

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

Electrical and telecommunications infrastructure-related manufacturing, construction and service business is carried out by 10 group companies (6 domestic and 4 overseas), not including NITTO KOGYO, SunTelephone, and Kitagawa Industries, and their subsidiaries, and the basic business policy is as follows.

We aim to establish our core businesses (distribution boards, enclosures, and information infrastructure) as a strong and solid business foundation, with an eye to increasing profitability by utilizing advanced technologies.

In our strategic businesses (overseas, field engineering, business domain expansion), we will aim to proactively enter markets where growth can be expected in order to expand the scale of our business and build a pillar for the future.

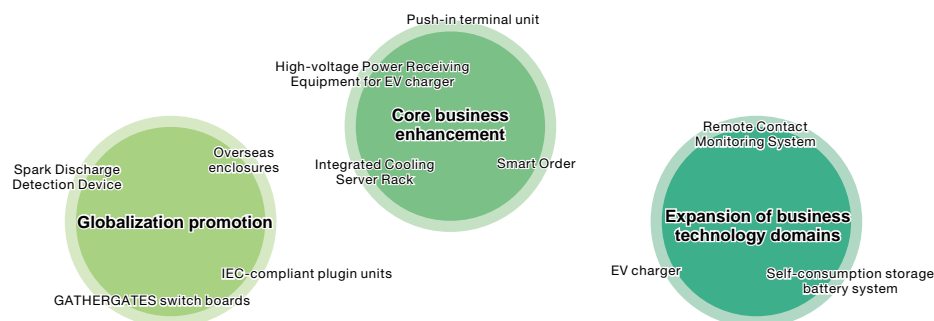
## Strategic themes

Globalization promotion	Core business enhancement	Expansion of business technology domains
<ul style="list-style-type: none"> <li>Overseas business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Distribution board business strategy</li> <li>Enclosure business strategy</li> <li>Information infrastructure business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Field engineering business strategy</li> <li>Business domain expansion strategy</li> </ul>

We have established six business strategies in the three domains of core business enhancement, globalization promotion, and business and technology domain expansion that constitute the strategic themes for our manufacturing, construction, and service businesses in the 2026 mid-term business strategy. In terms of our business strategy for field engineering, given the growth in the two domains of electric vehicle infrastructure and energy management that formed the business domain expansion strategy in our 2023 mid-term business strategy, in the 2026 mid-term business strategy, we will work toward further acceleration through strategies for individual businesses. In our business domain expansion strategy, we are working to create new seeds and seeking to create the new products and services demanded by our customers.

We will also aim for growth in our manufacturing, construction, and service businesses by enhancing collaboration with group companies in each business strategy.

## New products and services for each business strategy



## Business strategy

### Distribution board business strategy

**Business target:** Combine the capabilities of the entire NITTO KOGYO GROUP to build the products and mechanisms that will change the way people work in the industry, and become a company that offers total solutions for the distribution control systems that will support an electrified society whose aim is to achieve carbon neutrality

- To eliminate the problems caused by labor shortages in the industry as a whole, have companies collaborate in their specialist fields and aim to achieve local production and local consumption through the construction of board partner alliance
- Achieve transformation of working style and job satisfaction through consideration for the environment and streamlining, and reform the business model to an even stronger one of our own NITTO KOGYO brand business

### Enclosure business strategy

**Business target:** To keep being the overwhelming top company when it comes to first contact in the enclosure business, maintain our sensitivity to market changes and needs and will introduce new products and new value

- Contribute to the realization of a decarbonized and recycling-oriented society by undertaking activities to reduce environmental impact through the provision of environmentally friendly products and services
- Contribute to a society with a declining population by providing services that utilize digital technology to improve productivity

### Information infrastructure business strategy

**Business target:** Create products and services to play a role in Super Smart Society (Society 5.0) and the realization of carbon neutrality, and grow to become a core company in the construction of information and communication infrastructure

- Secure an overwhelming share of the overall market for products related to telecommunication (carrier market, data center market, network market) by growing our share through enhanced products for telecommunication and establishing a business model for the development of environmentally-friendly products and a circular economy

### Overseas business strategy

**Business target:** Contribute to the construction of global power distribution infrastructure and the resolution of environmental issues through standardization and mechanism creation and the provision of quality products and services tailored to the needs of each country

- Achieve business stability at existing bases and define a growth strategy that leverages the differentiation of each company
- Undertake a market survey for components such as standard enclosures, board parts, and board units, and build sales channels from Asia to the world

### Field engineering business strategy

**Business target:** Provide tangible products in the form of EV charging, solar power generation, storage batteries and intangible services in the form of energy management and other such ancillary services, consulting, construction, and after-sales maintenance in a comprehensive manner

- Provide a one-stop service for resource circulation solutions based on comprehensive energy management and utilization of reused products
- With the aim of being chosen directly by end users (companies), provide value that goes beyond the sale of tangible products

### Business domain expansion strategy

**Business target:** Toward the realization of a sustainable society, provide products and services with new technology and from new perspectives to expand our business domain

- Provide services that leverage the assets of the NITTO KOGYO GROUP, and contribute to the business continuity and development of customers facing a declining workforce, while simultaneously building a mechanism to connect with users through the provision of services to lead to the sale of products

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

## ● Progress of 2026 Mid-term Management Plan

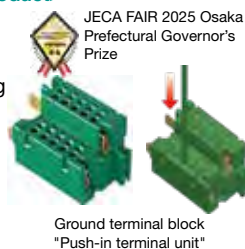
## Core business enhancement

## Distribution board business strategy

## &lt;Ground terminal block "Push-in terminal unit" at JECA FAIR as reference product&gt;

We developed a quick-connect terminal unit that vastly improves work efficiency for screw fastening, which constitutes most of construction time.

- 75% reduction in construction time Wiring complete by simply inserting electrical cables
- Unit connection structure More can be installed according to the number of circuits



At the JECA FAIR 2025 Product Contest held by the Japan Electrical Construction Association, this product won the Osaka Prefectural Governor's Prize.

## &lt;Model change of JIS agreement type Breaker&gt;

We have implemented a model change to enhance performance and reduce environmental impact compared to conventional products.

