Financial Results for the Second Quarter

Fiscal Year 2022

April 1, 2022 - March 31, 2023

（Presentation Materials with Script）

【Event Summary】

Date	: December 1, 2022　15：00～16：00	
Venue	: Webcast	
Speakers	: Toru Kurono	President and COO
	Akitaka Tejima	Head of Business Management Division, Director
	Hiroshi Minoura	Head of Development Division, Director
	Takaaki Mano	General Manager of General Affairs Department

Some explanations are supplemented and key points are summarized.

Presentation

Hello, everyone. My name is Toru Kurono, President and COO. Thank you very much for taking time out of your busy schedules to participate in today's presentation of NITTO KOGYO CORPORATION's Q2 financial results briefing for the fiscal year ending March 2023. I would also like to take this opportunity to express my sincere gratitude to all of you for your continued support and guidance to NITTO KOGYO.

Now, today's briefing is being held on the web. Today, I would like to explain our financial results in accordance with the presentation materials, which are available on NITTO KOGYO's website.

Executive Summary

2Q FY2022

Although sales reached its highest,
the first-half plan was not achieved.
Full-year plan has been partially revised.

- **Despite a year-on-year sales increase (the highest for a second quarter), sales fell short of the assumption mainly due to difficulty in procurement of materials.**
- **Factors such as rising raw material prices, which were higher than assumed, cut into profits although there were the effects of price revisions and foreign exchange gains.**
- **Whereas sales are on a recovery trend, the rising raw material prices and others are affecting earnings significantly. Accordingly, numbers in the full-year plan, excluding sales, have been revised downward.**

NITTO KOGYO GROUP 1

Please see page one. This shows an executive summary. Sales in Q2 reached a record high, but the initial plan was not achieved. In addition, we have partially revised our full-year forecast.

Sales reached a record high, but fell short of the forecast due to procurement difficulties and other factors.

Although there were positive effects of price revisions and foreign exchange gains, higher-than-expected raw material prices put pressure on profits.

Due to the significant impact on earnings, we have revised our full-year plan downward, except for sales.

Contents

Please see page two. This is the table of contents for today.

I would like to explain the items one through four. As item five contains reference materials, please take a look at it later.

2nd quarter consolidated account highlights

2Q FY2022

- Business results for the second quarter of the period ending in March 2023 showed increased sales and decreased profits. Although sales were a record high for a second quarter, the results fell short of the first-half plan, announced at the beginning of the period, in all profit items.
- Although sales of system racks and others declined due to the contraction of 5G-related projects, consolidated sales grew on the back of solid demand mainly in the automotive market in addition to a rise in sales of distribution/panel boards resulting from a pickup in corporate facilities investment.
- Operating income fell due primarily to the strong impact of rising raw material prices.
- Ordinary income decreased despite foreign exchange gains on loans made to overseas group companies.

(Unit: million yen)

	2022/3	2023/3			
	2Q results	2Q results	YoY comparison	First-half plan	Vs. First-half plan
Sales	61,014	65,601	7.5%	67,000	-2.1%
Operating income	3,902	2,171	-44,4%	3,500	-38.0%
Ordinary income	4,059	2,955	-27.2%	3,500	-15.6%
Quarterly net profit reverting to parent company shareholders	2,622	1,698	-35.2%	1,800	-5.7%

NITTO KOGYO GROUP 4

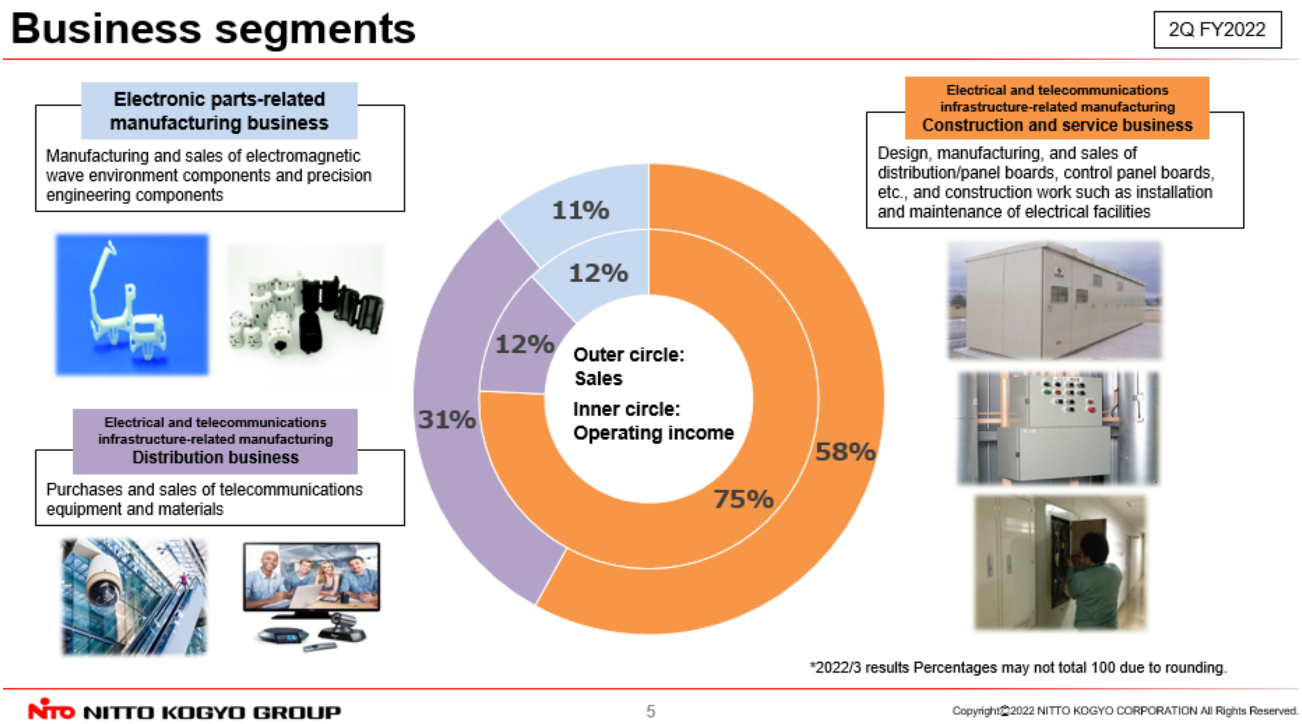
Please see page four. These are the highlights from Q2 consolidated financial results for the fiscal year ending March 2023.

Net sales were JPY65.6 billion, up 7.5% year on year. Sales of system racks and other products declined YoY due to a decrease in 5G-related projects, but sales of distribution/panel boards increased due to a pickup in facilities investment. Sales of other products increased on the back of solid demand in the automotive and other related markets.

Operating income was JPY2.1 billion, down 44.4% YoY. This was mainly due to the strong impact of the sharp rise in raw material prices.

Ordinary income was JPY2.9 billion, down 27.2% YoY. It exceeded operating income due to foreign exchange gains on loans related to overseas group companies.

Profit attributable to owners of parent was JPY1.6 billion, down 35.2% YoY. In Q2, sales were a record high, but all profit items fell short of the H1 plan announced at the beginning of the year.



Please see page five. This page provides an overview of the NITTO KOGYO Group and its business segments.

The first one, shown in orange, is the electric and information infrastructure-related manufacturing, construction, and service business led by NITTO KOGYO, which is the core business of the Group accounting for 58% of total sales and 75% of operating income.

The second one, shown in purple, is the electric and telecommunication infrastructure-related distribution business, led by subsidiary SunTelephone Co., Ltd. It accounts for 31% of sales and 12% of operating income.

The third one, shown in light blue, is the electronic components-related manufacturing business led by Kitagawa Industries Co., Ltd., which accounts for 11% of sales and 12% of operating income.

2nd quarter account highlights by segment

2Q FY2022

- Although sales of system racks, etc., fell resulting from fewer 5G-related projects, the construction and service business posted a sales increase due to a rise in sales of distribution/panel boards aided by a pickup in corporate facilities investment. However, segment profits decreased mainly due to the impact of rising raw material prices.
- The distribution business booked increases in both sales and profits due to a rise in sales of network equipment as projects mainly for data centers grew despite a fall in 5G-related projects.
- In the electronic components business, segment sales increased due to a rise in sales of EMC-related products, etc., on the back of robust demand in automotive, air-conditioning and other markets. Nonetheless, segment profits decreased due primarily to rising raw material prices and an increase in selling, general and administrative expenses (SGA).
- Despite reporting a year-on-year sales increase, all segments except the electronic parts business failed to achieve their first-half plan.

(Unit: million yen)

By segment		2022/3	2023/3			
		2Q results	2Q results	YoY comparison	First-half plan	Vs. First-half plan
Sales	Construction and service business	36,104	37,976	+5.2%	39,100	-2.9%
	Distribution business	17,959	20,104	+11.9%	21,100	-4.7%
	Electronic parts business	6,950	7,519	+8.2%	6,800	+10.6%
	Total	61,014	65,601	+7.5%	67,000	-2.1%
Operating income	Construction and service business	2,651	1,380	-47.9%	-	
	Distribution business	324	518	+59.6%	-	
	Electronic parts business	909	272	-70.0%	-	
	Total	3,902	2,171	-44.4%	3,500	-38.0%

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

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Please look at page six. These are the financial results highlights by segment.

The manufacturing, construction, and service segment reported higher sales and lower operating income. I will explain this segment, our core business, in detail on the next page.

In the distribution business, sales and operating income increased YoY. Sales of network components increased due to an increase in data center projects and other projects, despite the decrease in 5G-related projects.

In the electronic components business, sales increased YoY as those of EMC-related products increased on the back of solid demand in the automotive and air conditioner-related markets, but operating income declined due to the soaring raw material prices and higher SG&A expenses.

Construction and service business (sales by division) for the second quarter

2Q FY2022

- The distribution boards division posted a sales increase mainly due to an increase in sales of distribution/panel boards resulting from signs of a recovery in corporate facilities investment.
- The enclosure division booked a sales decrease primarily due to a decrease in sales of system racks in the wake of fewer 5G-related projects.
- The breakers/switches/parts/other divisions increased sales primarily because of higher sales of EV charging stands.
- The construction and service division recorded a sales increase as electric and telecommunications construction grew for renovation projects of factory buildings and offices.
- All divisions failed to achieve their first-half plan.

(Unit: million yen)

Sales by division		2022/3	2023/3			
		2Q results	2Q results	YoY comparison	First-half plan	Vs. First-half plan
Construction and service business	Distribution boards	18,074	20,872	+15.5%	21,400	-2.5%
	Enclosure	10,660	9,567	-10.3%	9,800	-2.4%
	Breakers/switches/parts/other	5,693	5,704	+0.2%	6,000	-4.9%
	Construction/service	1,675	1,831	+9.3%	1,900	-3.6%
Total		36,104 (2,205)*	37,976 (1,906)	+5.2%	39,100	-2.9%
Consolidated overall total		61,014	65,601	+7.5%	67,000	-2.1%
Consolidated sales composition ratio		59.2%	57.9%	-1.3%	58.4%	-0.5%

*Parentheses refer to internal sales between segments

NITTO KOGYO GROUP 7

Please turn to page seven. The following is a breakdown of sales by sub-segment for the Group's core business of manufacturing, construction, and service.

