

Value Creation Trajectory

Since our founding in 1948, we have maintained the passion of our founder for the company to create quality products, and have always strived to create finished products that make customers happy while aiming to put quality first and provide customer satisfaction.

Establishment

NITTO KOGYO CORPORATION was founded in 1948 in the city of Seto in Japan's Aichi Prefecture. Our story began with cut-out switches that use ceramic from Seto.

Growth

NITTO KOGYO CORPORATION has always supported electrical and information infrastructure in a variety of contexts through the development and proposal of electrical equipment and machines such as standard distribution and control boards, steel enclosures, and system racks.

Stability

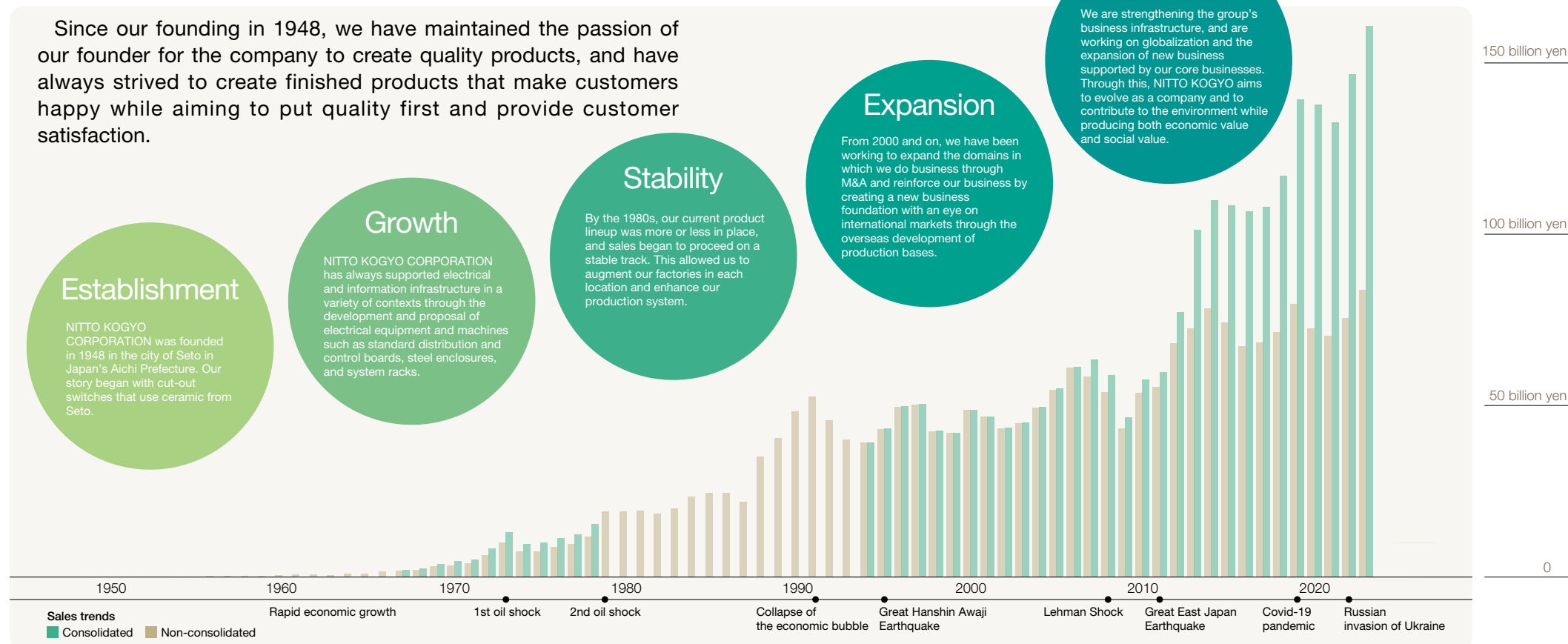
By the 1980s, our current product lineup was more or less in place, and sales began to proceed on a stable track. This allowed us to augment our factories in each location and enhance our production system.

Expansion

From 2000 and on, we have been working to expand the domains in which we do business through M&A and reinforce our business by creating a new business foundation with an eye on international markets through the overseas development of production bases.

Reform

We are strengthening the group's business infrastructure, and are working on globalization and the expansion of new business supported by our core businesses. Through this, NITTO KOGYO aims to evolve as a company and to contribute to the environment while producing both economic value and social value.



1948

Sales of cut-out switches commenced



1951

Sales of covered knife switches commenced



1963

Sales of standard panel boards, control panel boards, and home panel boards commenced



1966

Sales of enclosed panel-board-type power receiving equipment commenced



1967

Sales of steel enclosures commenced



1969

Sales of plastic enclosures commenced



1975

Sales of safety breakers commenced



1980

Sales of system rack commenced



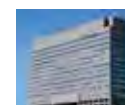
1996

Sales of optical junction boxes commenced



2009

General charger for EV/PHEV jointly developed with Toyota Industries Corporation



2013

SunTelephone Co., Ltd. acquired as a subsidiary



2019

KITAGAWA INDUSTRIES Co., Ltd. acquired as a subsidiary



2020

Sales of Phone Booth commenced



2023

Sales of self-consumption storage battery systems commenced

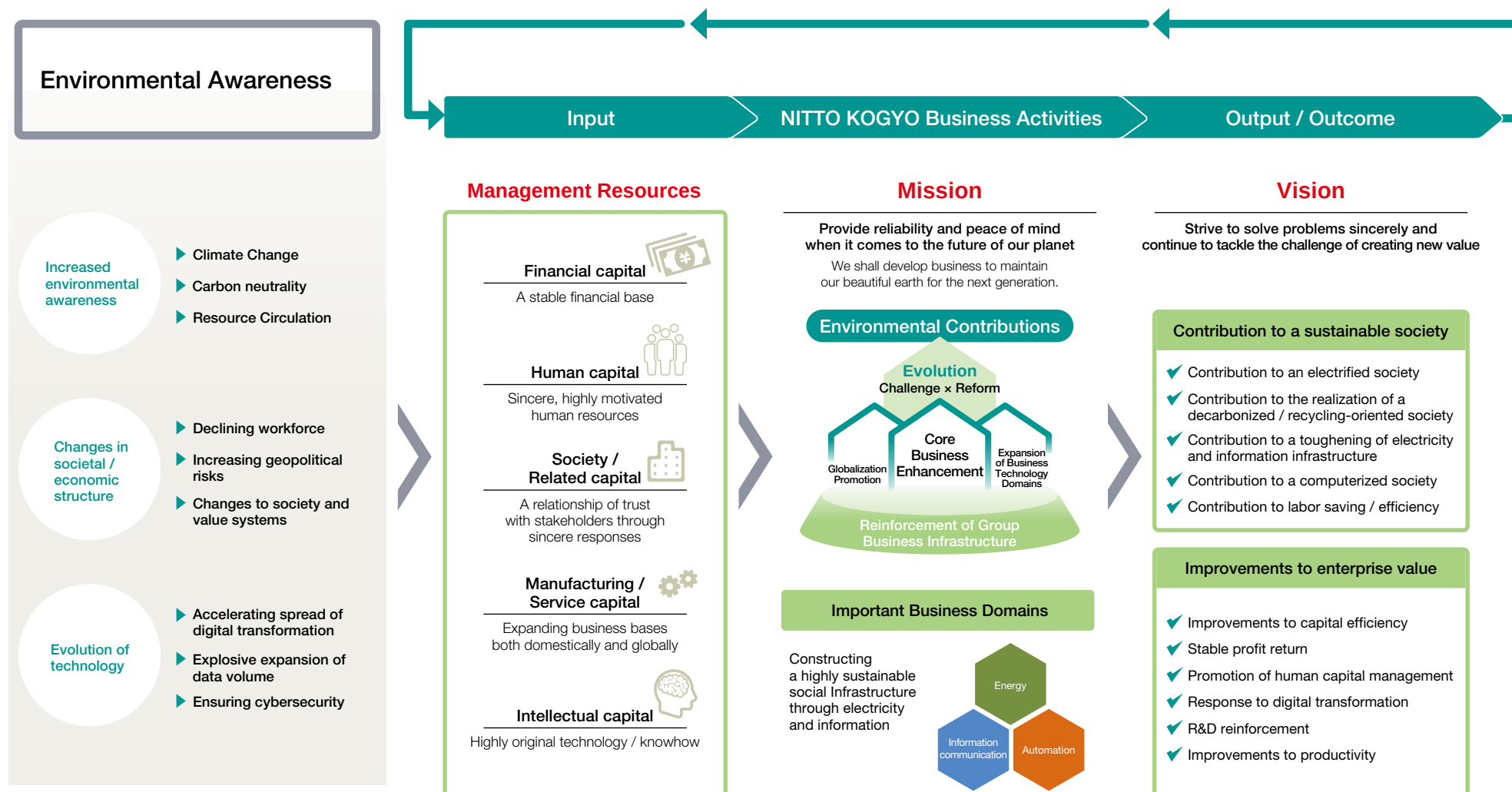


2024

Tempearl Industrial Co., Ltd. acquired as a subsidiary

The Value Creation Process

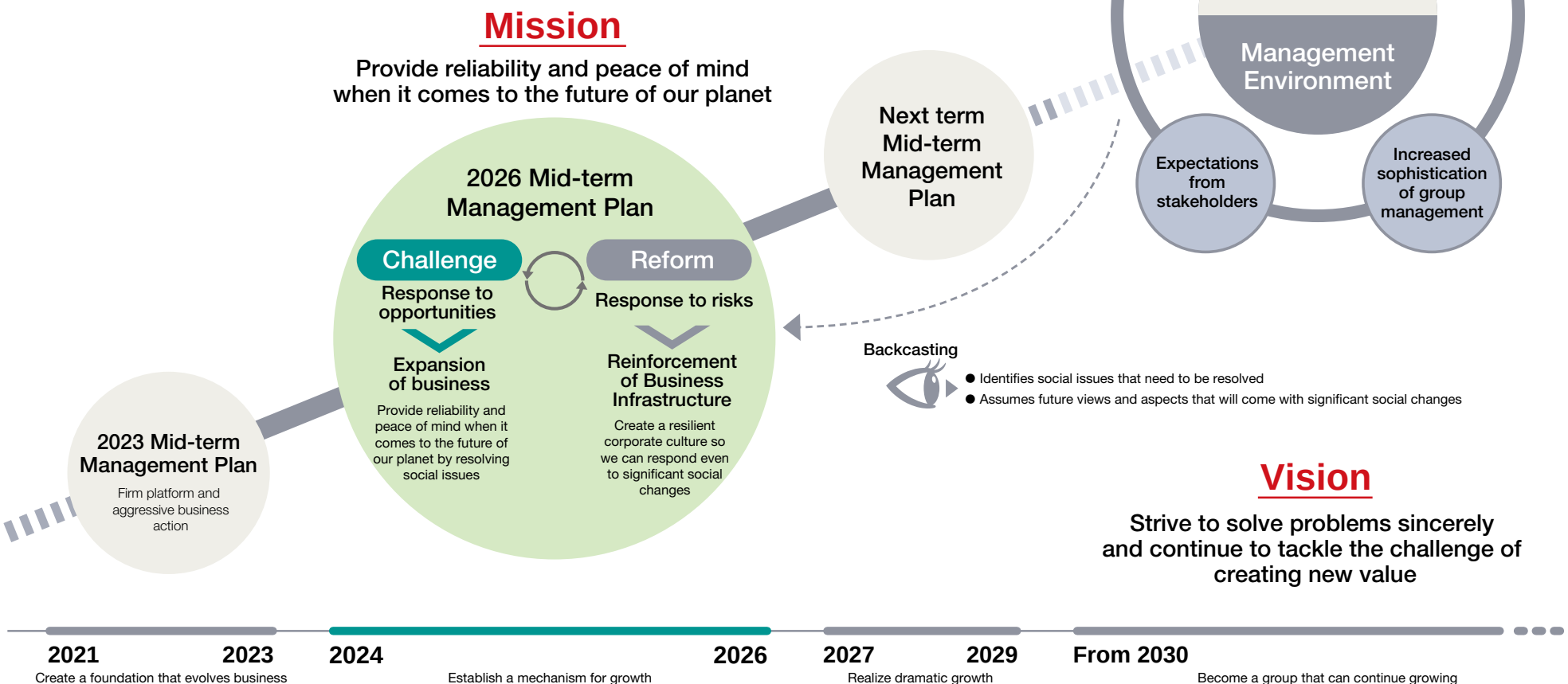
This illustration depicts the NITTO KOGYO GROUP value creation process. Environmental awareness, on the left, is our starting point. By thinking about social issues first and working to solve them, we believe that we can increase our sustainability by improving enterprise value via balancing both social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



Long-term Growth Story

Having set out its mission as providing reliability and peace of mind when it comes to the future of our planet, and its vision as striving to solve problems sincerely and continue to tackle the challenge of creating new value, the NITTO KOGYO Group pursues sustainable growth. Based on the approach of backcasting from the future, we are steadily implementing our Mid-term Management Plan, and working to expand the scale of our business while enhancing our business infrastructure. Through our electrical and telecommunications infrastructure-related manufacturing, construction and service business, our electrical and telecommunications infrastructure-related distribution business, and our electronic parts-related manufacturing business, we contribute to the resolution of issues faced by society and create opportunities for new growth.

The Seto Factory, which commenced operations in April 2024, fuses renewable energy with advanced automation, and forms a growth model that achieves both environmental friendliness and efficiency with successes such as a roughly 50% higher production capacity. We will accelerate our global expansion and contribute to building infrastructure in countries around the world. Based on the notion that human resources are the foundation of business development, we provide support for employee development and a wide range of working styles, and encourage sustainable corporate growth. The NITTO KOGYO Group pursues both economic and social value, and will continue to grow.



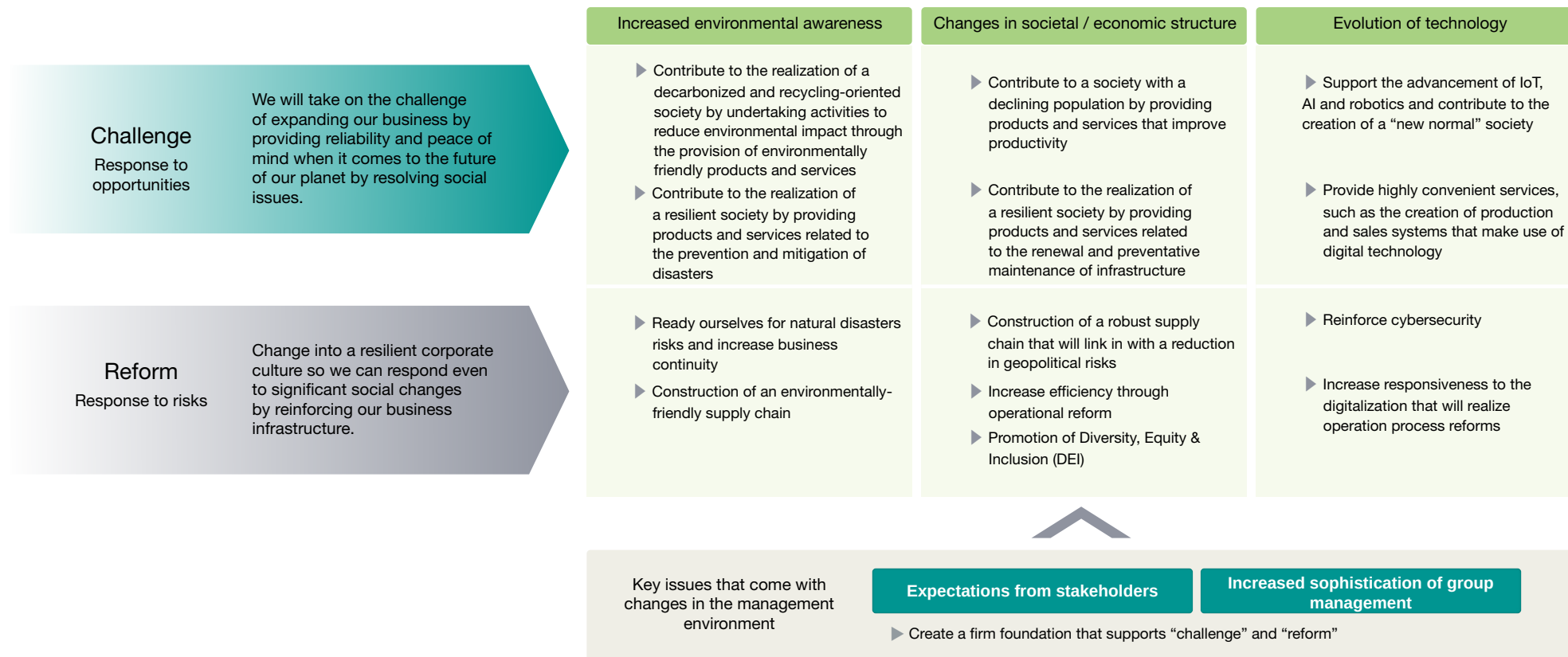
Material issues

Aiming to realize a sustainable society and enhance corporate value, we view environmental change as an opportunity for challenge and transformation. The initiatives outlined below support both business expansion and continuity, meeting stakeholder expectations while forming a foundation for making group management more advanced.