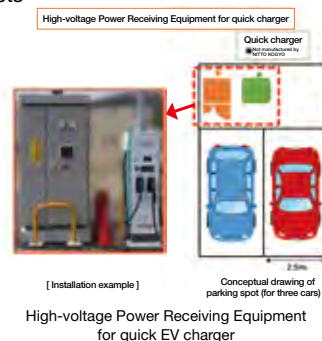
- High performance Improved rated breaking capacity (50/60 AF breaker: 200V 2.5 kA → 5 kA)
- Light weight 10% lighter than previous model
- Environmental load reduction Adoption of cadmium-free contacts



## &lt;Launch of High-voltage Power Receiving Equipment for quick EV charger&gt;

In response to the growing demand in recent years for power supplies for rapid EV chargers, this product can now be installed together with a standard rapid charger in a space smaller than a single parking spot.

- Compact design 40% smaller than previous model  
Installable in a space roughly half a parking spot



## &lt;Inverter Control Panel added to lineup&gt;

(Taiyo Electric Mfg. Co., Ltd.)

We have standardized our control boards that were mainly manufactured on a made-to-order basis, and they are now in our product lineup meaning they can be swiftly delivered.

- Inventory buildup enables swift delivery
- Energy-saving and power-saving measures through inverter control of general-purpose loads



## Enclosure business strategy

## &lt;Expanded scope of Smart Order systems&gt;

The customization options for our self-standing enclosures have been significantly expanded, enabling us to offer customized products from over 10 million possible variations to meet customer needs.

- Options: Product size change, base height change, doorless version, added door units, etc.

The cabinets that can be customized on the website offer easy online customization by simply selecting desired specifications from a wide range of variations.



Smart Order

## &lt;Cabinet 3D CAD data download&gt;

To reduce the workload of designers by shortening the layout design process for machinery, equipment, and boards, we have launched a 3D CAD data download service.

- Useful for layout of machinery, equipment, and board facilities
- PDF data can also be downloaded, enabling viewing by those without 3D CAD



## &lt;Launch of cabinets for food factories&gt;

We have developed stainless steel cabinets specifically designed for equipment in food factories, where strict hygiene management is required.

- Smooth, flat surfaces resistant to bacterial growth
- Supports hygiene management based on HACCP by using blue resin and rubber components

HACCP (Hazard Analysis Critical Control Point) is an international technique for hygiene management, and is mandatory in Japan for all businesses that handle food.



## &lt;Launch of Plastic Enclosure for IoT&gt;

We developed this plastic enclosure to enable the safe and secure use of IoT devices, even in outdoor areas, thanks to its excellent dustproof and waterproof performance.

- Uses biomass resin material produced by the mass balance method
- Prevents rainwater penetration under severe weather conditions, such as typhoons and strong winds (WP40H weather protection)



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

### Information infrastructure business strategy

#### <Launch of Integrated Cooling Server Rack>

We developed the Integrated Cooling Server Rack featuring top-class cooling capabilities to solve heat issues in server racks that generate high heat due to increasingly powerful IT equipment.

- Cooling capacity Maximum heat load capacity: 3.6 kW (industry-leading)



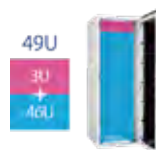
Integrated Cooling Server Rack

#### <Renewal of system rack web selection guide>

We have significantly expanded the lineup of compatible models, including the addition of a height of 2,300 mm, which is suitable for data centers (previously up to 2,200 mm).

- Height 2,300 mm (49U usable space) added to standard lineup
- Added models with options installed, screw-fastening models, and models with different lock numbers

System rack web selection guide: A web system for selecting and reconfiguring the specifications of our system racks (19-inch racks), as well as creating drawings



System rack web selection guide

#### <Launching a portal website for information infrastructure-related products>

This website offers tailored product recommendations from our extensive lineup, organized by scene and category. It also provides the latest information on products that solve customer issues through our information and communication solutions.



Portal website for information infrastructure-related products



The NITTO KOGYO Group is committed to strengthening our core businesses of distribution boards, enclosures, and information infrastructure-related services.

- Distribution board business: We will establish a solid revenue base by promoting GX (Green Transformation) and utilizing DX (Digital Transformation) and the IoT to enhance functionality.
- Enclosure business: Taking the opportunity of establishing a new production system at the Seto Factory, launched in April 2024 as a smart factory, we aim to improve customer convenience and further evolve our business foundation.
- Information infrastructure business: Against the backdrop of growing demand for data centers, we aim to contribute to the construction of a robust information infrastructure.

With our extensive product lineup and advanced technological capabilities, we intend to strengthen our market presence, improve our sales and production systems, and promote growth in our core businesses.

Director Katsuhiko Kawaji

### Globalization promotion

#### Overseas business strategy

##### <Commenced sales of a spark discharge detection device in the ASEAN region>

As part of our efforts to promote environmentally friendly and disaster risk reduction activities in collaboration with overseas partners, we commenced sales of our Spark Discharge Detection Device in the ASEAN region.

This device detects spark discharges, such as tracking, cable breaks, and shorts, and helps prevent electrical fires.



Spark Discharge Detection Device

##### <Exhibiting at overseas trade shows>

We participated in exhibitions across Asian countries including Vietnam, India, and Indonesia. There, we exhibited enclosures and other products in high demand mainly from Japanese automotive manufacturers and engaged in promotional activities.



Vietnam Manufacturing Expo (Vietnam)

### Expansion of business technology domains

#### Field engineering business strategy

##### <Design renewal of normal charger for EV/PHEV>

This charger features a stylish resin case with a silver base tone that fits seamlessly into high-end environments, such as hotels and resorts, where aesthetic design is important. Its compact and flexible design allows for greater flexibility in installation locations.

- Compatible with major EVs and PHEVs available in Japan
- Supports billing, charging output control, reservations, and user restrictions



Normal charger for EV/PHEV

##### <Promoting an all-in-one EV implementation service>

(NITTO KOGYO Group company: NANKAIDENSETSU Co., Ltd.)

We offer a comprehensive package of services for EV charger implementation, including on-site surveys, installation work, support for applying for subsidies, cashless billing services, and after-sales support.

