



INTEGRATED REPORT 2024

NITTO KOHKI Group

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
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
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Editorial Policy

This Integrated Report aims to convey the NITTO KOHKI Group's value creation story to a wide range of stakeholders, including shareholders and investors.

Being issued for the first time, attention was paid to express our Group's uniqueness and importance in as concise a manner as possible so that readers can deepen their understanding about the NITTO KOHKI Group.

Through this report, we seek to intensify communication with our stakeholders and further improve our corporate value.

Scope of Report

Entirety of the NITTO KOHKI Group

Period Covered

FY2023 (April 1, 2023 to March 31, 2024)

* The report also mentions some activities before and after the above period.

Referenced Guidelines

This report references the following frameworks and guidelines.

● International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation

● Guidance for Collaborative Value Creation 2.0 of the Ministry of Economy, Trade and Industry



Cautionary Note Regarding Forward-looking Statements

Performance forecasts and other statements about the future stated in this report are based on information currently available to NITTO KOHKI and certain assumptions assessed to be rational. The actual performance and such may differ significantly due to various reasons.

Note

Some products in this report may be unavailable or vary in specification or design by region.

Our Philosophy

NITTO KOHKI's Value Proposition

NITTO KOHKI Group has continued to create products that further the growth of industry through energy and labor-saving technology.

We will continue to use energy and labor-saving technology to contribute to the environment and take on the challenge of addressing the lack of workforce.



Our Products

Where Can You Find NITTO KOHKI's Products?

Making work smoother for people in the frontlines

NITTO KOHKI's products are mainly used in the frontlines, such as factories, construction sites, and medical institutions. Therefore, they are not often seen in daily life.

However, they play important and irreplaceable roles in their respective areas. Here are some typical NITTO KOHKI products along with their main applications and features.

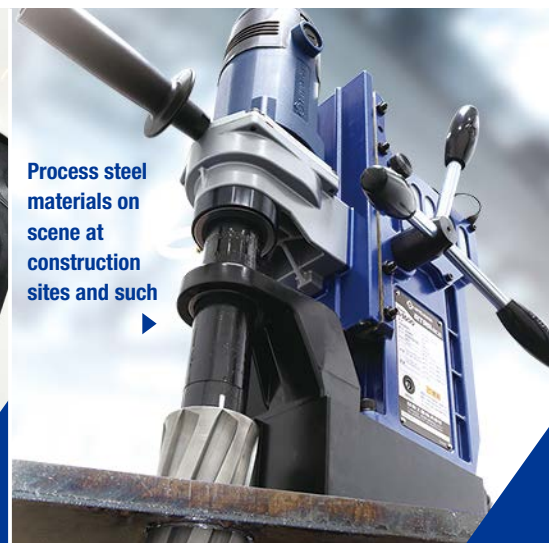
Quickly and Securely connect/
disconnect fluid piping for air,
oils, liquids, and such



Safely fill
high-pressure
hydrogen gas



Process steel
materials on
scene at
construction
sites and such



Deburr steel
materials and die
cast products



Meet a wide range of
screwing needs by
allowing speed control
and high-precision
torque settings



Enhance blood
circulation by gently
adding pressure using
the power of air



Continuously send
clean air to medical
equipment, septic
tanks, and such



Safely and gradually
close doors using
hydraulic mechanisms
and springs



Our User

Who Are the Users of NITTO KOHKI's Products?

Essential for industry as a whole

NITTO KOHKI's products are used at various places in the industrial world. Besides the automobile industry, applications span a wide range of industries, including construction, civil engineering, semiconductor, medical, beauty, and nursing care.

Therefore, we are building a stable business foundation that does not rely on a specific market. Here are some examples of how our products are being used in each industry.

| Mobility | Construction Civil engineering | Electrical equipment Semiconductors | Chemical products | Mining | Energy |
|--|--|--|---|--|--|
|  <p>Cooling and driving of equipment for manufacturing molded parts</p>  <p>Postprocessing after welding</p>  <p>Deburring of parts</p>  <p>Assembly of various types of parts using screws</p>  <p>Connecting piping for lithium-ion battery electrolyte</p>  <p>Replenishment of high-pressure hydrogen fuel</p> |  <p>Drilling of steel materials for bridge beams and buildings</p>  <p>Hydraulic pipes for construction machinery</p>  <p>Air pipes at factories</p>  <p>Chamfering of steel materials</p>  <p>Various types of gas pipes for welding and cutting equipment</p>  <p>Hinges for doors</p> |  <p>Air pipes for operating machinery</p>  <p>Coolant piping for computers</p>  <p>Connecting piping of transfer containers for high-purity chemicals</p>  <p>Screwing of electrical and electronic equipment</p>  <p>Piping for temperature control of semiconductor inspection equipment</p>  <p>Transfer pumps for chemicals, detergents, inks, etc.</p> |  <p>Processing of steel materials used in mines, etc.</p>  <p>Connection/disconnection of marine hydraulic equipment piping</p>  <p>Connection/disconnection of high-pressure hydraulic/gas piping</p> |  <p>Air massager</p>  <p>Medical suction device</p>  <p>Air pressure source for medical and beauty equipment</p> |  <p>Pumps and hoses for drawing agricultural water, seawater, etc.</p>  <p>Blowers used for housing septic tanks, aquaculture, live fish, etc.</p>  <p>Products used in food and other industries that can be disassembled for cleaning</p> |

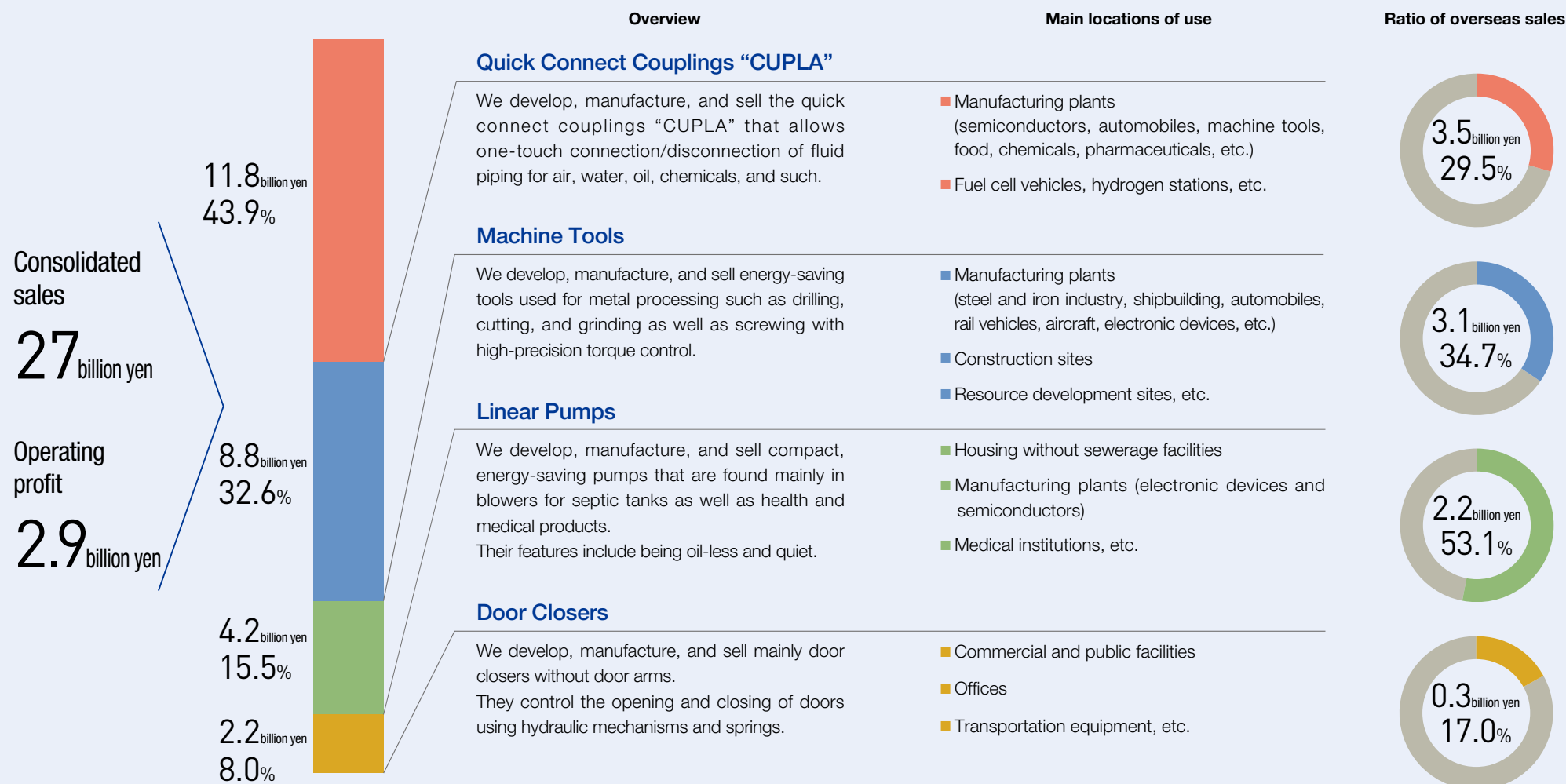
Our Business

Overview of Business Segments

Four segments by product type

NITTO KOHKI manages financial performance under four business segments: quick connect couplings “CUPLA” that have continued to be produced since our foundation; machine tools that cover products such as “ATRA” and “delvo”; linear pumps installed

in medical products, housing septic tanks, and such; and door closers and other construction-related products. For all of these segments, we have integrated systems where we carry out planning, development, production, and sales.



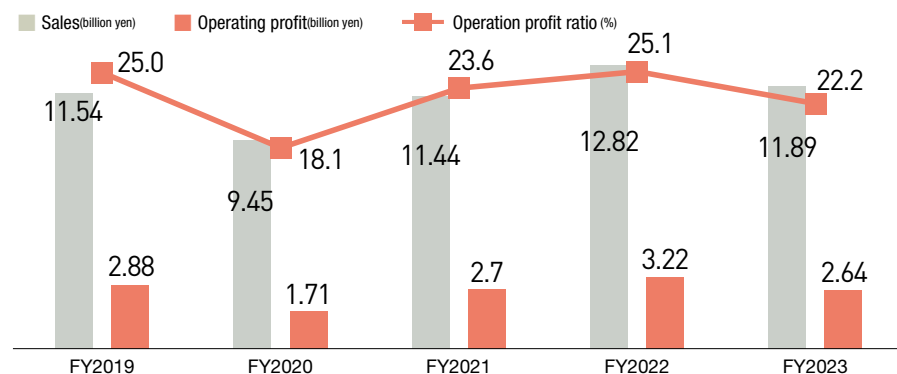
Quick Connect Couplings “CUPLA” **CUPLA**

Overview

We develop, manufacture, and sell the quick connect couplings “CUPLA” that allows one-touch connection/disconnection of fluid piping for air, water, oil, chemicals, and such. They are used across the world in a wide array of fields, including manufacturing plants for automobiles, electrical appliances, semiconductors and foods. They are also used in resource development sites, fuel cell vehicles and other transportation equipment as well as data centers and supercomputers.

Performance trend

Having high competitiveness, the operating profit ratio trends at a level of 20% and higher. For FY2023, revenues and profits dropped due to a decrease in demand for products for the lithium-ion batteries manufacturing process and semiconductor manufacturing industry.



Production bases

Tochigi
TOCHIGI NITTO KOHKI

Yamagata
TOHOKU NITTO KOHKI
MEDOTECH Plant

Fukushima
TOHOKU NITTO KOHKI
SHIRAKAWA Plant

Thailand
NITTO KOHKI INDUSTRY
(THAILAND) CO., LTD.



Main products

HHV CUPLA High-pressure hydrogen



The first dedicated coupling for fuel cell vehicles in Japan. Used to connect devices for replenishing high-pressure hydrogen at hydrogen stations.

HYGIENIC CUPLA Food factories



Coupling for hygiene management with easy disassembling and cleaning functions. Won the GOOD DESIGN AWARD for FY2016 in Japan.

SEMICON CUPLA Semiconductor manufacturing/Chemical



Coupling for high-purity chemicals used for various applications including semiconductor manufacturing.

COMPACT ZERO SPILL CUPLA Data Center



Compact and high flow rate, reduces air inclusion and liquid spillage when connecting/disconnecting. Can be used for piping for water cooling in data centers.

MULTI CUPLA Pipes for metal mold automatic exchange systems



Multi-port coupling that simultaneously connects multiple lines with different fluids. Applicable for automated systems.

HI CUPLA Series Various types of factories



Coupling used in low-pressure piping for air in various types of factories. Equipped with built-in socket valves and available in various materials, sizes and configurations.

FLAT FACE CUPLA F35 Construction machinery, etc.



Coupling for hydraulic pipes. Uses flat contact face design to reduce spills upon disconnection and minimize aeration during connection.

Machine Tools

Tools

Overview

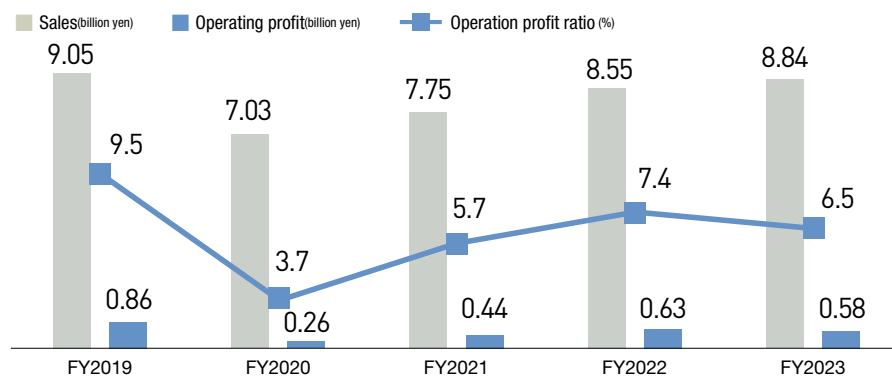
We develop, manufacture, and sell energy-saving tools used for metal processing such as drilling, cutting, and grinding as well as screwing with high-precision torque control.

They are used at various frontlines all over the world, ranging from construction, resource development, and infrastructure development to the manufacture and repair of automobiles, trains, and aircraft. In order to respond to the requirement of high-precision processing and assembly in a short time, we offer a lineup using different power sources, including electric, hydraulic or pneumatic.

Performance trend

The operating profit ratio trends at around 5% to 7%.

Sales are recovering due to the resumption of in-person sales—which were restricted by COVID-19 measures—and an increase in the organization of exhibitions.

Production
bases

Tochigi
TOCHIGI NITTO KOHKI

Yamagata
TOHOKU NITTO KOHKI
MEDOTECH Plant

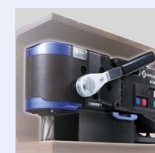
Fukushima
TOHOKU NITTO KOHKI
SHIRAKAWA Plant

Thailand
NITTO KOHKI INDUSTRY
(THAILAND) CO., LTD.



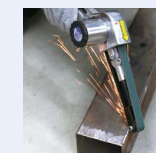
Main products

ATRA ACE Construction and architecture



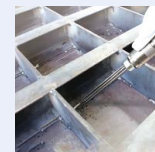
Portable magnetic base drilling machine with one-touch cutter replacement function.

BELTON Automobiles, railway, and aircraft



Belt sander for sanding and grinding steel materials and die cast products.

JET CHISEL Steel fabrication, Shipbuilding



Needle scaler that quickly processes metal surfaces with multiple needles.

JET BROACH Construction and architecture



Original one-touch type annular cutters

"delvo" Brushless Series Electronic devices



delvo
Electric screwdrivers that allow for high-precision screwing with functions such as torque setting and speed control.

Products for Automation Electronic devices



End effectors that realize automated production.

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Linear Pumps

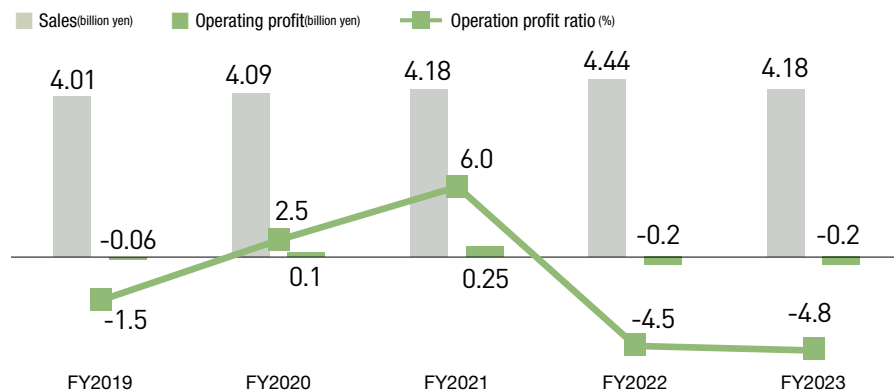


Overview

We develop, manufacture, and sell energy-efficient and compact pumps, such as linear motor driven free piston type pumps. Their features include being oil-less and quiet. We provide customers in a wide range of industries—including medical, research, food, and electronic device manufacturing—with quiet pumps that supply clean fluids.

Performance trend

Until FY2021, revenues and profits increased due to steady demand in Europe and the United States for built-in pumps. However, since FY2022, manufacturing costs increased due to the appreciation of the Thai baht, putting pressure on profits.



Production bases

Tochigi
TOCHIGI NITTO KOHKI

Yamagata
TOHOKU NITTO KOHKI
MEDOTECH Plant

Fukushima
TOHOKU NITTO KOHKI
SHIRAKAWA Plant

Thailand
NITTO KOHKI INDUSTRY
(THAILAND) CO., LTD.



Main products

MEDO BLOWER Housing septic tanks, aquaculture, and ventilation



Quiet with low vibration, this stationary-type blower contains a linear motor driven free piston type pump.

BIMOR PUMP Supply of inks and reagents



A compact, lightweight liquid pump driven by a piezoelectric element and integrated in a resin housing.

AC and VP Series Endoscopes and inhalers



Linear motor driven free piston type compressors and vacuum pumps that supply clean air.

DP Series Suction conveyance



Capsule/diaphragm type pumps driven by a DC power source and demonstrating diversity as a built-in source of compress air and vacuum for equipment.



Merits of MEDO BLOWER



MEDO BLOWER supplies clean air. A linear motor driven free piston type pump is integrated in the resin soundproof/rainproof housing and provides a quiet and clean living environment for the global customers.

