

Top Message



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Impact of the Novel Coronavirus Disease (COVID-19)

Allow me to begin by offering my heartfelt prayers for the repose of souls of those who died an untimely death from COVID-19. I am also praying that everyone who is being forced to lead a daily life of constraint because of this pandemic can resume their normal way of living as soon as possible. I would like to express my deepest gratitude to medical professionals and others for their dedicated efforts to prevent the further spread of the disease and keep society as safe as possible.

We have been working to prevent the spread of COVID-19 and secure business continuity by giving the highest priority to the well-being of people. We are still doing our utmost to fulfill our social responsibility especially by keeping the supply of products and services uninterrupted, contributing services to host communities and society at large, and safeguarding the health and safety of employees of the Nitto Group as well as their family members.

They say that we will have to maintain socioeconomic activities while simultaneously taking preventive measures against the spread of infection, and I am afraid that this battle against COVID-19 is going to be a long one.

We at the Nitto Group have renewed our determination to overcome this difficulty through concerted efforts by all with stakeholders.

Responding to Change Flexibly to Persevere in an Uncertain Time

The global COVID-19 pandemic has brought with it economic stagnation and changes in consumer behavior, which is increasing the uncertainty of the future.

Throughout its more than a century-long history, the Nitto Group has been able to sustain its growth through numerous tribulations. Faced with this latest hardship, we hope to keep moving forward by flexibly coping with change.

When the whole world plunged into a recession in the wake of the global financial crisis of 2008, we implemented drastic reforms under the keywords of "*Mu-Gen-Dai*": "*Mu* (eliminating)," "*Gen* (reducing)," and "*Dai* (substituting)." At that time, we extensively examined what in our everyday jobs, equipment, and systems could be "eliminated," "reduced," or "substituted." With this approach, we were able to make a turnaround earlier than expected.

Going forward, we will streamline the things that we should continue doing, and replace what needs changing with novel ideas, in an attempt to wade through this time of uncertainty.

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Leveraging Our Strengths to Sustain Growth

For us to keep growing as we cope with changes, I believe that it is important to return to our strengths. With this in mind, we will pursue the strategies unique to the Nitto Group detailed below.

Forming the backbone of these strategies are "Sanshin Activities (three 'new' activities)", which create new demand by using existing products and technologies, and the Niche Top Strategy, under which we utilize our proprietary technologies in a niche segment of a growing market to seize the leading position there.

By promoting *Sanshin Activities*, we stimulate new demand through the development of new applications and products. This unique marketing practice that we have repeatedly implemented with simple honesty is the "DNA" of innovations and one of the growth engines of the Nitto Group.

The Niche Top Strategy, on the other hand, is double-layered. It includes the Global Niche Top™ Strategy for looking after the leading position in the global market and the Area Niche Top® strategy for aiming at the leading position in each national or regional market. The two strategies are not independent of each other; we roll out Area Niche Top® products, that is, products with the leading share in a given country or region, to other countries and regions to develop them into Global Niche Top™ products.

So as not to solely rely on our own resources, we will also try something new, i.e., alliances with external organizations and open innovations, to ensure the lasting growth of the Nitto Group.



Building a Revenue Base Immune to External Environments

What underpins continual growth is a solid revenue base that is unaffected by external factors. To become an enterprise that stably generates an operating income of 100 billion yen or over, we will mainly focus on the following.

Focusing Three Business Fields and Creating New Business Seeds

In order to determine which business domains we should emphasize, we have turned our focus to the three fields of "information interface," "next-generation mobility," and "life science." By strategically pouring management resources into these domains, we aim to consolidate our revenue base.

Additionally, there is one field that we need to work on over the mid- and long-term - the fifth-generation technology standard for cellular networks (5G). For commercial use of 5G, we need ultrafast, large-capacity telecommunications, and our plastic optical fibers/cables are playing an important role in their realization. Once 5G is mainstream, we can expect to see innovations in our lives, such as faster information processing at data centers, remote manipulation at medical settings, and self-driving.

