Financial Results for Fiscal Year 2020

April 1, 2020 - March 31, 2021

(Presentation Materials with Script)

【Event Summary】

Date	: June 9, 2021　15：00～16：00	
Venue	: Webcast	
Speakers	: Toru Kurono	President and COO
	Akitaka Tejima	Head of Business Management Division, Director
	Yusuke Kobayashi	Head of Corporate Planning Division, Executive Officer
	Takaaki Mano	General Manager

Presentation

Contents

FY2020

1. Overview of accounts period ending in March 2021
2. Forecast of consolidated results for the accounts period ending in March 2022
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4. Reference materials

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This is the table of contents for today.

I would like to explain the items 1–3. As item 4 is reference materials, please take a look at it later.

Fiscal year consolidated account highlights

FY2020

- Results for the year showed a decrease in sales but an increase in profit (ordinary income and net income). Yearly net profit reverting to parent company shareholders was **the highest to date.**
- While our sales gained traction due to special demand relating to 5G and the GIGA School concept, the negative impact of COVID-19 caused an overall decrease in sales.
- Only a slight decrease in operating income occurred due to measures such as minimizing fluctuations in variable costs and reducing fixed costs.

(Unit: million yen)

	2020/3	2021/3			
	Results	Plan	Results	YoY comparison	Vs. plan
Sales	139,421	135,500	137,902	-1.1%	+1.8%
Operating income	12,402	11,600	12,333	-0.6%	+6.3%
Ordinary income	12,038	11,900	12,660	+5.2%	+6.4%
Yearly net profit reverting to parent company shareholders	8,048	7,500	8,827	+9.7%	+17.7%

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These are the highlights from the consolidated financial results for the fiscal year ended March 2021.

Sales were JPY137.9 billion, down 1.1% YoY. Although special demand from projects related to 5G and the government's GIGA School initiative drove the business results, the impact of COVID-19 led to the YoY decrease in sales.

Operating income was JPY12.3 billion, down 0.6% YoY. It incurred a slight YoY decrease due to an improvement of variable costs and a decrease in fixed costs.

Ordinary income was JPY12.6 billion, up 5.2% YoY. The increase was mainly due to exchange rate effects.

Net income attributable to owners of parent was JPY8.8 billion, representing a YoY increase of 9.7% and a new record high.

Fiscal year account highlights by segment

FY2020

- In our distribution board-related production business, income and profit decreased due to COVID-19 and the loss of the previous period's sales for products related to school air conditioners.
- In our telecommunications-related distribution business, both income and profits increased due to strong sales in areas related to 5G, for projects related to the GIGA School concept and for teleworking products.
- In our construction/service business, there was special demand due to changes in office layout and the GIGA School concept, but the decrease in our usual construction projects resulted in a slight decrease in income. Profit increased, however, due to a decrease in outsourcing expenses.
- In our electronic parts-related business, while the second half of the year brought a rapid recovery in domestic and overseas automobile markets and overseas markets for industrial air conditioning, factors such as the stagnation of these markets in the first half severely impacted our income and profit, causing a decrease in both.

(Unit: million yen)

		2020/3	2021/3			
	By segment	Results	Plan	Results	YoY comparison	Vs. plan
Sales	Distribution board-related production business	83,866	72,800	74,015	-11.7%	+1.7%
	Telecommunications-related distribution business	40,774	49,000	49,893	+22.4%	+1.8%
	Construction/service business	2,827	2,800	2,799	-1.0%	-0.1%
	Electronic parts-related business	11,954	10,900	11,194	-6.4%	+2.7%
	Total	139,421	135,500	137,902	-1.1%	+1.8%
Operating income	Distribution board-related production business	10,113	—	9,432	-6.7%	—
	Telecommunications-related distribution business	1,070	—	1,943	+81.6%	—
	Construction/service business	204	—	251	+23.3%	—
	Electronic parts-related business	1,011	—	689	-31.9%	—
	Total	12,402	11,600	12,333	-0.6%	+6.3%

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This shows financial results highlights by segment. I will explain the main topics.

The Distribution Board-Related Production Business incurred YoY declines in both sales and income due to the impact of the COVID-19 pandemic and the disappearance of sales of products related to air conditioning systems at schools, which had boosted the previous year's results.

In the Telecommunications-Related Distribution Business, sales and income increased YoY due to strong sales of 5G-related and GIGA School-related projects and telework products.

In the Construction/Service Business, sales decreased YoY. Though we won orders for special demand projects, such as office layout changes amid the COVID-19 pandemic and the GIGA School-related projects, sales from regular construction projects decreased. However, income increased YoY due to a reduction in outsourcing costs.

In the Electronic Parts-Related Business, both sales and income decreased YoY. There was a sharp recovery in demand in the second half of the fiscal year in the automobile-related market in Japan and overseas and in the commercial air-conditioner-related market overseas. However, the recovery failed to offset the significant impact of the sluggishness of those markets in the first half.

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

FY2020

- Overall income decreased due to COVID-19 and the loss of the previous period's sales for products related to school air conditioners.
- In our distribution boards and enclosures departments, while investment in 5G facilities resulted in an increase in sales for some products, overall income decreased.
- In our breakers/switch gears department, sales increased for products such as breakers due to higher sales by ELETTO (THAILAND), an overseas subsidiary of ours.

(Unit: million yen)

	By division Sales	2020/3 Results	2021/3 Plan	2021/3 Results	2021/3 YoY comparison	2021/3 Vs. plan
Distribution board-related production business	Distribution Boards	47,472	38,700	39,909	-15.9%	+3.1%
	Enclosures	24,585	22,800	22,716	-7.6%	-0.4%
	Breakers/Switch gears	5,188	5,700	5,521	+6.4%	-3.1%
	Parts/Other	6,619	5,600	5,867	-11.4%	+4.8%
Total		83,866 (5,856)	72,800	74,015 (6,940)	-11.7%	+1.7%
Consolidated overall total		139,421	135,500	137,902	-1.1%	+1.8%
Consolidated sales composition ratio		60.2%	53.7%	53.7%	-6.5%	—

*Parentheses refer to internal sales between segments

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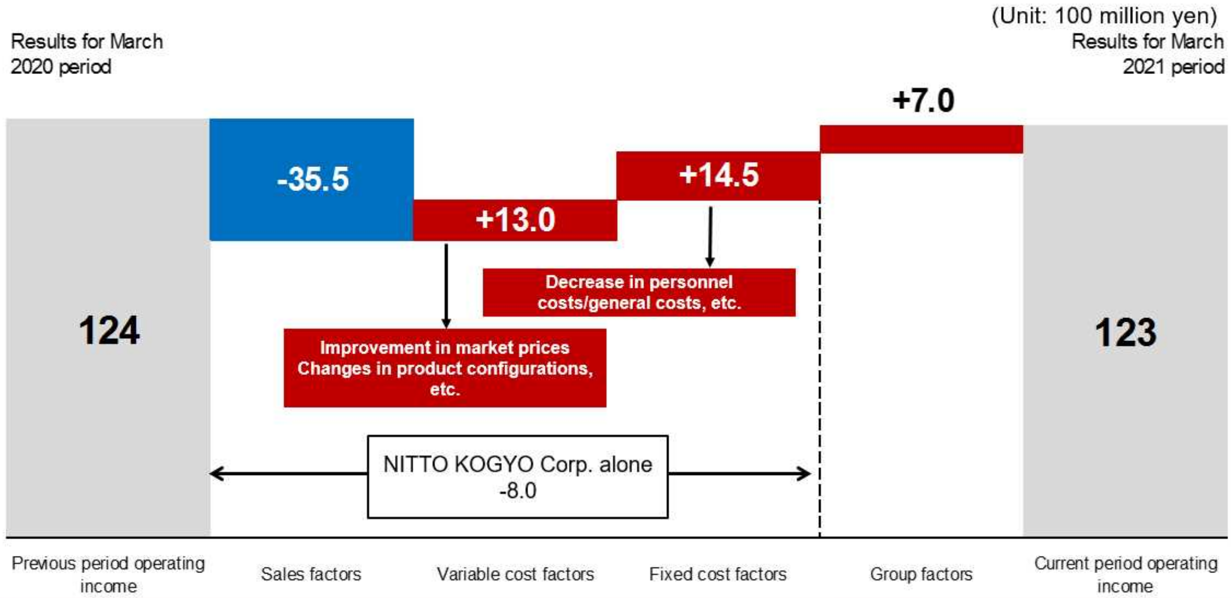
This shows sales in the Group's core business, the Distribution Board-Related Production Business.

Sales of some products grew in the sub-segments of Distribution boards and Enclosures due to the special demand related to the 5G standard and the GIGA School projects. In the Breakers/Switch gears sub-segment, subsidiary Eletto (Thailand) saw an increase in sales of breakers. However, overall sales in the segment decreased due to the impact of the COVID-19 pandemic and the disappearance of sales of products related to school air conditioning systems that were recorded in the fiscal year ended March 2020.

Factors in changes in yearly consolidated operating income

FY2020

- In terms of factors for NITTO KOGYO Corp. alone, while some profit increases were achieved as a result of improvements in market prices (variable cost factors) and decreases in personnel costs and other expenses, this was not enough to make up for the decrease in marginal profit due to lower sales, resulting in an overall decrease in profit.
- In terms of group factors, while COVID-19 caused an overall decrease in profit for the KITAGAWA INDUSTRIES Group, profit increased overall due to factors such as significant growth by SunTelephone Co., Ltd.



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The next page shows factors in changes in full-year consolidated operating income in comparison with the preceding year. The left side from the dotted line in the center of the graph shows the parent-only factors of NITTO KOGYO, and the right side from the dotted line shows the results of the Group companies excluding NITTO KOGYO.

Operating income was JPY12.4 billion in the preceding fiscal year ended March 2020 and JPY12.3 billion in the fiscal year ended March 2021, a decrease of about JPY100 million. NITTO's non-consolidated performance had a negative impact of JPY800 million.

