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 18, 2025, 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 2025" refers to the year ended March 31, 2025. All information contained in this document is as of March 31, 2025 or for fiscal 2025, 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 160th Business Term)	For the year ended March 31, 2025

Nitto Denko Corporation

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[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 18, 2025
[Fiscal Year]	The 160th Business Term (from April 1, 2024 to March 31, 2025)
[Company Name]	Nitto Denko Kabushiki Kaisha
[Company Name in English]	NITTO DENKO CORPORATION
[Title and Name of Representative]	Hideo Takasaki, 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
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Part I. Company Information

I. Overview of the Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal Year		International Financial Reporting Standards				
		156th Term	157th Term	158th Term	159th Term	160th Term
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Revenue	(Millions of yen)	761,321	853,448	929,036	915,139	1,013,878
Profit before income taxes	(Millions of yen)	93,320	132,378	146,840	138,901	185,329
Net profit attributable to owners of the parent company	(Millions of yen)	70,235	97,132	109,173	102,679	137,237
Comprehensive income attributable to owners of the parent company	(Millions of yen)	89,714	136,207	137,078	164,816	132,783
Equity attributable to owners of the parent company	(Millions of yen)	715,868	821,192	902,211	984,020	1,044,083
Total assets	(Millions of yen)	965,901	1,094,469	1,153,647	1,251,087	1,321,920
Equity attributable to owners of the parent company per share	(Yen)	967.61	1,109.62	1,236.60	1,391.36	1,502.42
Basic earnings per share	(Yen)	94.54	131.26	147.75	143.91	195.74
Diluted earnings per share	(Yen)	94.48	131.20	147.70	143.86	195.65
Ratio of equity attributable to owners of the parent company to total assets	(%)	74.1	75.0	78.2	78.7	79.0
Return on equity attributable to owners of the parent company	(%)	10.0	12.6	12.7	10.9	13.5
Price-earnings ratio	(Times)	20.0	13.4	11.6	19.2	14.0
Cash flows from operating activities	(Millions of yen)	116,309	144,489	181,702	155,521	217,908
Cash flows from investing activities	(Millions of yen)	(57,538)	(57,594)	(159,906)	(67,927)	(115,105)
Cash flows from financing activities	(Millions of yen)	(68,297)	(36,639)	(57,627)	(90,784)	(78,890)
Cash and cash equivalents at the end of the period	(Millions of yen)	300,888	362,046	329,966	342,269	363,344
Number of employees (Separately, average number of temporary workers)	(Persons)	25,424 (2,700)	25,961 (2,425)	26,070 (2,123)	25,300 (1,934)	25,769 (1,840)

(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 156th 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		156th Term	157th Term	158th Term	159th Term	160th Term
Year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Net sales	(Millions of yen)	481,473	517,458	544,158	518,626	598,416
Ordinary income	(Millions of yen)	69,522	85,963	113,735	94,261	131,046
Net profit	(Millions of yen)	51,855	65,815	91,368	74,874	94,998
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	149,758	143,551	706,760
Net assets	(Millions of yen)	454,160	487,646	523,833	515,511	537,478
Total assets	(Millions of yen)	681,499	729,581	760,758	782,752	824,328
Net assets per share	(Yen)	613.21	658.43	717.52	728.49	773.00
Dividends per share (Interim dividends per share included in the figure above)	(Yen)	200.00 (100.00)	220.00 (110.00)	240.00 (120.00)	260.00 (130.00)	*168.00 (140.00)
Net profit per share-Basic	(Yen)	69.80	88.94	123.66	104.94	135.50
Net profit per share-Diluted	(Yen)	69.75	88.90	123.61	104.90	135.44
Ratio of shareholders’ equity to total assets	(%)	66.6	66.8	68.8	65.8	65.2
Return on equity	(%)	11.3	14.0	18.1	14.4	18.1
Price-earnings ratio	(Times)	27.1	19.8	13.8	26.3	20.2
Dividend payout ratio	(%)	57.3	49.5	38.8	49.6	41.3
Number of employees (Separately, average number of temporary workers)	(Persons)	5,870 (604)	6,091 (479)	6,285 (399)	6,610 (360)	6,729 (311)
Total shareholder return (Benchmark: TOPIX Total Return Index)	(%) (%)	200.2 (142.1)	191.5 (145.0)	190.9 (153.4)	304.7 (216.8)	308.3 (213.4)
Highest share price	(Yen)	10,170	9,940	9,920	14,445	3,027 (14,750)
Lowest share price	(Yen)	4,390	7,390	7,500	8,210	2,356 (9,178)

(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 156th 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	156th Term	157th Term	158th Term	159th Term	160th Term
Year ended	March 2021	March 2022	March 2023	March 2024	March 2025
Dividends per share (Interim dividends per share included in the figure above) (Yen)	200.00 (100.00)	220.00 (110.00)	240.00 (120.00)	260.00 (130.00)	280.00 (140.00)

2. Of the dividends per share of 168 yen for the 160th term, the year-end dividend of 28 yen is subject to resolution at the Ordinary General Meeting of Shareholders scheduled for June 20, 2025.
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.
4. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., have been applied from the beginning of the 157th term, and the key financial data for the 157th and 158th terms are data to which such accounting standards were applied.
5. 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 Bantcilik 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

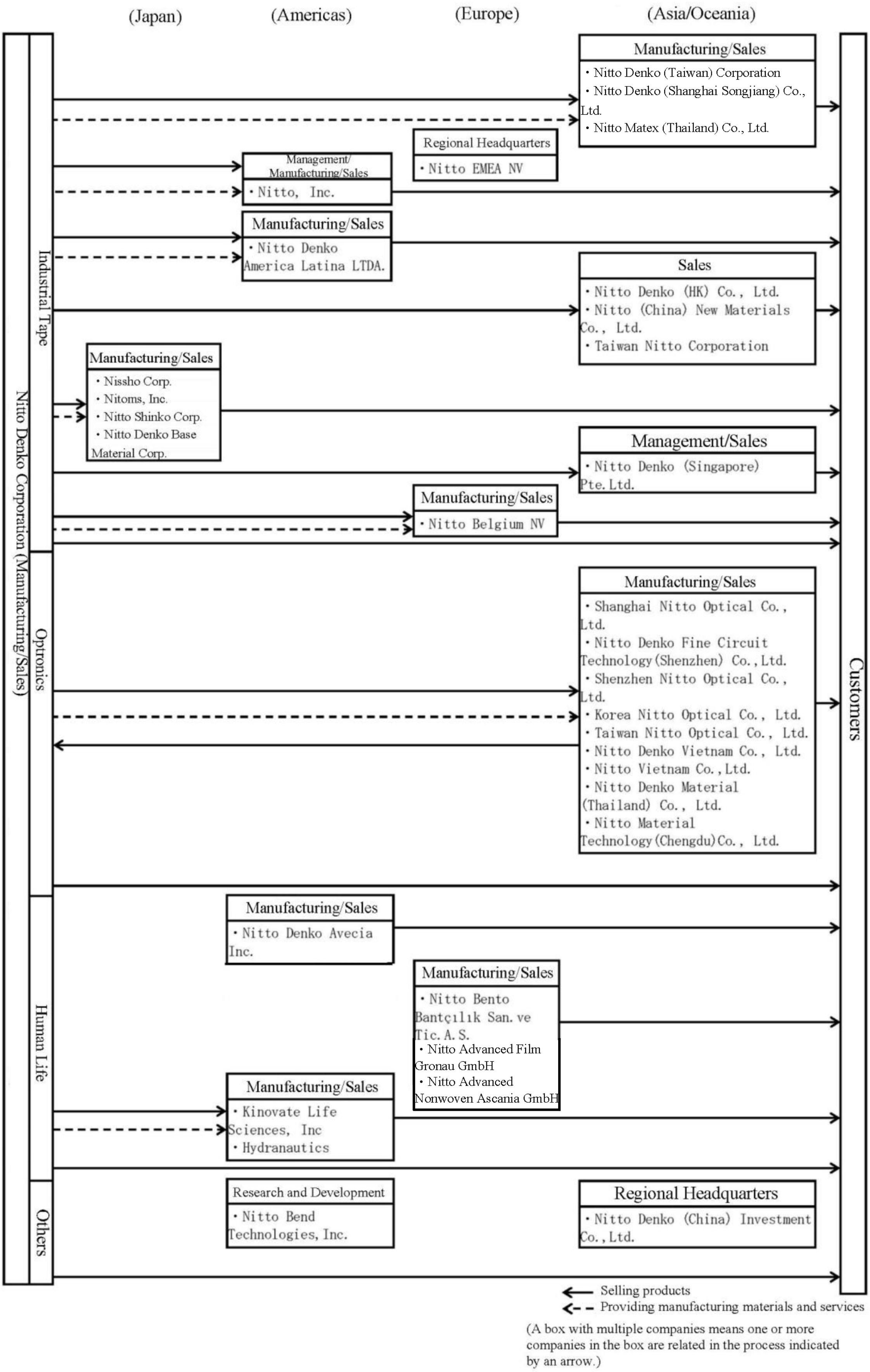
The Company and its subsidiaries and affiliates (comprising the Company, 88 subsidiaries, and four affiliates as of March 31, 2025) conduct businesses mainly related to four segments of Industrial Tape, Optronics, Human Life, and Others with a broad range of products. Positions of the Company and its 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:



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.	Oceanside, 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 Company has loaned funds to the subsidiary.
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 Company has loaned funds to the subsidiary.
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 (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.	Binh Duong, 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 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	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 53 companies						
Affiliates accounted for using the equity method: 3 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., 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 190,065 million yen
(2) Net profit 9,509 million yen
(3) Total equity 63,328 million yen
(4) Total assets 84,797 million yen

5. Employees

(1) Status of consolidated companies

As of March 31, 2025

	Industrial Tape	Optronics	Human Life	Others	Corporate (Common)	Total
Number of employees (Persons)	8,937 [846]	12,798 [532]	2,956 [153]	293 [32]	785 [277]	25,769 [1,840]

(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.

(2) Status of reporting company

As of March 31, 2025

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
6,729 [311]	40.9	12.7	8,336

	Industrial Tape	Optronics	Human Life	Others	Total
Number of employees (Persons)	2,129 [24]	3,712 [148]	671 [111]	217 [28]	6,729 [311]

(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.

(3) Status of labor union

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

(4) 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, 2025					
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
7.0	65.4	90.0	79.9 [91.0]	82.1 [*]	63.5 [*]

(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, 2025							
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	10.6	100.0	100.0	*	66.2	71.0	58.4
Nitoms, Inc.	8.3	100.0	100.0	*	65.8	70.6	63.1
Nitto Shinko Corporation	10.3	75.0	72.7	100.0	62.0	62.6	71.6
Nitto Business Expert Corporation	17.9	0.0	0.0	*	75.3	81.2	72.9

(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 20.5%. 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.

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 as of March 31, 2025. 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." Based on this, we will strive to resolve social issues through our business activities by placing the environment, society, and governance (ESG) at the core of our management, and aim to be a corporate group that continues to grow while contributing to the global environment and society with the aim of realizing a sustainable future. For this purpose, by combining our strengths in core technologies developed over our history, diverse business domains and strong intellectual property, as well as a broad customer base in a wide range of industries, we will accelerate innovation through the *Sanshin* Activities*1 and Niche Top Strategy*2, and create products and solutions that contribute to the global environment and society.

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

Field	Ideal state	Materiality
E (Environment)	Protecting the future Earth	Realizing a decarbonized society
		Realizing a circular society
		Conserving biodiversity
		Creating PlanetFlags*3
S (Society)	Enriching people and society	Safe manufacturing
		Empowering diverse employees
		Upholding and respecting human rights
		Building resilient supply chains
		Creating HumanFlags*3
G (Governance)	Fulfilling stakeholders' expectations and trust	Enhancing management 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 stimulating new demand through the development of new applications and new products.

*2. A differentiation strategy unique to the Group, which aims for the No.1 market share by continuously creating essential products, functions, and business models born from the co-creation between stakeholders in the niche fields and the integration of knowledge and technologies unique to Nitto, while identifying markets that are changing and growing.

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

(2) Medium- to Long-term Management Strategy

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

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

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

Focus items and progress of the Mid-Term Management Plan, "Nitto for Everyone 2025"

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

While we will make focused investments in "things that will grow" that we have identified in terms of both social value and economic value, we will implement structural reforms, including withdrawal and sale, for "things not to be preserved" such as items for which future growth is not expected or for which we may no longer be able to manufacture due to environmental chemical substance regulations. In new areas, we will promote the transformation of our business portfolio by actively utilizing strategic alliances, including M&A and investments in startup companies, and by taking on the challenge of creating environmental and solution businesses.

In the current fiscal year, new facilities were completed at the Kameyama Plant and our Vietnam base to accommodate increased production of CIS, a Global Niche Top™*1 product, as well as high-precision circuits, a HumanFlags recognized product. We will strengthen our response to the expanding high capacity HDDs market by the growing demand for data centers, as well as to new developments in high-end smartphones.

In addition, at the Tohoku Plant manufacturing polymer beads for synthesis of nucleic acid medicine NittoPhase™*2 which is one of our HumanFlags certified products, we completed construction of the Group's first factory to maximize the use of self-generated renewable energy and achieve zero CO2 emissions. Our production activities began in the current fiscal year. By enhancing the production capacity of NittoPhase™, we aim to support the rapidly growing nucleic acid drug industry and contribute to people's health and a safe society.

In new areas, as an environmental business, in addition to reducing energy consumption through the shift to solvent-free, etc., we are pushing forward with our Negative Emission Factory Concept. Under this concept, we will accelerate the development of negative emission technologies (technology to remove CO2 from the atmosphere by capturing, absorbing, storing, and fixing atmospheric CO2), such as capturing CO2 that is inevitably emitted in the manufacturing process, and work toward proposing them as total solutions to reduce CO2 emissions. In the current fiscal year, we were selected as the exhibiting company at the Japan Pavilion organized by the Ministry of the Environment at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), held in Baku, Republic of Azerbaijan, from November 11 to 22, 2024. We conducted an on-site exhibition on the theme of CO2 separation, capture, conversion, and utilization technologies.

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

*2. NittoPhase™ is polymer beads for synthesis of nucleic acid medicine that combines the features of high performance which enables synthesis of a large amount of nucleic acids due to its porous structure, and high quality, which enables high reproducibility with uniform particle size.

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

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

In the current fiscal year, 11 new products (35 products in total) were recognized as PlanetFlags/HumanFlags. One such product is the harness protection PVC tape certified as PlanetFlags, which combines thinness and abrasion resistance. It contributes to the weight reduction of cars and reduces Life cycle CO2 emissions by 46%.* Additionally, the HumanFlags certified LUCIACS™ for automotive displays is a transparent adhesive sheet used for bonding flat display surfaces with optical films. It enhances the durability and viewability of automotive displays, thereby contributing to safe driving. This product is also recognized as a Global Niche Top™ product.

In order to further accelerate ESG management, the Group will increase the number of double recognized products, i.e. both recognized as PlanetFlags/HumanFlags and Global Niche Top™/Area Niche Top™ products, that simultaneously solve social issues and create economic value.

*Calculated using data for the car model. The reduction rate differs depending on the car model.

(c) Reformation of Organizational Culture to Accelerate Challenges

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

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

(d) Transformation of Management Infrastructure to Anticipates Change

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

In the current fiscal year, with the aim of improving our foresight and responsiveness to supply chain risk, we expanded the EcoVadis[*1] platform which we have introduced to our Japanese suppliers since the previous fiscal year to our suppliers in Europe, North America, and East and South Asia. We will continue to focus on increasing the number of suppliers covered by this platform, improving the participation rate in assessments, and improving low scores, and ensuring appropriate evaluation cycle. In implementing data-driven management through digital utilization, we further developed a core system and a platform for utilizing data as we move ahead with business reforms, business model transformations, and other activities. In accelerating initiatives toward becoming a leading ESG company and securing brand recognition, we worked with the ATP (Association of Tennis Professionals), FITP (Italian Tennis and Padel Federation), and the host City of Turin to advance the Nitto ATP Finals Torino Green Project, a collaborative project to reduce CO_2 emissions, as part of our Nitto ATP Finals[*2] sponsorship activities. Through this activity, we promoted the greening of the City of Turin such as planting trees in parks around the Inalpi Arena and the greening of bus stop roofs by using proceeds and donations from charity auctions. In addition, we donated items made from environmentally friendly materials manufactured by the Group to support sustainable tournament operations.

Furthermore, being recognized for taking various actions that place the Group's ESG at the core of our management, we were selected as a "Sustainability Yearbook Member" for the first time in "The Sustainability Yearbook 2025" published by S&P Global, a survey and rating agency in the current fiscal year. We were also selected as "Industry Mover," a company that improved the most in rating in industry from the previous fiscal year.

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

*2. The Nitto ATP Finals marks the climax of the men's pro tennis season and is a tournament where the top eight singles players and doubles teams in the world compete and the final title of the year is contested. The Group has served as a title sponsor since 2017.

*3. 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.

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

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

For CO_2 emissions, which are one of the environment related future-financial indicators, we had already set targets for Scope 1+2 to achieve Nitto Group Carbon Neutral 2050, but we newly established a Scope 3 emissions reduction target of 1,460 kton by fiscal year 2030 based on SBT*[1] to achieve zero environmental impact not only within the Group but also across its entire supply chain. Through initiatives such as the shift to solvent-free and the promotion of renewable energy*[2], we are further accelerating our activities toward realizing a decarbonized society.

<table>
<tr><th colspan="2">Future-financial Indicators</th><th>FY2024
Results</th><th>FY2025
Targets</th><th>FY2030
Targets</th><th>Related Material Issue</th></tr>
<tr><td rowspan="3">Products related</td><td>Niche Top sales ratio (1)</td><td>48%</td><td>50%</td><td>At least 50%</td><td>—</td></tr>
<tr><td>Planet Flags/Human Flags category sales ratio (2)</td><td>44%</td><td>40%</td><td>At least 50%</td><td>Creating PlanetFlags
Creating HumanFlags</td></tr>
<tr><td>New products ratio (3)</td><td>41%</td><td>At least 35%</td><td>At least 35%</td><td>—</td></tr>
<tr><td rowspan="3">Environment related</td><td>Waste plastics recycling ratio (4)</td><td>50%</td><td>50%</td><td>60%</td><td rowspan="2">Realizing a circular society</td></tr>
<tr><td>Sustainable materials procurement ratio (5)</td><td>18%*3</td><td>20%</td><td>30%</td></tr>
<tr><td>CO_2 emissions (6)</td><td>472 kton/year</td><td>470 kton/year</td><td>400 kton/year</td><td>Realizing a decarbonized society</td></tr>
<tr><td rowspan="3">HR related</td><td>Engagement scores (7)*4</td><td>—</td><td>78</td><td>85</td><td rowspan="3">Empowering diverse employees</td></tr>
<tr><td>Challenge ratio (8)</td><td>41%</td><td>70%</td><td>85%</td></tr>
<tr><td>Female leaders ratio (9)</td><td>22%</td><td>24%</td><td>30%</td></tr>
</table>

(1) The indicator measuring the expansion of essential Nitto products
(2) The indicator measuring the expansion of PlanetFlags/HumanFlags products, the basis of Nitto's ESG management
(3) The indicator measuring the creation of new products, the source of the Group's competitiveness
(4) The indicator measuring the progress toward circular economy initiatives
(5) The indicator measuring the procurement of sustainable materials considering the environment and human rights in the supply chain
(6) The indicator measuring the progress targets for Scope 1+2 toward "Nitto Group Carbon Neutral 2050" initiatives
(7) The indicator measuring three factors which have close relations with an organization's performance growth, namely, employees' "sense of belonging and willingness to contribute," "productive work environment," and "physical and mental well-being and vitality"
(8) The indicator measuring the percentage of employees who have taken on the challenge to stretch their own experiences and possibilities for new value creation
(9) The indicator measuring diversity initiatives by increasing the number of female leaders who can propel the company forward

*1. SBT is an abbreviation for Science Based Targets. It refers to "greenhouse gas emission reduction targets" set by companies that are consistent with the science-based targets adopted in the Paris Agreement (to limit the temperature increase to less than 1.5°C above pre-industrial levels). The Group has achieved SBT certification, affirming that its greenhouse gas emission targets for fiscal year 2030 are based on scientific evidence.
*2. With the aim to commit to sourcing 100% renewable electricity, the Group joined membership in RE100 (an international initiative that aims for companies to commit to using 100% renewable electricity).
*3. This is a compilation for Japan (Non-consolidated).
*4. For the current fiscal year, the engagement score was excluded from the survey.

(4) Strategies and initiatives by segment

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

・Industrial tape

Against the backdrop of progress in Right to Repair regulation for electronic devices such as smartphones particularly in Europe, expansion of models adopting our electrical release tapes used for fixing batteries in place that newly launched in the fiscal year ended March 31, 2025, is expected. Taking advantage of the momentum toward the creation of a resource-recycling society, the Group will leverage our releasing technology to further expand our business. In addition, with the spread of generative AI, demand for process materials used in the production of semiconductor memories and ceramic capacitors is expected to increase. On the other hand, while the automotive materials are expected to continue to face a challenging business environment due to a sluggish growth in the number of global automobile unit productions, the Group will continue to build a business foundation that can consistently generate high profit margins in the Industrial Tape segment as a whole.

