

# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

May 13, 2025  
NITTOSEIKO Co., Ltd.

**NITTOSEIKO**

Taking new steps forward together

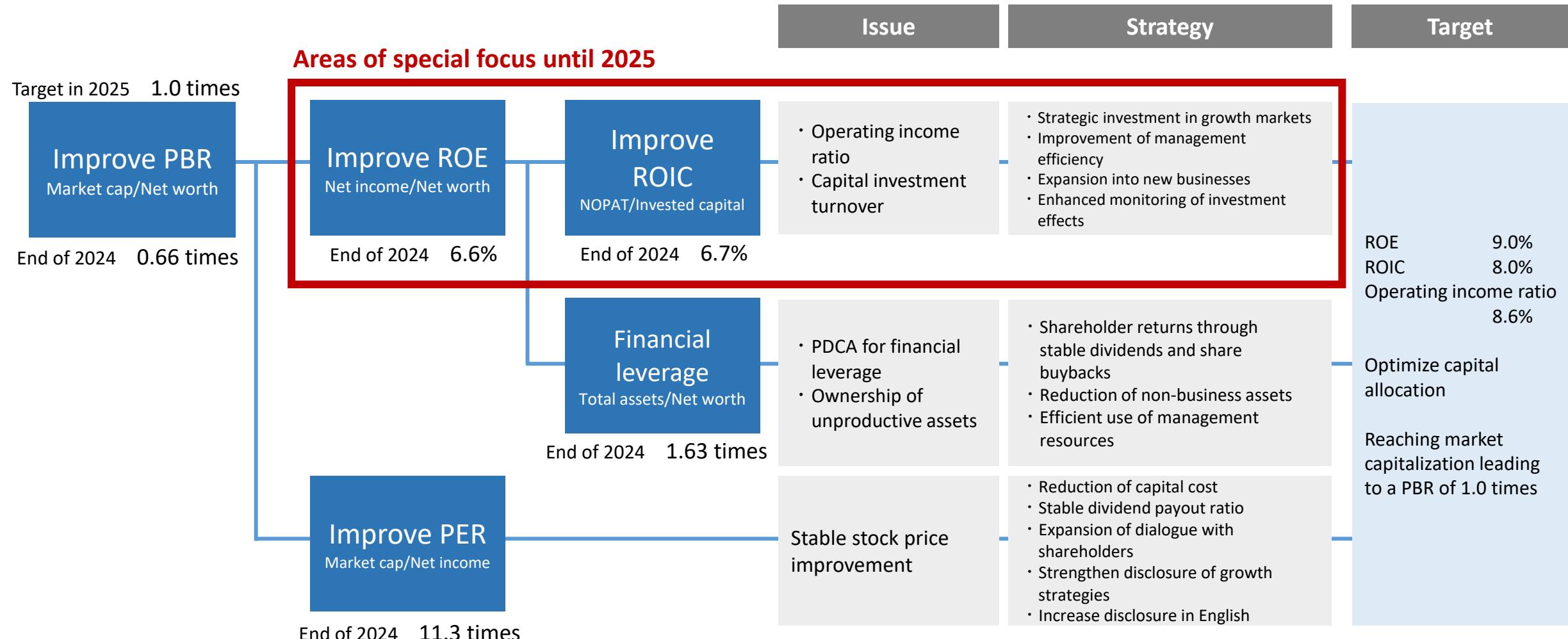


# Re-Analysis of the Present State for Enhancing Corporate Value

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**NITTOSEIKO**

As of the end of 2024, the PBR is below 1.0 times. In particular, the Company recognizes that sales size and profitability are issues, and that the weak stock price is due to profitability issues. During the period of the Mid-term Management Plan, until 2025, the Company will particularly focus on expanding sales and improving profit margins.



