
Financial Results for the Second Quarter of Fiscal Year 2019 (April 1, 2019 - March 31, 2020)

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Stock code: 6651

(Briefing : Held on November 27, 2019)

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

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

1. Overview of accounts period ending in March 2020, second quarter

2. Topic: Influence of KITAGAWA INDUSTRIES CO., LTD. consolidation

3. Forecast of consolidated results for the year

4. Mid-term management plan

5. Reference materials

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2nd quarter consolidated account highlights

2Q FY2019

- Business results for period ending in March 2020 show increased sales and profits in second quarter
- Results are led by distribution board-related production business and telecommunications-related distribution business
- Price revisions in October 2018 and addition of KITAGAWA INDUSTRIES CO., LTD. as subsidiary in the previous 4th quarter contribute to results
- Due to special losses calculated in accordance with falling stock market values in capital and business alliance partners, quarterly net profits show less increase than other profit items

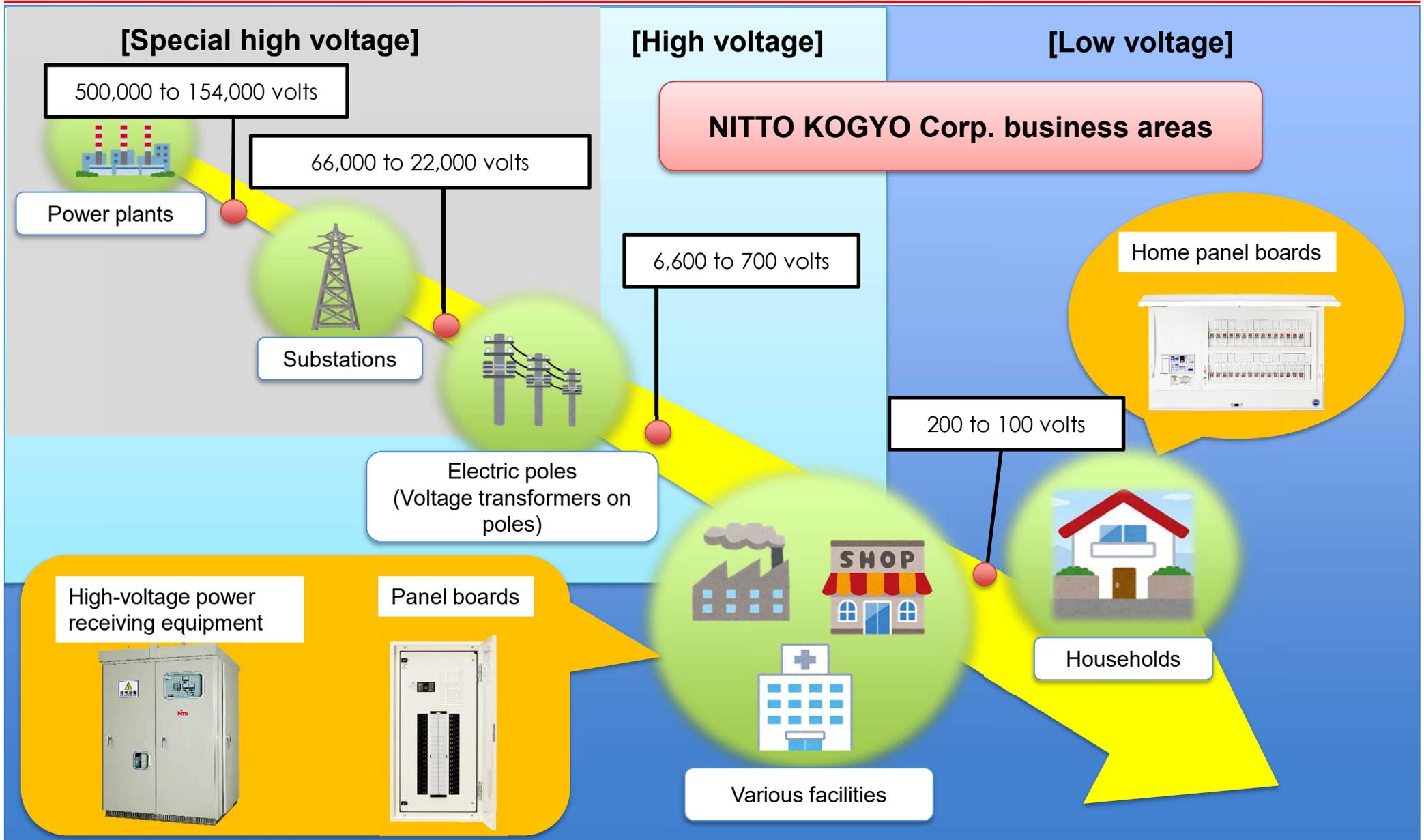
(Unit: million yen)

Accounting period	2019/3	2020/3			
	2Q results	2Q plan	2Q results	YoY comparison	Vs. Plan
Sales	51,742	60,000	64,887	+25.4%	+8.1%
Operating income	2,030	3,400	5,072	+149.9%	+49.2%
Ordinary income	2,030	3,400	4,852	+139.0%	+42.7%
Quarterly net profit reverting to parent company shareholders	1,181	2,800	3,124	+164.5%	+11.7%

Business details

(NITTO KOGYO Corp. distribution board/panel board usage area image)

2Q FY2019



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

Construction/service business

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

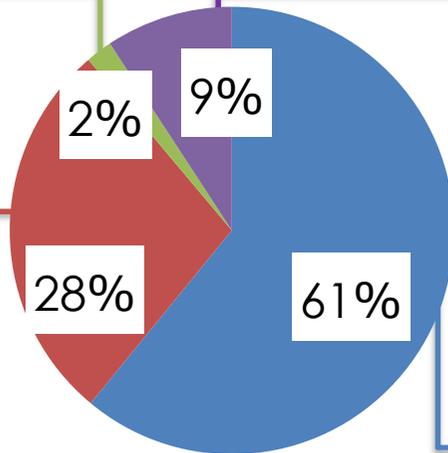


Telecommunications-related distribution business

- Purchasing and sales of telecommunications equipment and materials



<Visualizing sales ratios>



Electronic parts-related business

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

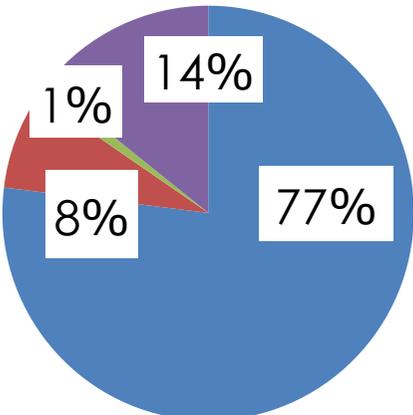


Distribution board-related production business

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



<Visualizing operating income ratios>



(Results for March 2020 period 2Q)

2nd quarter account highlights by segment

2Q FY2019

- The distribution board-related production business sales increased in existing markets due to internal demand influence on the industry such as solid domestic construction demand; as well, sales increases in high-voltage power receiving equipment related to school HVAC and the effect of price revisions led to increased sales and profits
- For the telecommunications-related distribution business, orders received for large-scale office transfers and the data center market, as well as increased sales in network camera-related products, led to increased sales and profits
- The construction/service business increased sales in construction related to high-voltage power receiving equipment, etc., leading to increased sales overall. However, increased personnel and general costs led to reduced profits
- The electronic parts-related business showed struggling sales in semiconductor production machinery for export and machine tool-related products, but sales for domestic and overseas industrial air conditioner-related products and in automotive-related markets remained solid

	By segment	2019/3	2020/3			(Unit: million yen)
		2Q results	2Q plan	2Q results	YoY comparison	Vs. Plan
S a l e s	Distribution board-related production business	36,281	37,900	39,557	+9.0%	+4.4%
	Telecommunications-related distribution business	14,318	14,800	18,074	+26.2%	+22.1%
	Construction/service business	1,142	1,200	1,257	+10.0%	+4.8%
	Electronic parts-related business	(5,982)	6,100	5,997	(+0.2%)	△1.7%
	Total	51,742	60,000	64,887	+25.4%	+8.1%
O p e r a t i n g	Distribution board-related production business	1,640	–	3,896	+137.5%	–
	Telecommunications-related distribution business	304	–	385	+26.5%	–
	Construction/service business	75	–	59	△21.4%	–
	Electronic parts-related business	(768)	–	723	(△5.9%)	–
	Total	2,030	–	5,072	+149.9%	–

*Parentheses show results for KITAGAWA INDUSTRIES CO., LTD. before consolidation

2nd quarter distribution board-related production business (sales by division)

2Q FY2019

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

By division Sales		2019/3	2020/3			(Unit: million yen)
		2Q results	2Q plan	2Q results	YoY comparison	Vs. Plan
Distribution board- related production business	Distribution boards	19,819	20,500	22,319	+12.6%	+8.9%
	Enclosures	10,794	11,700	11,420	+5.8%	△2.4%
	Breakers/Switches	2,606	2,500	2,520	△3.3%	+0.8%
	Parts/Other	3,061	3,200	3,297	+7.7%	+3.0%
Total		36,281 (1,529)	37,900	39,557 (1,974)	+9.0% (+29.1%)	+4.4%
Consolidated overall total		51,742	60,000	64,887	+25.4%	+8.1%
Consolidated sales composition ratio		70.1%	63.2%	61.0%	△9.1%	-

*Parentheses refer to internal sales between segments

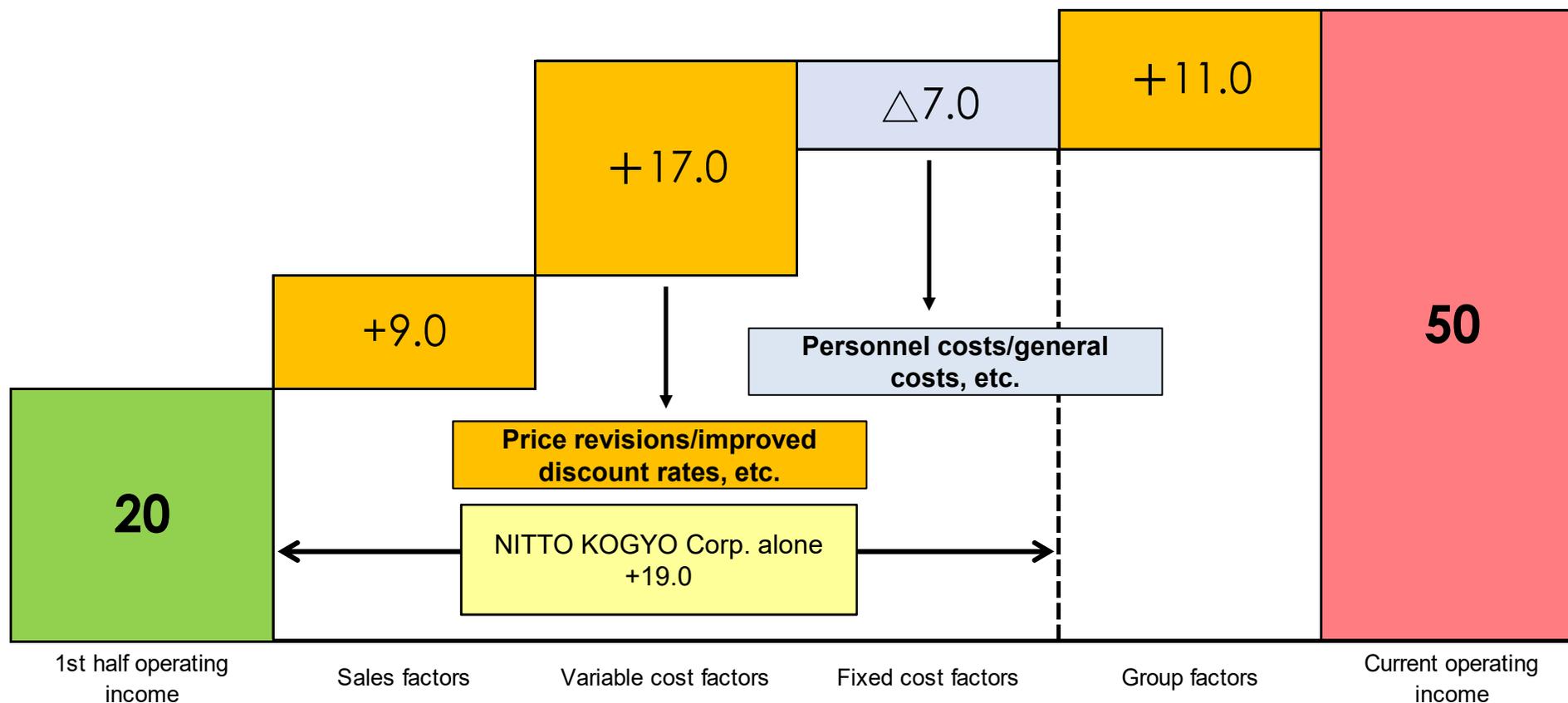
Factors in changes in 2nd quarter consolidated operating income (YoY)

2Q FY2019

- Factors for NITTO KOGYO Corp. alone included increased fixed costs due to increased personnel costs, etc., but marginal profit increases due to increased sales as well as price revisions and improved discount rates (variable cost factors) led to greatly increased profits
- Factors for the Group included decreased profits at AICHI ELECTRIC WORKS CO., LTD., a contribution to results from KITAGAWA INDUSTRIES CO., LTD., which was made a subsidiary in the 4th quarter, reduced deficits at overseas subsidiaries, and increased profits at functional subsidiaries, with the end result of increased profits

[Results for March 2019 period 2Q]

(Unit: 100 million yen)
[Results for March 2020 period 2Q]



2nd quarter Consolidated cash flow statement

2Q FY2019

(Unit: million yen)

2019/3 2Q	
Beginning balance of cash and cash equivalents	28,283
CF due to sales activities	3,020
CF due to investment activities	△ 737
CF due to financial activities	△ 613
Effect of exchange rate changes on cash and cash equivalents	△ 78
Increase in cash and cash equivalents due to consolidation changes	—
Ending balance of cash and cash equivalents for 2nd quarter	29,873



2020/3 2Q	
Beginning balance of cash and cash equivalents	38,934
CF due to sales activities	5,929
CF due to investment activities	7,152
CF due to financial activities	△ 17,912
Effect of exchange rate changes on cash and cash equivalents	△ 138
Increase in cash and cash equivalents due to merger of non-consolidated subsidiaries	96
Ending balance of cash and cash equivalents for 2nd quarter	34,061

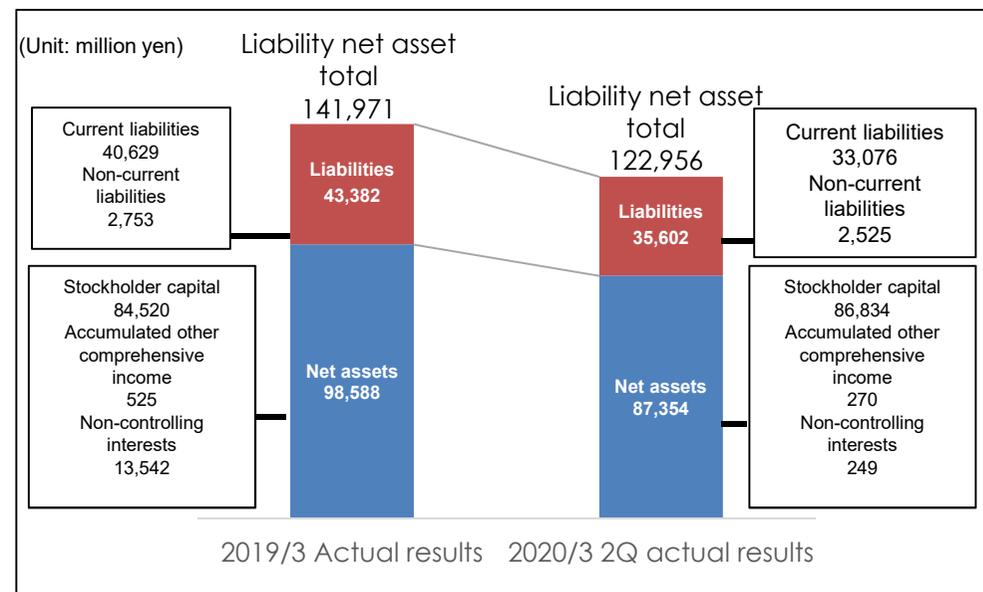
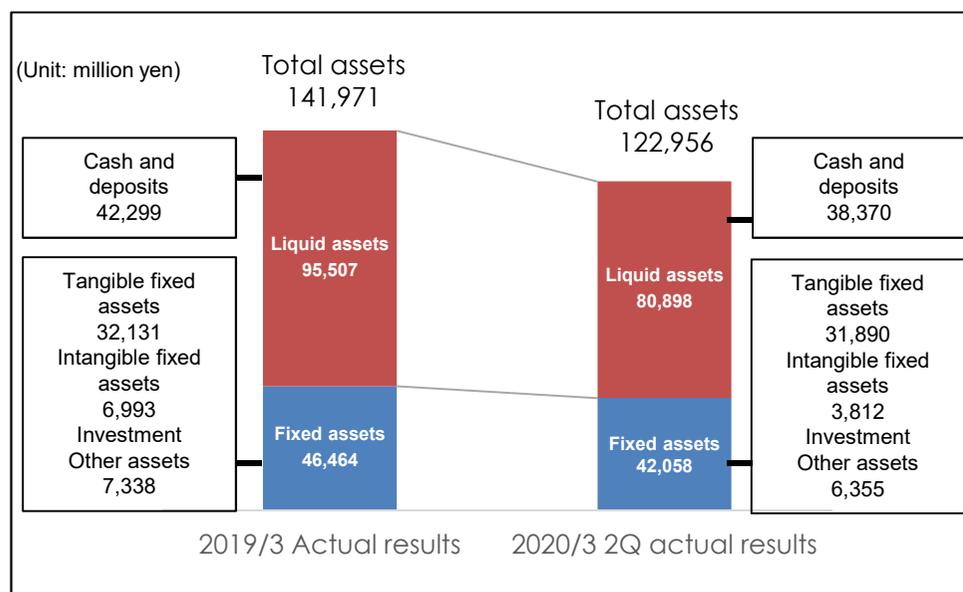
<2020/3 2Q Main factors>

