

Nitto Group Integrated Report  
2025



# Corporate Philosophy



The Nitto Group's Corporate Philosophy is comprised of three elements: our corporate Mission, our Vision which aligns our way of thinking in attaining our Mission, and the Nitto Way, which is the set of values we practice.

## Mission

### Contribute to customers' value creation with innovative ideas

We at the Nitto Group relentlessly pursue products, systems, and ideas that customers find valuable.

Our Mission is to deliver safety, prosperity, comfort, and affluence not only to customers whom we contact directly but also to every stakeholder.

## Vision

### Creating Wonders

In order to achieve our Mission to "Contribute to customers' value creation with innovative ideas' as one team, all Nitto Group employees around the world must hold the same vision, which is "Creating Wonders."

Each and every employee is challenging themselves to wonder and inspire the world; in other words, we endeavor to create wonders in our everyday work and generate the power to change the world in many different domains.

## The Nitto Way

The Nitto Way is a set of values that every Nitto employee is expected to practice to achieve Nitto's Vision for the future.

All Nitto Group employees should understand "The Nitto Way" and work vigorously, with attention to physical safety and mental well-being, to realize our "Mission" and "Vision."

#### Safety

Place safety before everything else.

#### Sustainability

Prioritize being in harmony with society and nature to realize a sustainable future.

#### Diversity & human rights

Value integrity and modesty, as well as respect the diversity and rights of all people.

#### Customer

Amaze and inspire our customers by serving the global environment, humankind, and society as our customers as well.

#### Anticipation of change

Go where the action is to refine our ability to anticipate and leverage change.

#### Challenge

Continue to take on challenges without fearing failure.

#### Sanshin Activities

Create innovation through *Sanshin* Activities.

#### Niche Top

Create Niche Top products all over the world as One-Nitto.

#### Speed and perfection

Act promptly and get things done through teamwork.

#### Corporate culture

Act according to an "open, fair, and best" approach.

#### Personal development

Transform ourselves through personal-development. Individual development leads to growth of the team.

#### Sense of ownership

Act with a sense of ownership.

# Contents

## Introduction

- 1 Corporate Philosophy
- 2 Contents
- 3 Footsteps of the Nitto Group

## Vision

- 4 Top Message
- 10 Nitto Group's Management Strategy
- 11 Value Creation Process
- 12 Innovation Model
- 13 Essential Nitto Products
- 15 Capital That We Leverage
- 16 Material Issues for Sustainability

## Strategy & Performance

- 18 Nitto Group's Financial Strategy as per the Chief Financial Officer
- 21 Progress in the Mid-Term Management Plan
- 23 **Round-Table Talk** Niche Top Strategy Sustaining Growth
- 25 Nitto Group's R&D Strategy as per the Chief Technology Officer
- 29 Intellectual Property Strategy
- 30 Summary of Results by Segment
- 31 Business Strategies by Segment
- 37 Environmental Initiatives/Realizing a Decarbonized Society
- 39 Realizing a Circular Society/Conserving Biodiversity
- 40 Disclosure based on TCFD Recommendations
- 41 Safe Manufacturing
- 43 Nitto Group's Human Resource Strategy as per the Chief Human Resource Officer
- 46 Empowering Diverse Employees
- 49 **Round-Table Talk** Increasing Employee Engagement and Beyond
- 51 Upholding and Respecting Human Rights
- 52 Building Resilient Supply Chains

## Governance

- 53 A Dialogue Between Directors
- 57 Directors and Auditors
- 61 Vice Presidents
- 62 Enhancing Management Security

## Data Section

- 69 Highlights
- 71 Business Results: 10-Year Summary
- 73 Consolidated Financial Statements
- 75 Shareholder/Stock Information

### Editing Policy

It is with great pleasure that we publish this Integrated Report of the Nitto Group to inform our stakeholders of what we are doing to "simultaneously solve social issues and create economic value."

Described in this report are the past, present, and future of the Nitto Group — how it has grown to what it is today and how we will go about co-creating value into the future — which we hope will give you an overall picture of the Group. Please refer to our corporate website for more details and relevant information.

This report is available in Japanese and English and can be found on our corporate website.

### Scope

This report covers the business activities of 93 companies including Nitto Denko Corporation and its 88 subsidiaries and 4 affiliates, as of March 31, 2025.

### Time Period

Fiscal 2024 (April 1, 2024–March 31, 2025)

Some performance figures and activities from periods other than the above are also included.

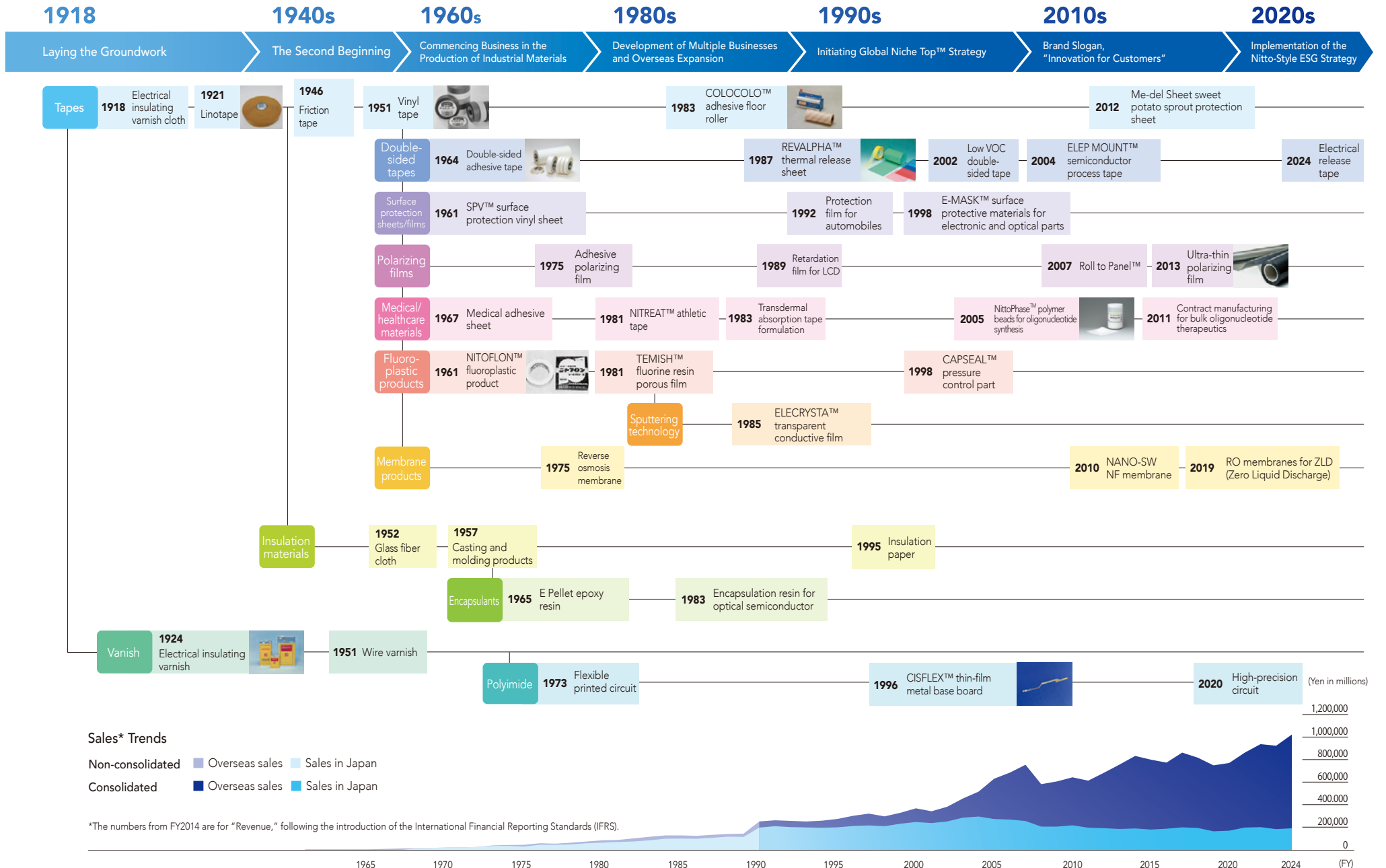
### Reference Guidelines

This report has been prepared with reference to the following guidelines:

- Global Reporting Initiative (GRI) Standards by the Global Reporting Initiative  
GRI Content Index: <https://www.nitto.com/jp/en/sustainability/gri/>
- International Integrated Reporting Framework by the IFRS Foundation
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0



# Footsteps of the Nitto Group





# Top Message



## Creating “Essential” Value to Achieve the 2030 Ideal State with the Aim of Simultaneously Solving Social Issues and Creating Economic Value

In fiscal 2024, the Nitto Group set a new all-time high profit for the first time in two years. In fiscal 2025, the final year of the ongoing mid-term management plan, Nitto for Everyone 2025, we are focused on achieving all financial and future-financial targets. Guided by our 2030 Ideal State, we will continue to pursue the Niche Top Strategy and Nitto-Style ESG Strategy to create “essential” value, regardless of changes in the external environment, in our pursuit of simultaneously solving social issues and creating economic value.

A handwritten signature in black ink, appearing to read 'H. Takasaki'.

Hideo Takasaki  
Representative Director, President  
CEO, COO



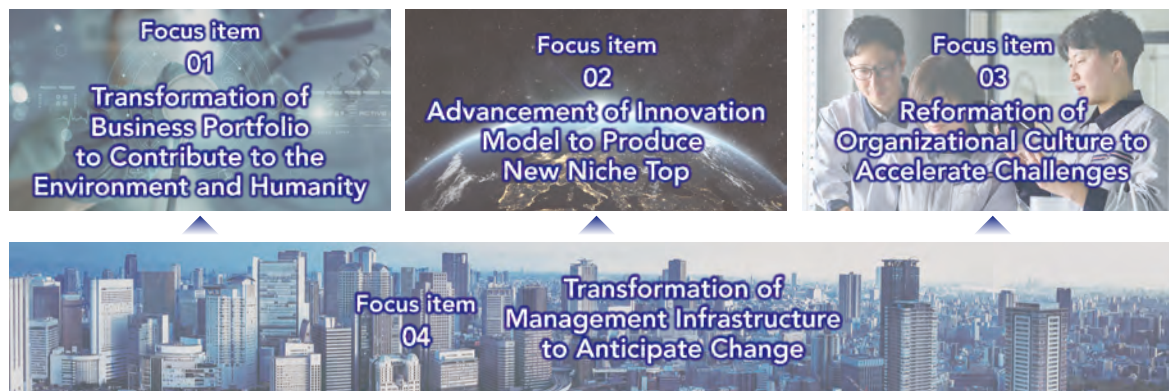
## Achieving One Trillion Yen in Revenue While Maintaining High Profitability

In fiscal 2024, the Nitto Group reported new record highs in operating profit and the operating profit to revenue ratio. In addition, our revenue exceeded the 1 trillion yen mark for the first time. This accomplishment is especially commendable, as we achieved revenue growth while maintaining a high operating margin—a key priority for us—in a rapidly changing and uncertain global market.

One of the reasons behind this impressive operating profit growth is that our Niche Top products drove performance in the two segments of Industrial Tape and Optronics by capturing three key changes in the electronics market and beyond.

The first change is the expansion of the market. Optical film sales grew due to the increase in the size of automotive displays and the number of installations. Additionally, the rapid spread of generative AI stimulated storage demand for data centers, which in turn boosted sales of precision circuit substrates for high-capacity HDDs. The demand for high-precision circuits also rose due to the increased production of high-end smartphones. The second change is the increase in the number of models using our products. For high-end smartphones, in addition to assembly materials, sales of battery bonding electrical release tapes grew supported by the movement among EU member states to legislate the “right to repair” as part of efforts to build a resource-circulating society. The third change is the recovery of final demand. Demand for optical films used in high-end notebook computers and tablets, as well as process materials for semiconductor memories and ceramic capacitors, returned to a recovery track, though still below peak levels.

## To attain the 2030 Ideal State, i.e., an “essential top ESG company” Implementing Our Niche Top Strategy and ESG Strategy



For the Human Life segment, on the other hand, we reported an operating loss for the second consecutive year in fiscal 2024. The mainstay of the oligonucleotide contract manufacturing business faced challenges due to the slower-than-expected growth of the oligonucleotide therapeutics market. However, sales are expected to increase in fiscal 2025, driven by the anticipated receipt of commercial drug-related orders. With the oligonucleotide contract manufacturing market projected to grow by 20% annually through 2030, the Nitto Group is making up-front investments in anticipation of continued market expansion. By capturing rising demand as the number of clinical cases increases and sales of commercial drugs for major diseases expand, we aim to further grow the business and improve its profitability. We are also working to increase profitability of membranes (high-polymer separation membrane) and personal care materials. For example, while our membrane products have traditionally focused on seawater desalination, we are currently promoting products that help

eliminate wastewater and effluents, which offer even higher added value. The tightening of wastewater regulations outside of Japan is expected to drive demand further. Looking ahead, we are envisioning a circular process in which CO<sub>2</sub>, hydrogen, and other gases are separated, collected, stored, and converted into valuable resources. For the Nitto Group to build a better-balanced business portfolio, we believe it is critical to strengthen the Human Life business. The products and services offered in this segment typically have longer life cycles than other segments and it takes time to bring each business onto a stable growth trajectory. Nonetheless, we will continue making steady efforts from a mid- to long-term perspective.

In fiscal 2025, although the market environment surrounding the Nitto Group is expected to be even more uncertain, we will unite the Group’s collective strength to fulfill all financial and future-financial targets outlined in the mid-term management plan.

## Further Enhancing Innovation and Transformation of Business Portfolio with the Niche Top Strategy and Nitto-Style ESG Strategy

The Nitto Group aims to become an “essential top ESG company that continually brings amazement and inspiration as a Niche Top creator” by 2030. Backcasted from this future vision, the current mid-term management plan, Nitto for Everyone 2025, takes a dual approach by implementing the Niche Top Strategy and Nitto-Style ESG Strategy in an integrated manner.

With the Niche Top Strategy, we pursue “essential” value in each product category to secure a leading market share, while the ESG Strategy places ESG at the core of our management, driving business activities aimed at addressing challenges related to the global environment and human society. To put these strategies into practice, we have narrowed our new R&D subjects to those that meet the standards of the PlanetFlags/HumanFlags scheme, which certifies products that make exceptionally high contributions to the environment and/or human life, with no exceptions to this policy. By advancing these two strategies, we hope to see more Nitto offerings recognized as PlanetFlags/HumanFlags and Global Niche Top™ or Area Niche Top™ products (double recognized products), enabling us to simultaneously solve social issues and create economic value.

Under the mid-term management plan, we are leveraging the strong cash-generating capacity of our Niche Top products to proactively invest resources in transforming our business portfolio for future growth. We plan to spend a total of 300.0 billion yen for capital investments, including decarbonization investments, over the three years from fiscal 2023 to fiscal 2025, as originally planned. This is approximately double the amount spent during the previous three-year period from fiscal 2020 to fiscal 2022. With this, we aim to proactively invest in “things that will grow,” such as semiconductors, automobiles, displays, HDDs, oligonucleotide therapeutics, membranes, and hygiene

materials, all areas expected to undergo market expansion and other changes, with the aim of creating the next wave of “essential” value.

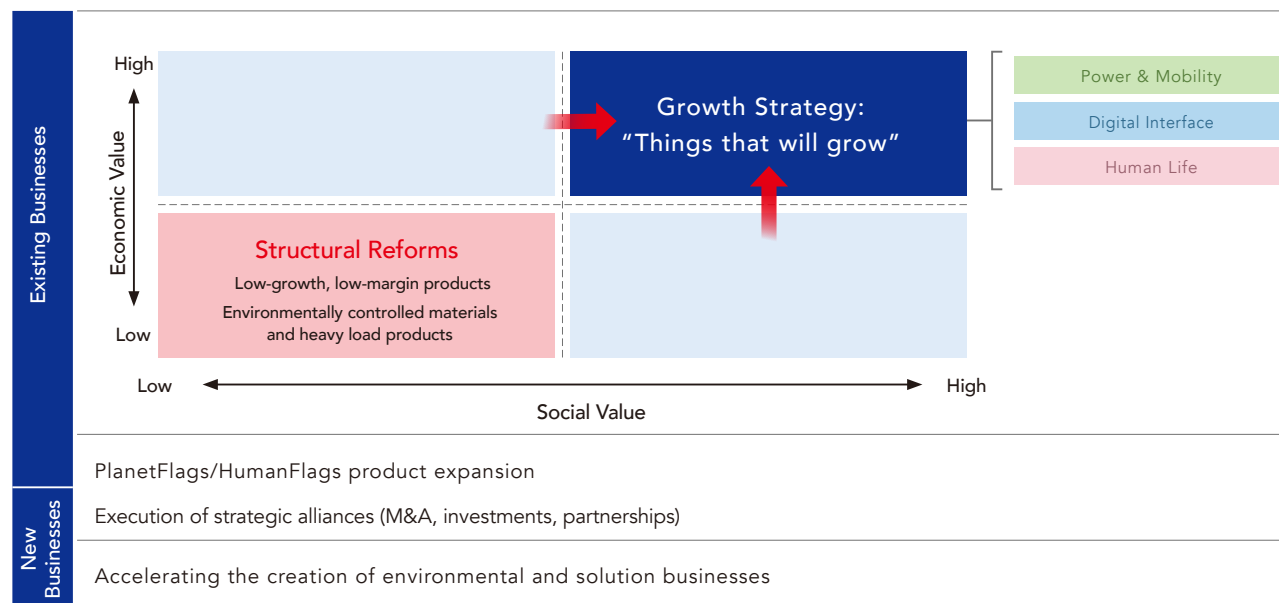
At the same time, we are streamlining products whose growth has slowed or profitability has declined due to changes in the business environment, as well as those that contain substances subject to environmental regulations or have a high environmental impact. Many of our existing products remain not very profitable because they still follow outdated approaches. I believe the worst course of action is procrastination, so I make bold decisions without delay, such as whether to transfer a business or discontinue production.

Meanwhile, we will carry forward the unique experience and knowledge cultivated in such businesses into new fields.

As described above, we will continue making proactive investments in growth areas and streamline products based on their growth potential, profitability, and eco-friendliness. In doing so, we will steadily advance our business portfolio transformation to generate high profits and build a robust business foundation that enables us to make greater contributions to society.

▶ P.21–22 Progress in The Mid-Term Management Plan

## Focused investment in things that will grow and reliable implementation of structural reforms





## Nitto-Style Innovation Model Giving Birth to Niche Top Products and PlanetFlags/ HumanFlags Products

The Nitto-Style Innovation Model likens the process from idea generation to commercialization to a series of transitions—"0→1," "1→10," and "10→100"—each representing a critical phase of development and scaling. In each transitional phase, we have programs in place to facilitate innovation. For instance, in the first phase between "0 (Idea)" and "1 (Theme)," we hold the Nitto Innovation Challenge (NIC), an annual convention that invites all employees to submit ideas for new businesses. In the "1 to 10 (Product)" phase, we enhance the quality and speed of project development by promoting internal convergence through Group-wide initiatives and other means. Finally, during the transition from "10" to "100 (Business)," the most outstanding cases of *Sanshin* Activities are recognized at the annual Global *Sanshin*



Competition, a great opportunity for sales personnel to learn from one another's approaches. In fiscal 2024, over 100 persons gathered from across the Group to participate.

Among these programs, the NIC is considered to be particularly unique. Kicking off in 2020, NIC received over 1,000 innovative ideas for new businesses and products from around the world in its first year. Although the number of entries declined year-on-year in its second and third years, it began to grow again in the fourth and fifth years, reaching over 1,500 in 2024.

In the selection process, meaningful ideas deemed worthy of continued examination are narrowed down to around six entries. To prepare for the final screening, an internal expert familiar with each idea is assigned as a buddy to help refine it. Members of our management team, including myself, serve on the final screening panel, which often leads to lively discussions. At the screening venue, panel members are given blue and yellow sticks for voting after judging: blue indicates interest in pursuing the subject, while yellow suggests the subject needs further development before advancing to the next stage. If a blue stick is raised, the business division that raised it takes responsibility for developing the project. If a yellow stick is raised, the idea is developed by the divisions related to its theme. Even if no stick is raised, the proposer may continue refining the idea and submit it to NIC again in the following year.

Each of the ideas submitted to NIC receives feedback, allowing applicants to learn from it and try again the following year. NIC plays a major role in Nitto's innovation, serving as a mechanism to support the formation of ideas into projects and to enhance employee motivation and engagement.

▶ P.12 Innovation Model

## Innovation Made Possible by the Strong Customer Base

In driving innovation, we utilize the Nitto Group's six kinds of capital: a strong customer base, diverse employees, eight core technologies, a healthy financial base, safe and quality manufacturing, and the sustainable use of resources. Among these six, the one that supports every stage, from project formation to productization and commercialization, is our strong customer base.

If we look back on the history of our business, we see that the trust built with customers has evolved into critical value. Whenever a customer with a leading position in their industry embarks on a new innovation, Nitto is always their first call. This allows us to work with customers early in their product life cycles and to shape their needs into tangible solutions. It is also a valuable opportunity for us to introduce the latest technologies and functions that Nitto has refined, often in ways no other company can replicate, with close collaboration among our sales, marketing, and engineering teams, allowing us to precisely comprehend our customers' intentions.

Let me use our smartphone-related products as an example. We began by supplying polarizing films and sensor films, followed by printed circuit boards. Then, in 2024, we began selling battery bonding electrical release tape. As each of these businesses connects to form the total solutions we offer, we continue to build customer trust.

With the expansion of "right to repair," this electrical release tape has great potential to become the next Global Niche Top™ product, as further needs are anticipated. It has been about ten years since electrical release technology first caught my attention. Back then, it was still a "hidden gem" among customers, but I volunteered to pitch what I believed was an innovative technology, saying, "There will come a time when

this technology will be in great demand. Wouldn't you join me?" Needless to say, not every fledgling business follows the path we hope it will. Yet somewhere, at some point, change is always underway. I make it a daily principle to go bold in allocating management resources when I sense that the time is right, and I see it as my role to lead in making those important decisions.

## Celebrating Failure as a Badge of Courage— Building a Culture Where Employees Enjoy Taking on Challenges

Believing that human resources are the single most important asset for the Nitto Group to sustain its growth, we are making continuous efforts to build an organization that empowers diverse individuals and fosters lasting satisfaction. What we value most is cultivating a corporate culture where employees "enjoy taking on challenges," and we consistently tell them, "It is perfectly fine to fail, as failure is the badge of having challenged yourself." It is far more valuable to have experienced failure than never to have tried, and I place greater value on "those who challenged themselves but failed" than on "those who achieved results without taking risks." For example, if you play ten games, ideally you should have seven wins and three losses. Knowing how to "lose" in different ways and overcome those challenges helps build the kind of business insight needed to become a future leader.

To foster this culture of "enjoying taking on challenges" and enhance the value of the Nitto brand, the Nitto Group sponsors professional sports events. Since 2017, Nitto has been the title partner of the Nitto ATP Finals, the season-ending championship for men's tennis players, especially popular in Europe and China. We believe that the spirit of striving for the top in our business aligns with the passion of world-class athletes competing at the highest level. At the Nitto ATP Finals,

we also carry out social programs to support children in their efforts to shape their future. We invite children battling illness to watch the matches and support global organizations that help children through fundraising by Nitto Group employees.

In 2023, Nitto launched the Nitto ATP Finals Torino Green Project with the aim of reducing CO<sub>2</sub> emissions in Turin, the host city of the tournament. The project raises funds through charity auctions and donations to support afforestation initiatives in the city, such as planting trees in a park near Inalpi Arena, the venue of the Nitto ATP Finals.

▶ P.46–48 Empowering Diverse Employees

## Taking Leadership in Building Environmentally-Responsive Supply Chains

In 2018, as we celebrated the 100th anniversary of our founding, the Nitto Group resolved to become a company that contributes to the global environment and human life for the next century. This commitment led to the adoption of our new policy of "placing ESG at the core of management" in fiscal 2021. We are also allocating our resources toward environmental initiatives, which resulted in our obtaining the international initiative Science Based Targets (SBT) certification in August 2024. In addition to our Scope 1+2 GHG (CO<sub>2</sub>) emission reduction target of 46.3% by 2030 from 2020 levels, we have also set a Scope 3 reduction target of 25% from 2022. Our ultimate goal is to reduce environmental impact to zero across the supply chain, as well as within the Group. We are ready to take the lead in pursuing this ambitious goal and will accelerate efforts designed to realize a decarbonized society in collaboration with customers and suppliers.

At the 29th United Nations Climate Change Conference (COP29) held in Azerbaijan in November 2024, Nitto was selected as an exhibitor at the Japan Pavilion organized by the Ministry of the Environment, Japan. There, we showcased our unique technologies related to CO<sub>2</sub> separation, capture, fixed conversion, and utilization. I am delighted to share that many visitors stopped by our booth every day and showed strong interest in these technologies. We will remain focused on achieving negative emissions through two main approaches: reducing CO<sub>2</sub> emissions by capturing CO<sub>2</sub> emitted from factories using membrane products for storage, fixation, or conversion into valuable resources, and developing technologies to capture CO<sub>2</sub> directly from the atmosphere.

▶ P.37–38 Realizing a Decarbonized Society



## Building a Resilient Management Infrastructure

The Nitto Group supplies Niche Top products that hold a leading share in global markets, which places on us the responsibility to ensure both uninterrupted and stable delivery. To strengthen our supply chains, we are proactively addressing potential risks, including geopolitical risks, chemical substance regulations, and climate change. Also, to ensure our customers receive only the highest-quality products, we conduct quality awareness surveys and *Kuruma-za* related to product quality for all employees. We also include quality compliance in the agenda for the Global Conference, which brings together senior executives from Group companies around the world, thereby reinforcing quality compliance. In parallel, we are pursuing business reform and business model transformation

by implementing initiatives that leverage AI and other digital technologies, prioritizing them based on return on investment.

Our top priority has always been, and will continue to be, employee safety. Guided by the policy of “placing safety before everything else,” we are working toward our ultimate goal of reducing all occupational accidents and injuries to zero. I am pleased to say that this safety-first mindset is deeply ingrained in our employees. We will remain committed to eliminating “critical accidents,” which may result in death or permanent disability, and “serious accidents,” which could lead to critical outcomes. Our goal is to create a workplace environment where employees can carry out their duties safely and with peace of mind.

Through the continued implementation of these initiatives, we will build a robust management infrastructure that supports sustainable business growth.

## Enhancing Nitto Group’s Corporate Value

The primary duty of top executive is to increase our company’s corporate value in a sustainable manner. For this to happen, I believe it is crucial that all Nitto products proudly stand high as PlanetFlags/HumanFlags within their respective categories and evolve into Global Niche Top™ or Area Niche Top™ products. In other words, we aim to continue generating high profits by simultaneously solving social issues and creating economic value. In fiscal 2025, while putting the finishing touches on the current mid-term management plan, Nitto for Everyone 2025, we will also begin formulating the next mid-term management plan with the 2030 ideal state in view.

The Nitto Group will continue taking on new challenges to sustainably enhance its corporate value and remain a company that brings happiness to its stakeholders. We sincerely appreciate the continued support and understanding of all our stakeholders.

### The 2030 Ideal State





# Nitto Group's Management Strategy

Nitto Group's Mission

Corporate Philosophy (Mission)

Contribute to customers' value creation with innovative ideas

Basic Approach to ESG Management

Basic Policy on Sustainability

Simultaneously solving social issues and creating economic value

The Nitto Group keeps challenging itself to realize a sustainable future and support well-being for everyone by serving the global environment, humankind, and society as our customers.

Nitto Group's Long-Term Targets

The 2030 Ideal State

An "essential top ESG company" that continually brings amazement and inspiration as a Niche Top creator

Material Issues for Sustainability

Ten material issues identified to solve social issues

Issues with ESG management

Products Contributing to the Environment and/or Human Life



Innovation Model

Niche Top Strategy

A strategy for capturing the leading share based on a thorough analysis of evolving and growing markets

In accordance with its Mission, "Contribute to customers' value creation with innovative ideas," and with the strong determination to place ESG at the core of its management, the Nitto Group has clearly stated in its Basic Policy on Sustainability that it will "simultaneously solve social issues and create economic value" through business activities.

To this end, we aim to be an "essential top ESG company that continually brings amazement and inspiration as a Niche Top creator" by 2030. To achieve this long-term target, we need to bridge the gap with our current position. To that end, determining risks and opportunities as we promote ESG management, we have identified high-priority issues for the Nitto Group, the environment, and society in the form of "material issues for sustainability."

One of the key approaches to solving these issues is the Nitto-style Innovation Model. In the three focus domains of "Power & Mobility," "Digital Interface," and "Human Life," we aim to create PlanetFlags/HumanFlags and achieve sustainable growth and high profitability by differentiating ourselves through the *Sanshin* Activities and Niche Top Strategy. This reflects our aspiration to be a company essential not only to the global environment and human society, but also to our customers and the industries we serve. By developing double recognized products, we will continue to create value as an "essential top ESG company."

As an action plan to realize the 2030 Ideal State, in fiscal 2023, we kicked off a mid-term management plan, Nitto for Everyone 2025. As we set financial targets to prioritize profitability and future-financial targets to promote ESG management, we are working on the four focus items driven by a strong desire to convert future-financial into financial and corporate value.

The Nitto Group will aim to realize a sustainable global environment and enriched human society by creating "essential" value for the world.

Three-Year Action Plan

Mid-Term Management Plan, "Nitto for Everyone 2025"

Implementing Our Niche Top Strategy and Nitto-Style ESG Strategy

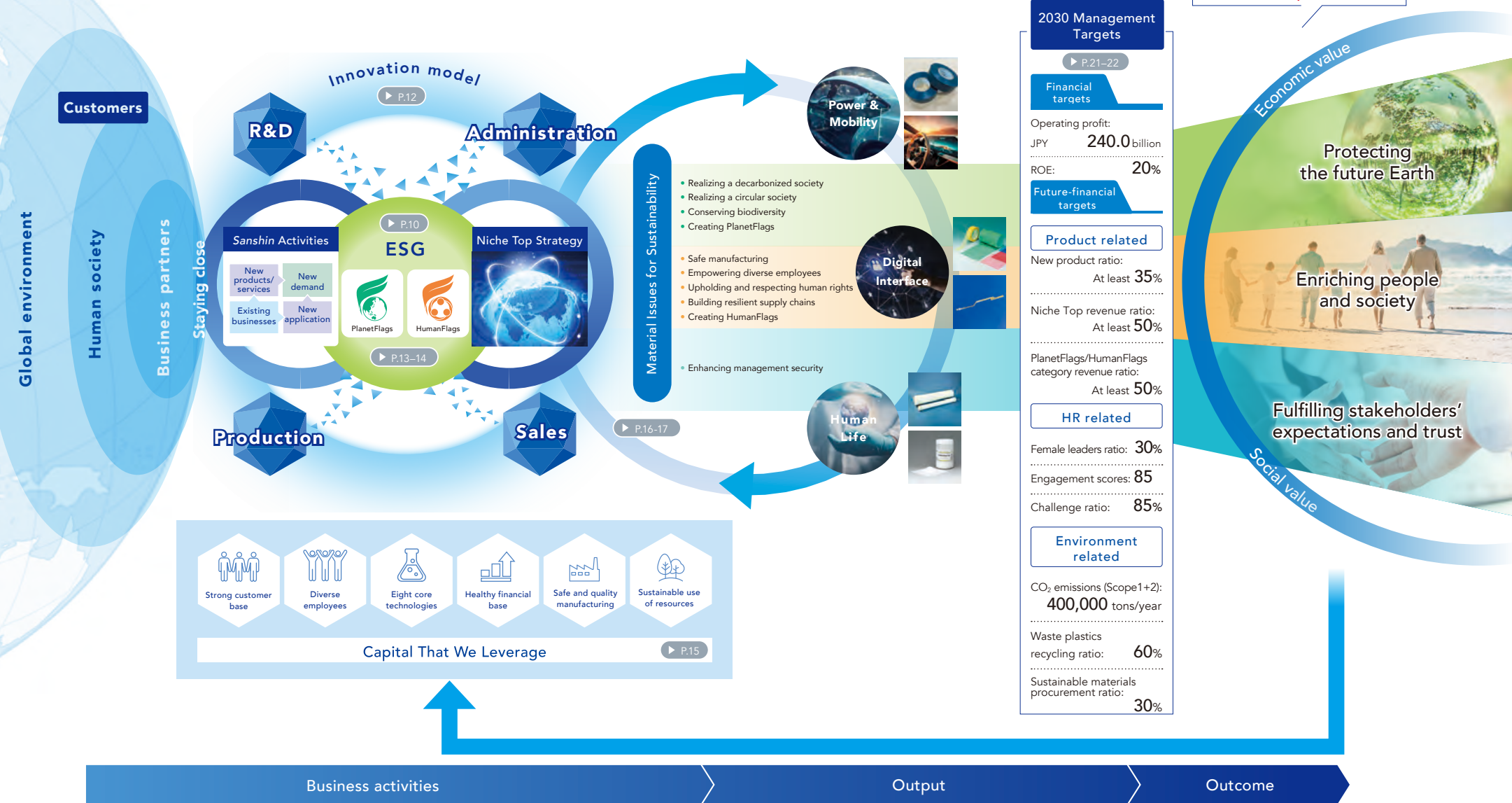
(Financial and future-financial targets are set as management targets)





# Value Creation Process

Intending to be a Niche Top creator, the Nitto Group seeks to become an “essential top ESG company” that continually brings amazement and inspiration. With R&D, Production, Sales, and Administration working as one, we never cease to create innovative and broad values through customer-oriented approaches and unique business models.



# Innovation Model

The Nitto-Style Innovation Model allows us to repeatedly verify hypotheses until we are convinced of our path to victory, enabling us to develop ideas into profitable businesses seamlessly.

By guiding us to create a number of PlanetFlags/HumanFlags products as we pursue the Niche Top Strategy, it enables the Nitto Group to achieve sustainable growth.

In each phase of this innovation process, we capitalize on our unique assets to take original approaches to promote innovation.



## Challenge and Diversity

In this phase, no new project themes are embarked on unless they look promising to be future PlanetFlags/HumanFlags products. In the three focus domains where the Nitto Group's strengths can be fully leveraged, employees take on challenges to generate ideas, which are subject to prompt hypothesis testing. Ones that are judged to offer promise will move on to the next phase to start a project.

## Perfection + Speed

By integrating the eight core technologies and a pool of knowledge into promising project themes, new businesses and technologies are developed through collaboration across R&D, Production, Sales, and Administration. In addition to promoting the utilization of intellectual property aimed at expanding revenue, perfection and speed are enhanced through convergence approaches, including strategic alliances, rather than in-house resources alone.

## Ability to Get Things Done

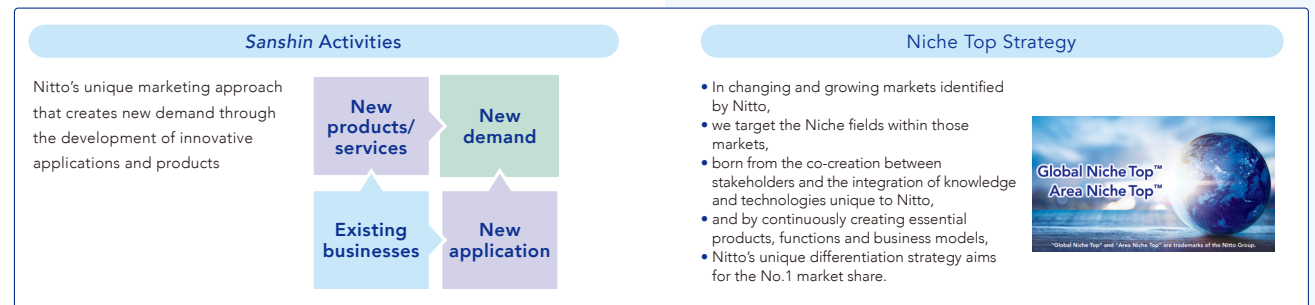
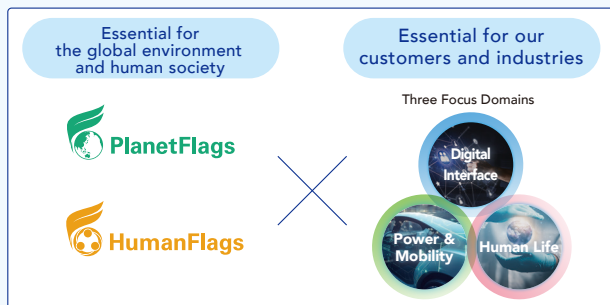
Through pursuing differentiation unique to Nitto, which is made possible by the Niche Top Strategy, we deliver essential products and services that meet the diverse preferences of our customers. It is this ability to get things done that enables Nitto to earn the trust and expectations of our valued customers. By commending employees for their efforts and achievements in the fields, we encourage them to take on challenges, which in turn will produce a chain of new ideas and project themes.

### Programs that Underpin Innovation

- **Technology Kuruma-za:** Executives from the corporate technology division gather to discuss technology strategy.
- **R&D Innovation Networking Conference (RINC):** R&D themes are widely shared from top management to the field in the early stages to accelerate theme promotion.
- **Nitto Innovation Challenge (NIC):** Invites all employees to offer ideas for new businesses. Outstanding ideas will receive support to form a project.

- **Internal convergence:** Utilization of Group-wide projects, etc.
- **Management funds:** Schemes that enable timely resource allocation.
- **Strategic alliances:** M&As and capital injection in startup businesses, etc.

