NITTO KOGYO GROUP

Integrated Report 2024

NITTO KOGYO CORPORATION

https://www.nito.co.jp/

NITTO KOGYO GROUP

List of Group Companies

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

Manufacturing / Sales

NITTO KOGYO CORPORATION
2201 Kanihara, Nagakute-shi, Aichi 480-1189
Details of Business: The manufacture and sales of electric and mechanical equipment such as high-voltage power receiving equipment, panel boards, home panel boards, EV/PHEV general charging stands, optical boxes, metal enclosures, plastic enclosures, system racks, breakers, switches, thermal management products, and so on. Power generation and sales business.

Aichi Electric Works Co., Ltd.
5953-1 Oaza Okuzsa Nenjouzaka, Komaki-shi, Aichi, 485-0802
Details of Business: Design, manufacture, sales, and repair of mechanical equipment for electricity.

Tempearl Industrial Co., Ltd.
3-1-42 Osu, Minami District, Hiroshima-shi, Hiroshima, 732-0802
Details of Business: Design, manufacture and sales of home panel boards, breakers, switches.

Taiyo Electric Mfg. Co., Ltd.
1-1-8 Hiratocho, Nakagawa District, Nagoya-shi, Aichi, 454-0864
Details of Business: Manufacture and sales of control systems for industrial machineries, software, etc.

NITTO KOGYO (CHINA) CORPORATION
1F, Building B4, No.8, Xinda Road, Huimin Sub-district, Jiashan County, Zhejiang Province, 314112
Details of Business: Manufacture and sales of electrical machines and devices such as metal enclosures and parts for boards
Import and sales of NITTO KOGYO products in China and sales of products manufactured by overseas companies

GATHERGATES GROUP PTE. LTD.
16 Senoko Drive, SINGAPORE 758203
Details of Business: Manufacture and sales of electric machines and devices such as distribution boards, panel boards, control panel boards and meter boxes

ELETTO (THAILAND) CO., LTD.
41 Moo 4, Rojana Industrial Park 2, Tambol U-Thai, Amphur U-Thai, Ayutthaya 13210, THAILAND
Details of Business: Manufacture and sales of electric machines and devices such as breakers

NITTO KOGYO BM (THAILAND) CO., LTD.
No.41/1 Moo 4, Tambol U-Thai, Amphur U-Thai, Ayutthaya 13210, THAILAND
Details of Business: Manufacture and sales of electrical machines and devices such as metal enclosures and distribution boards and panel boards
Import and sales of NITTO KOGYO products in Thailand and sales of products manufactured by overseas companies

Information Communication Networks / Construction of electricity equipment, etc.

NANKAIDENSETSU Co., Ltd.
3-12-7 Nihonbashi Higashi, Naniwa District, Osaka-shi, Osaka, 556-0006
Details of Business: Operation of information communication network business, electrical equipment business, etc.

EM solutions CO.,Ltd.
Shinbashi Annex 2F, 5-35-10 Shinbashi, Minato-ku, Tokyo, 105-0004
Details of Business: Consulting, development, construction, and sales of renewable energy solutions.

Software Development / Sale

ECAD Solutions Co., Ltd.
Welck Building 6F, 4-3 Shintoshin, Chuo-ku, Saitama-shi, Saitama, 330-0081
Details of Business: Electrical design, system development and sales of harness design CAD.

Electrical and telecommunications infrastructure-related Distribution business

SunTelephone Co., Ltd.
Daiwa Rivergate 17F, 36-2 Kozakicho, Nihonbashi, Chuo-ku, Tokyo, 103-8515
Details of Business: Sale / import export of information transmission machines, parts and construction materials
Development of information communication terminal equipment / transmission terminal devices

SunTelephone Co., Ltd. Subsidiaries
SUNTEL (THAILAND) Co., Ltd.
Master Controls Co., Ltd.
SAO NAM AN TRADING SERVICE Corp.

Electronic parts-related Manufacturing business

KITAGAWA INDUSTRIES CO., LTD.
695-1 Higashi Orido, Mukuicho, Inazawa-shi, Aichi, 492-8446
Details of Business: Manufacture and sales of components for electromagnetic environment and components for precision engineering.

KITAGAWA INDUSTRIES CO., LTD. Subsidiaries
Local Sales Subsidiaries: US, Germany, China (Shanghai, Shenzen), Hong Kong, Taiwan, Thailand, Singapore
Local Production Subsidiaries: Thailand, China (Wuxi)

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Editorial Policy

This report is published so that all stakeholders, including shareholders and investors, better understand the medium to long-term initiatives aimed at improving enterprise value. It introduces, with a focus on information related to improvements to enterprise value, the basic values of the NITTO KOGYO Group, our journey, how we create value in the medium to long-term and our initiatives towards sustainability.

Additionally, information not included in this report will be listed on our website, so please check both.

Our website: https://www.nito.co.jp/

Period
FY2023 (April 1, 2023 to March 31, 2024)
* A portion will be related to activities that took place during other periods.

Published Information
Published October 2024

Range
Entire group, including NITTO KOGYO CORPORATION and group companies.

Cautionary statement concerning forward-looking statements

Descriptions related to future forecasts, like the plans, estimates and strategies, in this report were based on fixed prerequisites that were determined to be rational at the time of disclosure. Actual results are determined by a variety of factors, and they may differ greatly from that in the estimates.



We make contributions to the creation of a sustainable society based on our founding ideal of putting quality first.

Chairman & CEO
Tokio Kato

We have put together the first NITTO KOGYO group integrated report. It covers a broad range of topics, including the expansion of our business into the domains such as automobiles via our group management, electricity and information communication, solution business and global expansion making use of our management systems, and our efforts towards the prevention of global warming, safety and disaster prevention.

We're going to continue to move forward with a variety of activities that make contributions to the creation of a sustainable society, and we will continue to communicate these to all of our stakeholders, like our shareholders, investors, customers, business partners and employees.

Since our establishment in 1948, NITTO KOGYO has used connection technology to support the societal infrastructure that are the electricity, information and communication networks necessary for life, industry and society itself.

In 1990, we were listed on the second section of the Tokyo Stock Exchange, and in 1992, we established our R&D center. In response to the needs of next generation electricity control systems and high-speed high-volume optical communication networks, we developed products related to electricity and information infrastructure, such as high-voltage power receiving equipment and optical boxes, and provided these to public facilities, office buildings, commercial facilities, apartments and residences. We've also developed an integrated production, sales and service system that allows us to one-day deliver mass produced items the day after they are ordered.

From 2000 and on, we carried out M&A and expanded the domains in which we do business while reinforcing ourselves by moving from single devices and equipment to systems, and then further to solution businesses, such as management systems, to ensure we could accelerate innovation so that we can keep up with rapid changes in the era and in society. Further, we're developing and lining up products that allow us to always appropriately meet the needs of our customers, we're developing a series of chargers for electric vehicles and plug-in hybrids and products aimed at the renewable energy solar power market, and we are broadening our business to new products and services related to intelligent information systems, such as ICT and IoT.

Additionally, in our global expansion, we've established production and sale bases in China, Singapore and Thailand in addition to sale bases in Europe and the US so to contribute to electricity and information infrastructure all around the world.

We value the beliefs of our founder, being bold and forthright in walking the proper path, and doing what we rightfully should while moving down our rightful path without obstruction (this is called "Daido Mumon" in Zen terminology), and we still base our group's corporate philosophy on these. Based on this corporate philosophy, we have consistently put product quality first to provide safe, high-quality products based on solid technical designs so that we can fulfill our responsibility as a company that provides products that support societal lifelines like electricity, information and communication. Our group's strength lies in the strict performance testing we do at our group-owned testing facilities that has allowed us to be unwavering in our pursuit of safety and quality.

And, what supports this sort of active business development is our human resources. Based on the notion that human resources are the foundation of business development, our group places a great deal of importance on employee education and works to foster human resources that are both sincere and overflowing with an enterprising spirit. In particular, we're aiming at creating an environment where all employees are able to make the most of their abilities, regardless of nationality, sex or gender barriers, based on globalization.

English expresses work as two different words: "job", or work for wages, and "vocation", or one's calling / work with a sense of purpose. Even if employees engage with their work as a "job" when they first join the company, as they engage sincerely, they will garner trust from those around them, their responsibility will grow, and their opinions and proposals will begin to be accepted. Our hope is that, as a result of this, they will begin to feel a sense of purpose in their work, and that all of our employees will grow in the sense that their job becomes their vocation.



Our group will continue to rapidly innovate, to grow as a group company making contributions to the realization of a sustainable society, and to meet the expectations of our stakeholders. I hope that you will provide further kind understanding and support to us.

The Trajectory of the NITTO KOGYO Group

Since the 1948 founding of our company in Seto City, Aichi Prefecture, NITTO KOGYO CORPORATION has been supporting the electrical and information infrastructure in a variety of contexts through the development and proposal of electrical equipment and machines, such as the cut-out switch that utilized Seto ceramics, the standard fuse box and control panel boards, the iron enclosures and the system rack.


Cut-out switch

From 2000 and on, we've been working to expand the domains in which we do business through M&A and reinforce our business while making contributions to society with a global perspective by creating a new business foundation with an eye on international markets through the overseas development of production bases so that we can ensure that we are always able to meet the needs of our customers.


NITTO KOGYO CORPORATION


NITTO KOGYO (CHINA) CORPORATION


Aichi Electric Works Co., Ltd.


ELETTO (THAILAND) CO., LTD.


SunTelephone Co., Ltd.


NANKAIDENSETSU Co., Ltd.


Taiyo Electric Mfg. Co., Ltd.


NITTO KOGYO
BM (THAILAND) CO., LTD.


GATHERGATES GROUP PTE. LTD.


ECAD Solutions Co., Ltd.


KITAGAWA INDUSTRIES CO., LTD.


EM solutions CO.,Ltd.


Tempearl Industrial Co., Ltd.

1948
NITTO KOGYO CORPORATION established in Seto City, Aichi Prefecture on November 24

2004
China Local Subsidiary
Established NITTO KOGYO (China)
(formerly NITTO KOGYO (Jiaxing) Electronics

2007
Welcomed Aichi Electric Works Co., Ltd. to the NITTO KOGYO Group

2008
Thailand Local Subsidiary
Established ELETTO (THAILAND) CO., LTD.

2013
Welcomed SunTelephone Co., Ltd. to the NITTO KOGYO Group Welcomed NANKAIDENSETSU Co., Ltd. to the NITTO KOGYO Group

2014
Welcomed Taiyo Electric Mfg. Co., Ltd. to the NITTO KOGYO Group

2015
Thailand Local Subsidiary
Established NITTO KOGYO BM (THAILAND) CO., LTD.
(formerly NITTO KOGYO TRADING (THAILAND) CO., LTD.)

Singapore Local Subsidiary
Welcomed GATHERGATES GROUP PTE. LTD.
to the NITTO KOGYO Group

2017
Established ECAD Solutions Co., Ltd.

2019
Welcomed KITAGAWA INDUSTRIES CO., LTD. to the NITTO KOGYO Group

2023
Established EM solutions CO.,Ltd.

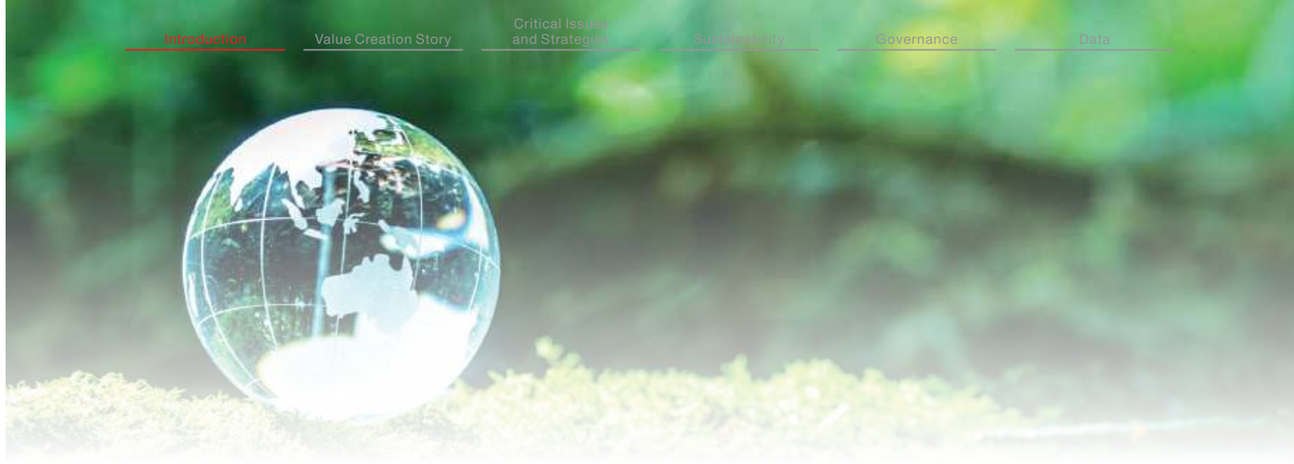
2024
Welcomed Tempearl Industrial Co., Ltd. to the NITTO KOGYO Group

FY1973
Sales (Consolidated) Surpassed **10** bn yen

FY2013
Sales (Consolidated) Surpassed **100** bn yen

FY2023
Sales (Consolidated) Surpassed **150** bn yen

Sales trends
Consolidated Non-consolidated



Mission / Vision

In our 2026 Mid-term Management Plan, we reformulated our mission and vision as a group.

We're sharing this new mission / vision with the entire group, holding dear the two values that are reliability and peace of mind in this difficult to predict and highly uncertain environment and working to continually resolve societal issues.

Group Mission

The NITTO KOGYO Group is continuing to make contributions to stakeholders, such as our customers, employees, suppliers, shareholders and local communities, not just domestically, but also globally.

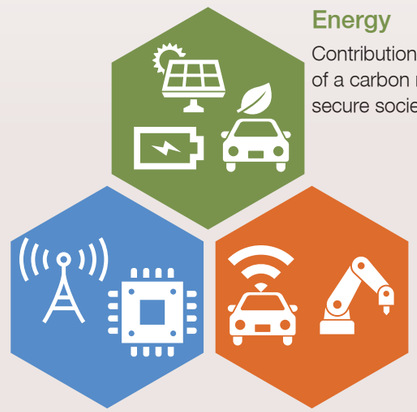
Currently, the environment is one where the future is difficult to predict and uncertainty is rising. Our mission is to continue to hold on to reliability and peace of mind, the two values that will allow us to resolve societal issues even amid that sort of environment, and develop business to maintain our beautiful earth for the next generation.

Mission

Provide reliability and peace of mind when it comes to the future of our planet

Important NITTO KOGYO Group Business Domains

Constructing a highly sustainable social infrastructure through electricity and information



Energy
Contributions to the construction of a carbon neutral safe and secure society infrastructure

Information Communication
Contributions to the creation of an infrastructure that supports a digital society and digital transformation

Automation
Contributions to productivity improvements and labor shortages with automation and labor-saving

We shall develop business to maintain our beautiful earth for the next generation.

Group Vision

Our desired state is not one in which we simply focus on issues that are currently surfacing, but one in which the NITTO KOGYO Group also ascertains latent societal issues, and works faithfully to take on the challenge of solving even difficult problems without being afraid of failure. Always continuing to take on the challenges of creating new value while expanding the role we play in society.

Vision

Strive to solve problems sincerely and continue to tackle the challenge of creating new value

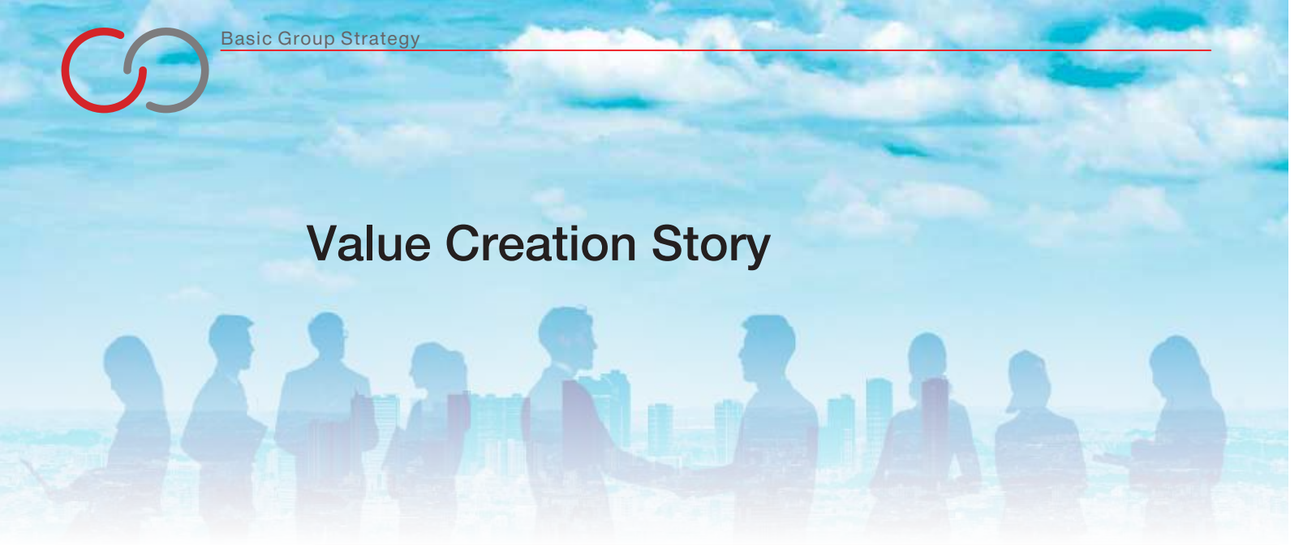
The Goals of the NITTO KOGYO Group

To not simply focus on issues that are currently surfacing, but to also ascertain latent societal issues,
and take on the challenge of solving even difficult problems

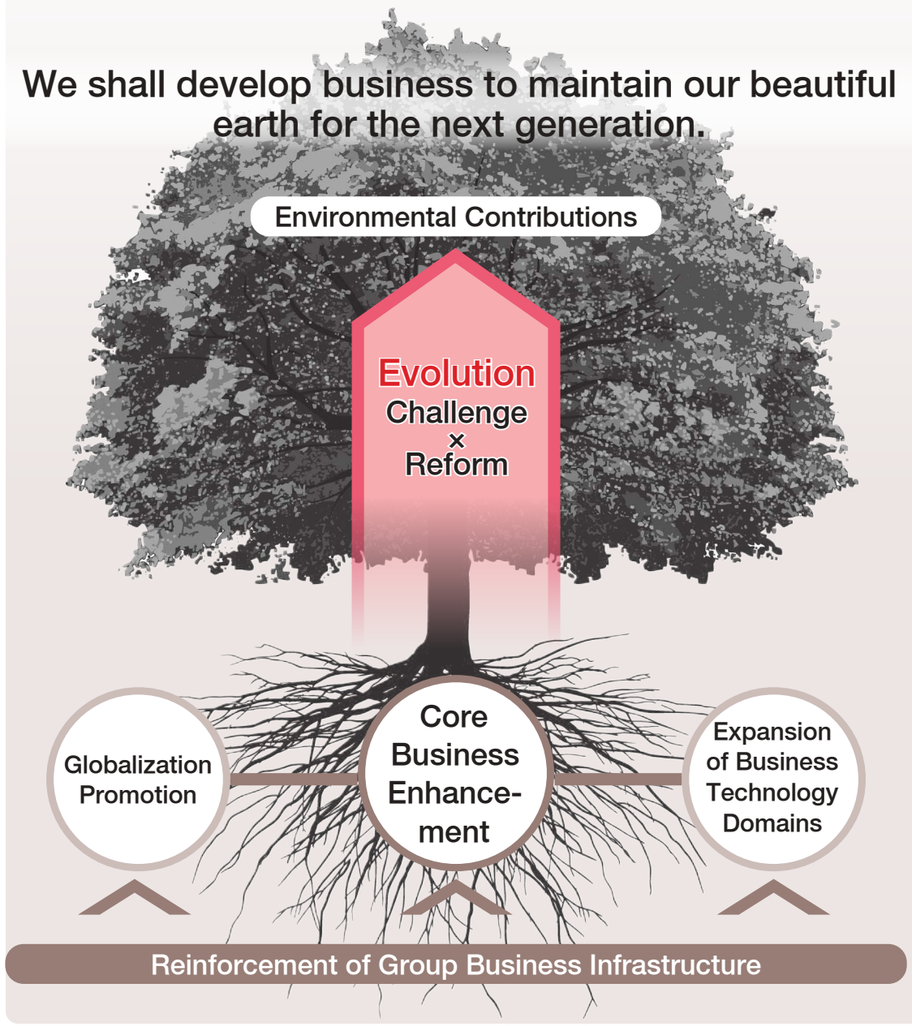
Important social issues we should deal with that will link into new value creation



To broaden the role we play in the realization of a sustainable society



Value Creation Story



Basic Group Strategy

The direction of our growth starts with the enhancement of our core business, which will solidify the primary foundation of our group. From there, we can work to broaden our business foundations by promoting globalization and expanding our business technology domains. Through repeatedly taking on challenges and enacting reform, we're aiming to make contributions to the environment. Our focus isn't simply on increasing economic value, but also in increasing our social and enterprise value.

