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# Financial Results for Fiscal Year 2019 (April 1, 2019 - March 31, 2020)

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**Stock code: 6651**

Future projections in this material such as prospective business results, etc., are based on currently available information and given premises determined to be rational, and do not constitute guarantees that such results will be achieved. Therefore, actual business results may differ significantly depending on various factors.

As well, for ease of display, some figures may differ from those publicly released.

**1. Overview of accounts period ending in March 2020**

**2. Impact of COVID-19 outbreak**

**3. Forecast of consolidated results for the year**

**4. Mid-term management plan**

**5. Reference materials**

## 1. Overview of accounts period ending in March 2020

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# Fiscal year consolidated account highlights

FY2019

- Results for the year showed increases in income and profit. Consolidated sales and yearly net profit reverting to parent company shareholders were the highest to date.
- Results are led by our distribution board-related production business and telecommunications-related distribution business.
- Price revisions in October 2018 and the addition of KITAGAWA INDUSTRIES CO., LTD. as subsidiary in January 2019 contributed to these results.

(Unit: million yen)

Accounting period	2019/3	2020/3			
	Results	Plan	Results	YoY comparison	Vs. Plan
Sales	116,984	135,000	139,421	+19.2%	+3.3%
Operating income	6,472	11,300	12,402	+91.6%	+9.8%
Ordinary income	6,405	10,900	12,038	+87.9%	+10.4%
Yearly net profit reverting to parent company shareholders	4,046	7,100	8,048	+98.9%	+13.4%

## doing business of 4 areas of related to electricity and information

### Construction/service business

- Construction business, including installation and maintenance of telecommunication networks and electrical facilities

### Telecommunications-related distribution business

- Purchasing and sales of telecommunications equipment and materials

### Distribution board-related production business

**\*Core business**

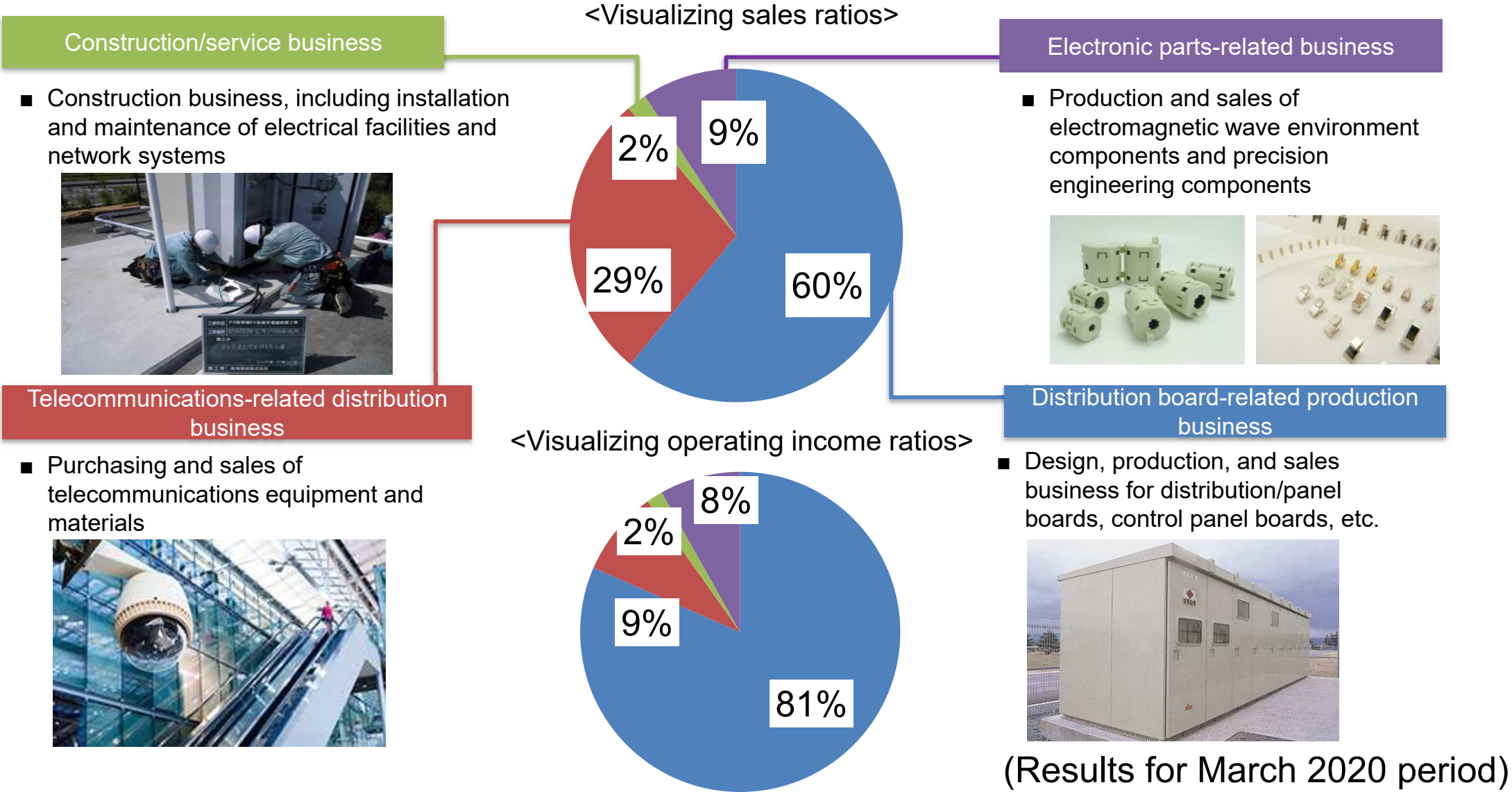
- Design, production, and sales business for distribution/panel boards, control panel boards, etc.

### Electronic parts-related business

- Manufacturing and sales of electromagnetic wave environment components and precision engineering components



Distribution board-related production accounts for about 60% of sales and 80% of profits





# Fiscal year account highlights by segment

FY2019

- In addition to the influence of distribution board-related production business sales on the industry, such as solid domestic construction demand, sales increases in high-voltage power receiving equipment related to school HVAC effect of price revisions led to increased sales and profits. The reduction of the deficit of our overseas subsidiaries also contributed.
- For the telecommunications-related distribution business, orders received for large-scale office transfers and the data center market, as well as increased sales in products related to teleworking toward the end of the fourth quarter, led to increased income and profits.
- The construction/service business increased sales in construction related to high-voltage power receiving equipment, etc., leading to increased sales overall. However, increased personnel and general costs led to reduced profits
- The electronic parts-related business showed struggling sales in semiconductor production machinery for export and machine tool-related products, but sales for domestic and overseas industrial air conditioner-related products and in domestic automotive-related markets remained solid.

(Unit: million yen)

	By segment	2019/3	2020/3			
		Results	Plan	Results	YoY comparison	VS. plan
Sales	Distribution board-related production business	78,569	84,200	83,866	+6.7%	-0.4%
	Telecommunications-related distribution business	32,910	36,000	40,774	+23.9%	+13.3%
	Construction/service business	2,719	2,800	2,827	+4.0%	+1.0%
	Electronic parts-related business	* 2,785	12,000	11,954	-	-0.4%
	Total	116,984	135,000	139,421	+19.2%	+3.3%
Operating income	Distribution board-related production business	5,543	-	10,113	+82.4%	-
	Telecommunications-related distribution business	932	-	1,070	+14.8%	-
	Construction/service business	218	-	204	-6.4%	-
	Electronic parts-related business	* -235	-	1,011	-	-
	Total	6,472	-	12,402	+91.6%	-

\*New segment established in January 2019

# Distribution board-related production business (sales by division) for the year

FY2019

- Sales increased in existing markets due to internal demand influence on the industry such as solid domestic construction demand; as well, sales increases in high-voltage power receiving equipment related to school HVAC and the effect of price revisions in October 2018 led to increased sales overall.
- For the breaker/switch division, decreased sales in the AICHI ELECTRIC WORKS CO., LTD. device business led to decreased sales overall.

By division Sales		2019/3	2020/3			(Unit: million yen)
		Results	Plan	Results	YoY comparison	Vs. Plan
production related business	Distribution Boards	43,332	46,900	47,472	+9.6%	+1.2%
	Enclosures	23,561	25,600	24,585	+4.3%	-4.0%
	Breakers/Switchgears	5,304	5,100	5,188	-2.2%	+1.7%
	Parts/Other	6,370	6,600	6,619	+3.9%	+0.3%
Total		78,569 (3,585)	84,200	83,866 (5,856)	+6.7% (+63.3%)	-0.4%
Consolidated overall total		116,984	135,000	139,421	+19.2%	+3.3%
Consolidated sales composition ratio		67.2%	62.3%	60.2%	-7.0%	-2.1%

\*Parentheses refer to internal sales between segments



# Factors in changes in yearly consolidated operating income

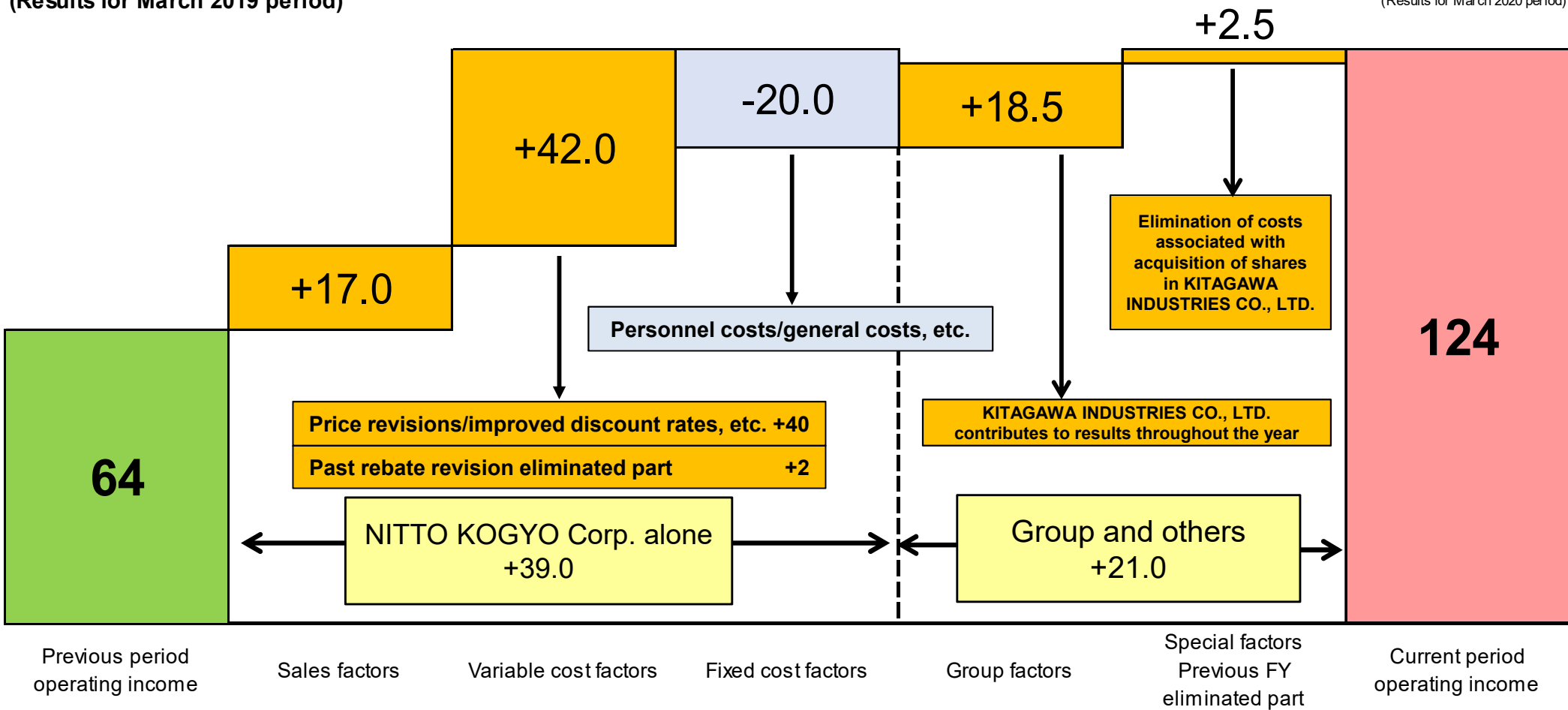
FY2019

- Factors for NITTO KOGYO Corp. alone included increased fixed costs due to increased personnel costs, etc., but marginal profit increases due to increased sales as well as price revisions and improved discount rates (variable cost factors) led to greatly increased profits
- In factors for the Group, the acquisition of KITAGAWA INDUSTRIES CO., LTD. as a subsidiary in January 2019 and the reduction of the deficits of our overseas subsidiaries led to increased profits.

(Unit: 100 million yen)

(Results for March 2019 period)

(Results for March 2020 period)



# Consolidated cash flow statement for fiscal year

FY2019

(Unit: million yen)

2019/3	
Beginning balance of cash and cash equivalents	28,283
CF due to sales activities	8,046
CF due to investment activities	-13,308
CF due to financial activities	16,048
Effect of exchange rate changes on cash and cash equivalents	-135
Increase in cash and cash equivalents due to merger of non-consolidated subsidiaries	-
Ending balance of cash and cash equivalents	38,934

<Main factors in 2019/3>

- CF due to investment activities
  - Tangible fixed assets (production facilities, etc.) -2,204
  - Income due to refunds of fixed-term deposits 2,651
  - Expenditure for acquisition of shares in KITAGAWA INDUSTRIES CO., LTD. -12,632
- CF due to financial activities
  - Increase in short-term loans payable 17,724
  - ⇒ due to procurement of capital for acquisition of shares in KITAGAWA INDUSTRIES CO., LTD.

