

# Integrated Report 2023

Fiscal year ended March 31, 2023



## NITTA Corporation

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**NITTA Corporation**

On the publication of NITTA Integrated Report 2023

Many of the products made by the NITTA Group are components and materials that are not typically seen. However, these products consist of things not earlier found in Japan and products needed by society. They crystallize our wishes born of listening to the voices of our customers and society, addressing each product individually, and engaging in repeated research and in trial and error. These wishes express our desire to be of benefit to our customers and society and to contribute to people’s happiness.

Going ahead with you

NITTA strives to move the world with innovative and meaningful ideas. That provide the vision for a more advanced society and a more harmonious way of life.

This is the mission that the NITTA Group set forth in March 2017. Inheriting our founder’s philosophy of “invention, innovation, and harmony,” many of our employees, including executives and leaders, took part in formulating this mission so that we may take on the challenges of a future society that is becoming more global and changing more rapidly. As indicated by these words, the NITTA Group’s mission is to create products that connect to the future and thereby contribute to the happiness of society and people. The idea of “purpose management” has come under wider social attention recently. We believe that purpose is a company’s reason for existence—that is, it represents the wishes of the company’s members regarding their vision for the company. In addition to financial information and other quantitative information, we considered it important to convey the wishes of NITTA Group employees in the Integrated Report. We involved as many officers and employees as possible, including executives, work leaders, and field staff, in the production of the Integrated Report, with the aim of expressing everyone’s wishes within this booklet. Wishes are a driving force for moving toward the future. We hope that communicating this will lead to a deeper understanding of the NITTA Group.

Editorial policy

This report was prepared to comprehensively communicate past, present, and future financial and non-financial information as a means of medium- to long-term value creation. Our purpose is to deepen understanding of the NITTA Group’s thinking and future-oriented strategies in our shareholders, investors, and all other stakeholders. Accordingly, this report presents our initiatives and visions by division, product, and social contribution activity in a multifaceted manner, using financial information and other quantitative data. Through this, we aim to deepen the understanding of the NITTA Group’s corporate value and enhance people’s expectations for our future value creation.

Reference guidelines

GRI “GRI Standards”  
International Integrated Reporting Council (IIRC) “International Integrated Reporting Framework”

Scope of report

The report covers the NITTA Group (consolidated). NITTA (non-consolidated) data is provided at some points in the report. Such data is indicated as (non-consolidated).

Period covered by report

As a rule, period covered is fiscal 2022 (April 1, 2022 to March 31, 2023), but activities in fiscal 2023 may be included, depending on the report content.

Japanese emperor oak tree on our Company grounds in Hokkaido

The bark of the Japanese emperor oak tree, which grows in the Tokachi area of Hokkaido, served as a source of the high-quality tannins indispensable to the production of leather belts during NITTA’s founding period. Thanks to this oak, demand rapidly grew for NITTA belts, which achieved quality superior to that of leather belts made overseas. The numbers of oak trees harvested increased as well. Concerned over the long time required for forests to regain their form once harvested, our founder embarked on the business of planting fast-growing larch trees. Unwilling to see the rest of the tree go to waste after harvesting of the bark, he engaged in persistent research to develop veneer boards. This valuing of harmony between business activities and environmental conservation is a way of thinking that we continue to inherit.

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NITTA's reason for existence

Bringing happiness to people and society.

Connecting that wish with the future.

Supporting customer businesses, and making society and people's lives more affluent.

“Invention, innovation, and harmony” will give rise to a virtuous cycle, and we will create new value through our business activities and move the future. That is our reason for existence.

“Creating things not found in Japan” Carrying on the spirit of our founder, the NITTA Group has continued to grow. The desire to benefit society through manufacturing is the origin of our value creation, and the very reason for existence of the NITTA Group. The technologies and products created by the NITTA Group benefit society, make people's lives more affluent, and help to create a happier future. That is where we find joy.

At the time of our founding in 1885, Japanese society was undergoing a major transformation. Today, 138 years later, the world is again facing an era of massive change, rivaling that at the time of our founding. For that very reason, our founder's desire to benefit society through manufacturing still has great value and significance today. By further deepening and evolving that desire, the NITTA Group cultivates a mindset of creating things not found in Japan, and things that will be needed in the future, and we continue to strive for even greater value creation.

Our founder placed special value on three words: invention, innovation, and harmony. To invent, develop, and deliver products

that benefit the world. To make unceasing improvements to the products we have delivered to the world and to always provide the best products. To ensure our products benefit the world and contribute to a harmonious society. To ensure that, in our work, we too will develop good workplace environments and positive human relationships, and continue making beneficial inventions and innovation in a harmonious environment. Invention, innovation, and harmony are closely interrelated, and by linking and cycling through them, we create new value and move the future. In this way, the NITTA Group has continued to grow.

To build harmonious relationships with all stakeholders, through business activities that contribute to a sustainable society. With harmonious relations as the foundation, we move forward by meeting the challenge of new invention and outstanding improvement. We will create value for the future by recognizing that benefiting others is the essence and the joy of working, and inspiring ourselves to serve society and make people happy.

Our vision

Meeting the challenges of the times, and pioneering the future.

Deepening and evolving value creation.

Responding to changing times, and opening the door to a truly abundant future through business activities that achieve constant evolution of technology. That is our vision.

In 1885, Japan was beginning to show signs of modernization. The history of NITTA's value creation began here. Our wide-ranging products have gone out into the world and continually evolved through constant invention and innovation, and we have continued creating diverse technologies and products over 138 years, always in step with the times.

What is the starting point of the NITTA Group's manufacturing that has continued from our founding to the present, and what drives our growth. It is our accurate grasp of the times, and our vision of the future. We refine our current technologies and products, and new products are created using those technologies as a foundation. Our individual technologies and products form an unbroken network, and while constantly creating value suited to the times, we move toward a prosperous future, and a sustainable society.

A history of evolving our technology in response to changes in the times Company History



Born in an era of tumultuous change, NITTA has the ability to turn change into growth.

## SHIFT includes a passion for manufacturing, and the determination to take on the future.

SHIFT2030 medium- to long-term business plan marks its third year. NITTA's ideas on manufacturing, which continues to adapt to changes in society and meet customers' needs, and our efforts and determination to further accelerate these activities are embodied in "SHIFT." Two years have passed since the start of SHIFT2030, and we have faced waves of major change such as COVID-19, a sluggish global economy, and soaring resource and energy prices. We have renewed our commitment to the ideas embodied in SHIFT, and we are determined to continue moving forward, resolved to confront this era of drastic change head on.

The products we create help make people happy, as expressed by the NITTA Group Mission "With products that lead to the future, NITTA makes things happen. We move the world forward and bring happiness to people." That was the desire of our founder, and the NITTA Group has handed down that idea for 138 years. Today, we have our eye on the world 20 years, and even 100 years, ahead. The key question is what we need to do now for a future

where our business continues and we achieve further growth. One answer lies in the characteristic approach of NITTA that has been cultivated in an unbroken line since our founding. NITTA was born in an era of tumultuous change, and we have continually created products in service of society while always keeping a close eye on changing times. We have inherited that DNA.

The NITTA Group will continue to tackle challenges. Toward realization of SHIFT2030, and further growth in the future.

The most essential element for creating lasting corporate value is relationships of trust with all our stakeholders. I ask for your understanding and support as partners striving for a prosperous future and an ideal world.

Representative Director / President  
**Yasunori Ishikiriya**

### Performance for the fiscal year ended March 2023 set a new sales record for the second consecutive year

In fiscal 2022, we saw the continuation of an extremely unstable social situation, with events such as the protracted Russian invasion of Ukraine, economic downturn due to tightening of monetary policy all over the world, and soaring resource and energy prices. Despite such conditions, we recorded the highest ever net sales in our Group's results for the fiscal year ended March 31, 2023, repeating our achievement for the fiscal year ended March 31, 2022, and setting

new net sales records two years in a row. Although there was some decline in profits, it was a good year considering how we have rebounded from the impacts of COVID-19 three years before. I feel we are steadily moving toward achieving the targets of our medium- to long-term business plan for 2030.

Also, in the key markets of our Group, we saw trends like robust capital expenditures for the semiconductor industry and the logistics industry, and

results were strong throughout the year. Sales to the automobile industry also showed a recovery trend over the second half of the year, and the trend looks favorable moving into the next fiscal year.

As we enter the third year of our SHIFT2030 medium- to long-term business plan, we will likely continue to see a changing social situation and difficult business environment, but we will use the changing times as a motivator, and advance toward further growth.

#### Consolidated performance highlights

|                                                           | Performance for the fiscal year ended March 31, 2022 | Performance for the fiscal year ended March 31, 2023 | Increase/decrease |
|-----------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|-------------------|
| Net sales (million yen)                                   | 83,734                                               | 88,000                                               | +5.1%             |
| Operating income (million yen)                            | 5,337                                                | 4,989                                                | -6.5%             |
| Ordinary income (million yen)                             | 13,193                                               | 12,900                                               | -2.2%             |
| Net income attributable to owners of parent (million yen) | 10,489                                               | 10,853                                               | +3.5%             |
| ROE (%)                                                   | 9.3                                                  | 8.8                                                  | —                 |

### SHIFT2030 medium- to long-term business plan moves into its third year

We regard improved business profitability as vital for achieving our SHIFT2030 medium- to long-term business plan. Among our existing businesses, we will identify those likely to grow and those likely to stagnate, and we will strive for selection and concentration, focusing resources on growing businesses.

In response to soaring raw material expenditures and high logistics costs, we will need to hold down procurement costs

through careful, low-key efforts. Digital transformation (DX) is one important initiative for reducing costs and saving labor. In parallel with steady and swift action to build a system for utilizing data, it is essential to strive for improved operational efficiency by doing our own analysis of operational methods, and working to achieve rational, efficient work methods.

The SHIFT2030 medium- to long-term business plan was launched amid major

impacts on society due to COVID-19. And now, things are returning to the pre-COVID normal. COVID-19 was not just a negative. It was a major opportunity to change our lifestyles, society, and work styles. Many good things emerged as the "new normal."

Society and work styles will change more and more in the future. By viewing change itself as a driving force, we will strive for even greater growth by generating new initiatives and ideas.

### Efforts to develop new businesses for growth 20 years from now

The basic ideas of the SHIFT2030 medium- to long-term business plan are "deepening" existing businesses and "exploring" new businesses. Pioneering new businesses has becomes particularly vital for achieving targets for 2030, and for growth with an eye toward the future beyond that. The main businesses and products that support our current management are not everlasting. New business is the most critical issue for creating the pillars of our business 20 years from now, and we must actively and consistently work to create these businesses.

"Namd™" is a new and unique NITTA technology employing carbon nanotubes. It has been highly acclaimed by third parties and received awards from scientific societies. Commercialization is currently underway with high expectations. The technology is already being used in sports equipment, and our Group's next objective is to expand industrial applications. The new 8th Plant Building was completed in March of this year. Our plan is to expand our business further using this facility as a stepping stone.

Also, our new business exploration team is marking its second year, and the team

will continue its energetic efforts to create new businesses. We are implementing grass roots initiatives to develop the human resources that will carry our Group forward in the future. These include education and training to impart a sensibility and thinking style not constrained by existing concepts, and to cultivate the ability to take action.

Published Online  
Details of the interview  
are posted online





# Realizing perpetual growth into the future by creating new businesses

## Efforts by the new business exploration team will be the core of SHIFT2030

The new business exploration team was launched at the start of the SHIFT2030 medium- to long-term business plan. The ideas SHIFT2030 is based on are: deepening existing businesses and exploring new businesses. The new business exploration team plays a role in the major targets set in the medium- to long-term business plan.

The NITTA Group has marked 138 years

since our founding. Our businesses include industrial belts, rubber products, hose and tube products, and chemical products, each on the scale of 10,000 to 30,000 million yen, but as society undergoes a major paradigm shift, there is no conclusive evidence that any of these businesses can continue forever.

In order for our Group to continue developing without end, it is crucial to create new businesses and pillars of new businesses, and the new business exploration team is an extremely important initiative for supporting the Group's future. Of course, creating new businesses is never easy. About eight years before the new business exploration team was launched, we started a new business development project, but we still hadn't yet created anything to serve as a pillar of business for the next generation. Previously, we replaced the new business exploration group every year, but members of the new business exploration team work for three year-stints, so we are tackling the challenge with

confidence that we can definitely achieve big results and create new businesses. Members assigned to the team are all employees who have volunteered on their own initiative, so they have a strong desire to create new business. They spend one year at an outside research institution, learning about the process of searching for new businesses as researchers. Then they do presentations on the business concepts they themselves have developed, and outstanding presentations are selected through evaluation. For that reason, they attend with extremely high motivation. It is crucial to maintain that desire, to keep thinking without giving up, and to stay in action. There are no "failures" on this team. We try, and even if we hit a wall, that too is a kind of success. Even if one idea doesn't work out, that means we've been shown a new, different direction. All actions and experiences enrich our bodies and souls. That is the fruit of the new business exploration team, and it will help lead to future growth.



Shigeki Matsuda  
General Manager, Strategic Management Dept., Corporate Center

## Pursuit of our Group Mission is precisely what leads to future growth

The goal of this team is for business plans created by the team to be used as formal business plans by the Group, just as the regenerative medicine field was adopted as a project. Each member of the team is assigned the task of generating business ideas in three-month units. In the first fiscal year, more than 40 business ideas are produced. Those ideas are screened as initial hypotheses, and pared down to business hypotheses with higher likelihood, which are then guided further down the path toward business plans with high feasibility. These business plan ideas aim to be businesses of at least 200 million yen in scale, and if possible 10,000 million yen. We may tackle completely new businesses that no one has ever noticed or attempted before. We constantly meet with all sorts of customers and business people, search out business possibilities and needs, and identify technologies needed to achieve commercialization, and if those technologies are not available within our

Group, we search out collaborating companies and alliance partners. In this process, we meet with a huge number of customers, business people, groups, and so forth. Our proposals never focus solely on advancing the interests only of our Group. Our basic stance is to be a business that provides benefits to many companies and people in society. Businesses whose top priority is only their own profitability will never succeed. That point is also indicated in our Group Mission "Going ahead with you." Our activities must be win-win, and beneficial to society; they must make people happy. Our Group is made up of companies who have continually grown with the aim of achieving those goals, and each of us is carrying on that mission. Our Group owns an expansive forest covering about 6,700 hectares in Hokkaido. In terms of area, this is one of the largest forests owned by a private company in Japan. It is unusual for manufacturing companies like our Group, not engaged in

businesses such as papermaking, lumber, or architecture, to own and conserve a forest of this size. In today's era, it looks like forest resources will play a major role as a social contribution for addressing environmental problems. We recognize this as an asset we want to place special value on in our creation of new businesses. Our company's ownership of a forest in Hokkaido began in the early 1900s. The aim was to obtain tannin from oak trees. They say our founder wanted to plant trees, not just cut them down. It's astonishing to consider the foresight of our founder, who thought like that at a time when the notion of environmental protection didn't exist. We are proud that our Group has continued to maintain this forest up to the present day. This is an effort very characteristic of the NITTA way. The new business exploration team is carrying on the legacy of the mission and values handed down by our Group, and we are confident this will yield great results in the future.



Corporate Center Strategic Management Dept. New Business Exploration Team  
Assistant Manager  
Yoshinari Rokken

### I want to create businesses that help people with problems!

#### [About our team]

The interesting part about the new business exploration team is that we can take on challenges without worrying about risk. Of course, it definitely isn't easy. Sometimes you get an acute sense of your own narrow thinking and biases, but I look at that constructively as just another learning experience. As a goal for the future, I want to develop business hypotheses that will make the people involved happy. The foundation of our thinking and action is found in our Group Mission: making people happy. We want NITTA to be a company that is widely recognized as serving society.

In developing new businesses, I sometimes get dejected or feel like giving up due to constant problems, but my team members say positive things that give me encouragement. We're supported by our leader, Mr. Matsuda, and we know he has trust in us, so that gives us a lot of confidence.



Corporate Center Strategic Management Dept. New Business Exploration Team  
Satoshi Yamaguchi

### Continually creating new proposals for businesses that will be mainstays of the future!

#### [About our team]

I joined the company wanting to tackle the challenge of creating new businesses, and I've been engaged in product development. In the new business exploration team, I get the chance to propose businesses starting from zero, and it keeps me on my toes. I want to create businesses that will be a pillar of the future—businesses that can overcome issues that can't be resolved by extending existing businesses, and which can make people happy. As in the Values and Action Guidelines of the NITTA Group, I believe that driving positive change through the relentless pursuit of excellence is an important way of thinking and acting, and I work every day with that in mind.

Our team is always positive and forward looking. We have a good tempo and sense of speed in our daily activities and communication. We can freely exchange views through our LINE group, so we only spend one hour a week at a pre-arranged meeting. That sort of good communication and tempo is very pleasant.



Corporate Center Strategic Management Dept. New Business Exploration Team  
Takashi Megumi

### You can achieve personal growth by learning things from scratch!

#### [About our team]

The new business exploration team also has a training program, and I signed up because I thought it would allow me to grow personally by starting my learning process from zero. My goal for the future is get the theme I'm currently working on up to the next review gate. I also want to propose new businesses that can contribute to the environment and society, with a perspective focused on SDGs, ESG, and so forth. At present, I get many opportunities to talk with all sorts of people, both inside and outside the company. In my work going forward, I plan to put high value on the feeling of Respect in the Group Mission, and on connections with people I have met.

This is a team where I can work while always maintaining my motivation. There are few meetings, and the reports are concise, with an emphasis on efficiency. For that reason, I feel the pressure of having to act on my own. There are many things I need to learn from the other team members, like high-quality proposals and thinking approaches, and I'm always thinking "I'm going to do my best too!"

# NITTA's value creation process

The NITTA Group undertakes business activities with the aim of solving societal issues through value creation with manufacturing at the core, and the aim of moving the world forward and making people happy. We will continue to evolve as innovators, enhancing our corporate value by creating products that lead us into the future and bring happiness to people's lives through greater comfort and convenience.

Group Mission

## Going ahead with you

NITTA strives to move the world with innovative and meaningful ideas. that provide the vision for a more advanced society and a more harmonious way of life.



# Creating a new future and new value by “Technology Connections”

Keiji Hirata  
Executive Officer  
General Manager, Technical Center



## By “Technology Connections”, we aim to achieve multifaceted growth and development of our business

Our Group is engaged in businesses in a variety of industries. This provides us with multifaceted technical perspectives in our research and development. Our technologies can be mutually complementary in each business, and we can also actively pursue development of borderline technologies that straddle industries. Linking and expanding technologies in diversified business domains is the “deepening” and “searching” that is the basis of our SHIFT2030 medium- to long-term business plan—the unique stance and strength of our Group, passed down from the time of our founding. With customer-focused business as our foundation, the mission of our Group is determining how to respond to the needs of customers and the market, and how to develop and improve technology for that purpose. Addressing difficult problems and meeting needs are precisely why there is value in the existence of our company. All of our employees are aware of

our stance of “Going ahead with you,” and as they grapple with day-to-day technology development, the Technical Center strives to produce “Technology Connections” and achieve multifaceted business growth and development by promoting exchange of knowledge and technologies between business domains. Creation and protection of new technologies can also be mentioned as an important initiative. We develop technologies with an awareness of attack and defense—i.e., attacking new markets by leveraging our unique, outstanding technologies, and then defending those technologies—and we rapidly expand our business by launching projects that cut across in-house organizational boundaries when necessary. We develop new technologies cognizant of attack and defense, with the aim of making technologies into brands and raising their profile so they are widely recognized by society.

## “Sharing in-house knowledge” is vital for creating new businesses

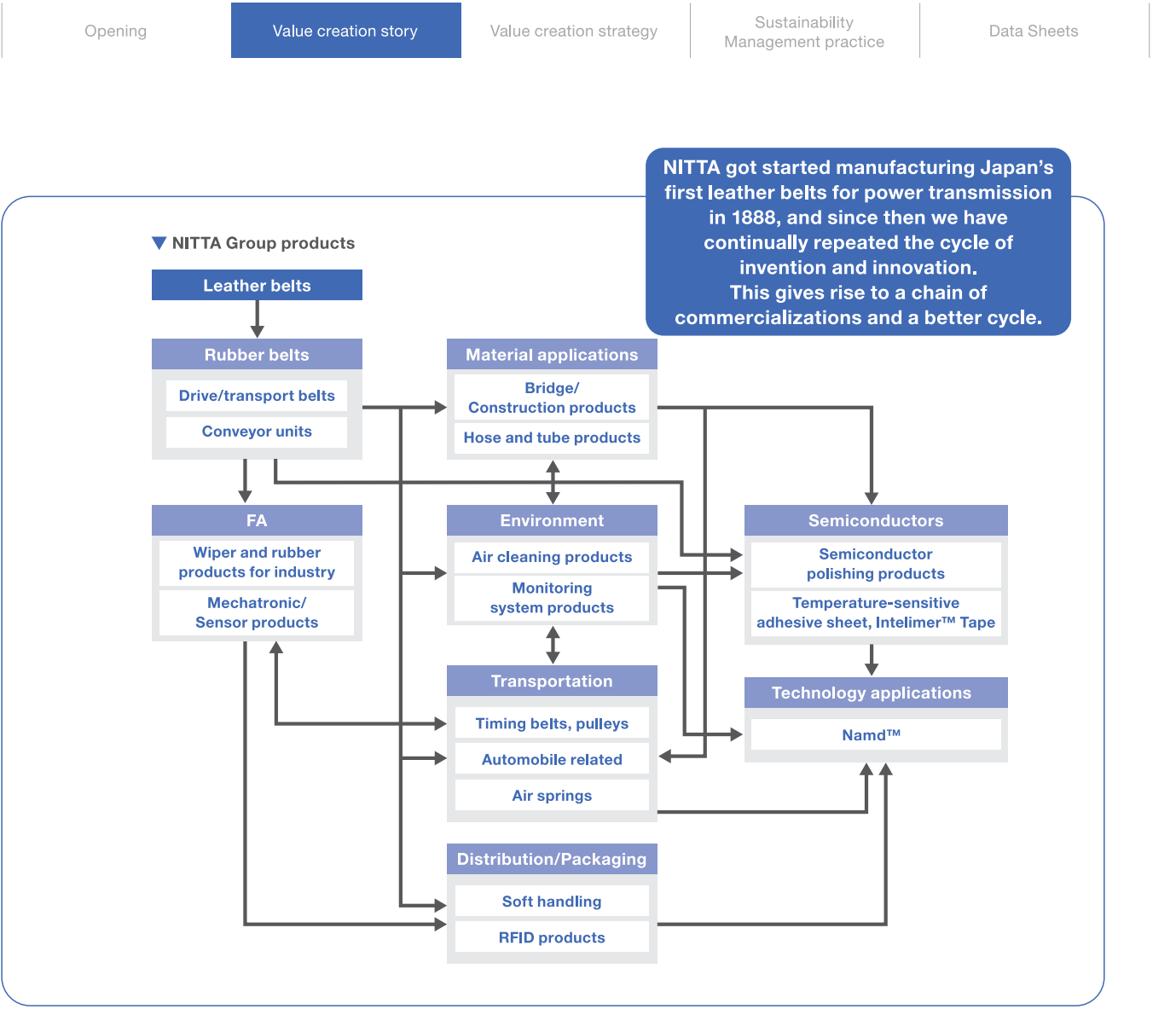
In the creation of new businesses, diverse activities based on the business hypothesis are carried out by the new business exploration team established within the Strategic Management Dept. As a company-wide activity, the team holds an NI Forum where employees participate across the boundaries of Group companies and business departments. NITTA Innovation (NI) circle activities are carried out together with sales departments. Through these circle activities, we aim to promote the exchange of knowledge within the Group, including sharing of technology produced in each

Group company and each business department, deepen mutual understanding, and create opportunities to notice various perspectives. Another role of the Technical Center is promoting activities for “bridging of knowledge” relating not only to technology, but also to brands, know-how and other domains. To carry out these activities, we improve knowledge accumulation of individual employees, through practical employee education using various techniques, and at the same time we strive to form aggregate knowledge of the Group through sharing of this knowledge.

