

Integrated Report 2022

Fiscal Year Ended March 31, 2022

Nitta Corporation

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Nitta Corporation

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.

The products we make may not be noticed at a glance. Each of them, however, holds the power to support our customers' businesses and drive society. The Nitta Group creates products and services with value that makes customers happy, grateful, and glad to have chosen Nitta.

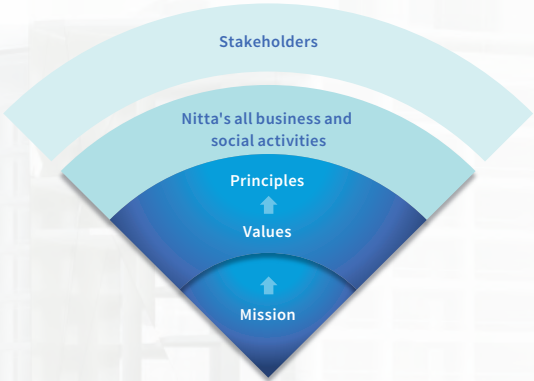
NITTA Group Mission

Mission

The roles of NITTA Group towards customers and society

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.



Values

Thinking and mindset of all NITTA Group associates to actualize our mission

Passion

Innovation

Integrity

Respect

Principles

Action of all NITTA Group associates to actualize our mission

Driving positive change through the relentless pursuit of excellence

Shaping the future with creative ideas and products

Exceeding customer expectations through individual dedication

Respecting and valuing all people leading to beneficial contributions to society and the global environment

On the publication of Nitta Integrated Report 2022

Many of the products made by the Nitta Group are small 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 principles 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 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 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 believe 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 further deepen understanding of Nitta's thinking and future-oriented strategies among our shareholders, investors, and all 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.

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Japanese emperor oak tree on our Company grounds in Hokkaido

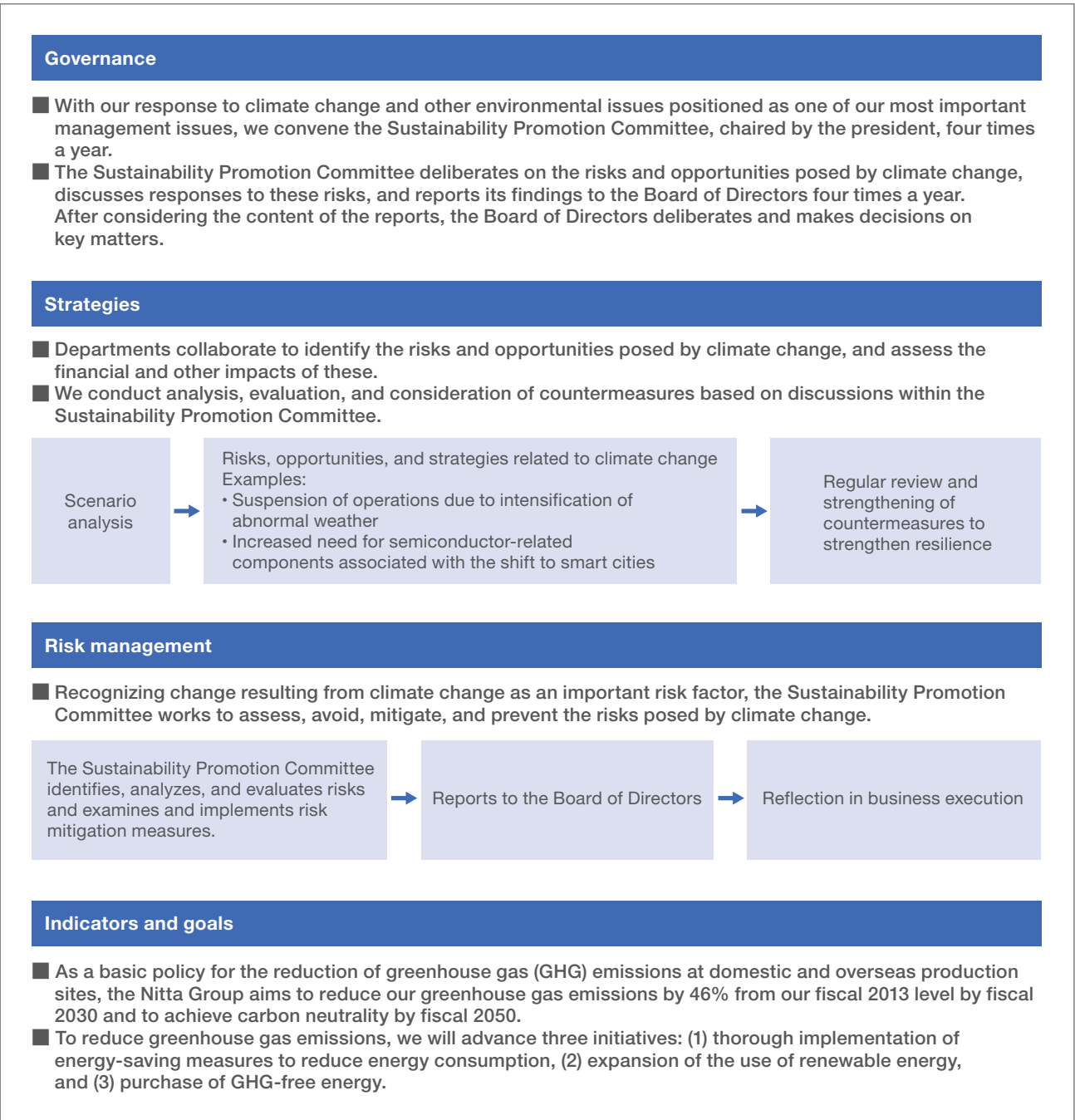
The bark of the Japanese emperor oak tree, which grows in the Tokachi area of Hokkaido, served as a source of the high-quality tannins indispensable to the production of leather belts during Nitta's founding period. Thanks to this oak, demand rapidly grew for Nitta belts, which achieved quality superior to that of transmission 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.

TCFD index / Logical system diagram of the Integrated Report

TCFD index

The Nitta Group recognizes climate change as a material issue affecting business continuity. In May 2022, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

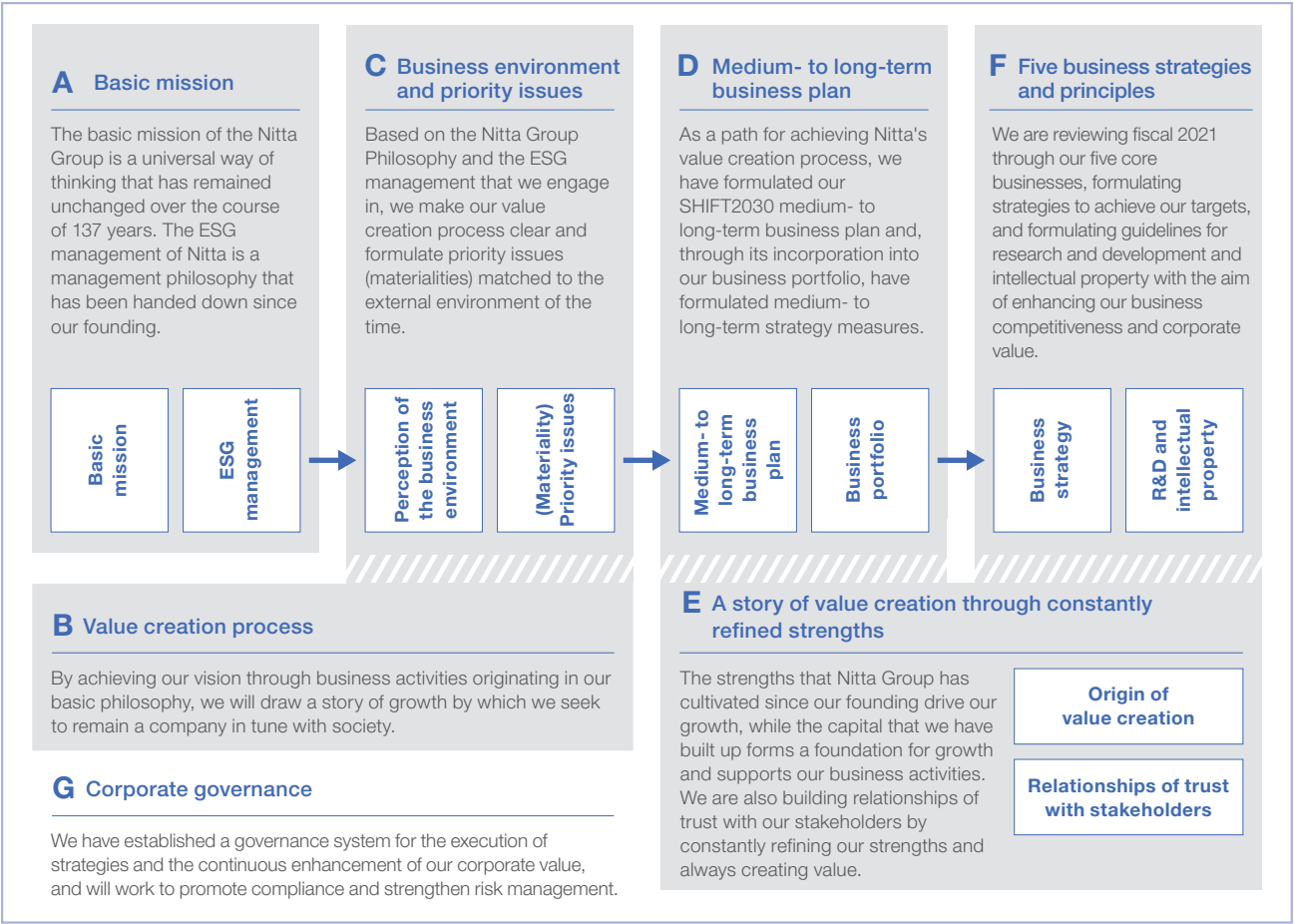
Our first scenario analysis based on TCFD recommendations targeted the Nitta Group's main businesses of belts, rubber products, hoses, and tubes, looking at the two scenarios of a 4°C temperature rise and a 1.5°C temperature rise to examine and consider impacts in 2030.



Logical system diagram of the Integrated Report

Our purpose for Integrated Report 2022 is to provide stakeholders with a deeper understanding of the Nitta Group's value creation process and to promote opportunities for dialogue. Through this integrated report, we have prepared a coherent means of comprehensively communicating the key components

for understanding our value creation process (the Nitta Group Mission, our business model, strategy, governance, etc.). The flow of main components that underlie its structure is shown below. The index allows searching for specific information.



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Our unceasing efforts to tackle change is the driving force that leads to the future. As the age undergoes a great "SHIFT," now is the time to make Nitta's founderer's principles our cornerstone.

Nitta was born in 1885, a time when all forms of equipment, power, and energy were undergoing great transformation by the Industrial Revolution. Now, 137 years later, the major changes before us reveal similarities to the historical background of the age of Nitta's founding. Moreover, even as the Nitta Group has begun making major changes under its SHIFT2030 medium- to long-term business plan, in recent years we have come up against major changes caused by the COVID-19 pandemic. From here on out, we must anticipate the waves of change that are taking on varied forms and are increasing in magnitude and intensity, and we must prepare ourselves to continue adapting to difficult situations. Now more than ever, it is time for us to make our founder's management principles of emphasizing "invention, innovation, and harmony" our cornerstone, to further emblazon "enthusiasm, entrepreneurship, integrity, and respect" into our minds, and to tackle change with a strong determination to create what cannot be found in Japan and further strengthen and speed up the impetus for change. This desire for change is embodied in the word "SHIFT" in our medium- to long-term business plan aimed at 2030. Our path of continually striving to meet the expectations of society with manufacturing at our core is inscribed with the ability to act and the courage to create change ourselves, without fear of change. That "Nitta-ism" is what we must carry forward, and is the driving force that will lead us into the future.

Through the accumulation of efforts and the unceasing transformation of SHIFT, our products will become useful to society, will move the future, and will lead to people's happiness. I am confident that this is what will lead to maximum contributions to the partners and stakeholders together with whom we will create a prosperous future.

Representative Director / President
Yasunori Ishikiriyama

Achieving record results exceeding our pre-pandemic performance

In the fiscal year ended March 31, 2022, demand was strong for the industry as a whole. The year was one of recovery from the severe performance of the previous fiscal year, which was affected by the COVID-19 pandemic. Our Group not only effected a significant recovery from our performance in the fiscal year ended March 31, 2021, in which we failed to achieve our targets, but also achieved record profits surpassing the previous record achieved in the fiscal year ended March 31, 2019. Our business segments performed well overall. The strengths and merits of our Group, which is diversifying its businesses, led to good results. This is a result not of

implementing special measures to combat COVID-19 but rather of every site engaging in everyday work with a high level of precision, doing what needed to be done. Even if some divisions did not perform well qualitatively, we were able to make up for these and achieve positive results for the whole. This is the on-site strength that our Group has built up over many years and is a manifestation of a management structure that is resilient to change. We were able to start the first year of our SHIFT2030 medium- to long-term business plan on a high note. We will continue forging ahead with even greater momentum to meet our ambitious targets for 2030.

Consolidated performance highlights

	Performance for the fiscal year ended March 31, 2021	Performance for the fiscal year ended March 31, 2022	Increase/decrease
Net sales* (million yen)	78,697	83,734	—
Operating income (million yen)	2,861	5,337	+86.5%
Ordinary income (million yen)	5,910	13,193	+123.2%
Net income attributable to owners of parent company shareholders (million yen)	4,723	10,489	+122.1%
ROE (%)	4.4	9.3	—

* Since the fiscal year ended March 2022, we have applied the Accounting Standard for Revenue Recognition and have not indicated year-on-year change in net sales for the current fiscal year.

Our ideal image for the Company in 2030, and the commitment behind SHIFT

Vision statement (our ideal image for the Company in 2030)
SHIFT INNOVATOR cored around manufacturing



p23 The SHIFT2030 medium- to long-term business plan

Nitta's 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." What are the products demanded by society, and what are the technologies required for those? We repeatedly cultivate our existing products and explore new businesses to further refine our technological capabilities. The technology born from this leads to shoots that sprout in new markets. We will "SHIFT" every technology and product born of this in line with changes in society, and will further "SHIFT" our fields of activity and growth. We see the pursuit of this

deepening and searching as forming the basis for our SHIFT2030 medium- to long-term business plan. The exploration of new businesses in particular is a challenge involving the unknown. As we look 20 to 30 years into the future, our SHIFT2030 medium- to long-term business plan indicates what we should do during the next 10 years in order to nurture the major businesses of the future. As a shift innovator with manufacturing at our core, we will "SHIFT" the unknown into the valuable. Now, as we enter the second year of SHIFT2030, the Nitta Group's future-facing efforts are accelerating.

Commitment by the President

New business and human resource development with an eye toward 20 years ahead

Despite this time of great change and the unforeseen circumstances of the COVID-19 pandemic, we achieved record profits in the fiscal year ended March 31, 2022. This is the fruit of what the Nitta Group has built up over many years, and is a demonstration of our innate power in the workplace and the collective power of our Group. We face no major issues or concerns involving our business performance five or ten years from now. The picture 20 to 30 years from now is completely opaque, however. I always tell employees that while our Group is an excellent one, it is not a promising one. Change in society will further accelerate and become ever greater. The main businesses and products that support our current management are not everlasting. What should we do now to create the pillars supporting our business 20 years from now? I want our employees to face the present with a sense of crisis over the long term.

We began planning our SHIFT2030 medium- to long-term business plan over

two years ago, before the pandemic when changes in society were not as great as they are now. Looking at the current situation, however, I feel strongly that our choice of the keyword "SHIFT" was on target. That is how fast and unpredictable the speed of change is. I feel anew that it is important for us continue to "SHIFT" all of our activities so as to adapt to any change.

Last year, I recruited for the new business exploration team, an important project of the SHIFT2030 medium- to long-term business plan. However, the number of applicants was below my expectations. Several people told me that they found their current projects sufficiently rewarding, and wanted to push forward with the work they already had. Their achievements are indeed outstanding, and having such employees is surely wonderful for managers. However, it is because of their caliber that I want such employees to create pillars of business and drive the company as leaders in subsequent generations. Pioneering new businesses is a tougher

challenge than digging deeper into existing businesses. A span of 10 or 20 years passes in an instant. We must further accelerate our speed of change and speed of growth. Many stakeholders may hold an image of the Nitta Group as a group of companies that steadfastly meets customers' needs. I cannot contradict this, but I do not feel speed within that term "steadfastly." The reality is that the Nitta Group has grown dynamically and speedily not only by honing technology on our own but also by actively incorporating external technology and human resources. Our current flagship businesses also grew from joint ventures. Many of our employees have come to us through mergers or mid-career hires. Our corporate culture is an easy one for them to adapt to because we have a history of always bringing in new customs from outside. What is needed now is that, while we again review the history of the Nitta Group's growth, we reform our mindset toward the future.

ESG management and the determination to put it into practice

In December 2021, we announced target values for our decarbonization initiative. We are planning measures that will reduce our CO2 emissions by 46% from the 2013 level in 2030. With advice from experts, we have meticulously set goals and created concrete initiatives. We began with our domestic workplaces and are now expanding activities to overseas sites, making progress according to plans. We have placed a department in charge of decarbonization efforts and are energetically carrying out measures including the use of renewable energy and the installation of solar panels.

Climate change is a social issue that cannot be skirted. It is only natural, and indeed an obligation, for companies to take measures to address the issue. While numerous industries and companies will ideally do so in concert, we hope to take the initiative in demonstrating our contributions to society and the environment.

Nitta has owned a forest in Hokkaido for over a century. Covering about 6,700 ha, the vast forest compares in size to the area bounded by the Yamanote Line loop in Tokyo. This size alone gives the forest a considerable CO2 absorption effect. When we obtained the forest, the purpose was not

to absorb CO2 but rather to protect the abundant natural environment while extracting tannin, a substance in trees used in tanning leather. Over this long history, there came a time when the forest became unnecessary for business activities, as well as times when continuing to invest huge costs into its maintenance and management became difficult. Despite this, our continuing protection of the forest is a reminder of the convictions of our founder and later business managers, as well as the resolution and earnestness they felt toward the environment. I, too, am determined to carry forward their will and to protect this forest, as well as to thoroughly carry out our environmental measures. We will continue the environmental measures and social contribution initiatives that the Nitta Group had carried forward even long before the term "ESG" became widespread.

We also believe that it is important for us to communicate information about these social and environmental initiatives. One such effort is our recent endorsement of the UN Global Compact. We intend to further enhance our corporate value by globally communicating our Group's initiatives and ideas, and will demonstrate that we are a

competitive company that meets international standards in every country and region of the world. As we further globalize our business, it is increasingly important that we strengthen our efforts aimed at social, environmental, and governance issues. We plan to move ever faster in advancing larger activities, including at overseas sites and subsidiaries and in the supply chain.



About our stakeholders

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 role of our Group in serving society and our customers, outlined in the Nitta Group Mission. A key question here involves the nature of people's happiness. Individuals differ in their values, dreams, and ideals. The motivation they seek in work also differs. About 30 years ago, when I was posted overseas in the Netherlands, I was surprised to encounter a sense of values that placed time spent with family over a high salary. Such values are not uncommon even in Japan today, but at the time it was a major culture shock to me. Even the simple word "happiness" may have different meanings depending on the country, environment, and era. Thinking about it may not uncover answers. However, there is meaning to be found in continuing to think about and pursue this question. By asking whether our business is of benefit to society and whether our products are connected to people's happiness, and by always exploring the question of what happiness is, we seek to continue as a company that is needed by society and by people.

In this context, we view further investment in human resources as important. The Nitta Group enjoys a high employee retention rate. With individuals continuing to work for long periods, we are able to pass down Nitta's manufacturing philosophy and positive corporate culture. At the same time, amid major changes in the times and the acceleration of globalization, there is an urgent need to reform work styles and human resource development. While continuing our past focus on shareholder-oriented management, the Nitta Group will actively undertake investments in human resources and work style reforms to seek further growth.



Telecommuting rapidly became widespread during the COVID-19 pandemic. Viewing this as an opportunity, we plan to make reforms that encompass our personnel evaluation system, in order to create mechanisms capable of accommodating the diverse work styles of employees. A certain company in our industry prepared only 150 seats for 500 employees when constructing a new building. This is an example of creating a new work environment not based on the assumption that all employees will come to the workplace. Using such examples from other companies as reference, we aim to create environments that respect people's work styles and individuality. An environment in which people work in their own ways, communicate well, and build relationships of trust. I believe that working in such an environment makes for a richer life and is a form of happiness.

Human resource investment to advance DX is another important issue. We plan to

promote digitalization in our manufacturing and in internal operations to enhance efficiency. We are looking into inviting data scientists and training specialized staff, and plan to raise the level of digitalization throughout the Group so that all divisions and departments can make use of AI and the IoT in their business activities.

I believe that investment in human resources and support for the employees who sustain the Company's growth will provide the driving force for leading the Nitta Group to stronger, faster growth in the future, which in turn will lead to contribution to shareholders and other stakeholders through the enhancement of our corporate value.

As we head toward 2030, the target year of our medium- to long-term business plan, and further into the future, I invite you to hold high expectations for the growth of the Nitta Group.

Major initiatives in which Nitta is participating



In November 2021, the Nitta Group signed the UN Global Compact (UNGC) put forth by the United Nations and joined the local network Global Compact Network Japan (GCNJ).



In May 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), analyzed the risks and opportunities posed to the Group's business by climate change, and reflected these in our management strategies and our risk management. At the same time, we are making efforts to enhance our information disclosure.

A foundation for generating new value

The path of the Nitta Group's value creation, spun over 137 years and into the future.

Chojiro Nitta, a student of advanced technology, founded a company in Osaka and succeeded in developing Japan's first leather belt for power transmission. The year was 1885, when Japan was beginning to show signs of modernization. The history of Nitta's founding began here. Our products have since evolved through ongoing improvements, and we have continued creating technologies and products 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 its growth? We unravel the history and follow the path of value creation that has led to the present and on to the future.

Our founder's
basic way of thinking

Invention

To invent, develop, and
deliver products that benefit
the world

Innovation

To make unceasing
improvements to the products
we have delivered to the
world and to always provide
the best products

Harmony

Good invention and good
improvement are not possible
without a good work
environment and good
human relationships

Opening

Value creation story

Business strategy

Initiatives for the SDGs
and ESG

Data Sheets

The origin of value creation that benefits the world through manufacturing and the challenge undertaken by our founder Chojiro Nitta.

Our founder, Chojiro Nitta, was born a second son in a line of farmers in Matsuyama. At the time, the eldest son customarily succeeded the family business, with younger sons as a labor force. As such, Chojiro was reproved by his older brother and parents who told him to work, not study. However, while working in farming he studied at a small private school and mastered the abacus. He was also greatly impressed by "An Encouragement of Learning" by Yukichi Fukuzawa, and a spirit of independence sprang up in him, determined to follow his own wishes even as a second son. Against his family's objections, Chojiro headed to Osaka to work at the age of 20. His life was a tough one, moving from job to job. Unable to get help from the people he had depended on in his hometown, he was repeatedly cheated by people in Osaka. However, Chojiro persevered and worked hard. By nature, he was competitive and

had a rebellious spirit. Even when betrayed and cheated, his strong will led him to endure. Under a conviction that if he avoided cheating others, he would stop being cheated, he lived with integrity. Eventually, Chojiro learned tanning skills at a tanning company, where he was made a foreman. This promotion came about because he was able to use the abacus and could converse on equal footing with educated persons. At a time when the status and class of workers were clearly defined, this was unorthodox. Chojiro realized anew the importance of education, which led to his later founding Matsuyama University. Subsequently, he started his own tanning business. In time, the quality of his leather gained a good reputation, and requests began to come in for high-quality industrial leather belts comparable to those from overseas. This led to the birth of the first leather belts for power transmission in Japan. After earnestly tackling customers' needs and engaging in devoted research, the product that he finally developed underwent repeated technical studies and quality improvements to finally become exported overseas. Chojiro's experiences in Osaka gave rise to a personal philosophy that he adhered to throughout his life. This philosophy extolled sincerity and respect in dealing with people honestly, as well as developing things of use to the world to meet the needs of customers and always continuing to pursue the best through repeated improvement, never becoming contented. These ideas continue to be valued and carried forward as the Nitta Group Mission and Principles.



A man of sincerity Founder Chojiro Nitta

May 1857 to July 1936
Throughout his life, Chojiro Nitta pursued invention and improvement, seeking to make things not found in Japan with his own hands, and believing that the progress of technological improvement is infinite and that countless improvements made by all are what matters. He wished for a harmonious corporate culture that would foster the exchange of ideas.

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

Foundation of leather production
business in Osaka by Chojiro Nitta

Success in manufacturing Japan's
first leather belts for transmission

Start of tannin production
in Hokkaido

Division of the company into three
new companies: NITTA LEATHER
BELTING CO., Ltd., NITTA GELATIN
CO., Ltd., and NITTA RUBBER
INDUSTRIAL Co., Ltd.

1885
onward

1888

1906

1945

1885



Factory at the time of founding in 1885,
which was a rented house and also served
as a home.

1888



Birth of Japan's first leather belts
for power transmission

1907



Chojiro Nitta headed to Hokkaido in search
of oak. Land and forest in Ikeda, Hokkaido,
owned by the Nitta Group today

A foundation for generating new value

A principles of our Founder that lives on today.
Our products have evolved further and expanded into new businesses.

The temperament of our founder, who loved new things and took pleasure in the delight of others, has been passed down to today. Nitta has grown through the driving forces of staying close to customers, taking on new challenges, and feeling the joy of appreciation. Even now, Nitta brims with varied products that have evolved through repeated development and improvement to meet the needs of customers and society.

In response to changes in demand structure, including an increase in machine sizes, in 1959 the Lesycon belt was developed as a chrome leather and nylon sheet laminated belt with outstanding tensile strength and durability. PolyBelt was developed in 1963, establishing our position as a manufacturer of high-grade flat belts for power transmission. We subsequently improved power transmission belts into conveyor belts, for which demand is expanding in the fast-growing area of e-commerce.

Nitta's strength lies in our ability to address concerns that have emerged from lead users during the germination period of growth markets. Never giving up on difficult matters, we continue to meet customers' needs with our sales and engineering staff working as one. This has led to our gaining the top share in niche markets.

A good example of this is products for semiconductor manufacturing equipment. We are deeply involved in clean tubes, polishing pads, and other products in the field of equipment manufacturing, a strength of Japan, and for many years have boasted a high market share. We have leveraged and improved this technology, and our tube products are now used as components in exhaust gas control devices for trucks and in locations as unique as beer servers in pubs and restaurants. Improved technologies and products are born from numerous



The former site of the NITTA LEATHER BELTING Tokachi Plant, which produced the first solid tannin in Japan. Our founder built this plant in 1911. We have continually developed technologies to make more effective use of forest resources, including a practical method for extracting tannin from tree trunks. The forest is currently open to the public as Nitta no Mori.

innovations, and spread into new fields. In this way, our invention and improvement have continued for over a century.

Another important part of our mission is harmony. This way of thinking, rooted in our corporate culture, values all stakeholders, including customers, business partners, shareholders, employees, and communities. Our founder was also active in tackling environmental issues. He harvested oak trees to obtain the tannins used in leather making, but planted trees in the same number. In addition, to make use of oak without waste, he advanced business that consider the ecosystem, such as the development of veneer board. The concepts and the values of ESG and the SDGs have spread widely in recent years. Since our founding, however, Nitta has viewed social contribution as the center of our business activities, a mindset that has taken root in employees. The Nitta Group's employees always aim to connect their work to benefit for society and to the happiness of others.

Onward to the future.
Our relationships of trust with stakeholders are a major driving force.

In order for the Nitta Group to aim for further growth, it is important that it further sublimates the mission and sense of values that it has held since its founding, including the spirit of challenge that creates things not found in Japan and the desire to be of benefit to society through manufacturing. Accordingly, the Company re-established the Nitta Group Mission in 2017 in order to pass on its history of value creation to the future. 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.

Employees find happiness in the ability to make people happy through their work. This wish by every individual provides the driving force behind the growth of the Nitta Group. We have emblazoned that anew in our minds, as a message that shows our strong determination to take on the challenges of the future.

Moreover, our SHIFT2030 medium- to long-term business plan, while taking principles of our Founder as its cornerstone, is imbued with our determination to take on transformation and the challenge of change. The exploration of new markets and businesses as set out in SHIFT2030 is the innovation that leads to invention. Further refining and deepening existing technologies and products is improvement. We seek to build harmonious relationships with stakeholders through business activities that contribute to the creation of a sustainable society. . This is true stakeholder capitalism, by which we maintain positive relationships with all of our customers, business partners, shareholders, employees, and communities. Being of benefit to others is the essence and the joy of working. Fueled by this thought, we continue to take on challenges. This is a plan to hand down principles of our Founder to the next generation and accelerate our value creation

into the future. In achieving this plan, our relationships of trust with stakeholders will be the greatest driving force. The Nitta Group always values the expression of gratitude.

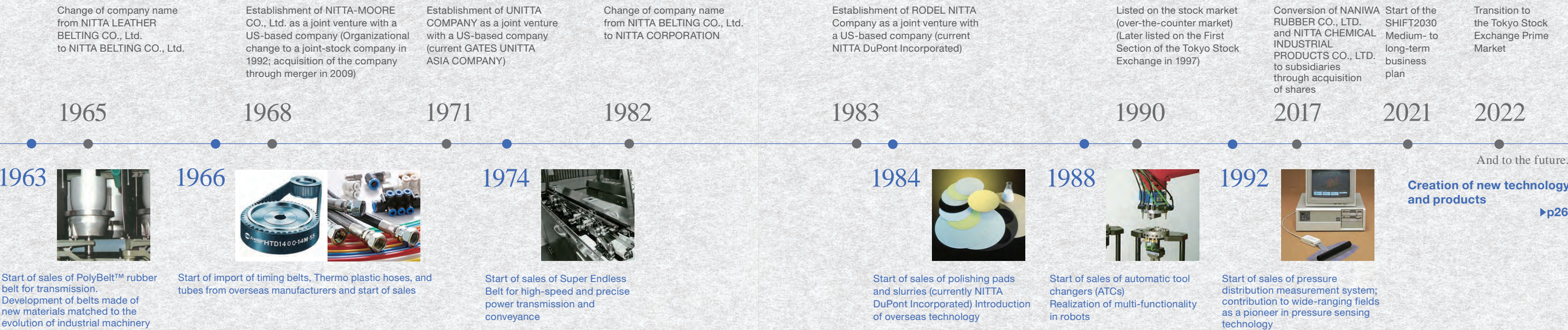
For example, our sales staff often receive words of appreciation and gratitude directly from our customers. We aim to build relationships of mutual gratitude and widely propagate people's happiness by not keeping that gratitude to ourselves but rather by connecting it to the staff, the Group, and the business partners who work together.

