the Group will continue to focus on high-end products for automotive displays and foldable smartphones, which remain growth areas, while closely monitoring the potential impact of semiconductor memory shortages on production units of IT devices and smartphones. In these areas, rather than offering a single product, the Group will contribute to the evolution of display by providing customers with total solutions that combine multiple related products. In addition, in response to changes in the market environment, the Group will work to create new businesses in non-display markets to drive medium- to long-term growth.

In Circuit Materials, demand for Circuit Integrated Suspension (CIS) used in Hard Disk Drives (HDDs) is expected to increase, driven by continued rise of storage demand for data centers in the HDD market, and further increase in HDD capacity driven by advances in new technologies such as HAMR (Heat-Assisted Magnetic Recording) are expected. Additionally, for high-precision circuits used in high-end smartphones, the Group plans to expand sales to our existing customer by introducing a new product for a new application, alongside the existing application.

- Human life

In Life Science under Human Life, for oligonucleotide contract manufacturing business, demand for a large-scale project that has progressed from the clinical stage to the commercialization stage is expected to increase. Furthermore, to meet growing demand for nucleic acid synthesis materials (NittoPhase™), existing plant with expanded capacity in Japan and new plant in the United States are expected to begin full-scale operations. In nucleic acid drug discovery, the Group will continue to focus on developing nucleic acid Drug Delivery System (DDS) designing technologies and concluding licensing agreements. With regard to out-licensing activities for intractable cancer drug, the Group will determine the appropriate course of action while taking into account the business environment and other relevant factors.

In Membrane (high-polymer separation membrane), in response to the tightening of environmental regulations relating to wastewater in various countries, demand for products contributing to the complete reduction of industrial wastewater and effluent is expected to increase. In addition, the Group will focus on developing energy-efficient and long-life products that support the reduction of customers’ operating costs.

In Personal Care Materials, the Group will continue to expand sales of new products in hygiene materials for diapers, as well as environmentally friendly products using biodegradable technologies, with the aim of improving profitability.

- Others

In new businesses in Others, the Group will concentrate our management resources on themes that are candidates for PlanetFlags™/HumanFlags™ in areas of advanced semiconductors, environmental solutions, and medical devices, with the aim of commercializing them as early as possible.

2. Attitude and Initiatives toward Sustainability

The Group's attitude and initiatives toward sustainability are as follows. The forward-looking statements in the report are based on the judgment of the Group as of March 31, 2026.

(1) Overall sustainability

(i) Governance

The Group promotes ESG management with the aim of simultaneously solving social issues and creating economic value.

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

To solve sustainability issues, the Group is working to establish and promote short- to mid-term and long-term strategies by establishing a governance system where President-Director & CEO is appointed as the superintendent, and the Corporate Strategy Meeting body plays the central role under the direction and supervision of the Board of Directors.

The Board of Directors makes decisions on important matters, for instance, management policies, management indicators and targets related to sustainability (future-financial indicators/ targets), such as the mid-term management plan and support for external initiatives. Each quarter, it provides periodic directions, and conducts supervision, concerning the sustainability targets (Future-Financial Targets) of the mid-term management plan as well as the status of progress toward target achievement, and, as necessary, adds new items to the agenda if a material matter arises.

The Board of Directors is comprised of Directors who possess qualifications, knowledge, and experience related to sustainability, and who thus impart it with a sustainable and greater supervision function.

Please see the section below for the skills of each Director.

https://www.nitto.com/jp/en/ir/governance/board_policy/

As for Director remuneration, ESG items (future-financial indicators regarded as material issues) have been included in the criteria for performance-linked share-based remuneration (additional remuneration as an incentive for improving medium-term performance). The number of shares to be granted ranges from 0% to 150%, depending on the progress made toward achieving the key performance indicators of consolidated operating income, consolidated ROE, and ESG-related items (future-financial indicators laid out in the mid-term management plan) at the end of the three-year period from the start of the performance evaluation period.

The Corporate Strategy Meeting is responsible for deliberation and decision-making regarding specific policies and measures for action based on management policies and management indicators regarding sustainability, as well as managing risks and opportunities and monitoring progress toward achieving targets on a monthly basis. It provides periodic reports—on a quarterly basis—to the Board of Directors on its deliberations and decisions and the progress of initiatives, and, as necessary, provides additional reports if a material matter arises.

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

(ii) Strategy

The Group identified its material issues for sustainability in 2019 and has strengthened its sustainability activities across the entire group in a bid to simultaneously solving social issues and creating economic value.

In 2026, following changes in the internal and external environment, as well as rising expectations from stakeholders, we reviewed and redefined prioritized issues in line with the changing social challenges. Our material issues are as follows:

In implementing reviews regularly, we identify impacts, risks and opportunities associated with each issue to align with the medium-term management plan and reflect them in our business plans. Going forward, we will aim to be an “Essential ESG Niche Top Company” by 2030. To that end, we will evolve our sustainability management to make it more effective as an “essential” entity for the global environment, humankind, and society, further driving sustainable growth.

For the material issues identification process, please refer to “Material Issues for Sustainability” published on our website.

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

Material Issues for Sustainability	Ideal State	Target state 2030	Implementation Details	Materiality KPIs	Targets for FY2030
Responding to climate change	Protecting the Future Earth	We promote decarbonization management, the establishment of a foundation prepared for diverse climate-related risks, and innovation that solves societal issues. By aiming for zero environmental impact over the entire supply chain, we contribute to the realization of a decarbonized society.	Reduction in GHG emissions Increasing the renewable energy ratio	<ul style="list-style-type: none"> • GHG emissions (Scope1) • GHG emissions (Scope2) • GHG emissions (Scope3) • Renewable energy ratio 	<ul style="list-style-type: none"> • 330kton or less • 70kton or less • 1,460kton or less • 100% (2035)
Realizing a circular society		We contribute to the realization of a sustainable circular society throughout the entire supply chain by promoting resource efficiency, environmental impact reduction, and business creation.	Effective use of resources (product design [weight reduction and yield improvement], reuse, recycling, etc.) Use of biomass and recyclable materials with low environmental impact	<ul style="list-style-type: none"> • Resource utilization ratio • Sustainable materials procurement ratio 	<ul style="list-style-type: none"> • 69% or more • 30% or more

Material Issues for Sustainability	Ideal State	Target state 2030	Implementation Details	Materiality KPIs	Targets for FY2030
Conserving biodiversity	Protecting the Future Earth	We contribute to nature positive that aim to restore and regenerate nature toward realizing a sustainable society by collaborating with all stakeholders.	Appropriate management and reduction of VOCs and other air pollutant emissions Efficient use of water	<ul style="list-style-type: none"> VOC emissions at a priority site (Nitto Bento Bantçilik San. ve Tic. A.Ş.) Water recycling volume at a priority site (Kameyama Site) Recycled water utilization ratio in the manufacturing processes at a priority site (Shiga Site) 	<ul style="list-style-type: none"> 70% or more reduction (compared to FY18) 420kton or more/year 100%
Creating PlanetFlags™/ HumanFlags™		In our three focus domains of “Digital Interface,” “Green Tech,” and “Human Life,” we are creating essential value to the global environment, human society, our customers and industries.	Development through the integration of R&D, Production, Sales, and Administration, and the creation of essential products and services Strengthening the innovation model to create PlanetFlags™/ HumanFlags™	<ul style="list-style-type: none"> Double recognized products revenue ratio Niche Top revenue ratio Flags revenue ratio 	<ul style="list-style-type: none"> 50% or more 50% or more 50% or more
Ensuring worker safety	Enriching People and Society	With the aim of reducing all types of accidents and injuries to zero, we are committed to creating a safe and healthy work environment for all people working for the Nitto Group.	Prevention of the occurrence of work-related accidents and injuries Prevention of the occurrence of fires and environmental accidents	<ul style="list-style-type: none"> Number of critical/serious occupational accidents Tier1 PSIC (Process Safety Incident Count) 	<ul style="list-style-type: none"> zero zero

Material Issues for Sustainability	Ideal State	Target state 2030	Implementation Details	Materiality KPIs	Targets for FY2030
Empowering diverse employees	Enriching People and Society	We are committed to creating an environment in which diverse talent with a wide range of values and perspectives is respected and can thrive, while fostering talent capable of driving global business growth.	Promotion of HR initiatives that encourage employees to take on challenges Implementation of bottom-up organizational development to address specific challenges within each organization Practicing inclusion in each workplace	<ul style="list-style-type: none"> • Engagement scores • Challenge ratio • Inclusion scores 	<ul style="list-style-type: none"> • 85 or more • 85% or more • 75 or more
Maintaining stable product supply		Aiming to remain a company trusted and chosen by stakeholders, we are engaged in high-quality manufacturing through continuous improvement and sustainable collaboration across the entire supply chain.	Implementation of procurement risk assessments for raw materials and supplies Appropriate chemical substance management on a global scale	<ul style="list-style-type: none"> • Implementation rate of risk assessments for purchased raw materials • Number of significant chemical regulatory violations 	<ul style="list-style-type: none"> • 100% • zero
Upholding and respecting human rights		By preventing or reducing the negative impacts of our business activities on human rights, we contribute to realizing a society where everyone can work with peace of mind through corporate activities that respect human rights.	Prevention of the occurrence of human rights incidents involving our employees, value chain workers, and local communities	<ul style="list-style-type: none"> • Number of serious human rights incidents involving our employees • Number of suppliers identified through our CSR assessments as having substantial actual or potential negative impacts on labor and human rights 	<ul style="list-style-type: none"> • zero • zero

Material Issues for Sustainability	Ideal State	Target state 2030	Implementation Details	Materiality KPIs	Targets for FY2030
Enhancing compliance	Fulfilling Stakeholders' Expectations and Trust	While promoting the understanding and practice of the Business Conduct Guidelines among every employee, we are mitigating compliance risks and strengthening systems for early detection and correction of misconduct to prevent occurrence, contributing to sustainable growth and earning society's trust.	Awareness-raising activities and training of compliance centered on the Business Conduct Guidelines (BCG) Operation of the compliance management system	<ul style="list-style-type: none"> • BCG behavioral adoption level • Compliance management system implementation rate 	<ul style="list-style-type: none"> • 90% or more • 100%
Reinforcing information security		While maintaining the trust invested in us by our clients and contributing to the stability of society, the Nitto Group fulfills its responsibilities to society through our information security management activities.	Promotion of information security management	<ul style="list-style-type: none"> • Information security education implementation rate 	<ul style="list-style-type: none"> • 100%

(iii) Risk management

The Group appropriately manages key risks and opportunities related to sustainability that management recognizes may significantly impact its business activities, and implements comprehensive management across the Group by combining them with other key risks that also significantly impact its business activities.

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

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

For details of the risks, please refer to “II. Overview of Business, 3. Business Risks, (3) Selection and Management of respective risks.”

(iv) Indicators and targets

The Group has set indicators and targets related to its material issues for sustainability and is promoting activities and managing progress to achieve these targets.

For details, please refer to the table set forth in “II. Overview of Business, 2. Attitude and Initiatives toward Sustainability, (1) Overall sustainability, (ii) Strategy.”

(2) Climate change

(i) Governance

The Nitto Group has set “responding to climate change” as one of its material issues for sustainability and is strengthening its efforts in this area.

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

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

(ii) Strategy

In line with external trends, as exemplified by the conclusion of the 2015 Paris Agreement and the Japanese government’s carbon-neutral declaration, the Group carried out a scenario analysis regarding transition risks and physical risks and opportunities expected due to climate change across the entire value chain, which includes not only the Group but also its suppliers and customers. The results of the scenario analysis have been incorporated into the Nitto Group Carbon Neutral 2050, as well as 2030 management targets and the medium-term management plan Nitto RISE 2028. The Group has promoted initiatives to shift to solvent-free, save energy, use renewable energy, and create products that contribute to the environment, and confirmed that it would be able to minimize risks and maximize opportunities and that the strategy would be useful.

We forecast the impact that changes in the business environment caused by climate change may have on our businesses and management, and then create scenarios based on this. We consider the “1.5°C scenario,” under which the average global temperature does not exceed that of preindustrial times by more than 1.5°C by 2050, and the “4°C scenario,” under which the average global temperature is likely to exceed that of preindustrial times by 3.2 to 5.4°C by 2050.

We identify the risks and opportunities in the short term (less than three years), medium term (three to five years), and long term (five years or more) under the business environment assumed in the respective scenarios. The short-term and medium-term risks and opportunities are reflected in the medium-term management plan. For the long-term risks and opportunities, we conduct a financial quantitative analysis to identify the business impact (financial impact) in the event that the respective scenarios materialize. The business impacts in the medium and long term are as follows.

Type of risk/opportunity		Event	Assumed risks and opportunities	Impact calculation item	1.5°C		4°C	
					2030	2050	2030	2050
Transition risks	Policy and laws and regulations	Strengthening of low carbon regulations	An increase in transition costs to low GHG-emitting raw materials	Increased costs for switching to sustainable raw materials	Large	Large	-	-
			A substantial increase in renewable energy procurement costs due to the spread of renewable energy	Increased costs for renewable energy procurement	Small	Small	-	-
			An increase in capital expenditures due to the spread of renewable energy	Increased capital investment costs due to introduction of renewable energy facilities	Small	Small	-	-
		An increase in GHG emission price	An increase in taxation costs due to the increased introduction of carbon taxes and carbon levies	Increased operating costs due to increased tax obligations	Large	Large	Small	Medium

Type of risk/opportunity		Event	Assumed risks and opportunities	Impact calculation item	1.5°C		4°C	
					2030	2050	2030	2050
Transition risks	Technology	Transition to low carbon products due to investment in new technologies	A substantial increase in capital expenditures due to the development and introduction of high energy-efficient technologies	Increased capital investment costs due to introduction of high-efficiency facilities	Medium	Large	-	-
	Industry/ market	A substantial increase in raw material prices	An increase in petroleum-derived raw materials procurement costs due to soaring fossil fuel prices	Increased procurement costs due to higher petroleum-derived raw materials prices	Medium	Large	Large	Large
			An increase in petroleum-derived raw material costs due to carbon taxes and other taxes in the upstream of the value chain					
		An increase in energy prices due to soaring fossil fuel prices	Increased energy costs associated with fossil fuel prices	-	-	Medium	Medium	
Physical risks	Acuteness	Occurrence of abnormal weather and natural disaster	Damage to the company's buildings, facilities, infrastructure, etc., plant shutdowns, and lost opportunities due to a flood, high tide, etc.	Damage to assets due to damage to or suspension of facilities and infrastructure	Medium	Medium	Medium	Large
			Suspension of operation at the company's plants, loss of opportunities due to major suppliers being hit by a flood, high tide, etc.	Opportunity loss due to damage to or suspension of facilities and infrastructure	Small	Small	Small	Small
Opportunities	Products/ services	An increase in demand for low-carbon products	An increase in revenue from products contributing to the environment due to increased demand for recycled products	Increased revenue from products contributing to the environment	Medium	Large	-	-
		An increase in demand for medical-related products	An increase in revenue from medical-related products due to an increase in health damage, such as infectious diseases due to rising average temperature	Increased revenue from medical-related products	-	-	Large	Large

Monetary impact Small: less than 3 billion yen; Medium: 3 to less than 10 billion yen; Large: 10 billion yen or over.
Those marked with a hyphen are not evaluated as the business impact is expected to be minimal.

Responses to risks (risk minimization)

Under the 1.5°C scenario, we will take the following measures to minimize risk: promote energy saving in the manufacturing process by shifting to solvent-free processes, achieve energy saving by improving infrastructure and utility efficiency, and strive to utilize fully renewable energy. Furthermore, by promoting the development of recycled materials in cooperation with our suppliers, we will reduce the usage of raw materials through the effective procurement of sustainable materials and effective utilization of resources.

Under the 4°C scenario, we will take the following measures to minimize risk: reduce the usage of raw materials through the effective utilization of resources and develop preemptive prevention measures through the promotion of business continuity management (BCM) across Nitto Group business locations.

Responses to opportunities (opportunity maximization)

Under the 1.5°C scenario, we will work on expanding our lineup of products contributing to the environment (PlanetFlags™) in order to maximize opportunities. We expect revenue from products contributing to the environment to increase due to increased demand for low-carbon products such as recycled products.

Similarly, under the 4°C scenario, we will work on expanding our lineup of products contributing to human life (HumanFlags™). We expect revenue from medical-related products due to an increase in health damage, such as infectious diseases due to rising average temperatures.

(iii) Risk management

The Group appropriately manages key risks and opportunities related to climate change that management recognizes may significantly impact its business activities, and implements comprehensive management across the Group by combining them with other key risks that also significantly impact its business activities.

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

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

(iv) Indicators and targets

The Group has set “Responding to climate change” as one of its material issues for sustainability and believes that reducing GHG emissions, a cause of global warming, is essential for a sustainable growth and the realization of a sustainable environment and society, and that it is an important social responsibility. Therefore, the Group aims to achieve carbon neutrality in our GHG emissions (Scope 1+2) by 2050, and has declared the Nitto Group Carbon Neutral 2050.

The Group ensures that the countermeasures are implemented to minimize risks and maximize opportunities and has established 2030 management indicators and targets to regularly monitor and manage the progress of those countermeasures. For GHG emissions (Scope 1 + 2), for which the overall target is 400 kton*, the Group has set individual targets 330 kton for GHG emissions (Scope 1) and 70 kton for GHG emissions (Scope 2)—to enhance the effectiveness of activities.

Although we have previously focused on improving our waste plastics recycling ratio, given that plastics account for roughly half of our total waste, we newly introduced the resource utilization ratio, to promote the active circular use of a broader range of resources beyond plastics.

* In August 2024, we set science-based GHG emissions reduction targets (Scope1+2 and Scope3) aligned with the 1.5°C pathway and obtained the SBT (Science Based Targets) certification.

Efforts and progress regarding GHG emissions (Scopes 1+2)

In fiscal 2025, the CO₂ emissions (Scope 1+2) amounted to 361 kton. We steadily reduced CO₂ emissions and achieved the 2025 target of 470 kton.

The Nitto Group has thus far worked to reduce its energy consumption as part of its efforts to reduce CO₂ emissions. For example, we are advancing multifaceted energy-saving initiatives, including the shift to solvent-free products, the effective utilization of waste heat, and the introduction of high-efficiency equipment. We are also continuing medium- to long-term procurement through the use of Power Purchase Agreements (PPAs) and promoting the transition to renewable energy. As a result, we achieved the target for fiscal 2025.

Going forward, we will work toward achieving our 2030 targets—330 kton for GHG emissions (Scope 1) and 70 kton for GHG emissions (Scope 2)—by reducing GHG emissions across our supply chain and advancing the planned procurement of corporate PPAs.

Efforts and progress regarding GHG emissions (Scope 3)

In fiscal 2025, the CO₂ emissions (Scope 3) amounted to 1,391 kton*.

We are estimating the reduction effects of transforming our business portfolio, improving yield, and switching to sustainable materials and incorporating these into our reduction measures. For raw materials and transportation, the cooperation of our suppliers is essential. We have been promoting supplier engagement activities and, in fiscal 2025, improved calculation accuracy by obtaining primary data on raw materials from our suppliers.

Going forward, we will continue to discuss the Scope 3 categories with a focus on those with high emissions together with business execution departments through the Global Green Committee and take timely actions.

* Target categories are 1. Purchase of raw materials, 3. Fuel production and electricity generation, 4. Transportation (purchase and outbound logistics), 5. Waste disposal and 12. Product disposal.

Efforts and progress regarding waste plastics recycling ratio and the resource utilization ratio

In fiscal 2025, the waste plastics recycling ratio was 54%, achieving the 2025 target of 50%.

We have been advancing the development of plastics recycling technologies. In fiscal 2025, we invested approximately 100 million yen to install demonstration facilities at the Toyohashi Plant and have been advancing efforts to address further technical challenges. The resource utilization ratio newly introduced in fiscal 2025, reached 72%, achieving the 2030 target of 69%. Based on this, we plan to review both the 2030 targets and the calculation methodology during fiscal 2026.

Going forward, we will work to improve the resource utilization ratio by further promoting more efficient use of resources through yield improvement and waste recycling.

Efforts and progress regarding sustainable materials procurement ratio

In fiscal 2025, sustainable materials procurement ratio was 24%, achieving the 2025 target of 20%.

In fiscal 2025, we expanded the scope of aggregation to a global basis, thereby reflecting the performance of the EMEA region, where the procurement ratio of biomass-derived raw materials such as pulp is high. Additionally, as part of our transition to sustainable materials, we began procuring polysulfone and ethyl acetate certified under the mass balance approach, and at certain sites in the EMEA region, we have switched to 100% biomass-derived ethyl acetate.

Going forward, we will continue to promote the transition to sustainable materials by further advancing our raw material strategy and strengthening collaboration with our suppliers.

Efforts and progress regarding flags revenue ratio

In fiscal 2025, the PlanetFlags™/HumanFlags™ category revenue ratio was 46%.

As concerns regarding climate change continue to grow, the development of PlanetFlags™ products that help address environmental issues is becoming increasingly important and urgent. For this to happen, we must seek collaboration with partners within and outside the company. Through the avenue of the Global Green Committee, which facilitates the decarbonization and resource recycling processes by way of technological changes, we will create new PlanetFlags™ products with the three axes of business divisions, regional headquarters, and functional departments cooperating organically. At the same time, we will work closely with business partners and suppliers to take diverse measures to accelerate the commercialization process, including gaining a stake in startups and venture businesses.

For the details about climate change, please refer to “Nitto Group’s response to climate change” published on our website. <https://www.nitto.com/jp/en/sustainability/environment/TCFD/>

(3) Human capital

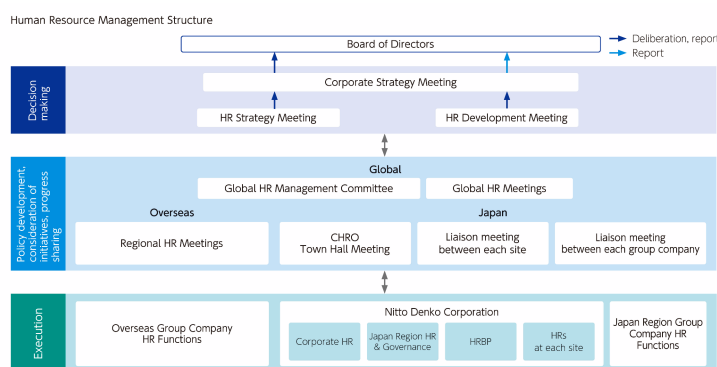
(i) Governance

The Group has set “Empowering diverse employees” as one of its material issues for sustainability and is strengthening its efforts in acquiring and developing human capital who can take on challenges and in promoting diversity, equity, and inclusion (DE&I).

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

Additionally, key policies, strategies, challenges, and initiatives regarding human resource management are communicated and determined by each meeting body based on internal standards. Global initiatives based on decisions made at each meeting body are implemented in each area by Corporate Human Resources Management Dev. In Japan, these are led by the Japan Region Human Resource and Governance Div., which works closely with each business division, location, and group companies in Japan and overseas.

An appropriate human resource management structure based on the human resource strategy is organized and maintained through the performance of duties by each meeting body and each human resource function.



(ii) Strategy

The Group considers human capital as its most valuable assets and is committed to creating new value by globally developing the “Nitto Person” who can perform The Nitto Way.

To this end, as a means of embodying our Corporate Philosophy in terms of human capital, we have established the “Basic Policy on Human Resource Management” that clearly states the goals of the “Nitto Person” and leads to the strong promotion of individual initiatives.

- We employ and develop human capital who understand diversity and respect people of all nationalities, genders, ages, careers, and disabilities and who act with integrity.
- We respect our employees as individuals and provide growth opportunities for their autonomous career development.
- We build a rewarding, safe, secure, and healthy work environment by promoting diverse work styles and an open organizational culture.
- We fairly evaluate the results of our employees who take on challenges without fear of failure to motivate them to do their best.
- We seek to discover outstanding human capital from across the globe and train them to become leaders who can anticipate and deliver changes.

The Group has cultivated a unique corporate culture—symbolized by concepts such as the Global Niche Top™ Strategy, *Sanshin* activities, and Customer-oriented approaches—where bringing amazement and inspiration to our customers is valued. In this culture, numerous innovations have been born. Amid ongoing globalization and rapid environmental changes in the business landscape, we recognize that maintaining and further developing the strengths we have cultivated to date requires an even stronger emphasis on connecting our value chain globally. To this end, we are committed to developing and fostering talent capable of driving this effort.

And the human capital strategy to realize this is the “creation of a work environment where everyone feels rewarding and satisfied with what they are doing.” We believe that the combination of individual employees who proactively take on new challenges, highly engaged organizations, and a culture that respects diverse knowledge and experience leads to the development of talent capable of driving the next stage of our business.

Within the Group, this strategy is organized into three elements—Individual Revitalization, Organizational Revitalization, and DE&I. Through the Nitto-style Human Capital Management Model, which links these elements to specific indicators and highlights the gaps between the ideal state and the current situation, we are driving more effective execution of the strategy.



- DE&I

The Group believes that inclusion—a state where the diverse knowledge and experience of our people are intertwined—is the true source of innovation and sustainable growth. In our new Medium-Term Management Plan, we introduced the Inclusion Score as a materiality KPI to visualize employees’ perceptions of psychological safety, sense of belonging, and respect for differences.

Challenges in advancing inclusion vary by regions, but in Japan, we focus specifically on women’s empowerment and employment of people with disabilities. We are committed to fostering talent and enhancing our workplace environments to support these goals. In FY2025, we expressed our support for the Women’s Empowerment Principles (WEPs) and the Valuable 500, both of which are international frameworks. We will adhere to the principles outlined by each initiative and integrate issue identification and improvement efforts according to these international frameworks with monitoring through the Inclusion Score.

– Organizational Revitalization

Within the Group, we have introduced the Engagement Score as an indicator that reflects employees’ voluntary willingness to contribute and set Future-Financial targets. Besides the top-down improvements implemented at the site and business unit levels to date, as well as in light of the fact that issues are becoming increasingly diverse from one organization to another, we have been promoting a bottom-up approach that emphasizes autonomous workplace-level improvements starting in FY2025. Moreover, considering cultural differences and varying attitudes toward work across regions, we revised our structure to appoint a responsible leader for each area.

We have also revised the frequency of our engagement survey, shifting from once every 2 years to conducting it on an annual basis, and introduced a mechanism to accelerate the PDCA cycle by conducting a follow-up survey 6 months later.

These initiatives continuously promote dialog and improvement within each workplace, thereby increasing the likelihood of enhancing employee engagement.

– Individual Revitalization

Within the Group, as an indicator of individual revitalization, we define the Challenge Ratio as the proportion of employees who engage in initiatives that broaden their experience and potential while contributing to the Company’s growth and corporate value and have set Future-Financial Targets.

In FY2025, we rolled out global guidelines to establish a common understanding of this indicator, which, besides our existing global initiatives such as small group activities and new business creation competitions, led to an expansion of programs independently developed by each region and division. Moreover, by advancing initiatives such as selective training programs and the enhancement of our e-learning systems and content, we are fostering a culture in which employees at every level can enjoy developing their skills and taking on new challenges.

- Health and productivity management

The Group promotes groupwide efforts to improve employee’s health with the belief that investing in their health will revitalize the organization through increased employee energy and productivity and lead to improved business performance and corporate value.

Under the Group’s organizational structure for promoting health and productivity management, the CHRO assumes full responsibility under the supervision of the Representative Director and performs activities in collaboration with the Health Promotion Office, each plant’s HR and General Affairs teams, occupational health staff, the Health Insurance Association, and the labor union. In each business site, the HR and General Affairs teams, occupational health staff, and the labor union have regular discussions through meeting bodies such as the Health and Safety Committee, working together to address not only company-wide health issues but also health issues at each business site.

We have established the 11 Nitto Health Actions as behavioral guidelines for preventing lifestyle-related diseases, and, for each item, we plan and implement a variety of health initiatives—such as seminars aimed at improving employees’ health literacy and encouraging healthy behaviors—to promote greater awareness and behavioral change among our employees.

(iii) Risk management

The Group appropriately manages key risks and opportunities related to human resources that management considers could remarkably affect its business activities. Furthermore, these risks and opportunities are managed across the entire Group, integrating them with other major risks that could remarkably affect our business activities.

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

(iv) Indicators and targets

By establishing the following indicators that align with its human resource strategy, Creation of a Work Environment where Everyone Feels Rewarding and Satisfied with What They are Doing, the Group has set goals for 2030.

– Engagement score: 85 in 2030

The engagement score for FY2025 reached 81. This matches the score in FY2023, when we surpassed the FY2025 interim target of 78 ahead of schedule. As we advanced top-down initiatives at the site and business-unit levels, it became apparent that the sense of challenges differed from one organization to another and that these efforts were not fully leading to personal ownership among individual employees. Going forward, we will strengthen bottom-up initiatives in which each organizational unit shares survey results and engages in dialog and improvement while also enhancing area- and site-based measures that consider regional characteristics.

– Challenge ratio: 85% in 2030

The challenge ratio for FY2025 stood at 58%. Although participation in our global initiatives—such as small-group activities and new-business creation competitions—as well as in programs independently developed by each region and division has been progressing, we still have difficulties in sufficiently quantifying or capturing the challenges undertaken within routine operations. Going forward, to visualize these challenges, we will promote a deeper understanding of the indicators and cultivate a positive organizational culture by linking them with our employee recognition programs.

– Female leaders ratio

The ratio of female leaders for FY2025 was 22%, unchanged from the previous fiscal year. In the Japan area, in addition to the selective FLOWER Program targeted primarily at female assistant managers, we expanded our mentoring and networking initiatives for female managerial-level employees without subordinates, which have helped broaden the pipeline of future leadership candidates. On the other hand, we did not reach the 24% target for FY2025, and strengthening medium- to long-term talent development remains an ongoing challenge. We will continue to monitor this indicator on an ongoing basis from FY2026 onward.

– Inclusion score: 75% in 2030

To accurately assess the extent to which diverse knowledge and experience are being leveraged as organizational strengths, we introduced the Inclusion Score as a new materiality indicator. This indicator derived from our employee engagement survey and reflect the percentage of positive responses to questions regarding psychological safety, a sense of belonging, and respect for differences.

The actual result for FY2025 was 73%, and we aim to reach 75% by FY2030.

For details, please refer to the table in “II. Overview of Business, 1. Management Policy, Business Environment, and Challenge, (3) Objective indicators for assessing the achievement of management goals, etc.”

3. Business Risks

(1) Basic policy

On the matters such as the overview of business and financial information in the Annual Securities Report, the management identifies significant risks that may materially affect investors making decisions. Two significant risks described below are: “business risks,” which are risks associated with the business, and “operational risks,” which are other risks that may affect our entire Group. The forward-looking statements in the report are based on the judgment of the Group as of the end of the current fiscal year.

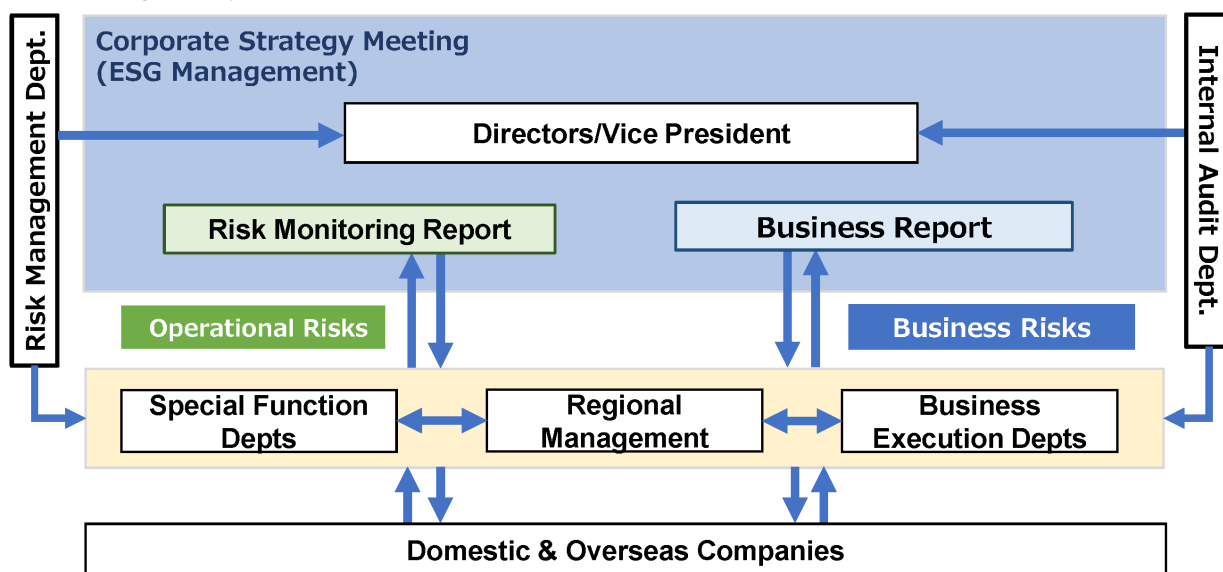
(2) Risk management system

The Group promotes risk management for significant risks under the risk management system specified in the “basic policy on internal control.”

Business execution departments manage “business risks,” and special function departments manage “operational risks.” To monitor risks globally, we appoint regional managers for each major overseas geographic region to develop a regional monitoring function.

Each responsible department manages risk information and provides reports at the Corporate Strategy Meeting every month. The Meeting members, joined by Directors and Vice Presidents, deliberate the risk information. The results of the deliberations are immediately instructed to each responsible department, which promptly implements measures, strengthens controls. Eventually, those are reported back again to the Corporate Strategy Meeting with respective actions and remediation status, making the group’s risk management more effective.

Risk Management System Chart

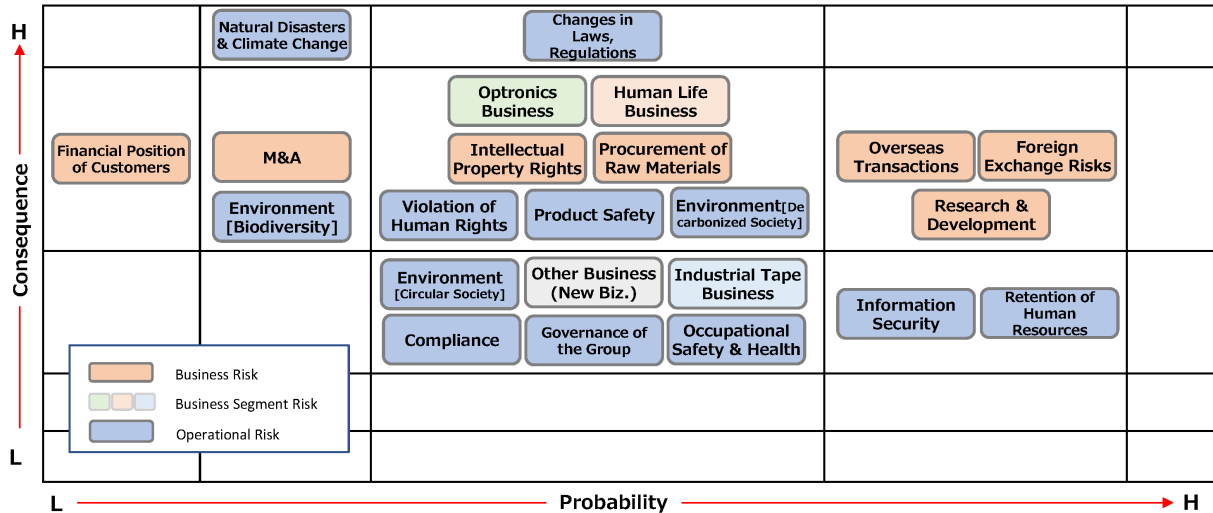


(3) Selection and Management of respective risks

The major risks in the current fiscal year, in addition to the remaining risks since the previous fiscal year, were selected by the officer in charge of risk management and the department in charge of risk management after gathering opinions from Directors, departments in charge, the audit firm, analyzing the agenda and deliberation topics at the Board of Directors and the Corporate Strategy Meeting, and deliberating at the Corporate Strategy Meeting.

We considered the relative significance of respective risks by categorizing in the following chart with two axes: the vertical axis showing the “impact” on the businesses when such risks arise and surface, and the horizontal axis showing the “probability” of the occurrence.

Risk map of the current fiscal year



At the end of the fiscal year, those risks (business and operational risks) are self-assessed by the responsible departments, and independently evaluated by the department and the officer in charge of risk management, based on the assessment criteria, such as implementation systems, the implementation of controls and measures, and the occurrence of and response to incidents, etc.

The results are reported to the Corporate Strategy Meeting and the Board of Directors.

The assessment result below indicates a change in risk from the beginning to the end of the fiscal year.