Sales in the distribution board division increased due to an increase in sales of distribution/panel boards as a result of a recovery in facilities investment. Sales in the enclosure division decreased as those of system racks declined due to the decrease in 5G-related projects. Sales in the breakers, switches, parts, and others increased due to an increase in sales of EV charging stations. Sales in the construction and service division posted an increase due to an increase in telecommunications work for factory building and office refurbishing projects.

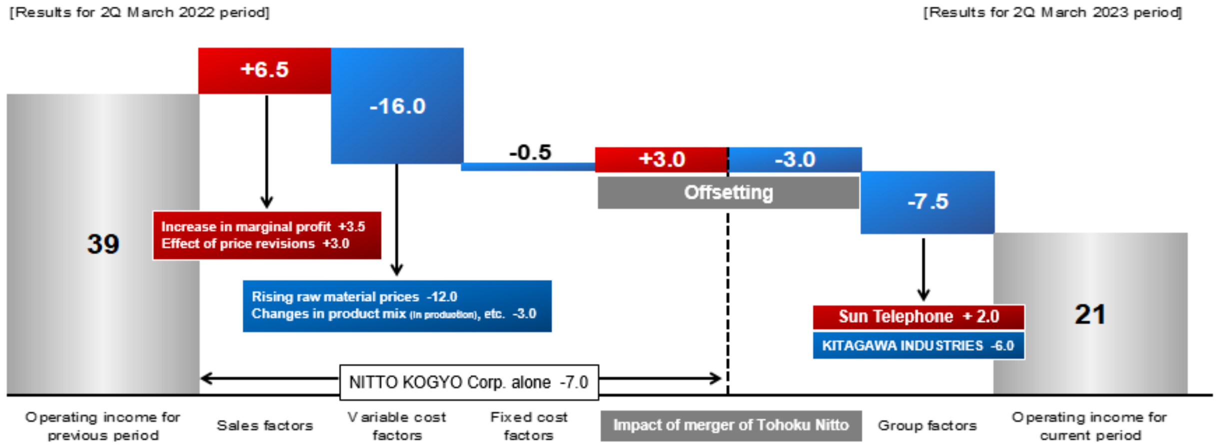
All divisions fell short of the sales plan for H1 of the current fiscal year.

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

2Q FY2022

- As for the non-consolidated factors of NITTO KOGYO Corp., profits decreased mainly due to rising raw material prices and change in the product mix despite a rise in marginal profit resulting from higher sales and the effect of price revisions.
- In group factors, profits declined as KITAGAWA INDUSTRIES, etc., decreased profits year on year although SunTelephone increased profits.

(Unit: 100 million yen)



*The classification of "Changes in product mix (in sales)" has been changed from variable cost factors to sales factors, from the forecasts for the period ending March 2023.

NITTO KOGYO GROUP 8

Please turn to page eight. This page shows the factors in YoY changes in H1 consolidated operating income.

Operating income in H1 of the previous year was JPY3.9 billion, and the current year's figure was JPY2.1 billion, a YoY decrease of approximately JPY1.8 billion.

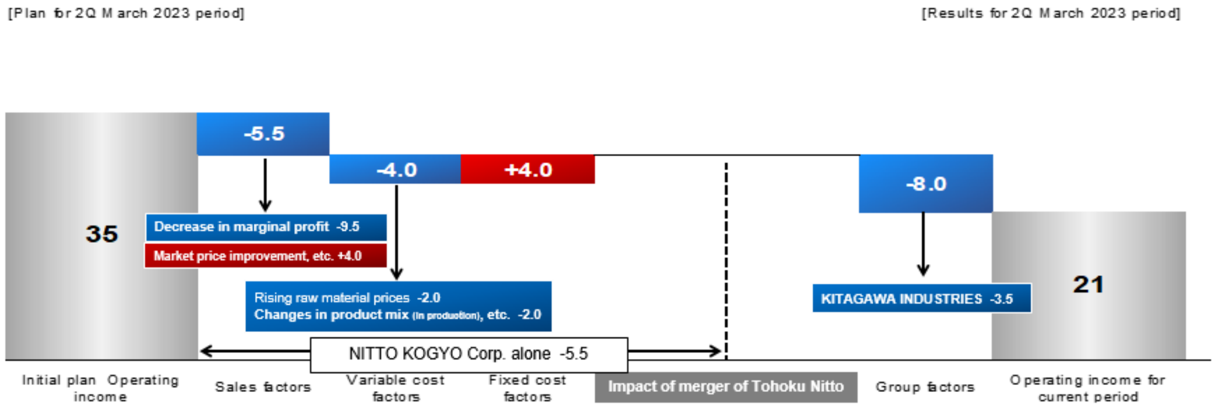
As for the non-consolidated factors of NITTO KOGYO, operating income increased by JPY650 million due to an increase in marginal profit and the effect of the price revisions, the total income decreased by JPY700 million, including the negative impacts of JPY1.2 billion due to the soaring raw material prices, JPY300 million due to changes in product mix, and an increase in labor costs and several expenses.

Next is the Group’s factors. While SunTelephone's operating income increased due to higher marginal profit, Kitagawa Industries' income fell below the year-before level, resulting in a group-wide income decline of about JPY1.05 billion.

Factors in changes in 2nd quarter consolidated operating income (vs. Plan) 2Q FY2022

- As for the non-consolidated factors of Nitto Kogyo Co., Ltd., marginal profit was expected to increase due to an increase in sales. However, sales were lower than the initial assumption, which became a profit-decreasing factor.
- As for group factors, KITAGAWA INDUSTRIES, etc., fell short of the initial assumption due to the impact of rising raw material prices and other factors, which became a profit decreasing factor.

(Unit: 100 million yen)



*The classification of "Changes in product mix (in sales)" has been changed from variable cost factors to sales factors, from the forecasts for the period ending March 2023.

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Please see page nine. Against the YoY comparison on the previous page, this page shows changes from the forecast.

On a non-consolidated basis, sales at NITTO KOGYO, especially those of high-margin products, were lower than expected, and the surge in raw material prices was higher than expected, pulling down operating income.

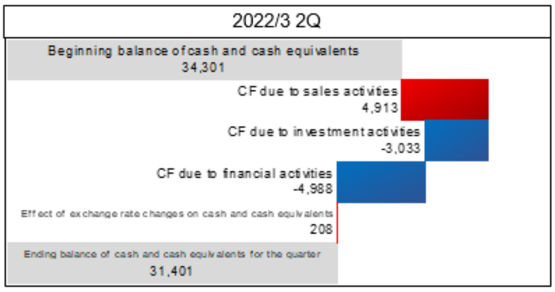
In terms of the Group's factors, Kitagawa Industries' operating income fell below the initial forecast due to the soaring raw material prices and other factors.

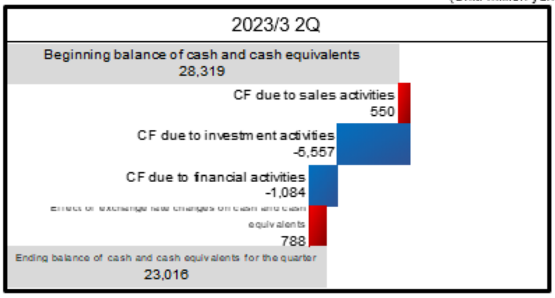
2nd quarter consolidated cash flow statement

2Q FY2022

■ Cash equivalents decreased by 5,303 million yen from the beginning of the period ending March 2023 to 23,016 million yen.

(Unit: million yen)





<2022/3 2Q Main factors>

■ CF due to investment activities	
Expenditure due to acquisition of fixed assets	-3,072

■ CF due to financial activities	
Decreased short-term loans payable	-3,079
Payment of dividends	-1,864

<2023/3 2Q Main factors>

■ CF due to investment activities	
Expenditure due to acquisition of fixed assets	-5,599

■ CF due to financial activities	
Payment of dividends	-945

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Please turn to page 10. This is a consolidated cash flow statement. The left side is for the preceding fiscal year and the right side is for the fiscal year under review.

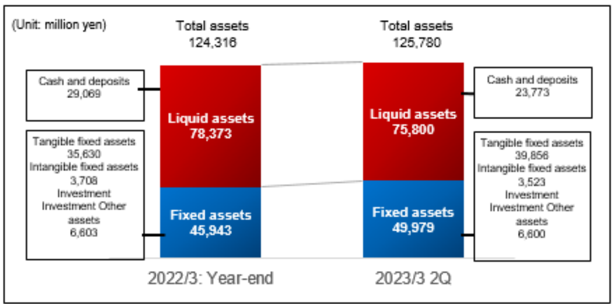
Cash flow due to sales activities was a positive JPY500 million. Cash flow due to investment activities was a negative JPY5.5 billion, mostly due to the acquisition of fixed assets related to the Seto Plant. Cash flow due to financing activities was a negative JPY1 billion, almost exclusively for dividend payments.

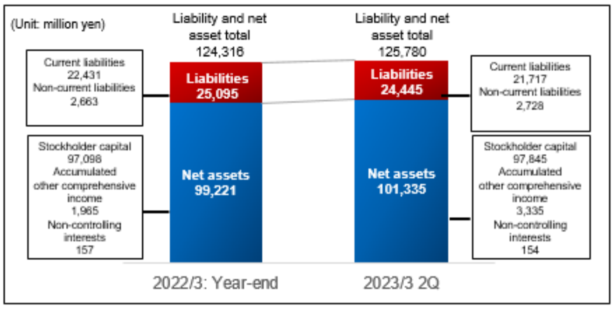
Cash and cash equivalents at the end of H1 amounted to JPY23 billion, down about JPY5.3 billion from the beginning of the current fiscal year.

Overview of consolidated finances for the second quarter

2Q FY2022

■ Decrease in cash and deposits, and increases in inventories and construction in progress related to the Seto Plant





<Main changes>

■ Assets	
Decreased cash and deposits	-5,296
Decreased trade receivables	-2,270
Increased inventories	+4,302
Increased construction in progress	+4,600

■ Liabilities	
Decreased accrued income taxes	-302
■ Net assets	
Dividends of surplus	-950
Quarterly net income	+1,698
Increased foreign currency translation adjustment	+1,431

NITTO KOGYO GROUP 11

Please see page 11. This shows an overview of the consolidated financial status.

Total assets at the end of H1 of fiscal year ending March 2023 increased slightly YoY by around JPY1.4 billion.

While current assets such as cash and deposits decreased, fixed assets, such as construction in progress related to the Seto Plant, increased.

Starting on page 12, I will talk about topics.

(1) Status of the impact of rising raw material prices and status of procurement

2Q FY2022

- The rising raw material prices decreased operating income by 1.2 billion yen in the first half. Consequently, the full-year negative impact was revised from 2.0 billion yen to 2.7 billion yen.
- Regarding difficulty in procurement, the tight supply situation continues in general, although some materials saw signs of an easing. Toward the second half, the situation is expected to ease gradually, as assumed at the start of the period ending March 2023.

	Initial assumption	First-half results	Second-half assumption	Change from the initial assumption
Rising raw material prices * Year-on-year change in operating income	[Full year impact] -2.0 billion yen	-1.2 billion yen	-1.5 billion yen	[Full year impact] -2.7 billion yen (-7 billion initially assumed)
Difficulty in procurement	Tight supply → Easing trend	Tight supply will remain in general although some items will see an easing.	on an easing trend	No

[Risks related to the outlook for 3Q and beyond]

- ✓ A further surge in raw material prices primarily due to the prolongation of the Ukraine crisis and fluctuations in foreign exchange rates
- ✓ Continuation and aggravation of material procurement difficulty due to prolonged disruptions of the supply chain

NITTO KOGYO GROUP 13

Please see page 13. The first topic is the impact of the sharp rise in raw material prices and the difficulties in procurement.

