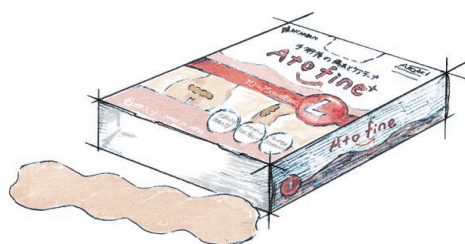
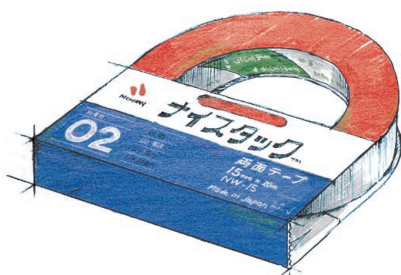


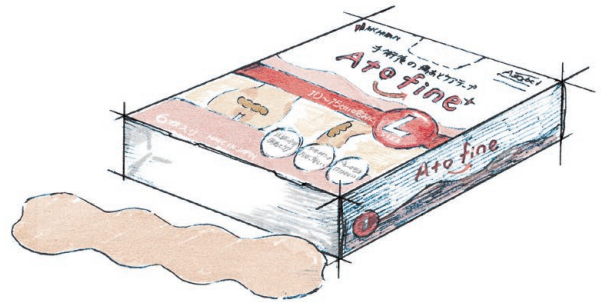
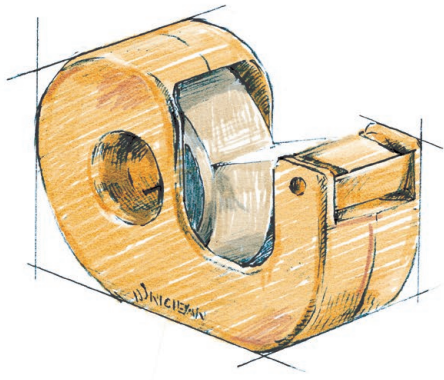


Sticking to your needs



NICHIBAN Group

Integrated Report 2024



Sticking to your needs

NICHIBAN Group Philosophy

Spirit of Founders

Work together in harmony and take initiative with enthusiasm.

Basic Philosophy

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

Corporate Policies

Nichiban continuously strives to contribute to the comfort of people's lives through the value-added technology from its base of expertise in adhesive field.

Action Guidelines

Society



Take action with sincerity and work with pride.

Customers



Deliver results that are good and beneficial for customers.

Challenge



Seek to accomplish tasks with confidence in positive results.

Speed

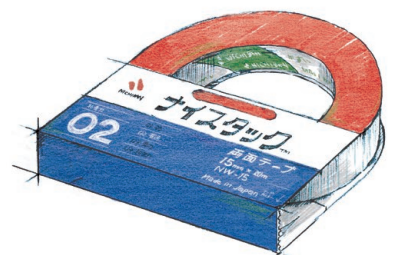
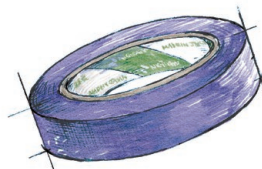
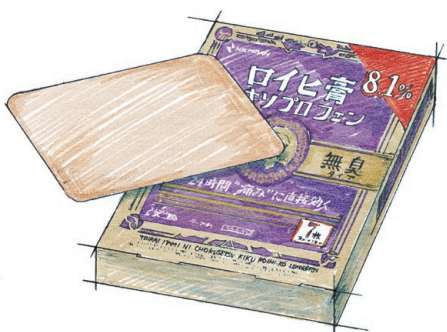


Take action swiftly and make necessary changes rapidly.

Teamwork



Extend cooperation beyond sections and carry through to the end.





Our corporate mark under the nickname of “N Wing” expresses NICHIBAN’s initial N and the wing for the bright future.

Origin

The logo symbolizes 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.

Editorial Policy

The NICHIBAN Group Integrated Report 2024 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 CORPORATION
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 trademark; “™” indicates trademark.

* “Paralym Art®” is a registered trademark of The Parents, Inc.

Reporting Period

April 1, 2023–March 31, 2024

In light of the importance of providing up-to-date information, some information on organizational structure and policies are included for the year 2024.




Reference Guidelines

- IFRS Foundation, Integrated Reporting Framework
- Ministry of Economy, Guidance for integrated corporate disclosure and company-investor dialogue for collaborative value creation

Date of Publication

October 2024

Reporting Media

Major Information Disclosure Tool	Content	
Official Website	This website covers all aspects of the NICHIBAN Group, including product and corporate information and the “NICHIBAN GROUP 2030 VISION.” https://www.nichiban.com/	
NICHIBAN Group Integrated Report	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
Corporate Governance Report	In accordance with the Corporate Governance Code, this report describes the objectives, status, and initiatives of Group corporate governance. https://www.nichiban.com/corp/ir/policy/governance/#nav_anc5 (in Japanese only)	
Annual Securities Report	Disclosure for shareholders and investors regarding general Group status, business and financial conditions, and accounting status. https://www.nichiban.co.jp/corp/ir/library/security_reports/ (in Japanese only)	

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NICHIBAN Products in Everyday Life

The NICHIBAN Group contributes to the realization of an abundant and comfortable lifestyle for everyone, in all places and situations within society, through over 10,000 products.

HYCOROLL™



This tape material is made of a hydrocolloid material with moderate thickness and cushioning. It reduces external pressure and friction, protecting the skin.

SKINERGATE™



This hypoallergenic surgical tape is widely used in medical institutions. It minimizes the burden on the skin during application and helps prevent irritation.

CHUSHAVAN™



This adhesive bandage with a pad is applied to the site after blood collection. It is used for purposes such as hemostasis, protection of the blood collection site, and prevention of infection.

Medical Institutions

battlewin™ for Sports Taping Tapes



This taping tape is designed to prevent injuries and prevent recurrence by moderately restricting joint movement and supporting muscles.

NICETACK™



A wide variety of double-sided adhesive tapes with paper holders. Perfect for crafts, DIY projects, and various household uses.

General Household

Atofine™



It protects post-operative scars from extension stress, friction, UV rays, and other factors, helping to prevent the formation of hypertrophic scars and keloids.

CARELEAVES™



An adhesive bandage that combines "gentleness on the skin" with a "comfortable fit." It can be used for a variety of situations, such as scrapes, chapped skin, blisters from shoes, and more.

FAPRO™ (Tabanera™)



This is a system used for bundling vegetables and other food items in supermarkets. We provide both the bundling tape and the machine for this purpose.

Masking Tapes



This versatile tape, available in a wide range of options, is widely used in construction sites, automotive factories, and home DIY projects.

Food Pack Tapes



This tape, made from natural materials, is ideal for securing the lids of food containers used for bento boxes and prepared dishes. A long-length 500-meter roll is also available.

Manufacturing Sites

Self-Adhesive Cellulose Tapes



This environmentally friendly product is made primarily from natural materials, such as wood pulp and natural rubber, with a core made of recycled paper.

ROIHI-TSUBOKO™



This plaster works through its active ingredients to improve blood circulation in the affected area, relieving symptoms of shoulder stiffness and lower back pain.

Dear Kitchen™



The brand concept is "Helping to eliminate extra steps in the kitchen." We offer products that support the efficiency of household chores.

NICHIBAN Group History

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

NICHIBAN was founded in 1918 as Utahashi Pharmaceutical Office in Minami-Shinagawa, Tokyo. It began with in the manufacture of ointments, adhesive plasters and other plasters. NICHIBAN continues to deliver “sustainable products that make people’s lives more comfortable,” including Self-Adhesive Cellulose Tapes, which are 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.



Mr. Kenichi Utahashi

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 adhesive bandage manufacturers nationwide centered around the 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 were developed and expanded, and the company name was 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 Self-Adhesive Cellulose Tapes and other products.



1910-

1918

Launched the “Ribbon Mark Utahashi Bandage”

This was the first domestically mass-produced rubber adhesive bandage, distributed nationwide. It became the first adhesive bandage brand in Japan.



1931

Launched the “Corn Plaster”

Introduced a salicylic acid adhesive bandage designed to remove warts, corns, and calluses.



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 Tapes

With a proven track record in the manufacture of adhesive bandages, approached as a supplier of Self-Adhesive Cellulose Tapes 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

●World War I
(1914-1918)

●Era name changed to Showa
(1926)

●World War II
(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

Established the Advanced Technology Building and Relocated the Osaka Factory

As residential development expanded around the Osaka Factory, which was a pharmaceuticals production site, it became increasingly difficult to continue operations. Consequently, the Advanced Technology Building was established within the grounds of the Anjo Factory, housing the Advanced and Applied Research Institute and the Medical Anjo Factory (now the Pharmaceutical 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-

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™

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



2012

Launched CARELEAVES™ Hydrocolloid

Launched sales of adhesive bandages 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

Introduced the "Dear Kitchen™ Wazaari Tape," a water-resistant film tape that can be easily cut by hand and applied or removed easily.



2016

Launched Atofine™ Post-Operative Scar Care Tape

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



2023

Launched the Echo-Permeable Catheter Cover and Protective Material "CATHEREEPLUS™ ECHO" and "NICHIBAN Smart Glasses"

These products enable a seamless workflow for vascular identification, puncture, and fixation under ultrasound guidance.



●Oil Crisis
(First: 1973/Second: 1978)

●Era name changed to Heisei
(1989)

●Great East Japan Earthquake
(2011)

●Era name changed to Reiwa
(2019)

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 global contributions.

Strength 01



Product Brands Built Up Over Many Years

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 Self-Adhesive Cellulose Tapes, 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.

Chosen by customers for

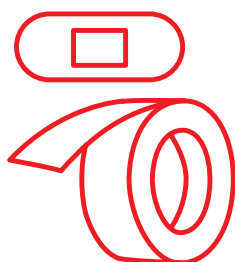
More than

100 years

絆を創って100年



Strength 02



Business Foundation in a Wide Range of Fields

Based on proprietary adhesive and bonding technologies accumulated over many years, the NICHIBAN Group has established a firm 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.

Products:

Approximately

10,000 items



Strength 03



Technology 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." To build a new future, we are also strengthening our collaborations with industry, government, and academia.



Strength 04



Robust Supply Chain and Solid Customer Base

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.

Overseas exports:

Approximately
50 countries



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

Inputs

Actual results for FY2023

Source of Value Creation



Manufacturing capital

Production system comprising mainly manufacturing business infrastructure and company-owned factories

- Manufacturing bases (Domestic factories: 3; Group companies: 3)
- Manufacturing capital (fixed asset balance): ¥29.4 billion
- Capital investment: ¥1.8 billion



Human capital

Promotion of human capital management

- Employees: 1,270 people (consolidated)
- Outside directors: 50.0%; Outside Audit & Supervisory Board members: 50.0%
- Average working years: 18.8 years (Non-consolidated)
- Job Turnover: 2.2% (Non-consolidated)
- Total training expenditures: ¥154 million (consolidated)
- Training expenditures per employee: ¥121,000 (consolidated)



Intellectual capital

Accumulation of technologies from its base of expertise in adhesive field

- Patents held: 93 items
- Registered designs: 58 items
- Research and development structure



Financial capital

Sound financial structure

- Equity ratio: 61.3%



Social and relationship capital

Connections in business development

- Bases (Domestic: 16 locations; Overseas: 3 locations)
- Overseas exports: Approximately 50 countries
- Customer communications infrastructure, local communities



Natural capital

Contributions to the environment

- Use of naturally occurring raw materials
- Green Power Certificates purchased:
11,500,000 kWh contracted in fiscal 2023
- Estimated CO₂ emissions reduction:
5,027 tons of CO₂/year in fiscal 2023

Assessing Risks and Opportunities

P19

Risks

- ① Sluggish growth of existing products
- ② Maturation of existing product lifecycle
- ③ Heightened need to address climate change
- ④ Others
Rising prices and energy costs/product quality risks/intellectual property risks/yen depreciation risks

Opportunities

- ① Expanded applicability in markets related to environmental and social issues
- ② Growing new demand in consumer market
- ③ New markets overseas
- ④ Advancement of super aged society and transition to Community-based healthcare (home healthcare)

Business Model and Strengths

P08

- ① Ability to develop products leveraging product brands built over a long period of time
- ② Ability to develop high added-value products based on technologies originating in the adhesives field
- ③ Ability to apply and deploy technologies and functions with a broad business base in the consumer, medical, and industrial fields
- ④ Ability to engage in procurement, sales, and channel connections through a highly reliable supply chain network and a broad customer base

Materiality

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

Management Strategy P20

Medium- to Long-term Vision

NICHIBAN GROUP 2030 VISION

FY2030, Become a company that contributes globally with continuing to create value of sustaining a comfortable life!

- 01 | Contribution to a Sustainable Society
- 02 | Establishment of Firm Corporate Quality
- 03 | Active Promotion of Digital Transformation (DX)

New Products Ratio: **30%**

Global Sales Ratio: **30%**

CREATION 2026 New Medium-term Management Plan

- 01 | Restructuring of the Business Portfolio
- 02 | Globalization
- 03 | Human Capital Management

2026 Targets

Net Sales: **¥53 billion** Operating Income Margin: **8%**
 New Products Ratio: **15%** Global Sales Ratio: **15%**
 ROE: **8% or higher**

Foundation Supporting Value Creation P50

- 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 Capital Management

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

Outputs

Actual results for FY2023

Results Created through Business Activities

Financial Performance

- 1. Net Sales: **¥46.8 billion**
- 2. Operating Income: **¥2 billion**
- 3. ROE: **4.4%**
- 4. New Products Ratio: **6.2%**
(New Medium-term Management Plan KPI)
- 5. Global Sales Ratio: **8.5%**
(New Medium-term Management Plan KPI)

Non-Financial Performance

- 1. Female Manager Ratio: **10.2%**
- 2. Employee Engagement Score: **46.8**
- 3. Annual Paid Leave Utilization Rate: **65.6%**
- 4. CO₂ Emission Reduction Rate: **36.6%**
(Compared to FY2013)

Outcomes Created Value

① Our Vision

- Realize the NICHIBAN Group Philosophy and Human Capital Management, and Achieve the 2030 VISION
- Create innovation contributing to the resolution of social issues
- Achieve Carbon Neutrality and Net Zero

② Value to Stakeholders

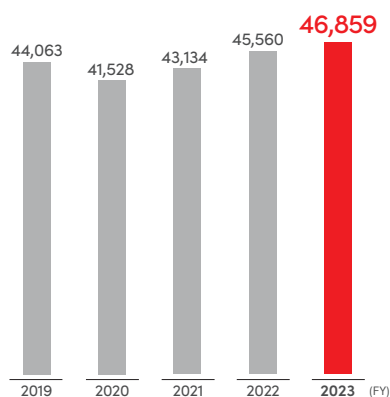
- Contribute to Healthy and Comfortable Lifestyles (Customers)
- Enhance Corporate Value through Sustainable Growth (Shareholders and Investors)
- Enhance Corporate Value with Partners (Business Partners)
- Foster diverse employee growth and improve work-life balance (Employees)
- Contribute to regional revitalization (Local Communities)

Financial and Non-financial Highlights

Financial Highlights (Consolidated)

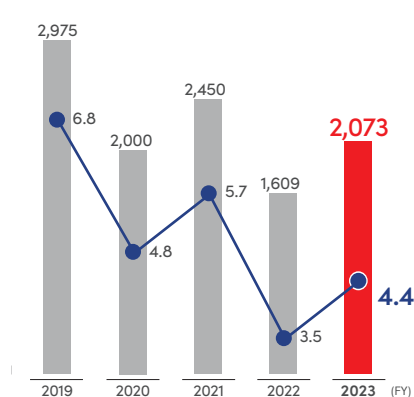
Net sales

(Millions of yen)



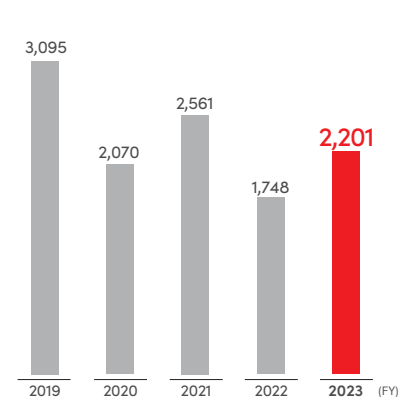
Operating income/Operating income margin

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



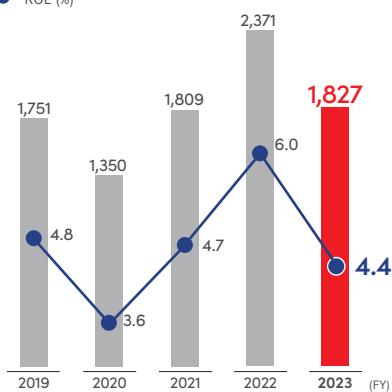
Ordinary income

(Millions of yen)



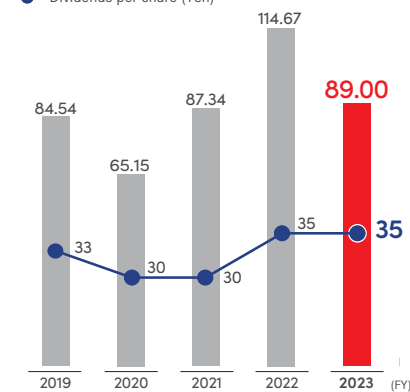
Net income attributable to owners of parent/ROE

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



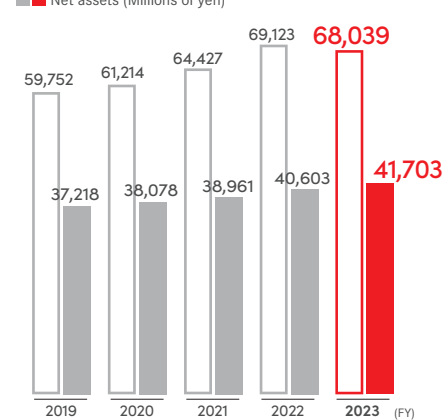
Net income per share/Dividends per share

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



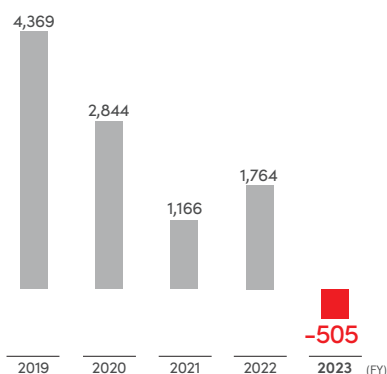
Total assets/Net assets

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



Free cash flows*1

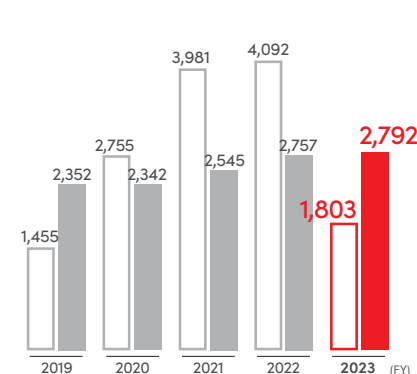
(Millions of yen)



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

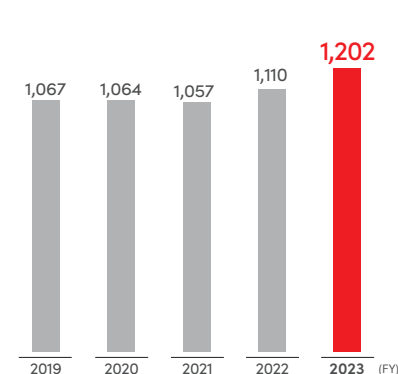
Capital investment/Depreciation and amortization

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



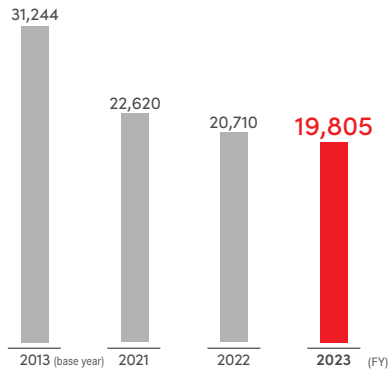
R&D expenses

(millions of yen)



