



Annual Investors' Meeting 2020

September 24, 2020

Hideo Takasaki

Representative Director

President, CEO

Yosuke Miki

Director

Executive Vice President, CTO

1

FY2020 Earnings Guidance

2

Nitto's Responses to Disturbances Caused by COVID-19

3

Growth Strategies for Optronics and Life Science

4

Technology Strategy (Initiatives for New Businesses)

5

Capex and R&D Expenses

6

Shareholder Returns (Dividends)

7

Nitto's Management Approach to Shaping the Future



FY2020 Earnings Guidance

1-1. FY2020 Consolidated Financial Results Forecasts

(Billion yen)	FY2019 results	FY2020 forecasts	Change (%)
Revenue	741.0	675.0	-8.9%
Operating income	69.7	64.0	-8.2%
Income before income taxes	69.0	64.0	-7.3%
Net income	47.2	45.0	-4.7%
OP margin	9.4%	9.5%	+0.1p
ROA	5.1%	5.0%	-0.1p
ROE	6.8%	6.7%	-0.1p
Forex rate (JPY/USD)	109.1	108.0	-

Numbers less than 100 million yen are rounded.

1-2. FY2020 Segment Financial Results Forecasts

(Billion yen)		FY2019 results	FY2020 forecasts	Change (%)
Industrial Tape	Revenue	318.6	275.0	-13.7%
	Operating income	20.5	12.0	-41.5%
Optronics	Revenue	398.3	370.0	-7.1%
	Operating income	57.3	60.0	+4.7%
Life Science	Revenue	27.1	30.0	+10.6%
	Operating income	-2.5	0	-
Others	Revenue	26.9	24.0	-10.9%
	Operating income	-2.6	-4.5	-
Corporate / Elimination	Revenue	-29.9	-24.0	-
	Operating income	-2.9	-3.5	-
Total	Revenue	741.0	675.0	-8.9%
	Operating income	69.7	64.0	-8.2%

Numbers less than 100 million yen are rounded.

1-3. Background of the FY2020 Financial Results Forecasts

- COVID-19's impact on demand will be mitigated toward the end of the current fiscal year.
- Despite the increasingly difficult operating environment, Optronics and Life Science should post a year-on-year profit increase.

<p>Industrial Tape</p>	<p>[Functional Base Products]</p> <ul style="list-style-type: none"> - COVID-19's impact on demand will be mitigated toward the end of the current fiscal year. - Demand for general-purpose industrial materials and housing-related products is expected to decrease year-on-year. <p>[Transportation]</p> <ul style="list-style-type: none"> - COVID-19's impact on demand will be mitigated toward the end of the current fiscal year. - Unit production of automobiles is expected to decrease year-on-year.
<p>Optronics</p>	<p>[Information Fine Materials]</p> <ul style="list-style-type: none"> - As more people work from home, demand for notebook and tablet computers is increasing. - Demand for TV sets and smartphones, on the other hand, is expected to decrease year-on-year. <p>[Flexible Printed Circuits]</p> <ul style="list-style-type: none"> - COVID-19's impact on demand will be mitigated toward the end of the current fiscal year. - Further efforts will be made to expand applications other than HDDs.
<p>Life Science</p>	<ul style="list-style-type: none"> - The nucleic acid drug market is faring well, despite the impact of the COVID-19 pandemic. - Contract manufacturing of nucleic acid drugs and related businesses are driving performance of this segment.
<p>Others</p>	<ul style="list-style-type: none"> - Demand for seawater desalination, as well as for various industrial applications and in the energy field, is expected to decrease year-on-year.