- **Global Sanshin Competition:** The most outstanding cases of *Sanshin* Activities are awarded. These programs also provide sales personnel with opportunities to learn from each other's approaches.
- **Group Activity Toward Excellence (GATE):** Continual improvement activities by small groups designed to solve problems with bottom-up approaches.



### Relevant Capital






# Essential Nitto Products

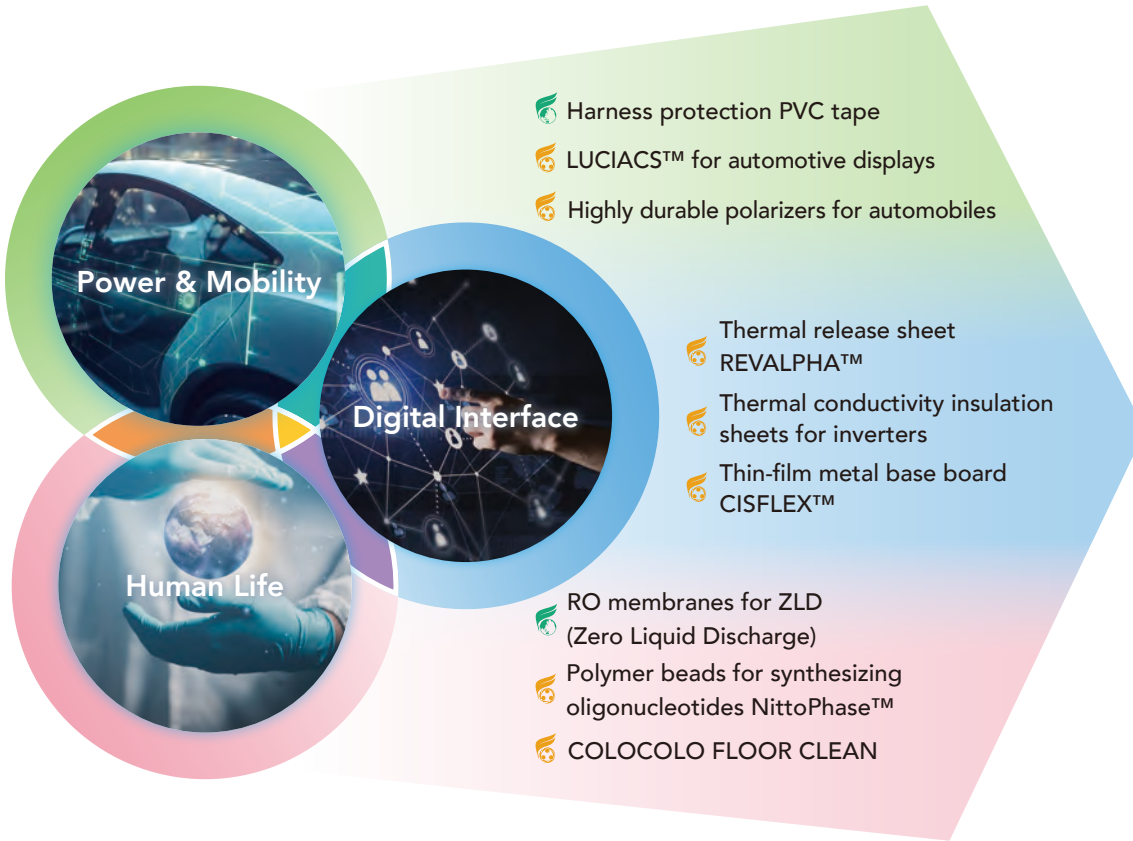
## Output

By serving the global environment, humankind and society as its "customers," the Nitto Group delivers essential products by concentrating on the three focus domains and the intersections of them.

Number of products recognized as either  PlanetFlags or  HumanFlags **35** (up to fiscal 2024)

### Focus Domains

### Examples of recognized products

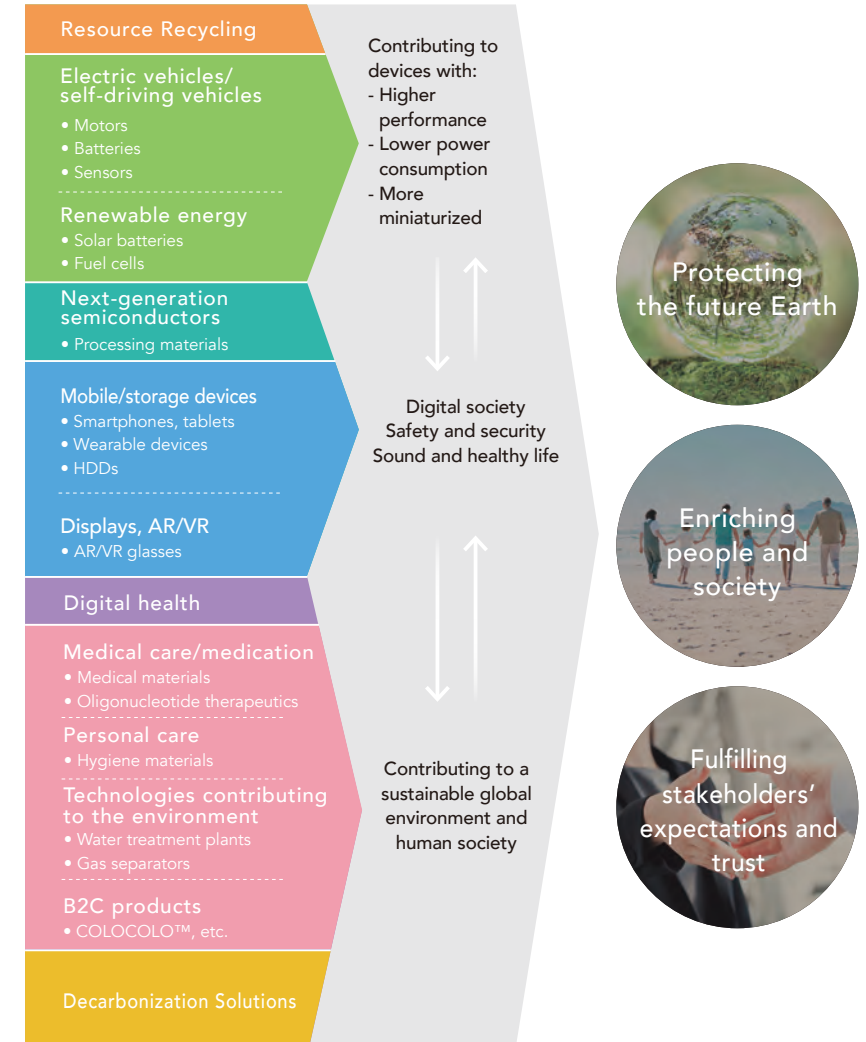


Please refer to our corporate website for details of PlanetFlags/HumanFlags.

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

## Outcome

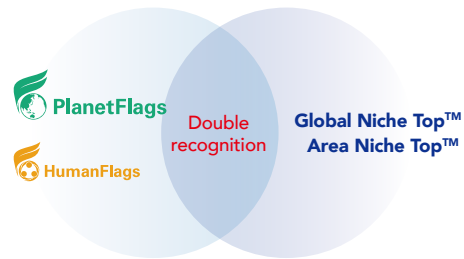
The Nitto Group places ESG at the core of its management and strives to solve social issues through business, aiming to be a corporate group that continues to grow while contributing to the global environment and human society in order to realize a sustainable future.



# Product Introduction

## Cases of PlanetFlags/HumanFlags recognition

### Harness protection PVC tape



#### Impact on society

- Life cycle CO<sub>2</sub> emissions: -46%    Mobility weight: -1.3kg/vehicle
- \* Calculated using data for the car model. The reduction rate differs depending on the car model.

#### Overview of the Product

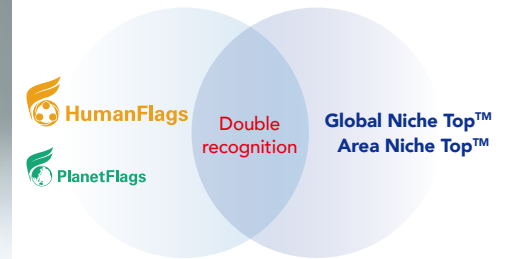
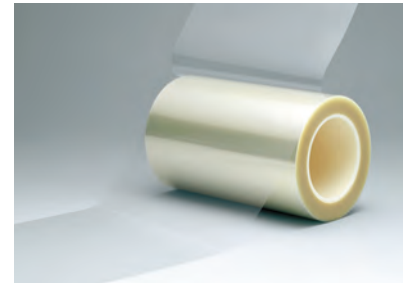
- Protects/binds automobile wire harnesses (electric wires)
- Enhanced wear resistance to provide both protective and binding functions
- Thinner design to help reduce vehicle weight

#### Innovations Unique to Nitto

- |  |   |  |
|--|---|--|
| • Anticipated customer needs for reducing the number of wire harness external components and associated human-hours, enabling us to begin product development ahead of competitors                           | > | Customer-oriented approaches<br>Anticipation of change |
| • Launched the development project early to secure time and resources for addressing the most challenging tasks  | > | Speed and perfection                                   |
| • Working tenaciously to balance the conflicting requirements of flexibility and wear resistance   | > | Challenge  |
| • Achieved a thin and lightweight design that strikes a fine balance between flexibility necessary for binding function and hardness (wear resistance) which is required for an external protective material | > | Technological prowess<br>Ability to get things done    |
| • By integrating binding and protective functions into a single tape, we contribute to reducing both human-hours and the number of parts for customers, while also helping to lower environmental impact     | > | Sustainable manufacturing                              |

It is the unique Innovation Model and our corporate culture that contribute to the creation of essential Nitto products.

### LUCIACS™ for automotive displays



#### Impact on society

- Highly durable for a safer driving experience
- Preventing color distortion in displays caused by high temperatures, improving visibility

#### Overview of the Product







- Optically clear adhesive tape for bonding components of automotive displays
- Maintains appearance with minimal change even under exposure to light or hot, humid conditions
- Solvent-free composition for reduced environmental impact

#### Innovations Unique to Nitto

- |   |   |   |
|---|---|---|
| • Developed LUCIACS™ for smartphones in response to a customer inquiry  | > | Customer-oriented approaches  |
| • Leveraging the high durability of LUCIACS™ for smartphones to expand into automotive applications, a niche market at the time but poised for significant growth   | > | Sanshin Activities<br>Anticipation of change  |
| • Listened closely to customer needs to develop a first-of-its-kind tape offering enhanced durability and reliability required for automotive displays  | > | Challenge   |
| • By fostering close collaboration among R&D, Production, Sales, and Administration, we made persistent efforts to overcome challenges through trial and error, pioneering commercialization ahead of competitors | > | Collaboration across R&D, Production, Sales, and Administration<br>Ability to get things done |
| • Built a broad product lineup, including thicker models, to achieve high durability and reduce display color irregularities  | > | Technological prowess<br>Niche Top  |

# Capital That We Leverage

To create new value, it is vital that we inject all sorts of capital. The Nitto Group is fortunate enough to have six kinds of capital that it leverages. Cultivated over a long period, they have consistently evolved to become robust. This unique set of Nitto's capital has underpinned the Group's innovation, differentiating positively from our industry peers.

	Detailed account (importance) of capital	Examples of initiatives	Related pages
<b>Strong customer base</b> 	<p>As its business has changed over time, the Nitto Group has been fortunate enough to forge a bond of trust with many different customers. We cherish this hard-earned future-financial value as "customer relations assets." This close bond expanded beyond direct customers, i.e., business partners, to encompass end customers and suppliers, resulting in customer relations assets that extend throughout the supply chain. By fostering close relationships with customers and integrating sales, marketing, and technology teams to advance <i>Sanshin</i> Activities and the Niche Top Strategy, we are able to drive innovations.</p>	<ul style="list-style-type: none"> <li>• Global <i>Sanshin</i> Competition</li> <li>• Creating PlanetFlags/HumanFlags Products</li> <li>• NIC (New business creation event)</li> <li>• Signing strategic alliances (M&amp;As/capital contribution, partnership)</li> </ul>	<p>P.4–9 P.23–24</p>
<b>Diverse employees</b> 	<p>Considering human resources as our most valuable assets, the Nitto Group seeks to recruit and develop a diverse workforce in accordance with the Basic Policy on Human Resource Management. We provide an environment where employees enjoy taking on challenges and an organizational framework that enables them to deliver their full potential, thus cultivating Nitto Persons worldwide who practice The Nitto Way and providing them with opportunities to excel. The value created by our human resources differentiates us from competitors and leads to sustainable growth.</p>	<ul style="list-style-type: none"> <li>• Engagement surveys</li> <li>• Support for career development and autonomy</li> <li>• Human resource development programs including Nitto Global Business Academy (NGBA)</li> <li>• Empowerment of female employees through FLOWER Program etc.</li> <li>• Recruitment/retention of human resources</li> </ul>	<p>P.43–50</p>
<b>Eight core technologies</b> 	<p>The Nitto Group has made constant efforts to combine and advance its founding technologies to develop diverse core technologies, which have since been applied to a broad range of products and services. In the three focus domains where these technologies and strengths are most impactful, and at the intersections of these areas, we hybridize our eight core technologies and their peripheral technologies to develop essential products and technologies, and maximize profits through intellectual property strategies.</p>	<ul style="list-style-type: none"> <li>• R&amp;D Innovation Networking Conference (RINC)</li> <li>• PlanetFlags/HumanFlags recognition scheme</li> <li>• NIC (New business creation event)</li> <li>• Signing strategic alliances (M&amp;As/capital contribution, partnership)</li> <li>• Utilization of intellectual property</li> </ul>	<p>P.13–14 P.25–29 P.31–36</p>
<b>Healthy financial base</b> 	<p>The Nitto Group ensures sound financial conditions by balancing a solid equity base and adequate liquid capital on hand. This strategy not only secures a financial base that is protected from external influences and risk-resistant but also enables us to swiftly seize growth opportunities and access necessary funds, thereby catalyzing continuous growth.</p>	<ul style="list-style-type: none"> <li>• Promotion of ROIC-focused management, enhancement of ROE</li> <li>• Optimal cash allocation</li> <li>• Shareholder returns (stable dividends, flexible share buybacks)</li> </ul>	<p>P.18–20</p>
<b>Safe and quality manufacturing</b> 	<p>"Placing safety before everything else," the Nitto Group remains committed to a safety culture. By ensuring the security and safety of every stakeholder involved in the process—from raw materials procurement to product development, production, and use—both inside and outside the company, we aim to increase their satisfaction through the pursuit of top-notch manufacturing quality. Furthermore, we ensure that human rights are respected throughout our supply chains when conducting business activities, thus earning trust from our stakeholders while assuring business continuity.</p>	<ul style="list-style-type: none"> <li>• Commitment to a safety culture—Placing safety before everything else</li> <li>• Improvement of quality awareness</li> <li>• Sustainable procurement</li> <li>• Human rights due diligence</li> <li>• Small group activity, GATE</li> </ul>	<p>P.41–42 P.51–52</p>
<b>Sustainable use of resources</b> 	<p>Fully aware of the environmental impact of energy and resource consumption, as well as CO<sub>2</sub> emissions and waste generated during manufacturing, the Nitto Group is working to reduce these impacts through coordinated efforts among business execution departments, special function departments, and regional headquarters. By promoting environmental measures for decarbonization, 3Rs (Reduce, Reuse, Recycle), and pollution prevention while updating its businesses and technologies, the Nitto Group strives to realize a sustainable society while achieving business growth along the way.</p>	<ul style="list-style-type: none"> <li>• Declaration of Nitto Group Carbon Neutral 2050, support for SBT, joining RE100</li> <li>• Global Green Committee (GGC)</li> <li>• Operation of a zero-CO<sub>2</sub> emission factory</li> </ul>	<p>P.37–40</p>

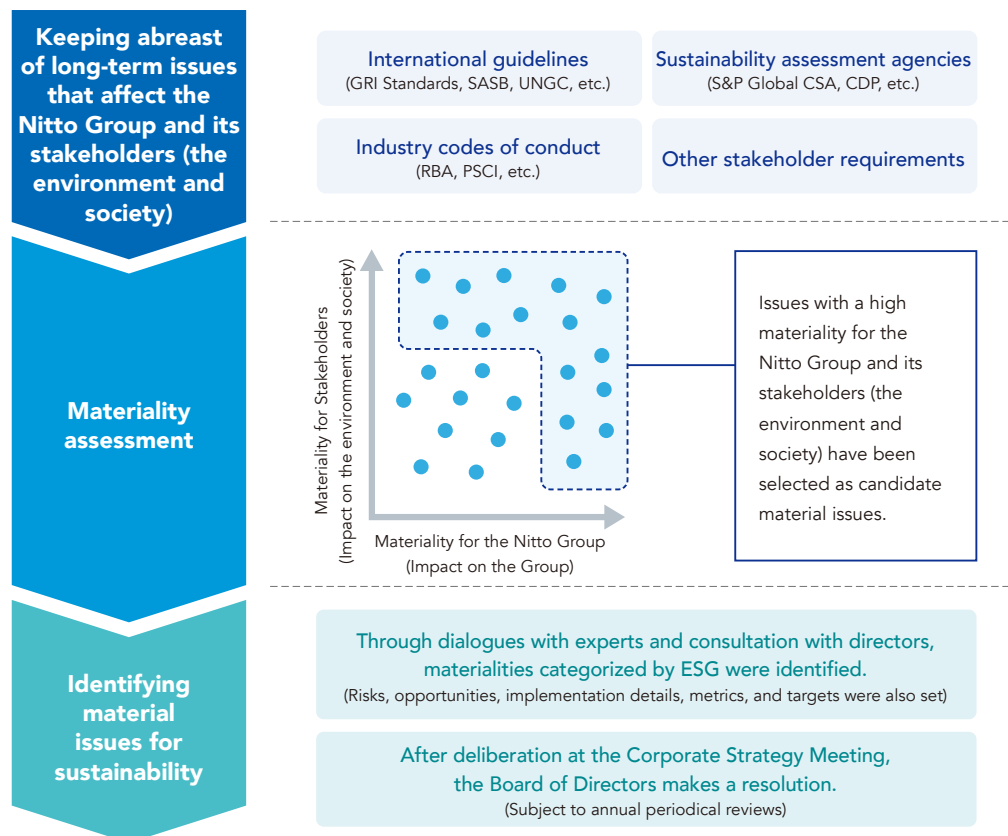


# Material Issues for Sustainability

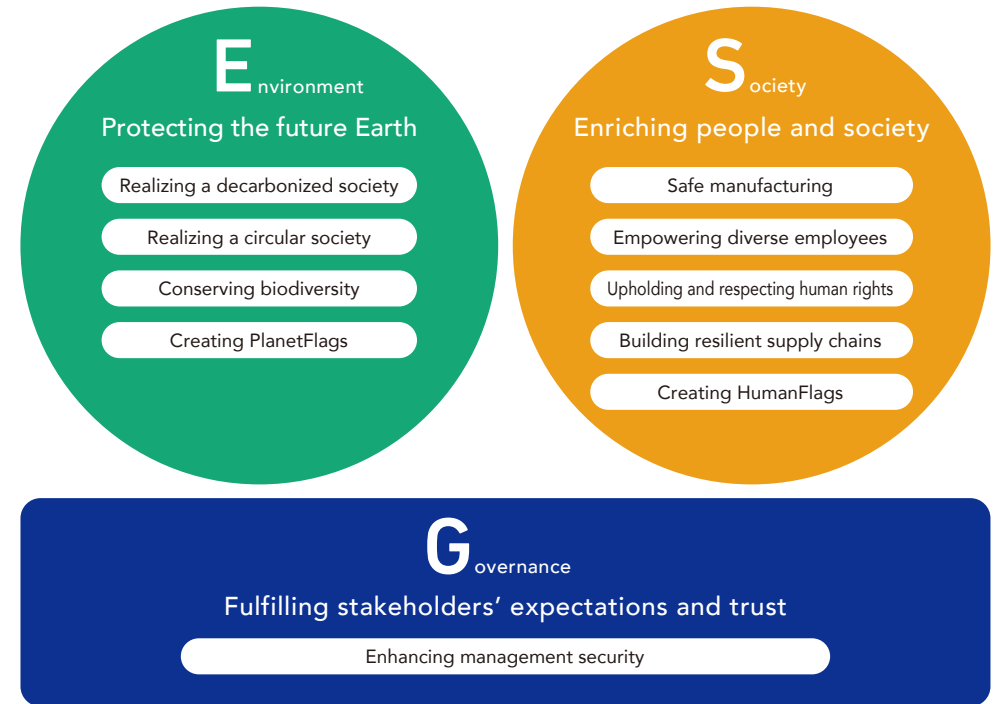
Amid the changing external environment with sustainability and ESG assuming growing importance worldwide, the Nitto Group has placed ESG at the core of its management and is addressing material sustainability issues. These material issues have been selected and identified as such from issues deemed important 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.

As indicated in our 2030 Ideal State, the Nitto Group is committed to becoming an “essential” entity for the global environment, humankind and the general public, aiming to simultaneously solve social issues and create economic value.

## Identification Process



## Material Issues for Sustainability



## Criteria of Materiality

Category	Criteria
<b>E</b> Environment	Here, while strengthening our business foundation, we will address material issues of “decarbonization,” “circular economy,” and “biodiversity” through our products and services (PlanetFlags), in an effort to protect the future Earth as we work to conserve/improve the environment.
<b>S</b> Society	While strengthening our business foundation, here we will address material issues of “safety (occupational, quality),” “human resources,” “human rights,” and “supply chains” through our products and services (HumanFlags), in an effort to enrich people and society by offering value to humankind and society in the three focus domains.
<b>G</b> Governance	“Management security” is a material issue here. By ensuring transparency and fairness in management and adequacy in governance, we will fulfill the trust and expectations of stakeholders as we strengthen our business foundation.

Material Issues for Sustainability	Implementation Details	Selected Recent Initiatives	KPIs/Targets for 2030
<b>Realizing a decarbonized society</b> 	<ul style="list-style-type: none"> <li>Reduction in GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of RE100 membership and SBT certification. Setting of a 2030 target for Scope 3 CO<sub>2</sub> emissions, in addition to that for Scope 1+2</li> <li>Promotion of proactive use of renewable energy utilizing the PPA model and energy conservation by introducing hydrogen boilers</li> </ul> <p>→P.37–38</p>	CO <sub>2</sub> emissions (Scope1+2): 400,000 tons/year
<b>Realizing a circular society</b> 	<ul style="list-style-type: none"> <li>Promotion of cyclic use of raw materials, energy, and waste</li> </ul>	<ul style="list-style-type: none"> <li>Preferential selection of raw materials with minimal environmental impact (sustainable materials)</li> <li>Advancement of waste plastic recycling to reduce waste generation</li> </ul> <p>→P.39</p>	Waste plastics recycling ratio: 60% Sustainable materials procurement ratio: 30%
<b>Conserving biodiversity</b> 	<ul style="list-style-type: none"> <li>Prevention of air, water, and soil pollution</li> </ul>	<ul style="list-style-type: none"> <li>Recycling of wastewater and effluents using our membrane products at two of our sites in Japan</li> <li>Promotion of solvent-free processes using water-based adhesives to reduce VOC emissions</li> </ul> <p>→P.39</p>	(Managing by internal KPIs)
<b>Creating PlanetFlags</b> 	<ul style="list-style-type: none"> <li>Providing solutions for decarbonization and material-circulation solutions</li> <li>Providing nature-positive products</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of technology, product, and service development that contributes to environmental sustainability</li> <li>PlanetFlags recognition for products with significant environmental contributions, based on LCA-verified reductions in environmental impact</li> </ul> <p>→P.13–14</p>	PlanetFlags/HumanFlags category revenue ratio: At least 50%
<b>Safe manufacturing</b> 	<ul style="list-style-type: none"> <li>Improvement of workplace environment</li> <li>Enhancement of safety and quality of products</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of occupational safety to establish a safety culture from the three perspectives of “machine safety,” “safety perception,” and “safe procedures”</li> <li>Proactive chemical substance management in advance of laws/regulations and bolstering of quality awareness to ensure safe, high-quality products</li> </ul> <p>→P.41</p>	(Managing by internal KPIs)
<b>Empowering diverse employees</b> 	<ul style="list-style-type: none"> <li>Hiring and development of personnel daring to take on challenges</li> <li>Promotion of DE&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>Revitalization of individuals by tailored training programs and career development support</li> <li>Revitalization of the organization through a corporate culture that encourages challenge-taking and values diversity</li> </ul> <p>→P.43–50</p>	Female leaders ratio: 30% Engagement scores: 85 Challenge ratio: 85%
<b>Upholding and respecting human rights</b> 	<ul style="list-style-type: none"> <li>Promotion of human rights due diligence</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of pro-human rights activities through the construction of a human rights due diligence management system</li> <li>Prioritization of key human rights issues through structured impact assessment</li> </ul> <p>→P.51</p>	(Managing by internal KPIs)
<b>Building resilient supply chains</b> 	<ul style="list-style-type: none"> <li>Sustainable procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of sustainable procurement with three key perspectives of “risk management,” “CSR procurement,” and “green procurement”</li> <li>Enhancement of logistics efficiency by reducing truck driver standby time, restructuring a logistics network, etc.</li> </ul> <p>→P.52</p>	(Managing by internal KPIs)
<b>Creating HumanFlags</b> 	<ul style="list-style-type: none"> <li>Providing products that promote digital society</li> <li>Providing products that ensure comfort and security of life</li> <li>Providing products that support sound and healthy life</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of the development of technologies, products, and services that support health and well-being</li> <li>HumanFlags recognition for products that address high-level human challenges</li> </ul> <p>→P.13–14</p>	PlanetFlags/HumanFlags category revenue ratio: At least 50%
<b>Enhancing management security</b> 	<ul style="list-style-type: none"> <li>Ensuring compliance</li> <li>Creation of a safety/quality-oriented culture</li> <li>Promotion of information security management</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement of corporate governance to ensure fast and transparent decision-making</li> <li>Promotion of compliance and risk management through close cooperation among the three axes of business divisions, regional headquarters, and functional departments</li> </ul> <p>→P.53–68</p>	(Managing by internal KPIs)

# Nitto Group's Financial Strategy as per the Chief Financial Officer

## Dedicated to Building a Robust Business Portfolio and ROIC Management to Further Enhance Corporate Value

We remain committed to improving ROIC and ROE by transforming our business portfolio through proactive growth investments and accelerating restructuring efforts, while also pursuing business opportunities with high profitability through the Niche Top Strategy and other means.

### Yasuhiro Iseyama

Director,  
Senior Executive Vice President, CFO  
General Manager of Corporate  
Accounting & Finance Division



## Both Revenue and Operating Profit Hit Record-Highs in Fiscal 2024

In fiscal 2024, the second year of our mid-term management plan, "Nitto for Everyone 2025," revenue was 1,013.9 billion yen, a 10.8% increase from the previous fiscal year. Operating profit reached 185.7 billion yen, up 33.4% from the previous fiscal year, while net profit attributable to owners of the parent company was 137.2 billion yen, a 33.7% rise from the previous fiscal year. Revenue surpassed 1.0 trillion yen for the first time, and operating profit reached a record high. The operating margin, a key financial indicator for the Nitto Group, increased by 3.1 percentage points from the previous fiscal year to 18.4%, while ROE improved by 2.6 percentage points to 13.5%.

The key drivers behind the business performance, starting with the Optronics segment, include strong production in IT devices and growing demand for optical films and related products. Notably, automotive displays have seen both an expansion in size and increase in the number of installations. CISFLEX™ was another major contributor, as increased demand for storage used in data center and Hard Disk Drives (HDDs) with higher capacity positively impacted our performance. In the Industrial Tape segment, our new offering of battery bonding electrical release tape for high-end smartphones boosted overall growth.

In fiscal 2025, the business environment in which we find ourselves looks set to be increasingly uncertain, with the risk of final demand declining as product costs rise due to mutual tariff impositions by the U.S. government. This is further exacerbated by the appreciation of

the yen, following the narrowing of interest rate differentials between Japan and the U.S. Despite these challenges, we expect demand for our products and services to grow. Adoption of our battery bonding electrical release tape is expanding across more models, and large-scale projects within our oligonucleotide contract manufacturing business are progressing toward commercialization. Looking ahead to fiscal 2026 and beyond, for high-end smartphones, we anticipate the expansion of a new application for high-precision circuits, along with a phased rollout of new products for foldable devices. Also, in the domain of contribution to the environment, we plan to launch products such as CO<sub>2</sub> separation membranes. In response to these developments, we remain committed to making targeted investments in domains with strong growth potential.

## Efforts to Enhance ROE

The Nitto Group prioritizes sustainable growth by focusing on improving margins and capital turnover rather than relying on financial leverage for short-term ROE gains. As part of our efforts, we are focusing on maintaining high margins and strengthening our business portfolio through strategies such as the Niche Top Strategy.

## Maintaining High Margins

Guided mainly by the Niche Top Strategy, the Nitto Group has set clear targets for operating profit and operating margin in the mid-term management plan, maintaining a strong focus on achieving higher profitability. The Niche Top Strategy is a differentiation strategy that we aim for the No.1 market share based on our technological advantages and solid relationships with customers. This strategy helps us win a steady flow of orders at fair prices, which in turn maintains high margins.

As each market gradually matures, however, market prices and profit margins will inevitably begin to decline. With this in mind, we continuously monitor the market environment for each business segment, allowing us to make informed decisions based on each product's life cycle and to sustain profitability. For instance, while proactively allocating a wide range of Group resources to growth businesses, we intentionally restrain investments and fixed costs for businesses that have entered a mature phase with limited growth prospects. In such cases, we may opt to consolidate product lines or pursue structural reforms within the organization. For businesses that have become so commoditized that they no longer offer a competitive edge, on the other hand, we consider converting them

into royalty-based ventures through outlicensing. Alternatively, we may choose to transfer or divest them, prioritizing profit margins.

### Strengthening Business Portfolio

Buoyed by a strong market, the Optronics segment currently represents a significant share of Nitto's business portfolio. While this segment is expected to continue growing, it is easily influenced by external factors, making it highly volatile and underscoring the need to stabilize and diversify the overall portfolio. In more concrete terms, we are working to enhance the resilience of our business structure by strengthening the Human Life segment, with the aim of boosting operating profit over the mid- to long-term and achieving a more balanced contribution from each business segment. Within this segment, we are placing particular emphasis on expanding the oligonucleotide contract manufacturing business. In recent years, we have been ramping up production capacity at our plant in Massachusetts, United States, and we plan to further scale up output of oligonucleotide materials in fiscal 2025. Although the heavy burden of fixed costs continues to limit this segment's profitability at present, we are confident that, by capitalizing on market growth, we can develop it into a sustainable and robust source of earnings over time.

To drive business portfolio transformation, we are committed to aggressively pursuing opportunities for capital investments in growth markets. For capital investments, including investments in decarbonization, we have made significant progress, investing 83.4 billion yen in fiscal 2023 and 93.0 billion yen in fiscal 2024. We plan to invest 120.0 billion yen in fiscal 2025, bringing the three-year total to be around 300.0 billion yen, which is in line with the ongoing mid-term management plan. Going forward, we will remain committed to achieving sustainable growth by investing in growth businesses, enhancing productivity, reducing environmental impact, and strengthening BCP.

We do not use a Group-wide approach to measuring returns on investment. Instead, we assess returns on a case-by-case basis, reflecting the unique market characteristics of each segment. In the Optronics segment, where the business environment is highly volatile, we emphasize quick returns. By contrast, in the Industrial Tape and Human Life segments, we capitalize on their relatively stable market characteristics to ensure that investments are recouped steadily within a reasonable timeframe.

For M&A opportunities, we have set aside 150.0 billion yen under the current mid-term management plan. However, we remain flexible

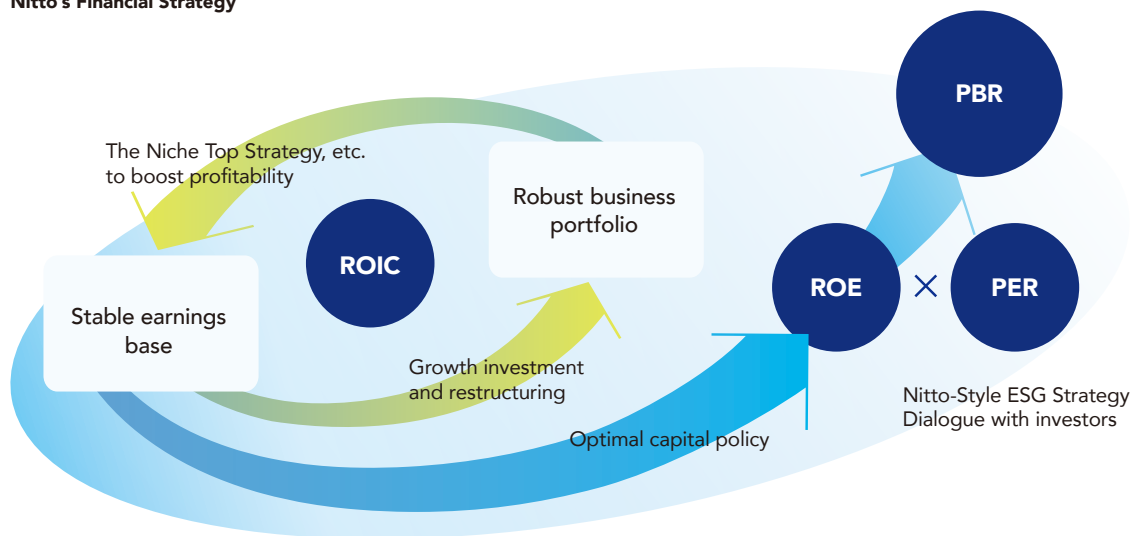
and will pursue additional opportunities that create synergies with Nitto's technologies or contribute to Nitto's growth, regardless of this quota.

### Progress/Evolution of ROIC Management

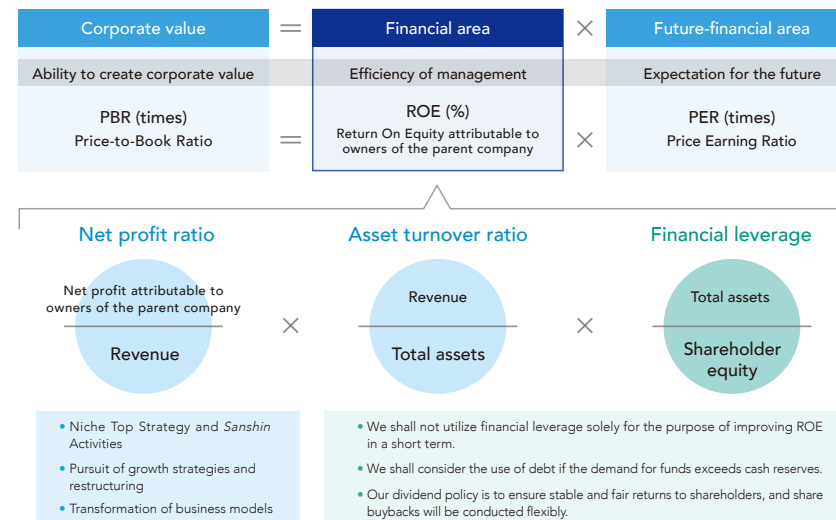
To enhance capital efficiency at each business division, we use ROIC as an internal KPI for business management. Each year during the annual budgeting process, we set a target ROIC and monitor its performance quarterly to identify areas for improvement, thus following the PDCA cycle. We also establish the weighted average cost of capital (WACC) for each business to set a hurdle rate for ROIC, enabling management by objectives aligned with stakeholder expectations.

To increase ROIC, it is vital for each senior executive to deepen their understanding, appropriately evaluate initiatives that contribute to higher ROIC, and help embed that awareness across frontline employees. To make this happen, I meet periodically with all senior executives to explain the importance of ROIC, share our latest analysis, and encourage deeper exploration of business-specific challenges. Furthermore, each business sector's accounting team

### Nitto's Financial Strategy



### Our Approach to Improve ROE





takes the lead in promoting finance education aimed at raising ROIC awareness and embedding these initiatives into day-to-day operations.

It is also necessary for each business sector to conduct a detailed analysis of diverse data across the Group, formulate effective measures, and make timely decisions. With traditional means, however, accounting personnel were burdened with the heavy workload of collecting and processing data, which left them focused on number-crunching instead of identifying high-value-added issues or developing follow-up actions.

To address this challenge, in fiscal 2024, we launched a new initiative in the business management of Optronics segment: As part of our data-driven management approach, we introduced an enterprise resource planning (ERP) system to our Group companies outside of Japan to enable prompt collection and analysis of highly accurate data. After evaluating the results of this initiative, we plan to extend it to other business sectors, thereby advancing our ROIC management across the entire Group.

## Dividend Hike and Share Buybacks to Elevate Shareholder Returns

Our shareholder return policy emphasizes consistent and stable dividend payments, promoting long-term ownership. Believing it appropriate to indicate the dividend-to-capital ratio from a long-term perspective, we aim to maintain a DOE of 4% or higher. Should our profits decline, we strive to avoid reducing dividends, focusing instead on continued dividend growth. In line with this stance, we have increased dividend payments for the last four consecutive years.

Starting in fiscal 2025, we have set a target of achieving a “total payout ratio of 60% or higher over the mid- and long-term,” factoring in our cash and financial positions after allocating capital for growth investments. We also conduct share buybacks when we have excess financial capacity, determined by our year-end cash position and progress in our investment plans. In recent years, we have acquired our treasury shares for three consecutive years since fiscal 2022. With our enhanced ability to generate operating cash flow, we announced in January 2025 a new maximum share

repurchase amount of 80.0 billion yen, which is the highest ever for Nitto.