Our founder tells us that invention and improvement are not possible without harmonious relationships. It is because we enjoy relationships of trust with all of our stakeholders that the Nitta Group is able to continue boldly taking on challenges.

From invention, improvement, and harmony to SHIFT2030. I am convinced that this mission of value creation and passion for manufacturing are what continue to support the Nitta Group even now after 137 years, and will connect us to the future and to the world.



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



Nitta's value creation process

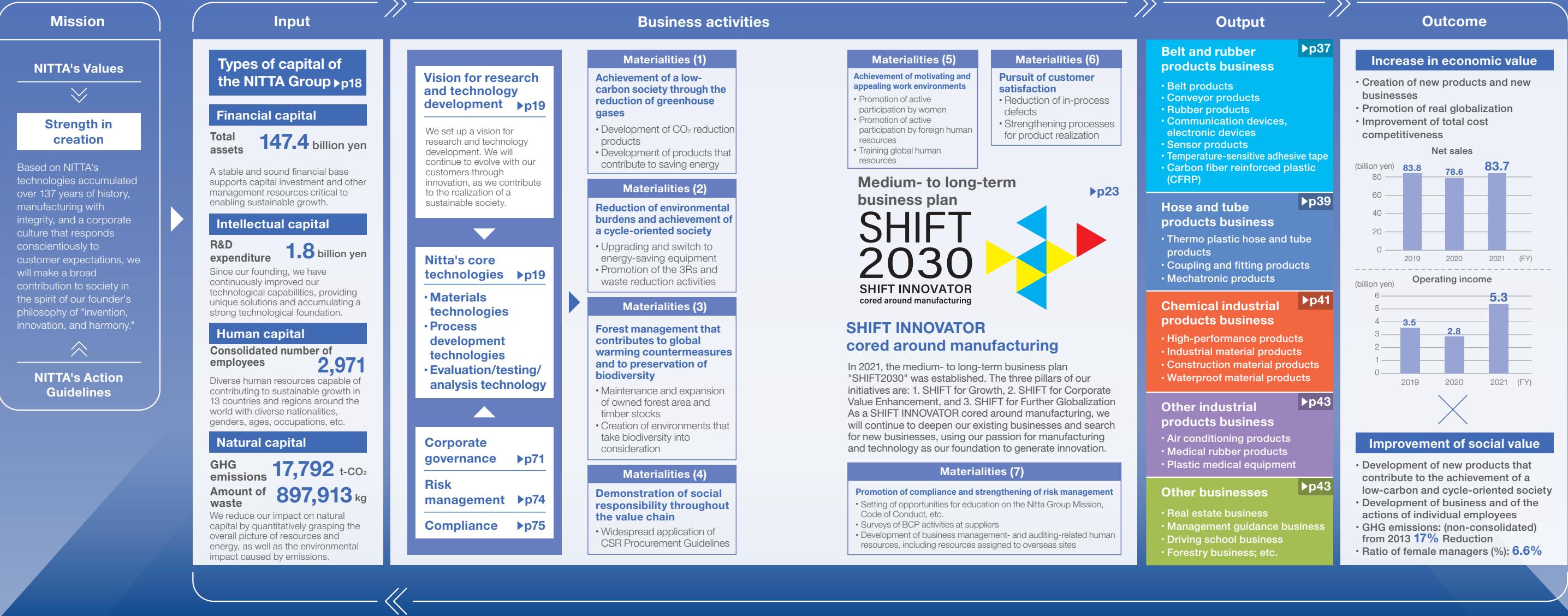
Nitta's value creation process

The NITTA Group engages in business activities with the aim of solving societal issues through value creation with manufacturing at the core. In order to move the world forward, we pursue business activities as we 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.



NITTA's value creation process

NITTA's strengths and capital

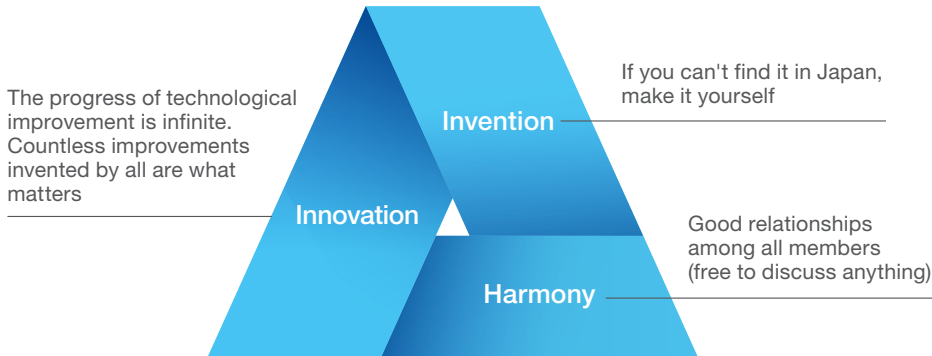
NITTA technology and manufacturing with integrity, nurtured over 137 years
A corporate culture that meets customer expectations

NITTA's history began with the first transmission belt made in Japan. Since our establishment in 1885, we have created numerous products by embracing our wish to be of service to customers and society, and we can boast of a high market share in niche markets. We contribute to the industrial world by responding flexibly to changes in the times and social environment, giving form to the ideas put forward at our manufacturing sites. Our founder's concept of "Invention,

Innovation, and Harmony," which forms the cornerstone of NITTA's mission, is still carefully passed down to this day as one of our strengths. In addition, the forms of capital at the NITTA Group's disposal (financial, intellectual property, human resources, and natural resources) support the implementation of diversified management, including joint ventures, that has evolved from the introduction of advanced technologies from overseas.

NITTA's Group strengths

Principles of our founder



The NITTA Group Mission

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.

Passion

Innovation

Integrity

Respect

Five strengths of the NITTA Group created by our Corporate Mission

1

Expanding the business domain into multiple fields

2

Diversified management including joint ventures

3

Product lines with high market share in niche markets

4

Unique manufacturing that does not compete with other companies

5

Contributing to the progress and development of society through our business

Types of capital of the NITTA Group

Financial capital



Stable financial foundation

Fiscal 2020 Fiscal 2021
Total assets 134.6 billion yen ▶ 147.4 billion yen

For the NITTA Group, highly stable and sound financial capital is an important management resource that supports sustainable growth. At the end of fiscal 2021, total assets amounted to 147.4 billion yen and equity totaled 118.4 billion yen. Compared to the end of the previous fiscal year, equity increased by 10.5 billion yen, and the equity-to-asset ratio rose from 80.2% to 80.3%. We also intend to make aggressive capital investments for sustainable growth. In investing funds for capital expenditures, we manage to secure an internal rate of return that exceeds the cost of capital.

Intellectual capital



Ongoing investment to further enhance the technological base

Fiscal 2020 Fiscal 2021
R&D expenditure 1.8 billion yen ▶ 1.8 billion yen

Since our founding in 1885, we have made it our mission to provide unique solutions and accumulate a strong technological foundation. To realize this mission, we are implementing our SHIFT2030 medium- to long-term business plan to deepen existing businesses and explore the creation of new businesses. We strive to expand our intellectual capital in the technologies, knowledge and know-how that support our business activities. We believe that the intellectual capital thus accumulated will enhance the sustainability of our group and contribute to solving social issues.

Human capital



Human resources able to contribute to sustainable growth

Fiscal 2020 Fiscal 2021
Consolidated number of employees 3,001 ▶ 2,971

The NITTA Group has a diverse workforce of different nationalities, genders, ages, and occupations in 13 countries and regions around the world (overseas human resource ratio: 35%). In keeping with our Group Mission and Action Guidelines, each and every employee of our Group companies in Japan and overseas carries out his or her daily work under the slogan "My Mission." As we promote our mid- to long-term business plan "SHIFT2030," some of our employees have applied to become members of the New Business Exploration Team and are taking on the challenge of becoming SHIFT INNOVATORS themselves. In addition to rank-specific and theme-specific training programs, we are also working to develop global human resources and human resources who are highly DX literate.

Natural capital



Contribution to the reduction of environmental impact through our business

Fiscal 2020 Fiscal 2021
Amount of waste (waste plastic) 788,582 kg ▶ 897,913 kg
GHG emissions (non-consolidated) 16,991 t-CO₂ ▶ 17,792 t-CO₂

The NITTA Group advances initiatives to reduce the impact on natural capital by quantitatively grasping the overall picture of the amount of resources and energy input and environmental impact caused by emissions from our business activities. For example, we strive to reduce raw material waste and energy usage by streamlining our manufacturing processes.

* Due to reduced production volume in fiscal 2020 resulting from COVID-19

Nitta's value creation process

Nitta's core technologies and vision for research and technological development

NITTA creates new value by transforming unique materials such as rubber, resins, and fibers into high-performance, highly functional products through advanced technologies backed by years of research and development and numerous years of experience. In addition to developing and improving products that meet the needs of our customers, we are also engaged in research and development of fundamental technologies that are indispensable for the creation of new products that will be useful to society in the future by identifying inflection points in the world.

NITTA's Vision for Research and Technology Development

The Group will continue to offer innovative products and make contributions to the future, always considering first what is necessary for customers and society and what kind of functions can be of service toward bringing happiness to people.



We aim to achieve carbon neutrality by 2050 by working to save energy and resources in our production activities and by reducing waste, as well as by developing products that contribute to energy and resource conservation.

Contribution to the SDGs through our business

Environment

In tube products, we already produce and supply products made with naturally derived polyamide resin, and will continue studying new materials to increase the number of targeted products. In environmentally conscious filter products, we are engaging 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.

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Governance

NITTA strives to provide excellent and valuable products and services in order to earn greater trust from the public and to grow together with society. To this end, we are committed to increasing our corporate value in accordance with our Sustainable Management Policy and to developing our business to contribute to the sustainable development of industry and society as well as to the maintenance and preservation of the environment.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Nitta's core technologies

We have integrated materials technology into our foundation of rubber processing technology accumulated over many years, resulting in a core synthesis technology that enables ever-greater functionality. We also possess application know-how developed through our efforts to meet customer expectations.



NITTA's core businesses

<h3>Belt and rubber products business</h3> <p>Rubber and resin materials are rarely used alone in transmission belts and conveyor belts, but are commercialized through the use of composites of rubber, resin, fiber and metal to maintain their performance. We respond to the demands of the times by continuing to refine our composite technologies for these materials.</p>	<h4>Flagship products</h4> <ul style="list-style-type: none">● Belt products● Conveyor products● Rubber products:● Communication devices, electronic devices● Sensor products● Temperature-sensitive adhesive tape	<ul style="list-style-type: none">● <u>Rubber and resin formulation technology</u>● <u>Adhesives design for various materials</u>● <u>Functional polymer design technology</u>● <u>Ink design technology</u> <p>(Material design technology optimized for various applications.)</p>	<ul style="list-style-type: none">● <u>Composite technologies</u>● <u>Vulcanization molding technology</u>● <u>Extrusion molding technology</u>● <u>Coating technology</u>● <u>Polymerization technology</u> <p>(Optimization and process design technology for various processes.)</p>	<ul style="list-style-type: none">● <u>Material Functionality Evaluation</u>● <u>Evaluation of material mechanical properties</u>● <u>Durability testing</u>● <u>Dynamic evaluation (belts etc.)</u>● <u>Sensor characteristic evaluation</u>● <u>Simulation design</u> <p>(Accumulated evaluation/analysis technology.)</p>
<h3>Hose and tube products business</h3> <p>Thermo plastic hose and tube products are made by combining and molding different materials according to the application. We continue to meet our customers' needs with our adhesion and extrusion molding technologies for various resin materials.</p>	<h4>Flagship products</h4> <ul style="list-style-type: none">● Thermo plastic hose/tube products: hoses, tubes, fittings, fuel tubes, air brake tubes, urea SCR tubes● Mechatronic products	<ul style="list-style-type: none">● <u>Resin synthesis technology</u> <p>(Hose and tube products are commercialized by synthesizing various resin materials according to product application, and by applying various technologies acquired in the development process.)</p>	<ul style="list-style-type: none">● <u>Multilayering technology</u>● <u>Extrusion molding technology</u>● <u>Detachable mechanism design</u> <p>(Manufacturing technology cultivated in the mass production of tubes and fittings.)</p>	<ul style="list-style-type: none">● <u>Chemical composition analysis</u>● <u>Durability testing</u>● <u>Dynamic evaluation (hoses etc.)</u> <p>(Analysis data and evaluation techniques acquired through hose and tube performance evaluation.)</p>
<h3>Chemical industrial products business</h3> <p>We established NITTA CHEMICAL INDUSTRIAL PRODUCTS CO. in 2017, taking over the chemical products businesses of Toyo Tire Corporation, Toyo Chemical Industrial Products Co., Ltd., Fukushima Rubber Co., Ltd., and Ayabe Toyo Rubber Co., Ltd. Based on the rubber processing technology handed down to us, we continue to make improvements to meet the performance requirements of various rubber products demanded by the industrial world.</p>	<h4>Flagship products</h4> <ul style="list-style-type: none">● Rubber products● Elastomer products● Resin products● Stretched fabric products● Construction/civil engineering products	<ul style="list-style-type: none">● <u>Rubber/composite adhesion design technology</u>● <u>Urethane elastomer synthesis technology</u> <p>(Technologies for synthesizing and processing rubber and resin products that we have developed to meet customer requirements.)</p>	<ul style="list-style-type: none">● <u>Adhesive technology</u>● <u>Conductivity control technology</u> <p>(Manufacturing technology cultivated in the processing of rubber and resin products.)</p>	<ul style="list-style-type: none">● <u>Dynamic viscoelasticity property analysis</u>● <u>CAE structural analysis technology</u>● <u>Durability testing</u> <p>(Analysis and evaluation data acquired to meet the performance requirements of various industries.)</p>
<h3>Other industrial products business</h3> <p>Air conditioning products By advancing technologies that we have cultivated in industrial air conditioning for semiconductors, pharmaceutical companies, medical institutions and others, we meet the demands of the times in a wide range of fields from industrial to general air conditioning.</p> <p>Medical rubber products / plastic medical equipment As a pioneer in medical rubber products, we apply the rubber manufacturing technology we have cultivated for over a century to contribute to the healthcare field.</p>	<h4>Flagship products</h4> <ul style="list-style-type: none">● Air conditioning products: filters● Biocontrol products● Medical/hygiene rubber products Medical plastic tubing, etc.● Other	<ul style="list-style-type: none">● <u>Rubber and resin formulation technology</u>● <u>Resin synthesis (urethane acrylic) technology</u> <p>(Materials technologies developed and cultivated to meet the various requirements of the semiconductor, medical, and other industries.)</p>	<ul style="list-style-type: none">● <u>Decontamination technology</u> <p>(Manufacturing technologies developed and cultivated to meet the various requirements of the semiconductor, medical, and other industries.)</p>	<ul style="list-style-type: none">● <u>Cleanness evaluation</u>● <u>Simulation design</u> <p>(Evaluation technology developed and acquired to meet the various requirements of the semiconductor, medical, and other industries.)</p>

Areas in which NITTA contributes to society

- Semiconductors/LCDs / electronic components
- Environment/energy
- Construction/ civil engineering
- Automobiles
- Industrial machinery
- Logistics/ transportation
- Food/hygiene
- Medical/healthcare

A SHIFT INNOVATOR with manufacturing at our core

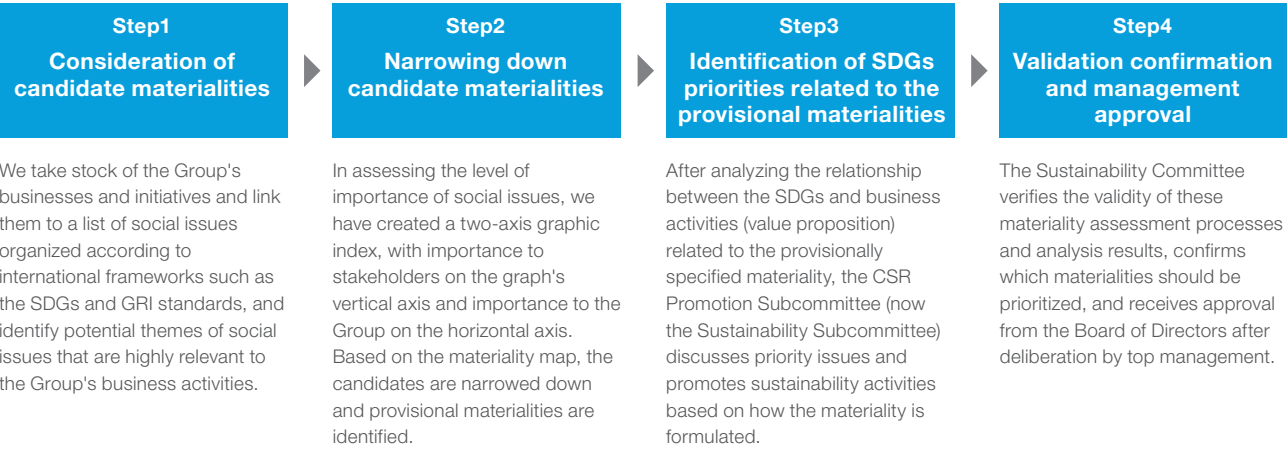
Nitta's value creation process

Materiality identification process

At the CSR Promotion and Risk Management Committee in 2020, the NITTA Group identified seven materialities, issues that are critical to growing sustainably together with society, based on the NITTA Group Mission and the NITTA Group Code of Conduct. We periodically review our materialities in light of changes in the social environment.

Actions we take to address materialities are aimed at accomplishing sustainability management in terms of business operations. For this reason, we have reorganized the previously existing CSR Promotion and Risk Management Committee into

the Sustainability Committee and the Compliance Committee to make them more effective, while increasing the specialization of the Sustainability Committee. A Sustainability Subcommittee will be established under the Sustainability Committee to study specific measures and roadmaps. We have established a system to support business activities toward realizing our goals and to instruct business units to take necessary actions. Activities are also reported to the Board of Directors on a regular basis as important sustainability management topics.



Materiality and five goals of the SDGs				
Medium- and Long-term Materiality Plan	SHIFT INNOVATOR cored around manufacturing			
		Environment	Society	Governance
		<div>Materialities</div> <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) Practice of social responsibility throughout the entire 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>
		<div>Specific reasons</div> <div>(1) (2) 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>
		<div>Related SDGs</div> <div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>15 LIFE ON LAND</div></div>	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
		<div>Main activities</div> <div>Development and expansion of sales of environmentally friendly products</div> <div>Reduction of usage of energy and materials through greater manufacturing efficiency</div> <div>Promotion of green procurement, and maintenance and expansion of forests through sound forest management</div>	<div>Clarification and development of Nitta's CSR Procurement Policy, and diversity and equality of opportunity</div> <div>Promotion of working style reform and improvement of quality</div>	<div>Enforcement of compliance</div> <div>Appropriate risk management through the CSR Promotion and Risk Management Committee structure</div> <div>Strengthening of Group governance, including at overseas sites</div> <div>Initiatives for fair and appropriate information disclosure and enhancement of communication with stakeholders</div>
		<div>Ideal</div> <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>

The SHIFT2030 medium- to long-term business plan



Becoming a SHIFT INNOVATOR with manufacturing at our core

A 10-year plan to become a SHIFT INNOVATOR with manufacturing at our core, which is our ideal state for 2030. Our vision statement emphasizes becoming a SHIFT INNOVATOR with manufacturing at our core. This expresses our vision of linking repeated "SHIFTS" to great innovation while keeping manufacturing at our core. We aim to respond to changes in the market and expand our business by shifting from soft materials to hard materials, and from the components and devices business to the provision of systems and solutions.

FY2030 quantitative targets

Net sales

115.0
billion yen+α

Operating income margin

8.0%

New product sales ratio

10.0%

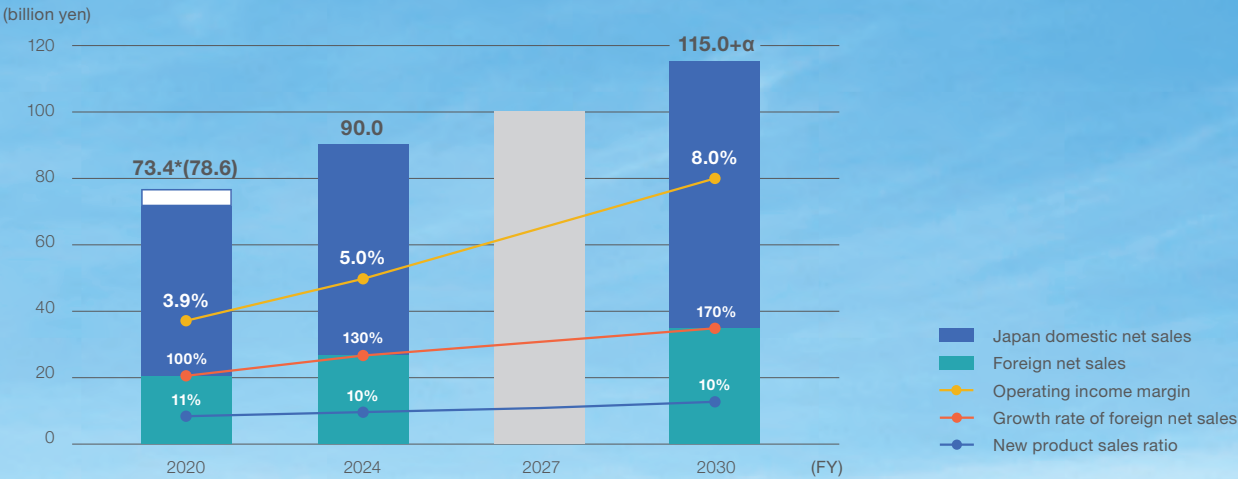
Growth rate of foreign net sales
(Compared with FY2020)

170%

Capital expenditure amount
(total, FY2021-2030)

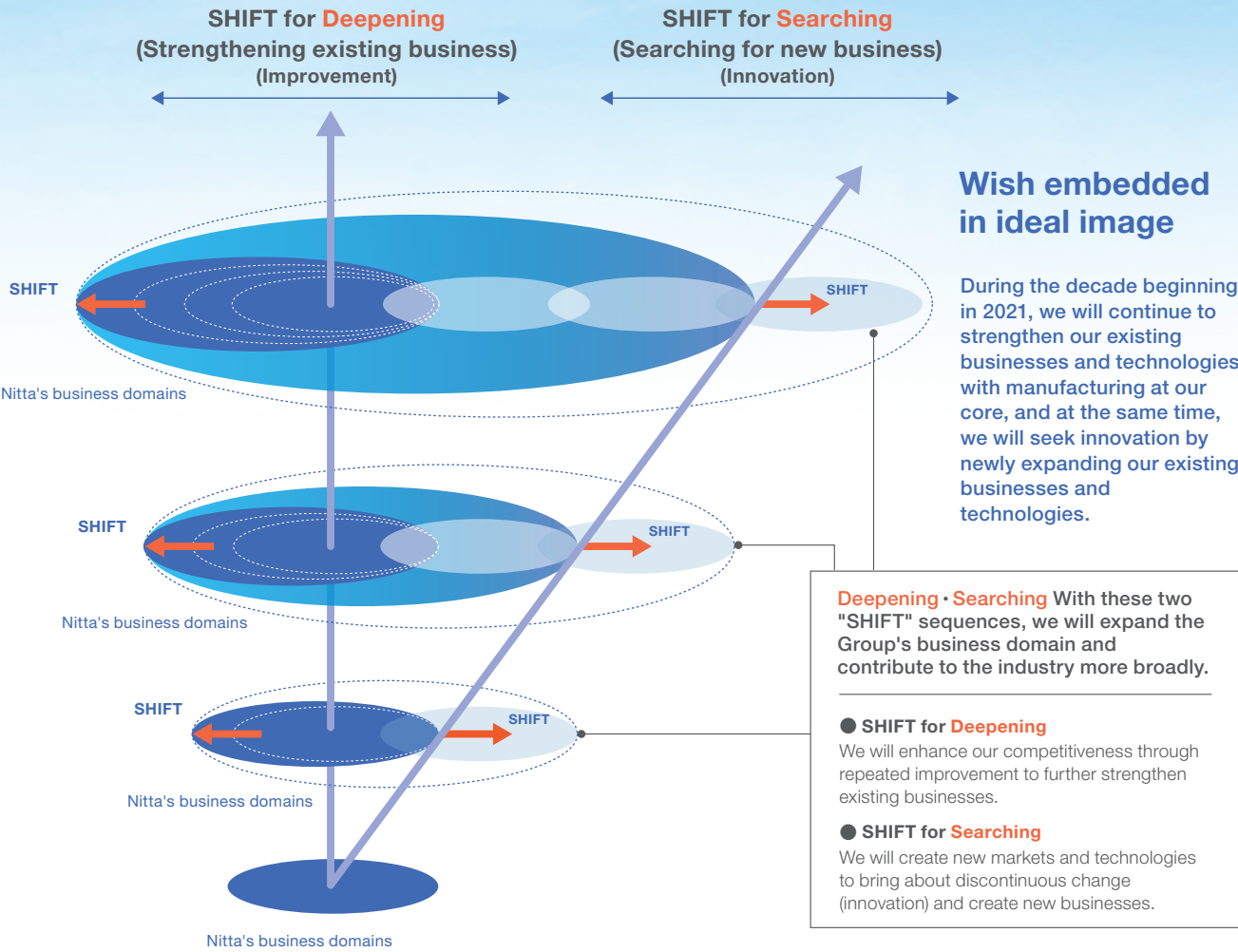
40.0
billion yen

SHIFT2030 medium- to long-term business plan quantitative target milestones



* For purposes of comparison under the Accounting Standard for Revenue Recognition in effect since 2021, estimated values applied to fiscal 2020 are consolidated net sales of 73.4 billion yen and operating income margin of 3.9%.

Ideal image



The SHIFT2030 medium- to long-term business plan

Explanation of the SHIFT2030 medium- to long-term business plan

Leading the way to a giant leap forward through a series of "SHIFT transformations.

In formulating our medium- to long-term business plan, SHIFT2030, for the 10 years from fiscal 2021, we focused on three key points. The first of these is that the plan must be able to respond to major changes in the external environment that will occur over the next 10 years. Second, the younger generation, who will become the leaders of the next and succeeding generations, should be involved in the project from the planning stage to ensure that it extends not only into the medium-term future (several years ahead), but also over the long-term future (10 years). In the process of formulating the overall plan design, by jointly discussing matters among the next generation of department managers in addition to top management at formulation meetings, we incorporated opinions of succeeding generations of section managers and the same level of leaders to make a concrete plan that is closely aligned with the actual situation on the ground. Each department also incorporates plans for both "deepening" existing businesses and "exploring" new businesses. For projects that cut across departments, such as the Digitalization Promotion Project, people in charge are appointed to attend meetings. The third key point is that the plan places greater emphasis on globalization, one of the major pillars of our growth, and reflects the opinions of leaders and front-line workers in each country, including overseas sites and subsidiaries. We have therefore conducted interviews with the leaders of overseas sites since before the plan was formulated, and held review meetings to incorporate their ideas into the overall plan. We kicked off our medium- to long-term business plan in December 2020, which coincided with the January 1 opening date of our overseas offices. This reflects the importance we place on global expansion as a key issue for our growth strategy.

As mentioned in the first point, the degree to which we can respond flexibly and quickly to changes in society is of crucial importance. While the SHIFT2030 medium- to long-term business plan presents the basic planning pillars and business direction, more specific action plans for each department and project will be reviewed every three months for progress and revision. This is why we chose the "SHIFT" concept, instead of "JUMP" or "CHANGE". Without overlooking the changes occurring immediately before us, we steadily move closer to our larger goal while repeating many

SHIFTs. The NITTA Group will build on the foundation of our rich tangible and intangible management resources, including our history, corporate values, products, and relationships with stakeholders, to respond to change by accumulating a number of SHIFTs from this starting point. As a result, this will lead to the achievement of a great JUMP forward, a CHANGE we will see 10 years from now, and we believe that this progress should take the form of a continuous and limitless SHIFT.

Shuichi Isoda

Executive Officer
General Manager,
Strategic
Management Dept.



The three SHIFTs that support SHIFT2030

3
SHIFT

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 margin of 8.0%, a new product sales ratio of 10.0%, and an overseas sales growth rate (compared to fiscal 2020) of 170%.

1. SHIFT for Growth

- Sustainably grow existing business
- Search for new business
- Accelerate new product development

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.

2. SHIFT for Corporate Value Enhancement

- Enhance quality and total cost competitiveness
- Strengthen corporate governance and compliance
- Promote ESG and achieve the Goals of SDGs

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.

3. SHIFT for Further Globalization

- Further the global expansion of each business
- Strengthen global support via the Corporate Section

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.

New business creation (market sectors and product examples)

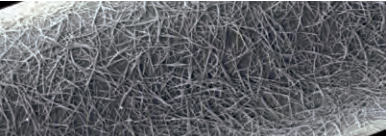
● Creation of new mechanisms



● Nurturing of new business shoots

01. Chemicals and new materials (CNT / carbon nanofiber technology Namd™)

As part of the Namd commercialization project, a project team will continue to be in charge of research and development as in the previous fiscal year, while a manufacturing system will be established in the belt and rubber products business, and activities toward commercialization will go into full swing.



02. Robot Hands (SOFTmatics™)

Developed by project, Random Picking was placed under the control of the hose and tube products business. We then launched an operation to manufacture and expand sales by utilizing the division's production facilities and human resources.



03. Biotechnology (regenerative medicine)

Continued research, R&D and promotion of activities for commercialization of products and fields expected to grow in Japan, especially in the field of regenerative medicine.