Our initiatives to address key material issues are closely linked to our businesses and shape the future. In response to growing environmental awareness, we are contributing to a decarbonized and recycling-oriented society by strengthening our lineup of renewable energy-related products and operating smart factories that achieve both business growth and environmental contribution. In response to social and economic changes, NITTO KOGYO is addressing the challenge of a declining labor force by providing products and services that increase productivity, while supporting the creation of a resilient society through products and services related to infrastructure development and preventive maintenance. In response to evolution in technology, we are promoting DX to increase operational efficiency and value creation through systemization, while reinforcing cybersecurity to ensure trust and reliability.

By earnestly confronting these issues and continually going through a process of challenge and transformation, the NITTO KOGYO Group will continue to evolve and create a better future as a corporate group that contributes to society.

Key issues that come with changes in the business environment



Our Value Creation Story

The NITTO KOGYO Group's challenge to open a way into the future

The NITTO KOGYO Group goes beyond simply supplying products; we are sincerely committed to the future of our planet and the sustainability of society, and continually take on the challenge of creating new value.

Our value creation process always begins with addressing the fundamental issues facing society. And by solving these challenges, we aim to maximize both economic value and social value, thereby firming up our sustainability as a company.

This unique process begins with the business environment we operate in and the management environment that supports it, as illustrated below.

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

Management Environment

The environment we need to be aware of 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 nonfinancial information
- Advanced governance structure

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

Business Environment

Management Environment

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

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

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



At a Glance (the NITTO KOGYO Group now)



Established

77 years ago

NITTO KOGYO's journey started in 1948 with the manufacturing of wiring fixtures and switches.

Sales (consolidated)

Year ending March 2025

184.6 bn yen

NITTO KOGYO grew steadily with the rapid economic growth Japan saw after WWII, and consolidated net sales exceeded 100 billion yen for the first time in 2014.

NITTO KOGYO Group members

Incl. NITTO KOGYO

35 companies

We will expand our production and sales bases not only in Japan but also overseas, providing high-quality products and services suited to the needs of each country.

NITTO KOGYO Group employees

Year ending March 2025

5338

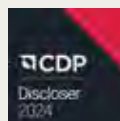
All of our employees around the world are always striving to create finished products that make customers happy while aiming to put quality first and provide customer satisfaction.

External evaluation of our environmental initiatives (1)

CDP2024 questionnaire score

Climate change **B**

Water security **C**



Powered by CDP

<https://cdp.net/ja/data/scores>

External evaluation of our environmental initiatives (2)

2025 Aichi Environment Award

Bronze award

This award recognized our product development for electrical facilities adapted for climate change and that can be used safely and securely over the long term.

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%

CAGR
7.6%

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%

CAGR
7.8%

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%

Mid-term Management Plan

● Business portfolio

Basic policy

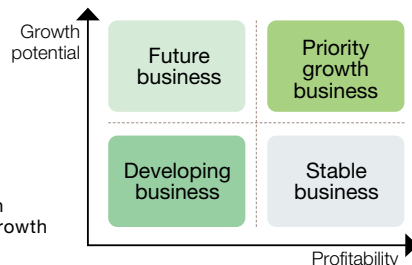
Achieve ongoing growth in group earning power through optimum allocation of management resources

- 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

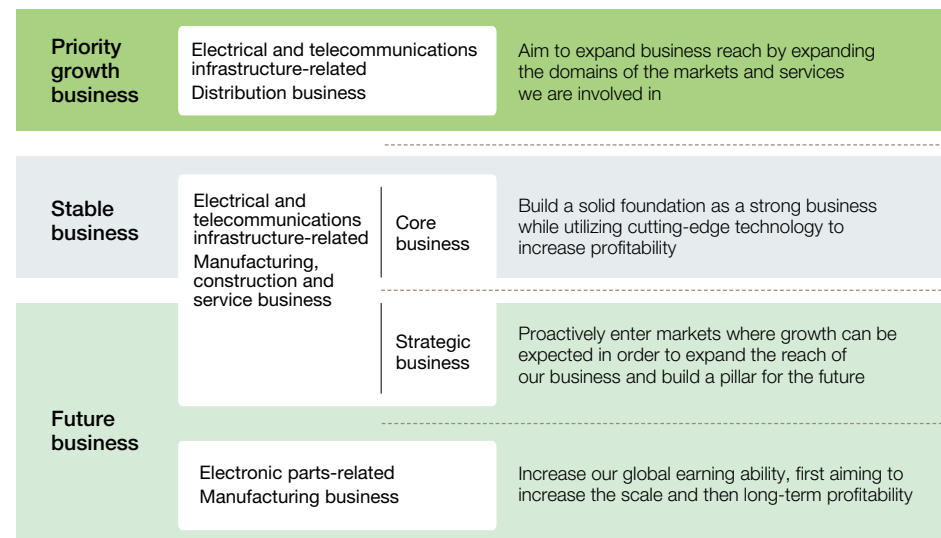
Business evaluation mapping



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

Direction of growth

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



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

The NITTO KOGYO Group is striving to expand its business domains while shoring up its business foundation with the two pillars of challenge and reform.

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

We are enhancing the infrastructure for our core distribution board and enclosure businesses while working to improve productivity through the start of operations at the Seto Factory and creating synergies through collaboration with Tempearl Industrial. To take forward our process of globalization, we have exhibited at exhibitions held overseas and worked to improve local production capacity. Furthermore, we have established a control board DX alliance, made proposals for energy management systems for the promotion of GX, and taken other such actions in our proactive approach to developing new markets.

Electrical and telecommunications infrastructure-related Distribution business

We have put in place a system to propose solutions for each individual customer, and commenced activities to make such proposals. Driven by the contracts won for semiconductor factory construction projects and a growing appetite for IT investments, sales of network devices and components have grown significantly. Data centers and the factory automation markets, where strong growth is expected, are particularly important targets for us, and we are working to expand our business domain beyond sales of goods to encompass everything from proposals to installation and construction. We have also taken forward data collaboration with business partners with the goal of bringing evolution to our supply chain.

Electronic parts-related Manufacturing business

Toward the expansion of overseas business and enhancement of solutions, we have proactively held seminars for overseas customers and promoted our EMC measures support. Furthermore, we have worked to provide a wide range of solutions pertaining to EMC for the domestic automotive industry by leveraging our testing facilities. In specific terms, we are also working to enhance our relations with Japanese manufacturers in the automobile and appliance markets while developing new relationships with overseas manufacturers. On top of this, we will advance our development of noise suppression technology for which demand will grow due to electrification and electronification, and strengthen collaborations with overseas testing sites.

Business strategyPlan



Great start to the 2026 Mid-term Management Plan, steady progress in all business domains

Managing Director

Koichiro Sato

Status of business in year ending March 2025

In the year ending March 2025, the first year of the 2026 Mid-term Management Plan, our core electrical and telecommunications infrastructure-related manufacturing, construction and service business saw a major increase in revenue and profit thanks to factors including the addition of Tempearl Industrial to the group. After the reclassification of Covid-19 as a Class 5 disease, Distribution Board Department sales grew thanks to the trend towards recovery of the Japanese economy. Other positive factors included demand for replacement equipment to make high-voltage power receiving equipment highly efficient, and price revisions.

The electrical and telecommunications infrastructure-related distribution business saw increased revenue and profit thanks to successfully winning contracts pertaining to the construction of facilities such as semiconductor factories and data centers.

However, the electronic parts-related manufacturing business saw a slight fall in revenue due to a decline in demand from markets such as the industrial device market despite a recovery in appliance-related demand and demand from overseas automobile markets.

Categorizing businesses from the perspective of growth potential and profitability

In the 2026 Mid-term Management Plan, we will classify each business as a priority growth business, stable business, or future business along the two lines of growth potential and profitability.

We have classified the electrical and telecommunications infrastructure-related distribution business as a priority

growth business. As a direction for growth, we aim to expand business reach by expanding the domains of the markets and services we are involved in. SunTelephone is at the core of this business and is engaged in activities that include the wholesale and import/export sales of information and communication devices, components, and construction materials, and it is expanding its business in the new domains of renewable energy, disaster prevention, and IA networks. One example of this is import sales of the dinnteco lightning rod that reduces the impact of lightning strikes. With a view toward global expansion, our strength as a trading company lies in our ability to propose comprehensive solutions that encompass a wide range of products both in Japan and overseas. We are also working to bring evolution to our supply chain management and undertaking further digitalization of the sales process.

We classify our electrical and telecommunications infrastructure-related manufacturing, construction, and services businesses as our core and stable businesses. The aim of our approach to growth is to improve existing business processes and advance DX to further strengthen the business foundation, while leveraging cutting-edge technologies to increase profitability.

A symbol of our foundation strengthening is our Seto Factory, which began operations in April 2024 as a smart factory. At this factory, which manufactures steel enclosures, system racks, and other products, we have built a fully automated production line utilizing the latest technology to reduce labor and improve efficiency. In addition, we have worked to improve efficiency in the production of CAD design drawings for distribution boards created by electrical

Business strategy

engineers. This has led to the development of an automated system that generates design drawings for these distribution boards, and this is now used not only internally but also by our customers. These initiatives help address labor shortages caused by Japan's declining birthrates and its aging population alongside other such issues. We believe that our smart factory and automated design systems will contribute to the distribution board industry and the broader electrical equipment sector.

Building future pillars of business in overseas markets and environment related domains

Our future business strategy positions energy management and global business expansion — both newly integrated into our core electrical and telecommunications infrastructure-related manufacturing, construction and service business — as key strategic pillars.

In the energy management business, we are pursuing a one-stop solution model through collaboration within the NITTO KOGYO Group, including companies such as EM Solutions, established jointly with electrical equipment manufacturers and general construction firms, and NANKAIDENSETSU, an electrical and communication facility construction company. Although this business only began in March 2024, we already feel that it will support our future growth.

In overseas markets, we are working to build recognition as a trusted brand by adapting the business models developed in Japan to meet the specific needs of each country. We have several group companies in China and Southeast Asia, and we are steadily strengthening

our brand recognition. Going forward, we will continue expanding our global activities, building international networks, and aim for further growth.

We have also positioned our electronic parts-related manufacturing business as a future business, and in our approach to growth, we are focusing on expanding overseas business and enhancing our solutions. Our aim is to strengthen our ability to generate revenue globally by first increasing business scale, and improving overall profitability in the long term. A crucial element of this strategy is the EMC (electromagnetic compatibility) technology possessed by KITAGAWA INDUSTRIES, which plays an essential role in enhancing our solutions. KITAGAWA INDUSTRIES operates an EMC Center capable of conducting a wide range of tests required for EMC countermeasures. Its strength lies in the fact that it is able to provide both EMC countermeasure products (hardware) and EMC solution services (software). By rolling out and developing these services internationally in the same way as in Japan, we aim to expand our global business.

Creation of synergies to support our core businesses: an important theme

As a group-wide strategy, it is very important to generate synergies at as early a stage as possible among group companies that support our core businesses. While each company is fully functional independently, furthering collaboration across development, production, and sales enables the creation of significant group synergies. For example, since the business domains in which NITTO KOGYO and Tempearl Industrial work have many aspects



in common, I believe that jointly undertaking production and development can lead to cost reductions, BCP measures, and new product development among other such things, thus creating new value. I believe that achieving sustainable growth and increasing corporate value requires the combined strength of the entire group. The invaluable assets including technology, expertise, customer networks, and human resources that each company has cultivated over the years serve as a driving force for our growth when organically connected across the group. I am confident that this integrated approach is the most effective way for us to fulfill our social responsibilities. Going forward, we will aim not merely for additive collaboration that focuses on operational alliances or cost reduction, but for multiplicative synergy by combining the strengths of each party to create new value.

Finance and capital strategy / business infrastructure reform



Establishing a system for sustainable growth powered by challenge and reform

Managing Director

Akitaka Tejima

Summary for financial results of fiscal year ending March 2025 and start of the 2026 Mid-term Management Plan

The 2026 Mid-term Management Plan, which began in FY2024, is positioned as the phase in which the NITTO KOGYO Group will establish a mechanism for growth within its long-term growth story. By addressing both opportunities and risks with challenge and reform as the two drivers, the plan aims to expand our business and strengthen our business infrastructure.

In FY2024, the first fiscal year of the plan, the group achieved record-high consolidated net sales of 184.6 billion yen, surpassing previous record set in FY2023. Operating profit reached 13.4 billion yen, and net profit stood at 12.0 billion yen, exceeding the target of 10.0 billion yen set in the Mid-term Management Plan. In addition, as things stand, we have achieved an ROE of 10.8%, surpassing the target of 9.0% or higher.

The increase in net sales was mainly driven by the consolidation effect of Tempearl Industrial, which joined the group last year, as well as price revisions and improvements in project pricing. We recognize, however, that our internal growth was limited. Although the gain on negative goodwill from the Tempearl Industrial acquisition boosted profits, that factor will no longer contribute this fiscal year, and it is expected to turn negative. In light of this, our key challenge going forward is to achieve sustainable growth through the optimal use of internal resources.

We must also consider the impact of US tariff policies. While no direct impact has been observed so far, there are

risks such as a potential cooling of domestic investment sentiment and heightened price competition due to a fall in the number of contracts available. I believe that these external environmental changes demand a flexible response.

Looking ahead, the main issue over these three years will be how to use the growth mechanism established by FY2026 to obtain sustainable growth beyond FY2027. Market conditions are favorable, and I believe that achieving the quantitative targets set in the Mid-term Management Plan is highly feasible. But sustainable growth cannot be achieved when internal growth is weak, so we are currently experimenting with various challenges to try and identify what the best practice for the group are. From the second year of the 2026 Mid-term Management Plan, we will focus on the seeds of growth identified through these efforts, while simultaneously encouraging a transformation in employee mindsets to support long-term, sustainable development.

Progress and issues by operating segment

In the electrical and telecommunications infrastructure-related manufacturing, construction and service business, robust capital investment drove strong sales of distribution boards, combined with the impact of M&A activities, this segment achieved sales of 114.2 billion yen, surpassing the target for the fiscal year ending March 2025. This segment also accounted for over 70% of total profits, making it a core business for the group.

The electrical and telecommunications infrastructure-related distribution business also achieved significant growth. When the specialized telecommunications trading company SunTelephone joined the Group in 2013, sales

Finance and capital strategy / business infrastructure reform

stood at approximately 25.0 billion yen. This has now grown to nearly 56.0 billion yen. This segment has expanded significantly through factors including new business initiatives forming a driving force in the energy and industrial domains and other areas. In terms of the points of contact it has with cutting-edge data and customer needs, it also plays the role of a key marketing function for the group, and I believe that further investment in this area may be a topic for consideration.

In the electronic parts-related manufacturing business with its three main pillars of automotive, industrial equipment, and appliances, the automotive and appliance domains are tending toward recovery. But the industrial equipment domain continues to face challenges due to tight supply-demand conditions for materials and currency fluctuations.

Regarding overseas expansion, the ratio that overseas sales constitute of the group's total sales remains around 10%. This makes expanding sales channels an issue that needs to be addressed in light of the domestic market's contraction. Although the group counts mass production of high-quality products and reliable performance in terms of deadlines and delivery among its strengths, these are yet to be fully leveraged in local markets overseas where price and specification requirements often diverge. Going forward, we believe there is a need for a shift in mindset that will involve approaches such as developing products tailored to overseas market needs and undertaking region-specific strategic expansion.

(¥1m)

	By segment	Year ending March 2024	Year ending March 2025	
		Outcomes	Outcomes	Year-on-year change (%)
Sales	Electrical and telecommunications infrastructure-related manufacturing, construction and service business	95,132	114,230	20.1%
	Electrical and telecommunications infrastructure-related distribution business	50,975	56,046	9.9%
	Electronic parts-related Manufacturing business	14,601	14,406	△1.3%
	Total	160,709	184,683	14.9%

M&A as a growth strategy

While the NITTO KOGYO Group undertakes mergers and acquisitions in Japan and overseas, we do not merely seek to increase the scale of our business; we focus on how businesses complement each other and on entry into new markets, thus approaching M&A with a view to creating value for the group as a whole. Expanding the market share of the NITTO KOGYO Group is a major theme, and the incorporation of Tempearl Industrial — a company in the same industry — into our group was undertaken with the aim of enhancing our business infrastructure through business restructuring.