Door Closers

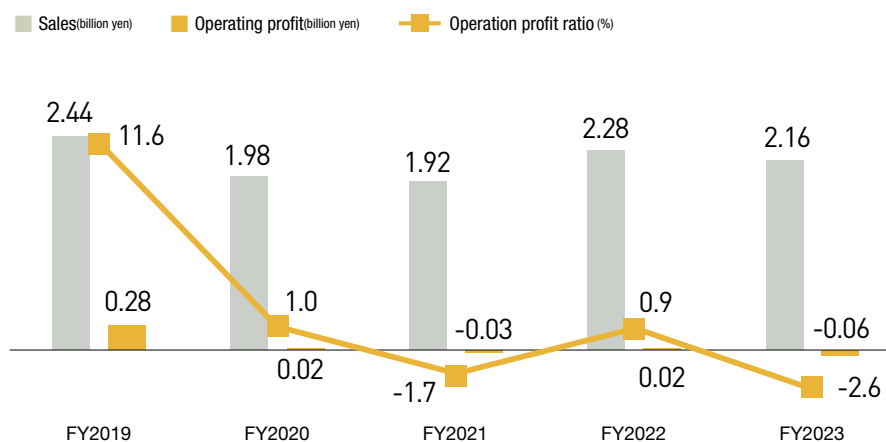
Door Closer

Overview

We develop, manufacture, and sell mainly door closers without door arms. They control the opening and closing of doors using hydraulic mechanisms and springs. They are used all over the world in a variety of doors for medical institutions, offices, transportation equipment, and other facilities.

Performance trend

Although there was recovery due to the gradual increase in construction demand, for FY2023, high material costs and labor shortages led to cancellations or delays to major projects, resulting in lower revenues and profits.



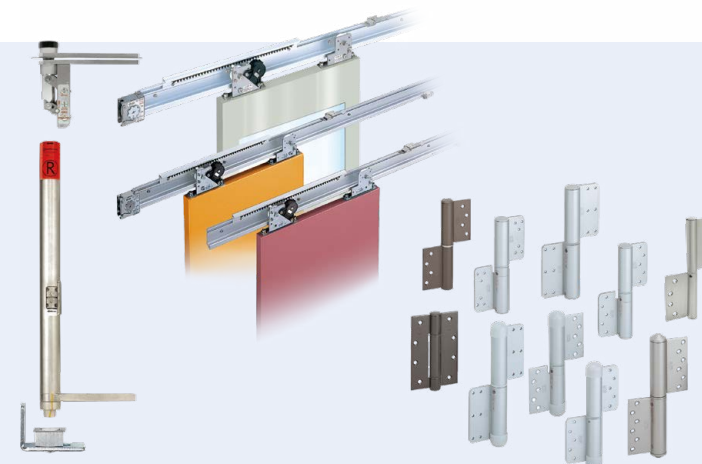
Production bases

Tochigi
TOCHIGI NITTO KOHKI

Yamagata
TOHOKU NITTO KOHKI
MEDOTECH Plant

Fukushima
TOHOKU NITTO KOHKI
SHIRAKAWA Plant

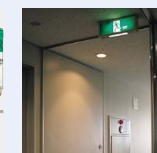
Thailand
NITTO KOHKI INDUSTRY
(THAILAND) CO., LTD.



Main products

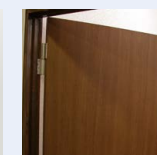
AUTO-HINGE

AUTO-HINGE Center Hang Type Fire doors and telephone box doors



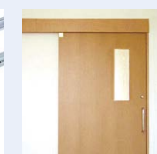
Fully contained within the door to realize a stylish appearance. Often used for fire doors due to excellent functionality and durability.

AUTO-HINGE Flag Type Public facilities, offices, and entrance halls



Use hydraulic mechanisms and springs to quietly and smoothly open and close doors. A simple hinge type design that allows for self-closing.

Sliding Door Closer Medical and public facilities



A door closer that allows sliding doors to be closed quietly, firmly, with minimal force, and at any speed.

Origin of Our Value Creation

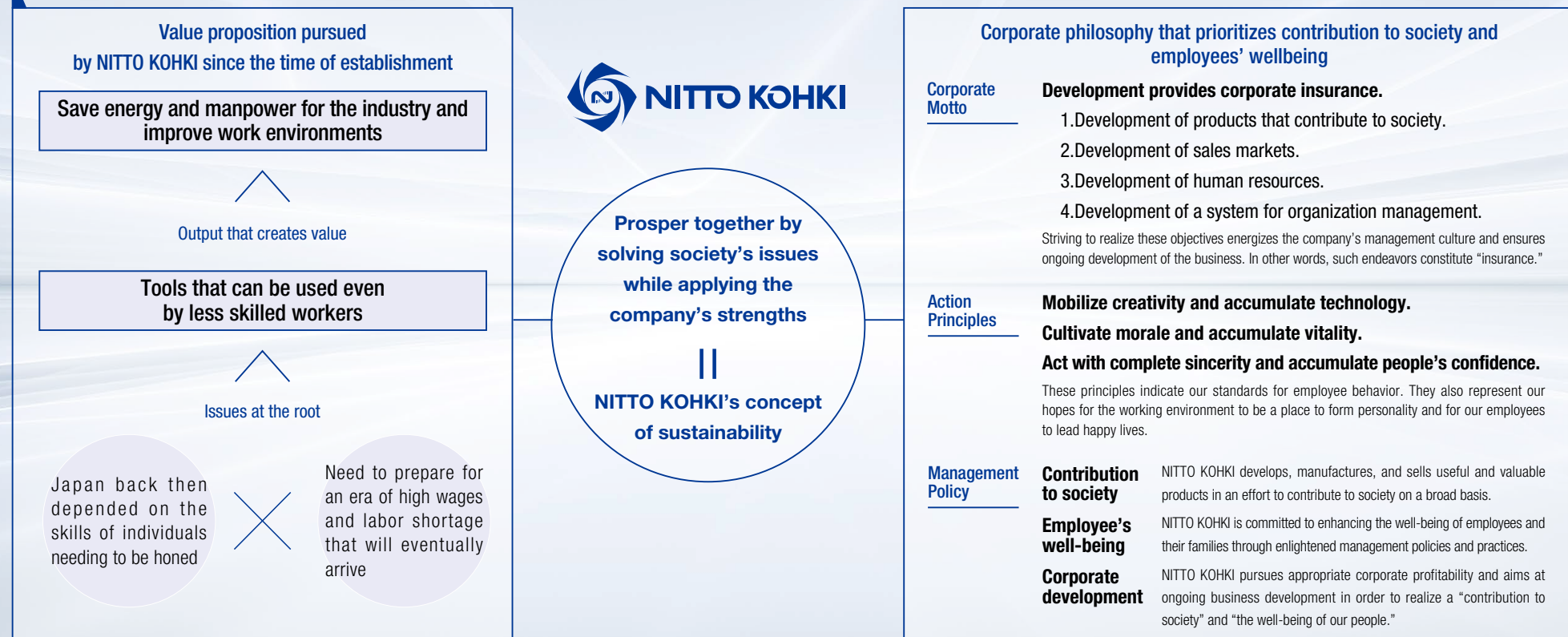
A spirit of pursuing sustainability held since our establishment

Seeing the state of Japan's industry, which depended on the skills of individuals needing to be honed, NITTO KOHKI's founder Toshio Mikiya perceived several issues. Japan could not catch up with companies in Europe and the United States continuing like this. Everyone needed to be capable of doing the same task as skilled veterans. Furthermore, Japan would someday enter an era of high wages and labor shortage. Seeking to help

save energy and manpower for the industry and improve work environments, he embarked on the development of machine tools that can also be used by less skilled workers. The philosophy of corporate development through realizing contribution to society and employees' wellbeing—advocated since the time of our establishment—is a spirit that continues to be applicable in today's era of sustainability.

Establishment

1956



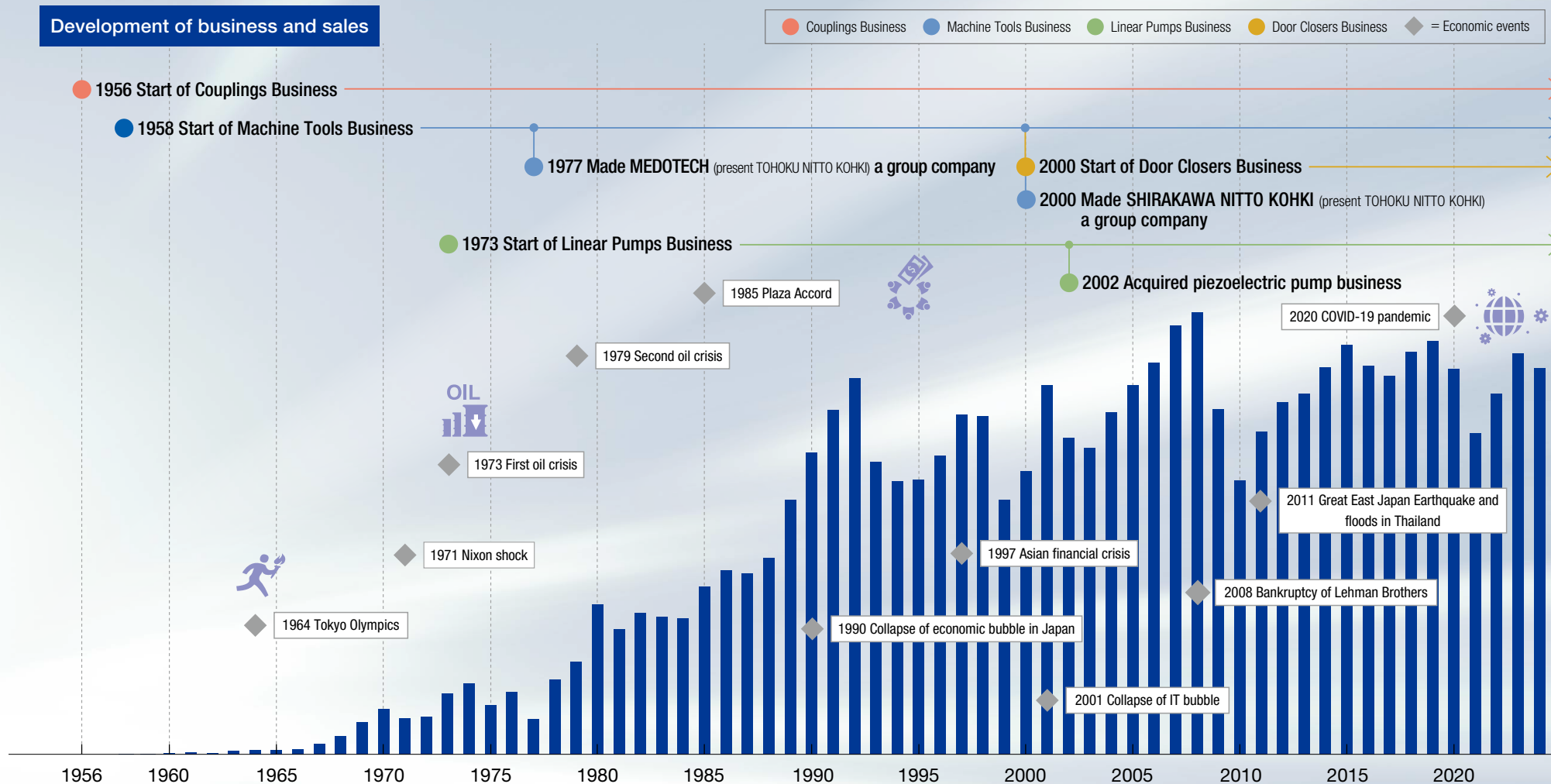
Our Value Creation Achievements

Expanding business to help save energy and manpower for the industry and improve working environments

NITTO KOHKI was established in 1956 in Ota-ku, Tokyo. Since then, seeking to help save energy and manpower for the industry and improve working

environments, we have expanded our business by developing new products and strengthening our business.

Development of business and sales



Continuing Innovation since Establishment

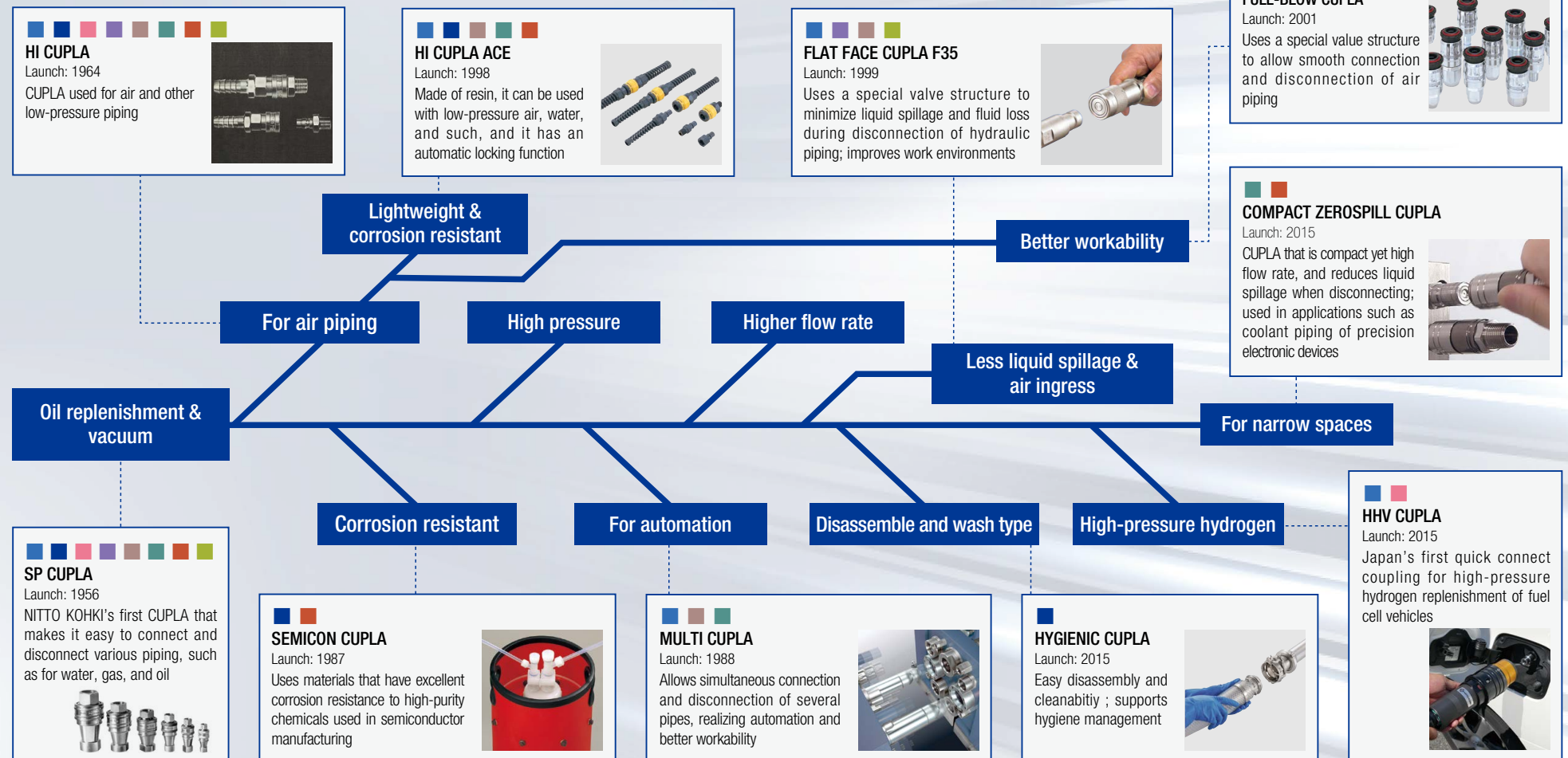
Flagship product CUPLA keeps evolving and is also using its high adaptability to expand its fields of application

The quick connect coupling CUPLA was originally developed for oil replenishment and degassing of the Air Micrometer conceptualized by founder Toshio Mikiya. Its convenience led

it to be adopted in various industrial applications, and it has evolved according to the needs of the times. Today, it is a product group with 25,000 types.



Industry of use: ■ Transportation equipment ■ Food and pharmaceuticals ■ Energy ■ Construction and civil engineering ■ Machinery ■ Electrical equipment
■ Chemical products and semiconductors ■ Mining



Message from the President

Sustainability management is
fundamental to NITTO KOHKI and
we continue to deliver products
for society and the environment

Akinobu Ogata

Representative Director, President CEO
NITTO KOHKI

NITTO KOHKI's Sustainability Management

NITTO KOHKI's approach to sustainability management —

**Continuing to implement the Management Policy
in place since our establishment**

Since our establishment, we have continued to create products that help to save energy and labor. At the root is our desire to contribute to society by saving energy and



manpower for the industry and improving work environments. Toshio Mikiya, our founder, felt that NITTO KOHKI must first contribute to society, and above all else, achieve wellbeing for our employees. He thought that doing so would naturally lead to the growth of the company, and set this as our Management Policy. I think this approach is the same as the concept of sustainability management that is being required of companies in recent years. To NITTO KOHKI, sustainability management is to continue to implement our Management Policy, the DNA that has been engraved across our entire company.

Thoughts behind the issuing of the Integrated Report —

Opportunity for more people to know about NITTO KOHKI's charms

Sustainability management is not something special to us. So far, we have strived to convey our thoughts and goals to our stakeholders. I was appointed representative director in June 2018. Every day, I grow to like more and more our serious and honest employees as well as our company that continues to carefully create products that help to save energy and labor. Such charms of ours that I also felt myself, the unique value generated by us, and our vision for the future—these are the things that I hope to let more people know about. It is with such thoughts that we produced this Integrated Report.

NITTO KOHKI's aspiration —

Making NITTO KOHKI a company where every employee truly feels glad to have joined

What are we seeking to achieve? In the Medium-Term Management Plan 2026 (MTMP 2026) announced in May 2024, we stated quantitative targets of 50 billion yen in sales and ROE over 8% as our aspiration for 10 years hence. Being a conservative company in the past, these are challenging targets for us, but we feel that a stance that seeks growth is important as a company listed on

Tokyo Stock Exchange's Prime Market.

More importantly, however, I hope to create a company where every employee truly feels glad to have joined when they reach statutory retirement and leave us. To a company, people are assets.

This year, we have around 50 new employees who joined us. I hope they will all work here until they reach statutory retirement, and that they will feel glad about joining NITTO KOHKI when they leave. To achieve this wish, I place importance on communication with our employees. Currently, I have lunch each month with various employees, regardless of their positions, seniority, or employment terms. When I visit regional sites, I have interaction sessions with young employees a day beforehand. Today's young employees are digital natives, and there are many things I learn from them. I strongly hope such people will drive our company forward.

