



March 25, 2025

Company Name: TOPY INDUSTRIES, LIMITED
Representative: Hiromi Ishii, President and CEO
(Code: 7231 Tokyo Stock Exchange Prime Market,
Nagoya Stock Exchange Premier Market)
Contact: Tomoki Oyaizu, Operating Officer and
General Manager, General Affairs Department
(TEL: +81-3-3493-0777)

**Action to Implement Management that is Conscious of
Cost of Capital and Stock Price (Updates)**

TOPY INDUSTRIES, LIMITED hereby announces that it has updated the details of the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” announced on March 26, 2024 based on the analysis and evaluation of the current status and the progress of initiatives.

Please see the attached for details.

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Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Updates)

March 25, 2025

TYO 7231

TOPY INDUSTRIES, LTD.

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•Assessment of the Current Status

Mar. 2024

Announced and promoted the “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

ROE

FY2023 financial settlement

Declined due to posting impairment losses

FY2024 financial settlement (Forecast)

Expected to remain flat due to lower profit from weak demand despite recording the gain on sale of cross-shareholdings

PBR

Declined due to diminishing growth expectations

Remains at less than the cost of equity
(considered to be approx. 8%)

Remains at below 1x

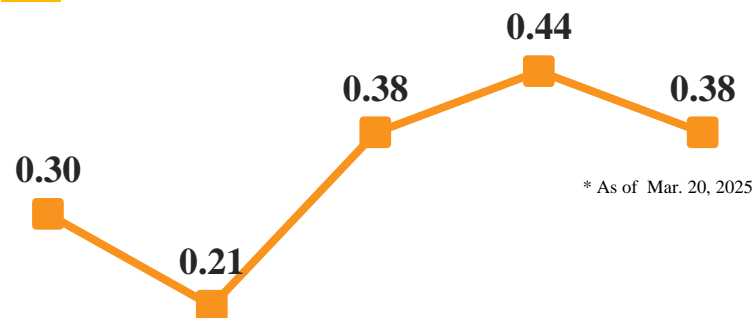
Conscious of the urgent need for further enhancing profitability and capital efficiency, and nurturing growth expectations

Working to revise the Medium-Term Management Plan
which ends in the fiscal year ending Mar. 31, 2026

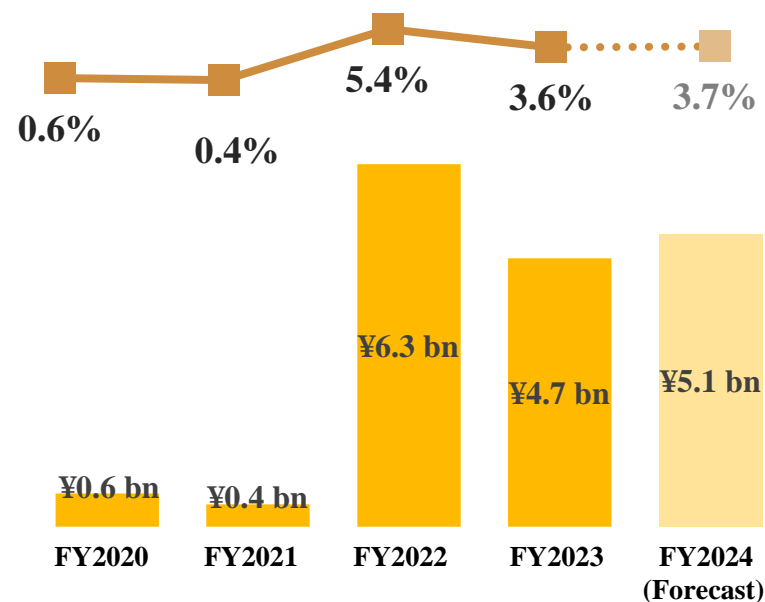
The revised Plan will be announced in May 2025.

