

# **Financial Results for Fiscal Year 2023 (April 1, 2023 - March 31, 2024)**

**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.

## **Sales were at a record high** **Revenue and profits increased due to** **price revisions, etc.**

- Revenues and profits increased year-on-year, and sales were at a record high
- Although affected by rising prices of raw materials and parts, profits increased significantly due to effect of price revisions, an increase in marginal profits, and improvements in transaction-by-transaction prices
- The revised full-year plan released on February 5, 2024 was achieved under all profit items

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# **1. Overview of consolidated accounts period ended in March 2024, full year**

# Yearly consolidated account highlights

Full year  
FY2023

- Business results for the period ended March 2024 showed increased revenues and profits. Full year sales were at a record high and the revised plan was achieved under all items
- Sales increased in the electrical and telecommunications infrastructure-related manufacturing, construction and service businesses, supported by effects from price revisions done from the previous fiscal year and an increase in sales of distribution/panel boards due to an increasing number of transactions. Moreover, higher revenues were recorded also by the electrical and telecommunications infrastructure-related distribution business, helped by a recovery in office network transactions, among others
- Although affected by rising prices of raw materials and parts and by higher selling, general and administrative expenses (SGA), operating income increased significantly, supported by an increase in marginal profit, effect of price revisions, and improving transaction prices

(Unit: million yen)

	2023/3	2024/3			
	Actual results	Plan	Actual results	YoY comparison	Vs. plan
Sales	146,698	158,000	160,709	+9.6%	+1.7%
Operating income	8,172	11,000	11,967	+46.4%	+8.8%
Ordinary income	9,056	11,500	12,566	+38.8%	+9.3%
Yearly net profit reverting to parent company shareholders	5,479	7,800	8,715	+59.1%	+11.7%

# Business segments

## Electronic parts-related Manufacturing business

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



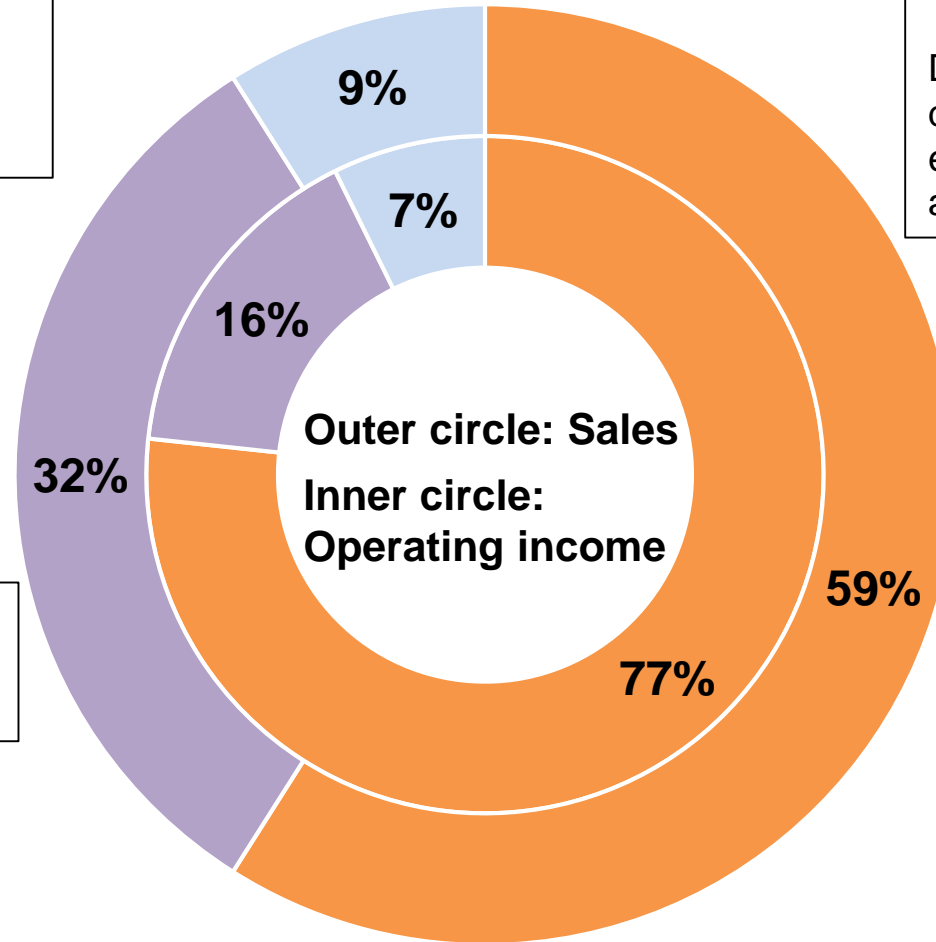
## Electrical and telecommunications infrastructure-related Distribution business

Purchases and sales of telecommunications parts 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



\* 2024/3 actual results. Percentages may not total 100 due to rounding.

# Yearly account highlights by segment

Full year  
FY2023

- In the manufacturing, construction, and service business, revenues and profits increased due to rising sales of mainstay distribution/panel boards and of hole cutting enclosures
- The distribution business booked increases in revenues and profits due to a rise in sales of network equipment as office network projects recovered, and an increase in renewable energy-related projects
- In the electronic components business, revenues decreased due primarily to falling demand mainly in the air conditioner related market and the industrial equipment market, despite a rise in sales of heat control related products, etc., on the back of robust demand in automotive-related markets. Profits increased due to an improvement in the ratio of variable costs and a decrease in selling, general and administrative expenses (SGA)

(Unit: million yen)

By segment		2023/3	2024/3			
		Actual results	Plan	Actual results	YoY comparison	Vs. plan
Sales	Manufacturing, construction and service business	85,501	93,800	95,132	+11.3%	+1.4%
	Distribution business	45,952	49,700	50,975	+10.9%	+2.6%
	Electronic parts business	15,244	14,500	14,601	-4.2%	+0.7%
	Total	146,698	158,000	160,709	+9.6%	+1.7%
Operating income	Manufacturing, construction and service business	6,188	-	9,166	+48.1%	—
	Distribution business	1,579	-	1,912	+21.1%	—
	Electronic parts business	356	-	872	+144.6%	—
	Total	8,172	11,000	11,967	+46.4%	+8.8%

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

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

- The distribution boards division posted a revenue increase due to an increase in sales of high-voltage power receiving equipment and panel boards, helped by robust demand for facilities investment
- The enclosure division booked a revenue increase due primarily to an increase in sales of hole cutting enclosures in the wake of expanded use of the design and order system using the internet
- The breakers/switches/parts/other divisions increased revenue primarily because of increased sales of EV charging stands driven by the national subsidy policy
- The construction and services division posted lower revenues due to a decrease in sales of telecommunications construction in hospital projects in spite of a rising number of telephone equipment replacement projects for schools and telecommunications equipment projects for factories

(Unit: million yen)

Sales by division		2023/3	2024/3			
		Actual results	Plan	Actual results	YoY comparison	Vs. plan
Manufacturing, construction and service business	Distribution boards	49,076	55,500	56,260	+14.6%	+1.4%
	Enclosure	20,630	22,000	21,873	+6.0%	-0.6%
	Breakers/switches/parts/other	11,688	12,300	12,903	+10.4%	+4.9%
	Construction/service	4,105	4,000	4,095	-0.2%	+2.4%
	Total	85,501 (4,416)	93,800	95,132 (5,036)	+11.3%	+1.4%
Consolidated overall total		146,698	158,000	160,709	+9.6%	+1.7%
Consolidated sales composition ratio		58.3%	59.4%	59.2%	+0.9%	-0.2%

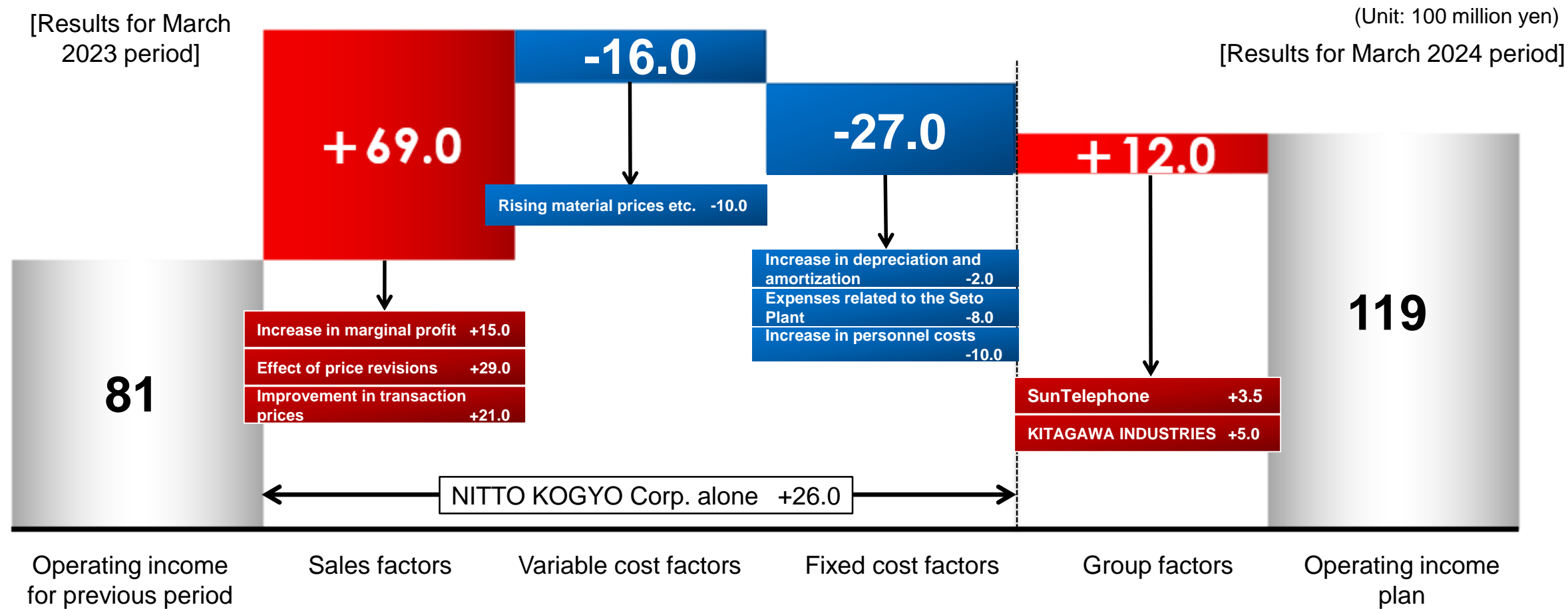
\* Parentheses refer to internal sales between segments



