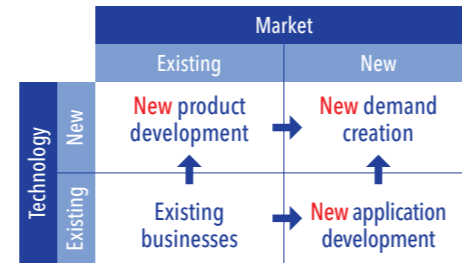


# What Makes the Nitto Group Unique

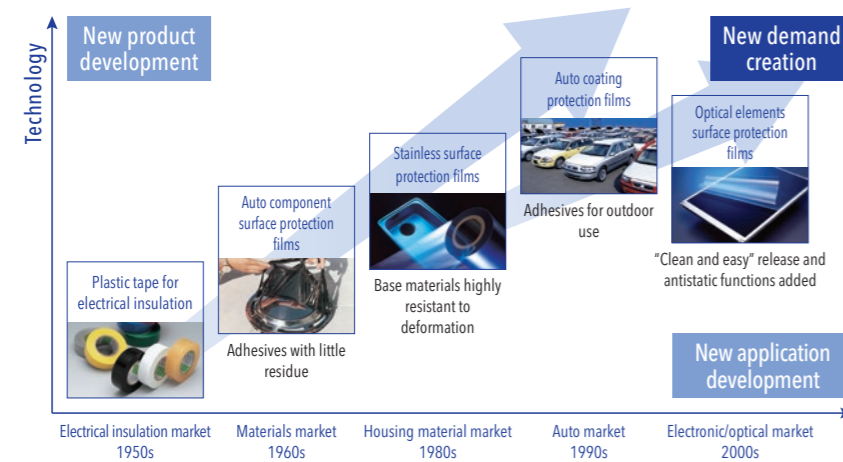
## Sanshin Activities

**Sanshin Activities** stimulating **new** demand through the development of **new** applications and **new** products

Finding "new" applications for existing products and then adding new technologies to them or using new technologies to develop "new" products and then expanding their applications, thereby creating "new" demand - Literally translated as "three new activities," *Sanshin* Activities is Nitto Group's proprietary marketing approach which we have diligently followed for more than 50 years by repeating the cycle of the three "news" for continued progress.



### Example Cases of Sanshin Activities



In the beginning there was plastic tape, a commonplace product whose main application was electrical insulation. Through the development of a variety of new technologies/functions and applications, we have created demand from new customers in growing industries, including electric wire manufacturers, housing developers, and auto manufacturers. Pursuing *Sanshin* Activities with R&D, Production, and Sales working as one while taking a customer-oriented approach has formed the "DNA" of Nitto's drive for innovation and is one of its growth engines.




## Niche Top Strategy

Shooting for the leading share by leveraging proprietary technologies in **niche markets** where we have a competitive advantage

The Niche Top strategy is Nitto Group's unique focus/differentiation strategy, under which we pour our management resources into niche market spaces where we can tap into our proprietary technologies and maximize our competitive advantage in the ever-growing (-changing) market. The Global Niche Top™ strategy directs our drive for a leading share in the global market, whereas the Area Niche Top® strategy guides us to the leading position in national and regional markets as we offer products that meet the specific needs of each area.



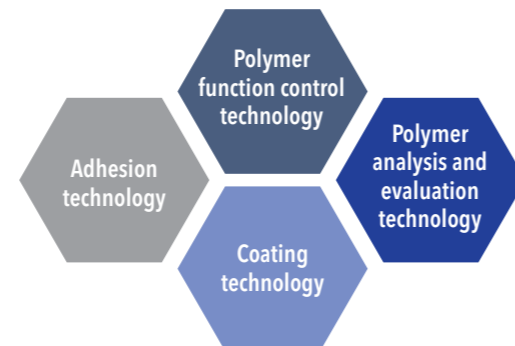
### Example of Global Niche Top™ Products

- 1 Polarizing films for displays (NPF®)**  
  
 Offering superb transparency, reliability, and workability, NPF® (Nitto Polarizing Film) is available in a wide variety to meet customer needs for all types of displays, including transmissive, reflective, and semitransmissive displays.
- 2 Thermal release sheets (REVALPHA®)**  
  
 "REVALPHA®" is a unique adhesive sheet that adheres tightly at room temperature but can easily be peeled off by applying heat and contributes significantly to automation/labor-saving of various electronic component manufacturing processes.
- 3 Thin-film metal circuit board for HDD head (CISFLEX®)**  
  
 "CISFLEX®" was developed through the combination of various technologies including Nitto's photosensitive polyimide technology. Keeping the magnetic head floating above the magnetic disk with delicate spring characteristics, this component plays an important role in transmitting signals that prompt HDDs to read/write data.