- Support for utilizing subsidies
- Lowest running costs in the industry



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

### <Installation of a self-consumption storage battery system for a municipality>

We installed an environmentally friendly self-consumption storage battery system in Gamagori City, Aichi.

Given the increased frequency of large-scale disasters, we are promoting the system's adoption in elementary and junior high school gymnasiums within the city to strengthen resilience.

- This integrated system includes storage battery panels, solar panels, high-voltage power receiving equipment, and power conditioners in a single package



Self-consumption storage battery system

### Business domain expansion strategy

#### <Founding of the Control Panel DX Alliance>

We have formed the Control Panel DX Alliance, a partnership group that aims to transform the control panel industry.

Core members include NITTO KOGYO, Magtronics, and FA System & Technology Corporation. This alliance will promote control panel DX by bringing together different skills and expertise, incorporating elements such as data utilization, digital twins, modularization, and cloud migration.

### <Participating in Niterra AQUA's land-based aquaculture demonstration experiment>

Land-based aquaculture is gaining interest as a potential solution to the global food crisis. However, efficient energy management remains an operational hurdle to its widespread adoption.

NITTO KOGYO installed this system in our factory to promote a sustainable society. Through this demonstration experiment, we will identify challenges and develop countermeasures for efficient energy management to promote widespread adoption.



Land-based aquaculture demonstration experiment (concept image)



The field engineering business strategy was recently added to the 2026 Mid-term Management Plan as one of the strategic businesses. This sustainable initiative maintains electrical and information infrastructure and contributes to addressing social needs, such as the growing EV charging infrastructure. In FY2024, we developed various products and services to provide high-value energy management solutions.

Moreover, our business expansion strategy, as part of a strategic business framework, can result in sustainable growth. While our core businesses are stable, we believe that now is precisely the time to invest in cultivating the next pillars of our business. Our goal is not just to pursue initiatives within the NITTO KOGYO Group. By valuing connections with partners and revitalizing the entire industry, we aim to provide reliability and peace of mind for the future of our planet.

Director Yusuke Kobayashi

### Tempearl Industrial joins the NITTO KOGYO group

#### <Enhancement of business infrastructure related to circuit breakers>

Establishing a cooperative framework for development and production

- We are committed to fulfilling our social responsibility by ensuring the continuous supply of essential components for distribution board-related products, which are integral to electrical infrastructure.



Circuit breakers



Home panel board

#### <Creating new value>

Maximizing the mutual utilization of technologies and expertise cultivated to date

- We will contribute to enhancing the safety of direct-current circuits, an area that is expected to grow in importance in the future.

#### <Developing the "PEARLTECT MOKU" wooden panel board>

A panel board with an enclosure made of non-combustible wood and steel significantly reduces plastic usage

- Maruni Wood Industry Inc., based also in Hiroshima, handles the enclosure design and woodworking. The company is renowned for its excellent design and processing techniques in the manufacture of wooden furniture.
- The panel board's fine design makes it a stylish addition to the living room.



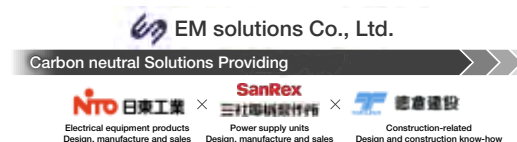
PEARLTECT MOKU

### Establishment of a smart energy business joint venture

#### <Expanding the scope of value provided>

Provide one-stop services from power simulation and consulting essential for adopting renewable energy, to installation, construction, and maintenance

- By bringing together the specialist domains of the three companies that have invested capital, the aim is to increase competitive superiority in the smart energy market.



#### <Advancing smart energy business>

Promote the installation of solar carports and rooftop self-consumption solar systems to contribute to decarbonization

- We support decarbonization and environmental management by leveraging electrical and architectural technologies to deliver a variety of renewable energy solutions.



Solar carports



# Electrical and telecommunications infrastructure-related Distribution business

Our electrical and telecommunications infrastructure-related distribution business is carried out by SunTelephone and its subsidiaries, and the basic business policy is as follows.

We will expand the reach of our business by enhancing our solutions business and expanding the domain of markets and services through the evolution in supply chain management.

## Strategic themes

### Enhancement of solutions business for ICT and the environment

- (1) Enhancement of proposals to end users
- (2) Expansion of solution domain
- (3) Enhancement of technology capabilities

### Create a mechanism for efficient sales

- (1) Rebuild the sales process
- (2) System optimization
- (3) Preparation of masters

For the electrical and telecommunications infrastructure-related distribution business, we have set two strategic themes: “Enhancement of solutions business for ICT and the environment,” and “create a mechanism for efficient sales.” With the expansion of solutions, the business has grown significantly. Under our 2026 medium-term business strategy, we will expand the segment of ICT and the environment and expand our solutions business. We will also rebuild our sales process, optimize systems, and prepare masters in order to accelerate DX.

## Strengths and opportunities

### Strengths

- ✓ On-site capability
- ✓ Procurement and product lineup capability
- ✓ Solution proposal capability
- ✓ Deadline handling capability
- ✓ Customer service capability
- ✓ Global expansion capability



### Opportunities

- ✓ Declining birthrate and aging population/declining population/labor shortages
- ✓ Working style reform/2024 problem/D&I
- ✓ Building aging (redevelopment, renewal)
- ✓ Global warming/increasing damage from disasters (earthquakes, fires, wind and water damage)
- ✓ Healthcare development/care business operation development
- ✓ Educational institution operation reform
- ✓ Handling inbound tourists from overseas
- ✓ Smart city concept (redevelopment of urban areas)
- ✓ Expo 2025 Osaka, Kansai

## Business strategy

### Enhancement of solutions business for ICT and the environment

#### (1) Enhancement of proposals to end users

Review our sales structure and implement education to enhance our proposal capabilities, and proactively expand business by increasing opportunities to propose solutions directly to end-users together with business partners.

#### (2) Expansion of solution domain

In addition to the ICT market, undertake marketing activities that include the field of the environment.

Find products to fit the target market, and create original solutions to develop the market.