The SHIFT2030 medium- to long-term business plan

Medium- to long-term business plan business portfolio presentation

With the belt and rubber products business and the hose and tube products business as its core operations, the NITTA Group has been working from a medium- to long-term perspective to respond to changes in the times and in markets. Within the period of the previous medium- to long-term business plan, "V2020" (2012-2020), the Group has been aiming to acquire new growth foundations and transform its business structure by adding NANIWA RUBBER CO. (medical rubber products and plastic medical equipment business) and NITTA CHEMICAL INDUSTRIAL PRODUCTS CO. (chemical industrial products business). SHIFT2030, our medium- to long-term business plan covering the period from fiscal 2021 to fiscal 2030, calls for "SHIFT for

Deepening" (strengthening existing businesses) and "SHIFT for Searching" (seeking new businesses). During the plan's term, our basic approach to resource allocation is to focus on allocating valuable management resources to strengthening core businesses and investing in future growth businesses in order to realize our targets. Going forward, we intend to optimize our business portfolio, improve capital efficiency, and maximize corporate value by assessing the growth potential and return on capital of each business group, verifying whether they are growing and expanding on a value-added basis in excess of their cost of capital, and evaluating their businesses.

	Review of fiscal 2021 (fiscal year ended March 31, 2022)	Net sales by product in fiscal 2021	Long-term Vision	Areas of initiative focus	SDG contributions
Belt and rubber products business	In Japan, sales of belt products and products for conveyance for the logistics industry and temperature-sensitive adhesive tape for electronic component manufacturing equipment remained strong, while sales for machine tools also showed a recovery trend. Overseas, sales to the logistics and textile industries were strong. Net sales totaled 25.915 billion yen (from 26.937 billion yen the previous consolidated fiscal year). The application of the Accounting Standard for Revenue Recognition decreased net sales by 6.883 billion yen. Segment profit was 3.655 billion yen, 1.778 billion yen (94.8%) increase from the previous consolidated fiscal year.	<div><div></div><div>30.9%</div></div> <div>25.915 billion yen</div>	<ul style="list-style-type: none">Creation of new products and new businessesFurther deepening of existing businessesCapture of new markets and new customersStrengthening of cost competitiveness	<ul style="list-style-type: none">Pursuit of global standardsAllocation of resources to light transport domainEnhancement of our lineup of rubber and steel jointsCultivation of new markets for temperature-sensitive adhesive tape	<div>8 RECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Hose and tube products business	In Japan, sales to the semiconductor manufacturing equipment and construction machinery industries were strong, but sales to the automobile industry slowed down in the second half of the fiscal year, affected by production adjustments due to the shortage of semiconductors. Overseas, sales of products for construction machinery and semiconductor manufacturing equipment were strong in the Asian region. Net sales totaled 32.113 billion yen (from 26.776 billion yen the previous consolidated fiscal year). The application of the Accounting Standard for Revenue Recognition decreased net sales by 24 million yen. Segment profit was 1.526 billion yen, 623 million yen (69.1%) increase from the previous consolidated fiscal year.	<div><div></div><div>38.3%</div></div> <div>32.113 billion yen</div>	<ul style="list-style-type: none">Sustainable growth of existing businessExpansion of product applications into growth areasAcceleration of product development and cultivation of new overseas customers	<ul style="list-style-type: none">Pioneering applications for global growth marketsDiversification into markets amenable to our strengths, coupled with optimization of our existing businesses to increase our resilience to downturns	<div>8 RECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Chemical industrial products business	In Japan, sales of railroad components and overseas, products for office automation equipment remained strong. Net sales totaled 12.153 billion yen (from 12.07 billion yen the previous consolidated fiscal year). The application of the Accounting Standard for Revenue Recognition decreased net sales by 64 million yen. Segment losses were 84 million yen, a decrease of 161 million yen from the previous consolidated fiscal year, due to the provision for product warranties related to railroad components.	<div><div></div><div>14.5%</div></div> <div>12.153 billion yen</div>	<ul style="list-style-type: none">Further deepening of existing businessesCapture of new markets and new customersStrengthening of cost structure	<ul style="list-style-type: none">Reduction in claims and defects due to quality enhancementStrengthening of cost competitiveness through cost reductionsExpansion of overseas sales and overseas production	<div>8 RECENT WORK AND ECONOMIC GROWTH</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div>
Other industrial products business	Demand for air-conditioning products was strong in the semiconductor industry, and for measuring instruments. Net sales totaled 9.763 billion yen (from 9.419 billion yen the previous consolidated fiscal year). Segment profit was 223 billion yen, 147 million yen (193.4%) increase from the previous consolidated fiscal year.	<div><div></div><div>11.7%</div></div> <div>9.763 billion yen</div>	<ul style="list-style-type: none">Promotion of energy-saving, resource-saving, and cost-saving product salesFurther deepening of existing businesses	<ul style="list-style-type: none">Expansion of environmentally conscious product salesImprovement of cost competitiveness through cost reductions	<div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>15 LIFE ON LAND</div>
Other businesses	Sales from other businesses, including real estate, management guidance, driving school, and forestry, totaled 3.788 billion yen. Segment profit was 1.798 billion yen, 245 million yen (15.7%) increase from the previous consolidated fiscal year.	<div><div></div><div>4.6%</div></div> <div>3.788 billion yen</div>	<ul style="list-style-type: none">A society free of motor vehicle accidents and violations through the improvement of instructional techniquesPassing on forest assets to the next generation	<ul style="list-style-type: none">Activities to improve satisfaction with instructorsStabilization of the number of seedlings suppliedEstablishment of forest management and increase in timber stocks* <p>* Timber stocks: Sum of standing timber volume (unit: cubic meters) in Company-owned forests.</p>	<div>8 RECENT WORK AND ECONOMIC GROWTH</div> <div>15 LIFE ON LAND</div>

Business structure and areas of focus

The NITTA Group owns and operates a belt and rubber products business, a hose and tube products business, a chemical industrial products business, other industrial products business (air conditioning products, medical rubber products, plastic medical equipment), and other businesses (real estate, management guidance, driving school, forestry, ranch management, etc.). Recognizing that the optimal business portfolio for the NITTA Group can always change due to changes in business and product life cycles, markets, and business environments, we will continue to manage our business portfolio with the aim of securing continuous and stable earnings and achieving high profitability.

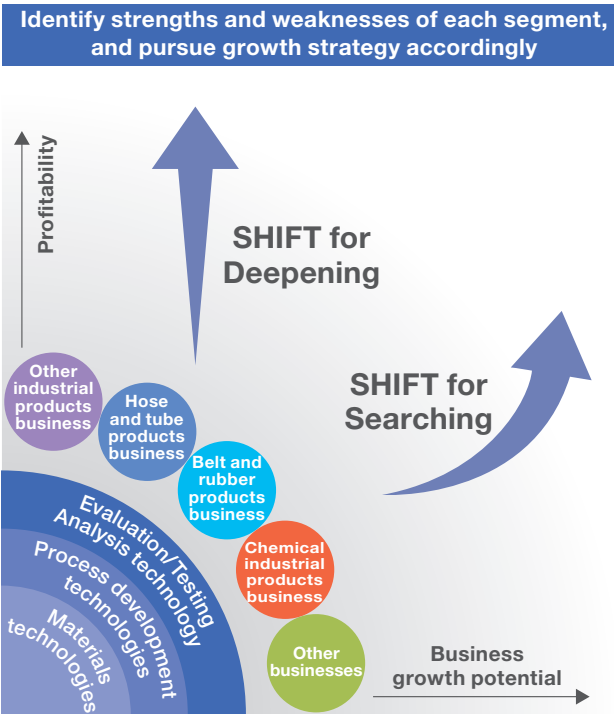
Value created by business operations

During the V2020 period, the belt and rubber products business that forms the original mainstay of the company, improved its profitability, and the hose and tube products business, which grew at a high rate during the period, improved its profitability at the same time. Currently, the three pillars of our sales and profits comprise the belting and rubber products, hose and tube products, and the newly added chemical industrial products businesses. However, we have yet to establish a business that can be expected to become a future pillar of the company with a high sales growth rate, as was the case with the previous hose and tube products business. Under SHIFT2030, a critical issue is the creation of new business operations that will serve as future pillars from their early stages, in addition to further growth of the current pillars.

Strengthen business portfolio strategy

The NITTA Group has built its current business portfolio while overcoming various social changes by making use of our technologies for materials, process development, and testing and analysis cultivated through the industrial belt product manufacturing business. In order to achieve sustainable growth, we will classify our business by product segment and improve profitability through a business portfolio strategy of investing management resources in a well-structured manner, while promoting our growth strategy.

Business portfolio strategy promotion chart



The SHIFT2030 medium- to long-term business plan

Medium- to long-term strategy

Our SHIFT2030 medium- to long-term business plan was created using a backcasting approach to set milestones, starting from our ideal state in 2030, and working backwards to the state five years ahead (2027) and two years ahead (2024), based on a consideration of the gap between the ideal state and the current state. We then clarified the challenges to be faced 2, 5, and 8 years down the road toward our ideal state, and formulated a storyline through which we can overcome these challenges and achieve our ideal in 8 years. We believe it is also important to have systems and mechanisms that allow us to constantly change our ideal state, and the storyline for reaching it, in light of changes in our internal and external circumstances to which we must respond immediately.

Taking on the challenge of new value creation

As a qualitative targets of SHIFT2030, we have established "three major SHIFTs" to be addressed by the entire company.

(1) SHIFT for growth

Further growth of existing businesses and exploration of new businesses. We aim to both deepen and explore. While generating solid profits from existing businesses, we work at the same time to create future businesses.

<p>● Sustainably grow existing business</p> <p>We will further strengthen existing businesses by increasing competitiveness through repeated improvement.</p>	<p>● Search for new business</p> <p>We seek new businesses through new markets and new technologies, and create new businesses through discontinuous change (Innovation).</p>	<p>● Accelerate new product development</p> <p>We will continue to develop and launch new products in existing and new business fields, mainly in the eight markets expected to grow in the future (robotics, smart factories, mobility, new energy sources/batteries, high-speed communications, biotechnology, chemicals / new materials, and AI).</p>
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(2) SHIFT for corporate value enhancement

We strive to provide high-quality products and services, manufacture products with consideration for the environment and safety, and realize improvements in corporate value through initiatives such as the creation of an attractive and rewarding work environment.

<p>● Enhance quality and total cost competitiveness</p> <p>We will further strengthen our quality and cost competitiveness, which are the foundation of a manufacturing company, and provide products and services that exceed customer expectations.</p>	<p>● Strengthen corporate governance and compliance</p> <p>We will comply with laws, regulations, and social norms, conduct fair transactions, and promote the strengthening and enhancement of our management system through innovative renewal and other measures.</p>	<p>● Promote ESG and achieve the Goals of SDGs</p> <p>We will promote ESG management to help solve social issues through our business activities and achieve sustainable corporate development, while working toward achieving the goals of the SDGs.</p>
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(3) SHIFT for further globalization

We will further strengthen our sales and supply capabilities in overseas markets that are expected to grow, and by strengthening and enhancing global support by our corporate divisions, we will work to improve our presence in overseas markets.

<p>● Further the global expansion of each business</p> <p>We will identify growth areas and growth fields for each business, cultivate new overseas customers, promote new product development, and expand supply capacity in line with growth.</p>	<p>● Strengthen global support via the Corporate Section</p> <p>In the overseas business developed by each business, we will strengthen and enhance support functions by corporate departments specializing in accounting and finance, recruitment and training of human resources, legal affairs and intellectual property, information and IT, and other areas.</p>
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Search for new businesses to support the next phase of growth

By newly expanding our existing businesses and technologies in search of innovation, we aim to respond to changes in the market and expand our businesses into new areas that will support the next growth of the NITTA Group. Examples might include moving from soft materials to hard, or from the parts and devices business to providing system solutions.

(1) Creating a structure and culture to realize new business creation

While keeping manufacturing as our foundation, we will create a mechanism to explore new businesses that will become future sources of earnings from a more market-oriented perspective in areas that extend beyond parts, such as industries with growth potential and services that can be expected to generate earnings in the future. We will also promote this concept and approach to integrate it into our corporate culture.

<p>● Review and improvement of conventional mechanisms</p> <p>As we foster an organizational culture that takes on new challenges, we will review and improve traditional NITTA Innovation (NI) activities such as NITTA Innovation Crew (NIC) and V Challenge (our new-business proposal system). We also plan to develop a new NI Circle activities consisting of independent study of new business themes across organizations and functions.</p>	<p>● Construction of exploration-oriented new mechanisms</p> <p>In addition to the conventional structure in which new businesses have been considered based on product-out ideas centered on development and engineering staff, we will establish and promote a structure that allows new businesses to be proposed and created from a market-in perspective from both inside and outside the company, including sales and marketing staff (e.g., a practical training system to generate innovation, and an organization to explore new business concepts and make practical proposals).</p>	<p>● Sharing of values that achieve depth and exploration</p> <p>We will enhance internal support for the creation of new businesses by sharing throughout the company a value system that simultaneously realizes two conflicting values: "deepening" to continue to further strengthen existing businesses and technologies, and "exploring" innovation through new expansion of existing businesses and technologies.</p>
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(2) Nurturing the seeds of new businesses

In order to build a new business that will support NITTA in 10 to 20 years and become a pillar of the company, we will accelerate efforts to commercialize what are at present the seeds of a new business.

<p>● Commercialization initiative for Namd™, a proprietary CNT / carbon fiber composite technology</p> <p>Namd™ is NITTA's proprietary technology representing a further advance in carbon fiber reinforced plastic (CFRP), which is used as a material for aircraft, automobiles, and other applications requiring light weight and high strength.</p> <p>The Namd™ commercialization project was established and advanced within the Technical Center through fiscal 2021 in order to expedite early commercialization. In April 2022, development work was transferred to the Technical Center, while manufacturing and sales were transferred to the Industrial Materials Division to further speed up the process.</p> <p>In addition, we have decided to construct a new factory building within the Nara Plant for the mass production of Namd™. Construction of the new plant building is scheduled to be completed at the end of 2022, with operations scheduled to begin in early 2023.</p>	<p>● Commercialization initiative for the SOFT matics™ robotic hand</p> <p>SOFTmatics™, a robot hand for food handling, is the brainchild of the NITTA Innovation Crew (NIC), a group of young and mid-career employees.</p> <p>Following NIC activities, development was advanced in the Technical Center as the RP Project. Ten types of hands are now available in different sizes and shapes for use with food products, with a unique gripping mechanism that enables the hands to gently pick up and hold irregularly shaped, readily scattered, and easily crushed foodstuffs as if they were being wrapped.</p> <p>For further business expansion, the RP Project was developmentally dissolved at the end of March 2021, and all development, manufacturing, and sales operations were transferred to the Hose & Tube Products Division to promote the business from October 2021.</p>	<p>● Commercialization of regenerative medicine-related operations Project progress</p> <p>The NITTA Group regards the biotechnology and life science fields as markets with future growth potential, and we are searching for new businesses in these fields.</p> <p>Regenerative medicine is an area of the market for which expectations are high, since it enables the treatment of diseases for which there have been no effective treatments in the past. Along with the academic development of various medical treatment methods, there is a need for industrial development of mass production technologies that lead to lower costs.</p> <p>In May 2021, the Regenerative Medicine Commercialization Project was launched to promote the application and development of the Group's proprietary technologies for medical tubing and sterile decontamination.</p>
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Message from the financial officer

Promoting the SHIFT to growth areas with an emphasis on return on invested capital

Takeshi Kobayashi
Representative Director and Senior Managing Executive Officer responsible for Corporate Center



Review of fiscal 2021 and forecast for fiscal 2022

To sum up fiscal 2021, in addition to the spread of COVID-19 infections, the global shortage of semiconductors and stagnation in logistics led to a decline in sales of tubes and other products for the automotive industry, as well as soaring logistics costs and raw material prices, among other factors that depressed business performance. On the other hand, sales of belt products to the logistics industry remained strong as transactions through e-commerce remained brisk due to stay-at-home demand, and sales of NITTA Group's tube and belt products for semiconductor manufacturing equipment also expanded due to unprecedented demand for semiconductors. In particular, NITTA DuPont, an equity-method affiliate that manufactures CMP pads and slurries, which are essential in the semiconductor manufacturing process, achieved a significant increase in sales and profit, contributing to

the Group's consolidated ordinary income, which reached a record high. The outlook for fiscal 2022 is becoming increasingly difficult due to geopolitical risks such as COVID-19 infection, China's zero-COVID policy and Russia's invasion of Ukraine, which will trigger further increases in distribution costs and raw material prices, in addition to the ongoing depreciation of the yen. Soaring logistics costs and raw material prices are also a factor weighing down on our group's performance, and the key will be how much we can offset these costs through sales expansion, price increases, and cost reductions. On the other hand, given that our Company does most of our business in yen, the yen's depreciation is a positive factor for the time being and is expected to increase profits overseas.

Financial strategy for sustainable growth

The NITTA Group is characterized above all else by our high level of safety, and two strengths of the NITTA Group that one could call our defining characteristics, were clearly demonstrated through the COVID-19 pandemic, an emergency that encompassed the entire world. One of these strengths is the sheer breadth of demand in our industry. The belt, hose and tube products manufactured by our Group are used in a wide variety of industries, so that declines in some industries can be offset by others. This is a factor that allows us to maintain stable sales even in emergencies. The second strength is our high equity to asset ratio. In the face of the uncertainty brought on by the COVID-19 pandemic, financial concerns have been a concern for many companies. Even in the face of such changes in the external environment, we have a strong financial base that allows us to take decisive action when necessary. This is a major strength that will enable us to continue to invest in growth, taking risks and making sure that we do not miss any opportunities in the future. On the other hand, we face a challenge in that our equity to

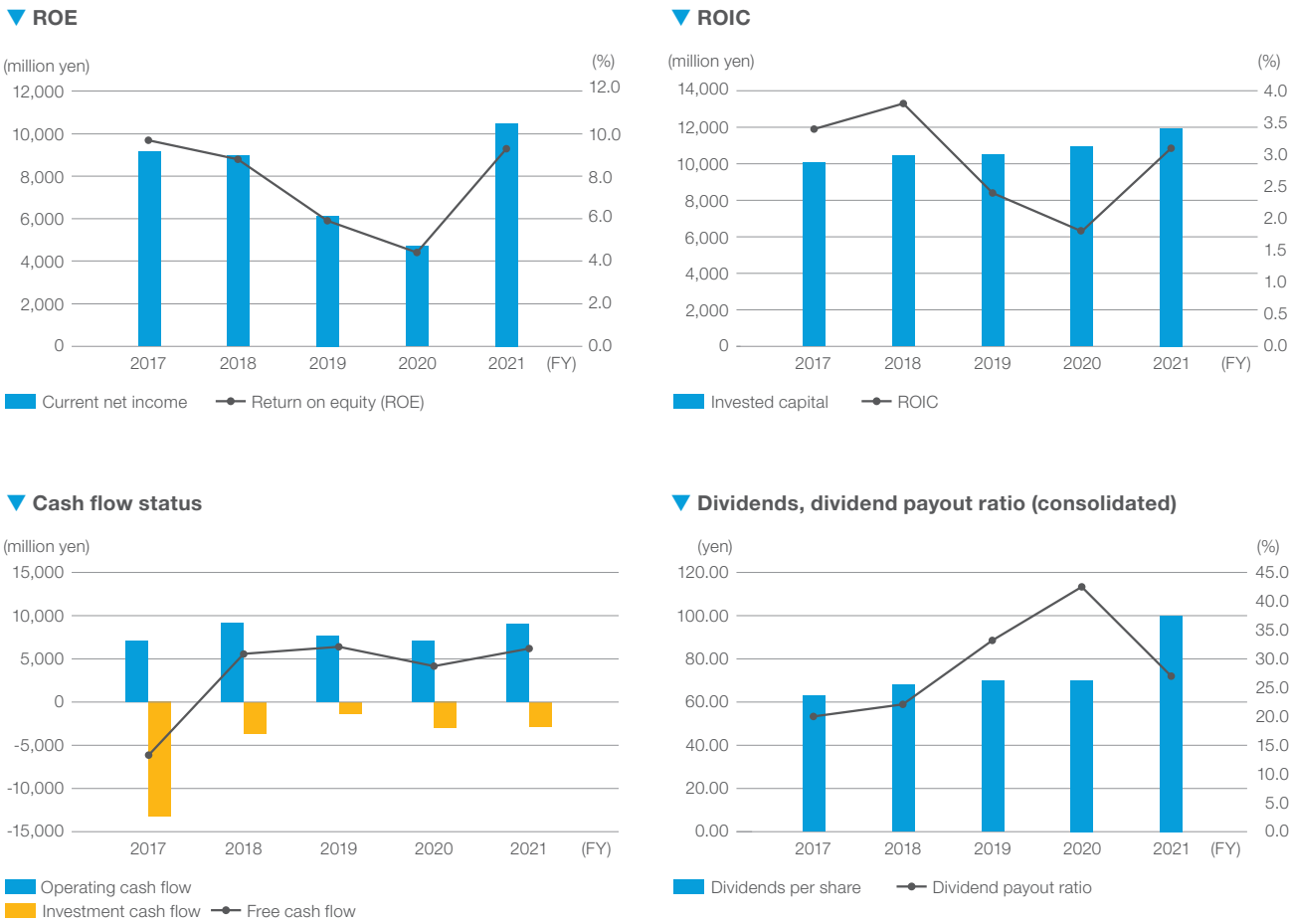
asset ratio is too high, which drives down return on equity (ROE). ROE for fiscal 2021 was 9.3%, up from the previous fiscal year, but the improvement in capital efficiency and consolidated operating income is not sufficient due to the large contribution of equity in earnings of affiliates. Moving forward, we must improve capital efficiency as we keep aware of our capital costs and pursue profitability in each of our businesses at the operating income level to grow more profitable businesses. Many of our divisions' mainstay products have reached maturity, and it is becoming apparent that what were once highly profitable products have become commoditized over time, tending toward lower profitability. These are the circumstances under which we formulated SHIFT2030, our medium- to long-term business plan, as a Vision for achieving business transformation. Once again, we aim to provide products that are more highly valued by our customers by leveraging our group's strengths, to further deepen our core products, and explore new markets and products to which we can then give form.

Identifying business through return on invested capital (ROIC)

We believe it is important to improve return on invested capital (ROIC) above the cost of capital to increase corporate value. The financial approach in our SHIFT2030 medium- to long-term business plan therefore includes the strengthening of ROIC checks. We check various financial indicators such as the working capital turnover rate and operating income ratio, not to mention capital expenditure, and we thoroughly analyze ROIC by business group, profitability by product, and growth potential, and discuss these with each business division. It is undeniable that because the NITTA Group has maintained stable management, we have not sufficiently scrutinized the profitability of our products or the efficiency of business operations. Amid the ever-accelerating movement of the industry, however, falling behind the competition is always a possibility. Given the current solidity of our financial base, we believe that now is an opportune time to decisively implement major reforms, review existing businesses, and invest in growth areas. Since last year, when we launched SHIFT2030, we have been formulating our business portfolio policy and examining the effects of our investments. By 2030, our aim is to achieve ROIC for the NITTA Group as a whole that exceeds our cost of capital.

Our Shareholder Return Policy

Nitta views the return of profits to shareholders as a key management issue. Our basic policy is to appropriately distribute profits on the basis of business performance while strengthening and enhancing our corporate constitution. One basic element of our thinking is to pay stable and steady dividends over the long term, taking into account the dividend payout ratio on a consolidated basis while comprehensively considering the outlook for the current fiscal year's performance, retained earnings, and other factors. In addition, the dividend policy for Phase 1 (fiscal years ending March 31, 2022 through March 31, 2025) of the SHIFT2030 medium- to long-term business plan, which started with fiscal 2021, is to maintain this basic policy and continue to pay stable and steady dividends with a target consolidated payout ratio of 30%. We hope that we can continue to provide continuous and stable returns to our shareholders, who support and encourage the management of our Group, and that we can continue to be a partner in pursuing the future together. To this end, the NITTA Group will continue to meet the expectations of shareholders by accelerating management that is conscious of the balance between investment in sustainable growth and capital efficiency.



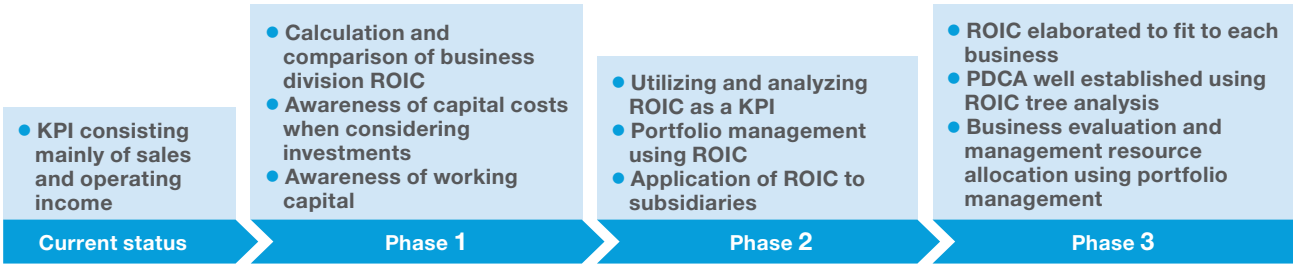
Message from the financial officer

Implementing ROIC

With the aim of improving capital efficiency, the NITTA Group has introduced rate of return on invested capital (ROIC) as an indicator for business operations as part of our efforts to enhance corporate value under our medium- to long-term business plan, SHIFT2030. In order to achieve ROIC that exceeds the Company's cost of capital, ROIC is calculated for each business division and each subsidiary. The ROIC tree for each of these is used in the selection of priority KPIs and measures. We are working to create

a system to implement the PDCA cycle for these improvements and to use it in performance evaluations.

During Phase 1 of SHIFT2030, we will apply ROIC trees and aim to increase operating income, which has always been a key KPI, by improving the working capital turnover ratio and by keeping aware of the need to exceed the cost of capital when considering investments.



Business portfolio management

The NITTA Group has established a basic policy for business portfolio management, which is based on business groups as the unit for implementing management. After attaining an understanding of the growth potential and return on capital for each of these business groups, we evaluate and verify whether growth and expansion can be achieved on a value-added basis that exceeds the cost of capital.

To monitor our businesses, we receive and check quarterly reports from each business group on the status of achievement of

business performance and plans, as well as future prospects. Recognizing the importance of optimizing a product portfolio to achieve growth strategy, each business group reviews and formulates a product portfolio revision plan for discussion and decision-making and receives deliberations and decisions.

Management reviews the product portfolio and discusses the future of each business on the understanding that the optimal business portfolio can change at any time with changes in business and product life cycles, markets and business environments.

Business portfolio management

Classification	Main businesses operations	Target markets/ domains	Plans for 2022
Belt and rubber products business	Belt products, conveyor products, rubber products, communication devices, electronic devices, sensor products, temperature-sensitive adhesive tape, carbon fiber reinforced plastic (CFRP)	Logistics, machine tools, textile industry	After attaining an understanding of the growth potential and return on capital for each business group, we evaluate and verify whether growth and expansion can be achieved on a value-added basis that exceeds the cost of capital. Representative examples of investment (1) Establishment of the new Chiba Logistics and Processing Center (deepening) Sales force expansion in the Tokyo metropolitan area (2) Construction of the 8th Plant Building at the Nara Plant (Searching) Construction of a new plant for the commercialization of our CNT / carbon nanofiber technology Namd™.
Hose and tube products business	Thermo plastic hose and tube products, Coupling and fitting products, mechatronics products	Semiconductor, construction machinery and automotive industries	
Chemical industrial products business	High-performance products, industrial material products, construction material products, waterproof material products	Rolling stock, civil engineering construction, OA industry	
Other industrial products business	Air conditioning products, measuring instruments, medical rubber products, medical plastic products	Semiconductor, medical and pharmaceutical industries	
Other businesses	Real estate business, management guidance business, driving school business, forestry business, etc.	Real estate tenants	

* From the current consolidated fiscal year, we are reviewing management classifications associated with our reorganization of April 1, 2021. Temperature-sensitive adhesive tape and sensor products, previously included in other industrial products business, have been placed under the belt and rubber products business.

Risks surrounding Nitta (opportunities and threats)

Risks that may affect the NITTA Group's operating results and financial position include the following. However, this is not an exhaustive list of all risks, and the company may be affected in the future by risks that are currently unforeseeable or not deemed significant. The Group will minimize such management and business risks and use these as opportunities to take various actions and devise useful mechanisms.

Risk types	Description of risks	Key risk-reduction initiatives
Disruption in supply of materials and components due to factors other than disasters	<ul style="list-style-type: none">● Discontinuation of products required by the Company for production● Sudden bankruptcy or business shutdown of an outsourcing partner	<ul style="list-style-type: none">● Exploration of alternative products● Search for strong distribution channels for raw material producers
Failure to achieve business plans and forecasts due to economic recession or downturn	<ul style="list-style-type: none">● Sluggish sales due to economic fluctuations● Defection or bankruptcy of an important customer	<ul style="list-style-type: none">● Attain an understanding of the budget progress of each business division at business status reporting meetings● Ensure timely and appropriate disclosure of information to be disclosed when it arises
Illnesses that interfere with business operations	<ul style="list-style-type: none">● Spread of infectious diseases	<ul style="list-style-type: none">● Continued implementation of measures to prevent COVID-19 infection● Establish a Crisis Management Headquarters structure to ensure the safety of employees and their families while minimizing impact on business
Fire and explosion accidents	<ul style="list-style-type: none">● Fires, explosions, and fires in owned forests● Risk of business interruption due to flammable or explosive gas leaks or disasters	<ul style="list-style-type: none">● Various safety patrols and environmental patrols to identify hazardous areas and provide instructions for improvement● Operation of a pre-application system for fire-use construction and risk assessment for each construction project
Natural disaster (earthquakes)	<ul style="list-style-type: none">● Disasters such as earthquakes, tsunamis, and volcanic eruptions● Risk of business interruption due to disasters	<ul style="list-style-type: none">● Comprehensive disaster drills conducted continuously● Maintenance of disaster preparedness stockpiles
External attacks and intrusions into information systems and networks	<ul style="list-style-type: none">● Ransomware attacks● Loss of critical data● Leakage of important data outside the company	<ul style="list-style-type: none">● Firewall construction● Establishment of data backup systems
Accidents involving product liability (PL) claims	<ul style="list-style-type: none">● Product defects(Design, material selection, manufacturing method, manufacturing process, product inspection, transportation, storage)● Inadequate instruction manuals	<ul style="list-style-type: none">● Thorough design review during the development phase● Guidance response at Quality Control Committee meetings
Accidents involving environmental pollution caused by intent or gross negligence	<ul style="list-style-type: none">● Water pollution● Soil pollution● Atmospheric pollution	<ul style="list-style-type: none">● Directives for improvements and emergency drills to help prevent environmental pollution from spillage in rollover accidents during transportation of chemicals, etc.● Case reports and reminders of emergency incident reports at Safety and Health Committee meetings
Unfair dealings	<ul style="list-style-type: none">● Collusion and unfair restraint of trade	<ul style="list-style-type: none">● Applications related to cartel risk through workflow● Ensure compliance with laws and regulations and the Code of Conduct through compliance education, etc.