In addition to M&A, we are also looking to restructure the distribution board market by other means. Through alliances with distribution board and control panel board manufacturers, we hope to create a win-win relationship while continuing to make proposals that have a positive impact on the market. By doing so, we will aim to achieve growth in the group's results and to bring

soundness to the Japanese market and the industry.

Fully-fledged DX and human resource cultivation

The most significant topic of the fiscal year ending March 2025 was the start of full-scale operation at the Seto Factory, which utilizes advanced DX technologies. During the transition to a fully digitalized manufacturing process, the factory initially faced operational instability and system problems. However, by taking on these challenges and overcoming the inherent difficulties, we successfully achieved stable year-round operations, and view this as a major achievement. While numerous issues remain, the improved efficiency in custom product manufacturing can be expected to reduce inventory and management costs, thus greatly enhancing our competitiveness henceforth. We are also considering replicating and implementing the mechanism established at the Seto Factory in our other existing facilities.

In addition, to promote DX across all companies, we launched open-application DX training aimed at DX human resource cultivation with the starting point of on-site issues. This training has seen the submission of numerous applications from employees across the group, mainly from younger staff. With learning opportunities in place and human resources steadily developing, henceforth we will focus on practically applying the results of learning throughout the group.

Price revisions in line with market environment

Price revisions in line with rises in component and raw material prices contributed greatly to the favorable results for the year ending March 2025. There was widespread

Finance and capital strategy / business infrastructure reform

recognition across the market of the rise in the price of iron, copper, and other such materials, and this made it easier to obtain the understanding of customers. As such, there was no major opposition to price revisions as far as I am aware. Furthermore, we did not simply implement unilateral price revisions. I believe that a significant factor behind this lack of opposition was the fact that we had provided more than six months' prior notice and carefully explained the reason for these revisions to our customers. With regard to the products for which NITTO KOGYO is a price leader in the industry, we will act with responsibility and set prices appropriate to the market environment. Concerning the price revisions in October of this fiscal year, our revisions include products with prices revised to keep up with other companies who are the price leaders. We will continue to provide careful and detailed explanations, and ensure we maintain good relationships with agents and trading companies.

Sales trends for EMS-related products

Energy management system (EMS)-related products are expected to see a growth in demand going forward, and it is our view that the market is currently in a transition period. Of particular note, while demand for distribution boards equipped with a power supply switching function were strong in the previous fiscal year, this has declined due to the impact of other products starting to be equipped with a similar function. While sales of both high-voltage power receiving equipment in the field of solar power generation-related products and our series of rechargers for electric vehicles increased, this could not make up for this drop in demand and sales as a whole declined. I see reviewing this business model, which is prone to being impacted by

the market environment, and undertaking initiatives toward internal growth as a pressing issue to be addressed.

Financial/HR strategy and group management

The basic stance on financial capital in the 2026 Mid-term Management Plan is to make it a three-year period in which business evolves on the foundation of the infrastructure built up over the course of the previous Mid-term Management Plan, and to aim for record net sales and operating profit by further bolstering our core businesses while taking on the challenge of growth businesses. In the previous Mid-term Management Plan, the dividend payout ratio was 100% for two years, but our policy at present is to make this 50% in order to balance dividends with investment in growth.

While there are no major changes to our capital plan or investment plan, consideration regarding matters such as the setting of levels for capital costs continues to be necessary, and I see visualization of the results of the growth investment currently underway as an issue we need to address going forward.

With regard to HR measures, we will increase our baseline standards, including raising starting salaries and adjusting bonuses for existing employees. At NITTO KOGYO, we have raised the starting salary for university graduates to 300,000 per month starting this year. While this will entail the risk of personnel expenses becoming fixed costs, we are aiming to feed profits back to employees as fairly as possible while also enhancing our competitiveness in the graduate recruitment market. Going forward, we will work to increase our baseline standard across the group as a whole, and advance a sustainable HR strategy.



Dialogue with stakeholders and creation of job satisfaction

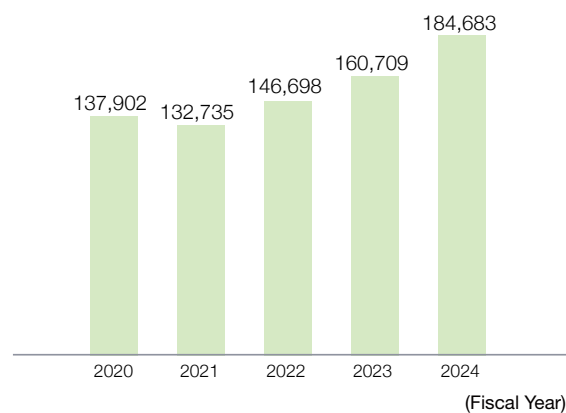
Regarding dialogue with stakeholders, we hold a quarterly online meeting with around 20 institutional investors in addition to a biannual financial results briefing. By enriching our IR materials and holding ongoing dialogues, we are striving to build a relationship of trust with our investors.

For our employees, we have embarked on a mission to achieve the job satisfaction reform set out by the President in the Top Message, and are working to build an environment in which each and every employee takes pride in their work and can get a real feeling of social contribution and of our corporate results. Something that was particularly well received by employees, for example, was an event where the families of employees were invited to the company. I believe that being able to show their families the actual place where they work leads to employees feeling a sense of pride in their work. Furthermore, we have also taken other measures toward flexibility, including the introduction of a system to rehire former employees. Going forward, by putting in place a system and environment to increase the motivation of employees, we will aim for sustainable growth of the company.

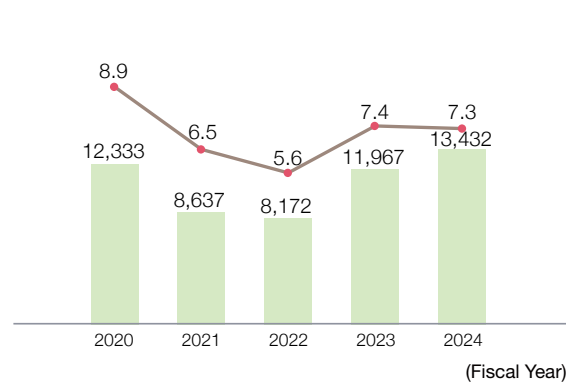
Financial Highlights



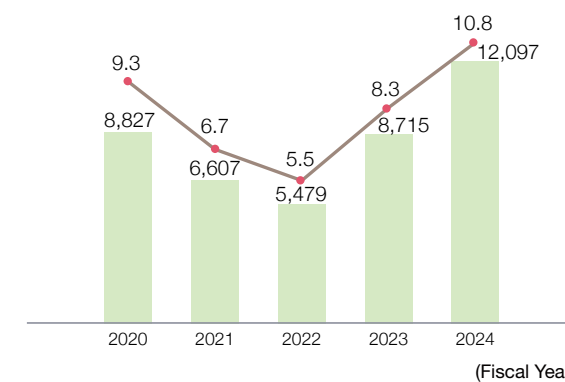
Net sales (¥ million)



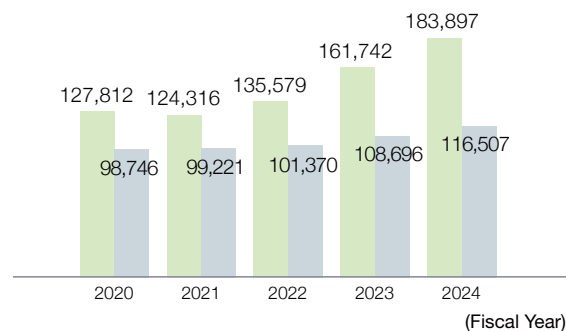
Operating profit (¥ million)
Operating profit margin (%)



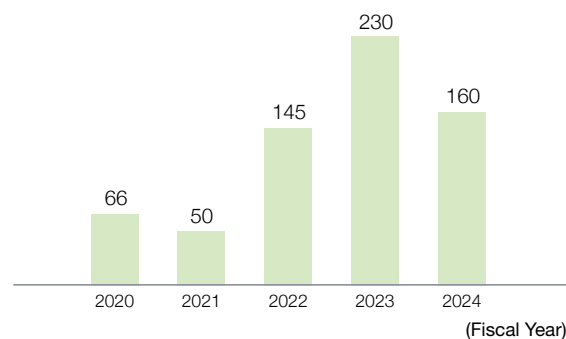
Profit attributable to owners of parent (¥ million)
ROE (%)



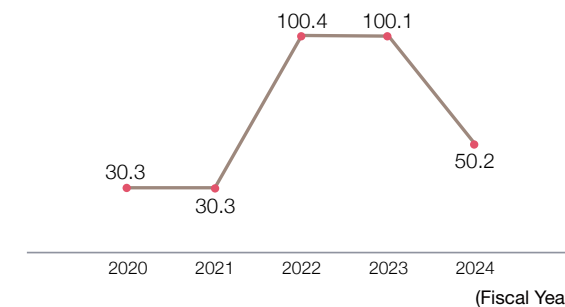
Total assets (¥ million)
Net assets (¥ million)



Dividend per share (¥)



Payout ratio (%)



Group Management



We will create new value by
maximizing group synergy

Director

Koichi Takenaka

Increased sophistication of group management

The NITTO KOGYO Group is aiming for sustainable growth and increased corporate value, and deems bringing sophistication to group management to be an important topic.

In our core distribution board business, the NIKKO KOGYO Group offers a broad lineup of products that range from standard products to high-voltage and low-voltage customized products and large-size products, and in addition it also offers components that include circuit breakers and enclosures. Furthermore, having multi-faceted business domains as wide-ranging as construction and maintenance, CAD software development, manufacturing of electronic components, and trading and logistics functions allows us to deliver a broad variety of solutions to customers, which is a major strength for us.

The NITTO KOGYO Group is working to enhance communication within the group in order to further strengthen our core businesses while making our business multi-faceted in nature. On the basis of the group's mission and vision, the companies that constitute the NITTO KOGYO Group are enacting and implementing their own strategies and tactics, but by enhancing multilayered communication within the group, we produce a group synergy.

In terms of the further sophistication of management, the latest status of management is shared at executive-level meetings attended by officers from NITTO KOGYO and group companies, and by dispatching directors from NITTO KOGYO to each company, we ensure that there is a lively discussion regarding the management of these companies. In addition, we ensure a close exchange of information by,

among other measures, having representatives of the NITTO KOGYO corporate planning department attend important meetings held by each group company, and in doing so provide ongoing support for management through optimization of the group's management resources and agile collaboration. Other departments are also working to, among other things, invigorate exchanges among personnel and information exchanges, improve technology, make sales and services more sophisticated, and take forward strategic projects through collaboration within the group. For example, by unifying the group's IT infrastructure, the DX department has succeeded in both strengthening security and streamlining operations, therefore successfully establishing a stable IT infrastructure on which the NITTO KOGYO Group as a whole can operate.

I also believe that communication with customers and business partners is important. NITTO KOGYO was originally a manufacturer that supplied switches, circuit breakers, and components for other applications, and there are many cases in which we also supply our industry peers with finished products in which these components are used. In other words, even competing manufacturers in the field of distribution boards are, in some cases, also customers of our group, and when such customers so request, we have actively provided assistance. These initiatives not only contribute to the expansion of the NITTO KOGYO Group's business but also help find solutions for issues faced by the industry as a whole. As a result, they play a significant role in increasing our group's corporate value within the industry. Going forward, we will further strengthen communication with our customers and business partners to maximize the value provided by the group as a whole.

Group Management

Creating new business through group synergy

The NITTO KOGYO Group is aiming to create group-wide synergies by making maximum use of the expertise of each group company, and in doing so create new value. Currently, we are focusing on businesses related to energy saving and renewable energy, which will lead to conservation of the global environment. We are also developing new businesses such as the EMS (energy management systems) business that promotes energy efficiency in office buildings, factories, and retail stores, the business for series of charging stands for EV/PHEV, and the business for self-consumption storage battery systems utilizing reused EV batteries for solar power generation. In 2023, we established the joint venture EM Solutions that provides comprehensive EMS-related solutions from consulting and design to construction and maintenance. Going beyond EMS, EM Solutions will play a significant role in developing new environment-related solution businesses across the group. For example, for customers who want to install solar power generation equipment at commercial parking lots, we can provide one-stop services that include the design and construction of charging stands for EV/PHEV, PV junction boxes, and Automatic Transfer Switches.

Going forward, the group will continue to develop new businesses that contribute to strengthening the resilience of the electric and information infrastructure that is becoming increasingly vital in an electrified and digitalized society by leveraging the collective strengths of our group and creating partnerships with other companies that are experts in their fields. In addition, the group will work in a unified manner to strengthen its financial constitution, enhance productivity

and quality, advance research and development, and undertake DX, all with the goal of achieving sustainable growth and increasing corporate value.

Contributing to a sustainable society as a unified group

Under the leadership of the Sustainability Committee, the NITTO KOGYO Group as a whole takes a particularly proactive approach to environmental activities. With regard to greenhouse gas emission reduction, we share the progress made by each group company and roll out successful initiatives across the whole group to maximize the overall reduction effect. We are also engaged in social contribution activities that promote a circular economy. For example, our “Aichi Circular Economy Project Team” recycles old uniforms into eco-bags and work gloves and donate them to local authorities. We recognize that environmental initiatives are challenges shared by the entire community, and we place great importance on collaboration with local communities and undertake our business activities with a strong focus on creating social value.

Furthermore, human resources are indispensable when it comes to progressing with sustainable group management. Through exchange within the group, we are focusing on developing talent with diverse perspectives while also fostering DX specialists essential for business reform and new business development, as well as nurturing human resources to undertake global expansion in order to support the growth of the group as a whole.



As such, I believe it is essential to create an environment where every employee respects human rights and can vibrantly engage in work. Together as a group, we aim to build an organization where a diversity of human resources can leverage their capabilities and contribute to value creation.

The group will continue to meet the expectations of all stakeholders by both pursuing economic value and creating social value, thus contributing to the realization of a sustainable society.

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

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

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

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

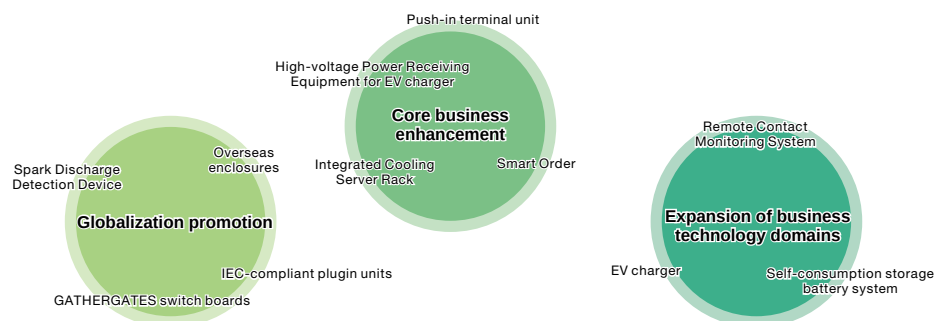
Strategic themes

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

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

New products and services for each business strategy



Business strategy

Distribution board business strategy

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

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

Enclosure business strategy

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

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

Information infrastructure business strategy

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

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

Overseas business strategy

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

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

Field engineering business strategy

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

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

Business domain expansion strategy

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

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

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

● Progress of 2026 Mid-term Management Plan

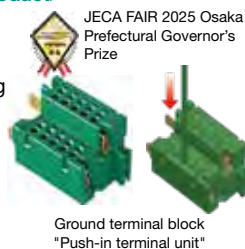
Core business enhancement

Distribution board business strategy

<Ground terminal block "Push-in terminal unit" at JECA FAIR as reference product>

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

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



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

<Model change of JIS agreement type Breaker>

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

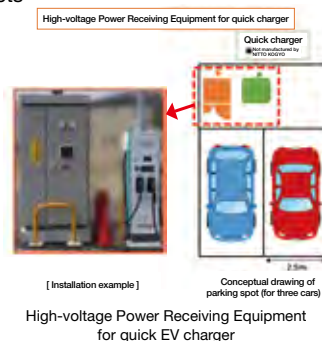
- High performance Improved rated breaking capacity (50/60 AF breaker: 200V 2.5 kA → 5 kA)
- Light weight 10% lighter than previous model
- Environmental load reduction Adoption of cadmium-free contacts



<Launch of High-voltage Power Receiving Equipment for quick EV charger>

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

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



<Inverter Control Panel added to lineup>

(Taiyo Electric Mfg. Co., Ltd.)