#### (3) Enhancement of technology capabilities

Hire highly-capable personnel, create opportunities for onsite experience and provide internal education, and make ourselves stand out with advanced proposal capabilities.



### Create a mechanism for efficient sales

#### (1) Rebuild the sales process

In line with growth, rethink the way that the sales process should be and identify current issues, and rebuild the sales process to make it future-focused.

#### (2) System optimization

Optimize the sales system to fit with the revised sales process.

We will also work on further DX progression through automation of ordering with business partners, the expansion of GOYOU (EC website), and other actions.

#### (3) Preparation of masters

Establish a structure for re-preparation and operation for masters for collaboration between trading partners and internal systems, and for the utilization of various databases.



## Electrical and telecommunications infrastructure-related Distribution business

## ● Progress of 2026 Mid-term Management Plan

## Enhancement of solutions business for ICT and the environment

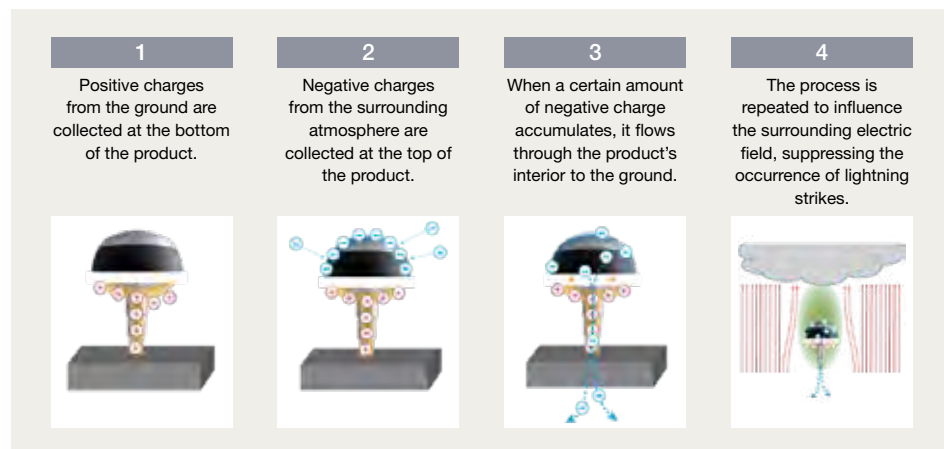
## &lt;Expansion of lightning protection solutions&gt;

Further promotion of the dinnteco lightning rod, which prevents lightning strikes from occurring

Reduces the chances of lightning strikes within the protected area by repeatedly neutralizing electrical charges

The dinnteco-100plus continuously neutralizes charges within the product by collecting positive charges in the lower part, which is connected to the ground, and collecting negative charges from the surrounding atmosphere in the upper part.

This repeated action influences the surrounding electric field. Instead of rising, positive charges from the ground are gathered into the product, thereby suppressing the connection with negative charges in the thundercloud (thunderbolt).



In recent years, lightning-related damage has increased due to an increase in sudden downpours. The electrical and communication devices that support our daily lives are vulnerable to lightning surges\* caused by lightning, and lightning damage in Japan is also increasing. \*Lightning surge: A momentary overvoltage or overcurrent generated by lightning

We are actively promoting dinnteco, a lightning rod developed in the Principality of Andorra — a country located between France and Spain — that prevents lightning strikes. The number of installations is steadily increasing.

## Create a mechanism for efficient sales

## &lt;Evolution of our e-commerce website&gt;

Supports user businesses with a full lineup of products, mainly LAN and telephone construction materials, network equipment, tools, and consumables

The number of member companies increased by over 30% in FY2024 compared to the previous year thanks to enhanced functionality and improved convenience.

Our goal is to continue evolving to provide greater convenience and become the preferred website for our customers.



The official character of SunTelephone's EC website



SunTelephone Co., Ltd.  
President and Chief

**Kenichi Suzuki**

SunTelephone was founded in 1948, focusing on the sale of telephone subscription rights and equipment as our core business. Despite various twists and turns, we have continued to grow as a company responsible for distributing equipment and components that support ICT infrastructure. When we joined the NITTO KOGYO Group in 2013, our net sales were approximately 25.0 billion yen. Since then, we have grown to exceed 50.0 billion yen in sales.

For FY2024, sales reached about 56.0 billion yen, which is a new record high for the second consecutive year. This achievement stems from a robust market environment, including large-scale investments related to semiconductor factories. It also reflects solid results from enhancing our solution business, including our recent focus on renewable energy and disaster prevention.

In our Mid-term Management Plan (SUNTEL2026), which ends in FY2026, we have reaffirmed our business field as ICT and the Environment. We are committed to achieving sustainable growth by contributing to the development of safe, secure, and comfortable social infrastructure. Please look forward to our future endeavors.

# Electronic parts-related Manufacturing business

Our electronic parts-related manufacturing business is carried out by Kitagawa Industries and its subsidiaries, and the basic business policy is as follows.

We will increase our global earning ability by first aiming to increase the scale and then increasing long-term profitability. In specific terms, we will work to expand our overseas business and enhance solutions. At the same time, we will work to enhance the business infrastructure to support these activities.

With the basic approach of being the first call company, first solution proposer, we will undertake our business with the aim of becoming a group that always predicts the future and stays ahead of the curve.

## Strategic themes

Expansion of overseas business	Growth of results through enhancement of solutions	Enhancement of business infrastructure
(1) Enhancement of overseas sales (2) Establishment of infrastructure for support for EMC measures	(1) Further cultivation of priority markets (2) Accelerated creation of new business	(1) Optimized production and procurement (2) Construction of a global quality assurance system

For the electronic parts-related manufacturing business in the 2026 Mid-term Management Plan, we have specified three overarching strategic themes: expansion of overseas business, growth of results through solution enhancement, and enhancement of business infrastructure. In order to expand overseas business, we will roll out the Kitagawa Industries Co., Ltd.'s success model and work on enhancing overseas sales and establishing the infrastructure to support EMC measures. For results growth through solution enhancement, we will work to further cultivate priority markets and accelerate new business creation while predicting future forecasts. And for enhancement of business infrastructure, we will aim to achieve our desired state, and work to establish optimized production and procurement while building a global quality assurance system.