We assumed that the impact of the raw material price surges on operating income would be approximately JPY2 billion for the full year. The accumulated impact amount for H1 was JPY1.2 billion, slightly exceeding our forecast. This was due to the further rise in raw material prices, which were affected by Russia's invasion of Ukraine and the foreign exchange rate impact. As a result, we have revised our full-year forecast to push the operating income forecast down by approximately JPY700 million from the beginning of the fiscal year.

Regarding the situation of procurement difficulties, there has been no change from our assumption at the beginning of the year that these difficulties would gradually ease.

(2) Status of the effect of price revisions

- The price revisions made in July of this year became a factor in increasing operating income by about 0.3 billion yen in the first half as assumed.
- An effect of 1.5 billion yen is expected for the second half (No change from the initial assumption).

	Assumption	First-half results	Second-half assumption	Change from the initial assumption
Effect of price revisions	[Full year impact] +1.8 billion yen (in operating income)	YoY +0.3 billion yen	YoY +1.5 billion yen	No

Please turn to page 14. The second point is the status of the price revision effects.

Against the backdrop of the soaring raw material prices and other factors, the Company decided to implement the first round of price revisions in July. The assumed effects were to boost operating income by JPY300 million in H1, JPY1.5 billion in H2, and JPY1.8 billion for the full year. In H1, the results were generally in line with our initial expectations.

(3) Capital and business alliance (overview)

2Q FY2022

NITTO KOGYO has subscribed to shares through a third-party allotment implemented by SANSHA ELECTRIC MFG CO., LTD. and enter into a contract related to a capital and business alliance.
(Disclosed on November 8, 2022)

[Corporate information of the capital and business alliance partner]

Company name	SANSHA ELECTRIC MFG CO., LTD. SanRex
Location of head office	3-1-56, Nishiawaji, Higashiyodogawa-ku, Osaka
Representative	Representative Director & President Hajimu Yoshimura
Capital	2,774,277,500 yen
Foundation	March 1933
Sales	22,675,000,000 yen (results of the period ended March 2022)
Market listing	Tokyo Stock Exchange Standard Market (Stock code: 6882)
Business outline	1. Manufacture and sale of electrical machinery and equipment 2. Manufacture and sale of semiconductors and applied machinery and equipment 3. Manufacture and sale of medical equipment 4. Installation of machinery and equipment, electric wiring and piping servicing 5. Any secondary activity related to the above

[Alliance details]

✓ NITTO KOGYO will make a capital contribution to SANSHA ELECTRIC MFG CO., LTD. (approx. 0.6 billion yen)

✓ This contribution will make our ownership rate exceed 5% on the basis of voting rights.

[Contract conclusion date]

November 8, 2022

[Outlook of business performance]

As of the present, the impact on the consolidated financial results for the period ending March 2023 will be minimal.

(Products)

Power semiconductor

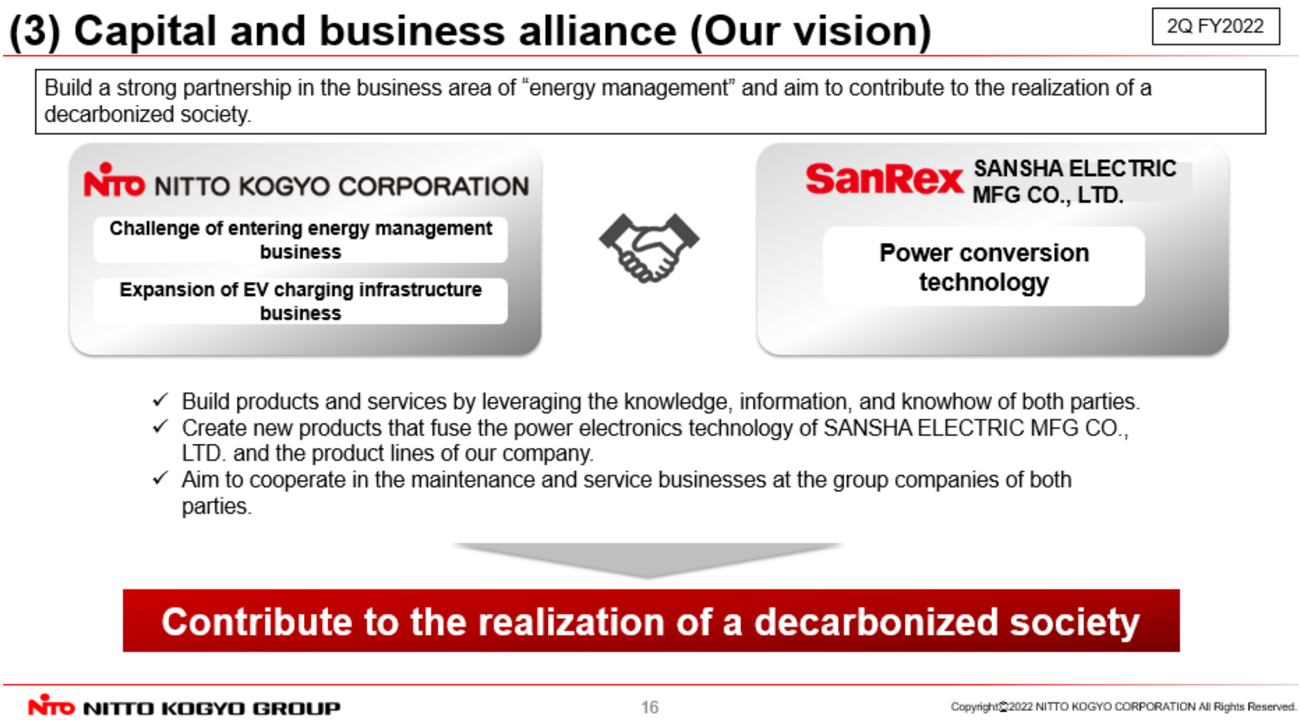
Power supply equipment

NITTO KOGYO GROUP 15

Please see page 15. The third topic is about our capital and business alliance.

On November 8, 2022, we announced a capital and business alliance with Sansha Electric Manufacturing Co., Ltd. Sansha Electric Manufacturing is listed on the Tokyo Stock Exchange Standard market and manufactures power semiconductors, power conditioners, and other power supply equipment.

The Company acquired shares of Sansha Electric Manufacturing by underwriting a third-party allotment. The amount of investment is approximately JPY600 million and the percentage of voting rights is about 5%.



Please look at page 16. The next point is what we aim to achieve together with Sansha Electric Manufacturing.

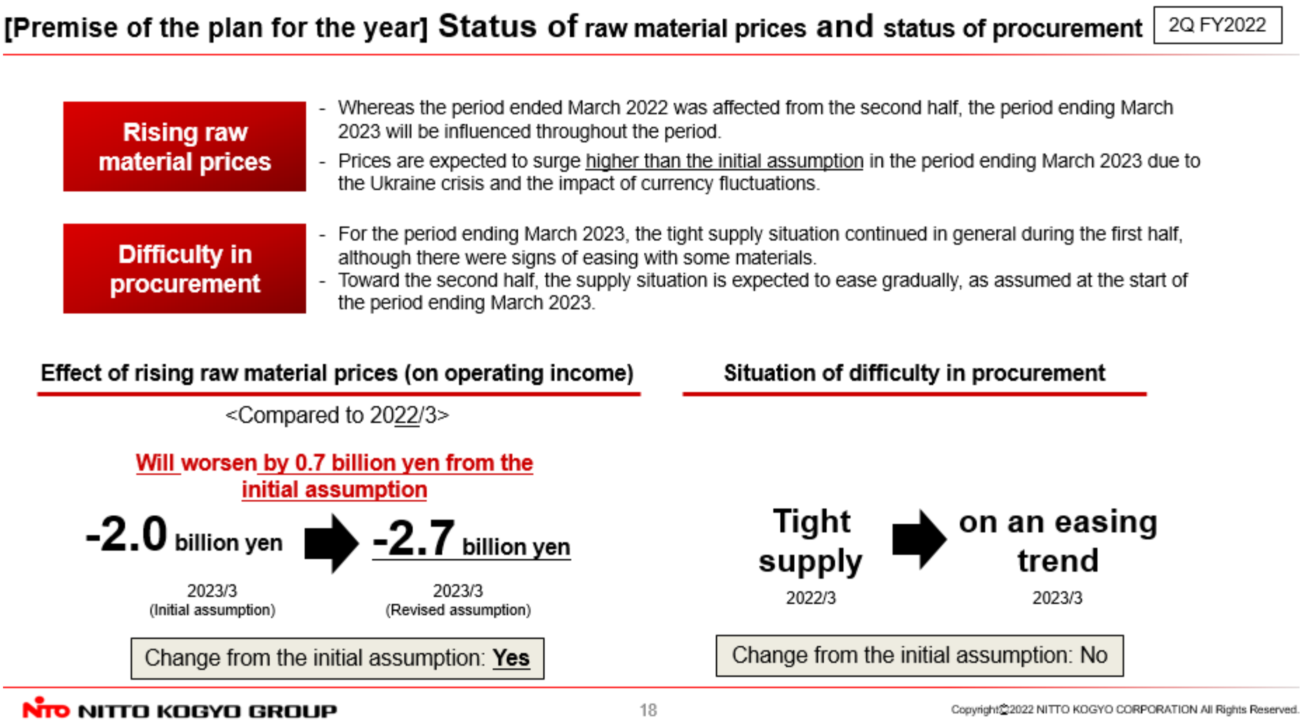
In our medium-term management plan, we state that we aim to become an environmentally friendly company through the expansion of our energy management system business domain.

The two companies will accelerate the development of related products that use electricity efficiently and the establishment of services by utilizing the knowledge, information, and expertise of both parties.

We will develop new products by integrating Sansha Electric Manufacturing's power electronics technology with our product line.

We will collaborate in the maintenance and service business at both group companies.

Starting on page 17, we will explain the full-year consolidated earnings forecast for fiscal year ending March 2023.



Please see page 18. These are the prerequisites for the full-year forecast. First, raw material prices and procurement difficulties.

As I mentioned earlier in the topics section, our initial estimate for the decrease in operating income due to the soaring raw material prices was JPY2 billion, but we added JPY700 million due to the invasion of Ukraine, the impact of foreign exchange rates, and other factors, resulting in an overall impact of JPY2.7 billion on operating income.

We expect that the procurement difficulties will gradually ease in H2, without changing our assumption at the beginning of the fiscal year.

[Premises of the plan for the year] Price revisions

2Q FY2022

Change from the initial assumption: No

<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 percentage change in prices

Product lines to be affected	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%

NITTO KOGYO GROUP 19

Please see page 19. Next, I would like to talk about the price revisions.

As I mentioned earlier, we expect the impact of the revisions to be approximately JPY1.8 billion for the full year, unchanged from our assumption at the beginning of the year.

Forecast of consolidated results for the year

2Q FY2022

- The forecast of consolidated results for the year excluding sales has been revised downward due to the failure to achieve the first-half plan and the revision to the assumed outlook.
- Sales are expected to expand due to a sales increase in existing markets accompanying a recovery in demand for facilities investment (The initial plan remains unchanged).
- Income items are expected to decrease mainly due to the impact of rising raw material prices despite several positive factors such as an increase in marginal profit by a sales increase and the effect of price revisions.

