

Sticking to your needs



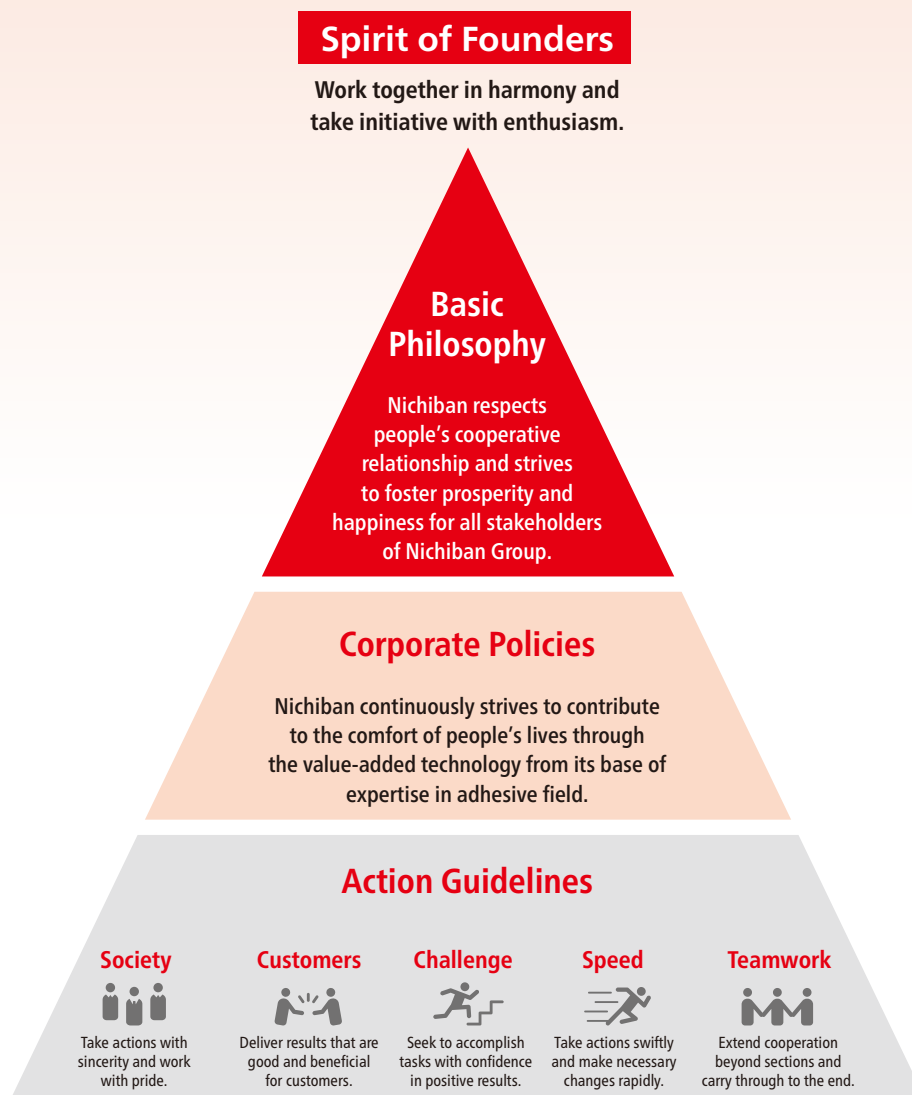
Nichiban Group  
**Integrated Report**  
**2023**

# Aim of the Nichiban Group Integrated Report 2023

In line with the "NICHIBAN GROUP 2030 VISION", the Nichiban Group Integrated Report 2023 summarizes the Nichiban Group's current approach and future prospects for the sustainable enhancement of corporate value, including business activities based on the business model we have created and ESG management initiatives.

## Sticking to your needs

### Nichiban Group Philosophy



Our corporate mark under the nickname of "N Wing" express Nichiban's initial N and the wing for the bright future.

### Origin

The logo symbolize our human attitude of "Fostering happiness for all those concerned with the Nichiban Group" with the soft curves used throughout two figures facing each other representing improving the relationship between people themselves, as well as people and the environment, through communication.

### "NICHIBAN Red"



The corporate color "NICHIBAN Red" is an expression of the Nichiban Group's challenging spirit, taking on new domains and ushering in the new era.

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### Editorial Policy

The Nichiban Group Integrated Report 2023 aims to provide all shareholders and investors with details on value created by the Nichiban Group, management and financial strategies, business strengths, performance reports, and ESG information that includes initiatives targeting the environment, human capital, local communities, and corporate governance.

### Organizations Covered in this Report

Nichiban Co., Ltd.  
 Nichiban Print Co., Ltd.  
 Nichiban Techno Co., Ltd.  
 Nichiban Medical Corp.  
 NICHIBAN (THAILAND) CO., LTD.  
 NICHIBAN EUROPE GmbH

### Explanatory Notes

The Nichiban Group refers to the Nichiban Group on a consolidated basis. Nichiban refers to Nichiban Co., Ltd.

“®” indicates registered trademarks; “™” indicates trademarks.  
 \* “Paralym Art®” is a registered trademark of The Parents, Inc.

### Reporting Period

April 1, 2022–March 31, 2023

In light of the importance of providing up-to-date information, some information on organizational structure and policies are included for the year 2023.

### Reference Guidelines

- IFRS Foundation, International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry Guidance for Collaborative Value Creation

### Date of Publication

September 2023

### About Reporting Media

Major Information Disclosure Tool	Content	
	This website covers all aspects of the Nichiban Group, including product and corporate information and the “NICHIBAN GROUP 2030 VISION”. <a href="https://www.nichiban.com/">https://www.nichiban.com/</a>	
<b>Nichiban Group Integrated Report 2023</b>	Starting in fiscal 2023, in place of Sustainability Reports published previously, we are publishing the Nichiban Group Integrated Report, which integrates financial and non-financial information.	This publication
	In accordance with the Corporate Governance Code, this report describes the objectives, status, and initiatives of Group corporate governance. <a href="https://www.nichiban.com/corp/ir/policy/governance/#nav_anc5">https://www.nichiban.com/corp/ir/policy/governance/#nav_anc5</a> (in Japanese only)	
	Disclosure for shareholders and investors regarding general Group status, business and financial conditions, and accounting status. <a href="https://www.nichiban.co.jp/corp/ir/library/security_reports/">https://www.nichiban.co.jp/corp/ir/library/security_reports/</a> (in Japanese only)	

# Message from the President

Preserving the corporate quality of trust is the basis of our value creation.

The Nichiban Group will steadily implement its medium-term management plan, now in its final year, to achieve our vision for fiscal 2030. Of the five priority themes in the plan, the Nichiban Group will focus on “Creating Innovation” and “Global Expansion,” the areas directly linked to the realization of our medium- to long-term vision.

**Toshiaki Takatsu**  
President

## **This is the first time that the Nichiban Group has issued an Integrated Report. What is your purpose and aims?**

Our main objective is to enhance non-financial disclosure, such as the characteristics and direction of the Nichiban Group, and our sustainability initiatives as a listed company in Japan, not only disclosure of financial information already provided, and to create a tool for stakeholders. Our corporate name Nichiban, as well as products such as cellulose tape, CARELEAVES™, and ROIHI-TSUBOKO™ have a certain level of name

recognition, but at times we felt that we were not fully communicating our characteristics as a company, or what we aim to achieve. We decided that for people to better understand Nichiban, we needed to be more proactive in our communication. I think it's particularly important to draw connections between what we are doing now to achieve our goals for the future and so I expect communicating this message both within and outside the company will enhance understanding of the Nichiban Group. We also hope to use the report as a communication tool to receive feedback from stakeholders.

## Please explain Nichiban's mechanism of value creation, along with its features and strengths.

The Nichiban Group's strength lies in its proprietary adhesive technologies accumulated over more than a century in business. These core technologies have been applied to develop a wide range of products in the tape and medical fields, and by providing solutions for a wide variety of issues we have achieved stable earnings and contributed to society. That is Nichiban Group's value creation process. There are also factors that differentiate us from competitors, such as the low environmental load of products such as cellulose tape owing to the use of natural materials. In the medical field, where items are applied to the skin, Nichiban products are characterized by functionality that makes them well suited for human skin, such as preventing rashes and breathability to prevent stuffiness. In addition, our products for industrial applications require a variety of characteristics depending on each application, and Nichiban is highly regarded for its adhesive technologies and a wide range of support mediums to meet specific needs. A further strength is the relationships of trust with suppliers that we have built over many years, and our strong customer base. The Nichiban Group is as committed to corporate quality as it is to our product quality. We believe that preserving our corporate quality of trust that has endured for more than a century will continue to be the basis of our value creation.

## When you were appointed president in 2019, you announced a new medium- to long-term vision, and a medium-term management plan. What was the background to this announcement?

The Nichiban Group celebrated its 100th anniversary in 2018, so 2019, when I was appointed president, marked the start of a medium-term management plan for the next 100 years. Before becoming president, I had been involved with preparing management plans as team leader, so when it came to formulating this present medium-term management plan, I felt that we should first clarify the direction we are heading for the next five years. Furthermore, since we needed to show the connection between how we want to be in the further and what we should do over the next five years to achieve it, we positioned the medium-term management plan as the means to realize our medium- to long-term vision.

The medium- to long-term vision "The NICHIBAN GROUP 2030 VISION" began with discussions on what we wanted the Nichiban Group to be in 2030 (12 years from the time of its formulation), and what it should be. As the domestic market matures, in a bid for sustainable growth, we decided that we wanted to be a manufacturer that

contributes to society globally, and that so long as we are a manufacturer, we would continue to regularly generate new value and technologies. We adopted the slogan "Continue to create value that supports a comfortable life, and become a company that contributes globally," and set a clear direction with ratios of 30% new products and 30% overseas sales. There were some less than positive reactions at first, questioning who would be responsible and how to achieve these goals, but now that we have shared and spread this vision, I feel that we have begun to foster a mindset among employees of making their work their own.

The current medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~" is focused on laying the foundation to bring us closer to reaching our goal for 2030. The plan has five priority themes: 1) Creating innovation; 2) Global business development and expansion; 3) Revision of the business structure and profit reform; 4) Active use of AI and IoT; and 5) Human resource development. The first two themes in particular are directly linked to the realization of our medium- to long-term vision, so we have positioned them as engines for future growth. In addition, along with profit reform through such means as consolidating unprofitable business divisions, rather than simply separating business segments into "medical" (products affixed to people) and "tape" (products affixed to things) as we have up to now, to strengthen business centered on customers, we are conducting more customer-focused sales activities, seeking out new development projects and working to expand our customer base. That is, in terms of medical products, there are healthcare products for the general consumer (B2C), and medical products for hospitals (B2B). The same is true for tape products. We have revised our business structure to be more customer focused, in line with the Nichiban Group Philosophy and values of listening to each customer, and providing them with solutions. Further, we are actively investing in IT and pursuing human resource development to support these activities.

## The medium-term management plan is in its final year. What are your thoughts looking back?

It's been four years since the start of the plan, and the business environment continues to be severe. Along with the impact from the COVID-19 crisis, an event we of course did not anticipate at the time the plan was formulated, business performance has been hampered more recently by supply chain disruptions, and rising material and energy prices. Nevertheless, although there have been some areas where we were unable to function fully due to restrictions necessitated by the pandemic, I believe that overall, we have made steady progress with each priority theme, laying the foundation for the future.

For creating innovation, one of our engines for future growth, while we have not yet reached the stage of launching new businesses, we are pursuing various initiatives focused on how to make use of Nichiban Group's core adhesive technology. Especially in B2B areas such as products for hospitals and industrial applications, we have seen the benefits from revising the business structure. I feel that we have established a development system able to directly utilize customer feedback to determine the type of use and where there is demand, and offer business proposals. Also, in terms of open innovation, we are making Nichiban technologies openly available to solicit ideas for novel uses, with the aim of finding partners for collaboration, including outside start-up firms. There are undoubtedly applications and functions that we have not recognized, and going forward it will be important to focus on co-creation with partners, rather than maintaining the policy of self-sufficiency that we have up to now. In the next medium-term management plan, we will aim to link our activities up to now with creating new value.

For the other growth engine of global business development and expansion, in October 2020, we established a sales subsidiary in Dusseldorf, Germany, putting in place a structure with three bases (Japan, Thailand, and Germany) covering East Asia, Southeast Asia, Oceania, and Europe. Although Europe is a difficult market, the fact that we have been able to directly approach local customers and develop

business based on market feedback bodes well for future product development. As for our target overseas sales ratio, despite continued negative external factors, figures are steadily rising, and our sales subsidiaries in Thailand and Germany have already achieved profitability. However, due in part to the impact of restrictions on activities during the pandemic, we still have not fully established a system for further expansion, and need to increase the number of business bases overseas, including production and logistics. We will continue to consider M&A as a key strategy to achieve this.

The Nichiban Group has made steady progress in other areas as well, including enhanced productivity with the introduction of IT systems, human resource management utilizing the Workplace Engagement Improvement Project, and environmental investments for desolventization.

### What are the characteristics and effectiveness of Nichiban's corporate governance system?

The Board of Directors comprises eight members, four of whom are outside directors. In March 2021, we established the Nomination and Remuneration Committee, along with other measures to ensure independence and transparency. I am in a supervised position, and I am confident that investment projects such as M&A, for example, are

#### Developing human capital for sustainable future growth

- Developing human resources for future sustainable growth
- Strengthening professional skills
- Developing the next generation of management

#### Active use of AI and IoT to promote business strategies

- Strategic use of data: Strategic use of information (data) to achieve business objectives
- Business process transformation: Business process transformation to generate added value for the business
- Responding to changes in the business environment: Flexible response to future changes in the business environment and risk reduction

#### Establishing driver of medium- and long-term growth, innovation creation

- Promote innovation creation Create new businesses
- Deepen and explore core technologies
- Strengthen market customer insight analysis and market-oriented development

#### Speedy development and expansion into global markets

- Global business promotion system Establishment of overseas business infrastructure
- Business alliances as a measure for business expansion—use of M&A
- Proactive acquisition and development of global human resources

### ISHIZUE 2023

BUSINESS MODEL × CORPORATE MODEL  
~SHINKA-HENKAKU~

#### Review of business promotion structure and profit reform

- Business promotion with customers at the core
- Scrap and build products and activities from the perspective of operating income and future business potential
- Optimum allocation of management resources (capital investment, personnel allocation)



conducted with sufficient deliberation, including opinions and questions from various perspectives, as well as advice based on a wide range of experience, including the basis and background for specific decisions. I often receive advice from outside directors to be "bold yet cautious," which I think is an apt phrase, as governance should be effective in terms of both offense and defense. In addition to assessing the effectiveness of the Board of Directors through questionnaires and other means, we also conduct multifaceted evaluations that include executive officers. Further, we have introduced a system to ensure that every corporate officer understands the issues, and the system allows officers to reflect on their own performance.

The Board of Directors reports and discusses general management policies and risk management, but another important theme is sustainability initiatives to support Nichiban Group's continued growth, such as measures to cope with climate change and solutions to societal issues. How to preserve corporate quality, which I mentioned earlier, is a particularly important issue for the Board of Directors. Further, the addition of a female outside director since the previous fiscal year has provided us with candid comments and opinions regarding such issues as initiatives for women's empowerment, human resource development, and workplace safety, ensuring firm support for our activities and business foundation.

### Considering future changes in the business environment, what do you perceive as the risk factors and growth opportunities?

Along with the maturation of the Japanese market, the decline in the working population, and geopolitical tensions, one of the risk factors for the Nichiban Group, which consumes resources in its production activities, is delay in implementing environmental measures. Most recently, rising raw material and energy prices, along with disruptions in the supply chain, have had a significant impact on business performance. In addition, because the Nichiban Group uses materials manufactured from naphtha for its products, we need to consider procurement risks as

structural issues, such as rising costs stemming from reduced production of the raw material due to environmental measures, or delays in supply. Further, a logistics problem in delivering products to customers has become an issue we need to address. We have established Supply Chain Division to centrally manage these procurement and logistics risks, aiming to further strengthen communication with suppliers and logistics companies, and deepen cooperation.

In terms of growth opportunities, medical products such as CARELEAVES™ and ROIHI-TSUBOKO™ are currently key sources of earnings, but considering the various issues in the mobility field, such as autonomous driving and weight reduction, I believe there is potential to expand the scope for utilizing the Nichiban Group's core technologies to products for industrial applications, an area in which I had been personally involved. There are also sectors we have yet to develop, such as civil engineering, to address societal issues including solutions for aging infrastructure. We plan to explore possibilities through various routes such as academic conferences. In medicated products, developing business in fast-growing emerging countries is a major growth opportunity. As standards of living rise, consumers tend to favor products with higher quality and functionality. The time will surely come when Nichiban Group's core technologies and commitment to quality will be major advantages. Returning to Japan, the aging society also presents an opportunity for medical products. For example, in the field of home medical care and nursing care, there is growing demand at home for using the same items used in hospitals. In the case of the Nichiban Group, the fact that we have sales channels for both products used in hospitals and products handled in drugstores will be our strength. As Japan will experience an aging society before other countries, if we are successful here, we will consider using this as a model case to expand business overseas.

### Finally, what message do you have for stakeholders?

The Nichiban Group celebrated its 100th anniversary in 2018. Looking ahead to the next 100 years, we have renewed our basic philosophy, adopting the phrase "Nichiban respects people's cooperative relationships and strives to foster prosperity and happiness for all stakeholders of Nichiban Group." We aim to be a company where all employees work together to continually create value that supports comfortable lives. A wide variety of feedback from customers who use our products, and from all stakeholders, will be a major driving force in our success. We look forward to hearing your candid opinions, and ask for your continued support.

# Nichiban Group History

Nichiban has developed a wide range of products from its base of expertise in adhesive fields, its core technology, and has built its brand over a long period of time.

Nichiban was founded in 1918 as Utahashi Pharmaceutical Office in Minami-Shinagawa, Tokyo. With beginnings in the manufacture of ointments, adhesive plasters and other plasters. Nichiban continues to deliver “sustainable products that make people’s lives more comfortable,” including cellulose tape, which is still widely used today.

## Company Developments

### 1918 Establishment of Utahashi Pharmaceutical Office

Utahashi Pharmaceutical Office founded in Minami-Shinagawa, Tokyo. Launched manufacture of ointments, plasters, and other products. This factory is the origin of the Nichiban Group.



### 1934 Establishment of Utahashi Pharmaceutical Office Co., Ltd.

Utahashi Pharmaceutical Office established as a corporate entity from a sole proprietorship in order to meet increasing demand.



### 1944 Company name changed to Nichiban Industry Co., Ltd.

25 plaster manufacturers nationwide centered around Utahashi Pharmaceutical Office were integrated into one company. In September 1944, the trade name was changed to Nichiban Industry Co., Ltd.



### 1961 Company name changed to Nichiban Co., Ltd.

State-of-the-art production facilities at both the Tokyo and Osaka factories was developed and expanded, and the company name as changed to the current Nichiban Co., Ltd.



### 1967 Establishment of the Anjo Factory

New factory established in Anjo, Aichi Prefecture, to increase production capacity in response to growing demand for cellulose tape and other products.



## 1910-

### 1932 Launched sales of ROIHI-PLASTER

Pain relief anti-inflammatory patch containing main ingredients scopolia extract and ichthyol. Sales were brisk, but production was discontinued during the war due to raw material shortages.



## 1940-

### 1948 Launched sales of self-adhesive cellulose tape

With a proven track record in the manufacture of plasters, approached as a supplier of cellulose tape for sealing envelopes after inspection.



### 1966 Launched sales of NICETACK™

Launched sales of double-sided adhesive tape for the stationery industry.



## Product Developments

Global Trends

First World War  
(1914–1918)

Second World War  
(1939–1945)

High economic growth period  
(1955–1973)



**1972**

**Establishment of the Saitama Factory, relocated the Tokyo Factory to the Saitama Factory**

The Tokyo Factory relocated to Hidaka, Saitama Prefecture, as residential development in the area around the Tokyo Factory made it difficult for the factory to expand and add equipment.



**1976**

**Capital participation from Taiho Pharmaceutical Co., Ltd.**

Financial difficulties due to labor-management problems stemming from the oil shock and relocation of the Tokyo Factory resulted in Nichiban being restructured through capital participation from Taiho Pharmaceutical.

**2017**

**Established NICHIBAN (THAILAND) CO., LTD., in Bangkok, Thailand**

Representative Office opened in Bangkok, Thailand, in 2014, then a sales company was established in 2017.



**2018**

**Commemorated Nichiban's 100th anniversary**

Ahead of the 100th anniversary, the eight-year medium- to long-term business plan "NB100" was formulated and launched in fiscal 2011 to develop a variety of businesses.



**2018**

**Relocated the Osaka Factory, changed name to the Medical Anjo Factory**

As increasing residential development around the Osaka Factory, a pharmaceutical production base, began to limit factory operations, a new production facility and a research laboratory were established onsite at the Anjo Factory.



**2020**

**Established NICHIBAN EUROPE GmbH in Dusseldorf, Germany**

Representative Office opened in Dusseldorf, Germany, in 2019, then a sales company was established the following year.



**1970-**

**2000-**

**The present**

**1978**

**Launched FAPRO™ (Tabanera™) and FAPRO™ (Tabanera™) Tapes**

Developed from the idea of using tape to bind vegetables, which at that time were bound with straw and rubber bands.



**1989**

**Launched ROIHI-TSUBOKO™**

Launched sales of small, round, warming plasters in the pain relief anti-inflammatory patch market, which until then had been dominated by cooling type products.



**1997**

**Launched CARELEAVES™ plasters**

Commenced development of new products under the keywords "high quality." These plasters are comfortable when applied and feel almost like bare skin.



**2011**

**Launched CATHEREEPLUS™**

Launched sales of a highly moisture permeable film dressing for medical use that employs a highly moisture permeable urethane gel adhesive that is both gentle on the skin and resists peeling.



**2012**

**Launched CARELEAVES™ Hydrocolloid™**

Launched sales of plasters that use special material Moist Pad™ to absorb and retain fluid from wounds and regenerate skin quickly and cleanly.



**2015**

**Launched the Dear Kitchen™ brand of kitchen sundries**

Launched sales of Dear Kitchen™ Waza-Ari™ Tape, a removable water-resistant film material that can be easily cut by hand.



**2016**

**Launched Atofine™ post-surgery scar care tape**

Launched sales of an adhesive bandage that protects post-surgical scars and prevents them from becoming conspicuous.



Oil Shock  
(First: 1973/Second: 1978)

Era name changed to Heisei  
(1989)

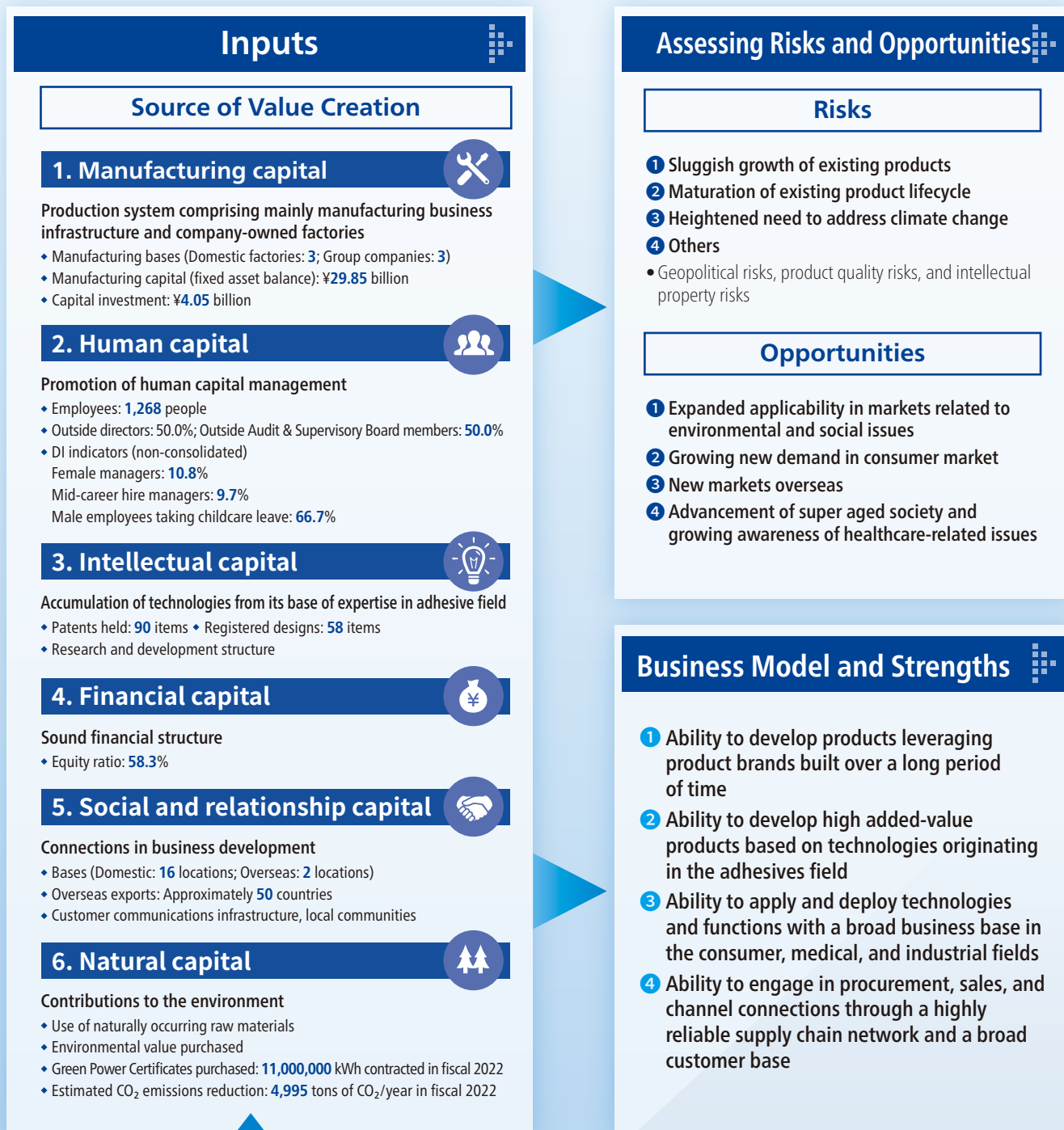
Great East Japan Earthquake  
(2011)

Era name changed to Reiwa  
(2019)

# Nichiban Group Value Creation Process

In line with our basic philosophy, the Nichiban Group co-creates new value with stakeholders by leveraging the six types of capital comprising the source of value creation for our strengths in adhesive technologies. Through this value creation process, we aim to contribute to a sustainable society, increase our resilience to global environmental changes, and enhance our corporate value over the medium to long term.