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

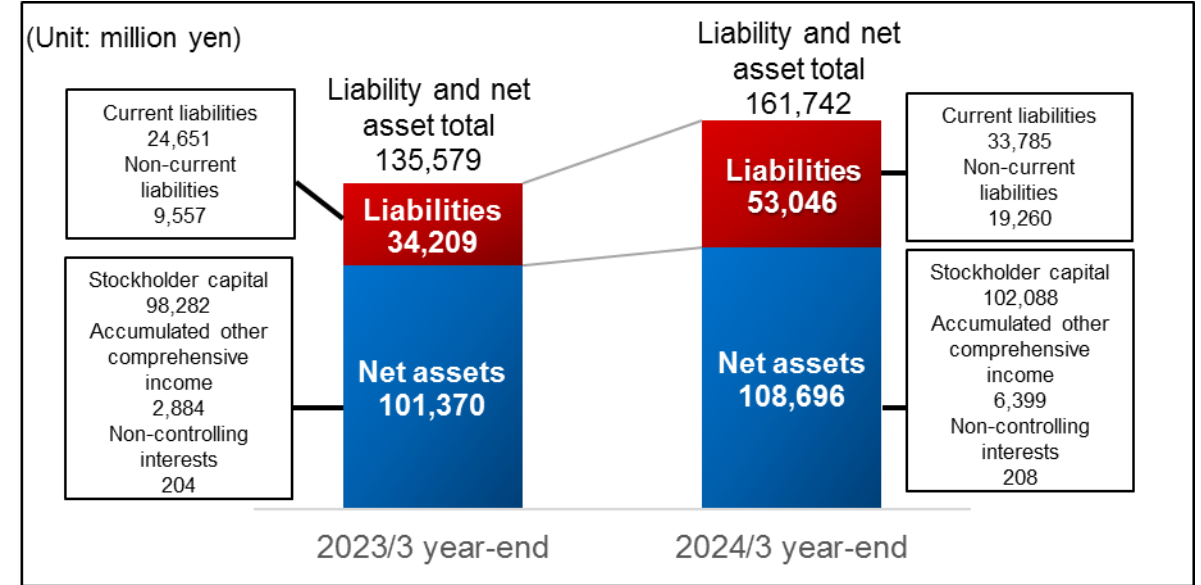
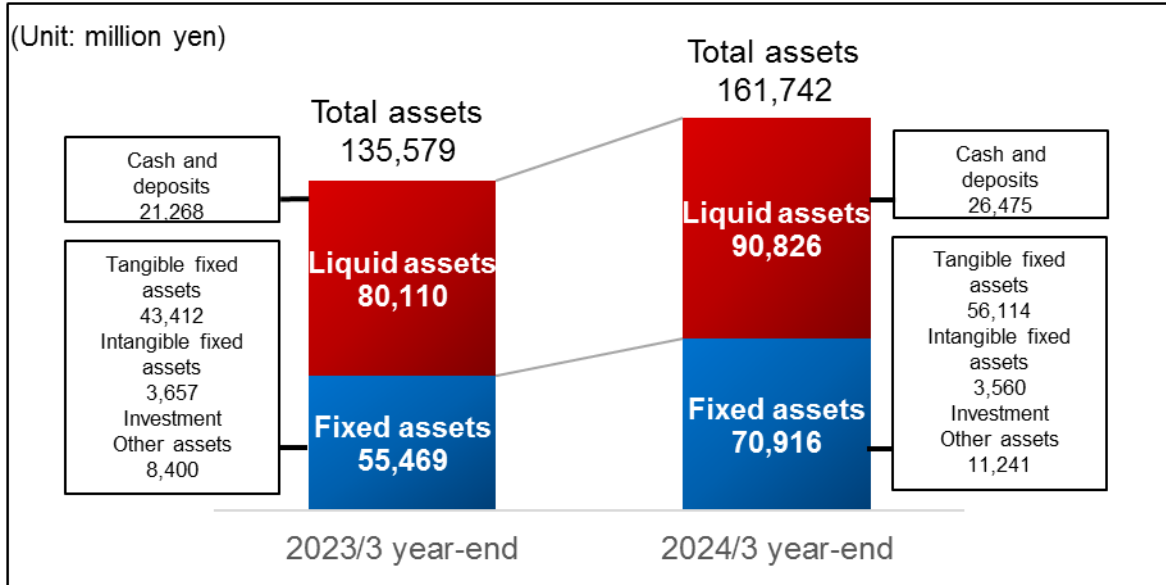
Full year  
FY2023

- As for the non-consolidated factors of NITTO KOGYO Corp., profits increased due to an increase in marginal profit, the effects of price revisions and an improvement in transaction prices despite an increase in variable costs and fixed costs
- Fixed costs grew as personnel costs grew and relevant expenses were incurred in the Seto Plant relocation project
- As for the group factors, primarily SunTelephone and KITAGAWA INDUSTRIES increased profits, which pushed up consolidated operating income



# Overview of consolidated finances for the year

- Assets grew due to higher inventories and increased buildings and structures associated with the Seto Plant, among other factors
- Liabilities and net assets increased due to higher long-term loans payable, the recording of current net income and others



## <Main changes>

### ■ Assets

Increased cash and deposits	+5,207
Increased inventories	+1,196
Increased buildings and structures	+13,094

### ■ Liabilities

Increased long-term loans payable	+10,157
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### ■ Net assets

Current net income	+8,715
Dividends of surplus	-4,906
Increased accumulated other comprehensive income	+3,514

# Consolidated cash flow statement for the year

- Cash equivalents on March 31, 2024 increased 5,313 million yen from the end of the period ended March 2023 to 25,411 million yen

(Unit: million yen)

Full year 2023/3	
Beginning balance of cash and cash equivalents	28,319
CF due to sales activities	3,751
CF due to investment activities	-13,899
CF due to financial activities	1,449
Effect of exchange rate changes on cash and cash equivalents	477
Ending balance of cash and cash equivalents	20,098

Full year 2024/3	
Beginning balance of cash and cash equivalents	20,098
CF due to sales activities	12,321
CF due to investment activities	-14,429
CF due to financial activities	6,929
Effect of exchange rate changes on cash and cash equivalents	492
Ending balance of cash and cash equivalents	25,411

## < Full year 2023/3 Main factors >

### ■ CF due to investment activities

Expenditure due to acquisition of investment securities	-1,197
Expenditure due to acquisition of fixed assets	-11,649

### ■ CF due to financial activities

Income due to long-term loans payable	+5,919
Payment of dividends	-4,287

## < Full year 2024/3 Main factors >

### ■ CF due to investment activities

Income due to refunds of fixed-term deposits	+465
Expenditure due to acquisition of fixed assets	-13,914

### ■ CF due to financial activities

Income due to long-term loans payable	+12,000
Payment of dividends	-4,900

## 2. Key topics

- Rising material prices, etc. decreased operating income by 1.0 billion yen cumulatively in the full year
- Difficulty in procurement was remedied further, and some items with prolonged delivery deadlines were replaced with stock or ordered advance
- Price revisions (first and second) boosted operating income by 2.9 billion yen cumulatively in the full year

	Assumption (revised plan)	Results
Rising material prices	YoY <b>-0.9 billion yen</b> (in operating income)	YoY <b>-1.0 billion yen</b>
Difficulty in procurement	On an easing trend (partially normalized)	Almost fully normalized
Effect of price revisions	YoY <b>+2.9 billion yen</b> (in operating income)	YoY <b>+2.9 billion yen</b>

# Trends of sales of energy management system (EMS) related products

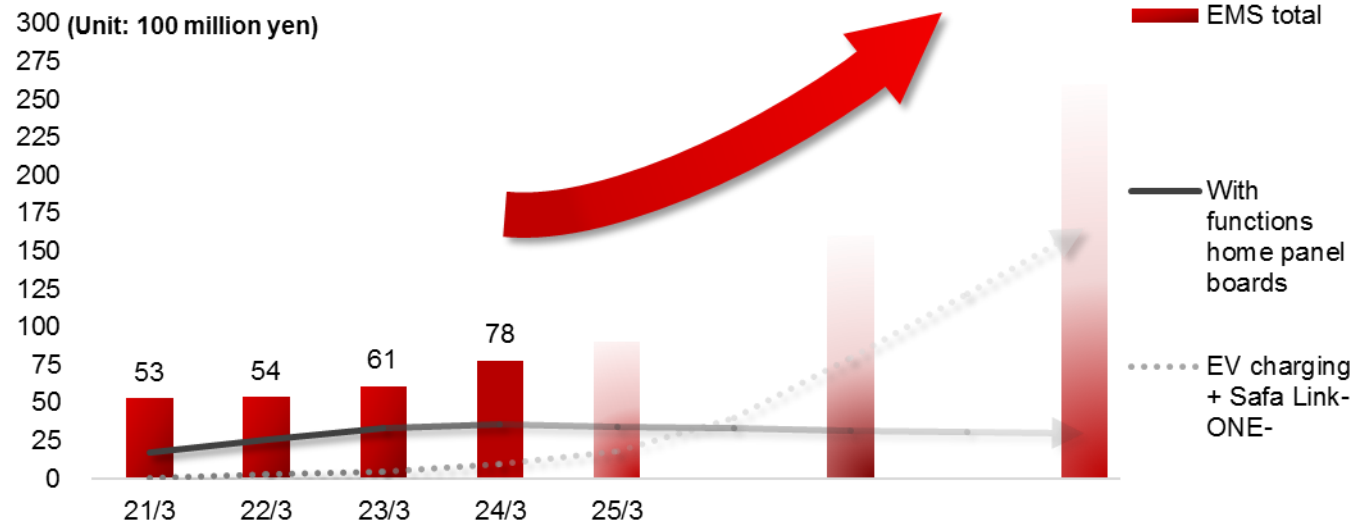
- Sales of EMS-related products in the full year increased 27.8% year on year to 7.8 billion yen
- Sales of EV charging stands increased as a result of the national subsidy policy, and sales of high-voltage power receiving equipment related to solar power generation systems increased
- We delivered 2 systems of Safa Link-ONE- (sales of 50 million yen). Aim to expand sales by adjusting our sales structure toward 2025/3

“Energy management system (EMS) related products” refers to the aggregate sales of the following products:

- (1) Home panel boards with the power source switching function
- (2) EV charging stands
- (3) Safa Link-ONE- (orders start in April 2023)
- (4) PV-related (power control storage box, etc.)

\* Sales figures represent sales of NITTO KOGYO Corp. alone and do not include sales of the group. They are also not offset among group companies.

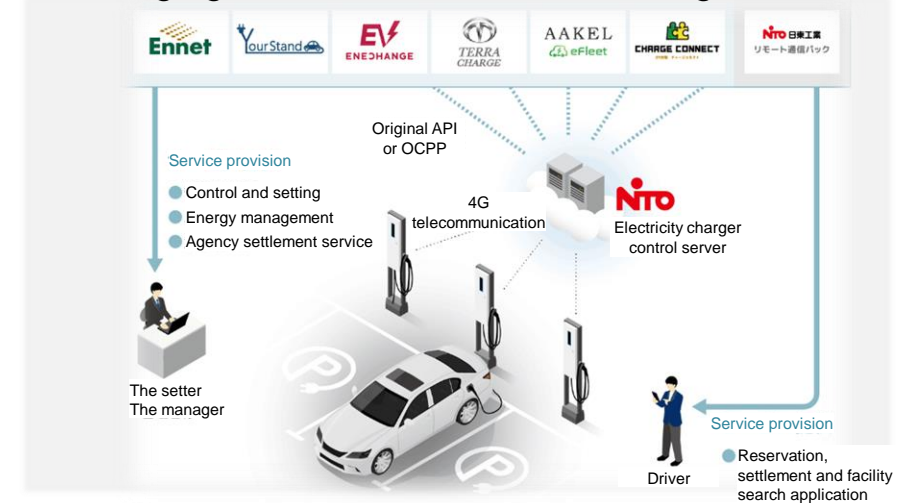
## Reference: Sales trend of EMS-related products



## ■ Safa Link-ONE- as imagined



## ■ EV charging service collaboration as imagined



### **3. Forecast of consolidated results for the accounts period ending in March 2025**

# Premises of the plan for the year

	Premises of the plan for the year	Risks related to premises
Raw material prices/Material prices	A decrease in profits by 1.7 billion yen for the full year is expected due to a further rise in raw material prices and material prices	A further surge in raw material prices and material prices due to fluctuations in foreign exchange rate fluctuations caused by geopolitical risks and to worsening maritime logistics conditions
Effect of price revisions	Market penetration of the third price revision starting from April 2024 is projected to increase profits by 1.9 billion yen for the full year	Deterioration in market prices due to intensified market competition
Changes in transaction prices	Increase in profits by 1.6 billion yen for the full year is expected due to price revisions, supported by growing demand, among other factors	
Other	<p>Japan: Solid demand for facilities investment Construction work delays caused by customers' procurement difficulties are expected to subside</p> <p>Overseas: Moderate progress in global economy and conditions</p>	Japanese companies were slower to make facilities investment due to changing U.S. domestic politics and a protracted slump of the Chinese economy