Business overview

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.

Belt and rubber products business

Industrial Products Div.

Belt products, beginning with Japan's first leather belt for power transmission, have been at the root of Nitta since the Meiji era. We are pursuing high functionality and high added value as we develop wide-ranging belt products to meet the demands of the times for ever greater speed, volume, and precision. Our rubber products absorb expansion and contraction caused by temperature change in large structures such as bridges and viaducts, contributing to enhanced safety, durability, and comfort. Our temperature-sensitive adhesive tape contributes to enhanced productivity in electronic component manufacturing equipment. [▶p37](#)

Applications

- Belt products:** Textile machinery, postal machinery, financial machinery, logistics machinery
- Products for transport:** Food transport, logistics centers
- Rubber products:** Sliding wipers for machine tools, bridge expansion and contraction joints, etc.
- Temperature-sensitive adhesive tape:** Electronic component manufacturing equipment



Hose and tube products business

NITTA-MOORE Div.

As a pioneer in thermo plastic hoses and tubes, we have provided products that serve as the arteries of the hydraulic and pneumatic energy transfer and liquid transfer processes demanded in numerous scenarios in industry. Our mechatronic products have accommodated all manner of applications demanded of industrial robotic hands. We will continue to meet wide-ranging demands through technologies for communicating and connecting. [▶p39](#)

Applications

- Thermo plastic hose products:** Construction machinery, commercial vehicles, machine tools
- Tube products:** Semiconductor manufacturing equipment, passenger cars, commercial vehicles
- Mechatronic products:** Industrial robots



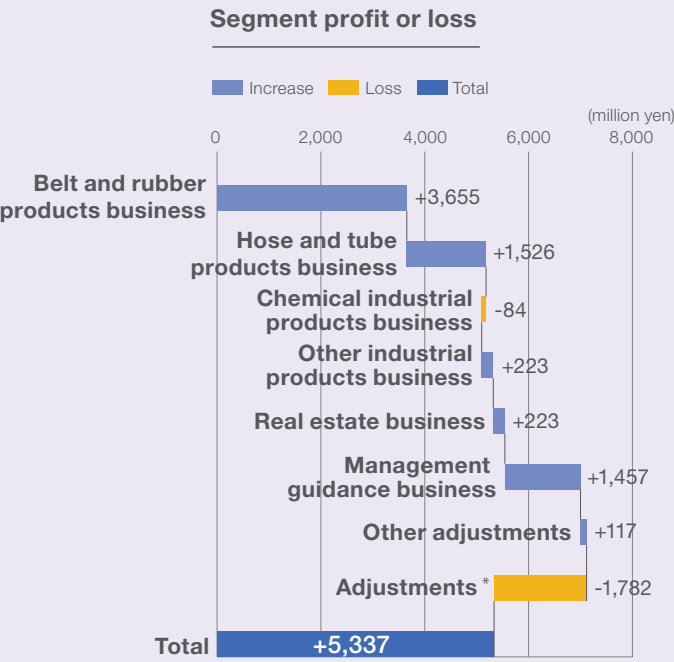
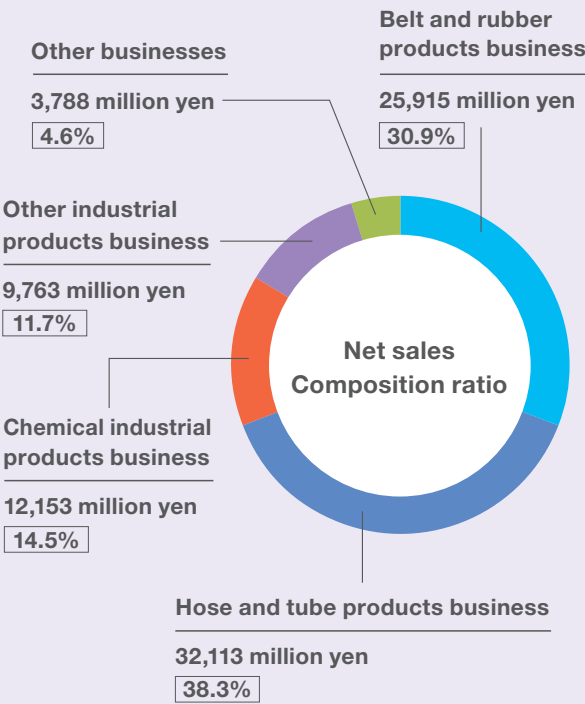
(Fiscal year ended March 31, 2022)

Net sales

Consolidated
83.7 billion yen

Operating income

5.3 billion yen
year on year
86.5% increase



* Adjustments: Mainly expenses related to administrative departments such as the parent company's general affairs departments that do not belong to reportable segments

Chemical industrial products business

NITTA CHEMICAL INDUSTRIAL PRODUCTS CO., LTD.

We established our chemical industrial products business in 2017, taking over the chemical industrial products businesses of Toyo Tire Corporation, Toyo Chemical Industrial Products Co., Ltd., Fukushima Rubber Co., Ltd., and Ayabe Toyo Rubber Co., Ltd. Our wide-ranging product lineup is specialized for specific industries and fields, and we strive to provide stable products that place quality first. By deepening our research and development and strengthening our ability to offer solutions through our product mix, we will contribute to the creation of a prosperous society. [▶p41](#)

Applications

- Rubber products:** Rolling stock, trucks, buses, ships, Concrete casting vehicles (air springs, anti-vibration rubber, etc.)
- Elastomer products:** OA equipment (cleaning blades)
- Resin products:** Sanitation vehicles, construction and civil engineering facilities
- Coated fabric products:** Gas meters, large storage facilities
- Architectural/civil engineering products:** Rooftops of apartments and other structures, final disposal sites, storage reservoirs (waterproof/water shielding sheets), athletics stadiums/multipurpose courts (resilient paving materials)



Other industrial products business

Clean Engineering Div./NANIWA RUBBER CO., LTD., etc.

By providing air conditioning products, medical rubber products, and plastic medical equipment, we meet the needs of wide-ranging fields spanning industrial air conditioning for semiconductors and pharmaceutical companies to general air conditioning and the increasingly sophisticated medical field. [▶p43](#)

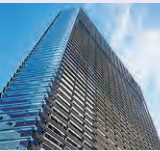
Applications

- Air conditioning products (filters):** Clean rooms (semiconductor manufacturers, pharmaceutical companies, hospitals, etc.)
- Medical rubber products, plastic medical equipment:** Blood circuits

Other businesses

- Real estate business:** Land and building leasing
- Management guidance business:** Management guidance for affiliated companies

Driving school business, forestry business, etc.: Driving school business, forestry business, livestock business, business contracting [▶p43](#)



Business strategy by segment

Belt and rubber products business

Industrial Products Div.

Main SDG targets

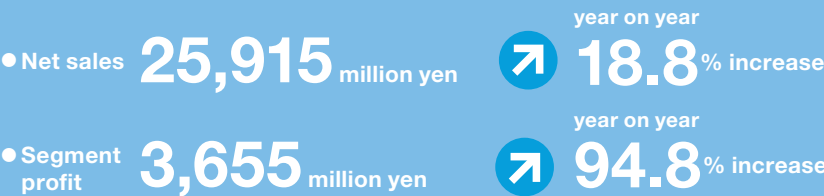


Strategy of "deepening and growth" to tackle the grand "paradigm SHIFT" transformation of the times. Ever more globally, and into new markets.

Seiichi Kitamura
Director
General Manager,
Industrial Products Div.



Segment performance in fiscal 2021



From the current consolidated fiscal year, we reviewed management classifications associated with our reorganization of April 1, 2021. Temperature-sensitive adhesive tape and sensor products, previously included in other industrial products business, have been placed under the belt and rubber products business. Sales and segment profit figures for the previous fiscal year were prepared based on the post-change classifications.

Review of fiscal 2021

Our flagship belt products have achieved significant growth in both the domestic and overseas markets. During the fiscal year, we recovered from the negative growth under the COVID-19 pandemic the year prior. In particular, e-commerce-related capital expenditures expanded in the logistics industry, and demand for conveyor belts and other products increased significantly. Recovery occurred in rubber products for machine tools. Sales of temperature-sensitive adhesive tape also grew significantly due to strong performance in the semiconductor industry. As a result, we achieved record performance both in Japan and overseas. At the same time, the year was one in which we were also pressed to cope with issues emerging in supply chains, including difficulties in procurement of raw materials, price hikes, and disturbance of distribution networks.

SWOT analysis

Competitive advantages

Customer response capabilities backed by materials technology and application technology. Solution sales and customized product development capabilities through dialogues with customers.

Weaknesses/issues

There is a need for further expansion of our marketing channels (sales, distribution, and communication) in global markets.

Opportunities

Rapid recovery occurred in major industries, and significant growth was seen in the logistics and electronic components industries.

Threats

Shortages in procurement of raw materials and soaring prices occurred in line with the sharp increase in demand, but attention must be paid to the rebound caused by divergence from actual demand.

Overview of business strategy aimed at 2030

1. Promotion of new product development

We will aggressively advance the development of new products that combine energy savings and long product life with environmental consciousness.

2. Deep cultivation of overseas markets

We intend to further expand our production and sales networks at our overseas sites. We will also resume our global human resources development that had stalled under the COVID-19 pandemic.

3. Promotion of shift to DX

We will work to improve efficiency and enhance profit by going paperless at our production sites and by automating input work in support sections. We will also improve the efficiency of sales activities through the digitalization of catalogs and other sales tools.

Flagship products



PolyBelt/PolySprint (transmission/conveyor belt) New Light Grip (transport resin belt) EC Series (curve conveyor) Finger Flex (large steel expansion joint for bridges) Temperature-sensitive adhesive tape products Sensor products

Contribution to the SDGs through environmentally friendly products

The Nitta Group aims to reduce our greenhouse gas emissions by 46% from our 2013 level by 2030. In addition to reductions in manufacturing processes, we are making contributions to customers and to society through energy-saving products. In our belt products, we are advancing the development of power-saving belts that reduce the load on motors through low-tension use, and belts for financial-related equipment that feature enhanced environmental performance. Our temperature-sensitive adhesive tape products feature reversibility by which the adhesive strength changes with the temperature. These can be used repeatedly, contributing to savings in resources and cost.

Expansion into the logistics market through "transmission" → "conveyance"

Amid ongoing large-scale e-commerce-related investments by the logistics industry, demand is rapidly expanding for conveyor belts, as well as for the transmission belts that have been our flagship belt products. Applications and needs are diversifying as the logistics market expands. We are carrying out development of conveyor belts that can meet the demands of this market. We also offer belt curve conveyors that can stably transport a variety of packaging forms.

Tackling further challenges in global business

Leveraging our success in belt sales to major American companies, we are actively expanding sales to major global companies in other countries. While we increase production capacity through capital investments and strengthen price competitiveness, through collaboration between our overseas sites we have achieved uniformity in the quality and service we provide in every country. We have earned the trust of customers through ongoing activities in which production, sales, and engineering work as one.

TOPICS

Business strategy for achieving our SHIFT 2030 medium- to long-term business plan

Connecting to the next generation: Breakthrough in "convey/carry" and "bridge/support"

Future growth strategies

Engaging in the deepening of existing businesses and the exploration of new businesses. Our aim is for our belt and rubber products business to be "Best in Class" in the global market. In addition to pursuing the status of global standard in belt products, we are also investing resources in the light transport domain. We will also work to expand our lineup of rubber and steel joints. In the area of temperature-sensitive adhesive tape, we are adding to applications for electronic components by developing new applications. In sensor products, we launched the new product Prelia i that makes visualization of pressure distribution easier and more affordable. We have also invested resources in the production and sales of the new material Namd™, composited from carbon nanotubes affixed at the nano level to the surface of carbon fibers using proprietary technology. We plan to undertake full-scale commercialization of the material.

Division target figures for fiscal 2022



Business strategy by segment

Hose and tube products business
NITTA-MOORE Div.

Main SDG targets

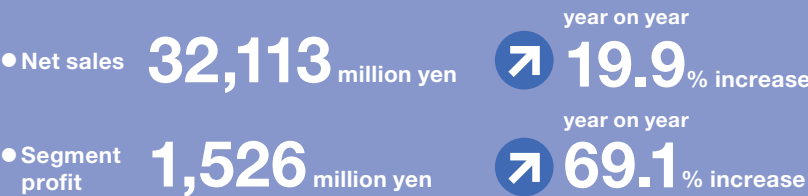


Making a transformation to a more aggressive sales team, and taking on the challenge of global markets and a carbon-free society.

Atsushi Izumi
Executive Officer
NITTA-MOORE General Manager



Segment performance in fiscal 2021



Review of fiscal 2021

Our general industry business, including products for semiconductor manufacturing equipment and for construction machinery, performed well in Japan and overseas. Sales increased by approximately 20% and operating income by approximately 50%. At the same time, as in the previous fiscal year, products for the automotive industry were affected by disruptions in logistics and supply chains caused by the COVID-19 pandemic. The result was a decline in sales and profit and a single-year loss for the automotive industry business. The hose and tube products business overall achieved net sales and segment profit according to budget, with the general industry business covering for the loss of the automotive industry business.

SWOT analysis	
Competitive advantages We provide the best products and services by promptly and attentively meeting the needs of customers and society. Leveraging our global network enables dynamic expansion.	Weaknesses/issues We will further enhance our price competitiveness and global network to win against global competitors and acquire local-capital customers.
Opportunities Expansion into major market regions is possible through our global network.	Threats As we expand globally, we must address a variety of problems and demands with greater speed than ever and discover optimal solutions.

Overview of business strategy aimed at 2030

1. Further globalization

We will make a SHIFT from business centered on Japanese customers to business with foreign customers, in both traditional and new markets.

2. Promotion of new product development and new market development

We will promote the development of products aimed at decarbonization-related markets, such as cooling pipes for the field of thermal management of electric vehicles (EVs), fuel cell vehicles (FCVs), and data centers.

3. Strengthening of sales in semiconductor markets (U.S. and China)

Amid the current worldwide semiconductor shortage, we will work to open up larger markets in the U.S., China, and elsewhere and further energize our sales activities.

Flagship products



Thermo plastic hose products for hydraulics



Tube products



Fuel tube products for passenger automobiles



Tube products for air brakes



Mechatronic products (automatic tool changers)

Reforming the sales structure to capture new customers, and engaging in market exploration and cultivation

In the past, our sales sections managed work inside and outside the office according to geographic specified areas. Through reorganization, we have placed inside and outside work into separate sections so that the outside work section can focus more than ever on sales activities. Also, to enable expansion of sales activities across all markets without being bound by existing specialized fields, we integrated what had been two sales teams for general industrial business and automotive business. We will

develop human resources capable of engaging in "development sales," a style of sales able to actively take in all manner of information to develop new markets and develop new products, not stopping at extending existing products horizontally into other industrial products but rather aiming for further new product development and new market development. We position this as a new sales force that will powerfully lead the hose and tube product business overall into the future.

Development of carbon-free products to meet society's demands for sustainability

Amid the automotive industry's rapid shift from gasoline vehicles to EVs and FCVs, required vehicle components and infrastructure equipment are changing significantly. In response, we have developed a group of products particularly for thermal management, including pipes for charging facilities, as well as EVs, and FCVs, and are strengthening our ability to offer solutions. Through sales activities that cross beyond our existing divisions, we are also making approaches to new markets, including pipes

for cooling equipment in data centers. We are also making horizontal approaches to semiconductor, medical care, automobile, ICT, and construction machinery markets, especially in industrial fields in which significant growth and change is expected. We are doing so by developing hoses and tubes for semiconductor manufacturing equipment, pharmaceutical equipment, and other ever-evolving equipment, with the aim of creating new technologies and products.

TOPICS

Business strategy for achieving our SHIFT 2030 medium- to long-term business plan

In global markets, we will draw on the individuality of every employee so that all employees will continue efforts until achieving success through bold ideas and the ability to act without fear of change.

Future growth strategies

From the current fiscal year, we are undertaking reorganizations and personnel transfers in order to continue and strengthen our global expansion into China, North America, Central and South America, ASEAN countries, and elsewhere. With our accumulated knowledge, experience, and information serving as a cornerstone, we are further speeding up these activities and tackling them with greater precision. We aim to create a free and open company environment in which opinions and information are actively exchanged, and to make this a year for enjoying, not fearing, change. We have launched activities as a flexible and powerful organization in which all employees can act dynamically and take on future-oriented challenges.

Division target figures for fiscal 2022



Business strategy by segment

Chemical industrial products business
NITTA CHEMICAL INDUSTRIAL PRODUCTS CO., LTD.

Main SDG targets



As a pillar of the Nitta Group and as a manufacturer, we will continue to provide manufacturing for our customers.

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



Segment performance in fiscal 2021



Review of fiscal 2021

As was the case in fiscal 2020, decrease in demand for sightseeing bus- and railway-related products had a significant impact on our business this fiscal year due to the COVID-19 pandemic. However, net sales increased by 620 million yen year on year in the truck and bus air spring business, which was transferred in the middle of 2020. In addition, net sales of rubber products for rolling stock exceeded sales in the previous year due to the launch of new European properties and the acquisition of service parts. In elastomer products, OA equipment components sales were robust but elastomer stock solution sales were sluggish. In rubber coated fabric and plastic products, sales of gas meter diaphragms increased in Europe but decreased in Japan. In road materials, we sought to cover sluggish orders in products for the outdoors facilities field and for general roads, as well as a decline in sales of general-purpose plastic hoses, by strengthening multifaceted sales of products including products for sanitation vehicles and ducts. However, we did not reach our overall targets.

SWOT analysis

Competitive advantages

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

Weaknesses/issues

As our main sales fields are limited, when demand declines in a specific industry or field, it tends to make a considerable impact without dispersion of the loss.

Opportunities

As an approach toward Europe, which is recovering rapidly from the COVID-19 pandemic, expansion is possible by leveraging the Nitta Group's overseas site network.

Threats

As we aim for global expansion, strengthening of our price competitiveness, speed, ability to adapt to volume, and other abilities, in addition to further strengthening of quality, will be demanded.

Overview of business strategy aimed at 2030

1. Operation that integrates manufacturing, sales, engineering, and QA

Through a management structure that integrates manufacturing, sales, engineering, and QA by introducing a business group system based at factories, we will clarify responsibility and authority and will accelerate more strategic activities.

2. Enhancement of quality levels and construction/strengthening of structures

We aim to increase customer satisfaction and strengthen cost competitiveness and quality level improvements. We aim to improve the constitution of the division overall through TQM activities and other actions that are mindful of "own process completion."

3. Promotion of compliance with the NITTA Group Code of Conduct as the basis for business activities

We will undertake further promotion and strengthening of our CSR activities through the continuation of compliance activities and the construction of a structure for internal control.

Flagship products



Rubber hose for concrete casting

Air spring for rolling stock

New product development in existing fields and horizontal expansion of existing products into other fields

Amid new lifestyles, new ways of working, and other major transformations in society, a fundamental review of our business activities in the post-corona age is a pressing task. Chemical industrial products in particular are often dependent on specific fields and specific products; the business as a whole is susceptible to changes in the industry.

It is important that we focus on the "deepening" of products and "searching" of new markets, not only for existing products but also in terms of expansion, concentration, and specialization of our product lineups in existing fields, as well as expanding sales of existing products into other fields and markets. Accordingly, in

terms of strategic products, we will engage in new productization in existing fields and horizontal expansion of existing products into other fields in four categories: tire-type rubber shaft couplings for steel, paper, and pump manufacturers; ceramic hoses for powder pumping equipment manufacturers; urethane elastomer stock solution for urethane molding manufacturers; and flame-retardant cable protection hoses for power plants. We have a product lineup for each of these and are working toward efficient sales efforts through catalog sales and other means, including order-based customization of basic products.



Tire-type rubber shaft coupling

Ceramic hose

Urethane elastomer stock solution

Flame-resistant cable protection hose

TOPICS

Business strategy for achieving our SHIFT 2030 medium- to long-term business plan

Through trusted manufacturing, we will continue enhancing the security and satisfaction felt by our customers.

Future growth strategies

By making a SHIFT in business structure from a field-specific focus to a product group-specific focus, we will quickly clarify issues in business and promptly implement apt countermeasures to carry out the "3 SHIFTs" of our medium- to long-term business plan.

- In "SHIFT for Growth," we aim to expand sales by capturing needs not yet addressed, deepening our existing products, and shifting to new markets.
- In "SHIFT for Corporate Value Enhancement," we will enhance our quality level and will construct and strengthen structures through activities such as TQM and international certification. We will also pursue the enhancement of customer satisfaction and the improvement and strengthening of the company's constitution through own process completion activities, cost reduction activities, and more.
- In "Shift for Further Globalization," we will aggressively challenge overseas markets that have significant potential through business activities that leverage the comprehensive strengths of the Nitta Group in the chemical industrial products business, for which our overseas sales ratio is low.

Division target figures for fiscal 2022



Business strategy by segment

Other industrial products business

Segment performance in fiscal 2021

● Net sales

9,763 million yen

year on year 3.6% increase

● Segment profit

223 million yen

year on year 193.4% increase



Review of fiscal 2021

Air-conditioning products such as air filters and fan filter units recorded solid performance for the year amid robust semiconductor and construction industries. Moreover, filter technology has come under attention during the pandemic for its environmental aspects and for infection prevention. Our products have been favorably received, boosting business performance. Monitoring products also performed well. We were able to extend products in multiple directions, including increased sales of our ATP kit for measuring bacteria under repeat demand from building maintenance business operators. At the same time, rising raw material expenditures and opportunity losses caused by delays in the procurement of materials from overseas were negative factors. However, we expect improvement from the current fiscal year onward.

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

Future growth strategies
As activities to promote sustainability, we will work to expand sales of products that contribute to energy and resource conservation and cost saving, and will advance the sustainable growth of existing businesses, new product development, and further development of new businesses.

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 2021

● Net sales

3,788 million yen

year on year 8.4% increase

● Segment profit

1,798 million yen

year on year 15.7% increase

Main business:

Real estate business, management guidance business, driving school business, forestry business, etc.

PICK UP

Air conditioning products

Clean Engineering Div.
Exploration of new business domains that will become the pillars in the future, and tackling challenges in the life sciences field.



Analysis of the division

Strengths of the division
Environmental measures and social contribution have been initiatives of the business since its start, and we have gained a high level of experience. Capabilities for responding to customers' and society's growing need for safety, security, and comfort related to atmospheric environmental measures.

Issues for the future

- Promotion of sales expansion through SDG-compliant environmentally friendly products.
- Global expansion utilizing our overseas sites, from China to South Asia.

Overview of business strategy aimed at 2030

1. Sustainable growth of existing products (New/repeat SBU*, measuring instrument SBU*)

2. Acceleration of new product development (equipment and device SBU)

3. Search for new business (life sciences)

* SBU: Segment business unit

Further deepening accommodation of customers' needs

We are promoting further sales expansion by utilizing our distributor network built over many years as a sales network for existing products. Through dialogues with customers, we quickly and accurately perceive their needs and adapt to changes in society.
By conducting research and development and proposing solutions to customers based on information and issues we collect, we are working toward the further deepening of existing products and development of new products, and toward connecting these to customer satisfaction.

Tackling new business in the life sciences field

Beginning several years ago, we have engaged in initiatives with government and academia in the field of regenerative medicine. Through academic presentations and joint research with universities, we are working to increase public awareness of this as a new field of business for the Nitta Group. We are classifying filters, biocounters, decontamination products, and regenerative medicine products into the Nitta life science product group to launch a new brand, BCLEEN*. As a start-up company entering the early stage of an incipient industry that is expected to grow, the division aims to experience significant growth together with the industry.
* "BCLEEN" combines the "B" from "bio" with "CLEEN," a coinage combining "clean" and "engineering."

Review of fiscal 2021

Real estate business
(Land and building leasing)

Net sales were 811 million yen due to reasons including rent revisions and tenant evacuations related to the COVID-19 pandemic. Segment profit decreased by 38 million yen (14.5% decrease) from the previous consolidated fiscal year to 223 million yen.

Management guidance business
(Management guidance for affiliated companies)

As a result of favorable performance at affiliated companies subject to management guidance, net sales were 1,645 million yen. Segment profit increased by 196 million yen (15.6% increase) from the previous consolidated fiscal year to 1,457 million yen.

Other
(Driving school business, forestry business, etc.)

Net sales in other businesses, which consist of the driving school business and the forestry business in Hokkaido, were 1,332 million yen. Segment profit increased by 86 million yen (273.4% increase) from the previous consolidated fiscal year to 117 million yen.

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 searching" × "SHIFT for deepening" research and development activities

Our Group engages 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." In collaboration with business divisions, we conduct research activities to strengthen and utilize TPFs at Group companies.

In "SHIFT for deepening" in our existing business fields, we are advancing related technologies and product development activities through our divisions and Group companies' technical sections. In the process of this development, we utilize evaluation analysis technology, CAE analysis technology, 3D printer-based and other prototyping technology, and aggressive intellectual property strategies at our Technical Center.

Open innovation that accelerates "SHIFT for deepening"

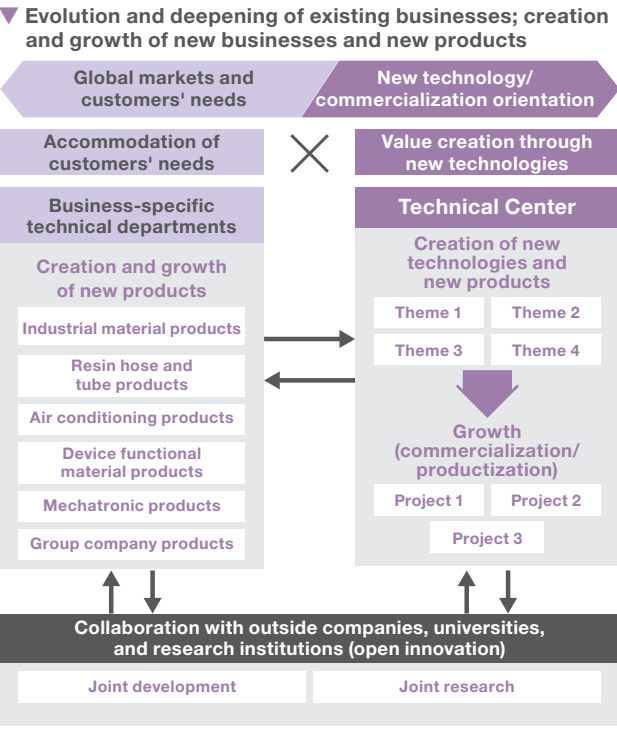
To further accelerate "SHIFT for deepening" that meets the demands of the times, such as demands for carbon neutrality and a sustainable society, the Nitta Group utilizes the existing technologies of Group companies and assets such as the "Nitta no Mori". Going beyond utilization for internal development 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 research institutes, researchers, and leading 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.

Research and technology development structure



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 intellectual property network and brand that encompasses basic patents and peripheral patents.

Intellectual property activities

Basic policy and ambidextrous intellectual property activities

Our Group's basic policy is to work to protect our intellectual property rights while acting appropriately with care to avoid infringing on the rights of others. With respect to intellectual property-related rights, we place importance on strategic monitoring of patents and patent searches related to our business themes. Our Intellectual Property Dept., too, seeks to achieve "SHIFT for deepening" and "SHIFT for searchingT" 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, the Dept. is promoting deepening activities and exploratory activities.

Deepening of intellectual property activities

As a deepening activity, we visualize and deeply investigate intellectual property-related information in collaboration with R&D organizations and divisions' technical organizations under a shared understanding, to promote the creation of an organization that can draft and execute effective intellectual property strategy within our business strategies.

As a part of such initiatives, we have begun new intellectual property education aimed at the development of human resources who combine a business perspective and intellectual property perspective. To instill a viewpoint of not only intellectual property but also of how to make use of it in business, we are advancing educational design to allow intellectual property organization members to offer support with an understanding of business. By demanding the visualization of intellectual property strategies in the form of output, we expect that technology and intellectual property organizations will be able to undertake intellectual property strategies with a shared understanding, leading to changes in individuals' behavior toward the utilization of intellectual property.

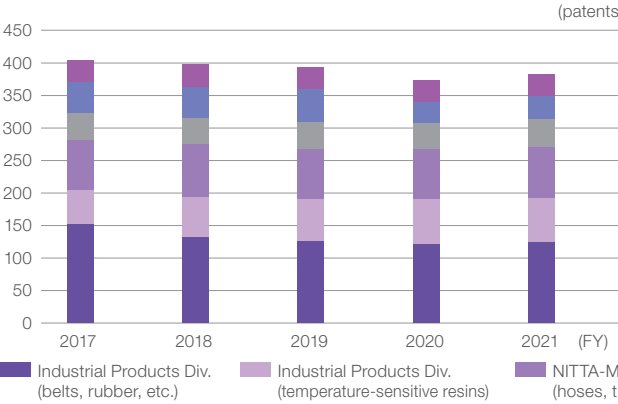
Exploration of intellectual property activities

As an exploratory activity, we are strengthening intellectual property information-related activities. We are working to provide informative materials that aid business judgment, such as information for new business exploration and advantageously engaging in business, and are acquiring the organizational capabilities for implementing intellectual property landscape. Having conducted development of human resources with a business perspective and an intellectual property perspective, we will lead and support more effective intellectual property activities by implementing intellectual property landscape.

