

# Corporate Philosophy

The Nitto Group's Corporate Philosophy is comprised of three elements: our corporate Mission, the Vision which aligns our way of thinking in attaining our Mission, and the Nitto Way, which includes our Values, Attitudes and Mindset, and Code of Conduct.



## Mission

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

We at Nitto Group hope to retain an attitude of relentlessly pursuing products, systems, and ideas that customers will find valuable. Our Mission is to deliver safety, prosperity, comfort, and affluence not only to customers whom we come in contact with directly but also to every stakeholder.

## Vision

### Creating Wonders

In order to achieve our Mission to "Contribute to customers' value creation with innovative ideas" as one team, all Nitto employees around the world must share the same vision, or outlook. This shared vision has been dubbed "Creating Wonders." Each and every employee will challenge themselves to cause feelings of wonder and inspiration around the world; in other words, we will endeavor to create wonders in our everyday work. In doing so, power will be generated that can change the world in many different domains.

## The Nitto Way

### Philosophical Ideas

In order to achieve our Mission to "Contribute to customers' value creation with innovative ideas," and our Vision, "Creating Wonders," "The Nitto Way" indicates the Values, Attitudes and Mindset, and Code of Conduct that every Nitto employee should follow. The passion, wisdom, and values of the various senior employees who have shaped the Nitto Group for a long time since its foundation have now taken the form of "DNA" that can be found in each and every member of the Group. These principles and ideologies are stipulated as "The Nitto Way," which serves as our standard for judgment and is something that we all turn to in situations of uncertainty.

#### We place safety before everything else

- Achieve zero accidents and injuries.
- All employees must work together to establish a safe and secure workplace.

#### Amaze and inspire our customers

- Exceed customers' expectations to have them say, "This is exactly what we wanted!"
- Work with customers and create new societal values.
- Customer satisfaction brings value to our stakeholders.

#### Anticipate and leverage change

- Go to the field to sense changes in society and the market.
- Rapidly link sensed changes to actions.
- Refine our strengths, and aim to become the company customers want to consult with first.

#### Take on challenges for new value creation

- Continue to take on challenges, even if we fail in the short-term, rather than do nothing for fear of failure.
- Embrace change, exercise curiosity, and take the first step forward.

#### Act promptly and follow through on your decisions with determination

- Take the first step forward and then think while advancing.
- Share information openly, have equal and fair discussions, and if a decision is made, work together as a team to bring out the best possible result.
- Always make efforts to ensure frank and open communication beyond organizational boundaries and roles.

#### Transform ourselves constantly

- Anticipate challenges, implement reforms, and bring about growth in the spirit of *Mu-Gen-Dai*.
- Keep changing. Change leads to opportunity and growth.
- Challenge ourselves to improve our future. Changes in each of us lead to growth of the entire organization.

#### Have an attitude of integrity, and understand and respect diversity

- Take actions based on integrity and modesty to build relationships of respect and trust with stakeholders.
- Appreciate the diversity of our global team. Accept and respect others.

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### Editing Policy

It is with great pleasure that we publish this Integrated Report of the Nitto Group to inform our stakeholders of what we are doing to "simultaneously solve social issues and enhance corporate value." Described in this report are the past, present, and future of the Nitto Group - how it has grown to what it is today and how we will go about co-creating value into the future - which we hope will give you an overall picture of the Group. Please refer to our corporate website for more details and relevant information. This report is available in Japanese and English and can be found on our corporate website.

### Scope

This report covers the business activities of 98 companies including Nitto Denko Corporation and its 95 subsidiaries and 2 affiliates, as of March 31, 2020.

### Time Period

Fiscal 2019 (April 1, 2019 - March 31, 2020) Some performance figures and activities from periods other than the above are also included.

### Reference Guidelines

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

- Global Reporting Initiative (GRI) Standards by the Global Reporting Initiative
- International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)

# Footsteps of the Nitto Group

True to our corporate Mission of “contributing to customers’ value creation with innovative ideas,” we at Nitto Group have continuously managed to amaze and inspire our customers by identifying the opportunities presented by changes in the world.

Founded as a manufacturer of insulating materials, the Nitto Group has since advanced hand in hand with customers, tapping into its core expertise, such as adhesion and coating technologies, to deliver diverse products to a variety of industrial sectors, including electronics, automobiles, housing, infrastructure, environment, and healthcare.