## Core Technologies

Developing products that meet customer needs by combining the **four core technologies**

The Nitto Group's core technologies are: polymer synthesis/processing technologies (whose origin dates back to the founding days) and adhesion, coating, polymer function control, and polymer analysis/evaluation technologies that have been derived from the two founding technologies. Through their combination and continued development, we have broadened the scope of their applications to include automotive and transportation equipment, housing and housing equipment, social infrastructure, materials, home electronics and electronic equipment, displays, electronic devices, medical-related materials, packaging materials, and consumer products.



## Corporate Culture

Indicating our Values, Attitudes and Mindset, and Code of Conduct  
**"The Nitto Way"**

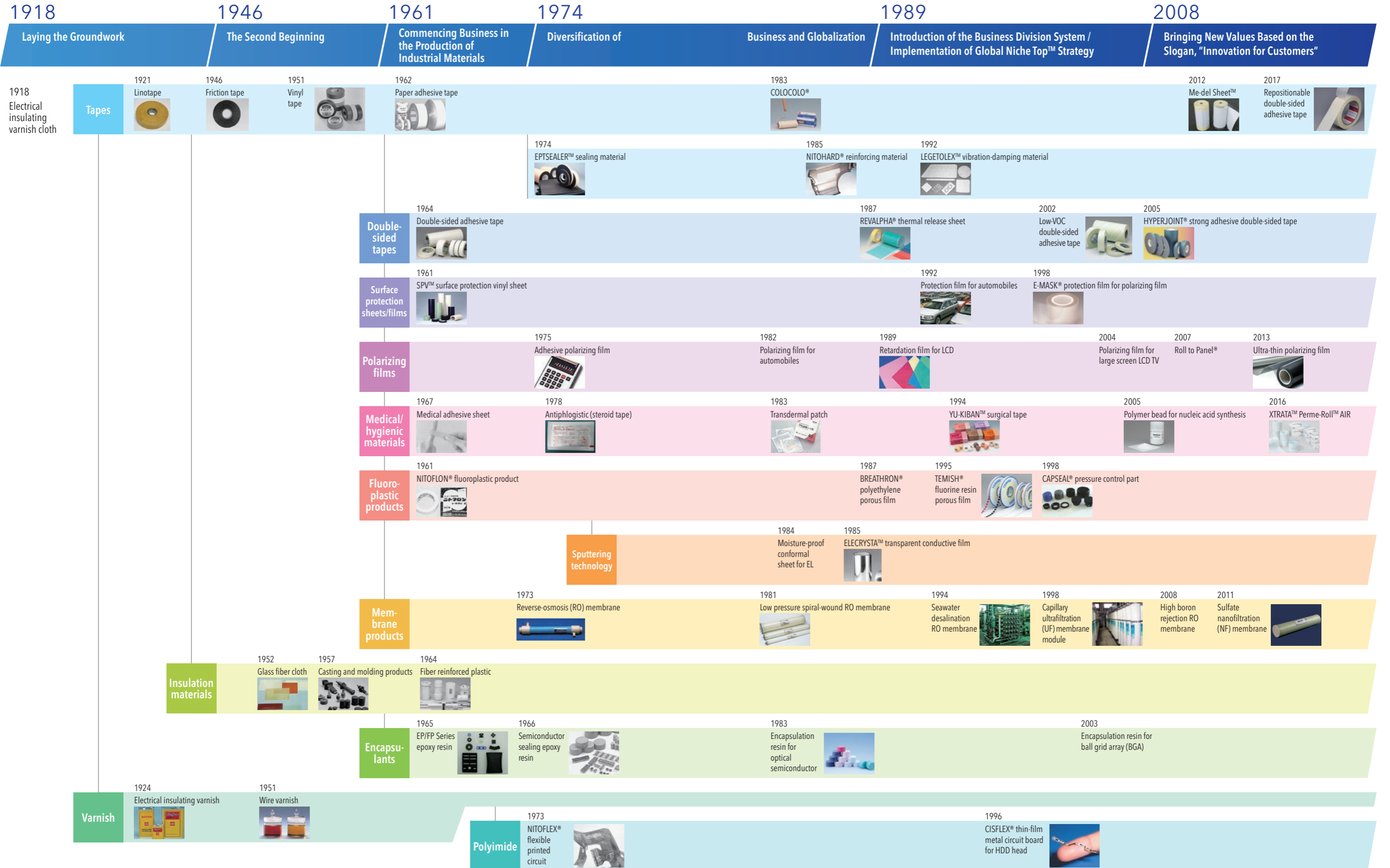
The passion, wisdom, and values of the various senior employees who have shaped the Nitto Group since its foundation have now taken the form of "DNA" that can be found in each and every member of the Group. These principles and ideologies are stipulated as "The Nitto Way," which serves as our standard for judgment and is something that we all turn to in situations of uncertainty.

