



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Nitto Denko Corporation

July 2024

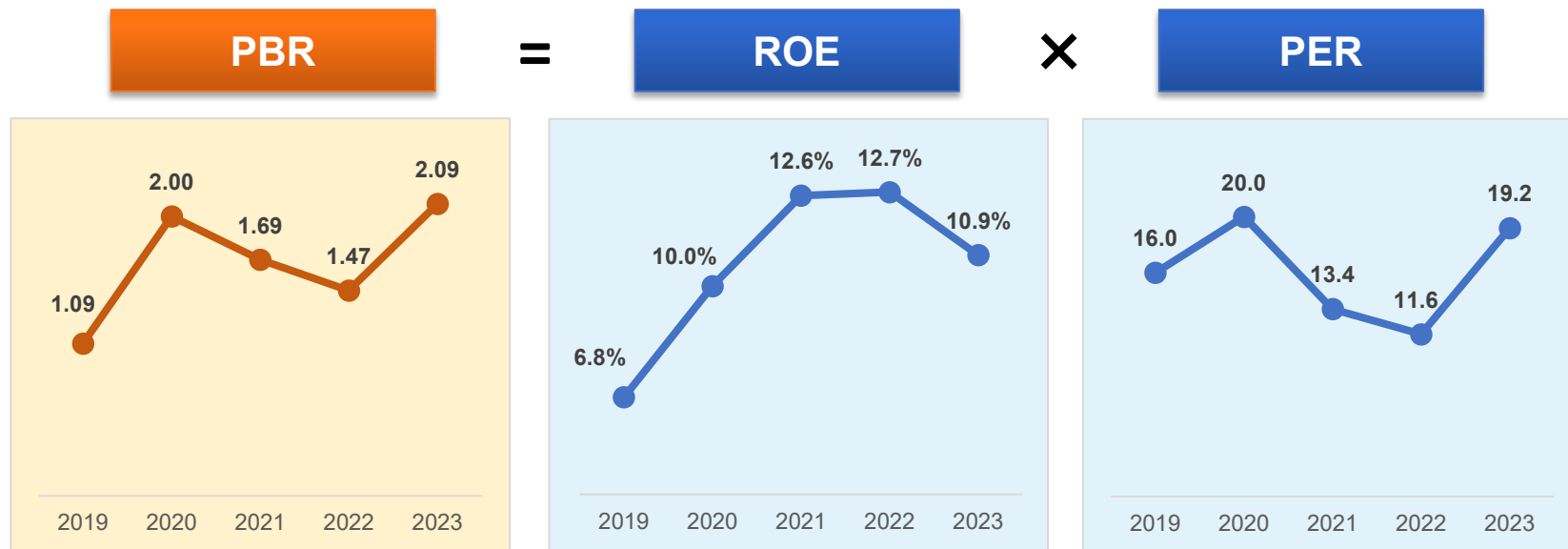
Nitto

Innovation for Customers

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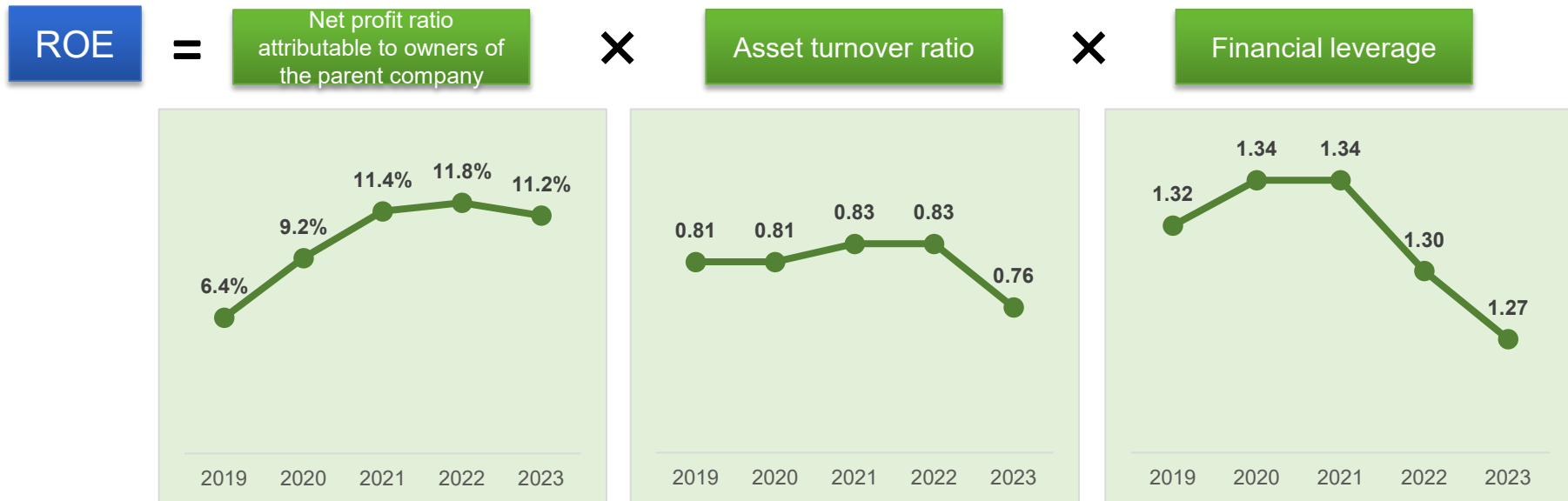
1. Analysis of Our Current Situation -Analysis of PBR-

Our Price-to-Book Ratio (PBR) has recovered to the level of 2 times.
Our Return On Equity (ROE) has maintained 10% or more for four consecutive fiscal years.
Our Price Earnings Ratio (PER) has improved with a rise of our stock price.



1. Analysis of Our Current Situation -Analysis of ROE-

Our profit ratio has maintained 10% or more by implementing both growth strategies and restructuring. We have aggressively invested management resources in Circuit Materials and Life Science for the future demand increase.



2. Management Targets (KPI)

-Financial and Future-financial Targets-

Financial Targets

	FY2023 Results	FY2025	FY2030
Operating Profit	139.1 billion yen	170 billion yen	240 billion yen
Operating margin	15.2%	17%	—
