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NITTA CORPORATION

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Securities code: 5186

Invention & Innovation
NITTA



Integrated Report 2024

Fiscal year ended March 31, 2024

NITTA CORPORATION

Continuing to tackle challenges to achieve a prosperous future and an ideal world

Many of the products made by the Nitta Group are components and materials that are hidden from view. However, each of these products is born of our desire to contribute to the world and people's happiness, and helps to power our customers' businesses and move the world forward.

Nitta Group Philosophy

Mission	Values	Principles
The role of the Nitta Group for customers and society	What each Nitta Group employee can provide to help achieve our mission	What actions each Nitta Group employees can take to help achieve our 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.	**Passion**	**Driving positive change through the relentless pursuit of excellence**
	Innovation	**Shaping the future with creative ideas and products**
	Integrity	**Exceeding customer expectations through individual dedication**
	Respect	**Respecting and valuing all people leading to beneficial contributions to society and the global environment**



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 help our shareholders, investors, and other stakeholders reach a deeper understanding of the Nitta Group's aims and strategies for the future. We hope that this report will help you understand the corporate value of the Nitta Group and give you confidence that we will create value for the future.

Reference guidelines

GRI Standards 2021 (GRI)
International Integrated Reporting Framework (International Integrated Reporting Council (IIRC))

Scope of report

Although this report covers the Nitta Group, some of the data herein is from Nitta Corporation apart from the Group. Such data is referred to as non-consolidated data, while Group data is referred to as consolidated data.

Period covered by report

Unless indicated otherwise, the period covered by this report is fiscal 2023 (April 1, 2023 to March 31, 2024). Depending on the content, activities from fiscal 2024 may be included.

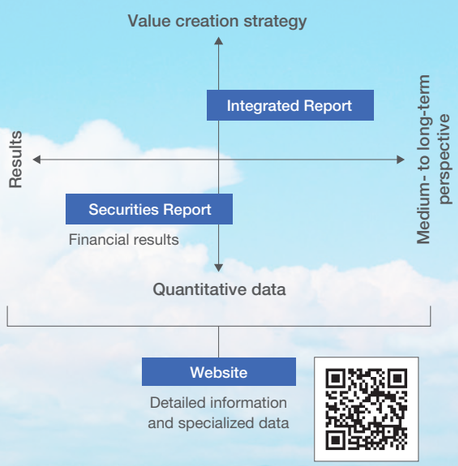


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Vision and value creation

The Nitta Group's basic philosophy includes universal aspects in place since the Company's founding, as well as flexible adaptations to the times. This section describes how we have had positive impacts on society in line with the times while preserving our founder's vision.

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05 Nitta's History of Value Creation
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Medium- to Long-Term Business Plan and practical measures

The material issues we have identified are associated with the realization of our mission, vision, and values. We have formulated a Medium- to Long-Term Business Plan as a growth strategy to resolve these issues and are contributing to society through our business activities.

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Nitta's Vision

Tackling challenges in an era of sweeping change using technological innovation, building on our foundational ideas.

Our vision is to lead society and individuals to lasting prosperity by accurately interpreting current circumstances and advancing our technology with our sights set firmly on the future.

In 1885, Japan was beginning to show signs of modernization. That was also the beginning of Nitta's history of value creation. Through constant invention and innovation, we have continued to improve the wide-ranging products we send out into the world, continuously creating and applying many different technologies to meet ever-changing needs over our 139 years in business. Our ability to accurately interpret current circumstances and maintain a vision for the future is the origin of the Group's style of manufacturing, from our founding to the present, and is what drives our growth. We continue to refine our current technologies and products, and create new products based on those technologies. These technologies and products form a continuous network, and while constantly creating value suited to the times, we are working tirelessly toward a prosperous future and sustainable society.

This year marks the final year of Phase 1 of SHIFT2030, our Medium- to Long-Term Business Plan based on our founding philosophy while also including commitments to innovation and meeting the challenges brought by change. Building on our business activities to date, we will continue to deepen our existing businesses and explore new businesses in preparation for 2030. Continuing to treasure and pass on the generational DNA of the Nitta Group, we will accelerate our drive to create value for the future in a broad range of areas.

Nitta's Reason for Existence

Our desire to achieve a more advanced society and a more harmonious way of life with the technologies and products we create has remained unchanged since our founding.

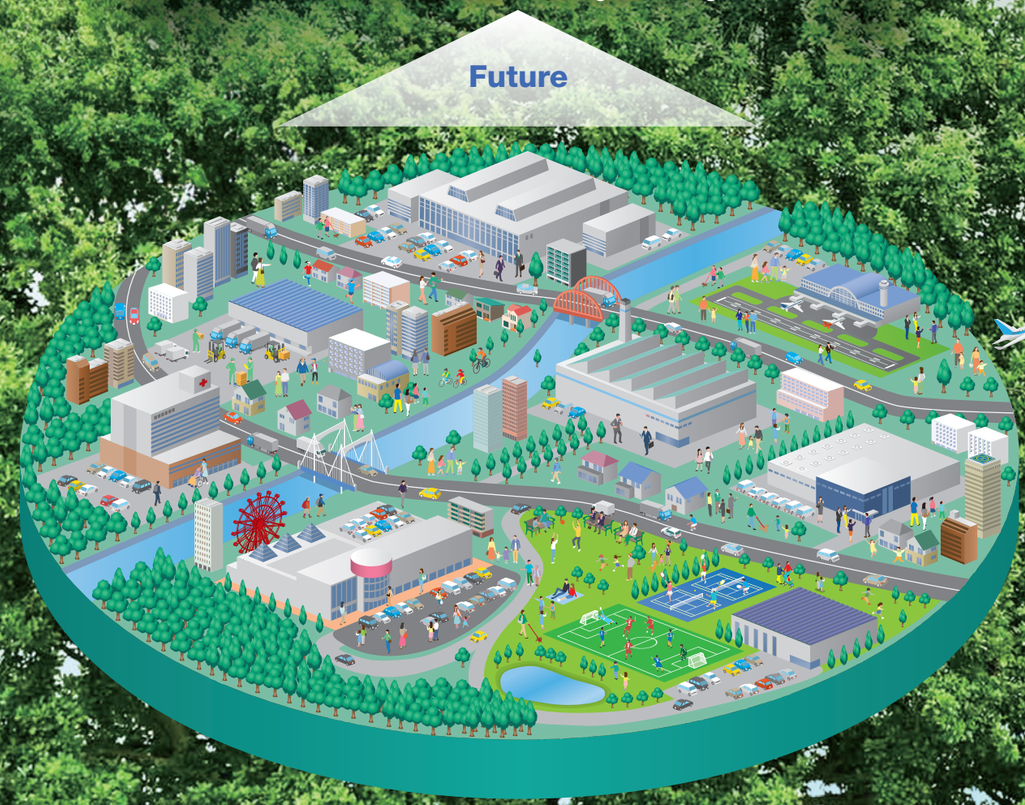
We exist to help lead the world into a future of dependable technologies and unprecedented products created through our business activities, fueled by the virtuous cycle created by our core values of invention, innovation, and harmony.

The Nitta Group has continued to grow, driven by the joy of aligning with customers, taking on new challenges, and receiving appreciation, all while preserving our founder's spirit of manufacturing products that are not available in Japan. Our reason for existence is also the origin of our value creation: our desire to contribute to society through manufacturing. Today, we continue to take on the challenge of creating even more value by elevating our founding spirit of creating things that do not exist in the world and things the world will need in the future.

Our strength as a Group lies in our response to the concerns of early adopters in the germination period, when growth is expected. Our business has expanded because we always see difficult issues through and constantly meet customer needs as a unified organization. Additionally, the three values our founder cherished—invention, innovation, and harmony—still live on in us today. We invent useful products, send them out into the world, and then set to work constantly innovating to improve them, and by providing consistently innovative products to the world, we help create a more harmonious way of life.

Vision for 2030

Nitta manufacturing is responsive to society's advances, continuously meeting customer needs. Accelerating these activities, we will move forward without hesitation in these times of great change.



A history of advancing technology in response to changes in the times

Creating value that is useful to the world through manufacturing began with the pioneering spirit of our founder, Chojiro Nitta.
The Company was founded in Osaka by Chojiro Nitta, who mastered leather production techniques and succeeded in developing Japan's first leather belts for power transmission. Since that time, the Nitta Group has continued to create a variety of technologies and products to meet ever-changing needs.
This timeline traces the path of value creation at Nitta, from the past to the present and into the future.



Chojiro Nitta, Founder

Founding

1885

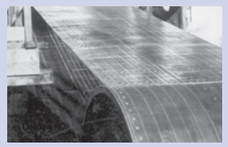
Chojiro Nitta started a leather production business in Osaka out of his rented home



Birth of Japan's first leather belts

1888

Japan's first leather belts for transmission successfully manufactured



Leather bags Chojiro Nitta had used

These were Chojiro Nitta's favorite leather bags, full of the inquisitive spirit he took with him on two self-financed trips to Western countries during the Meiji era (1868-1912).



Forest management began

1906

Tannin production started in Hokkaido



1909

Nitta Leather Belting (limited partnership)

1945

Company divided into three new companies:
Nitta Leather Belting Co., Ltd.,
Nitta Gelatin Co., Ltd.,
and Nitta Rubber Industrial Co., Ltd.

1963

PolyBelt™ rubber belts for electric operation released

Belts made from new materials developed to match advancements in industrial machinery

1965

Company name changed from Nitta Leather Belting Co., Ltd. to Nitta Belting Co., Ltd.

1966

Timing belts and thermoplastic hoses and tubes imported from foreign manufacturers, sales began



1968

Nitta-Moore Co., Ltd. established as a joint venture with an American hose and tube manufacturer (reorganized as a joint stock company in 1992, merged in 2009)

1971

Unitta Company established as a joint venture with an American company (current Gates Unitta Asia Company)

1974

Super Endless Belt for precise power transmission and conveyance released



1982

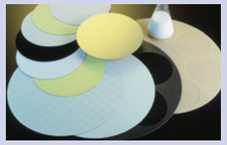
Company name changed from Nitta Belting Co., Ltd. to Nitta Corporation

1983

Rodel Nitta Company established as a joint venture with an American company (current Nitta DuPont Incorporated)

1984

Polishing pad and slurry sales began



1988

Automatic tool changer (ATC) sales began



1990

Company listed on the OTC market (later listed in the second sections of the Osaka and Tokyo Stock Exchanges, then the First Section of the Tokyo Stock Exchange in 1997)

1992

Pressure distribution measurement system sales began



2017

Naniwa Rubber Co., Ltd. and Nitta Chemical Industrial Products Co., Ltd. converted to subsidiaries through acquisition of shares

2021

SHIFT2030 Medium- to Long-Term Business Plan launched

Namd™ Project received Society for the Advancement of Material and Process Engineering (SAMPE) Award



2022

Listing changed to Prime Market with restructuring of the Tokyo Stock Exchange

2023

Completed 8th Plant Building at the Nara Plant



2025

SHIFT2030 Medium- to Long-Term Business Plan launched

140th Anniversary of Nitta

Our founder, Chojiro Nitta, hoped the products he created would contribute to people's happiness. We maintain that desire today—it is what has driven us to contribute to the development of society through manufacturing for all these years. The Nitta Group's management is characterized by product diversification and global expansion. We have independently developed a variety of industrial products in a broad range of business areas, and continue to develop a wide range of businesses and products with 11 affiliates in Japan and 30 affiliates in 13 other countries and regions.

Deepening and advancement of value creation

Net sales through the years

The Nitta Group has achieved sustainable growth for 139 years. Most recently, we have continued to grow further through digitization and expansion into global markets.

(Unit: millions of yen)

Nitta's Value Creation Process

The Nitta Group undertakes business activities with the aim of resolving social issues through value creation centered on manufacturing to make our vision for a more advanced society and a more harmonious way of life a reality. As innovators, we will continue to evolve, enhancing our corporate value by creating products to help lead us into the future and bring greater comfort and convenience to people's lives.

Nitta Group Philosophy 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.

Social issues

Environmental

- Global warming
- Resource depletion
- Increase in endangered species
- Drought, flooding, and other water-related risks

Social

- Decreasing birthrate & aging population
- Advancing globalization
- Industrial waste & chemical substance regulation
- Increasingly advanced digitization of society
- Information security
- Improvement of work environments
- Utilization of human resources & promotion of active participation by women
- Diversity of values
- Respect for human rights

Governance

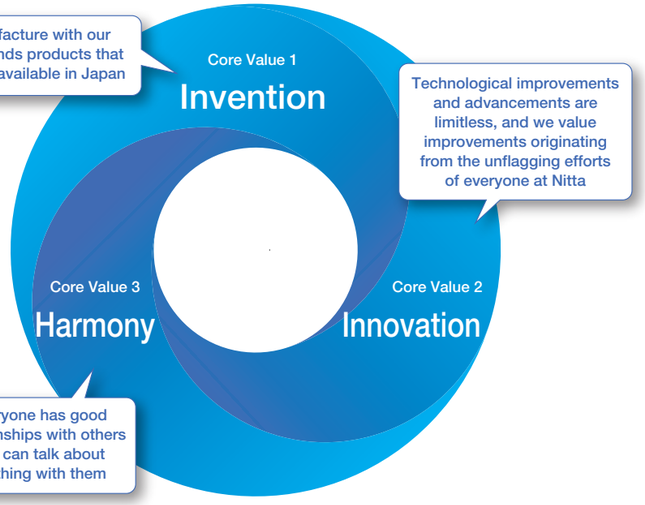
- Dialogue with shareholders and investors
- Appropriate collaboration with diverse stakeholders
- Timely and appropriate disclosures
- Improving the effectiveness of the Board of Directors

Input

Manufacture with our own hands products that are not available in Japan

Technological improvements and advancements are limitless, and we value improvements originating from the unflagging efforts of everyone at Nitta

Everyone has good relationships with others and can talk about anything with them



Nitta Spirit

+

Sources of Nitta's Value

Human capital ▶p. 25

Number of employees (consolidated):

2,952

Human resources with diverse nationalities, genders, ages, occupations, and other attributes, who are capable of contributing to sustainable growth in 13 countries and regions around the world.

Natural capital ▶p. 27

Area of Company-owned forests:

Roughly **6,700** ha

Total CO_2 fixation:

1,518,357 t-CO_2

Contributing to global warming countermeasures through CO_2 absorption and fixation in Company-owned forests for the public benefit.

Social and relationship capital ▶p. 29

Valuing relationships with stakeholders and maintaining strong relationships with customers and suppliers. Issued Declaration of Partnership Building in March 2022.

Intellectual capital ▶p. 31

Research and development expenses:

2.0 billion yen

Since our founding, we have continuously improved our technological capabilities, providing unique solutions and building a strong technological foundation.

Manufactured capital ▶p. 32

Production system capable of global response

Overseas manufacturing & processing locations: 16

Domestic manufacturing locations: 7

FY2023 capital expenditures:

2.5 billion yen

Financial capital ▶p. 33

Total assets:

169.5 billion yen

A stable and sound financial base supports capital expenditure and other critical management resources underpinning sustainable growth.

Output

Growth strategy

Medium- to Long-Term Business Plan
A Shift Innovator with manufacturing at our core

SHIFT 2030 SHIFT INNOVATOR cored around manufacturing

Shift for Deepening × Shift for Searching

Belt and rubber products business
- Belt products
- Conveyor products
- Rubber products
- Communication & electronic devices
- Sensor products
- Temperature-sensitive adhesive tape
- RFID products
- Carbon fiber-reinforced plastics (CFRP)

▶p. 21

Chemical industrial products business
- High-performance products
- Industrial material products
- Construction material products
- Waterproof material products

▶p. 23

New businesses

Creating new mechanisms

01 Reviewing & improving conventional mechanisms
02 Creating exploration-oriented new mechanisms
03 Sharing values that achieve both depth and exploration
- Chemicals & new materials
- Robots
- Biotechnology

Hose and tube products business
- Thermoplastic hose and tube products
- Coupling and fitting products
- Mechatronic products

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Other industrial products business
- Air conditioning products
- Medical rubber products
- Plastic medical equipment

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Other businesses
- Real estate business
- Management guidance business
- Driving school business
- Forestry business, etc.

▶p. 24

Areas of contribution

Semiconductors, LCDs & electronic components | Environment & energy | Construction & civil engineering | Automotive | Industrial machinery | Logistics & transportation | Food & hygiene | Medical & health care

Priority issues rooted in social issues

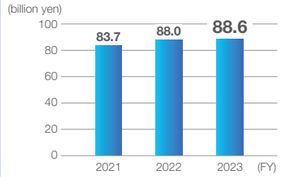
		Material Issue 1	Material Issue 2	Material Issue 3	Corresponding SDGs
E	Environmental	Achieve a low-carbon society by reducing greenhouse gases	Reduce environmental impact and realize a recycling society	Forest management that contributes to global warming countermeasures and preservation of biodiversity	
S	Social	Material Issue 4: Demonstrate social responsibility throughout the value chain	Material Issue 5: Provide motivating and appealing work environments	Material Issue 6: Pursue customer satisfaction	
G	Governance	Material Issue 7: Promote compliance and strengthen risk management			

Outcomes

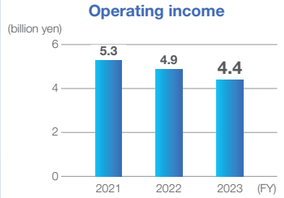
Increase in economic value

- New products and new businesses created
- True globalization promoted
- Total cost competitiveness improved

Net sales



Operating income



×

Improvement of social value

- New products that contribute to realizing a low-carbon, recycling society developed
- Business expanded and individual employees putting values into practice
- GHG emissions:
  35% reduction in FY2023 (from FY2013 level)
- Percentage of management positions held by women:
  8.3% (FY2023 actual)

Looking to the future to create products that move the world forward

Shift: An expression of our determination to continue growing sustainably as we rise to the challenges of the changing times

This fiscal year—four years into SHIFT2030, our Medium- to Long-Term Business Plan—marks a milestone as the final year of Phase 1 of the plan. The first three years of the plan were turbulent, with the COVID-19 pandemic, Russia's invasion of Ukraine, turmoil in the Middle East, and the rapid depreciation of the yen among the many headwinds, and the situation remains challenging.

The word "Shift" expresses our determination to continue moving forward without hesitation in these times of great change. To achieve the major goals we have set for 2030, we must be prepared to face these changes and continue to be innovators who create change in turn. Otherwise, we cannot achieve our goals or sustainable growth for the future.

Consistent with the Nitta Group Philosophy, the products we create help move the world and provide the vision for a more advanced society and a more harmonious way of life. This is a representation of the desire behind our style of manufacturing, the spirit that has remained unchanged since the Company's founding.