## Knowing the history of NITTA and the changed in “SHIFT”

Within the Group, our unique intellectual capital has been built on the pillars of technology capital and knowledge capital. The theme of our medium- to long-term business plan is SHIFT, and we believe it is important to understand the changes in SHIFT in

our Group. Even if we hit a wall, a different approach comes into view if we SHIFT our thinking or methods. SHIFT knowledge that has been passed down is accumulated within the company.



## Initiatives to address environmental problems

Our Group is engaged in activities aimed at achieving both protection of the natural environment and a cycle-oriented economy. One such example is our forestry business in Hokkaido. By comprehensively reviewing timber-derived resources obtainable from forests, we examine and verify various possibilities, such as use for raw materials, other materials, and

energy. In addition to the intrinsic value of forests, we are undertaking the development of new products that achieve both functional expression and reduced input of petroleum-derived raw materials through the addition or substitution of naturally-derived raw materials, such as cellulose nanofibers, in products.

## Towards achieving targets of our SHIFT2030 medium- to long-term business plan

To continue sustained growth, we will need “deepening” of core technologies, and “exploration” where we tackle issues at each stage of technology and product development based on that. Therefore, at our Technical Center, we actively promote backup, running alongside, and driving of in-house technical activities. Collaboration is achieved in terms of technical aspects by backing up each business department in areas such as product analysis, measurement, and simulation, and running alongside of business departments when doing promotions to customers. Furthermore, the Technical Center drives activities for incubation by showing leadership, cooperating both inside and outside the company, and producing new innovations. In promoting these efforts, the basic activity of the Technical Center is combining accommodation of customers’ needs and value creation through new technologies. The Center establishes and verifies hypotheses not only about visible needs, but also

about the customer’s internal needs, and in this way works to ascertain the true needs of customers, including latent needs that still haven’t manifested themselves. During this process, the Center remains cognizant of the understanding and widespread application of the in-house shared language. For example, our Corporate Mission of “invention”, “innovation”, and “harmony” is a mindset passed down from the time of our founding that indicates the starting point of all awareness and action, to be kept in mind not only by technical departments, but by all departments and all employees. To achieve targets of the SHIFT2030 medium- to long-term business plan, and realize our Group Mission, we will reexamine the strengths, values, and starting point that are our Group’s legacy, and to connect this with new growth for the future, the Technical Center will carry out invention and innovation through knowledge accumulation, knowledge mediation, and knowledge creation.

Research and development

Development of innovative products and technologies aimed at strengthening long-term profitability and achieving a sustainable society

The NITTA Group has set out “SHIFT for Deepening” and “SHIFT for Searching” management strategies as the pillars of our SHIFT2030 medium- to long-term business plan. We are undertaking a broadly integrated research and development structure that spans exploration of new technologies and materials to basic and applied research, evaluation and analysis technologies, and the development of production technologies overall, with an emphasis on technological development based on business hypotheses aimed at the strengthening of long-term profitability.

Principles

1

Implementation of basic research to acquire a new Technical Platform (TPF) and the strengthening and utilization of TPFs owned by the Company and Group companies, with the aim of enhancing long-term profitability

2

Promotion of development utilizing open innovation and consortiums

3

Strengthening of the foundation of a continually growing research and development organization that contributes to the realization of a sustainable society

SHIFT for Deepening x SHIFT for Searching research and development activities

In “SHIFT for Deepening” in our Group’s existing businesses, we are advancing related technologies and product development activities through our business sections and Group companies’ technical sections. In that development process, we utilize evaluation analysis technology, CAE analysis technology, 3D printer-based and other prototyping technology, and intellectual property strategies at our Technical Center.

We engage in research and development for the acquisition of new TPFs, including new materials and new construction methods, that will lead to new products and new businesses based on business hypotheses. We do so primarily through our Technical Center as a part of “SHIFT for Searching” Through collaboration across business sectors, we conduct research activities to strengthen and utilize TPFs in business sectors and at Group companies.

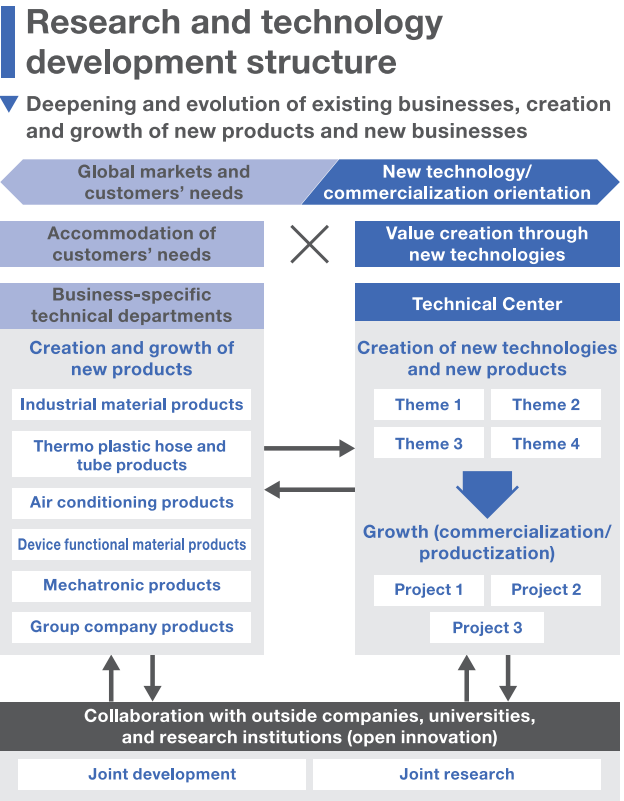
Open innovation that accelerates “SHIFT”

To further accelerate “SHIFT” to address issues such as carbon neutrality and a sustainable society, the NITTA Group utilizes the existing technologies of Group companies and assets such as our forest in Hokkaido. Going beyond utilization for internal development only, we make these a driving force for product development and for the acquisition and strengthening of new TPFs through participation in open innovation and consortiums that seek collaboration among outside research institutes, researchers, and companies in a variety of fields.

Human resource management through NITTA Innovation (NI) activities

We have launched cross-organizational collaboration and projects aimed at contributing to the achievement of a sustainable society through the development of innovative advanced materials and processes. To enable the exploration of a wider range of needs and to grasp technological trends, we engage in management that is mindful of efficiency in research and development.

We also place importance on ongoing human resource training to support this development, which we have named “NITTA Innovation (NI) activities.” Through NI education for proposing business hypotheses that we conduct for new employees, NI Circle activities to promote the exploration of new themes at the Technical Center, NI Forums that we hold to share innovation across the Company, and other initiatives, we are working to strengthen the foundation of our ever-growing R&D organization.



Intellectual property

Aiming to enhance business competitiveness and corporate value by advancing our intellectual property strategy

The NITTA Group appropriately protects the results of its business activities in the form of intellectual property, and works to enhance its intellectual capital to enable utilization of its rights.

As we focus on the global expansion of our intellectual property rights in line with business development, in new business fields we are extending NITTA's unique technologies and, to protect these, are constructing a strong and multifaceted intellectual property network that encompasses basic patents and peripheral patents.

Intellectual property activities

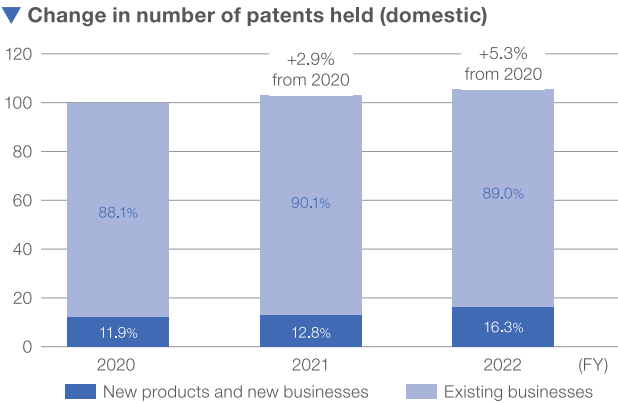
Basic policy and ambidextrous intellectual property activities

Our Group strives to protect the results of our corporate activities as intellectual property. At the same time, our Code of Conduct requires that we conduct ourselves appropriately, respecting and taking care not to violate the rights of others. Regarding the latter in particular, we place importance on strategic intellectual property monitoring and search activities relating to our business themes. We also seek to achieve “SHIFT for Deepening” and “SHIFT for Searching” under our SHIFT 2030 medium- to long-term business plan. To contribute to the strengthening of existing businesses and the creation of new products and new businesses, we are promoting deepening activities and searching activities within our intellectual property-related activities as well.

Deepening of intellectual property activities

As deepening activities, we deeply investigate intellectual property information in collaboration with R&D organizations and divisions’ technical organizations, through visualization to achieve a shared understanding, and thereby accelerate deepening of each business strategy, and promote the creation of an organization that can effectively protect and utilize business results.

As part of such initiatives, we are designing and implementing new intellectual property education aimed at the development of human resources who combine a business perspective and intellectual property perspective. We instill in our educated staff a viewpoint of not only understanding the intellectual property system, but also of how to make use of intellectual property in business. On the other hand, we are advancing ambidextrous educational design to allow staff in charge of intellectual property operations to offer support with an understanding of business. By surveying business strategies from the standpoints of both intellectual property and business, the organizations of both technical departments and intellectual property departments can engage with business strategies based on a shared understanding, thus leading to changes in the behavior of individuals and organizations toward the utilization of intellectual property.



Exploration of intellectual property activities

As a searching activity, we are strengthening intellectual property information-related activities. We will establish a system that allows us to provide informative materials that aid business judgment, such as information for new business exploration and for advantageously engaging in business. The goal is to acquire organizational capabilities for implementing what is known as the intellectual property landscape.

By implementing both intellectual property education and the IP landscape, we will develop a system to support effective intellectual property activities, and maximize business profits.

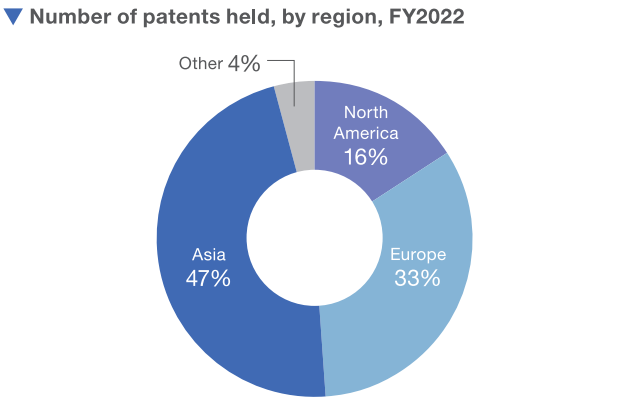
Status of the protection and utilization of intellectual property

We are constructing an optimal intellectual property network for the business our Group conducts with our customers.

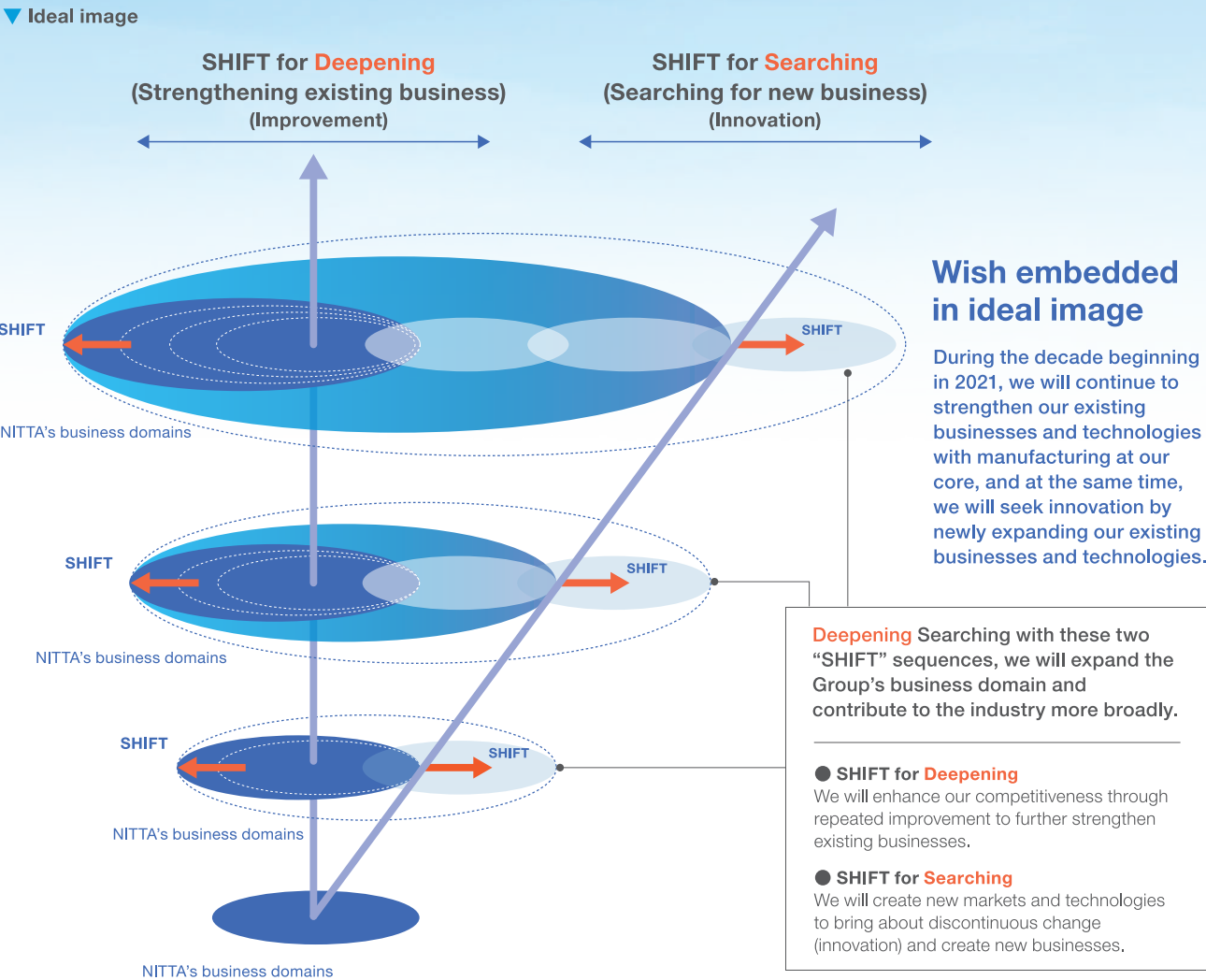
In Japan, we are increasing the percentage of patents in use, and promoting the effective use of intellectual property. In particular, we are actively constructing an intellectual property network for new products and new businesses.

We are also building an intellectual property network overseas. For example the breakdown of patents held overseas is about 20% in North America, about 30% in Europe, and about 50% in Asia (China, South Korea, Taiwan, India, etc.), and we are constructing a global intellectual property network in line with our business. In fields relating to new businesses too, we are developing rights both in Japan and overseas, and building a seamless intellectual property network.

We are also promoting brand protection. We are building our brand through approaches such as having customers display Namd™ as a technical brand on their products. We are working toward the maintenance and enhancement of our brand value by presenting trademark protection guidelines to prevent the incorrect use of trademarks where there is a risk of tarnishing our brand.



The SHIFT2030 medium- to long-term business plan  
Becoming a SHIFT INNOVATOR with manufacturing at  
our core



**Progress on SHIFT2030**

Despite experiencing constant impacts of COVID-19 since the pandemic started, we have thus far progressed according to plan. We will continue with that approach. As “SHIFT for Growth,” we will take steps to achieve growth existing businesses. As “SHIFT for Corporate Value Enhancement,” we will continue efforts with a focus on areas such as the environment, sustainability, improvement of production, and promotion of DX. As “SHIFT for Further Globalization,” we will actively engage in activities with a more global perspective on business development. With regard to creation of new businesses, in addition to the activity of discovering new businesses by taking technology as a starting point, we are further strengthening the activity of linking from problems in society or the market to new ideas and businesses. Going forward, we will continue to develop products that lead to the future, and work hard to move society forward and make people happy.

To ideal image Three SHIFTS

In advancing SHIFT2030, our medium- to long-term business plan, we have established Three Major SHIFTs as the pillars of our efforts to achieve the quantitative targets for FY2030: net sales of 115 billion yen +α, operating income ratio of 8.0%, a new product sales ratio of 10.0%, and an overseas sales growth rate (compared to fiscal 2020) of 170%.

The three SHIFTs that support SHIFT2030

3 SHIFT

1 SHIFT for Growth

While we will achieve sustained growth by deepening our existing businesses, we have established a New Business Exploration Team to seek out social issues and needs 10 years from now, and promote technological innovation and product development from a market-oriented perspective.

• Sustainably grow existing business

• Accelerate new product development

• Search for new business

2 SHIFT for Corporate Value Enhancement

We are strengthening corporate governance and compliance as we advance initiatives in line with international standards, such as signing the United Nations Global Compact, which adheres to 10 principles concerning human rights, labor, and anti-corruption, as well as environmental measures.

• Enhance quality and total cost competitiveness

• Strengthen corporate governance and compliance

• Promote ESG and achieve the Goals of SDGs

3 SHIFT for Further Globalization

Aiming to further expand sales of growing businesses and products in the domestic market, we are expanding our overseas market share and restructuring systems from manufacturing to sales. We also aim to enhance our international competitiveness by strengthening the development of global human resources who will be active at our overseas sites and subsidiaries.

• Further the global expansion of each business

• Strengthen global support via the Corporate Section

| Fiscal year 2030 targets                                   |
|------------------------------------------------------------|
| Financial targets                                          |
| Net sales                                                  |
| 115.0 billion yen + α                                      |
| Operating income to sales                                  |
| At least 8.0%                                              |
| New product sales ratio                                    |
| At least 10.0%                                             |
| Growth rate of foreign net sales<br>(Compared with FY2020) |
| At least 170%                                              |
| Capital expenditure amount<br>(total, FY2021-2030)         |
| 40.0 billion yen                                           |

Creation of new business

| Creation of new mechanisms                                                                                                                                                                              | Nurturing the seeds of new businesses                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>01. Review and improvement of conventional mechanisms</div> <div>02. Construction of exploration-oriented new mechanisms</div> <div>03. Sharing of values that achieve depth and exploration</div> | <div>01. Chemicals and new materials<br/>(CNT / carbon nanofiber technology Namd™)</div> <div>02. Robot Hands<br/>(SOFTmatics™)</div> <div>03. Biotechnology<br/>(regenerative medicine)</div> |



# Net sales record set for second consecutive year. Achieving further growth by improving profitability.

Takeshi Kobayashi  
Representative Director  
Senior Managing Executive Officer



## Review of fiscal 2022 and forecast for fiscal 2023

In fiscal 2022, there was an economic downturn due to factors like the protracted Russian invasion of Ukraine and worldwide monetary tightening, and worries about a slowdown rose for reasons like the continuing high prices of oil, resources, and energy. In the domestic economy, behavior restrictions due to COVID-19 were relaxed, and although social and economic activities moved toward normalization, there was continued uncertainty about the future which couldn't be dispelled due to concerns of a slump in consumption caused by soaring resource and energy prices and the rise of prices in general, and the decline in previously robust semiconductor demand.

In the industries that are the main source of demand for our Group's products, sales to the previously strong semiconductor industry and logistics industry slowed down over the second half of the fiscal year due to restrained capital expenditures and other factors, while sales to the automobile industry, previously sluggish due to issues like semiconductor shortages, showed a recovery trend in the second half.

## Enhancing corporate value for sustainable growth

To enhance corporate value, we regard it as vital to disclose information showing improvement in profitability and growth potential when our company's share price drops below 1.0 times the Price Book-value Ratio (PBR).

In improving profitability, we believe it is essential to review our portfolio, drop down to the specific product level, and identify products to be continued, and products to be cut. We will also thoroughly analyze business-specific ROIC and product-specific ROIC, and promote proposals based on various indicators such as capital expenditures in each division, and working capital and operating income ratio of businesses. Starting this fiscal year, we will further accelerate these steps, check division-specific and product-specific progress every quarter, and quickly link that to proposal activities. Also, high prices for crude oil and other resources/energy, high raw material costs, and rising logistics costs are predicted to continue in the future, and under those conditions, the perspective of how increases in procurement costs can be passed through to the sale price will be an important measure for improving profitability.

Regarding disclosure of our growth strategy, this is perhaps a special characteristic of the entire rubber industry, but there are many companies with a PBR less than 1.0 times, and we will need information disclosure that highlights growth potential. Although performance of our Group's belt and rubber products business is stable, it has the characteristic that growth potential of the business is hard to see from the outside. In terms of the direction

Against that backdrop, the Group's net sales set a new record for the second consecutive year at 88 billion yen. In terms of profit-and-loss, profit declined by 6.5% year on year, affected by resource inflation, rising logistics costs, and increased selling and administration costs due to resumption of sales activities after the COVID-19 pandemic.