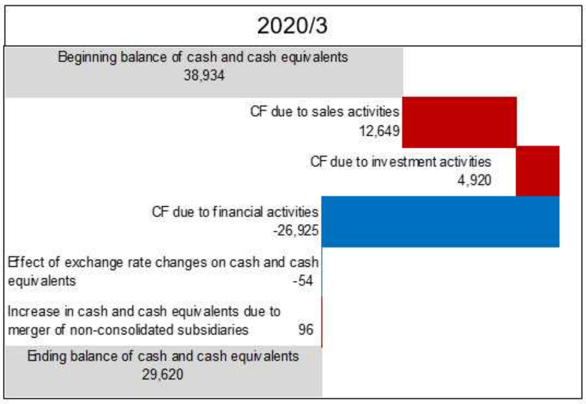
Breaking this down, there was mainly a decline in marginal profit due to the sales decrease although there was an improvement in market prices and declines in labor costs and other expenses.

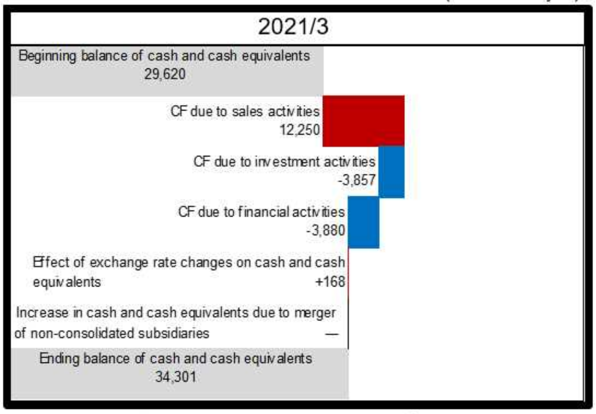
The group factors, excluding NITTO, boosted income. Though KITAGAWA INDUSTRIES and its subsidiaries saw falls in profits due to the impact of COVID-19, SunTelephone posted significant growth.

Consolidated cash flow statement for fiscal year

FY2020

(Unit: million yen)





<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
■CF due to financial activities	
Decrease in short-term loans payable	-14,634
Expenditures relating to designation of KITAGAWA INDUSTRIES CO., LTD. as a wholly owned subsidiary	-10,582

<Main factors in 2021/3>

■CF due to investment activities	
Income due to refunds of fixed-term deposits	+837
Expenditure due to acquisition of fixed assets	-4,939
■CF due to financial activities	
Decrease in short-term loans payable	-1,597
Payment of dividends	-2,227

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This is a consolidated cash flow statement. The figures on the left are for the fiscal year ended March 2020, and the figures on the right are for the fiscal year ended March 2021.

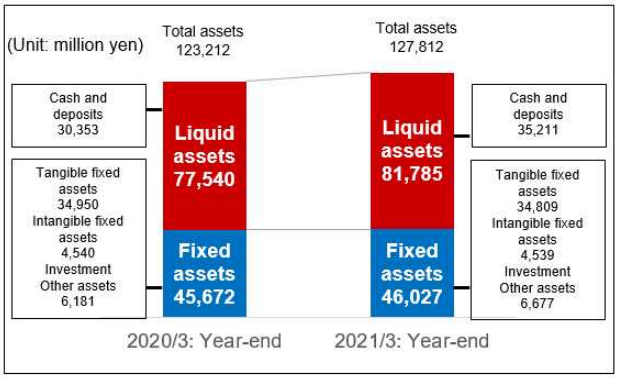
In the fiscal year ended March 2020, cash flow due to investment activities increased and cash flow due to financial activities decreased as a result of, among others, the acquisition of shares in KITAGAWA INDUSTRIES. In the fiscal year ended March 2021, cash flow due to sales activities was a positive JPY12,250 million. This was mainly due to an increase in income before income taxes and minority interests.

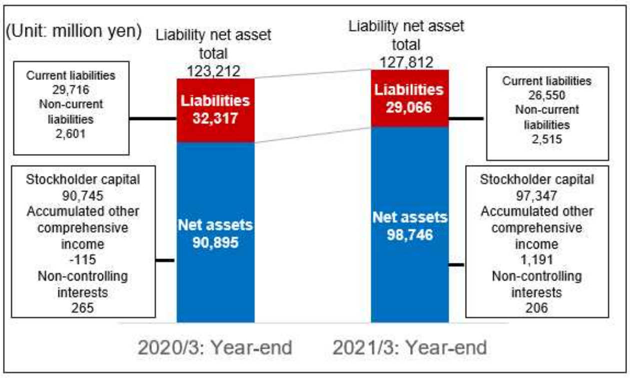
Cash flow from investment activities was a negative JPY3,857 million, cash flow due to financial activities was a negative JPY3,880 million, and the balance of cash and cash equivalents at the end of the fiscal year increased by approximately JPY4.6 billion YoY to JPY34.3 billion.

Overview of consolidated finances for the fiscal year

FY2020

- Factors such as the posting of yearly net profit reverting to parent company shareholders saw an increase in cash and deposits and an increase in total assets.





<Main changes>

■ Assets	
Increase in cash and deposits	+4,858
Increase in assets associated with retirement benefits	+1,399

■ Liabilities	
Decrease in short-term loans payable	-1,605
Decrease in unpaid income tax, etc.	-1,185
■ Net assets	
Current net income	+8,827
Dividends of surplus	-2,229

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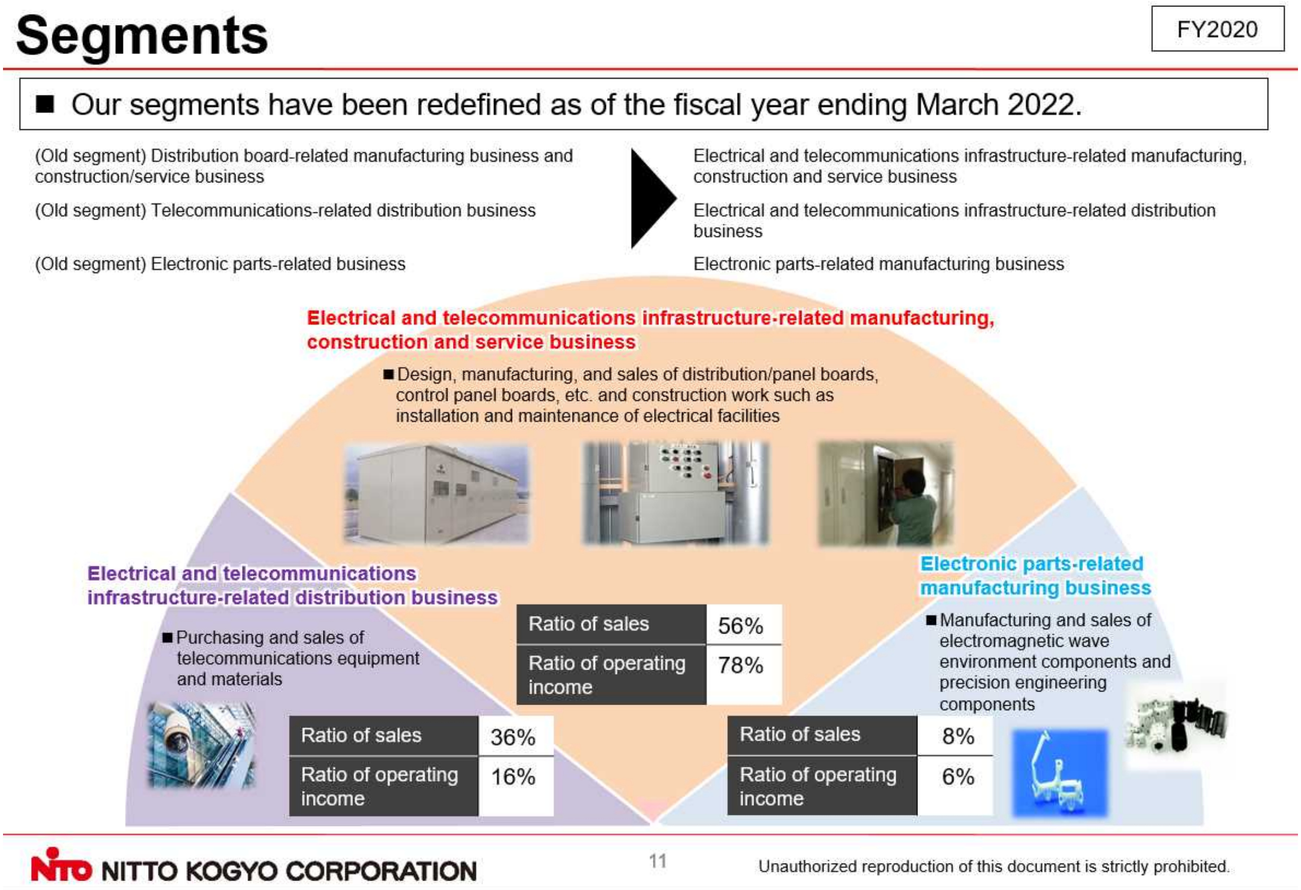
The next page shows an outline of the consolidated financial position.

Cash and deposits increased due to the reporting of net income attributable to owners of parent and other factors. As a result, total assets increased by about JPY4.6 billion.

On page 10 and thereafter, I will explain the forecasts for the current fiscal year ending March 2022.



This shows a change in segments.

In the 2020 medium-term management plan, we had 4 business segments, but we have consolidated them into 3 segments in order to align with the business strategy for the 2023 medium-term management plan, which will be explained later.

The first is the Electric and Telecommunication Infrastructure-Related Manufacturing, Construction, and Service Business centered on NITTO KOGYO, which is the core business accounting for 56% of sales and 78% of operating income.

The second is the Electric and Telecommunication Infrastructure-Related Distribution Business centered on SunTelephone, which is a rapidly growing business accounting for 36% of sales and 16% of operating income.

The third is the Electronic Components-Related Manufacturing Business centered on KITAGAWA INDUSTRIES, which is a highly specialized business accounting for 8% of sales and 6% of operating income.

This change was made to represent the market and content of each business.

The previous Construction/Service Business segment has been absorbed into the Electric and Telecommunication Infrastructure-Related Manufacturing, Construction, and Service Business.

Forecast of consolidated results for the year

FY2020

- While sales are expected to increase in existing markets as a result of recovery in demand for facilities investment, factors such as a drop in the special demand for the GIGA School concept are expected to result in an overall decrease in income.
- Profits are expected to decrease due to factors such as increasingly intense price competition and an increase in personnel costs and amortization costs.