In Nitta's early days, the world was in a state of upheaval, just as it is today. Our founder, Chojiro Nitta, constantly rose to the challenge of creating useful products to meet the evolving needs of society during times of great change. Pursuit of new inventions and innovations to make products better has led to even more new technologies that we have expanded into diverse products and businesses. We would not be where we are today without putting our core values of invention, innovation, and harmony into practice. Those of us now responsible for taking the Nitta Group into the future have inherited these values and drive to transform change into strength.

Next year, the Nitta Group will celebrate the 140th anniversary of its founding. Looking toward the future, the Nitta Group will continue to tackle challenges so that it will endure until its 150th and 200th anniversaries and beyond. We will continue to work toward fully implementing SHIFT2030 and, together with our stakeholders, achieve a prosperous future and an ideal world. We appreciate your continued understanding and support.

Yasunori Ishikiriyama
President and Representative Director



The fiscal year ended March 31, 2024, marks the third consecutive year of record-high sales

In the fiscal year ended March 31, 2024, the economy continued to rally overall despite the risk of a downturn due to factors such as global monetary tightening, concerns over the Chinese economy, Russia's prolonged invasion of Ukraine, and turmoil in the Middle East. The Japanese economy saw employment and incomes improve, in spite of continued rises in prices, resulting in a moderate recovery trend.

Among the industries that are the main source of demand for the Group's products, sales to the automotive industry have been recovering, and Group net sales for the fiscal year ended March 31, 2024, increased slightly from the previous fiscal year, reaching a record high for the third consecutive year. In terms of profit and loss, although we made some progress in passing on soaring raw material costs through sales prices, operating income decreased due to weak sales of products for semiconductor manufacturing equipment and other high value-added products. Ordinary income also decreased due to the decrease in operating income and a decrease in foreign exchange gains. We expect earnings to improve in the current fiscal year on the strength of a second-half recovery of products for the semiconductor industry, the main source of the decline in earnings in the previous fiscal year.

Consolidated financial highlights

	FYE March 2023 results	FYE March 2024 results	Change
Net sales (millions of yen)	88,000	88,609	+0.7%
Operating income (millions of yen)	4,989	4,421	-11.4%
Ordinary income (millions of yen)	12,900	12,007	-6.9%
Net income attributable to owners of parent (millions of yen)	10,853	9,857	-9.2%
ROE (%)	8.8	7.3	—

On Completing Phase 1 of our Medium- to Long-Term Business Plan

SHIFT2030, our Medium- to Long-Term Business Plan, is a 10-year plan set to end in 2030, and is divided into three phases. Phase 1 is the four-year period from April 1, 2021 through March 31, 2025, making this fiscal year a milestone as the final year of this phase. According to our assessment, Phase 1 has progressed favorably in terms of net sales, operating income ratio, new product sales ratio, overseas sales growth rate, and other metrics. Although SHIFT2030 was formulated in the midst of the extremely challenging environment of the COVID-19 pandemic, we are determined to achieve the goals of Phase 1. The key to the final year of this phase will be products for the semiconductor industry, a factor in the decline in sales in the previous fiscal year. The trend has already shifted toward recovery, and we anticipate a substantial comeback in the second half of this year that will allow us to close Phase 1 on target at the end of March 2025.

This year also marks the beginning of preparations for Phase 2 starting next fiscal year. The net sales target for Phase 2 is 100 billion yen. This is an important goal for the Group to achieve. The former president used to say, "The landscape changes when net sales exceed 100 billion yen." The idea is that the stakes—including governance and corporate culture—are raised in a way that befits a company with net sales on that level.

Personally, I feel exactly the same way as the former president, and am firmly committed to achieving the net sales target of 100 billion yen for Phase 2. To reach that level, we must expand our business in larger fields, and I believe that further promoting our global business is an important measure.

Promoting global expansion with our sights set on the Phase 2 net sales target of 100 billion yen

The Nitta Group has continued to grow through business diversification. We have expanded overseas in the belt and rubber, hose and tube, and various other businesses, and a review of our portfolio reveals many areas with potential for further growth in our global markets. We will further strengthen our overseas business, focusing our efforts on the Global Promotion Office established in April 2024. In the belt and rubber business, we were quick to make progress in overseas operations and now operate in 13 countries and regions. Our other businesses are still lagging behind, so there is clear room for growth. We are focusing on India as the region with the most potential to be strengthened. India is seeing rapid Infrastructure and economic development. We had been anticipating growth for some time, but it was not coming to fruition. Last year, on my first visit to India in five years, I became convinced that great business opportunities were on the way. With an increase in expressways, cars, high-rise buildings, and quality infrastructure, sweeping changes are afoot. Real estate prices are also undergoing noticeable increases month to month. Our analysis shows that ICE automobiles still far outnumber EVs, and we see promise in this market for the expansion of both our belt and rubber business and hose and tube business.

Looking at past results, our business expansion in China has been somewhat slow. If we had invested a little earlier, the Group's business could have expanded more in line with China's growth. We are determined not to make the same mistake in India. Strengthening overseas operations is not adventurous or speculative investment. Learning from our experience in China, we will proceed steadily, one step at a time. We have already begun preparations toward that end. Of course, we are not thinking only of India and China. We are also considering the USA and Asia, taking a broad view of the entire world and all our operations. This global expansion should serve as a stepping stone to achieving the goal of 100 billion yen in Phase 2.

Focused businesses for sustainable growth and realizing SHIFT2030

Beyond achieving 100 billion yen in net sales in Phase 2, the final goal of the Medium- to Long-Term Business Plan is the Phase 3 target of 115 billion yen-plus in sales by 2030. The “plus” after the target refers to new business growth. Namd™ is currently at the forefront of our new business development, Nitta’s proprietary new technology for compositing carbon nanotubes (CNTs) with carbon fibers. The technology is highly regarded in industry, winning the Product and Technology Award from SAMPE Japan in fiscal 2020 as an original new product based on a new process. It has already been adopted and commercialized in the sporting goods industry, but we are looking to expand applications to general industrial business, with our sights set on the global market as well.

Having developed patented technology, we are aiming to acquire AS9100 certification (a management system standard for ensuring product quality in the aerospace industry supply chain, developed by a working group comprising the USA, the UK, Japan, and five other countries) by the end of fiscal 2025 to further enhance trust in this technology. Expanding the CFRP business will take time, but we hope to achieve results by our final target of 2030.

Regenerative medicine is another of our new businesses. It is an area the Group has been engaged in through technological and business development for many years. The Clean Engineering Division is in the process of developing products in the related field of decontamination. We are now at the stage of planting and steadily nurturing the seeds for new technological development and relationship building through efforts including the Group’s active participation in joint industry-academia activities in the field of regenerative medicine led by Osaka University.

We also aim to create new businesses by accelerating the development of new products adapted to changes in the market and entering into new markets and business areas with growth potential. Our New Business Exploration Team—the driving force behind this effort—is playing an increasingly active role. Although this team was formed just three years ago, a related initiative called the Nitta Innovation Crew was already working to start new businesses for roughly a decade. As someone who came up through our technical departments, I know firsthand how difficult it is to develop new technologies and products. Even the efforts of the New Business Exploration Team will not lead to results immediately. However, we are moving forward with several interesting initiatives that are still in their early stages. One such initiative is a new business that utilizes the Group’s forest resources. Though it is still in the development stage, we are monitoring its progress closely. The forests of Hokkaido are extremely valuable for nature conservation and social contributions, but we are also trying to determine if we can develop and commercialize products. I expect the New Business Exploration Team to make that happen.

Environmental initiatives consistent with our founding philosophy

The Group owns an expansive forest covering about 6,700 hectares in Hokkaido. We first arrived there in search of Japanese emperor oak trees from which to extract tannin for tanning leather in the course of developing Japan’s first leather belts for transmission. After cutting down the oak trees, our founder planted Japanese larch trees to restore the area. He then diversified, for example by developing a veneer business using the lumber. Hokkaido’s forests are etched with our history of founding and growth. This is why the Nitta Group intends to continue protecting and nurturing them, having positioned our Hokkaido forestry business as a symbolic business.

Through systematic thinning and afforestation, the amount of CO_2 absorbed is increasing year by year, leading to a significant contribution to ESG and achieving the SDGs. Although our degree of contribution to society through forestry business may change amid constantly shifting guidelines and rules regarding environmental protection, we remain resolute in our stance and approach to these efforts. Our persistence in protecting forests has been recognized as contributing to biodiversity conservation, resulting in social recognition and enhancement of our corporate value. For example, a Company-owned forest was recognized by the Japanese Ministry of the Environment as an Other Effective area-based Conservation Measure (OECM) (a 30by30 site).



In addition to forest management, we are implementing various initiatives to reduce environmental impact in each process of production technology and plant management. We are continuing our efforts to achieve a 46% reduction of CO_2 emissions from the fiscal 2013 level. We have seen noticeable effects through reduction activities in the context of daily business and by introducing and utilizing renewable energy and promoting environmental investment in new capital investment projects. We also believe that contributing to the environment on a global level by participating in the UN Global Compact and endorsing the TCFD makes it clear that we are a company that takes responsibility for the future.

Portfolio optimization with an emphasis on cost of capital

The key strategy for achieving sustainable growth over the medium and long term is to improve profitability, in addition to increasing our top line (i.e. sales), and to apply the resulting resources to growth areas and new businesses.

As a company listed on the Prime Market of the Tokyo Stock Exchange, we are acutely aware that we should have a P/B ratio greater than 1.0x. To enhance our corporate value and achieve sustainable growth, and to fulfill our responsibilities as a listed company, we are implementing various initiatives with a focus on the cost of capital. We are devoting particular attention to promoting management to achieve ROIC that exceeds the cost of capital and reallocating resources by optimizing business and product portfolios. Our quarterly strategy meetings focus on businesses and products with stalled growth or low profit margins, and discuss ways to improve them. This process is a form of selection and concentration for sustainable growth, and our options even include downsizing and withdrawing products. One example of this is our Clean Engineering Division, which was thoroughly discussed and analyzed at strategy meetings to improve profitability, and for which we implemented various improvement measures. As a result, the business has gradually improved to generate stable profits, and over the last fiscal year, it has grown into a business that contributes significantly to the Nitta Group’s profits. Optimization of business and product portfolios is also important in terms of how to continue businesses with current profitability issues that still have future potential or that are related to other products. If each department presents a reasonable plan and explanation that management can believe in, we decide to continue the business.

Additionally, as part of our financial plan that emphasizes cost of capital-conscious management, we will reduce our cross-shareholdings and continue to formulate and systematically implement capital investment plans that account for industry trends, economic forecasts, investment efficiency, and other factors.

We believe that, as a manufacturer, an important measure to improve profitability is to steadily implement measures to deal with the soaring cost of raw materials, distribution, and other expenses. In parallel with the steady and swift establishment of a data utilization system in anticipation of digital transformation, we will analyze our operational procedures and promote the improvement and enhancement of operational efficiency, for example by exploring innovative AI-based work procedures.



Aiming for further growth into the future

For the Nitta Group to continue to grow sustainably, we absolutely must optimize our portfolio and know what to invest in and what to grow. We still believe that companies should invest more in people and human resources in addition to businesses and equipment.

Accordingly, we have been implementing our Overseas Trainee Program for roughly a decade. The six-month curriculum includes language acquisition and training at plants of the Group’s overseas locations. After returning to their home countries, the trainees give presentations in English, sharing how they grew, what they learned, and what impressed them, among other things. Everyone came back looking so transformed and excited that it was easy to see how they had grown from the experience. Clearly, the Group’s overseas locations and diversified businesses can be used as learning opportunities. We intend to invest more aggressively in the Overseas Trainee Program and other activities for developing human resources capable of tackling the challenges of new businesses and overseas operations.

We also launched a new personnel system in April 2024. The goal is to create environments where employees can work at full energy by making the most of their abilities and characteristics. Examples include ensuring performance-based treatment determined by work standards, promoting younger employees early on, encouraging pioneering and principled behavior, and accommodating diverse ways of working tailored to different lifestyles. What I expect most from employees is that they will constantly think of new ways of doing things without being bound by convention, and take swift action.

From our founding to the present, the Group has continued to grow through diversification and global expansion. For the Nitta Group to achieve sustainable growth into the future, we need people with imagination, a willingness to take on challenges, and strong determination, the defining characteristics of the Group since its founding. We will remake our personnel system and work environments to be more flexible and promote the development of a system and environments where diverse human resources—people with different values and careers—can flourish.

To continue to grow in our 140th year in business and beyond, we must aim for ever grander fields, namely the global market and unexplored business domains. SHIFT2030 is a milestone along the road, not the goal itself. Simply setting a single goal and being satisfied with achieving it leads to decline. Our true goal is to continue to grow beyond 150 or 200 years in business.

And the growth we envision is not that of the Nitta Group alone. In these increasingly complex circumstances and times of sweeping change, sustainable growth can only be achieved by staunchly aligning with all stakeholders and marshaling their visions and strength. We are convinced that continuing to grow with all people and with society will create a world in harmony, one of our core values.

We will continue to place even greater importance on dialogue with our business partners and customers. Toward this end, we believe it is important to share information and stay in close communication with all stakeholders, and this Integrated Report is a key part of that strategy. We will continue our efforts to convey the strengths of the Nitta Group, as well as our visions and values.

Sustainable Management Policy

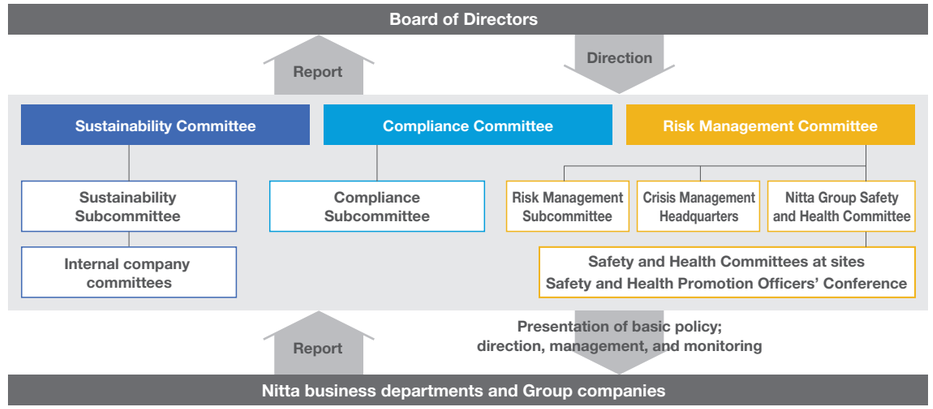
The Nitta Group shall pursue business activities based on the following Sustainable Management Policy in order to not only strive to increase our corporate value but also to contribute to the sustainable development of industry and society and to environmental maintenance and preservation.

1. **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, which are the source of creating new value and by pursuing human resource development and utilization, the Nitta Group works to actualize work environments where individuals can exert their sensitivity and creativity.**
5. **The Nitta Group not only abides by regulations and social norms, but also works to conduct fair business activities throughout the value chain, such as cooperating with business partners and pursuing socially responsible procurement activities.**

Sustainability promotion structure

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. The Japanese government, various companies and organizations, as well as individuals, are actively working on these issues.

In the Nitta Group's Sustainability Committee, which serves as an advisory committee to management, we analyze and evaluate risks and opportunities relating to sustainability, such as the climate change problem and human capital, from the perspective of the medium/long-term and ESG, and deliberate topics like the direction of those activities.



Material issues for promoting sustainability

For more information on SDG initiatives and material issues, scan here to visit our website

Step 1 Consideration of candidate material issues

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

Step 2 Narrowing down candidate material issues

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

Step 3 Identification of SDGs priorities related to the provisional material issues