Amounts in table: Year-on-year basis



# [Supplements to premises of the plan for the year] Price revisions

Full year  
FY2023

- Third price revisions implemented from April 2024
- Second price increase for enclosures and system racks following the first price revisions in July 2022
- Effect of profit increase of approximately 1.9 billion yen is expected for the full year

## ➤ Third price revisions (from April 2024)

Product lines to be affected	Revision rate
Enclosure	Approx. 10 to 15%
System racks	Approx. 10%
Some panel board accessories	Approx. 10%
Standard panel boards and control panel boards	Approx. 2 to 8%

**Effect of profit increase of approximately 1.9 billion yen for the period ending March 2025**

# Forecast of consolidated results for the year

Full year  
FY2023

- Revenues are expected to grow due to rising sales in existing markets, driven by solid demand for facilities investment and the consolidation of Tempearl Industrial Co., Ltd.
- Operating income is expected to rise mainly due to an increase in marginal profit stemming from growing sales, to the effect of price revisions, and to improving transaction prices, although fixed costs such as personnel costs and depreciation and amortization are likely to increase
- Ordinary income is expected to decline slightly as the expenses related to Nagoya Plant demolition will be incurred
- For current net income, accounting treatment due to Tempearl Industrial Co., Ltd. becoming a member of the Group (extraordinary profit of 1.0 to 1.5 billion yen) is expected to be done

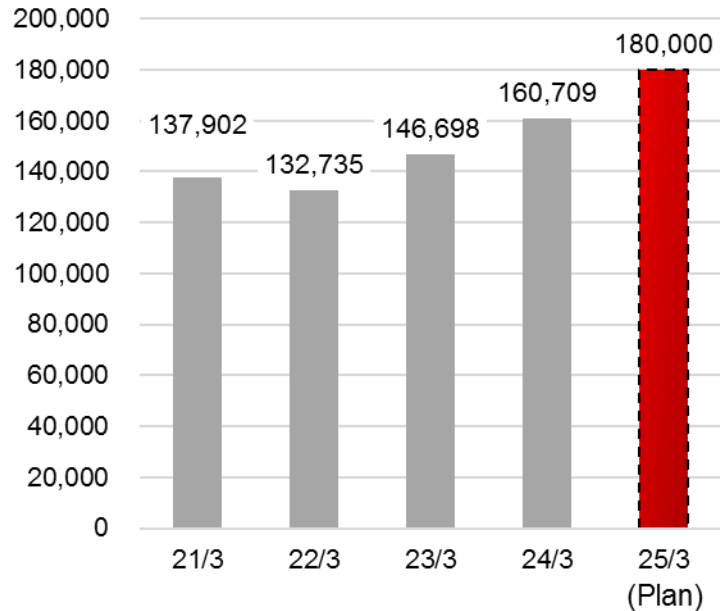
(Unit: million yen)

	2024/3		2025/3			
	2Q results	Results for the year	2Q plan	(YoY) Change	Plan for the year	(YoY) Change
Sales	73,163	160,709	83,000	+13.4%	180,000	+12.0%
Operating income	4,771	11,967	4,700	-1.5%	12,500	+4.4%
Ordinary income	5,187	12,566	4,900	-5.5%	12,500	-0.5%
Yearly net profit reverting to parent company shareholders	3,564	8,715	4,500	+26.2%	9,700	+11.3%

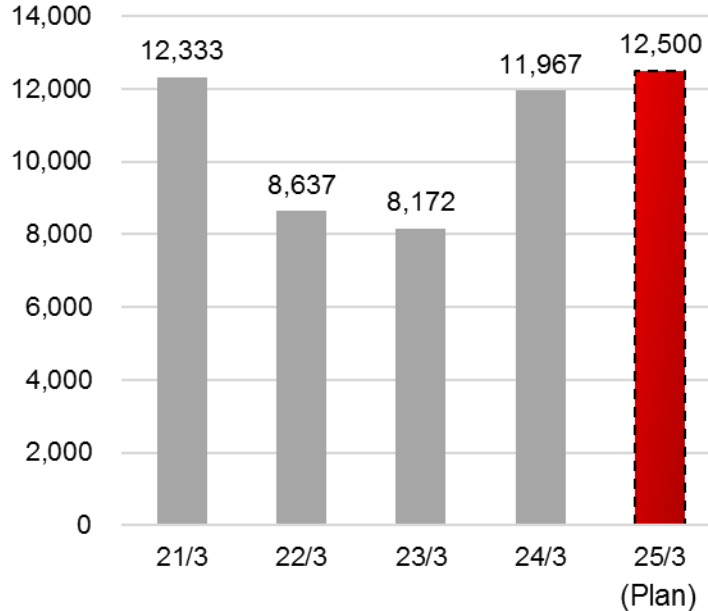
# Consolidated performance trends

- If we are on target with the plan for the period ending March 2025, we expect to achieve the highest sales and net income and the second highest operating income in our history

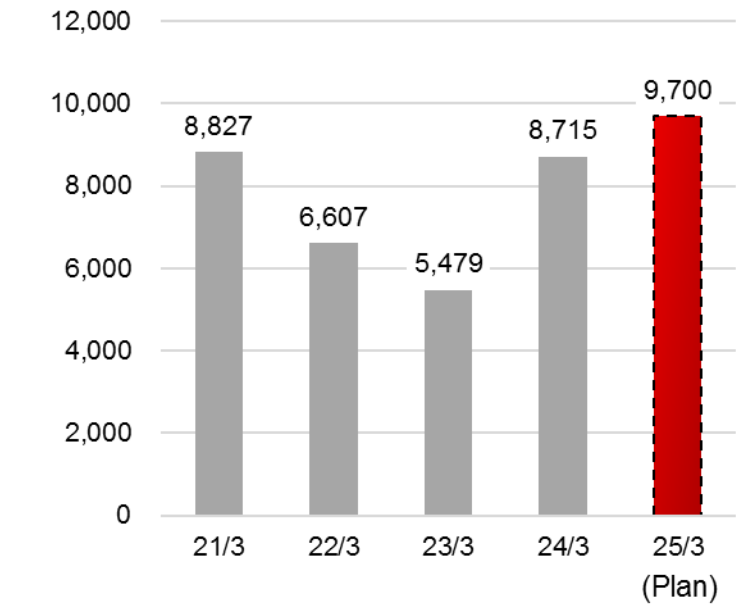
## ■ Sales



## ■ Operating income



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



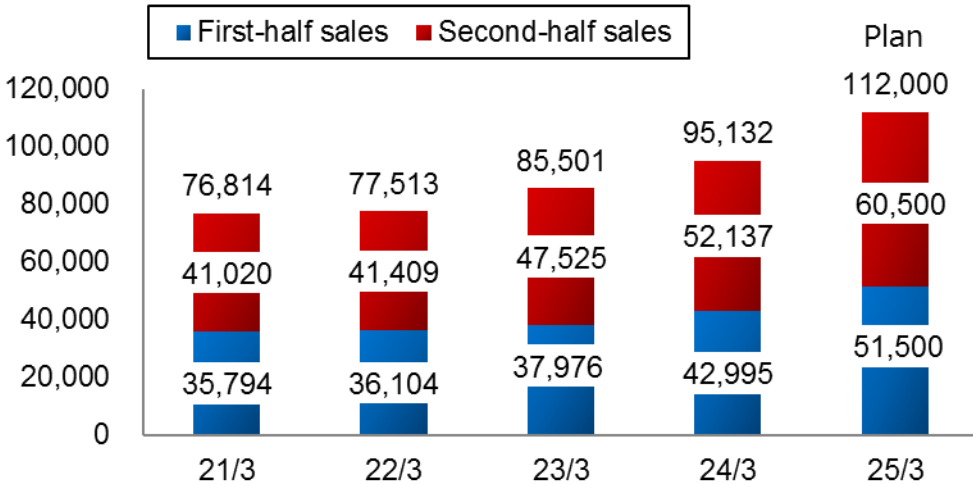
	21/3	22/3	23/3	24/3	2025/3 (Plan)
Sales	137,902	132,735	146,698	160,709	180,000
Operating income	12,333	8,637	8,172	11,967	12,500
Yearly net profit reverting to parent company shareholders	8,827	6,607	5,479	8,715	9,700

# Business forecast by segment (manufacturing, construction and service business)

## Forecast for the year (sales)

112,000 million yen (YoY +17.7%)

(Unit: million yen)



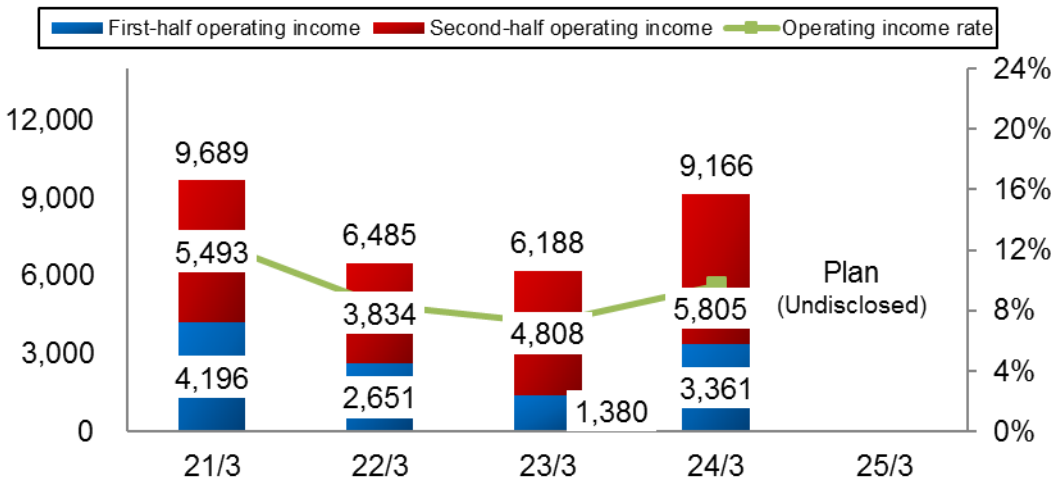
## Forecast for the year

Revenues are expected to increase due to strong demand stemming from solid private facilities investment and to the third price revisions and the effects from Tempearl Industrial Co., Ltd. and EM Solutions Co., Ltd. becoming subsidiaries

## Approaches

- Accelerate introducing "Safa Link-ONE-, an industrial solar self-consumption storage battery system" utilizing our one-stop sales system
- Capture the demand for self-supportive enclosures by using the "Smart Order system" as the Seto Plant came into full operation

(Unit: million yen)



## Main group companies: Yearly forecast

Company name		Sales (YoY)	Operating income	Impact level on group profit
Japan	NITTO KOGYO Corp.			High
	AICHI ELECTRIC WORKS			Low
	Tempearl Industrial Co., Ltd. *	-	-	Low
Overseas	Gathergates Group			Low
	NITTO KOGYO BM (THAILAND)			Low

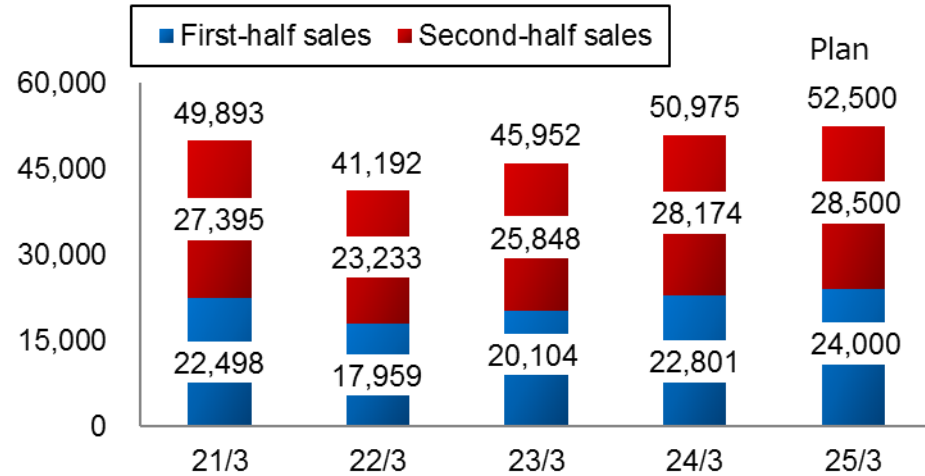
\* Tempearl Industrial Co., Ltd. became consolidated starting from 2025/3