Pursuant to the basic polity on the possession and cancellation of treasury shares, which reads, “The Company’s treasury shares that have been repurchased will continue to be held on the condition that their specific uses have been clearly defined (e.g., remuneration for Directors), and cancellation will be considered for any shares exceeding the required amount,” we have canceled a portion of our treasury shares in July 2024.

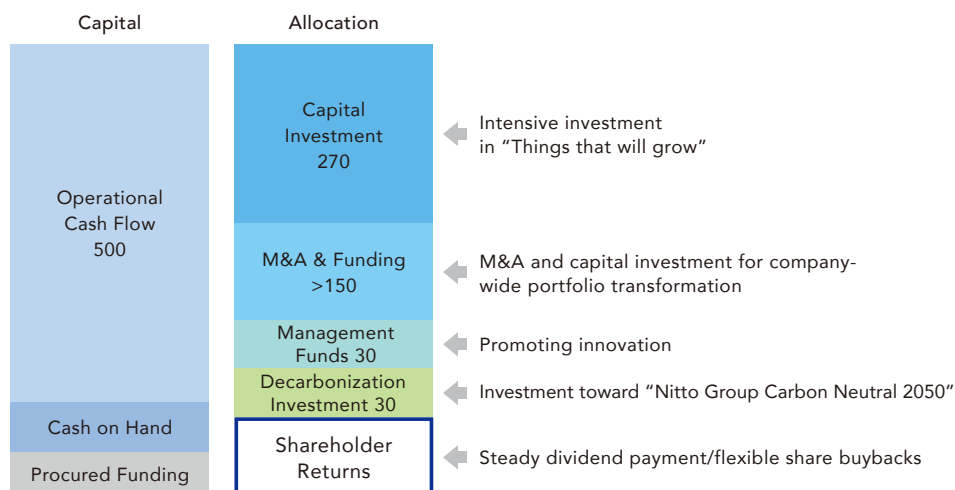
## Dedicated to Enhancing the Nitto Group’s Corporate Value

Through these initiatives that I have shared so far, we aim to further improve ROIC and ROE. Furthermore, under the Nitto-Style ESG Strategy, we aim to achieve sustainable corporate growth by simultaneously solving social issues and creating economic value.

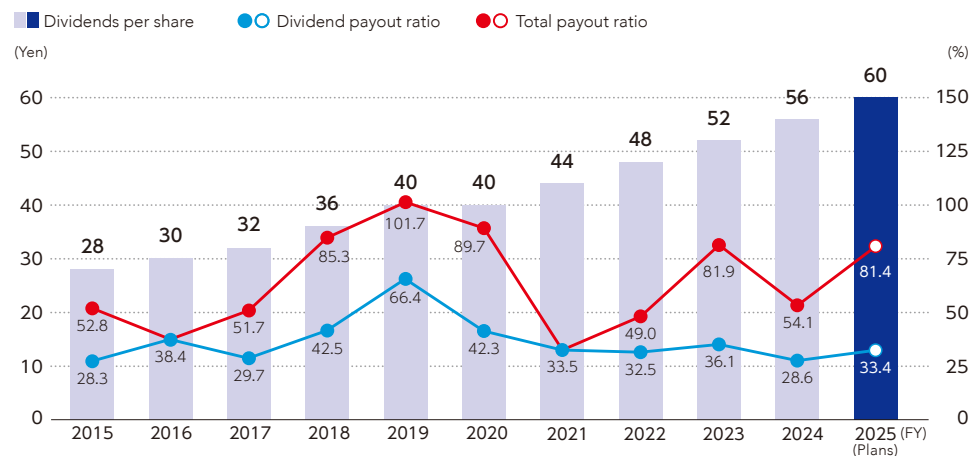
We will remain focused on the enhancement of the corporate value of the Nitto Group through constant dialogue with shareholders, investors, and other stakeholders.

### Cash Allocation (3-year cumulative total for 2023–2025)

(billion yen)



### Shareholder Returns



\*The Company implemented a five-for-one common stock split, effective as of October 1, 2024.

The information prior to the stock split is calculated based on the assumption that the stock split had already been implemented.

# Progress in the Mid-Term Management Plan

## Nitto for Everyone 2025

### Implementing Our Niche Top Strategy and ESG Strategy

In the mid-term management plan, Nitto for Everyone 2025, which kicked off in fiscal 2023, we are working on the four focus items below, under the slogan “Implementing our Niche Top Strategy and ESG Strategy.” To attain the 2030 Ideal State, i.e., an “essential top ESG company,” we are concentrating on the achievement of financial targets and future-financial targets as we carry out the mid-term management plan.

<p><b>Focus item</b> <b>01</b> <b>Transformation of Business Portfolio to Contribute to the Environment and Humanity</b></p>	<p>Invest in “things that will grow” as defined by both social and economic value, in a bid to transform our business portfolio into one that contributes to the environment and humanity</p> <ul style="list-style-type: none"> <li>Completed new factories at the Nitto Denko Kameyama Plant and a Group company in Vietnam to support a capacity expansion for CISFLEX™ thin-film metal base boards (Global Niche Top™ product) and high-precision circuits (HumanFlags product)</li> <li>In addition to reduction of energy consumption through solvent-free manufacturing or otherwise, advanced the Negative Emission Factory Initiative, which aims to offer comprehensive CO<sub>2</sub> reduction solutions, by accelerating the development of negative emission technologies</li> </ul>
<p><b>Focus item</b> <b>02</b> <b>Advancement of Innovation Model to Produce New Niche Top</b></p>	<p>Advance the Nitto-Style Innovation Model to create “essential Niche Top solutions”</p> <ul style="list-style-type: none"> <li>Accelerated efforts to simultaneously solve social issues and create economic value, as more double recognized products as both PlanetFlags/HumanFlags and Global Niche Top™ or Area Niche Top™ products</li> </ul>
<p><b>Focus item</b> <b>03</b> <b>Reformation of Organizational Culture to Accelerate Challenges</b></p>	<p>Promote human capital management to empower diverse talent and teams to take on innovation challenges</p> <ul style="list-style-type: none"> <li>The number of entries to the Nitto Innovation Challenge (NIC), a new business creation initiative aimed at fostering a corporate culture that embraces challenges, surpassed 1,500 (a record-high) in 2024</li> <li>Selected for Human Capital Leaders 2024 and received the Human Capital Management Gold Quality designation in the Human Capital Survey 2024 for the second consecutive year</li> </ul>
<p><b>Focus item</b> <b>04</b> <b>Transformation of Management Infrastructure to Anticipate Change</b></p>	<p>Build a resilient management infrastructure immune to external influences, placing safety before everything else</p> <ul style="list-style-type: none"> <li>In recognition of our promotion of ESG management, Nitto was selected as a Sustainability Yearbook Member in The Sustainability Yearbook 2025 issued by S&amp;P Global for the first time. We were also honored with the distinction of Industry Mover status, awarded to companies demonstrating the most significant score improvement within their respective industries.</li> <li>Promoted the development of mission-critical systems and laid the groundwork for effective data utilization</li> </ul>

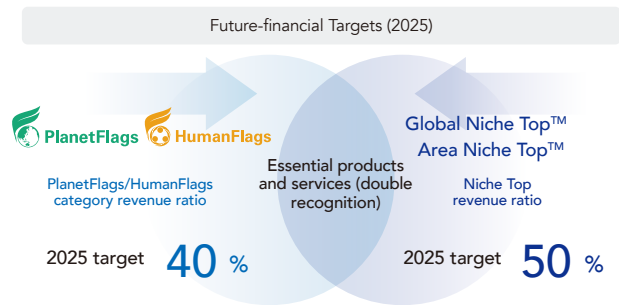
Financial Targets			
	2024 (results)	2025	2030
Operating profit	185.7 billion yen	170.0 billion yen	240.0 billion yen
Operating margin	18.3%	17%	-
ROE	13.5%	15%	20%

Future-financial Targets				
		2024 (results)	2025	2030
Product related	Niche Top revenue ratio The indicator measuring the expansion of essential Nitto products	48%	50%	At least 50%
	PlanetFlags/HumanFlags category revenue ratio The indicator measuring the expansion of PlanetFlags/HumanFlags products	44%	40%	At least 50%
	New products ratio The indicator measuring the creation of new products	41%	At least 35%	At least 35%
Environment related	Waste plastics recycling ratio The indicator measuring the progress toward circular economy initiatives	50%	50%	60%
	Sustainable materials procurement ratio The indicator measuring the procurement of materials considering the environment	18% In Japan (non-consolidated)	20%	30%
	CO <sub>2</sub> emissions (Scope 1+2) The indicator measuring the progress toward carbon neutral initiatives	472 ktons/year	470 ktons/year	400 ktons/year
HR related	Engagement scores The indicator measuring employees’ “sense of belonging,” “work environment,” and “physical and mental well-being”	—*	78	85
	Challenge ratio The indicator measuring the percentage of employees who have taken on the challenge for value creation	41%	70%	85%
	Female leaders ratio The indicator measuring diversity initiatives	22%	24%	30%

\* Fiscal 2024 was excluded from the survey.

## How Nitto Implements Its Niche Top Strategy and ESG Strategy

The Nitto Group implements ESG management by developing products under the PlanetFlags/HumanFlags concept and growing them into Niche Top products through the Nitto-Style Innovation Model. Under the PlanetFlags/HumanFlags scheme, the Nitto Group's products are evaluated based on two key criteria: their contributions to the environment and to human life. Products deemed to make significant contributions are certified as either PlanetFlags or HumanFlags products. The Niche Top Strategy is Nitto's unique approach to creating essential products, functionalities, and business models in niche segments of growing markets. This is achieved through the convergence of our proprietary technologies and expertise, alongside co-creation with stakeholders, with the aim of capturing the leading share in each product category. By accelerating this strategy, we are working to simultaneously solve social issues while creating economic value.



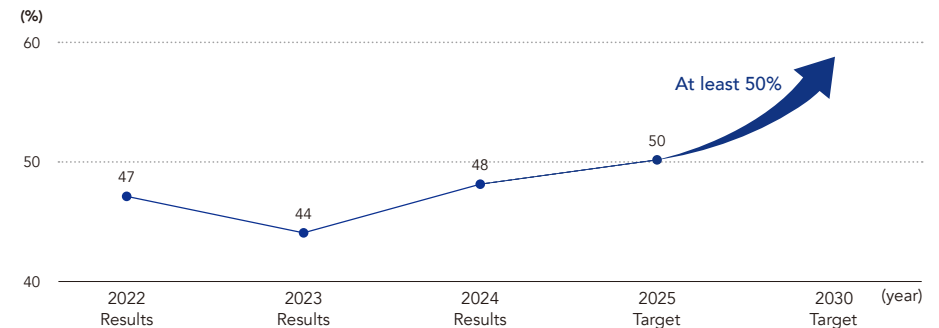
## Progress and Future Outlook

In fiscal 2024, 11 products were newly recognized as either PlanetFlags or HumanFlags products, bringing the total number of recognized products to 35. As a result, the PlanetFlags & HumanFlags category revenue ratio reached 44%, up by eight percentage points from the previous year, already surpassing the fiscal 2025 target of 40%. Meanwhile, the Niche Top revenue ratio rose to 48%, an increase of four percentage points from the previous year, showing steady growth.

One of the newly recognized HumanFlags products in fiscal 2024 is LUCIACS™ for automotive displays, a highly durable transparent adhesive sheet used for bonding flat panel displays to optical films. By enhancing the durability and viewability of automotive displays, LUCIACS™ improves vehicle safety and has also been recognized as a Global Niche Top™ product.

The total number of products recognized as both PlanetFlags/HumanFlags products and Global Niche Top™/Area Niche Top™ products (double recognized products) has now reached 17. We will continue working to increase such products, as we seek to solve social issues and create economic value simultaneously.

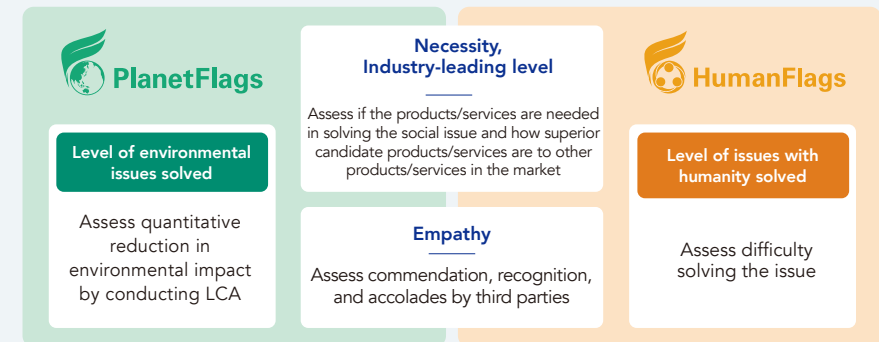
### Niche Top revenue ratio



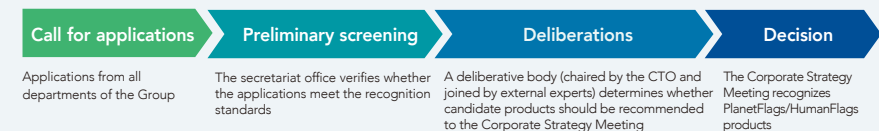
### PlanetFlags/HumanFlags Recognition Scheme

The Nitto Group recognizes products that make significant contributions to the environment as PlanetFlags products and those that benefit human life as HumanFlags products.

#### Recognition Standards



#### Screening and Recognition Process





A Strong Determination to Maintain Leadership in Market Share Is the Cornerstone of Our Niche Top Strategy and the Driving Force Behind Sustainable Growth



**Kazuma Mitsui**  
 Manager,  
 Development Section 3,  
 Development Department 4,  
 Research and Development  
 Division,  
 Information Fine Materials  
 Sector

**Ryosuke Suzuki**  
 General Manager,  
 Sales Division,  
 Shenzhen Nitto Optical  
 Co., Ltd.

**Tatsuya Akagi**  
 Director,  
 Executive Vice President  
 General Manager  
 of Information Fine  
 Materials Sector

**Hiroyuki Mutsumine**  
 Manager, Manufacturing Section 3,  
 Manufacturing Department 5,  
 Manufacturing Process Division,  
 Manufacturing Bureau, Information  
 Fine Materials Sector

**Shooting for the Leading Market Share by Preemptively Satisfying Customer Needs with R&D, Production, Sales, and Administration United as One**

**Akagi:** Since its launch in the mid-1990s, the Global Niche Top™ Strategy has underpinned the Nitto Group’s growth. The success of this distinctive strategy hinges on establishing a solid track record as the market leader. Holding the largest market share means being the first to receive the latest information from customers, enabling us to offer original proposals that align with their processes. The depth and breadth of information exchanged with customers are on an entirely

different level; what we see is a completely different landscape from that of the second- or third-largest player. Since its founding, Nitto has placed customer satisfaction at the forefront, consistently responding quickly to requests for prototype development. This also holds true in the information fine materials business, where our agile responsiveness is highly regarded. Being the market leader also commands higher expectations from suppliers and adds weight to our position in the supply chain. Under the Niche Top Strategy, we have pursued deep market penetration in niche market segments rather than in commoditized areas, which has resulted in strong profitability and growth. LUCIACS™ stands as a representative product embodying the very essence of the Niche Top Strategy.

**Mitsui:** LUCIACS™ is an adhesive tape developed to enhance display visibility. While it was originally created for the smartphone market, we explored its automotive application after identifying potential demand growth for automotive displays, such as those used in car navigation systems.

**Akagi:** That is another great example of our *Sanshin* Activities in action! At the time, Nitto also offered polarizing films for automotive displays and held a high market share. This leading position enabled us to be the first to detect emerging technological trends.

**Suzuki:** LUCIACS™ for automotive displays was first adopted by a Japanese customer. They came up with the idea of adding touch panel functionality to automotive displays, which created demand for a product that could attach a plastic front sheet to them. Since Nitto products already performed well with plastics, we leveraged their characteristics and reliability to make a compelling proposal. Japanese companies are known for their strict quality standards, so building a solid track record with them made it easier for us to pitch the product to overseas clients. That is how LUCIACS™ for automotive displays began to gain traction.

**Mutsumine:** When it comes to automotive displays, we have to apply adhesive in significantly thicker layers, which was an uncharted process for us. Although we had a technique from other products that allowed for thick adhesive application—a significant advantage—meeting the specific conditions for this use case proved quite challenging.

**Mitsui:** Nitto is uniquely capable of applying adhesive in thicknesses of several hundred microns. Customer requests kept becoming more sophisticated, but we were able to meet them all thanks to our wide array of technologies. Also, the close collaboration among Development, Production, and Sales significantly accelerated the process from development to prototyping, which I believe played a key role in bringing the product to market.

**Mutsumine:** At Nitto, I feel that the Production team has numerous opportunities to interact directly with members from Sales, Development, and other teams. I have built strong relationships with some of them, and during tough times, I often tell myself, “I have to keep doing my best for their sake.”

**Suzuki:** The Sales team regularly communicates with the Production team, especially about delivery and prototype study. We also frequently invite customers to visit our plants for direct discussions with production staff. This reinforces my sense that R&D, Production, Sales, and Administration truly operate as one team. Because we all share the same goals, we are able to come together quickly when needed. It is a great environment for those of us in Sales.

---

## Fostering Good Relations with Customers Is Key to the Seamless Flow of Niche Top Products

---

**Mitsui:** Automotive displays are exposed to ultraviolet rays (UV), and temperatures inside cars can get extremely high. Our tape needs to perform without peeling off under such conditions. Because LUCIACS™ for automotive displays meets the requirements which are much stricter than those for smartphones, it has earned high recognition from customers. The product was recognized as a Global Niche Top™ product (“GNT recognition”) for establishing a new genre within automotive applications as well. An added benefit is its environmental friendliness; our proprietary ultraviolet ray polymerization technology enables solvent-free production.

**Mutsumine:** Using solvents generates gases that negatively impact the environment. Solvent-based adhesives are also difficult to apply in ultra-thick layers, so we turned to Nitto’s proprietary technology. Initially, our challenge was figuring out how to apply a thick adhesive layer meticulously at the production process, which prompted us to utilize the technology. As global environmental regulations became stricter, our production process aligned well with this global trend. Among the various polymerization methods, we chose UV, and we are

glad it allowed us to contribute to environmental sustainability as well.

**Suzuki:** To keep delivering GNT-recognized products, it is essential to listen attentively to what the market has to say. I speak with over ten customers on a daily basis, but what matters is also hearing from their customers, not just our direct clients. That is why maintaining strong relationships with all customers is so important.

**Mitsui:** When we first started developing this product, I visited customers almost every day, even though I am part of the Development team. Over time, I built such strong relationships that customers began reaching out to me directly, saying things like, “Do you have a moment to talk?” bypassing the Sales team entirely. Meeting their needs was often tough, but the experience helped me grow personally.

**Mutsumine:** The Production team receives updates on market trends from the Sales and R&D teams. For the past several years, demand has consistently exceeded our production capacity. Managing production has been a challenge, but compared to the aftermath of the 2008 financial crisis, this is a “positive” kind of difficulty. Back then, we had no products to make, just cleaning the lines. That tough period made me realize the importance of identifying promising needs early on—even for members of the Production team. Now, we stay prepared to respond quickly to sample requests from R&D and Sales. Through these samples, we hope to help them earn higher evaluations from customers and expand their market shares.

**Akagi:** Generally speaking, mass-produced products should take precedence for the Production team. At Nitto, however, the shared belief across Sales, R&D, and Production is that we must fulfill 100% of customer requests. This mindset has become part of our corporate culture. We are deeply rooted in the motto, “No matter how daunting it seems, just get started and think as you go.” Because this attitude has yielded real results, it has created a positive cycle. Even if the personnel on the frontlines were to change, I believe this unique Nitto mindset would remain intact.

---

## Accumulation of Small Improvements and a Strong Commitment to High Profitability Keep Honing the Niche Top Strategy

---

**Mutsumine:** To improve productivity, quality, and safety and reduce costs, the Nitto Group actively promotes Group Activity Toward Excellence (GATE). This initiative encourages bottom-up planning and execution to address these challenges. By focusing on minimizing loss and streamlining operations, these small group activities have provided valuable success experiences for frontline employees. Our business sector has also been promoting new productivity improvement activities for the past three years to raise the level of such initiatives. I believe that consistent, incremental improvements like these also play a meaningful role in driving business growth under the Niche Top Strategy.

**Akagi:** Similar efforts are underway in other business sectors as well, and I believe that the mindset of contributing wholeheartedly to profitable operations on the shop floor is one of Nitto’s strengths. Designed to drive profitability, the Niche Top Strategy has been passed down as part of Nitto’s “DNA” and is now one of the Group’s key differentiators. By maintaining and expanding our position as a leading player in niche markets, we create opportunities not only for many of our businesses but also for greater market penetration of Nitto products recognized under this strategy. In order to increase the number of Niche Top products, we plan to expand applications of information fine materials to promising devices while also pursuing business opportunities that integrate OCA\* with other components. We are committed to investing all necessary technologies and resources to achieve this. As a Group, it is crucial for us to seize every opportunity to deliver total solutions that benefit our customers. With unwavering dedication to securing top positions in niche markets, we remain resolved to expand our business globally.

\*Optical Clear Adhesive. LUCIACS™ is a variety of OCA.

# Nitto Group's R&D Strategy as per the Chief Technology Officer

## Reengineering R&D to Simultaneously Solve Social Issues and Create Economic Value

### Taking an "R&D + M (Marketing)" Approach to Accelerate the Conversion of "Future-Financial" to "Financial" Value

With a renewed recognition that marketing holds the key to bringing about innovation, we are working to increase the success rate of development projects by accurately understanding market trends and customer needs, while also revitalizing our marketing techniques through the effective use of digital technologies.

#### Yosuke Miki

Director,  
Senior Executive Vice President, CTO  
General Manager of Corporate  
Technology Sector



## Reengineering R&D in Line with the Management Policy of "Placing ESG at the Core of Management"

In fiscal 2021, the Nitto Group made a clear commitment in its management policy to "place ESG at the core of our management," marking a decisive shift toward simultaneously solving social issues and creating economic value. This commitment extends to R&D as well, where we have made a series of major reforms in an attempt to align our technology strategy with this policy.

The first initiative we undertook was the establishment of the

PlanetFlags/HumanFlags (products contributing to the environment and/or human life) recognition scheme. True to the overriding policy of ESG being at the core of management, we clearly defined the products and services that our R&D team should focus on delivering.

The next thing we did was to announce that no resources would be allocated to any new R&D project unless it aimed to develop PlanetFlags/HumanFlags products. When I asked members of our technology development team how they felt about this new R&D policy, they candidly replied, "It was so shocking that I lost my words!" Although they had understood that Nitto's R&D needed to take a different direction, many likely assumed it was a distant goal for the future until they heard this announcement. My intention,

however, was different. I wanted every member of the technology development team to fully grasp our message of placing ESG at the core of management and to act on it immediately. I made a point of sharing this message with them whenever possible, and I remember those moments clearly. To spread this policy throughout the Group, I utilized the Technology *Kuruma-za*, a forum for senior executives in charge of development from the Corporate Technology Sector and business sectors, to hold in-depth discussions on project themes that I believed would lead to products that contribute to the environment and/or human life and are worth pursuing as a Group. I then asked the participating senior executives to repeatedly explain the policy to all Nitto engineers to ensure full understanding.

This strategy is paying off. Now, whenever we embark on a new development project, it is standard practice to confirm whether the project has the potential to become a PlanetFlags/HumanFlags product. Once the project is underway, we conduct periodic reviews to assess how close it is to earning that recognition. It has become common to see our engineers actively discussing what adjustments are needed to ensure qualification. I am delighted to know that my message has been clearly received by all members of the technology development team.

As we seek to "simultaneously solve social issues and create economic value," we are poised for action to focus on the social front, but the real challenge lies in achieving both objectives "simultaneously." It is essential that our efforts to address social issues also make sound business sense and translate into tangible financial value, rather than remaining isolated as standalone initiatives.

Let me now share how we have reshaped our R&D approach to generate economic value through development projects aimed at PlanetFlags/HumanFlags products, along with emerging success stories and our future initiatives.

## R&D's Approach to "Future-Financial" Activities and How We Make a "Financial" Case for Them

At the Nitto Group, we view R&D activities as investments in "future-financial" value. By "future-financial," we refer to intangible assets that are unique to the Nitto Group. While many companies



use the term “non-financial,” we deliberately chose “future-financial” to reflect our strong commitment to ultimately converting these assets into tangible financial value. This includes our determination to achieve PlanetFlags/HumanFlags recognition, our emphasis on ESG, including respect for DE&I, Nitto’s core technologies cultivated through years of R&D efforts, the intellectual property and customer relations assets acquired through those efforts, and our corporate culture that encourages bold challenges and fosters open innovation. The role of the R&D team is to continuously invest in and grow the value of these “future-financial” assets and convert them into financial value through innovation. The key point here is that we clearly define that it is the R&D team’s role to accumulate and expand “future-

financial” assets. In line with this policy, by steadily quantifying both “future-financial” assets and their conversion into financial value wherever possible, we aim to make the outcomes of R&D, which are often difficult to measure, more visible and concrete. To facilitate this conversion process, we use a unique model to align employee awareness and accelerate progress. This model conceptualizes the process from generation of ideas to commercialization as “0→1→10→100.” It begins with the generation of ideas (“0”), which are developed into themes (“1”), then into products (“10”), and ultimately into profitable businesses (“100”). To ensure smooth transitions at each stage, we have a variety of programs in place. For example, we hold the Nitto Innovation Challenge (NIC), an in-house convention where

employees are encouraged to submit their ideas for new businesses and products. We also provide a “technology fund” to financially support initiatives for new businesses. As I have explained in previous integrated reports, these programs are widely applied at each stage of the “0→1→10→100” model.

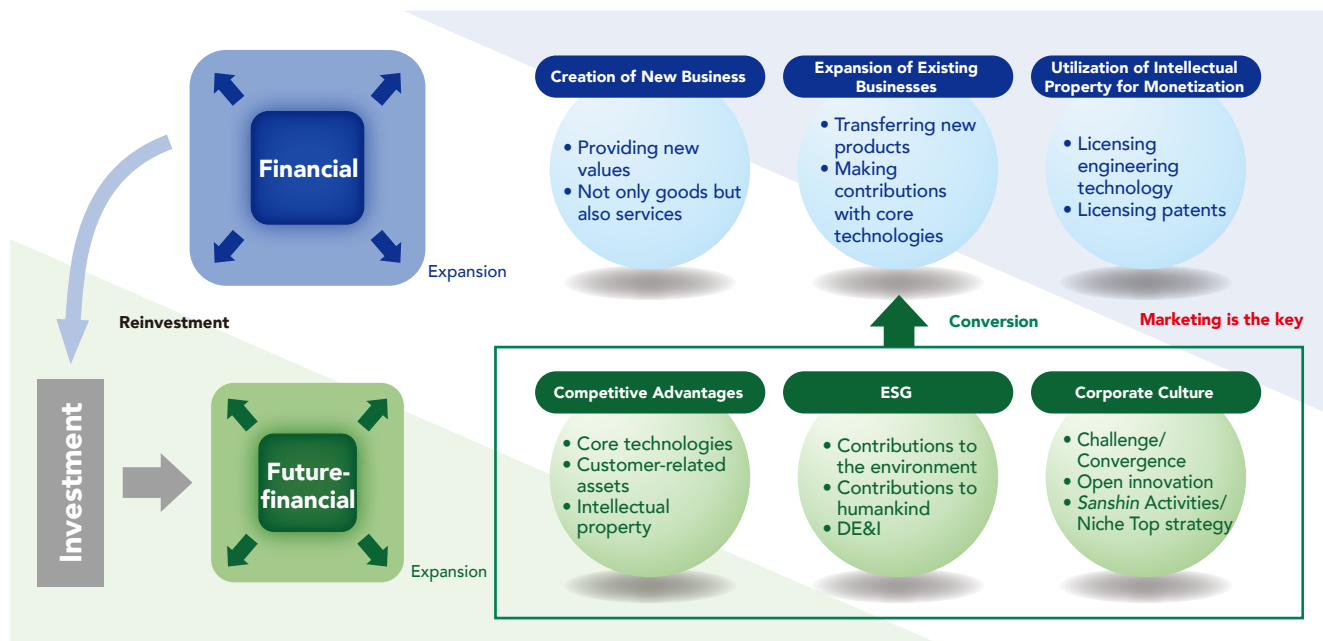
### “R&D + M (Marketing)” to Convert “Future-Financial” Value to “Financial” Value

We believe marketing is the most crucial element in converting “future-financial” value into “financial” value. No matter how advanced a technology may be, it holds no value unless it aligns with customer needs, resulting in no financial outcomes. For us to “simultaneously solve social issues and create economic value,” having an accurate grasp of customer needs alone is not enough. We must also grasp the broader context, including major changes in the market and regulatory trends, so that we can deliver value on a societal level. In some cases, this may mean partnering with entirely new stakeholders, beyond those in our traditional supply chain. When aiming to solve social issues while enhancing economic value, marketing is just as important as technology. It is in this spirit that “R&D + M (Marketing)” has become a guiding concept within the Nitto Group.

When engineers conduct market surveys or assess customer needs, there is a significant risk of leaning too heavily toward a technology-driven perspective. Believing that a strong link between technology and market needs is essential to turning innovation into financial value, we recognized the importance of viewing technology objectively and through the lens of business. In 2019, we set up a marketing organization within the Corporate Technology Sector to serve this purpose. At that time, management carefully selected top talent from across the Group, including individuals from sales and corporate planning departments in business sectors and other organizations, and transferred them to the Corporate Technology Sector. To date, around 50 individuals, including those outside Japan, have taken on this role.

While members of the technology team work on development based on what customers need, marketing team members conduct

Concept of Converting from the Expansion of “Future-financial” to “Financial” Value



surveys and gather information on markets, regulations, and patents from a business perspective. The two teams frequently meet to discuss what kind of product they aim to create, how the business should be structured, and what attributes to seek in potential partners to maximize the resulting value. At first, they faced conflicts due to the differences in positions, and there were times when opinions were difficult to come to a consensus. After a few successes, however, mutual respect developed, and both sides are now able to collaboratively steer their efforts toward a common goal.

## Looking Ahead of Social Trends, Customer Needs, and Legislation to Realize Electrical Release Tape

A prime example of the “R&D + M (Marketing)” approach is “electrical release tape,” Nitto’s new product that debuted in 2024. Let me talk about how it came to be. Essentially a double-sided adhesive tape, it features a unique property: while it adheres strongly when applied, it can be easily released with the application of a small voltage for a few tens of seconds. Generally speaking, tapes that can be easily peeled, such as masking tape or protective films, have low adhesive strength and are unsuitable for fixing objects. With this project, our goal was to develop the ultimate bonding technology that “adheres firmly but releases smoothly when needed.” The project dates back to 2014, when we had only a vague sense of its environmental friendliness or potential applications. Its alignment with recycling and sustainability goals was not yet clear.

Then, in the following year, 2015, we presented the project at Nitto’s R&D Innovation Networking Conference (RINC), which generated significant interest. So much so that we transferred the authority of the project and its members to a relevant business sector, with an eye toward sales expansion. However, contrary to our expectations, customer response was slow. As a result, the project authority was returned to the Corporate Technology Sector three years later.

Despite the initial setback, the engineers refused to give up hope and continued searching for unmet needs. Coincidentally, this was around the time we launched our open innovation center, inovas. At inovas, we conduct technology demonstrations for visiting customers to uncover latent needs. In preparing for these

demonstrations, we make it a point to do our homework, say, researching what products individual customers are working on, forming hypotheses about their potential challenges, and crafting compelling suggestions full of thoughtful ideas. After each visit, we conduct a review to see what resonated with the customer and what did not, then refine our approach and start again to deliver an even better proposal next time.

Through continued engagement with customers and repeated trial and error, we eventually realized that the tape could be used to fix smartphone batteries. Most smartphones use double-sided adhesive tape to secure batteries, and we identified a clear need for tape that can be easily released, either during battery installation in the manufacturing process or when replacing batteries after several years of use.

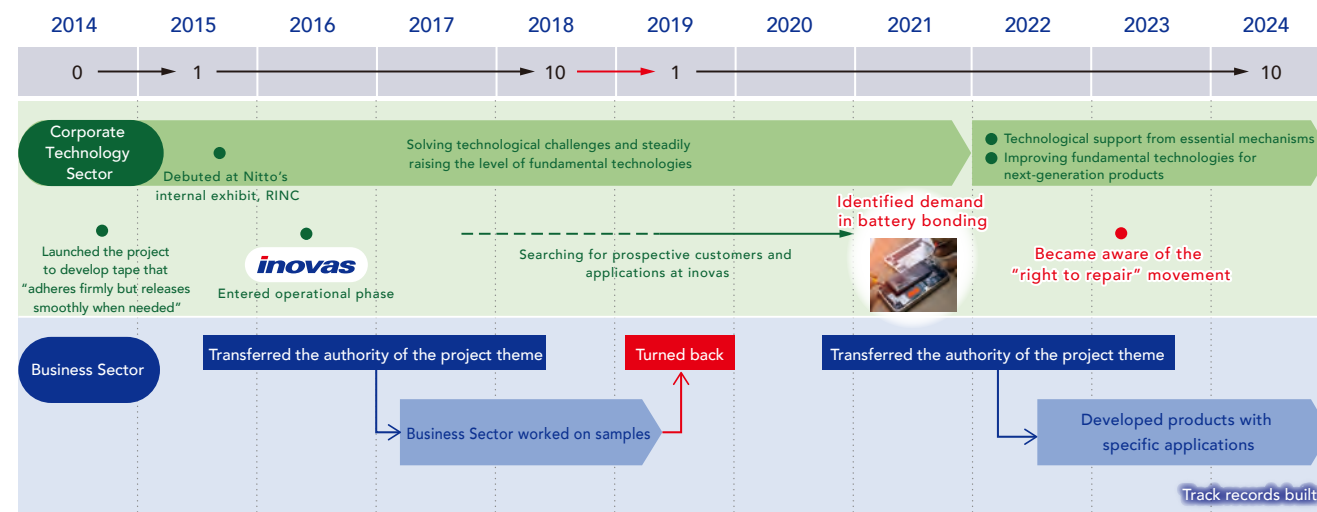
Our marketing team goes beyond simply listening to customer feedback. They conduct comprehensive surveys into the societal and market changes that may underlie those needs. To increase

the accuracy of these assessments, we use the IP landscaping approach, which visualizes market trends through patent application data, while also monitoring relevant laws and regulations in respective countries and regions. In this case, too, all such efforts were led by the marketing organization I mentioned earlier.

Throughout this process, we came to learn about the concept of the “right to repair,” a growing movement in Europe aimed at promoting a circular society. The idea is that leaving the task of repairing devices or replacing batteries solely to manufacturers can hinder the transition to a circular society. The underlying logic is that “consumers should be given the right to repair their devices or replace their parts themselves, and manufacturers have a responsibility to support this right.” Anticipating legislation on this issue, smartphone suppliers were beginning to align with and support this movement.

Once a specific target was identified, the development gained

Electrical Release Tape: From Its Project Beginning to Now



significant momentum. We transferred the authority of the project back to the business sector to proceed with product design focused on prospective customers. Meanwhile, for technical support based on fundamental mechanisms and improvement of fundamental technologies for next-generation products, the Corporate Technology Sector established a system to provide support in collaboration with overseas research laboratories, further propelling the project forward.

As a result, in 2024, ten years after this particular project began, our electrical release tape was adopted for the first time in the world for fixing smartphone batteries, marking its entry into full-scale social implementation. It undoubtedly facilitates battery recycling and replacement, making a significant contribution to the development of a circulatory society. The product has generated a phenomenal response and is already making a substantial contribution to the Nitto Group's revenue and profit.

I must say that this experience gave us a profound sense of confidence—not only in our ability to establish innovative technology ahead of its time, but also in our marketing team's capability to grasp social trends in recycling and repair, understand customer needs, and stay on top of regulatory developments, ultimately delivering real results. I am delighted to note that this product has potential beyond electronic devices and is expected to see broader applications. We will continue enhancing its performance and competitiveness toward the ultimate goal of developing it into a Global Niche Top™ product that contributes to the environment.

## Generative AI Revolutionizing Marketing

The Nitto Group is promoting digital transformation (DX) through various avenues. For instance, we leverage materials informatics (MI) to shorten research and development lead times and improve operational efficiency. We are also working on a business that creates value by leveraging digital data obtained through our unique sensing technology. In a similar vein, we are taking a unique approach to generative AI, whose rapid evolution has drawn significant attention in recent years, with the aim of transforming how we market our offerings.

In utilizing generative AI, we recognized the need to differentiate our model by layering Nitto-specific data onto existing language models. To that end, we began inputting data from technical reports authored by Nitto's engineers, records of *Sanshin* Activities covering a wide range of fields, from agriculture to electronics, and market information gathered over time.

Now, we are taking this approach to generate ideas for subjects Nitto should pursue. By extracting Nitto's proprietary technologies from a vast collection of technical reports and matching them with latent needs otherwise hidden in market data, the system allows us to generate potential solutions. In the process, we have refined the input data based on usage objectives and improved the quality of prompts (instructions). Currently, about 60 to 70 percent of the generated ideas are worth exploring.

Previously, only a handful of individuals with extensive engineering or marketing experience could generate promising ideas. With generative AI, however, more people can now do so. Of course, we will not accept AI output uncritically; instead, we use it as a prompt to support our unique marketing efforts.