Across the globe, we are witnessing increasingly diversifying and complicated social issues that are changing faster than ever before. Against this backdrop, the Nitto Group hopes to remain an integral part of society as it challenges itself to make people’s lives better and more convenient by offering solutions to social issues while achieving its corporate value.

## 1918-1945

**Laying the Groundwork**  
– Laying the groundwork for starting insulation business at Osaki, Tokyo –

Nitto Electric Industrial Co., Ltd. was formed in Osaki, Tokyo, on October 25, 1918. It was a time when electricity was rapidly becoming widespread as one of the infrastructures essential for industrial development. Nitto Electric Industrial was formed to get involved in the urgently needed domestic production of electrical insulating materials, important components of electrical equipment and machinery.



Linotape



Electrical Insulating Varnish

## 1946-1960

**The Second Beginning**  
– Starting over at Ibaraki, Osaka, after WWII –

After the plant in Osaki, Tokyo, was destroyed by air raids, Nitto restarted operations in Ibaraki, Osaka. Nitto’s company credo, “Each product, each roll of tape is made with Nitto’s exhaustive efforts. Everything we do is for dedication to our customers,” was introduced in 1956. This policy endures today in our current brand slogan, “Innovation for Customers.” In 1957, Nitto’s unique marketing approach that holds up to this day, *Sanshin Katsudo* (three new activities), began.



Vinyl Tape



Maxell Battery

## 1961-1973

**Commencing Business in the Production of Industrial Materials**  
– Separating off Maxell –

In 1961, Nitto separated off Maxell, the department dealing with consumer goods, aiming to take a leap forward as an industrial materials manufacturer. In 1962, the Toyohashi Plant, our main production site of adhesive tapes in Japan even at present, began operation. The Kanto Plant also began operation in 1967 in a move to increase production. Overseas, Nitto Denko America, Inc. was formed in 1968, followed by the 1969 foundation of Nitto Denko (Taiwan) Corp. as the first overseas manufacturing site.



Double-sided Tape



Fluoroplastic Tape “NITOFLO®”

## 1974-1988

**Diversification of Business and Globalization**

– Advancing into the fields of medical care and electronics, commencement of overseas operation, and acceleration of M&As –

In the aftermath of the oil crisis of 1973, Nitto drove diversification of business to fortify itself with enough resources to survive economic fluctuations. Nitto began offering materials for use in electronics and also gave birth to various products related to medical care and the membrane business.

In 1974, Nitto Belgium N.V. was formed. In 1987, Nitto acquired Hydranautics in the U.S. to implement the membrane business on a global level.

In 1988, when Nitto celebrated the 70th year since its foundation, the company name was changed to Nitto Denko Corporation.



“COLOCOLO” Series



Transdermal Patches

## 1989-2007

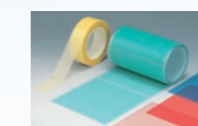
**Introduction of the Business Division System / Implementation of Global Niche Top™ Strategy**

– Establishing business foundation for sustained growth –

In 1989, the business division system was introduced to get back to the basics of serving customers and to respond speedily to dynamic changes in the market. In 1996, Nitto began implementing the Global Niche Top™ strategy, with the aim of achieving top global market share by determining markets with high growth potential and focusing its management resources into niche fields where Nitto has a competitive advantage.

Nitto’s effort was not limited to the offering of products, and resulted in the development of Roll to Panel®\*1, a business model which offers new values to customers, including productivity improvement, reduction of packing materials, improved yield of polarizing films, and manpower saving.

\*1 Whole polarizing films are brought in to the customers’ production site, where the subsequent processes from cutting, inspection, to lamination of glass are performed seamlessly.



REVALPHA®



TEMISH®

## 2008-

**Innovation for Customers**

– Further business reform to offer comfortable lives to people –

The economic crisis of 2008 cast a major shadow over countless businesses and Nitto was not an exception. Yet, Nitto was able to recover in a short time by responding speedily to the changes in the business environment and with its unique management approaches of “*Mu-Gen-Dai*” and “*Kurumaza*,” a group discussion to come up with ideas or solve problems, achieved major earnings growth thereafter.

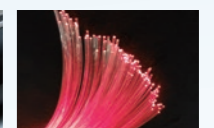
In 2013, the “Nitto Denko” brand logo was renewed to the current “Nitto,” and in 2014 the new brand slogan, “Innovation for Customers” was established.