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

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



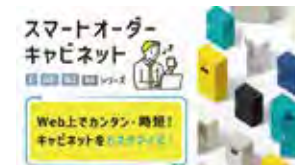
Enclosure business strategy

<Expanded scope of Smart Order systems>

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

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

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



Smart Order

<Cabinet 3D CAD data download>

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

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



<Launch of cabinets for food factories>

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

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

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



<Launch of Plastic Enclosure for IoT>

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

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



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

Information infrastructure business strategy

<Launch of Integrated Cooling Server Rack>

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

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



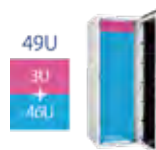
Integrated Cooling Server Rack

<Renewal of system rack web selection guide>

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

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

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



System rack web selection guide

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

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



Portal website for information infrastructure-related products



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

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

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

Director Katsuhiko Kawaji

Globalization promotion

Overseas business strategy

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

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

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



Spark Discharge Detection Device

<Exhibiting at overseas trade shows>

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



Vietnam Manufacturing Expo (Vietnam)

Expansion of business technology domains

Field engineering business strategy

<Design renewal of normal charger for EV/PHEV>

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

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



Normal charger for EV/PHEV

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

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

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

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



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

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

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

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

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



Self-consumption storage battery system

Business domain expansion strategy

<Founding of the Control Panel DX Alliance>

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

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

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

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

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



Land-based aquaculture demonstration experiment (concept image)



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

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

Director Yusuke Kobayashi

Tempearl Industrial joins the NITTO KOGYO group

<Enhancement of business infrastructure related to circuit breakers>

Establishing a cooperative framework for development and production

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



Circuit breakers



Home panel board

<Creating new value>

Maximizing the mutual utilization of technologies and expertise cultivated to date

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

<Developing the "PEARLTECT MOKU" wooden panel board>

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

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



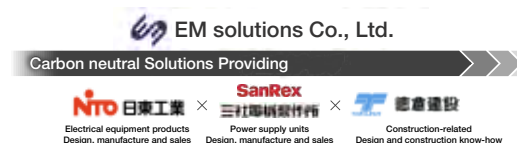
PEARLTECT MOKU

Establishment of a smart energy business joint venture

<Expanding the scope of value provided>

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

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



<Advancing smart energy business>

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

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



Solar carports

Electrical and telecommunications infrastructure-related Distribution business

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

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

● Strategic themes

Enhancement of solutions business for ICT and the environment

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

Create a mechanism for efficient sales

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

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

Strengths and opportunities

Strengths

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



Opportunities

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

● Business strategy

Enhancement of solutions business for ICT and the environment

(1) Enhancement of proposals to end users

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

(2) Expansion of solution domain

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

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

(3) Enhancement of technology capabilities

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



Create a mechanism for efficient sales

(1) Rebuild the sales process

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

(2) System optimization

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

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

(3) Preparation of masters

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



Electrical and telecommunications infrastructure-related Distribution business

● Progress of 2026 Mid-term Management Plan

Enhancement of solutions business for ICT and the environment

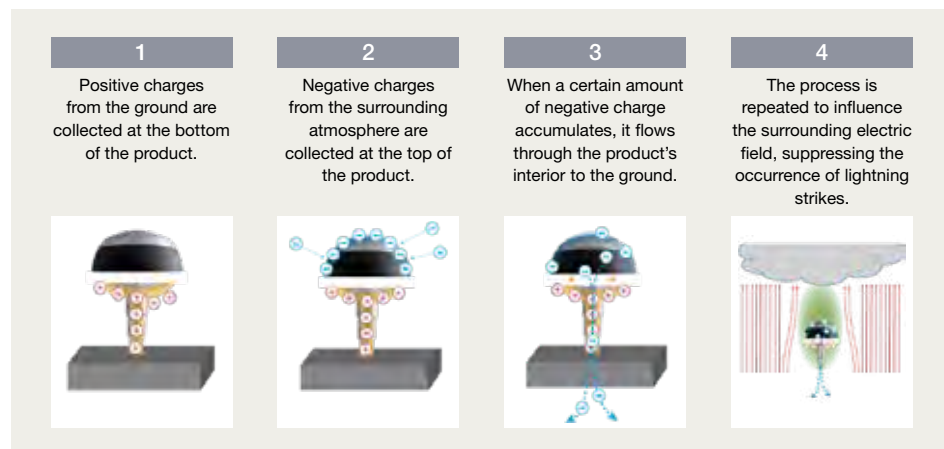
<Expansion of lightning protection solutions>

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

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

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

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



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

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

Create a mechanism for efficient sales

<Evolution of our e-commerce website>

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

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

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



The official character of SunTelephone's EC website



SunTelephone Co., Ltd.
President and Chief

Kenichi Suzuki

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

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

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

Electronic parts-related Manufacturing business

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

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

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

Strategic themes

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

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

Business strategy

Expansion of overseas business

<Enhancement of overseas sales>

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

<Establishment of infrastructure for support for EMC measures>

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

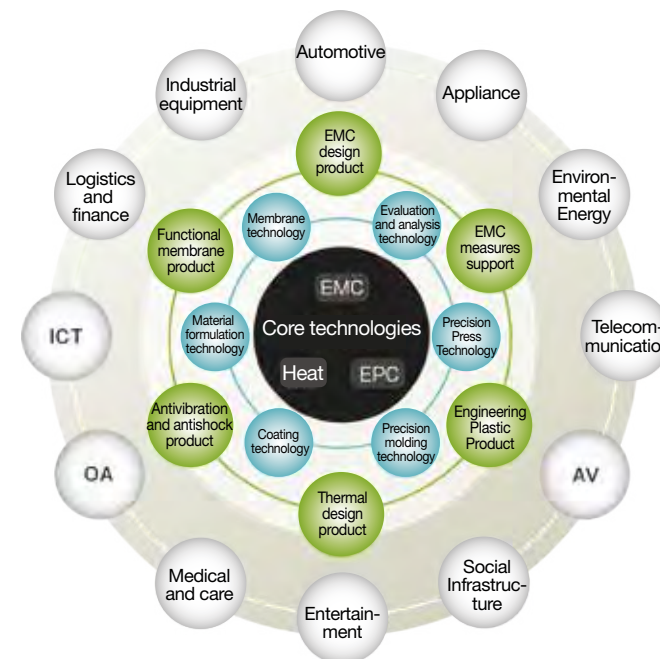
Growth of results through enhancement of solutions

<Further cultivation of priority markets>

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

<Accelerated creation of new business>

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



Enhancement of business infrastructure

<Optimized production and procurement>

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

<Construction of a global quality assurance system>

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

Electronic parts-related Manufacturing business

● Progress of 2026 Mid-term Management Plan

Expansion of overseas business

<Enhancement of overseas sales>

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

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



10m anechoic chamber

<Establishment of infrastructure for support for EMC measures>

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

Growth of results through enhancement of solutions

<Further cultivation of priority markets>

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

<Accelerated creation of new business>

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

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



Corrosion sensor for visual inspection

Enhancement of business infrastructure

<Optimized production and procurement>

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

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

<Construction of a global quality assurance system>

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



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

Yoshihiro Hirakawa

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

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

Human capital

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

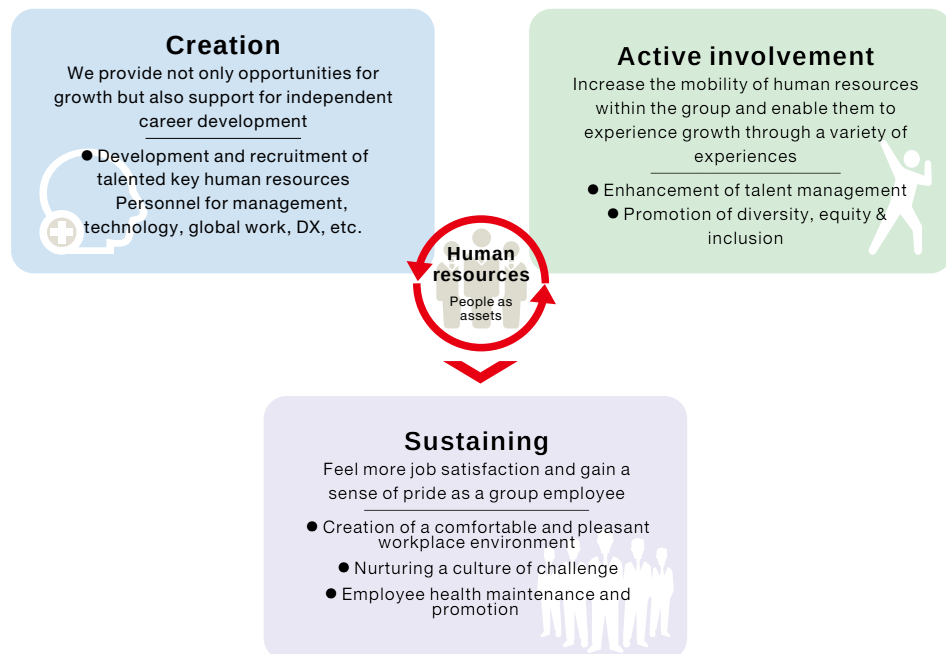
We value each individual's human rights and work-life balance, and are committed to creating a working environment that enables people to work with vibrancy and enthusiasm.

Human resource basic policy

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

Ideal human resources

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



Human resource cultivation

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

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

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

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

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

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

Human capital

● Diversification of human resources

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

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

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

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

System supporting diverse workstyles

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

Support for childcare/Nursing care balance

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

Flextime work with no core time

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

Remote work

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

Elder employee system

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

Annual paid leave

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

Refreshment leave / Free vacation leave

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

Accumulated paid leave system

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

Work area request system

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

Continue to raise monthly salary levels

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

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

Diversification of commuting methods

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

● Employee engagement improvement

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

Job satisfaction reform project

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

NITTO KOGYO AWARD

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

Praise report

Fostering a culture of praise

Utilization of engagement surveys

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

Stimulation of communication among group companies

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

Health management

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

Health declaration

Health is the foundation of a happy life.

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

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

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

NITTO KOGYO CORPORATION
President & COO Toru Kurono

DX actions

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

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

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

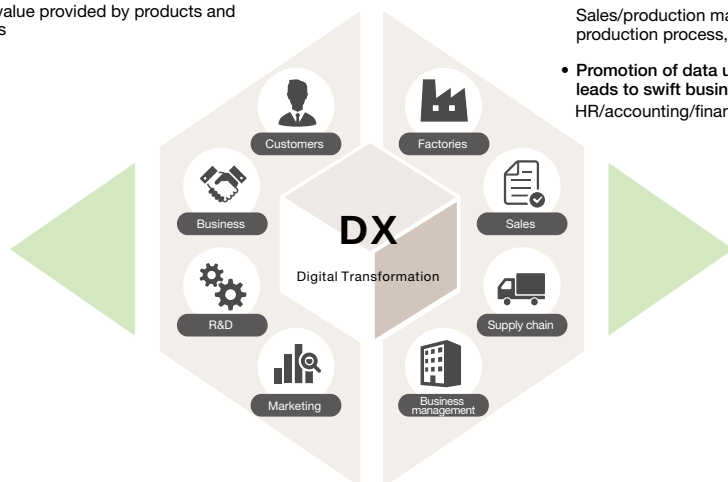
Group business infrastructure DX

Offense

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

Defense

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

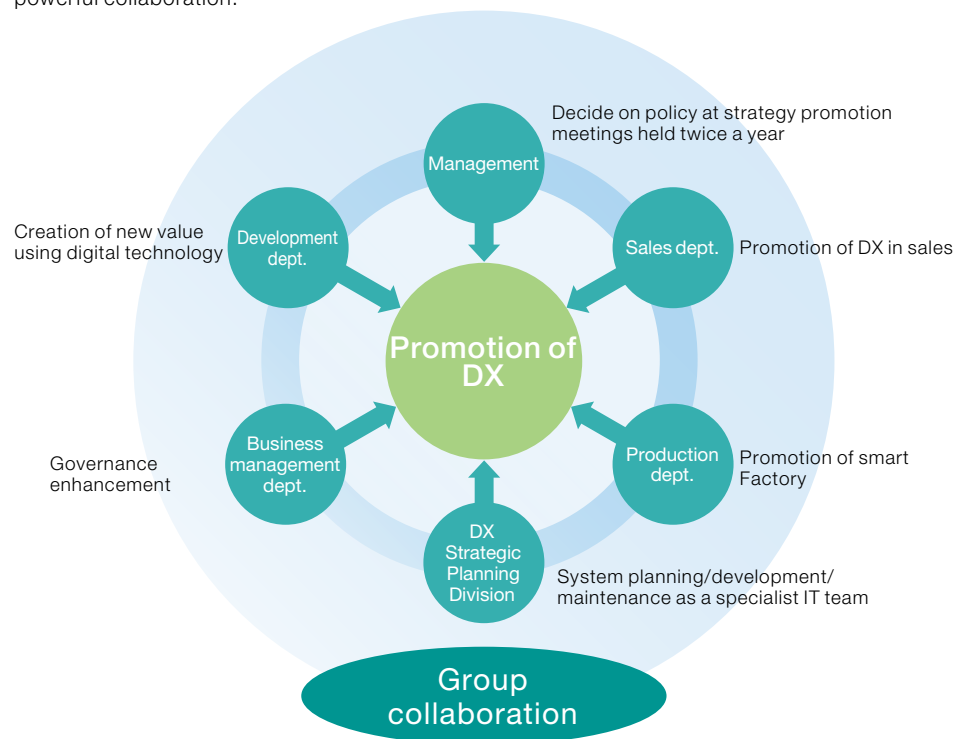


Enhancement of DX human resources

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

DX promotion structure

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



DX actions

● Productivity improvement and new value creation by utilizing digital technology

To deliver great products swiftly

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

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

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

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

● AI initiatives

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

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

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

● Enhance competitiveness by boosting DX human resources

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

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

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



R&D

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

● Setting of themes that need to be tackled

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



Realization of carbon neutrality

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



Evolution of the infrastructure that society runs on

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



Advancement of automation and labor saving

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

● Priority measures

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

Acquisition of new technology

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

<Examples of R&D>

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

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

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



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



EV semi-fast speed Charging Equipment

Electronic parts-related Manufacturing business

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

- Molding filters
- Liquid thermal conductive material



Molding filters



Liquid thermal conductive material

Enhancement of R&D infrastructure

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

<Testing and analysis support>

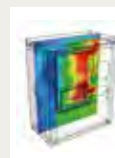
Electrical and telecommunications infrastructure-related Manufacturing, construction and service business

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

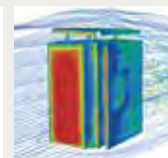
CAE: Computer Aided Engineering



Strength analysis



Thermal analysis



Computational fluid dynamics

Electronic parts-related Manufacturing business

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

EMC: Electro-Magnetic Compatibility



10m anechoic chamber



EMC Center (Kasugai City, Aichi)

Quality management

● Quality policy: Customer safety and security come first

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

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

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



Wind-driven-rain testing



Three-axis seismic testing

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

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

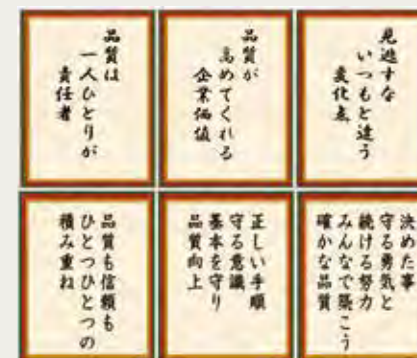
Selected circles representing over 150 circles from Japan and abroad present and share their improvement results, thereby further elevating our quality and teamwork. Our growth stems from the accumulation of these steady activities.



29th NITTO KOGYO Group QC Circle Convention

FY2024 quality senryu poem and slogan campaign

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



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

The NITTO KOGYO Group's Sustainability

The NITTO KOGYO Group believes that management strategies for sustainable business growth that gives consideration to the environment, society, and the economy are essential.

With the goal of remaining a company that is needed by society, our group is going to promote a sustainable approach that contributes to the resolution of social issues, 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.

Please follow the link below for NITTO KOGYO's Sustainability Promotion System.

<https://www.nitto.co.jp/csr/philosophy/>

We shall always conduct management that increases the values of our shareholders.

- Sustainable enhancement of enterprise value
- Stable shareholder dividends
- Appropriate information disclosure
- Dialogue with shareholders and investors

We shall contribute to maintaining our beautiful earth for the next generation.