ROE	10.9%	15%	20%

Future-financial Targets (new)

	FY2023 Results	FY2025	FY2030
Product related	Niche Top sales ratio The indicator measuring the expansion of essential Nitto products	44%	50% At least 50%
	PF/HF category sales ratio The indicator measuring the expansion of PlanetFlags/HumanFlags products	36% <small>*Flags certified products</small>	40% At least 50%
Environment related	Waste plastics recycling ratio The indicator measuring the progress toward circular economy initiatives	47%	50% 60%
	Sustainable materials procurement ratio The indicator measuring the procurement of materials considering the environment	16% <small>*In Japan (non-consolidated)</small>	20% 30%
HR related	Engagement scores The indicator measuring employees' "sense of belonging," "work environment," and "physical and mental well-being"	81	78 85
	Challenge ratio The indicator measuring the percentage of employees who have taken on the challenge for value creation	37%	70% 85%

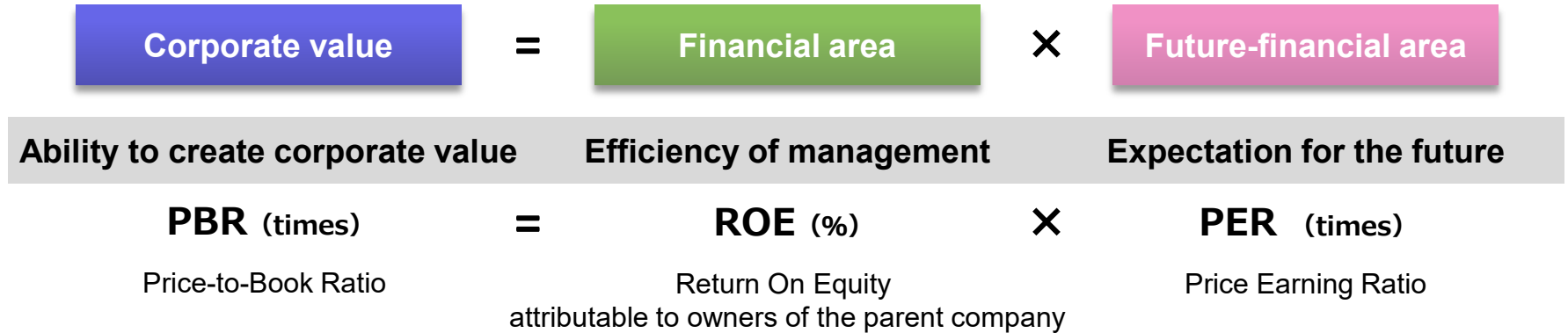
Future-financial Targets (continued)