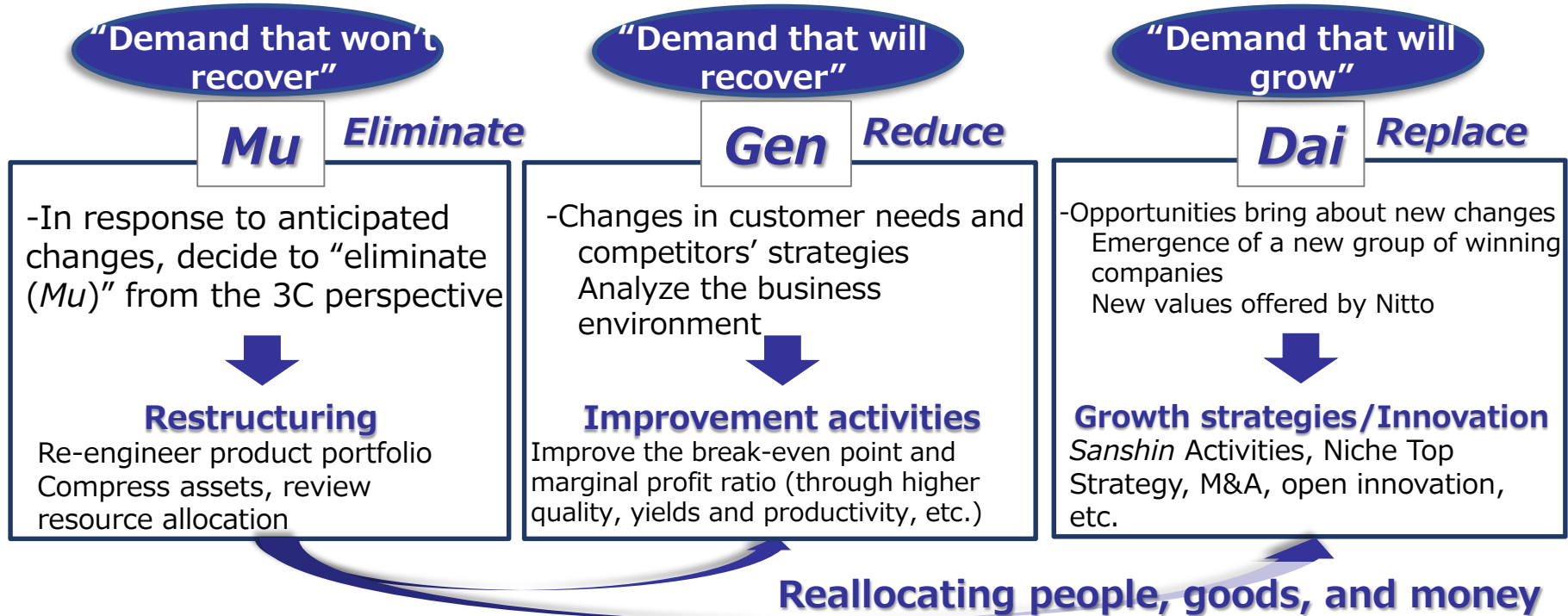


Nitto's Responses to Disturbances Caused by COVID-19

2-1. Nitto's Responses to Disturbances Caused by COVID-19 - 1

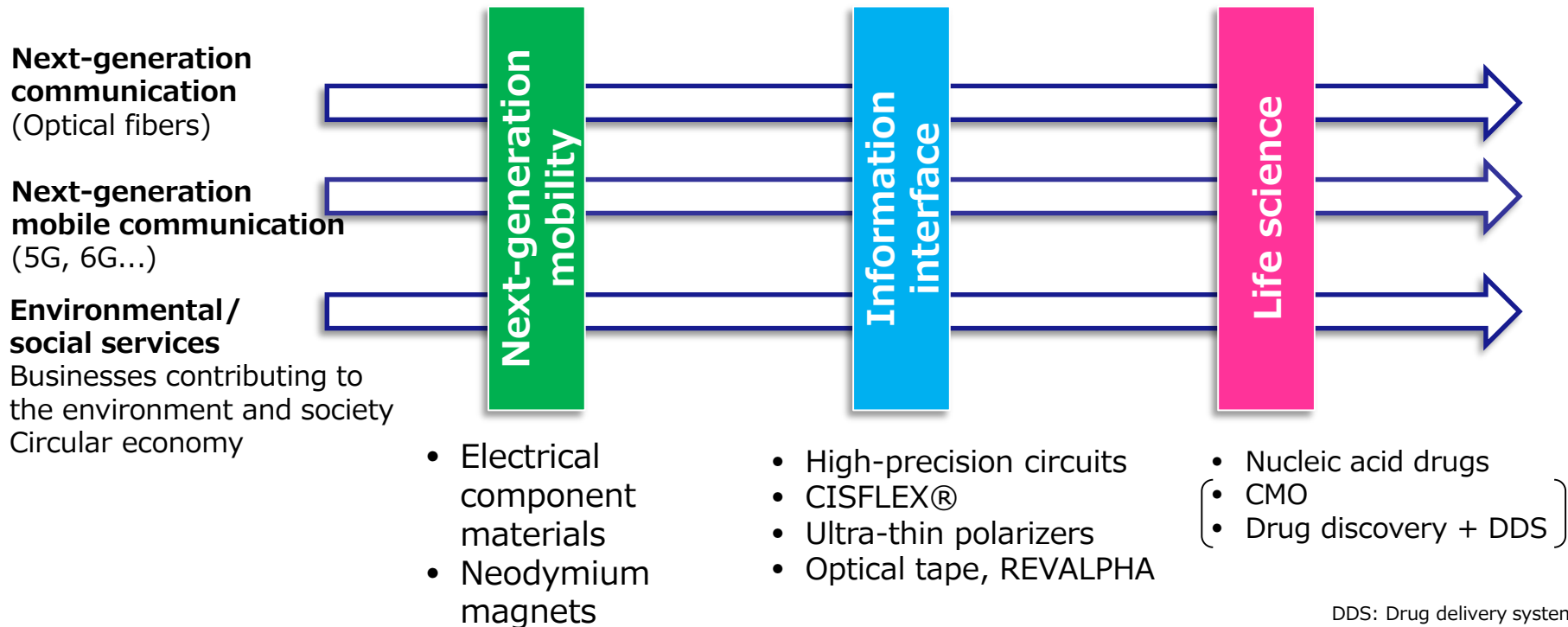
8

- Dual approach of “growth strategies” in markets with growth potential and “restructuring” in shrinking markets

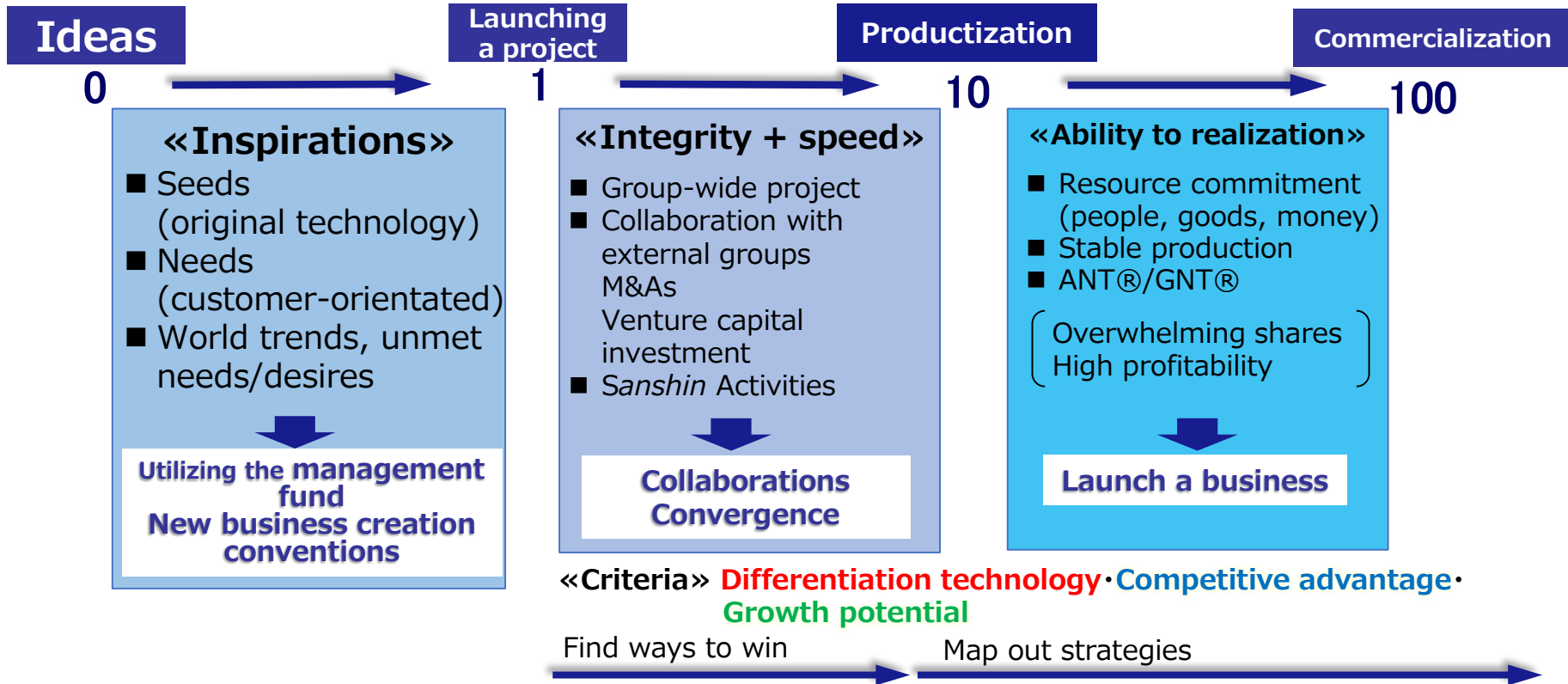


2-2. Nitto's Responses to Disturbances Caused by COVID-19 - 2

■ Creating new innovation for growing markets to expand business



2-3. Nitto's Business Model that Drives Innovation











Optronics Growth Strategies (1. Information Fine Materials)

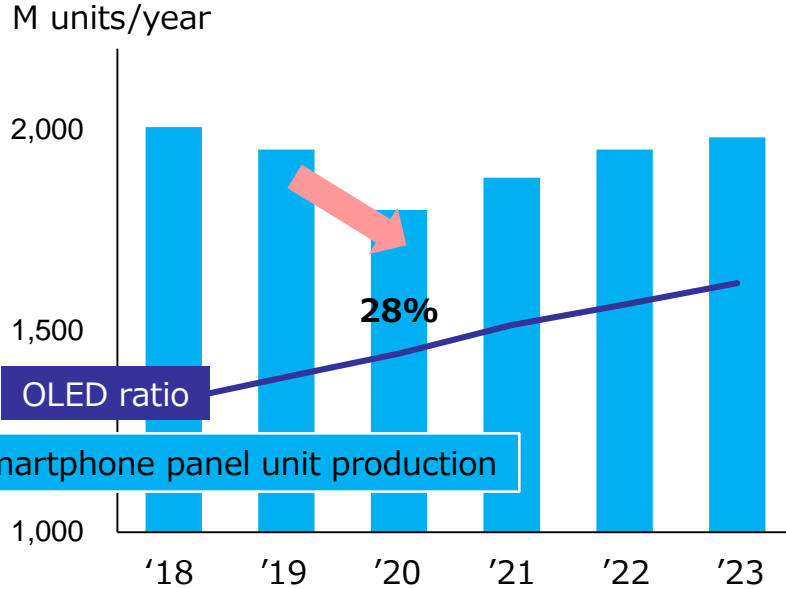
3-1. Changes in the Information Fine Materials Market Environment 12

- Diligent efforts to prepare for an anticipated maturing in the three major markets are starting to pay off

Market	Trend from last year	Trend	Impact on Nitto's business	Nitto's status
Smartphones		Down by approx. 15% overall		Succeeded in entering (as an approved vendor) the market for high-end OLED models
Notebook / tablet computers		Demand increased by approx. 10%, as more people are working from home and communicating remotely amid the COVID-19 pandemic		Substantial increase in sales with the growing demand (polarizers for LCDs, ITO films for touch panels)
TV sets (flat panel LCD TV sets)		Down by approx. 3% overall South Korean panel manufacturer withdrew from the business		Commenced mass-production of polarizer through alliance with a Chinese manufacturer, responded to LCD manufacturer's production shift (monetized royalty income)

3-2. The Smartphone Market and Nitto's Performance

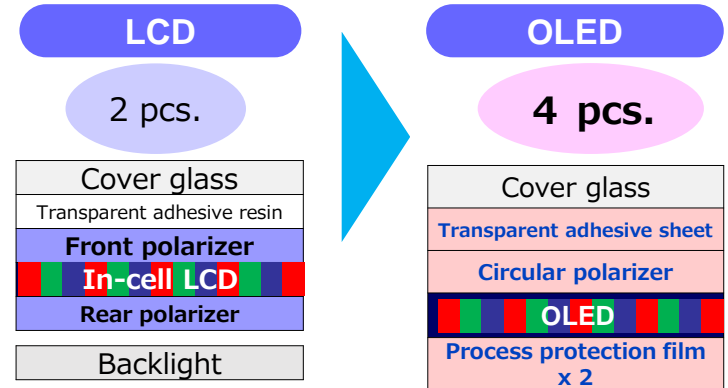
Unit production of smartphone panels and the percentage of OLED panels



Nitto's performance

- Became an approved vendor for high-end OLED models
- The shift to OLED panels is expected to increase the number of Nitto's products in each panel.