Nitto celebrated its 100th anniversary in 2018.

\*2 Nitto’s growth plan that centers around substantial reform of cost structure from three points of view: *Mu* (to eliminate), *Gen* (to reduce), and *Dai* (to substitute).

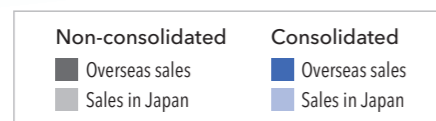


Ultra-Thin Polarizing Film



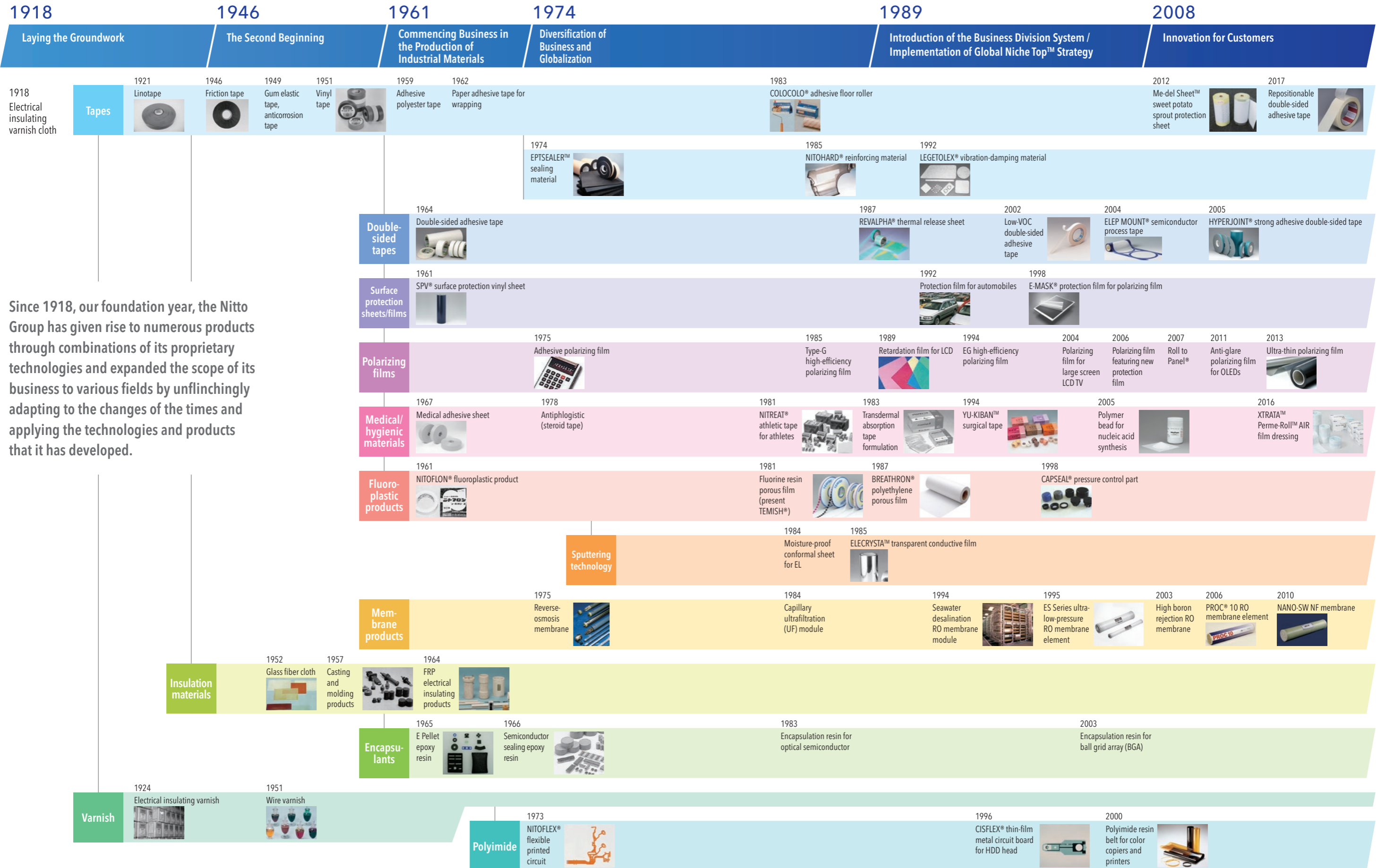
Plastic Optical Cable

### Sales Trends\*3



\*3 The numbers from FY2014 are for “Revenue,” following the introduction of the International Financial Reporting Standards (IFRS).