2020/3	
Beginning balance of cash and cash equivalents	38,934
CF due to sales activities	12,649
CF due to investment activities	4,920
CF due to financial activities	-26,925
Effect of exchange rate changes on cash and cash equivalents	-54
Increase in cash and cash equivalents due to merger of non-consolidated subsidiaries	96
Ending balance of cash and cash equivalents	29,620

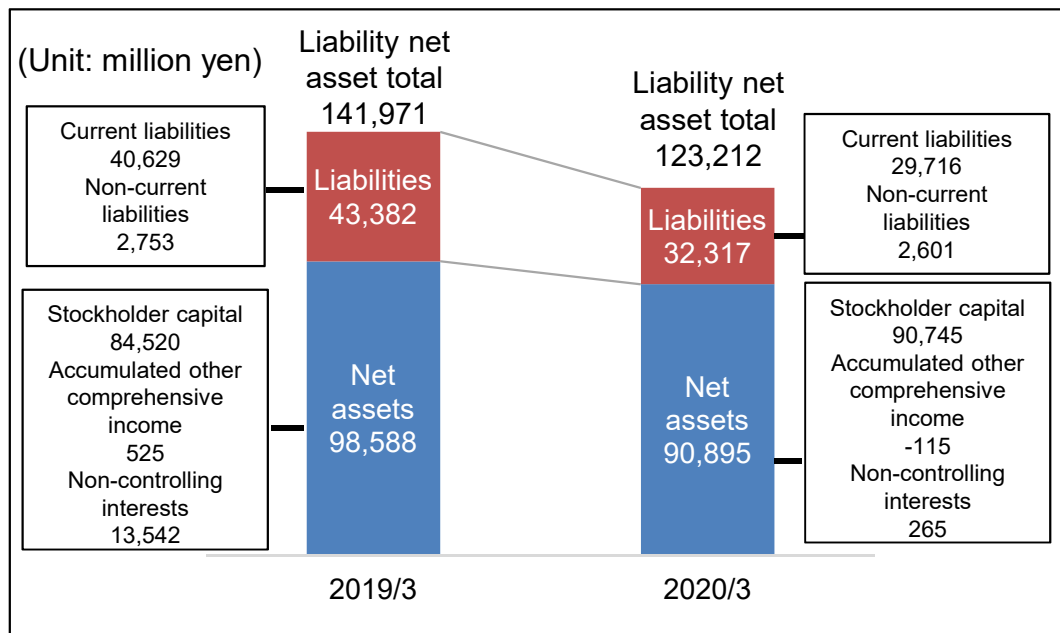
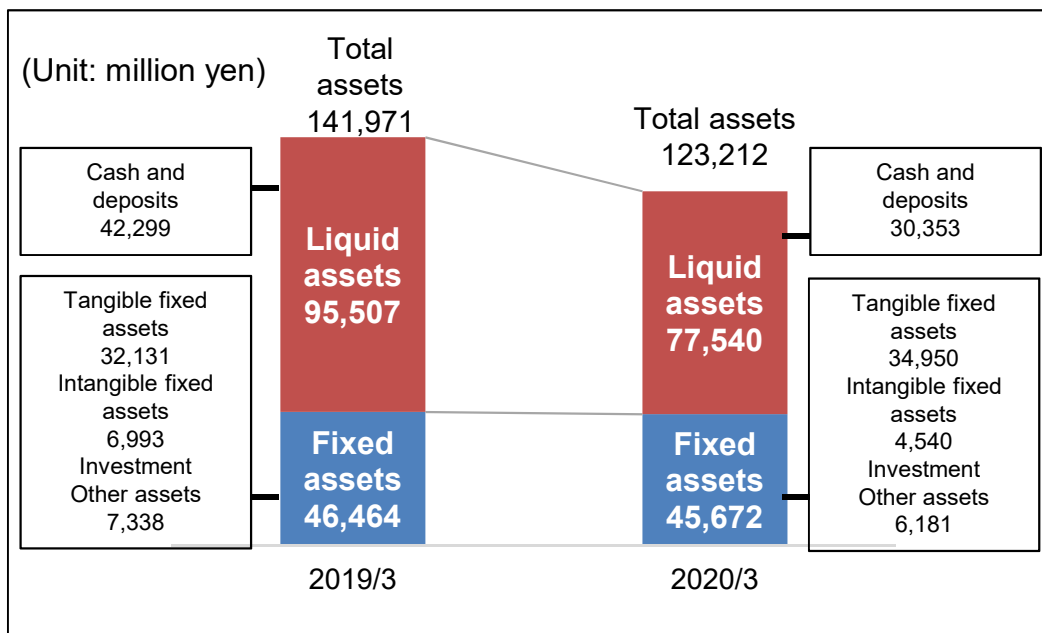
<Main factors in 2020/3>

- CF due to investment activities
  - Tangible fixed assets (site for new plant, etc.) -5,937
  - Income due to refunds of fixed-term deposits 8,619
  - Selling and redemption of investment securities 3,891
  - Expenditure for acquisition of shares in Vietnamese subsidiary -815
- CF due to financial activities
  - Expenditure for designation of KITAGAWA INDUSTRIES CO., LTD. as a wholly owned subsidiary -10,582
  - Decrease in short-term loans payable -14,634

# Overview of consolidated finances for the fiscal year

FY2019

- Based on the additional acquisition of stocks and repayment of short-term loans payable associated with gaining KITAGAWA INDUSTRIES CO., LTD. as a subsidiary, and on the decrease in goodwill due to the completion of this process, total assets have decreased



## <Main changes>

### ■ Assets

- Decreased cash and deposits -11,946
- Decreased securities -8,999
- Decreased goodwill -2,984

### ■ Liabilities

- Decrease in short-term loans payable -14,416

### ■ Net assets

- Current net income +8,048
- Decreased non-controlling interests -13,276

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Period ending in March 2020

**The COVID-19 pandemic did not significantly affect our results.**

Impact of COVID-19 and measures to prevent the virus from spreading in the company group at present (end of May 2020)

**1. Operational status of main production bases**

- Production bases in Japan: Operating as normal.
- Overseas production bases: Operations stopped in some plants, but most are now operating as normal.

**2. Status of production and supply of main products.**

- Not significantly affected, but measures are being taken for some items that are produced overseas, such as increasing inventory or building a framework to produce or procure domestic substitutes.

**3. Measures are being taken to ensure the health and safety of our customers and employees in order to prevent the spread of COVID-19 and maintain our business continuity framework.**

- We are staggering working times, and some employees are teleworking from home.
- Everyone at our companies takes their temperature before coming to work and stays home if they have a fever.

# Impact of COVID-19 outbreak

FY2019

Period ending in March 2021

**Projection: Gradual recovery from economic stagnation from the 2nd quarter onward**

Division	Anticipated impact on results	Severity
Distribution board-related business Construction/service business	Negative factors: Decline in number of new private non-residential buildings, stalling of private facilities investment, delays in construction by general contractors, etc. With that said, past trends indicate that <b><u>the impacts of the decrease in demand are likely to be felt around half a year later.</u></b>	High
Telecommunications-related distribution business	Negative factors: Postponement of the Olympics and Paralympics, stagnation in office-related markets, etc. Positive factors: Increase in demand for telework	Low
Electronic parts-related business	Negative factors: Market stagnation for automotive, machine tools and office machines, etc.	Medium

## Our post-COVID plans

**We expect to see more activity in the telecommunications market as companies adopt teleworking long-term, data transfer volumes increase and plans to adopt the GIGA School concept are accelerated. The whole of the group will work to bring the world new ideas for the telecommunications equipment and related products that society needs as quickly as possible.**



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# Forecast of consolidated results for the year

FY2019

- Calculations presume that we will gradually recover from the impact of the COVID-19 pandemic from the second quarter onward.
- A decrease in consolidated income and profits is expected for this fiscal year
- Another factor in this decrease is that last year's figures reflect special demand for school HVAC

(Unit: million yen)

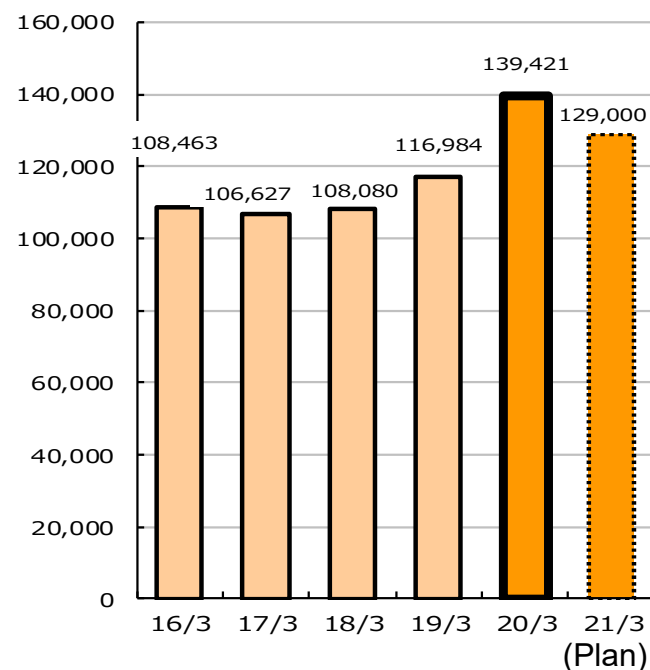
Accounting period	2020/3		2021/3			
	2Q results	Results for the year	2Q plan	YoY comparison	Plan for the year	YoY comparison
Sales	64,887	139,421	59,700	-8.0%	129,000	-7.5%
Operating income	5,072	12,402	2,600	-48.7%	7,700	-37.9%
Ordinary income	4,852	12,038	2,500	-48.5%	7,500	-37.7%
Yearly net profit reverting to parent company shareholders	3,124	8,048	1,300	-58.4%	4,700	-41.6%

# Consolidated management results over past 5 years

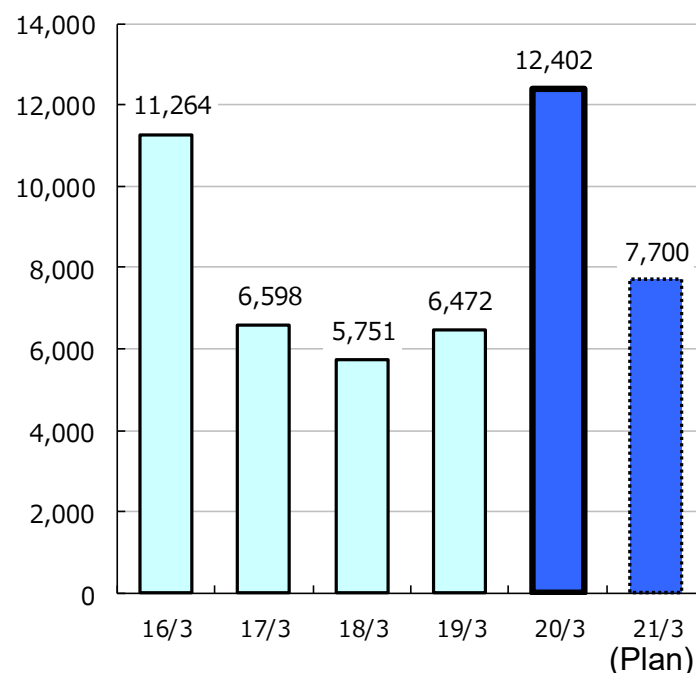
FY2019

- Increased income for 3 years straight and increased profits for 2 years straight were achieved in the period ending March 2020 (highest sales and current net income to date).
- A decrease in income and profits is expected in the period ending March 2021 due to the COVID-19 pandemic.

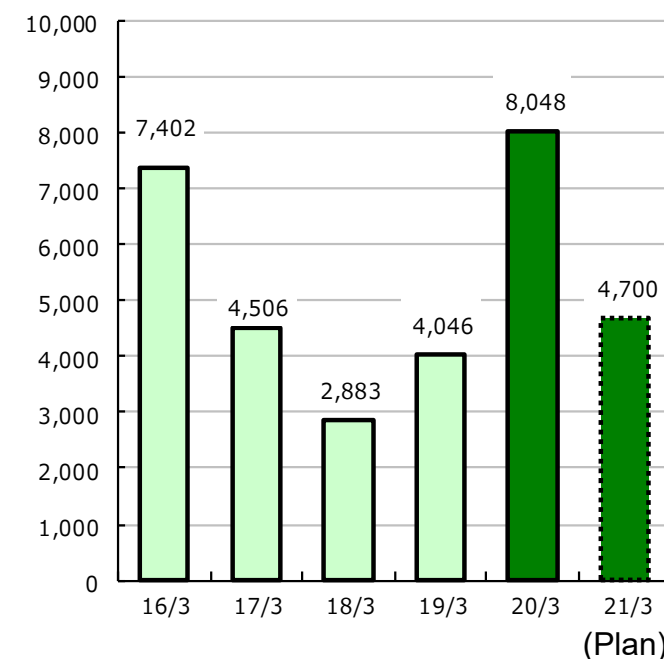
## ■ Sales



## ■ Operating income

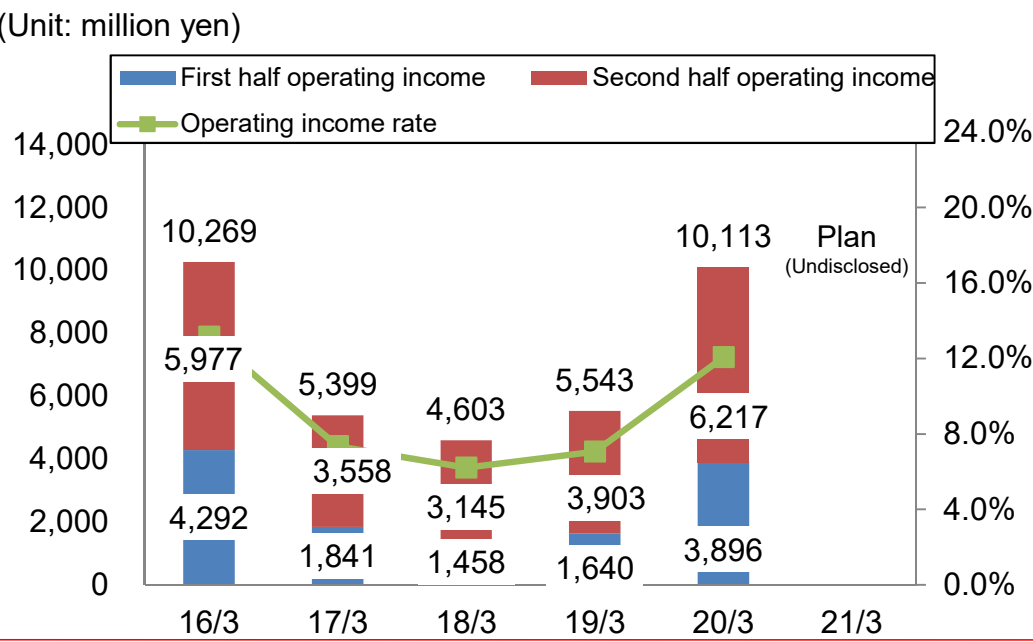
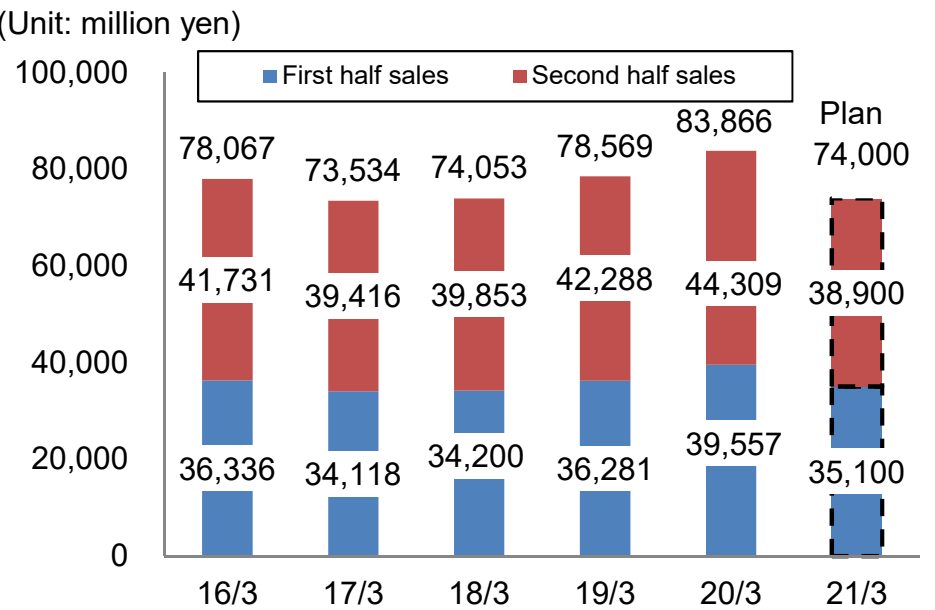


## ■ Current net income (Unit: million yen)



	16/3	17/3	18/3	19/3	20/3	21/3 (Plan)
Sales	108,463	106,627	108,080	116,984	139,421	129,000
Operating income	11,264	6,598	5,751	6,472	12,402	7,700
Current net income	7,402	4,506	2,883	4,046	8,048	4,700

◆ Distribution board-related production business [Yearly forecast] Sales 74 billion yen (YoY -11.8%)



[Forecast for the year]

- A decrease in income is expected due to the stagnation of economic activities caused by measures to prevent the spread of COVID-19, as well as the fact that last year's results reflect special demand for school HVAC.