## Basic Philosophy



Nichiban respects people's cooperative relationships and strives to foster prosperity and happiness for all stakeholders of Nichiban Group.

## Medium- to Long-term Vision

The medium- to long-term NICHIBAN GROUP 2030 VISION aims to realize our ideal of being a company based on solid corporate quality

FY2030

Become a company that contributes globally with continuing to create value of sustaining a comfortable life!

Ratio of new products and overseas sales: 30%

2018

Contributing to a sustainable society  
Establishing solid corporate quality

2030  
Medium- to Long-term Vision

### Creating Innovation

- Promote innovation activities to create new businesses and major new products
- Deepen core technologies and create new technologies
- New market development and business promotion for contribution to SDGs and sustainable society
- Improve company-wide productivity and reform operations with the participation of all employees

### Global Expansion

- Establish overseas bases (production, sales, logistics) covering major regions, establish structures for overseas expansion strategies
- Promote global product strategies and establish brands
- Proactively recruit local human resources

## Foundation Supporting Value Creation

- 1 Corporate governance and internal controls
- 2 Quality management based on global best practices
- 3 Customer-centric marketing and development promotion organization
- 4 IT systems contributing to strategic data use and business productivity improvements
- 5 Human resources maximally leveraging a wide variety of capabilities

## Outputs

### Results Created through Business Activities

#### <Financial performance>

- 1 Net sales: ¥45.56 billion
- 2 Operating income: ¥1.61 billion
- 3 ROE: 6.0%
- 4 New product ratio: 4.4%
- 5 Overseas sales ratio: 10.1%

#### <Non-financial performance>

- 1 Reduction rate of CO<sub>2</sub> emission volume : **-8.4%**  
compared to FY2021 (includes Green Power Certificate amortization)
- 2 Health & Productivity Management Outstanding Organization: **Certified**
- 3 Oxygen fixed through afforestation activities: Estimated at **532—937** tons of CO<sub>2</sub>/year
- 4 CSR activity initiatives through business: **12**
- 5 Companies endorsing and contributing to the SDGs with cellulose tape: **117**

## Outcomes

### Created Value

- 1 **Ideal position**
  - Realize Nichiban Group Philosophy and achieve 2030 Vision
  - Create innovations contributing to the resolution of social issues
  - Achieve carbon neutrality and next-zero
- 2 **Value to stakeholders**
  - Contribute to healthy and comfortable lifestyles (customers)
  - Enhance corporate value through sustainable growth (shareholders and investors)
  - Enhance corporate value with partners (business partners)
  - Diverse employee growth and improve work-life balance (employees)
  - Contribute to regional revitalization (regional communities)

### Key Sustainability Issues in Management

Climate change and global warming countermeasures/development of products contributing to the resolution of environmental and social issues/contributing to preventing the spread of infection diseases/improving product quality and maintaining safety/enhancing supply chain management/creating innovations/rapid entry and expansion into global markets

# Nichiban Group Strengths

Today the Nichiban Group has established a business base in a wide range of fields. The Nichiban Group's strength lies in its ability to expand using the product brands it has built up over many years, its technology originating in the field of adhesives, and its strong supply chain and customers, and it aims to be a company that continues to create value that supports comfortable living and makes a global contribution.

## Product Brands Built Up Over Many Years



Chosen by Customers for  
More than **100** years

絆を創って100年



ANNIVERSARY

Nichiban began with manufacturing and selling ointments, pastes and plasters, and has been contributing to comfort and abundance in people's lives through the provision of "sticky" products in a wide range of fields based on adhesive technologies accumulated through the development of adhesive plasters. Nichiban products are used in a variety of life scenarios.

We provide various product brands that are the "perfect fit" for comfortable lifestyles, such as cellulose tape, FAPRO™ (Tabanera™), CARELEAVES™, and ROIHI-TSUBOKO™. In 2018, we celebrated our 100th anniversary, and will continue to create new products and cultivate our brands for the next 100 years.

## Technologies and Developments Originating in the Adhesive Field



Similar to life itself, good technology is always evolving. A technology is born, matures, and produces new technologies that are then passed on to the next generation. Nichiban has been refining new technologies since its establishment, with technologies originating in the field of adhesives and product

development capabilities that create high added value.

As we look ahead to the future, we are conducting research daily to realize unprecedented advances in technology. This activity is Nichiban's lifeline as we aim to be a "trustworthy company." We are embarking on projects that will lead to a new future.

## Business Foundation in a Wide Range of Fields



Products:

Approximately **18,000** items\*



Based on proprietary adhesive and bonding technologies accumulated over many years, the Nichiban Group has established a solid business foundation and provides products offering diverse value in a wide range of fields, from cutting-edge industries such as healthcare, to agriculture and logistics. We will

continue maximizing our ability to apply and deploy technologies and functions with a constant focus on the future aimed at contributing to the creation of a prosperous society through tape products that facilitate healthy and comfortable lifestyles while proactively supporting a wide variety of industries.

## Robust Supply Chain and Solid Customer Base



Overseas exports:

Approximately **50** countries\*



Our mission is to “respect people's cooperative relationships and strive to foster prosperity and happiness for all stakeholders of the Nichiban Group.” We are working toward the rapid development and expansion of Nichiban products in Japan and more than 50 countries around the world through our highly reliable supply chain network in Japan and overseas,

procurement leveraging an extensive customer base, sales capabilities and sales channel linkage, as well as market customer insight analysis and a market-oriented development promotion system. The Nichiban Group will accelerate the taking on of challenges in new fields to provide products to all customers throughout the world.

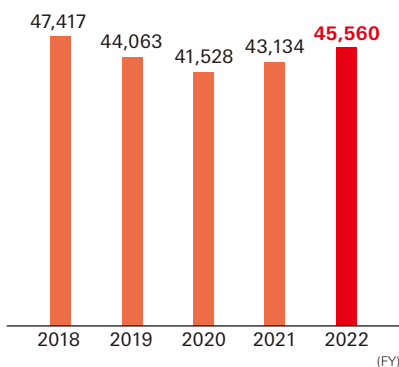
\* As of March 31, 2023

# Financial and Non-financial Highlights

## Financial Highlights (Consolidated)

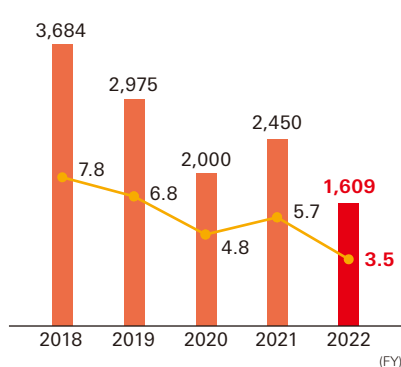
### Net sales

(Millions of yen)



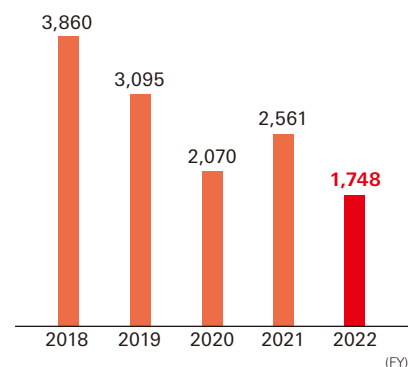
### Operating income/Operating income margin

■ Operating income (Millions of yen)  
● Operating income margin (%)



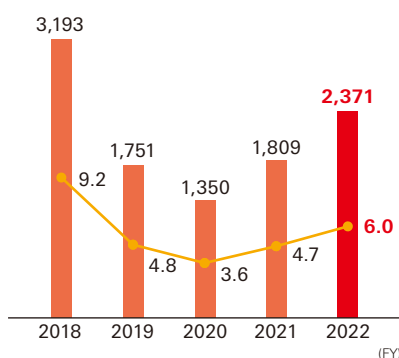
### Ordinary income

(Millions of yen)



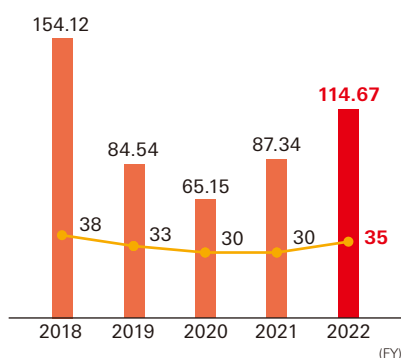
### Net income attributable to owners of parent/ROE

■ Net income attributable to owners of parent (Millions of yen)  
● ROE (%)



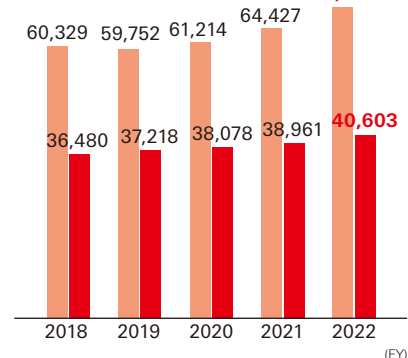
### Net income per share/Dividends per share

■ Net income per share (Yen)  
● Dividends per share (Yen)



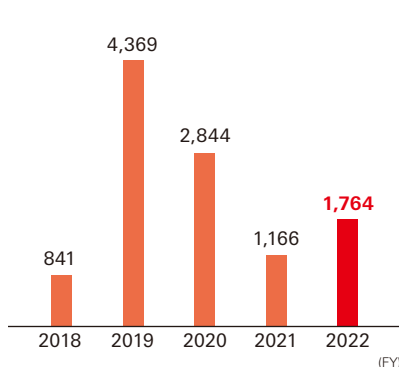
### Total assets/Net assets

■ Total assets (Millions of yen)  
■ Net assets (Millions of yen)



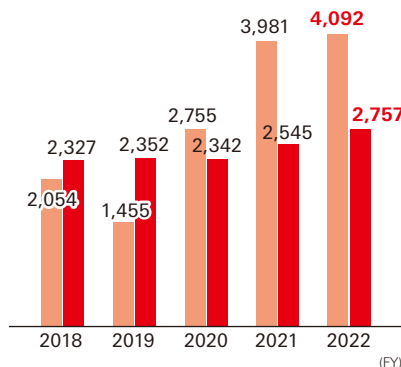
### Free cash flows\*1

(Millions of yen)



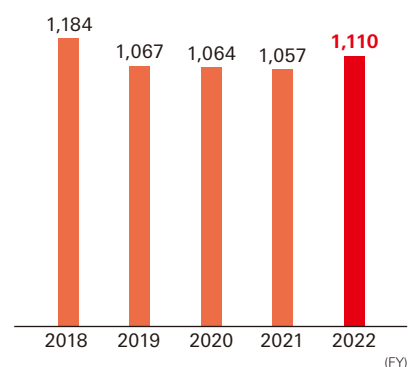
### Capital investment/Depreciation and amortization

■ Capital investment (Millions of yen)  
■ Depreciation and amortization (Millions of yen)



### R&D expenses

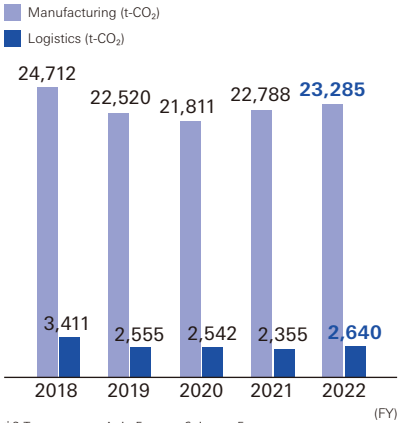
(Millions of yen)



\*1 Cash flows from operating activities + Cash flows from investing activities

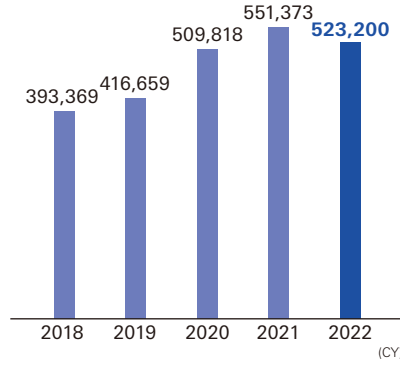
# Non-financial Highlights

## CO<sub>2</sub> emissions\*<sup>2</sup>

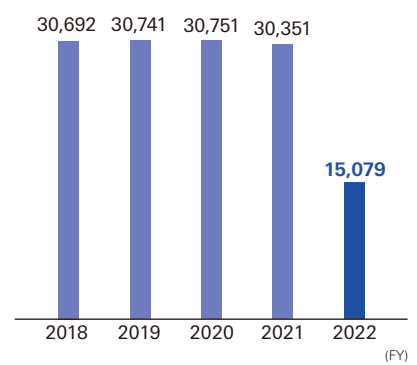


\*<sup>2</sup> Target scope: Anjo Factory, Saitama Factory, three domestic group companies  
Based on Japanese Act on Rationalizing Energy Use

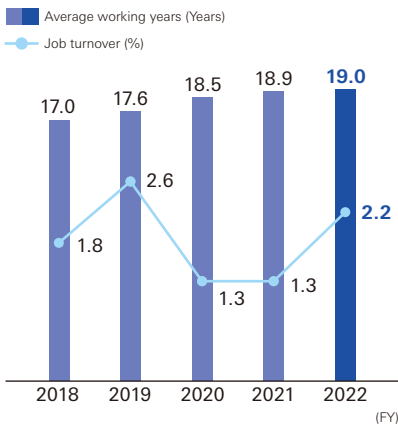
## Number of tape cores collected



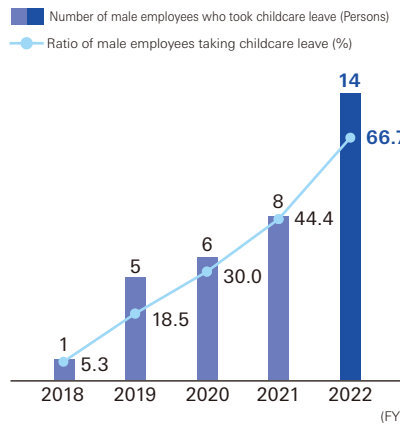
## Number of mangrove trees planted



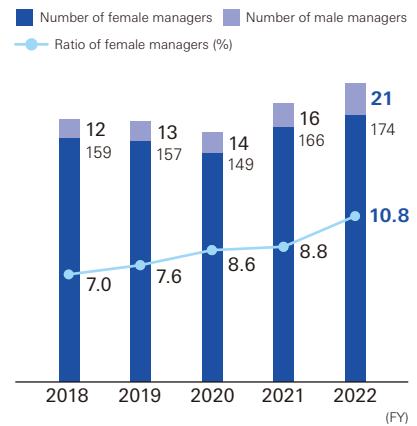
## Average working years/ Job turnover (Non-consolidated)



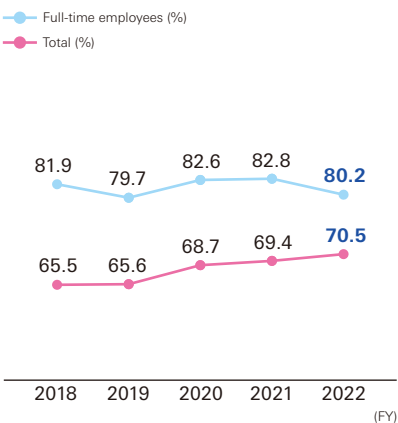
## Ratio of male employees taking childcare leave (Non-consolidated)



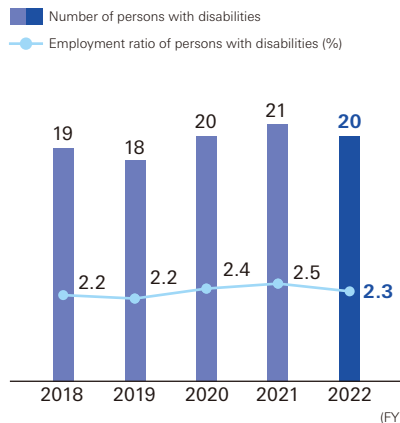
## Ratio of female managers (Non-consolidated)



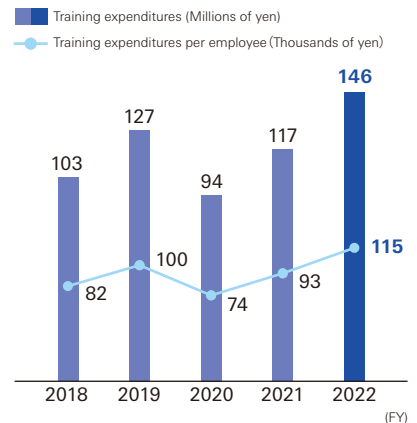
## Gender pay gap (Non-consolidated)\*<sup>3</sup>



## Employment of persons with disabilities (Non-consolidated)



## Total training expenditures/Training expenditures per employee (Consolidated)

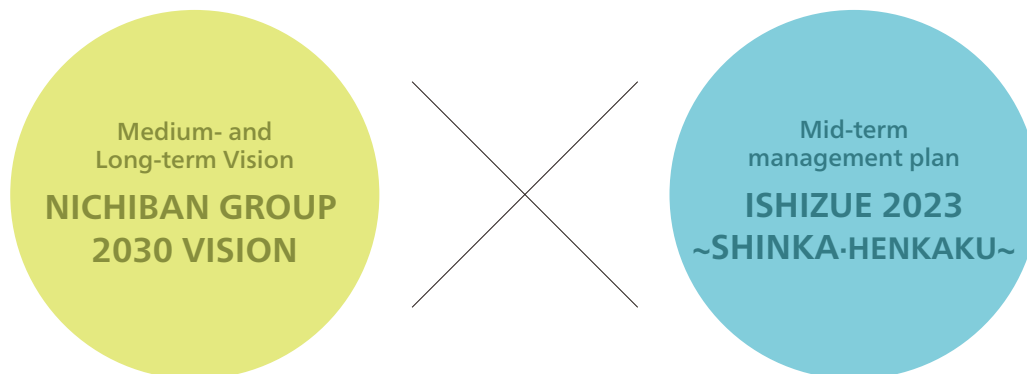


\*<sup>3</sup> Ratio of female average salary to male average salary (annual salary) as 100

# Medium-term Management Plan

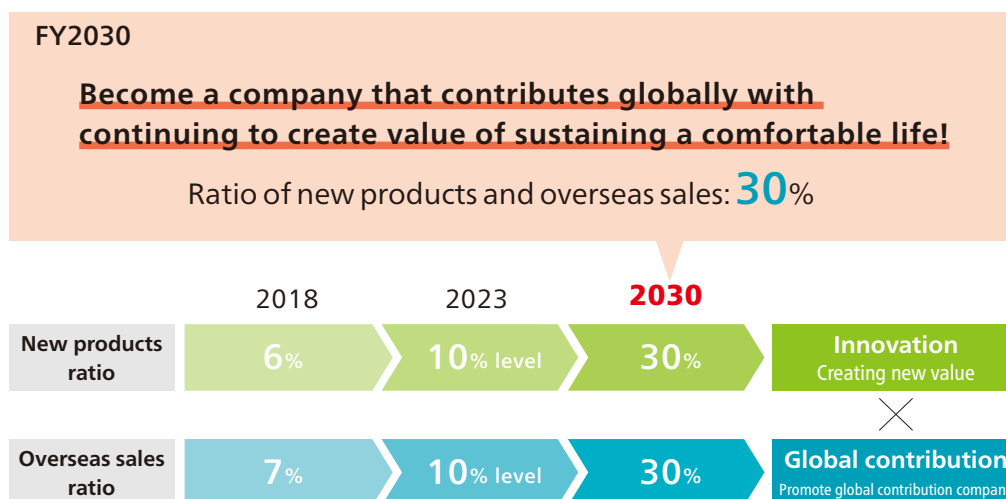
In 2018, the Nichiban Group celebrated its 100th anniversary and now aims for the next step in its growth. We have formulated the medium- and long-term vision called the "NICHIBAN GROUP 2030 VISION" with the aim of realizing our vision of being a company based on solid corporate quality.

As a cornerstone of realizing that medium- to long-term vision, we have established a new medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~" terms that define what we will work on, "evolution, deepening" and "reform."

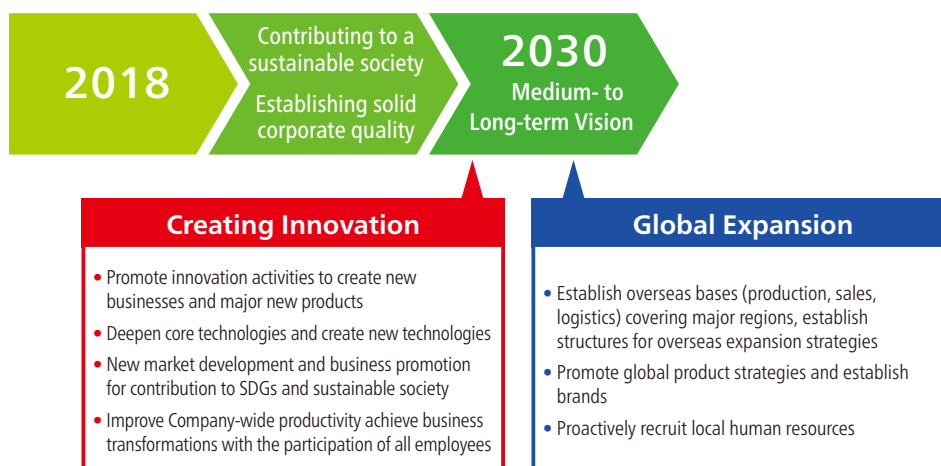


## Medium- and Long-term Vision "NICHIBAN GROUP 2030 VISION"

■ With the Aim of Realizing our Vision of Being a Company Based on Solid Corporate Quality



## ■ Major Strategy



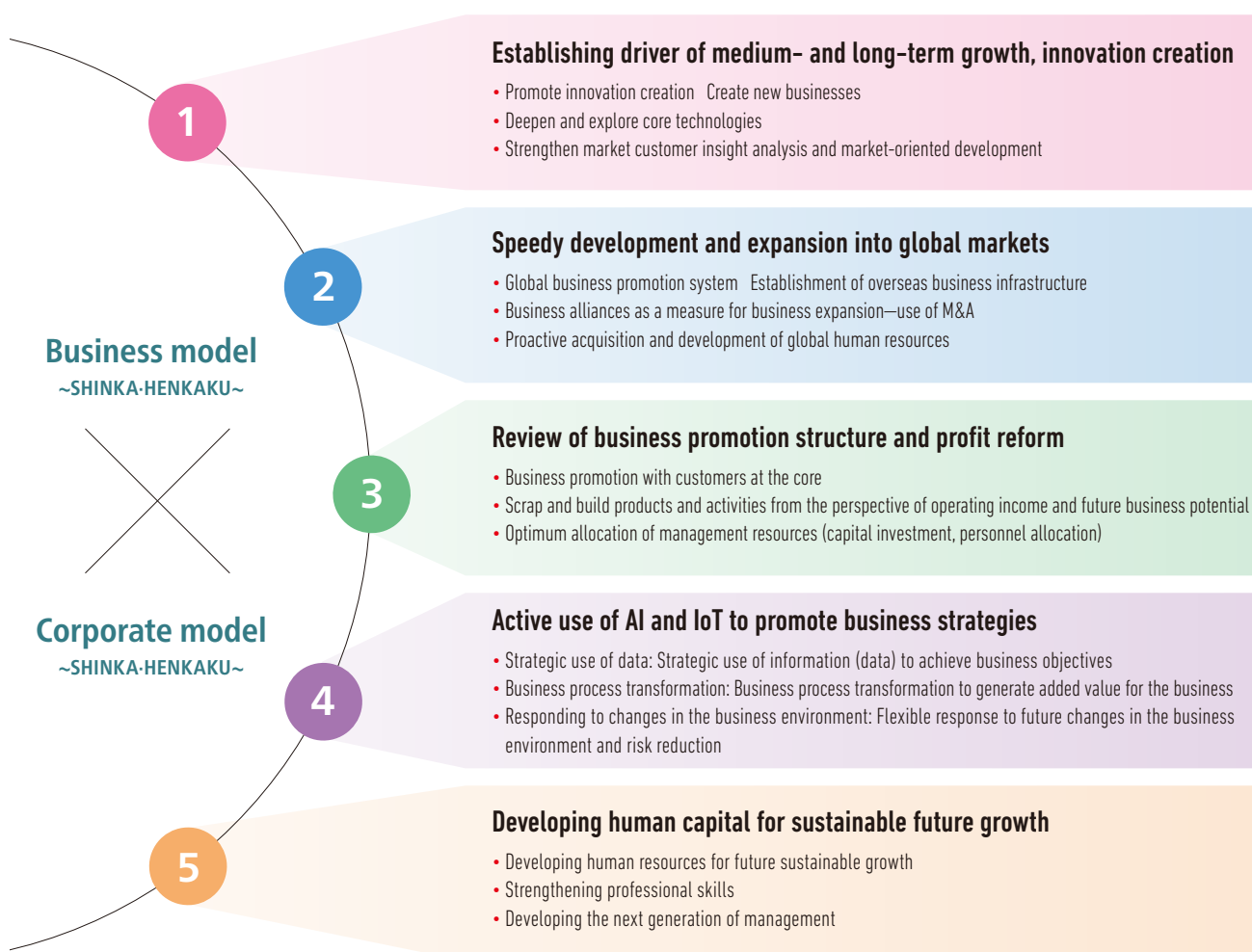


# Medium-term Management Plan “ISHIZUE 2023~SHINKA·HENKAKU~”



<For achievement of Medium- and Long-term Vision>  
**Five year plan of “Evolution and Deepening” and “Reform”**  
 to be the **base of realizing**, NICHIBAN GROUP 2030 VISION

## Basic Strategy: Our Priority Points



# Message from the Financial Officer



We will continue to invest while maintaining financial discipline, as we consider expansion of new business and overseas business, the key themes of the medium-term management plan, to be our future growth drivers.

Hironori Sakai  
Executive Director

## Please review the consolidated results for the fiscal year ended March 2023.

For the fiscal year ended March 2023, we posted higher revenues but a decline in operating income, with net sales of ¥45,560 million (up 5.6% year on year), operating income of ¥1,609 million (down 34.3%), ordinary income of ¥1,748 million (down 31.8%), and net income attributable to owners of parent of ¥2,731 million (up 31.0%). Sales of such mainstay products as CARELEAVES™ and the ROIHI series grew steadily thanks to strengthening capabilities of our EC business and a recovery in inbound demand. In addition, our overseas business grew in both Asia and Europe thanks in part to a weaker yen, and the ratio of overseas sales reached 10.1% (8.1% in the previous fiscal year).

