

Financial Results for Fiscal Year 2021 (April 1, 2021 - March 31, 2022)

**NITTO KOGYO
CORPORATION**

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.

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1. Overview of accounts period ending in March 2022, full year

Yearly consolidated account highlights

- Results for the year showed a decrease in both sales and income. Yearly net profit reverting to parent company shareholders achieved the plan.
- Sales decreased mainly due to the impact of the COVID-19 pandemic, the absence of sales related to the GIGA School concept posted last year, and a decrease in office-related orders.
- Operating income fell due primarily to lower marginal profit resulting from declining sales and rising raw material prices.

(Unit: million yen)

	2021/3	2022/3			
	Actual results	Plan	Actual results	YoY comparison	Vs. plan
Sales	137,902	136,000	132,735	-3.7%	-2.4%
Operating income	12,333	9,500	8,637	-30.0%	-9.1%
Ordinary income	12,660	10,000	9,412	-25.7%	-5.9%
Yearly net profit reverting to parent company shareholders	8,827	6,600	6,607	-25.1%	+0.1%

Business segments

Full year
FY2021

Electronic parts-related Manufacturing business

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



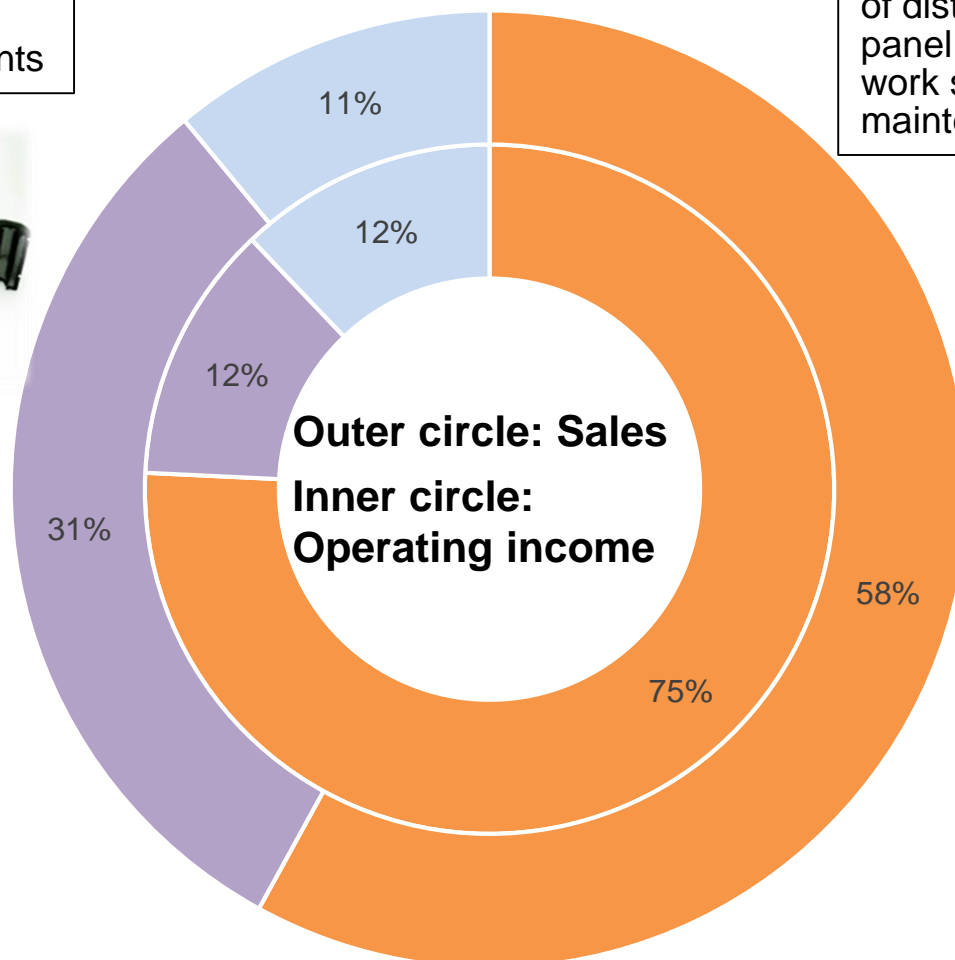
Electrical and telecommunications infrastructure-related Distribution business

Purchases and sales of telecommunications equipment and materials



Electrical and telecommunications infrastructure-related Manufacturing, construction and service business

Design, manufacturing, and sales of distribution/panel boards, control panel boards, etc., and construction work such as installation and maintenance of electrical facilities



*2022/3 actual results. Percentages may not total 100 due to rounding.

Yearly account highlights by segment

- In the manufacturing, construction and service business, sales increased due to not only higher sales of home panel boards, breakers, and others, but also an increase in sales of Gathergates Group, which is an overseas subsidiary. Income decreased due in large part to a surge in raw material prices and an increase in selling, general and administrative expenses (SGA).
- In the distribution business, both sales and income decreased due to the absence of sales related to the GIGA School concept posted last year, and a decrease in office-related orders.
- In the electronic parts business, both sales and income increased mainly due to a recovery in demand being held down by the COVID-19 pandemic and an increase in orders received in advance for building up inventory.

(Unit: million yen)

		2021/3	2022/3			
By segment		Actual results	Plan	Actual results	YoY comparison	Vs. plan
Sales	Manufacturing, construction and service business	76,814	78,100	77,513	+0.9%	-0.8%
	Distribution business	49,893	46,200	41,192	-17.4%	-10.8%
	Electronic parts business	11,194	11,700	14,029	+25.3%	+19.9%
	Total	137,902	136,000	132,735	-3.7%	-2.4%
Operating income	Manufacturing, construction and service business	9,689	-	6,485	-33.1%	-
	Distribution business	1,943	-	1,078	-44.5%	-
	Electronic parts business	689	-	1,039	+50.7%	-
	Total	12,333	9,500	8,637	-30.0%	-9.1%

*Segment names shown on this slide and after are abbreviated.

Manufacturing, construction and service business (sales by division) for the year

Full year
FY2021

- In the distribution boards division, sales increased due in large part to increases in sales of home panel boards and Gathergates Group.
- In the enclosure division, sales decreased primarily due to a drop in special demand for the GIGA School concept and delays in 5G projects.
- In the breakers/switches/parts/other divisions, sales increased due to strong sales of breakers.
- The construction/service division, sales decreased mainly due to postponements of construction works resulting from delayed deliveries of various equipment.

(Unit: million yen)

		2021/3	2022/3		
Sales by division		Actual results	Plan	Actual results	YoY comparison Vs. plan
Manufacturing, construction service business	Distribution boards	39,118	40,600	40,364	+3.2% -0.6%
	Enclosure	22,716	22,300	21,386	-5.9% -4.1%
	Breakers/switches/parts/other	11,108	11,200	11,986	+7.9% +7.0%
	Construction/service	3,870	4,000	3,775	-2.5% -5.6%
Total		76,814 (9,689)	78,100	77,513 (5,149)	+0.9% -0.8%
Consolidated overall total		137,902	136,000	132,735	-3.7% -2.4%
Consolidated sales composition ratio		55.7%	57.4%	58.4%	+1.7% +1.0%

*Parentheses refer to internal sales between segments

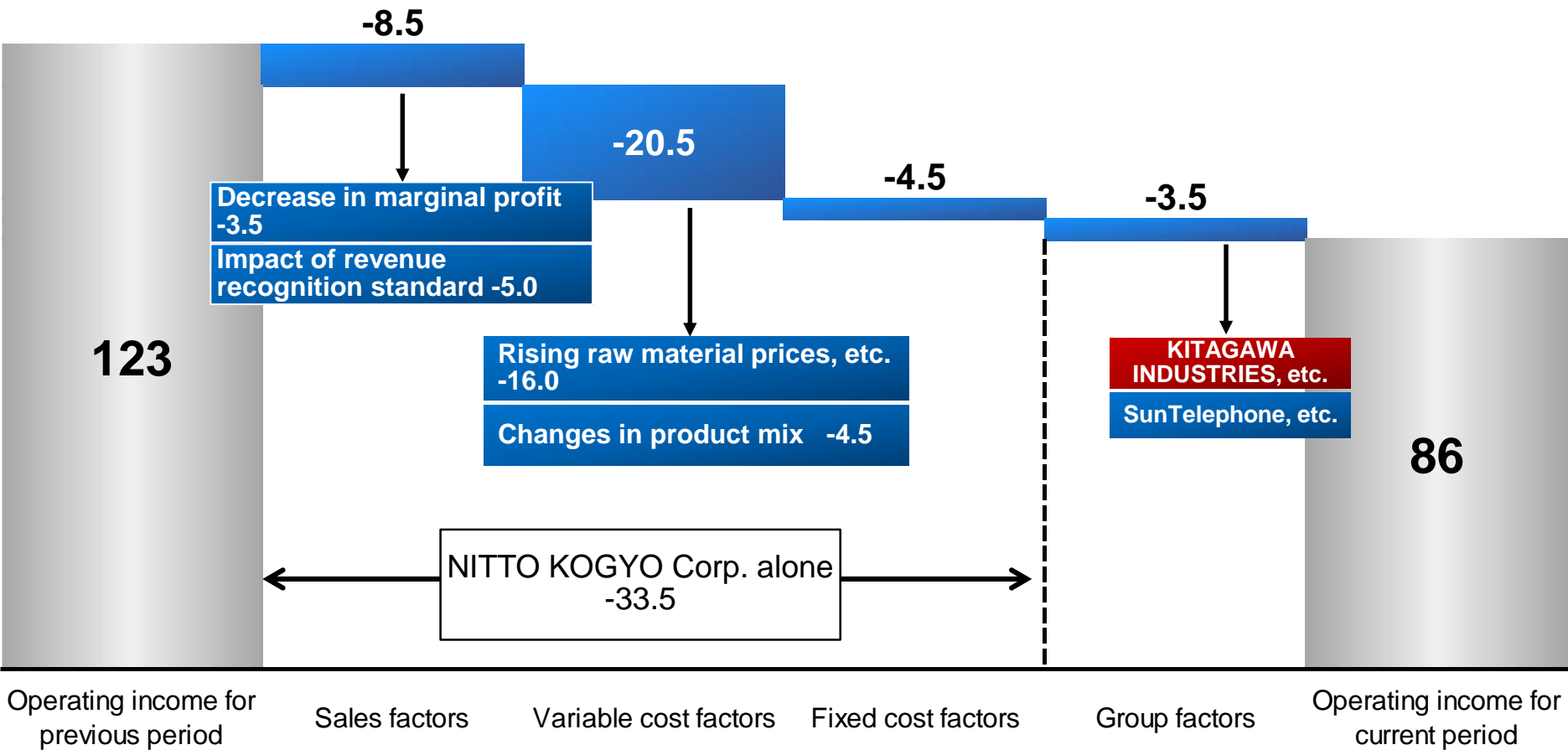
Factors in changes in yearly consolidated operating income