Result of 2024		Target State	Analysis of 2024 Result
Fastener	<b>ROIC 5.0%</b> <ul style="list-style-type: none"> <li>Operating income ratio 4.9%</li> <li>Invested capital turnover ratio 1.5</li> </ul> <small>※ Metal products industry average in 2023 : 1.2</small>	<ul style="list-style-type: none"> <li>Operating income ratio 7.5%</li> </ul>	<ul style="list-style-type: none"> <li>Improve operating income ratio</li> <li>Invested capital turnover ratio is above the industry average, but sales size is below the mid-term goal → Need to expand sales with new investments</li> </ul>
Consolidated Total	<b>ROIC 11.6%</b> <ul style="list-style-type: none"> <li>Operating income ratio 17.2%</li> <li>Invested capital turnover ratio 1.0</li> </ul> <small>※ Machinery industry average in 2023 : 1.1</small>	<ul style="list-style-type: none"> <li>Operating income ratio 20.9%</li> </ul>	<ul style="list-style-type: none"> <li>Improve operating income ratio</li> <li>Improve invested capital turnover ratio → Need to expand sales while maintaining current asset size</li> </ul>
Control System	<b>ROIC 9.6%</b> <ul style="list-style-type: none"> <li>Operating income ratio 9.9%</li> <li>Invested capital turnover ratio 1.3</li> </ul> <small>※ Machinery industry average in 2023 : 1.1</small>	<ul style="list-style-type: none"> <li>Operating income ratio 4.9%</li> </ul>	<ul style="list-style-type: none"> <li>Improve invested capital turnover ratio → Need to expand sales while maintaining current asset size</li> </ul>

Segment	2025 Outlook	2023 Result	2024 Result	Initiatives to expand sales size and improve profit margins (2023-2025)
Overall	CAGR 4.4% ROS + 0.5pt	3.4% ▲0.8pt	+ 0.4pt	<ul style="list-style-type: none"> <li>Efficient use of management resources by reducing non-business assets</li> <li>Sales expansion through M&amp;A</li> <li>Improvement of profit margin through price pass-through</li> </ul> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span>
Fastner	CAGR 3.4% ROS ▲0.4pt	2.2% ▲0.2pt	▲0.3pt	<ul style="list-style-type: none"> <li>Cost reduction through factory re-organization and improvement of profit margin by strengthening high value-added products</li> <li>Development and supply of composite parts (heading + machined parts)</li> <li>Strengthen production and expand sales channels through M&amp;A in India</li> </ul> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span>
Assembly Machine	CAGR 4.8% ROS + 1.2pt	1.0% ▲5.0pt	▲1.7pt	<ul style="list-style-type: none"> <li>Increase sales by expanding to new overseas bases and new areas</li> <li>Expanding the scope of business by developing new partners and strengthening the production system</li> </ul> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span>
Control System	CAGR 9.3% ROS + 4.8pt	12.8% + 1.7pt	+ 6.9pt	<ul style="list-style-type: none"> <li>Increase sales by expanding to new overseas bases and new areas</li> <li>Ongoing approaches to inspection automation</li> <li>Stable supply of environmental measurement equipment in Japan and overseas</li> <li>Investment in organic solvent recycling business</li> </ul> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span> <span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black; vertical-align: middle;"></span>