(Unit: million yen)

	2021/3		2022/3			
	2Q results	Results for the year	2Q plan	YoY comparison	Plan for the year	YoY comparison
Sales	63,443	137,902	61,300	-3.4%	136,000	-1.4%
Operating income	5,078	12,333	2,900	-42.9%	9,500	-23.0%
Ordinary income	5,219	12,660	3,000	-42.5%	10,000	-21.0%
Yearly net profit reverting to parent company shareholders	3,255	8,827	1,800	-44.7%	6,600	-25.2%

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We made the consolidated financial forecasts based on the assumption that the restrictions on economic activities due to the impact of COVID-19 will gradually be relaxed and economic activities will resume in stages.

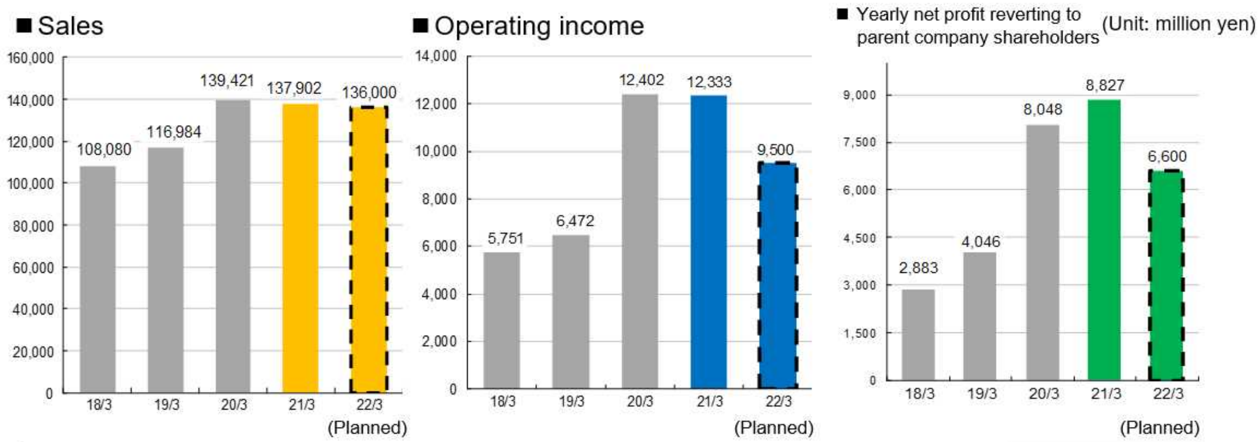
We forecast sales for the fiscal year ending March 2022 at JPY136 billion, down 1.4% YoY. Although we anticipate an increase in sales in the existing markets due to a recovery in demand for facilities investment, overall sales are expected to decrease due to the loss of the special demand related to the GIGA School initiative.

We estimated operating income at JPY9.5 billion, down 23% YoY. We forecast the income decrease due to soaring materials prices, intensifying price competition, and increases in labor and depreciation and amortization costs.

Change in consolidated management results

FY2020

- In the period ending in March 2021, income decreased and operating income also decreased slightly, but current net income increased (a record high).
- In the period ending in March 2022, income and profits are expected to decrease due to a drop in the special demand for the GIGA School concept.



	18/3	19/3	20/3	21/3	22/3 (Planned)
Sales	108,080	116,984	139,421	137,902	136,000
Operating income	5,751	6,472	12,402	12,333	9,500
Yearly net profit reverting to parent company shareholders	2,883	4,046	8,048	8,827	6,600

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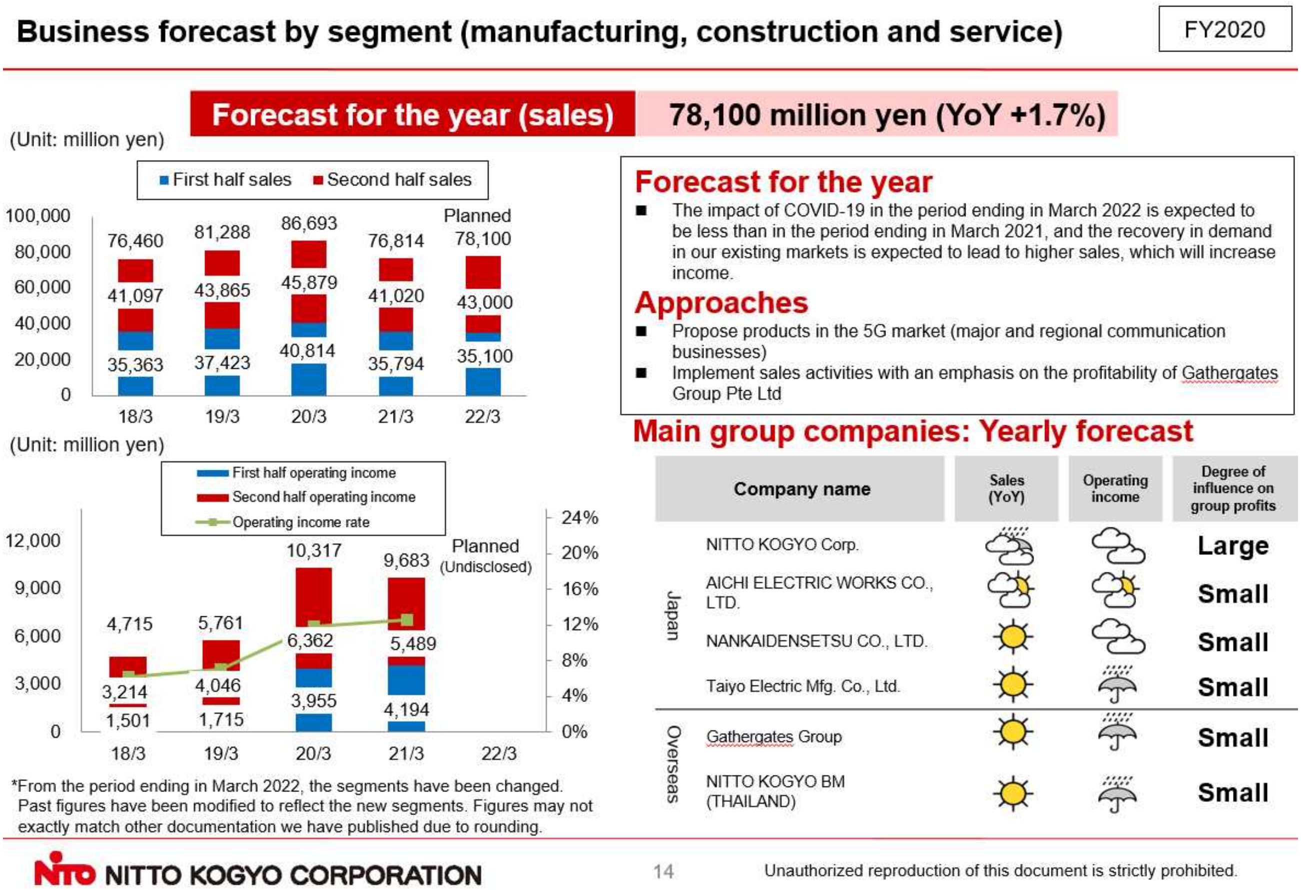
This shows changes in consolidated performances.

In the fiscal year ended March 2021, sales decreased YoY, but the result was the second highest ever. Operating income decreased slightly, but it was the third highest ever. And current net income increased YoY, posting a new record high.

For the fiscal year ending March 2022, we expected a decrease in both sales and incomes due to the loss of the special demand related to the GIGA School initiative and other factors. If we achieve the plan, our sales will be the third highest ever, and our income item will be the sixth highest.



Next is the forecast by segment.

For the Electric and Telecommunication Infrastructure-Related Manufacturing, Construction, and Service Business, we expected sales at JPY78.1 billion, a YoY increase of 1.7%.

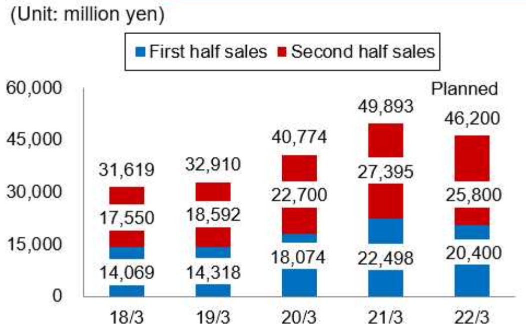
For the fiscal year ending March 2022, the impact of COVID-19 will be less than in the previous fiscal year ended March 2021, and demand in the existing markets will recover, resulting in the increase in sales.

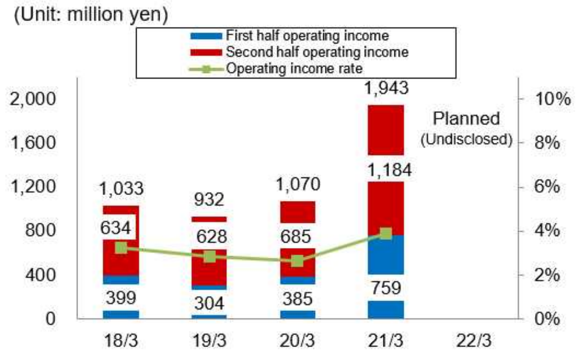
As specific initiatives, we will efficiently conduct product proposals for major and regional telecoms operators in the 5G-related market and promote sales activities with an emphasis on Gathergates Group's profitability to achieve the targets.

Business forecast by segment (distribution)

FY2020

Forecast for the year (sales) 46,200 million yen (YoY -7.4%)





Forecast for the year

- While sales are expected to increase in existing markets as a result of recovery in demand for facilities investment, this is not likely to be enough to offset the drop in the special demand for the GIGA School concept, and an overall decrease in income is expected.

Approaches

- Work to obtain orders in 5G-related markets
- Strengthen initiatives to maximize profits in overseas markets

Main group companies: Yearly forecast

	Company name	Sales (YoY)	Operating income	Degree of influence on group profits
Japan	SunTelephone Co., Ltd.			Medium
Overseas	SOECO			Small

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Next, for the Electric and Telecommunication Infrastructure-Related Distribution Business, we forecast sales at JPY46.2 billion, a YoY decrease of 7.4%.

Although we expect sales to increase in the existing markets due to a recovery in demand for facilities investment, this will not be enough to cover the loss of special demand for the GIGA School initiative, leading to the decline in sales.