- On a non-consolidated basis, operating income dropped due primarily to lower marginal profit and rising raw material prices.
- As group factors, although KITAGAWA INDUSTRIES contributed significantly to the income increase, the income decreasing effect of SunTelephone was too high, resulting in the entire group losing income.

(Unit: 100 million yen)

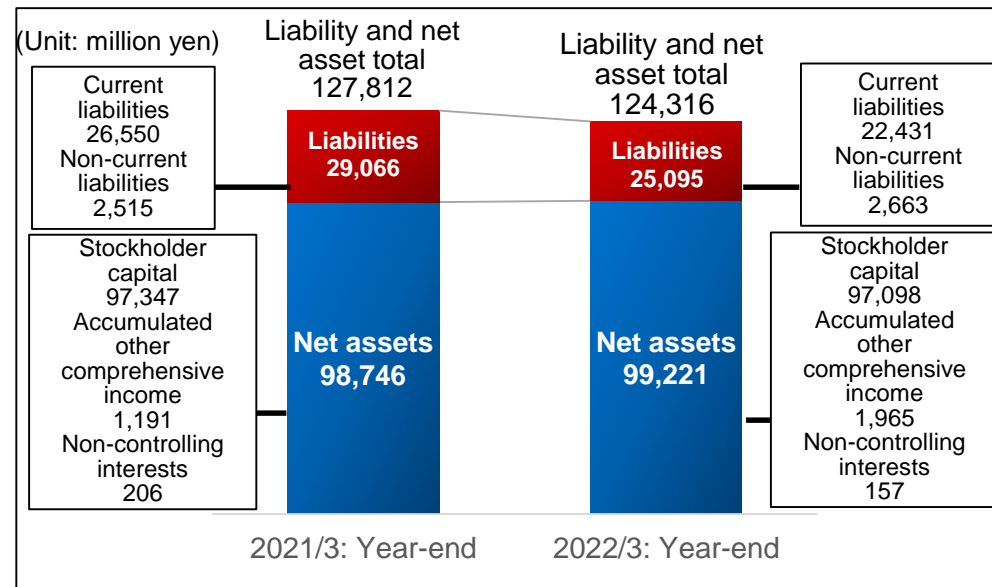
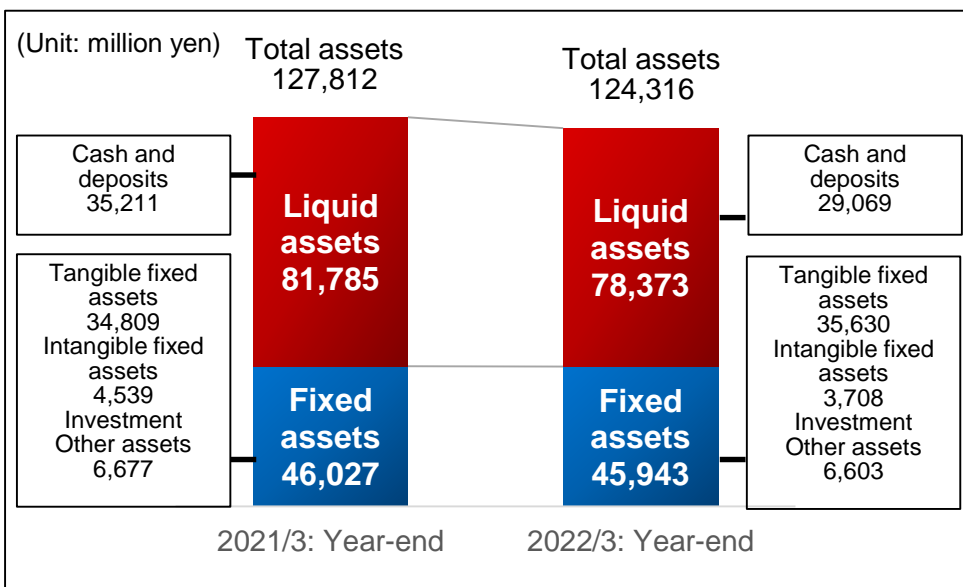
[Results for March 2021 period]

[Results for March 2022 period]



Overview of consolidated finances for the year

- Total assets decreased primarily due to a decrease in short-term loans payable and acquisition of treasury shares.



<Main changes>

■ Assets

Decreased cash and deposits	-6,141
Decreased accounts receivable	-1,054
Increased inventories	+3,265
Increased construction in progress	+1,692

■ Liabilities

Decreased short-term loans payable	-3,048
Increased liabilities associated with retirement benefits	+246

■ Net assets

Current net income	+6,607
Dividends of surplus	-2,878
Acquisition of treasury shares	-4,082

Consolidated cash flow statement for the year

Full year
FY2021

- Cash equivalents at the end of the period ended March 2022 decreased 5,982 million yen year on year to 28,319 million yen.

(Unit: million yen)

Full year 2021/3	
Beginning balance of cash and cash equivalents	29,620
CF due to sales activities	12,250
CF due to investment activities	-3,857
CF due to financial activities	-3,880
Effect of exchange rate changes on cash and cash equivalents	168
Ending balance of cash and cash equivalents	34,301

Full year 2022/3	
Beginning balance of cash and cash equivalents	34,301
CF due to sales activities	8,471
CF due to investment activities	-4,966
CF due to financial activities	-10,022
Effect of exchange rate changes on cash and cash equivalents	535
Ending balance of cash and cash equivalents	28,319

<Full year 2021/3 Main factors>

■ 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

Decreased short-term loans payable	-1,597
Payment of dividends	-2,227

<Full year 2022/3 Main factors>

■ CF due to investment activities

Income due to refunds of fixed-term deposits	+278
Expenditure due to acquisition of fixed assets	-5,471

■ CF due to financial activities

Decreased short-term loans payable	-3,060
Payment of dividends	-2,873
Acquisition of treasury shares	-4,082

2. Key topics

Status of raw material prices and procurement

Rising raw material prices

- Whereas the period ended March 2022 was affected from the second half, the period ending March 2023 will be impacted throughout the year.
- In the period ending March 2023, prices are expected to further surge because of the Ukraine crisis and foreign currency fluctuations.

Difficulty in procurement

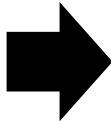
- Although the supply system in the industry was tight during the period ended March 2022, we managed to ensure a relatively stable supply system by using alternative goods and revising the supply chains.
- In the period ending 2023, the tight supply situation is projected to ease gradually.

Effect of rising raw material prices (on operating income)

<Compared to 2021/3>

Further deterioration of 2 billion yen

- 1.6
billion yen

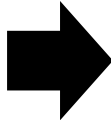


- 3.6
billion yen

2022/3

2023/3

Situation of difficulty in procurement

Tight supply  **on an easing trend**

2022/3

2023/3

Price revisions

<Degree of impact of price revisions on performance>

In the period ending March 2023, about 1.8 billion yen (0.3 billion yen for the 1st half and 1.5 billion yen for the 2nd half) is expected as an effect that increases sales and income.

* It is difficult to neutralize all of the impact of rising raw material prices only with the price revisions.

Prices of NITTO KOGYO products will be revised beginning in July 2022

Major products to be affected and estimated percentage change in prices

Product lines	Revision rate
Enclosure	Approx. 10%
System racks	Approx. 10%
Optical junction boxes	Approx. 5%
Some thermal management products	Approx. 10%
Some panel board accessories	Approx. 10% Approx. 25% for copper-related parts
Standard panel boards and control panel boards	Approx. 2 to 8%

3. Forecast of consolidated results for the accounts period ending in March 2023

Forecast of consolidated results for the year

<Preconditions for the plan> Whereas the impact of rising raw material prices will become stronger, the impact of the COVID-19 pandemic and difficulty in procurement will lessen gradually.

- Sales are expected to expand due to a sales increase in existing markets accompanying a recovery in demand for facilities investment.
- Income is expected to rise mainly due to an increase in marginal profit by a sales increase and the effect of price revisions, although there is the impact of rising raw material prices.