- Compliance with regulations and laws
- Contribution to a decarbonized and circular society
- Implementation of environmental conservation activities (Contribution to a society coexisting with nature)
- Connections with local communities through social contributions

We shall continue to create new values that will satisfy our customers.

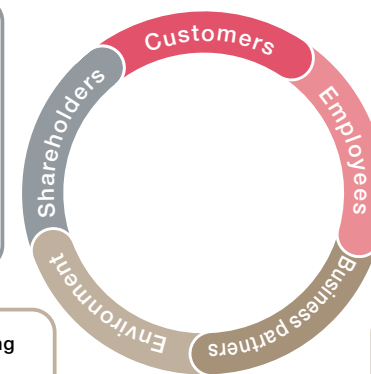
- Provide innovative products, solutions, and services
- High-quality and safe products
- Stable supply

We shall promote corporate activities based on respect for human beings.

- Self-development
- Comfortable and pleasant workplace environment
- Stable compensation
- Health management

We shall implement compliance management rooted in high ethical and moral values.

- Respect for human rights
- Construction of internal control system
- Information security management



● Major issues deliberated and reported by the Sustainability Committee in FY2024

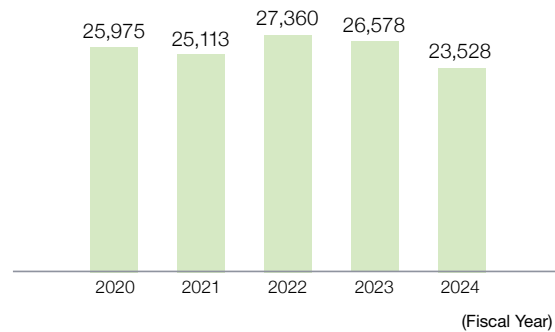
- Internal carbon pricing rate setting
- Information disclosure based on TCFD recommendations
- GHG emissions calculation results

In addition, we confirm the status of sustainability initiatives at group companies and exchange opinions, and report as necessary to the Sustainability Committee and other bodies.

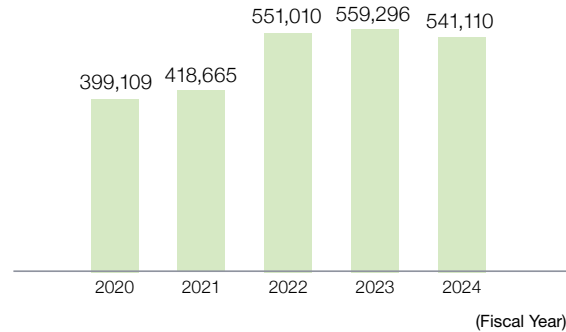
Non-financial Highlights



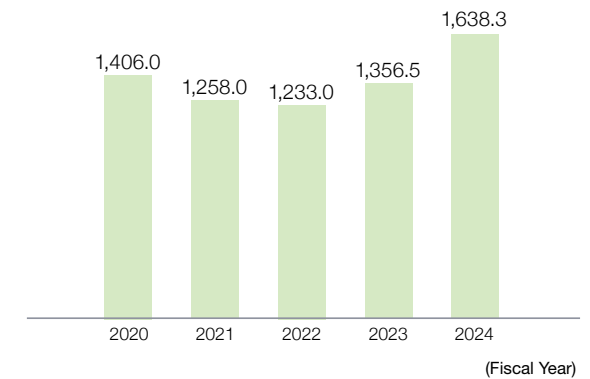
■ Scope1, 2 (t-CO₂)



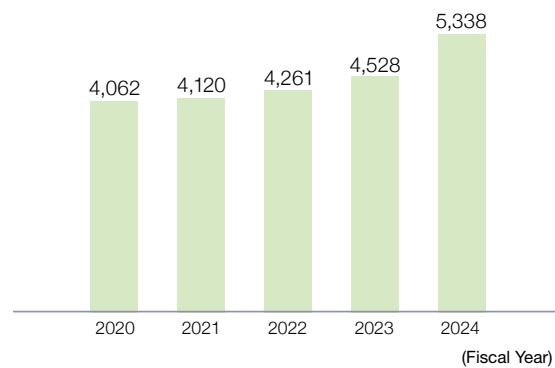
■ Scope3 (t-CO₂)



■ Waste emissions (NITTO KOGYO nonconsolidated) (t)

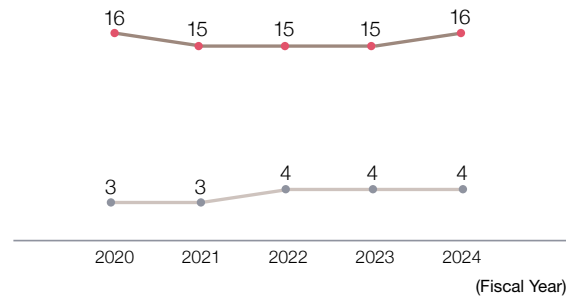


■ No. of employees



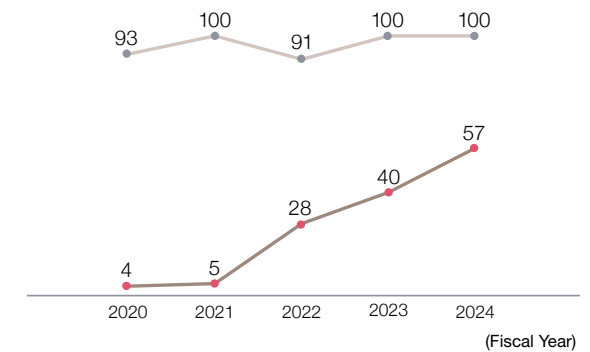
● Ratio of female employees (NITTO KOGYO non-consolidated) (%)

● 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) (%)



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 CO2 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.
 - Promote the availability of environmentally-friendly products and offer them to customers
 - Promote green procurement to achieve carbon neutrality
 - Promotion of ecological logistics and transportation
 - Promotion of harmony with nature through regional conservation activities as a member of regional society
 - Provision of safety and security to regional society (implementation of environmental pollution prevention)
 - 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.

● Reducing CO2 emissions

In recent years, suppression of global warming has become an important global challenge. The NITTO KOGYO Group regards it as the top priority among environmental issues and is advancing various initiatives to achieve carbon neutrality by FY2050. (Page 48)

● Reduction of emissions (NITTO KOGYO non-consolidated)

Various emissions are generated during corporate activities, especially during the manufacturing process of products. We promote the reduction and reuse of emissions through activities such as effectively utilizing press materials, recycling paper, and implementing paperless initiatives, as well as creating work gloves from old uniforms (page 52).

● Environmentally-friendly product development (NITTO KOGYO non-consolidated)

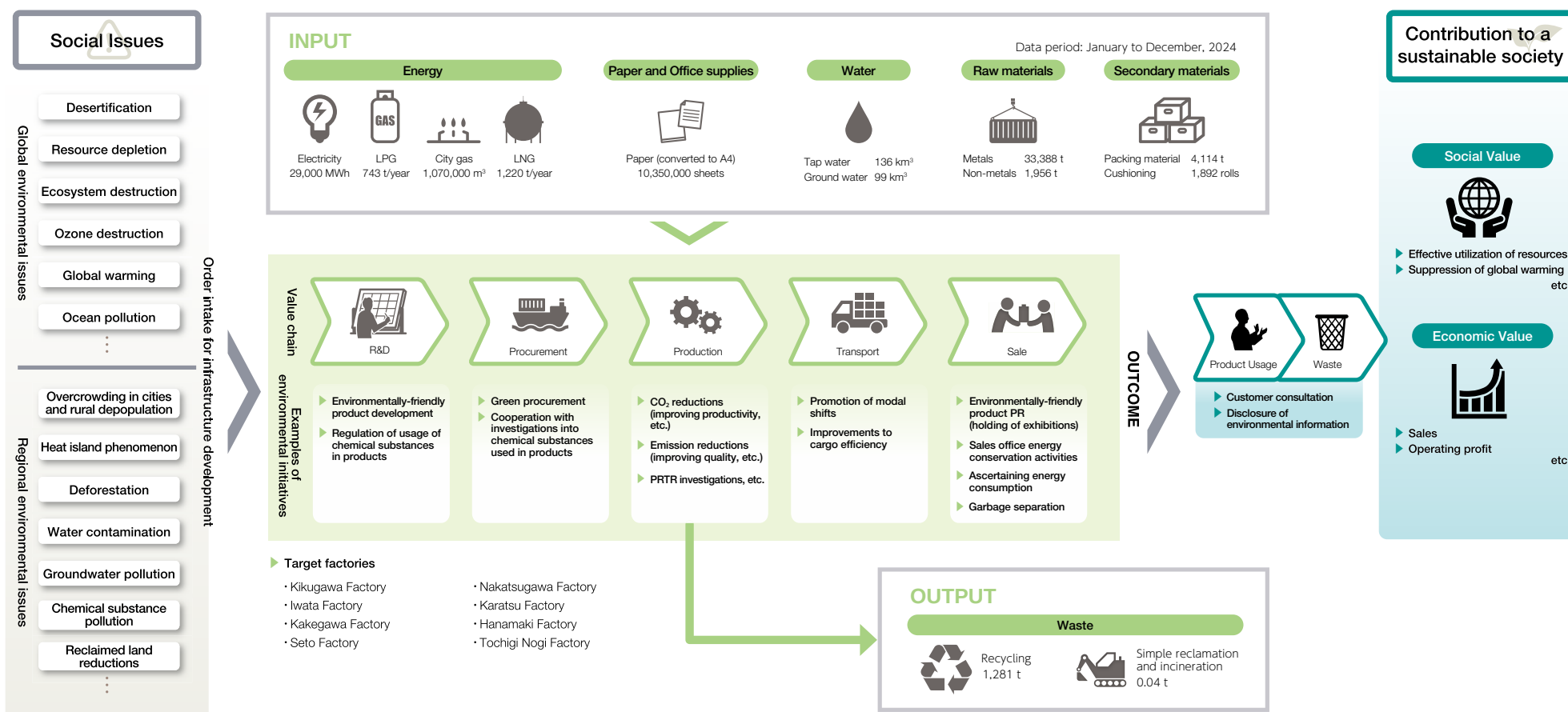
In constructing a sustainable society, developing products with a low environmental load is considered an important issue. Products that meet our environmental standards during development, such as miniaturization, weight reduction, recyclability, and the avoidance of environmentally hazardous substances, as well as EV charging equipment that support environmental businesses are marketed as environmentally conscious products.

● Promotion of ecological logistics and transportation (NITTO KOGYO non-consolidated)

In Japan, logistics transportation is primarily carried out using trucks. However, issues such as CO2 emissions and driver shortages are becoming increasingly serious. We have been implementing modal shifts since FY2010, switching to lower-impact transportation methods, such as rail and ship, for certain shipments. For example, cubicle (high-voltage power receiving equipment) deliveries and parts transportation between factories are carried out using these methods.

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.



Response to Climate Change

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 present to 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 quantitatively analyzed and evaluated the impact of a 4°C scenario and a 1.5°C 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.

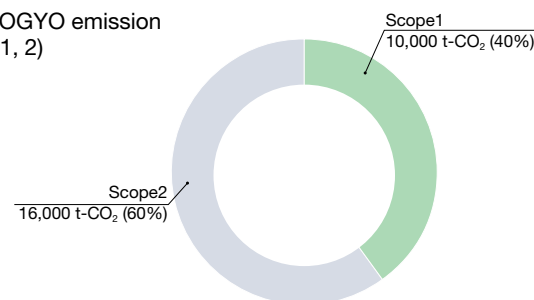
Indicators and Targets

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.

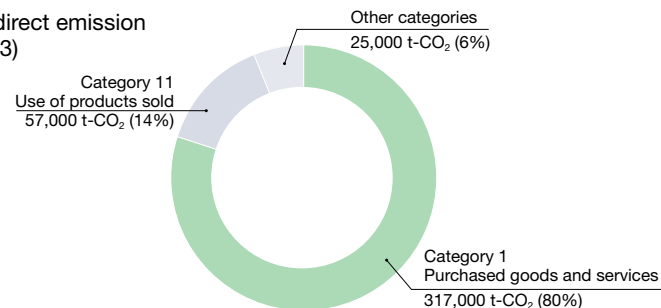
	2030 long-term targets	2050 goal
Scope 1, 2	30% reduction compared to FY2020	Realization of carbon neutrality
Scope 3*	30% reduction compared to FY2020	

* 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)



For more information on NITTO KOGYO's response to climate change, please follow the link below.

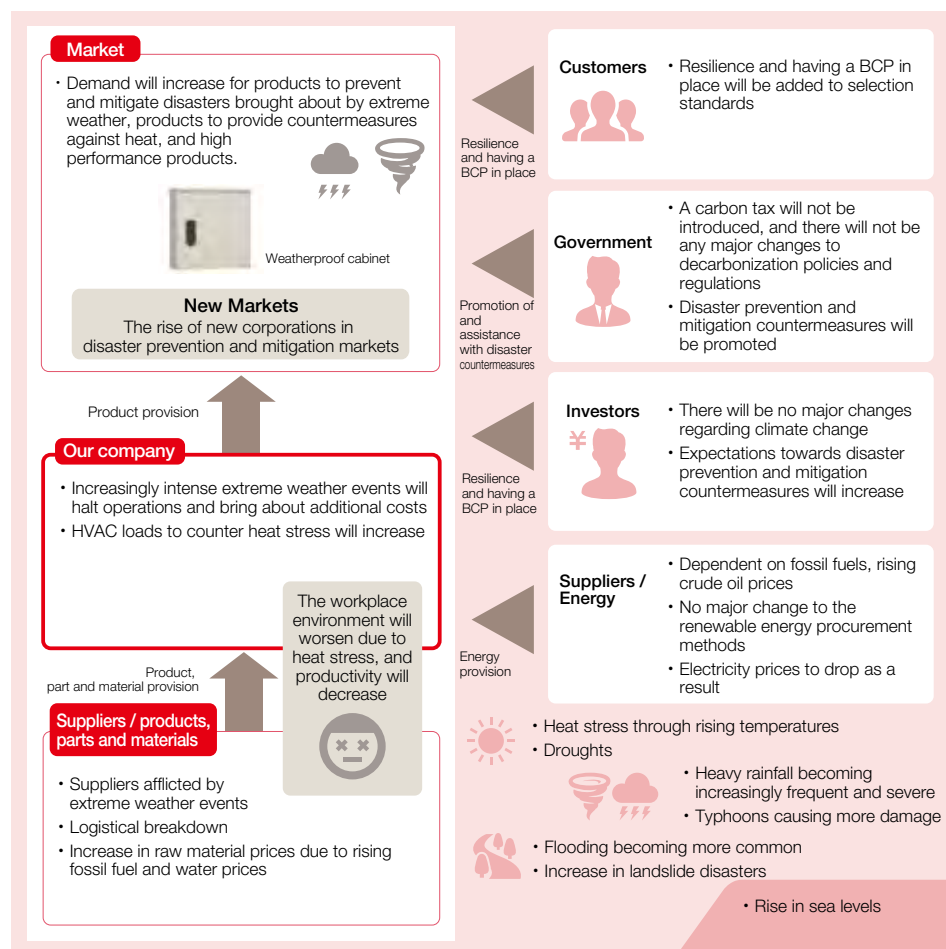
<https://www.nitto.co.jp/english/sustainability/climate/>

Response to Climate Change

● Organize the world view surrounding NITTO KOGYO Group

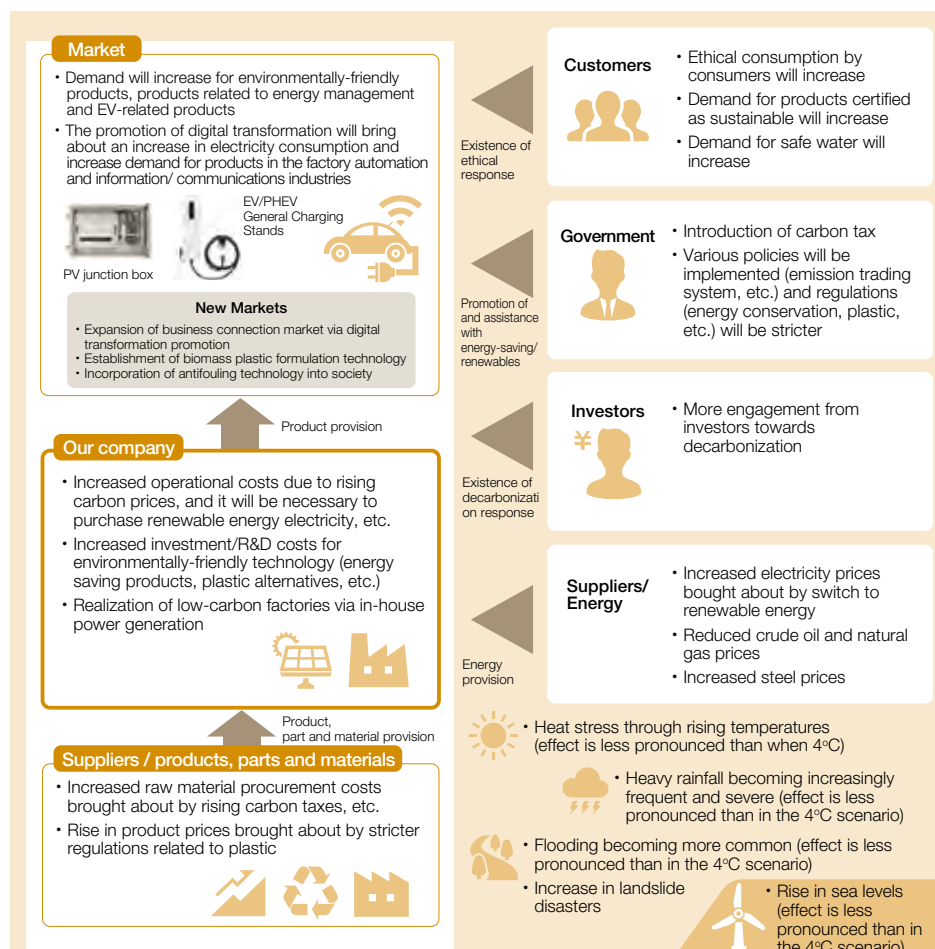
4°C scenario (SSP5-8.5: if we continue to depend on fossil fuels)

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

- 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.



