Financial Results for the Second Quarter

Fiscal Year 2024

April 1, 2024 - March 31, 2025

（Presentation Materials with Script）

【Event Summary】

Date　　: November 28, 2024 13：00～14：00

Venue　 : Webcast

Speakers :	Toru Kurono	President and COO
	Akitaka Tejima	General Manager of Business Management Division, Managing Director
	Yukihiro Taguchi	General Manager of General Affairs Department

Some explanations are supplemented and key points are summarized.

Presentation

Kurono: Hello, everyone. I am Toru Kurono, President and COO.

Thank you very much for taking time out of your busy schedule today to attend NITTO KOGYO CORPORATION's financial results briefing for Q2 of the fiscal year ending March 31, 2025. I would also like to take this opportunity to thank you all for your continued guidance and support to NITTO KOGYO Corp.

We will use the presentation material posted on our homepage for today's briefing.

Executive Summary

2Q FY2024

Sales and net income were at record highs for the first half
Profits decreased due to an increase in fixed costs

- **Sales and net income were at record highs for the first half thanks to year-on-year revenue increase**
- **Despite profit-increasing effects such as price revisions and improved transaction prices, operating income and ordinary income decreased, impacted by the rising prices of parts and raw materials and higher depreciation and amortization**
- **We revised the full-year plan released on May 15, 2024, due to consolidated subsidiary earnings forecasts and an extraordinary income that exceeded our initial forecast**

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See page one: Executive summary.

Consolidated net sales and profit for H1 of the fiscal year ending March 31, 2025 reached a record high.

Despite the positive effects of price revisions and improved project prices, operating income and ordinary income decreased due to the impact of higher prices for parts and raw materials and increased depreciation and amortization.

In addition, we have revised our consolidated financial results for the full year in light of the outlook for consolidated subsidiaries and the recording of extraordinary gains that exceeded initial expectations.

Contents

Page two: Today's table of contents.

I would like to explain items 1 to 4. As for 5, please see later for reference.

First, this is a summary of consolidated accounts for H1 of the fiscal year ending March 31, 2025.

Consolidated accounting highlights for the first half

2Q FY2024

- Business results for the first half of the period ending March 2025 showed increased revenues and decreased profits Sales and net income were at record highs for the first half
- Sales increased in the electrical and telecommunications infrastructure-related manufacturing, construction and service businesses, supported by the effects from newly grouped subsidiary consolidation (approx. 5.3 billion yen) as well as from price revisions and higher transaction prices
- Despite profit-increasing effects such as price revisions and higher transaction prices, operating incomer decreased, impacted by the rising prices of parts and raw materials and higher depreciation and amortization
- First-half net profit reverting to parent company shareholders increased significantly due to the booking of extraordinary income (approx. 2.4 billion yen in gain on bargain purchase)

(Unit: million yen)

	2024/3	2025/3			
	2Q results	2Q results	(YoY) Change	2Q plan	Vs. 2Q plan
Sales	73,163	81,983	+12.1%	83,000	-1.2%
Operating income	4,771	4,063	-14.8%	4,700	-13.6%
Ordinary income	5,187	4,433	-14.5%	4,900	-9.5%
First half net profit reverting to parent company shareholders	3,564	5,212	+46.2%	5,600	-6.9%

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Page four: Highlights of interim consolidated accounts.

Net sales totaled JPY81.9 billion, up 12.1% from the same period last year. The increase was mainly due to the consolidation effect of approximately JPY5.3 billion from newly grouped subsidiaries, the effect of price revisions, and improved project pricing.

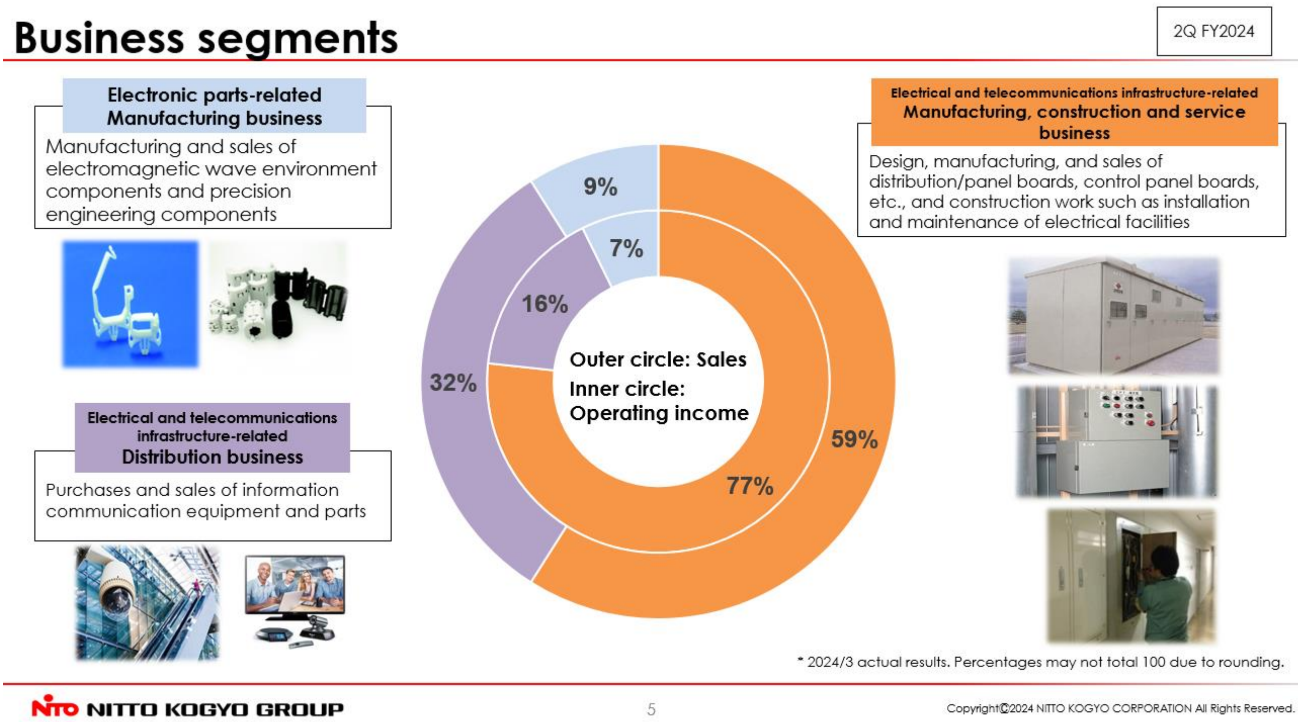
Operating income was JPY4 billion, down 14.8% from the previous year. Although the effect of price revisions and improved project prices contributed to the increase in profit, this was mainly due to soaring prices of parts and raw materials and an increase in depreciation and amortization.

Ordinary income was JPY4.4 billion, down 14.5% from the previous year, but higher than operating income.

Interim net profit reverting to parent company shareholders was JPY5.2 billion, a significant increase of 46.2% YoY, but this was due to the recording of an extraordinary gain, a JPY2.4 billion gain on bargain purchase.

As a result, the H1 results reached record highs in terms of net sales and net income but fell short of the H1 plan announced at the beginning of the period in all items.

We will discuss segmental and sectoral divisions in more detail.



Page five: Business segments of NITTO KOGYO Corp.

The electrical and telecommunications infrastructure-related, manufacturing, construction, and service businesses centered on NITTO KOGYO Corp., shown in orange in the pie chart, are our core businesses, accounting for 59% of net sales and 77% of operating income.

The electrical and telecommunications infrastructure-related distribution business, centered on SunTelephone, shown in light purple in the pie chart, accounts for 32% of net sales and 16% of operating income.

The electronic parts-related manufacturing business, led by Kitagawa Industries and shown in light blue in the pie chart, accounts for 9% of net sales and 7% of operating income.

Accounting highlights by segment for the first half

2Q FY2024

- Profits decreased in the manufacturing, construction and service businesses due to rising costs, despite greater sales stemming from an increased number of consolidated subsidiaries as well as price revisions and higher transaction prices
- Profits decreased in the distribution business due to lower revenues stemming from rising purchasing prices and intensifying price competition despite higher sales of network parts
- Sales and profits decreased as demand declined in the industrial equipment market and overseas automobile market despite a partial demand recovery in the air conditioner related market in Japan owing to the extreme heat in the summer

(Unit: million yen)

	By segment	2024/3	2025/3			
		2Q results	2Q results	(YoY) Change	2Q plan	Vs. 2Q plan
Sales	Manufacturing, construction and service business	42,995	51,291	+19.3%	51,500	-0.4%
Sales	Distribution business	22,801	23,634	+3.7%	24,000	-1.5%
Sales	Electronic parts business	7,365	7,057	-4.2%	7,500	-5.9%
Sales	Total	73,163	81,983	+12.1%	83,000	-1.2%
Operating income	Manufacturing, construction and service business	3,361	3,040	-9.5%	-	—
Operating income	Distribution business	809	474	-41.4%	-	—
Operating income	Electronic parts business	596	460	-22.9%	-	—
Operating income	Total	4,771	4,063	-14.8%	4,700	-13.6%

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

Page six: Account highlights by segment.

Please note that the abbreviated segment names are on this slide and beyond.

First, the manufacturing, construction, and services business reported higher revenues and lower earnings. We saw an increase in the number of consolidated subsidiaries, the effect of price revisions, and improved project prices. However, earnings declined due to the impact of prolonged high component prices and an increase in depreciation and amortization costs associated with the operation of a new plant.