# History of Technology Innovation



Since 1918, our foundation year, the Nitto Group has given rise to numerous products through combinations of its proprietary technologies and expanded the scope of its business to various fields by unflinchingly adapting to the changes of the times and applying the technologies and products that it has developed.

# The Nitto Group Now

## Everywhere, Comfortable Life

Nitto has continued its challenge with the near future in mind, in areas no one else has ever challenged.



### Housing / Housing Equipment

The housing industry is increasingly faced with highly demand functions, such as solar cells, storage batteries, and an integrated management system for household appliances. Nitto is doing its best to meet these advanced requirements by providing the materials and parts needed for these applications.



### Infrastructure Industries

Nitto offers products and technical services, including filtration that help protect water resources through seawater desalination and reuse of drainage water. In addition, Nitto has advanced its research and development in the field of new energy, providing materials for wind power generation.



### Medical

Nitto has secured the global top share in the synthesis of nucleic acid medicines. Nitto's transdermal adsorption drugs that apply its adhesive technology have been highly acclaimed for their reliable production technology based on long-standing experience.



### Automotive and Transportation Equipment

Nitto provides new value to meet the recent needs of the automobile field, through technologies such as lightweight, and the evolution of power modules for environmental vehicles and electrical equipment developed in pursuit of safety and amenity.



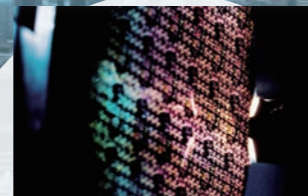
### Packaging

Nitto provides a wide range of tape products that are used in various applications. Some of the products include tape for cardboard packaging, temporary adhesion tape that doesn't leave any adhesive residue when removed, and security tape that makes it possible to know that the tape was tampered with.



### Consumer Products / Personal Care Products

Nitto supplies the consumer market with various materials from housewares to materials used in hygienic goods, such as diapers. These products help customers achieve a more comfortable way of life.



### Electronic Devices

Nitto provides a wide range of products for manufacturing processes and parts, including semiconductor and electronic component manufacturing process materials, optical device sealing materials, and HDD peripheral materials.



### Home Appliance and Electrical Equipment

Nitto offers a diverse lineup of products for various applications. This wide variation includes ultra-thin sealant materials, which are practically free of impure substances that can contaminate devices; as well as double-sided tapes which can replace mechanical fasteners such as screws.