<ul style="list-style-type: none"> ■ CF due to sales activities ▪ Increased pre-tax profit +2,736 ▪ Difference in accounts payable amounts +768 ▪ Increased income tax payments △120 ▪ Difference in selling profits on investment securities △247 ▪ Difference in valuation profit/loss on investment securities +215 	<ul style="list-style-type: none"> ■ CF due to investment activities ▪ Income due to refunds of fixed-term deposits +4,104 ▪ Increased income due to selling and redemption of investment securities +3,891
<ul style="list-style-type: none"> ■ CF due to financial activities ▪ Difference in net change in short-term loans payable △6,881 ▪ Increased outgo due to acquisition of subsidiary treasury stocks △9,342 	<p>*Figures are YoY comparison amounts</p>

2nd quarter Overview of consolidated assets

2Q FY2019

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



<Main changes>

■ Assets

- Decreased cash and deposits $\Delta 3,929$
- Decreased securities $\Delta 8,999$
- Decreased goodwill $\Delta 3,232$

■ Liabilities

- Decreased short-term loans payable $\Delta 6,655$

■ Net assets

- Quarterly net profits $+3,124$
- Decreased non-controlling interests $\Delta 13,292$

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[Influence of KITAGAWA INDUSTRIES CO., LTD. consolidation]

Company overview

2Q FY2019

KITAGAWA INDUSTRIES CO., LTD. became a subsidiary in January 2019 through a completed TOB (stock takeover bid)

[Corporate Profile]

Company name	KITAGAWA INDUSTRIES CO., LTD.
Date of establishment	June 12, 1963
Registered capital	2.77 billion JPY
Number of employees	525 (253 in Japan, 14 in the US, 19 in Germany, 133 in China, 15 in Singapore, 57 in Thailand, 23 in Taiwan, 11 in Hong Kong)
Offices	5 locations in Japan (Inazawa, Kasugai, Tokyo, Osaka, Utsunomiya), 10 locations overseas (US, Germany, China, Singapore, Thailand, Taiwan, Hong Kong)
Business details	Production and sales of EMC countermeasure parts as well as precision parts using plastic molding technology, which are used in a variety of fields from computers to office equipment, household appliances, automobiles, and buildings

EMC countermeasure parts

Countermeasure technology for electromagnetic waves which have various negative effects such as causing electronic products to malfunction

[Ferrite Cores]



[Cable Shields]



Fastening

Plastic fasteners which fix and protect panels, cables, etc. within devices in various fields

[Clamps]



[Cable Ties]



Functional products

Design technology for vibration, impact, noise, heat etc., enabling differentiation via noise control, durability, and comfort

[Thermal Design Products]



[Sound-proofing/Cushioning/Noise Control Products]



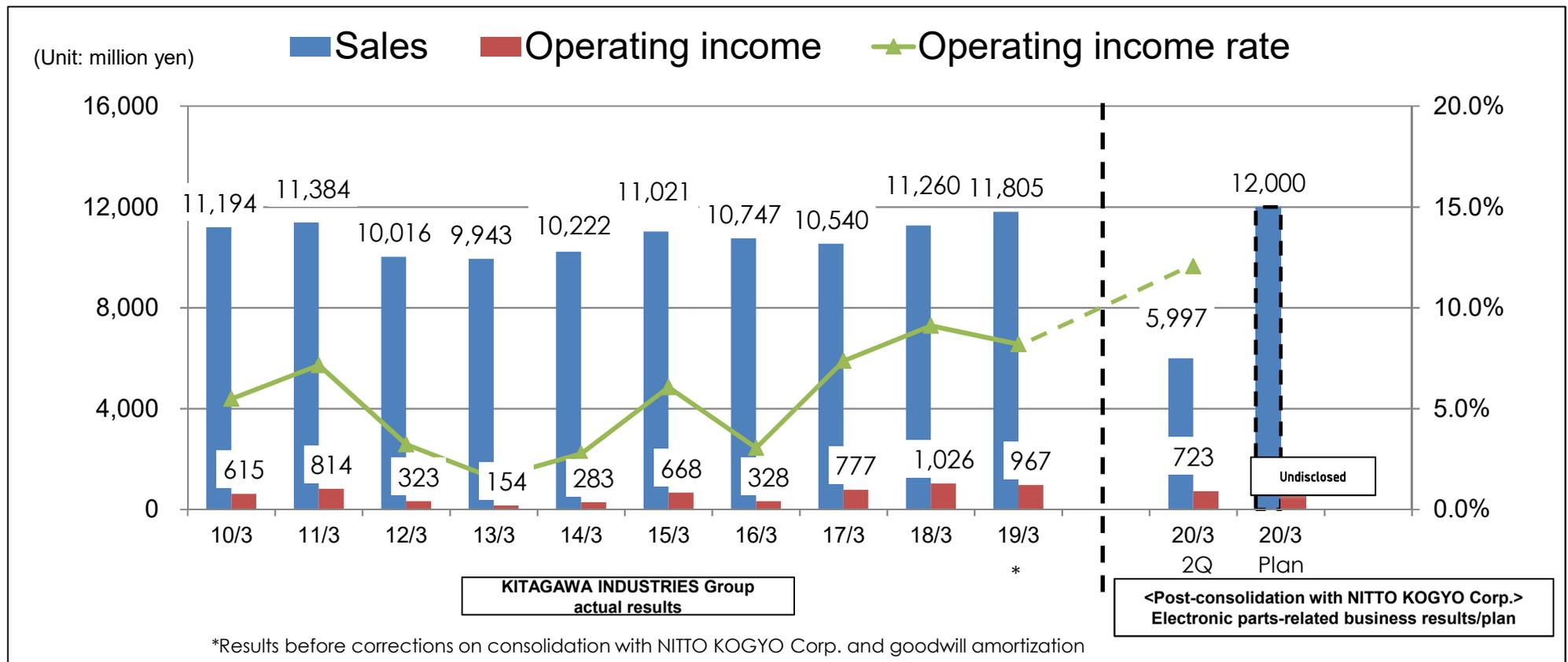
[Influence of KITAGAWA INDUSTRIES CO., LTD. consolidation]

Business result trends

2Q FY2019

- KITAGAWA INDUSTRIES CO., LTD.'s past yearly results trended at 10 to 12 billion yen in sales, with an operating income rate of 3 to 8%
- For the second quarter of the period ending in March 2020, results for the electronic parts-related business were 5.997 billion yen in sales and 723 million yen in operating income
- Sales struggled in semiconductor production machinery for export and machine tool-related products, but sales for domestic and overseas industrial air conditioner-related EMC countermeasure products and in automotive-related markets have continued to be solid

[KITAGAWA INDUSTRIES CO., LTD. business result trends]



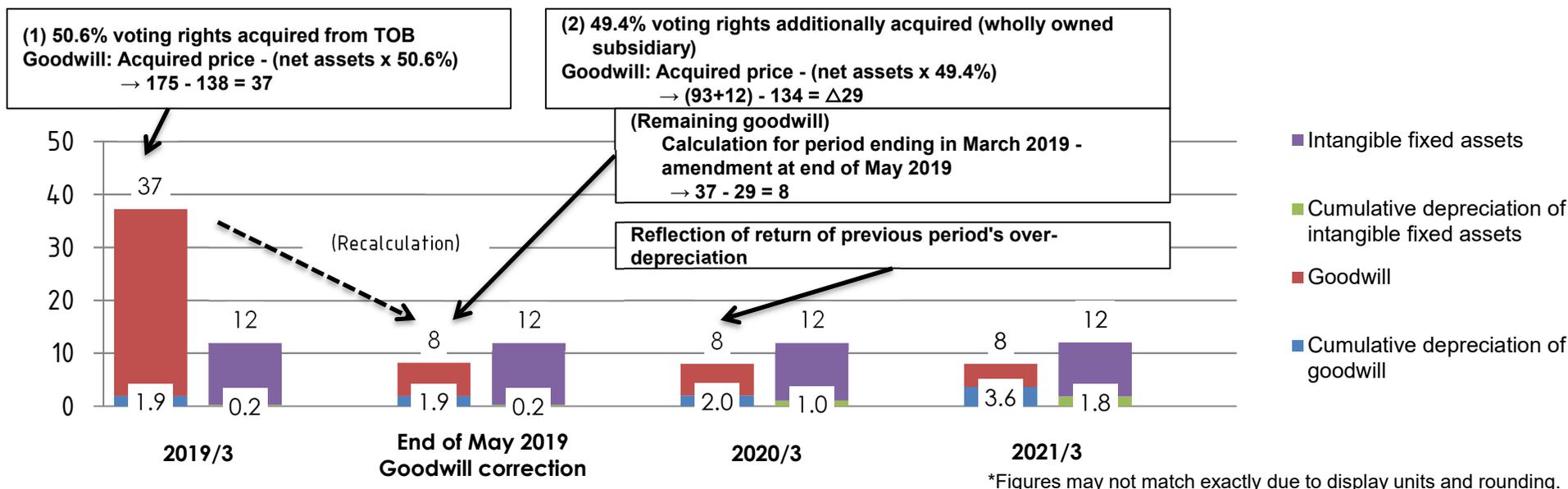
*Figures may not match exactly due to rounding.

Goodwill status

- KITAGAWA INDUSTRIES CO., LTD. net assets evaluated at 27.2 billion yen at January 2019 market value
- As the absorption of KITAGAWA INDUSTRIES CO., LTD. as a subsidiary is still in progress as of the period ending in March 2019, "goodwill" has been temporarily calculated as 3.7 billion yen
- For the period ending in March 2020 on, the 800 million yen difference between the 28 billion for acquisition costs and the 27.2 billion in net assets on a market value basis will be calculated as "goodwill" (5-year amortization)
- Distinct from the above "goodwill," intangible fixed assets (customer-related assets) are calculated as 1.2 billion yen (15-year amortization)

[KITAGAWA INDUSTRIES CO., LTD. Purchase Scheme] Total number of shares issued: 8.778 million (excluding treasury stock) *As of January 2019

	Time	Details	Number of shares acquired (thousands)	Unit price	Acquiring price (100 million yen)	Shareholding ratio	Net assets with regard to shareholding ratio (100 million yen)
(1)	March 2019 period 3Q	TOB	4,438	@3,943	175	50.6%	138
(2)	March 2020 period 1Q	Treasury stock acquired from specific shareholders	4,025	@2,321	93	45.9%	125
		Purchase of odd stock	314	@3,943	12	3.5%	9
	Total		8,778	@3,200	280	100.0%	272



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Forecast of consolidated results for the year

2Q FY2019

- Yearly consolidated results forecast revised upward, predicting increased sales and profits for yearly results
- In the first half, as well as the influence of thriving internal demand on the industry and orders obtained related to school HVAC which led to increased sales in the distribution board-related production business, sales in the telecommunications-related distribution business remained steady
- In the second half as well, with steadily maintained facilities investment demand forecast, initial forecasts for sales and profits have been revised

Accounting period	2019/3		2020/3					
	2Q results	Results for the year	2Q results	YoY comparison	Plan for the year (Before revision)	Plan for the year (After revision)	YoY comparison	Vs. Plan before revision
Sales	51,742	116,984	64,887	+25.4%	128,000	135,000	+15.4%	+5.5%
Operating income	2,030	6,472	5,072	+149.9%	9,000	11,300	+74.6%	+25.6%
Ordinary income	2,030	6,405	4,852	+139.0%	9,000	10,900	+70.2%	+21.1%
Yearly net profit reverting to parent company shareholders	1,181	4,046	3,124	+164.5%	6,500	7,100	+75.4%	+9.2%

Forecast of consolidated results for the year Supplement

2Q FY2019

<Why the YoY comparison is low for the second half compared to the first half>

- In the first half, in addition to the price revision effect and the contribution to results of KITAGAWA INDUSTRIES, more orders were obtained than in the initial assumption, cumulatively leading to large increases in sales and profits
- In the second half, while the Group as a whole is likely to maintain good results, the special factors such as the contribution to results of KITAGAWA INDUSTRIES and the price revision effect will be limited, likely therefore to lead to a lower YoY comparison than in the first half

*KITAGAWA INDUSTRIES CO., LTD. consolidated in fourth quarter of period ending in March 2019

(Unit: million yen)

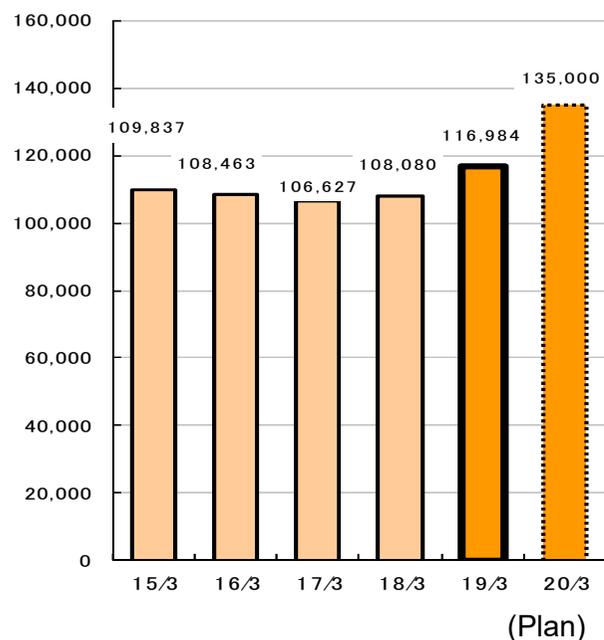
	2019/3			2020/3 (Results and edited plan)		
	1st half	2nd half	Yearly	1st half (Results)	2nd half	Yearly
Sales	51,742	65,242	116,984	64,887	70,113	135,000
YoY change				13,145	4,871	18,016
YoY comparison				+25.4%	+7.5%	+15.4%
Operating income	2,030	4,442	6,472	5,072	6,228	11,300
YoY change				3,042	1,786	4,828
YoY comparison				+149.9%	+40.2%	+74.6%

Consolidated management results over past 5 years

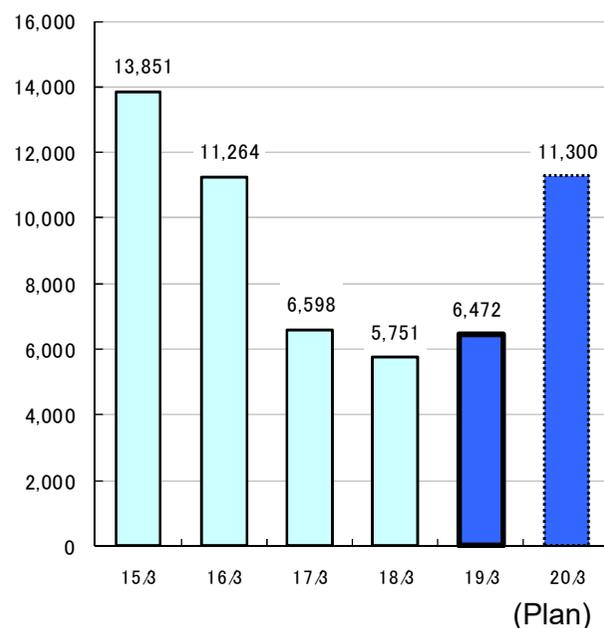
2Q FY2019

- New sales record set in period ending in March 2019
- For period ending in March 2020, increased sales for 3 years straight and increased profits for 2 years straight are expected