(Unit: million yen)

	2022/3		2023/3					
	2Q results	Results for the year	2Q results	YoY comparison	Plan for the year (Before revision)	Plan for the year (After revision)	(YoY)	Vs. Plan before revision
Sales	61,104	132,735	65,601	+7.5%	145,000	145,000	+9.2%	-
Operating income	3,902	8,637	2,171	-44,4%	9,600	7,600	-12.0%	-20.8%
Ordinary income	4,059	9,412	2,955	-27.2%	10,000	8,400	-10.8%	-16.0%
Yearly net profit reverting to parent company shareholders	2,622	6,607	1,698	-35.2%	6,700	5,300	-19.8%	-20.9%

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Please see page 20. This is the full-year forecast for the current fiscal year.

As I told you, we announced a revision to our plan in November 2022.

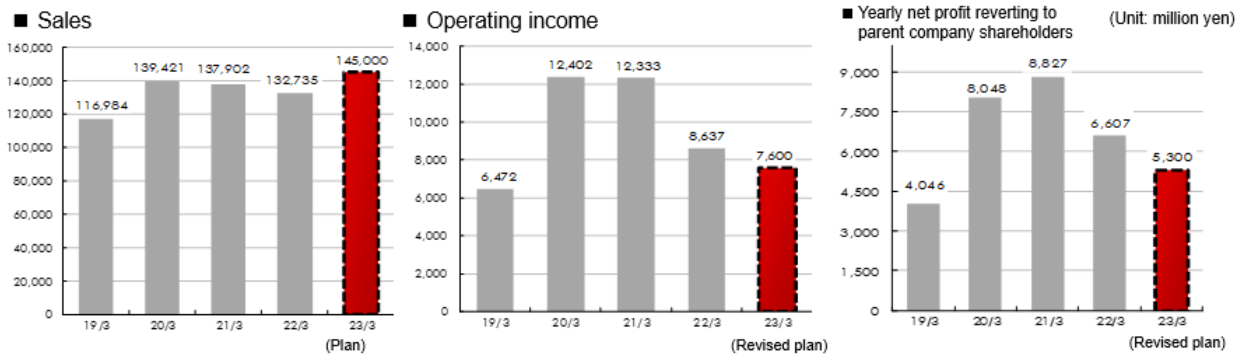
Net sales will be JPY145 billion, unchanged from the forecast at the beginning of the year. We expect sales to increase due to higher sales in the existing markets as a result of the recovery in demand for facilities investment, which is expected to make up for the negative impact in H1.

Profit items are expected to decrease due to the soaring raw material prices and other factors, despite the increase in marginal profit from higher sales and the price revision effects.

Consolidated performance trends

2Q FY2022

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



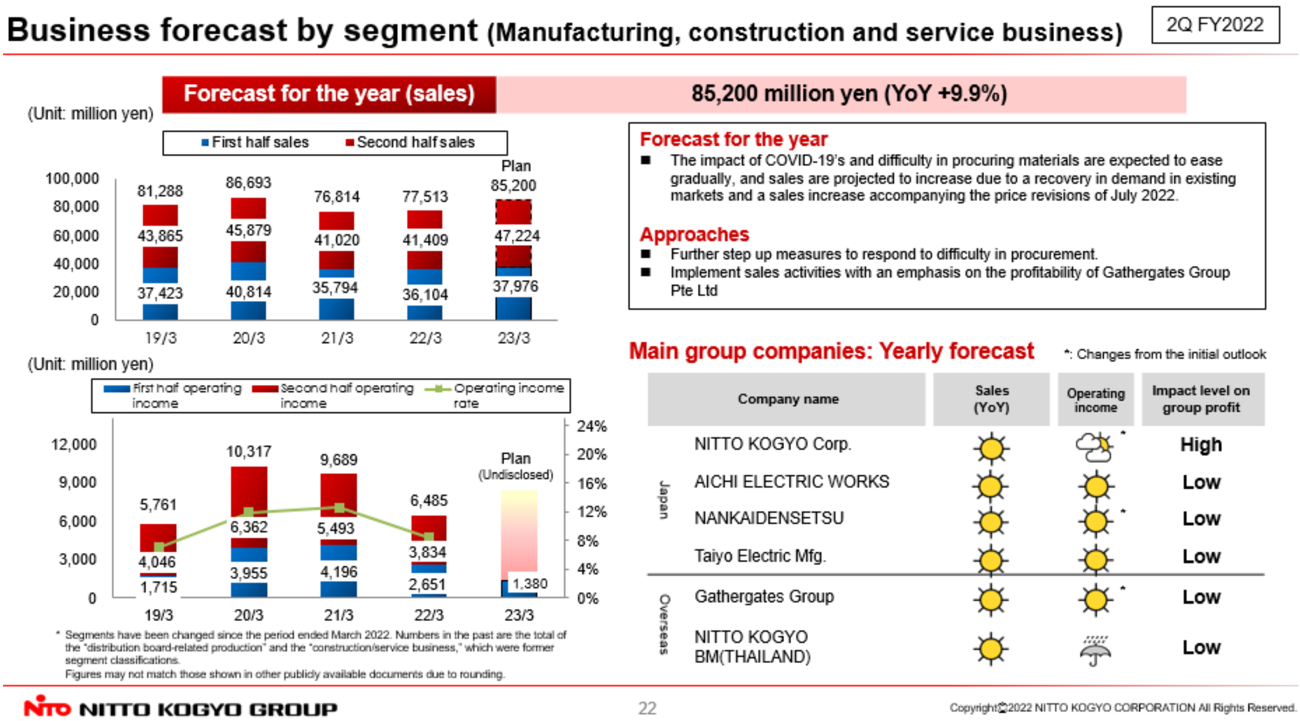
	19/3	20/3	21/3	22/3	23/3 (Revised plan)
Sales	116,984	139,421	137,902	132,735	145,000
Operating income	6,472	12,402	12,333	8,637	7,600
Yearly net profit reverting to parent company shareholders	4,046	8,048	8,827	6,607	5,300

NITTO KOGYO GROUP

21

Please look at page 21. This shows changes in consolidated performance.

In fiscal year ending March 2023, if we achieve the results as planned, we will have a record-high figure of net sales and the ninth highest operating income.



Please turn to page 22. This is the performance forecast by segment.

First of all, we expect to see sales of JPY85.2 billion in the manufacturing, construction, and service business, up 9.9% YoY. In fiscal year ending March 2023, we expect the impact of COVID-19 to be less severe than in FYE3/2022, and the procurement troubles to ease gradually. We forecast that segment sales will increase YoY due to the recovery in demand in the existing markets and higher sales following the price revision in July 2022.

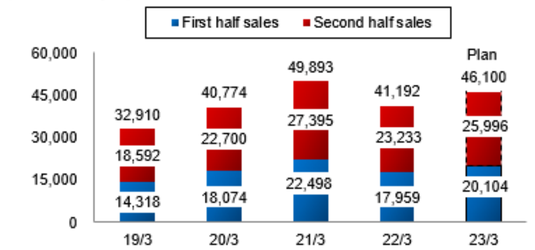
In accordance with the revision to the plan, we have modified some of the weather marks indicating the full-year forecast for the major group companies in this segment.

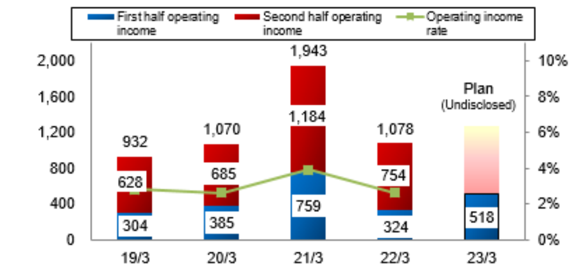
As a specific initiative, we will further strengthen our response to the procurement difficulties. In addition, Gathergates will promote sales activities with an emphasis on profitability to achieve its goals.

Business forecast by segment (Distribution business)

2Q FY2022

Forecast for the year (sales) 46,100 million yen (YoY +11.9%)





Forecast for the year

- Demand for office-related projects is expected to recover gradually despite the lingering impacts of COVID-19's 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

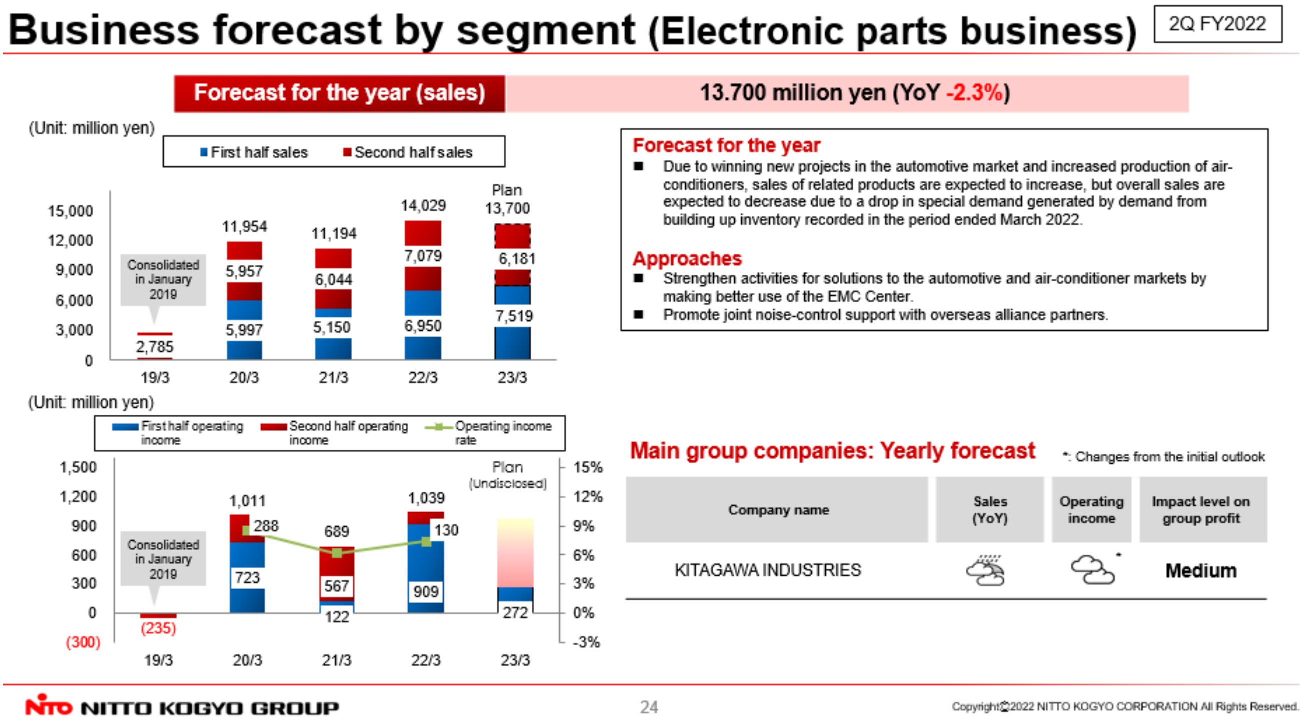
	Company name	Sales (YoY)	Operating income	Impact level on group profit
Japan	SunTelephone			Medium
Overseas	SOECO			Low

Please see page 23. Next is the electric and telecommunication infrastructure-related distribution business.