The forecast for fiscal 2023 is that a global situation with uncertainty about the future will continue on from fiscal 2022. In the business environment surrounding the Group, there is expected to be recovery of demand from the automobile industry due to resolution of semiconductor shortages, but there are concerns about declining demand from the semiconductor, electronic components, and logistics industries due to restrained capital expenditures. A difficult business environment is expected to continue, but as the Group enters the third year of the SHIFT2030 medium- to long-term business plan, we will strive to achieve our targets, and our plan is to set yet another sales record of 89 billion yen, exceeding fiscal 2022, with operating income of 5 billion yen, and ordinary income of 12 billion yen.

of future information disclosure, we will need to explain carefully and in detail our low-profile measures, and present our potential for growth. For example, in the globally expanding belt business, there are many regions and much room for growth that have not been captured. Also, even in markets we have newly acquired due to increasing e-commerce demand, capturing belt replacement demand will be an important growth strategy going forward. For that reason, we will need to steadily acquire each new source of demand, by building a new network in addition to existing agents for closer contact with each local region, and disclose the plans for and results of those activities.

I believe it will also be important to weave the creation of new business into the disclosure of our growth strategy. Our company is currently working to develop applications of Namd™. For that purpose, we have also built the 8th Plant Building, and concentrated management resources. We have also launched projects for commercialization of regenerative medicine, and they are progressing steadily, although they will probably still require more time.

Regarding dividends, our approach is to continue stably providing dividends for Phase 1 (years 1 to 4) of SHIFT2030, at roughly a level of 30% of profit per share. I believe it will be most important to show, to the people who will become new shareholders of our Group going forward, future potential, expectations for growth, and prospects of dividends. As a financial strategy for achieving SHIFT2030, we will work to improve profitability, and disclose information that specifically indicates growth potential.

## Value chain strategy

Due to the tremendous progress of technology and rapid changes in society, the requirements placed on the products we produce and on our business activities are becoming increasingly diverse. Our Group is working hard to identify and reduce risks that may hinder growth while we strive to enhance value as a sustainable corporation for the future based on the SHIFT2030 medium- to long-term business plan. Going forward, the Group will continue to pursue sustainable growth and enhanced corporate value of the entire Group by bolstering response across every part of the value chain.

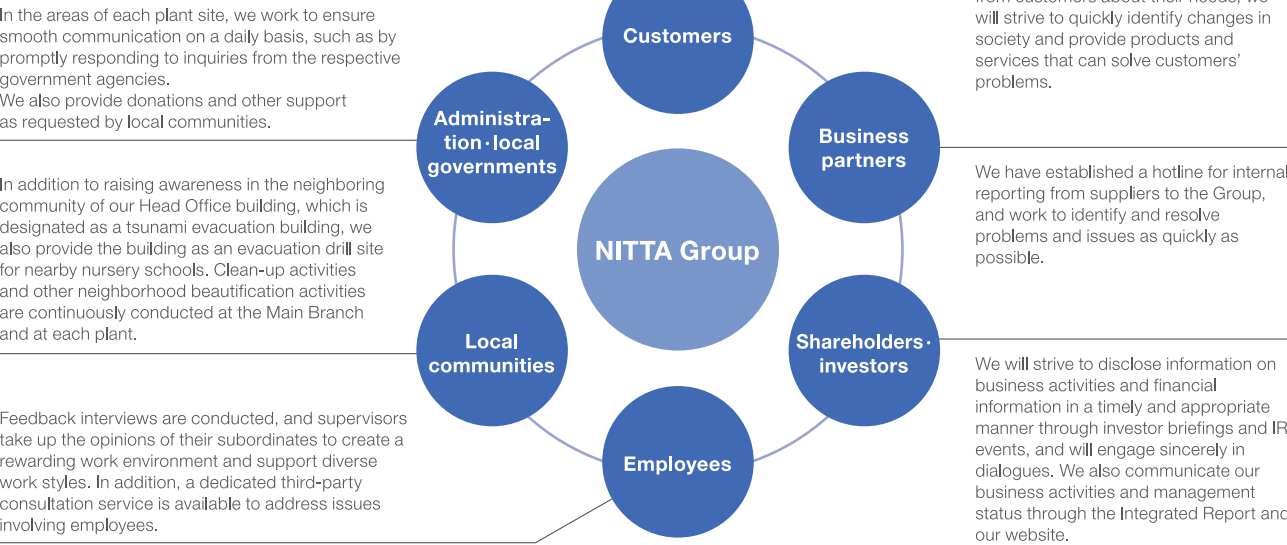
## Stakeholder engagement

In our Group, I believe that communication with stakeholders is an important initiative for achieving great results, and we are promoting management emphasizing stakeholder engagement. To fulfill our responsibility to each stakeholder, we strive to understand expectations of shareholders and their social issues of concern by disclosing and providing information describing our Group's business activities and corporate value through our communication activities. To resolve issues that surface in dialogue with stakeholders, we will promote sustainability management and aim for sustained enhancement of corporate value to achieve reliable linkage with the following results while being reflected in our corporate activities.

### Principal responsibilities

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders・investors           | We aim to achieve long-term stable growth of our Group and increase corporate value. We will strive to reform and strengthen our business structure to generate stable and continuous profits and provide returns to shareholders.                                                                                                                                                                                         |
| Customers                        | We earnestly face our customers' problems, strive for technological innovation and product development, and give shape to products and services that will solve their issues. We strive to provide products that are environmentally friendly, contribute to society, and anticipate the changing times.                                                                                                                   |
| Business partners                | We regard the companies we do business with as partners who are working together to realize our corporate philosophy and to achieve our future together. Based on our Group's CSR Procurement Policy, we strive to build and maintain sound relationships of trust through fair and transparent transactions and by deepening mutual understanding.                                                                        |
| Local communities                | In our business activities in each country and region, we comply with laws, regulations and international norms, and give due consideration to environmental conservation and respect for human rights. We also participate in activities that contribute to the development of local society and culture, such as cleanup activities and afforestation projects, thus contributing to the creation of better communities. |
| Administration・local governments | While fulfilling our obligations to comply with laws and regulations, pay taxes, etc., we will collaborate with and support the sustainable development of Japan and the international community. We will contribute to the development of local communities through support activities for tourism resources, etc. in each city, including operational support for Kotonoura Onzan-Soh-En in Wakayama Prefecture.         |
| Employees                        | We maintain a stable business environment in which all Group employees can feel comfortable in their work. We support autonomous growth and diverse work styles by respecting the human rights of our employees, and strive to create a work environment that allows each employee to realize his or her potential.                                                                                                        |

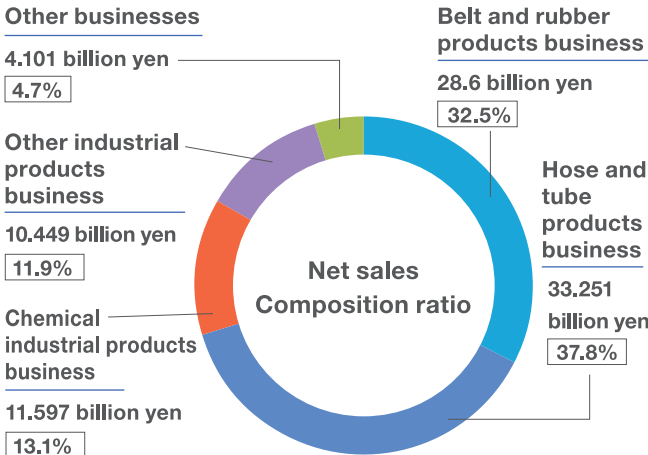
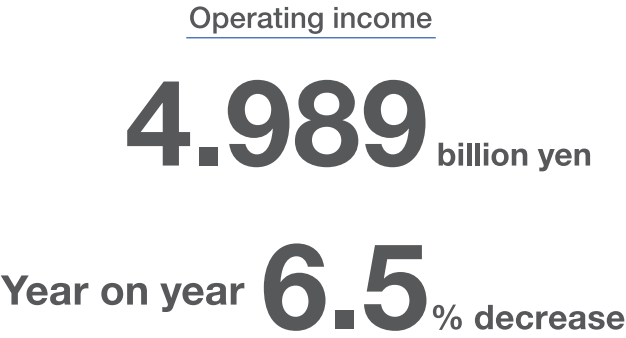
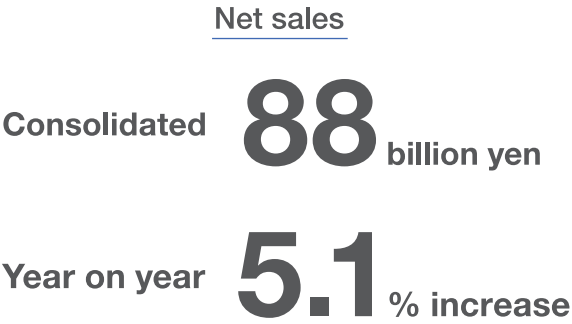
### Principal channels of dialogue

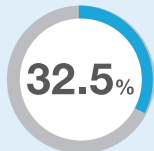
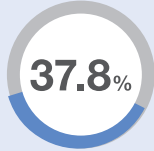
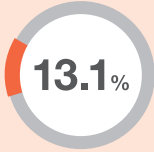
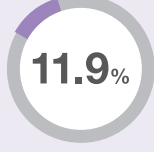
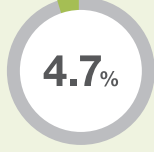


Business overview

(Fiscal year ended March 31, 2023)

Since our founding, NITTA has made contributions to industry by embracing our wish to be of service to customers and society, and by flexibly responding to the changes of the times to turn requests received from manufacturing floors into reality. We will continue contributing widely to society by providing products that lead to the future and that connect to people's happiness.



| Segment                               | Products and applications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | By segment in fiscal 2022<br>Net sales                                                                             | Review of fiscal 2022 (fiscal year ended March 31, 2023)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Vision                                                                                                                                                                                                                                                 | Areas of initiative focus                                                                                                                                                                                                                                                                                                                                                                       | SDGs contributions                                                                                                                                                             |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Belt and rubber products business     | <b>Belt products:</b><br>Textile machinery, postal machinery, financial machinery, logistics machinery<br><b>Products for transport:</b> Food transport, distribution centers<br><b>Rubber products:</b><br>Sliding wipers for machine tools, bridge expansion and contraction joints, etc.<br><b>Temperature-sensitive adhesive tape:</b><br>Electronic component manufacturing equipment                                                                                                                                                                                                                       | <br><b>28.6 billion yen</b>     | Domestically, sales to the logistics industry were generally strong, but they showed a slowing trend in the second half of the fiscal year. Sales of temperature-sensitive adhesive tape to the electronic components industry were weak. Overseas, there were strong sales of belt products to the textile industry. As a result, net sales increased by 2.684 billion yen from the previous consolidated fiscal year (10.4% increase) to 28.6 billion yen. Segment profit decreased by 532 million yen (14.6% decrease) from the previous consolidated fiscal year to 3.122 billion yen.                                                                                                                                                                         | <ul style="list-style-type: none"><li>Creation of new products and new businesses</li><li>Further deepening and growth of existing businesses</li><li>Capture of new markets and new customers</li><li>Strengthening of cost competitiveness</li></ul> | <ul style="list-style-type: none"><li>Acquisition of global companies</li><li>Development of energy-saving products</li><li>Allocation of resources to light transport domain</li><li>Enhancement of our lineup of rubber and steel joints</li><li>Cultivation of new markets for temperature-sensitive adhesive tape</li></ul>                                                                 | <br>    |
| Hose and tube products business       | <b>Thermo plastic hose products:</b><br>Construction machinery, commercial vehicles, machine tools<br><b>Tube products:</b><br>Semiconductor manufacturing equipment, passenger cars, commercial vehicles<br><b>Mechatronic products:</b> Industrial robots                                                                                                                                                                                                                                                                                                                                                      | <br><b>33.251 billion yen</b> | In Japan, sales of products for the semiconductor manufacturing equipment and construction machinery industries were strong. Sales of products to the automobile industry were affected by production adjustments due to the shortage of semiconductors, but showed a recovery trend in the second half of the fiscal year. Overseas, sales of hose products for construction machinery were weak, but sales of mechatronic products for EV manufacturing lines and tube products for semiconductor manufacturing equipment were strong in the Asian region. As a result, net sales increased by 1.138 billion yen from the previous consolidated fiscal year (3.5% increase) to 33.251 billion yen. Segment profit decreased by 590 million yen (38.7% decrease). | <ul style="list-style-type: none"><li>Sustainable growth of existing business</li><li>Expansion of product applications into growth areas</li><li>Acceleration of product development and cultivation of new overseas customers</li></ul>              | <ul style="list-style-type: none"><li>Pioneering applications for global growth markets</li><li>Entry into growth industries for a low-carbon society</li><li>Further globalization through production and procurement at optimal locations</li></ul>                                                                                                                                           | <br> |
| Chemical industrial products business | <b>Rubber products:</b> Rolling stock, trucks, buses, ships, Concrete casting vehicles (air springs, anti-vibration rubbers, etc.)<br><b>Elastomer products:</b> OA equipments (cleaning blades)<br><b>Resin products:</b> Sanitation vehicles, construction and civil engineering facilities<br><b>Coated fabric products:</b> Gas meters, large storage facilities<br><b>Architectural/civil engineering products:</b> Rooftops of apartments and other structures, final disposal sites, storage reservoirs (waterproof/water shielding), athletics stadiums/multipurpose courts (resilient paving materials) | <br><b>11.597 billion yen</b> | Domestically, sales of rubber products for railroads were robust, but sales were sluggish in areas like liner products for the civil engineering industry. Overseas, there were strong sales of elastomer products for OA equipment and rubber products for railroads. As a result, net sales declined by 556 million yen from the previous consolidated fiscal year (4.6% decrease) to 11.597 billion yen. Segment profit increased by 287 million yen.                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"><li>Further deepening of existing businesses</li><li>Capture of new markets and new customers</li><li>Strengthening of cost competitiveness</li></ul>                                                                | <ul style="list-style-type: none"><li>Reduction in claims and defects due to quality enhancement</li><li>Improvement of cost competitiveness through cost reductions</li><li>Tackling the challenge of overseas growth markets and expanding overseas production</li></ul>                                                                                                                      | <br> |
| Other industrial products business    | <b>Air conditioning products (filters):</b><br>Clean rooms (semiconductor manufacturers, pharmaceutical companies, hospitals, etc.)<br><b>Medical rubber products, plastic medical equipment:</b> Blood circuits                                                                                                                                                                                                                                                                                                                                                                                                 | <br><b>10.449 billion yen</b> | In the area of air-conditioning products, demand was strong for clean room filter products and measuring instruments in the semiconductor, electronic components, pharmaceutical, and other similar industries. As a result, net sales increased by 686 million yen from the previous consolidated fiscal year (7.0% increase) to 10.449 billion yen. Segment profit was 227 million yen, 4 million yen (1.8% increase) from the previous consolidated fiscal year.                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"><li>Promotion of energy-saving, resource-saving, and cost-saving product sales</li><li>Sustainable growth of existing business</li><li>Biodecontamination systems</li><li>Expansion of business</li></ul>            | <ul style="list-style-type: none"><li>Acceleration of new product development for new growth fields</li><li>Expansion of environmentally friendly product sales</li><li>Improvement of cost competitiveness through cost reductions</li><li>Expansion of business in the life sciences field</li></ul>                                                                                          | <br> |
| Other businesses                      | <b>Real estate business:</b> Land and building leasing<br><b>Management guidance business:</b><br>Management guidance for affiliated companies<br><b>Driving school business, forestry business, etc.:</b><br>Driving school business, forestry business, livestock business, business contracting                                                                                                                                                                                                                                                                                                               | <br><b>4.101 billion yen</b>  | Sales from other businesses, including real estate, management guidance, driving school, and forestry increased by 313 million yen from the previous consolidated fiscal year (8.2% increase) to 4.101 billion yen. Segment profit was 2.067 billion yen, 269 million yen (14.9% increase) from the previous consolidated fiscal year.                                                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"><li>A society free of motor vehicle accidents and traffic violations due to improved instructional techniques in driving school business</li><li>Passing on forest assets to the next generation</li></ul>           | <ul style="list-style-type: none"><li>Activities to improve satisfaction of instructors</li><li>Stabilization of the number of seedlings supplied</li><li>Use of timber-derived components</li><li>Establishment of sustainable forest management and increase in timber stocks*</li></ul> <p>* Timber stocks: Sum of standing timber volume (unit: cubic meters) in Company-owned forests.</p> | <br> |

Belt and rubber products business

Industrial Products Div.

Promoting sustainable development, with concern for the environment.

Flagship products



Main SDGs targets



Seiichi Kitamura  
Director  
Managing Executive  
Officer  
Industrial Products Div.  
General Manager

Segment performance in fiscal 2022

- Net sales 28,600 million yen year on year 10.4% increase
- Segment profit 3,122 million yen year on year 14.6% reduction

Review of fiscal 2022

In the area of belt products, sales to the logistics industry continued a strong trend in the first half, but there was a slowdown in the second half in the European market due to postponement of capital expenditures. Sales to the textile and paper industries were robust, but there was a slump in sales relating to semiconductors and finance. For rubber products, sales for machine tools were strong, and road joints also performed well due to expressway renewal projects. Sales of temperature-sensitive adhesive tape products to the electronic components industry ended on a weak note due to overstocking of electronic components. As a result, net sales exceeded the previous fiscal year, but the rise in raw material prices, energy prices, logistics costs, and other costs continued, and since selling and administration costs increased due to resumption of sales activities, profits dropped below the previous fiscal year.

Strategic products for fiscal 2023 and future development/policy

For belt products, in addition to bolstering our transport belt lineup, we will contribute to resource conservation by supporting transport of light packaging, small articles, and thin articles, offer belts for energy conservation, develop products that use biomass materials, and more. In the area of rubber products, we will add to the product lineup while keeping in mind features such as high durability, long life, and low load. For temperature-sensitive adhesive tape, we will continue efforts to develop products that drive further expansion of new applications.

SWOT analysis

Competitive advantages

Product development capabilities based on knowledge and technology accumulated every day, all over the world. Sales and product proposal capabilities oriented toward solving issues, to contribute to customer value creation.

Weaknesses/issues

Further enhancement of our global sales network will be needed. Continuing our efforts in each region.

Opportunities

Expansion of sales through global deployment of success stories. Going forward, we will continue market development and education of human resources.

Threats

We will continue to address issues such as the increase in procurement worries due to the international situation, climate change, and other factors, continued high prices, and decreasing number of suppliers.

Overview of business strategy aimed at 2030

1. Promotion of new product development and improvement

We will actively develop new products with a focus on environmental consciousness in addition to energy conservation and longer life.

2. Deep cultivation of more markets

To further expand our product lineup, production capacity, and sales network, we will adopt a stance allowing us to cater to a wide range of customers. Development of global human resources will also continue.

3. Contributing to resource conservation and cost reduction

We will continue efforts in our in-house manufacturing processes, and strive to contribute to customer value creation.

Hose and tube products business

NITTA-MOORE Div.

Tackling the challenge of further globalization of sales activities, manufacturing, and technology

Flagship products



Main SDGs targets



Atsushi Izumi  
Director  
Executive Officer  
NITTA-MOORE Div.  
General Manager

Segment performance in fiscal 2022

- Net sales 33,251 million yen year on year 3.5% increase
- Segment Profit 935 million yen year on year 38.7% reduction

Review of fiscal 2022

A resurgence of economic activity was expected due to the settling down of COVID-19, but supply chains have still not returned to normal, and it was a year with large fluctuations in orders, where we had our hands full dealing with material procurement, securing personnel, and delivery periods. As a result, sales increased year on year, but profits were pressured by high raw material and energy prices, and profits unfortunately declined. Our overseas supervisory subsidiary achieved its budget for South Korea, Thailand, and China (mechatronic products), but posted a loss for automobile parts (Mexico and China) and hydraulic hose fittings (China). We will stabilize management by diversifying our product lines, increasing sales, and reducing fixed costs.

Strategic products for fiscal 2023 and future development/policy

Strengthening product development for semiconductor equipment, data centers, and the like in the field of general industry. To aid our global expansion, we will broaden our lineup of inch sizes in addition to millimeter sizes. In the automotive field, we will strengthen product development in areas such as EV/FCV cooling pipes, and infrastructure pertaining to that.

SWOT analysis

Competitive advantages

Proposing seeds of new business to customers based on specialized knowledge. Manufacturing/Sales sites in North America, China, ASEAN, and South Korea. Unique product lines for semiconductor manufacturing equipment.

Weaknesses/issues

We will further improve our response ability and speed in the global market. In the future, we will focus in particular on strengthening our organization structure in North America and China.

Opportunities

A period of tremendous change in the automobile industry, exemplified by CASE, and enclosure of the semiconductor industry by various countries.

Threats

With further globalization, global companies all over the world will become our competitors.

Overview of business strategy aimed at 2030

1. Opportunities to SHIFT for Growth

We will enter growth industries (new energy vehicles and related infrastructure) for a low-carbon society. We will expand the semiconductor market, thermal management, and the North American market, and strive to acquire more new customers.

2. Improvement of corporate value

We will aim for high profitability through improved efficiency of indirect operations, and radical improvement of low-profitability products.

3. Further globalization

We will carry out production and procurement at optimal locations through integration of supervisory subsidiaries. We will also promote self-reliance of each overseas site.

Chemical industrial products business

NITTA CHEMICAL INDUSTRIAL PRODUCTS CO., LTD.

Our aim is high-quality manufacturing with added value.

Main SDGs targets



Flagship products



Rubber hose for concrete casting



Air spring for rolling stock



Yasunori Fujita

NITTA CHEMICAL  
INDUSTRIAL  
PRODUCTS CO., LTD.  
President and  
Representative Director



Segment performance in fiscal 2022

- Net sales 11,597 million yen year on year 4.6 % reduction
- Segment profit 220 million yen year on year 287 million yen increase

Review of fiscal 2022

Amid the lingering effects of COVID-19, which has been ongoing since 2020, it was a troubled year and we were unable to advance our growth strategies for each business as we wished due to the impacts of Russia's invasion of Ukraine, the resulting supply chain confusion, soaring prices for raw materials and fuels, worldwide monetary tightening, and a rapid depreciation of the yen. Despite these conditions, there was vigorous demand for rolling stock parts for Europe, which recovered early from COVID-19, and increased demand for OA equipment components due to increased production of OA equipment for recovery from the China lockdown. The result was a year-on-year decline in sales and increase in profit.