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

Step 4 Validation confirmation and management approval

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

Overview of sustainability initiatives

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

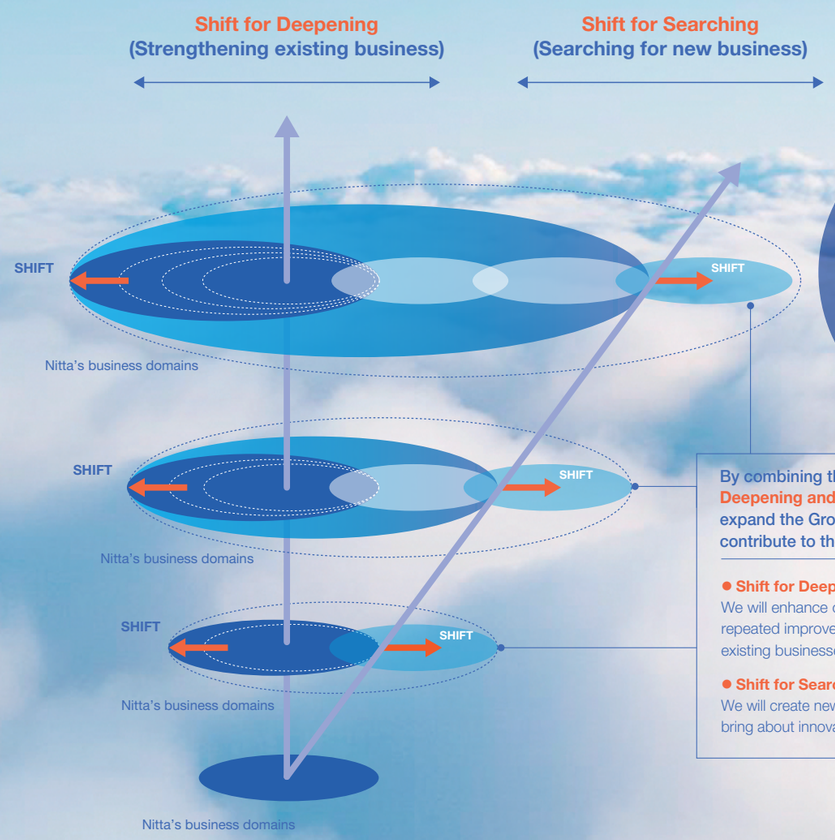
	Related SDGs	Nitta's Material Issues	Examples of FY2023 initiatives	KPI	FY2023 target	FY2023 actual	FY2024 target
Environment-related items	7, 12, 15	Achieve a low-carbon society by reducing greenhouse gases (GHG)	• Review methods of calculating Scope 3 emissions and reducing GHG emissions • Implement Scope 1 and 2 GHG emissions reduction • Establish and disclose GHG emissions reduction targets • Promote environmental investment (adopt internal carbon pricing for capital expenditures)	Reduction in GHG emissions from business activities (entire Nitta Group)	GHG emissions: 46% reduction by 2030 (compared with 2013) Achieve carbon neutrality by 2050		
				Environmental investment value ratio	5%	4.7%	5%
		Reduce environmental impact and realize a recycling society	• Promote development of environmentally friendly products (developing products that reduce CO_2 and contribute to saving energy, etc.) • Reduce usage of energy and materials through greater manufacturing efficiency • Promote green procurement • Continue activities to reduce landfill waste • Continue activities to reduce electricity and water consumption	Plastic waste recycling rate	80% or more	80% or more	80% or more
				Base unit plastic waste reduction rate	1% or more from 2022 level	5.8%	1% or more from 2023 level
				Base unit water usage reduction rate	1% or more from 2022 level	5.2%	1% or more from 2023 level
				Base unit energy consumption reduction rate	1% or more from 2022 level	8.5%	Decrease from 2023
		Forest management that contributes to global warming countermeasures and preservation of biodiversity	• Formulate and implement Afforestation Plan goals (maintain and expand Company-owned forest area and timber volume) • Continue to supply wood for biomass power generation, and consider the potential for expansion • Conduct biodiversity studies in Company-owned forests	Rate of increase in timber volume (compared with 2020)	1.5%	2.99%	2.0%
				Supplied amount of domestic timber for biomass energy	1,250 m^3	1,344 m^3	1,300 m^3
				Amount of CO_2 fixation by forests (1,477,978 t in 2020)	Up 1.5% from 2020 (1,500,147 t-CO_2)	Up 2.73% from 2020 (1,518,357 t-CO_2)	Up 2.0% from 2020 (1,507,537 t-CO_2)
				Activities promoting preservation of biodiversity	Participation in the Japanese Ministry of the Environment's 30by30 Alliance and certification of a Company-owned forest as an OECM	Complete participation in the Japanese Ministry of the Environment's 30by30 Alliance and certification of a Company-owned forest as an OECM	Number of biodiversity studies: 1 insect study
Society-related items	8, 12	Demonstrate social responsibility throughout the value chain	• Conduct CSR promotion activities for suppliers • Clarify and deploy CSR Procurement Policy • Comply with Anti-bribery Policy	Provide support for CSR promotion to main suppliers	Number of supported suppliers: 13	Number of supported suppliers: 13 completed	Number of supported suppliers: 13 (new)
		Provide motivating and appealing work environments	• Carry out measures to prevent COVID-19 transmission • Promote diversity and equal opportunity • Expand managerial appointments and develop candidates among women • Create environments where it is easy for men to take childcare leave • Continue to conduct health management promotion activities • Conduct education to prevent harassment and promote mental health • Hold Safety and Health Committee meetings, including at Group companies	Participation rate in various training programs (rehiring, career advancement training, etc.)	100%	97.1%	100%
				Percentage of employees with disabilities	2.7% (FY2025)	2.25%	2.7% (FY2025)
				Percentage of management positions held by women	11% (FY2025)	8.3%	11% (FY2025)
				Employee turnover rate	Keep under 5%	4.2%	Keep under 5%
				Percentage of male employees taking childcare leave	50% (FY2025)	57.7%	50% (FY2025)
				Percentage of annual paid leave taken	75% or more (FY2025)	76.4%	75% or more (FY2025)
				Number of managers promoted from clerical positions	7 or more (FY2025)	8	7 or more (FY2025)
				Health management: Percentage of people interested in improving lifestyle habits	85% (FY2025)	77.6%	85% (FY2025)
				Health management: Percentage of employees with proper walking habits (Percentage of employees who walk or engage in other physical activity at least once a day)	50% (FY2025)	38.5%	50% (FY2025)
				Health management: Percentage of employees with proper dietary habits (Percentage of employees who eat meals less than 2 hours before bed 2 or fewer times a week)	70% (FY2025)	61.7%	70% (FY2025)
		Pursue customer satisfaction	• Continue quality improvement activities	Not disclosed outside the Company	—	—	—
Governance-related items	8, 9, 12	Promote compliance and strengthen risk management	• Compliance Committee and Risk Management Committee meetings (4 times/year) • Conduct risk analysis, identify major risks, and consider countermeasures, including cases involving domestic and overseas Group companies • Conduct internal control audits including domestic and overseas Group companies • Provide compliance and information security education • Conduct internal control self-assessment Conduct activities to prevent recurrence of disasters in the areas where they occur	Number of Compliance Committee and Risk Management Committee meetings	4	4	4
				Number of compliance education sessions per year	7	7	7
				Strengthened information security, education participation rate	100%	100%	100%
				Rate of improvement on internal audit findings	100%	100%	100%
				Number of serious violations	0	0	0
				Surveys on the state of BCP activities at main suppliers	Implementation rate of 95% or more	Implementation rate of 100%	Implementation rate of 100%
				Investor interview feedback for the Board of Directors	100%	100%	100%

SHIFT2030 Medium- to Long-Term Business Plan
Shift Innovator with Manufacturing at Our Core

SHIFT 2030
SHIFT INNOVATOR
cored around manufacturing

Our Vision for 2030 is the driving force behind our 10-year plan to become a Shift Innovator with manufacturing at our core. What does it mean to be a Shift Innovator? We will link repeated shifts—in mindset, in approach, in action—to unmatched innovation, while maintaining the centrality of manufacturing.

Vision



Desire behind our vision

During the 10-year period beginning in fiscal 2021, we are continuing to strengthen our existing businesses and technologies centered on manufacturing while seeking innovation through new expansion of those businesses and technologies.

By combining the two types of Shift—**for Deepening and for Searching**—we will expand the Group's business domains and contribute to the industry more broadly.

- **Shift for Deepening**
  We will enhance our competitiveness through repeated improvements to further strengthen existing businesses.
- **Shift for Searching**
  We will create new markets and technologies to bring about innovation and create new businesses.

Progress of SHIFT2030

Phase 1
FY2021 to FY2024
We launched these initiatives in 2020 with a common desire to achieve sustainable growth through repeated Shifts and constant progress while keeping manufacturing at our core.

Phase 2
FY2025 to FY2027
The goal is to achieve net sales of 100 billion yen in preparation for Phase 3. To achieve this, we will further promote global business and otherwise expand our business in larger fields.

Phase 3
FY2028 to FY2030
We will promote the three major Shifts to achieve our vision and achieve our goals for 2030.

Progress of Medium- to Long-Term Business Plan Phase 1

This fiscal year is the final year of Phase 1 of SHIFT2030. Despite three years of facing global conflict, sharp depreciation of the yen, soaring energy and raw material prices, and other risks, we have so far performed well on important KPIs, including net sales, operating income ratio, new product sales ratio, and overseas sales growth rate.

New challenges for Phase 2

Although we have achieved record-high net sales for the past three years, we still face challenges in improving profitability. This is mainly due to sluggish business for high value-added products for semiconductor manufacturing equipment. Nonetheless, we are reviewing our business and product portfolios in order to promote improvements in profitability, and are preparing for Phase 2, which revolves around our global strategy.

Three major Shifts for achieving our vision

1 Shift for Growth

We will achieve sustained growth by deepening our existing businesses. For new businesses, we have established a New Business Exploration Team to explore what the landscape of social issues and needs will look like 10 years from now, and promote technological innovation and product development from a market-oriented perspective.

- Sustainably grow existing businesses
- Explore new businesses
- Accelerate new product development

2 Shift for Corporate Value Enhancement

We are strengthening corporate governance and compliance as we advance initiatives in line with international standards. This includes signing the UN Global Compact, which sets out 10 principles concerning human rights, labor, environment, and anti-corruption.

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

3 Shift for Further Globalization

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

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

FY2030 financial targets

Net sales	Operating income ratio	New product sales ratio	Overseas sales growth rate	Capital expenditure amount
115 billion yen-plus	8.0% or more	10.0% or more	170% or more (compared with FY2020)	40 billion yen (total, FY2021 to FY2030)

New Technologies and Products Created by Shift for Deepening × Shift for Searching

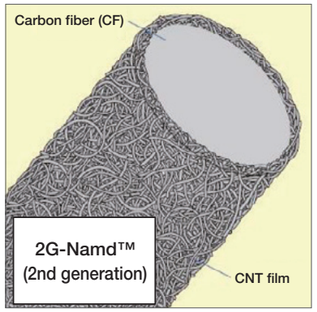
Realizing Namd™ CNT/carbon fiber composite technology

CNT Applied Development Department, Technical Center

Aiming to acquire international certifications in 2025 with our sights set on expanding into aerospace

Namd™ is a technology for creating stronger fiber materials by attaching carbon nanotubes (CNTs) to the surfaces of carbon fibers. It is already used for sporting goods and is being considered for adoption in a wide range of applications, from industrial to aircraft and automotive. Carbon fibers are strengthened when coated with CNTs, which are 20 times stronger than steel. Using carbon fibers strengthened in this way results in tougher carbon fiber-reinforced plastic (CRFP). Technology for creating CNT-CFRP composites is expected to lead to significant growth of advanced materials in Japan if its adoption progresses in the industry. Various research and development efforts have been conducted at research institutes, and Nitta has realized this proprietary technology, Namd™. As we build relationships with overseas aerospace companies with our eye on global market development, we are aiming to acquire AS9100 certification (a quality management system standard for the aerospace industry) by the end of fiscal 2025 to further enhance trust in our technology in the global community.

Our development of Namd™ is truly a manifestation of our core values of invention and innovation, and although the times may change, our inherited passion for manufacturing is firmly intact. Namd™ is also the result of co-creation with companies in industry and other fields as well as research institutes. Thus, it owes its success not only to our efforts to better ourselves, but also to harmonious relationships where everyone grows together. We aim for technological development and value creation together with everyone with our sights set on the future, without focusing solely on immediate profits or the Company's growth. We are confident that this attitude and desire will lead to even greater achievements for Namd™. Moreover, we are now in the process of developing the third generation Namd™ with further improvements.





Development story

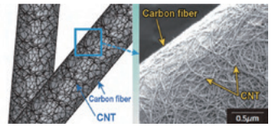
Issue

Although using CNTs—an advanced material discovered in Japan—to create CNT-CFRP composites is effective, mass production technology has not yet been established.

Nitta's core technologies

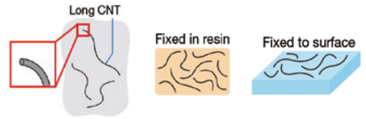
Advanced CNT production technology

We succeeded in producing high-purity CNTs by removing roughly 30% of impurities, making CNTs applicable in a wider range of various fields and technologies. These R&D efforts accelerated our development of Namd™.



Nano-dispersion technology

Nano-dispersion, which involves separating bundles of CNTs into individual CNTs as much as possible, was necessary for attaching them to CFRP. In a great achievement, we successfully established a nano-dispersion technology that obviates third components that compromise the original properties of CNTs.



Solution

We developed Namd™ to attach CNTs to carbon fibers, and deployed the new technology in the sports field in 2017. We have since completed technology for mass-producing the improved second-generation 2G-Namd™. The technology is used for many sporting goods, and we have applied for more than 100 domestic and international patents.

Areas of contribution

Sporting goods | Industrial applications | Aircraft | Automotive | Seeking further possibilities

Constructing a bio-decontamination system to create sterile environments

Clean Engineering Division

Aiming to make new technologies and services from Nitta and Japan the standard for the next generation

For many years, the Clean Engineering Division has developed and provided a broad range of products and services, including air filters and environmental monitoring equipment as well as technologies, parts, and systems for creating clean environments. Among our main customers, pharmaceutical companies use our products and services in their laboratories and factories, hospitals use them in their operating rooms and ICUs, semiconductor manufacturers use them in their cleanrooms, and food manufacturers use them in their factories.

In the past several years, creating and maintaining sterile manufacturing environments has become more important, especially to accommodate the remarkable technological advances for producing biopharmaceuticals, regenerative medicine products, and other sterile pharmaceuticals. In response, the Group launched BCLEEN, a solution brand providing sterile manufacturing environments for the life sciences. Given recent trends, we have developed a vaporized peracetic acid sterilization system (VPASS) to serve as a bio-decontamination system for creating and maintaining sterile manufacturing environments for biosafety cabinets (BSCs) for opening and handling products and the like in the process of developing and manufacturing increasingly diverse sterile pharmaceutical products. By combining our ideas with existing technologies and products, we succeeded in creating and maintaining reliably safe sterile environments, and launched our decontamination service business in April 2024.

Our system is intended to allow anyone to operate it safely and easily at any time. We hope that this new technological system from Nitta and Japan will be deployed throughout Japan and the rest of the world, be broadly accepted as easier and safer, become the global standard, and contribute to the advancement of the world.



BCLEEN

A solution brand that creates new value in microbial control based on three core technologies—air purification, environmental monitoring, and decontamination—and provides highly controlled, sterile manufacturing environments for the life sciences field.

Development story

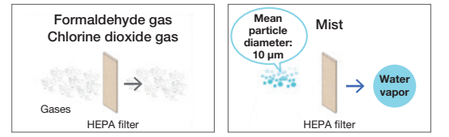
Issue

Formaldehyde, which carries risks to human health, is the main bio-decontaminant used in the box-shaped BSCs workers use to handle infectious biomaterials and other biohazardous substances and perform sterile operations for sterile products.

Nitta's core technologies

Developing a vaporized peracetic acid sterilization system (VPASS) to combine with HEPA filters

We developed a vaporized peracetic acid sterilization system (VPASS) that circulates peracetic acid vapor, which has minimal impact on the human body, instead of formaldehyde, a known carcinogen.
Also, circulating vaporized peracetic acid through our high-efficiency particulate air (HEPA) filters makes it possible to decontaminate not only the air but also the filters themselves.



Solution

By circulating peracetic acid vapor, which has minimal impact on the human body, we succeeded in creating and maintaining reliably safe sterile environments.
We are certain that we can contribute to society by making our products applicable in other fields in addition to the pharmaceutical industry.

Topic

We participate in the Japan Parenteral Drug Association (PDA) and hosted a meeting of the Japan PDA Sterile Products GMP Committee at our Head Office on April 13, 2024. Amid ongoing efforts to gather information and exchange opinions on industry needs and issues, we are reminded of the importance of creating sterile environments. Accordingly, we intend to actively promote research and development for solutions and contribute to the activities of the association.



Helping to resolve social issues with innovative technological capabilities

Seiichi Kitamura

Representative Director and
Senior Managing Executive Officer
Responsible for Corporate Center
and Industrial Products Division



Strengths and technological advantages driving SHIFT2030

SHIFT2030, our Medium- to Long-Term Business Plan, includes our Vision for 2030, which is to become a Shift Innovator with manufacturing at our core. This vision expresses our desire to link repeated shifts to unmatched innovation through manufacturing. With it, we have redefined company founder Chojiro Nitta's spirit of manufacturing products that are not available in Japan. Throughout our 139-year history, we have constantly faced changes in the market environment and contributed to a sustainable society through our business activities. By expanding into a broad range of industries, we have gained multifaceted technical perspectives and honed our skills. Our strengths and competitive advantages lie in the invention and innovation in our DNA, passed down from generation to generation, which allows us to provide unique solutions backed by our technological capabilities.

In Phase 1 of SHIFT2030, we have promoted two types of Shift—Shift for Deepening to strengthen existing business domains, and Shift for Searching to discover new possibilities. As a result, the percentage of our patents in use in Japan has increased dramatically. We are also making excellent progress in building our intellectual property network outside Japan. All of our employees are working to understand and act on the essence of the issues facing our customers and society. We will continue to devote even more energy toward promoting these Shifts to achieve the financial targets for 2030 set out in our Medium- to Long-Term Business Plan.

Outlook for Phase 2 of SHIFT2030

Nearly all our indicators for Phase 1 initiatives are on track to meet the financial targets of SHIFT2030. In Phase 2, we will continue our efforts to improve net sales while reorganizing our product portfolio and otherwise carefully monitoring our investments. Presently, we are focusing on bio-decontamination products and on expanding the applicability of Namd™-based CFRP products to more industrial fields. We leverage the technological capabilities we have accumulated over 139 years to create new products and services that meet the needs of the times. In the past several years, people have intensified their focus on the impact of corporate activities on the environment and society. We intend to strategically promote sustainable growth of existing businesses and new product development with our sights set on making a positive impact on the world.

To achieve the goals set out in SHIFT2030, we are devoting energy to creating environments where employees feel empowered to work at full energy by making the most of their abilities and characteristics. Thanks to various internal reforms, we now have higher labor productivity with a smaller group of elite talent. We also continue to implement an employee award program, a proposal program, an implementation reward system, and other incentives to create a corporate climate conducive to creating new value. Every year, we motivate our employees by recognizing individuals and teams that propose innovative R&D and services. We will continue to devote energy toward developing human resources to be the driving force behind our businesses.

Stakeholder engagement

We recognize that stakeholder engagement is an essential part of achieving sustainable growth and increased corporate value. To fulfill our responsibilities to our stakeholders, we will actively disclose information and engage in dialogue and collaboration through communication activities. We will translate the insights gained from this engagement into our business activities.

Customers & agents	By proactively establishing contact points and opportunities to hear directly from customers about their needs, we will strive to quickly identify changes in society and provide products and services that can solve customers' problems.
Business partners	In addition to publicizing the Declaration of Partnership Building, we will ensure compliance with the Subcontract Act and other laws and regulations, and promote dialogue.
Shareholders & investors	We strive to disclose information about business activities and financial information in a timely and appropriate manner through investor briefings and IR events, and will engage sincerely in dialogue. We also communicate our business activities and management status through the Integrated Report and our website.
Employees	We maintain a stable business environment in which all Group employees can feel comfortable in their work. We will strive to create work environments that allow each employee to realize their potential.
Local communities	In addition to informing people in the neighboring community that our Head Office building is a designated tsunami evacuation building, we also allow nearby kindergartens to conduct evacuation drills using the building. Cleanup activities and other neighborhood beautification activities are continuously conducted at the Head Office, branches, and individual plants.
National & local governments	In the communities around each plant, we promptly respond to inquiries from respective government agencies and otherwise work to ensure smooth communication on a daily basis. We also provide donations and other support as requested by local communities.



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 innovative products that lead to people's happiness.