We expect that sales in the distribution segment will total JPY46.1 billion, up 11.9% YoY. Despite the impact of COVID-19 on sales, semiconductor shortages, and product procurement troubles due to the lockdowns and other factors, we expect a gradual recovery in demand for our mainstay office and other projects, and we forecast that segment sales will increase YoY.

In this segment, there is no change in the weather marks due to the revision to the plan.

As a major initiative, we will focus on the digital infrastructure market for the realization of the Vision for a Digital Garden City Nation and energy-related markets. We will strengthen new customer development and spec-in activities to achieve our goals.

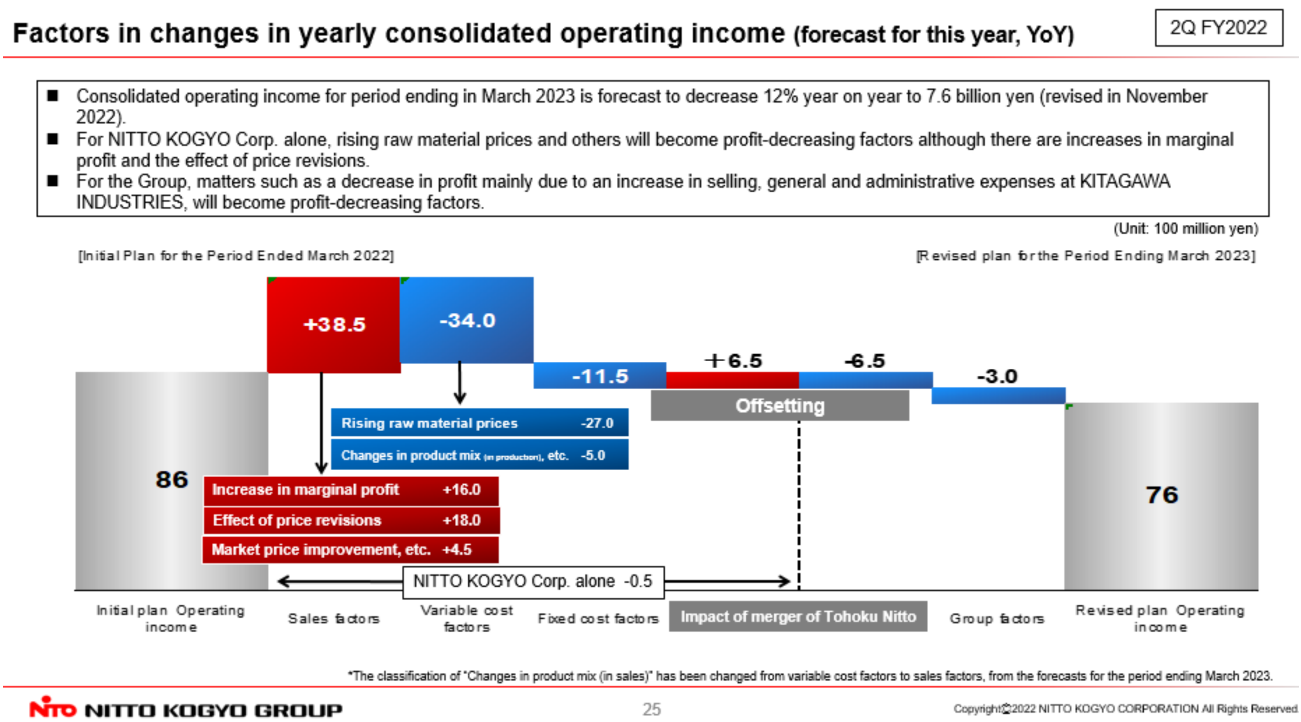


Please see page 24. Next is the electronic components-related manufacturing business.

We forecast sales in the electronic components-related business at JPY13.7 billion, down 2.3% YoY. Although orders for new projects in the automotive-related market and sales of products related to increased production of air conditioners are expected to increase YoY, we forecast segment sales will decline YoY due to the absence of special demand for building up inventories, recorded in FYE3/2022.

Some weather markings have been changed here as well.

Specific initiatives include using the EMC Center to strengthen solution activities in the automotive and air conditioner markets, and promoting noise suppression support jointly with overseas alliance partners, which will lead to higher sales.



Please see page 25. This shows the factors for YoY changes in full-year consolidated operating income.

We forecast consolidated operating income for fiscal year ending March 2023 at JPY7.6 billion, down 12% YoY. This was revised in November 2022. On a non-consolidated basis, NITTO KOGYO will incur a decrease of approximately JPY50 million, while the Group companies will see a decrease of approximately JPY950 million.

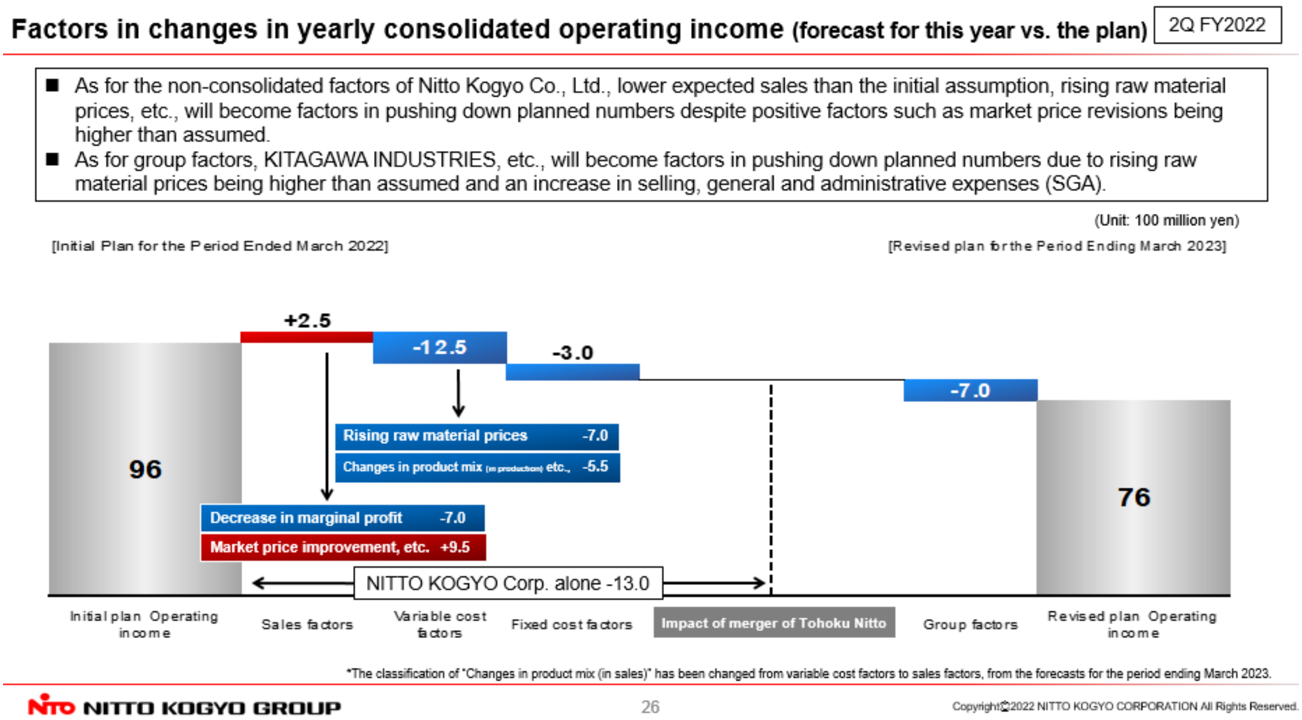
The breakdown is as follows:

NITTO KOGYO's non-consolidated sales factor will be positive due to the increase in marginal profit and the price revision effects.

Variable cost factors will result in a negative impact on operating income due to the material price surges and other factors.

As for fixed cost factors, electricity and labor costs will increase, resulting in a decrease in profit.

The Group’s factors include the impact of the absorption of Tohoku NITTO KOGYO by NITTO KOGYO and an increase in SG&A expenses at Kitagawa Industries Co., Ltd.



Please see page 26. This shows the factors for changes in consolidated operating income for the full year from the initial plan.

Consolidated operating income for fiscal year ending March 2023 will be JPY9.6 billion in the original plan and JPY7.6 billion in the revised plan, a downward revision of JPY2 billion. We estimated a decrease from the initial plan of JPY1.3 billion in operating income at NITTO KOGYO alone, and of JPY700 million for the Group as a whole.

The breakdown is as follows:

We expect NITTO KOGYO's non-consolidated sales to fall below the initial estimate although market prices will improve more than expected at the beginning of the year, resulting in the decline in operating income.

As for variable cost factors, income will decrease due to the higher raw material prices than expected at the beginning of the year and changes in the product mix.

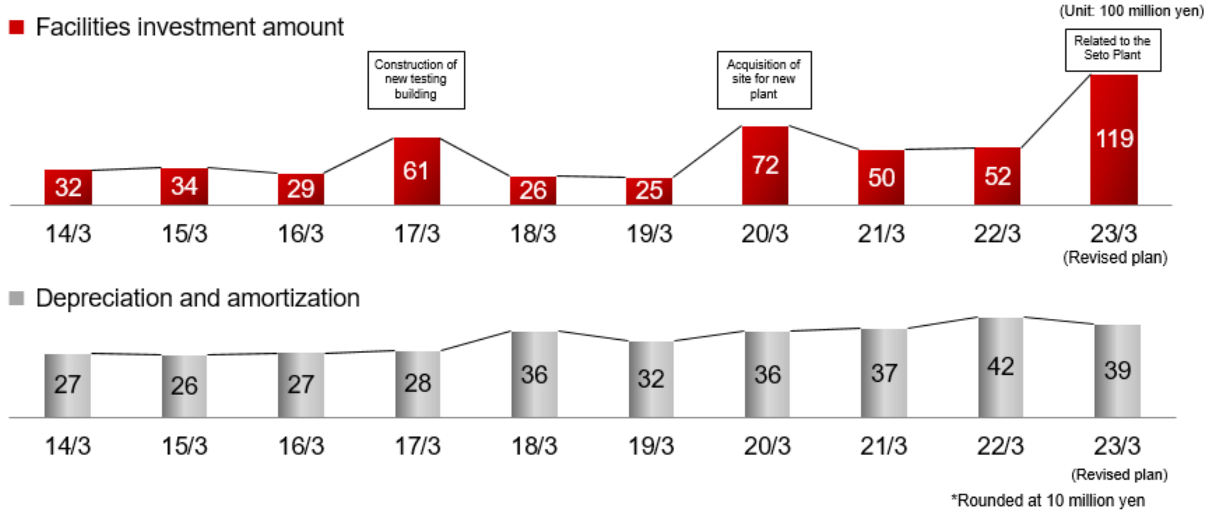
As for fixed cost factors, electricity and labor costs will increase, resulting in the lower income.

As for the Group’s factors, the rise in SG&A expenses at Kitagawa Industries will lead to the decrease in income.

Facilities investment amounts and depreciation and amortization

2Q FY2022

- The planned values for the period ending March 2023 have been revised (Facilities investment amount from 10.1 to 11.9 billion yen and depreciation and amortization from 4.3 to 3.9 billion yen).
- The facilities investment amount increased because the construction of the Seto Plant was partly ahead of the initial plan.
- Depreciation and amortization decreased primarily due to a delay in delivery of some of the machinery.



