



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

Nitto Denko Corporation

Updated: June 18, 2025



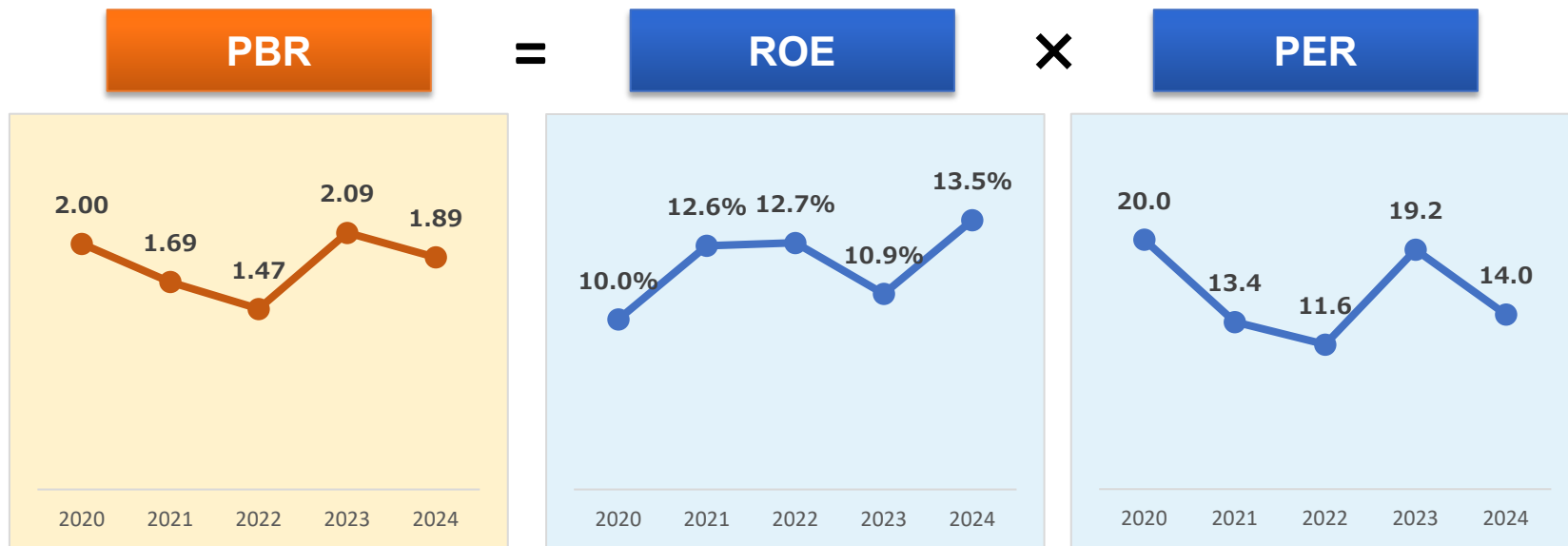
Innovation for Customers

- 1 Analysis of Our Current Situation
- 2 Management Targets (KPI)
- 3 Initiatives to Enhance Corporate Value
- 4 Financial Strategy (Cash Allocation)
- 5 Shareholder Returns