As I mentioned earlier, this segment is the core business of the Group, so I will explain it in more detail on this next slide.

Next, the distribution business also reported higher sales and lower earnings. Although sales of network components increased due to the growing corporate appetite for IT investment, soaring purchase prices and intensified price competition led to a decline in earnings.

Next, the electronic parts business. Demand in the domestic air conditioner-related market partially recovered due to this summer's heat wave. However, demand in the industrial equipment market and overseas automobile market declined, resulting in lower sales and profits.

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

2Q FY2024

- The distribution boards division posted higher revenue due to an increase in sales of high-voltage power receiving equipment, helped by new subsidiary consolidation (approx. 3.7 billion yen) and improving transaction prices
- The enclosure division booked a revenue increase due primarily to the effect of price revisions and an increase in sales of hole-cutting enclosures in the wake of expanded use of the design and order system using the internet
- The breakers/switches/parts/other divisions increased revenue primarily because of new subsidiary consolidation (approx. 1.5 billion yen) and stronger sales of parts
- The construction and service division posted a revenue increase due to new subsidiary consolidation (approx. 100 million yen) and higher sales of electrical work projects related to high-voltage power receiving equipment

(Unit: million yen)

		2024/3	2025/3			
Sales by division		2Q results	2Q results	(YoY) Change	2Q plan	Vs. 2Q plan
Manufacturing, construction and service business	Distribution boards	24,768	30,133	+21.7%	30,200	-0.2%
	Enclosure	10,230	11,030	+7.8%	10,800	+2.1%
	Breakers/switches/parts/other	6,218	8,089	+30.1%	8,100	-0.1%
	Construction/service	1,778	2,038	+14.6%	2,400	-15.1%
Total		42,995 (2,382)	51,291 (2,095)	+19.3%	51,500	-0.4%
Consolidated overall total		73,163	81,983	+12.1%	83,000	-1.2%
Consolidated sales composition ratio		58.8%	62.6%	+3.8%	62.0%	—

* Parentheses refer to internal sales between segments

Page seven: Sales of the manufacturing, construction, and service businesses by division, which are the Group's core businesses.

In the distribution boards division, sales increased due to the consolidation effect of a new subsidiary and an increase in sales of high-voltage power-receiving equipment as a result of improved project prices.

In the enclosure division, sales increased because of price revisions and an increase in sales of enclosures with hole cutting as a result of the expanded usage of a web-based design and order system.

The breakers, switches, parts, and others segment reported an increase in sales due to the consolidation effect of a new subsidiary, as well as higher sales of parts and other products.

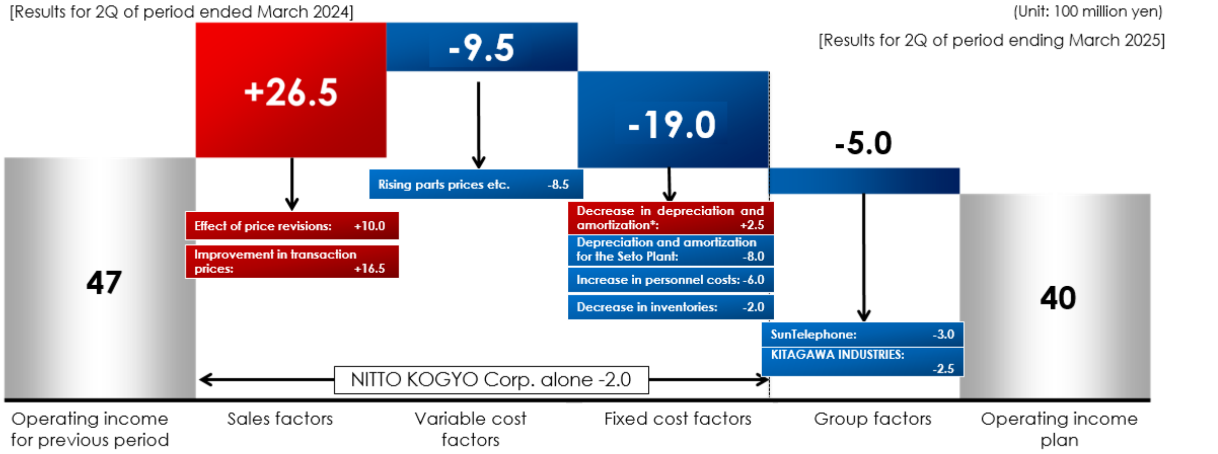
In the construction and services segment, sales increased due to the consolidation effect of a new subsidiary and an increase in sales of electrical construction projects related to high-voltage power-receiving equipment.

As a result, although sales increased in all divisions, they did not reach the sales plan for H1, except for the enclosure division.

Factors in changes in first half consolidated operating income

2Q FY2024

- As for the non-consolidated factors of NITTO KOGYO Corp., in spite of the effects from price revisions and of an improvement in transaction prices, profits decreased due an increase in variable costs and fixed costs
- Fixed costs grew due to increased personnel costs and to higher depreciation-amortization with the Seto Plant coming on stream
- As for the group factors, primarily SunTelephone and KITAGAWA INDUSTRIES saw decreased profits, which pushed down consolidated operating income



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

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Page eight: Factors that contributed to the increase or decrease in consolidated operating income for the interim period compared to the same period of the previous year.

The operating income was JPY4.7 billion in the previous period; it was JPY4 billion this period, a decrease of approximately JPY0.7 billion.

As for factors for the non-consolidated base of NITTO KOGYO Corp., the operating income increased by JPY2.6 billion due to the effect of price revisions and improved project prices.

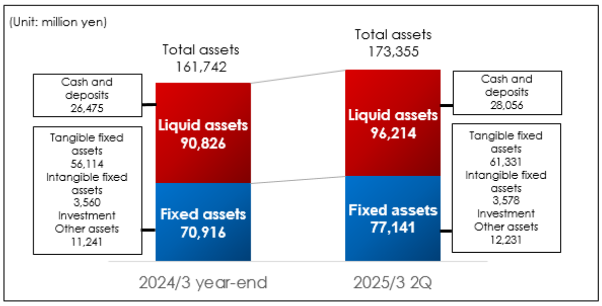
Variable cost factors, such as soaring material prices, resulted in a JPY0.9 billion decrease, and fixed cost factors, such as increased depreciation and personnel costs at the Seto Plant, resulted in a JPY1.9 billion decrease. As a result, we posted a non-consolidated decrease of approximately JPY200 million from the previous period.

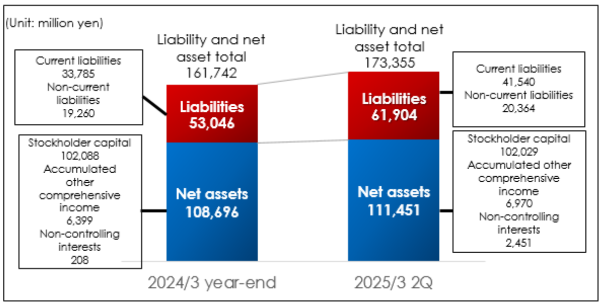
In terms of group factors, although some subsidiaries performed well, SunTelephone and Kitagawa Industries reported lower profits, resulting in a group-wide decrease of approximately JPY500 million.

Overview of consolidated finances for the first half

2Q FY2024

- Assets grew as inventories and tangible fixed assets increased owing to the consolidation of Tempall Industrial Co., Ltd. while notes and accounts receivable decreased
- Liabilities and net assets increased due to higher short-term loans payable, the recording of the first half net income and others





<Main changes>

■ Assets	
Decrease in notes and accounts receivables	-3,974
Increased inventories	+7,746
Increased machinery, equipment and vehicles	+3,567
Decreased construction in progress	-2,425

■ Liabilities	
Increased short-term loans payable	+9,053
■ Net assets	
Dividends of surplus	-6,009
First half net income	+5,212

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Page nine: Summary of consolidated financial position.

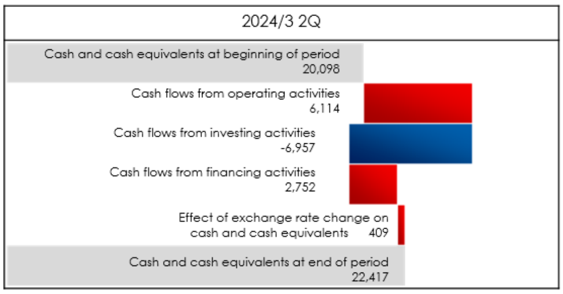
Total assets at the end of the interim period increased by approximately JPY11.6 billion from the end of the previous period. This is due to the increase in inventories and property, plant, and equipment as a result of the consolidation of Tempearl Industrial.

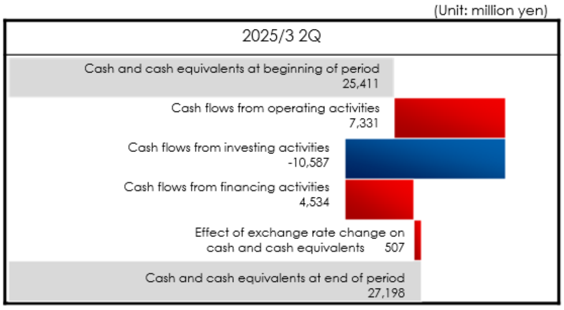
Consolidated cash flow statement for the first half

2Q FY2024

■ Cash equivalents on September 30, 2024, increased 1,786 million yen from start the period ending March 2025 to 27,198 million yen

(Unit: million yen)





<2024/3 2Q main factors>

■ Cash flows from investing activities	
Expenditure due to acquisition of fixed assets	-6,904
■ Cash flows from financing activities	
Income due to long-term loans payable	+5,000
Payment of dividends	-2,161

<2025/3 2Q main factors>

■ Cash flows from investing activities	
Expenditure due to acquisition of fixed assets	-6,695
■ Cash flows from financing activities	
Increased short-term loans payable	+8,649
Income due to long-term loans payable	+2,000
Payment of dividends	-6,003

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Page 10: The consolidated statement of cash flows. The left side shows the previous period, and the right side shows the current period.