ROE PBR

Profit attributable to owners of parent



* As of Mar. 20, 2025



Review of the Medium-Term Management Plan

Key points of the new Medium-Term Management Plan (MTMP)

Based on the recognition of the **market demand gained through dialogue with investors, consider various measures.**

Opinions from investors

Please specify your growth strategies

Further reduction in cross-shareholdings is necessary to improve capital efficiency

Please explain your shareholder return policy

Initiatives implemented

To generate growth business, we decided to make organizational changes such as by establishing the **New Business Development Section under the Corporate Planning Department**
(announced on Mar. 4, 2025)

Set the **reduction targets for cross-shareholdings to less than 10% of consolidated net assets** by Mar. 31, 2026
(announced in Nov. 2024)

- **By focusing on stable dividend payment**, we maintained the expected dividends despite the downward revision of FY2024 earnings
- **Repurchased our shares** to pursue a flexible capital policy
(implemented in Feb. 2025)

New MTMP under review

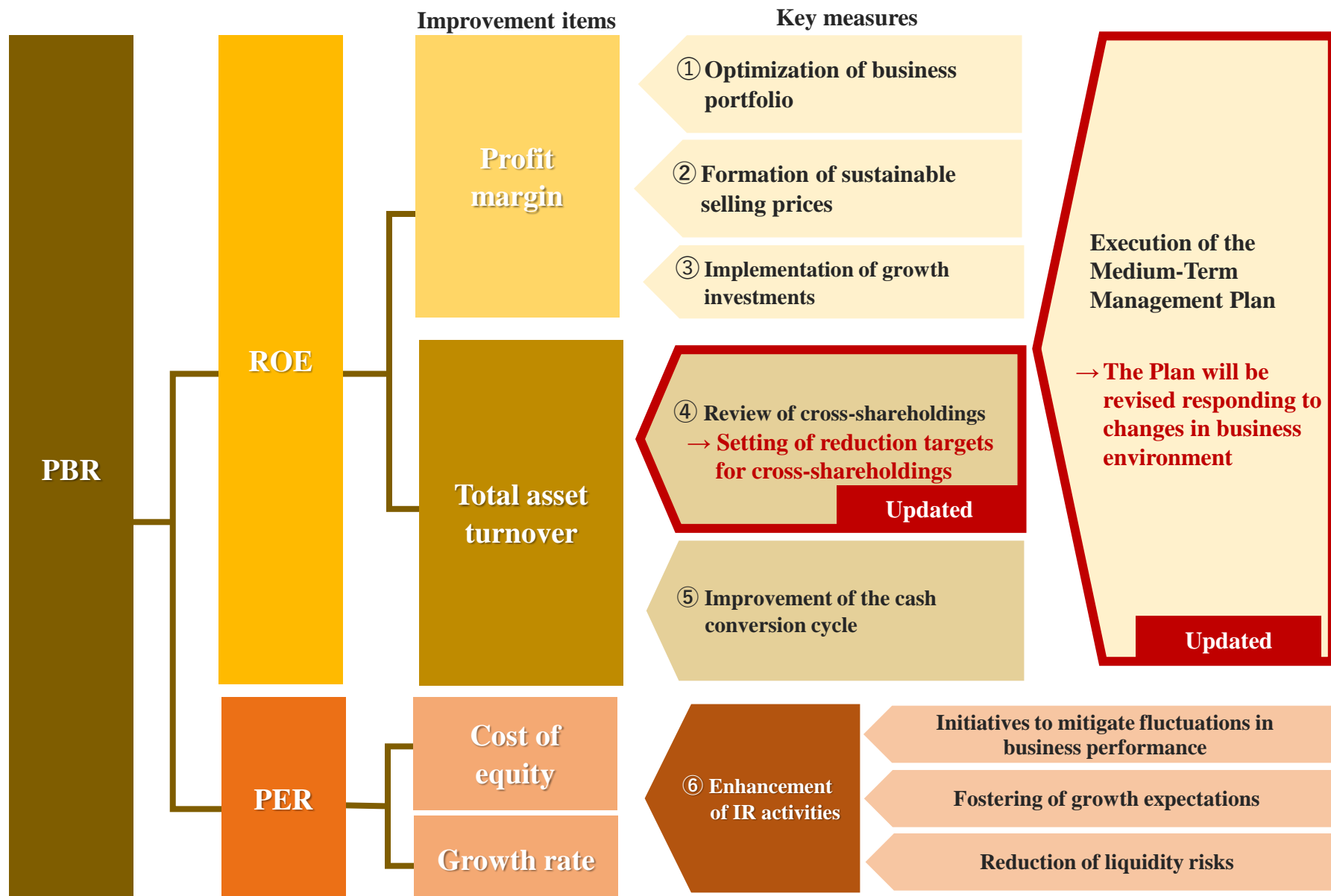
To be announced in May 2025

Updates to the response policy and progress of the response

***This is as of today (before the revision of the Medium-Term Management Plan)**

Includes the same content of the financial briefing for FY2024 2Q

Updates to the Response Policy



Progress status ①: Optimization of business portfolio

- We have **steadily promoted the optimization of business portfolio** by focusing on capital productivity.

Discontinuation of the Power Generation business



Discontinued business due to deterioration of profitability from soaring coal prices and lower electricity market prices, and the needs for decarbonization

Reorganization of the fastener business (Discontinuation of the Mexico-based business)