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

3

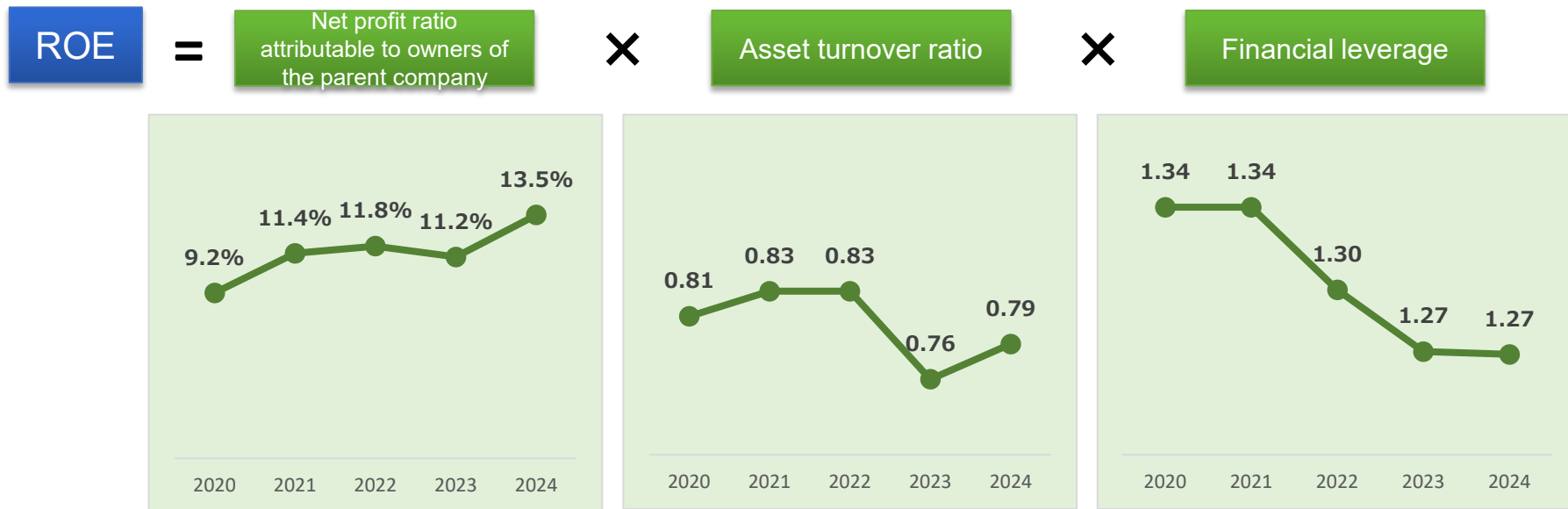
While our PBR fell from the previous fiscal year,
ROE reached 13.5% and maintained 10% or more for five consecutive fiscal years



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

4

Improvement in net profit ratio and asset turnover ratio driven by the growth in Optonics



2. Management Targets (KPI)

5

-Financial and Future-financial Targets-

Financial Targets

	FY2024 Results	FY2025	FY2030
Operating Profit	185.7 billion yen	170 billion yen	240 billion yen
Operating margin	18.3%	17%	—
ROE	13.5%	15%	20%

Future-financial Targets (continued)

New products ratio	41%	At least 35%	At least 35%
CO ₂ emissions (Scope1+2)	472 kton/year	470 kton/year	400 kton/year
Female leaders ratio	22%	24%	30%

Product
related

Environment
related

HR
related

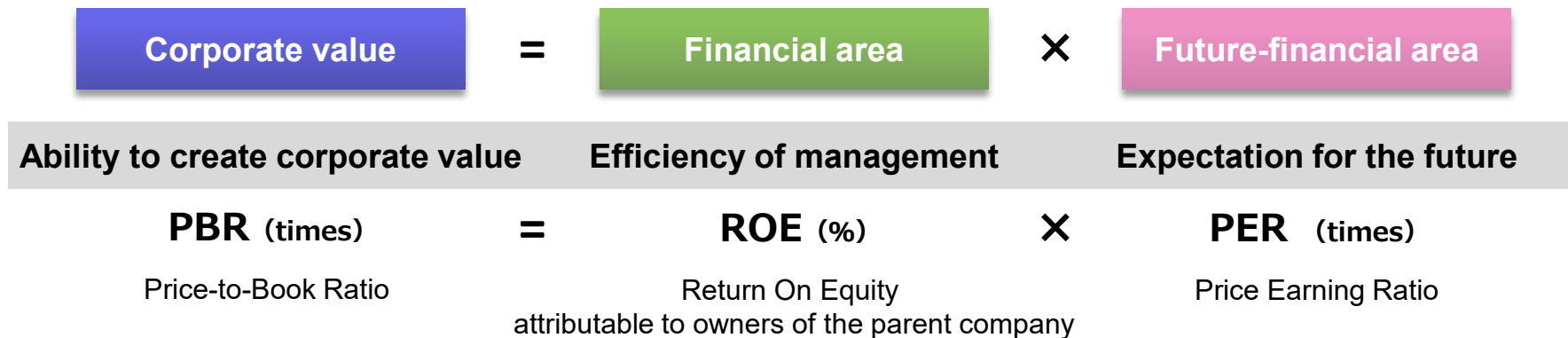
Future-financial Targets (new)

	FY2024 Results	FY2025	FY2030
Niche Top revenue ratio The indicator measuring the expansion of essential Nitto products	48%	50%	At least 50%
PF/HF category revenue ratio The indicator measuring the expansion of PlanetFlags/HumanFlags products	44%	40%	At least 50%
Waste plastics recycling ratio The indicator measuring the progress toward circular economy initiatives	50%	50%	60%
Sustainable materials procurement ratio The indicator measuring the procurement of materials considering the environment	18% *In Japan (non-consolidated)	20%	30%
Engagement scores The indicator measuring employees' "sense of belonging," "work environment," and "physical and mental well-being"	-	78	85
Challenge ratio The indicator measuring the percentage of employees who have taken on the challenge for value creation	41%	70%	85%