・Optronics

In Information Fine Materials under Optronics, as the display market matures, the Group will focus on high-end products for automotive displays and foldable smartphones. For automotive displays, the number of displays installed per vehicle and expansion in display size has been robust for the past several years, and demand for our high durability optical films is expected to remain strong. For foldable smartphones, as new displays that do not require optical films are becoming mainstream, the Group is developing products that assign optical properties to Optical Clear Adhesive (OCA). In addition, the Group will actively promote CO2 emissions reduction by reducing solvent use in manufacturing process and pursue further added value as a total solution provider for display peripheral components.

In Circuit Materials, 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. In light of this, the Group will increase production capacity at our site in Vietnam and expand the sales of products for HAMR. For high-precision circuits, the Group is working on developing new products used in other applications for our existing customers.

・Human life

In Life Science under Human Life, demand for oligonucleotide contract manufacturing business is expected to increase, consistent with the progress of large-scale projects that are expected to be commercialized at a future date. Furthermore, increase in production is expected at our new plant in Massachusetts, United States which started production during the fiscal year ended March 31, 2025. 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. For the development of intractable cancer drug, the Group continues to work toward out-licensing its pipeline.

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, particularly in India.

In Personal Care Materials, the Group will continue to improve profitability by expanding sales of new products in hygiene materials for diapers and environmentally friendly products using biodegradable technologies.

・Others

For new businesses in Others, the Group will concentrate 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.

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, 2025.

(1) Overall sustainability

(i) Governance

The Group recognizes that promoting ESG management is a significant issue in achieving a sustainable society. We place ESG (Environment, Society and Governance) at the core of our management, aiming to simultaneously solve social issues and create economic value. The Group is working to establish a governance system to ensure that ESG management works, aiming to increase its corporate value over the medium to long term.

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 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 targets 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 targets 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, chaired by the President-Director and CEO, 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 towards 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-Director & CEO 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

To simultaneously solve social issues and create economic value, the Group has identified material issues for sustainability based on the Basic Policy on Sustainability. Placing ESG at the core of management, the Group reviewed and revised material issues for sustainability in 2024 in order to become "essential" for the global environment, humanity, society, and the general public and further accelerate sustainable growth. These material issues have been selected and identified as such from issues deemed important as they might affect the company and its stakeholders (the environment and society) over the long term.

In implementing them, we identify risks and opportunities associated with each issue and reflect them in our business plans.

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

https://www.nitto.com/jp/en/sustainability/infocus/materiality/

Ideal State	Material Issues for Sustainability	Risks	Opportunities	Implementation Details
Protecting the future Earth	Realizing a decarbonized society	•Difficulty in continuing business activities due to delay in responding to the decarbonized society •Increase in difficulty in sales of existing products as environmental regulations are tightened	•Increase in productivity due to a shift to eco-friendly production lines that meet the demand for GHG* reduction •Increase in business opportunities by providing products with a low carbon footprint	Reduction in GHG emissions
	Realizing a circular society	•Shut-downs due to increased cost and difficulty in procurement •Decrease in competitive edge due to delay in innovating waste disposal and developing new technologies	•Increase in demand for technologies/products for cyclic use of various resources/materials •Cost reduction and efficient use of resources by waste reduction and recycling	Promotion of cyclic use of raw materials, energy, and waste
	Conserving biodiversity	•Health hazards to stakeholders due to air, water, or soil pollution •Increase in the cost for compliance and difficulty in obtaining operational licenses	•Acquisition of trust from local communities and customers by properly managing pollutants and hazardous substances •Increase in demand for technologies/products that contribute to separation, removal, purification or otherwise, of hazardous substances	Prevention of air, water, and soil pollution
	Creating PlanetFlags	•Decrease in order volume in case of falling behind in addressing environmental need • Inadequate response to social demand for environmental conservation	•Increase in business opportunities by providing low-carbon-footprint or carbon-negative products •Creation of new markets and business models by accumulating biodiversity-friendly technologies and knowhow	Providing solutions for decarbonization and material-circulation solutions Providing nature-positive products

Ideal State	Material Issues for Sustainability	Risks	Opportunities	Implementation Details
Enriching people and society	Safe manufacturing	•Personal damage and shut-downs due to work-related accidents •Occurrence of recalls, lawsuits, etc. due to quality problems	•Increase in productivity and acquisition of trust from customers by providing a safe and secure workplace environment •Acquisition of customer trust and support by providing them with safe and quality products	Improvement of workplace environment Enhancement of safety and quality of products
	Empowering diverse employees	•Increase in difficulty in maintaining stable business operations due to shortages of human resources •Stagnation of novel ideas and innovations due to lack of diversity in human resources	•Increase in productivity by way of workstyle reform and human resource development •Enhancement of employee motivation by providing opportunities that empower diverse human resources	Hiring and development of personnel daring to take on challenges Promotion of DE&I
	Upholding and respecting human rights	•Shut-downs and damage to corporate value due to violation of laws concerning respect for human rights •Employee health hazards due to human rights violations and outflow of human resources due to poor working conditions	•Improvement of corporate image and brand value through socially responsible and fair practices •Improvement of public credibility by complying with and proactively advancing beyond laws/regulations concerning human rights	Promotion of human rights due diligence
	Building resilient supply chains	•Disruption in production and distribution due to damage to factories and infrastructures in the supply chain •Damage to the image of the Nitto brand as affiliates and business partners engage in misconduct or unlawful practices	•Increase in product supply efficiency and reduction in costs by optimizing supply chains •Acquisition of trust from business partners and society through management of supply chains	Sustainable procurement practices
	Creating HumanFlags	•Lowering of the company’s competitive edge and growth potential due to inadequate response to social needs •Lowering of products’ competitive edge as alternative technologies emerge and the company’s technologies become commoditized	•Increase in business opportunities by providing products/services that improve QOL and prevent disease progression •Enhancement of competitive edge and growth potential by complying with and proactively advancing beyond next-generation technologies	Providing products that promote digital society Providing products that ensure comfort and security of life Providing products that support sound and healthy life

Ideal State	Material Issues for Sustainability	Risks	Opportunities	Implementation Details
Fulfilling stakeholders' expectations and trust	Enhancing management security	•Lowering of operational efficiency and quality due to inadequate internal control and workflow •System shut-downs due to cyberattacks or leakage of confidential information	•Reduction in cost and increase in profit due to improvement of management efficiency •Creation of new markets and business models by comprehending the value and utilization of information assets	Ensuring compliance Creation of a safety/quality-oriented culture Promotion of information security management

*GHG: Greenhouse Gas

(iii) Risk management

The Group appropriately manages key risks and opportunities related to sustainability that management recognizes may 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 and opportunities 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 communicated to related departments, and countermeasures against risks and measures for opportunities will be promptly taken to strengthen controls. The progress of the implementation and improvement will be again reported to and monitored at 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 (future-financial targets) related to its material issues for sustainability to realize the 2030 Ideal State and is managing progress appropriately to ensure implementation. For details, please refer to the table set forth in "II. Overview of Business, 1. Management Policy, Business Environment, and Challenge, (3) Objective indicators for assessing the achievement of management goals, etc."

(2) Climate change

(i) Governance

The Group has set “Realizing a decarbonized society” as one of its material issues for sustainability and is strengthening its efforts to combat climate change. To solve environmental issues including climate change, the Group is working to develop 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 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 2030 management indicators, including Nitto Group Carbon Neutral 2050, and into the mid-term management plan Nitto for Everyone 2025. The Group has promoted initiatives to remove solvents, save energy, use renewable energy, and create products that contribute to the environment, and confirmed that it would be able to minimize risks and maximize opportunities, and that the strategy would be useful.

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 six years), and long term (six 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 mid-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 long term are as follows.

<table>
<tr><th colspan="2" rowspan="2">Type of risk/opportunity</th><th rowspan="2">Event</th><th rowspan="2">Assumed risks and opportunities</th><th rowspan="2">Impact calculation item</th><th colspan="2">1.5°C</th><th colspan="2">4°C</th></tr>
<tr><th>2030</th><th>2050</th><th>2030</th><th>2050</th></tr>
<tr><td rowspan="4">Transition risks</td><td rowspan="4">Policy and laws and regulations</td><td rowspan="3">Strengthening of low carbon regulations</td><td>An increase in transition costs (raw material costs) to low GHG-emitting raw materials</td><td>Increased costs for switching to sustainable raw materials</td><td>Large</td><td>Large</td><td>-</td><td>-</td></tr>
<tr><td>A substantial increase in renewable energy procurement costs due to the spread of renewable energy</td><td>Increased costs for renewable energy procurement</td><td>Small</td><td>Small</td><td>-</td><td>-</td></tr>
<tr><td>An increase in capital expenditures (installation costs of renewable energy facilities) due to the spread of renewable energy</td><td>Increased capital investment costs due to introduction of renewable energy facilities</td><td>Small</td><td>Small</td><td>-</td><td>-</td></tr>
<tr><td>An increase in GHG emission price</td><td>An increase in taxation costs (operating costs) due to the increased introduction of carbon taxes and carbon levies</td><td>Increased operating costs due to increased tax obligations</td><td>Large</td><td>Large</td><td>Small</td><td>Medium</td></tr>
</table>

Type of risk/opportunity		Event	Assumed risks and opportunities	Impact calculation item	1.5°C		4°C	
					2030	2050	2030	2050
	Technology	Transition to low carbon products due to investment in new technologies	A substantial increase in capital expenditures (installation costs of high-efficiency facilities) 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 An increase in petroleum-derived raw material costs due to carbon taxes and other taxes in the upstream of the value chain passed on to raw materials	Increased procurement costs due to higher oil-based raw material prices	Medium	Large	Large	Large
			An increase in energy prices due to soaring fossil fuel prices	Increased energy costs associated with fossil fuel prices	-	-	Medium	Medium
Physical risks	Acteness	Occurrence of abnormal weather and natural disaster (acute)	Damage to the company's buildings, facilities, infrastructure, etc., plant shutdowns, and lost opportunities (decrease in revenue) 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 (decrease in revenue) 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 (Change in preferences)	An increase in revenue of products contributing to the environment due to increased demand for recycled products	Increased sales from products contributing to the environment	Medium	Large	-	-
		An increase in demand for medical-related products (response to infectious disease)	An increase in revenue of medical-related products due to an increase in health damage, such as infectious diseases due to rising average temperature	Increased sales 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℃ scenario, we will work on expanding our lineup of products contributing to the environment (PlanetFlags products) 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 products). We expect revenue of 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 managers in collaboration, while the department responsible for environmental issues will assume responsibility for managing them. Information regarding monitored risks and opportunities, together with information managed by other special function departments, will be reported and deliberated monthly at the Corporate Strategy Meeting, which consists of Directors and Vice Presidents. The results of the deliberation will be instantly communicated to related departments, and countermeasures against risks and measures for opportunities will be promptly taken to strengthen controls. The progress of the implementation and improvement will be again reported to and monitored at the Corporate Strategy Meeting to increase the effectiveness of the Group management.

(iv) Indicators and targets

The Group has set "Realizing a decarbonized society" as one of its material issues for sustainability and believe that reducing GHG (CO_2) 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 net zero CO_2 emissions (Scope 1+2) by 2050, and has declared the Nitto Group Carbon Neutral 2050.

In addition, 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 status of those countermeasures. The main indicators and targets, such as CO_2 emissions (Scopes 1+2), waste plastics recycling ratio, sustainable materials procurement ratio, and PlanetFlags and HumanFlags category revenue ratio are also set as future-financial targets that are management indicators and managed by the Group as a whole.

We are on track to achieve our 2030 CO_2 emissions target (Scope 1+2) of 470kton set in May 2022 ahead of schedule. As such, in fiscal 2024, we decided to aim to achieve 470kton in 2025, and revised our 2030 target to 400kton, a higher target in line with the 1.5°C target based on science.*[1]

In addition, we have set a new target of 1,460kton of CO_2 emissions (Scope 3) for 2030, and will further accelerate our activities toward realizing a decarbonized society, striving to achieve zero environmental impact not only within our own company but throughout our entire supply chain.

*1. In August 2024, we obtained SBT certification for our CO_2 emissions (Scope 1+2) and (Scope 3) reduction targets.

Efforts and progress regarding CO2 emissions (Scopes 1+2)
In fiscal 2024, the CO2 emissions (Scope 1+2) amounted to 472kton.
We are reducing CO2 emissions and expect to achieve our 2025 target.
Going forward, we will promote efforts to reduce CO2 emissions across our supply chain to achieve our new 2030 target, 400kton of CO2 emissions (Scopes 1+2). In May 2024, we joined Renewable Energy 100% (RE100)*2 to support the adoption of renewable energy across society and to reduce the Nitto Group's CO2 emissions by transitioning the electricity used in our business activities to 100% renewable energy.
*2. We aim to achieve RE100 globally by 2035.

Efforts and outcomes regarding waste plastics recycling ratio
In fiscal 2024, the waste plastics recycling ratio ended up at 50%.
In order to achieve our 2030 target of a 60% waste plastic recycling ratio, we categorize waste plastics into (1) those that are easy to recycle, (2) those requiring new technological developments to enable recycling, and (3) those that are currently difficult to recycle; thus, we are establishing a recycling strategy based on each material's characteristics.
Examples of (1) those that are easy to recycle include release liners used in the manufacture of tape products, which are recycled into film, spun into fibers for use of employee uniforms and eco-bags, or processed into resin pellets to create materials and reused in plastic trays. Thus, we have consistently achieved recycling results.
Going forward, we will accelerate our initiatives, particularly in fields where recycling remains challenging, and explore chemical recycling for waste that is difficult to recycle.

Efforts and outcomes regarding sustainable materials procurement ratio
In fiscal 2024, the sustainable materials procurement ratio ended up at 18%.
To achieve our FY2025 goal of sustainable materials procurement ratio of 20%, we will continue to promote the transition to sustainable materials with the understanding and cooperation of our suppliers.

Efforts and outcomes regarding the Planet Flags & Human Flags category sales ratio
In fiscal 2024, the Planet Flags & Human Flags category sales ratio ended up at 44%.
As concerns about climate change continue to grow, the development of PlanetFlags products that help address environmental issues is becoming increasingly 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 "Disclosure Pursuant to TCFD Recommendations" published on our website. https://www.nitto.com/jp/en/sustainability/infocus/TCFD/

(3) Human capital

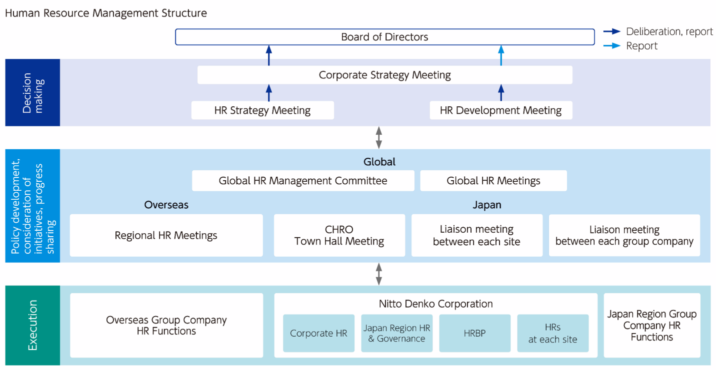
(i) Governance

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 resources who can take on challenges and in promoting diversity, equity, and inclusion (DE&I).

To solve human resource issues, the Group is working to establish and promote short- to mid-term and long-term strategies by establishing a governance system in which the President–Director and 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.

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 resources 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 resources, 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 resources 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 resources from across the globe and train them to become leaders who can anticipate and deliver changes.

The Group has cultivated a unique corporate culture that values bringing amazement and inspiration to our customers through the “Niche Top Strategy,” “Sanshin Activities,” and “Customer-oriented approaches.” In this culture, numerous innovations have been born. The source of this lies in the Group’s culture and human resources, which pursue skills to create innovation from scratch (zero to one) and develop technologies that others cannot imitate.

To maintain and further develop the Group’s strengths, we have set “Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They are Doing” as our human resource strategy while aiming to foster a culture where diversity is valued, employee engagement is enhanced, and employees enjoy taking on challenges. The future-financial indicators reflect the level of achievement of the strategy.

The Group monitors the future-financial indicators to identify the gap between the ideal and current situations and promotes measures to revitalize individuals and organizations.

The Group will continue to support its business growth through group-wide efforts to advance this HR strategy, which is integrated with management and business strategies.

- Development of female leaders

For the Group, with its diverse global operations, DE&I in human resources serves as the foundation for advancing its human resource strategy. A key feature of the female leaders-ratio, which is one of the future-financial indicators, is its focus on developing human resources capable of leading organizations and teams—in other words, leaders rather than simply managers.

To achieve this, the Group has continuously implemented the Female Leaders Ownership Empowerment Program (FLOWER Program) since April 2022 to develop female leaders in Japan. By implementing a mentoring policy, management skill development training and similar programs, lectures, etc., conducted by company executives and external experts, the Group aims to enhance leaders' mindset and business skills. Many program participants experienced a positive shift in their attitudes toward self-improvement, contributing to the emergence of female leaders.

Through consistent and dedicated efforts, the Group aims to cultivate a culture filled with human resources with diverse perspectives, driving accelerated value creation.

- Activities to improve employee engagement

The Group designates the engagement score as one of its future-financial indicators and conducts an engagement survey every 2 years. This survey was conducted globally in FY2023, achieving a score of 81, representing an increase of 7 points compared with that of the previous survey. Additionally, to further enhance employee engagement in the future, autonomous efforts in each workplace will become even more important.

In FY2024, the Group focused on awareness-raising activities led by the Head Office. These activities included sharing various pioneering workplace initiatives across the Group as a collection of best practices. In the future, the Group will enhance its support to ensure that each workplace independently identifies its issues and implements countermeasures. Additionally, the Group will intensify its efforts to analyze and use survey data more effectively than ever before.

- Creation of an Environment Where Employees Enjoy Taking on Challenges

To create an environment in which employees enjoy taking on challenges, the Group has adopted the Challenge Ratio as part of its future-financial targets since FY2023. This indicator tracks the number of people who have taken on challenges related to new themes that contribute to creating value for the company. In FY2024, in addition to global initiatives such as small group activities and new business creation competitions, the number of participants in Challenge Programs independently planned and run by each region and business division increased considerably. In the future, the Group will actively implement various measures by strengthening cooperation with departments that are primarily responsible for relevant initiatives, with the aim of supporting employees in taking on challenges and fostering a culture in which they enjoy taking on 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 Executive Officer in charge of human resources assumes full responsibility under the supervision of the Corporate President and performs activities in collaboration with the Health Promotion Office, each business site'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.

Furthermore, the Group has set three priority areas: smoking cessation, prevention of mental health disorders, and prevention of lifestyle-related diseases. We are implementing various initiatives, such as subsidizing the cost of smoking cessation support for those who wish to quit, conducting mental health seminars to improve employee health literacy, and holding interviews with young individuals with obesity, all aimed at improving employee awareness and behavior change.

(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.

- Female leaders ratio: 30% in 2030

The ratio of female leaders in FY2024 reached 22%, marking a global increase of 2 percentage points in comparison to the previous fiscal year. By region, the Southeast Asia and Oceania Region saw an increase of 2 percentage points and the Japan Region also reached 8%, marking an increase of 1 percentage point as the female leader development program, FLOWER Program, began to show results.

- Engagement score: 85 in 2030

Engagement surveys are carried out every 2 years. The most recent survey, conducted in FY2023, recorded a score of 81, surpassing the interim FY2025 target of 78 ahead of schedule. In FY2024, to lay the groundwork for achieving its goals for 2030, the Group focused on support and enlightenment activities across workplaces. This included sharing pioneering practices within the Group with other internal organizations to encourage their wider adoption.

- Challenge ratio: 85% in 2030

The challenge ratio in FY2024 reached 41%, marking an increase of 4 percentage points from 37% in the previous fiscal year. One factor contributing to the increase in this figure is the rise in participants in the Challenge Program, which is the subject of this indicator, driven by a deeper understanding of the concept of this indicator within the Group, facilitated by cooperation between Corporate HR and business divisions and/or personnel and planning divisions of respective regions.

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.