While the NITTO KOGYO group has made contributions to society by maintaining electricity/information-related infrastructures, we're also going to contribute to protecting the environment.

By linking contributions to the environment, we're going to increase our social value in addition to our economic value, improving our corporate value

By repeatedly daring to react to opportunities and responding to risks, we're going to evolve as a corporation

We're going to solidify the core businesses that are our primary foundation, promote globalization, expand our business technology domains, and broaden our business foundations

We're going to create a rock-solid foundation to support our business

The Value Creation Process

This illustration depicts the NITTO KOGYO GROUP value creation process. Environmental awareness, on the left, is our starting point. By thinking about social issues first and working to solve them, we believe that we can increase our sustainability by improving enterprise value via balancing both social value and economic value.

Environmental Awareness

Increased environmental awareness
- Climate Change
- Carbon neutrality
- Resource Circulation

Changes in societal / economic structure
- Declining workforce
- Increasing geopolitical risks
- Changes to society and value systems

Evolution of technology
- Accelerating spread of digital transformation
- Explosive expansion of data volume
- Ensuring cybersecurity

Input

Management Resources

Financial capital
A stable financial base

Human capital
Sincere, highly motivated human resources

Society / Related capital
A relationship of trust with stakeholders through sincere responses

Manufacturing / Service capital
Expanding business bases both domestically and globally

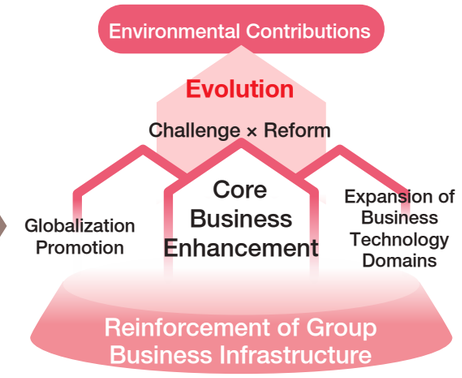
Intellectual capital
Highly original technology / know-how

NITTO KOGYO Business Activities

Mission

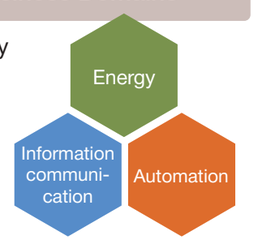
Provide reliability and peace of mind when it comes to the future of our planet

We shall develop business to maintain our beautiful earth for the next generation.



Important Business Domains

Constructing a highly sustainable social infrastructure through electricity and information



Output / Outcome

Vision

Strive to solve problems sincerely and continue to tackle the challenge of creating new value

Contribution to a sustainable society

- ✔ Contribution to an electrified society
- ✔ Contribution to the realization of a de-carbonized / recycling-oriented society
- ✔ Contribution to a toughening of electricity and information infrastructure
- ✔ Contribution to a computerized society
- ✔ Contribution to labor saving / efficiency

Improvements to enterprise value

- ✔ Improvements to capital efficiency
- ✔ Stable profit return
- ✔ Promotion of human capital management
- ✔ Response to digital transformation
- ✔ R&D reinforcement
- ✔ Improvements to productivity

Long-term Growth Story

The NITTO KOGYO group has raised [Strive to solve problems sincerely and continue to tackle the challenge of creating new value] as our vision, and we're aiming to become a group that can continue to grow.

By formulating and implementing strategy through backcasting, we've clarified the positioning of each mid-term management plan to realize what we aim to achieve.

Mission

Provide reliability and peace of mind when it comes to the future of our planet

2026 Mid-term Management Plan

Challenge

Response to opportunities

Expansion of business

Provide reliability and peace of mind when it comes to the future of our planet by resolving social issues

Reform

Response to risks

Reinforcement of Business Infrastructure

Create a resilient corporate culture so we can respond even to significant social changes

2023 Mid-term Management Plan

Firm platform and aggressive business action

Next term Mid-term Management Plan

Business Environment

- Changes in societal / economic structure
- Evolution of technology
- Increased sophistication of group management
- Expectations from stakeholders
- Increased environmental awareness

Management Environment

Backcasting

- Identifies social issues that need to be resolved
- Assumes future views and aspects that will come with significant social changes

Vision

Strive to solve problems sincerely and continue to tackle the challenge of creating new value

2021 – 2023 Create a foundation that evolves business

2024 – 2026 Establish a mechanism for growth

2027 – 2029 Realize dramatic growth

From 2030 Become a group that can continue growing

Environmental Awareness

Environmental awareness is a prerequisite for our long-term management vision, and we have listed that which we need to be aware of. The top half has the environment as it relates to business, with the bottom half having it as it relates to management. We regard the business environment as being one oriented towards the realization of a sustainable society, and we believe that we need to be aware of increased environment awareness, changes to the structure of society and the economy and the evolution of technology. Additionally, in the management environment, we believe that we need to be aware of the importance of meeting stakeholder expectations and increasing the sophistication of group management to fulfil our responsibility as a company listed in the Prime Market section of the Tokyo Stock Exchange.

Business Environment

The environment we need to be aware of as we develop business to contribute to the realization of a sustainable society

Increased environmental awareness

- **Response to carbon neutrality**
  Development of energy shifting / mobility electrification
  Resource utilization / Circular economy
- **Intensification of natural disasters**
- **Increased water security awareness**

Changes in societal / economic structure

- Declining workforce, declining birthrate and aging population
- Degradation of cities
- Increasing geopolitical risks
- Changes to society and people's value systems

Realization of a sustainable society

Management that plans for sustainable business growth while giving consideration to sustainability of the environment, society and the economy is essential

Evolution of technology

- Explosive expansion of data volume
- Rapid expansion of utilization of digital technology
- Rapid evolution of AI / IoT
- Advancement of electrification, electronification and automation
- Increase in cyber security risks

Management Environment

The environment we need to be aware to continually meet our stakeholder's expectations as a responsible company

Expectations from stakeholders

- Management with an awareness of capital efficiency
- Adequate allocation of financing [growth investments / shareholder returns]
- Requests for disclosure of non-financial information
- Advanced governance structure

Responsibility as a company listed in the Prime Market section of the Tokyo Stock Exchange

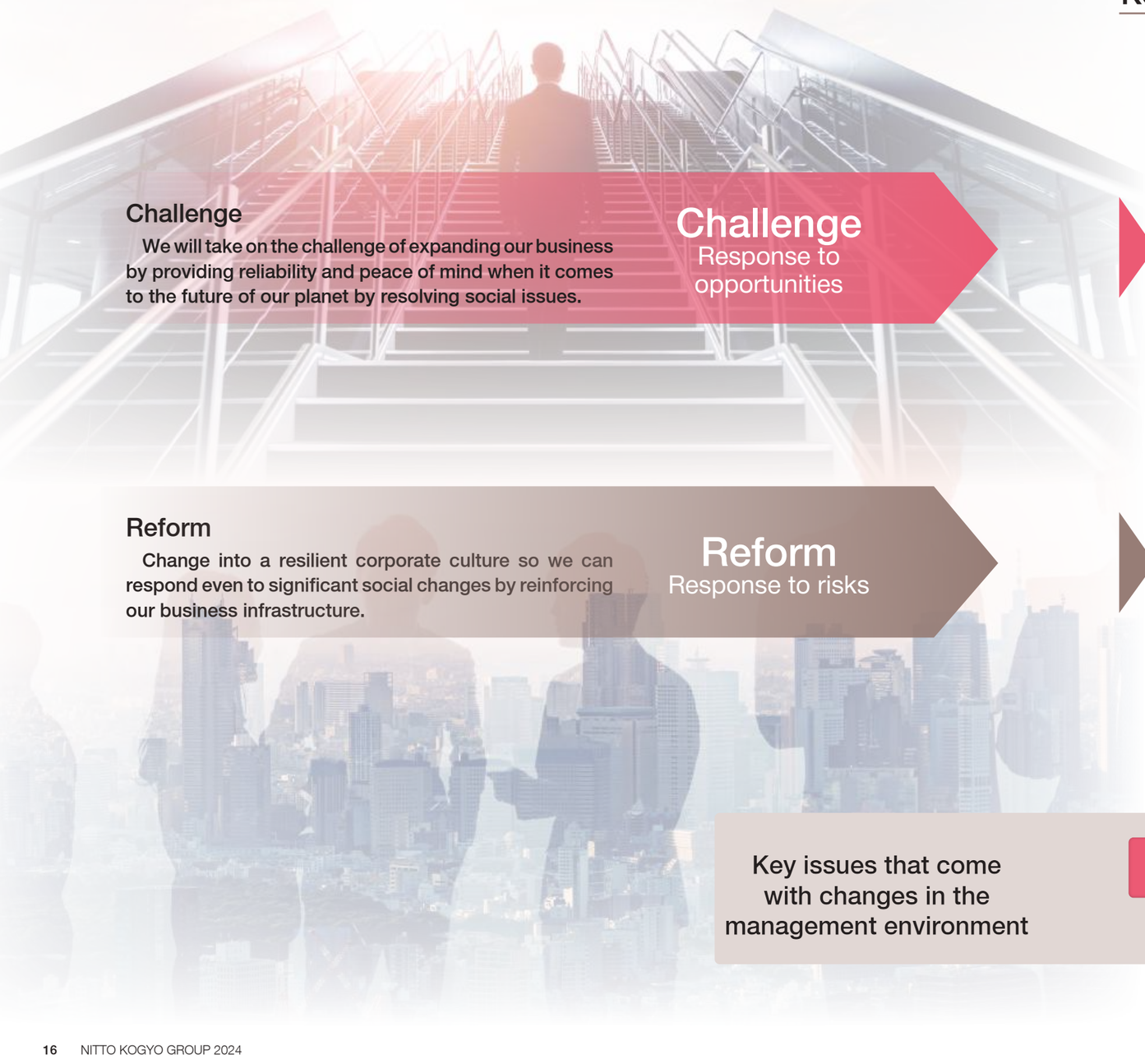
Globally, we have become an investment target for many institutional investors, **and strong governance, continual growth and improvements to enterprise value are required**

Increased sophistication of group management

- Creation of synergy
- Rapid investment decisions for growing businesses
- Increase the sophistication of business portfolio management
- Improve risk management level

Material issues

We express our response to each of these environmental changes by taking on challenges as a response to opportunities and undertaking reforms as a response to risks. We've set key issues for both the challenge that is expanding our business and the reform that is increasing our business continuity. Additionally, we believe that continuing to take on the challenge of meeting stakeholder expectations and upgrading group management is necessary as the foundation that will support this "challenge" and "reform".



Challenge

We will take on the challenge of expanding our business by providing reliability and peace of mind when it comes to the future of our planet by resolving social issues.

Challenge
Response to opportunities

Reform

Change into a resilient corporate culture so we can respond even to significant social changes by reinforcing our business infrastructure.

Reform
Response to risks

Key issues that come with changes in the business environment

Increased environmental awareness	Changes in societal / economic structure	Evolution of technology
▶ 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 products and services that improve productivity	▶ Support the advancement of IoT, AI and robotics and contribute to the creation of a "new normal" society
▶ Contribute to the realization of a resilient society by providing products and services related to the prevention and mitigation of disasters	▶ Contribute to the realization of a resilient society by providing products and services related to the renewal and preventative maintenance of infrastructure	▶ Provide highly convenient services, such as the creation of production and sales systems that make use of digital technology
▶ Ready ourselves for natural disasters risks and increase business continuity	▶ Construction of a robust supply chain that will link in with a reduction in geopolitical risks	▶ Reinforce cybersecurity
▶ Construction of an environmentally-friendly supply chain	▶ Increase efficiency through operational reform	▶ Increase responsiveness to the digitalization that will realize operation process reforms
	▶ Promotion of Diversity, Equity & Inclusion (DEI)	

Key issues that come with changes in the management environment

Expectations from stakeholders | **Increased sophistication of group management**

▶ Create a firm foundation that supports "challenge" and "reform"



Undertaking challenges and reform with a basic policy of accelerating evolution, we will proactively invest to expand the reach of our business.

President & COO
Toru Kurono

Achieving major results by firming up our platform for the future

FY2023 saw increased revenue and profit, and sales reached a record high. The impact of the COVID-19 pandemic fell away, and investment in buildings and facilities recovered alongside strong performance from commodities related to information and communication. Also, we were able to successfully revise prices amid rising raw material and component prices. These factors led to a significant increase in profit.

To sum up the 2023 Mid-term Management Plan, although the global economy was initially sluggish due to factors including COVID-19 and the situation in Ukraine, it began to recover in the second half of FY2022, and this led to sales that exceeded the target we set. As a result, we were able to more or less reach our operating profit and ROE targets.

We also largely achieved our business strategy targets as planned. As the NITTO KOGYO GROUP worked to operate in a way that delivered both economic and social value to increase its corporate value, the group designated the 2023 Mid-term Management Plan as a period in which we would solidify our platform, and in our core businesses of distribution boards and enclosures, we worked on increasing profitability by shifting from design and production made to order to standardized products. Furthermore, we worked proactively to expand sales of our EV chargers as an aggressive business action and on new businesses and new services such as a self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities. We have also established a profitable structure in our overseas business by developing businesses that specialize in products in which the NITTO KOGYO GROUP has strengths.

The fact that the path down which we should proceed has become clear through initiatives such as these is the most significant result obtained from the 2023 Mid-term Management Plan.

Focusing on new EMS, EV, and disaster prevention-related businesses to contribute to the environment

The basic policy of the 2026 Mid-term Management Plan, which commenced in FY2024, is to accelerate evolution to build on the results of the 2023 Mid-term Management Plan. When it comes to handling socioeconomic upheaval, speed is important. The NITTO KOGYO GROUP intends to accelerate the evolution of people, technology, business, companies, and the group through taking on challenges and reforming, and to achieve consolidated sales of 200 billion yen, consolidated operating profit of 15 billion yen, and ROE of 9.0%.

The aspect of challenges refers to responding to new opportunities, and to proactively investing in growth. We will boldly take on the challenge of creating new markets, expanding our business reach including our overseas business, developing new technologies, and making strategic investments including M&A.

The aspect of reforms refers to responding to risk, and building a solid business and management infrastructure. We will build a strong management foundation by reforming existing business processes, creating a supply chain that can respond to various risks, strengthening the NITTO KOGYO GROUP's infrastructure base, and improving the effectiveness of business portfolio management.

In the development of our business, we will focus on the three domains of energy management systems (EMS), EV-related business, and disaster prevention-related business as a strategic businesses to contribute to the conservation of the global environment. In the field of EMS, in March 2024, we established EM solutions Co., Ltd. as a joint venture with FA Products Inc., Sansha Electric Manufacturing Co., Ltd., and Tokura Corporation (50.1% of funding from NITTO KOGYO), and we will work on accelerating business expansion into areas such as a self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities and EV/PHEV general charging stands. Going forward, we will take forward development with a view to entering the field of household storage batteries, and we hope to make this a pillar of our future business.



In the field of disaster prevention-related business, over recent years there have been electrical fires suspected to have been caused by tracking, such as Shurijo Castle and Notre Dame Cathedral, so we have developed a spark discharge detection device that can detect extremely weak electrical discharges and delivered these products to important cultural assets, including Kunozan Toshogu Shrine, Zenkoji Temple, Matsumoto Castle, and Sapporo Clock Tower. Furthermore, we are working on the development of products to contribute to electrical safety during disasters, such as seismic circuit breakers that prevent damage from electricity in earthquakes.

In terms of enhancing our core businesses foundations, we have deployed the latest automated production line that leverages DX at our Seto Factory, which commenced operations in April 2024 as an environmentally-friendly smart factory, where we have achieved highly efficient production through multi-product mixed production that includes our internally-developed cabinets that can be customized on the website. In addition, by welcoming our industry peer Tempearl Industrial into the NITTO KOGYO GROUP, we will aim to maximize the synergy effect by pairing the technologies and specialist fields of both companies, and will aim to further improve our competitiveness.

Aiming for growth and improvement of corporate value by developing human resources

As a business that supports the social infrastructure indispensable for daily life and industry, the NITTO KOGYO GROUP will continue its philosophy of putting quality and trust first and promote the enhancement of corporate value by striving to develop human resources that will be the driving force for growth.

We have been fortunate to see a major increase in the number of individual investors and other shareholders thanks in part to the payout ratio of 100%, albeit limited to two periods during the course of the 2023 Mid-term Management Plan. In order to live up to the expectations of our shareholders and other stakeholders, from this period, we will seek an optimum balance between proactive investment and shareholder returns to increase capital efficiency and achieve sustainable growth. I hope that you will provide further kind understanding and support to us.

New Mid-term Management Plan

The basic policy for the 2026 Mid-term Management Plan is to accelerate evolution. By repeatedly and nimbly undertaking the two activities of taking on challenges as a response to opportunities and undertaking reforms as a response to risks, we will aim to achieve evolution. The NITTO KOGYO GROUP has always boldly and steadily expanded the role it plays in society. We will aim to accelerate the evolution of people, technology, business, the company, and the group by ensuring each individual and each organization repeatedly takes on challenges and enacts reforms in accordance with their role.

Acceleration of evolution

Evolution of people, technology, business, companies, and the group
Achieve evolution through repeated **challenges** and **reform**

Taking on the challenge of business expansion/proactive investment in growth

- Aim to create new business that goes beyond existing markets and industries
- Expand business reach through development of overseas markets
- Promote initiatives for the acquisition of new technology
- Carry out strategic investment, including M&As, to achieve growth



Building a solid business and management foundation

- Reform existing business processes (sales/production)
- Construction of a robust supply chain to deal with a range of risks
- Build a strong group infrastructure base
- Improve effectiveness of business portfolio management

Financial targets

Using the platform (foundation) that we have built up through the previous Mid-term Management Plan, we will aim to make these three years a period in which we accelerate the evolution of our business.

In specific terms, by working to further strengthen our core businesses while boldly taking on the challenge of growth businesses, we will aim to achieve a record high for consolidated sales and operating profit of 200 billion yen and 15 billion yen respectively in the fiscal year ending March 2027.

The ROE target for the fiscal year ending March 2027 shall be at least 9.0%, and we will achieve an ongoing increase in ROE by increasing capital efficiency through the pursuit of an optimized balance between growth investment and shareholder returns.

- Use the platform (foundation) that built up through the previous Mid-term Management Plan to make these three years a period of accelerating the evolution of our business
- Work to further strengthen our core businesses while boldly taking on the challenge of growth businesses and achieve a record high for sales and operating profit
- Achieve an ongoing increase in ROE by increasing capital efficiency through the pursuit of an optimized balance between growth investment and shareholder returns

Consolidated sales

Year ending March 2027
200 billion yen
Of which overseas sales: 20.0 billion yen
(overseas sales ratio) 10%



Year ending March 2024 **160.7 billion yen**
(Of which overseas sales) 15.4 billion yen

Consolidated operating profit

Year ending March 2027
15.0 billion yen
Operating profit margin: 7.5%



Year ending March 2024 **11.9 billion yen**
Operating profit margin: 7.4%

ROE

Year ending March 2027
At least 9.0%



Year ending March 2024 **8.3%**

Business portfolio

Basic policy

This indicates our basic policy for the NITTO KOGYO GROUP's business portfolio management.