3. Initiatives to Enhance Corporate Value

6

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

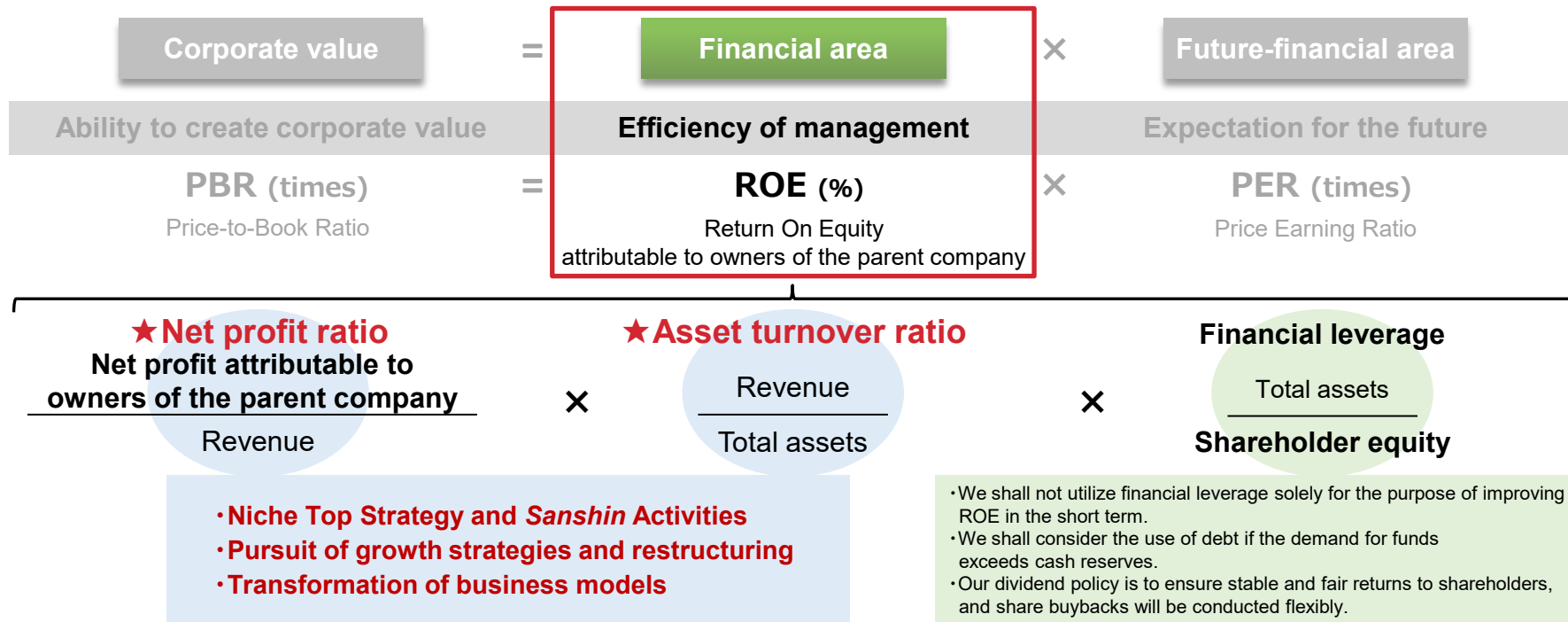


3. Initiatives to Enhance Corporate Value

-Our Approach to Improve ROE-

7

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



3. Initiatives to Enhance Corporate Value

8

-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

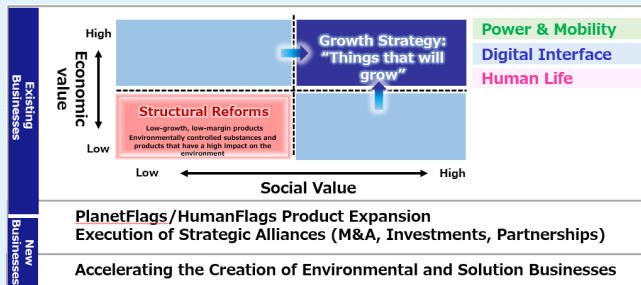
In changing and growing markets identified by Nitto, we target the Niche fields within those markets, born from the co-creation between stakeholders and the integration of knowledge and technologies unique to Nitto, and by continuously creating essential products, functions and business models, Nitto's 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



We choose to open/close our portfolio of intellectual property rights depending on what stage the business is in