Long-term targets aimed at carbon neutrality and FY2024 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.

In FY2024, we achieved reductions across the entire group compared to FY2023.

Initiatives for Climate Change Measures

Supply chain emission amounts

(Unit: t-CO2)

	FY2020	FY2021	FY2022	FY2023	FY2024
Scope1, 2	25,975	25,113	27,360	26,578	23,528
Scope3*	399,109	418,665	551,010	559,296	541,110

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

(Unit: t-CO2)

Scope3		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Category 1	Purchased goods and services	317,168	330,515	439,767	427,394	442,397
Category 2	Capital goods	6,931	7,322	27,982	51,239	14,840
Category 3	Fuel and energy activities outside Scope 1, 2	5,056	4,893	5,019	4,891	5,233
Category 4	Upstream transportation and distribution	5,513	5,534	5,648	8,687	10,172
Category 5	Waste generated in business	446	431	469	434	459
Category 6	Business travel	528	537	544	590	696
Category 7	Employee commuting	2,549	2,575	2,464	2,416	2,610
Category 8	Leased assets (upstream)	Not included in calculation	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	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	Not included in calculation
Category 11	Use of products sold	56,546	62,073	64,273	59,062	59,802
Category 12	Disposal of sold products	4,372	4,786	4,843	4,581	4,902
Category 13	Downstream leased assets	Not included in calculation	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	Not included in calculation
Category 15	Investments	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation	Not included in calculation

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)”

FY2024 implementation items and future initiatives (Scope1, 2)

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

Items implemented in FY2024

- Established photovoltaic power generation facilities (1,134 kW) at Seto Factory and contracted supply of the power generated there to Nakatsugawa Factory (NITTO KOGYO)
- Switched to purchase of carbon free electricity for Karatsu Factory (NITTO KOGYO)
- Established photovoltaic power generation facilities (702 kW) on factory buildings (ELETTO)



Photovoltaic power generation facilities (ELETTO)

Future initiatives

- Establishment of photovoltaic power generation facilities (50 kW) on factory buildings (Taiyo Electric Mfg.)
- Switch to purchase of carbon free electricity for headquarters (NITTO KOGYO)
- Establishment of photovoltaic power generation facilities (350 kW) at the Kasugai Factory (KITAGAWA INDUSTRIES)
- Establishment of solar carports (64.9 kW) in the company vehicle parking lot at headquarters, interconnected with a self-consumption storage battery system utilizing reused EV batteries for solar power generation facilities (capacity 106 kW) (NITTO KOGYO)

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.

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

Please follow the link below for the details of the NITTO KOGYO Group Human Rights Policy (Japanese only).
<https://www.nitto.co.jp/company/philosophy/>

● System

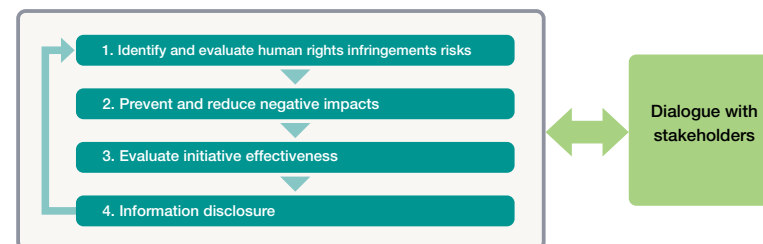
The Sustainability Committee chaired by the President receives reports and deliberates on the progress of initiatives on respecting human rights.

● 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.



● Status of initiatives in FY2024

Implementation of human rights education

Based on the human rights education program, we provided human rights education to all NITTO KOGYO Group 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, both of which are available for companies newly joining our group. These programs aim to detect and solve any violations of the Corporate Ethics Guidelines, including human rights violations, as early as possible.

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.

By accurately understanding the diverse opinions and expectations of our stakeholders and incorporating them into our management, we will enhance our enterprise value in terms of both quality and quantity.

Our group's activities are based on dialogue and collaboration with our key stakeholders, including customers, business partners, employees, shareholders, investors, and local communities. Their valuable opinions and expertise are essential to the group's sustainable growth and achieving our goals. Through this dialogue, we aim to deepen our mutual understanding while respecting each perspective and working together to create a better future and achieve our common goals.

Customers and business partners

Through interviews and consultation services during the product development process, we can accurately identify needs and provide innovative products and services. In doing so, we will continue to contribute to their business development.

Recently, the shortage of licensed electricians has become an issue due to declining hiring rates and an aging workforce. We developed a card game that introduces people to the electrical work business in a fun way, with the hope that it would help people learn about electrical work and stimulate interest in the profession.

Main achievements

- Holding product presentation events in Tokyo and Osaka (NITTO KOGYO)greenhouse gas emissions)"
- Holding a comprehensive ICT exhibition (SunTelephone)
- Commercializing the card game that introduces people to the electrical work business in a fun way



Employees

Our employees are the most valuable asset and the driving force behind our business growth. To create an environment where they can comfortably work and maximize their potential, we gather feedback through internal surveys and discussions with labor unions. We use this input to improve our personnel systems, enhance employee benefits, and expand training and development programs.

Main achievements

- Human resource cultivation (Page 36)
- Diversification of human resources (Page 37)
- Employee engagement improvement (Page 37)

Shareholders and investors

Shareholders and investors are the key stakeholders in NITTO KOGYO's sustainable growth. We will strive to build trust by disclosing information transparently and engaging in proactive dialogue. Doing so will allow us to meet their expectations and enhance our corporate value.

Main achievements

- 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)

Local community

Our goal is to coexist with local communities where we conduct business and with society as a whole. We strive to strengthen our relationship with local communities by collaborating with local governments and non-profit organizations, participating in environmental conservation activities, and implementing other initiatives. In this way, we provide support to help create sustainable local communities.

Main achievements

- Contribution to the community (Page 52)
- Environmental conservation activities (Page 51)
- Educational support (Page 10 and 51)

Dialogue within the group

Based on feedback from stakeholders, ESG rating agencies, and other sources, relevant departments across group companies discuss business strategies and ESG issues, which in turn promotes the advancement of initiatives and improves information disclosure. Each group company reports the progress of its initiatives and the improvements it makes to the Board of Directors, Management Meeting, Sustainability Committee, and other relevant bodies.

Participation and support for initiatives

We are advancing our activities toward realizing a sustainable society by participating and supporting initiatives. This is in accordance with the demands of the international community and our role as a company.

Dialogue with stakeholders

● Educational support

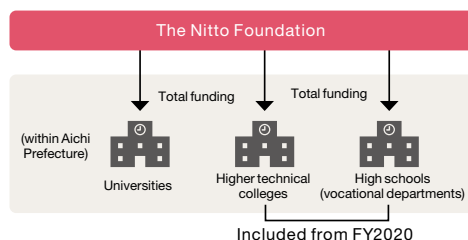
The Nitto Foundation

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



41st The Nitto Foundation Financial Grant Presentation Ceremony

In FY2024 (the 41st time), we awarded a total of 85.5 million yen in grants to three projects and 61 researchers (45 research grant recipients and 16 overseas dispatch grant recipients) in the fields of engineering, medicine, law, economics, business administration, and the arts in Aichi Prefecture. The recipients were selected by the selection committee.



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			
41st time	17	15	8	5	45	9	3	3	1	16	3	64	85,500
Total	285	148	170	51	654	458	120	71	45	694	15	1,363	816,000

Participation in the Nakatsugawa Outstanding Technology Project

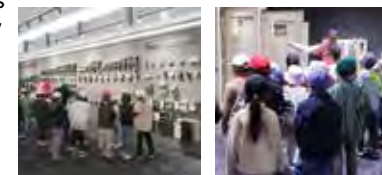
We held a factory tour for 20 elementary school students with the goal of having students learn from Nakatsugawa City's "companies with outstanding technology that cannot be replicated."

It explained that the factory manufactures high-voltage power receiving equipment to ensure the safe use of electricity and produces high-quality products through outstanding technology in every process, including sheet metal work, painting, assembly, and inspection.



Factory tours for local elementary school students

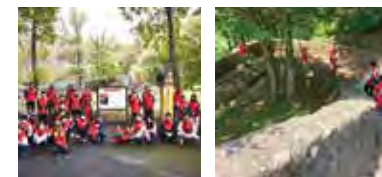
We held tours of the factory for third-grade students in Seto City, Aichi. We also provided simulated factory tours at schools. About 150 students participated in three activities: 1) a video viewing and breaker experience, 2) a factory tour, and 3) a showroom tour.



● Environmental/conservation activities

Participation in corporate forest volunteering

We participated in the "Corporate Forestry Movement" 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.



Participation in 530 clean-up campaign (May) and Ai N Clean (December) activities in Nagakute City

Our employees and their families volunteered in citywide cleanup activities in the Ichigahora district, Nagakute City, Aichi. These activities provide an excellent opportunity for communication between employees from departments that have little interaction with each other in their day-to-day work and across different age groups.



Dialogue with stakeholders

Participation in Kikugawa City's Christmas clean-up event

We participated in a clean-up event hosted by Kikugawa City in Shizuoka.

This annual event aims to raise awareness among citizens about environmental beautification. Alongside volunteers from the city's municipal staff, we cleaned the area around JR Kikugawa Station.



Regional and social contributions

Participation in one of Saga's premier events for hands-on manufacturing experiences and exhibitions

At an annual event that attracts manufacturing companies in Saga and their employees, we participated in the craft workshop for the first time. We led a workshop where we taught over 100 children how to make glowing metal detectors.



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 18th Brass Band Festival in NAGAKUTE".

We created a valuable opportunity for the 250 performers to show the results of their daily practice via joint performances, etc.



Naming rights acquired for Nogi Town Community Hall

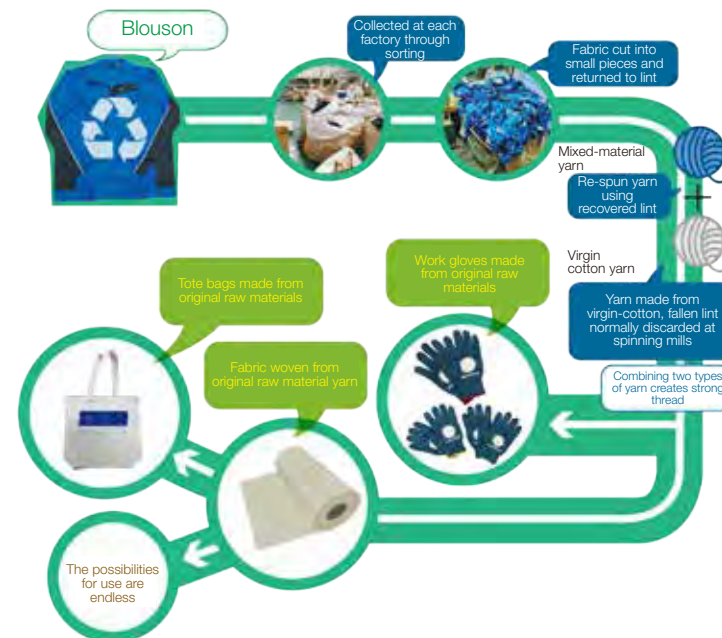
We obtained the naming rights for the Nogi Town Community Hall in Nogi Town, Shimotsuga District, Tochigi. Having chosen the nickname "Nitto Kogyo Eniss Hall," we are committed to supporting the town's development and fostering community interaction by collaborating closely with local residents.



Circular economy initiatives

Old uniform recycling program

As part of the Aichi Circular Economy Project, in which NITTO KOGYO participates, we implemented a circular economy initiative to recycle old uniforms and repurpose them for use in promotional items. This has led to the transformation of old uniforms into recycled work gloves, reusable shopping bags, and tote bags.



[Reference 1] About the Aichi Circular Economy Project Team
(Websites for reference)

Website at the time of the project team's launch:

<https://www.pref.aichi.jp/press-release/circulareconomy-pt.html>

Website introducing the project team (within the Aichi Shigen Junkan Navi website):

http://aichi-shigen-junkan.jp/circular_economy/project

[Reference 2]

Circular economy:

An economic model that generates added value through service-based approaches while effectively utilizing existing resources and reducing resource consumption, in addition to the conventional 3 Rs (reduce, reuse, recycle) initiatives. This model aims to maximize the value of resources and products, minimize resource consumption, and reduce waste generation.



External evaluation

● Received the Bronze Award at the 2025 AICHI Environmental Award [NITTO KOGYO]

NITTO KOGYO received the Bronze Award at the 2025 AICHI Environmental Award, which is hosted by Aichi Prefecture. The award recognizes our development of electrical equipment products that adapt to climate change while ensuring safety, security, and long-term usability.

We were highly praised for our “significant contribution to advancing the circular economy and achieving carbon neutrality by developing products that are highly durable and adaptable to climate change, as well as easy-to-repair and -reuse equipment, and by producing these in environmentally friendly smart factories.”

*AICHI Environmental Award: Established by Aichi Prefecture in conjunction with the 2005 Aichi Expo to promote the formation of a resource circulation society by honoring outstanding technologies and activities related to resource conservation, energy saving, and recycling. It also aims to publicize Aichi’s advanced environmental technologies and activities nationwide.



At the Award Ceremony (from left to right: Katsuno, Chairman of the Environmental Partnership Organizing Club; Kurono, President of NITTO KOGYO, and Omura, Governor of Aichi Prefecture)



● Recognized as 2025 Certified Health & Productivity Management Outstanding Organizations [NITTO KOGYO, KITAGAWA INDUSTRIES, Taiyo Electric Mfg.]

NITTO KOGYO and KITAGAWA INDUSTRIES were recognized as 2025 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, under which the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council select worthy organizations. In addition, Taiyo Electric Mfg. was recognized as a 2025 Certified Health & Productivity Management Outstanding Organization (SME Category).

● PEARLTECT MOKU receives Seeds for the Future Award [Tempearl Industrial]

At the Japan Home Show & Building Show 2024, Tempearl Industrial’s PEARLTECT MOKU, a residential distribution board made from non-combustible wood, received the Seeds for the Future Award. The award recognizes the flexibility its design provides in locating distribution boards.

*Seeds for the Future Award: An award organized by the Japan Management Association to honor outstanding products that lead to the creation of exceptional architecture and lay the groundwork for the future.

Features of PEARLTECT MOKU

- Non-combustible wood used for enclosure doors
- Enclosure cases and panels made of steel plate
- Environmental performance and design aesthetics achieved
- Seismic sensor unit included
- Effective in preventing electrical fires caused by earthquakes



Japan Home Show & Building Show
Shuichi Matsumura, Executive Committee Chairman (left) and Tanaka, Director of Tempearl Industrial (right)



● Received A rating for fluorocarbon emission reduction initiatives [NITTO KOGYO]

NITTO KOGYO's initiatives to reduce fluorocarbon emissions received the highest A rating from JRECO (Japan Refrigerants and Environment Conservation Organization). This rating system evaluates companies primarily listed on the Tokyo Stock Exchange Prime Market based on their progress in complying with the Act on the Rational Use and Proper Management of Fluorocarbons, as well as the appropriateness of their information disclosure.