(Fiscal year ended March 31, 2024)

Net sales

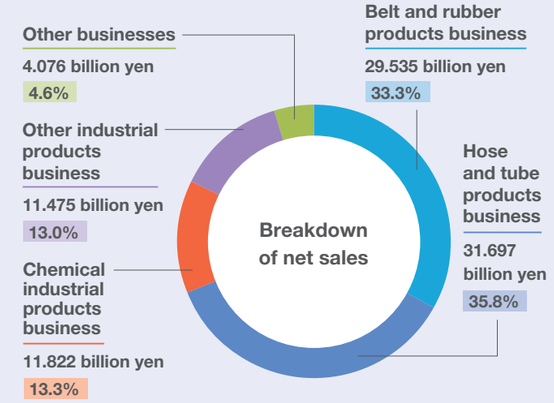
88.609 billion yen (consolidated)

+0.7 % YoY

Operating income

4.421 billion yen

-11.4 % YoY



Segment	Products and applications	Vision	Areas of initiative focus	Relevant SDGs
Belt and rubber products business	**Belt products:** Textile machinery, postal machinery, financial machinery, logistics machinery **Products for transport:** Food transport, distribution centers **Rubber products:** Sliding wipers for machine tools, bridge expansion and contraction joints, etc. **Temperature-sensitive adhesive tape:** Electronic component manufacturing equipment **RFID products:** For linens & metals	● New products and businesses created ● Existing businesses further deepened and grown ● New markets and customers captured ● Cost competitiveness strengthened ● New applications developed	● Acquisition of global companies ● Development of energy-saving products ● Allocation of resources to light transport domain ● Enhancement of our lineup of rubber and steel joints ● Cultivation of new markets for temperature-sensitive adhesive tape	8, 12
Hose and tube products business	**Thermoplastic hose products:** Construction machinery, commercial vehicles, machine tools **Tube products:** Semiconductor manufacturing equipment, passenger cars, commercial vehicles **Mechatronics products:** Industrial robots	● Existing business grown sustainably ● Product applications expanded into growth areas ● Product development accelerated, new overseas customers cultivated	● Pioneering applications for global growth markets ● Entry into growth industries for a low-carbon society ● Further globalization through production and procurement at optimal locations	8, 12
Chemical industrial products business	**Rubber products:** Rolling stock, trucks, buses, ships, ready-mixed 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), athletics stadiums/multipurpose courts (resilient paving materials)	● Existing businesses further deepened ● New markets and customers captured ● Cost competitiveness strengthened	● Enhancement of quality ● Strengthening of cost competitiveness ● Tackling the challenge of overseas growth markets and expansion of overseas production	8, 12
Other industrial products business	**Air conditioning products (filters), measuring instruments:** Cleanrooms (semiconductor manufacturers, pharmaceutical companies, hospitals, etc.) **Medical rubber products and plastic medical equipment:** Blood circuits	● Energy-saving, resource-saving, and cost-saving product sales promoted ● Existing business grown sustainably ● Bio-decontamination system business expanded	● Acceleration of new product development for new growth fields ● Expansion of environmentally friendly product sales ● Improvement of cost competitiveness through cost reductions ● Expansion of business in the life sciences field	7, 15
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	● A society free of motor vehicle accidents and traffic violations due to improved instructional techniques in driving school business ● Forest assets passed on to the next generation	● Activities to enhance customer satisfaction ● Use of timber-derived components ● Stabilization of the number of seedlings supplied ● Establishment of sustainable forest management and increase in timber volume* * Timber volume: Sum of standing timber volume (unit: m³) in Company-owned forests	8, 15

Belt and rubber products business

(Industrial Products Division)

Strongly promoting speed-oriented development of new products

Main SDG targets

Flagship products



PolyBelt & PolySprint (transmission & transport belts) | New Light Grip (resin transport belts) | EC Series (curve conveyors) | Finger Flex (large steel joints for bridges) | Temperature-sensitive adhesive tape products | RFID products



Takemasa Kurokawa
Executive Officer and General Manager, Industrial Products Division

Segment performance in fiscal 2023

- Net sales **29,535** million yen **+3.3**% YoY
- Segment profit **3,438** million yen **+10.1**% YoY

Review of fiscal 2023

In the belt business, domestic sales of belt products for the logistics and paper industries remained strong, as did sales for financial equipment due to special demand for reprinting of banknotes. Overseas, conditions remained sluggish due to a substantial drop in sales to the textile and logistics industries. In the rubber and chemical products business, construction of large warehouses was brisk and demand for seismic isolation rubber bearings increased substantially, while sales of steel joint products for roads remained strong. Sales of temperature-sensitive adhesive tape products for the electronic components market recovered, and RFID products for linens performed well due to special demand. Consequently, both sales and profits increased from the previous fiscal year.

Strategic products for fiscal 2024 and future development & policy

We must constantly take new steps forward and make changes to keep up with changes in the world caused by the rapid advancement of digital technology.

In the belt business, we will continue to strengthen our global production and sales systems and focus on further cultivating the repair business. We will expedite the development of new products and expand our lineup to include environmentally friendly belts for light packaging and thin articles, belts that help conserve energy, and biomass-based products.

In the rubber and chemical products business, we will strive to expand sales and further cultivate current markets and expand into new markets and applications with the aim of expanding sales of temperature-sensitive adhesive tape products as well as RFID tag products, which are expected to grow in the future. For seismic isolation rubber bearings, we will focus on acquiring contracts for data center construction and bridge projects. For road joints, we aim to increase production capacity and sales of steel joints in addition to expanding sales of rubber joints.

SWOT analysis

Strengths

Product development capabilities based on knowledge and technology accumulated every day, all over the world. Solution-oriented sales and product proposal capabilities that contribute to customer value creation.

Weaknesses & issues

To address labor shortages, we promote the creation of motivating and appealing work environments and aggressively promote capital and digital investments.

Opportunities

Aiming for further globalization and growth through expanded application of successful cases in the global market.

Threats

Substantial changes in global circumstances, rapid technological innovation, increased procurement uncertainty, soaring prices.

Overview of business strategy for 2030

1. Promoting new product development and improvement

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

2. Further cultivating more markets

We will further expand our product lineup, production capacity, and sales network to increase sales in India and the rest of South Asia. We will also continue our development of global human resources.

3. Contributing to resource conservation and cost reduction

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

Hose and tube products business

(Nitta-Moore Division)

Responding to shifts in industrial structure, both domestically and internationally

Main SDG targets

Flagship products



Thermoplastic hose products for hydraulics | Tube products | Fuel tube products for passenger automobiles | Tube products for air brakes | Mechatronic products (automatic tool changers)



Atsushi Izumi
Director, Executive Officer and General Manager, Nitta Moore Division

Segment performance in fiscal 2023

- Net sales **31,697** million yen **-4.7**% YoY
- Segment profit **7** million yen **-99.2**% YoY

Review of fiscal 2023

In the category of general industrial products, sales of products for semiconductor manufacturing equipment were sluggish, as was also the case for products for construction machinery in China. On the other hand, sales of products for industrial vehicles were strong throughout the year. Sales of products for the automotive industry were essentially in line with plans in Japan, as problems with parts procurement have been resolved. Products for HV also remained strong. In North America, sales were recovering, but targets were not achieved. In China, sales remained weak due to the economic slowdown and sluggish sales of Japanese automobiles. In mechatronics, sales to automobile production lines in China were slow.

Strategic products for fiscal 2024 and future development & policy

Moving forward, all employees need to act with a sense of urgency and a pioneering spirit in order to achieve further growth.

In the category of general industrial products, we established a sales office in Kumamoto Prefecture to further strengthen our capacity for selling to the semiconductor industry. For the automotive industry, we will expedite our foray into EVs and other environmentally friendly vehicles, and in the currently restructuring Japanese commercial vehicle sector, we will define target manufacturers and conduct targeted sales activities. As for air springs for trucks and buses, we will strive to reduce manufacturing costs and increase sales in the replacement market. In North America, to further implement our business expansion strategy, we will deploy human resources to a local subsidiary in fiscal 2024 and accelerate sales expansion activities in Central and South America in addition to North America. To improve profitability, we plan to continue to pass on higher raw material and purchased parts costs through sales prices, and to improve productivity efficiency by eliminating the overreliance on individuals and accelerating systemization.

SWOT analysis

Strengths

Potential new technology proposal capability based on expertise. Global manufacturing and sales offices. Unique product lines for semiconductor manufacturing equipment.

Weaknesses & issues

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

Opportunities

A period of tremendous change in the automobile industry, exemplified by CASE, and efforts by various countries to solidify dominant positions in the semiconductor industry.

Threats

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

Overview of business strategy for 2030

1. Shift for Growth

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

2. Improving corporate value

We will aim for high profitability by streamlining indirect operations and radically improving low-profitability products.

3. Further globalization

We will carry out production and procurement at optimal locations by integrating overseas locations and other businesses. We will also promote self-reliance of each overseas location.

Chemical industrial products business

(Nitta Chemical Industrial Products Co., Ltd.)

Accelerating globalization with distinctive products

Main SDG targets



Flagship products



Rubber hoses for concrete casting





Air springs for rolling stock



Yasunori Fujita
President and Representative Director, Nitta Chemical Industrial Products Co., Ltd.

Segment performance in fiscal 2023

- Net sales **11,822** million yen **+1.9**% YoY
- Segment profit **454** million yen **+124.3**% YoY

Review of fiscal 2023

Our flagship rubber products business remained solid in Japan due to strong sales of mobility-related products, namely components for rolling stock, trucks, and buses. In the elastomer products business, the figures trended toward recovery in Japan as customers' production in parts for OA equipment rebounded; overseas, sales of elastomer products for OA equipment and rubber products for railroads remained strong. Consequently, both sales and profits increased from the previous fiscal year.

Strategic products for fiscal 2024 and future development & policy

Our goals are to contribute to the advancement of society with leading-edge value-added products, and to please our stakeholders.

In existing businesses, we will continue to strengthen sales expansion activities in overseas markets and promote further cultivation of the domestic market. Specifically, we aim to expand sales primarily in Europe, and also in India, East Asia, and Southeast Asia by reliably implementing our global strategy for rolling stock components. In the coated fabric products business, we will expand sales of metering film for gas meters in Europe and promote entry into the Asian market. In the domestic market, we will expand our business through such efforts as increasing sales of gas seal products.

We will also further refine our proprietary technologies and proactively explore new product development and businesses based on accurate, up-to-date ascertainment of customer needs. Concurrently, we will continue various cost reduction activities at our plants to reduce production costs and ensure our competitiveness in the market.

SWOT analysis

Strengths

Extensive product lineup specialized for specific industries and fields.

Weaknesses & issues

Our flagship products are sold in a limited number of fields; the impact of slowing demand in those fields cannot be fully absorbed by other fields.

Opportunities

Possible expansion by leveraging the Nitta Group's network of overseas locations. (staff on assignment in Germany, etc.)

Threats

In expanding globally, we need to beat competitors in terms of quality, cost competitiveness, ability to take action, and production capacity.

Overview of business strategy for 2030

1. Further advancing operations that integrate manufacturing, sales, engineering, and QA

We will expand sales to unexplored fields and markets while further advancing operations that integrate manufacturing, sales, engineering, and QA through a business group system.

2. Increasing corporate value

We will strive to enhance our corporate value by improving customer satisfaction, promoting "own process completion" activities, enhancing cost competitiveness, improving quality levels through TQM activities, and efforts to achieve the SDGs.

3. Tackling the challenge of potential markets overseas

We will utilize the Nitta Group's network of overseas locations to promote aggressive sales expansion activities and aim for sustainable growth.

Other industrial products business



High-performance air filters



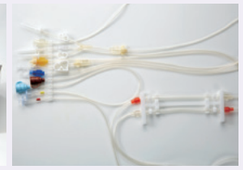
Fan filter units



FOGACT® (decontamination equipment)



Particle counters



Tube products for infusion

Segment performance in fiscal 2023

- Net sales **11,475** million yen **+9.8**% YoY
- Segment profit **438** million yen **+92.9**% YoY

Main business:

Air conditioning products (filters), measuring instruments
Medical rubber products, plastic medical equipment

Review of fiscal 2023

In the category of air conditioning products, demand was firm for cleanroom air filters, chemical filters, and measuring instruments for the semiconductor, electronic components, and pharmaceutical industries. In mechatronics as well, air filters for semiconductor-related and medical electronics equipment sold well, resulting in strong sales of air conditioning products overall. However, raw material and logistics costs remained high, and we continued to take action such as passing on costs through sales prices. Consequently, both sales and profits increased from the previous fiscal year.

Strategic products for fiscal 2024 and future development & policy

We view rising costs associated with soaring raw material and energy prices as a risk, and will address the issue as we stabilize material procurement. Opportunities include further sales expansion in industrial air conditioning—air filters, chemical filters, measuring instruments, and the like—as we expect capital investment in semiconductor factories to remain strong and new factory construction to expand. Further growth is also expected for filters for semiconductor equipment and other mechatronics, so we will strive to expand sales by properly meeting customer needs. For sustainability initiatives, we promote development and expansion of sales of products that contribute to environmental aspects, such as resource and energy conservation, as well as safety and security. For new businesses, we will further promote the development and enhancement of bio-decontamination technologies and products for sterile environments for the life sciences.

Other businesses





Segment performance in fiscal 2023

- Net sales **4,076** million yen **-0.6**% YoY
- Segment profit **1,829** million yen **-11.5**% YoY

Main business:

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

Each person's growth is a major driving force for the future

As stated in Nitta's founding philosophy—No excellent product can be created without harmonious relationships—the profession of manufacturing is not something that can be undertaken by individuals, which is why we value teamwork and collaboration between departments so highly. This attitude has been ingrained in our corporate culture for many years, as proven by the high rate of satisfaction with relationships indicated in employee satisfaction surveys and our high employee retention rate. The current reform of the personnel system further emphasizes mutual growth through earnest efforts while building on a foundation of harmonious, trusting relationships. We are reforming the system to enhance employees' fulfillment at work by allowing them to experience personal growth. If we can achieve this, our employees and the Company can grow together in harmony.



Yuji Hamada
Executive Officer in Charge of Personnel Administration, Corporate Center

Rie Kake
Department Manager, Human Resources Department, Corporate Center

Human Capital

01 Personnel system reform

Securing and developing the driving force behind the sustainable growth of the Nitta Group: Human resources that can take on the challenge of making our vision a reality

The major objectives of the personnel system reform implemented this fiscal year are to boost employee motivation and secure excellent human resources. The human resources who will power the Group in the future are the key to sustainable growth. We devote considerable energy toward developing young employees who will become the leaders of the next generation. We have revised the systems used to evaluate and treat employees according to their performance, with the goal of providing better motivation. For example, under the new system, employees can earn promotions to management as early as age 32. Additionally, a certain number of new employees will be hired each year regardless of how favorable or challenging business conditions are. After joining the Company, new employees undergo a six-month training program, followed by training for young employees to develop personal visions in line with our Group Vision, and other training as outlined in the Training Tower Program. Our in-house career counselors also conduct personal interviews as needed to help our employees develop their careers.



Our team works together to create comfortable work environments!

Concept of personnel system reform

Positioning the personnel system as a subsystem to help implement the Group Philosophy and SHIFT2030, revising it in terms of work standards, diverse work styles, and career development

▼ Personnel system

- Revising occupational group qualification, evaluation, wage, rehiring, and other systems
- Establishing a new treatment system for highly specialized personnel and new region-specific employee systems
- Introducing an alumni recruitment program

▼ Diverse work styles and benefits

- Easing requirements for telecommuting
- Expanding shorter & staggered working hours for childcare
- Expanding the refreshment leave program, award program for long-term employees, etc.

Topic

Initiatives for health management

We view the physical and mental health of our employees as an important part of our corporate foundation, and thus promote various initiatives to maintain and improve their health under the themes of physical health, mental health, and workplace health. As a result of our initiatives, Nitta has been recognized as a White 500 company (one of the top 500 large enterprises recognized as a Certified KENKO Investment for Health Outstanding Organization) for six consecutive years since 2019. For the second year in a row, we were chosen for the KENKO Investment for Health Stock Selection (an honor typically bestowed on only one company in each line of business).



02 Initiatives promoting women's participation and advancement in the workplace

Actively promoting the development and promotion of female managers and enhancing our system for shorter and staggered working hours for family care

The new personnel system is designed to create environments where women can flourish, promoting employees in clerical positions (Operator positions) to career-track positions (Generalist positions) after they gain a certain level of experience, so they become involved in core operations at earlier stages and prepare to become core members of the organization. Thanks to ongoing initiatives to promote women's participation and advancement in the workplace, the percentage of female managers was 8.3% in fiscal 2023, one of the highest in the industry and a substantial increase over five years ago (4.4% in fiscal 2019). We are also striving to create environments where employees can work comfortably and demonstrate their abilities, for example by allowing telecommuting and shorter or staggered working hours for employees providing family care., and removing time limits on staggered working hours in the case of employees providing nursing care for elderly family members.





03 Promoting diversity

Work style reform centered on work-life balance for increased employee comfort leads to team growth

Our Human Resources Department encourages eligible male employees to take advantage of available childcare leave through efforts such as informing them of how the system works and its advantages. As a result, a high level of eligible male employees (57.7%) took childcare leave in fiscal 2023. Understanding in the workplace is essential to achieving work-life balance through work style reform. Sharing knowledge and information on a regular basis has helped avoid overreliance on individuals, making it easier for both men and women to take childcare leave and take advantage of other systems while also encouraging growth as a team.

Employees with disabilities receive the same treatment as other employees, and we strive to create environments where people with disabilities can demonstrate their abilities, not only through our systems, but also through internal cooperation. We promote active participation by older employees with ample expertise and advanced skills, for example by flexibly adapting the mandatory retirement age for managers and rehiring employees after retirement.

Human resource development based on rank-specific programs

In addition to rank-specific training for new employees, young employees, mid-career employees, section managers, and general managers, we also offer a full slate of themed training—for example, global human resources—and training for specific positions, such as career-track positions (Generalist positions), technical positions (Technical positions), and clerical positions (Operator positions). We are constantly updating our training programs to correct any bias toward age, position, or rank and ensure that the content is in step with the times, further enhancing our development of human resources. After training sessions, we check the results and log feedback through questionnaires, follow-up training, three-way interviews with supervisors and the Human Resources Department, career counseling, and other efforts to improve and enhance the programs and ensure that the effects of the training take root.

▼ Human Resource Development (Training Tower Program)

	Developing Leaders	Global Human Resources		Themed Training and Education						Self-Development
General Manager	Management Candidate Assessment			Evaluator Training	Career Design Training	Mentor/Elder Training	Mid-Career Hire Training	NI Training	Compliance Training	Self-Development Support
	Advanced Business Leadership Training Follow-up									
	Advanced Business Leadership Training									
Section Manager	Introductory Business Leadership Training Follow-up		Development and Training for Overseas Global Human Resources							
	Introductory Business Leadership Training									
	New Appointee Management Training Follow-up									
	New Appointee Management Training									
Mid-career (30s)	Assessment for Managerial Appointment	Overseas Trainees							Compliance education	
	Next-Generation Management Training									
	Training for Technical Positions (Technical positions only)	Language Training								
	Training for Clerical Positions (Clerical positions only)									
Young (20s)	Junior Career Design Training Follow-up									
	Junior Career Design Training									
	2nd Year Follow-up (Career-track positions only)									
New Employees	Mentor/Elder System	English Presentation and Business English Conversation						New Employees NI Training		
	Vision Creation Training for Young Employees									
	On-site Training (Career-track positions only)									
	Group Training for New Employees									

For more information on our overall strategy for human capital, scan here to visit our website



Continuing to create sustainable forests for the future on our 117-year journey through Hokkaido's forests

Natural Capital

01 Efforts in Hokkaido

Aiming to create climate change-resistant forests in gratitude for a relationship with forests that dates back to Nitta's first leather belts

In 1906, our founder ventured into the Tokachi region in search of Japanese emperor oak trees, the source of the tannin used to tan leather for belts. After logging the oak trees they found, Nitta became involved in afforestation, marking the beginning of the Company's forest management efforts. These efforts have continued through the years, and in 2004, Company-owned forest management operations were spun off to form Hokkaido Nitta Co., Ltd. For 20 years, Hokkaido Nitta has created artificial forests based on a "cut-use-plant-cultivate" cycle. However, due to climate change and other unforeseen circumstances such as the death of planted seedlings, we plan to cultivate mixed forests that include natural forests that will better resist the impacts of climate change.