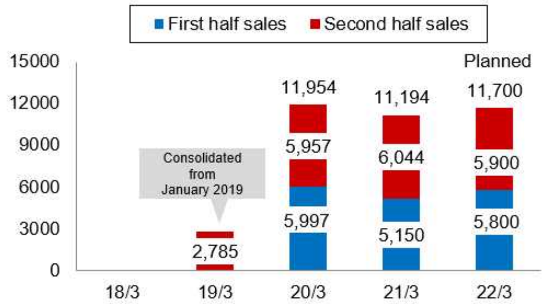
The main initiatives will be to strengthen activities to acquire orders for projects in the 5G-related market and to maximize revenue in the overseas markets. Specifically, we will plan a process to develop new products, including information and communication equipment, and also shift our resources to growth areas, aiming to expand our overseas business through collaboration among the operators in Japan, Thailand, and Vietnam.

Business forecast by segment (electronic parts)

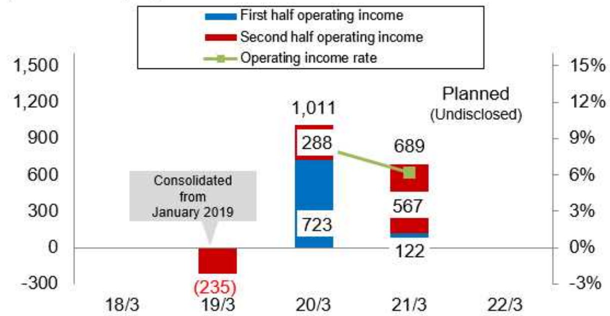
FY2020

Forecast for the year (sales) **11,700 million yen (YoY +4.5%)**

(Unit: million yen)



(Unit: million yen)



Forecast for the year

- While COVID-19 had a severe impact in the period ending in March 2021, this is expected to lessen in the period ending in March 2022, and the recovery in demand is expected to lead to higher sales, which will increase income.

Approaches

- Strengthen sales of EMC products and thermal products in markets for green vehicles such as EVs
- Utilize our new EV Chamber* facility (operation is scheduled to start from June 2021)

*A major benefit of this facility is that it contains a dynamo system that can operate a motor at the actual load in a dark room. This makes it possible to mount the customer's motor onto the dynamo system and perform an EMC test for operation at the actual load.

Main group companies: Yearly forecast

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

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Next, for the Electronic Components-Related Manufacturing Business, we expected sales at JPY11.7 billion, a YoY increase of 4.5%.

In the fiscal year ended March 2021, there was a significant negative impact of COVID-19. In the fiscal year ending March 2022, however, the impact of COVID-19 will be less severe, and demand will recover, leading to an increase in revenue due to higher sales.

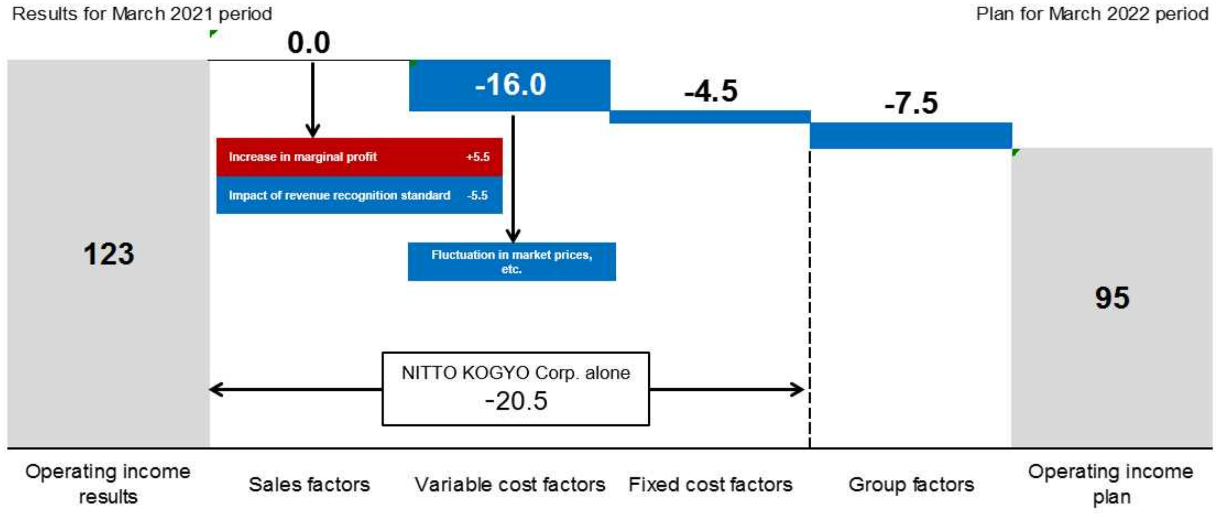
Specifically, we will strengthen sales of EMC products and thermal products to the environmental vehicle market, including EVs, and we will use our new facility called EV Chamber, which started operation in June 2021, to propose accurate and optimal EMC measures to increase sales.

Factors in changes in yearly consolidated operating income (forecast for this year, YoY)

FY2020

- Consolidated operating income for period ending in March 2022 forecast to decrease 23.0% YoY to 9.5 billion yen
- For NITTO KOGYO Corp. alone, fluctuations in market prices (variable cost factors) and increases in personnel costs and amortization costs (fixed cost factors) will be factors decreasing profits
- For the group as a whole, the decrease in profits for SunTelephone Co., Ltd., which performed well in the previous period, will be a factor decreasing profits.

(Unit: 100 million yen)



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Next, I will explain the factors behind the expected changes in consolidated operating income for the full year.

Consolidated operating income for the fiscal year ended March 2021 was JPY12.3 billion, and operating income for the fiscal year ending March 2022 is expected to decrease 23% YoY to JPY9.5 billion. The left side of the dotted line in the center of the graph shows the forecasts for NITTO KOGYO's parent-only results, and the right side shows the forecasts for the Group excluding NITTO KOGYO.

The majority of the decrease in operating income will come from NITTO KOGYO's parent-only results, which will pull down consolidated operating income by JPY2.05 billion.

Breaking this down, marginal profit will increase by JPY550 million. Though the positive effect of GIGA School-related sales will disappear, sales in the traditional markets will increase. However, the adoption of the Revenue Recognition Standard will lower income by JPY550 million, resulting in a combined neutral effect.

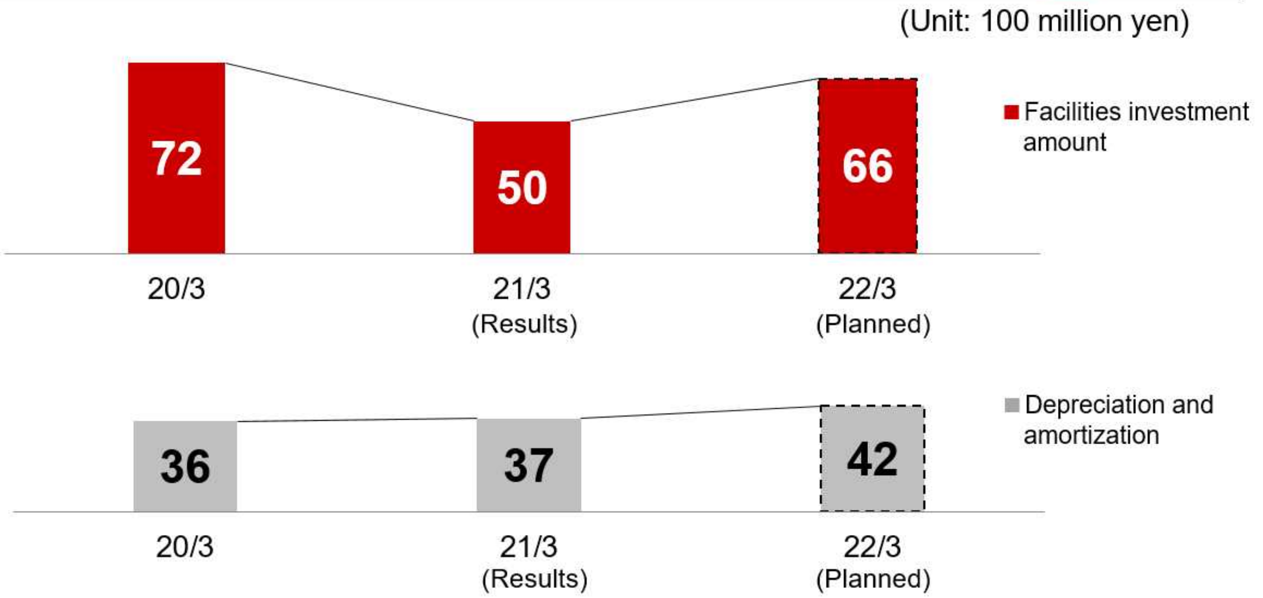
As a variable cost factor, we estimated a negative effect of JPY1.6 billion, including worsening variable costs caused by market price fluctuations and soaring materials prices. As for fixed costs, we expected a negative effect of JPY450 million. Though expenses will remain flat from the previous fiscal year, personnel cost and depreciation and amortization will increase, worsening the fixed costs and pulling down income.

As a Group factor, the impact of the expected decrease in income at SunTelephone, which performed well in the previous fiscal year, will be significant, and the Group will also see a decrease in income.

Facilities investment amounts and depreciation and amortization

FY2020

- For the period ending in March 2022, facilities investment amount was planned at 6.58 billion yen and depreciation and amortization at 4.23 billion yen
- Planned facilities investment is set to increase due to factors such as construction costs at the Seto Plant



*Rounded to the nearest 10 million yen

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Next are the consolidated facilities investment and depreciation and amortization plans.

In the fiscal year ended March 2021, facilities investment was JPY5 billion, and depreciation and amortization cost was JPY3.7 billion.