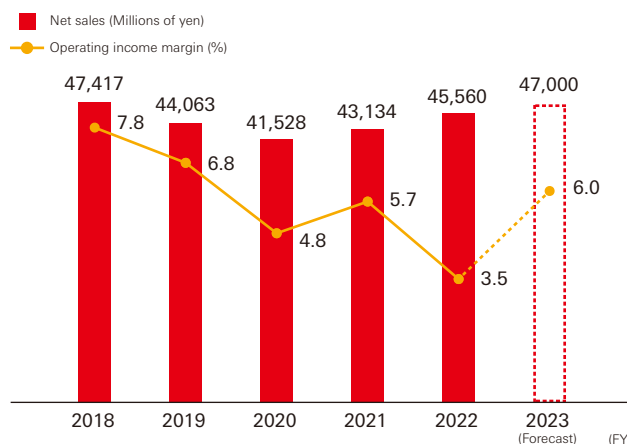
In terms of profit, however, the main drivers of the significant drop in operating income were the sharp rises in raw material and energy prices as well as higher foreign currency-denominated procurement costs caused by the yen's depreciation. These led to a substantial deterioration in the cost of goods sold ratio. These factors had a particularly big impact on industrial and stationery tape products in general, while the effects of our price revisions are still in the emerging stages. Net income rose markedly due to booking a gain on the sale of land previously occupied by the former Osaka Factory in Japan, as initially planned.

## Please look back on Nichiban's earnings and financial position to date.

Four years have elapsed since the start of the current medium-term management plan (five-year) in the fiscal year ended March 2020. Both sales and profits are expected to fall short of the initial plan due to weak earnings caused by the COVID-19 pandemic and higher costs, which we had not anticipated at the time the plan was formulated. The ROIHI series, which is a key earnings driver and popular in South Korea and other countries, was particularly affected by the contraction in inbound

demand. The industrial and stationery tape business also faced a challenging situation due to the timing of investments for renewal of aging facilities and environmental measures (e.g., desolventization), compounded by soaring raw material and energy prices and the impact of production volume adjustments due to shortages of semiconductors. As such, the downturn in earnings is largely attributable to external factors. That said, we have been unable to change our profit structure at the level of innovation, which is still dependent on our existing mainstay products. We recognize that transforming our business portfolio remains an issue for the future. On a brighter note, the overseas business, which is positioned as a growth engine for the medium to long term, has been growing steadily as its bases in Thailand and Germany are on track. In financial terms, in line with our initial plan, we have proactively invested in growth and made environmental investments in anticipation of the future, as well as in maintaining our production capacity and replacing our enterprise systems. Although total assets are on an increasing trend, due in part to the need to secure inventory as a contingency for supply chain disruptions, cash flows from investing

### Net sales and operating income margin



activities are within the scope of cash flows from operating activities, and our equity ratio is stable at around 60%. We view our strong financial base and high level of liquidity on hand as a driving force for sustainable growth. However, ROE, which is a measure of capital efficiency, has remained weak due to slow growth in net income, and we have not achieved our target of 10%.

### Please share Nichiban Group's financial policy and your views on financial risks.

We will continue to invest in growth areas such as medical products, digital transformation (DX) investment to improve productivity and utilize data, and environmental investment to reduce the use of solvents, as well as to achieve the strategies of "Creating Innovation" and "Global Expansion" as stated in our medium- to long-term vision. In particular, we are considering capital and business alliances, including M&A with local partners to expand our overseas business, as we will need not only sales but also production and distribution bases.

Let me add that, our financial policy, which has held up under various challenges since our founding, is based on maintaining a solid financial foundation, and we intend to invest while adhering to a set level of financial discipline, such as ensuring an appropriate equity ratio and liquidity. We also focus on capital efficiency. In addition to continuing to enhance shareholder returns, we aim to improve ROE through profit growth based on sales growth and improvement of operating margin ratio as KPIs. Therefore, while price revisions to cope with rising raw materials costs and the growth of high-margin medical products will support the improvement in profitability for the near term, we believe new businesses and expansion of overseas businesses will be important earnings drivers in the medium to long term.

As for financial risks, the downside risk to Nichiban's earnings is relatively limited due to the fact that our products are mainly necessities for daily life. Nonetheless, as with other manufacturers, we need to monitor the impact of sharp cost hikes and exchange rate fluctuations, as well as concerns about obstacles to debt collection and procurement

of materials due to economic recession and supply chain disruptions. Looking ahead, we may have to pay attention to the risk of impairment losses on goodwill associated with M&A and on expanded production facilities and other assets. Our aim is to maintain financial soundness while making appropriate investment decisions and practicing prudent risk management.

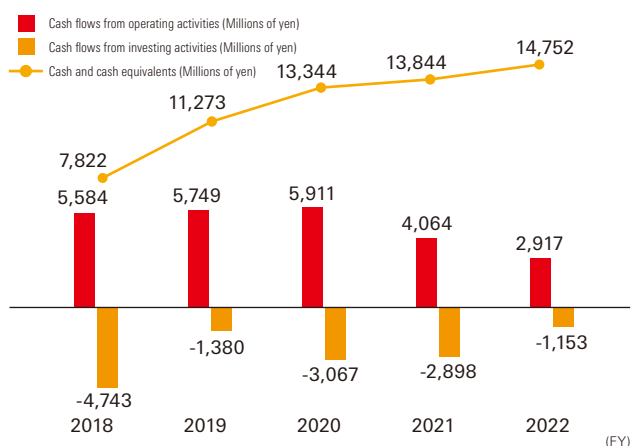
### What are the consolidated forecasts and underlying assumptions for the fiscal year ending March 2024?

We are forecasting an increase in both sales and operating income for the fiscal year ending March 2024, with net sales of ¥47,000 million (up 3.2% year on year), operating income of ¥2,800 million (up 74.0%), ordinary income of ¥2,900 million (up 65.9%), and net income attributable to owners of parent of ¥2,100 million (down 11.4%). We expect sales growth to be driven by continued expansion in the healthcare products business due to increased inbound demand, an ongoing shift to EC business, a recovery in the industrial products sector, and expansion of overseas business. On the profit front, although raw material prices are expected to remain high, we are projecting an upturn in operating income by as the sales price revisions from the previous fiscal year gain further traction.

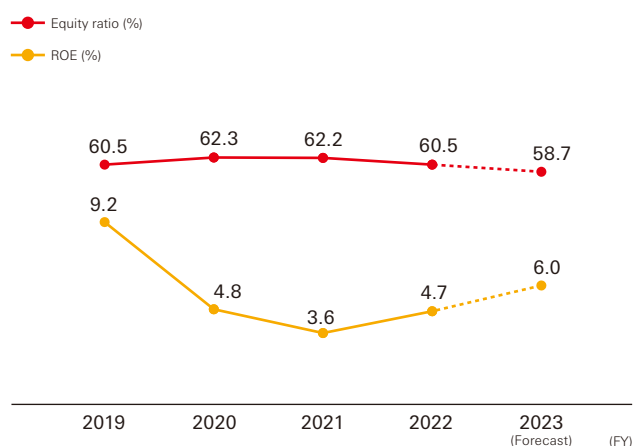
### Please explain Nichiban's thinking with regard to shareholder returns.

Nichiban's policy is to continue to pay dividends linked to business performance, with a target payout ratio of about 25% (consolidated), based on the premise of delivering stable dividend payments. Despite the impact of an unexpectedly high cost of sales, we paid an annual dividend of ¥35 per share (payout ratio of 30.5%) for the fiscal year ended March 2023, as initially planned. For the fiscal year ending March 2024, we plan to pay an annual dividend of ¥35 per share (payout ratio of 34.5%), the same as the previous fiscal year.

#### Cash flows from operating and investing activities and cash and cash equivalents



#### Equity ratio and ROE



# Research and Development

Sticking to your needs

Building on the Nichiban Group's strength in adhesive technology, we will contribute to a sustainable society and comfortable lifestyles through the development of technologies and products that help solve environmental and social issues.



**Kazuhisa Okai**  
Senior Operating Officer  
General Manager of Research and Development Division

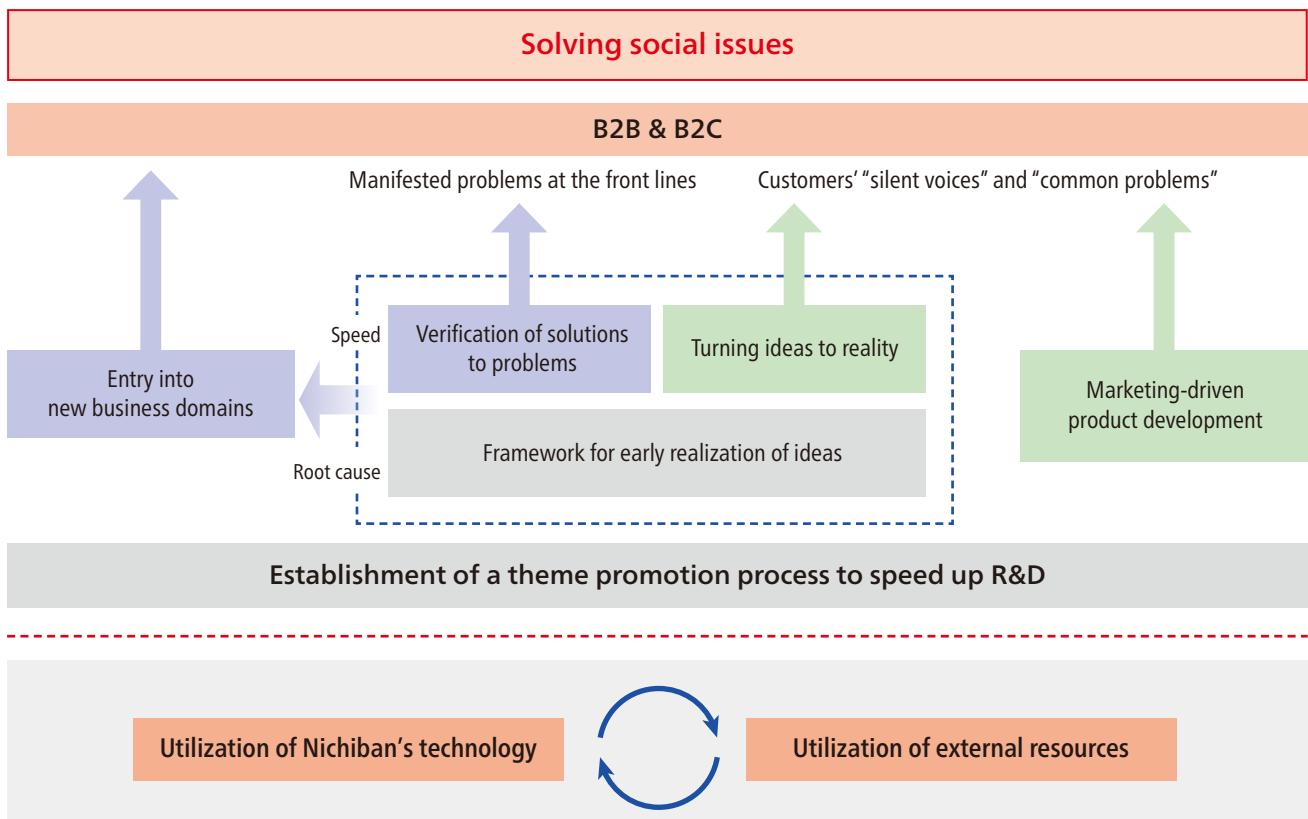
## R&D Policy

The Nichiban Group's core adhesive technology is required to perform various functions depending on the application and purpose, such as appropriate adhesive strength, weather resistance, ease of application and removal, moisture permeability, and low-irritant properties. Nichiban's products are manufactured by combining technologies it has cultivated over many years, including optimal adhesive design,

selection and fine-tuning of base materials such as films, coating technologies, and peeling agents and other material technologies.

To contribute to people's comfortable living on an ongoing basis, Nichiban will continue to develop and provide high-performance, high-value-added products and take on challenges in new domains.

### R&D Flow to Speed Up Processes



## Product Development that Contributes to Solving Environmental and Social Issues

### ■ Formulation of Development Standards that Contribute to Solving Environmental and Social Issues

The Nichiban Group incorporates points of view that contribute to solving environmental and social issues from the R&D phases. Being mindful of contributions to the SDGs in the R&D flow leads to the creation of products with low environmental impact over their entire life cycle since the environmental impact of a product is determined by its design. Furthermore, we believe discovering new product ideas in the quest for solutions to environmental and social issues will contribute to the creation of a sustainable society. Although these initiatives are unlikely to yield immediate results, they help us fulfill our responsibility as a manufacturer and marketer of products to realize our vision for the future. They are also to enable our future customers to choose sustainable products.

### ■ Promoting Eco-conscious Development Themes and New Product Development

The Nichiban Group searches for development themes in the pursuit not only of marketability but also of contribution to environmental and social issues. We also evaluate the environmental impact of products it has developed over their entire life cycle, while managing raw materials by visualizing data on chemical substance content in raw materials and consideration for depleting resources.

Furthermore, to achieve Nichiban's target for reducing CO<sub>2</sub> emissions by fiscal 2030, the development organization has participated in the Sustainability Committee since fiscal 2022. We have also launched an initiative to develop new products based on eco-friendly manufacturing methods with the research and production departments working in unison. The internal Standardization Committee strives for sustainable product development by scrutinizing the R&D flow with an SDGs lens in all processes from idea discovery, planning, product design, process design, production, sales, and disposal.

## Creating Innovation

### ■ Collaboration with Start-ups

We have set "creating innovation" as a focal theme of our medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~". We participated in collaboration programs with start-ups in Japan and abroad to explore "N-to-N" collaboration opportunities (rather than traditional one-to-one relationships) with start-ups and major corporate partners as well as to foster and nurture a culture of innovation within the Nichiban Group.

We aim to create new businesses through partnerships and collaborations with start-ups that possess cutting-edge technologies and innovative business models that lead to the creation of new value.

### ■ Group Internal Proposal System

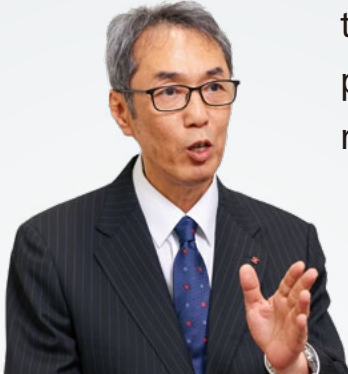
The Nichiban Group's internal proposal system was re-launched as "NBrain" in November 2020 adding significant upgrades aimed at developing a customer perspective and improving employee engagement. NBrain consists of "product proposals," in which proposals are made from the workflow system, and an "idea farm," a forum for exchanging opinions using the in-house social media. Although no new NBrain products have been developed yet, the system not only raises the awareness of the importance of development among all employees, but also contributes to the exchange of knowledge and wisdom through the dynamic exchange of opinions.

## Intellectual Capital Initiatives

The Nichiban Group utilizes technologies cultivated through its R&D to create a variety of "people-friendly" and "eco-friendly" adhesive products. Intellectual property is becoming increasingly vital as we move forward with the creation of new value. We are building a structure to support R&D based on the creation of innovations in collaboration with other companies. In addition, we promote the acquisition and maintenance of

intellectual property rights. This is done to protect its products and technologies and secure profits and is positioned as a key factor in supporting its sustainable growth toward a strong company. We will also continue to educate our employees on intellectual property and acquire intellectual property in accordance with our overseas expansion.

# Domestic Business



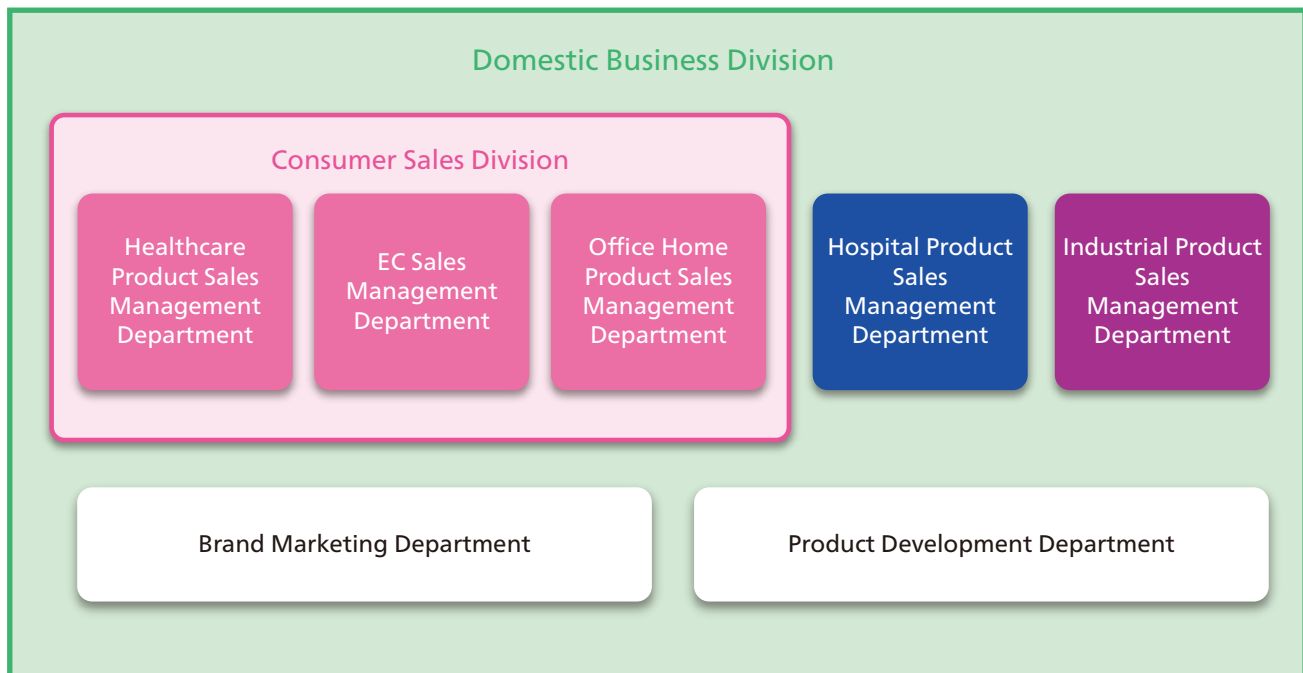
We will create innovations through the roll-out of “development collaboration linked businesses,” and through the growth of human resources and organizations based on practical application, realization, sharing, and empathy, we will realize social contribution, which is the true added value.

**Hideaki Hara**  
 Director, Managing Officer  
 General Manager of Domestic Business Division

Even though it dramatically changed the economic and social climate, we view the COVID-19 pandemic as a phase in which the entire Nichiban Group was able to share a sense of mission to contribute to society. We were able to share anew the awareness that the Nichiban Group has been operating businesses that contribute to society and realize the growth of our human resources and organization. Some examples of how we were able to accomplish this were activities to promote the environmental appeal of our products through cellulose tape, the pursuit of hygienic and safe healthcare through our medical

products, and working to ensure a stable supply of products. In fiscal 2023, we consider the cellophane business (cellulose tape), plaster business (CARELEAVES™), and pain relief anti-inflammatory patch business (ROIHI-TSUBOKO™) as priority brand businesses, and will achieve true added value and social contribution by expanding on “development collaboration linked businesses” backed by digital marketing analysis, technological innovation, and evidence.

■ Organizational Structure of the Domestic Business Division



The Domestic Business Division is responsible for product sales and oversight in the Japanese market. Reporting to the division are the Consumer Sales Division (Healthcare Product Sales Management Department, EC Sales Management Department, Office Home Product Sales Management Department) handling B2C businesses and the

Hospital Product Sales Management Department and Industrial Product Sales Management Department handling B2B businesses. The Brand Marketing Department undertakes product brand strategy, and the Product Development Department is responsible for product development based on customer needs.

## Consumer



We will continue contributing to comfortable and convenient lifestyles by creating new value and providing safe and reliable products through the strengthening of business activities and speedy implementation of strategies based on a customer focus.

**Satoshi Fujikawa**  
Senior Operating Officer  
General Manager of Consumer Sales Division

The Consumer Sales Division is based on three fields: the Healthcare Product field, which covers medical products under brands such as CARELEAVES™, ROIHI-TSUBOKO™, and battlewin™; the Office Home Product field, which covers tape products under brands such as cellulose tape, NICETACK™, and Waza-Ari™ Tape; and the EC field, which covers both products through e-commerce and catalog sales. Through these fields, we are working every day to contribute to the comfortable and convenient lives of our customers.

Although the pandemic created rigorous market conditions in fiscal 2022, sales were 106% of the previous year's level, with growth driven by promoting new initiatives and taking on new challenges, particularly in brand strategy and response to digital transformation (DX).

Fiscal 2023 has been called a year of further changes in society as the start of the “the new normal” era after the pandemic. It is also expected to be a year in which people will be as active as before, with various events and functions resuming while inbound tourism revives with an increase in the number of overseas visitors.

To address this major social change, the Consumer Sales Division will take on the challenge of new activities by utilizing digital marketing with a focus on brand strategy. Through these three fields, we will continue our initiatives to make Nichiban products available to as many customers as we can.



Cellulose tape



CARELEAVES™



CARELEAVES™ Hydrocolloid



ROIHI-TSUBOKO™



NICETACK™



Dear Kitchen™  
WAZA-ARI™ Tape



battlewin™  
Taping Tape



SKINERGATE™

# Domestic Business

## Consumer

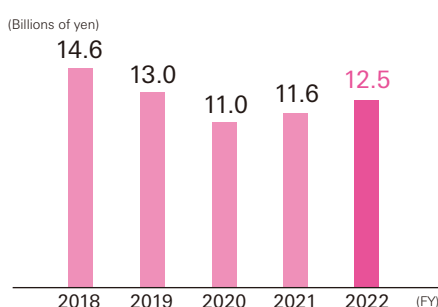
### Healthcare Product

For the OTC drug market, Healthcare Product field offers the high-performance, first-aid adhesive bandage brand CARELEAVES™ and the ROIHI-TSUBOKO™ series of pain relief anti-inflammatory patch as well as surgical tapes, dressings, and other hygienic materials.

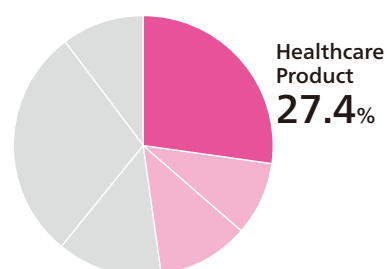
For sports scenes, Nichiban offers a wide variety of taping products suited to various situations from diverse perspectives in its battlewin™ series of sports tapes. We deliver safe and reliable quality to our customers through the sale of these high value-added products with strong brand recognition.



#### Business field sales trends



#### Business field sales composition ratio



#### Fiscal 2022 Results and Fiscal 2023 Plan

In fiscal 2022, we achieved our annual sales target, partly due to the development of promotions to celebrate the 25th anniversary since the launch of CARELEAVES™ and increased inbound demand for ROIHI-TSUBOKO™, due to the rise in the number of foreign visitors to Japan.

In fiscal 2023, centering on our three flagship brands of CARELEAVES™, ROIHI-TSUBOKO™, and battlewin™, we will evolve and transform our Healthcare Product field and achieve sustained growth through bolstering our customer-driven business activities, speedy execution of strategies, and by taking on the challenges of growth fields.

#### Strengths of the Business

Nichiban's Healthcare Product field is rooted on the quality of products that fit even the user's feelings. In the development, manufacturing, and sales of our products, we pay close attention to the materials and the fit of the products, and our desire to deliver even an intrinsic thoughtfulness is reflected in our products.

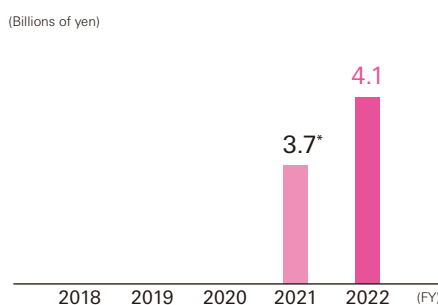
## EC

The EC field's main business is mail-order and online sales, and we offer a wide range of products for all tape and medical products. In the mail-order business, as the shift from print to online sales continues, we are focusing on expanding items on our website and improving product pages.

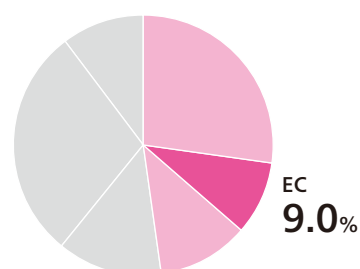
In our Internet business, we continue to support comfortable lifestyles by creating shopping experiences where customers can purchase products anytime, anywhere, and by enhancing the optimal buying places for easy purchase and delivery of our products to more customers.



#### Business field sales trends



#### Business field sales composition ratio



\* To aggressively expand EC sales, including cross-border EC, we spun off the EC Special Sales Department, which was under the Office Home Sales Management Department (formerly the Tape Business Division), and established the EC Sales Management Department in April 2021.



### Fiscal 2022 Results and Fiscal 2023 Plan

In fiscal 2022, expectations for online shopping, which involves less human contact, remained high as the pandemic continued and demand for office products remained sluggish.

Sales increased over the previous year due to strengthened online marketing for this purchasing behavior and improvements to the shopping pages to make it easier for customers to choose and understand.

In fiscal 2023, we will continue to pursue digital promotions to further expand sales, and in particular, we will speedily implement initiatives to increase medical product sales.

### Strengths of the Business

The EC field's strength lies in understanding market trends by taking advantage of handling all Nichiban products. Additionally, we create optimal buying opportunities by incorporating information centered on customer feedback as it is required.

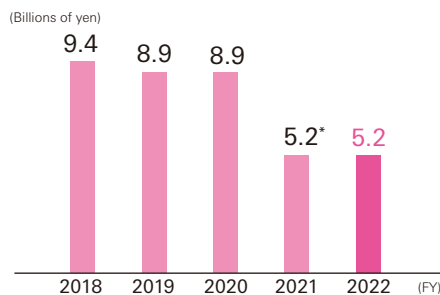
## Office Home Product

Operating in the stationery and office supplies market, the Office Home field has products, such as cellulose tape and NICETACK™ double-sided adhesive tape, that have long been customer staples in offices and homes. While office demand is sluggish due to continued remote working in the pandemic, Nichiban is striving to increase awareness of the Dear Kitchen™ brand, a home-use product.

We have also begun to address environmental and SDG-related issues through cellulose tape. We will continue to contribute to society through our eco-friendly products.