In fiscal 2025, we will incorporate AI-agent functionality into this system, allowing the "engineer," "marketer," and "moderator" agents to discuss or evaluate one another's input, further improving idea quality. At the same time, we plan to embed the system into our workflow as we reshape Nitto's marketing.

## A Focus in Fiscal 2025—Increasing R&D Success Probability

At the Corporate Technology Sector's policy announcement in April to mark the start of fiscal 2025, I emphasized the importance of marketing. This year, we are likely to face several headwinds, including tariffs and yen appreciation. While the entire Group will take measures to mitigate their impact, there is a possibility that business growth may slow. In this context, the Corporate Technology Sector will focus on increasing the success probability of development projects by leveraging our unique marketing technique to accurately capture market and customer trends.



"Simultaneously solving social issues and creating economic value"—challenging as it may sound, I have long believed that "Nitto can do it." In fiscal 2024, that belief turned into conviction when electrical release tape—a brainchild of the Corporate Technology Sector—gained social acceptance. This success gave us strong confidence that "Nitto will continue to do it." I believe this sense of conviction is now shared by all employees of the Nitto Group. By tapping into generative AI and further advancing our unique "R&D + M (Marketing)" approach, we aim to deliver more success stories like this. You can count on the Nitto Group as we move forward.

# Intellectual Property Strategy

## Intellectual Property Initiatives

The Nitto Group's intellectual property initiatives are centered on the "utilization" of its intellectual property (intangible assets) for business purposes, enhancing the quality of its intellectual property by carefully determining what is needed based on the direction of its business and its market appeal. How should we apply our intellectual property to secure an "essential position," and have we developed an intellectual property strategy that is strong enough to make it happen? By continually asking ourselves these questions, we seek ways to maximize revenue, which serves as the linchpin of the Nitto Group's intellectual property initiatives. Seeking to solve social issues through innovation, Nitto is forging ahead with *Sanshin* Activities, with the business, R&D, and intellectual property functions working in unison. In this effort, intellectual property initiatives are expected to play two roles. First, to view existing technologies from a new perspective to address the demand (market) we aim to create. This approach will help us identify technologies within our intellectual property library that can potentially address social issues by adjusting their development paths. Second, to use intellectual property rights to build entry barriers that protect the novel technologies, applications, and market demand generated from these newly discovered seeds.

## Intellectual Property Strateg

The Nitto Group is pursuing both a patent application strategy and an owned patent utilization strategy on a company-wide basis in a bid to expand revenue through greater use of intellectual property.

Our patent application strategy involves three policies: obtain patents that create an entry barrier for competing technologies, which should give us an edge over competitors, after making detailed research and analysis of such technologies; secure patents that protect Nitto's business by establishing rights to the core of Nitto's administration; and target patents that are found to be of any use following an investigation of the market and customer needs and

trends, although Nitto may not commercialize them in the future. We aim to maximize revenue by creating a competitive advantage and becoming an "essential" entity in supply chains. At the same time, by forming alliances with powerful partners to gain access to their assets, we may be able to reduce or delay up-front investments, allowing us to monetize our patents early or extend the duration of expected earnings.

The owned patent utilization strategy, on the other hand, gives due regards to four possibilities: utilizing patents for Nitto's operations to generate earnings; gaining license revenue through the exercising of rights; receiving revenue by selling and transferring patents; and reducing costs by abandoning unnecessary patents. While working to extend the period of earnings contributions after peaking, we assess how much each of our intellectual property rights contributes to business activities using common standards. This allows us to eliminate costs tied to unnecessary or unused patents and redirect those resources toward creating intellectual property rights necessary for new business activities. In doing so, we ensure that investments in development are recovered and the Group's revenue grow.

Furthermore, for initiatives such as Global Niche Top™ and Area Niche Top™, we register trademarks tied to our corporate and business strategies to protect them. Through this approach, we aim to promote these externally as part of Nitto's brand portfolio, thereby enhancing our brand value.

## Initiatives for Continuous Revenue Growth

As we tap into our intellectual property rights by strategically "closing" or "opening" our intellectual property portfolio in response to changes in the business environment, we intend to expand business earnings and extend the lifespan of business value. At the same time, by launching new businesses in a timely manner through *Sanshin* Activities, we fill gaps between revenue peaks to achieve sustained earnings growth.

The LCD optical film business, one of our mainstay businesses, exemplifies this approach. During its introductory/growth phases, we focused on building an intellectual property portfolio aligned with target markets by securing one patent after another. This way, we established an "essential" position in the supply chain that included our customers, and used intellectual property to maintain this advantage in a "closed" system, thus maximizing earnings. As the business transitioned into its maturity/decline phases, we pivoted to an "open" strategy, licensing out the intellectual property portfolio we had built. This allowed us to extract value from the broader market.

Similarly, we adopted distinct revenue models for different cases within the oligonucleotide therapeutics business, such as contract manufacturing and licensing our drug discovery pipeline or drug delivery system (DDS) technology, to maximize financial value at the right time.

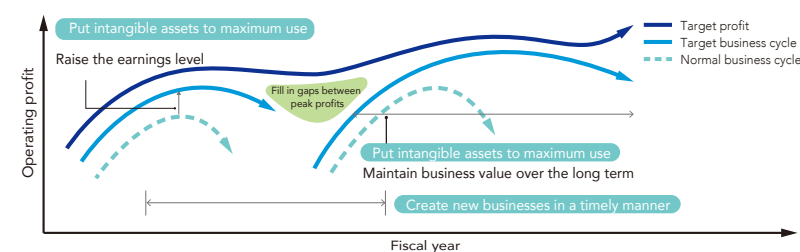
For electrical release tapes, we are taking a strategic approach to ensure this innovative product becomes and remains "essential" to our customers, carefully considering how best to utilize its intellectual property.

As described above, we are committed to increasing long-term business value by following a process that begins with "building a patent network," progressing to "securing an essential position by closing the patent portfolio and establishing entry barriers," and culminates in "opening the patent portfolio to license it out before the product technology in question becomes commoditized, thus boosting revenue as the market pie expands."

## Visualizing Intellectual Property Rights



## Seeking Both "Timely New Business Creation" and "Utilization of Intangible Assets"

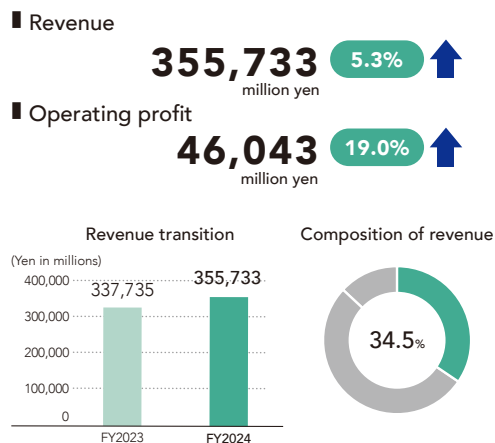




# Summary of Results by Segment

## Industrial Tape

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

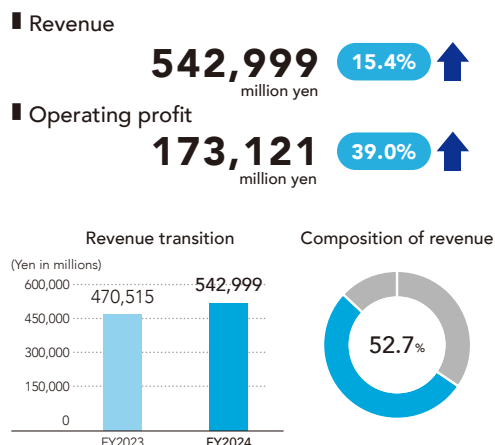


## Optronics

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

For Circuit Materials, revenue increased from the previous fiscal year. As demand for storage for data centers and HDD capacities further expanded with the spread of generative AI, demand for CISFLEX™ increased significantly. Demand for high-precision circuits increased as the production of high-end smartphones remained strong.

Furthermore, following the decision to suspend business development for plastic optical fiber cables in the third quarter of this fiscal year, we posted 2,690 million yen in impairment losses.

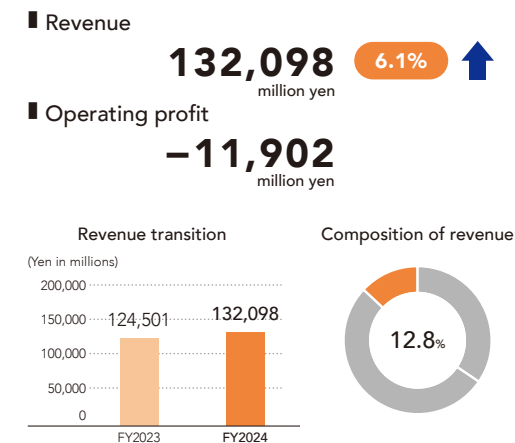


## Human Life

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

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

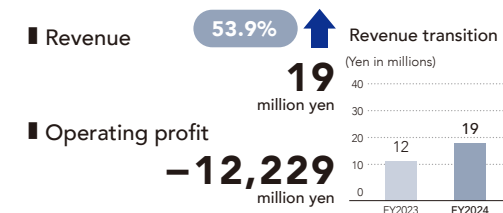
For Personal Care Materials, revenue increased from the previous fiscal year. The expansion of sales continued for new sanitary material products for diapers and environmentally friendly products using biodegradable technology. A review of the business



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

## Others

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



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

# Business Strategies by Segment

## Industrial Tape

Nitto's unique tape technology contributing to customers in reducing the environmental impact of their products and processes

### Overview



### Segment Profile

The Industrial Tape segment delivers high-performance and high-quality components that leverage Nitto's core technologies, including "adhesion" and "porous formation," along with structural materials, process materials, porous materials, and thermally conductive insulation materials, to a broad range of markets. In recent years, the segment has focused on enhancing release functionality. Beyond stress-free peeling, we incorporate various features into our tapes to align with customers' manufacturing processes and product requirements, creating new value in key applications, including information devices and displays, semiconductors and electronic components, and mobility products.

Also, in response to growing demand for a circular economy, we continue to develop products that utilize our release technology and adopt low-impact materials, contributing to CO<sub>2</sub> emissions reduction across the material life cycle.

## Strengths

- Fully leveraging Nitto's core technologies of "adhesion," "porous formation," and "release" to provide essential products to customers
- Extensive networks of production sites, R&D centers, and sales channels that enable global marketing of products developed using our proprietary technologies
- A comprehensive product lineup ranging from commodity products to cutting-edge functional materials
- Exceptional development and problem-solving capabilities that address a wide range of customer needs

### Products

#### For information devices and displays

Nitto's primary offering in this field is double-sided tape for information devices, wearable devices, and AR/VR devices. The key source of competitive advantage lies in our release technology, which maintains strong adhesive performance while allowing for easy removal when needed. Modern information devices have highly densified internal structures, making recycling a delicate process. Portable devices, on the other hand, require high impact resistance to withstand a wide range of usage environments. To meet these varied requirements, the Nitto Group has introduced the battery bonding electrical release tape. This product combines electrical release technology, which significantly reduces adhesion compared to conventional easy-peel products, with outstanding drop impact resistance.



Electrical release tape

#### For mobility products

Nitto provides a range of products essential for the safe operation of automobiles and aircraft, such as high-performance sealing materials and insulation materials. Automotive electronic devices must be sealed to block water and foreign matter while also allowing air circulation to manage heat expansion. As a solution to these conflicting requirements, the Nitto Group offers vent filters that combine air permeability with water resistance. We are also developing thinner tapes that protect and bind wire harnesses used to electrically connect electronic components, contributing to lighter vehicle designs.



Tapes for protection and binding



Internal pressure adjusting material

#### For semiconductors and electronic components

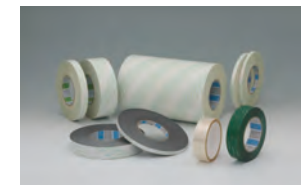
Nitto provides adhesive tapes for temporarily fixing workpieces (customers' products such as semiconductor wafers) during semiconductor and electronic component manufacturing processes (shaving, cutting, etc.) These tapes offer strong adhesion for secure attachment yet can be easily removed without any stress after completion of the tasks by applying heat or ultraviolet rays. By understanding the direction of our customer's businesses, we deliver tailored proposals that combine tapes suited to evolving manufacturing processes with laminating devices. Tapping into these strengths, we support improved productivity and smoother new product launches for our customers.



Dicing tape that enables damage-free pickup of thin-film chips

#### Base materials

Here, Nitto uses two of our core technologies of adhesion and porous formation to provide removable, highly adhesive double-sided tape, surface protection films for metal and resin, and heat-resistant sheets that offer high thermostability, insulation, and low friction. Designed to block water while allowing vapor to pass, TEMISH™ fluorine resin porous film enjoys a high market share in healthcare, automotive, and electronic device applications. Nitto also provides numerous products that contribute to environmental impact reduction, such as low-VOC (volatile organic compound) double-sided tape, which helps lower CO<sub>2</sub> and VOC emissions during the product life cycle.



Low VOC double-sided tape

## Mid- and Long-Term Strategies

### Delivering distinctive products to a broad range of markets to achieve sustainable growth and higher profitability

#### • For information devices and displays

European and American countries are at the forefront of introducing laws and regulations aimed at promoting the recycling and reuse of electronic devices and appliances. In line with these regulations, which seek to reduce waste and CO<sub>2</sub> emissions by encouraging longer product life, manufacturers are developing products that are easy to repair and are actively sharing information on servicing and disassembly. European authorities have also announced plans to broaden the scope of regulated devices in the future. The Nitto Group intends to differentiate itself by offering solutions that integrate electric trigger and other release technologies with various adhesive properties. At the same time, we will continue to establish process technologies and invest in production capacity expansion, both essential for products in the information device sector, to better meet customer needs.

#### Example application of electrical release tape



When used to secure mobile phone batteries, electrical release tape allows for quick and easy battery replacement using an electric current.

#### • For semiconductors and electronic components

In fiscal 2024, Nitto placed a strategic focus on advanced semiconductors for AI-powered devices and initiated growth investments in this market. The rapid emergence of AI, which processes vast volumes of data in a short time, has significantly transformed the semiconductor landscape. While semiconductor fabrication was previously centered on the front-end wafer patterning process, new technologies have shifted attention to back-end processes, including thinning and finishing, aiming for greater functionality. Handling thin semiconductors requires temporary adhesives, and it has become clear that the Nitto Group's technology for "securely holding components and releasing them cleanly without stress" offers strong value. In anticipation that back-end processing will require the same high standards of cleanliness and chemical resistance as the front-end, we are also developing products and technologies to meet these demands.

We also expect demand for CO<sub>2</sub> emission reductions and recycling to emerge throughout the entire supply chain of the advanced semiconductor sector. To address this growing need, we will continue collecting and recycling materials/devices while avoiding the use of solvents.

#### • For mobility products

While remaining committed to enhancing the safety and comfort of mobility products, Nitto will intensify its efforts to deliver innovative solutions across the entire powertrain domain—which supplies power to electric vehicles—including lithium-ion batteries, all-solid-state batteries, and fuel cells, with the goal of contributing to the realization of a next-generation mobility society. For vent filters, we are working to add new value in order to expand our presence in the electronic device market, in addition to our established applications for automotive lamps where we have historically enjoyed a strong market share. In the area of PVC tape for wire harness protection and binding, we are increasing production capacity and building a new plant to support future product development. As detailed above, we aim to drive business growth by both exploring new business fields and expanding market share for existing products.

Another scenario we envision for the future of the automobile industry is the accelerated push to increase the recycling ratio. In Europe, new regulations have been announced regarding the recycling of plastics used in automobiles, and our customers have already begun responding. With these developments in the market in mind, the Nitto Group has initiated discussions on products that contribute to building a circular economy.

#### • Base materials

We supply base materials to a broad range of markets, including electronics, medical and healthcare, and housing and construction, playing a key role in supporting other businesses within the Nitto Group. As such, we are transforming our business portfolio with attention to the latest market trends and Nitto Group strategies. For example, by improving the surface protection film used for metal processing, we are expanding applications for use during the manufacturing process of electronic components, and by applying the technology of double-sided tape used for home appliances and automotive parts, we are expanding applications for mobile devices and display components. Amid rising ESG awareness and tightening of regulations in more countries, we will continue to promote our PlanetFlags/HumanFlags approach and establish ourselves as an Area Niche Top™ and ultimately a Global Niche Top™. The highly versatile products in base materials sub-segment will respond swiftly to changes in material specifications and environmental performance demands by utilizing the wide variety of technologies and experience cultivated to date.



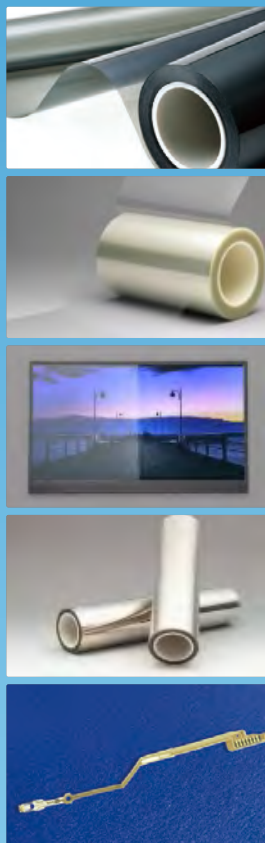
# Business Strategies by Segment

## Optronics

Supporting a secure and accessible lifestyle and a sustainable circular society (Information fine materials)

One-of-a-kind technology to promote the development of a data-driven society through contribution to the environment (Circuit materials)

### Overview



### Segment Profile

The Optronics segment is comprised of information fine materials—including protection films for organic light-emitting displays (OLEDs) processes and polarizing films with excellent optical properties, and highly transparent and visible adhesive sheets—and circuit materials such as CISFLEX™ and high-precision circuits. For the information fine materials sub-segment, we tap into our proven expertise in processing functional films to manufacture optical products, working with customers from the product design stage to offer tailored solutions. In the circuit materials sub-segment, our key technology lies in printed circuit board formation, which combines micro wiring and high positioning accuracy. This enables the electrical and mechanical performance required in hard disk drives (HDDs) and smartphones, making our materials essential to our customers' operations.

## Strengths

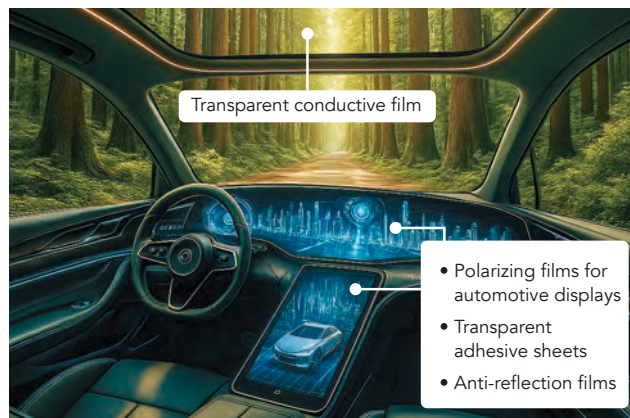
- **Information fine materials:** A leading position in the high-end market, where technological differentiation is critical, which positions us to be the first to identify emerging customer needs and provide solutions ahead of competitors, and advanced optical and sputtering technologies with potential applications beyond display-related products
- **Circuit materials:** Strong technological capabilities and high reliability, as demonstrated by our dominant market shares of CISFLEX™ and high-precision circuits

## Products

### Information fine materials

Offering total solutions built on our strengths in optical design and adhesion technologies, Nitto delivers a wide range of products for displays, including polarizing films, OLED protection films, transparent adhesive sheets, and anti-reflection films. Leveraging our strong presence in each field, we stay ahead of latent market needs, enabling the development of a steady stream of new products ahead of our competitors. One example is a film that uses ultraviolet rays to alter adhesion levels, allowing process films to double as structural materials and reduce processing burdens for customers. Nitto's polarizing films for automotive displays have also secured a competitive edge by responding precisely to market trends such as larger or uniquely-shaped displays. These films offer high durability and a wide viewing angle, delivering superior optical performance.

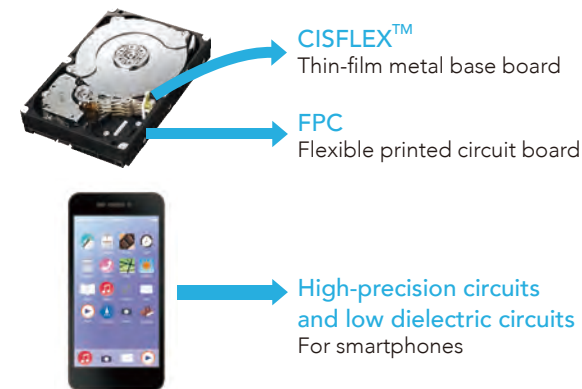
Beyond display applications, Nitto is also active in the non-display market with high-performance offerings. Using our proprietary sputter deposition method to achieve high transparency, superior surface conductivity, and excellent adhesion, our transparent conductive films are used in applications ranging from touch panels to light control sunroofs in automobiles and anti-reflection films.



### Circuit materials

Some of the key offerings in this sub-segment include CISFLEX™, a thin-film metal base board that holds the leading market share as a circuit material essential for HDDs, and flexible printed circuit (FPC) boards. For smartphones, in addition to our proven high-precision circuits, we began mass production of low dielectric substrates for 5G communications with superior transmission characteristics in fiscal 2024.

The Nitto Group combines polymer design technology with its in-house constituent materials that are critical to functional expression, thus achieving miniaturization, thin films, and mechanical properties that competitors cannot replicate. Because these constituent materials are developed internally, we are able to exercise precise control, meeting increasingly advanced performance requirements. This integrated approach forms the foundation for Nitto's ability to respond flexibly and swiftly to evolving market and customer demands.





## Mid- and Long-Term Strategies

### Transforming the product portfolio to maintain high profitability of the business (Information fine materials) Reforming business infrastructure and processes to concentrate resources on new product development and build a more resilient business (Circuit materials)

#### • Information fine materials

Nitto continues to make strategic investments to maximize customer value in the growing OLED and automotive markets. At the same time, we will invest in additional solvent-free coaters to accelerate the shift toward eco-friendly product development.

For polarizing films used in smartphones and tablets, we are building new process technologies for increased productivity. We will also aim to advance our total solution business, which integrates multiple display assembly components, such as transparent adhesive sheets and protection films, both of which are based on our adhesion technology. By consistently introducing new technologies and strengthening relationships with customers, we aim to increase the number of Nitto components and devices used in each unit of foldable OLEDs, thereby reinforcing our market position.

In the automotive product market, we expect demand for uniquely-shaped, larger displays to grow as self-driving technology advances and design flexibility improves. To address these trends, we will focus on further honing our competitive advantages while maintaining strong market penetration by supplying highly durable, high-performance

materials suited to a wide range of products, particularly in the high-end market. In the non-display market, we will continue exploring new business opportunities by leveraging our sputtering and polarizing technologies.

As part of our strategy to develop products for the growing AR glasses market, we formed a capital alliance with TruLife Optics. We will take advantage of the synergy between both companies to establish a highly efficient process of manufacturing holograms for AR glasses.

On top of all this, we continue to develop products with the goal of achieving PlanetFlags/HumanFlags recognition, giving rise to a series of offerings that help to reduce waste and CO<sub>2</sub> emissions. In a bold push to minimize environmental impact, we plan to design solvent-free products and transition to recycled or bio-based alternative materials that significantly reduce CO<sub>2</sub> emissions. Furthermore, by introducing data-driven management, we will consolidate data to drive business flow reform. At the same time, we aim to enhance corporate resilience by automating production lines to reduce fixed costs. Also, by intensively allocating human resources to new product development, we will remain committed to responding to market needs as we constantly apply our advanced technological capabilities to deliver new value to customers.

technologies to bring about innovation. With a focus on emerging markets such as sensing and semiconductors, we aim to establish a continuous pipeline of HumanFlags products that improve comfort and safety in daily life while advancing the digital society.

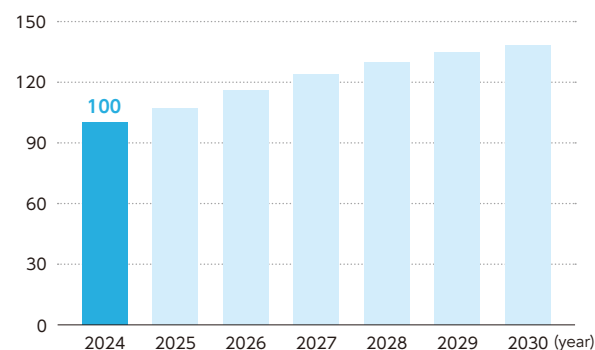
Given the nature of this sub-segment, which contains a pantheon of products with significant market share and therefore a critical responsibility in market supply, we will pursue a dual investment strategy: capital expenditures to expand production capacity and development investments to create new businesses. In this context, we are promoting the Virtual One Factory globally, in parallel with the expansion of production capacity overseas. Through production optimization and predictive maintenance across multiple production sites by utilizing AI, human resources and facility resources are reallocated to secure resources for new development projects. In fiscal 2024, we completed the introduction of the enterprise resource planning (ERP) system across all sites. Starting in fiscal 2025, we will begin validation efforts to maximize data utilization and plan to fully implement the Virtual One Factory by fiscal 2027.

Environmental investment will also remain a priority. Given the large volumes of water required for circuit board production, we will focus on initiatives to conserve water resources and reduce environmental impact.

#### Forecast of Trends in the Area of the Automotive Display Panel Market

(Nitto's forecast based on surveys)

\*The baseline year of 2024 = 100

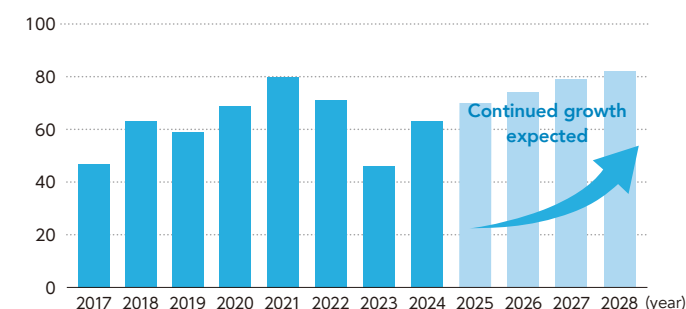


#### • Circuit materials

Market demand for HDDs, which play an integral role in a data-driven and "smart" society, is expected to remain steady going forward, primarily due to the growing prevalence of generative AI. However, we believe this is driven not only by an increase in unit sales but also by the rising need for higher storage capacity per device. In response, the Nitto Group will use CISFLEX™ and other existing products as a base and add new functions to meet evolving market demands and sustain business growth. In the smartphone market, where communication is becoming faster and more multi-standard, we will continue to deliver products that meet the performance requirements of smartphone internals, including recently developed low dielectric substrates based on the Nitto Group's core technologies, alongside high-precision circuits. Meanwhile, we will maintain our current approach of developing one-of-a-kind technologies by integrating elemental

#### High-Capacity HDD Unit Forecast (Nitto's forecast based on surveys)

HDD unit shipment (million units/year)



# Business Strategies by Segment

## Human Life

For coexistence with the global environment, better living, and a fulfilled life

### Overview



### Segment Profile

The Human Life segment is responsible for developing and manufacturing products that contribute to the realization of "accessible and user-friendly healthcare," "a society where anyone can function," and "a secure and safe future."

In the life science sub-segment, the Nitto Group manufactures polymer beads for oligonucleotide synthesis (NittoPhase™), conducts contract manufacturing of oligonucleotides, and engages in drug discovery by leveraging our long-standing expertise in particle polymer synthesis technology. We are also developing a drug delivery system (DDS) to deliver nucleic acid therapeutics precisely to targeted areas within the body. In the membrane sub-segment, we contribute to water resource conservation and water pollution prevention by producing and supplying high-polymer separation membranes used for wastewater treatment. In the personal care materials sub-segment, we manufacture and sell nonwoven fabrics used in products such as diapers and wet wipes, and functional films.

## Strengths

- **Life science:** The added value of NittoPhase™ in oligonucleotide therapeutics; an oligonucleotide contract manufacturing process that extensively supports everything from early-stage development to commercial drug production; highly functional and safe DDS development technology cultivated through in-house development of clinical-grade nucleic acid DDS drugs
- **Membranes:** Global sales network and brand strength that has led the market for over three decades
- **Personal care materials:** Global business operations centering on the hygiene market with a broad product lineup including elastic films, nonwoven fabrics, and adhesive tapes for sanitary use

## Products

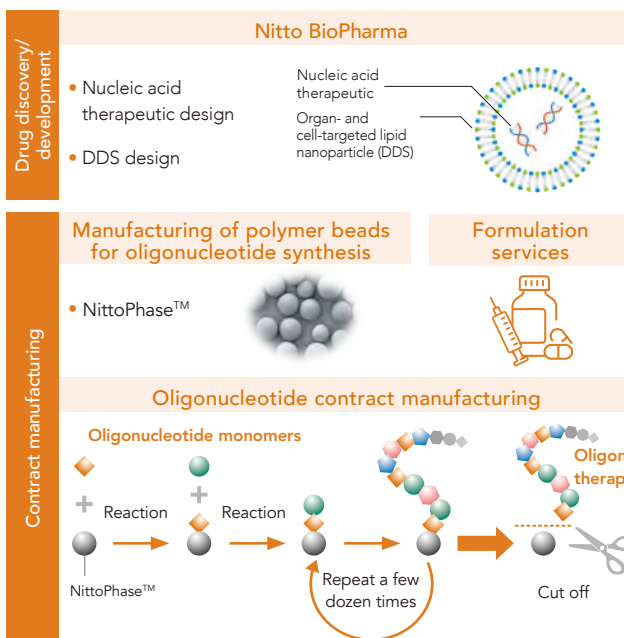
### Life science

Combining the Nitto Group's core technologies and manufacturing expertise, high-purity and high-yield NittoPhase™ offers the versatility to support a wide variety of nucleic acid sequences. Tailored to meet varying needs across R&D, clinical studies, and commercial production, NittoPhase™ holds a 65% market share (by number of projects). In the oligonucleotide contract manufacturing business, based on abundant experience in oligonucleotide synthesis, we develop manufacturing processes that meet specific customer requirements, whether in quantity, quality, or delivery timeline, and provide advanced manufacturing technologies to support the commercialization of oligonucleotide therapeutics. In nucleic acid drug development, we not only develop therapeutic drugs but also license our DDS technologies, whose safety is validated through clinical trials.

### Membranes

Leveraging its proprietary large membrane surface area technology, the Nitto Group produces and sells membrane products used in various water treatment applications, contributing to energy and resource conservation. We also offer membranes for ZLD\* (Zero Liquid Discharge) systems in response to regulations being adopted in countries such as China and India. In addition, we provide membranes for producing ultrapure water, which supports the electronics industry's growth, as well as membranes that remove impurities in offshore oilfields. Another strength of the Nitto Group lies in our expertise with reverse osmosis (RO) membranes and our proprietary simulation technology, which enable us to propose and design membrane solutions tailored to customers' specific post-treatment water quality requirements.

\*A system that recycles wastewater through multiple treatment processes to achieve zero liquid discharge



### Personal care materials

We design, develop, manufacture, and sell diaper materials (elastic films), technical films used as liquid container labels and base material for tapes, nonwoven fabrics for wet wipes and similar products, and pouch films for feminine care items in Germany, the U.S., Turkey, and China. In addition to the development of films, nonwoven fabrics, hygienic adhesive tapes and integrated products, we also develop highly functional products such as those with elasticity, breathability, absorbency, as well as sustainable products.



## Mid- and Long-Term Strategies

### Transforming the business portfolio to achieve further growth for strong performance

#### • Life science

As the number of clinical cases increases and sales of commercial drugs for major diseases expand, the oligonucleotide contract manufacturing market is projected to grow by 20% annually through 2030. Riding this growth trend, the Nitto Group will strengthen its supply capacity by expanding production capacity and, in anticipation of intensified price competition driven by market scale, improve its cost competitiveness by investing in the development of new process technologies.

In fiscal 2024, Nitto Denko Avecia successfully implemented continuous purification technology in the oligonucleotide therapeutics manufacturing process and began offering large-scale contract manufacturing enabled by this innovation to customers in Europe. This technology contributes to improving the yields of oligonucleotide therapeutics compared to conventional methods by linking purification columns\* and repeating the purification process. Since the cost of manufacturing oligonucleotide therapeutics can be better controlled,

we believe that this will lead to a reduction in medical expenses. This U.S. subsidiary has additionally installed a facility for real-time analysis of oligonucleotide synthesis reactions. By streamlining the manufacturing process with these technologies and facilities, we aim to further strengthen our cost competitiveness.

As part of our efforts to expand supply capacity, a new factory within the Tohoku Plant began manufacturing and processing NittoPhase™ in fiscal 2024, and a new factory in California, U.S., is due to open in fiscal 2025 as planned. Nitto's life science business serves many customers in Europe, who often have strict environmental requirements. Accordingly, we are working to reduce solvent usage during oligonucleotide contract manufacturing, aiming to lower CO<sub>2</sub> emissions and help customers reduce their Scope 3 emissions.

In terms of nucleic acid drug development, we are shifting our focus to licensing the DDS platform. In the field of advanced medicine, such as mRNA therapeutics and cell/gene editing, we are collaborating with

multiple partners to shorten development timelines and improve the efficiency of development investments, with the goal of commercializing and monetizing new technologies at an early stage.

\*Purification column: Cylindrical vessel filled with packing material for extracting target compounds from a mixture.

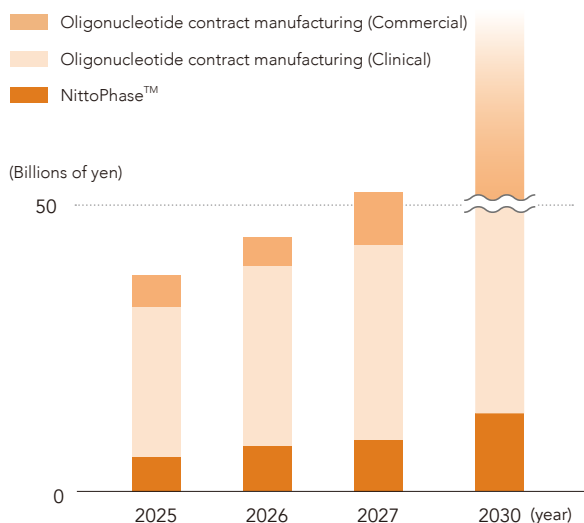
#### • Membranes

Amid the ongoing tightening of wastewater regulations in various countries, we are developing products that support the efficient recycling and reuse of factory wastewater in key markets such as Europe, the Americas, East Asia, and India, contributing both to our customers' operations and to the conservation of water resources. To accelerate further business growth, we will continue making capital investments to streamline the manufacturing processes, while developing high-quality products with superior resistance to fouling and chemicals. Over the long term, we plan to invest in a range of initiatives aimed at halving waste generation and energy consumption across both our processes and our customers' use. In the near term, we will make steady efforts to develop membranes for ZLD applications that meet increasingly complex customer requirements, as well as energy-saving products that support CO<sub>2</sub> emissions reduction. At the same time, we intend to boldly explore entirely new business models for the future.

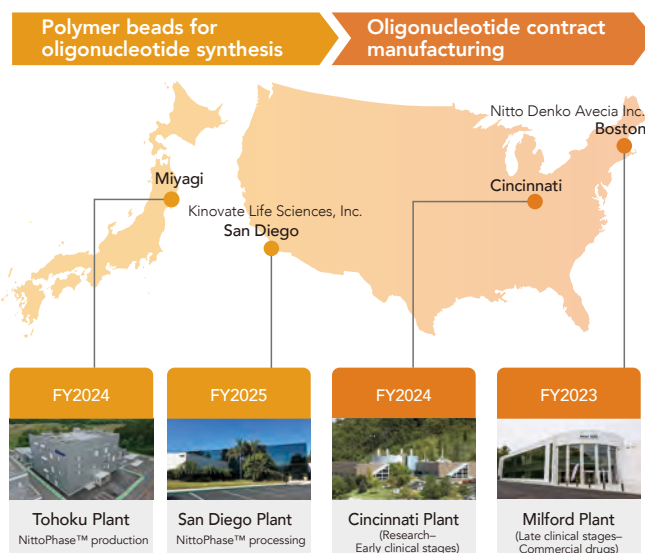
#### • Personal care materials

For hygiene products, we will expand our business globally with high functional models that scale both vertically and horizontally while offering enhanced durability, aiming at the target markets for adults and female consumers. Furthermore, by leveraging our know-how in designing and developing highly functional materials, we will pursue a growth strategy for technical films, which are thin yet durable and elastic, targeting markets such as semiconductors, mobile devices, and mobility products. To support this strategy, we will accelerate capital investments and digitalization efforts to strengthen a stable production system. Furthermore, we will remain focused on the creation of sustainable products, such as biodegradable materials (introduced in the nonwoven fabrics business).

#### Mid/Long-Term Revenue Plan



#### Growth Strategy for the Oligo Business





# Environmental Initiatives

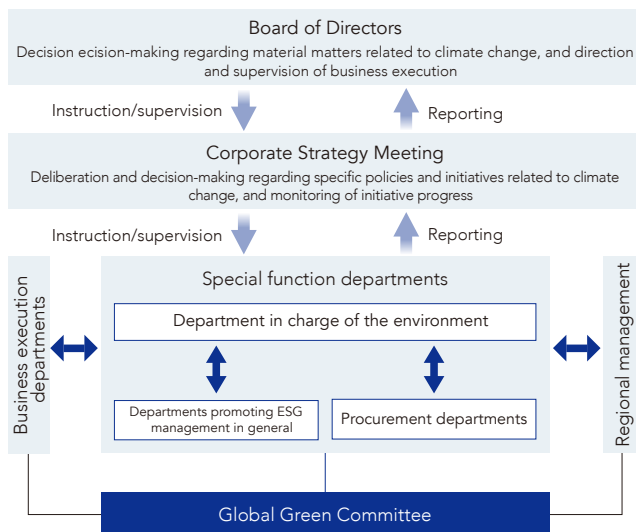
## Basic Ideas

Climate change and other environmental challenges are becoming increasingly severe. In 2024, multiple international organizations reported that the global temperature rise had exceeded the 1.5°C threshold set by the Paris Agreement. Against this backdrop, reducing environmental impact, whether by improving energy and resource efficiency, reducing CO<sub>2</sub> and waste emissions, or otherwise, is a social responsibility for businesses. This calls for constant originality and ingenuity.

