



TPR

TPR Integrated Report 2024

For the Fiscal Year Ended March 31, 2024

TPR Co., Ltd.



Founded on Technology, Passion, and Reliance, Create Tomorrow's World

TPR

TPR is derived from the key words **Technology, Passion, and Reliance**, and these are the values we hold dear in our Corporate Philosophy, Management Attitude, and Guiding Principles.

This reflects our determination that "with unmatched technology and passion we will attempt to create valuable products to answer our customers' reliance on us."

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Technology

TPR is deploying its superior technological capabilities to respond to innovations in engines and new fuels. We are also engaged in multifaceted R&D and new business development. By further enhancing and combining the technologies we have cultivated, we will respond to various needs and nurture seeds in the market by offering products with superior environmental performance.

Passion

All of us at TPR are pursuing excellence in production, engineering, development, sales, or administration with vigor and enthusiasm, embracing new challenges. The global network we have built with our customers in regions worldwide is the fruit of TPR's passion.

Reliance

The trust of our customers around the world in TPR's commitment to monozukuri and quality is an irreplaceable asset that we have earned over a long period of time as attested by our proven track record. With that trust as our lodestar, we will strive to meet our customers' expectations and further deepen their trust as an enterprise with the flexibility and agility to win in the global market.

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Editorial Policy

This integrated report is a communication tool designed to provide shareholders, investors, business partners, employees, and other stakeholders with easy-to-understand information on TPR's management policies, business strategies, and financial information, as well as on TPR's various activities, including CSR activities aimed at realizing a sustainable society, to help them understand our corporate value, growth potential, and business continuity.

Period Covered

Fiscal 2023 (from April 1, 2023 to March 31, 2024), in principle. (This report also introduces activities outside the period covered.)

Scope

TPR Co., Ltd. and its consolidated subsidiaries (The content also covers other TPR Group companies in Japan to some extent.)

Disclaimer

The information on the Company's current plans and strategies contained in this report is based on the information currently available to the Company. Therefore, actual results may differ significantly from the forecasts owing to various risks, uncertainties, and other factors.



Realizing a Clean and High-quality Global Society

Corporate Philosophy

With our origins in sophisticated powertrains, we shall try to achieve unlimited potential, and contribute to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value.

Management Attitude

We will create and meet expectations to win the highest trust of our customers.
We will expand and deepen our technologies to offer world-leading products.
We will develop and learn from people, and realize a meaningful and rewarding workplace together with our employees.

Guiding Principles

With passion, we see things through to the end.
Challenge with passion. Pursue with passion.
Create with passion. Discuss with passion.



Corporate Message

TPR: Your World in Motion

Mission

Delivering “Motion” and “Emotion”
to the world

Vision

Realizing a comfortable and sustainable future
through our products and services

Value

Supporting the global society
with Technology, Passion and Reliance



We will continue to expand the range of value we offer to support society by delivering “motion” and “emotion” to the world.

TPR will accelerate its “two-wheeled management” by making vigorous investments over the next three years to maximize profits of the Powertrain Business and expand the Frontier Business.

Guided by our newly established Corporate Message, we will lay the foundation for growth to realize a prosperous future.

Advancing into the future by sharing the thoughts encapsulated in the Corporate Message throughout TPR

As stated in our Corporate Philosophy, with its origins in sophisticated powertrains, TPR has been contributing to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value. This Corporate Philosophy, along with the Management Attitude and the Guiding Principles, was established on the occasion of the 50th anniversary in 1991. Now, nearly 35 years later, these principles remain a firm foundation, and we will continue to share and uphold them as our unchanging commitment.

At the same time, the social and market environment around us has been evolving rapidly and dramatically. In the automotive industry, TPR’s primary customer base, the “CASE revolution,” including the shift to EVs, is progressing amid increasing environmental awareness centering on carbon neutrality, shifting consumption trends, and diversification of values. Recently, the COVID-19 pandemic and the rise of geopolitical risks have led to disruptions in supply chains and production cutbacks due to semiconductor shortages and other factors. Even as these issues are addressed, the outlook remains uncertain, exacerbated by rising interest rates, currency fluctuations, and a deteriorating cost

environment.