■ Sales

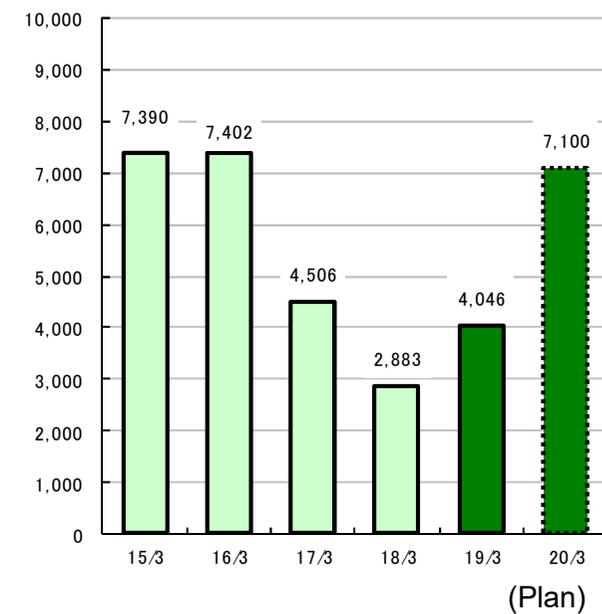


■ Operating income



■ Current net income

(Unit: million yen)



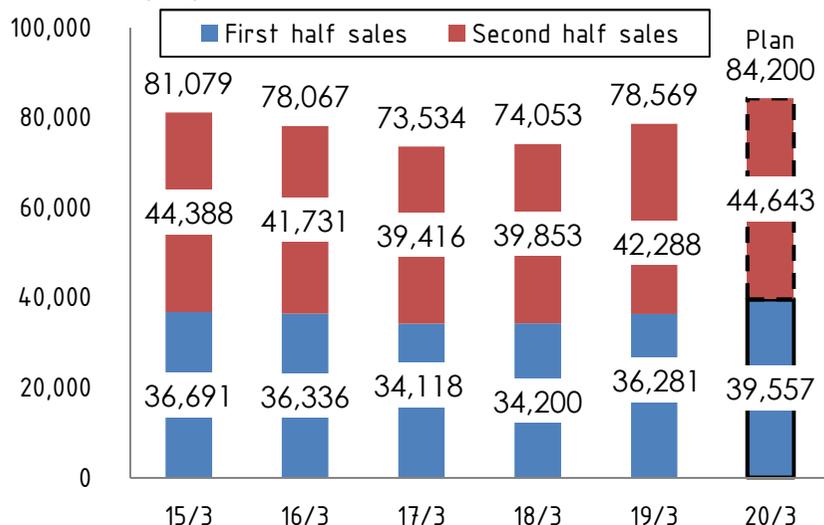
	15/3	16/3	17/3	18/3	19/3	20/3 (Plan)
Sales	109,837	108,463	106,627	108,080	116,984	135,000
Operating income	13,851	11,264	6,598	5,751	6,472	11,300
Current net income	7,390	7,402	4,506	2,883	4,046	7,100

Business forecast by segment (Distribution board-related production business)

2Q FY2019

◆ Distribution board-related production business [Yearly forecast] Sales 84.2 billion yen (YoY +7.2%)

(Unit: million yen)



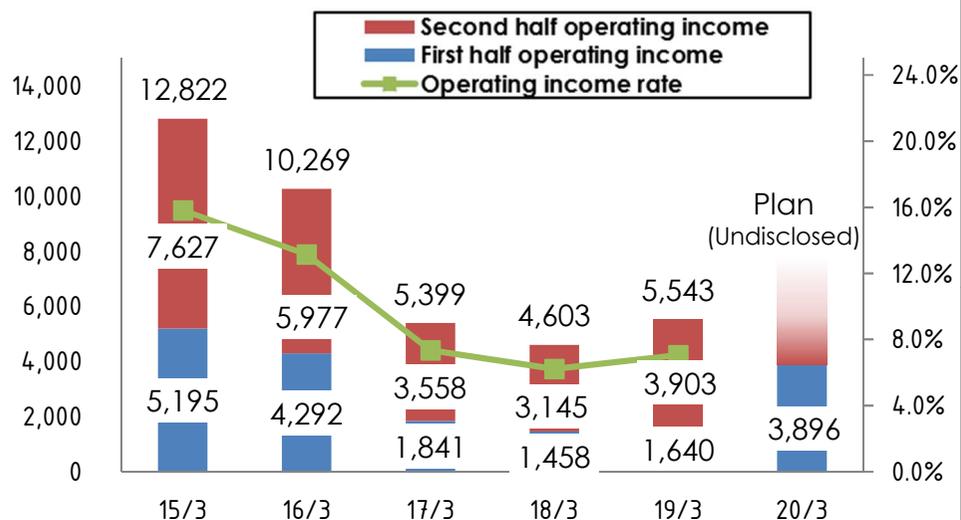
[Forecast for the year]

- For NITTO KOGYO Corp. alone, increased profits are expected due to price revision effects, etc., with increased profits planned for segments overall as well

[Approaches]

- Focus on solution proposals based around thermal management products
- Promote order reception for Gathergates Group Pte Ltd high-profit orders, reduction of production costs, and enhanced cooperation with BANGKOK SHEET METAL PUBLIC COMPANY, LTD.

(Unit: million yen)



[Main group companies: Yearly forecast]

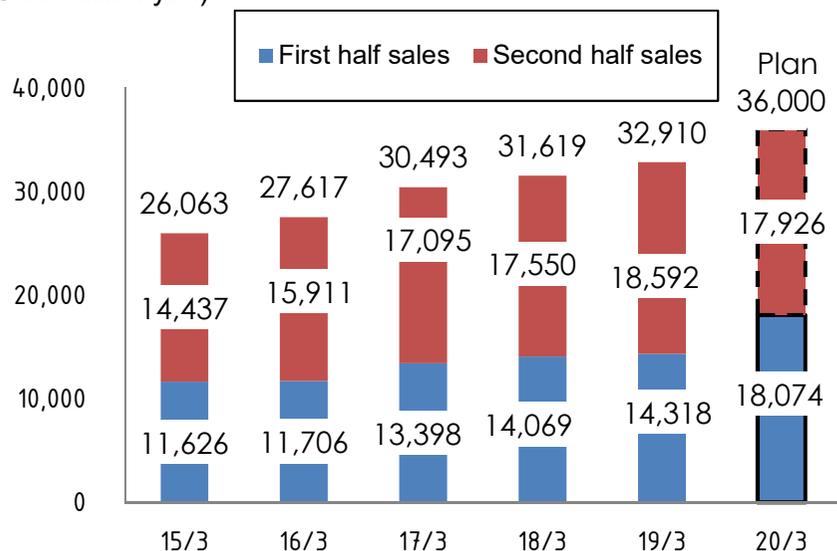
	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	NITTO KOGYO Corp.			Large
	AICHI ELECTRIC WORKS CO., LTD.			Small
	Taiyo Electric Mfg. Co., Ltd.			Small
	ECAD Solutions Co., Ltd.			Small
Over-seas	NITTO KOGYO (CHINA) CORPORATION			Small
	Gathergates Group Pte Ltd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

Business forecast by segment (Telecommunications-related distribution business)

2Q FY2019

◆ Telecommunications-related distribution business [Yearly forecast] Sales 36 billion yen (YoY +9.4%)

(Unit: million yen)



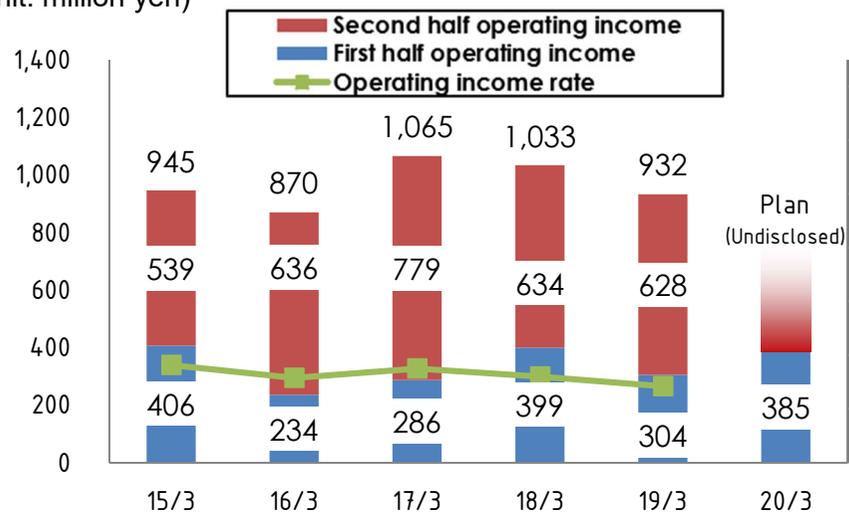
[Forecast for the year]

- Sales of PV-related products are likely to continue declining
- Based on Olympics demand and influence of the thriving data center market, increased sales in main network-related products should lead to increased profits

[Approaches]

- Obtain orders for capital area redevelopment, office transfers, Olympics
- Work to obtain orders in 5G-related markets (5th-generation mobile telecommunications system)

(Unit: million yen)



[Main group companies: Yearly forecast]

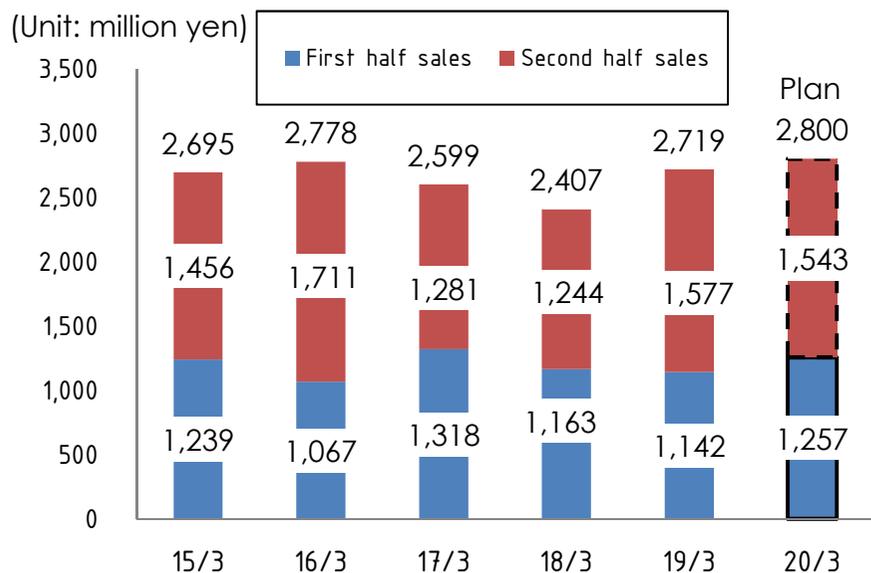
	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	SunTelephone Co., Ltd.			Medium

*This segment is SunTelephone Co., Ltd. and its subsidiaries only

Business forecast by segment (Construction/service business)

2Q FY2019

◆ Construction/service business [Yearly forecast] Sales 2.8 billion yen (YoY +3.0%)

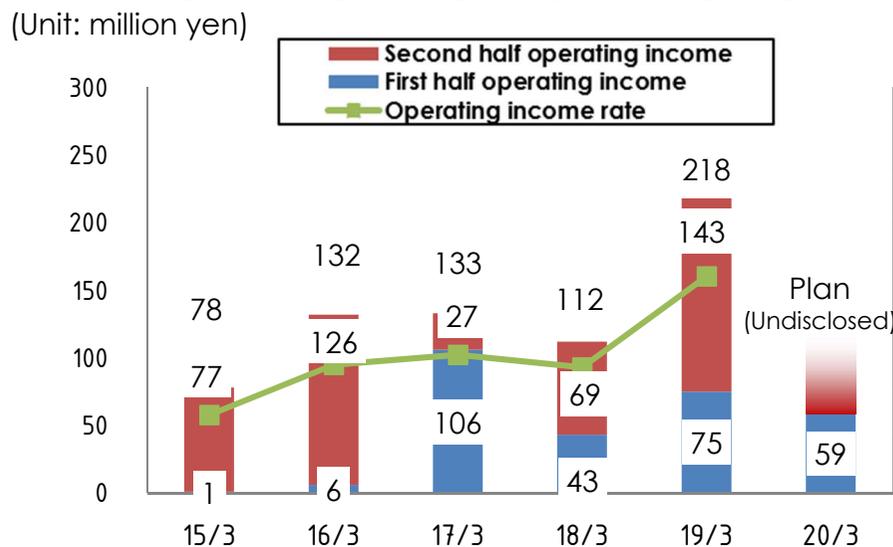


[Forecast for the year]

- Slack movement in main telecommunications facility construction/electrical facility construction
- Sales increase expected in cubicle/distribution board-related construction

[Approaches]

- Reinforce cooperation with NITTO KOGYO Corp. and focus on creating further synergy
- Promote proposals for disaster-prevention services



[Main group companies: Yearly forecast]

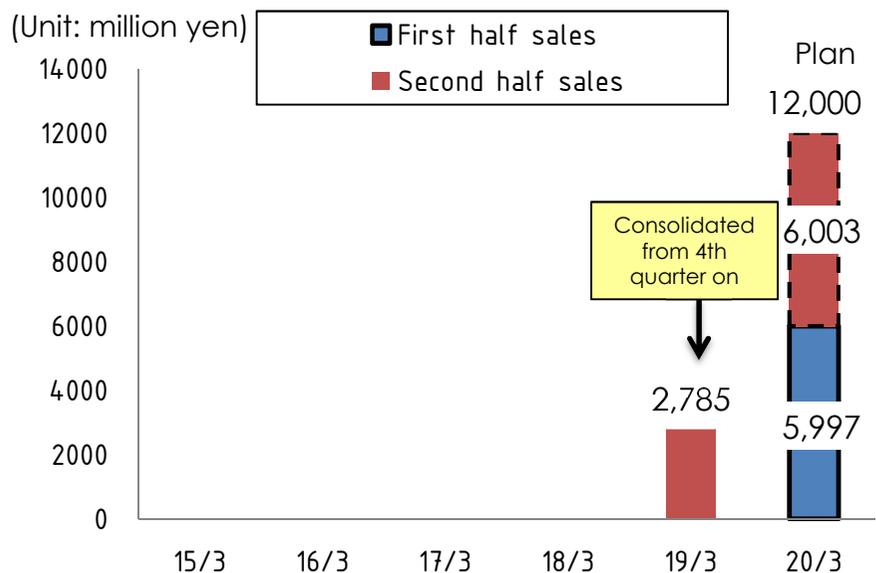
	Company name	Sales (YoY)	Operating income	Degree of influence on Group profits
Japan	NANKAIDENSETSU CO., LTD.			Small

*This segment is NANKAIDENSETSU CO., LTD. only

Business forecast by segment (Electronic parts-related business)

2Q FY2019

◆ Electronic parts-related business [Yearly forecast] Sales 12 billion yen (YoY +330.8%)

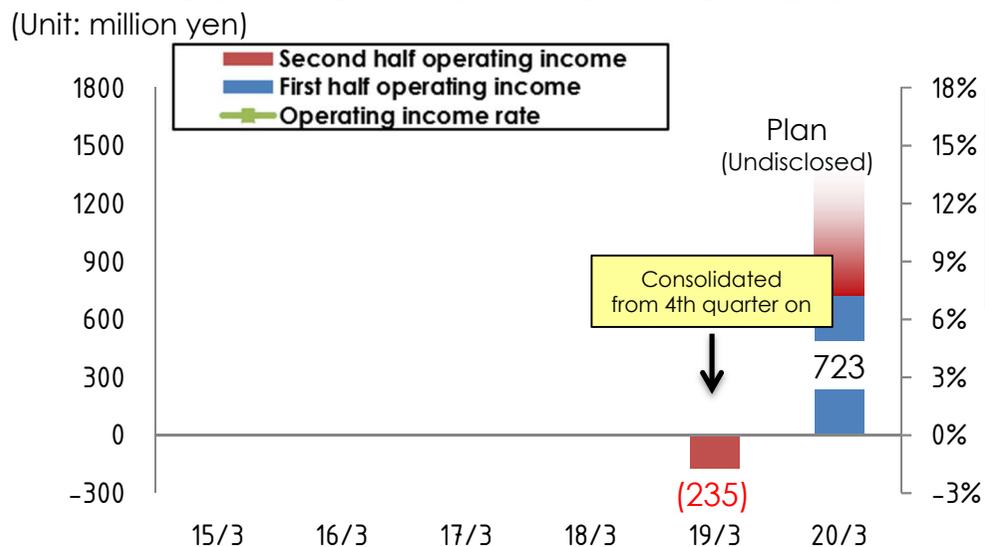


[Forecast for the year]