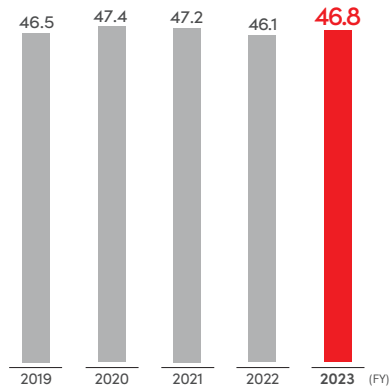
Non-financial Highlights

CO₂ emissions Scope 1 and 2 (Consolidated)*²
(t-CO₂)

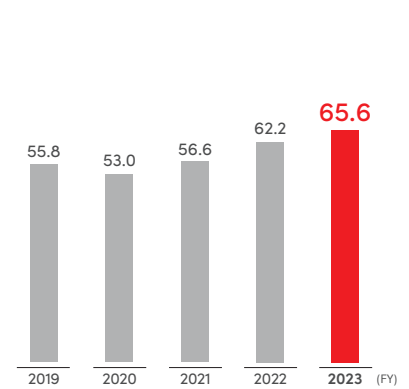


*2 Applies to NICHIBAN CO., LTD. and its domestic subsidiaries

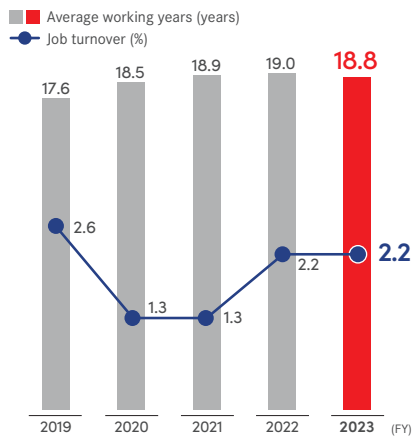
Employee Engagement Score (Non-consolidated)



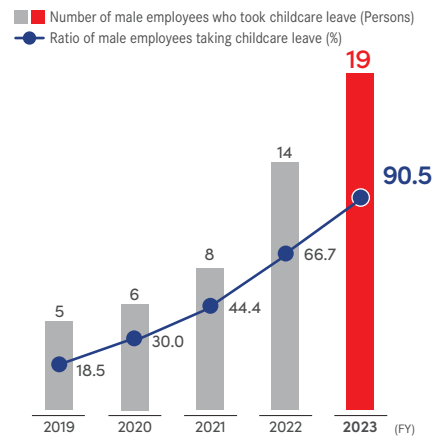
Annual Paid Leave Utilization Rate (Non-consolidated)
(%)



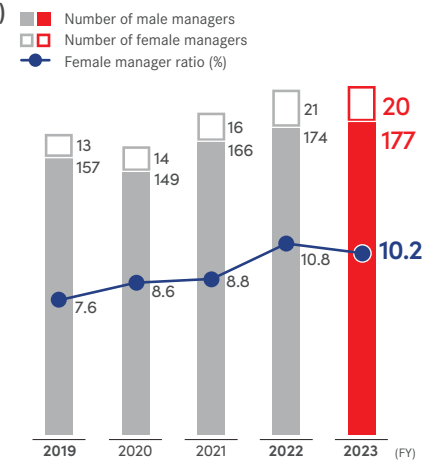
Average working years/
Job turnover (Non-consolidated)



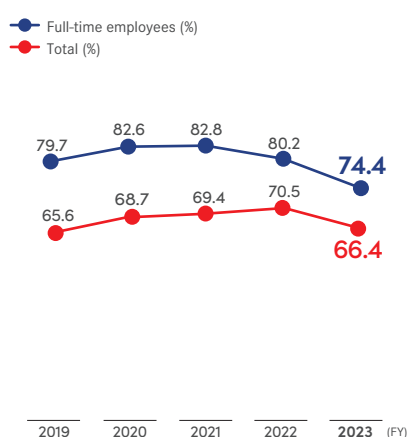
Ratio of male employees
taking childcare leave (Non-consolidated)



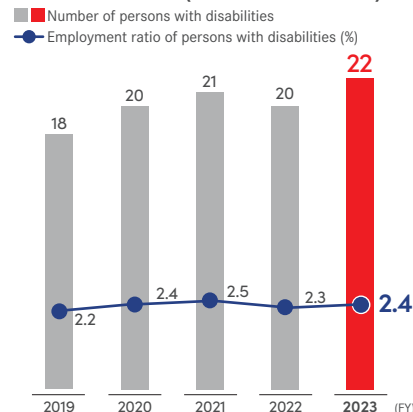
Female manager ratio(Non-consolidated)



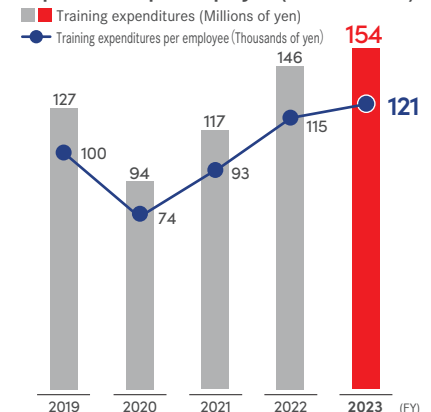
Gender pay gap (Non-consolidated)*³



Employment of persons
with disabilities (Non-consolidated)



Total training expenditures/Training
expenditures per employee (Consolidated)



*3 Ratio of female average salary to male average salary (annual salary) as 100

Message from the President



From laying the foundation for the future to creating a new business structure. With the new medium-term management plan, **“CREATION 2026,”** NICHIBAN is entering a new phase.

To realize our vision for 2030, we have launched the New Medium-term Management Plan aimed at creating a new business structure that drives innovation and global contributions. We will focus on three priority themes: “Restructuring of the Business Portfolio,” “Globalization” and “Human Capital Management.”

President

Toshiaki Takatsu

Can you review the previous Medium-term Management Plan?

The foundation for NICHIBAN's future has steadily progressed.

The previous Medium-term Management Plan, “ISHIZUE(foundation) 2023 ~SHINKA(evolution/deepening)・HENKAKU(reform)~, ” was launched concurrently with the president's appointment in 2019, with the goal of laying the foundation for the realization of the Medium-term and Long-term Vision, “NICHIBAN GROUP 2030 VISION.” Grounded in the core values of corporate quality and contribution to a sustainable society, the plan focused unwaveringly on the dual pillars of “Innovation Creation” and “Global Contributions,” while addressing five key challenges. Despite the challenging circumstances caused by the COVID-19 pandemic, we were able to end FY2023 with increased revenue and profit.

One of the key achievements was the establishment and deep integration of a customer-centric business promotion system, which we implemented to strengthen our sales promotion structure and rebuild our brand strategy. Our business is divided into two segments: “Medical” and “Tape.” For example, within the “Medical” segment, we have hospital products for hospitals (B to B) as well as healthcare products for general consumers (B to C). By reinforcing our business activities with a focus on B to B and B to C customers, we have achieved notable results.

In the B to B segment, we have promoted efforts to capture customer feedback and needs, which have been reflected in our product development. This has allowed us to engage more closely with the field, especially with hospital products for hospitals. While industrial products are particularly susceptible to raw material price increases, we have adapted our approach, such as with Self-Adhesive Cellulose Tapes, by shifting to value-based sales that emphasize the benefits of natural materials. By communicating the added value, we were able to implement price

revisions. Moving forward, we will continue to protect the Self-Adhesive Cellulose Tapes brand through value-based sales that convey and garner understanding and empathy for its worth.

In the B to C segment, the EC Sales Department, established in FY2021, has developed a sales strategy specifically focused on e-commerce, ensuring that customers can purchase our products whenever they want. As a result, the EC business has seen increased sales across both the “Medical” and “Tape” segments.

Digital Transformation (DX), which is essential for advancing our business strategies, has also progressed steadily. We have introduced a new core system, establishing the infrastructure necessary for data utilization and process innovation. However, challenges remain in the area of “Innovation Creation.” While flagship products like Cellulose Tapes, CARELEAVES™, and ROIHI-TSUBOKO™ continue to be long-selling products, we have yet to produce the next hit products. Although we are working to capture latent customer needs in the B to B segment and develop products that contribute to society, it is equally important to leverage our core technologies and more aggressively pursue open innovation with external partners. This will require a stronger and faster approach to creating new value.

Regarding “Global Contributions,” while the global sales ratio has increased to 8.5%, it still falls short of the FY2023 target of reaching double digits. However, in South Korea, our collaboration with a top-tier sales partner has led to CARELEAVES™ achieving the No.1 market share and increased brand recognition. Identifying high-quality partners is crucial for global expansion, and we must further advance our collaborations with partner companies, including through M&A. These challenges will continue to be addressed in the new Medium-term Management Plan.

Can you provide the policy and priority themes of the New Medium-term Management Plan?

“Create” a business portfolio, business structure for globalization, and human resources.

Standing on the foundation established by the previous Medium-term Management Plan, we will embark on the New Medium-term Management Plan starting in FY2024. The new plan, named “CREATION 2026,” will continue to focus on the two pillars of “Innovation Creation” and “Globalization.” Over the next three years, we aim to create a “New business portfolio to expand corporate value,” “Management, production, and Supply Chain Management (SCM) systems for becoming a global company,” and a “Foundation of Human Capital Management-based Human Resources.” As part of our commitment to “human resource” creation, the New Medium-term Management Plan also places

emphasis on next-generation development in preparation for succession. The plan has been formulated with the leadership of members who will drive the company's future.

Specifically, we will focus on the following three priority themes.

① Restructuring of the Business Portfolio

We will execute a fundamental improvement in profitability in the Tape Business segment and allocate management resources strategically to growth businesses and new business fields. The Tape Business will be optimized for low-cost operations through measures such as consolidating facilities. Production sites will

implement optimal personnel allocation and production transfers in response to demand, establishing the most efficient production system across the entire Group. As for growth businesses, we will position healthcare and global businesses as key drivers for expansion. Simultaneously, we will pursue new opportunities in the medical, construction, and mobility fields, while also aiming to develop new markets and promote business initiatives that address social and environmental challenges.

To achieve these goals, we will focus on innovation, promoting an all-inclusive approach under the concepts of “Product Innovation” and “Process Innovation.” In terms of product innovation, we are not only driving internal innovation but also exploring co-creation through matching with external companies, workshops, and collaborations with industry, government, and academia, centered around our Innovation Center. One of the outcomes of these efforts is the development of a new medical product, the “NICHIBAN Smart Glasses,” among other emerging product ideas. Our adhesive technologies are characterized by being gentle on the skin, non-irritating, breathable, and moisture-resistant, making it ideal for wearable devices, for which we believe there is a high demand. We will strengthen the dissemination of information about our core technologies, which are our strengths, and further promote collaboration with industry, government, and academia.

2 Globalization

We have established a system that covers East Asia, Southeast Asia, Oceania, and Europe through our bases in Japan, Thailand, and Germany. While pursuing growth across these three sales bases, we will steadily implement measures aimed at achieving a “30% global sales ratio by FY2030.”

In our global business, we will focus on B to C products such as CARELEAVES™ (high-performance adhesive bandages) and ROIH-TSUBOKO™ (pain-relief warm plasters,) as well as B to B products for hospitals and the automotive industry. In the Asian market, we aim to further expand the market share of B to C products like CARELEAVES™ in South Korea, where we are performing well. Through our base in Thailand, we will work on expanding hospital

and mobility-related products. In Europe, we will continue to expand our hospital products while exploring and entering new high-value-added product markets. To achieve these goals, we will strengthen our global Supply Chain Management (SCM) and marketing management systems. Specifically, in the Chinese market, which we have not yet entered, we will dispatch staff to establish local offices and conduct in-depth, localized market research.

To support globalization, it is essential to enhance the overall awareness and operational capabilities of the entire Group. We will strengthen our operational capabilities by improving evidence-based practices, enhancing quality management functions, and providing multilingual documentation. Additionally, we will focus on developing global human resources who excel in cross-cultural communication, including the education of local staff.

To ensure the successful execution of initiatives such as the “Restructuring of the Business Portfolio” and “Globalization,” we will implement investment strategies, including “New Business Development Investments.”

3 Human Capital Management

We believe that human resources are the foundation of corporate value creation, and we are committed to practicing human capital management. While our company promotes the empowerment of women, we also recognize the importance of providing equal opportunities to talented individuals regardless of gender. Starting this fiscal year, we will enhance our Diversity & Inclusion (D&I) initiatives by incorporating the concept of “Equity,” advancing our efforts under the banner of “DE&I.”

Additionally, to emphasize the promotion of engagement management, we have set employee engagement scores as a KPI and incorporated them into the evaluation criteria for senior management. We believe that when employees find meaning and satisfaction in their work, engagement will increase, and if everyone aligns their efforts toward a common goal, it will lead to improved company performance and even greater job satisfaction for employees. Our goal is to create this kind of virtuous cycle.

CREATION 2026

New Medium-term
Management Plan

The Business Structure to Achieve Innovation Creation and Global Contributions

- A new business portfolio aimed at expanding corporate value
- Management, production, and SCM functions for globalization
- A human resource foundation based on human capital management

01



Restructuring of the Business Portfolio

- ① Fundamental improvement in profitability in the Tape Business segment
- ② Allocation of management resources to growth businesses and new business fields

02



Globalization

- ① Pursue growth across the three sales bases
- ② Expand functions to achieve a 30% global sales ratio by FY2030
- ③ Promote globalization across the entire Group

03



Human Capital Management

- ① Promote Diversity, Equity & Inclusion (DE&I)
- ② Foster autonomous human resources who drive self-transformation and growth
- ③ Improve employee health and engagement
- ④ Introduce a new human resources system

Message from the President

Can you share your thoughts on NICHIBAN's purpose and social value?

We will continue to provide unique value as a company that “contributes to a comfortable life by creating new value through technology, rooted in the field of adhesives.”

NICHIBAN possesses advanced adhesive technologies. We believe that our purpose lies in leveraging this technology to meet diverse needs, support people's comfortable lives, and contribute to society. As stated in our 2030 VISION, we aim to continue creating value that supports comfortable living and to become a company that contributes globally.

Additionally, as a manufacturing company committed to contributing to a sustainable society, we have identified

materiality issues. Among these, we are focusing on areas of utmost importance, including “improving product quality and ensuring safety,” “addressing climate change and global warming,” “developing products that contribute to solving environmental and social challenges,” and “supporting infection prevention measures.” Specifically related to environmental efforts, we have set “CO₂ emission reduction rate” as a KPI, with a target of achieving a 35% reduction by FY2026.

Lastly, can you share a message for our stakeholders?

NICHIBAN is committed to exceeding the expectations of our stakeholders. We will demonstrate true teamwork as we advance toward our ideal vision.

In the future, we anticipate an increasingly volatile and challenging business environment. However, NICHIBAN has thrived for over 100 years by adapting to various changes, starting from the production of plasters and ointments, expanding into the Self-Adhesive Cellulose Tapes business, and eventually into healthcare. We believe that NICHIBAN's strength lies in the firm technological foundation we have built in the adhesive field and the balanced development between our Tape Business and Medical Business.

While we currently position the medical business as a growth area, we also aim to pursue growth in the Tape Business, believing that strengthening both is crucial. By enhancing the synergy between the Tape and Medical Businesses, we aspire to grow the entire NICHIBAN Group, grounded in our adhesive technologies. Additionally, I am committed to leveraging my own experience, particularly in industrial products, to help realize this vision.

NICHIBAN's basic policy for FY2024 is “Toward our goals of “CREATION 2026” Demonstrate our true teamwork!” With a united effort across the entire company, we will demonstrate “true teamwork” to overcome various challenges and create a company that employees can be proud of. Our goal is to become a company that not only meets but exceeds the expectations of our shareholders, investors, and society, as well as the local

communities we serve. Guided by our core philosophy, “NICHIBAN respects people's cooperative relationship and strives to foster prosperity and happiness for all stakeholders of the NICHIBAN Group,” we will continue to make steady progress toward our 2030 VISION.



Strategies

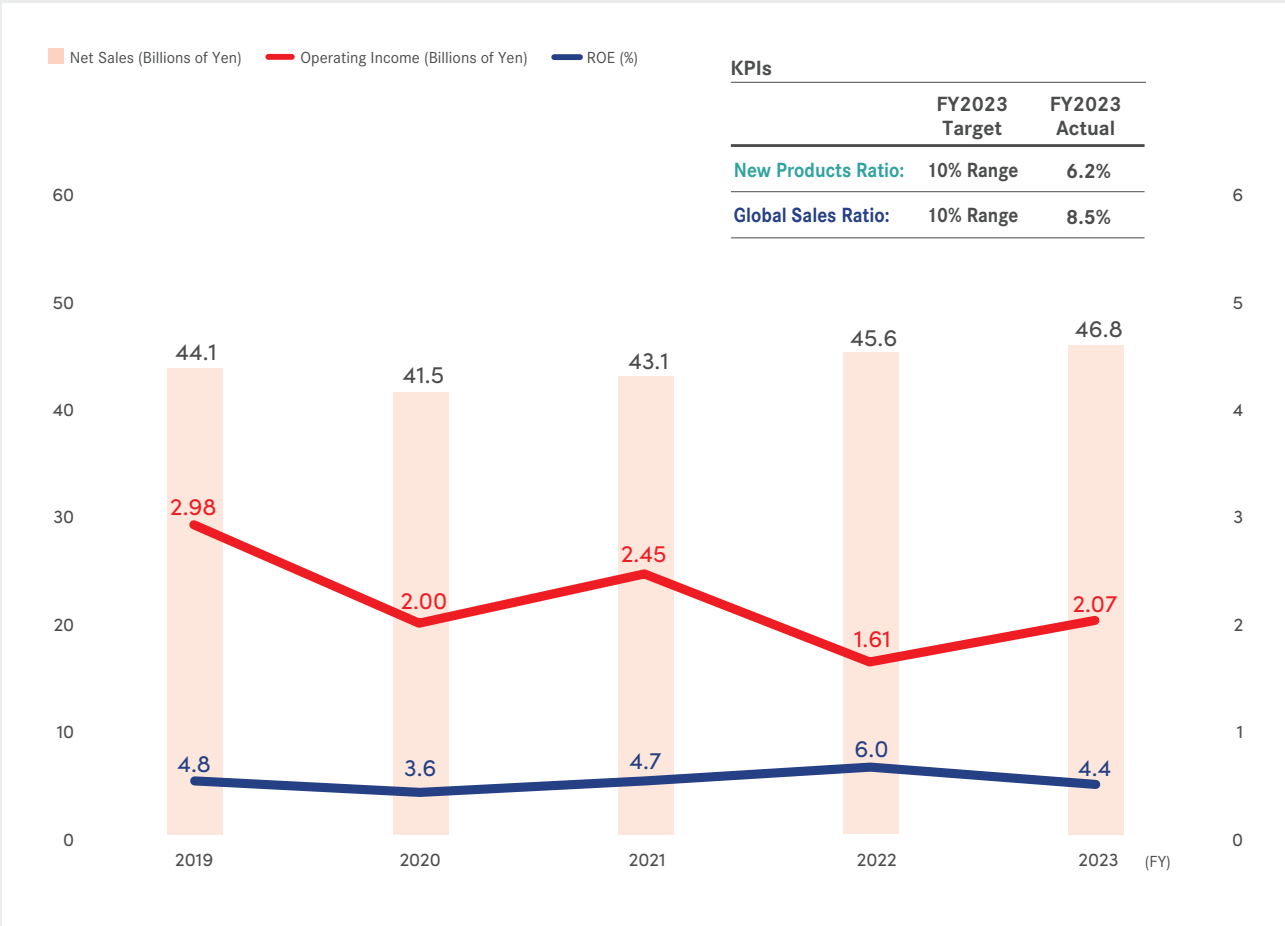
Review of the Previous Medium-term Management Plan

Previous Medium-term Management Plan “ISHIZUE 2023 ～SHINKA・HENKAKU～,”

Although the revenue increased steadily, the profitability of the Tape Business segment significantly declined due to the sharp rise in raw material costs. We implemented consecutive price revisions, leading up to the final year.