Outside Directors' Roundtable

Driving the Reform Toward True Consolidated Management

Outside Director
Masako Kubo

Outside Director
Mikio Asano

Director
Kazufumi Suehiro

Outside Director
Miyuki Nakagawa

Outside Director
Shuichi Koyama

The NITTO KOGYO Group is moving forward with its transformation from group management based on individual companies to true consolidated management. Regarding the vision for organizational culture, human capital, and governance, Director (Full-time Audit and Supervisory Committee Member) Kazufumi Suehiro sought the candid opinions and recommendations of Outside Directors (Audit and Supervisory Committee Members) Miyuki Nakagawa, Mikio Asano, Masako Kubo, and Shuichi Koyama.

Give the NITTO KOGYO Group the courage to take one more step forward

Suehiro: What is your opinion of the NITTO KOGYO Group?

Nakagawa: I think it's a company that earnestly and diligently manufactures products. When I visited NITTO KOGYO's Karatsu Factory, I was impressed by the earnestness of the employees, the clarity of the explanations for visitors, and their willingness to properly convey their work.

Koyama: Regardless of their job role, all employees strive to execute their assigned tasks thoroughly and in accordance with established guidelines. While this approach leads to the production of error-free products, I sense they are not very bold when it comes to making improvements. I think the company would improve if all employees took on the challenge of doing things better and faster.

Kubo: Because the company has grown in a niche market, its organizational culture appears somewhat inward-looking and stability-oriented. In order to respond to future societal changes and achieve continuous growth, I expect each employee to consciously act toward our vision for the future, creating a groundswell of change throughout the organization.

Asano: As everyone said, the NITTO KOGYO Group is a solid, well-managed company.

While this can be a positive aspect, it also has its downsides. When I ask whether a particular process

Outside Directors' Roundtable

at the factory is really worthwhile, they respond with suggestions on ways to improve it. This shows that they do have ideas for taking further steps but lack the courage to change what they've been doing.

Management is aware of this and is struggling with it. I believe our role is to encourage them to take the plunge and turn those ideas into reality on their own.

Identify issues in HR strategy and move on to the next phase

Suehiro: How do you perceive the human resources issues that our group faces?

Kubo: As a manufacturing company, we focus on creating excellent products. However, I would prefer not to see the fundamental human resource strategies behind that effort labeled simply as "human capital management." The key to responding to feedback from the employee engagement survey



results is translating the management team's message of "valuing people" into concrete initiatives. If we can create an organization where each employee's diversity is respected, and where they feel their opinions reach management, we can tackle transformation with a greater sense of unity.

Asano: When I was appointed as an outside director, most of the HR department was responsible for labor issues. Now that our HR system has been enhanced and personnel have been assigned to develop mechanisms to motivate employees, I expect our efforts will lead to transforming the corporate culture.

Back then, besides HR, there were also issues in the Corporate Planning Department. There were only a few members, and no one was doing the core work of corporate planning. I have consistently suggested that, for the NITTO KOGYO Group to achieve true transformation toward consolidated management, we must strengthen personnel in both HR and Corporate Planning, and I believe we are finally starting to see results.

Nakagawa: Indeed, I believe that the time has come for the NITTO KOGYO Group to transform into a truly consolidated management structure. In the past, managing NITTO KOGYO alone was sufficient, but we have now entered a new phase that requires management overseeing multiple companies. While President Kurono fulfills his role as management leader, it is critical that we must enhance our human capital to make it more attractive. Otherwise, we

won't be able to maintain group management.

Koyama: I think our human resources strategy isn't progressing quickly enough to keep up with our business strategy. The key to new factory construction and M&A is whether we incorporate the NITTO KOGYO brand, including its quality and productivity, into those ventures. If we do, careful management is required, but if we don't, the market might not accept them, resulting in losses. We certainly must incorporate the brand into these ventures, but this requires a strong, company-wide commitment to developing our human resources.



Suehiro: While our group is focusing on energy management and overseas businesses, advancing human resource strategy alongside business strategy is necessary to develop these into new pillars.

Outside Directors' Roundtable



Strengthening governance that is proactive, not just defensive

Nakagawa: I think NITTO KOGYO's defensive governance is solid, thanks to our longstanding experience. It is especially excellent that the company decided to transition early to strengthen governance, given that we are a company with an Audit and Supervisory Committee. The Audit and Supervisory Committee can hold discussions among its members alone. I believe this is an excellent system which fosters a corporate culture that respects diversity, because it makes it easier for external perspectives to be communicated to the management team. Thanks to the establishment of this system that gathers internal feedback while incorporating external perspectives, our employees have become aware that they must speak up when problems arise. Now that their feedback reaches management, appropriate action can be taken.

In the past, the Board of Directors focused primarily on receiving execution reports, but now it has shifted toward a more supervisory role, which is how it should be. Additionally, to enhance discussions on management and facilitate swift decision-making, the same members hold follow-up sessions after Board of Directors' meetings to address the most pressing issues.

Asano: Our role as outside directors on the Board of Directors is also evolving. In recent years, we have been involved in planning the Mid-term Management Plan, offering proposals with a medium- to long-term focus. To strengthen governance going forward, we intend to promote the restructuring of group companies and make proposals to optimize the organization. We understand that it takes time to nurture manufacturing company subsidiaries. However, integrating companies with similar business models or merging them into NITTO KOGYO can lead to more effective governance and simpler management.

Kubo: I believe that clarifying exit thresholds for businesses is a significant step forward, particularly given the increase in M&A activity and the establishment of affiliated companies. I will continue to monitor this issue to ensure that decisions are made from a group-wide perspective.

Asano: The Board of Directors' decision to establish exit thresholds in advance when new companies are formed or acquisitions are made reflects a growing sense of urgency in management.

Kubo: Portfolio management will implemented going

forward. We will reevaluate each business, consider improvement measures, and ensure that decisions are data-driven.

Koyama: Although it was commendable that the responsibilities and authority of group companies were clarified to ensure proactive governance, everyone must now develop a greater sense of involvement and deepen discussions within the Board of Directors based on this foundation. For example, we need to change our mindset so that if an overseas business entity is underperforming, the domestic department handling the same business must take the initiative to help them improve.

Suehiro: Thanks to the recommendation from the outside directors that the person responsible for each business be clearly defined, awareness of responsibility and authority was fostered, and the person responsible for each business was clarified. I believe that outside directors play a significant role.

Respecting diversity fosters the company's future

Asano: As the president also values balance between defense and offense, maintaining a 51-49 (defense-offense) balance of each is important, as is evident throughout history and across cultures. For the NITTO KOGYO Group, defense means each company genuinely focusing on creating synergies. While awareness is gradually growing, from a defense perspective, thorough implementation will be essential for achieving consolidated management. Synergy leads to offense. Offense

Outside Directors' Roundtable



arises when each employee approaches their work with high aspirations. Aligning Corporate Planning's management strategy with the human resources strategy is crucial to achieving this.

Kubo: To promote diversity, I believe it is necessary for everyone to recognize and respect individual differences and create an environment in which employees can work comfortably and pleasantly. Specifically, in the fabric of our approach, the warp represents the company's management philosophy, and the weft represents the employees. One example of the warp is President Kurono's message regarding Job Satisfaction Reform, a term that everyone can easily understand. Through this message, President persistently and continuously tells employees why they are undertaking initiatives and what they are striving to achieve. The weft involves expanding career development programs that reflect these efforts, implementing open recruitment for roles

through application submissions, and promoting mutual learning among employees through initiatives like the GOZIHAN Lounge, which allows anyone interested to participate online from anywhere.

I hope this leads to fulfillment and growth for each employee.

Nakagawa: I once asked a customer, "How do you like NITTO KOGYO's panel boards?" He replied, "They're expensive, but truly excellent." Hearing that convinced me of our sense of presence. Although there are many challenges in energy management that we should help solve, I believe the NITTO KOGYO Group should maintain this position, avoid becoming too defensive, and expand its field of activity.

Koyama: From executives to those performing the actual work, it is important for everyone to set ambitious goals, formulate action plans, and execute them with dedication. This must be a collaborative effort. As soon as someone lacks initiative and leaves it up to someone else, this collaboration breaks down. I believe the company will improve significantly when each employee connects with others while challenging themselves to drive transformation. As outside directors, we will support these efforts by making swift decisions to ensure that no opportunity is missed.

Provide reliability and peace of mind when it comes to the future of our planet, and fulfill our corporate responsibility to build a sustainable society

Suehiro: In closing, would you please share a message with our stakeholders?

Nakagawa: At the NITTO KOGYO Group, our mission is to provide reliability and peace of mind when it comes to the future of our planet.

We are committed to supporting this mission without ceasing.

Kubo: We will ensure that our group fulfills its corporate responsibility toward realizing a sustainable society.

Koyama: By encouraging faster decision-making in management execution, we will contribute to enhancing corporate value.

Asano: Although the concept of happiness may differ among stakeholders, including customers, business partners, employees, shareholders, investors, and local communities, we strive to be a company that brings happiness to all.

Suehiro: In order to continue fulfilling our mission, we must maintain this sense of urgency. Thank you for your time today.



List of Executives

Director



Chairman · CEO
Tokio Kato
(Born June 10, 1953)

April 1982
August 1987
June 2003
June 2005
June 2008
April 2019
April 2020

Joined the Company
Director
Managing Director
President
President & CEO
Chairman
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.



Director
Koichi Takenaka
(Born August 28, 1962)

April 1985
April 2014
April 2017
June 2022

Joined the Industrial Bank of Japan, Limited
Head of Foreign Exchange Department, Mizuho Bank, Ltd.
Joined the Company
Corporate Executive Officer
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 and corporate planning departments.



President & COO
Toru Kurono
(Born March 2, 1959)

April 1981
June 2009
June 2011
June 2014
April 2019
April 2020

Joined the Company
Corporate Executive Officer
Director
Managing Director
Executive Vice President & COO
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.



Director
Yusuke Kobayashi
(Born August 22, 1969)

April 1993
March 2013
April 2020
June 2024

Joined the Company
President of ELETTO (THAILAND) CO., LTD.
Corporate Executive Officer, NITTO KOGYO Corporation
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 production, development and corporate planning departments and his experience as a manager at our subsidiary.



Managing Director
Koichiro Sato
(Born July 8, 1963)

July 1992
October 2014
June 2016
April 2019
June 2020
April 2024

Joined the Company
Director, Taiyo Electric Mfg. Co., Ltd.
President & Representative Director, Taiyo Electric Mfg. Co., Ltd.
Corporate Executive Officer, NITTO KOGYO Corporation
Director
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 and overseas departments and his experience as a manager at our subsidiary.



Director
Katsuhiko Kawaji
(Born July 31, 1966)

April 1989
March 2016
April 2022
June 2025

Joined the Company
President & Representative Director, TOHOKU NITTO KOGYO Co., Ltd.
Corporate Executive Officer, NITTO KOGYO Corporation
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 production department and his experience as a manager at our subsidiary.



Managing Director
Akitaka Tejima
(Born October 20, 1964)

April 1988
March 2015
June 2017
April 2019
June 2020
April 2024

Joined the Company
Managing Director, SunTelephone Co., Ltd.
Senior Managing Director, SunTelephone Co., Ltd.
Corporate Executive Officer, NITTO KOGYO Corporation
Director
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.

List of Executives

Directors who are Audit and Supervisory Committee Members



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)
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
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)
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)
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.
June 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.



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)
August 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.

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 longterm 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.

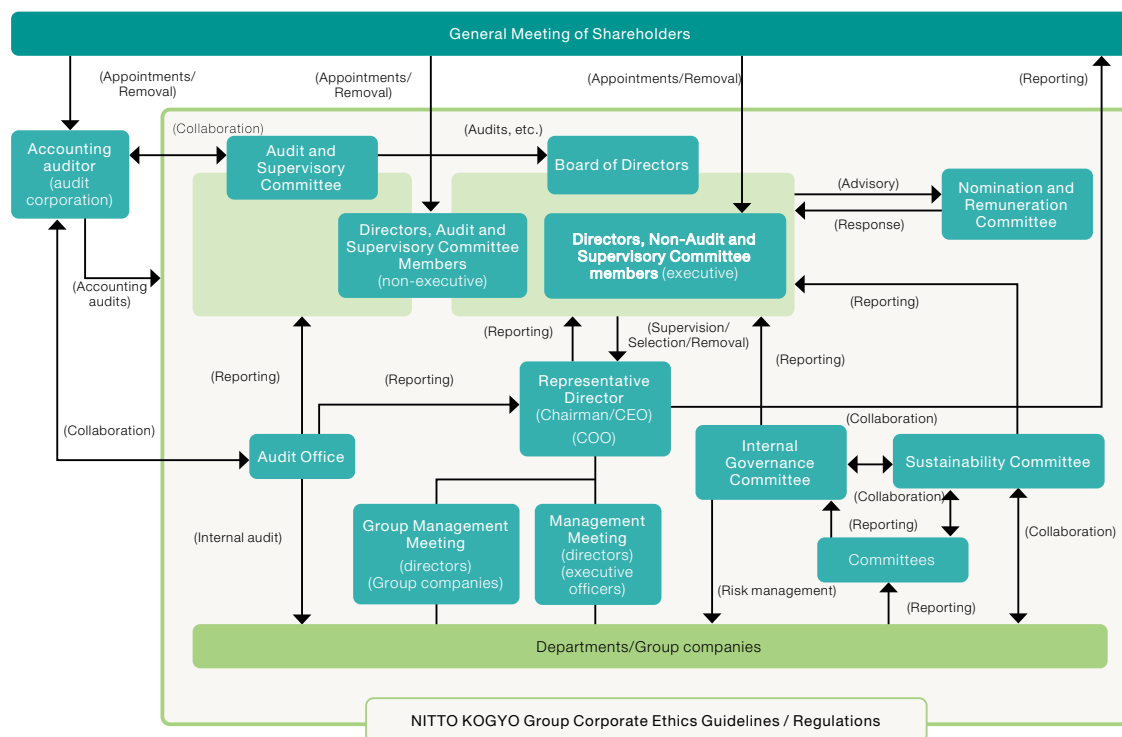
5. Dialogue with Shareholders

Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. Led by the officer in charge of IR, NITTO KOGYO conducts constructive dialogue with analysts and institutional investors. The company intends to engage in even more thorough dialogue with shareholders in future.

Corporate Governance

● 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.

Corporate Governance

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 three 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				●			●			●	
Koichi Takenaka	Male	Director				●		●		●			
Yusuke Kobayashi	Male	Director				●	●			●			
Katsuhiko Kawaji	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.

Corporate Governance

● Process for determining director compensation

Basic Policy

Our basic policy regarding remuneration for directors is to establish a fair, transparent, and objective system while ensuring that compensation levels are commensurate with the roles and responsibilities expected of our executives. This policy is designed to motivate them to contribute to the sustainable growth and increased corporate value of the NITTO KOGYO Group. To further strengthen our corporate governance system, the Nomination and Remuneration Committee, which consists primarily of independent outside directors, deliberates this basic policy and related procedures, and the Board of Directors makes decisions based on the Committee's recommendations.

Remuneration for each director (excluding those who are members of the Audit and Supervisory Committee) consists of base salary as fixed compensation, performance-based compensation, and non-monetary compensation (stock-based compensation). The standard ratio for each type of compensation is 7:2:1 for fixed compensation, performance-based compensation, and non-monetary compensation. (When KPI targets are achieved at 100%)

For representative directors, performance-based compensation carries more weight than for other directors.

	Base salary (fixed compensation)	Performance-based compensation, etc. (profit-linked compensation)	Non-monetary compensation, etc. (performance-based stock compensation)
Representative Director	65%	25%	10%
Other Directors	70%	20%	10%

Policy on base salary

Base salary is determined as monthly fixed compensation by taking into comprehensive consideration factors such as position level, full-time or part-time status, industry standards, the company's performance, and employee salary levels.

Policy on performance-based compensation

The goal of performance-based compensation is to improve awareness of performance enhancement each fiscal year. It is a cash reward reflecting KPI performance indicators and paid as a bonus calculated based on the degree of achievement relative to the target value for current net profit attributable to the consolidated parent company's shareholders for each fiscal year.