Cash flow from sales activities was JPY7.3 billion, cash flow from investing activities was negative JPY10.5 billion, and cash flow from financing activities was JPY4.5 billion, resulting in cash and cash equivalents at the end of the interim period being JPY27.1 billion, up approximately JPY1.7 billion from the beginning of the period.

The impact of rising parts prices, etc., the effect of price revisions and changing transaction prices

2Q FY2024

- Rising parts prices, etc. decreased operating income by 850 million yen in the first half
- Price revisions (third) boosted operating income by 1.0 billion yen in the first half
- Project prices boosted operating income by 1.65 billion yen in the first half
- Changes in project prices began to be conspicuous from the second half of the fiscal year ended March 2024, so year-on-year change in operating income will likely be less pronounced in the second half of the current fiscal year

	Beginning forecast (full year)	First-half results	Second-half forecast	Change form the initial forecast
Rising parts prices	YoY **-1.7 billion yen** (in operating income)	YoY **-850 million yen**	YoY **-850 million yen**	**Unchanged**
Effect of price revisions	YoY **+1.9 billion yen** (in operating income)	YoY **+1.0 billion yen**	YoY **+1.1 billion yen**	YoY **+2.1 billion yen** (200 million yen above the initial forecast)
Changes in transaction prices	YoY **+1.6 billion yen** (in operating income)	YoY **+1.65 billion yen**	YoY **+1.25 billion yen**	YoY **+2.9 billion yen** (1.3 billion yen above the initial forecast)

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Next, key topics.

Page 12: The impact of rising material prices, the effect of price revisions, and changes in project prices that are the base of assumptions for the full-year plan.

The impact of the sharp rise in parts prices has been largely in line with our assumption and is expected to be the same for H2. The effect of the price revision was slightly higher than expected in H1. Therefore, we have revised our full-year forecast to JPY2.1 billion. In addition, since we expect demand to remain strong, we have changed the full-year effect of changes in project prices to an increase of JPY2.9 billion from the previous year.

The estimated amount for H2 is smaller than the actual amount for H1. This is because the effect was more pronounced toward the end of H1 and is expected to weaken as a YoY boost in H2.

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

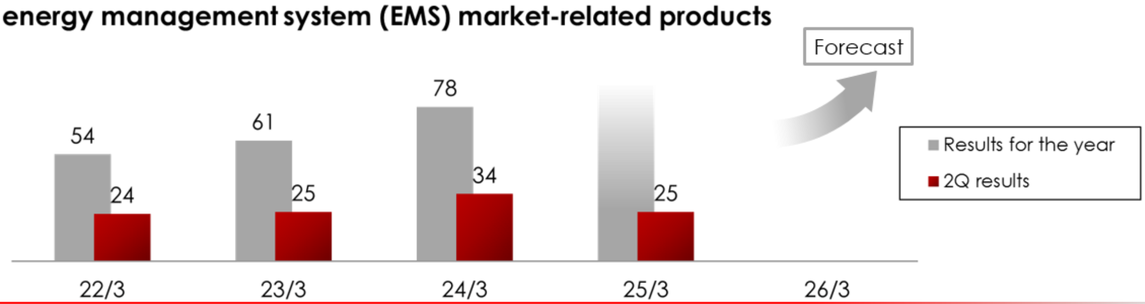
2Q FY2024

- Sales of EMS-related products in the first half decreased 24.2% year on year to 2.5 billion yen
- Sales decreased due to lower demand for home panel boards with a power source switching function and a delay in solar power generation system projects
- Orders were received for a self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities in the first half Sales are expected to be recorded in the second half

"Energy management system (EMS) related products" refers to the aggregate sales of the following products:
(1) Home panel boards with the power source switching function
(2) EV charging stands
(3) A self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities
(4) PV-related (power control storage box, etc.)

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

Sales of energy management system (EMS) market-related products



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On page 13, we introduce sales trends of products related to energy management system, a business area where we aim to expand. These are sales of NITTO KOGYO Corp. on a non-consolidated basis and are for reference only.

Sales of EMS-related products for the interim period declined by 24.2% from the previous period, to JPY2.5 billion.

One of the reasons for the decline in sales is that the function of switching between commercial power supply and emergency power supply, which had been required for home panel boards with power switching functions, has shifted from the panel board to the power conditioner. This is due to technological advancement, resulting in declining demand for this panel board.

In addition, sales of EMS-related products decreased in the interim period due to the postponement of the project related to solar power generation systems.

On the other hand, we received an order for an industrial solar self-consumption energy storage system in H1 of the fiscal year. Local governments are interested in this as an emergency power source, and we feel that our efforts are gradually bearing fruit.

Next, I will explain the full-year consolidated earnings forecast for the fiscal year ending March 31, 2025. I already explained the contents on pages 15-16 in the topics section, so I will skip.

Forecast of consolidated results for the year

2Q FY2024

- We revised the full-year consolidated earnings forecasts from the initial forecasts due to a determination of gain on bargain purchase and a change to the full-year earnings outlook
- Revenues are expected to grow due to rising sales in existing markets, driven by solid demand for facilities investment and the consolidation of Tempearl Industrial Co., Ltd.
- Operating income is expected to be flat year on year due to higher fixed costs despite a profit boost from: i) rising marginal profit stemming from growing sales; ii) the effect of price revisions; and iii) improving transaction prices. Ordinary income is expected to decrease as expenses for dismantling the Nagoya Plant are planned to be incurred
- Net income is expected to increase as a result of accounting treatment due to Tempearl Industrial Co., Ltd. becoming a member of the Group (extraordinary income of approx. 2.4 billion yen)

(Unit: million yen)

	2024/3		2025/3					
	2Q results	Results for the year	2Q results	(YoY) Change	Plan for the year (before revision)	**Plan for the year (after revision)**	**Vs. pre-revision plan**	**(YoY) Change**
Sales	73,163	160,709	81,983	+12.1%	180,000	178,000	-1.1%	+10.8%
Operating income	4,771	11,967	4,063	-14.8%	12,500	12,000	-4.0%	+0.3%
Ordinary income	5,187	12,566	4,433	-14.5%	12,500	12,000	-4.0%	-4.5%
Yearly net profit reverting to parent company shareholders	3,564	8,715	5,212	+46.2%	9,700	10,000	+3.1%	+14.7%

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Page 17: The consolidated earnings forecast of NITTO KOGYO Corp. for the full year.

As mentioned in the executive summary, we revised figures from the initial plan. However, compared to the previous fiscal year, both sales and profits are expected to increase, excluding ordinary income.

Sales are expected to be JPY178 billion, down 1.1% from the initial plan and up 10.8% from the previous year. This is due to sales of some consolidated subsidiaries being expected to be lower than the initial plan.

Operating income is JPY12 billion. Since we expect price competitiveness to intensify in some segments and a trend of lower profitability, the forecast is -4% compared to the initial plan and +0.3% compared to the previous period.

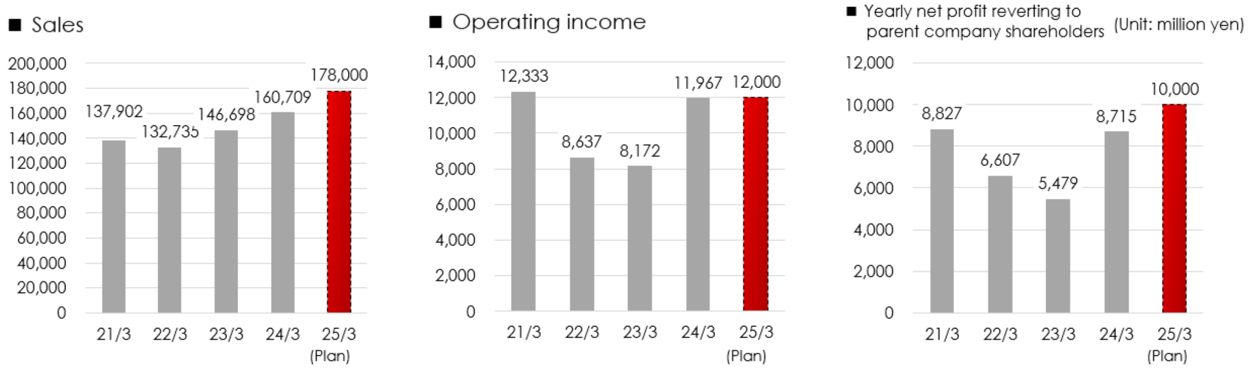
We expect ordinary income to decrease slightly due to expenses related to the dismantling of the Nagoya Plant. However, a larger decline in income is expected with the revision.

In addition, current net income has been revised to JPY10 billion. The extraordinary gains from grouping Tempearl Industrial are expected to exceed the initial plan by 3.1% and by 14.7% compared to the previous year.