## Business strategy

### Expansion of overseas business

#### <Enhancement of overseas sales>

- Aim for global business development originating from EMC seminars and support for EMC measures

#### <Establishment of infrastructure for support for EMC measures>

- In addition to foreign direct investment, leverage inter-company business and technology collaboration to strengthen the system to provide support for EMC measures

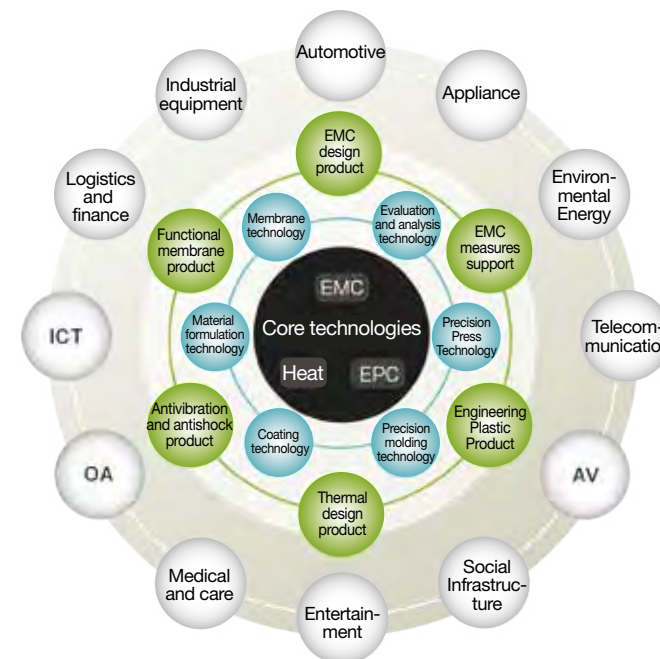
### Growth of results through enhancement of solutions

#### <Further cultivation of priority markets>

- Fuse our core technologies of EMC measure technology, functional plastic molding technology, and anti-heat technology, and work to grow results in priority markets
- Undertake product development that contributes to automation and labor saving, and develop new products based on future forecasts
- Evolve to be a total heat solution provider that solves heat generation problems by using various technologies

#### <Accelerated creation of new business>

- Aim to develop new products that contribute to the realization of a sustainable society and to fuse membrane technology with our core technologies
- Strengthen industry-academia collaboration to generate innovation and create new concept product plans with a focus on future beyond 2030



### Enhancement of business infrastructure

#### <Optimized production and procurement>

- Examine strategic global production sites and suppliers to promote cost reduction, lead-time improvement, and suitable inventory levels

#### <Construction of a global quality assurance system>

- Enhance our quality assurance system by implementing IATF 16949 to ensure customer SQM satisfaction

## Electronic parts-related Manufacturing business

### ● Progress of 2026 Mid-term Management Plan

#### Expansion of overseas business

##### <Enhancement of overseas sales>

We acquired new customers by executing business plans on a global scale, centered on EMC seminars and EMC countermeasure support for key customers as scheduled. It is also a result of our proactively conducting business activities not only with Japanese companies that were expanding overseas, but also with non-Japanese companies.

We conducted market research in new regions and are compiling a list of potential new business prospects.



10m anechoic chamber

##### <Establishment of infrastructure for support for EMC measures>

To enhance our company's visibility overseas, we are implementing joint projects with EMC testing laboratories, primarily in the ASEAN region and China. In Europe, we are identifying new potential alliance partners and planning joint projects with promising candidates.

#### Growth of results through enhancement of solutions

##### <Further cultivation of priority markets>

Our EMC products and thermal management solutions were newly adopted, primarily in the automotive market.

##### <Accelerated creation of new business>

We developed a corrosion sensor that visualizes corrosion risks (hydrogen sulfide and sulfur) and promoted it to new customers through trade show exhibits and coverage in specialized journals and newspapers.

We worked on the development of environmentally friendly materials that contribute to a sustainable society, conducted functional assessments through industry-academia collaboration, and published a joint paper.



Corrosion sensor for visual inspection

#### Enhancement of business infrastructure

##### <Optimized production and procurement>

We carried out activities to achieve our ideal state by confirming the technological capabilities and quality levels of our globally strategic production sites.

In our cost reduction efforts, manufacturing costs are driven down by reviewing working hours, production conditions, and appropriate staffing numbers.

##### <Construction of a global quality assurance system>

The Inazawa Factory of Kitagawa Industries obtained IATF 16949 certification and strengthened its quality management system. As a result of thorough quality control inspections at domestic and overseas manufacturing sites, the number of customer complaints has decreased.



KITAGAWA INDUSTRIES  
Co., Ltd.  
President and Chief  
Executive Officer

**Yoshihiro Hirakawa**

Despite the challenging circumstances of FY2024, we used the first year of the 2026 Mid-term Management Plan to focus on establishing a solid business foundation for the future.

In particular, we accelerated the global expansion of our noise suppression support services in the EMC measures components business, a core competency of KITAGAWA INDUSTRIES. We actively provided EMC measures support and EMC seminars to non-Japanese companies which had not been targeted before, in addition to Japanese companies working to adapt their overseas business operations to local conditions. We also held several joint events with overseas EMC testing laboratories. We are confident that through these activities, we have taken an important step toward increasing our company's visibility abroad. At the same time, we keenly recognize that steady, ongoing efforts are essential to increasing our global visibility further. Moving forward, we will strengthen collaboration between our domestic and overseas bases to promote our global visibility, striving for sustainable growth and enhanced corporate value.



# Human capital

On the basis of the belief that human resources are the source of all corporate activities, through our work, the NITTO KOGYO GROUP refines the expertise and personal development of each individual and develops human resources with the ability to play an active role not only within the company but also outside the company and on a global scale.

We value each individual's human rights and work-life balance, and are committed to creating a working environment that enables people to work with vibrancy and enthusiasm.

## Human resource basic policy

Through the respect and cultivation of employee individuality, we create new value and contribute to the sustainable society.

## Ideal human resources

- Human resources who learn widely and spare no effort to maximize the abilities attained
- Human resources who understand diverse perspectives and can handle coexistence



## Human resource cultivation

Based on the philosophy that “companies are their people”, we develop human resources on the action policies of “consistent honesty and integrity” and “pursuit of value creation”.

