



May 13, 2025

Dear all

Company Name : NITTOSEIKO CO., LTD.  
Name of Representative : Makoto Araga,  
Representative of Director and  
President  
(Securities code: 5957; Tokyo  
Stock Exchange Prime Market)  
Contact information : Shinichi Matsumoto,  
Director and General Manager  
of Financial Strategy Division  
(Telephone: +81-773-42-3111)

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

NITTOSEIKO Co., Ltd. (the “Company”) hereby announces that during a meeting on May 13, 2025, our Board of Directors reassessed the existing circumstances and structured our insights to foster sustainable growth and enhance corporate value over the medium to long term, ultimately establishing a course of action aimed at management that is conscious of cost of capital and stock price.

#### 1. Assessment and evaluation of existing circumstances

As of the end of 2024, the Company's price-to-book ratio (PBR) is below 1.0 times. We recognize that the main issues are related to sales size and profitability, noting that the drop in stock price is linked to challenges in profitability.

(Unit: Mil Yen)

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecast
Net Sales	44,021	44,744	47,069	50,100
Operating Income	2,931	2,614	3,326	3,600
ROIC	5.7%	5.3%	6.7%	
ROE	6.1%	5.5%	6.6%	
PBR	0.59 times	0.59 times	0.66 times	

#### 2. Current initiatives and future strategies

During the period of the Mid-term Management Plan through 2025, the Company will particularly focus on improving ROIC and ROE through expansion of sales size and improvement of profit margins. The Company will also work to improve PBR through efficient use of management resources, appropriate capital allocation, and dialogue with investors.

##### 1) Expansion of sales size and improvement of profitability

To close the gap with the current Mid-term Management Plan, the Company will develop measures based on the analysis of capital efficiency, growth potential, and profitability in each segment.

2) Efficient use of management resources and capital allocation

The Company has been and will continue to pay progressive dividends with a lower limit of 18 yen per share during the current Mid-term Management Plan period, and to repurchase its own shares in response to surplus funds. In addition, to improve the turnover ratio of invested capital, we are reducing assets by reviewing non-business assets and selling cross-shareholdings, etc. The funds generated from these efforts and operating CF will be appropriately allocated to shareholder returns and growth investments.

3) Strengthening disclosure and governance, and dialogue with investors

In order to provide investors with a clear understanding of the company's future growth potential, the Company will actively communicate the advancements of new business initiatives, while also enhancing its IR activities, governance practices, and engagement with investors.

For further details, please refer to the attached document “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”.

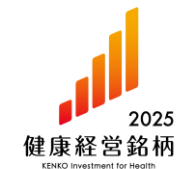
Thank you

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

May 13, 2025  
NITTOSEIKO Co., Ltd.