Closed strategy

Check new entries

- Robust patent system
- Elevate entry barriers
- Ensure competitive advantages

Open strategy

Licensing

- Materials
- Processes
- Business models

Competitive patents

Allow competitors/other companies to use our assets

Transformation of business models

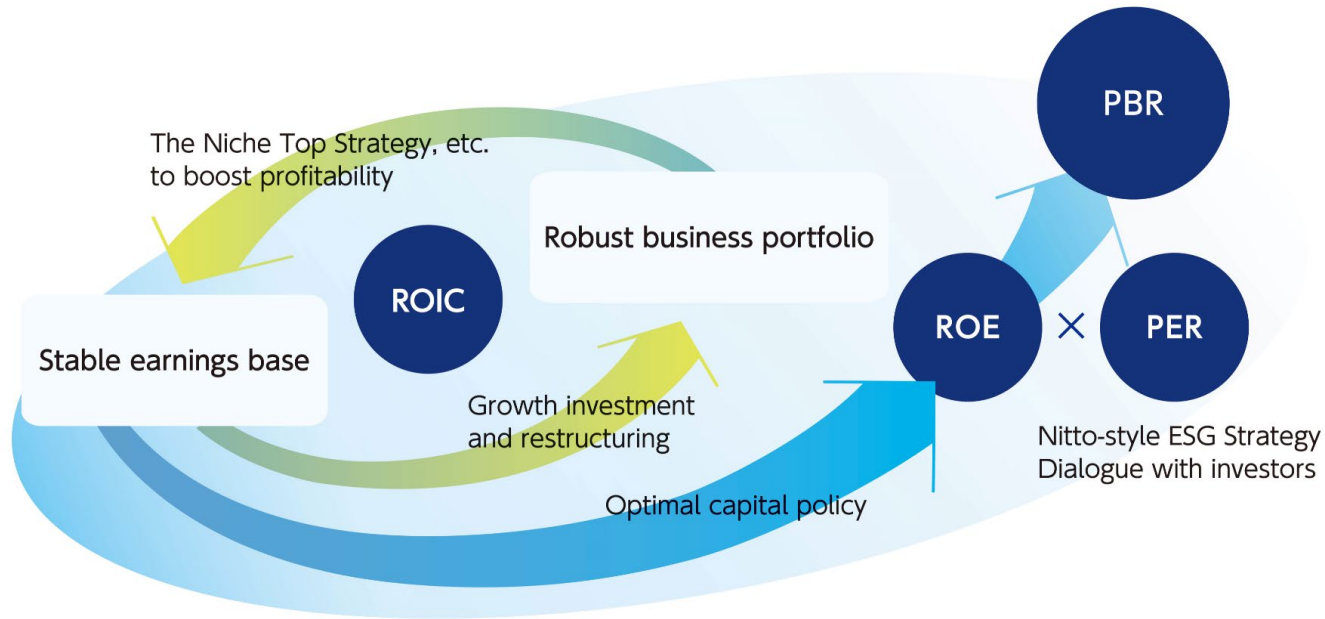
3. Initiatives to Enhance Corporate Value

-Promotion of ROIC Management-

9

WACC is calculated individually for each business divisions and applied as the hurdle rate

Periodic monitoring by management to ensure capital efficiency improvement at each business divisions



3. Initiatives to Enhance Corporate Value

-Our Approach to Improve PER-

10



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

Essential for the global environment and human society



Essential for our customers and industries



Niche Top

Focus on projects potentially spawning "Flags"