New products ratio	41%	At least 35%	At least 35%
CO₂ emissions	525 kton/year	550 kton/year	400 kton/year
Female leaders ratio	20%	24%	30%

(Note) Fiscal year 2023 results for CO₂ emissions and Waste plastics recycling ratio are the figures as of the filing date, and the figures assured by third-party will be disclosed in Nitto Group Sustainability Data Book 2024.

3. Initiatives to Enhance Corporate Value

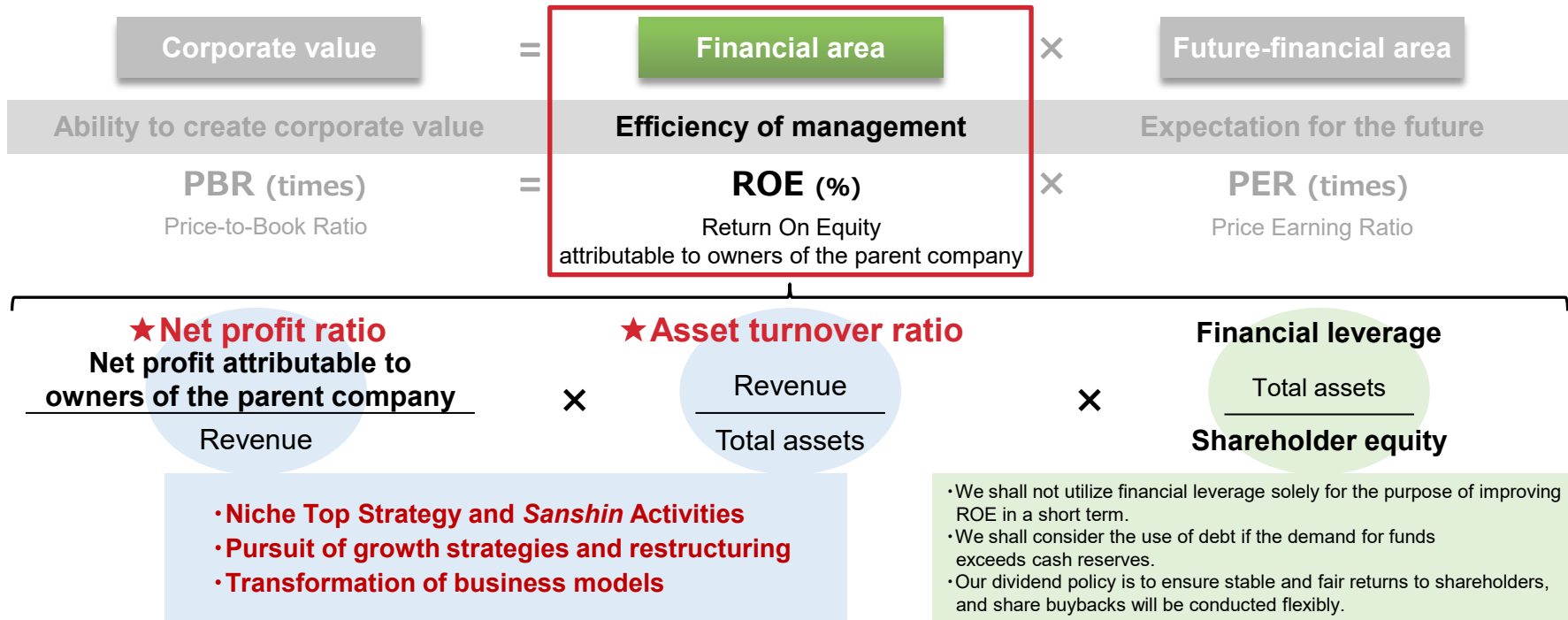
We aim to improve PBR from the perspectives of both ROE and PER.