02 110th Anniversary of Nitta Ranch

Creating new value in a ranching operation on vast tracts of frontier land, a different environment from the Company's core business

During Nitta's early days, when the Japanese diet was becoming more Westernized, our founder believed that demand for dairy products would increase in the future, so the Group launched a ranching operation on the frontier land created by logging oak trees. This year marks the 110th anniversary of Nitta Ranch Corporation, which currently raises roughly 200 dairy cows on a 3.5-ha ranch with 120 ha of pastureland to produce raw milk. The ranching operation is the only business in the Nitta Group that deals with animals and food products. The experience we gain in this environment is very different from our core business—repairing equipment, establishing a governance structure, ensuring health and safety, and the like—and as such it helps the entire Group create new value.

03 Learning about trees and wood

Nature programs bring local elementary school students up close to trees and forests, upholding the philosophy of our founder, who devoted himself to promoting education

As part of his dedication to education, our founder even helped to establish a university and an elementary school. Based on this philosophy, Hokkaido Nitta also promotes activities to utilize its management resources for the benefit of education. Even children living in a place with as much nature as Hokkaido have few opportunities to see forests and trees up close. When a local elementary school asked us to help them teach the students about trees and wood, we began visiting schools to give lectures and hosting forest programs for children. Children enjoy opportunities to visit real forests, touch trees, and cut them down, and these experiences expose them to the abundance and joy of nature. We believe it is important to increase public awareness of the social value of forests and to help foster the next generation of people who will work in forestry and other industries that deal with forests.





04 Tofutsu Forest certified as a 30by30 site

Contributing widely to society through sustainable forest management and biodiversity conservation activities certified by the Japanese Ministry of the Environment

In March 2024, Tofutsu Forest (a Company-owned forest) was certified by the Japanese Ministry of the Environment as an Other Effective area-based Conservation Measure (OECM) (a 30by30 site). The program certifies areas where biodiversity conservation efforts are underway, for example company-owned forests, mountain villages and woodlands, and urban green spaces. The Group plans to continue its forest resource conservation activities to maintain water source recharge functions and protect valuable habitats for a variety of plants, animals, and birds, and to utilize forests for forestry education and training for local residents, Group employees, and others, thereby contributing to society in various ways.

Nitta's participation in initiatives

As part of its efforts to realize nature positivity, the Japanese Ministry of the Environment has launched an initiative to certify areas where biodiversity conservation efforts are underway through private-sector initiatives, for example company-owned forests, mountain villages and woodlands, and urban green spaces. The Company's Tofutsu Forest was certified under this initiative in March 2024.

A system under which the Japanese government certifies as credits the amount of greenhouse gas emissions reduced and absorbed as a result of introducing energy-saving and renewable energy facilities, forest management, and other efforts. We are aiming to contribute to global warming countermeasures by converting Hokkaido's forest resources into credits, and Hokkaido Nitta has applied for certification with the hope of beginning implementation in the following year.

Other initiatives

Inhabitation research for biodiversity

Species designated as rare and endangered by the governments of Japan and Hokkaido have been found amid the Group's forest resources. We intend to continue inhabitation research for biodiversity based on an approach of preserving nature as it is rather than protecting or preserving specific organisms. We conducted studies of plants in 2021, mammals and birds in 2022, and insects in 2024, and plan to continue these studies of various life forms on a five-year cycle in the future.

Communication with communities

In cooperation with various stakeholders, we have made many efforts to further local people's interest in forests, including providing Company-owned forests for training in tree planting and trimming by volunteers involved in lumbering and construction and for Hokkaido government-organized training of young forestry workers, and providing tree bark for costumes worn by Ainu people at festivals.

Moritto Hiroba, a recurring educational event

We regularly hold Moritto Hiroba events where participants play, experience, and learn amid the trees in Nitta no Mori, a company-owned forest of Hokkaido Nitta. We organize these events with the hope that they will help local residents feel closer to forests and pique their interest in forest development. Staff members also provide tours of Nitta-no-Mori Memorial Museum, our museum and a popular draw for families.

One of the Nitta Group's measures to achieve carbon neutrality by fiscal 2050 is promoting sustainable forest management based on CO_2 fixation capacity, Hokkaido Nitta's mission. Through these efforts, we will strive to continue contributing to the enhancement of our corporate value.



Yasuhisa Katsuyama
President and Representative Director, Hokkaido Nitta Co., Ltd.

For more information on our overall strategy for natural capital, scan here to visit our website



Promoting fair trade and procurement based on legal compliance

Issued Declaration of Partnership Building in March 2022

Social and Relationship Capital

01 CSR Procurement Policy

Proactively working to resolve social issues throughout our supply chain based on the Declaration of Partnership Building

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

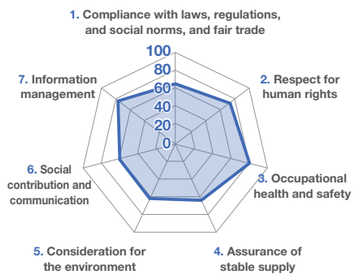
Also, with the intent to support the Japanese Ministry of Economy, Trade and Industry's compliance efforts with respect to the Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises, we published a Declaration of Partnership Building on the portal site of the National Association of Small and Medium Enterprise Promotion Organizations on March 30, 2022.

パートナーシップ構築宣言

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 laying out the details of individual actions to be taken in the five priority areas for proper trading, such as price determination methods and mold management.**
3. **We will periodically encourage our subcontractors to review transaction values and hold discussions with them.**

For details of the Nitta Group Procurement and Purchasing Policy, scan here to visit our website

▼ **Questionnaire results (mean scores)**

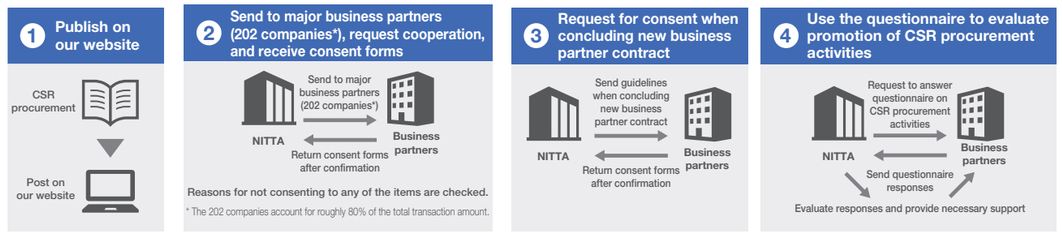


02 Initiatives for suppliers

Continuing to provide practical support for our suppliers with the aim of achieving growth for both them and the Group

To provide products that are reliably safe, we engage in procurement activities in compliance with the Nitta Group CSR Procurement Guidelines. We have provided support to suppliers since fiscal 2022 based on the results of a fiscal 2021 questionnaire on the status of initiatives and operations related to the guidelines. Many suppliers have responded positively to this support, and their initiatives to address sustainability and CSR have been energized. We have also implemented a plan to provide targeted support regarding human rights due diligence and cybersecurity measures, which have recently become major social issues, since fiscal 2022.

▼ **Process of evaluating CSR procurement activities**



03 Compliance with laws, regulations, and social norms, and fair trade

Compliance with laws, regulations, and social norms

We have established the Nitta Group Code of Conduct and the Nitta Group Code of Conduct Practices Book, which operationalizes the Code of Conduct and indicates the fundamentals of conduct for business activities. The Practices Book describes how we are to comply with laws and regulations as shown in the graphic on the right. We want everyone working in the Group to act with self-discipline under these ethical standards.

Fair trade

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

▼ **Compliance with laws and regulations in the Nitta Group Code of Conduct Practices Book**

We will comply with the laws and regulations of Japan and other countries and regions, respect social norms, and 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 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, regulations, our internal rules, or other matters.
4. We will respect the rights of others and act in ways that do not infringe upon those rights.
   Specifically, we will endeavor to protect our intellectual property rights (patent rights, trademark rights, copyrights, etc.), and act appropriately so as not to infringe upon the rights of others.

Involvement with local communities

Support for cultural activities

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



Service to local communities

Our Head Office, branches, and plants engage in ongoing annual local cleanup activities in cooperation with local governments and neighboring communities. 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 local communities by registering our Head Office building and Ashihara Driving School as tsunami evacuation buildings.



Sponsoring the Nikkei Education Challenge for SDGs

The Nikkei Education Challenge for SDGs (organized by Nikkei, Inc.) is a career education event that gives high school students a realistic image of the everyday efforts of businesspeople to discover and resolve issues as part of creating a sustainable society, the attitudes underlying those efforts, and other topics.

Given our belief in the importance of developing human resources to make global-scale contributions to society and the environment, we agree with the motivation of this program, which aims to develop high school students who will implement SDGs in the future, and have supported the event for seven consecutive years.

Cooperation with blood drives and bone marrow bank donor registration

Nitta Group employees cooperate with regular blood donation and in promoting donor registration for bone marrow banks. In addition to coordination for donors and arranging medical examinations in advance of donations, we have established a donor leave system that provides paid leave for donors to visit the hospital to donate. Many employees have also donated bone marrow thanks to the understanding and accommodation of their supervisors and colleagues, who take care of their work duties while they are on donor leave.



Shifting the Group's collective knowledge to create products that will lead us into the future

Research and development expenses: 2.0 billion yen

Intellectual Capital

01 Utilizing the Group knowledge

Our strength lies in the way we accumulate, share, and apply Group knowledge through "Technology Connections"

The Group engages in business in a variety of industries. By approaching research and development from multifaceted technical perspectives, we allow our technologies to complement one another, and we can pursue the development of otherwise borderline technologies that span multiple industries. Linking and expanding technologies in diversified business domains is the manifestation of the deepening and exploring that form the basis of SHIFT2030, our Medium- to Long-Term Business Plan—the unique stance and strength of the Group dating back to our founding. With customer-focused business as our foundation, the Group's mission is to determine the best approach to meet the needs of customers and the market, and then develop and improve technology to deliver on that approach. Addressing difficult problems and meeting needs is the true value of the existence of the Company. All of our employees are aware of our stance of "Going ahead with you," and as they grapple with day-to-day technology development, they strive to create "Technology Connections" and achieve multifaceted business growth and development by promoting the exchange of knowledge and technologies between business domains.

02 Shift for Deepening × Shift for Searching

Deepening existing businesses and exploring new businesses and products through Nitta Innovation (NI) activities

To continue sustained growth, we need to deepen our core technologies and, explore how they allow us to tackle issues at each stage of technology and product development. This tight linking of meeting customer needs with value creation through new technologies enables us to establish and verify hypotheses about each of our customer's true needs, both visible and internal, including those that have yet to surface.

This establishment and verification of hypotheses (Nitta Innovation activities) is the basis for the Groupwide promotion of Shift for Deepening in existing businesses. Through these efforts, the Company's business departments and the technical departments of Group companies combine accommodating customers' needs with creating value through new technologies. These hypotheses are also the basis of Shift for Searching, the research and development we promote in pursuing new materials and methods that will lead to new businesses and products.

03 Protecting and utilizing intellectual property

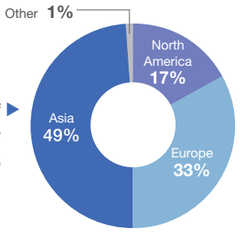
Building an optimal intellectual property network in Japan and around the world

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

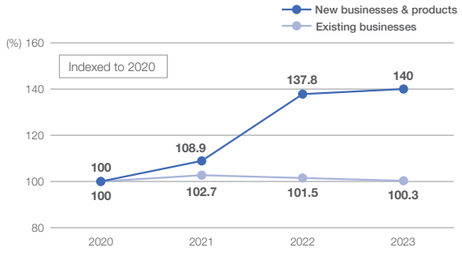
For existing businesses in Japan, we are reviewing our intellectual property portfolio and promoting its application by optimizing investment efficiency. For new businesses and products, we are proactively acquiring rights and steadily building an intellectual property network.

We are also building a global intellectual property network in line with our business in each region. For example, nearly 20% of the patents we hold outside Japan are in North America, with over 30% in Europe and nearly 50% in Asia (China, South Korea, Taiwan, India, etc.). Our efforts to build a seamless intellectual property network also include developing rights for new businesses and products both in Japan and around the world.

Percentage of patents held by region in FY2023



▼ Change in number of patents held (Japan)



Production system capable of global response

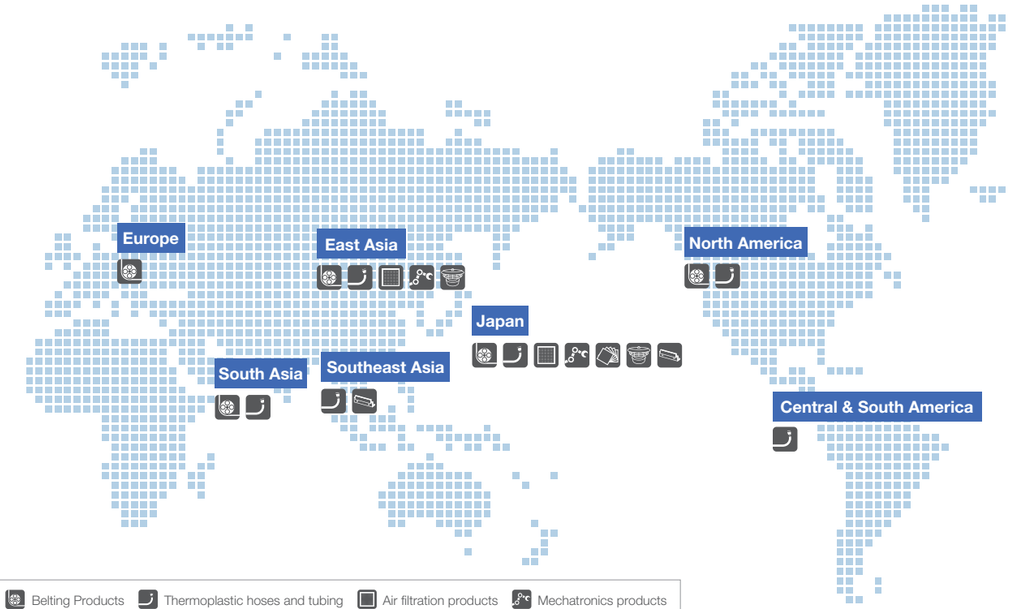
Overseas manufacturing and processing locations: 16,
Domestic manufacturing locations: 7

Manufactured Capital

01 Global production system

Manufacturing activities in Japan and the rest of the world

We are building a flexible, efficient production system to strengthen our competitiveness in the global marketplace. To supply products that meet local needs and comply with regulations at each of our locations in Japan and elsewhere, we promote local production and share our advanced technological capabilities. We also seek to diversify risk and improve cost efficiency by optimizing our supply chain.



02 Aggressive capital investment

Promoting diversified capital investments to achieve SHIFT2030

Further growth at our overseas locations is essential for the growth of the Group. We are making aggressive capital investments in India, South Korea, and other locations and businesses where we anticipate market expansion.

When deciding what equipment to install, we consider not only simple production capacity, but also environmental impact.



Maximizing our corporate value with a growth strategy that pursues profitability

Koichi Kakegami
Director, Executive Officer and General Manager, Corporate Center

Financial Capital

Although net income for the fiscal year ended March 31, 2024 was lower than the record high of the previous fiscal year, ROE was 7.3%, similar to the cost of capital recognized by the Group. However, given that our price-to-book ratio (P/B ratio, the ratio of our net assets to our share price) is below 1x, we consider it urgent to raise our price-to-earnings ratio (P/E ratio, the market's expectation of the Group's growth). To maximize our corporate value from a financial standpoint, we focused on growth strategy, improving capital efficiency, and strengthening shareholder returns as the main strategic pillars of our policy for the fiscal year ended March 31, 2024, and will maintain that focus going forward.

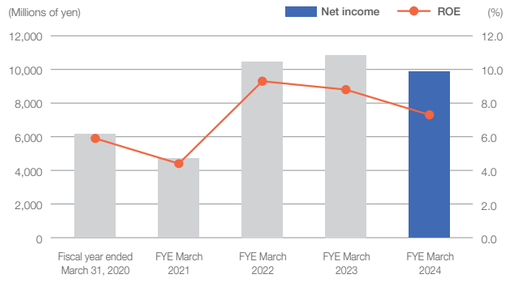
For the five-year period from the fiscal year ended March 31, 2024 to the fiscal year ending March 31, 2028 (the end of Phase 2 of our Medium- to Long-Term Business Plan), we expect operating cash flow of roughly 50 billion yen and project growth investments of 26 to 30 billion yen and shareholder returns of 20 to 24 billion yen. Our policy for shareholder returns is to increase dividends by at least 10 yen per share every year and buy back shares flexibly as circumstances demand.

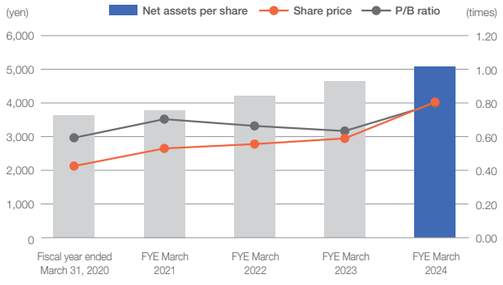
01 Improving capital efficiency

Promoting ROIC management aimed at improving capital efficiency and aggressively deploying investments to fuel growth

As we review our numerical targets from year to year, we believe it is necessary to set targets with an awareness of capital efficiency as an important indicator, in addition to targets for sales and profits. To improve capital efficiency, we will focus on promoting return on invested capital (ROIC) management, optimizing our business and product portfolios, and reducing the number of cross-shareholdings. We intend to break down our portfolios not only by business category, but also by product to identify which should be continued and which should be consolidated. We will also thoroughly analyze business-specific ROIC and provide proposals based on various indicators, including capital expenditures in each division and working capital and operating income ratios of businesses. Regarding capital expenditures, we expect to invest roughly 6.5 billion yen this fiscal year, compared with roughly 2.5 billion yen in the fiscal year ended March 31, 2024. These investments are mainly for expansion of overseas production locations in India, Thailand, South Korea, and other countries to promote globalization. To steadily execute our growth strategy, we must invest in industries, products, and areas that are in line with our portfolio of existing and new businesses and products, and make sure that our investments are profitable. We also intend to invest aggressively in growth areas such as M&A and capital alliances.

Additionally, profits from equity method affiliates are non-operating income that are not part of our core business, making it difficult to fully reflect the Group's management and financial strategies. However, we believe we must consider creating plans and setting numerical targets that account for capital efficiency in terms of the performance of equity method affiliates in pursuit of a true indicator of our capital efficiency.