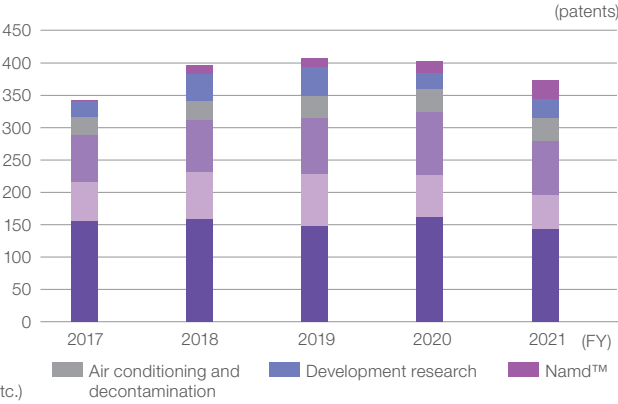
Status of the protection and utilization of intellectual property

In recent years, our number of patents has been on a slight downward trend in existing business fields including belts, rubber, hoses, and tubes. However, this is a reflection of our strategic acquisition and reconstruction of necessary and sufficient patent rights in line with product development matched to customers' needs. Particularly in the field of air conditioning and decontamination and the field of temperature-sensitive resin (transferred in fiscal 2021 to the Industrial Products Division), we are accumulating patents for the construction of barriers to entry for new products and application development. In the new business field of Namd™, we are strategically acquiring basic patents and peripheral patents, globally building a patent network of one-of-a-kind technology. We are also accumulating technological know-how in accordance with our know-how management procedures, and enforce the management of confidential information. In the area of brand protection, we are building our brand by means such as having customers display Namd™ as a technical brand on their products. In doing so, we are working toward the maintenance and enhancement of our brand value by presenting trademark protection guidelines to prevent the incorrect use of trademarks and requiring that these be incorporated into usage contracts.

▼ Number of patents held, domestic



▼ Number of patents held, overseas



ESG management initiatives

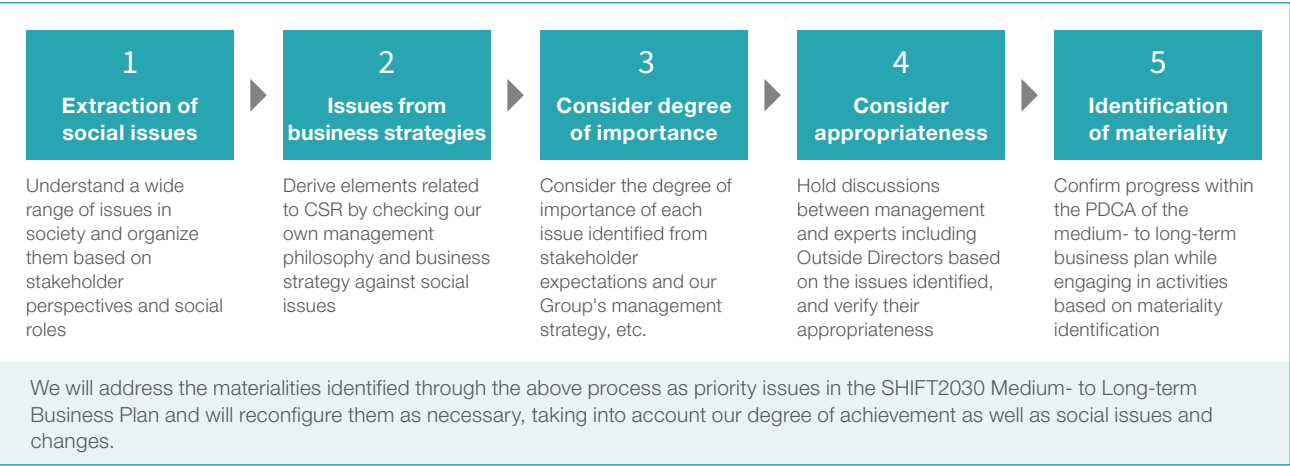
Promoting business that contributes to solving social issues

Creating businesses that enable society and the NITTA Group to develop together

We have inherited the words left behind by our founder, Chojiro Nitta, in the Meiji era: "A business prospers by manufacturing excellent products, but that money must be put to public use so it can contribute to society." We see contribution to society as our mission, aimed at achieving the current SDGs.

We grasp social issues through social trends, movements in the international community, and the expectations of stakeholders, and seek to create new businesses that will allow both society and the NITTA Group to develop sustainably.

Materiality identification process for ESG management



	Related SDGs	Materialities	Related stakeholders	Page
Environment	<div><div>7</div><div>12</div><div>15</div></div>	Achievement of a low-carbon society through the reduction of greenhouse gases	Employees / local communities / administration / local governments	▶p54
		Reduction of environmental burdens and achievement of a cycle-oriented society	Customers / business partners / employees / local communities / administration / local governments	▶p53
		Forest management that contributes to global warming countermeasures and to preservation of biodiversity	Employees / local communities / administration / local governments	▶p58
Society	<div><div>8</div><div>12</div></div>	Demonstration of social responsibility throughout the value chain	Customers / business partners / employees	▶p61~62
		Achievement of motivating and appealing work environments	Employees	▶p65~66
		Pursuit of customer satisfaction	Customers / business partners / employees	▶p67
Governance	<div><div>8</div><div>9</div><div>12</div></div>	Promotion of compliance and strengthening of risk management	Business partners / shareholders / investors / employees	▶p75~76

Relations with stakeholders

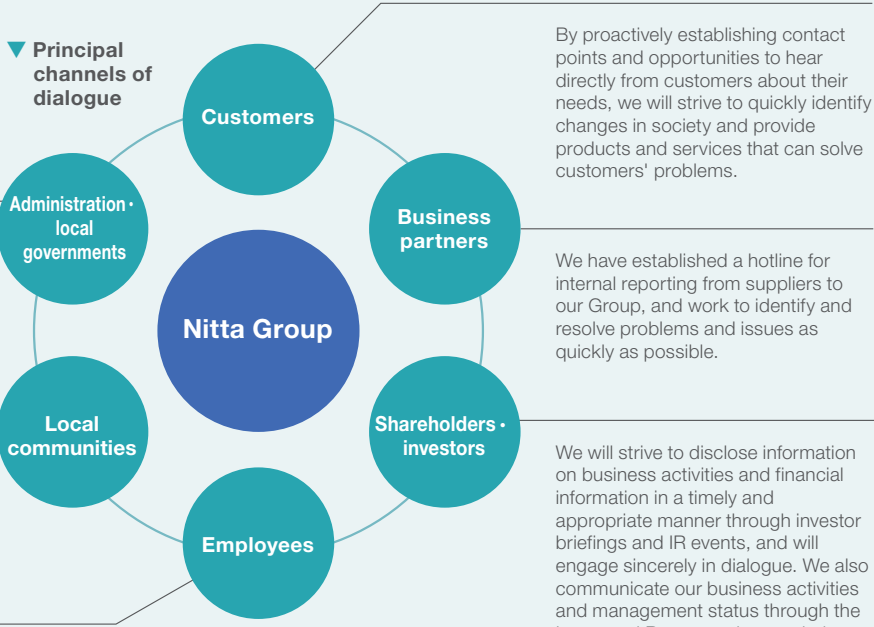
Principal responsibilities

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 the NITTA 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.
Shareholders・investors	We aim to achieve long-term stable growth of our Group and increase corporate value. To increase value for shareholders and investors, we will strive to reform and strengthen our business structure to generate stable and continuous profits and provide returns to shareholders.
Employees	We maintain a stable business environment in which all NITTA 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.
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.

In the areas of each plant site, we work to ensure smooth communication on a daily basis, such as by promptly responding to inquiries from the respective government agencies. We also provide donations and other support as requested by local communities.

In addition to raising awareness in the neighboring community of our Head Office building, which is designated as a tsunami evacuation building, we also provide the building as an evacuation drill site for nearby nursery schools. Clean-up activities and other neighborhood beautification activities are continuously conducted at the Main Branch and at each plant.

Feedback interviews are conducted, and supervisors take up the opinions of their subordinates to create a rewarding work environment and support diverse work styles. In addition, a dedicated third-party consultation service is available to address issues involving employees.



ESG management initiatives

Initiatives for the promotion of sustainability

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.

Our 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

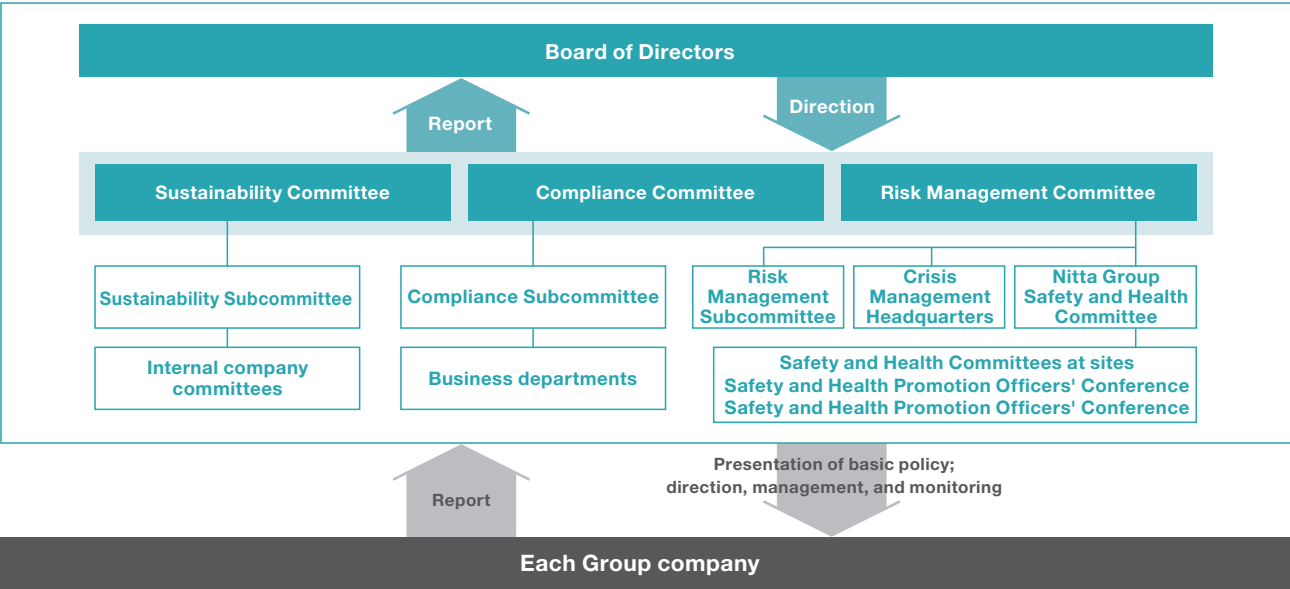
society, including the SDGs, and we have determined activity goals in order to meet these goals. Furthermore, the CSR Promotion and Risk Management Committee, which had served as an advisory committee to management on sustainability-related matters, was dissolved and replaced by a three-committee structure consisting of the Sustainability Committee, Compliance Committee, and Risk Management Committee.

With regard to sustainability-related matters, 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.

NITTA Group Sustainable Management Policy

The Nitta Group shall promote 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, society and environmental maintenance and preservation.

1. Through the development of [Innovative products], the Nitta Group creates new value and contributes to the sustainable development of industry and society.
2. In consideration of both the local community and the global environment, the Nitta Group works to reduce its environmental footprint via waste reduction and more resource and energy-efficient operations. Additionally, the Nitta Group pursues environmental conservation and antipollution initiatives focused on important environmental concerns like biodiversity, ecosystem and forest resource protection.
3. For the actualization of a society where the dignity of all people is protected, the Nitta Group works to prevent human rights violations in its corporate activities.
4. By respecting the diversity of human resources that are the source of creating new value and by promoting human resource development and utilization, the Nitta Group works to actualize work environments where individuals can exert their sensitivity and creativity.
5. We, the Nitta Group, by ourselves, do not only abide by regulations and social norms, but also work to do fair business activities throughout the value chain, such as cooperating with business partners and working on responsible procurement activities for society.



Initiatives to address key issues

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	FY2021 initiatives (example)	KPI	Fiscal 2021 performance	FY2022 target
Environment-related items	<div>7</div> Affordable and Clean Energy	Achievement of a low-carbon society through greenhouse gases (GHG) reduction	<ul style="list-style-type: none">Review Scope 3 calculation and methods of reducing GHG emissionsImplement Scope 1 and 2 GHG emission reductionsEstablish and disclose GHG emission reduction targetsPromote environmental investment (introduce the concept of environmental investment in capital investment)	GHG emissions from business activities: amount reduced	GHG emissions: 46% cut in 2030 (compared to 2013) Achieve carbon neutrality by 2050	
				Environmental investment value ratio	3%	5%
		Reduction of environmental burdens and achievement of a cycle-oriented society	<ul style="list-style-type: none">Act to advance the development of environmentally friendly products (use of wood from thinning, etc.)Continue activities to reduce landfill wasteContinue activities to reduce electricity and water consumption	Environmentally friendly products: Number of new items	5	5
	<div>12</div> Responsible Consumption and Production			Waste recycling rate	99.8%	At least 99%
				Waste reduction (base unit)	9.6%	1%
	<div>15</div> Life on Land			Water usage reduction (base unit)	4.1%	1%
				Energy consumption reduction rate (base unit)	7.5%	1%
		Forest management that contributes to global warming countermeasures and to preservation of biodiversity	<ul style="list-style-type: none">Formulate and implement Afforestation Plan goalsContinue to supply wood for biomass power generation, and consider the potential for expansionConduct biodiversity surveys in Company-owned forests	Rate of increase in timber stocks (compared to 2020)	0.5%	1%
				Planned volume of domestic timber offerings for biomass energy	1,298m³	1,200m³
				CO₂ absorption forest (1,477,978t in 2020)	1,512,954 t	Up 2% from 2020
Society-related items	<div>8</div> Decent Work and Economic Growth	Demonstration of social responsibility throughout the value chain	<ul style="list-style-type: none">Conduct surveys of CSR promotion activities among suppliersFormulate Human Rights PolicyFormulate Anti-bribery Policy	Assist all suppliers in achieving a rating of 3 or higher out of 5 on the CSR Procurement Guidelines Action Survey Questionnaire	79%	82%
		Achievement of motivating and appealing work environments	<ul style="list-style-type: none">Carry out measures to prevent COVID-19 transmissionContinue to conduct health management promotion activitiesEstablish rules for prevention of harassment and mental healthHold Safety and Health Committee meetings, including at Group companies	Participation rate in various training programs (Rehiring, career advancement training, etc.)	100%	100%
				Employment ratio of disabled persons	2.11%	2.3% (2023)
	<div>12</div> Responsible Consumption and Production			Ratio of female managers (%)	6.6%	8% (2025)
				Employee turnover rate	3.85%	Under 5%
				Male childcare leave utilization rate	23%	50% (2025)
				Paid leave utilization rate	72%	75% (2025)
Governance-related items	<div>8</div> Decent Work and Economic Growth			Number of Managers promoted from clerical positions	4	7 (2025)
				Not disclosed to the public	—	—
	<div>9</div> Industry, Innovation and Infrastructure	Pursuit of customer satisfaction	<ul style="list-style-type: none">Continue to implement quality improvement activities			
	<div>12</div> Responsible Consumption and Production	Promotion of compliance and strengthening of risk management	<ul style="list-style-type: none">The CSR Promotion and Risk Management Committee (now the Compliance Committee and Risk Management Committee) (4 times/year)Conduct risk analysis, identify major risks, and consider countermeasures, including cases involving domestic and overseas Group companiesConduct internal control audits, including of Group companiesConduct compliance and information security educationConduct internal control self-assessmentConduct activities to prevent recurrence of disasters in the areas where they occur	Numbers of Compliance Committee and Risk Management Committee meetings	4	4
				Number of compliance education sessions per year	6	6
				Strengthened information security, education participation rate	100%	100%
Governance-related items	<div>12</div> Responsible Consumption and Production			Improvement rate regarding internal audit findings	73%	100%
				Number of serious violations	0	0
				Conduct surveys on the state of BCP activities at suppliers	—	At least 95%
				Provide investor interviews to the Board of Directors as feedback	100%	100%

Environment

- Achievement of a low-carbon society through the reduction of greenhouse gases
- Reduction of environmental burdens and achievement of a cycle-oriented society
- Forest management that contributes to global warming countermeasures and to preservation of biodiversity

Related SDGs



Initiatives for the environment

NITTA's Environmental Vision

In December 2021, the NITTA Group formulated its Basic Policy on Greenhouse Gas Reduction. In aspiring to achieve a sustainable society, we are promoting initiatives to reduce greenhouse gas emissions at the production stage by 46% from the fiscal 2013 level by fiscal 2030, and to achieve carbon neutrality by 2050. Also, throughout the product life cycle that spans raw material purchase, production, use, and disposal, we believe it is essential to conduct environmentally-conscious business activities within our Group and in cooperation with suppliers and customers. We will continue to listen to the opinions of all, and to further our environmental activities by disseminating information on our activities more widely.

Shigeki Shinoda

Director and Managing Executive Officer, General Manager, Corporate Center



TCFD endorsement

Led by the private sector, the Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board at the request of heads of state and government at the 2015 G20 summit. We expressed our support for the TCFD recommendations in May 2022. Based on the TCFD framework, we will strengthen our governance regarding climate change countermeasures as we advance scenario analysis* based on analysis of risks/opportunities and their financial implications, to address climate change risks/opportunities and further enhance

information disclosure in order to strengthen our foundation for sustainable growth.

* Scenario analysis is a method for forecasting the impact of global warming and climate change itself, as well as changes in the business environment due to long-term policy trends related to climate change, and examining how such changes may affect the company's business and management.



Governance

The Sustainability Committee, chaired by the President, meets four times a year to address environmental issues including climate change, as one of the our key management priorities. The Committee deliberates on risks/opportunities entailed by climate change, discusses responses to these risks, and reports the results of its deliberations to the Board of Directors on a regular basis four times a year.

Strategy

Our departments work in mutual coordination to identify risks and opportunities, assesses financial impact, and then discusses responses to items identified as important and reports them to the Sustainability Committee.

Risk management

The Risk Management Committee identifies, analyzes, and evaluates risks, and then considers and implements risk mitigation measures. The Sustainability Committee shares business risks and opportunities due to climate change, as well as countermeasures, and manages progress. The Group has also established an environmental management system based on ISO14001, and monitors compliance with laws and regulations and other risks under this system.

Indicators and Targets

The NITTA Group has adopted a Basic Policy on Greenhouse Gas Reduction as described above and is working to achieve carbon neutrality.

ISO14001 Environmental management structure

The NITTA 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

The NITTA Group promotes environmental management based on ISO14001.

We are improving our environmental performance through periodic internal and external audits to confirm effectiveness, corrective actions, and improvements.

Internal Auditors

The NITTA Group conducts internal audits at least once a year across divisions to confirm and evaluate the proper maintenance and operation of the management system, compliance with various environmental laws and regulations, and appropriate management of environmentally controlled substances. In addition, we check-departmental audits to ensure that targets and measures are appropriate for energy consumption and waste reduction activities. When they are insufficient, we provide guidance based on the auditor's own experience to improve the quality of the audit and reduce environmental risks by correcting, improving, and horizontally disseminating the results of internal audits in order to reduce environmental risks.

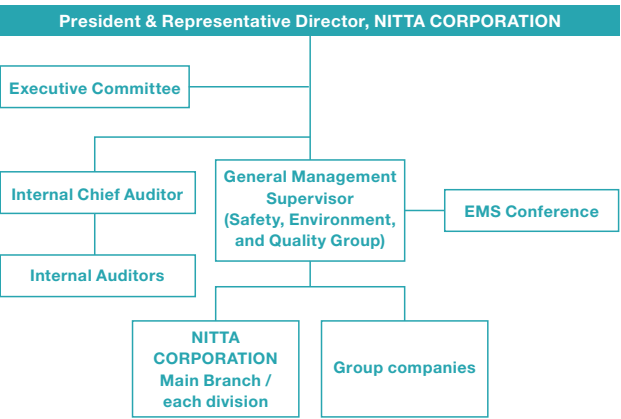
Energy Usage Reduction

In accordance with the Act on the Rational Use of Energy, the NITTA Group identifies facilities that use large amounts of energy, and for each facility creates Management Standards that specify operational management, maintenance, and inspection methods, and works to rationalize energy use by complying with these standards.

To reduce energy consumption at the production stage, we systematically reduce energy consumption by incorporating measures into our environmental management program such as improving productivity by increasing the line speed of production equipment and upgrading to high-efficiency motors. We are also working to protect the environment in our business activities through routine efforts such as reducing standby power by shutting off power during weeknights and holidays, and reducing the operating load on compressors by repairing air leaks.

In addition to electricity, the Nara Plant purchases natural gas, which is used mainly for electricity through the operation of boilers for steam utilization and cogeneration systems. In the future, we plan to reduce natural gas consumption through electrification with steam other than that used at high temperature, and by optimizing the operation of cogeneration systems.

ISO14001 Environmental management structure diagram



External review

The NITTA Group undergoes annual third-party audits, mainly at production sites, to maintain management system certification. The FY2021 audit revealed no significant issues, and the auditor concluded that, "The operation of the management system, including that of Group companies, has reached the stage of maturity, and is achieving the expected results." We will continue our environmental improvement activities based on the management system.

Introduction of renewable energy

In order to reduce GHG emissions that cannot be fully mitigated through the implementation of the measures described on the left, the NITTA Group has begun to introduce electricity from non-fossil certificates that are effectively derived from renewable energy sources.

For the introduction of renewable energy, we have analyzed the external environment for the energy sources relevant to our company up to the year 2050, incorporated them into a roadmap, and formulated an optimal plan for the introduction of renewable energy. Based on the established plan, we are and have been using renewable electricity since March 2022 at our Head Office building, Nara Plant, Kochi Plant, and other locations.

In the future, we will further promote the adoption of electricity from renewable energy sources at domestic Group companies, including overseas Group production sites, and promote the above-mentioned energy-saving activities based on results at the Mother Factory (Nara Plant), aiming to achieve carbon neutrality for the entire Group.

Initiatives for the environment

Medium- to long-term environmental targets

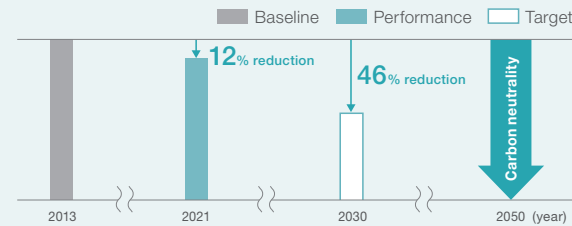
While the immediate response to global warming prevention is recognized as a global issue, the NITTA Group has established a Basic Policy on Greenhouse Gas Reduction to fulfill its social responsibility and enhance its corporate value by pursuing initiatives to help achieve the goal of carbon neutrality by 2050, which has been set by the Japanese government.

Through energy reductions based on the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures, promotion of LEDs, and other environmentally friendly production initiatives, we have achieved a 12% reduction in emissions in fiscal 2021 compared to fiscal 2013. We will continue to reduce greenhouse gas emissions by actively utilizing renewable energy, reducing waste, and promoting the development of environmentally friendly products.

Basic Policy on Greenhouse Gas Reduction

The NITTA Group's basic policy on 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.

▼ Greenhouse gas emissions



Environmental measure investments

The NITTA Group is accelerating the shift to LED lighting, actively promoting the use of equipment subject to Japan's Top Runner Program, shifting from central air conditioning to zoned air conditioning in the replacement of large air conditioners, and systematically upgrading power receiving equipment. In addition to setting transformer capacities that match current conditions and adopting high-efficiency transformers with low loss in production plants, we also adopt high-efficiency motors in manufacturing facilities to reduce the power load during warm-up

Initiatives to reduce greenhouse gas emissions

In order to achieve carbon neutrality, it is necessary to reduce not only the company's own greenhouse gas emissions, but also those of the entire value chain. The NITTA Group has estimated greenhouse gas emissions for fiscal 2019 with the aim of understanding emissions throughout the value chain. Note that these are domestic results calculated for Japan only.

As a result, the greatest emissions were from category 1, "Purchased products and services," in Scope 3, clearly indicating

phase.

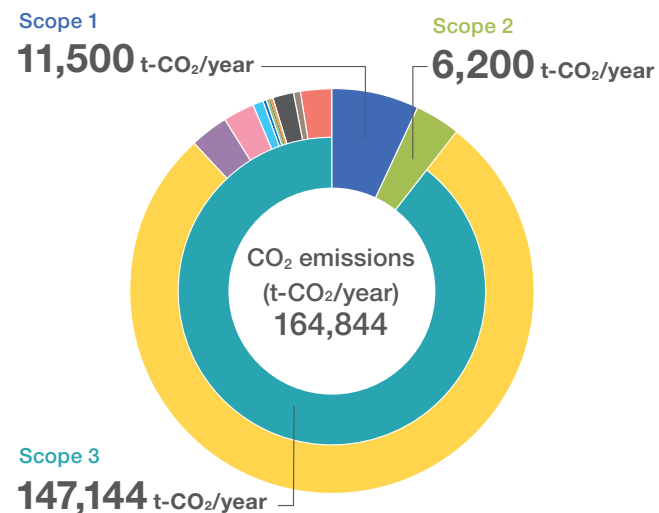
In addition, we calculate the amount of our current CO₂ emissions, and are working on energy-saving and environmentally conscious initiatives. In the future, we plan to set our own internal carbon price and introduce an internal carbon pricing system. By converting greenhouse gas emission reduction benefits into monetary values, we aim to create an internal environment that facilitates the introduction of capital expenditures that lead to a reduction in environmental impact.

the importance of reducing emissions from raw material sources.

We survey our major suppliers regarding their environmental initiatives. Upon checking the status of our efforts to reduce greenhouse gas emissions and sustainability through questionnaire surveys, we intend to deepen dialogue with our suppliers in the future, and to set reduction targets for Scope 3 throughout the entire supply chain.

▼ Scope 3 Category

Category	Item	CO ₂ emissions (t-CO ₂ /year)
Category 1	Purchased products/services	129,680
Category 2	Capital assets	4,520
Category 3	Fuel and energy related activities not included in Scope 1 and 2	3,775
Category 4	Transport, shipping (upstream)	0
Category 5	Waste produced in business operations	1,401
Category 6	Business travel	145
Category 7	Employee commuting	460
Category 8	Lease assets (upstream)	12
Category 9	Transport, shipping (downstream)	450
Category 10	Processing of sold products	0
Category 11	Use of sold products	0
Category 12	Disposal of sold products	2,478
Category 13	Lease assets (downstream)	804
Category 14	Franchise	0
Category 15	Investment	3,419



Targets for reducing greenhouse gas (GHG) emissions

Scope 3 GHG emissions figures are currently calculated using only NITTA (non-consolidated) as a standard. In the future, we intend to make the calculation simpler by applying DX technology on the established calculation method, and to improve its accuracy by expanding it to Group affiliates. We are also preparing to deepen dialogue with our suppliers to reduce Scope 3 throughout the supply chain.

▼ Scope 3 emissions

	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Emissions calculations					
Calculated on a non-consolidated basis	Calculated on a domestic, non-consolidated basis (Emissions for 2019 were calculated for use as a baseline)				
Collaboration with Business Partners		Seeking collaboration with partners			
Digitalizing the calculation method			Improve accuracy by digitalizing the calculation method		
Expansion of calculation target				Fact-finding survey of domestic Group companies	
Scope 3 Emissions Reduction Plan					Establish group-wide GHG emission reduction targets

Material flows

Our material flow for fiscal 2021 was as follows and conduct activities by we setting target values to reduce the environmental impacts that we generate.

Scope 3 calculations for greenhouse gas (GHG) emissions were performed starting in fiscal 2021, but the base value was set at fiscal 2019, when there was no economic impact from the spread of COVID-19 infections. We will continue our efforts to reduce GHG emissions by setting our emissions for fiscal 2019 as a baseline.

▼ INPUT

Energy	Purchased electricity	Entire company	15,283,063 kWh
	City gas used	Entire company	5,583,951 m ³
	LPG used	Entire company	2,126 kg
	Steam used	Entire company	13,970 t
	Heavy oil used	Entire company	40,300 L
Chemical substances	PRTR* substances handled	Entire company	227,878 kg
	VOC used	Entire company	604,671 kg
Amount of water resource inputs	Tap water used	Nara Plant	49,708 m ³
	Well water used	Other	60,344 m ³
		Nara Plant	215,997 m ³

* Water resource input volume includes figures from Group companies on the grounds of the Nara Plant.

▼ OUTPUT

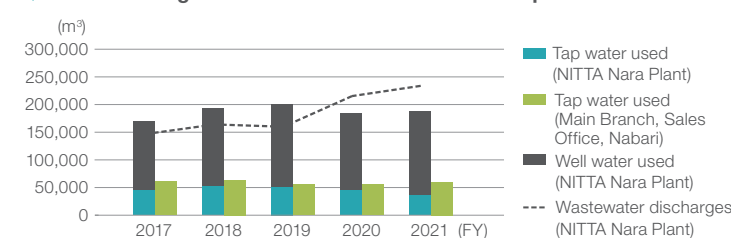
GHG emissions	GHG emissions	Entire company	17,792 t-CO ₂
	Atmospheric emissions	Entire company	22,668 kg
	Water discharge	Entire company	0 kg
	Soil discharge	Entire company	0 kg
Chemical substances	VOC emissions	Entire company	71,427 kg
	Waste plastic discharge	Entire company	897,913 kg
Waste	Waste plastic discharge	Entire company	897,913 kg
Wastewater	Emissions	Nara Plant	223,794 m ³

* Wastewater discharges include figures from Group companies on the grounds of the Nara Plant.

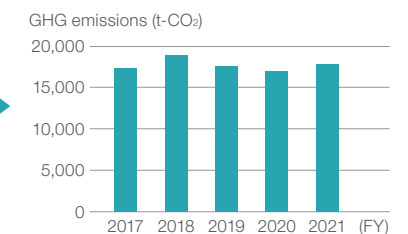
▼ Annual changes in energy

Item	Unit	Fiscal 2019	Fiscal 2020	Fiscal 2021
Purchased electricity	kWh	14,440,265	14,192,112	15,283,063
City gas used	m ³	5,278,358	5,226,655	5,583,951
LPG used	kg	2,401	2,409	2,126
Steam used	t	17,505	18,277	19,370
Heavy oil used	L	40,410	39,140	40,300

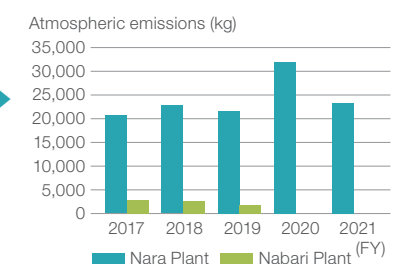
▼ Annual changes in amount of water resource inputs



Annual changes in GHG emissions



Chemical substance discharge Annual changes (in PRTR emissions)



Initiatives for the environment

Improving manufacturing efficiency to reduce raw material and water consumption

The 3Rs and waste reduction

The NITTA 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 in conjunction with "NS Activities" (the NITTA System: action taken to improve productivity and reduce costs through thorough elimination of waste). The results of these activities manifest themselves as improvements in yields and reductions in defective products.