Assessment results of the current fiscal year

Major Risks	Direction	Assessed Items
Foreign Exchange Risks	→	Deterioration of cash flow Exchange rate fluctuation
Overseas Transactions	↗	Trade restriction/incidents Impact of conflict/geopolitical risks Impact of U.S. Tariff Policies on Financial Performance
Financial Position of Customers	→	Irrecoverable receivables
Procurement of Raw Materials	↗	Change of supply chain conditions Deterioration of procurement conditions & environments
Research & Development	→	Delayed/obsolete R&D
Intellectual Property Rights	→	Intellectual property infringement
Industrial Tape Business	→	Changes in electronics related market Changes in automobile productions Delay in addressing growth market
Optronics Business	→	Generalization & obsolescence of products & technologies Maturity & shrinkage of market Entry of competitors Delay of new product development
Human Life Business	→	Changes in customer demand Decline in competitive advantage/value Rising raw material prices, supply shortage
Other Business · M&A	→	Failure of new business
	→	Changes in market/competitive environment Failure of assumed business plan

Major Risks	Direction	Assessed Items
Product Safety	→	Product defect Stricter regulations Solving Quality compliance issues
Environment (Decarbonized society)	→	Response to environmental regulations Incompliance of regulations
Environment (Circular Society)	→	Higher renewable energy cost
Environment (Biodiversity Conservation)	↗	Higher emission rights cost Higher waste treatment cost
Information Security	→	Cyber crime/attack IT system destruction/failure Information leakage/Illegal use
Changes in Laws, Regulations	→	Revision of laws and regulations
Compliance	→	Violation of laws Breach of compliance
Governance of the Group	→	Accounting frauds/deficiencies Delayed response to legal disclosure of sustainability information
		Irregularities of purchase Management overrides/deficiencies
Natural Disasters & Climate Change	→	Earthquakes Heavy Rain, Floods, Typhoons (Warming)
Retention of Human Resources	→	Loss of human resources Insecurity of human resources
Occupational Safety & Health	→	Accidents/Disasters
Human Rights	→	Human rights violations (The Group)
	→	Human rights violations (Supply Chain)

*The arrow indicates the change in risk from the beginning of the period

(↗: Increase in risk, →: No change, ↘: Decrease in risk)

Status of respective risks at the end of the current fiscal year

(1) Business risks

Foreign Exchange Risks
Related Materiality: -
<p>The Group operates a global business, with more than 80% of total sales revenue earned outside Japan. The majority of trade activities such as export and import are conducted in US dollars.</p> <p>The Group's performance may be adversely affected by abrupt changes in the global economy triggered by events such as international disputes, including armed conflicts or outbreaks of infectious diseases.</p> <p>Furthermore, the Group's performance may be adversely affected by unexpected exchange rates, volatility in equity and interest rates, financial instability, the rise of protectionism such as the U.S. tariff policy, and trade restrictions for the sake of national security.</p> <p>Besides conducting timely monitoring of the Group's internal fund balance, financing situation, asset and liability by currency, etc., the Group has established financial control centers in each region and is working to consolidate funds and hedge foreign exchange risks, among other measures, thereby reducing financial and foreign exchange risks.</p>
Overseas Transactions
Related Materiality: Enhancing compliance, Maintaining stable product supply
<p>The Group operates a global business, with more than 80% of total sales revenue earned outside Japan, and about 40 subsidiaries and affiliates conduct trade activities such as export and import.</p> <p>Accordingly, in the various countries where we operate, there are risks such as import/export controls, interruption of electric power supply and transportation services, rising labor costs, deterioration of employment relationships, labor disputes, and risks arising by prolonged lead times caused by cyberterrorism and environmental issues.</p> <p>Moreover, the Group's performance may be adversely affected by the international logistics disruptions due to the armed conflicts in the Middle East and the Strait of Hormuz blockade, etc., which have caused sharp rises in shipping costs and standing cargos brought by constraints on transportation capacities, and shipping delays, etc.</p> <p>The Group manages distribution by increasing risk visibility in the supply chain and establishing a BCP (business continuity plan) for distribution to strengthen the supply chain.</p>
Financial Position of Customers
Related Materiality: -
<p>Serious financial problems could develop at some customers from whom the Group holds accounts receivable due to major changes in their operating environment.</p> <p>Should such receivables become irrecoverable at any one of its largest customers in the fast-changing electronics and life science sectors, the amount to be written off could be enormous, which in turn could negatively affect the performance of the Group.</p> <p>The Group has established Credit Control Group and makes it a rule to closely investigate the financial positions of its customers before starting a business. The Group has also purchased credit insurance to mitigate risks.</p>
Procurement of Raw Materials
Related Materiality: Maintaining stable product supply
<p>The Group procures petroleum-derived raw materials.</p> <p>If the supply of raw materials were to decrease or be disrupted due to deteriorating situations and disruptions caused by the armed conflicts in the Middle East and the Strait of Hormuz blockade, etc., along with damage from natural disasters or accidents, the supply-demand balance could be disturbed, resulting in failure to procure necessary raw materials or an increase in costs. Any of these contingencies could influence the performance of the Group.</p> <p>The Group endeavors to reduce the risks involved in securing a sufficient supply of key raw materials through measures including sourcing materials from multiple suppliers and setting and managing inventory levels for a given period of time.</p> <p>We have launched the Supply Chain Committee with a cross-sectional team that aims for sustainable procurement in the supply chain. We have been addressing the risks involved in the upstream supply chain by visualizing geopolitical risks and risks related to chemical substance regulations, which have been increasing in recent years. During the current fiscal year, we established the Committee as a permanent structure within the Procurement Business Division and are working to further strengthen the supply chain.</p>

Research and Development
Related Materiality: Creating PlanetFlags™/HumanFlags™
<p>The industry in which we operate our business experiences turbulent market changes that are not easy to predict. New technologies or products from other companies can suddenly and unexpectedly cause our products to become obsolete. Situations like this can impact our future financial results.</p> <p>In order not to be influenced by trends in a given business, the Group works on R&D to develop new technologies and products focusing on the <i>Sanshin</i> (“three new”) Activities, which is to stimulate demand through the development of new applications and new products, as well as make relevant equipment investments. Furthermore, in accordance with the Group policies that place ESG at the center of management, we are concentrating our resources on themes which can be the options for our proprietary PlanetFlags™/HumanFlags™. We also practice rigorous intellectual property management to protect such products by creating barriers to entry.</p>

Intellectual Property Rights
Related Materiality: Creating PlanetFlags™/HumanFlags™, Enhancing compliance
<p>The Group owns, maintains, and manages a large amount of intellectual property rights for the purpose of enhancing its market competitiveness.</p> <p>However, it is possible that a third party could claim that such rights are invalid, or such rights could be inadequately protected, imitated, or involved in litigation in some regions. Should the protection afforded by intellectual property rights be seriously lost, the performance of the Group may be adversely affected.</p> <p>The Group’s Technology and IP Strategy Division and business divisions work together to pay due attention to the intellectual property rights of other companies to ensure the Group does not infringe upon them while at the same time pursuing initiatives to uncover any products on the market that infringe upon the Group’s intellectual property rights.</p>

Business risks in each operating segment are as follows:

Industrial Tape Business
Related Materiality: All Materialities
<p>The Group globally supplies a diverse range of Functional Base Products to a broad range of industries, including its three focus domains of Information Device & Display, Semiconductor & Electronics Component, and Mobility. In each domain, customers are increasingly seeking products with high added value.</p> <p>In the Information Device & Display and Semiconductor & Electronics Component sectors, markets change rapidly and we are in fierce competition with domestic and international competitors. Any changes in those markets may affect our performance.</p> <p>By creating Global Niche Top™ products and Area Niche Top™ products under our Niche Top Strategy and <i>Sanshin</i> Activities initiatives, we are working to create PlanetFlags™/HumanFlags™ products as new axes for growth and to advance the transformation of our portfolio coupled with the structural reform while developing a business constitution that is resilient to market forces.</p> <p>Furthermore, by understanding our customers’ processes and offering a lineup that meets their needs, we offer proposals that combine materials and facilities, thereby contributing to our customers’ productivity improvement.</p> <p>In Mobility, we offer adhesive materials for the automobile structure and sealing materials for airtight and waterproofing applications in the global market, and fluctuations in automobile production volumes due to factors similar to those of the electronics and semiconductor markets can therefore impact our financial results. By pushing expansion into growth areas such as EVs (electric vehicles) and CASE (Connected, Autonomous, Sharing/Service, and Electric) and working to add to our existing business by capturing new business in growth areas, we are, also in this sector, working to create a business constitution that is resilient to market forces. As part of our efforts in growth areas, we are strengthening collaboration among the Group companies and working to provide a wide range of product lines.</p> <p>As geopolitical tensions rise in the Middle East and logistical concerns intensify around the Strait of Hormuz, our performance may be affected by rising prices of raw materials such as primarily crude oil and petrochemical products and a deteriorating logistics environment.</p> <p>We plan to continue diversifying our raw material suppliers and properly reviewing our sales prices.</p>

Optronics Business
Related Materiality: All Materialities
<p>A major market for the Information Fine Materials sector is the display industry, which is rapidly changing and is exposed to fierce competition from a number of companies. The commoditization of products and technologies in which the Group's components are incorporated, a decline in sales revenue due to market maturation, and pressure on profit margins due to the entry of competitors may negatively affect the Group's performance. If higher tariffs are imposed on products related to the display sector due to changes in the U.S. tariff policy, or if rapidly growing demand for AI causes shortages of semiconductors and soaring semiconductor prices, trends in sales of these products and the supply chain could be affected. Price hikes and an unstable supply of materials affected by geopolitical risks, as manifested in the Strait of Hormuz blockade, and environmental regulations may also affect the Group's production and supply of products.</p> <p>We immediately identify the evolving needs of our customers, the leader of the display industry, and continue to develop and launch new products built on our technology. We also expand markets for our products by accelerating product launches in non-display markets. In addition, to prepare for the various changes in the external environment, we implement BCP measures for our business, such as ensuring stable procurement, diversifying our production locations, and promoting digital transformation and data-driven management.</p> <p>In the circuit materials business, we are focusing our efforts on markets and products that support a data-driven society/smart society and are anticipated to grow and supply products with high market share.</p> <p>The Group's performance may be temporarily affected if our product supply experiences the impacts of soaring raw material prices and power costs caused by continued inflation worldwide, changes in investment trends of data center associated with growing demand for generative AI services, growing geopolitical risks such as the Strait of Hormuz blockade, and changing international situations such as trends in trade policies of various countries.</p> <p>Furthermore, even if market growth continues over the medium and long term, if we are unable to establish a stable product supply system and fulfill our supply responsibilities in line with demand trends, it may affect our future business performance.</p> <p>To manage these risks, we are working to secure production capacity to flexibly adapt to demand fluctuations by establishing a manufacturing backup system across multiple sites, preparing a BCP for procurement of raw materials, and pursuing productivity improvement through the effective use of digital technology (automation, AI, and digital transformation).</p>

Human Life Business
Related Materiality: All Materialities
<p>The Human Life business consists of Life Science, Membrane, and Personal Care Materials businesses.</p> <p>In the Life Science business, we are strengthening our initiatives as a new business field for the Group, with a focus on the oligonucleotide therapeutics business. The oligonucleotide therapeutics market is forecast to grow in the future, with a rise in the number of late-stage clinical research topics and new drug approvals.</p> <p>Demand for contract manufacturing of oligonucleotide therapeutics, which we undertake in the Life Science business, fluctuates according to the progress of customers' research and development and clinical trials. Accordingly, suspension or discontinuation of customer's clinical trials based on scientific evidence may affect our performance.</p> <p>If the U.S. tariff policy and/or the situation in the Middle East pushes up the prices of the raw materials we procure or makes it difficult to procure those materials, our performance may be affected. Moreover, drug discovery of oligonucleotide therapeutics in this business provides technologies to customers in the pharmaceutical industry after our research and development is advanced. Therefore, depending on the progress of our research and development of technologies with competitive advantages, which leads to the provision of value to customers, our performance may be affected accordingly.</p> <p>As for the contract manufacturing of oligonucleotide therapeutics, we strive to mitigate the impact of demand fluctuations by handling a wide range of research and development activities and clinical trial projects commissioned by customers.</p> <p>To counter the U.S. tariff policy and geopolitical risks, we are working to mitigate its impact through measures such as further pursuing cost reductions for raw materials. Meanwhile, in drug discovery of oligonucleotide therapeutics, we are steadily advancing our research and development activities, including collaborations with external organizations, to ensure both safety and efficacy.</p> <p>The Membrane business primarily supplies components for water processing equipments used across various industries, as well as those for wastewater treatment applications within those industries.</p> <p>In this business, our sales volumes and sales prices may be affected if China's economic slowdown or declining demand causes delays in customers' planned capital investments or intensifies price competition. Our performance may also be affected if the conflict in the Middle East worsens to disrupt the logistics network that covers the Red Sea, the Suez Canal, and the Strait of Hormuz, pushing up ocean freight rates, insurance premiums, and costs of energy. Furthermore, there is a risk that production costs at production sites in the U.S. may rise because of the U.S. tariff policy.</p> <p>To manage these risks, we will build on our sales in focus markets and for focus usage, expand the sales of high-value-added products, and speed up new product launches, thereby reducing the impact of price competition. We will also mitigate geopolitical risks and the impact of tariffs by optimizing suppliers, logistics routes, and production locations; properly managing our stocks; and initiating a cost pass-through as necessary.</p> <p>The Personal Care Materials business' main markets are for hygiene materials and daily necessities, mostly diaper materials and label films. Demand for these products is relatively stable, yet general consumption of these products can easily be affected by global affairs or price fluctuation.</p> <p>These commodity markets are full of competitors as they are easy to enter, which may cause sales prices to fall, affecting our performance. Additionally, rising energy costs associated with geopolitical factors (e.g., the prolonged Russia–Ukraine war, the intensifying conflict in the Middle East), inflation-driven high prices (surging raw material costs and declining consumer spending), and the loss of business opportunities due to changes in the U.S. tariff policy, could impact our financial results.</p> <p>We implement a BCP measure for raw material procurement (purchasing from two companies or dispersing suppliers) to prepare to manage the risks of a raw material price hike and supply disruption. Moreover, we pursue proper capital investment and digitalization to cut costs through improved productivity.</p> <p>As for sales, we will remain stably in black and resilient to the impact of the external environment by expanding the sales of technologically differentiated, high-value-added products and developing environmentally friendly products.</p>
Others
Related Materiality: All Materialities
<p>The Group's performance may be adversely affected if new businesses are not launched as planned.</p> <p>The Group strives to conduct sound business operations by regularly assessing the alignment of the Group's position with that of relevant markets and customers.</p>

Others/Additional Items: M&As
Related Materiality: All Materialities
<p>The Group engages in mergers and acquisitions, business alliances, and strategic investments as necessary when such actions provide an effective means of acquiring technologies to enhance corporate value, expand into new business areas, or accelerate business growth.</p> <p>However, if the Group is unable to achieve the results or synergies that it initially envisioned due to significant changes in the market or competitive environment or if acquired businesses are unable to secure revenue as planned, there is a possibility that the Group's performance may be affected by impairment of goodwill and fixed assets.</p> <p>When forming partnerships with other companies, the Group bases its decisions on due consideration of market trends, customer needs, the business conditions of the counterpart company, and competitive advantage in the market.</p>

(2) Operational risks

Product Safety
Related Materiality: Maintaining stable product supply
<p>The Group manufactures and supplies intermediate materials or products to our customers according to strict quality control standards for the purpose of highest-quality manufacturing. Also, tightening regulations on chemicals such as fluorinated compounds has been demanded in recent years.</p> <p>In the event of a product defect, such as a quality defect, or a violation of laws or regulations with respect to a chemical substance or quality compliance violation such as quality fraud, we will be subject to obligations for compensation for the defect or a penalty for violation of laws or regulations. We will also need to manage reputational risk posed by social media nowadays. These factors may affect our performance.</p> <p>The Group strives to make continuous improvements by obtaining certification of strict international quality management systems in line with those required by industry.</p> <p>Regarding quality compliance issues, we are strengthening hardware measures, including those related to manufacturing and inspection environments, as well as audit initiatives utilizing the "three-line defense," while implementing training to address those issues and working on the risk assessment activities we have launched to prevent the issues.</p> <p>We are also considering alternative products for PFAS, which is expected to be regulated more strictly, and working to strengthen our chemical substance management system by adopting ranking management according to the voluntary management regulation for chemical substance.</p> <p>With regard to regulations on chemical substances, we have reinforced efforts to promote regulatory compliance throughout the industry by joining specific industry associations as part of advanced responses and obtaining regulatory information from the deliberation phase.</p>

Environment (Decarbonized Society)
Related Materiality: Responding to climate change
<p>The Group recognizes that climate change is a material issue that has a significant impact on business continuity and the sustainability of society, and so it defines "Realizing a decarbonized society" as a material issue for sustainability.</p> <p>In the current fiscal year, international pressure to reduce emissions grew, the obligation to disclose emissions in Scopes 1, 2, and 3 became stronger, and increasing demand for renewable energy caused market changes.</p> <p>Direct and/or indirect costs of manufacturing may rise because of stricter policies and regulations, higher carbon prices, and/or increased costs of procuring renewable energy, among other factors, during the transition to decarbonization.</p> <p>There is also concern that we might become less competitive if we fall behind with our action for the environment, as customer companies and global markets increasingly demand performance designed for decarbonization and environmental performance.</p> <p>To accomplish Nitto Group Carbon Neutral 2050, we pursue lower GHG (Greenhouse Gas) emissions as one of our medium- to long-term critical themes.</p> <p>Besides complying with more stringent related laws and regulations, we are also working to reduce our customers' GHG emissions through our products and solutions by reducing energy consumption and introducing renewable energy in our manufacturing processes to meet societal demands for lower GHG emissions.</p> <p>The Group's targets have been validated by the SBTi (Science Based Targets initiative). We are working to cut GHG emissions across our supply chains to achieve a 46.3% reduction in Scopes 1 and 2 and a 25% reduction in Scope 3 by 2030.</p>

Environment (Circular Society)
Related Materiality: Realizing a circular society
<p>The Group defines “Realizing a circular society” as a material issue for sustainability, as resources are increasingly depleted, plastic waste makes adverse environmental impacts including marine pollution, and other global issues become severe to undermine sustainability.</p> <p>If waste management companies refuse to pick up certain waste such as plastic or organic solvents or if disposal fees dramatically rise, our waste disposal may fall behind schedule, disrupting our production activities. This type of disruption may lead to suspended operation or delays in production, which may affect our performance.</p> <p>Moreover, falling behind on compliance with the environmental regulations that are slated to be tightened (e.g., mandatory recycling of materials, more recycling-related laws and regulations) may result in additional investments and/or confusion across supply chains.</p> <p>Besides ensuring compliance with relevant laws and regulations, the Group is committed to recycling plastics resources and to its efforts to advance the effective use of resources in order to realize a circular society.</p> <p>We have set a higher target percentage for the use of recycled plastics waste from product manufacturing and stepped up our efforts to achieve it. We have also set the percentage of resources to be put into effective use in order to efficiently harness all resources we use as part of our efforts toward the realization of a circular society.</p>

Environment (Biodiversity Conservation)
Related Materiality: Conserving biodiversity
<p>The Group defines “Conserving biodiversity” as a material issue for sustainability, as destruction of ecosystems is worsening and species are rapidly decreasing across the world.</p> <p>Corporate activities rely on natural resources, yet the waste produced and chemicals used in these activities can have negative impacts on ecosystems. Therefore, we believe that it is our responsibility as a business to deliver nature-positive products designed to restore and regenerate the natural environment.</p> <p>If any equipment malfunction or error causes volatile organic compounds (VOC), pollutants, or hazardous substances to be released into the air or water, the surrounding area may suffer environmental pollution and ecosystems in the area may be adversely affected.</p> <p>In fact, the Group also recognizes the potential hazards of released VOC to a regional environment and employees’ health and defines the reduction of VOC as one of its material issues.</p> <p>As part of its efforts to conserve biodiversity, the Group has become a registered TNFD (Taskforce Nature-related Financial Disclosures) Adopter. Using the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the TNFD, we disclosed information in line with the TNFD framework by tracking its reliance and impact on the natural environment in its business activities and identifying risks and opportunities. We plan to implement measures to mitigate the identified risks and increase the opportunities going forward.</p>

Information Security
Related Materiality: Reinforcing information security
<p>Information systems play a crucial role in every aspect of the Group’s business activities. On the other hand, cybercrime is becoming increasingly sophisticated, and human-caused risks such as internal fraud and negligence are also increasing.</p> <p>In the event that the Group’s information systems suffer a malfunction or leakage or unauthorized use of information such as technical, customer, transaction, or personal information occurs, regardless of intent or negligence, the Group’s performance may be adversely affected.</p> <p>The Group implements a range of information security measures against cyberattacks from both a hardware and software perspective, including implementing multilayered protection, a rapid detection and response system, as well as providing BCP training in preparation for emergencies.</p> <p>Moreover, to prevent negligence such as information leakage and unauthorized use, we strive to enhance management security by educating executives and employees on the importance of information security, strictly enforcing our information management rules, such as conducting targeted e-mail attack trainings and restricting the means of taking out information.</p>

Changes in Laws, Regulations
Related Materiality: Enhancing compliance
<p>The Group operates in 27 countries and regions (including Japan), and it makes more than 80% of its sales revenue overseas. We engage in our business activities in accordance with legal systems in locations where we operate and in our trade partners' countries, multilateral agreements, and international rules, as well as the laws of Japan.</p> <p>We may incur penalties and have difficulty continuing our business activities if we fail to comply with a wide range of laws, rules, and regulations, which include regulations related to trade (import and export) and tariffs; regulations related to the environment and sustainability that cover the use of certain chemicals; regulations related to governance, tax, finance and accounting, and employment and labor in the countries where we have operational locations; and social responsibility we have as an international company. Furthermore, if these laws, rules, and regulations are changed or tightened to impose sudden restrictions on business activities that have been fully allowed, our performance may be significantly affected.</p> <p>Regarding laws and regulations that have a significant impact on our business, we closely watch developments in legislation and/or amendment and conduct a preliminary assessment of the impact of regulatory changes, so that we can act to forestall or minimize the impact on our business.</p>

Compliance
Related Materiality: Enhancing compliance
<p>The Group promotes compliance not only with laws, regulations, and internal rules but also with social norms and ethics. Moreover, the Group operates in 27 countries and regions, each with its own laws and regulations, social norms, and ethical standards, which makes compliance a multifaceted issue.</p> <p>Compliance violations by a company not only impact its corporate value but can also affect its stakeholders, including its customers' procurement and consumption, its supplier's production, and the livelihood of local residents.</p> <p>We have translated the "Nitto Group Business Conduct Guidelines," which we define as the foundation of our commitment to compliance, into 18 languages and thoroughly communicated them to all officers and employees of the Group. Additionally, we operate a whistle-blowing system in all regions across the globe and are working to detect legal violations and ethical breaches and to take corrective actions at an early stage. We have also completed the establishment of an external contact point for reporting from suppliers in all regions across the globe and are undertaking activities to ensure that it is widely recognized.</p>

Governance of the Group
Related Materiality: Enhancing compliance
<p>The Group conducts business globally across a wide range of fields and maintain operations in 27 countries and regions worldwide, including Nitto Denko Corporation, its 87 subsidiaries, and one affiliate.</p> <p>If officers or employees of these affiliated companies engage in misconduct or if they engage in transactions or make decisions that do not comply with our management policies, governance and internal control functions may not work properly, which could result in losses for the Group and adversely affect its business performance.</p> <p>The Group operates a matrix-based management approach, in which three axes complement and support each other: the business axis, which includes the business execution departments consisting of Functional Base Products, Information Fine Materials, Circuit Materials, Life Science, Membrane, Personal Care Materials, etc.; the regional axis, which divides global operations into seven regions; and the functional axis, which consists of special function departments such as human resources and accounting. The business axis establishes governance and internal control systems, whereas the regional and functional axes audit and monitor their control status appropriately at the regional and operational levels. Any business or operational issues or risks reported or discovered at these audits and monitoring are shared at monthly corporate strategy meetings, where prompt improvements are implemented to strengthen governance and enhance internal controls.</p>

Natural Disasters and Climate Change
Related Materiality: Responding to climate change
<p>The Group operates a global business and thus has a number of production sites and sales sites in Japan and overseas. Natural disasters such as rainstorms, which are becoming more severe because of climate change, or earthquakes in any of these locations could damage the employees, sites, and facilities of the Group. Moreover, such an event could damage essential utilities including power, gas, and water, as well as land, sea, and air logistics networks, potentially cutting off our supply chain extensively, which could seriously impact our financial results. Such events could also cause considerable damage to our customers or suppliers, stalling orders or supply for an extended period and seriously affecting our financial results.</p> <p>Following our Corporate Philosophy “We place safety before everything else,” we have implemented disaster drills at each site and decision-making drills when setting up the Emergency Headquarters to prepare for accidents and disasters and have prepared a business continuity plan (BCP) as a measure for preventing disruptions to business functions, and we periodically update the BCP in order to enhance management security.</p>

Retention of Human Resources
Related Materiality: Empowering diverse employees
<p>In order for the Group to promote its business activities and develop into the future, it needs to recruit and train personnel in a variety of fields, including research and development, manufacturing, sales, and administration. It is vital to foster a corporate culture where every employee can enjoy taking on new challenges with motivation and promote DE&I (diversity, equity, and inclusion) to enable the Group to respond to rapid changes in the business environment. Additionally, against the backdrop of intensifying global competition to acquire human resources, as evidenced by the shrinking working population due to Japan's declining birthrate and aging population, values in terms of work styles and careers are diversifying, and the mobility of human resources is increasing. To respond to these trends, reviewing personnel systems and treatment standards to retain human resources has become an ongoing issue.</p> <p>Failure to continually hire necessary personnel or to prevent the drain of talent could negatively affect the performance of the Group.</p> <p>As the importance of human capital management increases, the Group conducts the employee engagement survey to all the group employees, shares survey results and holds the roundtable discussions across its organizations to stimulate bottom-up activities. We also conduct a follow-up survey 6 months after the survey in order to ensure that our PDCA cycle works effectively. Also, we are working to recruit and develop diverse human resources by sharing best practices for improving employee engagement; creating an environment in which employees can take on challenges in a variety of fields, such as proposing to the new business creation convention (Nitto Innovation Challenge) and taking on overseas traineeships; and strengthening its recruiting capabilities by improving its recruitment branding and expanding internships. We also build a workplace environment where diverse human resources can work comfortably through the provision of support for balancing work with childcare/nursing care, etc., teleworking systems, and the implementation of other measures, increase wages to ensure competitive compensation levels and take other measures, thereby retaining and motivating human resources.</p>

Occupational Safety and Health
Related Materiality: Ensuring worker safety
<p>Aiming to realize a safety society, the Group places safety before everything else in its manufacturing under the slogan of "Zero Accidents and Injuries."</p> <p>The occurrence of an injury or illness resulting in death or permanent disability or other damage to human health or a fire that affects production could result in a loss of public trust, suspension of operations, or suspension of transactions with customers, which could negatively affect the Group's operations.</p> <p>In order to reduce the risks of injury, illness, and fire, the Group is working to thoroughly identify all foreseeable risks and implement measures to reduce those risks. The Group is also working on permanent measures, such as implementing tangible countermeasures and intangible measures like respecting established rules.</p>

Human Rights
Related Materiality: Upholding and respecting human rights
<p>Stakeholders' focus on companies' human rights initiatives has been growing in recent years. The Guiding Principles on Business and Human Rights, approved by the United Nations Human Rights Council in 2011, stipulates that companies are responsible for and must commit to protecting and respecting human rights and remedying human rights violations. The scope of corporate responsibility is not only within its own company but also throughout its supply chain. Customers and suppliers are increasingly reluctant to continue doing business with companies without mechanisms in place to address human rights issues such as child labor, forced labor, and discrimination against foreign workers, and the stock market is increasingly reluctant to invest in such companies.</p> <p>The Group communicates the Nitto Group Basic Policy on Human Rights to all the group employees in 10 languages and also makes it available to other stakeholders in Japanese and English. Also, we carry out a compliance survey as one of its compliance management activities. We are working to visualize and reduce the risk level of each site. During the current fiscal year, we provided an education program on ESG issues, including respect for human rights for all employees in the Group in and outside Japan, designed for employee education and training initiatives.</p> <p>Meanwhile, we hold a global partnership meeting to inform our main suppliers about our CSR-based procurement Policies as well as our Supplier Code of Conduct that specifies the rules regarding human rights and labor, etc., to follow. Additionally, to ensure the objectivity and validity of the supplier assessment and to respond to external requirements, we introduced a third-party CSR assessment by EcoVadis and have been implementing it across the globe. We take a corrective course of action for suppliers who have been rated high risk as a result of the assessment. For suppliers that handle raw materials with high risks of human rights violations, we ask them to survey the place of origin and answer the questionnaire on human rights policy to raise their awareness and cooperation in human rights in raw material procurement.</p>

4. Management Analysis of Financial Position, Operating Results, and Cash Flows

Overview of operating results

(1) Financial position

Total assets as of March 31, 2026 (hereinafter “the end of the current fiscal year”) increased by 119,836 million yen to 1,441,757 million yen from the end of the previous year ended March 31, 2025 (hereinafter “the end of the previous fiscal year”). Current assets increased by 47,085 million yen to 797,294 million yen, and noncurrent assets increased by 72,751 million yen to 644,463 million yen.

The increase in current assets was mainly due to a 3,538 million yen decrease in cash and cash equivalents, a 21,461 million yen increase in trade and other receivables, a 14,937 million yen increase in inventories, a 11,703 million yen increase in other financial assets, a 2,520 million yen increase in other current assets.

The increase in noncurrent assets was mainly due to a 49,324 million yen increase in property, plant and equipment, a 1,549 million yen increase in right-of-use assets, a 6,958 million yen increase in goodwill, a 2,419 million yen increase in financial assets, a 1,222 million yen increase in deferred tax assets, a 11,993 million yen increase in other noncurrent assets, and other factors.

Total liabilities at the end of the current fiscal year increased by 15,847 million yen from the end of the previous fiscal year to 292,653 million yen. Current liabilities increased by 4,235 million yen to 225,970 million yen, and noncurrent liabilities increased by 11,612 million yen to 66,683 million yen.

The increase in current liabilities was mainly due to a 3,097 million yen increase in trade and other payables, a 10,251 million yen decrease in income tax payables, a 3,726 million yen increase in other financial liabilities, an 8,118 million yen increase in other current liabilities and other factors.

The increase in noncurrent liabilities was mainly due to a 1,551 million yen increase in other financial liabilities, a 7,923 million yen increase in deferred tax liabilities, a 1,319 million yen increase in other noncurrent liabilities and other factors.

Total equity at the end of the current fiscal year increased by 103,989 million yen from the end of the previous fiscal year to 1,149,103 million yen.

This was mainly due to a 21,968 million yen increase in retained earnings, a 17,950 million yen decrease in treasury shares and a 64,025 million yen increase in other components of equity.

(2) Operating Results

The economic environment in the fiscal year ended March 31, 2026, was characterized by a series of tariff measures implemented by the United States, which caused disruption to the economies and trade policies of countries around the world. In response, major economies took steps to support economic conditions through monetary and fiscal policies. Furthermore, toward the end of the fiscal year, increasing uncertainty in the business environment emerged amid a rapid escalation of tensions in the Middle East. In the United States, concerns over persistently high inflation and a slowdown in employment conditions led the Federal Reserve Board (FRB) to implement accommodative monetary policy, which provided resilience in personal consumption and capital investment. In Europe, defense-related spending and investments in the IT sector helped mitigate economic deterioration, while recovery in manufacturing industries such as automobiles remained sluggish. In China, the government's continued implementation of a trade-in program to promote the replacement of consumer goods supported personal consumption, and demand for semiconductors and IT-related products remained strong. Additionally, exports routed through Southeast Asian countries increased as companies sought to circumvent U.S. tariffs. In Japan, business sentiment remained resilient, supported by rising capital investment and broader wage increases by companies amid labor shortages. Under these circumstances, in the key markets of Nitto Group (the "Group"), production units of IT devices and high-end smartphones exceeded expectations, leading to increased demand for our products. In oligonucleotide contract manufacturing business, a project related to major diseases progressed from the clinical stage to the commercialization stage, contributing to improved profitability.

Separately, the yen's exchange rate against the U.S. dollar for the fiscal year ended March 31, 2026, was 150.2 yen to the dollar, a 1.7% appreciation of the yen compared with the same period of the previous year, and the effect of the stronger yen decreased operating profit by 8.1 billion yen.

As a result of the above, revenue increased by 1.4% from the same period of the previous year (changes hereinafter are given in comparison with the same period of the previous 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.

Operating Results by segment

(Industrial Tape)

In Functional Base Products, revenue increased from the same period of the previous year. Demand for assembly materials used in high-end smartphones increased due to the expansion of models adopting battery bonding electrical release tape. In addition, demand for process materials used in the production of semiconductor memories and ceramic capacitors increased. Revenue for automotive materials decreased due to the decline in the number of automotive unit production by Japanese manufacturers in China.

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)

In Information Fine Materials, revenue did not reach the level of the same period of the previous year. Demand for optical films increased as production units of high-end laptop PCs and tablets remained strong. On the other hand, revenue decreased due to the strategic withdrawal from optical films for LCD smartphones and price reductions resulting from material rationalization of process protection films.

In Circuit Materials, revenue increased from the same period of the previous year. Demand for high-precision circuits increased due to the strong production of high-end smartphones. Additionally, demand for Circuit Integrated Suspension (CIS) used in Hard Disk Drives (HDDs) with higher capacity for data centers remained strong driven by 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)

In Life Science, revenue increased from the same period of the previous year. Demand for oligonucleotide contract manufacturing and nucleic acid synthesis materials (NittoPhase™) used within the manufacturing process increased. Additionally, production for the large-scale project expected to be commercialized in the future began in the second quarter of the current fiscal year. In nucleic acid drug discovery, Phase 1 clinical trial of intractable cancer drug was completed in the first quarter of the previous fiscal year, and we continue our efforts toward potential out-licensing opportunities.

In Membrane (high-polymer separation membrane), revenue did not reach the level of the same period of the previous year. While demand for Zero Liquid Discharge (ZLD) contributing to the complete reduction of industrial wastewater and effluent remained strong in China due to the tightening of environmental regulations relating to wastewater, demand for high-polymer separation membrane for various industrial applications decreased.

In Personal Care Materials, revenue increased from the same period of the previous year. The Group promoted our new products in hygiene materials for diapers and environmentally friendly products using biodegradable technologies. Separately, the Group recorded an impairment loss on fixed assets of 1,452 million yen in the third quarter of the current fiscal year.

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 same period of the previous year)

(Others)

Please note that this segment includes new products that have not generated sufficient revenue yet. The Group is concentrating our management resources on themes that are candidates for PlanetFlags™/HumanFlags™ in areas of next generation semiconductors, environmental solutions, and digital health, with the aim of commercializing them as early as possible.

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 same period of the previous year)

As a result of changes in the management structure for the year ended March 31, 2026, some changes have been made to reporting segments. Such changes have been reflected in the figures for the year ended March 31, 2025.

(3) Cash flows

Cash and cash equivalents (hereinafter referred to as “Cash”) were 359,805 million yen as of March 31, 2026, a decrease of 3,538 million yen from the end of the previous fiscal year. The following are changes in the financial position by each cash flow activity and their factors.

(Cash flow from operating activities)

Cash increased by 192,183 million yen as a result of operating activities (an increase of 217,908 million yen at the end of the previous fiscal year). The main factors responsible for the increase were profit before income taxes of 184,976 million yen and depreciation and amortization of 70,677 million yen and impairment losses of 4,717 million yen and interest and dividend income of 3,214 million yen, while the main offsetting factors were decrease (increase) in defined benefit liabilities of 1,196 million yen and decrease (increase) in trade and other receivables of 4,670 million and decrease (increase) in inventories of 5,957 million yen and interest expenses paid of 1,036 million yen and income taxes (paid) refunded of 57,302 million yen and others of 2,111 million yen.

(Cash flow from investing activities)

Cash decreased by 107,436 million yen as a result of investing activities (a decrease of 115,105 million yen at the end of the previous fiscal year). The main factors responsible for the decrease were the purchase of property, plant and equipment and intangible assets of 96,607 million yen, decrease (increase) in time deposits of 12,110 million yen and purchase of investment securities of 3,123 million yen, while main offsetting factor was proceeds from sale of property, plant and equipment and intangible assets of 4,534 million yen.

(Cash flow from financing activities)

Cash decreased by 106,597 million yen as a result of financing activities (a decrease of 78,890 million yen at the end of the previous fiscal year). The main factors responsible for the decrease were repayment of lease liabilities of 6,626 million yen, decrease (increase) in treasury shares of 60,287 million yen, and cash dividends paid of 39,667 million yen.

Shown below are the changes in the Group’s cash flow indices.

	March 2023	March 2024	March 2025	March 2026
Ratio of equity attributable to owners of the parent company to total assets (%)	78.2	78.7	79.0	79.6
Ratio of equity attributable to owners of the parent company on a market value basis (%)	108.1	155.8	143.8	143.2
Ratio of liabilities with interest to cash flow (year)	0.1	0.2	0.1	0.2
Interest coverage ratio (times)	337.4	255.0	269.3	185.5

(Notes) 1. Each index is calculated using the following formula based on consolidated financial results.

Ratio of equity attributable to owners of the parent company to total assets (%): $\text{Equity attributable to owners of the parent company} / \text{Total assets}$

Ratio of equity attributable to owners of the parent company on a market value basis (%): $\text{Market capitalization} / \text{Total assets}$

Ratio of liabilities with interest to cash flow (year): $\text{Liabilities with interest} / \text{Cash flow from operating activities}$

Interest coverage ratio (times): $\text{Cash flow from operating activities} / \text{Interest payment}$

2. Market capitalization is calculated by the closing price of the share at the end of the year multiplied by the number of shares issued at the end of the year, after deduction of treasury shares.
3. Cash flow from operating activities is used to calculate the Group’s cash flow indices shown above.
4. Liabilities with interest represent all liabilities included in the consolidated statement of financial position for which interest is paid.

Results of production, orders received and sales

(1) Production results

Production results by segment for the current fiscal year are as follows.

Segment name	Amount (Millions of yen)	Y-o-Y (%)
Industrial Tape	240,144	104.2
Optronics	511,311	82.1
Human Life	137,105	110.1
Others	2	482.4
Total	888,564	90.9

(Note) Amounts are calculated by the selling price and exclude intersegment transactions.

(2) Orders received

While the Group generally manufactures products in prospect of demand trends and order production is carried out for some other products, the order production's contribution to net sales is not significant. Therefore, the description is omitted.

(3) Sales results

The results of sales by segment for the current fiscal year are as follows.

Segment name	Amount (Millions of yen)	Y-o-Y (%)
Industrial Tape	364,827	104.5
Optronics	524,598	97.5
Human Life	137,246	109.3
Others	1,499	100.3
Total	1,028,171	101.4

(Notes) 1. Intersegment transactions are excluded.

2. Sales results by major customers and their ratio to the total sales results are not disclosed because there is no customer whose sales results are equal to or more than 10% of the total sales results.
3. Some changes have been made to reporting segments from the current fiscal year. Year-on-year comparison is calculated based on the figures of the previous fiscal year after reflecting the relevant changes.

Management's discussion and analysis of financial condition and operating results

Revenue increased by 1.4% to 1,028,171 million yen for the year ended March 31, 2026 (hereinafter "the current fiscal year") from the year ended March 31, 2025 (hereinafter "the previous fiscal year"). This was mainly due to increased sales of Functional Base Products etc.

Cost of sales increased by 3.1% year-on-year to 637,408 million yen. The cost of sales to revenue ratio increased by 1.0 percentage points year-on-year to 62.0%.

Selling, general and administrative expenses increased by 3.0% year-on-year to 156,322 million yen. The ratio of selling, general and administrative expenses to revenue increased by 0.2 percentage points year-on-year to 15.2%. Research and development expenses increased by 2.7% year-on-year to 48,025 million yen. The ratio of research and development expenses to revenue increased by 0.1 percentage points year-on-year to 4.7%.

As a result, operating profit decreased by 1.1% year-on-year to 183,615 million yen.