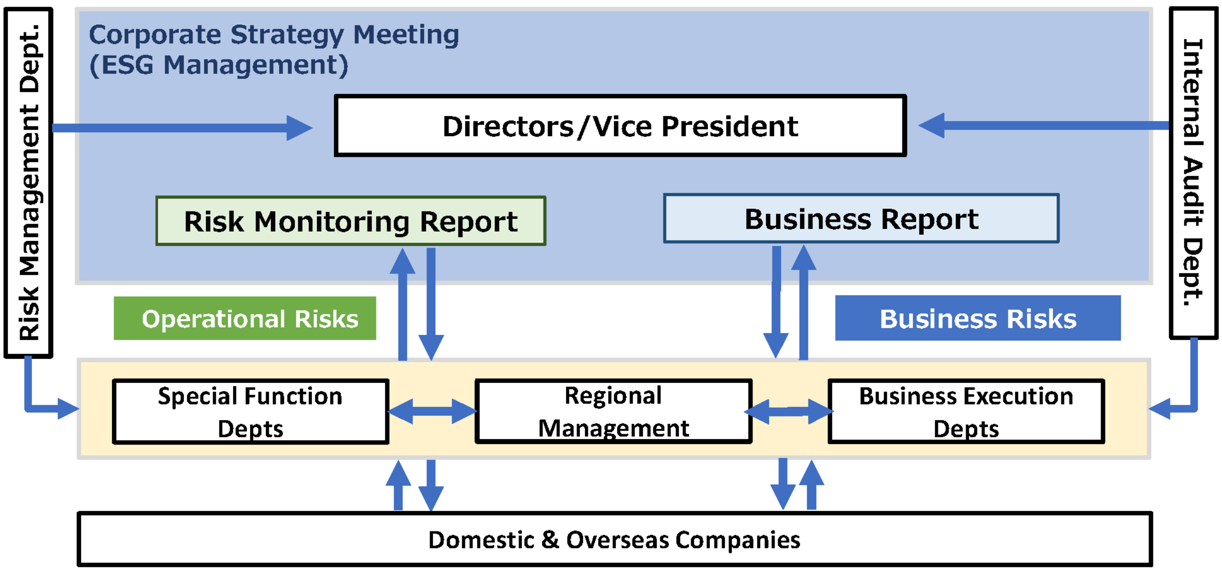
(2) Risk management system

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

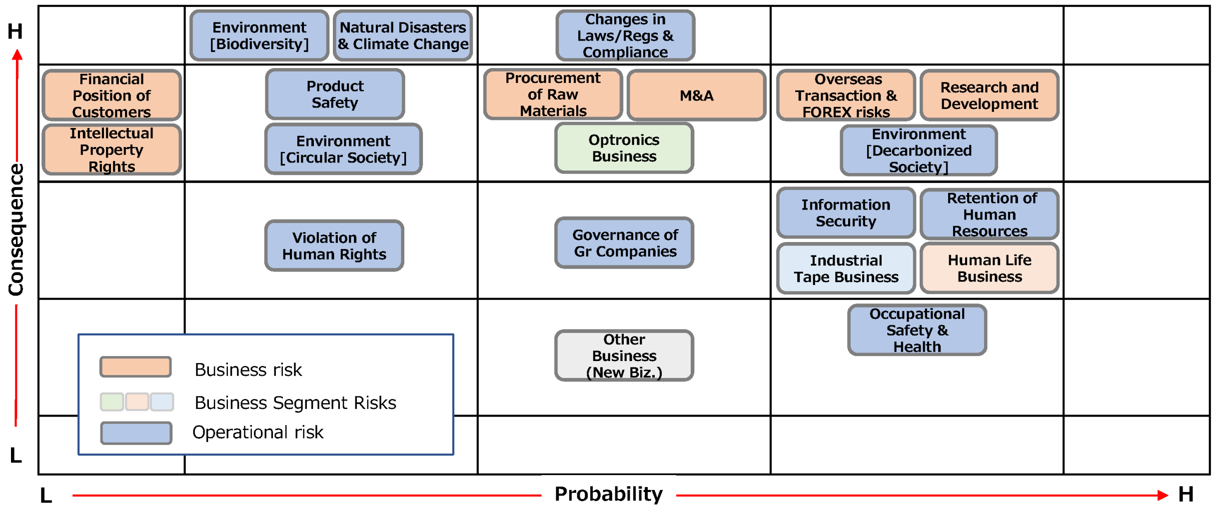


(3) Selection and Management of respective risks

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
Business Risks	Overseas Transactions & Foreign Exchange Risks	↗	Deterioration of cash flow Exchange rate fluctuation Trade restriction/incidents Impact of conflict/geopolitical risks
	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
Operating Risks	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 & Compliance	→	Revision of laws and regulations Violation of laws Breach of compliance
	Governance of Group Companies	→	Accounting frauds/deficiencies 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

Overseas Transaction and FOREX risks
Related Materiality: Building resilient supply chains
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. Accordingly, in the various countries where we operate, there are risks such as 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. The Group's performance may also be adversely affected by abrupt changes in the global economy triggered by events such as conflicts or outbreaks of infectious diseases. 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. 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. In addition to conducting timely monitoring of the Group's internal fund balance, financing situation, asset and liability by currency, etc., we have established financial control centers in each area and are working to consolidate funds and hedge foreign exchange risks, among other measures.

Financial Position of Customers
Related Materiality: Enhancing management security
Serious financial problems could develop at some customers from whom the Group holds accounts receivable due to major changes in their operating environment. 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. 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.

Procurement of Raw Materials
Related Materiality: Building resilient supply chains
Some of the Group's raw materials are sourced from specific individual suppliers. If the supply of raw materials were to decrease or be disrupted due to unavoidable circumstances on the part of those suppliers, such as damage from natural disasters, accidents, or bankruptcy, 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. 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. 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.

Research and Development
Related Materiality: Creating PlanetFlags/Creating HumanFlags
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. 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 Sanshin ("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.

Intellectual Property Rights
Related Materiality: Creating PlanetFlags/Creating HumanFlags
The Group owns, maintains, and manages a large amount of intellectual property rights for the purpose of enhancing its market competitiveness. 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. 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.

Business risks in each operating segment are as follows:

Industrial Tape Business
Related Materiality: All Materialities
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. In the Information Device & Display and Semiconductor & Electronics Component sectors, fluctuations in the market conditions for electronic products and semiconductors due to factors such as price increases caused by the U.S. tariff policy and a worsening economic situation could adversely affect business performance. By creating Global Niche Top™ products and Area Niche Top™ products under our Niche Top Strategy and Sanshin Activities initiatives, we are working to create PlanetFlags/HumanFlags products as new axes for growth while developing a business constitution that is resilient to market forces. 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. 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. In the markets that the Industrial Tape business serves, an increasing number of customers in the electronics and automotive industries are focusing their efforts on contributing to the environment. To this end, in Industrial Tape business, we are also working to develop and manufacture PlanetFlags products with a lower environmental impact while promoting the collection and recycling of materials discarded by customers to reduce CO2 throughout the supply chain and provide added value as an environmentally friendly product.

Optronics Business
Related Materiality: All Materialities
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, 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 and environmental regulations may also affect the Group's production and supply of products. 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. 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. Soaring material/power costs caused by continued inflation worldwide, change in investment trends of data centers associated with the demand for generative AI services, and the U.S. tariff policy and overheating U.S.-China trade friction may temporarily affect our financial results. However, if market growth is sustained over the long term, our responsibility as a supplier to meet demand trends may affect. In response, we are planning and implementing to secure production capacity satisfying the demand trend, including establishing a manufacturing backup system across our multiple sites, creating a BCP for our procurement of materials, and implementing productivity innovations supported by automation, as well as by AI and DX utilization.

Human Life Business
Related Materiality: All Materialities
The Human Life business consists of Life Science, Membrane, and Personal Care Materials businesses. 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. Demand for contract manufacturing of oligonucleotide therapeutics, which we undertake in the Life Science business, fluctuates according to the progress of customer's research and development and clinical trials. Accordingly, suspension or discontinuation of customer's clinical trials based on scientific evidence may affect our performance. In addition, the U.S. tariff policy could impact the cost of procuring raw materials. 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. The Group strives to mitigate the impact of demand fluctuations by handling a wide range of research and development activities and clinical trial projects commissioned by customers. To counter the U.S. tariff policy, 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 initiatives, including collaborations with external organizations, in order to ensure both safety and efficacy. The Membrane business primarily supply components for water processing equipments used across various industries, as well as those for wastewater treatment applications within those industries. Deteriorating market conditions in various industries, rising material prices, supply shortages, and other factors could delay plant construction plans and customer material procurement plans, or an intensified competitive environment could have an impact on sales volumes and prices, which could have an adverse effect on our business performance. In order to create a business structure that is resilient against the impact of market conditions, we are bolstering efforts to develop new markets and launch new products as quickly as possible and enhance cost competitiveness. There is a risk that production costs at production hubs in the U.S. may rise because of the U.S. tariff policy. We will mitigate the impact by adjusting production sites according to delivery destinations and passing increased production costs on to sales prices. The Personal Care Materials business offers hygiene materials, primarily diaper materials. The main market is for hygiene materials and daily necessities, of which demand is relatively stable. Meanwhile, as a commodity market, falling sales prices caused by circumstances where competitors could easily enter may affect our performance. Additionally, the loss of business opportunities due to changes in the U.S. tariff policy, rising energy costs associated with geopolitical factors (prolonged Russia-Ukraine war), and inflation-driven high prices (surging raw material costs), could impact our financial results. By making capital investments appropriately and promoting digitalization and reducing costs through improved productivity, we will strive to establish a production system that is less susceptible to changes in the external environment. The Group also aims to further improve profitability by expanding high-value-added products and developing environmentally friendly products.

Others
Related Materiality: All Materialities
The Group's performance may be adversely affected if new businesses are not launched as planned. 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.

Others/Additional Items: M&As
Related Materiality: All Materialities
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. 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. 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.

(2) Operational risks

Product Safety
Related Materiality: Safe manufacturing
The Group manufactures and supplies intermediate materials or products to our customers in accordance with strict quality control standards for the purpose of safe and quality-oriented manufacturing. Also, tightening regulations on chemicals such as fluorinated compounds has been demanded in recent years. 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 are subject to obligations for compensation for the defect or a penalty for violation of laws or regulations, which may affect our performance. The Group strives to make continuous improvements by obtaining certification of strict international quality management systems in line with those required by industry. 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. We are also considering alternative products for PFAS, which is expected to be regulated more strictly, and working to strengthen management system for bisphenols and vinyl chloride. 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.

Environment (Decarbonized Society)
Related Materiality: Realizing a decarbonized society
As climate change and natural disasters grow increasingly severe, the Group is working to reduce CO2 emissions in the entire supply chain to realize a decarbonized society. A sharp rise in renewable energy prices, carbon taxes, or soaring emissions trading prices could lead to an unavoidable increase in production costs, which could adversely affect the Group’s performance. In addition to complying with more stringent related laws and regulations, we are also working to reduce our customer’s CO2 emissions through our products and solutions by reducing energy consumption and introducing renewable energy in our manufacturing processes to meet societal demands for lower CO2 emissions.

Environment (Circular Society)
Related Materiality: Realizing a circular society
In response to the global environmental crisis, including the depletion of resources and marine pollution caused by plastics, the Group has designated the achievement of a circular society as a materiality issue and is committed to recycling resources such as plastic. In the event that the Group faces a refusal to collect plastics, organic solvents, and other waste or a sharp rise in prices for collection of such waste, its production activities slow down due to difficulties in disposing of waste, which could adversely affect the Group’s performance. In addition, improper disposal of products or waste may lead to a loss of public trust and damage to the company’s brand image, which could adversely affect the Group’s performance. Besides ensuring compliance with relevant laws and regulations, the Group is working to establish a circular society by promoting the effective use of resources and recycling throughout its supply chain.

Environment (Biodiversity Conservation)
Related Materiality: Conserving biodiversity
While human activities are causing enormous damage to living things—leading to species extinction and ecosystem destruction—the Group has designated biodiversity conservation as a material issue and is committed to reducing emissions of polluting and harmful substances used in the manufacturing process. The release of volatile organic compounds into the atmosphere or rivers due to equipment malfunction or other causes could cause pollution of the local environment, resulting in loss of public trust and damage to the company's brand image, which could adversely affect the Group's performance. In addition to ensuring compliance with relevant laws and regulations, we have established our own stringent management standards to control pollutants and hazardous substances and are working to reduce the amount of such substances used.

Information Security
Related Materiality: Enhancing management security
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. 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. 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. 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.

Changes in Laws, Regulations, and Compliance
Related Materiality: Enhancing management security
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. 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. We have translated the "Nitto Group Business Conduct Guidelines," which underpin our commitment to compliance, into 18 languages and thoroughly communicated them to all officers and employees of the Group. In addition, we are operating a whistle-blowing system in all regions and working to detect legal violations and ethical breaches at an early stage. We have also completed the establishment of an external contact point for reporting from suppliers across all regions during the current fiscal year and are undertaking activities to ensure that it is widely recognized.

Governance of Group Companies
Related Materiality: Enhancing management security
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 88 subsidiaries, and four affiliates. 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. 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 monitorings are shared at monthly corporate strategy meetings, where prompt improvements are implemented to strengthen governance and enhance internal controls. To promote procurement activities that support ESG-based management, the Procurement Business Division revised the Procurement Basic Policy, Supplier Code of Conduct, and Procurement Basic Rules while also developing other policies and rules. The Global Procurement Department, which reports directly to the Procurement Division, works alongside regional procurement leaders stationed overseas to strengthen governance by applying these policies, rules, etc. and ensuring that they are widely recognized.

Natural Disasters and Climate Change
Related Materiality: Enhancing management security
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. 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.

Retention of Human Resources
Related Materiality: Empowering diverse employees
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. Failure to continually hire necessary personnel or to prevent the drain of talent could negatively affect the performance of the Group. As the importance of human capital management increases, the Group is 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.

Occupational Safety and Health
Related Materiality: Safe manufacturing
Aiming to realize a safety society, the Group places safety before everything else in its manufacturing under the slogan of “Zero Accidents and Injuries.” 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. 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.

Human Rights
Related Materiality: Upholding and respecting human rights
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. The Group communicates its policy on respect for human rights to its stakeholders through disclosure of the Nitto Group Basic Policy on Human Rights in 10 languages. 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 launched an education program on ESG issues, including respect for human rights, for all employees across Japan as part of our employee education and training initiatives. Going forward, we will expand this education program to all employees of our overseas group companies. Meanwhile, we hold a partnership meeting at global to inform our main suppliers about our CSR Procurement Policies and their activities. Also, we carry out a CSR Procurement Survey once a year under the Supplier Code of Conduct, which describes rules we expect our suppliers to follow, including respect for human rights and labor. Based on the survey findings, we assess their risk, suggest improvements to the suppliers whose risk is deemed high, and follow up on their improvement efforts. Additionally, to ensure the objectivity and validity of the assessment and to respond to external requirements, we introduced a new third-party CSR assessment by EcoVadis in the previous fiscal year and have been gradually implementing it in each region. 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.

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

Overview of operating results

(1) Financial position

Total assets as of March 31, 2025 (hereinafter “the end of the current fiscal year”) increased by 70,833 million yen to 1,321,920 million yen from the end of the previous year ended March 31, 2024 (hereinafter “the end of the previous fiscal year”). Current assets increased by 32,251 million yen to 750,209 million yen, and noncurrent assets increased by 38,581 million yen to 571,711 million yen.

The increase in current assets was mainly due to a 21,074 million yen increase in cash and cash equivalents, a 1,077 million yen increase in trade and other receivables, a 6,127 million yen increase in inventories, a 2,511 million yen increase in other financial assets, a 1,460 million yen increase in other current assets.

The increase in noncurrent assets was mainly due to a 39,101 million yen increase in property, plant and equipment, a 8,889 million yen decrease in goodwill, a 3,648 million yen decrease in intangible assets, a 5,203 million yen increase in investments accounted for using equity method, a 1,904 million yen increase in financial assets, a 3,112 million yen decrease in deferred tax assets, a 8,284 million yen increase in other noncurrent assets, and other factors.

Total liabilities at the end of the current fiscal year increased by 10,767 million yen from the end of the previous fiscal year to 276,806 million yen. Current liabilities increased by 14,878 million yen to 221,735 million yen, and noncurrent liabilities decreased by 4,111 million yen to 55,070 million yen.

The increase in current liabilities was mainly due to a 1,542 million yen increase in trade and other payables, a 14,781 million yen increase in income tax payables, a 2,294 million yen decrease in other financial liabilities and other factors.

The decrease in noncurrent liabilities was mainly due to a 4,139 million yen decrease in defined benefit liabilities and other factors.

Total equity at the end of the current fiscal year increased by 60,065 million yen from the end of the previous fiscal year to 1,045,114 million yen.

This was mainly due to a 81,977 million yen increase in retained earnings, a 8,501 million yen increase in treasury shares and a 13,419 million yen decrease in other components of equity.

(2) Operating Results

The economic environment in the current fiscal year saw changes in the monetary policies, as the Central Bank of Europe and the United States began to lower interest rates in light of the easing of global inflationary pressures. In the United States, while consumer spending remained strong, the Federal Reserve Board (FRB) lowered interest rates due to a gradual slowdown in the labor market. Since the inauguration of the new President Trump administration, concerns about the resurgence of inflation intensified after the president announced his intension to impose additional tariffs and other policies. In Europe, while consumer spending recovered as a result of an increase in real income, manufacturing sector declined, particularly in Germany. In China, the government implemented a trade-in program to promote the replacement of consumer goods in response to a slowdown of the economy caused by a prolonged real estate recession and a harsh employment environment. In Japan, the economy experienced moderate recovery as a result of wage increases that outpaced inflation, growth in inbound consumption due to the record number of foreign tourists visiting Japan, and robust capital investments made by corporations.

In the foreign exchange market, although a volatile environment was observed with the yen rapidly appreciating from a historically weak levels that exceeded 160 yen against the U.S. dollar, the yen weakened compared with the same period of the previous year.

In the key markets of Nitto Group (the “Group”) under these circumstances, demand for our products increased due to higher-than-expected production of high capacity Hard Disk Drives (HDDs) used in data centers, and IT devices.

The yen’s exchange rate against the U.S. dollar for the fiscal year ended March 31, 2025, was 152.9 yen to the dollar, a 6.3% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen increased operating profit by 23.3 billion yen.

As a result of the above, revenue increased by 10.8% from the same period of the previous year (changes hereinafter are given in comparison with the same period of the previous year) to 1,013,878 million yen. Operating profit increased by 33.4% to 185,667 million yen, profit before income taxes increased by 33.4% to 185,329 million yen, net profit increased by 33.6% to 137,307 million yen, and net profit attributable to owners of the parent company increased by 33.7% to 137,237 million yen.

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 expansion of models adopting existing materials as well as from the launch of new electrical release tapes used for fixing batteries in place. In addition, demand for process materials used in the production of semiconductor memories and ceramic capacitors continued its gradual recovery. Demand for automotive materials were sluggish due to a decrease in the number of automotive unit productions.

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

(Optronics)

In Information Fine Materials, revenue increased from the same period of the previous year. Demand for optical films and transparent conductive films (ITO) increased significantly as the production of high-end laptop PCs and tablets remained strong. Additionally, while the number of global automotive unit production remained sluggish, demand for high durability optical films also increased due to expansion in automotive display size and increase in the number of displays installed.

In Circuit Materials, revenue increased from the same period of the previous year. The spread of generative AI has pushed up demand for storage used in data centers as well as for HDDs with higher capacity, and thus the demand for Circuit Integrated Suspension (CIS) increased significantly. Demand for high-precision circuits increased, as the production of high-end smartphones remained strong. Separately, the Group decided to discontinue commercialization of plastic optical fiber cables and recorded an impairment loss, etc. of 2,690 million yen during the third quarter of the fiscal year ended March 31, 2025.

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

(Human Life)

In Life Science, revenue increased from the same period of the previous year. In the oligonucleotide contract manufacturing business, the production of projects that are expected to be commercialized at a future date started at our new plant established in Massachusetts, United States. In addition, demand for nucleic acid synthesis materials (NittoPhase™) used in commercial drugs increased among some customers. In nucleic acid drug discovery, Phase 1 clinical trial of intractable cancer drug was completed in the first quarter and the Group continues to work toward out-licensing its pipeline.

In Membrane (high-polymer separation membrane), revenue increased from the same period of the previous year. While demand for various industrial applications decreased particularly in China, demand for Zero Liquid Discharge (ZLD) contributing to the complete reduction of industrial wastewater and effluent increased due to the tightening of environmental regulations relating to wastewater in India.

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, after reviewing the business plan for Nitto Advanced Film Gronau GmbH, a consolidated subsidiary of the Group, the Group recorded a goodwill impairment loss of 3,298 million yen during the fourth quarter of the fiscal year ended March 31, 2025.

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

(Others)

Please note that this segment includes new products that have not generated sufficient revenue yet. Separately, after reviewing the business plan for flexible sensors at Nitto Bend Technologies, Inc., a consolidated subsidiary of the Group, the Group recorded a goodwill impairment loss of 5,199 million yen during the third quarter of the fiscal year ended March 31, 2025.

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

As a result of changes in the management structure for the year ended March 31, 2025, certain related businesses have been transferred from Industrial Tape to Optronics.

Such changes have been reflected in the figures for the year ended March 31, 2024.

(3) Cash flows

Cash and cash equivalents (hereinafter referred to as "Cash") were 363,344 million yen as of March 31, 2025, an increase of 21,074 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 217,908 million yen as a result of operating activities (an increase of 155,521 million yen at the end of the previous fiscal year). The main factors responsible for the increase were profit before income taxes of 185,329 million yen and depreciation and amortization of 65,595 million yen and impairment losses of 12,339 million yen and increase (decrease) in defined benefit liabilities of 1,048 million yen and increase (decrease) in trade and other payables of 2,369 million yen and interest and dividend income of 2,849 million yen, while the main offsetting factor was decrease (increase) in trade and other receivables of 3,791 million yen and decrease (increase) in inventories of 8,526 million yen and income taxes (paid) refunded of 34,304 million yen.

(Cash flow from investing activities)

Cash decreased by 115,105 million yen as a result of investing activities (a decrease of 67,927 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 106,003 million yen, decrease (increase) in time deposits of 2,371 million yen and purchase of shares of subsidiaries and affiliates of 6,256 million yen.