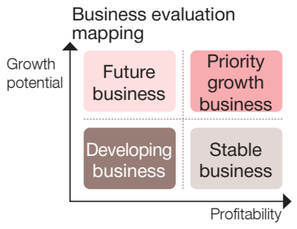
Achieve ongoing growth in group earning power through optimum allocation of management resources

Basic policy

- In order to achieve our long-term vision of "Strive to solve problems sincerely and continue to tackle the challenge of creating new value", ensure proper business portfolio management and swiftly invest in business where growth can be achieved
- In order to sustain value creation in the group as a whole, aim to implement management from the perspective of groupwide optimization

Key management points

- Take a holistic view of each business from the perspective of growth potential and profitability, envision the form business will take in future
- Decide upon a resource allocation policy for medium-to-long-term growth



Direction of growth

This indicates our approach to growth for each of the NITTO KOGYO GROUP's business segments.

We will clarify the position and direction of each business from the perspective of growth potential and profitability to undertake our business

Priority growth business	Electrical and telecommunications infrastructure-related Distribution business		Aim to expand business reach by expanding the domains of the markets and services we are involved in
Stable business	Electrical and telecommunications infrastructure-related Manufacturing, construction and service business	Core business	Build a solid foundation as a strong business while utilizing cutting-edge technology to increase profitability
Future business		Strategic business	Proactively enter markets where growth can be expected in order to expand the reach of our business and build a pillar for the future
	Electronic parts-related Manufacturing business		Increase our global earning ability, first aiming to increase the scale and then long-term profitability

Special feature

Environmentally-friendly smart Factory NITTO KOGYO Seto Factory Now in Operation

The NITTO KOGYO Seto Factory, which had been under construction in the city of Seto in Japan's Aichi Prefecture, commenced operations on April 23, 2024. As an environmentally-friendly smart factory, the Seto Factory is able to efficiently produce products, including enclosures for storing electrical devices, in an energy-saving manner. Taking the start of operations at this factory as a new step for the NITTO KOGYO GROUP, we will continue to meet the needs of our customers with highly efficient and high quality manufacturing.



Seto Factory

1.5 times greater production capacity for large enclosures

Production functions from the previous Nagoya Factory have been shifted to the Seto Factory, and this cutting-edge automated factory uses an MES (manufacturing execution system) to automate everything from receiving orders to production and shipment. This has increased large enclosures production capacity to roughly 1.5 times that of the previous production capacity. And going forward, we intend to take the know-how that we put into practice at the Seto Factory as a model factory for NITTO KOGYO's production automation and roll it out to other factories both in Japan and overseas.


Automated robots (sheet metal/welding)

Cabinets that can be customized on the website

The Seto Factory is equipped with a convenient web ordering system, producing cabinets that can be easily customized on the website. The system incorporates features such as a smooth drawing system, price visualization, and a delivery date display that allows customers to check production status, allowing them to easily place orders for special-order products on the web at any time. There are more than 10 million specification variations enabling a range of specification changes, meaning the workload for separate processing is greatly reduced. Thanks to this, it is now possible to shorten the 15 or more days it previously took to produce a custom product down to between four and seven days.


Autonomous mobile robots (AMR). They avoid people and obstacles and determine their own path of travel.

An environmentally-friendly factory focusing on sustainability

With the Seto Factory as an environmentally-friendly factory, we have achieved the top rank of five stars in the BELS assessment (Building-Housing Energy-efficiency Labeling System) while also acquiring ZEB certification.

At the Seto Factory, all of the electricity that is used in factory operations comes from renewable energy supplied by the solar power generation system installed on the factory's roof (with a panel capacity of 1,312 kW) and purchasing of carbon-free electricity. Furthermore, we have installed storage battery facilities to ensure a supply of electricity for disaster prevention in our office area.

In addition, the factory takes the environment into consideration with the measures including the installation of a self-consumption storage battery system that reuses batteries from electric vehicles, the utilization of electric trucks, and the installation of electric vehicle charging equipment in the parking areas.

Electricity generated from the solar power generation system installed on the south side of the Seto Factory's grounds (panel capacity: 1,134 kW) is transmitted to our Nakatsugawa Factory, and this helps to reduce CO_2 emissions. (P.46)



An electric truck with NITTO KOGYO livery



EV charging equipment installed in the parking area

Built in Seto, the Birthplace of NITTO KOGYO

NITTO KOGYO was founded in 1948 in the city of Seto. Seto is known as the town of ceramics, and the company started out as a manufacturer of electrical equipment utilizing pottery and pressing technology. And in April 2024, we started operations at a new future-oriented factory in the company's birthplace to meet the needs of the times as a company that links electricity and information from a global perspective.



The Seto Factory in 1960

Overview of the Seto Factory

- Location 22-4 Yatoko-cho, Seto-shi, Aichi, Japan
- TEL: (0561)-56-4700　FAX: (0561)-56-4701
- Area of grounds: 249,000 m^2
- Area of building: 50,000 m^2
- Construction: Steel-framed, flat roof (two floors in some areas)





By taking on challenges and working on reforms as a group, we will proactively challenge ourselves in the field of growth businesses

Managing Director
Koichiro Sato

Continue to take on the challenge of creating new value with an eye to the future

The 2026 Mid-term Management Plan that got underway in April 2024 states that we will proactively take on the challenge of growth business with the theme of accelerated evolution in order to establish a growth mechanism.

As a director with responsibility for our business, I will do my utmost to further accelerate the evolution of each of our businesses and achieve the goals of the 2026 Mid-term Management Plan while working earnestly on finding solutions for a range issues with a focus on those such as energy, information and communication, and automation.

The direction of our portfolio strategy for growth

In the 2026 Mid-term Management Plan, we will classify each business into one of the three fields of priority growth businesses, stable businesses, and future businesses along the two lines of growth potential and profitability, and aim to achieve growth over the medium-to-long term.

Priority growth businesses are those that have both high future growth potential and profitability. We have positioned the electrical and telecommunications infrastructure-related distribution business segment as a priority growth field and are engaged in this business mainly through the group company SunTelephone Co., Ltd. SunTelephone Co., Ltd. has a top-class record as a trading company in the business of telecommunications infrastructure, and it has a strong relationship of trust with its customers as it can meet their needs with its information capabilities and the speed of its response. I believe that this business has a high potential to grow significantly going forward in terms of the products it offers and the domains in which it is engaged. And it goes without saying that there is also a high potential for global market expansion. In specific terms, with a focus on areas including environmental energy, FA (factory automation), and data centers, the company will expand its sales of products with the potential for inclusion in proposals to customers. Beyond product sales, SunTelephone Co., Ltd. will work on expanding its business domains to include local surveys, proposals, installation, and construction services while aiming to enhance its solution business by leveraging overseas sales hubs in Thailand and Vietnam.

Furthermore, the company will strengthen its network with customers such as telecommunications carriers and system integrators and advance supply chain management by digitalizing sales processes through its e-commerce site.

Further enhancement and improved profitability for stable businesses

Among our electrical and telecommunications infrastructure-related manufacturing, construction, and services business, we classify our core businesses of distribution boards and enclosures as a stable business. We will build up it as a solid foundation for strong business while proactively utilizing cutting-edge technology to increase profitability. This business will mainly be carried out by NITTO KOGYO, Aichi Electric Works Co., Ltd., Taiyo Electric Mfg. Co., Ltd., and Tempearl Industrial.

The concept behind the Seto Factory, which came online in April 2024, is to make it an environmentally and people-friendly smart factory. It is capable of mixed production, which can manufacture products in various sizes to accommodate customers' needs and special order products with non-standard specifications on a single production line, and is equipped with groundbreaking production line technology offering swift production based on DX that utilizes customers' drawing data while maintaining the same level of quality as standard products. Large enclosures are seeing growing demand from markets including the FA and control market and the storage battery market, and so the Seto Factory will increase our production capacity for large enclosures to 1.5 times its previous level. Our customers include distribution board and control panel board manufacturers and electrical contractors, and these customers are increasingly switching from in-house production to purchasing enclosures as the workforce declines. I believe that by supplying products produced by the Seto Factory's automated equipment, the factory can become one that can also contribute to streamlining production in the industry. The seamless production of distribution boards utilizing a smart factory requires highly digitized design data. Our group company ECAD Solutions Co., Ltd. will take responsibility for providing services to streamline and reduce the need for manpower in board design, and for DX solutions in the board industry.

Increase the scale and improve long-term profitability in future business domains

In terms of future business, 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. This includes energy management, which we classify as a strategic business in the sector for electrical and telecommunications infrastructure-related manufacturing, construction, and services business. And in electronic parts-related manufacturing business, we will increase our global earning ability, first aiming to increase the scale and then increase long-term profitability.

The field of energy management is deeply linked to the achievement of a carbon neutral society that NITTO KOGYO placed great emphasis on. EM solutions, which recently got off the ground as a joint venture, is a company that can provide a one-stop service covering everything from inquiries to installation and construction, servicing, and maintenance for the deployment of distributed power sources such as solar power generators and storage batteries. By bringing together the specialist domains of the four companies that have invested capital in EM solution, the aim is to increase competitive superiority in the smart energy market. I see this as the first step in developing the business of the NITTO KOGYO GROUP so that it not only sells products but also provides services from installation to maintenance thanks to a collaboration between our group companies of NANKAIDENSETSU Co., Ltd. and EM solution. At the same time, I think it is also a company that can contribute to the circular economy, in which products are used for a long time.

We are mainly engaged in the business of electronic parts-related manufacturing centered on our group company Kitagawa Industries Co., Ltd. To strengthen our overseas business, in addition to strengthening relationships with Japanese manufacturers who are looking to grow in the automotive and appliance markets, we will also work to develop relationships with non-Japanese manufacturers. We will also continue to build a support system for EMC measures, including strengthening alliances with overseas test sites.
To strengthen our solutions, we will work on the development of noise suppression technologies for electrification and electronification, especially in vehicles, to ensure that we can take advantage of opportunities in growing markets.

Toward global business expansion

In order to achieve the goals of the 2026 Mid-term Management Plan, the key to growth will be the global expansion of business in all segments. Starting with China in 2004, the NITTO KOGYO GROUP has expanded overseas into Thailand, Singapore, and other countries. While initially our overseas expansion mainly focused on production functions through companies including NITTO KOGYO (China) and ELETTO (Thailand), we have subsequently been expanding into sales overseas. At present, our overseas sales make up less than 10% of the total, so we need to massively expand this. To this end, we will require a leap forward for each group company overseas and the creation of a synergy centering on the group company GATHERGATES, and we will make efforts toward this end going forward. In the 2023 Mid-term Management Plan, we worked to stabilize and expand the scale of overseas business, by, in the business of electrical and telecommunications infrastructure-related manufacturing, construction, and services, taking action such as starting operations at a new NITTO KOGYO BM (Thailand) factory. We have also strengthened the expansion of our overseas business in electrical and telecommunications infrastructure-related distribution business and electronic parts-related manufacturing business. Today, now that the COVID-19 pandemic is over and the global business environment has recovered, further expansion of overseas business as well as an improvement in finance and revenue structure are important matters to be addressed.

What will be extremely important to this end is the development and enhancement of relationships with non-Japanese manufacturers. The key to success will be the extent to which we can create what customers in each country want by developing sales channels and building relationships of trust. It is expected that in future, the fields in which the NITTO KOGYO GROUP is achieving added value in Japan, such as carbon neutrality, addressing labor shortages, and disaster prevention and mitigation, will also undergo growth in the ASEAN area, which is currently seeing remarkable growth. For example, in our overseas business as well, we have standardized the custom-made aspects of the distribution board industry overseas to put together a system to enable swift provision of products.

Going forward, we will continue to provide the products and services that bring joy to customers in each country at a price the customer considers fair, and shall accelerate market expansion and revenue improvement.

We also intend to concentrate our efforts into focusing on how to generate synergy among the NITTO KOGYO GROUP's local subsidiaries in Asia. Collaboration between factories in Thailand and Singapore is also a possibility for the ASEAN market. I want to create an organization akin to a regional headquarters and work to strengthen group collaboration while working to move into new areas. These are possibilities that I would like to consider in future.



Establish a mechanism for growth and work to expand business while enhancing business infrastructure

Managing Director
Akitaka Tejima

Summary for financial results of fiscal year ending March 2024 and 2023 Mid-term Management Plan

Under our long-term management vision, the NITTO KOGYO GROUP sets out [Provide reliability and peace of mind when it comes to the future of our planet] as its mission, and has focused effort on the construction of highly sustainable social infrastructure through electricity and information. In 2024, we set out [Strive to solve problems sincerely and continue to tackle the challenge of creating new value] as our new vision.

The 2023 Mid-term Management Plan, which covered FY2021 to FY2023, was positioned as the phase in the long-term growth story of the NITTO KOGYO GROUP in which we build a foundation for the evolution of business, and in it we took on the challenge of a range of reforms in terms of both our business activities and enhancement of business infrastructure.

Our quantitative targets were consolidated sales of 150 billion yen, consolidated operating profit of 13 billion yen, and ROE of at least 8.5%. Although these targets were set at a stage when the impact of COVID-19 was not yet clearly foreseeable, we still managed to make a companywide effort to succeed in the challenge of achieving these lofty targets.

In our business activities, we have been forced to deal with difficulties in procuring parts and materials and price hikes caused by the prolonged impact of COVID-19 and the Ukraine crisis, among other factors. In each of our businesses, however, we have developed new markets, explored new fields of business, and made a range of efforts that include cost reductions and price revisions to improve profit margins. As a result, in the year ending March 2024 - the final year of the 2023 Mid-term Management Plan - consolidated sales reached a record high of 160.709 billion yen, meaning we met our initial target. For consolidated operating profit, while it grew by 46.4% year-on-year to reach 11.967 billion yen, we were unable to meet our initial target. However, through the course of the 2023 Mid-term Management Plan, we achieved a range of results toward improved earning power.

I believe that on the basis of the mission and vision I mentioned above, with electricity and information as the main domains of business of the NITTO KOGYO GROUP, the approach of working to resolve a range of issues faced by society with the keywords of safety and security in order to leave behind a beautiful global environment for coming generations has thoroughly permeated the whole group over the course of these three years. The development of new markets and businesses, as well as the reform of our infrastructure, has been brought about by this shared awareness, and we have seen firm results in terms of the themes of the 2023 Mid-term Management Plan, which are to lay the foundation for the evolution of our business.

A shift to management emphasizing balance sheet management

In the 2023 Mid-term Management Plan, we undertook a review of capital policy and shareholder returns policy as a way of enhancing the group's business infrastructure. NITTO KOGYO once emphasized sales and profit, and increased our internal reserves and undertook debt-free management in order to ensure stability, but we have now successfully made a significant change of course to emphasize balance sheet management in business. In addition to share buybacks, we raised our consolidated dividend payout ratio to 100%, albeit limited to two periods, the fiscal years ending March 2023 and 2024. As a result of this, ROE hit 8.3%, meaning we successfully raised it to a level more or less at the target value of 8.5%. PBR has also been maintained at the level of a factor of at least 1.

Basic policy for the 2026 Mid-term Management Plan and the setting of high financial targets

The 2026 Mid-term Management Plan (from FY2024 to FY2026) is positioned as a phase in which we will establish a mechanism for growth. With a basic policy of accelerating evolution, we will aim to achieve evolution by repeatedly and nimbly undertaking the two activities of taking on challenges as a response to opportunities and undertaking reforms as a response to risks.

In terms of challenges, we will engage in the creation of new businesses that transcend markets and industries and business expansion such as overseas market development. We will also work on proactive strategic investments that include exploring new technologies and M&A.

In our reforms, we will promote process innovation in existing businesses, build a robust supply chain, and strengthen the NITTO KOGYO GROUP's infrastructure. We will also improve the effectiveness of business portfolio management.

Our financial targets are consolidated sales of 200 billion yen, consolidated operating profit of 15 billion yen, and ROE of at least 9%. We considered the three years as the period of accelerating business evolution using the foundations we have developed in the previous Mid-term Management Plan and set the lofty target of record-high sales and operating profit.

Capital allocation emphasizing growth and capital efficiency

The basic stance for finance in the 2026 Mid-term Management Plan involves having an awareness of the cost of capital and to continuously improve capital efficiency, or ROE. Specifically, we will enhance profitability by aggressively allocating capital to growth investments while increasing financial leverage through the use of interest-bearing debt.

Regarding the allocation of capital, we will emphasize investment in growth and balance this with the amount to be returned to shareholders. Using cash from operating cash flow of 40 billion yen over three years plus 20 billion yen raised through interest-bearing debt, we plan to invest 30 billion yen in growth, 13 billion yen in steady-state investments to maintain existing businesses, and 17 billion yen plus more in returns to shareholders to maintain a high and stable level of dividends.

For investment in growth, we plan to invest 11 billion yen in our core business, 6 billion yen in business domain expansion, 5 billion yen in overseas business, and 8 billion yen in strengthening our business infrastructure. We are also considering M&As in order to take an early approach to growing markets. We will proactively engage in capital participation and work to form alliances with companies that have resources we do not count among our own technologies, products, and services.

As for shareholder return policy, we will implement a stable dividend policy by setting a new dividend payout ratio of 50% and a minimum DOE (dividend on equity) ratio of 4%. The previous Mid-term Management Plan set out a dividend payout ratio of 100%, but this measure was limited to two fiscal years from the time it was unveiled. By continuing to set a high level of 50%, we aim to improve capital efficiency by limiting the buildup of treasury stock and combining it with policies for investment in growth.

On the financial side, we aim to further increase corporate value and achieve ROE of at least 9.0% by nimbly acquiring and retiring treasury stock as necessary.

To strengthen our business infrastructure

The NITTO KOGYO GROUP will further strengthen group business infrastructure through human capital, digital transformation (DX), research and development, and such other initiatives.

Of these, human capital is viewed not as a cost but as important capital that supports company growth and organized into the three categories of creation, active involvement, and sustainability. Firstly, with regard to creation, we will work to provide opportunities for growth and support the independent career development of each individual. Regarding active involvement, we will create an environment that allows employees to gain a variety of experiences, including exchange among human resources within the NITTO KOGYO GROUP. And with regard to sustainability, we will work to create a comfortable working environment, foster a culture that encourages employees to take on new challenges, and maintain and promote employee health. We will enact measures that will lead to strength for all group companies as each employee grows to become a strong individual.

DX refers to the use of digital technology to reform operations. We are looking at reforms in terms of offense and defense, but it is also important to strengthen DX human resources.

With regard to research and development, we will focus on enhancing the value of the NITTO KOGYO GROUP's technologies based on an envisioned future of society such as realization of carbon neutrality, evolution of the infrastructure that society is built on, and progress in automation and labor saving.

Regarding group management, all companies, including NITTO KOGYO, will be arranged in a horizontal structure with respect given to the individuality of each company. Of course, in terms of governance, NITTO KOGYO will take the initiative and bind all of the companies together.

We will continue to take on the challenge of meeting stakeholder expectations and upgrading group management to fulfil our responsibility as a company listed in the Prime Market section of the Tokyo Stock Exchange. We aim to be a corporate group that our shareholders and other stakeholders can count on for sustainable growth.

Strategy by business

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

Our electrical and telecommunications infrastructure-related manufacturing, construction, and service business is carried out by NITTO KOGYO, Aichi Electric Works Co., Ltd., Tempearl Industrial*, NANKAIDENSETSU Co., Ltd., Taiyo Electric Mfg. Co., Ltd., EM solutions, ECAD solutions, NITTO KOGYO (China)*, GATHERGATES GROUP PTE. LTD.*, ELETTO (Thailand), and NITTO KOGYO BM (Thailand), and the basic policy in this business is as set out below.