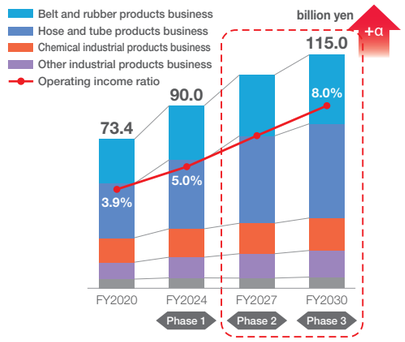
02 Optimizing business and product portfolios

Analyzing the profitability of each product line using ROIC as the indicator, and implementing proposal activities to improve profitability

Although net sales reached a record high in the fiscal year ended March 2024, profits were sluggish. One reason is that, despite strong sales of products for the automotive industry, sales of high value-added products for the semiconductor industry declined, impacting overall profits for the Group. The combination of increased sales and decreased profits is a strong reminder of the need to optimize business and product portfolios and analyze the profitability of each product line. To address this issue, we have prioritized discussing initiatives to promote business and product portfolio optimization at Executive Committee meetings and analyzing profitability using ROIC by product line as an indicator. The results of this analysis guide our first steps toward strengthening and revising each product.

In the belt and rubber products business, we plan to concentrate resources on product lines for growth markets, such as by cultivating the food product conveyor and logistics markets and electronics and semiconductor manufacturing plants. In the hose and tube products business, despite slow sales in the previous fiscal year, we will expand sales and capture the global market for products for semiconductor manufacturing equipment, an area of potential future growth. In the chemical industrial products business, we will expand sales in Europe, India, and Asia to strengthen rolling stock components. In other industrial products business, our priority measures are clean environments and decontamination services. We will provide financial support for businesses and products with growth potential, while implementing proposals to improve products with profitability issues. We have also established a review procedure that considers capital efficiency when evaluating capital investments, and in the future, we will establish new working capital indicators (such as stock turnover rate) to further promote capital efficiency and take other necessary steps to share more information and promote further understanding of capital efficiency and profitability throughout the Group.

Net sales and operating income ratio



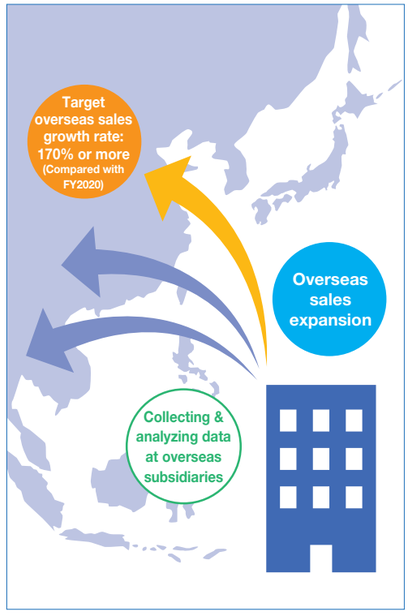
We will review plans for Phase 2 and beyond for further growth

Belt and rubber products
- Concentrating resources on product lines for growth markets
  - (1) NLG™ high performance resin conveyor belts → Growing sales to the diversifying food product conveyor market
  - (2) High-performance PolySprint™ → Intensification within the logistics market, where demand for high performance conveyor belts continues
  - (3) Multifunction Intelimer™ → Intensification in increasingly advanced electronic component and semiconductor manufacturing processes
- Actively promoting the development of environmentally friendly new products

Hose and tube products
- Concentrating resources on product lines for growth markets
  - Targeting the top global market share in niche markets → Growing product lines for semiconductor manufacturing equipment
  - → Products for electric vehicles (EVs) and fuel-cell vehicles (FCVs)
  - (Global sales expansion and enhancements of features and performance)
- Acceleration of response to customers through proactive pursuit of alliances

Chemical industrial products
- Strengthening parts for rail rolling stock
  - → Increasing sales in growing European, Indian, and Asian markets
  - → Growing market share in the domestic market (private railways, etc.)
- Withdrawal from low profit products, resource reallocation

Other industrial products
- Active promotion in the growing clean environment market
  - → Growing sales of air-conditioning products to the semiconductor and pharmaceutical markets
  - → Growing sales of environmental products to contribute to Sustainable Development Goals (SDGs)
- Promoting sales in the life-sciences field through decontamination services
- Systematic business promotion in overseas growth markets



03 Overseas strategy

Expanding sales at overseas locations by using financial data to respond to the changing business environment

Our Medium- to Long-Term Business Plan sets out a target overseas sales growth rate of 170% or more compared with fiscal 2020. Although this is difficult to evaluate due to the impact of foreign exchange rates, we continue to face difficult conditions in the Chinese market, while our performance in Europe and the USA is generally in line with expectations. This is partly because the Chinese government has made it difficult for foreign manufacturers to expand their businesses, but we believe another factor is that sales prices are not aligned with the needs of local customers. In promoting overseas strategies, we must develop an accurate understanding of country risk and other aspects of local business environments and product demand, and incorporate them into our growth strategies. Efficiently collecting and analyzing highly accurate data from overseas subsidiaries will allow us to make more precise recommendations to further improve profitability. We also continue to hold global strategy meetings involving our overseas locations to promote collaboration between them and increase sales. We aim to expand overseas sales through proactive financial proposals and support for faster, more seamless collaboration between locations.

For more financial information, scan here to visit our website

Climate-related disclosures based on TCFD recommendations

With the recognition that climate change is a key issue impacting the continuity of our business, the Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in May 2022. We conduct scenario analysis based on the TCFD recommendations to consider and examine the impacts in 2030 under two scenarios (the 4°C scenario and the 1.5°C scenario) for the Nitta Group's main businesses, namely the belt and rubber products business, the hose and tube products business, and the air conditioning products business.

Governance

■ We recognize response to climate change and other environmental issues as a key management issue; accordingly, our Sustainability Committee, which is chaired by the President and Representative Director, meets four times a year.

■ The committee discusses risks and opportunities from climate change and how to respond to the risks, and reports its findings to the Board of Directors on a regular basis (four times a year). The Board of Directors takes these reports into consideration as it deliberates and decides on important matters.

Overall corporate governance policy and structure diagram ▶ p. 41 to 42

▼ Sustainability Committee

Chair	President and Representative Director
Vice chair	Representative Director and Senior Managing Executive Officer
Members	Directors, Audit & Supervisory Board members, executive officers, and people appointed by the chair
Secretariat director	Officer in charge of management administration
Secretariat	Management Administration Department; Safety, Environment, and Quality Department

Strategy

The Group identifies transition risks and opportunities arising from changes in policies, regulations, and other social requirements in our businesses, as well as physical risks and opportunities arising from factors such as increasingly severe extreme weather events. In our latest round of scenario analysis—which covered the entire supply chain from raw materials and parts procurement to product development, manufacturing, and sales in our belt and rubber products, hose and tube products, and clean products businesses—we considered and examined the impacts in 2030 under two scenarios: the 4°C scenario and the 1.5°C scenario. (See table on right)

Countermeasures

We are promoting the following initiatives to strengthen our resilience to the enumerated risks.

Classification			Risk response policy
Category	Sub-category	Sub-sub-category	
Transition	Policy & legal	Carbon pricing (carbon tax)	• Operate highly efficient cogeneration systems • Switch to electricity derived from renewable energy • Adopt internal carbon pricing
		Renewable energy policy	• Implement onsite PPA
		Energy-saving policy	• Switch to LED lighting • Switch to energy-efficient equipment
	Technology	Advances in low-carbon technologies	• Develop and promote sales of automotive parts for EVs, environmentally friendly belts, and other environmentally friendly products
Physical	Acute	Intensification of extreme weather events (typhoons, torrential rains, sediment disasters, storm surge, etc.)	• BCP measures

Risk management

■ We recognize changes caused by climate change as key risk factors, and our Sustainability Committee identifies risks and takes steps to avoid, mitigate, and prevent them.

Sustainability Committee identifies, analyzes, and evaluates risks, and then considers and implements measures to mitigate them ▶ Findings reported to the Board of Directors ▶ Findings reflected in business execution

Risks in the table on the next page

Evaluation criteria (estimated financial impact)

1	0–9.99 million yen
2	10 million–49.99 million yen
3	50 million–99.99 million yen
4	100 million–499.99 million yen
5	500 million yen+

We conducted these analyses, evaluations, and considerations of countermeasures in collaboration with an outside consulting firm and based on discussions by the Sustainability Committee.

We intend to continue to periodically review our analyses and evaluations of risks and opportunities based on external trends and changes in circumstances.

			Impact on gross profit		Impact on business	
			4°C	1.5°C	Risks	Opportunities
Transition	Policy & legal	Carbon pricing (carbon tax)	–	4	1.5°C: Production activities emit CO_2; a carbon tax increases the costs associated with CO_2 emissions	–
		Emissions trading Compliance with GHG emissions regulations	–	2	1.5°C: More developed emissions trading schemes and expanded target regions result in additional costs, such as purchasing credits when GHG emissions allowances are exceeded	–
		Plastics regulation	–	3	1.5°C: As regulations on plastics progress, the cost of replacing plastics with alternative materials and more advanced recycling increases	–
		Forest protection policy	–	2	–	1.5°C: Vitalization of forest absorption and carbon removal system credits encourages promotion of afforestation, expanding opportunities for CO_2 absorption and creating jobs and industries in afforestation areas
		Renewable energy policy	–	2	1.5°C: Stricter emissions regulations (e.g. carbon tax) lead to higher demand for renewable energy, higher renewable energy prices, and higher energy costs	1.5°C: Progress of renewable energy policy and growing demand for woody biomass power generation creates more opportunities to supply thinned wood and other types of biomass fuel
		Energy-saving policy	–	3	1.5°C: Spending increases when equipment and fixtures must be replaced with high-efficiency models due to stricter energy conservation policies	1.5°C: Demand for energy-efficient air conditioning grows, and sales of energy-saving filters that can reduce power consumption by reducing energy loss during ventilation increase
	Technology	Spread of renewable energy & energy-saving technologies	–	3	–	1.5°C: Demand for energy-saving products increases as regulations for energy-saving policy are tightened, causing sales of Zeroseam™ belts and other power-saving products to increase 1.5°C: Demand for energy conservation grows, causing sales of power consumption-reducing transmission belts to increase 1.5°C: The shift from AC to DC power supplies increases demand for energy-saving blowers as well as sales of energy-saving filters
		Advances in low-carbon technologies	–	3	1.5°C: As EVs advance, demand for internal combustion engine parts declines and sales of automotive fuel tubes decrease	1.5°C: If technological development results in Namd™ being applied to aircraft and automobiles to satisfy requirements for lighter weight and higher strength, demand for EVs and electric aircraft—products for which reducing weight is a challenge—will expand, and sales will increase 1.5°C: The growing number of large data centers increases demand for server cooling, increasing the need for cooling pipes and demand for thermoplastic tubes 1.5°C: The world shifts to smart cities amid the transition to a low-carbon society, increasing the need for semiconductors and boosting sales of semiconductor-related components 1.5°C: As EVs and FCVs advance, the accompanying demand for lighter components and battery cooling increases sales of thermoplastic tubes for cooling pipes
	Market	Advances in next-generation technologies	–	3	–	1.5°C: Demand grows for plant-derived nanocellulose filters as renewable decarbonization products 1.5°C: Energy storage technology expands, increasing air conditioner replacements (including energy-saving filters)
Physical	Acute	Intensification of extreme weather events (typhoons, torrential rains, sediment disasters, storm surge, etc.)	3	1	4°C: Massive impact on production locations and supply chains, and the cost of response increases due to shutdowns and disruption of logistics functions 4°C: Delivery of procured materials is delayed, and the cost of procurement (transport) increases	
	Chronic	Average temperature increase	3	2	4°C: Air conditioning load increases and energy costs rise	4°C: As temperatures rise, people have fewer opportunities for outings, and demand for home delivery services grows, increasing sales of belts used to transport goods 4°C: As the average temperature rises, it becomes more difficult to maintain constant temperatures and keep things refrigerated or frozen, increasing demand for cold chain transport and sales of belts with outstanding low-temperature properties 4°C: Increasingly frequent damage to facilities and roads due to extreme weather events and other natural disasters increases demand for construction machinery and sales of hose products

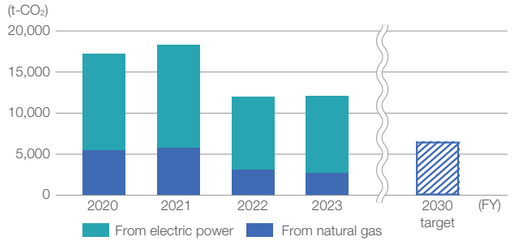
Initiatives for decarbonization

For more details about these initiatives, scan here to visit our website

Basic policy on reducing GHG emissions

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

▼ Scope 1 & 2 GHG emissions



Note: Figures for the Group's flagship businesses (belt and rubber products business, hose and tube products business)

Initiatives for decarbonization

The Group promotes initiatives for decarbonization mainly in manufacturing processes using a two-section system: the Production Engineering Section designs and adopts equipment, while the Factory Engineering Section manages onsite operations.

For hose and tube production, which is quite energy-intensive, we switched to renewable energy. For rubber production, we significantly reduced gas consumption through efficient operation of cogeneration facilities.

Additionally, through initiatives of the Group's overseas subsidiaries—namely purchasing non-fossil certificates at five Nitta Group locations in China—we successfully reduced emissions by roughly 3,000 t-CO_2. We will continue to switch to renewable energy at Nitta Group companies in Japan and overseas to further reduce CO_2 emissions.

We also promote collaboration with suppliers in actions to take in raw material purchasing, which involves massive Scope 3 emissions. While major companies provide opportunities to learn about new environmental facilities and operations, we advise smaller companies that are further behind to take steps to reduce CO_2 emissions, introduce management systems, visualize data, and take other specific measures. Through these and other efforts, we are spreading decarbonization and other environmental measures throughout our supply chain.

Aiming to achieve carbon neutrality by 2050

Looking ahead, further reducing gas consumption is a task to accomplish. Under current methods, we cannot completely eliminate gas usage; therefore, we must convert to other forms of energy. We are searching for radical solutions for different sources of energy, for example methanation, the process of synthesizing methane (the main component of natural gas) from hydrogen and CO_2.

In addition to addressing environmental issues, the Group aims to achieve efficient production that aligns with the 12th SDG (Responsible consumption and production). All Group employees are committed to lean manufacturing with no losses or defects, efficient resource use, and other Total Nitta System (TNS) activities. We focus on productivity improvements and cost reductions through the thorough elimination of wastefulness, which we consider fundamental to a manufacturing company. We will disseminate these activities throughout the Group and work with suppliers and customers on efforts to achieve carbon neutrality by 2050.

Material flow

Our material flow for fiscal 2023 was as follows. We conduct activities in pursuit of target values set to reduce the environmental impacts that we generate.

▼ INPUT

Raw material inputs	Total raw material inputs	4,422	t
	Rubber raw material	1,625	t
	Plastics	2,796	t
Energy inputs	Electric power	17,232	kWh
	City gas	4,273,000	m³
	Fuel oil	27,000	L
Water inputs	Total inputs	257,280	m³
	Tap water	88,201	m³
	Well water	169,079	m³
Environmentally damaging substances	PRTR substances	230.9	t

Nara Plant
Nabari Plant
Kochi Plant

▼ OUTPUT

CO_2 emissions	Total emissions	12,125	t-CO_2
	Scope 1	9,378	t-CO_2
	Scope 2	2,747	t-CO_2
Wastewater	Total wastewater discharge	198,796	m³
Plastic waste	Total amount of waste	1,124	t
	Thermal recycling	631	t
	Material recycling	270	t
	Landfill	223	t
Environmentally damaging substances	PRTR substance emissions	21.8	t
	PRTR substance movement	18.3	t

Note: The above energy inputs (city gas, fuel oil), water inputs, CO_2 emissions, wastewater, and plastic waste include data for an equity method affiliate at the Nara Plant.

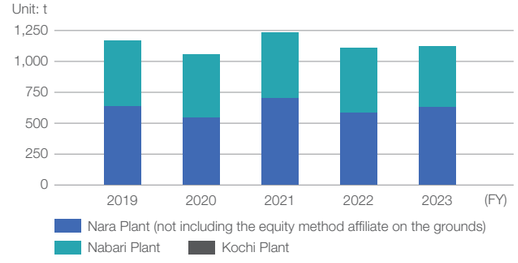
Improving manufacturing efficiency to reduce raw material and water consumption

3R waste reduction

On the basis of the 3Rs (Reduce, Reuse, Recycle), and to realize a recycling society, the Group examines methods of waste treatment in the following order of priority: (1) control, (2) reuse, (3) recycling, (4) thermal recovery, and (5) proper disposal. We also promote initiatives to reduce waste centered on continuous improvement in conjunction with TNS activities.

As for efforts at the design stage, we have developed longer-life products, bioplastics-based products, and other environmentally friendly products.

▼ Volume of plastic waste



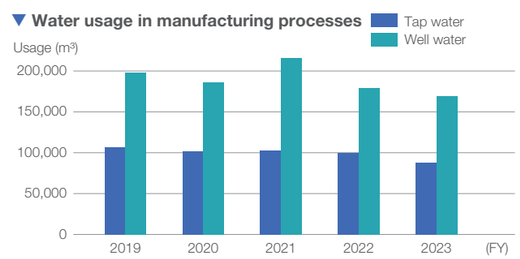
Identifying water risks, and initiatives to reduce water consumption

Although our domestic and overseas production locations are not in areas with restricted water intake, water resources are extremely important to our production activities and to local residents. The Group recognizes ensuring water resources and managing wastewater as serious risks; therefore, we focus on reducing water consumption and managing wastewater in the context of production activities.

Of the total water intake at the Group's domestic and overseas production locations, 75% is obtained from wells and other sources besides tap water. We use it to cool utility equipment in the manufacturing stage and to water green spaces. We have installed chillers (cooling water circulators) in both new and existing facilities to circulate cooling water and minimize water consumption in an effort to ensure efficient use of water resources.

Going forward, we will pursue even greater efficiency in our use of water resources by continuing to install chillers in new facilities and expand our adoption of them in existing facilities. We believe that these efforts will contribute to reducing water risks in the vicinity of our locations. We also plan to deploy measures for improving steam-based warming equipment, expanding its use in roll cooling, and other efforts to use water resources more effectively. Members of the Factory Engineering Section participate in site tours and meetings at each plant, and promote wastewater reduction throughout the Group by expanding wastewater reduction achievements to relevant plants in Japan.

▼ Water usage in manufacturing processes



Note: Total usage at the Nara Plant (including the equity method affiliate on the grounds), the Nabari Plant, and the Kochi Plant

Promoting green procurement

Handling chemical substances

The Group established Green Procurement Management Regulations under which we manage raw materials, components, and other procured items with the aim of curbing our use of hazardous chemical substances based on domestic laws and regulations, customers' green procurement standards, and the like. In carrying out this management, we also keep an eye on developments in EU REACH rules and EU RoHS Directive.

● Chemical substance management structure

We have established a chemical substance management structure and work toward continuous improvement under environmental conservation managers (chemical substance managers).