(Cash flow from financing activities)

Cash decreased by 78,890 million yen as a result of financing activities (a decrease of 90,784 million yen at the end of the previous fiscal year). The main factors responsible for the decrease were repayment of lease liabilities of 5,822 million yen, decrease (increase) in treasury shares of 35,062 million yen, and cash dividends paid of 38,040 million yen.

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

	March 2022	March 2023	March 2024	March 2025
Ratio of equity attributable to owners of the parent company to total assets (%)	75.0	78.2	78.7	79.0
Ratio of equity attributable to owners of the parent company on a market value basis (%)	119.3	108.1	155.8	143.8
Ratio of liabilities with interest to cash flow (year)	0.2	0.1	0.2	0.1
Interest coverage ratio (times)	269.8	337.4	255.0	269.3

(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 (%): Equity attributable to owners of the parent company / Total assets

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

Ratio of liabilities with interest to cash flow (year): Liabilities with interest / Cash flow from operating activities

Interest coverage ratio (times): Cash flow from operating activities / 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	230,513	109.6
Optronics	622,425	117.9
Human Life	124,541	110.3
Others	0	18.5
Total	977,480	114.9

(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	351,698	105.5
Optronics	537,481	115.9
Human Life	123,203	105.6
Others	1,495	111.8
Total	1,013,878	110.8

(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 10.8% to 1,013,878 million yen for the year ended March 31, 2025 (hereinafter "the current fiscal year") from the year ended March 31, 2024 (hereinafter "the previous fiscal year"). This was mainly due to increased sales of Information Fine Materials and Circuits Materials etc.

Cost of sales increased by 5.8% year-on-year to 618,365 million yen. The cost of sales to revenue ratio decreased by 2.8 percentage points year-on-year to 61.0%.

Selling, general and administrative expenses increased by 3.9% year-on-year to 151,835 million yen. The ratio of selling, general and administrative expenses to revenue decreased by 1.0 percentage points year-on-year to 15.0%. Research and development expenses increased by 7.6% year-on-year to 46,771 million yen. The ratio of research and development expenses to revenue decreased by 0.2 percentage points year-on-year to 4.6%.

As a result, operating profit increased by 33.4% year-on-year to 185,667 million yen.

Profit before income taxes increased by 33.4% year-on-year to 185,329 million yen.

Income tax expenses were 48,021 million yen in the current fiscal year, compared to 36,146 million yen in the previous fiscal year, and the effective tax rate after the application of deferred tax accounting was 25.9% (26.0% in the previous fiscal year).

Net profit attributable to owners of the parent company increased by 33.7% year-on-year to 137,237 million yen. Basic earnings per share increased by 36.0% year-on-year to 195.74 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 increased by 109 million yen from the end of the previous fiscal year to 455 million yen. The cash and cash equivalents balance was 363,344 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 New 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 considerably to the preservation of the global environment, the Group is engaged in developing technology to separate and collect CO_2 contained in factory boiler exhaust gas. In the current fiscal year, the Group showcased this technology for the first time at the Japan Pavilion during the 29th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 29), held in the Republic of Azerbaijan, and received a tremendous response. The Group will accelerate the development of this technology to achieve commercialization within FY2025.

The Group is also proactively engaged in open innovation, developing new technologies and products in collaboration with various academic institutions and companies. In the current fiscal year, the Group established a technology to selectively deliver mRNA, a type of nucleic acid medicine, to the spleen in a joint research project with Hokkaido University on drug delivery technology. The Group will continue to advance the development of drug delivery technology in collaboration with various academic institutions and companies to contribute to the practical application of nucleic acid therapeutics.

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 2025” 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 12 times.

The number of employees in the research and development division was 1,785 for the Group, of which 1,136 were for the Company, in the current fiscal year. The Group’s total research and development expenses were 46,771 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 10,725 million yen.

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

(1) Industrial Tape

Reducing CO_2 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 CO_2 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 CO_2 emissions throughout the supply chain, the use of recycled materials through resource circulation, and the use of the Group’s adhesive technology.

We are developing new products to meet the needs of our customers and are expanding the product lines, focusing on three key areas: digital devices, semiconductors, and hydrogen and batteries.

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.

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 7,504 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 addition to the development of products for virtual reality devices, we have launched the development of optical films for augmented reality glasses in collaboration with TruLife Optics, for which we invested in FY2024.

In addition to displays, we are also developing electrode film products for touch sensors, automotive dimming sunroofs, and other sensors using sputtering technology for ITO film production.

We are accelerating the provision of value to customers, society, and the global environment by integrating these activities with environmental technologies, such as using recycled and bio-based materials and 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. We will continuously contribute to the continued growth of this highly anticipated market by advancing HDD recording density technology and other technologies. We are also developing high-precision circuits for smartphones by applying circuits for HDDs and are expanding our production capacity for printed circuit boards.

As initiatives for new markets, we have begun the mass production of flexible circuit boards using low-dielectric materials that use our proprietary porous technology. We will expand the sales of this circuit board product for high-speed signal transmission applications.

As an environmentally conscious initiative, we will develop insulating materials that comply with fluorine-containing acid regulations and promote their use in our products.

Research and development expenses for this segment were 17,249 million yen in the current fiscal year.

(3) Human Life

In Life Science, we have successfully developed a process to increase manufacturing capacity at our new factory for oligonucleotide process materials with the aim of starting full-scale production in FY2025. Additionally, we have initiated the development of oligonucleotide process materials that can be used in new manufacturing methods and new technologies for nucleic acid synthesis, which will lead to high yields and improved purity in nucleic acid synthesis. Furthermore, we are developing technologies in the oligonucleotide synthesis business to help our customers reduce costs and develop new synthesis methods, aiming to contribute to our customers' innovation.

In the medical materials business, we have been working on product development to reduce the environmental impact and have achieved commercialization. We are currently working on innovative ideas, such as developing solvent-free adhesives and environmentally friendly packaging.

We will continue to develop products and processes that address societal and customer needs while staying attuned to future trends and will remain committed to reducing CO2 emissions.

In the field of separation membrane and membrane products, we are developing products to address new needs, such as energy conservation, long-term stability, and waste reduction, in response to the diversification of raw water to be treated. In response to such market needs, we prioritized energy conservation in FY2024 and developed a new, energy-efficient product that reduces operational energy consumption by approximately 30% compared with conventional products. Additionally, two new membrane products, namely, energy-saving wastewater treatment RO and long-life NF membranes, have received internal certification under PlanetFlags, which is awarded to products that make remarkable contributions to the environment. 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, in addition to saving energy and extending product lifespans, using sustainable raw materials and other methods.

In personal care materials, we develop hygiene materials, such as diaper materials, based on our core technologies in film and nonwoven fabrics. By creating products that use solvent-free adhesives and lamination, processing technologies, biomass, 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 semiconductor-, mobile-, and automotive-related businesses by expanding our functional film and nonwoven fabric manufacturing technology for internal and external applications. 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 5,962 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. Targeting the U.S. mental health market, we launched a service for psychological counselors in California during the current fiscal year that analyzes and visualizes biometric information in real time.

Research and development expenses for this segment were 5,329 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 92,976 million yen.

For the Industrial Tape segment, 18,795 million yen was invested to enhance its production capacity of adhesive tapes, renew aging buildings and equipment, etc. For the Optronics segment, 47,875 million yen was invested in total. In Information Fine Materials, we built additional UV coaters which contribute to reducing environmental impact and enhanced BCP for back-end process equipment. In Circuit Materials, new plants were completed in Kameyama and Vietnam, aiming to increase production capacity for CIS and high-precision circuits. For the Human Life segment, 15,108 million yen was invested to capture early-stage clinical projects in the oligonucleotide contract manufacturing business and to increase production capacity for expanding sales of our nucleic acid synthesis materials (NittoPhase™), etc. In the Others segment, 1,741 million yen was invested in facility for the CO2 separation membrane business, and equipment for new business development, etc. Capital expenditures which do not directly relate to any business segment amounted to 9,456 million yen.

2. Major Facilities

The Group's major facilities are as follows.

(1) Reporting company

As of March 31, 2025

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	6,997	962	1,104 (383,973)	1	594	9,660	194 [32]
Kanto Plant (Fukaya, Saitama)	Industrial Tape	Tape-related products manufacturing facility	4,903	6,700	1,155 (69,920)	97	535	13,391	352 [2]
Toyohashi Plant (Toyohashi, Aichi)	Industrial Tape Optronics	Tape-related products manufacturing facility Information Fine Materials manufacturing facility	18,552	19,169	6,040 (336,812)	124	1,311	45,198	1,615 [22]
Kameyama Plant (Kameyama, Mie)	Optronics	Circuits Materials manufacturing facility Information Fine Materials manufacturing facility	23,330	24,113	79 (133,119)	128	1,279	48,930	1,247 [146]
Shiga Plant (Kusatsu, Shiga)	Human Life Optronics	Membrane module manufacturing facility Information Fine Materials manufacturing facility	4,667	7,161	1,580 (74,303)	48	172	13,630	377 [71]
Onomichi Plant (Onomichi, Hiroshima)	Optronics	Information Fine Materials manufacturing facility Circuits Materials manufacturing facility	20,521	12,819	3,575 (182,528)	20	602	37,538	1,688 [13]
Ibaraki Office (Ibaraki, Osaka)	Industrial Tape Optronics Human Life Others	Research and development facility	9,250	2,823	239 (24,777)	3	1,554	13,870	728 [12]

(2) Subsidiaries

As of March 31, 2025

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	1,797	1,511	383 (61,405)	83 (-)	540	4,316	329 [141]
Nissho Corporation (Osaki, Miyagi and Ritto, Shiga)	Industrial Tape	Tape-related products manufacturing facility	1,405	538	518 (11,006)	321 (-)	253	3,036	328 [96]
(Overseas subsidiaries)									
Nitto, Inc. (Teaneck, the U.S.)	Industrial Tape	Tape-related products manufacturing facility	1,853	1,204	212 (149,724)	2,026 (-)	158	5,456	494 [75]
Nitto Denko Avecia Inc. (Milford, the U.S.)	Human Life	Medical products manufacturing facility	27,560	11,572	2,246 (203,151)	262 (-)	379	42,022	543 [1]
Nitto Belgium NV (Genk, Belgium)	Industrial Tape	Tape-related products manufacturing facility	964	4,533	172 (199,740)	519 (-)	87	6,278	508 [2]
Nitto Advanced Film Gronau GmbH (Gronau, Germany)	Human Life	Personal Care Materials manufacturing facility	6,367	7,835	835 (104,498)	209 (-)	1,204	16,452	621 [-]
Nitto Advanced Nonwoven Ascania GmbH (Aschersleben, Germany)	Human Life	Personal Care Materials manufacturing facility	3,146	2,365	135 (71,489)	33 (-)	46	5,726	137 [4]
Nitto Denko (Taiwan) Corporation (Kaohsiung City, Taiwan)	Industrial Tape	Tape-related products manufacturing facility	1,764	1,335	- (-)	114 (33,522)	66	3,279	331 [4]
Nitto Denko (Shanghai Songjiang) Co., Ltd. (Shanghai, China)	Industrial Tape	Tape-related products manufacturing facility	3,033	3,444	- (-)	207 (100,516)	86	6,771	481 [-]
Korea Nitto Optical Co., Ltd. (Pyeongtaek, Korea)	Optronics	Information Fine Materials manufacturing facility	6,154	2,261	205 (86,745)	108 (-)	916	9,646	909 [-]
Taiwan Nitto Optical Co., Ltd. (Taichung City, Taiwan)	Optronics Industrial Tape	Information Fine Materials manufacturing facility Tape-related products manufacturing facility	1,902	857	- (-)	365 (52,589)	229	3,354	795 [-]
Nitto Denko Fine Circuit Technology (Shenzhen) Co., Ltd. (Shenzhen, China)	Optronics	Circuits Materials manufacturing facility	658	809	- (-)	1,040 (34,262)	528	3,036	1,019 [-]
Shenzhen Nitto Optical Co., Ltd. (Shenzhen, China)	Optronics	Information Fine Materials manufacturing facility	6,847	5,138	- (-)	519 (52,301)	235	12,740	1,630 [-]
Nitto Material Technology (Chengdu) Co., Ltd. (Chengdu, China)	Optronics	Information Fine Materials manufacturing facility	5,620	4,154	- (-)	2,276 (66,440)	64	12,115	272 [-]
Nitto Denko Vietnam Co., Ltd. (Binh Duong, Vietnam)	Optronics	Circuits Materials manufacturing facility	8,605	16,448	- (-)	142 (38,153)	515	25,711	2,134 [-]
Nitto Vietnam Co., Ltd. (Bac Ninh, Vietnam)	Optronics	Information Fine Materials manufacturing facility	1,049	851	- (-)	2,096 (9,049)	287	4,285	504 [-]

(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, 2025, 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	3,326	2,291	Equity Loan	April 2022	December 2026
The Company Kanto Plant	Fukaya, Saitama	Industrial Tape	Tape-related products manufacturing facility	3,889	1,656	Equity Loan	April 2022	August 2027
The Company Toyohashi Plant	Toyohashi, Aichi	Industrial Tape Optronics	Tape-related products manufacturing facility Information Fine Materials manufacturing facility	18,821	10,519	Equity Loan	April 2022	April 2028
The Company Kameyama Plant	Kameyama, Mie	Optronics	Circuits Materials manufacturing facility Information Fine Materials manufacturing facility	25,514	11,659	Equity Loan	April 2022	September 2027
The Company Shiga Plant	Kusatsu, Shiga	Human Life Optronics	Membrane module manufacturing facility Information Fine Materials manufacturing facility	16,589	11,073	Equity Loan	April 2022	April 2027
The Company Onomichi Plant	Onomichi, Hiroshima	Optronics	Information Fine Materials manufacturing facility Circuits Materials manufacturing facility	29,711	8,707	Equity Loan	April 2022	March 2028
The Company Ibaraki Office	Ibaraki, Osaka	Industrial Tape Optronics Human Life Others	Research and development facility	10,264	2,271	Equity Loan	April 2022	February 2028
Nitto Shinko Corporation	Sakai, Fukui	Industrial Tape	Tape-related products manufacturing facility	6,540	3,987	Equity	October 2022	January 2027
Kinovate Life Sciences, Inc.	Oceanside the U.S.	Human Life	Nucleic acid synthesis materials manufacturing facility	13,456	9,248	Loan	January 2022	February 2026
Nitto Denko Avecia Inc.	Milford the U.S.	Human Life	Oligonucleotide contract manufacturing facility	15,416	8,477	Equity	July 2020	December 2025

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 Denko (Taiwan) Corporation	Kaohsiung, Taiwan	Industrial Tape	Tape-related products manufacturing facility	19,024	1,486	Equity Loan	March 2024	May 2028
Nitto Material Technology (Chengdu) Co., Ltd.	Chengdu, China	Optronics	Information Fine Materials manufacturing facility	17,691	11,941	Equity Loan	February 2023	January 2026
Nitto Denko Vietnam Co., Ltd.	Binh Duong Vietnam	Optronics	Circuits Materials manufacturing facility	18,519	13,124	Equity Loan	November 2021	March 2026
Nitto Vietnam Co., Ltd.	Bac Ninh Vietnam	Optronics	Information Fine Materials manufacturing facility	17,214	4,379	Equity Loan	April 2023	May 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

(Note) 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 authorized shares increased by 1,600,000,000 to 2,000,000,000.

(ii) Issued shares

Class	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2025)	Number of issued shares as of the filing date (Shares) (June 18, 2025)	Stock exchange on which the Company is listed/Authorized financial instruments firms associations to which the Company is affiliated	Description
Common stock	706,760,750	706,760,750	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	706,760,750	706,760,750	-	-

(Note) 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.

(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)
March 15, 2021	(9,000,000)	149,758,428	-	26,783	-	50,482
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

(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, 2025

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)	-	77	38	312	825	15	27,542	28,809	-
Number of shares held (Units)	-	2,943,208	194,691	202,324	3,097,955	307	627,931	7,066,416	119,150
Ratio of shares held (%)	-	41.65	2.76	2.86	43.84	0.00	8.89	100.00	-

(Notes) 1. 11,826,050 shares of treasury shares include 118,260 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.
3. 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.

(6) Major shareholders

As of March 31, 2025

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	177,242	25.50
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	74,648	10.74
JP MORGAN CHASE BANK 385632 (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)	34,152	4.91
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)	14,808	2.13
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (Shinagawa Intercity, Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	14,477	2.08
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)	13,434	1.93
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)	10,997	1.58
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	1.50
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)	10,050	1.45
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)	10,037	1.44
Total	-	370,258	53.28

(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, 2025.

The Company has implemented the stock split with an effective date of October 1, 2024. Each share of common stock has been split into five shares. The number of shares held for the following reports on large-scale shareholdings before the stock split are based on the number of shareholdings before the stock split.

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

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

(3) A total of three shareholders comprising Mitsubishi UFJ Financial Group, Inc. and its joint holders
8,223 thousand shares (as of October 9, 2023)

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

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

(7) Voting rights

(i) Issued shares

As of March 31, 2025

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 11,826,000	-	The Company's standard stock whose rights are not subject to any restrictions.
Shares with full voting rights (others)	Common shares 694,815,600	6,948,156	Same as above
Shares below one unit	Common shares 119,150	-	-
Total number of issued shares	706,760,750	-	-
Total voting rights held by all shareholders	-	6,948,156	-

(Note) 1. 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.
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.

(ii) Treasury shares, etc.

As of March 31, 2025

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	11,826,000	-	11,826,000	1.67
Total	-	11,826,000	-	11,826,000	1.67

(Note) 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.

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 26, 2024) (Acquisition period: February 5, 2024 through May 31, 2024)	Maximum 15,000,000	Maximum 30,000,000,000
Acquired treasury shares before the current fiscal year	5,519,000	14,999,110,000
Acquired treasury shares during the current fiscal year	5,476,500	15,000,415,495
Total number and value of remaining resolution shares	4,004,500	474,505
Unexercised percentage as of March 31, 2025 (%)	26.7	0.0
Acquired treasury shares during the current term	-	-
Unexercised percentage as of the filing date (%)	26.7	0.0

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	-	-
Acquired treasury shares during the current fiscal year	6,917,500	19,999,638,100
Total number and value of remaining resolution shares	27,082,500	60,000,361,900
Unexercised percentage as of March 31, 2025 (%)	79.7	75.0
Acquired treasury shares during the current term	9,860,200	25,061,441,458
Unexercised percentage as of the filing date (%)	50.7	43.7

(Note) 1. “Acquired treasury shares during the current term” does not include the number of shares acquired from June 1, 2025 to the filing date of the Annual Securities Report.

2. 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 acquired treasury shares by Resolution of Board of Directors meeting are based on the number of treasury shares after the stock split.

(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	1,615	4,034,040
Acquired treasury shares during the current term	-	-

(Note) 1. “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, 2025 to the filing date of the Annual Securities Report.

2. 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 acquired treasury shares are based on the number of treasury shares after the stock split.

(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	10,997,925	26,338,270,707	-	-
Acquired treasury shares transferred due to merger, share exchange, share delivery or company split	-	-	-	-
Others (Note 2)	93,000	222,719,190	-	-
Number of treasury shares held	11,826,050	-	11,826,050	-

(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, 2025 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, 2025 to the filing date of the Annual Securities Report.

2. Current fiscal year consists of disposal due to restricted share remuneration (number of shares: 93,000 total amount disposed: 222,719,190 yen).

3. 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 are based on the number of shares after the stock split.

3. Dividend Policy

The Group’s dividend policy is to ensure stable and fair returns to its shareholders, and we aim to maintain a DOE (Dividend On Equity) ratio of 4% 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 28 yen per share for the current fiscal year. Please note that the Group implemented a five-for-one common stock split, with a record date of September 30, 2024, and an effective date of October 1, 2024, and the annual dividend on a pre-stock split basis would total to 280 yen per share (planned).

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 60 yen per share as the annual dividend for the next fiscal year, an increase of 4 yen from the current fiscal year dividend of 56 yen (post-stock split basis).

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 28, 2024 Board of Directors	19,651	140
June 20, 2025 Ordinary General Meeting of Shareholders	19,458	28

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.