## Corporate Philosophy



# History of Technology Innovation

Throughout its century-long history, the Nitto Group has given birth 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.



# 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.

As the world enters a new era, 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* Activities (three new activities), began.



Vinyl Tape



Maxell Battery

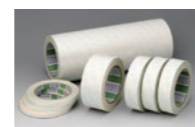
## 1961-1973

### 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-

### Bringing New Values Based on the Slogan, “Innovation for Customers”

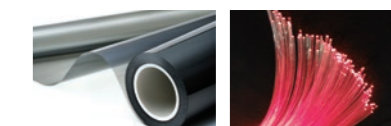
– Further business reform to offer comfortable lives to people –

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*”<sup>\*2</sup> 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.

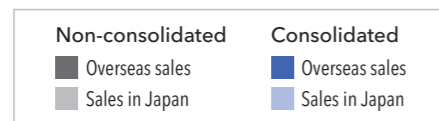
\*2 Nitto’s growth plan that centers around substantial reform of cost structure from three points of view: *Mu* (to eliminate), *Gen* (to reduce), and *Dai* (to substitute).



Ultra-Thin Polarizing Film

Plastic Optical Fiber

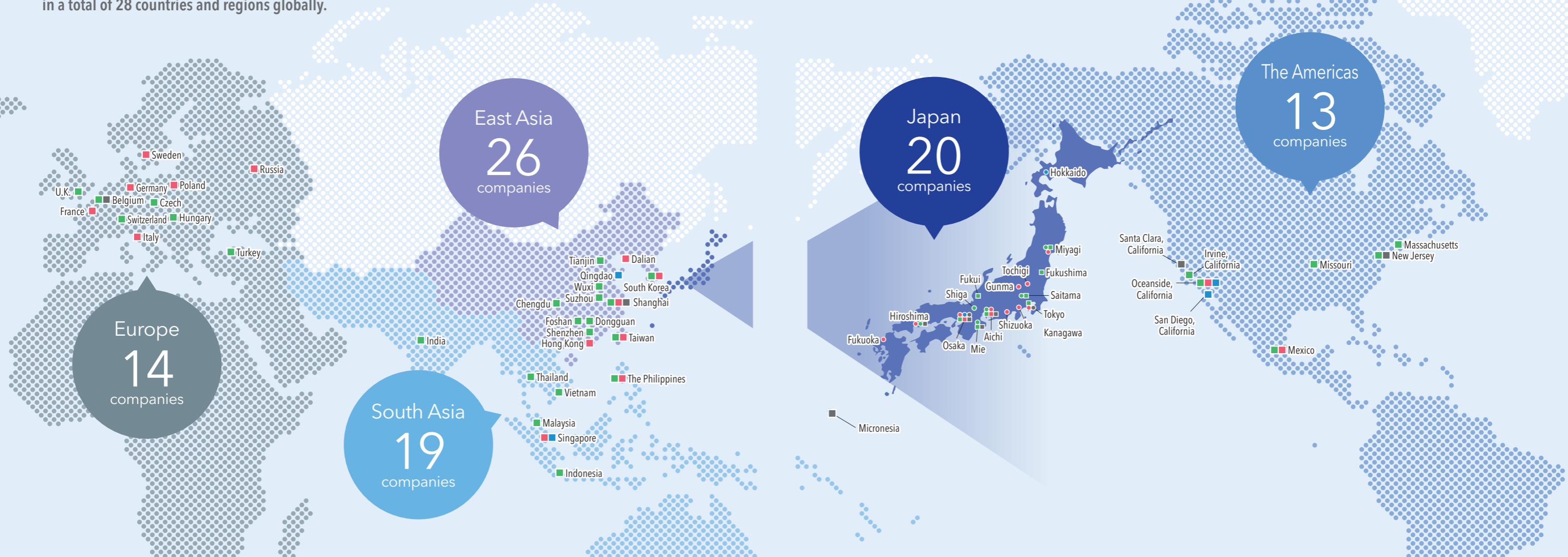
### Sales Trends\*3



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

# The Nitto Group Now

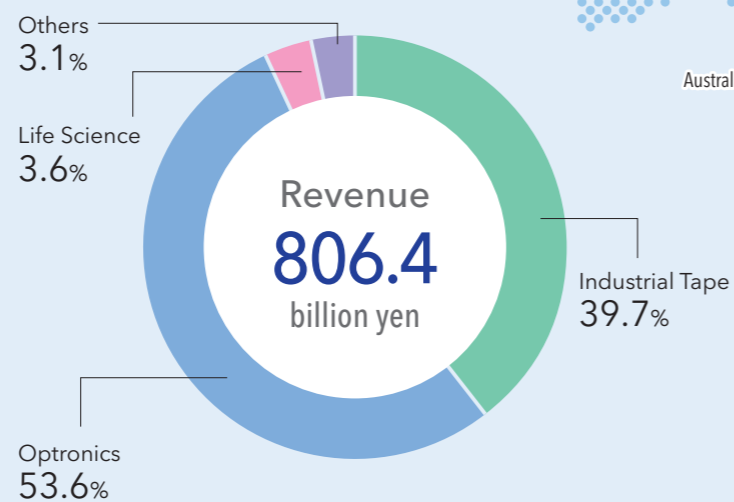
The Nitto Group has sustained its business growth by constantly creating new value through continuous innovations, which is made possible by anticipating upcoming customer demand. The Group now operates in a total of 28 countries and regions globally.



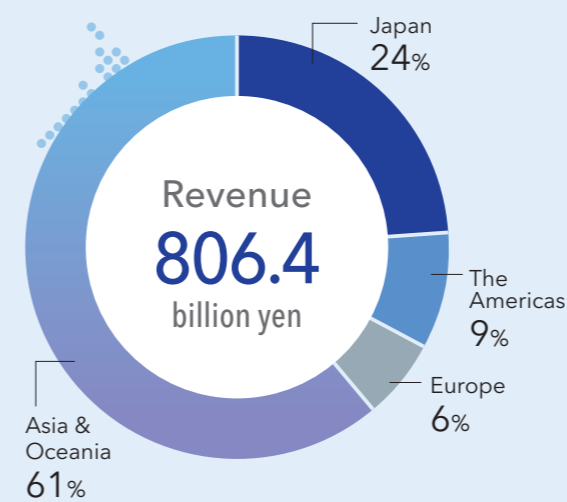
- Nitto's bases (non-consolidated)**
- Manufacturing/Processing
  - Sales only
  - Research and development
  - Others
- Group companies**
- Manufacturing/Processing
  - Sales only
  - Research and development
  - Others

**Nitto Group 92 companies\***  
(current as of March 31, 2019)  
\* Excluding 8 less significant companies including those under liquidation