### Materials

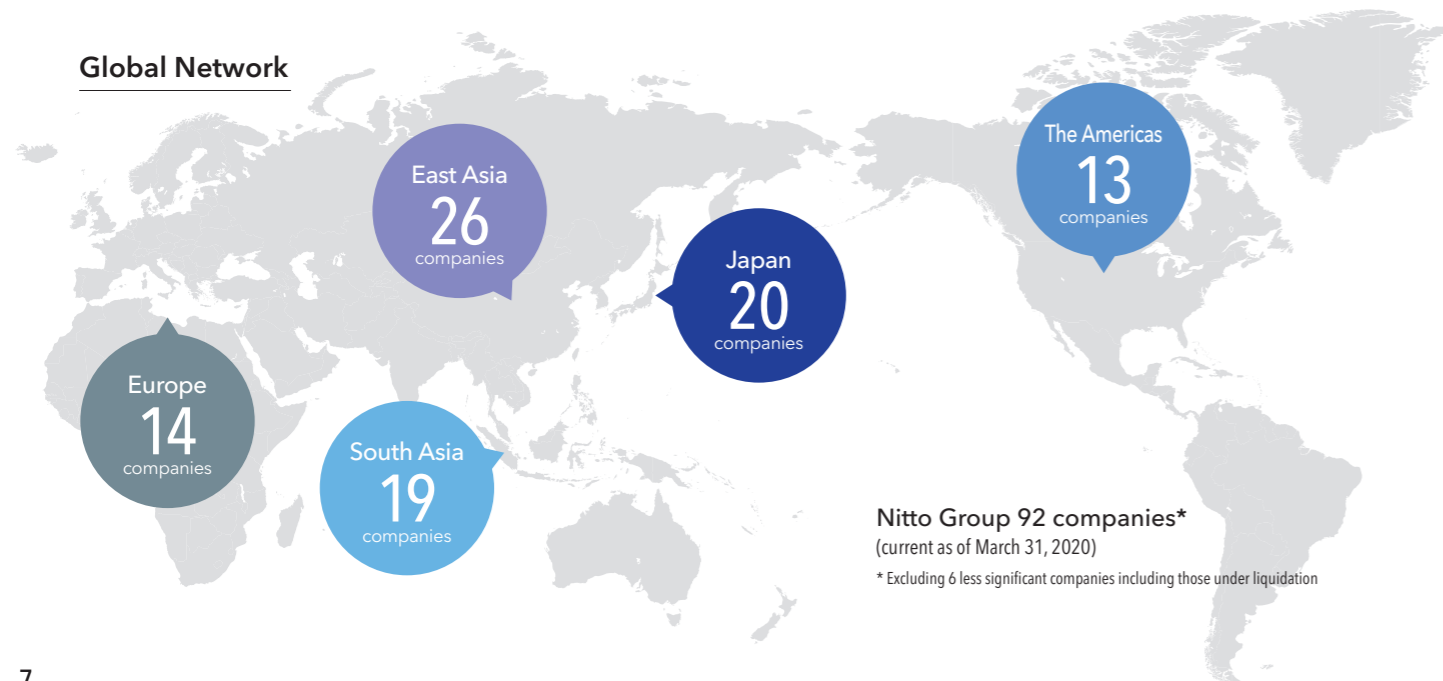
Beginning with surface protection films, Nitto provides a diverse lineup of products for processing materials such as metal plates, resin substrates, glass sheets, etc.



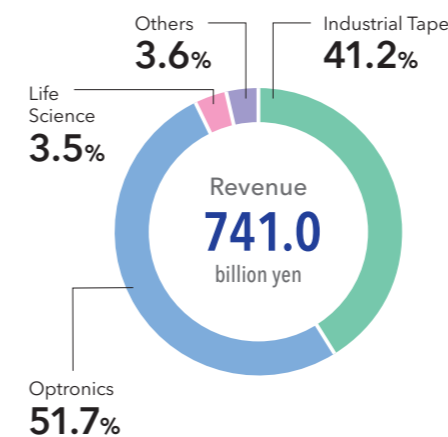
### Displays

Nitto offers valuable solutions that incorporate its unique technologies and products. Nitto has experience in producing high-definition image, durable, thin, and lightweight technologies in various types of optical and adhesive film for displays and touch panel devices.