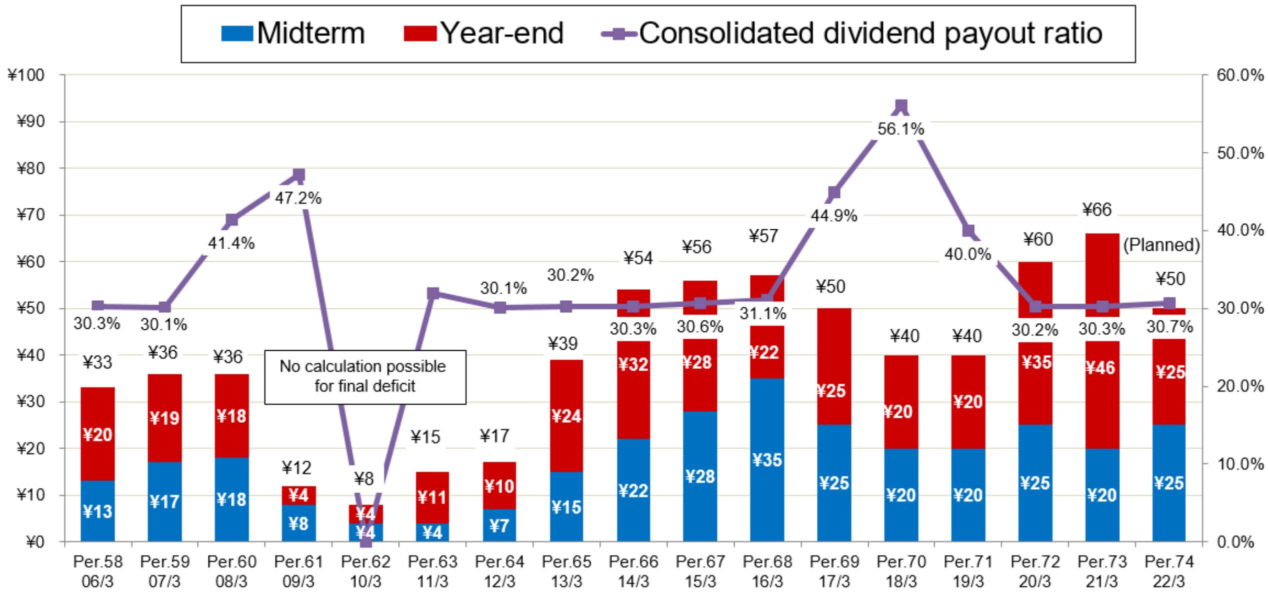
Major facilities investment included the reconstruction of NITTO KOGYO's backbone system, the construction of a plant at NITTO KOGYO BM (THAILAND), the introduction of the next backbone system at KITAGAWA INDUSTRIES, and the replacement of machinery and equipment at NITTO KOGYO.

For the fiscal year ending March 2022, we plan facilities investment of JPY6.6 billion and depreciation and amortization of JPY4.2 billion.

Dividend status

FY2020

- In the period ending in March 2021, year-end dividends were 46 yen, dividends for the year were 66 yen, the consolidated dividend payout ratio was 30.3% and DOE was 2.8%.
- In the period ending in March 2022, dividends for the year will be 50 yen and the dividend payout ratio will be 30.7%.



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Next is the dividend status.

With the aim of maintaining stable dividends to shareholders, NITTO KOGYO's dividend policy is based on a dividend payout ratio of 30%, also taking dividend on equity, or DOE, into account.

At the general meeting of shareholders to be held in June 2021, our proposal for a year-end dividend of JPY46 per share and a full-year dividend of JPY66 per share for the fiscal year ended March 2021 is expected to be approved. We will increase dividend payment for the second consecutive year. As a result, the dividend payout ratio and DOE will be 30.3% and 2.8%, respectively.

For the fiscal year ending March 2022, we plan to pay a dividend of JPY25 per share each for the first half and the second half of the year, resulting in a full-year dividend of JPY50 and a dividend payout ratio of 30.7%.

From page 20 onward, I would like to talk about our medium-term management plan.

This shows a review of the 2020 medium-term management plan.

The basic policy was, "Attempt: Toward the Next-Generation Business Model." As a background, NITTO KOGYO has a strong business model that cannot be imitated by other companies, with its strong standard products and various systems that support them, and this strong business model has made us difficult to create new businesses.

However, the strong business model does not last forever. Therefore, in the 2020 medium-term management plan, we set the goal of building a next-generation business model.

A basic strategy was comprised of 3 business strategies: pursuit of core business competitiveness, global strategy, and development of new businesses. The other basic strategy was to strengthen the production system and management base.

Review of 2020 mid-term management plan **Achievement of management indexes (1)** FY2020

- Targets for both sales and operating income were achieved one year ahead of schedule
- While COVID-19 impacted our results in the period ending in March 2021, this did not significantly reduce our figures, and we were still able to achieve our targets.

	2017/3 results	Results of 2020 mid-term management plan				2021/3 target
		2018/3	2019/3	2020/3	2021/3	
Consolidated sales (100 million yen)	1,066	1,080	1,169	1,394	1,379	1,250
Consolidated operating income (100 million yen)	65	57	64	124	123	100
Ratio of operating income to sales (%)	6.2	5.3	5.5	8.9	8.9	8.0

Main measures

- Securing of demand for products such as air conditioners in schools (2019-2020) and information infrastructures (2020-2021)
- Absorption of KITAGAWA INDUSTRIES CO., LTD. as a subsidiary (January 2019)
- Revision of product prices at NITTO KOGYO Corp. (October 2018)

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Next, I would like to explain the status of achievement of the management indicators, sales, and operating income.

In the fiscal year ended March 2017, when we compiled the 2020 medium-term management plan, our sales were JPY106.6 billion and operating income was JPY6.5 billion.

We set a sales target of JPY125 billion and operating income target of JPY10 billion for the fiscal year ended March 2021, the final year of the plan. As a result, we achieved both of our sales and income targets a year before the final year.

In the fiscal year ended March 2021, although we were affected by the spread of COVID-19, we achieved our targets without any significant drop in business performance. The main measures are as described in the slide.

Review of 2020 mid-term management plan **Achievement of management indexes (2)** FY2020

- Responsive business grew significantly. However, standard product business decreased due to factors such as COVID-19.
- Our telecommunications-related distribution business achieved its targets by securing demand in areas such as office relocation and GIGA School projects.
- Our overseas business achieved its targets by absorbing KITAGAWA INDUSTRIES CO., LTD. and SOECO as subsidiaries.

(Unit: 100 million yen)

	2017/3 results	Results of 2020 mid-term management plan				2021/3 target
		2018/3	2019/3	2020/3	2021/3	
Consolidated sales	1,066	1,080	1,169	1,394	1,379	1,250
(NITTO KOGYO Corp. alone)	674	685	713	796	724	750
Responsive business	465.5	468.1	481.1	551.5	502.7	470.0
Standard product business	207.0	214.7	230.2	243.2	220.6	240.0
New businesses	1.5	2.2	1.7	1.3	0.7	40.0
(telecommunications-related distribution business)	305	316	329	407	498	350
(overseas business)	40	35	41	94	96	70
Consolidated operating income	65	57	64	124	123	100
(NITTO KOGYO Corp. alone)	50	44	55	94	86	75

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Next is a breakdown of our business results.

As a result of the acquisition of projects, the Responsive Business grew significantly. On the other hand, the Standard Product Business slowed down due to the impact of the COVID-19 pandemic, as it tends to be affected by daily orders.

For new businesses, we set a challenging sales target of JPY4 billion, and most of the sales was to be related to the infrastructure for EVs. We drew up a sales plan based on the government's forecast, but it did not work out as expected.

The Telecommunications Distribution Business achieved its target by capturing demand for office relocation projects and GIGA School-related projects, while the overseas business achieved its target by the consolidation of KITAGAWA INDUSTRIES and SAO NAM AN TRADING SERVICE CORPORATION (SOECO) in Vietnam.

Review of 2020 mid-term management plan **Results and challenges for each strategy** FY2020

Pursuit of core business competitiveness

Responsive business

- Expanded scope of responsivity through stronger group cooperation

Standard product business

- Started manufacturing collaboration with Panasonic
- Improved reliability of products by enhancing functions for verification of product performance

⇒ Adapt standard product technology to responsive model and build mass production system

Globalization

- Currently expanding business into Thailand
  - ・Capital and business alliance with BANGKOK SHEET METAL PUBLIC COMPANY, LTD.
  - ・Built new plant
- Currently improving income and profits in Singapore
- Secured sales network in Vietnam
  - ・Acquired shares in telecommunications company SOECO

⇒ Improve income and profits in existing overseas businesses and expand business through M&A

Development of new businesses

- Formed technology alliances with start-ups
  - ・DIGITAL GRID Corporation/Novars Inc.
- Recognized need for persistent effort to create new businesses and secure new technology

⇒ Find businesses relevant to next mid-term management plan (EV, disaster prevention, etc.)

Enhanced production system/operation foundation

Enhanced production system

- Secured new plant sites (Seto/Tochigi Nogi) to build the production system required for the demand we are receiving and the strategies we are using
- Enhanced manufacturing technology in anticipation of smart plants

Enhanced management and operation foundation

- Designed systems for centralized management and reallocation (growth investment) of group capital
- Introduced incentive system for group employees
- Revised prices to achieve steady income and profits

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I would like to explain the results and challenges of the strategies of the medium-term management plan.

In the core business, by applying the mass-production technology for standard products and other technologies to responsive products, we have been able to build a production system that can respond to special demand projects, such as school air conditioning and 5G, which we consider a major achievement.

In the area of globalization, Gathergates, our subsidiary in Singapore, is showing signs of improved profitability through measures like the selection and concentration of businesses. In addition to continuing these efforts, we will further strengthen cooperation with overseas subsidiaries that we have acquired through mergers and acquisitions, and we will also make use of the new NITTO KOGYO BM (THAILAND) plant that is nearing completion.

In new businesses, although we did not achieve any significant result in the 2020 medium-term management plan, we were able to find businesses that will lead to the next medium-term management plan. For example, there is a business related to energy management, such as EVs, and that related to disaster prevention. We believe that these are the challenges that we should try in the future.

From page 25 onward, we describe our long-term management issues.

Before formulating the medium-term management plan, I thought about where we should aim to be as management in the long term of 10 years.

This time, as the NITTO KOGYO Group, we have decided to launch a new long-term vision: "To be a corporate group that delivers 'reliability and peace of mind' to the future of the earth." We will support the social infrastructure, strive to create a safe and secure future, and aim to be a trusted corporate group that solves problems.

As a company, we have a responsibility to contribute to the Sustainable Development Goals (SDGs) adopted by the United Nations. The Group will address the important issues as shown here.

As a result, we will not only increase our sales and profits, and thus increase our economic value, but we will also increase our social value through the resolution of these issues, and we will aim to increase our corporate value.