Strategic products for fiscal 2023 and future development/policy

Our entire company will focus more than ever before on expanding sales to new areas, new fields, and new markets. More specifically, in the area of rolling stock parts, we will increase sales primarily to Europe, but also to India and the Southeast Asian region. For metering film for gas meters too, we will expand sales to the European region, and enter the Asian region. For general-purpose catalog products such as tire-type rubber shaft couplings and ceramic hose, we will strive to expand sales to previously untapped fields and markets in collaboration with our agents.

SWOT analysis

Competitive advantages

We offer an extensive product line-up specialized for specific industries and fields.

Weaknesses/issues

The sales fields for our main products are limited, and if demand slumps in those fields, we can't disperse the loss, and it has a big effect.

Opportunities

Expansion is possible by leveraging the NITTA Group's overseas site network. (NIE posting, etc.)

Threats

In expanding globally, we need to have quality, price competitiveness, response ability, and production capacity superior to other companies.

Overview of business strategy aimed at 2030

- Further evolution of operation that integrates manufacturing, sales, engineering, and QA
- Enhancement of quality levels and promotion/strengthening of CSR activities
- Tackling the challenge of potential markets overseas

By leveraging the NITTA Group's network of overseas sites, we will actively meet the challenge of potential markets overseas.

Other industrial products business



High performance air filters



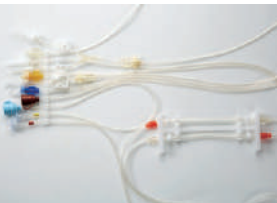
Fan filter units



FOGACT®  
(Decontamination equipment)



Particle counters



Tube products for infusion

Segment performance in fiscal 2022

- Net sales 10,449 million yen year on year 7.0 % increase
- Segment profit 227 million yen year on year 1.8 % increase

Main business:  
Air conditioning products  
Medical rubber and plastic products

Review of fiscal 2022

Demand for air-conditioning products such as air filters and fan filter units recorded solid performance for the year for the semiconductor and pharmaceutical industry, for hospitals, and other applications. Among needs that are rising due to the increasing focus on environmental friendliness, there was growth in use and sales of air filters for air purification applications as an environmental countermeasure for equipment. Monitoring products were also solid, and overall sales of air conditioning products were robust. On the other hand, it was a year that also required constant response to soaring raw material prices and delays in procurement of merchandise from overseas.

Air conditioning products (filters)  
(semiconductor manufacturers,  
pharmaceutical companies, hospitals, etc.)

Future growth strategies

- We sustainably grow existing business, and accelerate and pioneer new product development for new fields.
- As a sustainability initiative, we promote development and expansion of sales of products that contribute to safety and security, in environmental areas such as resource and energy conservation, measures to prevent infection, and other fields.
- We develop products and businesses in the life science field, which is a new business.

Medical rubber products,  
Plastic medical equipment

Future growth strategies

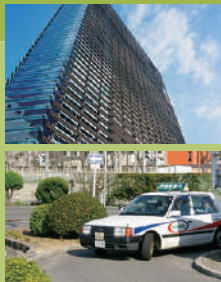
- We are aiming for growth and the capture of new customers in the pharmaceutical rubber products business.
- We will work to make our rubber parts for hygiene products more competitive and differentiated, to expand our market share in plastic medical equipment.

Other businesses

Segment performance in fiscal 2022

- Net sales 4.101 billion yen year on year 8.2 % increase
- Segment profit 2.067 billion yen year on year 14.9 % increase

Main business:  
Real estate business  
Management guidance  
business  
Driving school business  
Forestry business, etc.



# We contribute to the sustainable development of society through products that lead to the future.

**Kouichi Kakegami**  
Director  
Executive Officer  
General Manager,  
Corporate Center



## Sustainable Management Policy

The Nitta Group shall pursue business activities based on the following Sustainable Management Policy in order to not only strive to increase our corporate value but also to contribute to the sustainable development of industry and society and to environmental maintenance and preservation.

- 1. We will create new value and contribute to the sustainable development of industry and society through the development of “products that lead to the future.”
- 2. We will consider our impacts on local regions and the global environment in order to reduce the amount of wastes we generate, promote resource and energy conservation, and make efforts to reduce our impact on the environment. We will also work toward environmental protection and prevention of environmental pollution, taking into consideration the protection of biodiversity, ecosystems, and forest resources.
- 3. We will endeavor to prevent human rights violations in our corporate activities, with the aim of achieving a society that protects the dignity of all people.
- 4. We will respect the diversity of human resources that are the wellspring of new value creation, and, by promoting the development and utilization of human resources, will strive to achieve work environments in which all persons can demonstrate their sensibilities and creativity.
- 5. We will comply with laws and social norms, will engage in socially responsible procurement activities in cooperation with our business partners, and will otherwise endeavor to conduct fair business activities throughout the value chain.

## Promote product development to directly solve environmental and societal issues

The NITTA Group is working to improve corporate value based on our Sustainable Management Policy, and we aim to contribute to the sustainable development of industry and society as well as to the maintenance and preservation of the environment. In all five policies we are committed to, a key issue that cannot be neglected—regarding sustained growth of our Group, development of society, and environmental conservation—is that our group must focus particularly on contributing to sustained development of industry and society by creating new value through development of products that lead to the future. This connects with our Group Mission, and shows why there is value in the existence of our company. In recent years, we have promoted business activities that treat environmental measures as our most important issue. We will contribute to improvement of energy

efficiency, longer life, and other goals when our products are used at our business partners, by making greater efforts to reduce CO<sub>2</sub> emissions during production, and by developing and expanding sales of environmentally friendly products. RFID tags are a product which helps to address the labor shortages that are a major societal issue. They primarily save labor in areas like material management at distribution sites, resolving the labor shortages of our customers, and serving as a product that also aids working style reform. In addition to accelerating production of products with this sort of direct effect on the environment and society, we believe it will be even more important in the future to provide PR and information dissemination outside the company so we can help improve the corporate value not only of our own Group, but also of the customers who use our products.

## Initiatives for preservation of biodiversity

We have recently announced our participation in “30by30” as part of our business activities conscious of the regional and global environment. “30by30” is a target agreed upon at the G7 Summit held in the UK in June 2021. The goal is to halt and recover from loss of biodiversity (nature positive action) by 2030, and the

initiative will strive to effectively conserve at least 30% of the land and ocean as healthy ecosystems. Business using the approx. 6,700 ha of forest our Group owns in Hokkaido will become more important as part of that. Going forward, we will continue to protect and maintain forests in order to preserve biodiversity.

## Building positive, cooperative relationships with the supply chain

Cooperation and dialogue, not only within our own Group but also with our supply chain, will be vital for solving a wide range of social issues. Individual employees of each division and our Group

will deepen their understanding and raise their awareness of the environment and social issues, and this will enable them to develop positive, cooperative relationships with the supply chain.

## Strive to address diversity of human resources and human rights issues

Human resources are the foundation for our Group to continue its sustained growth. Our group believes that, if we value the diversity of human resources, each person will energetically engage in their work and activities, thereby creating a strong driving force toward the future. We must work as quickly as possible to improve employee working conditions and reorganize our work environments with an eye toward the situation 10 or 20 years into the future.

Regarding human rights issues, we are working to ascertain their prevalence by administering questionnaires to our Group’s domestic business partners and our overseas subsidiaries. Going forward, we will broaden our survey and interview activities as widely as possible, carry out awareness raising activities such as information dissemination, and work to resolve human rights issues.

# Sustainability promotion structure

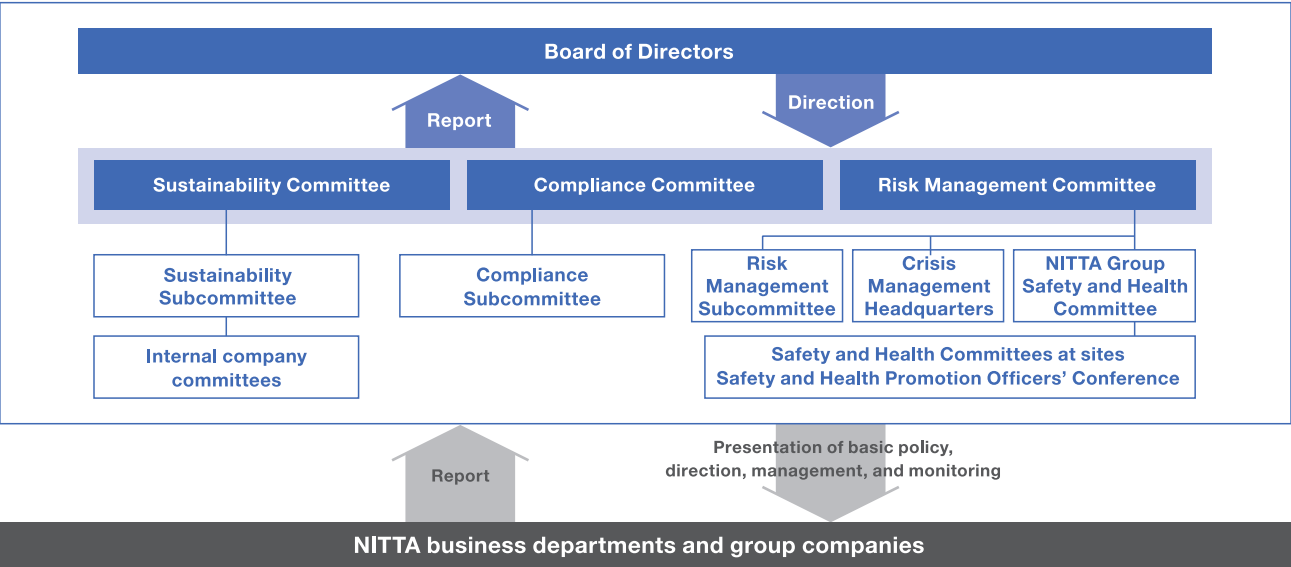
## Sustainability Initiatives

As efforts to realize a sustainable society accelerate around the world, companies are increasingly expected to play a role in society and the global environment. The SDGs are critical universal issues that should be addressed not only by developed countries but by all countries and regions, including developing countries. In Japan, the central government, various companies and organizations, as well as individuals, are actively working on these issues.

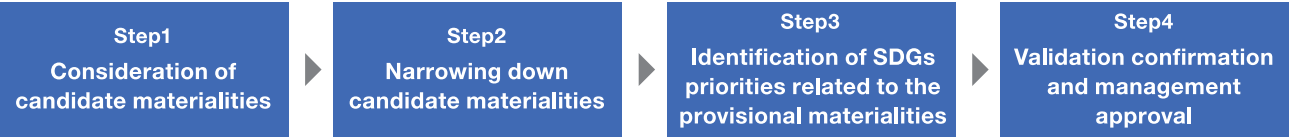
The NITTA Group has formulated a Sustainable Management Policy to contribute to the sustainable development of industry and society and to the maintenance and preservation of the global environment. Recognizing the impact of our Group’s corporate activities on society and our social responsibilities, we have

examined measures to contribute to the formation of a sustainable society, including the SDGs, and we have determined activity goals in order to meet these goals. In our Sustainability Committee, which serves as an advisory committee to management, we analyze and evaluate risks and opportunities relating to sustainability, such as the climate change problem and human capital, from the perspective of the medium/long-term and ESG, and deliberate topics like the direction of those activities.

As part of our efforts to strengthen our climate change initiatives, we have formulated a Basic Policy on Greenhouse Gas Reduction. We have set a target for the reduction of greenhouse gas emissions for our group and are promoting efforts to achieve this goal.



Materialities for promoting sustainability



We take stock of the Group's businesses and initiatives and link them to a list of social issues organized according to international frameworks such as the SDGs and GRI standards, and identify potential themes of social issues that are highly relevant to the Group's business activities.

In assessing the level of importance of social issues, we have created a two-axis graphic index, with importance to stakeholders on the graph's vertical axis and importance to the Group on the horizontal axis. Based on the materiality map, the candidates are narrowed down and provisional materialities are identified.

After analyzing the relationship between the SDGs and business activities (value proposition) related to the provisionally specified materiality, the Sustainability Subcommittee will discuss priority issues and promote sustainability activities based on how the materiality is formulated.

The Sustainability Committee verifies the validity of these materiality assessment processes and analysis results, confirms which materialities should be prioritized, and receives approval from the Board of Directors after deliberation by top management.

Materialities and specific initiatives

|                  | Environment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Social                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Governance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Materialities    | <div>1 Achievement of a low-carbon society through the reduction of greenhouse gases</div> <div>2 Reduction of environmental burdens and achievement of a cycle-oriented society</div> <div>3 Forest management that contributes to global warming countermeasures and to preservation of biodiversity</div>                                                                                                                                                                                                                                                                                                                                                                            | <div>4 Demonstration of social responsibility throughout the value chain</div> <div>5 Achievement of motivating and appealing work environments</div> <div>6 Pursuit of customer satisfaction</div>                                                                                                                                                                                                                                                                                                                                                         | <div>7 Promotion of compliance and strengthening of risk management</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Specific reasons | <div>12 In light of society's demands for environmental maintenance and conservation, as well as our responsibilities as a manufacturer, we have selected this issue as one that should be given the highest priority in our business activities.</div> <div>3 This selection was made in order to maximize the multifaceted functions of forests and contribute to global environmental protection and biodiversity conservation through the management of Company-owned forests.</div>                                                                                                                                                                                                | <div>4 Selected because collaboration with suppliers and subcontractors as business partners is crucial to fulfilling our social responsibility through our business activities</div> <div>5 Selected to ensure that each and every employee of our group is able to demonstrate his or her abilities, which will lead to the growth of the company</div> <div>6 Selected because the pursuit of customer satisfaction is a fundamental philosophy that has been cultivated since the company's founding</div>                                              | <div>7 Selected because compliance and risk management are the foundation for the company's survival</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Related SDGs     | <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>15 LIFE ON LAND</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Main activities  | <div>Development and expansion of sales of environmentally friendly products</div> <div>Development of products that reduce CO<sub>2</sub> and contribute to saving energy</div> <div>Reduction of usage of energy and materials through greater manufacturing efficiency</div> <div>Upgrading and switch to energy-saving equipment</div> <div>Promotion of the 3Rs and waste reduction activities</div> <div>Promotion of green procurement, and maintenance and expansion of forests through sound forest management</div> <div>Maintenance and expansion of owned forest area and timber stocks</div> <div>Creation of environments that take biodiversity into consideration</div> | <div>Clarification and development of NITTA's CSR Procurement Policy, and diversity and equality of opportunity</div> <div>Widespread application of CSR Procurement Guidelines</div> <div>Promotion of active participation by women</div> <div>Promotion of active participation by foreign human resources</div> <div>Development of global human resources</div> <div>Promotion of working style reform and improvement of quality</div> <div>Promotion of health management</div> <div>Strengthening of cross-sectional quality assurance system</div> | <div>Enforcement of compliance</div> <div>Setting of opportunities for education on the NITTA Group Mission, Code of Conduct, etc.</div> <div>Appropriate risk management through the Risk Management Committee structure</div> <div>Surveys of BCP activities at suppliers</div> <div>Strengthening of Group governance, including at overseas sites</div> <div>Development of business management- and auditing-related human resources, including resources assigned to overseas sites</div> <div>Initiatives for fair and appropriate information disclosure and enhancement of communication with stakeholders</div> |
| Ideal image      | <div>Achieve carbon neutrality in 2050</div> <div>Contribution to maintaining a sustainable global environment</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <div>Develop work environments that enable work with peace of mind</div> <div>Contribution to society by facilitating vigorous communication with stakeholders and embodying corporate value</div>                                                                                                                                                                                                                                                                                                                                                          | <div>Sustainable growth and medium- to long-term enhancement of corporate value through fair business activities</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

Overview of sustainability initiatives

The NITTA Group hopes to help achieve a sustainable society through our business, and to achieve our own sustainable growth as well. The Group has established a policy for working toward this goal, the Sustainable Management Policy, which states that the Group will contribute to solving critical issues facing the world.

| Item                      | Related SDGs                                                                                                                                          | NITTA Corporation Materiality                                                                            | FY2022 initiatives (example)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | KPI                                                                                                                               | Fiscal 2022 Target                                                                     | Fiscal 2022 Performance                          | Fiscal 2023 Target                               |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Environment-related items | <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>15 LIFE ON LAND</div>                              | Achievement of a low-carbon society through greenhouse gases (GHG) reduction                             | <div>Review Scope 3 calculation and methods of reducing GHG emissions</div> <div>Implement Scope 1 and 2 GHG emission reductions</div> <div>Establish and disclose GHG emission reduction targets</div> <div>Promote environmental investment (adoption of internal carbon pricing for capital expenditures)</div>                                                                                                                                                                                                                                                    | Reduction in GHG emissions from business activities (Entire NITTA Group)                                                          | GHG emissions: 46% cut in 2030 (compared to 2013)<br>Achieve carbon neutrality by 2050 |                                                  |                                                  |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Environmental investment value ratio                                                                                              | 5%                                                                                     | 5.29%                                            | 5%                                               |
|                           |                                                                                                                                                       | Reduction of environmental burdens and achievement of a cycle-oriented society                           | <div>Activities promoting development of environmentally friendly products (development of products that reduce CO<sub>2</sub> and contribute to saving energy, etc.)</div> <div>Reduction of usage of energy and materials through greater manufacturing efficiency</div> <div>Promotion of green procurement</div> <div>Continue activities to reduce landfill waste</div> <div>Continue activities to reduce electricity and water consumption</div>                                                                                                               | Plastic waste recycling rate                                                                                                      | At least 80%                                                                           | 81%                                              | At least 80%                                     |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Base unit plastic waste reduction rate                                                                                            | At least 1% from 2021                                                                  | 3.2%                                             | At least 1% from 2022                            |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Base unit water usage reduction rate                                                                                              | At least 1% from 2021                                                                  | 8.1%                                             | At least 1% from 2022                            |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Base unit energy consumption reduction rate                                                                                       | At least 1% from 2021                                                                  | 4.1%                                             | At least 1% from 2022                            |
|                           |                                                                                                                                                       | Forest management that contributes to global warming countermeasures and to preservation of biodiversity | <div>Formulate and implement Afforestation Plan goals (Maintenance and expansion of owned forest area and timber stocks)</div> <div>Continue to supply wood for biomass power generation, and consider the potential for expansion</div> <div>Conduct biodiversity surveys in Company-owned forests</div>                                                                                                                                                                                                                                                             | Rate of increase in timber stocks (compared to 2020)                                                                              | 1%                                                                                     | 3.7%                                             | 1.5%                                             |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Supplied amount of domestic timber for biomass energy                                                                             | 1,200m <sup>3</sup>                                                                    | 1,397m <sup>3</sup>                              | 1,250 m <sup>3</sup>                             |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Forest CO <sub>2</sub> Amount of fixation (1,477,978 t in 2020 / 1,512,954 t in 2021)                                             | Up 1% from 2020                                                                        | Up 3.1% from 2020 (1,524,539 t-CO <sub>2</sub> ) | Up 1.5% from 2020 (1,500,147 t-CO <sub>2</sub> ) |
| Society-related items     | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>                                                     | Demonstration of social responsibility throughout the value chain                                        | <div>Conduct CSR promotion activities for suppliers</div> <div>Clarification and operation of CSR Procurement Policy</div> <div>Compliance with Anti-bribery Policy</div>                                                                                                                                                                                                                                                                                                                                                                                             | Assist main suppliers in achieving a rating of 3 or higher out of 5 on the CSR Procurement Guidelines Action Survey Questionnaire | 82%                                                                                    | 82%                                              | —                                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Support for CSR promotion to main suppliers                                                                                       | —                                                                                      | —                                                | Number of supporting supplier companies 13       |
|                           |                                                                                                                                                       | Achievement of motivating and appealing work environments                                                | <div>Carry out measures to prevent COVID-19 transmission</div> <div>Promote diversity and equality of opportunity</div> <div>Expand managerial appointments and develop candidates among women</div> <div>Create an environment where it is easy for men to take childcare leave</div> <div>Continue to conduct health management promotion activities</div> <div>Conduct education on harassment and mental health</div> <div>Hold Safety and Health Committee meetings, including at Group companies</div>                                                          | Participation rate in various training programs (Rehiring, career advancement training, etc.)                                     | 100%                                                                                   | 99%                                              | 100%                                             |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Employment ratio of disabled persons                                                                                              | 2.3% (Fiscal 2023)                                                                     | 2.68%                                            | 2.7% (Fiscal 2025)                               |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Ratio of female managers (%)                                                                                                      | 8% (Fiscal 2025)                                                                       | 8.6%                                             | 11% (Fiscal 2025)                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Employee turnover rate                                                                                                            | Under 5%                                                                               | 2.9%                                             | Keep under 5%                                    |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Male childcare leave utilization rate                                                                                             | 50% (Fiscal 2025)                                                                      | 33.3%                                            | 50% (Fiscal 2025)                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Paid leave utilization rate                                                                                                       | 75% (Fiscal 2025)                                                                      | 76.2%                                            | 75% (Fiscal 2025)                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of Managers promoted from clerical positions                                                                               | 7 people (Fiscal 2025)                                                                 | 7 people Target achievement                      | —                                                |
| Governance-related items  | <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> | Pursuit of customer satisfaction                                                                         | <div>Continue quality improvement activities</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Not disclosed outside the company                                                                                                 | —                                                                                      | —                                                | —                                                |
|                           |                                                                                                                                                       | Promotion of compliance and strengthening of risk management                                             | <div>Numbers of Compliance Committee and Risk Management Committee meetings (4 times/year)</div> <div>Conduct risk analysis, identify major risks, and consider countermeasures, including cases involving domestic and overseas Group companies</div> <div>Conduct internal control audits including domestic and overseas Group companies</div> <div>Conduct compliance and information security education</div> <div>Conduct internal control self-assessment</div> <div>Conduct activities to prevent recurrence of disasters in the areas where they occur</div> | Numbers of Compliance Committee and Risk Management Committee meetings                                                            | 4                                                                                      | 4                                                | 4                                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of compliance education sessions per year                                                                                  | 6                                                                                      | 6                                                | 7                                                |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Strengthened information security, education participation rate                                                                   | 100%                                                                                   | 100%                                             | 100%                                             |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Improvement rate regarding internal audit findings                                                                                | 100%                                                                                   | 100%                                             | 100%                                             |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of serious violations                                                                                                      | 0                                                                                      | 0                                                | 0                                                |
|                           | <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>                                                                                                  |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Conduct surveys on the state of BCP activities at suppliers                                                                       | Implementation rate of least 95%                                                       | 95%                                              | Implementation rate of least 95%                 |
|                           |                                                                                                                                                       |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Provide investor interviews to the Board of Directors as feedback                                                                 | 100%                                                                                   | 100%                                             | 100%                                             |

Environment

Promote environmental measures through a 2-team system made up of the Production Engineering and Factory Engineering Sec.