- Results of KITAGAWA INDUSTRIES Group are expected to contribute to large profit increases for the year

[Approaches]

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



[Main group companies: Yearly forecast]

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

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

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

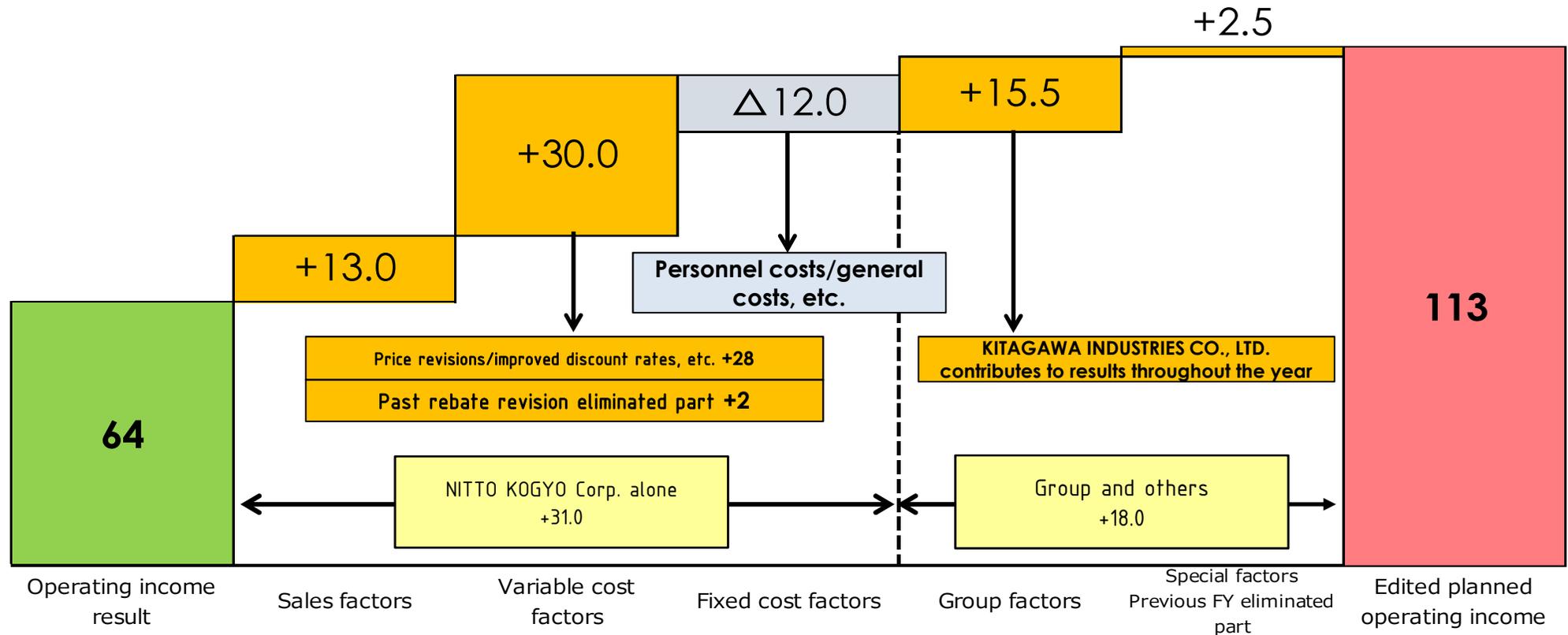
2Q FY2019

- Consolidated operating income for period ending in March 2020 forecast to increase 74.6% YoY to 11.3 billion yen
- For NITTO KOGYO Corp. alone, price revisions and improved discount rates will be factors increasing profits
- In factors for the Group, as well as contribution to results from KITAGAWA INDUSTRIES CO., LTD., made a subsidiary in the 4th quarter, and reduced deficits at overseas subsidiaries, increased profits at functional subsidiaries ended up leading to increased profits

(Unit: 100 million yen)

[Results for March 2019 period]

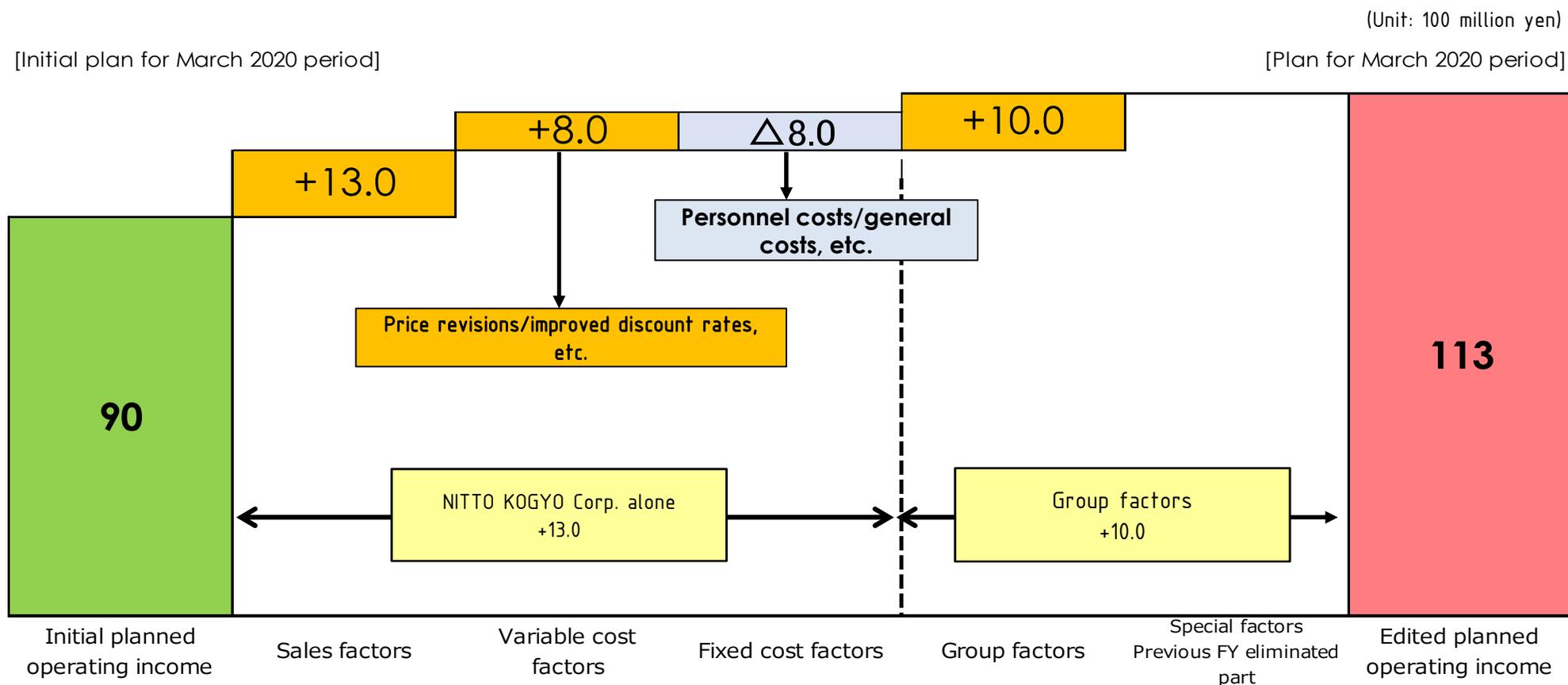
[Plan for March 2020 period]



Factors in changes in yearly consolidated operating income (forecast for this year, compared to initial plan)

2Q FY2019

- Consolidated operating income for period ending in March 2020 revised upward 25.6% on initial plan to 11.3 billion yen
- In factors for NITTO KOGYO Corp. alone, increased profits (sales factor) due to sales quantity increases had not been foreseen, but orders obtained related to school HVAC, etc., increased sales quantities for a forecast exceeding the initial plan
- In Group factors, increased profits in the telecommunications-related distribution business, electronic parts-related business and functional subsidiaries are forecast to exceed initial plan



Factor trends in changes in yearly consolidated operating income

2Q FY2019

<NITTO KOGYO Corp. alone>

- Sales factors: Sales quantities predicted to continue increasing
- Variable cost factors: Discount rates . . . Predicted to continue improving from period ending in March 2019
- Price revisions . . . Profit-increase effects to continue from revision in second half of period ending in March 2019
- Fixed costs: General costs . . . To continue horizontal
- Personnel costs . . . Predicted to continue increasing

<Group factors>

- Conditions for the Group overall have remained difficult, but the contribution to results from KITAGAWA INDUSTRIES CO., LTD. allows a positive forecast for the period ending in March 2020

(Unit: 100 million yen)

↑: Increasing factors ↓: Decreasing factors		2018/3 Actual results	2019/3 Actual results	2020/3 Plan
Operating income		57	64	113
YoY changed amounts		Δ8	+7	+49
Change factors	NITTO KOGYO Corp. alone	Sales factors	↑	↑
		Variable cost factors	↓	↑
		Fixed cost factors	↓	↓
	Group factors		↓	↓

Sales trends for new energy-related markets

(Reference: NITTO KOGYO Corp. alone)

2Q FY2019

- 2Q results were 106.8% YoY, 70.4% achievement rate of yearly plan
- Results have reached a level higher than originally predicted, thanks to the effect of last-minute demand based on the influence of the revised FIT Act and increased sales for home panel boards supporting solar energy systems and systems linking with batteries

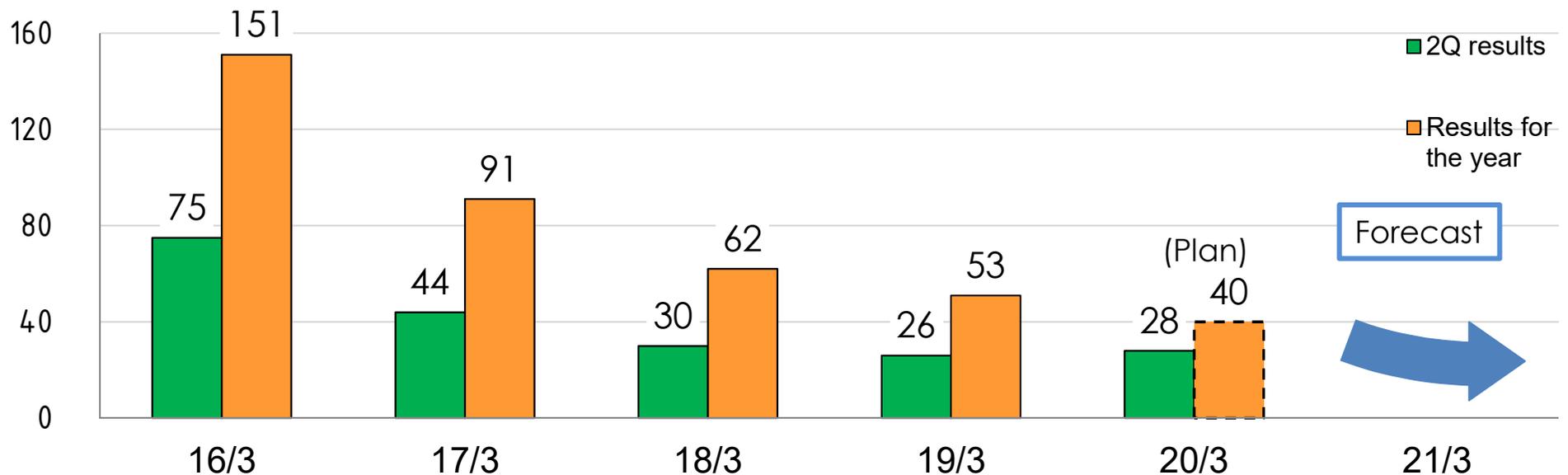
What are "new energy-related markets" ?

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

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

(Unit: 100 million yen)

<New energy-related markets Sales>

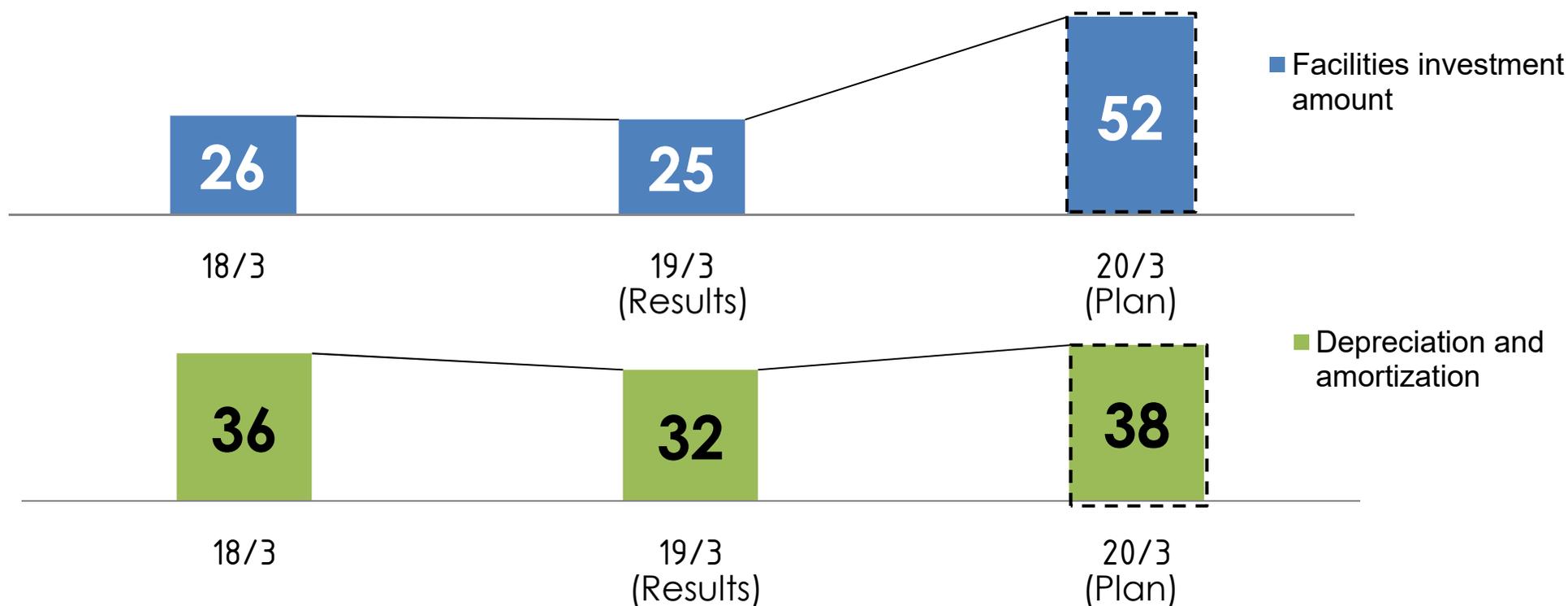


Facilities investment amounts and depreciation and amortization

2Q FY2019

- For the period ending in March 2020, facilities investment amount was planned at 5.18 billion yen and depreciation and amortization at 3.76 billion yen
- Due to a revision of the facilities investment plan, it has decreased about 1 billion yen from the initial plan
- The facilities investment plan is expected to increase significantly YoY due to construction of a new testing center for KITAGAWA INDUSTRIES CO., LTD., updating of the NITTO KOGYO Corp. main system, updating of machinery facilities, etc.