Profit before income taxes decreased by 0.2% year-on-year to 184,976 million yen.

Income tax expenses were 51,438 million yen in the current fiscal year, compared to 48,021 million yen in the previous fiscal year, and the effective tax rate after the application of deferred tax accounting was 27.8% (25.9% in the previous fiscal year).

Net profit attributable to owners of the parent company decreased by 2.7% year-on-year to 133,498 million yen. Basic earnings per share increased by 0.7% year-on-year to 197.20 yen.

For an overview of the operating results and the perception, analysis, and discussion of the operating results by segment, please refer to "II. Overview of Business, 4. Management Analysis of Financial Position, Operating Results, and Cash Flows, Overview of operating results."

Liquidity and capital resources

In order to consistently enhance its corporate value amid fast-changing operating environments, the Group prioritizes its application of funds in the order of: 1. Capital investment, 2. Cash dividends, 3. M&As, and 4. Share buybacks.

The source of the Group's funds is mainly its capital. The Group uses a treasury management system to monitor the funds within the Group in a timely manner and centralizes the funds into a fund management center in each region by way of dividend payments and cash pooling to further enhance capital efficiency.

Consolidated borrowings as of the end of the current fiscal year decreased by 455 million yen from the end of the previous fiscal year. The cash and cash equivalents balance was 359,805 million yen as of the end of the current fiscal year.

Significant accounting estimates and assumptions used for the estimates

Significant accounting estimates and assumptions used for the estimates are described in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 3. Summary of material accounting policies, 4. Significant accounting estimates and judgments."

5. Material Contracts, etc.

There were no material contracts or agreements in the current fiscal year.

6. Research and Development Activities

With the Basic Policy on R&D, “Solving social issues through innovation,” the Group aims to create new products, services, and businesses that help preserve and improve the global environment and help improve the quality of people’s lives. We offer new value by combining various technologies based on our eight core technologies: adhesion, optical design, circuit formation, thin layer formation, porous formation, separation, oligonucleotide synthesis, and drug delivery systems.

The Corporate Technology Sector develops future businesses and technologies to support them through close cooperation between the Technology and IP Strategy Division and three other divisions: the Corporate Research and Development Division, the Corporate Business Development Division, and the Nucleic Acid Medicine Business Division. With “inovas” as a core R&D site in Ibaraki City, Osaka, opened in March 2016, we have sites outside of Japan, which are Nitto Denko Technical Corporation (Oceanside), Nitto BioPharma, Inc. (San Diego), Nitto Bend Technologies, Inc. (Farmington) in the U.S., and Nitto Denko Asia Technical Centre Pte. Ltd. in Singapore.

As an initiative to contribute to the preservation and improvement of the global environment, the Group is engaged in developing technology to separate and capture CO₂ contained in gases emitted from manufacturing facilities. During the fiscal year under review, we entered into a joint development agreement with Aqualung Carbon Capture (headquartered in Norway; CEO: Andrew Robbins), a pioneer in CO₂ membrane separation technology, and made a strategic investment in the company. By combining the technologies of both companies, we aim to deliver an industry-leading solution in the CO₂ capture field in terms of both cost efficiency and performance.

The Group is also proactively engaged in open innovation, developing new technologies and products in collaboration with various academic institutions and companies. During the fiscal year under review, we formed a strategic partnership with Numat Technologies, Inc. (headquartered in Chicago, Illinois; CEO: Benjamin Hernandez) to accelerate the development of next-generation decarbonization technologies. Numat is a pioneer in metal-organic framework (MOF) materials and was the first globally to achieve the commercialization of this technology. Through this collaboration, we will work to further advance our separation technologies and develop products that contribute to the preservation and improvement of the global environment.

The Group is also working on R&D, focusing on intellectual property strategies and steadily materializing the technologies transferred from R&D into businesses with strategic patent applications. Because of these R&D activities, we were selected as one of the “Clarivate Top 100 Global Innovators 2026” in the current fiscal year. Clarivate Analytics selects 100 companies/organizations with superior R&D activities and intellectual asset management based on four evaluation criteria: the influence of patents, success rate, global performance, and rarity. Since 2012, Nitto has been awarded 13 times.

The number of employees in the research and development division was 1,756 for the Group, of which 1,122 were for the Company, in the current fiscal year. The Group’s total research and development expenses were 48,025 million yen. Of this amount, research and development expenses for the Corporate Technology Sector, which has no direct association with any of the operating segments, were 11,184 million yen.

The results of R&D activities by segment are as follows:

(1) Industrial Tape

Reducing CO₂ emissions is essential for the Group to achieve sustainable growth and realize a sustainable environment and society. To achieve this goal, we are developing new organic solvent-free products to reduce CO₂ emissions in our production activities. Additionally, we are working to develop products that enable rework and recycling by establishing a peeling technology that uses heat, light, electricity, etc., as a trigger through the use of biomass adhesives that help reduce CO₂ emissions throughout the supply chain, the use of recycled materials through resource circulation, and the use of the Group’s adhesive technology.

We are focusing on the digital device and semiconductor segments as we develop new products to meet customer needs and expand our product lineup.

In the digital device field, we will not only pursue the adhesion and shock absorption properties required of conventional tapes but also contribute to improving sustainability by providing removability and using recycled materials, aiming to achieve a recycling society.

In the semiconductor field, we will develop process tapes for semiconductor manufacturing, especially for advanced semiconductors. This will help improve the productivity of our customers, who continue to look for high-quality products.

We are also focusing on the green energy field; in the hydrogen and battery field, we will promote marketing and development activities for new applications, thereby contributing to achieving a safe and clean society.

Research and development expenses for this segment were 8,331 million yen in the current fiscal year.

(2) Optronics

In the display industry, organic light-emitting diode displays are becoming increasingly popular, especially for smartphones, and it is expected that they will be increasingly used in home appliances such as tablet PCs and note PCs, as well as in-vehicle displays. In addition to improving basic characteristics such as display quality as a display, we have responded to various customer requests such as device-specific flexibility, high reliability, and the ability to follow curved surfaces. We have satisfied customer requests by adding functionality to polarizing films, retardation films, and adhesives and optimizing the overall design of each film and adhesive. We also focus on developing products that improve the productivity of customer production processes.

In the area of new devices, in addition to developing ultra-high-quality optical films for virtual reality (VR), we deepened our collaboration with TruLife Optics—in which we invested in FY2024—and accelerated the research and development of optical components for augmented reality (AR) glasses. Particularly, to meet the stringent optical requirements unique to AR, we have begun developing low-refractive-index optical materials that achieve both light weight and high transmittance and are strengthening our technological foundation to advance next-generation AR optical systems.

Outside the display sector, we are applying our proprietary ITO sputtering technology to develop electrode films for diverse sensor applications, such as automotive dimming roofs, moving beyond traditional touch sensor use. We are also enhancing our ability to meet the rigorous durability and reliability requirements of automotive and industrial applications, thereby driving further expansion of our product use cases.

In these technological development activities, we are accelerating the provision of value to customers, society, and the global environment by integrating them with environmental technologies even further, such as the use of recycled and bio-based materials and the adoption of solvent-free adhesives.

In the circuit material-related business, we provide circuit boards for hard disk drives (HDDs) used in data centers. The data center market has grown remarkably alongside the recent evolution and widespread adoption of AI technology. Technological development to increase the storage capacity of HDDs is also progressing, and we will continue to contribute to the sustained growth of this market. We are also commercializing high-precision circuit boards for smartphones by applying circuit boards developed for HDDs and are promoting both the expansion of sales and the enhancement of production capacity in printed circuit boards. In FY2025, we expanded our technologies into new smartphone applications and began mass production of these high-precision circuit boards.

In taking on new markets, we will advance product development for fields where we can leverage our core strengths in insulating materials and wiring formation technologies.

As part of our environmental initiatives, we have developed insulating materials that comply with fluorine-containing acid regulations and have begun applying them to our products.

Research and development expenses for this segment were 16,602 million yen in the current fiscal year.

(3) Human Life

In the Life Science field, we established scale-up technologies for oligonucleotide process materials and began full-scale production of these materials at our new plant. Moreover, we expect to begin operations at a new processing plant in North America in FY2026.

We have also commenced the development of novel process materials and synthesis methods for oligonucleotide production. Going forward, we will commercialize process materials and synthesis technologies essential for the manufacture of oligonucleotide therapeutics and contribute to our customers' innovation by providing high-quality drug substances for oligonucleotide therapeutics with high yield and high purity.

In the field of separation membrane and membrane products, we are developing products to address new needs in response to the diversification of raw water to be treated. FY2025, we developed membranes with selective separability for univalent and bivalent ions to meet needs such as resource separation and purification. Additionally, our NF membranes for municipal drinking water were internally certified under PlanetFlags™, which recognizes products with outstanding environmental contributions. Furthermore, our joint proposal with Nagoya University and Kobe University—focused on Innovative Technology Development Required for the Concentration of Sorghum Molasses for ATJ—was selected for the FY2025 NEDO Leading Research Program/Energy and Environment New Technology Leading Research Program. Our membrane technology is expected to help reduce the production cost of bioethanol used for SAF. In the future, we will continue to develop products that address social needs and contribute to reducing CO2 emissions and promoting a recycling-oriented society, besides saving energy and extending product lifespans.

In personal care materials, we develop hygiene material products, such as diaper materials, based on our core technologies in films, nonwoven fabrics, and processing technologies for these materials. By creating products that use solvent-free adhesive and lamination technologies, as well as biomass, recycled and biodegradable materials that can contribute to the global environment, we will strive to be at the forefront of the market and provide innovative hygiene materials that are comfortable and safe for consumers.

Additionally, we will actively expand our business in fields beyond hygiene materials, such as mobile- and construction-infrastructure-related businesses, by expanding the applications of our functional film technologies both inside and outside the company. Leveraging our ability to process product design closely and quickly in-house, we focus on new business development and synergistic activities for business growth.

Research and development expenses for this segment were 6,503 million yen in the current fiscal year.

(4) Others

In new businesses in Others, we are developing various products for new fields, such as digital health and next-generation semiconductors. The service we launched in the United States in the previous fiscal year—which supports the work of psychological counselors by analyzing and visualizing biometric information—continued to be provided during the fiscal year.

Research and development expenses for this segment were 5,403 million yen in the current fiscal year.

III. Facilities

1. Overview of Capital Investment

The Group's capital expenditure for the current fiscal year 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 the 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 the 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.

2. Major Facilities

The Group's major facilities are as follows.

(1) Reporting company

As of March 31, 2026

Name of facility (Location)	Segment name	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery and vehicles	Land (Area: m ²)	Right-of- use assets	Others	Total	
Tohoku Plant (Osaki, Miyagi)	Human Life	Medical products manufacturing facility	6,978	3,836	1,104 (383,973)	0	953	12,873	189 [30]
Kanto Plant (Fukaya, Saitama)	Industrial Tape	Tape-related products manufacturing facility	4,729	5,983	1,155 (69,920)	69	560	12,498	349 [2]
Toyohashi Plant (Toyohashi, Aichi)	Industrial Tape Optronics	Tape-related products manufacturing facility Information Fine Materials manufacturing facility	18,818	18,174	6,040 (336,812)	129	1,521	44,685	1,632 [19]
Kameyama Plant (Kameyama, Mie)	Optronics	Circuits Materials manufacturing facility Information Fine Materials manufacturing facility	23,596	24,209	79 (133,119)	87	1,346	49,319	1,252 [132]
Shiga Plant (Kusatsu, Shiga)	Human Life Optronics	Membrane module manufacturing facility Information Fine Materials manufacturing facility	6,909	12,117	1,580 (74,303)	46	193	20,847	422 [65]
Onomichi Plant (Onomichi, Hiroshima)	Optronics	Information Fine Materials manufacturing facility Circuits Materials manufacturing facility	20,209	16,885	3,575 (182,528)	29	565	41,265	1,696 [12]
Ibaraki Office (Ibaraki, Osaka)	Industrial Tape Optronics Human Life Others	Research and development facility	8,870	2,756	239 (24,777)	20	2,692	14,577	643 [9]

(2) Subsidiaries

As of March 31, 2026

Company name (Location)	Segment name	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery and vehicles	Land (Area: m ²)	Right-of- use assets (Area: m ²)	Others	Total	
(Domestic subsidiaries)									
Nitto Shinko Corporation (Sakai, Fukui)	Industrial Tape	Tape-related products manufacturing facility	5,458	2,906	282 (43,232)	73 (-)	666	9,386	309 [131]
(Overseas subsidiaries)									
Kinovate Life Science, Inc. (Carlsbad U.S.)	Human Life	Medical products manufacturing facility	7,435	359	660 (12,788)	21 (-)	-	8,476	62 [-]
Nitto, Inc. (Teaneck, the U.S.)	Industrial Tape	Tape-related products manufacturing facility	1,401	977	140 (53,510)	1,767 (-)	141	4,428	496 [48]
Nitto Denko Avecia Inc. (Milford, the U.S.)	Human Life	Medical products manufacturing facility	28,016	11,055	2,516 (203,151)	76 (-)	351	42,015	577 [-]
Nitto Belgium NV (Genk, Belgium)	Industrial Tape	Tape-related products manufacturing facility	1,150	4,387	191 (191,440)	639 (-)	88	6,458	532 [1]
Nitto Advanced Film Gronau GmbH (Gronau, Germany)	Human Life	Personal Care Materials manufacturing facility	6,714	7,917	945 (104,498)	197 (-)	1,278	17,053	625 [-]
Nitto Advanced Nonwoven Ascania GmbH (Aschersleben, Germany)	Human Life	Personal Care Materials manufacturing facility	3,378	2,513	153 (71,489)	24 (-)	42	6,113	133 [4]
Nitto Denko (Taiwan) Corporation (Kaohsiung City, Taiwan)	Industrial Tape	Tape-related products manufacturing facility	1,771	1,150	- (-)	107 (33,522)	60	3,089	324 [11]
Nitto Denko (Shanghai Songjiang) Co., Ltd. (Shanghai, China)	Industrial Tape	Tape-related products manufacturing facility	3,475	3,650	- (-)	215 (100,516)	145	7,487	481 [-]
Korea Nitto Optical Co., Ltd. (Pyeongtaek, Korea)	Optronics	Information Fine Materials manufacturing facility	4,979	2,795	156 (86,745)	110 (-)	1,070	9,112	895 [-]
Taiwan Nitto Optical Co., Ltd. (Taichung City, Taiwan)	Optronics Industrial Tape	Information Fine Materials manufacturing facility Tape-related products manufacturing facility	1,935	907	- (-)	293 (52,588)	213	3,349	807 [1]
Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. (Shenzhen, China)	Optronics	Circuits Materials manufacturing facility	664	1,299	- (-)	583 (34,262)	574	3,123	1,062 [-]
Shenzhen Nitto Optical Co., Ltd. (Shenzhen, China)	Optronics	Information Fine Materials manufacturing facility	7,336	4,780	- (-)	663 (52,301)	343	13,123	1,652 [-]
Nitto Material Technology (Chengdu) Co., Ltd. (Chengdu, China)	Optronics	Information Fine Materials manufacturing facility	8,870	5,500	- (-)	2,447 (74,064)	373	17,192	489 [-]
Nitto Denko Vietnam Co., Ltd. (Ho Chi Minh, Vietnam)	Optronics	Circuits Materials manufacturing facility	12,031	16,488	- (-)	154 (38,153)	848	29,523	2,343 [-]
Nitto Vietnam Co., Ltd. (Bac Ninh, Vietnam)	Optronics	Information Fine Materials manufacturing facility	1,069	579	- (-)	2,139 (102,567)	258	4,046	487 [-]

- (Notes) 1. The above amounts do not include construction in progress.
2. "Others" of carrying amount represents tools, furniture and fixtures.
3. Square brackets of number of employees separately represent the average number of temporary workers.

3. Planned Addition, Retirement, and Other Changes of Facilities

As of March 31, 2026, the addition or expansion of important facilities implemented or planned by the Group is as follows.

There is no retirement or sale of important facilities.

Company name Name of facility	Location	Segment name	Description of facilities	Estimated amount of investment (Millions of yen)		Financing method	Estimated date of start and completion	
				Total amount	Paid amount		Start	Completion
The Company Tohoku Plant	Osaki, Miyagi	Human Life	Medical products manufacturing facility	1,981	530	Equity Loan	April 2023	October 2026
The Company Kanto Plant	Fukaya, Saitama	Industrial Tape	Tape-related products manufacturing facility	8,437	1,396	Equity Loan	April 2023	October 2028
The Company Toyohashi Plant	Toyohashi, Aichi	Industrial Tape Optronics	Tape-related products manufacturing facility Information Fine Materials manufacturing facility	49,861	7,886	Equity Loan	April 2023	December 2028
The Company Kameyama Plant	Kameyama, Mie	Optronics	Circuits Materials manufacturing facility Information Fine Materials manufacturing facility	40,806	10,405	Equity Loan	April 2023	March 2029
The Company Shiga Plant	Kusatsu, Shiga	Human Life Optronics	Membrane module manufacturing facility Information Fine Materials manufacturing facility	19,232	4,926	Equity Loan	April 2023	June 2029
The Company Onomichi Plant	Onomichi, Hiroshima	Optronics	Information Fine Materials manufacturing facility Circuits Materials manufacturing facility	33,710	15,824	Equity Loan	April 2023	April 2029
The Company Ibaraki Office	Ibaraki, Osaka	Industrial Tape Optronics Human Life Others	Research and development facility	9,874	2,991	Equity Loan	April 2023	March 2029
Kinovate Life Sciences, Inc.	Carlsbad the U.S.	Human Life	Medical products manufacturing facility	13,514	13,211	Loan	January 2022	July 2026
Nitto Denko Avecia Inc.	Milford the U.S.	Human Life	Medical products manufacturing facility	13,891	9,637	Equity	July 2020	December 2026
Nitto Denko (Taiwan) Corporation	Kaohsiung, Taiwan	Industrial Tape	Tape-related products manufacturing facility	21,649	13,362	Equity Loan	March 2024	May 2028

Company name Name of facility	Location	Segment name	Description of facilities	Estimated amount of investment (Millions of yen)		Financing method	Estimated date of start and completion	
				Total amount	Paid amount		Start	Completion
Nitto Material Technology (Chengdu) Co., Ltd.	Chengdu, China	Optronics	Information Fine Materials manufacturing facility	19,860	16,111	Equity Loan	February 2023	March 2027
Nitto Denko Vietnam Co., Ltd.	Ho Chi Minh Vietnam	Optronics	Circuits Materials manufacturing facility	22,675	15,296	Equity Loan	November 2021	March 2027
Nitto Vietnam Co., Ltd.	Bac Ninh Vietnam	Optronics	Information Fine Materials manufacturing facility	23,079	11,329	Equity Loan	April 2023	July 2026

IV. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	2,000,000,000
Total	2,000,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2026)	Number of issued shares as of the filing date (Shares) (June 17, 2026)	Stock exchange on which the Company is listed/Authorized financial instruments firms associations to which the Company is affiliated	Description
Common stock	678,659,700	678,659,700	The Tokyo Stock Exchange Prime Market	The Company's standard stock whose rights are not subject to any restrictions. One unit of shares constitutes 100 shares.
Total	678,659,700	678,659,700	-	-

(2) Share acquisition rights

(i) Stock option plans

The details of the stock option plan are described in "V. Financial Information, 1. Consolidated Financial Statements, etc.,

(1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 18. Share-based remuneration."

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercise of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in number of issued shares, share capital, and legal capital surplus

Date	Changes in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
September 15, 2023	(6,206,693)	143,551,735	-	26,783	-	50,482
July 16, 2024	(2,199,585)	141,352,150	-	26,783	-	50,482
October 1, 2024	565,408,600	706,760,750	-	26,783	-	50,482
October 15, 2025	(28,101,050)	678,659,700	-	26,783	-	50,482

(Note) 1. The decrease in the total number of issued shares is due to the cancellation of treasury shares.

2. Pursuant to the resolution at the Board of Directors meeting on May 24, 2024, the company has implemented the stock split with an effective on October 1, 2024. Each share of common stock has been split into five shares. The total number of issued shares increased by 565,408,600 to 706,760,750.

(5) Shareholding by shareholder category

As of March 31, 2026

Category	Status of shares (The number of shares per unit is 100 shares)								Shares below one unit (Shares)
	Government and local municipalities	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	-	71	39	304	899	46	28,123	29,482	-
Number of shares held (Units)	-	2,734,310	294,243	188,735	3,030,423	391	537,159	6,785,261	133,600
Ratio of shares held (%)	-	40.30	4.34	2.78	44.66	0.01	7.91	100.00	-

(Notes) 1. 4,999,950 shares of treasury shares include 49,999 units in “Individuals and others” and 50 shares in “Shares below one unit.”

2. The number of shares in “Other corporations” includes 25 units of shares held by Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2026

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	170,514	25.31
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	68,890	10.23
THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	14,049	2.09
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	13,539	2.01
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	13,128	1.95
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	12,620	1.87
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	12,039	1.79
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1 QUEEN'S ROAD CENTRAL, HONG KONG (3-11-1 Nihombashi, Chuo-ku, Tokyo)	11,258	1.67
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	Nippon Life Insurance Company, Securities Management Department, 1-6-6 Marunouchi, Chiyoda-ku, Tokyo (Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo)	10,410	1.55
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	9,961	1.48
Total	-	336,413	49.94

(Note) Although the following reports on large-scale shareholdings have been made available for public inspection, the Company lists the major shareholders above according to the shareholder register as of March 31, 2026.

- (1) A total of two shareholders comprising MFS Investment Management K.K. and its joint holder
6,167 thousand shares (as of June 28, 2024)
- (2) A total of three shareholders comprising Mitsubishi UFJ Financial Group, Inc. and its joint holders
33,322 thousand shares (as of July 14, 2025)
- (3) A total of two shareholders comprising Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder
59,029 thousand shares (as of September 15, 2025)
- (4) Nomura Asset Management Co., Ltd.
75,225 thousand shares (as of October 15, 2025)
- (5) Capital Research and Management Company
17,237 thousand shares (as of February 13, 2026)
- (6) A total of 13 shareholders comprising BlackRock Japan Co., Ltd. and its joint holders
63,469 thousand shares (as of April 15, 2026)

(7) Voting rights
(i) Issued shares

As of March 31, 2026

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	-	-	-
Shares with limited voting rights (treasury shares, etc.)	-	-	-
Shares with limited voting rights (others)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common shares 4,999,900	-	The Company's standard stock whose rights are not subject to any restrictions.
Shares with full voting rights (others)	Common shares 673,526,200	6,735,262	Same as above
Shares below one unit	Common shares 133,600	-	-
Total number of issued shares	678,659,700	-	-
Total voting rights held by all shareholders	-	6,735,262	-

(Note) The number of shares in "Shares with full voting rights (others)" includes 2,500 shares held by Japan Securities Depository Center, Incorporated.

In addition, the number of shares in "Number of voting rights" includes 25 units of voting rights related to shares with full voting rights held by the same center.

(ii) Treasury shares, etc.

As of March 31, 2026

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury shares) Nitto Denko Corp.	1-1-2, Shimohozumi, Ibaraki, Osaka	4,999,900	-	4,999,900	0.74
Total	-	4,999,900	-	4,999,900	0.74

2. Acquisition and Disposal of Treasury Shares

[Class of Shares, etc.]

Acquisition of common shares under Article 155, Item 3 of the Companies Act of Japan and Article 155, Item 7 of the Companies Act of Japan

(1) Acquisition by resolution of a general meeting of shareholders

Not applicable.

(2) Acquisition by resolution of Board of Directors meeting

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (January 27, 2025) (Acquisition period: February 5, 2025 through August 31, 2025)	Maximum 34,000,000	Maximum 80,000,000,000
Acquired treasury shares before the current fiscal year	6,917,500	19,999,638,100
Acquired treasury shares during the current fiscal year	21,427,900	60,000,218,568
Total number and value of remaining resolution shares	5,654,600	143,332
Unexercised percentage as of March 31, 2026 (%)	16.6	0.0
Acquired treasury shares during the current term	-	-
Unexercised percentage as of the filing date (%)	16.6	0.0

Category	Number of shares (Shares)	Total amount (Yen)
Resolution of the Board of Directors (March 30, 2026) (Acquisition period: April 8, 2026 through August 31, 2026)	Maximum 20,000,000	Maximum 50,000,000,000
Acquired treasury shares before the current fiscal year	-	-
Acquired treasury shares during the current fiscal year	-	-
Total number and value of remaining resolution shares	20,000,000	50,000,000,000
Unexercised percentage as of March 31, 2026 (%)	100.0	100.0
Acquired treasury shares during the current term	5,839,900	18,499,675,500
Unexercised percentage as of the filing date (%)	70.8	63.0

(Note) “Acquired treasury shares during the current term” does not include the number of shares acquired for purchase of shares below one unit from June 1, 2026 to the filing date of the Annual Securities Report.

(3) Acquisition not based on resolution of a general meeting of shareholders or Board of Directors meeting

Category	Number of shares (Shares)	Total amount (Yen)
Acquired treasury shares during the current fiscal year	-	-
Acquired treasury shares during the current term	-	-

(Note) “Acquired treasury shares during the current term” does not include the number of shares acquired for purchase of shares below one unit from June 1, 2026 to the filing date of the Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		Current term	
	Number of shares (Shares)	Total amount disposed (Yen)	Number of shares (Shares)	Total amount disposed (Yen)
Acquired treasury shares for which subscribers were solicited	-	-	-	-
Acquired treasury shares that were cancelled	28,101,050	77,835,233,188	-	-
Acquired treasury shares transferred due to merger, share exchange, share delivery or company split	-	-	-	-
Others (Note 2)	152,950	402,390,889	-	-
Number of treasury shares held	4,999,950	-	10,839,850	-

- (Notes) 1. Treasury shares disposed of during the current term do not include the number of shares disposed of by the sale of shares below one unit from June 1, 2026 to the filing date of the Annual Securities Report. In addition, the number of treasury shares held during the current term does not include the number of shares disposed of by the purchase and sale of shares below one unit from June 1, 2026 to the filing date of the Annual Securities Report.
2. Current fiscal year consists of disposal due to restricted share remuneration (number of shares: 103,200 total amount disposed: 271,500,624 yen) and performance-linked share-based remuneration (number of shares: 49,700 total amount disposed: 130,751,773 yen), and sale of shares below one unit upon requests for additional purchases (number of shares: 50 total amount disposed: 138,492 yen).

3. Dividend Policy

The Group's dividend policy is to ensure stable and fair returns to its shareholders, and our targets are a DOE (Dividend on Equity ratio) of 4% or higher and a total payout ratio of 60% or higher. In addition, the Group will acquire treasury shares as part of our flexible capital policy and comprehensive shareholder return policy.

The Group's basic policy is to pay dividends from internal reserves twice a year, an interim dividend and a year-end dividend. The decision-making bodies for the dividend payouts are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend. The Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay an interim dividend with a record date of September 30 of each year.

In accordance with the basic policy outlined above, the Group has planned to pay year-end dividend of 30 yen per share for the current fiscal year.

The Group will effectively utilize internal reserves for future business growth, including R&D expenses for rapid technological innovation and building a production system to meet customer needs.

The Group has planned to pay 64 yen per share as the annual dividend for the next fiscal year, an increase of 4 yen from the current fiscal year dividend of 60 yen.

Dividends of surplus for the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
October 27, 2025 Board of Directors	20,209	30
June 19, 2026 Ordinary General Meeting of Shareholders	20,209	30

4. Corporate Governance

(1) Overview of Corporate Governance

Basic Views on Corporate Governance

At the Nitto Group, we make clear our fundamental values and a sense of purpose with respect to business performance in the form of our Corporate Philosophy.

In order to maximize our corporate value and achieve continuous growth under the Corporate Philosophy, we believe that prompt and transparent decision-making, as well as bold managerial decisions, are necessary. Being fully aware of the importance of establishing corporate governance to achieve such decision-making, we will further improve our corporate governance system by establishing these Corporate Governance Guidelines in accordance with the following basic principles.

- We ensure the rights and equality of our shareholders.
- We collaborate with our stakeholders appropriately.
- We disclose information appropriately to ensure transparency.
- We aim to realize the management functions expected of us by our stakeholders.
- We engage in constructive dialogue with our shareholders.

(i) Basic policy on internal control

The Nitto Group has stipulated its Mission, “Contribute to customers’ value creation with innovative ideas,” to clarify the role the Group should fulfill. The Nitto Way is 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. One of the principles of the Nitto Way is, “Place safety before everything else,” which refers not only to physical safety but also to the safety of management. The Group recognizes that creating a system needed to ensure the appropriateness of business operations (internal control system) and confirming their operation status are part of 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 of Japan; Article 100, Paragraph (1), item (iv) and item (v) of the Ordinance for Enforcement of the Companies Act of Japan)

(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.

2. Risk management promotion system (Article 100, Paragraph (1), item (ii) and item (v) of the Ordinance for Enforcement of the Companies Act of Japan)

(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 and Operational Risks, a system shall be established whereby, in addition to appropriate reports from the managing departments, 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 these 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.
3. Operational efficiency improvement promotion system (Article 100, Paragraph (1), item (iii) and item (v) of the Ordinance for Enforcement of the Companies Act of Japan)
- (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 one of the Corporate Strategy Meetings, 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.
4. Internal audit system (Article 362, Paragraph (4), item (vi) of the Companies Act of Japan)
 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.
5. Policy on ensuring effectiveness of audits by Corporate Auditors (Article 100, Paragraph (3) of the Ordinance for Enforcement of the Companies Act of Japan)
- (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 Board of Corporate Auditors and/or Corporate Auditors.
- 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.

Institution	Roles, etc.
1 Board of Directors [Chairperson] Hideo Takasaki, Chairman	[Composition] Six (6)* Internal Directors and four (4) Outside Directors (ten (10) in total) * Including one Part-time Director · Decision-making on important matters such as basic policies and strategic management decisions, including management policy, mid-term management plan, and ESG management · Supervision of business execution by Representative Directors, Vice Presidents, etc. · Establishment of internal controls and supervision of its operational status · Decision-making on other legal resolutions
2 Nomination and Remuneration Advisory Committee [Chairperson] Michitaka Sawada, Outside Director	[Composition] Two (2) Representative Directors, four (4) Outside Directors, three (3) Outside Corporate Auditors (nine (9) in total) · Voluntary advisory committee · A structure where appropriate engagement and advice from Outside Directors and Outside Corporate Auditors in advance and important matters are deliberated at the Board of Directors thereafter · Advice on important issues including nomination of management team, and executive remuneration
3 Corporate Strategy Meeting [Chairperson] Tatsuya Akagi, President	[Composition] Twenty-eight (28) Directors and Vice Presidents (including those concurrently serving as Directors; twenty-nine (29) in total) * Members may be limited for discussion of urgent/technical agenda items. · Decision-making on important management matters · Discussion and decision-making on measures to promote ESG management · Internal control monitoring and decision-making on corrective measures
4 Business execution departments	· Execution of business delegated by the Representative Director(s) · Decision-making on important business operations through meetings hosted by the business execution departments (chaired by the Head of said department).
5 Special function departments	· Support for business execution departments from a professional perspective by special function departments organized by function, such as management strategy, human resources, accounting and finance, etc. · Control and monitor compliance of business execution departments through the formulation of rules and regulations, etc.
6 Regional management	· Established in major overseas regions (Americas, EMEA, China, Korea, Taiwan, South Asia/India/Oceania) · Support, control and monitoring based on the characteristics of each region, implemented in cooperation with special function departments
7 Board of Corporate Auditors [Chairperson] Shin Tokuyasu, Corporate Auditor (full-time service)	[Composition] Two (2) Corporate Auditors (full-time service) and three (3) Outside Corporate Auditors (five (5) in total) · Monitoring of directors' execution of duties through attendance at Board of Directors meetings · Attendance at important meetings, interviews with Directors and employees on the status of their activities, inspection of approved documents and other important documents, inspection of the head office, technology and business divisions and offices, and domestic and overseas group companies, as well as interviews with the Accounting Auditors on their audit reports and exchanges of opinions.
8 Accounting Auditors	KPMG AZSA LLC · Audit of appropriateness and legality of accounting and internal control over accounting
9 Internal audit department	· Internal audits of the accuracy, legitimacy, and reasonableness of management activities at each Group company for the purpose of contributing to the improvement of operations and business performance, independent of the execution of those activities. · Internal audits include QES audits for quality, environment, and safety, and external evaluations on a regular basis.

<Characteristics of Nitto's Corporate Governance Structure>

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

1. Diversity of the Board of Directors and the Board of Corporate Auditors to consolidate multifaced opinions
 Comprehensively taking into account diversity including elements such as the balanced allocation of specializations (e.g., skill, specialty, and length of tenure) to be fully acquired, gender, age, work experience, race, ethnicity, or cultural background, Nitto appoints members of the Board of Directors and the Board of Corporate Auditors, who can practice The Nitto Way or a set of values that expresses what the Nitto Group should cherish and its standard for judgment.
2. Open and robust discussions by the Board of Directors
 The Nitto Board Effectiveness Evaluation, which the Company conducts annually, confirms that open and robust discussions on each management issue are among its Board of Directors' strengths.

3. The Nomination and Remuneration Advisory Committee as a place to hear broad opinions

As a place for its members to exchange opinions and provide advice for Representative Directors, the Nomination and Remuneration Advisory Committee hears valuable opinions each time its meeting is convened. Outside directors serve as chair and provides advice on important matters, including the nomination of directors and officers' remuneration. Please note that since, according to the Companies Act, Nomination and Remuneration are to be determined by the Board of Directors, which has open and robust discussions, the Nomination and Remuneration Advisory Committee is not deliberately obliged to report to the Board of Directors.

4. Triple axis management for adequate resolution of management issues

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

5. ESG management promotion system to ensure effectiveness

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

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

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

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

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

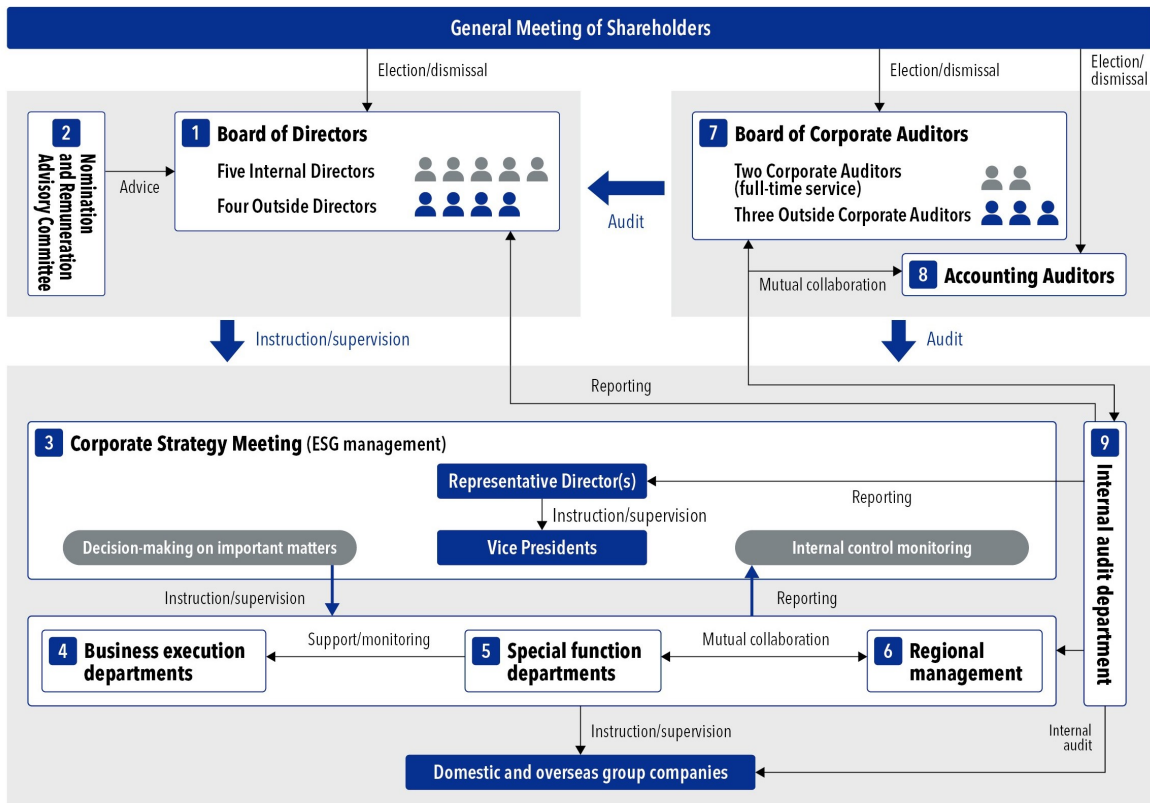
7. Alignments to ensure audits by Corporate Auditors

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

*The Company has proposed the election of 9 Directors as an agenda item (resolution item) for the Ordinary General Meeting of Shareholders to be held on June 19, 2026. Once this agenda item is approved, the number of Directors will become 9, including four outside Directors.

Additionally, as disclosed in a timely manner on April 27, 2026, we plan to redefine the voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, instead of Representative Directors, in order to facilitate the proper involvement of the Board of Directors in matters related to nomination of and remuneration for senior management and to ensure the full and clear function of the Board in its supervisory role for those matters. We will also restructure the Committee so that Outside Directors will constitute the majority of its members to ensure fairness, transparency, and objectivity. These changes will be effective as of June 19, 2026.

The following chart presents the Company's corporate governance structure as of June 19, 2026, reflecting the above.



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

<Characteristics of Nitto's Corporate Governance Structure>

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

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

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

2. Open and robust discussions by the Board of Directors

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

3. Effectiveness-focused Nomination and Remuneration Advisory Committee

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

4. Triple axis management for adequate resolution of management issues

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

5. ESG management promotion system to ensure effectiveness

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

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

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

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

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

7. Alignments to ensure audits by Corporate Auditors

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

(iii) Reason for adopting the corporate governance structure

The Company recognizes that “Corporate governance structure” in “(ii) Summary of corporate governance structure” functions effectively and efficiently in executing business and overseeing the management.

(iv) 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 of Japan, and the compensation limitation amount under these agreements is the minimum amount determined under laws and regulations.

(v) 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.

(vi) Number of Directors

The Company stipulates in its articles of incorporation that the number of Company’s Directors shall not be more than ten.

(vii) Resolution for election of Directors

The Company stipulates in its articles of incorporation that resolutions for election of Directors shall be adopted by a majority of the voting rights of shareholders attending the general meeting of shareholders who collectively hold one-third or more of all voting rights. It also stipulates in its articles of incorporation that cumulative voting shall not be applied to pass a resolution on the appointment of Directors.