Transferred production sites elsewhere due to lower-than-expected production of automakers and higher fixed costs including labor costs

Reorganization of wheels for passenger vehicles for passenger vehicles business in China



Consolidated sites in response to the trend of production downsizing in China due to a weak market share of Japanese automakers in the Chinese market

Future policy

Consider optimization of global production sites with continued focus on profitability

Progress status ②: Formation of sustainable selling prices

- We will focus on formulating sustainable selling prices while driving cost reduction through rationalization investments, to build a business foundation less vulnerable to changes in the business environment.
- **We have been gaining customer's understanding** due to social momentum calling for appropriate sales prices and promoting the value of our products. **We will continue persistent negotiation.**

Until FY2023

Establishment of system to reflect cost increases in raw materials as well as energy, sub materials, foreign exchange rates in selling prices in a timely manner

Review of business practices for price setting

FY2024 and onward

Revise base prices

Increase in labor costs

Increase in logistics costs

Formation of sustainable selling prices

Progress status ③: Implementation of growth investments (FY2024)

- **Growth investments along the growth strategy of each business**

Steel business

Upgrades in recycling business

Increase of a non-metal selection line



Upgrade metal resource collection and improve profitability



Aluminum wheel business

Strengthen the competitiveness with high value-added products

Renewal of a painting line



Improve quality and reduce costs



Common

Improve productivity by automation

- Implement a predictive maintenance system
- Automatic detection of steel surface defect in the appearance inspection, etc.
- Visualize the operation status by a transition to smart factories