In April 2022, 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, we have been studying the development of long-life products and the use of bioplastics since before the New Plastics Law came into effect, and have put such products on the market. We will continue to develop environmentally friendly products.

Our efforts at the disposal stage include setting a 1% per year discharge reduction target on a per-unit basis, and are also taking measures such as improving yield in the manufacturing process.

Although the target for reduction per unit of production was not achieved in fiscal 2020 due to the decrease in production value caused by the COVID-19 pandemic, we did meet this goal in fiscal 2021. From the standpoint of resource recycling, we manage industrial waste discharge and recycling rates.

For industrial waste other than waste plastics, we go the "extra mile in efforts" to increase the recycling ratio by, for instance, disassembling metal-plastic composite waste for separate disposal. Waste plastics are generally recycled through heat recovery (thermal recycling). In the future, we will seek more advanced recycling methods for high purity waste plastics generated in the production process.

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.

Initiatives for water usage reduction activities

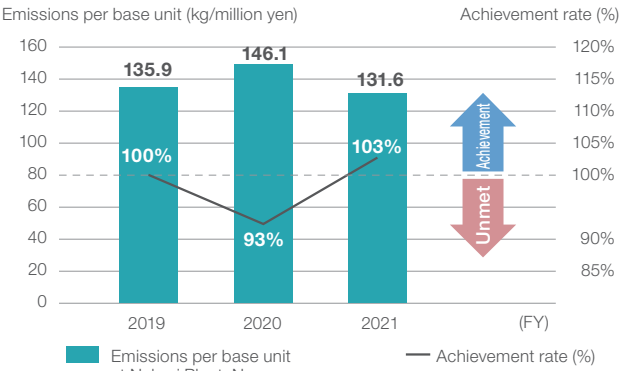
The NITTA Group uses tap water for mainly daily living and cafeteria use, and well water as cooling water for utility equipment at the manufacturing stage, and for sprinkling water in green areas. To reduce usage, we are advancing the following initiatives.

Early detection of leaks

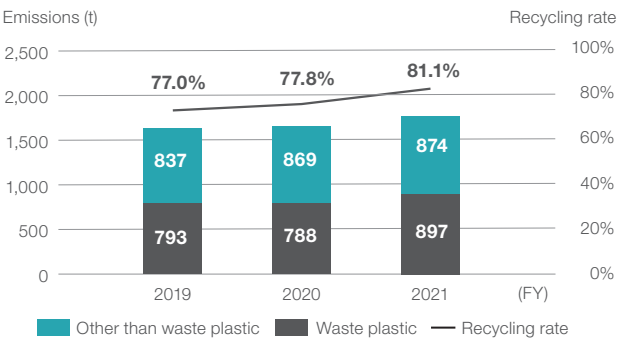
Through our energy monitoring system, we examine areas of abnormal usage and constantly checks for unnecessary water use due to leakage, and promptly repairs any abnormalities in order to optimize usage. In addition, the energy monitoring system can be updated to set thresholds and send out alerts via email or other means when usage exceeds specified values. The aim is to save water through early detection of abnormalities. We will continue to promote further reduction efforts.

We also exchange information with waste treatment contractors as needed, and investigate and review treatment methods with lower environmental impacts. 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 strengthening activities to reduce excess food production and leftovers in collaboration with our employee cafeteria food service operator.

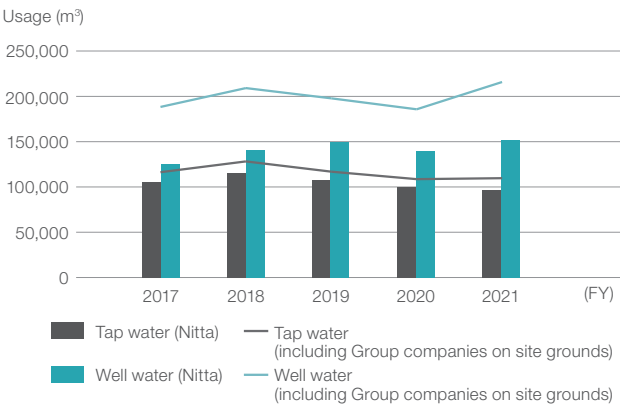
Waste plastic emissions per base unit, Nara Plant, Nabari Plant



Industrial Waste Emission Volumes Nara Plant / Nabari Plant



Water usage



Promotion of green procurement

Handling of chemical substances

Based on our Green Procurement Management Regulations, the NITTA 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

The NITTA Group has 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, the NITTA Group conducts 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.

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

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.

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. 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 CO₂ emissions to help prevent global warming and protect the environment.

Plastic Tube

(Automotive fuel piping, general industrial tubing)

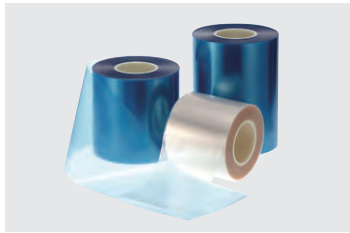
Resin tubing made of high-performance polyamide 11 derived from renewable raw material (castor oil).



Thin-film Intelimer Tape

(Temperature-sensitive adhesive tape)

While maintaining the previous adhesive strength performance, the amount of material used has been reduced by making the tape thinner.



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.



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).



Initiatives for the environment

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. In the field of tubing products, for example, we already produce and supply products made with naturally derived polyamide resin, and will continue studying new materials in order to increase these products.

In environmentally conscious 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.

Upgrading and switch to energy-saving equipment

Introduction of environmentally friendly equipment

When renewing equipment, the NITTA 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.

Initiatives for eliminating steam

Our 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 CO₂ by reducing energy loss.

Utilization of renewable energy

As future initiatives, we will actively introduce sources of renewable energy (especially solar power generation equipment) and will contribute to CO₂ reductions in our manufacturing processes by invigorating our energy generation activities. We have already introduced solar power generation equipment at two sites, and are supplying electricity to electric power utilities through the FIT purchasing system. We will actively cooperate with government policies that aim to make renewable energy sources the primary sources of electric power.

We plan to begin studies of CO₂-free power source adoption as we expand our range of activities to encompass both generation and use, bringing about a large CO₂ reduction effect.

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)	280	258

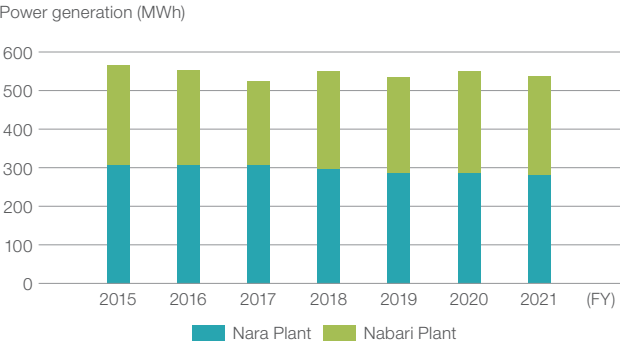


Nara Plant



Nabari Plant

Solar power generation



Sustainable forest management

115 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

- **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.
- **Surveys of biodiversity**
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.

Initiatives for the environment

Detailed data on sustainability

Environmental performance

Main domestic workplaces

(FY)

Workplaces		Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nara Plant	INPUT	Amount of energy inputs	Crude oil equivalent	7,814	7,466	7,146	7,199	7,315	7,237	6,913	6,906	7,496
		Chemical substances (PRTR)	t	221	171	177	173	202	188	167	217	223
		Water resources*	m³	190,488	199,455	168,457	148,286	244,033	274,198	259,331	239,905	265,705
	OUTPUT	GHG emissions	t-CO₂	15,371	14,761	14,150	14,092	14,310	13,824	12,829	12,744	13,624
		Chemical substances (PRTR)	t	22	33	23	13	21	23	22	32	23
		Waste	t	–	465	489	482	450	476	462	465	585
		Wastewater*	m³	164,749	161,028	143,985	137,816	146,823	164,062	159,910	215,332	223,794
Nabari Plant	INPUT	Amount of energy inputs	Crude oil equivalent	1,856	1,985	2,030	2,146	2,232	2,288	2,215	2,091	2,208
		Chemical substances (PRTR)	t	6.0	6.7	6.5	6.7	6.9	6.6	5.2	3.8	1.8
		Water resources	m³	33,608	49,920	57,521	48,482	48,109	52,428	45,056	47,673	52,754
	OUTPUT	GHG emissions	t-CO₂	3,808	4,055	4,026	4,167	4,325	4,356	4,061	3,618	3,610
		Chemical substances (PRTR)	t	5.8	6.5	6.5	5.9	2.9	2.7	1.7	0	0
		Waste	t	176	168	136	146	194	170	332	324	327
		Wastewater	m³	33,608	49,920	57,521	48,482	48,109	52,428	45,056	47,673	52,754
NITTA CHEMICAL INDUSTRIAL PRODUCTS Akashi Plant	INPUT	Amount of energy inputs	Crude oil equivalent	3,616	3,769	3,988	3,852	3,487	3,390	3,498	3,365	3,131
	OUTPUT	GHG emissions	t-CO₂	6,541	7,117	6,882	6,890	6,294	6,142	6,125	5,863	5,382

* Includes figures from Group companies on site grounds.

Main overseas workplaces

(FY)

Workplaces		Item	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021
NITTA MOORE TECHNOLOGY (CHANGZHOU) CO., LTD	INPUT	Amount of energy inputs	Heavy oil equivalent	568	601	568	596	799	557	429	371	–
	OUTPUT	GHG emissions	t-CO₂	1,746	1,846	1,746	1,831	2,455	1,710	1,317	1,138	1,294
NITTA CORPORATION (THAILAND) LIMITED	INPUT	Amount of energy inputs	Heavy oil equivalent	–	187	187	174	227	229	173	132	–
	OUTPUT	GHG emissions	t-CO₂	–	–	–	75	124	188	168	183	320
NITTA MOORE MEXICO S.de R.L.de C.V.	INPUT	Amount of energy inputs	Heavy oil equivalent	61	133	166	189	196	241	288	301	–
	OUTPUT	GHG emissions	t-CO₂	100	217	272	308	319	394	469	492	497
NITTA CORPORATION OF HOLLAND B.V.	INPUT	Amount of energy inputs	Heavy oil equivalent	249	386	397	416	442	456	398	404	–
	OUTPUT	GHG emissions	t-CO₂	310	571	595	622	655	680	599	599	596

Definition/
calculation
method



Emissions

Coefficients for the Order for Enforcement of the Act on Promotion of Global Warming Countermeasures.



Energy usage (crude oil equivalent)

- Crude oil equivalent energy usage is calculated by adding up the amounts of fuel, heat, and electricity used each fiscal year.
- The aggregated usage amounts are multiplied by the respective conversion factors for fuel, heat, and electricity to produce the calorific value of each, in gigajoules (GJ).
- The calculated heat quantity (GJ) is summed to obtain the total heat quantity (GJ) used during the fiscal year.



Water usage

Total usage from invoices water supplier invoices (well water usage is measured by meter).



Amount of waste generated

Figures are based on the Waste Management and Public Cleansing Act, and are compiled from waste management slips, invoices, etc.



Amounts of chemical substances handled

Amount of substances handled which are subject to the PRTR Law (Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement).



Chemical substance discharge

Emissions of PRTR substances into the atmosphere

Initiatives for society

Society

- Demonstration of social responsibility throughout the value chain
- Achievement of motivating and appealing work environments
- Pursuit of customer satisfaction

Related SDGs



Basic Approach

The NITTA Group states, in the NITTA Group Mission, "Going ahead with you. With products that lead to the future, NITTA makes things happen. We move the world forward and bring happiness to people." This is the mission of the NITTA Group.

Our Group will create and provide corporate value by sharing values with various stakeholders and delivering safe and secure products and services through our business activities. In our business activities, we will continue to contribute to the development of local communities and respect human rights, with a strong awareness of our connection to society.

Nitta's CSR Procurement Policy

Based on the NITTA Group Mission, NITTA Group Code of Conduct, NITTA Group Sustainable Management Policy, and NITTA Group Procurement and Purchasing Policy, the NITTA Group engages in initiatives aimed at sustainable growth and seeks to fulfill its social responsibilities through its business activities.

To carry out and promote responsible CSR procurement in cooperation with our business partners, in fiscal 2020 we created the NITTA Group CSR Procurement Guidelines. The guidelines indicate matters that our employees should naturally recognize and execute, as should our business partners, from the standpoint of fulfilling our corporate social responsibilities. 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. Action items requested in the guidelines are shown below.

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, the Group 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. A Declaration of Partnership Building is a statement that company representatives make to declare their commitment to the coexistence and co-prosperity of the entire supply chain, new partnerships that transcend size and affiliation, and compliance with desirable business practices between the parent company and subcontractors. 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.

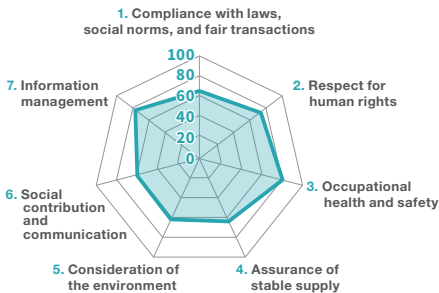


Initiatives for suppliers (purchasing partners)

To provide products that are safe and secure, the NITTA Group conducts procurement activities in compliance with our CSR Procurement Guidelines. In fiscal 2021, we sent a consent form for the guidelines to 202 of our major suppliers, which account for approximately 80% of transaction value, and received their approval.

In addition, we conducted a survey of 202 major suppliers who agreed to participate in a survey on their efforts and operational status regarding the guidelines, and received responses from almost all suppliers. The current status of health and safety and information management of suppliers is scored at about 80 points, indicating a high level of operational methods and awareness, while scores for stable supply, consideration for the environment, and social contribution remain at around 60 points. In recent times, fulfillment of social responsibility must be accomplished throughout the entire supply chain. We will put into practice support for our business partners with the aim of further deepening their understanding of our company and to achieve mutual growth for both our business partners and our group.

Questionnaire results (average scores)



The flow of evaluation of CSR procurement activities



Compliance with laws and social norms, and fair transactions

Compliance with laws and social norms

The NITTA Group seeks to be a company that gains the trust of its diverse stakeholders and grows together with society, through all persons who work in the group putting these shared values and ethics into practice. Based on this thinking, we are formulating 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 the right. We want everyone working in the Group to act with self-discipline under such ethical standards.

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. 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.

Fair Dealings

In the NITTA Group Code of Conduct, NITTA Group Procurement and Purchasing Policy, and NITTA Group CSR Procurement Guidelines, the NITTA Group states its commitment to engage in fair transactions and to conduct business in compliance with principles of fair competition and with all applicable laws and regulations. These codes and guidelines also stipulate the maintenance of sound relationships with all stakeholders and the prohibition of dealings with antisocial forces, with the aim of achieving fair transactions.

NITTA Group CSR Procurement Guidelines (1) 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.

Human Rights Initiatives

The NITTA Group regards respect for human rights to be a critical issue, and has established guidelines for all employees to follow in the NITTA Group Code of Conduct and the NITTA Group Sustainable Management Policy. In order to further promote our human rights initiatives, we expressed our endorsement and support in 2021 for the 10 principles of the United Nations Global Compact in the four areas of human rights, labor, environment, and anti-corruption. In addition, based on the United Nations Guiding Principles on Business and Human Rights and other guidelines, we have formulated the NITTA Group Human Rights Policy, and are working to ensure that all Group executives and employees are fully aware of this basic policy so that they can work together to promote respect for human rights.

About the Global Compact (UNGC)

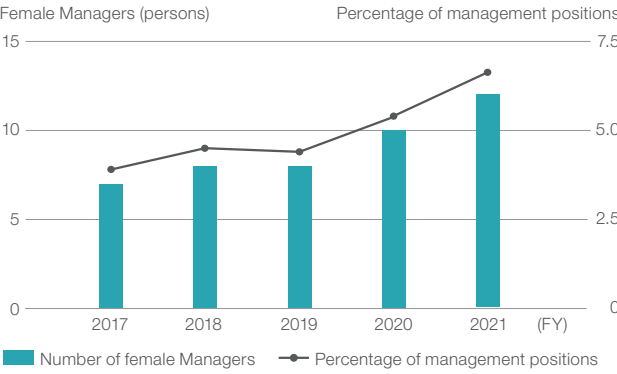
The UNGC was proposed by then UN Secretary-General Kofi Annan at the World Economic Forum in 1999 and officially launched at UN Headquarters in 2000. Participating companies are asked to support and put into practice 10 globally established principles in the four areas of human rights, labor, environment, and anti-corruption.



Initiatives for the promotion of active participation by women

As of April 1, 2022, NITTA had 262 female employees, or 22.5% of the total number of employees. Counting only clerical positions, there were 135 female employees, or 76.7% of the total. 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. In each of FY2021 and FY2022, one female employee was promoted from a clerical staff position to a managerial staff position. The number of women in administrative staff positions has increased to 2 Department Managers, 1 Deputy Department Manager, and 12 Managers, or 15 in total. To continue increasing the number of female candidates for promotion to management and planning positions, we plan to 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, while also enhancing our education system.

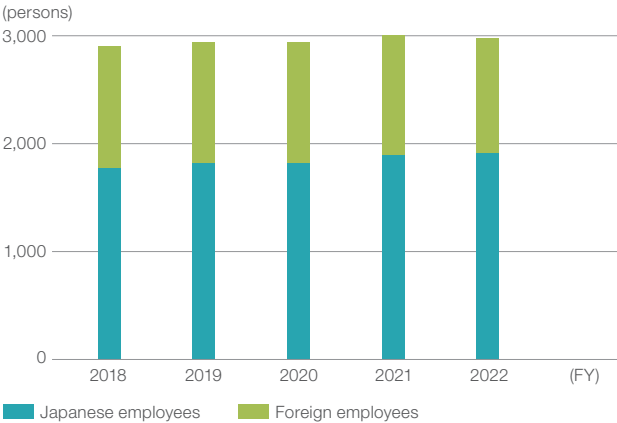
Ratio of female managers



Promotion of active participation by foreign human resources

At the NITTA Group, our employment is and has always been open to candidates of all nationalities, even before the emergence of concerns over human resource shortages due to a declining birthrate. This is simply a matter of not making nationality a criterion in choosing people we work with, rather than a shortage of Japanese human resources or a particular need for foreign human resources. There is no distinction or discrimination based on nationality, gender, or age within the company. This means that differences in nationality offer no advantage or disadvantage. We expect results equally from all persons with regard to their work, and evaluations are made under identical criteria. Our group has a wide variety of foreign human resources in management, sales, technical, and field operations positions. As our group aims for further globalization, the need for foreign human resources may increase, but our stance on recruitment will remain unchanged: We recruit talented human resources regardless of nationality. This is our Group's basic policy for promoting active participation by foreign human resources.

Japanese and non-Japanese employees in the Group as a whole



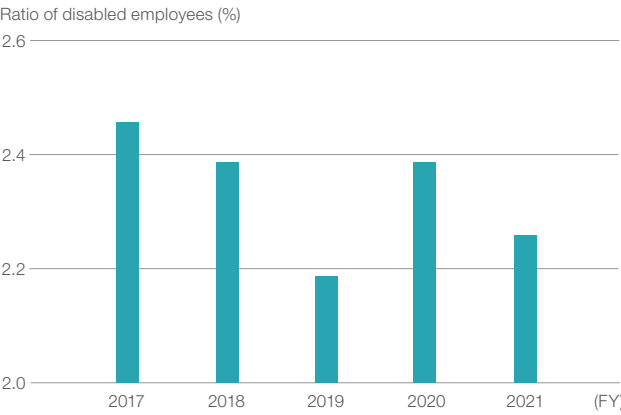
Employment of disabled persons

At NITTA, people with disabilities in various occupations (technical, clerical, and industrial) actively participate in the manufacturing, 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.

The company hires both new graduates and mid-career workers, with the ratio of new graduates at 52% and mid-career workers at 48%. Two new employees joined the company in April 2022, attended a three-week new employee training course along with other new employees, and are now working in the departments to which they were assigned.

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. In addition, we have established a system that allows employees to work from home when commuting is difficult, and other systems that allow employees to work in ways that suit their individual circumstances.

Employment ratio of disabled persons in the last 5 years



Continued employment of retirees

By establishing a post-retirement reemployment system, NITTA has created an employment environment in which all employees who have reached the mandatory retirement age of 60 can be rehired upon their request, and can work with a sense of security until the age of 65, which has been set as the age of retirement from reemployment. Of those who have reached retirement age, 84% (the average for the past five years) have requested to be rehired, and continue to work with vigor in various departments through post-retirement hiring.

A variety of post-retirement work styles are available, including employees who train and support junior coworkers, those who continue to apply their expertise and skills in doing the same work they did before retirement, those who manage organizations as

department heads, and those who serve as directors of Group companies. They all contribute to the growth of the Group in ways that suit their individual abilities and aptitudes.

For employees who do not wish to be rehired after retirement and choose a way of life other than working for the Group, we support their second life by providing them with financial assistance.

Rehiring rate of employees reaching retirement age

Fiscal year	2017	2018	2019	2020	2021
Rehiring rate	87%	81%	88%	76%	88%

Training global human resources

Our group, which operates widely overseas, dispatches expatriates to most of the overseas subsidiaries established in each country. These dispatched employees, with ages ranging from their 20s to 50s, are active in local management and business administration. To train employees who can play active roles globally from a young age, we have established an overseas trainee system. The program during the trainee dispatch period consists of overseas language school attendance and training at overseas subsidiaries. While living in a foreign country, participants first attend language school and study together with students from many countries. After finishing language school studies, they experience actual work at overseas subsidiaries. Through real-world experiences overseas, the program promotes understanding of other cultures and fosters global perspectives. Our Group also makes efforts toward the training of new employees, who learn not only about the basics of NITTA's business operations, but also those of affiliated companies for about a month after joining the company. Following that, we conduct on-site training for 6 months for general employees who will be asked to engage in global work in the future. During the

on-site training period, employees receive training in all of the various departments of the NITTA Group and affiliated companies while also undergoing weekly English training English proficiency is acquired through fun but rigorous classes conducted by foreign teachers. We have set up a program by which, at turning points in the training, participants deliver presentations in English on what they have learned and noticed in daily on-site training. New employees, upon thoroughly learning about and understanding the NITTA way of manufacturing through on-site training, take on assignments to communicate these in English. Through this linking of on-site training with English training, we aim to achieve training with synergistic effects. In this way, we develop new employees who can take on the challenge of business trips or postings to overseas subsidiaries without hesitating. We offer experienced mid-level employees and managers, a six-month global human resource development training course enabling them to learn while working in Japan as the core of the organization while being active globally, including readiness to take overseas assignments at any time.

Initiatives for society

Our concept of work-life balance

The source of development at NITTA is the ability of each and every employee to work vigorously, fully applying their abilities and characteristics. For this reason, our group has been working to create an environment in which each and every employee can maintain a good work-life balance and play an active role. The labor union is working together with the company to share ideas on expanding options for working and taking time off, improving the rate of paid leave utilization, increasing the rate of male employees taking childcare leave, among other efforts.

Specific efforts involve systems for shorter working hours and staggered working hours for childcare and nursing care that exceed legal requirements (especially staggered working hours for nursing care permitted to continue as long as the condition requiring nursing care continues). Also included are a system of shorter working hours (by week and by day) allowing disabled employees to freely set their working hours, a telecommuting system for working from home, special leave systems (refreshment leave, bone marrow donor leave, jury duty leave, etc.), and reminders to supervisors of employees who work long hours or do not take annual leave. The paid leave utilization rate is higher than before, reaching 72% in fiscal 2021.

Childcare leave utilization rate

Fiscal year	2017	2018	2019	2020	2021
Female (%)	100	100	100	100	100
Male (%)	0	0	5	0	33

Paid leave utilization rate

Fiscal year	2017	2018	2019	2020	2021
Utilization rate (%)	66	66	70	66	72

Continuous years of service

Fiscal year	2017	2018	2019	2020	2021
Male (year)	19.5	19.4	20.1	19.9	20.3
Female (year)	16.5	16.3	17	17.1	17.2

Average monthly overtime hours

Fiscal year	2017	2018	2019	2020	2021
Hours	18.4	17.1	15.9	13.3	17

and prevalence of smoking as health issues. We conduct health seminars, serve healthy menus in employee cafeterias, prohibit smoking in the company, and provide outpatient treatment and assistance to stop smoking at our company clinic.

We also carry out mental health checks and mental care training to ensure healthy minds, and work to create environments aimed at healthy workplaces that are comfortable and conducive to work.

Human resources education/development

The NITTA Group believes that the most important factor in achieving sustainable enhancement of corporate value is for each and every employee to enhance and fully apply his or her abilities and skills, and to play an active and vigorous role in the company. We have built a system of human resource development based on "training towers" (programs classified by rank) to maximize each individual's strengths and support career development.

The NITTA Group's ideal organization and individuals, as envisioned in our Medium- to Long-Term Business Plan SHIFT2030, are "Shift Innovators." In aiming toward our future

ideal, our Group conducts NITTA Innovation Training (NI Training) for new business exploration members and new employees who are recruited from the public. This initiative will continue and expand in the future.

While working together with a diverse workforce creates an environment conducive to innovation, it is important to build relationships of mutual understanding and respect. To this end, the Group provides Harassment Education and Mental Health Education to create a comfortable workplace where each individual can recognize the individuality of others.

Human Resource Development (training program)

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

Promotion of health management

Viewing the physical and mental health of employees as an important foundation of management, the NITTA CORPORATION has made a Health Management Declaration for the promotion of health management. We will advance the creation of healthy workplaces that enable all employees to be active, with physical and mental health.

As one key initiative, through analysis of the results of medical examinations and comparison with national average data from insurers, we assess the risk prevalence of metabolic syndrome

Health Management Declaration: 3 Elements of Health

1. Healthy bodies

We enact measures for the maintenance and improvement of health, and work to build healthy bodies.
We aim to help people improve their lifestyle habits (diet, exercise, sleep, smoking, alcohol consumption, etc.) to achieve vigorous physical health.

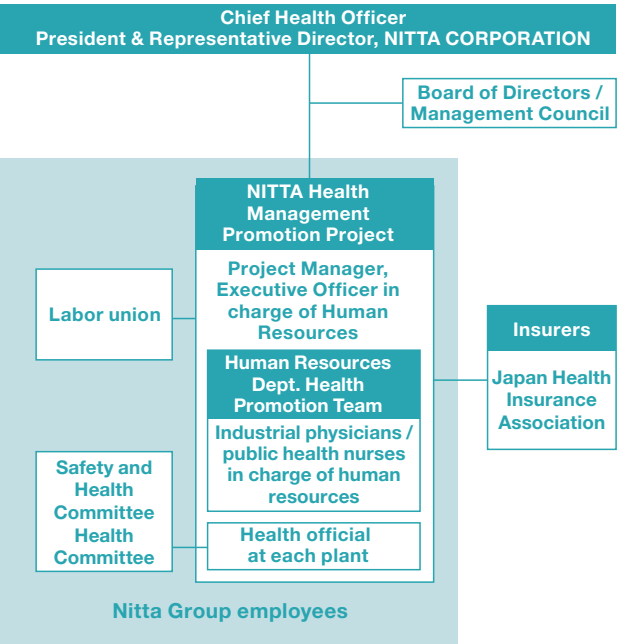
2. Healthy minds

We conduct stress checks, offer mental health education, and provide information to protect healthy minds. We seek to support mental liveliness by working to prevent issues with mental condition.

3. Healthy workplaces

In conjunction with work style reforms, we will work to optimize working hours, expand options for work styles and leisure styles, and otherwise make efforts to create comfortable workplaces. Our aim is to enhance work-life balance and create workplace liveliness.

Health management promotion structure diagram



Ongoing activities for human resource development

The NITTA Group carries out TQM activities, of which QC circle activities are a part. Drawing on concepts of the Toyota Production System, in production sections we carry out "NS own study" and other autonomous engagement activities by which employees think and make improvements on their own, and in support sections, we promote "own process completion" centered on improvement of work tasks.

Moreover, the Safety, Environment, and Quality Group, which oversees the Group, systematically conducts quality patrols aimed at quality improvement at manufacturing sites and Group companies, with the aim of improving the quality level overall.

Total Nitta System

Untiring pursuit of improvement of Q (quality), C (cost), and D (delivery time)

Ongoing activities for human resource development		
TQM (Total Quality Management) Actions Reporting sessions/guidance sessions for administrative staff ● Optimization of management issues	QC Circle activities Initiatives for site-led quality improvement ● Activation of workplace communication ● Formation of logical thinking	NS (Nitta System) self-study Pursuit of efficient mechanisms ● Pursuit of one man-day ● Elimination of "7 wastes" ● Construction of mechanisms for standardization
Autonomous promotion activities Activities to activate management issues from on-site perspectives ● Creation of a workplace culture in which people operate a small PDCA cycle to think and make improvements on their own ● Sharing of high-level policies	Own process completion (JKK) activities Efforts to improve work efficiency in support sections ● Elimination of work dependent on individuals ● Elimination of unnecessary work ● Standardization	5S activities Five elements as the foundation for improving work environments ● Improvement of work efficiency through comfortable environments ● Mutual checks and ongoing implementation



QC Circle Presentation Meet



NS own study



Recognized as a Health and Productivity Enterprise 2022 "White 500" organization (Large Enterprise Category)

For 4 consecutive years since 2019, the NITTA Group has been recognized as a Health and Productivity Enterprise "White 500" organization (Large Enterprise Category).

Quality contribution activities

Quality Policy

With manufacturing forming the core of our business at the NITTA Group, quality is the foundation. The NITTA Group Code of Conduct, which sets forth the basic rules for the behavior of executives and employees, lists "Providing high-quality products and services" as its first item. It further states that we are a manufacturing company that provides high-quality products and services to gain the satisfaction and trust of our customers and contribute to the development of industry. In addition, the NITTA Group Code of Conduct Practices Book states that we will work to maintain and improve quality to earn the trust of our customers, and provide safety and peace of mind to those who use our products and services.

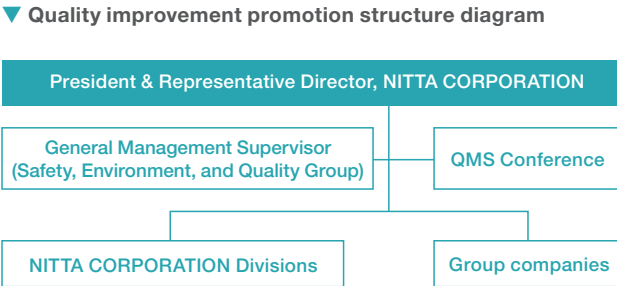
One of the features of our way of manufacturing is that we listen to the various requests of our customers and continue to respond to them in a steady and consistent manner.