Consolidated performance trends

2Q FY2024

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



	2021/3	2022/3	2023/3	2024/3	2025/3 (revised plan)
Sales	137,902	132,735	146,698	160,709	178,000
Operating income	12,333	8,637	8,172	11,967	12,000
Yearly net profit reverting to parent company shareholders	8,827	6,607	5,479	8,715	10,000

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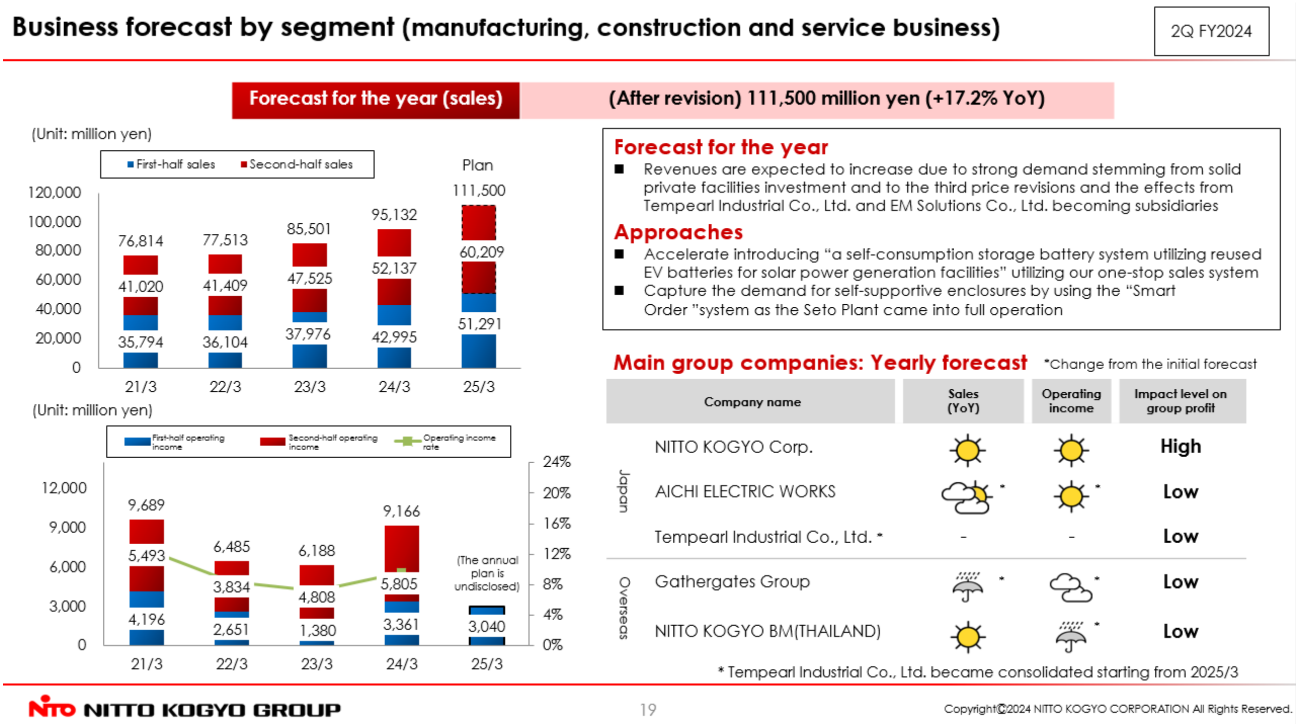
Page 18: Consolidated operating results.

If we land on our revised plan for the fiscal year ending March 31, 2025, sales and current net income will be the highest in our history, and operating income will be the fourth highest in our history.



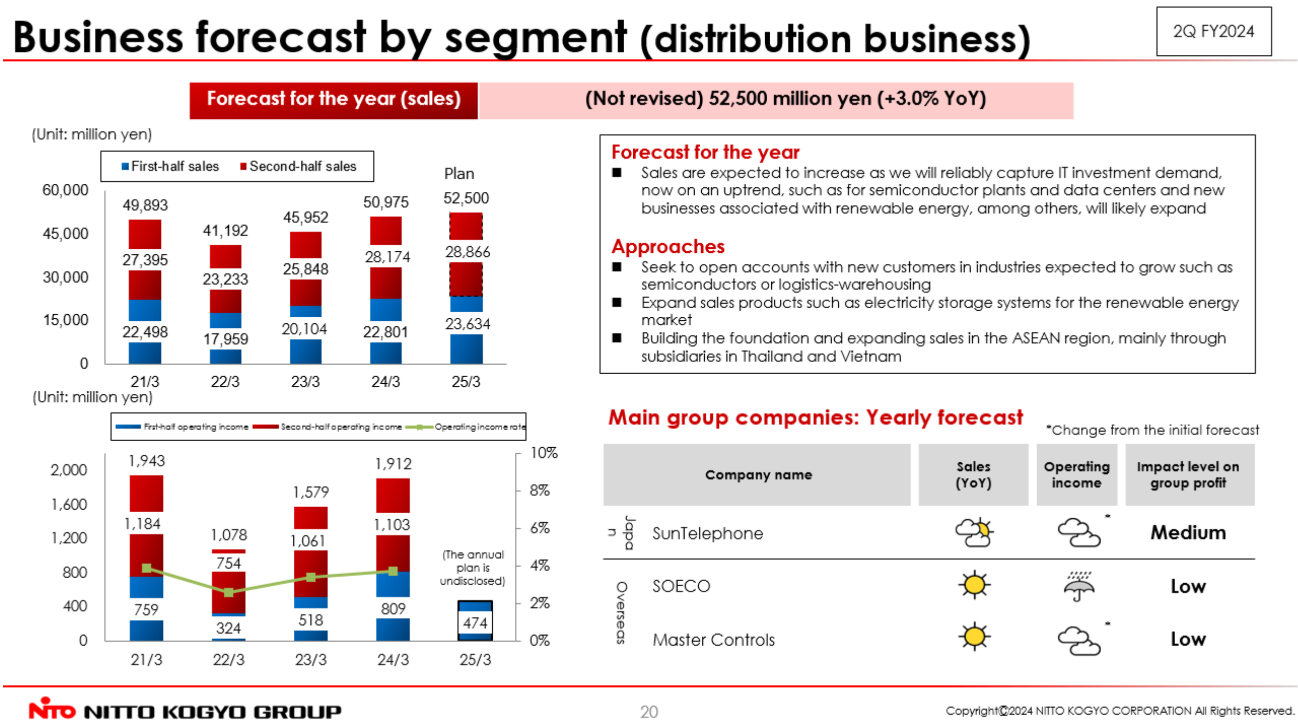
Page 19: Segment forecasts.

Sales in the Manufacturing, construction, and services segment are projected at JPY111.5 billion, an increase of 17.2% over the previous year.

We expect facilities investment in the private sector to remain firm and demand in existing markets to remain robust. We also expect to see an increase in revenue due to the third round of price revisions in April 2024 and the consolidation effect of new consolidated subsidiaries.

However, the sales forecast for the full year has been revised downward by about JPY500 million because the contribution of newly consolidated subsidiaries Tempearl Industries and EM Solutions, as well as some other subsidiaries, has been less than initially planned.

In accordance with the revised full-year plan, some of the weather marks for the full-year forecasts for the major group companies that make up this segment have been changed. The asterisks indicate the changes. Please check back later.

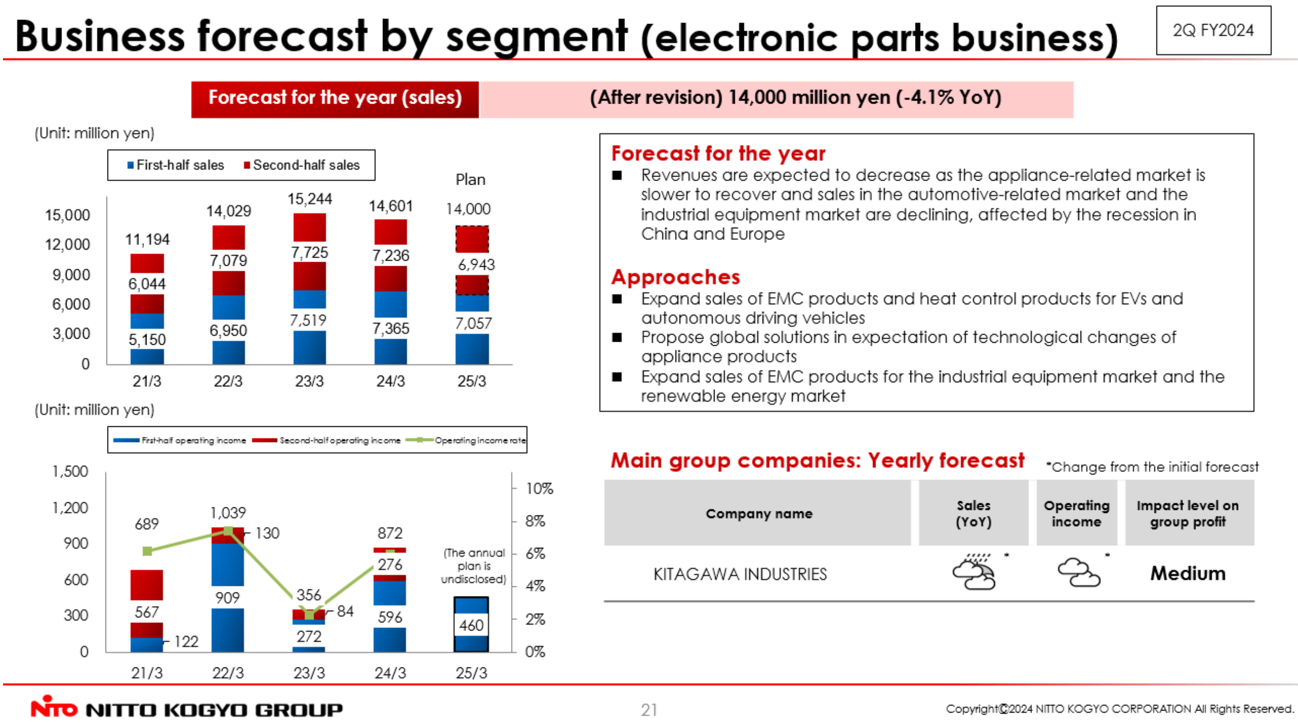


Page 20: Distribution business.