Takafumi Ishizuka  
Executive Officer  
Nara Plant Manager,  
TNS Center Manager,  
and Person in Charge of Safety,  
Environment, and Quality

Environment

Initiatives to achieve decarbonization, water conservation, and resource recycling

In our Group, the Production Department is at the center of efforts to achieve the CO<sub>2</sub> emissions reduction targets set by the Japanese government (46% cut in greenhouse gas emissions in 2030 compared to 2013). We promote environmental measures in the manufacturing process through a 2-section system where the Production Engineering Sec. plans and executes design and adoption of equipment, and the Factory Engineering Sec. handles on-site operations such as building architecture, infrastructure equipment, renewable energy, wastewater, and wastes, etc.

There is a need for efforts to reduce usage of electricity and gas in hose and tube manufacturing which uses large amounts of electricity, and rubber manufacturing which uses gas-fired steam boilers. For electricity, we have switched all 6 of our workplaces, including our Head Office and plants, to renewable energy, and for gas, we have dramatically reduced gas usage through efficient operation of cogeneration equipment.

At the newly constructed 8th Plant Building, we plan to achieve 90% recovery by adopting equipment for recycled use of the solvent MEK employed for Namd™. Furthermore, for solvents such as toluene, we are working to effectively use resources by separating mixed-in debris and solvent at waste disposal, and recovering part of the waste as valuable material.

As an activity to reduce water usage, we are taking measures to reduce usage of well water at our Nara Plant. We use well water as

cooling water in the manufacturing process, but we have reduced well water usage by 22% by changing from water that was previously drained away after cooling to a circulating system. We also plan to reduce overall water usage by 16% in combination with clean water. Going forward, we plan to deploy measures for improving warming equipment using steam, and effectively using water sources, e.g., in cooling rolls. In order to deploy these results at relevant plants in Japan, the staff of the Factory Engineering Sec. participate in site tours and meetings at each plant, and have achieved synergetic results by promoting reduction of CO<sub>2</sub> emissions, wastewater, and other wastes of the Group as a whole.

Furthermore, we are promoting collaboration with suppliers as a response in purchasing of raw materials for which Scope 3 emissions are high, in order to achieve a broader rollout, beyond our Group and covering the supply chain. We will deploy decarbonization and other environmental measures throughout the entire supply chain by, for example, administering questionnaires to suppliers who account for the top 70-80% of our purchase amounts, providing opportunities to learn from major companies about new equipment and operations for addressing environmental issues, and, for small companies whose measures are lagging behind, providing advice on specific measures including efforts to reduce CO<sub>2</sub> emissions, and visualization of management systems and data.

Aiming to Achieve carbon neutrality by 2050

One example of a future issue is reduction of natural gas usage. We are currently minimizing gas usage through efficient operation of gas-fired steam boilers, but there are limitations on reducing usage completely to zero, and a need to switch to other forms of energy. 2For example, we need to verify solutions for radical energy switching, such as weighing the possibility of methanation, where methane (the main component of natural gas) is synthesized from hydrogen and CO<sub>2</sub>.

Another issue is deploying examples of environmentally friendly design—for which we've built up an extensive track record at the Nara Plant—throughout the Group. As a first trial, there is the case of overseas deployment of high-speed presses. The aim here is to improve productivity by reducing press time, and we plan to adopt this as strategic equipment at overseas sites in the U.S., China, India, Canada, and other countries if effectiveness in reducing energy consumption is demonstrated during operations at the Nara Plant.

NITTA is working to address environmental problems, and our aim is efficient manufacturing with a total commitment to the

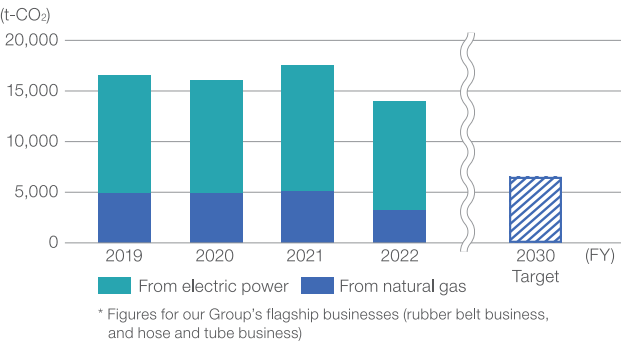
“Responsible Consumption and Production” advocated by SDGs. Our Total NITTA System (TNS) (productivity improvements and cost reduction activities carried out through the thorough elimination of wastefulness) for promoting productivity improvements and cost reduction activities has a 30-year history, and all our employees are committed to our basic conduct as a manufacturing company, such as waste-free manufacturing that does not produce loss or defects, and efficient use of resources, cognizant of the maxim that, in waste treatment: “what is thrown away is waste, what is sorted is a resource.”

In deploying this system to all companies of the Group, the Production Engineering Sec. adopts equipment with an awareness of environmental investment, and the Factory Engineering Sec. is in charge of practical initiatives on site. In this way, comprehensive environmental measures are achieved which integrate equipment, technology, and engineering. Going forward, our Group will pursue further initiatives, collaborating with suppliers and customers, and aiming to realize carbon neutrality in 2050.

Reduction of greenhouse gas (GHG) emissions

Our Group's basic policy on greenhouse gas (GHG) emissions reduction at the production stage is to reduce GHG emissions by 46% from the fiscal 2013 level by fiscal 2030, with the aim of achieving carbon neutrality by 2050, and we are working to achieve that. To reduce GHG emissions, we are advancing three initiatives: (1) thorough implementation of energy-saving measures to reduce energy consumption, (2) expansion of the use of renewable energy, and (3) purchase of GHG-free energy.

GHG emissions (Scope 1,2)

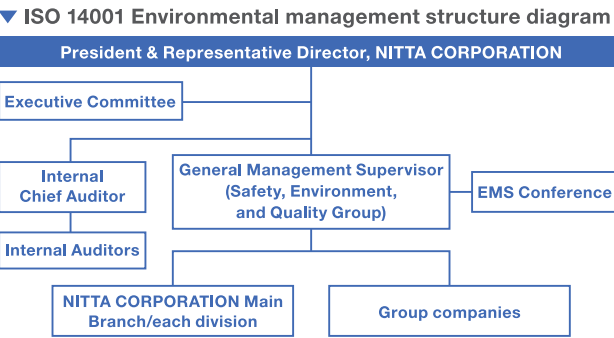


ISO 14001 Environmental management structure

Our Group has built an environmental management promotion structure headed by the NITTA Corporation President & Representative Director, and has established an Environmental Management System (EMS) Conference under the supervision of the General Management Supervisor, with the Safety, Environment, and Quality Group serving as the Secretariat. Environmental promotion managers are also assigned to each Division and Group company to supervise and promote environmental conservation activities in their departments.

EMS Conference activities

Our Group promotes environmental management based on ISO14001. We are improving our environmental performance through periodic internal and outside audits to confirm effectiveness, corrective actions, and improvements.



Material flows

Our material flow for fiscal 2022 was as follows and conduct activities by we setting target values to reduce the environmental impacts that we generate.

INPUT

| Raw material inputs                  | Total raw material inputs | 5,441     | t   |
|--------------------------------------|---------------------------|-----------|-----|
|                                      | Rubber raw material       | 1,915     | t   |
|                                      | Plastics                  | 3,526     | t   |
| Energy inputs                        | Electric power            | 22,087    | kWh |
|                                      | City gas                  | 4,018,000 | m³  |
|                                      | Heavy oil                 | 168,000   | Lm³ |
| Water inputs                         | Total inputs              | 278,956   | m³  |
|                                      | Tap water                 | 99,909    | m³  |
|                                      | Well water                | 179,047   | m³  |
| Environmentally hazardous substances | PRTR substances           | 191,428   | t   |

OUTPUT

| CO <sub>2</sub> Emissions            | Total emissions             | 11,995  | t-CO <sub>2</sub> |
|--------------------------------------|-----------------------------|---------|-------------------|
|                                      | Scope 1                     | 8,797   | t-CO <sub>2</sub> |
|                                      | Scope 2                     | 3,198   | t-CO <sub>2</sub> |
| Wastewater                           | Total wastewater discharges | 186,729 | m³                |
| Plastic waste                        | Total amount of waste       | 1,462   | t                 |
|                                      | Thermal recycling           | 694     | t                 |
|                                      | Material recycling          | 233     | t                 |
|                                      | Landfill                    | 535     | t                 |
| Environmentally hazardous substances | PRTR substance emissions    | 19,025  | t                 |
|                                      | PRTR substance movement     | 13,046  | t                 |

\* The above energy inputs (city gas, heavy oil), water inputs, CO<sub>2</sub> emissions, wastewater, and plastic waste include data for an Affiliated company on the grounds of the Nara Plant.

## Improving manufacturing efficiency to reduce raw material and water consumption

### The 3Rs and waste reduction

Our Group has adopted the 3Rs (Reduce, Reuse, Recycle) as the basis for waste reduction, in accordance with the principles of the Basic Act on Establishing a Sound Material-Cycle Society. We are examining targeted items in the following order of priority: (1) control of waste generation, (2) reuse, (3) recycling, (4) thermal recovery, and (5) proper disposal as our priorities, in that order. Our approach to waste reduction is centered on continuous improvement linked to our NITTA System (NS) (productivity improvements and cost reduction activities carried out through the thorough elimination of wastefulness). The results of these activities manifest themselves as improvements in yields and reductions in defective products.

The “Act Concerning the Promotion of Resource Recycling of Plastics” (New Plastics Law) went into effect, advocating the promotion of efforts such as recycling of plastic resources at every stage from product design to disposal of plastic waste.

As for efforts at the design stage, our Group has been developing things like long-life products and the use of bioplastics, and we have put such products on the market. We will continue to develop environmentally friendly products.

Our efforts to reduce wastes at the production stage include measures such as setting a discharge reduction target on a per-unit basis, and improving yields. We are meeting reduction targets on a per-unit basis at NITTA's (non-consolidated) 3 production sites.

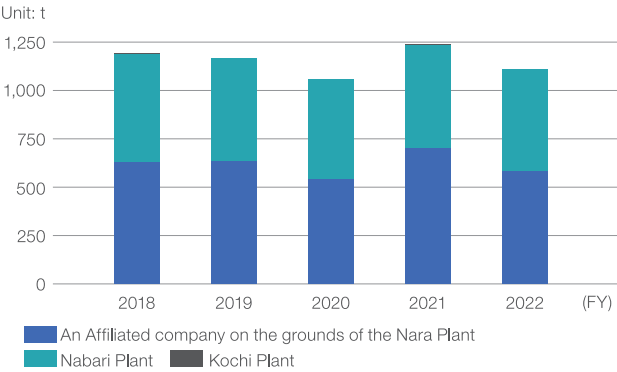
Management of all plastic waste discharged from production sites is required by the New Plastics Law. The graph at right shows the total amount of plastic waste, including plastic waste outside the production stage. Setting waste targets on a per-unit basis, including wastes generated outside the production stage, is an issue that will be examined going forward.

We are working to improve recycling of plastic waste from the standpoint of resource recycling. We go the “extra mile in efforts” to increase the recycling ratio by disassembling metal-plastic composite waste for separate disposal of metals and plastics.

Plastic waste is generally recycled through heat recovery (thermal recycling). In the future, we will seek more advanced recycling methods to deal with contaminant-free high-purity waste plastics generated in the production process, and we will apply these to material recycling, and thermal recycling of landfill wastes.

Also, in compliance with the former Waste Management and Public Cleansing Law, with individual recycling laws, and with ordinances that apply to specific sites, we keep up to date on the permits of waste treatment firms and whether waste treatment contracts match the work performed, and check to confirm manifest-based management and reporting by large-volume waste generators. Every October, we conduct educational activities and patrols in connection with “3R Promotion Month” and “Food Loss Reduction Month.” We check on our status of waste separation and are also continuing activities to reduce excess food production and leftovers in collaboration with our employee cafeteria food service operator.

#### ▼ Waste plastic discharge



### Initiatives for water usage reduction activities

Our Group uses tap water for mainly daily living and cafeteria use, and well water as cooling water for utility equipment at the manufacturing stage, and for sprinkling water in green areas. To reduce usage, we are advancing the following initiatives.

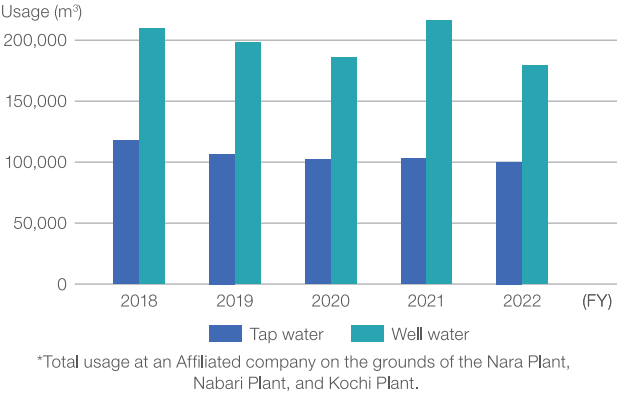
In product production, we perform product cooling using well water after thermoforming. It is common to use a chiller (cooling water circulation equipment) as a method of efficiently using cooling water, and chillers are often provided standard in recent equipment. We are working to adopt equipment with chillers as a high priority in our Group.

We are actively striving for more efficient use of water resources not only in new equipment, but also in existing equipment. By adopting chillers for existing production equipment, we have achieved use with circulation of cooling water, and by reducing usage to a water amount close to the minimum limit that can be cooled, we have achieved a reduction in usage of 19,000 t/year, which is 10% of more of annual well water used at the production site where we have installed and operate the pertinent production equipment.

Going forward, we will pursue even greater efficiency in use of water resources by continuing adoption of new equipment, and

expanding adoption of chillers in existing equipment. Through these initiatives, we hope to reduce water risk in surrounding regions.

#### ▼ Water usage in the manufacturing process



## Promotion of green procurement

### Handling of chemical substances

Based on our Green Procurement Management Regulations, our Group conducts management of raw materials, components, and other procured items with consideration of domestic laws and regulations, customers' green procurement standards, and other factors, with the aim of curbing our use of hazardous chemical substances. In carrying out this management, we also pay heed to movements in EU REACH rules and the EU RoHS Directive.

#### Chemical substance management structure

We have established a chemical substance management system and works toward continuous improvement through activities related to the management of harmful chemical substances and poisonous and toxic substances under environmental conservation managers (chemical substance managers).

#### Education on chemical substance regulations

Based on regulations for risk assessment of chemical substances, we conduct risk assessments of chemical substances used in raw materials. By conducting risk assessment evaluations every year, we stay on top of the harmfulness of chemical substances, based on up-to-date laws and regulations.

In performing the evaluations, we conduct in-house training for risk assessors and provide evaluation methods and information on the latest revisions to domestic laws, overseas regulations, etc.

### Initiatives for the reduction of harmful chemical substances and prevention of spills

The RoHS2 Directive regulates substances that had been widely used as plasticizing agents for rubber and plastics. Our Nara Plant promptly switched from certain regulated plasticizers it had been

purchasing for use with rubber to unregulated plasticizers. This enabled us to not only eliminate use of the regulated substances that used to be produced using these substances but also prevent contamination of products that were produced without using these substances but have been manufactured on the same equipment.

In response to the fact that raw materials used as adhesives during product manufacturing contain specific potentially carcinogenic organic solvents, we were able to eliminate the relevant organic solvents by switching to adhesives that do not contain them. This achievement has enabled us to make improvements in our work environment by eliminating the use of specific organic solvents. Moreover, in response to guidelines in the MHLW Notification “Regarding Storage and Management of Poisonous and Toxic Substances in the Event of Wind and Flooding Damage” concerning the prevention of poisonous substance outflows due to storms, inundation, etc., we are moving the relevant raw materials and products to higher storage locations as a preventive measure. We also plan to install water gate barriers on shutter doors to prevent outflows due to inundation the buildings, as well as at other entrances and exits. We will continue engaging in activities that reduce the impacts of harmful chemical substances on people and the environment.

## Upgrading and switch to energy-saving equipment

### Introduction of environmentally friendly equipment

When renewing equipment, our Group deploys equipment with high-efficiency specifications, and actively promotes the adoption of equipment eligible for Japan's Top Runner Program. (1) We will accelerate the transition to LED lighting fixtures. (2) When renewing large-scale air conditioning equipment, we will perform reviews of installed capacity along with the selection of high-efficiency models, and will build systems that enable a shift

from central air conditioning to zoned air conditioning. (3) When renewing power reception equipment, we will select transformer capacities that match current equipment and will adopt low-loss, high-efficiency transformers. (4) We will adopt high-efficiency motors for manufacturing equipment to reduce power load in the standby (preparation) state.

### Adoption of an internal carbon pricing system

On April 1, 2023, we adopted an internal carbon pricing system for our Company and our domestic subsidiaries. In this system, CO<sub>2</sub> emissions are virtually converted to expenses based on our own criteria, and the results are used as reference when making capital expenditure decisions. By setting the internal carbon price

at 18,000 yen/t-CO<sub>2</sub>, and using the system as a criterion for investment decisions, we will accelerate investment that contributes to reduction of CO<sub>2</sub> emissions, such as low/no-carbon equipment and energy-saving equipment.

### Initiatives for eliminating steam

The Nara Plant uses steam in production lines and heating fixtures. Steam is much easier to use than some other energy sources, but at the same time it is inefficient and is not suitable for waste heat use. We will actively promote the elimination of steam in equipment that allows manufacturing with heat sources other than steam, and will work to reduce CO<sub>2</sub> by reducing energy loss.

#### ▼ Sites with solar panels installed

Both the Nara Plant and Nabari Plant sell electricity to electric power utilities.

| Item                                 | Nara Plant | Nabari Plant |
|--------------------------------------|------------|--------------|
| Solar power generation capacity (kW) | 275        | 200          |
| Annual power generation (MWh)        | 299        | 252          |



Nara Plant



Nabari Plant

Development and expansion of sales of environmentally friendly products

Among our flagship products, we are developing and expanding sales of power-saving belts that reduce the load on motors by using low tension, resin tubing made from plant-derived renewable raw materials, and medium-performance filters that feature improved filter performance and do not require pre-treatment filters. We will continue to focus on these and other products, from the initial stages of planning and draft design, through our prescribed design development management process and environmental impact assessment process laid out in our company's regulations. In doing so, we will examine the

**Plastic Tube**  
(Automotive fuel piping, general industrial tubing)  
Resin tubing made of high-performance polyamide 11 derived from renewable raw material (castor oil).



**Dimming adhesive tape**  
(Temperature-sensitive window film)  
Adhesive tape that turns white when heated, while remaining clear at ordinary temperatures. By affixing this to windows, it is possible to allow in sunlight during winter, and automatically block sunlight in summer, thereby reducing electric power consumption.



**Economy curve conveyors**  
(EC-I/VECS-I/ECW-I)  
The beads used for stable running of the belt employ a 70% plant-derived resin.

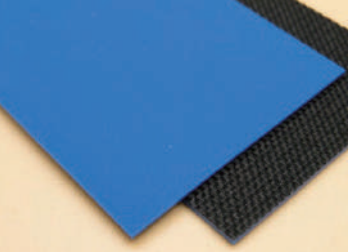


selection of raw materials, manufacturing and processing methods and conditions that contribute to energy conservation, and design products that are lighter and have a longer life in consideration of energy consumption when used in products to help prevent global warming, protect the environment, and reduce CO<sub>2</sub>. We are actively engaged in corporate activities that take the environment into consideration from a long-term perspective, striving to expand our lineup of products that help conserve energy, and contributing to the reduction of CO<sub>2</sub> emissions to help prevent global warming and protect the environment.

**SEB™**  
(Super Endless Belt)  
Compared to V-belts with the same level of transmission capacity, ours features reduced electric power consumption due to its lower bending resistance and reduced material usage due to its lighter product weight.



**PolySprint™**  
No adhesive is needed for fitting work. Flexibility is outstanding, and electric power consumption is reduced by a maximum of 10% when used. (Compared to our existing products) The lineup also includes belts which reduce the rise in drive load in low-temperature environments.



**Air filter**  
(Emilent™)  
An embossed structure technology reduces initial pressure loss by up to 40% and enables a reduction of approximately 30% in electric power consumption (compared to our existing products).



Product and materials development/replacement for environmental protection

The NITTA Group is breaking away from the conventional one-way "linear economy" of mass production, mass consumption, and mass ownership while conducting 3R activities. For example, in the case of belt products, we are moving forward with the development of products using polyurethane resin and elastomers with a high percentage of plant-derived components, and products that can be used with low impact, even in low temperature environments. In the field of tubing products, we already produce and supply products made with naturally derived polyamide resin. We will continue studying new materials in order to increase these products.

In environmentally friendly filter products, we will engage in product development that considers recycling from the design stage onward. An example is the refinement of joint structures

between the filter material and case for easier separation and collection after disposal.

As a medium- to long-term measure, our Technical Center is undertaking the development of new products that achieve both functional expression and reduced input of petroleum-derived raw materials through the addition or substitution of naturally-derived raw materials, such as cellulose nanofibers, in products. To promote effective utilization of resources at our forest in Hokkaido, we are also studying the separation of active ingredients from wood and ways to use them.

The Group is committed to research and development aimed at creating a circular economy that seeks to improve resource recycling without generating waste in the end.

Sustainable forest management

116 years since encountering the forest  
The relationship between NITTA and forests, beginning with leather belts

In 1906, NITTA advanced into the Tokachi region of Hokkaido where oak trees grow, in search of oak that provides tannin raw material needed in the leather tanning process. Land at the time was sold off under the condition of development. However, our founder Chojiro Nitta took the then-unusual action of planting

larch trees after harvesting the oak, as an effort to conserve the forest.