# Business forecast by segment (distribution business)

Full year  
FY2023

## Forecast for the year (sales)

(Unit: million yen)



52,500 million yen (YoY +3.0%)

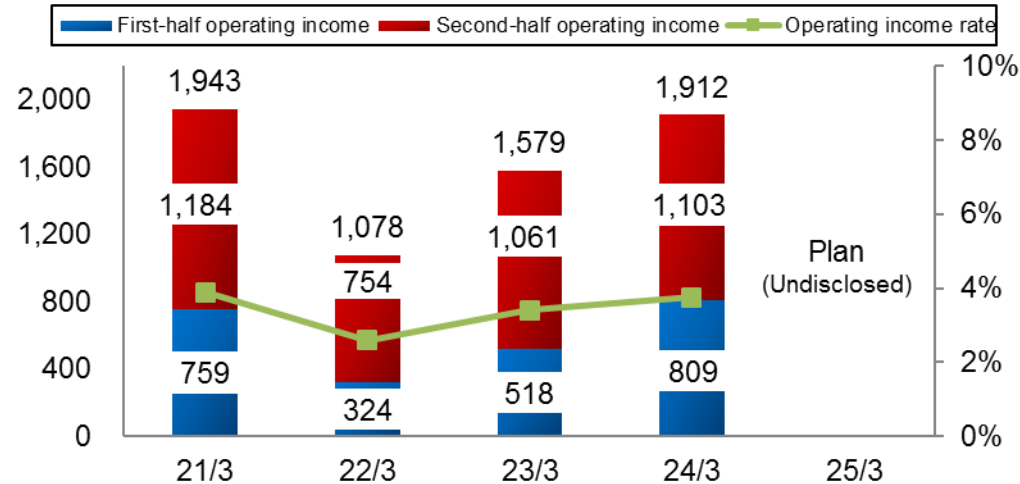
## Forecast for the year

- Sales are expected to increase as we will reliably capture IT investment demand, now on an uptrend, such as for semiconductor plants and data centers and new businesses associated with renewable energy, among others, will likely expand

## Approaches

- Seek to open accounts with new customers in industries expected to grow such as semiconductors or logistics-warehousing
- Expand sales products such as electricity storage systems for the renewable energy market
- Building the foundation and expanding sales in the ASEAN region, mainly through subsidiaries in Thailand and Vietnam

(Unit: million yen)



## Main group companies: Yearly forecast

Company name		Sales (YoY)	Operating income	Impact level on group profit
Japan	SunTelephone			Medium
	SOECO			Low
Overseas	Master Controls			Low

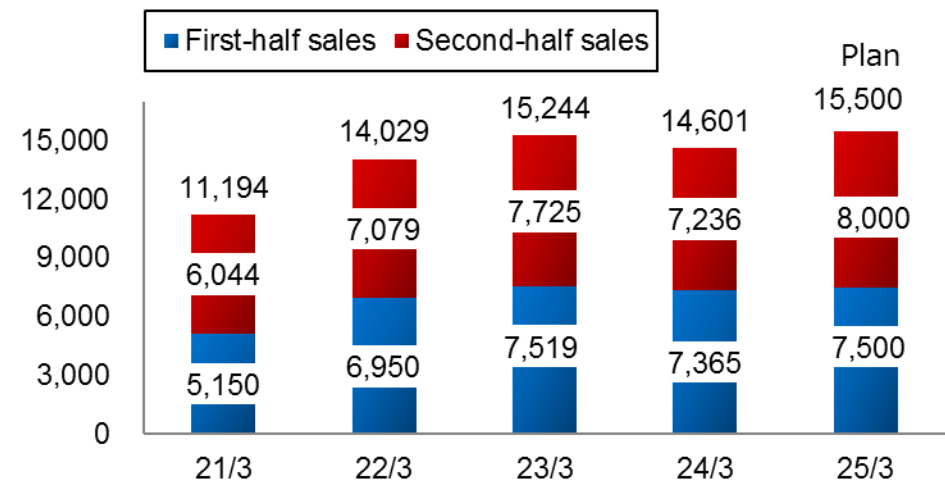
# Business forecast by segment (electronic parts business)

Full year  
FY2023

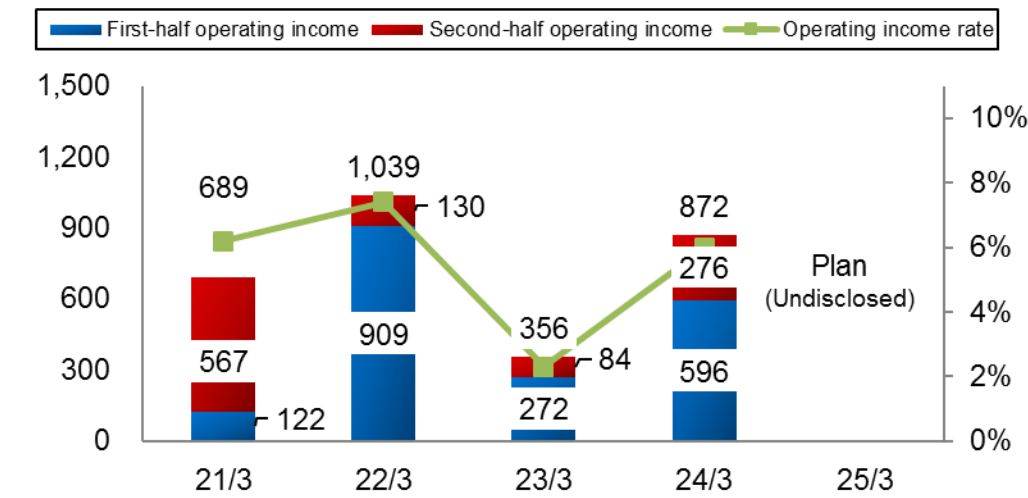
## Forecast for the year (sales)

15,500 million yen (YoY +6.2%)

(Unit: million yen)



(Unit: million yen)



## Forecast for the year

Revenues are expected to increase as we will capture demand from the automotive market, now strong, and enjoy higher sales caused by a demand recovery in the appliance-related market

## Approaches

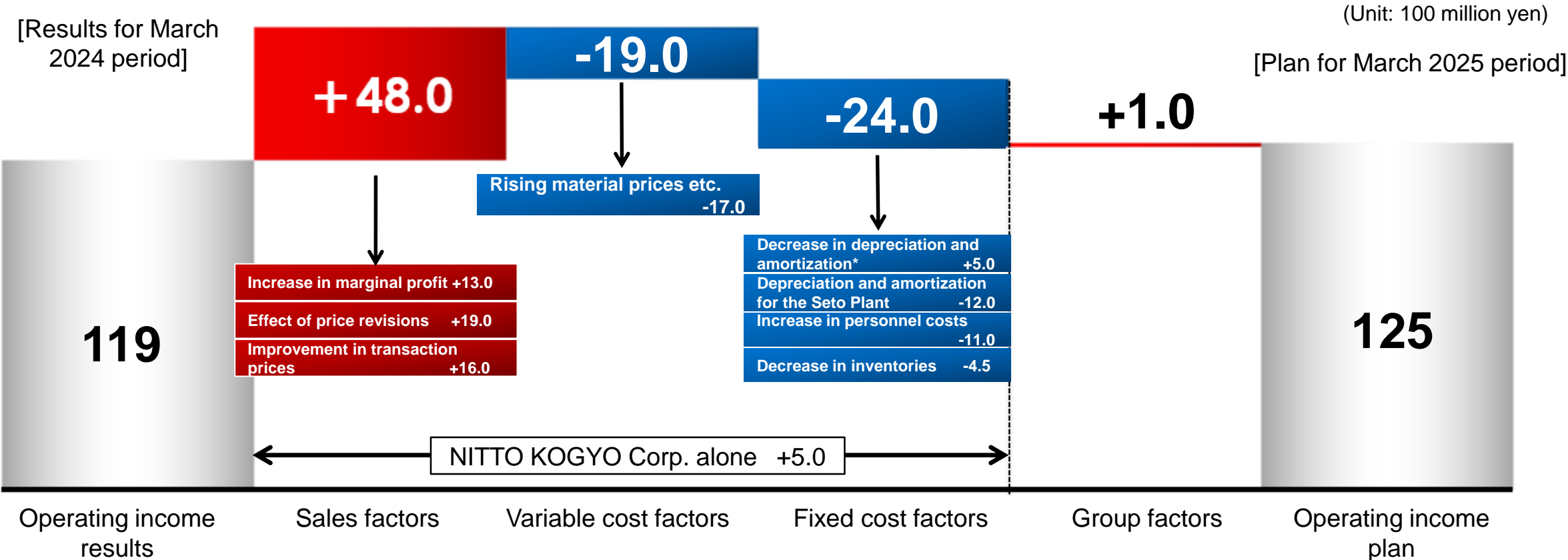
- Expand sales of EMC products and heat control products for EVs and autonomous driving vehicles
- Propose global solutions in expectation of technological changes of appliance products
- Expand sales of EMC products for the industrial equipment market and the renewable energy market

## Main group companies: Yearly forecast

Company name	Sales (YoY)	Operating income	Impact level on group profit
KITAGAWA INDUSTRIES			Medium

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

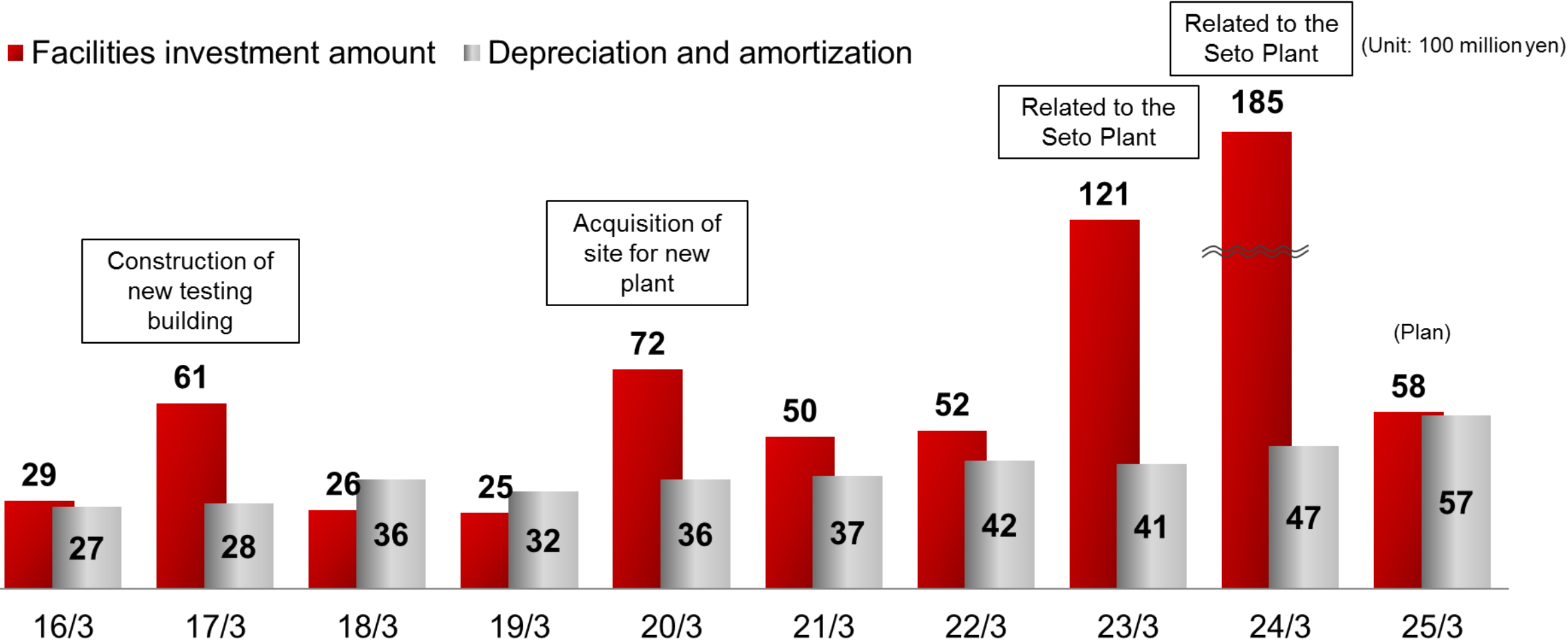
- Consolidated operating income for the period ending in March 2025 is forecast to increase 4.4% year on year to 12.5 billion yen
- For NITTO KOGYO Corp. alone, operating income is expected to rise due to an increase in marginal profit, the effect of price revisions and improving transaction prices despite income-lowering factors such as still-rising material prices (variable cost factors) and growing personnel costs (fixed cost factors)
- For the group, particularly, income increases at SunTelephone and KITAGAWA INDUSTRIES will become factors that push up income, so a slight income gain is expected