We also have regulations under which we conduct risk assessments of chemical substances used in raw materials. We conduct in-house training for risk assessors, providing them with evaluation methods and updated information on the latest revisions to domestic laws, overseas regulations, and the like.

● Initiatives for reducing hazardous chemical substances and preventing spills

At our Nara Plant, we were quick to switch from plasticizers regulated by the RoHS 2 Directive to other plasticizers. This enabled us to prevent regulated substances from getting mixed into products that previously contained them as well as products produced at the same facilities.

For products previously made with adhesives containing specific potentially carcinogenic organic solvents, we have improved the work environment and eliminated organic solvents by shifting to adhesives that do not contain the specific organic solvents. We have also taken measures to prevent the release of toxic substances due to storms and flooding, for example storing relevant raw materials and products at higher levels and installing watertight panels on shutter doors. We will continue engaging in activities that reduce the impacts of hazardous chemical substances on people and the environment.

Developing and expanding sales of environmentally friendly products

Among our flagship products, we are developing and expanding sales of power-saving belts with lower tension that reduce the load on motors, bio-nylon tubing made from plant-derived nylon, and medium-performance filters with improved performance and no need for pre-treatment filters. These products will continue to be central to our proactive corporate efforts to consider the environment from a long-term perspective. Specifically, from the design stage in which we first draw up the products, we will examine how we select, manufacture, and process energy-saving raw materials through our prescribed design development management process and environmental impact assessment process. We will also design products to be lightweight, long-lasting, and otherwise set up to consume less energy when they are used, and strive to enhance energy-saving products that help prevent global warming, protect the environment, and reduce CO_2 emissions.

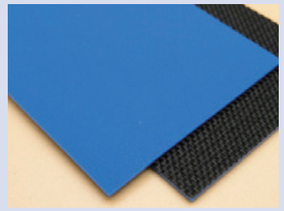
SEB™
(Super Endless Belt)

Compared to V-belts with the same level of transmission capacity, our Super Endless Belts feature reduced electric power consumption due to their lower bending resistance and reduced material usage due to their lighter weight.



PolySprint™

No adhesive is needed for fitting. These belts offer outstanding flexibility and up to 10% less electric power consumption compared to our existing products. The lineup also includes belts that reduce increases in drive load in low-temperature environments.



Economy curve conveyors
(EC-I/ECS-I/ECW-I)

The beads used to keep the belts running consistently are made of 70% plant-derived resin.



Dimming adhesive tape
(Temperature-sensitive window film)

Adhesive tape that turns opaque when heated, while remaining transparent at standard temperatures. When this tape is applied to windows, it allows sunlight in during winter and automatically blocks it during summer, thereby reducing electric power consumption.



Bio-nylon tubing

Tubes made primarily from plant-derived nylon. Certified as a Biomass Mark product by the Japan Organics Recycling Association.



Air filters
(Emilent™)

Embossing technology reduces initial pressure loss by up to 40%, cutting electric power consumption by roughly 30% (compared with our existing products).



Developing and replacing products and materials for environmental protection

To combat climate change, the Nitta Group is promoting 3R activities to break away from the conventional, one-way linear economy of mass production, mass consumption, and mass disposal. For example, we are developing belt products made of polyurethane thermoplastic and elastomers with higher percentages of plant-derived components, and low-impact belt products that are functional even in low-temperature environments. We also already produce and supply tube products made with naturally derived polyamide thermoplastic. We will continue studying new materials in order to increase these products.

For environmentally friendly filter products, we consider recycling from the design stage of product development, for example restructuring the joints between filter materials and cases to facilitate separation and collection for disposal.

As a medium- to long-term measure, our Technical Center is developing new products that are both functional and require less petroleum-derived raw material by adding or substituting cellulose nanofibers and other naturally derived raw materials. Additionally, to promote effective utilization of Company-owned forest resources in Hokkaido, we are studying how to separate and utilize active components from wood.

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

Upgrading and switching to energy-saving equipment

Introducing environmentally friendly equipment

When updating equipment, the Group deploys equipment with high-efficiency specifications, and actively promotes the adoption of equipment eligible for Japan's Top Runner Program. (1) We will accelerate the transition to LED lighting fixtures. (2) When updating large-scale air conditioning equipment, we will review installed capacity in addition to selecting high-efficiency models, and will build systems that enable a shift from central to zoned air conditioning. (3) When updating power reception equipment, we will select transformer capacities that match existing equipment and adopt low-loss, high-efficiency transformers. (4) We will adopt high-efficiency motors for manufacturing equipment to reduce electrical loads in standby mode.

Adopting an internal carbon pricing system

On April 1, 2023, we adopted an internal carbon pricing system for the Company and our domestic subsidiaries. Under this system, we use CO_2 emissions virtually converted to expenses based on our own criteria for reference when making capital expenditure decisions. By setting the internal carbon price to 18,000 yen/t-CO_2 and using the system as a criterion for investment decisions, we will accelerate investment in low- and no-carbon equipment, energy-saving equipment, and other equipment that contributes to reducing CO_2 emissions.

Initiatives for eliminating steam

Our Nara Plant uses steam in production lines and heating fixtures. Although steam is much easier to use than some other energy sources, it is also inefficient and not conducive to waste heat use. We will actively work to eliminate our use of steam in manufacturing equipment that can run on other heat sources, and take steps to reduce CO_2 by reducing energy loss.

▼ Locations with solar panels

We have installed solar panels at our Nara Plant and Nabari Plant, both of which sell electricity to electric power utilities.

	Nara Plant	Nabari Plant
Solar power generation capacity (kW)	275	200
Annual power generation (MWh)	290	251



Nara Plant



Nabari Plant

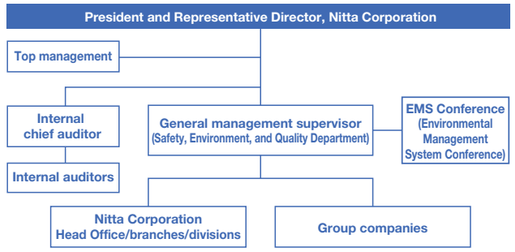
ISO 14001 environmental management system

The Group has built an environmental management promotion structure headed by the Company's President and 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 Department 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 Group promotes environmental management based on ISO 14001. We are improving our environmental performance through periodic internal and outside audits to confirm effectiveness, as well as corrective actions and improvements.

▼ ISO 14001 environmental management structure diagram



Internal audits

We conduct internal audits of environmental management at least once a year across divisions to confirm and evaluate the operation of the management system, compliance with environmental laws and regulations, and management of environmentally controlled substances.

Outside audits by third-party organizations

We undergo annual third-party audits mainly at production locations to maintain management system certification. We will continue our environmental improvement activities based on the management system.

Reducing energy usage

In accordance with the Act on the Rational Use of Energy, we identify facilities that consume large amounts of energy, create Management Standards that specify operational management and inspection methods for each, and strive to rationalize energy use by complying with the standards.

Collaboration with industry groups

As a member of the Japan Rubber Manufacturers Association (JRMA), the Group participated in formulating the association's Long-Term Vision for Addressing Global Warming. We support the policy of "net zero CO_2 emissions at the production stage by 2050" and are taking steps to reduce emissions accordingly.

Corporate governance

For more details about our governance initiatives, scan here to visit our website

Basic approach

The Group believes that pursuing sustainable growth and medium- to long-term enhancement of our corporate value through fair business activities is the basic mission of corporate management worthy of the trust of shareholders and investors. We also have obligations to stakeholders other than shareholders and investors, namely customers, business partners, local communities, local governments, our employees, and the global environment.

In practicing corporate management under this approach, we recognize the importance of establishing corporate governance that includes ensuring accuracy and greater speed in decision-making, improving the transparency of management, enhancing disclosures and IR, and strengthening the compliance system and other forms of risk management. Accordingly, we are working to strengthen and enhance our governance initiatives through such means as innovating our management system.

Corporate governance

● Management system

Overview of our governance structure

The Group is structured as a company with an Audit & Supervisory Board to ensure that the Board of Directors can perform proper business management while the Audit & Supervisory Board carries out management oversight.

So that these functions can be demonstrated fully, we appoint multiple outside directors who are capable of engaging in oversight with independent perspectives on business execution. Moreover, we appoint enough outside Audit & Supervisory Board members from multiple fields to make up half of the Audit & Supervisory Board, where they facilitate multifaceted oversight, so that we have a broad spectrum of experience and expertise from which to obtain advice and recommendations, as well as a corporate governance system 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 to ensure both appropriate business management and efficient business execution. Additionally, we have established an Executive Committee comprising 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

The Board of Directors establishes specific plans for setting and realizing the Company's management strategies, policies, and targets, and sets out basic matters concerning overall management. The Board has the authority and obligation to propose solutions to internal issues, as well as the authority to supervise the duties of the representative directors, directors, and executive officers, and the duty to hold them accountable in a fair manner.

To facilitate swift, 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.

Outline of limitation of liability agreements

Based on the provisions of Paragraph 1, Article 427 of the Companies Act, the Nitta Group enters agreements with outside directors and outside Audit & Supervisory Board members that limit liability for compensation as stipulated in Paragraph 1, Article 423 and sets the amount specified in Paragraph 1, Article 425 as the limit of liability.

Audit & Supervisory Board and Audit & Supervisory Board members

The Audit & Supervisory Board exists to carry out the duties required of it by the Companies Act and serve as an objective observer of our management. Full-time Audit & Supervisory Board members attend Board of Directors meetings, Executive Committee meetings, and other important meetings, and conduct compliance-related audits of our business execution. Outside Audit & Supervisory Board members ask questions and state their opinions regarding the legality of company decision-making at Board of Directors meetings as circumstances demand.

To facilitate accounting and operational audit effectiveness, we limit the number of Audit & Supervisory Board members to four. At least half must be outside Audit & Supervisory Board members.

The Nitta Group has established an organization to support the work of Audit & Supervisory Board members, with dedicated employees who execute duties under the leadership of the Audit & Supervisory Board.

Additionally, to ensure the independence of these employees from directors and their effectiveness in carrying out tasks as directed by Audit & Supervisory Board members, they must not be appointed or transferred without consulting with the Audit & Supervisory Board in advance.

Outside directors and outside Audit & Supervisory Board members

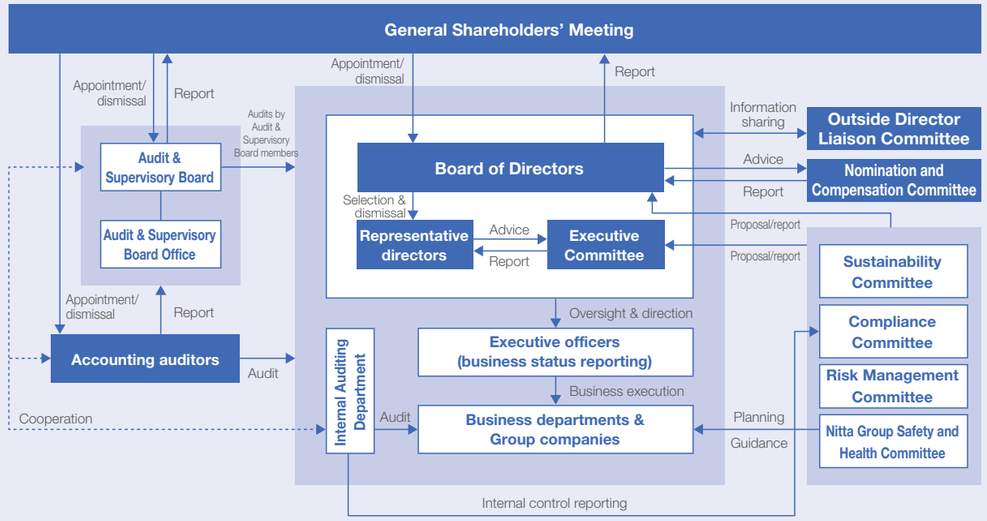
The Nitta Group appoints outside officers who bring a wide range of experiences and insights in specialized and general fields to the decision-making of Group management, and who supervise the validity of our business execution from fair, neutral standpoints.

Regarding the criteria for independence of outside officers, the Group complies with the criteria for determining the independence of outside officers in the Guidelines for Listing set out by the Tokyo Stock Exchange in 2010. Although the same applies to the attribute information in the 2012 revision of the listing rules of the Tokyo Stock Exchange, the Group has set out and follows minimal disclosure criteria in the course of making appointments.

Nomination and Compensation Committee

The Group's Nomination and Compensation Committee comprises three outside directors and two inside directors. An outside director serves as the chair. Following consultation with the Board of Directors, the Nomination 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 diagram



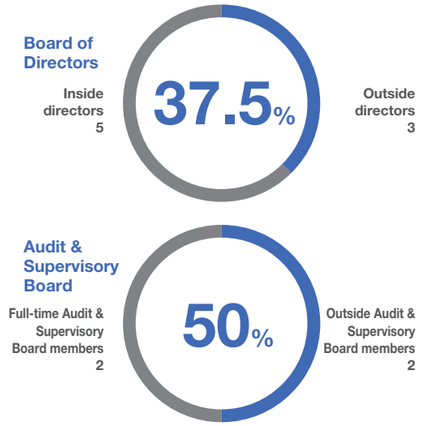
▼ Members in attendance at Board of Directors, Audit & Supervisory Board, and Nomination and Compensation Committee meetings

Name of Director/Audit & Supervisory Board member			Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committee
Board of Directors	President and Representative Director	Yasunori Ishikiriyama	◎		○
	Representative Director	Seiichi Kitamura	○		○
	Director	Toyohiro Hagiwara	○		
	Director	Atsushi Izumi	○		
	Director	Koichi Kakegami	○		
	Outside Director	Hiroe Toyoshima	○		◎
	Outside Director	Takehisa Ikeda	○		○
	Outside Director	Tomoyuki Ono	○		○
Audit & Supervisory Board	Full-time Audit & Supervisory Board member	Junichi Akai	○	◎	
	Full-time Audit & Supervisory Board member	Katsuhiro Fukuwaka	○	○	
	Outside Audit & Supervisory Board member	Kazuyoshi Matsuura	○	○	
	Outside Audit & Supervisory Board member	Tetsuaki Ogami	○	○	

◎: Chair ○: Attending member

As of June 26, 2024

▼ Percentage of outside members



● Analyzing and evaluating the effectiveness of the Board of Directors

The Group administers a questionnaire to all directors and Audit & Supervisory Board members (including outside officers) regarding the effectiveness of the Board of Directors, and reports the results to the Board of Directors. The following is an overview of the findings of the questionnaire.

- **Board of Directors meetings (frequency of meetings, number of matters discussed, time for prior review of materials, etc.) are generally operated properly.**
- **The Board of Directors ensures that outside directors and Audit & Supervisory Board members are free to state their opinions.**

As the overview demonstrates, the Board of Directors received a positive evaluation; the analysis and evaluation found that the Board of Directors is generally effective. However, there were comments calling for more flexible meeting times, revision of the criteria for agenda items, and implementation of training and other measures in response to changes in society.

Based on these opinions, we will work to further improve the effectiveness of the Board of Directors.

Corporate governance

For more details about compliance in the Nitta Group, scan here to visit our website

Compliance

Compliance system

The Nitta Group has established a Compliance Committee under the Board of Directors and a Compliance Subcommittee under the Compliance Committee; the Compliance Subcommittee is tasked with practical review and planning to ensure thorough internal control and enforcement of compliance. The Compliance Subcommittee generally meets once a month and performs duties related to the following matters.

▼ Compliance Committee

Chair	Representative Director and Senior Managing Executive Officer
Vice chair	President and Representative Director
Members	Directors, Audit & Supervisory Board members, executive officers, and people appointed by the chair
Secretariat director	Officer in charge of General Affairs and CSR Promotion
Secretariat	General Affairs and CSR Promotion Department

1. **Establishment of basic policies, internal rules, etc., concerning compliance promotion, and formulation of proposals for revision or abolition of such policies, rules, etc.**
2. **Formulation, progress management, and evaluation of proposed compliance promotion plans**
3. **Matters concerning the sharing of internal audit findings and efforts to improve thereon**
4. **Handling of compliance cases**
5. **Surveys and research of the enactment, revision, and abolition of laws and regulations related to our business, as well as administrative and social trends**
6. **Compliance program formulation and implementation**
7. **Disclosure of information on the status of the Group's compliance promotion to stakeholders**
8. **Instructions to and information coordination with other departments involved in compliance promotion**

Priority initiatives involving compliance

Prohibiting bribery

The Nitta Group Code of Conduct explicitly calls for compliance with laws and regulations, fair dealings, and establishment of a system for promoting corporate ethics. It also establishes the Nitta Group Anti-bribery Policy in an effort to prevent violations of prohibitions against the bribery of civil servants and other parties.

Initiatives for eliminating antisocial forces

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

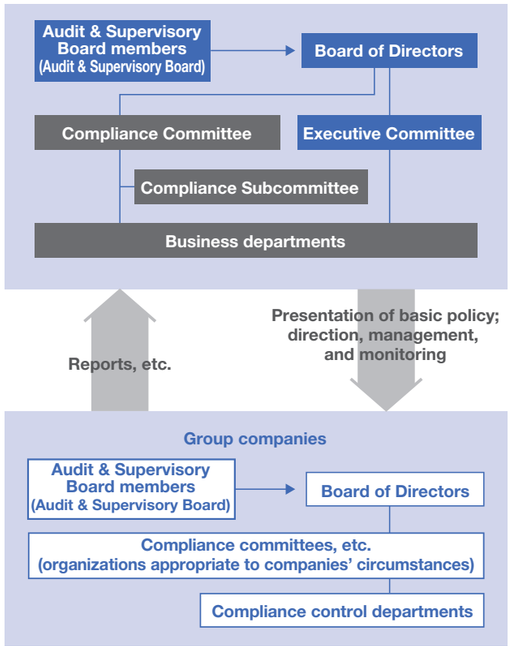
The General Affairs and CSR Promotion Department is in charge of dealing with unreasonable demands and other matters involving antisocial forces. The department prepares manuals and other materials for reporting and responding to incidents, and cooperates with police, the National Center for Removal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

Efforts to prevent insider trading

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

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

▼ Overview of Compliance System



Compliance education

We provide annual education for managers and employees who are essential for compliance. As a means of supporting the practice of compliance in workplaces, we also provide onsite compliance education materials to all domestic employees in the Nitta Group every other month.

Monitoring

We monitor new and existing compliance risks within the wide range of our corporate activities, as well as trends thereof in an effort to discover issues before they emerge.

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

Whistleblowing system

The Nitta Group has introduced a whistleblowing system that enables everyone employed by Group companies in Japan and overseas (including officers, Audit & Supervisory Board members, employees, contract employees, fixed-term employees, part-time workers, temporary employees, and dispatched employees), retirees (within one year of retirement), and officers and employees of business partners to make reports to dedicated contact points to prevent, detect as soon as possible, and remediate organizational and personal misconduct within the Group.