(Unit: million yen)

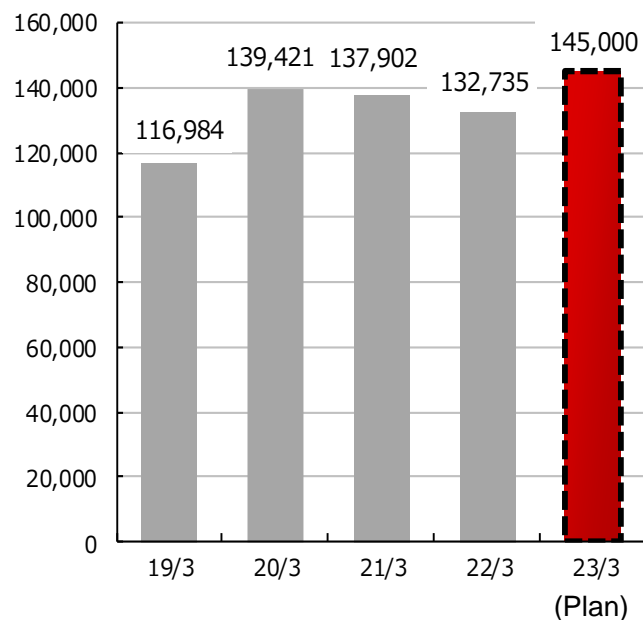
	2022/3		2023/3			
	2Q results	Results for the year	2Q plan	(YoY) Change	Plan for the year	(YoY) Change
Sales	61,104	132,735	67,000	+9.8%	145,000	+9.2%
Operating income	3,902	8,637	3,500	-10.3%	9,600	+11.1%
Ordinary income	4,059	9,412	3,500	-13.8%	10,000	+6.2%
Yearly net profit reverting to parent company shareholders	2,622	6,607	1,800	-31.4%	6,700	+1.4%

Consolidated performance trends

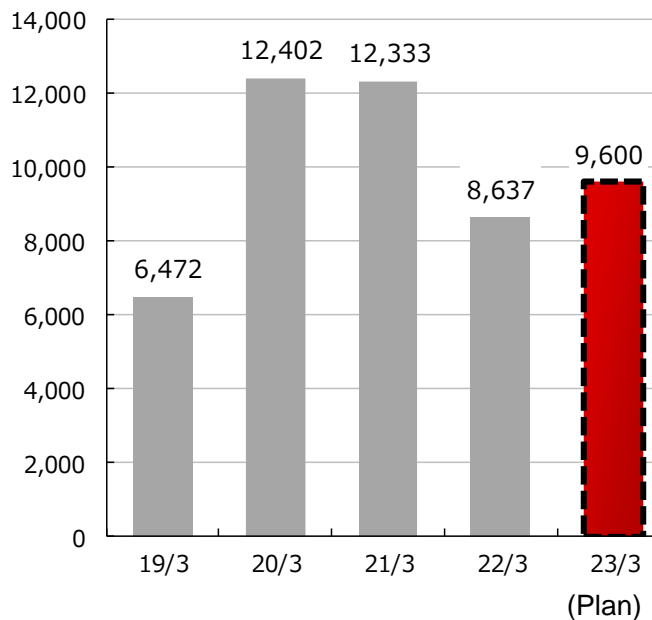
Full year
FY2021

- If we are on target with the plan for the period ending March 2023, we expect to achieve **the highest sales** and sixth highest income in our history.

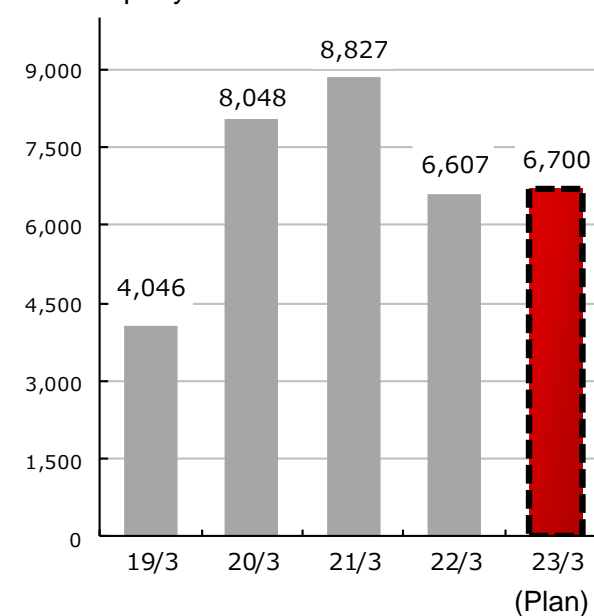
■ Sales



■ Operating income



■ Yearly net profit reverting to parent company shareholders (Unit: million yen)



	19/3	20/3	21/3	22/3	23/3 (Plan)
Sales	116,984	139,421	137,902	132,735	145,000
Operating income	6,472	12,402	12,333	8,637	9,600
Yearly net profit reverting to parent company shareholders	4,046	8,048	8,827	6,607	6,700

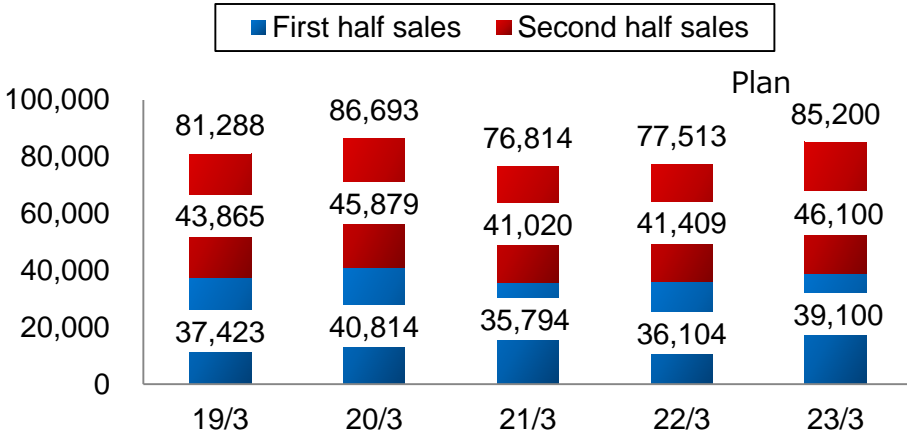
Business forecast by segment (Manufacturing, construction and service business)

Full year
FY2021

Forecast for the year (sales)

85,200 million yen (YoY +9.9%)

(Unit: million yen)



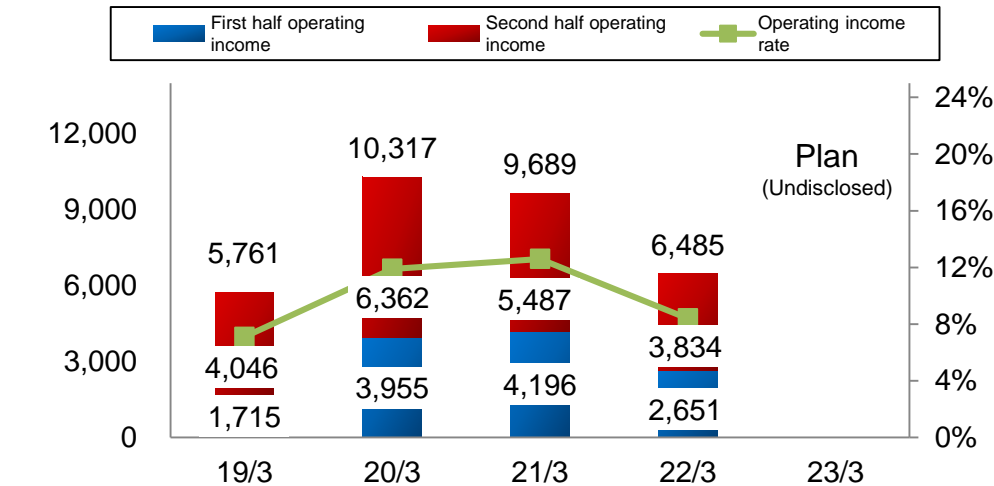
Forecast for the year

- The impact of the COVID-19 pandemic and difficulty in procuring materials are expected to ease gradually, and sales are projected to increase due to a recovery in demand in existing markets and a sales increase accompanying the price revisions of July 2022.

Approaches

- Further step up measures to respond to difficulty in procurement.
- Implement sales activities with an emphasis on the profitability of Gathergates Group

(Unit: million yen)



Main group companies: Yearly forecast

	Company name	Sales (YoY)	Operating income	Degree of severity on Group profits
Japan	NITTO KOGYO Corp.			High
	AICHI ELECTRIC WORKS			Low
	NANKAI DENSETSU			Low
	Taiyo Electric Mfg.			Low
Overseas	Gathergates Group			Low
	NITTO KOGYO BM(THAILAND)			Low

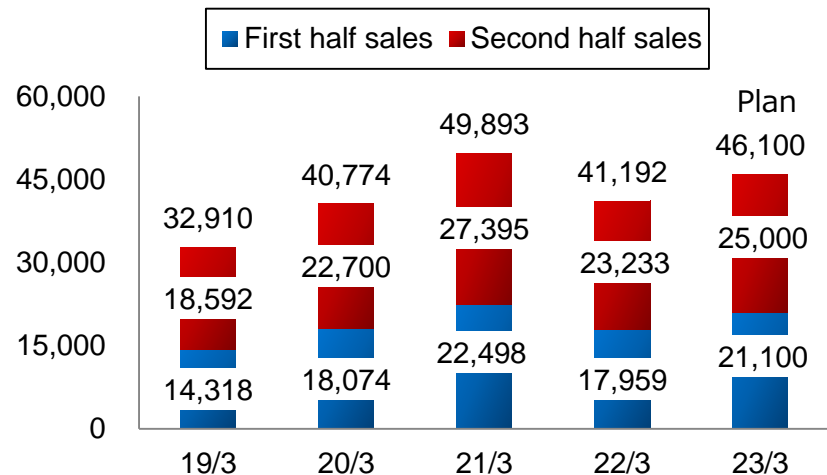
* Segments have been changed since the period ended March 2022. Numbers in the past are the total of the "distribution board-related production business" and the "construction/service business," which were former segment classifications.
Figures may not match those shown in other publicly available documents due to rounding.