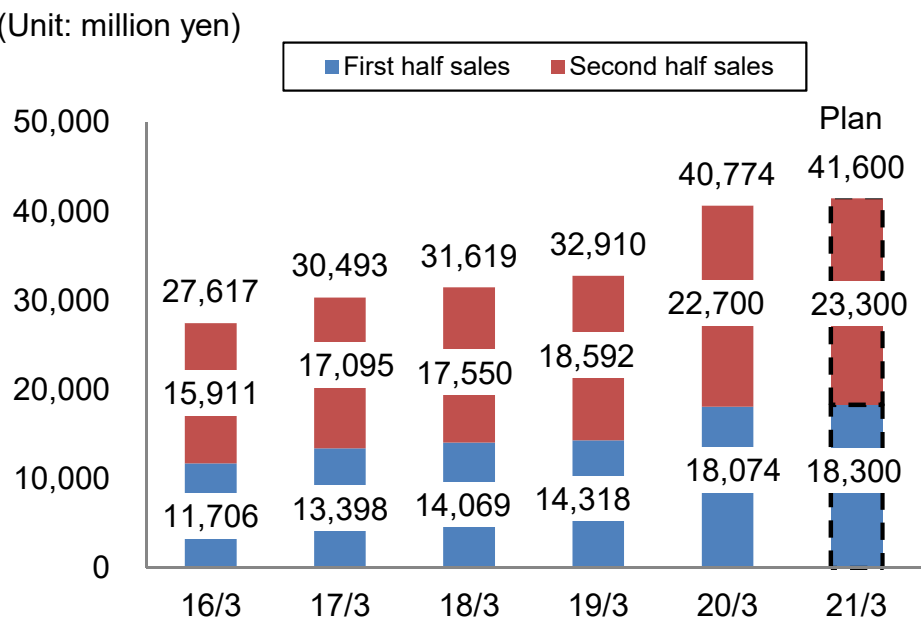
[Approaches]

- Ideas for new products for the GIGA School concept and 5G market
- Sales activities and reduction of production costs with a focus on the profitability of Gathergates; construction of plant for NITTO KOGYO BM (THAILAND) CO., LTD.

[Main group companies: Yearly forecast]

	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	NITTO KOGYO Corp.			Large
	AICHI ELECTRIC WORKS CO., LTD.			Small
	Taiyo Electric Mfg. Co., Ltd.			Small
	ECAD Solutions Co., Ltd.			Small
Over seas	NITTO KOGYO (CHINA) CORPORATION			Small
	Gathergates Group Pte Ltd			Small
	NITTO KOGYO BM (THAILAND) CO., LTD.			Small

◆ Telecommunications-related distribution business [Yearly forecast] Sales 41.6 billion yen (YoY +2.0%)

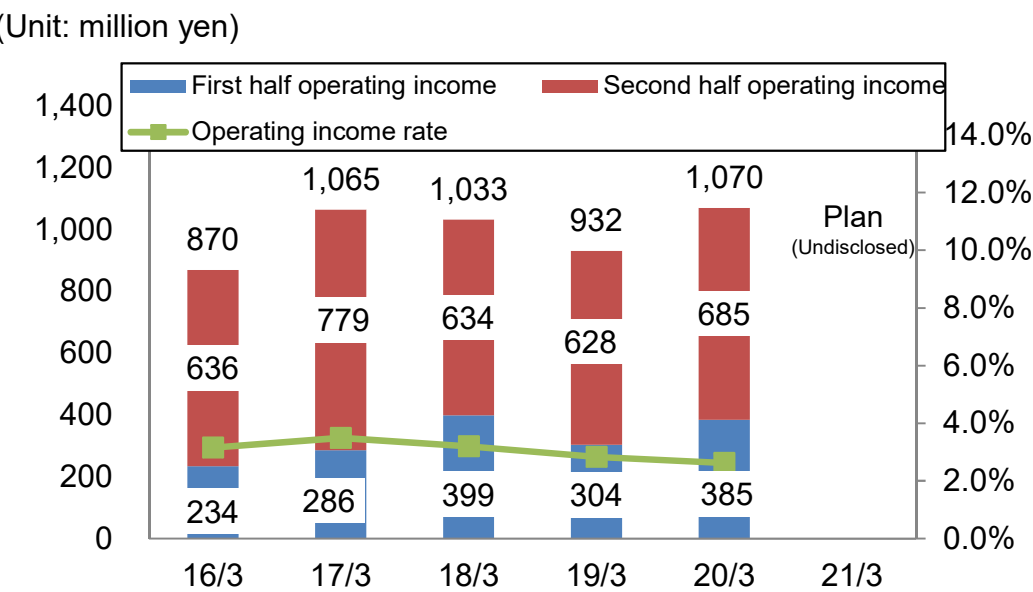


[Forecast for the year]

- Decrease in sales due to postponement of Olympics and Paralympics
- Increase in demand for telework, resulting in greater sales for related products
- New subsidiary SAO NAM AN TRADING CORPORATION (SOECO) expected to contribute to greater sales, boosting income

[Approaches]

- Work to gain orders related to GIGA School concept
- Work to obtain orders in 5G-related markets

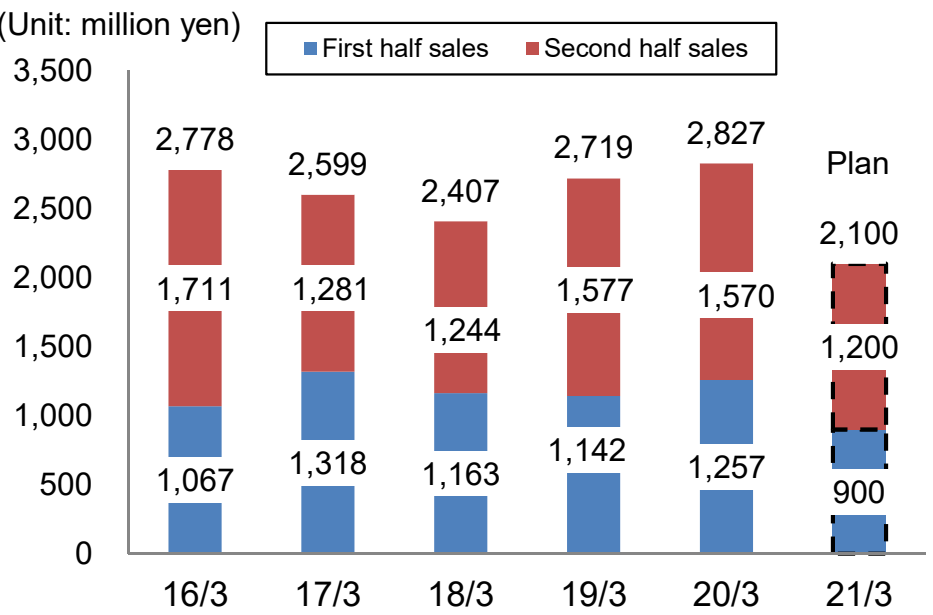


[Main group companies: Yearly forecast]

	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	SunTelephone Co., Ltd.			Medium
Over seas	SOECO	-	-	Small

\*This segment is SunTelephone Co., Ltd. and its subsidiaries only  
\*SunTelephone Co., Ltd. acquired SOECO as a subsidiary in the period ending March 2020 (profit/loss consolidation is effective from the period ending March 2021)

◆ Construction/service business [Yearly forecast] Sales 2.1 billion yen (YoY -25.7%)

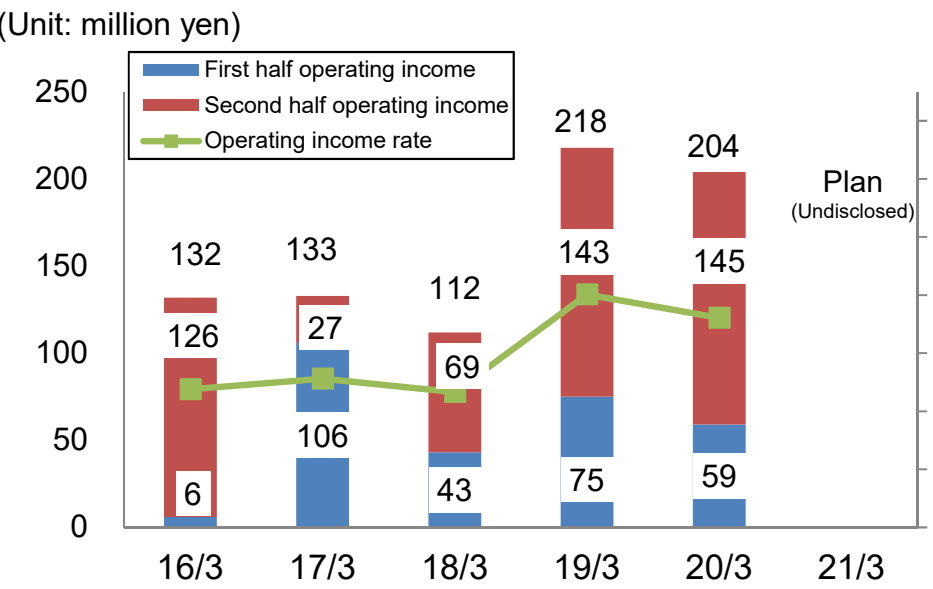


[Forecast for the year]

- Increase in demand for office products due to changes in layout as measures against COVID-19
- Income expected to decrease due to postponement of Olympics and Paralympics, delays in construction, etc.

[Approaches]

- Reinforce cooperation with NITTO KOGYO Corp. and focus on creating further synergy
- Initiatives for GIGA School concept, promotion and expansion of disaster prevention equipment maintenance business



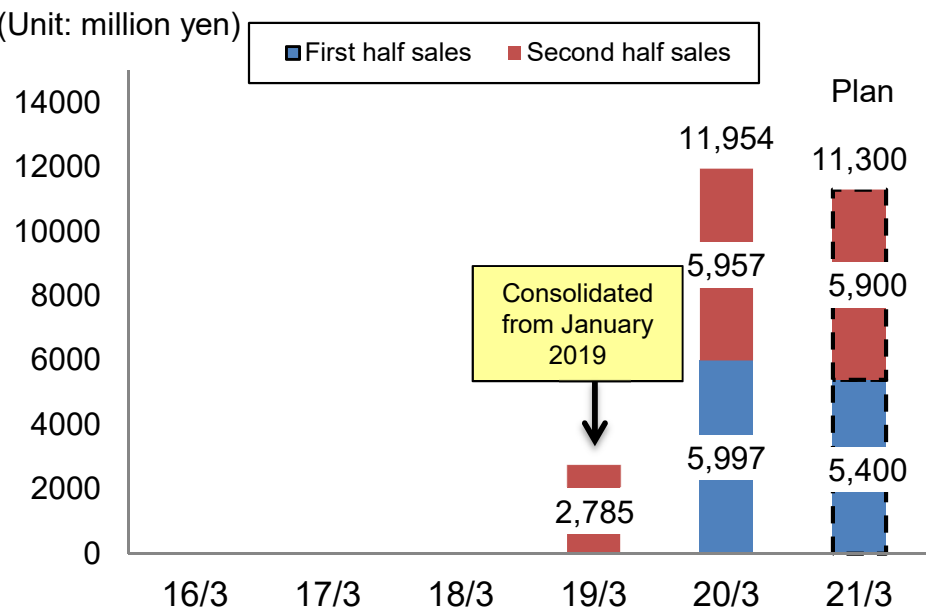
[Main group companies: Yearly forecast]

	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	NANKAIDENSETSU CO., LTD.			Small

\*This segment is NANKAIDENSETSU CO., LTD. only



◆ Electronic parts-related business [Yearly forecast] Sales 11.3 billion yen (YoY -5.5%)

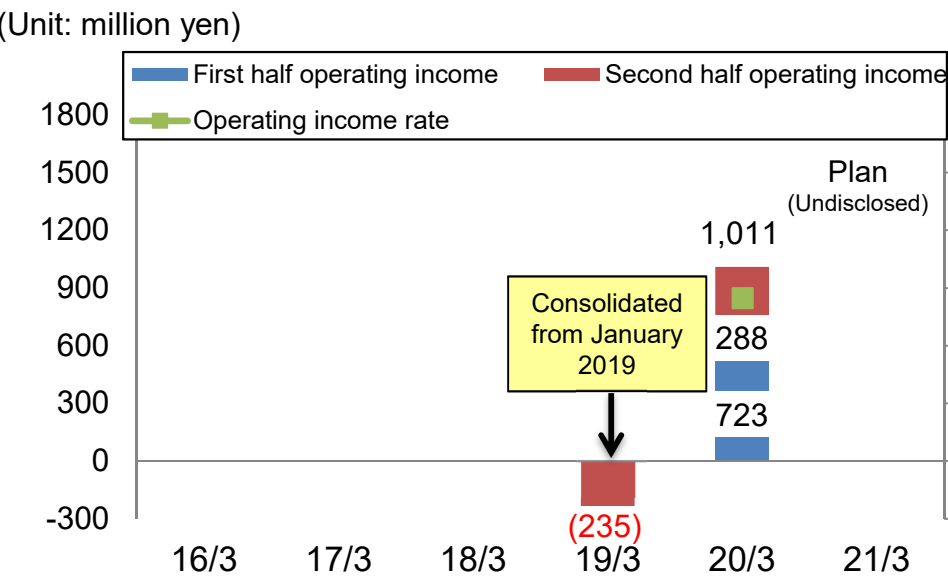


[Forecast for the year]

- A decrease in income is expected due to decreases in sales of products for the overseas market and previously high-selling industrial air conditioners.

[Approaches]

- Propose solution products based around electromagnetic wave countermeasure products for the environmental vehicle market (EVs, HVs, PHEVs, etc.)
- Expand business (communication base stations, WiFi products) in 5G-related markets

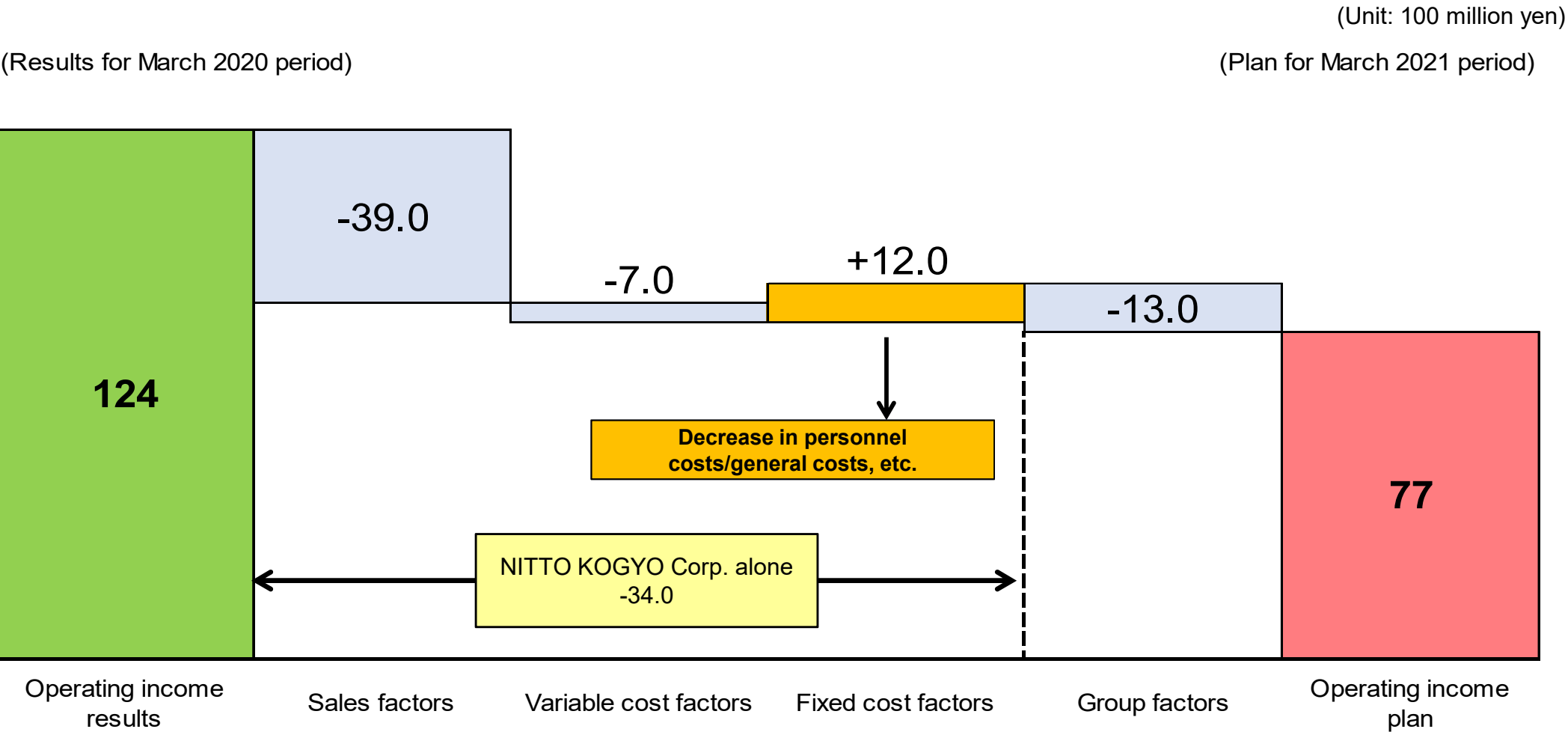


[Main group companies: Yearly forecast]

	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	KITAGAWA INDUSTRIES CO., LTD.			Medium

\*This segment is KITAGAWA INDUSTRIES CO., LTD. and its subsidiaries only

- Consolidated operating income for period ending in March 2021 forecast to decrease 37.9% YoY to 7.7 billion yen
- Overall, the impact of the COVID-19 pandemic is expected to reduce sales, resulting in lower profits.
- NITTO KOGYO Corp. alone is expecting to increase profits by reducing fixed costs through measures such as reducing overtime and limiting attendance at events such as trade fairs.