We aim to establish our core businesses (switchboards, cabinets, and information and communication related) 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.

*Including subsidiaries.

Strategic themes

Globalization promotion	Core business enhancement	Expansion of business technology domains
• Overseas business strategy	• Distribution board business strategy • Enclosure business strategy • Information infrastructure business strategy	• Field engineering business strategy • Business domain expansion strategy

We have established six business strategies in the domains of core business enhancement, business and technology domain expansion, and globalization promotion that constitute the strategic themes for our manufacturing, construction, and service businesses in the 2026 Mid-term Management Plan. In terms of our business strategy for field engineering, given the growth in the two domains of electric vehicle infrastructure and energy management resulting from our work to focus on commercialization in new domains in our initiatives under our 2023 mid-term business strategy, we will separate from our business domain expansion strategy and 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 offer the new products and services demanded by our customers.

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

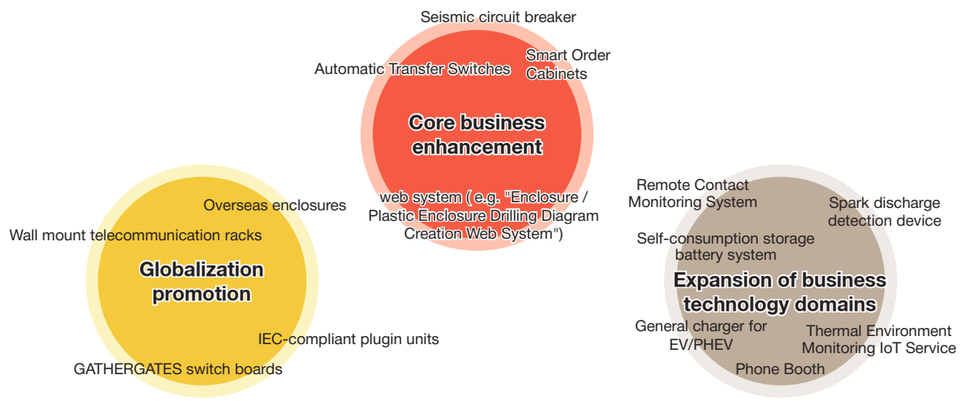
- Provide a one-stop service for resource circulation solutions based on comprehensive energy management and utilization of reused products
- With the aim of being chosen directly by end users (companies), provide value that goes beyond the sale of tangible products

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

New products and services for each business strategy



Electrical and telecommunications infrastructure-related Distribution business

Our electrical and telecommunications infrastructure-related distribution business is carried out by Sun-Telephone Co., Ltd. and its subsidiaries, and the basic policy in this business is to expand the reach of our business by enhancing our solutions business and expanding the domain of markets and services through evolution in supply chain management.

In the field of ICT and the environment, undertake our business with a mission of contributing to a sustainable world by constructing safe, secure, and convenient infrastructure for society in order to become a company trusted by customers, business partners, the community, and employees and their families.

Strategic themes

Enhancement of solutions business for ICT and the environment	Create a mechanism for efficient sales
(1) Enhancement of proposals to end users (2) Expansion of solution domain (3) Enhancement of technology capabilities	(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 accelerate DX.

Strengths and opportunities

Our strengths: Strengths	Opportunities: Opportunities
✓ On-site capability ✓ Procurement and product lineup capability ✓ Solution proposal capability ✓ Deadline handling capability ✓ Customer service capability ✓ Global expansion capability	✓ 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) ✓ Osaka Expo

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.



Electronic parts-related Manufacturing business

Electronic parts-related manufacturing business is carried out by Kitagawa Industries Co., Ltd. and its subsidiaries, and the basic policy in this business is to 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 thorough 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



10m anechoic chamber

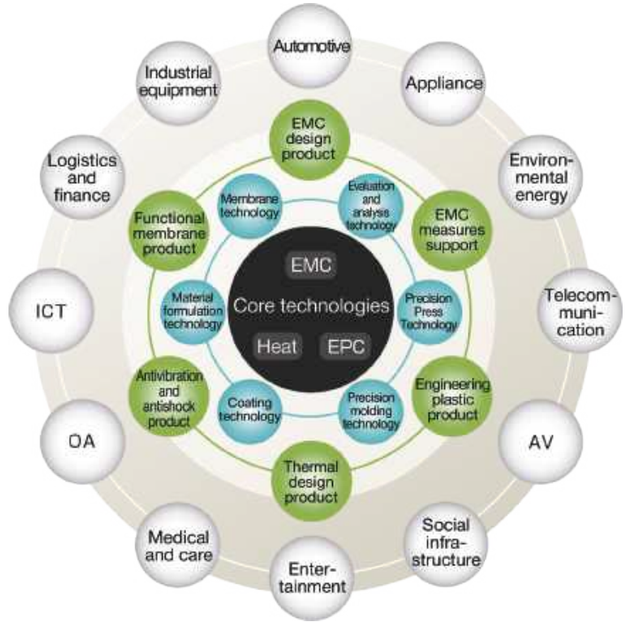
■ Growth of results through enhancement of solutions

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



Human capital strategy

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 overseas training.

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.

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

	2019	2020	2021	2022	2023	Targets for 2030
Women employees	16%	16%	15%	15%	15%	20%
Non-Japanese employees	1%	1%	1%	2%	2%	2%
Employees hired mid-career	25%	25%	26%	27%	28%	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.

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.

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 to 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 with the aim of enabling each individual employee to work with vibrancy
- 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

Future initiatives

- Utilization of engagement surveys
  PDCA for improvement activities in each department on the basis of survey results
- Evolution of job satisfaction reform project
  Job satisfaction reformation declaration, enhanced information dissemination from the President (president newsletter), etc.
- 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 Crop. 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

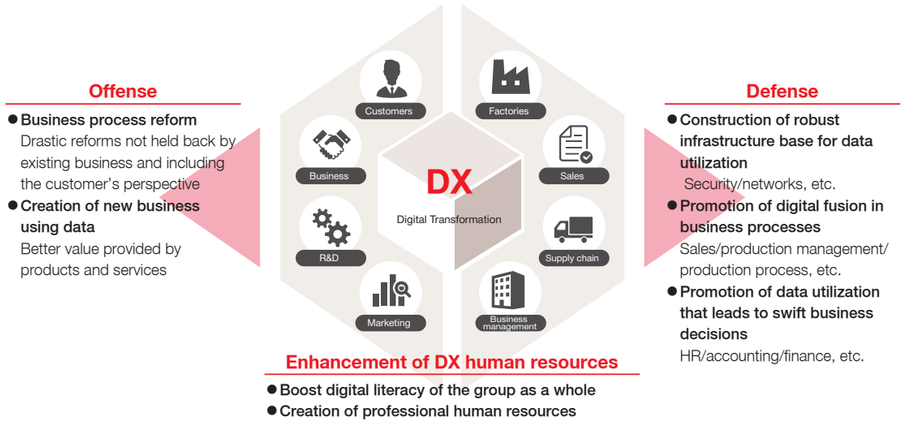
DX actions

The NITTO KOGYO GROUP is constructing data utilization infrastructure and robust group infrastructure base 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.

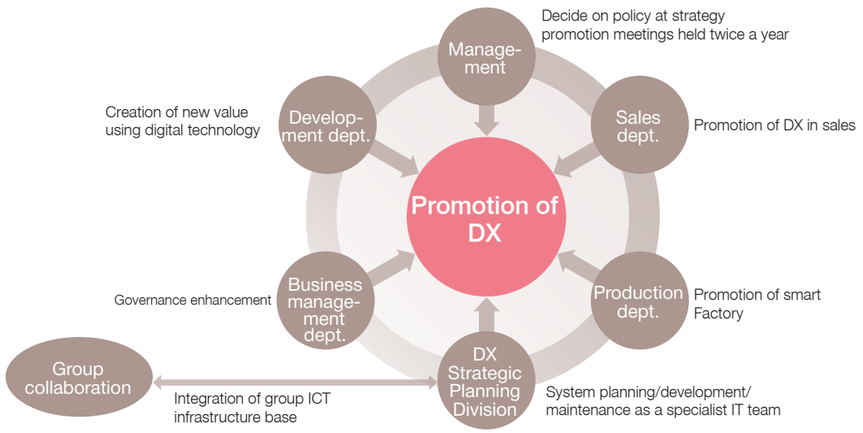
Group business infrastructure DX



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.



Productivity improvement and new value creation by utilizing digital technology (NITTO KOGYO non-consolidated)

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 putting together product lineups to 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 undertake all actions on a web-based system, from product selection, quotations, and design to procurement.

Building safe and secure ICT infrastructure that is flexible and scalable

Against a backdrop of intensifying cyberattacks targeting companies, DX efforts are becoming more reliant on IT systems and cyber risks are increasing. Conventional defense-focused security measures are no longer sufficient. A department dedicated to cyber security was established in FY2024, and we will also strengthen our resistance to cyberattacks by adopting a zero-trust approach to ensure that business continues without interruption.

We will focus on strengthening cyber resilience and organizational collaboration across the NITTO KOGYO GROUP to ensure that its ICT infrastructure base is solid. We are also strengthening security at each overseas group company, and are working to reduce cyber risks in our global strategy going forward.

Enhancement of DX human resources

We began implementing DX human resource education in FY2023 to address labor shortages and enhance our competitiveness. In order to take forward DX, it is important for all employees, not just the IT department, to view DX as something that involves them. To this end, we have established a DX education system and created an environment that enables the provision of educational opportunities and appropriate teaching materials to highly motivated personnel. More than 1,000 employees have already completed the introductory course, and we are strengthening employee education with the goal of developing 200 DX human resources in FY2024.

In the training, participants engage in interactions that differ from usual, and team discussions lead to participants being impressed by each other's high levels of motivation that transcend age and departmental boundaries. This deepens mutual understanding and serves as a positive stimulus to enhance employee commitment to continuous improvement.



DX Human resource training

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 identified trends in society that need to be addressed over the medium-to-long term, and has themes that needs to be tackled in response to these trends. For these themes, we will focus on acquiring new technologies and strengthening our R&D infrastructure to improve the NITTO KOGYO GROUP's overall ability to create added value.

Realization of carbon neutrality

Enhance global environmental sustainability by providing products and services that contribute to decarbonization and resource circulation

Evolution of the infrastructure that society runs on

Build a resilient society prepared for increasingly severe disasters, and contribute to the realization of a convenient and pleasant society

Advancement of automation and labor saving

Contribute to addressing the issue of a declining global workforce by keeping up with the latest digital and other technologies

Priority measures

Acquisition of new technology

• We will expand and deepen elemental research that leads to the development of higher value products and solutions for fundamental technology issues.

•In order to create new value that will lead to solutions to the issues faced by society, we will create the necessary technical knowledge and know-how internally through reskilling, and proactively seek to fuse our technology and knowledge with other companies, organizations, and universities.

Enhancement of R&D infrastructure

•We will increase our corporate value by developing and implementing an intellectual property strategy that includes securing intellectual property rights for overseas business development and maximizing the use of intellectual capital within the NITTO KOGYO GROUP.

• We will further refine our technical support system, including the testing and analysis that form one of our strengths, to boost our R&D capabilities.

Examples of R&D initiatives

NITTO KOGYO R&D examples

•Development of an environmentally friendly self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities



•Commencement of PoC for energy management utilizing our self-consumption storage battery system and general EV chargers with OCPP specifications together with Shizen Connect Inc.

•Commencement of collaboration between Charge Connect cashless billing service (from NANKAIDENSETSU Co., Ltd) and Pit-2G series of EV chargers, and acquisition of JARI certification to make chargers eligible for national government subsidies

Kitagawa Industries Co., Ltd. R&D examples

•Reducing the use of plastics and development of environmentally friendly flame retardant composite materials utilizing food waste and other matter

•Development of anti-fouling materials and spacers that prevent the adhesion of inorganic and organic components in liquid separation and treatment processes, contributing to reduced water production costs

•Development of EMC and thermal design components that contribute to the spread of automated driving technology and EVs and the expansion of 5G and 6G base stations



EMC design component

•Development of grounding reinforcement components for boards and dispensable liquid thermal conductive materials to support customers' efforts towards automation and labor-saving



Liquid thermal conductive material

Quality management

Quality policy

Under our quality policy of providing customers with safe, secure, and higher quality products and services, the NITTO KOGYO GROUP has established a manufacturing and service system that places customer satisfaction above all else.

Our quality policy is the foundation of the NITTO KOGYO GROUP's quality, which expresses our stance on continuous quality improvement activities based on the customer's perspective in order to provide safe and secure products and services to our customers, aiming for added value, meaning quality that goes beyond what the customer had imagined.

Quality improvement initiatives

Analysis of quality defects shows that human error accounts for a large percentage of them. To counteract this, we are working on behavior assurance to control unsafe behavior on the part of workers. Behavior assurance refers to a series of work methods, mechanisms, process management, and ideas to achieve zero defects by assuring actions with an awareness of purpose. By putting this initiative into practice, we are working on quality improvement and manufacturing with an uncompromising approach to each and every operation.

We also focus on the idea of QCDPSME (quality, cost, delivery, productivity, safety, morale, and environment), which is considered to offer comprehensive quality, and we encourage all employees to be aware of what aspects of their work lead to customer satisfaction, and to proactively and continuously work on quality improvement.

QC circle/small group activities

The NITTO KOGYO GROUP is working to ensure active QC circle/small group activities. We promote enthusiastic activities with the aim of creating a positive workplace where participants can feel a sense of job satisfaction through active discussions and exchanges of opinions, and also to help all employees grow as human assets that contribute to quality improvement.

Furthermore, as a venue for the presentation of the results of daily improvement activities and for horizontal deployment, in FY2023 we held the 28th NITTO KOGYO QC Circle Convention. Thirteen circles were selected to present their results from a total of more than 150 circles from domestic and overseas group companies. This convention will continue to be an important event to provide motivation for their activities, with, among other things, awards given for outstanding examples of improvement.

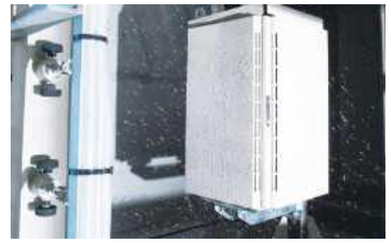


28th NITTO KOGYO QC Circle Convention

Focus on safety and reliability

In order to achieve a high level of product safety and reliability, we have introduced many testing facilities to evaluate and verify our products, including seismic testing, wind-driven-rain testing, and solar radiation testing.

We have established a mechanism to ensure that product quality is maintained through regular verification not only during product development, but also for products that have already been released. We will continue to work to ensure the safety of our customers and earn their trust.



Industry first wind-driven-rain testing facility



The NITTO KOGYO Group's Sustainability

The NITTO KOGYO group believes that a management strategy for sustainable business growth that gives consideration to sustainability of the environment, society and the economy is essential.

Through our 2023 Mid-term Management Plan, aimed at the realization of a sustainable society, we have identified material issues (key issues) that come with the changing business environment. Further, from our 2026 Medium-term Management Plan, we will have [Provide reliability and peace of mind when it comes to the future of our planet] as our mission and [Strive to solve problems sincerely and continue to tackle the challenge of creating new value] as our vision.

With the goal of remaining a company that is needed by society, our group is going to promote effective initiatives towards the realization of a sustainable society that will make contributions to the resolution of societal problems, and we are aiming to increase our medium to long-term enterprise value.

Sustainability Basic Policy

From the perspective of corporate value enhancement, with regard to sustainability initiatives, we pursue the value unique to NITTO KOGYO and put five management principles into practice as our basic policy of contributing to the realization of a sustainable society.

·We shall continue to create new values that will satisfy our customers.
·We shall promote corporate activities based on respect for human beings.
·We shall implement compliance management rooted in high ethical and moral values.
·We shall contribute to maintaining our beautiful earth for the next generation.
·We shall always conduct management that increases the values of our shareholders.



Sustainability promotion system

We have established a Sustainability Committee to further reinforce our sustainability initiatives.

The Sustainability Committee collaborates with each committee, department and group company, deliberates on basic sustainability policies, monitors the state of progress within each department and group company and reports to the Board of Directors. In turn, the Board of Directors listens to those reports, drafts the Sustainability Basic Policy, makes decisions regarding sustainability promotion systems and supervises sustainability promotion.

Sustainability promotion system



Environmental Philosophy

The NITTO KOGYO Group recognizes the conservation of the global environment as one of the most important issues common to humanity, and throughout product development, production activities, sales and other activities, conducts initiatives toward the realization of the SDGs and the governmental goals of a zero-carbon, recycling-based society coexistent with nature in order to contribute to the sustainable society.

NITTO KOGYO GROUP Environmental Policy

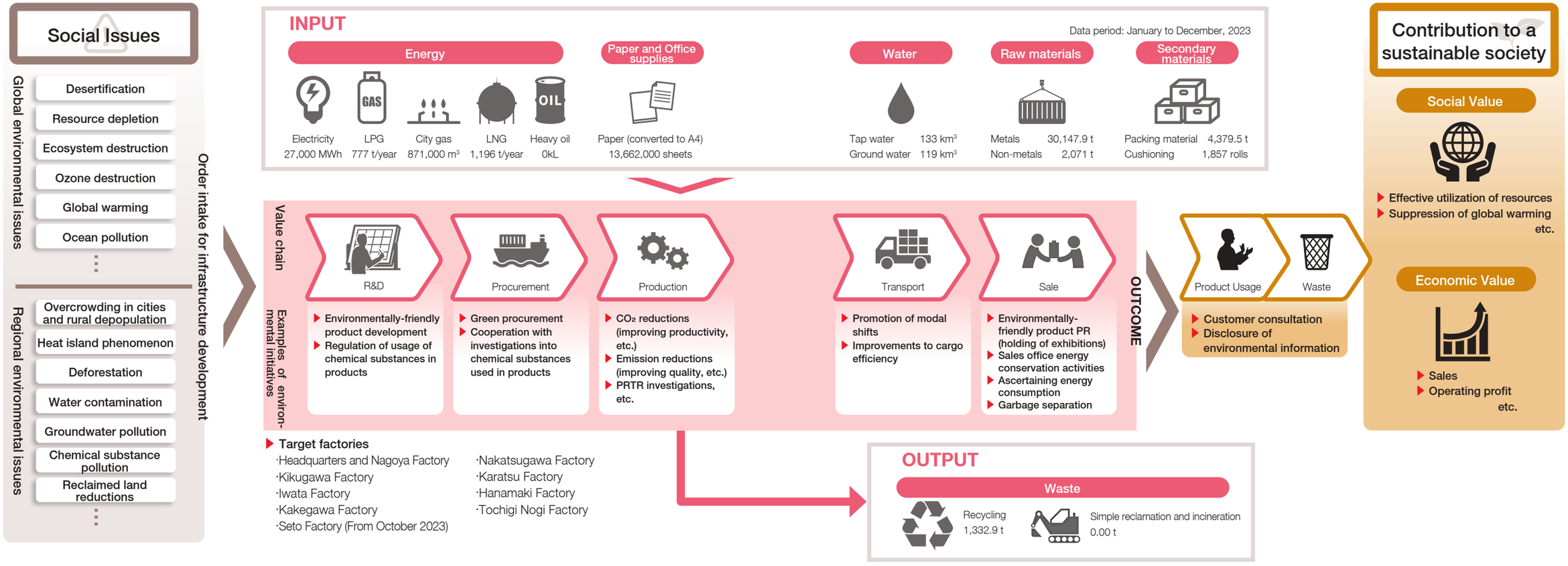
“Creating new value in contribution to the environment, passing on this beautiful earth to the next generation”

Environmental Policy [NITTO KOGYO non-consolidated]

1. We will comply with environmental laws, regulations, conventions, etc.
2. The influence of our business activities, products, and services on the environment will be understood as part of a life cycle, with initiatives conducted regarding the following environmental objectives.
   - ·Reduction of CO_2 emissions
   - ·Reduction of waste, maintenance of zero emissions
   - ·Development of environmentally-friendly products
3. In order to further active environmental protection activities, we will address the following topics.
   - ·Production of eco-friendly products to customers
   - ·Promotion of harmony with nature through regional conservation activities as a member of regional society
   - ·Promotion of eco-friendly “green procurement”
   - ·Provision of safety and security to regional society (implementation of environmental pollution prevention)
   - ·Promotion of ecological logistics and transportation
   - ·Promotion of initiatives aimed at improvements to water usage efficiency and reductions in pollutant load in effluent
4. We will disclose environmental information.
5. We will notify all employees, including officers, of this policy.