Sales are projected at JPY52.5 billion, an increase of 3% YoY.

In addition to steadily capturing increasing demand for IT investments, such as semiconductor plants and data centers, we expect to increase revenues by expanding new businesses related to renewable energy. The trend of intensified price competitiveness and declining profitability has emerged since procurement issues during the pandemic were resolved.

We will further strengthen our solutions business, which is expected to continue generating high profits, by cultivating customers in the semiconductor, logistics, warehousing, and other industries where growth is anticipated.



Page 21: The electronic parts business.

Sales are projected at JPY14 billion, a decrease of -4.1% from the previous year.

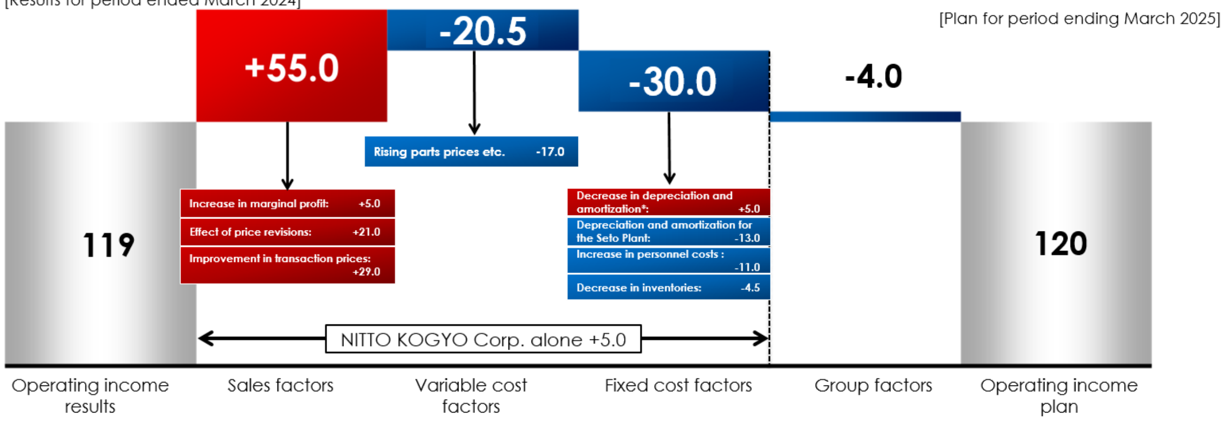
The full-year forecast was revised downward by JPY1.5 billion due to a stalled recovery in the appliance-related market and declining sales in the automotive-related and industrial equipment markets, primarily driven by the economic recession in China and Europe. We will continue to prioritize the automotive market, focusing on the growth of EVs and electrification, and aim to expand sales in this sector.

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

2Q FY2024

- Consolidated operating income for the period ending March 2025 is forecast to be 12.0 billion yen, more or less unchanged year on year
- For NITTO KOGYO Corp. alone, operating income is expected to rise due to an increase in marginal profit, the effect of price revisions and improving transaction prices despite income-lowering factors such as still-rising parts prices (variable cost factors) and growing personnel costs (fixed cost factors)
- For the group, particularly, lower income at SunTelephone and KITAGAWA INDUSTRIES will become factors that push down income

(Unit: 100 million yen)



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

Page 22: YOY changes in operating income.

Consolidated operating income for the fiscal year ending March 31, 2025 is expected to be JPY12 billion, the same level as the previous year.

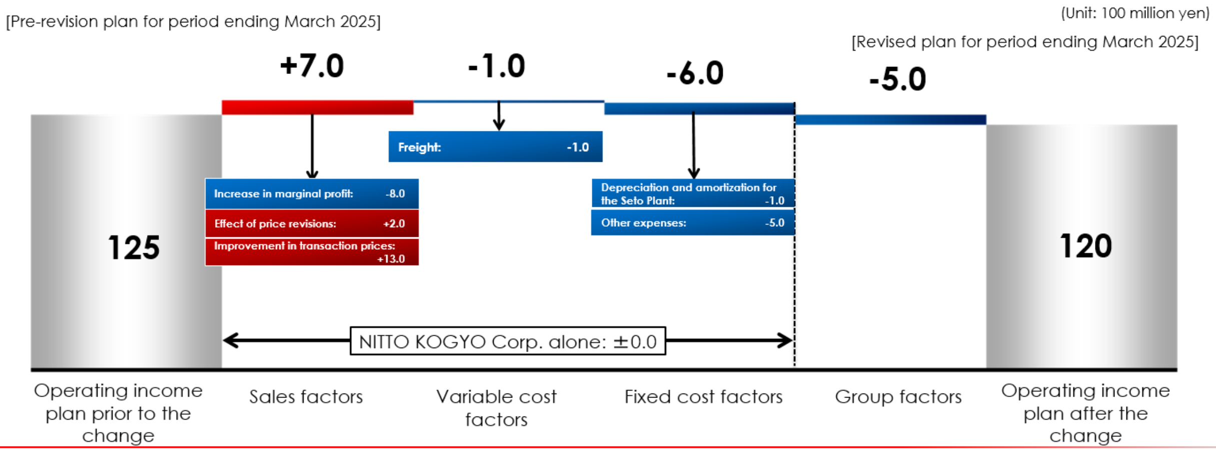
Factors in changes. There is no significant change in the main factors for each item. On a non-consolidated basis, NITTO KOGYO Corp. expects an increase in profit due to higher marginal profit, the effect of price revisions, and improved project prices, although further material price hikes, higher labor costs, and other factors will push down profit.

As for group factors, SunTelephone and Kitagawa Industries will see a decrease in profits, which will push down overall profits. However, overall consolidated profits are expected to remain at the same level as the previous year.

Factors in changes in yearly consolidated operating income
(forecast for this year, YoY, as compared with the pre-revision plan)

2Q FY2024

- Consolidated operating income for the period ending March 2025 was revised down to 12.0 billion yen, 4.0% below the initial plan
- The initial plan for non-consolidated NITTO KOGYO Corp. was kept unchanged as transaction prices improved more than expected despite higher expenses
- For the group, particularly, in addition to profit contribution from two newly consolidated subsidiaries undershooting the initial plan, lower income at SunTelephone and KITAGAWA INDUSTRIES will become factors that push down income



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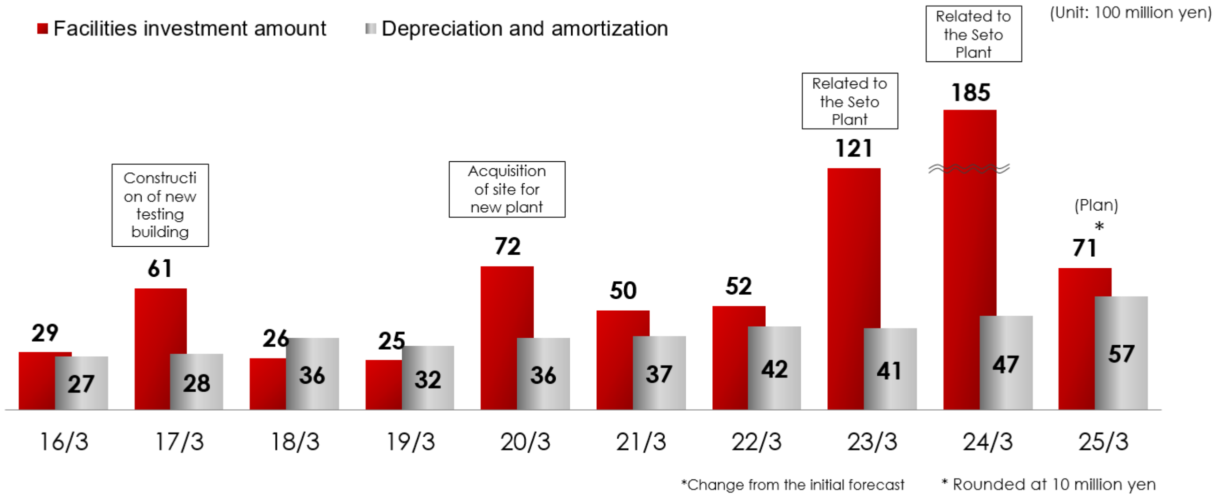
On page 23, here is a comparison with the pre-revision plan.

On a non-consolidated basis, NITTO KOGYO Corp. will not change from the initial plan due to the better-than-expected improvement effect in project prices, despite an increase in expenses. On the other hand, major subsidiaries are expected to record lower sales and profits than initially planned. As a result, we anticipate a pushdown of JPY500 million, which is a factor in the consolidated plan revision.