In light of these changes, we reflected on the value TPR will offer, the challenges we will address to contribute to society, and what our mission will be to ensure our continued presence in the world. We discussed each element anew, which led to the development of our Corporate Message, which serves as the premise of our new Medium-Term Management Plan. We have also clearly articulated the framework consisting of our Mission, Vision, and Value.

TPR: Your World in Motion. This Corporate Message embodies our aspiration to be an enduring company that is sought after by the world, **delivering “motion” and “emotion.”** By leveraging our technologies rooted in powertrains, we will continue to expand the range of value we offer. Every one of our employees will translate this vision into action and continue to advance boldly into the future.

In the past four years, we have initiated “two-wheeled management” in response to the changing environment, establishing a pathway that will lead to the next stage of TPR’s development

In the previous four-year Medium-Term Management Plan (2023 Medium-Term Management Plan), which concluded in fiscal 2023, we implemented a growth strategy with



Hiroshi Suehiro

Representative Director, Chairman & CEO



Kazumi Yano

Representative Director, President & COO

four pillars: “secure a commanding position in powertrain products,” “speed up our active development of new business,” “thoroughly maintain safety, environmental, and disaster prevention standards,” and “create a motivating work environment.” In fiscal 2021, the second year of the plan, we began promoting “two-wheeled management” as part of our long-term vision toward 2040—the year marking our 101st anniversary. This approach set the direction for the diversification business beyond the engine area and for the early commercialization of the new business, while maximizing profits of our core powertrain business.

As a result, whereas the final year targets were net sales of 178.5 billion yen, ordinary profit of 21.0 billion yen, ROE of 10% or more, and an equity-to-asset ratio of 45% or more, our financial performance for fiscal 2023 greatly exceeded the targets for net sales and the equity-to-asset ratio. However, we fell short of the targets for ordinary profit and ROE. In the first half of the period covered by the plan, our sales and marketing activities were constrained by the market stagnation caused by the COVID-19 pandemic, and various impacts continued thereafter. This led to rising costs, which affected profits. With regard to the decline in profit margins, we recognize that issues concerning product and sales capabilities also need to be addressed.

In promoting two-wheeled management, the

powertrain business faced a challenging business environment and, as a result, fell short of its profit target. However, I think it is commendable that we were able to continue gaining market share. Regarding the other wheel, the diversification business and new business, we made notable progress. In the diversification business, we forged ahead with “selection and concentration,” including the decision to withdraw from the copper business and concentrate resources on the rubber and resin business. In new business, we established a new R&D center, TPR ARN (Anhui) New Energy R&D Co., Ltd. (TANE) in Anhui Province, China, as a joint venture in March 2022, and received orders and started mass production of EV-related components.

Regarding two-wheeled management, in order to clarify the direction of the diversification business and new business, as well as the positioning of the automotive exterior business handled by our Group company Faltec, we have consolidated them as the “Frontier Business.” To strengthen the value we offer in the non-powertrain field, we will continue to focus on this integration. Going forward, with the Powertrain Business and the Frontier Business as the two wheels of management, we intend to allocate resources appropriately and effectively while pursuing collaboration across the Group.



Over the next three years, we will accelerate the two-wheeled management and lay the foundation for sustainable growth

Under the new three-year Medium-Term Management Plan (2026 Medium-Term Management Plan), launched in fiscal 2024, we will accelerate two-wheeled management, looking to the future with the theme of “Preparing for Further Growth.” Performance targets for fiscal 2026 are net sales of 210.0 billion yen, ordinary profit of 22.0 billion yen, profit attributable to owners of parent of 12.5 billion yen, and ROE of 8.0%. For the Frontier Business, we aim to increase its share of net sales to over half and its share of ordinary profit to 15% by fiscal 2026.

Furthermore, as part of our medium- to long-term vision, we aim to achieve net sales of 230.0 billion yen and ordinary profit of 24.0 billion yen by fiscal 2030. Additionally, we plan to increase the Frontier Business’s share of net sales to more than 60% and the share of ordinary profit to more than 40%. The performance targets set in the 2026 Medium-Term Management Plan, mentioned above, were determined by backcasting from our fiscal 2030 targets.