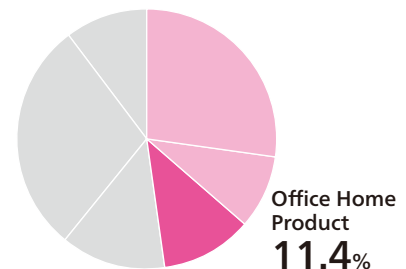


### Business field sales trends



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### Business field sales composition ratio



### Fiscal 2022 Results and Fiscal 2023 Plan

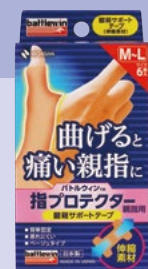
Sales in the stationery and office supplies market in fiscal 2022 declined from the previous year owing to the significant impact of slow demand. Although we implemented price revisions for stationery products including cellulose tape, the business was also affected by soaring raw material prices. From fiscal 2023 onward, we will promote digital marketing and encourage product usage scenarios while speedily developing products for the household sundries route.

### Strengths of the Business

Centering on those for cellulose tape, which has been a customer favorite, the Office and Home field features a myriad of distribution channels, including major supermarkets and DIY centers, convenience stores, and stationery specialty stores.

## Fiscal 2022 *Topics:* Consumer

A version for thumbs was launched in fiscal 2022 as a new series of battlewin™ Finger Protector. As a sports tape that can be easily and quickly applied and firmly fixed, this product is very useful not only in sports but also in daily life.



# Domestic Business

## Hospital Product

The Hospital Product field is working to achieve a sustainable society through medical care. We contribute to the improvement of patients' quality of life through prevention of infection with our hemostatic bandages and dressings used when administering vaccinations, and through our surgical tapes and post-operative total care series that are gentle on the skin and feature low-irritation. In the medical field, we will continue to pursue reliable quality in consideration of medical safety and work efficiency to contribute to the establishment of a sustainable medical system.

In the home healthcare field, we will contribute to the development of community healthcare by providing products that help prevent bedsores and provide care for pressure ulcers. We will continue to work on value-added product proposals and product development that are empathized with and are appreciated by patients and medical professionals.

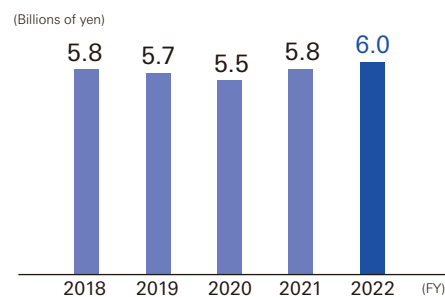


### Strengths of the Business

The Hospital Product field offers a wide range of products for hemostasis with low irritation and superior workability. We provide them to blood sample collection rooms and blood centers in hospitals for use in covering protection after removal of injection needles.

The post-operative total care series is gaining recognition in the obstetrics and gynecology field and will be expanded to the surgical field to contribute to improving patient quality of life. The low-irritation adhesive technology will also be utilized in the home healthcare market in the future.

### Business field sales trends

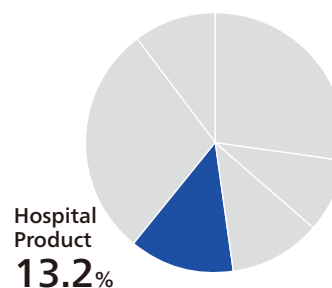


### Fiscal 2022 Results and Fiscal 2023 Plan

In fiscal 2022, sales of Cesablic™, a series of hemostatic products, fell year on year due to a decrease in the number of vaccinations versus the previous year. On the other hand, sales of the post-operative total care series Ascablic™ and the dressing material CATHEREEPLUS™ both increased year on year due to expanding brand recognition, resulting in higher sales for the field as a whole.

In fiscal 2023, we will continue to address important sustainability issues in hospital fields. We aim to be a company that continues to contribute to healthcare by consistently providing new value toward solving issues such as the declining birthrate and aging population and workstyle reform in the medical industry.

### Business field sales composition ratio



### Fiscal 2022 *Topics:* Hospital Product

In January 2023, we launched CATHEREEPLUS™ ECHO. This product is the only film dressing material in Japan that can be used for ultrasound-guided puncture.

The adoption of ultrasound when administering intravenous needles not only reduces failed punctures and patient discomfort, but also increases the success rate of puncture, which in turn eases the psychological burden on the medical professional.

CATHEREEPLUS™ ECHO, which enables a series of clean operations through the use of ultrasound, is a highly valuable product that makes a total contribution to improving the quality of life of patients, infection prevention measures, and the work efficiency of medical professionals.



## Industrial Product

The Industrial Product field proposes and provides a wide array of original products by utilizing the adhesive technology we have cultivated to date. This began with various types of adhesive tape for packaging, where the full potential of adhesive tape is expressed. In the food packaging field in particular, Nichiban was among the first to propose and provide vegetable binding tape, in addition to cellulose tape, thereby helping to improve the efficiency of the distribution site.

Furthermore, our masking tapes for painting used in the manufacturing of industrial products have contributed to the stabilization of quality at those various work sites. In addition to packaging and coating applications, where adhesive tapes have traditionally been in high demand, Nichiban has been and will continue to work with users to create, propose, and provide products that demonstrate the superior adhesive functions and that can be used “safely” and “conveniently” by users.



### Strengths of the Business

In the Industrial Product field, cellulose tape, which is made primarily from natural materials, has been popular with companies as a product that can be used for customized printing with eco-friendly messages and the company names due to its unique features. Also, masking tapes used for painting during assembling or repairing vehicles have long been used by many auto companies and repair companies.

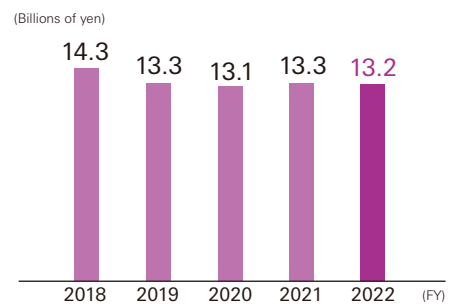
### Fiscal 2022 Results and Fiscal 2023 Plan

Price revisions were a major issue for the Industrial Product field in fiscal 2022. Although three price revisions were implemented in fiscal 2022, triggered by soaring raw material prices and supply concerns, they were implemented as planned, thanks to the understanding of many of our customers.

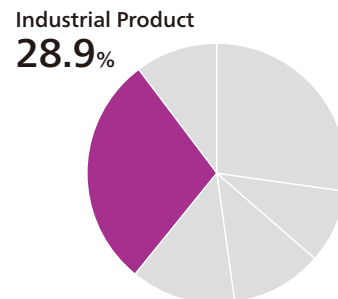
As a result, sales in the Industrial Product field in fiscal 2022 were 98% of the previous year’s level, despite the significant impact from discontinuation of some heat-resistant masking tapes.

After the price revisions in fiscal 2022, the Industrial Product field in fiscal 2023 will concentrate on building a new business foundation by focusing on new product cultivation and creation.

### Business field sales trends



### Business field sales composition ratio



### Fiscal 2022 *Topics:* Industrial Product

In the Industrial Product field, we have been promoting “Cellulose Tape Small Action for the Future” since fiscal 2020, mainly among domestic distributors. This program aims to reduce CO<sub>2</sub> emissions during incineration of cellulose tape, which is made mainly from natural raw materials. We are pleased to note that as of March 31, 2023, 117 companies and organizations had expressed their support for this program.



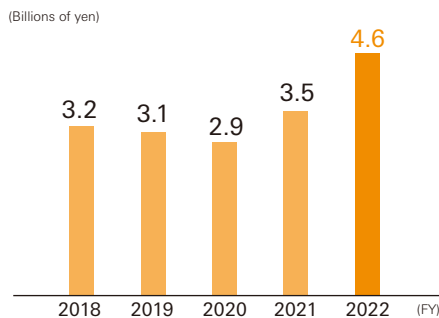
# Overseas Business

To achieve our medium- and long-term vision “NICHIBAN GROUP 2030 VISION”, we will deliver NICHIBAN quality to all people worldwide while considering local needs.

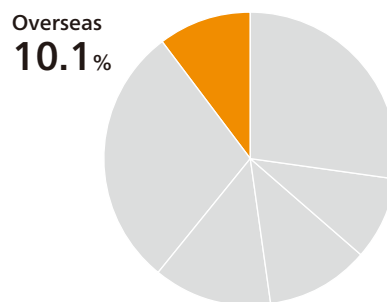


Satoru Ito  
Managing Officer  
Overseas Business Division

### Business field sales trends



### Business field sales composition ratio



### Market Environment, Opportunities and Risks

Overseas markets have been hit by affected by ongoing global inflation, semiconductor shortages, and the zero-COVID policy in China. Despite this, the markets continue to recover from the global demand slump caused by the COVID-19 pandemic due to the transition to a “with-

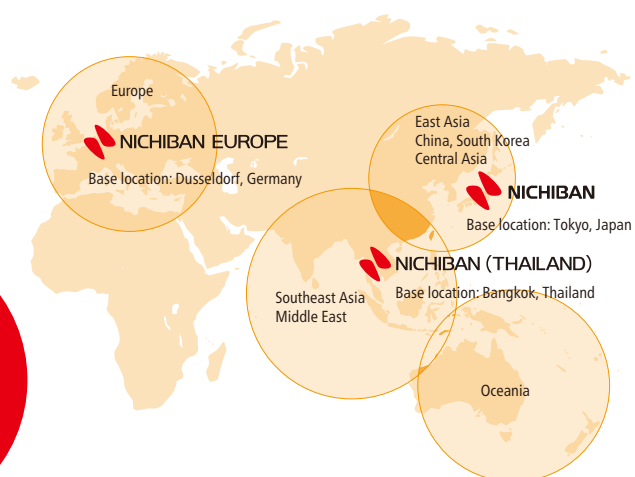
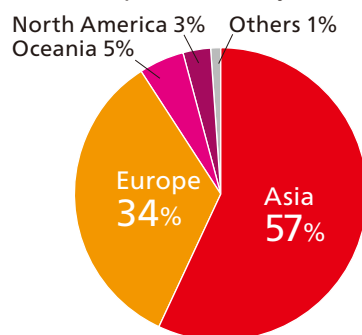
COVID” era. Further growth will be achieved mainly through high-value-added products such as CARELEAVES™, a high-performance first-aid adhesive bandage, Cesablic™, a hemostatic series, and Washi Masking Tape made from traditional Japanese paper for painting.

### Fiscal 2022 Results and Fiscal 2023 Plan

In fiscal 2022, the transition to a “with-COVID” era led to a significant recovery in event demand in Europe, and CARELEAVES™ sales for South Korea were robust. Additionally, we implemented price revisions for tape products, which sparked a temporary upturn in demand prior to the revision.

In addition to these factors, yen depreciation had a positive impact, resulting in net sales of ¥4.6 billion, up 32% from the previous fiscal year. In fiscal 2023, we will continue to build a structure for sustainable growth and develop sales activities suited to the new normal in society by capturing local needs.

### Sales composition ratio by area



## Priority Measures

### (1) Initiatives aimed at sustainable growth

The Overseas Business Division will expand its four priority products (CARELEAVES™, Cesablic™, Washi Masking Tape, and Panfix™ cellulose tape) and focus on three products for expansion (CATHEREEPLUS™, Ascablic™, and ROIHI-TSUBOKO™) to develop high-quality products that are tailored to local needs.

In the division's sales structure, Nichiban Co. Ltd.'s headquarters Overseas Sales Department, NICHIBAN (THAILAND) CO., LTD., and NICHIBAN EUROPE GmbH will conduct sales activities closely tied to their local markets.



Conference for medical materials sales agents in China

### (2) Contribution to the environment and society through overseas business

The Overseas Business Division will contribute to a sustainable society by working to achieve the SDGs through sales of Panfix™ cellulose tape (cellophane adhesive tape for overseas markets) made of natural raw materials, building on the Chain of Custody (CoC) certification of the Forest Stewardship Council (FSC®) acquired last year. We will also promote sales of medical products by strengthening compliance with pharmaceutical regulations in various countries.



Medical material trade show in Thailand

### (3) Sales activities suitable for society's new normal

The Overseas Business Division will effectively execute real and online business negotiations by transitioning to the "with-COVID" era to deepen ties with local customers (users and sales agents). We will establish a cycle of sales channel expansion, new route acquisition, gathering local needs, and exploring new market by implementing a combination of evidence-based awareness activities and push-pull-type sales.



MEDICA World Trade Fair for Medical Devices in Germany

## Speedy Development and Expansion of Global Markets

### Strengthening collaborative activities with partners and creating buying opportunities

To achieve growth in key overseas regions, we are vigorously promoting activities in collaboration with our strategic partners.

In South Korea and Taiwan, CARELEAVES™ continues to grow significantly as we work with local distributors to expand sales channels and aggressively promote the product to users. In addition, we plan to introduce Washi Masking Tape in China, a massive market, to address local needs.



Event to celebrate NICHIBAN (THAILAND)'s fifth anniversary

Celebrating its fifth anniversary, NICHIBAN (THAILAND) is strengthening its initiatives in the Indonesian market and launching an EC shop as a new marketplace in Thailand, which is yielding positive results.

NICHIBAN EUROPE in Germany, now in its second year of operation, also actively engaged in collaborative activities with partners in Germany and the Netherlands, and achieved significant growth in both tape and medical products.

### Toward further growth

Human resources support our growth. Based on our corporate philosophy, we will focus on creating a better organization so that our members at the three bases can maximize their potential.

We will also actively consider business alliances and M&A to expand our sales, production, and distribution bases to achieve sustainable and substantial growth.

# Nichiban Group Sustainability

## Basic Concept

The Nichiban Group Philosophy is, "Nichiban respects people's cooperative relationships and strives to foster prosperity and happiness for all stakeholders of Nichiban Group." Underlying this philosophy is the concept of first creating an environment in which employees can feel

happy, and then connecting that happiness to all stakeholders. Sustainability in the Nichiban Group is built on the realization of a philosophy that has been passed down continuously since its founding.

## Promotion Structure

To live up to the expectations of its stakeholders and the requirements of society, the Nichiban Group has established a Sustainability Committee, chaired by the Director in charge of CSR, to review and deliberate on basic policies, material issues, risks, and opportunities related to sustainability. Agenda items covered by the Sustainability Committee are reported to the Board of Directors once per year, while the Board of Directors provides oversight and direction. Business continuity risks attributable to climate change that have been identified by the Sustainability Committee are reviewed at the BCP Committee for specific countermeasures.

### Significant Matters Considered by the Sustainability Committee

- Management of carbon dioxide (CO<sub>2</sub>) emission reduction targets and initiatives
- Disclosure of information based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Roll-out of health and productivity management policy
- Roll-out of human rights and purchasing policies
- Development of a sustainable R&D flow

## Management

From fiscal 2022, Nichiban has newly formulated a Human Rights Policy, a Health and Productivity Management Policy, and a Purchasing Policy which are related to sustainability and the SDGs.

These include various measures targeted not only at society but also at the attainment of the health and happiness of Nichiban Group employees.

### WEB

Click here for more information on policies of sustainability initiatives  
<https://www.nichiban.com/corp/sustainability/sustainability/#anc1>  
 Nichiban Group Ethics, Nichiban Group Human Rights Policy, Nichiban Group Health and Productivity Management Policy, Nichiban Group Quality Assurance, Nichiban Group Environmental Policy, Nichiban Group Crisis Management Policy, Nichiban Group IT Security Policy, Green Procurement Guidelines

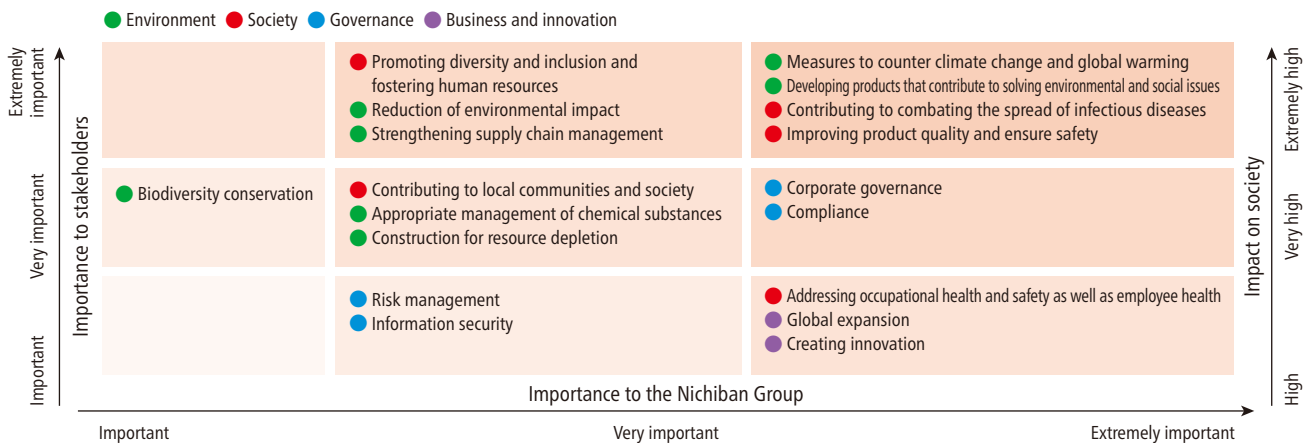
## Target KPIs and Actual Results

Topics	Materiality	Tangible action points
Environment	Developing products that contribute to solving environmental and social issues	<ul style="list-style-type: none"> <li>• Formulation of development criteria for products that contribute to solving environmental and social issues</li> <li>• Promote environmentally friendly development themes and new product development</li> <li>• Contribute to further environmental issues by increasing the proportion of natural materials in products</li> </ul>
	Reduction of environmental impact	<ul style="list-style-type: none"> <li>• Continued operation of ISO 14001 environmental management system and implementation of audits</li> <li>• Reduction of solvent usage through creation of new technologies</li> <li>• Disclosure of environmental information</li> </ul>
	Appropriate management of chemical substances	Promote green procurement of raw materials

## Identification of Materiality

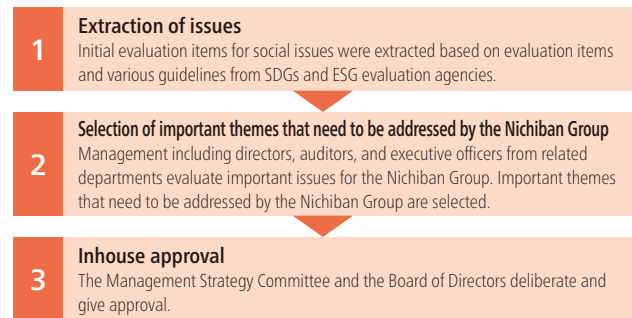
Material issues impacted by the Nichiban Group business activities were reorganized and mapped along with material issues for stakeholders. As a result, we have positioned measures to combat climate change and global warming, development of products that contribute to

solving environmental and social issues, contribution to infection prevention measures, and improvement of product quality and assurance of safety as exceptionally important for both stakeholders and the Nichiban Group.



## Materiality Identification Process

Based on the concept of sustainability, we have identified themes that are particularly critical for management to achieve the “NICHIBAN GROUP 2030 VISION” in three steps. These themes are chosen based on the Nichiban Group value chain, being mindful of their importance in our businesses as well as of the requirements and expectations of society.



### Actual results for fiscal 2022

- Conducted a survey of energy use within internal processes as one of the indicators applicable to product development standards
- Engaged in ongoing ISO 14001 certifications, raised the level of environmental awareness among all employees and internal auditors, and maintained efforts to improve environmental management system.
- Promoted efforts to reduce solvent use
- Actual energy consumed: 5.14 million TJ of calorific value (516 TJ in fiscal 2021)
- Scope 1 and 2 CO<sub>2</sub> emissions: 20,710 tons of CO<sub>2</sub> (22,620 tons of CO<sub>2</sub> in fiscal 2021)
- \* Figures exclude amount equivalent to Green Power Certificates
- Acquired FSC® certification
- Maintained appropriate procurement management based on the Nichiban Group Green Procurement Guidelines
- Continued to appropriately respond to requests for external investigation of chemical substances contained Nichiban products

### Targets for fiscal 2023

- Establish calculation method for product CO<sub>2</sub> emissions
- Promote development themes that address environmental and social issues
- Maintain ISO 14001 certification and improve the level and quality of management
- Eliminate solvent use in current products
- Reduce energy consumption during production
- Publish Nichiban Group Integrated Report 2023 (Japanese and English languages)
- Ongoing promotion of green procurement and response to requests from customers to investigate chemical substances contained in products

### Relevant SDGs



Topics	Materiality	Tangible action points
Environment	Measures to counter climate change and global warming	<ul style="list-style-type: none"> <li>• Reducing CO<sub>2</sub> emissions across the Nichiban Group</li> <li>• Increasing the ratio of green electricity and install solar power generation facilities</li> </ul>
	Consideration for resource depletion	<ul style="list-style-type: none"> <li>• Reduction of waste through effective use of raw materials</li> <li>• Efficient use of water and management of wastewater treatment</li> <li>• Conversion from thermal recycling to recycling</li> </ul>
	Biodiversity conservation	<ul style="list-style-type: none"> <li>• Makishin ECO Project tree-planting activities and Gounogawa “forest drop” conservation activities</li> </ul>
Society	Improving product quality and ensure safety	<ul style="list-style-type: none"> <li>• Continuing operation of ISO 9001 quality management system and implementation of audits</li> <li>• Improving customer satisfaction</li> <li>• Begin introducing new core systems for strategic data utilization and improved internal business productivity</li> <li>• Promoting company-wide improvement activities</li> </ul>
	Addressing occupational health and safety as well as employee health	<p>Promoting health and productivity management</p> <p>[Policy 1] Prevent the occurrence and severity of diseases such as lifestyle-related diseases</p> <p>[Policy 2] Prevent the occurrence of stress-related diseases such as mental health problems</p> <p>[Policy 3] Raise health awareness</p> <p>[Policy 4] Establish an environment to promote health management</p>
	Promoting diversity and inclusion and fostering human resources	<ul style="list-style-type: none"> <li>• Promoting women's activities and employment of people with disabilities</li> <li>• Promoting initiatives to improve engagement and strengthen organizational management</li> <li>• Redeveloping of the medium-term human resources development system and improvement of necessary skills using the technical skills map</li> </ul>
	Strengthening supply chain management	<ul style="list-style-type: none"> <li>• Strengthening engagement with raw material sources and suppliers (human rights and environmental issues)</li> <li>• Enforcement of our purchasing policy</li> </ul>
	Contributing to local communities and society	<ul style="list-style-type: none"> <li>• Communication activities with local communities around our business sites</li> <li>• Educational activities by visiting classes at elementary schools</li> <li>• Support for people with disabilities</li> <li>• Fostering the development of trainers for athletes</li> <li>• Providing support through official suppliers and awareness-raising activities on taping techniques to prevent injuries</li> </ul>
	Contribution to medical care	<ul style="list-style-type: none"> <li>• Contributing to infection prevention through adhesive plasters, hemostatic products, and dressings</li> </ul>



Actual results for fiscal 2022

- Disclosed information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Continued to target a 40% reduction in Scope 1 and 2 emissions by fiscal 2030 and 100% by fiscal 2050 (compared to fiscal 2013)
  - Established calculation methods for Scope 1, 2, and 3 emissions
  - Solar power generated: 494,000 kWh
  - Green Power Certificates purchased: 11,100,000 kWh
- 
- Continued to achieve “zero emissions” by recycling more than 99% of waste
  - Water consumption: 687,000 m<sup>3</sup> (2% reduction from fiscal 2021)
  - Launched search for product scrap recycling technologies
- 
- Conducted the 13th Nichiban Tape Core ECO Project
  - Oxygen fixed through afforestation activities: Estimated at 532–937 tons of CO<sub>2</sub>/year

Targets for fiscal 2023

- Disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the results of Scope 1, 2, and 3 calculations in the June 2023 Corporate Governance Report
- 
- Maintain zero-emission plants
  - Water input → 2% reduction year-on-year
  - Explore recycling technologies
- 
- Continue implementation of the Nichiban Tape Core ECO Project, improve contribution and engagement with NGOs

Relevant SDGs



- Engaged in ongoing ISO 14001 certifications, and maintained efforts to improve design quality, manufacturing quality, and customer satisfaction
- New backbone system: Introduced at Nichiban, three domestic Group companies, and one overseas Group company to promote operational standardization
- Teams engaged in production improvement activities: 55

- Maintaining ISO 9001 and improve management level and quality
- Conducting CS surveys
- Realizing internal operational efficiency improvement using the new core system and confirmation of the effectiveness overview document
- Promoting the use of advanced marketing data in sales measures
- Promoting efficiency, waste reduction and energy conservation in company-wide improvement activities



- Formulated the Nichiban Group Health Management Policy and promotion structure, compiled and disclosed issues based on action guidelines
- Certified as a 2023 Japanese Health and Productivity Management Outstanding Organization

- Identifying issues from a prevention perspective
  - Raising health awareness
  - Establishing an environment to promote health and productivity management
- \* Details are provided in the Nichiban Group Health and Productivity Management Policy

- Pursued initiatives under the 2nd Action Plan (April 2019–April 2024) aimed at promoting the active participation of women
- Introduced staggered commuting and telecommuting systems
- Maintained efforts aimed at revamping “Steps” workplaces for people with disabilities
- Female manager ratio: 10.8% (non-consolidated)
- Used a technical skills map to clarify skills required in each division to achieve the medium- to long-term vision, and provided training to enhance skills
- Implemented a project to improve workplace engagement

- Realize and maintain the legally stipulated employment rate of persons with disabilities
- Creating a workplace that grows together with people with disabilities
- At least 10% of management positions occupied by women
- Engagement rating score of 50.0 (B)
- Ensuring the implementation of the technical skills map

- To formulate purchasing policies and conduct SAQs going forward, we stipulated the selection of suppliers from the perspectives of thorough compliance, ensuring equal opportunities and transparency, contributing to the reduction of environmental impacts and sustainable procurement

- Inspection visits to suppliers of raw materials for cellulose tape and understanding of the local natural and working environment, as well as contribution to improvements
- Conducting SAQs of major raw material suppliers
- Implementing briefing sessions on our purchasing policy for suppliers

- Continued to participate in the Japan Football Association JFA Youth & Development Programme (JYD) and the SOCCER MEDICAL CAMP, which aims to train the next generation of athletic trainers. Also continued to provide seminars on taping techniques and concepts.
- Conducted cleanup activities at factories in Saitama and Anjo in Japan
- Conducted onsite classes at 25 elementary schools in Japan
- Provided SDGs awareness lectures at high schools in Japan

- Continuation of educational activities and awareness-raising activities on taping techniques for trainers