3. Initiatives to Enhance Corporate Value

-Our Approach to Improve ROE-

We will promote the improvement of ROE by mainly focusing on profit ratio and turnover ratio.



3. Initiatives to Enhance Corporate Value

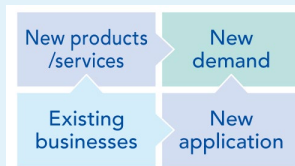
-Initiatives to Improve ROE-

We will promote the Niche Top Strategy, *Sanshin* Activities, pursuit of growth strategies and restructuring, and transformation of business models toward the improvement of profit ratio and turnover ratio.

Niche Top Strategy

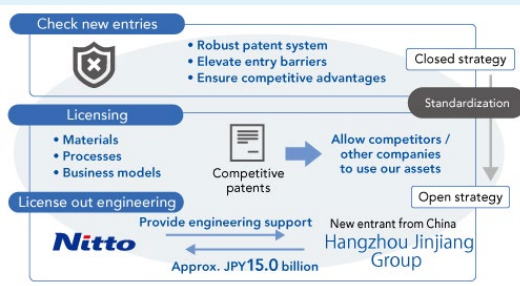
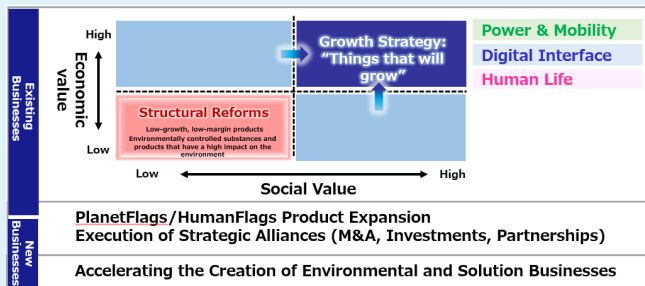
In changing and growing markets identified by Nitto, we target the Niche fields within those markets, born from the co-creation between stakeholders and the integration of knowledge and technologies unique to Nitto, and by continuously creating essential products, functions and business models, Nitto's unique differentiation strategy aims for the No.1 market share.

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



Sanshin Activities

Pursuit of growth strategies and restructuring



Transformation of business models

3. Initiatives to Enhance Corporate Value

-Our Approach to Improve PER-



A strong desire to convert future-financial activities into financial value and corporate value

Essential for the global environment and humanity		Essential for customers and industries
 	×	  
<p>Focus on projects potentially spawning "Flags"</p>		