The Nitto Group has outlined its commitment to contributing to a sustainable society in its Basic Policy on Environment. This commitment extends beyond minimizing environmental impact within the Group itself, aiming to reduce environmental impact across the entire supply chain by leveraging our proprietary technologies and knowledge.

## Promotion System

To address environmental issues, the Nitto Group has established a governance structure centered around the Corporate Strategy Meeting, which operates under the guidance and supervision of the Board of Directors. In order to enhance the effectiveness of our environmental initiatives, we have set up the Global Green Committee (GGC), chaired by the officer in charge of environmental affairs. The GGC collaborates with various departments, including those overseeing ESG management and procurement, to develop strategies, implement and promote relevant measures.



## Targets and Achievements

We have established CO<sub>2</sub> emissions (Scope 1+2), the waste plastics recycling ratio, and the sustainable materials procurement ratio as environment-related future-financial targets within the current mid-term management plan, and are actively promoting initiatives to achieve them.

### CO<sub>2</sub> Emissions (Scope 1+2)

Having met our fiscal 2025 CO<sub>2</sub> emissions target of 550,000 tons in fiscal 2023, we are advancing our efforts by setting a new target of 470,000 tons for fiscal 2025. Our CO<sub>2</sub> emissions for fiscal 2024 totaled 472,000 tons. With steady progress in reduction, we expect to achieve the fiscal 2025 target.

### Waste Plastics Recycling Ratio

The recycling ratio reached 50% in fiscal 2024. We continue to promote waste sorting and other initiatives aimed at increasing this ratio.

### Sustainable Materials Procurement Ratio

The procurement ratio was 18% (non-consolidated) for fiscal 2024. As we work toward our fiscal 2025 target of 20%, we remain committed to promoting the adoption of sustainable materials with the support and cooperation of our business partners.

### Management Targets in the Mid-term Management Plan and 2024 Results

	2024 Results	2025 Targets
CO <sub>2</sub> Emissions (Scope 1+2) (ktons)	472	<b>470</b>
Waste Plastics Recycling Ratio (%)	50	<b>50</b>
Sustainable Materials Procurement Ratio (%)	18 (Non-consolidated)	<b>20</b>

# Realizing a Decarbonized Society

## Support for the Decarbonization Initiative and the New Target Toward 2030

In August 2024, the Nitto Group received the Science Based Targets (SBT) certification as its GHG emission targets for 2030 are based on scientific evidence. In addition to a CO<sub>2</sub> emissions target of 400,000 tons (Scope 1+2), representing a 46% reduction from 2020 levels, we have set a Scope 3 emissions target of 1,460,000 tons by 2030, a 25% reduction from 2022.

In fiscal 2024, our Scope 1+2<sup>1</sup> emissions and Scope 3<sup>2</sup> emissions were 472,000 tons and 1,859,000 tons, respectively. To meet our new 2030 target, we will involve the entire supply chain in reducing emissions.

Nitto is also a member of Renewable Energy 100% (RE100). We are committed to supporting the widespread adoption of renewable energy and converting 100% of the electricity used in our business operations to renewable sources. Our goal is to achieve this on a global scale by 2035, further contributing to GHG emission reductions for the Nitto Group.

<sup>1</sup> Scope 2: Market-based  
<sup>2</sup> Scope 3 Categories: 1, 3, 4, 5, 12

## Initiatives to Reduce Nitto's Own CO<sub>2</sub> Emissions (Scope 1+2)

### Initiatives for Renewable Energy

The ratio of renewable energy used increased to 61%, up from 41% in the previous year, resulting in a reduction of CO<sub>2</sub> emissions by 95,000 tons.

Furthermore, to facilitate the adoption of renewable energy, we actively use Power Purchase Agreements (PPAs) for mid- and long-term energy procurement. On a non-consolidated basis, Nitto Denko Corporation (parent company) has set a target of procuring 200,000 MWh of renewable energy with high additionality<sup>3</sup> by 2030 through a corporate PPA<sup>4</sup>. In fiscal 2024, we procured renewable energy equivalent to 15,672 MWh, leading to a reduction of 7,600 tons of CO<sub>2</sub> emissions for the year. Meanwhile, Korea Nitto Optical Co., Ltd. signed a physical PPA package agreement<sup>5</sup> for 8 MW of solar power in fiscal 2024. This South Korean subsidiary plans to install solar power generation systems, starting operations in the first half of fiscal 2025, with an expected annual CO<sub>2</sub> emissions reduction of 4,700 tons.

<sup>3</sup> The potential for renewable energy increases as new procurement agreements for renewable energy-based electricity drive the construction and investment in renewable energy facilities

<sup>4</sup> A long-term purchase agreement between an electricity generation utility and consumers for the purchase of renewable energy-based electricity, including its environmental value or environmental value alone

<sup>5</sup> A type of corporate PPA

## Initiatives to Conserve Energy

To promote energy conservation for certain existing products that require substantial energy for drying and recovery, we have implemented UV coaters that use solvent-free adhesives, eliminating the need for drying. We are also exploring the use of hydrogen boilers for fuel conversion. Through these measures, we were able to reduce CO<sub>2</sub> emissions by 2,300 tons in fiscal 2024. Going forward, we will continue pursuing our 2030 targets by adopting further energy conservation measures, including the utilization of waste heat and the introduction of high-efficiency equipment.

## Initiatives to Reduce CO<sub>2</sub> Emissions Throughout the Supply Chain

Achieving carbon neutrality across society requires managing and reducing CO<sub>2</sub> throughout the supply chain.

The Nitto Group is exploring concrete reduction measures in pursuit of its 2030 targets. In order to develop the reduction measures, we are considering the incorporation of a trial estimation of the reduction effect of changes in business portfolio, yield improvement, and conversion to sustainable materials.

Cooperation from suppliers is also essential with regard to raw materials and transportation, which is why we are promoting supplier engagement activities. Working closely with each business sector and discussing countermeasures within the GGC, we are focusing on Category 1 emissions, which represent a significant portion of our Scope 3 emissions. Our goal is to take proactive steps toward reducing these emissions.

## Initiatives at Each Site

### Renewable energy

Procurement of Electricity from Renewable Energy Sources by Way of Virtual PPA

We utilize a framework known as a virtual PPA to procure renewable energy by investing in remotely located power generation systems.

Moving forward, we will proactively invest in new power generation systems to accelerate the transition to renewable energy throughout the Nitto Group.



Solar Power Generation System Located Outside Nitto's Premises

### Energy conservation

Mass Production of Solvent-Free Products (Shiga Plant)

Converting to solvent-free alternatives significantly reduces energy consumption by eliminating the drying process and the need for exhaust gas treatment, resulting in substantial CO<sub>2</sub> emission reductions. In fiscal 2024, we introduced another new solvent-free coater to the Shiga Plant to start mass production. We plan to commence mass production with a second coater in fiscal 2025. By adopting these solvent-free alternatives, we aim to reduce a total of 30,000 tons of CO<sub>2</sub> equivalent emissions by 2030.



Solvent-Free Products Production Line

Operations of a Zero-CO<sub>2</sub> Emission Factory Started (Tohoku Plant)

A zero-CO<sub>2</sub> emission factory was completed at the Tohoku Plant, beginning production in the second half of fiscal 2024. This facility represents the Nitto Group's first initiative to optimize the use of self-generated renewable energy. Starting in fiscal 2025, we will expand these systems, aiming to generate all steam used at the Tohoku Plant with a hydrogen boiler, further decarbonizing the entire plant. In preparation for the upcoming social implementation of green hydrogen, we will accelerate our efforts to reduce Scope 3 CO<sub>2</sub> emissions by establishing hydrogen utilization technology and energy storage solutions at the Tohoku Plant.

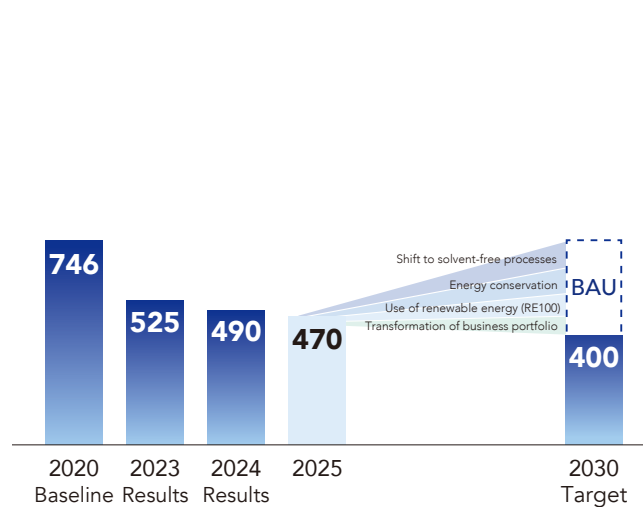


Hydrogen Utilization Facility

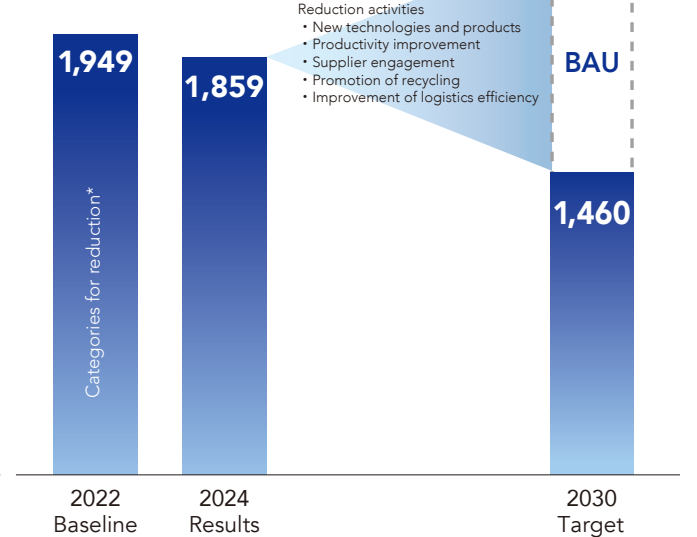
## CO<sub>2</sub> Emissions Reduction Target

### Scope 1+2 (ktons)

FY2021–2030 Decarbonization investment: 80 billion yen



### Scope 3 (ktons)

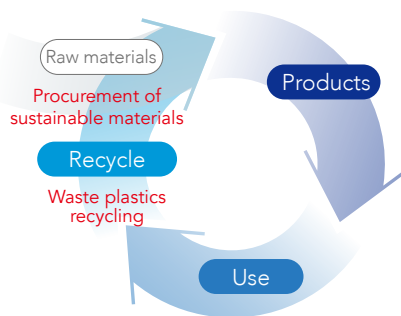


\*Categories for reduction: 1. Purchased goods and services (weight basis), 3. Fuel-and energy-related activities not included in scope 1 or scope 2, 4. Upstream transportation and distribution, 5. Waste generated in operations, 12. End-of-life treatment of sold products

# Realizing a Circular Society

## Promotion of Circular Economy

The Nitto Group is committed to minimizing environmental impact by intentionally selecting raw materials with low environmental impact and using them efficiently. We also implement various recycling programs to reduce total waste disposal. By implementing diverse initiatives from “entrance” to “exit” of resources at each stage of manufacturing, we are accelerating progress toward a circular economy.



## Procurement of Sustainable Materials

The Nitto Group has set a 2030 target to achieve a sustainable materials procurement ratio of 30% on a consolidated basis. In fiscal 2024, it reached 18% on a non-consolidated basis. The increase from the previous fiscal year is partly due to the introduction of recycled PET films for industrial products, in addition to the existing sustainable packaging tapes.

From fiscal 2025, we are planning to start procuring the mass-balance method\* certified raw materials such as polysulfone used in water treatment membranes and ethyl acetate for adhesive tapes. In addition to adopting these sustainable materials, Nitto will promote its strategy on sustainable materials while compiling global procurement data, which contributes to create Nitto's future product portfolio.

\*The mass balance method is a certification approach that assigns specific attributes (e.g., biomass-derived content) to a portion of the final product based on the proportion of input materials, used when they are mixed with conventional materials (e.g., petroleum-derived content).

## Waste Plastics Recycling

At the Nitto Group, about half of the waste generated is petroleum-derived. As such, we are promoting recycling of waste plastics for reducing overall waste disposal. In fiscal 2024, the waste plastics recycling ratio reached 50%.

Toward achieving the 2030 target of “a 60% waste plastics recycling ratio,” we have designed a tailored recycling strategy based on the characteristics of each material: 1) those easily recyclable, 2) those needing the development of new technology for recycling, and 3) those that are currently difficult to recycle. One example of “1) those easily recyclable” is release liners used at the manufacturing process of tape products. They are recycled into films, fiberized for use for employee uniforms and reusable bags, as well as resin pellets to be used as plastic tray material, and 16,000 pellets are being used in the food court of the Expo 2025 Osaka Kansai, ensuring steady progress toward our recycling goals.

Building on the existing waste recycling “exits,” we will accelerate initiatives in categories where product recycling remains difficult, such as developing technology for debonding adhesives from base materials. For materials that are currently difficult to recycle, we will make steady efforts to advance chemical recycling methods.

### Cyclic Use of Waste Plastics



# Conserving Biodiversity

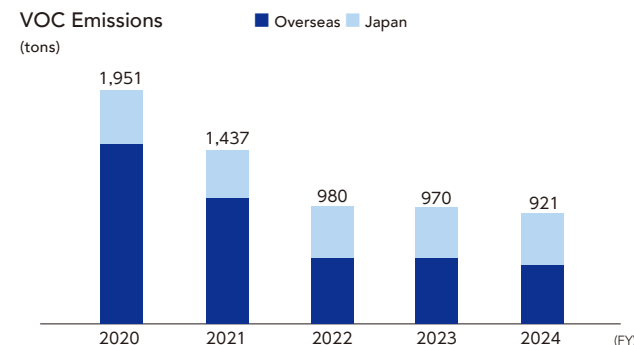
## Conservation of Water Resources

We are committed to conserving limited water resources by using water efficiently in our business activities and promoting business continuity measures against water supply disruptions caused by natural disasters and abnormal weather, aiming to fulfill our supply responsibilities as a supplier. Some of our production sites have been recycling wastewater and effluents generated by the plants at a level of 1,752,000 tons/year using water treatment technology that utilizes the Nitto Group's reverse osmosis (RO) membranes, which purify water by filtering out impurities. This approach will be expanded not only internally but also externally in the future.

## Prevention of Air Pollution

Volatile organic compounds (VOCs) can cause PM2.5 and photochemical smog, and curbing their emissions poses a challenge. As part of its efforts to minimize any impact on the environment surrounding our plants and employees' health, the Nitto Group is dedicated to reducing VOCs globally. In fiscal 2024, we reduced VOC emissions by 49 tons compared to the previous fiscal year.

We will further promote solvent-free manufacturing by utilizing ultraviolet curing and water-based adhesives while curbing the use of hazardous substances in accordance with voluntary control standards, thus making continued efforts to reduce VOC emissions.



\*From fiscal 2022, the number of organic solvents included in the calculation has been expanded from 6 major solvents to 24 including other solvents used.



# Disclosure Based on TCFD Recommendations

Recognizing that responding to climate change is an important management issue, the Nitto Group has strategically included such responses in its management agenda. In fiscal 2024, we enhanced our governance and risk management systems related to climate change, considered countermeasures, and reviewed our targets, taking into account the impacts on our business.



## Governance

To solve environmental issues including climate change, the Nitto 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.

## Risk and Opportunity 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.

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.

## Strategy

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.

Our 80-billion-yen investment for decarbonization over the ten-year period from 2021 to 2030 is being directed primarily to minimize the risks assumed in the 1.5°C scenario: shifting to solvent-free processes, improving infrastructure and utility efficiency, and using renewable energy.

## Indicators and Targets

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<sub>2</sub> emissions (Scope 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<sub>2</sub> emissions target (Scope 1+2) of 470,000 tons set in May 2022 ahead of schedule. As such, in fiscal 2024, we decided to aim to achieve 470,000 tons in 2025, and revised our 2030 target to 400,000 tons, a higher target in line with the 1.5°C target based on science.

In addition, we have set a new target of 1,460,000 tons of CO<sub>2</sub> 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.

See P.37–39 for FY2024 initiatives.

Type of risk/opportunity	Event	Assumed risks and opportunities	Countermeasures	Indicators	
Transition risks	Policy and laws and regulations	An increase in transition costs to low GHG-emitting raw materials	Conversion of raw materials to alternatives, weight reduction of products Promotion of the development of recycled materials in cooperation with suppliers	Raw material usage CO <sub>2</sub> emissions (Scope 3)	
		A substantial increase in renewable energy procurement costs due to the spread of renewable energy	Implementation of the Domestic Renewable Energy Procurement Master Plan Promotion of PPA procurement	Renewable energy ratio	
		An increase in capital expenditures due to the spread of renewable energy	Introduction/installation of solar power generation system on the premises		
	Technology	An increase in GHG emission price	An increase in taxation costs due to the increased introduction of carbon taxes and carbon levies	Promotion of the use of renewable energy, shifting to solvent-free processes, and improving infrastructure and utility efficiency	CO <sub>2</sub> emissions (Scope 1+2)
		Transition to low carbon products through investment in new technologies	A substantial increase in capital expenditures due to the development and introduction of high energy-efficient technologies	Promotion of solvent-free technology Improvement of infrastructure and utility efficiency	
		Industry/ market	An increase in petroleum-derived raw materials procurement costs due to soaring fossil fuel prices	Effective utilization of resources	
A substantial increase in raw material prices	An increase in petroleum-derived raw material costs due to carbon taxes and other taxes in the upstream of the value chain		Effective utilization of resources Promotion of the shift from oil-based raw materials to sustainable materials	Waste plastics recycling ratio Sustainable materials procurement ratio CO <sub>2</sub> emissions (Scope 3)	
Physical risks	Acuteness	An increase in energy prices due to soaring fossil fuel prices	Promotion of energy saving, shift to solvent-free processes, electrification	CO <sub>2</sub> emissions (Scope 1+2)	
		Damage to the company's buildings, facilities, infrastructure, etc., plant shutdowns, and lost opportunities due to a flood, high tide, etc.	Promotion of business continuity management at an individual Nitto-Group business location level	BCM at a group level and an individual business location level	
		Occurrence of abnormal weather and natural disaster	Suspension of operation at the company's plants, loss of opportunities due to major suppliers being hit by a flood, high tide, etc.	Promotion of sustainable procurement	BCP planning at partners System to check the safety and impact of partners
Opportunities	Products/ services	An increase in demand for low-carbon products	Expansion of the PlanetFlags product lineup	PlanetFlags/HumanFlags category revenue ratio	
		An increase in demand for medical-related products	Expansion of the HumanFlags product lineup		

# Safe Manufacturing

## Fostering a Safety Culture

In its Basic Policy on Occupational Safety and Health, the Nitto Group declares its goal of “achieving zero accidents and injuries,” and is working to foster a safety culture to realize this goal. A safety culture is comprised of three elements: “machine safety (technologies),” which aims to render equipment and machinery harmless; “safety perception (people),” which influences operator behavior; and “safety procedures (system/organization),” which maintain the effectiveness of the first two elements and support the development of an organization where people learn from one another.



\*1 Nitto Life Saving Rules, consisting of nine prohibitions and compliance rules. Established in 2018

\*2 Cases judged as not meeting NIMS criteria

\*3 Nitto Minimum Standard, the baseline set of requirements that the Nitto Group must comply with at a minimum

## Machine safety (technologies)

We assess risks associated with equipment and machinery and assign them ratings on a five-point scale, based on which appropriate risk mitigation measures are implemented. Such measures are meant to separate operators from hazard sources. However, because operators sometimes need to access those hazard areas, we have introduced AI cameras into slicers as an innovative way to reduce such risks. The system uses AI to distinguish between a human hand and a jig, and if it detects a human hand inside the slicer, it automatically stops the equipment. Previously, light curtains were used on the shop floor to trigger alarms when either hands or jigs entered equipment. In contrast, this AI-enabled system responds only to human hands and initiates an emergency stop, thus improving both workability and operator safety. Line operators have reported that the system gave them a greater sense of security.

## Safety perception (people)

Together with Osaka University FORESIGHT inc., Nitto is conducting a project to demonstrate the validity of safety activities through the lens of human behavioral psychology. The project aims to break away from the stereotype that rules are to be “enforced” and instead foster a workplace environment and personal connections that make people “want to follow” safety practices. Kicking off in October 2024, the project brings together members from manufacturing sites to observe shop floors alongside experts. By applying scientific insights to the observed realities, they form hypotheses on how to eliminate potentially unsafe behaviors, enabling the development of practical safety measures.

## Safety procedures (system/organization)

In order to reduce the risk of fire caused by static electricity within the Nitto Group, we have established a unique qualification program focused on fire prevention related to static discharge. This program strictly prohibits unqualified persons from handling flammable substances alone, aiming to elevate the overall standard of static electricity fire prevention. It marks Nitto’s first unified qualification initiative involving the entire group, with full-scale implementation scheduled for April 2025 in Japan and October 2025 globally.

Believing that ensuring the safety of everyone on Nitto Group premises, regardless of their affiliation, is a critical responsibility, we are discussing increasing the frequency of safety patrols at construction sites. These patrols will assess whether construction work is being carried out safely when renovating or introducing new buildings/facilities from a third-party perspective. If unsafe behavior is observed, a stop-work order may be issued.

Without a strong will to reduce all occupational accidents and injuries to zero by any means, such incidents will never stop occurring. On the other hand, machines can fail and people can make mistakes, even when paying close attention. That is why we believe it is essential to address the three closely-interrelated elements in a well-balanced manner. We view achieving zero occupational accidents and injuries as only the beginning; our true focus lies in how we can sustain that “zero,” and we will act with this mindset.

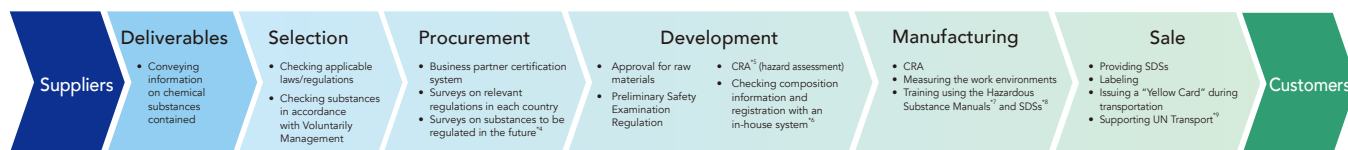
## Management of Chemical Substances

The Nitto Group’s Basic Policy on Chemical Substance Management is “Offering safety and confidence to our stakeholders.” We fully understand the risks of chemical substances and make efforts to prevent related disasters and accidents from occurring, maintain a healthy working environment, and preserve ecosystems and the environment. In recent years, international regulations regarding PFAS (per- and polyfluoroalkyl substances) and POPs (persistent organic pollutants) have been tightening at an accelerating pace, increasing the importance of chemical substance management.

As we handle nearly 4,000 types of chemical substances, the Nitto Group applies regulations on chemical substance management throughout all stages, from the selection and procurement of raw materials to development, production, and sales, ensuring proper management based on strict voluntary standards with the entire supply chain in mind. We are strengthening all these efforts to realize a sustainable society.

In response to revisions of relevant laws and the introduction of new regulations in Europe and elsewhere, we are closely monitoring these trends to assess and respond to their impact on our business. In fiscal 2024, regarding chemical substances that may become subject to the European REACH Regulation or the U.S. TSCA, we designate them as “reportable chemical substances” in the Nitto Group Green Procurement Standards and require our business partners to disclose their presence in supplied products. This approach allows us to track such substances from the deliberation stage and assess potential regulatory impact in advance. Whenever possible, we switch to alternative materials and submit public comments to relevant authorities, helping ensure compliance with laws and regulations, as well as contribute to improving product safety and market reliability for our customers.

Meanwhile, we joined a relevant external organization to continuously monitor developments in PFAS restriction proposals in Europe and the U.S., while exploring possible alternatives for these substances at the request of customers. Going forward, we will take appropriate and necessary action as we carefully determine the scope of regulations.



\*4 Chemical substances (reportable chemical substances) whose legal regulation is under consideration \*5 Chemical Risk Assessment \*6 Nitto’s unique management system for chemicals in products

\*7 Nitto’s original chemical substance training tool \*8 Safety Data Sheets \*9 United Nations Recommendations on the Transport of Dangerous Goods

## Misconduct Regarding the Municipal Water Supply Membrane Module Certification System and Our Remedies

In 2023, it came to our attention that there had been misconduct related to the certification procedures of our municipal water supply membrane module products. Specifically, certification tests were conducted in a manner inconsistent with the method specified by the Association of Membrane Separation Technology, Japan (AMST). Upon learning this, we immediately confirmed the safety of the affected products, determined the causes and specifics of the incident, and reported our findings. Additionally, we established an Investigation Committee composed of external experts.

The investigative report we received in 2024 concluded that the delivered products “do not impact municipal water supply users, as it

is unlikely that they fail to meet the standards set by the Ordinance of the Ministry of Health, Labour and Welfare.” The report also provided nine recommendations for recurrence prevention. In response, the Nitto Group has implemented a series of corrective actions (see the table below). Concurrently, we launched a re-evaluation of all affected products using legitimate certification procedures to obtain renewed certification from the AMST in September 2024.

Given all this, we are reinforcing a Group-wide quality compliance structure, while addressing the specific issues within the relevant business division. As societal expectations for product quality continue to rise, the Nitto Group is implementing measures on a global scale to enhance its credibility in line with these heightened demands. Our efforts focus on continuous improvement from the perspectives of mindset, knowledge, and corporation culture.

Recommendations from the Investigation Committee	Actions	Progress
(1) Management's profession of the need for mindset reform	• Making the misconduct known to all Group employees and conducting compliance surveys to identify latent quality issues	→Completed
	• The responsible officer regularly sends messages to members of the relevant business division. September 12, the date the incident was reported, will be designated as “Quality Reminding Day,” with employee training conducted around that day as appropriate	→To be implemented in and after fiscal 2025
(2) Acquisition of expert knowledge, skills, etc.	• The business division concerned compiles a procedure manual outlining the expert knowledge and skills required for legal compliance. To prevent certification-related tasks from relying on a limited number of personnel, standardize the relevant work	→Completed
	• Developing an internal certification program for the relevant work and strengthening the third-party checking system	→Completed
(3) Establishment of a department with competence in certification-related services	• Concerning certification-related services that require a high level of expertise, the department responsible for development conducts certification tests, while the department in charge of quality and safety reviews the findings and files the application, reinforcing a mutual surveillance system	→Completed
(4) Creation of a job hand-over system	• As inadequate job hand-over was one of the causes of the incident, a job hand-over system will be established together with the department in charge of personnel affairs and introduce the system throughout the Group	→Currently underway
(5) Need to receive certification by AMST	• Having all models for which the misconduct was reported undergo properly designed re-certification tests to have them all re-certified by the AMST	→Completed
(6) Optimized personnel allocation	• Build a training system and an inspector accreditation system to develop experts on the certification of municipal water supply membrane modules	→Completed
(7) Information sharing	• Promote daily two-way information sharing between superiors and their subordinates at regular meetings or one-on-one discussions	→Currently underway
	• The officer in charge of the relevant business division sends messages and shares information at general morning assemblies and other occasions	→Currently underway
(8) Proactive use of <i>Kuruma-za</i>	• Group-wide: Organizing <i>Kuruma-za</i> on quality compliance	→Completed
	• Business division concerned: Organizing <i>Kuruma-za</i> on water supply membrane module certification for each level	→Completed
(9) Understanding of basic approaches to quality and enhancement of quality management systems	• Adding “Quality” to the curriculum of Nitto Sustainability Training, which is provided Group-wide to serve as an annual reminder of the incident	→Completed
	• Conducting a quality awareness survey for all employees to assess their understanding of quality issues	→Completed

## Quality Compliance *Kuruma-za*

Following the Investigation Committee’s recommendation, we launched Quality Compliance *Kuruma-za* globally in November 2024. These sessions are intended to take a renewed and sincere look at past cases, laying the groundwork for a stronger quality compliance culture in the future.

For this *Kuruma-za* round-table talk focused on quality compliance, we produced a 30-minute multilingual video that outlines the factual background and encourages participants to share their takeaways. It is used in small group discussions conducted at the workplace level to foster open dialogue. The video emphasizes the importance of quality and the courage to speak up, aiming to foster a sense of ownership and promote open, candid discussion.

This initiative is not temporary; it is a permanent system designed to help the organization engage directly with issues of quality and compliance.

## Quality Awareness Survey

We conducted a quality awareness survey for all Nitto employees across the globe. One particularly noteworthy result was the strong affirmative response to the question, “Do you take pride in the quality of your company’s products?,” a key indicator of product quality, demonstrating that individual employees are highly aware of the quality of our products. In the optional comment field, on the other hand, many employees shared reflections that indicate how deeply Nitto’s Basic Quality Policy has taken root, with responses such as “I don’t think merely meeting the applicable standards is enough; I intend to keep thinking about what we can do to keep our customers satisfied.” Going forward, we will continue administering the quality awareness survey on a regular basis as part of our ongoing commitment to minimizing quality compliance risk.



# Nitto Group's Human Resource Strategy as per the Chief Human Resource Officer

## Accelerating Business Growth by Developing People to Connect Businesses Globally

To drive business growth further, it is vital to develop more human resources capable of connecting businesses on a global scale. With this in mind, the Nitto Group is committed to fostering a workplace culture and implementing programs that encourage diverse talents to take on challenges, all under the strategy of "Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They Are Doing."

### Yasuhito Ohwaki

Director,  
Senior Executive Vice President, CHRO  
General Manager of Corporate Human Resources Division



## Dedicated to Fostering a Positive Workplace Environment to Align Management and HR Strategies

One of the strengths of the Nitto Group's human resources is that many of them are highly motivated to achieve their goals. Once they set their sights on a target field, they set high standards and pursue them with determination. This drive is demonstrated not only on an individual level but also collectively, as teams across R&D, Production, Sales, and Administration work together toward shared objectives and achieve them with remarkable speed. This cohesion has earned

strong recognition from outside the Company.

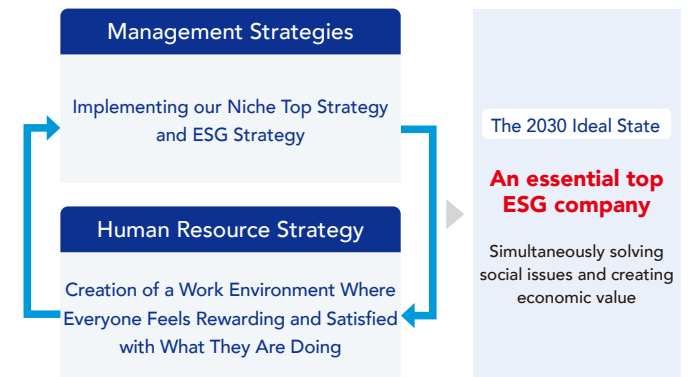
Looking back on what we have achieved so far, the Nitto Group has continued to grow—even amid significant changes in the management and business environments, thanks to talented individuals who challenge themselves to create new businesses that deliver novel value and innovate the business portfolio by driving shifts in business domains.

On the other hand, what currently concerns me is the absolute shortage of individuals within the Nitto Group who can connect businesses on a global scale. Today, over 80% of the Nitto Group's

revenue comes from overseas. As customer demand and end-user needs continue to shift abroad, and as supply chains grow increasingly complex and interconnected, the decision-makers of our customers as well as end-users have become highly diverse in terms of gender, race, and background. To create value together with such diverse stakeholders, it is essential to build a team that truly understand and embrace diverse perspectives.

Let me give you an example. In the electronics business, we have often formed a project team with members from Japan and other Asian countries. However, as Nitto's business domains have expanded in recent years, we are increasingly assembling cross-regional teams that include members from Japan, Asian countries, the Americas, and Europe. To ensure continued business growth in the future, we need many more individuals who can create value by connecting businesses across the globe.

Our employees grow as individuals by deepening their understanding of the Nitto Group to take on challenges, and gaining experience through tackling difficult tasks—either independently or as part of a team. Therefore, I think it is so important to offer a workplace environment where employees feel empowered to take on



challenges when they are ready. Against this backdrop, we formulated the Nitto Group's human resource strategy: "Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They Are Doing." To visualize our endeavors to achieve this, we have selected three indicators: the "female leaders ratio," the "challenge ratio," and "engagement scores," each with targets set for 2030.

### Understanding and Respect for Diversity Is the Key— We Can Achieve the Targets of Three Indicators If We Successfully Revitalize Both Individuals and the Organization

I mentioned earlier the importance of "creating a workplace environment," but we cannot expect to improve the three indicators



simply by making changes to systems or the organization. At the foundation of all these efforts lies a deep understanding and respect for diversity. It is not only individual employees but also leaders who connect businesses across regions that must leverage diversity to enhance the value creation process. Only by recognizing the meaning and significance of diversity and maintaining a mindset of taking on challenges can we achieve real progress. By embracing this approach and working to revitalize both individuals and the organization, I believe we can achieve the targets of three indicators.

#### Female Leaders Ratio

Our target for the female leaders ratio by 2030 is 30% on a consolidated basis. It was 22% in fiscal 2024, with the ratio in Japan still leaving room for improvement. After all, gender is just one attribute of diversity, and while we do not focus exclusively on tracking the ratio of "female leaders," Japan's lag in women's empowerment gives us good reason to take a proactive stance.

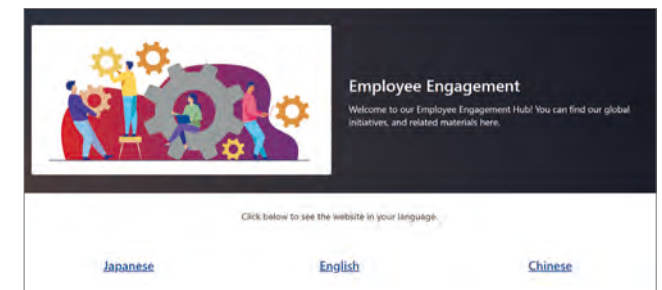
To that end, we initiated the FLOWER Program in April 2022 to cultivate female leaders capable of driving organizations and teams in Japan. The program invites female role models to share how their leadership roles bring them fulfillment and a sense of achievement and how they have overcome challenges. This initiative has started to yield results, with more female employees beginning to see leadership from a new perspective and gradually showing interest in becoming leaders themselves. They are also eager to network with other women. Changing the mindset of male employees is just as important. It is not always helpful for male supervisors to show excessive consideration toward female colleagues. What truly matters is open communication, understanding what female employees want to do and become, and then creating career and development plans accordingly to provide them with growth opportunities.

As the next step, we have launched new initiatives to help women build leadership skills and gain experience leading teams of a certain size, preparing them for future managerial roles.

#### Engagement Scores

The Nitto Group conducts an employee engagement survey every two years to monitor engagement levels. In fiscal 2023, the score rose by seven points from the previous survey, reaching 81. To achieve our 2030 target of 85, steady and patient efforts are needed.

In Japan, since fiscal 2022, we have introduced several initiatives to support this goal, including job postings that allow employees to transfer to different functions within the Company, and overseas trainee programs that offer one-year placements at overseas subsidiaries for hands-on business experience. One such initiative that has begun to produce a positive ripple effect is the 360-degree survey for general managers and managers. By receiving feedback from multiple perspectives, including subordinates, leaders gain a more objective view of their management style and actionable takeaways, which in turn makes ours a better organization. Naturally, the key to success in these efforts is continuity.



Intranet page for enhancing engagement

In addition, our global sites are undertaking unique initiatives to boost engagement. Effective initiatives are shared within the Group and applied to similar contexts, spreading engagement-enhancing approaches across the organization.

### **Challenge Ratio**

The challenge ratio currently faces an uphill climb: 41% in fiscal 2024 vs. a target of 85% by 2030. While some outside the company recognize this as a “unique” indicator, we define a “challenge” specifically as an attempt to broaden an individual’s experience and potential while also contributing to the company’s growth and higher corporate value. Not just any attempt qualifies; we draw a clear line. Given the increasingly complex and diverse business environment we operate in, we believe that if every employee, not just a select few, takes on challenges in their respective roles, it will spark a “chemical reaction” that becomes the very source of future innovation. In other words, when individuals from diverse backgrounds enjoy taking on challenges, our corporate value increases gradually.

To raise the challenge ratio, it is important that each employee identifies such opportunities for themselves. For example, participating in the Nitto Innovation Challenge (NIC), our in-house convention for new business creation, deepens employees’ understanding of the Nitto Group’s current position, strengths, proprietary technologies, and services, while also helping them discover their next challenge. At the same time, it is equally important to spread awareness about the meaning and purpose behind their continuous challenges.