NITTO KOGYO Value Chain [NITTO KOGYO non-consolidated]

NITTO KOGYO designs and develops products in three different business domains: electricity generation and materials, IA and control, and information and communications, and we procure and produce raw materials and parts to sell for use in production. Towards the resolution of societal issues, we have identified environmental issues in our value chain, from research and development to procurement, sale, product usage and even the waste stage, all from a lifecycle standpoint. We are working towards reducing our environmental impact, which will allow us to create social and economic value and make contributions to sustainable societies.



Creating Social Value (achievement of Environmental Policy) [NITTO KOGYO non-consolidated]

We have set environmental targets from FY1995 on, as activities proceed. As of 2023, we are working to realize our 9th mid-term environmental activities plan (FY2021-2023). The results are as follows.

Global environmental issues / Regional environmental issues	Social problems		Response to social problems (our environmental activities)				9th mid-term environmental activities plan (FY2021-2023)			10th mid-term environmental activities plan	Relevant SDGs
			Themes			Details of activities	FY2023			FY2024	
							Target	Outcomes	Progress	Target	
Air pollution Water contamination Ozone destruction Illegal dumping, etc.	Laws, regulations	Air Pollution Control Act Water Pollution Prevention Act Act on Rational Use and Proper Management of Fluorocarbons Act on Waste Management and Public Cleaning ...	Environmental Policy	Observance of Laws, Ordinances, and Agreements		Created our own criteria to prevent pollution before it happens.	Compliance with legal and regulatory value limits	Within legal and regulatory value limits (see our homepage for details)	○	Compliance with legal and regulatory value limits	—
Global warming	Sustainable energy supply and demand Reducing the effects of climate change			Environment targets	Suppression of global warming	Reducing CO_2 emissions	FY2020 standard Reducing comparative intensity by 3.0%	Reducing comparative intensity by 15%	○	FY2023 standard Reducing comparative intensity by 1.0%	
Air pollution Illegal dumping Reduction of landfill sites International movement of waste	Realization of sustainable cities and ways of living Ensuring sustainable production methods (Recycling-oriented society)				Zero-emission reinforcement	Maintenance of zero emissions achieved in FY2003 (waste recycling rate 99% or higher)	Waste recycling rate 99% or higher	Recycling rate at each factory Achievement of 99% or higher	○	Zero-emission permeation and maintenance	
						Reductions in waste	FY2020 standard Reducing comparative intensity by 1.5%	Reducing comparative intensity by 10%	○	FY2023 standard Reducing comparative intensity by 0.5%	
Global warming Resource depletion Chemical substance pollution and damage to human health	Sustainable energy supply and demand Sustainable industry and innovation Ensuring sustainable production methods (Product life cycle)				Products in their design and development stage Reduction in environmental load	Planning and development of eco-friendly products	Environmentally-friendly products certification rate 70% or higher	Environmentally-friendly products certification rate: 96% ·Green fit: 17 products ·Green support: Five products	○	Environmentally-friendly products certification rate 70% or higher for new products	
				Company-initiated activities	Provision of environmentally-friendly products to customers	PR for our environmentally-friendly products through advertising mediums, exhibitions, homepage, and other channels (see our homepage for details)					
Air pollution	Realization of sustainable cities and ways of living (Ecological transportation)				Promotion of eco-friendly material procurement and logistics	Promotion of green procurement among business partners		See our homepage	○	Promotion of green procurement among business partners	
						Logistics: Modal shift initiatives		See our homepage	○	Logistics: Modal shift initiatives	
Ecosystem destruction Deforestation	Ecosystem protection and restoration				We will promote harmony with nature through regional conservation activities as a member of regional society	Implementation of activities for local communities		See our homepage	○	Implementation of activities for local communities	
					Engage in prevention of environmental pollution and provide safety and security to regional society	Identify environmental risks at all departments of factories and conduct emergency drills		See our homepage	○	Identify environmental risks at all departments of factories and conduct emergency drills	—
	Accountability to a sustainable society			We will work to disclose environmental information		Publication of 2023 CSR Report, 2023 Environmental Report		Publication of 2023 CSR Report, 2023 Environmental Report	○	·Publication of Integrated Report 2024 ·Published on our homepage	—
Population increase ...	Fair and good education			Notify all employees, including officers, of this policy.		·Implementation of ISO14001: 2015 education aimed at internal auditors ·Implementation of environmental management education for newly appointed managers ·Implementation of elementary environmental education for new employees		See our homepage	○	Implementation of education	

Long-term targets aimed at carbon neutrality and FY2023 results

The NITTO KOGYO group sees global warming and other elements of climate change as a major management issue affecting Group business. Accordingly, we have set “realization of carbon neutrality” as a goal to be achieved by 2050, and “30% reduction in Scope 1, 2 and 3 emissions from the FY2020 level by FY2030” as a long-term goal.

An expansion of business led to an increase for the group overall in FY2023.

Initiatives for Climate Change Measures

Supply chain emission amounts

(Unit: t-CO_2)

	FY2020	FY2021	FY2022	FY2023
Scope1, 2	25,975	25,113	27,360	26,578
Scope3*	399,109	418,665	551,010	559,296

* The Scope 3 emissions cover the three segment-leading companies, namely: NITTO KOGYO, SunTelephone Co., Ltd. and Kitagawa Industries Co., Ltd.

(Unit: t-CO_2)

Scope3		FY2020	FY2021	FY2022	FY2023
Category 1	Purchased goods and services	317,168	330,515	439,767	427,394
Category 2	Capital goods	6,931	7,322	27,982	51,239
Category 3	Fuel and energy activities outside Scope 1, 2	5,056	4,893	5,019	4,891
Category 4	Upstream transportation and distribution	5,513	5,534	5,648	8,687
Category 5	Waste generated in business	446	431	469	434
Category 6	Business travel	528	537	544	590
Category 7	Employee commuting	2,549	2,575	2,464	2,416
Category 8	Leased assets (upstream)	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 9	Downstream transportation and distribution	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 10	Processing of products sold	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 11	Use of products sold	56,546	62,073	64,273	59,062
Category 12	Disposal of sold products	4,372	4,786	4,843	4,581
Category 13	Downstream leased assets	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 14	Franchises	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation
Category 15	Investments	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation

*Calculated by multiplying amount of activity (money, weight, etc.) by basic unit of emission
Basic unit of emission defined via one of the following
·“Database of emissions unit values for calculating greenhouse gas emissions throughout the supply chain”
·“IDEA v2 (For calculation of supply chain greenhouse gas emissions)”

FY2023 implementation items and future initiatives (Scope1, 2) [NITTO KOGYO non-consolidated]

Items implemented in FY2023 and initiatives planned for FY2024 are as follows. We will steadily proceed towards the achievement of our FY2030 targets.

Items implemented in FY2023

- Solar sharing for neighboring areas around the Kakegawa Factory Establishment of “SafaLink Farm Kakegawa” (49.5 kW)
- Establishment of photovoltaic power generation facilities (1,110 kW) on the roof of the Kikugawa Factory logistics warehouse
- Establishment of photovoltaic power generation facilities (1,312 kW) at Seto Factory
- Switch to purchase of carbon free electricity for Tochigi Nogi Factory



Establishment of photovoltaic power generation facilities (on the roof of the Kikugawa Factory logistics warehouse)

Initiatives planned for FY2024

- Established photovoltaic power generation facilities (1,134 kW), contracted supply of the power generated to Nakatsugawa Factory
- Switch to purchase of carbon free electricity for Karatsu Factory



Establishment of photovoltaic power generation facilities (1,134 kW at Seto Factory)

Response to Climate Change

Information disclosure based on TCFD recommendations

Based on recommendations from the Task Force on Climate-related Financial Disclosure (TCFD), we have started climate change scenarios analysis to identify the risks and opportunities climate change will have on our business. We are also working to disclose information in line with the TCFD framework.

Governance Structure

In order to further advance its initiatives toward the realization of a sustainable society, NITTO KOGYO Group, guided by the Sustainability Committee established with the President as chair and in collaboration with the existing Internal Governance and Environmental Conservation Committees among others, will monitor risks and opportunities as well as plan and execute strategies for environmental issues.

Regarding the status of climate change initiatives and future strategies, the Board of Directors will receive reports from this Committee, oversee its progress, and give directions on its measures.

Strategy (Analysis of climate scenarios and the risks and opportunities present in them)

We identified risks and opportunities that climate change has on our supply chain and analyzed the effects they would have on business.

Looking ahead to 2030 and 2050, we have qualitatively and quantitively analyzed and evaluated the impact of a 4℃ scenario and a 1.5℃ scenario by referencing the climate change scenario predictions of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

Based on our view of the expected world, we are working to increase our business activity resilience by responding both flexibly and strategically to any potential climate change scenario.

Risk Management

Our Internal Governance Committee and Sustainability Committee work together to identify, analyze and evaluate climate change risks to ensure that we can sustainably develop our business.

We take the measures necessary to mitigate each identified risk at a department level.

Both the Internal Governance Committee and the Sustainability Committee report about the response to serious risks to the Board of Directors, which then supervises the progress of said response.

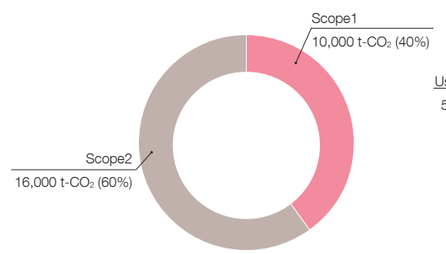
Indicators and Targets

The NITTO KOGYO Group has established the following targets toward realizing a sustainable society and improving corporate value, with measures in progress to reduce supply chain emission amounts.

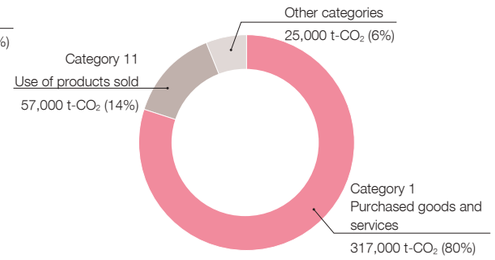
	2030 long-term targets	2050 goal
Scope1, 2	30% reduction compared to FY2020	Realization of carbon neutrality
Scope3*	30% reduction compared to FY2020	

* The Scope 3 emissions cover the three segment-leading companies, namely: NITTO KOGYO, SunTelephone Co., Ltd. and Kitagawa Industries Co., Ltd.

FY2020 NITTO KOGYO emission amounts (Scope 1, 2)

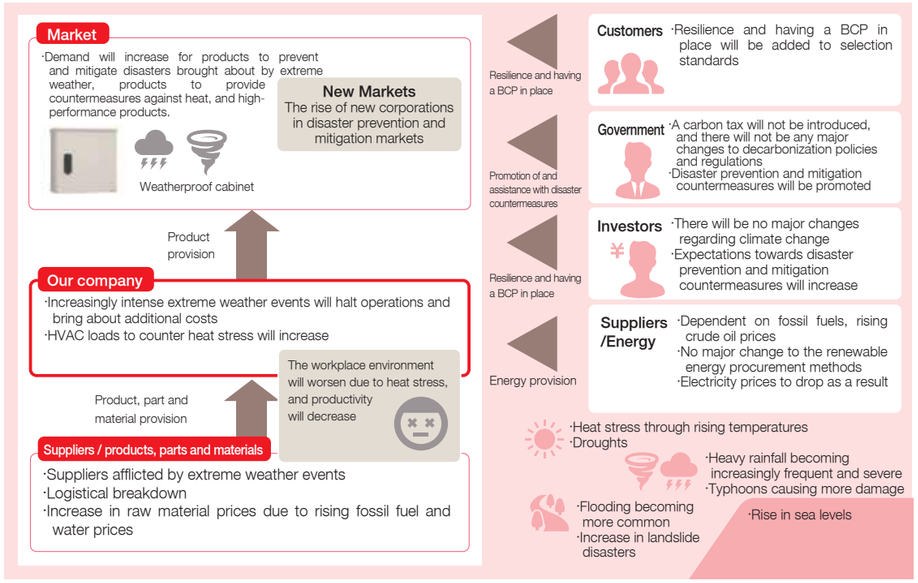


FY2020 Other indirect emission amounts (Scope 3)



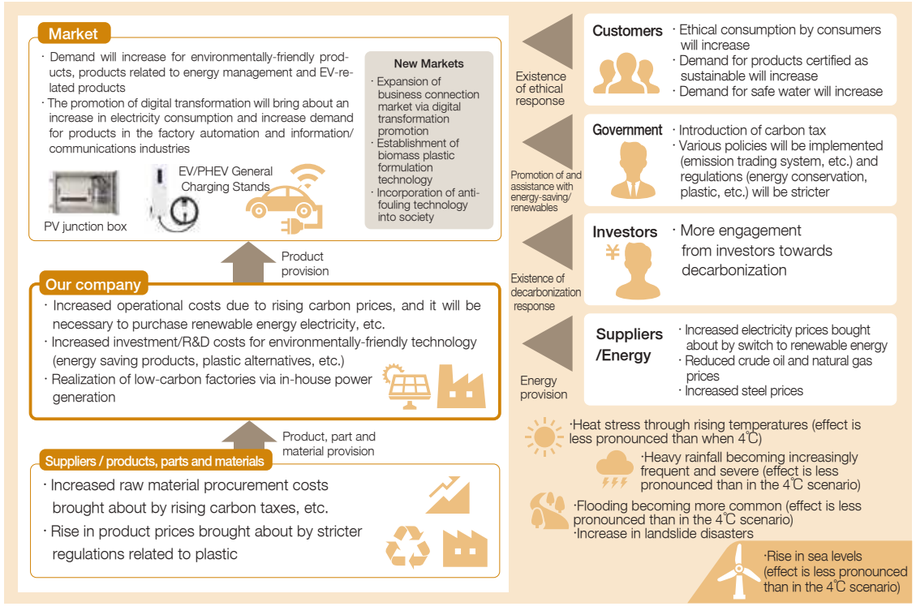
4℃ scenario (SSP5-8.5: if we continue to depend on fossil fuels)

·Demand will increase for products to prevent and mitigate damage brought about by increasingly intense extreme weather events, products to provide countermeasures against heat, and high-performance products.
·It will be difficult to obtain fossil fuels, and stocking prices will increase as prices for commodities increase.



1.5℃ Scenario (SSP1-1.9: if the temperature rise is limited to 1.5℃)

· Demand will increase for environmentally-friendly products, products related to energy management and EV-related products brought about by promotion of renewable energy and changes to consumer behavior. On the other hand, environmentally-friendly technology is going to be required, and research and development costs are going to increase.
· Rising carbon prices will lead to increased operational costs as a result of the purchase of greenhouse gas emission rights, and electricity costs will rise via the impact of the promotion of renewable energy.



Risks and Opportunities

		Type	Indicator	Risks	Opportunities	Impact
Transition risks	Policy/regulation	Rising carbon prices	Profits Expenses	· The governments of various countries will raise their carbon prices, resulting in an increase in energy costs, prices of commodities, and operational costs.	· Rising carbon prices will prompt energy switching, expand demand for renewable energy, and, consequently, increase demand for products related to energy management.	Medium
		Carbon emission targets / policies for each country	Profits Expenses	·Energy-saving regulations will be reinforced and greenhouse gas emission reductions will be made mandatory, which will increase the capital investment costs needed to improve the environmental performance of our facilities. ·If greenhouse gas emissions cannot be reduced, additional costs will occur as a result of the purchase of greenhouse gas emission rights, etc.	·There will be increased demand for environmentally-friendly products, widespread use of electric vehicles, and increased demand for charging infrastructure development and EV-related products as a result of decarbonization promotion policies.	Large
		Recycling regulations	Profits Expenses	·Stricter regulations related to plastic will lead to an increase in costs brought about by the adoption of alternative materials, etc.	·Making an early switch to alternative materials, such as recycled plastics, etc., will increase business opportunities.	Large
	Market	Energy price trends (Changes in energy mix)	Profits Expenses	·There is a call for a switch to renewable energies, so costs will increase via things such as investment in our own facilities and green power purchases.	·Expansion of investments into and increased utilization of renewable energy will bring about an increase in demand for products related to energy management.	Large
		Increase/decrease in important products	Profits Expenses	· A shift to demand for products with high environmental performance will lead to reduced demand for products that have a high environmental load. · Development costs will increase due to requirement to display products' carbon footprints.	· Energy-saving countermeasures will become increasingly important and necessary, resulting in an expansion of solution businesses that improve factory facility productivity and increase energy-saving performance, which will increase demand for products in the factory automation industry. · The promotion of digital transformation of production will bring about an increase in demand for products in the factory automation and information/communications industries. · An expansion of demand for renewable energy will increase demand for products related to energy management. · There will be increased demand for environmentally-friendly products, widespread use of electric vehicles, and an expansion of demand for EV-related products as a result of decarbonization promotion policies. · Demand will increase for products that are low carbon or decarbonized, those that have their carbon footprint displayed, and other environmentally-friendly products.	Large
	Technology	Widespread use of low-carbon technologies (Widespread use of next generation technologies)	Profits Expenses	· There will be a shift in needs towards products and materials that have higher environmental performance, and this will intensify competition for energy-saving performance of products, resulting in increasing costs for investment, research and development of environmentally-friendly technology.	· We will be able to differentiate ourselves from other companies by quickly developing and selling products with high environmental performance and link this into improved sales. · Improvements to the performance of environmentally-friendly facilities will lower fuel expenses and other operational costs. · Reinforcement of energy-saving initiatives will bring about reductions in greenhouse gas emissions and link into cost reductions. · Establishing a formulation technology that meets market demand (fire resistance, mechanical strength, price) will expand our biomass plastics market reach and give us an advantage.	Small
	Reputation	Investor and customer behavior change	Profits Capital	· The raising awareness of customers toward the environment means that companies that cannot respond appropriately to climate change will see their corporate brand decline and sales drop as they are abandoned by customers. Additionally, if the details of what we disclose are insufficient in the eyes of the investors and customers who have made information disclosure requests, our external evaluation will decrease.	· Responding appropriately to climate change and improving our corporate image will increase our evaluation from investors. · Responding appropriately to the growing public concern over climate change will garner us the trust of stakeholders and increase our reputation. · If we expand our lineup of energy-saving products and environmentally-friendly products in line with changes in customer behavior, we will gain an advantage in the market and this will link into increased profits.	Small
Physical risks	Acute	Increasingly intense extreme weather events	Profits Expenses Assets	· If employees or manufacturing bases are afflicted by more frequent and violent climate abnormalities and natural disasters, there will be additional costs borne out of halted operation at manufacturing bases, a loss of business assets, increased facility repair costs, and so on. · Suppliers being afflicted and logistics networks being broken will cause issues with material procurement.	· More frequent and violent climate abnormalities and natural disasters will increase demand for products to prevent and mitigate damage. · Setting up counter-disaster bases and reinforcing the supply chain with regard to products and logistics will allow us to flex our business continuation ability rather than simply minimizing damages.	Medium
	Chronic	Rising average temperatures	Profits Expenses Assets	· The workplace environment will worsen at each business location due to heat stress and productivity will decrease. · Increased HVAC loads will bring increased HVAC facility costs, such as increased energy costs.	· Demand will increase for products that provide countermeasures against heat brought about by rising average temperatures.	Small
		Changes to rainfall and weather patterns	Profits Expenses Assets	· If employees or manufacturing bases are afflicted by more frequent and stronger heavy rainfall, there will be additional costs borne out of halted operation at manufacturing bases and a loss of business assets, increased facility repair costs, and so on. · An increase in the occurrence of lightning and tornadoes brings the risk of power outages that increase the possibility of operations stopping at manufacturing bases, which will lead to an increase in costs, such as additional investment and insurance costs for facility recovery.	· Increased frequency and severity of heavy rainfall will bring about increased demand for highly weatherproof, high-performance products.	Medium
		Rising sea levels	Expenses Capital	· There are risks of employees living in coastal regions not being able to get to work and a breakdown of the supply chain overall.	—	Small
		Droughts	Profits Expenses	·Raw material prices will increase due to rising water prices.	·Amid shortages in the supply of safe water, we will be able to contribute to water positivity by incorporating anti-fouling technology into society.	Small

Countermeasures and their definition

By identifying risks and opportunities in the 4℃ scenario and the 1.5℃ scenario, we will increase our business activity resilience by continually investigating policies to avoid or ameliorate risks and to increase the feasibility of opportunities.