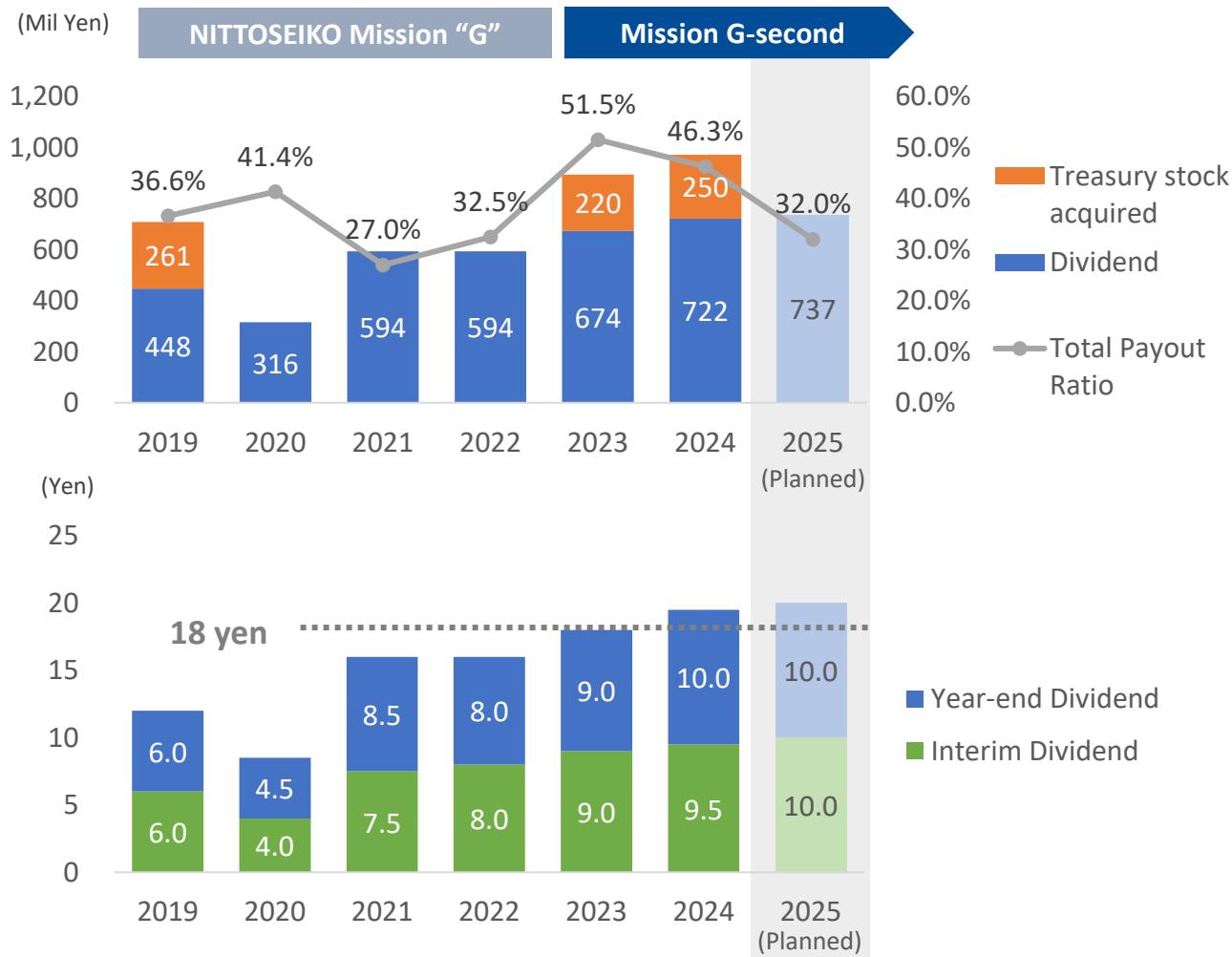
\* CAGR: Average annual sales growth rate from 2022 / ROS: Change in operating income ratio compared to 2022

\* For the new medical business, efforts to bring it to market are ongoing, and information will be disclosed as progress is made.