### **Giving a Greater Boost to Employees’ Growth by Visualizing Skills and Providing Selective Training**

The Corporate Human Resources Division has introduced a global HRIS (Human Resources Information System). By combining the vast amount of data accumulated on a daily basis with BI tools, it has become possible to visualize our talent portfolio globally, that is, how many persons we have, in which positions, and where. In the future, however, I believe we must take it one step further by visualizing the skills of each individual. To identify the talents and skills needed to advance our business, we are currently reviewing both “globally common skills” and “country-specific skills” by each department and organizational level to build a comprehensive skill map and skill set framework. Our future goal is to reach a point where we can instantly see, on a global basis, “how many of our employees have a particular skill set” or “what skills may be lacking when we initiate business portfolio transformation.” By sharing this information with employees, we hope they can recognize roles where they can contribute to value creation or identify the skills needed to pursue the roles they aspire to. Through this, we aim to support their growth and skill development, helping to revitalize individual employees.

For leader candidates, we will continue to emphasize selective training programs designed to foster global business connections. One such initiative is the Nitto Global Business Academy (NGBA), our global leadership development program. Participants form multinational teams to discuss a wide range of issues, deepening their understanding of diversity in the process. The mutual connections built through this program are now contributing to more effective management of global business teams.

### **Working to Become an “Essential Top ESG Company,” Our 2030 Ideal State**

Aligned with our management policy of “placing ESG at the core of our management,” we began offering sustainability training to all employees in fiscal 2024 to deepen their understanding of ESG and the concept of sustainability. Using a globally common e-learning system, we provide learning opportunities and monitor levels of sessions they participate in to assess how many employees are engaging with the training and at what depth. Furthermore, recognizing that the foundation of ESG management lies in our Corporate Philosophy, we organize an annual workshop where employees engage in dynamic “cascade-down” discussions. Each participant is encouraged to reflect on the significance of our Corporate Philosophy, which includes values such as “diversity,” “challenging oneself,” and “personal development,” express in their own words how they will embody these principles, and take concrete action accordingly.

To become an “essential top ESG company,” our 2030 Ideal State, we are pursuing a dual approach of exploring our Niche Top Strategy and ESG Strategy as part of the ongoing mid-term management plan. Meanwhile, our employees are boldly taking on a wide range of responsibilities on a daily basis. Furthermore, management and business are constantly being challenged to achieve sustainable growth through transformation. Going forward, diverse human resources will continue to be the source of Nitto’s competitiveness as we seize opportunities presented by successive changes in the market environment. To ensure that every Nitto employee has the mindset of taking on challenges and exploring multifaceted approaches toward the creation of novel value, we will continue promoting our human resource strategy of “Creation of a Work Environment Where Everyone Feels Rewarding and Satisfied with What They Are Doing” with the goal of revitalizing both individuals and the organization.

# Empowering Diverse Employees

## Human Resource Management Structure

The Nitto 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 Division. In Japan, these are led by the Japan Region Human Resource and Governance Division, which works closely with each business division, location, and group companies in Japan and overseas.

## Human Resource Management Strategy

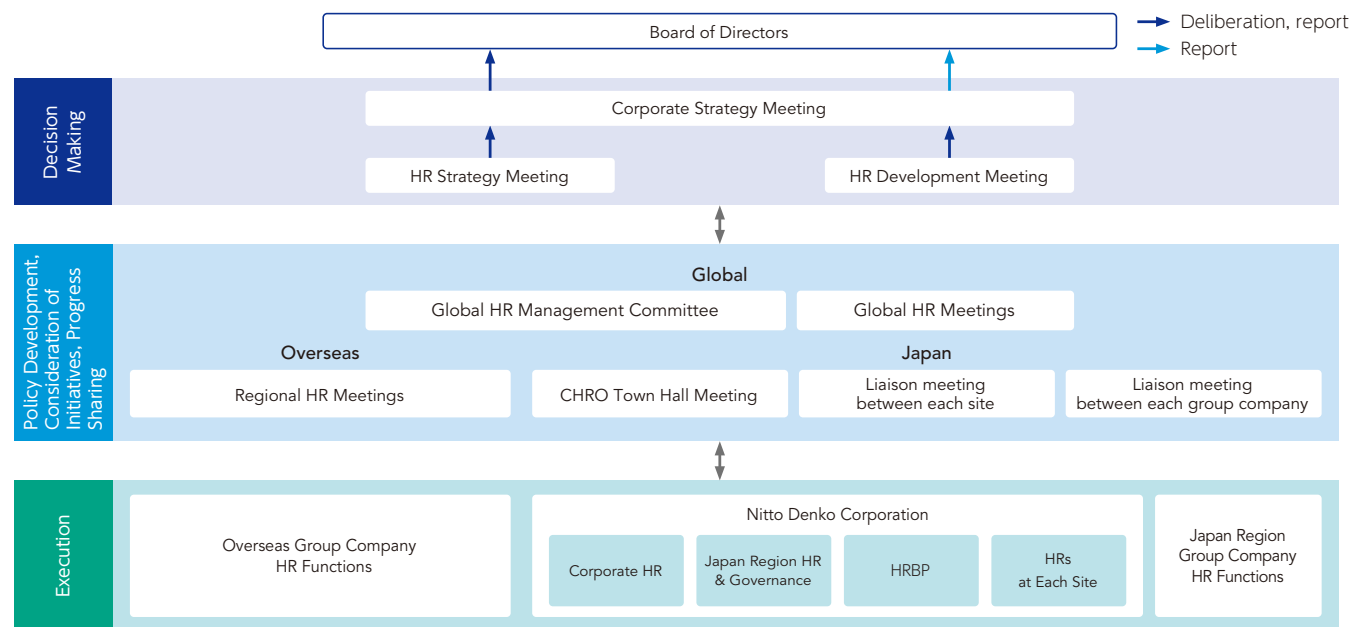
The Nitto Group considers human resources as its most valuable assets and is committed to creating new value by globally developing the “Nitto Person” who can perform the Nitto Way. To this end, as a means of embodying our Corporate Philosophy in terms of human resources, we have established the “Basic Policy on Human Resource Management” that clearly states the goals of the “Nitto Person” and leads to the promotion of individual initiatives.

The Group has cultivated its unique strengths that value bringing amazement and inspiration to our customers through the “Niche Top Strategy,” “*Sanshin* Activities,” and “Customer-oriented approaches.” Based on such strengths, 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.

## Human Resource Management Structure



## Key Initiatives in Fiscal 2024

	Measures	Key Initiatives	The 2030 Ideal State
Revitalizing individuals	<ul style="list-style-type: none"> <li>Recruitment/retention of human resources</li> <li>Development of global leaders and individuals initiating change</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating match-ups for recent college graduates and mid-career employees</li> <li>Preparing talent development programs</li> <li>Supporting independent career development</li> </ul>	<p>Female leaders ratio <b>30%</b></p>
Revitalizing organization	<ul style="list-style-type: none"> <li>Enhancement of employee engagement and motivation by reforming organizational culture</li> <li>Enhancement of job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Update employee engagement promotion systems</li> <li>Creating a workplace culture where employees enjoy taking on challenges</li> <li>Providing diverse work environments (expanding HR system and empowering female employees)</li> </ul>	<p>Engagement scores <b>85</b></p> <p>Challenge ratio <b>85%</b></p>



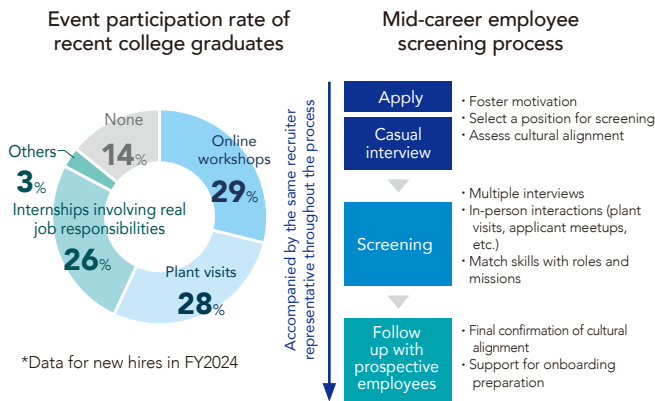
## Revitalization of Individuals

### Recruitment/Retention of Human Resources

In its constant pursuit of novel value, the Nitto Group places strong emphasis on the recruitment and retention of human resources. To ensure that new recruits, be they recent college graduates or mid-career employees, can thrive after joining the Company, we provide opportunities for them to interact with Nitto employees from various departments during the screening process to help prevent mismatches after onboarding.

For recent college graduates, we are strengthening our outreach to not only chemistry majors, but also mechanical and electrical/electronic majors and others, which align closely with the Nitto Group's needs, while reinforcing branding efforts to boost the Group's appeal. We also offer immersive experiences to help candidates understand our corporate culture, including online workshops for self-reflection, plant visits, and internship opportunities involving real job responsibilities.

In recruiting mid-career employees, we take a flexible approach that considers each applicant's age and experience. A distinctive feature of our hiring process is the "close-following" support system, where the same recruiter supports the applicant from the first interview through to the decision to join, helping them make the best choice based on their needs and individual circumstances.



### Human Resource Development

To develop human resources who enjoy challenges and drive transformation, we have designed a structured development program consisting of three components: job-level (role-specific) training tailored to each position and role, open (spontaneous) training designed to provide learning opportunities based on individual needs and abilities, and selective training aimed at cultivating next-generation leaders.

A good example of job-level training is the "follow-up training for new employees in their first to third years at Nitto," designed to help both recent college graduates and mid-career employees build networks within the Company. In fiscal 2024, we launched a new training program called "Discovery Nitto." Exclusively for recent college graduates, this unique program offers work experience across various organizations and sites before formal assignment, enabling participants to gain a broad understanding of the Nitto Group's manufacturing, business segments, and technologies.

For selective training, we offer the Nitto Global Business Academy (NGBA), a global leadership development program for candidates selected from across the Group as potential next-generation officers and senior executives. The program consists of two tiers: NGBA-E for general managers and NGBA-A for department/section heads. Trainees are expected to develop their ability to shape Nitto's future and solve managerial challenges. Each participant is paired with a mentor at the vice president level or higher and takes part in various sessions designed to cultivate a global outlook, managerial perspective, and dynamic thinking. These include *Kuruma-za* with the CEO, dialogues with business leaders from overseas, global leadership training, and co-creation sessions with external parties, culminating in final presentations to the management team.

In fiscal 2024, we established the Nitto Japan Business Academy (NJBA) to accelerate the development of next-generation leaders among associate managers in Japan.

Also in fiscal 2024, we rolled out the Nitto Global Learning Lab (NGL) across the Nitto Group. NGL is an expanded version of the Learning Management System (LMS), an e-learning platform originally introduced in Japan in fiscal 2023. Through NGL, we provide ESG training for all employees. In Japan, over 95% of our employees had completed the training by the end of fiscal 2024, and we plan to roll out the platform globally starting in fiscal 2025.

### Autonomous Career Development by Employees

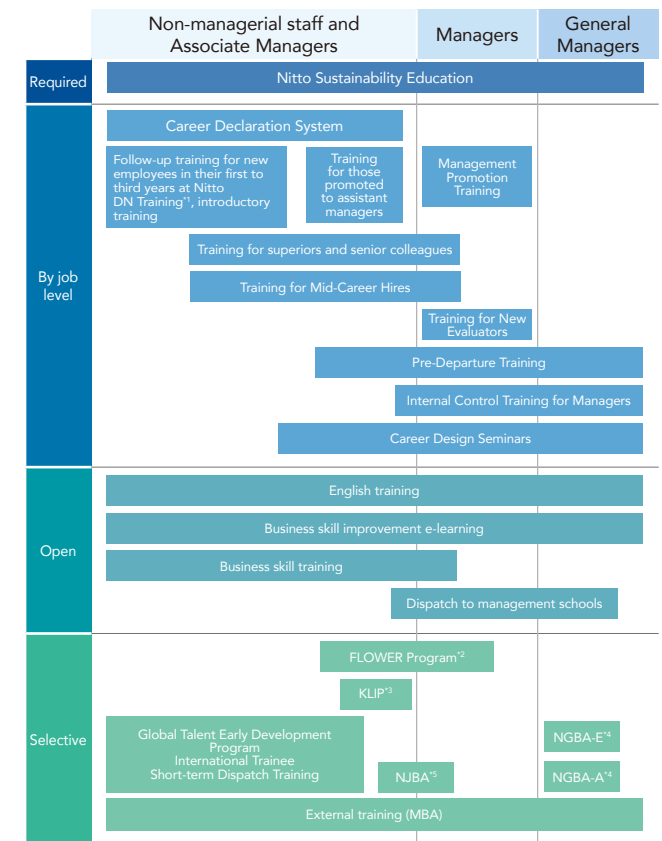
As values diversify and workplace environments continue to evolve, we are taking various measures to support employees in developing their careers autonomously, thus enabling them to fully demonstrate their capabilities.

In fiscal 2024, we introduced a career declaration system (Career Sheet) aimed at facilitating strategic rotations and supporting employees in achieving their career goals. Through this system, employees periodically report their preferences regarding roles, job responsibilities, and desired work locations. Based on these inputs, the Company engages in a dialogue with them to discuss their career paths. Meanwhile, the job posting system allows employees to apply for transfers or role changes when specific positions become available. Two years since its introduction, the system has successfully matched employees to multiple roles. We plan to expand both Career Sheet and job posting systems as we broaden their scope as appropriate.

We also launched a career support consultation office (Career Terrace), which became fully operational in fiscal 2024. Any employee can use this service to speak with Nitto's certified career consultants. In fiscal 2024, approximately 100 consultations were conducted. Meanwhile, our HR team continues to conduct career interviews with employees in their first to third years at Nitto. Around 800 employees were invited to participate in these interviews in fiscal 2024.

Furthermore, with roughly 80% of employees expressing a desire to extend their careers at Nitto, we intend to develop systems specifically aimed at supporting senior employees.

### Nitto's Training Programs



\*1 DN Training: Discover Nitto Training First-year new recruits development program

\*2 FLOWER: Female Leaders Ownership Empowerment Program

\*3 KLIP: Kakaricho(Assistant Manager) Leadership Improvement Program

\*4 NGBA: Nitto Global Business Academy

\*5 NJBA: Nitto Japan Business Academy

## Revitalization of Organization

### Improvement of Employee Engagement

To gather together employee feedback and identify issues that the company should address, we conduct a global engagement survey every other year. In fiscal 2023, the engagement score rose by seven points from fiscal 2021, reaching 81. To achieve our target score of 85 by 2030, each workplace must take greater initiative in addressing its own issues, with all members developing a sense of ownership in employee engagement efforts. With this in mind, the responsibility for the engagement activities is gradually shifting to each workplace, and from fiscal 2025, when the next survey is scheduled, the Corporate HR will focus on providing support and addressing issues related to HR systems.

As preparation for this, in fiscal 2024 we published the collection of standard cases, which are highly reproducible examples that offer useful tips for many workplaces, along with a collection of best practices from across the Nitto Group, all made available on a dedicated intranet page. Provided in Japanese, English, and Chinese, these resources are designed to encourage discussions and activities tailored to the circumstances of each organization. This content helps foster a shared understanding of employee engagement, regardless of region or job category.

### Collaborating with GATE and NIC, Creating a Corporate Culture of Employees Enjoying Taking on Challenges

To foster a corporate culture where employees enjoy taking on challenges, the Nitto Group tracks the “challenge ratio,” which reflects the percentage of employees who have done so. In fiscal 2024, participation increased in Nitto’s small group activities, GATE, and in the new business creation convention, Nitto Innovation Challenge (NIC). Attendance in regionally developed programs also grew significantly. In fiscal 2025, we plan to define more clearly what constitutes a “challenge” within the Nitto Group. This will help guide the development of region-specific programs and further promote a culture where employees enjoy taking on challenges.

By strengthening collaboration between the responsible entities of each activity and the Corporate HR, we aim to inspire greater employee commitment and revitalize our organization.

## Creating a Diverse Workplace

### Expansion of Human Resources System

Updating HR system to allow each and every employee to choose a work style aligned with their values and life plans is important for increasing organizational diversity. Take job transfers as an example. The Nitto Group has traditionally implemented a job rotation program to promote employee growth and provide opportunities for broad experience and diverse perspectives. However, when transfers are unavoidable, it can be difficult to retain diverse talent. This being the case, we are considering systems that enable employees to coordinate the timing of their transfers in line with their career and life plans, or to gain ample experience without needing to relocate, enabling them to envision their future career path.

Speaking of working styles, in addition to the “hybrid work style,” which combines work-from-home with in-office attendance (at least three days per week), and the “super smart work style,” where remote work is the standard (zero to one day per week in the office), we officially introduced a second job program in fiscal 2024. These efforts support the creation of workplaces that embrace a wide range of diverse values.

### Initiatives to Change Mindsets

Aiming to achieve a female leaders ratio of 30%, one of the 2030 management targets, we are operating the FLOWER Program in Japan to develop selected female employees who lead their organizations or teams. This unique program follows a tripolar approach: acquiring business skills, gaining decision-making experience, and developing a leadership-oriented mindset. The program features lecture sessions by veteran leaders from both within and outside the company, management skill development training, and mentorship opportunities.

On top of this, we organize seminars aimed at promoting understanding and awareness of DE&I and work style reform for all employees to join. In fiscal 2024, we held a seminar on women’s bodily characteristics and psychological safety to spread awareness throughout Nitto.

Thanks to these ongoing efforts, we have seen a shift in mindset among male employees. The ratio of male employees taking childcare leave\* reached 90.0% in fiscal 2024, with the average number of days taken also gradually increasing.

We believe that changes in individual mindsets contribute to a deeper awareness of DE&I within the Company, and we will remain committed to a diverse array of educational activities.

\*The percentage of male employees who took childcare leave, etc., combined with company-specific parental leave

## TOPICS

### Topics on Human Capital Management

Nitto was selected for Human Capital Leaders 2024 and Human Capital Management Gold Quality in the Human Capital Survey 2024, which was jointly conducted by HR Technology Consortium, HR Research Institute (ProFuture Inc.), and MS&AD InterRisk Research & Consulting, Inc. This is the second consecutive year we have received these awards.



## TOPICS

### Initiatives of Nitto Denko Himawari Corp.

Nitto Denko Himawari Corp., our special subsidiary, celebrated its 25th anniversary in 2025. The Nitto Group remains committed to developing workplace environments that empower diverse human resources and has consistently made efforts to employ persons with disabilities. In fiscal 2024, we established Nitto Himawari Kanto Corp., the fifth within the Himawari Group, bringing the number of sites in Japan to seven. The scope of their operations has also expanded; for example, Nitto Himawari Ibaraki Corp. now operates a company cafeteria in addition to its traditional work. As of March 2025, the percentage of employees with disabilities at Nitto stood at 3.3%, well above the legally required minimum in Japan. As an “essential top ESG company,” we will continue to drive these initiatives to support the independence and inclusion of persons with disabilities.

There Is No Engagement That Does Not Lead to Financial Value  
Revitalizing Individuals and the Organization Through Effective Communication  
and a Steady PDCA Cycle



**Naomi Ogawa**

Manager,  
Kanto General Affairs Section,  
Human Resources & General  
Affairs Department,  
Administration Division,  
Functional Base Products Sector



**Yasuharu Bando**

General Manager of Japan Region  
HR & Governance Division  
Deputy General Manager of  
Corporate HR Division



**Hung Joy**

Manager, Human Resources  
& General Affairs Section,  
Nitto Denko (Taiwan) Corp.



**Tatsuya Kataoka**

Manager, Manufacturing Section 1,  
Manufacturing Department,  
Membrane Division,  
Human Life Solutions Sector

### Engagement According to Nitto Established Through Activities

**Bando:** Nitto began conducting an engagement survey in 2019. While we already had individual initiatives to revitalize employees, the corporate HR division lacked a comprehensive understanding of the overall picture. As we have introduced a variety of HR initiatives globally in recent years, it occurred to us that we should visualize employee engagement itself. This realization led us to begin conducting the survey every two years, starting in 2019 in Japan and globally from 2021. The dictionary defines “engagement” as

“agreement” or “promise,” suggesting a sense of obligation. However, I interpret it more as a bond between people or a sense of unity. Within a company, “engagement” means that every employee feels proud of being part of the organization and of what they do, while also developing a strong sense of belonging and acting voluntarily. As such, “engagement” is the true driving force behind employee contribution. Without it, an organization cannot be revitalized, and many other activities will suffer. That is why I believe increasing engagement is a fundamental yet essential activity. As we continue this discussion, I look forward to hearing about the engagement-building efforts at each site and the outcomes they have produced.

### Each Site Autonomously Explores Solutions to Issues Revealed by the Survey

**Hung:** After the 2023 employee engagement survey, I began organizing *Kuruma-za* sessions at each department to improve the “fairness in merit rating,” which is one of the important themes at Nitto Denko (Taiwan) Corporation. By listening directly to employees, we were able to share ongoing issues and discuss possible improvements. We also provide those in a managerial position with training opportunities on performance management to ensure the personnel evaluation system is operated fairly and meets the expectations of both superiors and subordinates. To support the development of next-generation leaders, we offer a three-year development program for employees on the manufacturing site, helping them gain a stronger sense of personal growth. Furthermore, at the new plant currently under construction, we are focusing on creating a safer and more comfortable working environment to improve employee security and satisfaction. These are some of the initiatives aimed at fostering a workplace environment where each and every employee can work without concern, build mutual trust with colleagues, and feel their own development. I hope to continue fostering a workplace environment where everyone can work with a genuine smile and a positive spirit.

**Ogawa:** I have been working on increasing engagement since 2021. After analyzing the engagement survey results, we realized that at the Kanto Plant, scores related to individual growth and opportunities for skill development were low. Another finding was that engagement was especially low among younger employees in their 20s up to around 35. So, together with another member of the engagement promotion team, we interviewed about 100 younger employees. It took a lot of time, but it was very insightful. For instance, I was shocked to hear some say, “I do not seek a rewarding experience from work.” Others mentioned a disconnect with their superiors or concerns about not being assigned to desired roles. They lacked the time and opportunity to discuss these issues, which revealed a serious gap in communication. Since 2022, we have been focusing on training for



those in a managerial position, repeatedly emphasizing the importance of one-on-one meetings. I am delighted to see that an increasing number of them are now recognizing the benefits of such communication and have started holding regular one-on-ones with their team members. Beginning in 2023, we introduced a pulse survey to our plant, giving managers a platform to discuss and work toward solutions together. Then in 2025, we began training on following the PDCA cycle at some departments. We hope these initiatives help broaden the circle of mutual support.

**Kataoka:** At the Shiga Plant, too, we conduct a pulse survey every quarter. Being in the manufacturing sector, I believe the Nitto Group cannot truly thrive unless our largest workforce segment, production personnel, has high morale. As Ogawa-san correctly pointed out, we, too, had many younger employees in the manufacturing department who were feeling “lost in their career,” having lost sight of their goals. But through ongoing dialogue, we have started to see gradual changes in the pulse survey results. Hearing about the initiatives at Ogawa-san’s plant, I realize every plant has similar worries about younger operators.

**Ogawa:** One respondent said that they did not know what to aim for because they had no idea what their superiors actually did. To improve that understanding, we partnered with the General Manager of the manufacturing department to compile a list of job descriptions for each position, clearly outlining the skills and experience required for each role. Also, with one-on-one meetings now a common practice, I have started hearing more employees happily say things like, “I can finally talk to my superior about this or that.”

**Bando:** When we first started engagement surveys, many at the sites did not know what to do with the survey findings. Some contacted the Head Office HR division for help, and at times, we had to step in directly. It was a period of “top-down approaches,” so to speak. Now, we have entered a new phase of “bottom-up” approaches. Each site is now able to accurately identify their own issues and implement their own measures. The Head Office HR division acts more as a “supporter,” focusing on monitoring company-wide activity progress and engagement levels, as well as on educational activities such as sharing the best practices across sites.

---

## Everyone Tackles Issues and Takes Action in Their Own Way

---

**Kataoka:** At the Manufacturing Department of our Division, when a member sets their targets, we use “career sheets,” which their superiors then use during interviews. While the term “career” might sound a bit formal, the “career sheet” itself is as simple as a self-introduction. This approach has proven effective, helping superiors and subordinates better understand one another. It also encourages the interviewees to view themselves from a new perspective and start thinking about their own career paths in their own way. Thanks to these activities, we have begun to see a new generation of forepersons emerge as of early 2025. I am truly pleased to see how our initiative is helping to revitalize both individuals and the organization.

**Hung:** The initiative that Kataoka-san has just shared should inspire each individual to recognize how the tasks they handle now can help shape their future vision and career, and I would like to model our efforts after theirs. In Taiwan, another major outcome we have seen is that, through the training program for the manufacturing site I mentioned earlier, each and every employee has started to see workplace and operational issues as their own, proactively developing and executing improvement plans. One employee even shared that, by learning about and promoting the Group’s management policy, they have come to understand how their daily tasks align with the company’s direction for sustainable growth. This kind of awareness motivates people and builds self-confidence, which in turn strengthens their sense of belonging to the organization.

**Kataoka:** To improve and raise awareness of engagement, I believe it is absolutely necessary for organizational leaders to proactively communicate its importance to their teams. At the Shiga Plant, the responsible officer actively holds town hall meetings and writes blog posts to bridge the gap with employees. By hearing directly from leadership, employees gain a clearer understanding of engagement and why it matters, helping to deepen their awareness and commitment.

**Bando:** The compilation of best practices includes actions not only for HR and general affairs departments but also for organizational heads and individual employees. As Kataoka-san mentioned, we ask each organizational head to take initiative, such as by “sharing long-term goals.” With everyone taking ownership and doing what they can to address issues, I expect engagement-enhancement efforts to progress even further.

---

## Achieving Sustainable Growth Through Further Enhancement of Engagement

---

**Bando:** Having learned that each site identifies its own issues and plans actions, I felt very encouraged. You may find it difficult to believe that engagement leads directly to financial value, but the fact is that it does. Research has revealed a clear correlation between engagement and labor productivity, with some even stating, “a company with high engagement performs superbly.”

If engagement is high, it indicates a psychologically safe environment where people feel secure expressing themselves. That comfort directly contributes to greater productivity and higher-quality output. In this way, engagement connects to many performance indicators. These links may be hard to observe in a linear or visible fashion, but I firmly believe that without improving engagement, no company can sustain operations or grow profits.

Engagement is also, in my view, the driving force behind our ability to continuously produce PlanetFlags/HumanFlags and Global Niche Top™ or Area Niche Top™ products. Holding on to the belief that “there is no engagement that does not lead to financial value,” we will remain committed to this endeavor.

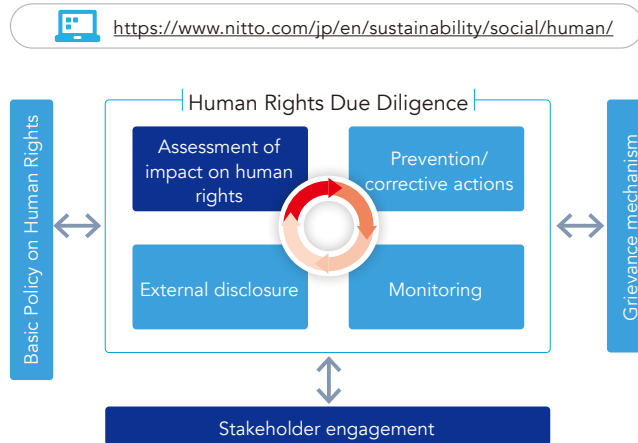


# Upholding and Respecting Human Rights

## The Nitto Group's Approaches to Human Rights

In line with its Basic Policy on Human Rights, the Nitto Group has built a human rights due diligence management system based on the UN Guiding Principles on Business and Human Rights, with the aim of preventing or mitigating any negative impact our business activities may have on human rights.

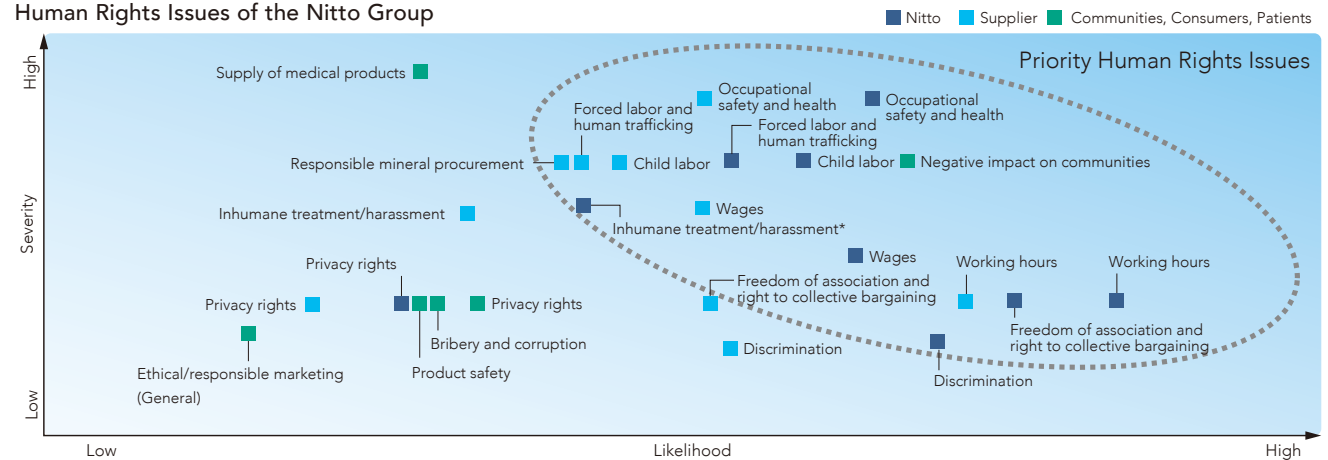
Basic Human Rights Policy



## Human Rights Impact Assessment

The Nitto Group identified potential human rights issues by reviewing the general situations, industry landscape, overview of our business, and an update of supply chains in regions where we operate from a broader perspective. For certain human rights issues, we identified issues that emerged from the findings of self-assessments conducted by Group companies in Japan and compliance surveys carried out globally. This impact assessment will not only be reviewed periodically, but will also be reevaluated in the event of major changes in the business portfolio, including mergers, acquisitions, etc.

## Human Rights Issues of the Nitto Group



\*Harassment is listed both as harassment and inhumane treatment, as we consider it to be a priority human rights issue.

## Comments from external experts

The Nitto Group has demonstrated its respect for internationally recognized human rights through its Basic Human Rights Policy. This time, as part of the Nitto Group's human rights impact assessment, representatives from both inside and outside of Japan participated in discussing the overall picture of human rights issues in business activities, including those of business partners, and this was formulated as a human rights risk map, after which important human rights issues were identified. I hope that further dialogue with rights holders will be conducted in the future, and that their voices will be reflected in the identification of human rights issues and material issues. Also, a grievance mechanism (e.g., a reporting window) that can be used throughout the value chain is an effective way to gather rights holders' opinions. I look forward to future initiatives.



Dr. Emi Sugawara  
Professor,  
Osaka University of  
Economics and Law

## Priority Human Rights Issues

Priority Human Rights Issues	Issue clarification
Provision of adequate working conditions for workers	We will comply with labor-related laws and regulations and labor-management agreements, and will appropriately pay wages and manage working hours in accordance with internationally recognized standards. Where there is a conflict between internationally recognized standards and laws and regulations, we will strive to pursue methods that respect internationally recognized standards. In our wage system, we do not discriminate on the basis of gender against equal work, and we comply with laws and regulations regarding equal pay for equal work.
Reduction of negative impact on local community (environmental and social)	We will strive to prevent air, water, and soil pollution caused by leaks or spills of chemical substances used in our manufacturing processes from harming the safety and health of the local community. We will also take care to ensure that the use of groundwater does not affect the water supply for the daily lives of local communities.
Prohibition of forced labor and child labor	We prohibit and eliminate labor involving human trafficking, confined labor, child labor, forced labor, and slave labor. We are committed to eliminating child and forced labor upstream in our supply chain, including "Responsible Mineral Sourcing."
Creating a healthy and safe workplace for workers	We will strive to prevent accidents and disasters, ensure a safe and hygienic work environment, and maintain the mental and physical health of our workers so that they can exercise their abilities to the fullest. In addition, we will not expose pregnant or nursing women to working conditions that may be hazardous to them or their children. In addition, we will take other necessary precautions and measures as deemed necessary.
Elimination of discrimination and inhumane treatment, including harassment	We do not engage in any form of discrimination or conduct that offends personal dignity on the basis of race, gender, age, or any other grounds in hiring, wages, promotions, compensation, training, and other employment practices. We also regard harassment as an important issue in Japan and are working to eliminate harassment cases.
Respect for freedom of association and the right to collective bargaining	We respect the activities of labor unions. Through thorough discussions, we will also work together to resolve issues.

# Building Resilient Supply Chains

## Nitto Group's Sustainable Procurement

In order to fulfill our corporate social responsibility across the supply chains, the Nitto Group has defined its approach to sustainable procurement around three core pillars: risk management, CSR procurement, and green procurement.

### Risk Management

Originally established as a Group-wide organization, the Supply Chain Committee transferred primary responsibility for each of its activities to relevant departments in fiscal 2024, following the achievement of positive results. For the activities that concern procurement risk, we will set up a new administrative department to visualize potentially high-risk materials in mass-produced models and take necessary measures. At the same time, we will reinforce the risk management system and implement periodical monitoring to ensure that no new high-risk materials are introduced during the development stage.

Meanwhile, in fiscal 2024 we expanded the scope of our safety confirmation system, which helps us assess the status of our suppliers in the event of natural disasters and other emergencies, to include equipment suppliers as well (an additional 100 companies compared to the previous year). By raising the level of communication during emergencies, we will strive to maintain and continue our business activities.

### CSR Procurement

With the aim of building sustainable supply chains, the Nitto Group is promoting CSR-based procurement. In fiscal 2024, in a bid to strengthen our supply chains in response to social expectations, we revised our Basic Policy on Procurement and the Supplier Code of

Conduct. To maximize the effectiveness of the Supplier Code of Conduct, we have begun collecting written consent from suppliers.

We also conduct an annual CSR assessment of our suppliers. In addition to our original survey on CSR-based procurement, we use a platform provided by EcoVadis, a third-party rating service, to carry out CSR assessments. In fiscal 2024, the target regions were expanded to include Europe, the Americas, and South Asia. Going forward, we will continue to use the EcoVadis platform globally, while working to increase the ratio of assessed suppliers and make necessary improvements based on the results.

### Green Procurement

In order to reduce CO<sub>2</sub> emissions associated with raw materials, we are collecting relevant data from suppliers. Concerning the sustainable materials procurement ratio, one of the future-financial targets laid out in the ongoing mid-term management plan, we are working with suppliers to increase the adoption of sustainable materials. For chemical substances, which are subject to increasingly strict regulations in Europe and elsewhere, we have built a system for prior contamination assessment to enable pre-emptive action.

### Enhancement of Supplier Engagement

To enhance supplier engagement by deepening understanding of each pillar of "risk management," "CSR procurement," and "green procurement," we organize partnership meetings (in Japan and Europe in fiscal 2024). Our next step is to hold informal gatherings to foster two-way communication, providing an opportunity for us to receive feedback on the Nitto Group from suppliers and learn about their initiatives, which we hope will inspire future actions.

## Increasing Efficiency in Logistics

The Nitto Group considers improving logistics in its supply chain a key management priority.

To address Japan's widely discussed "2024 Issue," referring to the introduction of overtime limits and labor shortages in the logistics sector, we implemented measures such as promptly transporting finished products to shipping stations where trucks are on standby, and establishing a rule to contact logistics providers in advance in the event of shipping delays. As a result, the average truck standby time at seven sites in Japan, including two of our Group companies, averaged approximately 1.4 minute in fiscal 2024, down significantly from 7.0 minutes the previous year.

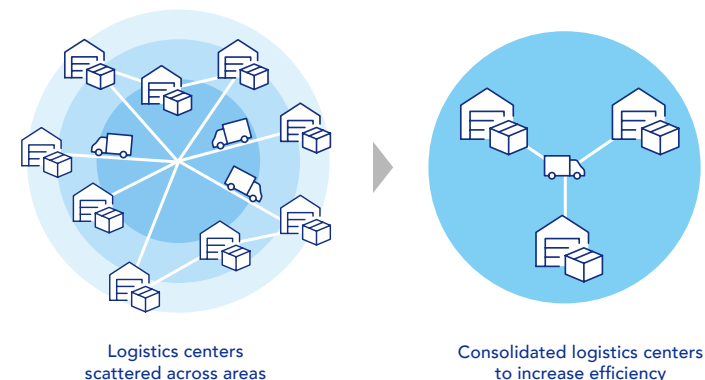
We are also addressing the reduction of CO<sub>2</sub> emissions in logistics. By advancing a modal shift from trucks to railways, we were able to reduce our logistics-related CO<sub>2</sub> emissions in Japan by 79.4 tons from the previous year, or a 1.57% reduction, surpassing our self-imposed KPI of a 1% year-on-year decrease.

To reduce CO<sub>2</sub> emissions further, we are currently working to improve transportation efficiency across the supply chain. In addition to identifying and reviewing transportation routes between Nitto Group's sites and customers' sites in Japan, we have also begun efforts to optimize transportation between suppliers and Nitto Group's facilities. As the first step in this new initiative, we are gathering data on transportation routes, cargo weight, delivery schedules, and other relevant factors in cooperation with external logistics providers.