In addition to general education, specialized education required for work, as well as education by job level, we have a thorough program of support for self-education such as business school or correspondence education.

We also work to foster individual employees' independence and active agency, with an internal awards system for evaluating employee activities and promotion of projects with recruited members, encouraging employees to grow and make the most of the abilities based in their individual characters.

Furthermore, we create skill maps to manage the skills required by each department.

Going forward, in addition to developing and recruiting talented key human resources (personnel for management, technology, global work, DX, etc.), we will proactively leverage overseas training schemes for global human resources.

Educational item	Contents	Name of training
Education by rank	Implement training to form the basis education, and build awareness of roles in hierarchy	(New employees) new employee training, follow-up interviews, (chiefs/section chiefs) training for newly appointed chiefs and section chiefs, (section managers and office managers) training for newly appointed section and office managers, (department heads) training for newly appointed department heads
Career development education	Support for individual independent growth (work and life, examining one's career)	(4th year of employment) 4th year training, (50 years old) career design training, (59 years old) life plan seminar
General education	Obtain the common knowledge required both inside and outside of the company	Corporate ethics, quality, environment, safety and health, 5S, improvement activities, diversity, harassment
Specialized education	Obtain knowledge and skills required for the assigned role	Departmental education/specific education
Self-development	Support for employees looking to increase their own skills	Business school, online learning, etc.

## Human capital

### ● Diversification of human resources

Companies grow thanks to a climate that makes the most of diverse individuality, values, and characteristics to maximize employee ability.

We will work to diversify human resources and to create a solid human resource foundation through a well-equipped system supporting their workstyles.

**Status of initiatives on diversification of human resources [NITTO KOGYO non-consolidated]**  
Component ratio of attributes in generalist staff

	2020	2021	2022	2023	2024	Targets for 2030
Women employees	16%	15%	15%	15%	16%	20%
Non-Japanese employees	1%	1%	2%	2%	3%	2%
Employees hired mid-career	25%	26%	27%	28%	30%	26%

### System supporting diverse workstyles

Work satisfaction is defined as a combination of “comfort at work” and “satisfaction”. We are building a workplace environment where staff can engage independently in their work.

#### Support for childcare/Nursing care balance

We support the balance of childcare and nursing care with work through shorter work hours for childcare until the child finishes third grade and for nursing care over a period up to three years, separate from nursing care leave, both exceeding the measures prescribed by law.

#### Flextime work with no core time

We have introduced a flextime work system with no core time. As employees can choose their own start and finish work time and the hours they work, they are able to work more efficiently while balancing work and life.

#### Remote work

The use of IT enables flexible workstyles making effective use of work hours and locations.  
We support employees in continuing their work without adverse effects caused by lifestyle changes such as childbirth, childcare, nursing care, and so on.

#### Elder employee system

To enhance human capital value, we implemented an elder employee system in which re-employed retirees are entitled to the same treatment as regular employees.

#### Annual paid leave

In order to ensure that our employees are fully rested and refreshed physically and mentally and thus to raise productivity, we provide more annual paid leave days than required by law.  
Employees can also take leave in units of half days and hours.

#### Refreshment leave / Free vacation leave

Refreshment leave refers to a system that enables full-time employees who have turned 40 or 50 and who have worked for the company for at least 10 years to take 10 consecutive days of paid leave.  
Free vacation leave refers to a system that enables the taking of continuous periods of leave using annual paid leave.

#### Accumulated paid leave system

We have introduced an accumulated paid leave system in order to enable annual leave whose period for use will expire to be taken for long-term medical treatment due to illness or injury, and for nursing care.

#### Work area request system

We implemented a work area request system for sales staff, who can potentially work at any office nationwide, and provide flexible work arrangements that suit each employee's life stage.

#### Continue to raise monthly salary levels

In line with raising the monthly salary levels for existing employees, we have revised the starting salaries for new hires.

FY2025 starting salaries  
University graduate: ¥300,000  
High school graduate: ¥260,000

#### Diversification of commuting methods

We implemented a system that allows certain employees (subject to conditions) to commute using bullet trains and toll roads to maximize the commutable distance from their homes.

### ● Employee engagement improvement

Through our initiatives to improve engagement, we will promote the development and active involvement of employees by encouraging autonomous, proactive, and ambitious action, and build an organizational culture to enable people to continue working for NITTO KOGYO with a sense of pride as a group employee and a feeling of job satisfaction.

#### Job satisfaction reform project

A company-wide project aimed at enabling each employee to work with vibrancy was developed, and the job satisfaction reform promotion office was established in FY2025.  
Job satisfaction reformation declaration, enhanced information dissemination from the President (president newsletter), etc.

#### NITTO KOGYO AWARD

An award given to those who come up with excellent ideas, take great action, or have a good approach to learning

#### Praise report

Fostering a culture of praise

#### Utilization of engagement surveys

PDCA for improvement activities in each department on the basis of survey results

#### Stimulation of communication among group companies

Exchange sessions for group personnel, joint training by rank (training with people outside the company), etc.

### Health management

We consider the maintenance and promotion of the health of each and every employee as one of the most important management issues. Therefore, we have established the “Health Declaration” and engaged in various activities to ensure that employees can work in good health and with vigor into the future.

#### Health declaration

Health is the foundation of a happy life.

We foster a culture in which each employee values his or her own health.

We will work to create an environment where each and every one of us can work “happily, energetically, and in our own way”.

NITTO KOGYO Corp. is committed to promoting health maintenance and promotion activities so that its employees can lead fruitful and healthy lives, both physically and mentally.

NITTO KOGYO CORPORATION  
President & COO Toru Kurono

## DX actions

The NITTO KOGYO Group is constructing data infrastructure and robust group infrastructure to support our business strategy, and is working to leverage digital data.

To this point, we have utilized ICT for a range of purposes, including business streamlining and service improvement. The outbreak of COVID-19 served as an opportunity to rethink working styles, and the utilization of ICT is absolutely essential for this.