Policy on non-monetary compensation

Using the Board Benefit Trust (BBT), a performance-linked stock compensation system, non-monetary compensation is designed to reflect KPIs and contribute to improving medium- to long-term performance and increasing corporate value. Upon retirement, it will be paid in the form of shares or an equivalent amount, calculated based on points corresponding to the degree of achievement relative to the target consolidated operating profit for each fiscal year and the target consolidated operating profit for the final year of the Mid-term Management Plan.

● Implementation status of measures concerning shareholders and other stakeholders

1. Status of initiatives to invigorate general meetings of shareholders and facilitate the exercise of voting rights

	Supplementary explanation
Early notice for general meetings of shareholders	Sent prior to the statutory deadline
Exercise of voting rights via electronic means	Adopted online voting via the internet, etc.
Joining the electronic voting platform and other initiatives to improve the voting environment for institutional investors	Joined the electronic voting platform operated by ICJ Co., Ltd.
Provision of the convocation notice in English (summary)	Translated the convocation notice and reference documents into English
Other	Implemented visualization for all items at general meetings of shareholders (reporting matters, resolution items, etc.), posted convocation notices online before the statutory deadline, and streamed meeting videos afterwards

2. Status of IR activities

	Supplementary explanation	Explanation by the representative themselves
Regularly held briefings for individual investors	Participated in company briefing events for individual investors hosted by securities companies, etc., as appropriate	Not provided
Regularly held briefings for institutional investors and analysts	Meetings (individual and group) were held with analysts and institutional investors as needed following each quarterly earnings announcement. Organized biannual financial results presentations led by the president	Provided
Posting of IR documents on the website	Posted documents including timely disclosure documents, summary of accounts, reports, convocation notices, IR calendar, performance highlights, earnings briefing materials and transcripts (all in Japanese with English translation), etc.	
Establishment of an IR post (person in charge)	General affairs department	

3. Initiatives regarding respect for stakeholders' positions

	Supplementary explanation
Internal regulations and policies stipulating respect for stakeholders' positions	We distribute the NITTO KOGYO Group Corporate Ethics Guidelines, which outline our basic policy on corporate ethics, to all executives and employees. These guidelines promote thorough adherence to compliance and corporate ethics through training in each workplace. We also established a Helpline as an internal contact point for inquiries regarding the NITTO KOGYO Group Corporate Ethics Guidelines and the internal reporting system. Additionally, we established an External Hotline as an overseas contact point.
Implementation of environmental conservation activities, CSR activities, etc.	Prepared the Integrated Report and posted it on the website

Corporate Governance

Roles and Independence of Outside Directors

Roles of Outside Directors (FY2024)

Position	Name	Attendance	Overview of activities and duties performed regarding the role expected for Outside Directors
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 vice-chairman 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 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, organizational culture 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 human capital and 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.
Director (Audit and Supervisory Committee member)	Shuichi Koyama	Board of Directors Meeting: 13/13 occasions (100%) Audit and Supervisory Committee Meeting: 13/13 occasions (100%) Nomination and Remuneration Committee Meeting: 5/5 occasions (100%)	Based on his extensive experience, knowledge and insight as a business manager, he provides useful advice and suggestions regarding governance structures, production and quality and actively contributes to stimulating discussion and improving the effectiveness of the Board of Directors' meetings through his 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.

Note: Shuichi Koyama was newly appointed as a director of the Audit and Supervisory Committee at the 76th regular general meeting of shareholders, held on June 27, 2024. Therefore, the attendance rates listed are after his appointment to the Board of Directors (13 meetings), the Audit and Supervisory Committee (13 meetings), and the Nomination and Remuneration Committee (5 meetings).

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

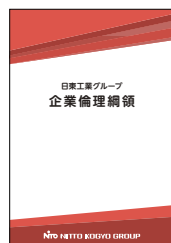
● Compliance is a major premise for sustainable development

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.

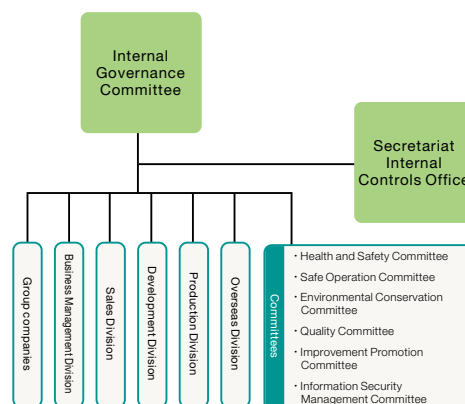
We ensure that those who report their concerns will not be put at a disadvantage and that the content of the consultation will not be leaked to the outside. The company formulates measures based on a fair investigation to resolve the problem and prevent its recurrence.

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.

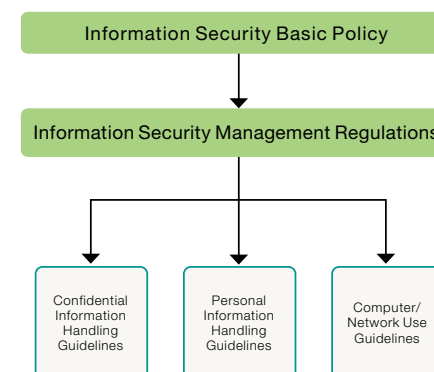
Internal Governance Committee Organization Chart



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.



Risk Management

● Business Risks, etc.

The main risks likely to influence the NITTO KOGYO Group financial status, management results, etc., include the following. Items in the text concerning the future are based on Group judgments as of the end of the consolidated fiscal year (March 31, 2025). With awareness of these risks, the Group intends to make every effort to avoid them and, should they occur, to handle them.

*Partial excerpt

Business Environment

Demand for NITTO KOGYO Group products is related largely to the number of private-sector non-residential buildings and machinery orders in Japan, and is ultimately affected greatly by domestic economic trends. In the information and telecommunications and electronic components fields, there is a risk of inventory obsolescence and loss of projects due to the rapid pace of technological innovation. Additionally, the worsening of the business environment, indirectly caused by the United States' additional tariff measures, may also impact our Group's financial position and operating results.

The Group recognizes that it is always possible such risks may materialize in its business environment, but we will further enhance the competitiveness of our core business and push forward various measures such as expanding our business domains, establishing overseas business bases centered on Southeast Asia, and establishing new business.

Large-scale Disasters, etc.

Many of the Group's major business bases are located in areas that are highly likely to be affected by a Nankai Trough earthquake, something that is expected to occur in the future. If such a large-scale natural disaster, etc., does occur, problems such as damage to plant buildings and production facilities, delays in the restoration of supply chains, and power supply shortages could exert great impacts on production capacity, logistics functions, etc., and affect the Group's financial position and business results.

We recognize that the probability of damage due to a Nankai Trough earthquake in the near future is high. The Group places the highest priority on human life and is actively developing business continuity plans including disaster prevention drills, safety confirmation drills, various earthquake-proofing measures, and the duplication of data management to minimize the impacts on production and sales at the time of a large-scale disaster.

Information Systems and Information Security

NITTO KOGYO Group relies on information systems in sales, production and other business activities, and also handles confidential information and personal information related to customers, suppliers, employees and other parties. If something like a prolonged shutdown of an information system or a leakage of confidential information or personal information occurred due to an unforeseen event, it could affect the financial position and business results of the Group.

We recognize that it is difficult to eliminate such risks completely due to increasingly sophisticated cyber attacks, etc., but we are working to reduce risks through the implementation of countermeasures against external attacks on information systems, countermeasures against computer viruses, employee education on security compliance, etc., and continuing to use new information systems positively.

Please follow the link below for full information on the main risks that could influence the NITTO KOGYO Group's financial condition and business performance:
<https://www.nitto.co.jp/english/IR/risk/>



11-Year Summary

11-Year Financial Highlights

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Management results (¥ million)											
Sales	109,837	108,463	106,627	108,080	116,984	139,421	137,902	132,735	146,698	160,709	184,683
Operating profit	13,851	11,264	6,598	5,751	6,472	12,402	12,333	8,637	8,172	11,967	13,432
Ordinary income	14,146	10,937	6,402	5,625	6,405	12,038	12,660	9,412	9,056	12,566	13,516
Profit attributable to owners of parent	7,390	7,402	4,506	2,883	4,046	8,048	8,827	6,607	5,479	8,715	12,097
Capital investment	3,400	2,944	6,059	2,588	2,518	7,153	4,984	5,183	12,102	18,540	6,481
Depreciation	2,692	2,740	2,891	3,756	3,533	4,034	3,857	4,283	4,209	4,858	6,512
EBITDA ^{*1}	17,112	14,602	10,342	11,981	10,911	17,153	17,050	13,408	12,698	17,034	20,114
R&D expenses	1,588	1,973	2,014	2,154	2,466	2,876	2,642	2,778	2,970	3,059	3,193
Overseas sales	788	687	4,090	3,542	5,426	9,360	9,394	11,703	14,537	15,441	15,129
Overseas sales ratio (%)	0.7	0.6	3.8	3.3	4.6	6.7	6.8	8.8	9.9	9.6	8.2
Financial Condition (¥ million)											
Net assets	74,926	79,146	82,152	83,061	98,588	90,895	98,746	99,221	101,370	108,696	116,507
Total assets	95,577	100,106	101,871	103,886	141,971	123,212	127,812	124,316	135,579	161,742	183,897
Equity	74,908	79,137	82,147	83,032	85,046	90,629	98,539	99,063	101,166	108,488	115,135
Interest-bearing debt	58	1,405	1,452	1,664	19,280	4,882	3,262	282	6,627	18,558	28,565
Cash flow (¥ million)											
Cash flows from operating activities	13,939	8,242	9,787	6,616	8,046	12,649	12,250	8,471	3,751	12,321	18,637
Cash flows from investing activities	- 6,279	- 2,874	- 4,336	- 1,882	- 13,308	4,920	- 3,857	- 4,966	- 13,899	- 14,429	- 12,450
Cash flows from financing activities	- 2,386	- 2,520	- 1,771	- 1,716	16,048	- 26,925	- 3,880	- 10,022	1,449	6,929	974
Free cash flow	7,660	5,368	5,451	4,733	- 5,261	17,570	8,393	3,504	- 10,148	- 2,108	6,186
Cash equivalents at end of period	18,839	21,606	25,138	28,283	38,934	29,620	34,301	28,319	20,098	25,411	33,132
Information per share (¥)											
Book value per share	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	3035.00
Earnings per share	183.29	183.00	111.37	71.26	100.02	198.93	218.16	164.75	144.45	229.77	318.91
Dividend per share	56	57	50	40	40	60	66	50	145	230	160
Payout ratio (%)	30.6	31.1	44.9	56.1	40.0	30.2	30.3	30.3	100.4	100.1	50.2
Closing price at end of term	2,236	1,794	1,536	1,650	2,214	1,729	2,028	1,576	2,642	4,140	3,115
Index (%)											
Operating profit margin	12.6	10.4	6.2	5.3	5.5	8.9	8.9	6.5	5.6	7.4	7.3
ROE	10.2	9.6	5.6	3.5	4.8	9.2	9.3	6.7	5.5	8.3	10.8
ROA	15.3	11.2	6.3	5.5	5.2	9.1	10.1	7.5	7.0	8.5	7.8
Equity ratio	78.4	79.1	80.6	79.9	59.9	73.6	77.1	79.7	74.6	67.1	62.6
PBR (based on closing price at end of term) (ratio)	1.21	0.92	0.76	0.80	1.05	0.77	0.83	0.60	0.99	1.45	1.03
PER (based on closing price at end of term) (ratio)	12.20	9.80	13.79	23.15	22.14	8.69	9.30	9.57	18.29	18.02	9.77
Total return ratio ^{*2}	30.6	31.2	44.9	56.2	40.1	30.2	30.3	90.3	100.7	100.4	50.3

^{*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.

11-Year Summary

11-Year Key Non-financial Data

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governance											
No. of directors	12	12	10	10	10	11	12	11	12	12	12
No. of outside directors	4	4	3	3	3	4	4	4	4	4	4
Ratio of outside directors (%)	33.3	33.3	30.0	30.0	30.0	36.4	33.3	36.4	33.3	33.3	33.3
Society											
No. of employees (consolidated)	2,689	3,157	3,168	3,100	3,700	3,942	4,062	4,120	4,261	4,528	5,338
No. of employees (NITTO KOGYO non-consolidated)	1,612	1,725	1,721	1,761	1,842	1,918	1,960	1,989	2,148	2,170	2,216
Ratio of women in management roles (NITTO KOGYO nonconsolidated) (%)	–	–	–	–	–	1	3	3	4	4	4
Ratio of overseas employees (NITTO KOGYO non-consolidated) (%)	–	–	–	–	–	1	1	1	2	2	3
Percentage of males who take childcare leave (NITTO KOGYO non-consolidated) (%)	0	1	0	4	7	1	4	5	28	40	57
Percentage of females who take childcare leave (NITTO KOGYO non-consolidated) (%)	100	100	100	100	100	100	93	100	91	100	100
Environment											
GHG emissions (Scope1, 2)*3 (t-CO ₂)	25,777	24,817	23,294	23,424	22,917	22,290	25,975	25,113	27,360	26,578	23,528
GHG emissions (Scope3) (t-CO ₂)	–	–	–	–	–	–	399,109	418,665	551,010	559,296	541,110
Waste emissions (non-consolidated) (t)	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	1638.3
Solar power generation (kWh)	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	7,009,950

*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, 2025)

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: 5,338 Non-consolidated: 2,216
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.

List of Group Companies

• Aichi Electric Works Co., Ltd.	• SunTelephone Co., Ltd.
• Tempearl Industrial Co., Ltd.	• KITAGAWA INDUSTRIES CO., LTD.
• NANKAIDENSETSU Co., Ltd.	• NITTO KOGYO (CHINA) CORPORATION
• Taiyo Electric Mfg. Co., Ltd.	• GATHERGATES GROUP PTE. LTD.
• EM solutions CO., Ltd.	• ELETTO (THAILAND) CO., LTD.
• ECAD Solutions Co., Ltd.	• NITTO KOGYO BM (THAILAND) CO., LTD.
22 other companies	

Stock Overview (as of March 31, 2025)

Total number of authorized shares	96,203,000
Number of issued shares	40,458,000 (including treasury shares)
No. of Shareholders	18,435

Overview of major shareholders

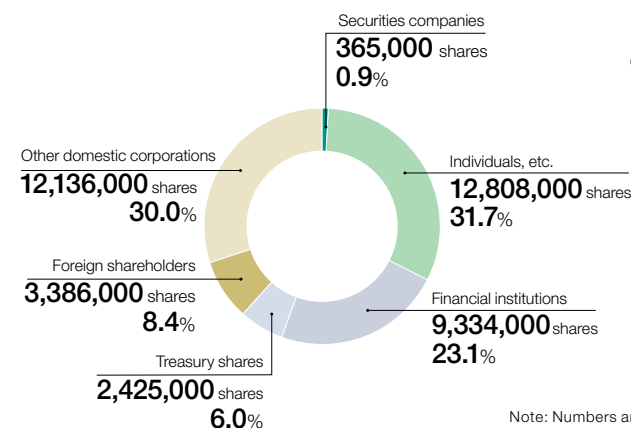
Name of shareholder	No. of shares held (thousand)	Shareholding ratio (%)
Meito Kousan, Ltd.	6,918	18.2
The Master Trust Bank of Japan, Ltd. (Trust)	4,804	12.6
NITTO KOGYO Shareholders' Association of Business Partners	2,432	6.4
Meiji Yasuda Life Insurance Company	1,586	4.2
Shinwa Kousan, Ltd.	1,050	2.8
Custody Bank of Japan, Ltd. (Trust)	962	2.5
NITTO KOGYO Employee Stock Ownership Association	802	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 2,425,000 shares of treasury stock but is excluded from the major shareholders listed above.

2. Shareholding ratios are calculated excluding treasury stock.

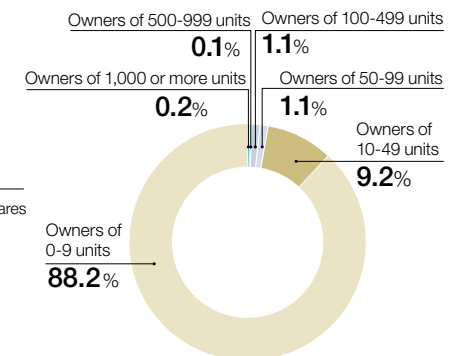
3. The company adopted a performance-linked stock compensation system, known as the Board Benefit Trust (BBT), under which the Custody Bank of Japan, Ltd. (Trust E account) (hereinafter referred to as "Trust E") acquired 96,000 shares of the company's stock. Note that the shares of the company's stock held by Trust E are not treated as treasury shares.

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%.



NITO NITTO KOGYO GROUP

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