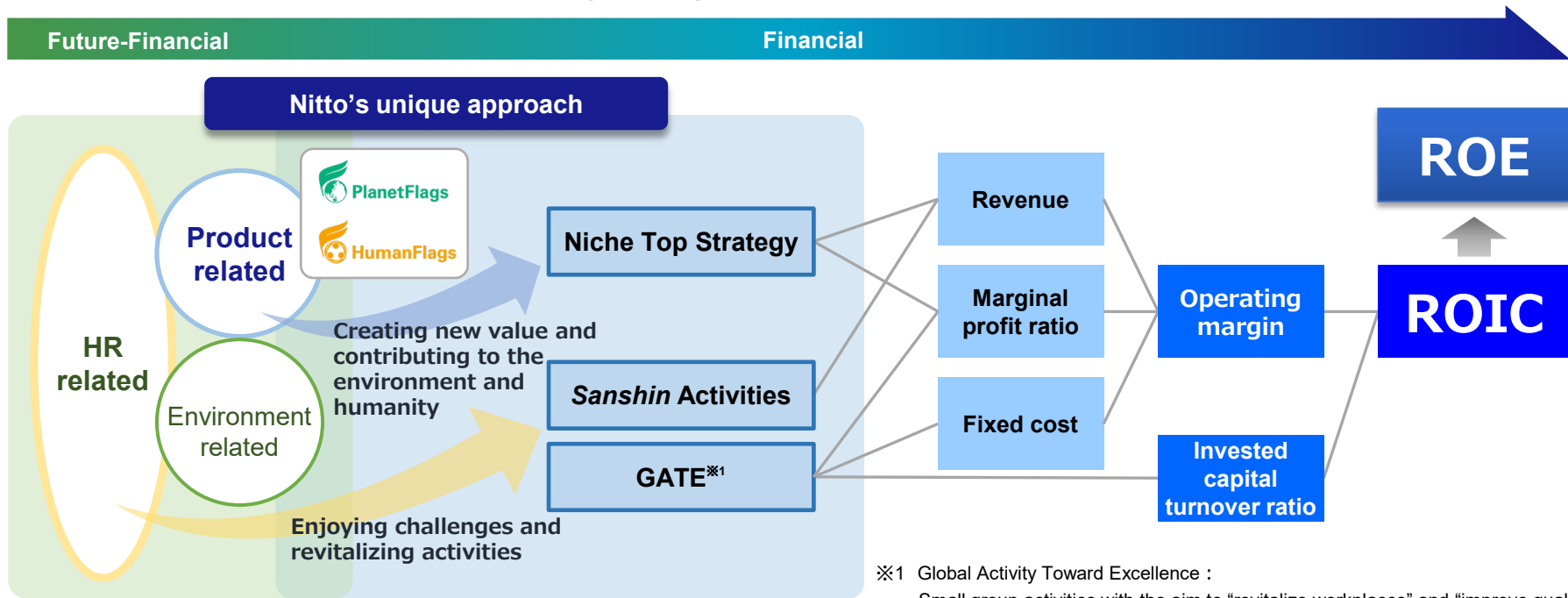
Promote ESG initiatives as business (investment), rather than considering them as cost factors

Go beyond announcing our commitment to achieving carbon neutrality and promote business initiatives to achieve carbon negativity

3. Initiatives to Enhance Corporate Value

-Promotion of ROIC Management-

We aim to convert future-financial activities into financial value through Nitto's unique approach originating from human capital.



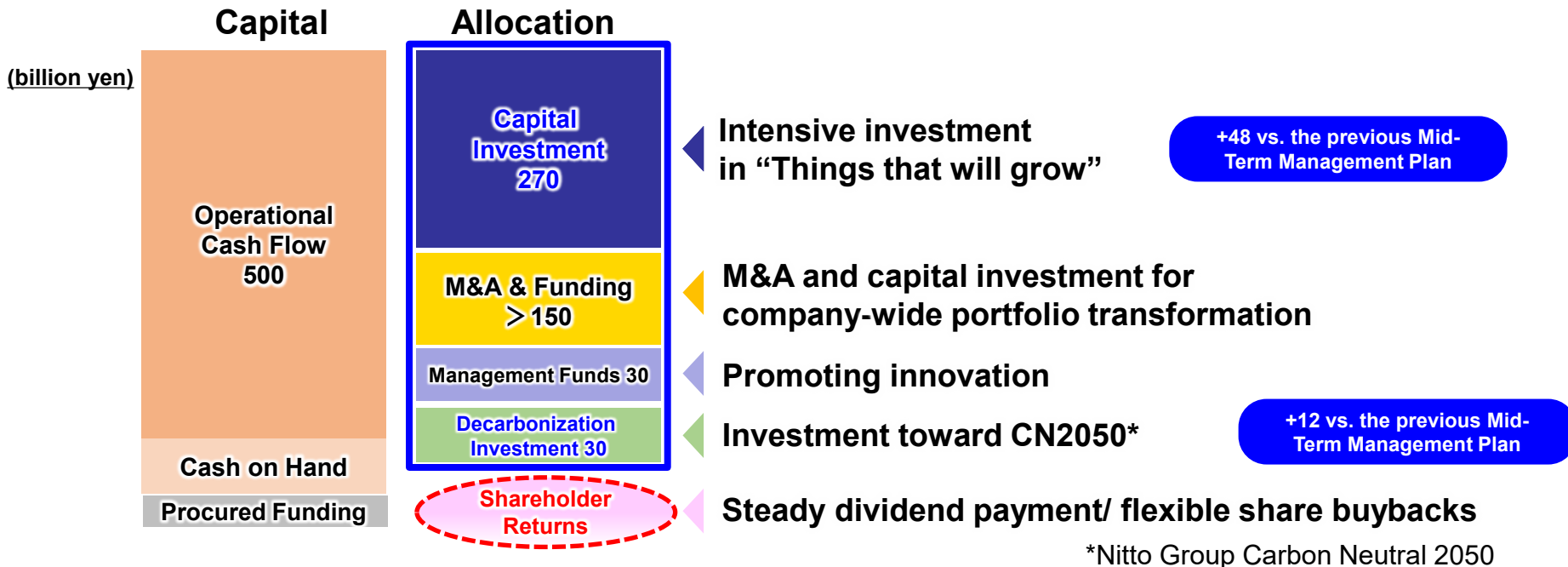
※1 Global Activity Toward Excellence :
Small group activities with the aim to "revitalize workplaces" and "improve quality."