[Nitto's products in LCD/OLED panels]

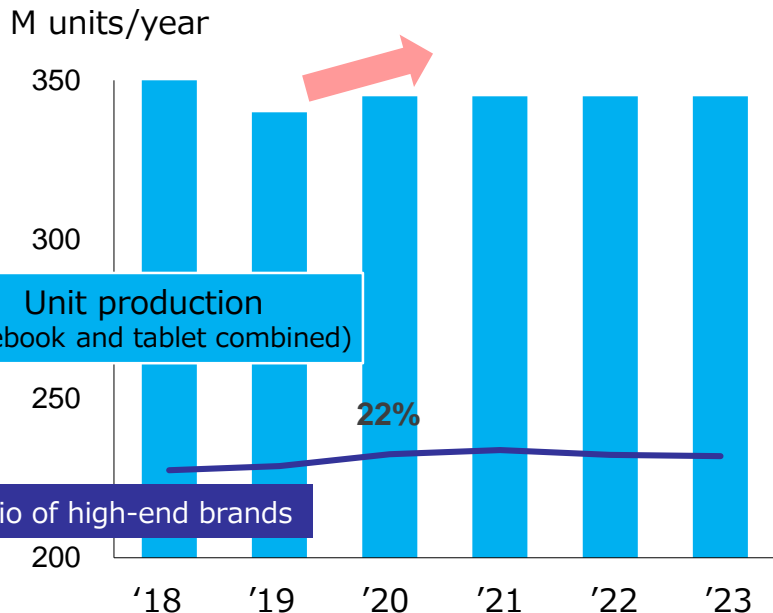


[Sales indices]

100

110-115

% of notebook/tablet PC production by high-end brands



Nitto's performance

- As PC demand increased due to cocooning and more people working from home amid the COVID-19 pandemic, sales of relevant products increased.
 - Polarizers for LCDs
 - ITO films for touch sensors
- Secured high penetration in high-end brands

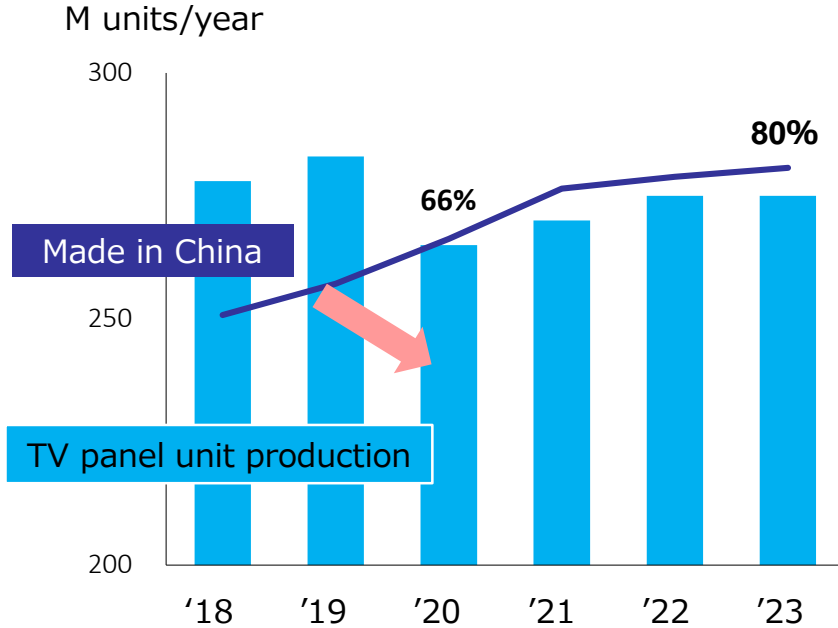
[Sales of related products (indices)]



Sales of polarizers for LCDs and ITO films for touch panels

3-4. The TV Market and Nitto's Performance

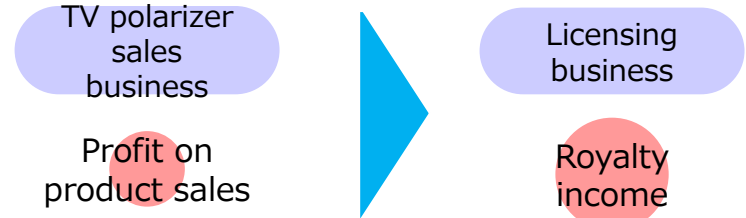
% of made-in-China LCD-TV panels



Topics on Nitto, etc.

- Completed start-up of collaborative production line with the Jinjiang Group (Kunshan, China)
- Expanded technical alliances with other materials manufacturers
- South Korean panel manufacturer withdrew from LCD TV panel business
- License/royalty income grew strongly thanks to the "Roll to Panel" approach to polarizer manufacturers

[Optimizing the business model in the LCD-TV market]



Scrapped existing equip. for producing polarizers for FPDs and invested in growth fields instead. Committed human/financial resources to Optronics

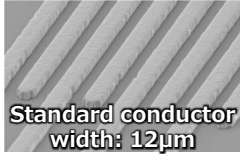


Optronics Growth Strategies (2. Flexible Printed Circuits)