Long-term Management Concept **Basic Group-wide Strategies**

FY2020

1. Promotion of each company's brand strategies

Strengthening each company's brand and sharing that value within the group

- Maintain the brands that each company has developed
- Share the value of brands that are well-known on the market (among customers) within the group

2. Expansion of business areas and technological areas

- Actively invest in growth fields to expand our business areas and technological areas
- Share resources within the group to create new business models

3. Globalization

- Expand the value we create (products and services) overseas

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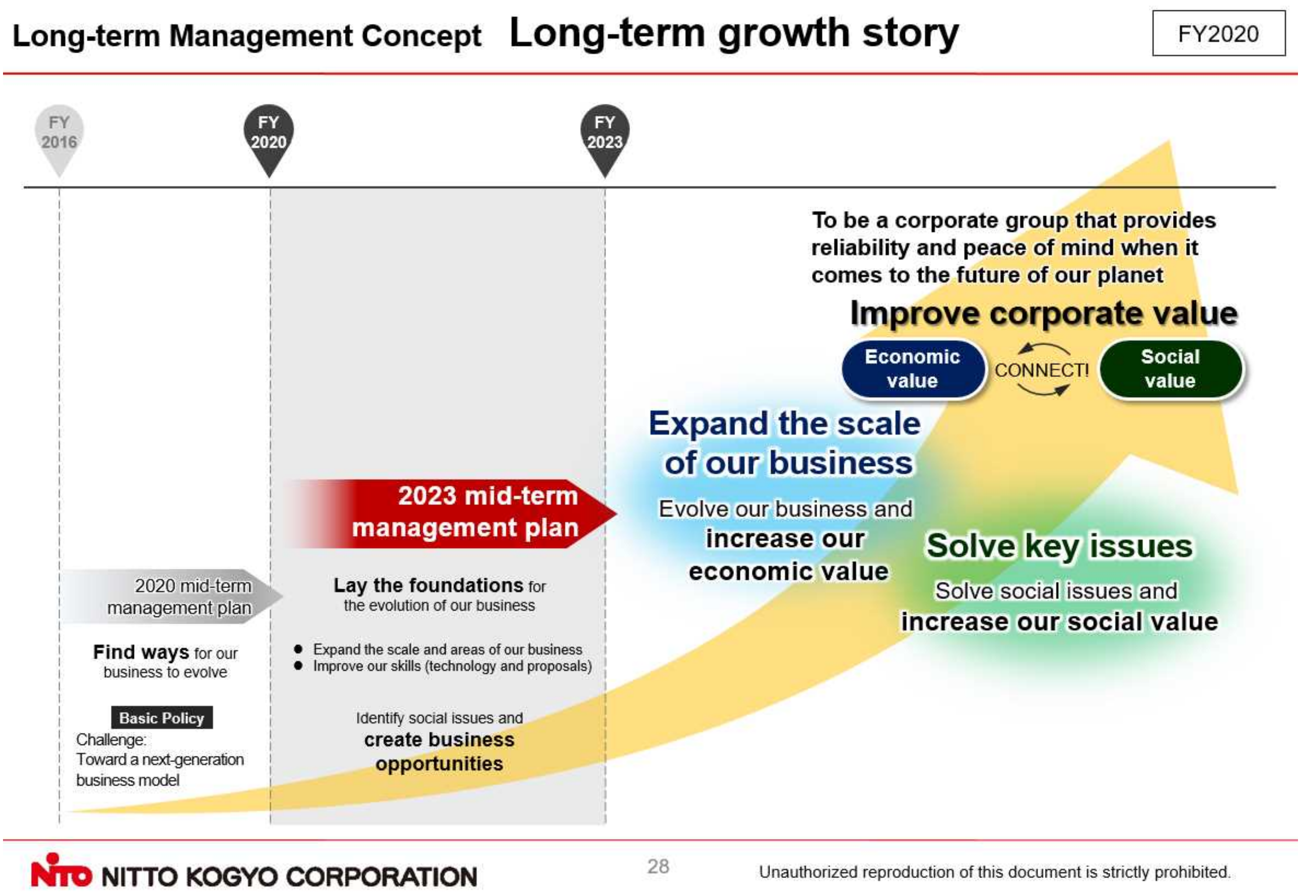
Next are the Group's basic strategies. There are 3 major ones.

The first is to promote the individual company brand strategy. The members of the NITTO KOGYO Group are all companies with history, technologies, and strengths. Each company will aim to refine its strengths and the Group companies will mutually utilize them.

The second point is to expand the business and technological domains. We will expand our business and technological domains by aggressively investing in growth areas. We will focus on creating new value by mutually utilizing the technologies and expertise of the Group and, in some cases, collaborating with alliance partner companies and start-up companies.

The third point is globalization. Transplanting technologies, expertise, and products/services cultivated in Japan to overseas markets. The NITTO KOGYO Group will enhance its presence in the overseas markets by increasing cooperation between the Group companies in Japan and overseas.

We believe that if the many companies shown in the figure here deepen their cooperation and act with specific goals in mind, the Group will be able to grow definitely.



Next is the long-term growth story toward 2030.

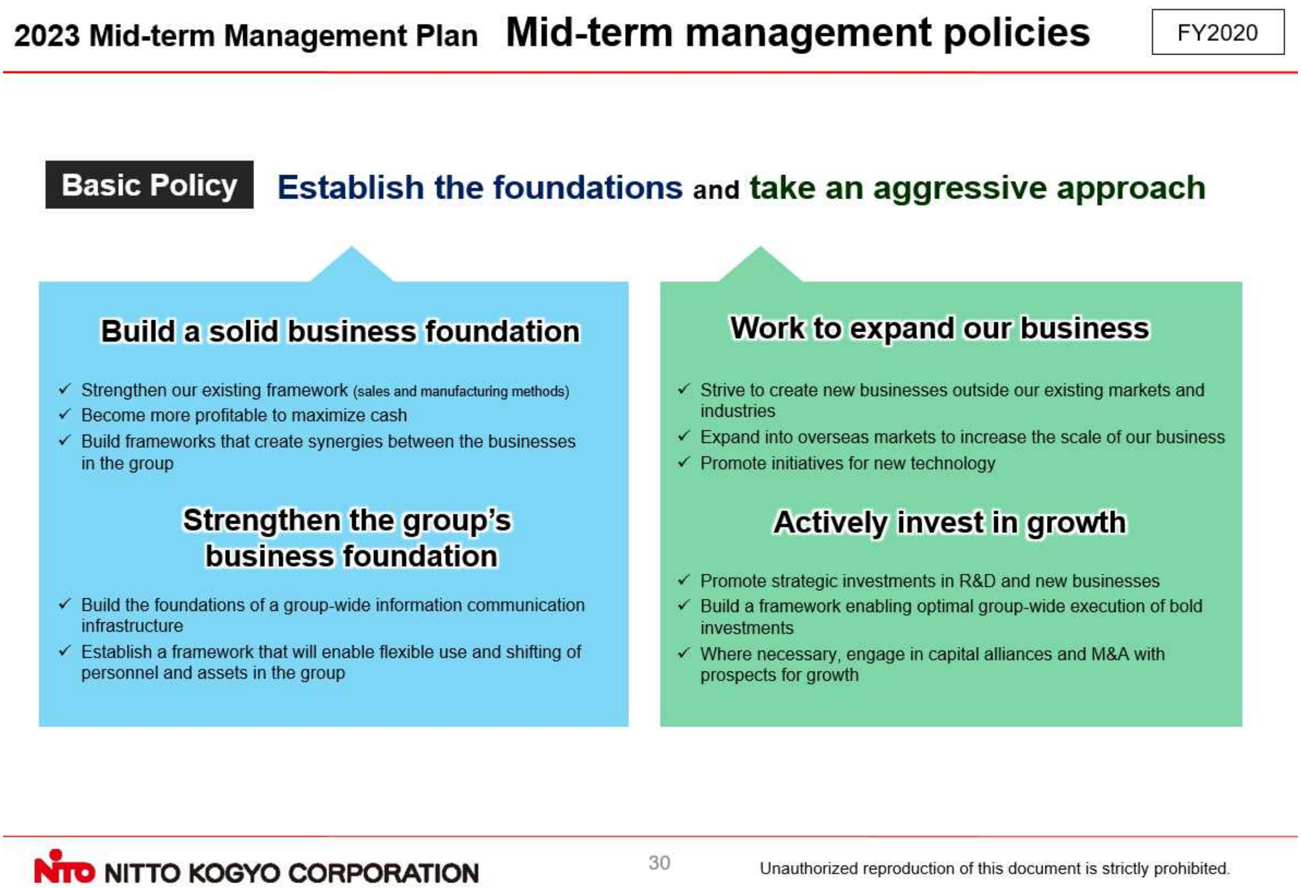
The NITTO KOGYO Group will strive to enhance its corporate value, aiming to achieve both economic and social value, and to grow into a “corporate group that delivers ‘reliability and peace of mind’ to the future of the earth.”

In the 2020 medium-term management plan, we worked to find the seeds to evolve our businesses. As a result, we have found a business goal to address the issues facing our society. In the new 2023 medium-term management plan, we will have 3 years to lay the foundation for taking off to the next step, 3 years to create new businesses, and 3 years to prepare the Seto Plant that is necessary for growth.

As I mentioned earlier in the review of the 2020 medium-term management plan, we will build a solid business foundation by fostering the seeds for the evolution and change of businesses that have shown potential.

These are the long-term management concepts that the NITTO KOGYO Group is aiming for.

The description of the medium-term management plan starts on page 29.



This shows the 2023 medium-term management plan and medium-term management policy.