\* Effect of an accounting policy revision (change from the declining-balance method to the straight-line method in 2025/3)

# Facilities investment amounts and depreciation and amortization

- For the period ending March 2025, facilities investment amount is planned at 5.8 billion yen and depreciation and amortization at 5.7 billion yen
- Facilities investment amount is expected to return to normal as investment for the Seto Plant was largely completed



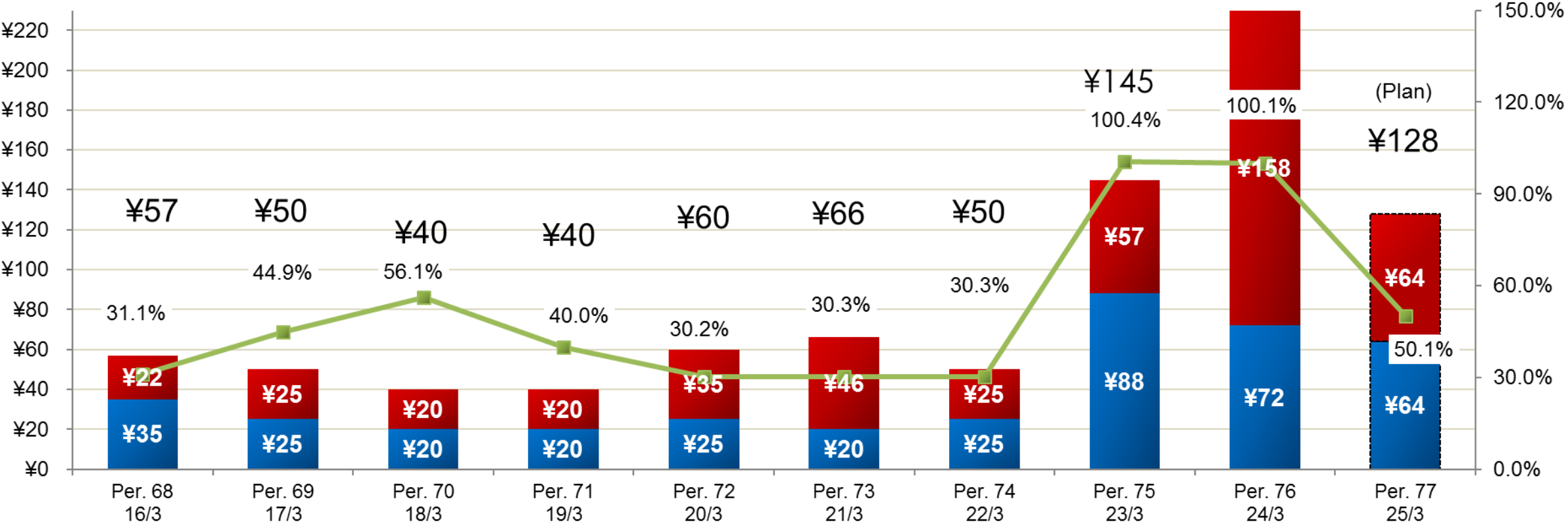
\* Rounded at 10 million yen



# Dividend status

Full year  
FY2023

- In the period ended March 2024, dividends for the year will be 230 yen and the dividend payout ratio will be 100.1% on a consolidated basis in accordance with our two-year-only dividend policy
- Starting from the period ending March 2025, the dividend policy will be revised (dividend payout ratio of 50% and a lower limit DOE of 4.0%)
- In the period ending March 2025, dividends for the year will be 128 yen and the dividend payout ratio will be 50.1% on a consolidated basis



## 4. Mid-term management plan

See the [2026 Mid-Term Management Plan](#)



# CONNECT!

- Connecting electricity and information -

**NITO** **NITTO KOGYO GROUP**

Stock code: 6651

## 5. Reference materials

# Reference materials

- **Measures to realize management with capital costs and share prices in mind**
- **Consolidated sales trends (quarter)**
- **Sales and operating income trends (quarter)**
- **3 segments**
- **Result trends from establishment to present**
- **Sales composition ratios by business segment**
- **Sales composition ratio by division (manufacturing, construction, service and business)**
- **Trend in total assets/net assets/capital-to-asset ratio**
- **ROE (return on equity) trends (consolidated)**

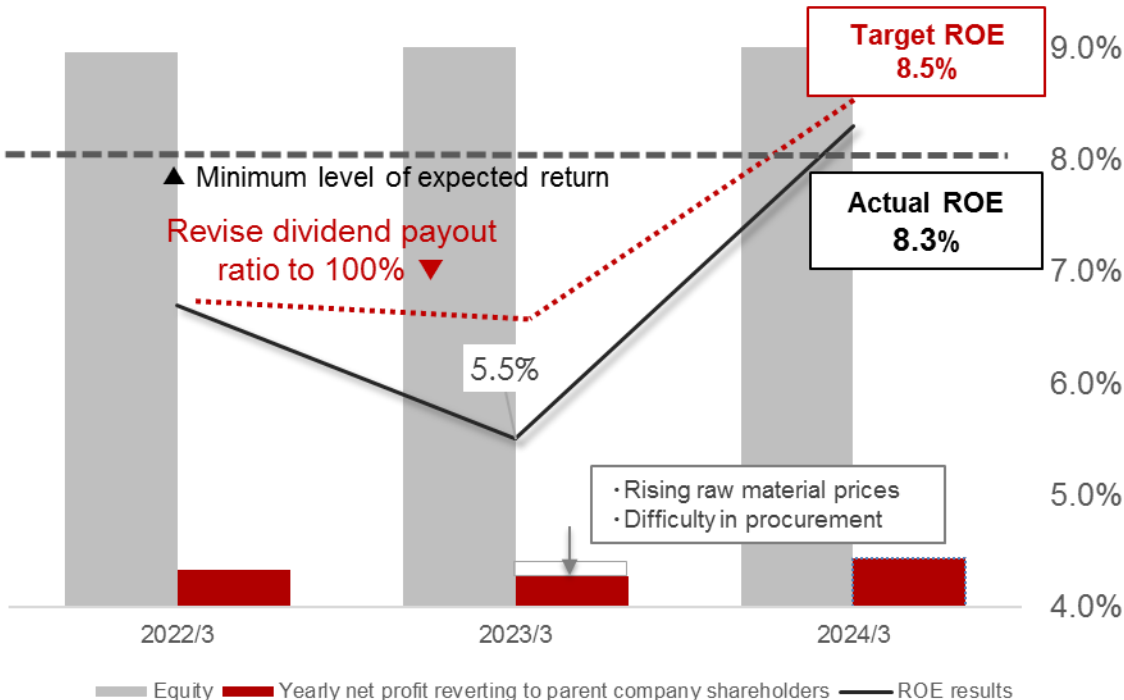
# Measures to realize management with capital costs and share prices in mind (evaluation of the current state [1])

Full year  
FY2023

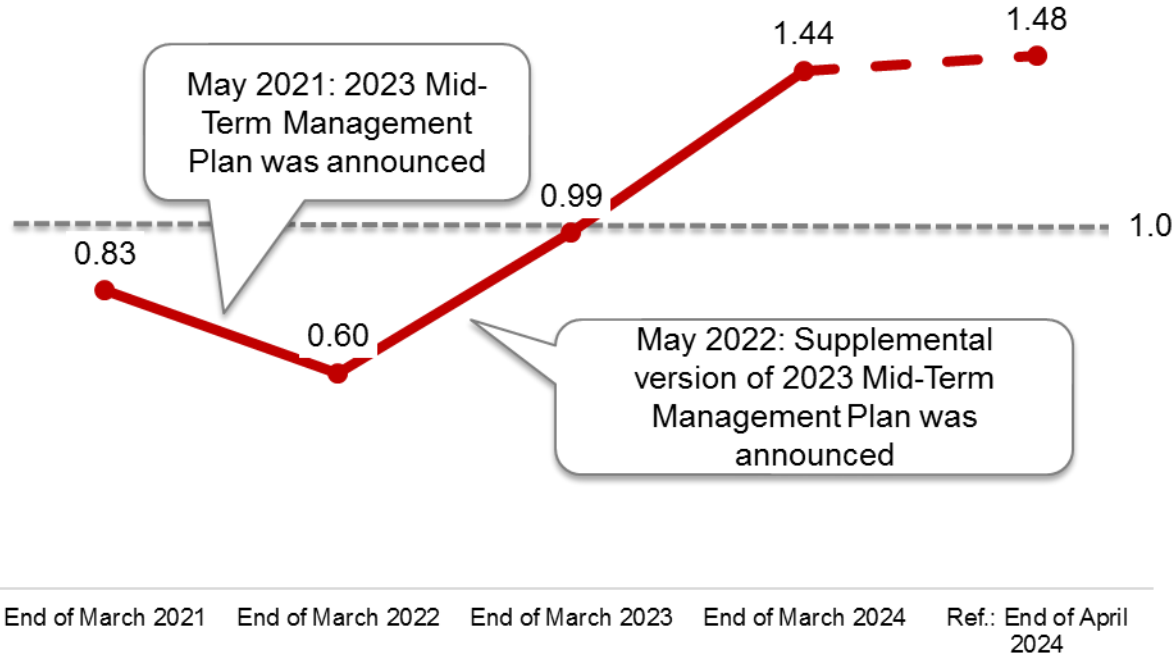
## Evaluation of the current state

We steadily implemented capital efficiency focused management with an awareness of ROE as described in the [Supplemental 2023 Mid-Term Management Plan](#) (hereinafter the “Supplemental Mid-Term Plan”) (May 2022) and, as part of our BS management, a dividend payout ratio of 100% (limited to 2 periods for the fiscal years ended March 2023 and ending March 2024) in order to stop the excessive growth of equity. Although ROE did not reach the target of 8.5% or more, it improved from 5.5% at the end of the previous fiscal year to 8.3%. As a result, PBR improved from 0.60 times prior to the Supplemental Mid-Term Management Plan to 1.44 times (1.48 times as of the end of April 2024)

[Trend in ROE]



[Trend in PBR]