3-5. CIS (Circuit Integrated Suspension) - Key Product for Printed Circuits 17

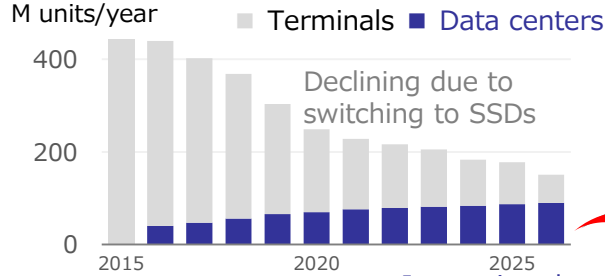
CIS

Additive process
Forming a conductor by building up plating



Standard conductor width: 12µm

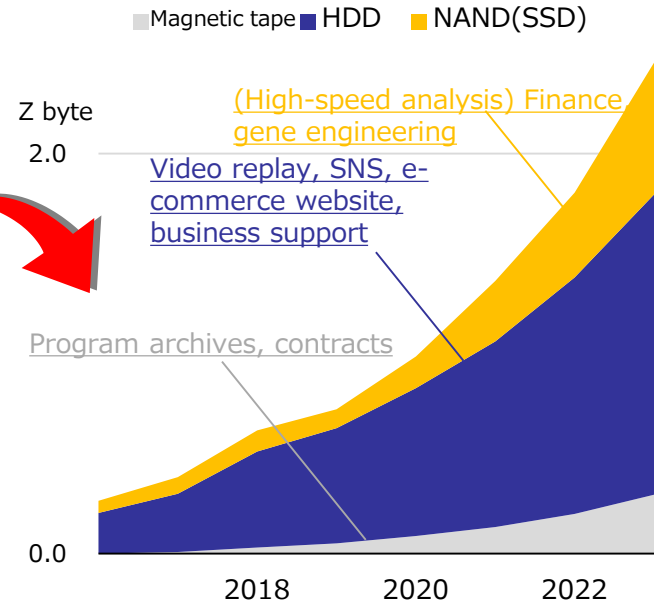
HDD unit production



Declining due to switching to SSDs

Increasing due to higher capacity requirements

Storage capacity of data centers



(High-speed analysis) Finance gene engineering

Video replay, SNS, e-commerce website, business support

Program archives, contracts

About 17 in one HDD
High-capacity HDD for data center

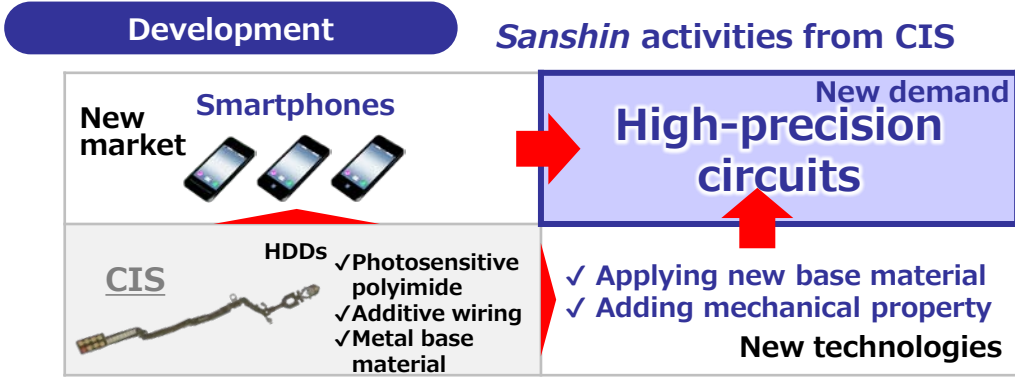


HDD (Hard Disk Drive)

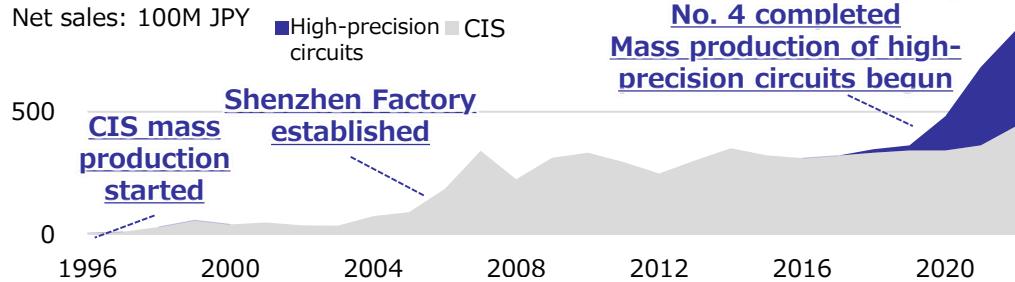


Data center

3-6. High-Precision Circuits – Key Product for Printed Circuits



History of FPC business





Life Science Growth Strategies

3-7. Nitto's Oligonucleotide Business

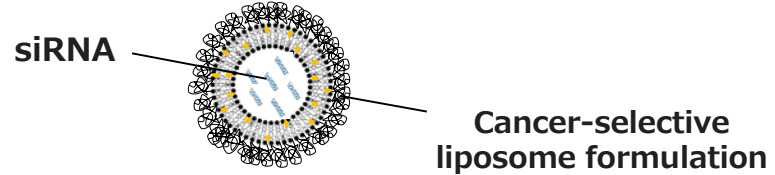
Development
(Drug discovery)

Contract
manufacturing

Nitto BioPharma

- Designing nucleic acid drugs
- Designing DDS

DDS: Drug delivery system,
siRNA: Small interfering RNA



NITTO/Kinovate

- Synthetic materials



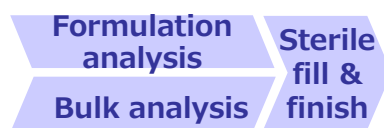
Nitto Denko Avecia

- Oligonucleotide manufacturing



Nitto Avecia Pharma Services

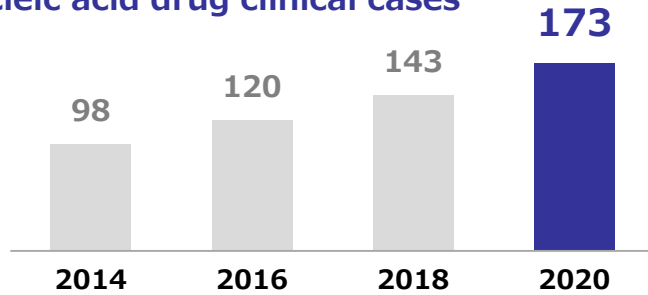
- Formulation (Sterile fill & finish)



3-8. Nucleic Acid Drug Market and Oligonucleotide Contract Manufacturing Business

Momentum maintained, clinical cases of cancer and other major diseases increasing

■ Nucleic acid drug clinical cases



Business model Nitto seeks

Sustainable revenue base

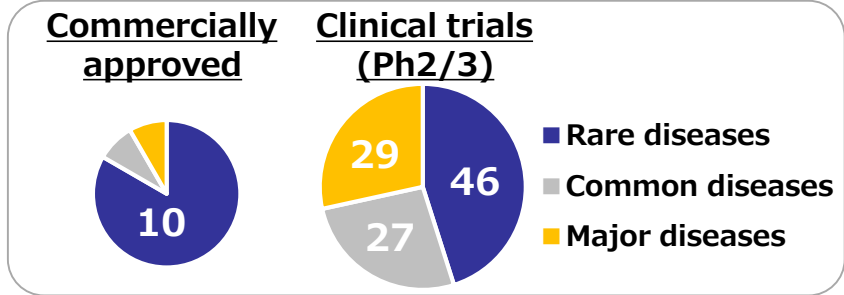
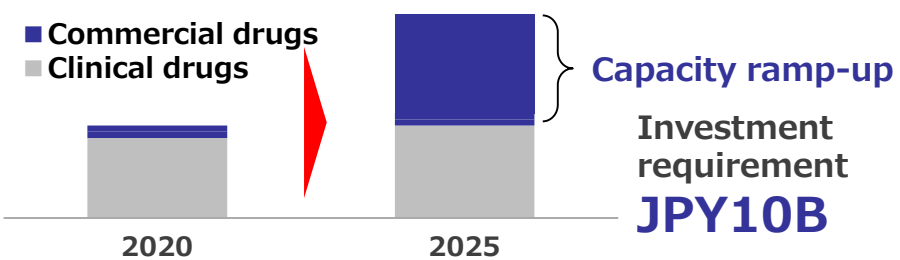
■ Nitto's share in clinical cases