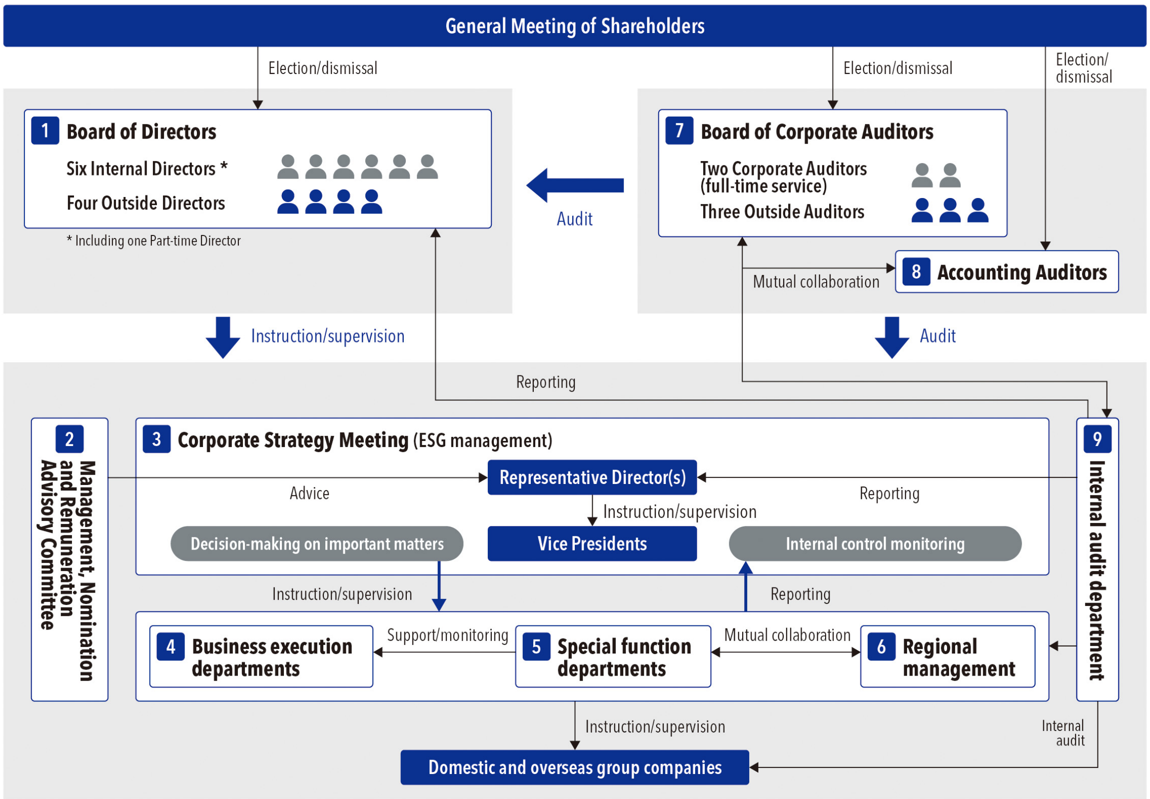
(5) Other policies

- 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.

(ii) Summary of Corporate Governance Structure

Pursuant to the provisions Article 362 of the Companies Act and Article 100 of the Ordinance for Enforcement of the Companies Act, the Company has defined the basic policy on internal control and executes its business under the following corporate governance structure.

<Corporate governance structure>



	Institution	Roles, etc.
1	**Board of Directors** [Chairperson] Hideo Takasaki, President-Director	**[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	**Management, Nomination and Remuneration Advisory Committee** [Chairperson] Hideo Takasaki, President-Director	**[Composition] One (1) Representative Director, four (4) Outside Directors, three (3) Outside Corporate Auditors (eight (8) in total)** · Voluntary advisory committee · A structure where Representative Director receives 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 important management themes, nomination of Directors, and executive remuneration
3	**Corporate Strategy Meeting** [Chairperson] Hideo Takasaki, President-Director	**[Composition] Twenty-seven (27) Directors and Vice Presidents (including those concurrently serving as Directors; twenty-eight (28) 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 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. Further, it has established the Management, 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 Management, 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 Management, Nomination and Remuneration Advisory Committee hears valuable opinions each time its meeting is convened. In addition, it is characteristic of Nitto not to restrict the Management, Nomination and Remuneration Advisory Committee's targets to the areas of Nomination and Remuneration but to add Management to cover broader ones. 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 Management, 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

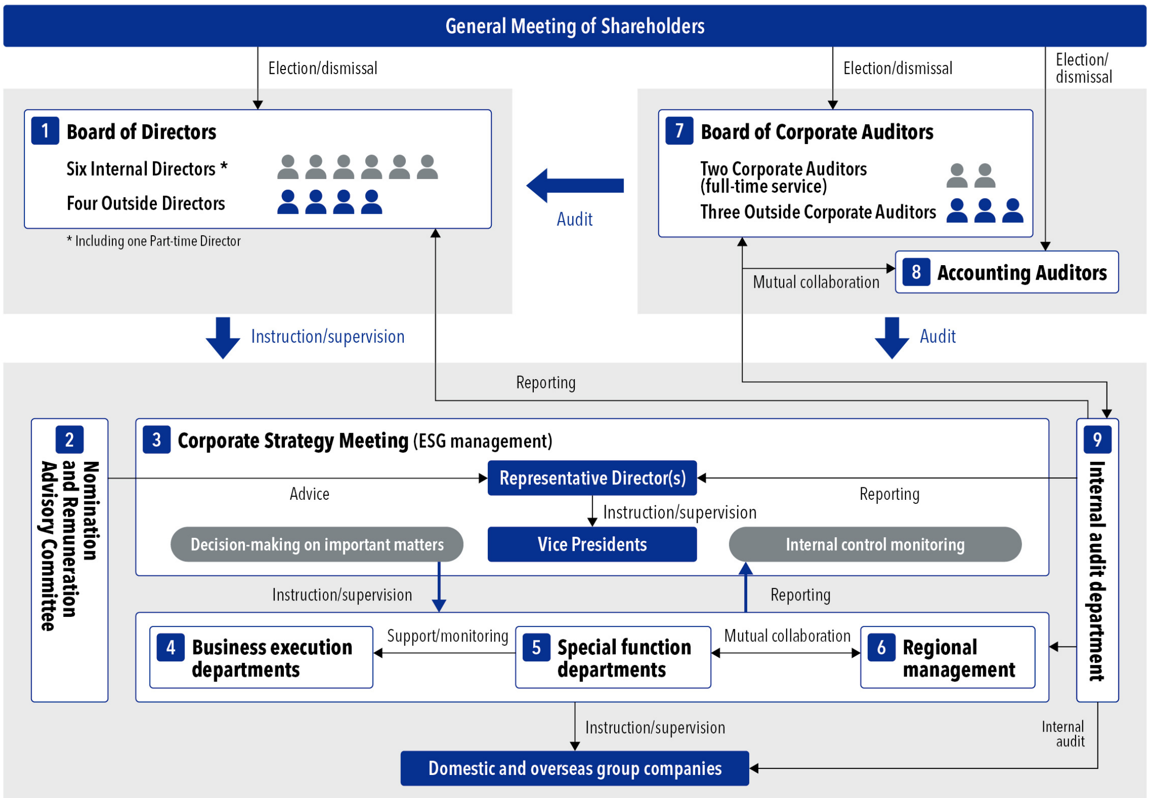
   It is characteristic of Nitto for Corporate Auditors to participate in its key meetings and strongly align with the departments in charge of internal audits and the Nitto Group's auditors, in order to ensure the effectiveness of audits by Corporate Auditors.

*The Company has proposed the election of 10 Directors as an agenda item (resolution item) for the Ordinary General Meeting of Shareholders to be held on June 20, 2025. Once this agenda item is approved, the number of Directors will become 10, including four outside Directors.

In addition, as disclosed in a timely manner on May 23, 2025, in order to clarify the positioning of each advisory matter and further strengthen the fairness, transparency, and objectivity of procedures related to the nomination and compensation of management, we plan to restructure the Management, Nomination and Remuneration Advisory Committee and establish a voluntary Nomination and Remuneration Advisory Committee as of June 20, 2025.

The following chart presents the Company's corporate governance structure as of June 20, 2025, reflecting the above.

Incidentally, the Management, Nomination and Remuneration Advisory Committee mentioned hereinafter in this report is also subject to the restructuring as specified above.



	Institution	Roles, etc.
1	**Board of Directors** [Chairperson] Hideo Takasaki, President-Director	**[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] One (1) Representative Director, four (4) Outside Directors, three (3) Outside Corporate Auditors (eight (8) 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 Directors, and executive remuneration
3	**Corporate Strategy Meeting** [Chairperson] Hideo Takasaki, President-Director	**[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.

(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 Management, 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	10	10	100%
Yoichiro Furuse	12	12	100%
Tamio Fukuda	2	2	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%
Masashi Teranishi	2	2	100%
Mitsuhide Shiraki	2	2	100%
Yasuko Kobashikawa	12	12	100%
Kiyoshi Sono	10	10	100%
Tsuyoki Hattori	10	10	100%

(Notes) The difference in the number of meetings is due to the difference in the timing of appointment and retirement.

<Topics discussed at Board of Directors meetings in the fiscal year 2024>

Management

- Progress of the mid-term management plan
- Revision in decision-making standards
- Discussion on fund usage

Monitoring

- Verification of the implementation status of internal control
- Quality activity reports
- Summary of activities in respective regions and business execution departments

Others

- Dialogue with investors
- Discussion on share splits

2. Activities of the Management, Nomination and Remuneration Advisory Committee

The Committee met three 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	3	3	100%
Wong Lai Yong	3	3	100%
Michitaka Sawada	3	3	100%
Yasuhiro Yamada	3	3	100%
Mariko Eto	3	3	100%
Yasuko Kobashikawa	3	3	100%
Kiyoshi Sono	3	3	100%
Tsuyoki Hattori	3	3	100%

<Major consultations and deliberations in the fiscal year 2024>

- Approach to future-financial targets in Nitto-Style ESG strategy
- Ideal approach to director system, including components of remuneration

(2) Directors and Corporate Auditors

(i) List of Directors and Corporate Auditors

1. The Company's Directors and Corporate Auditors as of June 18, 2025 (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 President CEO, COO	Hideo Takasaki	August 11, 1953	April 1978 June 2008 June 2010 June 2011 June 2013 April 2014	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 (present)	(Note 4)	284
Director Senior Executive Vice President CTO	Yosuke Miki	June 19, 1965	April 1993 June 2016 April 2017 June 2017 June 2019 April 2020 June 2020 April 2021 June 2022	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 (present)	(Note 4)	58
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)	49

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Director Senior Executive Vice President CHRO	Yasuhito Ohwaki	February 13, 1962	April 1984 June 2006 April 2010 April 2011 April 2012 June 2012 October 2013 April 2015 April 2017 June 2017 October 2018 October 2019 June 2020 June 2021 April 2022 June 2023 June 2024	Joined Nitto Denko Corporation General Manager of Printed Circuits Department, Industrial Business Division General Manager of Planning & Management Department, Information and Communication Technology Division General Manager of Planning & Management Division, Tape Products Sector and General Manager of Planning & Management Department Industrial Products Division General Manager of Strategy Management Division, Functional Base Products Sector 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 (present)	(Note 4)	65
Director Executive Vice President	Tatsuya Akagi	November 19, 1970	April 1993 May 2010 April 2015 April 2016 April 2017 June 2019 June 2022 June 2024	Joined Nitto Denko Corporation Director, Taiwan Nitto Optical Co., Ltd. General Manager of Sales Management Division, Information Fine Materials Unit, Information Fine Materials Sector General Manager of Business Management Division, Information Fine Materials Unit, Information Fine Materials Sector Deputy General Manager of Information Fine Materials Sector 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 (present)	(Note 4)	25

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Director	Yoichiro Furuse	November 4, 1941	April 1964 June 1989 October 1993 June 1996 June 2001 June 2002 January 2006 June 2007 September 2010 July 2015 October 2015 March 2016 January 2018 January 2021 June 2023	Joined Sumitomo Bank, Ltd. Director, Sumitomo Bank, Ltd. Executive Director, Sumitomo Bank, Ltd. (retired in June 1996) Senior Managing Director, Mazda Motor Corporation (retired in June 2000) Director, Sanyo Electric Co., Ltd. Representative Director and Vice President, Sanyo Electric Co., Ltd. (retired in October 2005) Representative Director, Evanston Corporation (present) Outside Director, Nitto Denko Corporation Non-Executive & Independent Director, Global Logistic Properties Limited (retired in December 2017) Chairman of Japan, Permira Advisers KK (retired in December 2020) Director, Sushiro Global Holdings Ltd. (retired in December 2016) Outside Director, Nasta Co., Ltd. (present) Consultant of GLP Pte. Ltd. (present) Consultant of Japan, Permira Advisers KK (retired in December 2022) Part time Director, Nitto Denko Corporation (present)	(Note 4)	10
Director	Wong Lai Yong	January 10, 1972	September 2013 July 2018 October 2019 June 2020 November 2022 June 2024	Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present) Director, Penang Women's Development Corporation (retired in September 2023) Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present) Outside Director, Nitto Denko Corporation (present) Outside Director, Farmnote Holdings, Inc. (present) Outside Director, MITSUI E&S Co., Ltd. (present)	(Note 4)	-
Director	Michitaka Sawada	December 20, 1955	April 1981 June 2008 June 2012 June 2020 January 2021 June 2021 June 2022 March 2024	Joined Kao Soap Co., Ltd. Director, Executive Officer, Kao Corporation Representative Director, President and CEO, Kao Corporation Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present) Director and Chair of the Board of Directors, Kao Corporation Outside Director, Nitto Denko Corporation (present) Outside Director, Komatsu Ltd. (present) Special Advisor, Kao Corporation (present)	(Note 4)	-
Director	Yasuhiro Yamada	June 28, 1963	April 1987 May 2018 June 2022 September 2022 June 2024	Joined Bank of Japan Executive Director, Bank of Japan (retired in May 2022) Outside Director, Nitto Denko Corporation (present) Outside Director, SUSMED, Inc (retired in September 2024) Chairman, Custody Bank of Japan, Ltd. (present)	(Note 4)	-

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Director	Mariko Eto	May 24, 1971	April 1994 October 2003 April 2015 January 2017 March 2019 June 2020 June 2022 June 2023 March 2024	Joined MITSUI & CO., LTD. Registered with Daini Tokyo Bar Association Joined TMI Associates Partner of TMI Associates (present) Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021) Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022) Outside Director, Starzen Co., Ltd. (present) Outside Director, Nitto Denko Corporation (present) Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)	(Note 4)	-
Corporate Auditor (full-time service)	Shin Tokuyasu	June 7, 1961	April 1985 June 2017 July 2018 April 2019 June 2019	Joined Nitto Denko Corporation Vice President, Representative Director, Nitto Automotive, Inc. Vice President, General Manager of Compliance Division Vice President, General Manager of Corporate Sustainability Division Corporate Auditor (full-time service) (present)	(Note 5)	26
Corporate Auditor (full-time service)	Toshihiko Takayanagi	August 19, 1958	April 1981 June 2009 August 2014 April 2018 June 2018 June 2020 June 2023	Joined Nitto Denko Corporation Representative Director, Nitto Shinko Corporation Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd. Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch Senior Vice President Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan Corporate Auditor (full-time service) (present)	(Note 5)	44
Corporate Auditor (part-time service)	Yasuko Kobashikawa	July 9, 1965	February 2001 June 2006 June 2015 December 2017 June 2023 June 2024	Registered as a Certified Public Accountant Established MIKASA&Co. (retired in August 2019) Outside Director of ARTNATURE INC. (retired in June 2022) Established JK & CREW Tax Accountant's Corporation (present) Outside Corporate Auditor, Nitto Denko Corporation (present) Outside Corporate Auditor, JVCKENWOOD Corporation (present)	(Note 5)	-

<table>
<tr><th>Title and position</th><th>Name</th><th>Date of birth</th><th colspan="2">Career summary</th><th>Term</th><th>Number of shares held (Thousand shares)</th></tr>
<tr><td>Corporate Auditor
(part-time service)</td><td>Kiyoshi Sono</td><td>April 18, 1953</td><td>April 1976
May 2014

June 2015
May 2017
June 2017

April 2019
June 2019

June 2019

April 2021
May 2021

June 2022

April 2024

June 2024

June 2024</td><td>Joined The Sanwa Bank, Ltd.
Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Chairman, Mitsubishi UFJ Financial Group, Inc.
Vice Chair, Kansai Economic Federation (present)
Outside Director, Nankai Electric Railway Co., Ltd. (retired in June 2024)
Chairman/CAO, MUFG Bank, Ltd.
Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in April 2021)
Outside Director, Mitsubishi Motors Corporation (retired in June 2022)
Special Advisor, MUFG Bank, Ltd. (present)
Outside Director, Yomiuri Telecasting Corporation (present)
Outside Corporate Auditor, Sompo Japan Insurance Inc.
Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (present)
Outside Corporate Auditor, Nitto Denko Corporation (present)
Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)</td><td>(Note 6)</td><td>-</td></tr>
<tr><td>Corporate Auditor
(part-time service)</td><td>Tsuyoki Hattori</td><td>November 5, 1955</td><td>April 1979
May 2012

June 2013

April 2015

June 2017

June 2024</td><td>Joined Tokio Marine Fire Insurance Co., Ltd.
Outside Director, Matsuya Co., Ltd. (retired in May 2017)
Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Senior Managing Executive Officer, Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in March 2017)
Representative Director & President, Nippon Automated Cargo And Port Consolidated System (NACCS) Inc. (retired in June 2021)
Outside Corporate Auditor, Nitto Denko Corporation (present)</td><td>(Note 6)</td><td>0</td></tr>
<tr><td colspan="6">Total</td><td>564</td></tr>
</table>

(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
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 21, 2024
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	Norio Sato
Senior Vice President	Katsuyoshi Jo
Senior Vice President	Nobuyuki Aoki
Senior Vice President	Kenjiro Asuma
Senior Vice President	Yasuhiro Hayashi
Vice President	Shingo Suita
Vice President	Yoshihiko Terada
Vice President	Hitoki Kanagawa
Vice President	Yoichiro Sugino
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

2. The Company's Directors and Corporate Auditors are as follows when the proposed items of "Election of 10 Directors" will be resolved at the Ordinary General Meeting of Shareholders to be held on June 20, 2025. 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: 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 President CEO, COO	Hideo Takasaki	August 11, 1953	April 1978 June 2008 June 2010 June 2011 June 2013 April 2014	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 (present)	(Note 4)	284
Director Senior Executive Vice President CTO	Yosuke Miki	June 19, 1965	April 1993 June 2016 April 2017 June 2017 June 2019 April 2020 June 2020 April 2021 June 2022	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 (present)	(Note 4)	58
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)	49

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Director Senior Executive Vice President CHRO	Yasuhito Ohwaki	February 13, 1962	April 1984 June 2006 April 2010 April 2011 April 2012 June 2012 October 2013 April 2015 April 2017 June 2017 October 2018 October 2019 June 2020 June 2021 April 2022 June 2023 June 2024	Joined Nitto Denko Corporation General Manager of Printed Circuits Department, Industrial Business Division General Manager of Planning & Management Department, Information and Communication Technology Division General Manager of Planning & Management Division, Tape Products Sector and General Manager of Planning & Management Department Industrial Products Division General Manager of Strategy Management Division, Functional Base Products Sector 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 (present)	(Note 4)	65
Director Executive Vice President	Tatsuya Akagi	November 19, 1970	April 1993 May 2010 April 2015 April 2016 April 2017 June 2019 June 2022 June 2024	Joined Nitto Denko Corporation Director, Taiwan Nitto Optical Co., Ltd. General Manager of Sales Management Division, Information Fine Materials Unit, Information Fine Materials Sector General Manager of Business Management Division, Information Fine Materials Unit, Information Fine Materials Sector Deputy General Manager of Information Fine Materials Sector 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 (present)	(Note 4)	25

Title and position	Name	Date of birth	Career summary	Term	Number of shares held (Thousand shares)
Director	Yoichiro Furuse	November 4, 1941	April 1964 Joined Sumitomo Bank, Ltd. June 1989 Director, Sumitomo Bank, Ltd. October 1993 Executive Director, Sumitomo Bank, Ltd. (retired in June 1996) June 1996 Senior Managing Director, Mazda Motor Corporation (retired in June 2000) June 2001 Director, Sanyo Electric Co., Ltd. June 2002 Representative Director and Vice President, Sanyo Electric Co., Ltd. (retired in October 2005) January 2006 Representative Director, Evanston Corporation (present) June 2007 Outside Director, Nitto Denko Corporation September 2010 Non-Executive & Independent Director, Global Logistic Properties Limited (retired in December 2017) July 2015 Chairman of Japan, Permira Advisers KK (retired in December 2020) October 2015 Director, Sushiro Global Holdings Ltd. (retired in December 2016) March 2016 Outside Director, Nasta Co., Ltd. (present) January 2018 Consultant of GLP Pte. Ltd. (present) January 2021 Consultant of Japan, Permira Advisers KK (retired in December 2022) June 2023 Part time Director, Nitto Denko Corporation (present)	(Note 4)	10
Director	Wong Lai Yong	January 10, 1972	September 2013 Founder, Principal Trainer and Consultant, First Penguin Sdn. Bhd. (present) July 2018 Director, Penang Women's Development Corporation (retired in September 2023) October 2019 Adjunct Associate Professor, Graduate School of Leadership and Innovation, Shizenkan University (present) June 2020 Outside Director, Nitto Denko Corporation (present) November 2022 Outside Director, Farmnote Holdings, Inc. (present) June 2024 Outside Director, MITSUI E&S Co., Ltd. (present)	(Note 4)	-
Director	Michitaka Sawada	December 20, 1955	April 1981 Joined Kao Soap Co., Ltd. June 2008 Director, Executive Officer, Kao Corporation June 2012 Representative Director, President and CEO, Kao Corporation June 2020 Outside Director, Panasonic Corporation (currently Panasonic Holdings Corporation) (present) January 2021 Director and Chair of the Board of Directors, Kao Corporation June 2021 Outside Director, Nitto Denko Corporation (present) June 2022 Outside Director, Komatsu Ltd. (present) March 2024 Special Advisor, Kao Corporation (present)	(Note 4)	-
Director	Yasuhiro Yamada	June 28, 1963	April 1987 Joined Bank of Japan May 2018 Executive Director, Bank of Japan (retired in May 2022) June 2022 Outside Director, Nitto Denko Corporation (present) September 2022 Outside Director, SUSMED, Inc (retired in September 2024) June 2024 Chairman, Custody Bank of Japan, Ltd. (present)	(Note 4)	-