## Nitto Group's Sustainable Procurement

<b>Risk Management</b> <ul style="list-style-type: none"> <li>• Detection of supply risks caused by changes in external environments</li> <li>• Proactive risk management</li> <li>• Initial response to emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• A special team conducts risks analysis, evaluation, and response to risks (geopolitics, chemical substances regulations, divestment)</li> <li>• Confirmation of the safety of and impact of partners via systems</li> </ul>
<b>CSR Procurement</b> <ul style="list-style-type: none"> <li>• Fulfilment of corporate social responsibility</li> <li>• Building of supply chains that care about human rights, occupational safety &amp; health, the environment, and corporate ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Presentation of policies and code of conduct through the Supplier Code of Conduct</li> <li>• CSR procurement assessment of suppliers and corrective activities</li> <li>• Further implementation of CSR procurement (on-site investigations, human rights due diligence, conflict minerals)</li> </ul>
<b>Green Procurement</b> <ul style="list-style-type: none"> <li>• Promotion of procurement of materials with minimal environmental impact</li> <li>• Prohibition of use of, reduction of, and emission control of hazardous chemical substances</li> </ul>	<ul style="list-style-type: none"> <li>• Presentation of policies through the Green Procurement Standards</li> <li>• CO<sub>2</sub> emissions investigation</li> <li>• Chemical substance investigation and control of information thereof</li> <li>• Promotion of the use of biomass and recycled materials</li> </ul>

## Reorganization of the Logistics Network



# A Dialogue Between Directors

The Board of Directors is dedicated to enhancing resilient management and human capital management by promoting Nitto-style ESG management, which constantly seeks to solve social issues and create economic value simultaneously.



**Wong Lai Yong**  
Outside Director

**Hideo Takasaki**  
Representative Director, President  
CEO, COO

---

## Striving to Achieve Management Targets with ESG at the Core

---

— Fiscal 2024 marked the midpoint of the current mid-term management plan. How do you reflect on the year?

**Takasaki:** With ESG at the core of our management approach, we remained committed to the Niche Top Strategy in pursuit of our 2030 Ideal State, that is, to become an “essential top ESG company.” Performance-wise, we achieved record highs in both operating profit and operating margin in fiscal 2024. Although revenue growth has not been our primary focus, surpassing the one trillion yen mark drew widespread praise from outside the company as well. We believe that ESG is meaningless unless it addresses social issues while enhancing the company’s economic value, and I have a feeling that we have begun to achieve this balance.

**Wong:** Recently, there has been a surge in raw material prices, geopolitical risks, and a growing trend in Europe and the U.S. to reconsider the direction of ESG investing. Despite these challenges, Nitto has consistently reaffirmed its original commitment to growth with ESG at the core, demonstrating its determination not to be easily swayed by the currents of the world, and I feel the strength of its will to remain true to the Nitto way. Its fiscal 2024 financial results would not have been possible without the hard work of every single employee of Nitto. While Takasaki-san spoke of our achievements rather modestly, I believe we can take greater pride in them, especially as our market capitalization have reached all-time highs.

**Takasaki:** Certainly, we have made remarkable achievements on the financial front. Yet, we are only halfway there, as we have not yet achieved all nine future-financial targets. Our management team is strongly committed to transforming future-financial value into financial value, and, ultimately into corporate value. We therefore view the shortfall in future-financial targets, particularly in

areas where the quality of outcomes is under close scrutiny, as a significant issue.

**Wong:** Every member of the Board is keenly aware that we still have progress to make before achieving our future-financial targets. We all recognize that ESG has always been central to our management approach, and discussions on strategies and tactics for meeting both financial and future-financial targets have remained consistent. There is not a single Board meeting where ESG is not part of the discussion. Moreover, during visits to Nitto's plants, I was genuinely moved to see employees on the ground putting their heart and soul into practicing the Niche Top Strategy.

**Takasaki:** You cannot talk about the Nitto-Style Innovation Model without mentioning the Niche Top Strategy. It is more than a mere strategy; it is a deeply ingrained part of our corporate culture. Along with *Sanshin* Activities, which we have been practicing for over 50 years, I can confidently say that this strategy has become an integral part of Nitto's corporate culture. In addition, the PlanetFlags/HumanFlags scheme, which recognizes products that are essential to the global environment and human society, is gaining traction. Our current focus is to increase the number of "double recognition" products, which are those recognized as both PlanetFlags/HumanFlags products and Niche Top products. We believe this approach ensures that ESG remains at the core of our management.

---

### Visiting the Genba to Have Repeated Dialogues with the Employees Will Increase the Effectiveness of the Board

---

—What initiatives have you implemented to increase the effectiveness of the Board of Directors?

**Takasaki:** To enhance the effectiveness of the Board of Directors, we have introduced several approaches. At Board of Directors

meetings, we now brief the Directors and Corporate Auditors on monitoring reports and invite Outside Directors to participate in R&D Innovation Networking Conference (RINC) and Nitto ATP Finals events. Once a year, we conduct a survey to evaluate the Board's effectiveness. In the last one, we received high ratings for diversity among Board members, sufficient time for deliberation, open and constructive discussions and exchanges of opinions, and support for sustainability. However, there was room for improvement in facilitating discussions on succession plans for the CEO and other officers. To address this, we changed the structure of the relevant Advisory Committee and appointed an Outside Director as its chair. The atmosphere of the Board of Directors meetings is generally very free, open, and amiable, and we encourage everyone to share their candid views.

**Wong:** Since I assumed the position of Outside Director in 2020, I have consistently witnessed and participated in discussions that are not only free and open but also serious and engaging.

**Takasaki:** Yes, I must say that our discussions have become even more lively since you joined us! In all seriousness, despite the friendly atmosphere, everyone shares their opinions naturally. I know that Board members prepare thoroughly before meetings, including study and preliminary research. Their contributions often exceed expectations based on their skill matrix. Also, we ensure that once a year, a Board meeting is held at one of our plants. This allows members to deepen their understanding of our new products and technologies, gaining a tangible sense of our growth and the plant's atmosphere. These initiatives greatly enhance our decision-making speed and strengthen our monitoring system. Personally, I am always mindful of decision-making speed, and I think constantly about how we can make decisions without delay.

**Wong:** What impressed me profoundly during my visit to the plants was that the young researchers, regardless of gender, gave their technology presentations in a very lively manner. It was clear they genuinely enjoyed presenting, and I could see their passion



for developing new technologies that competitors cannot easily replicate. It is no wonder that Nitto has been recognized as one of Clarivate's Top 100 Global Innovators<sup>1</sup> for the fourth consecutive year and the 12th time overall. I believe it is essential to have your boots on the ground, because such opportunities are not just for presentations but often spark meaningful discussions as well. I have repeatedly engaged in dialogues with various employees such as plant managers and operators, sustainability leaders and women in leadership, and through participation in the RINC. These experiences have greatly contributed to enhancing the effectiveness of the Board of Directors. Every Board member is committed to increasing Nitto's corporate value. It is crucial that we maintain open communication not only during Board meetings but also in a variety of settings, regardless of the organizational level.

—Wong-san, you participated in RINC and the Nitto ATP Finals. How did you find them? Do you think that they helped you deepen your understanding of Nitto's management?

**Wong:** Yes, absolutely. Every year, we receive briefings from the CTO on Nitto's R&D strategy and have discussions as well. However, after attending the RINC, I gained a much clearer vision of what



Nitto could look like three to ten years from now. I was able to confirm that all development project themes are candidates for PlanetFlags/HumanFlags products, which provided assurance of Nitto's consistent approach, both now and in the future. Moreover, having seen researchers from various countries and regions engage in vibrant discussions gave me a true sense of "One-Nitto." The Nitto ATP Finals is another excellent example of this. Employees from diverse divisions come together to form a project team, making it not only a brand-strengthening event internally and externally but also an opportunity for employee development through hands-on experience. On the occasion, we also set up an exhibition to showcase Nitto's technologies to our stakeholders, and it would be wonderful to invite science and engineering undergraduate and graduate students from the host city of Turin. I am sure these interactions will lead us to attract diverse and talented human resources.

**Takasaki:** Nitto has always had a culture of supporting challenges, but we are now taking it a step further by fostering a culture of



"enjoying" challenges. The Nitto ATP Finals project team is comprised of members from around the world, with more than half being female. These team members start as complete strangers but part ways in Italy after six months of collaboration, which drives them to dedicate themselves all the more passionately. I must say that this energy and passion reflect a culture of enjoying challenges. It serves as a strong foundation for us to continue moving forward.

**Wong:** It certainly is! The Nitto ATP Finals project is a truly fantastic on-the-job training opportunity.

\*1 Clarivate Top 100 Global Innovators: Based on patent ownership data, Clarivate Analytics selects the top 100 innovative companies worldwide, evaluating them on patent influence, success rate, global performance, and rarity. In 2025, 33 Japanese companies were selected.

---

## Reaffirming the Importance of Safety—The Decisive Factor in Management and Quality

---

— Nitto was involved in a misconduct regarding the certification system of municipal water supply membrane modules, which could have compromised management security. What discussions did the Board have, and what recommendations did it make?

**Takasaki:** We take this incident with the utmost seriousness. We have already begun efforts to reform employees' mindset and strengthen our quality systems. This process began with a courageous report from an employee, allowing us to respond promptly once the issue came to our attention. The Nitto Way, which is an element of our Corporate Philosophy, emphasizes an "open, fair, and best" approach, and I believe the whistleblower came forward out of their wish to improve Nitto. This experience reinforced my belief in the importance of preserving this culture.

**Wong:** It takes a lot of courage to blow the whistle, and without trust in the management team, employees would not feel secure

enough to do so. Ironically, all members of the Board viewed the report as a positive sign. Another thing I was made to realize was the importance of further enhancing compliance training for all employees of the Group. In 2024, numerous cases of corporate misconduct made headlines. While they may or may not involve our sector, each case offers lessons we can learn from. I believe we must continue to raise awareness among all employees by consistently providing relevant information. This will help foster a culture of safety and quality across the Group, which forms the basis of compliance.

**Takasaki:** For the past decade or so, the Nitto Group has consistently emphasized our safety slogan, "Place safety before everything else," reciting it at every meeting. The original intention was to reduce all occupational accidents and injuries at factories to zero, but "safety" is directly linked to management integrity and product quality. Through a global awareness campaign, I am pleased to say that this safety mindset has become deeply ingrained across the Group. That said, simply repeating the slogan is not enough: What truly matters is our ability to put it into practice.

**Wong:** As Takasaki-san pointed out, our safety slogan, "Place safety before everything else," is recited at morning assemblies in plants, Board meetings, and other gatherings. I believe that the role of the Board of Directors has evolved with the times. Today, the emphasis is on a multi-stakeholder approach, recognizing that increasing corporate value is not solely about boosting shareholder value. Furthermore, beyond employees, customers, and suppliers, there is growing recognition that the global environment and society, including future generations, are critical stakeholders. This perspective is gaining widespread acceptance. As members of the Board, we need to have serious discussions that consider the well-being of these stakeholders, as well as the impact our company has on them. By doing so, I believe we can genuinely enhance our corporate value over the mid- and long-term.

---

## A Belief that Sustainability Initiatives Lay the Foundation for Corporate Value Enhancement

---

—Wong-san, what do you think has changed most at Nitto in terms of enhancing corporate value since you assumed office as an Outside Director?

**Wong:** I must say the most significant change has been in Nitto's approach and concrete actions toward sustainability and ESG. When I first joined, I had the impression that Nitto responded to societal and stakeholder expectations passively. However, that changed quickly: Nitto began taking active steps, placing ESG at the core of management. This shift enabled the company to achieve significant transformation, including establishing the PlanetFlags/HumanFlags recognition scheme, setting future-financial targets, and linking ESG performance to remuneration of Internal Directors. During my plant visits, I consistently suggested to those in charge of environmental matters that joining RE100 and obtaining SBT certification were important. This feedback contributed to the creation of the Global Green Committee (see P. 37), which addresses environmental issues through collaboration across business execution departments and regional management. What is wonderful about all this is that Nitto also involves frontline teams at its Group companies in working toward target values. Another thing I have kept recommending from the beginning is a commitment to the Women's Empowerment Principles (WEPs)<sup>\*2</sup>. I am glad to see that concrete efforts are underway to become a signatory. It is symbolic of Nitto's integrity: Ensuring that declarations are backed by action.

**Takasaki:** Since we declared that ESG would be at the core of our management, joining RE100 and obtaining SBT certification have become essential. Timely and fair disclosure of these international initiatives is important, as they provide visible recognition of our commitment, even to those unfamiliar with Nitto. However, simply making an announcement is not enough; we must take action and

produce results. The Nitto Group has committed to Carbon Neutral 2050, aiming for net zero GHG emissions (Scope 1+2) by 2050. These initiatives for Scope 1+2 GHG emissions alone are high hurdles to overcome, but we decided to declare our support for these international initiatives because we have begun to see a clear path toward achieving the targets. Now that we have started addressing Scope 3 emissions, the challenges are even greater, but we are fully committed to reaching the goals we have proudly set.

**Wong:** To promote ESG, Nitto also uses posters and other communication tools at each workplace, which strikes me as a steady approach toward its goals. If I have a concern, it would be that the management team's decisions are made so quickly that individual employees may struggle to keep up. While we are making steady progress in work style reform, we also need to consider how to better support those seeking more flexible work styles or aspiring to leadership roles. It is definitely important to take proactive steps in recruiting and developing a diverse pool of management team members and future leaders.

\*2 Women's Empowerment Principles (WEPs): An initiative jointly established by the UN Global Compact and UN Women, it outlines seven principles to guide businesses in promoting women's economic empowerment with the aim of enhancing corporate vitality and growth by placing gender equality and women's empowerment at the core of management practices, encouraging proactive initiatives.

---

## Human Capital Management for Employees to Enjoy Challenges

---

—How do you go about promoting human capital management at Nitto?

**Wong:** I support the idea of treating "humans" as capital for the sake of corporate management but, unlike other kinds of capital, humans have their own set of diverse experiences, abilities, values, and emotions shaped from childhood. Ultimately, I believe that

what people pursue is a sense of happiness. Only when individuals lead fulfilling lives can they genuinely contribute to their company and society. That is why I believe management should avoid labeling employees with preconceived notions. Instead, we must respect each individual, trust their potential, and avoid a restrictive approach to human capital management.

**Takasaki:** With advice from Wong-san and other outside officers, the Nitto Group has set HR related future-financial targets that include the engagement scores, the challenge ratio and the female leaders ratio. What we put a particular emphasis on is fostering a culture of enjoying challenges. If you take on a challenge, you may sometimes fail, but if you never try, you never experience failure or growth. That is why I commend those who are willing to try, even if they fail. While we have established various training programs, including the Nitto Global Business Academy (NGBA), many employees still hesitate to step into leadership roles. In business, decisions are made by leaders, and I hope more employees will experience the joy of making decisions. My goal is to cultivate a workplace culture where leading others is seen as both fulfilling and enjoyable.

**Wong:** "Enjoying challenges" must be more than just a slogan: It should reflect genuine intent. What matters, I believe, is how the company can help each employee take that first small step and how we can encourage them to embrace challenges. Going forward, the key will be connecting the Company's purpose with the purpose and well-being of individuals. Employees should see how each product and technological innovation they create contributes to society, and how their dedicated work impacts the world. If we can establish this connection, I believe we will not only foster a culture of enjoying challenges but also drive the evolution of human capital management. Isn't it the case that a company and its people begin to grow in great strides when the Company's purpose aligns with that of its members?



# Directors and Auditors



**Shin Tokuyasu**  
Corporate Auditor

**Yosuke Miki**  
Director,  
Senior Executive Vice President

**Tatsuya Akagi**  
Director,  
Executive Vice President

**Yasuhiro Yamada**  
Outside Director

**Mariko Eto**  
Outside Director

**Yasuhiro Ohwaki**  
Director,  
Senior Executive Vice President

**Yasuhiro Iseyama**  
Director,  
Senior Executive Vice President

**Toshihiko Takayanagi**  
Corporate Auditor

**Kiyoshi Sono**  
Outside Corporate Auditor

**Yasuko Kobashikawa**  
Outside Corporate Auditor

**Michitaka Sawada**  
Outside Director

**Hideo Takasaki**  
Representative Director,  
President

**Wong Lai Yong**  
Outside Director

**Yoichiro Furuse**  
Part time Director

**Tsuyoki Hattori**  
Outside Corporate Auditor



# Directors

## Hideo Takasaki

Representative Director, President

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

## Yoichiro Furuse

Part time Director

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)

## Yosuke Miki

Director, Senior Executive Vice President

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

## Wong Lai Yong

Outside Director

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.  
 June 2025 Outside Director (Audit and Supervisory Board Member), MITSUI E&S Co., Ltd. (present)

## Yasuhiro Iseyama

Director, Senior Executive Vice President

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

## Michitaka Sawada

Outside Director

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)

## Yasuhito Ohwaki

Director, Senior Executive Vice President

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

## Yasuhiro Yamada

Outside Director

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)

## Tatsuya Akagi

Director, Executive Vice President

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

## Mariko Eto

Outside Director

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



# Corporate Auditor

## Shin Tokuyasu

Corporate Auditor

April 1985 Joined Nitto Denko Corporation  
 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)

## Toshihiko Takayanagi

Corporate Auditor

April 1981 Joined Nitto Denko Corporation  
 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)

## Yasuko Kobashikawa

Outside Corporate Auditor

February 2001 Registered as a Certified Public Accountant  
 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  
 June 2025 Outside Director (Audit and Supervisory Board Member), JVCKENWOOD Corporation (present)

## Kiyoshi Sono

Outside Corporate Auditor

April 1976 Joined The Sanwa Bank, Ltd.  
 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)

## Tsuyoki Hattori

Outside Corporate Auditor

April 1979 Joined Tokio Marine Fire Insurance Co., Ltd.  
 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)

## Skills Matrix

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

- (Notes)
1. The table above shows skills specifically expected and is not all-inclusive.
  2. Director Hideo Takasaki is designated as Leadership only from the viewpoint that it is most important for him to oversee management as President-Director.

## Policies and Procedures for Electing and Dismissing Directors and Corporate Auditors

### Appropriate Structure of the Board of Directors and Board of Corporate Auditors

Given the current scale of business, the need to facilitate substantial discussions at Board of Directors meetings and Board of Corporate Auditors meetings and to ensure an appropriate number of Outside Directors, etc., we believe that the appropriate size of the Board of Directors is not more than ten Directors (one third or more of whom are independent directors). Likewise, the Articles of Incorporation set an upper limit of ten. We also believe that the appropriate size of the Board of Corporate Auditors is not more than five members (half or more of whom are independent auditors), who are individuals having appropriate experience and ability as well as necessary knowledge in finance, accounting, and legal affairs, with at least one (1) Corporate Auditor who has sufficient expertise in finance and accounting. Likewise, the Articles of Incorporation set an upper limit of five. Furthermore, in order to make important policy decisions in an ever-changing business environment and to exercise a sustained supervisory function, we have identified five qualities, knowledge, experience, etc. (hereinafter collectively referred to as "skills") in "leadership," "technology," "finance," "governance," and "sustainability" for the Board of Directors and Board of Corporate Auditors and believe that a composition that ensures a good balance of such skills will contribute to management.

### Appointment 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 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.

#### <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 was caused to the execution of the duties of an Officer; or
4. Any of the quality requirements set forth in the Officer Appointment Standards is no longer satisfied.

### 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.

# Vice Presidents (As of July 1, 2025)

Name	Title (Position)	Responsibilities
<b>Hideo Takasaki</b>	Representative Director, President CEO, COO	
<b>Yasuhito Ohwaki</b>	Director, Senior Executive Vice President, CHRO General Manager of Corporate Human Resources Division	Human resources & education, Diversity, equity & inclusion promotion, Management of Japan
<b>Yosuke Miki</b>	Director, Senior Executive Vice President, CTO General Manager of Corporate Technology Sector	Corporate technology
<b>Yasuhiro Iseyama</b>	Director, Senior Executive Vice President, CFO General Manager of Corporate Accounting & Finance Division, General Manager of Export Control Center	Accounting & finance, IR, Export control, Internal audit
<b>Sam Strijckmans</b>	Executive Vice President General Manager of EMEA (Europe, the Middle East, and Africa) President, Nitto EMEA NV	Management of EMEA (Europe, the Middle East, and Africa)
<b>Seiji Fujioka</b>	Executive Vice President General Manager of South Asia, India, and Oceania Representative Director, Nitto Denko (Singapore) Pte.Ltd.	Management of South Asia, India, and Oceania
<b>Kazuki Tsuchimoto</b>	Executive Vice President General Manager of Quality Assurance Division	Quality
<b>Tatsuya Akagi</b>	Director, Executive Vice President General Manager of Information Fine Materials Sector	Information fine materials business
<b>Yukihiro Horikawa</b>	Executive Vice President	Corporate strategy (specially assigned)
<b>Atsushi Ukon</b>	Senior Vice President President, Nitoms, Inc.	Management of business companies
<b>Bae-Won Lee</b>	Senior Vice President General Manager of South Korea Representative Director and President, Korea Nitto Optical Co., Ltd.	Management of South Korea, Information fine materials business
<b>Katsuyoshi Jo</b>	Senior Vice President Representative Director, Nitto Shinko Corporation	Management of business companies
<b>Kenjiro Asuma</b>	Senior Vice President General Manager of Taiwan Chairman and President, Taiwan Nitto Corporation	Management of Taiwan
<b>Yasuhiro Hayashi</b>	Senior Vice President General Manager of Legal & Compliance Division	Legal & general affairs, Compliance, Risk management
<b>Hitoki Kanagawa</b>	Senior Vice President General Manager of Functional Base Products Sector	Functional base products business

\*CEO: Chief Executive Officer, COO: Chief Operating Officer, CHRO: Chief Executive Human Resources Officer, CTO: Chief Technology Officer, CFO: Chief Financial Officer

Name	Title (Position)	Responsibilities
<b>Yoichiro Sugino</b>	Senior Vice President Deputy General Manager of EMEA (Europe, the Middle East, and Africa) Director, Nitto EMEA NV	Management of EMEA (Europe, the Middle East, and Africa)
<b>Shingo Suita</b>	Vice President General Manager of North America and South America President, Nitto, Inc.	Management of North America and South America
<b>Yoshihiko Terada</b>	Vice President General Manager of Medical Division, Human Life Solutions Sector	Medical business
<b>Nao Murakami</b>	Vice President	Corporate strategy (specially assigned)
<b>Naoki Makino</b>	Vice President General Manager of Sales Management Division	Sales management
<b>Michihiro Hagiwara</b>	Vice President General Manager of Production Division	Manufacturing & production engineering, Environment & safety management
<b>Junichi Matsumoto</b>	Vice President General Manager of Advanced Film Solution Division	Advanced film solution business
<b>Hiroyuki Katayama</b>	Vice President General Manager of Human Life Solutions Sector General Manager of Membrane Division	Human life solutions business, Membrane business
<b>Futoshi Shiomi</b>	Vice President General Manager of PRC Chairman and President, Nitto Denko (China) Investment Co., Ltd.	Management of PRC
<b>Kei Nakamura</b>	Vice President General Manager of Corporate Research & Development Division, Corporate Technology Sector General Manager of Digital Promotion Division	Research & development, Digital promotion
<b>Kenshi Tozuka</b>	Vice President General Manager of Corporate Strategy & ESG Management Division	Corporate strategy, PR, ESG promotion
<b>Naoki Takahashi</b>	Vice President General Manager of Supply Chain Management Division	Procurement, Supply chain management
<b>Yasunari Oyabu</b>	Vice President General Manager of Information and Communication Technology Sector	ICT business
<b>Makoto Kawauchi</b>	Vice President Deputy General Manager of Information Fine Materials Sector	Information fine materials business

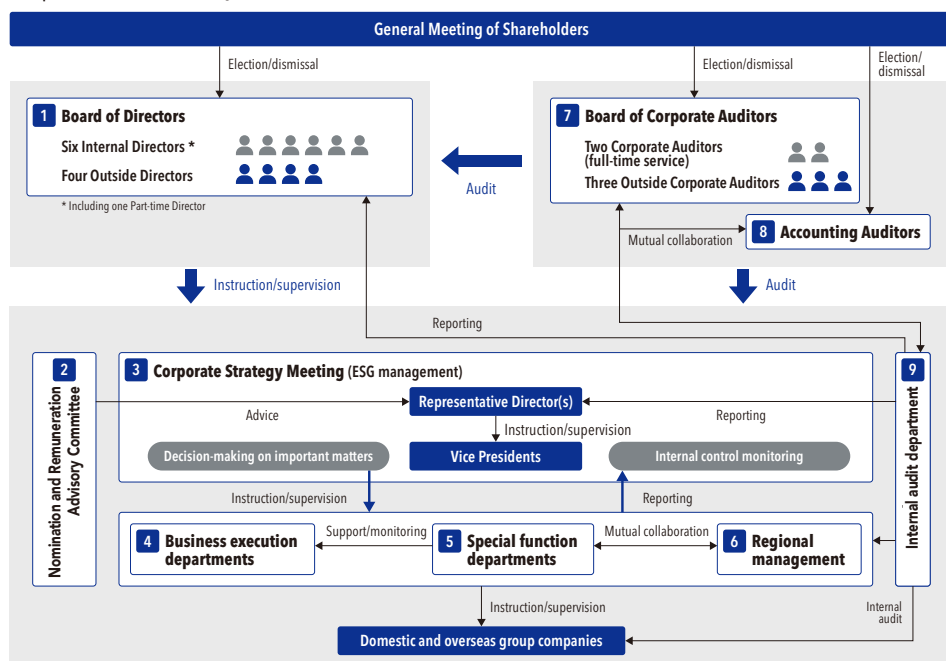
# Enhancing Management Security

## Corporate Governance System

Nitto recognizes that the structure we choose to build for corporate governance is vitally important to facilitate the promotion of business activities. Dedicated wholeheartedly to addressing social challenges, not to mention being careful not to do something illegal, we make constant efforts to improve corporate governance to realize a better management system.

As part of this initiative, Nitto maintains the corporate governance structure as below.

### Corporate Governance System



### Descriptions and Roles of the Organizations

Institution	Roles, etc.
<b>1 Board of Directors</b> [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
<b>2 Nomination and Remuneration Advisory Committee</b> [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
<b>3 Corporate Strategy Meeting</b> [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
<b>4 Business execution departments</b>	· 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).
<b>5 Special function departments</b>	· 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.
<b>6 Regional management</b>	· 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
<b>7 Board of Corporate Auditors</b> [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
<b>8 Accounting Auditors</b>	KPMG AZSA LLC · Audit of appropriateness and legality of accounting and internal control over accounting
<b>9 Internal audit department</b>	· 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 Nomination and Remuneration Advisory Committee that mainly consists of Independent Outside Officers to build a system to hear neutral opinions. Nitto's corporate governance structure has the following characteristics:

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

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

### 2. Open and robust discussions by the Board of Directors

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

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

As a place for its members to exchange opinions and provide advice for Representative Directors, the Nomination and Remuneration Advisory Committee hears valuable opinions each time its meeting is convened. Chaired by an Outside Director, the Nomination and Remuneration Advisory Committee provides advice on key agenda items, including the nomination of Directors and the remuneration of Directors and Corporate Auditors. It should be noted that, under the Companies Act, decisions regarding nominations and remuneration are formally made by the Board of Directors, which engages in open and robust discussions. Accordingly, the Nomination and Remuneration Advisory Committee is not expressly required 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.

## Findings on the Nitto Board Effectiveness Evaluation

Nitto conducted an effectiveness analysis and evaluation of its Board of Directors for fiscal 2024, which confirmed that the Board is effective. The following shows a summary of the evaluation process and findings:

### 1. An outline of the evaluation process

Nitto engaged a third party organization to conduct a survey of all its Directors and Corporate Auditors. And based on the results of this survey, it analyzed and evaluated the effectiveness of its Board of Directors, following discussions by the Board.

### 2. Questions

[Items presented in a five-point scale]

The current state of the Board of Directors, the composition of the Board, the operations of the Board, discussions at the Board meetings, monitoring functions of the Board, an overview

[Items requesting free statements]

The supervisory functions of the Board; the acceleration and promotion of ESG management; deeper involvement of Outside Directors in management; enhanced engagement with stakeholders, including investors; and other items

### 3. Overview of the analysis/evaluation results

Nitto has confirmed that the strength of its Board of Directors is the open and robust discussions it has on all management issues, which was also found in the fiscal 2023 evaluation.

Concerning efforts by the Board to address the challenges recognized in the fiscal 2023 evaluation, the company identified the deeper involvement of Outside Directors in management as a challenge, and it implemented initiatives to deepen their understanding of the Group and enhance their deliberations at Board of Directors meetings by strengthening their collaboration on discussions at the Corporate Strategy Meeting\* and their participation in research theme presentations within the Group.

For its challenge for fiscal 2025, it was suggested that the Board should take measures to enhance discussions on succession plans for the CEO and other executives.

\*It is the highest decision-making body for business operations, comprising the President and all executive officers.

### 4. Future actions

With the above analysis/evaluation findings in mind, Nitto's Board of Directors will remain committed to further enhancing the effectiveness of the entire Board.

#### Topics discussed at Board of Directors meetings in FY2024

Management	<ul style="list-style-type: none"> <li>Progress of the mid-term management plan</li> <li>Revision in decision-making standards</li> <li>Discussion on cash allocation</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>Verification of the implementation status of internal control</li> <li>Quality activity reports</li> <li>Summary of activities in respective regions and business execution departments</li> </ul>
Others	<ul style="list-style-type: none"> <li>Dialogue with investors</li> <li>Discussion on share splits</li> </ul>

#### Major consultations and deliberations discussed in the Management, Nomination and Remuneration Advisory Committee during FY2024

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

### Remuneration for Directors and Corporate Auditors

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

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 not provided for a standard evaluation since it is additional remuneration that serves as an incentive for the improvement of medium-term performance.

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

The overview of each type of remuneration is as follows.

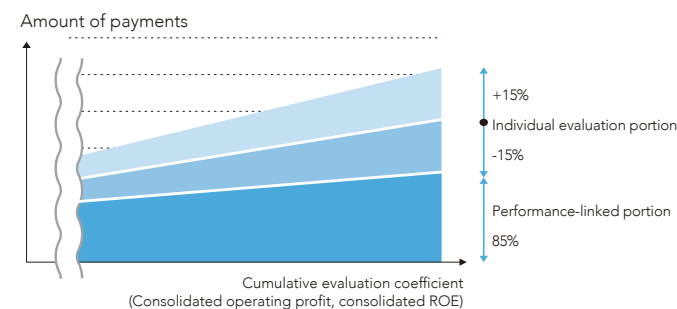
### Bonus for Directors

Comprises the performance-linked portion (85%), which reflects the Group's performance, and the individual evaluation portion (-15% to 15%), which reflects individual performance. The amount of the performance-linked portion is determined based on progress made toward achieving the Group's key performance indicators of consolidated operating profit and consolidated ROE.

#### Components of remuneration

Category	Descriptions
[Fixed remuneration] Basic remuneration	Pursuant to a resolution of the Board of Directors, remuneration is determined by position, responsibility, and length of service and is paid by the President.
[Short-term performance-linked remuneration] Bonus for Directors	As an incentive for performance improvement, remuneration is determined based on the achievement of the Group's consolidated operating profit and ROE performance indicators for each business term, as well as the progress made against targets set for each Director's areas of responsibility, and is paid by the President.
[Medium-term performance-linked remuneration] Performance-linked share-based remuneration	The number of shares granted is determined based on consolidated operating profit, consolidated ROE, ESG items, and other factors at the end of the three-year performance evaluation period, within a range from 0% to 150%.
[Medium- and long-term performance-linked remuneration] Restricted share remuneration	Share-based remuneration, restricted until retirement and determined by position, etc., is granted to align the interests of Directors with shareholders and to reflect medium- and long-term business performance. The amount of remuneration is linked to the market price.

#### Breakdown of Bonus for Directors



### Performance-linked share-based remuneration

The number of shares to be issued to each Director has been calculated by multiplying (i) the number of shares to be issued according to position by (ii) the payment rate linked to their performance, etc.\*1. The numbers for (i) and (ii) during the evaluation period between April 1, 2025 and March 31, 2028 are as follows.

#### (i) Number of shares to be issued

Position	Number of shares to be issued
President-Director	27,000
Director, Senior Executive Vice President	9,500
Director, Executive Vice President	8,000
Director, Senior Vice President	5,000
Director, Vice President	4,000

\*1 Any fraction of less than 100 shares resulting from the calculation will be rounded down to the nearest 100 shares.

#### (ii) Payment rate

Consolidated operating profit	Consolidated ROE		Number of ESG items <sup>2</sup> achieved	Payment rate
	Up to 15%	15% and above		
Up to 170 billion yen	0%		9 items achieved	30%
170 billion yen or more—less than 185 billion yen	30%	100%	7–8 items achieved	20%
185 billion yen and above	50%	120%	5–6 items achieved	10%
			0–4 items achieved	0%

<Note> Performance-linked share-based remuneration tied to financial results will not be granted unless both the consolidated operating profit and consolidated ROE for the fiscal year ending March 31, 2028, exceed the corresponding figures for both fiscal 2026 and fiscal 2027.

<Note> Performance-linked share-based remuneration tied to future-financial results will not be granted unless the number of ESG items achieved in the fiscal year ending March 31, 2028, equals or exceeds the corresponding number in both fiscal 2026 and fiscal 2027.

\*2 Nine future-financial targets laid out in the mid-term management plan, Nitto for Everyone 2025

### Restricted share remuneration

Share remuneration is granted in the quantity determined by the recipient's position, etc. The amount of remuneration is linked to the market price by setting restrictions on transfer until retirement.

Amount of remuneration for Directors and Corporate Auditors for the fiscal year under review pursuant to the executive remuneration policy (Yen in millions)

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

<Notes>

- The above includes one Director (an Outside Director) and two Corporate Auditors (Outside Corporate Auditors) who retired mid-term during fiscal 2024.
- 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 was five.
- The above bonuses to Directors, excluding Outside Directors, are the amounts 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.
- 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).
- 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).
- 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.
- Consolidated operating income and consolidated ROE are adopted as indicators based on which bonuses for Directors and performance linked share-based remuneration are calculated. For the fiscal year, the Company's consolidated operating 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 listed in P.21. 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.
- 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.
- 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.
- We implemented five-for-one common stock split, with the record date of September 30, 2024, and the effective date of October 1, 2024. The number of shares listed in 4. and 5. reflects the stock split.

## Compliance

### Compliance Promotion System/Code of Conduct

The Nitto Group established the Nitto Group Business Conduct Guidelines (BCG) as a code of conduct for its officers and employees. By thoroughly promoting awareness of the BCG globally, we aim to enhance compliance awareness and management security across the Group. To advance compliance efforts, we established a framework where the officer and the department in charge of compliance work closely with the heads of each site and Group company worldwide.



### Compliance Management System

The Nitto Group maintains a unique compliance management system, developed with reference to the “management system” concept commonly used for quality control and other purposes. Given the global nature of the Nitto Group’s business, a separate council is established for each of three levels: Group-wide, regional, and site-specific, and an executive office led by the compliance department was also set up. These councils follow a PDCA cycle for every fiscal year to make continued efforts to raise the level of compliance and reduce associated risks. We have also established a system that enables information sharing across all levels of the councils, with the

aim of achieving both autonomous management tailored to regional and company-specific circumstances and globally aligned governance. To facilitate the operation of the management system, members from around the world gather at the annual Global Meeting to discuss future directions. At the most recent meeting in May 2025, participants from each region shared the progress of their initiatives and highlighted priority areas aligned with their regional characteristics.

Other programs in this regard include compliance surveys for all Group employees, as well as identification of risks through self-checks and monitoring. As we refine the PDCA cycle by taking into account a broad range of information, such as environmental changes both within and outside the company, on top of the findings of such programs, we ensure that the effectiveness of our management system is constantly enhanced.

We will remain committed to strengthening management security worldwide by reinforcing relevant systems and improving their operations.



### Publicity and Dissemination of BCG

The BCG is now available in 18 languages. We keep the BCG education curriculum updated for each trainee group to help employees be more aware of compliance issues that may arise in their work.

Starting in Japan, we designate the 25th day of odd-numbered months as BCG Day, which provides employees with regular opportunities to reflect on and deepen their understanding of BCG. This practice has been gradually introduced at Group companies outside Japan since fiscal 2024. Each workplace is coming up with original ideas to promote BCG, such as reading BCG in a group, discussing BCG content at Nitto Group’s original *Kuruma-za* round-table talk, and using cartoons in supplementary materials to make it easily understandable. Throughout the Nitto Group, we are witnessing steady progress in raising compliance awareness and fostering an organizational culture that prioritizes compliance.



Handouts (four-frame cartoons) used to introduce BCG



BCG Day activities at sites outside Japan

### Whistle-Blowing System

At the Nitto Group, we maintain an open whistle-blowing system for employees to enable the early discovery and correction of legal violations and ethical issues. In fiscal 2024, we completed the installation of the Partner Hotline, a channel for our business partners to report noncompliance or suspicious activity, in all regions. We are currently working to raise awareness of this externally operated service among partner businesses.



## Risk Management

### Basic Policy

Nitto Group has established a risk management policy on Basic Policy on Internal Control for major risks that management believes may have a material impact on its business activities.

Business risks include risks related to business operations, such as risks related to business mix and overseas business operations, risks based on external factors such as exchange rate fluctuations and geopolitical factors, and risks related to technological competitiveness, such as new technology development capabilities and intellectual property rights. Business execution departments are responsible for these risks. Operational risks include risks related to functional operations for entire Group, such as risks related to safety, environment, disasters, product quality, and defects, information security, responses to antisocial forces, and risks related to the antimonopoly law and the export trade control order. Special function departments are responsible for these risks.

Thus, we have carried out appropriate risk management classifying major risks into these two types.

### Risk Management System

Regarding the risk management system, business axis centered on business execution departments controls and manages business risks, while functional axis centered on special function departments controls and manages operational risks.