We have established a Quality Policy to reflect this, 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 Code of Conduct and Quality Policy constitute the basic approach to quality of the NITTA Group.

Promotion structure for quality improvement activities

The NITTA Group has created a structure for the promotion of quality management, headed by the NITTA CORPORATION President & Representative Director. We have established a QMS Conference under the General Management Supervisor, with the Safety, Environment, and Quality Group supervising the whole and promoting 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

As a part of our education and training on quality, the Safety, Environment, and Quality Group sets a clear schedule for the Education and Training Program every year, then rolls out the schedule to all sections and implements it systematically. In all Divisions and Group companies, we perform policy management and development in response to top-level policy. Furthermore, to

achieve sectional quality goals, each section writes "individual quality goals" on a policy card every year for awareness by all employees, and implements these goals.

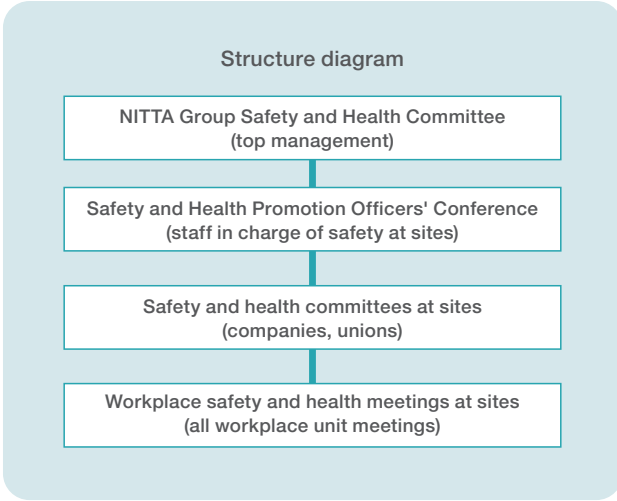
In this way, our Group operates a quality management system and engages in quality control activities throughout the organization.

Occupational Safety and Health Policy

The NITTA Group effectively operates management systems integrated with its business activities, and, while working to effect continuous improvements and achieve objectives and goals, complies with relevant laws and other requirements.

- Achievement of zero-risk workplaces
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.

Under the above policy, we have established and operate our Ten Safety Articles and our Ten Pledges for Safe Behavior.



Initiatives for the prevention of occupational accidents

In our Occupational Safety and Health Management Program, we conduct activities under an annual plan. We are creating a program to carry out safety and health patrols as often as possible, and are building mechanisms to ensure that every workplace system, safety and health promotion staff person, health manager, and so on can issue improvement charts to check, maintain, and improve workplaces and take action with certainty. Beginning with education for new employees, we cover familiar topics including heat stroke and traffic safety seminars, foreman education, risk assessment training, and more. To improve our individual hazard risk detection (i.e., making sure that each of us can and will detect any hazard that is present within

our arms' reach) and to thereby avoid occupational incidents and accidents, we plan these activities to instill in individuals an awareness of the importance of personally maintaining and improving zero-risk status. Safety and health promotion managers act as trainers whenever appropriate to use risk experience devices that encourage broader experiences and improve sensitivity to risk. We have adopted mechanisms that allow us to use rules based on ISO 45001 in practical work to undertake safety and health improvements. We have set up a Safety and Health Promotion Officers' Conference to horizontally deploy sites' actions as Company-wide safety activities.



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
- Forklift safe operation classes
- Disaster simulation experience classes
- Heat stroke countermeasure training
- Safety education for hazardous material handlers, ordinary lifesaving
- Traffic safety classes

Promotion of work style reform for prevention of COVID-19 contagion

We would like to express our deepest heartfelt sympathies and condolences to the bereaved families of those who lost their lives to COVID-19 infections.

Among our domestic sites under declarations of emergency, the Head Office under Osaka and the Tokyo Branch, which were designated as areas for implementation of emergency measures, set a telecommuting rate so that the actual attendance rate will be approximately 30% at those work sites. At plants outside the target area, we worked to reduce the number of commuting employees to the minimum while prioritizing production to meet customers' requirements. In particular, we actively encouraged work from home for employees who had a need to perform nursing care or childcare at home due to the closure of facilities.

After the declared state of emergency was lifted, domestic offices continued to place priority on responding to customer needs, but also used telecommuting and staggered work hours in efforts to avoid the three categories of social proximity associated with infection risk. In addition, a new telecommuting rule was established to encourage employees who need to care for or raise children at home to do so. Considering these circumstances, we improved IT infrastructure, implemented information security education, and created an environment to enable continued work from home into the post-pandemic period.



The NPTFU Series combines a partition with air purification functions. Its thin design facilitates installation in examination rooms, waiting rooms, hospital rooms, and other locations to support measures against droplet-borne infection in medical practitioners and patients. We propose it to our customers and install it at our head office and other locations as a measure against COVID-19.

Initiatives for society

Involvement with communities and society

Support for cultural activities

The NITTA 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. Including gardens landscaped by our founder, Chojiro Nitta, the site was designated a national scenic asset in 2010. 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 in our 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 opening the greeneries at our plants to nearby nursery schools, and registering our Head Office building as a tsunami evacuation building.



Cooperation with blood drives and bone marrow bank donor registration

Many NITTA 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.

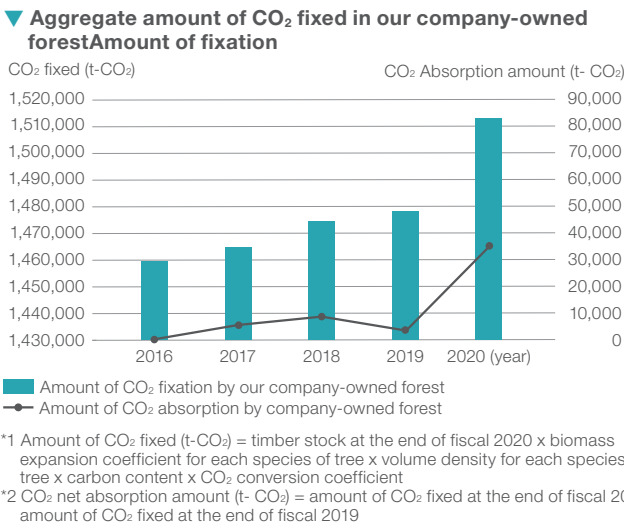


Contribution to global environmental issues through the maintenance and conservation of forest resources

NITTA Corporation entered the Tokachi region of Hokkaido in 1906 in search of oak trees, and for over 100 years since then has been 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 Company 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 CO₂ in a global warming prevention effect that has come under much attention in recent years. For fiscal 2020 (the fiscal year ending March 2021), we estimate that the amount of CO₂ fixed by our company-owned forest was approximately 1,512,954t-CO₂^{*1}, with a net absorption amount of 34,976t-CO₂.^{*2}



Initiatives for the next generation

As a component of our 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 CO₂ 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 and construction



Provision of a location for study by young forestry workers

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



Cooperation with labor-saving technology testing

Provision of company-owned land for on-site testing of mechanization, undertaken by Forestculture Japan as a measure for labor-saving technology



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



Cooperation in Hokkaido research

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



Social studies class at a local elementary school

Implementing forest management education as part of social studies classes



Governance

• Promotion of compliance and strengthening of risk management

Related SDGs



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. Additionally, we have obligations to stakeholders other than shareholders, including employees, business partners, customers, local communities, and the global environment.

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.

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 Management Council 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. 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

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, Management Council 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 support staff who execute duties under the leadership of the Audit & Supervisory Board. Additionally, appointments and transfers of these staff members 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 Auditors

Our 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.

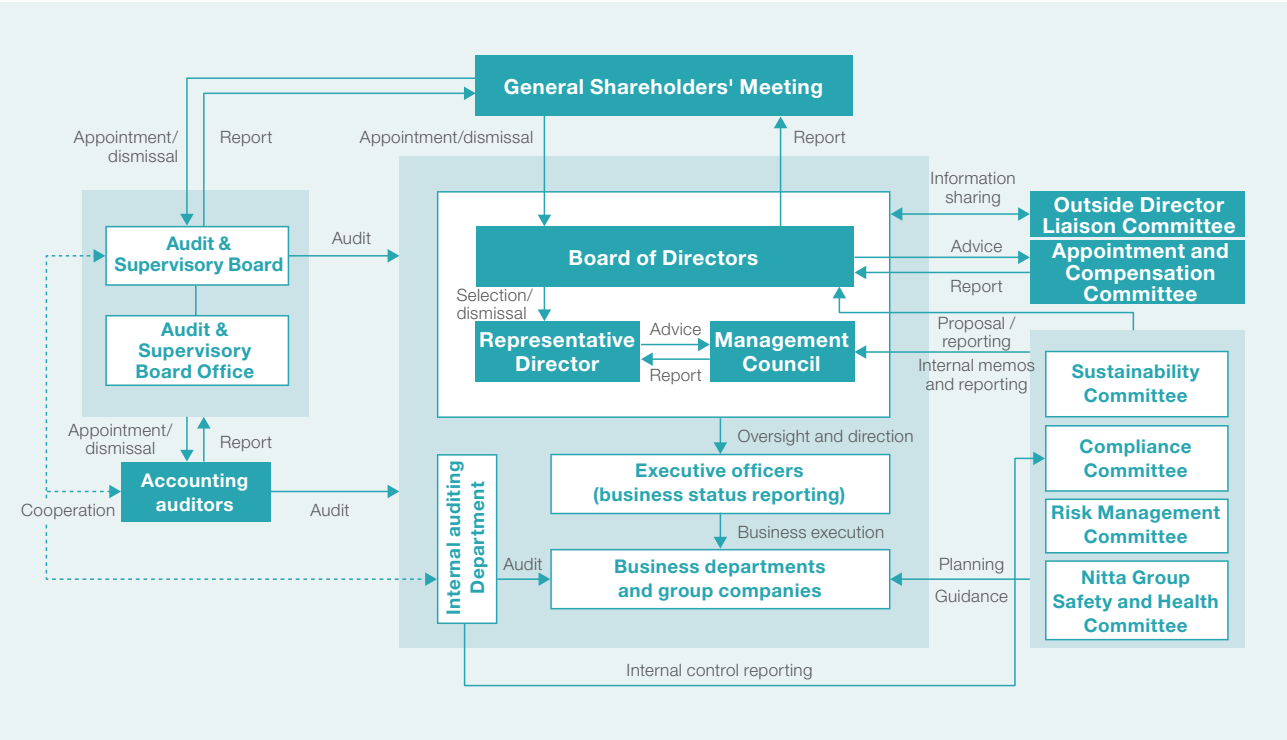
Outline of Limitation of Liability Agreements

Our 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

Our Group's Appointment and Compensation Committee consists of three outside directors and two inside directors. 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

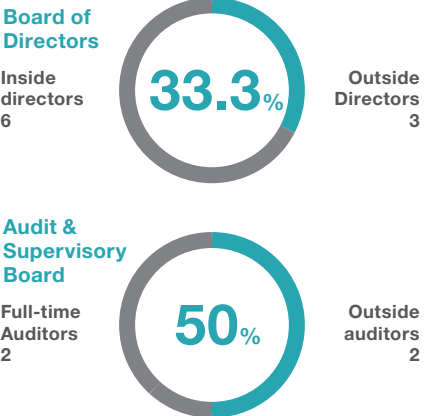


Members in attendance at Board of Directors, Audit & Supervisory Board, and Appointment and Compensation Committee meetings

Names of Directors/Auditors			Board of Directors	Audit & Supervisory Board	Appointment and Compensation Committee
Directors	Representative Director / President	Yasunori Ishikiriya	◎		○
	Representative Director	Takeshi Kobayashi	○		○
	Director	Haruki Shimada	○		
	Director	Toyohiro Hagiwara	○		
	Director	Seiichi Kitamura	○		
	Director	Shigeki Shinoda	○		
	Directors (Outside)	Masataka Nakao	○		◎
	Director (Outside)	Hiroe Toyoshima	○		○
Audit & Supervisory Board Members	Director (Outside)	Takehisa Ikeda	○		○
	Full-time Audit & Supervisory Board member	Kouji Fujita	○	◎	
	Full-time Audit & Supervisory Board Member	Junichi Akai	○	○	
	Audit & Supervisory Board Member (outside)	Tsuneaki Teshima	○	○	
	Audit & Supervisory Board Member (outside)	Kazuyoshi Matsuura	○	○	

◎: Chair ○: Attending member

Percentage of outside members



Promotion of corporate governance and compliance

Officer compensation

Basic policy for the determination of directors' compensation decided by the Board of Directors, based on the report by the Appointment and Compensation Committee, is as follows.

- 1. The composition of compensation will provide directors with incentive to steadily achieve yearly performance targets and to promote appropriate management, and will make directors sufficiently aware of sustainable improvement in corporate value over the medium- to long term through the achievement of Medium- to Long-Term Business Plans
- 2. The compensation level will be sufficiently competitive in comparison with companies of similar scale and belonging to the same industry, to secure officers who are outstanding human resources possessing the abilities and the aptitude to meet the criteria for appointment as directors of the Company
- 3. The compensation system will enable fair and impartial evaluation with high transparency

In accordance with our basic policy, the Appointment and Compensation Committee deliberates matters related to performance evaluations involving calculation of individual compensation amounts for directors, and advises the Board of Directors regarding the results. Based on the Committee's reports and advice, the Board of Directors determines the individual compensation amounts and other matters for directors.

The amount of compensation for Audit & Supervisory Board members is determined by resolution of Audit & Supervisory Board, based on the advice of the Appointment and Compensation Committee and within the total amount of compensation determined through resolution at the General Shareholders' Meeting.

Type of compensation		Director (excluding outside directors)	Outside directors	Auditors	Outline
Fixed compensation	Monetary compensation	70	100%	100%	This monetary compensation is paid monthly as basic compensation to ensure that recipients fully demonstrate qualities and abilities for driving corporate growth, and meet their responsibilities.
Performance-linked compensation	Monetary compensation	10%	—	—	This monetary compensation is paid in accordance with each fiscal year's company-wide performance evaluation and officers' individual performance evaluations following the end of the fiscal year, as a short-term incentive to encourage appropriate management and the steady achievement of the fiscal year's performance targets.
	Restricted stock	20%	—	—	Monetary compensation receivables are paid as assets in kind related to the granting of restricted stock, for the purpose of providing directors with incentive to continuously enhance the Company's corporate value, while promoting further value sharing between directors and shareholders.

Analysis and Evaluation of the Effectiveness of the Board of Directors

- Our Group uses a questionnaire to survey all Directors and Audit & Supervisory Board members, including those outside the Group, about the effectiveness of the Board of Directors. The results are reported to the Board of Directors. An outline of the results is as follows.
- The operation of the Board of Directors (including frequency of meetings, number of agenda items, and time allotted for prior examination of materials) is appropriate overall.
 - Board of Directors meetings maintain conditions in which outside directors and Audit & Supervisory Board members can freely express opinions.

As indicated by the two items listed on the left, positive evaluations have been received, and our analysis and assessment show that the effectiveness of the Board of Directors is ensured overall. At the same time, opinions have also been received calling for securing time for Board of Directors deliberations, as well as for deliberations regarding management strategy and management planning with consideration of profitability and capital efficiency, deliberations on effecting the advancement of DX, and more complete deliberations of further training opportunities for Executive Officers.

Drawing on such opinions, we intend to work toward further improvement of the effectiveness of the Board of Directors.

Basic Policy on Construction of Internal Control Systems

- Our Group has established the following Basic Policy on Construction of Internal Control Systems as listed below. In accordance with this policy, we maintain and operate systems necessary to ensure the appropriateness of work by the corporate group composed of the Company and its subsidiaries.
1. System for ensuring that the execution of duties by Directors and employees is in compliance with laws, regulations, and the Articles of Incorporation
 2. System for storing and managing information concerning the execution of duties by Directors
 3. Rules and other systems related to management of risks of loss
 4. System to ensure that the duties of Directors are executed efficiently
 5. System to ensure the appropriateness of Group business
 6. System to ensure that the audits undertaken by Auditors are executed effectively

7. Matters concerning employees in cases in which Audit & Supervisory Board members have requested the assignment of assistants for their duties
8. Matters concerning the independence of the above-mentioned employees from Directors, and assurance of the effectiveness of direction by Audit & Supervisory Board members
9. System for Group Directors and employees to report to Audit & Supervisory Board members, and systems for ensuring that said persons are not subjected to unfavorable treatment for reasons of making reports
10. Matters concerning policies related to procedures for prepayment or reimbursement of expenses incurred by Audit & Supervisory Board members in the execution of duties and processing of other expenses or liabilities incurred in the execution of said duties
11. Establishment of a system for the elimination of antisocial forces

Risk Management

Risk Management System

The NITTA Group has established the Risk Management Committee under the Board of Directors as an organization to flexibly manage the Group's risk situation, and a subordinate Risk Management Subcommittee 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 managing serious risks, as well as administrative and social trends

▼ Risk Management Subcommittee

Subcommittee Chair	Officer in charge of Safety, Environment, and Quality Group
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 Affairs and CSR Promotion Dept.

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

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.

Information security measures

As the digitalization of corporate activities advances, so does the severity of damage caused by cyber attacks. Addressing security risks such as information leaks is a major management issue for business continuity. Large volumes of important and confidential business information, and personal information on customers and employees, are stored in companies' and organizations' systems, meaning that a malfunction or stoppage of service in systems could have major social impact.

- 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 society and the local community across the Group, Nitta works to facilitate employee-led initiatives involving preservation and restoration.

Strengthen corporate governance and compliance

Initiatives for Procurement

Basic approach

The NITTA Group strives to provide excellent and valuable products and services in order to earn greater trust from the public and to grow together with society. Toward that end, we conduct procurement and purchasing in line with the basic approach of our Procurement and Purchasing Policy, as follows.
(The following is a partial summary of the content of the policy. For the full text, please refer to the NITTA Group's website, NITTA Group Procurement and Purchasing Policy.)
<https://www.nittagroup.com/jp/sustainability/esg/society/supplychain.html>

1. Legal Compliance and Confidentiality

Both domestically and overseas, the members of the Nitta Group make sure that they understand all national and local laws and regulations relevant to their business operations; that they perform procurement and purchasing in compliance with these laws; and that they safely guard all confidential information and data obtained in the course of transactions. Also, the Nitta Group does not engage in transactions that infringe upon, or risk infringing upon, the intellectual property rights or other rights of third parties.

2. Objective Evaluation in Selecting Business Partners

The Nitta Group selects business partners according to a set of clear and rational standards that take into consideration such factors as quality, price, company reliability, the likelihood of a stable supply, and environmental preservation. Also, as a rule, Nitta Group members solicit estimates from multiple business

partners in order to always ensure an appropriate level of competition and fairness in selecting suppliers.

3. Fair and Impartial Business Dealings

The Nitta Group pursues business dealings that are fair, impartial, and transparent. Towards that end, it regularly reviews ongoing business arrangements and is constantly looking for business opportunities with new business partners. Additionally, the Nitta Group maintains a complete ban on interactions with antisocial forces and has no involvement in cartels or collusion.

4. Green Procurement and Purchasing

The Nitta Group pursues business dealings and selects suppliers that give sufficient consideration to environmental preservation, resource conservation, and other such concerns.

5. Emphasis on Corporate Social Responsibility

The Nitta Group assesses the financial status, technological capacity, and corporate stance of business partners and pursues business dealings that demonstrate a respect for corporate social responsibility.

6. Matters of Strict Adherence for Procurement Managers

Procurement managers within the Nitta Group must not have any personal interest, financial or otherwise, in the Group's relationship with business partners or prospective business partners.

7. Awareness-Raising Directed at Business Partners

The Nitta Group endeavors to build partnerships and improve mutual trust with business partners by ensuring that they understand all of the above, as well as pursue a similar approach to that of the Group.

Handling of business partner selection

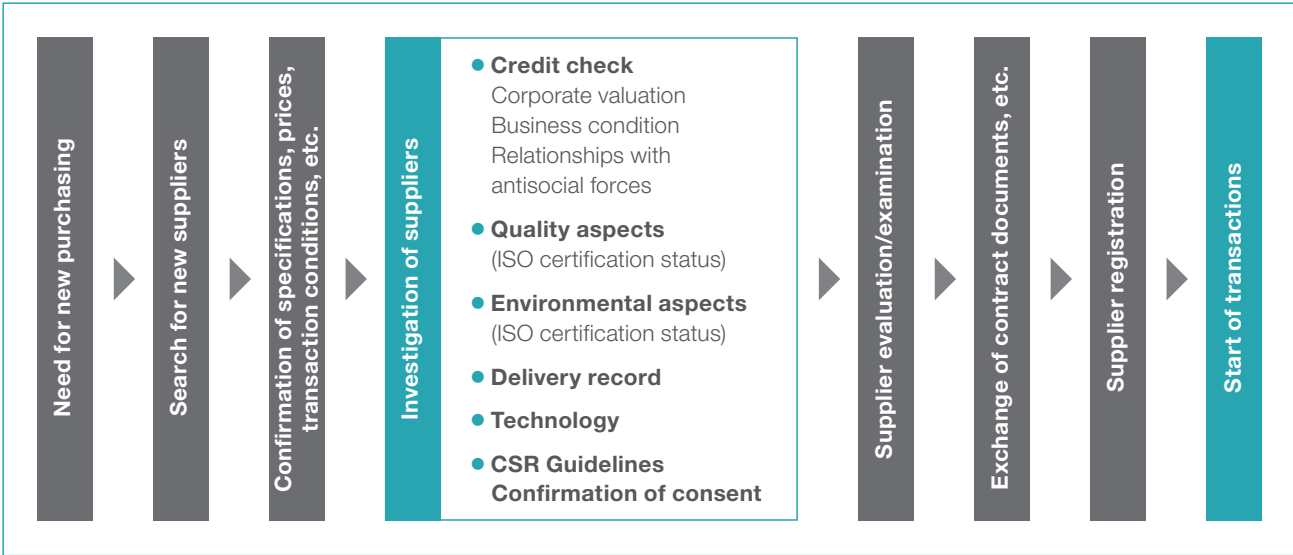
In selecting new suppliers from which to procure raw materials, parts, etc., the NITTA Group will endeavor to seek out and select partners with whom we can have stable transactions into the future.

Before commencing new transactions, we conduct investigations that cover the outline of the company, its business condition, quality, environmental activity initiatives, prices, and

other information related to the target company, which we score according to our Group's evaluation criteria. The business division performing the procurement deliberates and information in management meetings and issues approval, after which the head of the Purchasing Dept. renders a final decision.

The workflow for selecting new business partners is shown in the figure at right.

New Business Partner Selection Workflow



The above represents standard procedures for the start of transactions with a new business partner. Differences may occur depending on details of the procured items.

Involvement with Shareholders and Investors

Basic Policy on Sharing of Profit

The NITTA Group views the return of profits to shareholders as a key management issue. Our basic policy is to appropriately distribute profits on the basis of business performance while strengthening and enhancing our corporate constitution.

In addition, the dividend policy for Phase 1 (from fiscal years ending March 31, 2022 through to one ending March 31, 2025) of the

SHIFT2030 Medium- to Long-Term Business Plan which started in 2021, is to maintain this basic policy and continue to pay stable and steady dividends with a target consolidated payout ratio of 30%.

Based on this dividend policy, for the fiscal year ending March 31, 2023, we plan to pay an annual dividend of 100 yen per share (an interim dividend of 50 yen and a year-end dividend of 50 yen).

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.

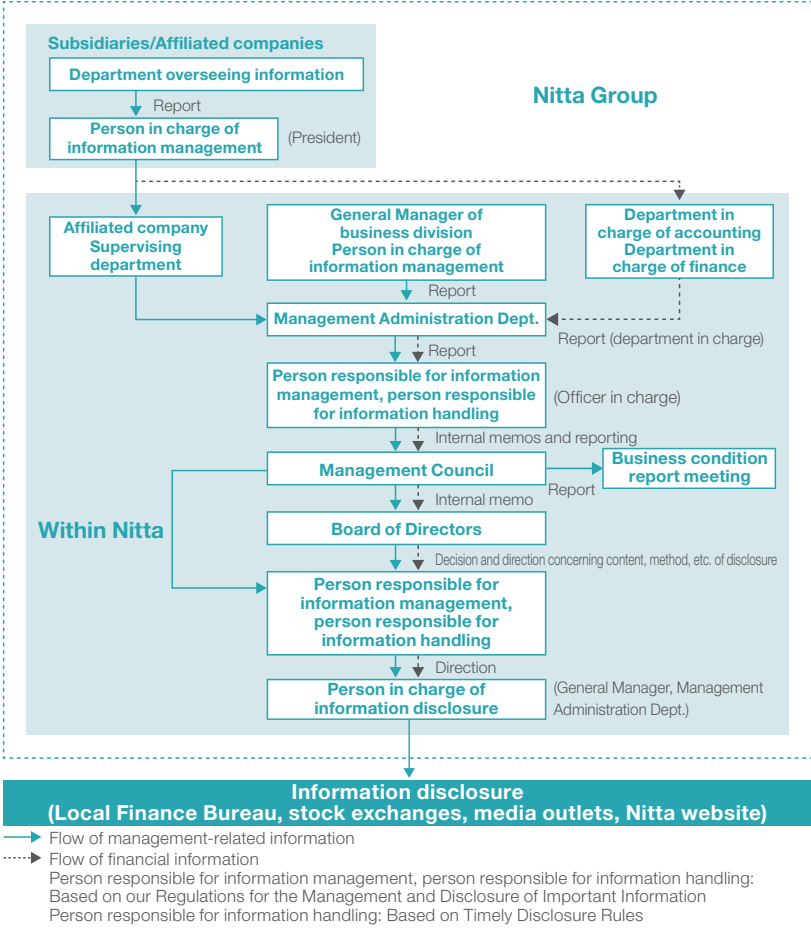
Internal systems related to timely disclosure

Our Group has 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.

Specifically, important information is reported from business divisions and affiliated companies to the Management Administration Dept., which discloses the reported information as necessary following a resolution by the Board of Directors. An outline of the disclosure system is shown at right.

Information disclosure is performed using the Tokyo Stock Exchange's Timely Disclosure Network (TDnet). As required, materials are distributed to press clubs within the Tokyo Stock Exchange and are posted on our website.

Outline of Our Timely Disclosure System



Encouraging the exercise of voting rights at General Shareholders' Meetings

The NITTA Group implements the following measures to encourage the exercise Group of voting rights at General Shareholders' Meetings.

Schedule of General Shareholders' Meetings

We attempt to avoid dates on which large numbers shareholders' meetings are convened.

Exercise of voting rights by electronic means

We allow the exercise of voting rights over the Internet. Beginning with the General Shareholders' Meeting held in June 2021, we further adopted a system that allows the exercise of voting rights by using a smartphone to scan a 2D code printed on the exercise of voting rights form.

Participation in platform for the exercise of electronic voting rights

To improve the environment for the exercise of voting rights by institutional investors, we are taking part in the electronic platform operated by ICJ Co., Ltd. for the exercise of voting rights by institutional investors.

English translation of convocation notices

Our Group translates parts of our convocation notices into English, for release via stock exchanges, our website, and the electronic platform for the exercise of voting rights.