**NITTOSEIKO**

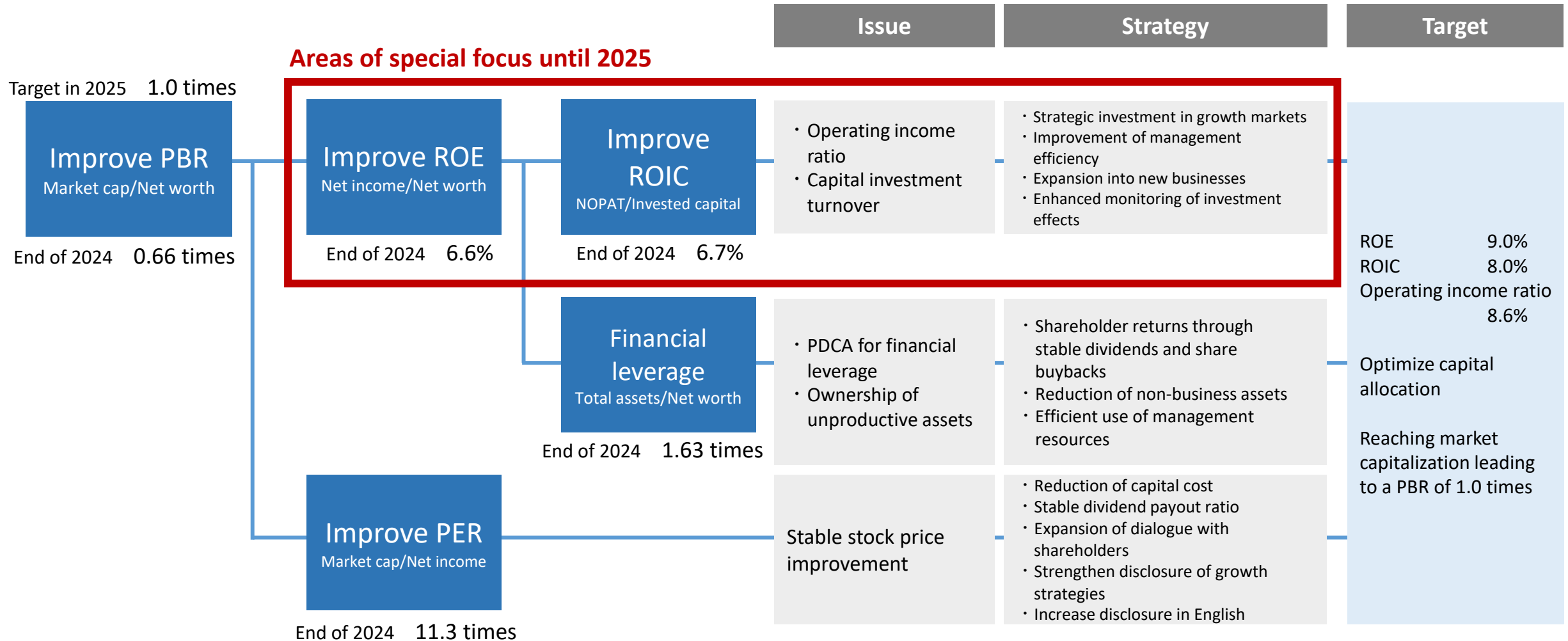
Taking new steps forward together



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



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.



# ROIC Decomposition by Segment

	Result of 2024	Target State	Analysis of 2024 Result
Consolidated Total	<p><b>ROIC 6.7%</b></p>		
	<p><b>Fastener</b></p> <p><b>ROIC 5.0%</b></p> <ul style="list-style-type: none"> <li>Operating income ratio <b>4.9%</b></li> <li>Invested capital turnover ratio <b>1.5</b></li> </ul> <p>※ Metal products industry average in 2023 : 1.2</p>	<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>
	<p><b>Assembly Machine</b></p> <p><b>ROIC 11.6%</b></p> <ul style="list-style-type: none"> <li>Operating income ratio <b>17.2%</b></li> <li>Invested capital turnover ratio <b>1.0</b></li> </ul> <p>※ Machinery industry average in 2023 : 1.1</p>	<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>
	<p><b>Control System</b></p> <p><b>ROIC 9.6%</b></p> <ul style="list-style-type: none"> <li>Operating income ratio <b>9.9%</b></li> <li>Invested capital turnover ratio <b>1.3</b></li> </ul> <p>※ Machinery industry average in 2023 : 1.1</p>	<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 ROIC is calculated on the operational side (invested capital = working capital + fixed assets)

Segment		2025 Outlook	2023 Result	2024 Result	Initiatives to expand sales size and improve profit margins (2023-2025)
Overall	CAGR	4.4%	3.4%		<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>
	ROS	+ 0.5pt	▲0.8pt	+ 0.4pt	
Fastner	CAGR	3.4%	2.2%		<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>
	ROS	▲0.4pt	▲0.2pt	▲0.3pt	
Assembly Machine	CAGR	4.8%	1.0%		<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>
	ROS	+ 1.2pt	▲5.0pt	▲1.7pt	
Control System	CAGR	9.3%	12.8%		<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>
	ROS	+ 4.8pt	+ 1.7pt	+ 6.9pt	

\* 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.