(viii) Decision-making body for the acquisition of treasury shares

The Company stipulates in its articles of incorporation that the Company may acquire treasury shares through market transactions, etc. by resolution of the Board of Directors to enable an execution of agile capital management policy.

(ix) Special resolution requirement at the general meeting of shareholders

The Company stipulates in its articles of incorporation that special resolutions of the general meeting of shareholders as set forth in Article 309, Paragraph (2) of the Companies Act of Japan, shall be adopted by two-third or more of the voting rights of shareholders attending the general meeting of shareholders who collectively hold one-third or more of all voting rights to maintain the smooth operation of the general meeting of shareholders.

(x) Decision-making body for interim dividends

The Company stipulates in its articles of incorporation that the Company may pay interim dividends on the record date of September 30 annually, based on the Board of Directors’ resolution under Article 454, Paragraph (5) of the Companies Act of Japan to enable agile profit distribution to shareholders.

(xi) Policy on corporate dominance

The basic views of the Company on acquisition on 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.

(xii) Activities of the Board of Directors, and the Nomination and Remuneration Advisory Committee

1. Activities of the Board of Directors

During the current fiscal year, the Board of Directors held 12 meetings. All Board Members and Corporate Auditors attended the deliberations as members of the Board of Directors. The followings are attendance status and main deliberations:

<Attendance status>

Name	Number of meetings	Number of attendance	Percentage of attendance
Hideo Takasaki	12	12	100%
Yosuke Miki	12	12	100%
Yasuhiro Iseyama	12	12	100%
Yasuhito Ohwaki	12	12	100%
Tatsuya Akagi	12	12	100%
Yoichiro Furuse	12	12	100%
Wong Lai Yong	12	12	100%
Michitaka Sawada	12	12	100%
Yasuhiro Yamada	12	12	100%
Mariko Eto	12	12	100%
Shin Tokuyasu	12	12	100%
Toshihiko Takayanagi	12	12	100%
Yasuko Kobashikawa	12	12	100%
Kiyoshi Sono	12	12	100%
Tsuyoki Hattori	12	12	100%

<Topics discussed at Board of Directors meetings in the fiscal year 2025>

Management

- Formulation of the new medium-term management plan
- Executive succession plan
- Discussion on fund usage

Monitoring

- Verification of the implementation status of internal control
- Summary of activities in respective regions and special function departments

Others

- Dialogue with investors

2. Activities of the Nomination and Remuneration Advisory Committee

The Committee met seven times in the current fiscal year. All Outside Officers played important roles as 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 agenda of deliberations:

<Participation>

Name	Number of meetings	Number of attendance	Percentage of attendance
Hideo Takasaki	7	7	100%
Wong Lai Yong	7	7	100%
Michitaka Sawada	7	7	100%
Yasuhiro Yamada	7	7	100%
Mariko Eto	7	7	100%
Yasuko Kobashikawa	7	7	100%
Kiyoshi Sono	7	7	100%
Tsuyoki Hattori	7	7	100%

<Major consultations and deliberations in the fiscal year 2025>

- Executive succession plan
- Review of remuneration for officers

(2) Directors and Corporate Auditors

(i) List of Directors and Corporate Auditors

1. The Company's Directors and Corporate Auditors as of June 17, 2026 (the filing date of the Annual Securities Report) are as follows:

Male: 12, Female: 3 (Ratio of females to Directors and Corporate Auditors: 20%)

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Representative Director Chairman CEO	Hideo Takasaki	August 11, 1953	April 1978 June 2008 June 2010 June 2011 June 2013 April 2014 April 2026 Joined Nitto Denko Corporation Director, Vice President Director, Senior Vice President Director, Executive Vice President Director, Senior Executive Vice President Representative Director, President, CEO, COO Representative Director, Chairman, CEO (present)	(Note 4)	319
Representative Director President COO	Tatsuya Akagi	November 19, 1970	April 1993 June 2019 June 2022 June 2024 April 2026 Joined Nitto Denko Corporation Vice President, General Manager of Information Fine Materials Sector Senior Vice President, General Manager of Information Fine Materials Sector Director, Executive Vice President, General Manager of Information Fine Materials Sector Representative Director, President, COO (present)	(Note 4)	30
Director Senior Executive Vice President	Yosuke Miki	June 19, 1965	April 1993 June 2016 April 2017 June 2017 June 2019 April 2020 June 2020 April 2021 June 2022 April 2026 Joined Nitto Denko Corporation Vice President, General Manager of Information and Communication Technology Sector Vice President, Deputy CTO General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector and General Manager of New Business Development Division Director, Vice President Director, Senior Vice President Director, Senior Vice President, Deputy CTO General Manager of Information and Communication Technology Sector, Deputy General Manager of Corporate Technology Sector Director, Executive Vice President, CTO General Manager of Corporate Technology Sector, General Manager of Information and Communication Technology Sector Director, Executive Vice President, CTO Director, Senior Executive Vice President, CTO Director, Senior Executive Vice President (present)	(Note 4)	74
Director Senior Executive Vice President CFO	Yasuhiro Iseyama	April 19, 1962	June 1991 June 2017 June 2020 June 2021 June 2023 Joined Nitto Denko Corporation Vice President, General Manager of Corporate Accounting & Finance Division Director, Senior Vice President, CFO Director, Executive Vice President, CFO Director, Senior Executive Vice President, CFO (present)	(Note 4)	60

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Director Senior Executive Vice President CSO, CHRO	Yasuhito Ohwaki	February 13, 1962	<p>April 1984 Joined Nitto Denko Corporation</p> <p>June 2012 Vice President, General Manager of Functional Base Products Sector</p> <p>October 2013 Vice President, General Manager of Automotive Products Sector</p> <p>April 2015 Vice President, General Manager of Quality, Environment & Safety Management Sector</p> <p>April 2017 Vice President, Director, Nitto Denko India Private Limited</p> <p>June 2017 Senior Vice President</p> <p>October 2018 Senior Vice President, CPO</p> <p>October 2019 Senior Vice President, CIO, CPO</p> <p>June 2020 Executive Vice President, CIO, General Manager of Corporate Sustainability Division</p> <p>June 2021 Senior Executive Vice President</p> <p>April 2022 Senior Executive Vice President, General Manager of Human Resources Management Division</p> <p>June 2023 Director, Senior Executive Vice President, General Manager of Human Resources Management Division</p> <p>June 2024 Director, Senior Executive Vice President, CHRO</p> <p>April 2026 Director, Senior Executive Vice President, CSO, CHRO (present)</p>	(Note 4)	73
Director	Yoichiro Furuse	November 4, 1941	<p>April 1964 Joined Sumitomo Bank, Ltd.</p> <p>June 1989 Director, Sumitomo Bank, Ltd.</p> <p>October 1993 Executive Director, Sumitomo Bank, Ltd. (retired in June 1996)</p> <p>June 1996 Senior Managing Director, Mazda Motor Corporation (retired in June 2000)</p> <p>June 2001 Director, Sanyo Electric Co., Ltd.</p> <p>June 2002 Representative Director and Vice President, Sanyo Electric Co., Ltd. (retired in October 2005)</p> <p>January 2006 Representative Director, Evanston Corporation (present)</p> <p>June 2007 Outside Director, Nitto Denko Corporation</p> <p>September 2010 Non-Executive & Independent Director, Global Logistic Properties Limited (retired in December 2017)</p> <p>July 2015 Chairman of Japan, Permira Advisers KK (retired in December 2020)</p> <p>October 2015 Director, Sushiro Global Holdings Ltd. (retired in December 2016)</p> <p>March 2016 Outside Director, Nasta Co., Ltd. (present)</p> <p>January 2018 Consultant of GLP Pte. Ltd. (retired in December 2025)</p> <p>January 2021 Consultant of Japan, Permira Advisers KK (retired in December 2022)</p> <p>June 2023 Part time Director, Nitto Denko Corporation (present)</p>	(Note 4)	10

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Director	Wong Lai Yong	January 10, 1972	<p>September 2013 Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)</p> <p>July 2018 Director, Penang Women's Development Corporation (retired in September 2023)</p> <p>October 2019 Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)</p> <p>June 2020 Outside Director, Nitto Denko Corporation (present)</p> <p>November 2022 Outside Director, Farmnote Holdings, Inc. (retired in April 2026)</p> <p>June 2024 Outside Director, MITSUI E&S Co., Ltd.</p> <p>June 2025 Outside Director (Audit and Supervisory Board Member), MITSUI E&S Co., Ltd. (present)</p>	(Note 4)	-
Director	Michitaka Sawada	December 20, 1955	<p>April 1981 Joined Kao Soap Co., Ltd.</p> <p>June 2008 Director, Executive Officer, Kao Corporation</p> <p>June 2012 Representative Director, President and CEO, Kao Corporation</p> <p>June 2020 Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present)</p> <p>January 2021 Director and Chair of the Board of Directors, Kao Corporation</p> <p>June 2021 Outside Director, Nitto Denko Corporation (present)</p> <p>June 2022 Outside Director, Komatsu Ltd. (present)</p> <p>March 2024 Special Advisor, Kao Corporation (present)</p>	(Note 4)	-
Director	Yasuhiro Yamada	June 28, 1963	<p>April 1987 Joined Bank of Japan</p> <p>May 2018 Executive Director, Bank of Japan (retired in May 2022)</p> <p>June 2022 Outside Director, Nitto Denko Corporation (present)</p> <p>September 2022 Outside Director, SUSMED, Inc (retired in September 2024)</p> <p>June 2024 Chairman, Custody Bank of Japan, Ltd. (present)</p>	(Note 4)	-
Director	Mariko Eto	May 24, 1971	<p>April 1994 Joined MITSUI & CO., LTD.</p> <p>October 2003 Registered with Daini Tokyo Bar Association</p> <p>April 2015 Joined TMI Associates</p> <p>January 2017 Partner of TMI Associates (present)</p> <p>March 2019 Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)</p> <p>June 2020 Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022)</p> <p>June 2022 Outside Director, Starzen Co., Ltd. (present)</p> <p>June 2023 Outside Director, Nitto Denko Corporation (present)</p> <p>March 2024 Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)</p>	(Note 4)	-
Corporate Auditor (full-time service)	Shin Tokuyasu	June 7, 1961	<p>April 1985 Joined Nitto Denko Corporation</p> <p>June 2017 Vice President, Representative Director, Nitto Automotive, Inc.</p> <p>July 2018 Vice President, General Manager of Compliance Division</p> <p>April 2019 Vice President, General Manager of Corporate Sustainability Division</p> <p>June 2019 Corporate Auditor (full-time service) (present)</p>	(Note 5)	26

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Corporate Auditor (full-time service)	Toshihiko Takayanagi	August 19, 1958	<p>April 1981 Joined Nitto Denko Corporation</p> <p>June 2009 Representative Director, Nitto Shinko Corporation</p> <p>August 2014 Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd.</p> <p>April 2018 Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch</p> <p>June 2018 Senior Vice President</p> <p>June 2020 Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan</p> <p>June 2023 Corporate Auditor (full-time service) (present)</p>	(Note 5)	44
Corporate Auditor (part-time service)	Yasuko Kobashikawa	July 9, 1965	<p>February 2001 Registered as a Certified Public Accountant</p> <p>June 2006 Established MIKASA&Co. (retired in August 2019)</p> <p>June 2015 Outside Director of ARTNATURE INC. (retired in June 2022)</p> <p>December 2017 Established JK & CREW Tax Accountant's Corporation (present)</p> <p>June 2023 Outside Corporate Auditor, Nitto Denko Corporation (present)</p> <p>June 2024 Outside Corporate Auditor, JVCKENWOOD Corporation</p> <p>June 2025 Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation (present)</p>	(Note 5)	-
Corporate Auditor (part-time service)	Kiyoshi Sono	April 18, 1953	<p>April 1976 Joined The Sanwa Bank, Ltd.</p> <p>May 2014 Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2015 Chairman, Mitsubishi UFJ Financial Group, Inc.</p> <p>May 2017 Vice Chair, Kansai Economic Federation (retired in May 2026)</p> <p>June 2017 Outside Director, Nankai Electric Railway Co., Ltd. (retired in June 2024)</p> <p>April 2019 Chairman/CAO, MUFG Bank, Ltd.</p> <p>June 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in April 2021)</p> <p>June 2019 Outside Director, Mitsubishi Motors Corporation (retired in June 2022)</p> <p>April 2021 Special Advisor, MUFG Bank, Ltd. (present)</p> <p>May 2021 Outside Director, Yomiuri Telecasting Corporation (present)</p> <p>June 2022 Outside Corporate Auditor, Sompo Japan Insurance Inc.</p> <p>April 2024 Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (present)</p> <p>June 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)</p> <p>June 2024 Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)</p>	(Note 6)	-

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)	
Corporate Auditor (part-time service)	Tsuyoki Hattori	November 5, 1955	April 1979	Joined Tokio Marine Fire Insurance Co., Ltd.	(Note 6)	1
			May 2012	Outside Director, Matsuya Co., Ltd. (retired in May 2017)		
			June 2013	Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.		
			April 2015	Senior Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in March 2017)		
			June 2017	Representative Director & President, Nippon Automated Cargo And Port Consolidated System (NACCS) Inc. (retired in June 2021)		
			June 2024	Outside Corporate Auditor, Nitto Denko Corporation (present)		
Total					640	

- (Notes) 1. CEO: Chief Executive Officer
 COO: Chief Operating Officer
 CTO: Chief Technology Officer
 CFO: Chief Financial Officer
 CIO: Chief Information Officer
 CPO: Chief Procurement Officer
 CSO: Chief Strategy Officer
 CHRO: Chief Human Resources Officer
2. Directors Wong Lai Yong, Michitaka Sawada, Yasuhiro Yamada, and Mariko Eto are Outside Directors.
3. Corporate Auditors Yasuko Kobashikawa, Kiyoshi Sono and Tsuyoki Hattori are Outside Corporate Auditors.
4. One year from the close of the Ordinary General Meeting of Shareholders held on June 20, 2025
5. Four years from the close of the Ordinary General Meeting of Shareholders held on June 23, 2023
6. Four years from the close of the Ordinary General Meeting of Shareholders held on June 21, 2024
7. The Company has adopted the executive officer system to enhance corporate governance, accelerate decision-making, and improve the efficiency of business execution. The following are Vice Presidents who are not concurrently serving as Directors.
- | | |
|--------------------------|--------------------|
| Executive Vice President | Sam Strijckmans |
| Executive Vice President | Seiji Fujioka |
| Executive Vice President | Kazuki Tsuchimoto |
| Executive Vice President | Yukihiro Horikawa |
| Senior Vice President | Atsushi Ukon |
| Senior Vice President | Bae-Won Lee |
| Senior Vice President | Katsuyoshi Jo |
| Senior Vice President | Kenjiro Asuma |
| Senior Vice President | Yasuhiro Hayashi |
| Senior Vice President | Hitoki Kanagawa |
| Senior Vice President | Yoichiro Sugino |
| Vice President | Shingo Suita |
| Vice President | Yoshihiko Terada |
| Vice President | Nao Murakami |
| Vice President | Naoki Makino |
| Vice President | Michihiro Hagiwara |
| Vice President | Junichi Matsumoto |
| Vice President | Hiroyuki Katayama |
| Vice President | Futoshi Shiomi |
| Vice President | Kei Nakamura |
| Vice President | Kenshi Tozuka |
| Vice President | Naoki Takahashi |
| Vice President | Yasunari Oyabu |
| Vice President | Makoto Kawauchi |

2. The Company's Directors and Corporate Auditors are as follows when the proposed items of "Election of 9 Directors" will be resolved at the Ordinary General Meeting of Shareholders to be held on June 19, 2026. The table below also shows the proposed items, including titles etc., to be resolved at the Board of Directors of the Company to be held immediately after the Ordinary General Meeting of Shareholders.

Male: 11, Female: 3 (Ratio of females to Directors and Corporate Auditors: 21.43%)

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Representative Director Chairman CEO	Hideo Takasaki	August 11, 1953	April 1978 June 2008 June 2010 June 2011 June 2013 April 2014 April 2026	Joined Nitto Denko Corporation Director, Vice President Director, Senior Vice President Director, Executive Vice President Director, Senior Executive Vice President Representative Director, President, CEO, COO Representative Director, Chairman, CEO (present)	(Note 4)	319
Representative Director President COO	Tatsuya Akagi	November 19, 1970	April 1993 June 2019 June 2022 June 2024 April 2026	Joined Nitto Denko Corporation Vice President, General Manager of Information Fine Materials Sector Senior Vice President, General Manager of Information Fine Materials Sector Director, Executive Vice President, General Manager of Information Fine Materials Sector Representative Director, President, COO (present)	(Note 4)	30
Director Senior Executive Vice President CFO	Yasuhiro Iseyama	April 19, 1962	June 1991 June 2017 June 2020 June 2021 June 2023	Joined Nitto Denko Corporation Vice President, General Manager of Corporate Accounting & Finance Division Director, Senior Vice President, CFO Director, Executive Vice President, CFO Director, Senior Executive Vice President, CFO (present)	(Note 4)	60
Director Senior Executive Vice President CSO, CHRO	Yasuhiro Ohwaki	February 13, 1962	April 1984 June 2012 October 2013 April 2015 April 2017 June 2017 October 2018 October 2019 June 2020 June 2021 April 2022 June 2023 June 2024 April 2026	Joined Nitto Denko Corporation Vice President, General Manager of Functional Base Products Sector Vice President, General Manager of Automotive Products Sector Vice President, General Manager of Quality, Environment & Safety Management Sector Vice President, Director, Nitto Denko India Private Limited Senior Vice President Senior Vice President, CPO Senior Vice President, CIO, CPO Executive Vice President, CIO, General Manager of Corporate Sustainability Division Senior Executive Vice President Senior Executive Vice President, General Manager of Human Resources Management Division Director, Senior Executive Vice President, General Manager of Human Resources Management Division Director, Senior Executive Vice President, CHRO Director, Senior Executive Vice President, CSO, CHRO (present)	(Note 4)	73

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Director Senior Vice President CTO	Hiroyuki Katayama	September 6, 1971	<p>November 2006 Joined Nitto Denko Corporation</p> <p>December 2015 General Manager of Environmental Solutions Research Center, Corporate Research and Development Division, Corporate Technology Sector</p> <p>October 2021 Deputy General Manager of Membrane Division</p> <p>January 2022 General Manager of Membrane Division</p> <p>June 2023 Vice President, General Manager of Membrane Division, Human Life Solutions Sector</p> <p>June 2025 Vice President, General Manager of Human Life Solutions Sector</p> <p>April 2026 Vice President, CTO</p> <p>June 2026 Director, Senior Vice President, CTO (present)</p>	(Note 4)	9
Director	Wong Lai Yong	January 10, 1972	<p>September 2013 Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present)</p> <p>July 2018 Director, Penang Women's Development Corporation (retired in September 2023)</p> <p>October 2019 Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present)</p> <p>June 2020 Outside Director, Nitto Denko Corporation (present)</p> <p>November 2022 Outside Director, Farmnote Holdings, Inc. (retired in April 2026)</p> <p>June 2024 Outside Director, MITSUI E&S Co., Ltd.</p> <p>June 2025 Outside Director (Audit and Supervisory Board Member), MITSUI E&S Co., Ltd. (present)</p>	(Note 4)	-
Director	Michitaka Sawada	December 20, 1955	<p>April 1981 Joined Kao Soap Co., Ltd.</p> <p>June 2008 Director, Executive Officer, Kao Corporation</p> <p>June 2012 Representative Director, President and CEO, Kao Corporation</p> <p>June 2020 Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present)</p> <p>January 2021 Director and Chair of the Board of Directors, Kao Corporation</p> <p>June 2021 Outside Director, Nitto Denko Corporation (present)</p> <p>June 2022 Outside Director, Komatsu Ltd. (present)</p> <p>March 2024 Special Advisor, Kao Corporation (present)</p>	(Note 4)	-
Director	Yasuhiro Yamada	June 28, 1963	<p>April 1987 Joined Bank of Japan</p> <p>May 2018 Executive Director, Bank of Japan (retired in May 2022)</p> <p>June 2022 Outside Director, Nitto Denko Corporation (present)</p> <p>September 2022 Outside Director, SUSMED, Inc (retired in September 2024)</p> <p>June 2024 Chairman, Custody Bank of Japan, Ltd. (present)</p>	(Note 4)	-
Director	Mariko Eto	May 24, 1971	<p>April 1994 Joined MITSUI & CO., LTD.</p> <p>October 2003 Registered with Daini Tokyo Bar Association</p> <p>April 2015 Joined TMI Associates</p> <p>January 2017 Partner of TMI Associates (present)</p> <p>March 2019 Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)</p> <p>June 2020 Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022)</p> <p>June 2022 Outside Director, Starzen Co., Ltd. (present)</p> <p>June 2023 Outside Director, Nitto Denko Corporation (present)</p> <p>March 2024 Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)</p>	(Note 4)	-

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Corporate Auditor (full-time service)	Shin Tokuyasu	June 7, 1961	<p>April 1985 Joined Nitto Denko Corporation</p> <p>June 2017 Vice President, Representative Director, Nitto Automotive, Inc.</p> <p>July 2018 Vice President, General Manager of Compliance Division</p> <p>April 2019 Vice President, General Manager of Corporate Sustainability Division</p> <p>June 2019 Corporate Auditor (full-time service) (present)</p>	(Note 5)	26
Corporate Auditor (full-time service)	Toshihiko Takayanagi	August 19, 1958	<p>April 1981 Joined Nitto Denko Corporation</p> <p>June 2009 Representative Director, Nitto Shinko Corporation</p> <p>August 2014 Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd.</p> <p>April 2018 Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch</p> <p>June 2018 Senior Vice President</p> <p>June 2020 Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan</p> <p>June 2023 Corporate Auditor (full-time service) (present)</p>	(Note 5)	44
Corporate Auditor (part-time service)	Yasuko Kobashikawa	July 9, 1965	<p>February 2001 Registered as a Certified Public Accountant</p> <p>June 2006 Established MIKASA&Co. (retired in August 2019)</p> <p>June 2015 Outside Director of ARTNATURE INC. (retired in June 2022)</p> <p>December 2017 Established JK & CREW Tax Accountant's Corporation (present)</p> <p>June 2023 Outside Corporate Auditor, Nitto Denko Corporation (present)</p> <p>June 2024 Outside Corporate Auditor, JVCKENWOOD Corporation</p> <p>June 2025 Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation (present)</p>	(Note 5)	-
Corporate Auditor (part-time service)	Kiyoshi Sono	April 18, 1953	<p>April 1976 Joined The Sanwa Bank, Ltd.</p> <p>May 2014 Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>June 2015 Chairman, Mitsubishi UFJ Financial Group, Inc.</p> <p>May 2017 Vice Chair, Kansai Economic Federation (retired in May 2026)</p> <p>June 2017 Outside Director, Nankai Electric Railway Co., Ltd. (retired in June 2024)</p> <p>April 2019 Chairman/CAO, MUFG Bank, Ltd.</p> <p>June 2019 Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in April 2021)</p> <p>June 2019 Outside Director, Mitsubishi Motors Corporation (retired in June 2022)</p> <p>April 2021 Special Advisor, MUFG Bank, Ltd. (present)</p> <p>May 2021 Outside Director, Yomiuri Telecasting Corporation (present)</p> <p>June 2022 Outside Corporate Auditor, Sompo Japan Insurance Inc.</p> <p>April 2024 Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (present)</p> <p>June 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)</p> <p>June 2024 Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)</p>	(Note 6)	-

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Corporate Auditor (part-time service)	Tsuyoki Hattori	November 5, 1955	<p>April 1979 Joined Tokio Marine Fire Insurance Co., Ltd.</p> <p>May 2012 Outside Director, Matsuya Co., Ltd. (retired in May 2017)</p> <p>June 2013 Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>April 2015 Senior Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in March 2017)</p> <p>June 2017 Representative Director & President, Nippon Automated Cargo And Port Consolidated System (NACCS) Inc. (retired in June 2021)</p> <p>June 2024 Outside Corporate Auditor, Nitto Denko Corporation (present)</p>	(Note 6)	1
Total					565

- (Notes) 1. CEO: Chief Executive Officer
 COO: Chief Operating Officer
 CTO: Chief Technology Officer
 CFO: Chief Financial Officer
 CIO: Chief Information Officer
 CPO: Chief Procurement Officer
 CSO: Chief Strategy Officer
 CHRO: Chief Human Resources Officer
2. Directors Wong Lai Yong, Michitaka Sawada, Yasuhiro Yamada, and Mariko Eto are Outside Directors.
3. Corporate Auditors Yasuko Kobashikawa, Kiyoshi Sono and Tsuyoki Hattori are Outside Corporate Auditors.
4. One year from the close of the Ordinary General Meeting of Shareholders held on June 19, 2026
5. Four years from the close of the Ordinary General Meeting of Shareholders held on June 23, 2023
6. Four years from the close of the Ordinary General Meeting of Shareholders held on June 21, 2024
7. The Company has adopted the executive officer system to enhance corporate governance, accelerate decision-making, and improve the efficiency of business execution. The following are Vice Presidents who are not concurrently serving as Directors.

Executive Vice President	Seiji Fujioka
Executive Vice President	Kazuki Tsuchimoto
Executive Vice President	Yukihiro Horikawa
Executive Vice President	Yasuhiro Hayashi
Senior Vice President	Atsushi Ukon
Senior Vice President	Bae-Won Lee
Senior Vice President	Katsuyoshi Jo
Senior Vice President	Kenjiro Asuma
Senior Vice President	Hitoki Kanagawa
Senior Vice President	Yoichiro Sugino
Vice President	Shingo Suita
Vice President	Yoshihiko Terada
Vice President	Nao Murakami
Vice President	Naoki Makino
Vice President	Michihiro Hagiwara
Vice President	Junichi Matsumoto
Vice President	Futoshi Shiomi
Vice President	Kei Nakamura
Vice President	Kenshi Tozuka
Vice President	Naoki Takahashi
Vice President	Yasunari Oyabu
Vice President	Makoto Kawauchi
Vice President	Yutaka Narumi

(ii) Outside Directors and Corporate Auditors

1. The Company's Outside Directors and Corporate Auditors as of June 17, 2026 (the filing date of the Annual Securities Report) are as follows:

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Director Wong Lai Yong</p>	<p>First Penguin Sdn.Bhd. MITSUI E&S Co., Ltd.</p>	<p>(i) In this fiscal year (FY2025), Ms. Wong participated in all the Board of Directors meetings (12 times) 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.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Directors based on the criteria. The Company has designated Ms. Wong as an Independent Director as stipulated by the Tokyo Stock Exchange and has 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.</p>
<p>Outside Director Michitaka Sawada</p>	<p>Kao Corporation Panasonic Holdings Corporation Komatsu Ltd.</p>	<p>(i) In this fiscal year (FY2025), Mr. Sawada participated in all the Board of Directors meetings (12 times) 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 opinions on the management of Nitto based on his insights and experience as a corporate manager.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Sawada as an Independent Director as stipulated by the Tokyo Stock Exchange and has 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.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Director Yasuhiro Yamada</p>	<p>Custody Bank of Japan, Ltd.</p>	<p>(i) In this fiscal year (FY2025), Mr. Yamada participated in all the Board of Directors meetings (12 times) 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 and provide opinions on the management of Nitto based on his insights and experience as an expert.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Yamada as an Independent Director as stipulated by the Tokyo Stock Exchange and has 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. Thus, the Company’s relationship with the Bank does not affect his independence. Mr. Yamada also previously served as an important executing person of Bank of Japan, with which the Company does not engage in transactions.</p>
<p>Outside Director Mariko Eto</p>	<p>TMI Associates Starzen Co., Ltd. ASICS Corporation</p>	<p>(i) In this fiscal year (FY2025), Ms. Eto participated in all the Board of Directors meetings (12 times) 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.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Ms. Eto as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange. Ms. Eto 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.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Corporate Auditor Yasuko Kobashikawa</p>	<p>JK & CREW Tax Accountant's Corporation JVCKENWOOD Corporation</p>	<p>(i) In this fiscal year (FY2025), Ms. Kobashikawa participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on her insights and experience as an expert in accounting and finance, and provided useful opinions on the business administration of the Company. As it is expected that she will continue to audit the Company based on her insights and experience as an expert as detailed above and provide opinions on the management of Nitto. She possesses a broad range of knowledge in finance and accounting.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Ms. Kobashikawa as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange. Ms. Kobashikawa also currently serves as an important executing person of JK & CREW Tax Accountant's Corporation, with which the Company does not engage in transactions.</p>
<p>Outside Corporate Auditor Kiyoshi Sono</p>	<p>Sompo Japan Insurance Inc. The Kansai Electric Power Co., Inc.</p>	<p>(i) In this fiscal year (FY2025), Mr. Sono participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on his insights and experience as an expert in finance, and provided useful opinions on the business administration of the Company. As it is expected that he will continue to audit the Company based on his insights and experience as an expert as detailed above and provide opinions on the management of Nitto. He possesses a broad range of knowledge in finance and accounting.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Sono as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange. Mr. Sono also previously served as an important executing person of Mitsubishi UFJ Financial Group, with which the Company does not engage in transactions.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Corporate Auditor Tsuyoki Hattori</p>	<p>Not applicable</p>	<p>(i) In this fiscal year (FY2025), Mr. Hattori participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on his insights and experience related to risk management, cultivated through key positions in a non-life insurance company, and provided useful opinions on the business administration of the Company.</p> <p>As it is expected that he will continue to audit the Company based on his insights and experience as an expert as detailed above and provide opinions on the management of Nitto.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Hattori as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>In the past, Mr.Hattori also previously served as an important executing person of Tokio Marine & Nichido Fire Insurance Co., Ltd. Although the Company has various non-life insurance contracts with Tokio Marine & Nichido Fire Insurance Co., Ltd, the annual amount is less than 0.005% of Nitto’s consolidated revenue. Thus, the Company’s relationship with Tokio Marine & Nichido Fire Insurance Co., Ltd. does not affect his independence.</p>

2. The Company is going to propose the agendas of Election of 9 Directors as the matters requiring the resolution by the Ordinary General Meeting of Shareholders scheduled for June 19, 2026. When the said agendas are approved, Outside Directors of the Company are 4 persons and Outside Auditors of the Company are 3 persons.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Director Wong Lai Yong</p>	<p>First Penguin Sdn.Bhd. MITSUI E&S Co., Ltd.</p>	<p>(i) In this fiscal year (FY2025), Ms. Wong participated in all the Board of Directors meetings (12 times) 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.</p> <p>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.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Ms. Wong as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>Ms. Wong also currently serves as an important executing person of First Penguin Sdn. Bhd., with which the Company does not engage in transactions.</p>
<p>Outside Director Michitaka Sawada</p>	<p>Kao Corporation Panasonic Holdings Corporation Komatsu Ltd.</p>	<p>(i) In this fiscal year (FY2025), Mr. Sawada participated in all the Board of Directors meetings (12 times) and provided useful opinions based on his diverse experience and achievements as a leading corporate manager in ESG promotion.</p> <p>As it is expected that he will continue to oversee the Board of Directors and provide opinions on the management of Nitto based on his insights and experience as a corporate manager.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Sawada as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>Mr. Sawada also previously served as an important executing person of Kao Corporation, with which the Company does not engage in transactions.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Director Yasuhiro Yamada</p>	<p>Custody Bank of Japan, Ltd.</p>	<p>(i) In this fiscal year (FY2025), Mr. Yamada participated in all the Board of Directors meetings (12 times) and provided useful opinions based on his diverse experience and achievements as an expert in financial economy.</p> <p>As it is expected that he will continue to oversee the Board of Directors and provide opinions on the management of Nitto based on his insights and experience as an expert.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Mr. Yamada as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>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.</p> <p>Thus, the Company’s relationship with the Bank does not affect his independence.</p> <p>Mr. Yamada also previously served as an important executing person of Bank of Japan, with which the Company does not engage in transactions.</p>
<p>Outside Director Mariko Eto</p>	<p>TMI Associates Starzen Co., Ltd. ASICS Corporation</p>	<p>(i) In this fiscal year (FY2025), Ms. Eto participated in all the Board of Directors meetings (12 times) and provided useful opinions based on her diverse experience and achievements as an expert in corporate legal affairs and labor issues.</p> <p>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.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Directors based on the criteria. The Company has designated Ms. Eto as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>Ms. Eto 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.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Corporate Auditor Yasuko Kobashikawa</p>	<p>JK & CREW Tax Accountant's Corporation JVCKENWOOD Corporation</p>	<p>(i) In this fiscal year (FY2025), Ms. Kobashikawa participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on her insights and experience as an expert in accounting and finance, and provided useful opinions on the business administration of the Company. As it is expected that she will continue to audit the Company based on her insights and experience as an expert as detailed above and provide opinions on the management of Nitto. She possesses a broad range of knowledge in finance and accounting.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Ms. Kobashikawa as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange. Ms. Kobashikawa also currently serves as an important executing person of JK & CREW Tax Accountant's Corporation, with which the Company does not engage in transactions.</p>
<p>Outside Corporate Auditor Kiyoshi Sono</p>	<p>Sompo Japan Insurance Inc. The Kansai Electric Power Co., Inc.</p>	<p>(i) In this fiscal year (FY2025), Mr. Sono participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on his insights and experience as an expert in finance, and provided useful opinions on the business administration of the Company. As it is expected that he will continue to audit the Company based on his insights and experience as an expert as detailed above and provide opinions on the management of Nitto. He possesses a broad range of knowledge in finance and accounting.</p> <p>(ii) The Company stipulates the "Criteria for Independent Outside Directors and Outside Corporate Auditors" and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Sono as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange. Mr. Sono also previously served as an important executing person of Mitsubishi UFJ Financial Group, with which the Company does not engage in transactions.</p>

Name	Important concurrent positions	Relationship with the Company and reason for appointment
<p>Outside Corporate Auditor Tsuyoki Hattori</p>	<p>Not applicable</p>	<p>(i) In this fiscal year (FY2025), Mr. Hattori participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (14 times), performed appropriate audits based on his insights and experience related to risk management, cultivated through key positions in a non-life insurance company, and provided useful opinions on the business administration of the Company.</p> <p>As it is expected that he will continue to audit the Company based on his insights and experience as an expert as detailed above and provide opinions on the management of Nitto.</p> <p>(ii) The Company stipulates the “Criteria for Independent Outside Directors and Outside Corporate Auditors” and selects candidates for Outside Corporate Auditors based on the criteria. The Company has designated Mr. Hattori as an Independent Director as stipulated by the Tokyo Stock Exchange and has reported such designation to the Exchange.</p> <p>In the past, Mr.Hattori also previously served as an important executing person of Tokio Marine & Nichido Fire Insurance Co., Ltd. Although the Company has various non-life insurance contracts with Tokio Marine & Nichido Fire Insurance Co., Ltd, the annual amount is less than 0.005% of Nitto’s consolidated revenue. Thus, the Company’s relationship with Tokio Marine & Nichido Fire Insurance Co., Ltd. does not affect his independence.</p>

(iii) Policies and Procedures for Electing and Dismissing Directors and Corporate Auditors

a. 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 Directors (one-third or more of whom are Independent Outside Directors). Likewise, the Articles of Incorporation set an upper limit of 10. The Company also believes that the appropriate size of the Board of Corporate Auditors is not more than five 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 Corporate Auditor who has sufficient expertise in finance and accounting. Likewise, the Articles of Incorporation set an upper limit of 5. Furthermore, 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. (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.

b. Appointment and Dismissal of Directors and Corporate Auditors

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

- 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.

*Our unique values consisting of safety, sustainability, diversity and 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, “Place safety before everything else,” which is one of the principles of “The Nitto Way,” also encompasses “management security.” 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.

- Officer Dismissal Standards

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

c. 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 Independent Officer Appointment Standards and the Officer Appointment Standards. Furthermore, in order for Outside Directors and Outside Corporate Auditors to set aside the time and labor necessary to properly fulfill their roles and responsibilities at Nitto, 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 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 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 gross sales)
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 borrowings 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 gross sales 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
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

(iv) The mutual cooperation between oversights and audits by Outside Officers, audits by Corporate Auditors, internal audits, and accounting audits and their relationship with the internal control division

Outside Officers (Outside Directors, Outside Corporate Auditors) attend Board of Directors meetings and conduct oversights or audits based on the reports, etc. of Directors and Corporate Strategy Meeting. Outside Officers are provided with opportunities to hear opinions at the Nomination and Remuneration Advisory Committee, and based on such opinions, strive to enhance internal control.

Please also refer to “(1) Overview of corporate governance, (ii) Summary of corporate governance structure.”

(3) Audits

(i) Audits by Corporate Auditors

a. Organization and members

The Company's Board of Corporate Auditors consists of five members: two Corporate Auditors (full-time service) with abundant experience of execution within the Company and expertise and three Outside Corporate Auditors with various backgrounds (accounting and tax professionals, financial institutions, and non-life insurance companies) and expertise.

They share information about audits and conduct audits from a broad perspective. The three Outside Corporate Auditors are also members of the Nomination and Remuneration Advisory Committee.

The experience and expertise of each Corporate Auditor are as follows.

Position	Name	Experience and expertise
Corporate Auditor (full-time service)	Shin Tokuyasu	Over many years, Mr. Tokuyasu has assumed key positions at the Company's accounting and finance and other administrative departments and served as the Representative Director of its overseas subsidiary, thus possessing a broad range of knowledge in finance and accounting.
Corporate Auditor (full-time service)	Toshihiko Takayanagi	Over many years, Mr. Takayanagi has assumed key positions at the Company's sales departments and overseas area management and served as the Representative Director of a Group company, thus having deep insight and extensive business experience.
Outside Corporate Auditor	Yasuko Kobashikawa	Ms. Kobashikawa has considerable financial and accounting expertise. As a certified public and tax accountant, she has conducted accounting audits for many years.
Outside Corporate Auditor	Kiyoshi Sono	Mr. Sono has considerable financial and accounting expertise based on his many years of management experience at financial institutions.
Outside Corporate Auditor	Tsuyoki Hattori	Mr. Hattori has extensive expertise and diverse experience related to risk management, cultivated through key positions in a non-life insurance company.

In order to assist Corporate Auditors in performing their duties, three dedicated staff experienced in specialized areas such as accounting have been appointed.

b. The Board of Corporate Auditors meetings and their attendance

During the current fiscal year, the Company has held the Board of Corporate Auditors meetings 14 times, and the details of attendance for each member are as follows.