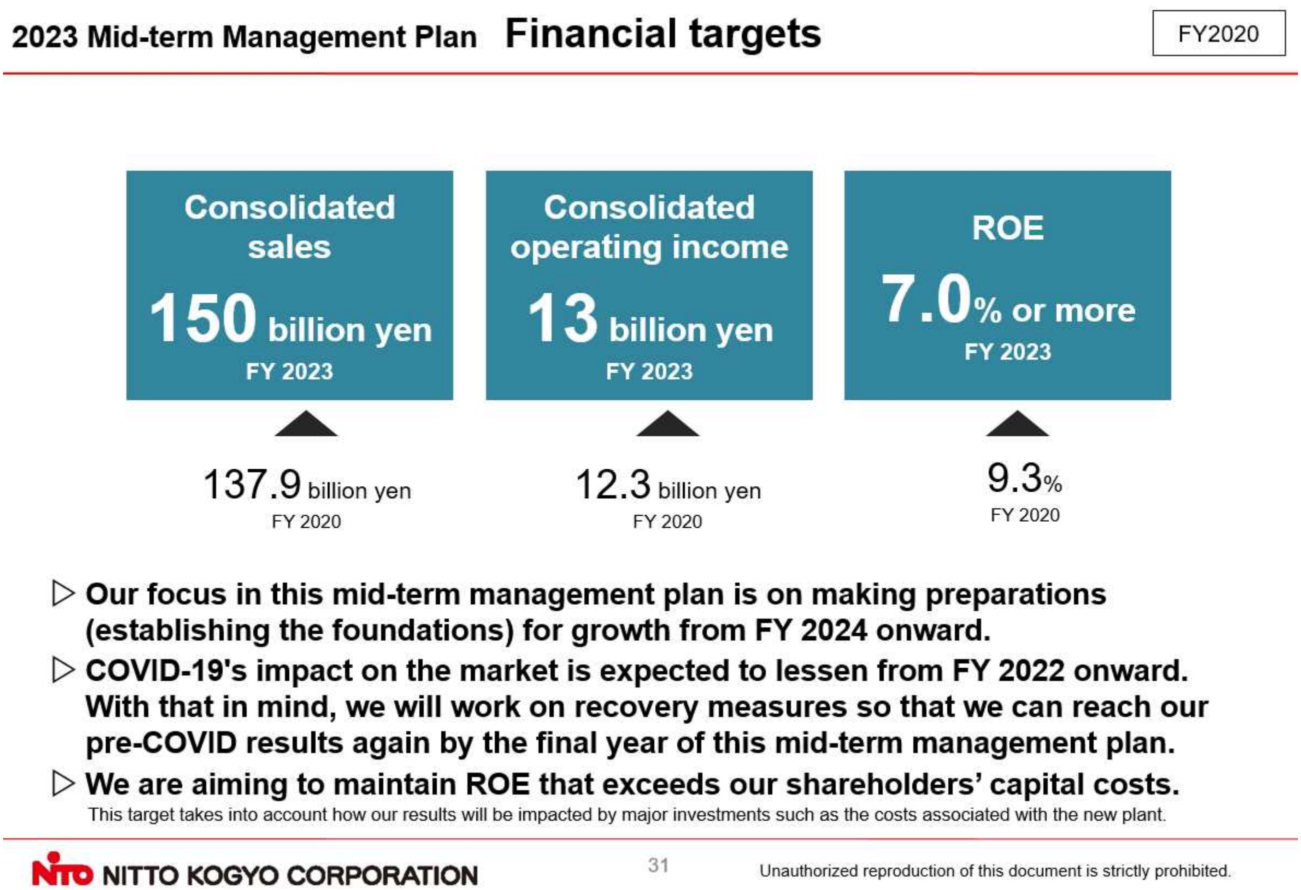
We have set our basic policy as, "solidifying our foothold and conducting aggressive management."

In order to make each of our current businesses an overwhelmingly number one, we will be actively working to strengthen our sales structure using DX and to expand into the new era of manufacturing. We will also strengthen the Group's management base and deepen cooperation to further draw out the strengths of each company.

We used the word "foothold" to describe what we need to do now to achieve sustainable growth in the long term. We will also take on the challenge of aggressive management.

We will generate cash in our current businesses and use that cash in an attempt for business expansion.

We will also accelerate our efforts in overseas business and new businesses, and if the entire Group can grow, we will work on various measures with an eye to M&A.



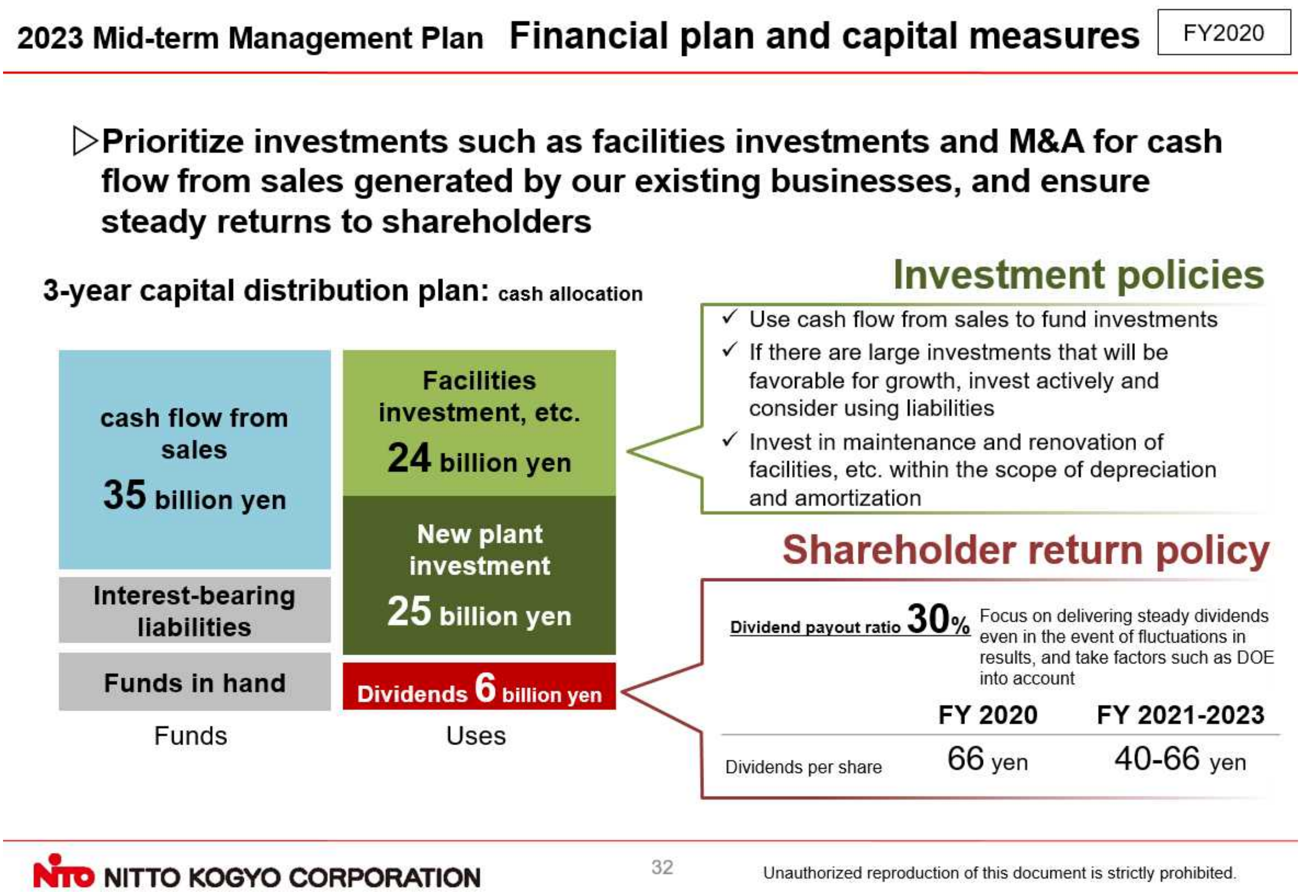
These are the financial targets for FY2023 or the year ending March 2024, the final year of the medium-term management plan.

We will aim for consolidated net sales of JPY150 billion, operating income of JPY13 billion, and a minimum ROE of 7%, and we will aim for higher levels.

Based on the assumption that the impact of COVID-19 on the markets will gradually be removed from FY2022, we aim to restore our business performance to the levels before the spread of COVID-19 by the final year of the medium-term management plan. In addition, we will focus on preparing for growth in fiscal 2024 and beyond.

We have set a target ROE that exceeds the cost of shareholders' equity and takes into account the impact on earnings of large-scale investment, such as expenses related to the new plant.

Although the investment in the Seto Plant will proceed during this medium-term management plan period, it will be in the next medium-term management plan period that the plant will generate profits. In preparation for the start of operation of the Seto Plant in April 2024, we will work to create a structure that will cover depreciation and amortization and generate profits.



This shows financial planning and capital policy.

We will provide stable returns to shareholders after allocating cash flow due to sales activities, generated by the existing businesses, to facilities investment and M&A preferentially. There will be no change to the existing dividend policy.

We described the dividend amount for FY2021 through FY2023 of JPY40 to JPY66 per share but may be higher than JPY66, depending on business performance.

2023 Mid-term Management Plan Targets by segment

FY2020

- While the impacts of COVID-19 are expected to become more severe, we aim to achieve pre-COVID results again by the end of our current mid-term management plan.
- We aim to achieve our targets in each segment by focusing on overseas business.
- Costs will increase in the manufacturing, construction and service business due to factors such as amortization costs and costs associated with the construction of the Seto plant.

(Unit: 100 million yen)

	2021/3 results	2023 mid-term management plan			Growth over 3 years
		2022/3	2023/3	2024/3	
Consolidated sales	1,379	1,360		1,500	+8.8%
Electrical and telecommunications infrastructure-related manufacturing, construction and service business	768	781		855	+11.3%
Electrical and telecommunications infrastructure-related distribution business	498	462		515	+3.2%
Electronic parts-related manufacturing business	111	117		130	+16.1%
(overseas sales)	96	114		150	+56.0%
Consolidated operating income	123	95		130	+5.4%
Electrical and telecommunications infrastructure-related manufacturing, construction and service business	96	—		99	+2.2%
Electrical and telecommunications infrastructure-related distribution business	19	—		18	-7.4%
Electronic parts-related manufacturing business	6	—		13	+88.6%

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This shows targets by segment.