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

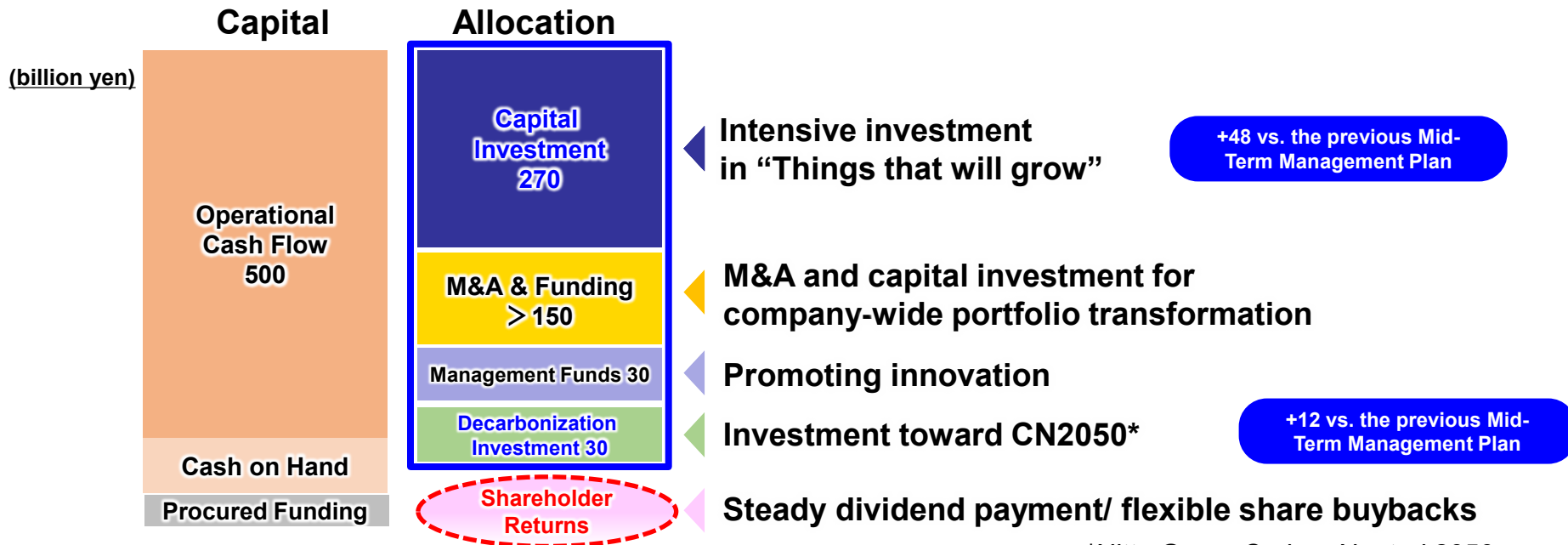
4. Financial Strategy

11

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.



5. Shareholder Returns

12

Medium to long-term target:
DOE of 4% or higher and total payout ratio of 60% or higher

Acquisition of treasury shares (Billion Yen)

20.0

47.8

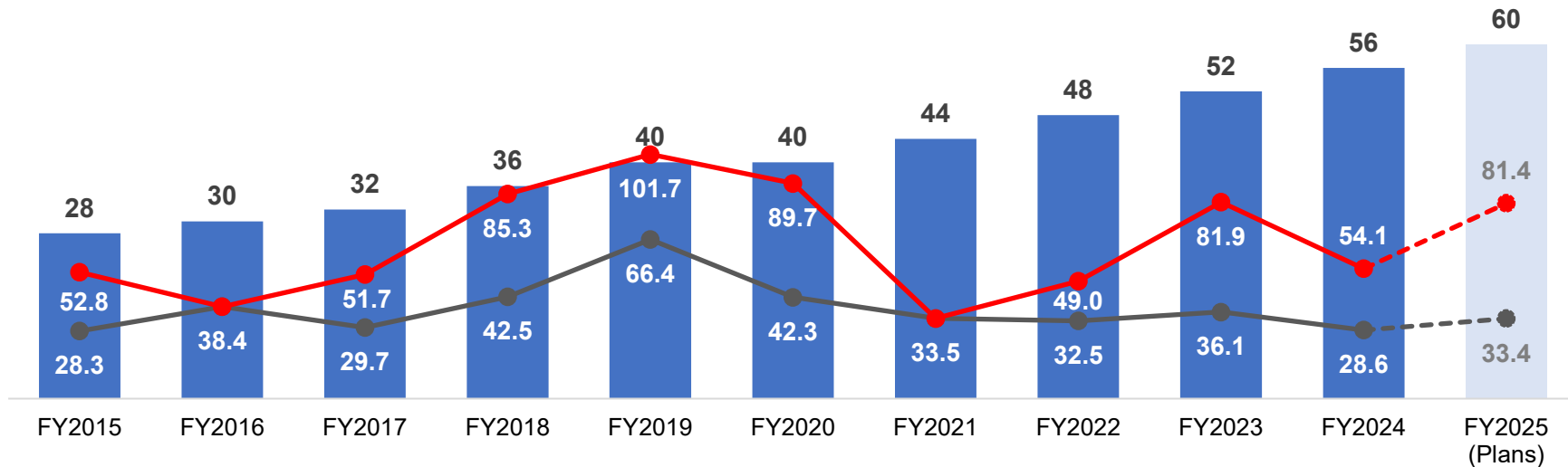
50.0

50.0

30.0

80.0

■ Dividends per share(Yen) —●— Dividend payout ratio(%) —●— Total payout ratio(%)



Nitto

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