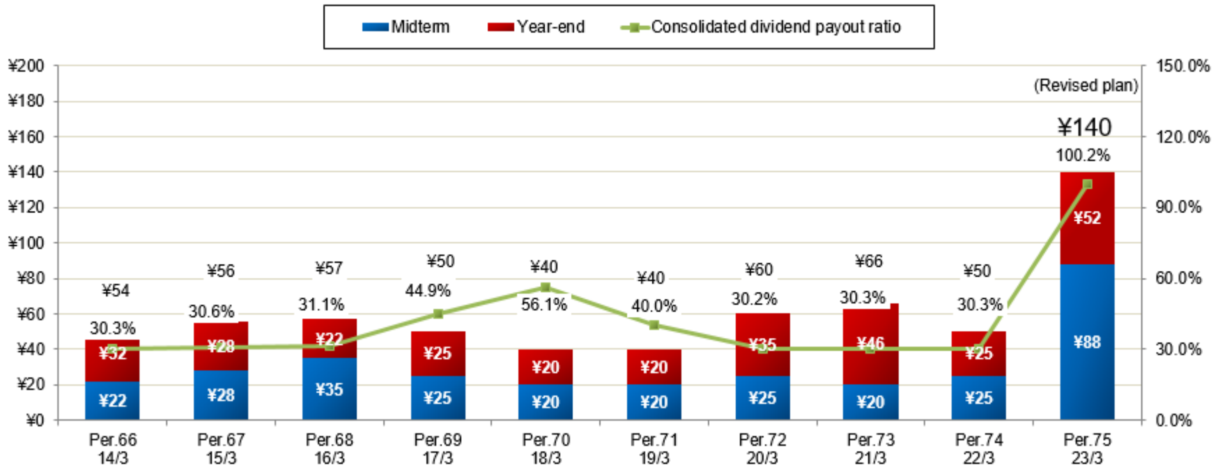
Please see page 27. Next is the consolidated facilities investment and depreciation and amortization amounts. Capital expenditures for fiscal year ending March 2023 will be JPY11.9 billion, an increase of JPY6.7 billion from the previous year and an increase of JPY1.8 billion from the initial plan. Construction-related expenses for the Seto Plant have increased due to accelerated planning.

Depreciation and amortization expenses will be down JPY300 million YoY and down JPY400 million from the initial plan. The decrease is due to a delay in delivery of some machines in the regular renewal investment.

Dividend status

2Q FY2022

- The interim dividend will be 88 yen, unchanged from the initial plan.
- The year-end dividend has been revised from 89 yen to 52 yen as a result of the downward revision. The annual dividends have changed from 177 yen to 140 yen.



Please look at page 28. This shows the dividend status.

For the remaining two years of the medium-term management plan, including fiscal year ending March 2023, we have set the dividend payout ratio at 100%, as we introduced the supplement to the medium-term plan in May. Accordingly, we initially planned to pay a full-year dividend of JPY177 per share with a consolidated payout ratio of 100.2%.

The interim dividend will be JPY88 per share as initially planned.

The term-end dividend has been revised from JPY89 to JPY52 per share in line with the current downward revision to the full-year forecast. As a result, the annual dividend will be JPY140 per share.

I will briefly explain the content of the supplement to the medium-term management plan later in this presentation.

Long-term Management Concept - **Long-term Vision** 2Q FY2022

To be a corporate group that provides reliability and peace of mind when it comes to the future of our planet

Our Visions

- ▶ To provide support in the building of sustainable social infrastructure
- ▶ To work to build a safe and secure future for the next generation
- ▶ To become a corporate group that the world can rely on to solve problems

Goals for a sustainable society: key points

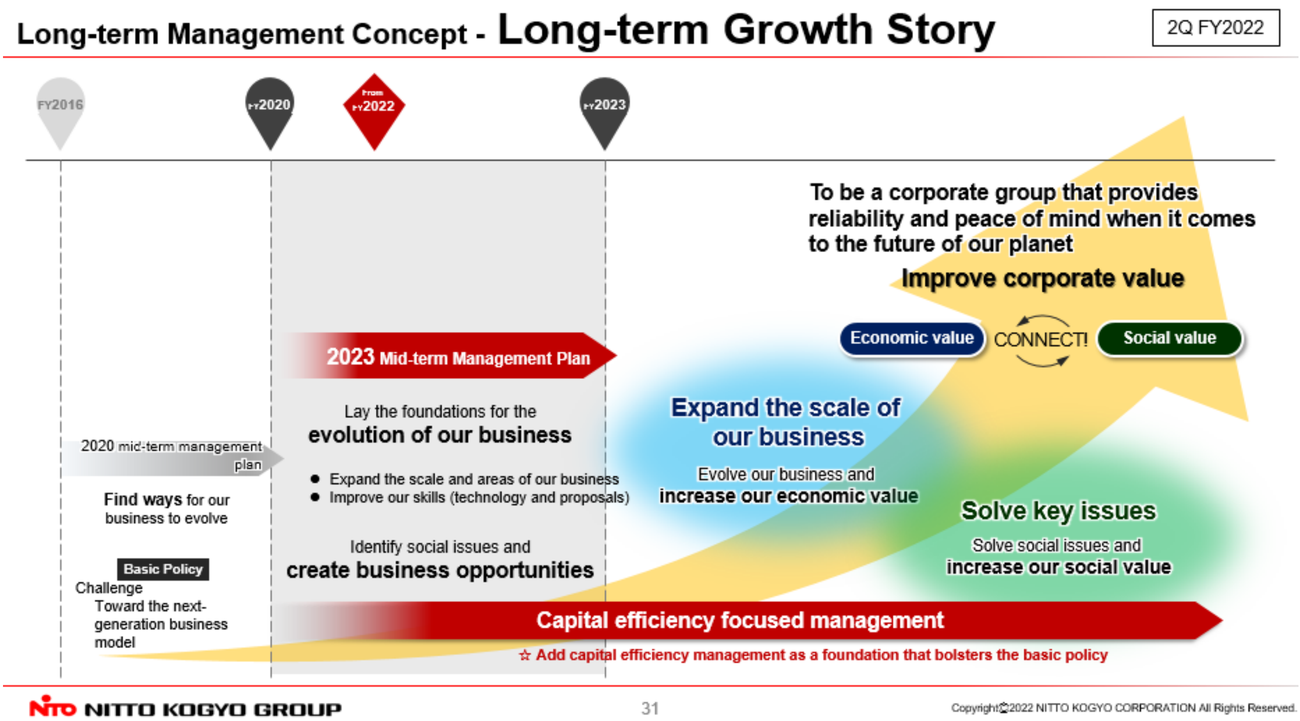
Promote sustainable energy and provide support in the transition to electric vehicles - **contribute to the building of a zero-carbon society**	Renovate aging infrastructure and provide products and services to prevent disasters or alleviate their impact - **contribute to the creation of a resilient society**	Provide support for further advances in ICT - **contribute to the adoption of a "new normal" in society**
Provide products and services that promote the reduction of our environmental impact - **contribute to a transition to a recycling-based society**	Become indispensable in society by addressing the social issues our customers face and helping to solve those issues	Be proud of the NITTO KOGYO Group, celebrate our growth, and find fulfillment in what we do

Balance **economic value** with **social value** to **increase our value as a company**

NITTO KOGYO GROUP 30

Please see page 30. This shows our long-term vision.

This will be a statement of what we aim to achieve as management before we formulate the medium-term management plan. Our long-term vision is to become a corporate group that is trusted with the bright future of our planet. We will support the infrastructure of society, strive to create a safe and secure future, and aim to be a trusted problem-solving corporate group, thereby enhancing our corporate value by balancing economic value and social activities.



Please look at page 31. This is a long-term growth story.

We haven’t changed the general framework of the concept, but we added the capital efficiency management item in May 2022 as a foundation to support the basic policy.

The “2023 Mid-term Management Plan Supplementary Version” was announced in May

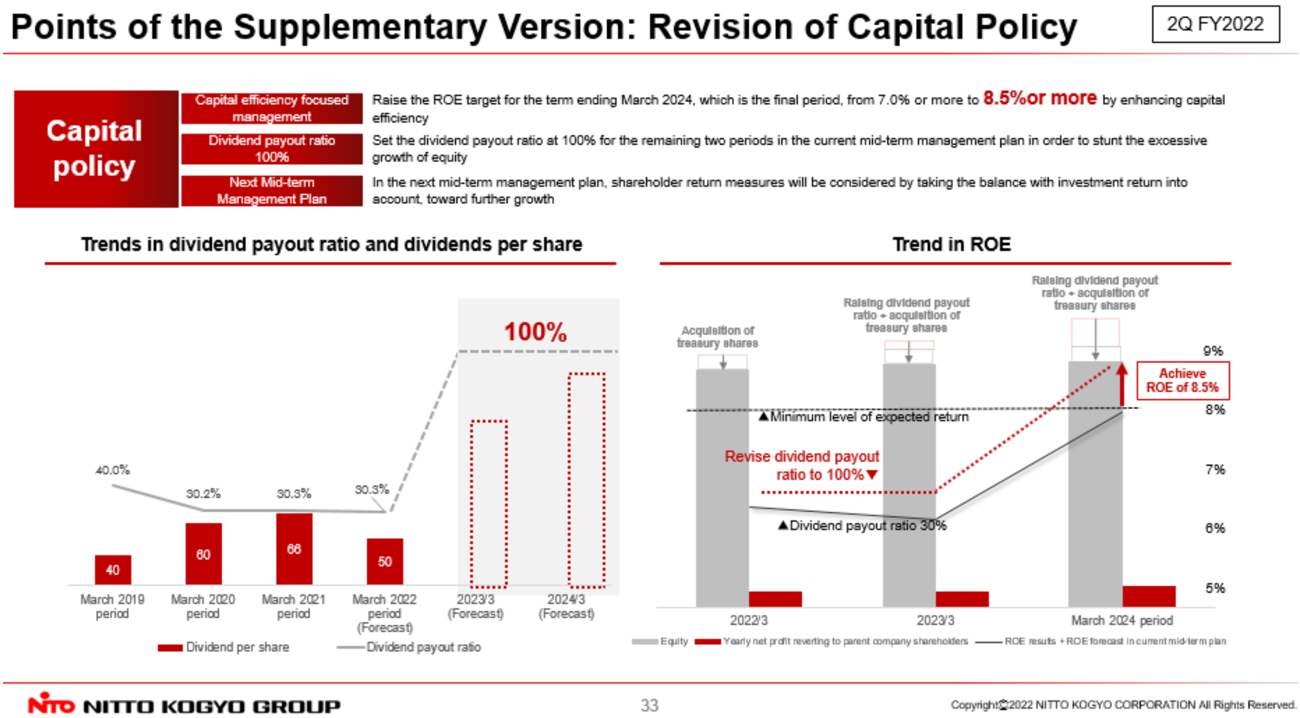
2Q FY2022

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

NITTO KOGYO GROUP 32

Please see page 32. This is the supplement to the 2023 medium-term management plan.

This was announced in May, with some revisions to the targets of the medium-term management plan and the policy regarding dividends. Now let me explain it briefly.