# Factor trends in changes in yearly consolidated operating income

FY2019















## <NITTO KOGYO Corp. alone>

- Sales factors Despite continuous increases in sales previously, a decrease is expected in the period ending March 2021 due to the COVID-19 pandemic
- Variable cost factors: Discount rates: Predicted to become less favorable from period ending in March 2021
- Fixed costs: Expenses: Expected to decrease temporarily due to more limited attendance at events such as trade fairs and private showings  
Personnel costs: Expected to decrease temporarily due to cutting of overtime in response to lower sales

## <Group factors>

- Conditions for the Group overall have remained difficult, but the contribution to results from KITAGAWA INDUSTRIES CO., LTD. allows a positive forecast for the period ending in March 2020. However, the COVID-19 pandemic is expected to cause an overall decrease in sales, resulting in lower profits.

(Unit: 100 million yen)

 : Increasing factors  : Decreasing factors			2019/3 results	2020/3 results	2021/3 Plan
Operating income			64	124	77
YoY changed amounts			+7	+60	-47
Change factors	NITTO KOGYO Corp. alone	Sales factors			
		Variable cost factors			
		Fixed cost factors			
	Group factors				

- Results for the period ending in March 2020 were 5.5 billion yen, 102.4% YoY
- Results were higher thanks to the effect of last-minute demand based on the influence of the revised FIT Act and increased sales for home panel boards supporting solar power systems and systems linking with batteries.
- 4.1 billion yen is expected for the period ending in March 2021, due in part to the fact that the previous results reflect last-minute demand.

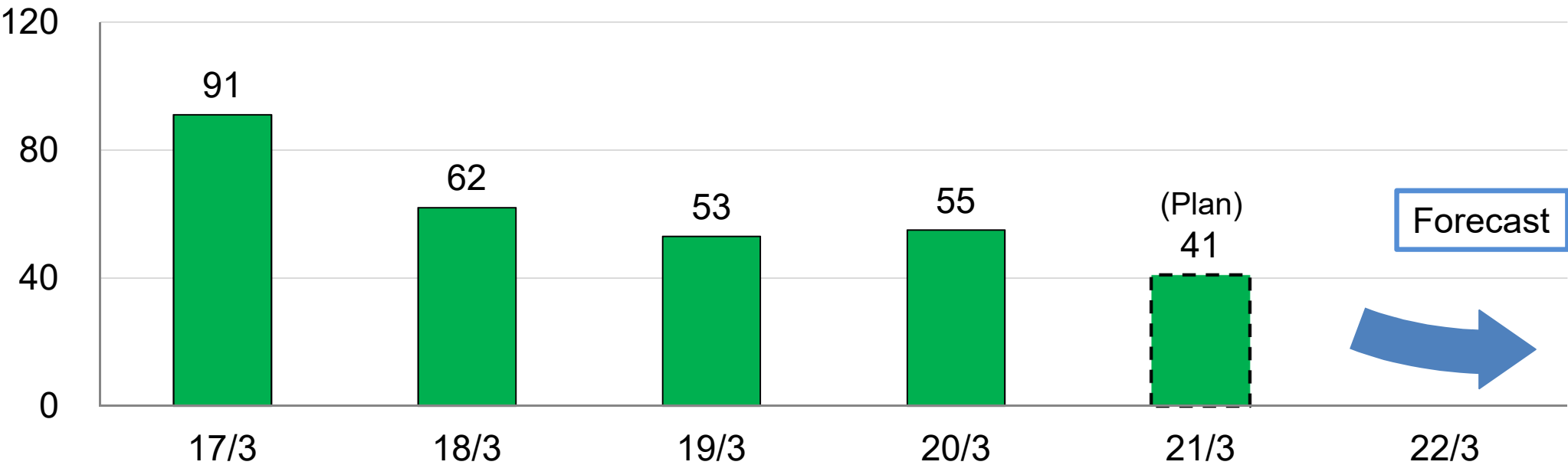
What are "new energy-related markets"?

- (1) Photovoltaic power generation-related (junction boxes, collecting boxes, etc.)
- (2) Electric vehicle-related (charging stands, etc.)
- (3) Others: Energy management system-related, etc.

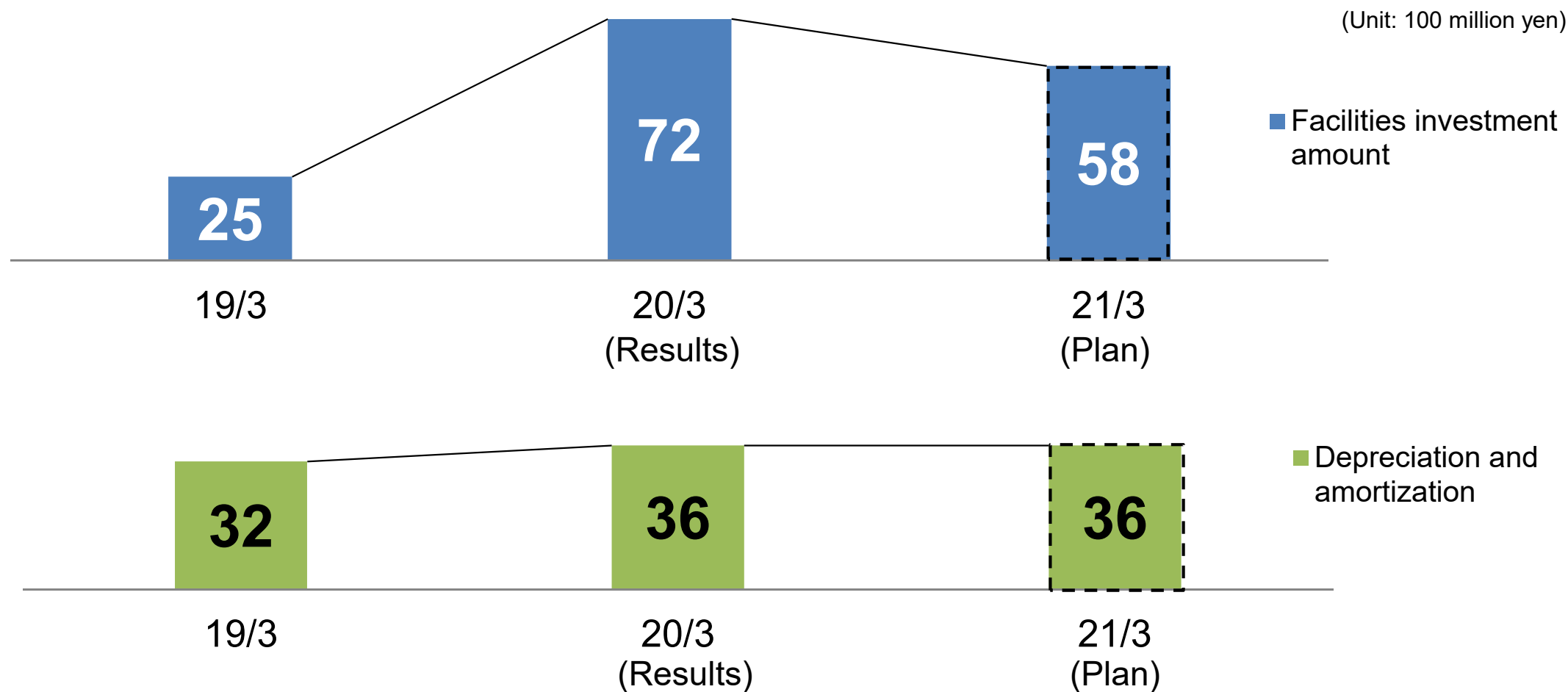
\*Sales amounts are those for NITTO KOGYO Corp. alone and do not include Group sales. As well, they do not include sales canceled out within the Group.

(Unit: 100 million yen)

## <New energy-related markets Sales>



- Facilities investment increased in the period ending in March 2020 for reasons such as the acquisition of a site for NITTO KOGYO Corp.’s new plant
- For the period ending in March 2021, facilities investment amount was planned at 5.8 billion yen and depreciation and amortization at 3.6 billion yen

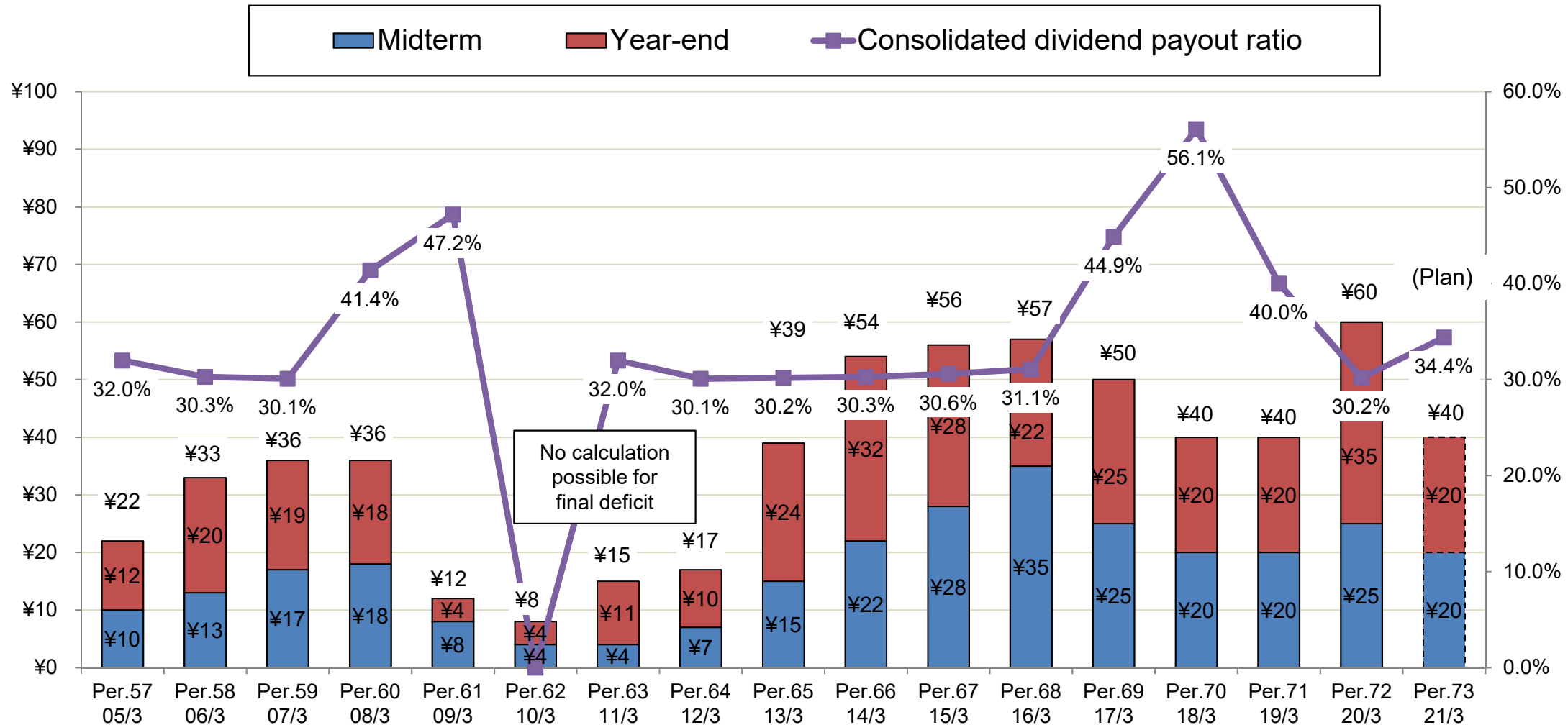


\*Rounded at 10 million yen

# Dividend status

FY2019

- In the period ending in March 2020, year-end dividends were 35 yen, dividends for the year were 60 yen, the dividend payout ratio was 30.2% and DOE was 2.8%.
- In the period ending in March 2021, dividends for the year will be 40 yen and the dividend payout ratio will be 34.4%.





1. Overview of accounts period ending in March 2020

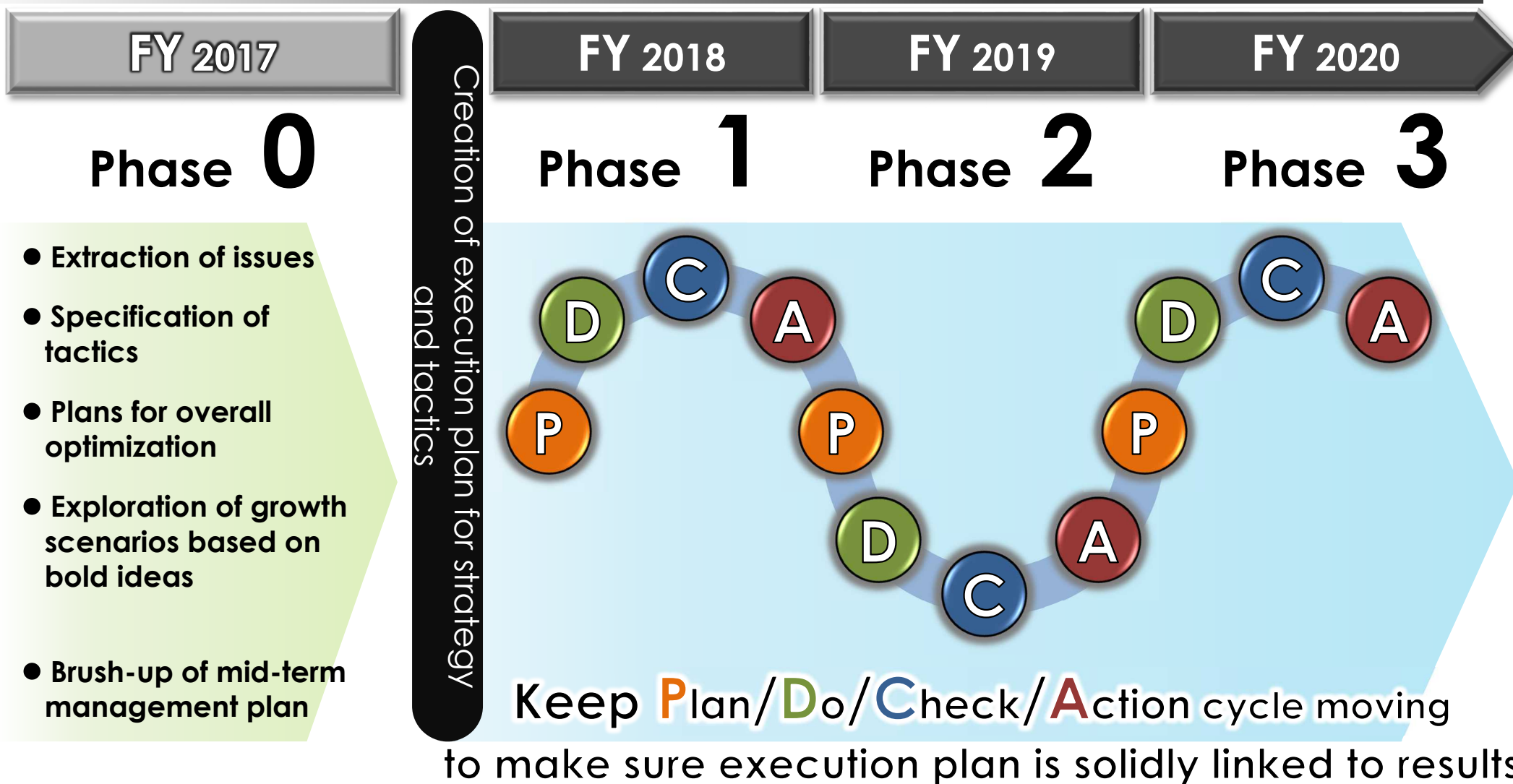
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## 2020 mid-term management plan



## ■ Value creation model

Productization/Standardization

CONNECT!