Regarding the key strategy of the 2026 Medium-Term Management Plan, for the Powertrain Business, the transition to EVs has slowed, and demand for internal combustion engine parts is expected to persist for the foreseeable future. There will also be a need to address the development of new engines. We will capture these needs without fail and expand our sales channels beyond those for finished vehicles. Simultaneously, we will focus on reducing costs, optimizing our cost structure, and adjusting prices to reflect cost increases, in an effort to maximize profits.

We plan to allocate capital investment totaling 14 billion yen to the Powertrain Business over the three

years of the 2026 Medium-Term Management Plan, in order to enhance technological capabilities for new engine development, while working to increase order-taking, and forge ahead with initiatives for production efficiency enhancement, manufacturing innovation, and quality improvement.

In the Frontier Business, we aim to further expand the rubber and resin business, which has been a pillar of our diversification efforts. Our focus will be on cultivating new markets, strengthening product rollouts, and developing innovative products leveraging our nanomaterial technology.

Within the new business, TANE, our new R&D center in China, will spearhead our efforts to expand EV-related products and drive global business development. As a new initiative, we established an EV-related parts production company in Mexico in March 2024 in collaboration with a Chinese company, which is our joint-venture partner for TANE. The new parts production company will start supplying U.S. customers by the end of the year. Regarding early commercialization of nanomaterials, individual carbon nanotube projects have progressed to the mass-production stage, and we will continue to build on our track record.

Faltec’s automotive exterior business will concentrate on expanding its customer base and creating group synergies. By advancing the development of products for next-generation mobility and strengthening collaboration within the Group, we aim to address emerging needs as part of the Frontier Business.

So far, TPR’s R&D functions have been dispersed throughout its production sites in Japan. To bolster R&D capabilities for the Frontier Business, we plan to establish a new technology center in Tokyo, consolidating the development units for the diversification business and new business. The aim is to foster a collaborative development structure where resources are shared across companies to maximize synergies. Additionally, locating the technology center in Tokyo is expected to facilitate collaboration with external parties, including customers, while enhancing our ability to attract excellent researchers and engineers.

In order to promote these initiatives and to prepare for further growth, we plan to allocate a total of 44 billion yen in capital investment and growth investment to the Frontier Business over the three years of the 2026 Medium-Term Management Plan. This amount is more than three times the investment planned for the Powertrain Business. We will vigorously invest from a long-term perspective, with a view to executing M&A and strategic investments.



Human capital strategies to increase employee engagement and corporate value

Employees are our most important asset, and for us, a human capital strategy that increases employee engagement and leads to increased corporate value is a top management priority.

Internally, management is striving to enhance communication with all employees through townhall meetings. Top management visits sites in Japan and overseas and holds townhall meetings with 20 to 30 participants. In fiscal 2024, 60 townhall meetings were held by July to promote understanding of the 2026 Medium-Term Management Plan.

At a townhall meeting, management explains company policies and business strategies, and directly grasps employees' opinions, requests, and workplace challenges in a question-and-answer session. A questionnaire survey is conducted after the meeting and insights gathered from the participants are shared with management. Additionally, a follow-up meeting with the board member in charge is held six months later. The cycle of biannual meetings—a townhall meeting and a follow-up with the board member—continues at each site.

Through these initiatives, we believe we are fostering an organizational culture where employees have a deeper interest in and understanding of the company and its operations, while being encouraged to think and act independently.

The 2026 Medium-Term Management Plan calls for investments of a total of 2 billion yen in human capital over the three years. This investment will not only fund the enhancement of education and training, the promotion of reform of human resources systems, and strengthened recruitment, but will also focus on improving and upgrading the workplace environment, a frequent request from employees during townhall meetings.

In August 2024, we launched the Human Capital Management Project Teams, led by the President. The objective is to overcome the weaknesses revealed by the engagement survey and increase employee engagement in order to realize “a meaningful and rewarding workplace together with our employees.” All board members in charge are participating in the project, which is divided into four teams: the Personnel System Reform Team, the Human Resources Development Team, the Human Resources Recruitment Team, and the Working Environment Improvement Team.