Business forecast by segment (Distribution business)

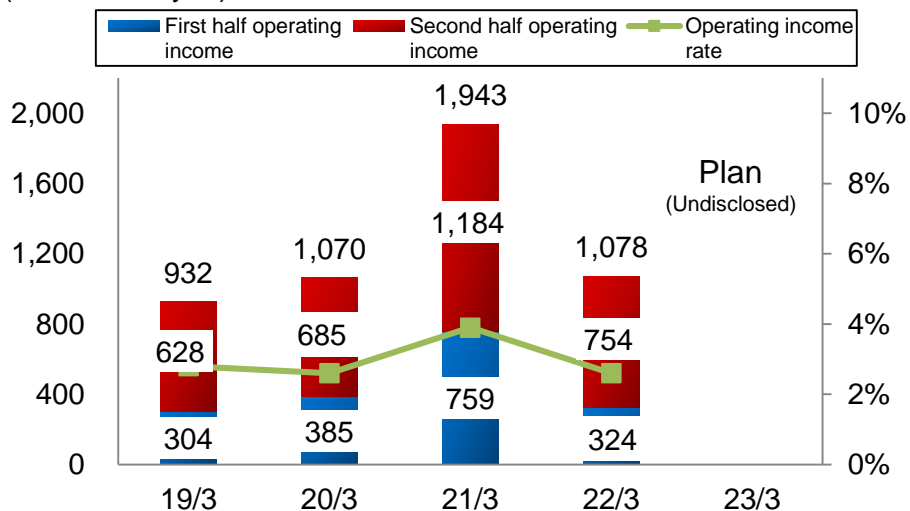
Forecast for the year (sales)

46,100 million yen (YoY +11.9%)

(Unit: million yen)



(Unit: million yen)



Forecast for the year

- Demand for our mainstream office-related projects is expected to recover gradually despite the lingering impacts of the COVID-19 pandemic, semiconductor shortage and difficulty in procuring products caused mainly by lockdowns. Accordingly, sales are expected to increase due to a sales expansion accompanying a demand recovery.

Approaches

- Focus on the digital infrastructure market for the realization of the vision of a digital garden city nation, and energy-related markets.
- Explore new segments in the 5G and carrier-related markets and ramp up the activity to have our products specified in projects.

Main group companies: Yearly forecast

Company name		Sales (YoY)	Operating income	Degree of severity on Group profits
Japan	SunTelephone			Medium
	SOECO			Low
Overseas				

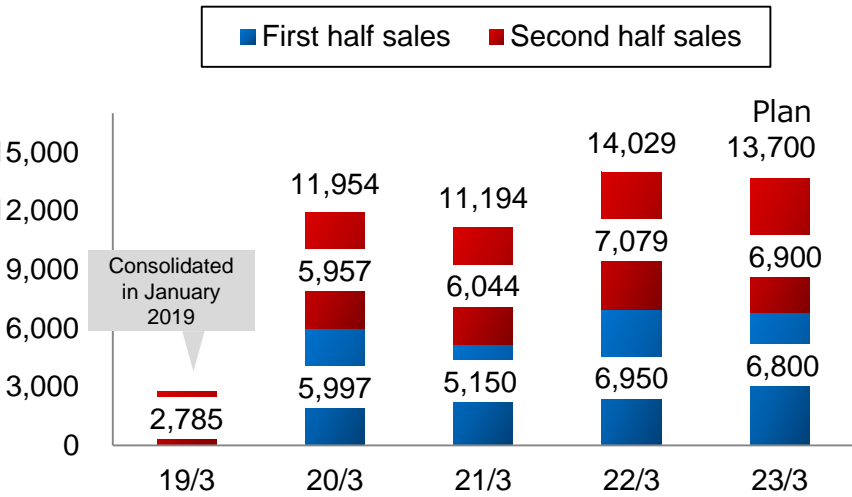
Business forecast by segment (Electronic parts business)

Full year
FY2021

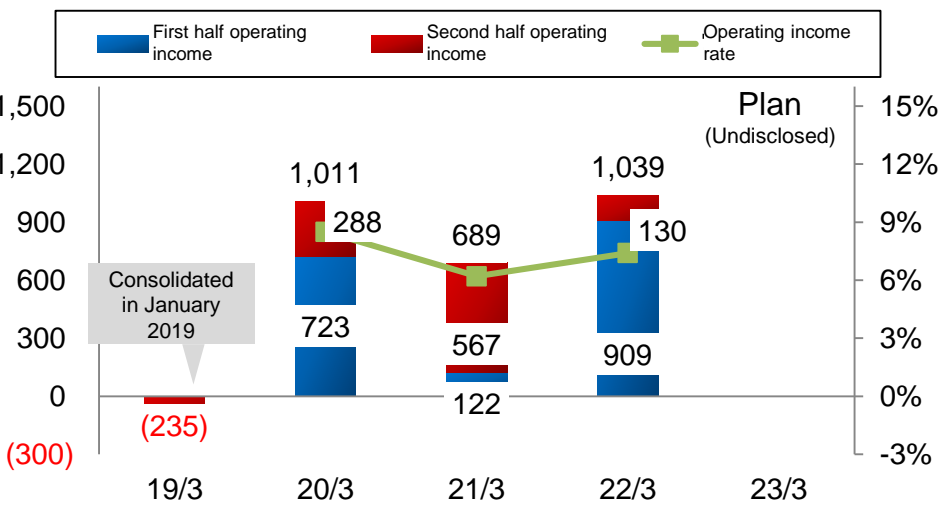
Forecast for the year (sales)

13,700 million yen (YoY **-2.3%**)

(Unit: million yen)



(Unit: million yen)



Forecast for the year

- Due to winning new projects in the automotive market and increased production of air-conditioners, sales of related products are expected to increase, but overall sales are planned to decrease due to a drop in special demand generated by demand from building up inventory, recorded in the period ended March 2022.

Approaches

- Strengthen activities for solutions to the automotive and air-conditioner markets by making better use of the EMC Center.
- Promote joint noise-control support with overseas alliance partners.

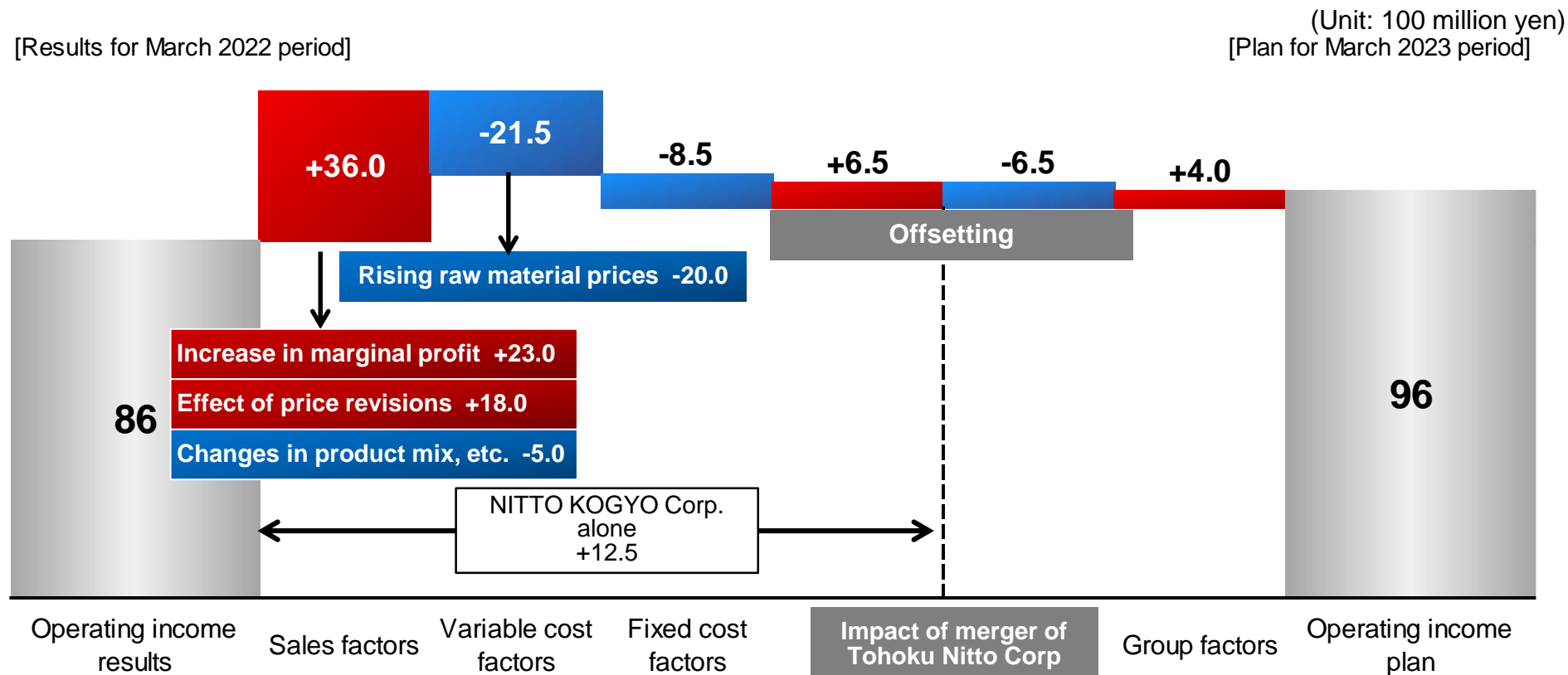
Main group companies: Yearly forecast

Company name	Sales (YoY)	Operating income	Degree of severity on Group profits
KITAGAWA INDUSTRIES			Medium

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

Full year
FY2021

- Consolidated operating income for period ending in March 2023 is forecast to increase 11.1% year on year to 9.6 billion yen
- For NITTO KOGYO Corp. alone, an increase in marginal profit and the effect of price revisions will become factors that push up income despite rising raw material prices (variable cost factors).
- For the group, particularly, an income increase in SunTelephone and a decrease in amortization of goodwill will become factors that push up income.