	Number of meetings	Number of attendance	Percentage of attendance
Shin Tokuyasu	14	14	100%
Toshihiko Takayanagi	14	14	100%
Yasuko Kobashikawa	14	14	100%
Kiyoshi Sono	14	14	100%
Tsuyoki Hattori	14	14	100%

c. Status of audit activities

The Board of Corporate Auditors has established the audit policy and plan for the term under review, received reports regarding the status of audits and the results thereof from each Corporate Auditor, as well as reports regarding the status of the execution of duties from Directors, etc., and Accounting Auditors, and requested explanations as necessary. Additionally, the Board has conducted audit activities, some of which were remotely from the perspective of efficiency, etc., and has worked to sustain the quality of audits.

- Basic Policies

1. Audit of Directors' Execution of Duties

Make efforts to establish a sound corporate governance framework that ensures healthy and continuous growth and earns the trust of society.

2. Commitment to on-site, hands-on principles

Conduct audits that capture the essence by visiting sites to see, listen, and engage in dialog.

3. Three-Way Collaboration

Implement systematic, comprehensive, and efficient audits via coordination with Accounting Auditors and internal audit functions.

• Priority audit items

1. Status of the efforts against ESG management issues

Under the ESG management policy, the Board of Corporate Auditors confirmed, through audits of the Company's head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas, the progress of initiatives toward achieving the human-capital-related future-financial target KPIs and the readiness of our sustainability disclosures.

2. Status of the efforts against business risk issues

The Board of Corporate Auditors conducted audits of the Company's head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas to check the progress of initiatives related to growth strategies driven by acquisition synergies and structural reforms, efforts to strengthen manufacturing within sectors and group companies, the review of the Group's global organizational structure within the sectors, and the status of initiatives to reform the business portfolio for balanced growth.

3. Status of the efforts against the Group's internal control issues

The Board of Corporate Auditors conducted audits of the Company's head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas to check the effectiveness of the internal control system (especially how important safety and quality compliance issues at domestic and overseas sites are being handled).

4. Regarding the Key Audit Matters (KAM), the Board of Corporate Auditors received from Accounting Auditors an explanation of audit issues and potential KAM candidates and discussed with Accounting Auditors the nature of the risks and the corresponding audit responses.

• Activities of Corporate Auditors (full-time service)

1. Corporate Auditors (full-time service) have attended the meetings of the Board of Directors, the Corporate Strategy Meetings, and other important meetings and provided related advice while confirming the adequacy of their deliberation processes and the appropriateness of their conclusions.

2. They have interviewed Representative Director and Directors, etc., and held meetings to exchange opinions with Internal and Outside Part-Time Directors on key management issues.

3. They have reported each result of audits conducted at the Company's head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas to the Board of Corporate Auditors and shared information.

4. They have held regular reporting meetings with the departments in charge of internal audits, compliance, JSOX, and corporate accounting & finance.

And they have received reports from Accounting Auditors on audit plan and audit results (including the audit of internal controls over financial reporting).

• Activities of Outside Corporate Auditors

1. Outside Corporate Auditors have attended the meetings of the Board of Directors, interviewed Representative Director and Directors, and attended the meetings to exchange opinions with Internal and Outside Part-Time Directors on key management issues.
2. They have participated in audits conducted by Corporate Auditors (full-time service) as necessary, and received reports from Corporate Auditors (full-time service) on the audit results.
3. They have received reports from Accounting Auditors on audit plan and audit results (including the audit of internal controls over financial reporting).

d. The mutual cooperation with internal audits and accounting audits

Corporate Auditors share information on the status of audits by Corporate Auditors, while receiving reports from the department in charge of internal audits on their audit system and audit plan and reports on results of audit conducted accordingly. They are also making efforts to ensure the effectiveness of audits, with regularly holding liaison meetings of domestic and overseas group companies Corporate Auditors, and exchanging opinions and information with them as necessary.

In addition, Corporate Auditors regularly hold meetings to receive audit results report from Accounting Auditors and to exchange information with them. As the unification of overseas Group companies accounting auditors to KPMG member firm was completed, the system will promote the enhancement of the governance. Especially for the audit results and issues of overseas Group companies, they hold opinion exchange meetings with Accounting Auditors, as needed, to share information since Accounting Auditors collect information from KPMG area partners allocated in the same areas as the Company's overseas six areas.

(ii) Status of internal audit

a. Organization and personnel

We have established an Internal Control Division, under which the Internal Audit Department (13 personnel) and the J-SOX Department (9 personnel) are organized. This structure enables us to conduct internal audits and J-SOX monitoring effectively and efficiently, thereby enhancing the effectiveness of our monitoring functions. In addition, by appointing a dedicated officer with audit experience, we strengthen independence from business operations and management.

The Internal Control Division comprises a total of 22 personnel and features a diverse workforce, including employees with experience seconded to overseas group companies, female employees, and foreign national employees. In addition, internal audits are conducted effectively in terms of both quality and quantity by qualified professionals, such as Certified Public Accountant, Certified Internal Auditors, and Certified Information Systems Auditor. Furthermore, we focus on developing personnel who can support internal audits by providing internal control education through joint audits with audit, safety, and quality departments from group companies.

b. Status of audit activities

On the basis of regular risk assessment results, the Internal Audit Department formulates an internal audit plan and, with the approval of the Board Member President, conducts internal audits.

The Internal Audit Department conducts audits on the status of internal control from the viewpoint of compliance and effectiveness of business operations related to the management activities of the Company and its group companies from an objective standpoint. On the basis of the audit results, it provides information, advice, and recommendations for improving internal control. For the Company's group companies that were audited, it advises their boards of directors and simultaneously requests their response and improvement measures to its recommendations and confirms their implementation status.

The Internal Audit Department regularly reports to the Board of Directors and Board of Corporate Auditors on the audit plan and results and ensures dual reporting lines to the Board of Directors and Board of Corporate Auditors. It also regularly improves audit operations and adds or reviews audit targets based on the opinions exchanged with and advice received from Directors and Corporate Auditors.

As for the Accounting Auditors, it requests their attendance at regular audit reporting meetings and meetings for exchanging opinions with Corporate Auditors, as well as information sharing regarding audit contents with respect to accounting and internal controls.

In accordance with Financial Instruments and Exchange Act and the relevant assessment standards for internal controls over financial reporting generally accepted in Japan, the J-SOX Department executes the documentation and self-assessment of internal control in the Group's sites targeted for assessment, and the department in charge implements monitoring as independent assessment of the results of such self-assessment. As for the issues related to business process found in the monitoring, the sites targeted for assessment are required to submit improvement plans and the details of improvement are confirmed together with not only the targeted site but also the business execution department or special function department to which it belongs. Information sharing of those details of improvement is carried out with Corporate Auditors and Accounting Auditors as appropriate.

c. Other activities

Aiming for improvement of the level of internal controls and fraud prevention in the Group companies, it provides training on fraud prevention and internal controls for president candidates of the Group companies, on the basis of detected issues and actual sample countermeasures from past internal audits. In FY2025, we carried out acceptance and training sessions for nine presidents of the Group companies. We are also strengthening data analytics and promoting the use of AI in data analysis to enhance the efficiency and comprehensiveness of our audits.

(iii) Status of accounting audit

The Company has appointed KPMG AZSA LLC as its Accounting Auditor. KPMG AZSA LLC and its engagement partners in charge of the Company's audits have no special interests with the Company, and they have voluntarily put mechanisms in place to prevent their engagement partners from being involved with the Company's accounting audits for longer than a certain period of time. The Company has entered into an agreement with KPMG AZSA LLC with regard to statutory audits and pays audit fees in accordance with the agreement. The names of the certified public accountants who conducted the accounting audits, and the composition of the assistants for such audits in the current fiscal year are as follows.

- Names of certified public accountants who conducted accounting audits

Masateru Matsui

Mitsuhiro Matsumoto

Junichi Morimoto

- Composition of assistants engaged in accounting audits

27 certified public accountants and 62 others

- Consecutive audit period: 41 years

- Reasons for the selection of auditing certified public accountants, etc. (including policies for selection, status of business suspension)

The Board of Corporate Auditors believes the reappointment of the current Accounting Auditor as reasonable considering that there has not been an event or a sign of event of the current Accounting Auditor which conflicts with "Policy to determine dismissal or non-reappointment of the Accounting Auditor," and that, after assessing the Accounting Auditor, their accounting audits satisfy the level of quality and service expected by the Company.

Details of "Policy to determine dismissal or non-reappointment of the Accounting Auditor" are as follows.

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.

- Evaluation of an audit corporation by Corporate Auditors and Board of Corporate Auditors

In order to examine the reappointment or non-reappointment of Accounting Auditor, the Board of Corporate Auditors complies with "Policy to determine dismissal or non-reappointment of the Accounting Auditor," as well as confirms the status of their execution of duties, audit system, and whether they have independence and expertise, etc. based on the assessment results by the Company's business execution bodies and external organizations (The Japanese Institute of Certified Public Accountants and Certified Public Accountants and Auditing Oversight Board) and decides comprehensively.

(iv) Details of audit fees

Details of audit fees for auditing certified public accountants

Category	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Audit fees in accordance with audit certification (Millions of yen)	Audit fees in accordance with non-audit certification (Millions of yen)	Audit fees in accordance with audit certification (Millions of yen)	Audit fees in accordance with non-audit certification (Millions of yen)
Reporting company	258	16	269	-
Consolidated subsidiaries	23	-	30	-
Total	282	16	300	-

(Notes) Details of non-audit services rendered to the Reporting Company by auditing certified public accountants

(For the year ended March 31, 2025)

The details of non-audit services for which the Company pays audit fees certified public accountants include support service for governance.

(For the year ended March 31, 2026)

Not applicable.

- Details of audit fees for the same network (member firm of KPMG) as auditing certified public accountants (excluding details of audit fees for auditing certified public accountants)

Category	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Audit fees in accordance with audit certification (Millions of yen)	Audit fees in accordance with non-audit certification (Millions of yen)	Audit fees in accordance with audit certification (Millions of yen)	Audit fees in accordance with non-audit certification (Millions of yen)
Reporting company	-	30	-	39
Consolidated subsidiaries	382	38	401	30
Total	382	68	401	69

(Note) Details of non-audit services rendered by the same network (member firm of KPMG) as auditing certified public accountants to the reporting company and its consolidated subsidiaries

(For the year ended March 31, 2025)

Details of non-audit services for the Company include assurance service for environmental information. In addition, details of non-audit services for consolidated subsidiaries include tax consultation service.

(For the year ended March 31, 2026)

Details of non-audit services for the Company include assurance service for environmental information. In addition, details of non-audit services for consolidated subsidiaries include tax consultation service.

- Details of other important audit fees in accordance with audit certification

(For the year ended March 31, 2025)

Not applicable.

(For the year ended March 31, 2026)

Not applicable.

- Policies concerning decision of audit fees

The Company determined, with the consent of the Board of Corporate Auditors, the amount of audit fees upon mutual consultation with KPMG AZSA LLC, which is the auditing certified public accountant of the Company, based on audit plans including audit hours and service details prepared by KPMG AZSA LLC.

- Reason of agreeing audit fees by Board of Corporate Auditors

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 for the basis of estimation of their audit fees, before agreeing to such audit fees and other matters.

(4) Remuneration for Directors and Corporate Auditors

1) Details of the policy and how to determine the amount or calculation method of remuneration for Directors and Corporate Auditors

I 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 profit and consolidated ROE* 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 individual is determined by consolidated operating profit and consolidated ROE, and ESG-related performance when three years have passed since the commencement of their performance evaluation. 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 of achievement of 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.

(Note) Consolidated operating profit is chosen as an indicator for their commitment to delivering results, whereas consolidated ROE serves as an indicator for measuring business stability. ESG-related performance serves as a measure of sustainable corporate value improvement.

In light of their roles and independence, Part-time Directors 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. Policy related to the 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 considering 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.

II 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.

2) Details of remuneration paid to Directors

I Basic remuneration and bonus for Directors

The maximum amount of remuneration paid to Directors (base remuneration and bonuses for Directors) was resolved at the 157th Ordinary General Meeting of Shareholders to be no more than 1 billion yen per year (including no more than 120 million yen for Outside Directors).

Bonus for Directors (excluding Part-time Directors and Outside Directors) is paid as consideration for single-year business results of the Group and achievements of each officer, etc. and designed to function as an incentive for officers, etc. to deliver results and to share profits with shareholders. Bonus for Directors comprises performance-linked portion (85%) that reflects the business results of the entire company and the individual evaluation portion (-15 to 15%) that reflects the achievements of individuals. The amount of the performance-linked portion is determined based on performance indicators (consolidated operating profit and consolidated ROE). Consolidated operating profit is chosen as an indicator for their commitment to delivering results, whereas consolidated ROE serves as an indicator for measuring business stability. The amount of the individual evaluation portion is determined according to the performance of individuals.

II Performance-linked share-based remuneration

1. Summary of performance-linked share-based remuneration

The Company grants the Company's common stocks (hereinafter referred to as "the Company's shares") to Directors (excluding Part-time Directors and Outside Directors; hereinafter referred to as "Eligible Directors") with three consecutive business terms as evaluation period, based on performance-linked share-based remuneration plan (hereinafter referred to as "the Plan A"). The Plan A is designed to provide an incentive for Eligible Directors to enhance corporate value over the mid-term.

2. Structure of the Plan A

Specific details of the Plan A's structure are as follows.

- (i) The Company predetermines the performance indicators (consolidated operating profit, consolidated ROE and ESG-related items) and indicators, etc. required for specific calculations of the number of shares delivered to each Eligible Director (hereinafter referred to as "number of shares delivered individually") to be used under the Plan A.
- (ii) The Company determines, after the performance evaluation period has ended, the number of shares delivered individually based on the rate of achievement of performance indicators during the performance evaluation period.
- (iii) The Company pays monetary remuneration claims to each Eligible Director to be used for contribution in kind, in accordance with the number of shares delivered individually as determined in (ii) above. The amount of monetary remuneration claims is determined by the Company's Board of Directors, within a range that is not especially advantageous for each Eligible Director subscribing to the Company's shares.
- (iv) Each Eligible Director, upon issuance of new shares or disposal of treasury shares by the Company, receives delivery of the Company's shares by providing all of the monetary remuneration claims as contributions in kind described in (iii) above.

III Restricted share remuneration

1. Summary of restricted share remuneration

The Company grants “restricted share remuneration” to the Company’s Directors (excluding Part-time Directors and Outside Directors; hereinafter referred to as “Eligible Directors”) that allocates the Company’s common shares subject to a specified transfer restriction period and provisions on reasons for free acquisition by the Company (hereinafter referred to as “the Plan B”). The Plan B aims to raise motivation of the Eligible Directors more than ever before to make contribution to the improvement of performance and continuous improvement of corporate value over the medium and long term.

2. Structure of the Plan B

Specific details of the Plan B’s structure are as follows.

(i) Details of transfer restrictions

Eligible Directors who are allocated with restricted shares are prohibited from transfer to a third party, creation of a pledge, creation of security by way of assignment, living donation, devise or any other disposal conducts with regard to the restricted shares for 30 years (hereinafter referred to as “Transfer Restriction Period”).

(ii) Cancellation of transfer restrictions

At the expiry of Transfer Restriction Period, the Company cancels transfer restrictions on all the restricted shares allocated to the Eligible Director (hereinafter referred to as “Allocated Shares”) provided that the Eligible Director allocated with restricted shares has continuously served as Director, Vice President or employee of the Company after the start date of the Transfer Restriction Period until the date of the Company’s first ordinary general meeting of shareholders held after the start date.

However, when an Eligible Director is deceased or retires or resigns as Director, Vice President or employee before the expiry of the Transfer Restriction Period and if there is a reason which the Company’s Board of Directors determines to be justifiable, the number of Allocated Shares whose transfer restrictions are canceled and the timing of the cancellation of transfer restrictions shall be reasonably adjusted as necessary.

(iii) Free acquisition of restricted shares

- If an Eligible Director allocated with restricted shares retires or resigns as the Company’s Director, Vice President or employee after the start date of the Transfer Restriction Period and by the previous day of the date of the Company’s first ordinary general meeting of shareholders held after the start date, the Company shall naturally acquire the Allocated Shares free of charge, except when there is a justifiable reason determined by the Company’s Board of Directors.
- If there are Allocated Shares whose transfer restrictions are not canceled in accordance with the cancellation provision of transfer restrictions described in (ii) above at the expiry of the Transfer Restriction Period described in (i) above, the Company shall naturally acquire them free of charge.
- Other provisions on reasons for free acquisition shall be determined in the agreement for allocation of restricted shares based on the resolution of the Company’s Board of Directors.

(iv) Treatment on an organizational restructuring, etc.

If the general meeting of shareholders of the Company approves an agenda for an organizational restructuring, etc. such as a merger agreement under which the Company will become a non-surviving company, or a share exchange agreement or a share transfer plan that makes the Company a wholly-owned subsidiary of another company (if the approval of the general meeting of shareholders of the Company is not required for the said organizational restructuring, etc., the resolution of the Board of Directors of the Company), the Company shall cancel the transfer restrictions prior to the effective date of the organizational restructuring, etc., of the Allocated Shares whose number is reasonably determined based on the period from the start date of the Transfer Restriction Period to the date of approval of the organizational restructuring, etc.

In this case, the Company shall naturally acquire the Allocated Shares free of charge whose transfer restrictions are not yet canceled at the time immediately after the cancellation of transfer restrictions in accordance with the above provisions.

3. Upper limit of the number of shares granted under the Plan B

160,000 shares (individual allocation depends on each position)

However, in the event of a share split (including allotment of shares without contribution) or consolidation of shares of the Company's common stocks, or any other event equivalent thereto necessitating the total number of allocated restricted shares to be adjusted after the resolution of the agenda, the total number of restricted shares shall be reasonably adjusted.

(Reference) Application of restricted share remuneration to the Company's Vice Presidents

The Company grants same restricted share remuneration as above to the Company's Vice Presidents.

*We are proposing, as an agenda item (matter for resolution) for the Ordinary General Meeting of Shareholders scheduled for June 19, 2026, "the determination of the amount of remuneration to be granted to Directors as share-based remuneration (performance-linked restricted share-based remuneration)." If this agenda item is approved, an extraordinary report detailing information regarding the performance-linked restricted share-based remuneration will be submitted.

3) Remuneration for officers, etc.

a. Total amount of remuneration, etc. by position, remuneration by type, and number of eligible 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	
Director (excluding Outside Directors)	979	297	500	68	113	6
Outside Director	78	78	-	-	-	4
Corporate Auditor (excluding Outside Corporate Auditors)	88	88	-	-	-	2
Outside Corporate Auditor	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 a result.
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) Total amount of remuneration, etc. of those whose total amount of remuneration, etc. is 100 million yen or more

(Millions of yen)

Name	Total amount of remuneration, etc.	Position	Company category	Remuneration by type			
				Fixed remuneration	Performance-linked remuneration		
				Basic remuneration (cash)	Bonus for Directors (cash)	Performance-linked share-based remuneration	Restricted share remuneration
Hideo Takasaki	349	Director	Reporting Company	103	164	33	48
Tatsuya Akagi	125	Director	Reporting Company	36	75	-	14
Yosuke Miki	156	Director	Reporting Company	40	86	11	16
Yasuhiro Iseyama	156	Director	Reporting Company	40	86	11	16
Yasuhito Ohwaki	156	Director	Reporting Company	40	86	11	16

(Note) The amount of Performance-linked share-based remuneration is charged to expenses in the current fiscal year.

(5) Shareholdings

1) Criteria and approach to investment share categories

The Company categorizes shares held for asset management as investment shares held for pure investment purposes, and other shares held based on the judgment that they will contribute to the enhancement of corporate value as investment shares held for purposes other than pure investment.

The Company does not hold investment shares held for pure investment purposes.

2) Investment shares held for purposes other than pure investment

a. Shareholding policy, the method for verifying the rationality of the holding, and the contents of the verification of the propriety of holding individual shares at the Board of Directors meeting and others.

The Company shall not hold shares of listed companies for purposes other than pure investment in principle. The Company exceptionally holds shares of companies deemed necessary for capital and business alliances for the purpose other than pure investment. In that case, the Company considers the necessity of holding individual shares and the returns from shares other than pure investment purposes and comprehensively evaluates the point of view of cost of capital. The Company verifies the rationality for holding shares each year in the Board of Directors meeting, and sells them if its rationality is not found.

b. Number of stock names and total amounts recorded on the balance sheet

	Number of stock names (Stock names)	Total amounts recorded on the balance sheet (Millions of yen)
Unlisted shares	21	2,618

(Stock names of which the number of shares increased in the current fiscal year)

	Number of stock names (Stock names)	Total acquisition cost related to the increase in the number of shares (Millions of yen)	Reason for the increase
Unlisted shares	3	2,348	Acquisition of shares based on the Group's business strategy.

(Stock names of which the number of shares decreased in the current fiscal year)

	Number of stock names (Stock names)	Total sales value related to the decrease in the number of shares (Millions of yen)
Unlisted shares	2	8

c. Information on the number of shares and balance sheet amounts for specified investment shares by stock name

Specified investment shares

Not applicable.

5. Employees, etc.

(1) Basic Policy on Human Resources Strategy

The Group considers human capital as its most valuable assets and is committed to creating new value by globally developing the “Nitto Person” who can perform The Nitto Way.

To this end, as a means of embodying our Corporate Philosophy in terms of human capital, we have established the “Basic Policy on Human Resource Management” that clearly states the goals of the “Nitto Person” and leads to the strong promotion of individual initiatives.

- We employ and develop human capital who understand diversity and respect people of all nationalities, genders, ages, careers, and disabilities and who act with integrity.
- We respect our employees as individuals and provide growth opportunities for their autonomous career development.
- We build a rewarding, safe, secure, and healthy work environment by promoting diverse work styles and an open organizational culture.
- We fairly evaluate the results of our employees who take on challenges without fear of failure to motivate them to do their best.
- We seek to discover outstanding human capital from across the globe and train them to become leaders who can anticipate and deliver changes.

Nitto designs and manages its employees’ salaries (including bonuses and other compensation) in such a way that interlinks them with its corporate strategy “Aiming to Solve Social Issues and Create Economic Value Simultaneously” and its human resource strategy “Creation of a Work Environment Where Everyone Feels Rewarded and Satisfied with What They Are Doing,” with ESG at the core of its management. We take a holistic approach to determining a salary by reviewing each employee’s duties, the role they are expected to fulfill, the abilities they have demonstrated, and their achievements, among others. We also ensure that salaries are designed to encourage employees to take up challenges and grow from the perspective that we create an environment enabling our diverse employees to constantly tackle challenging work for value creation. Regarding bonuses, the Company adopts a performance-linked total amount calculation method that is determined through prior consultation and agreement between management and employees. In formulating the calculation formula, a specialized committee composed of representatives from both management and employees conducts multifaceted deliberations, taking into account changes in the social environment, employee perspectives, and growth targets with a view toward the future. Based on these considerations, the final determination is made with due regard to balancing the Company’s sustainable growth and the distribution of results to employees.

As for levels of benefits, we work to ensure a competitive benefit system to continue hiring and retaining human resources as we consider changes in the external environment, such as labor market trends and price levels, in each country or region. We prioritize fairness and transparency as we manage our salary system. We do not discriminate on the grounds of gender or any other attributes.

These approaches to salaries and benefits are based on the Group’s definition of human resources as critical assets. We believe that diverse talent must work together with agency toward value creation to continue giving birth to new value as we aim to achieve Target State 2030, which is an “essential ESG Niche Top company that continually brings amazement and inspiration as a Niche Top creator.” To fulfill this vision, we focus on creating a culture in which everyone enjoys challenges, and on providing environments and systems that enable each employee to take up challenges with agency, thereby pursuing greater medium- to long-term corporate value built upon many years of service by human resources who continue to grow.

(2) Employees

(i) Status of consolidated companies

As of March 31, 2026

	Industrial Tape	Optronics	Human Life	Others	Corporate (Common)	Total
Number of employees (Persons)	8,796 [678]	13,298 [557]	2,974 [136]	281 [34]	1,128 [278]	26,477 [1,683]

(Notes) 1. Number of employees is the number of working employees (excluding Directors (those who are classified as employees) and those who are seconded from the Group to outside the Group) and the number of temporary workers separately listed in square brackets is the annual average number of workers.

2. Temporary workers include part-timers and junior employees and exclude dispatched workers.

(ii) Status of reporting company

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)	Year-on-year change in average annual salary (%)
6,813 [280]	41.0	15.5	8,437	1.2

	Industrial Tape	Optronics	Human Life	Others	Total
Number of employees (Persons)	2,135 [17]	3,754 [130]	713 [101]	211 [32]	6,813 [280]

(Notes) 1. Number of employees is the number of working employees (excluding those who are seconded from the Company to outside the Company) and the number of temporary workers separately listed in square brackets is the annual average number of workers.

2. Temporary workers include part-timers and junior employees and exclude dispatched workers.

3. Average annual salary includes bonuses and non-standard wages.

(iii) Status of labor union

The number of members of our labor union is 5,450.

There are no special issues to be noted as to the relationship between labor and management.

(iv) Proportion of female workers in management positions, proportion of male workers taking childcare leave, and the gender wage gap

(i) Reporting Company

For the year ended March 31, 2026					
Female workers in management positions (%) (Note 1)	Male workers taking childcare leave (%)		Ratio of female wages to male wages (%) (Notes 1, 4, 5)		
	(Note 2)	(Note 3)	All workers	Full-time workers	Part-time/Temporary workers
7.7	77.8	93.9	79.4 [89.2]	81.0 [*]	62.8 [*]

(Notes) 1. Determined based on the provision of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).

2. Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the percentage of workers taking childcare leave, etc. is determined as specified in Article 71-6, item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).

3. Based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991), the percentage of workers taking childcare leave and company-specific parental leave is determined as specified in Article 71-6, item (ii) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991).

4. The number in brackets “[]” means the gender wage gap in management positions, which is excluded from the number above.

5. The asterisk (*) means no workers are subject to the gender wage gap.

(ii) Consolidated subsidiaries

For the year ended March 31, 2026							
Company name	Female workers in management positions (%) (Note 1)	Male workers taking childcare leave (%) (Notes 1, 2)			Ratio of female wages to male wages (%) (Note 1)		
		All workers	Full-time workers	Part-time/Temporary workers	All workers	Full-time workers	Part-time/Temporary workers
Nissho Corporation	10.7	80.0	80.0	*	68.4	70.9	57.0
Nitoms, Inc.	9.3	57.1	57.1	*	68.4	70.6	70.6
Nitto Shinko Corporation	9.8	84.6	81.8	100.0	60.3	61.6	75.9
Nitto Business Expert Corporation	11.5	57.1	57.1	*	76.5	81.1	74.6

(Notes) 1. Determined based on the provision of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64, 2015). Male workers taking childcare leave is the percentage of workers taking childcare leave, etc. determined based on such provision.

2. The asterisk (*) means no male workers are eligible for childcare leave.

(iii) Consolidated companies

The proportion of female workers in management positions is 21.2%. We have no data on the percentages of male workers taking childcare leave and the gender wage gap, as we have not summarized the data.

V. Financial Information

1. Basis of Preparation of the Consolidated Financial Statements and Nonconsolidated Financial Statements

- (1) The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as prescribed in Article 312 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976, hereinafter referred to as the “Regulation on Consolidated Financial Statements”).
- (2) The nonconsolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as the “Regulation on Financial Statements”). Moreover, the Company is qualified as a special company submitting financial statements and prepares nonconsolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements.

2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements in Japanese for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2025 to March 31, 2026) were audited by KPMG AZSA LLC.”

Additionally, the accompanying English consolidated financial statements were audited by KPMG AZSA LLC on a voluntary basis.

3. Specific Efforts to Ensure the Appropriateness of the Consolidated Financial Statements, etc. and Development of a System to Properly Prepare the Consolidated Financial Statements, etc. in Accordance with IFRS

The Company makes specific efforts to ensure the appropriateness of the consolidated financial statements, etc., and develops a system to properly prepare the consolidated financial statements and notes in accordance with IFRS. The details are as follows.

- (1) In order to ensure an appropriate understanding of the corporate accounting standards, etc., and to develop a system to accurately handle revisions to the corporate accounting standards, etc., the Company holds a membership in the Financial Accounting Standards Foundation and participates in the training sessions conducted by the Foundation and audit firms, etc.
- (2) In applying IFRS, the Company obtains press releases and standards issued by the International Accounting Standards Board as needed to understand the latest standards. In addition, in order to prepare its consolidated financial statements in accordance with IFRS, the Company has prepared the Group’s internal accounting policies and guidelines based on IFRS and conducts its accounting work based on such policies and guidelines.

1. Consolidated Financial Statements and Notes

(1) Consolidated financial statements

(i) Consolidated statement of financial position

(Millions of yen)

	Notes	As of March 31, 2025	As of March 31, 2026
Assets			
Current assets			
Cash and cash equivalents	6,13	363,344	359,805
Trade and other receivables	7,13,20	210,418	231,880
Inventories	8	142,932	157,870
Other financial assets	13	7,732	19,436
Other current assets		25,781	28,301
Total current assets		<u>750,209</u>	<u>797,294</u>
Noncurrent assets			
Property, plant and equipment	9	417,636	466,960
Right-of-use assets	10	19,058	20,608
Goodwill	11	57,167	64,125
Intangible assets	11	17,026	16,942
Investments accounted for using equity method		7,319	6,687
Financial assets	13	11,096	13,516
Deferred tax assets	24	17,873	19,095
Other noncurrent assets	16	24,533	36,526
Total noncurrent assets		<u>571,711</u>	<u>644,463</u>
Total assets		<u><u>1,321,920</u></u>	<u><u>1,441,757</u></u>

(Millions of yen)

	Notes	As of March 31, 2025	As of March 31, 2026
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables	13,14	100,508	103,605
Borrowings	13,15	455	-
Income tax payables		28,183	17,932
Other financial liabilities	13	36,102	39,828
Other current liabilities	20	56,485	64,604
Total current liabilities		221,735	225,970
Noncurrent liabilities			
Other financial liabilities	13	20,160	21,711
Defined benefit liabilities	16	28,991	29,809
Deferred tax liabilities	24	3,856	11,780
Other noncurrent liabilities		2,062	3,381
Total noncurrent liabilities		55,070	66,683
Total liabilities		276,806	292,653
Equity			
Equity attributable to owners of the parent company			
Share capital	17	26,783	26,783
Capital surplus	17,18	49,934	49,934
Retained earnings	17	890,040	912,008
Treasury shares	17	(31,799)	(13,849)
Other components of equity	17,19	109,124	173,150
Total equity attributable to owners of the parent company		1,044,083	1,148,027
Noncontrolling interests		1,031	1,075
Total equity		1,045,114	1,149,103
Total liabilities and equity		1,321,920	1,441,757

(ii) Consolidated statement of profit or loss and Consolidated statement of comprehensive income

Consolidated statement of profit or loss

(Millions of yen)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2026
Revenue	20,21	1,013,878	1,028,171
Cost of sales	8,9,10,11, 16,21,22	618,365	637,408
Gross profit		395,513	390,763
Selling, general and administrative expenses	9,10,11,16, 18,21,22	151,835	156,322
Research and development expenses	9,11,16,21,22	46,771	48,025
Other income	21	11,827	12,571
Other expenses	9,12,21,22	23,066	15,371
Operating profit		185,667	183,615
Finance income	23	2,901	3,258
Finance expenses	10,23	3,131	2,045
Share of profit of investments accounted for using the equity method		(108)	147
Profit before income taxes		185,329	184,976
Income tax expenses	24	48,021	51,438
Net profit		137,307	133,537
Net profit attributable to:			
Owners of the parent company		137,237	133,498
Noncontrolling interests		70	38
Total		137,307	133,537
Earnings per share attributable to owners of the parent company			
Basic earnings per share (Yen)	25	195.74	197.20
Diluted earnings per share (Yen)	25	195.65	197.11

Consolidated statement of comprehensive income

(Millions of yen)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2026
Net profit		137,307	133,537
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net changes on financial assets measured at fair value through other comprehensive income	19	(12)	103
Remeasurement of defined benefit liability	19	9,066	5,963
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19	(13,453)	63,723
Net changes in fair value of cash flow hedges	19	0	(0)
Share of other comprehensive income of investments accounted for using equity method	19	(39)	302
Total other comprehensive income		(4,438)	70,092
Total comprehensive income		132,869	203,629
Total comprehensive income attributable to:			
Owners of the parent company		132,783	203,566
Noncontrolling interests		86	63
Total		132,869	203,629

(iii) Consolidated statement of changes in equity
For the year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance as of April 1, 2024		26,783	49,928	808,062	(23,298)	122,544	984,020	1,028	985,048
Net profit		-	-	137,237	-	-	137,237	70	137,307
Other comprehensive income	19	-	-	-	-	(4,454)	(4,454)	15	(4,438)
Total comprehensive income		-	-	137,237	-	(4,454)	132,783	86	132,869
Share based remuneration transactions	17,18	-	-	-	-	123	123	-	123
Dividends	26	-	-	(38,040)	-	-	(38,040)	(20)	(38,060)
Changes in treasury shares	17,18,28	-	(26,308)	-	(8,501)	-	(34,809)	-	(34,809)
Transfer from other components of equity to retained earnings	17	-	-	9,089	-	(9,089)	-	-	-
Acquisition of NCI without change in control		-	6	-	-	-	6	(63)	(56)
Transfer from retained earnings to capital surplus		-	26,308	(26,308)	-	-	-	-	-
Total transactions with owners		-	6	(55,259)	(8,501)	(8,965)	(72,720)	(83)	(72,803)
Balance as of March 31, 2025		26,783	49,934	890,040	(31,799)	109,124	1,044,083	1,031	1,045,114

For the year ended March 31, 2026

(Millions of yen)

	Notes	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance as of April 1, 2025		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	19	-	-	-	-	70,067	70,067	24	70,092
Total comprehensive income		-	-	133,498	-	70,067	203,566	63	203,629
Share based remuneration transactions	17,18	-	19	-	-	(88)	(69)	-	(69)
Dividends	26	-	-	(39,667)	-	-	(39,667)	(19)	(39,687)
Changes in treasury shares	17, 18,28	-	(77,835)	-	17,950	-	(59,884)	-	(59,884)
Transfer from other components of equity to retained earnings	17	-	-	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 as of March 31, 2026		26,783	49,934	912,008	(13,849)	173,150	1,148,027	1,075	1,149,103

(iv) Consolidated statement of cash flows

(Millions of yen)

	Notes	For the year ended March 31, 2025	For the year ended March 31, 2026
Cash flows from operating activities			
Profit before income taxes		185,329	184,976
Depreciation and amortization	9,10,11	65,595	70,677
Impairment losses	12	12,339	4,717
Increase (decrease) in defined benefit liabilities		1,048	(1,196)
Decrease (increase) in trade and other receivables		(3,791)	(4,670)
Decrease (increase) in inventories		(8,526)	(5,957)
Increase (decrease) in trade and other payables		2,369	332
Increase (decrease) in advances received		(413)	540
Interest and dividend income		2,849	3,214
Interest expenses paid		(809)	(1,036)
Income taxes (paid) refunded		(34,304)	(57,302)
Others		(3,779)	(2,111)
Net cash provided by (used in) operating activities		217,908	192,183
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(106,003)	(96,607)
Proceeds from sale of property, plant and equipment and intangible assets		208	4,534
Decrease (increase) in time deposits		(2,371)	(12,110)
Purchase of investment securities		(762)	(3,123)
Proceeds from sale of investment securities		55	8
Purchase of shares of subsidiaries and affiliates		(6,256)	(206)
Others		23	68
Net cash provided by (used in) investing activities		(115,105)	(107,436)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		109	-
Repayment of lease liabilities	10	(5,822)	(6,626)
Decrease (increase) in treasury shares		(35,062)	(60,287)
Cash dividends paid	26	(38,040)	(39,667)
Others		(75)	(15)
Net cash provided by (used in) financing activities		(78,890)	(106,597)
Effect of exchange rate changes on cash and cash equivalents		(2,837)	18,311
Net increase (decrease) in cash and cash equivalents		21,074	(3,538)
Cash and cash equivalents at the beginning of the period		342,269	363,344
Cash and cash equivalents at the end of the period	6	363,344	359,805

Notes to Consolidated Financial Statements

1. Reporting entity

Nitto Denko Corporation (the “Company”) is a corporation domiciled in Japan. The consolidated financial statements above comprise the Company and its subsidiaries (the “Group”) and the Group’s affiliates. The Group is engaged mainly in the “Industrial Tape business,” the “Optronics business,” the “Human Life business,” and “Others” (related businesses with a broad range of products). See Note 5, “Segment information,” for details.

2. Basis of preparation

(1) Accounting standards compliance

The Group’s consolidated financial statements, which meet the requirements of a “specified company complying with any designated international accounting standards” defined in Article 1-2 of the Regulation on Consolidated Financial Statements, have been prepared in accordance with IFRS as prescribed in Article 312 of the Regulation.

(2) Basis of measurement

The consolidated financial statements have been prepared on historical cost basis, except for specific financial assets, financial liabilities and employee benefits, etc., measured at fair value as detailed in Note 3, “Summary of material accounting policies.”

(3) Presentation currency and units

The consolidated financial statements are presented in Japanese yen and figures less than a million yen are rounded down to the nearest million yen.

(4) Standards and interpretations that have been issued but not yet applied

(IFRS 18 “Presentation and Disclosure in Financial Statements” (Issued in April 2024))

IFRS 18, issued in April 2024, is effective for the fiscal year beginning on or after January 1, 2027. IFRS 18 replaces IAS 1 “Presentation of Financial Statements,” and IAS 1 is superseded. In IFRS 18, new requirements for presentation and disclosure in statements of profit or loss has been established. In addition, along with the announcement of IFRS 18, amendments to IAS 7 “Cash Flow Statement,” etc. have been made. The impact of the application of IFRS 18 on the consolidated financial statements of the Company is under consideration.

3. Summary of material accounting policies

Material accounting policies implemented in the consolidated financial statements above are, unless otherwise stated, the same as the accounting policies implemented during all periods presented in the consolidated financial statements.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are all the entities controlled by the Group. The Group controls an entity when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group consolidates a subsidiary from the date when it gains control over the subsidiary until the date it loses control.

The Group uses the acquisition method of accounting for business combinations. The consideration transferred for an acquisition of a subsidiary is calculated as the sum of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair values of assets and liabilities arising from contingent consideration arrangements. Acquisition related costs are expensed as incurred. The identifiable assets acquired and the liabilities assumed in a business combination are measured at their acquisition date fair values. For each acquisition, the Group measures the noncontrolling interests of the acquired company either at fair value or at the noncontrolling interests' proportionate share of the acquired company's net assets.