The previous Medium-term Management Plan, “ISHIZUE 2023 ～SHINKA・HENKAKU～,” which started in FY2019, overlapped with about three years of the COVID-19 pandemic, during which the external environment changed significantly. Particularly in FY2022, despite the sale of the former Osaka Factory site, the sharp rise in raw materials and energy costs, coupled with the depreciation of the yen, resulted in significant changes to our profit structure. In response to these challenging conditions, we implemented price revisions for our major products. However, raw materials and energy prices remain high, and the business environment continues to be difficult. Nevertheless, in FY2023, the NICHIBAN Group achieved increased net sales and profits, driven by the effects of the price revisions, the resurgence of inbound demand, and steady net sales growth, particularly for our key products.

Performance Trends of “ISHIZUE 2023 ～SHINKA・HENKAKU～”

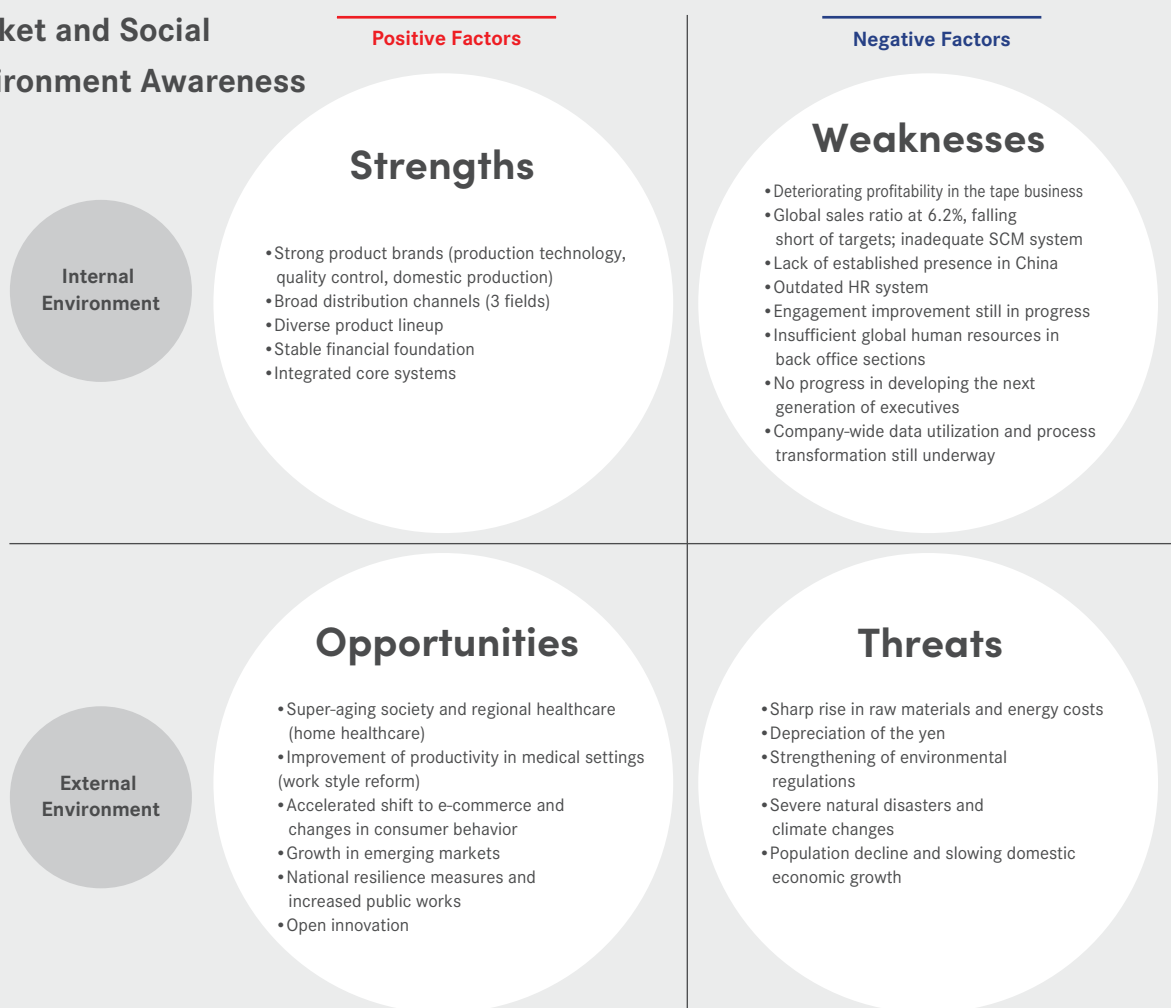


Review and Challenges of the Previous Medium-term Management Plan

During the previous Medium-term Management Plan, the NICHIBAN Group faced various challenges, including the COVID-19 pandemic and the sharp rise in raw material costs. As we review the previous plan, we will analyze the market and social environments, as well as the challenges encountered, to outline our future direction.

Priority Themes	Outcomes	Future Direction
1 Establishment of mid- to long-term growth engines and innovation creation	<ul style="list-style-type: none"> New products ratio: 6.2% against a target of 10% Market-in, technology deepening, and collaborative development: not yet fully established Medical new field: in the initial stage of product development Company-wide innovation initiatives: launched in FY2023 	<ul style="list-style-type: none"> Steady achievement of outcomes through company-wide innovation activities Practical implementation of new developments through industry-government-academia collaboration Creation of new opportunities in the medical field
2 Rapid expansion into global markets	<ul style="list-style-type: none"> Achieved global sales ratio of 8.5% and business growth Established a system for promoting initiatives through three global sales bases Local production and logistics systems are still in progress 	<ul style="list-style-type: none"> Continue expansion initiatives through active investment in overseas businesses Focus on ASEAN, East Asian, and European markets, promoting localization Establish local production and supply chain management (SCM) systems
3 Review of business promotion structure and profitability reform	<ul style="list-style-type: none"> Established and promoted a customer-centric structure Set production targets for medical business expansion and reorganized tape production Significant profitability deterioration due to rising raw material costs 	<ul style="list-style-type: none"> Short-, mid-, and long-term initiatives from a business portfolio perspective Promotion of initiatives to address climate change and reduce environmental impact Fundamental improvement and restructuring of unprofitable businesses and products
4 Active utilization of AI and IoT to drive business strategy initiatives	<ul style="list-style-type: none"> Standardization and data integration of core operations, RPA automation Infrastructure and security enhancement, it risk mitigation Process transformation and utilization of internal and external data are still in progress 	<ul style="list-style-type: none"> Data utilization and process transformation Training and literacy improvement for identifying and addressing digital transformation (DX) challenges Selection and integration of the latest technologies
5 Developing human resources for future sustainable growth	<ul style="list-style-type: none"> Embedding the corporate philosophy and aligning it with behavioral guidelines and evaluation systems Urgent need to develop global, innovation, and digital transformation (DX) talent Framework for early selection and next-generation development is not yet established 	<ul style="list-style-type: none"> Improving engagement, fostering awareness, and putting it into practice Expanding the system for developing specialized skilled talent Implementing the framework for next-generation executive development

Market and Social Environment Awareness



New Medium-term Management Plan

“CREATION 2026”
Toward 2030 VISION

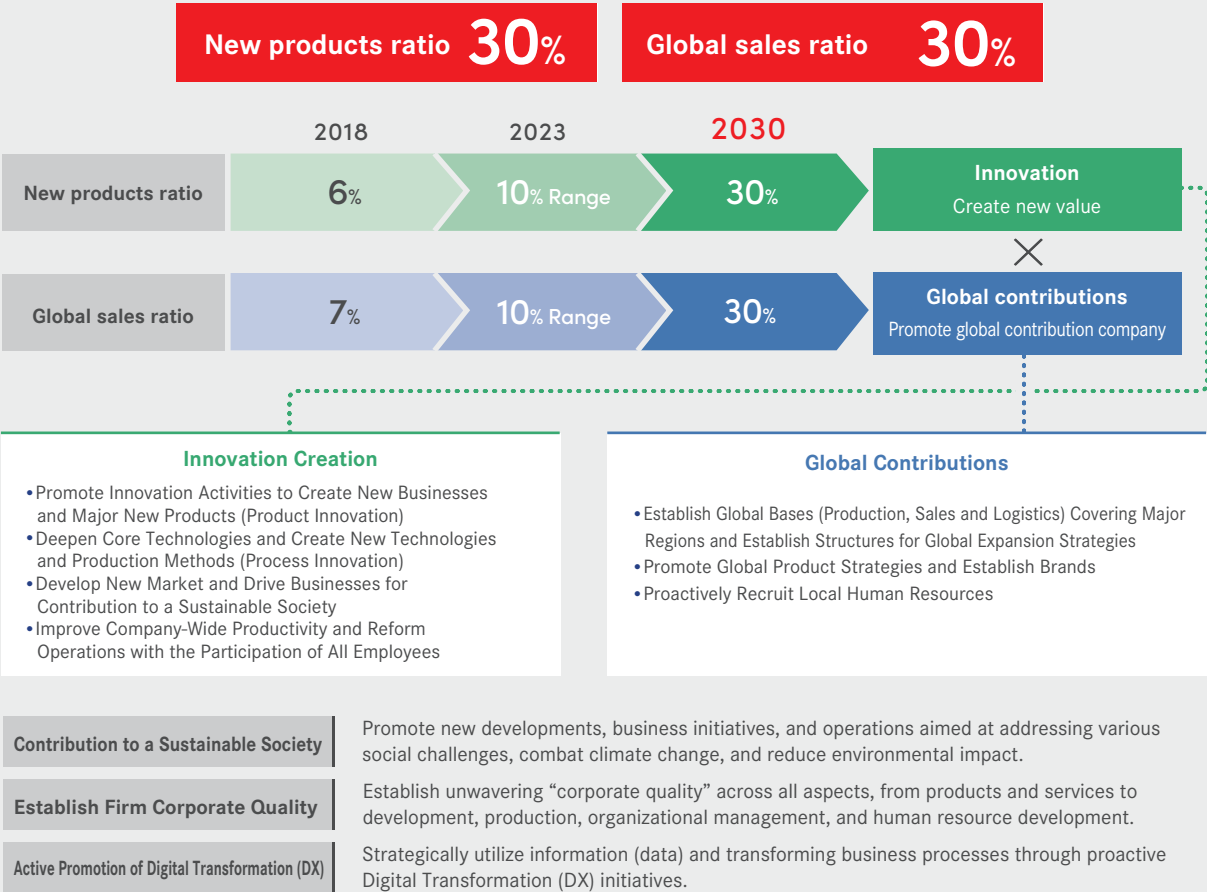
We will focus on the next three years to create a business structure that will drive innovation creation and global contributions.

At the NICHIBAN Group, we have established the “NICHIBAN GROUP 2030 VISION” as our goal to “Continue to create value that supports a comfortable life, and become a company that contributes globally” Despite the significant changes in the external environment over the five years of the previous Medium-term Management Plan, “ISHIZUE 2023 ~SHINKA・HENKAKU~, ” and the increasing difficulty in predicting the future, the vision that the NICHIBAN Group strives for remains unchanged. The New Medium-term Management Plan, “CREATION 2026,” which began in April 2024, is based on the concept of “creating a business structure that will drive innovation creation and global contributions over the next three years.” We have established three priority themes to achieve the “NICHIBAN GROUP 2030 VISION.”

NICHIBAN GROUP 2030 VISION

FY2030

Continue to create value that supports a comfortable life, and become a company that contributes globally



From ISHIZUE 2023 to the New Medium-term Management Plan “CREATION 2026” Toward the 2030 VISION

We will provide an overview of the New Medium-term Management Plan, “CREATION 2026,” which has been formulated based on the evaluation of the Previous Medium-term Management Plan, the challenges we face, and the changes in market and social environments.



Priority Themes

01	02	03
Restructuring of the Business Portfolio	Globalization	Human Capital Management
<ul style="list-style-type: none"> 1 Fundamental improvement in profitability in the Tape Business segment 2 Allocation of management resources to growth businesses and new business fields 	<ul style="list-style-type: none"> 1 Pursue growth of the three sales bases 2 Expand functions to achieve a 30% global sales ratio by FY2030 3 Promote globalization across the entire group 	<ul style="list-style-type: none"> 1 Promote diversity, equity, and inclusion (DE&I) 2 Develop autonomous human resources capable of self-transformation and growth 3 Improve employee health and engagement 4 Introduce a new human resources system

New Medium-term Management Plan “CREATION 2026” Financial and Non-Financial Targets

Financial Targets (Consolidated)

	ISHIZUE 2023	CREATION 2026		
	FY2023	FY2024	FY2025	FY2026
Net Sales (Billions of Yen)	46.8	48.6	50.0	53.0
Operating Income (Billions of yen)	2.0	2.4	3.2	4.5
Ordinary Income (Billions of yen)	2.2	2.5	3.3	4.6
Net Income (Billions of Yen)	1.8	1.9	2.5	3.5
ROE (Return on Equity)	4.4%	-	-	8% or higher
New Products Ratio	6.2%	-	-	15%
Global Sales Ratio	8.5%	-	-	15%

Key Non-Financial Targets

	ISHIZUE 2023	CREATION 2026	
	FY2023 (Actual)	FY2026 (Target)	Notes
Female Manager Ratio	10.2%	15%	FY2023: Non-Consolidated, FY2026: Consolidated
Employee Engagement Score	46.8	50	Non-Consolidated
Annual Paid Leave Utilization Rate	65.6%	70%	FY2023: Non-Consolidated , FY2026: Consolidated
CO ₂ Emission Reduction Rate (Compared to FY2013)	36.6%	35%	Consolidated

Priority Themes of the New Medium-term Management Plan “CREATION 2026”

01



Restructuring of the Business Portfolio

As part of the business portfolio management aimed at NICHIBAN Group's sustainable growth, we will implement the fundamental improvement in profitability in the Tape Business segment, and prioritize the allocation of management resources to growth businesses and new business fields.

The significant changes in the profit structure due to the rising costs of raw materials and energy, as well as the yen's depreciation caused by changes in the external environment, have made profit improvement in the Tape Business segment an urgent priority. To address this, we will prioritize the profitability of unprofitable products, implement price revisions, and deploy measures to achieve low-cost operations for improved efficiency. Furthermore, while strategically allocating management resources to the growth areas of healthcare and global businesses, we aim to develop high-value products and establish competitive advantages in new fields through the use of open innovation and alliances in the hospital and industrial product fields.

Theme 1

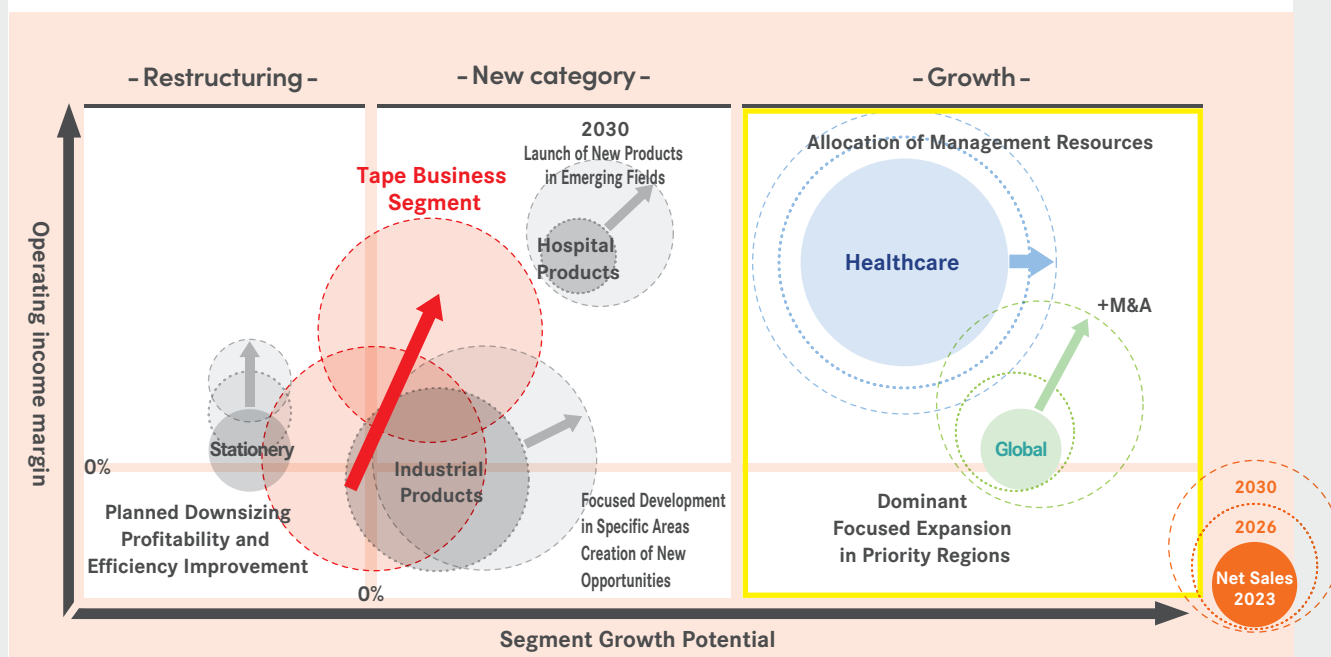
Fundamental Improvement in Profitability in the Tape Business Segment

- ① Thorough price revisions for unprofitable products
- ② Thorough low-cost operations
- ③ Product development in new fields

Theme 2

Allocation of Management Resources to Growth Businesses and New Business Fields

- ① Expansion and growth of healthcare and global businesses
- ② Creation of new opportunities in the medical, construction, and mobility fields



CREATION 2026

02



Globalization

While pursuing growth through the existing three sales bases, we will steadily implement new measures aimed at achieving the “30% Global Sales Ratio in FY2030” outlined in the mid- to long-term vision, “NICHIBAN GROUP 2030 VISION.” At the same time, we will promote globalization across the entire group.

In the global market, we aim for growth in the healthcare, industrial products, and hospital products fields, centered on the three sales bases. Additionally, we will focus on establishing a base in China (Representative Office,) building a global SCM system, and developing localized products while establishing sales and marketing management systems. Through the globalization of headquarters’ functions, quality control, and development operations, we aim to achieve sustainable growth and enhance competitiveness.

Theme 1

Pursue Growth of the Three Sales Bases

- ① Expand market share and developing new opportunities in the three sales bases
- ② Strengthen partnerships with local sales partners

Theme 2

Expand Functions to Achieve a 30% Global Sales Ratio in FY2030

- ① Build a global SCM system
- ② Establish global sales and marketing management systems
- ③ Strengthen and expand the China base (representative office)

Theme 3

Promote Globalization Across the Entire Group

- ① Enhance global operational capabilities across all divisions
- ② Develop global human resources



03

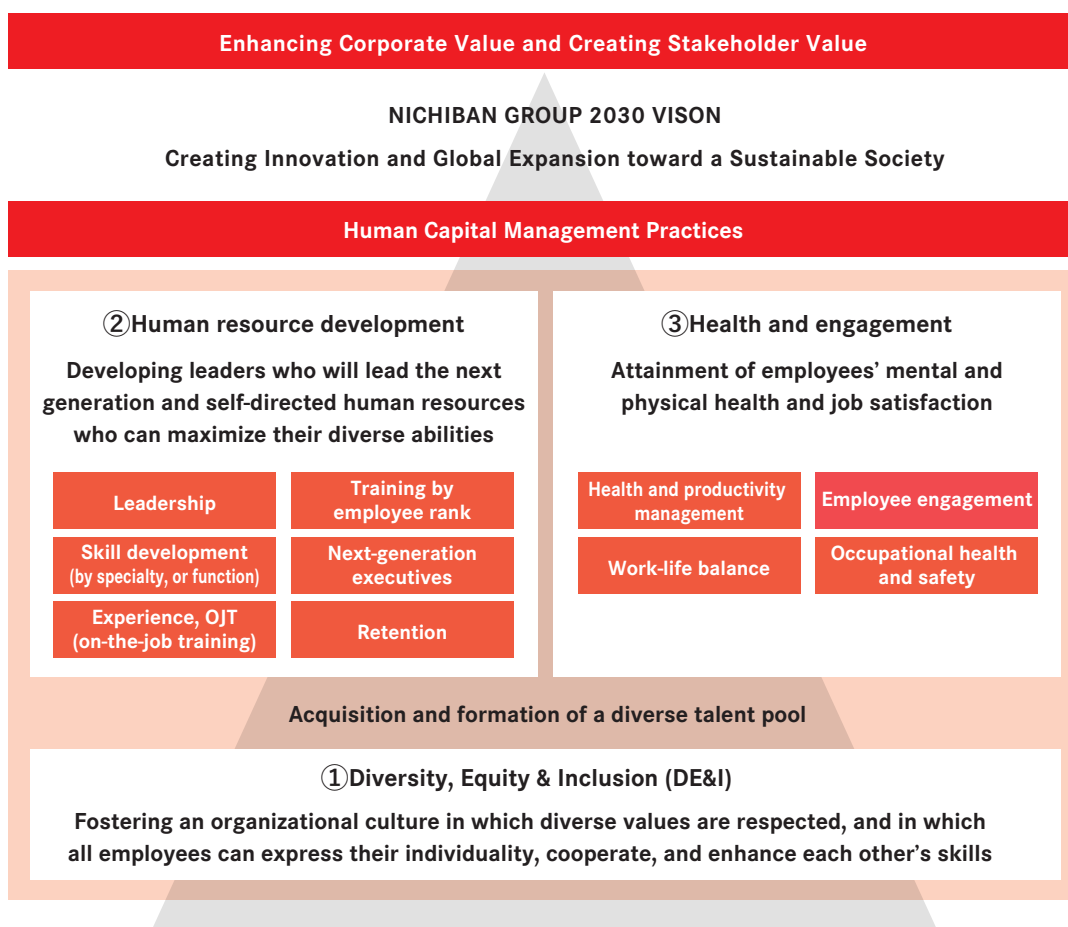


Human Capital Management

We will implement “human capital management” as the foundation for enhancing corporate value and creating stakeholder value through the restructuring of the business portfolio and efforts toward globalization.