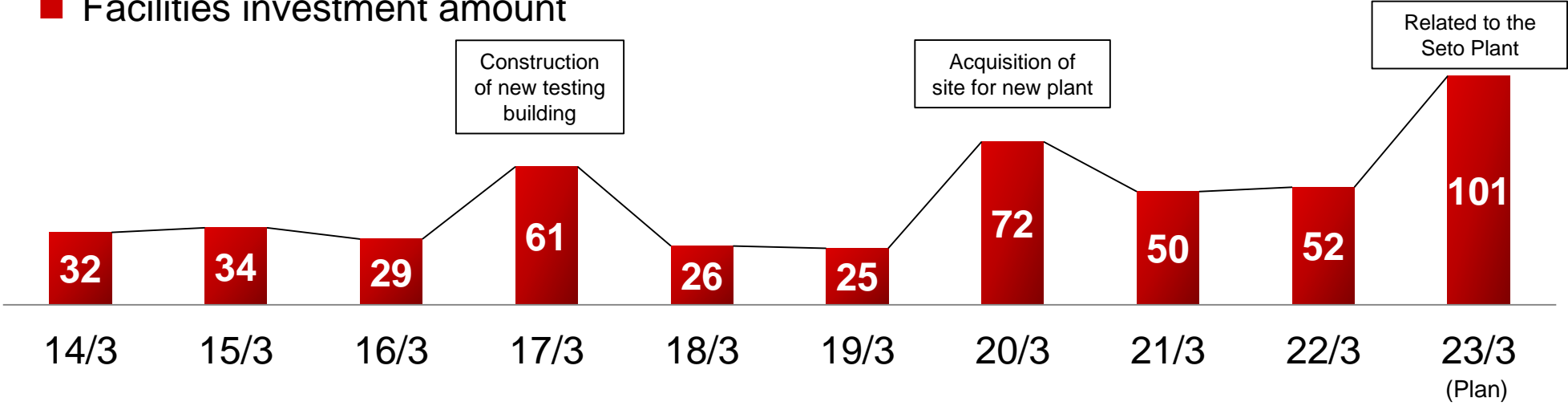
Facilities investment amounts and depreciation and amortization

Full year
FY2021

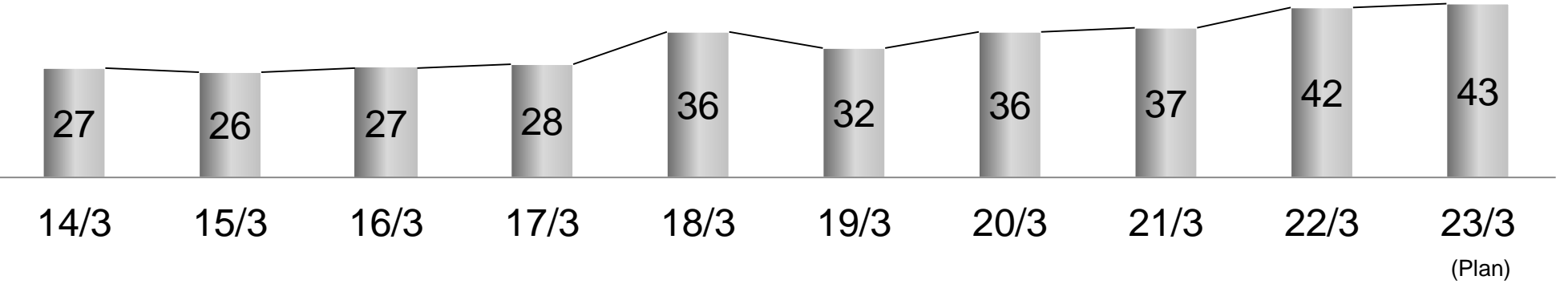
- For the period ending March 2023, facilities investment amount is planned at 10.1 billion yen and depreciation and amortization at 4.3 billion yen
- Facilities investment amount is set to increase mainly due to construction-related costs at the Seto Plant.

■ Facilities investment amount

(Unit: 100 million yen)



■ Depreciation and amortization



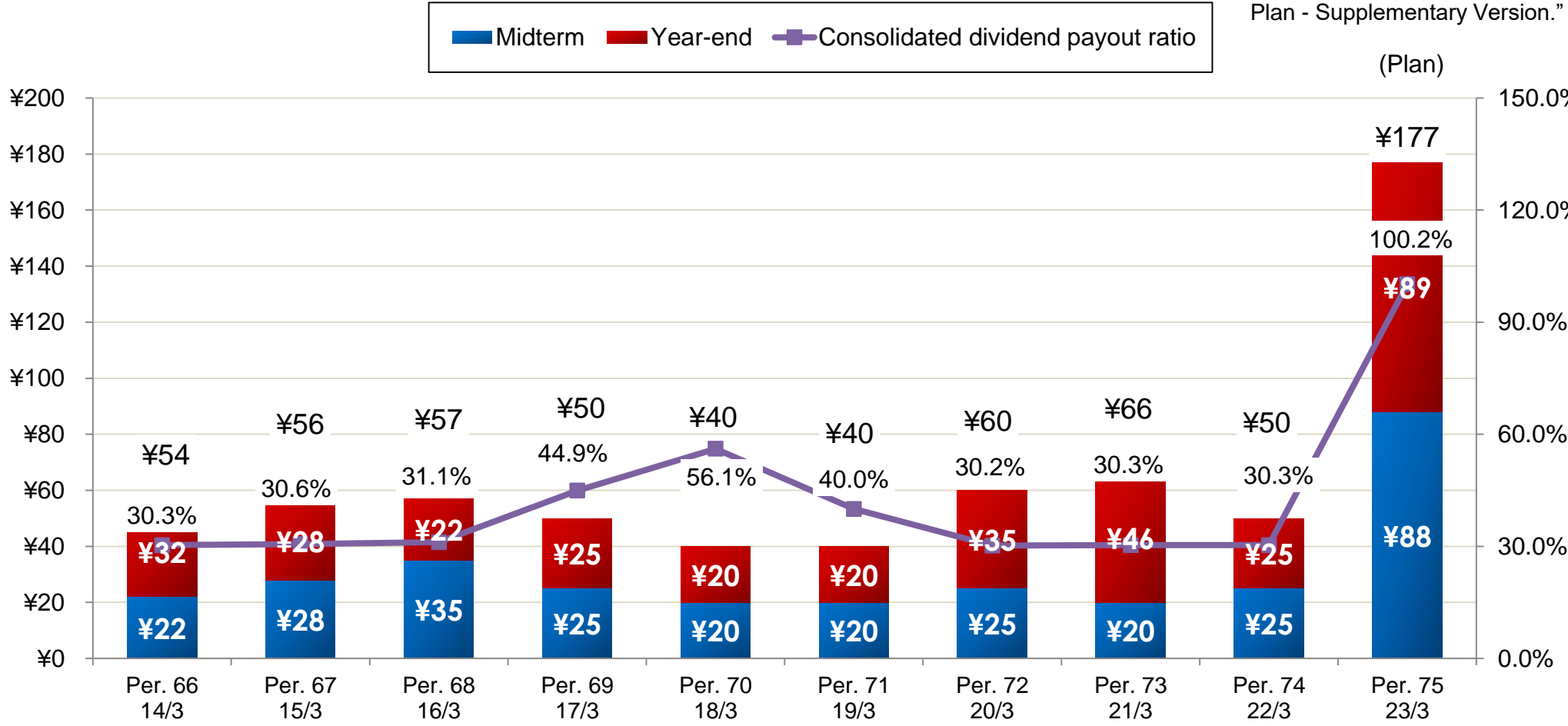
*Rounded at 10 million yen

Dividend status

Full year
FY2021

- In the period ended March 2022, the dividend for the year is 50 yen and the dividend payout ratio is 30.3% on a consolidated basis.
- In the period ending March 2023, dividends for the year will be 177 yen and the dividend payout ratio will be 100.2% on a consolidated basis.*

* For details, please see “2023 Mid-term Management Plan - Supplementary Version.”