Going forward, it is time for us bring evolution to our utilization of ICT so that it becomes a mechanism that is both defensive and offensive, and we will proactively incorporate digital and AI technology as we take on the challenge a new stage of DX to help us stay close to our customers, business partners, and employees.

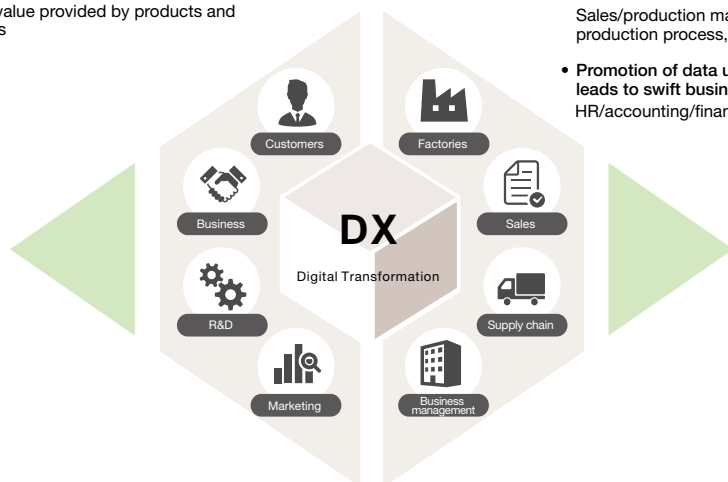
### Group business infrastructure DX

#### Offense

- **Business process reform**  
Drastic reforms not held back by existing business and including the customer's perspective
- **Creation of new business using data**  
Better value provided by products and services

#### Defense

- **Construction of robust infrastructure base for data utilization**  
Security/networks, etc.
- **Promotion of digital fusion in business processes**  
Sales/production management/production process, etc.
- **Promotion of data utilization that leads to swift business decisions**  
HR/accounting/finance, etc.

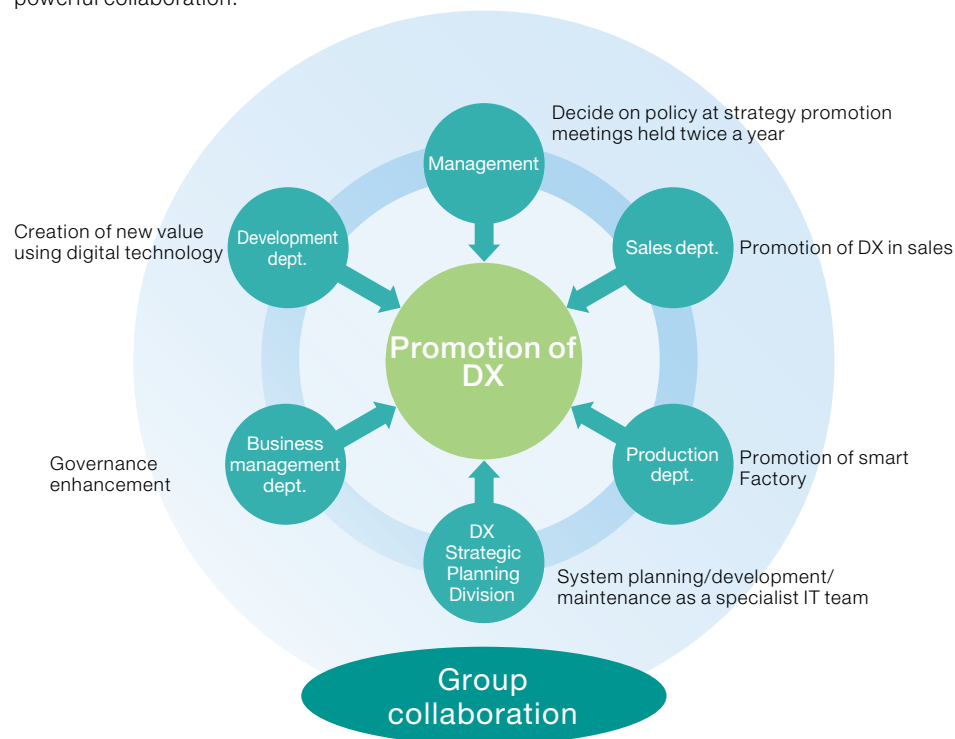


#### Enhancement of DX human resources

- Boost digital literacy of the group as a whole
- Creation of professional human resources

### DX promotion structure

The NITTO KOGYO GROUP is taking on the challenge of DX by the Information System Management Department working with other departments. Information System Management Department from other group companies are also providing powerful collaboration.



## DX actions

### ● Productivity improvement and new value creation by utilizing digital technology

#### To deliver great products swiftly

Among core systems, the sales, design, production, and logistics systems that achieve high quality and short delivery times are the mainstays for NITTO KOGYO. We offer “one-day delivery” in which products based on a variety of standard products are delivered the next day. And we also deliver in as little as three days even for individually manufactured products tailored to customer needs. Strategically utilizing ICT to overcome location and time constraints, we have fused together business processes, IT, and people to achieve short delivery times.

We also incorporate AI technology into our business processes for tasks such as putting together product lineups that meet customer needs and forecasting production time. We will continue to promote our digital transformation to deliver better products to our customers faster.

#### Reducing the customers’ operational load is also a DX goal for NITTO KOGYO

Each day we work to expand our services for our customers with the aim of not only delivering good products, but also reducing customer stress when placing orders. Typical services include Cabista and cabinets that can be customized on the website. Any customer can easily select products from our wide range of variations, and can perform any action, from creating drawings including drilling process to obtaining quotations, any time and from anywhere. Created drawings can then be directly ordered, helping to reduce the burden of arrangement work for customers. In addition, for system racks and cubicles, customers can select products, quotations, design, and even procurement by using the web-based system.

### ● AI initiatives

We regard AI as essential to corporate growth and are promoting a company-wide digital transformation. Our initiatives fall into two categories: 1) use AI to directly improve operational efficiency and 2) use AI to transform processes to improve future business models.

As part of the “use AI” initiative, we introduced generative AI that leverages our internal, proprietary data. This allows employees to use generative AI to enhance their daily operational productivity. The “use AI to transform processes” initiative involves integrating AI into our business processes to create value and improve productivity across the entire business.