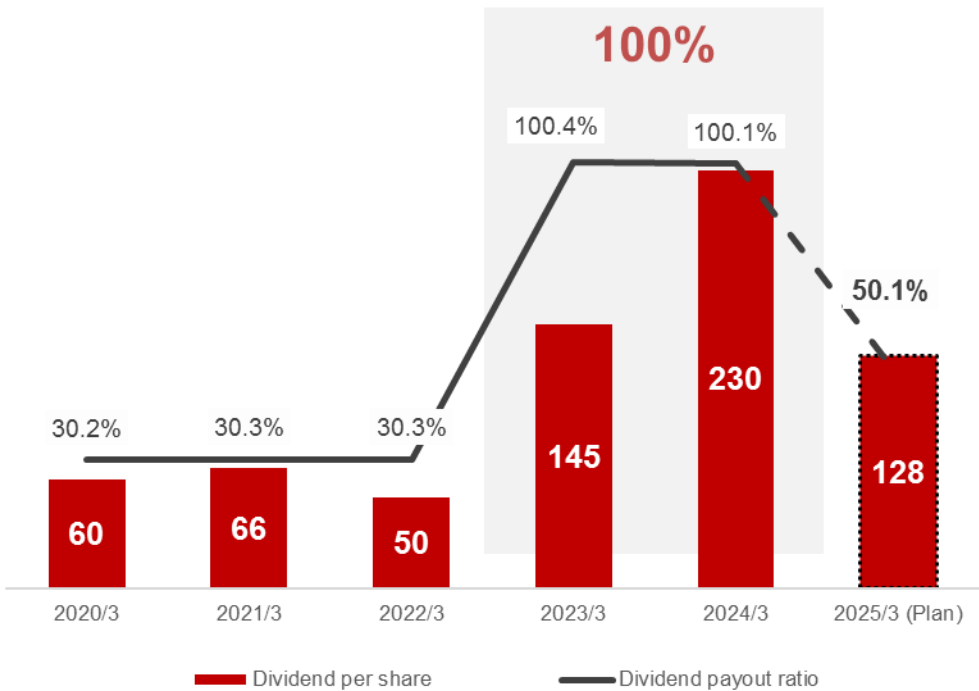




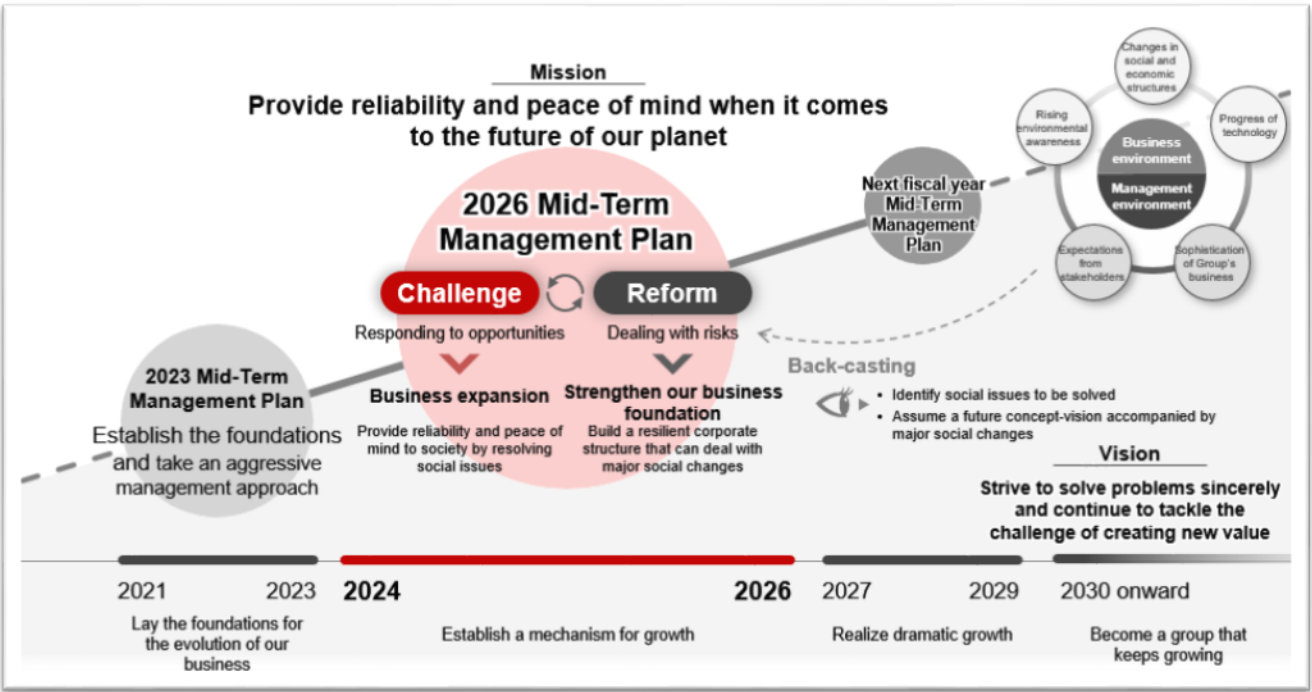
## Evaluation of the current state

The dividend payout ratio of 100%, which was limited to 2 terms in the Supplemental Mid-Term Plan, will be changed as planned, but we decided to keep promoting aggressive shareholder returns by setting a lower limit dividend payout ratio of 50% and a lower limit DOE of 4.0% in the 2026 Mid-Term Management Plan. Thus, we will stunt the excessive growth of equity to a certain extent. Moreover, we are required to deliver increased corporate value while making our growth more specific in accordance with the long-term growth story

[Trends in dividend payout ratio and dividends]



[Long-term Growth Story]





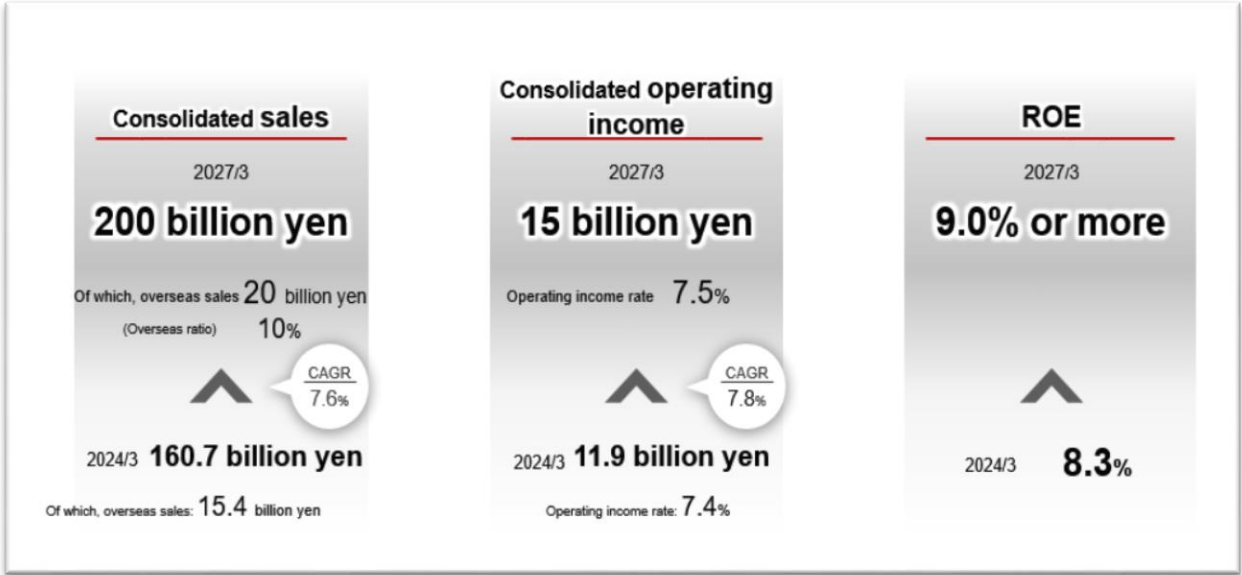
## Policy

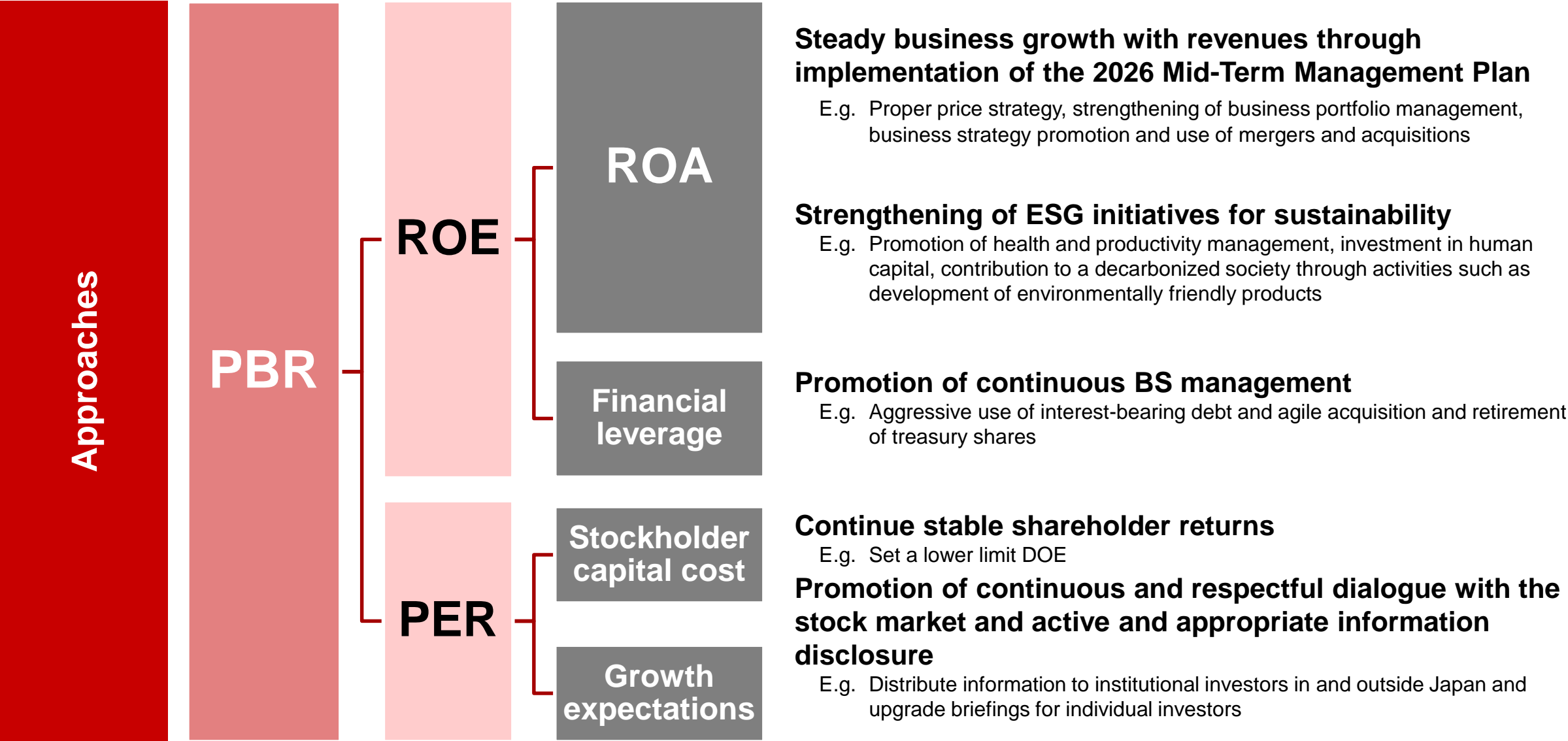
We aim to improve ROE further by executing the 2026 Mid-Term Management Plan, achieving our financial targets and continuing our BS management, and will lower shareholder capital cost by continuing considerate investor relations (IR) activities.