(Unit: 100 million yen)



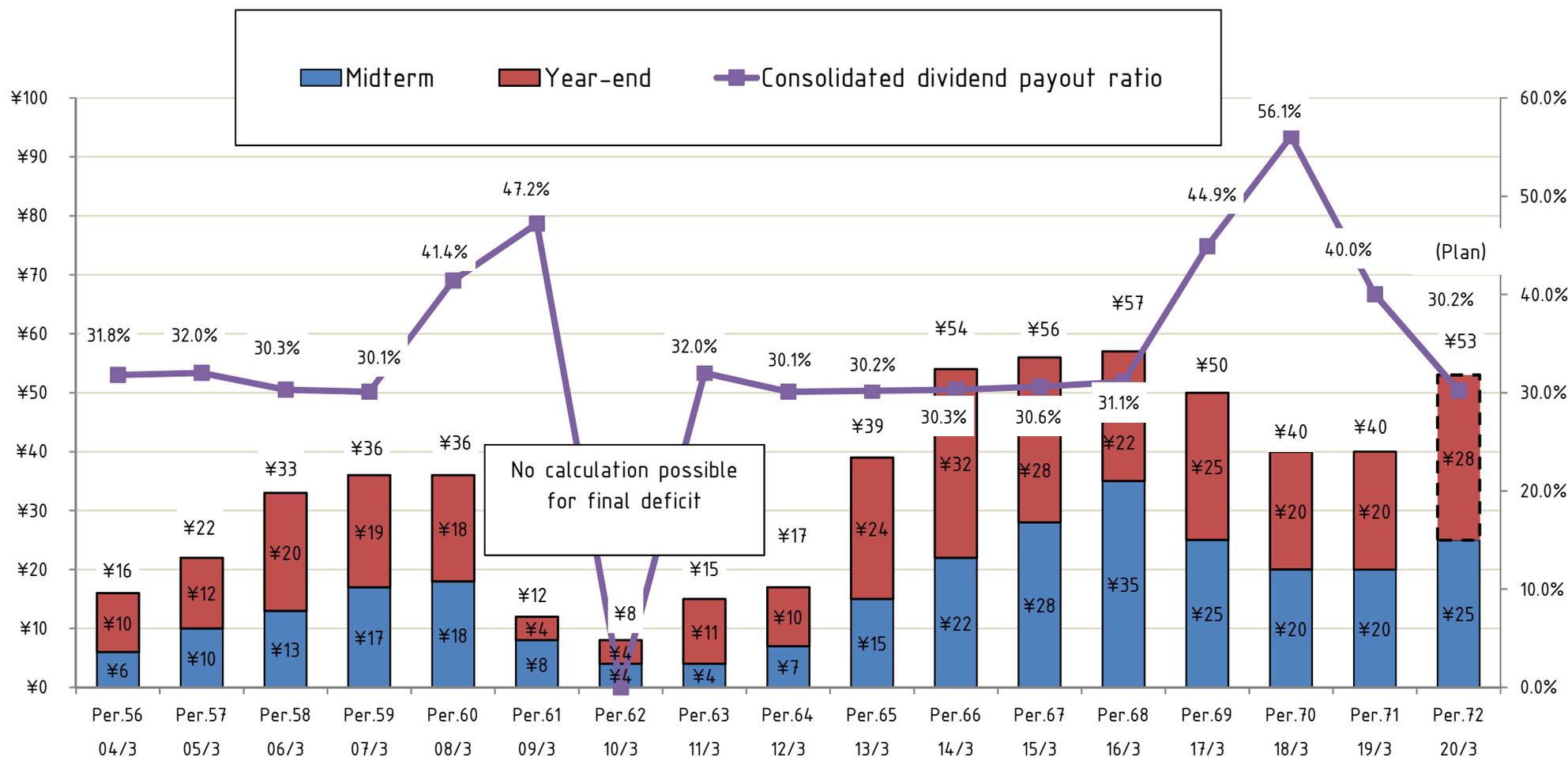
*Changed from the amount released on May 15, 2019 (facilities investment amount 6.25 billion yen, depreciation and amortization 3.85 billion yen).

*Rounded at 10 million yen

Dividend status

2Q FY2019

- Interim dividends are 25 yen
- Yearly forecast dividends increased from 50 yen to 53 yen (previous year results 40 yen)
- Dividend forecast also increased due to upward revision of results



1. Overview of accounts period ending in March 2020, second quarter

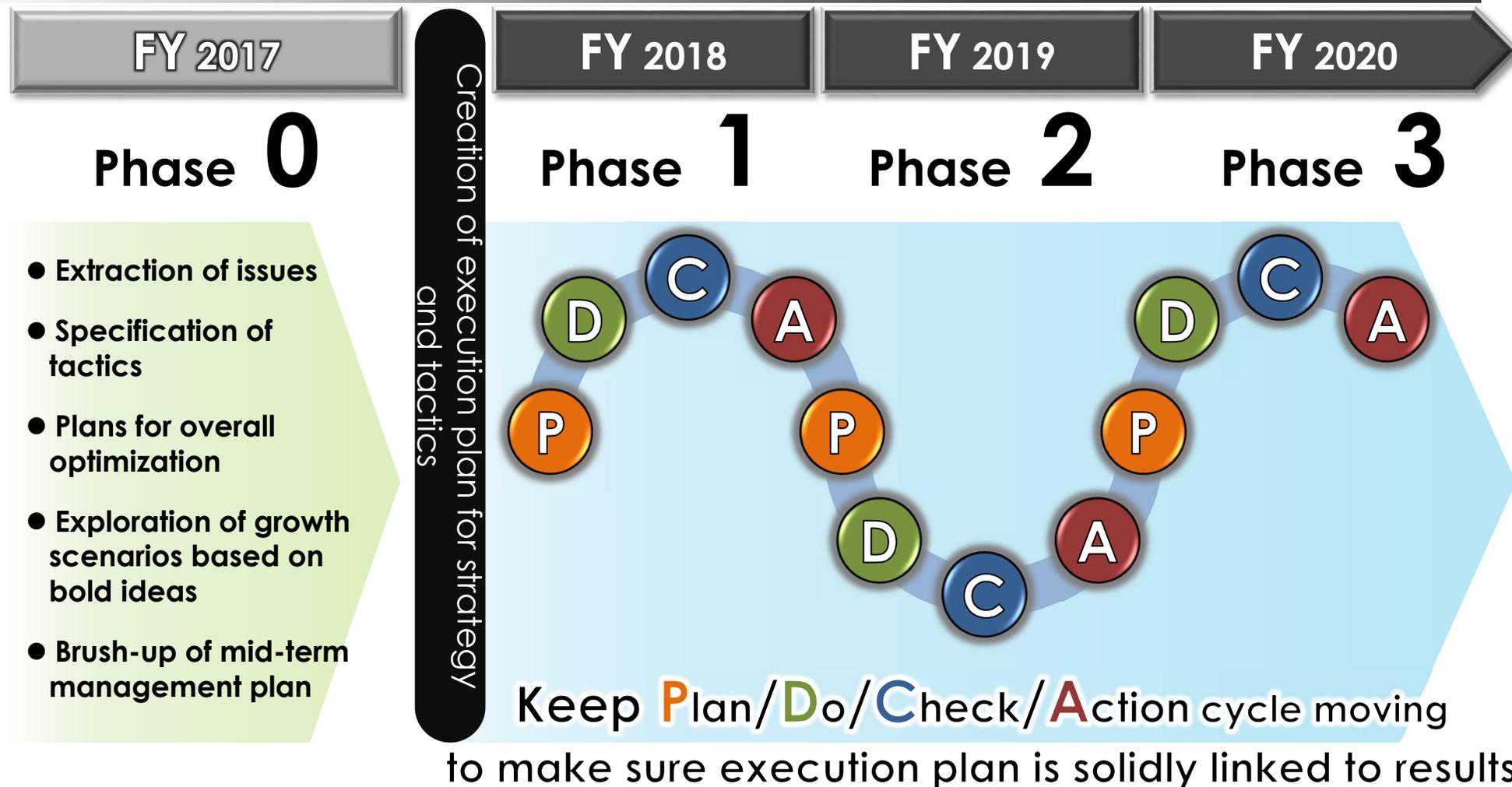
2. Topic: Influence of KITAGAWA INDUSTRIES CO., LTD. consolidation

3. Forecast of consolidated results for the year

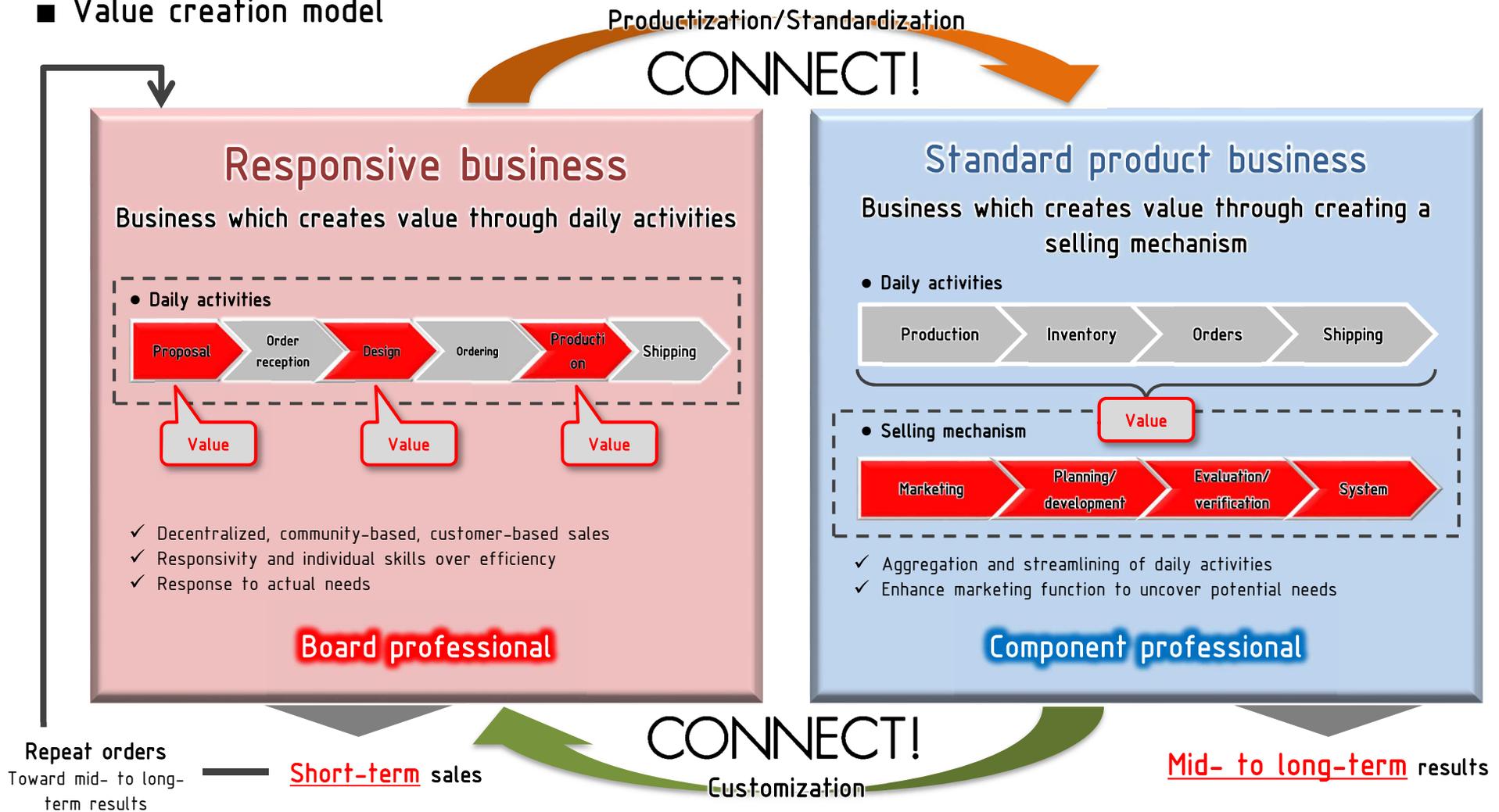
4. Mid-term management plan

5. Reference materials

2020 mid-term management plan

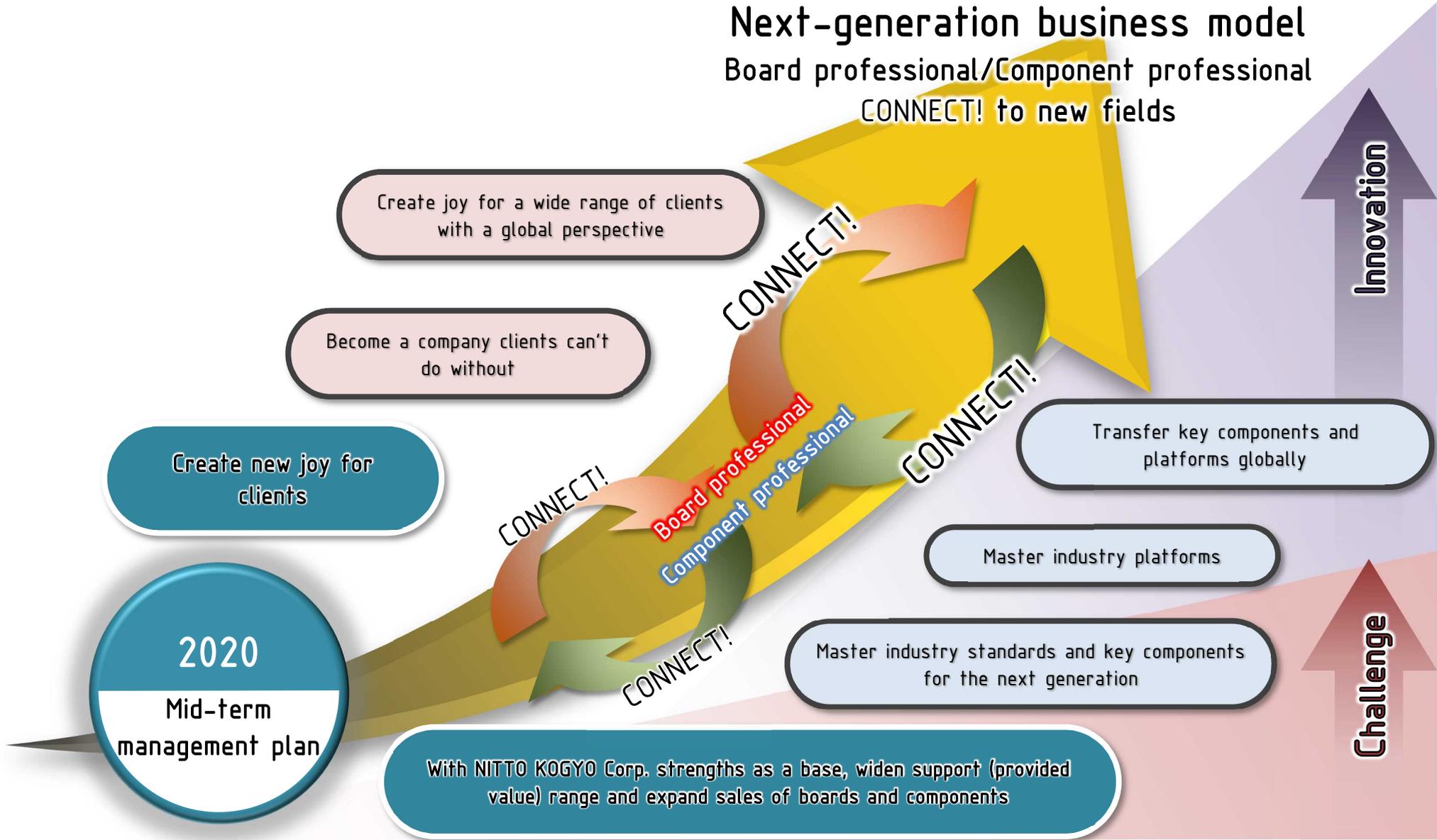


■ Value creation model



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

Next-generation business model Board professional/Component professional CONNECT! to new fields



Slogan

CONNECT!
~Link via electrics~

Long-term Vision
Trust, Technology, and Contribution
A company that creates values and connects electrics and information to tomorrow

Board professional
Component professional

CONNECT! Toward new fields

2020 mid-term management plan
Challenge: Toward a next-generation business model

2016 mid-term management plan
Develop superb capability as a client-oriented enterprise