The labor shortage will become more severe in the future. Of course, we will continue our initiatives to promote efficiency. However, my own aspiration





for the company is to create environments where people who love NITTO KOHKI and join us can fully apply their abilities at all times. I believe that pursuing this aspiration will also help to achieve the quantitative targets.

Thoughts behind materiality —

Substantiating our Management Policy and continuing to deliver products for society and the environment

As mentioned, contribution to society is at the root of NITTO KOHKI. In what way do we contribute? First is our contribution toward the issue of labor shortage through the energy and labor-saving products that we have continued to produce since our establishment. Going forward, compatibility with automation will also become important. We also recognize that contribution to the global environment is also an important role that we need to play. Our products save energy. For example, CUPLA improves the user's energy efficiency by preventing leakage, and one of the appeals of our linear pumps is their low power consumption. As such, in recent years, we have been developing many new products with even better energy-saving performance, including CUPLA for hydrogen replenishment. I feel it is important to first contribute to society through our products in such ways.

Initiatives to reduce the environmental impact of our business activities are also important. We have worked on such initiatives with a high level of awareness, including the attainment of ISO 14001 certification for our major sites at an

early stage. We also plan to mainly use green electricity at our new plant in Fukushima, which is scheduled to commence operations in June 2025. Going forward, we will continue to properly understand our impact on the environment and steadily advance our initiatives with a view toward carbon neutrality.

What is necessary for a company to continue contributing to society? There are many issues, and from them, we identified areas such as people, governance, relationships with stakeholders, and supply chain management. These areas are critical for fulfilling our responsibility toward stably supply as part of the manufacturing industry, and it is essential to address them for us to be sustainable.



Toward addressing our materiality —

Company-wide penetration and monitoring through the Sustainability Committee

It is meaningless to simply identify our materiality. Here, the Sustainability Committee plays a key role. The intentions found in our material issues, the background to their selection, the targets that tell us that we have addressed these issues, and initiatives toward achieving these targets—it is important to entrench them company-wide and monitor their progress. At the previous meeting of the Sustainability Committee, we determined the targets and action plans for our material issues.

The mechanism is still being developed, and we will work on this with responsibility toward addressing our materiality.



Toward Achieving Our Aspiration— Medium-Term Management Plan 2026

Looking back at the previous medium-term management plan —

Achieving the plan in the first two years but not the third due to repercussions from high raw material prices

With everyone's support, we were able to perform above the plan in FY2021 and FY2022. However, for FY2023, the final year of the plan, we did not achieve our sales and profit targets. The main reasons were the stagnation of China's economy and high raw material prices.

The stagnation of China's economy led to lower sales in the Couplings Business. CUPLA has a wide range of applications, of which demand dropped for products for the manufacturing process of lithium-ion batteries and those for the semiconductor manufacturing industry. High raw material prices mainly worsened profits in the Linear Pumps Business.

At the same time, we are pushing forward our key measures that are linked to the five basic policies [p.32](#) stated in the previous medium-term management plan. While there were delays in the launches of some new products, we are making progress in various preparations for future growth. They include developing products for automation, expanding the couplings for the hydrogen fuel-related market, evolving strategies on a per-region basis, integrating two domestic plants—Shirakawa and Yamagata—for the establishment of a new plant, and constructing a new enterprise system. Accomplishing these themes is a challenge for MTMP 2026.

Themes of the new medium-term management plan —

Taking on challenges and sowing seeds for evolution of our value chain

Many of our R&D themes are being undertaken with a view five or ten years into

the future. Our products are also competing based on quality. Once you use them, you will understand their merits, but it takes time and effort to get there. Patience is needed to get to the results, and we cannot be complacent in sowing the seeds.

Therefore, "Reconstructing our earning power to achieve our great leap (what we aspire to become) after the next decade" has been established as the theme for MTMP 2026. Our aspiration for 10 years hence was mentioned earlier: the quantitative targets of 50 billion yen in sales and ROE over 8%. Below are the three key points for achieving these targets.

- (1) Strengthen earning power and expand investment into growth areas
- (2) Optimize production systems and strengthen cost competitiveness
- (3) Construct a management foundation for achieving sustained growth

Under (1), continuing from the previous medium-term management plan, we will continue to strengthen hydrogen- and new energy-related products, develop automation and labor-saving products, and enhance environmentally friendly products. In addition, we will strengthen our overseas strategies. Many of our customers' R&D requests have high technological hurdles, but I believe we can definitely overcome them. Besides working toward themes that have manifested, as a company engaging in various fields, I hope we can take on the challenge of new themes by combining technologies and applying synergy as well as through collaborations with other companies. Outside Japan, as a leading company in a niche area, we still have room for expansion. We will steadily increase our overseas users by looking at the market and building relationships with each distributor.

The key effort for (2) is the operation of our new plant. The two plants being integrated have aged, and there is thus benefit in this replacement. However, above all else is the concept of a plant that consolidates our production technologies and pursues efficiency. Furthermore, from the perspective of stable supply, we hope to create a system that allows the same product to be produced at any plant in the



future. The new plant is the first step in this direction.

The revamp of our enterprise system and promotion of digital transformation (DX) will be undertaken under (3). One benefit from these efforts is the ability to grasp distribution information within the supply chain in a timely manner. If we link the entire supply chain together more quickly to deliver the needed quantity at the needed time to customers, waste will get removed as a result. It will also be important to transition toward working on our material issues and implementing sustainability management. We will also disclose this situation through our Integrated Report to convey it properly to our stakeholders. We will sow these seeds and continue to take on challenges to lead toward our great leap from MTMP 2026 and beyond.



Addressing the Situation of A PBR Lower than 1

Recognizing the issues with share prices and capital efficiency —

Achieving ROE of 8% quickly

Our PBR continues to remain below 1. To raise PBR, it is necessary to consider both aspects of capital efficiency and profitability. Therefore, from the perspectives of shareholder returns and improvement of capital efficiency, we implemented a share buyback of approximately 2.3 billion yen since the previous fiscal year. Together with dividends, the total payout ratio exceeded 150%.

However, it is fundamentally important to look at improving profitability. We will seek to achieve ROE that exceeds capital cost quickly by enhancing our medium- and long-term competitiveness through the measures in MTMP 2026 and considering the optimal capital structure as and when necessary.

Actively conveying our aspirations and thoughts, and bring about an increase in share prices as a result

It is also important to make clear the challenges that we will be working on in the future. Put nicely, our sales were stable, but this situation can be seen as low expectation for growth. Our policy is to further enhance external communication so that people can understand our growth strategies, the value exhibited by us, and our efforts toward realizing them.

Through our first Integrated Report, I hope to convey the kind of company that NITTO KOHKI is and let everyone get a better sense of our charms.

NITTO KOHKI's Value Creation Process

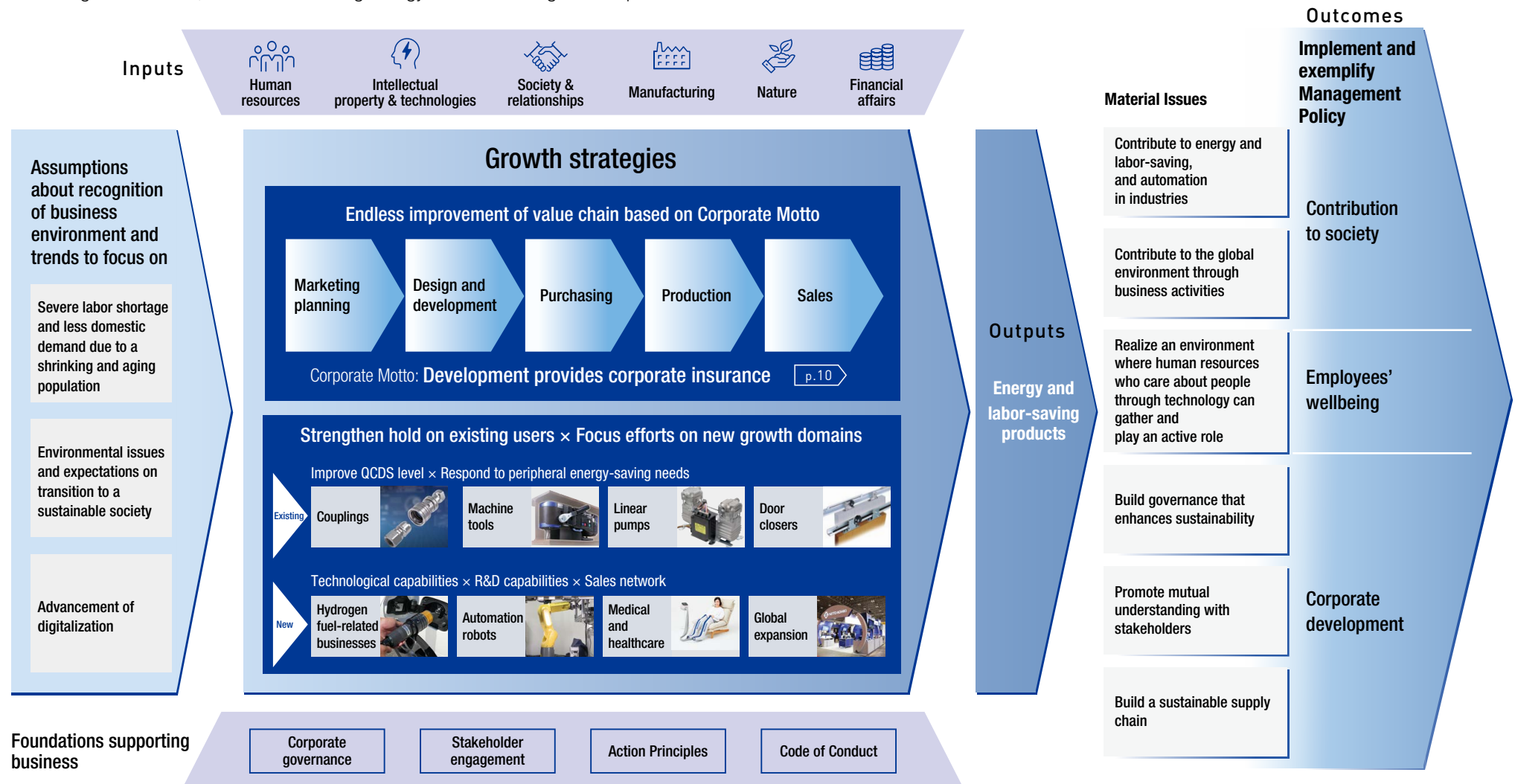
Contribute to energy and labor-saving, and automation in industries as well as to the global environment

NITTO KOHKI has so far been carrying out endless improvements and delivering high-quality products that save energy and labor to a wide range of users under the spirit of "Development provides corporate insurance," our Corporate Motto.

In the future, with rising awareness of environmental issues and the labor shortage becoming more severe, our value of saving energy and labor will gain in importance

relatively.

Pursuing this value as an organization, we seek contribution to society and our employees' wellbeing, and corporate development as a result. Our Group will work as one to exemplify the Management Policy established by our founder Toshio Mikiya.



Characteristics of Business Model

Development provides corporate insurance

NITTO KOHKI has continued to develop products, production technologies, markets, human resources, and organizations based on the spirit of “Development provides corporate insurance,” our Corporate Motto.

To deliver energy and labor-saving products that are truly beneficial to our customers, we will continue to pursue endless improvement of our respective functions and overall optimization.

Understanding raw feedback from customers

We are developing mechanisms that seek out the problems faced by users, including the ATTACK FAIR (Local Private Exhibition) exhibitions organized with the cooperation of distributors and retailers, and visits to users with a caravan car loaded with our products.



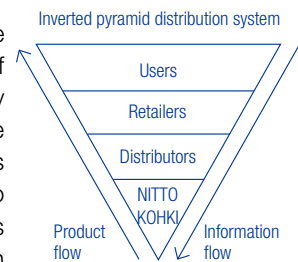
Environmentally friendly procurement

We attained ISO 14001 certification for our major sites in 2004. We conduct business with a high level of environmental awareness from an early stage. Even in purchasing, we are conducting environmentally friendly activities, including green procurement as well as being thorough in the investigation and management of chemical substances found in products.



Comprehensive sales network

To deliver our product to even more customers, with the cooperation of distributors and retailers who deeply understand regional customers, we built a sales network that delivers products efficiently and quickly to customers. Key to this network is *Nitto-kai*, which boasts of more than 6,000 registered dealers.



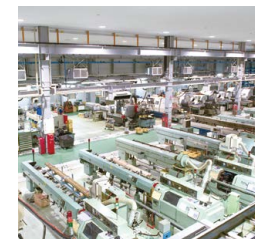
Development of high-quality and unique products that are truly beneficial to customers

We adopt the stance of users and pay particular attention to quality. We are not afraid to take on challenges for such purposes. Fully using our accumulated expertise on a vast number of disciplines—including fluid engineering, materials engineering, mechanical engineering, electrical engineering, and design engineering—as well as our abundant measurement, analysis, and test equipment, we conduct R&D toward satisfying our customers around the world.



Production system that efficiently produces a wide variety of products in small quantities

Regarding our products, CUPLA itself is a product group with more than 25,000 types. This is the result of continuing to take on challenges in new markets toward satisfying our customers. To efficiently produce our products, we are always pursuing the automation of production facilities and improvement of processes. We keep evolving without being afraid of changes in our production system.

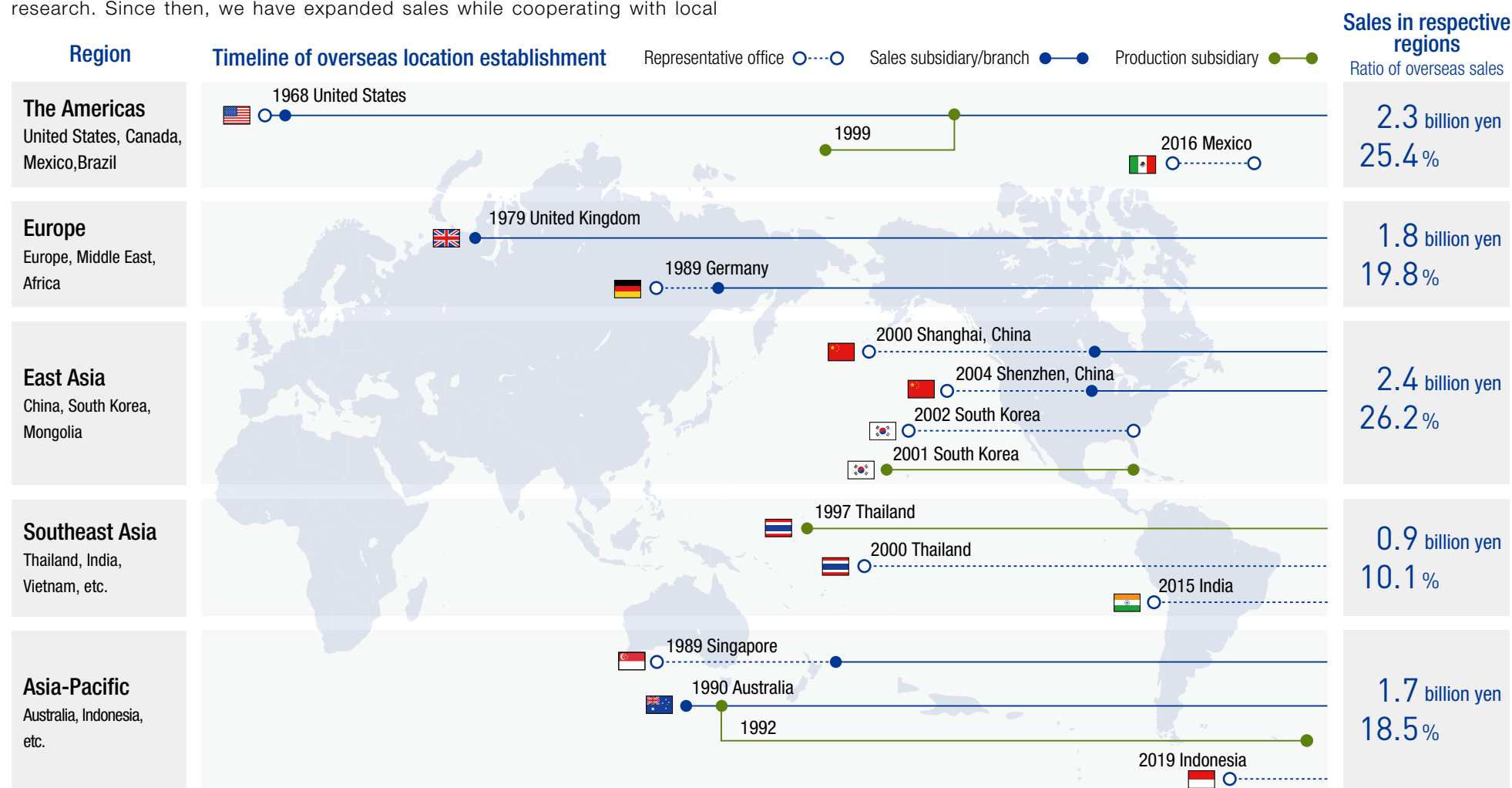


History of Overseas Expansion

Going overseas in search of technologies and delivering products to users around the world

Back in 1968, which was about a decade after NITTO KOHKI's establishment, it was still a time when there was a technology gap between the United States and Japan. To bring in more advanced technologies and deliver products to even more people, we established a representative office in the United States in 1968 for the purpose of research. Since then, we have expanded sales while cooperating with local

distributors in countries around the world. We establish local subsidiaries in regions where needs are higher. Overseas sales make up 33.8% of our overall sales (actual results for FY2023). Going forward, we will continue to expand sales of our products in overseas markets.



Feature (1) Roundtable with Engineers from R&D H.Q.

Development of High-Quality and Unique Products That Are Truly Beneficial to Customers

Product development plays a key role in value creation. Four engineers active in the area of R&D sat down for a roundtable to discuss the characteristics of NITTO KOHKI's development and future issues.