Facilities investment amounts and depreciation and amortization

2Q FY2024

- The facilities investment plan for the period ending March 2025 was revised to 7.1 billion yen from 5.8 billion yen
- Facilities investment amount is expected to increase due to partial advance payments for the construction of a short-circuit testing facility



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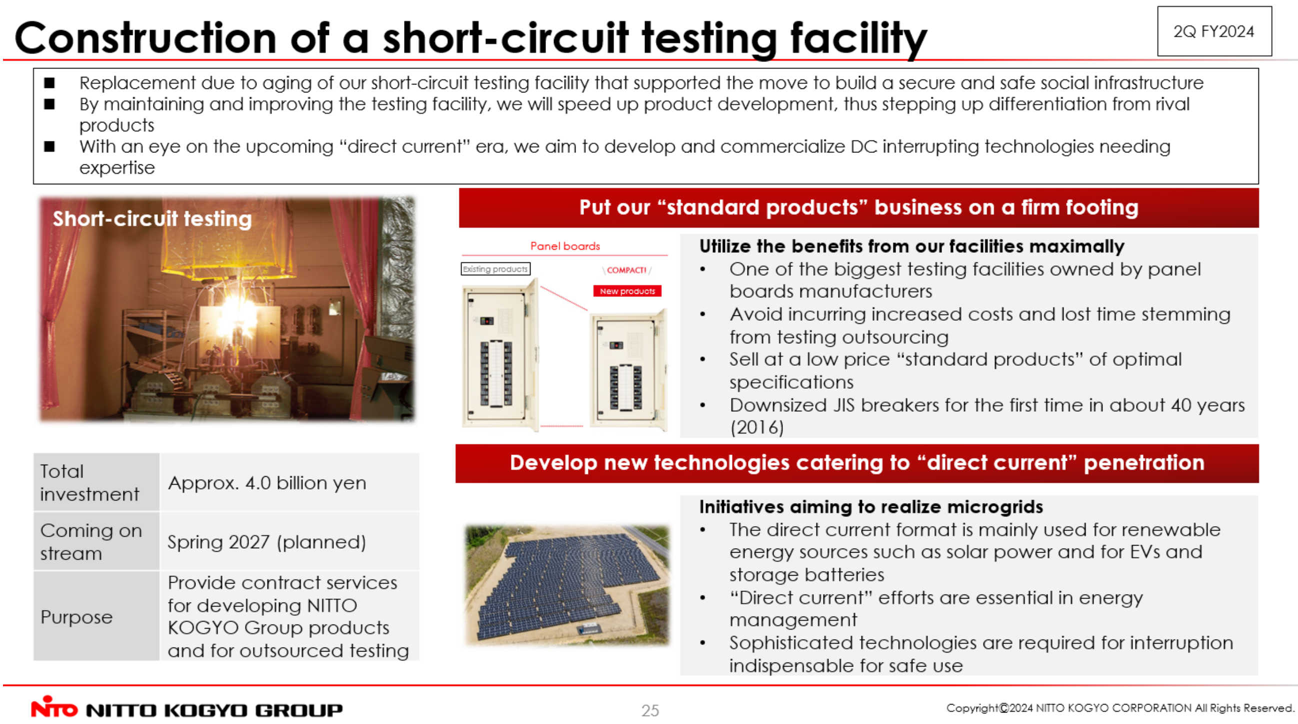
Page 24, please. This is the consolidated facilities investment, depreciation, and amortization.

Facilities investment has been revised from the initial plan. We plan JPY7.1 billion in facilities investment for the fiscal year ending March 31, 2025. The increase is due to a partial advance payment for the construction of a short-circuit test facility, which was planned to be recorded in the next fiscal year.

We plan to renew and automate production facilities and testing equipment at Tempearl Industrial. We also plan to renew production and testing equipment at each plant.

Depreciation and amortization costs are planned to be JPY5.7 billion, with no significant change.



Page 25, here is an explanation of the short-circuit test facility.

Our strength is in the standard products business. One of the products is the breaker, which plays an important role in protecting the electrical infrastructure in the event of overuse or accidents. Short-circuit test facilities are essential during the testing phase of breaker development, as they can replicate the high currents that occur instantaneously during an accident.

In addition, we can verify not only the breakers themselves but also the panel board, which is close to the actual operating environment. We have accumulated know-how as a comprehensive manufacturer of panel boards over the years.

In other words, we believe that owning this facility is essential for further improving our technology, accelerating the speed of product development, and promoting the differentiation of our products from those of our competitors.

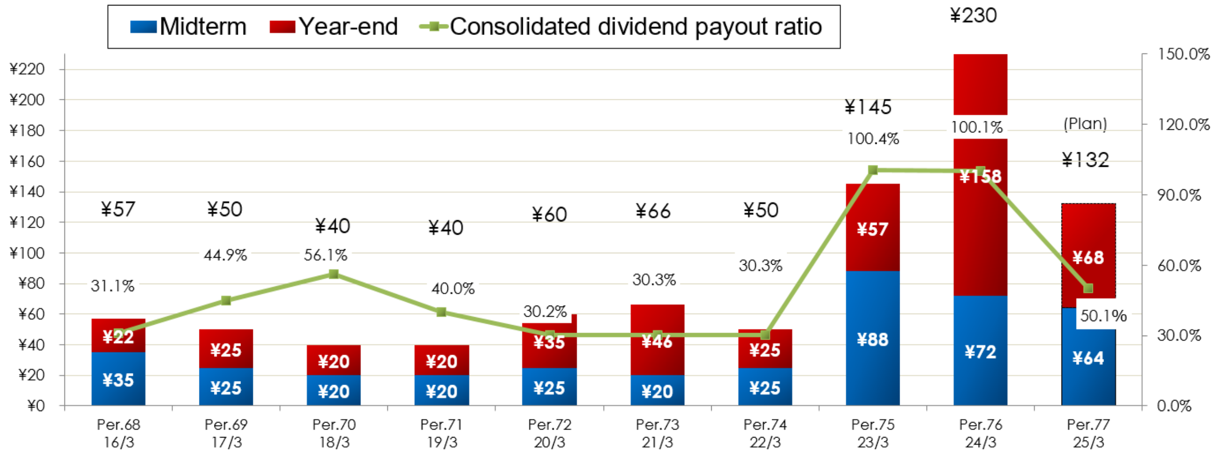
Furthermore, renewable energy, which is spreading widely, is mainly DC. Therefore, more advanced disconnecting technology is essential for breakers that protect DC infrastructure, which requires higher voltage and larger capacity.

We believe that renewing the short-circuit test facility will significantly enhance our group's competitiveness by strengthening our development capabilities for realizing a microgrid with DC power distribution.

Dividend status

2Q FY2024

- Starting from the period ending March 2025, the dividend policy will be revised (dividend payout ratio of 50% and a lower limit DOE of 4.0%)
- We increased the year-end dividend forecast for the period ending March 2025 to 68 yen from 64 yen as we revised our net income forecast upward
- In the period ending March 2025, dividends for the year will be 132 yen and the dividend payout ratio will be 50.1% on a consolidated basis



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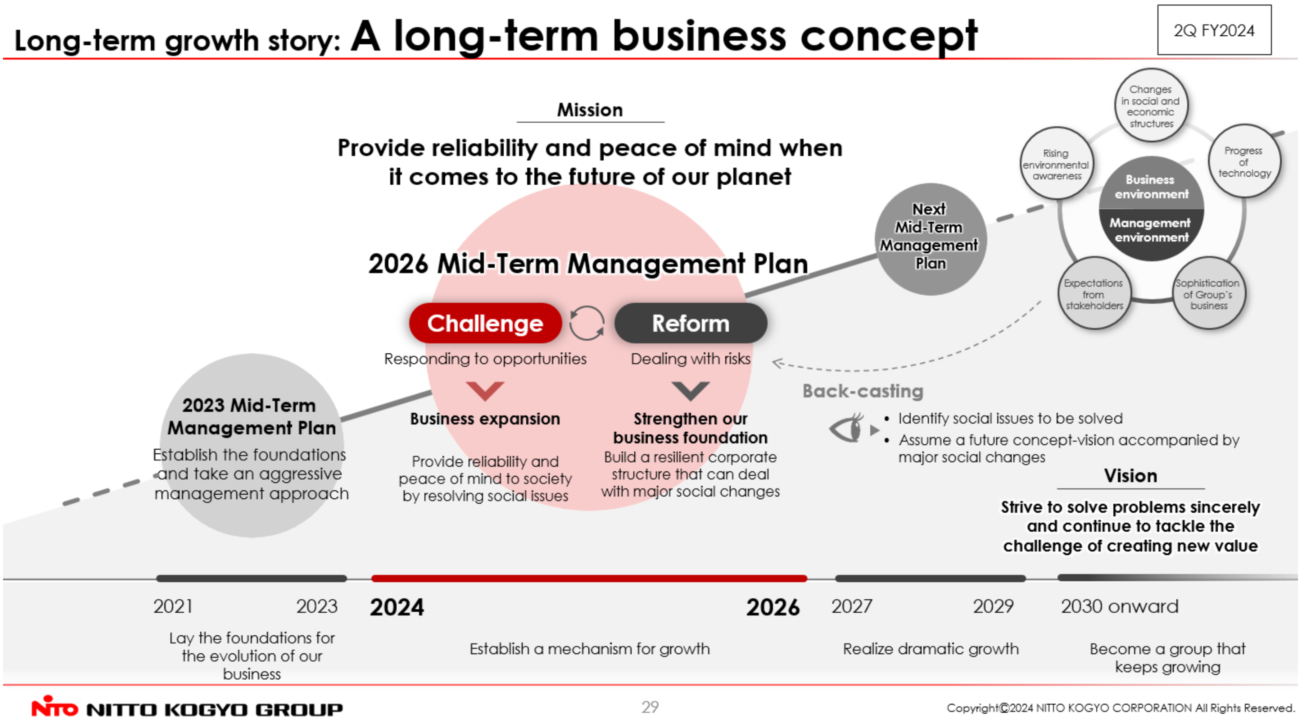
Page 26: Dividends.