To realize the “NICHIBAN GROUP 2030 VISION,” we will focus on improving employee health and engagement, promoting the active participation of diverse talent, supporting the employment of women, seniors, and people with disabilities, and enhancing understanding of LGBTQ issues through diversity, equity, and inclusion (DE&I) initiatives. Additionally, we aim to contribute to society and achieve sustainable growth by developing next-generation leaders who can “cross boundaries” across organizations and industries, and by introducing a new human resources system that creates an environment for diverse working styles.

Overview of NICHIBAN Group Human Capital Management



[Related Links](#): [NICHIBAN's Human Capital Management](#)

CREATION 2026

Theme 1

Promote Diversity, Equity & Inclusion (DE&I)

- ① Establish a system and culture where diverse talent can thrive
- ② Enable diverse work styles for employees

Theme 2

Develop Autonomous Human Resources Capable of Self-Transformation and Growth

- ① Develop leaders to drive the next era
- ② Maximize the potential of a diverse workforce
- ③ Cultivate talent that can “cross boundaries” across organizations and industries to lead transformation
- ④ Develop digital transformation (DX) talent

Theme 3

Improve Employee Health and Engagement

- ① Promote health and productivity management
- ② Promote engagement management

Theme 4

Introduce a New Human Resources System

- ① Introduce a multi-track personnel system for diverse work styles and career development

KPIs in New Medium-term Management Plan

FY2026 Targets

Female Manager Ratio

15% (Consolidated)

Employee Engagement Score

50 (Non-Consolidated)

Paid Leave Utilization Rate

70% (Consolidated)

Details of Initiatives Related to Human Capital Management

► Please refer to P48, Sustainability: Initiatives for Human Capital Management

Financial Strategies



Under a stable financial foundation, we will balance strategic investments in the key challenges of the New Medium-term Management Plan—namely, “Restructuring of the Business Portfolio,” “Globalization,” and “Human Capital Management”—with shareholder returns.

Executive Director

Hironori Sakai

Basic Policy/Targets

By aligning with the strategic themes of the Medium to Long-term Vision, “NICHIBAN GROUP 2030 VISION,” and the New Medium-term Management Plan, “CREATION 2026,” we will drive our business with a focus on capital cost, aiming to improve profitability. Our goals for the fiscal year ending March 2027 (FY2026) are to achieve an ROE of 8% or higher and a PBR of 1x or higher.

Review of FY2023 and the Previous Medium-term Management Plan

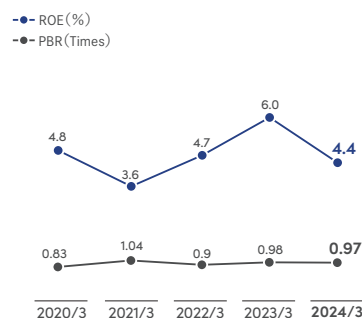
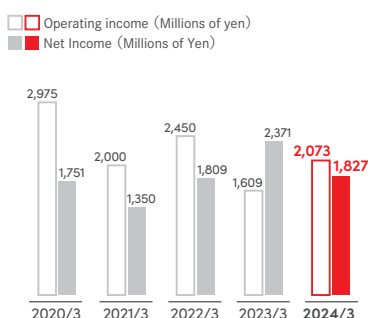
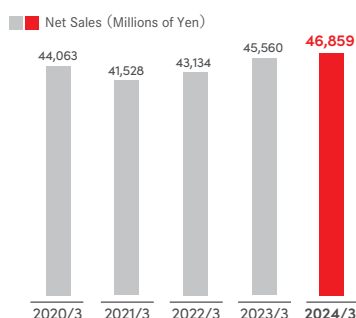
In FY2023, the NICHIBAN Group achieved increased net sales and profit due to the positive effects of price revisions, the resumption of inbound tourism, and strong sales centered on major products. Consolidated net sales increased by 2.9% year-on-year to ¥46.859 billion, and operating income increased by 28.8% year-on-year to ¥2.073 billion. Notably, the two major healthcare brands, CARELEAVES™ and ROIHI-TSUBOKO™, contributed to profit growth. In the Medical Business segment, net sales increased by 8.1% year-on-year to ¥22.693 billion, and segment profit rose by 29.5% year-on-year to ¥6.207 billion. The Tape Business segment, however, faced significant challenges due to the steep rise in raw materials and energy prices, resulting in a 1.6% year-on-year decline in net sales to ¥24.166 billion and an 81.3% year-on-year decrease in segment profit to ¥179 million. Although the struggle with high raw material costs continues, the positive impact of the price revisions is evident. We sincerely appreciate our customers for recognizing the value of our products and accepting the price revisions. While we expect the high prices of raw materials and energy, as well as the yen's depreciation, to persist, leading to a challenging business environment, we believe that our performance is on the path to recovery.

The Previous Medium-term Management Plan was significantly

impacted by environmental changes, such as the COVID-19 pandemic and the sharp rise in raw material prices, which were unforeseen at the time of the plan's formulation. As a result, both net sales and profits fell short of the initial targets. We focused on five priority themes, aiming for a new products ratio in the 10% range and a global sales ratio in the 10% range. Although the global sales ratio has been approaching the target thanks to new overseas bases, the growth of new products has been insufficient, leading to a significant shortfall in the new products ratio. In the New Medium-term Management Plan, we will focus on expanding both the new products ratio and the global sales ratio.

However, we have continued to uphold a strong financial foundation, including maintaining an appropriate equity ratio and securing liquidity on hand, which are part of our company's DNA. Despite the environmental changes brought by the COVID-19 pandemic and rising raw material prices, we have maintained financial stability and soundness. By adhering to financial discipline, we will realize the strategies of the New Medium-term Management Plan on a firm financial foundation.

Against this backdrop, our stock price, in terms of PER, has been at a level of 20 to 25 times earnings over the past few years,



indicating market expectations. However, in terms of PBR, it has not exceeded 1x. We recognize that this is due to profit levels being lower than what investors expect. Our primary task is to increase

net profit. By at least restoring it to pre-COVID levels and meeting market expectations, we believe there is still room for our stock price to rise.

Financial Strategy in the New Medium-term Management Plan

The basic policy of our financial strategy is to balance investments in the key challenges of the New Medium-term Management Plan with shareholder returns, all while maintaining a stable financial foundation. Additionally, we will manage our business with a focus on capital costs and stock prices, aligned with the strategic themes of the mid- to long-term vision, “NICHIBAN GROUP 2030 VISION,” and the New Medium-term Management Plan. As specific targets, we aim to achieve an ROE of 8% or higher and a PBR of 1x or higher.

To achieve this goal, the first priority is the “fundamental improvement in profitability in the Tape Business segment,” which is outlined in the first priority theme of the New Medium-term Management Plan, “Restructuring of the Business Portfolio.” We will address this as the most critical theme for profit growth. Simultaneously, we will ensure profits by prioritizing the allocation of management resources to the growth drivers, Healthcare and Global Businesses, and then reinvest those profits into new fields to foster sustainable growth.

In the New Medium-term Management Plan, we will accelerate the growth and expansion of the Healthcare and Global Businesses, which are our growth drivers, as well as the development of new products in emerging fields such as the Medical, Construction, and Mobility fields, and the development of new markets for contributing to a sustainable society. To support this, we have shifted our focus

from a non-consolidated domestic perspective to a consolidated one that includes domestic, overseas, and group companies when evaluating the new products ratio. This change is part of our globalization strategy, aiming to improve the new products ratio globally, which we have newly designated as “Product Innovation.” Additionally, we have introduced “Process Innovation,” focusing on enhancing productivity through measures such as new production methods in factories, solvent-free technology, and improvements in back-office operations to reduce environmental impact. Previously, the new products ratio was primarily a target for the development department, but now we will pursue innovation collectively, including the manufacturing and back-office sections.

Regarding our investment strategy, major capital investments were completed under the previous Medium-term Management Plan. In place of these, we have newly established “New Business Development Investment” and “ESG & Digital Transformation (DX) Investment” categories. We will make strategic investments to achieve the restructuring of the business portfolio, moving away from domestic-focused existing businesses, and to expand functions toward globalization. In particular, for global business and innovation creation, we recognize the absence of investment opportunities as a risk and will prepare to respond promptly to large-scale investment opportunities, including M&A.

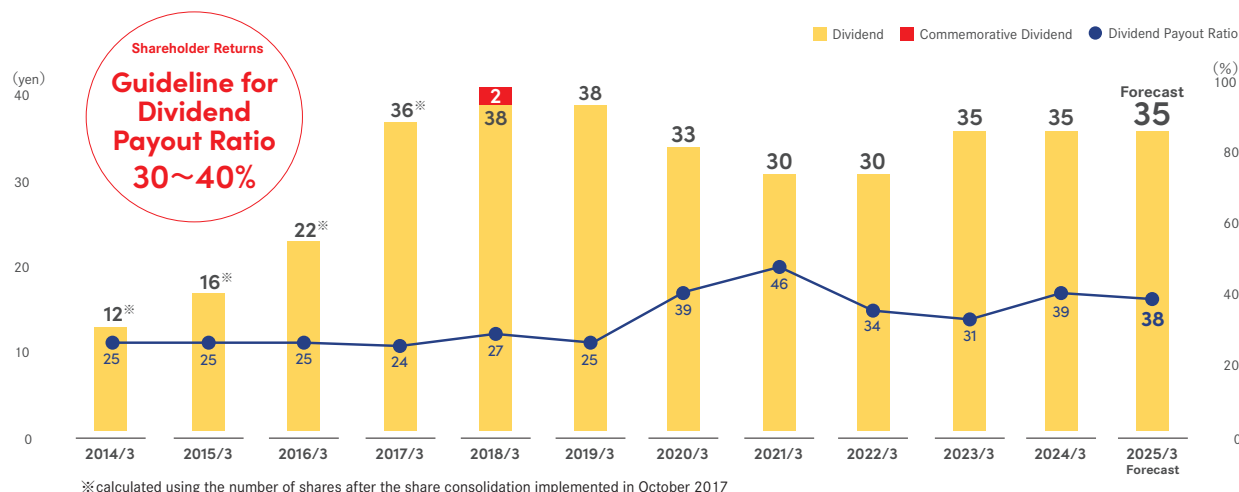
Shareholder Returns

For the fiscal year ending March 2025, despite the expectation of a challenging external environment with persistently high raw materials and energy costs, as well as continued yen depreciation, we anticipate achieving increased revenue and profit. Specifically, we aim to reach our initial targets for the first year of the Medium-term Management Plan: consolidated net sales of ¥48.6 billion and operating income of ¥2.4 billion.

Our company has traditionally aimed for a dividend payout ratio of 25%, based on the premise of stable dividends. However, for the fiscal year ending March 2024, we have implemented an annual dividend of ¥35 per share, representing a payout ratio of 39.3%. Moving forward,

without being bound by the 25% benchmark, we plan to implement performance-linked dividends with a target payout ratio of 30-40%.

The NICHIBAN Group aims to continue providing products closely connected to society and people’s lives, striving for stable growth. In doing so, we seek to meet the expectations of our stakeholders. Regarding the key indicators of “ROE 8% or higher” and “PBR 1x or higher,” we believe these are achievable targets, as we have historically surpassed an “ROE of 8%” and naturally achieved a “PBR of 1x or higher.” Over the next three years, we will steadily implement the strategies of the new Medium-term Management Plan to improve profitability and work toward achieving these goals.



Research and Development



~Sticking to your needs~

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

Senior Operating Officer
General Manager of Research and Development Division

Kazuhisa Okai

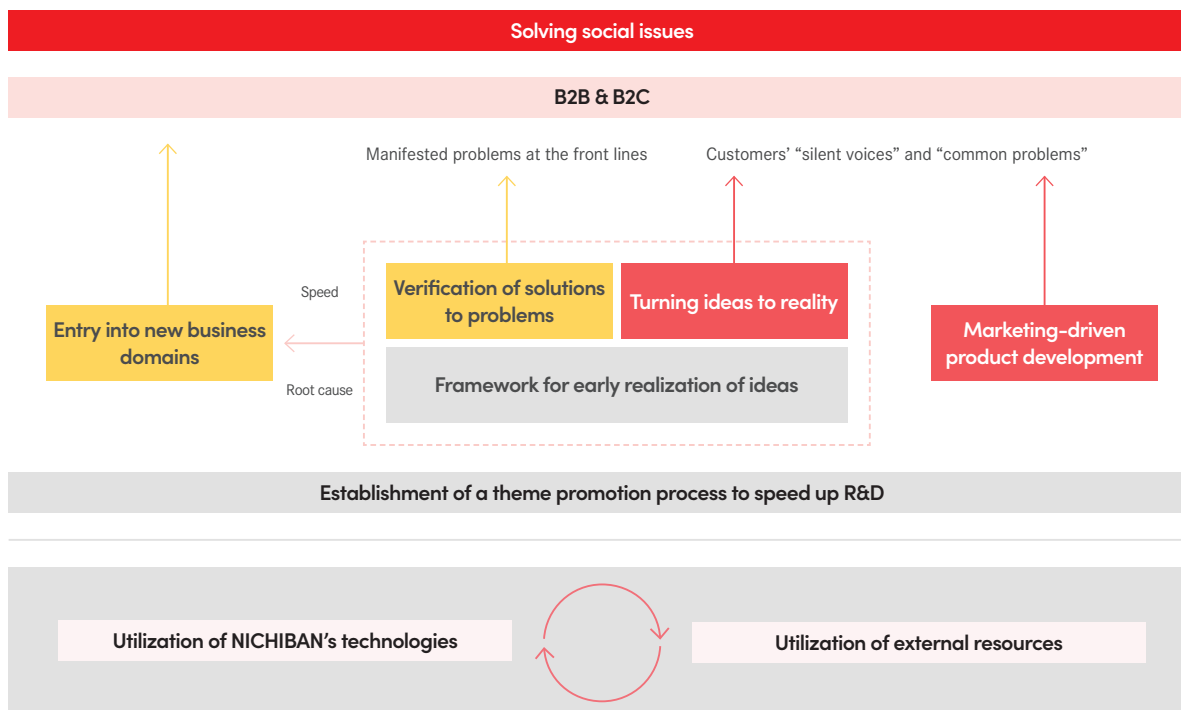
R&D Policy

The NICHIBAN's core adhesive products require various functions such as appropriate adhesive strength, weatherability, usability, moisture permeability, and low irritation. Leveraging the expertise developed over many years, NICHIBAN combines the optimal design of adhesives and substrates, the selection and adjustment

of various raw materials, coating technology, release technology, and processing technology to manufacture its products.

By utilizing these technologies, we aim to continue developing and offering high-performance, high-value-added products that support comfortable living. Furthermore, we will actively explore new fields and continue contributing to society by providing products that meet the needs of a wider range of people.

R&D Flow to Speed Up Processes



Results for FY2023 and Outlook for FY2024

In the previous Medium-term Management Plan, “ISHIZUE 2023 ~ SHINKA HENKAKU~, ” which concluded in FY2023, we focused on the priority themes of establishing a long-term growth engine and fostering innovation. During FY2023, we worked on the development and sale of new products across various fields, achieving a new product sales ratio of 6.2%, compared to the target of 10%. However, we made significant progress in researching new technologies and creating new products. Additionally, the

Innovation Center, established in FY2021, has been central to exploring new business opportunities and advancing toward commercialization. We have also prioritized the development of human resources for innovation.

In FY2024, we will further strengthen the foundation established during the previous Medium-term Management Plan and advance our initiatives for new value creation, human resource development, and social contribution. Through these efforts, we aim to contribute to the sustainable growth and development of the company.

Strategies for the New Medium-term Management Plan

In the New Medium-term Management Plan, we will focus on expanding growth in healthcare and global businesses, exploring new areas in the medical, construction, and mobility fields, and developing new products while contributing to a sustainable society. Specifically, we aim to achieve the following three innovations.

- | | |
|------------------------------|--|
| ① Product Innovation: | <ul style="list-style-type: none"> • Creation of new businesses based on customer needs and promotion of global expansion • Application of medical and industrial product technologies to consumer markets • Collaboration among development, sales, and technical/production departments for rapid development |
| ② Process Innovation: | <ul style="list-style-type: none"> • Development of new products through the introduction of new production methods and solvent-free technologies • Initiatives to reduce environmental impact and improve productivity |
| ③ Open Innovation: | <ul style="list-style-type: none"> • Creation of value in new areas through the integration of NICHIBAN's core technologies with new technologies and services • Development of innovative solutions to address social issues • Promotion of alliances, startups, and industry-government-academia collaborations by leveraging domestic and overseas resources |

Through these initiatives, we aim to achieve sustainable growth and development while striving to enhance corporate value.

Intellectual Capital Initiatives

NICHIBAN leverages the technologies developed through its research and development to create a variety of products. As we advance in creating new value, the importance of intellectual property continues to grow. We respect the intellectual property rights of third parties and actively secure and maintain our own

intellectual property to protect our products and technologies and ensure profitability. We consider intellectual property a critical element in supporting sustainable growth. Internally, we promote intellectual property education and work on acquiring intellectual property suited for global expansion. Additionally, we are building a support system for research and development to foster innovation through collaboration with external partners.

Segment Structure and Sales Organization System

To achieve true value-added social contribution, we will promote the practice of true teamwork and advance a global business strategy that integrates agile-thinking development collaboration through industry-government-academia partnerships and evidence-based approaches.

Director, Managing Officer, responsible for Sales and Development
General Manager of Business Strategy Division

Hideaki Hara



Results for FY2023 and Outlook for FY2024

Starting in FY2024, we will clearly define new products along two axes: market-driven “Product Innovation” and production/technology-driven “Process Innovation,” reinforcing company-wide collaboration through development that emphasizes an innovation mindset for all employees. With the launch of the New Medium-term Management Plan, “CREATION 2026,” we will focus on promoting the synergistic growth of both individuals and the organization by incorporating agile thinking. Additionally, we will emphasize human capital management that fosters an innovation mindset among all employees and expands our business strategies with a global perspective. Through these initiatives, we aim to build a foundation for sustainable growth across the entire company.

Strategies for the New Medium-term Management Plan

Recognizing the increasing global supply

chain risks and uncertainties, our company is committed to ensuring business viability through a business portfolio management and a segment-based scrap-and-build approach for sustainable growth. Additionally, we will promote agile product development based on industry-government-academia collaboration, technology, and evidence, aiming to achieve a 15% new products ratio by 2026 as part of our global business strategies. Furthermore, we will pursue more effective management by reestablishing shared data analysis and marketing strategy systems and implementing human capital management aligned with the Digital Transformation (DX) era.