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Director	Mariko Eto	May 24, 1971	April 1994	Joined MITSUI & CO., LTD.	(Note 4)	-
			October 2003	Registered with Daini Tokyo Bar Association		
			April 2015	Joined TMI Associates		
			January 2017	Partner of TMI Associates (present)		
			March 2019	Outside Corporate Auditor, OTSUKA KAGU LTD. (retired in August 2021)		
			June 2020	Outside Corporate Auditor, Starzen Co., Ltd. (retired in June 2022)		
			June 2022	Outside Director, Starzen Co., Ltd. (present)		
			June 2023	Outside Director, Nitto Denko Corporation (present)		
			March 2024	Outside Director (Audit and Supervisory Board Member), ASICS Corporation (present)		
Corporate Auditor (full-time service)	Shin Tokuyasu	June 7, 1961	April 1985	Joined Nitto Denko Corporation	(Note 5)	26
			June 2017	Vice President, Representative Director, Nitto Automotive, Inc.		
			July 2018	Vice President, General Manager of Compliance Division		
			April 2019	Vice President, General Manager of Corporate Sustainability Division		
			June 2019	Corporate Auditor (full-time service) (present)		
Corporate Auditor (full-time service)	Toshihiko Takayanagi	August 19, 1958	April 1981	Joined Nitto Denko Corporation	(Note 5)	44
			June 2009	Representative Director, Nitto Shinko Corporation		
			August 2014	Vice President, Chairman, Nitto Denko (China) Investment Co., Ltd.		
			April 2018	Vice President, General Manager of Sales Management Sector & Manager of Tokyo Sales Branch		
			June 2018	Senior Vice President		
			June 2020	Executive Vice President, General Manager of Sales Management Sector, General Manager of Taiwan		
			June 2023	Corporate Auditor (full-time service) (present)		
Corporate Auditor (part-time service)	Yasuko Kobashikawa	July 9, 1965	February 2001	Registered as a Certified Public Accountant	(Note 5)	-
			June 2006	Established MIKASA&Co. (retired in August 2019)		
			June 2015	Outside Director of ARTNATURE INC. (retired in June 2022)		
			December 2017	Established JK & CREW Tax Accountant’s Corporation (present)		
			June 2023	Outside Corporate Auditor, Nitto Denko Corporation (present)		
			June 2024	Outside Corporate Auditor, JVCKENWOOD Corporation (present)		

Title and position	Name	Date of birth	Career summary		Term	Number of shares held (Thousand shares)
Corporate Auditor (part-time service)	Kiyoshi Sono	April 18, 1953	April 1976	Joined The Sanwa Bank, Ltd.	(Note 6)	-
			May 2014	Director & Deputy Chairman, The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			June 2015	Chairman, Mitsubishi UFJ Financial Group, Inc.		
			May 2017	Vice Chair, Kansai Economic Federation (present)		
			June 2017	Outside Director, Nankai Electric Railway Co., Ltd. (retired in June 2024)		
			April 2019	Chairman/CAO, MUFG Bank, Ltd.		
			June 2019	Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc. (retired in April 2021)		
			June 2019	Outside Director, Mitsubishi Motors Corporation (retired in June 2022)		
			April 2021	Special Advisor, MUFG Bank, Ltd. (present)		
			May 2021	Outside Director, Yomiuri Telecasting Corporation (present)		
			June 2022	Outside Corporate Auditor, Sompo Japan Insurance Inc.		
			April 2024	Outside Director (Audit and Supervisory Board Member), Sompo Japan Insurance Inc. (present)		
			June 2024	Outside Corporate Auditor, Nitto Denko Corporation (present)		
			June 2024	Outside Director (Member of the Nominating Committee and Audit Committee), The Kansai Electric Power Co., Inc. (present)		
Corporate Auditor (part-time service)	Tsuyoki Hattori	November 5, 1955	April 1979	Joined Tokio Marine Fire Insurance Co., Ltd.	(Note 6)	0
			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						564

(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
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

(ii) Outside Directors and Corporate Auditors

1. The Company's Outside Directors and Corporate Auditors as of June 18, 2025 (the filing date of the Annual Securities Report) are as follows:

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Director Wong Lai Yong	First Penguin Sdn.Bhd. MITSUI E&S Co., Ltd.	(i) In this fiscal year (FY2024), 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. Ms. Wong will also become a member of the Management, Nomination and Remuneration Advisory Committee. (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.
Outside Director Michitaka Sawada	Kao Corporation Panasonic Holdings Corporation Komatsu Ltd.	(i) In this fiscal year (FY2024), 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. Mr. Sawada will also become a member of the Management, Nomination and Remuneration Advisory Committee. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Director Yasuhiro Yamada	Custody Bank of Japan, Ltd.	(i) In this fiscal year (FY2024), 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. Mr. Yamada will also become a member of the Management, Nomination and Remuneration Advisory Committee. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Director Mariko Eto	TMI Associates Starzen Co., Ltd. ASICS Corporation	(i) In this fiscal year (FY2024), 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. Ms Eto will also become a member of the Management, Nomination and Remuneration Advisory Committee. (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.
Outside Corporate Auditor Yasuko Kobashikawa	JK & CREW Tax Accountant's Corporation JVCKENWOOD Corporation	(i) In this fiscal year (FY2024), Ms. Kobashikawa participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (13 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. Ms. Kobashikawa will also become a member of the Management, Nomination and Remuneration Advisory Committee. She possesses a broad range of knowledge in finance and accounting. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Corporate Auditor Kiyoshi Sono	Kansai Economic Federation Sompo Japan Insurance Inc. The Kansai Electric Power Co., Inc.	(i) In this fiscal year (FY2024), Mr. Sono participated in all the Board of Directors meetings (10 times) and in all the Board of Corporate Auditors meetings (10 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. Mr. Sono will also become a member of the Management, Nomination and Remuneration Advisory Committee. He possesses a broad range of knowledge in finance and accounting. (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.
Outside Corporate Auditor Tsuyoki Hattori	Not applicable	(i) In this fiscal year (FY2024), Mr. Hattori participated in all the Board of Directors meetings (10 times) and in all the Board of Corporate Auditors meetings (10 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. 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. Mr. Hattori will also become a member of the Management, Nomination and Remuneration Advisory Committee. (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. 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.

2. The Company is going to propose the agendas of Election of 10 Directors as the matters requiring the resolution by the Ordinary General Meeting of Shareholders scheduled for June 20, 2025. 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
Outside Director Wong Lai Yong	First Penguin Sdn.Bhd. MITSUI E&S Co., Ltd.	(i) In this fiscal year (FY2024), 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. Ms. Wong will also become a member of the Nomination and Remuneration Advisory Committee. (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.
Outside Director Michitaka Sawada	Kao Corporation Panasonic Holdings Corporation Komatsu Ltd.	(i) In this fiscal year (FY2024), 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. Mr. Sawada will also become a member of the Nomination and Remuneration Advisory Committee. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Director Yasuhiro Yamada	Custody Bank of Japan, Ltd.	(i) In this fiscal year (FY2024), 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. Mr. Yamada will also become a member of the Nomination and Remuneration Advisory Committee. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Director Mariko Eto	TMI Associates Starzen Co., Ltd. ASICS Corporation	(i) In this fiscal year (FY2024), 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. Ms Eto will also become a member of the Nomination and Remuneration Advisory Committee. (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.
Outside Corporate Auditor Yasuko Kobashikawa	JK & CREW Tax Accountant’s Corporation JVCKENWOOD Corporation	(i) In this fiscal year (FY2024), Ms. Kobashikawa participated in all the Board of Directors meetings (12 times) and in all the Board of Corporate Auditors meetings (13 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. Ms. Kobashikawa will also become a member of the Nomination and Remuneration Advisory Committee. She possesses a broad range of knowledge in finance and accounting. (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.

Name	Important concurrent positions	Relationship with the Company and reason for appointment
Outside Corporate Auditor Kiyoshi Sono	Kansai Economic Federation Sompo Japan Insurance Inc. The Kansai Electric Power Co., Inc.	(i) In this fiscal year (FY2024), Mr. Sono participated in all the Board of Directors meetings (10 times) and in all the Board of Corporate Auditors meetings (10 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. Mr. Sono will also become a member of the Nomination and Remuneration Advisory Committee. He possesses a broad range of knowledge in finance and accounting. (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.
Outside Corporate Auditor Tsuyoki Hattori	Not applicable	(i) In this fiscal year (FY2024), Mr. Hattori participated in all the Board of Directors meetings (10 times) and in all the Board of Corporate Auditors meetings (10 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. 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. Mr. Hattori will also become a member of the Nomination and Remuneration Advisory Committee. (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. 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.

(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. In addition, in order to further enhance fairness and transparency in appointment and dismissal of Directors, the Management, Nomination and Remuneration Advisory Committee meets and reports the results of its deliberations to the Board of Directors, and the Board of Directors makes the final decision by taking such report into account.

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

*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 Management, 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 Management, Nomination, and Remuneration Advisory Committee.

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

Position	Name	Experience and expertise
CorporateAuditor (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.
CorporateAuditor (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 meetings of the Board of Corporate Auditors and their attendance

During the current fiscal year, the Company has held the meetings of the Board of Corporate Auditors 13 times, and the details of attendance for each member are as follows.

	Number of meetings	Number of attendance	Percentage of attendance
Shin Tokuyasu	13	13	100%
Toshihiko Takayanagi	13	13	100%
Masashi Teranishi	3	3	100%
Mitsuhide Shiraki	3	3	100%
Yasuko Kobashikawa	13	13	100%
Kiyoshi Sono	10	10	100%
Tsuyoki Hattori	10	10	100%

(Note) The difference in the number of meetings is due to the difference in the timing of appointment and retirement.

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.

・Priority audit items

1. Status of the efforts against ESG management issues
   On the basis of the ESG management policy, the Board confirmed the global measures to develop the next generation of executives, progress of nine items of Key Performance Indicator (disclosed externally) as part of the future-financial targets, and promotion system and implementation status of acquiring various ESG certifications and realizing the contents of declarations through audits of the head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas.
2. Status of the efforts against business risk issues
   The Board has conducted audits of the Company’s head office, sectors, plants, domestic and overseas group companies, and general managers of overseas areas to check the growth strategy through business synergies from acquisitions and progress in structural reform effort, sectors/plants restructuring, and current status of response to global management for new business creation.
3. Status of the efforts against the Group’s internal control issues
   The Board has 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 are being handled).
4. The Board has discussed with Accounting Auditors with regard to “Key Audit Matters (KAM).”

・ 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 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. Status of internal audit

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.

b. Status of human resources

The Company has established the Internal Audit Department (11 personnel), which has a diverse workforce including four employees with experience seconded to overseas group companies, four female employees, and two foreign national employees. Our new internal auditors are required to obtain certification as internal auditors, and qualified professionals, such as Certified Internal Auditor and Certified Information Systems Auditor, conduct internal audits. Additionally, 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.

c. Other activities

Aiming for improvement of the level of internal controls and fraud prevention in the Group companies, it provides the training on fraud prevention and establishment of internal controls based on detected issues and actual sample countermeasures of the past internal audits by accepting president candidates of the Group companies in Internal Audit Department for a certain period. In FY2024, we conducted acceptance and training sessions for eight presidents of group companies.

- Internal controls over financial reporting

  In accordance with Financial Instruments and Exchange Act and the relevant assessment standards for internal controls over financial reporting generally accepted in Japan, the Company executes the documentation and self-assessment of internal control in the Group's sites targeted for assessment, and the department in charge (with nine staff members) 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.

(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
  Satoshi Uchida
  Junichi Morimoto

- Composition of assistants engaged in accounting audits

  22 certified public accountants and 41 others

- Consecutive audit period: 40 years

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

  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, 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, 2024		For the year ended March 31, 2025	
	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	237	31	254	16
Consolidated subsidiaries	18	-	23	-
Total	256	31	278	16

(Notes) 1. Reporting company's Audit fees in accordance with audit certification for the year ended March 31, 2024 include the additional fees for the audit of the consolidated financial statements and notes included in the Annual Securities Report in English for the year ended March 31, 2024, which is different from the original Annual Securities Report in Japanese.

2. Details of non-audit services rendered to the Reporting Company by auditing certified public accountants

(For the year ended March 31, 2024)

The details of non-audit services for which the Company pays audit fees certified public accountants include due diligence service and support service for documentation of internal control procedures.

(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.

- 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, 2024		For the year ended March 31, 2025	
	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	-	48	-	30
Consolidated subsidiaries	362	107	382	38
Total	362	156	382	68

(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, 2024)

Details of non-audit services for the Company include due diligence service and 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, 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.

- Details of other important audit fees in accordance with audit certification
  (For the year ended March 31, 2024)
  Not applicable.

  (For the year ended March 31, 2025)
  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 taking into account such factors as the Company's business conditions, management environment, the levels of remuneration to officers at major companies of a similar scale in the same industry as the Company, after receiving a report on the results of deliberations by the Management, 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.

* The base number of shares to be issued in relation to the performance-linked share-based remuneration and the payment rate is scheduled to be proposed as an agenda item (a matter to be resolved) for the Board of Directors meeting to be held immediately after the Ordinary General Meeting of Shareholders scheduled for June 20, 2025. If these agenda items are approved, an extraordinary report detailing information regarding the performance-linked share-based remuneration will be submitted.

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.

*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 number of shares is based on the number of shares after the stock split.

(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.

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)	1,028	285	505	135	102		6
Outside Director	76	76	-	-	-		5
Corporate Auditor (excluding Outside Corporate Auditors)	88	88	-	-	-		2
Outside Corporate Auditor	48	48	-	-	-		5

(Notes) 1. The above includes one Director (an Outside Director) and two Corporate Auditors (Outside Corporate Auditors) who retired mid-term during the fiscal year.

2. The maximum amount of base remuneration and bonuses for directors was resolved at the 157th Ordinary General Meeting of Shareholders held on June 17, 2022 to be no more than 1 billion yen per year (including no more than 120 million yen for Outside Directors). The number of Directors at the close of the said Ordinary General Meeting of Shareholders was ten (of which, six were Outside Directors). The maximum amount of basic remuneration for Corporate Auditors was resolved at the 156th Ordinary General Meeting of Shareholders held on June 18, 2021 to be no more than 144 million yen per year. The number of Corporate Auditors at the close of said Ordinary General Meeting of Shareholders is five.

3. The above bonuses to Directors, excluding Outside Directors, are the amounts scheduled to be paid by resolution of the Board of Directors based on the resolution of the General Meeting of Shareholders as described in Note 2 and excluding Part-time Director.

4. The upper limits of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of performance-linked share-based remuneration were set at 364 million yen and 242,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).

5. The upper limit of the total value and the number of shares to be granted to Directors (excluding Outside Directors) in the form of restricted share remuneration were set at 243 million yen and 160,000 shares a year at the 153rd Ordinary General Meeting of Shareholders held on June 22, 2018. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was nine (of which, three were Outside Directors).

6. In accordance with the determination process, the Board of Directors has delegated the determination of the specific details of remuneration in cash and bonuses for directors to Hideo Takasaki, President-Director based on a resolution of the Board of Directors.

7. Consolidated operating profit and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance-linked share-based remuneration are calculated. For the fiscal year, the Company's consolidated operating profit was 185,667 million yen and consolidated ROE 13.5%. With regard to performance-linked share-based remuneration, we are considering basing evaluation on the results of ESG categories. Restricted share remuneration is linked to the market price of the Company's shares. There is nothing that needs to be disclosed in relation to its performance.
8. Individual remuneration and so on granted to Directors and others for the fiscal year are (or will be) paid in accordance with the determination process. The Board of Directors considers that their details are in line with the Company's remuneration policy.
9. Salaries (including bonuses) of Directors concurrently serving as employees are separate from the above remuneration, etc., but no employee salaries were paid in the fiscal year.
10. 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 number of shares in Note 4 and Note 5 are based on the number of shares after 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	399	Director	Reporting Company	101	170	81	45
Yosuke Miki	172	Director	Reporting Company	40	88	28	15
Yasuhiro Iseyama	171	Director	Reporting Company	40	88	26	15
Yasuhito Ohwaki	144	Director	Reporting Company	40	88	-	15
Tatsuya Akagi	105	Director	Reporting Company	27	67	-	10

(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 it 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	20	128

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

Not applicable.

(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	1	55

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

Specified investment shares

Not applicable.

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, 2024 to March 31, 2025) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2024 to March 31, 2025) 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, 2024	As of March 31, 2025
Assets			
Current assets			
Cash and cash equivalents	6,13	342,269	363,344
Trade and other receivables	7,13,20	209,341	210,418
Inventories	8	136,804	142,932
Other financial assets	13	5,220	7,732
Other current assets		24,321	25,781
Total current assets		717,957	750,209
Noncurrent assets			
Property, plant and equipment	9	378,535	417,636
Right-of-use assets	10	19,321	19,058
Goodwill	11	66,056	57,167
Intangible assets	11	20,674	17,026
Investments accounted for using equity method		2,115	7,319
Financial assets	13	9,192	11,096
Deferred tax assets	24	20,985	17,873
Other noncurrent assets	16	16,248	24,533
Total noncurrent assets		533,130	571,711
Total assets		1,251,087	1,321,920

(Millions of yen)

	Notes	As of March 31, 2024	As of March 31, 2025
Liabilities and Equity			
Liabilities			
Current liabilities			
Trade and other payables	13,14	98,965	100,508
Borrowings	13,15	345	455
Income tax payables		13,402	28,183
Other financial liabilities	13	38,396	36,102
Other current liabilities	20	55,746	56,485
Total current liabilities		206,856	221,735
Noncurrent liabilities			
Other financial liabilities	13	20,843	20,160
Defined benefit liabilities	16	33,130	28,991
Deferred tax liabilities	24	3,427	3,856
Other noncurrent liabilities		1,779	2,062
Total noncurrent liabilities		59,182	55,070
Total liabilities		266,038	276,806
Equity			
Equity attributable to owners of the parent company			
Share capital	17	26,783	26,783
Capital surplus	17,18	49,928	49,934
Retained earnings	17	808,062	890,040
Treasury shares	17	(23,298)	(31,799)
Other components of equity	17,19	122,544	109,124
Total equity attributable to owners of the parent company		984,020	1,044,083
Noncontrolling interests		1,028	1,031
Total equity		985,048	1,045,114
Total liabilities and equity		1,251,087	1,321,920

(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, 2024	For the year ended March 31, 2025
Revenue	20,21	915,139	1,013,878
Cost of sales	8,9,10,11, 16,21,22	584,280	618,365
Gross profit		330,858	395,513
Selling, general and administrative expenses	9,10,11,16, 18,21,22	146,143	151,835
Research and development expenses	9,11,16,21,22	43,485	46,771
Other income	21	9,914	11,827
Other expenses	9,12,21,22	12,012	23,066
Operating profit		139,132	185,667
Finance income	23	2,195	2,901
Finance expenses	10,23	2,460	3,131
Share of profit of investments accounted for using the equity method		34	(108)
Profit before income taxes		138,901	185,329
Income tax expenses	24	36,146	48,021
Net profit		102,755	137,307
Net profit attributable to:			
Owners of the parent company		102,679	137,237
Noncontrolling interests		75	70
Total		102,755	137,307
Earnings per share attributable to owners of the parent company			
Basic earnings per share (Yen)	25	143.91	195.74
Diluted earnings per share (Yen)	25	143.86	195.65

Consolidated statement of comprehensive income

(Millions of yen)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2025
Net profit		102,755	137,307
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	85	(12)
Remeasurement of defined benefit liability	19	5,999	9,066
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19	55,986	(13,453)
Net changes in fair value of cash flow hedges	19	1	0
Share of other comprehensive income of investments accounted for using equity method	19	81	(39)
Total other comprehensive income		62,154	(4,438)
Total comprehensive income		164,910	132,869
Total comprehensive income attributable to:			
Owners of the parent company		164,816	132,783
Noncontrolling interests		93	86
Total		164,910	132,869

(iii) Consolidated statement of changes in equity

For the year ended March 31, 2024

(Millions of yen)

	Notes	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2023		26,783	50,047	786,269	(27,631)	66,741	902,211	983	903,194
Net profit		-	-	102,679	-	-	102,679	75	102,755
Other comprehensive income	19	-	-	-	-	62,136	62,136	17	62,154
Total comprehensive income		-	-	102,679	-	62,136	164,816	93	164,910
Share based remuneration transactions	17,18	-	(47)	-	-	(1)	(48)	-	(48)
Dividends	26	-	-	(36,041)	-	-	(36,041)	(28)	(36,070)
Changes in treasury shares	17, 18,28	-	(51,254)	-	4,333	-	(46,921)	-	(46,921)
Transfer from other components of equity to retained earnings	17	-	-	6,333	-	(6,333)	-	-	-
Acquisition of NCI without change in control		-	3	-	-	-	3	(20)	(17)
Transfer from retained earnings to capital surplus		-	51,178	(51,178)	-	-	-	-	-
Total transactions with owners		-	(119)	(80,887)	4,333	(6,334)	(83,007)	(49)	(83,056)
Balance as of March 31, 2024		26,783	49,928	808,062	(23,298)	122,544	984,020	1,028	985,048

For the year ended March 31, 2025

(Millions of yen)

	Notes	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
		Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
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

(iv) Consolidated statement of cash flows

(Millions of yen)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2025
Cash flows from operating activities			
Profit before income taxes		138,901	185,329
Depreciation and amortization	9,10,11	60,811	65,595
Impairment losses	12	1,651	12,339
Increase (decrease) in defined benefit liabilities		1,371	1,048
Decrease (increase) in trade and other receivables		(19,033)	(3,791)
Decrease (increase) in inventories		11,769	(8,526)
Increase (decrease) in trade and other payables		3,804	2,369
Increase (decrease) in advances received		(1,312)	(413)
Interest and dividend income		2,065	2,849
Interest expenses paid		(609)	(809)
Income taxes (paid) refunded		(41,030)	(34,304)
Others		(2,868)	(3,779)
Net cash provided by (used in) operating activities		155,521	217,908
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(67,774)	(106,003)
Proceeds from sale of property, plant and equipment and intangible assets		602	208
Decrease (increase) in time deposits		(2,465)	(2,371)
Purchase of investment securities		(723)	(762)
Proceeds from sale of investment securities		551	55
Purchase of shares of subsidiaries and affiliates		-	(6,256)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		1,871	-
Others		10	23
Net cash provided by (used in) investing activities		(67,927)	(115,105)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		72	109
Repayment of lease liabilities	10	(7,631)	(5,822)
Decrease (increase) in treasury shares		(47,167)	(35,062)
Cash dividends paid	26	(36,041)	(38,040)
Others		(16)	(75)
Net cash provided by (used in) financing activities		(90,784)	(78,890)
Effect of exchange rate changes on cash and cash equivalents		13,573	(2,837)
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance		1,920	-
Net increase (decrease) in cash and cash equivalents		12,302	21,074
Cash and cash equivalents at the beginning of the period		329,966	342,269
Cash and cash equivalents at the end of the period	6	342,269	363,344

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, expected credit losses for the entire period 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, 2024

(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	333,282	463,890	116,629	913,802	12	913,815	1,323	915,139
Intersegment revenue	4,452	6,624	7,872	18,949	-	18,949	(18,949)	-
Total segment revenue	337,735	470,515	124,501	932,751	12	932,764	(17,625)	915,139
Operating profit (loss)	38,696	124,556	(9,490)	153,762	(5,661)	148,100	(8,968)	139,132
Finance income								2,195
Finance expenses								(2,460)
Share of profit of investments accounted for using the equity method								34
Profit before income taxes								138,901
Segment assets	276,813	673,391	229,671	1,179,877	14,407	1,194,284	56,803	1,251,087
Other items:								
Depreciation and amortization	17,323	25,632	9,821	52,777	719	53,496	7,314	60,811
Impairment losses	395	230	893	1,519	18	1,537	113	1,651
Increase in Property, plant and equipment and Intangible assets	17,424	30,243	30,674	78,342	573	78,916	4,529	83,445

(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 (8,968) million yen includes other incomes (losses) not allocated to each operating segment.