Since that time, we have continued planting trees every year. We also engage in the forestry business, including the provision of timber and seedlings to meet the need for domestic timber.

| Raising seedlings                                                                                                                                                                                                    | Planting trees (forestation)                                                                                                                                    | Raising trees (underbrush cutting, thinning)                                                                                                                                                                                                                                                    | Harvesting trees (logging)                                                                                                                                           | Providing certified lumber (carrying out)                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A feature of our forestry business is that our sapling production is focused on larch, the main species of tree in the region. We supply saplings to company-owned forests, forestry associations, and other buyers. | To maintain and circulate resources, we always remove branches remaining in the forest after logging, cut underbrush, and carefully plant seedlings one by one. | For several years after planting, we perform underbrush cutting to avoid choking by weeds, then thin out the trees multiple times to promote growth, mostly by cutting out poorly formed trees. In principle, we carry logs from 20-years or older trees off of the mountain for use as timber. | Trees that have grown large are logged at around 45 years. All logs are carried out, completing the series of cycles on the mountain and leading to the next cycles. | Our forest is certified by the Sustainable Green Ecosystem Council (SGEC). The wood produced is used in building materials and as fuel for biomass power generation. We expect that it will be used in the future in building architecture and other areas, through innovations in sawing/processing technologies and building technologies. |
|                                                                                                                                   |                                                                              |                                                                                                                                                                                                              |                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                              |
| Seedling raising                                                                                                                                                                                                     | Japanese larch growing area                                                                                                                                     | Transporting out certified lumber                                                                                                                                                                                                                                                               |                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                              |

Initiatives for global warming countermeasures

- **Maintenance and expansion of timber stocks\***  
We will work to expand the timber stock in our company-owned forest through thorough replanting after logging and through appropriate thinning.
- **Contribution to the utilization of biomass energy**  
We will continue working to expand the supply of wood for biomass power generation, an area for which we currently supply a given amount of wood every year.

\* Timber stocks: Sum of standing timber volume (unit: cubic meters) in Company-owned forests.

Initiatives for the creation of environments that consider biodiversity

- **Participation in the 30by30 Alliance for Biodiversity**  
NITTA supports the motive for establishing this alliance, and we will contribute to the realization of a sustainable society by aiming to register part of our company-owned forest as an OEMC.
- **Providing places and opportunities for encounters with nature**  
We actively cooperate in making our company-owned forests available for use by government-sponsored workshops, in hosting internships for young people who aspire to forestry, etc.
- **Conduct biodiversity surveys in Company-owned forests**  
We assess the state of habitats and vegetation through ongoing biodiversity surveys in our company-owned forest, and formulate measures for the conservation of rare animals and plants.

[Surveys of biodiversity]

Field surveys by local consultants are carried out 3 times a year, in the spring, summer, and fall seasons. Notes are recorded and photos taken of the species discovered inhabiting the area. Lists are periodically made based on the results. In fiscal 2022, we conducted a survey of animals and birds, confirming the presence of valuable species including two families and two species of animals, and three families and six species of birds. One bird species, the black woodpecker, is a nationally-designated natural treasure.



Animals: Confirmed species, including valuable species confirmed by survey (partial list)



Birds: Confirmed species, including valuable species confirmed by survey (partial list)

Social

The foundation of value is “People”.  
Initiatives for future growth.

Executive Officer  
Personnel administration  
Yuji Hamada

In moving toward realization of the SHIFT2030 medium- to long-term business plan, the Human Resources Dept. is pursuing the theme of **creating environments where each employee can work energetically while making the most of their capabilities and characteristics**, and addressing issues like securing and developing human resources, promoting working style reform, implementing health management, and creating work environments that facilitate work.

Initiatives for diverse working styles and diversity

At our Company, there have never been any wage differentials based on sex among employees are in the same occupational group, such as skilled work, clerical work, or career track. As one initiative for the promotion of active participation by women, we have revised our system so that employees in clerical work, the majority of whom are women, can directly advance to management positions. We have also put in place work environments to facilitate work by employees engaged in childrearing, such as shorter

working hours and staggered working hours during the period of childrearing. For male employees too, we are developing an environment where it is easier to take leave, in line with amendment of the Child Care and Family Care Leave Act in June 2021, and the number of employees taking long-term leave is gradually increasing. Aside from that, we will actively promote employment of disabled persons and seniors, and strive to create optimal programs and work environments for diverse employees.

Human resource development based on rank-specific programs

In the human resources education of our Group, we have rank-specific training for new employees, young and mid-career employees, and management, and a theme-specific training menu covering compliance, global human resources, and career design. During six months of training for new employees, trainees experience on-site training in a department for about four months. The aim is for trainees to understand their own work, and also ensure smooth communication with senior employees at each site, who they interacted with during training, after they are assigned.

Human Resource Development (training program)

We believe that development of human resources begins from hiring, and we hire and cultivate diverse human resources based on the NITTA Group Code of Conduct and Practices Book. Recognizing that diversity is the source of innovation, we ensure diversity of our employees. We have established a system that

enables appropriate and effective human resource development for all employees, so they can better exhibit their diverse capabilities. More specifically, we develop personnel based on the NITTA Human Resource Development Program, while respecting the individuality and autonomy of each employee.

|                            | Developing Leaders                                        | Global human resources                                      | Training and education by theme |                        |  |  | Self-development |
|----------------------------|-----------------------------------------------------------|-------------------------------------------------------------|---------------------------------|------------------------|--|--|------------------|
| General Manager            | Management candidate assessment                           |                                                             | Evaluator Training              | Career design training |  |  |                  |
|                            | Advanced Business Leadership Training Follow-up           |                                                             |                                 |                        |  |  |                  |
|                            | Advanced Business Leadership Training                     |                                                             |                                 |                        |  |  |                  |
| Managers                   | Business LeaderBeginner Training Follow-up                | Development and training of overseas global human resources |                                 | Career design training |  |  |                  |
|                            | Introductory Business Leader Training                     |                                                             |                                 |                        |  |  |                  |
|                            | New appointee management training follow-up               |                                                             |                                 |                        |  |  |                  |
| Mid-level (30 generations) | New appointee management training                         | Overseas trainee                                            |                                 | Mentor/Elder training  |  |  |                  |
|                            | Assessment for managerial appointment                     |                                                             |                                 |                        |  |  |                  |
|                            | Next-generation management training follow-up             |                                                             |                                 |                        |  |  |                  |
| Junior (20 generations)    | Next-generation management training                       |                                                             |                                 |                        |  |  |                  |
|                            | Training for clerical positions (Clerical positions only) |                                                             |                                 |                        |  |  |                  |
|                            | Junior Career Design Training Follow-up                   |                                                             |                                 |                        |  |  |                  |
| New employees              | Junior career design training                             |                                                             |                                 |                        |  |  |                  |
|                            | 2nd year follow-up (Career track positions only)          |                                                             |                                 |                        |  |  |                  |
|                            | Mentor/Elder System                                       |                                                             |                                 |                        |  |  |                  |
|                            | On-site training (career track positions only)            | English Presentation and Business English Conversation      |                                 |                        |  |  |                  |
|                            | Group training for newcomers                              |                                                             |                                 |                        |  |  |                  |

Initiatives for the promotion of active participation by women

As part of our efforts to increase opportunities for women to play an active role, we changed rules that restricted employees to specialist (expert) staff positions when promoted from clerical to administrative staff positions. Employees can now be promoted from clerical staff positions to management (organizational management) or planning staff (specialist) positions. To continue increasing the number of female candidates for promotion to management and planning positions, we will enhance our education system, improve the rate of paid leaves taken, offer shortened or staggered working hours during their childrearing phase, and otherwise improve the working environment to facilitate work by women.

Employment of disabled persons

At NITTA, people with disabilities in various occupations (technical, clerical, and industrial) actively participate in the Production Engineering, Corporate, and other departments, regardless of gender. In each workplace, we match each person with a departmental affiliation and position that matches the degree and type of disability, as well as the individual's abilities and aptitude, so that they can fully apply their abilities without undue difficulty. Persons with disabilities may need to make regular visits to the hospital, and we have a shortened working hour system in which the prescribed working hours are determined according to the day of the week. At present we are complying with the statutory employment rate, and we will continue to improve the employment environment going forward.

Further initiatives for health management

I believe that employees working in an energetic and healthy manner is vital for the continuing growth of the company. Thus the targets in the table at right have been established, in addition to an examination rate of 100% for health examinations and mental health checks.

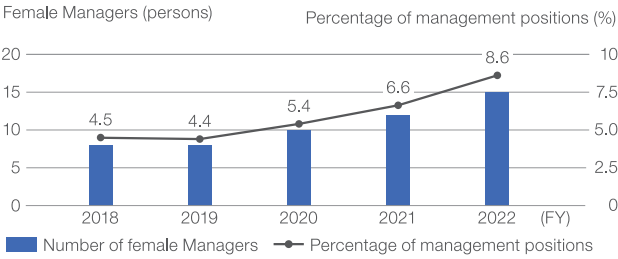
Recognized for 5 consecutive years by the “White 500,” promotion of health management

For five consecutive years since 2019, NITTA has been recognized as a Health and Productivity Enterprise “White 500” organization (Large Enterprise Category). We regard the physical and mental health of employees as an important foundation of management, and we are making efforts centered around the themes of improving health programs, the health management system, health examinations, employee benefits, and options for styles of working and taking leave. Our diverse health programs include things like walking events using smartphone apps, and providing healthy menu options in our cafeteria. Going forward, we will continue to make the physical and mental health of our employees a top priority.

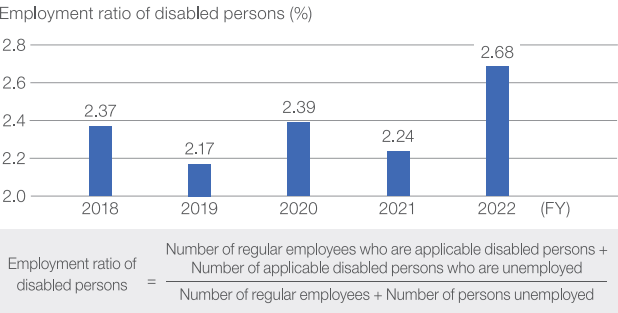
Striving for harmonious relationships “with you”

The phrase “with you” in the NITTA Group Mission “Going ahead with you” connects with our founding spirit of “harmony.” Personnel administration is work pertaining people, and by providing various types of support and action to enable employees to work cheerfully and comfortably, and attend work in

Ratio of women in management positions



Employment ratio of disabled persons in the last 5-years



Health management targets

| Target item                                                                                                          | Fiscal 2021 | Fiscal 2022 |
|----------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| (a) Increase the percentage of people interested in improving lifestyle habits to 85% (%)                            | 74.0        | 75.6        |
| (b) Raising the percentage of people who engage in walking or other physical activity at least once a day to 50% (%) | 40.0        | 37.4        |
| (c) Increase the percentage of people who eat meals less than 2 hours before bed 2 times or less a week to 70% (%)   | 63.7        | 59.9        |

NITTA’s CSR Procurement Policy

Based on the NITTA Group Mission, NITTA Group Code of Conduct, NITTA Group Sustainable Management Policy, NITTA Group Procurement and Purchasing Policy, our Group engages in initiatives aimed at sustainable growth and seeks to fulfill its social responsibilities through its business activities. In fiscal 2020 we created the NITTA Group CSR Procurement Guidelines. We believe that having these parties understand the aims of the guidelines as they undertake initiatives will lead to the enhancement of corporate value for both our business partners and the NITTA Group.

Also, with the intention of supporting the Ministry of Economy, Trade and Industry’s compliance efforts with respect to the Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises, we published a Declaration of Partnership Building on March 30, 2022 at the portal site of the National Association of Small and Medium

Enterprise Promotion Organizations. Our Declaration of Partnership Building explicitly includes the following.

- 1. We will work to build a sustainable supply chain by reinforcing the prompt exchange of information with our suppliers, including in times of emergent risk.
- 2. We will strive to comply with the promotion standards by individually clarifying the details of actions to be taken in the five priority areas of appropriate trading, such as price determination methods and mold management.

Based on this declaration, our group will actively work to solve social issues throughout our supply chain.



NITTA Group CSR Procurement Guidelines action items

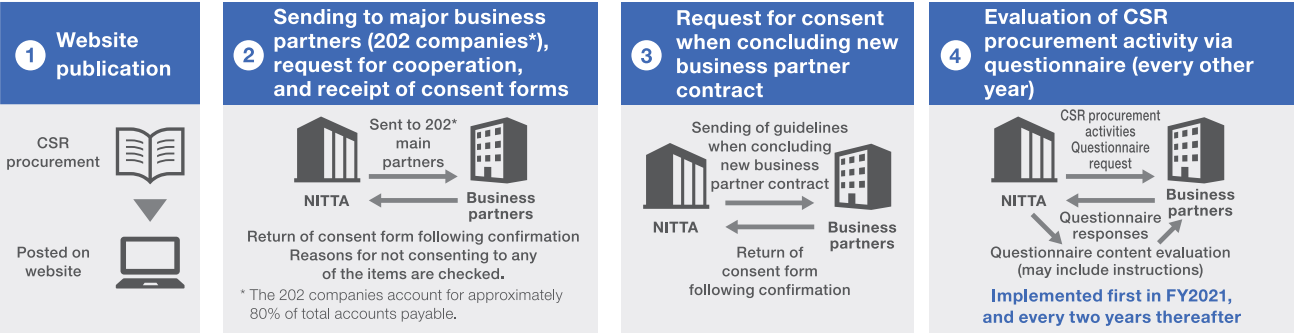
| Item                                                        | Activities                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Compliance with laws, social norms and fair transactions | <ul style="list-style-type: none"><li>Legal compliance</li><li>Whistleblowing and audit systems</li><li>Blocking of antisocial forces</li><li>Prohibition of regulated minerals</li><li>Prohibition of improper provision or receipt of profits</li><li>Compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors</li><li>Respect for intellectual property rights</li></ul> |
| 2. Respect for human rights                                 | <ul style="list-style-type: none"><li>Compliance with international norms</li><li>Prohibition of harassment</li><li>Elimination of all forms of discrimination</li><li>Prohibition of handling goods under unfair working conditions</li></ul>                                                                                                                                                                      |
| 3. Occupational health and safety                           | <ul style="list-style-type: none"><li>Compliance with labor-related laws</li><li>Hazard prediction activities</li><li>Supply of protective equipment</li><li>Enforcement of equipment safety</li></ul>                                                                                                                                                                                                              |
| 4. Assurance of stable supply                               | <ul style="list-style-type: none"><li>Establishment of a procurement BCP system</li></ul>                                                                                                                                                                                                                                                                                                                           |
| 5. Consideration of the environment                         | <ul style="list-style-type: none"><li>Operation of environmental management</li><li>Implementation of green procurement</li></ul>                                                                                                                                                                                                                                                                                   |
| 6. Social contribution and communication                    | <ul style="list-style-type: none"><li>International/regional/active contribution activities</li></ul>                                                                                                                                                                                                                                                                                                               |
| 7. Information management                                   | <ul style="list-style-type: none"><li>Management of confidential information/personal information and prevention of leaks</li></ul>                                                                                                                                                                                                                                                                                 |

Initiatives for suppliers (purchasing partners)

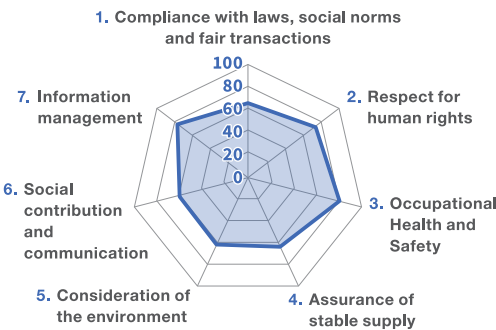
To provide products that are safe and secure, our Group conducts procurement activities in compliance with our CSR Procurement Guidelines. In fiscal 2022, we began supporting some business partners based on the results of a questionnaire on initiatives and operations relating to these guidelines, administered in fiscal 2021. Many business partners have responded positively to these support activities, and their initiatives to address sustainability and CSR have been energized.

We have formulated a plan to provide priority support starting in the next fiscal year regarding human rights due diligence and cybersecurity measures, which have recently become a major social issue. We will continue to put into practice support for our business partners with the aim of achieving mutual growth for both our business partners and our Group.

The flow of evaluation of CSR procurement activities



Questionnaire results (average scores)



Compliance with laws and social norms, and fair transactions

Compliance with laws and social norms

Our Group has established the NITTA Group Code of Conduct and the NITTA Group Code of Conduct Practices Book (hereinafter “Practices Book”) that operationalizes the Code of Conduct and indicates basics in the conduct of business activities. The Practices Book stipulates compliance with laws and regulations as shown on below. We want everyone working in the Group to act with self-discipline under such ethical standards.

Fair Dealings

In the NITTA Group Code of Conduct, NITTA Group Procurement and Purchasing Policy, and NITTA Group CSR Procurement Guidelines, we state our commitment to engage in fair transactions and to conduct business in compliance with principles of fair competition and with all applicable laws and regulations. Our aim is to practice fair transactions.

Compliance with laws and regulations in the NITTA Group Code of Conduct Practices Book

|                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We will comply with the laws and regulations of Japan of other countries and regions, will respect social norms, and will act with integrity and self-discipline.                                                                                                                                                    |
| 1. We will endeavor to correctly understand and comply with laws and regulations, our internal rules, and other matters related to our business.                                                                                                                                                                     |
| 2. We will remain aware of and take pride in being part of the storied NITTA Group, and will act with integrity and self-discipline in all situations.                                                                                                                                                               |
| 3. We will take appropriate action based on rules when witnessing any act that violates or may violate laws or our internal rules.                                                                                                                                                                                   |
| 4. We will respect the rights of others and will act in ways that do not infringe upon those rights.<br>In particular, we will endeavor to protect our intellectual property rights (patent rights, trademark rights, copyrights, etc.), and will act appropriately so as not to infringe upon the rights of others. |

NITTA Group CSR Procurement Guidelines (1) Items relating to compliance with laws, social norms, and fair transactions

- We will comply with laws, ordinances, and government notifications that apply to our business activities. (Corporate law, anti-monopoly law, subcontracting-related law, labor-related laws and regulations, environment-related laws and regulations, etc.)
- We will maintain a whistleblowing system for the reporting of illegal activities and improprieties.
- We will prohibit dealings with antisocial forces.
- We will prohibit improper provision or receipt of profits.
- We will conduct internal audits to prevent misconduct or errors in business.
- We will not misuse our advantageous position in acts that place our suppliers at a disadvantage.
- We will respect the intellectual property rights of suppliers and will not use suppliers’ product specifications or know-how without permission. We will also ensure that goods we purchase do not infringe on the intellectual property rights of third parties.
- We will not purchase minerals that may be causes of social problems.

Quality contribution activities

Quality Policy

With manufacturing forming the core of our business at the NITTA Group, quality is the foundation. We have established a Quality Policy, which states that, to provide high-quality products and services, the NITTA Group works with customers to advance product development and to create products that take safety and the environment into consideration. This Quality Policy constitutes the basic approach to quality of our Group.

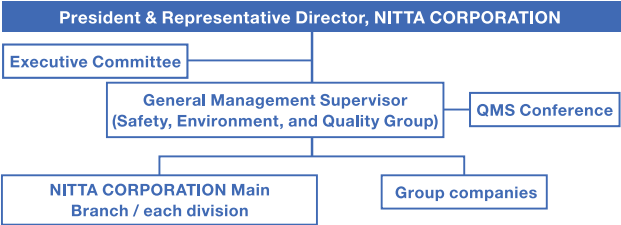
Promotion structure for quality improvement activities

Our Group has created a structure for the promotion of quality management and promoted quality improvement activities. We perform organizational management in divisions and Group companies through the Quality Control Committee. Our domestic and overseas manufacturing sites have acquired ISO9001 certification (IATF16949 certification for automobile parts manufacturing sites), the international standard for quality management systems. We are building mechanisms for quality control based on the requirements of standards.

Quality education

Every fiscal year, the Safety, Environment, and Quality Group develops an Education and Training Program for each department, and implements it systematically. We perform policy management and development in all Divisions and Group companies. Furthermore, we operate a quality management system and engage in quality control activities throughout the organization, such as writing out and implementing “individual quality goals” on a policy card every year.

Quality improvement promotion structure diagram



Occupational Safety and Health Policy

- We will make occupational safety and health risks clear and will continuously effect improvements to create zero-risk workplaces.
- Acting under the recognition that placing safety first and ensuring the health and safety of all employees is the highest priority and the foundation for our corporate activities, we will comply with the Industrial Safety and Health Act and other regulations and rules. At the same time, through safety and health activities, we will engage in ongoing improvement and work to prevent and eliminate occupational accidents, automobile accidents, and deterioration of the health environment in the company.



Forklift safe operation classes



AED usage training

- Safety and hygiene patrols by varied management positions
- Risk assessment (safety, hygiene, traffic, chemical) surveys
- Near-miss incident activities
- Disaster simulation experience classes, etc

Involvement with local communities

Supporting the 23rd Nikkei Education Challenge for SDGs

The Nikkei Education Challenge for SDGs (organized by Nikkei, Inc.) is a career education event which gives high school students a realistic picture of topics like the efforts being made every day by business people to discover and resolve issues for realizing a sustainable society, and the stance underlying those efforts. The NITTA Group believes it is vital to develop human resources to contribute globally to society and the environment. We agree with the motivation of this program, which aims to develop the high school students who will implement SDGs in the future, and we have supported the event for 6 consecutive years.



Support for cultural activities

Our Group contributes to the development of local communities and the preservation of cultural assets by supporting the maintenance and management of Kotonoura Onzan-Soh-En, a public interest incorporated foundation in Kainan, Wakayama Prefecture. The site was designated a national scenic asset, and its main buildings as tangible important cultural properties, in 2010, including gardens landscaped by our founder, Chojiro Nitta. We also sponsor events (Doll Festival, Summer Festival, etc.) hosted by the garden as a way to contribute to regional cultural activities.



Community service (cleanup activities, opening of green spaces at plants)

Our Main Branch and plants engage in ongoing yearly local clean-up activities, including clean-up campaigns and litter pick-up, in cooperation with local governments and neighboring communities. There is an impression that the general amount of litter on our streets and neighborhoods is decreasing with every passing year, but large waste items are still being found discarded in spots hidden from view. We will continue to actively promote cleanup activities and contribute to the beautification of the local communities around us. We are also working to contribute to our local communities by registering our Head Office building and Ashihara Driving School as tsunami evacuation buildings.