R&D at NITTO KOHKI

Building customer trust through user-oriented product development and reliable quality

From left

Yoichi Takahashi

Senior Supervisor, Section III
CUPLA R&D Dept.
CUPLA R&D Div.
Joined as fresh graduate

Fumio Inagaki

Senior Supervisor, Section I
MACHINE TOOLS R&D Dept. I
MACHINE TOOLS R&D Div.
Joined as fresh graduate

Kazumasa Kaiya

Manager
LINEAR R&D Dept. II
LINEAR R&D Div.
Joined as fresh graduate

Tetsuya Hakuta

Manager
MACHINE TOOLS R&D Dept. II
MACHINE TOOLS R&D Div.
Joined mid-career

Takahashi: Our product development is characterized by thoroughly thinking through from the perspective of our users. Within the R&D departments, we think about the environments in which our products are used and carry out very vibrant exchanges of opinions about how to make them easier to use. I also treasure the approach of placing emphasis on the frontlines, and I carry out product development by asking to see the actual scenes of use and conducting



thorough discussions to understand the needs.

Hakuta: From the perspective of user-oriented development, we also pay special attention to ensuring product quality. We proceed with caution, and instead of R&D in a haphazard manner, we carefully verify possible risks, consider countermeasures, and offer a product to customers only after making sure it can fully manifest its capabilities. Such an approach has taken root in our R&D.

Inagaki: I think proceeding with caution is a fitting description of our R&D efforts. A key point based on this approach is that a single person-in-charge is responsible, from product conceptualization to launch. Even after a product has been delivered to our customers, the person-in-charge often receives requests for modifications. This expresses our thinking that the person who knows the product best is responsible for ensuring product quality and performance until the very end.

Kaiya: I feel proud that our products' quality and durability are at a level that cannot be imitated by others. Once, I received words of appreciation from a user about a household septic tank blower continuing to operate for 33 years without maintenance. While a product's lifespan is also significantly affected by its usage environment and the quality of its parts, I think this example fully shows the excellent quality of our products. Currently, we have taken back the blower which operated for 33 years and are analyzing it to find the factors for its long life. Once we have identified the factors, we hope to also implement our findings to other products.

R&D is supported by a spirit of taking on challenges passed down through the generations and wise leadership

Inagaki: The approach of taking on challenges, even if they end in failure, is deeply rooted in our R&D departments. When I first joined the company, my

superior often told me, "Not failing is easy. Just don't do anything and you will not fail." We can achieve a rich lineup of unique products because we have this spirit of taking on challenges.

Hakuta: Like what Inagaki said, I think we are passing down this spirit of taking on challenges, giving things a try. This is possible because we have the reassuring backing of our superiors, who are professionals in this area.

Seeking better products—The pursuit of safety

Hakuta: The AUTO-HINGE Center Hang Type is mainly used in fire doors. There was a case where the door fell due to an installation error and caused an accident. We embarked on the development of products with better safety after the party that installed the hinge pointed out that true manufacturing should be the creation of safe products that do not cause accidents even when there are installation errors. Through precise advice from our seniors, the company's generous stance toward expenditure for the development of better products, the decisiveness of our superiors, and other factors, we succeeded—in less time than usual—in the development of safe parts for fire doors that 100% do not fall even when there are installation errors. This is a fitting example of our stance toward meeting the needs of users with full effort.

Solid purpose in a niche industry

Takahashi: As CUPLA covers a wide range of pressures, from low to high, we have expertise regarding a wide range of pressures and various fluid sealing technologies. From products for air in the 1 to 2 MPa range, to products for water in the 2 to 7.5 MPa range, those for hydraulic equipment mainly in the 10 to 35 MPa range, and those for high-pressure hydrogen in the 70 MPa range, we have a rich lineup to seamlessly meet the various requirements of our customers, providing products and services that only we can offer.

Hakuta: The AUTO-HINGE Flag Type combines a door hinge and door closer into an integrated product. We are the only company in Japan that manufactures such a product. As the flag-type product does not require a door frame, it is used in places such as theme park rides and dog park gates.

Thoughts about NITTO KOHKI's Future R&D Efforts

Using accumulated technologies to take on the challenge of unknown fields

Takahashi: We have access to many industries because CUPLA is provided as a product to various industries. I hope to develop a mechanism that leads to product development by using this access to collect and consolidate information and studying the existence of needs for our products in other markets. It would make me happy if we can provide value even to fields that our products have not infiltrated and have our products used by people in a broader range of industries and regions.

Kaiya: I also hope to work on the development of new products through interdepartmental cooperation. Currently, we are gradually embarking on collaboration with other departments, such as having the machine tools R&D departments produce prototypes for parts being worked on by the linear R&D departments. It would be great if we can create better products through synergy from the mutual use of technologies accumulated by the different departments.

Hakuta: Like kaiya, I hope to apply the door closers domain's expertise in hydraulic control—which does not use electricity—in other areas. Regarding hinges, I hope to develop products that go beyond buildings to meet niche demand, such as doors for equipment.

Inagaki: The products developed by NITTO KOHKI are very unique, with many of them in niche areas. I also hope to develop products that address exact needs, such that customers will tell me, "This is the kind of product that I had been looking for."



Feature (2) Challenges in the Field of Hydrogen That Continues Even Today

Challenges in the Field of Hydrogen That Only NITTO KOHKI Can Take On

Challenges unique to NITTO KOHKI have continued to be undertaken to adapt to the changes of the times.

Among the many challenges, the development of HHV CUPLA* for hydrogen replenishment of fuel cell electric vehicles (FCEVs) was a challenge into an area that can be said to be an unknown field even for us, who take pride as being the leading company in couplings. As an episode that provides a feel of our DNA for taking on challenges, General Manager Nishio from the New Energy Dept., which drives the development of HHV CUPLA, talks about the history of this ongoing challenge.

* HHV is an abbreviation of high-pressure hydrogen vehicle

Events Leading to the Development of HHV CUPLA

NITTO KOHKI embarked on the development of HHV CUPLA for FCEVs in 1999. Unlike gasoline fuel ports, hydrogen replenishment ports need good sealing that does not leak high-pressure gas and a function that allows easy disconnection after replenishment. CUPLA evidently meets these requirements, and we embarked on development after being consulted by staff in sales.

At that time, we had no experience in attempting to make vehicle parts. It seems there were many who voiced their concerns about the high risk. However, there was probably even greater curiosity for being technologically interesting. The R&D general manager at that time decided to take on this challenge.



Takuya Nishio

General Manager
New Energy Dept.
CUPLA R&D Div.

Besides the challenge of working toward a new technology, I heard that the general manager accepted this request believing that there will definitely be a day when undertaking this development proves beneficial to NITTO KOHKI.

Significant Points in the Development of HHV CUPLA

To NITTO KOHKI, the development of HHV CUPLA was a challenge with a high hurdle. Its significant difficulty can be summarized as the following three points.

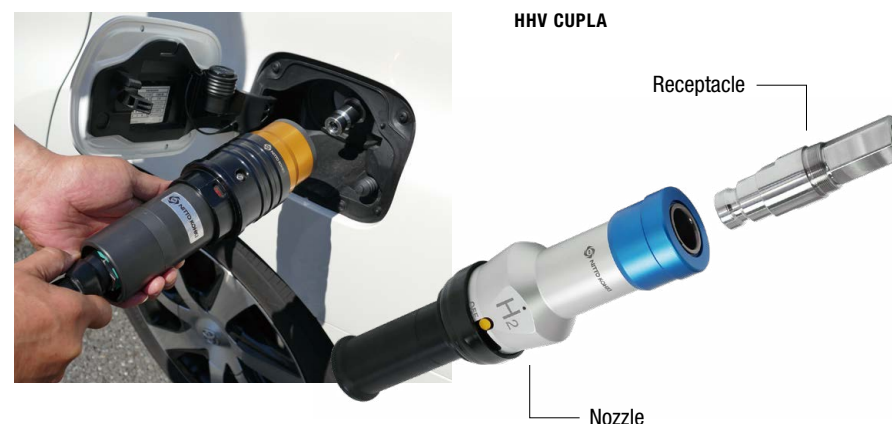
- (1) The smallest element has to be properly sealed under high pressure and at low temperature
- (2) Development touches on the three taboo areas of R&D themes
- (3) It is a challenge in the domain of next-generation vehicle parts

(1) The smallest element has to be properly sealed under high pressure and at low temperature

Hydrogen is the smallest element, and it is light. To increase the cruising range of vehicles, it is necessary to replenish hydrogen using high pressure. Hydrogen replenishment of FCEVs started at 15 MPa at first but had increased to 35 MPa in 1999 when we embarked on development.

However, even that was not enough, and in 2005, the global trend was to aim for double that pressure, or 70 MPa. Put under high pressure, CUPLA of course needed that additional strength. It must also not leak hydrogen, the smallest element. While these requirements alone were already extremely high technological hurdles, there was the additional factor that hydrogen gas is replenished at a low temperature of approximately -40°C. It was a truly difficult challenge to stably meet the requirements even when at this low temperature.

(2) Development touches on the three taboo areas of R&D themes



Furthermore, at that time, there was an implicit understanding at NITTO KOHKI that the three areas of vehicle parts, maintenance parts, and medical devices put into human bodies were taboo areas for R&D. I heard that this was the founder's decision, who took into consideration the high risks. The receptacle on the plug side is a vehicle part, and the nozzle for hydrogen stations will also require maintenance after delivery. Given that this development touches on two of the three taboo areas, there was of course a lot of opposition within the company.

(3) It is a challenge in the domain of next-generation vehicle parts

Our biggest challenge was that this was the development of a vehicle part, something which NITTO KOHKI had never done before. I became the person-in-charge of development when I was in my fifth year with the company. We took pride in being engineers, having previously developed products for many industries.

However, the depth of each theory and the high requirements were something that we have never developed before. R&D of a different scale was required for the development of a next-generation vehicle part.

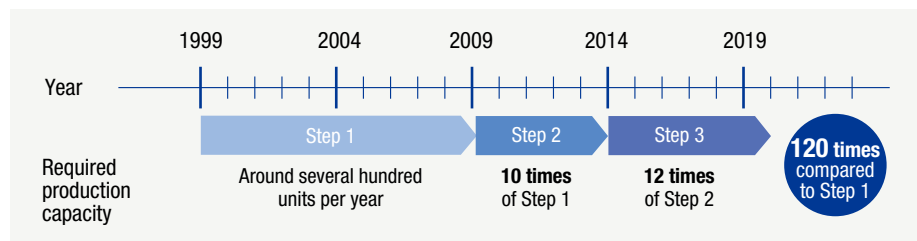
I still remember discussing late into the night with my superior back then

about the necessity for each and every dimension. I am embarrassed to say that, back then, I did not think that far and felt shocked by the differences with the R&D that I had undertaken so far.

Development was undertaken with a sense of crisis, that we may put an end to the future of the hydrogen society should a defect occur in our product. The experience of this development established my attitude today as someone working in R&D.

Timeline of This Challenge

The productization of HHV CUPLA started in 1999 and continued to grow through three steps.



As we proceeded along each step, we significantly expanded our production capacity. At the same time, we selected strong materials that are easy to process due to the need to lower prices while improving reliability. We also commenced operation of new production facilities and automated production management and processes, among other things, to improve reliability in all manufacturing processes to meet the requirements for use in vehicles.

Today, our receptacle is used in FCEVs from Toyota Motor Corporation and Honda Motor Co., Ltd., and HHV CUPLA is found in approximately half of the FCEVs being mass produced around the world. It is also said that Japan has around 160 hydrogen stations now, of which about half of them use our replenishment nozzle.

Future of Hydrogen Domain at NITTO KOHKI

We are still halfway down the path of FCEV adoption. The scenario of FCEVs being all over the place as passenger vehicles—depicted in 2014 when the first-generation Mirai was launched—has not yet been realized. There are also opinions that battery electric vehicles (BEVs) are already adequate. However, it is said that FCEVs are more suited than BEVs for commercial vehicles that transport heavy objects over long distances. There is a growing view of expanding the fuel cell market centered on commercial vehicles. Commercial vehicles will of course require more fuel than passenger vehicles, and development is underway to enlarge fuel ports to allow more fuel to be replenished within a shorter period of time. In addition, replenishment is carried out using hydrogen gas now, but it will be even more efficient if we can replenish using liquid hydrogen as it is. The technological hurdle is extremely high as, compared to hydrogen gas at -40°C , it is necessary to handle liquid hydrogen at an extremely low temperature of -253°C . However, NITTO KOHKI hopes to actively embark on this challenge.

Besides mobility, hydrogen is also being considered for various applications, including as power sources, fuel for generators, and uses in the steel and iron industry. While applications are currently centered on mobility, if you think about future expansion into these fields, then we have a very big role to play, which makes me feel excited.



Feature ③ Supporting the Production of A Wide Variety of Products in Small Quantities

Challenges in Production Technologies

CUPLA itself is a series spanning a broad range of more than 25,000 types. This is a result of continuing to take on new challenges for the market to satisfy our customers.

To efficiently produce our rich lineup of products, we are always using our unique production technologies to pursue the automation of our production facilities and improvement of processes.

Our plants, which continue to evolve without fear of changes, have in place a system that allows the stable supply of high-quality products.



Automatic conveyor for materials



Introduction of automatic guided vehicles (AGVs)

In addition to the automation of warehouses, we implement mechanisms that automatically transfer metal materials, which are heavy objects, to the respective facilities to produce CUPLA—which has many types—with high efficiency and quality. We also introduced automatic guided vehicles (AGVs) for transfers between processes. We are undertaking research toward further improvement of efficiency.

Material storage & input

Processing



Automatic scrap recovery system

Most of our products are metal parts. Processing them centers on cutting processes where metal is cut. A large amount of scraps is generated during cutting, and delays in recovering these scraps can cause facilities to stop. We carried out in-house development of systems to automate such recovery. These systems currently help to improve our operation rate.

Assembly



Automatic assembly machine



Automatic conveyor for unfinished products

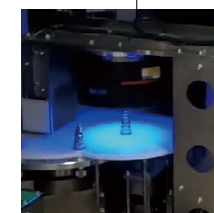
Besides materials, we also automate the transfer of unfinished products. For products with relatively large lots, we also built automated lanes. These are all initiatives by our engineering departments, and the accumulation of each and every challenge undertaken for improvement is the source of our competitiveness.

Shipment



Automatic air leak inspection

For our HI CUPLA used in air piping, we introduced a system that automatically inspects for air leaks. The speedy inspection of this system ensures that product quality is maintained, and at the same time, helps to improve production efficiency.



Automatic scrap detection system

Tiny scraps may be found on processed items. Detecting these scraps using human eyes alone requires a high degree of skill. Therefore, we developed systems that use lasers to detect scraps. We succeeded in significantly reducing defects in downstream processes and manhours.

NITTO KOHKI's Materiality

Basic Sustainability Policy

We aim to achieve the sustainability of society and the Company by implementing our Management Policy of “contribution to society,” “employees’ wellbeing,” and “corporate development.”

Our Management Policy involves “contribution to society,” “employees’ wellbeing,” and “corporate development.”

First, we aim to contribute to society at large by developing, manufacturing, and selling creative products that meet the needs of the times based on the theme of “energy and labor-saving.”

Secondly, through our management activities, we aim for the wellbeing of our employees and their families.

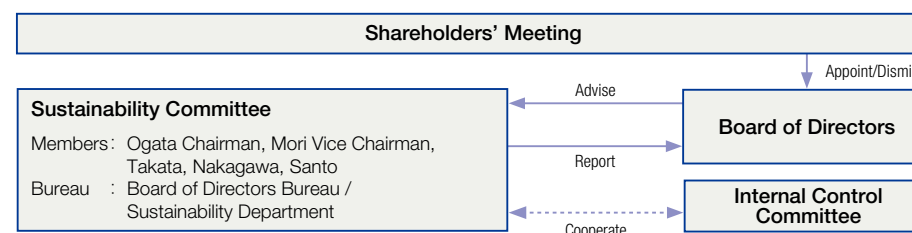
Finally, we aim to develop the Company by contributing to society and realizing the wellbeing of our employees. We believe that putting this into practice is synonymous with our goal of achieving both the sustainability of society and the sustainable growth of the Company.

Governance system for promoting sustainability

Sustainability promotion system

The Sustainability Committee was established on May 10, 2023 to further clarify and enhance initiatives for sustainability.

The committee is an advisory body of the Board of Directors and chaired by the president.



Meetings of the Sustainability Committee

| Period | Iteration | Key discussions |
|-------------|-----------|---|
| August 2023 | 1st | <ul style="list-style-type: none"> ● Formulation of Basic Sustainability Policy ● Identification of material issues |
| April 2024 | 2nd | <ul style="list-style-type: none"> ● Formulation of targets and action plans for material issues ● Confirmation of Basic Policy for Sustainability Disclosure |

Process for the identification of materiality

Step 1 Stocktaking of value creation information

Referencing the framework of the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation 2.0, stocktaking was conducted for factors affecting NITTO KOHKI's value creation (including corporate philosophy, history, business models, key management resources, risks, opportunities, management strategy, and governance) while taking into consideration the perspectives of third parties.

Step 2 Extraction of sustainability issues

Taking into consideration the risks and opportunities in our business environment as well as guidelines from the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and such, we extracted issues for us to continue creating value sustainably and sustainability issues for society in general that we can contribute to.

Step 3 Evaluation of criticality

The criticality of the extracted sustainability issues was evaluated along two axes: importance to NITTO KOHKI and importance to our stakeholders. Regarding importance to us, we considered strategic importance in terms of market attractiveness and competitive advantage as well as coherence with our Corporate Motto, Action Principles, and Management Policy. We also considered the negative impact of not responding to these issues. Importance to our stakeholders was evaluated using standards provided by the GRI Standards and the Sustainable Development Goals (SDGs) as well as the general interest of society such as the megatrends of Government Pension Investment Fund (GPIF) proclamations and policy trends. We also took into consideration the impact on stakeholders.