If the sum of the consideration transferred, the amount of noncontrolling interests in the acquired company, and the acquisition date fair value of the equity interests of the acquired company that the Group previously held exceeds the fair value of the Group's share of the identifiable net assets acquired, the excess is recognized as goodwill. If the purchase amount is less than the fair value of the net assets of the subsidiary acquired in a bargain purchase, the difference is recognized in net profit or loss.

Intercompany transactions, balances and unrealized gains arising from intercompany transactions are eliminated. Unrealized losses are also eliminated unless an impairment loss should be recognized on the assets transferred.

(b) Affiliates

An affiliate is an entity in which the Group owns 20% to 50% of the voting rights and over which the Group has significant influence, but such influence does not rise to the level of control generally. Investments in affiliates are initially recognized at cost and accounted for using the equity method.

(2) Segment reporting

The reportable segments are components of business activities which generate revenues and costs and include transactions with other reportable segments.

The reportable segments are reported in accordance with internal reports presented to the chief operating decision maker. The chief operating decision maker bears responsibility for the allocation of resources and the evaluation of performance of the reportable segments. In the Group, the Board of Directors, which makes the related strategic decisions, is the chief operating decision maker.

(3) Foreign currency translation

(a) Foreign currency transactions

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

Foreign currency transactions are translated into functional currencies using the exchange rates prevailing on the dates of the transactions or, when remeasuring items in the financial statements, the exchange rates prevailing on the date 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.

(b) 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.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and other highly liquid short-term investments due within three months from the deposit date.

(5) Inventories

Inventories are measured at the lower of cost and net realisable 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 realisable value represents the estimated selling price for inventories in the ordinary course of business less the related variable selling cost.

(6) Property, plant and equipment

Property, plant and equipment is measured at the value of its acquisition cost less accumulated depreciation and accumulated impairment losses.

Costs incurred after acquisition are included in the carrying amounts of the assets or recognized when appropriate, as individual assets when it is probable that the future economic benefits associated with the items will flow to the Group and the costs could be reasonably estimated. The carrying amounts of replaced portions are derecognized. Other costs of repairs and maintenance are charged to expenses in the consolidated financial statements in the fiscal year when the costs are incurred.

Depreciation of property, plant and equipment is calculated by allocating the acquisition cost of each asset to the residual value using the straight-line method over the estimated useful life of the asset as set forth below.

- Buildings and structures: 15-30 years

- Machinery and vehicles: 5-10 years

The residual values and useful lives of assets are reviewed at the end of each reporting period, and modified as necessary.

(7) Intangible assets and goodwill

(a) Capitalized development cost

An expenditure incurred in a development phase (or a development stage of an internal project) is capitalized only if the expenditure can satisfy all the following criteria.

- The technical feasibility of completing the developed product so that it will be available for use or sale
- The intention of the entity to complete the developed product and use or sell it
- The ability to use or sell the developed product
- It is probable that the developed product will generate future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the developed product
- The ability to reliably measure the expenditure attributable to the developed product during its development

Amount of initial recognition of capitalized development cost is the total of the cost incurred from the date the intangible asset meets all the above criteria to the completion of the development.

Subsequent to initial recognition, the capitalized development cost is recorded at its acquisition cost less accumulated depreciation and accumulated impairment losses.

When a capitalized development cost is not recognized, it is recognized as an expense when incurred.

(b) Intangible assets acquired in a business combination (goodwill and other intangible assets)

Measurement of goodwill upon initial recognition is described in Note 3 (1), "Summary of material accounting policies - Basis of consolidation." Goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment. Impairment is described in Note 3 (9), Summary of material accounting policies - Impairment of nonfinancial assets."

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their acquisition-date fair values.

(c) Other intangible assets acquired separately

Other intangible assets acquired separately are measured at cost less any accumulated depreciation and accumulated impairment losses, and include software and patent, etc.

Amortization of intangible assets are calculated by allocating the acquisition cost of each asset using the straight-line method over their estimated useful lives as set forth below.

- Software: 5 years

- Other intangible assets: 3 to 15 years

The useful lives are reviewed at the end of each reporting period and modified as necessary.

(8) Leases

The Group determines whether a contract is a lease contract, or if it contains a lease, at the conclusion of the contract. When a contract conveys that in return for consideration a party receives the right to control the use of a specified asset for an agreed period of time, the contract is determined to be a lease contract or one that contains a lease.

If the Group determines that a contract is a lease contract or one that contains a lease, the right-of-use asset and the lease liability are recognized at the commencement date of the lease. Right-of-use assets are measured at the acquisition cost by the amount of lease liability at the initial measurement adjusted by any lease payments made before the commencement date, any initial direct costs to a lessee and costs, including restoration obligation under the lease agreement. Lease liabilities are measured at the discounted present value of the total lease payments not paid at the lease commencement date and are presented in "Other financial liabilities (current)" and "Other financial liabilities (noncurrent)" in the consolidated statement of financial position.

Right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Lease payments are allocated to the repayment of interest expenses and lease liabilities under the interest method, and interest expenses is presented in "Finance expenses" in the consolidated statement of income.

For short-term leases with a lease term of 12 months or less and leases of low-value assets, a right-of-use asset and a lease liability are not recognized, and total lease payments are recognized as expense over the lease term using the straight-line method or other regular basis.

(9) Impairment of nonfinancial assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such an asset 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 less costs of disposal and 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 useful life 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 deemed 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 has been recognized in the past are evaluated at the end of each reporting period for the possibility that the impairment losses should be reversed.

(10) Nonderivative financial assets

The Group initially recognizes trade and other receivables on the date when they are originated. The Group recognizes all other nonderivative financial assets on the date when the Group becomes a contracting party to the financial instruments in question.

(a) Financial assets measured at amortised cost

Financial assets are classified as “financial assets measured at amortised cost” when the following two requirements are met:

- The 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 financial assets give rise on a specific date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised 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 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 financial assets give rise on a specific date 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 through other comprehensive income not through net profit or loss.

With regard to financial assets measured at fair value through other comprehensive income, gains and losses attributable to changes in realized fair value and recognized impairment losses are not reclassified to net profit or loss. However, dividend income from such investments is recognized as “finance income” as a part of net profit or loss, except in cases in which 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 those discussed in subsections (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 subsections (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 through net profit or loss.

(11) Impairment of financial assets

The Group estimates expected credit losses at the end of each financial year with regard to the recoverability of financial assets and contract assets, etc., measured at amortised cost.

For financial instruments whose credit risk has not significantly increased since the initial recognition, expected credit losses within 12 months are recognized as the loss valuation allowance. For financial instruments whose credit risk has significantly increased since the initial recognition, lifetime expected credit losses are recognized as the loss valuation allowance.

The Group determines whether credit risk has significantly increased based on changes in circumstances and the risk of default from the time of the initial recognition, considers information on overdue bills, the aggravation of the debtor's financial condition, any decline in the internal credit rating, etc.

In order to measure the expected credit losses for 12 months, or the entire period, the Group uses reasonable and well supported information on past events, current circumstances and forecasts of future economic conditions which are available at the end of the reporting period without undue cost or effort.

Allowance for doubtful accounts related to financial instruments are recognized in net profit or loss. In the event of an allowance for doubtful accounts being reduced, a reversal of the allowance for doubtful accounts is recognized in net profit or loss.

(12) 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 statement of income. 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 the hedged items affect profit or loss. When forecast transactions to be hedged can give rise to the recognition of nonfinancial assets, any amount that has been recognized as other comprehensive income is reclassified and included in the 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.

(13) Trade payables

Trade payables are the obligations to pay for the goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities when the payment due date is within one year or in cases in which the due date is more than one year but within a normal operating cycle of the business, otherwise they are classified as noncurrent liabilities. Trade payables are measured at fair value upon initial recognition, subsequently, measured at the cumulative amount of related finance expenses calculated using the effective interest method and the initial fair value amount.

(14) Borrowings

Borrowings are measured at fair value net of transaction cost incurred upon initial recognition, subsequently, measured at the cumulative amount of finance expenses calculated using the effective interest method over the borrowing period and the initial fair value amount.

(15) Employee benefits

(a) Short-term employee benefits

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

(b) Long-term employee benefits

The Group provides its employees and retirees with post-employment benefit plans consisting of defined benefit plans and defined contribution plans.

Obligations for the defined benefit plans are recognized as the present value of the 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 the estimated future cash outflows based on the market yields of high quality corporate bonds that have a maturity approximating the estimated dates for the payments of the obligations and are denominated in the currencies in which the payments are made.

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

Past service costs of pension plans are recognized as gains or losses for 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. For as long as the Group pays contributions, the Group will not be obliged to make any additional payments. Such contributions are recognized as employee benefit expenses when they are due.

(16) 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 the cash outflows that are deemed necessary to settle the 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 increase in a provision that may have taken place over time is recognized as a finance expenses.

(17) Shareholders' equity

Common stock is classified as equity.

Incremental costs directly attributable to the issue of new shares (common stock) or stock options are recorded in equity as the amount of deduction from the proceeds.

When an entity of the Group acquires the Company's share capital (treasury shares), the consideration paid, including any directly related incremental costs, is deducted from the equity attributable to the Company's shareholders until the shares are retired or reissued.

(18) Share based remuneration plans

The Group operates the following equity settled share based remuneration plans.

(a) Stock option plans

The Group receives services from Directors, Vice Presidents and employees in exchange for the Group's equity instruments (options). The fair value of the options is based on the Black-Scholes Model, and the fair value of services received in exchange for the granted options is expensed over the vesting period. If a variance arises between the estimate and the result in the vesting period, the recognized cost is adjusted for.

In connection with the introduction of restricted share remuneration plans and performance-linked share-based remuneration plans, stock option plans were abolished with exception of those stock options already granted.

(b) Restricted share remuneration plans and performance-linked share-based remuneration plans

Remuneration under share based remuneration plans are measured by reference to the fair value of the Company's shares to be granted, and the calculated remunerations is expensed with the corresponding amount recognized as an increase in equity.

(19) Revenue recognition

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

- Step 1: Identify the contract with a 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 Group's main businesses are Industrial Tape, Optronics, and Human Life. In these businesses, the Group sells goods and conducts licensing activities such as patent and technology licensing.

For the sale of goods, the Company deems 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 the 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 period of time. The progress is measured by the input method based on the 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, continuing royalty income is measured based on the sales of the contract partner and other factors, and revenue is recognized with consideration for the point in time when the income was generated.

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

(20) Government grants

Government grants are measured and recognized at fair value if there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants associated with an expense are recognized as revenue in the same fiscal year the expense is incurred. Grants associated with the acquisition of an asset are recorded as other income on a systematic basis over the useful life of the asset, and unearned grants are recorded in liabilities as deferred income.

(21) Finance income and finance expenses

Finance income consists of interest income, dividend income, etc. Interest income is recognized when it is incurred using the effective interest method. Dividend income is recognized when the Group's right to receive the dividend is established.

Finance expenses consist of interest expenses, etc. Borrowing costs not directly attributable to the acquisition, construction or production of a qualifying asset are recognized when incurred using the effective interest method.

(22) Income tax

Income tax expenses consist of current and deferred taxes and are recognized in net profit or loss, except when related to items recognized in other comprehensive income or directly recognized in equity.

Income tax expenses for the current fiscal year are calculated based on tax rates enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable profits.

Deferred tax assets and liabilities are recognized using the asset-liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes of consolidated statements.

However, deferred tax assets and liabilities are not recognized for temporary differences when:

- the temporary difference arises from the initial recognition of goodwill
- the temporary difference arises from the initial recognition of an asset or liability in a transaction (excluding business combinations) that, at the time of the transaction, affect neither accounting profit or loss nor taxable profit (loss) and does not give rise to equal taxable and deductible temporary differences.
- the timing of a reversal of taxable temporary differences related to investments in subsidiaries and affiliates is controllable, and the temporary difference is unlikely to be reversed within the foreseeable future.
- deductible temporary differences related to investments in subsidiaries and affiliates to the extent that the temporary difference is unlikely to be reversed within the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are determined at the tax rates expected to apply in the year when the relevant deferred tax asset is realized or the liability is settled, based on the tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax assets and liabilities relate to income taxes imposed by the same taxation authority on the same taxable entity or the same or different taxable entity intended to settle on a net basis.

The Group has applied the exception set forth in “International Tax Reform - Pillar Two Model Rules, which amended IAS 12” to recognizing and disclosing information about deferred tax assets and liabilities related to the income taxes arising from tax law enacted or substantively enacted when implementing the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

(23) Dividend payments

Dividends paid to the owners of the parent company are recognized as a liability in the consolidated financial statements of the Group at the time the dividends are approved by the owners of the parent company.

(24) Earnings per share

Basic earnings per share is calculated by dividing the profit and loss attributable to owners of the parent company by the weighted average number of common issued shares during the current fiscal year. Diluted earnings per share are calculated by adjusting the effect of all potentially dilutive shares.

(25) Assets held for sale

Assets or disposal groups whose values are mainly recovered through sale rather than through continuing use are classified as assets or disposal groups held for sale if it is highly probable that the assets or disposal groups will be sold within one year, the assets or disposal groups are available for immediate sale in their present condition, and the Group’s management has made a commitment to implement the sale plan.

Assets classified as held for sale are measured at the lower of either the carrying amount or the fair value after less costs to sell without being depreciated or amortised while classified as held for sale or part of disposal groups classified as held for sale.

4. Significant accounting estimates and judgments

When preparing the consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and the effect of revised accounting estimates is recognized in the current and future accounting periods.

Significant items that resulted from management’s estimates and judgments are as follows.

- Evaluation of recoverability of property, plant and equipment (See Note 9, “Property, plant and equipment” and Note 12, “Impairment of nonfinancial assets”).
- Evaluation of recoverability of goodwill and intangible assets (See Note 11, “Goodwill and intangible assets” and Note 12, “Impairment of nonfinancial assets”).
- Evaluation of recoverability of deferred tax assets (See Note 24, “Income tax”).
- Measurement of defined benefit liabilities (See Note 16, “Employee benefits”).

5. Segment information

(1) Outline of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is available among the constituent units of the Group and which are regularly used by the Board of Directors, the chief operating decision maker, to determine the allocation of management resources and to evaluate their business results.

The Group has divisions by product, and each division develops comprehensive domestic and overseas strategies for its products and conducts business activities.

The Group's segments are based on three product divisions, and its three reportable segments are the Industrial Tape segment, the Optronics segment and the Human Life segment. Each reportable segment is grouped into one operating segment based on similarities in products, markets, and other aspects.

Intersegment revenue is based on prevailing market prices.

Major products for each segment

Operating segment	Major products or business
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials (optical films, etc.), Circuits Materials (CIS (Circuit Integrated Suspension), high-precision circuits, etc.)
Human Life	Life Science (oligonucleotide contract manufacturing business, nucleic acid synthesis materials, nucleic acid drug discovery, medical products, etc.), Membrane (high-polymer separation membrane), Personal Care Materials (functional film for hygienic materials, etc.)
Others	New Business, Other Products

(2) Information regarding revenue, profit or loss, assets, and other items by segment

Segment information regarding the Group's reportable segments is as follows.

For the year ended March 31, 2025

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Notes 2,3)	Figures in consolidated statement of profit or loss
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	348,960	537,852	125,570	1,012,383	19	1,012,403	1,475	1,013,878
Intersegment revenue	2,869	4,141	6,841	13,851	-	13,851	(13,851)	-
Total segment revenue	351,829	541,993	132,411	1,026,234	19	1,026,254	(12,376)	1,013,878
Operating profit (loss)	45,864	173,117	(11,718)	207,262	(12,229)	195,033	(9,365)	185,667
Finance income								2,901
Finance expenses								(3,131)
Share of profit of investments accounted for using the equity method								(108)
Profit before income taxes								185,329
Segment assets	301,496	749,095	229,308	1,279,901	9,719	1,289,620	32,299	1,321,920
Other items:								
Depreciation and amortization	18,451	27,263	11,562	57,277	864	58,141	7,454	65,595
Impairment losses	885	2,016	4,042	6,945	5,211	12,156	183	12,339
Increase in Property, plant and equipment and Intangible assets	18,795	47,875	15,108	81,779	1,741	83,520	9,456	92,976

(Note) 1. Others is an operating segment that is not included in the reportable segments and consists of New Business.

2. Adjustment of operating profit (loss) amounted to (9,365) million yen includes other incomes (losses) not allocated to each operating segment.
3. Adjustment of segment assets amounted to 32,299 million yen includes Cash and cash equivalents, Property, plant and equipment and others not belonging to each operating segment.
4. As a result of changes in the management structure for the year ended March 31, 2026, some changes have been made to reporting segments. Such changes have been reflected in the figures for the year ended March 31, 2025.

For the year ended March 31, 2026

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustment (Notes 2,3)	Figures in consolidated statement of profit or loss
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	364,827	524,598	137,246	1,026,672	11	1,026,684	1,487	1,028,171
Intersegment revenue	1,780	3,213	6,455	11,448	-	11,448	(11,448)	-
Total segment revenue	<u>366,607</u>	<u>527,812</u>	<u>143,702</u>	<u>1,038,121</u>	<u>11</u>	<u>1,038,132</u>	<u>(9,961)</u>	<u>1,028,171</u>
Operating profit (loss)	<u>51,662</u>	<u>149,871</u>	<u>(5,041)</u>	<u>196,492</u>	<u>(6,971)</u>	<u>189,521</u>	<u>(5,905)</u>	<u>183,615</u>
Finance income								3,258
Finance expenses								(2,045)
Share of profit of investments accounted for using the equity method								147
Profit before income taxes								<u>184,976</u>
Segment assets	343,802	831,110	241,639	1,416,552	10,645	1,427,198	14,559	1,441,757
Other items:								
Depreciation and amortization	18,801	30,527	11,885	61,213	1,099	62,313	8,363	70,677
Impairment losses	1,476	1,389	1,520	4,385	59	4,445	272	4,717
Increase in Property, plant and equipment and Intangible assets	19,339	43,628	16,853	79,821	1,567	81,389	5,452	86,841

(Note) 1. Others is an operating segment that is not included in the reportable segments and consists of New Business.

2. Adjustment of operating profit (loss) amounted to (5,905) million yen includes other incomes (losses) not allocated to each operating segment.

3. Adjustment of segment assets amounted to 14,559 million yen includes Cash and cash equivalents, Property, plant and equipment and others not belonging to each operating segment.

(3) Other information

(a) Information on products and services

There is no additional information on products and services as the classification of the reportable segments is based on the characteristics of the products and services.

(b) Information by geographical area

Revenues from domestic and overseas customers by geographical area are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Japan	156,502	142,657
Americas	77,295	85,108
Europe	90,745	98,196
Asia/Oceania (Note)	685,030	696,991
Others	4,304	5,218
Total	1,013,878	1,028,171

(Note) Of the revenue from the Asia/Oceania region, revenue from China was 405,116 million yen for the year ended March 31, 2025 and 420,049 million yen for the year ended March 31, 2026.

The breakdown of noncurrent assets by geographical area (excluding financial instruments, deferred tax assets, retirement benefit assets, etc.) is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Japan	229,207	247,019
Americas	85,814	86,622
Europe	86,702	94,760
Asia/Oceania	115,115	147,718
Total	516,840	576,120

(Note) Classification method for countries and regions and major countries and regions included in the classification

(1) Classification method for countries and regions is based on geographic proximity.

(2) Countries and regions included in the classification: Americas: the U.S., Mexico, Brazil

Europe: Belgium, France, Germany, Sweden, Turkey

Asia/Oceania: China, South Korea, Taiwan, Singapore,

Malaysia, Hong Kong, Thailand, Vietnam

Other regions: Africa

(c) Information on major customers

There was one group which contributed to 10% or more of the Group's revenues for the year ended March 31, 2025, and the revenue generated from this customer group amounted to 106,899 million yen (Optronics and Industrial Tape). However, there was no single customer group who contributed to 10% or more of the Group's revenues for the year ended March 31, 2026.

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and deposits	370,353	379,036
Time deposit with a maturity of more than three months	(7,009)	(19,230)
Total	363,344	359,805

The balance of cash and cash equivalents in the consolidated statement of financial position equals the balance of “cash and cash equivalents” in the consolidated statement of cash flows for both previous and current fiscal years, respectively.

7. Trade and other receivables

The breakdown of trade and other receivables is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Trade receivables		
Notes and accounts receivable - trade	203,418	216,136
Other receivables	7,351	16,323
Less: Allowance for doubtful accounts (Note 13. Financial instruments)	(352)	(580)
Total	210,418	231,880

8. Inventories

The breakdown of inventories is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Merchandises and finished goods	46,319	47,948
Work in process	58,276	60,933
Raw materials and supplies	38,337	48,988
Total	142,932	157,870

Loss on the valuation of inventories recorded as expense amounted to 5,637 million yen and 1,267 million yen in the previous and current fiscal years, respectively.

9. Property, plant and equipment

The changes in acquisition cost, accumulated depreciation and accumulated impairment losses, and book value of property, plant and equipment are as follows.

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2024	396,346	689,690	59,996	21,475	37,279	1,204,789
Acquisition	33,373	50,624	4,987	150	11,568	100,704
Disposal	(3,910)	(18,346)	(3,033)	(139)	(184)	(25,613)
Foreign currency translation differences, etc.	(3,865)	(7,235)	(387)	(85)	(1,917)	(13,491)
Balance as of March 31, 2025	421,942	714,733	61,564	21,401	46,745	1,266,387
Acquisition	29,110	46,763	7,353	726	10,444	94,399
Disposal	(9,334)	(28,169)	(4,280)	(392)	(19)	(42,196)
Foreign currency translation differences, etc.	16,905	27,548	2,871	956	2,434	50,716
Balance as of March 31, 2026	458,624	760,876	67,507	22,691	59,606	1,369,306

(Millions of yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2024	229,300	551,919	44,668	213	151	826,253
Depreciation	14,173	35,162	4,189	-	-	53,525
Impairment losses	639	2,298	164	-	180	3,283
Disposal	(3,767)	(18,201)	(2,992)	(88)	(147)	(25,197)
Foreign currency translation differences, etc.	(2,010)	(6,441)	(370)	(124)	(165)	(9,113)
Balance as of March 31, 2025	238,335	564,737	45,659	-	18	848,750
Depreciation	15,681	38,323	4,477	-	-	58,482
Impairment losses	1,978	2,302	338	30	5	4,655
Disposal	(8,475)	(27,674)	(4,230)	-	(5)	(40,385)
Foreign currency translation differences, etc.	7,691	21,134	2,065	(30)	(18)	30,842
Balance as of March 31, 2026	255,211	598,823	48,310	-	-	902,345

(Millions of yen)

Carrying amount	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2024	167,046	137,770	15,328	21,262	37,128	378,535
Balance as of March 31, 2025	183,607	149,996	15,904	21,401	46,727	417,636
Balance as of March 31, 2026	203,413	162,052	19,197	22,691	59,606	466,960

(Note 1) Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses,” “Research and development expenses,” and “Other expenses.”

(Note 2) There are no material borrowing costs included in the acquisition cost.

10. Leases

The Group is a lessee that leases assets such as buildings and structures.

Lease related expenses and cash outflows are as follows.

(Millions of yen)		
	For the year ended March 31, 2025	For the year ended March 31, 2026
Depreciation of right-of-use assets (Note 1)		
Buildings and structures	4,882	5,078
Machinery and vehicles	1,002	1,153
Tools, furniture and fixtures	57	44
Land	270	362
Total	6,213	6,639
Interest expenses on lease liabilities (Note 2)		
	682	668
Expenses relating to short-term leases (Note 3)		
	1,856	1,816
Expenses relating to leases which the underlying asset is of low value (Note 3)		
	83	91
Total cash outflows related to leases		
	8,445	9,203

(Note 1) Depreciation of right-of-use assets is included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

(Note 2) Interest expenses on lease liabilities are included in “Finance expenses” in the consolidated statement of profit or loss.

(Note 3) Short-term lease expenses and small lease expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

The breakdown of the book value of right-of-use assets is as follows.

(Millions of yen)		
	As of March 31, 2025	As of March 31, 2026
Right-of-use assets		
Buildings and structures	13,234	14,690
Machinery and vehicles	1,938	2,020
Tools, furniture and fixtures	105	97
Land	3,778	3,800
Total	19,058	20,608

An increase in right-of-use assets in the previous and current fiscal years was 5,961 million yen and 8,979 million yen, respectively.

A maturity analysis of lease liabilities is described in Note 13(3)(c), “Financial Instruments - Financial risks - Liquidity risk.”

11. Goodwill and intangible assets

The changes in acquisition cost, accumulated amortization and accumulated impairment losses, and book value of goodwill and intangible assets are as follows.

(Millions of yen)

Acquisition cost	Goodwill	Software	Software in progress	Other intangible assets (Note 1)	Total
Balance as of April 1, 2024	69,857	49,467	1,837	14,943	136,106
Acquisition	-	3,841	(830)	95	3,107
Disposal	-	(298)	-	(1,509)	(1,808)
Foreign currency translation differences, etc.	(3,227)	(142)	(73)	(2)	(3,445)
Balance as of March 31, 2025	66,629	52,868	933	13,527	133,959
Acquisition	-	2,750	1,555	680	4,985
Disposal	-	(1,320)	(1)	(1,066)	(2,388)
Foreign currency translation differences, etc.	7,811	877	(4)	1,299	9,984
Balance as of March 31, 2026	74,441	55,175	2,484	14,441	146,541

(Millions of yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Software	Software in progress	Other intangible assets (Note 1)	Total
Balance as of April 1, 2024	3,800	38,967	143	6,463	49,375
Amortization	-	4,472	-	1,384	5,856
Impairment losses	8,497	19	-	539	9,056
Disposal	-	(296)	-	(1,293)	(1,590)
Foreign currency translation differences, etc.	(2,836)	(143)	1	46	(2,932)
Balance as of March 31, 2025	9,462	43,019	144	7,139	59,766
Amortization	-	4,423	-	1,132	5,555
Impairment losses	-	62	-	0	62
Disposal	-	(1,312)	-	(868)	(2,181)
Foreign currency translation differences, etc.	853	706	6	705	2,272
Balance as of March 31, 2026	10,315	46,898	151	8,108	65,474

(Millions of yen)

Carrying amount	Goodwill	Software	Software in progress	Other intangible assets (Note 1)	Total
Balance as of April 1, 2024	66,056	10,500	1,694	8,480	86,731
Balance as of March 31, 2025	57,167	9,848	789	6,388	74,193
Balance as of March 31, 2026	64,125	8,276	2,333	6,332	81,067

(Note 1) There were no significant internally generated intangible assets in the previous and current fiscal years.

(Note 2) Amortization of intangible assets is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Research and development expenses.”

(Note 3) There are no material borrowing costs included in the acquisition cost.

12. Impairment of nonfinancial assets

(1) Impairment losses

For the year ended March 31, 2025

During the fiscal year ended March 31, 2025, impairment losses were 12,339 million yen, which are included in “Other expenses.”

The major factors are as follows.

The Company has made a decision to discontinue the commercialization of plastic optical fiber/cable in Circuit Materials under Optronics segment and recorded impairment losses of 1,846 million yen on production equipment, etc. Accordingly, the carrying amount was reduced to the recoverable amount of zero. The recoverable amount is measured based on the fair value less costs of disposal (projected sale value, etc.), and is classified within the fair value hierarchy as Level 3.

In addition, the Company has recorded impairment losses of 5,199 million yen on goodwill related to the flexible sensor business of Nitto Bend Technologies, Inc. belonging to Others segment. This was because the initially envisioned revenue could no longer be expected as a result of reviewing our business plans, and it was expected that the carrying amount could not be recovered. The recoverable amount is calculated based on the fair value less costs of disposal using the discounted cash flow method, and is classified within the fair value hierarchy as Level 3. The key assumptions are projected demand and a discount rate in our business plan. The discount rates (before tax) for the previous and the current fiscal year are 29.0% and 28.3%, respectively.

In addition, the Company has recorded impairment losses of 3,298 million yen on goodwill related to Nitto Advanced Film Gronau GmbH belonging to Human Life segment. This was because the initially envisioned revenue could no longer be expected as a result of reviewing our business plans, and it was expected that the carrying amount could not be recovered. The recoverable amount is calculated based on the fair value less costs of disposal using the discounted cash flow method, and is classified within the fair value hierarchy as Level 3. The key assumptions are projected demand, perpetual growth rate and a discount rate in our business plan. The perpetual growth rate for both the previous and the current fiscal year are 1.4%. The discount rates (before tax) for the previous and the current fiscal year are 7.2% and 7.5%, respectively.

For the year ended March 31, 2026

Since there is no important matter for the year ended March 31, 2026, a description is omitted.

(2) Impairment tests for goodwill

Recoverable amounts of each cash-generating unit in impairment tests for goodwill are calculated by the higher of fair value less costs of disposal and value in use.

Among the goodwill allocated to each cash-generating unit, individually significant goodwill was the goodwill related to Nitto Advanced Film Gronau GmbH. The carrying amount of the goodwill allocated to the relevant cash-generating unit during the previous and current fiscal years was 46,869 million yen and 53,037 million yen, respectively.

The recoverable amount of the cash-generating unit to which individually significant goodwill was allocated was calculated based on the fair value less costs of disposal and is classified within the fair value hierarchy as Level 3.

The fair value less costs of disposal was calculated by the discounted cash flow method, and estimated future cash flows based on the business plan were discounted to the present value. For both the previous and current fiscal year, the future prospects have the expected time period through the fiscal year ending March 31, 2032, and were developed reflecting past experience and aligned with external information. The related business plan contains assumptions such as future demand forecasts for the personal care market and anticipated increases in sales volume, which are based on the expectation of securing new customer orders. A perpetual growth rate of 1.4% and 1.1% was applied in consideration of the long-term growth rate of markets and countries, etc., to which the relevant cash-generating unit belongs for the previous fiscal year and the current fiscal year. A discount rate of 7.5% and 7.8% (before tax), respectively was applied based on the weighted average cost of capital of the relevant cash-generating unit in the previous fiscal year and the current fiscal year. It was judged that any reasonably predictable change in the recoverable amount by the end of the following fiscal year would unlikely cause the carrying amount to exceed the recoverable amount.

(3) Goodwill

At the end of the previous and the current fiscal year, the total carrying amount of individually insignificant goodwill among all goodwill allocated to each cash-generating unit was 10,297 million yen and 11,087 million yen, respectively.

The impairment losses related to goodwill that is not individually significant among the goodwill allocated to each cash-generating unit amounted to 5,199 million yen in the previous fiscal year. There was no impairment loss in the current fiscal year.

13. Financial instruments

(1) Capital risk management

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

(2) Financial risk management

(i) Risk management policies

The Group conducts risk management to mitigate the financial risks arising from its business activities. The Group's basic policy on risk management is to eliminate the sources of risk to avoid its 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 related management policies see below (3), "Financial risks."

(ii) Classification of financial instruments

Carrying amounts of financial assets by classification are as follows.

(Millions of yen)

Financial assets	As of March 31, 2025	As of March 31, 2026
Cash and cash equivalents (Note 6)	363,344	359,805
Financial assets measured at fair value through profit or loss		
Investments in debt instruments	2,716	3,305
Derivative	531	88
Subtotal	3,247	3,393
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments	128	2,618
Subtotal	128	2,618
Financial assets measured at amortised cost		
Trade and other receivables (Note 7)	210,418	231,880
Investments in debt instruments	31	29
Others	15,420	26,910
Subtotal	225,870	258,820
Total	592,591	624,638

Carrying amounts of financial liabilities by classification are as follows.

(Millions of yen)

Financial liabilities	As of March 31, 2025	As of March 31, 2026
Financial liabilities measured at fair value through profit or loss		
Derivative	32	319
Subtotal	32	319
Other financial liabilities measured at amortised cost		
Trade and other payables (Note 14)	100,508	103,605
Borrowings (Note 15)	455	-
Others	56,230	61,220
Subtotal	157,193	164,826
Total	157,226	165,145

(3) Financial risks

Business activities of the Group are affected by the businesses and financial market environment. The financial instruments owned by the Group in the course of its business activities are exposed to inherent (a) market risk (including (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 overseas markets. Consequently, the Group is exposed to the risk of changes in foreign currency exchange rates ("foreign exchange risk") arising from the translation of the balances of foreign currency denominated trade receivables and trade payables resulting from 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.

Derivatives

A summary of the major derivatives used by the Group to mitigate foreign exchange fluctuation risk is as follows.

Derivative transactions to which hedge accounting is not applied

(Millions of yen)

	As of March 31, 2025			As of March 31, 2026		
	Contract amount	Due after 1 year	Fair value	Contract amount	Due after 1 year	Fair value
Forward exchange contracts						
Selling						
(U.S. dollars)	91,484	-	486	96,374	-	(269)
(Euro)	23,083	-	(5)	142	-	(3)
(Others)	7,280	-	23	17,943	-	(2)
Buying						
(U.S. dollars)	966	-	(7)	1,044	-	44
(Others)	409	-	2	409	-	(0)
Total	123,223	-	498	115,915	-	(230)

Details of the hedging instruments designated as cash flow hedges

As of March 31, 2025

(Millions of yen)

	Hedged item	Contract amount	Due after 1 year	Average exchange rate	Carrying amount		Presentation in the consolidated statements of financial position
					Assets	Liabilities	
Foreign exchange risk							
Forward exchange contracts							
Selling							
(U.S. dollars)	Forecast transactions	103	-	148.1 yen	0	-	Other financial assets
(Euro)	Forecast transactions	9	-	161.3 yen	0	0	Other financial assets Other financial liabilities
Total		113	-		0	0	Other financial assets Other financial liabilities

(Note) There is no ineffective portion recognized in net profit or loss.

As of March 31, 2026

(Millions of yen)

	Hedged item	Contract amount	Due after 1 year	Average exchange rate	Carrying amount		Presentation in the consolidated statements of financial position
					Assets	Liabilities	
Foreign exchange risk							
	Forward exchange contracts						
Selling							
(U.S. dollars)	Forecast transactions	78	-	158.0 yen	-	0	Other financial liabilities
(Euro)	Forecast transactions	10	-	183.2 yen	0	-	Other financial assets
Total		89	-		0	0	Other financial assets Other financial liabilities

(Note) There is no ineffective portion recognized in net profit or loss.

Details of the hedged items designated as cash flow hedges

As of March 31, 2025

(Millions of yen)

Cash flow hedge reserve related to ongoing hedges	
Foreign exchange risk	0

(Note) There is no ineffective portion recognized in net profit or loss.

As of March 31, 2026

(Millions of yen)

Cash flow hedge reserve related to ongoing hedges	
Foreign exchange risk	(0)

(Note) There is no ineffective portion recognized in net profit or loss.

Effects of application of hedge accounting to the Consolidated Statement of profit or loss

For the year ended March 31, 2025

(Millions of yen)

	Fluctuations in the value of hedging instruments recognized as other comprehensive income	Amounts reclassified from cash flow hedge reserve to net profit or loss	Presentation affected by reclassification in net profit or loss
Foreign exchange risk			
Forward exchange contracts			
Selling			
(U.S. dollars)	0	(0)	Finance expenses
(Euro)	(0)	0	Finance income
Total	<u>0</u>	<u>0</u>	

(Note) There are no reclassification adjustments caused by the derecognition of hedging instruments.

For the year ended March 31, 2026

(Millions of yen)

	Fluctuations in the value of hedging instruments recognized as other comprehensive income	Amounts reclassified from cash flow hedge reserve to net profit or loss	Presentation affected by reclassification in net profit or loss
Foreign exchange risk			
Foreign exchange contracts			
Selling			
(U.S. dollars)	(0)	0	Finance income
(Euro)	0	(0)	Finance expenses
Total	<u>(0)</u>	<u>0</u>	

(Note) There are no reclassification adjustments caused by the derecognition of hedging instruments.

Analysis of exchange rate sensitivity

An analysis of exchange rate sensitivity shows the impact of the appreciation of yen by 1% against the foreign exchange exposure in U.S. dollars on the reporting date on profit before income taxes in the consolidated statement of profit or loss, excluding the impact of converting financial instrument denominated in functional currency and income and expenses of foreign operations into yen and assuming that all other variables were constant. The effective portion of the hedge relationship of derivative financial instruments to which hedge accounting is applied is excluded from the calculation of the impact amount. Under these assumptions, the Group's sensitivity to foreign exchange risk and exposure in the previous fiscal year and the current fiscal year is (801) million yen and (1,124) million yen, respectively. These figures do not represent the impact on the Group's consolidated operating results.

(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 the 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 changes in the 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 related is mainly to liabilities such as borrowings and to assets such as time deposits and loan receivable. As the amount of interest is affected by the fluctuation of market interest rates, future cash flows from interest are exposed to interest rate risk.

The Group is working to use its funds efficiently and reduce its interest bearing debt as much as possible, with the result that the level of its interest bearing debt is kept extremely low as a portion of 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 exposed to credit risk. The Group holds trade receivables and contract assets from numerous customers in its business such as Industrial Tape, Optronics, Human Life, and Others segments. The credit risk of customers is managed by establishing the applicable payment terms and credit limits. Through the regular monitoring of collection activities and assessment of collection status, the reasons for overdue trade receivables are clarified and measures appropriate taken. Credit evaluation is also regularly performed by analyzing information continuously gathered and the credit reports of counterparties obtained from external institutions as needed together with the historical payment performance of customers. The Company also examines the collectability 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 determined to have changed or become abnormal, or if no payment is received from a customer on or before the payment due date contractually agreed upon without justifiable reason, we will investigate the situation of the customer and take appropriate preventive measures, such as changing the payment terms and factoring, which are subject to approval of the responsible persons in charge.

Trade receivables and contract assets are classified in accordance with day counts after the due date. With consideration for past performance, an allowance for doubtful accounts is measured in the same amount as the lifetime expected credit losses. For other receivables and other financial assets, an allowance for doubtful accounts is generally measured at an amount equal to 12 months of expected credit losses. However, if the credit risk associated with financial assets increase significantly after the initial recognition, the allowance for doubtful accounts is measured by individually estimating the lifetime expected credit losses related to the recovery of related financial assets based on the historical experience of defaults and forecasts of future economic conditions.

The Group determines whether credit risk has significantly increased based on the change in default events risk from the time of the initial recognition. For that determination, the Group, considers information about overdue bills, any deterioration in the debtor's financial condition, decline of internal credit rating, etc.