4. Mid-term Management Plan - Supplementary Version

2023 Mid-term Management Plan Actual Results and Targets by segment

Full year
FY2021

- We aim to return to the pre-pandemic performance level 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	1,327	1,450	1,500	+8.8%
Manufacturing, construction and service business	768	775	852	855	+11.3%
Distribution business	498	411	461	515	+3.2%
Electronic parts business	111	140	137	130	+16.1%
(overseas sales)	96	122	130	150	+56.0%
Consolidated operating income	123	86	96	130	+5.4%
Manufacturing, construction and service business	96	64	-	99	+2.2%
Distribution business	19	10	-	18	-7.4%
Electronic parts business	6	10	-	13	+88.6%

Please see “2023 Mid-term Management Plan - Supplementary Version.”

URL: <https://ssl4.eir-parts.net/doc/6651/tdnet/2125540/00.pdf>

Thank you for your attention.

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Stock code: 6651

5. Reference materials

Manufacturing, construction and service business

- Design, manufacturing, and sales of panel/distribution boards, control panel boards, etc., and construction work such as maintenance of electrical facilities

Distribution boards



High-voltage power receiving equipment



Panel/Distribution boards

Enclosure



Enclosure



System racks



Breakers/switches/parts/other



Breakers



Parts



Charging stands

Construction/service



Communication facility construction



Electrical facility construction

Distribution business

■ Purchases and sales of telecommunications equipment and materials



Network cameras

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



High-speed network devices

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



Information security-related products

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

Electronic parts business

■ Production 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]

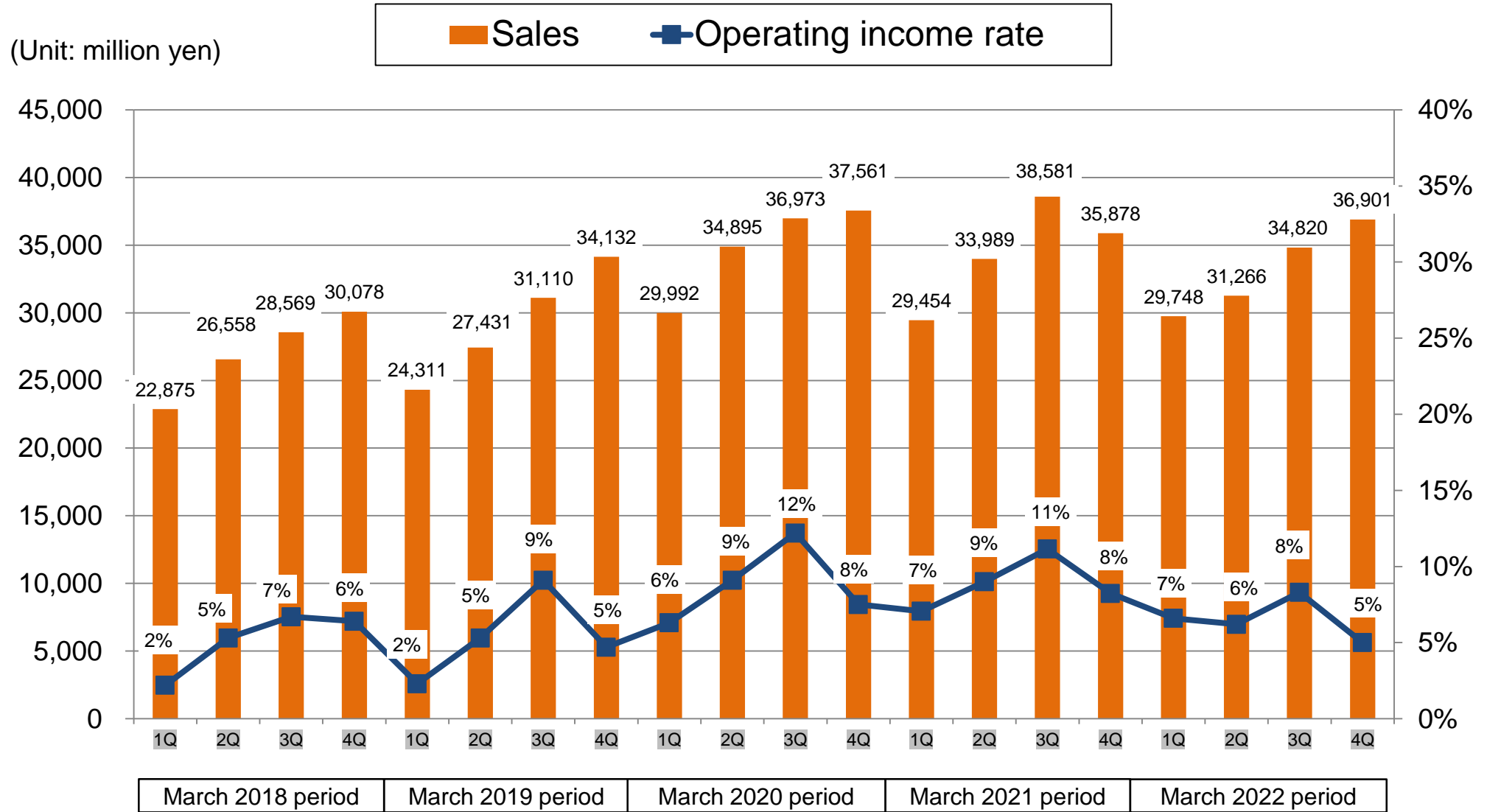


[Cable Ties]



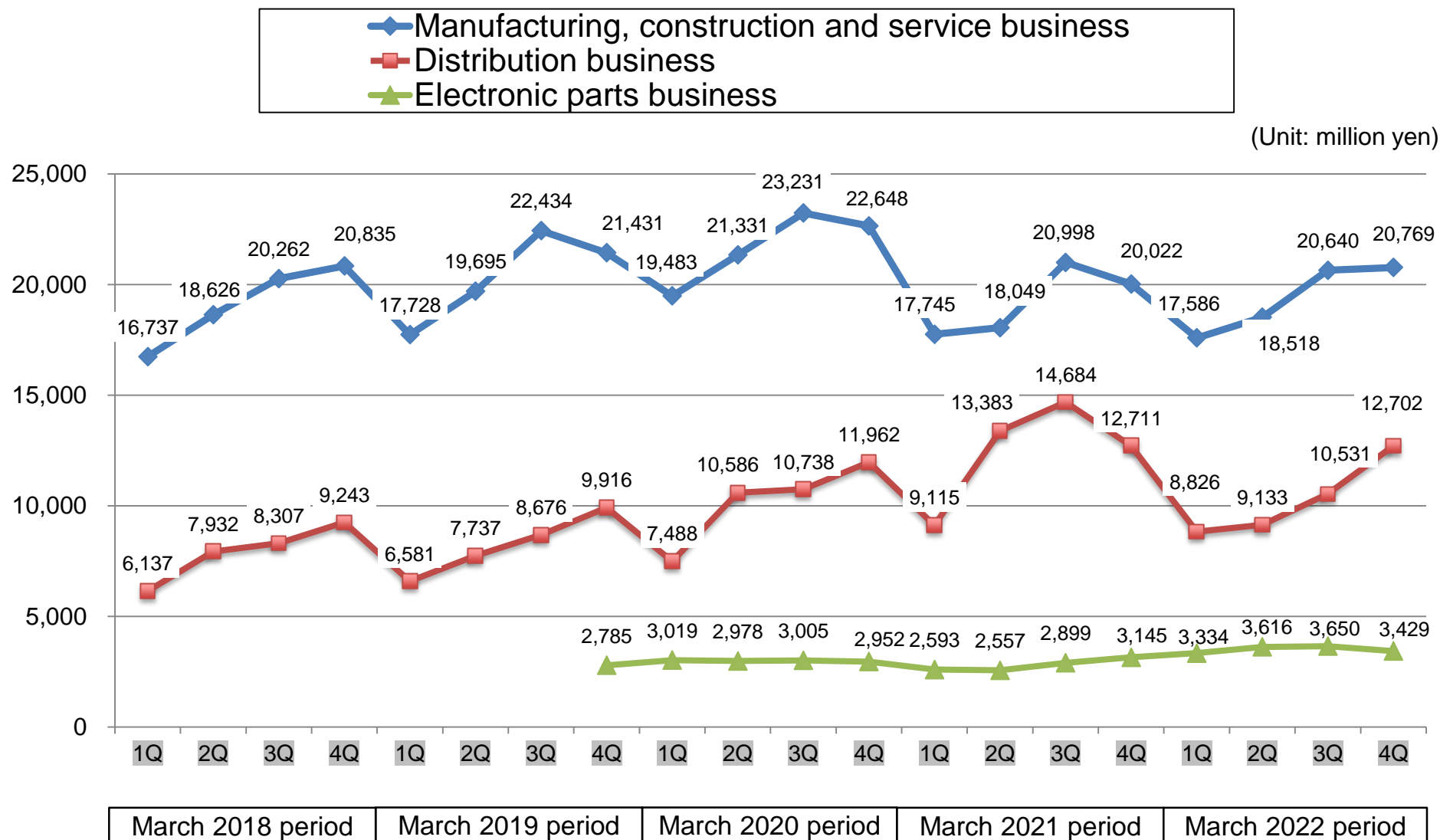
Consolidated sales trends (quarter)

Full year
FY2021



Sales trends by segment (quarter)

Full year
FY2021



* Due to the change in business segments beginning in the period ended in March 2022, figures prior to the change have been revised to reflect the new segments and therefore do not match the figures in other documents that were disclosed in the past.