Cooperation with blood drives and bone marrow bank donor registration

Our Group employees cooperate with regular blood donation and in promoting donor registration for bone marrow banks. Our Company has established a donor leave system that provides paid leave for donors during hospitalization for collection, and also performs coordination and the advance health examinations required for donor candidates. In addition, several employees have already provided bone marrow donations thanks to understanding and accommodation by their supervisors and other colleagues for their work duties while on donor leave.



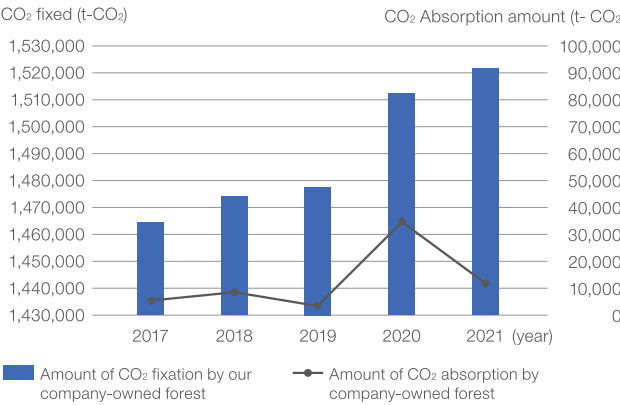
Contribution to global environmental issues through the maintenance and conservation of forest resources

NITTA Corporation expanded into the Tokachi region of Hokkaido in 1906 in search of oak trees. For over a century since then, we have engaged in the forestry business, including seedling cultivation, tree planting, thinning, and logging. Both then and now, we place value on social contribution through forests.

Contribution to global warming countermeasures

Our Group owns about 6,700 hectares of forest in the Tokachi area of Hokkaido. Forests have functions that are beneficial for humans, including the absorption and fixing of CO<sub>2</sub> in a global warming prevention effect that has come under much attention in recent years. For fiscal 2021 (the fiscal year ending March 2022), we estimate that the amount of CO<sub>2</sub> fixed by our company-owned forest was approximately 1,524,539 t-CO<sub>2</sub><sup>\*1</sup>, with a net absorption amount of 11,585 t-CO<sub>2</sub>.<sup>\*2</sup>

▼ Aggregate amount of CO<sub>2</sub> fixed in our company-owned forest



\*1 Amount of CO<sub>2</sub> fixed (t-CO<sub>2</sub>) = timber stock at the end of fiscal 2021 x biomass expansion coefficient for each species of tree x volume density for each species of tree x carbon content x CO<sub>2</sub> conversion coefficient  
\*2 CO<sub>2</sub> net absorption amount (t-CO<sub>2</sub>) = amount of CO<sub>2</sub> fixed at the end of fiscal 2021 - amount of CO<sub>2</sub> fixed at the end of fiscal 2020

Initiatives for the next generation

As a component of our Group's forestry business, we grow the seedlings necessary for tree planting. Amid a significant decline in the number of sapling producers, we will contribute to the local communities by stably providing saplings and engaging in efficient sapling production in Hokkaido. We have also created a Clean Larch (Elite Tree) Seed Orchard as an initiative aimed at the next generation. These trees grow significantly faster than ordinary trees. They show promise not only for meeting building material demand but also as a future CO<sub>2</sub> sink. Although production of full-scale saplings will still require over a decade, we plan to continue steadily carrying out this work.



Clean Larch (Elite Tree) Seed Orchard

Communication with the community

Hokkaido, where our company-owned forest is located, is home to unique "tree education" activities carried out in many regions to develop human resources capable of independently considering the relationship between forests and people. We are cooperating with these tree education activities as a part of our measures to strengthen relationships with local communities, enacting our own unique measures. The following are some specific activities we have carried out in the past few years. In addition to the following activities, we are carrying out a number of activities in cooperation with relevant regions to build interest in forests among local communities. We will continue to actively roll out such activities in our efforts to raise interest in forests as a main feature of the natural environment in as many people as possible.

Cooperation with training grounds for tree planting and pruning

Provision of grounds for tree planting and pruning training by volunteers involved in lumbering, construction, etc.



Provision of tree bark to Ainu people

Provision of tree bark for use as a material in costumes worn by indigenous Ainu people in rituals



Provision of a location for study by young forestry workers

Provision of company-owned forest for on-site training hosted by Hokkaido



Cooperation in Hokkaido research

Provision of company-owned forest as a testing and research ground for new technologies researched by Hokkaido



Cooperation with labor-saving technology testing

Provision of company-owned land for on-site testing of mechanization, undertaken by various company groups, and other organizations as a measure for labor-saving technology



Social studies class at a local elementary school

Implementing forest management education as part of social studies classes



Governance

We strive to promote compliance and strengthen of risk management.

Governance

Basic Approach

The NITTA Group believes that undertaking sustainable growth and medium- to long-term enhancement of corporate value through fair business activities is the basic mission of corporate management in responding to the trust of our shareholders and investors. Additionally, we have obligations to stakeholders other than shareholders and investors, including customers, business partners, local communities, local governments, employees, and the global environment.

Corporate Governance

Management system

Overall view of our governance organization

Our Group is structured as a company with an Audit & Supervisory Board so as to facilitate the ability of the Board of Directors to perform proper business management while the Audit & Supervisory Board carries out management oversight. In order to ensure the full realization of these functions, we appoint multiple outside directors who are capable of providing an independent perspective on business execution. Moreover, Outside Audit & Supervisory Board members are selected from multiple fields and are appointed to make up half of the Audit & Supervisory Board, where they facilitate multifaceted oversight. In this way, we have a broad spectrum of experience and expertise from which to obtain advice and ideas, as well as a system of corporate governance with highly transparent and sound management. We have also adopted an executive officer system that separates decision-making (the Board of Directors) from business execution in order to ensure both appropriate business management and efficient business execution. We have also established a Executive Committee composed of full-time directors and executive officers who deliberate on important management issues to assist the president with business execution.

Directors and the Board of Directors

In order to facilitate the establishment and achievement of corporate management strategies, policies, and targets, the Board of Directors is vested with the authority and responsibility to perform concrete planning, stipulate basic matters for overall management, and put forward resolution measures for internal issues, along with the authority to oversee the performance of the Representative Director and other Directors and Executive Officers, and is obligated to pursue all duties fairly.

In practicing corporate management under this way of thinking, we recognize the importance of establishing corporate governance that covers securing accuracy and greater speed in decision-making, improving the transparency of management, enhancing information disclosure and IR, and strengthening risk management (including compliance systems). Accordingly, we are working to strengthen and enhance governance through means including management system innovation.

To facilitate prompt and appropriate decision-making and fulfillment of the full scope of responsibilities held by the Board of Directors, we limit the number of directors to nine, including three outside directors. Directors serve for one year, after which they are eligible for reappointment.

Audit & Supervisory Board and Audit & Supervisory Board Members

The purpose of the Audit & Supervisory Board is to carry out the duties required of it by the Companies Act and to serve as an objective observer of our management. Full-time Audit & Supervisory Board members attend Board of Directors meetings, Executive Committee meetings, and other important meetings, and perform compliance- and legality-related auditing of the company's business execution. Outside Audit & Supervisory Board members ask questions regarding the legality of company decision-making at Board of Directors meetings, and provide their own opinions on these matters. To facilitate accounting and operational audit effectiveness, we limit the number of Audit & Supervisory Board members to four. At least half of these are outside Audit & Supervisory Board members. The NITTA Group has established an organization to support the work of Audit & Supervisory Board members, with dedicated employees who execute duties under the leadership of the Audit & Supervisory Board. Additionally, appointments and transfers of these employees shall be determined through consultation with the Audit & Supervisory Board to ensure the independence of the staff from directors and to ensure their effectiveness in carrying out tasks as directed by Audit & Supervisory Board members.

Outside Directors and Outside Audit & Supervisory Board Members

The NITTA Group appoints outside officers who bring a wide range of experiences and insights, including in specialized fields, to our Group managerial decision-making, and who supervise the validity of our business execution from fair and neutral standpoints. With regard to standards for independence of outside directors, the NITTA Group follows the criteria for outside director independence stipulated in the 2010 Tokyo Stock Exchange Guidelines for Listing Management, as well as the attribute information from the 2012 Revised Tokyo Stock Exchange Listing Rules. However, with regard to the appointment of outside directors, our Group has established its own minimal standard criteria.

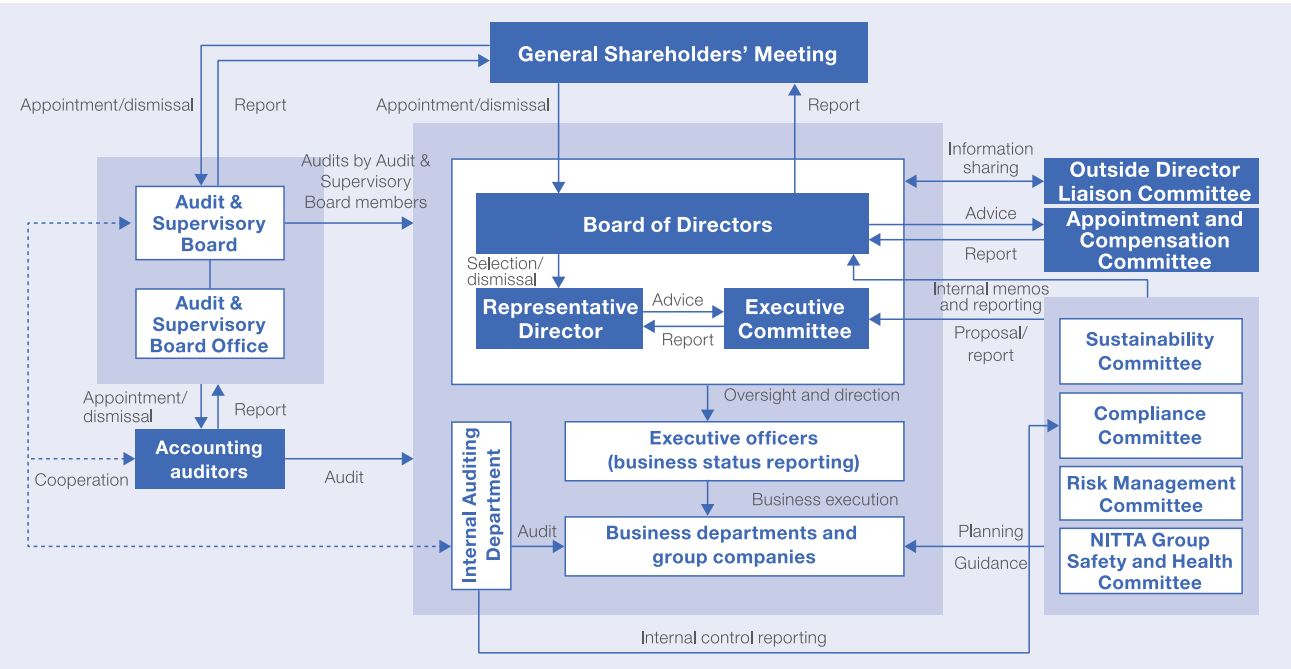
Outline of Limitation of Liability Agreements

The NITTA Group maintains agreements with outside directors and outside Audit & Supervisory Board members, which are based on the stipulations of Paragraph 1, Article 427 of the Companies Act and which limit liability for compensation as well as the amount of liability compensation as stipulated by Paragraph 1, Article 423 and Paragraph 1, Article 425, respectively, of the Companies Act.

Appointment and Compensation Committee

The Group's Appointment and Compensation Committee consists of three outside directors and two inside directors. An outside director serves as the Chair. Following consultation with the Board of Directors, the Appointment and Compensation Committee deliberates on candidates for appointment to and dismissal from the Board, human resource development programs, the compensation system for directors, and the level and distribution of compensation, after which it reports to the Board of Directors.

NITTA Group Corporate Governance System Chart

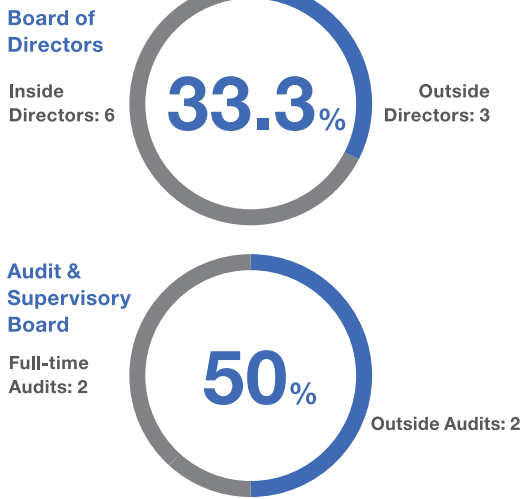


Members in attendance at Board of Directors, Audit & Supervisory Board, and Appointment and Compensation Committee meetings

| Names of Directors/Auditors       |                                            |                       | Board of Directors | Audit & Supervisory Board | Appointment and Compensation Committee |
|-----------------------------------|--------------------------------------------|-----------------------|--------------------|---------------------------|----------------------------------------|
| Directors                         | Representative Director / President        | Yasunori Ishikiriyama | ◎                  |                           | ○                                      |
|                                   | Representative Director                    | Takeshi Kobayashi     | ○                  |                           | ○                                      |
|                                   | Director                                   | Toyohiro Hagiwara     | ○                  |                           |                                        |
|                                   | Director                                   | Seichi Kitamura       | ○                  |                           |                                        |
|                                   | Director                                   | Atsushi Izumi         | ○                  |                           |                                        |
|                                   | Director                                   | Kouichi Kakegami      | ○                  |                           |                                        |
|                                   | Directors (Outside)                        | Hiroe Toyoshima       | ○                  |                           | ◎                                      |
|                                   | Directors (Outside)                        | Takehisa Ikeda        | ○                  |                           | ○                                      |
|                                   | Directors (Outside)                        | Tomoyuki Ono          | ○                  |                           | ○                                      |
| Audit & Supervisory Board Members | Full-time Audit & Supervisory Board Member | Junichi Akai          | ○                  | ◎                         |                                        |
|                                   | Full-time Audit & Supervisory Board Member | Katsuhiro Fukuwaka    | ○                  | ○                         |                                        |
|                                   | Audit & Supervisory Board Member (outside) | Kazuyoshi Matsuura    | ○                  | ○                         |                                        |
|                                   | Audit & Supervisory Board Member (outside) | Tetsuaki Ogami        | ○                  | ○                         |                                        |

◎: Chair ○: Attending member

Percentage of outside members



## Compliance

### Compliance System

The NITTA Group has established the Compliance Committee under the Board of Directors, and established the Compliance Subcommittee under the Committee, the subordinate Compliance Subcommittee is tasked with practical review and planning to ensure thorough internal control and enforcement of compliance. Generally meeting once a month, the Compliance Subcommittee performs duties related to the following matters.

- 1. Establishment of basic policies, internal rules, etc., concerning compliance promotion, and formulation of proposals for revision or abolition of such policies, rules, etc.
- 2. Formulation, progress management, and evaluation of proposed compliance promotion plans
- 3. Matters concerning initiatives for the sharing of internal audit findings

### Priority Initiatives Involving Compliance

#### Prohibition of Bribery

The NITTA Group Code of Conduct includes explicit calls for “compliance with laws and regulations,” “fair dealings,” and “establishment of a system for promotion of corporate ethics.” It also establishes the NITTA Group Anti-bribery Policy in efforts to prevent violations of prohibitions against the bribery of civil servants and other parties.

#### Initiatives for the Elimination of Antisocial Forces

To help eliminate antisocial forces, the NITTA Group acts in accordance with laws to resolutely deal with forces and groups that threaten the order and safety of business activities and people's lives. We have incorporated this aim into the NITTA Group Code of Conduct, which stipulates that we will cut off any relationships with antisocial forces and will engage in no actions that encourage their activities.

The General Affairs and CSR Promotion Dept. is in charge of responding to unreasonable demands or otherwise dealing with antisocial forces. The department prepares manuals and other materials for reporting and responding to incidents, and cooperates with police, the National Center for Removal of Criminal Organizations, and other bodies to systematically deal with antisocial forces.

#### Efforts to Prevent Insider Trading

To ensure that officers and employees of the NITTA Group comply with Article 166 and Article 167 of the Financial Instruments and Exchange Act, the NITTA Group Code of Conduct forbids the buying or selling of shares on the basis of unpublished information. We have also established information management systems in our Regulations for the Management and Disclosure of Important Information and Regulations for the Prevention of Insider Trading to eliminate unfair trading.

In addition, we have registered information concerning officers in the Japan-Insider Registration & Identification Support System (J-IRISS) of the Japan Securities Dealers Association, to cooperate in the prevention of violations of insider trading laws and regulations and to assure trust in securities markets.

### Compliance education

We conduct annual education for the managers and employees who are vital to compliance. As a means of supporting the practice of compliance in workplaces, we also provide on-site compliance education materials to all domestic employees in the NITTA Group every other month.

### Monitoring

We monitor existing and new compliance risks that exist within a wide range of corporate activities, as well as trends in risks, to discover issues before they become apparent.

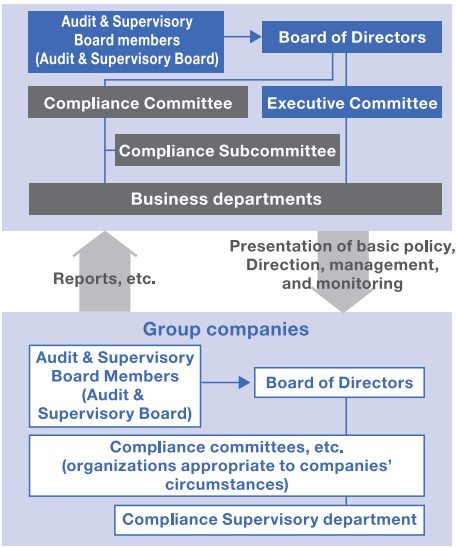
Specific measures include voluntary inspections at Group companies and internal audits of our Company and Group companies.

#### ▼ Compliance Subcommittee

|                      |                                                                                                                                                                                                                                                                              |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subcommittee Chair   | Officer in charge of General Affairs and CSR Promotion Dept.                                                                                                                                                                                                                 |
| Subcommittee members | Persons responsible for the Strategic Management Dept., General Affairs and CSR Promotion Dept., Safety, Environment and Quality Group, Management Administration Dept., Purchasing Dept., Human Resources Dept., Intellectual Property Dept., and Digital Supervisory Group |
| Secretariat          | General Affairs and CSR Promotion Dept.                                                                                                                                                                                                                                      |

- 4. Handling of compliance cases
- 5. Surveys and research of the enactment, revision, and abolishment of laws and regulations related to our business, as well as administrative and social trends
- 6. Compliance program formulation and implementation
- 7. Disclosure of information on the status of the Group's compliance promotion to stakeholders
- 8. Instructions to and information coordination with other departments involved in compliance promotion

#### ▼ Overview of Compliance System



### Whistleblowing system

The NITTA Group has introduced an internal reporting system that enables all employees, including Directors, Auditors, employees, contract employees, fixed-period employees, part-time workers, nonregular employees, dispatched employees and retirees (within 1 year of retirement), as well as employees of business partners, to make reports to dedicated contact points for the prevention, early detection and remediation of organizational or personal misconduct within the Group.

These reports can be made via online form, a toll-free telephone line, e-mail, or in a written report (overseas reports can only be made online). The dedicated contact points work through an external organization that is independent from management, to ensure the protection of whistleblowers.

## Risk Management

### Risk Management System

The NITTA Group has established the Risk Management Committee under the Board of Directors, and a subordinate Risk Management Subcommittee under that committee to identify, avoid, reduce, and prevent risks. Generally meeting once a month, the Risk Management Subcommittee engages in duties related to the following.

- 1. Drafting of policies and formulation of action plans concerning risk management
- 2. Formulation and implementation of risk management proposals and formulation of proposals for the establishment, revision, or abolition of related basic policies, internal regulations, etc.
- 3. Management, evaluation, and verification of risk management promotion plans and progress in risk management
- 4. Surveys and research of the enactment, revision, and abolishment of laws and regulations related to

### Information Security Measures

Under the NITTA Group Information Security Policy, NITTA has established basic items necessary to ensure the confidentiality, integrity, and availability of information we hold, and is working to achieve information security management. Based on additional resources including our Information Security Management Rules and NITTA IT Usage Guidelines, we audit the operation and maintenance status of systems, detect unauthorized devices, and enforce regular updating of programs, while also conducting information security education for all employees.

### Business Continuity Planning (BCP)

#### NITTA Group Business Continuity Basic Policy

The NITTA Group has formulated a business continuity plan (BCP) which, with the involvement of all employees, seeks to continuously improve the Group's ability to respond to and recover from risks capable of hindering business operations and negatively impacting stakeholders. It further ensures that the Group is able to continue business operations during contingency situations such as natural disasters and accidents, and enables Group companies to fulfill their responsibilities to society and the local community while providing high-quality products and services.

#### Action Guidelines

We have established the following Action Guidelines to facilitate implementation of the Business Continuity Basic Policy.

#### [During Normal Operations]

- **Priority Operations Identification and Recovery Measures** Every business department identifies priority operations that must be maintained during contingency situations, sets a target time frame for recovery of these operations, and systematically implements measures that will enable recovery within the time frame.

## Involvement with Shareholders and Investors

### Information Disclosure

#### Proactive and Fair Disclosure of Company Information

The NITTA Group places great importance on communication with its diverse stakeholders, and discloses corporate information actively and fairly. We also disclose corporate information to shareholders and investors in a timely and appropriate manner in accordance with rules, with highly transparent management as our goal.

#### ▼ Risk Management Subcommittee

|                      |                                                                                                                                                                                                                                                    |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subcommittee Chair   | Officer in charge of Safety, Environment, and Quality                                                                                                                                                                                              |
| Subcommittee members | Persons responsible for the Strategic Management Dept., General Affairs and CSR Promotion Dept., Safety, Environment, and Quality Dept., Management Administration Dept., Purchasing Dept., Human Resources Dept., and Intellectual Property Dept. |
| Secretariat          | Safety, Environment, and Quality Group / General Affair and CSR Promotion Dept.                                                                                                                                                                    |

- managing serious risks, as well as administrative and social trends
- 5. Formulation and implementation of employee training plans and awareness-raising measures related to risk management
- 6. Disclosure and communication of the status of crisis management event initiatives to stakeholders
- 7. Instructions and coordination of information regarding other crisis management event initiatives for all Group companies

- **Procedure Manual Creation and Training**

NITTA has created procedure manuals and other instructional resources for facilitating business continuity and recovery during contingency situations, and conducts systematic training.