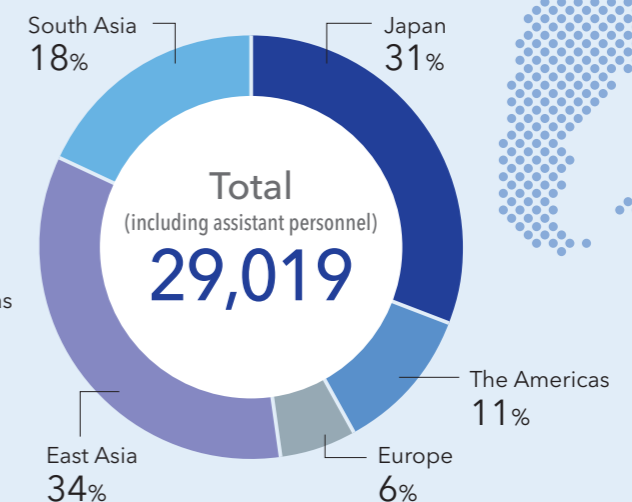
**Segment Revenue**



**Regional Breakdown of Revenue**

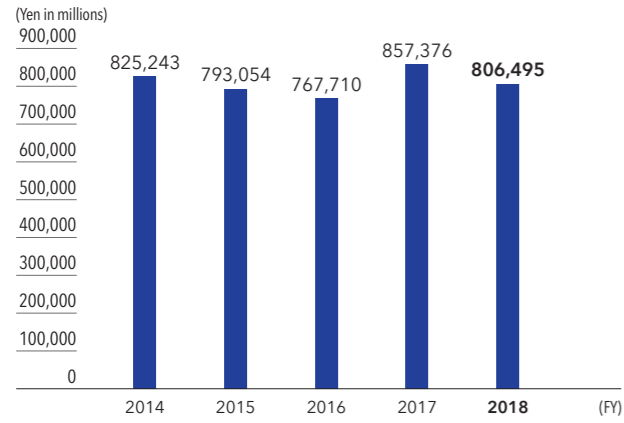


**Regional Breakdown of Employees**

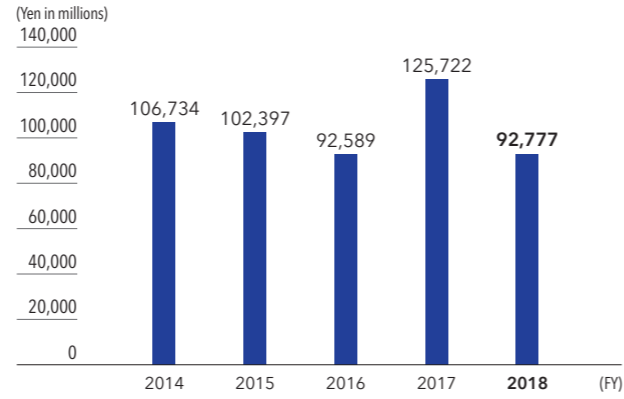


# Financial/Non-Financial Highlights

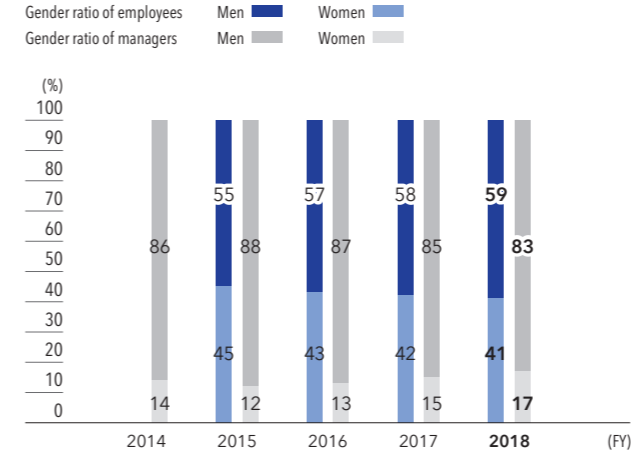
## Revenue



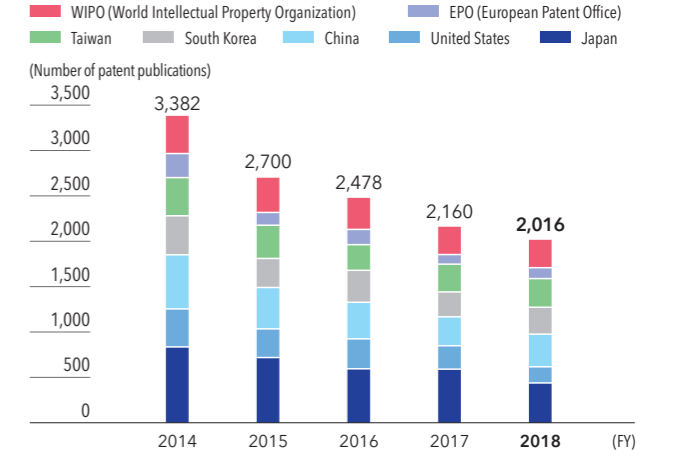
## Operating Income



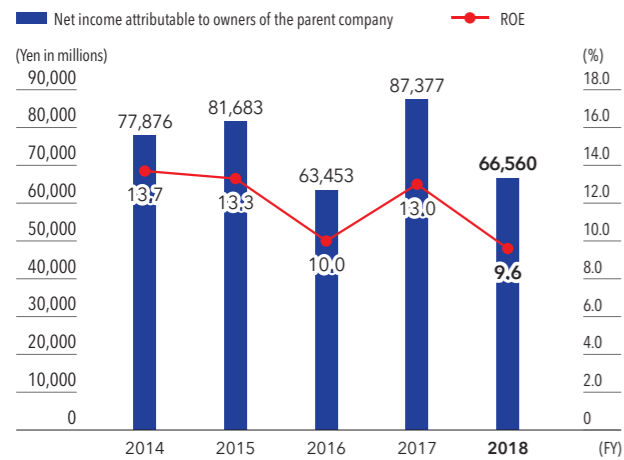
## Gender Ratios of Employees and Managers