### [2026 Mid-Term Management Plan: Basic policy]



### [2026 Mid-Term Management Plan: Financial targets]

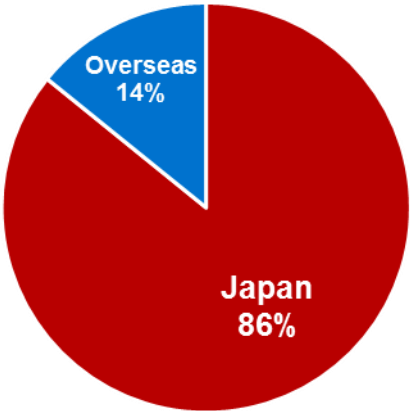




## Status of major initiatives in FY2023

Contents	Frequency	Person in charge
Financial results briefing (online)*	Twice a year	President, Director responsible for Business Management Division, General Affairs Department
Individual meetings with institutional investors*	20 to 25 sessions /quarterly	Director responsible for Business Management Division, General Affairs Department
Briefing for individual investors (online)	Annually	Director responsible for Business Management Division

\* Attributes of participating investors, etc.

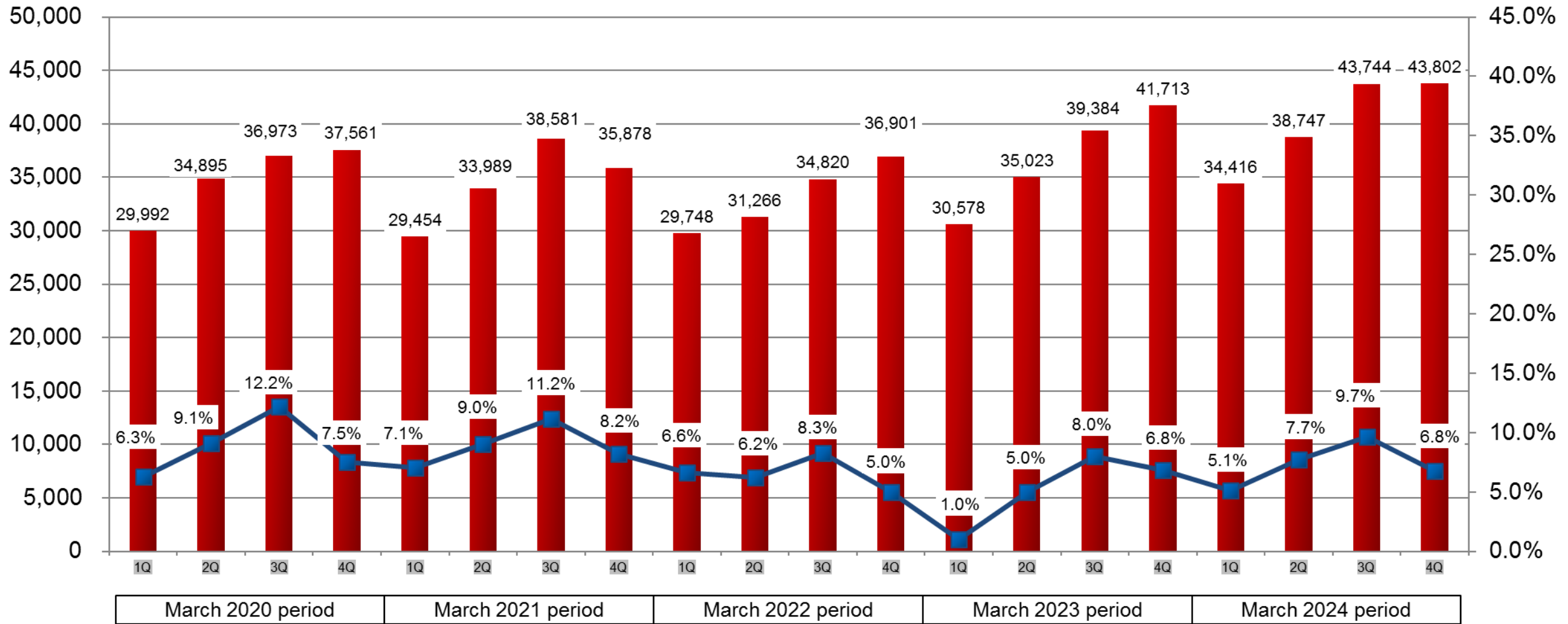


[Areas of responsibility]  
Analysts, fund managers, persons responsible for ESG, etc.

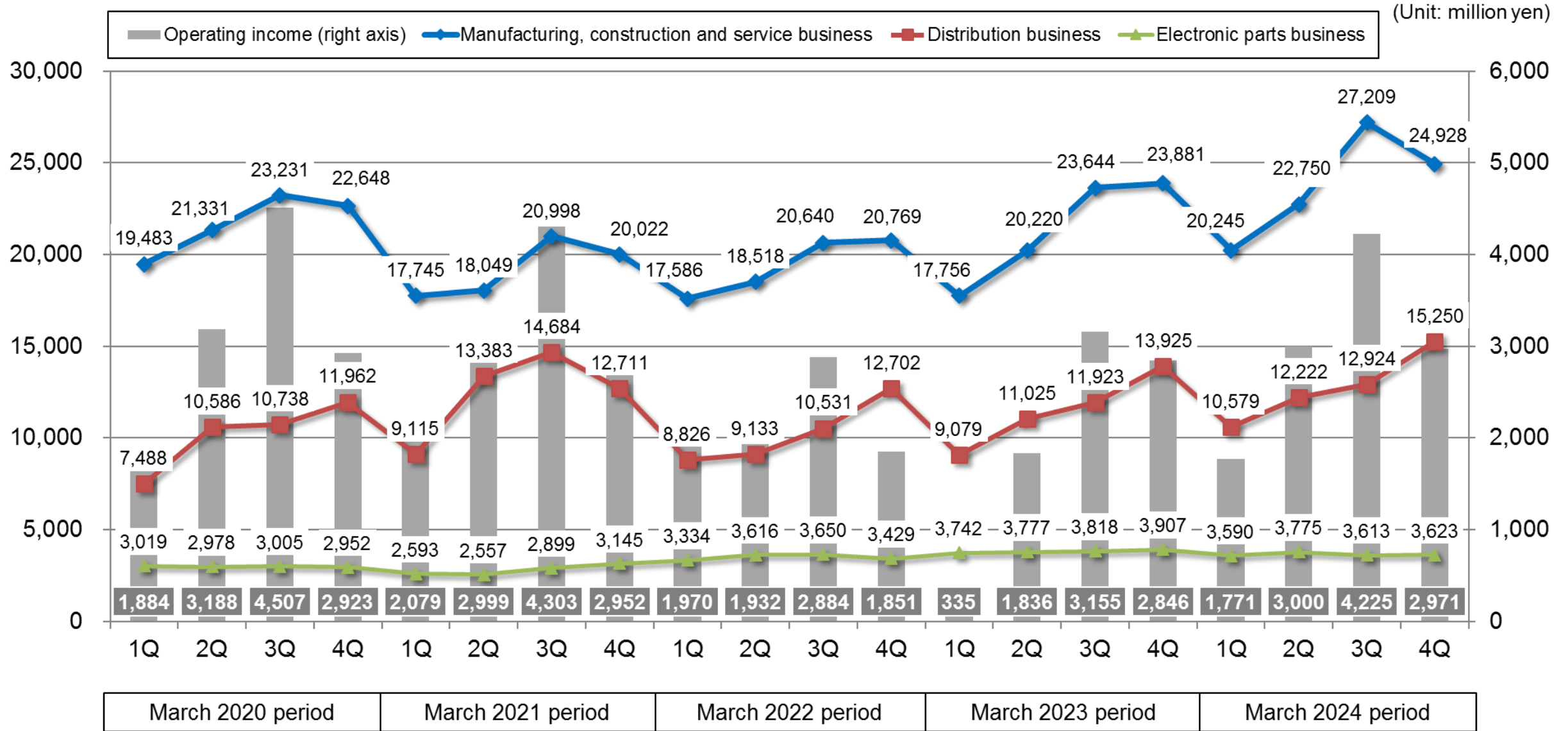
Through the opportunities above, we deepen dialogue on management results, business forecasts, industry trends, business strategies, etc., disseminate information obtained through dialogue with investors to relevant divisions, and report at the Management Meeting, etc., to share information with other directors.

# Consolidated sales trends (quarter)

(Unit: million yen)



# Sales and operating income trends (quarter)



\* 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.



# 3 segments (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

## Distribution boards



High-voltage power receiving equipment



Distribution/Panel boards

## Enclosure



Enclosure



System racks



## Breakers/switches/parts/other



Breakers

Parts



Charging stands

## Construction/service



Communication facility construction



Electrical facility construction

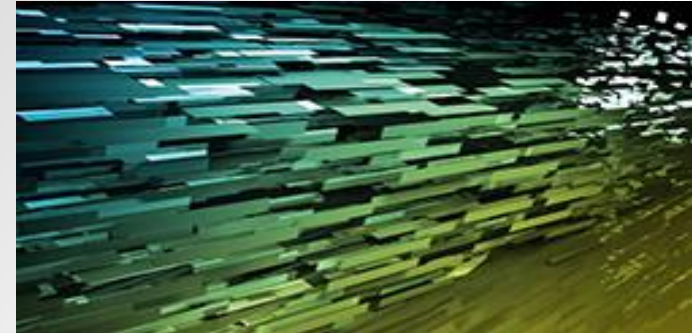
# 3 segments (distribution business)