Scenario	Risks and Opportunities	Direction of Policies	Countermeasures (example)	Impact on profits*1 2030	Impact on profits*1 2050
4℃ scenario	Increased demand for disaster prevention/mitigation products	Creation of new products and services	·Establishment of disaster prevention/mitigation businesses ·Downsizing of production for low temperature countermeasure products (heaters, etc.)	++	+++
	Increased demand for heat countermeasure products			+	++
	Increase in demand for high-performance type products, like weatherproof cabinets			++	+++
	Increased cost of purchase	Reduction to materials used	·First-pass yield improvements	-	--
	Impact of physical risks	Extreme weather countermeasures	·Increase of expenses for BCP countermeasures (at our own company and at suppliers)	-	--
Common across scenarios	Increased energy costs	Switch to energy saving, suppression of electricity used	·Introduction of cost-effective energy-saving facilities	--	---
	Increased HVAC usage will bring about an increase to electricity charges as electricity usage will increase	Switch to energy saving, suppression of electricity costs	·Change to HVAC facilities that are highly efficient at cooling	-	--
	Carbon prices will increase, and there will be more additional costs from operational costs and the purchase of greenhouse gas emission rights, etc.*2	Achievement of carbon neutrality and switch to carbon positivity	·Setting of greenhouse gas emission reduction targets ·Carbon neutral (positive) declaration	--	+
	Increased investment costs for facilities with high environmental performance and for renewable energies	Energy creation and storage	·Introduction of energy creation and storage facilities	-	--
1.5℃ scenario	Increased sale of environmentally-friendly products	Creation of new products and services	·Development of even more environmentally-friendly products	-	--
	Stricter recycling regulations (for plastic material, etc.) will lead to an increase in costs brought about by the adoption of alternative materials, etc.		·Implement alternative products before regulations are reinforced	-	--
	Increased sales for products related to energy management and EV-related products		·Expansion of energy management and electric vehicle business	++	+++
	Increased sale of information/communications industry products		·Development and expansion of sales for digital transformation-related products	+	++
	Increased demand for safe water		·Incorporation of anti-fouling technology	+	++
	Increased investment and R&D costs for environmentally-friendly technology		·Scaling back of development of technologies and products that are not environmentally friendly	+	++

*1. The effect that main business items will have on profit in each scenario is noted with "+" or a "-". They are relatively evaluated in three levels.
*2. We assume we can mitigate the impact of rising carbon prices and the resulting increase in costs by reducing our greenhouse gas emissions.

Respect for human rights

At the NITTO KOGYO group, we are aware that giving consideration to human rights in business activities is a critical matter in ensuring the sustainability of both society and business. We formulated the “NITTO KOGYO Group Human Rights Policy” in July 2023 to show our policy towards respecting human rights.

To put the NITTO KOGYO Group Human Rights Policy into practice, we will promote initiatives based on our human rights due diligence process, identify human rights violation risks involved in our business and our supply chain, prevent them, work towards their reduction and disclose information with regard to evaluations of the effectiveness of those initiatives.

NITTO KOGYO GROUP Human Rights Policy

The NITTO KOGYO Group respects human rights as stipulated in the internationally recognized “International Bill of Human Rights” (Universal Declaration of Human Rights and International Covenants on Human Rights) and the “Declaration on Fundamental Principles and Rights at Work” of the International Labour Organization (ILO). The NITTO KOGYO Group will also conduct business activities in accordance with the United Nations “Guiding Principles on Business and Human Rights”. Additionally, it is positioned as a higher-level document to the existing document that stipulates our group’s effort towards the respecting of human rights.

Scan the QR code to see the details for the NITTO KOGYO GROUP Human Rights Policy.

NITTO KOGYO GROUP Human Rights Policy
- Scope of application
- Respect for human rights
- Human rights due diligence
- Corrective and remedial measures
- Dialogue and education
- System and persons in charge
- Policy development process and review

System

The Sustainability Committee chaired by the President receives reports and deliberates on the progress of initiatives on respecting human rights.

Initiatives Based on Human Rights Due Diligence Processes

We draw on the Ministry of Economy, Trade and Industry’s “Guidelines on Respecting Human Rights in Responsible Supply Chains” and “Reference Material on Practical Approaches for Business Enterprises to Respect Human Rights in Responsible Supply Chains” and promote our due diligence with human rights.

From FY2023, NITTO KOGYO and several other group companies have started investigating human rights due diligence processes and evaluating the details of investigations.

We are planning to evaluate their effectiveness, including in the supply chain, at the end of FY2026.



Examples of human rights initiatives

Human rights education for employees

We created an educational program for all employees.

Establishment of helpline and consultation services (hotline)

A Helpline is established as a common contact point for the entire Group, and an External Hotline is also available for overseas use, in order to detect and solve any violations of the Corporate Ethics Guidelines as early as possible.

Link to society

As a member of the local community, the NITTO KOGYO group conducts social contribution in close relation to our region.

By carrying out education for the children who are our future and building a livable community for the people of the region, we continually increase satisfaction for various stakeholders and enhance corporate value.

Additionally, we are promoting social contribution activities with domestic institutions, partner businesses and communities.

Examples of initiatives

Participation in Aichi Circular Economy Project

In Aichi Prefecture, we are part of the Aichi Circular Economy Project, which is based on the Aichi Circular Economy Promotion Plan (drafted March 2022). This project, with a planning period of 10 years from 2022 to 2031, is working towards the development of circular businesses to make the shift to a circular economy.

Participation in the GX League

We are a member of the Green Transformation (GX) League, a framework established by the Ministry of Economy, Trade and Industry to boldly take on the challenge of transitioning to carbon neutrality and drive green transformation in groups of companies that can win at an international level.

Nakatsugawa Outstanding Technology Project

We held a factory tour with 58 first year students from Nakatsugawa’s municipal Naegi Junior High School with the goal of having students learn from Nakatsugawa City’s “companies with outstanding technology that cannot be replicated”.

With the belief that time spent on interactions with local communities are important, we are going to continue to engage in local activities to grow alongside the region and its communities.



Ai N Clean Activities

We participated in the “Operation Ai N Clean” cleaning activities that took place in Nagakute City, Aichi Prefecture. The “Operation Ai N Clean” is a blanket cleaning activity that takes place in Nagakute City.

Sixteen employees and their families participated in the Ichigahora district, enjoying their time as they cleaned.

Moving forward, we are going to contribute to making our hometown, Nagakute City, safe and peaceful by participating in activities that make social contributions to regions.



Ael Kodomo Summer Festival 2023

We participated in the “Ael Kodomo Summer Festival 2023”, a science learning event for children held at the Kikugawa Cultural Hall Ael (Kikugawa City, Shizuoka Prefecture), where we taught 40 children about electric circuits through the making of an original iron detector using batteries and magnets.

We will continue to actively support science education for children.



Participation in corporate forest volunteer activities

We participated in the “Corporate Forest Activities” held in Hanamaki City, Iwate Prefecture. These activities involve grass cutting and cleaning up activities to protect the environment around the Miyazawa Kenji Memorial Hall and have been carried out every year since we formed an agreement with Iwate Prefecture and Hanamaki City in 2012.

We will continue to protect land tied to Kenji Miyazawa through active interaction with the region and engagement in environmental protection activities.



Brass Band Festival in NAGAKUTE

We held a brass band festival, featuring ensembles from junior high and high schools in Nagakute City, Aichi, called the “NITTO KOGYO presents 17th Brass Band Festival in NAGAKUTE”. We created a valuable opportunity for the 220 performers to show the results of their daily practice via joint performances, etc.



Dialogue with stakeholders

The NITTO KOGYO group uses communication with all of our stakeholders as an opportunity to ascertain what society expects from us and to become a better company.

Shareholder returns and dialogue with investors

FY2023 results

- Dividend ¥230 (interim ¥72, year-end ¥158)
- Consolidated payout ratio 100.1%
- Implementation of one-on-one meetings with institutional investors (quarterly)
- Financial results briefing for institutional investors and analysts
- Company briefing for individual investors, etc. (over the internet)

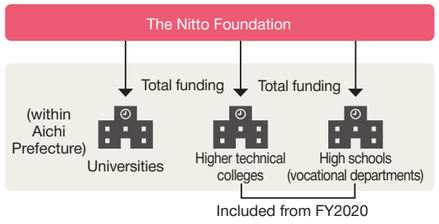
The Nitto Foundation

About the Nitto Foundation

The Nitto Foundation was created in 1984 on the initiative of NITTO KOGYO's founder Yoichi Kato to make local contributions through helping researchers. We provide funding for creative researchers at universities in Aichi as well as research projects in high school vocational departments and higher technical colleges.

What we do

(1) Funding for researchers
(2) Overseas dispatch for researchers
(3) Funding for research projects



40th The Nitto Foundation Financial Grant Presentation Ceremony

At the presentation ceremony, we awarded 59 researchers and three projects a total of 80,900,000 yen in grants to assist with their research and studies abroad. Since its establishment, we have awarded a total of 1,299 researchers and projects with over 700 million yen in grants.



Funding Recipients Composition (Field / No. of cases)

	No. of researchers					No. of researchers dispatched overseas					No. of research projects	Total	Total amount of aid (¥ thousand)
	Engineering	Medicine	Law Economics	Art	Subtotal	Engineering	Medicine	Law Economics	Art	Subtotal			
40th time	16	14	8	4	42	10	2	3	2	17	3	62	80,900
Total	268	133	162	46	609	449	117	68	44	678	12	1,299	730,500

Outside evaluation

Acquisition of third-party certifications

Status of acquisition for each group company

Name	Category	ISO9001	ISO14001	ISO/IEC 27001	Other
NITTO KOGYO CORPORATION	Domestic	○	○	○	
Aichi Electric Works Co., Ltd.	Domestic	○	-	-	
Tempearl Industrial Co., Ltd.	Domestic	○	○	-	
NANKAIDENSETSU Co., Ltd.	Domestic	-	○	○	Privacy mark approval JIS Q 15001:2017 compliant
Taiyo Electric Mfg. Co., Ltd.	Domestic	○	-	-	
NITTO KOGYO (CHINA) CORPORATION	Overseas	○	○	-	
GATHERGATES GROUP PTE. LTD.	Overseas	○	○	-	
ELETTO (THAILAND) CO., LTD.	Overseas	○	-	-	
NITTO KOGYO BM (THAILAND) CO., LTD.	Overseas	○	-	-	
SunTelephone Co., Ltd.	Domestic	-	-	○	
KITAGAWA INDUSTRIES CO., LTD.	Domestic	○	○	-	IATF16949: 2016 ISO/IEC17025: 2017

Our self-consumption storage battery system received the "Good Design Award (FY2023)" and the "Minister of Land, Infrastructure and Transport Prize (FY2022)"



Our environmentally-friendly self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities received the "Good Design Award (FY2023)" (from the Japan Institute of Design Promotion) and, at the 70th JECA Fair for Electrical Construction Equipment and Materials (Japan's largest electrical equipment and machine, material and tool exhibition) held in 2022, the "Minister of Land, Infrastructure and Transport Prize".

Our spark discharge detection device received the "recommended fire prevention product (2022)" certification and the "Minister of Economy, Trade and Industry Prize (FY2019)"

Our spark discharge detection device, which prevents electrical fire by detecting spark discharge in buildings, received accreditation in the recommendation system for fire prevention products from the Fire Equipment and Safety Center of Japan and was awarded the Minister of Economy, Trade and Industry Prize at the 67th JECA Fair for Electrical Construction Equipment and Materials in 2019.

Recognized by Kikugawa City, Shizuoka Prefecture



At the 2023 Kikugawa City commendation ceremony, we were recognized by Kikugawa City (in Shizuoka Prefecture) and celebrated for our achievements in contributing to the enrichment of education by contributing to the expansion of libraries at municipal elementary and junior high schools through the implementation of donations aimed at promoting education.

List of Executives



From the top left: Kazufumi Suehiro, Masako Kubo, Miyuki Nakagawa, Mikio Asano, Shuichi Koyama, Yusuke Kobayashi
From the bottom left: Hiroshi Minoura, Koichiro Sato, Tokio Kato, Toru Kurono, Akitaka Tejima, Koichi Takenaka

Chairman & CEO
Tokio Kato

(Born June 10, 1953)

April 1982	Joined the Company
August 1987	Director
June 2003	Managing Director
June 2005	President
June 2008	President & CEO
April 2019	Chairman
April 2020	Chairman & CEO (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his work experience in sales, production, and business management, etc., as well as his extensive experience as a manager.

President & COO
Toru Kurono

(Born March 2, 1959)

April 1981	Joined the Company
June 2009	Corporate Executive Officer, MA Development Division
June 2011	Director
June 2014	Managing Director
April 2019	Executive Vice President & COO
April 2020	President & COO (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in areas such as production, development, and overseas departments.

Managing Director
Koichiro Sato

(Born July 8, 1963)

July 1992	Joined the Company
October 2014	Director, Taiyo Electric Mfg. Co., Ltd.
June 2016	President & Representative Director, Taiyo Electric Mfg. Co., Ltd.
April 2019	Corporate Executive Officer, NITTO KOGYO Corporation
June 2020	Director
April 2024	Managing Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in the sales department and his experience as a manager at our subsidiary.

Managing Director
Akitaka Tejima

(Born October 20, 1964)

April 1988	Joined the Company
March 2015	Managing Director, SunTelephone Co., Ltd.
June 2017	Senior Managing Director, SunTelephone Co., Ltd.
April 2019	Corporate Executive Officer, NITTO KOGYO Corporation
June 2020	Director
April 2024	Managing Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in the business management department and his experience as a manager at our subsidiary.

Director
Hiroshi Minoura

(Born July 16, 1961)

April 1984	Joined the Company
April 2018	Corporate Executive Officer
June 2021	Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his extensive work experience in areas such as production and development departments.

Director
Yusuke Kobayashi

(Born August 22, 1969)

April 1993	Joined the Company
March 2013	President of ELETTO (THAILAND) CO., LTD.
April 2020	Corporate Executive Officer, NITTO KOGYO Corporation
April 2023	General Manager, Business Planning Department
June 2024	Director (Current Position)

His appointment reflects his extensive work experience in areas such as production, development and corporate planning, as well as his experience as a manager at our subsidiary.

Outside Director (Audit and Supervisory Committee Member)
Miyuki Nakagawa

(Born November 22, 1964)

April 1990	Public Prosecutor, Tokyo District Public Prosecutors Office
April 2008	Counselor, Minister's Secretariat, Judicial System Department, Ministry of Justice
January 2011	Counselor, Cabinet Secretariat, Assistant Chief Cabinet Secretary Office
April 2013	Public Prosecutor, Tokyo High Public Prosecutors Office
August 2013	Director, General Affairs Division, Saitama District Public Prosecutors Office
April 2015	Specially Appointed Professor, Chuo University, Graduate School of Law (Public Prosecutor on Dispatch)
March 2019	Retired from Public Prosecutor
April 2019	Professor, Chuo University, Graduate School of Law (Current Position) Registered as a Lawyer
May 2019	Head of Kosui Law Office (Current Position)
June 2019	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)
June 2021	Outside Director, Nissan Chemical Corporation (Current Position) Outside Director, FANCL CORPORATION (Current Position)
June 2022	External Auditor, Shinsei Bank, Limited (now SBI Shinsei Bank, Limited) (Current Position)
August 2022	External Auditor, ASKUL Corporation (Current Position)

Her appointment reflects many years of her extensive practical experience in the legal profession. It is expected of her to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals from a highly specialized perspective.

Outside Director (Audit and Supervisory Committee Member)
Masako Kubo

(Born October 12, 1959)

April 1992	Joined OMRON Personnel Creative Service Co., Ltd.
September 2005	Kyoto Branch Manager, Kansai Sales Division, OMRON Personnel Creative Service Co., Ltd.
October 2011	Director, OMRON Personnel Creative Service Co., Ltd.
April 2015	President & Representative Director, OMRON Personnel Creative Service Co., Ltd.
April 2018	Corporate Executive Officer, OMRON Corporation President & Representative Director, OMRON Expertlink Co., Ltd
April 2022	Specially Designated Professor, the Research Center of Community Partnerships, Kyoto Women's University (Current Position)
June 2022	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)
May 2024	Outside Director, Furuno Electric Co., Ltd. (Current Position)

Her appointment reflects her extensive experience and specialized knowledge in the personnel-related business and HR services industry over many years. It is expected of her to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals regarding our management from her experience in company management.

Director
Koichi Takenaka

(Born August 28, 1962)

April 1985	Joined the Industrial Bank of Japan, Limited
April 2014	Head of Foreign Exchange Department, Mizuho Bank, Ltd.
April 2017	Joined the Company Corporate Executive Officer
April 2018	Head of Overseas Division
June 2022	Director (Current Position)

His appointment reflects his contribution to the company in making appropriate decisions and supervising the company's management based on his many years of work experience in the financial industry and his work experience in our company's overseas department.

Director (Audit and Supervisory Committee Member)
Kazufumi Suehiro

(Born February 4, 1963)

April 1986	Joined the Company
April 2019	President, Taiyo Electric Mfg. Co., Ltd.
April 2021	Corporate Executive Officer, NITTO KOGYO Corporation
June 2021	Director (Audit and Supervisory Committee Member) (Current Position)

His appointment reflects his extensive work experience in sales and development departments and his experience as a manager at a subsidiary of the company, as well as his knowledge of finance and accounting. It is expected of him to further the soundness, appropriateness and transparency of the company's management decisions.

Outside Director (Audit and Supervisory Committee Member)
Mikio Asano

(Born July 29, 1952)

April 1975	Joined Toyota Tsusho Corporation
April 1998	Head of Non-Ferrous Metals Division, Toyota Tsusho Corporation
October 2001	Head of Risk Management Division, Toyota Tsusho Corporation
June 2003	Director, Toyota Tsusho Corporation
June 2007	Managing Director, Toyota Tsusho Corporation
June 2009	Senior Managing Director, Toyota Tsusho Corporation
June 2011	Executive Vice President and Representative Director, Toyota Tsusho Corporation
June 2017	Adviser, Toyota Tsusho Corporation
June 2019	Outside Director, GECOSS CORPORATION (Current Position)
June 2020	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)

His appointment reflects many years of his work experience at a general trading company and sufficient knowledge of finance and accounting. It is expected of him to further the soundness, appropriateness and transparency of the company's management by providing appropriate advice and proposals from his experience in company management.

Outside Director (Audit and Supervisory Committee Member)
Shuichi Koyama

(Born June 15, 1957)

April 1981	Joined the Toyota Motor Co., Ltd (current Toyota Motor Corporation)
June 2001	Exclusive Vice President, Toyota Technical Center, U.S.A. Inc.
January 2006	President, Toyota Motor Manufacturing, Indiana, Inc.
January 2009	General Manager, Automotive Body, Toyota Motor Corporation
June 2010	Managing Director, Toyota Motor Corporation
June 2013	Executive Vice President and Representative Director, Toyota Boshoku Corporation
June 2017	President & Representative Director, TB Kawashima Co., Ltd.
June 2020	Adviser, TB Kawashima Co., Ltd.
June 2024	Outside Director (Audit and Supervisory Committee Member), NITTO KOGYO Corporation (Current Position)

His appointment reflects the professional knowledge and experience gained from many years working as an engineer. It is expected of him to further the soundness, appropriateness and transparency of the company's management decisions by providing appropriate advice and proposals from his experience in company management.