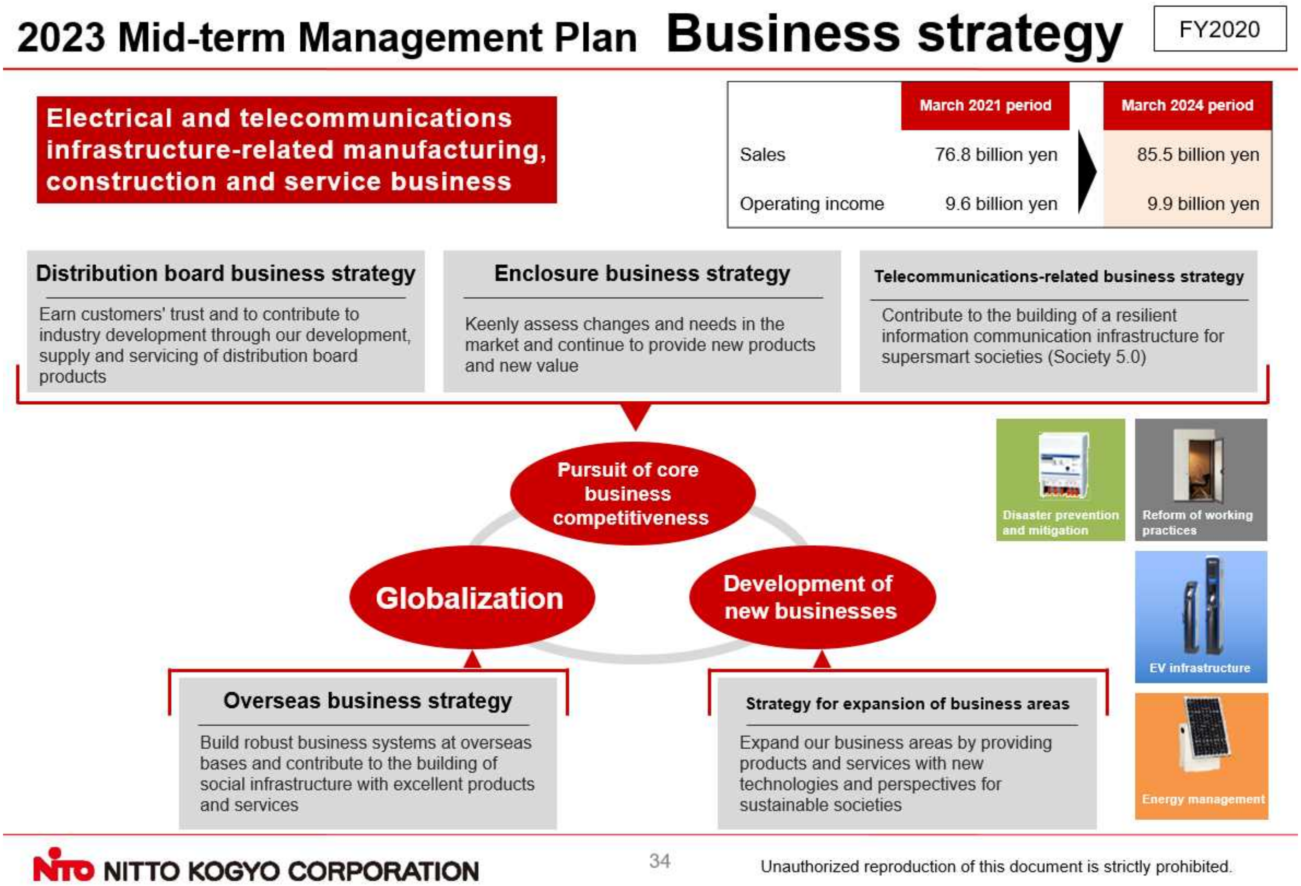
As I mentioned earlier, we will first aim to recover to the performance levels before the COVID-19 pandemic.

One thing that can be said for all segments is that we will expand our overseas business. We target overseas sales at JPY15 billion, an increase of about JPY5 billion. In particular, we hope to significantly increase overseas sales in the Manufacturing, Construction, and Service Business.

As for each segment, we will significantly increase sales in the Manufacturing, Construction, and Service Business. As for operating income, we do not expect it to grow as much as sales due to the expected increase in expenses and the burden of depreciation related to the Seto Plant. However, we will solidify our strategy during this medium-term management plan to accelerate growth in terms of profit from the fiscal year ending March 2025, when the Seto Plant will start operation.

The Distribution Business performed very well in the fiscal year ended March 2021, mainly due to the special demand for GIGA School-related projects. In the new medium-term plan, we will strive to maintain a high level of income, although it will decrease slightly due to an increase in SG&A expenses, while securing higher sales than that in the fiscal year ended March 2021. Despite the disappearance of the special demand, the market is expected to grow in the future.

In the Electronic Components-Related Manufacturing Business, we will aim to secure sales and income that will be higher than those before the COVID-19 pandemic. We will use the EMC Center to expand our business in EV-related and new markets.



Next is the business strategy by segment.

For our core Manufacturing, Construction, and Service Business, we plan to add JPY9 billion in sales and JPY300 million in operating income.

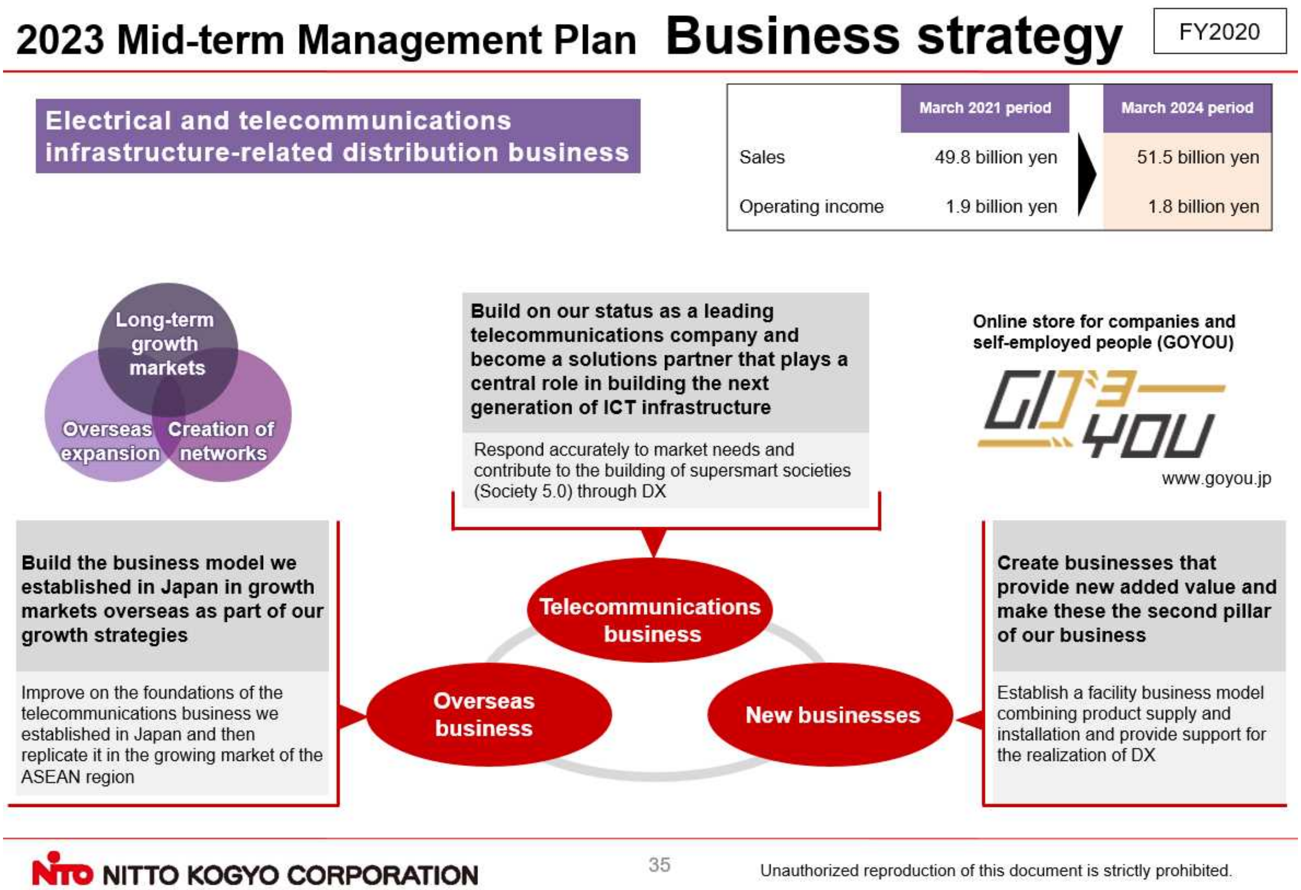
As a major policy, we will continue to focus on the following 3 areas from the 2020 medium-term management plan: pursuit of core business competitiveness, globalization, and development of new businesses.

In pursuit of core business competitiveness, we will continue to focus on standard products. In our strategy for distribution boards and enclosures, we aim to increase sales by utilizing standard products and speedily providing standard products and various components to the market and also to solve the labor shortage in the industry as a whole.

In the area of ICT, we will expand the range of products we provide to the ICT trading companies we do business with, including those related to power supply. Furthermore, we will also enhance our products, such as those used at outdoor communication base stations, which are required not only by major communication carriers but also by companies related to regional carriers.

Globalization is showing signs of improving profitability, but we believe that there are still many areas to be improved. In order to build a strong business structure and solidify our overseas local business, we will take a variety of measures, including the development of our purchasing, production, and sales infrastructure.

In new businesses, we will nurture new areas such as the EV-related infrastructure, energy management, and disaster prevention and mitigation, which are the new seeds found in the 2020 medium-term management plan and expand our business domains by finding new seeds.



Next is the business strategy for the Electric and Telecommunication Infrastructure-Related Distribution Business.

For this business, led by SunTelephone, which is a subsidiary and a leading ICT-related trading company, we expected an increase of JPY1.7 billion in sales and a decrease of JPY100 million in operating income.

The growth rate in this medium-term plan may look low, but please understand that this is because the growth rate in the fiscal year ended March 2021 was extraordinarily high due to the special demand.

This business provides total support for our customers' digital transformation from the provision of hardware and software. In addition, we will also focus on the 5G-related infrastructure construction support business.

In addition, although the core of the business used to be wholesale, we would like to establish a facility business model that includes services as well.

The ratio of overseas sales to total sales is not high. As a first step, we will aim to expand our business as a partner for Japanese companies operating overseas.

Next, I will explain the business strategy for the Electronic Components Manufacturing Business.

In this manufacturing business led by subsidiary KITAGAWA INDUSTRIES, we plan to add JPY1.9 billion in sales and JPY700 million in operating income. We are planning to grow at the same level domestically and overseas.

In Japan, we will work to develop new products and provide services that integrate the existing technologies, such as EMC. We will also focus on developing new markets that we have not been able to enter so far.

Overseas, the majority of our sales are to Japanese companies, but from now on we will focus on non-Japanese companies and Japanese companies that are shifting to local procurement and development. Furthermore, we will review our production system to achieve optimal production by reducing costs and improving lead time.

Pages 38 and following are for reference only, so please refer to them later.

That is all the explanation for today. Thank you very much for listening.

Moderator: Thank you very much for your explanation.