Realization supported by
6 strategic topics

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

2020 mid-term management plan Business targets

2Q FY2019

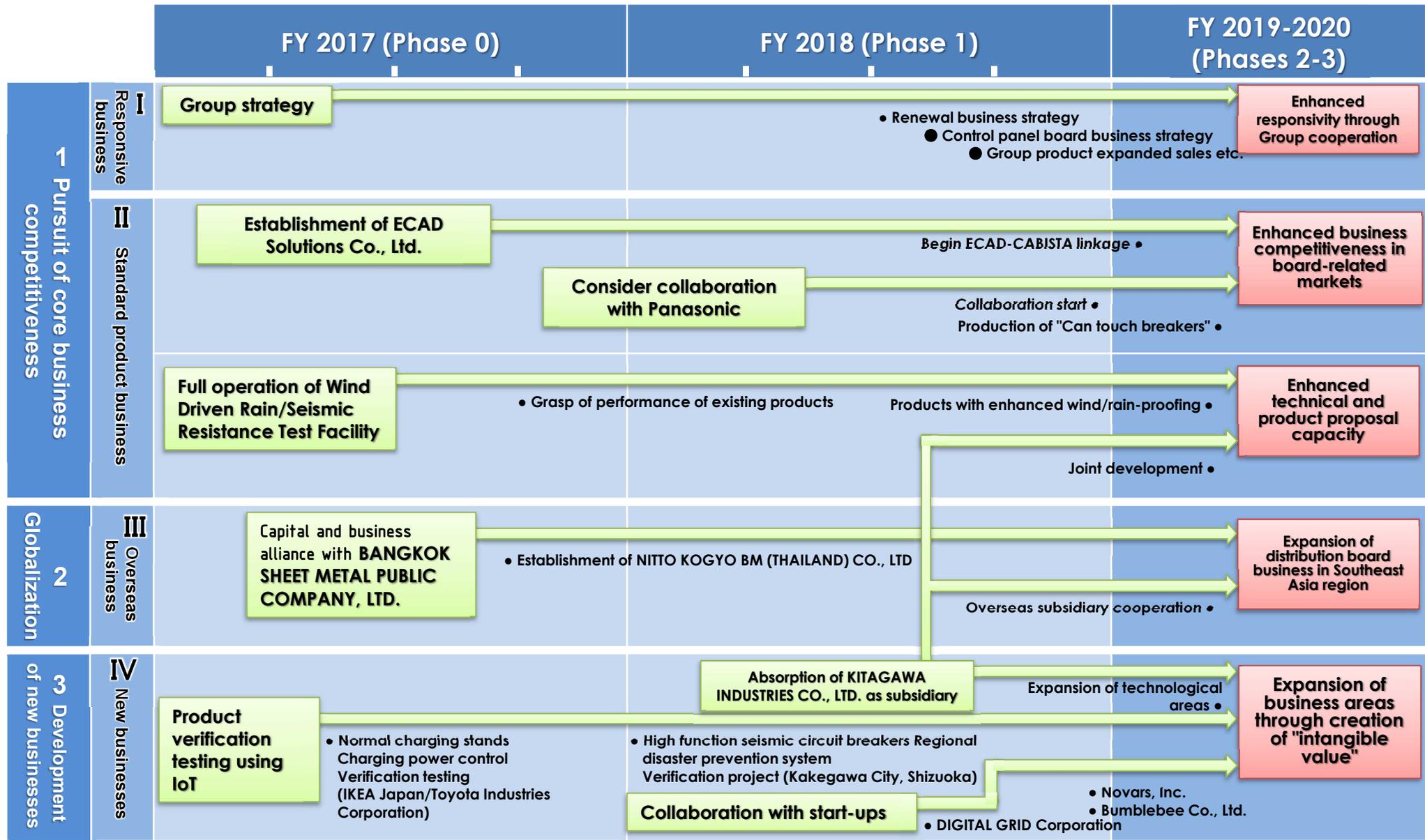
(Unit: 100 million yen)

	FY 2016 actual results (When making plan)	FY 2018 actual results	FY 2019 plan	FY 2020 targets
Consolidated sales	1,066	1,169	1,350	1,250
(Included individual sales)	674	713	775	750
Responsive business	465.5	481.1	525.0	470.0
Standard product business	207.0	230.2	247.0	240.0
New businesses	1.5	1.7	3.0	40.0
(Included telecommunications-related distribution business)	(305)	(329)	(360)	(350)
(Included overseas business)	(40)	(41)	(-)	(70)
Consolidated operating income	65	64	113	100
(Included individual operating income)	50	55	86	75

- Targets for mid-term management plan are forecast to be achieved a year early (*excluding new businesses)
- For overseas business, because the content of the overseas business of KITAGAWA INDUSTRIES CO., LTD. is still under inspection, the company is excluded from 2018 results and undisclosed in the 2019 plan
- For new businesses, the focus is on creation of intangible value, in particular EV infrastructure business, but the verification testing is expected to continue for some time

Business strategy progress (1/5)

2Q FY2019



Business strategy

Core businesses / I Responsive business [Board professional]

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

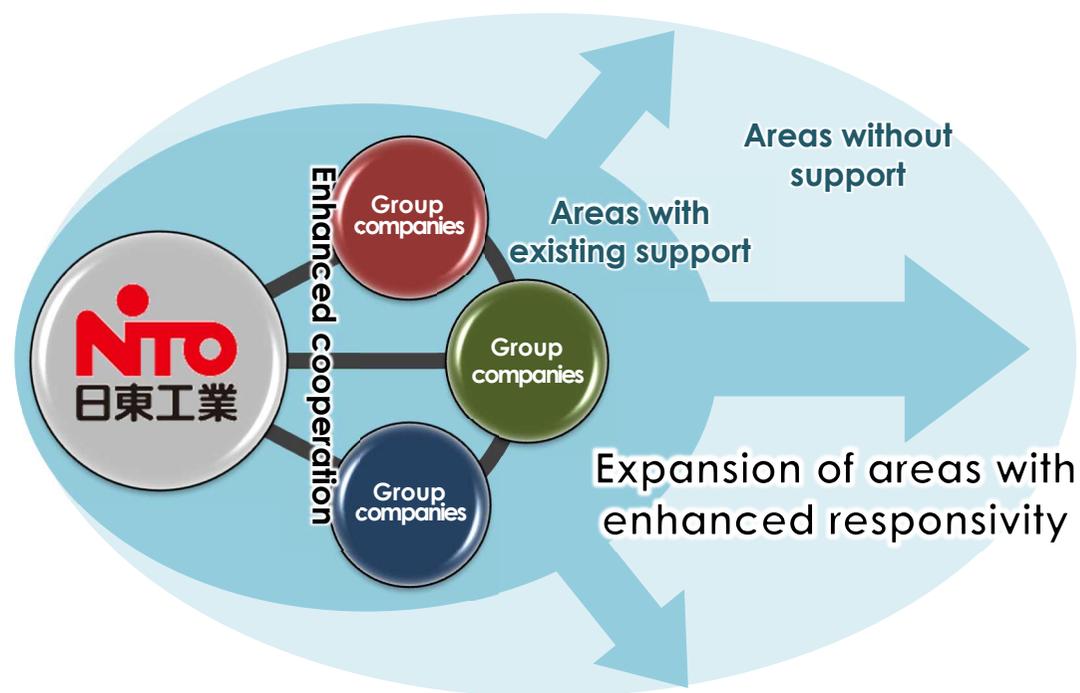
Enhanced responsiveness through Group cooperation

Phases 0-1

- ◆ Group strategy planning
 - ✓ Create concrete strategies making use of Group companies' strength areas/know-how/technology

Future developments (Phases 2-3)

- ✓ Carry out strategies with the Group as a whole, enhancing responsiveness and expanding supported areas
 - Renewal business strategy
 - Control panel board business strategy
 - Group product expanded sales etc.



Business strategy

Core businesses/II Standard product business [Component professional]

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

Enhanced business competitiveness in board-related markets

Phases 0-1

- ◆ **Start of ECAD-CABISTA linkage (April 2019)**
 - ✓ Improve customer satisfaction through linkage of electrical design CAD "ECAD Series" and online drilling service CABISTA
- ◆ **Start of collaboration with Panasonic (March 2019)**
 - ✓ Effectively use management resources of each company to provide higher added-value products and services in the distribution board business, etc.

Future developments (Phases 2-3)

- ✓ Through further evolution of automated design technology, link to improved customer convenience (ECAD)
- ✓ Begin production of "Can touch breakers" sold by Panasonic within fiscal 2019. As well, production outsourcing of some distribution board products scheduled to start

Enhanced technical and product proposal capacity

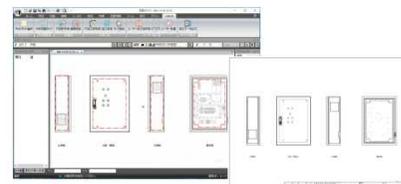
- ◆ **Full operation of Wind Driven Rain/Seismic Resistance Test Facility (September 2017)**
 - ✓ Establishment of performance verification methods for severe installation environments
 - ✓ Grasp of performance of existing products
 - Products with enhanced wind/rain-proofing
- ◆ **Absorption of KITAGAWA INDUSTRIES CO., LTD. as subsidiary (January 2019)**
 - Consider joint development of products for FA market

ECAD Solutions Co., Ltd.

Through an incorporation-type split, the electrical CAD business (engineering solutions business) of Wacom Co., Ltd. has become a part of the NITTO KOGYO Corp. Group. (as of December 1, 2017)

ECAD®

Top record for adoption in Japan among dedicated electrical design CADs



NITTO NITTO KOGYO CORPORATION

Enclosures [CABISTA]

Top manufacturer of enclosures for electrical device storage
Drilling Diagram Creation Web System "CABISTA"



Business strategy

III Overseas business

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

Expansion of distribution board business in Southeast Asia region

Phase 0

- ◆ Capital and business alliance with Thai local manufacturer BANGKOK SHEET METAL PUBLIC COMPANY, LTD. (November 2017)
 - ✓ Construction of distribution board business structure in Southeast Asian markets

Phase 1

- ◆ Absorption of KITAGAWA INDUSTRIES CO., LTD. as subsidiary (January 2019)
 - ✓ Collaborate with KITAGAWA INDUSTRIES CO., LTD. overseas subsidiaries to accelerate advance into overseas markets

Future developments (Phases 2-3)

- ✓ Fuse distribution board/enclosure product development capacity of NITTO KOGYO Corp. and Gathergates Group Pte Ltd (Singapore) with superb production technology of BANGKOK SHEET METAL PUBLIC COMPANY, LTD. (Thailand)



Business strategy

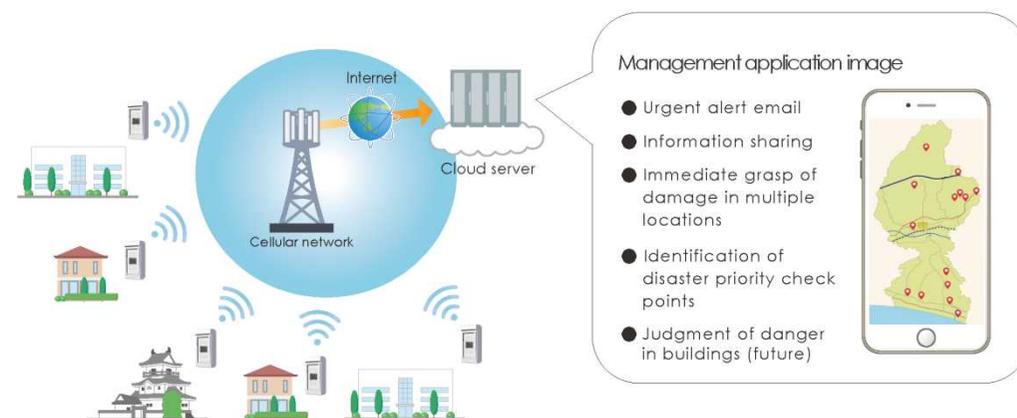
IV New businesses

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

Expansion of business areas through creation of "intangible value"

- Phase 0**
- ◆ **Begin product verification testing using IoT**
 - ✓ Verification testing with high function seismic circuit breakers (Kakegawa City: Regional disaster prevention system)
 - ✓ Verification testing of charging power control through normal charging stands (IKEA Japan, Toyota Industries Corporation)
- Phase 1**
- ◆ **Collaboration with start-ups**
 - ✓ Power identification technology: DIGITAL GRID Corporation
 - ✓ Dry cell batteries with communication function: Novars, Inc.
 - ✓ Smart door-to-door delivery system: Bumblebee Co., Ltd.
 - ◆ **Absorption of KITAGAWA INDUSTRIES CO., LTD. as subsidiary (January 2019)**
 - ✓ Expansion of technological areas
- Future developments (Phases 2-3)**
- ✓ Move on to verification sales toward commercialization
 - ✓ Promote development of products with built-in IoT technology
 - ✓ Create new services using data acquired through products, aiming for commercialization
 - ✓ Proceed with verification testing toward new businesses, along with start-up companies

■ Regional disaster prevention system diagram



1. Overview of accounts period ending in March 2020, second quarter

2. Topic: Influence of KITAGAWA INDUSTRIES CO., LTD. consolidation

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5. Reference materials

Thank you for your attention.

CONNECT!

~Link via electrics~

NITO 日東工業株式会社

Stock code: 6651



[Business segment: Distribution board-related production business]

2Q FY2019

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

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



Distribution boards

High-voltage power receiving equipment

Panel/Distribution boards

Breakers

Parts/Other

Parts

Charging stands

Enclosures

Enclosures

System racks

Business segment: Telecommunications-related distribution business

2Q FY2019

- Purchasing and sales of telecommunications equipment and materials

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



Network cameras

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



High-speed network devices

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



Information security-related products

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

Business segment: Construction/service business

2Q FY2019

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

Main group companies	Main products/business content
NANKAIDENSETSU CO., LTD.	Telecommunication network business, electrical facilities business, etc.



Telecommunication network business

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



Others

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

etc.



Electrical facilities business

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

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

Main group companies	Main products/business content
KITAGAWA INDUSTRIES CO., LTD.	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]

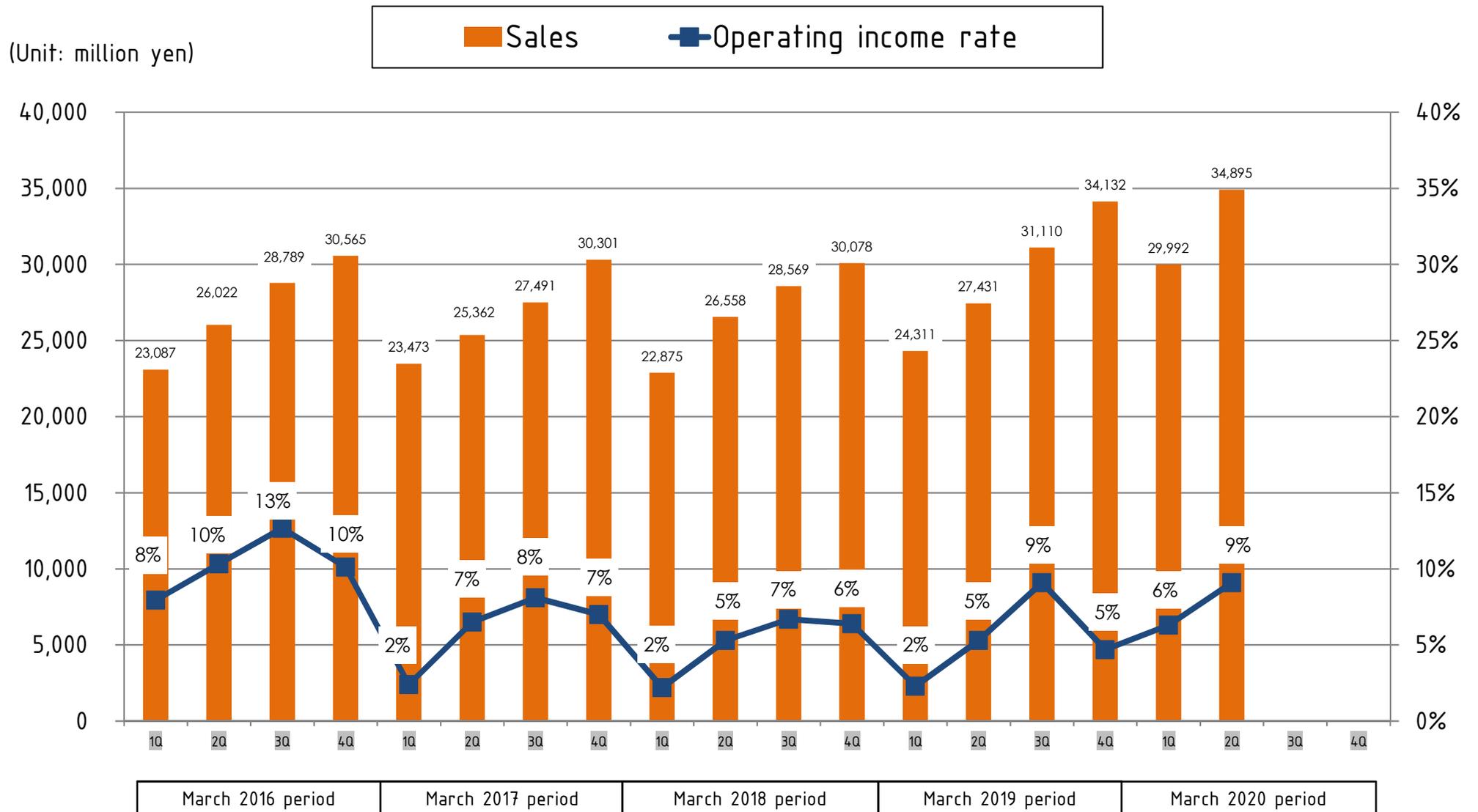


[Cable Ties]