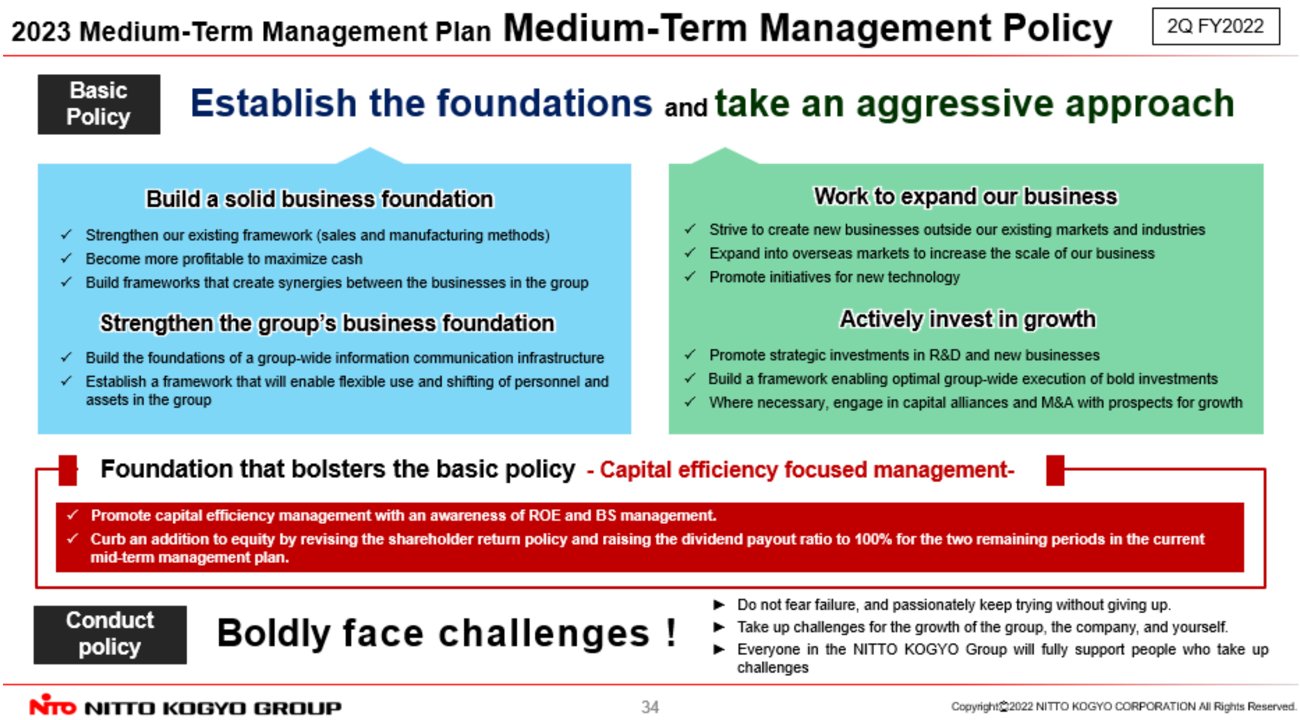


Please see page 33. The key point of the supplement is a review of our capital policy.

First, we reviewed our capital policy and raised our ROE target from 7% or more to 8.5% or more by increasing capital efficiency.

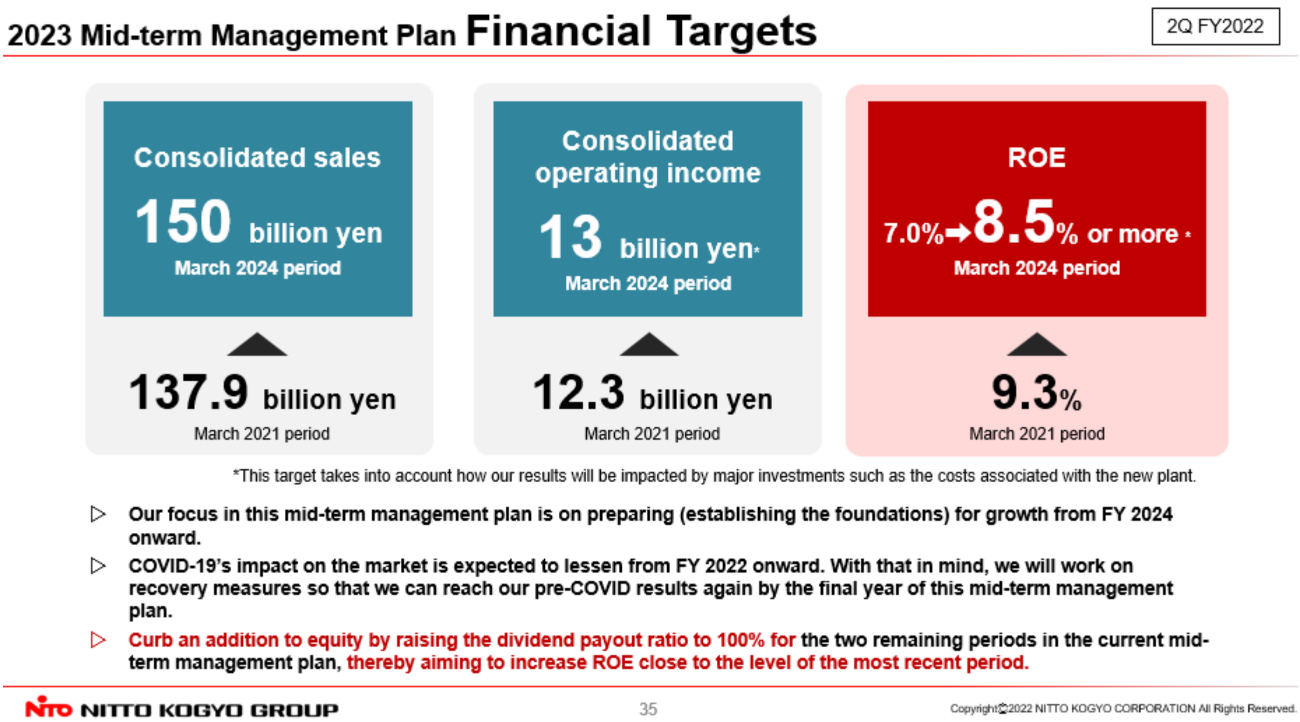
In order to curb the growth of shareholders' equity, we have set the dividend payout ratio at 100% for the remaining two years of the current medium-term management plan.

As I introduced earlier, we have newly added capital efficiency management to the image diagram of the long-term growth story as a foundation to support the basic policy of the medium-term management plan, and this concept will be retained in the next medium-term management plan and beyond.



Please look at page 34. This shows the medium-term management policy.

We will continue to follow the basic policy of solidifying our foothold and conducting aggressive management. In addition, as a foundation to support the basic policy, we will promote capital efficiency management and B/S management with an emphasis on ROE. Therefore, we have set the dividend payout ratio at 100% and limit the buildup of equity capital.



Please see page 35. These are the financial objectives.

We have retained the consolidated sales target of JPY150 billion and consolidated operating income target of JPY13 billion. In introducing the capital policy, we have raised the ROE target from 7% or more to 8.5% or more.

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

2Q FY2022

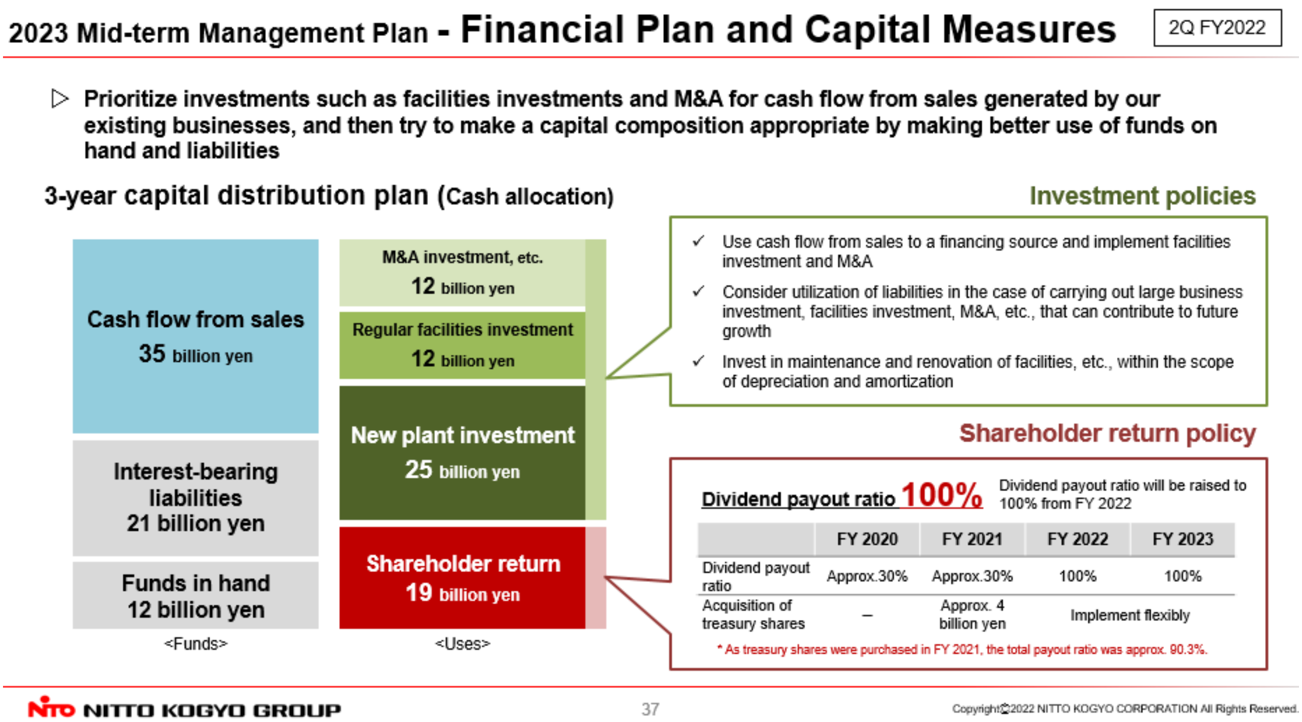
- We aim to return to the pre-pandemic performance level by the end of our current mid-term management plan.
- We aim to achieve our targets in each segment by focusing on overseas business.
- Costs will increase in the manufacturing, construction and service business due to factors such as amortization 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%
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	76	130	+5.4%
Construction and service business	96	64	-	99	+2.2%
Distribution business	19	10	-	18	-7.4%
Electronic parts business	6	10	-	13	+88.6%

NITTO KOGYO GROUP 36

Please look at page 36. The following are the results and targets by segment in the medium-term management plan. We have not made any changes here, so we will omit the explanation.