Expand shareholder returns while investing aggressively for the future

Looking to the future, we expect to generate a cumulative operating cash flow of 69.0 billion yen over the three years. By utilizing this operating cash flow, as well as cash inflows from the reduction of cross-shareholdings, disposal of idle assets, and effective use of Group funds, we intend to allocate the generated cash to capital investment of 14.0 billion yen in the Powertrain Business, capital investment and growth investment of 44.0 billion yen in the Frontier Business, investment in human capital of 2.0 billion yen, and returns to shareholders.

With respect to shareholder returns, our basic policy is to maintain a dividend payout ratio of 40% or more and to flexibly purchase treasury shares. In line with this policy, we plan to pay an annual dividend of 100 yen per share (interim 50 yen and year-end 50 yen) for fiscal 2024, an increase of 30 yen from the previous fiscal year, for a dividend payout ratio of 40.1%. In December 2023, we revised our shareholder benefit program to provide greater benefits to shareholders who have held TPR shares for an extended period.

Going forward, we will strive to enhance profitability and capital efficiency to achieve an ROE of 8%, which is the target of the 2026 Medium-Term Management Plan. We will also emphasize communication activities with our shareholders and investors. By providing persuasive explanations of our initiatives aimed at achieving long-term growth, we hope to gain positive evaluations in the stock market.

We will continue to evolve and develop as a company that seeks happiness and shares prosperity with all stakeholders.

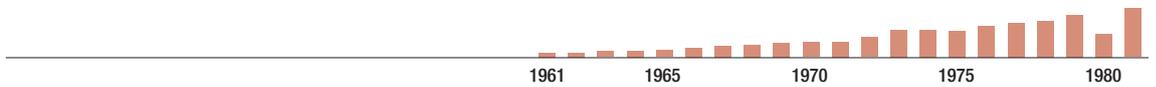


The TPR Group has established a global production and sales network and achieved growth based on the Corporate Philosophy: "With our origins in sophisticated powertrains, we shall try to achieve unlimited potential, and contribute to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value."

Leading the way in technological development, we provide unique powertrain products with superior value at low cost and have been contributing to the "manufacture of environmentally friendly engines." At the same time, we have actively diversified our business and offer customers worldwide automotive exterior parts, as well as the resin and rubber products, which have received high praise.

The automotive industry is in an era of great change. Global environmental and energy challenges are reshaping the business landscape, and demands on companies are becoming increasingly diverse.