Step 4 Identification of materiality

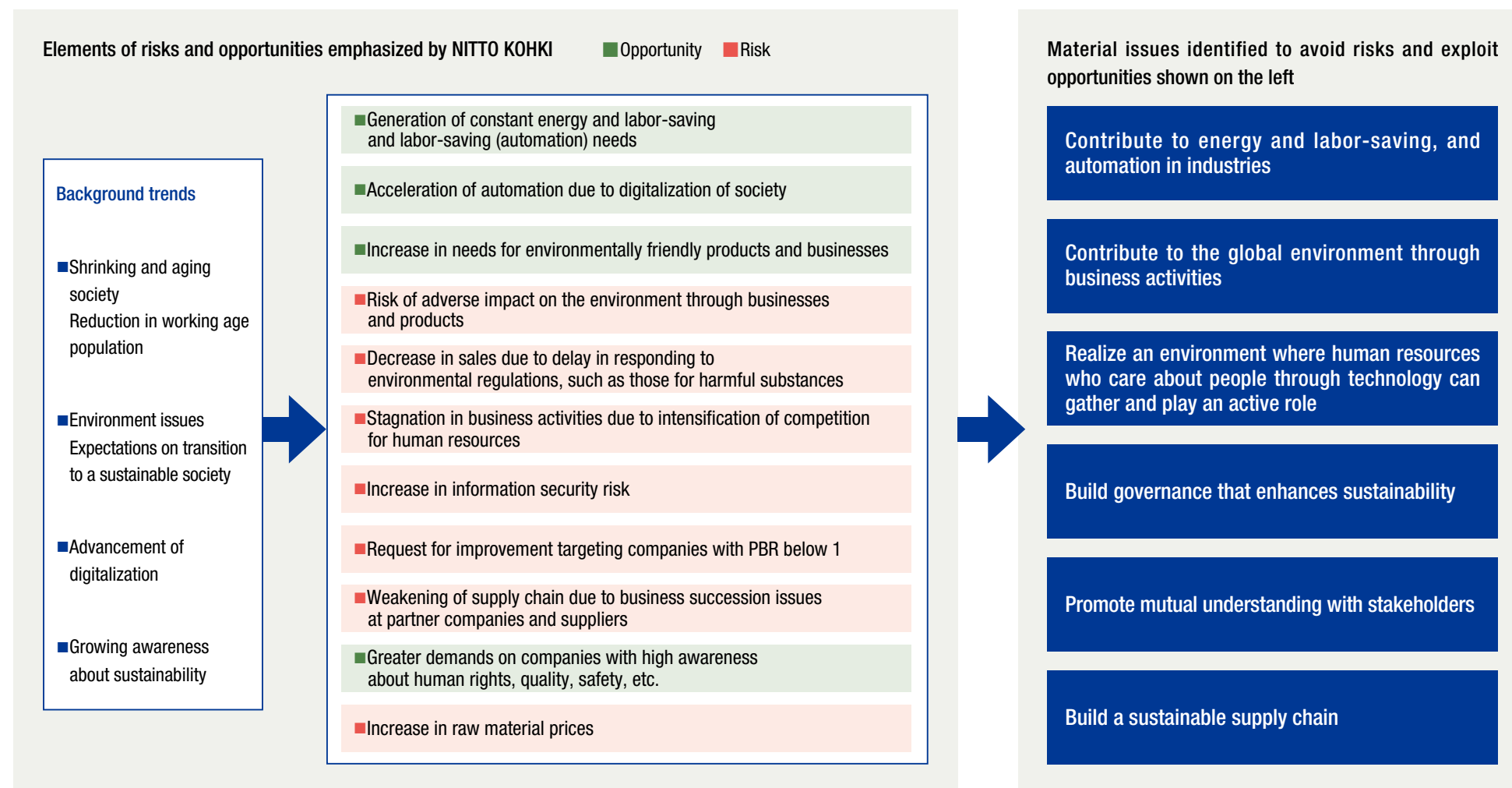
The secretariat formulated proposed material issues based on the criticality evaluated in Step 3. Discussion and decision-making were carried out at the Sustainability Committee, then report to the Board of Directors to identify our materiality.

NITTO KOHKI's Materiality

Identification of areas that NITTO KOHKI should contribute to as well as important matters for ongoing development

Among the various and diverse issues of society, what are those that NITTO KOHKI should contribute to? The era of high wages and labor shortage that we had been expecting since our establishment has become a reality today. Environmental issues also continue to become more severe even now.

As a company that continues to create energy and labor-saving products, we will focus on contributions toward solving these issues and work step by step on creating systems for continuing to take on these challenges.



Materiality Targets and Key Initiatives

Establishing and implementing targets, indicators, and action plans for each material issue identified

The NITTO KOHKI Group is working as one on initiatives toward solving the material issues identified. These are some of the key targets and initiatives.

Contribute to energy and labor-saving, and automation in industries

Long-term aspiration

Provide energy and labor-saving, and automation products to all kinds of regions and industries to contribute toward addressing the issue of labor shortage faced by users. Use new technologies to enable work that was previously not possible.



Examples of targets and indicators

- Higher ratio of companywide sales of products for automation

Key initiatives

- Education/training, product development, and enhancement of automation-related equipment × digital technologies

Build governance that enhances sustainability

Long-term aspiration

Keep compliance at a high standard for the company as a whole by ensuring that compliance is functional and maintained at each level within the company and decisions are made in accordance with compliance. Establish a risk management system with high quality so that risks and opportunities are properly understood.



Examples of targets and indicators

- Board of Directors understanding and vibrantly discussing risks and opportunities

Key initiatives

- Board of Directors effectiveness evaluation and improvement activities
- Continuous dissemination of compliance information to officers
- Continuous review of internal control system

Contribute to the global environment through business activities

Long-term aspiration

Provide products to the decarbonization and energy-saving fields and contribute to the global environment through business activities as a whole, from design and development to disposal.



Examples of targets and indicators

- Greenhouse gas emissions (realization of carbon neutrality by 2050)

Key initiatives

- Visualization and reduction up to Scope 3
- Expansion and enhancement of sales of environmentally friendly products

Promote mutual understanding with stakeholders

Long-term aspiration

Build relationships of trust with stakeholders, be widely recognized as a manufacturer of energy and labor-saving equipment, and undertake management and business activities with appropriate information disclosure and reflection of stakeholders' feedback.



Examples of targets and indicators

- Information disclosure to a wide range of stakeholders and number of accesses
- User needs collection opportunities and number of cases

Key initiatives

- Publication of Integrated Report
- Expansion of opportunities for dialogue with investors
- Organization of NITTO KOHKI's own exhibitions

Realize an environment where human resources who care about people through technology can gather and play an active role

Long-term aspiration

Develop an environment where people can work healthily in both mind and body, safely and with peace of mind. Gather people with diverse ways of thinking who also identify with our corporate philosophy. Establish a corporate culture of taking on challenges so that employees can work with motivation and grow together with the company.



Long-term aspiration

- Resignation rate
- Percentage of female managers
- Employee engagement survey

Key initiatives

- Introduction of engagement surveys and measures toward achieving targets
- Continuous improvement of work environments that also consider the above

Build a sustainable supply chain

Long-term aspiration

Maintain sustained communication with suppliers and carry out fair trade with them. Implement flexible and stable production, sales, and distribution systems that fit demand.



Examples of targets and indicators

- Ability to more quickly understand and share information within the supply chain
- Implementation of a stable supply system for times of emergency

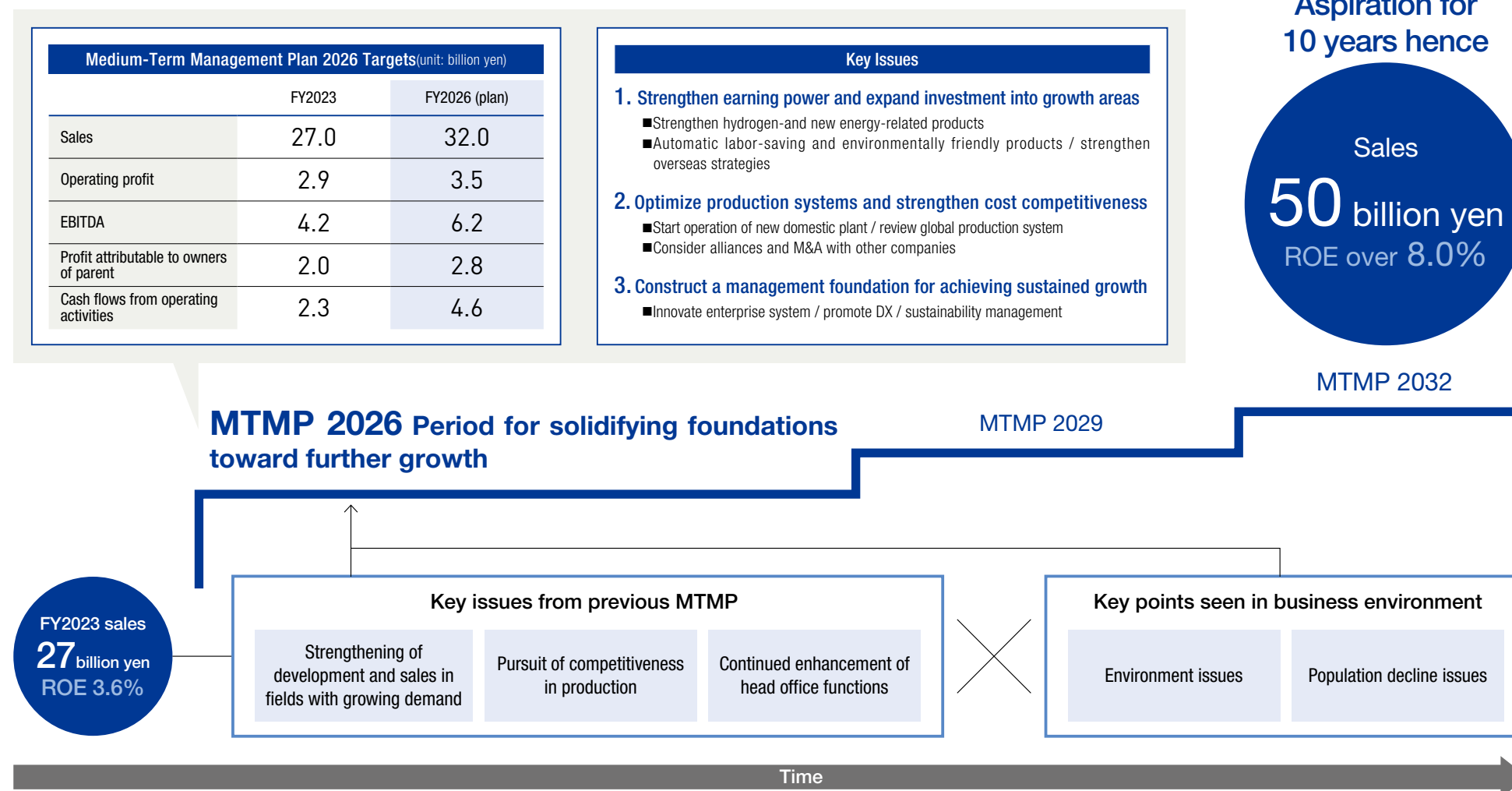
Key initiatives

- Enhancement of collaboration between production and sales, development of mechanisms for opinion exchange with suppliers, and development of a stable procurement system for critical spare parts

Medium-Term Management Plan 2026

NITTO KOHKI has formulated the Medium-Term Management Plan 2026 (MTMP 2026) for the three years from FY2024 to FY2026 (April 2024 to March 2027).

Main theme: Reconstructing our earning power to achieve our great leap after the next decade

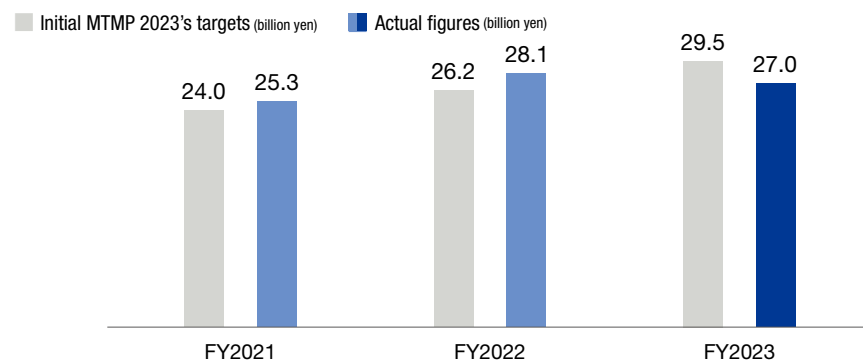


Medium-Term Management Plan 2026 Review of Previous Medium-Term Management Plan

Did not achieve the plan's sales and profit targets in the final fiscal year due to high raw material prices

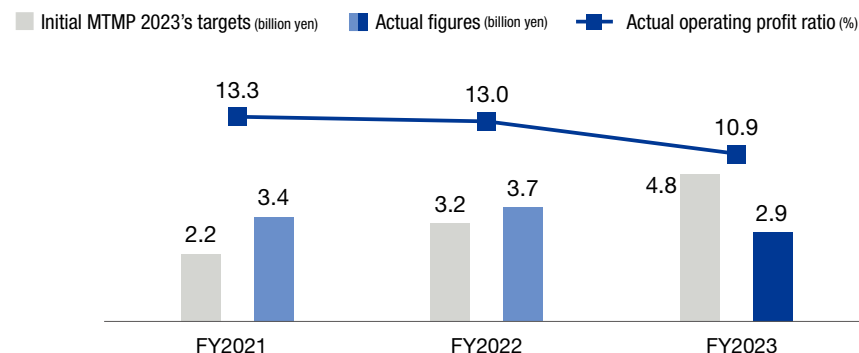
Sales

Results until FY2022 showed solid performance by our mainstay Couplings Business. For FY2023, the slow recovery in demand for semiconductors and the decreased demand for lithium-ion battery electrolyte couplings in China affected sales.



Operating profit and operating profit ratio

In addition to decreased revenue, spiking raw materials prices, the increased personnel expenses needed for future growth, and the increased expenses for strengthening face-to-face sales led to operating profit falling short of the plan's target. However, product price rises have helped keep operating profit ratio in the 10% range.



Steady implementation of measures linked to the five stated basic policies

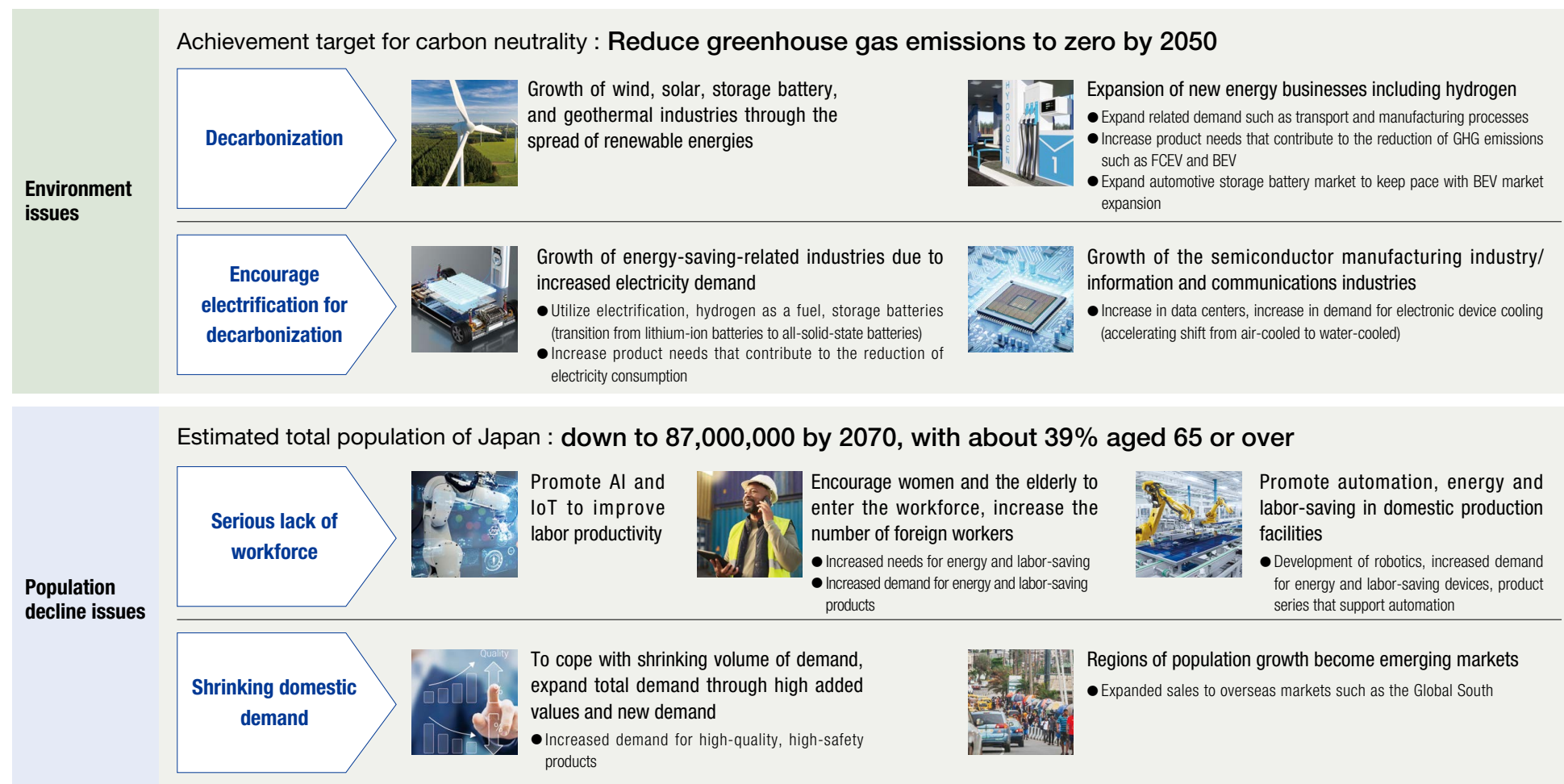
Long-Term Vision stated in Medium-Term Management Plan 2023: Becoming a 100 Year Company



Medium-Term Management Plan 2026

Assumptions behind Formulation of MTMP 2026 / Key Points Seen in the Business Environment

We focused on issues related to the environment and population decline as major risks and opportunities affecting our business.