Audit and Supervisory Committee



From the left: Masako Kubo, Miyuki Nakagawa, Kazufumi Suehiro, Mikio Asano, Shuichi Koyama

Overview of the Main Organization

	Audit and Supervisory Committee
Purpose	It is an independent organization entrusted by the shareholders to audit and supervise the execution of duties by the directors. The Audit and Supervisory Committee members (Outside Directors) who are members of the Nomination and Remuneration Committee will confirm the appropriateness and suitability of the nomination and remuneration of directors (excluding directors who are also members of the Audit and Supervisory Committee) and form an opinion.
Primary speaker/ Chairperson	Kazufumi Suehiro, Full-time Audit and Supervisory Committee Member
Organization	Five Directors who are Audit and Supervisory Committee Members (of which four are Outside Directors)
Number of meetings held	Meetings held in FY2023: 16 occasions
Activities in FY2023	In addition to attending Board of Directors meetings, deliberating at Audit and Supervisory Committee meetings, and inspecting important documents of approval, the committee also monitored and verified the status of business by interviewing directors, executive officers, and those in charge of business departments, and by receiving reports on the status of business at group-wide meetings attended by executives of major group companies and providing feedback as necessary. Regular meetings were held with the audit corporation, and information and opinions were exchanged on audit plans, explanations of key audit items, audit results reports, key audit matters (KAM), and other topics in order to promote collaboration. Full-time Audit and Supervisory Committee members attend Management Meetings, Internal Governance Committee meetings, Sustainability Committee meetings, and other important meetings. They also hold regular liaison meetings with auditors of Group companies. Through these activities, they confirm the appropriateness of the internal control system and the status of business, and by sharing this information with other audit committee members, they enhance the effectiveness of the Audit and Supervisory Committee.

Improving the Effectiveness of the Audit and Supervisory Committee

Holding of Audit and Supervisory Committee Liaison Meetings

To complement the Audit and Supervisory Committee, the audit and supervisory committee member liaison meetings are held every month to share information on audit activities and other matters between the committee members. In addition, members are provided with explanations on the agenda items and reports to be discussed at the Board of Directors meeting in advance from the consideration stage, and this helps them to deepen their understanding of the matters concerned.

Collaboration with Internal Audit Department

The Audit and Supervisory Committee receives regular reports from the Internal Audit Department (Audit Office/Internal Controls Office) on audit policies, audit plans, the status of audit implementation, audit results, and other matters, exchanges information, and works to ensure closer collaboration. The full-time audit committee members in particular strengthen collaboration through participation in audits conducted by the Internal Audit Department and regular liaison meetings.

Message from Outside Directors

Miyuki Nakagawa

My name is Miyuki Nakagawa, and I was appointed as an Outside Director back in 2019. I worked as a public prosecutor for about 30 years at the Public Prosecutors Office and other government agencies.

As social conditions change rapidly in recent years, how to carry out sustainable management is a pressing issue for companies. This year, our company started operating the Seto Factory, an environmentally friendly factory that is most advanced in the industry, receiving 100% of its electricity from renewable energy sources. We are also transforming into a global company by expanding not only domestically but also overseas to Southeast Asian countries such as Thailand in recent years.

In order to realize and fulfill our responsibility as a leading company in the domestic power cabinet industry, I will continue to supervise and express opinions from a perspective of an outside director who ensures compliance while respecting the opinions of various stakeholders so that our company can be a company that provides reliability and peace of mind.

Mikio Asano

When it comes to global issues such as environmental problems, conflicts around the world, and the rapid evolution of AI, the list could go on and on.

To address these issues, companies are taking on their respective roles. On our part, with our mission of Provide reliability and peace of mind when it comes to the future of our planet, we embrace “accelerating evolution” as our medium-term basic policy and move forward with a “challenge and reform” mentality. We are not only aiming to enhance our portfolio, which is currently focused on the electrical and information infrastructure manufacturing business, but also aiming to further expand into other fields and develop new fields.

There are two aspects that are important in this dynamic approach. One is risk management. Think of it as a word association game rather than something complicated, and take a stance that focuses on identifying risks. The second is to review operations as a preliminary step towards reform. This involves checking the purpose of each operation and finding out what happens afterwards. These findings will enable us to review our operations and lead to major reforms. I would also like to work hard with everyone involved to achieve our goals.

Masako Kubo

The new Mid-term Management Plan started in FY2024. In line with the basic policy of “accelerating evolution”, the goals and KPIs for each business are now clarified. Taking pride in our mission of “Provide reliability and peace of mind when it comes to the future of our planet”, we will make proposals for improving group governance by monitoring and evaluating the progress of each measure to ensure that our employees can be proud of the business, products and services we provide and to encourage them to take on new challenges.

I would also like to mention D&I as non-financial information. Morning drama series not only resonated with women, but also with many people in general. This was because the women of that time were making changes to break free from the various restrictions of society. At the same time, this seems to be a message telling us that we can galvanize the strength of an organization by accepting, acknowledging, and celebrating diversity and individual differences.

We will continue to provide accompanying support with the aim of creating an organizational culture that is worthwhile to work in.

Shuichi Koyama

Since being appointed as a director and an audit and supervisory committee member, it has become clear to me that we need to respond to environmental changes quickly. Throughout my career, I was consistently engaged in the planning, development and production of automobiles and related parts, including a six years overseas assignment. I would like to build on this experience and pursue the essence of manufacturing at the NITTO KOGYO Group, which is engaged in global management, to accelerate product development that will delight customers around the world, and to further improve productivity. I believe that these efforts will be important for further strengthening our corporate foundation in the future.

The world is changing dramatically. There are things we must preserve, but we must also have the courage to take on the challenge of changing the things that need to be changed. By emphasizing the basics of “valuing people” and “Genchi Genbutsu” (going on-site to see things in-person), and in order to realize the goals of all stakeholders, I would like to contribute to the enhancement of corporate value by promoting prompt decision-making regarding the direction of corporate strategy and management execution, which is the responsibility of the Board of Directors.

Corporate Governance

Basic Stance and Basic Policy Concerning Corporate Governance

Basic Stance

NITTO KOGYO is constantly intent upon sincere action and just management based in good conscience, deeply concerned with enhancing its stakeholders' trust, constructing a healthy, highly transparent organizational system able to respond rapidly to the changing management environment. In addition, we aim to construct fair and regulated corporate governance, achieve a sustainable growth and improve long-term corporate value.

Basic Policy

1. Ensuring Shareholders' rights and Equality

Along with creating an environment where all shareholders are treated equally in accordance with their holdings and where they can exercise their rights suitably, NITTO KOGYO will disclose information in a suitable time and manner so as to avoid any information discrepancy among shareholders.

2. Suitable Collaboration with Stakeholders Other than Shareholders

NITTO KOGYO has five pillars of CSR management policy.
(1) We shall continue to create new values that will satisfy our customers.
(2) We shall promote corporate activities based on respect for human beings.
(3) We shall implement compliance management rooted in high ethical and moral values.
(4) We shall contribute to maintaining our beautiful earth for the next generation.
(5) We shall always conduct management that increases the values of our shareholders.

3. Ensuring Fair Information Disclosure and Transparency

NITTO KOGYO actively discloses information recognized as necessary for stakeholders (including non-financial information), in addition to disclosure under the law, on its website.

4. Duties of the Board of Directors, etc.

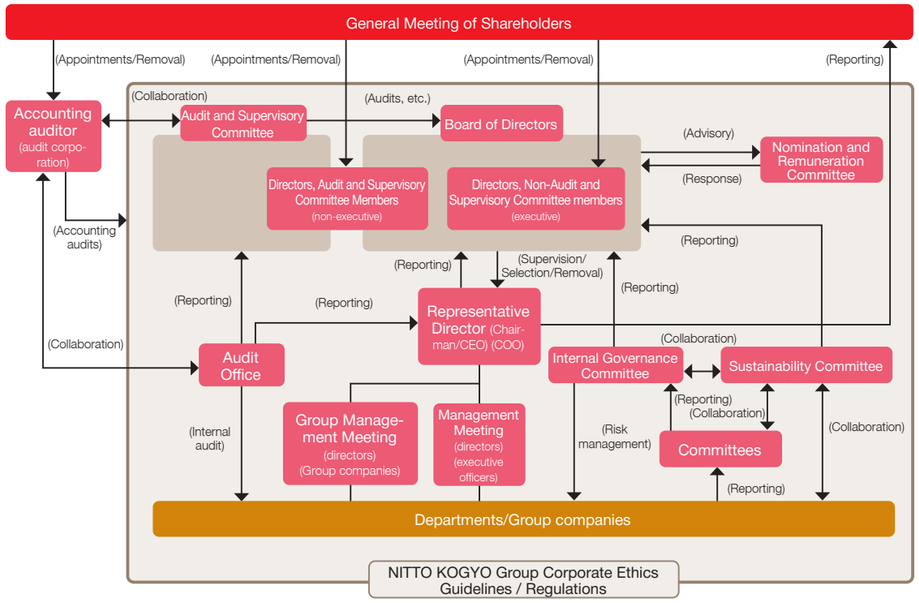
Based on its fiduciary duty and accountability to the shareholders, the Board of Directors bears responsibility for sustainable growth and the long-term improvement of corporate value. To fulfill this responsibility, along with monitoring management as a whole and ensuring management fairness and transparency, the Board of Directors makes decisions in the company's best interests through evaluating the risks faced by the company and planning countermeasures, etc.
As an independent organ with the shareholders' mandate, the Audit and Supervisory Committee bears responsibility for ensuring healthy and sustainable corporate growth and a high-quality corporate governance system in response to public trust through auditing executive duties as implemented. In order to fulfill this responsibility, the Committee strives to maintain an independent and objective stance, always remains consistently fair and unbiased, and makes appropriate judgments.

5. Dialogue with Shareholders

Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. In addition, we exhibits yearly at IR events and sustain dialogue with individual investors. The company intends to engage in even more thorough dialogue with shareholders in future.

Overview of the Corporate Governance System

While conducting wide-ranging discussion and accurate decision-making through its executives and implementing business duties, NITTO KOGYO has introduced the "Company with Audit and Supervisory Committees" organizational structure considered to be most suitable for a management structure conducting appropriate monitoring and supervision and a corporate governance system capable of enrichment. In addition, the company has established supplementary organs in the form of the Nomination and Remuneration Committee, Group Management Meeting, Management Meeting, Sustainability Committee, and Internal Governance Committee.



1. Board of Directors

The Board of Directors is composed, based on its Regulations, of seven directors (excluding directors, Audit and Supervisory Committee members) and five ones who are Audit and Supervisory Committee members (of whom four are Outside Directors). In addition to its monthly meetings, the Board meets as necessary to make decisions on important matters as determined by laws, the Articles of Incorporation, or the Board Regulations, and to report on and monitor the execution of important duties. With all five Audit and Supervisory Committee members, including four external executives, in attendance, the Board actively seeks advice and opinions from a fair and neutral stance on important management matters, and works to reinforce monitoring and supervision functions and to conduct operations smoothly.

2. Audit and Supervisory Committee

The Audit and Supervisory Committee is composed, based on its Regulations, of five directors, Audit and Supervisory Committee members (of whom four are Outside Directors). In addition to its monthly meetings, the Committee meets as necessary to report on duties and share information, working to enhance governance functions. In addition, through Committee members' attendance at important meetings and investigations of company business and financial status, the Committee conducts monitoring, supervision, and examination of the status of executive decision-making and directors' decisions made at Board of Directors meetings and elsewhere and of the implementation status of supervisory duties. The status and results of audits are regularly reported to the President (COO) and the Board of Directors, with suitable measures taken as needed to provide advice or recommendations.

3. Nomination and Remuneration Committee

Positioned as an advisory organ to the Board of Directors, the Nomination and Remuneration Committee is composed of at least three directors selected by a Board of Directors resolution, of whom more than half must be independent outside directors. It is formed as a space to discuss important management matters concerning nomination and remuneration of directors, generally held five times yearly, discussing and responding to questions from the Board of Directors. Along with the Board of Directors above, it is intended to enrich NITTO KOGYO corporate governance by reinforcing the fairness, transparency, and objectivity of proceedings concerning nomination and remuneration of directors.

4. Group Management Meeting

The Group Management Meeting, positioned as an advisory organ for the President (COO) selected at the Board of Directors, is composed of the executive directors, full-time Audit and Supervisory Committee members, the Presidents of NITTO KOGYO group companies, etc. It is formed as a space for discussion of important management matters for the entire Group, generally held once monthly for wide-ranging discussion and examination of management issues and important matters for the entire Group, intended for dynamic and effective business operation along with the Board of Directors.

5. Management Meeting

The Management Meeting, positioned as an advisory organ for the President (COO) selected at the Board of Directors, is composed of the executive directors, executive officers, full-time Audit and Supervisory Committee members and so forth. It is formed as a space for discussion of important management matters related to manufacturing, construction and service businesses related to electrical and information infrastructure, generally held twice monthly for wide-ranging discussion and examination of management issues and important matters, intended for dynamic and effective business operation along with the Board of Directors.

6. Sustainability Committee

The Sustainability Committee is composed, in accordance with the Sustainability Regulations, of executive directors, certain executive officers, and full-time Audit and Supervisory Committee members. It meets at least once a year and collaborates with other committees to discuss sustainability, monitor department progress, and report to the Board of Directors, aiming to further reinforce sustainability initiatives.

7. Internal Governance Committee

The Internal Governance Committee, positioned according to its Regulations as the organ in charge of internal governance, is composed of executive directors, certain executive officers, full-time Audit and Supervisory Committee members, etc. It generally meets four times yearly to confer, discuss, and report on the operation of the internal governance system overall, aiming to improve the efficiency and efficacy thereof.

Skills matrix for Directors

Name	Gender	Position at the Company	Attributes	Corporate Management	Marketing/ Sales	Financial Accounting	Development Production Quality	Environment	Human Capital Human Resource Development	Global	Judicial Affairs/ Risk Management	DX IT	Origin Qualifications
Tokio Kato	Male	Chairman & CEO		●		●					●		
Toru Kurono	Male	President & COO		●				●		●			
Koichiro Sato	Male	Managing Director		●	●								
Akitaka Tejima	Male	Managing Director				●			●			●	
Hiroshi Minoura	Male	Director			●		●						
Koichi Takenaka	Male	Director				●		●		●			
Yusuke Kobayashi	Male	Director				●	●			●			
Kazufumi Suehiro	Male	Director (Audit and Supervisory Committee member)		●		●	●						
Miyuki Nakagawa	Female	Director (Audit and Supervisory Committee member)	Outside/ Independent								●		Professor Lawyer
Mikio Asano	Male	Director (Audit and Supervisory Committee member)	Outside/ Independent	●		●					●		Wholesale
Masako Kubo	Female	Director (Audit and Supervisory Committee member)	Outside/ Independent	●	●				●				HR services
Shuichi Koyama	Male	Director (Audit and Supervisory Committee member)	Outside/ Independent	●			●					●	Manufacturing industry

*A maximum of three areas of expertise and experience are stated for each director. This does not represent all of the expertise and experience possessed by each director.

Roles and Independence of Outside Directors

Roles of Outside Directors (FY2023)

Position	Name	Attendance	Overview of activities and duties performed regarding the role expected for Outside Directors
Director (Audit and Supervisory Committee member)	Hidefumi Iwasa	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, marketing and organizational culture and contributes to stimulating discussions and improving the effectiveness of the Board of Directors through his active participation and comments. As vice-chairman of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the company's discretion, he contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and directors' remuneration.
Director (Audit and Supervisory Committee member)	Miyuki Nakagawa	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on her many years of experience in the legal profession, she provides useful advice and suggestions on governance structures and risk management and makes active contributions to stimulating discussion and improving the effectiveness of the Board of Directors. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.
Director (Audit and Supervisory Committee member)	Mikio Asano	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, safety and group management and contributes to stimulating discussions and improving the effectiveness of the Board of Directors by making active comments and taking an active role. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.
Director (Audit and Supervisory Committee member)	Masako Kubo	Board of Directors Meeting: 16/16 occasions (100%) Audit and Supervisory Committee Meeting: 16/16 occasions (100%) Nomination and Remuneration Committee Meeting: 6/6 occasions (100%)	Based on her extensive experience, knowledge and insight as a business manager, she provides useful advice and suggestions regarding governance structures and reform of corporate culture and actively contributes to stimulating discussion and improving the effectiveness of the Board of Directors' meetings through her comments and activities. As a member of the Nomination and Remuneration Committee, an advisory organ of the Board of Directors established at the Company's discretion, she contributes to enhancing the transparency and objectivity of the decision-making process for the nomination of candidates for directors and the directors' remuneration.

Independence of Outside Directors

The criteria or policy for selecting outside directors at our company is based on the requirements for outside directors set out in the Companies Act and the criteria of independence set out by the stock exchange, as well as the following criteria for independence set out by our company, which are used to select candidates for independent outside directors.

All four of our outside directors are designated as independent directors as stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange.

[Evaluation criteria and qualities of our company's independent outside directors]

1. Not being an executive* of a major business partner (mainly a purchaser) whose annual transaction amount with our company exceeds 2% of the partner's consolidated sales
2. Not being an executive of a major business partner (mainly a supplier) whose annual transaction amount with our company exceeds 2% of our consolidated sales
3. Not being a consultant, accounting expert, legal expert, or other professional service provider (or in the case of an organization, not being an executive officer of the organization) who receives more than 10 million yen per fiscal year from our company in addition to director's remuneration (or in the case of an organization, a sum equivalent to 2% or more of the organization's total revenue) or other property
4. Not being a major shareholder of the Company holding more than 10% of the total voting rights, or, if the shareholder is a corporation, not being an executive of that corporation
5. Not falling under any of the above items 1 to 4 in the last 5 years
6. Total term of office as Outside Director not exceeding a total of 8 years

Note that even if a candidate for Outside Director falls under any of the above items 1 to 6, if it is determined that the candidate has independence for other reasons, that reason shall be explained at the time of nomination.

* An executive is an executive director, corporate officer, executive officer, or employee who is at the upper management level of a department manager or higher.

Compliance

Compliance is a major premise for sustainable development

Since our establishment, NITTO KOGYO has built a relationship of trust with our shareholders, clients, suppliers and local communities by providing excellent products and services. This relationship of trust is a treasure created through the sincere actions and constant efforts of many of our predecessors. This treasure is firmly inherited in the NITTO KOGYO Group. It is our responsibility as members of the Group to further enhance this relationship and pass it on to future generations.

If any misconduct occurs, it could quickly damage the brand value, trust and credibility that the Group has worked to build up to this point. We believe that thorough compliance is an essential prerequisite for the sustainable development of our group.

Activities Promoting Compliance



We want all officers and employees of the Group to share the same values, understand and be able to put compliance into practice. The NITTO KOGYO Group Corporate Ethics Guidelines was created and distributed to them for this purpose. Moreover, by holding an annual corporate ethics workplace meeting and creating opportunities to discuss compliance, the company is engaged in activities to promote compliance awareness down to the individual level.

Establishment of reporting channels

A Helpline is established as a common contact point for the entire Group, and an External Hotline is also available for overseas use, in order to detect and solve any violations of the Corporate Ethics Guidelines as early as possible.

We ensure that those who report their concerns will not be put at a disadvantage and that the content of the consultation will not be leaked to the outside. The company formulates measures based on a fair investigation to resolve the problem and prevent its recurrence.

Construction of Internal Control System

In accordance with the Basic Policies for Internal Control Systems resolved at the Board of Directors meeting, the company establishes internal control systems by involving officers, employees and all those engaged in business operations.