Improve productivity and quality guarantee

Common

Promote carbon neutrality

On-site PPA model Installation of solar power generation facilities



Enhance environmental added value

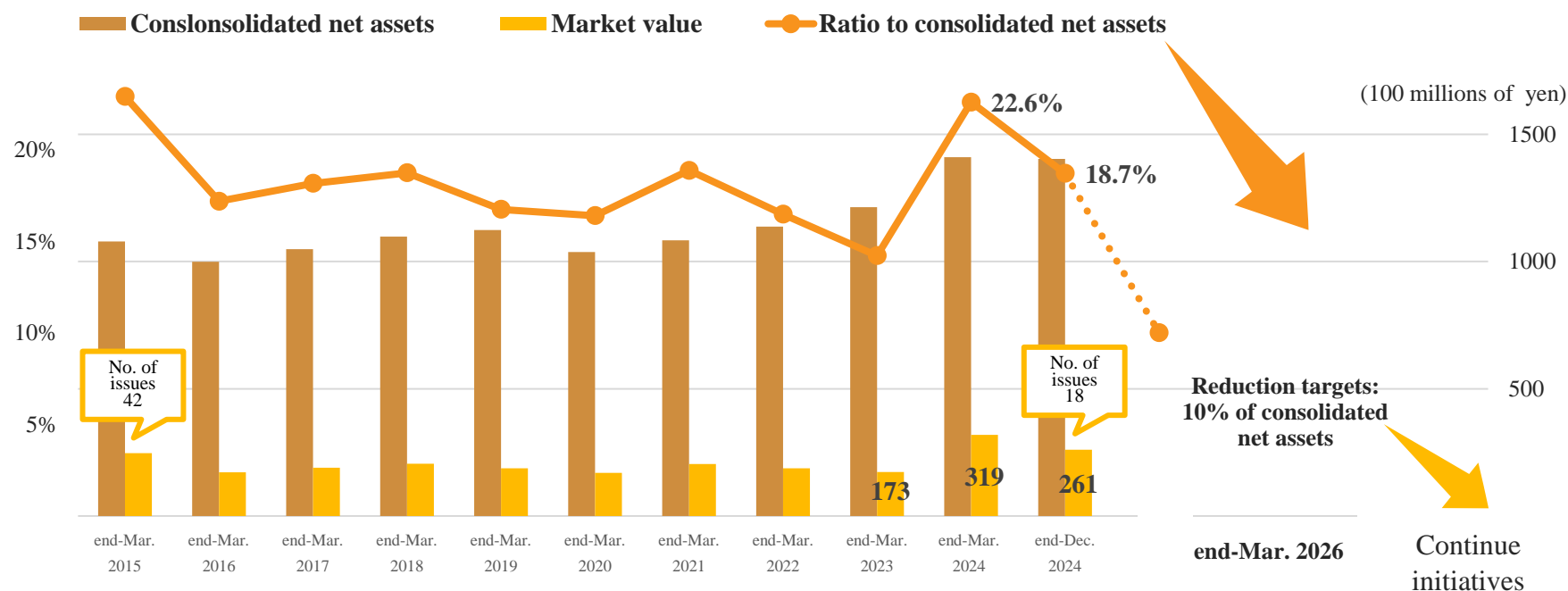


Progress status ④: Setting of reduction targets for cross-shareholdings

- Set the reduction targets for cross-shareholdings to further improve capital efficiency

Reduction targets: Reduce cross-shareholdings to less than 10% of consolidated net assets by Mar. 31, 2026

- With further reduction, the ratio to consolidated net assets as of Mar. 31, 2024 **declined from 22.6% to 18.7%** (as of Dec. 31, 2024)



Acquired cash will be utilized to implement management that is conscious of cost of capital and stock price