Extraction of MTMP 2026's key issues and initiative themes



Medium-Term Management Plan 2026

Toward Achieving the Targets of MTMP 2026 / Key Issues and Initiative Themes

We will expand our lineup in the fields of automation and environmentally friendly products. As such, we will continue to improve our functions and work toward strengthening our advantage.

| Initiative themes | | Primary measures |
|-------------------|--|---|
| 1 | Strengthen energy-related businesses, especially CUPLA for Hydrogen Use | <ul style="list-style-type: none"> ● Implement sales strategies that dig deeper into energy market trends ● Enhance functionality and lineup of CUPLA for Hydrogen Use |
| 2 | Actively develop products that support automation, labor-saving, and the environment | <ul style="list-style-type: none"> ● Expand lineup of environmentally certified products and tools for automated machinery/robots ● Establish networks of local partners ● Train and actively hire human resources with specialist knowledge |
| 3 | Create new businesses with a view to a decade hence | <ul style="list-style-type: none"> ● Review existing business portfolios from multiple angles ● Active investment in research and business collaboration, study M&A |
| 4 | Strengthen overseas strategies (Promote region-specialized strategies) | <ul style="list-style-type: none"> ● Dig deep to find high-end demand in Western markets ● Expand and diversify sales channels in emerging markets |
| 5 | Improve profitability through improvements to delivery dates and reduced costs | <ul style="list-style-type: none"> ● Review production systems when the new plant comes on line |
| 6 | Improve corporate value through merging human resources and DX investment | <ul style="list-style-type: none"> ● Create a labor environment where people can work worry-free ● Improve corporate value through the active participation of diverse employees |
| 7 | Improve capital efficiency | <ul style="list-style-type: none"> ● Broadly execute a range of measures aimed at improving ROE |

Medium-Term Management Plan 2026 Basic Strategies



Market strategies

Domestic market

- Development of new demand, new products (all segments)
- Start on environmentally-friendly businesses (all segments)
- Contribute to customer automation (all segments)
- Expand sales channels
- Finding partners for collaboration

Overseas markets

- Initiatives toward expanding new overseas businesses: (traditional markets) dig deep to find high-end demand and (emerging markets) expand and diversify sales channels
- Boost the NITTO KOHKI brand power
- Finding M&A seeds and collaboration partners
- Foster borderless human resources in Japan and abroad



Product strategies

Products

- [Couplings Business and the Machine Tools Business] Develop products for automation and that are environmentally friendly
- [Linear Pumps Business] Open up applications for single pumps included in devices in the medical, foodstuffs, and energy-saving fields
- [Door Closers Business] Open up new uses, new markets

Industries

- Sustained attacks on core industries and growth industries
- Work to expand new energies including hydrogen
- Expand decarbonization business



DX strategies

Rationalization of management and work

- Start up the new enterprise system
- Strengthen security
- Foster human resources for promoting IT

Production innovations

- Automation, labor-saving, and visualization in production processes
- Digitization of technology expertise
- Foster human resources for promoting IT



Personnel strategies

Develop an environment where people can work healthy in both mind and body, safely and with peace of mind

- Construct a health support environment as a system for addressing overall health risks
- Improve employee satisfaction
- Increase motivation through making skills visible and allowing abilities to be exercised

Human capital investment for taking on challenges

- Acquire specialist human resources to develop advanced technology sectors and expand sales and overseas businesses
- Review each form of training and enhance re-skilling
- Improve corporate value through the active participation of diverse employees

Medium-Term Management Plan 2026 Basic Strategies

Quick Connect Couplings “CUPLA”

CUPLA



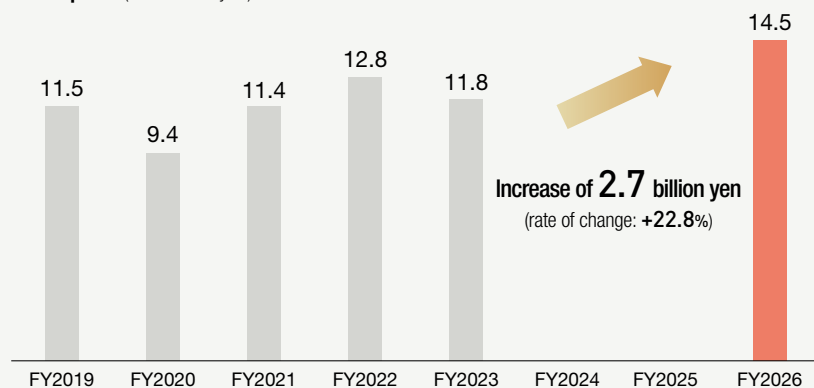
Basic Strategies

- Open up new demand (semiconductors, advanced technologies)
- Expand products for the hydrogen energy market
- Expand products that support automation

Main industries

Semiconductors, automobiles, hydrogen, new energies

Sales plan (unit: billion yen)



Development

- Expand products for automation
- Expand products that are environmentally-friendly

Production

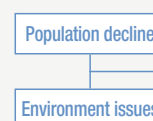
- Further push toward automation

Sales

- Domestic: Open up new embedded demand and expand sales of products that support automation
- Overseas: Capture high-end demand

Machine Tools

Tools



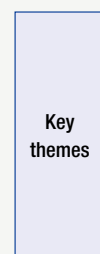
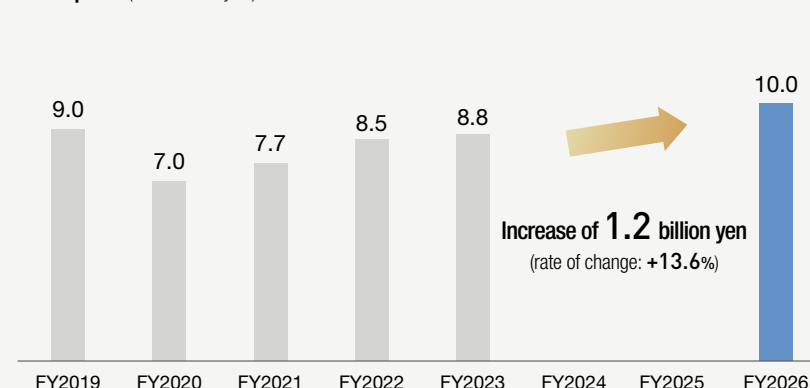
Basic Strategies

- Solid capture of needs for automation
- Open up unified customer needs through integrated development and sales
- Increase production efficiency and strengthen cost competitiveness through restructuring domestic plants

Main industries

Steel, cans, bridges, shipbuilding, automobiles

Sales plan (unit: billion yen)



Development

- Expand products that support automation
- Expand products that are environmentally-friendly

Production

- Stable operation of the new plant

Sales

- Domestic: Expand sales of products that support automation
- Overseas: Improve sales channels

Medium-Term Management Plan 2026 Basic Strategies

Linear Pumps

Population decline
Environment issues

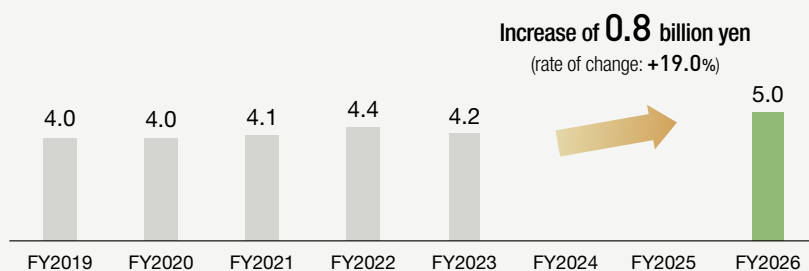
Basic
Strategies

- Open up high-end markets overseas, mainly in Europe and the Americas
- Expand products that support automation/are environmentally friendly

Main industries

Medical, housing, food, semiconductors

Sales plan (unit: billion yen)



Key
themes

Development

- Expand series, product lineups
- Strengthen products that support automation

Production

- Review global production system

Sales

- Domestic: Open up medical embedded demand and other demand
- Overseas: Open up medical-related markets

Door Closers

Door Closer

Population decline
Environment issues

Basic
Strategies

- Develop high valued-added products and open up markets

Main industries

Construction, architecture

Sales plan (unit: billion yen)



Key
themes

Development

- Develop high valued-added products

Production

- Stable operation of the new plant

Sales

- Domestic: Open up new demand
- Overseas: Expand sliding door closer sales

Medium-Term Management Plan 2026 Examples of Initiatives toward Achieving Sustainability

Contribute to the global environment through business activities

Develop products for applications outside fuel cell electric vehicles (FCEVs)

Develop new fields related to decarbonized society and new energy

Expand product lineup beyond fuel cell electric vehicles (FCEVs) and strengthen sales activities to meet growing demand

Developed quick connect couplings CUPLA for high-pressure hydrogen filled in fuel cell electric vehicles (FCEVs) for the first time in Japan (in 2002)

High pressure hydrogen fueling nozzle **“HHV CUPLA 70MPa/35MPa”**



The nozzles are installed at hydrogen stations to fuel FCEVs with high-pressure hydrogen

Used in
Toyota's
new Mirai

Used in
Toyota's
new Crown

Used in
Honda's
CR-V e:FCEV

We will contribute to the realization of a hydrogen society by expanding our product lineup.

Hydrogen replenishment of commercial vehicles and large-sized mobility

Hydrogen replenishment using methods other than high-pressure hydrogen gas

“NITTO KOHKI's Role in a Hydrogen Society” available on YouTube

Medium-Term Management Plan 2026 Examples of Initiatives toward Achieving Sustainability

Contribute to energy and labor-saving, and automation in industries

Develop products that support automation

“Contribute to energy and labor-saving, and automation in industries” is stated at the top of our material issues. Going forward, Japan will be facing the issue of a reduction in working age population. All kinds of energy and labor-saving will

become necessary in industries, and automation is the typical solution.

Having continued to create products that save energy and labor since our establishment, we will continue to develop products that contribute to automation in industries.

Examples of product lineup

Products for automated machinery and robots



Electric screwdriver “delvo” delvo Brushless Type

For small normal screws
This is a series of the electric screwdriver “delvo”—which features 30 torque settings on a single screwdriver—that can be installed on automated machinery.



Pneumatic belt sander BELTON

This is a pneumatic belt sander that uses sandpaper to carry out sanding of objects being processed.



Pneumatic die grinder AIR SONIC

This is a pneumatic die grinder that can carry out grinding even in narrow and deep locations.



Pneumatic double action sander ORBITAL SANDER

This is a pneumatic sander that uses double action to sand large flat areas smooth.

Use of CUPLA in automated machinery



We eliminate connection errors to enable automation in stages.

Installation of linear pumps in automated machinery



We provide proper suction.
Example: Vacuum source for screwing robots

Electric vacuum end effector “e-VEE”

* Available only in Japan



Compressor air not required due to built-in vacuum pump
Contribute to reduction of electricity in vacuum transfer by controlling compressor's airflow pressure and flow rate

Medium-Term Management Plan 2026 Examples of Initiatives toward Achieving Sustainability

Build a sustainable supply chain

Construct new plant







As a manufacturer, we will continue to offer stable supply to our users in the future. The building of such a system is a key issue for us to continue to contribute toward solving social issues and be sustainable ourselves. Our plants at Yamagata and Fukushima, which produce machine tools and door closers, are aging and face other issues such as a lack of space. Some form of bolstering will be necessary when we look at the future. Therefore, we are working on the construction of a new plant. We aim to consolidate the technologies we have developed so far and create a production system with high efficiency and quality. At the same time, we plan for the plant to contribute toward the building of a sustainable supply chain by creating a system that can produce all products of our Group.

Overview of new plant and purpose of investment

| | |
|--------------------|---|
| Location | : 1-1, Miyanoshita, Ozaso-aza, Fukushima-shi, Fukushima (within Fukushima Ozaso Interchange Industrial Park) |
| Site area | : 28,183m ² |
| Start of operation | : June 2025 (planned) |
| Total investment | : Approx. 16 billion yen |
| Purpose | : (1) Improve productivity through the introduction of leading-edge production facilities and rebuilding of movement lines, etc. (2) Improve ability to provide stable supply by creating a multi-purpose plant* * In addition to machine tools and door closers, the plan is to build a production system that can produce all products of the Group at the new plant. (3) Improve ability to secure human resources by promoting automation and barrier-free as well as creating a conducive work environment and attractive appearance (4) Respond to greater demand in the future, implement measures against aging, etc. |

Current allocation of production sites by business

● Couplings ● Linear Pumps ● Machine Tools ● Door Closers

| | | | | |
|--|---|---|---|---|
| Thailand NKIT*  | ● | ● | ● | |
| Tochigi TOCHIGI NITTO KOHKI  | ● | ● | | |
| Yamagata TOHOKU NITTO KOHKI MEDOTECH Plant  | | | ● | |
| Fukushima TOHOKU NITTO KOHKI SHIRAKAWA Plant  | | | ● | ● |

Merge the two plants and consolidate into a new multi-purpose plant



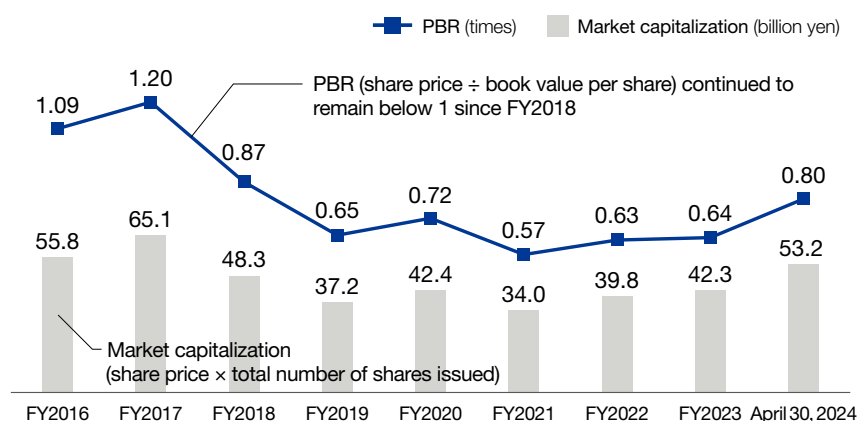
* NKIT: NITTO KOHKI INDUSTRY (THAILAND) CO., LTD.

Medium-Term Management Plan 2026 Management Aware of Capital Costs and Share Prices

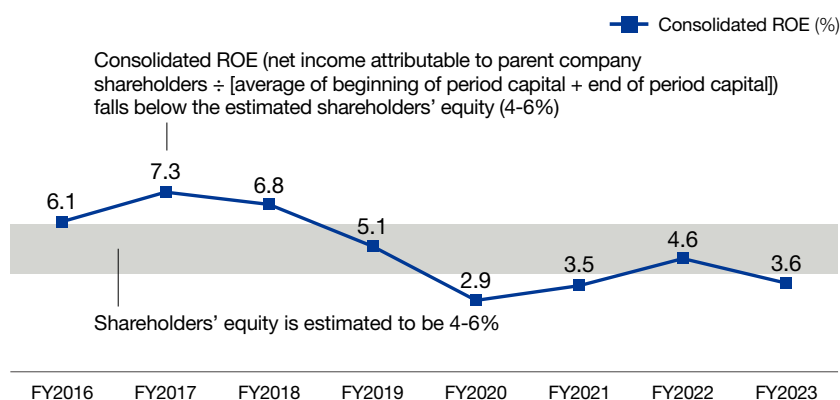
We will pursue a balance between expanding profits and improving capital efficiency. Toward achieving ROE of 8% and addressing PBR below 1, with cash on hand and operating cash flows as capital, we will carry out growth and capital investment aimed at maintaining and increasing earning power, and at the

same time, actively undertake shareholder returns. We will achieve as early as possible our target ROE of 8% while sufficiently paying attention to capital efficiency, and seek to address the situation of PBR continuing to remain below 1 since FY2018.

Current understanding of share price and PBR

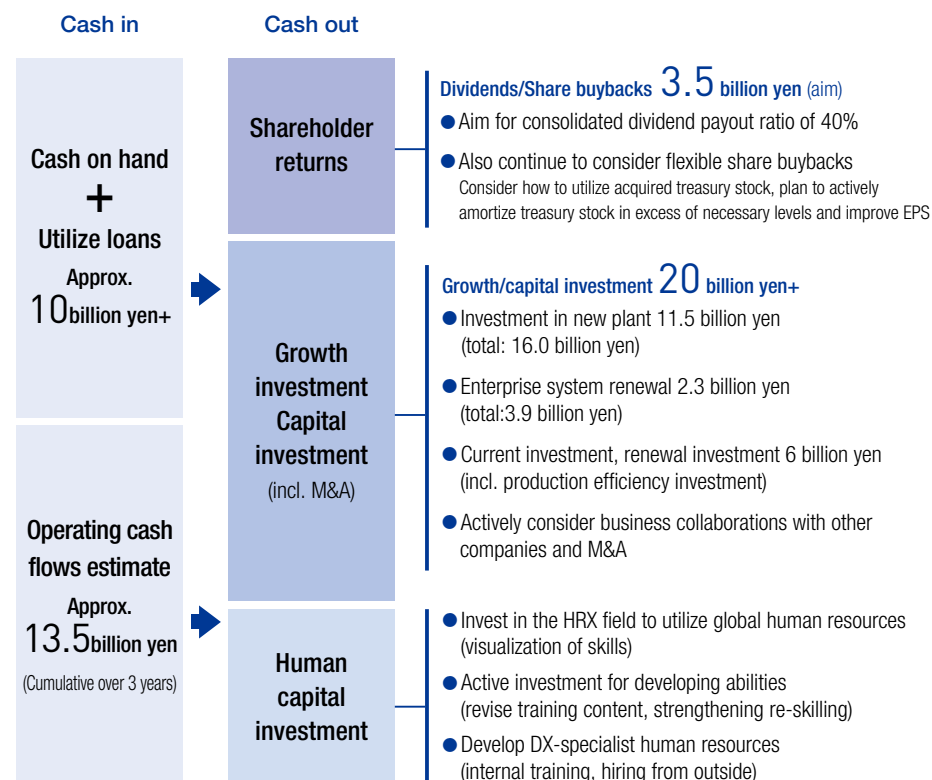


Current understanding of capital costs and capital profitability



Cash allocation policy (toward addressing PBR below 1)

Our ROE falls below the cost of capital. To quickly improve this situation and address PBR below 1, we will carry out growth and capital investment aimed at maintaining and increasing earning power as well as actively undertake shareholder returns.



Roundtable with Outside Directors

Implementation of Our Management Policy and Sustainability Management

We recognize that there are more and more requests from investors for communication with outside directors to deepen investors' dialogue and engagement with companies. Therefore, we bring you the voices of our outside directors as they talked about the themes of sustainability management, for which there is a high level of interest in the stock market, and management that is conscious of cost of capital and stock price that is requested by Tokyo Stock Exchange.

About NITTO KOHKI's Sustainability Management



Outside Director
Yasuo Nakagawa

Outside Director
Masaji Santo

Outside Director
Mitsuru Komiyama

Sustainability management is the exemplification of our Management Policy

Nakagawa: In the past, the trend in society was that, as long as profits were made, it did not matter whether people worked for long hours or gave low priority to consideration of the environment. However, we can no longer move forward today if

we ignore sustainability or environmental issues. It is also thought that we should start from the principle of contributing to society to implement sustainability management. The most important thing for realizing this principle is materiality (material issues).



Sustainability at NITTO KOHKI is our Management Policy itself. There are three parts to our Management Policy: (1) contribution to society, (2) employees' wellbeing, and (3) corporate development. These are inculcated into employees when they first join as new employees and have become part of our corporate culture. Of the three, (1) is the most important, followed by (2). The policy also expresses our stance that we can realize (3) (sustainable) corporate development if we achieve (1) and (2).