### Responsive business

Business which creates value through daily activities

#### ● Daily activities



Value

Value

Value

- ✓ Decentralized, community-based, customer-based sales
- ✓ Responsivity and individual skills over efficiency
- ✓ Response to actual needs

**Board professional**

### Standard product business

Business which creates value through creating a selling mechanism

#### ● Daily activities



#### ● Selling mechanism



Value

- ✓ Aggregation and streamlining of daily activities
- ✓ Enhance marketing function to uncover potential needs

**Component professional**

Repeat orders  
Toward mid- to long-  
term results

**Short-term sales**

CONNECT!

Customization

**Mid- to long-term results**

**Keep growth of both businesses well-balanced, maintaining high profits**

		Strategic topics	Vision
Business strategy	1.	<b>Pursuit of core business competitiveness</b> (enhanced technical and product proposal capacity)	
		<b>I Responsive business</b> [Board professional]	Ultra-upgrade board-related business responsiveness, aiming to be a reliable ideal partner
		<b>II Standard product business</b> [Component professional]	Become a company which provides joy to industrial infrastructure companies
	2.	<b>Globalization</b> (establishment of distribution board business in Southeast Asia)	
Enhanced foundation		<b>III Overseas business</b>	Become a company which provides joy to industrial infrastructure companies active overseas
	3.	<b>Development of new businesses</b> (fusion with new technologies/companies)	
		<b>IV New businesses</b>	Work boldly toward creation of new businesses, without fearing failure
	4.	<b>Enhanced production system/operation foundation</b>	
		<b>V Enhanced production system</b>	Aiming for quality/cost/speed that will bring joy to our customers, take on improvement and reform
		<b>VI Enhanced management and operation foundation</b>	Establish a management and operation foundation that supports the NITTO KOGYO Corp. Group's business strategy

# 2020 mid-term management plan Business targets

FY2019

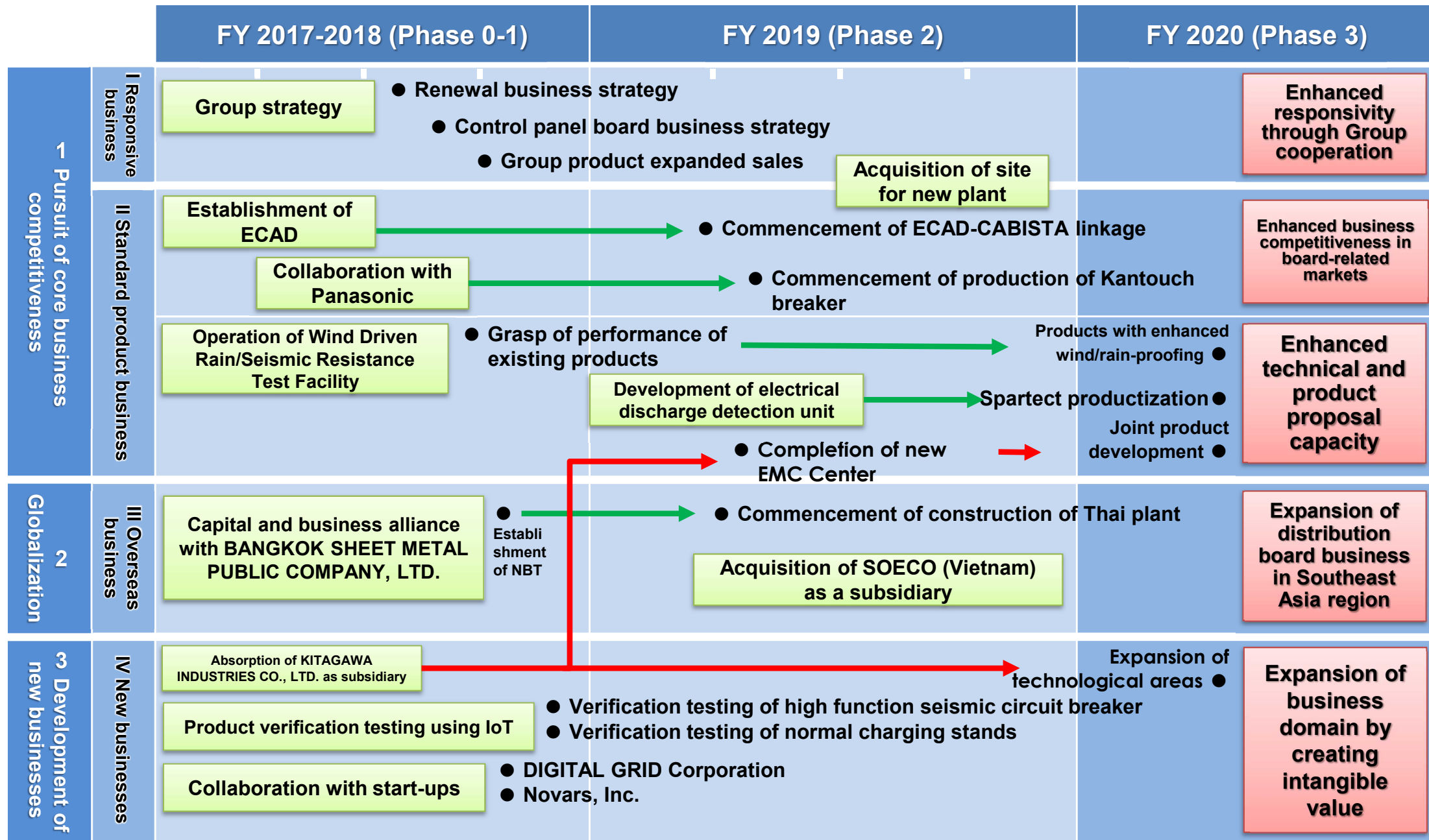
(Unit: 100 million yen)

	FY 2016 Results (When making plan)	FY 2019 Results	FY 2020 Plan	FY 2020 Target (When making plan)
<b>Consolidated sales</b>	<b>1,066</b>	<b>1,394</b>	<b>1,290</b>	<b>1,250</b>
(Included individual sales)	674	796	700	750
Responsive business	465.5	551.5	470.0	470.0
Standard product business	207.0	243.2	227.0	240.0
New businesses	1.5	1.3	3.0	40.0
(Included telecommunications-related distribution business)	(305)	(407)	(416)	(350)
(Included overseas business)	(40)	(94)	(100)	(70)
<b>Consolidated operating income</b>	<b>65</b>	<b>124</b>	<b>77</b>	<b>100</b>
(Included individual operating income)	50	94	60	75

- Initial targets for mid-term management plan were achieved in FY 2019 (excluding new businesses).
- Calculations for the FY 2020 plan presume that we will gradually recover from the impact of the COVID-19 pandemic from the second quarter onward.

# Business strategy progress (1/7)

FY2019





## Strategies focused on current period

### Core business: I Responsive business

#### **Enhanced responsiveness to projects through cooperation between group companies**

Leveraging of each of our strengths to expand our business domains and get more orders

- Progress on renewal business strategy
- Progress on control panel board business strategy

### Core business: II Standard product business

#### **Enhanced technical and product proposal capacity**

Enhance competitiveness by providing products and services that meet the needs of customers in board-related markets

- Release of web tool (automatic QB drawing system)
- Thorough implementation of new wind-driven rain performance standard and expansion of products that meet this standard

### III Overseas business

#### **Expansion of distribution board business in Southeast Asia region**

Early establishment of foundations of business

- Establishment of total production and sales framework in new NBT plant and expansion of business and improvement of profitability in Thai market
- Expansion of business through entry into infrastructure industry and market

### IV New businesses

#### **Expansion of business areas through creation of intangible value**

Continuation of initiatives to create intangible value with the aim of turning the results into businesses in the mid to long term.

- Progress on verification testing of earthquake detectors, EV chargers, etc.
- Investment in start-ups

## Business strategy

## Core business: I Responsive business (board professional)

**Vision: Ultra-upgrade board-related business responsivity, aiming to be a reliable ideal partner**

	Enhanced business competitiveness in board-related markets
<b>Phase 0-1</b>	<ul style="list-style-type: none"> <li>◆ Create strategies making use of Group companies' strength areas/know-how</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>◆ Make use of Group companies' strength areas to gain orders                             <ul style="list-style-type: none"> <li>• Tokyo Olympics and Paralympics project (system racks)</li> <li>• School HVAC project (cubicles/boards)</li> </ul> </li> <li>◆ Expand business areas through concrete strategies                             <ul style="list-style-type: none"> <li>• Renewal business strategy: Commence services at NANKAIDENSETSU CO., LTD.</li> <li>• Control panel board business strategy: Begin taking orders for mass production of control panel boards</li> </ul> </li> </ul>
<b>Future developments Phase 3</b>	<ul style="list-style-type: none"> <li>◆ Carry out strategies with the Group as a whole, enhancing responsivity and expanding supported areas</li> </ul>



**System racks**  
(for Tokyo Olympics and Paralympics facilities)



**QB/Distribution Boards**  
(for installation of HVAC in elementary and junior high schools)

## Business strategy

Core businesses: **II Standard product business (1)** (Component professional)

**Vision: Become a company which provides joy to industrial infrastructure companies**

	Enhanced business competitiveness in board-related markets
<b>Phases 0-1</b>	<ul style="list-style-type: none"> <li>◆ Establishment of ECAD Solutions Co., Ltd.</li> <li>◆ Begin considering collaboration with Panasonic</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>◆ Commence ECAD-CABISTA linkage                             <ul style="list-style-type: none"> <li>• Increase convenience through use of web</li> </ul> </li> <li>◆ Commence production of Panasonic Kantouch breaker                             <ul style="list-style-type: none"> <li>• Improve competitiveness by combining the strengths of our strength areas</li> </ul> </li> <li>◆ Model changes for Home Panel Boards                             <ul style="list-style-type: none"> <li>• Increase value of existing products by improving construction and design</li> </ul> </li> <li>◆ Acquire site for new plant in Seto City                             <ul style="list-style-type: none"> <li>• Aim to relocate current Nagoya plant and enhance production system</li> </ul> </li> </ul>
<b>Future developments Phase 3</b>	<ul style="list-style-type: none"> <li>◆ Consider next steps for collaboration with Panasonic</li> <li>◆ Increase convenience through use of web</li> </ul>

Overview of Seto plant (TBD)

Address: 22-4 Yatoko-cho, Seto City, Aichi Prefecture

Site area: 250,077 m<sup>2</sup>

Total floor area: 36,000 m<sup>2</sup> in plant, 4,000 m<sup>2</sup> in 3-story office building

Items produced: Enclosures, high-voltage power receiving equipment, panel boards, breakers, etc.

Total investment: Approx. 20 billion yen

Capital plan: Funded by own capital, loan, etc.

Schedule: Completion of construction: December 2023

Commencement of production: April 2024





## Business strategy

Core businesses: **II Standard product business (2)** (Component professional)

**Vision: Become a company which provides joy to industrial infrastructure companies**

	Enhanced technical and product proposal capacity
<b>Phases 0-1</b>	<ul style="list-style-type: none"> <li>◆ Full-scale operation of Wind Driven Rain/Seismic Resistance Test Facility</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>◆ Completion of new EMC Center at KITAGAWA INDUSTRIES                             <ul style="list-style-type: none"> <li>• Enhanced technical and product proposal capacity through expansion of business areas</li> </ul> </li> <li>◆ Development of electrical discharge detection unit                             <ul style="list-style-type: none"> <li>• Development of electrical discharge detection technology to prevent electric fires caused by sparks</li> <li>• Received Minister of Economy, Trade and Industry Award at JECA Fair 2019</li> <li>• Expansion of technological areas</li> </ul> </li> </ul>
<b>Future developments Phase 3</b>	<ul style="list-style-type: none"> <li>◆ Thorough implementation of new wind-driven rain performance standard and expansion of products that meet this standard</li> <li>◆ Commercialization of electrical discharge detection unit Spartect</li> </ul>

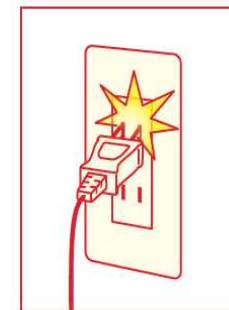


## Electrical discharge detection unit

**Spartect**

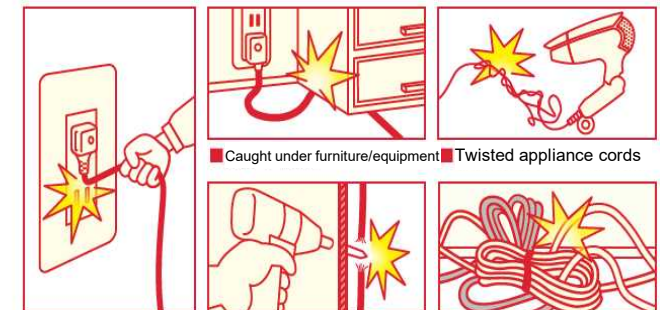


### Tracking



■ Dust absorbs moisture

### Cable disconnection/short-circuit

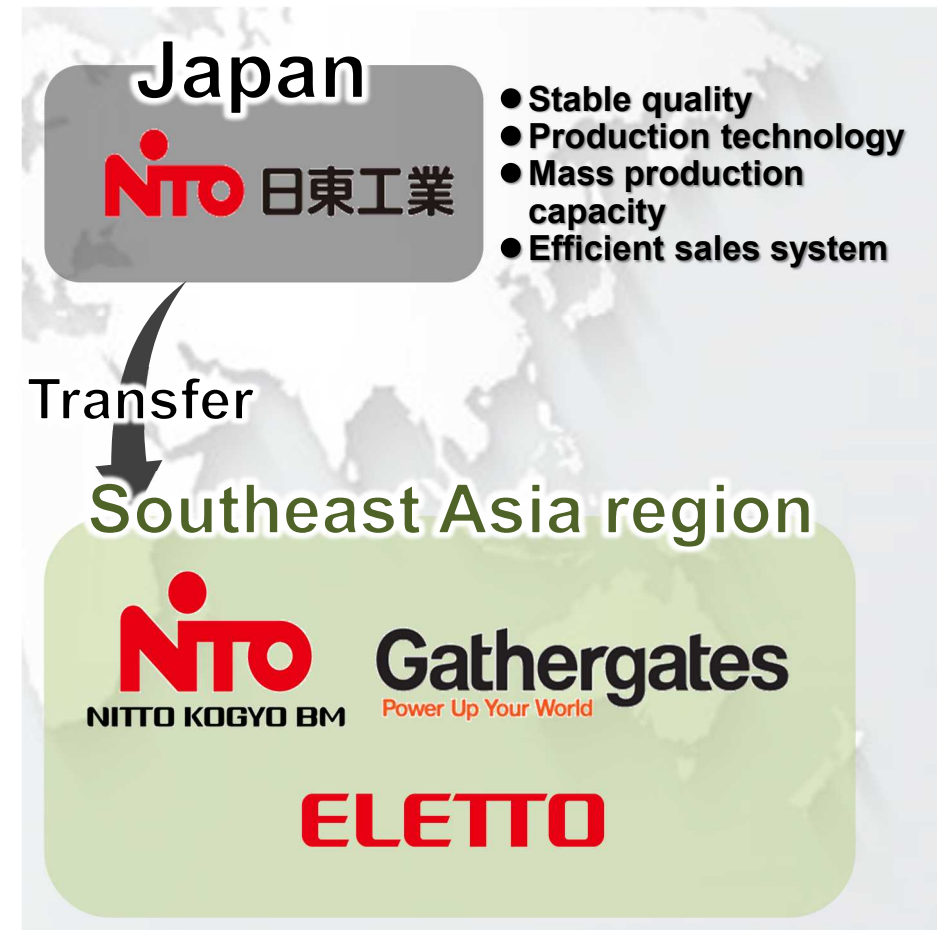


■ Caught under furniture/equipment ■ Twisted appliance cords  
■ Excessive pulling ■ Cable damage during installation ■ Mixed cable bundles