Consider

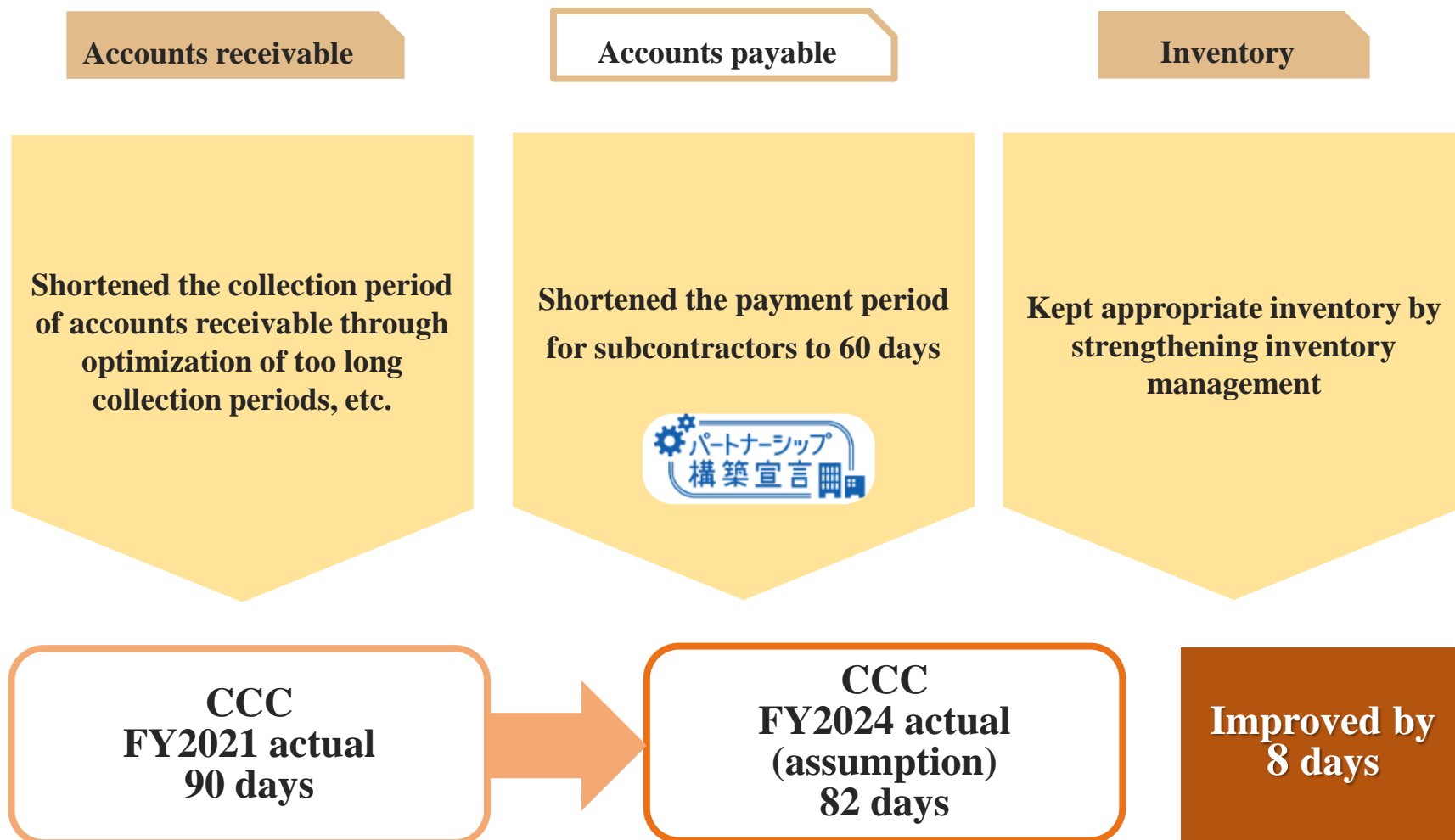
Optimization of business portfolio

Growth investment

Shareholder returns

Progress status ⑤: Improvement of CCC (cash conversion cycle)

- Improved the CCC by shortening the collection period of accounts receivable and strengthening inventory management



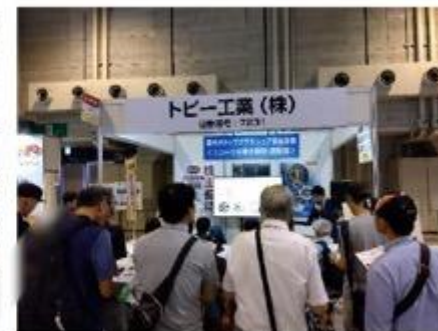
Progress status ⑥: Enhancement of IR activities

- Enhance IR activities for individual investors to nurture market understanding

Participated in events for individual investors



Tokyo (Jul. 2024)



Osaka (Sep. 2024)

Held the first financial briefing for individual investors (first time)

上場企業6社のプレゼン+質疑応答
**個人投資家向け
IRセミナー**

2024年12月14日(土)
11:00~17:00

logmi Finance

Archived videos

https://finance.logmi.jp/ir_live/611

logmi Finance トピー工業 (7231)