A people-centric company

Komiyama: For sustainability, there is the issue of seeking to maintain and sustain both the company and the global environment. In this endeavor, besides contribution to society, NITTO KOHKI is characterized by our focus on people. Here, people refer to both aspects of our customers and our employees. First, regarding our customers, in this era of labor shortage, we aim to create labor-saving products that place less burden on people. Next, regarding our employees, I feel we think a lot about our employees' wellbeing, such as seeking to create a fair human resource system centered on the president. In addition, various things are being considered for the new plant at Fukushima based on the assumption of an era of labor shortage. Sustainability also requires environmentally friendly materials and such in supply chains. We are also striving to address such needs.

Adapting to the environment is key to survival

Santo: Our employees and corporate culture are both sincere, and our founder's spirit of creating products for the benefit of society in accordance with our Corporate Motto of "Development provides corporate insurance" continues to be passed down even today. Sustainability may be a recent trend, but it is something that we have been working on since our establishment, and I think we have the foundation for this effort. However, having a foundation is not enough; the important thing is the way ahead. Similar to Darwin's theory of evolution, we also need to change and adapt according to the environmental changes in society. Here, I focus on two changes in society: environmental friendliness and population decline. We are being asked how we will respond in these two areas, and these were also discussed over several months in our newly formulated medium-term management plan.

Expectations on Executive officers for Realizing Sustainability Management

The foremost request is to respond to issues regarding people

Nakagawa: In the end, the materiality identified by us is about contribution to society, and all of the material issues are important, being linked to our Management Policy. Among the material issues, "Realize



an environment where human resources who care about people through technology can gather and play an active role” is my foremost request for our executive officers. A general trend in society is the rising resignation rate of young people. We are not an exception and also face some difficult times. To respond to this issue, besides monetary compensation, we are required to think about ways of enhancing engagement, including looking at our work environments. Our executives seem to be struggling to undertake initiatives that lead to employees’ wellbeing, and as an outside director, I personally think it is important to provide them with advice.

Implement management with spare capacity if focusing on people is important

Komiyama: My request to executive officers is to keep in mind to implement management and business promotion with spare capacity aimed at placing importance on focusing on people. In my main work as a certified public accountant, I often deal with European companies. Compared to German companies, for example, it is generally said that Japanese companies have lower added value. Meanwhile, NITTO KOHKI has relatively high added value, and being able to continue to maintain such value can bring about spare capacity. It is therefore important to implement the Corporate Motto of “Development provides corporate insurance.” In other words, I hope executive officers will develop products, production technologies, and such and further increase added value to undertake management amid spare capacity. Some efforts in this direction are already being undertaken, and I think further efforts will help bring about sustainability management.

Take the offense in sustainability management instead of being on the defense

Santo: I have seen managers who undertake sustainability management with a defensive attitude, seeing it as something that they are made to do. However, our executive officers are different. Instead of being on the defense, it is important for the

entire company to be unified in recognizing sustainability management as being a tool for our growth. For example, in Europe and the United States, there are many cases where a condition for receiving orders is the amount of CO₂ emissions for manufacturing a product. It is important to anticipate and work on such issues. Creating products that are close to being carbon neutral is truly a form of taking the offense, and it can help to develop competitive advantage. I really hope that everyone at NITTO KOHKI will come to recognize that sustainability management is an opportunity.

Thoughts about Tokyo Stock Exchange’s “Management that is Conscious of Cost of Capital and Stock Price”

Increasing returns is foremost in improving ROE

Nakagawa: The founder had the idea of making preparations so as to protect employees should something happen. In fact, this became funds so that employees’ salaries did not change during the 2008 financial crisis arising from the bankruptcy of Lehman Brothers. At the same time, the management is aware that the stock market, including Tokyo





Stock Exchange, is asking for improvement of capital efficiency such as ROE. To improve ROE, you can either increase profits, the numerator, or reduce shareholders' equity, the denominator. I think the right course of action is to improve ROE by increasing profits and to seek proper evaluation of share prices.

Need to let individual shareholders know more about NITTO KOHKI

Komiyama: NITTO KOHKI is mainly a business-to-business (B2B) company and unfamiliar to individual shareholders. We are also passive and do not actively promote the company, so even when performance is good, it is not reflected in our share price. Furthermore, although our PBR remains below 1, our balance sheet is healthy, and I think we should be better evaluated. So, what should we do? I think we need to let individual shareholders know more about NITTO KOHKI. This should result in more new individual shareholders and a positive move in our share price. Increased recognition of our name may also help in the recruitment of young people. It is important to be more prominent.

Necessary to further polish our equity story

Santo: The evaluation of our share price is too low, and I think it is because we did not intentionally communicate our equity story in an active manner, unlike what other companies do in general. We have traditions and have accumulated various strategies, but it is difficult for external parties to understand if there is a lack of explanation. Going forward, conveying them as our equity story and showing our results will help to bring about proper evaluation. We should also actively think about the reallocation of resources according to environmental changes, including alliances and M&A. The result will be improvement in ROE through increased profits and the creation of a trend where the share price moves upward. I have conveyed my thoughts to our executives and this is something that we should support them in.



Governance Initiatives for Strengthening Governance

We have built the most appropriate corporate governance from the perspective of enhancing the soundness and transparency of management to gain trust from all stakeholders.

Basic approach to corporate governance

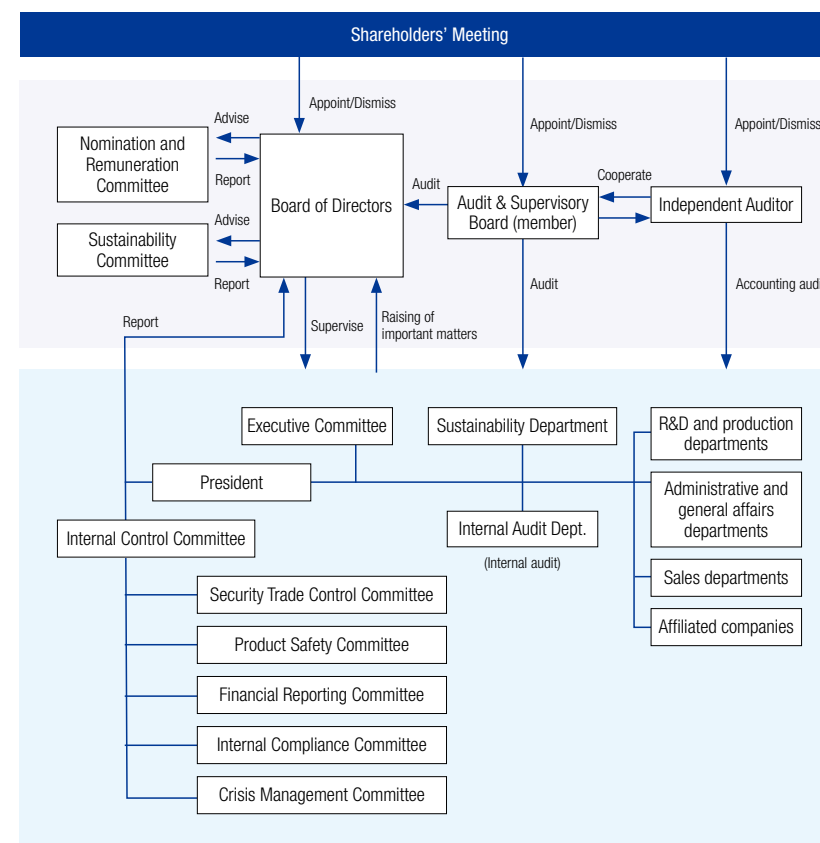
NITTO KOHKI sees the purpose of corporate governance as an effort for pursuing continuous improvement of corporate value. We will strive for proper functioning of management supervision function so that we can ensure transparency through timely and appropriate information disclosure.

We can also improve corporate value by keeping our promises to stakeholders and earning their trust.

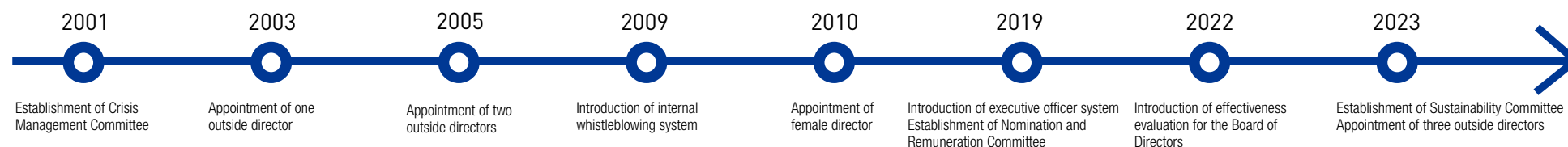
Basic policy

- | | |
|--|--|
| 1. Safeguarding of shareholders' rights and ensuring of equality | We will establish an environment that effectively safeguards the rights of shareholders. We will also give consideration to ensuring equality in the execution of rights by minority shareholders and shareholders who are foreigners. |
| 2. Appropriate cooperation with stakeholders other than shareholders | We will seek appropriate cooperation with various stakeholders, and work to address issues, such as social and environment issues, while respecting the positions of these stakeholders. |
| 3. Appropriate information disclosure and ensuring of transparency | Besides timely disclosure of the company's financial situation, business performance, and other financial information, we will also disclose nonfinancial information through news releases, websites, and such. |
| 4. Duties of the Board of Directors, etc. | The Board of Directors supervises the management and directors, with three independent outside directors providing perspectives from independent and objective positions, in addition to the distribution of meeting materials beforehand and the conduct of supplementary explanation and such as necessary. The Audit & Supervisory Board, which includes two outside members, regularly holds meetings with the three independent outside directors and states opinions to the management at meetings of the Board of Directors. This is the system in place to fulfill the responsibilities entrusted by shareholders. |
| 5. Dialogue with shareholders | To contribute toward sustainable growth and improvement of medium- and long-term corporate value, besides dialogue at the general meetings of shareholders, we also respond to requests for separate dialogue with our shareholders. |

Corporate governance structure



Strengthening of governance over the years





Governance Risk Management and Business Continuity Management

Sustainability-related risk management

The materiality (material issues) announced in November 2023 were identified taking into consideration the risks and opportunities in the background. Going forward, we will regularly review those risks and opportunities and reflect them in our strategies as necessary. The Internal Control Committee as well as the Crisis Management and Product Safety Committee under it also study risks and collaborate with the Sustainability Committee as necessary.

Regarding the management of climate change-related risks and opportunities, while our Group has not declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we agree with the gist. First, we conducted scenario analysis (for 2°C and below as well as 4°C) with the involvement of external experts and evaluated the risks (transition risks and physical risks) and opportunities. Presently, we assess that risks are limited, with the increase in costs from the introduction of carbon pricing being the only risk with high importance.

Internal control-related risk management

We established the Internal Control Committee, chaired by the president, as the highest decision-making body regarding internal controls. Subcommittees were established under the Internal Control Committee to address individual areas and risk management systems are effectively operated in accordance with the Internal Control Rules, Compliance Rules, Security Trade Control Rules, Crisis Management Rules, and the rules of individual committees.

In an emergency, a Crisis Response Headquarters, headed by the president, is established and systems are mobilized to respond rapidly in order to prevent expansion of damage and to minimize losses. Furthermore, based on the Affiliated Companies Management Rules, the Corporate Planning Dept. oversees manufacturing subsidiaries in Japan and overseas, while the Overseas Sales Promotion Dept. oversees sales subsidiaries outside Japan to implement a structure that promotes corporate group compliance and risk management.

To achieve sustainable growth and stable business operation, we established a risk management structure for sustainability and internal control and operate this structure in an integrated manner.

Business Continuity Policy

NITTO KOHKI has set the following priorities in case of emergency.

Protect the lives of employees and their families

Maintain the supply of products

Fulfill our social responsibilities

Measures for business continuity

1. Secure purchasing routes

In preparation for an emergency, NITTO KOHKI is working to establish structures that constantly take into consideration alternate routes (cooperating plants).

2. Backup production systems

The Machine Tools business has three plants in Japan, and the Couplings business and Linear Pump business operate one plant in Japan and one in Thailand. NITTO KOHKI is working to establish systems at domestic and overseas plants that will make alternate production possible.

3. Maintain the supply of products

If production is suspended, inventories at the logistics centers created by the Western Japan Distribution Center and TOCHIGI NITTO KOHKI and inventories maintained by distributors located throughout the country will be used to minimize the risk of running out of inventory.

4. Sales backup system

Development and operational testing has been completed of a system that will enable the headquarters or the Osaka Branch to perform order taking and placement operations in the case where a sales branch or the headquarters, is damaged.

5. Sales Branch backup system

The emergency contact locations are ready to address matters as substitutes for the regular contact locations.



6. Facility preparedness measures

In preparation for an earthquake, NITTO KOHKI is taking measures to minimize damage to structures. In addition to earthquake-proofing structures themselves, reinforcement is being added to fixtures and office equipment is being fixed in place. Furthermore, an appropriate quantity of disaster reserves, such as helmets, food, and blankets, are kept at the Headquarters and sales branches.

7. Information and data backup system

A system to backup information and data essential for supplying products to customers already exists. During power outages, the server room operates on an emergency generator, if, however, operations become unfeasible, operations can immediately be switched to a different site for rapid recovery.



Governance Board of Directors

The Board of Directors discusses important matters in management and supervises the execution of duties through reports on matters such as key items in the medium-term management plan and the basic strategies of each department. In addition to resolutions based on laws, regulations, and the articles of incorporation, the Board of Directors also discusses and decides on matters determined by NITTO KOHKI with an emphasis on the perspective of sustainability.

Composition of directors and Audit & Supervisory Board members and their skill matrix

NITTO KOHKI's Board of Directors comprises company directors fitting to oversee the respective fields of technological development, production, sales, management, planning, and such, as well as directors with global knowledge and experience and female directors. The number of directors is kept to the minimum necessary, with a balance between diversity and scale. There are three outside directors, and all of them are independent of the company. The Audit & Supervisory Board comprises three members, of which two are outside members. Besides the Board of Directors meetings, the Audit & Supervisory Board members also attend important meetings and carry out strict supervision over the directors' execution of duties.

| Name | Current position | Corporate management | R&D and production | Sales and marketing | Legal affairs and compliance | Financial affairs and accounting | International perspective | ESG |
|-------------------|--|----------------------|--------------------|---------------------|------------------------------|----------------------------------|---------------------------|-----|
| Akinobu Ogata | Representative Director President CEO | ● | | ● | | | ● | ● |
| Yoko Takata | Director | ● | | | | | | ● |
| Kenji Mori | Director Senior Executive Officer | ● | ● | | | | | ● |
| Yasuo Nakagawa | Outside Director | | | | ● | | ● | ● |
| Mitsuru Komiyama | Outside Director | | | | | ● | ● | ● |
| Masaji Santo | Outside Director | ● | | ● | | | ● | ● |
| Yutaka Nishida | Audit & Supervisory Board Member | | | | | ● | | ● |
| Hirohisa Kagami | Outside Audit & Supervisory Board Member | | | | ● | | | ● |
| Hisashi Shinozuka | Outside Audit & Supervisory Board Member | ● | | ● | | | ● | ● |

* The items that are expected in particular for each person are stated.

* The above table does not represent the entire scope of knowledge and experience possessed by each person.

Board of Directors effectiveness evaluation

NITTO KOHKI emphasizes the effective functioning of corporate governance for the continuous improvement of our Group's corporate value and evaluates the effectiveness of the Board of Directors every year.

Method of evaluation

The effectiveness of the Board of Directors in FY2023 was evaluated by conducting a survey targeting all directors and Audit & Supervisory Board members.

To objectively evaluate whether the Board of Directors as a whole fulfilled the roles expected by stakeholders and functioned effectively, an external agency was engaged for the design, analysis, and evaluation of the survey.

Based on the analysis results of the survey, the Board of Directors also discussed matters such as the effectiveness of the Board of the Directors in FY2023 and the areas with issues.

Matters evaluated

- Composition and operation of the Board of Directors
- Management strategy and business strategy
- Corporate ethics and risk management
- Dialogue with shareholders etc.

Evaluation results

The evaluation results for FY2023 showed that the Board of Directors was highly evaluated, such as having matters that should be discussed being included in the agenda under an appropriate composition of the Board of Directors that ensured diversity; meeting agenda items being discussed in a vibrant manner; and the effectiveness of the internal whistleblowing system being appropriately confirmed.

Regarding the expansion and development of core human resources, an issue pointed out in FY2022, the evaluation results showed an improvement in the evaluation of initiatives for developing core human resources.

Meanwhile, some issues pointed out include room for improvement in the provision of information for further enhancement of discussions at the Board of Directors and having to promote initiatives for the improvement of capital profitability.

Our Board of Directors will deepen discussions regarding these issues, take actions for improvement, and work to further improve the effectiveness of the Board of Directors.



Governance

Nomination and Remuneration Committee and Officer Remuneration System

NITTO KOHKI operates the Nomination and Remuneration Committee as an advisory body of the Board of Directors to further enhance our corporate governance structure. A remuneration system for officers has also been designed to get directors to properly manifest the functions of management supervision and duty execution.

Nomination and Remuneration Committee

We have established the voluntary Nomination and Remuneration Committee as an advisory body of the Board of Directors. Chaired by an independent outside director, the committee discusses nomination and remuneration of directors, Audit & Supervisory Board members, and executive officers. The results are reported to the Board of Directors. In this way, we ensure transparency and objectivity in the procedures for deciding nomination and remuneration.

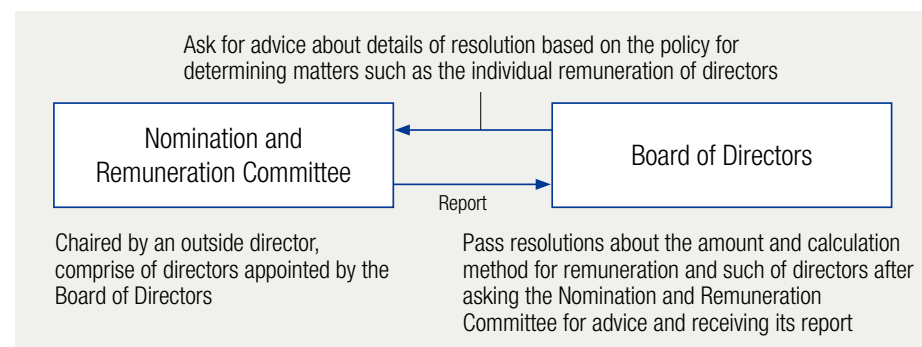
The committee also participates fittingly in the functions and discussion processes of the Board of Directors related to the succession plan for the president and development of such candidates.