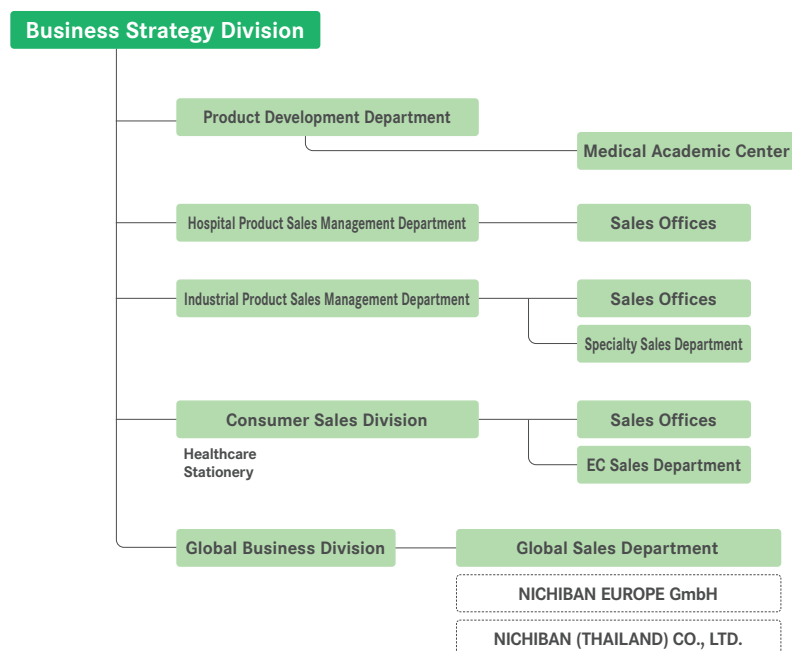
Regarding the New Organizational Structure

We have reorganized our structure to establish a new system for promoting business strategies and strengthening our sales framework. The primary goals of the sales system are as follows:

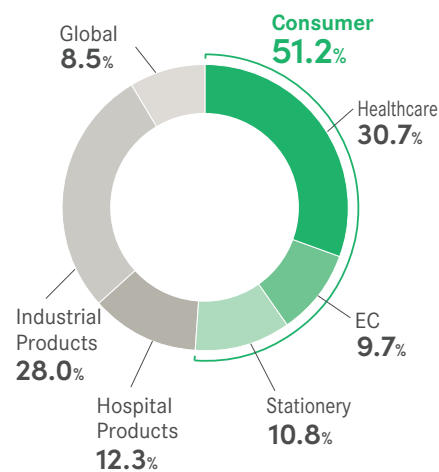
1. Establishment of the Business Strategy Division to formulate and promote strategies from a global perspective
- 2 Execution of growth brand strategies and collaboration between product development and medical academics
- 3 Strengthening of customer-centric sales management and clarification of the sales structure across business fields
- 4 Placement of global operations under the jurisdiction of the Business Strategy Division to enhance consistency with the company's overall strategies

Through this organizational restructuring, we will build a more efficient and agile business promotion system, optimize management resources, and strengthen specific initiatives for global expansion.

New Organizational Structure



Sales Ratio by Segment



Business Field			Segment		FY2023 Net Sales ^{※1}
			Medical Business	Tape Business	
Business Strategy Division	Consumer Sales Division	Healthcare Field	●		14,403 million yen
		EC Field	●	●	4,544 million yen
		Stationery Field		●	5,068 million yen
	Hospital Product Field		●		5,754 million yen
	Industrial Product Field			●	13,091 million yen
	Global Field		●	●	3,998 million yen

※1 Net Sales Before Adjustments



Consumer

Consumer Sales Division (Healthcare Field, Stationery Field, EC Field)



Senior Operating Officer
General Manager of Consumer
Sales Division

Isao Nakamura

We will demonstrate true teamwork, strengthen our customer-centric sales management system, and promote the sustainable growth of the consumer business through the rapid execution of strategies in collaboration with the Business Strategy Division.

Overview of FY2023 Results and Strategies for FY2024

The Consumer Sales Division is actively working to contribute to customers' comfortable and convenient lives through three main fields: the Healthcare Field, which primarily offers medical products under brands such as CARELEAVES™ (high-performance adhesive bandages), ROIHI-TSUBOKO™ (pain-relief warm plasters,) and battlewin™ (taping tape); the Stationery Field, which provides office supplies like Self-Adhesive Cellulose Tapes and NICETACK™ Double-Sided Tapes; and the EC Field, which offers both product categories through online and mail-order channels. In FY2023, with the transition

of COVID-19 to Category 5, human activity increased, various events and activities resumed, and inbound demand from overseas tourists began to recover. Amid these societal changes, we strengthened our efforts to integrate physical and digital initiatives, promoted Digital Transformation (DX)/digital marketing, and achieved a 10% increase in net sales compared to the previous year. In FY2024, we will continue to enhance the integration of physical and digital efforts, further promote Digital Transformation (DX)/digital marketing, tackle the challenge of improving profitability in the tape business, and develop new products in the consumer product lineup, aiming to reach even more customers across all fields.

Healthcare Field

Results for FY2023 and Outlook for FY2024

The Healthcare Field conducted promotions aimed at expanding domestic demand and increasing brand recognition for the CARELEAVES™ series, particularly focusing on the CARELEAVES™ Hydrocolloid. In response to the increase in foreign visitors to Japan, the field also captured inbound demand for ROIHI-TSUBOKO™. Additionally, the revival of sports activities following the easing of COVID-19 restrictions led to a recovery in demand for the battlewin™ series, resulting in the achievement of the annual net sales target. In FY2024, we will focus on the three major brands—CARELEAVES™, ROIHI™, and battlewin™—while strengthening our customer-centric sales management system and rapidly executing strategies. This approach includes

leveraging the Dear Kitchen™ brand, which offers household products, and exploring new sales channels, including challenges in growth areas, to promote the sustained growth of the consumer healthcare business.

Strategies for the New Medium-term Management Plan

The Healthcare Field positions the adhesive bandage business, centered on the CARELEAVES™ series, and the pain-relief and anti-inflammatory business with the ROIHI™ series as growth drivers. In the adhesive bandage business, we will focus on the CARELEAVES™ Hydrocolloid and concentrate our efforts on the Class II market, aiming to achieve the No.1 market share in the adhesive bandage market. In the pain-relief and anti-inflammatory business, we will continue to capture

inbound tourism while expanding brand recognition and business for the ROIHI™ series in the domestic market. Under the New Medium-term Management Plan, we will further promote the strategic utilization of Digital Transformation (DX)/digital marketing as we work toward achieving the goals of “CREATION 2026.”



Stationery Field

Results for FY2023 and Outlook for FY2024

In the Stationery Field, the office supplies market continues to face a challenging sales environment due to declining demand caused by weakened consumer sentiment amid rising prices, as well as changes in purchasing behavior. Despite these challenges, net sales of key products like Self-Adhesive Cellulose Tapes and NICETACK™ Double-Sided Tapes remained steady compared to the previous year, supported by price adjustments and PR activities. In FY2024, we will continue to promote initiatives related to environmental and SDGs efforts through Self-Adhesive Cellulose Tapes, as well as Digital Transformation (DX)/digital marketing to

emphasize the product usage scenarios. Additionally, we will strengthen the integration of physical and digital efforts, explore new online business opportunities, and work to expand our sales channels.

Strategies for the New Medium-term Management Plan

To achieve the goals of the New Medium-term Management Plan “CREATION 2026,” the Stationery Field will focus on restructuring its business portfolio through efficient and effective initiatives. In response to the diversification of purchasing behavior across various sales channels, we will strengthen the integration of physical and digital efforts, advance our online business initiatives to create new purchasing opportunities,

and promote Digital Transformation (DX)/digital marketing. For key products, we will focus on environmental and SDGs initiatives through Self-Adhesive Cellulose Tapes and emphasize usage scenarios for NICETACK™ Double-Sided Tapes, thereby providing new value and enhancing brand image. These activities will contribute to a fundamental improvement in profitability within the tape business segment.



EC Field

Results for FY2023 and Outlook for FY2024

In the EC Field, amid the transition of COVID-19 to Category 5 and signs of demand recovery in the EC market, we strengthened price revisions and web marketing for online purchases, resulting in strong demand for key products like Self-Adhesive Cellulose Tapes and NICETACK™ Double-Sided Tapes. The CARELEAVES™ series of high-performance adhesive bandages also exceeded the previous year's performance, benefiting from increased recognition and the effects of price adjustments. Overall, the field achieved a 110% increase in net sales compared to the previous year. In 2024, we will continue to strengthen the integration of physical and digital efforts, promote Digital Transformation (DX)/digital marketing, and swiftly implement initiatives aimed at expanding sales, particularly for

medical products.

Strategies for the New Medium-term Management Plan

To achieve the goals of the New Medium-term Management Plan “CREATION 2026,” the EC Field will focus on creating purchasing opportunities that are accessible anytime and anywhere, enhancing the clarity and convenience of these options to reach more customers and contribute to their comfortable and

convenient lives. We will strengthen the integration of physical and digital efforts, promote Digital Transformation (DX)/digital marketing, and support the growing online business to adapt to diversified sales channels. Additionally, we will intensify our efforts in the growing medical product category, particularly by rapidly expanding into home healthcare products, thereby creating new demand and contributing to the growth of this business segment.





Hospital Product Field

Hospital Product Sales Management Department



Managing Officer
General Manager of Business Strategy
Division (and) General Manager of Hospital
Product Sales Management Department

Takashi Kawakita

Aiming to become a company that continuously contributes to healthcare by consistently providing new value, we will enhance communication both internally and externally, and work autonomously toward achieving our long-term vision without fear of failure.

Results for FY2023 and Outlook for FY2024

In FY2023, the Cesablic™ series of Hemostatic Bandages faced challenges due to a decline in vaccination numbers, but the recovery of in-hospital demand led to strong sales of the Stepty™ pressure hemostatic adhesive bandage, maintaining sales at the previous year's level. Additionally, the post-operative scar care tape Ascablic™ series and the hypoallergenic surgical tape SKINERGATE™ series saw significant increases in sales due to expanded recognition through promotional activities at academic conferences. Furthermore, the CATHEREEPLUS™ series of Wound Care Dressings successfully established a high-value-added market through new product promotion activities. Looking

ahead to FY2024, we will focus on value propositions centered on new products, aiming to promote products that contribute to areas such as “infection prevention,” “improvement of patients’ quality of life (QOL),” “medical safety,” and “productivity enhancement in medical settings.” At the same time, we will promote product development that addresses challenges in both hospital and home healthcare environments, actively advancing initiatives that contribute to the development of regional healthcare.

Strategies for the New Medium-term Management Plan

The Hospital Product Field aims to contribute to the realization of a sustainable society through healthcare. To achieve this, we are pursuing the following strategies:

First, we focus on proposing products that support regional healthcare in the context of “workstyle reform in healthcare” and home healthcare environments. Additionally, we promote corporate collaboration to spread new techniques in medical settings, thereby contributing to improved productivity.

Furthermore, by promoting industry-government-academia collaboration and pursuing the creation of new value, we will establish an efficient information delivery system using digital technologies to widely provide the value of our products. We also aim to build a sales structure that combines digital and physical approaches to rapidly deliver the latest information to regional healthcare settings. Through these initiatives, the Hospital Product Field will continue to contribute to society.





Industrial Product Field

Industrial Product Sales Management Department



Managing Officer
General Manager of Business Strategy
Division (and) General Manager of Industrial
Product Sales Management Department

Takao Hikita

We will implement a proposal-based sales style grounded in Future-Pull and Agile thinking to ensure the continued viability of the tape business.

Results for FY2023 and Outlook for FY2024

In FY2023, the sales situation in the Industrial Product Field improved for masking tape products used in automotive painting due to increased production by automobile manufacturers. However, the outlook for general packaging tapes remained uncertain. For the key products, Self-Adhesive Cellulose Tapes, we widely promoted their environmental friendliness, as they are made from natural materials, through newspaper advertisements and a dedicated website, gaining support from many companies as part of their SDGs initiatives. As a result, net sales of Self-Adhesive Cellulose Tapes increased by 15% compared to the previous year,

but overall, the Industrial Product Field saw a 99% performance compared to the previous year. In response to rising raw materials and energy costs, we will continue to implement price revisions. In FY2024, we will focus on new value creation activities and new product development to provide even greater services to our customers.

Strategies for the New Medium-term Management Plan

The Industrial Product Field is focusing on new initiatives in the construction and mobility fields, including electronics, leveraging our unique adhesive technologies developed over many years to address challenges in the industrial field. We are committed to realizing a

rapid development system and creating new value through industry-government-academia collaboration. Additionally, as an environmentally friendly product, Self-Adhesive Cellulose Tapes are being promoted as part of SDGs initiatives for business users in distribution and retail, emphasizing its environmental value while working to expand sales of related eco-friendly products. Furthermore, to address the decline in profitability caused by rising raw materials and energy costs, we are dedicated to promoting new products that contribute to profitability improvement, along with continuous cost reduction and price revisions.





Global Field

Global Business Division



Managing Officer
General Manager of Global Business
Division

Satoru Ito

We will achieve sustainable growth while improving customer satisfaction through the strategic enhancement of global expansion and the promotion of localization.

Global Business Division

Results for FY2023 and Outlook for FY2024

FY2023 was a challenging year due to the impact of temporary demand backlash caused by inventory adjustments and price revisions. Specifically, while there were signs of recovery in the second half of the year with inventory adjustments in distribution channels, the poor performance in the first half affected overall results, leading to consolidated net sales of 3,998 million yen, or 90% of the previous year. However, efforts toward FY2024 were also made, including steady shipments from distributors and product deployment tailored to each region. In FY2024, we will strengthen our efforts with distributors for the four main products— CARELEAVES™, Self-Adhesive Cellulose Tapes, Cesablic™, and masking

tapes—and the three developing products (CATHEREEPLUS™ series, ROIH™ series, and Atofine™). To achieve sustainable growth across our three sales bases—Japan, Thailand, and Europe—we will focus on addressing the specific challenges of each region.

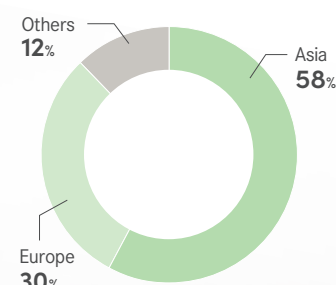
Strategies for the New Medium-term Management Plan

To lay the foundation for achieving a 30% overseas business ratio by FY2030, each division is focusing on global expansion. We will promote localization, particularly at our three sales bases, with the aim of improving customer satisfaction. Through the development of products suited to local markets, the enhancement of our supply chain, and the reform of our sales system, we aim to achieve sustainable growth.

Looking ahead to future growth, we will

expand our business through proactive efforts in new markets and sales channels, with a particular focus on the Chinese market. To support this, we establish a representative office in Shanghai to rebuild our market development strategy. Additionally, we recognize the importance of developing global human resources to support these initiatives.

Sales Composition by Region (FY2023)



Global Sales Department

Results for FY2023 and Outlook for FY2024

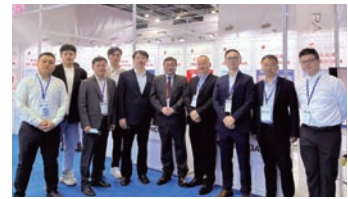
Our Global Sales Department is responsible for various countries across Asia, and the overall net sales in the overseas field decreased by 13% compared to the previous fiscal year. The decline in sales was primarily due to inventory adjustments of CARELEAVES™ in South Korea and a decrease in sales of Panfix™ Self-Adhesive Cellulose Tapes. On the other hand, increased sales from the rise in new car production and growth in medical materials sales in South Korea were positive factors contributing to sales.

As part of our new initiatives, we have expanded our product offerings in the Chinese market with bundling tapes and Washi Masking Tapes for the automotive aftermarket, as well as expanded the CARELEAVES™ lineup in the South Korean market.

Strategies for the New Medium-term Management Plan

We have identified South Korea and China as key areas and will

focus on expanding our four main products and advancing the development of three growing products. Specifically, in South Korea, we will collaborate with sales partners to expand sales of CARELEAVES™, while in China, we will strengthen our sales structure and conduct market research to expand the market for construction Washi Masking Tapes. Through these initiatives, we aim to build concrete strategies to increase our global sales ratio to 30% by FY2030. We believe that focusing on market expansion in South Korea and China with region-specific strategies is crucial to achieving our targets by FY2030.



NICHIBAN (THAILAND) CO., LTD.

Results for FY2023 and Outlook for FY2024

NICHIBAN (THAILAND) is responsible for Southeast Asian and Middle Eastern countries. In FY2023, net sales declined compared to the previous year due to a significant decrease in tape product net sales outside of Thailand. However, the expansion of industrial product sales channels within Thailand and the increased brand recognition of CARELEAVES™ contributed significantly to a substantial increase in operating income.

Strategies for the New Medium-term Management Plan

To strengthen our revenue base, we will enhance our cooperation with local partners and actively participate in academic conferences and exhibitions. Additionally, we will accelerate our collaboration

with new distributors while reviewing our existing distributor network to create new partnerships. Furthermore, we will intensify customer engagement by local talent, reorganize our structure by product field to enhance specialized customer support, and accelerate the shift toward medical products, particularly focusing on surgical tapes, as we actively approach emerging markets.



NICHIBAN EUROPE GmbH

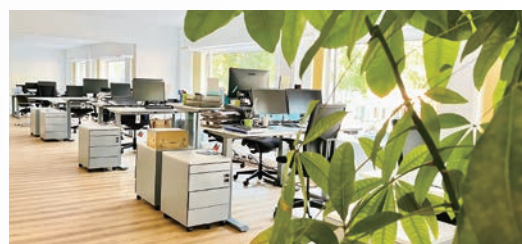
Results for FY2023 and Outlook for FY2024

NICHIBAN EUROPE is primarily responsible for European and African countries. In FY2023, net sales fell short of the budget target, although the gross profit margin slightly improved. The tape business was impacted by inventory adjustments, while the medical business faced challenges due to the lack of market introduction for key products and delays in shipments, resulting in a decrease in net sales compared to the previous year. In FY2024, the focus will be on growth markets, exploring new markets, and strengthening the business foundation.

Strategies for the New Medium-term Management Plan

NICHIBAN EUROPE will implement the following initiatives to strengthen its business foundation and achieve its sales and net profit targets. First, to reinforce the business foundation, we will

focus on addressing existing customer challenges and driving sales growth of high-margin products. In terms of financial and corporate foundations, we will prepare for tax audits and strengthen internal controls. Additionally, for organizational and personnel foundations, we will aim for employee growth and organizational development through localization and the establishment of educational programs. Through these strategies, we aim to achieve sustainable growth.