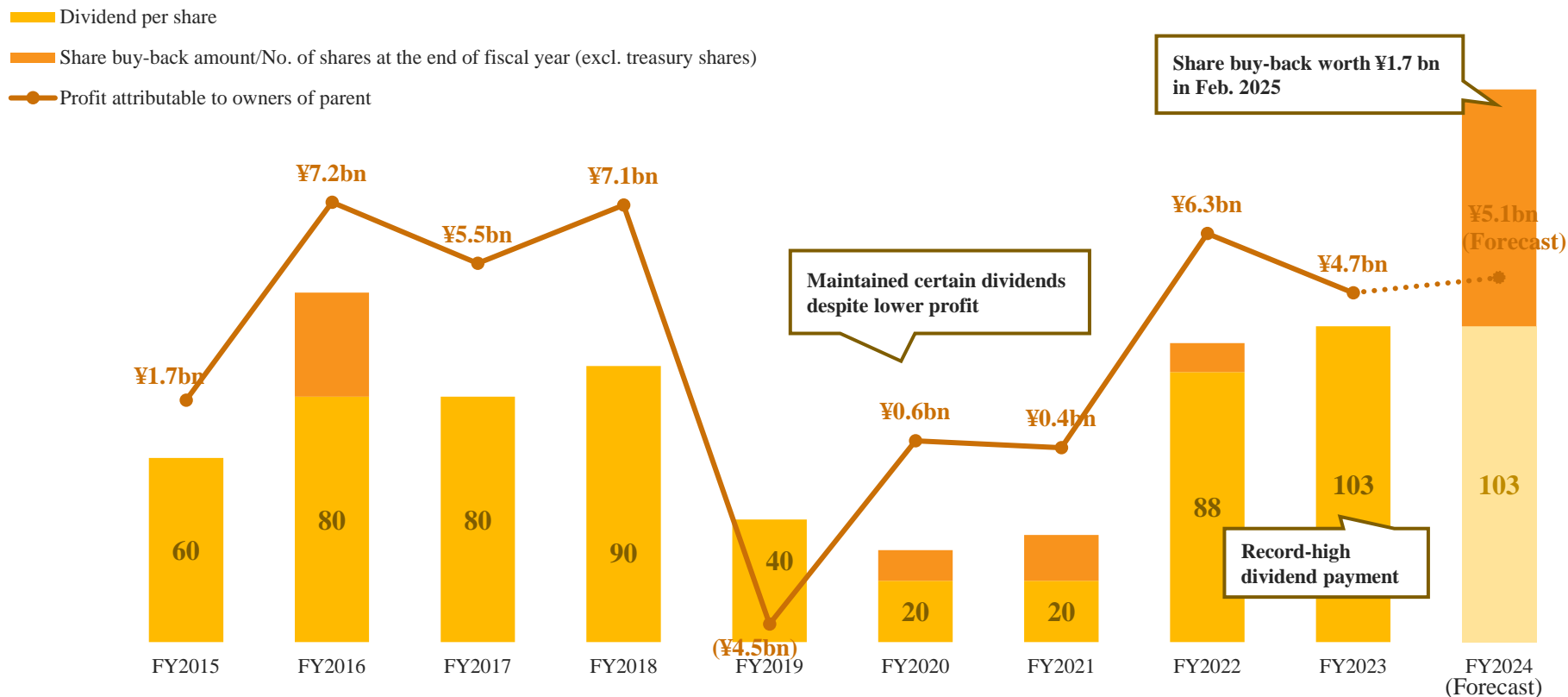
事業構成

Transcript articles

<https://finance.logmi.jp/articles/380900>

- Work to reduce cost of shareholders' equity by continuing enhancement of IR activities

Reference: Status of shareholder returns



Payout ratio	83.6%	26.3%	34.2%	29.7%	—	81.0%	120.4%	31.8%	50.3%	44.6%
Total payout ratio		35.8%				121.8%	211.0%	35.4%		78.8%

【Approach to shareholder returns】

The dividend payout ratio is set at **30% to 35%** of profit attributable to owners of parent, excluding one-time gains and losses that do not involve changes in cash and deposits, and dividends from retained earnings are determined after giving **due consideration to maintaining stable dividend.**