	FY 2020	FY 2021	FY 2022	FY 2023
Dividend payout ratio	Approx.30%	Approx.30%	100%	100%
Acquisition of treasury shares	–	Approx. 4 billion yen	Implement flexibly	

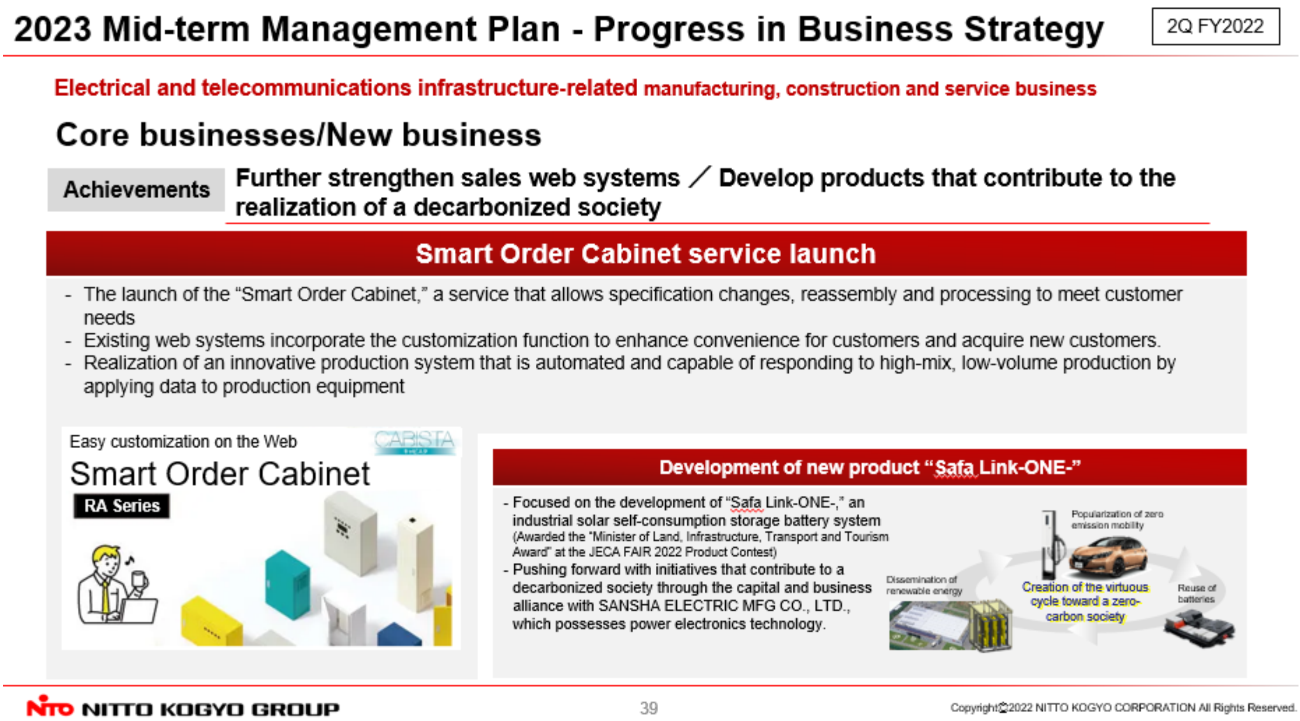
Please see page 37. This is the cash allocation plan for the medium-term management plan.

The Company will spend JPY12 billion in M&A and other investments, JPY12 billion in regular facilities investment, JPY25 billion in new plants, and JPY19 billion for shareholder returns.

The funds for these are expected to come from JPY35 billion in cash flow from sales activities, to be accumulated over the three years, as well as cash on hand and borrowings.

Please see page 38.

Since there is no change in the business policy and foundation reinforcement by segment, I will omit the explanation.



Please see page 39. This is the progress of each business strategy in the 2023 medium-term management plan.

In the electric and information infrastructure-related manufacturing, construction, and service business, we strengthened our sales web system as the first initiative. We have launched the Smart Order Cabinet, a service that allows customers to change specifications of and add optional items to enclosures of their choice on the web. It is a revolutionary system that allows for instantaneous knowledge of delivery dates and prices, and by utilizing these data for production equipment, it allows for efficient production.

Second, we have developed a new product, SafaLink-ONE-, which contributes to the realization of a decarbonized and recycling-oriented society. I will discuss this in more detail.

First of all, electric vehicles are expected to become more popular as environmentally friendly vehicles, and we have developed charging stations for EVs to encourage their widespread use. As EVs become more widely used, the next issue that will emerge is said to be the effective use of used batteries.

SafaLink-ONE- is an industrial solar energy storage system for self-consumption. It is an environmentally friendly and easy-to-use product that combines reused storage batteries made from used EV batteries, a power conditioner, and charging equipment in a single package in a cubicle housing.

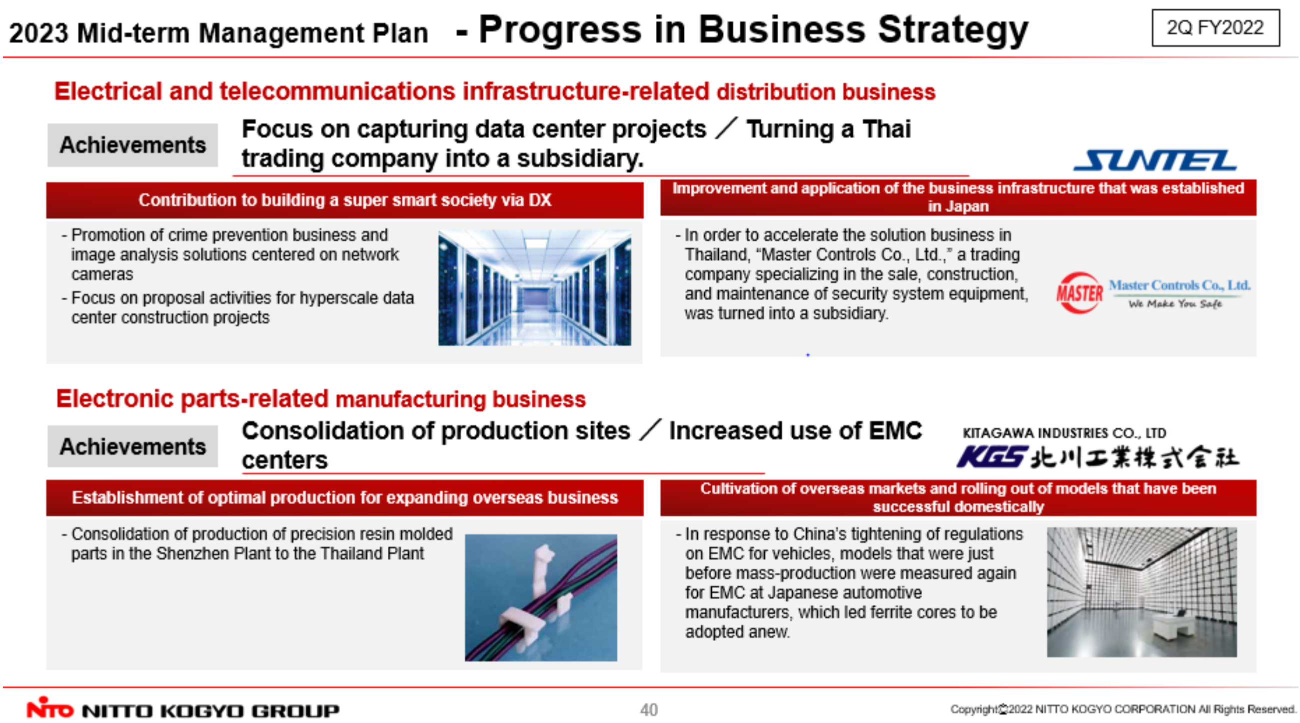
Using reused batteries to store and effectively utilize renewable energy sources such as solar power generation not only reduces CO2 emissions, but also leads to a reduction in

CO_2 emissions generated during the manufacturing of storage batteries and a reduction in the use of rare metals, et cetera, by utilizing reused products. This product can contribute to the reduction of the environmental burden and to the realization of a decarbonized society.

It received the Minister of Land, Infrastructure, Transport and Tourism Award, the highest evaluation, in the product competition of the JECA FAIR 2022, in which companies involved in the development of electrical equipment competed for the award.

This product was created in collaboration with Sansha Electric Manufacturing, with whom we have formed the capital and business alliance. It is attracting attention as a product that contributes to a decarbonized society.

As described above, the business plans under the medium-term management plan are steadily progressing.

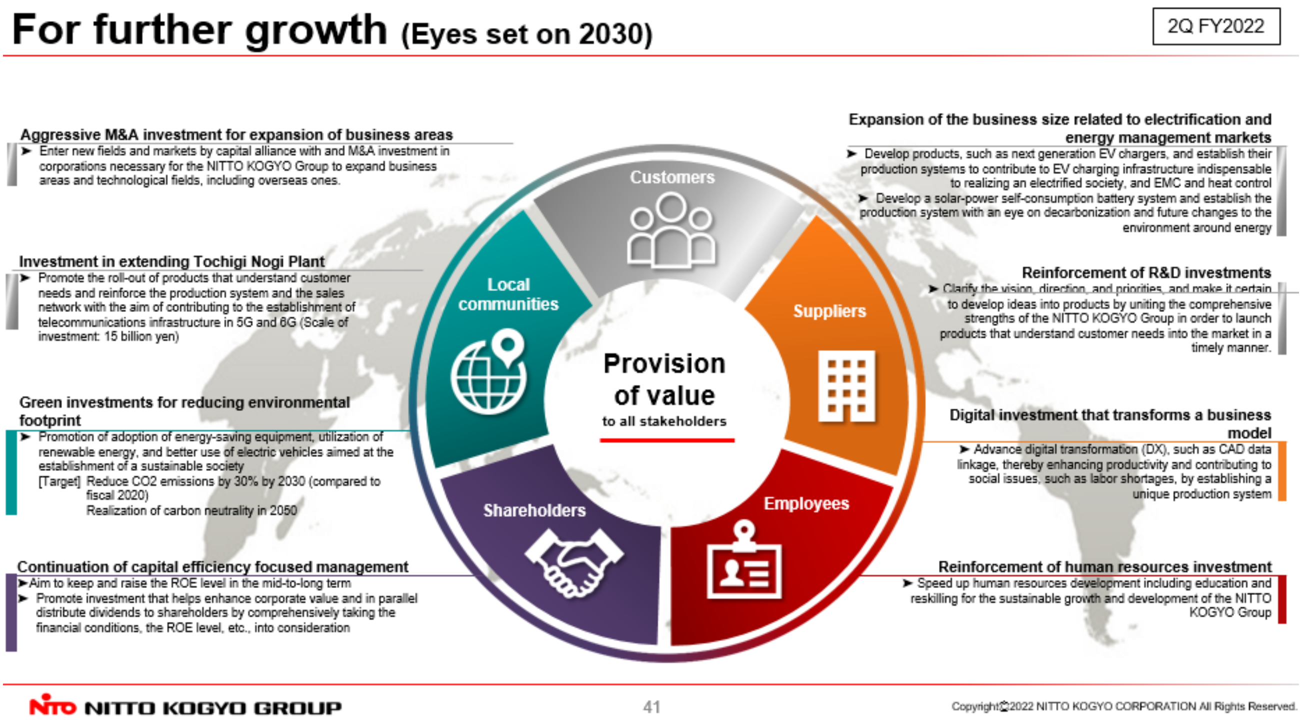


Please see page 40. Next is the progress of business strategies for the distribution business and the electronic components-related manufacturing business.

In the distribution business, we will focus on acquiring data center projects with the aim of contributing to the realization of a super-smart society through DX. Furthermore, in order to improve and transplant the business foundation established in Japan and expand sales overseas, we made a company specializing in information and telecommunications equipment in Thailand our subsidiary.

In the electronic components-related manufacturing business, we have consolidated our production bases in order to achieve efficient and optimal production. We are also strengthening our solution proposals utilizing the EMC Center, and new transactions are increasing.

The business plans in both business segments are ongoing according to our plans.



Please see page 41. This is the final page that shows a strategy for further growth.

We will focus on expanding the scale of our infrastructure business, which supports the electrification of automobiles, and our energy management-related business.

To realize this goal, we will continue to invest in M&A and R&D, and in production, we will continue to invest in the expansion of the Tochigi Nogi Plant, green investment to reduce the environmental impact, digital investment, and human resources investment. Furthermore, we will continue to manage capital efficiently and actively work to provide value to all stakeholders. I ask for your continued support.

This concludes my explanation. Thank you for listening.

[END]