We are taking thorough security precautions when using AI technologies in these ways. Through our ongoing digital transformation initiatives, we are committed to providing new value to our stakeholders and contributing to the sustainable development of society.

### ● Enhance competitiveness by boosting DX human resources

In order to address the serious labor shortage and further enhance our corporate competitiveness, we are focusing on developing programs to educate DX human resources.

Since FY2023, our programs have provided employees who demonstrate initiative with high-quality educational opportunities and appropriate materials. So far, more than 1,000 employees have completed introductory training, which lays the foundation for improved digital literacy.

To develop about 400 DX professionals, we have launched practical training starting in FY2024. Starting in FY2025, we are rolling out DX training across the entire group. This training is not limited to mere knowledge acquisition, but also promotes team discussions among participants. Through this active exchange of ideas, mutual understanding deepens, and synergistic effects are created that enhance each employee’s awareness of improvement.





# R&D

In response to material issues arising from changes in the business environment, the NITTO KOGYO GROUP aims to contribute to the realization of a sustainable society by envisioning the society of the future and setting themes that need to be tackled by the NITTO KOGYO GROUP as a whole.

## ● Setting of themes that need to be tackled

The NITTO KOGYO Group has set themes in light of medium- to long-term trends in society.



### Realization of carbon neutrality

Create new value that contributes to decarbonization and contribute to solving the growing issue of global warming



### Evolution of the infrastructure that society runs on

Build a resilient society prepared for increasingly severe disasters, and contribute to the realization of a society where people can live with peace of mind



### Advancement of automation and labor saving

Leverage the latest technology to support the rapid advancement of automation in light of the declining workforce

## ● Priority measures

We are promoting priority measures to enhance the group's overall value creation capabilities.

### Acquisition of new technology

- We will expand elemental research that leads to the development of higher value products and solutions for fundamental technology issues
- We will proactively develop human resources through reskilling (internal creation) and utilize our technology and knowledge through collaboration with external companies, organizations, and universities (external integration) to acquire the necessary technical knowledge and know-how.

#### <Examples of R&D>

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

We are advancing technological development that contributes to the effective utilization of renewable energy and improved power efficiency in order to realize a decarbonized society.

- Battery charge/discharge control
- DC power distribution-related



Self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities



EV semi-fast speed Charging Equipment

#### Electronic parts-related Manufacturing business

We are developing new technologies to counter electromagnetic noise and thermal management issues, which are becoming increasingly complex due to progress in electrification and electronification.

- Molding filters
- Liquid thermal conductive material



Molding filters



Liquid thermal conductive material

### Enhancement of R&D infrastructure

- We will increase our corporate value by implementing intellectual property strategies that maximize industrial property rights and promote the utilization of intellectual capital within the group.
- We will further refine our strengths in testing and analysis technologies to boost our overall R&D capabilities.

#### <Testing and analysis support>

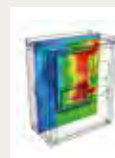
#### Electrical and telecommunications infrastructure-related Manufacturing, construction and service business

We contribute to the development of resilient social infrastructure by using CAE analysis technology to ensure that products meet the required performance and functionality while achieving high reliability and safety.

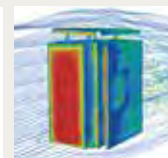
CAE: Computer Aided Engineering



Strength analysis



Thermal analysis



Computational fluid dynamics

#### Electronic parts-related Manufacturing business

Our EMC testing facilities comply with various domestic and international certification standards, including those for the automotive industry. This enables us to meet our customers' advanced requirements and accumulate technical expertise.

EMC: Electro-Magnetic Compatibility



10m anechoic chamber



EMC Center (Kasugai City, Aichi)

# Quality management

## ● Quality policy: Customer safety and security come first

The NITTO KOGYO Group's quality policy is to provide customers with safe, secure and higher quality products and services. Safety and security are the fundamental principles underlying all products and services within our group. As a manufacturer of products that support our customers' lives and social infrastructure, our primary responsibility is to earn their complete trust by never compromising on safety. Our entire quality initiative is built on consistently pursuing true safety and security from the customer's perspective.

## ● Quality and reliability: Technical expertise dedicated to ensuring safety and security

To ensure that our customers can continuously use our products with confidence, we are thoroughly committed to safety and reliability in areas that are not immediately visible. To demonstrate the safety of our products against severe typhoons, we have introduced industry-first wind-driven-rain testing equipment, as well as seismic and solar radiation testing facilities, and we conduct thorough verification. We will continue to earn society's trust through our commitment to sincere manufacturing.



Wind-driven-rain testing



Three-axis seismic testing

## ● QC circle/small group activities: An ever-evolving quality culture

The NITTO KOGYO Group is working on QC circle and small group activities as a corporate culture where all employees take the lead in enhancing quality. This bottom-up approach is essential for improving quality and productivity, as well as for fostering employee growth and creating a workplace that promotes job satisfaction. In FY2024, the NITTO KOGYO Group held its 29th QC Circle Convention where participants present the results of their day-to-day improvement efforts.

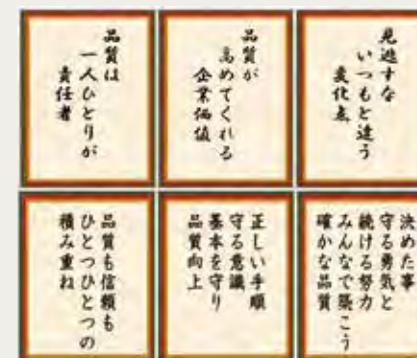
Selected circles representing over 150 circles from Japan and abroad present and share their improvement results, thereby further elevating our quality and teamwork. Our growth stems from the accumulation of these steady activities.



29th NITTO KOGYO Group QC Circle Convention

## FY2024 quality senryu poem and slogan campaign

During the Quality Month in November, we invited entries for quality senryu poems and slogans as a unique initiative to help employees increase their quality awareness in an enjoyable and casual way. For FY2024, we received a total of 943 quality senryu and 549 quality slogan entries, including those from group companies, which made it an engaging event.



Prize-winning entries (Top: senryu, bottom: slogan)