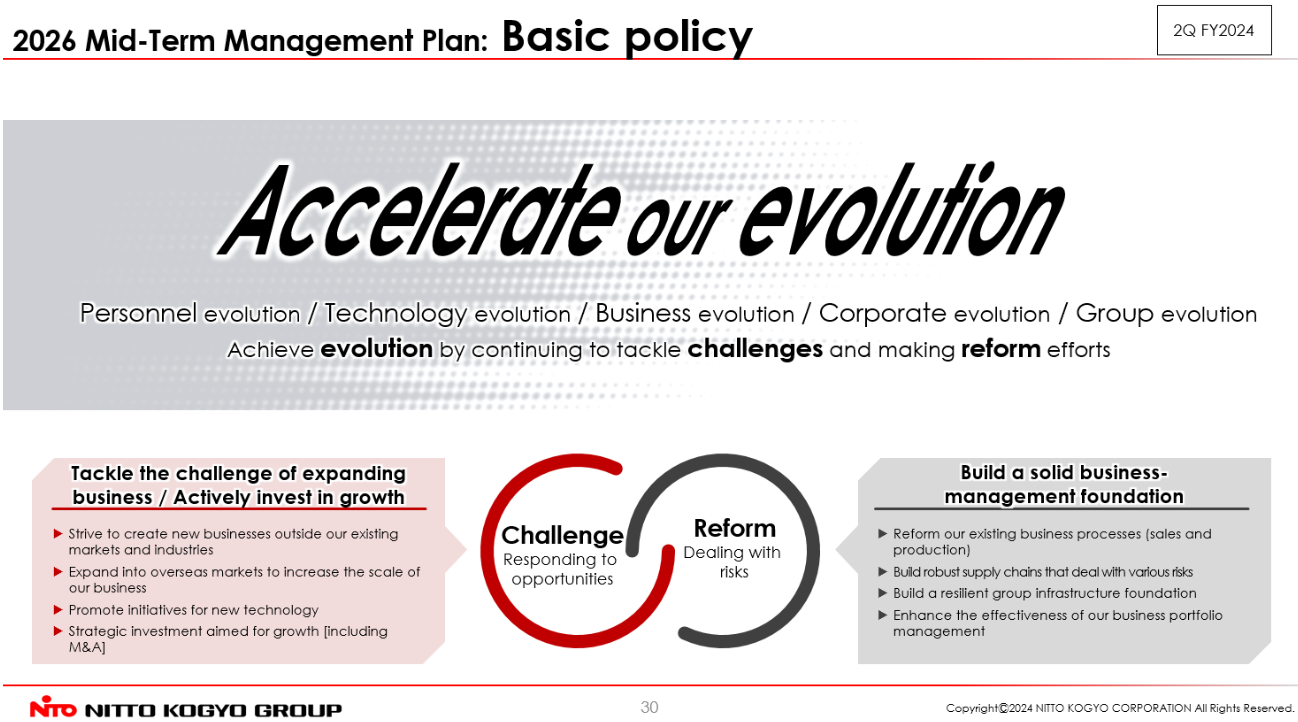
The interim dividend is JPY64 per share, as planned at the beginning of the fiscal year. We plan to revise the year-end dividend to JPY68 per share, an increase of JPY4 from the initial plan, in line with the revision of the consolidated earnings forecast for the full fiscal year.

As a result, we plan to pay a full-year dividend of JPY132 and a consolidated dividend payout ratio of 50.1%.



Page 29: Long-term growth story.

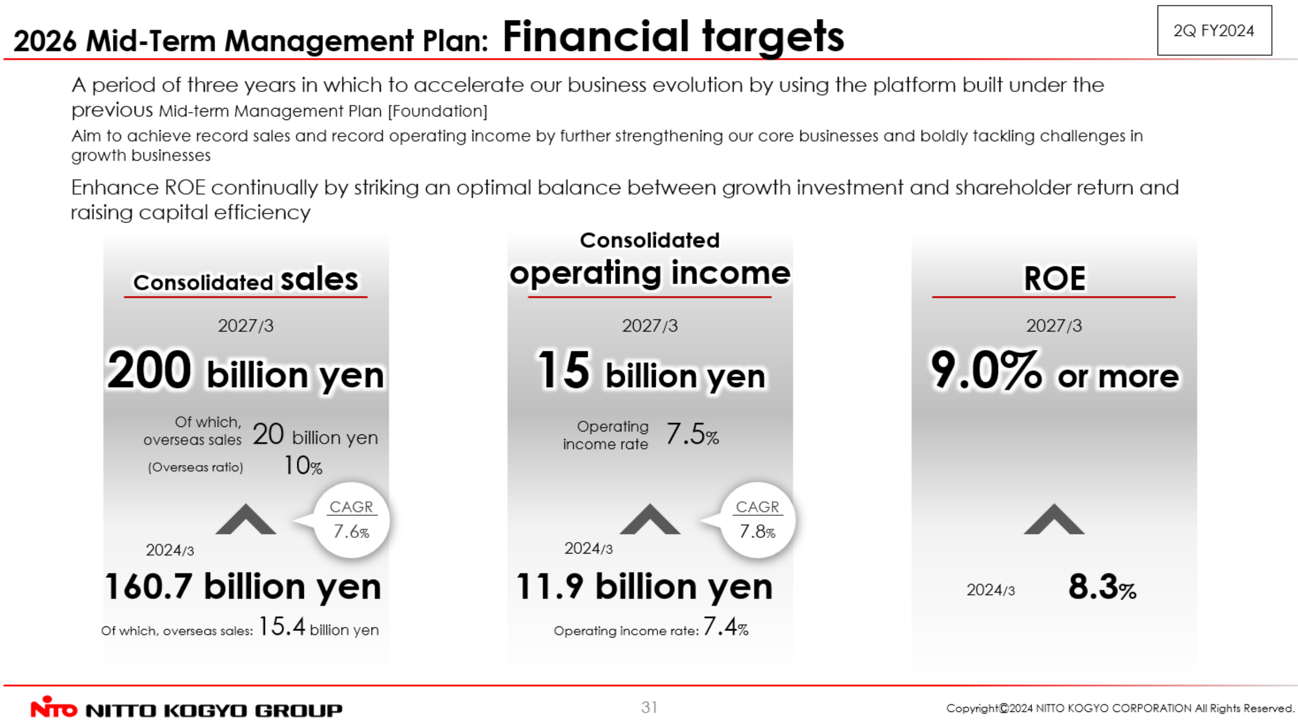
While the previous 2023 mid-term management plan was a phase to lay the foundation for business evolution, we see the 2026 mid-term management plan as a phase to establish a growth mechanism to realize dramatic growth from FY2027 onward and to become a group that continues to grow.



Page 30: Basic policies of the 2026 mid-term management plan.

The basic policy is "accelerate evolution." We set a response to opportunity as "challenge" and a response to risk as "innovation." We plan to evolve by quickly cycling both of these wheels.

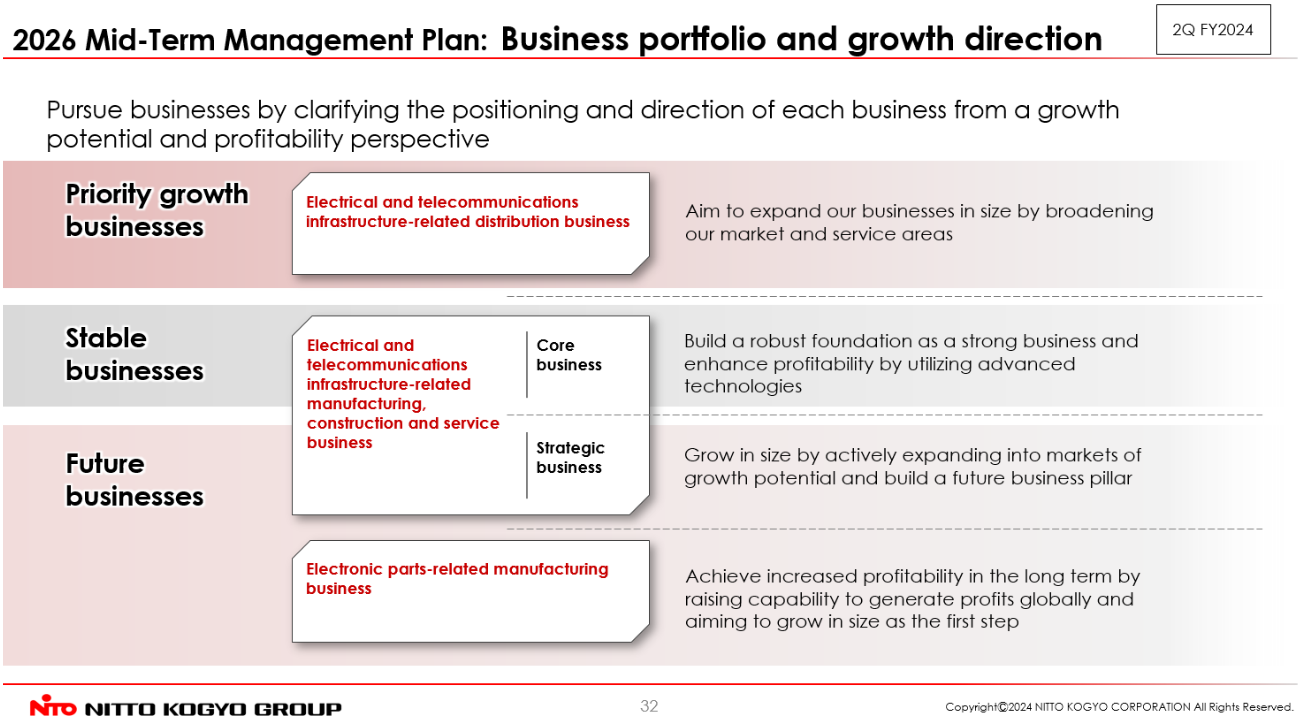
Our basic policy is to expand the evolution of people, technology, business, companies, and the Group in a chain of evolution, and to accelerate this evolutionary cycle.