3. Adjustment of segment assets amounted to 56,803 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, 2025, certain related businesses have been transferred from Industrial Tape to Optronics. Such changes have been reflected in the figures for the year ended March 31, 2024.

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	351,698	537,481	123,203	1,012,383	19	1,012,403	1,475	1,013,878
Intersegment revenue	4,034	5,517	8,894	18,447	-	18,447	(18,447)	-
Total segment revenue	355,733	542,999	132,098	1,030,830	19	1,030,850	(16,972)	1,013,878
Operating profit (loss)	46,043	173,121	(11,902)	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	301,822	749,022	228,804	1,279,649	9,719	1,289,369	32,551	1,321,920
Other items:								
Depreciation and amortization	18,490	27,263	11,523	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 32,551 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, 2024	For the year ended March 31, 2025
Japan	150,465	156,502
Americas	80,914	77,295
Europe	84,561	90,745
Asia/Oceania (Note)	594,711	685,030
Others	4,486	4,304
Total	915,139	1,013,878

(Note) Of the revenue from the Asia/Oceania region, revenue from China was 324,890 million yen for the year ended March 31, 2024 and 405,116 million yen for the year ended March 31, 2025.

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, 2024	As of March 31, 2025
Japan	209,947	229,207
Americas	87,066	85,814
Europe	93,299	86,702
Asia/Oceania	100,023	115,115
Total	490,337	516,840

(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 no single customer group who contributed to 10% or more of the Group's revenues for the year ended March 31, 2024. However, for the year ended March 31, 2025, there was one group which contributed to 10% or more of the Group's revenues, and the revenue generated from this customer group amounted to 106,899 million yen (Optronics and Industrial Tape).

6. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	347,006	370,353
Time deposit with a maturity of more than three months	(4,736)	(7,009)
Total	342,269	363,344

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, 2024	As of March 31, 2025
Trade receivables		
Notes and accounts receivable - trade	202,988	203,418
Other receivables	6,810	7,351
Less: Allowance for doubtful accounts (Note 13. Financial instruments)	(458)	(352)
Total	209,341	210,418

8. Inventories

The breakdown of inventories is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Merchandises and finished goods	44,092	46,319
Work in process	53,381	58,276
Raw materials and supplies	39,331	38,337
Total	136,804	142,932

Loss on the valuation of inventories recorded as expense amounted to 5,924 million yen and 5,637 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, 2023	353,374	635,334	56,326	19,591	36,061	1,100,688
Acquisition	32,494	41,802	4,543	1,377	(1,663)	78,555
Disposal	(2,672)	(13,147)	(3,050)	(61)	(124)	(19,057)
Foreign currency translation differences, etc.	13,150	25,700	2,177	567	3,006	44,603
Balance as of March 31, 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

(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, 2023	212,850	512,444	41,931	195	162	767,584
Depreciation	12,362	32,609	4,057	-	-	49,030
Impairment losses	207	1,219	67	-	89	1,584
Disposal	(2,405)	(12,861)	(2,965)	-	(102)	(18,334)
Foreign currency translation differences, etc.	6,284	18,508	1,577	17	1	26,389
Balance as of March 31, 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

(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, 2023	140,523	122,890	14,395	19,395	35,899	333,103
Balance as of March 31, 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

(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, 2024	For the year ended March 31, 2025
Depreciation of right-of-use assets (Note 1)		
Buildings and structures	4,783	4,882
Machinery and vehicles	879	1,002
Tools, furniture and fixtures	67	57
Land	259	270
Total	5,990	6,213
Interest expenses on lease liabilities (Note 2)	452	682
Expenses relating to short-term leases (Note 3)	1,939	1,856
Expenses relating to leases which the underlying asset is of low value (Note 3)	65	83
Total cash outflows related to leases	10,089	8,445

(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, 2024	As of March 31, 2025
Right-of-use assets		
Buildings and structures	13,643	13,234
Machinery and vehicles	1,439	1,938
Tools, furniture and fixtures	420	105
Land	3,817	3,778
Total	19,321	19,058

An increase in right-of-use assets in the previous and current fiscal years was 12,387 million yen and 5,961 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, 2023	62,166	46,662	1,193	14,209	124,232
Acquisition	-	3,227	736	471	4,435
Disposal	-	(1,169)	(0)	(855)	(2,025)
Foreign currency translation differences, etc.	7,690	747	(92)	1,118	9,463
Balance as of March 31, 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

(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, 2023	3,344	35,264	126	5,205	43,941
Amortization	-	4,290	-	1,499	5,790
Impairment losses	-	7	-	60	67
Disposal	-	(1,145)	-	(583)	(1,729)
Foreign currency translation differences, etc.	456	550	16	280	1,304
Balance as of March 31, 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

(Millions of yen)

Carrying amount	Goodwill	Software	Software in progress	Other intangible assets (Note 1)	Total
Balance as of April 1, 2023	58,822	11,397	1,067	9,004	80,291
Balance as of March 31, 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

(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, 2024

Since there is no important matter for the year ended March 31, 2024, a description is omitted.

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.

(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 50,483 million yen and 46,869 million yen, respectively.

The recoverable amount of 76,571 million yen for 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 and a discount rate are detailed in (1) Impairment losses.

As detailed in (1) Impairment losses, the Company recorded the impairment loss of 3,298 million yen for the current fiscal year.

(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 15,573 million yen and 10,297 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 current fiscal year. There was no impairment loss in the previous 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, 2024	As of March 31, 2025
Cash and cash equivalents (Note 6)	342,269	363,344
Financial assets measured at fair value through profit or loss		
Investments in debt instruments	2,389	2,716
Derivative	309	531
Subtotal	2,698	3,247
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments	335	128
Subtotal	335	128
Financial assets measured at amortised cost		
Trade and other receivables (Note 7)	209,341	210,418
Investments in debt instruments	12	31
Others	11,366	15,420
Subtotal	220,720	225,870
Total	566,023	592,591

Carrying amounts of financial liabilities by classification are as follows.

(Millions of yen)

Financial liabilities	As of March 31, 2024	As of March 31, 2025
Financial liabilities measured at fair value through profit or loss		
Derivative	148	32
Subtotal	148	32
Other financial liabilities measured at amortised cost		
Trade and other payables (Note 14)	98,965	100,508
Borrowings (Note 15)	345	455
Others	59,091	56,230
Subtotal	158,403	157,193
Total	158,552	157,226

(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, 2024			As of March 31, 2025		
	Contract amount	Due after 1 year	Fair value	Contract amount	Due after 1 year	Fair value
Forward exchange contracts						
Selling						
(U.S. dollars)	92,852	-	160	91,484	-	486
(Euro)	26,195	-	(3)	23,083	-	(5)
(Others)	3,101	-	(12)	7,280	-	23
Buying						
(U.S. dollars)	539	-	16	966	-	(7)
(Others)	-	-	-	409	-	2
Total	122,689	-	160	123,223	-	498

Details of the hedging instruments designated as cash flow hedges

As of March 31, 2024

(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	-	148.4 yen	0	0	Other financial assets Other financial liabilities
(Euro)	Forecast transactions	24	-	162.3 yen	0	-	Other financial assets
Total		128	-		0	0	Other financial assets Other financial liabilities

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

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.

Details of the hedged items designated as cash flow hedges

As of March 31, 2024

(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, 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.

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

For the year ended March 31, 2024

(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)	2	(2)	Finance expenses
(Euro)	0	(0)	Finance expenses
Total	2	(2)	

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

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			
Foreign exchange contracts			
Selling			
(U.S. dollars)	0	(0)	Finance expenses
(Euro)	(0)	0	Finance income
Total	0	0	

(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 income, 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 (768) million yen and (801) 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 for listed shares 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, 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 pasting experience, an allowance for doubtful accounts is measured in the same amount as the expected credit loss for the entire period. 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 expected credit losses for the entire period 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, 2024

(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 expected credit losses for the entire period	Stage 3 Measured at an amount equal to expected credit losses for the entire period	
Before due date	194,790	4,193	-	-	198,984
Less than three months	9,481	-	-	-	9,481
Three to six months	201	-	-	-	201
More than six months	1,132	-	-	-	1,132
Total	205,606	4,193	-	-	209,799

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 expected credit losses for the entire period	Stage 3 Measured at an amount equal to expected credit losses for the entire period	
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

(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, 2024	For the year ended March 31, 2025
Balance at the beginning of the period	246	458
Increase during the period	402	384
Decrease during the period (intended use)	(8)	(13)
Others	(182)	(478)
Balance at the end of the period	458	352

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, 2024	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	346	-	-	-	-	-	346
Lease liabilities	8,081	6,867	5,224	4,212	1,847	3,884	30,118
Total	8,427	6,867	5,224	4,212	1,847	3,884	30,464

(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

As of March 31, 2025, the Group holds 363,344 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, 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Investments in debt instruments	-	-	2,389	2,389
Derivatives	-	309	-	309
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments	-	-	335	335
Total financial assets	-	309	2,724	3,033
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	(148)	-	(148)
Total financial liabilities	-	(148)	-	(148)

(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	-	531	2,845	3,376
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivatives	-	(32)	-	(32)
Total financial liabilities	-	(32)	-	(32)

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 335 million yen and 128 million yen, respectively.

Dividend income recognized from equity instruments are as follows.

(Millions of yen)

For the year ended March 31, 2024		For the year ended March 31, 2025	
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
10	5	-	2

14. Trade and other payables

The breakdown of trade and other payables is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Trade payables		
Trade notes and accounts payables	70,690	72,142
Other payables	28,275	28,366
Total	98,965	100,508

15. Borrowings

The breakdown of borrowings is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025	Average interest rate (%) (Note)
Current liabilities			
Short-term borrowings	345	455	0.8
Total	345	455	

(Note) The average interest rate is the weighted average interest rate for the balance of borrowings, etc., at the end of the fiscal year.

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, 2024	As of March 31, 2025
Present value of defined benefit obligations	130,578	118,618
Fair value of plan assets	107,947	108,208
Net defined benefit liability (asset)	22,631	10,409
Defined benefit liability	33,130	28,991
Retirement benefit assets (Note)	10,499	18,581
Net assets and liabilities in the Consolidated Statement of Financial Position	22,631	10,409

(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, 2024	For the year ended March 31, 2025
Balance at the beginning of the period	134,258	130,578
Service cost	6,466	6,231
Interest cost	1,640	1,857
Remeasurement of defined benefit obligations		
Actuarial gains and losses arising from changes in demographic assumptions	(981)	(424)
Actuarial gains and losses arising from changes in financial assumptions	(5,086)	(10,884)
Actuarial gains and losses arising from experience adjustment	1,428	(1,003)
Benefits payment	(7,322)	(6,691)
Others	174	(1,045)
Balance at the end of the period	130,578	118,618

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

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Balance at the beginning of the period	104,319	107,947
Interest income on plan assets	1,323	1,606
Remeasurement of fair value of plan assets		
Return on plan assets	3,961	977
Employer contributions	3,066	3,273
Benefits payment	(5,415)	(5,207)
Others	691	(388)
Balance at the end of the period	107,947	108,208

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

(Millions of yen)

	As of March 31, 2024		As of March 31, 2025	
	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	8,816	-	7,240	-
Life insurance general account	-	18,300	-	17,489
Bonds	7,514	8,404	6,457	11,378
Shares	3,984	5,473	4,213	4,332
Others (Note)	-	55,454	-	57,097
Total plan assets	20,314	87,632	17,911	90,297

(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, 2024	For the year ended March 31, 2025
Discount rate	1.36%	2.11%

(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, 2024

(Millions of yen)

	Impact on defined benefit obligations		
	Changes in assumptions	Increased assumptions	Decreased assumptions
Discount rate	0.5%	(7,961)	8,589

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

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 3,273 million yen.

(iii) The weighted average duration of the defined benefit obligations is 13.74 years.

(2) Defined contribution plans

Expenses related to required contributions to defined contribution plans were 2,503 million yen in the previous fiscal year and 2,734 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, 2023	400,000	149,758
Changes (Note 1)	-	(6,206)
Balance as of March 31, 2024	400,000	143,551
Changes (Note 2)	1,600,000	563,209
Balance as of March 31, 2025	2,000,000	706,760

(Note 1) Changes of total number of issued shares in the previous fiscal year is due to the cancellation of treasury shares based on a resolution of the Board of Directors meeting held on August 30, 2023.

(Note 2) Changes of total numbers of authorized shares and issued shares in the current 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.

The changes of treasury shares are as follows.

	Number of treasury shares (Thousands of shares)	Amount (Millions of yen)
Balance as of April 1, 2023	3,840	27,631
Changes (Note 1)	(1,736)	(4,333)
Balance as of March 31, 2024	2,104	23,298
Changes (Note 2)	9,721	8,501
Balance as of March 31, 2025	11,826	31,799

(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, 2023 and January 26, 2024, and the demands for the purchase of shares of less than one unit, and the decrease is due to the exercise of stock options and the disposal of treasury shares based on a resolution of the Board of Directors meeting held on June 23, 2023, and the cancellation of treasury shares based on a resolution of the Board of Directors meeting held on August 30, 2023.

(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 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 disposal as restricted shares and cancellation of treasury 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.

(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, 2024

(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, 2023	66,481	310	(1)	-	(48)	66,741
Other comprehensive income	56,063	85	1	5,985	-	62,136
Total comprehensive income	56,063	85	1	5,985	-	62,136
Share-based remuneration transactions	-	-	-	-	(1)	(1)
Transfer from other components of equity to retained earning	-	(347)	-	(5,985)	-	(6,333)
Balance as of March 31, 2024	122,544	49	0	-	(49)	122,544

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

(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 1 and 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 1 and 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	(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. (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.		

	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)	(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. (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. (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.		
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 1 and 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 1 and 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	(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. (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.		

	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)	(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. (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. (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.		
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 1 and 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 1 and 6)	0.2 per share		
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	(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. (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.		

<table>
<tr><th></th><th>2013
Equity-based remuneration stock options</th><th>2014
Equity-based remuneration stock options</th><th>2015
Equity-based remuneration stock options</th></tr>
<tr><td>Conditions for exercise of warrants (Note 6)</td><td colspan="3">(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.
(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.
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<tr><td>Matters concerning the delivery of warrants in connection with acts of organizational restructuring (Note 6)</td><td colspan="3">(Note 5)</td></tr>
</table>

	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 1 and 6)	Common stock 46,500 shares	Common stock 42,500 shares
Subscription amount to be paid upon exercise of stock acquisition (yen) (Note 1 and 6)	0.2 per share	
Issue price and amount to be capitalized when issuing shares upon exercise of stock acquisition rights (Note 6)	(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. (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.	
Conditions for exercise of warrants (Note 6)	(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. (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. (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.	

	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) 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. Converted and stated as the number of shares after the stock split.

(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, 2025 (March 31, 2025). As of the end of the month immediately prior to the filing date (May 31, 2025), 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, 2024		For the year ended March 31, 2025	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning of the period	283,000	0.2	250,500	0.2
Granted	-	-	-	-
Exercised	(32,500)	0.2	-	-
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 19.7 years in the previous fiscal year and 18.7 years in the current fiscal year.

The weighted-average share price as of the exercise date was 1,917 yen in the previous fiscal year and there were no exercises during the current fiscal year.

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, 2024	For the year ended March 31, 2025
Date granted	July 13, 2023	July 11, 2024
Shares granted	100,000 shares	93,000 shares
Fair value on the date granted	1,991 yen	2,715 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, 2024.

Expenses related to the restricted share remuneration plan are as follows.

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Selling, general and administrative expenses	197	239

(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

There were no granting of the Company's shares in either the previous or the current fiscal year.

Expenses related to the performance-linked share-based remuneration plan are as follows.

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Selling, general and administrative expenses	-	135

19. Other comprehensive income

Reclassification adjustments and tax effects related to other comprehensive income are as follows.

For the year ended March 31, 2024

(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	122	-	122	(36)	85
Reevaluation of defined benefit liability	8,600	-	8,600	(2,601)	5,999
Total of items that will not be reclassified to profit or loss	8,723	-	8,723	(2,637)	6,085
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	56,939	(244)	56,695	(709)	55,986
Net changes in fair value of cash flow hedges	5	(2)	2	(0)	1
Share of other comprehensive income of affiliates accounted for using the equity method	81	-	81	-	81
Total of items that may be reclassified to profit or loss	57,026	(247)	56,779	(710)	56,069
Total	65,750	(247)	65,502	(3,347)	62,154

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)

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, 2024

(Millions of yen)

Segment name	Major products or business	Japan	Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional Base Products	108,023	37,052	35,193	153,013	333,282
Optronics	Information Fine Materials	17,014	-	-	343,654	360,668
	Circuits Materials	51,545	-	-	51,676	103,221
	Total	68,560	-	-	395,330	463,890
Human Life	Life Science	4,127	32,578	4	-	36,710
	Membrane	2,625	14,067	4,992	8,365	30,051
	Personal Care Materials	-	4,349	44,955	562	49,867
	Total	6,753	50,995	49,952	8,928	116,629
Others	New Business, Other Products	1	11	-	-	12
Adjustment		1,323	-	-	-	1,323
Total		184,662	88,058	85,146	557,272	915,139

As a result of changes in the management structure for the year ended March 31, 2025, certain related businesses have been transferred from Industrial Tape to Optronics. Such changes have been reflected in the figures for the year ended March 31, 2024.

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, 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	175,044	351,698
Optronics	Information Fine Materials	20,743	-	-	383,101	403,844
	Circuits Materials	56,604	-	-	77,032	133,636
	Total	77,348	-	-	460,133	537,481
Human Life	Life Science	4,050	35,455	6	-	39,512
	Membrane	2,778	16,863	4,745	6,279	30,667
	Personal Care Materials	-	3,736	48,762	523	53,023
	Total	6,828	56,056	53,515	6,803	123,203
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

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, 2024	As of March 31, 2025
Receivables	206,724	206,315
Contract assets	2,616	4,102
Contract liabilities	12,455	11,866

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 4,746 million yen and 6,561 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 3,300 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, 2024	For the year ended March 31, 2025
Income		
Revenue	915,139	1,013,878
Scrap income	1,349	1,891
Gain on sales of noncurrent assets	332	129
Subsidy	1,766	1,226
Other	6,466	8,580
Total income	925,053	1,025,706
Expenses		
Purchases of raw materials, supplies and merchandises	302,204	318,135
Increase(decrease) in inventories	4,296	(6,127)
Employee benefit expenses	209,722	228,628
Depreciation and amortization	60,811	65,595
Loss on disposal of fixed assets	1,340	1,841
Foreign exchange losses	4,321	4,984
Impairment losses	1,651	12,339
Other	201,572	214,640
Total expenses	785,921	840,038
Operating profit	139,132	185,667

22. Employee benefit expenses

A breakdown of employee benefit expenses is as follows.