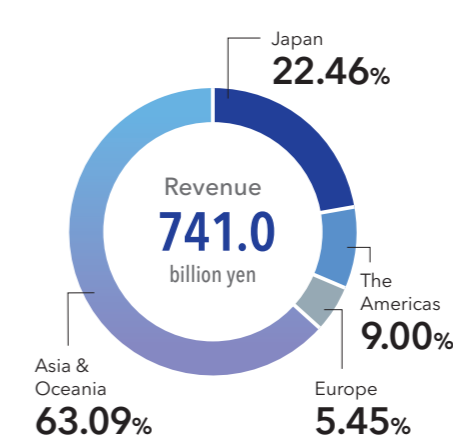
## Global Network



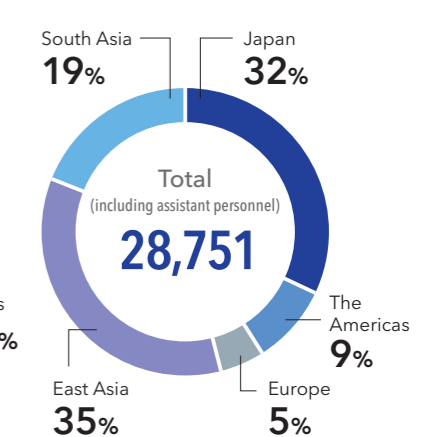
## Segment Revenue



## Regional Breakdown of Revenue



## Regional Breakdown of Employees

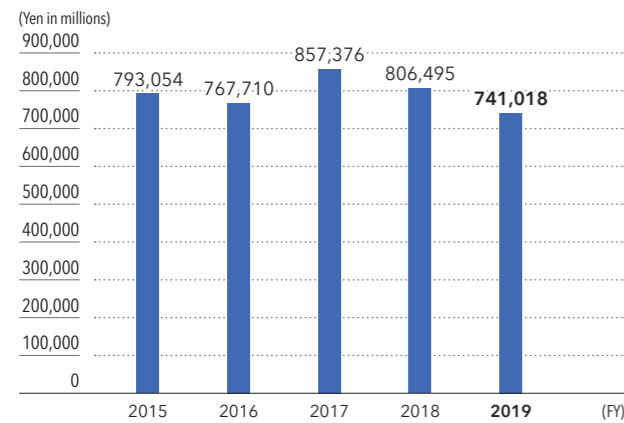


# Financial/Non-Financial Highlights

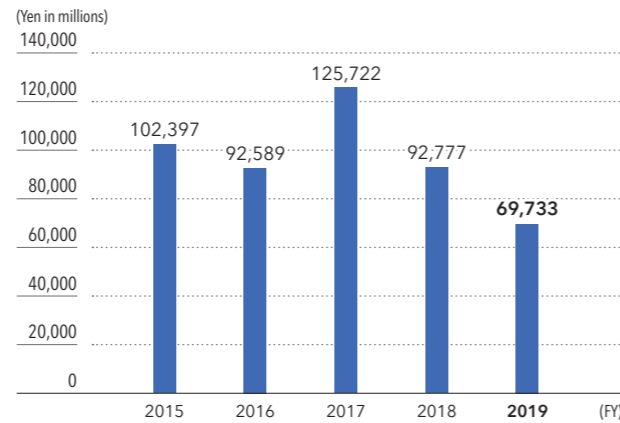
Revenue decreased by 8.1% from the previous fiscal year (changes hereafter are given in comparison with the previous fiscal term) to 741,018 million yen. Operating income decreased by 24.8% to 69,733 million yen, and net income attributable to owners of the parent company decreased by 29.2% to 47,156 million yen.

In fiscal 2019, we had seven critical/serious occupational accidents, a decline from 12 in fiscal 2018. CO2 emissions decreased by 46,612 tons from the previous year to 758,903 tons/year. Total waste, etc. disposed and atmospheric release of toluene, too, are on the decrease.