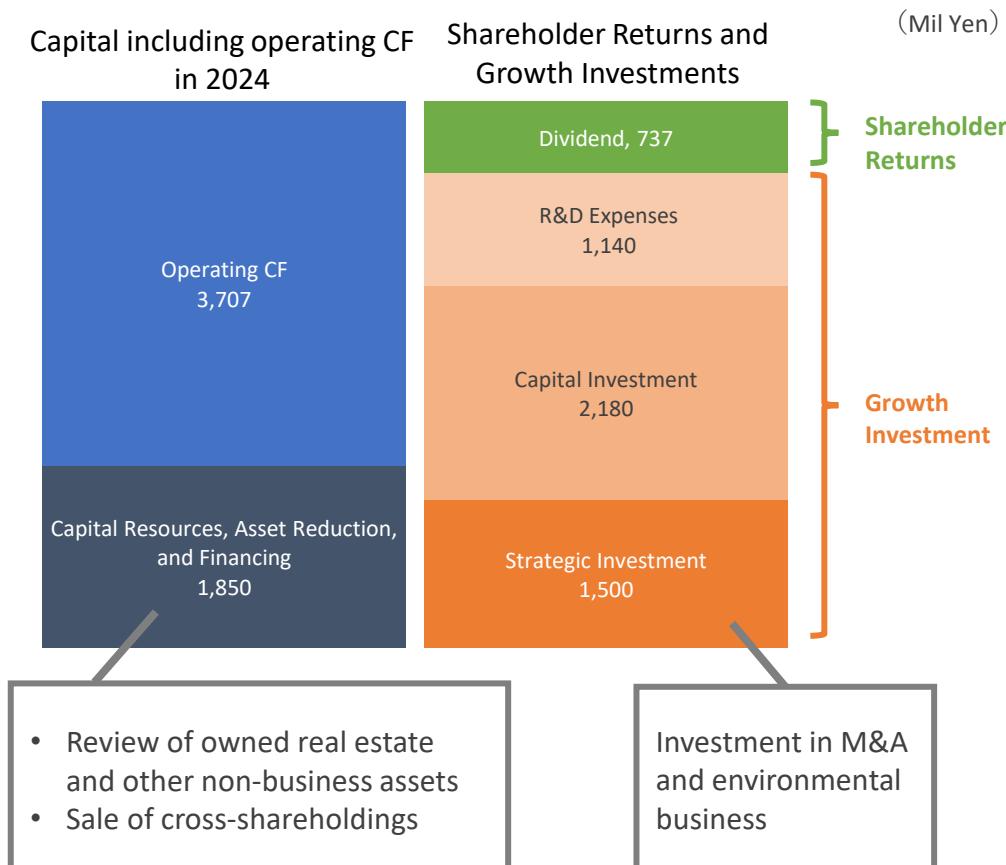
In progress  
 Completed

**Shareholder Returns**

The Company is paying a progressive dividend with a lower limit of 18 yen per share during the period of the Mid-term Management Plan. In addition, the Company is returning profits to shareholders by repurchasing treasury stock in accordance with surplus funds.

**Efficient use of management resources and capital allocation**

To increase invested capital turnover, the Company is in the process of reducing assets through a review of non-business assets and sales of cross-shareholdings. Funds generated will be added to operating CF and allocated to shareholder returns and investment for growth.



# Strengthening Disclosure and Governance, Dialogue with Investors



## IR Initiatives

### Strengthening Disclosure and Governance

2022	2023	2024	2025
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Publish video and minutes of financial results briefings on the financial results website

Information disclosure through integrated reports (increased pages from 2023)

Factory Tour

Global website released

The Company's plan is to increase communication with investors and disclose non-financial information, a source of value creation, to raise expectations for future growth (and reduce the cost of capital).

Release of the Skills Matrix

Executive Training

New stock compensation plan (linked to the Mid-term Plan)

Transition to headquarters system to strengthen group management

Establishment of human rights policy and procurement guidelines

## Governance

The Company intends to build a management structure that is more committed to its business strategy.

### Dialogue with Investors

2023	2024	2025 (Plan)
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Financial Results Briefing for Institutional Investors

2 2 2

Briefing for Individual Investors  
(Online, Neighboring regions)

2 2 2

IR Factory Tour

— 2 Planned



#### Requests from Investors

I would like a factory tour.

Factory tour for institutional investors was held in April 2024.

I would like to receive detailed explanations about the business outlook and information about the changes in the backlog of orders.

Supplementary materials and financial results briefing materials were added sequentially.

Balance sheet tightening may be needed.

Reviewing fixed assets and real estate, reducing receivables and payables, and reducing capital through share buybacks.

#### Changes in Share Structure



\* In particular, the number of private individuals increased significantly from 5,725 to 7,714

■ Private Individuals  
■ Overseas

■ Financial Institutions  
■ Securities Company

■ Domestic Corporations  
■ Treasury stock

\* Number of shares held as a percentage of shares issued