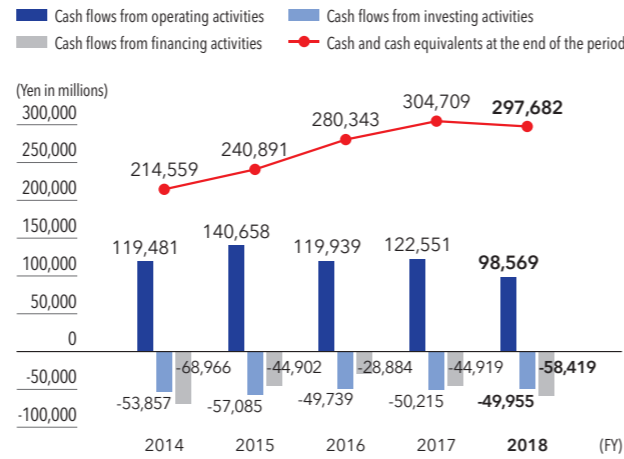
## Patent Publications



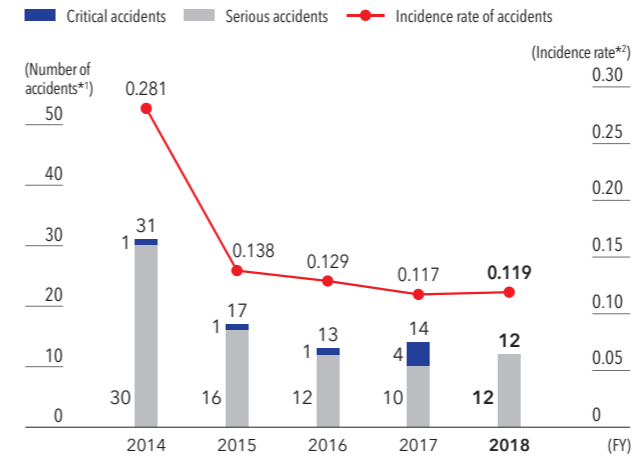
## Net Income Attributable to Owners of the Parent Company, ROE



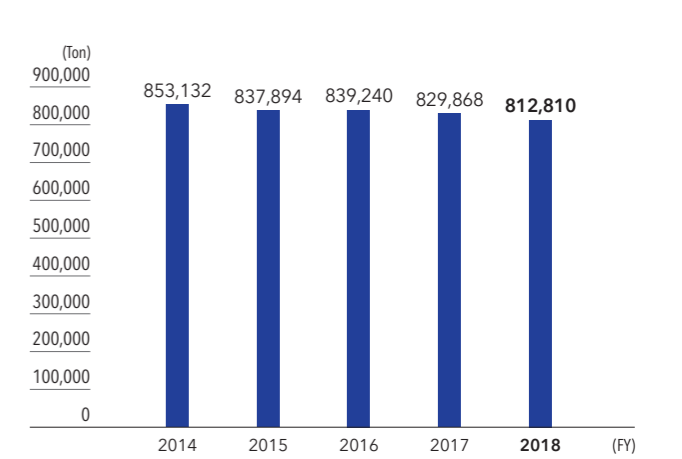
## Cash Flows



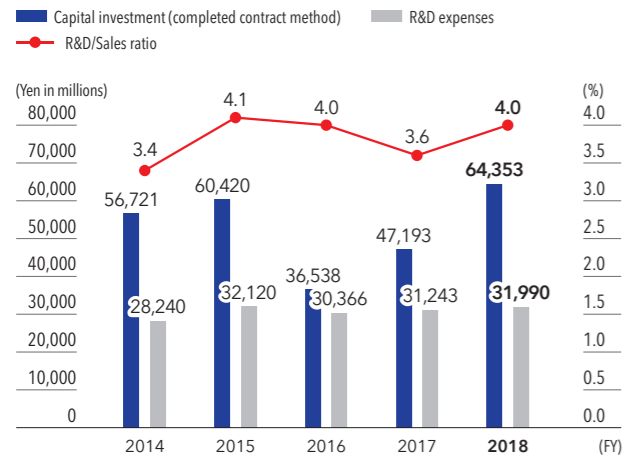
## Number of Critical/Serious Occupational Accidents



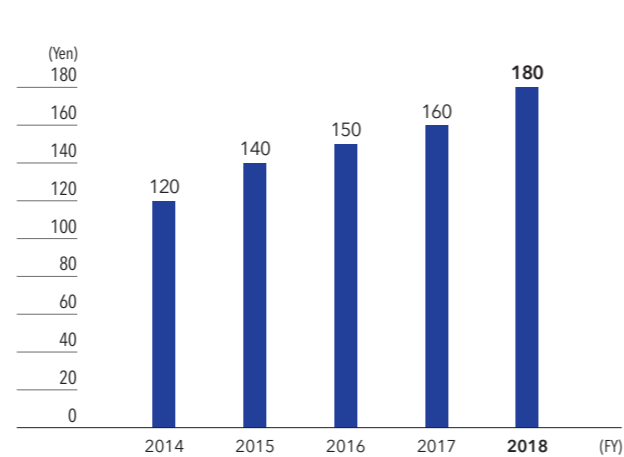
## CO2 Emissions (Scope 1+2)