New commercial approvals



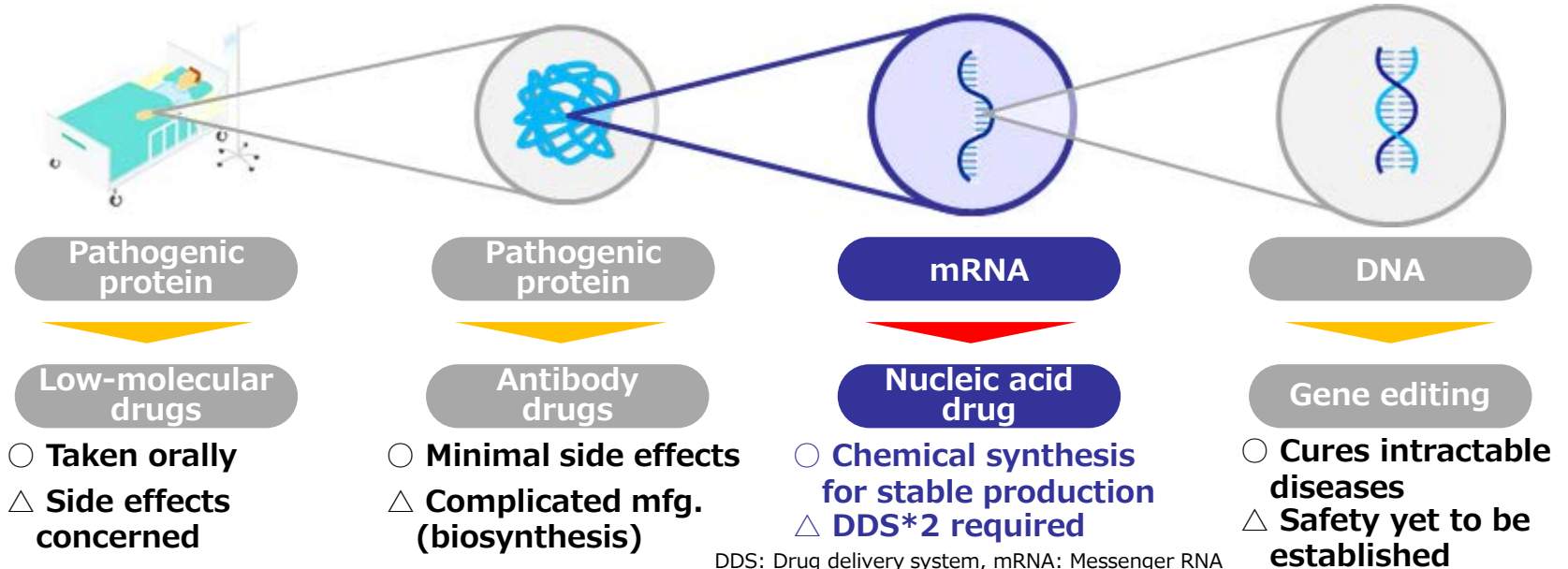
Total sales: JPY30B+



3-9. Expectations for Nucleic Acid Drug Discovery

■ A breakthrough for diseases on which existing drugs do not have much effect

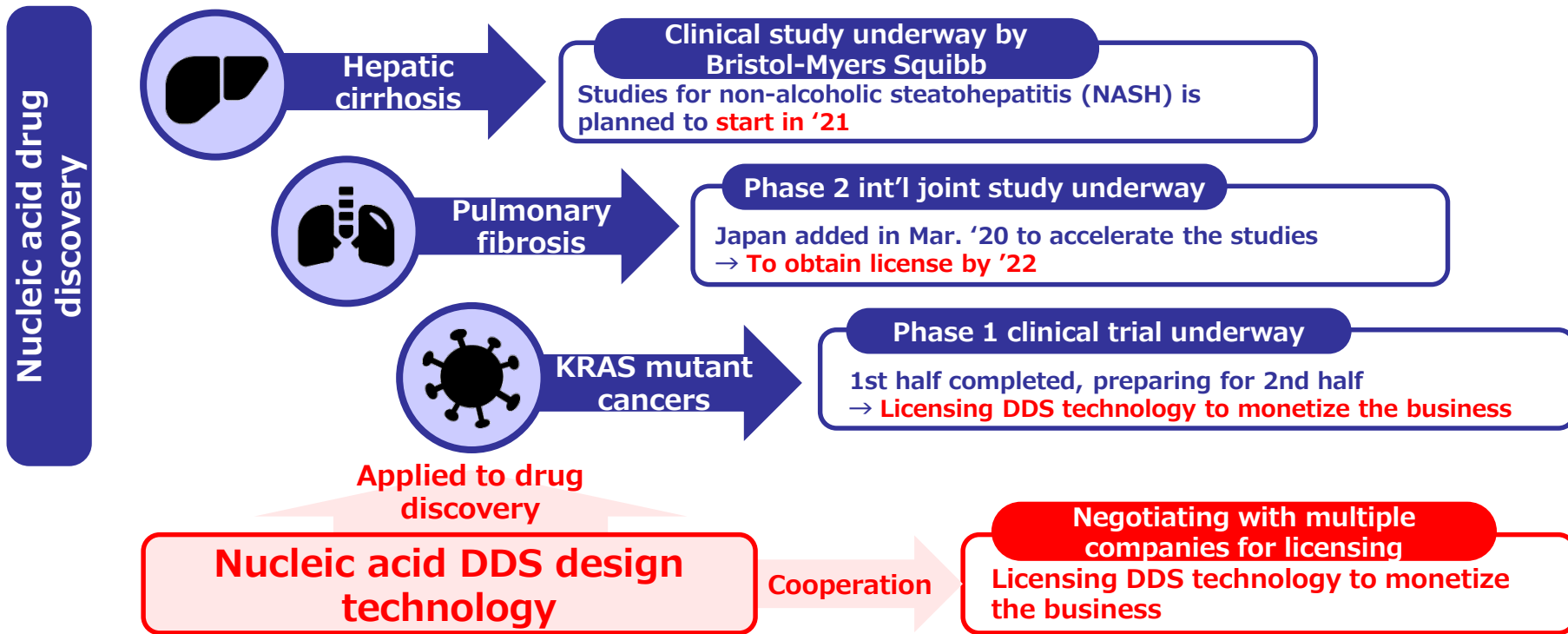
Elucidating life principles → Evolving to definitive care



DDS: Drug delivery system, mRNA: Messenger RNA

3-10. Progress in the Life Science Business (FY2019/2020)

DDS: Drug delivery system, KRAS: Kirsten rat sarcoma viral oncogene homolog



3-11. Collaboration with External Organizations

■ Accelerating the development of nucleic acid drugs through collaboration with external organizations and experts

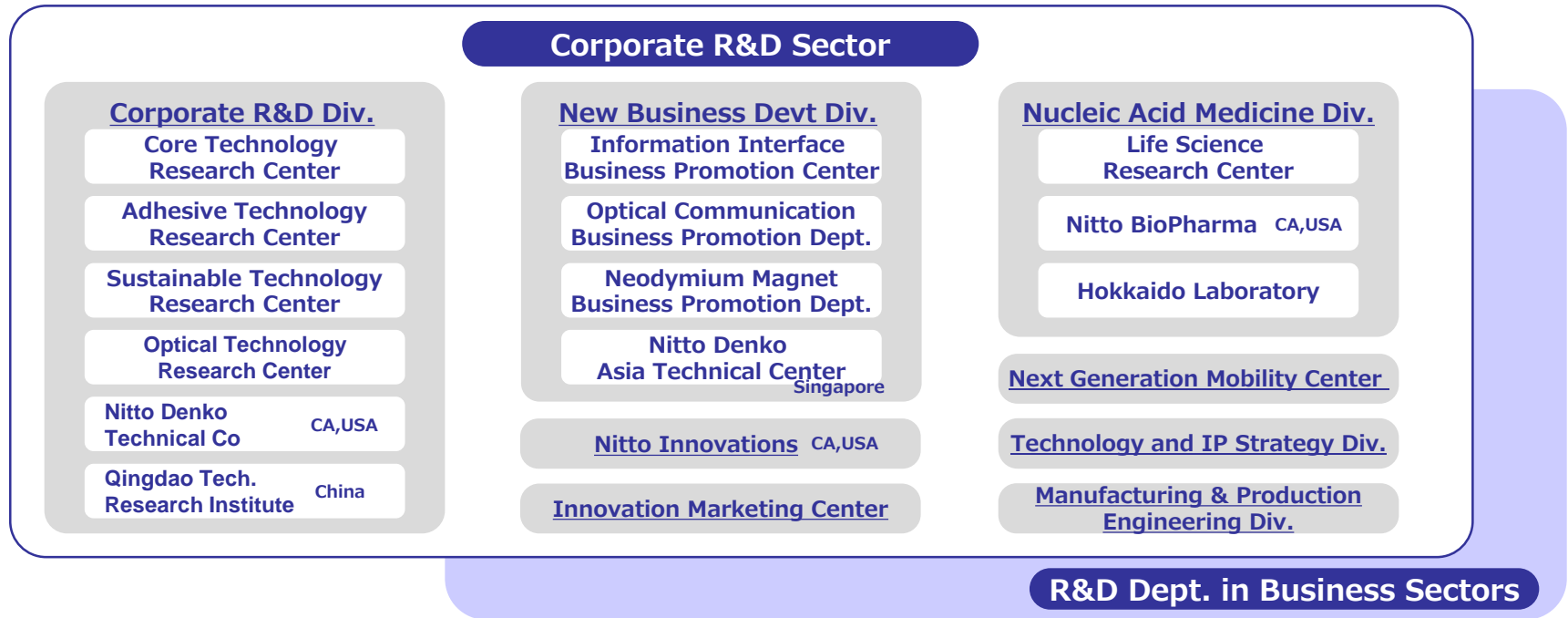
	Hokkaido University	Osaka International Cancer Institute
Since	2008	2019
Nitto's base	Nitto Denko Corporation Hokkaido Laboratory	Collaborative research department for development of new nucleic acid drugs
Topics	Intractable cancers, fibrosis, DDS	Intractable cancers, rare cancers