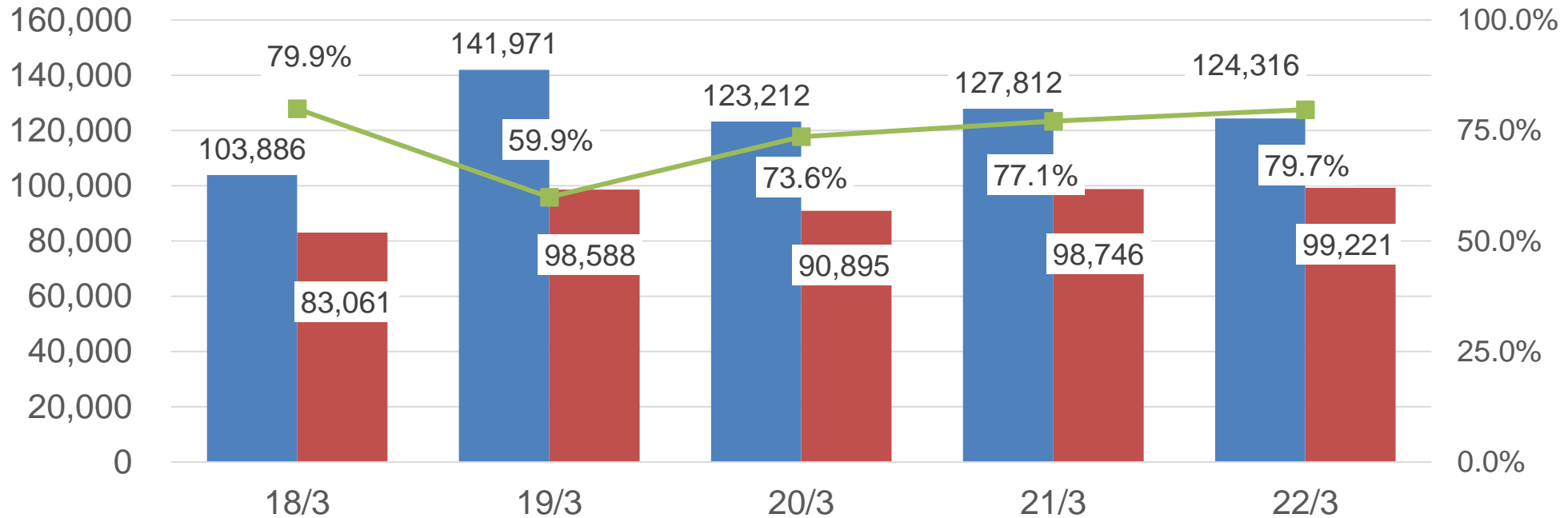
Total assets/Net assets/Capital-to-asset ratio

Full year
FY2021

(Unit: million yen)



(Unit: %)

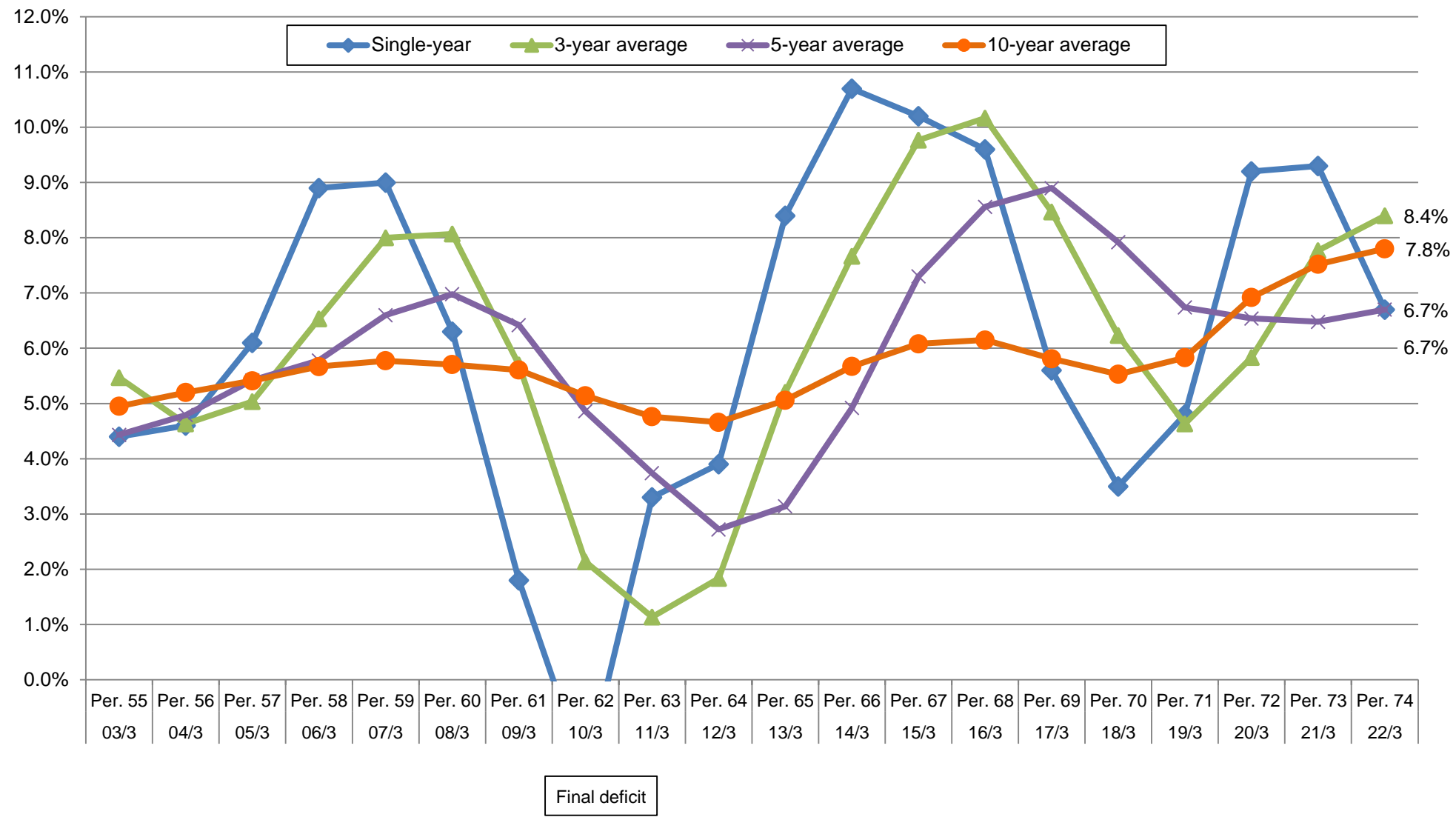


(Unit: million yen)

	18/3	19/3	20/3	21/3	22/3
Total assets	103,886	141,971	123,212	127,812	124,316
Net assets	83,061	98,588	90,895	98,746	99,221
Capital-to-asset ratio	79.9%	59.9%	73.6%	77.1%	79.7%

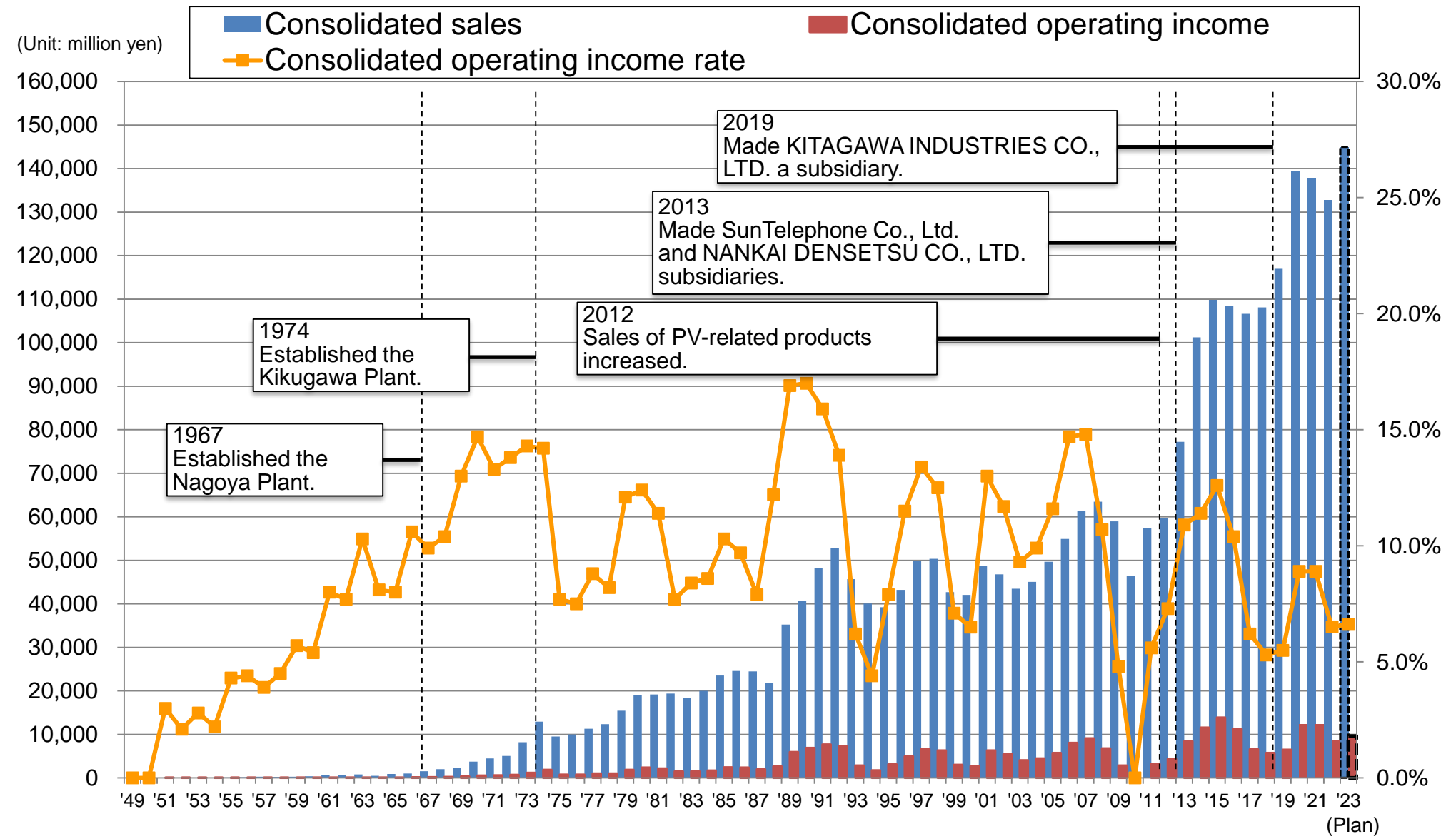
ROE (return on equity) trends (consolidated)