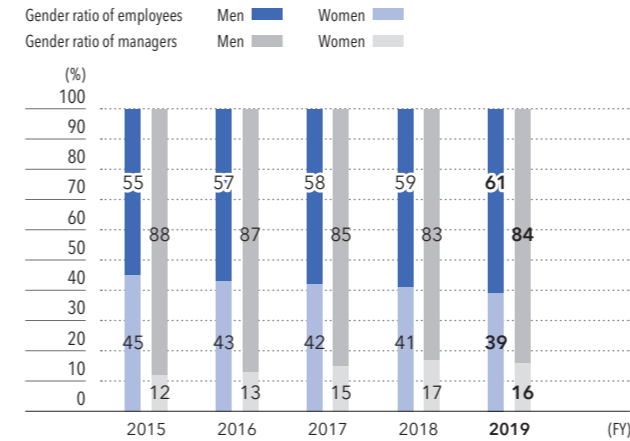
## Revenue



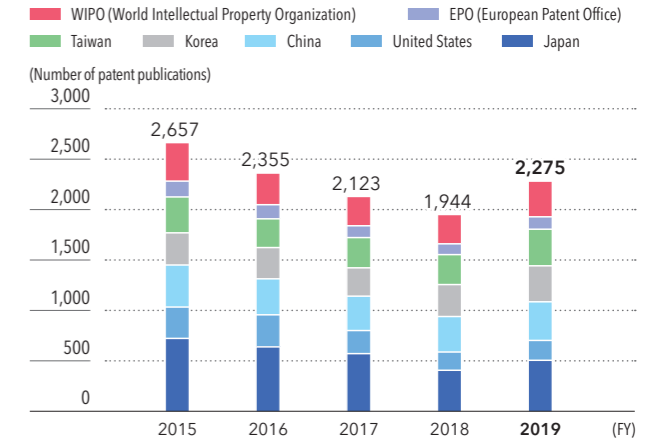
## Operating Income



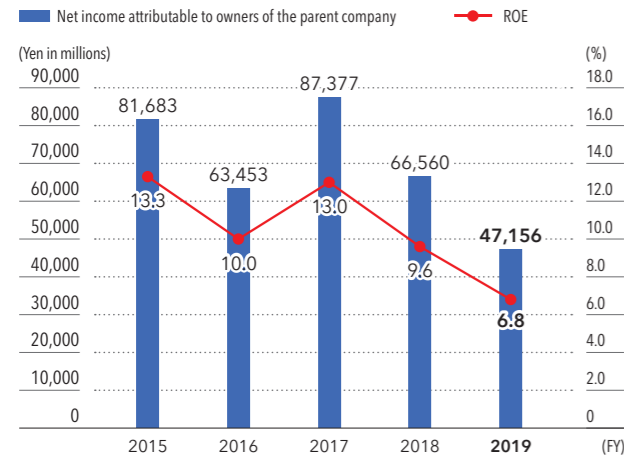
## Gender Ratios of Employees and Managers



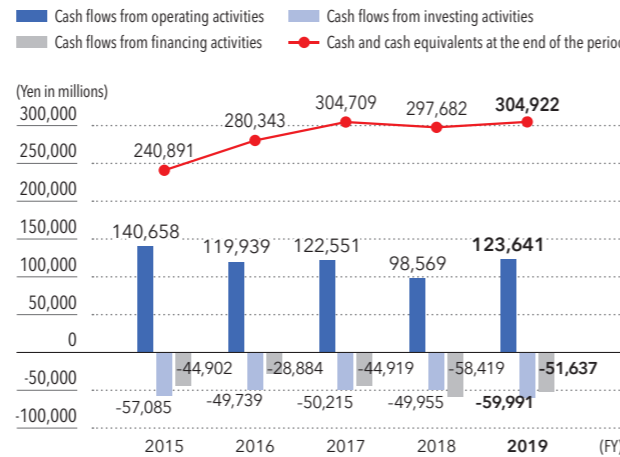
## Patent Publications



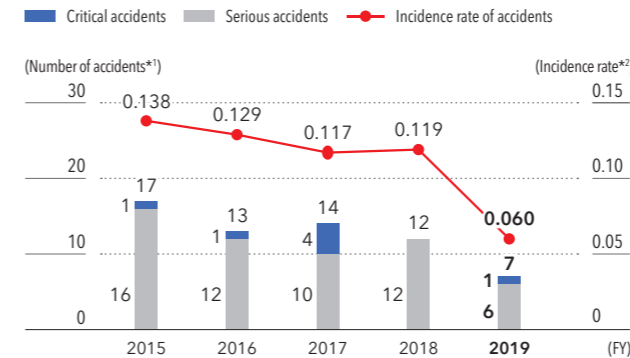
## Net Income Attributable to Owners of the Parent Company, ROE



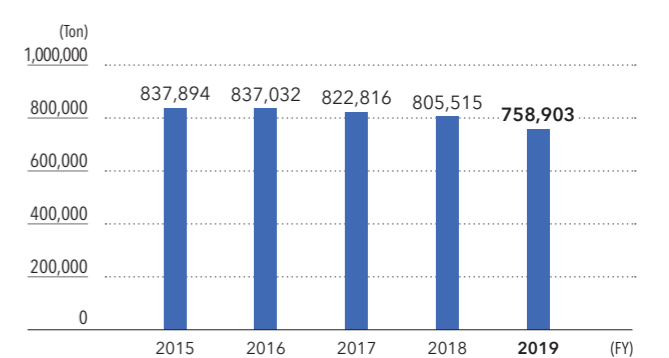
## Cash Flows



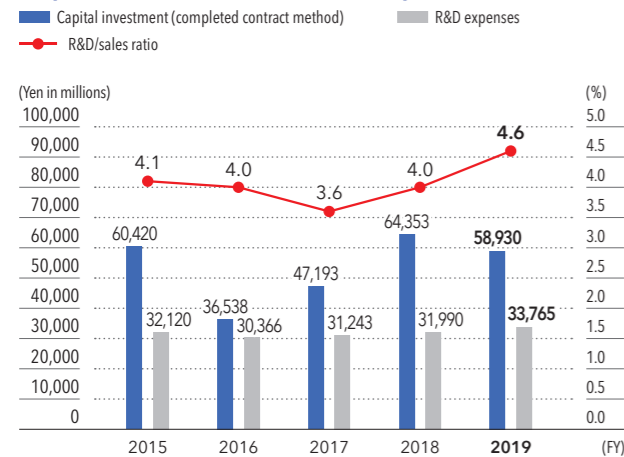
## Number of Critical/Serious Occupational Accidents