- **Revision and Improvement**

NITTA evaluates business environment changes and training results on a regular basis, and uses the results to facilitate ongoing revision and improvement of action plans and recovery procedure manuals.

#### [During Contingency Situations]

- **Respect for Human Life**

NITTA's chief priorities are confirmation of the safety of employees, their families, and persons in the surrounding affected areas, and prevention of secondary disasters.

- **Social Contribution**

Sharing an awareness of contributing to the local community across the Group, NITTA works to facilitate employee-led initiatives involving preservation and restoration.

#### Internal Systems Related to Timely Disclosure

The NITTA Group have established Regulations for the Management and Disclosure of Important Information which address specific procedures and reporting systems concerning information disclosure. We carry out information disclosure under these regulations. Information disclosure is performed using the Tokyo Stock Exchange's Timely Disclosure Network (TDnet).

# Human capital and diversity for improving corporate value

As we enter the third year of Phase 1 of the NITTA Group’s medium- to long-term business plan, we asked our Outside Directors, Hiroe Toyoshima and Takehisa Ikeda, and our Outside Auditor Kazuyoshi Matsuura about strengthening human capital and promotion of diversity, which will be needed to achieve our medium- to long-term business plan and sustained improvement of corporate value.

## Progress on SHIFT2030, our Medium- to Long-Term Business Plan

**Ikeda:** I was appointed as an officer in June 2021, the year the SHIFT2030 medium- to long-term business plan was launched. I am deepening my understanding of the progress of the Group’s investment and business, based on that plan, through discussions at Board of Directors meetings and so forth. In the fiscal year when I was appointed, the Group set record profits, and in the last fiscal year it achieved sales greater than that. For such reasons, I feel the business plan is progressing well. However, there have been major changes in the business environment, such as the COVID-19 pandemic that lasted three years, the Russian invasion of Ukraine, and soaring resource prices, and there are difficult situations when we look at specific sectors. There are seven more years until 2030, and the time has likely come to review the medium- to long-term business plan in light of social changes.

**Toyoshima:** I see the figures are coming along well regarding the targets and progress of each department of the NITTA Group. I’m impressed that the Group is achieving good results in this difficult business environment, but what is the actual situation, what are the specifics, underlying sales and profits? We will need to reexamine things like that. Also, I feel the Group is energetically tackling new business, and promising possibilities have come into view. Be that as it may, the Group is still at the stage of laying the groundwork and planting seeds. Results will come in the future, so I expect efforts will be further strengthened going forward, and that this will be linked with major growth.

**Matsuura:** It’s been only about a year since I was appointed as an Outside Audit & Supervisory Board Member so my time here has been short, but I am deepening my understanding of progress of the medium- to long-term business plan

through discussions at meetings of the Board of Directors and the Audit & Supervisory Board. Beyond that, I’m very impressed by the extreme efficiency of company operations. When I have doubts and ask a question, the response is quick and detailed, so I feel problems are being solved effectively. Also, when I toured the Nara Plant, and the Kyoto Plant of NITTA Dupont, I saw the working style of all the employees, and I was very impressed by their seriousness and passion. Based on the atmosphere on site, I realized that the NITTA Group is a very good company. The direction of businesses, and the business plan the Group adheres to, are rigorously applied on the front lines of production, and I think things will go well.

## Efforts to be made for strengthening human capital

**Matsuura:** Needless to say, bolstering

education and training programs will be vital for improving employee skill and knowledge. When it comes to human resource development, the NITTA Group has established a training system for each purpose, such as theme-specific and position-specific training, and this is a great benefit for employees, I feel. I also regard the NITTA Group’s promotion of NS Activities, “own process completion,” and other activities as praiseworthy characteristics of the Group. Perhaps the employee passion I felt at the time of my plant tour shows the results of these activities.

**Toyoshima:** I feel the enhanced education system has delivered results in the development of human capital of the NITTA Group. I think initiatives outside the education system have also achieved similar results. New businesses are a good example. In the new business project spearheaded by top management, a range of approaches are used, such as recruiting



Takehisa Ikeda, Outside Director



Hiroe Toyoshima, Outside Director



Kazuyoshi Matsuura, Outside Auditor

applicants from inside the company, using outside experts, and holding training and study groups on exploring for new business. These efforts help to motivate employees. If employee morale improves, and the seeds of the Company’s new businesses take off, this should help build win-win relationships where both employees and the company can grow. Also, I think the President’s Award is a good evaluation system. When those engaged in development of products, technologies, and services, as employees of a manufacturer, see the fruits of their efforts recognized in the course of day-to-day work, it is likely to be a strong motivator. My impression is that NITTA has achieved such work environments, where people have a forward-looking attitude and enjoy their work.

**Ikeda:** As one would expect from a Company with a long history, the NITTA Group is doing well, I think, in developing its education system and rewarding work environments. Today, the focus is on

strengthening and developing human capital, and many Japanese companies are searching for the best approach. Firms overseas don’t have a culture of educating and developing human resources. Typically, they scout and hire personnel with the necessary skills from outside. I hope that, going forward, NITTA will continue to strengthen and enhance its human resources development system in a way that fits with Japanese culture.

## Issues to be addressed with respect to ESG management and contribution to the SDGs

**Ikeda:** We talk about ESG and SDGs, but their scope is broad, and the issues to address are extremely numerous. Against that backdrop, I feel the NITTA Group is making solid efforts that are in no way inferior to other companies. I always feel that NITTA should more actively use the expansive forest the company owns in Hokkaido to showcase the appeal of the company. The forest covers approximately 6,700ha, large enough to rank in the top 10 among forests owned by private companies in Japan. That forest alone makes a major social contribution in reducing CO<sub>2</sub>. I think perhaps it’s important to take that a step further, enlisting the help of experts to inform the public of that forest’s existence and value, and using it for new business. Because it is large in scale, one idea is to form an alliance with companies engaged in similar initiatives to address environmental issues. A framework will need to be created to showcase the appeal of the forest to society. I too would like to tour the site, and make some proposals.

**Matsuura:** At Matsuyama University, where I work, a team of 4 people, 2 teaching staff and 2 administrative staff, visit the forest and ranch in Hokkaido every year for training. It is a very valuable experience. I have heard reports in the

Sustainability Committee, and I believe the NITTA Group is tackling the problem of decarbonization head-on through environmental investment, utilization of renewable energy, and other steps. Going forward, I hope the Group will continue those efforts.

Climate change mitigation and other environmental measures are very important social issues, and thus corporate value can be enhanced by making this a priority area, and disseminating information on results outside the company. In Europe, they have established, as the European Green Deal, a target of making the entire EU climate neutral (net zero greenhouse gas emissions) in 2050, and they have set aside a considerable budget for that purpose. How can business contribute to environmental conservation from a sustainable perspective? Many companies all over the world are launching initiatives, such as linking up with employment and education, to make such business profitable. I think the NITTA Group should more actively disseminate information outside the company on how it is contributing to the solution of global environmental problems.

**Toyoshima:** Looking back to when NITTA was founded, we have heard the history: how NITTA used forest resources and raised forests to obtain tannin for tanning leather, and how NITTA has continued to sustainably grow its business while protecting the natural environment, through efforts such as using timber in other businesses. NITTA Group businesses have been linked with the future from the time of our founding. Returning to the starting point, we will connect with the future. By carrying on the mission and ideas of our founder, won’t growth for the future come clearer into view?

Published Online  
Details of the interview  
are posted online



List of Officers



▼ Experience and expertise of the Director and Executive Officers

| Position          | Name                | Experience and expertise                          |                  |                     |                                   |                                      |                                                    |
|-------------------|---------------------|---------------------------------------------------|------------------|---------------------|-----------------------------------|--------------------------------------|----------------------------------------------------|
|                   |                     | Corporate Management/<br>Organizational Operation | Internationality | Sales/<br>Marketing | Manufacturing<br>technology / R&D | Personnel/Legal /<br>Risk Management | Management Strategy<br>and<br>Financial Accounting |
| Director          | Yasunori Ishikiriya | ●                                                 | ●                |                     | ●                                 |                                      |                                                    |
|                   | Takeshi Kobayashi   | ●                                                 |                  |                     |                                   | ●                                    | ●                                                  |
|                   | Toyohiro Hagiwara   | ●                                                 | ●                | ●                   |                                   |                                      |                                                    |
|                   | Seiichi Kitamura    | ●                                                 | ●                | ●                   | ●                                 |                                      |                                                    |
|                   | Atsushi Izumi       | ●                                                 | ●                |                     | ●                                 |                                      |                                                    |
|                   | Kouichi Kakegami    | ●                                                 |                  | ●                   |                                   | ●                                    | ●                                                  |
|                   | Hiroe Toyoshima     | ●                                                 | ●                |                     |                                   | ●                                    |                                                    |
|                   | Takehisa Ikeda      | ●                                                 |                  | ●                   |                                   |                                      | ●                                                  |
|                   | Tomoyuki Ono        | ●                                                 |                  |                     |                                   | ●                                    | ●                                                  |
| Executive Officer | Takahiko Yoshida    | ●                                                 | ●                |                     | ●                                 |                                      |                                                    |
|                   | Hiroki Suzuki       | ●                                                 | ●                | ●                   |                                   |                                      |                                                    |
|                   | Kazushige Kinoshita | ●                                                 |                  |                     |                                   | ●                                    | ●                                                  |
|                   | Yuji Hamada         | ●                                                 |                  | ●                   |                                   | ●                                    |                                                    |
|                   | Takafumi Ishizuka   | ●                                                 |                  |                     | ●                                 | ●                                    |                                                    |
|                   | Keiji Hirata        | ●                                                 |                  | ●                   | ●                                 |                                      |                                                    |

Introduction to Directors

|                                        |                                |          |                         |                  |                        |
|----------------------------------------|--------------------------------|----------|-------------------------|------------------|------------------------|
| Representative<br>Director / President | <b>Yasunori<br/>Ishikiriya</b> | Director | <b>Seiichi Kitamura</b> | Outside Director | <b>Hiroe Toyoshima</b> |
| Representative<br>Director             | <b>Takeshi<br/>Kobayashi</b>   | Director | <b>Atsushi Izumi</b>    | Outside Director | <b>Takehisa Ikeda</b>  |
| Director                               | <b>Toyohiro<br/>Hagiwara</b>   | Director | <b>Kouichi Kakegami</b> | Outside Director | <b>Tomoyuki Ono</b>    |

List of Executive Officers

|                                      |                            |                   |                            |                   |                          |
|--------------------------------------|----------------------------|-------------------|----------------------------|-------------------|--------------------------|
| President and<br>Executive Officer   | <b>Yasunori Ishikiriya</b> | Executive Officer | <b>Hiroki Suzuki</b>       | Executive Officer | <b>Takafumi Ishizuka</b> |
| Senior Managing<br>Executive Officer | <b>Takeshi Kobayashi</b>   | Executive Officer | <b>Toyohiro Hagiwara</b>   | Executive Officer | <b>Atsushi Izumi</b>     |
| Managing<br>Executive Officer        | <b>Seiichi Kitamura</b>    | Executive Officer | <b>Kazushige Kinoshita</b> | Executive Officer | <b>Keiji Hirata</b>      |
| Executive Officer                    | <b>Takahiko Yoshida</b>    | Executive Officer | <b>Yuji Hamada</b>         | Executive Officer | <b>Kouichi Kakegami</b>  |

Introduction to Audit & Supervisory Board Members

|                   |                           |
|-------------------|---------------------------|
| Full-time Auditor | <b>Junichi Akai</b>       |
| Full-time Auditor | <b>Katsuhiro Fukuwaka</b> |
| Outside Auditor   | <b>Kazuyoshi Matsuura</b> |
| Outside Auditor   | <b>Tetsuaki Ogami</b>     |



5-year financial and non-financial summary

Graphs of key financial indicators are available here



Detailed financial data is available here



| Financial information                                            | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Business performance (million yen)                               |                                  |                                  |                                  |                                  |                                  |
| Net sales                                                        | 89,174                           | 83,861                           | 78,697                           | 83,734                           | 88,000                           |
| Gross profit                                                     | 22,635                           | 20,578                           | 18,860                           | 22,189                           | 22,463                           |
| Operating income                                                 | 5,663                            | 3,527                            | 2,861                            | 5,337                            | 4,989                            |
| Ordinary income                                                  | 11,474                           | 7,543                            | 5,910                            | 13,193                           | 12,900                           |
| Net income attributable to owners of parent company shareholders | 8,971                            | 6,148                            | 4,723                            | 10,489                           | 10,853                           |
| Capital expenditure                                              | 3,146                            | 2,960                            | 2,533                            | 2,710                            | 4,068                            |
| Depreciation                                                     | 2,354                            | 2,727                            | 2,857                            | 2,972                            | 3,149                            |
| R&D expenditure                                                  | 1,732                            | 2,010                            | 1,819                            | 1,853                            | 1,825                            |
| Operating cash flow                                              | 9,198                            | 7,670                            | 7,114                            | 9,011                            | 11,995                           |
| Cash flow from investing activities                              | -3,671                           | -1,329                           | -3,013                           | -2,874                           | -3,044                           |
| Cash flow from financing activities                              | -2,635                           | -5,652                           | -1,885                           | -3,357                           | -4,968                           |
| Cash and cash equivalents                                        | 24,717                           | 25,359                           | 27,527                           | 30,872                           | 35,403                           |
| Free cash flow                                                   | 5,527                            | 6,341                            | 4,101                            | 6,137                            | 8,951                            |
| End of the fiscal year (million yen)                             |                                  |                                  |                                  |                                  |                                  |
| Total assets                                                     | 134,047                          | 129,922                          | 134,646                          | 147,450                          | 158,385                          |
| Net assets                                                       | 106,033                          | 105,387                          | 108,639                          | 119,214                          | 129,450                          |
| Interest-bearing debt                                            | 368                              | 29                               | 1,121                            | 861                              | 540                              |
| Shareholder's equity                                             | 102,397                          | 104,812                          | 106,842                          | 114,230                          | 120,523                          |
| Per-share information (yen)                                      |                                  |                                  |                                  |                                  |                                  |
| Net income per share (EPS)                                       | 307.78                           | 210.97                           | 164.62                           | 370.45                           | 387.27                           |
| Net assets per share (BPS)                                       | 3,570.87                         | 3,615.29                         | 3,774.86                         | 4188.15                          | 4623.35                          |
| Dividends per share                                              | 68                               | 70                               | 70 <sup>*1</sup>                 | 100                              | 110                              |
| Financial indicators (%)                                         |                                  |                                  |                                  |                                  |                                  |
| Gross profit ratio                                               | 25.4                             | 24.5                             | 24.0                             | 26.5                             | 25.5                             |
| Operating income ratio                                           | 6.4                              | 4.2                              | 3.6                              | 6.4                              | 5.7                              |
| Current net income ratio                                         | 10.1                             | 7.3                              | 6.0                              | 12.5                             | 12.3                             |
| Return on equity (ROE)                                           | 8.8                              | 5.9                              | 4.4                              | 9.3                              | 8.8                              |
| Return on assets (ROA)                                           | 8.7                              | 5.7                              | 4.5                              | 9.4                              | 8.4                              |
| Equity to asset ratio                                            | 77.7                             | 80.6                             | 80.2                             | 80.3                             | 81.3                             |
| Consolidated dividend payout ratio                               | 22.1                             | 33.2                             | 42.5                             | 27.0                             | 28.4                             |
| Consolidated dividend on equity ratio (DOE)                      | 1.9                              | 1.9                              | 1.9                              | 2.5                              | 2.5                              |

Non-financial information

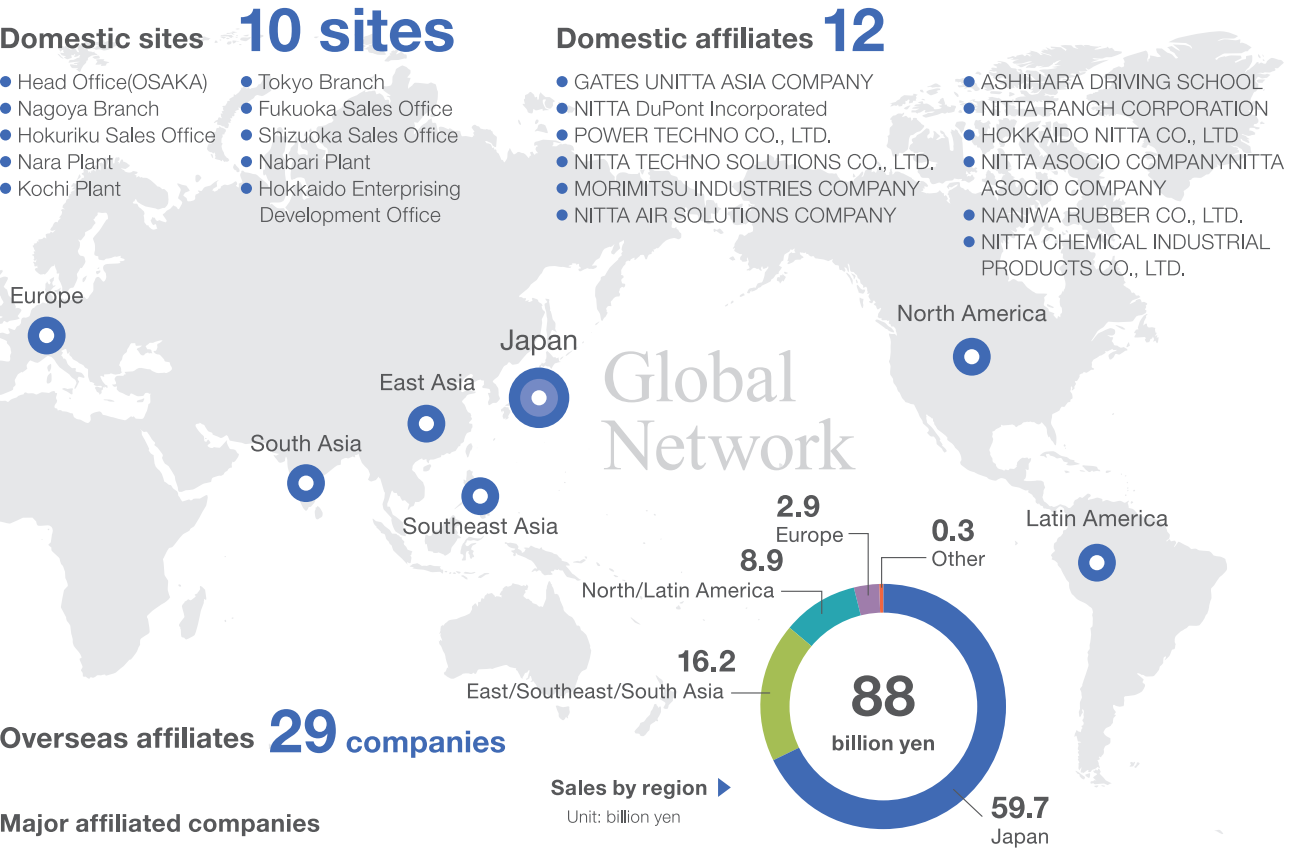
|                                                             | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|-------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Consolidated number of employees                            | 2,934                            | 2,938                            | 3,001                            | 2,971                            | 2,976                            |
| Ratio of female managers (%)                                | 4.52                             | 4.44                             | 5.43                             | 6.6                              | 8.6                              |
| Ratio of disabled employees (%)                             | 2.37                             | 2.17                             | 2.39                             | 2.24                             | 2.68                             |
| Paid leave utilization rate (%)                             | 66.3                             | 70.1                             | 65.2                             | 71.6                             | 76.2                             |
| Male childcare leave utilization rate (%) <sup>*2</sup>     | -                                | -                                | 12.0                             | 34.6                             | 33.3                             |
| GHG emissions (t-CO <sub>2</sub> )                          | 18,957                           | 17,557                           | 16,990                           | 17,792                           | 15,461                           |
| Number of serious accidents and occupational accidents      | 0                                | 0                                | 0                                | 0                                | 0                                |
| Rate of accidents resulting in lost work time <sup>*3</sup> | 1.00                             | 0.00                             | 1.46                             | 0.48                             | 0.48                             |

<sup>\*1</sup> Including commemorative dividend of 5 yen. <sup>\*2</sup> Male childcare leave utilization rate: Calculation starts from 2021, based on amendment of the Child Care and Family Care Leave Act <sup>\*3</sup> Rate of accidents resulting in lost work time: Indicator of the number of occupational accidents resulting in lost work time per million hours of work [Number of accidents resulting in lost work time (annual) x 1 million / Total working hours]

Company profile

|                                          |                                                                           |
|------------------------------------------|---------------------------------------------------------------------------|
| Trade name                               | NITTA Corporation                                                         |
| Address of headquarters                  | 4-4-26 Sakuragawa, Naniwa-ku, Osaka, Japan, 556-0022 TEL: +81-6-6563-1211 |
| Founded                                  | March 18, 1885                                                            |
| Established                              | February 10, 1945                                                         |
| Paid-in capital                          | 8,060 million yen (as of March 31, 2023)                                  |
| Employees                                | 2,976 (consolidated) (as of March 31, 2023)                               |
| Listed exchange                          | Tokyo Stock Exchange Prime Market                                         |
| Independent Certified Public Accountants | Ernst & Young ShinNihon LLC                                               |

Global network



Major affiliated companies

East Asia

- NITTA (SHANGHAI) MANAGEMENT CO., LTD. (China)
- NITTA MOORE TECHNOLOGY (CHANGZHOU) CO., LTD. (China)
- NITTA CORPORATION OF CHANGZHOU (China)
- NITTA MECHATRONICS (CHANGZHOU) CO., LTD. (China)
- NITTA MOORE (GUANGZHOU) TUBE CO., LTD. (China)
- TAIWAN NITTA FILTER CO., LTD. (Taiwan)
- KOREA NITTA MOORE CORP. (South Korea)

Europe

- NITTA CORPORATION OF HOLLAND B.V. (Netherlands)
- NITTA INDUSTRIES EUROPE GmbH (Germany)

Southeast Asia/South Asia

- NITTA CORPORATION OF SINGAPORE PTE LTD (Singapore)
- NITTA CORPORATION (THAILAND) LIMITED (Thailand)
- NITTA CORPORATION INDIA PVT. LTD. (India)

North/Latin America

- NITTA CORPORATION OF AMERICA (U.S.)
- NITTA MOORE MEXICO S.de R.L.de C.V. (Mexico)
- NITTA BRAZIL (Brazil)
- CONNECT CONVEYOR BELTING INC. (Canada)