Full year
FY2021



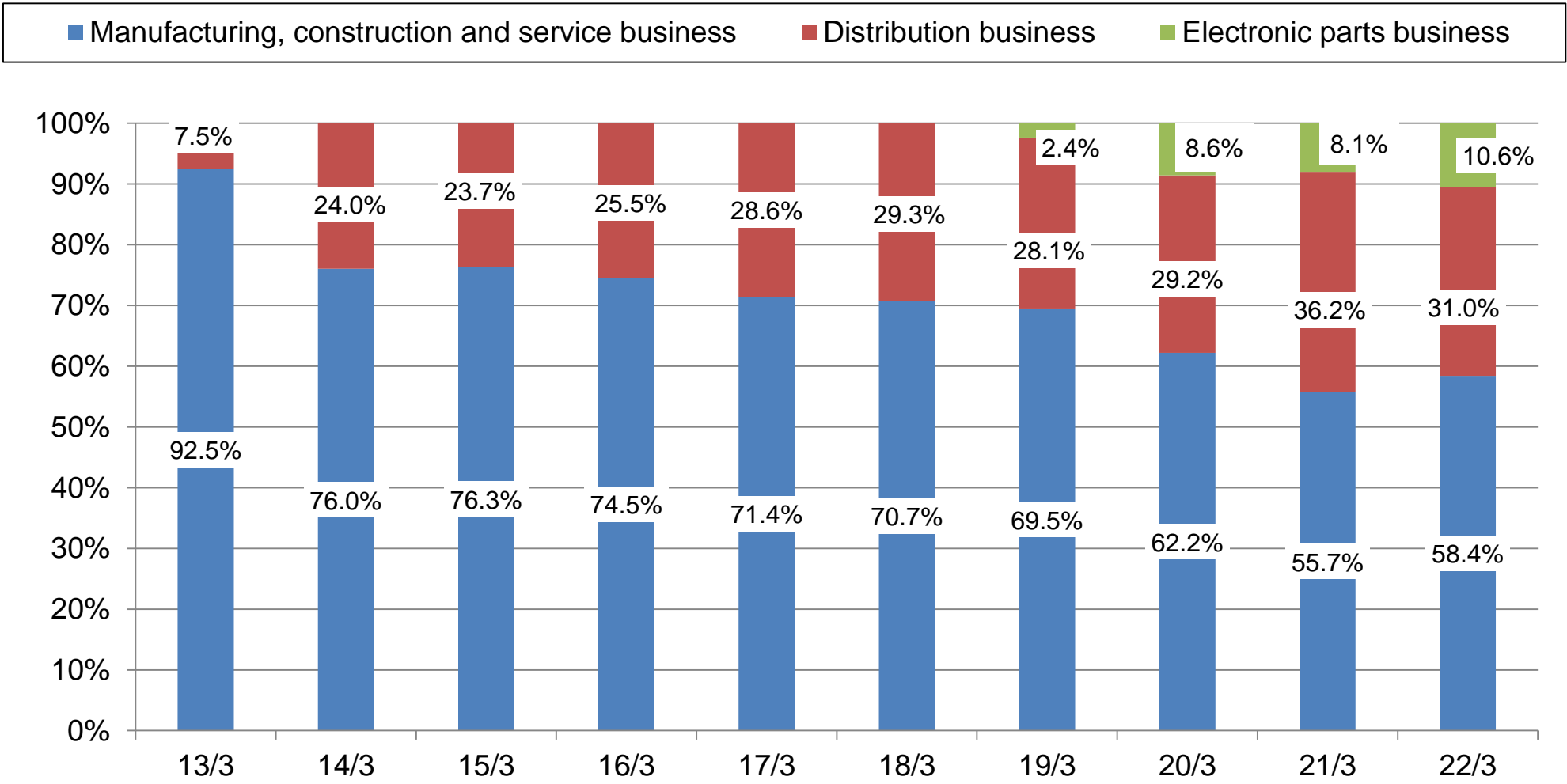
Result trends from establishment to present

Full year
FY2021



Sales composition ratios by business segment

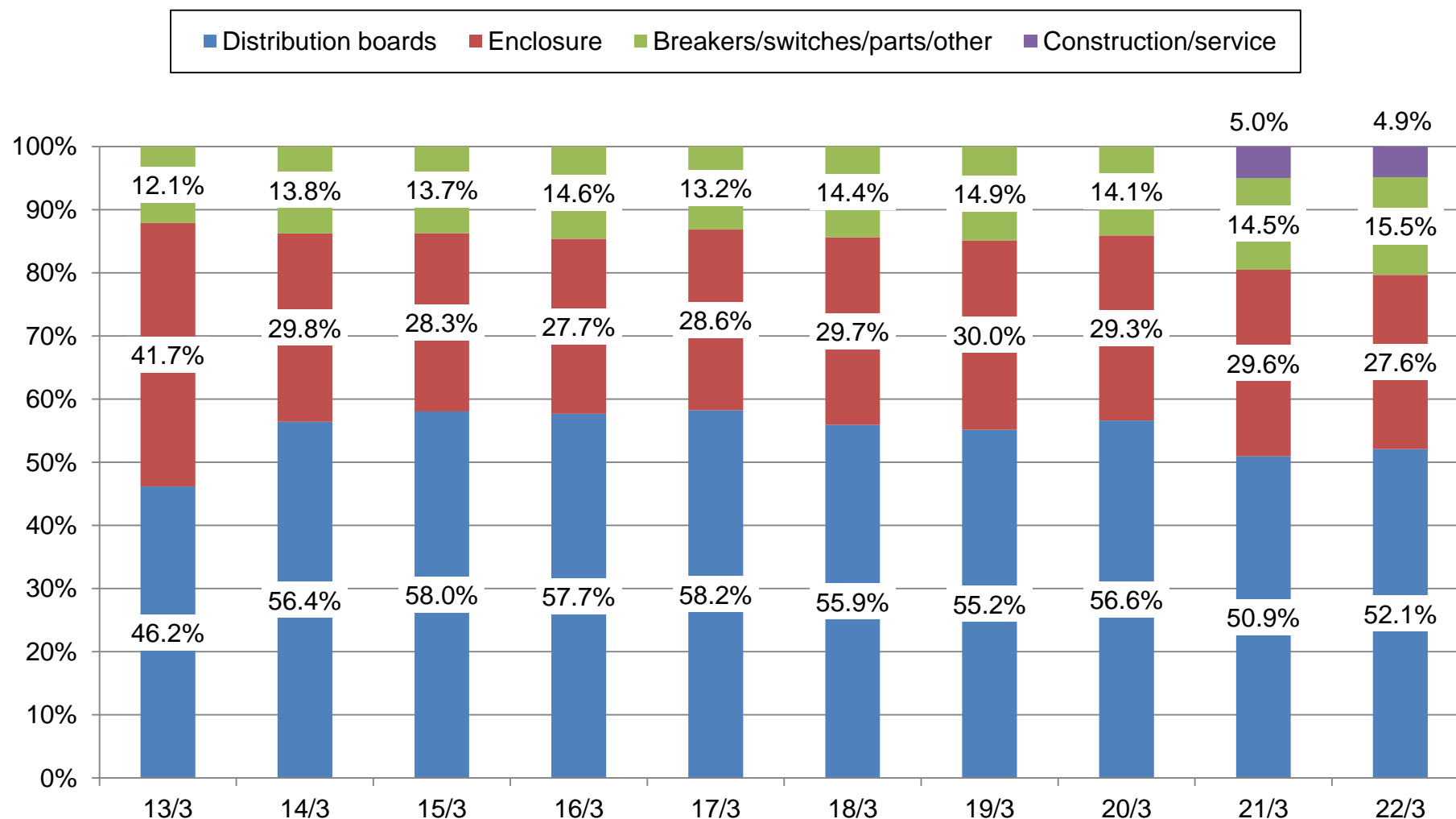
Full year
FY2021



*Figures have been revised to reflect the new segments and therefore do not match the figures in other documents that were disclosed in the past.

Manufacturing, construction and service business (sales composition ratio by division)

Full year
FY2021



* Figures for the period ended March 2021 have been recalculated to reflect the new segments.
 Figures for distribution boards and enclosures prior to the period ended March 2020 are those for the previous distribution board and enclosure divisions.
 Figures for breakers/switches/parts/other prior to the period ended March 2020 are the total for the previous breaker/switch and parts/other divisions.
 Numerical totals may not match exactly due to rounding.