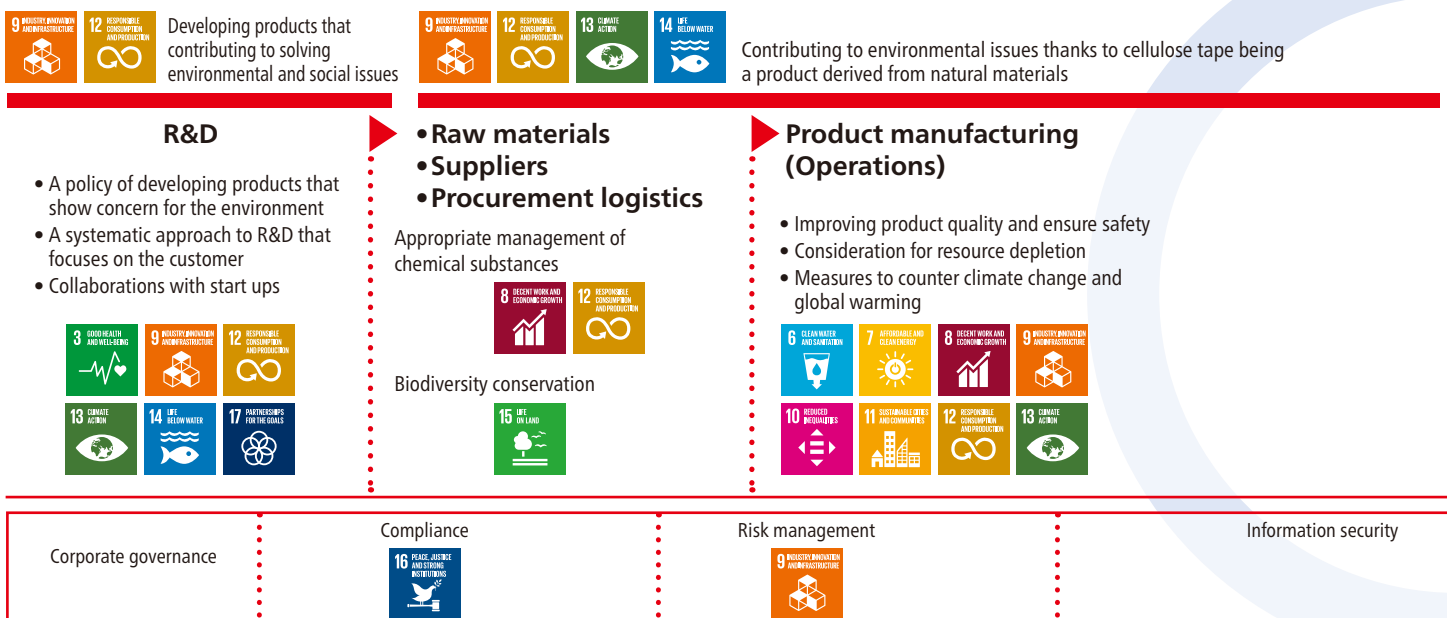
- Manufactured hemostatic products to fulfill supply responsibility for meeting COVID-19 vaccination demand that were rapidly distributed to vaccination sites and medical institutions across Japan
- We also supplied hemostatic products for vaccinations to some medical facilities in Thailand

- Develop timely supply systems for regions (countries) where infection prevention products are not widely available

Topics	Materiality	Tangible action points
Governance	Corporate governance	<ul style="list-style-type: none"> <li>Developing internal control systems</li> </ul>
	Compliance	<ul style="list-style-type: none"> <li>Disseminating compliance (action handbook, education through e-learning)</li> <li>Enhancement of whistle-blowing contact points</li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>Implement emergency response training</li> <li>Development of a stable supply system based on BCP/BCM</li> </ul>
	Information security	<ul style="list-style-type: none"> <li>Establishment of IT control systems</li> </ul>
Business Innovation	Creating innovation	<ul style="list-style-type: none"> <li>Restructuring our R&amp;D organizations</li> <li>Promoting collaborative programs for start-ups</li> <li>Effective use of in-house technology inventory</li> <li>Making use of the Nichiban Group's internal proposal system</li> </ul>
	Speedy development and expansion into global markets	<ul style="list-style-type: none"> <li>Promote new development activities worldwide, including in Nichiban (East Asia and Oceania), Nichiban (Thailand) (Southeast Asia, ASWAN, and the Middle East) and Nichiban Europe (Europe)</li> <li>Search and selection of strategic partners in priority regions (business alliances, M&amp;A)</li> </ul>

### Important Sustainability Themes for the Value Chain

Medium-Term Management Plan "ISHIZUE 2023 ~SHINKA-HENKAKU~"



Actual results for fiscal 2022

- The Internal Audit Division served as the secretariat for the Internal Control Subcommittee, which met four times to share Nichiban Group internal control objectives and ensure they permeate the workplace.
- Engaged in discussions and consideration of improvement plans for deficiencies in audits and information sharing on follow-up status after audit reports
- Distributed handbook on conduct within the Nichiban Group and spread awareness regarding employee conduct guidelines.
- Established an internal harassment consultation system and provided e-learning to employees and harassment prevention training led by outside lecturers.
- Conducted a Company-wide emergency headquarters establishment drill assuming a large-scale earthquake, and established an information gathering system to ensure a chain of command between the headquarters, factories, and offices, as well as centralize and visualize disaster information
- Determined and promoted measures aimed at sharing information and formulating responses across the Nichiban Group to resolve issues in business continuity planning identified by the BCP Committee (which meets twice annually)
- Implemented development and operations, appropriate risk management, and audit responses based on internal IT control standards
- IT strategy meetings are held four times annually, backbone system commenced operations
- Confirmed status of infrastructure development and security education, and summarized progress toward various issues and future measures

Targets for fiscal 2023

- Strengthening autonomous internal control and risk management in each division and group company
- Strengthening governance, including from a global perspective
- Implementing education and establishing systems to strengthen compliance throughout the Nichiban Group
- Strengthen compliance, including from a global perspective
- Establish Global Hotline for overseas reporting
- Continue conducting Group-wide emergency response training in the event of a large-scale disaster
- Establish, maintain, and operate a business continuity plan based on our BCP basic policy
- Implement corporate activities in accordance with Nichiban Group IT Security Policy as well as making further improvements to the level of management

Relevant SDGs



- Conducted proposals for B2B customer issues and efforts focused on B2B consumer viewpoints, planning, and development.
- Conducted accelerator program with startups: Implemented demonstration experiments and incorporated some themes
- Continued to operate the new in-house proposal system and collect opinions and information on a wide range of issues, including "everyday problems," to generate ideas
- Submitted 149 proposals under the Nbrain in-house proposal system in fiscal 2022

- Promotion of a development system that is both customer- and market-oriented
- Collaborative development with start-ups
- Promoting new business development using open innovation
- Promote product development proposals using the new in-house proposal system, NBrain, and promote inspiration and information sharing on idea farm (our in-house social network)



- Increased the number of shops handling CARELEAVES™ and promoted high-performance plaster that gently protect wounds
- Promoted the announcement of Cesablic™, a hemostatic plaster that can be hygienically applied to puncture sites after injection, and has been adopted in some regions

- Education and awareness-raising on products for infectious disease prevention, expansion of sales
- Develop timely supply systems for regions (countries) where infectious disease prevention products are not widely available



- Contributing to infection prevention through adhesive plasters, hemostatic products, and dressings
- Contributing to medical care through adhesives

Sales



Products in use

- Developing environmentally friendly products
- Reduction of environmental impact
- Measures to counter climate change and global warming



Disposal of products

Reduction of environmental impact



Medium- and Long-Term Vision

NICHIBAN GROUP 2030 VISION

Continuing to create value that supports comfortable lifestyles and contribute to the global community!


Promoting diversity and inclusion and fostering human resources



Occupational health and safety

Contributing to local communities and society

# Initiatives for the Environment



**Aiming to Contribute to the Realization of a Sustainable Society where Future Generations Can Maintain Lifestyles of Abundance and Peace.**

**Takemasa Kokubo**  
Senior Operating Officer  
General Manager of Quality Assurance Division

In line with the basic philosophy of “fostering prosperity and happiness for all stakeholders of Nichiban Group,” we aim to coexist in harmony with society and nature through our business activities and promote initiatives that create a sustainable society. These efforts cover a wide range of areas, including product development that contributes to the resolution of environmental and social issues, the reduction of environmental impacts, the appropriate management of chemical substances, climate change and global warming countermeasures, awareness of resource depletion, and biodiversity conservation. As a manufacturer, all Nichiban Group employees will strive to reduce various environmental impacts that occur throughout the product life cycle.

## Environmental Management System

### ■ Acquisition of ISO 14001 Certification

The Nichiban Group has acquired ISO 14001 certification and is constantly working to improve its environmental management system.

We will continue to make further improvements while aiming to decrease our impact on the environment by enhancing the skills of internal auditors.

Environmental management systems promoting

1. Development, improvement, and provision of environmentally friendly products,
2. Environmental conservation (reduced environmental impact on surrounding areas),
3. Energy saving (electricity, gas),
4. Effective use of resources and proper disposal of waste (improved recycling rates), and
5. Green procurement

in the research and development, manufacturing, and sales of adhesive products and related business activities.



### ■ Internal and External Audits

The Nichiban Group conducts internal and external audits to confirm that the environmental management system is functioning effectively and that environmental conservation activities are being implemented effectually.

To ensure that the system functions effectively, we confirm that we are working with an awareness of our responsibilities, and sufficiently monitor implemented actions.

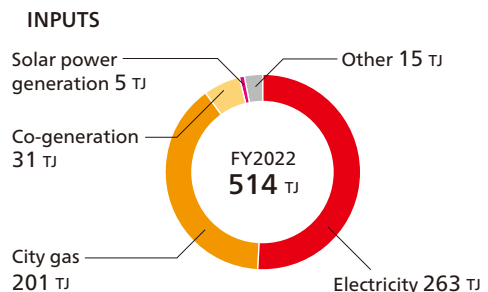
Going forward, we will continue to use the PDCA cycle to work toward a better system.



ISO Review

## Environmental Load Data

Various environmental impacts from business activities are tabulated for all domestic business sites to determine current conditions, which is useful for activities aimed at reducing energy consumption and the use of solvents.



## Environmental Accounting

Nichiban has conducted its own environmental accounting since fiscal 1999 to calculate environmental costs and their effects. These efforts target the Headquarters, three domestic factories, and three domestic Group companies, covering a period starting on April 1 through March 31 of the following year. Further, environmental costs are tabulated by dividing them into two categories, capital investments and expenses.

Capital investments include the amount of investment related to environmental conservation. Expenses include labor costs related to the research and development of eco-friendly products and environmental conservation activities, as well as the depreciation of equipment used in environmental conservation activities.

■ Environmental Conservation Costs

Classification	Main activities	(Thousands of yen)			
		FY2021		FY2022	
		Capital Investment	Expenses	Capital Investment	Expenses
1. Business area costs	Environmental conservation costs to reduce environmental impact	1,817,949	536,494	1,880,442	564,459
Breakdown	1.1 Pollution prevention costs	665,518	172,434	658,677	145,374
	1.2 Global environmental conservation costs	907,470	129,164	988,731	183,384
	1.3 Resource recycling costs	244,962	234,897	233,033	235,701
2. Upstream/downstream costs	Green purchasing and green procurement costs Recycling costs for product containers and packaging	3,595	24,522	3,595	16,186
3. Management activity costs	Costs for operating and maintaining the environmental management system Expenses for environmental information disclosure and environmental advertising Costs for monitoring and managing environmental impact	40,760	131,178	40,760	148,477
4. R&D costs	Labor costs for developing environmentally friendly products Costs for developing environmentally friendly products	169,130	12,852	169,130	12,852
5. Social activity costs	Environmental activity costs for local communities Donations to environmental organizations	0	12,157	0	22,486
6. Cost for dealing with environmental damage	Insurance premiums for environmental pollution (air pollution, soil pollution, etc.)	0	0	0	0
Total		2,031,434	717,203	2,093,927	764,460

■ Environmental Conservation Effects

Environmental conservation effects	Environmental load index		
	FY2021 environmental impact	FY2022 environmental impact	Change and effect of environmental load on the previous year
CO <sub>2</sub> emissions in Scope 1 and 2	22,620 t-CO <sub>2</sub>	20,710 t-CO <sub>2</sub>	1,910 t-CO <sub>2</sub> reduction
Waste generated	4,227 t	4,041 t	186 t reduction
Water usage	701,000 m <sup>3</sup>	635,000 m <sup>3</sup>	67,000 m <sup>3</sup> reduction
Emissions of PRTR substances (total)	727 t	538 t	189 t reduction
Other effects (product development to reduce environmental impact, etc.)	Reduce environmental impacts through purchase of Green Power Certificates		
	Equivalent to 2,746 t-CO <sub>2</sub>	Equivalent to 4,995 t-CO <sub>2</sub>	

■ Economic Effects of Environmental Conservation Measures

Effect contents	(Thousands of yen)	
	FY2021 Amount of Money	FY2022 Amount of Money
Revenue from recycling of waste generated in business activities	5,010	7,279
Total	5,010	7,279

Toward the Realization of a Decarbonized Society

Climate change is an unavoidable and urgent issue for all humanity. The effects of rising average temperatures, damage caused by heavy rains and typhoons, and their impact on crops and ecosystems have already been observed worldwide. It is thought that continued greenhouse gas emissions in the future will have even more serious effects on nature and human society.

The Nichiban Group positions climate change and global warming countermeasures, product development that resolves environmental and social issues, and the reduction of environmental impacts through business activities as its materiality (key issues), and will promote efforts to respond to climate change and contribute to a decarbonized society.

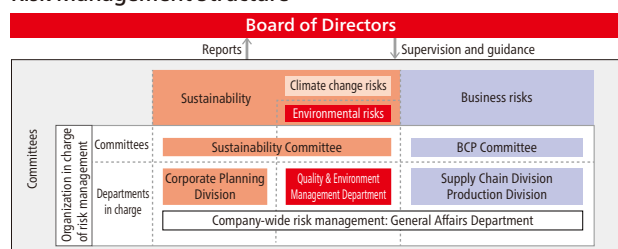
Climate-Related Disclosure Based on TCFD Recommendations

The Nichiban Group Philosophy is to “respect people’s cooperative relationships and strive to foster prosperity and happiness for all stakeholders.” In line with this philosophy, in order to meet stakeholder expectations and the demands of society, we have defined materiality in our “Concept of Sustainability” and have identified climate change and global warming countermeasures as our highest priorities.

The Nichiban Group discloses information based on the four pillars recommended by the Task Force on Climate-related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, and Metrics and Targets. We will continue to enhance these disclosure efforts going forward.

1. Governance

Risk Management Structure



Corporate Governance Structure → P50

- The Sustainability Committee, chaired by the Director in charge of CSR, is established to review and deliberate basic policies, important issues, and risks and opportunities related to climate change.
- Climate change-related studies are conducted under the auspices of the Sustainability Committee, which submits and reports its findings to the Board of Directors once a year, with the Board of Directors providing oversight and guidance.
- Agenda items deliberated and resolved by the Board of Directors are implemented in each division and reflected in their respective management plans and business operations.

## 2. Strategy

Perceiving climate change as one medium- to long-term risk facing the Nichiban Group, and to consider strategies and organizational resilience in light of related risks and opportunities, we referred to climate change scenarios (<2°C scenario and 4°C scenario\*) proposed by the

International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) to consider the long-term impact on Nichiban up to 2050, and conducted scenario analyses for our domestic medical and tape businesses, which account for a large portion of sales.

Note: The <2°C scenario assumes measures such as tighter regulations and market changes are implemented to minimize temperature increases.  
The 4°C scenario assumes rising temperatures will result in extreme weather and other physical impacts.

## 3. Risk management

Nichiban established a working group on climate change risks to conduct scenario analysis. To prioritize climate-related risks, we will focus efforts on key risk factors, taking into consideration the likelihood of occurrence and magnitude of impact that risks and opportunities have on Nichiban. The Sustainability Committee will continuously confirm these risk factors going forward.

As a process for managing climate-related risks, the Corporate Planning Division serves as the secretariat for the Sustainability Committee, analyzing climate-related risks, formulating and promoting countermeasures, and managing progress through the Sustainability Committee.

The details analyzed and reviewed by the Sustainability Committee are reported to the Board of Directors for Company-wide integrated risk management.

Scenario	Factor	Change	Risk/ Opportunity	Degree of impact	Impact on Nichiban	Nichiban countermeasures
2°C (Transition)	Introduction of carbon taxes.	Increased procurement costs for raw materials and secondary materials.	Risk		Profits will be squeezed by passing on the cost of raw materials and secondary materials such as FSC®-certified paper, resin, and rubber, which have high emissions per unit.	Reduce procurement costs and pass on costs by strengthening procurement functions through procurement conditions and supplier revisions, etc.
		Increased operating costs.	Risk		Carbon taxes will put downward pressure on profits.	Reduce energy consumption by reorganizing production bases and introducing new construction methods.
	Strengthening of various regulations including GHG emission regulations.	Increased operating costs due to purchase of certificates and other environmental value.	Risk		Increased costs of purchasing certificates, etc., will put downward pressure on profits.	Reduce purchase costs through price negotiations for environmental value and diversification of suppliers. External PR focused on renewable energy initiatives.
		Increase in facility upgrade costs.	Risk		Increased financial burden due to new capital investments for decarbonization (achieving CO <sub>2</sub> emission targets) and restructuring of production bases will put downward pressure on profits.	Reduce costs by introducing comprehensive determination criteria for CO <sub>2</sub> emissions and environmental impacts. Level capital investments, etc., based on long-term investment plans.
	Growing awareness of environmental considerations.	Growing demand for natural products.	Opportunity		We can expect an increase in the domestic sales of products derived from natural materials in the fields of home offices, e-commerce, and industrial products (results of impact estimates as of fiscal 2023).	Intend to improve brand value by appealing the environmental contribution value of products made from naturally derived materials (cellulose tape, etc.)
		Increased demand for environmentally friendly products.	Opportunity		By quantifying the environmental life cycle impact from procurement, design, and manufacturing, we will increase sales by promoting switching through the development and strengthening of sales of products with high environmental value.	Promote Nichiban initiatives for material sustainability issues <ul style="list-style-type: none"> <li>Promote product development and strengthen sales of environmentally friendly products</li> <li>Introduce low environmental impact evaluation into product development</li> </ul>
	Investor emphasis on ESG.	Growing importance of addressing climate change and disclosure	Risk		Delays in disclosing information on efforts to address climate change, etc., will lead to lower investor evaluations.	Maintain implementation of appropriate climate change initiatives and information disclosure
4°C (Physical)	Increased frequency of severe disasters.	Increased demand for tapes and sheets for disaster prevention, repair, and temporary fixes.	Opportunity		Sales of tape products used for disaster prevention, etc., will increase.	Develop and promote sales of products that prepare for severe disasters.
		Increased risk of temporary production stoppages due to disasters.	Risk		The results of the Aqueduct floods rcp8.5 scenario analysis confirmed that none of these scenarios are damaging at this time.	Ongoing response through established Business Continuity Plan (BCP).
	Decrease in production of raw materials derived from natural resources due to climate change.	Increased risk of production stoppages.	Risk		Profits will be adversely impacted by production stoppages due to difficulties in procuring materials necessary for production.	Diversify raw material suppliers.

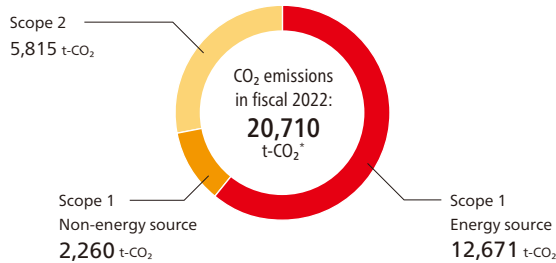
#### 4. Metrics and Targets

In order to assess and manage the impact of climate-related issues on management, we use total greenhouse gas (GHG) emissions (CO<sub>2</sub>) falling under Scope 1, Scope 2, and Scope 3, as an indicator.

Targets and results for Scope 1, Scope 2, and Scope 3 are disclosed for Nichiban and its domestic subsidiaries.

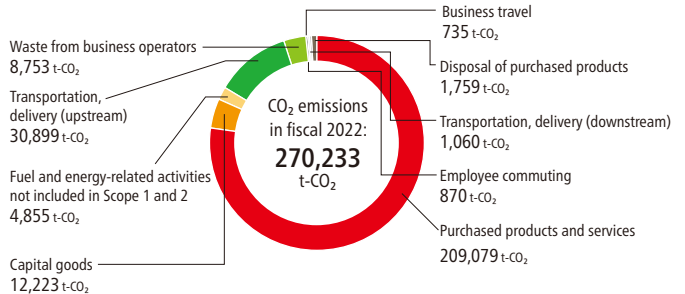
In addition to existing efforts, major CO<sub>2</sub> emissions reduction efforts will be studied and sequentially disclosed in light of cost and effectiveness in order to contribute to a decarbonized society.

#### Fiscal 2022 Scope 1 and Scope 2 CO<sub>2</sub> emissions



\* Excludes amount equivalent to green electricity from Green Power Certificates (4,995 tons of CO<sub>2</sub>).

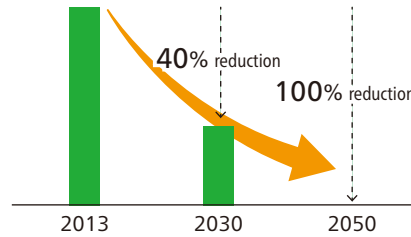
#### Fiscal 2022 Scope 3 CO<sub>2</sub> emissions



### CO<sub>2</sub> Emissions Reductions

In the Corporate Governance Report disclosed on June 29, 2022, we announced Scope 1 and 2 CO<sub>2</sub> emission reduction targets as one of the critical environmental and social issues that must be addressed, calling for a 40% reduction in CO<sub>2</sub> in 2030 and a 100% reduction in 2050 compared to fiscal 2013. To this end, in fiscal 2022, research and production began working together to develop new products based on environmentally friendly manufacturing methods. In addition to energy conservation and yield improvement efforts we have been engaged in for some time, we will strive to develop new products with low environmental impact in order to achieve these targets.

#### CO<sub>2</sub> emissions reduction targets



### Renewable Energy Initiatives

To reduce CO<sub>2</sub> emissions through energy reductions, Nichiban Medical Corp. completed the installation of solar panels on the roof of its factory in October 2020 and September 2022. As a result, the amount of electricity generated in fiscal 2022 amounted to 494,000 kWh.



Solar power generation equipment (Nichiban Medical)

### Green Power

Nichiban purchases Green Power Certificates from Japan Natural Energy Co., Ltd., for the electricity it uses with the aim of converting 100% of the electricity used by the Nichiban Group and affiliated companies in the production of cellulose tape and cellophane-based adhesive tape, the electricity used at the Headquarters and seven sales offices nationwide, and the electricity used in the manufacture of CARELEAVES™ produced by Nichiban Medical to green power.



## Energy Conservation and Environmental Impact Reductions

### ■ Factory and Office Initiatives

In order to reduce CO<sub>2</sub> emissions and power consumption, we have been promoting thorough the air-conditioning management and the LED conversion of lighting fixtures used in various locations in offices and factories.

In offices, we visualize the amount of paper and electricity used in an attempt to achieve reductions. We have also switched to hybrid vehicles for sales to promote eco-driving.

At our factories, we are striving to reduce energy consumption through demand management by introducing equipment with high energy-saving performance when upgrading facilities. Further, by switching to a non-solvent-based production system, we are reducing both energy consumption and environmental impacts.

### ■ Logistics Initiatives

Nichiban is responsible for a wide range of logistics operations, including incoming shipments from factories to warehouses, as well as outgoing shipments from warehouses to customers.

We deliver our products to customers "safely, securely, and stably" while being conscious of energy conservation, the reduction of environmental impacts, and improved logistics efficiency.

Specific initiatives include: (1) improving transportation efficiency, (2) warehousing inventory in appropriate ratios, and (3) reducing product waste.

We are working to improve transportation efficiency and to warehouse inventory at an appropriate ratio by sharing issues with production divisions. In addition, we are working with sales divisions to reduce the amount of waste by curtailing the amount of immovable and slow-moving items.

Although there are many issues to be addressed, we will work closely with the relevant divisions to achieve energy conservation and reduce environmental impacts.

### ■ Nichiban Selected as an Excellent Energy-saving Business

Nichiban has been selected as an excellent energy-saving business in the Japanese Ministry of Economy, Trade and Industry's Energy Conservation Act business classification evaluation system since fiscal 2021, maintaining an S-class rating since the classification system was launched.

Nichiban Medical received an A-class rating in fiscal 2021. Going forward, the Nichiban Group will redouble efforts to save energy.

### ■ Contributing to the SDGs with Cellulose Tape

Cellophane, the base material of cellulose tape, is made from wood pulp, the adhesive is made from natural rubber and resin, and the tape core is made of recycled paper. Since the main raw materials are natural, renewable materials, cellulose tape is a product that can contribute to reducing environmental impacts (certified as a Biomass Mark product by the Japan Organics Recycling Association).

Nichiban will contribute to the SDGs through small actions such as replacing plastic tape, which is made mainly from fossil resources, with cellulose tape.

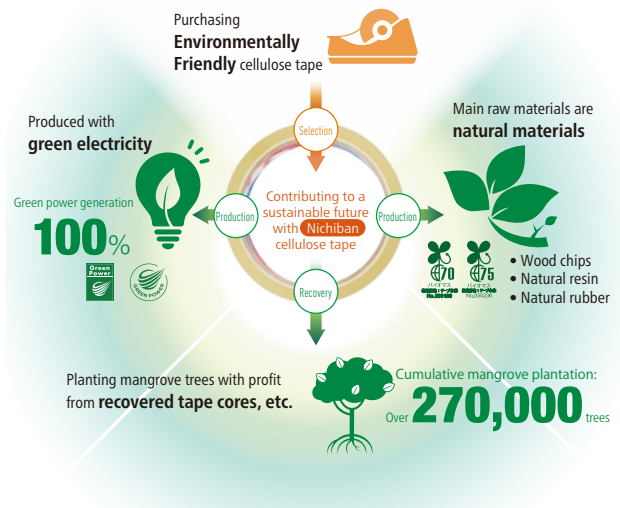


Number of endorsing companies: 117

### ■ Cellulose Tape Eco-Circle

For more than 70 years, Nichiban has manufactured plant-derived cellulose tape as an environmentally friendly, recycling-oriented ecological product, with the health and safety of our customers in mind. We are committed to reducing CO<sub>2</sub> emissions through an eco-circle centered on cellulose tape and contributing to a carbon-neutral and sustainable future together alongside our customers.

#### Cellulose Tape Eco-Circle



### ■ Nichiban Tape Core ECO Project

Since 2010, we have conducted the Nichiban Tape Core ECO Project to recycle the tape cores used for adhesive tape rolls. During the 13th round of this project (September 1—December 27, 2022), 794 organizations from schools, companies, hospitals, and other organizations and 348 individuals participated, with 523,200 tape cores (weighing 7,160 kg) collected.