In order to measure the expected credit losses for 12 months or the entire period, the Group uses reasonable and well-supported information on past events, current conditions and forecasts of future economic conditions available at the end of the financial year without excessive cost and effort.

A provision for doubtful accounts related to financial instruments is recognized in net profit or loss. In the event of an allowance for doubtful accounts being reduced, a reversal of the allowance for doubtful accounts is recognized in net profit or loss.

The total carrying amount of trade receivables, contract assets and other receivables, which are subject to recognition of the allowance for doubtful accounts is as follows.

As of March 31, 2025

(Millions of yen)

Past due period	Trade receivables and contract assets	Other receivables			Total
		Stage 1 Measured at an amount equal to 12-month expected credit losses	Stage 2 Measured at an amount equal to lifetime expected credit losses	Stage 3 Measured at an amount equal to lifetime expected credit losses	
Before due date	201,577	3,249	-	-	204,827
Less than three months	4,993	-	-	-	4,993
Three to six months	90	-	-	-	90
More than six months	859	-	-	-	859
Total	207,521	3,249	-	-	210,770

As of March 31, 2026

(Millions of yen)

Past due period	Trade receivables and contract assets	Other receivables			Total
		Stage 1 Measured at an amount equal to 12-month expected credit losses	Stage 2 Measured at an amount equal to lifetime expected credit losses	Stage 3 Measured at an amount equal to lifetime expected credit losses	
Before due date	218,436	3,439	-	-	221,875
Less than three months	8,653	-	-	-	8,653
Three to six months	540	-	-	-	540
More than six months	1,390	-	-	-	1,390
Total	229,020	3,439	-	-	232,460

(Note) Expected credit losses on financial assets for which a simplified approach is applied and financial assets in Stage 1 are divided into groups based on similar risk characteristics and then evaluated in aggregate by multiplying the actual rate of historical credit losses by the allowance rate, taking into account the forecast of future economic conditions, etc. Expected credit losses on financial assets in Stage 2 and Stage 3 are individually evaluated after adjusting the counterparties' financial situation taking into account the forecast, etc., of future economic conditions.

Changes in the allowance for doubtful accounts related to impairment losses on trade receivables, contract assets and other receivables are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Balance at the beginning of the period	458	352
Increase during the period	384	658
Decrease during the period (intended use)	(13)	(35)
Others	(478)	(394)
Balance at the end of the period	352	580

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 trades associated with deposits and derivative financial instruments are executed only with financial institutions with high credit ratings, the Group considers its current risk arising from such transactions as immaterial.

(c) Liquidity risk

The Group uses short-term borrowings principally for funding the working capital and long-term borrowings 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 its obligations associated with such liabilities. The Group manages liquidity risk by effective cash planning based on cash flow forecasts to meet its liabilities' settlements.

The liquidity risk associated with 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 on hand. In addition, surplus funds generated in the subsidiaries are managed within the Group for efficient cash management.

For long-term borrowings for purposes of long-term financing, cash planning is undertaken prior to engaging in long-

term fund procurement, which is subject to the approval of the Board of Directors.

The maturity analysis of contractual cash flows of borrowings and lease liabilities is as follows.

(Millions of yen)

As of March 31, 2025	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Borrowings	458	-	-	-	-	-	458
Lease liabilities	9,428	7,621	5,014	4,103	1,097	3,656	30,921
Total	9,887	7,621	5,014	4,103	1,097	3,656	31,380

(Millions of yen)

As of March 31, 2026	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Borrowings	-	-	-	-	-	-	-
Lease liabilities	9,151	7,072	5,276	4,963	1,983	3,208	31,654
Total	9,151	7,072	5,276	4,963	1,983	3,208	31,654

As of March 31, 2026, the Group holds 359,805 million yen of cash and short-term deposits, etc., available at any time to address liquidity risks.

(4) Fair values of financial instruments

Estimating fair values

(i) Fair value measurement methods

The Group determines the 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 cash and cash equivalents, trade and other receivables, trade and other payables, and short-term borrowings 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 by on market prices, etc., while the fair values of unlisted securities are determined using other valuation techniques.

The fair values of derivatives are calculated based on forward exchange markets at the end of the reporting period, etc.

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

- Quoted market prices of similar financial instruments or broker quotes
- The fair values of foreign currency forward contracts are 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.

(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 the end of each fiscal year.

(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 or indirectly observable for the asset or liability.

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

The breakdown of the Group's assets and liabilities measured at fair values is as follows.

	(Millions of yen)			
As of March 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Investments in debt instruments	-	-	2,716	2,716
Derivatives	-	531	-	531
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments	-	-	128	128
Total financial assets	<u>-</u>	<u>531</u>	<u>2,845</u>	<u>3,376</u>
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	(32)	-	(32)
Total financial liabilities	<u>-</u>	<u>(32)</u>	<u>-</u>	<u>(32)</u>

	(Millions of yen)			
As of March 31, 2026	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
Derivatives	-	88	-	88
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments	-	-	2,618	2,618
Total financial assets	<u>-</u>	<u>88</u>	<u>5,924</u>	<u>6,012</u>
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	(319)	-	(319)
Total financial liabilities	<u>-</u>	<u>(319)</u>	<u>-</u>	<u>(319)</u>

There were no reclassifies between Levels 1, 2 and 3 during the previous and current fiscal years.

(iv) Equity instruments

Equity instruments such as shares, are held mainly for the purpose of contributing to the development and expansion of businesses in the long term and designated as financial assets measured at fair value through other comprehensive income. The fair value of equity instruments in the previous and current fiscal years are 128 million yen and 2,618 million yen, respectively.

Dividend income recognized from equity instruments are as follows.

(Millions of yen)

For the year ended March 31, 2025		For the year ended March 31, 2026	
Financial assets derecognized during the period	Financial assets held at the end of the period	Financial assets derecognized during the period	Financial assets held at the end of the period
-	2	0	2

14. Trade and other payables

The breakdown of trade and other payables is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Trade payables		
Trade notes and accounts payables	72,142	75,425
Other payables	28,366	28,180
Total	100,508	103,605

15. Borrowings

The breakdown of borrowings is as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026	Average interest rate (%) (Note)
Current liabilities			
Short-term borrowings	455	-	-
Total	455	-	

16. Employee benefits

The Group has retirement benefit plans based on salary levels during employment, length of service, and other factors. As part of the retirement benefit plans, pension assets related to defined benefit plans are contributed to external asset managers. Pension assets are deposited in trust accounts or other similar entities that comply with local regulations and practices in each country.

The Group has defined benefit plans consisting of a fund-type corporate pension plan, a contract-type corporate pension plan, and a lump-sum retirement payment plan. In addition, in certain occasions, additional retirement payment is made to employees for their retirement.

(1) Defined benefit plans

(a) The amounts recorded in the Consolidated Statement of Financial Position are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Present value of defined benefit obligations	118,618	113,289
Fair value of plan assets	108,208	112,523
Net defined benefit liability (asset)	10,409	766
Defined benefit liability	28,991	29,809
Retirement benefit assets (Note)	18,581	29,043
Net assets and liabilities in the Consolidated Statement of Financial Position	10,409	766

(Note) Assets for retirement benefits is included in "Other noncurrent assets" in the consolidated statement of financial position.

(b) Changes in defined benefit obligations are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Balance at the beginning of the period	130,578	118,618
Service cost	6,231	5,610
Interest cost	1,857	2,463
Remeasurement of defined benefit obligations		
Actuarial gains and losses arising from changes in demographic assumptions	(424)	2,241
Actuarial gains and losses arising from changes in financial assumptions	(10,884)	(11,320)
Actuarial gains and losses arising from experience adjustment	(1,003)	4,153
Benefits payment	(6,691)	(7,349)
Others	(1,045)	(1,126)
Balance at the end of the period	118,618	113,289

(c) Changes in the fair value of plan assets are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Balance at the beginning of the period	107,947	108,208
Interest income on plan assets	1,606	2,381
Remeasurement of fair value of plan assets		
Return on plan assets	977	3,458
Employer contributions	3,273	3,782
Benefits payment	(5,207)	(5,485)
Others	(388)	176
Balance at the end of the period	108,208	112,523

(d) The fair value of plan assets consists of the following items.

(Millions of yen)

	As of March 31, 2025		As of March 31, 2026	
	With quoted prices in active markets	No quoted prices in active markets	With quoted prices in active markets	No quoted prices in active markets
Cash and cash equivalents	7,240	-	4,509	-
Life insurance general account	-	17,489	-	18,177
Bonds	6,457	11,378	6,572	17,275
Shares	4,213	4,332	3,075	4,632
Others (Note)	-	57,097	-	58,280
Total plan assets	17,911	90,297	14,156	98,366

(Note) This includes investments in private investment trusts, etc., for the purpose of balanced investment and controlling risk.

(e) Key actuarial assumptions are as follows.

	For the year ended March 31, 2025	For the year ended March 31, 2026
Discount rate	2.11%	2.94%

(f) The sensitivity analysis of the defined benefit obligations to changes in the weighted average of key assumptions is as follows.

For the year ended March 31, 2025

(Millions of yen)

	Impact on defined benefit obligations		
	Changes in assumptions	Increased assumptions	Decreased assumptions
Discount rate	0.5%	(6,732)	7,233

For the year ended March 31, 2026

(Millions of yen)

	Impact on defined benefit obligations		
	Changes in assumptions	Increased assumptions	Decreased assumptions
Discount rate	0.5%	(6,022)	6,439

The sensitivity analysis above was performed by varying one assumption while all other assumptions were unchanged. In practice, the value may result from multiple assumption changes related to each other. In calculating the sensitivity of defined benefit obligations for significant actuarial assumptions, the same method (the projected unit credit method to calculate the present value of the defined benefit obligations at the end of the reporting period) was applied to calculate the pension obligation recognized in the consolidated statement of financial position.

There were no changes from the previous fiscal year for the methods and assumptions used in the sensitivity analysis.

(g) Asset-liability matching strategy

Under current market conditions, no significant changes in discount rates or liabilities are anticipated. Accordingly, the Company sets its investment strategy so that the expected medium- to long-term investment return exceeds the discount rate, limiting the mismatch between assets and liabilities.

The Company's investment strategy primarily focuses on strengthening the management of downside risk rather than maximizing returns. With this investment policy, the Company expect to generate revenues that can fulfill long-term contracts.

(h) Impact of defined benefit plans on future cash flows

(i) The Company has adopted a policy of ensuring that funding arrangements and funding that affects future contributions meet the relevant legal requirements and adapts to the risk structure associated with benefit obligations.

(ii) The Company's projection of contributions for the following fiscal year is 3,782 million yen.

(iii) The weighted average duration of the defined benefit obligations is 12.55 years.

(2) Defined contribution plans

Expenses related to required contributions to defined contribution plans were 2,734 million yen in the previous fiscal year and 2,736 million yen in the current fiscal year.

17. Equity and other equity items

(1) Total numbers of authorized shares and issued shares

The total numbers of authorized shares and issued shares are as follows.

The shares issued by the Company are common stock without par value, and all issued shares are fully paid-in capital.

(Thousands of shares)

	Total number of authorized shares	Total number of issued shares
Balance as of April 1, 2024	400,000	143,551
Changes (Note 1)	1,600,000	563,209
Balance as of March 31, 2025	2,000,000	706,760
Changes (Note 2)	-	(28,101)
Balance as of March 31, 2026	2,000,000	678,659

(Note 1) Changes of total numbers of authorized shares and issued shares in the previous year are as follows:

The total number of issued shares decreased by 2,199,585 shares due to the cancellation of treasury shares based on a resolution of the Board of Directors meeting held on June 21, 2024, and the total number of authorized and issued shares increased by 1,600,000,000 and 565,408,600 shares, respectively due to the implementation of the stock split with an effective date of October 1, 2024. Each share of common stock has been split into five shares.

(Note 2) Changes of total number of issued shares in the current fiscal year is due to the cancellation of treasury shares based on a resolution of the Board of Directors meeting held on September 25, 2025.

The changes of treasury shares are as follows.

	Number of treasury shares (Thousands of shares)	Amount (Millions of yen)
Balance as of April 1, 2024	2,104	23,298
Changes (Note 1)	9,721	8,501
Balance as of March 31, 2025	11,826	31,799
Changes (Note 2)	(6,826)	(17,950)
Balance as of March 31, 2026	4,999	13,849

(Note 1) The increase is due to the acquisition of treasury shares based on a resolution of the Board of Directors meeting held on January 26, 2024 and January 27, 2025, and the demands for the purchase of shares of less than one unit, and the decrease is due to the cancellation of treasury shares and disposal as restricted shares based on a resolution of the Board of Directors meeting held on June 21, 2024. The treasury shares increased by 3,926,208 due to the implementation of the stock split with an effective date of October 1, 2024. Each share of common stock has been split into five shares.

(Note 2) The increase is due to the acquisition of treasury shares based on a resolution of the Board of Directors meeting held on January 27, 2025, and the demands for the purchase of shares of less than one unit. The decrease is due to the disposal as restricted shares and performance-linked shares based on a resolution of the Board of Directors meeting held on June 20, 2025, and the cancellation of treasury shares based on a resolution of the Board of Directors meeting held on September 25, 2025, and the demands for the sale of shares of less than one unit.

(2) Share capital and capital surplus

The Companies Act of Japan specifies that 50% or more of the amount paid or delivered for the issuance of shares is recorded as share capital, and the amount not recorded as share capital is recorded as legal capital surplus included in capital surplus.

The Companies Act of Japan also specifies that the amount of legal capital surplus may be transferred as share capital based on a resolution of a general meeting of shareholders.

(3) Retained earnings

The Companies Act of Japan specifies that 10% of the amount of surplus reduced by dividends is appropriated as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches 25% of share capital.

The accumulated legal retained earnings may be used to cover deficits. In addition, the Company may reduce the legal retained earnings based on a resolution of a general meeting of shareholders.

The distributable amount in the Company under the Companies Act of Japan is calculated based on the amount of retained earnings in the Company's accounting books prepared in accordance with generally accepted accounting principles in Japan.

In addition, the Companies Act of Japan sets certain limits on the distributable amount, and the Company makes distributions from retained earnings within those limits.

(4) Other components of equity

For the year ended March 31, 2025

(Millions of yen)

	Exchange differences on translation of foreign operations	Net changes on financial assets measured at fair value through other comprehensive income	Net changes in fair value of cash flow hedges	Reevaluation of defined benefit liability	Restricted shares and Performance-linked shares	Total
Balance as of April 1, 2024	122,544	49	0	-	(49)	122,544
Other comprehensive income	(13,492)	(12)	0	9,050	-	(4,454)
Total comprehensive income	(13,492)	(12)	0	9,050	-	(4,454)
Share-based remuneration transactions	-	-	-	-	123	123
Transfer from other components of equity to retained earning	-	(39)	-	(9,050)	-	(9,089)
Balance as of March 31, 2025	109,052	(1)	0	-	73	109,124

For the year ended March 31, 2026

(Millions of yen)

	Exchange differences on translation of foreign operations	Net changes on financial assets measured at fair value through other comprehensive income	Net changes in fair value of cash flow hedges	Reevaluation of defined benefit liability	Restricted shares and Performance-linked shares	Total
Balance as of April 1, 2025	109,052	(1)	0	-	73	109,124
Other comprehensive income	64,017	103	(0)	5,947	-	70,067
Total comprehensive income	64,017	103	(0)	5,947	-	70,067
Share-based remuneration transactions	-	-	-	-	(88)	(88)
Transfer from other components of equity to retained earning	-	(4)	-	(5,947)	-	(5,952)
Balance as of March 31, 2026	173,069	96	(0)	-	(15)	173,150

(a) Exchange differences on translation of foreign operations

An exchange difference on translation of foreign operations is the exchange difference on overseas operations in the financial statements.

(b) Net changes on financial assets measured at fair value through other comprehensive income

A net change on financial assets measured at fair value through other comprehensive income is the difference between the acquisition cost and the fair value of financial assets measured at fair value through other comprehensive income arising before derecognition.

(c) Net changes in fair value of cash flow hedges

A net change in fair value of cash flow hedges is net gain or loss in unrealized gains (losses) on derivatives, as hedging instruments, recorded in the consolidated statement of comprehensive income before the hedge accounting closing date.

(d) Re-evaluation of defined benefit liability

A re-evaluation of defined benefit liability is the remeasurement of the defined benefit obligation resulting from differences between actuarial assumptions and actual experience of the defined benefit plan.

(e) Restricted shares and Performance-linked shares

Under the restricted share remuneration plan, the Company provides monetary compensation to be used as assets for investment in restricted stock. The fair value of the compensation determined at the time of initial recognition is recognized as other components of equity as a debit. Over the vesting period, other components of equity recognized as debits are deducted when the compensation cost is recognized.

Under the performance-linked share-based remuneration plan, the Company provides monetary compensation to be used as assets for investment in performance-linked shares. Over the vesting period, the fair value of the compensation is recognized as other components of equity as a credit when the compensation cost is recognized. And other components of equity recognized as credits are deducted when monetary compensation is provided.

The restricted share remuneration plan and the performance-linked share-based remuneration plan are detailed in Note 18, "Share-based remuneration."

18. Share-based remuneration

(1) Description, scale, and transition of stock options

Overview of stock option plans

Details of the Group's stock option plans are as follows.

	2007 Equity-based remuneration stock options	2008 Equity-based remuneration stock options	2009 Equity-based remuneration stock options
Resolution date	June 22, 2007	June 20, 2008	June 19, 2009
Category and number of persons granted	The Company's Directors and Vice Presidents 23	The Company's Directors and Vice Presidents 23	The Company's Directors and Vice Presidents 20
Number of stock options (shares) (Note 1)	Common stock 166,500	Common stock 265,000	Common stock 336,500
Grant date	July 30, 2007	August 1, 2008	August 3, 2009
Vesting conditions (Note 2)	To maintain positions of Directors or Vice Presidents from the date of grant (July 30, 2007) to the vesting date (June 1, 2008)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2008) to the vesting date (June 1, 2009)	To maintain positions of Directors or Vice Presidents from the date of grant (August 3, 2009) to the vesting date (June 1, 2010)
Requisite service period	July 30, 2007 through June 1, 2008	August 1, 2008 through June 1, 2009	August 3, 2009 through June 1, 2010
Exercise period (Note 3)	July 31, 2007 through July 30, 2037	August 2, 2008 through August 1, 2038	August 4, 2009 through August 3, 2039
Number of stock acquisition rights (units) (Notes 4 and 6)	10	19	26
Class, details and number of shares to be acquired upon exercise of stock acquisition rights (Note 6)	Common stock 5,000 shares	Common stock 9,500 shares	Common stock 13,000 shares
Subscription amount to be paid upon exercise of stock acquisition (yen) (Note 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	<p>(i) The amount of common stock to be increased when shares are issued by the exercise of warrants shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, by 0.5. If there is a fractional amount of less than one yen resulting from such calculation, the fractional amount of shall be rounded up.</p> <p>(ii) The amount of legal capital surplus to be increased when shares are issued by the exercise of warrants shall be the amount obtained by deducting the amount of common stock to be increased described in (i) above from the maximum amount of increase in common stock, etc. defined in (i) above.</p>		

	2007 Equity-based remuneration stock options	2008 Equity-based remuneration stock options	2009 Equity-based remuneration stock options
Conditions for exercise of warrants (Note 6)	<p>(i) A holder of warrants may exercise the warrants only when, during the “Exercise period” above, a Director of the Company loses his/her position as a Director of the Company or a Vice President of the Company loses his/her position as a Vice President of the Company. In this case, a holder of warrants may exercise the warrants only within ten days from the day following the day he/she loses his/her position (hereinafter referred to as “Starting Date of Exercise”). However, when a holder of warrants is a Vice President of the Company and has an employment contract with the Company, the later of the day following the day he/she loses his/her position as a Vice President of the Company or the day following the day the relevant employment contract expires shall be the Starting Date of Exercise.</p> <p>(ii) When a holder of warrants is deceased, his/her heirs may exercise the warrants. However, in this case, related heirs may exercise the warrants only within ten months from the day following the day the holder of warrants becomes deceased.</p> <p>(iii) In each case of (i) and (ii) above, upon the expiration of the relevant periods as specified in (i) and (ii) respectively, a holder of warrants cannot exercise the warrants from the day following the expiry date.</p>		
Matters concerning the transfer of warrants (Note 6)	The acquisition of warrants by transfer shall require approval by a resolution of the Board of Directors of the Company.		
Matters concerning the delivery of warrants in connection with acts of organizational restructuring (Note 6)	(Note 5)		

	2010 Equity-based remuneration stock options	2011 Equity-based remuneration stock options	2012 Equity-based remuneration stock options
Resolution date	June 18, 2010	June 17, 2011	June 22, 2012
Category and number of persons granted	The Company's Directors and Vice Presidents 19	The Company's Directors and Vice Presidents 18	The Company's Directors and Vice Presidents 18
Number of stock options (shares) (Note 1)	Common stock 263,500	Common stock 230,500	Common stock 231,500
Grant date	August 2, 2010	August 1, 2011	August 1, 2012
Vesting conditions (Note 2)	To maintain positions of Directors or Vice Presidents from the date of grant (August 2, 2010) to the vesting date (June 1, 2011)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2011) to the vesting date (June 1, 2012)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2012) to the vesting date (June 1, 2013)
Requisite service period	August 2, 2010 through June 1, 2011	August 1, 2011 through June 1, 2012	August 1, 2012 through June 1, 2013
Exercise period (Note 3)	August 3, 2010 through August 2, 2040	August 2, 2011 through August 1, 2041	August 2, 2012 through August 1, 2042
Number of stock acquisition rights (units) (Notes 4 and 6)	24	34	54
Class, details and number of shares to be acquired upon exercise of stock acquisition rights (Note 6)	Common stock 12,000 shares	Common stock 17,000 shares	Common stock 27,000 shares
Subscription amount to be paid upon exercise of stock acquisition (yen) (Note 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	<p>(i) The amount of common stock to be increased when shares are issued by the exercise of warrants shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, by 0.5. If there is a fractional amount of less than one yen resulting from such calculation, the fractional amount shall be rounded up.</p> <p>(ii) The amount of legal capital surplus to be increased when shares are issued by the exercise of warrants shall be the amount obtained by deducting the amount of common stock to be increased described in (i) above from the maximum amount of increase in common stock, etc. defined in (i) above.</p>		

	2010 Equity-based remuneration stock options	2011 Equity-based remuneration stock options	2012 Equity-based remuneration stock options
Conditions for exercise of warrants (Note 6)	<p>(i) A holder of warrants may exercise the warrants only when, during the “Exercise period” above, a Director of the Company loses his/her position as a Director of the Company or a Vice President of the Company loses his/her position as a Vice President of the Company. In this case, a holder of warrants may exercise the warrants only within ten days from the day following the day he/she loses his/her position (hereinafter referred to as “Starting Date of Exercise”). However, when a holder of warrants is a Vice President of the Company and has an employment contract with the Company, the later of the day following the day he/she loses his/her position as a Vice President of the Company or the day following the day the relevant employment contract expires shall be the Starting Date of Exercise.</p> <p>(ii) When a holder of warrants is deceased, his/her heirs may exercise the warrants. However, in this case, related heirs may exercise the warrants only within ten months from the day following the day the holder of warrants becomes deceased.</p> <p>(iii) In each case of (i) and (ii) above, upon the expiration of the relevant periods as specified in (i) and (ii) respectively, a holder of warrants cannot exercise the warrants from the day following the expiry date.</p>		
Matters concerning the transfer of warrants (Note 6)	The acquisition of warrants by transfer shall require approval by a resolution of the Board of Directors of the Company.		
Matters concerning the delivery of warrants in connection with acts of organizational restructuring (Note 6)	(Note 5)		

	2013 Equity-based remuneration stock options	2014 Equity-based remuneration stock options	2015 Equity-based remuneration stock options
Resolution date	June 21, 2013	June 20, 2014	June 19, 2015
Category and number of persons granted	The Company's Directors and Vice Presidents 18	The Company's Directors and Vice Presidents 18	The Company's Directors and Vice Presidents 19
Number of stock options (shares) (Note 1)	Common stock 167,500	Common stock 203,000	Common stock 124,000
Grant date	August 1, 2013	August 1, 2014	August 3, 2015
Vesting conditions (Note 2)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2013) to the vesting date (June 1, 2014)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2014) to the vesting date (June 1, 2015)	To maintain positions of Directors or Vice Presidents from the date of grant (August 3, 2015) to the vesting date (June 1, 2016)
Requisite service period	August 1, 2013 through June 1, 2014	August 1, 2014 through June 1, 2015	August 3, 2015 through June 1, 2016
Exercise period (Note 3)	August 2, 2013 through August 1, 2043	August 2, 2014 through August 1, 2044	August 4, 2015 through August 3, 2045
Number of stock acquisition rights (units) (Notes 4 and 6)	38	73	45
Class, details and number of shares to be acquired upon exercise of stock acquisition rights (Note 6)	Common stock 19,000 shares	Common stock 36,500 shares	Common stock 22,500 shares
Subscription amount to be paid upon exercise of stock acquisition (yen) (Note 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	<p>(i) The amount of common stock to be increased when shares are issued by the exercise of warrants shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, by 0.5. If there is a fractional amount of less than one yen resulting from such calculation, the fractional amount shall be rounded up.</p> <p>(ii) The amount of legal capital surplus to be increased when shares are issued by the exercise of warrants shall be the amount obtained by deducting the amount of common stock to be increased described in (i) above from the maximum amount of increase in common stock, etc. defined in (i) above.</p>		

	2013 Equity-based remuneration stock options	2014 Equity-based remuneration stock options	2015 Equity-based remuneration stock options
Conditions for exercise of warrants (Note 6)	<p>(i) A holder of warrants may exercise the warrants only when, during the “Exercise period” above, a Director of the Company loses his/her position as a Director of the Company or a Vice President of the Company loses his/her position as a Vice President of the Company. In this case, a holder of warrants may exercise the warrants only within ten days from the day following the day he/she loses his/her position (hereinafter referred to as “Starting Date of Exercise”). However, when a holder of warrants is a Vice President of the Company and has an employment contract with the Company, the later of the day following the day he/she loses his/her position as a Vice President of the Company or the day following the day the relevant employment contract expires shall be the Starting Date of Exercise.</p> <p>(ii) When a holder of warrants is deceased, his/her heirs may exercise the warrants. However, in this case, related heirs may exercise the warrants only within ten months from the day following the day the holder of warrants becomes deceased.</p> <p>(iii) In each case of (i) and (ii) above, upon the expiration of the relevant periods as specified in (i) and (ii) respectively, a holder of warrants cannot exercise the warrants from the day following the expiry date.</p>		
Matters concerning the transfer of warrants (Note 6)	The acquisition of warrants by transfer shall require approval by a resolution of the Board of Directors of the Company.		
Matters concerning the delivery of warrants in connection with acts of organizational restructuring (Note 6)	(Note 5)		

	2016 Equity-based remuneration stock options	2017 Equity-based remuneration stock options
Resolution date	June 24, 2016	June 16, 2017
Category and number of persons granted	The Company's Directors and Vice Presidents 20	The Company's Directors and Vice Presidents 17
Number of stock options (shares) (Note 1)	Common stock 174,500	Common stock 103,000
Grant date	August 1, 2016	August 1, 2017
Vesting conditions (Note 2)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2016) to the vesting date (June 1, 2017)	To maintain positions of Directors or Vice Presidents from the date of grant (August 1, 2017) to the vesting date (June 1, 2018)
Requisite service period	August 1, 2016 through June 1, 2017	August 1, 2017 through June 1, 2018
Exercise period (Note 3)	August 2, 2016 through August 1, 2046	August 2, 2017 through August 1, 2047
Number of stock acquisition rights (units) (Notes 4 and 6)	93	85
Class, details and number of shares to be acquired upon exercise of stock acquisition rights (Note 6)	Common stock 46,500 shares	Common stock 42,500 shares
Subscription amount to be paid upon exercise of stock acquisition (yen) (Note 6)	0.2 per share	
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	<p>(i) The amount of common stock to be increased when shares are issued by the exercise of warrants shall be calculated by multiplying the maximum amount of increase in common stock, etc., calculated in accordance with Article 17, Paragraph 1 of the Regulations on Corporate Accounting, by 0.5. If there is a fractional amount of less than one yen resulting from such calculation, the fractional amount shall be rounded up.</p> <p>(ii) The amount of legal capital surplus to be increased when shares are issued by the exercise of warrants shall be the amount obtained by deducting the amount of common stock to be increased described in (i) above from the maximum amount of increase in common stock, etc. defined in (i) above.</p>	
Conditions for exercise of warrants (Note 6)	<p>(i) A holder of warrants may exercise the warrants only when, during the "Exercise period" above, a Director of the Company loses his/her position as a Director of the Company or a Vice President of the Company loses his/her position as a Vice President of the Company. In this case, a holder of warrants may exercise the warrants only within ten days from the day following the day he/she loses his/her position (hereinafter referred to as "Starting Date of Exercise"). However, when a holder of warrants is a Vice President of the Company and has an employment contract with the Company, the later of the day following the day he/she loses his/her position as a Vice President of the Company or the day following the day the relevant employment contract expires shall be the Starting Date of Exercise.</p> <p>(ii) When a holder of warrants is deceased, his/her heirs may exercise the warrants. However, in this case, related heirs may exercise the warrants only within ten months from the day following the day the holder of warrants becomes deceased.</p> <p>(iii) In each case of (i) and (ii) above, upon the expiration of the relevant periods as specified in (i) and (ii) respectively, a holder of warrants cannot exercise the warrants from the day following the expiry date.</p>	

	2016 Equity-based remuneration stock options	2017 Equity-based remuneration stock options
Matters concerning the transfer of warrants (Note 6)	The acquisition of warrants by transfer shall require approval by a resolution of the Board of Directors of the Company.	
Matters concerning the delivery of warrants in connection with acts of organizational restructuring (Note 6)	(Note 5)	

(Note 1) Converted and stated as the number of shares.

(Note 2) When a holder of warrants loses his/her position as Director or Vice President during the period between the date of grant and the vesting date, he/she shall lose part or all of the related stock options.

(Note 3) As a rule, only when a Director of the Company loses his/her position as a Director of the Company or a Vice President of the Company loses his/her position as a Vice President of the Company during the Exercise Period may the relevant stock options be exercised.

(Note 4) The number of underlying shares subject to one warrant is 500 shares.

(Note 5) When an agenda as described in (i) or (ii) below is approved at the general meeting of shareholders of the Company (if the approval of the general meeting of shareholders is not required, resolved by the Board of Directors), the Company may acquire warrants free of charge on the date separately determined by the Board of Directors.

(i) Agenda to approve a corporate split agreement or a corporate split plan that makes the Company a split company

(ii) Agenda to approve a share exchange agreement or a share transfer plan that makes the Company a wholly-owned subsidiary of another company

(Note 6) Information is presented as of March 31, 2026 (March 31, 2026). As of the end of the month immediately prior to the filing date (May 31, 2026), there are no changes to the information to be presented from the information as of the end of the current fiscal year. Information as of the end of month immediately prior to the filing date is omitted.

The “Share-based remuneration” in the Notes section describes the information to be listed in “IV. Information about Reporting Company, 1. Company’s Shares, etc., (2) Share acquisition rights, (i) Stock option plans.”

The changes in the number of unexercised stock options and their weighted average exercise prices are as follows.

Compensatory stock options	For the year ended March 31, 2025		For the year ended March 31, 2026	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning of the period	250,500	0.2	250,500	0.2
Granted	-	-	-	-
Exercised	-	-	-	-
Revocation/Expiration	-	-	-	-
End of the period	250,500	0.2	250,500	0.2
Exercisable options at the end of the period	250,500	0.2	250,500	0.2

The weighted-average remaining contractual life of unexercised stock options at the end of the fiscal year was 18.7 years in the previous fiscal year and 17.7 years in the current fiscal year.

There were no exercises of rights during the previous and current fiscal years. Therefore, no weighted-average share price as of the exercise date is available.

The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above number of shares and weighted-average exercise and share price are based on the figures after the stock split.

Expenses concerning stock options were not applicable for the consolidated statements for the previous and current fiscal years.

(2) Restricted share remuneration plan

(a) Overview of restricted share remuneration plan

The Company has adopted a restricted share remuneration plan for Directors (excluding Outside Directors) and Vice Presidents (hereinafter collectively “Eligible Directors, etc.”) to further motivate them to contribute to the improvement of the Company’s medium- and long-term performance and the sustainable improvement of the Company’s corporate value.

Under this plan, Eligible Directors, etc., shall, in principle, pay monetary compensation claims provided by the Company each fiscal year in the form of in-kind contributions and receive the Company’s common stock.

The grant of the Company’s common stock under this plan is subject to entering into a contract between the Company and the Eligible Directors, etc., that includes restrictions on (1) the transfer, pledge, granting of security interests to a third parties, lifetime gifts, bequests and other dispositions of any kind during the transfer restriction period (30 years) and (2) the Company’s acquisition of the shares without consideration if a certain event occurs.

If an Eligible Director, etc., dies or resigns or retires from any of the positions of Director, Vice President, or employee of the Company before the expiration of the transfer restriction period and if the Company’s Board of Directors recognizes a justifiable reason, the Company shall reasonably adjust the number of the allotted shares to be released and adjust the timing of lifting any transfer restrictions as necessary.

(b) Number of shares granted during the period and the fair value

Restricted share remuneration plan	For the year ended March 31, 2025	For the year ended March 31, 2026
Date granted	July 11, 2024	July 10, 2025
Shares granted	93,000 shares	103,200 shares
Fair value on the date granted	2,715 yen	2,762 yen

The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above shares granted and fair value on the date granted are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2025.

Expenses related to the restricted share remuneration plan are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Selling, general and administrative expenses	239	276

(3) Performance-linked share-based remuneration plan

(a) Overview of performance-linked share-based remuneration plan

The Company has adopted a performance-linked share-based remuneration plan for Directors (excluding Outside Directors) primarily to provide incentives to increase corporate value over the medium term.

Under this plan, on the condition of continuing to serve as Directors of the Company for a certain period and achieving the performance indicators predetermined by the Company's Board of Directors, Directors shall pay monetary compensation claims provided by the Company in the form of in-kind contributions and shall receive the Company's common stock.

The number of shares to be granted under this plan shall be determined by adjusting the base number of shares to be granted based on the position of the Eligible Directors in the range of 0% to 150% depending on the achievement level of performance indicators during three consecutive fiscal years of the evaluation period.

(b) Number of shares granted during the period and the fair value

Performance-linked share-based remuneration plan	For the year ended March 31, 2025	For the year ended March 31, 2026
Date granted	-	July 10, 2025
Shares granted	- shares	49,700 shares
Fair value on the date granted	- yen	2,762 yen

Expenses related to the performance-linked share-based remuneration plan are as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Selling, general and administrative expenses	135	68

19. Other comprehensive income

Reclassification adjustments and tax effects related to other comprehensive income are as follows.

For the year ended March 31, 2025

(Millions of yen)

	Gains (losses) arising during the year	Reclassification adjustments	Amount before income tax effect	Income tax effect	Amount after income tax effect
Items that will not be reclassified to profit or loss					
Net changes on financial assets measured at fair value through other comprehensive income	(17)	-	(17)	5	(12)
Reevaluation of defined benefit liability	13,289	-	13,289	(4,222)	9,066
Total of items that will not be reclassified to profit or loss	13,272	-	13,272	(4,217)	9,054
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	(12,944)	(608)	(13,553)	100	(13,453)
Net changes in fair value of cash flow hedges	0	0	0	(0)	0
Share of other comprehensive income of affiliates accounted for using the equity method	(23)	(16)	(39)	-	(39)
Total of items that may be reclassified to profit or loss	(12,967)	(625)	(13,592)	99	(13,492)
Total	304	(625)	(320)	(4,117)	(4,438)

For the year ended March 31, 2026

(Millions of yen)

	Gains (losses) arising during the year	Reclassification adjustments	Amount before income tax effect	Income tax effect	Amount after income tax effect
Items that will not be reclassified to profit or loss					
Net changes on financial assets measured at fair value through other comprehensive income	150	-	150	(46)	103
Reevaluation of defined benefit liability	8,385	-	8,385	(2,421)	5,963
Total of items that will not be reclassified to profit or loss	8,535	-	8,535	(2,468)	6,067
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	64,028	(11)	64,016	(293)	63,723
Net changes in fair value of cash flow hedges	(1)	0	(0)	0	(0)
Share of other comprehensive income of affiliates accounted for using the equity method	490	(187)	302	-	302
Total of items that may be reclassified to profit or loss	64,517	(199)	64,318	(292)	64,025
Total	73,052	(199)	72,853	(2,761)	70,092

20. Revenue

The Group's main businesses are Industrial Tape, Optronics, and Human Life. In these businesses, the Group sells goods and conducts licensing, 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 period of time. Progress is measured by the input method based on the costs incurred because the Company believes that the accrual of costs is proportional to the progress in 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 entity expects to be entitled in exchange for the transfer of goods to the customer, less any discounts or rebates. Consideration arising from transactions is received primarily within one year of satisfying performance obligations and does not include a significant financial element.

(1) Disaggregation of revenue

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

For the year ended March 31, 2025

(Millions of yen)

Segment name	Major products or business	Japan	Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional Base Products	107,210	34,025	35,418	172,306	348,960
Optronics	Information Fine Materials	20,743	-	-	384,690	405,434
	Circuits Materials	56,604	-	-	75,813	132,417
	Total	77,348	-	-	460,503	537,852
Human Life	Life Science	4,050	35,455	6	0	39,513
	Membrane	2,778	16,863	4,745	8,646	33,034
	Personal Care Materials	-	3,736	48,762	523	53,023
	Total	6,828	56,056	53,515	9,171	125,570
Others	New Business, Other Products	0	3	-	16	19
Adjustment		1,465	9	-	-	1,475
	Total	192,852	90,094	88,934	641,997	1,013,878

As a result of changes in the management structure for the year ended March 31, 2026, some changes have been made to reporting segments. Such changes have been reflected in the figures for the year ended March 31, 2025.

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

Americas: United States, Mexico, Brazil

Europe: Belgium, France, Germany, Sweden, Turkey

Asia/Oceania: China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand, Vietnam

For the year ended March 31, 2026

(Millions of yen)

Segment name	Major products or business	Japan	Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional Base Products	106,433	32,848	39,327	186,217	364,827
Optronics	Information Fine Materials	14,459	-	-	370,396	384,855
	Circuits 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
Others	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.