NICHIBAN Group Sustainability

The NICHIBAN Group Philosophy is, “NICHIBAN respects people’s cooperative relationships and strives to foster prosperity and happiness for all stakeholders of the 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 appropriate non-financial information disclosure
- Management of carbon dioxide (CO₂) emission reduction initiatives
- Management of human capital management

Management

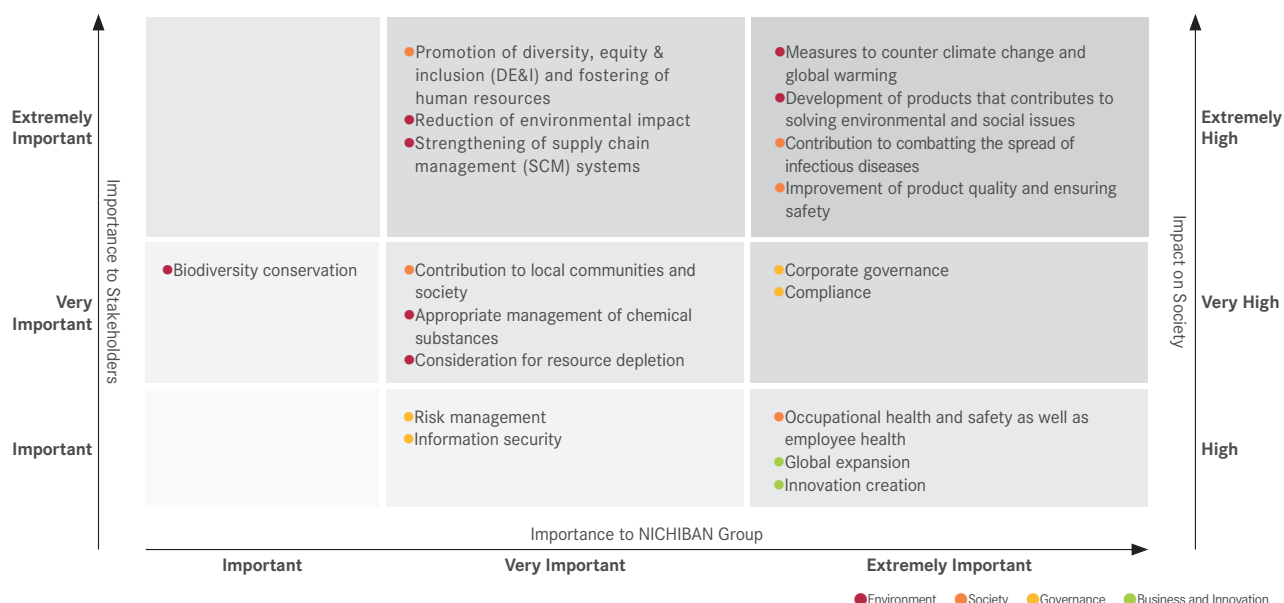
From FY2022, NICHIBAN has newly formulated a Human Rights Policy, a Health and Productivity Management Policy, and a Purchasing Policy which are related to sustainability and the SDGs. These include various measures targeted not only at society but also at the attainment of the health and happiness of the NICHIBAN Group employees.

For sustainability-related policies, please refer to our website.

[Related site links](#)

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.

Target KPIs and Actual Results

	Materiality	Target KPIs and Actual Results			Relevant SDGs
		Tangible action points	Actual results for FY2023	Targets for FY2024	
Environment	Developing products that contribute to solving environmental and social issues	<ul style="list-style-type: none"> Formulation of development criteria for products that contribute to solving environmental and social issues Promote environmentally friendly development themes and new product development Contribute to further environmental issues by increasing the proportion of natural materials in products 	<ul style="list-style-type: none"> Participation in industry association working group for product-specific calculation rule formulation Initiation of solvent-free conversion for existing product Launch of environmentally friendly products (green nano) 	<ul style="list-style-type: none"> Establishment of internal regulations based on industry association calculation guidelines 	
	Reduction of environmental impact	<ul style="list-style-type: none"> Continued operation of ISO 14001 environmental management system and implementation of audits Reduction of solvent usage through creation of new technologies Disclosure of environmental information 	<ul style="list-style-type: none"> Engaged in ongoing ISO 14001 certification Solvent-free conversion of certain NICETACK™ and FAPRO™ (Tabaneram™) tape products P46 🔗 Publication of Integrated Report 2023 (Japanese and English versions) 	<ul style="list-style-type: none"> Maintaining ISO 14001 and improving management level and quality Expansion of solvent-free products Reduction of energy usage during manufacturing Publication of Integrated Report 2024 (Japanese and English versions) 	   
	Appropriate management of chemical substances	<ul style="list-style-type: none"> Promote green procurement of raw materials 	<ul style="list-style-type: none"> Promotion of green procurement and response to requests for investigations on chemical substances contained in products 	<ul style="list-style-type: none"> Continuously promote green procurement and respond to customer requests for surveys on chemical substances contained in products 	 
	Measures to counter climate change and global warming	<ul style="list-style-type: none"> Reducing CO₂ emissions across the NICHIBAN Group Increasing the ratio of green electricity and install solar power generation facilities 	<ul style="list-style-type: none"> Disclosure of information based on TCFD recommendations P44 🔗 Disclosure of scope 1, 2, 3 P45 🔗 Solar power generation results: 515 [MWh] Purchase of green power certificates: 11,500 [MWh] 	<ul style="list-style-type: none"> Initiated investigation into the detailing and expansion of non-financial information disclosure 	  
	Consideration for resource depletion	<ul style="list-style-type: none"> Reduction of waste through effective use of raw materials Efficient use of water and management of wastewater treatment Conversion from thermal recycling to recycling 	<ul style="list-style-type: none"> Maintenance of zero-emission factories 25.2% reduction in water resource input compared to the previous year Initiation of experimental recycling of product scraps 	<ul style="list-style-type: none"> Maintenance of zero-emission factories Annual 2% reduction in water resource input Exploration of recycling technologies 	
	Biodiversity conservation	<ul style="list-style-type: none"> Tape Core ECO Project Afforestation activities and Gounogawa “forest drop” conservation activities 	<ul style="list-style-type: none"> Implementation of the “14th NICHIBAN Tape Core ECO Project” P46 🔗 	<ul style="list-style-type: none"> Continued implementation of the NICHIBAN Tape Core ECO Project, enhancement of contribution, and improved engagement with NGOs 	

Target KPIs and Results

	Materiality	Target KPIs and Results			Relevant SDGs
		Specific Actions	FY2023 Results	FY2024 Targets	
Society	Improving product quality and ensuring safety	<ul style="list-style-type: none"> Continuing operation of ISO 9001 quality management system and implementation of audits Improving customer satisfaction Begin introducing new core systems for strategic data utilization and improved internal business productivity Promoting company-wide improvement activities 	<ul style="list-style-type: none"> Continued ISO 9001 certification Improvement of factory production planning and management using core systems Streamlining of order processing Production improvement activities 45 teams participating 	<ul style="list-style-type: none"> Maintenance and improvement of ISO 9001 management level and quality Promotion of data utilization in sales strategy initiatives Advancement of digitalization in production sites Continuation of company-wide improvement activities 	
	Addressing occupational health and safety as well as employee health	<ul style="list-style-type: none"> Promotion of health and productivity management and KPI management 	<ul style="list-style-type: none"> Certified as an outstanding organization for KENKO investment for health in Japan 2024 Disclosure of health and productivity management strategy map, indicators, and actual values 	<ul style="list-style-type: none"> Execution of human capital management and KPI management 	
	Promotion of Diversity, Equity & Inclusion (DE&I) and Fostering of Human Resources	<ul style="list-style-type: none"> Promoting women's activities and employment of people with disabilities Promoting initiatives to improve engagement and strengthen organizational management Redeveloping of the medium-term human resources development system and improvement of necessary skills using the technical skills map 	<ul style="list-style-type: none"> Percentage of female managers: 10.2% Employee engagement score: 46.8 Annual paid leave utilization rate: 65.6% Implementation of DE&I training for management Implementation of "psychological safety workshop" for executives and managers 	<ul style="list-style-type: none"> Achieving and maintaining the employment rate of people with disabilities and creating a workplace for mutual growth Continuation of the engagement improvement project Execution of human capital management and KPI management 	    
	Strengthening Supply Chain Management (SCM) systems	<ul style="list-style-type: none"> Strengthening engagement with raw material sources and suppliers (human rights and environmental issues) Enforcement of our purchasing policy 	<ul style="list-style-type: none"> Conducted site visit to natural rubber plantation in Sri Lanka (quality, environment, human rights, and labor) P46 Implemented purchasing policy SAQ for key suppliers 	<ul style="list-style-type: none"> Initiated investigation for creating a comprehensive CSR questionnaire 	
	Contributing to local communities and society	<ul style="list-style-type: none"> Communication activities with local communities around our business sites Educational activities by visiting classes at elementary schools Support for people with disabilities Fostering the development of trainers for athletes Providing support through official suppliers and awareness-raising activities on taping techniques to prevent injuries 	<ul style="list-style-type: none"> Hosted the "SOCCER MEDICAL CAMP" training project in collaboration with the Japan Football Association (JFA) for aspiring athletic trainers in soccer Conducted cleaning activities at business sites Delivered lessons at 19 elementary schools Conducted an SDG s awareness lesson at one high school 	<ul style="list-style-type: none"> Continuation of the "SOCCER MEDICAL CAMP" Cleaning activities at business sites Continuation of lessons at elementary schools Continuation of SDGs awareness lessons at high schools Support for people with disabilities 	
	Contribution to medical care	<ul style="list-style-type: none"> Contributing to infection prevention through adhesive plasters, hemostatic products, and dressings 	<ul style="list-style-type: none"> Provided medical supplies to areas affected by the noto peninsula earthquake Expanded supply of hemostatic plasters in regions centered on South Korea 	<ul style="list-style-type: none"> Promotion of the spread of hemostatic plasters as infection prevention measures 	
Governance	Corporate governance	<ul style="list-style-type: none"> Developing internal control systems 	<ul style="list-style-type: none"> Five internal control committee meetings held Four internal control subcommittee sessions conducted Internal audits of overseas subsidiaries conducted Group company liaison meetings held (two in Japan, two outside Japan) 	<ul style="list-style-type: none"> Strengthening autonomous internal control and risk management in each division and group company Enhancing governance with a global perspective 	
	Compliance	<ul style="list-style-type: none"> Disseminating compliance (action handbook, education through e-learning) Enhancement of whistle-blowing contact points 	<ul style="list-style-type: none"> Creation and dissemination of a behavior handbook Conducting harassment counselor training Establishment of a global helpline 	<ul style="list-style-type: none"> Strengthening compliance across the entire group Documentation for globalization 	 
	Risk management	<ul style="list-style-type: none"> Implementation of emergency response training Development of a stable supply system based on BCP/BCM 	<ul style="list-style-type: none"> Company-wide emergency response headquarters drill conducted BCP (Business Continuity Plan) committee meetings held twice a year 	<ul style="list-style-type: none"> Continued implementation of company-wide emergency response headquarters drills Establishment and maintenance of business continuity plans based on the basic BCP policy 	
	Information security	<ul style="list-style-type: none"> Establishment of IT control systems 	<ul style="list-style-type: none"> IT strategy meetings held four times a year Security education and phishing email training conducted 	<ul style="list-style-type: none"> Conducting business activities in accordance with the IT security policy and further improving management levels 	
Business Innovation	Innovation Creation	<ul style="list-style-type: none"> Restructuring our R&D organizations Promoting collaborative programs for start-ups Effective use of in-house technology inventory Making use of the NICHIBAN Group's internal proposal system 	<ul style="list-style-type: none"> Participation in accelerator programs Launch of NICHIBAN smart glasses 71 proposals for "NBrain" New products ratio of 6.2% against target of 10% 	<ul style="list-style-type: none"> Promotion of new product development under the new structure Further advancement of open innovation through industry-government-academia collaboration and in new areas KPI management for the newly established product innovation ratio 	 
	Speedy development and expansion into global markets	<ul style="list-style-type: none"> Promote new development activities worldwide, including in NICHIBAN (East Asia and Oceania), NICHIBAN (THAILAND) (Southeast Asia and the Middle East) and NICHIBAN EUROPE (Europe) Search and selection of strategic partners in priority regions (business alliances, M&A) 	<ul style="list-style-type: none"> Increase in stores and products handling hemostatic plasters and CARELEAVES™ overseas 	<ul style="list-style-type: none"> Expansion of sales for infection prevention products Expansion of sales for washi masking tapes Investigation of compliance with European regulations on packaging and packaging waste 	

PICK UP

Initiatives Through the Value Chain

Self-Adhesive Cellulose Tapes Realizing an Eco-Cycle

Plant-Derived Cellulose Tapes

For over 70 years, NICHIBAN has been committed to creating environmentally friendly, circular ecology products with a focus on customer health and safe living.

NICHIBAN's Self-Adhesive Cellulose Tapes are products with over 70 years of history, and their raw materials and manufacturing methods have remained unchanged over the decades. However, to meet societal demands, the product itself has continued to evolve. Specifically, as part of our efforts to address climate change, we now use 100% green electricity, and we conduct human rights due diligence at the source of our raw materials. Additionally, by promoting environmental value through co-creation with other companies and tackling challenges through open innovation, NICHIBAN's Cellulose Tapes continue to evolve while maintaining their quality and pursuing social value.

The Eco-Circle of Self-Adhesive Cellulose Tapes

Main Raw Materials are Natural Materials

[Related Site Link](#)

The cellophane used in Self-Adhesive Cellulose Tapes are made from wood chips sourced from managed forests, the adhesive is primarily composed of natural materials such as natural rubber and resin, and the core is made from recycled paper. Self-Adhesive Cellulose Tapes are certified products with the "Biomass Mark" by the Japan Organics Recycling Association.



Human Rights Due Diligence

In November 2023, we visited a natural rubber plantation in Sri Lanka, with a focus on investigating child labor and working conditions. The investigation confirmed that no child labor was found, and that there are daycare centers and hospitals near worker residences, ensuring a safe and conducive working environment.



Social Contribution Using Waste Materials

We provide scraps of Self-Adhesive Cellulose Tapes to the certified NPO Kanazawa Art Gummi, where they are used in Children's Art Studio to support creative activities.



Challenging the Reuse of Waste Materials

Starting in fiscal 2023, we began collaborating with startup companies to realize a circular economy by utilizing scraps generated in the manufacturing process of Self-Adhesive Cellulose Tapes.



100% Green Electricity Production

[Related Site Link](#)

To achieve 100% green electricity for the production of Self-Adhesive Cellulose Tapes and cellophane-based adhesive tapes within the NICHIBAN Group and its affiliates, we purchase green power certificates corresponding to the electricity used for production from Japan Natural Energy Company Limited.

FY2023 Purchase Volume: 8,300 [MWh]
Power Generation Method: Biomass



Number of Supporting Companies and Organizations: 133

As of the end of July 2024

[Related Site Link](#)

Small Action for the Future

We aim to provide a healthy and safe environment for future generations by offering plant-derived Self-Adhesive Cellulose Tapes. We encourage the switch from plastic-based tape to plant-based products and have embarked on new environmental initiatives through "Partnerships," aligning with the 17th SDG goal.



Afforestation Efforts Both Domestically and Internationally Using Profits from Tape Core Collection

[Related Site Link](#)

Since 2010, we have been conducting the NICHIBAN Tape Core ECO Project, collecting tape cores and selling them to paper recycling companies. The funds raised, along with additional support from NICHIBAN, are used to plant mangroves in the Philippines with the cooperation of the NPO Ikaw Ako. (Collected tape cores include those from products other than Self-Adhesive Cellulose Tapes.) As of fiscal 2021, the estimated CO₂ sequestration by the increased mangroves is between 532 and 937 tons of CO₂ per year. Additionally, domestic afforestation activities, such as the "Mori no Shizuku Conservation Activity," were held in May 2024 in Hatakaichi City, Hiroshima Prefecture. (This was the fourth domestic reforestation activity.)



Initiatives for Quality and the Environment



Senior Operating Officer
General Manager of
Quality Assurance Division

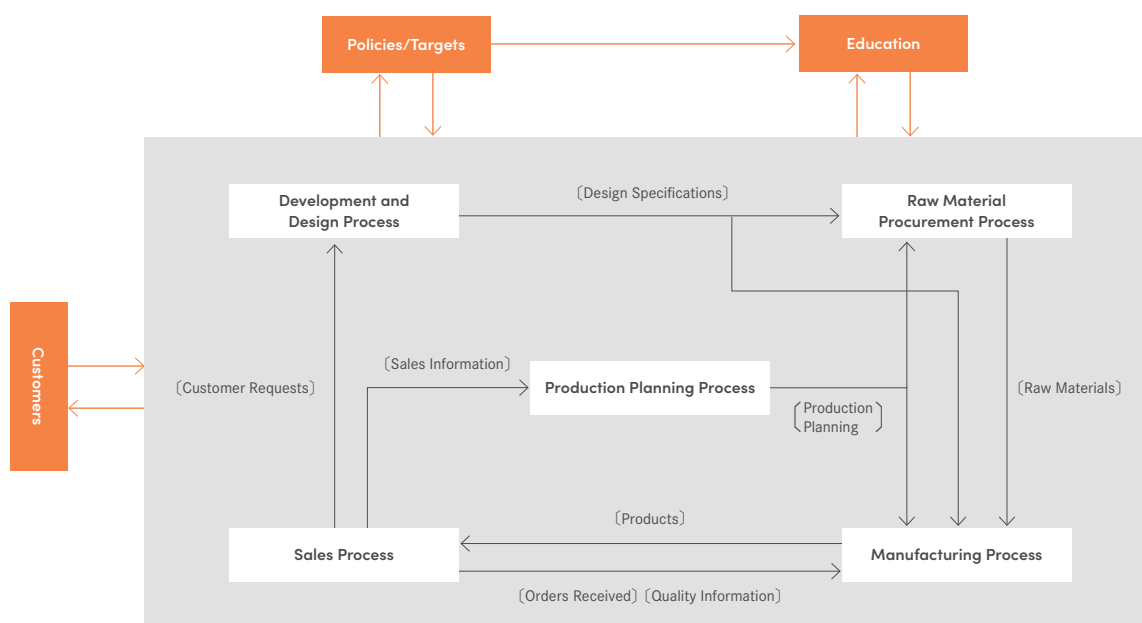
Takemasa Kokubo

Preserving the corporate quality of “trust” and contributing to the realization of a sustainable society. With these principles at the core of our management, the NICHIBAN Group continuously strives to contribute to the comfort of people’s lives through the value-added technology.

Under our fundamental philosophy of “striving to foster prosperity and happiness for all stakeholders of NICHIBAN Group,” we contribute to people’s comfortable lives by delivering products across a wide range of fields based on our adhesive technologies. Furthermore, through various business activities, we aim to coexist with society and nature, and are advancing initiatives to build a sustainable society. To contribute to solving environmental and social issues, there are important initiatives that companies must undertake. These initiatives include product development, reducing environmental impact, managing chemicals, addressing climate change and global warming, considering resource depletion, and preserving biodiversity. As a corporate responsibility, all employees strive to reduce environmental impact throughout the entire product lifecycle.

Initiatives on Quality

The NICHIBAN Group has established a Group Quality Policy with the aim of “relentlessly pursuing safe and trusted quality and new functions to provide products that meet and exceed customer expectations.” To enhance employees’ quality awareness and establish firm corporate quality, we optimally manage the following five processes—development and design, raw material procurement, production planning, manufacturing, and sales—based on the ISO9001 quality management system. Through these efforts, we aim to enhance customer satisfaction across all business activities.



Environmental Initiatives

The NICHIBAN Group places great importance on environmental management and is focused on contributing to a resource circulation society. Through ISO 14001 certification, we promote global environmental conservation by managing legal requirements and environmental impacts, setting targets, systematically executing plans, and continuously improving based on result evaluations. As a result of these efforts, in 2023, we successfully reduced CO₂ emissions by 905 tons (approximately 4.4%) compared to the previous year. Through the NICHIBAN Group's commitment to the environment and proactive improvement efforts, we aim for sustainable business operations and continue to contribute to the planet.



Environmental Accounting

NICHIBAN has conducted its own environmental accounting since FY1999 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.

Please refer to the environmental-related links below for more details.