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Wages and salaries (including bonuses)	151,587	166,315
Legal welfare expenses	21,966	24,002
Retirement benefit expenses	8,970	8,965
Special retirement allowances	1,085	507
Other employee benefit expenses	26,113	28,837
Total	209,722	228,628

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, 2024	For the year ended March 31, 2025
Finance income		
Interest income	2,128	2,833
Dividend income	23	5
Other	44	62
Total finance income	2,195	2,901
Finance expenses		
Interest expenses	938	1,137
Foreign exchange losses	1,288	1,513
Losses on financial assets measured at fair value through profit or loss	11	413
Other	222	68
Total finance expenses	2,460	3,131

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, 2024

(Millions of yen)

	Balance as of April 1, 2023	Recognized through profit or loss (Note)	Recognized in other comprehensive income	Balance as of March 31, 2024
Deferred tax assets				
Inventories	4,554	2,239	-	6,794
Property, plant and equipment and intangible assets	9,302	(1,803)	-	7,499
Accrued expenses	6,496	(629)	-	5,866
Defined benefit liability	9,569	135	(2,601)	7,103
Tax loss carryforwards	827	3,823	-	4,650
Other	13,938	(1,817)	(0)	12,120
Total deferred tax assets	44,689	1,948	(2,601)	44,036
Deferred tax liabilities				
Financial assets measured at fair value through other comprehensive income	(135)	-	113	(21)
Undistributed profit of subsidiaries	(11,880)	(4,261)	-	(16,142)
Other	(13,426)	3,821	(709)	(10,314)
Total deferred tax liabilities	(25,442)	(440)	(595)	(26,478)
Net deferred tax assets	19,247	1,507	(3,197)	17,557

(Note) Foreign currency translation adjustments are included in the amount recognized through profit or loss.

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.

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, 2024	As of March 31, 2025
Tax loss carryforwards (Note 1)	821	809
Deductible temporary differences	1,273	1,543
Total	2,095	2,353

(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, 2024	As of March 31, 2025
1 year or less	120	168
365 days to 5 years (inclusive)	391	641
More than 5 years	309	-
Total	821	809

(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, 2024	As of March 31, 2025
Amount of temporary differences for which deferred tax liabilities have not been recognized	140,702	133,326

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, 2024	For the year ended March 31, 2025
Current tax expenses	35,631	49,223
Deferred tax expenses	514	(1,201)
Total income tax expenses	36,146	48,021

“The Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and corporate tax rate and related taxes will be increased for fiscal years beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate used to calculate deferred tax assets and liabilities will be increased from 30.3% to 31.2% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026. As a result of this tax rate change, deferred tax expense decreased by 644 million yen.

A reconciliation of the average effective tax rate to the statutory effective tax rate is as follows.

	For the year ended March 31, 2024	For the year ended March 31, 2025
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	(4.5)	(4.4)
Differences in tax rates of foreign subsidiaries	(4.0)	(3.7)
Elimination of dividend income from foreign subsidiaries	0.1	0.1
Retained earnings of foreign subsidiaries	3.1	2.1
Withholding tax on dividends, etc., from foreign subsidiaries	0.4	0.3
Impairment losses	-	1.4
Other (net amount)	0.6	(0.3)
Average effective tax rate	26.0	25.9

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, 2024	For the year ended March 31, 2025
(1) Basic earnings per share	143.91 yen	195.74 yen
Basis for calculation		
Net profit attributable to owners of the parent company (Millions of yen)	102,679	137,237
Average number of common shares (Thousands of shares)	713,483	701,124
(2) Diluted earnings per share	143.86 yen	195.65 yen
Basis for calculation		
Increase in the number of common stock upon exercise of the stock options (Thousands of shares)	266	250
Increase in the number of common stock upon Performance-linked share-based remuneration plan (Thousands of shares)	-	49

(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, 2024 and 2025 are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2024.

26. Dividends per share

Interim and year-end dividends to common shareholders are as follows.

For the year ended March 31, 2024

(1) Dividend payments

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 23, 2023 Ordinary General Meeting of Shareholders	Common stock	17,510	120	March 31, 2023	June 26, 2023	Retained earnings
October 26, 2023 Board of Directors Meeting	Common stock	18,531	130	September 30, 2023	November 24, 2023	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 21, 2024 Ordinary General Meeting of Shareholders	Common stock	18,388	130	March 31, 2024	June 24, 2024	Retained earnings

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

The amount of the dividends per share will be proposed as an agenda item at the Ordinary General Meeting of Shareholders scheduled for June 20, 2025.

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

(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, 2024	For the year ended March 31, 2025
Contracts for future capital expenditures not disclosed in the consolidated financial statements (Note)	29,293	54,973

(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, 2024	For the year ended March 31, 2025
Cancellation of treasury shares	51,286	26,338

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, 2024	For the year ended March 31, 2025
Basic remuneration	321	361
Bonuses	365	505
Share-based remuneration	77	238
Total	763	1,105

30. Significant subsidiaries

Significant subsidiaries are as follows.

Name	Description of major business	Location	Ratio of voting rights held (%)	
			As of March 31, 2024	As of March 31, 2025
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
Nitto Vietnam Co., Ltd.	Production, processing, and sales, Optronics business	Bac Ninh Vietnam	100.0 (100.0)	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 Hideo Takasaki, President, and Yasuhiro Iseyama, CFO on June 18, 2025.

32. Significant subsequent events

Not applicable.

KPMG

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, 2025, 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, 2025, 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 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, 2025, the Company recognized goodwill of ¥57,167 million. As	The primary procedures we performed to assess the appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH included the following:

described in Note 13, "Impairment of nonfinancial assets" to the consolidated financial statements, included therein was ¥46,869 million of goodwill allocated to Nitto Advanced Film Gronau GmbH (hereinafter "AFG"). An impairment loss of ¥3,298 million was recognized on goodwill allocated to AFG for the current fiscal year. 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.	**(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring impairment loss on nonfinancial assets related to the CGU to which goodwill is allocated. **(2) Assessment of the reasonableness of the estimated fair value less cost 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 cost 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 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

Satoshi Uchida

Designated Engagement Partner

Certified Public Accountant

Junichi Morimoto

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Osaka Office, Japan

June 27, 2025

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, 2025

	Q2 (Six months ended September 30, 2024)	Fiscal year ended March 31, 2025
Revenue (Millions of yen)	521,723	1,013,878
Profit before income taxes (Millions of yen)	108,932	185,329
Net profit attributable to owners of the parent company (Millions of yen)	79,975	137,237
Basic earnings per share (Yen)	113.92	195.74

(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 earnings per share are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2025.

2. Nonconsolidated Financial Statements and Notes

(1) Nonconsolidated financial statements

(i) Nonconsolidated balance sheet

(Millions of yen)

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	*1 52,233	*1 52,046
Short-term borrowings	*1 63,059	*1 19,155
Accounts payable - other	*1 46,143	*1 40,521
Accrued expenses	*1 11,118	*1 13,808
Income taxes payable	6,383	20,656
Deposits received	41,096	91,901
Other	*1 6,115	*1 6,805
Total current liabilities	226,150	244,895
Noncurrent liabilities		
Provision for retirement benefits	40,738	41,135
Guarantee deposits received	187	204
Other	164	614
Total noncurrent liabilities	41,090	41,953
Total liabilities	267,240	286,849
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 special depreciation	0	-
Reserve for tax purpose reduction entry of noncurrent assets	1,924	1,828
General reserve	185,000	185,000
Retained earnings brought forward	270,214	301,007
Total other retained earnings	457,140	487,835
Total retained earnings	461,235	491,930
Treasury shares	(23,246)	(31,734)
Total shareholders’ equity	515,254	537,461
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(35)	(276)
Total valuation and translation adjustments	(35)	(276)
Share acquisition rights	292	292
Total net assets	515,511	537,478
Total liabilities and net assets	782,752	824,328

(ii) Nonconsolidated statement of income

(Millions of yen)

	For the year ended March 31, 2024	For the year ended March 31, 2025
Net sales	[*1] 518,626	[*1] 598,416
Cost of sales	[*1] 322,064	[*1] 362,285
Gross profit	196,561	236,130
Selling, general and administrative expenses	[*2] 108,158	[*2] 114,116
Operating profit	88,403	122,014
Non-operating income		
Interest and dividend income	[*1] 12,802	[*1] 15,892
Miscellaneous income	[*1] 1,654	[*1] 2,739
Total non-operating income	14,457	18,631
Non-operating expenses		
Interest expenses	[*1] 3,055	[*1] 3,791
Foreign exchange losses	4,173	3,895
Provision of allowance for investment losses	-	693
Miscellaneous losses	[*1] 1,369	[*1] 1,218
Total non-operating expenses	8,599	9,599
Ordinary profit	94,261	131,046
Extraordinary profit		
Gain on sales of noncurrent assets	[*1] 5	[*1] 66
Gain on sales of investment securities	497	55
Gain on sales of shares of subsidiaries and affiliates	39	-
Gain on extinguishment of tie-in shares	843	-
Other	29	-
Total extraordinary profit	1,415	122
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	935	1,336
Loss on valuation of shares of subsidiaries and affiliates	-	6,026
Impairment losses	[*3] 641	[*3] 2,411
Loss on valuation of investment securities	41	374
Total extraordinary losses	1,617	10,148
Profit before income taxes	94,059	121,020
Income taxes - current	18,796	28,783
Income taxes - deferred	388	(2,761)
Total income taxes	19,184	26,022
Net profit	74,874	94,998

(iii) Nonconsolidated statement of changes in equity

For the year ended March 31, 2024

(Millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for special depreciation	Reserve for tax purpose reduction entry of noncurrent assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of the period	26,783	50,482	75	50,557	4,095	2	1,998	185,000	282,358	473,454
Changes during period										
Dividends from surplus									(36,041)	(36,041)
Reversal of reserve for special depreciation						(1)			1	-
Reserve for tax purpose reduction entry of noncurrent assets							(74)		74	-
Net profit									74,874	74,874
Purchase of treasury shares										
Disposal of treasury shares			32	32						
Cancellation of treasury shares			(51,160)	(51,160)						
Transfer from retained earnings to capital surplus			51,012	51,012					(51,052)	(51,052)
Net change in items other than shareholders' equity during the period										
Total changes in items during the period	-	-	(75)	(75)	-	(1)	(74)	-	(12,143)	(12,219)
Balance at the end of the period	26,783	50,482	-	50,482	4,095	0	1,924	185,000	270,214	461,235

	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	(27,615)	523,181	311	311	340	523,833
Changes during period						
Dividends from surplus		(36,041)				(36,041)
Reversal of reserve for special depreciation		-				-
Reserve for tax purpose reduction entry of noncurrent assets		-				-
Net profit		74,874				74,874
Purchase of treasury shares	(47,005)	(47,005)				(47,005)
Disposal of treasury shares	214	246			(47)	199
Cancellation of treasury shares	51,160	-				-
Transfer from retained earnings to capital surplus		-				-
Net change in items other than shareholders' equity during the period			(347)	(347)		(347)
Total changes in items during the period	4,368	(7,926)	(347)	(347)	(47)	(8,321)
Balance at the end of the period	(23,246)	515,254	(35)	(35)	292	515,511

For the year ended March 31, 2025

(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 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

[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, 2024 and 2025.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Property, plant and equipment	178,803	197,383
Intangible assets	9,457	8,423

2. Evaluation of recoverability of deferred tax assets

Amounts recorded on non-consolidated financial statements as of March 31, 2024 and 2025.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets	24,608	27,442

3. Evaluation of recoverability of shares of subsidiaries and affiliates

(1) Amounts recorded on nonconsolidated financial statements as of March 31, 2024 and 2025.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Shares of subsidiaries and affiliates	175,535	175,756

(2) Significant accounting estimates for identified items

Significant accounting estimates includes 56,590 million yen in shares of Nitto Advanced Film Gronau GmbH.

In the valuation of shares of subsidiaries and affiliates that do not have market prices, if the net asset value of the shares declines significantly due to a deterioration in the financial condition of the issuing company, the impairment loss is accounted for by reducing the value of the shares by an equivalent amount, unless a recoverability is supported by sufficient evidence. In determining recoverability, the Company makes a reasonable estimate of the future net asset value of the shares based on the business plans of the subsidiaries or affiliate and examines whether the net asset value will recover to the acquisition price within approximately five years. Such estimates may be affected by 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, 2024 and 2025.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Defined benefit asset	7,554	7,617
Provision for retirement benefits	40,738	41,135

(2) Significant accounting estimates for identified items

Refer to “Significant accounting policies, 5. Accounting policy for allowances and provisions, (4) Provision for retirement benefits.”

Nonconsolidated balance sheet

*1 Receivables and payables related to subsidiaries and affiliates (excluding those separately presented)

	As of March 31, 2024	As of March 31, 2025
Short-term receivables	92,366 million yen	92,923 million yen
Long-term receivables	26,244	21,852
Short-term payables	114,123	121,150

Nonconsolidated statement of income

*1 Transactions with subsidiaries and affiliates

	For the year ended March 31, 2024	For the year ended March 31, 2025
Amount from operating transactions		
Sales	411,257 million yen	488,083 million yen
Purchases	38,598	52,400
Amount from transactions other than operating transactions	16,318	20,126

*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, 2024 and 2025 is approximately 20% and 20%, respectively.

	For the year ended March 31, 2024	For the year ended March 31, 2025
Freight expenses	9,272 million yen	9,572 million yen
Employees' salaries and bonuses	23,030	25,514
Retirement benefit expenses	2,715	2,156
Outsourcing expenses	12,862	13,159
Material costs for prototypes	7,477	8,829
Various fees	8,620	9,286
Investigation and research outsourcing expenses	10,368	9,824
Depreciation	7,542	7,584

*3. Impairment losses

For the year ended March 31, 2024

Since there is no important matter for the year ended March 31, 2024, a description is omitted.

For the year ended March 31, 2025

Impairment losses were 2,411 million yen, which are included in "Extraordinary losses."

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 1,383 million yen on Machinery and equipment, etc in Japan. Accordingly, the carrying amount was reduced to the recoverable amount of zero. The recoverable amount is measured based on the net sales value.

Securities

As of March 31, 2024

Shares of subsidiaries and affiliates in the balance sheet amount of 175,535 million yen are not stated because they represent stocks and other securities with no market price.

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.

Tax effect accounting

1. Main causes of recognizing deferred tax assets and deferred tax liabilities

	As of March 31, 2024	As of March 31, 2025
Tax effect accounting		
Accrued bonuses	2,519 million yen	3,243 million yen
Inventory valuation loss	454	492
Accounts payable - other	325	354
Enterprise tax payable	601	1,286
Accrued expenses	337	314
Provision for retirement benefits	10,046	10,450
Over depreciation	7,276	7,273
Noncurrent assets impairment losses	964	812
Loss on valuation of shares of subsidiaries and affiliates	7,844	9,653
Valuation difference on available-for-sale securities	47	119
Others	2,758	4,051
Subtotal of deferred tax assets	33,176	38,051
Valuation allowance	(7,731)	(9,781)
Total deferred tax assets	25,444	28,270
Deferred tax liabilities		
Reserve for special depreciation	0	-
Reserve for advanced depreciation of noncurrent assets	835	828
Total deferred tax liabilities	836	828
Net deferred tax assets	24,608	27,442

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, 2024	As of March 31, 2025
Statutory effective tax rate	30.3%	30.3%
Adjustments		
Entertainment expenses and other expenses not permanently deductible for tax purposes	0.7	0.6
Dividend income and other income not permanently deductible for tax purposes	(1.6)	(1.6)
Foreign tax credit	(0.4)	(0.5)
Foreign dividend income not permanently deductible for tax purposes	(2.2)	(2.1)
Tax credits on research and development costs	(6.3)	(6.3)
Valuation allowance	0.0	1.4
Adjustment of year-end deferred tax assets due to the change in tax rate	0.0	(0.5)
Others	(0.1)	0.2
Actual effective tax rate after application of deferred tax accounting	20.4	21.5

3. Adjustment of deferred tax assets and liabilities due to the change in tax rate

"The Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted by the Diet on March 31, 2025, and corporate tax rate and related taxes will be increased for fiscal years beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate used to calculate deferred tax assets and liabilities will be increased from 30.3% to 31.2% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026.

As a result of this tax rate change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) increased by 572 million yen and income taxes-deferred decreased by 568 million yen.

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	76,922	14,863	535 (485)	6,859	84,391	137,564
	Structures	4,609	1,294	373 (8)	598	4,932	12,303
	Machinery and equipment	63,004	30,397	1,717 (1,571)	17,900	73,784	322,981
	Vehicles	470	242	- (-)	174	538	1,712
	Tools, furniture and fixtures	6,151	2,304	193 (105)	1,630	6,632	19,438
	Land	13,772	-	-	-	13,772	-
	Construction in progress	13,873	48,465	49,005 (147)	-	13,332	-
	Total	178,803	97,568	51,824 (2,318)	27,162	197,383	494,000
Intangible assets	Software	7,624	3,322	15 (15)	3,320	7,611	31,289
	Others	1,832	2,432	3,399 (77)	53	812	2,593
	Total	9,457	5,754	3,415 (92)	3,373	8,423	33,883

(Notes) 1. Major factors in “Increase during current year” are as follows.

Buildings	・・・・・	Tohoku Plant	4,018 million yen	Onomichi Plant	3,733 million yen
		Toyohashi Plant	2,924 million yen		
Machinery and equipment	・・・・・	Kameyama Plant	8,493 million yen	Toyohashi Plant	7,780 million yen
		Shiga Plant	6,570 million yen		
Construction in progress	・・・・・	Kameyama Plant	11,698 million yen	Shiga Plant	11,148 million yen
		Toyohashi Plant	10,659 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	421	-	98	323
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 (159th term)	April 1, 2023 through March 31, 2024	June 21, 2024 Filed with the Director-General of the Kanto Local Finance Bureau
(2)	Internal Control Report and documents attached thereto			June 21, 2024 Filed with the Director-General of the Kanto Local Finance Bureau
(3)	Extraordinary Report			June 21, 2024 Filed with the Director-General of the Kanto Local Finance Bureau

The Extraordinary Report is pursuant to Article 19, Paragraph 2, Item 2 of the Cabinet Office Order on Disclosure of Corporate Affairs.

(4)	Extraordinary Report			June 26, 2024 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.

(5)	Amendment Report for Annual Securities Report and Confirmation Letter thereof			July 5, 2024 Filed with the Director-General of the Kanto Local Finance Bureau

Amendment Report for the Annual Securities Report submitted on June 21, 2024.

(6)	Semi-Annual Securities Report and Confirmation Letter thereof	(During the 160th term)	April 1, 2024 through September 30, 2024	October 30, 2024 Filed with the Director-General of the Kanto Local Finance Bureau
(7)	Share Buyback Report		January 1, 2025 through January 31, 2025	February 13, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(8)	Share Buyback Report		February 1, 2025 through February 28, 2025	March 13, 2025 Filed with the Director-General of the Kanto Local Finance Bureau

(9) Share Buyback Report	March 1, 2025 through March 31, 2025	April 11, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(10) Share Buyback Report	April 1, 2025 through April 30, 2025	May 13, 2025 Filed with the Director-General of the Kanto Local Finance Bureau
(11) Share Buyback Report	May 1, 2025 through May 31, 2025	June 12, 2025 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 18, 2025

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

Satoshi Uchida
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, 2025, 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, 2025, 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 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.

<table>
<tr><td colspan="2">Appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>In the consolidated statement of financial position as of March 31, 2025, the Company recognized goodwill of ¥57,167 million. As described in Note 13, “Impairment of nonfinancial assets” to the consolidated financial statements, included therein was ¥46,869 million of goodwill allocated to Nitto Advanced Film Gronau GmbH (hereinafter “AFG”). An impairment loss of ¥3,298 million was recognized on goodwill allocated to AFG for the current fiscal year.
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.</td><td>The primary procedures we performed to assess the appropriateness of the valuation of goodwill allocated to Nitto Advanced Film Gronau GmbH 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 impairment loss on nonfinancial assets related to the CGU to which goodwill is allocated.

(2) Assessment of the reasonableness of the estimated fair value less cost 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 cost 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 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.</td></tr>
</table>

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, 2025, 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, 2025, 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 internal control report 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 18, 2025
[Company Name]	Nitto Denko Kabushiki Kaisha
[Company Name in English]	NITTO DENKO CORPORATION
[Title and Name of Representative]	Hideo Takasaki, 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. Hideo Takasaki, 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, 2025. 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 of the scale of business activities at each business unit because we were general manufacturing consolidated companies with multiple businesses. 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, 2025.

4. Supplementary Matters
   Not applicable.

5. Special Notes
   Not applicable.