## III Overseas business

**Vision: Become a company which provides joy to industrial infrastructure companies active overseas**

	Expansion of distribution board business in Southeast Asia region
<b>Phases 0-1</b>	<ul style="list-style-type: none"> <li>◆ Establishment of NITTO KOGYO BM (THAILAND) (NBT)</li> <li>◆ Absorption of KITAGAWA INDUSTRIES CO., LTD. as subsidiary</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>◆ Commencement of construction of new plant for NBT in Thailand                             <ul style="list-style-type: none"> <li>• Expansion of business and improvement of profitability through total production and sales framework combining the capabilities of NITTO KOGYO Corp. and the local knowledge of BM</li> </ul> </li> <li>◆ Absorption of SOECO in Vietnam as a subsidiary by SunTelephone Co., Ltd.                             <ul style="list-style-type: none"> <li>• Creation of synergy by combining the experience and ideas of SunTelephone Co., Ltd. with SOECO's network in Vietnam</li> </ul> </li> </ul>
<b>Future developments Phase 3</b>	<ul style="list-style-type: none"> <li>◆ Operation of NBT plant                             <ul style="list-style-type: none"> <li>• Establish total production and sales framework to further increase cost competitiveness, timeliness and quality, with the aim of expanding business and improving profitability</li> </ul> </li> </ul>

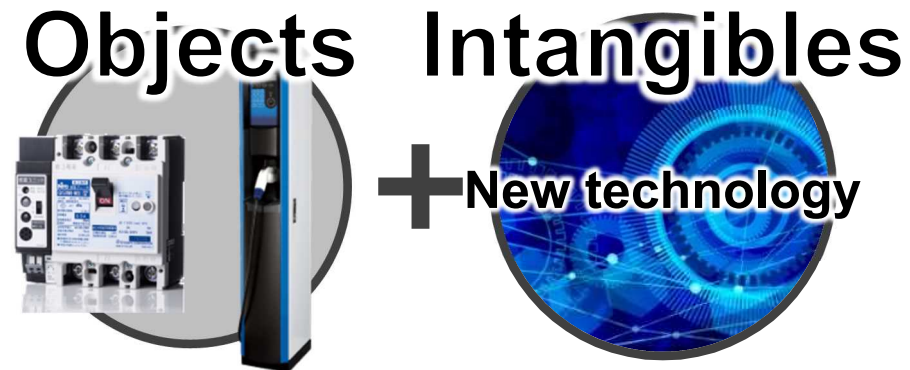
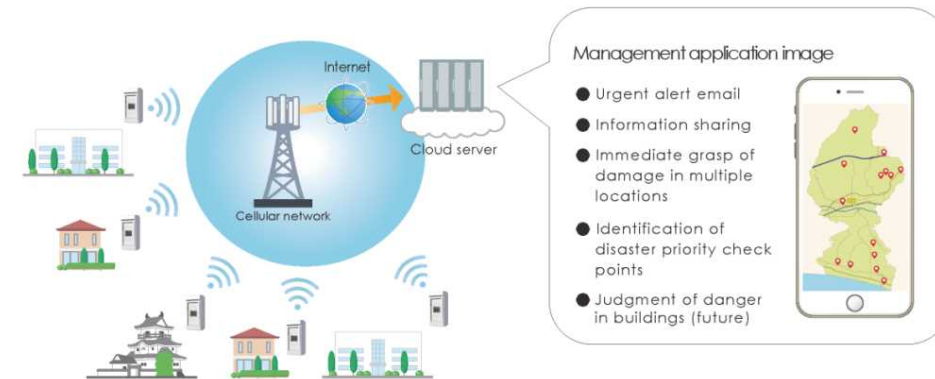


## IV New businesses

**Vision: Work boldly toward creation of new businesses, without fearing failure**

	Expansion of business areas through creation of "intangible value"
<b>Phases 0-1</b>	<ul style="list-style-type: none"> <li>◆ Commencement of product verification testing using IoT for standard chargers and high function seismic circuit breakers</li> <li>◆ Investment in start-up DIGITAL GRID Corporation</li> </ul>
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>◆ Capital and business alliance with start-up Novars, Inc.                             <ul style="list-style-type: none"> <li>• The purpose of this alliance is to develop products and services using dry cell battery technology with a communication function</li> </ul> </li> <li>◆ Release of Pit-C3 household EV/PHV charger                             <ul style="list-style-type: none"> <li>• This charger makes it easier to charge EVs and PHVs at home on a daily basis</li> </ul> </li> </ul>
<b>Future developments Phase 3</b>	<ul style="list-style-type: none"> <li>◆ Progress on verification testing                             <ul style="list-style-type: none"> <li>• The aim is to commercialize IoT technology we are currently working on and other technology being developed through collaborations with start-ups</li> </ul> </li> </ul>

■ Regional disaster prevention system diagram



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# Thank you for your attention.

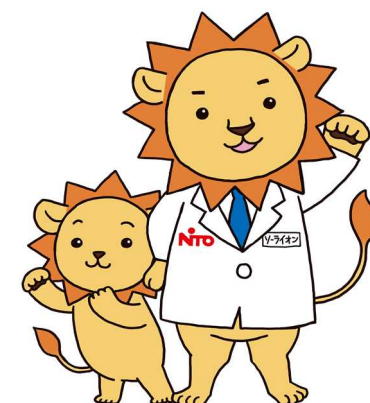
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## CONNECT!

~Link via electrics~



Stock code: 6651





1. Overview of accounts period ending in March 2020

2. Impact of COVID-19 outbreak

3. Forecast of consolidated results for the year

4. Mid-term management plan

5. Reference materials

- Design, production, and sales business for panel boards, distribution boards, control panel boards, etc.

NITTO KOGYO CORPORATION	Manufacturing and sales of panel boards, distribution boards, enclosures, etc.
Main group companies	Main products/business content
AICHI ELECTRIC WORKS CO., LTD.	Design, manufacturing, sales, repair etc. of various electrical devices and tools
Taiyo Electric Mfg. Co., Ltd.	Manufacturing and sales of control systems, software, etc. for industrial machinery
ECAD Solutions Co., Ltd.	Development and sales of CAD systems dedicated for electrical and harness design
NITTO KOGYO (CHINA) CORPORATION	Manufacturing and sales of enclosures, parts, etc.
Gathergates Group Pte Ltd	Manufacturing and sales of panel boards, distribution boards, control panel boards and meter boxes
NITTO KOGYO BM (THAILAND) CO., LTD.	Sales of imported products of our company, sales of locally produced products, and supply and sales of products from Japanese and overseas companies

## Distribution Boards



High-voltage Power  
Receiving Equipment



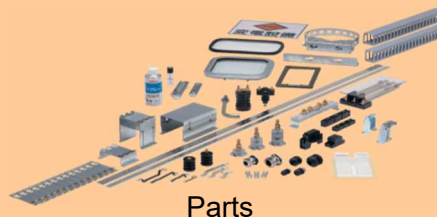
Panel/Distribution boards



## Breakers



## Parts/Other



Charging stands

## Enclosures



Enclosures



System racks

■ Purchasing and sales of telecommunications equipment and materials

Main group companies	Main products/business content
SunTelephone Co., Ltd.	Purchasing and sales of telecommunications equipment
SOECO	Purchasing and sales of office security equipment



Network cameras

Supply and sales of monitoring system devices optimally suited to each system



High-speed network devices

Supply and sales of communication infrastructure building devices efficiently sorted by wireless/wired



Information security-related products

Supply and sales of total security devices providing countermeasures for various information risks



■ Construction business, including installation and maintenance of electrical facilities and network systems

Main group companies	Main products/business content
NANKAIDENSETSU CO., LTD.	Construction business, including installation and maintenance of telecommunication networks and electrical facilities

## Telecommunication network business



Construction of communication facilities such as telephone facilities, broadcasting facilities, security facilities, LAN networks, etc.

## Electrical facilities business



Construction of electrical facilities, such as lighting facilities, power outlets, HVAC facilities, etc.



## Others

- Maintenance of charging stands for EVs/PHEVs
- Installation, distribution services, and maintenance for emergency earthquake notification facilities

etc.

■ Production and sales of electromagnetic wave environment components and precision engineering components, etc.

Main group companies	Main products/business content
KITAGAWA INDUSTRIES CO., LTD.	Manufacturing and sales of electromagnetic wave environment components and precision engineering components, etc.

## Electromagnetic wave environment components

Manufacturing and sales of electronic parts intended to prevent electronic device malfunctions due to electromagnetic waves

[Ferrite Cores]



[Cable Shields]



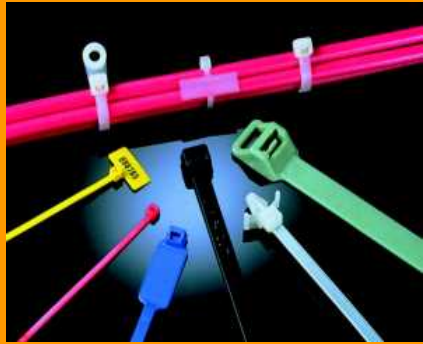
## Precision engineering components

Manufacturing and sales of various device mechanical elements such as plastic fasteners, as well as countermeasure parts, etc. for heat/vibration/impact/noise, contributing to productivity improvement

[Clamps]

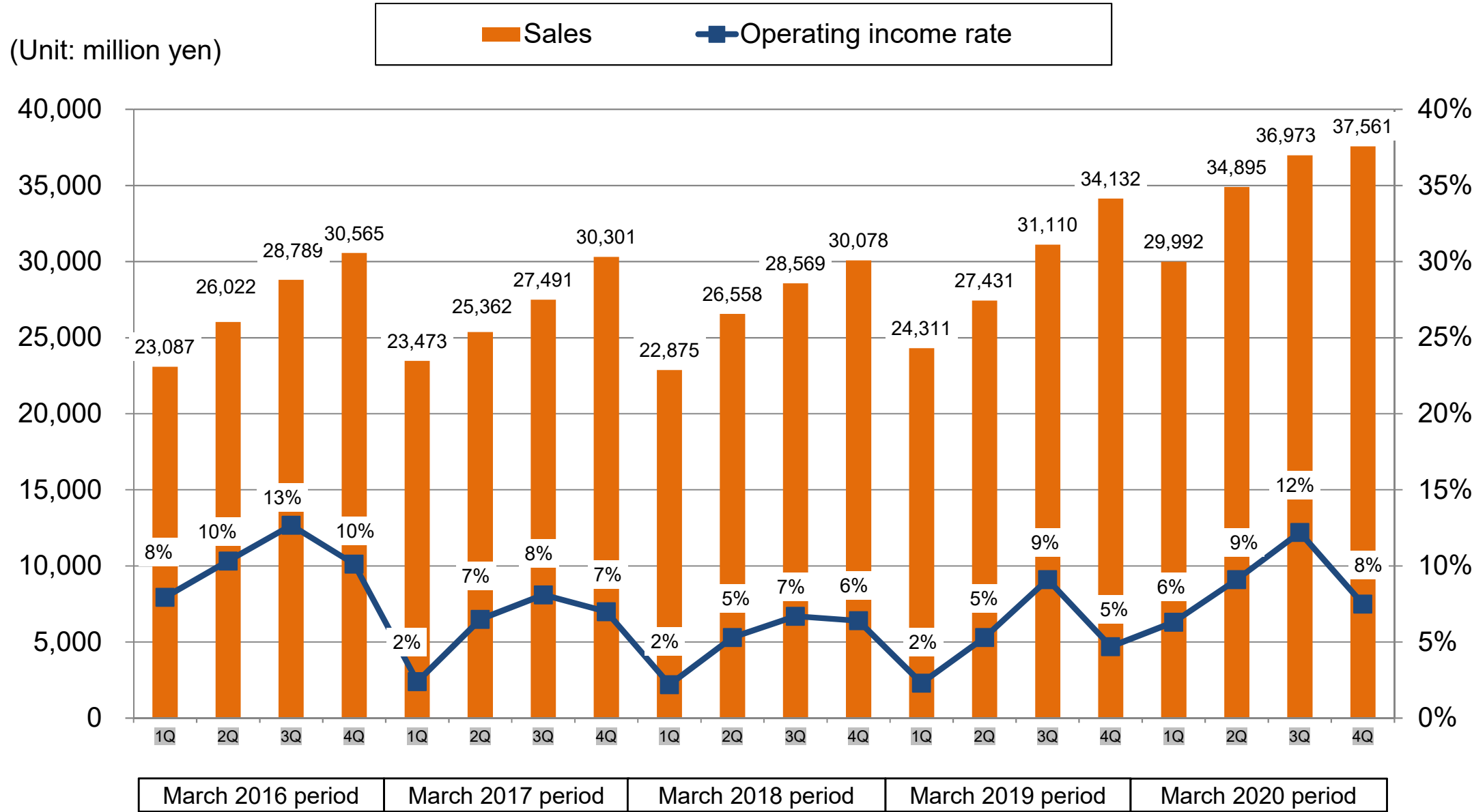


[Cable Ties]



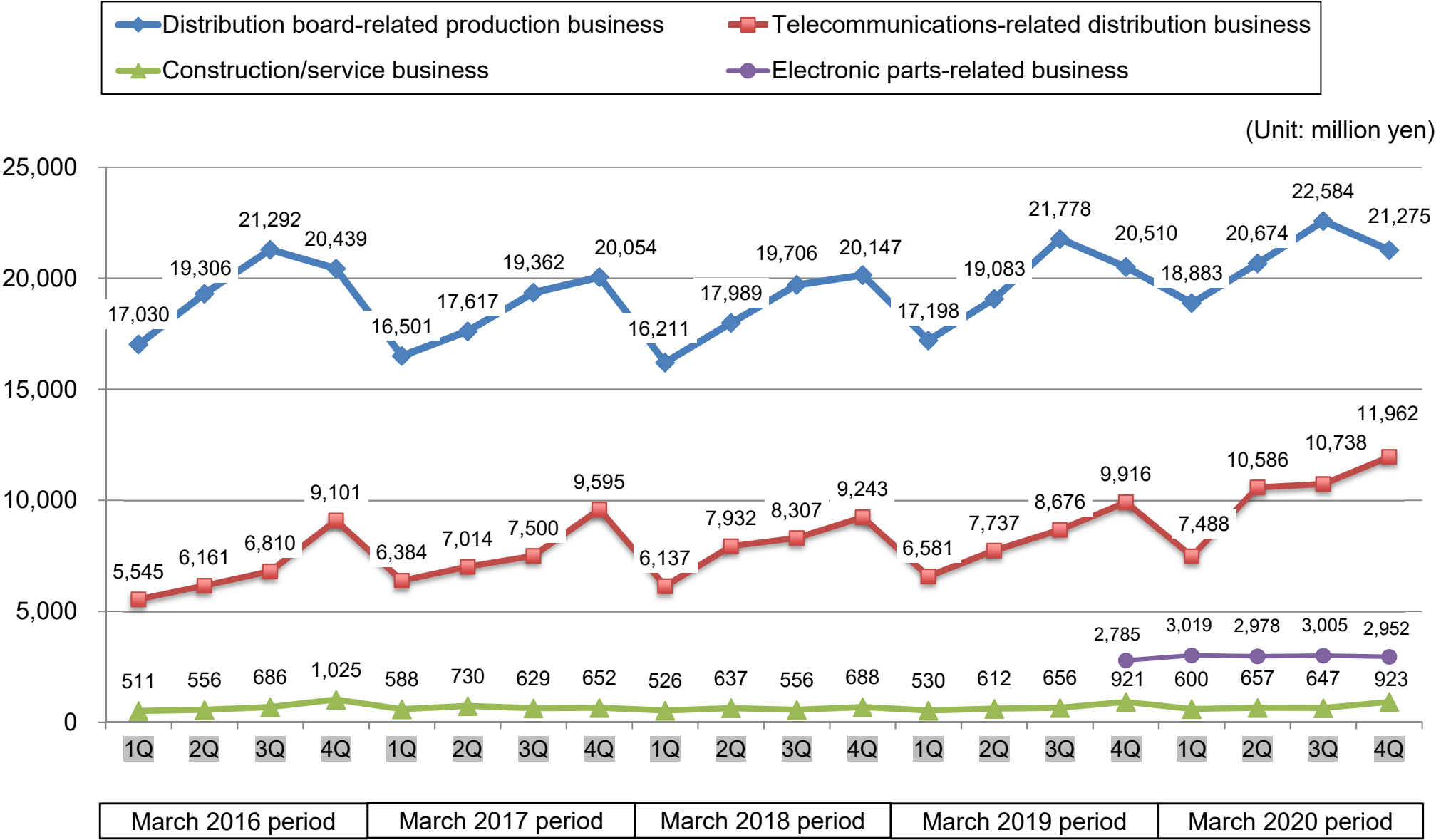
# Consolidated sales trends (quarter)