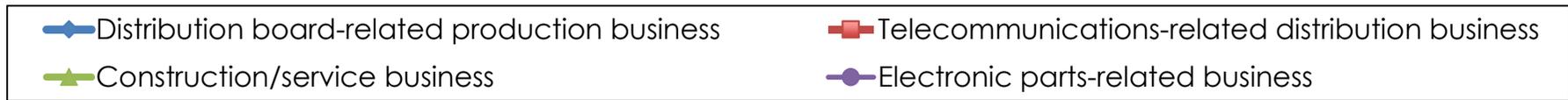
Consolidated sales trends (quarter)

2Q FY2019

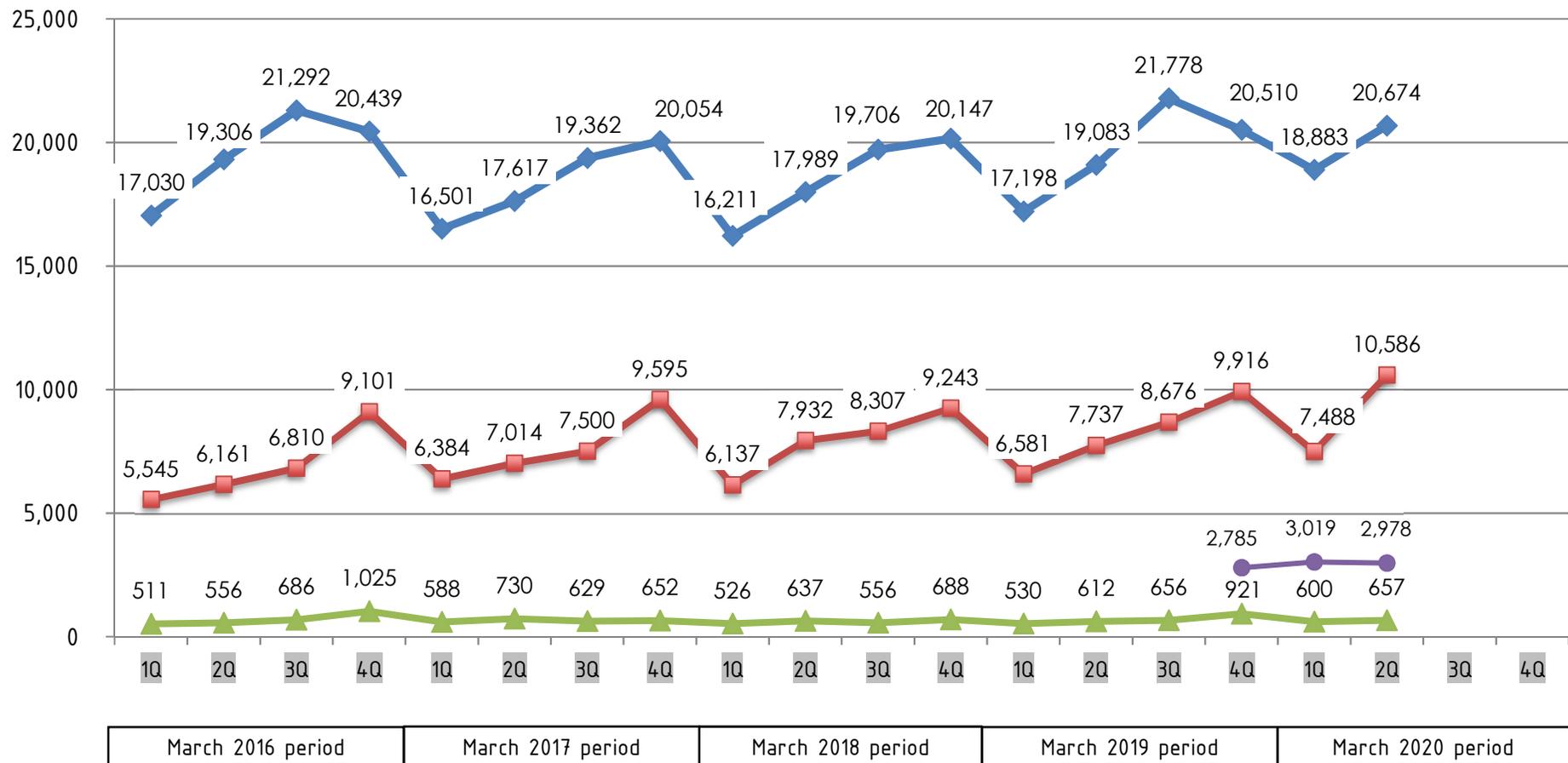


Sales trends by segment (quarter)

2Q FY2019



(Unit: million yen)

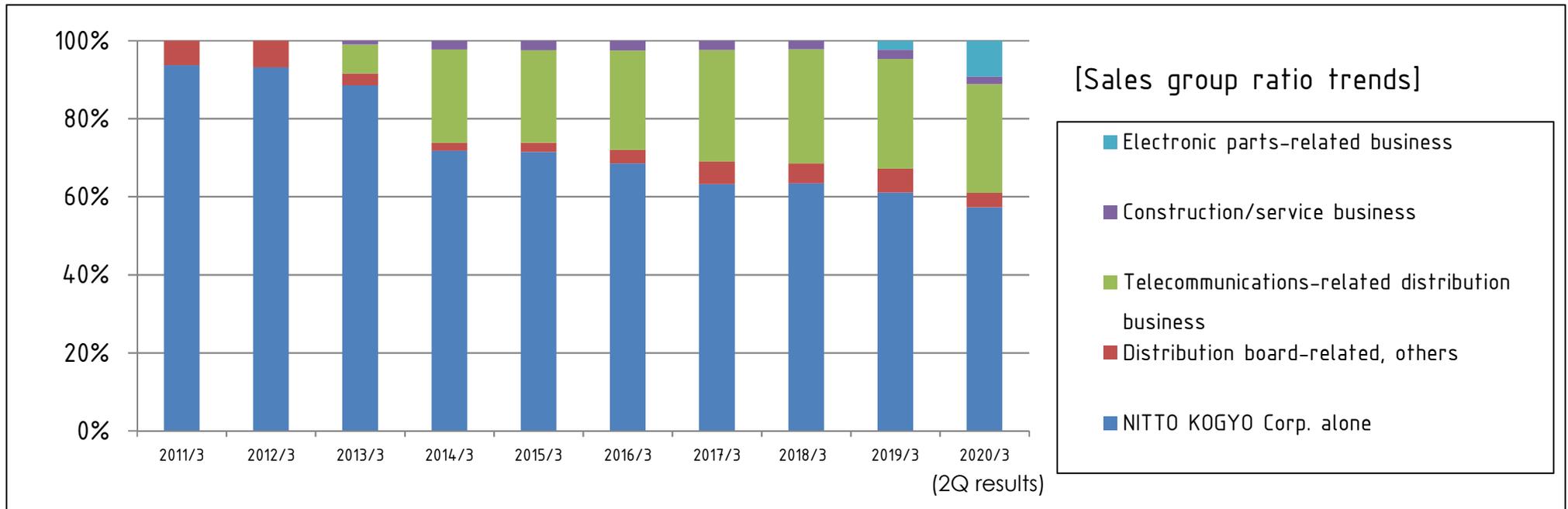


Group consolidated status (period ending March 2017 on)

2Q FY2019

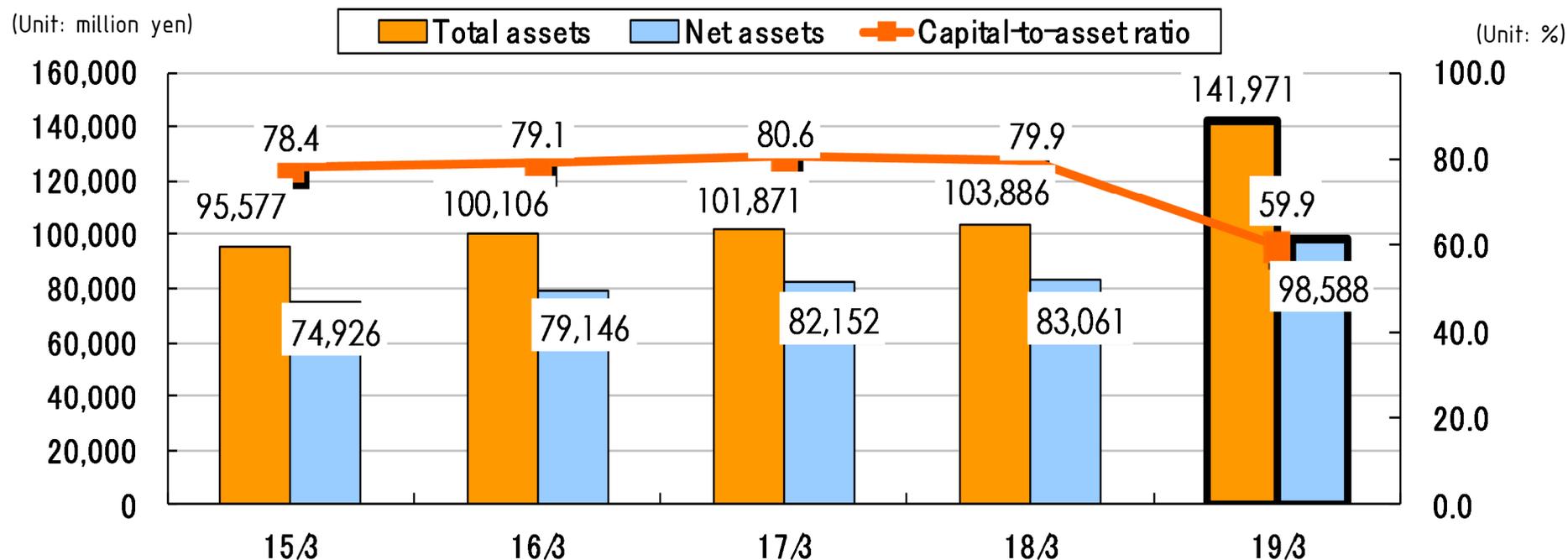
[Subsidiary Consolidated Period]	March 2018 period				March 2019 period				March 2020 period	
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
ECAD Solutions Co., Ltd.			○							
KITAGAWA INDUSTRIES CO., LTD.										

○: B/S only consolidated



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

2Q FY2019

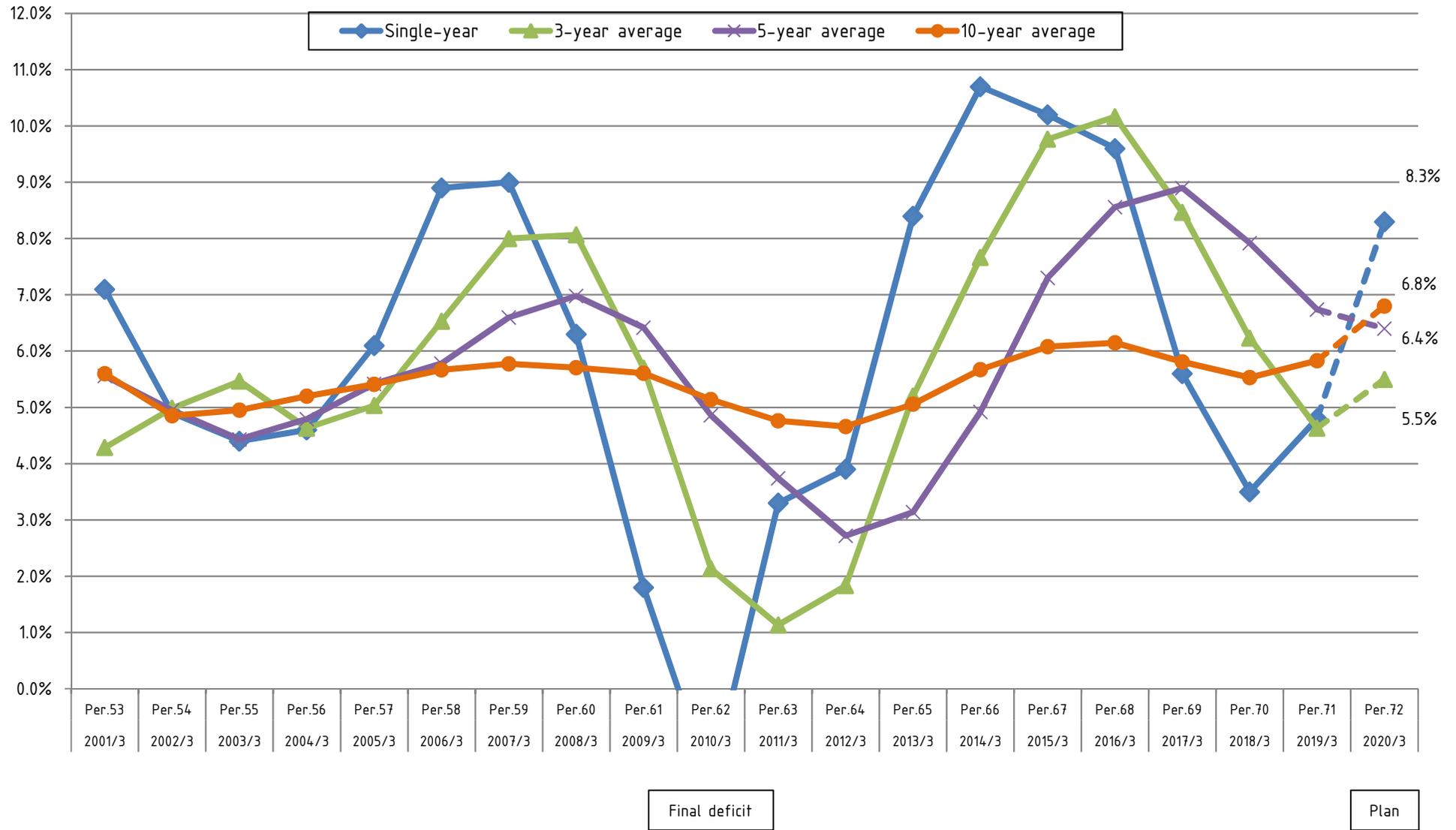


(Unit: million yen)

	15/3	16/3	17/3	18/3	19/3
Total assets	95,577	100,106	101,871	103,886	141,971
Net assets	74,926	79,146	82,152	83,061	98,588
Capital-to-asset ratio	78.4%	79.1%	80.6%	79.9	59.9

ROE (return on equity) trends (consolidated)

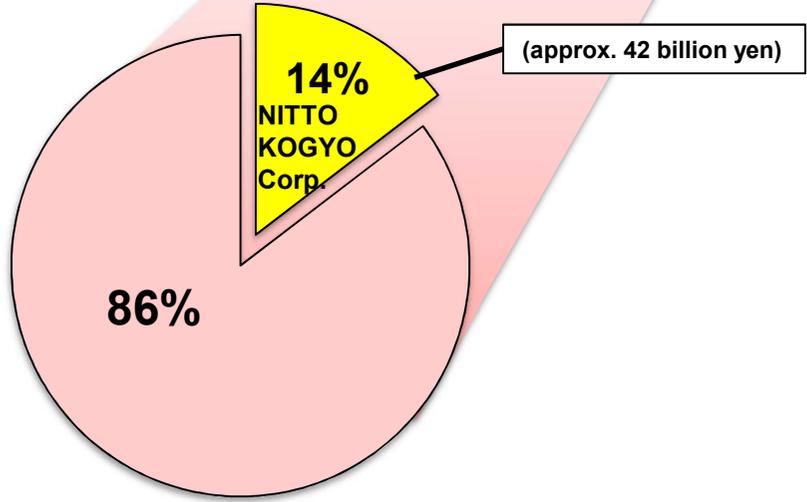
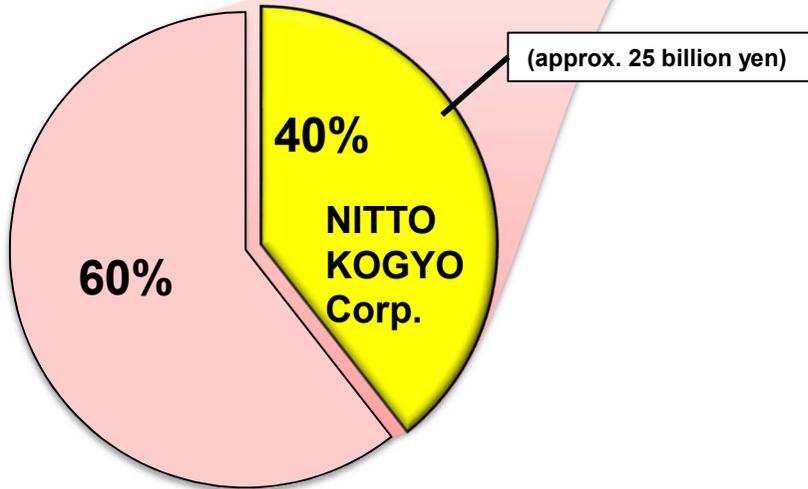
2Q FY2019



Our estimate based on the METI
"Survey Service on Production Statistics", etc.