Whistleblowers can make reports via online form, toll-free telephone call, email, or in writing, and the dedicated contact points are through external organizations that are independent of management to ensure that whistleblowers are thoroughly protected.

For more details about risk management in the Nitta Group, scan here to visit our website

Risk management

Risk management system

The Nitta Group has established a Risk Management Committee under the Board of Directors and a Risk Management Subcommittee under the Risk Management Committee; the Risk Management Subcommittee is tasked with identifying, avoiding, mitigating, and preventing risks. The Risk Management Subcommittee generally meets once a month and performs duties related to the following matters.

▼ Risk Management Committee

Chair	Representative Director and Senior Managing Executive Officer
Vice chair	President and Representative Director
Members	Directors, Audit & Supervisory Board members, executive officers, and people appointed by the chair
Secretariat director	Officer in charge of Safety, Environment, and Quality
Secretariat	Safety, Environment, and Quality Department/General Affairs and CSR Promotion Department

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**
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. **Coordination of information and instructions regarding other crisis management event initiatives for all Group companies**

Information security measures

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

Involvement with shareholders and investors

Disclosures

Proactive and fair disclosure of corporate 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

We have established Regulations for the Management and Disclosure of Important Information, which cover specific procedures and reporting systems concerning disclosures and under which we make disclosures. We make disclosures on the Tokyo Stock Exchange's Timely Disclosure Network (TDnet).

Quality improvement initiatives

● Quality Policy

With manufacturing forming the core of our business at the Nitta Group, quality is the foundation. Our Quality Policy states that “to provide high-quality products and services, the Nitta Group works with customers to advance product development and to create products that take safety and the environment into consideration.” This Quality Policy constitutes the Group’s basic approach to quality.

● Promotion structure for quality improvement activities

The Group promotes quality improvement activities under our structure for promoting quality management. We perform organizational management in business departments and Group companies through the Quality Control Committee. Additionally, our domestic and overseas manufacturing locations have acquired ISO 9001 certification (IATF 16949 certification for automobile parts manufacturing locations), the international standard for quality management systems, and have built mechanisms for quality control based on the requirements of the standard.

● Quality education activities

The Group carries out TQM activities, which include QC circle activities. Additionally, departments directly involved in production carry out autonomous activities in which they come up with and implement improvements on their own, for example the NS own study activity based on the Toyota Production System, while support departments promote “own process completion” based on improving operational efficiency.

Furthermore, to improve the level of quality throughout the Group, the Safety, Environment, and Quality Department—a body with Groupwide oversight—systematically conducts quality patrols aimed at quality improvement at each manufacturing location and Group company.



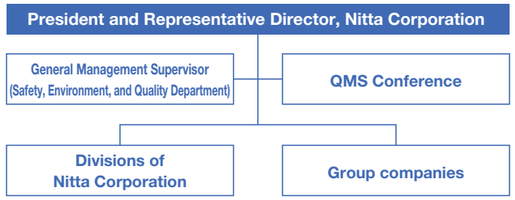
QC circle presentation event


NS own study

● Quality education

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

▼ **Diagram of promotion structure for quality improvement activities**



▼ **Total Nitta System (TNS)**
Relentless pursuit of quality (Q), cost (C), and delivery time (D)

Ongoing activities for human resource development

Total Quality Management (TQM) activities	QC circle activities	Nitta System (NS) own study
Reporting & guidance sessions for managers ● Identifying and resolving management issues	Quality improvement initiatives led by front-line personnel ● Revitalizing workplace communication ● Forming logical thinking skills	Pursuing efficient mechanisms ● Pursuing efficiency per man-hour ● Eliminating the seven forms of waste ● Establishing mechanisms for standardization
Autonomous activities Activities to interpret management issues in terms of front-line perspectives and promote revitalization ● Creating a workplace culture of small PDCA cycles to encourage people to come up with and implement improvements on their own ● Sharing high-level policies	**Own process completion (JKK) activities** Efforts to improve operational efficiency in support departments ● Eliminating overreliance on individuals ● Eliminating unnecessary work ● Standardization	**5S activities** Five basic elements for improving work environments ● Improving operational efficiency with comfortable environments ● Mutual monitoring to sustain implementation

Occupational Safety and Health Policy

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

▼ **Examples of specific initiatives**

- Safety and hygiene patrols by managers
- Risk assessment (safety, hygiene, traffic, chemical) surveys
- Identifying and analyzing near misses
- Disaster simulation experience classes, etc.


Forklift safety classes


AED drills

Business continuity plan (BCP)

Nitta Group Business Continuity Basic Policy

The Nitta Group has formulated a business continuity plan 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 also ensures the Group can sustain business operations during emergencies like 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:

● **Identify critical operations and implement recovery measures**

Each department identifies critical operations that must be maintained even during emergencies, determines target recovery times, and systematically implements countermeasures.

● **Create procedure manuals and conduct training**

We have developed procedure manuals and resources to support business continuity and recovery during emergencies, and conduct systematic training.

● **Revise and improve**

We evaluate changes in the business environment and the results of training on a regular basis, and use our findings to continuously revise and improve action plans and recovery procedure manuals.

During emergencies:

● **Respect for human life**

Our highest priorities are ensuring the safety of our employees, their families, and nearby individuals, and preventing secondary disasters.

● **Social contributions**

With a shared commitment to contributing to local communities throughout the Group, we work to facilitate employee-led initiatives involving preservation and restoration.

Digital transformation (DX) promotion

● Nitta Group’s DX initiatives

In April 2021, we established the DX Promotion Department to promote Groupwide DX. To respond to swift changes in the business environment and gain competitive advantages, we must harness data and digital technology to uncover even greater value. We recognize the importance of creating a custom digital strategy, improving operational efficiency through data utilization, and overall optimization of existing business through PSI* as the form of supply chain management.

The Group has defined two stages for realizing this digital strategy. In the first stage, we will promote the digitization of sales and indirect operations, development, production, production management, and quality assurance operations, and take steps to optimize existing businesses. Concurrently, we will aim to make our employees more attuned to changes wrought by advancements in digital technology, and more emotionally aware of the need for self-transformation. In the second stage, we will aim for true DX and make efforts to create new customer value by integrating our technological strengths with digital technology and reforming our business model.

Our DX Promotion Department is responsible for creating new value and promoting business reform through digital technology in these efforts, while also promoting the establishment, operation, and maintenance of the core operational systems and IT infrastructure that form the basis for these efforts, as well as information security and IT human resource development in an integrated manner to improve efficiency and control.

* An abbreviation of production-sales-inventory, a method to manage surplus inventory and shortages through integrated management of production plans, sales plans, and inventory plans, and overall optimization by linking them across divisions.

● Specific measures and progress in DX promotion

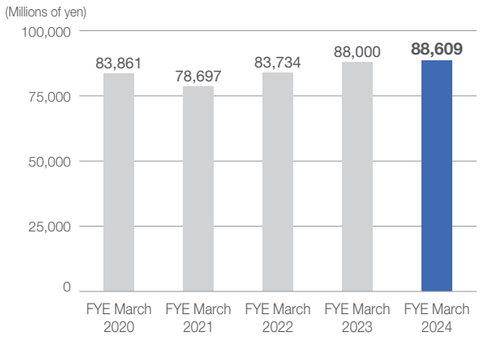
We viewed Phase 1 (FY2021–FY2024) of SHIFT2030, our Medium- to Long-Term Business Plan, as a period for building a platform for digital utilization, and implemented various measures accordingly. The main theme for this phase was optimizing existing businesses. Specifically, we took steps to digitize and visualize operations, such as eliminating manual input and going paperless for production and indirect operations in current processes, as well as incorporating tablets and other devices for digitizing data and systematizing operations. We are also promoting the creation of environments where everyone can experience DX while improving operational efficiency. Additionally, we are implementing a next-generation ERP system, upgrading our networks, and strengthening IT governance and security.

● Developing DX human resources

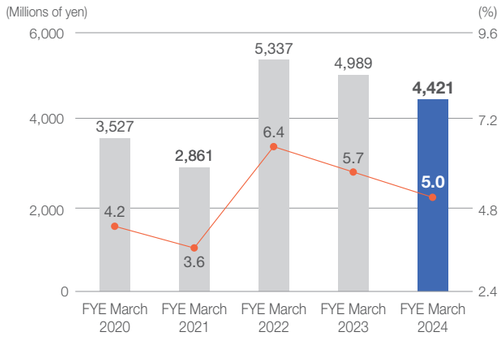
We believe that fostering a corporate culture and developing human resources capable of utilizing data is extremely important for effectively promoting DX. Along with actively recruiting digital human resources, we are also taking steps to find and develop them among our employees, and are promoting rank-specific educational programs based on the Digital Human Resource Development Tower. We also provide information security and digital literacy training for all employees, digital utilization training useful for improving operations and efficiency, and onsite personnel searches to develop key people who can promote applications and program development. As a cornerstone of future business reform, the DX Promotion Department aims to provide highly specialized training in cloud computing, security, and other areas to create a system that promotes digitization in collaboration with business departments.

Financial highlights

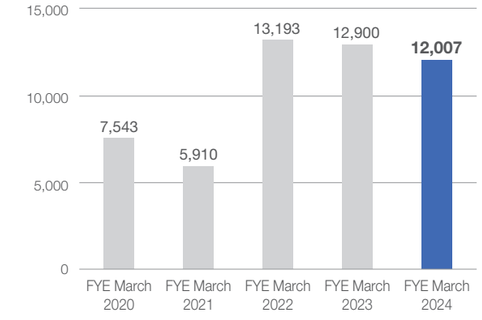
Net sales



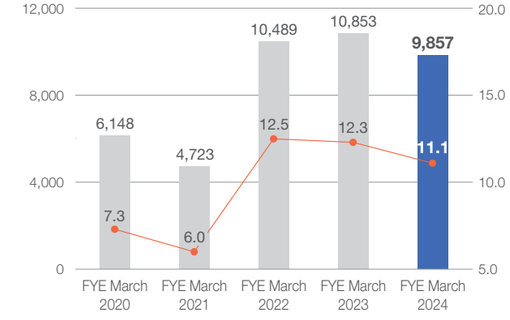
Operating income/ Operating income ratio



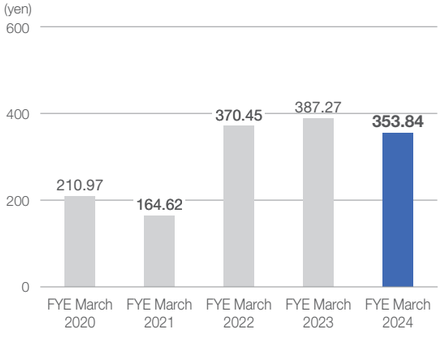
Ordinary income



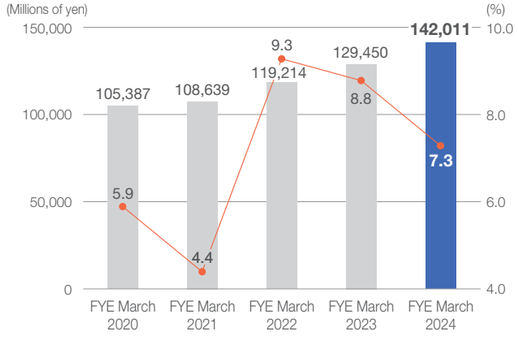
Net income attributable to owners of parent/Current net income ratio



Net income per share (EPS)



Net assets/Return on equity (ROE)



Five-year financial & non-financial summaries

For more financial data, scan here to visit our website

Financial information

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Business performance (millions of yen)					
Net sales	83,861	78,697	83,734	88,000	**88,609**
Gross profit	20,578	18,860	22,189	22,463	**22,331**
Operating income	3,527	2,861	5,337	4,989	**4,421**
Ordinary income	7,543	5,910	13,193	12,900	**12,007**
Net income attributable to owners of parent	6,148	4,723	10,489	10,853	**9,857**
Capital expenditure	2,960	2,533	2,710	4,068	**2,535**
Depreciation	2,727	2,857	2,972	3,149	**3,317**
Research and development expenses	2,010	1,819	1,853	1,825	**2,058**
Cash flows from operating activities	7,670	7,114	9,011	11,995	**8,922**
Cash flows from investing activities	-1,329	-3,013	-2,874	-3,044	**-1,660**
Cash flows from financing activities	-5,652	-1,885	-3,357	-4,968	**-3,700**
Cash and cash equivalents	25,359	27,527	30,872	35,403	**39,499**
Free cash flow	6,341	4,101	6,137	8,951	**7,262**
End of the fiscal year (millions of yen)					
Total assets	129,922	134,646	147,450	158,385	**169,504**
Net assets	105,387	108,639	119,214	129,450	**142,011**
Interest-bearing debt	29	1,121	861	540	**286**
Shareholder's equity	104,812	106,842	114,230	120,523	**127,252**
Per-share information (yen)					
Net income per share (EPS)	210.97	164.62	370.45	387.27	**353.84**
Net assets per share (BPS)	3,615.29	3,774.86	4188.15	4623.35	**5063.77**
Dividends per share	70	70*1	100	110	**122**
Financial indicators (%)					
Gross profit ratio	24.5	24.0	26.5	25.5	**25.2**
Operating income ratio	4.2	3.6	6.4	5.7	**5.0**
Current net income ratio	7.3	6.0	12.5	12.3	**11.1**
Return on equity (ROE)	5.9	4.4	9.3	8.8	**7.3**
Return on assets (ROA)	5.7	4.5	9.4	8.4	**7.3**
Equity-to-asset ratio	80.6	80.2	80.3	81.3	**83.3**
Consolidated dividend payout ratio	33.2	42.5	27.0	28.4	**34.5**
Consolidated dividend on equity ratio (DOE)	1.9	1.9	2.5	2.5	**2.5**

Non-financial information

		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Consolidated number of employees		2,938	3,001	2,971	2,976	**2,952**
Percentage of management positions held by women	Nitta Corporation (non-consolidated)	4.44	5.43	6.6	8.6	**8.3**
Percentage of employees with disabilities		2.17	2.39	2.24	2.68	**2.25**
Percentage of annual paid leave taken		70.1	65.2	71.6	76.2	**76.4**
Percentage of male employees taking childcare leave*2		-	12.0	34.6	33.3	**57.7**
GHG emissions (t-CO_2)		17,586	17,180	18,323	11,995	**12,125**
Number of serious accidents & occupational accidents		0	0	0	0	**0**
Rate of accidents resulting in lost work time*3		0.00	1.46	0.48	0.48	**0.49**

*1 Includes a commemorative dividend of 5 yen.
*2 Percentage of male employees taking childcare leave: Calculation began in 2021, based on amendment of the Child Care and Family Care Leave Act
*3 Rate of accidents resulting in lost work time: Indicator of the number of occupational accidents resulting in lost work time per million hours of work (Number of accidents resulting in lost work time (annual) × 1 million/Total working hours)

Introduction of Directors



▼ **Experience and expertise of directors 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
President and Representative Director/President and Executive Officer	Yasunori Ishikiriyama	●	●		●		
Representative Director/Senior Managing Executive Officer	Seiichi Kitamura	●	●	●	●		
Director/Managing Executive Officer	Toyohiro Hagiwara	●	●	●			
Director/Executive Officer	Atsushi Izumi	●	●		●		
Director/Executive Officer	Koichi Kakegami	●		●		●	●
Outside Director	Hiroe Toyoshima	●	●			●	
Outside Director	Takehisa Ikeda	●		●			●
Outside Director	Tomoyuki Ono	●				●	●
Managing Executive Officer	Hiroki Suzuki	●	●	●			
Executive Officer	Kazushige Kinoshita	●				●	●
Executive Officer	Yuji Hamada	●		●		●	
Executive Officer	Takafumi Ishizuka	●			●	●	
Executive Officer	Keiji Hirata	●		●	●		
Executive Officer	Takemasa Kurokawa	●			●	●	



Introduction of Audit & Supervisory Board members

Junichi Akai	Full-time Audit & Supervisory Board Member
Katsuhiro Fukuwaka	Full-time Audit & Supervisory Board Member
Kazuyoshi Matsuura	Outside Audit & Supervisory Board Member
Tetsuaki Ogami	Outside Audit & Supervisory Board Member

Company profile

Trade name	Nitta Corporation
Address of Head Office	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
Capital	8,060 million yen (as of March 31, 2024)
Employees	2,952 (consolidated) (as of March 31, 2024)
Exchange listing	Tokyo Stock Exchange Prime Market
Independent Certified Public Accountants	Ernst & Young ShinNihon LLC

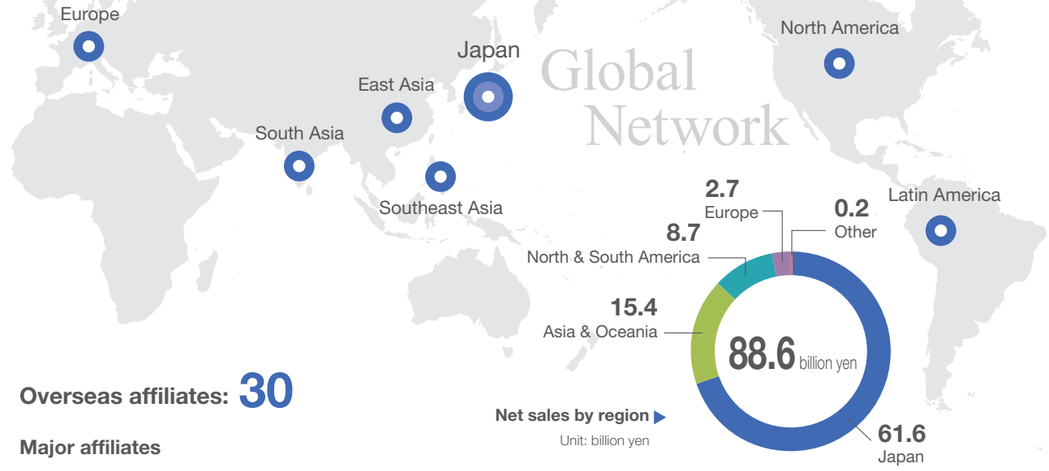
Global network (as of August 31, 2024)

Domestic locations: 13

- Head Office (Osaka)
- Nagoya Branch
- Hokuriku Sales Office
- Nara Plant
- Kochi Plant
- Nakanoshima Satellite Office
- Tohoku Satellite Sales Office
- Kumamoto Satellite Sales Office
- Tokyo Branch
- Fukuoka Sales Office
- Shizuoka Sales Office
- Nabari Plant
- Hokkaido Enterprising Development Office

Domestic affiliates: 11

- 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.
- Naniwa Rubber Co., Ltd.
- Nitta Chemical Industrial Products Co., Ltd.



Net sales by region ▶
Unit: billion yen

Overseas affiliates: 30

Major affiliates

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 America/Latin America

- Nitta Corporation of America (USA)
- Nitta Moore Mexico S.de R.L.de C.V. (Mexico)
- Nitta Brazil (Brazil)
- Connect Conveyor Belting Inc. (Canada)