Environmental Conservation Costs (Thousands of Yen)

Classification	Main activities	FY2022		FY2023	
		Capital Investment	Expenses	Capital Investment	Expenses
1. Business area costs	Environmental conservation costs to reduce environmental impact	1,880,442	564,459	554,074	659,830
Breakdown	1.1 Pollution prevention costs	658,677	145,374	103,489	178,475
	1.2 Global environmental conservation costs	988,731	183,384	235,348	250,682
	1.3 Resource recycling costs	233,033	235,701	215,236	230,673
2. Upstream/downstream costs	Green purchasing and green procurement costs Recycling costs for product containers and packaging	3,595	16,186	16,780	14,705
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	148,477	0	126,351
4. R&D costs	Labor costs for developing environmentally friendly products Costs for developing environmentally friendly products	169,130	12,852	0	139
5. Social activity costs	Environmental activity costs for local communities Donations to environmental organizations	0	22,486	0	22,250
6. Cost for dealing with environmental damage	Insurance premiums for environmental pollution (air pollution, soil pollution, etc.)	0	0	0	0
Total		2,093,927	764,460	570,854	823,275

Environmental Conservation Effects

Environmental Conservation Effects	Environmental Impact Indicators		
Effect contents	Environmental Impact for FY2022	Environmental Impact for FY2023	Year-over-Year Environmental Impact Change and Effect
CO ₂ emissions in Scope 1 and 2 (t-CO ₂)	20,710	Total Emissions: 24,832 Emissions After Offsetting: 19,805	-905
Waste generated (t)	4,041	4,555	※Calculation scope changed starting from FY2023.
Water usage (Km ³)	688	514	-174
Emissions of PRTR substances (total) (t)	538	565	27
Other effects (product development to reduce environmental impact, etc.)	Environmental Impact Reduction from the Purchase of Green Power Certificates		
	Equivalent to 4,995 t-CO ₂	Equivalent to 5,027 t-CO ₂	

Environmental-Related Links

Environmental Management System ISO 14001 Certification Acquisition/Environmental Impact Data/Environmental Accounting/Toward the Realization of a Decarbonized Society/Energy Conservation/Environmental Impact Reduction/Utilization of Green Power Certificates/Coexistence with Nature/Initiatives Related to Chemical Substances/Factory Data

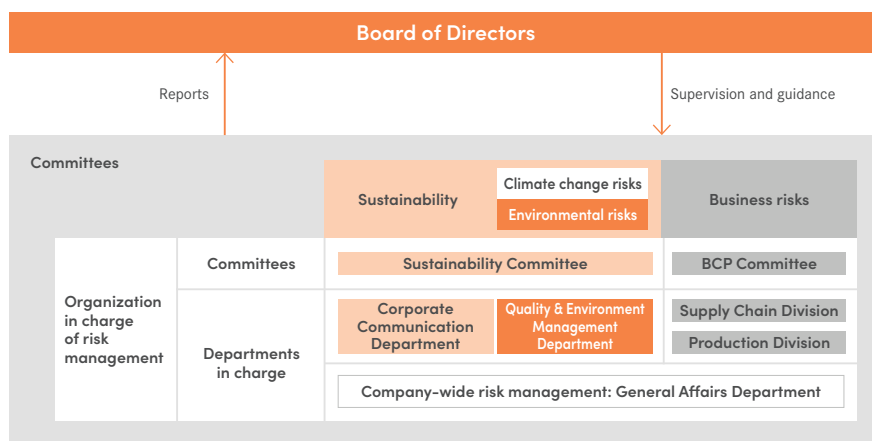
Climate-Related Disclosure Based on TCFD Recommendations

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.

Risk Management Structure



- 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.

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 analysis 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.

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 Communication

Department serves as the secretariat for the Sustainability Committee, analyzing climate-related risks, formulating and promoting countermeasures, and managing progress through the Sustainability Committee.

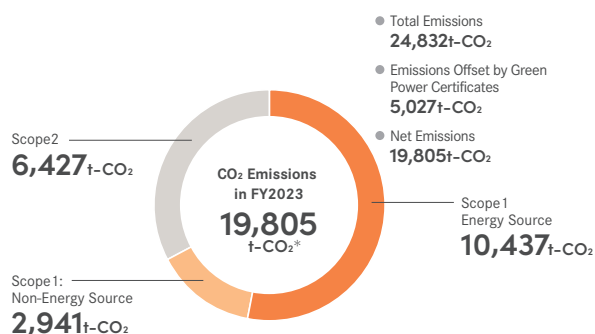
The details analyzed and reviewed by the Sustainability Committee are reported to the Board of Directors for company-wide integrated risk management.

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	↓	The company's profits are being squeezed by passing on the cost of raw materials and secondary materials such as substrates, resins, 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 processing 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 ₂ emission targets) and restructuring of production bases will put downward pressure on profits	Reduce costs by introducing comprehensive determination criteria for CO ₂ 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 FY2023)	Intend to improve brand value by appealing the environmental contribution value of products made from naturally derived materials (Self-Adhesive Cellulose Tapes, 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 • Promote product development and strengthen sales of environmentally friendly products • Introduce low environmental impact evaluation into product development
	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 Aqeduct 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

Metrics and Targets

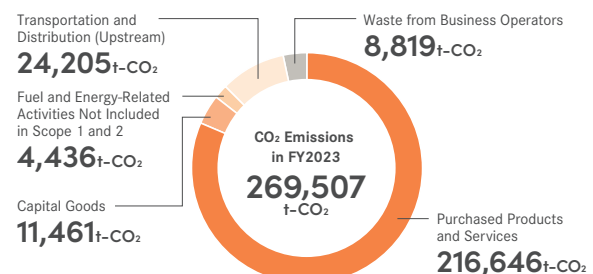
- In order to assess and manage the impact of climate-related issues on management, we use total greenhouse gas (GHG) emissions (CO₂) falling under Scope 1, Scope 2, and Scope 3, as an indicator.
- Targets and results for Scope 1, Scope 2, and Scope 3 are disclosed for NICHIBAN and its domestic subsidiaries.
- In addition to existing efforts, major CO₂ emissions reduction efforts will be studied and sequentially disclosed in light of cost and effectiveness in order to contribute to a decarbonized society.

FY2023 Scope 1 and Scope 2 CO₂ emissions



*The equivalent of 5,027 t-CO₂ from Green Power Certificates has been deducted.

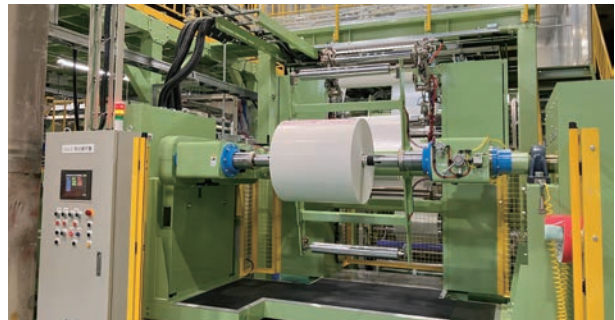
FY2023 Scope 3 CO₂ emissions



TOPICS Environmental and Social Contribution Activities

Solvent Usage Reduction and Efforts Toward Solvent-Free Processes

At the Anjo Factory, production has started for the new NICETACK™ and FAPRO™ (Tabanera™) products using a hot-melt method that does not involve the use of organic solvents. This initiative is expected to reduce CO₂ emissions to approximately one-fifth of those from existing processes. The product was developed over more than 10 years of research and development at the Anjo Factory, with a strong emphasis on environmental consideration. The introduction of this solvent-free method is expected to contribute to global environmental conservation and improve product quality. Through these innovative efforts, we aim to contribute to creating a more environmentally friendly society.



Conducting Human Rights Due Diligence at Raw Material Production Sites Inspection of Natural Rubber Plantations in Sri Lanka

In November 2023, we visited natural rubber plantations to observe the process from latex extraction to productization, with a particular focus on investigating the presence of child labor and the working environment. It was confirmed that there is no child labor, as latex extraction takes place from 6 a.m. to noon, overlapping with school hours for children. Additionally, workers live near the plantations, and the area is equipped with daycare centers and hospitals, ensuring a safe and supportive working environment.



The 14th NICHIBAN Tape Core ECO Project

In the 14th NICHIBAN Tape Core ECO Project conducted in FY2023, 1,080 organizations and 318 individuals from across the country participated, resulting in the highest number of cores ever collected.

Total Number of Cores Collected

455,677 units

* Number of Baskets Used: 105 Pallets

Total Weight of Cores

6,781 kg

The 15th NICHIBAN Tape Core ECO Project

As part of the 15th NICHIBAN Tape Core ECO Project, a domestic reforestation activity called the “Mori no Shizuku Conservation Activity” was conducted in Hatsukaichi City, Hiroshima Prefecture, in May 2024. For the first time, companies and organizations supporting the official special website “Contributing to SDGs with Self-Adhesive Cellulose Tapes,” as well as elementary schools from Higashihiroshima City, Hiroshima Prefecture, participated in the event. Moving forward, we will continue to promote this project by engaging in afforestation activities both domestically and internationally as an important theme related to sustainability.



Support for People with Disabilities

We support the efforts of people who continue to challenge themselves in pursuit of their dreams and the development of sports environments through the provision of sports medical products.

●Blind Soccer

Since April 2018, we have been a supply service partner of the NPO Japan Blind Football Association (JBFA), providing tape products for use in tournament operations.



From the Official Website of the NPO Japan Blind Football Association

●Wheelchair Tennis

In September 2023, we began a sponsorship agreement with wheelchair tennis player Ms. Shiori Funamizu, who is affiliated with LY Corporation.

●Goalball

We have signed an official gold supplier agreement with the Japan GoalBall Association, providing the taping tapes “battlewin™ series.”

●Paralym Art®

Since April 2018, we have been supporting the activities of “Paralym Art®,” promoted by the Shougaisha Jiritsu Suishin Kikou Association for Promotion of Independence of People with Disabilities.




The 15th NICHIBAN Tape Core ECO Project Design Competition Grand Prize-winning Work (Created by: Moemi, Title: Tree of Hope)

Support for Children’s Craft Activities

NICHIBAN provides scraps from the production process of Self-Adhesive Cellulose Tapes to the certified NPO Kanazawa Art Gummi* to support children’s creative activities.

*Commissioned by Kanazawa City, Ishikawa Prefecture, Japan, they operate an art studio called “Children’s Art Studio,” where preschool children can freely engage in creative activities.

 Social-Related Links Stakeholder Engagement/Social Contribution Activities

 Related Policies Links NICHIBAN Group Ethics/NICHIBAN Group Human Rights Policy/
NICHIBAN Group Health and Productivity Management Policy/NICHIBAN Group Quality Policy/
NICHIBAN Group Environmental Policy/NICHIBAN Group Procurement Policy/
NICHIBAN Group Crisis Management Policy/NICHIBAN Group IT Security Policy/
NICHIBAN Group Green Procurement Guidelines



Children's Art Studio



Participation in a project to support the development of product-specific carbon footprint calculation rules aimed at promoting Green Transformation (GX)

The group in which NICHIBAN Co., Ltd. participates joined the “Project to Support the Development of Product-Specific Carbon Footprint Calculation Rules for Promoting Green Transformation (GX,)” implemented by the Ministry of Economy, Trade, and Industry (METI) in FY2023. This project aimed to create advanced case studies that contribute to reducing emissions across the entire supply chain and sought to establish standardized product-specific calculation rules within the stationery industry.

Participation in the “Model Project for Carbon Footprint of Products and Services”

The group in which NICHIBAN Co., Ltd. participates will join the “Model Project for Carbon Footprint of Products and Services” implemented by the Ministry of the Environment in FY2024. This project aims to create advanced role model companies that balance emission reduction efforts with business growth through the calculation and display of Carbon Footprints (CFP), contributing to the realization of a society where citizens can choose products and services that support decarbonization.

Initiatives for Human Capital Management



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

Yoshifumi Yamaguchi

The NICHIBAN Group believes that “human resources” are the greatest driving force behind corporate activities. We promote “human capital management” to maximize the potential of our people, leading to enhancing corporate value and creating stakeholder value.

NICHIBAN Group Human Capital Management is centered on three pillars: “Diversity, Equity & Inclusion (DE&I),” which unite and enhance the strengths of diverse talents; “Development of Autonomous Human Resources,” which nurtures leaders and maximizes various abilities for the next era; and “Health and Engagement,” ensuring that employees find fulfillment and thrive in their work. With strong teamwork and psychological safety, all employees work dynamically toward realizing the innovation and global contributions outlined in the “NICHIBAN GROUP 2030 VISION.” Through various new initiatives, we are committed to building a culture and organization that fosters the growth of both our people and the company.

[Related Link](#) NICHIBAN's Human Capital Management

TOPICS Human Capital Management

Innovation Creation: Operation of the Group's 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.



Operation of the Engagement Improvement Committee and Projects

Results from the engagement survey revealed that while communication within departments is good, there are challenges in fostering a sense of unity across the company and improving communication between different organizational levels. To address this, and in pursuit of the “NICHIBAN GROUP 2030 VISION,” we have implemented various initiatives to build horizontal connections across the company, promoting communication among younger employees and department heads. These initiatives included factory tours, joint visits to sales sites and exhibitions, and supplier visits to encourage interaction between young employees in sales, indirect departments, and factories. As a result, employees across different departments have been able to recognize common challenges and shared commitment to the company, deepening mutual understanding.



Employee Engagement Score Trends

FY2022	46.1
FY2023	46.8
FY2026 (Target)	50.0

Initiation of the Global Trainee Program

This human resource development program, starting in FY2024, aims to cultivate global human resources capable of excelling internationally. The program targets young to mid-career employees, fostering the ability to adapt to diverse values and different business environments through practical overseas experience. Specifically, participants will gain a global perspective through sales activities and technical support at overseas subsidiaries, developing into core employees who will support NICHIBAN's future. Furthermore, the program enhances understanding of foreign cultures and business practices, nurturing the abilities required to become true global human resources.



Diversity, Equity & Inclusion Training for Executives

The training was conducted not only to enhance knowledge of LGBTQ and SOGI (Sexual Orientation and Gender Identity) issues but also to help executives understand their role in creating a harassment-free workplace and the importance of promoting DE&I. This training was carried out in collaboration with the certified NPO Nijiirō Diversity, with active participation from executives, corporate officers, and group company presidents. In addition to learning, participants engaged in talk sessions with individuals with life experiences and reviewed examples of inappropriate comments, gaining valuable insights. Moving forward, this initiative will be extended to all employees, promoting diversity, equity, and inclusion, raising awareness both internally and externally, and contributing to sustainable corporate growth.



“Psychological Safety Study Sessions” for Executives and Managers

In the November 2023 engagement survey, a “Psychological Safety” item was added, and it was found that some departments and organizations received low evaluations in this area, which was considered a potential barrier to improving engagement with direct supervisors and within workplace domains. To ensure good communication, we commissioned ZENTech, the company to which the authors of the books “How to Create Psychological Safety” and “55 Words to Create Psychological Safety” belong, to conduct training. For executives and site managers, workshops were included, while lecture-based sessions were held for other managers.



Certified as an “outstanding organization of KENKO Investment for Health in Japan 2024”

NICHIBAN Co., Ltd. believes that the mental and physical health of each employee is essential to striving to foster prosperity and happiness for all stakeholders of NICHIBAN Group, as stated in our fundamental philosophy of valuing bonds. To ensure that employees work vibrantly and continue to create new value for society, we promote initiatives focused on employee health. NICHIBAN Co., Ltd. has been recognized as an outstanding organization of “KENKO Investment for Health in Japan 2024” in the large enterprise category by the Ministry of Economy, Trade, and Industry and the Nippon Kenko Kaigi, which jointly organize the certification program. This recognition honors companies that consider employee health management from a business perspective and strategically implement initiatives that contribute to maintaining and improving health. This marks our second consecutive year of recognition, following FY2023.



*1 The Nippon Kenko Kaigi is an organization that takes practical community- and workplace-based actions, through collaboration among private organizations and with full administrative support, in order to extend the healthy lifespan of and provide appropriate medical care for each individual in Japan

*2 The “KENKO Investment for Health” Program recognizes large enterprises, SMEs, and other organizations that excel in practicing health and productivity management based on regional health issues and the health promotion initiatives advanced by the Nippon Kenko Kaigi.

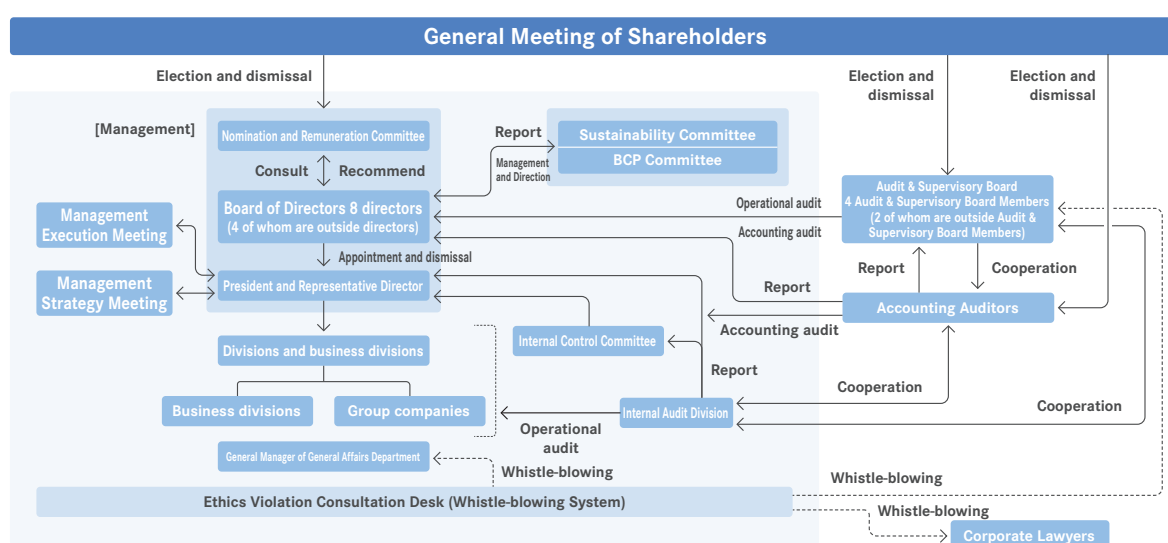
Initiatives for Corporate Governance

Corporate Governance

Basic Concept

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 auditors 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 Desk.

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 is comprised of four members, including two outside auditors. We have also established an Internal Audit Division 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 FY2023, 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, mainly by the chairperson and the secretariat.

Training for Executives

1 Multifaceted feedback training for management personnel

Strengthening the leadership and management capabilities of managers

2 LGBTQ Seminar

By acquiring accurate knowledge about LGBTQ and SOGI, the seminar aimed to help participants understand the importance of creating a harassment-free workplace and promoting DE&I, thereby preparing management to contribute effectively.

3 Psychological Safety Study Session

Understanding the importance of “psychological safety,” which is fundamental to good workplace communication, and preparing management to align company-wide efforts and improve overall engagement.

4 Digital Transformation (DX) Literacy Talent Development Basic Course

Preparing executive talent to consider the direction of the company's Digital Transformation (DX) and effectively communicate it to employees.

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 (Excluding Outside Directors)	84	55	22	6	4
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	31	31	-	-	2
Outside Officers	41	41	-	-	6

Performance Metrics	Results
Consolidated Operating Income	¥2,073 Million
Consolidated Operating Income Margin	4.4 %
New Products Ratio	6.2 %
Global Sales Ratio	8.5 %
Stock Growth Rate	85.6 %

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 global 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.

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.

Initiatives for Corporate Governance

Compliance

Basic Concept

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

As a concrete guideline for ethical practices within the NICHIBAN Group, we have produced a NICHIBAN Group Code of Conduct Handbook, which is distributed to all Group employees. The NICHIBAN Group Code of Conduct Handbook is regularly reviewed to respond to changes in social conditions and relevant laws, and its contents are thoroughly communicated through training sessions and meetings. In addition, we provide various e-learning programs on compliance, allowing employees to take the courses anytime and anywhere, in an effort to further embed compliance throughout the organization.

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 Ethics Violation Consultation Desk 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.

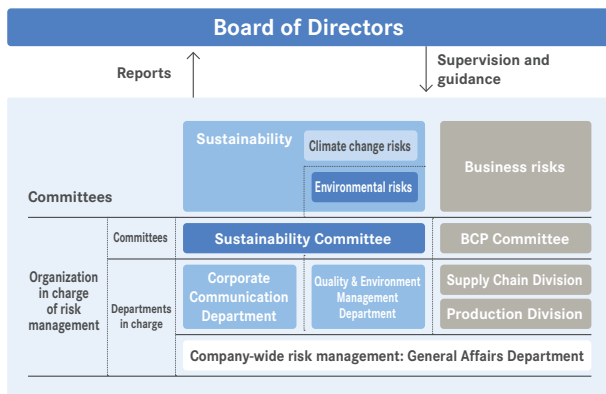
Risk Management

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 and 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.



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 analysis.

Information Security

Development of IT Controls

Information technology has become indispensable to business strategies 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.