## ■ Purchases and sales of telecommunications parts 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**

# 3 segments (electronic parts business)

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

### 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]**



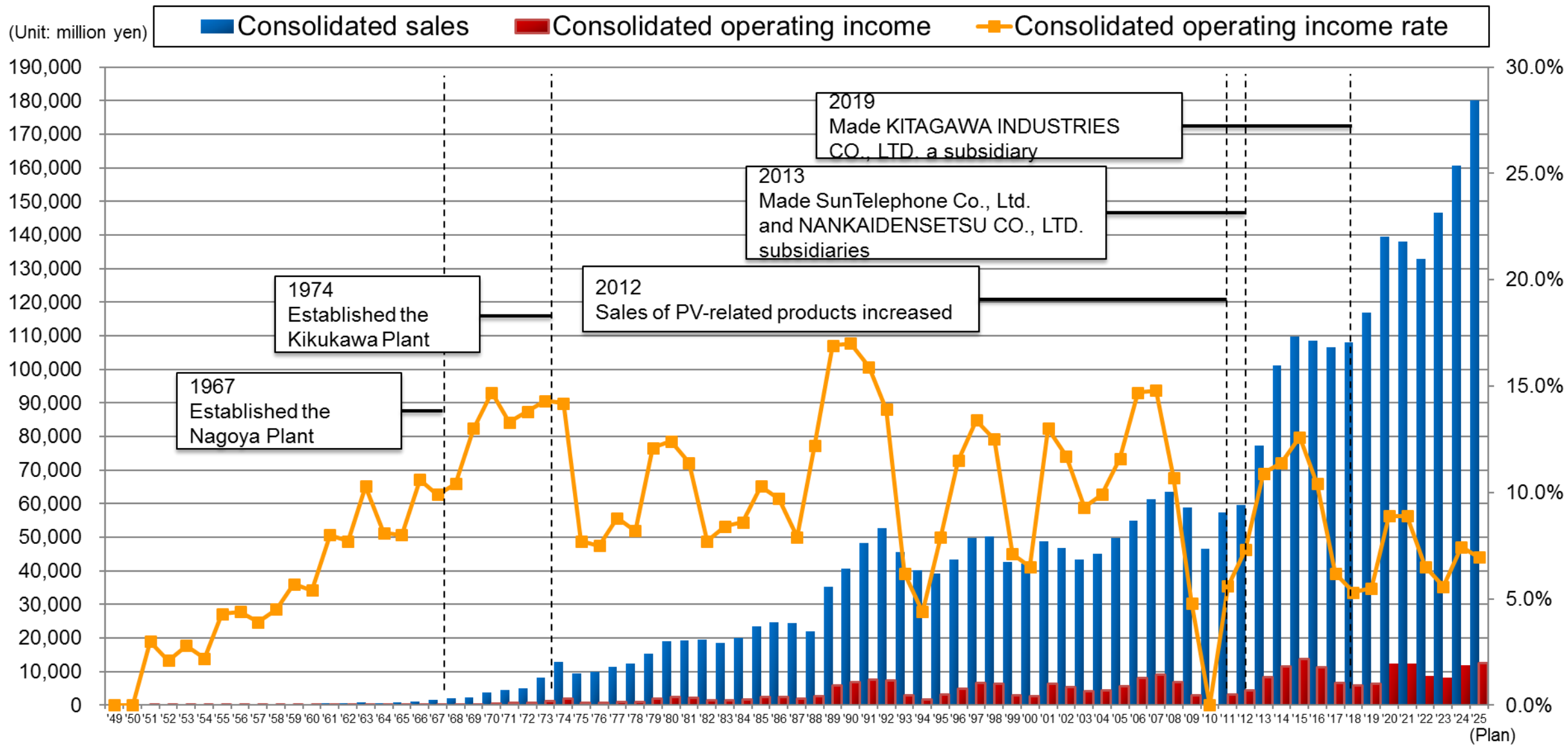
**[Cable Ties]**



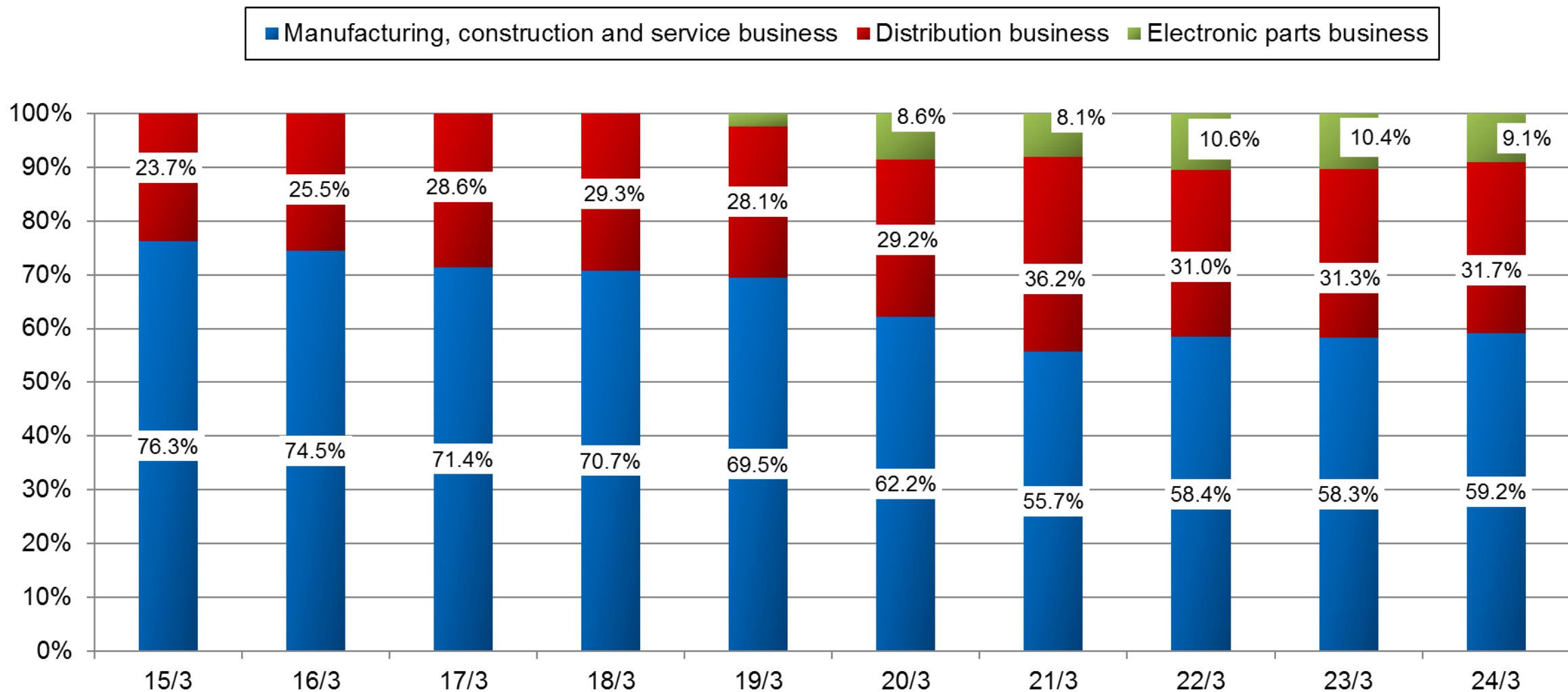


# Result trends from establishment to present

Full year  
FY2023

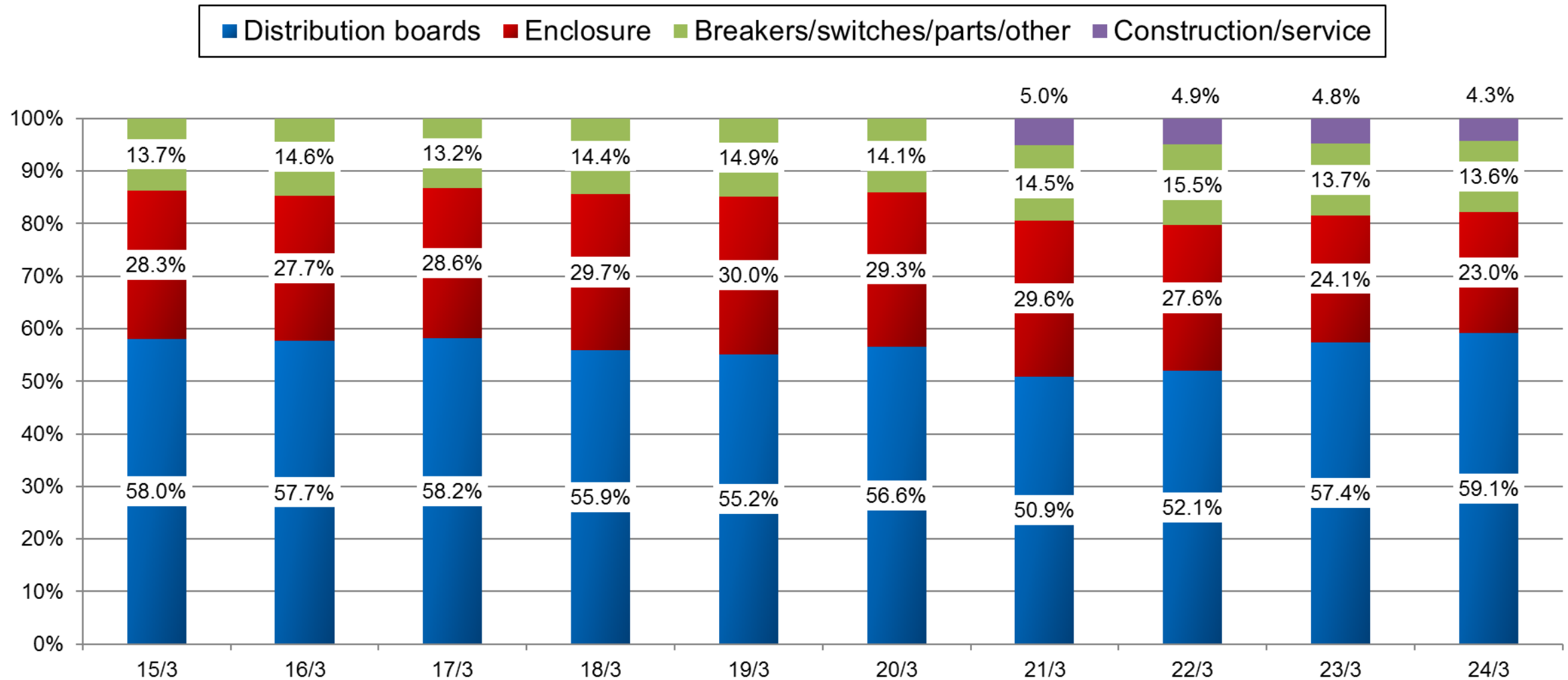


# Sales composition ratios by business segment



\* 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.  
Numerical totals may not match exactly due to rounding.

# Sales composition ratio by division (manufacturing, construction, service and business)



\* 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.

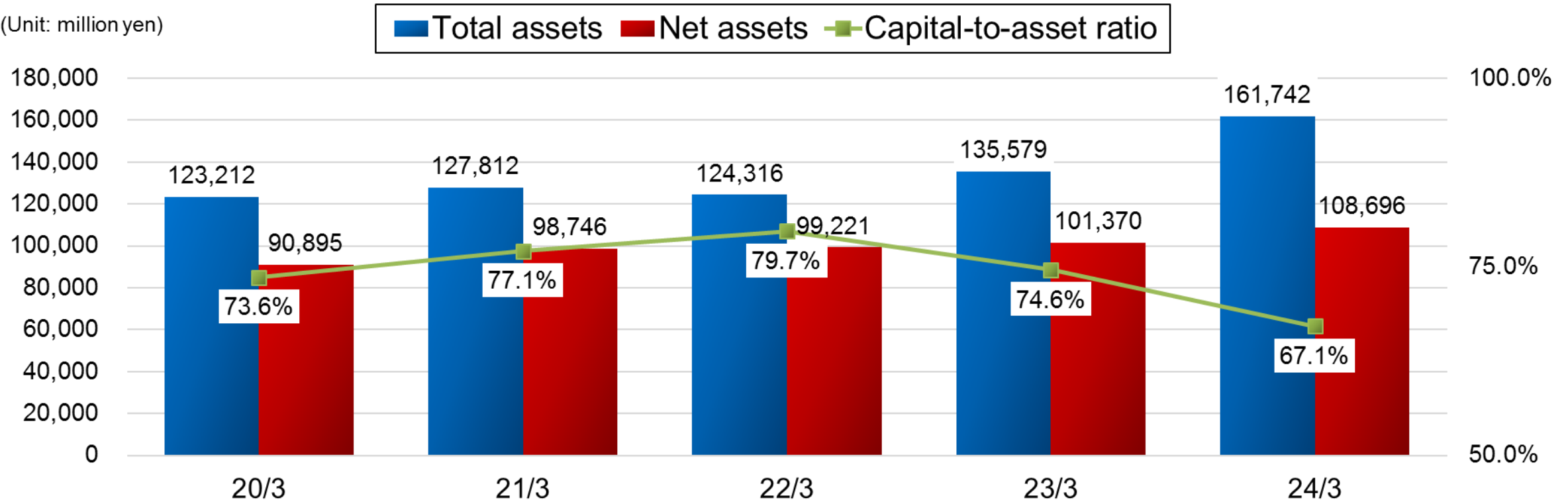
Figures for breakers/switches/parts/other prior to the period ended March 2020 are the total for the previous breaker/switch and parts/other divisions.

Numerical totals may not match exactly due to rounding.

# Trend in total assets/net assets/capital-to-asset ratio

Full year  
FY2023

(Unit: million yen)



(Unit: million yen)

	20/3	21/3	22/3	23/3	24/3
Total assets	123,212	127,812	124,316	135,579	161,742
Net assets	90,895	98,746	99,221	101,370	108,696
Capital-to-asset ratio	73.6%	77.1%	79.7%	74.6%	67.1%

# ROE (return on equity) trends (consolidated)

Full year  
FY2023