4. Financial Strategy

Cash Allocation (3-year cumulative total for 2023-25)

Increase investment to 480 billion yen (+60) for growth areas and ESG initiatives.

Stably provide shareholder returns to investors.



*Nitto Group Carbon Neutral 2050

5. Shareholder Returns

Our dividend policy is to ensure stable and fair returns to shareholders.

We aim to keep Dividend On Equity ratio (DOE) at 4% or higher. Share buybacks will be conducted flexibly, taking the level of cash and other factors into consideration comprehensively.

Share Repurchase

(Billion Yen)

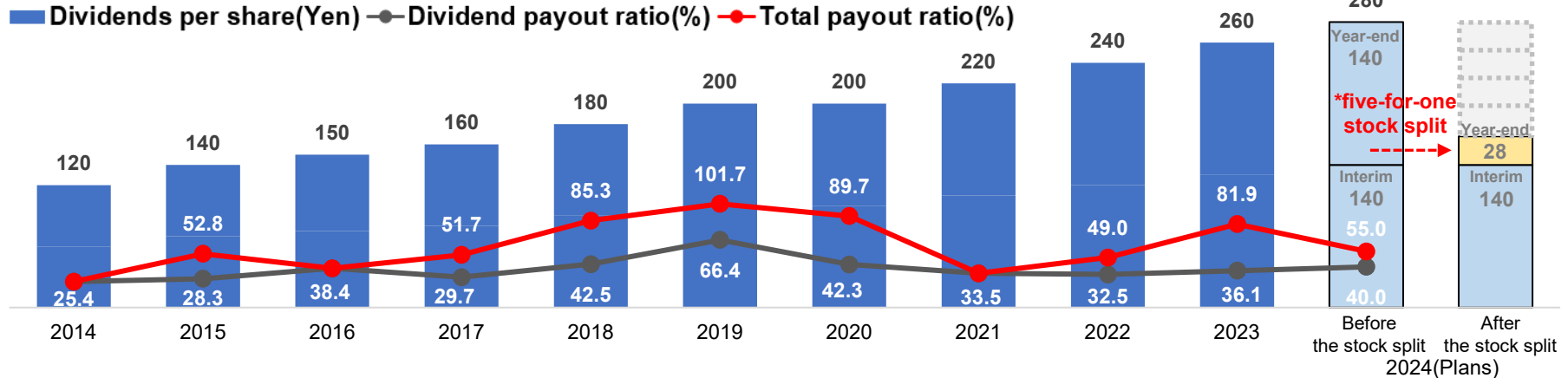
20.0

47.8

50.0

50.0

30.0



*The Company resolved, at a meeting of its Board of Directors on May 2024, to implement the five-for-one common stock split, effective as of October 1, 2024.

The interim dividend for the fiscal year ending March 31, 2025, on the record date of September 30, 2024, will be paid based on the number of shares before the stock split.

The year-end dividend forecast for the fiscal year ending March 31, 2025, describes both of dividend forecast before the stock split and after the stock split.

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