Initiatives for Corporate Governance

Management

(As of June 26, 2024)

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	19,500 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 Director, Managing Officer, responsible for CSR and corporate management
 Oct. 2016 Director, Managing Officer, responsible for CSR and corporate management, and Director and Advisor for corporate management of Daito Chemical Co., Ltd.
 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	30,000 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
 Apr. 2024 Director, Managing Officer, responsible for sales and development, and General Manager of Business Strategy Division (current position)

Significant concurrent positions	
None	
Number of shares of the Company held	16,100 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
 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	11,200 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*
 Representative of 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 Offices	
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 Surgical Ward, Kanazawa University Hospital
 Apr. 1981 Assistant and Associate Professor of Department of Nursing, School of Allied Medical Sciences, Kanazawa University
 Apr. 1987 Research Student of Faculty of Medicine, Kanazawa University (March 1997 - Doctor of Medicine)
 Apr. 1988 Graduate School of Nursing, University of Illinois, USA (Special Training) (- March 1990)
 Nov. 1998 Professor of the School of Health Sciences, Faculty of Medicine, Kanazawa University
 Apr. 2004 Division of Health Sciences and Nursing, Graduate School of Medicine, The University of Tokyo
 Apr. 2017 Director of Global Nursing Research Center, Graduate School of Medicine, 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	15/15 (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	16,800 shares
Attendance at the Board of Directors meetings	15/15 (100%)
Attendance at the Audit & Supervisory Board meetings	15/15 (100%)



Audit & Supervisory Board Member

Osamu Sakamoto

Career summary

Apr. 1990	Joined the Company
Apr. 2020	General Manager of Internal Audit Division
Apr. 2022	Operating Officer and General Manager of General Affairs Department, Administration Division, and responsible for Internal Controls
Apr. 2024	Operating Officer, Assistant to Audit & Supervisory Board
June 2024	Audit & Supervisory Board Member (current position)

Significant concurrent positions

None

Number of shares of the Company held	1,000 shares
Attendance at the Board of Directors meetings	—
Attendance at the Audit & Supervisory Board meetings	—



Outside Audit & Supervisory Board Member

Yasushi Kodama

Career summary

Oct. 1988	Passed the National Bar Examination
Apr. 1991	Physician, U.S. Naval Hospital Yokosuka, Japan
May 1991	Passed the National Medical Practitioners Qualifying Examination
Apr. 1992	Judicial Trainee, Legal Training and Research Institute of the Supreme Court of Japan
Apr. 1994	Joined T. HASEGAWA & CO., LAW OFFICES
Sep. 1995	Joined Sidley & Austin Law Firm (Chicago)
Aug. 1996	Joined Barlow Lyde & Gilbert Law Firm (London)
Nov. 1996	Passed the New York State Bar Exam, USA
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 Board meetings	15/15 (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)
May 2024	Auditor, Saitama Medical University (current position)

Significant concurrent positions

Outside Audit & Supervisory Board Member of SANYO SHOKAI LTD, Auditor, Saitama 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 Board meetings	15/15 (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	●	●		●				
Hiromi Sanada	Outside Director					●			●
Kazunori Takahashi	Audit & Supervisory Board Member					●	●	●	●
Osamu Sakamoto	Audit & Supervisory Board Member			●	●				
Yasushi Kodama	Outside Audit & Supervisory Board Member		●		●	●			●
Atsushi Fukuda	Outside Audit & Supervisory Board Member			●					

Initiatives for Corporate Governance

Messages from Outside Directors

- 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 the 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, Equity & Inclusion (DE&I) Policy. We formulated the Medium- to Long-term Vision, "NICHIBAN GROUP 2030 VISION," and the New Medium-term Management Plan "CREATION 2026" 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.

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.

- 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 The New Medium-term Management Plan, "CREATION 2026," is a three-year plan focused on three priority themes:
 - 1) Restructuring of the Business Portfolio,
 - 2) Globalization, and
 - 3) Human capital management. Each of these challenges presents significant hurdles, and it is essential to achieve these goals and establish a growth trajectory. The success of this New Medium-term Management Plan will be a critical step toward the Medium- to Long-term Vision, "NICHIBAN GROUP 2030 VISION." I urge everyone to move forward with a sense of urgency, a spirit of challenge, and true teamwork to realize these goals.



Outside Independent Director
Yoji Shimizu

- 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 on 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 Directors, 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 Self-Adhesive Cellulose Tapes business, the NICHIBAN Group's Medical Business has seen significant growth in recent years. However, the substantial changes in the external environment have greatly impacted our profit structure, leading to an increase in the need for difficult management decisions. I believe that 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 To achieve the ambitious goals set by the New Medium-term Management Plan, "CREATION 2026," which requires the unified effort of all employees, the Nomination and Remuneration Committee is also holding discussions to ensure transparent and fair personnel decisions and compensation.



Outside Independent Director
Akihiro Sato

- 5 The New Medium-term Management Plan, "CREATION 2026," sets ambitious goals for our company, including Restructuring of the Business Portfolio, promoting innovation activities aimed at creating new businesses and large-scale new products, establishing a global Supply Chain Management (SCM) systems, and contributing to a sustainable society, all while emphasizing human capital management. We can expect great things from the company's proactive stance toward significant transformation.

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?



1 After being appointed as a public prosecutor at 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 meetings 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 effectiveness of the Board of Directors has been functioning well, and I believe that it has further improved with the addition of a female outside director who is an expert in health science and nursing, enhancing the board's effectiveness from the perspective of Diversity, Equity & Inclusion (DE&I). Within our New Medium-term Management Plan, "CREATION 2026," I consider human capital management, which is essential for our future sustainable growth, to be of utmost importance. Securing and developing outstanding talent is indispensable for increasing our long-term 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 In light of the challenging management environment, including the significant rise in raw material costs due to the recent excessive yen depreciation and other international factors, I believe that the New Medium-term Management Plan, "CREATION 2026," which focuses on the three priority themes of Restructuring of the Business Portfolio, Globalization, and human capital management, is both timely and appropriate. I have high expectations for the entire company to unite and vigorously strive toward achieving these goals.

Outside Independent Director
Tatsuo Ishihara



1 I recognize my role in contributing to the innovation creation and global expansion as part of the Medium- to Long-term Vision, "NICHIBAN GROUP 2030 VISION." Drawing on over 30 years of experience in research and development in the medical and nursing fields as a professor at the University of Tokyo's Graduate School of Medicine and as the president of various academic societies, including the Japanese Society of Pressure Ulcers, I intend to provide expert advice on innovation in the Medical Business. The new product, CATHEREEPLUS™ ECHO, a dressing for echo-guided puncture fixation, was born from collaboration with the Society of Nursing Engineering, where I served as president. Furthermore, through initiatives like the establishment of the Global Nursing Research Center at the University of Tokyo, I have conducted numerous joint projects with universities in Asia and Europe. Based on this experience, I aim to support the establishment of a strong foundation for global 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 Our company is committed to "people-centric" management, and as a result, we are certified as an outstanding organization of KENKO Investment for Health in Japan 2024 by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. I intend to leverage my knowledge and network to contribute to innovation in human resource management as well.

5 In the priority themes of "CREATION 2026," particularly in the "Restructuring of the Business Portfolio" through the creation of new areas and "globalization," I look forward to advancing industry-academia collaboration in the medical field with universities in Japan and Asia. In the area of "human capital management," I expect to contribute to the promotion of women's participation.

Outside Independent Director
Hiromi Sanada



*Ms. Sanada is not a member of the "Nomination and Remuneration Committee," so Question 4 has been omitted.

Eleven-Year Financial and Non-Financial Summary

	2014/3	2015/3	2016/3	2017/3
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Financial Summary

Results of Operations

Net Sales (Millions of Yen)	40,225	39,892	42,461	44,145
Operating income (Millions of yen)	1,789	2,161	3,360	4,057
Ordinary income (Millions of yen)	1,858	2,267	3,490	4,274
Net Income Attributable to Owners of Parent (Millions of Yen)	989	1,311	1,827	3,107
Capital Investment (Millions of Yen)	2,495	1,818	3,586	5,818
Depreciation and amortization (Millions of Yen)	1,787	1,385	1,603	1,792
R&D Expenses (Millions of Yen)	1,004	1,008	1,108	1,153
Cash Flows from Operating Activities (Millions of Yen)	2,666	2,547	4,406	3,899
Cash Flows from Investing Activities (Millions of Yen)	(1,242)	(1,948)	(1,963)	(5,349)
Cash Flows from Financing Activities (Millions of Yen)	(469)	(468)	(589)	(636)
Free Cash Flows (Millions of Yen)	1,424	599	2,443	(1,450)
Cash and Cash Equivalents (Millions of Yen)	10,832	10,959	12,802	10,713

Financial Position at Year-End

Net Assets (Millions of Yen)	25,548	26,885	28,140	30,766
Interest-Bearing Debt (Millions of Yen)	2,000	2,000	2,000	2,000
Total Assets (Millions of Yen)	47,213	47,943	52,890	56,120

Per Share Information

Net Assets per Share (Yen) ^{※1}	1,232.70	1,297.26	1,357.84	1,484.70
Net Income per Share (Yen) ^{※1}	47.75	63.30	88.18	149.95
Net Income per Share-diluted (Yen)	-	-	-	-
Dividends per Share (Yen) ^{※1}	12	16	22	36

Ratios

Equity Ratio (%)	54.1	56.1	53.2	54.8
Return on Equity (ROE) (%)	3.9	5.0	6.6	10.6
Ordinary Income/Total Assets (ROA) (%)	4.0	4.8	6.9	7.8
Price- Earnings Ratio (P/E Ratio) (Times)	14.5	14.5	14.9	12.3

Non-Financial Summary

Number of Employees (Consolidated)	1,150	1,160	1,180	1,204
Average Number of Temporary Staff (Consolidated) ^{※3}	234	227	206	195
Number of Male Managers (Non-Consolidated)	156	155	156	159
Number of Female Managers (Non-Consolidated)	10	11	10	11
Female Manager Ratio (%) (Non-Consolidated)	6.0	6.6	6.0	6.5
Employment Rate of Persons with Disabilities (%) (Non-Consolidated)	1.2	2.0	1.8	2.0

※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.

※3 The average number of temporary employees includes part-time employees, contract employees, and dispatched workers throughout the year.

2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
46,234	47,417	44,063	41,528	43,134	45,560	46,859
4,419	3,684	2,975	2,000	2,450	1,609	2,073
4,626	3,860	3,095	2,070	2,561	1,748	2,201
3,132	3,193	1,751	1,350	1,809	2,371	1,827
6,489	2,054	1,455	2,755	3,981	4,092	1,949
1,960	2,327	2,352	2,342	2,545	2,757	2,795
1,241	1,184	1,067	1,064	1,057	1,110	1,202
3,228	5,584	5,749	5,911	4,064	2,917	3,187
(5,039)	(4,743)	(1,380)	(3,067)	(2,898)	(1,153)	(3,692)
(934)	(979)	(916)	(772)	(691)	(867)	(1,225)
(1,811)	841	4,369	2,844	1,166	1,764	(505)
7,963	7,822	11,273	13,344	13,844	14,752	13,049
33,317	36,480	37,218	38,078	38,961	40,603	41,703
2,000	2,000	2,000	2,000	2,000	2,000	2,000
60,755	60,329	59,752	61,214	64,427	69,123	68,039
1,607.89	1,760.54	1,796.15	1,837.64	1,880.25	1,969.94	2,049.15
151.17	154.12	84.54	65.15	87.34	114.67	89.00
-	-	-	-	-	114.65	88.97
40 ^{*2}	38	33	30	30	35	35
54.8	60.5	62.3	62.2	60.5	58.7	61.3
9.8	9.2	4.8	3.6	4.7	6.0	4.4
7.9	6.4	5.2	3.4	4.1	2.6	3.2
23.1	15.2	17.7	29.4	19.5	16.8	22.3
1,241	1,258	1,266	1,260	1,255	1,268	1,270
151	146	133	113	130	143	134
160	159	157	149	166	174	177
11	12	13	14	16	21	20
6.4	7.0	7.6	8.6	8.8	10.8	10.2
2.1	2.2	2.2	2.4	2.5	2.3	2.4

Corporate Information (As of March 31, 2024)

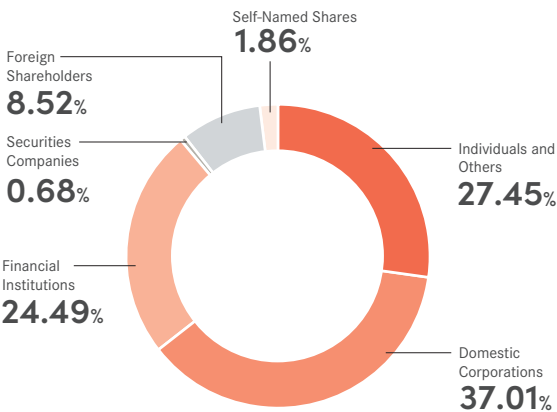
Company Name	NICHIBAN CO., LTD.
Headquarters	2-3-3, Sekiguchi, Bunkyo-ku Tokyo, Japan, 112-8663
Founded	January 1918
Telephone	+81-3-5978-5601
President	Toshiaki Takatsu
Capital	¥5,451 million
Net Sales	¥46,859 million (Consolidated)
Number of Employees	1,270 (Consolidated)

Consolidated Subsidiaries	NICHIBAN PRINT CO., LTD. NICHIBAN TECHNO CO., LTD. NICHIBAN MEDICAL CORPORATION NICHIBAN (THAILAND) CO., LTD. NICHIBAN EUROPE GmbH
Affiliated Companies	UNION THAI-NICHIBAN CO., LTD. Daito Chemical Co., Ltd. Hanyo Kako Co., Ltd

Stock Information (As of March 31, 2024)

Stock Information

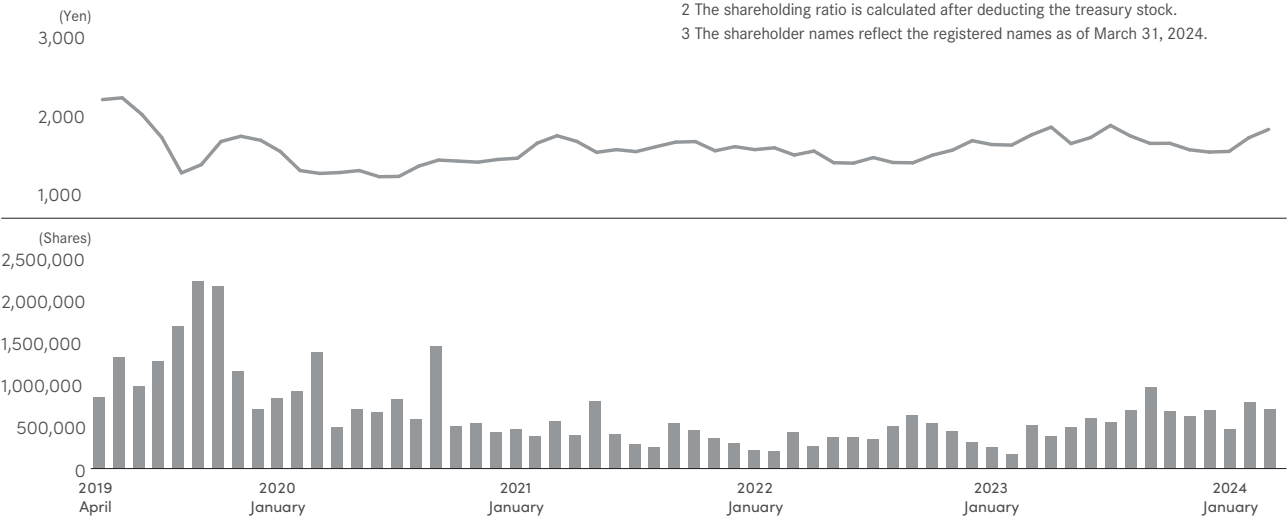
Total Number of Authorized Shares:	70,000,000 shares
Total Issued Shares:	20,738,006 shares
Number of Shareholders:	19,307



Top 10 Major Shareholders

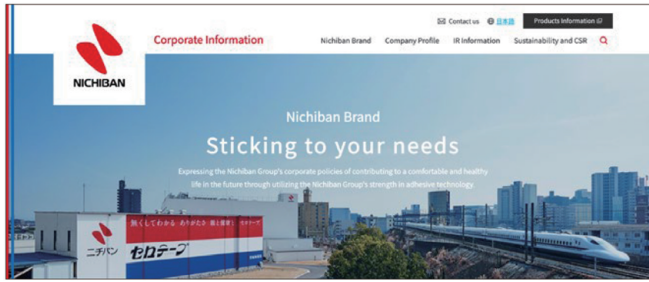
Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
TAIHO PHAMACEUTICAL CO., LTD.	6,758,000	33.21
The Master Trust Bank of Japan, Ltd. (trust account)	1,305,600	6.42
NICHIBAN Supplier Shareholding Association	1,215,500	5.97
MUFG Bank, Ltd.	870,000	4.27
Mizuho Bank, Ltd.	870,000	4.27
Aioi Nissay Dowa Insurance Co., Ltd.	459,000	2.26
Custody Bank of Japan, Ltd. (trust account)	371,600	1.83
STATE STREET BANK AND TRUST COMPANY 505103	327,600	1.61
Resona Bank, Limited	288,500	1.42
The Dai-ichi Life Insurance Company, Limited	277,500	1.36

Stock Price and Trading Volume



Notes:
1 The company holds 386,423 shares of treasury stock, which are excluded from the major shareholders listed above.
2 The shareholding ratio is calculated after deducting the treasury stock.
3 The shareholder names reflect the registered names as of March 31, 2024.

NICHIBAN Websites



Corporate History



Sustainability



Nichiban Group Value
Creation Process



Related Policies

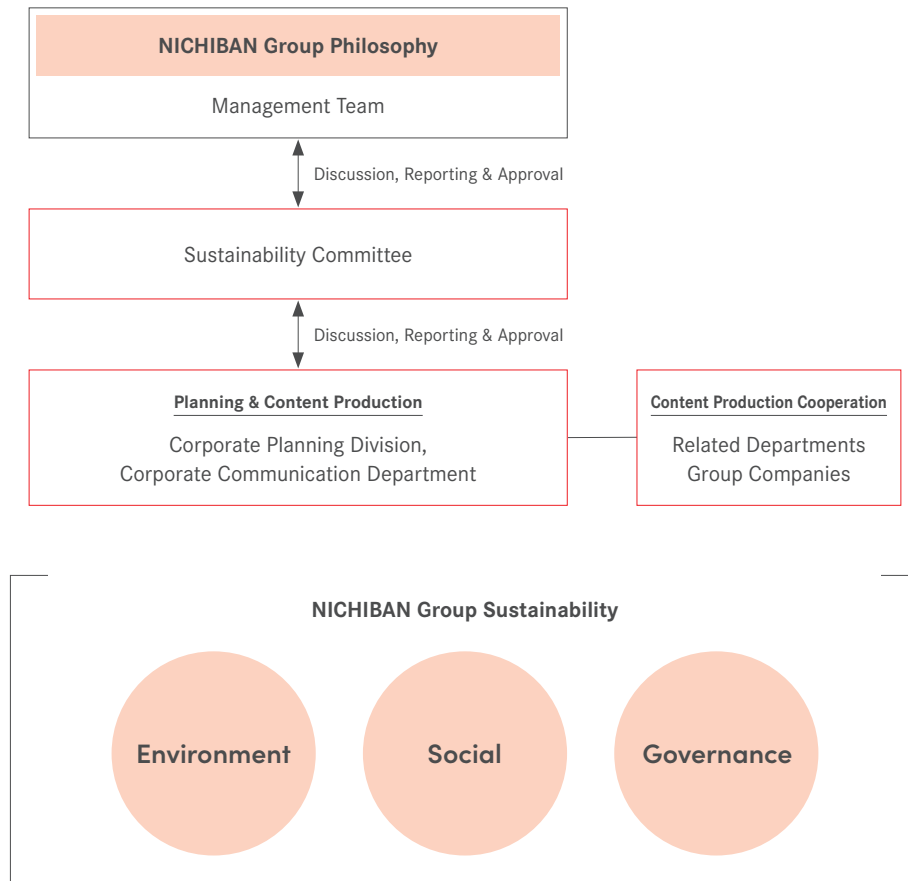


Medium-term Vision and
Medium-term Management Plan



IR Information

Editorial Structure of the NICHIBAN GROUP INTEGRATED REPORT 2024



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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