The cumulative total number of tape cores collected since the project began has reached more than 5,290,000 (approximately 67 tons).

Nichiban also endorses Paralympic Art®, an activity supporting the artistic endeavors of people with disabilities. We have used the work of artists with disabilities for Nichiban Tape Core ECO Project posters, certificates of appreciation, and flower seed designs.



Tape cores recovered



## Coexistence with Nature

### ■ Biodiversity and Conservation Activities

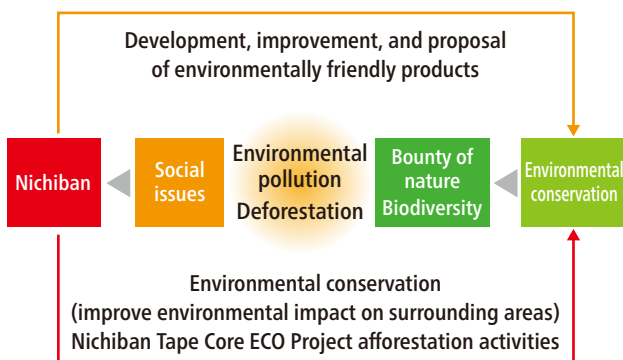
Nichiban corporate activities depend on a variety of natural resources, but the rapid loss of biodiversity due to deforestation and environmental pollution is accelerating, with many parts of the world facing serious crises.

Some of our products, such as cellulose tape, are derived from the bounty of natural resources, and we recognize the loss of biodiversity as a serious social and environmental issue.

The Nichiban Group aims to coexist with nature through our business activities, and we are taking steps to conserve biodiversity, including the effective use of water resources and afforestation efforts.

We will also maintain efforts to conserve biodiversity and protect the natural environment through cooperation with local governments and residents living in the vicinity of our factories and other facilities.

### Approach



### ■ Awareness Program Conducting Onsite Classes at Elementary Schools

In fiscal 2022, we held onsite classes at 25 elementary schools that applied for them when participating in the Nichiban Tape Core ECO Project.

Since the 10th round of the Nichiban Tape Core ECO Project in 2019, we have held classes on the subject of cellulose tape. These classes emphasize the importance of eco-friendly materials that can be easily sorted when disposed, recycling efforts, and environmental problems, while brainstorming with students on what we as individuals can do for a greener Earth.

There are many requests for onsite classes during the first half of each school year (May to mid-July), which have been very well received.



Onsite class at elementary school

### ■ Gounogawa "Forest Drop" Conservation Activities

The third round of domestic afforestation Gounogawa "Forest Drop" conservation activities were planned for May 2022, but the project was cancelled between 2020–2022 out of concern over the spread of COVID-19 and consideration for the health of those participating in the activity.



Afforestation activities in Japan

### ■ Overseas Afforestation Activities

Overseas, Nichiban supports mangrove planting and conservation activities in the Philippines, conducted by the environmental NGO Ikaw Ako since 1997.

Nichiban has cooperated in the planting of more than 360,000 trees to date, and in fiscal 2022, planted 35,351 trees.

Note: In fiscal 2023, Nichiban plans to plant 15,079 trees. The cost of seedlings has increased due to soaring prices accompanying economic development in the Philippines.



Afforestation activities overseas

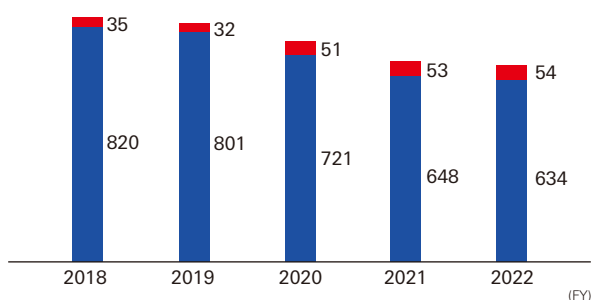
### ■ Converting Thermal Recycling to Material Recycling

At Nichiban Medical, we have begun the material recycling of liner paper used in the manufacturing process. We are also verifying the material recycling of adhesive tape raw material scraps. Going forward, we intend to expand material recycling to other production facilities to increase the type and amount of material recycling and continuously reduce waste.

### Water used at factories

(Thousands of cubic meters)

■ Three domestic factories ■ Three domestic Group companies



### ■ FSC® Certification

The Nichiban Group has acquired 2022 Forest Stewardship Council (FSC®) and Chain of Custody (CoC) certification (FSC® C183983) for Washi Masking Tape produced at the Saitama Factory (some of which is for overseas markets). By manufacturing and supplying Washi Masking Tape with liner paper made from properly managed FSC®-certified forests, recycled resources, and other managed raw materials, companies and users can carry and use our products with confidence.



## Initiatives Related to Chemical Substances, etc.

### ■ Promoting the Green Procurement of Raw Materials

Based on its environmental policy, the Nichiban Group pursues the manufacture of products that are safe, healthy, and environmentally friendly throughout their entire life cycle (development, manufacturing, distribution, use, and disposal). As part of these efforts, we promote the procurement of raw materials and parts with low environmental impact and the appropriate management of chemical substances. In proactively promoting these initiatives, we publish the Nichiban Group Green Procurement Guidelines, which summarize our basic approach and requests for suppliers, while promoting the reduction of environmental impacts throughout the supply chain.

### ■ Disclosure of SDS, RoHS, and Other Information on Major Products

Nichiban strives to manage the chemical substances contained in its products based on the Nichiban Group Green Procurement Guidelines. As laws and regulations concerning environmentally hazardous substances become increasingly stringent each year both in Japan and overseas, inquiries from customers regarding the chemical substances contained in our products are also on the rise. We maintain a close watch on the revision of related laws and regulations, and gather information to provide prompt responses to customer inquiries. For major products that receive frequent inquiries, we make safety data sheets (SDS), RoHS directives, and other information available on our website to ensure the prompt provision of information.

### ■ Act on the Regulation of Manufacture and Evaluation of Chemical Substances in Japan

In order to prevent environmental pollution by chemical substances, Nichiban manages operations in accordance with laws and regulations, including the reporting of new chemical substance production and production volumes.



Solvent recovery equipment exterior



Solvent distillation equipment exterior

### ■ Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof in Japan

The Nichiban Group recovers most organic solvents discharged during the coating process and reuses them repeatedly. We also manage the small amount of emissions not fully recovered, which is reported appropriately. Further, we strive to reduce emissions by converting to solvent-free production methods.

■ **Efforts to Reduce and Eliminate Solvent Usage**

The Nichiban Group is continuously working to reduce solvent usage by increasing productivity and changing production conditions. At the Tape Anjo Factory, we have introduced a hot melt coater that uses heat to melt glue for the production of adhesive tape. We are engaged in the research and development of new production methods to further eliminate the use of solvents while promoting their application to new and existing products.

■ **Water Pollution Prevention Act in Japan**

Although not subject to this regulation, we voluntarily measure and monitor wastewater discharged from our factories.

■ **Air Pollution Control Act in Japan**

We comply with emission standards for volatile organic solvents emitted when drying adhesives. We also voluntarily measure and monitor dust, nitrogen oxides (NOx), and other emissions at facilities that are not regulated, and appropriately report specified dust.

■ **Hazardous Materials Handling and Management**

Workers are licensed as hazardous material handlers and are trained in-house to handle hazardous materials properly. Temperature control and static electricity countermeasures are implemented to ensure the proper storage and use of hazardous materials.

■ **Waste Management**

In compliance with laws and regulations, Nichiban outsources waste treatment to subcontractors in accordance with the type of waste. We separate waste for material and chemical recycling, and conduct thermal recycling for waste that is difficult to recycle for reuse as raw materials. Nichiban has achieved zero emissions since 2012.

■ **Reducing Waste through the Effective Use of Raw Materials**

Rather than using disposable consumables in manufacturing processes, we attempt to reduce waste by repeatedly reusing materials to the extent that they do not pose any quality issues. We also consult with manufacturers regarding packaging materials when purchasing raw materials and effectively exploit resources by utilizing returnable rather than single use packaging.

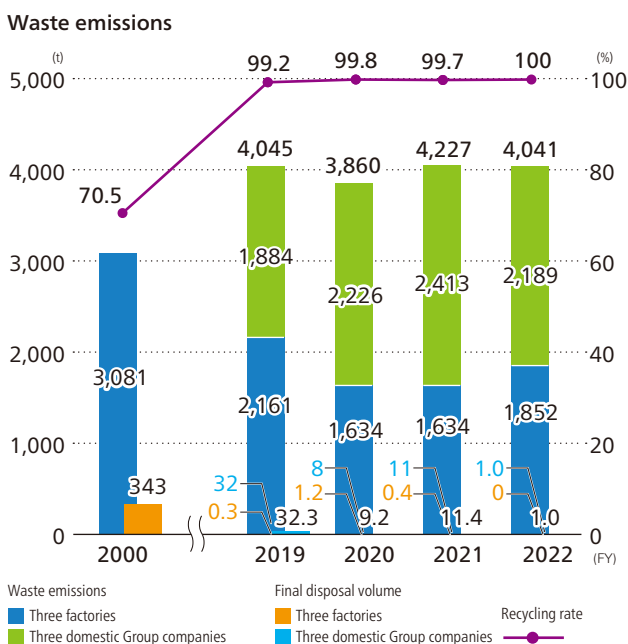
■ **Act on the Recycling of Containers and Packaging in Japan**

In accordance with the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, which mandates the recycling of containers and packaging waste generated by households, the Nichiban Group pays a reprocessing consignment fee to the Japan Containers and Packaging Recycling Association for appropriate disposal.

■ **Plastic Resource Circulation Act in Japan**

As a manufacturer, Nichiban strives to design products in accordance with design guidelines for products that use plastic. Further, we set a target for reducing the amount of industrial waste generated from plastic products in fiscal 2025 by 5% (per unit produced) compared to fiscal 2021, and increasing material and chemical recycling rates to at least 7% of the total in fiscal 2025, among other initiatives aimed at curbing emissions and recycling waste. Over 99% of waste that is difficult to recycle by material or chemical means is recycled through initiatives involving thermochemical substances.

Fiscal 2022 industrial waste emissions from products that use plastic  
**3,226 t**



# Nichiban Group Human Capital Management



The Nichiban Group believes that its people are the most powerful driving force of corporate activities and promotes human capital management through D&I, self-directed human resource development, and health and engagement.

**Yoshifumi Yamaguchi**

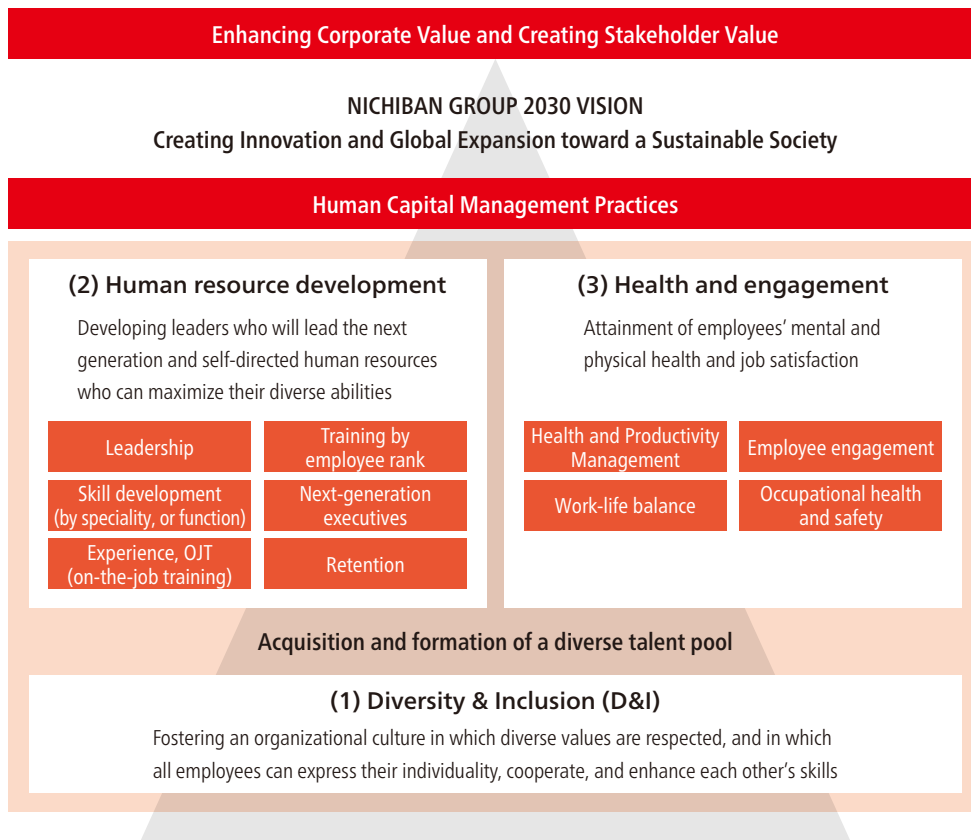
Operating Officer  
Deputy General Manager of Administration Division and General Manager of Human Resources Department

The Nichiban Group believes the continued practice of its Action Guidelines under the categories Society, Customers, Challenge, Speed, and Teamwork to realize the Nichiban Group Philosophy and Corporate Policies set forth in the Nichiban Group Philosophy by bringing together a diverse group of human resources will lead to creating innovation, global expansion, and sustainable corporate growth aimed for in the "NICHIBAN GROUP 2030 VISION."

We are investing in human resource development and actively promoting Diversity & Inclusion (D&I) to foster a corporate culture that encourages all employees to broaden their perspectives, be creative and proactive in their behavior, and grow.

We also strive to enhance the physical and mental health of its employees, maintain safe work environments, and conduct fair employment practices and evaluations with respect for human rights.

## Overview of Human Capital Management



## Diversity & Inclusion (D&I)

The Nichiban Group actively promotes Diversity & Inclusion (D&I), the concept of respect for a wide variety of lifestyles and values as well as embracing differences in nationality, race, ethnicity, religion, gender, age, disability, sexual orientation, and other attributes.

We believe it is important for all our employees to express their diverse individualities and cooperate with and enhance each other to

create new values. This leads to both their personal growth and sustainable enhancement of the Nichiban Group's value.

We will continue to promote D&I based on the Nichiban Group Philosophy, aiming to achieve the innovation that is created by diversity and a globally dynamic group.

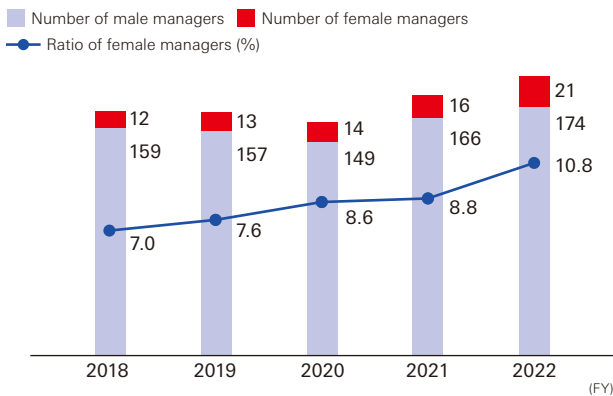
## Promotion of Women’s Participation

Nichiban has formulated its Second Action Plan (spanning April 1, 2019 - April 1, 2024) to narrow the gap in the ratio of male and female managers, and we are pressing forward with initiatives to address this issue.

To achieve diversity and promote women’s participation, we have developed and implemented training programs and measures that enable all employees to change their mindset and work styles. As of April 2023, Nichiban achieved the target of 10% female managers set in the Second Action Plan ahead of schedule. We are striving to support diverse work styles by introducing staggered work schedules and work from home programs from fiscal 2022 (Nichiban non-consolidated).

We will continue to aim for a workplace where everyone can participate regardless of gender.

### Percentage of female managers (Non-consolidated)

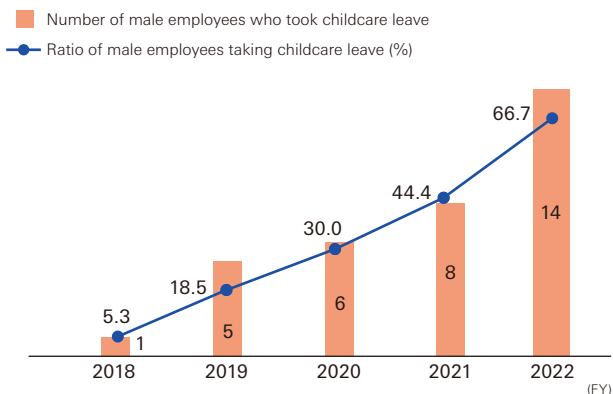


## Promotion of Male Employees Childcare Leave

We are promoting the use of childcare leave for male employees in response to the expansion of the childcare leave system in accordance with the revision of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members as well as to assistance for balancing work and childcare for both men and women. In fiscal 2022, we established a consultation service and held internal briefing sessions, and the ratio of male employees taking childcare leave reached 66.7% (non-consolidated).

We will continue to create an environment in which employees can flexibly take childcare leave and that encourages male employees to participate in childcare.

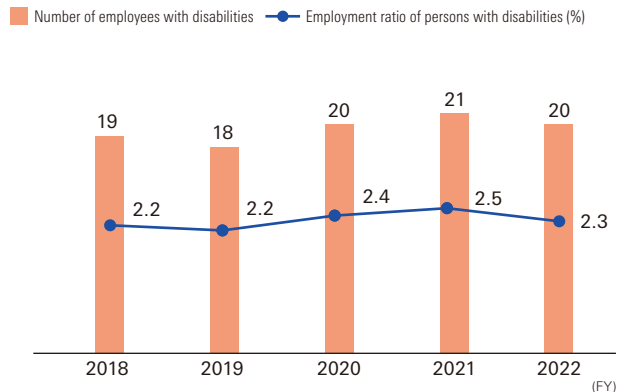
### Childcare leave, ratio of male employees taking childcare leave (non-consolidated)



## Initiatives for Employment and Support of People with Disabilities

Nichiban is committed to creating a workplace that grows together with people with disabilities. The Tape Anjo Factory publishes the “Step Newspaper,” which includes job descriptions and workplace information, to promote communication with the families of people with disabilities. We also endeavor to create an environment in which people with disabilities can work in a fulfilling manner.

### Employment of persons with disabilities (non-consolidated)



## Promoting Understanding of LGBTQ and Related Issues

The Nichiban Group considers Diversity & Inclusion (D&I) to be one of the most important elements of human capital management and is committed to creating an environment in which diverse employees can actively participate. As part of these initiatives, we will promote diversity training and other initiatives to increase understanding of LGBTQ and related issues, with the aim of creating a work environment in which all individuals can work as their authentic selves with enthusiasm.

## Human Resource Development

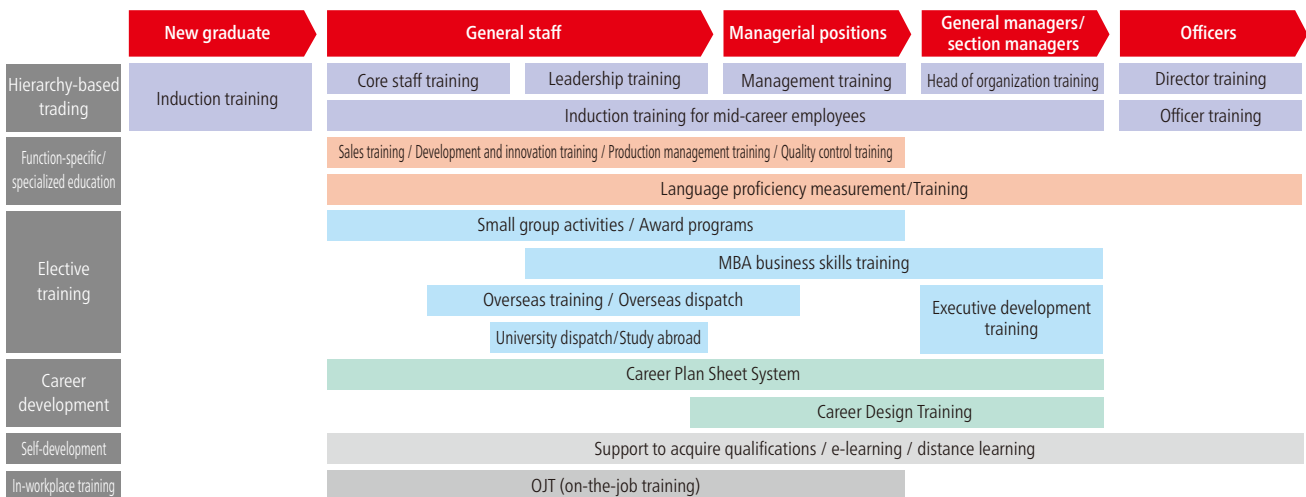
The Nichiban Group recognizes that its people are the most powerful driving force of corporate activities as well as being vital human capital and stakeholders.

In a rapidly changing business environment, we believe for Nichiban to continue to grow and contribute to a sustainable society, we need leaders of the next generation and human resources who can express their diverse abilities to the fullest.

What we seek from our human resources is the embodiment of the five Action Guidelines (Society, Customers, Challenge, Speed, Teamwork) set forth in the Nichiban Group Philosophy and become self-driven individuals who ambitiously explore new fields and grow through self-improvement to resolve various issues.

We aim to develop self-directed human resources who embody our Action Guidelines, so that people and the Nichiban Group can grow together.

### Human Resource Development System

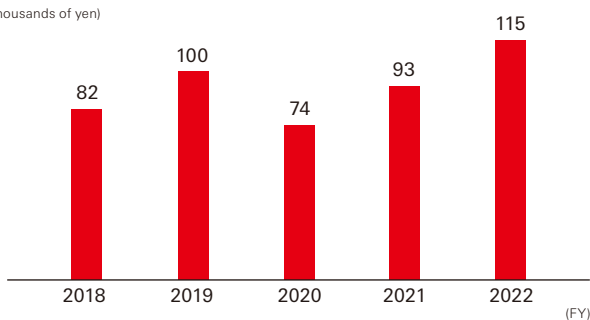


## Human Resource Investment and Training System

We provide education and training programs that aim to develop human assets with expertise, creativity, and a willingness to take on challenges in uncharted fields.

### Training expenditures per employee (Consolidated)

(Thousands of yen)



## Human Resource Retention

We have systems, training, and programs to support career development. We run a Career Plan Sheet Program once a year for all employees. Employees can communicate their ambitions to Nichiban, such as the job or department they aspire to join the future and what they are working on to achieve this goal.

We also provide Career Design Training for employees who are approaching the retirement age for their current positions. This training

helps employees understand what it takes to continue to be active and contribute in the workplace and strengthens their mindset and actions to take on further challenges. Many employees extend their employment after reaching retirement age and continue to play an active role.

Additionally, for new employees and mid-career hires, we have a "Trainer Program" under which senior employees and managers working in the same workplace act as trainers to help them adjust smoothly to the workplace and demonstrate their abilities. These trainers accompanying them toward the goals set in their OJT plans and review their progress every other month. Nichiban also provides regular opportunities to meet with representatives of the Human Resources Department.

Other programs include financial support for distance learning and incentives to acquire qualifications.

## Global Human Resources

We are developing global human resources as part of the expansion of our global business. In addition to subsidizing correspondence courses and language proficiency tests, we are also working to enhance our employees' abilities to be active on the world stage through friendly rivalry via openly recruited training programs.



Global Human Resources Training

## Health and Engagement

The Nichiban Group believes the foremost foundation for realizing its Philosophy is to improve the work-life balance of its employees, promote their health and engagement, and ensure their safety. The Nichiban

Group will promote the establishment of a workplace environment where employees can work with peace of mind and vitality.

### Work-life Balance

As part of our initiatives to promote work-life balance for its employees, Nichiban offers a variety of vacation and leave programs in addition to the legally mandated annual paid leave.

We provide refreshment leave for every 10 years of service and volunteer leave for social contribution activities. This is in addition to sick leave for personal injury and illness, childcare leave and shorter working hours for childcare, and nursing care leave and leave for nursing care for family members.

Nichiban has also introduced a staggered work schedule and work from home program to improve the work-life balance of its employees.

#### ■ Health and Productivity Management

We formulated the Nichiban Group Health and Productivity Management Policy in 2022 based on the recognition that the health of our employees leads to the realization of “prosperity and happiness for all stakeholders” as stated in the Nichiban Group Philosophy. We have established a health and productivity management promotion system headed by the Chair of the Sustainability Committee and are working on issues based on the Action Guidelines.

We are also proud to note that the Ministry of Economy, Trade and Industry in its efforts to promote health and productivity management has recognized Nichiban as an organization selected under the large enterprise category of the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program in Japan.



#### Four Action Guidelines for Health and Productivity Management

1. Prevention of occurrence and severity of diseases such as lifestyle-related diseases
2. Prevention of stress-related diseases such as mental health problems
3. Enhancement of health awareness
4. Establishment of an environment that promotes health and productivity management

#### ■ Prevention of Occurrence and Severity of Diseases such as Lifestyle-Related Diseases

In addition to encouraging all employees to undergo regular health checkups, we conduct specific health checkups and health guidance with the aim of reducing the population of employees diagnosed with

metabolic syndrome and those predisposed. We have created an environment in which employees who need health guidance can actively receive the health guidance programs selected by the Nichiban Health Insurance Society and strongly encourage their participation, which has been increasing.

#### ■ Prevention of Stress-related Diseases Such as Mental Health Problems

We conduct a stress check test once a year for all employees. The results help employees recognize and address with their own mental and physical condition, thereby reducing the risk of mental health issues. The test results are analyzed in the aggregate to improve the work environment and prevent mental health issues. In addition, ongoing training is provided to separate target groups regarding four types of mental health care, including self-care and line care.

#### ■ Communication with Employees (Engagement)

To improve employee engagement, we conduct an annual survey and implement measures to boost engagement based on the results of the survey.

In fiscal 2022, a project team consisting of younger employees within the Nichiban Group conducted activities to revitalize communication among employee levels (vertical) and departments (horizontal) through engagement training and interactions among business sites.

#### ■ Occupational Health and Safety

Nichiban and its labor unions share the status of employee attendance, operation of sales vehicles, and other information at monthly Occupational Health and Safety Committee and Health Committee meetings. In addition, the Central Health and Safety Committee meets twice a year to promote information sharing throughout Nichiban.

#### ■ Dialogue with Labor Unions

Nichiban provides various opportunities for dialogue with its labor union, including biannual Central Management Roundtable Meetings and monthly Central Labor Council Meetings. These are forums to share management strategies and discuss improvements in labor conditions and work styles, in an effort to promote mutual understanding and maintain and improve sound labor-management relations. Nichiban employs a union shop system\*.