Composition of Nomination and Remuneration Committee

| | | |
|--------|--|------------------|
| Chair | : Outside Director | Yasuo Nakagawa |
| Member | : Representative Director, President CEO | Akinobu Ogata |
| Member | : Outside Director | Mitsuru Komiyama |

Process for deciding remuneration of directors

The Board of Directors passes resolutions about the amount and calculation method for remuneration and such of directors after asking the Nomination and Remuneration Committee for advice and receiving its report.



Policy for determining individual remuneration and such of directors

Our officer remuneration system reflects responsibilities and results such that we can maintain our competitiveness in the industry, and at the same time, seek for improvement in our performance, continuously improve corporate value, and share our interests with our shareholders.

| Component | Policy for determination |
|--|---|
| Basic remuneration | The basic remuneration of directors is a fixed monthly remuneration that is determined after comprehensively considered while also taking into account the standards of other companies according to position, responsibilities, and years in that position, our business performance, and the standards of our employees' salaries. The remuneration and such of outside directors is a fixed monthly remuneration only, taking into consideration their position of supervising and advising management from a position that is independent from the execution of duties. The amount shall be fitting for the responsibilities of an outside director, and is separately determined, taking into account factors such as whether the position is a full-time or part-time and the respective roles to be fulfilled. |
| Performance-linked remuneration | For annual bonus, proper evaluation is undertaken for areas such as the state of achievement of management targets based on the consolidated sales and consolidated operating profit ratio, which are set as performance indicators of the medium-term management plan. The evaluation is reflected in remuneration, which is paid out in June. |
| Ratio between performance-linked remuneration and remuneration other than performance-linked remuneration | To ensure objectivity and appropriateness, objective comparison and verification of remuneration standards and link to performance is conducted for the ratio of bonuses paid to directors (excluding outside directors) as performance-linked remuneration using officer remuneration research data from an external research agency. The policy is to adopt the most appropriate ratio to contribute toward the company's sustainable growth and improvement of medium- and long-term corporate value. |



List of Officers (as of June 24, 2024)

Members of the Board of Directors / Audit & Supervisory Board Members



Representative Director, President CEO
Akinobu Ogata



Director
Yoko Takata



Director
Kenji Mori



Outside Director
Yasuo Nakagawa



Outside Director
Mitsuru Komiyama



Outside Director
Masaji Santo



Audit and Supervisory Board Member
Yutaka Nishida



Outside Audit and Supervisory Board Member
Hirohisa Kagami



Outside Audit and Supervisory Board Member
Hisashi Shinozuka

Executive Officers

Representative Director, President CEO
Akinobu Ogata

Senior Executive Officer / Chief Administrative Officer / Digital Transformation
Kenji Mori

Senior Executive Officer / Chief Sales and Marketing Officer
Masamitsu Ishizawa

Senior Executive Officer / Chief Engineering Officer and General Manager, Product Administration H.Q. / New Plant
Takashi Chiba

Managing Executive Officer / Deputy Chief Administrative Officer / Investor Relations
Hiromi Noguchi

Managing Executive Officer / Deputy Chief Sales and Marketing Officer and General Manager, International Business H.Q.
Keisuke Yokota

Executive Officer
Kazunari Arai

Executive Officer
Keiichi Murakami

Executive Officer and General Manager, Administrative H.Q.
Yasushi Onoda

Executive Officer
Tetsuya Kuwabara

Executive Officer
Masaki Takahashi



Financial Data

| Unit | | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Business Performance | | | | | | | | | | | |
| Sales | Million yen | 28,715 | 27,229 | 26,530 | 28,213 | 28,959 | 27,054 | 22,533 | 25,281 | 28,091 | 27,072 |
| Operating profit | Million yen | 4,902 | 5,078 | 4,514 | 5,456 | 5,487 | 3,965 | 2,091 | 3,355 | 3,665 | 2,958 |
| Ordinary profit | Million yen | 5,091 | 5,169 | 4,524 | 5,493 | 5,370 | 3,999 | 2,266 | 3,514 | 3,818 | 3,100 |
| Profit attributable to owners of parent | Million yen | 3,088 | 3,357 | 2,975 | 3,731 | 3,643 | 2,750 | 1,549 | 1,927 | 2,625 | 2,050 |
| Capital investment | Million yen | 827 | 1,405 | 1,389 | 1,578 | 1,152 | 1,538 | 1,905 | 2,127 | 1,405 | 6,117 |
| Depreciation expenses | Million yen | 1,212 | 1,144 | 1,203 | 1,148 | 1,291 | 1,420 | 1,519 | 1,515 | 1,365 | 1,324 |
| R&D expenses | Million yen | 656 | 685 | 679 | 796 | 897 | 946 | 819 | 917 | 1,045 | 1,001 |
| Financial Position | | | | | | | | | | | |
| Total assets | Million yen | 53,966 | 56,429 | 57,563 | 61,821 | 62,250 | 61,809 | 61,721 | 64,334 | 66,835 | 65,478 |
| Net assets | Million yen | 46,424 | 48,107 | 49,746 | 52,807 | 54,402 | 54,107 | 54,502 | 55,730 | 57,971 | 57,587 |
| Total shareholders' equity | Million yen | 44,766 | 47,230 | 49,120 | 51,661 | 53,700 | 53,759 | 53,935 | 55,000 | 56,432 | 55,041 |
| Cash Flows | | | | | | | | | | | |
| Cash flows from operating activities | Million yen | 4,881 | 4,055 | 4,884 | 4,980 | 3,667 | 3,491 | 3,758 | 2,953 | 2,299 | 2,307 |
| Cash flows from investment activities | Million yen | -426 | -4,198 | -3,989 | -4,021 | -2,936 | -1,101 | -6,115 | 3,639 | 4,652 | -333 |
| Cash flows from financing activities | Million yen | -909 | -1,050 | -1,283 | -1,389 | -1,806 | -2,943 | -1,643 | -1,152 | -1,498 | -3,740 |
| Cash and cash equivalents | Million yen | 17,069 | 15,776 | 15,286 | 14,889 | 13,835 | 13,334 | 9,270 | 14,781 | 20,403 | 18,805 |
| Financial Indicators | | | | | | | | | | | |
| Equity-to-asset ratio | % | 86.00 | 85.23 | 86.41 | 85.41 | 87.38 | 87.53 | 88.29 | 86.61 | 86.72 | 87.93 |
| Return on equity (ROE) | % | 6.90 | 7.10 | 6.08 | 7.27 | 6.80 | 5.07 | 2.85 | 3.50 | 4.62 | 3.55 |
| Share Information | | | | | | | | | | | |
| Book value per share (BPS) | Yen | 2,184.16 | 2,263.45 | 2,340.93 | 2,484.97 | 2,560.06 | 2,620.66 | 2,685.92 | 2,746.45 | 2,886.57 | 3044.05 |
| Earnings per share (EPS) | Yen | 145.35 | 157.99 | 140.02 | 175.59 | 171.48 | 131.16 | 76.08 | 94.99 | 129.50 | 104.14 |
| Annual dividends per share | Yen | 38.00 | 48.00 | 52.00 | 71.00 | 69.00 | 53.00 | 31.00 | 40.50 | 53.00 | 43.00 |
| Dividend payout ratio | % | 26.1 | 30.4 | 37.1 | 40.4 | 40.2 | 40.1 | 40.5 | 42.6 | 40.7 | 40.8 |



Non-financial Data (ESG-related Data)

| | Unit | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|------------------|--------|--------|--------|--------|--------|
| Environmental ^{*1} | | | | | | |
| Scope 1 greenhouse gas (GHG) emissions | tCO ₂ | 1,053 | 852 | 905 | 846 | 792 |
| Scope 2 greenhouse gas (GHG) emissions | tCO ₂ | 5,482 | 5,222 | 5,778 | 5,437 | 4,606 |
| Scope 3 greenhouse gas (GHG) emissions | tCO ₂ | - | - | - | - | 77,321 |
| Social ^{*2} | | | | | | |
| Number of employees | Person | 431 | 459 | 466 | 461 | 466 |
| Percentage of mid-career recruitment | % | 45.6 | 30.8 | 33.3 | 35.7 | 64.3 |
| Rate of employees taking paid leave | % | 49.0 | 37.0 | 51.8 | 59.2 | 63.0 |
| Resignation rate | % | 4.5 | 3.3 | 3.1 | 4.2 | 7.2 |
| Percentage of female managers | % | 3.8 | 6.2 | 5.7 | 6.7 | 5.9 |
| Number of employees who took childcare leave | Person | 1 | 2 | 1 | 7 | 10 |
| Rate of male employees who took childcare leave | % | 0 | 0 | 0 | 37.5 | 41.7 |
| Governance ^{*2} | | | | | | |
| Number of Directors | Person | 6 | 5 | 5 | 5 | 6 |
| Percentage of Outside Directors | % | 33.3 | 40 | 40 | 40 | 50 |
| Percentage of female Directors | % | 16.7 | 20 | 20 | 20 | 16.7 |
| Number of Audit & Supervisory Board members | Person | 3 | 3 | 3 | 3 | 3 |
| Percentage of outside Audit & Supervisory Board members | % | 66.7 | 66.7 | 66.7 | 66.7 | 66.7 |

*1 Calculated based on data obtainable as of July 2024

*2 NITTO KOHKI non-consolidated



Global Network



Midland Sales Div.

JAPAN



Western Sales Div.



Sales and distribution offices in Japan

- **Headquarters , R&D Lab/ Eastern Sales Div. /**
Tokyo Branch I, Tokyo Branch II
2-9-4, Nakaikegami, Ota-ku, Tokyo, Japan
- **Western Sales Div. / Osaka Branch I, Osaka Branch II**
2-10-10, Fukaekita, Higashinari-ku, Osaka-shi, Osaka, Japan
- **Western Japan Distribution Center**
3-3-12, Hama, Tsurumi-ku, Osaka-shi, Osaka, Japan
- **Midland Sales Div. / Nagoya Sales Branch**
3-173-2, Yashirodai, Meito-ku, Nagoya-shi, Aichi, Japan
- **Sapporo Sales Branch**
1-3-10, Higashisapporo-gojo, Shiroishi-ku, Sapporo-shi, Hokkaido, Japan
- **Sendai Sales Branch**
3-2-4, Oroshi-machi, Wakabayashi-ku, Sendai-shi, Miyagi, Japan
- **Niigata Sales Branch**
3-4-10, Meikeshinmei, Chuo-ku, Niigata-shi, Niigata, Japan
- **Matsumoto Sales Branch**
4082-7, Shimauchi, Matsumoto-shi, Nagano, Japan
- **Kitakanto Sales Branch**
76-1, Yanagihara-cho, Isesaki-shi, Gunma, Japan
- **Shizuoka Sales Branch**
6-15-4, Kutsunoya, Aoi-ku, Shizuoka-shi, Shizuoka, Japan
- **Hamamatsu Sales Branch**
1341, Sasagase-cho, Chuo-ku, Hamamatsu-shi, Shizuoka, Japan

- **Mikawa Sales Branch**
5-7-3, Daimon, Okazaki-shi, Aichi, Japan
- **Hokuriku Sales Branch**
3-1-26, Toide-machi, Takaoka-shi, Toyama Japan
- **Kyoto Sales Branch**
31, Takedakitamitsugui-cho, Fushimi-ku, Kyoto-shi, Kyoto, Japan
- **Takamatsu Sales Branch**
51-13, Matsunawa-cho, Takamatsu-shi, Kagawa, Japan
- **Okayama Sales Branch**
17-101, Tatsumi, Kita-ku, Okayama-shi, Okayama, Japan
- **Hiroshima Sales Branch**
3-1, Mitaki-machi, Nishi-ku, Hiroshima-shi, Hiroshima, Japan
- **Fukuoka Sales Branch**
1-12-9, Tokoji-machi, Hakata-ku, Fukuoka-shi, Fukuoka, Japan

Production bases

- **TOHOKU NITTO KOHKI CO., LTD. MEDOTECH Plant**
1-1-36, Wakamiya, Yamagata-shi, Yamagata, Japan
- **TOHOKU NITTO KOHKI CO., LTD. SHIRAKAWA Plant**
12, Yokomine, Kurabeishi, Shirakawa-shi, Fukushima, Japan
- **TOCHIGI NITTO KOHKI CO., LTD.**
3473-2, Ujiie, Sakura-shi, Tochigi, Japan
- **NITTO KOHKI INDUSTRY (THAILAND) CO., LTD.**
64,64/1 Moo 9 Rojana Industrial Park, Rojana Road, Thanu Sub-district, U-thai District, Ayutthaya 13210, Thailand

Overseas offices

The Americas

- **NITTO KOHKI U.S.A., INC.**
46 Chancellor Drive, Roselle, Illinois 60172, U.S.A.

Europe, the Middle East and Africa

- **NITTO KOHKI EUROPE GmbH**
Gottlieb-Daimler-Str. 10, 71144 Steinenbronn, Germany
- **NITTO KOHKI EUROPE GmbH UK Branch**
Unit A5, Langham Park Industrial Estate, Maple Road, Castle Donington, Derbyshire DE74 2UT, United Kingdom

East Asia

- **NITTO KOHKI (SHANGHAI) CO., LTD.**
Room 2602, Shanghai International Trade Centre, No.2201 Yan An West Road, Shanghai 200336, China
- **NITTO KOHKI (SHANGHAI) CO., LTD. Shenzhen Branch**
Room 708, Building 1, Wanting Building, No. 2009 Baoyuan Road, Baoan District, Shenzhen, Guangdong 518102, China



Headquarters



Australia



United States



Germany



United Kingdom

South East Asia

- **NITTO KOHKI CO., LTD. Singapore Branch**
18, Kaki Bukit Road 3, #02-12, Entrepreneur Business Centre, Singapore 415978
- **NITTO KOHKI CO., LTD. Bangkok Representative Office**
2 Jasmine Building, 22nd Floor, Soi Prasarnmitr (Sukhumvit 23), Sukhumvit Road, North Klongtoey, Wattana, Bangkok 10110, Thailand
- **NITTO KOHKI CO., LTD. India Liaison Office**
14th Floor, Tower 5B, DLF Epitome, DLF Cyber City, Phase 3, Gurugram, Haryana 122002, India
- **NITTO KOHKI CO., LTD. Indonesia Representative Office**
Plaza Marein 23rd Floor Jl. Jend. Sudirman Kav. 76-78, Jakarta 12910, Indonesia

Oceania

- **NITTO KOHKI AUSTRALIA PTY LTD**
77 Brandl Street, Eight Mile Plains, Queensland 4113, Australia

Corporate Outline & Share Information

Corporate Outline

| | |
|---------------------|--|
| Name | NITTO KOHKI CO., LTD. |
| Representative | Representative Director, President CEO Akinobu Ogata |
| Address | 2-9-4, Nakaikegami, Ota-ku, Tokyo 146-8555, Japan |
| Founded | October 22, 1956 |
| Capital | 1.85 billion yen |
| Number of employees | 1,014 (consolidated) / 466 (non-consolidated) as of March 31, 2024 |

Origin of Corporate Name and Trademark

NITTO KOHKI

Corporate Name

Our name is a Japanese acronym taken from the company's location in eastern Japan (**N**ippon no **to**-bu), its mission to produce labor-saving tools (**ko**-gu), and the founder's name (**Miki**ya). In addition, when written in Japanese, this name is comprised of four bisymmetrical characters, representing our wish to be the well-balanced, creative company as it grows.



Trademark

This mark consists of NITTO KOHKI's initial "N" overlapping with an infinity symbol (∞), surrounded by a turbine blade. This mark represents our corporate attitude of moving forward with a belief in infinite possibilities, accelerated by the strong powers of wisdom and courage.

Share Information

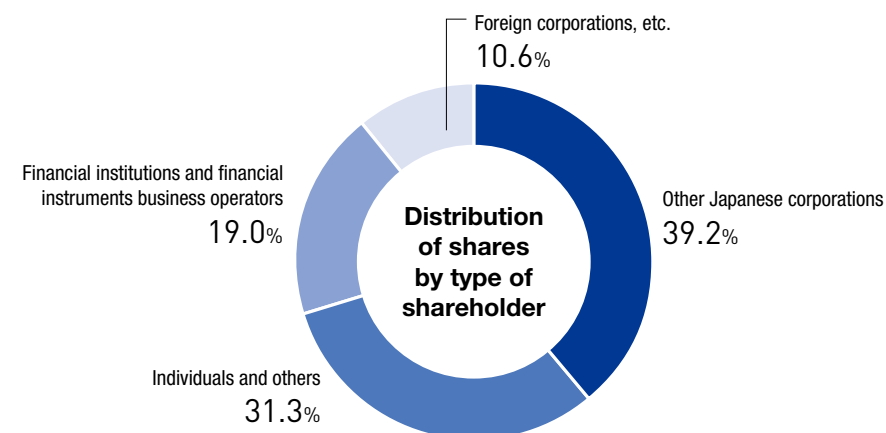
| | |
|--|---|
| Listed on | Prime Market, Tokyo Stock Exchange |
| Security code | 6151 |
| Total shares issued | 21,803,295 shares (including 2,888,000 treasury shares) |
| Number of shareholders | 5,301 |
| Base date | March 31 of each year |
| Lot size | 100 shares |
| Account management institution of special account for shareholder register administrator | Mitsubishi UFJ Trust and Banking Corporation |

Major Shareholders (as of March 31, 2024)

| Name | Shares held (in 1,000 shares) | Shareholding ratio (%) |
|--|-------------------------------|------------------------|
| Nikki Co., Ltd. | 7,272 | 38.5 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 1,426 | 7.5 |
| The Master Trust Bank of Japan, Ltd. (retail trust account and share management) | 1,241 | 6.6 |
| Haruko Mikiya | 687 | 3.6 |
| Yoko Takata | 646 | 3.4 |
| MUFJ Bank, Ltd. | 596 | 3.2 |
| Mikiya Corporation LLC | 565 | 3.0 |
| Mikiya Enterprise LLC | 415 | 2.2 |
| Custody Bank of Japan, Ltd. (trust account) | 381 | 2.0 |
| NITTO KOHKI Employee Stock Ownership Association | 340 | 1.8 |

The number of shares held is rounded down, while the shareholding ratio is rounded to the nearest percentage. Treasury shares (2,888,000 shares) have been excluded from the above shareholders and are not included in the calculation of the shareholding ratio.

Shareholding Information (as of March 31, 2024)



NITTO KOHKI CO., LTD.

2-9-4, Nakaikagami, Ota-ku, Tokyo 146-8555, Japan

<https://www.nitto-kohki.co.jp/e>