Promotion of corporate governance

List of Officers

Introduction to Directors

1 Representative Director / President Yasunori Ishikiriyama

April 1981 Joined the Company
April 2013 Deputy General Manager, Industrial Products Div.
June 2015 Director and Executive Officer, Industrial Products Div.
June 2018 General Manager, Industrial Products Div.
December 2019 Director and Managing Executive Officer, General Manager, Industrial Products Div. President, Representative Director and Executive Officer (to present)

2 Representative Director Takeshi Kobayashi

March 1978 Joined the Company
June 2017 Director and Executive Officer, in charge of general affairs and CSR promotion, management administration, and human resources
June 2018 Director and Managing Executive Officer, in charge of general affairs and CSR promotion, management administration, and human resources
December 2019 Director and Senior Managing Executive Officer, responsible for general affairs and CSR promotion, management administration, and in charge of human resources
March 2020 Representative Director and Senior Managing Executive Officer, responsible for general affairs and CSR promotion, management administration, and in charge of human resources
April 2021 Representative Director and Senior Managing Executive Officer, responsible for Corporate Center (to present)

3 Director Haruki Shimada

April 1977 Joined the Company
June 2015 Executive Officer and Deputy General Manager, Nitta Moore Div., Plant Manager, Nabari Plant
June 2019 Director and Executive Officer, General Manager, Nitta Moore Div. and Plant Manager, Nabari Plant
June 2020 Director and Managing Executive Officer, General Manager, Nitta Moore Div.
April 2021 Director and Managing Executive Officer, also responsible for Nitta-Moore Div. and Technical Center
June 2022 Director and Managing Executive Officer, also responsible for Nitta Moore Div., Technical Center and TNS Center (to present)

9 Takehisa Ikeda
Outside Director

7 Masataka Nakao
Outside Director

2 Takeshi Kobayashi
Representative Director

8 Hiroe Toyoshima
Outside Director

1 Yasunori Ishikiriyama
Representative Director / President

3 Haruki Shimada
Director

4 Toyohiro Hagiwara
Director

5 Seiichi Kitamura
Director

6 Shigeki Shinoda
Director

9 Outside Directors Takehisa Ikeda

April 1983 Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation)
April 2011 Executive Officer and General Manager, Tokyo Corporate Banking Dept. VI, Sumitomo Mitsui Banking Corporation (until March 2013)
April 2013 Managing Executive Officer and Head, Nagoya Middle Market Banking Division, Nagoya Corporate Banking Division (Nagoya Corporate Banking Dept.), Sumitomo Mitsui Banking Corporation (until March 2015)
April 2015 Managing Executive Officer and Deputy Head of Wholesale Banking Unit (in charge of East Japan), Sumitomo Mitsui Banking Corporation (until April 2016)
May 2016 Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited (until JUNE 2020)
June 2016 Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited (until JUNE 2020)
April 2017 Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc. (until JUNE 2020) Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited
June 2020 Representative Director and Senior Managing Executive Officer, Sumitomo Mitsui Finance and Leasing Company, Limited (until JUNE 2022)
June 2021 Outside Director of the Company (to present)

4 Director Toyohiro Hagiwara

April 1983 Joined the Company
July 2014 Department Manager, Global Marketing & Sales Dept., Industrial Products Div.
June 2018 Executive Officer, Deputy General Manager, Industrial Products Div.
December 2019 Executive Officer, General Manager, Industrial Products Div.
June 2020 Director and Executive Officer, General Manager, Industrial Products Div.
April 2021 Director and Executive Officer, in charge of affiliated companies (to present)
June 2021 Representative Director and Vice President, GATES UNITTA ASIA COMPANY

5 Director Seiichi Kitamura

April 1984 Joined the Company
April 2012 Department Manager, RETS Div. Sales Unit, Sales Div.
July 2014 General Manager, Belting Business Unit Technical Development Dept., Industrial Products Div.
April 2019 Senior Department Manager, Belting Business Unit Technical Development Dept., Industrial Products Div.
December 2019 Executive Officer, Deputy General Manager, Industrial Products Div.
April 2021 Executive Officer, General Manager, Industrial Products Div.
June 2021 Director and Executive Officer, General Manager, Industrial Products Div. (to present)

6 Director Shigeki Shinoda

April 1982 Joined the Company
April 2008 Department Manager, RETS Div. General Manager, Strategic Management Dept.
July 2014 Executive Officer, General Manager, Strategic Management Dept.
June 2017 Executive Officer, General Manager, Strategic Management Dept.
April 2021 Executive Officer, General Manager, Procurement Manager, Corporate Center
June 2021 Managing Executive Officer General Manager, Procurement Manager, Corporate Center
June 2022 Director and Managing Executive Officer, General Manager, Procurement Manager, Corporate Center (to present)

7 Outside Director Masataka Nakao

April 1976 Joined Asahi & Co. (currently KPMG AZSA LLC)
August 1979 Registered as Certified Public Accountant
June 2001 Department Manager, 2nd Dept., Audit 1st Div., Osaka Office, Asahi & Co. (currently KPMG AZSA LLC) (retired in March 2005)
June 2001 Partner, Asahi & Co. (retired in June 2015)
July 2015 Owner, Offices of Certified Accountant Masataka Nakao (to present)
June 2016 Outside Director of the Company (to present)
June 2017 Outside Auditor & Supervisory Board Member, Okada Aiyon Corporation (to present)

8 Outside Directors Hiroe Toyoshima

April 1998 Registered as lawyer (completed legal training courses of 50th term)
April 1998 Joined Nakamoto & Partners
December 2005 Registered as licensed attorney in the State of New York (USA)
April 2009 Partner, Nakamoto & Partners (to present)
October 2015 Outside Director, Sanesu Co. Ltd. (until March 2018)
June 2020 Outside Director of the Company (to present)
June 2020 Outside Director (Audit & Supervisory Committee Member), NITTO FUJI FLOUR MILLING CO., LTD. (to present)

Promotion of corporate governance



Introduction to Audit & Supervisory Board Members

10 Full-time Auditor	Kouji Fujita	11 Full-time Auditor	Junichi Akai
April 1980 April 2013 April 2015 June 2016	Joined the Company General Manager, Purchasing Dept. Senior Department Manager, Purchasing Dept. Audit & Supervisory Board Member (to present)	April 1985 April 2015 April 2018	Joined the Company Department Manager, Corporate Planning Dept., Nitta Moore Div. Senior Department Manager, Corporate Planning Dept., Nitta Moore Div. June 2019 June 2021 Executive Officer, Deputy General Manager, Nitta Moore Div. Audit & Supervisory Board Member (to present)
12 Outside Auditor	Tsuneaki Teshima	13 Outside Auditor	Kazuyoshi Matsuura
April 1983 March 2010 July 2014 March 2017	Joined Nippon Life Insurance Company Executive Officer and General Manager of Product Development Department, Nippon Life Insurance Company Director and Managing Executive Officer, Nippon Life Insurance Company General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters Director and Senior Managing Executive Officer, General Manager of Agency Marketing Headquarters and General Manager of Financial Institution Relations Headquarters, Nippon Life Insurance Company	March 2018 April 2018 June 2018 June 2021	Director, Nippon Life Insurance Company President, NLI Research Institute (to present) President, NLI Research Institute (to present) Outside Audit & Supervisory Board Member (to present) Keisei Electric Railway Co., Ltd. Outside Audit & Supervisory Board Member of the (to present)
		April 1993 April 2000 November 2006 January 2011 April 2018 June 2022	Associate Professor, Faculty of Economics, Matsuyama University Professor, Faculty of Economics, Matsuyama University (to present) Committee Member in Economics, European Union Studies Association in Japan (to present) Vice President of Administrative Board, Matsuyama University (until November 2014) Dean, Faculty of Economics, Matsuyama University (to March 2020) Audit & Supervisory Board Member (to present)

List of Executive Officers

President and Executive Officer	Yasunori Ishikiriya	Executive Officer	Takahiko Yoshida	Executive Officer,	Yuji Hamada
Senior Managing Executive Officer	Takeshi Kobayashi	Executive Officer	Hiroki Suzuki	Executive Officer	Takafumi Ishizuka
Managing Executive Officer	Haruki Shimada	Executive Officer	Toyohiro Hagiwara	Executive Officer	Atsushi Izumi
Managing Executive Officer	Shigeki Shinoda	Executive Officer	Kazushige Kinoshita	Executive Officer	Shuichi Isoda
		Executive Officer	Seiichi Kitamura	Executive Officer	Keiji Hirata

Selection and appointment of Directors and Executive Officers

- The Company's Regulations for Directors and Executive Officers stipulate that the selection and nomination of candidates for these posts shall be made from the following perspectives. The selection and nomination of Auditors shall be made in the same manner.
- Newly appointed Directors must be well versed in various corporate management issues, whether internal or internal to the company, have excellent character and insight, and be able to fulfill their duties as managers.
- Newly appointed Executive Officers must have a good understanding of corporate management, be well versed in the Company's operations, have excellent character, insight, and executive skills, and be able to fulfill their duties.
- The Company stipulates in its Regulations for Directors and Executive Officers that it may request the resignation of its Director or Executive Officer (hereinafter collectively referred to as "Officer" in this section) or submit a proposal for his or her dismissal to a General Shareholders' Meeting if any of the conditions listed below applies. Dismissal of Auditors shall be handled in the same manner.
 - 1. When an act of misconduct, impropriety or breach of trust is suspected of an Officer**
 - 2. When an Officer lacks qualifications to serve in the position, or there are other reasons equivalent to those specified in the Employment Regulations for disciplinary action**
 - 3. When the Board of Directors determines that the process or results of the Officer's performance of duties are unsatisfactory and that it is inappropriate for the Officer to remain in the position**
 - 4. Any other conduct or behavior inappropriate for an Officer occurs**
- In nominating candidates for Director and Executive Officer positions, the Board of Directors consults the Appointment and Compensation Committee regarding the proposed candidates. The Appointment and Compensation Committee shall deliberate on the candidates for appointment and report the proposed candidates to the Board of Directors. The Board of Directors deliberates and nominates candidates for director positions based on the content of the report. The Board of Directors also deliberates and nominates candidates for executive officer positions based on the report. This procedure also applies to candidates for Auditors positions, but nomination needs to be made with the consent of the Audit & Supervisory Board.
- When the Company dismisses a Director or Executive Officer, it will follow the same procedure as for nominating a candidate. Dismissal of an Auditors is performed by the Audit & Supervisory Board.

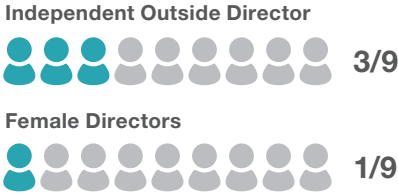
Experience and expertise of the Director and Executive Officers

Position	Name	Experience and expertise					
		Corporate management / organizational operation	Internationality	Sales/ marketing	Manufacturing technology / R&D	Personnel / legal / risk management	Management strategy and financial accounting
Director	Yasunori Ishikiriya	●	●		●		
	Takeshi Kobayashi	●				●	●
	Haruki Shimada	●			●	●	
	Toyohiro Hagiwara	●	●	●			
	Seiichi Kitamura	●	●	●	●		
	Shigeki Shinoda	●		●			●
	Masataka Nakao	●	●				●
	Hiroe Toyoshima	●	●			●	
	Takehisa Ikeda	●		●			●
Executive Officer	Takahiko Yoshida	●	●		●		
	Hiroki Suzuki	●	●	●			
	Kazushige Kinoshita	●				●	●
	Yuji Hamada	●		●		●	
	Takafumi Ishizuka	●			●	●	
	Atsushi Izumi	●	●		●		
	Shuichi Isoda	●	●	●			●
	Keiji Hirata	●		●	●		

Experience and expertise of the Director and Executive Officers



Independence, diversity of Directors



Strengthening corporate governance to achieve and realize the Medium- to Long-Term Business Plan

A full year has passed since the formulation of the NITTA Group's "SHIFT2030" medium- to long-term business plan. We asked our outside directors Masataka Nakao, Hiroe Toyoshima, and Takehisa Ikeda about the NITTA Group's strength, expectations for growth, and challenges, as seen from an outsider's perspective, including initiatives and progress toward new value creation and the further strengthening of corporate governance that will be necessary in the future.

Profiles of the three Outside Directors are presented on p. 80.

Progress on "SHIFT2030", our medium- to long-term business plan

Nakao: I have been involved in the "SHIFT2030" project from the stage of its creation. I gave the project a variety of advice and opinions, and I feel that we have successfully created a solid, richly substantial management plan. There is no need to discuss the content of the plan again. Rather, it is important now to check that our ongoing investments and business directions are in line with the plan.



Masataka Nakao, Outside Director

Toyoshima: I became an outside director the year "SHIFT2030" was launched, and over the past year I have been involved in investment projects and mergers and acquisitions myself, which has given me a real sense that there are seeds of new business operations here. Various new initiatives are also underway within the company, such as the launch of a human resource development project for new businesses.

Ikeda: I was only just appointed in 2021, so I haven't been around for very long. But even so, I can see that the company is working on new things every day. On a previous visit to a production plant, I was surprised to see a

variety of spontaneous creativity and ingenuity on the shop floor. I got the sense that this is one of the strengths of the NITTA Group. While firmly protecting its core business, the company is working on new things and constantly sowing the seeds of new products and new businesses. And they also target markets where there are few competitors. I feel that is the among the strengths of this company that has been around for 137 years.

What should be implemented in the future to strengthen the NITTA Group's governance

Nakao: In recent years, the world has seen many cases of corporate scandal and ineptitude. So I hope to provide advice on how to create internal controls, including specific examples. Since business practices vary by country and region, I would like to provide proposals and advice on internal controls for each country, including overseas offices and affiliated companies.

Toyoshima: For example, scandals such as private misappropriation of profits are very common among overseas subsidiaries of Japanese companies. Rather than leaving this up to management at the local level, we need to work to strengthen corporate governance, including that of the supply chain. This requires education and a renewal of mindset for each employee. The NITTA Group's employees are very conscientious, and I feel that this is due to the thorough internal training that has been provided. The company has held firmly to its corporate philosophy and company motto since its founding. I believe that this has been thoroughly inculcated in terms of behavior, such as carrying an employee handbook that describes the rules.

Ikeda: In strengthening governance, I want to provide advice based on my understanding of the situation in each country and each business. I feel that the NITTA Group's 137 years of accumulated history have created the strong corporate structure and foundation for growth that it has today, but I also feel that everyone is searching for what to do for the next stage of growth. Many of the company's flagship products are in the late stages of their product life cycles and are likely to experience declining demand in the future. In order to shift from a shrinking market to new and expanding markets, it is crucial for us to consider what kind of strong organization will have to be created.



Takehisa Ikeda
Outside director



Hiroe Toyoshima
Outside director



Masataka Nakao
Outside director

What the NITTA Group should do with respect to ESG management and contribution to the SDGs

Ikeda: In responding to commonsense requirements placed on us as a listed company, such as addressing environmental and social issues, our basic premise is that we will do what needs to be done. In the end, a company that serves its stakeholders will survive. There is a mindset that stresses three key principles of doing good: win-win situations for sellers, buyers, and the public, and I feel that these values are firmly rooted in the company. Since the time of its founding the NITTA Group has been practicing the third of these principles, doing what is good for society, which today encompasses environmental protection and social contribution. For example, forests owned, protected, and managed by the NITTA Group have contributed greatly to environmental protection. I look forward to seeing us continue and further develop these efforts in the future.

Toyoshima: The NITTA Group is tackling the challenges of the SDGs and decarbonization head-on. In order to reduce greenhouse gas emissions, the company has formulated goals with advice from experts, and is

working in an uncompromising and thorough manner to achieve these goals. It is exactly because this earnest attitude is adopted that new products and business operations emerge, and I look on with great anticipation that such innovations will result.

Nakao: I feel that it is important for the company to emphasize its environmental activities and other social contributions not only to direct customers, but also to society at large. As Mr. Ikeda and Ms. Toyoshima mentioned, NITTA is working with great earnestness and diligence to meet the needs of society and customers. I think the next challenge is to link these initiatives, which involve considerable effort, time, and cost, to new business by communicating the activities and their results to the outside world.

Toward the Future, Hopes for the NITTA Group

Ikeda: As I mentioned earlier, NITTA Group employees truly are in earnest. And the retention rate is very high. I believe that our staff, who take a sincere approach to society and our customers, have worked for us for a long time, and this has supported our growth over the past 137 years. The strength of the NITTA Group can be traced back to

the diligence of the Japanese people, which is the reason Japanese companies have been able to compete on a global scale. With this strength, we expect to continue to develop in the global marketplace.



Takehisa Ikeda, Outside Director

Nakao: I think that as we move forward, it will be desirable to further strengthen investment in human capital and human resource development. My request is that the duration of overseas training for employees be made longer than it is now. As we seek to diversify our human resources, we want to give them a variety of experiences from a young age. Overseas training is crucial to this objective, and I feel that the current training period of one year is too short. I would very much like to see NITTA aim for an overseas employee training period of 2-5 years.

Toyoshima: The NITTA Group proactively utilizes not only outside directors, but also accesses external capabilities through initiatives with outside companies and by actively incorporating the opinions of experts. I think this is why I sense that the company is very tolerant and transparent. Developing new business is never easy. Even so, I hope that the company will not give up in persevering, and I am confident that NITTA is a company that can make it happen. I know that the future holds many difficulties, but it is precisely at times like this that I hope we, as outside directors, will be able to engage in mutual support and assistance.

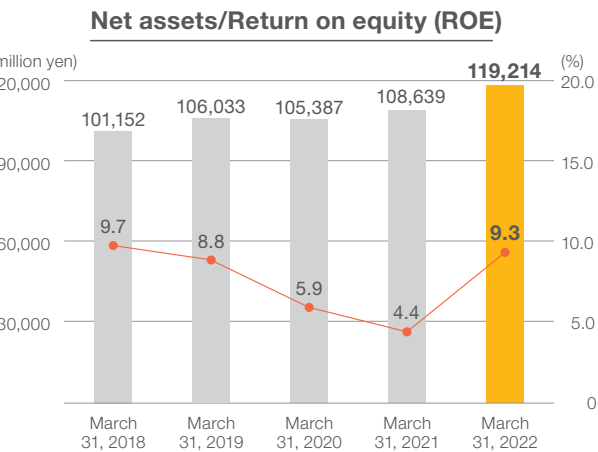
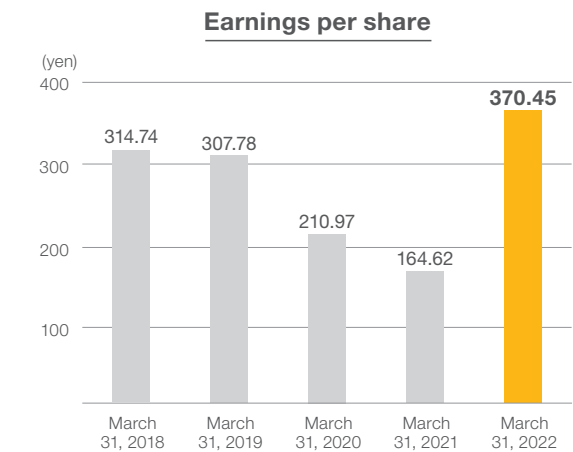
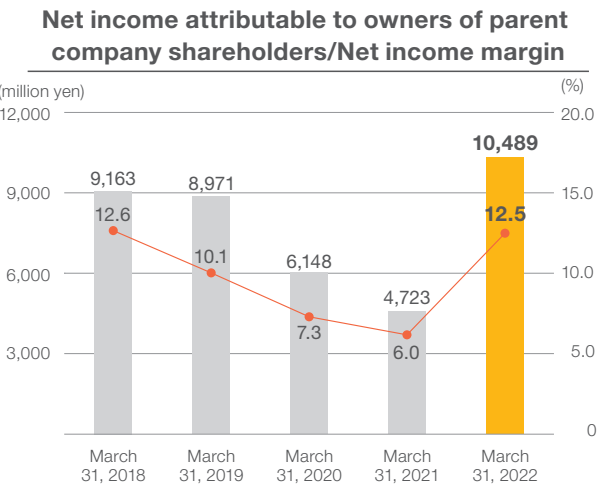
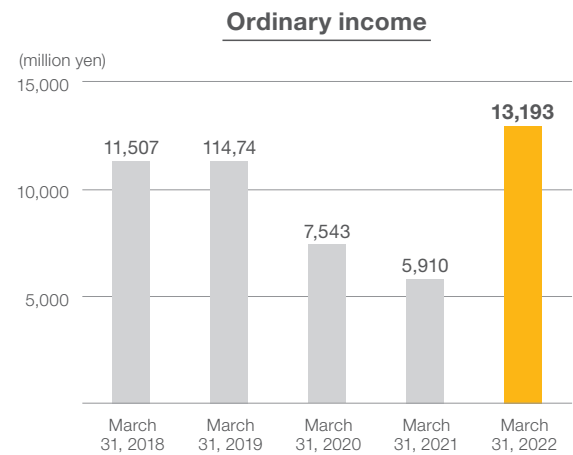
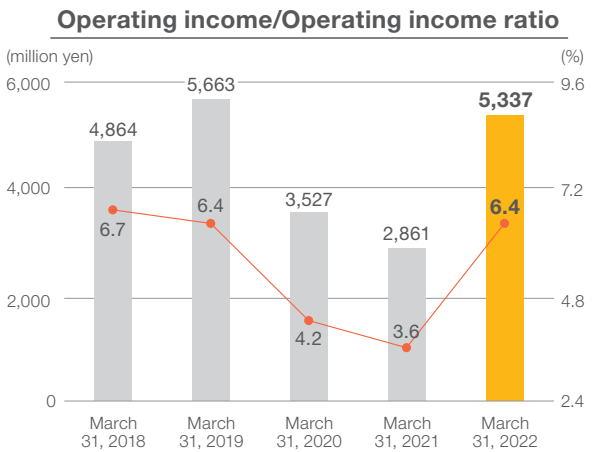
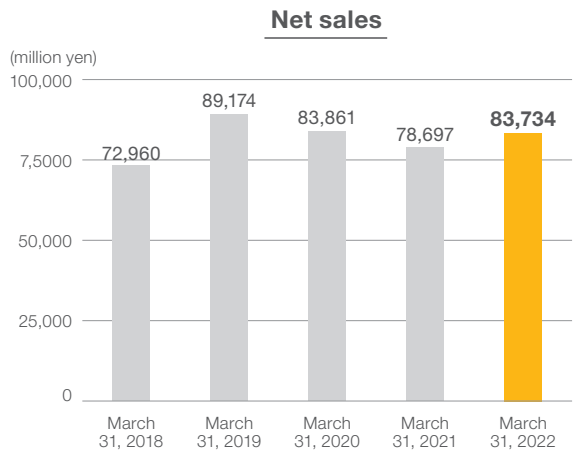


Hiroe Toyoshima, Outside Director

Financial Highlights / 5-Year Financial and Non-Financial Summary

Financial highlights

Detailed financial data is available here



5-year financial and non-financial summary

Financial information	Fiscal Year ended March 31, 2018	Fiscal Year ended March 31, 2019	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
Business performance (million yen)					
Net sales	72,960	89,174	83,861	78,697	83,734
Gross profit	19,021	22,635	20,578	18,860	22,189
Operating income	4,864	5,663	3,527	2,861	5,337
Ordinary income	11,507	11,474	7,543	5,910	13,193
Net income attributable to owners of parent company shareholders	9,163	8,971	6,148	4,723	10,489
Capital expenditure	3,995	3,146	2,960	2,533	2,710
Depreciation	1,997	2,354	2,727	2,857	2,972
R&D expenditure	1,848	1,732	2,010	1,819	1,853
Cash flow from operating activities	7,053	9,198	7,670	7,114	9,011
Cash flow from investing activities	-13,258	-3,671	-1,329	-3,013	-2,874
Cash flow from financing activities	-2,452	-2,635	-5,652	-1,885	-3,357
Cash and cash equivalents	22,105	24,717	25,359	27,527	30,872
Free cash flow	-6,205	5,527	6,341	4,101	6,137
End of the fiscal year (million yen)					
Total assets	130,151	134,047	129,922	134,646	147,450
Net assets	101,152	106,033	105,387	108,639	119,214
Interest-bearing debt	1,042	368	29	1,121	861
Shareholder's equity	95,342	102,397	104,812	106,842	114,230
Per-share information (yen)					
Net income per share (EPS)	314.74	307.78	210.97	164.62	370.45
Net assets per share (BPS)	3,412.12	3,570.87	3,615.29	3,774.86	4188.15
Dividends per share	63	68	70	70*	100
Financial indicators (%)					
Gross profit ratio	26.1	25.4	24.5	24.0	26.5
Operating income ratio	6.7	6.4	4.2	3.6	6.4
Current net income ratio	12.6	10.1	7.3	6.0	12.5
Return on equity (ROE)	9.7	8.8	5.9	4.4	9.3
Return on assets (ROA)	9.5	8.7	5.7	4.5	9.4
Equity to asset ratio	76.4	77.7	80.6	80.2	80.3
Consolidated dividend payout ratio	20.0	22.1	33.2	42.5	27.0
Consolidated dividend on equity ratio (DOE)	1.9	1.9	1.9	1.9	2.5

* Including commemorative dividend of 5 yen

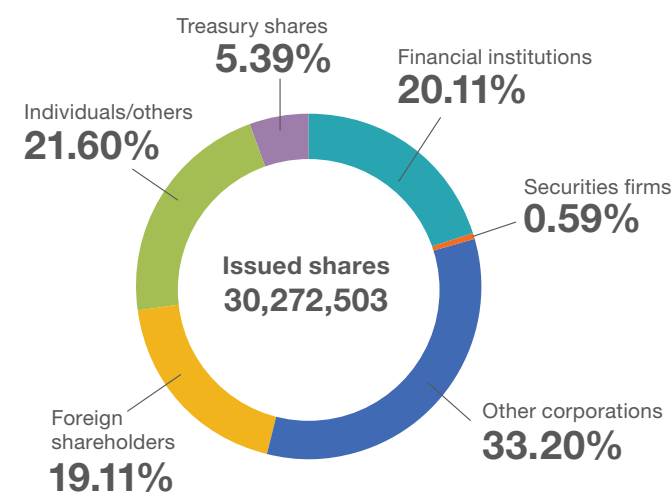
Non-financial information	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Consolidated number of employees	2,900	2,934	2,938	3,001	2,971
Ratio of female managers (%)	3.93	4.52	4.44	5.43	6.6
Ratio of disabled employees (%)	2.44	2.37	2.17	2.39	2.24
GHG emissions (t-CO ₂)	17,379	18,957	17,557	16,990	17,792
Chemical substance emissions (PRTR) kg	20,722	22,830	21,691	32,022	22,668
Amount of water resource inputs (m ³)	305,187	337,846	315,257	294,933	326,049
Amount of waste (waste plastic) (kg)	644,139	646,421	793,953	788,582	897,913
Wastewater emissions (m ³)	146,823	164,062	159,910	215,332	223,794

Stock information

Stock details

Securities code number	5186
Listed exchange	Tokyo Stock Exchange Prime Market
Number of authorized shares	100,000,000 shares
Number of issued shaess	30,272,503 shares
Trading unit	100 shares
Number of shareholders	6,086 people
Fiscal year	From April 1 through March 31 of the following year
Shareholders registry administrator and special accounts managing institution	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
Location of shareholders registry administrator	Sumitomo Mitsui Banking Corporation, Stock Transfer Agency Department 4-5-33 Kitahama, Chuo-ku, Osaka, Japan ● Mailing address 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan ● Contact for telephone inquiries 0120-782-031 ● Website URL https://www.smtb.jp/personal/procedure/agency/

▼ Distribution of shares by owner (as of March 31, 2022)



Major shareholders

Names of shareholders	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,266	11.40
NITTA RUBBER INDUSTRIAL Co., Ltd.	2,842	9.92
iBP co., Ltd.	2,301	8.03
Onga Holdings LLC	1,430	4.99
Custody Bank of Japan, Ltd. (trust account)	1,373	4.79
Nitta Business Partners Shareholder Association	982	3.42
Nitta Kyoekai	656	2.29
Tadashi Nitta	498	1.73
STATE STREET BANK AND TRUST COMPANY 505103	454	1.58
Zeon Corporation	424	1.48

*1 Number of shares is shown rounded down to the nearest 1,000. (March 31, 2022)
*2 The Company holds 1,631,925 treasury shares, but is not included among the above major shareholders.
Treasury shares do not include 356,800 shares of the Company owned by Custody Bank of Japan, Ltd. (trust account) as trust property of the Employee Stock Ownership Plan (ESOP).
*3 Shareholding ratio is calculated after deduction of treasury shares.

Company profile

Trade name	NITTA Corporation
Address of headquarters	4-4-26 Sakuragawa, Naniwa-ku, Osaka, 556-0022, Japan TEL: +81-6-6563-1211 / FAX: +81-6-6563-1212
Founded	March 18, 1885
Established	February 10, 1945
Paid-in capital	8,060 million yen (as of March 31, 2022)
Employees	2,971 (consolidated) (as of March 31, 2022)
Stock exchange listing	Tokyo Stock Exchange Prime Market
Independent Certified Public Accountants	Ernst & Young ShinNihon LLC

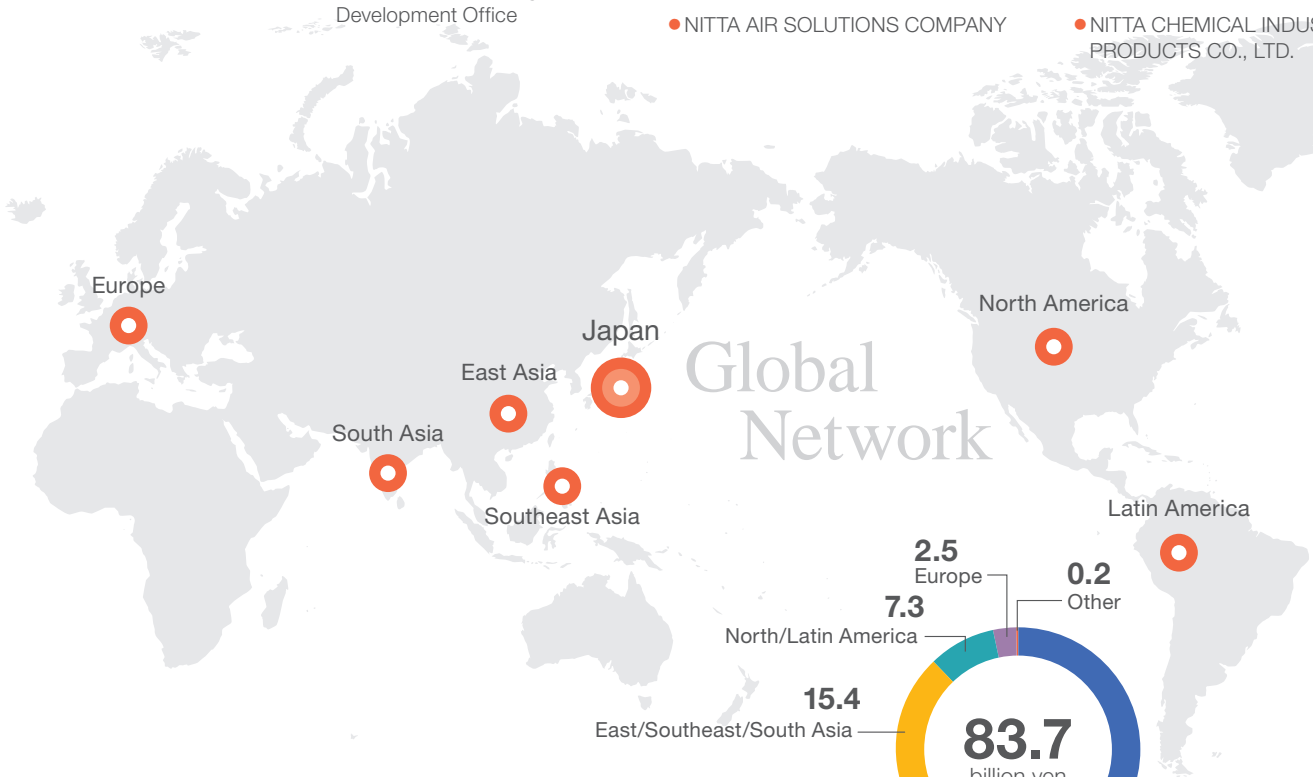
Global network

Domestic sites 10 Sites

- Head Office (OSAKA)
 - Nagoya Branch
 - Hokuriku Sales Office
 - Nara Plant
 - Kochi Plant
- Tokyo Branch
 - Fukuoka Sales Office
 - Shizuoka Sales Office
 - Nabari Plant
 - Hokkaido Enterprising Development Office

Domestic affiliates 12 Companies

- GATES UNITTA ASIA COMPANY
 - NITTA DuPont Incorporated
 - POWER TECHNO CO., LTD.
 - NITTA TECHNO SOLUTIONS CO., LTD.
 - MORIMITSU INDUSTRIES COMPANY
 - NITTA AIR SOLUTIONS COMPANY
- ASHIHARA DRIVING SCHOOL
 - NITTA RANCH CORPORATION
 - HOKKAIDO NITTA CO., LTD.
 - NITTA ASOCIO COMPANY
 - NANIWA RUBBER CO., LTD.
 - NITTA CHEMICAL INDUSTRIAL PRODUCTS CO., LTD.



Overseas affiliates 29 Companies

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)