\* Collective bargaining agreements that require workers to become members of a specific labor union when they are employed by a company.

## Stakeholder Engagement

The Nichiban Group believes in the importance of daily communication through various means not only with the customers who purchase our products, but also with our many stakeholders, including employees, shareholders, investors, suppliers, and citizens in the local communities

where it operates. To continuously improve our corporate value, we will actively use the feedback we receive to promote the sustainability of the Nichiban Group.

## Respect for Human Rights

### ■ Basic Approach to Human Rights

All of our business activities are based on respect for human rights, and we recognize that appropriate responses to negative impacts on human rights are a priority issue that must be addressed by the entire Nichiban Group.

Therefore, in April 2022, we formulated the Nichiban Group Human Rights Policy. Based on this policy, we have established key human rights issues for each of our customers, corporate officers and employees, business partners, community and society, and all stakeholders.

We also address discrimination, harassment, forced labor, child labor, freedom of association and the right to collective bargaining, occupational health and safety, local communities, and high-risk situations as human rights issues related to our business activities.

The Nichiban Group respects the human rights of all people involved with Nichiban, and we will promote Group-wide measures to

respect human rights, including those both directly related to human rights through our business and those indirectly involved.

### ■ Human Rights Due Diligence

To fulfill our responsibility to respect human rights, in accordance with the United Nations Guiding Principles on Business and Human Rights, we strive to establish and implement a human rights due diligence framework. This framework seeks to identify negative human rights impacts related to our business activities and continuously work to prevent, halt, and mitigate such impacts. We will work to remedy the situation in an appropriate manner if identified as having caused negative impacts on human rights.

We will also share our concern for human rights, labor, the environment, and anti-corruption with our business partners, demand respect for human rights, and engage in ongoing dialogue and consultation with them.

### Nichiban Group Human Rights Policy

#### 1. Introduction

The Nichiban Group Philosophy is "to place great importance on the relationships and bonds between everyone as well as fostering happiness for all those concerned with Nichiban Group". Based on this basic philosophy, we recognize that all of our business activities must be based on respect for human rights, and we consider appropriate responses to negative impacts on human rights to be an important issue that should be addressed by the entire Nichiban Group.

#### 2. Commitment to Human Rights

We support and respect international human rights norms, including the United Nations International Bill of Human Rights, the core labor standards of the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights, which set forth fundamental human rights for all people. We will comply with the laws and regulations of the countries and regions in which we operate. In the unlikely event of a conflict between the laws and regulations of the relevant country or region and international human rights norms, we will pursue methods that maximize respect for internationally recognized human rights. We will organize, analyze, and extract negative impacts on human rights throughout the value chain, and continuously disclose our efforts to manage and appropriately respond to such impacts as "key human rights issues" on our company website and elsewhere.

#### 3. Scope

This policy applies to all officers and employees of the Nichiban Group, as well as temporary employees. We also recognize all counterparts as our business partners, and we encourage all parties related to our products and services not to infringe on human rights, and even when the Nichiban Group does not directly cause negative human rights impacts, we are committed to working together to promote respect for human rights.

#### 4. Human Rights Due Diligence

In order to fulfill our responsibility to respect human rights, in accordance with the United Nations Guiding Principles on Business and Human Rights, we will strive to establish and implement a human rights due diligence mechanism to identify negative impacts on human rights related to the Nichiban Group's business activities and continuously work to prevent and mitigate such impacts. Where negative human rights impacts are identified, we will take appropriate steps to remedy them. We will strive to foster awareness by providing appropriate education on respect for human rights within our own officers and employees and temporary employees to ensure that this policy is integrated into and effectively implemented in all of our business activities.

#### 5. Key Human Rights Issues

Based on this policy, we have established a set of Key Issues Concerning Human Rights at the Nichiban Group and will implement appropriate measures to address these issues. We will review these important issues from time to time in light of social changes and business trends.

## Purchasing Policy

In all our purchasing activities, we have formulated and are operating a purchasing policy that also considers human rights and labor conditions throughout the supply chain based on the Nichiban Group Human Rights Policy.



Click here for the Nichiban Group's Purchasing Policy

[https://www.nichiban.com/corp/sustainability/sustainability/purchasing\\_policy/](https://www.nichiban.com/corp/sustainability/sustainability/purchasing_policy/)



# Social Contribution Activities

Based on its Philosophy of “fostering prosperity and happiness for all stakeholders of Nichiban Group,” the Nichiban Group aims to coexist with society and nature through its business activities. These include tree

plantings in Japan and overseas, visiting elementary schools nationwide to hold lectures, and providing sports-related sponsorships, and thus engaging with stakeholders to contribute to sustainable development.

## Contribution to Local Communities

We consider the improvement of the environment around our production, research, sales, and other business sites and our continued development together with local communities to be vital for the Nichiban Group to sustain its business activities. We carry out activities at the timing that is appropriate for each region.

### ■ Participation in Nihongi Federation of Neighborhood Associations Cleanup Activities

We participate in environmental beautification activities in Anjo City, Aichi Prefecture, where our Anjo Office (the Tape Anjo Factory, the Medical Anjo Factory, the Advanced and Applied Research Institute) is located.

Twice a year, our employees participate in a simultaneous cleanup of the community organized by the Nihongi Federation of Neighborhood Associations to deepen exchange with local residents and contribute to the creation of a better community.



Community cleanup organized by the Anjo Office Nihongi Federation of Neighborhood Associations

### ■ Providing Work Experience to Local Junior High Schools

Aichi Prefecture is promoting a “Career Start Project (junior high school students)” to increase opportunities for youth to learn about the importance of work and the motivation to work. In cooperation with this project, we accept students from local junior high schools for “Career Start Week (work experience learning)” at the Tape Anjo Factory and Nichiban Techno Co., Ltd.



Accepting junior high school students at Nichiban Techno

### ■ NICHIBAN (THAILAND) Donates CHUSHAVAN™ to Thai Government Agency

NICHIBAN (THAILAND) visited the Ministry of Higher Education, Science, Research and Innovation of Thailand to introduce CHUSHAVAN™ plasters and donated samples to the Ministry to promote vaccination against COVID-19 infection in the country. We will introduce our products to hospitals and vaccination centers in Thailand and promote proposal activities to encourage their adoption.



Donating samples to the Ministry

### ■ Support for Peacevillage International in Germany

Peacevillage International is an NGO in Germany that supports children affected by conflict who are unable to receive proper medical treatment in their home countries. Currently 168 children from Afghanistan, Angola, and other countries are living at the facility while receiving medical care.

NICHIBAN EUROPE is putting into practice “Society,” an element of the Nichiban Group’s Corporate Philosophy and Action Guidelines, through such activities as the free provision of medical products since 2019 and donations since 2022.



Visiting Peacevillage International in Germany

# Management (As of June 28, 2023)

## Directors



**President**  
**Toshiaki Takatsu**

**Career summary**

Apr. 1990 Joined the Company  
 June 2015 General Manager of Purchase Department, Business Management Division  
 Apr. 2017 General Manager of Middle Japan Sales Department, Industrial Product Sales Management Department  
 Apr. 2018 Operating Officer and General Manager of Medical Specialty Sales Department  
 Apr. 2019 Senior Operating Officer, Assistant to President  
 June 2019 President, responsible for overall corporate management (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
17,200 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Executive Director**  
**Hironori Sakai**

**Career summary**

Apr. 1985 Joined the Company  
 Apr. 2008 Operating Officer and General Manager of Administration Department  
 June 2009 Director, Operating Officer, and General Manager of Administration Department  
 June 2015 Managing Director, responsible for CSR and corporate management  
 June 2019 Executive Director, responsible for Promotion Unit and CSR, and General Manager of Public Relations Department  
 Apr. 2020 Executive Director, responsible for administration and CSR (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
29,800 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Director, Managing Officer**  
**Hideaki Hara**

**Career summary**

Apr. 1984 Joined the Company  
 Apr. 2011 Operating Officer and General Manager of Management Department, Tape Business Division  
 Apr. 2012 Operating Officer and General Manager of Tape Business Division  
 June 2012 Director, Operating Officer, and General Manager of Tape Business Division  
 Apr. 2020 Director, Managing Officer, responsible for sales, and General Manager of Business Management Division  
 Apr. 2022 Director, Managing Officer, responsible for sales and development, and General Manager of Domestic Business Division (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
15,400 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Director, Managing Officer**  
**Yasuhiko Takahashi**

**Career summary**

Apr. 1986 Joined the Company  
 Apr. 2011 Operating Officer and General Manager of Anjo Factory  
 June 2013 President of Nichiban Techno Co., Ltd.  
 Apr. 2016 Senior Operating Officer and General Manager of Administration Division of the Company  
 Apr. 2020 Managing Officer, General Manager of Corporate Planning Division and Public Relations Department  
 June 2021 Director, Managing Officer, General Manager of Corporate Planning Division (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
10,600 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Outside Independent Director**  
**Yoji Shimizu**

**Career summary**

Apr. 1970 Joined the ASATSU INC.\*  
 Mar. 2005 Director, Operating Officer of ASATSU-DK INC.\*  
 Mar. 2010 Representative Director, President of ASATSU-DK INC.\*  
 Mar. 2013 Director, Advisor of ASATSU-DK INC.\*  
 June 2014 Outside Director of the Company (current position)

\* Current ADK Marketing Solutions Inc.

Significant concurrent positions  
None

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Outside Independent Director**  
**Tatsuo Ishihara**

**Career summary**

Oct. 1977 Passed the National Bar Examination  
 Apr. 1980 Appointed as Public Prosecutor of Tokyo District Public Prosecutors Office  
 Apr. 1987 Registered as an attorney-at-law  
 Jan. 1989 Established Okinobu & Ishihara Law Office\* (current position)  
 June 2016 Outside Director of the Company (current position)

\* Currently renamed to Spring Partners

Significant concurrent positions  
Representative of Spring Partners

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Outside Independent Director**  
**Akihiro Sato**

**Career summary**

Oct. 1987 Passed the National Bar Examination  
 Apr. 1990 Registered as an attorney-at-law  
 Apr. 1990 Joined Marunouchi Kyoritsu Law Firm  
 May 1995 Established Akihiro Sato Law Office Representative of Akihiro Sato Law Office  
 Dec. 2016 Outside Audit & Supervisory Board Member of the Company  
 June 2019 Outside Director of the Company (current position)  
 June 2023 Partner at Shinwa Sohgo Law Offices (current position)

Significant concurrent positions  
Partner at Shinwa Sohgo Law Office

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
15/15 (100%)



**Outside Independent Director**  
**Hiromi Sanada**

**Career summary**

Apr. 1979 Internal Medicine Ward, St. Luke's International Hospital  
 Apr. 1980 Kanazawa University Hospital  
 Apr. 1987 Research Student of Faculty of Medicine, Kanazawa University (March 1997 - Ph. D (medical))  
 Nov. 1998 Professor of Adult Nursing, Kanazawa University  
 Apr. 2004 Professor of Gerontological Nursing, The University of Tokyo  
 Apr. 2017 Director of Global Nursing Research Center, The University of Tokyo  
 Apr. 2022 President of Ishikawa Prefectural Nursing University (current position)  
 June 2022 Professor Emeritus of The University of Tokyo (current position)  
 June 2022 Outside Director of the Company (current position)

Significant concurrent positions  
President of Ishikawa Prefectural Nursing University

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
11/11 (100%)

## Audit & Supervisory Board Members



Audit & Supervisory Board Member  
**Kazunori Takahashi**

**Career summary**

Apr. 1985 Joined the Company  
 July 2012 Operating Officer, responsible for overseas business and General Manager of Purchase Department, Business Management Division  
 Apr. 2014 Operating Officer and General Manager of Purchase Department, Business Management Division  
 June 2015 Operating Officer and General Manager of Saitama Factory, Tape Business Division  
 June 2017 Audit & Supervisory Board Member (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
15,800 shares

Attendance at the Board of Directors meetings  
15/15 (100%)

Attendance at the Audit & Supervisory meetings  
16/16 (100%)



Audit & Supervisory Board Member  
**Kazuhiko Tomioka**

**Career summary**

Apr. 1985 Joined the Company  
 Apr. 2013 General Manager of Tape Business Division and General Manager of Tape Special Sales Department  
 Apr. 2016 General Manager of Administration Division and General Manager of Accounting Department  
 June 2020 Audit & Supervisory Board Member (current position)

Significant concurrent positions  
None

Number of shares of the Company held  
5,700 shares

Attendance at the Board of Directors meetings  
15/15 (100%)

Attendance at the Audit & Supervisory meetings  
16/16 (100%)



Outside Audit & Supervisory Board Member  
**Yasushi Kodama**

**Career summary**

Oct. 1988 Passed the National Bar Examination  
 May 1991 Passed the National Medical Practitioners Qualifying Examination  
 Apr. 1994 Joined T. HASEGAWA & CO., LAW OFFICES  
 July 1995- Joined law offices in Chicago and London  
 Mar. 1998 Registered as a New York Attorney  
 June 2004 Specially-appointed Professor at the Graduate School of Medicine of the University of Tokyo  
 Apr. 2012 Established Shinsei Sogo Law Offices, Representative (current position)  
 Apr. 2015 Director of National Cancer Center Japan (- March 2023)  
 Dec. 2018 Regent at Tokyo Medical University (current position)  
 June 2019 Outside Audit & Supervisory Board Member of the Company (current position)

Significant concurrent positions  
Representative of Shinsei Sogo Law Offices, Regent at Tokyo Medical University

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
15/15 (100%)

Attendance at the Audit & Supervisory meetings  
16/16 (100%)



Outside Audit & Supervisory Board Member  
**Atsushi Fukuda**

**Career summary**

Oct. 1985 Joined Asahi Shinwa & Co. (currently KPMG AZSA LLC)  
 Apr. 1989 Registered as a certified public accountant  
 May 2006 Appointed as Representative Partner (currently Partner) of KPMG AZSA LLC  
 June 2021 Retired from KPMG AZSA LLC  
 May 2022 Part-time Corporate Auditor of SANYO SHOKAI LTD. (current position)  
 June 2022 Outside Audit & Supervisory Board Member of the Company (current position)

Significant concurrent positions  
Outside Audit & Supervisory Board Member of SANYO SHOKAI LTD.

Number of shares of the Company held  
0 shares

Attendance at the Board of Directors meetings  
11/11 (100%)

Attendance at the Audit & Supervisory meetings  
9/9 (100%)

## Skills Matrix of Directors and Audit & Supervisory Board Members

Name	Positions and responsibilities at the Company	Nomination and Remuneration Committee	Skill						
			Corporate management	Finance/Accounting	Legal/Risk management	R&D	Manufacturing/Technology	Marketing/Sales	Internationality
Toshiaki Takatsu	President	●	●		●	●	●	●	
Hironori Sakai	Executive Director	●	●	●	●				
Hideaki Hara	Director, Managing Officer		●			●			●
Yasuhiko Takahashi	Director, Managing Officer		●	●	●		●		●
Yoji Shimizu	Outside Director	●	●						●
Tatsuo Ishihara	Outside Director	●			●				
Akihiro Sato	Outside Director	●	●		●				
Hiroimi Sanada	Outside Director						●		●
Kazunori Takahashi	Audit & Supervisory Board Member						●	●	●
Kazuhiko Tomioka	Audit & Supervisory Board Member			●					●
Yasushi Kodama	Outside Audit & Supervisory Board Member		●		●	●			●
Atsushi Fukuda	Outside Audit & Supervisory Board Member			●					

\* The "●" symbol in the skills matrix are listed based on past knowledge and experience, and do not represent all the knowledge and experience possessed by the subject.

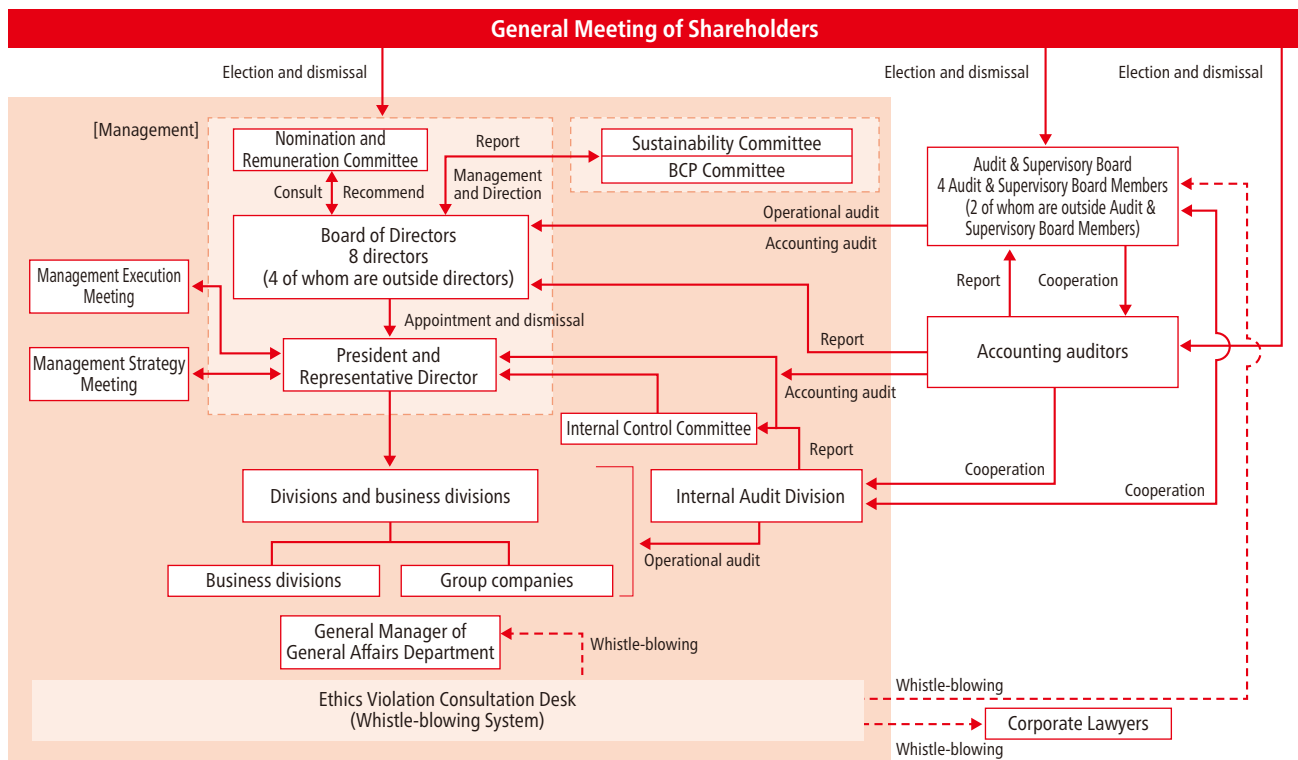
# Corporate Governance

## Basic Approach

We aim to enhance management soundness and efficiency by developing an internal control system to facilitate the effective functioning of corporate governance. The Board of Directors comprises eight members, of which four are outside directors. Management strategy meetings and management execution meetings are also held for the purpose of strengthening the functions of the Board. The Audit &

Supervisory Board liaises with the Internal Audit Division and the accounting auditor to conduct audits of the management. Also, to ensure that we are in compliance with laws, the articles of incorporation, and internal regulations, we have established an Internal Control Committee and an ethics violation consultation hotline.

## Corporate Governance Structure



### Board of Directors

The Board of Directors consists of eight members (of which four are outside directors). We have also introduced an operating officer system for the execution of business operations.

The Board meets once a month to basically ensure that the directors perform their duties efficiently. Extraordinary meetings are held whenever necessary. Management strategy meetings are also held twice a month, chaired by the representative director, to discuss basic strategies, policies, and various measures related to management in advance, thereby promoting the swift and efficient implementation of management activities. Moreover, to further strengthen the functions of the Board of Directors, a management execution meeting is held once a month, attended by the directors, managing officers, and senior operating officers. Basic items and important matters concerning business execution are discussed during the meeting.

### Audit & Supervisory Board and Internal Audit Division

We employ a corporate auditor system centering on an Audit & Supervisory Board, which comprises four members, including two outside auditors. We have also established an Internal Audit Division (comprising two members) that reports directly to the president.

The auditors attend Board meetings and other important meetings and conduct audits of the execution of duties by directors from an objective and independent standpoint.

The Internal Audit Division is responsible for auditing all aspects of management in accordance with the Internal Audit Rules. By conducting regular audits of accounting, operations, and efficiency, including at subsidiaries, it aims to detect operational deficiencies that ought to be avoided in management, enhance management efficiency, and contribute to the safeguarding of company assets.

### Nomination and Remuneration Committee

We have established a Nomination and Remuneration Committee as an advisory body to the Board of Directors for the purpose of enhancing corporate governance and the fairness, transparency, and objectivity of procedures pertaining to the nomination and compensation of directors.

The Nomination and Remuneration Committee is made up of three or more directors selected by resolution of the Board of Directors. The majority of members are independent outside directors, one of which has been selected to serve as chairperson by resolution of the Board of Directors.

## Board Effectiveness Evaluation

The Board of Directors assesses, analyzes, and verifies the effectiveness of the Board overall. In fiscal 2022, all directors and auditors were surveyed about the makeup and operations of the Board of Directors, and based on the results, deliberations were carried out by the Board of Directors. As a result, the composition, operations, and deliberations of the Board of Directors were assessed to be more or less appropriate as a framework for the Board to perform its supervisory functions and that its effectiveness has been ensured. Going forward, we will continue to work on improving the effectiveness of the Board of Directors, focusing mainly on the chairperson and the secretariat.

### Training for executives

#### 1. IT security training concerning business operations

Developing a framework to accurately recognize the threats and risks of cyber-attacks and safeguard critical information that forms the cornerstone of our operations

#### 2. Multifaceted feedback training for management personnel

Strengthening the leadership and management capabilities of managers

## Executive Remuneration

Remuneration is linked to shareholder interests so that it functions as an incentive for sustained improvements in corporate value. Our basic policy is to establish appropriate levels based on responsibilities in order to determine the remuneration for each director. Remuneration for executive directors consists of basic remuneration based on position, responsibilities, and experience, as well as performance-linked remuneration. The latter includes bonuses (short-term incentives) paid annually and a medium-to-long-term incentive paid once within a

certain period based on the medium-term management plan, provided in the form of restricted stock (non-monetary remuneration) that is subject to transfer restrictions on some or all of the shares granted. Compensation for outside directors tasked with a supervisory role consists only of basic compensation in light of those duties. The individual compensation amounts for directors are deliberated by the Nomination and Remuneration Committee, which then makes recommendations to the Board of Directors for approval.

### Remuneration Amounts for Directors and Audit & Supervisory Board Members

Category	Total amount of remuneration (¥ million)	Total amount by type of remuneration (¥ million)			Number of eligible officers
		Fixed remuneration	Performance-linked bonus		
			Monetary reward	Non-monetary reward	
Directors (of which are outside directors)	110 (28)	86 (28)	18 (—)	5 (—)	9 (4)
Audit & Supervisory Board Members (of which are outside Audit & Supervisory Board Members)	42 (10)	42 (10)	—	—	5 (3)

Notes: 1. The remuneration amount for directors does not include remuneration for directors who concurrently hold a key position in the Company.

2. The total amount of remuneration includes director bonuses of ¥24 million (for four directors) that were recorded as provisions for director bonuses and stock-based remuneration during the current fiscal year.

3. The payment of performance-linked remuneration is dependent on the attainment of metrics that measure performance. Those metrics are the KPIs important to the Nichiban Group, such as consolidated operating income and consolidated operating income margin, as well as the indicators directly linked to the achievement of our longer-term vision, including the new product ratio, the overseas sales ratio, and the stock growth rate.

Results for the indicators pertaining to performance-linked remuneration for the current fiscal year are shown on the right.

Performance metrics	Results
Consolidated operating income	¥1,609 million
Consolidated operating income margin	3.6%
New product ratio	4.4%
Overseas sales ratio	10.1%
Stock growth rate	112.0%

## Development of Internal Control System

By developing an internal control system for the Nichiban Group based on a basic policy adopted by the Board of Directors, we are endeavoring to ensure proper business operations and to establish strong corporate value by ensuring the reliability of various information, including financial reports.

## Internal Control Committee

We have established an Internal Control Committee as a governing body to oversee matters of mainly compliance and corporate governance. Chaired by the president, it meets every six months to review important matters and improvement measures related to internal controls. It also discusses timely disclosure and Company-wide risk management, and takes steps to strengthen and improve the internal control system.

# Compliance

## Approach

We have established the Nichiban Group Ethics to foster a shared compliance mindset among all employees.

### Nichiban Group Ethics

#### Basic Policy

We recognize that corporations are public instruments for the benefit of society and we will fulfill our social responsibilities by undertaking activities based on the following action guidelines.

#### Action Guidelines

##### 1. Compliance with laws and regulations

We will abide by the law, adhere to social norms, and engage in fair and transparent corporate activities.

##### 2. Providing useful, safe, and reliable products

We will place the utmost emphasis on quality, safety, and the environment, and by improving customer satisfaction through our products, we will build the trust of customers and contribute to society.

##### 3. Standing firmly against antisocial behavior

We will take a firm stance against antisocial behavior that threatens the order and security of civil society.

##### 4. Thoroughgoing information management and disclosure

We will properly manage and protect all information related to the Nichiban Group and will disclose corporate information in a timely and appropriate manner.

##### 5. Strict adherence to ethics

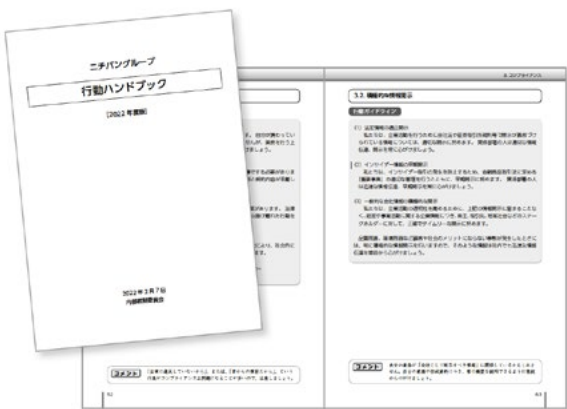
Management will lead by example to establish an internal framework and ensure it is widely understood and implemented in keeping with the spirit of the Nichiban Group Ethics.

## Ensuring Compliance

We have produced a Nichiban Group Action Handbook and distributed it to all Group employees as a way of providing concrete guidance on how the Nichiban Group's ethics should be put into practice. The handbook is reviewed every year so that it is always up to date with evolving social conditions and changes in laws and regulations. We also

make sure employees have a thorough understanding of it during training sessions and meetings.

Also, in an effort to raise awareness of compliance, we offer numerous e-learning programs related to compliance that employees can access anytime and from anywhere.