FY2019



# Sales trends by segment (quarter)

FY2019



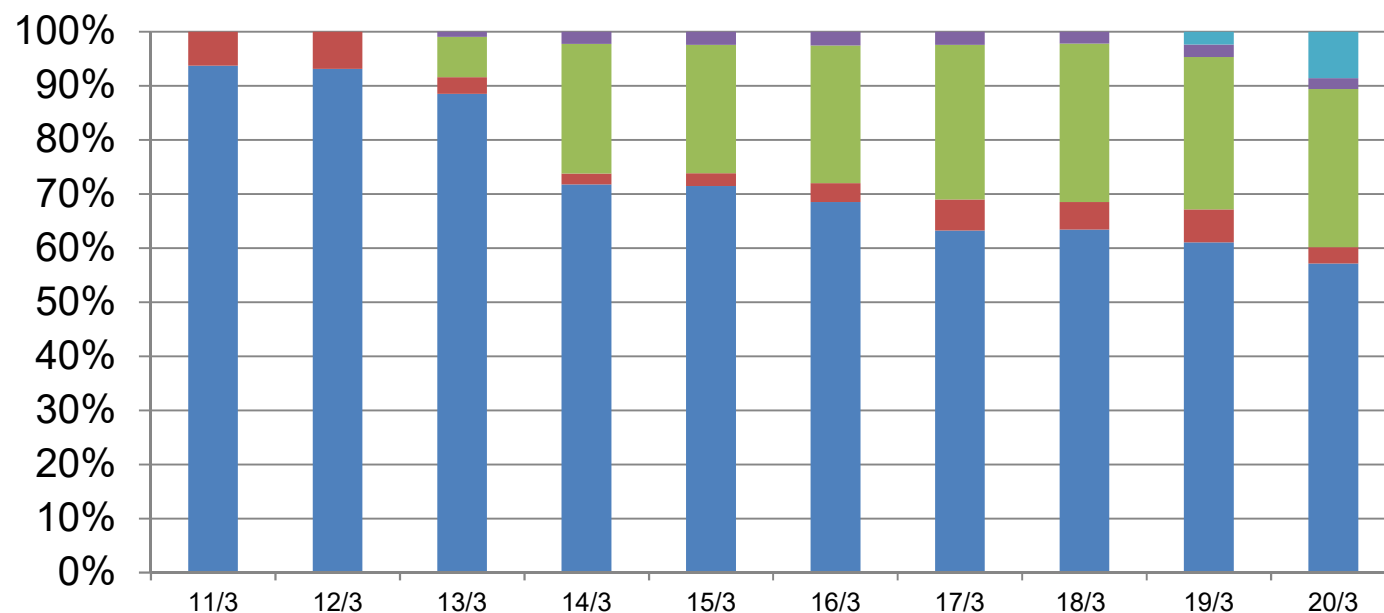


# Group consolidated status (period ending March 2018 on)

FY2019

[Subsidiary Consolidated Period]	March 2018 period				March 2019 period				March 2020 period			
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
ECAD Solutions Co., Ltd.			○									
KITAGAWA INDUSTRIES CO., LTD.												
SOECO												○

○: B/S only consolidated



[Sales group ratio trends]

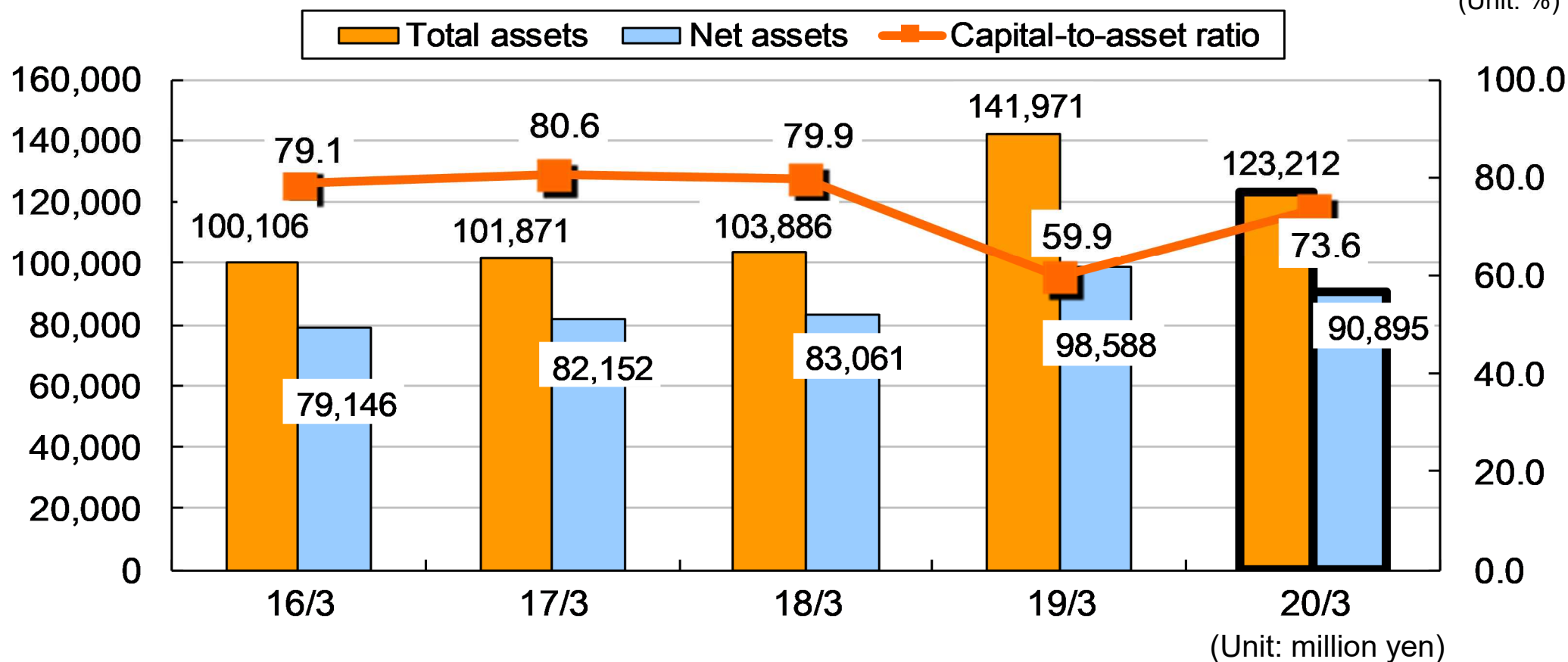
- Electronic parts-related business
- Construction/service business
- Telecommunications-related distribution business
- Distribution board-related, others
- NITTO KOGYO Corp. alone

# Total assets/Net assets/Capital-to-asset ratio

FY2019

(Unit: million yen)

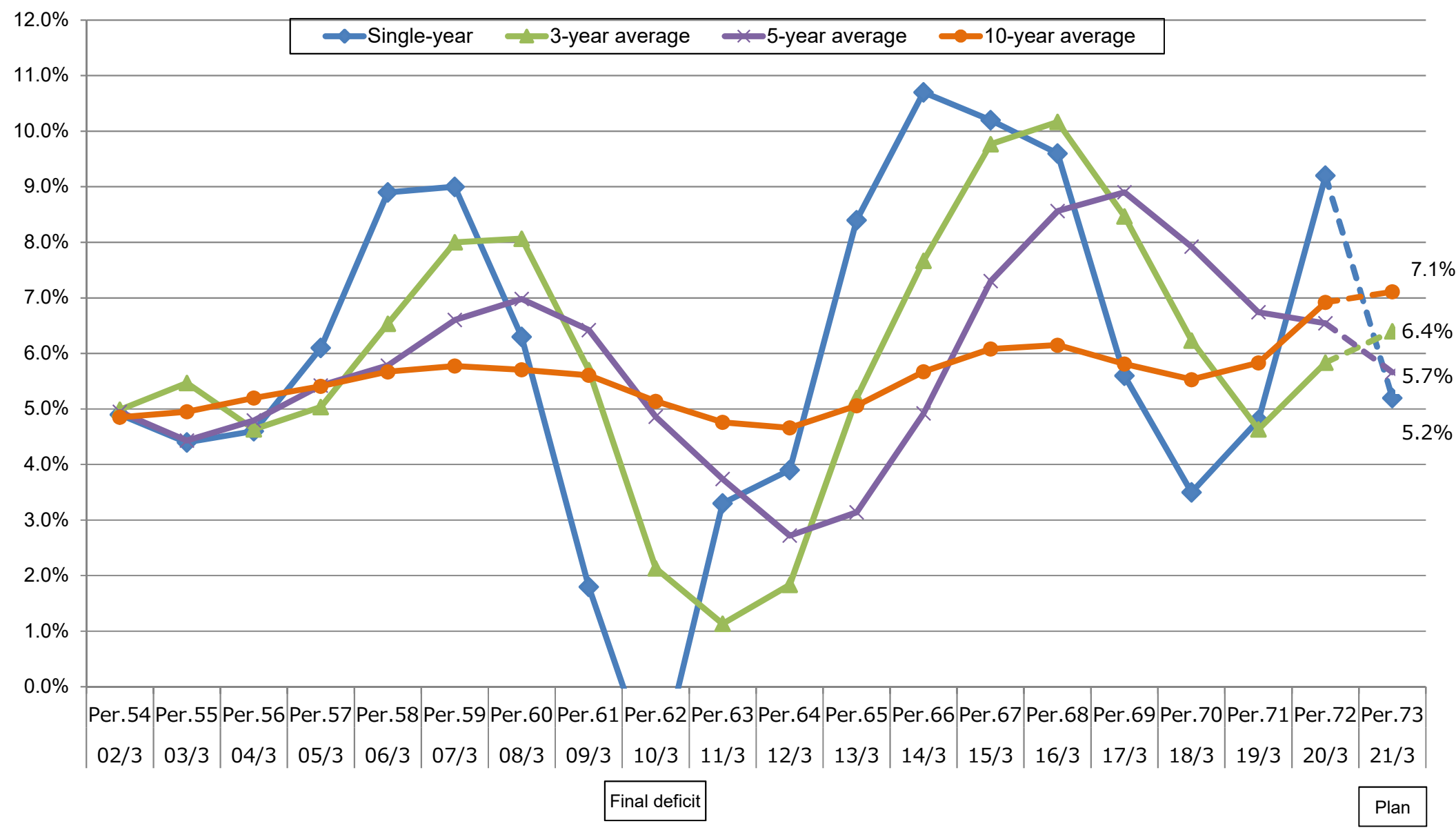
(Unit: %)



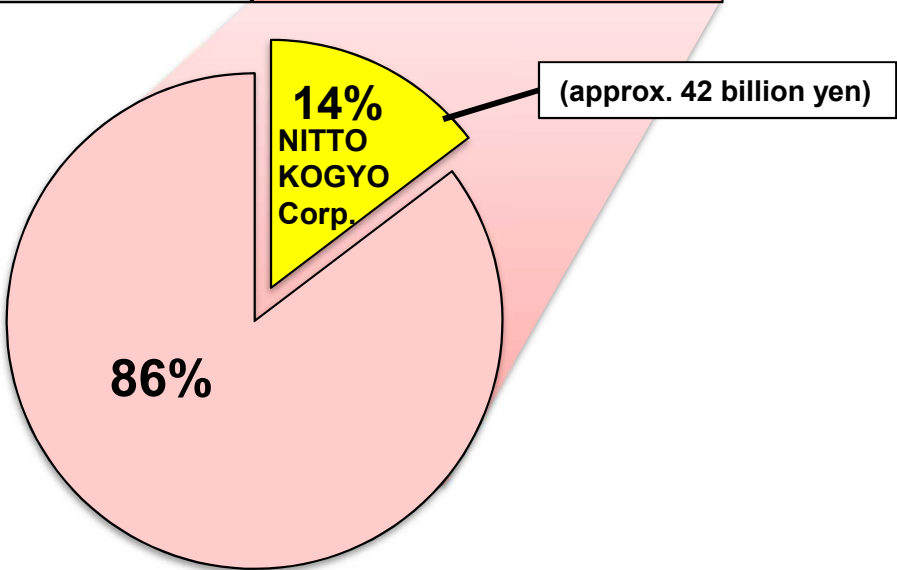
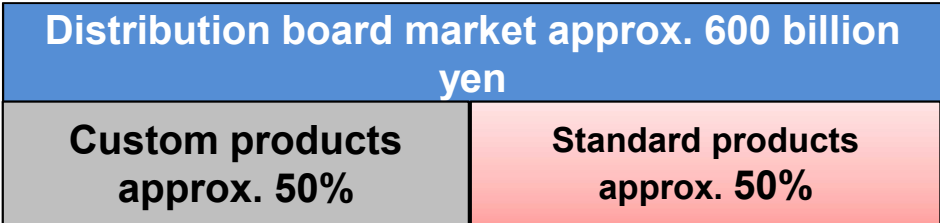
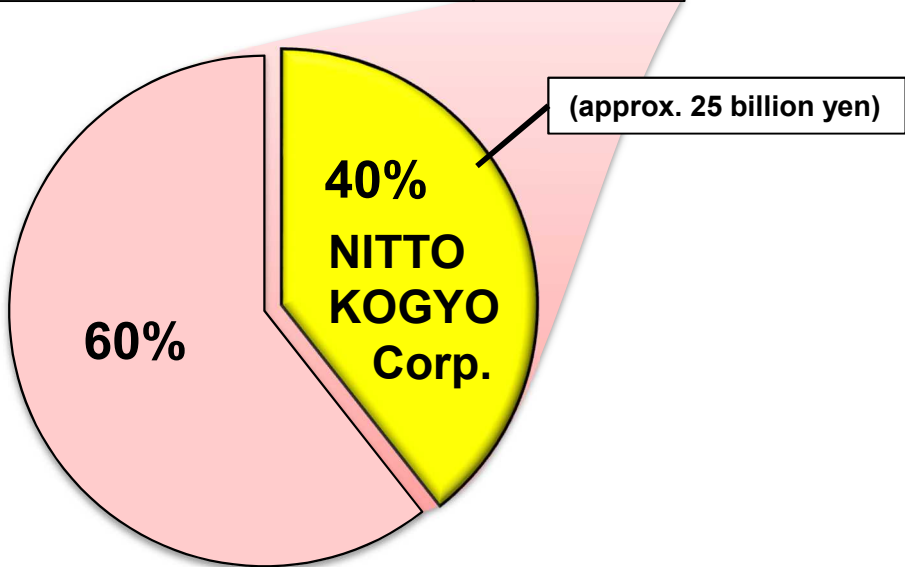
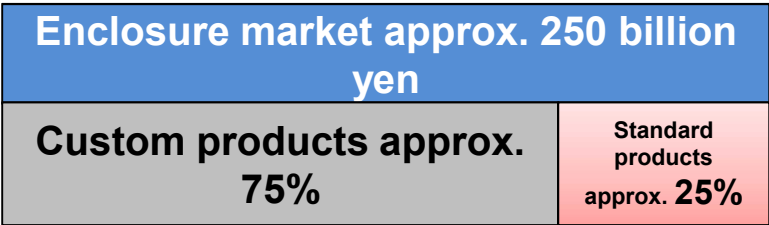
	16/3	17/3	18/3	19/3	20/3
Total assets	100,106	101,871	103,886	141,971	123,212
Net assets	79,146	82,152	83,061	98,588	90,895
Capital-to-asset ratio	79.1%	80.6%	79.9%	59.9%	73.6%