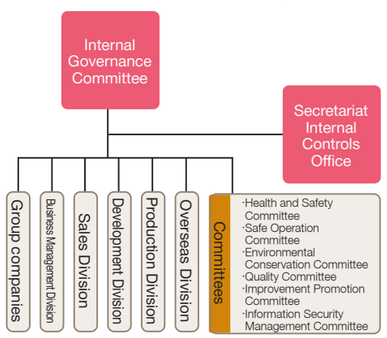
Internal controls are further enhanced with the establishment of the Internal Governance Committee, an organization that oversees and promotes internal controls for the entire group, together with Health and Safety Committee, Safe Driving Committee, Environmental Conservation Committee, Quality Committee, Improvement Promotion Committee, Information Security Management Committee, and other subordinate organizations. Through each headquarters, systems are being developed and operated to ensure compliance, appropriate and efficient operations, proper risk management, and the reliability of financial reporting.

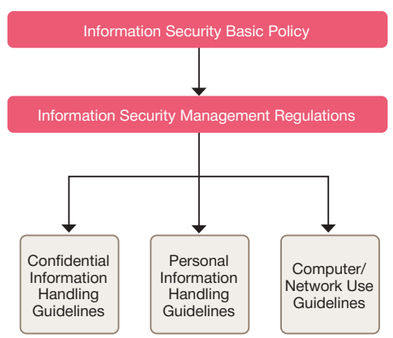
Information Security Management

It is of the utmost importance to live up to the trust of clients and business partners, also in terms of information management.

There is always a risk of information being leaked, stolen or lost. For this reason, measures are taken to ensure secure and appropriate management and use of confidential information held by the company, let alone the information provided by our clients and business partners. Measures include the formulation of the Information Security Basic Policy and the establishment of the Information Security Management Committee. Moreover, in order to improve the information security management level, internal education is provided to managers and above via e-learning, and information security audits are conducted regularly to improve awareness in the workplace.

Internal Governance Committee Organization Chart





Risk Management

Business Risks, etc.

The following are the main risks likely to influence the financial status and business performance of the NITTO KOGYO Group. Items in the text concerning the future are based on Group judgments as of the end of the previous consolidated fiscal year (March 31, 2024). With awareness of these risks, the Group intends to make every effort to avoid them and, should they occur, to handle them accordingly.

*Partial excerpt

Business Environment

Demand for NITTO KOGYO Group products is largely related to the number of private-sector non-residential buildings and orders for machinery in the domestic market, therefore ultimately heavily influenced by trends in the domestic economy. In addition, technological innovation regarding products in the fields of information/communications and electronic parts is rapid, and the Group's financial status and business performance may be affected by the obsolescence of parts in stock or the failure to receive orders.

Regarding the Group's business environment, while we are aware that the potentials for these risks to take shape are always present, we are taking measures to further enhance the competitiveness of our core businesses, such as starting operation of the Seto Factory in spring 2024, which will achieve a smart factory using digital transformation (DX). At the same time, we are promoting various measures such as expanding business domains, establishing overseas business bases centered on Southeast Asia, and establishing new businesses.

Large-scale Disasters, etc.

Many of the Group's main offices are located in areas that are highly likely to be affected by the Nankai megathrust earthquake, which is expected to occur in the future. In the case of a major natural disaster of this kind, production capacity and logistics functions would be seriously affected by damage to factory buildings and production facilities, delays in supply chain recovery, electricity supply shortages, etc., affecting Group financial status, business performance, etc.

There is a good possibility that the Nankai megathrust earthquake will occur in the near future. In order to prioritize human life while minimizing the effect on production and sales in times of a major disaster, NITTO KOGYO is working actively to organize a business continuity plan such as disaster drills, safety confirmation drills, anti-seismic measures, dual data management, etc.

Information Systems and Information Security

NITTO KOGYO Group is dependent on information systems to carry out sales, production, and other business activities. It also handles confidential and personal information related to customers, suppliers, and employees. The Group's financial status and business performance will suffer if unforeseen circumstances lead to a long-term information systems outage or leaks of confidential and personal information.

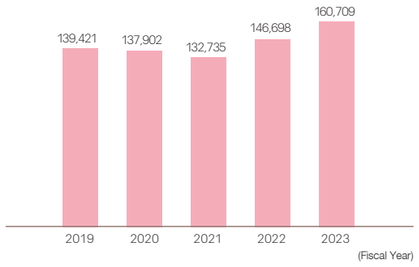
While conscious that the relevant risks cannot easily be entirely eliminated, given the more advanced cyberattacks now common, we are working to reduce the risks through information system countermeasures against external attacks, computer virus countermeasures, employee education on security compliance, etc., as well as continuing to make active use of new information systems.



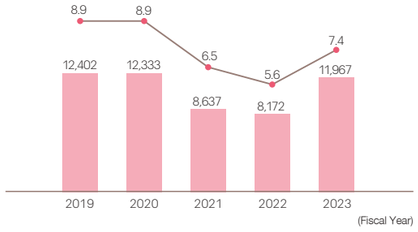
Financial and Non-financial Highlights

Financial Highlights

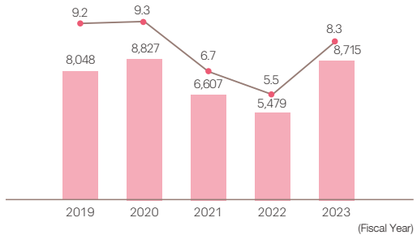
Net sales (¥ million)



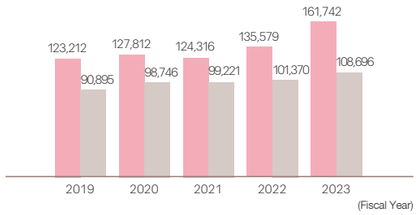
Operating profit (¥ million)
Operating profit margin (%)



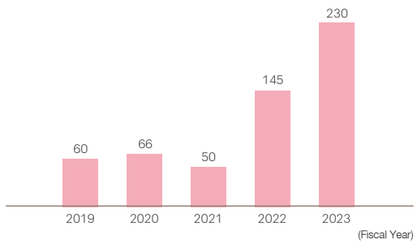
Profit attributable to owners of parent (¥ million)
ROE (%)



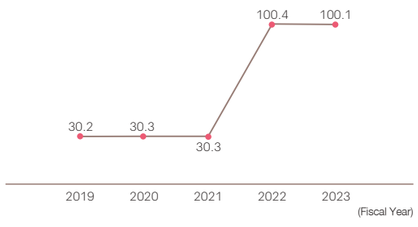
Total assets (¥ million)
Net assets (¥ million)



Dividend per share (¥)

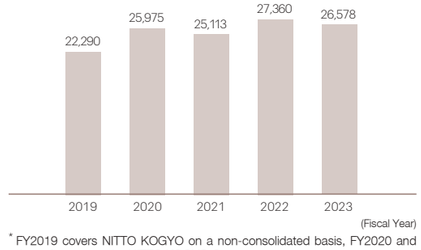


Payout ratio (%)



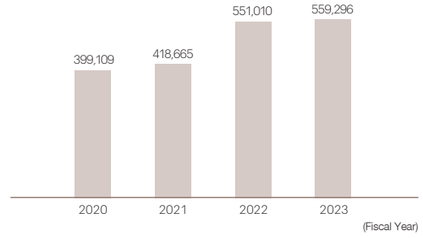
Non-financial Highlights

Scope1, 2 (t-CO_2)

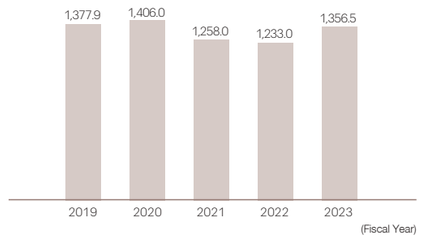


* FY2019 covers NITTO KOGYO on a non-consolidated basis, FY2020 and thereafter covers the NITTO KOGYO Group.

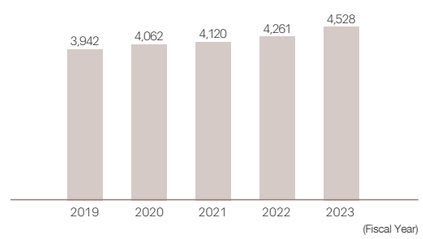
Scope3 (t-CO_2)



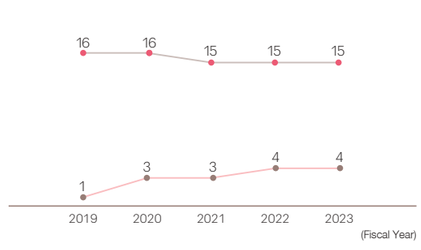
Waste emissions (NITTO KOGYO non-consolidated) (t)



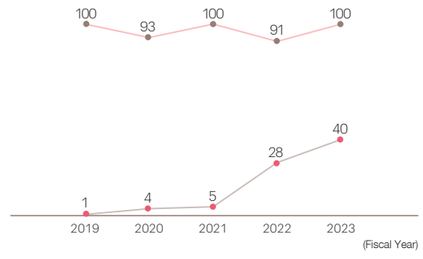
No. of employees



Ratio of female employees (NITTO KOGYO non-consolidated) (%)
Ratio of women in management roles (NITTO KOGYO non-consolidated) (%)



Percentage of males who take childcare leave (NITTO KOGYO non-consolidated) (%)
Percentage of females who take childcare leave (NITTO KOGYO non-consolidated) (%)



11-Year Summary

11-Year Financial Highlights

Fiscal Year	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
Management results (¥ million)												
Sales	101,215	109,837	108,463	106,627		108,080	116,984	139,421	137,902	132,735	146,698	160,709
Operating profit	11,558	13,851	11,264	6,598		5,751	6,472	12,402	12,333	8,637	8,172	11,967
Ordinary income	11,418	14,146	10,937	6,402		5,625	6,405	12,038	12,660	9,412	9,056	12,566
Profit attributable to owners of parent	7,153	7,390	7,402	4,506		2,883	4,046	8,048	8,827	6,607	5,479	8,715
Capital investment	3,193	3,400	2,944	6,059		2,588	2,518	7,153	4,984	5,183	12,102	18,540
Depreciation	2,759	2,692	2,740	2,891		3,756	3,533	4,034	3,857	4,283	4,209	4,858
EBITDA*1	14,823	17,112	14,602	10,342		11,981	10,911	17,153	17,050	13,408	12,698	17,034
R&D expenses	1,541	1,588	1,973	2,014		2,154	2,466	2,876	2,642	2,778	2,970	3,059
Overseas sales	905	788	687	4,090		3,542	5,426	9,360	9,394	11,703	14,537	15,441
Overseas sales ratio (%)	0.9	0.7	0.6	3.8		3.3	4.6	6.7	6.8	8.8	9.9	9.6
Financial Condition (¥ million)												
Net assets	70,442	74,926	79,146	82,152		83,061	98,588	90,895	98,746	99,221	101,370	108,696
Total assets	89,326	95,577	100,106	101,871		103,886	141,971	123,212	127,812	124,316	135,579	161,742
Equity	69,442	74,908	79,137	82,147		83,032	85,046	90,629	98,539	99,063	101,166	108,488
Interest-bearing debt	119	58	1,405	1,452		1,664	19,280	4,882	3,262	282	6,627	18,558
Cash flow (¥ million)												
Cash flows from operating activities	7,908	13,939	8,242	9,787		6,616	8,046	12,649	12,250	8,471	3,751	12,321
Cash flows from investing activities	(3,243)	(6,279)	(2,874)	(4,336)		(1,882)	(13,308)	4,920	(3,857)	(4,966)	(13,899)	(14,429)
Cash flows from financing activities	(1,733)	(2,386)	(2,520)	(1,771)		(1,716)	16,048	(26,925)	(3,880)	(10,022)	1,449	6,929
Free cash flow	4,664	7,660	5,368	5,451		4,733	(5,261)	17,570	8,393	3,504	(10,148)	(2,108)
Cash equivalents at end of period	13,586	18,839	21,606	25,138		28,283	38,934	29,620	34,301	28,319	20,098	25,411
Information per share (¥)												
Book value per share	1,724.73	1,854.72	1,955.84	2,030.28		2,052.18	2,101.99	2,239.98	2,435.33	2,611.64	2,667.12	2,860.19
Earnings per share)	178.12	183.29	183.00	111.37		71.26	100.02	198.93	218.16	164.75	144.45	229.77
Dividend per share	54	56	57	50		40	40	60	66	50	145	230
Payout ratio (%)	30.3	30.6	31.1	44.9		56.1	40.0	30.2	30.3	30.3	100.4	100.1
Closing price at end of term	2,166	2,236	1,794	1,536		1,650	2,214	1,729	2,028	1,576	2,642	4,140
Index (%)												
Operating profit margin	11.4	12.6	10.4	6.2		5.3	5.5	8.9	8.9	6.5	5.6	7.4
ROE	10.7	10.2	9.6	5.6		3.5	4.8	9.2	9.3	6.7	5.5	8.3
ROA	13.2	15.3	11.2	6.3		5.5	5.2	9.1	10.1	7.5	7.0	8.5
Equity ratio	77.7	78.4	79.1	80.6		79.9	59.9	73.6	77.1	79.7	74.6	67.1
PBR (based on closing price at end of term) (ratio)	1.26	1.21	0.92	0.76		0.80	1.05	0.77	0.83	0.60	0.99	1.45
PER (based on closing price at end of term) (ratio)	12.16	12.20	9.80	13.79		23.15	22.14	8.69	9.30	9.57	18.29	18.02
Total return ratio*2	30.4	30.6	31.2	44.9		56.2	40.1	30.2	30.3	90.3	100.7	100.4

*1 In calculating EBITDA, depreciation cost and depreciation of goodwill are based on the amounts shown in the consolidated statements of cash flows.

*2 In calculating the total return ratio, acquisition of shares under the share buyback program for shares less than one unit is included, but acquisition of treasury stock by the Board Benefit Trust (BBT) is not included.

Non-financial Data

Fiscal Year	2013	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
Governance												
No. of directors	10	12	12	10		10	10	11	12	11	12	12
No. of outside directors	3	4	4	3		3	3	4	4	4	4	4
Ratio of outside directors (%)	30.0	33.3	33.3	30.0		30.0	30.0	36.4	33.3	36.4	33.3	33.3
Society												
No. of employees (consolidated)	2,733	2,689	3,157	3,168		3,100	3,700	3,942	4,062	4,120	4,261	4,528
No. of employees (NITTO KOGYO non-consolidated)	1,622	1,612	1,725	1,721		1,761	1,842	1,918	1,960	1,989	2,148	2,170
Ratio of women in management roles (NITTO KOGYO non-consolidated) (%)	-	-	-	-		-	-	1	3	3	4	4
Ratio of overseas employees (NITTO KOGYO non-consolidated) (%)	-	-	-	-		-	-	1	1	1	2	2
Percentage of males who take childcare leave (NITTO KOGYO non-consolidated) (%)	1	0	1	0		4	7	1	4	5	28	40
Percentage of females who take childcare leave (NITTO KOGYO non-consolidated) (%)	100	100	100	100		100	100	100	93	100	91	100
Environment												
GHG emissions (Scope 1, 2)*3 (t-CO_2)	22,097	25,777	24,817	23,294		23,424	22,917	22,290	25,975	25,113	27,360	26,578
GHG emissions (Scope 3) (t-CO_2)	-	-	-	-		-	-	-	399,109	418,665	551,010	559,296
Waste emissions (non-consolidated) (t)	1,502.5	1,472.5	1,499.6	1,432.9		1,300.0	1,266.1	1,377.9	1,406.0	1,258.0	1,233.0	1,356.5
Solar power generation (kWh)	3,514,280	4,764,352	4,679,451	4,834,774		4,605,036	4,689,978	4,437,402	4,302,862	4,346,650	4,555,753	5,654,349

*3 FY2013 to FY2019 covers NITTO KOGYO on a non-consolidated basis; FY2020 and thereafter covers the NITTO KOGYO Group.

Company Overview (as of March 31, 2024)

Company name	NITTO KOGYO CORPORATION
Established	November 24, 1948
President & COO	Toru Kurono
Location of headquarters	2201 Kanihara, Nagakute-shi, Aichi 480-1189
Capital stock	6,578 million yen
No. of employees	Consolidated: 4,528 Non-consolidated: 2,170
Details of Business	The manufacture and sales of electric and mechanical equipment such as high-voltage power receiving equipment, panel boards, home panel boards, EV/PHEV general charging stands, optical boxes, metal enclosures, plastic enclosures, system racks, breakers, switches, thermal management products, and so on. Power generation and sales business.

Stock Overview (as of March 31, 2024)

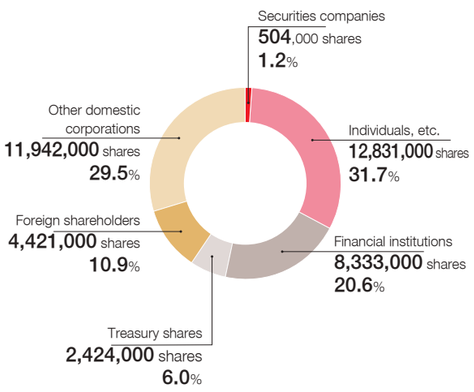
Total number of authorized shares	96,203,000
Number of issued shares	40,458,000 (including 2,424,913 treasury shares)
No. of Shareholders	18,457

Overview of major shareholders

Name of shareholder	No. of shares held (thousand)	Shareholding ratio (%)
Meito Kousan, Ltd.	6,918	18.2
The Master Trust Bank of Japan, Ltd. (Trust)	4,010	10.5
NITTO KOGYO Shareholders' Association of Business Partners	2,286	6.0
Meiji Yasuda Life Insurance Company	1,586	4.2
Shinwa Kousan, Ltd.	1,050	2.8
Custody Bank of Japan, Ltd. (Trust)	847	2.2
NITTO KOGYO Employee Stock Ownership Association	782	2.1
The Nitto Foundation	779	2.0
The Bank of Nagoya, Ltd.	586	1.5
Yokoyama Estate Agents, Ltd.	515	1.4

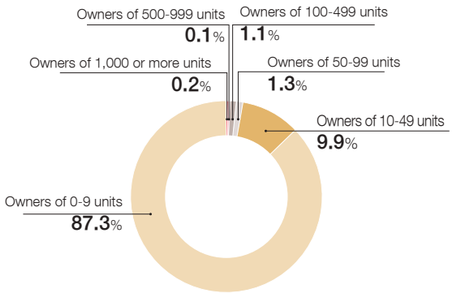
Notes: 1. The Company owns 2,424,000 shares of treasury stock but is excluded from the major shareholders listed above.
2. Shareholding ratios are calculated excluding treasury stock.

Distribution of shares by owner



Shareholder distribution by owned share units

(1 unit: 100 shares)



Note: Numbers are rounded off, so the total may not amount to 100%.

Issuance of Integrated Reports

In May 2024, the NITTO KOGYO Group announced our 2026 Mid-term Management Plan, which includes our mission to "Provide reliability and peace of mind when it comes to the future of our planet" as the Group's purpose of existence, and our Group vision to "Strive to solve problems sincerely and continue to tackle the challenge of creating new value". The plan stated our commitment to contribute to the realization of a prosperous, vibrant, and sustainable society, and to tackle all issues facing us in the future head-on. Our basic strategy in this 2026 Mid-term Management Plan is to contribute to protecting the environment so that we can pass on a beautiful planet to future generations.

Our group has been involved in activities that contribute to the environment and society, and these activities are reported in our Environmental Report and CSR Report. With the release of the 2026 Mid-term Management Plan, we decided to publish a new integrated report from this fiscal year, combining the two reports mentioned above, in order to provide stakeholders with a better understanding of our business plan, the actual status of the company, and our sustainability initiatives.

Throughout the years, we have engaged in efforts to promote understanding of our Group's business through communication with our investors. Through this integrated report, we will endeavor to help a wide range of stakeholders deepen their understanding of our Group's efforts in achieving sustainable growth and a sustainable society.

Since this is our first integrated report, we understand that it is far from perfect and needs improvement. We would greatly appreciate frank opinions and suggestions from our stakeholders on what information is sought by you and what your expectations are of our Group.

Director
Koichi Takenaka