DDS: Drug delivery system



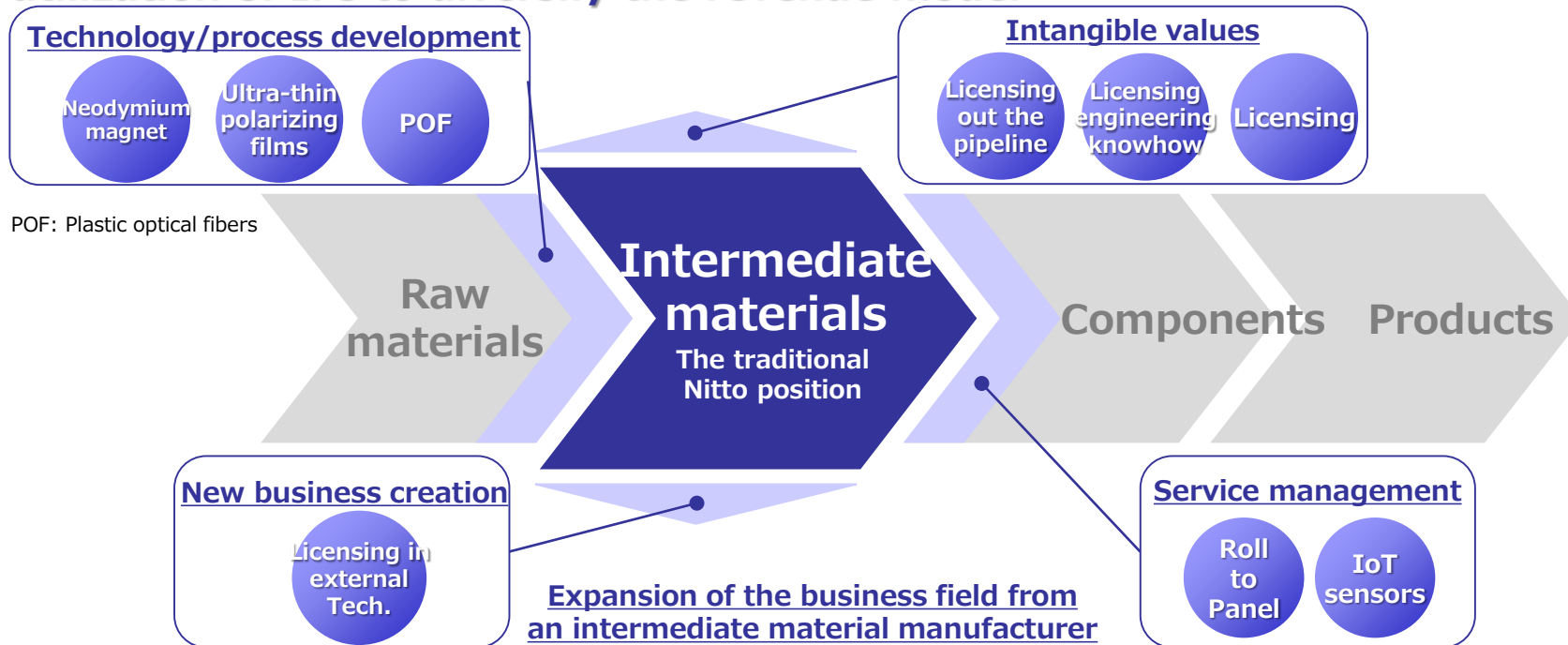
Technology Strategy (Initiatives for New Businesses)

■ Promote R&D activities with technology, IPs, and processes joining hands



4-2. Direction in Which Nitto Should be Heading

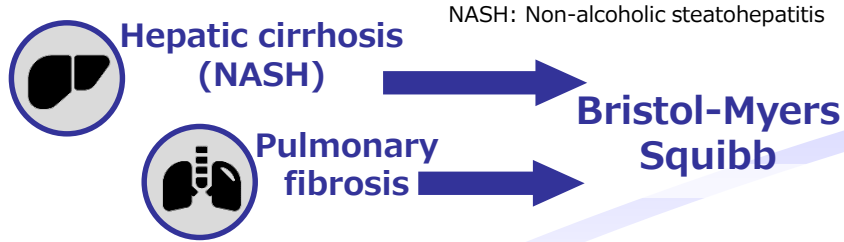
■ Stable and sustainable growth through the creation of new businesses and utilization of IPs to diversify the revenue model



4-3. Utilizing IPs to diversify the Revenue Model

Multiple positive outcomes from the new revenue model utilizing IPs

Licensing out the pipeline



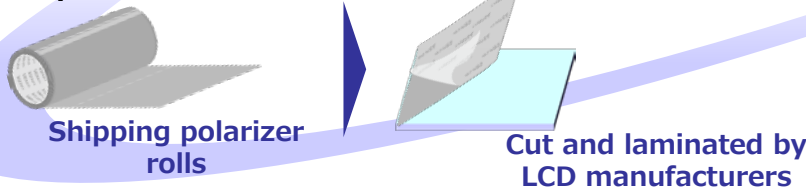
Licensing engineering knowhow



Service management

Roll to Panel

Integrating customers' and Nitto's processes to improve their P/L and B/S



Licensing, selling patents

Having others commercialize IPs generates more value than doing so in-house

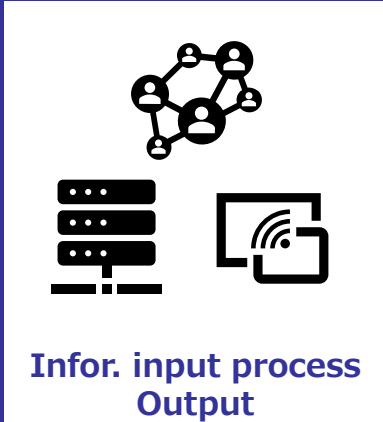
Offered to other companies

Reaping gains on sale

4-4. The Three Key Areas for New Businesses

- Strategically investing management resources to advance the business portfolio

Information interface



Next-generation mobility



Life science



Existing businesses

4-5. COVID-19-Induced Changes in Demand in the Three Key Areas

■ Evolution being accelerated, boosting emerging demands in Nitto's key areas

RNA: Ribonucleic acid , CASE: Connected, Autonomous, Shared, Electric (vehicles)

Information interface

- Expansion of ICT overall
- Working from home
- Virtual experience
- e-commerce

Next-generation mobility

- Less important for people to move
- CASE ⇒ CA(S)E
- Unmanned logistics service
- Drones