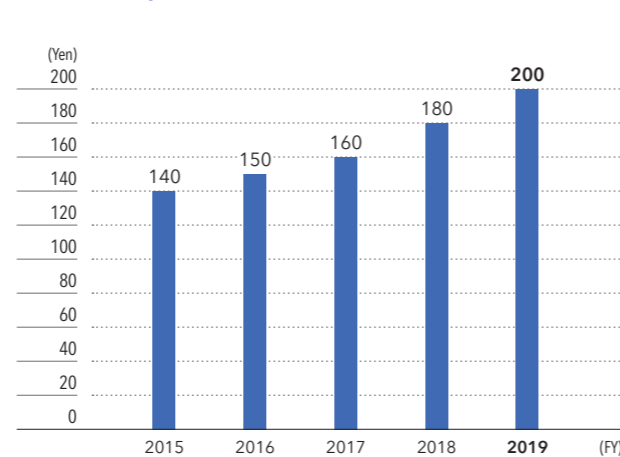
## CO2 Emissions (Scope 1+2)\*3



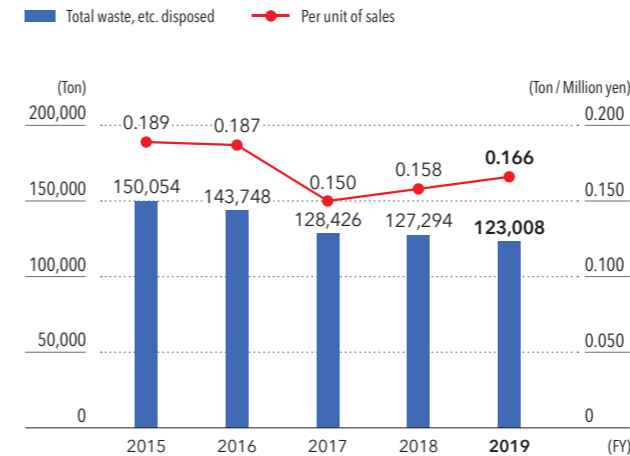
## Capital Investment and R&D Expenses



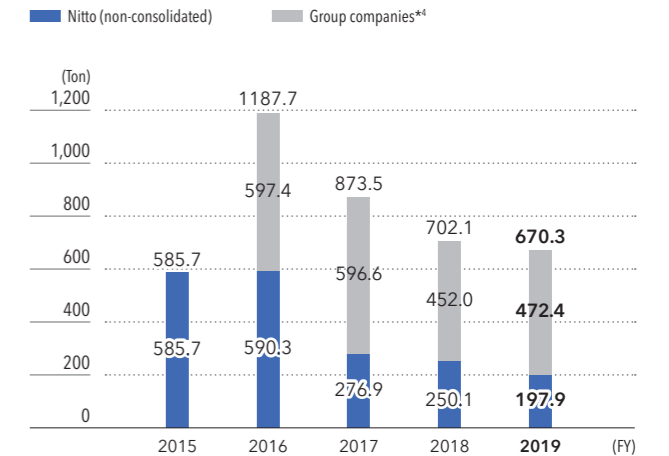
## Dividends per Share



## Total Waste, Etc. Disposed



## Atmospheric Release of Toluene



\*1 Including all the persons working on the Nitto Group's premises \*2 Including all the Nitto Group employees (excluding temp staff) The number of occupational accidents per million hours worked \*3 So far overseas subsidiaries that cannot grasp the CO2 emission coefficients of electricity for each electric power company had used CO2 emission coefficients of "GHG Protocol, Purchased Electricity Tool ver.4.8 (GWP 2014 IPCC 5th Assessment Report)". From fiscal 2019, those overseas subsidiaries have started to use CO2 emission coefficients of "IEA, CO2 emissions from fuel combustion" or "EPA, Emissions & Generation Resource Integrated Database (eGRID)". This change is applied retrospectively to fiscal 2016. \*4 Data for Group companies included from fiscal 2016