In addition, regional axis centered on regional management located in major overseas regions conducts monitoring on each regional basis. Information on risks that are controlled, managed, and monitored by these three axes is reported by the officer and department in charge of risk management to the Corporate Strategy Meeting, which is composed of directors and vice presidents, and is deliberated there on monthly basis. These deliberation results are immediately directed to the responsible departments, those departments promptly implement measures to control risks, such as tightening controls, and eventually the actions taken and the status of improvements are reported to and confirmed again in the Corporate Strategy Meeting.

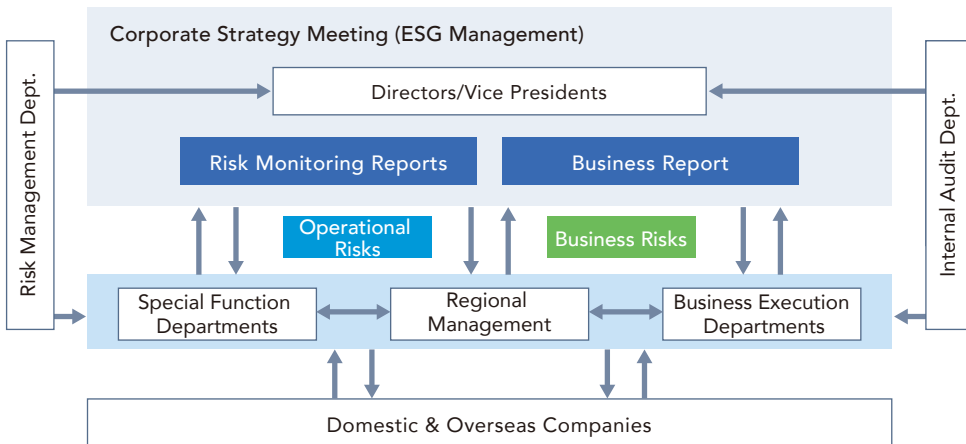
### Management Status of Major Risks

Regarding major risks, the Group has analyzed the importance of each risk on the following two axes, with the degree of impact on the business if a risk is materialized and an incident occurs as the vertical axis, and the probability of occurrence as the horizontal axis. Thus, the Group recognizes and visualizes the relative importance of the major risks.

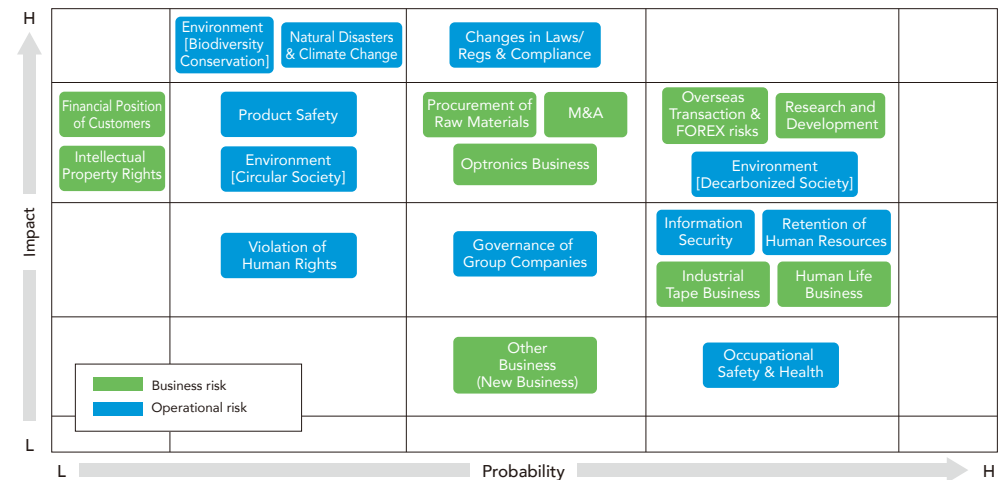
At the end of fiscal year, each responsible department conducts self-assessment for the major risks (business risks and operational risks) that have been reported and deliberated in the Corporate Strategy Meeting, based on assessment criteria such as the establishment of a management system, the actions for controls and countermeasures, and the occurrence of an incident and responses to the incident. In addition, the officer and the department in charge of risk management conduct independent assessments and report those assessment results to the Corporate Strategy Meeting and the Board of Directors.

The results of each risk assessment at the end of fiscal year are shown on the following page. The year-end assessment of each risk is measured by whether the risk has increased since the beginning of the year.

### Risk Management System



### Risk Map of FY2024



## Risk Assessment Results of FY2024

	Major Risks	Direction	Assessed Items	Risk Measures
Business Risks	Overseas Transactions & Foreign Exchange Risks	↗	Deterioration of cash flow Exchange rate fluctuation	-Timely monitoring of the internal cash balance, finance situation and asset & liability by currency in the group -Control of currency volatilities by using exchange contracts against depreciation of JPY
			Trade restrictions/ incidents Impact of conflict/ geopolitical risks	-Monitoring of US tariff policy impact on market, supply chain, and raw material cost -Strengthening of logistics management such as visualization and BCP -Identification and improvement of high-risk operations -Promoting education and system development for export managers
	Financial Position of Customers	→	Irrecoverable receivables	-Adequate credit checks and insurances to prevent bad debts
	Procurement of Raw Materials	→	Change of supply chain conditions Deterioration of procurement conditions & environments	-Establishing of permanent departments for reviewing and taking measures for geopolitical risks and chemical regulations -Planning of establishing stronger sustainable procurement system
	Research & Development	→	Delayed/obsolete R&D	-Intensive investment of R&D resources for PlanetFlags/ HumanFlags
	Intellectual Property Rights	→	Intellectual property infringement	-Actions to detect infringement of our IPs in coordination with business divisions
	Industrial Tape Business	→	Changes in electronics related market Changes in automobile productions Delay in addressing growth market	-Focusing on creating the high value-added products for growing markets -Continuous establishment of our constitution resilient to the market conditions
	Optronics Business	→	Generalization & obsolescence of products & technologies Maturity & shrinkage of market Entry of competitors Delay of new product development	-Establishment of supply chain system such as various production sites and productivity responding flexibly to drastic market fluctuations and changes
	Human Life Business	→	Changes in customer demand Decline in competitive advantage/value Rising raw material prices, supply shortage	-Ensuring of the competitive technologies in line with progresses of customers' R&D -Continuous establishment of constitution resilient to increase of raw material and labor cost
	Other Business M&A	↗	Failure of new business Failure of assumed business plan	-Promotion of new business taking into accounts market trends and customer needs

↗ : Increased → : No Change ↘ : Decreased

	Major Risks	Direction	Assessed Items	Risk Measures
Operational Risks	Product Safety	→	Product defect Stricter regulations Solving Quality compliance issues	-Continuous improvement by acquisition of international quality management system -Actions taken for products quality compliance such as education, hard-development on production and inspection sites, and quality audit by 3 lines of defense
	Environment (Decarbonized Society)	↗	Response to environmental regulations Incompliance of regulations Higher renewable energy cost Higher emission rights cost Higher waste treatment cost	-Actions taken for carbon pricing cost increase due to uncertain geopolitical risks and strict global environmental regulations -Promotion of energy conservation in manufacturing processes
	Environment (Circular Society)	→		-Promotion of the effective use of resources and the recycling on the entire supply chain
	Environment (Biodiversity Conservation)	↗		-Reduction of pollution and hazardous substance -Revision of disposal procedures and SOP on abnormal cases
	Information Security	→	Cyber crime/attack IT system destruction/failure	-Actions taken such as information security education/ training, and ensuring compliance with information management rules
			Information leakage/Illegal use	-In addition to establishment of measures against incidents, conduct of BCP training
	Changes in Laws, Regulations & Compliance	→	Revision of laws and regulations Violation of laws Breach of compliance	-Conduct of compliance surveys and education for business conduct guidelines, and improvement of whistle-blowing system (for all employees in the group) -Establishment of compliance hot line (for suppliers in all region)
	Governance of Group Companies	→	Accounting frauds/deficiencies Irregularities of purchase Management overrides/deficiencies	-Strengthening of governance system, and comprehensive monitoring by promoting three-axes management
	Natural Disasters & Climate Change	→	Earthquakes Heavy Rain, Floods, Typhoons (Warming)	-Conduct of evacuation drills, disaster-related decision-making drills -Establishment and revision of BCP
	Retention of Human Resources	→	Loss of human resources Insecurity of human resources	-Enhancing of engagement such as realizing comfortable work environment which makes it easy to try -Initiatives to acquire, develop and retain diversified human resources
	Occupational Safety & Health	→	Accidents/Disasters	-Continuous efforts to identify and mitigate risks, and initiatives to ensure compliance of rules
	Human Rights	→	Human rights violations (In the Group) Human rights violations (Supply chain)	-Strengthening of measures for global human right issues by Corp. Council (HR, Labor, Ethics) -Implemented ESG training program (for all employees in Japan region) -CSR checklists and third-party assessments (for suppliers)

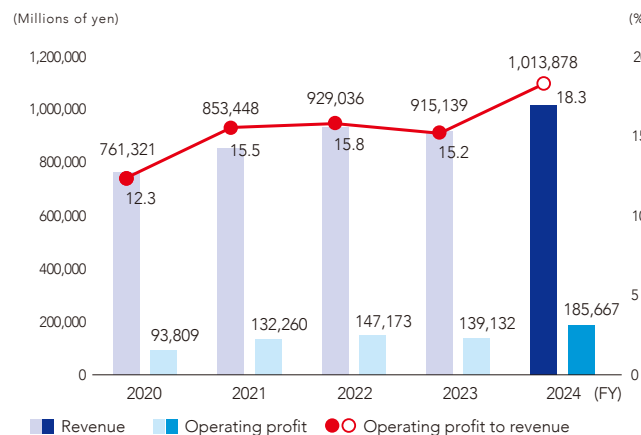
For details of major risks, please visit our website below.



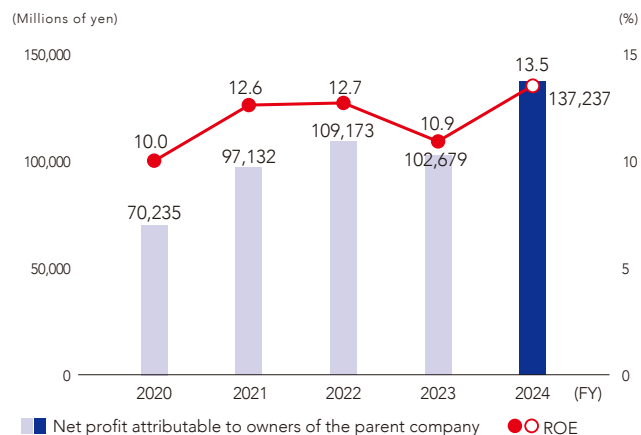
<https://www.nitto.com/jp/en/sustainability/governance/management/risk/>

# Highlights

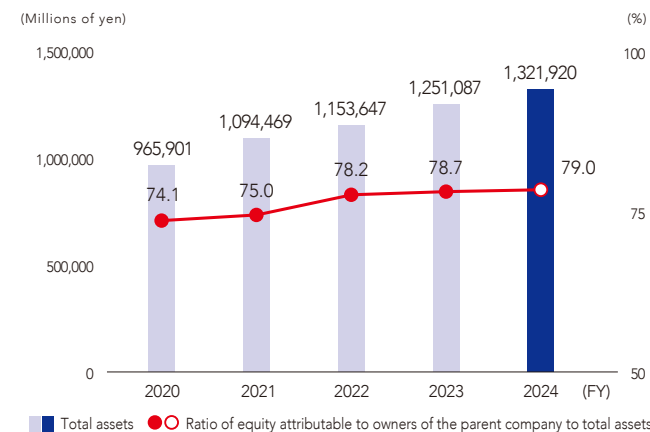
Revenue, Operating Profit, Operating Profit to Revenue



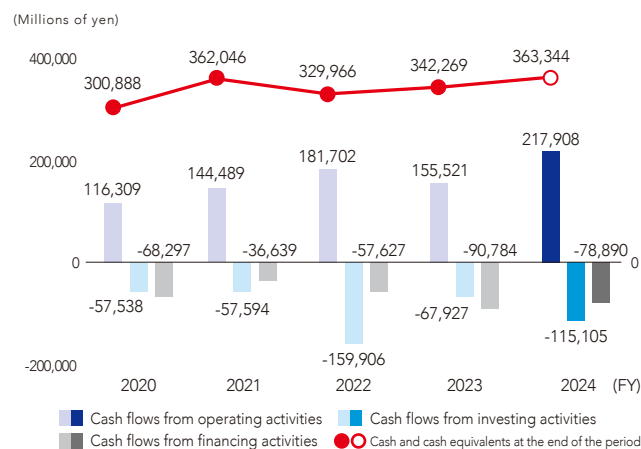
Net Profit Attributable to Owners of the Parent Company, ROE



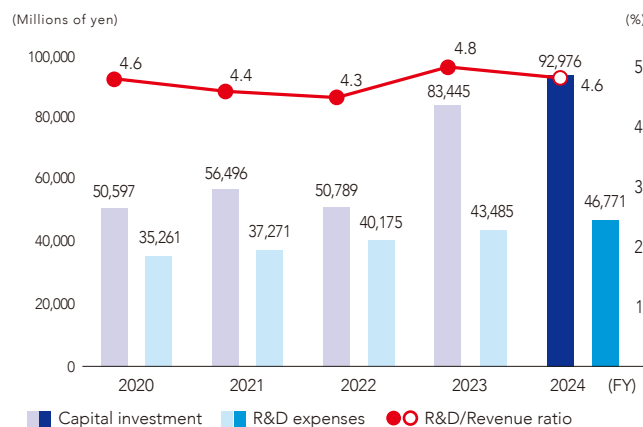
Total Assets, Ratio of Equity Attributable to Owners of the Parent Company to Total Assets



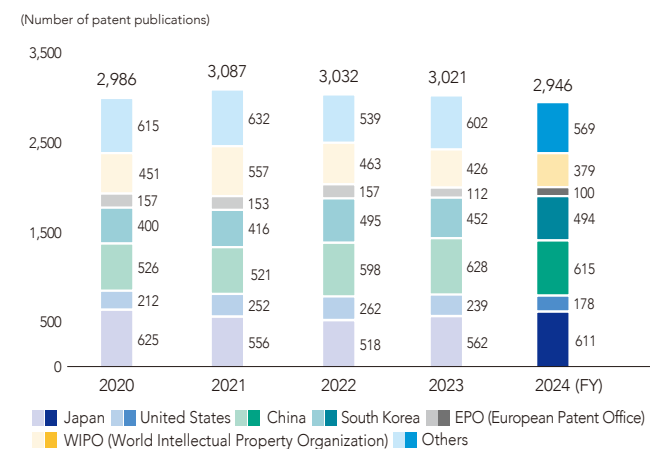
Cash Flows



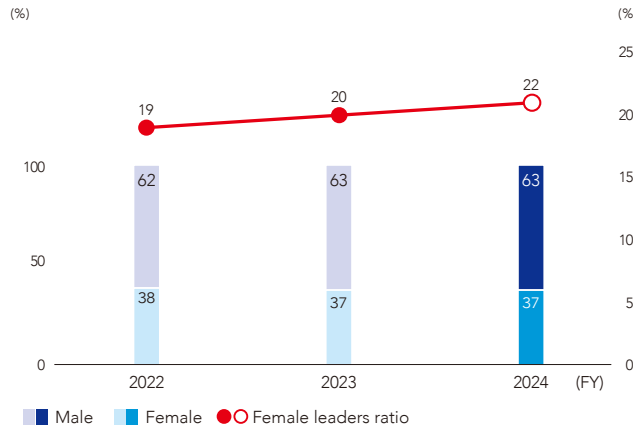
Capital Investment, R&D Expenses



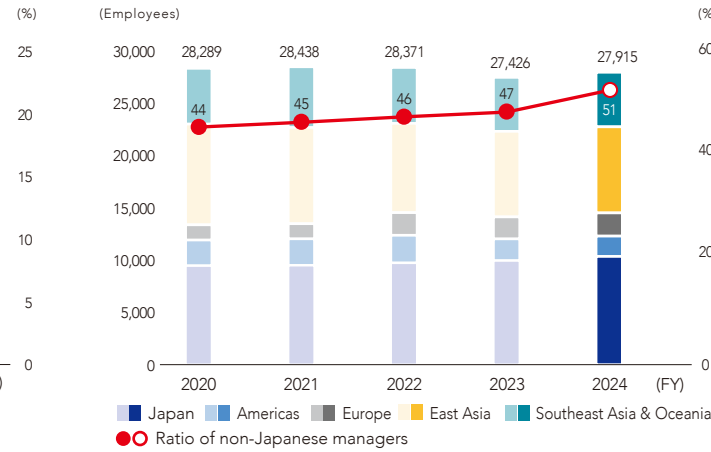
Patent Publications



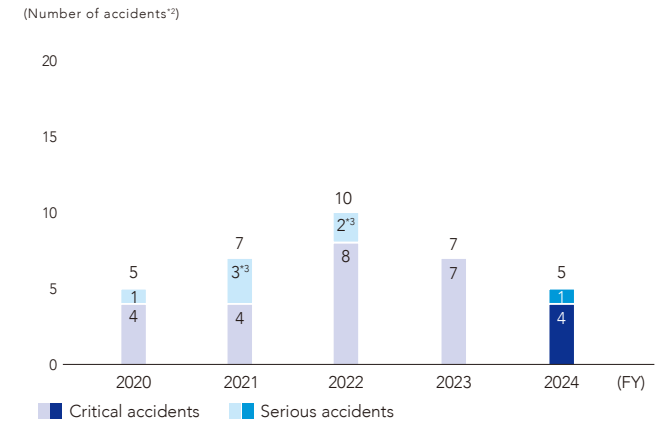
### Gender Ratio of Employees, Female Leaders Ratio



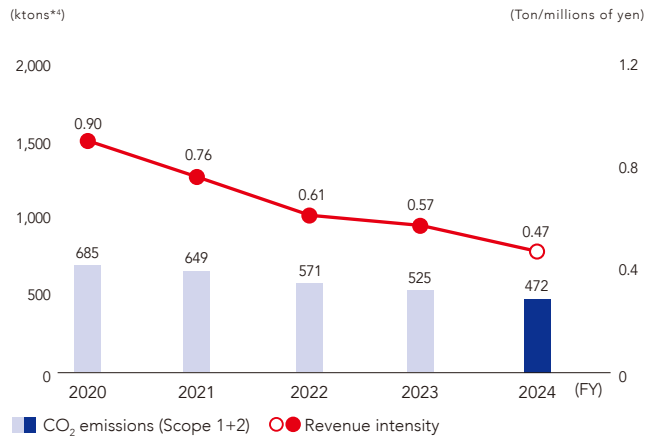
### Number of Employees by Region



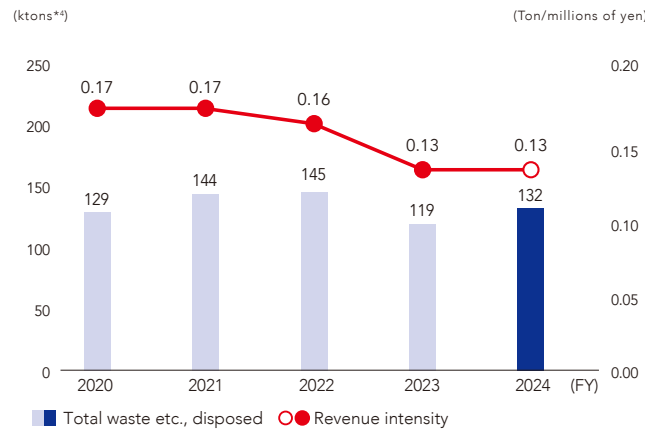
### Number of Critical/Serious Occupational Accidents\*\*



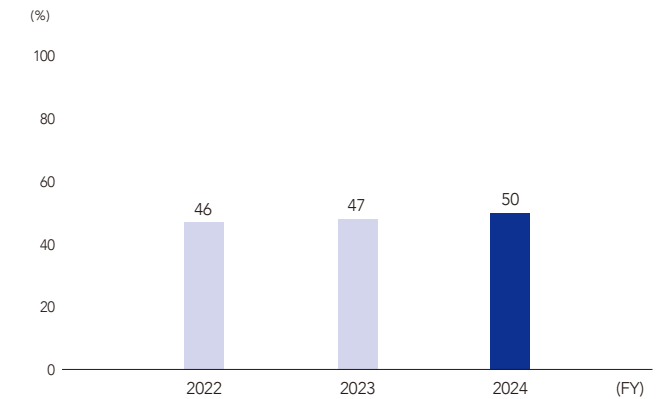
### CO<sub>2</sub> Emissions (Scope 1+2)



### Total Waste Etc., Disposed



### Waste Plastics Recycling Ratio



\*1 Critical accidents: Accidents resulting in death or permanent disability. Serious accidents: Accidents that could develop into critical accidents. \*2 Including all the persons working on the Nitto Group's premises. \*3 Some accidents that occurred in FY2021 and FY2022 were recategorized as critical occupational accidents based on follow-up observation. \*4 kton: kiloton (1,000 ton)



# Business Results: 10-Year Summary

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2024	
	Millions of yen										U.S. dollars in thousands <sup>(Note 1)</sup>	
<b>Statement of profit or loss</b>												
Revenue	793,054	767,710	857,376	806,495	741,018	761,321	853,448	929,036	915,139	1,013,878	6,632,289	
Operating profit (ratio to revenue)	102,397 (12.9%)	92,589 (12.1%)	125,722 (14.7%)	92,777 (11.5%)	69,733 (9.4%)	93,809 (12.3%)	132,260 (15.5%)	147,173 (15.8%)	139,132 (15.2%)	185,667 (18.3%)	1,214,542 (-)	
Profit before income taxes	101,996	91,791	126,168	91,910	69,013	93,320	132,378	146,840	138,901	185,329	1,212,331	
Net profit	81,989	63,690	87,463	66,616	47,224	70,308	97,234	109,264	102,755	137,307	898,195	
Net profit attributable to owners of the parent company (ratio to revenue)	81,683 (10.3%)	63,453 (8.3%)	87,377 (10.2%)	66,560 (8.3%)	47,156 (6.4%)	70,235 (9.2%)	97,132 (11.4%)	109,173 (11.8%)	102,679 (11.2%)	137,237 (13.5%)	897,737 (-)	
Total comprehensive income	44,552	63,344	83,907	62,060	35,359	89,796	136,323	137,177	164,910	132,869	869,163	
Cash flows from operating activities	140,658	119,939	122,551	98,569	123,641	116,309	144,489	181,702	155,521	217,908	1,425,446	
Cash flows from investing activities	- 57,085	- 49,739	- 50,215	- 49,955	- 59,991	- 57,538	- 57,594	- 159,906	- 67,927	- 115,105	- 752,960	
Cash flows from financing activities	- 44,902	- 28,884	- 44,919	- 58,419	- 51,637	- 68,297	- 36,639	- 57,627	- 90,784	- 78,890	- 516,059	
Cash and cash equivalents at the end of period	240,891	280,343	304,709	297,682	304,922	300,888	362,046	329,966	342,269	363,344	2,376,817	
<b>Segment information by geographic area</b>												
Japan	Revenue	180,987	186,979	200,556	194,087	166,419	173,918	195,642	200,634	184,662	192,852	1,261,542
	Operating profit	60,793	51,979	75,982	53,545	51,149	54,526	75,205	103,806	91,867	123,813	809,923
Americas	Revenue	75,344	80,123	82,568	75,967	66,659	58,425	83,334	100,730	88,058	90,094	589,350
	Operating profit	12,241	16,570	12,225	7,928	2,429	2,162	9,897	1,957	- 6,419	- 8,617	- 56,368
Europe	Revenue	42,750	40,521	45,578	45,683	40,402	38,806	42,127	75,188	85,146	88,934	581,762
	Operating profit	3,081	3,727	4,218	3,071	- 1,460	3,580	3,064	- 1,740	1,597	- 1,244	- 8,138
Asia & Oceania	Revenue	493,972	460,085	528,672	490,757	467,536	490,172	532,344	552,483	557,272	641,997	4,199,627
	Operating profit	24,410	22,905	32,793	26,065	21,419	34,659	47,586	39,902	60,258	73,465	480,572

<Notes>

1. The exchange rate used was JPY152.87 to USD1.00, which was the rate as at March 31, 2025.

2. From the fiscal year ended March 31, 2019, "royalty income," which was previously included in "other income" on the consolidated statement of profit or loss, is included in "revenue."

Accordingly, the above numbers for the fiscal year ended March 31, 2018 have been reclassified to reflect the change.

3. The above 10-year summary is presented based on the International Financial Reporting Standards (IFRS). The term based on the Japanese standard for "Revenue" is "Net sales," "Net profit attributable to owners of the parent company" is "Net income," "Equity attributable to owners of the parent company per share" is "Net assets per share," "Basic earnings per share" is "Net income per share," "Equity attributable to owners of the parent company" is "Equity," "Ratio of profit attributable to owners of the parent company to total assets" is "Return on assets," "Return on equity attributable to owners of the parent company" is "Return on equity" and "Ratio of equity attributable to owners of the parent company to total assets" is "Equity to total assets."

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	U.S. dollars in thousands 2024
<b>Per share information (Yen)</b>											
Equity attributable to owners of the parent company per share	757.2	805.5	865.7	893.1	895.9	967.6	1,109.6	1,236.6	1,391.4	1,502.4	9.83
Basic earnings per share	99.1	78.2	107.8	84.7	60.3	94.5	131.3	147.8	143.9	195.7	1.28
Diluted earnings per share	98.9	78.1	107.7	84.6	60.2	94.5	131.2	147.7	143.9	195.7	1.28
Price earnings ratio	12.6	22.0	14.8	13.7	16.0	20.0	13.4	11.6	19.2	14.0	–
Dividends per share	28.0	30.0	32.0	36.0	40.0	40.0	44.0	48.0	52.0	56.0	0.37
Dividend payout ratio (Consolidated)	(28.3)	(38.4)	(29.7)	(42.5)	(66.4)	(42.3)	(33.5)	(32.5)	(36.1)	(28.6)	–
Issued shares (thousands)	868,792	868,792	868,792	793,792	793,792	748,792	748,792	748,792	717,758	706,760	–
Number of treasury shares at the end of the period (thousands)	57,327	57,170	67,962	9,543	24,198	8,963	8,723	19,202	10,521	11,826	–
Average number of issued shares during the period (thousands)	824,701	811,556	810,560	785,826	782,508	742,900	739,980	738,881	713,483	701,124	–
Number of shareholders	37,694	29,742	35,847	37,684	36,871	28,456	28,802	28,984	22,746	32,334	–
<b>(Millions of yen)</b>											
Total assets	825,905	879,899	937,796	913,418	921,900	965,901	1,094,469	1,153,647	1,251,087	1,321,920	8,647,347
Equity attributable to owners of the parent company	614,425	653,772	693,278	700,443	689,446	715,868	821,192	902,211	984,020	1,044,083	6,829,875
Ratio of profit attributable to owners of the parent company to total assets (ROA)	9.7%	7.4%	9.6%	7.2%	5.1%	7.4%	9.4%	9.7%	8.5%	10.7%	–
Return on equity attributable to owners of the parent company (ROE)	13.3%	10.0%	13.0%	9.6%	6.8%	10.0%	12.6%	12.7%	10.9%	13.5%	–
Ratio of equity attributable to owners of the parent company to total assets	74.4%	74.3%	73.9%	76.7%	74.8%	74.1%	75.0%	78.2%	78.7%	79.0%	–
Capital investment	60,420	36,538	47,193	64,353	58,930	50,597	56,496	50,789	83,445	92,976	608,203
Depreciation cost	48,537	48,556	49,283	45,904	49,390	47,950	50,211	57,362	60,811	65,595	429,090
R&D expenses	32,120	30,366	31,243	31,990	33,765	35,261	37,271	40,175	43,485	46,771	305,953
Number of employees <sup>(Note 4)</sup>	30,007	29,617	29,704	29,019	28,751	28,289	28,438	28,371	27,426	27,915	–

4. Part-time employees are included.

5. 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 per share information are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2016.

# Consolidated Financial Statements

## Consolidated Statements of Financial Position (Millions of yen)

	Amount			Amount	
	As of March 31, 2025	As of March 31, 2024		As of March 31, 2025	As of March 31, 2024
<b>(Assets)</b>			<b>(Liabilities)</b>		
<b>Current assets</b>	<b>750,209</b>	<b>717,957</b>	<b>Current liabilities</b>	<b>221,735</b>	<b>206,856</b>
Cash and cash equivalents	363,344	342,269	Trade and other payables	100,508	98,965
Trade and other receivables	210,418	209,341	Borrowings	455	345
Inventories	142,932	136,804	Income tax payables	28,183	13,402
Other financial assets	7,732	5,220	Other financial liabilities	36,102	38,396
Other current assets	25,781	24,321	Other current liabilities	56,485	55,746
<b>Non-current assets</b>	<b>571,711</b>	<b>533,130</b>	<b>Non-current liabilities</b>	<b>55,070</b>	<b>59,182</b>
Property, plant and equipment	417,636	378,535	Other financial liabilities	20,160	20,843
Right-of-use assets	19,058	19,321	Defined benefit liabilities	28,991	33,130
Goodwill	57,167	66,056	Deferred tax liabilities	3,856	3,427
Intangible assets	17,026	20,674	Other non-current liabilities	2,062	1,779
Investments accounted for using equity method	7,319	2,115	<b>Total liabilities</b>	<b>276,806</b>	<b>266,038</b>
Financial assets	11,096	9,192	<b>(Equity)</b>		
Deferred tax assets	17,873	20,985	<b>Equity attributable to owners of the parent company</b>	<b>1,044,083</b>	<b>984,020</b>
Other non-current assets	24,533	16,248	Share capital	26,783	26,783
<b>Total assets</b>	<b>1,321,920</b>	<b>1,251,087</b>	Capital surplus	49,934	49,928
			Retained earnings	890,040	808,062
			Treasury shares	-31,799	-23,298
			Other components of equity	109,124	122,544
			<b>Non-controlling interests</b>	<b>1,031</b>	<b>1,028</b>
			<b>Total equity</b>	<b>1,045,114</b>	<b>985,048</b>
			<b>Total liabilities and equity</b>	<b>1,321,920</b>	<b>1,251,087</b>

## Consolidated Statements of Changes in Equity April 1, 2024–March 31, 2025 (Millions of yen)

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

## Consolidated Statements of Profit or Loss (Millions of yen)

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

## Consolidated Statements of Cash Flows (Millions of yen)

	Amount	
	April 1, 2024 – March 31, 2025	April 1, 2023 – March 31, 2024
<b>I Cash flows from operating activities</b>		
Profit before income taxes	185,329	138,901
Depreciation and amortization	65,595	60,811
Impairment losses	12,339	1,651
Increase (decrease) in defined benefit liabilities	1,048	1,371
Decrease (increase) in trade and other receivables	-3,791	-19,033
Decrease (increase) in inventories	-8,526	11,769
Increase (decrease) in trade and other payables	2,369	3,804
Increase (decrease) in advances received	-413	-1,312
Interest and dividend income	2,849	2,065
Interest expenses paid	-809	-609
Income taxes (paid) refunded	-34,304	-41,030
Other	-3,779	-2,868
<b>Net cash provided by (used in) operating activities</b>	<b>217,908</b>	<b>155,521</b>
<b>II Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	-106,003	-67,774
Proceeds from sale of property, plant and equipment and intangible assets	208	602
Decrease (increase) in time deposits	-2,371	-2,465
Purchase of investment securities	-762	-723
Proceeds from sale of investment securities	55	551
Purchase of shares of subsidiaries and affiliates	-6,256	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,871
Others	23	10
<b>Net cash provided by (used in) investing activities</b>	<b>-115,105</b>	<b>-67,927</b>

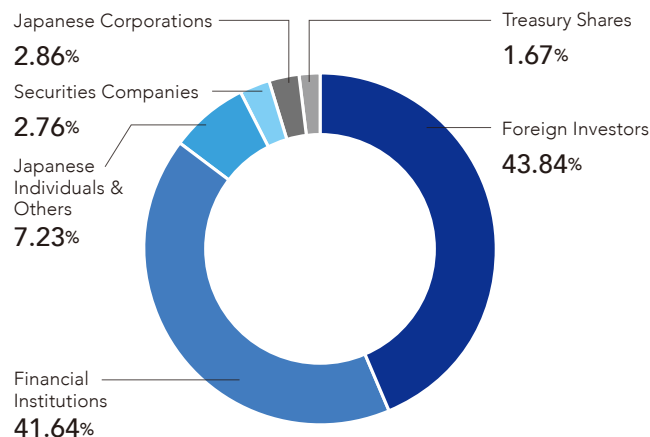
	Amount	
	April 1, 2024 – March 31, 2025	April 1, 2023 – March 31, 2024
<b>III Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	109	72
Repayment of lease liabilities	-5,822	-7,631
Decrease (increase) in treasury shares	-35,062	-47,167
Cash dividends paid	-38,040	-36,041
Others	-75	-16
<b>Net cash provided by (used in) financing activities</b>	<b>-78,890</b>	<b>-90,784</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>-2,837</b>	<b>13,573</b>
<b>V Reclassification of cash and cash equivalents included in assets held for sale in the opening balance</b>	<b>-</b>	<b>1,920</b>
<b>VI Net increase (decrease) in cash and cash equivalents</b>	<b>21,074</b>	<b>12,302</b>
<b>VII Cash and cash equivalents at the beginning of the period</b>	<b>342,269</b>	<b>329,966</b>
<b>VIII Cash and cash equivalents at the end of the period</b>	<b>363,344</b>	<b>342,269</b>



# Shareholder/Stock Information (as of March 31, 2025)

Code number	6988
Stock exchange listing	Prime Market, Tokyo Stock Exchange
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Total number of authorized shares	2,000,000,000 shares
Total number of issued shares	706,760,750 shares (Of which, number of treasury shares: 11,826,050 shares)
Number of shareholders	32,334
One unit of shares	100 shares

## Ownership and Distribution of Shares



## Major shareholders (top 10)

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

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.

Note: The Company holds a total of 11,826,050 treasury shares, but are excluded from the list above.

## IR Activities

In following the "Policies Related to Constructive Dialogue with Shareholders," we reflect the opinions received from our shareholders and investors at the Ordinary General Meeting of Shareholders, company information meetings, and IR activities in our management.

	The 157th meeting: (June 17, 2022)	The 158th meeting: (June 23, 2023)	The 159th meeting: (June 21, 2024)	The 160th meeting: (June 20, 2025)
Number of attendees at the Ordinary General Meeting of Shareholders	83	128	83	114



Events	Target Audiences	Frequency (per year)
Company information meetings	Japanese/overseas institutional investors	2
Financial results conference calls	Japanese institutional investors /analysts	4
Overseas IR roadshows	Institutional investors in North America and Europe	3
Conferences hosted by securities companies	Japanese/overseas institutional investors	5
Information meetings for individual investors hosted by securities company	Individual investors	1

Note: The above events include IR meetings attended by the CEO or CFO.

## Social Contributions Through Sponsorship of the Nitto ATP Finals

The Nitto Group implemented the following social contribution programs as part of its sponsorship of the Nitto ATP Finals.

### • Nitto ATP Finals Torino Green Project

Together with the Association of Tennis Professionals (ATP), the Italian Tennis and Padel Federation (FITP), and the host city of Turin, Nitto organizes a project aimed at reducing CO<sub>2</sub> emissions in the city.

At the venue of the Nitto ATP Finals, held from November 10–17, 2024, we installed The Green Wall, a plant-decorated feature that was donated to an elementary school in Turin after the event. At the tournament's food court, a total of 18,720 paper napkins made from Nitto's compostable materials (CAC non-woven fabrics\*) were used.



The Green Wall at the tournament venue

### • Inviting Children to the Tournament

Working in cooperation with U.G.I. ODV, a childhood cancer support group based in Turin, we invited the children receiving their support, as well as their families, to attend the tournament. Employees of the Nitto Group also take the lead in fundraising efforts to support organizations that assist children around the world.



Enjoying the experience of being invited to the matches

\*Sustainable non-woven fabric that is biodegradable and made without plastic

### Disclaimer

This report contains future projections as well as past and present facts related to Nitto Denko Corporation (non-consolidated) and the Nitto Group (consolidated). These statements are based on information at the time of creation and may not be completely accurate at the time of reading. Please be advised that actual business activity results may differ materially from those described in the projections. All chapters of this report are also available in Japanese. In the event of any discrepancies between the two versions, the Japanese version will prevail.

### Trademarks

All logos, product names, and other related names in this report are the trademarks and the registered trademarks of Nitto and other entities in Japan and/or other countries.

### Nitto Group Integrated Report 2025

URL : <https://www.nitto.com/jp/en/>

Date of Issue: July 31, 2025

Publishing Office: ESG Engagement Department,  
Nitto Denko Corporation  
33F, Tower A, Grand Front Osaka,  
4-20 Ofuka-cho, Kita-ku,  
Osaka 530-0011, Japan  
Tel: +81-6-7632-2101  
Fax: +81-6-7632-2102

Person in Charge of Issue: Kenshi Tozuka  
Vice president,  
General Manager of Corporate  
Strategy & ESG Management  
Division

Printing and Binding: Nitto Denko Himawari Co., Ltd.



## Nitto Denko Corporation

33rd Floor, Tower A, Grand Front Osaka 4-20, Ofuka-cho, Kita-ku, Osaka, 530-0011 Japan

TEL +81-6-7632-2101 FAX +81-6-7632-2102

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

CATALOG CODE: 01500 Issued in July 2025