# ROE (return on equity) trends (consolidated)

FY2019



No. 1 share for enclosures in the standard product market!  
No. 2 share for distribution boards! (\*)

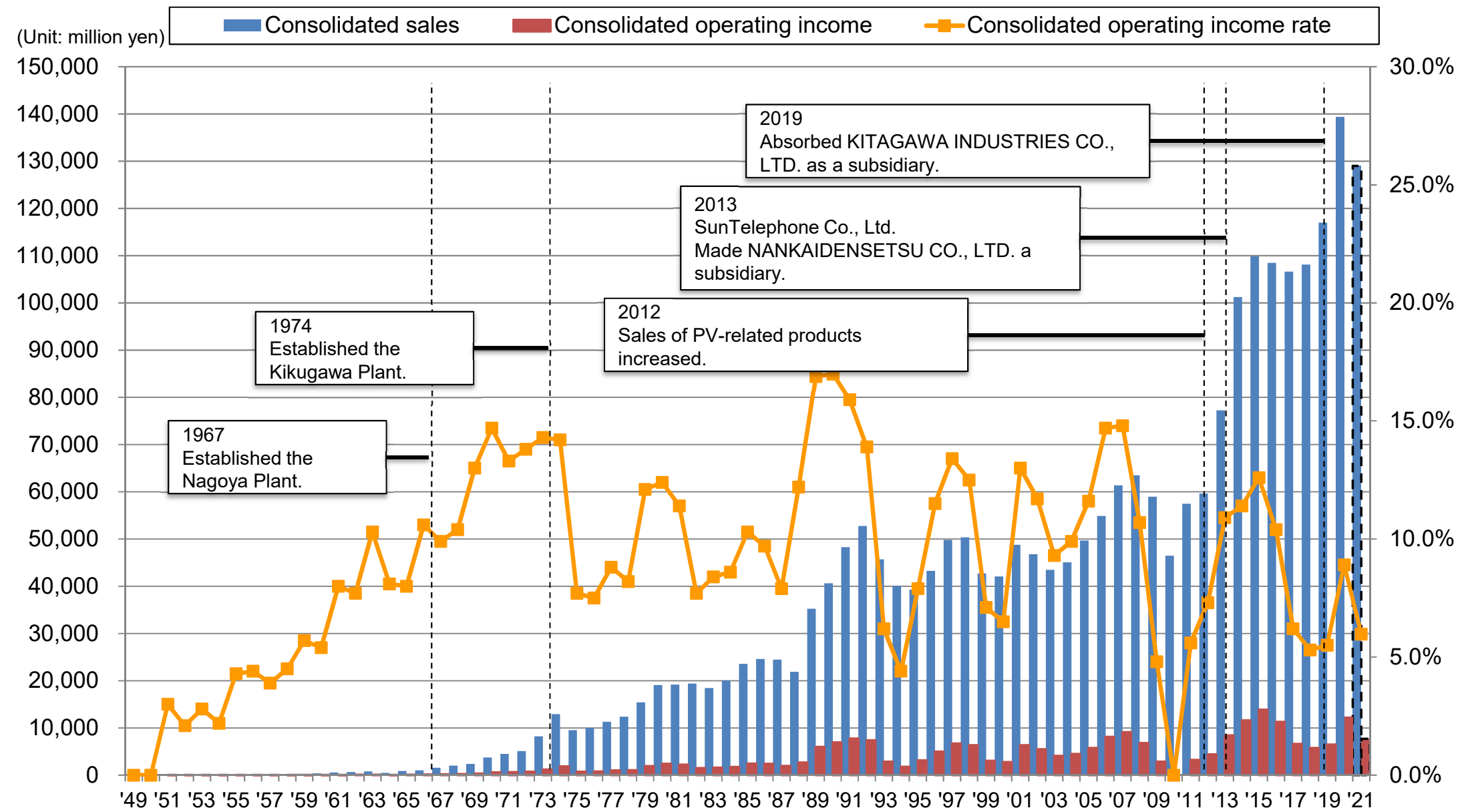


\*Enclosure market includes system racks; distribution board market includes optical junction boxes

	Custom products	Standard products
Production method	Made to order	Planned production
Lead time	Long-term	Short-term
Costs	High	Low

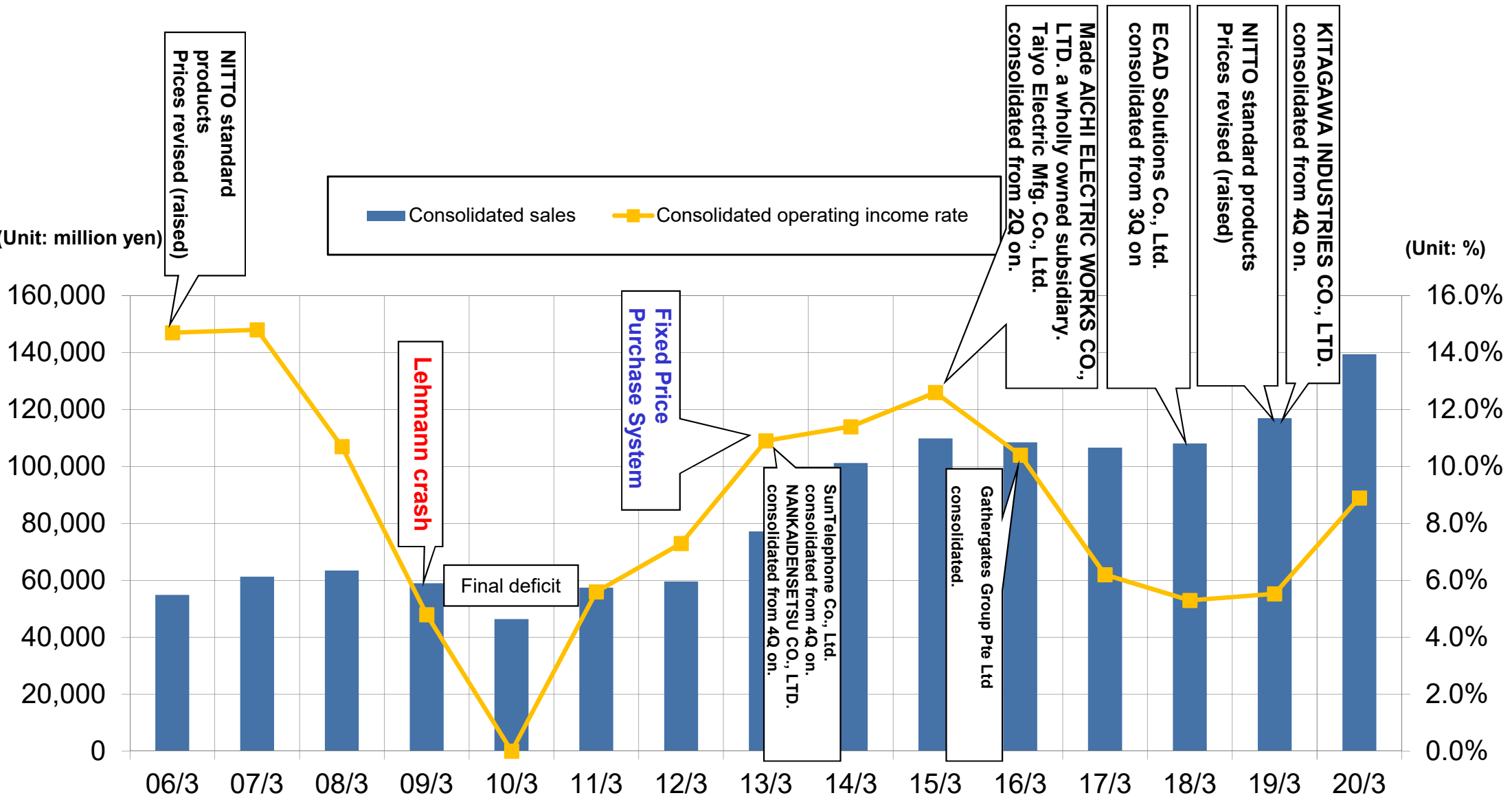
# Result trends from establishment to present

FY2019



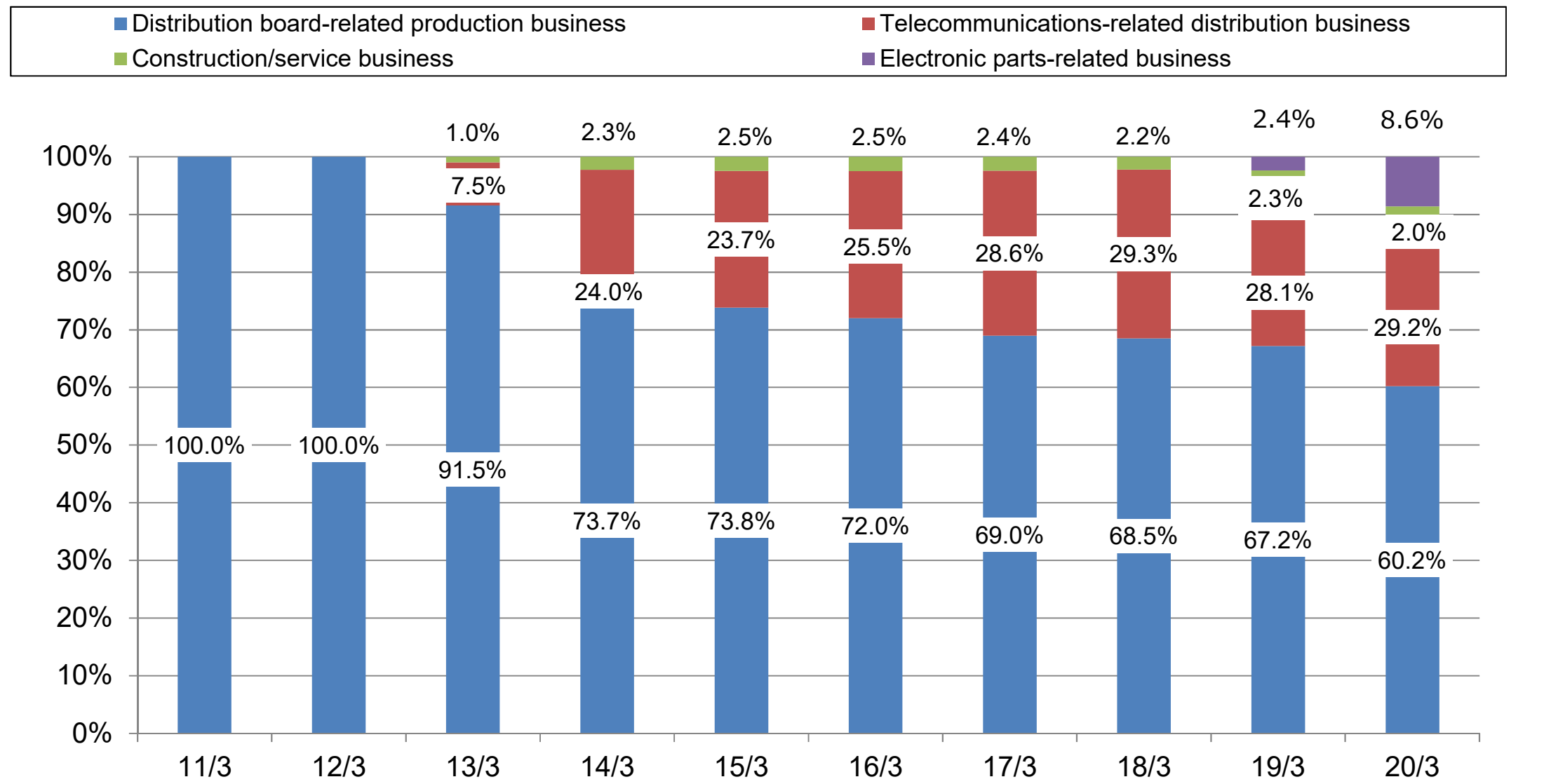
# Result trends for period ending March 2006 through present

FY2019

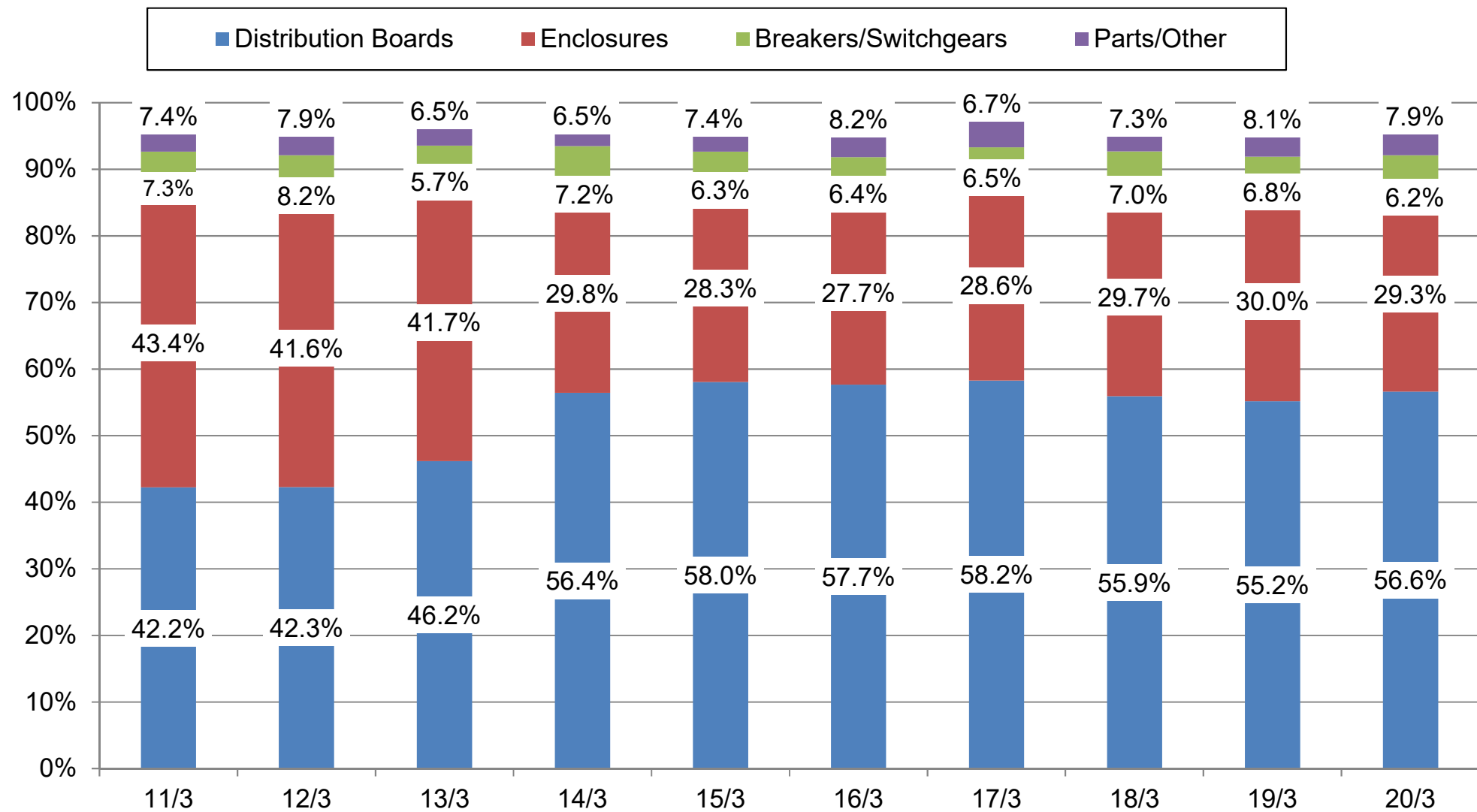


# Sales composition ratios by business segment

FY2019







Numerical totals may not match exactly due to rounding.

Rapid charging  
(not supported by our company)

Charging stands for electric vehicles

Normal charging

NITTO KOGYO Corp. business areas

[Public use]

[Household/private use]

EVC2



Pit