On page 31, here are the financial targets.

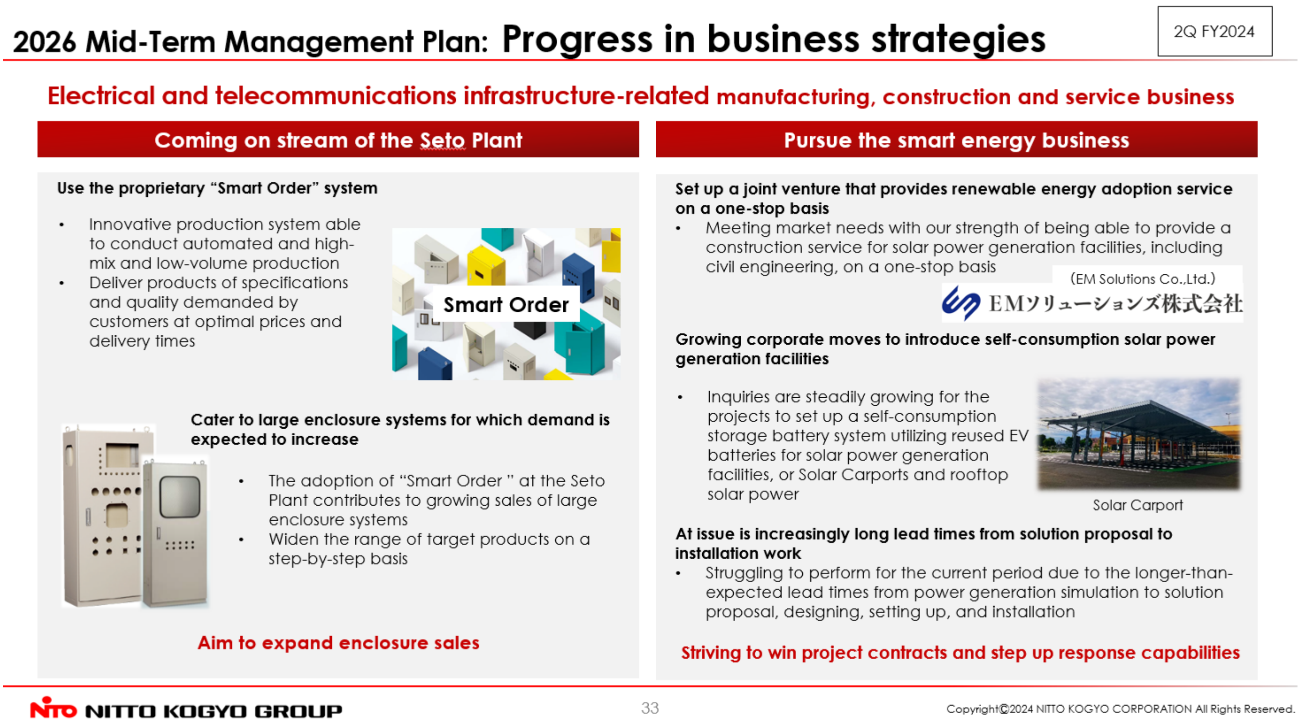
We set consolidated sales at JPY200 billion, consolidated operating income at JPY15 billion, and ROE at 9% or higher.

Using the foundation established in the previous mid-term management plan, we have set high goals of record-high sales and operating income for the next three years to accelerate our business evolution. Our group will boldly take up the challenge and achieve these goals.



Page 32: The direction of growth for each business portfolio.

To achieve the goals of the mid-term management plan, we aim to carry out appropriate business portfolio management and speedy investment in businesses that can grow. We will accelerate the promotion of each business by organizing its growth potential and profitability and clarifying its future direction.



Page 33 shows the progress of the business strategy of the 2026 mid-term management plan.

In the manufacturing, construction, and service business, the Seto Plant began operations. We have introduced our proprietary web-based order system, "Smart Order", which facilitates DX by enabling production planning without human intervention based on input order data. It also issues work instructions to equipment and transfer instructions to automatic transfer machines.

This system has allowed us to establish a revolutionary production line capable of efficiently producing custom-made enclosures in various sizes and specifications according to customer requirements, while maintaining the same consistent quality and delivery times as standard products.

Furthermore, data enables marketing activities, productivity and quality improvements, as well as early issue detection and visualization of operating conditions, creating an environment for continuous analysis and improvement.

Since this is new, we have been experimenting through trial and error until stable operation was achieved. However, the expansion of enclosure order through this system is steadily progressing, as evidenced by the start of the expansion of target products in November.

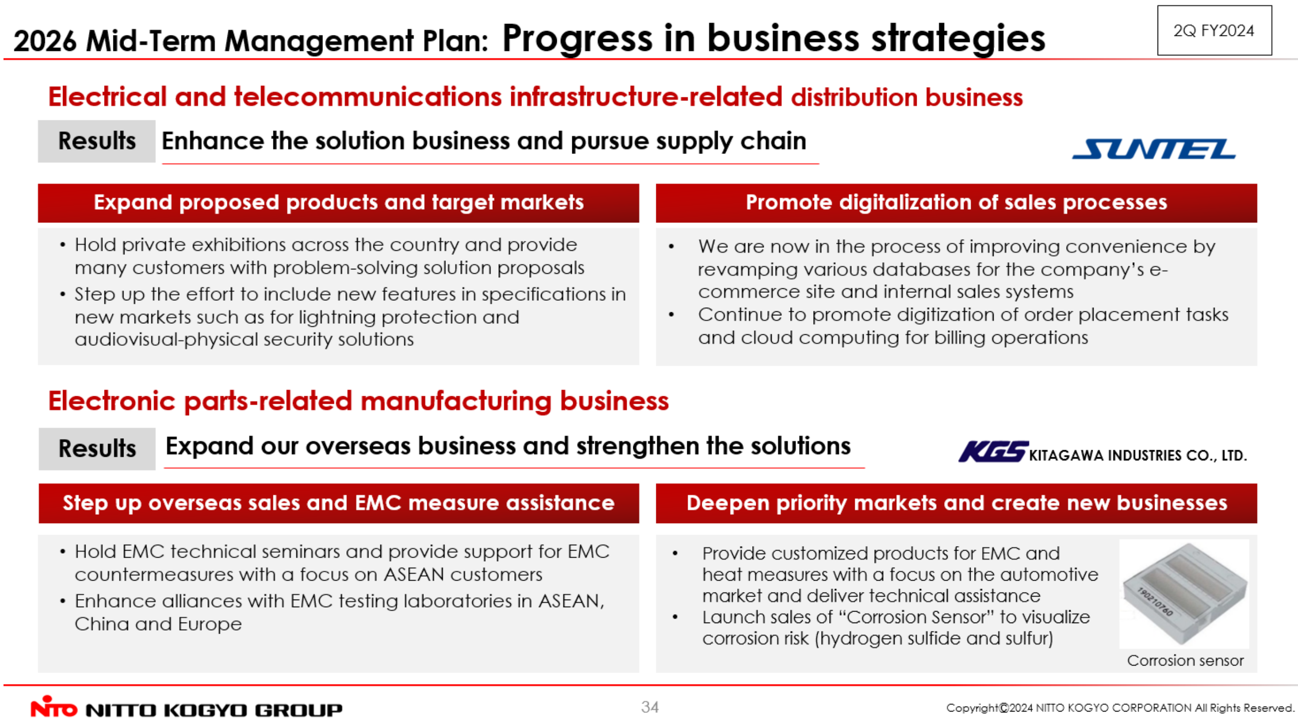
We aim to maintain our dominant number-one market position by increasing production capacity to meet the growing demand for large enclosures, which is the primary goal of constructing the Seto Plant.

Additionally, we aim to address the need for short delivery times for custom-made enclosures, which help reduce labor hours for panel board manufacturers and electrical contractors facing labor shortages.

We also plan to expand enclosure sales by lowering production costs through automated manufacturing lines that leverage the latest technology.

Next, we will introduce our initiatives at our subsidiary, which was established to promote the smart energy business. EM Solutions, a subsidiary that provides one-stop services for renewable energy installation, has been receiving steady inquiries from companies for renewable energy installations for their own consumption.

Although we are struggling this fiscal year because it is taking longer than expected from proposal to construction, we will continue to steadily acquire projects and strengthen our ability to respond to them.



Next, on page 34, in the distribution business, we are working to strengthen the solutions business by expanding proposed products and target markets. We will also promote supply chain management by digitizing processes from procurement to sales in order to improve convenience and efficiency.

In the electronic parts business, we are focusing on expanding our overseas operations by strengthening our international sales structure and enhancing EMC countermeasure support. Additionally, we are working to create new business opportunities by deepening our presence in key markets, such as automotive and other prioritized sectors, as well as by launching new products.

We will continue to steadily implement these business strategies.

This concludes my explanation. Thank you for your attention.

[END]