Americas: United States, Mexico, Brazil

Europe: Belgium, France, Germany, Sweden, Turkey

Asia/Oceania: China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand, Vietnam

(2) Contract balances

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Receivables	206,315	218,996
Contract assets	4,102	12,883
Contract liabilities	11,866	13,265

In the consolidated statement of financial position, receivables and contract assets 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 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 reclassified 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 amounts of revenue recognized in the previous fiscal year and the current fiscal year that were included in the contract liability balance at the beginning of the period were 6,561 million yen and 7,652 million yen, respectively. The amount of revenue recognized from performance obligations that were satisfied or partially satisfied in prior periods was not significant in the current fiscal year.

(3) Transaction price allocated to remaining performance obligations

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

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

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

21. Classification of income and expenses by nature

The classification by nature of income and expenses related to operating profit is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Income		
Revenue	1,013,878	1,028,171
Scrap income	1,891	2,558
Gain on sales of noncurrent assets	129	3,132
Subsidy	1,226	1,340
Other	8,580	5,540
Total income	1,025,706	1,040,743
Expenses		
Purchases of raw materials, supplies and merchandises	318,135	344,867
Increase(decrease) in inventories	(6,127)	(14,937)
Employee benefit expenses	228,628	233,352
Depreciation and amortization	65,595	70,677
Loss on disposal of fixed assets	1,841	2,372
Foreign exchange losses	4,984	3,861
Impairment losses	12,339	4,717
Other	214,640	212,215
Total expenses	840,038	857,127
Operating profit	185,667	183,615

22. Employee benefit expenses

A breakdown of employee benefit expenses is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Wages and salaries (including bonuses)	166,315	169,719
Legal welfare expenses	24,002	25,064
Retirement benefit expenses	8,965	7,697
Special retirement allowances	507	786
Other employee benefit expenses	28,837	30,084
Total	228,628	233,352

23. Finance income and finance expenses

A breakdown of finance income and finance expenses is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Finance income		
Interest income	2,833	3,159
Dividend income	5	4
Other	62	94
Total finance income	2,901	3,258
Finance expenses		
Interest expenses	1,137	1,267
Foreign exchange losses	1,513	532
Losses on financial assets measured at fair value through profit or loss	413	175
Other	68	69
Total finance expenses	3,131	2,045

24. Income tax

(1) Deferred tax assets and liabilities

A breakdown of the balances of recognized deferred tax assets and liabilities and changes is as follows.

For the year ended March 31, 2025

(Millions of yen)

	Balance as of April 1, 2024	Recognized through profit or loss (Note)	Recognized in other comprehensive income	Balance as of March 31, 2025
Deferred tax assets				
Inventories	6,794	158	-	6,952
Property, plant and equipment and intangible assets	7,499	1,306	-	8,806
Accrued expenses	5,866	1,502	-	7,368
Defined benefit liability	7,103	164	(4,222)	3,045
Tax loss carryforwards	4,650	(1,007)	-	3,642
Other	12,120	1,556	(0)	13,677
Total deferred tax assets	44,036	3,680	(4,222)	43,494
Deferred tax liabilities				
Financial assets measured at fair value through other comprehensive income	(21)	-	22	0
Undistributed profit of subsidiaries	(16,142)	(5,151)	-	(21,293)
Other	(10,314)	2,029	100	(8,184)
Total deferred tax liabilities	(26,478)	(3,121)	122	(29,477)
Net deferred tax assets	17,557	559	(4,100)	14,016

(Note) Foreign currency translation adjustments are included in the amount recognized through profit or loss.

For the year ended March 31, 2026

(Millions of yen)

	Balance as of April 1, 2025	Recognized through profit or loss (Note)	Recognized in other comprehensive income	Balance as of March 31, 2026
Deferred tax assets				
Inventories	6,952	433	-	7,386
Property, plant and equipment and intangible assets	8,806	(1,520)	-	7,286
Accrued expenses	7,368	(648)	-	6,720
Defined benefit liability	3,045	126	(2,421)	751
Tax loss carryforwards	3,642	1,133	-	4,775
Other	13,677	2,071	0	15,748
Total deferred tax assets	43,494	1,595	(2,421)	42,668
Deferred tax liabilities				
Financial assets measured at fair value through other comprehensive income	0	-	(44)	(43)
Undistributed profit of subsidiaries	(21,293)	(5,114)	-	(26,408)
Other	(8,184)	(422)	(293)	(8,901)
Total deferred tax liabilities	(29,477)	(5,537)	(337)	(35,353)
Net deferred tax assets	14,016	(3,942)	(2,758)	7,314

(Note) Foreign currency translation adjustments are included in the amount recognized through profit or loss.

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

The amounts with tax effect concerning tax loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognized are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Tax loss carryforwards (Note 1)	809	1,136
Deductible temporary differences	1,543	1,932
Total	2,353	3,069

(Note 1) The amounts with tax effect and carryforward periods of tax loss carryforwards for which deferred tax assets are not recognized are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
1 year or less	168	195
365 days to 5 years (inclusive)	641	939
More than 5 years	-	1
Total	809	1,136

(Note 2) Total temporary differences related to undistributed earnings of subsidiaries and affiliates that have not been recognized as deferred tax liabilities are as follows.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Amount of temporary differences for which deferred tax liabilities have not been recognized	133,326	143,021

The Group does not recognize deferred tax liabilities related to temporary differences that the timing of the reversal of the temporary differences can be controlled and if it is probable that the temporary differences will not reverse in the foreseeable future.

(2) Income tax expenses

A breakdown of income tax expenses is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Current tax expenses	49,223	47,058
Deferred tax expenses	(1,201)	4,380
Total income tax expenses	48,021	51,438

A reconciliation of the average effective tax rate to the statutory effective tax rate is as follows.

	For the year ended March 31, 2025	For the year ended March 31, 2026
Statutory effective tax rate	30.3%	30.3%
Permanently nondeductible items such as entertainment expenses	0.1	0.1
Special tax credits, such as tax credits for research expenses	(4.4)	(3.6)
Differences in tax rates of foreign subsidiaries	(3.7)	(2.6)
Elimination of dividend income from foreign subsidiaries	0.1	0.2
Retained earnings of foreign subsidiaries	2.1	2.9
Withholding tax on dividends, etc., from foreign subsidiaries	0.3	0.7
Other (net amount)	1.1	(0.2)
Average effective tax rate	25.9	27.8

The Income Inclusion Rule (IIR), a component of the Global Minimum Tax System, was introduced due to the tax reform for 2023 in Japan where the Company is located. The Group has applied top-up taxation to the Company until tax burden of the Company's subsidiaries etc. reaches the minimum tax rate of 15% for the current fiscal year.

There is no material impact on income tax expenses in the consolidated financial statements of the Group for the current fiscal year. Therefore, the description is omitted.

The Group applies the temporary exception regarding the requirements of IAS 12 "Income Tax" and does not recognize and disclose deferred tax assets and deferred tax liabilities for income taxes related to the Pillar Two model rules.

25. Earnings per share

Basic earnings per share, diluted earnings per share and basis for calculations are as follows.

	For the year ended March 31, 2025	For the year ended March 31, 2026
(1) Basic earnings per share	195.74 yen	197.20 yen
Basis for calculation		
Net profit attributable to owners of the parent company (Millions of yen)	137,237	133,498
Average number of common shares (Thousands of shares)	701,124	676,979
(2) Diluted earnings per share	195.65 yen	197.11 yen
Basis for calculation		
Increase in the number of common stock upon exercise of the stock options (Thousands of shares)	250	250
Increase in the number of common stock upon Performance-linked share-based remuneration plan (Thousands of shares)	49	34

(Note) The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above basic and diluted earnings per share for the year ended March 31, 2025 and 2026 are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2025.

26. Dividends per share

Interim and year-end dividends to common shareholders are as follows.

For the year ended March 31, 2025

(1) Dividend payments

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

(2) Of the dividends for which the record date falls during the current fiscal year, items for which the effective date is in the following fiscal year

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 20, 2025 Ordinary General Meeting of Shareholders	Common stock	19,458	28	March 31, 2025	June 23, 2025	Retained earnings

For the year ended March 31, 2026

(1) Dividend payments

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 20, 2025 Ordinary General Meeting of Shareholders	Common stock	19,458	28	March 31, 2025	June 23, 2025	Retained earnings
October 27, 2025 Board of Directors Meeting	Common stock	20,209	30	September 30, 2025	November 28, 2025	Retained earnings

(2) Of the dividends for which the record date falls during the current fiscal year, items for which the effective date is in the following fiscal year

The amount of the dividends per share will be proposed as an agenda item at the Ordinary General Meeting of Shareholders scheduled for June 19, 2026.

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 19, 2026 Ordinary General Meeting of Shareholders	Common stock	20,209	30	March 31, 2026	June 22, 2026	Retained earnings

(Note) The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above dividends per share as of record dates before September 30, 2024 are based on the actual amount of dividends before the stock split.

27. Contracts and contingencies

Contracts for capital investment for which the contracts do not take effect as of the end of the reporting period is as follows.
(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Contracts for future capital expenditures not disclosed in the consolidated financial statements (Note)	54,973	74,792

(Note) The Contracts include those related to property, plant and equipment and intangible assets.

There are no other significant contracts or contingencies to be noted.

28. Non-cash transaction

Major content for non-cash transaction is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Cancellation of treasury shares	26,338	77,835

29. Related party transactions

(1) Transactions with related parties

There are no notable related party transactions other than those eliminated from the consolidated financial statements.

(2) Remuneration for key management personal

Compensation for senior executives is as follows.

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Basic remuneration	361	376
Bonuses	505	500
Share-based remuneration	238	181
Total	1,105	1,058

30. Significant subsidiaries

Significant subsidiaries are as follows.

Name	Description of major business	Location	Ratio of voting rights held (%)	
			As of March 31, 2025	As of March 31, 2026
Nissho Corporation	Production, processing, and sales; Industrial Tape business	Kita-ku, Osaka City	100.0	100.0
Nitto EMEA NV	Administration of Group companies in Europe	Genk, Belgium	100.0	100.0
Nitto Belgium NV	Production, processing, and sales; Industrial Tape business	Genk, Belgium	100.0 (100.0)	100.0 (100.0)
Nitto, Inc.	Administration of Group companies in Americas Production, processing, sales, etc.; Industrial Tape business	Teaneck, U.S.A.	100.0	100.0
Nitto Denko Avecia Inc.	Production and sales; Human Life business	Milford, U.S.A.	100.0 (100.0)	100.0 (100.0)
Nitto Advanced Film Gronau GmbH	Production, processing, and sales; Human Life business	Gronau, Germany	100.0	100.0
Nitto Denko (China) Investment Co., Ltd.	Administration of the Group companies in China	Shanghai, China	100.0	100.0
Taiwan Nitto Optical Co., Ltd.	Production, processing, and sales; Optronics business	Taichung, Taiwan	100.0	100.0
Korea Nitto Optical Co., Ltd.	Production, processing, and sales; Optronics business	Pyeongtaek, Korea	100.0	100.0
Nitto Denko (HK) Co., Ltd.	Sales; Industrial Tape and Optronics business	Hong Kong	100.0	100.0
Shanghai Nitto Optical Co., Ltd.	Production, processing, and sales; Optronics business	Shanghai, China	100.0 (35.0)	100.0 (35.0)
Shenzhen Nitto Optical Co., Ltd.	Production, processing, and sales; Optronics business	Shenzhen, China	100.0	100.0
Nitto (China) New Materials Co., Ltd.	Sales; Industrial Tape and Others business	Shanghai, China	100.0 (100.0)	100.0 (100.0)
Nitto Denko (Singapore) Pte. Ltd.	Administration of the Group companies in South Asia Sales; Industrial Tape business	Queenstown, Singapore	100.0	100.0
Nitto Denko Material (Thailand) Co., Ltd.	Production, processing, and sales; Optronics business	Ayutthaya, Thailand	100.0 (100.0)	100.0 (100.0)
Taiwan Nitto Corporation	Sales; Optronics and Industrial Tape business	Taipei, Taiwan	100.0	100.0

(Note) Figures in parentheses in the “Ratio of voting rights held” column indicate shares attributable to indirect ownership.

31. Approval of financial statements

The consolidated financial statements were approved by Tatsuya Akagi, President, and Yasuhiro Iseyama, CFO on June 17, 2026.

32. Significant subsequent events

Not applicable.



Independent auditor’s report

To the Board of Directors of Nitto Denko Corporation:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nitto Denko Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 312 of “the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH

The key audit matter	How the matter was addressed in our audit
In the consolidated statement of financial position as of March 31, 2026, the Company	The primary procedures we performed to assess the appropriateness of the valuation of goodwill allocated to

recognized goodwill of ¥64,125 million. As described in Note 12, “Impairment of nonfinancial assets” to the consolidated financial statements, included therein was ¥53,037 million of goodwill allocated to Nitto Advanced Film Gronau GmbH (hereinafter “AFG”).

As described in Note 3, “Summary of material accounting policies - (9) Impairment of nonfinancial assets” to the consolidated financial statements, a cash-generating unit (CGU) to which goodwill is allocated is tested for impairment at least annually. In the impairment testing, the recoverable amount of the CGU is estimated and compared with the carrying amount. When the recoverable amount of the CGU is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.

The recoverable amount of the CGU comprising of AFG was estimated using the fair value less costs of disposal, and the fair value was measured based on the discounted cash flow method. The future cash flows were estimated using the projected increase in sales volume, as management’s key assumptions, based on the projected future demand for the personal care market and the prospect of obtaining new orders, included in AFG’s mid-term business plan, as well as the perpetual growth rate after the period covered by the business plan. Accordingly, management’s judgment thereon had a significant effect on the estimate of future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the fair value required a high degree of expertise in valuation.

We, therefore, determined that our assessment of the appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.

AFG included the following:

(1) Internal control testing

We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to measuring recoverable amount on nonfinancial assets related to the CGU to which goodwill is allocated.

(2) Assessment of the reasonableness of the estimated fair value less costs of disposal

To assess the appropriateness of key assumptions included in the future cash flows and the discount rate, which formed the basis for estimating the fair value less costs of disposal of AFG, we:

- evaluated the effects on the estimated future cash flows by comparing the previous business plans with actual results;
- inquired of the personnel responsible for the Advanced Film Solutions Division about the projected increase in sales volume included in the mid-term business plan, and compared it with information from customers, including prospective orders, and market forecast data published by external organizations;
- compared the perpetual growth rate with forecast data published by an external organization; and
- involved valuation specialists within our network firms who assisted in our assessment of the discount rate through the comparison with the discount rate that they independently estimated based on external information.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Group are described in "4. Corporate Governance (3) Audits" included in "IV. Information about Reporting Company" of the Annual Securities Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Masateru Matsui
Designated Engagement Partner
Certified Public Accountant

Mitsuhiro Matsumoto
Designated Engagement Partner
Certified Public Accountant

Junichi Morimoto
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Osaka Office, Japan
June 26, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copy is kept separately by the Company.

(2) Other

Semi-annual information for the fiscal year ended March 31, 2026

	Q2 (Six months ended September 30, 2025)	Fiscal year ended March 31, 2026
Revenue (Millions of yen)	513,569	1,028,171
Profit before income taxes (Millions of yen)	95,167	184,976
Net profit attributable to owners of the parent company (Millions of yen)	68,926	133,498
Basic earnings per share (Yen)	101.32	197.20

2. Nonconsolidated Financial Statements and Notes

(1) Nonconsolidated financial statements

(i) Nonconsolidated balance sheet

(Millions of yen)

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

(Millions of yen)

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

(ii) Nonconsolidated statement of income

(Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Net sales	*1 598,416	*1 576,097
Cost of sales	*1 362,285	*1 355,694
Gross profit	236,130	220,402
Selling, general and administrative expenses	*2 114,116	*2 113,880
Operating profit	122,014	106,522
Non-operating income		
Interest and dividend income	*1 15,892	*1 22,412
Miscellaneous income	*1 2,739	*1 3,584
Total non-operating income	18,631	25,996
Non-operating expenses		
Interest expenses	*1 3,791	*1 3,892
Foreign exchange losses	3,895	2,433
Provision of allowance for investment losses	693	-
Miscellaneous losses	*1 1,218	*1 1,110
Total non-operating expenses	9,599	7,435
Ordinary profit	131,046	125,083
Extraordinary profit		
Gain on sales of noncurrent assets	*1 66	*1 5
Gain on sales of investment securities	55	7
Gain on sales of shares of subsidiaries and affiliates	-	2
Total extraordinary profit	122	15
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	1,336	1,332
Loss on sales of shares of subsidiaries and affiliates	-	7
Loss on valuation of shares of subsidiaries and affiliates	6,026	-
Impairment losses	2,411	1,069
Loss on valuation of investment securities	374	1,273
Total extraordinary losses	10,148	3,683
Profit before income taxes	121,020	121,415
Income taxes - current	28,783	24,139
Income taxes - deferred	(2,761)	1,686
Total income taxes	26,022	25,825
Net profit	94,998	95,589

(iii) Nonconsolidated statement of changes in equity

For the year ended March 31, 2025

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
					Reserve for special depreciation	Reserve for tax purpose reduction entry of noncurrent assets	General reserve	Retained earnings brought forward		
Balance at the beginning of the period	26,783	50,482	-	50,482	4,095	0	1,924	185,000	270,214	461,235
Changes during period										
Dividends from surplus									(38,040)	(38,040)
Reversal of reserve for special depreciation						(0)			0	-
Reserve for tax purpose reduction entry of noncurrent assets							(96)		96	-
Net profit									94,998	94,998
Purchase of treasury shares										
Disposal of treasury shares			29	29						
Cancellation of treasury shares			(26,293)	(26,293)						
Transfer from retained earnings to capital surplus			26,263	26,263					(26,263)	(26,263)
Net change in items other than shareholders' equity during the period										
Total changes in items during the period	-	-	-	-	-	(0)	(96)	-	30,792	30,695
Balance at the end of the period	26,783	50,482	-	50,482	4,095	-	1,828	185,000	301,007	491,930

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the period	(23,246)	515,254	(35)	(35)	292	515,511
Changes during period						
Dividends from surplus		(38,040)				(38,040)
Reversal of reserve for special depreciation		-				-
Reserve for tax purpose reduction entry of noncurrent assets		-				-
Net profit		94,998				94,998
Purchase of treasury shares	(35,004)	(35,004)				(35,004)
Disposal of treasury shares	222	252				252
Cancellation of treasury shares	26,293	-				-
Transfer from retained earnings to capital surplus		-				-
Net change in items other than shareholders' equity during the period			(240)	(240)		(240)
Total changes in items during the period	(8,487)	22,207	(240)	(240)	-	21,967
Balance at the end of the period	(31,734)	537,461	(276)	(276)	292	537,478

For the year ended March 31, 2026

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at the beginning of the period	26,783	50,482	-	50,482	4,095	1,828	185,000	301,007	491,930
Changes during period									
Dividends from surplus								(39,667)	(39,667)
Reserve for tax purpose reduction entry of noncurrent assets						(72)		72	-
Net profit								95,589	95,589
Purchase of treasury shares									
Disposal of treasury shares			19	19					
Cancellation of treasury shares			(77,537)	(77,537)					
Transfer from retained earnings to capital surplus			77,518	77,518				(77,518)	(77,518)
Net change in items other than shareholders' equity during the period									
Total changes in items during the period	-	-	-	-	-	(72)	-	(21,524)	(21,596)
Balance at the end of the period	26,783	50,482	-	50,482	4,095	1,755	185,000	279,483	470,334

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of the period	(31,734)	537,461	(276)	(276)	292	537,478
Changes during period						
Dividends from surplus		(39,667)				(39,667)
Reserve for tax purpose reduction entry of noncurrent assets		-				-
Net profit		95,589				95,589
Purchase of treasury shares	(60,000)	(60,000)				(60,000)
Disposal of treasury shares	402	422				422
Cancellation of treasury shares	77,537	-				-
Transfer from retained earnings to capital surplus		-				-
Net change in items other than shareholders' equity during the period			157	157		157
Total changes in items during the period	17,939	(3,656)	157	157	-	(3,498)
Balance at the end of the period	(13,794)	533,805	(118)	(118)	292	533,980

[Notes]

(Significant accounting policies)

1. Basis and method for valuation of securities

(1) 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.

(2) 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

Merchandises 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 noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

Straight-line method.

(2) 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.

(3) Lease assets

Leased 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

(1) 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.

(2) 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.

(3) Provision for directors' bonuses

The Company makes provision for the amount of Directors' bonuses deemed to accrue during the current fiscal year based on the Company's estimated payment obligation for the current fiscal year.

(4) Provision for retirement benefits

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

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

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

6. Standards for recognizing revenue and expenses

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

Step 1: Identify the contract with a 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 the Industrial Tape, Optronics, and Human Life businesses. In these businesses, the Group sells goods and conducts licensing activities such as patent and technology licensing.

For the sale of goods, the Company deems the performance obligation 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 the performance obligations are satisfied.

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

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

7. 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) Hedging policy

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

(4) Assessing hedge effectiveness

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

8. Other significant accounting policies for preparation of nonconsolidated financial statements

Accounting for retirement benefits

The method for accounting for unrecognized actuarial gain or loss and unrecognized past service costs related to retirement benefits is different from that applied for the consolidated financial statements.

(Significant accounting estimates)

The figures for the following items are recorded on the nonconsolidated financial statements for the current fiscal year using accounting estimates and may have a material impact on the non-consolidated financial statements for the following fiscal year. For information on significant accounting estimates in this section, matters that are identical to the content of the Notes to Consolidated Financial Statements are omitted.

1. Evaluation of recoverability of property, plant and equipment, and intangible assets

Amounts recorded on nonconsolidated financial statements as of March 31, 2025 and 2026.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Property, plant and equipment	197,383	208,588
Intangible assets	8,423	8,473

2. Evaluation of recoverability of deferred tax assets

Amounts recorded on non-consolidated financial statements as of March 31, 2025 and 2026.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets	27,442	25,682

3. Evaluation of recoverability of shares of subsidiaries and affiliates

(1) Amounts recorded on nonconsolidated financial statements as of March 31, 2025 and 2026.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Shares of subsidiaries and affiliates	175,756	193,229

(2) Significant accounting estimates for identified items

Significant accounting estimates includes 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 affiliate and examines whether the net asset value will recover to the acquisition price within approximately five years. Such estimates may be affected by future changes in economic conditions, etc., which may have a material effect on the financial statements for the following fiscal year.

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

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

4. Provision for retirement benefits

(1) Amounts recorded on nonconsolidated financial statements as of March 31, 2025 and 2026.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Defined benefit asset	7,617	7,740
Provision for retirement benefits	41,135	39,497

(2) Significant accounting estimates for identified items

Refer to “Significant accounting policies, 5. Accounting policy for allowances and provisions, (4) Provision for retirement benefits.”

(Accounting standard not yet adopted)

- “Accounting Standard for Leases” (ASBJ Statement No.34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)

The same applies to other relevant amendments to ASBJ Statement, ASBJ Guidance, Practical Issues Task Force (PITF), and Transferred Guidance.

(1) Overview

Consistent with IFRS, the standards require lessees to recognize assets and liabilities for all leases.

(2) The scheduled application date

From the beginning of the fiscal year ending March 31, 2028.

(3) The impact of the application

The amount of impact from the application of the “Accounting Standard for Leases”, etc. is under evaluation.

(Nonconsolidated balance sheet)

*1 Receivables and payables related to subsidiaries and affiliates (excluding those separately presented)

	As of March 31, 2025	As of March 31, 2026
Short-term receivables	92,923 million yen	95,121 million yen
Long-term receivables	21,852	14,970
Short-term payables	121,150	151,461

(Nonconsolidated statement of income)

*1 Transactions with subsidiaries and affiliates

	For the year ended March 31, 2025	For the year ended March 31, 2026
Amount from operating transactions		
Sales	488,083 million yen	488,766 million yen
Purchases	52,400	50,290
Amount from transactions other than operating transactions	20,126	26,844

*2 Selling, general and administrative expenses

Components of selling, general and administrative expenses mainly comprise the followings.

The ratio of expenses pertaining to selling expenses for the year ended March 31, 2025 and 2026 is approximately 20% and 20%, respectively.

	For the year ended March 31, 2025	For the year ended March 31, 2026
Freight expenses	9,572 million yen	8,499 million yen
Employees' salaries and bonuses	25,514	23,735
Retirement benefit expenses	2,156	1,398
Outsourcing expenses	13,159	13,004
Material costs for prototypes	8,829	9,351
Various fees	9,286	8,885
Investigation and research outsourcing expenses	9,824	10,124
Depreciation	7,584	9,531

(Securities)

As of March 31, 2025

Shares of subsidiaries and affiliates in the balance sheet amount of 175,756 million yen are not stated because they represent stocks and other securities with no market price.

As of March 31, 2026

Shares of subsidiaries and affiliates in the balance sheet amount of 193,229 million yen are not stated because they represent stocks and other securities with no market price.

(Tax effect accounting)

1. Main causes of recognizing deferred tax assets and deferred tax liabilities

	As of March 31, 2025	As of March 31, 2026
Tax effect accounting		
Accrued bonuses	3,243 million yen	3,102 million yen
Inventory valuation loss	492	702
Accounts payable - other	354	419
Enterprise tax payable	1,286	732
Accrued expenses	314	436
Provision for retirement benefits	10,450	9,901
Over depreciation	7,273	7,326
Noncurrent assets impairment losses	812	795
Loss on valuation of shares of subsidiaries and affiliates	9,653	9,402
Valuation difference on available-for-sale securities	119	46
Others	4,051	3,672
Subtotal of deferred tax assets	38,051	36,539
Valuation allowance	(9,781)	(10,061)
Total deferred tax assets	28,270	26,478
Deferred tax liabilities		
Reserve for advanced depreciation of noncurrent assets	828	795
Total deferred tax liabilities	828	795
Net deferred tax assets	27,442	25,682

2. Breakdown of items that caused major differences between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting

	As of March 31, 2025	As of March 31, 2026
Statutory effective tax rate	30.3%	30.3%
Adjustments		
Entertainment expenses and other expenses not permanently deductible for tax purposes	0.6	1.3
Dividend income and other income not permanently deductible for tax purposes	(1.6)	(1.2)
Foreign tax credit	(0.5)	(0.3)
Foreign dividend income not permanently deductible for tax purposes	(2.1)	(4.0)
Tax credits on research and development costs	(6.3)	(5.2)
Valuation allowance	1.4	0.2
Adjustment of year-end deferred tax assets due to the change in tax rate	(0.5)	(0.2)
Others	0.2	0.4
Actual effective tax rate after application of deferred tax accounting	21.5	21.3

(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 Notes to Consolidated Financial Statements, Note 20, “Revenue” and Notes to Nonconsolidated Financial Statements (Significant accounting policies), Note 6, “Standards for recording revenues and expenses.”

(Significant subsequent events)

Not applicable.

(iv) Supplementary schedules

[Details of Property, Plant and Equipment and Intangible Assets]

(Millions of yen)

Category	Type of asset	Balance at the beginning of current year	Increase during current year	Decrease during current year	Depreciation during current year	Balance at the end of current year	Accumulated depreciation
Property, plant and equipment	Buildings	84,391	8,894	422 (325)	7,668	85,194	143,484
	Structures	4,932	1,116	119 (119)	604	5,324	12,655
	Machinery and equipment	73,784	30,121	485 (479)	19,780	83,639	333,981
	Vehicles	538	440	4 (0)	206	768	1,826
	Tools, furniture and fixtures	6,632	3,769	116 (115)	1,811	8,473	19,415
	Land	13,772	-	0 (-)	-	13,772	-
	Construction in progress	13,332	42,701	44,617 (5)	-	11,416	-
	Total	197,383	87,042	45,766 (1,046)	30,071	208,588	511,364
Intangible assets	Software	7,611	2,158	24 (23)	3,324	6,420	33,531
	Others	812	3,438	2,158 (-)	39	2,052	1,976
	Total	8,423	5,596	2,183 (23)	3,364	8,473	35,508

(Notes) 1. Major factors in “Increase during current year” are as follows.

Buildings	• • • • •	Shiga Plant	2,555 million yen	Kameyama Plant	2,012 million yen
		Toyohashi Plant	1,753 million yen		
Machinery and equipment	• • • • •	Onomichi Plant	8,545 million yen	Shiga Plant	7,096 million yen
		Kameyama Plant	5,988 million yen		
Construction in progress	• • • • •	Onomichi Plant	16,082 million yen	Kameyama Plant	10,424 million yen
		Toyohashi Plant	7,965 million yen		

2. Figures in parentheses () in “Decrease during current year” indicate impairment losses recorded in the current year included in the total.

[Details of Provisions]

(Millions of yen)

Item	Balance at the beginning of current year	Increase during current year	Decrease during current year	Balance at the end of current year
Allowance for doubtful accounts	323	269	-	592
Allowance for investment losses	693	-	693	-

(2) Components of major assets and liabilities

A description is omitted as the Company prepares the consolidated financial statements.

(3) Others

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 through March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for dividends of surplus	March 31 (year-end dividend) and September 30 (interim dividend)
Number of shares per unit	100 shares
Purchase and sale of shares below one unit	
Handling office	3-6-3 Fushimi-machi, Chuo-ku, Osaka Osaka Stock Transfer Agency Department, Mitsubishi UFJ Trust and Banking Corporation
Shareholder registry administrator	1-4-5 Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Handling locations	_____
Purchasing / selling fee	No fees
Method of public notice	Nihon Keizai Shimbun, published in Osaka City
Shareholder benefits	Not applicable

(Note) In accordance with the provisions of the Company's articles of incorporation, the shareholders with shares below one unit are not entitled to other than the following rights: the rights stipulated in each item of Article 189, Paragraph 2 of the Companies Act of Japan; the right to demand what is stipulated under Article 166, Paragraph 1 of the Companies Act of Japan; the right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held; and the right to demand the Company should sell shares below one unit.

VII. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company, etc., as provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The following publications were issued by the Company between the start of the current fiscal year and the filing date of the Annual Securities Report.

(1)	Annual Securities Report and documents attached thereto, and Confirmation Letter thereof	Fiscal Year (160th term)	April 1, 2024 through March 31, 2025	June 18, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	--	--------------------------	--------------------------------------	--

(2)	Internal Control Report and documents attached thereto			June 18, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	--	--	--	--

(3)	Securities Registration Statement and documents attached thereto			June 20, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	--	--	--	--

(4)	Extraordinary Report			June 20, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	----------------------	--	--	--

The Extraordinary Report (Granting of the restricted share remuneration plan) is pursuant to Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

(5)	Extraordinary Report			June 20, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	----------------------	--	--	--

The Extraordinary Report (Determination of the base number of shares to be delivered and the payout rate for performance-linked share-based remuneration) is pursuant to Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

(6)	Amendment Statement for the Securities Registration Statement			June 23, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	---	--	--	--

Amendment Statement for the Securities Registration Statement submitted on June 20, 2025.

(7)	Extraordinary Report			June 25, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	----------------------	--	--	--

The Extraordinary Report is pursuant to Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

(8)	Amendment Statement for the Securities Registration Statement			June 25, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
-----	---	--	--	--

Amendment Statement for the Securities Registration Statement submitted on June 20, 2025.

(9) Share Buyback Report		June 1, 2025 through June 30, 2025	July 11, 2025 Filed with the Director- General of the Kanto Local Finance Bureau
(10) Share Buyback Report		July 1, 2025 through July 31, 2025	August 8, 2025 Filed with the Director- General of the Kanto Local Finance Bureau
(11) Share Buyback Report		August 1, 2025 through August 31, 2025	September 11, 2025 Filed with the Director- General of the Kanto Local Finance Bureau
(12) Report and Confirmation Letter thereof	Semi-Annual Securities (During the 161st term)	April 1, 2025 through September 30, 2025	October 29, 2025 Filed with the Director- General of the Kanto Local Finance Bureau
(13) Extraordinary Report			December 25, 2025 Filed with the Director- General of the Kanto Local Finance Bureau
The Extraordinary Report is pursuant to Article 19, Paragraph 2, Item 9 of the Cabinet Office Order on Disclosure of Corporate Affairs.			
(14) Share Buyback Report		March 1, 2026 through March 31, 2026	April 13, 2026 Filed with the Director- General of the Kanto Local Finance Bureau
(15) Amendment Report for Extraordinary Report			April 27, 2026 Filed with the Director- General of the Kanto Local Finance Bureau
Amendment Report for the Extraordinary Report (Determination of the base number of shares to be delivered and the payout rate for performance-linked share-based remuneration) submitted on June 20, 2025.			
(16) Share Buyback Report		April 1, 2026 through April 30, 2026	May 13, 2026 Filed with the Director- General of the Kanto Local Finance Bureau
(17) Share Buyback Report		May 1, 2026 through May 31, 2026	June 11, 2026 Filed with the Director- General of the Kanto Local Finance Bureau

Part II. Information about Reporting Company's Guarantor, etc.

Not applicable.

Independent Auditor’s Report on the Financial Statements
and
Internal Control Over Financial Reporting

June 17, 2026

To the Board of Directors of Nitto Denko Corporation:

KPMG AZSA LLC
Osaka Office

Masateru Matsui
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Mitsuhiro Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Junichi Morimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Nitto Denko Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “V. Financial Information” section in the company’s Annual Securities Report, which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board prescribed in Article 312 of “the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated statement of financial position as of March 31, 2026, the Company recognized goodwill of ¥64,125 million. As described in Note 12, “Impairment of nonfinancial assets” to the consolidated financial statements, included therein was ¥53,037 million of goodwill allocated to Nitto Advanced Film Gronau GmbH (hereinafter “AFG”).</p> <p>As described in Note 3, “Summary of material accounting policies - (9) Impairment of nonfinancial assets” to the consolidated financial statements, a cash-generating unit (CGU) to which goodwill is allocated is tested for impairment at least annually. In the impairment testing, the recoverable amount of the CGU is estimated and compared with the carrying amount. When the recoverable amount of the CGU is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.</p> <p>The recoverable amount of the CGU comprising of AFG was estimated using the fair value less costs of disposal, and the fair value was measured based on the discounted cash flow method. The future cash flows were estimated using the projected increase in sales volume, as management’s key assumptions, based on the projected future demand for the personal care market and the prospect of obtaining new orders, included in AFG’s mid-term business plan, as well as the perpetual growth rate after the period covered by the business plan. Accordingly, management’s judgment thereon had a significant effect on the estimate of future cash flows. In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the fair value required a high degree of expertise in valuation.</p> <p>We, therefore, determined that our assessment of the appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess the appropriateness of the valuation of goodwill allocated to AFG included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to measuring recoverable amount on nonfinancial assets related to the CGU to which goodwill is allocated.</p> <p>(2) Assessment of the reasonableness of the estimated fair value less costs of disposal</p> <p>To assess the appropriateness of key assumptions included in the future cash flows and the discount rate, which formed the basis for estimating the fair value less costs of disposal of AFG, we:</p> <ul style="list-style-type: none"> ● evaluated the effects on the estimated future cash flows by comparing the previous business plans with actual results; ● inquired of the personnel responsible for the Advanced Film Solutions Division about the projected increase in sales volume included in the mid-term business plan, and compared it with information from customers, including prospective orders, and market forecast data published by external organizations; ● compared the perpetual growth rate with forecast data published by an external organization; and ● involved valuation specialists within our network firms who assisted in our assessment of the discount rate through the comparison with the discount rate that they independently estimated based on external information.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of Nitto Denko Corporation ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") as at March 31, 2026, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2026, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the Internal Control Report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

As part of our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Corporate Governance, (3) Audits" included in "Information about Reporting Company" of the Annual Securities Report.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Audit Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

[Cover]

[Document Title]	Internal Control Report
[Clause of Stipulation]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed to]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	June 17, 2026
[Company Name]	Nitto Denko Kabushiki Kaisha
[Company Name in English]	NITTO DENKO CORPORATION
[Title and Name of Representative]	Tatsuya Akagi, President-Director
[Title and Name of CFO]	Yasuhiro Iseyama, CFO, Director
[Address of Registered Head office]	1-1-2, Shimohozumi, Ibaraki, Osaka (The above is the registered address of head office, and business is actually conducted at the location below.) Grand Front Osaka Tower A, 4-20, Ofuka-cho, Kita-ku, Osaka
[Place for Public Inspection]	Tokyo Sales Branch, Nitto Denko Corporation Shinagawa Season Terrace, 1-2-70, Konan, Minato-ku, Tokyo Nagoya Sales Branch, Nitto Denko Corporation Nagoya Hirokoji Bldg., 2-3-1, Sakae, Naka-ku, Nagoya Tokyo Stock Exchange, Inc. 2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo

1. Matters Related to Basic Framework of Internal Control over Financial Reporting

Mr. Tatsuya Akagi, President-Director, and Mr. Yasuhiro Iseyama, CFO, Director are responsible for establishing and maintaining internal control over financial reporting of NITTO DENKO CORPORATION (the “Company”) and have established and maintained internal control over financial reporting in accordance with the basic framework for internal control set forth in the “On the Amendment of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

The internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedure

We assessed the effectiveness of our internal control over financial reporting on the record date as of March 31, 2026. We made this assessment in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, we evaluated internal control which may have a material effect on the entire financial reporting on a consolidated basis (“company-level controls”) and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of our internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliates, from the perspective of the materiality that may affect the reliability of our financial reporting. Furthermore, based on the assessment result of the risk of management override of controls and qualitative materiality, we specifically added the business processes or Company in which potential risks were identified and Company which engaged in transactions involving complex accounting treatment, into the scope of assessment. The materiality that may affect the reliability of our financial reporting is determined taking into account the quantitative and qualitative impacts and the probability. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company and its 30 consolidated subsidiaries. We did not include those consolidated subsidiaries and equity-method affiliates which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, as company-level controls were assessed as effective, we accumulated business units in descending order of total revenues of budget (after elimination of intercompany transactions) for the current fiscal year, and those business units whose combined amount of revenues reaches approximately two-thirds of total revenues on a consolidated basis were selected as significant business units. We adopted revenues account as the indicator which most directly reflects the scale of our core revenue-generating activities to compare the scale of operations across our business units with a consistent indicator because we conducted manufacturing and sales operations globally across multiple business segments. We selected revenues, accounts receivables and inventories as accounts that have a significant impact on the business objectives of the Company because these accounts related to the revenue-generating activity itself. As a result, we included, in the scope of assessment those business processes leading to revenues, accounts receivables and inventories. Further, not only for selected significant business units, but also for other business units, we added to the scope of assessment, those business processes having greater materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on our business objectives; or those business processes relating to businesses or operations dealing with high-risk transactions, such as impairment of fixed assets, etc.

3. Matters Related to Results of Assessment

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2026.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.