2Q FY2019

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

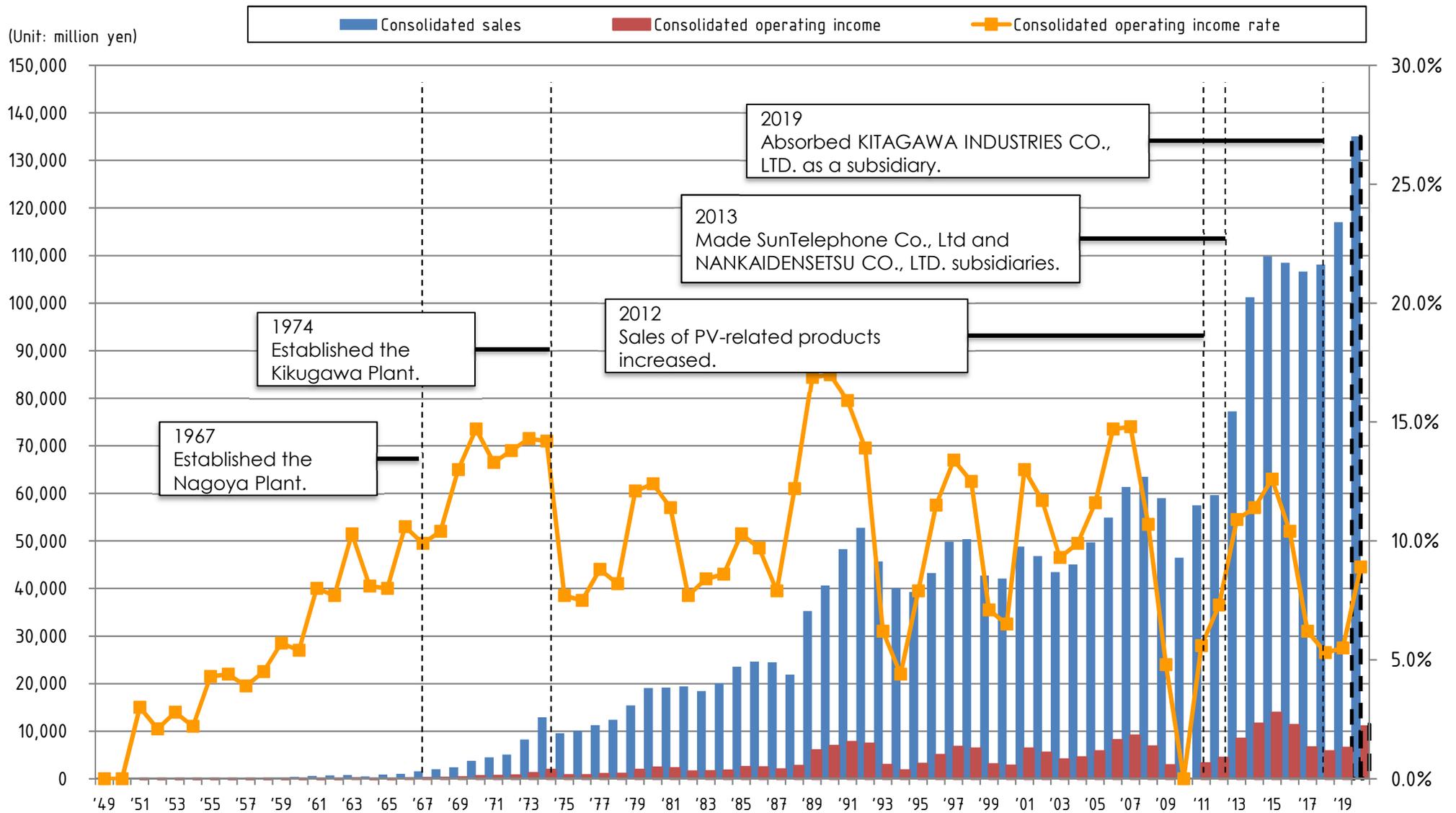


*Enclosure market includes system racks; distribution board market includes optical junction boxes

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

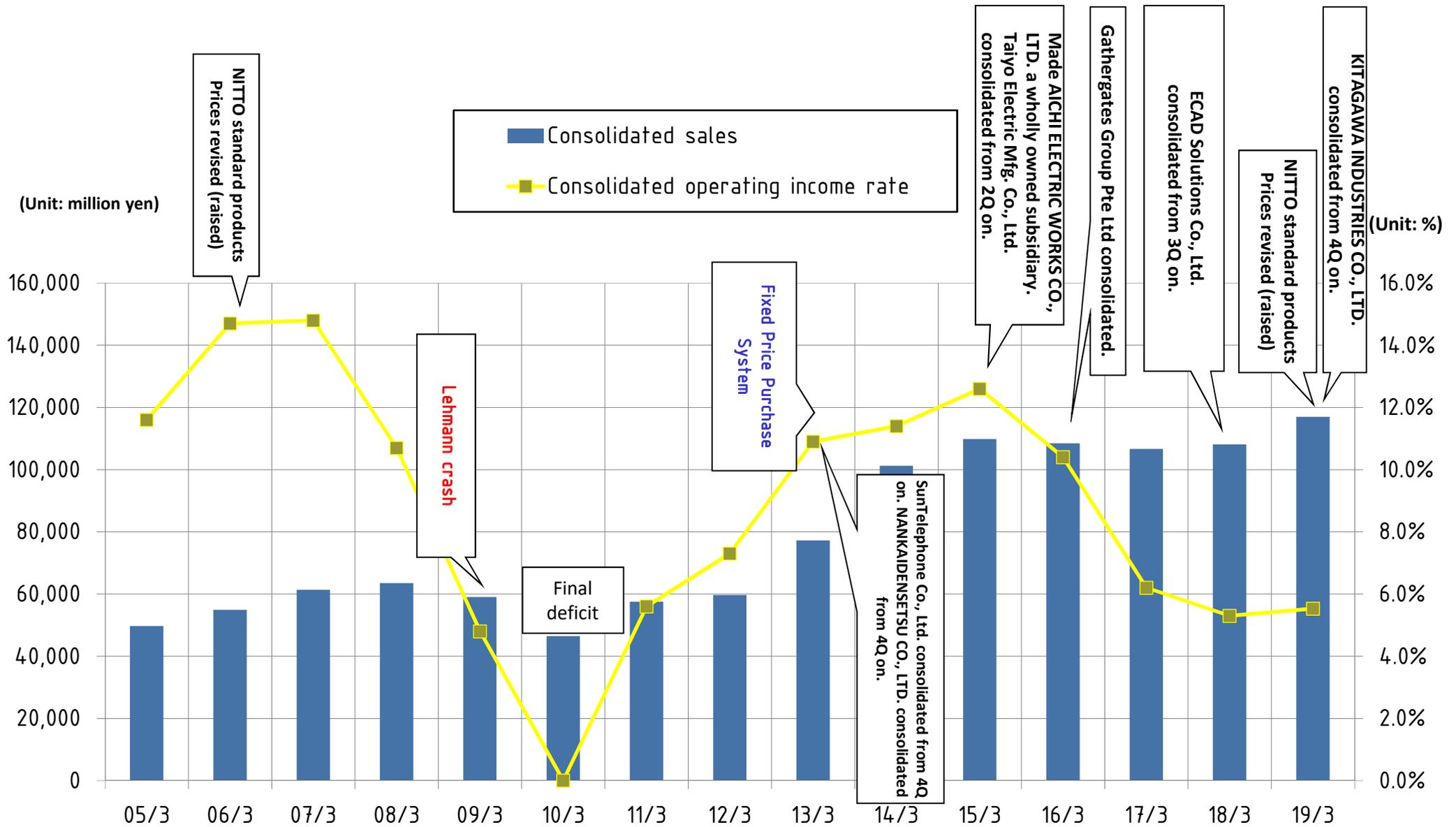
Result trends from establishment to present

2Q FY2019



Result trends for period ending March 2005 through present

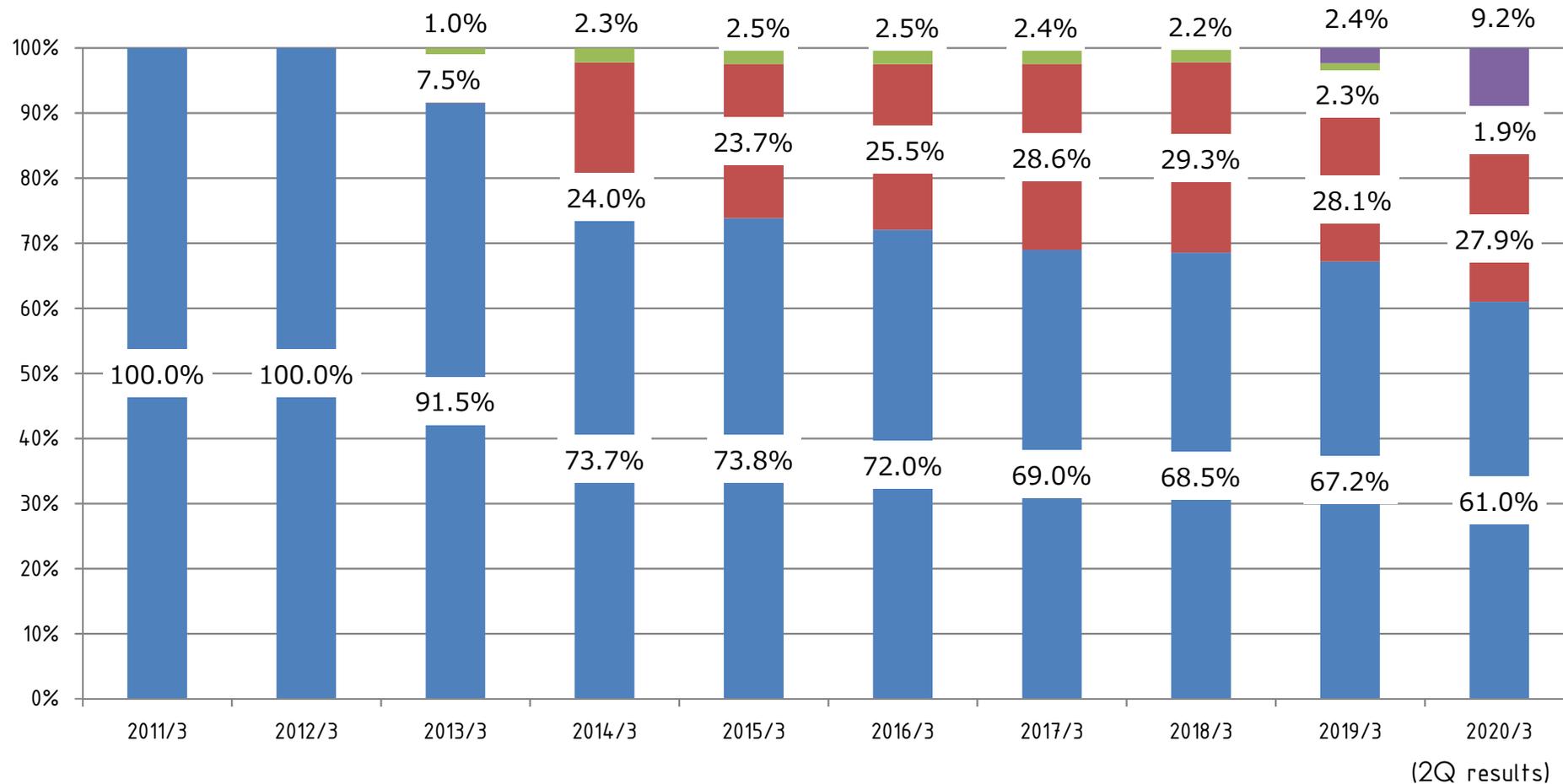
2Q FY2019



Sales composition ratios by business segment

2Q FY2019

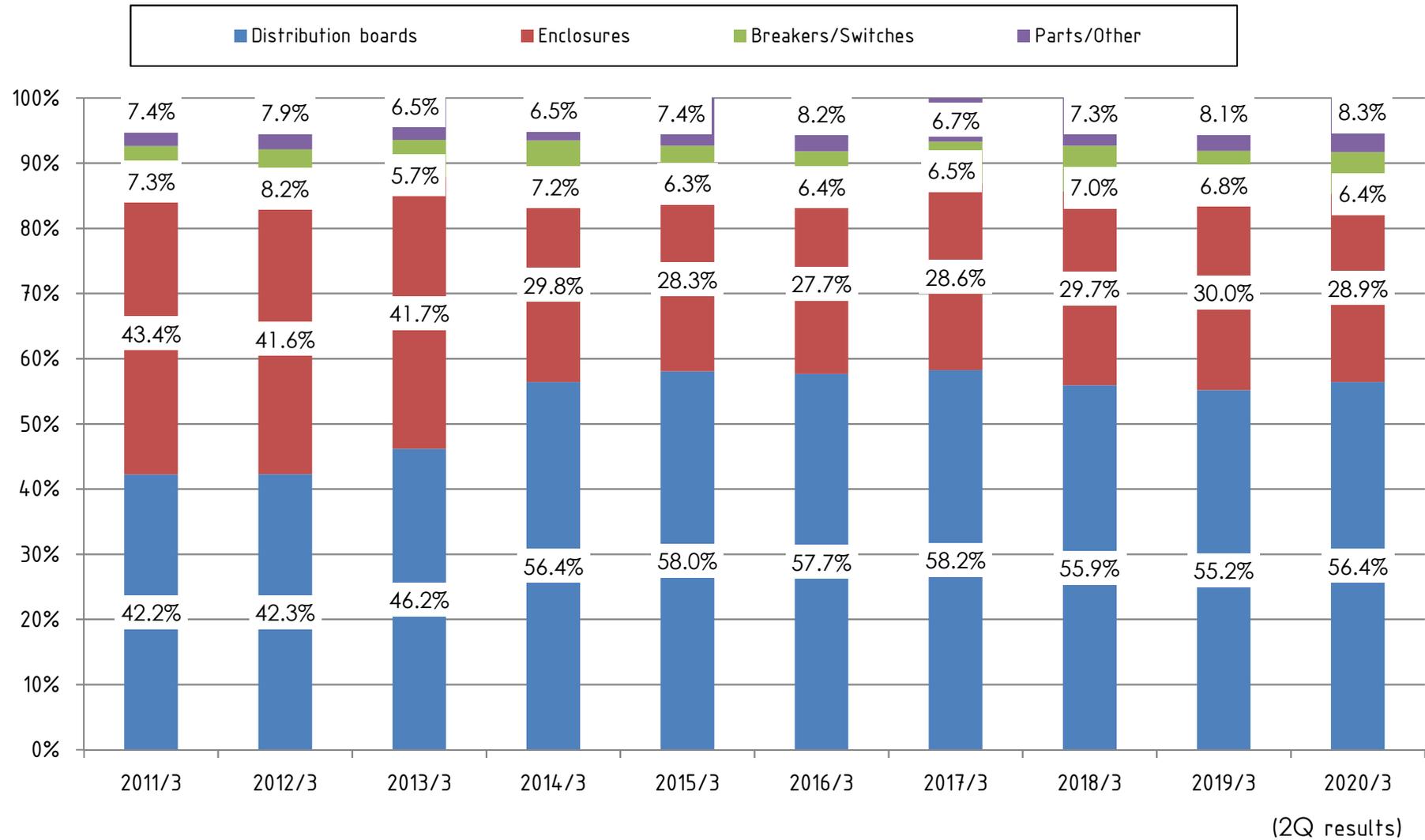
■ Distribution board-related production business
 ■ Telecommunications-related logistics business
 ■ Construction/service business
 ■ Electronic parts-related business



Numerical totals may not match exactly due to rounding.

Distribution board-related production business (sales composition ratio by division)

2Q FY2019



Numerical totals may not match exactly due to rounding.

Charger Series for Electric Vehicles (EV/PHEV)

2Q FY2019

Rapid charging
(not supported by our company)

Charging stands for electric vehicles

Normal charging

NITTO KOGYO Corp. business areas

[Public use]

[Household/private use]

EVC2

Pit