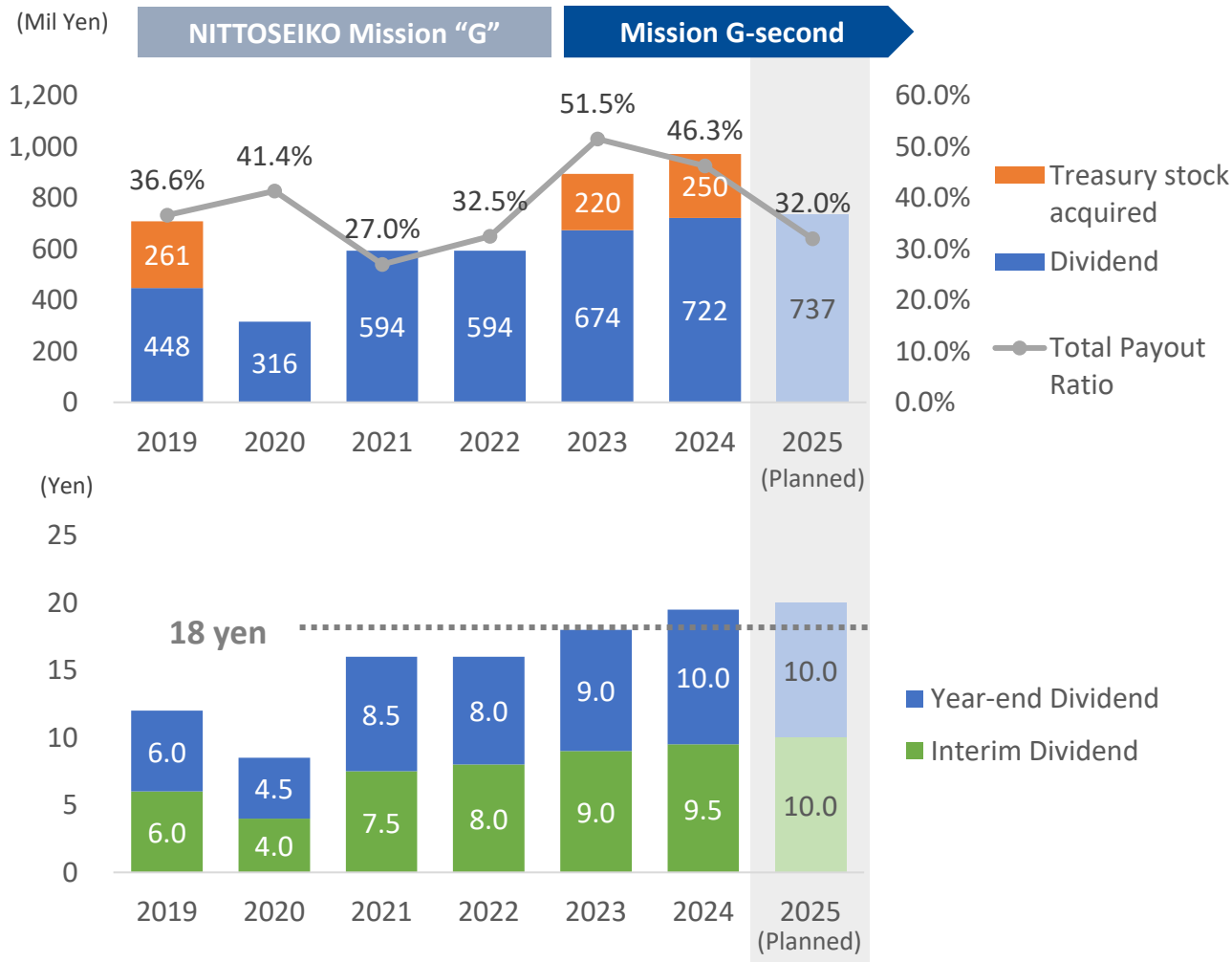


# Efficient Use of Management Resources and Capital Allocation



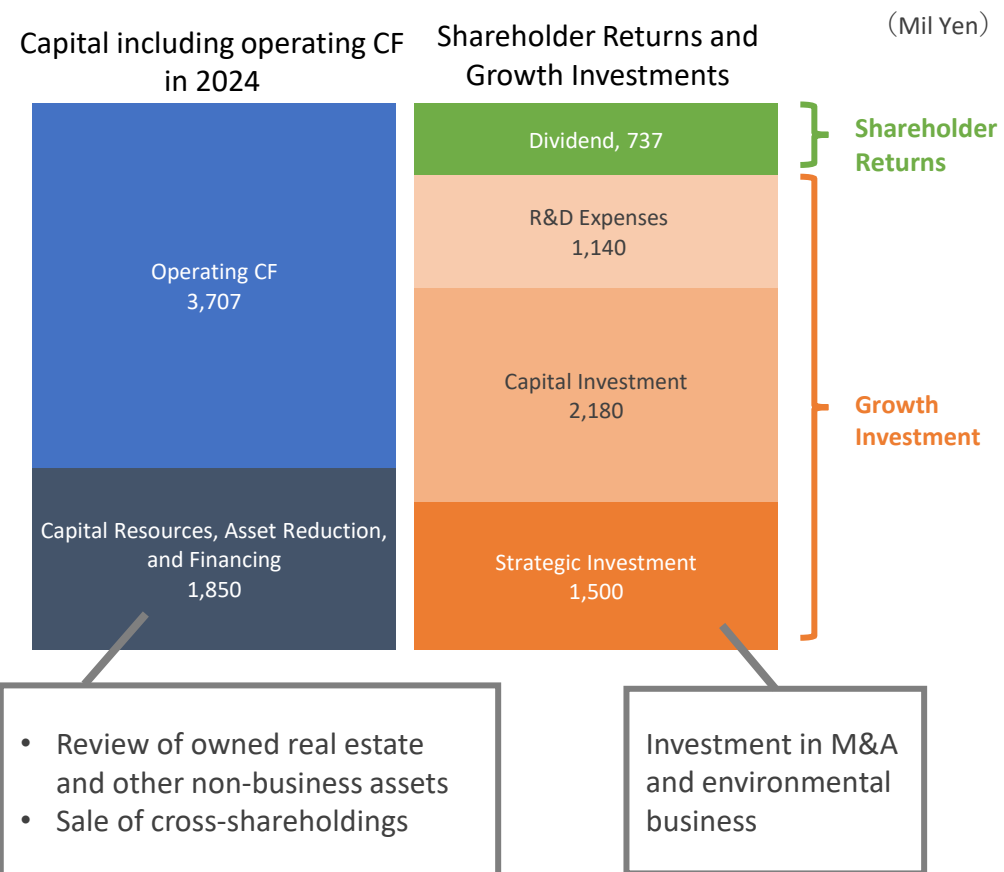
## Shareholder Returns

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



## Strengthening Disclosure and Governance

2022

2023

2024

2025

IR Initiatives

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).

Governance

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

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

## Dialogue with Investors

2023

2024

2025 (Plan)

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.

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

Balance sheet tightening may be needed.

### NITTOSEIKO Company Response

Factory tour for institutional investors was held in April 2024.

Supplementary materials and financial results briefing materials were added sequentially.

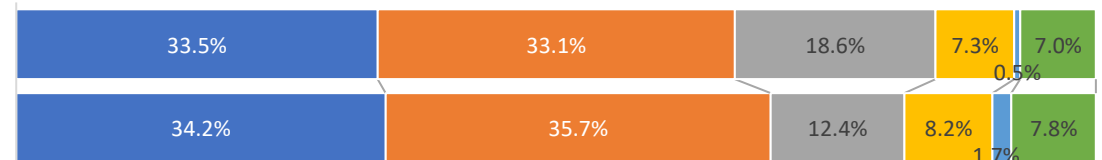
Reviewing fixed assets and real estate, reducing receivables and payables, and reducing capital through share buybacks.

## Changes in Share Structure

Increased liquidity due to dissolution of cross shareholdings and enhanced investor relations activities

End of 2022

End of 2024



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

■ Private Individuals ■ Financial Institutions ■ Domestic Corporations ■ Overseas ■ Securities Company ■ Treasury stock

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