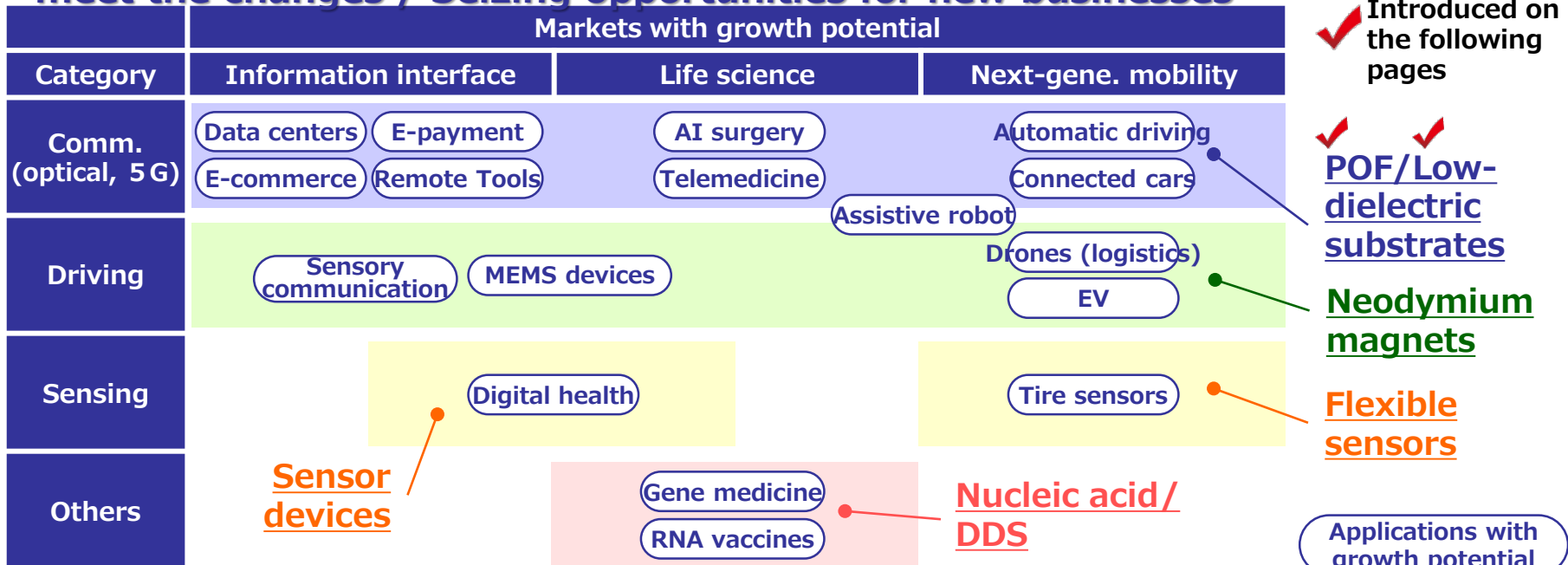
Life science

- Genetic diagnosis
- Gene medicine
- RNA vaccines
- Telemedicine

▶▶ Nitto provides technology, products, and services that contribute to society even in Covid-19 pandemic

4-6. Pursuing New Businesses in Response to the Changes Brought About by COVID-19

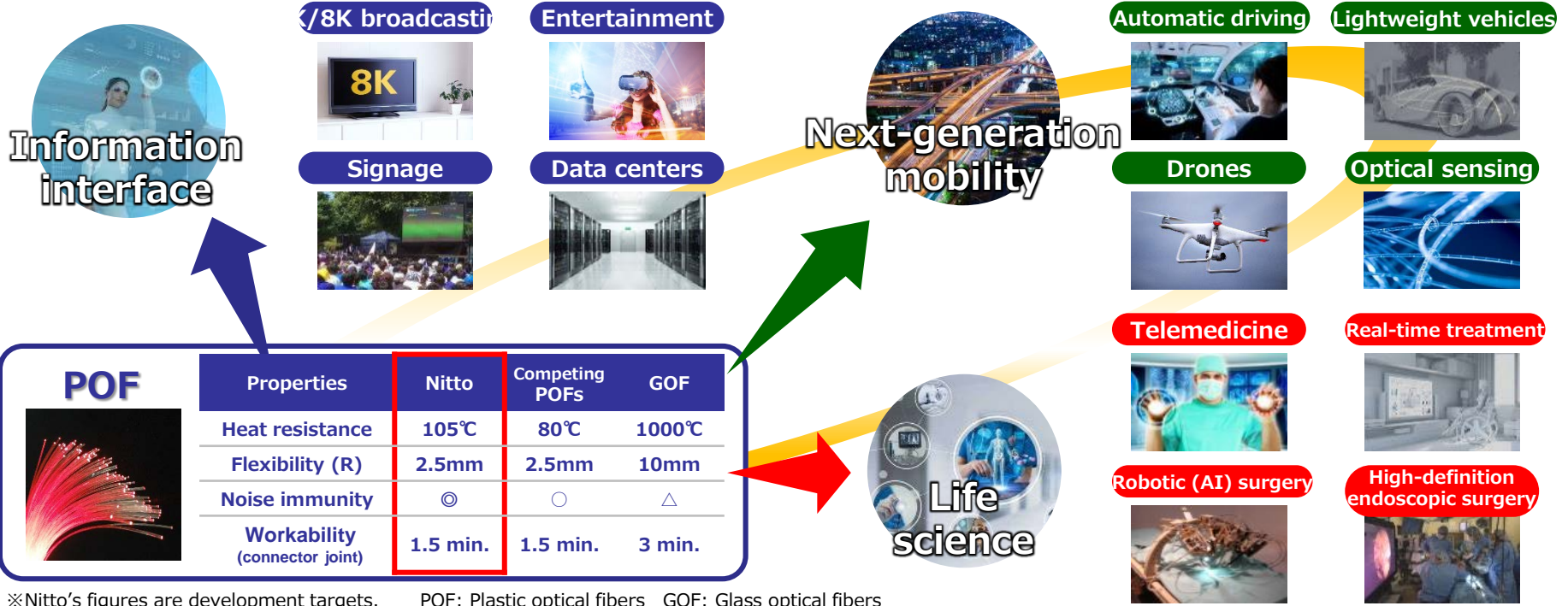
■ Building technology bases for broad application / Modifying our focus to meet the changes / Seizing opportunities for new businesses



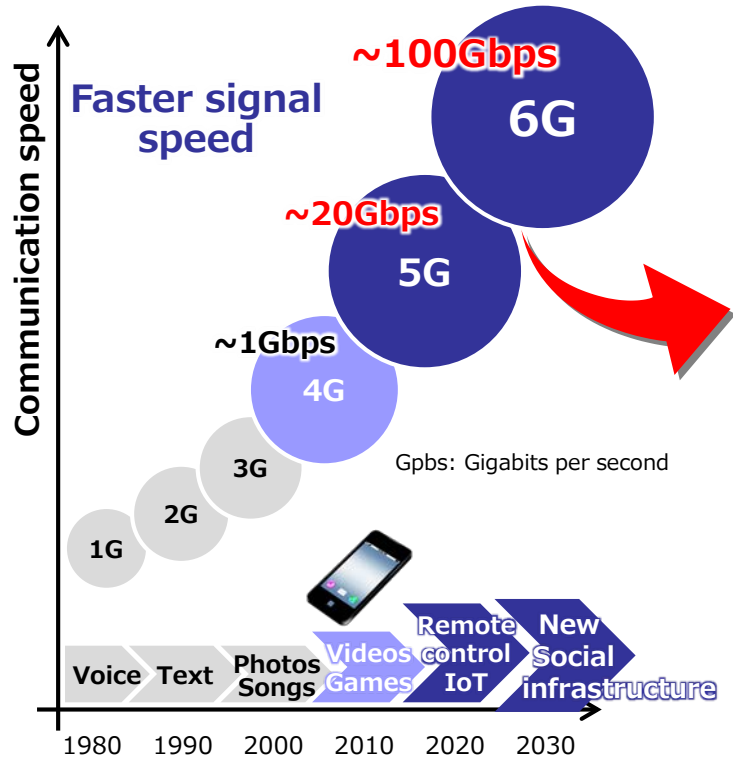
DDS: Drug delivery system, RNA: Ribonucleic acid , POF: Plastic optical fibers

4-7. Plastic Optical Fibers (POF)