At the same time, we are tackling the development of medical adhesive tape for the wearable device market, as well as components and devices that resolve the common problems in the field of mobility: "heat," "sound vibration," and "electromagnetic waves."

In addressing these projects for the future, we aim to create new business seeds by integrating existing core technologies with diverse businesses.

Improving Productivity over the Mid- and Long-Term

Increases in productivity cannot come about without continual improvement. Knowing this, we make daily efforts to streamline our business operations. For instance, by making constant efforts to save labour at the inspection process and automate production lines, we maintain and even bolster our products' competitiveness.

We are also promoting mid- and long-term projects, such as a sweeping review of investment efficiency for production equipment and optimization of production sites and logistics centers.

Nitto Persons Will Drive Future Growth

At the very basis of the Nitto Group's business activities are people who have a sense of ownership and demonstrate leadership. Accordingly, we are constantly investing in the development of human resources of future generations, upon whose shoulders the Nitto Group will come to be carried. They are given practical training sessions or sent outside of the

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company for temporary assignments, both of which encourage their growth. We also offer a career path where leader candidates can gain early experiences of what is required of leaders, namely, the ability to have a clear overall picture and make decisions.

Persons who will come to lead the organization are developed as they experience the often harsh dynamism of the external environment after having acquired Nitto's approaches as a basis.

The Nitto Group is proud of its corporate culture that encourages people to challenge themselves and gives a second chance when failure is the outcome. We will train up Nitto Persons of future generations by urging people to take on challenges positively.

Nitto Group's Determination to Manufacture Responsibly

In every business activity that we undertake, the safety of our employees is an overriding priority. True to this principle, we are determined to not just "reduce" but "eliminate" any and all accidents, occupational or otherwise. For the Nitto Group to sustain its growth while ensuring the safety of our employees, we must run a business with the environment, society, and governance (ESG) criteria in mind.

At the Nitto Group, we do not regard considerations for the environment and society as a cost factor, but instead, as a necessary investment for enhancing our corporate value.

To successfully invest in a way that results in a positive effect on the environment and society, we need to base our decisions on a far-sighted perspective. We have thus set up a unique scheme called "management fund," which allows us to make investment decisions related to the environment and safety for the good of the entire Group.

As a gesture of responsible corporate behavior, in February 2020, we became a signatory to the United Nations Global Compact in support of its Ten Principles on human rights, labour, environment, and anti-corruption. In compliance with these universal principles, we will engage in manufacturing in a responsible manner to realize a sustainable society.

Addressing Material Issues for Sustainability in the Context of Business Activities

In fiscal 2019, we identified "material issues for sustainability," which present social issues for which solutions must be prioritized. We will make greater efforts to ensure that those issues will be taken into account in our business activities so that each and every member of the Group demonstrates a sense of ownership and works as one to offer solutions to these issues.

As we work through the material issues for sustainability, we will bring about innovations that only the Nitto Group can and, together with our stakeholders, go about creating values that are instrumental in solving relevant social issues.

In Pursuit of the Continued Evolution of the Nitto Group

The global COVID-19 pandemic is projected to change people's values and industrial structures, which in turn will accelerate various social shifts. History tells us that infectious diseases inevitably impair the economy and at the same time trigger paradigm shifts that end up giving rise to new needs and industries.

As such, we must be able to change to adapt to a new environment. We need to set our direction toward a new growth phase for the Nitto Group without being complacent within the status quo.

Since its foundation, the Nitto Group has managed to sustain its growth, thriving amidst a myriad of changes in the market and technology. We will continue our journey of establishing ourselves as a manufacturer of high-performance materials who will shape the future by applying its technology to the development of new materials and functions.

Remaining faithful to our brand slogan, "Innovation for Customers," we will continue creating new values and enhancing corporate value over the long term by meeting the expectations of our many stakeholders, while amazing and inspiring our customers.