Nichiban Group Action Handbook

### List of e-learning compliance training modules

- Proper disposal of industrial waste
- Risk management
- Learning from recent cases: Personal information protection
- Food safety and security compliance: Food labelling and false advertising
- Considering organizational culture: Corporate ethics and compliance
- Insider trading regulations
- Introduction to subcontracting laws
- Introduction to truth-in-advertising laws
- Introduction to intellectual property: Copyright, trade secrets, trademarks, and company names
- Introduction to anti-trust laws
- Preventing consumer disputes: Introduction to specified commercial transactions laws

## Enhanced Whistle-blowing

We have set up two consultation channels through which employees can report ethical violations and instances of harassment. The ethical violations hotline is staffed by the General Manager of the General Affairs Department, corporate auditors, and external legal advisors. It serves as a general point of contact for compliance-related concerns with the aim of identifying instances or potential cases of legal violation.

For the harassment reporting channel, a dedicated hotline has been established at each business site, thus making it easier for employees to report issues. Moreover, in order to deepen the understanding of harassment, we run training sessions to improve the skills of the personnel that man the reporting channel.

# Risk Management

## Basic Policy

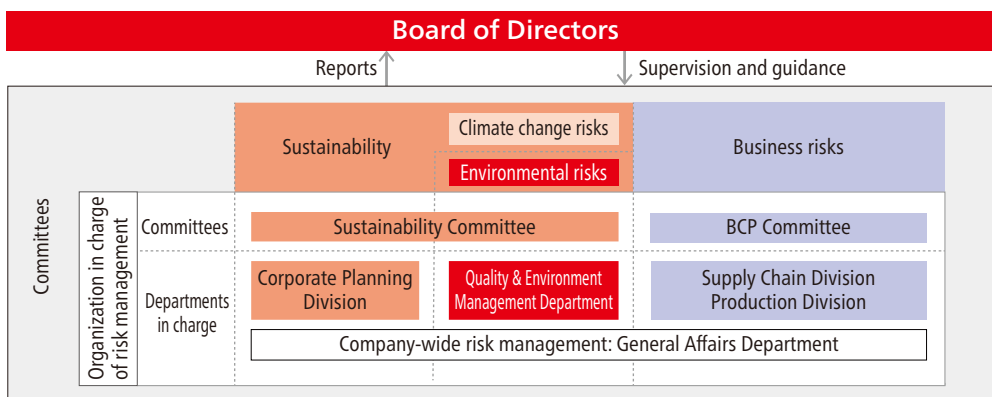
We take predictive and preventive measures in advance to avoid any kind of major crisis that could jeopardize business continuity. However, in the event a crisis does occur, we manage it properly and ensure business continuity/stable development by keeping the damage to a minimum and taking steps to prevent a recurrence.

## Risk Management System

Risks that need to be managed on a Company-wide level are handled by the General Affairs Department, while climate change and environmental risks are addressed by the Sustainability Committee. Chaired by the director in charge of CSR, this committee analyzes and examines these

risks and reports its findings to the Board of Directors. Also, we have established a BCP Committee chaired by the General Manager of the Supply Chain Division for the purpose of addressing risks related to business continuity.

### Risk Management Structure



## Emergency Response Drills

We have established a set of Emergency Response Rules so that the right decisions can be made swiftly in the event of an emergency situation that poses a threat to the lives and well-being of employees and other parties or an emergency that could significantly impede or affect our business activities. Once a year, based on the scenario that a disaster has occurred, we run a training drill to practice setting up and operating

emergency response units for the entire organization and at each business site with the aim of minimizing harm to employees and damage to Company property, and the impacts on the safety and environment of the areas around our business sites. In addition, we conduct emergency response training using a safety confirmation system and emergency radios.

## Establishment of BCP-driven Stable Supply Structure

In the Nichiban Business Continuity Management Regulations, we have prescribed guidelines for the kinds of actions and measures that should be implemented during each stage; namely, when a disaster has occurred, when business has resumed, and when business is continuing. In light of climate change and heightened geopolitical risks in recent times, the BCP Committee is studying risks across the entire supply chain

and focusing on measures to ensure we can make good on our product supply responsibilities. For example, it is mapping manufacturers of raw materials, assessing the risks associated with procuring specialized and rare materials, and responding to the risks identified in TCFD scenario analyses.

# Information Security

## Development of IT Controls

Information technology has become indispensable to business strategy and the quality of information systems achieved with the use of IT now has a significant impact on management. By developing and deploying IT controls, we can carry out appropriate self-assessments and audits around IT strategy, development, and operations. This is reinforcing IT

governance throughout the Nichiban Group, whilst also properly controlling risks pertaining to information systems. We have established a Group IT Liaison Committee to facilitate the sharing of information between Group companies and to monitor how the proprietary systems of each company are being operated.

# Messages from Outside Directors

Our four outside directors were asked to share their messages from the perspective of the role that outside directors should play in the Nichiban Group's continued growth, management in general, issues facing the Board of Directors, and committee activities.

## Questions

- 1 How do you see your role as an outside director in light of your professional history and knowledge?
- 2 What issues do you see facing management in general and the Board of Directors in particular, and what is your response?
- 3 What are some issues related to the effectiveness of the Board of Directors and the governance system?
- 4 What activities do the Nomination and Remuneration Committee engage in?
- 5 What are your expectations for the Nichiban Group in the future?

Outside Independent Director

Yoji Shimizu

- 1 I was with the advertising agency ASATSU-DK INC. for more than 40 years starting in 1970, working my way up from employee to director and engaging in corporate management. I believe it is important to continue to exercise supervision over Nichiban Group management and make recommendations to improve profitability and enhance corporate value.
- 2 There are specific systems in place regarding knowledge and the provision of information related to agenda items, with the Board operating in an atmosphere that encourages free and vigorous discussions. The materials used at the Board of Directors are often based on new buzzwords and values, and as the concept of sustainability itself is changing rapidly, it is important to input information in advance and see eye to eye at the Board of Directors.
- 3 In order to enhance the effectiveness of outside directors, including myself, after ensuring their definition, evaluation, fairness, transparency, and speed, improvements are being made based on the Nichiban Group's Diversity and Inclusion Policy. We formulated the medium- to long-term vision "NICHIBAN GROUP 2030 VISION" and the medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~" to achieve effective strategic themes and enhance corporate value, while at the same time, we check the progress of the current medium-term management plan every six months to monitor degree of achievement, and encourage and supervise the sustainable enhancement of corporate value.
- 4 The Nomination and Remuneration Committee deliberates the rules governing remuneration (short-, medium-, and long-term incentives) for duties performed by senior management and the Board of Directors from the perspective of strengthening governance. To ensure objectivity and transparency in these procedures, Board members, mainly outside directors, consult on and determine the amount of officer remuneration. The majority of the Board of Directors are outside directors, which ensures sufficient objectivity, transparency, and fairness.
- 5 I look forward to the further development of the Nichiban Group not only through the pursuit of profits, but also through contributions to a sustainable society, creating innovation, and global expansion.



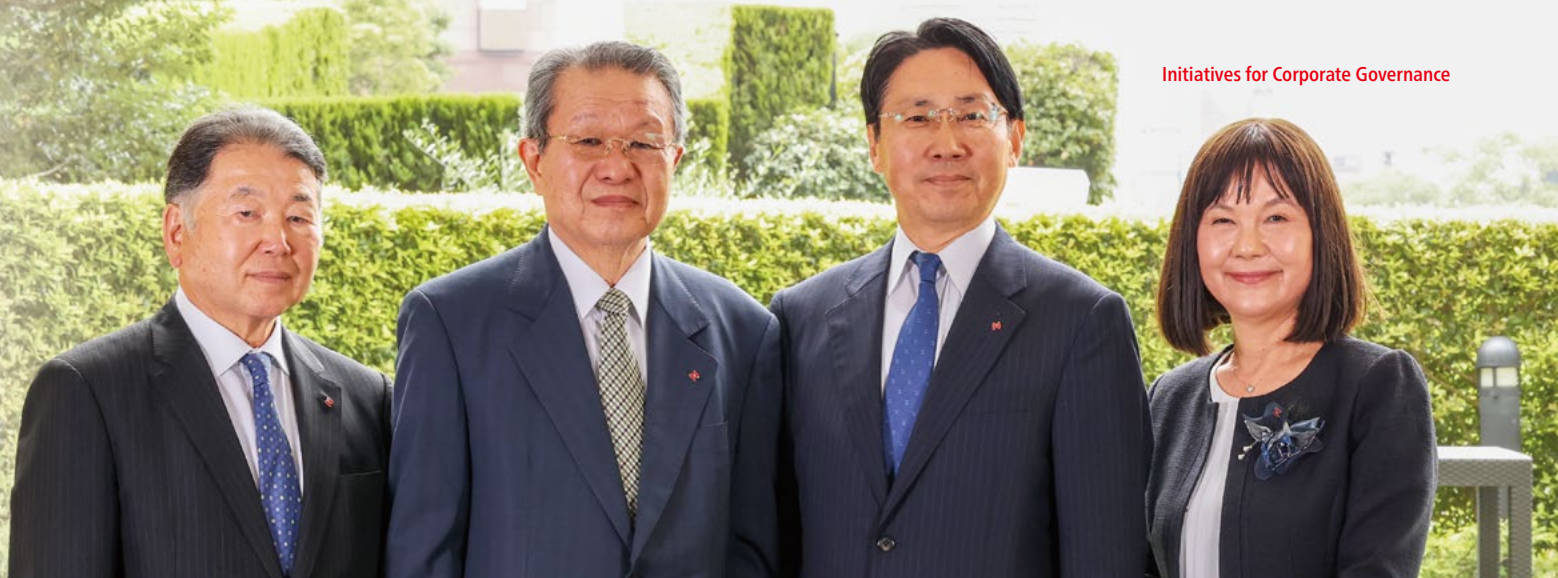
Outside Independent Director

Tatsuo Ishihara

- 1 After being appointed a public prosecutor of the Tokyo District Public Prosecutors Office and working at various prosecutors' offices, I registered as an attorney and have spent more than 40 years as a legal professional. As a prosecutor, I had to decide within a certain time frame whether or not to prosecute a wide range of cases, and through this experience, I naturally acquired a sense of balance in matters. As we constantly encounter a wide variety of situations and interests in the course of business, I believe that I can provide insight to help determine whether there are any problems with the decisions that need to be made in specific situations.
- 2 Although Board of Directors are conducted in an open atmosphere, it would be better if, in addition to monthly results, the Company would introduce concepts and other information that emphasize future business developments.
- 3 The Board of Directors has been functioning effectively for some time, and the addition of a female outside director with expertise in health and nursing has further improved the effectiveness of the Board from the perspective of diversity. The medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~" considers the development of human resources to be the most important factor for sustainable growth in the future, as the ability to retain and develop excellent human resources is essential for achieving the long-term enhancement of corporate value.
- 4 The Nomination and Remuneration Committee meets as needed, but because outside directors have limited knowledge and information about the organization, the Committee receives proposals from the President and other Company officers, and confirms that these proposals are objective, transparent, and fair through a question-and-answer session focused on their reasoning and rationale, before passing resolutions at Board meetings.
- 5 As a centennial company, the Nichiban Group has earned a solid reputation in society alongside its signature products, and I expect the Nichiban Group to continue to grow and advance through the development of new products that are sensitive to the needs of society, while proactively promoting its business overseas, where there is great potential for growth.







Outside Independent Director

### Akihiro Sato

- 1 As an attorney, I have been involved with companies in various industries in the field of business legal affairs, focusing on corporate law including M&A, and have served as an outside director of other companies. The Nichiban Group expects me to utilize knowledge based my backbone and experience to provide a wide range of appropriate and reasonable advice and recommendations from an independent and objective standpoint.
- 2 At the Board of Director, various issues related to overall management are generally brought up in a timely manner and a lively exchange of opinions takes place.
- 3 In addition to the foundational cellulose tape business, the Nichiban Group's healthcare business has grown significantly in recent years, but the business environment is changing rapidly and we are increasingly required to make difficult business decisions in both of these areas. I believe the Board of Directors must adopt a global perspective and make proactive and bold decisions with a cautious yet risk-taking approach in order to enhance corporate value over the long term.
- 4 The medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~" sets appropriately high goals that we expect will be communicated to all employees so that they work together as one. The Nomination and Remuneration Committee also discusses this plan to ensure transparent and fair personnel and remuneration assessment.
- 5 As a traditional company with a distinctive product lineup utilizing adhesive technologies represented by adhesive bandages, there is still potential for growth. Going forward, I expect Nichiban to be a Company that proactively promotes human resources with diverse backgrounds and expertise, while all employees proactively take on challenges, sometimes without fear of failure, to develop new products and explore new fields, including expansion into global markets and e-commerce.



Outside Independent Director

### Hiromi Sanada

- 1 I recognize that I must contribute to creating innovation and global expansion, which are key themes in the medium-term management plan "ISHIZUE (foundation) 2023 ~SHINKA (evolution/deepening)-HENKAKU (reform)~". As a professor at the Graduate School of Medicine and Faculty of Medicine, The University of Tokyo, and as former President of the Japanese Society of Pressure Ulcers among other academic societies, I have been involved in research and development in the medical and nursing fields for more than 30 years, and will provide expert advice on creating innovation in the healthcare business. The new product CATHEREEPLUS™ ECHO, an echo-guided puncture fixation dressing, is the result of a collaboration with The Society for Nursing Science and Engineering, where I served as chairperson. I have also conducted many joint projects with Asian and European universities through the establishment of the Global Nursing Research Center at the University of Tokyo. Drawing on this background, I intend to support the establishment of a foundation for overseas business.
- 2 Many women play active roles in the healthcare and medical fields, including nursing positions. In developing products in these fields, ideas from a woman's perspective and a working environment viewed from the standpoint of female employees are important. I will strive to ensure that female opinions, proposals, and other perspectives are reflected in senior management decision-making.
- 3 As the Nichiban Group is committed to management that values "people," it has been certified as a 2023 Japanese Health & Productivity Management Outstanding Organization by the Ministry of Economy, Trade and Industry. I would like to apply my knowledge and networks to assist these innovation efforts of human resource management.
- 5 I will continue contributing to market expansion through support for the creation of new products by promoting creating innovation and global expansion, which will become the engine of sustainable growth.

Note: The response to Question 4 has been omitted, as Ms. Sanada is not a member of the Nomination and Remuneration Committee.



# Eleven-year Financial and Non-financial Summary

Years ended March 31

	2013	2014	2015	2016
<b>Financial summary</b>				
<b>Results of operations</b>				
Net sales	38,502	40,225	39,892	42,461
Operating income	1,773	1,789	2,161	3,360
Ordinary income	1,801	1,858	2,267	3,490
Net income attributable to owners of parent	988	989	1,311	1,827
Capital investment	2,747	2,495	1,818	3,586
Depreciation and amortization	1,741	1,787	1,385	1,603
R&D expenses	993	1,004	1,008	1,108
Cash flows from operating activities	3,075	2,666	2,547	4,406
Cash flows from investing activities	(3,008)	(1,242)	(1,948)	(1,963)
Cash flows from financing activities	(439)	(469)	(468)	(589)
Free cash flows	67	1,424	599	2,443
Cash and cash equivalents	9,879	10,832	10,959	12,802
<b>Financial position at year-end</b>				
Net assets	24,792	25,548	26,885	28,140
Interest-bearing debt	2,000	2,000	2,000	2,000
Total assets	45,801	47,213	47,943	52,890
<b>Per share information</b>				
Net assets per share (Yen)* <sup>1</sup>	1,196.22	1,232.70	1,297.26	1,357.84
Net income per share (Yen)* <sup>1</sup>	47.70	47.75	63.30	88.18
Net income per share—diluted (Yen)	—	—	—	—
Dividends per share (Yen)* <sup>1</sup>	12	12	16	22
<b>Ratios</b>				
Equity ratio (%)	54.1	54.1	56.1	53.2
Return on equity (%)	4.1	3.9	5.0	6.6
Ordinary income / total assets (%)	3.9	4.0	4.8	6.9
Price-earnings ratio (Times)	15.3	14.5	14.5	14.9
<b>Non-financial summary</b>				
Number of employees	1,145	1,150	1,160	1,180
Number of average temporary staff	(258)	(234)	(227)	(206)
Number of male managers	156	156	155	156
Number of female managers	9	10	11	10
Female manager ratio (%)	5.5	6.0	6.6	6.0
Employment of persons with disabilities (%)	1.4	1.2	2.0	1.8

Notes: 1. Figures for the fiscal year ended March 31, 2013 through the fiscal year ended March 31, 2017 were calculated using the number of shares after the share consolidation implemented in October 2017.  
2. Dividend per share for the fiscal year ended March 31, 2018 was ¥40, including the ordinary dividend and the 100th anniversary commemorative dividend of ¥2.

(Millions of yen)

2017	2018	2019	2020	2021	2022	2023
44,145	46,234	47,417	44,063	41,528	43,134	45,560
4,057	4,419	3,684	2,975	2,000	2,450	1,609
4,274	4,626	3,860	3,095	2,070	2,561	1,748
3,107	3,132	3,193	1,751	1,350	1,809	2,371
5,818	6,489	2,054	1,455	2,755	3,981	4,092
1,792	1,960	2,327	2,352	2,342	2,545	2,757
1,153	1,241	1,184	1,067	1,064	1,057	1,110
3,899	3,228	5,584	5,749	5,911	4,064	2,917
(5,349)	(5,039)	(4,743)	(1,380)	(3,067)	(2,898)	(1,153)
(636)	(934)	(979)	(916)	(772)	(691)	(867)
(1,450)	(1,811)	841	4,369	2,844	1,166	1,764
10,713	7,963	7,822	11,273	13,344	13,844	14,752
30,766	33,317	36,480	37,218	38,078	38,961	40,603
2,000	2,000	2,000	2,000	2,000	2,000	2,000
56,120	60,755	60,329	59,752	61,214	64,427	69,123
1,484.70	1,607.89	1,760.54	1,796.15	1,837.64	1,880.25	1,969.94
149.95	151.17	154.12	84.54	65.15	87.34	114.67
—	—	—	—	—	—	114.65
36	40* <sup>2</sup>	38	33	30	30	35
54.8	54.8	60.5	62.3	62.2	60.5	58.7
10.6	9.8	9.2	4.8	3.6	4.7	6.0
7.8	7.9	6.4	5.2	3.4	4.1	2.6
12.3	23.1	15.2	17.7	29.4	19.5	16.8
1,204	1,241	1,258	1,266	1,260	1,255	1,268
(195)	(151)	(146)	(133)	(113)	(130)	(143)
159	160	159	157	149	166	174
11	11	12	13	14	16	21
6.5	6.4	7.0	7.6	8.6	8.8	10.8
2.0	2.1	2.2	2.2	2.4	2.5	2.3

# Corporate Data (As of March 31, 2023)

<b>Company Name</b>	Nichiban Co., Ltd.
<b>Headquarters</b>	2-3-3, Sekiguchi, Bunkyo-ku Tokyo, Japan, 112-8663
<b>Founded</b>	January 1918
<b>Telephone</b>	+81-3-5978-5601
<b>President</b>	Toshiaki Takatsu
<b>Capital</b>	¥5,451 million
<b>Consolidated Net Sales</b>	¥45,560 million
<b>Number of Employees</b>	Consolidated: 1,268

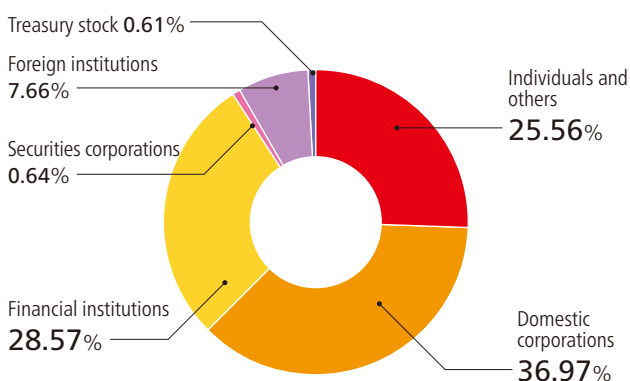
<b>Consolidated Subsidiaries</b>	Nichiban Print Co., Ltd. Nichiban Techno Co., Ltd. Nichiban Medical Corp. NICHIBAN (THAILAND) CO., LTD. NICHIBAN EUROPE GmbH
<b>Affiliated Companies</b>	UNION THAI-NICHIBAN CO., LTD. Daito Chemical Co., Ltd. Hanyo Kako Co., Ltd.

## Share Information (As of March 31, 2023)

### Share information

Total number of authorized shares	70,000,000 shares
Total number of issued shares	20,738,006 shares
Number of shareholders	15,466

### Shareholder composition

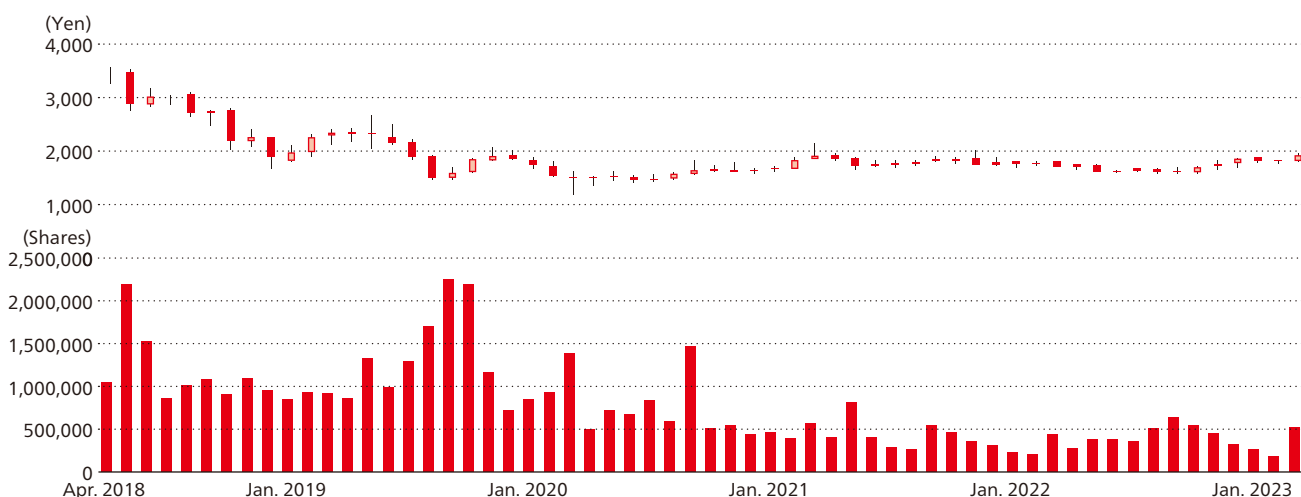


### Major stockholders

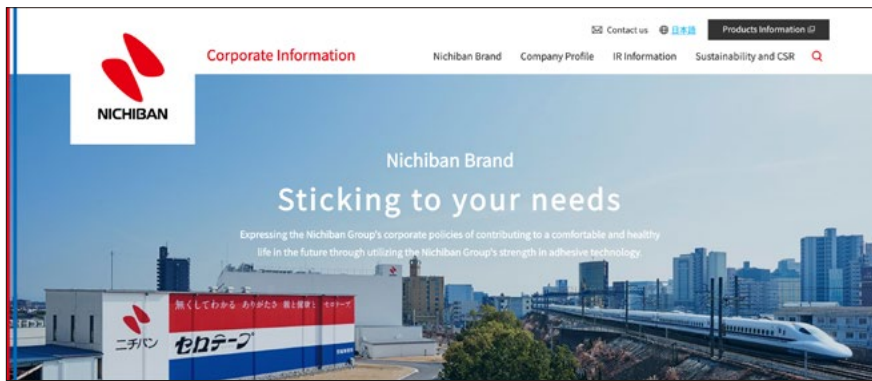
Name	Number of shares held	Percentage of shares held (%)
TAIHO PHARMACEUTICAL CO., LTD.	6,758,000	32.79
The Master Trust Bank of Japan, Ltd. (trust account)	1,482,100	7.19
Nichiban Supplier Shareholding Association	1,198,300	5.81
MUFG Bank, Ltd.	1,000,000	4.85
Mizuho Bank, Ltd.	1,000,000	4.85
Custody Bank of Japan, Ltd. (trust account)	592,100	2.87
Aioi Nissay Dowa Insurance Co., Ltd.	499,500	2.42
Resona Bank, Ltd.	288,500	1.40
Dai-ichi Life Insurance Co., Ltd.	277,500	1.35
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT	268,000	1.30

Notes: 1. Percentage of shares held is calculated excluding treasury stock (126,347 shares).  
2. Shareholder names represent registered names as of March 31, 2023.

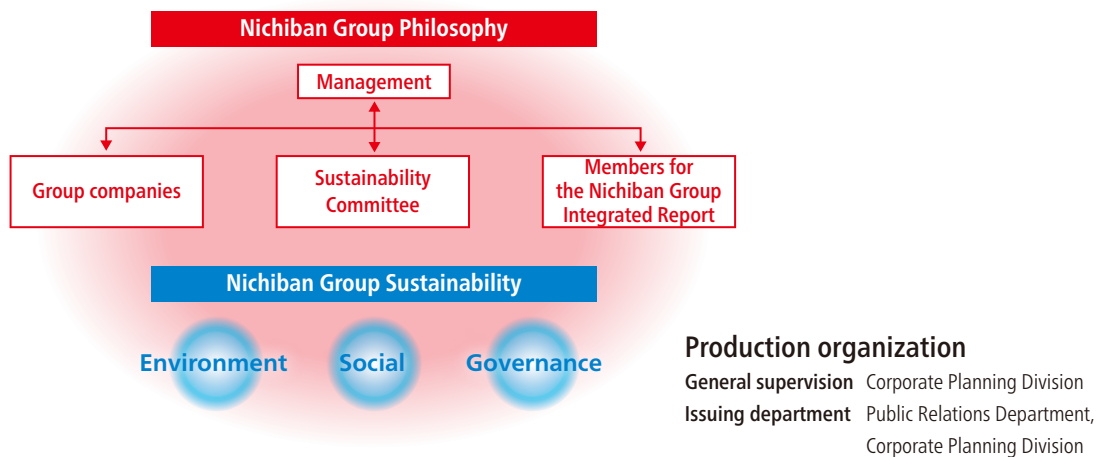
### Stock price and trading volume



# Nichiban Websites



# Editorial Structure of the Nichiban Group Integrated Report 2023



### Forward-looking statements

This integrated report contains forward-looking statements about Nichiban's management plans, forecasting, strategies, and performance. These statements are based upon current beliefs in light of the information available on the issuing date of the report.

### Contact

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