Need for POFs can be found everywhere in the growth markets



4-8. Low-Dielectric Substrates

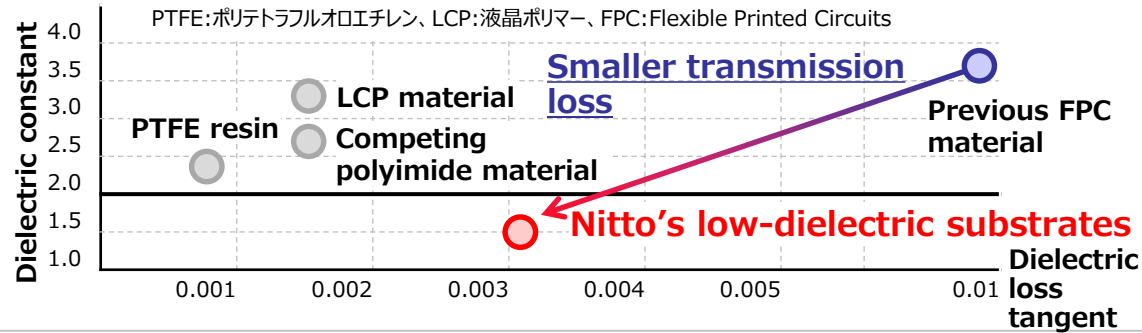


Combining Nitto's core technologies

Polyimide technology

Porosity forming process

Nitto's low-dielectric substrates

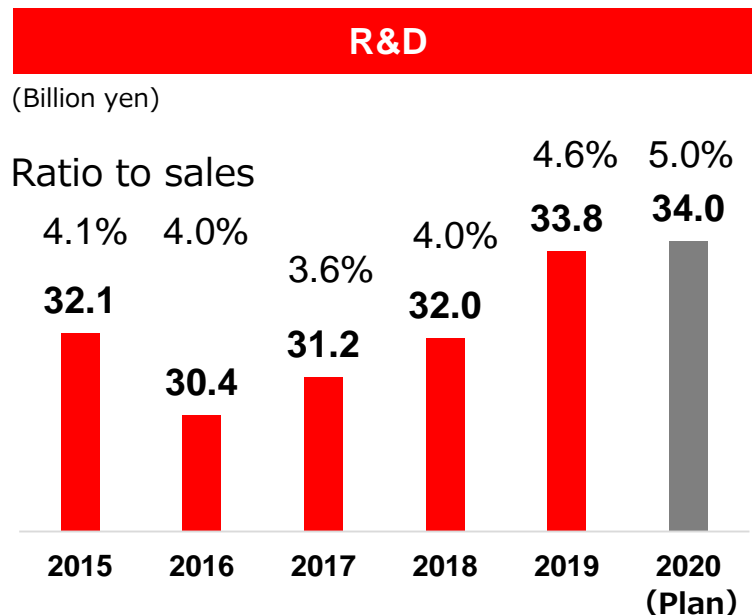
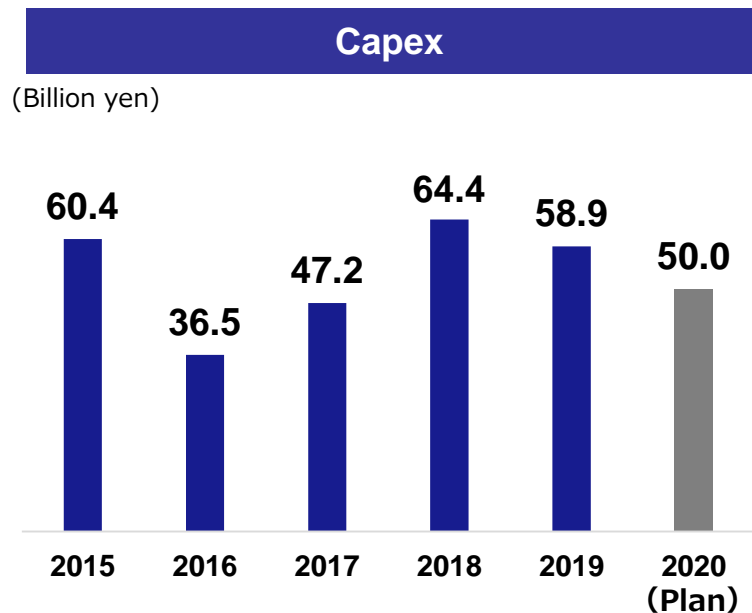




Capex and R&D Expenses

5. Capex and R&D Expenses

- Capex being curbed due to demand declines resulting from the spread of the COVID-19 pandemic
- JPY34.0B set aside for R&D (unchanged from FY2019), to promote new business creation, etc.

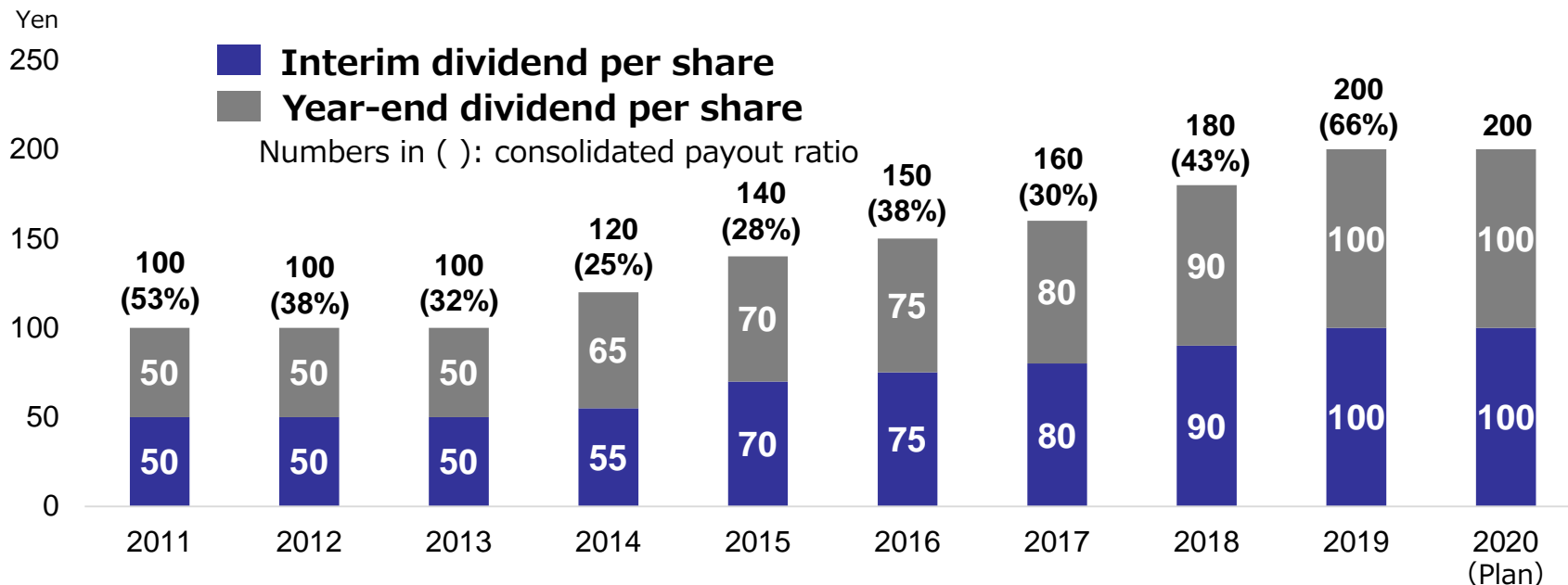




Shareholder Returns

6. Shareholder Returns (Dividends)

- Our basic policy is to return profit to shareholders in a stable manner.
- We are planning to pay an annual dividend of JPY200 per share for FY2020. We have completed share buybacks in the amount of approx. JPY50.0B in 2020.





Nitto's Management Approach to Shaping the Future

7. Geared Toward Renewed Growth

Forward-looking policies to achieve a new round of sustainable growth

Nitto's winning formula: "Deepening"

Creating ANTs and GNTs

Reinforcing *Sanshin* Activities to develop a customer-oriented business model

- ★ Win by expanding the value chain
- ★ Win by converging technology/business domains
- ★ Win by leveraging software/IPs

Structural reform

- ★ Portfolio management
- ★ Determining the direction to take with non-profitable businesses
- Divesting from loss-making businesses/products, etc.
- ★ Productivity reform

- ★ Developing more market-leading products
- ★ Creating new businesses/products
- ★ Conducting M&As and external alliances

Growth strategies

Solid management infrastructure
Capital-cost-conscious / ESG-conscious management

Corporate Philosophy / The Nitto Way

The Nitto logo features the word "Nitto" in a bold, italicized blue font. A small red square is positioned above the second 'i'.

Innovation for Customers

The performance plans and forecasts presented in this material are based on management assumptions made in light of information currently available, and hence contain latent risks and uncertainties. Accordingly, actual results may differ from these performance plans due to various factors.