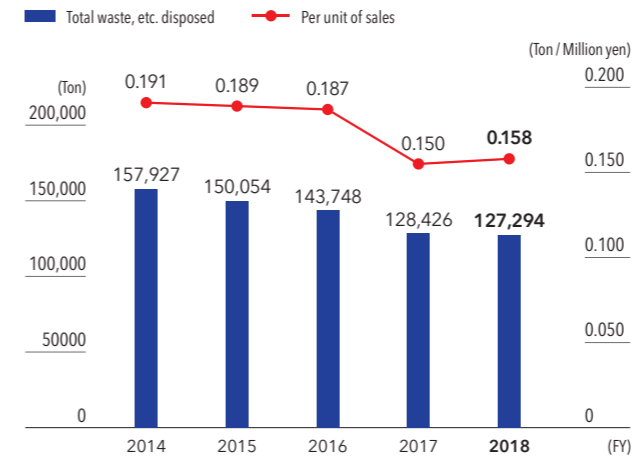
## Capital Investment and R&D Expenses



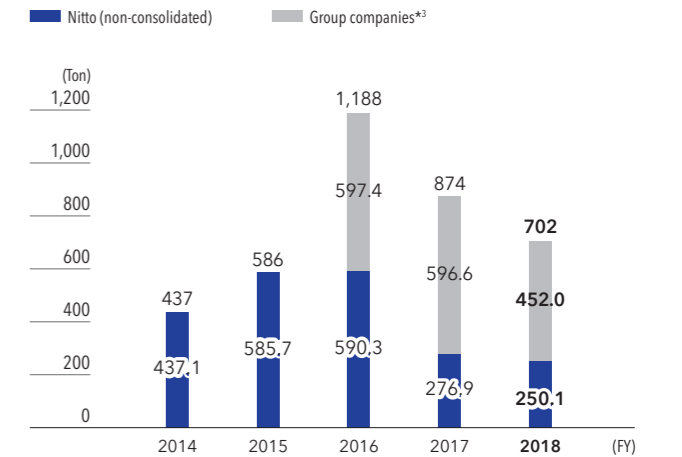
## Dividends per Share



## Total Waste, Etc. Disposed



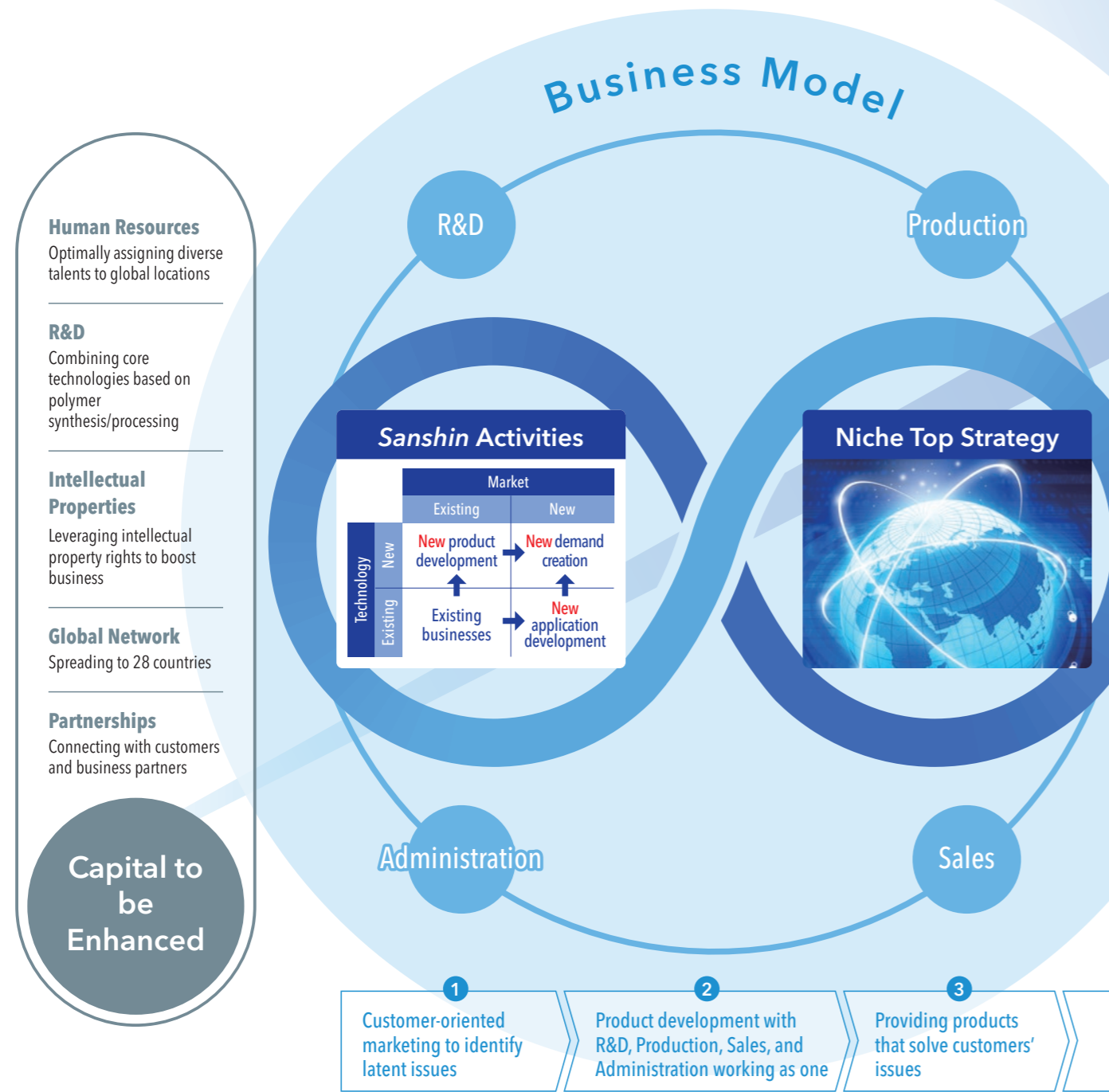
## Atmospheric Release of Toluene



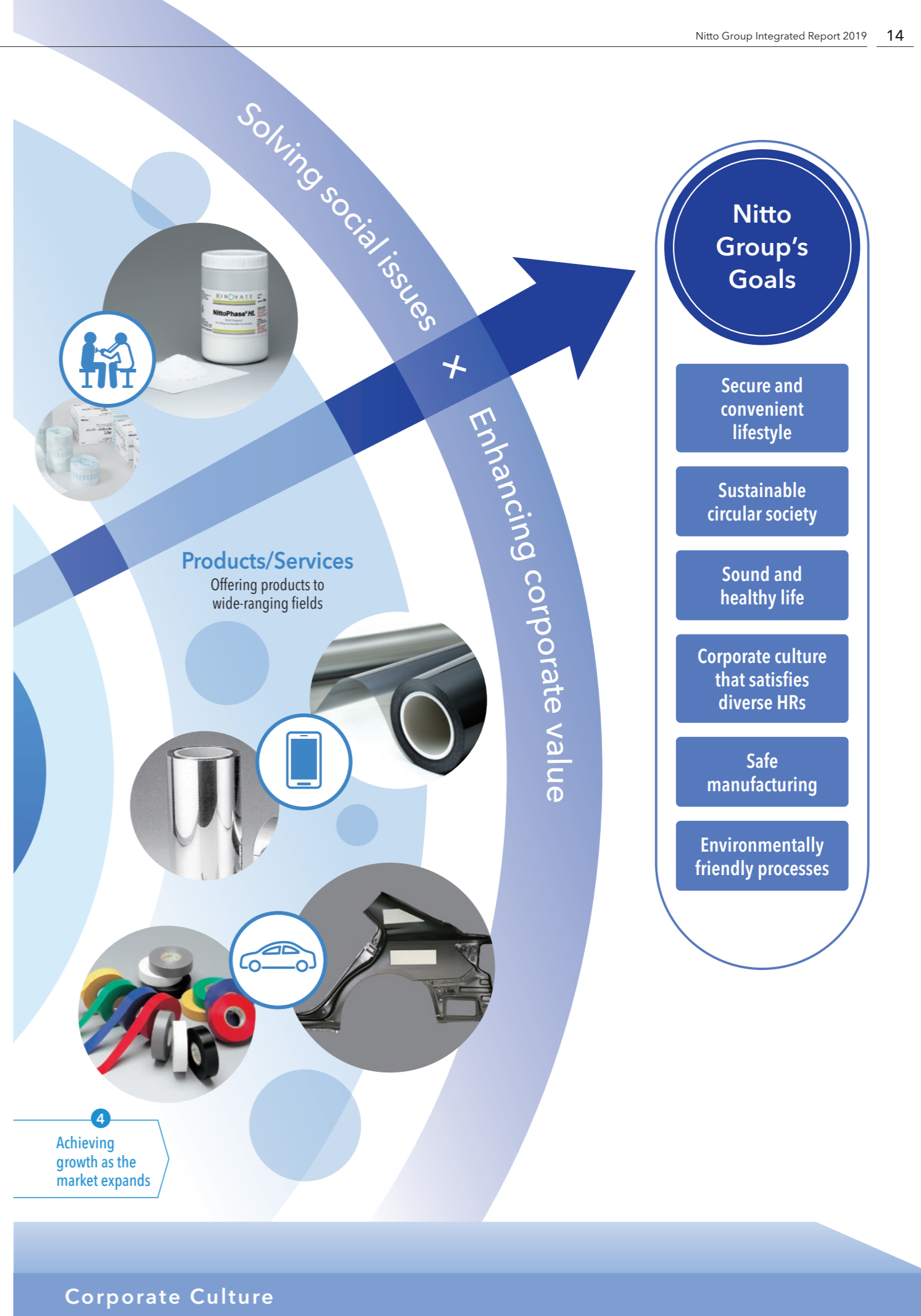
\*3 Data for Group companies included from FY2016

# Value Creation Process

How can we find solutions to various social issues together with our customers? - The Nitto Group's response to this question is its two unique business models of "Sanshin Activities" and "Niche Top Strategy" to constantly create innovative and broad value.



Corporate Philosophy /



Corporate Culture