Net Sales

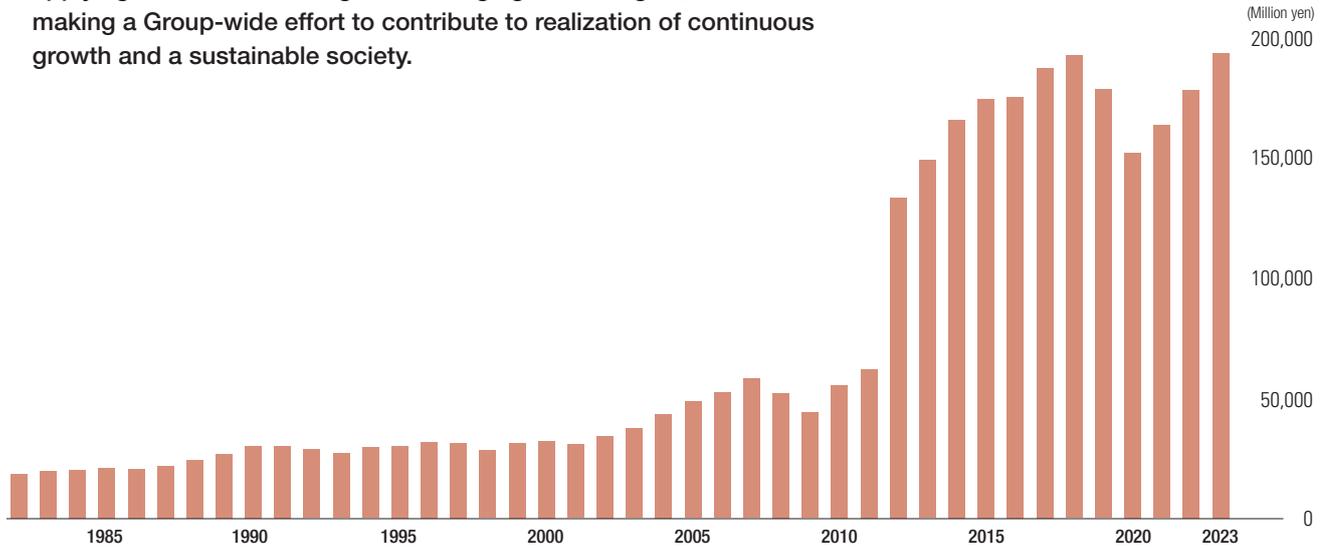


	1939	1940	1950	1960	1970	1980
TPR's turning point	Founded	From wartime demand to civilian industry	Business expansion during the high-growth period		Improvement of efficiency and technology during the low-growth period	
Social background		Rising wartime demand	High-growth period led by domestic demand		Nixon shock	Plaza Accord and yen appreciation
		Postwar economic reconstruction period			Energy crisis	Japan-U.S. trade friction intensified
Milestones in Japan	1939 Tanaka Piston Ring Co., Ltd. established	1940 Nagano Factory established	1945 Switched to civilian demand	1961 Listed on the Second Section of the Tokyo Stock Exchange	1970 Teipi Industry Co., Ltd. (current TPR Industry Co., Ltd.) established	1976 Gifu Factory established 1989 50th anniversary
Milestones outside Japan						

History of Technological Development and Value Provided

Powertrain Business	Chrome-plated piston rings for aircraft highly evaluated	Entered the automotive field with piston rings	Started production of rings for heavy-duty diesel engines Superior durability and economy	Developed wear- and seizure-resistant rings Providing products that meet the needs of the automotive industry
		Developed porous chrome plated liner Used in all types of internal combustion engines, contributing greatly to improved engine performance		Promoted improvement of cylinder liner technology High seizure resistance and wear resistance realized
				Developed sintered valve seats
Frontier Business				

To prosper in such a challenging business environment, we are accelerating cultivation of new fields and creation of new business, applying our core technologies. Leveraging our strengths, we are making a Group-wide effort to contribute to realization of continuous growth and a sustainable society.



1990	2000	2010	2020
Strengthening of the structure and global business development	Diversification and strengthening of response to environmental requirements	2010	Promotion of two-wheeled management
Economic bubble burst Stricter emission regulations, Kyoto Protocol	Growing need for low fuel consumption Bankruptcy of Lehman Brothers	Emphasis on the environment, intensifying competition to improve fuel efficiency	Growing momentum for decarbonization
	1999 Listed on the First Section of the Tokyo Stock Exchange 2004 Technology Center established	2011 Company name changed to TPR 2012 Faltec became a subsidiary	2022 Transitioned to the Prime Market
1990 Started business the U.S. 1991 Started business in Europe	1996 Started business in China 1997 Started business in India	2000 Started business in Indonesia 2003 Started business in South Korea Started business in Turkey 2005 Started business in Thailand 2006 Started business in Vietnam	2014 Started business in Brazil 2022 TPR ARN (Anhui) New Energy R&D Co., Ltd. (TANE) established

Developed ion nitride oil ring Contributing to engine weight reduction and environmental friendliness	Developed 1.5 mm-width oil ring and innovative ring using DLC Contributing to further weight reduction and improved seizure resistance	Advances in DLC processing technology Established PCF03 thick film processing technology Greatly contributing to satisfaction of low-friction needs	Developed outer circumference eccentric technology Achieved further enhancement of engine performance, including improved oil consumption
Developed cast-in liners	Developed AsLock cast-in liners Significant contribution to weight reduction, fuel efficiency, and durability improvement, resulting in an overwhelming market share	Started full-scale mass production of aluminum thermal spray liners Responding to heat management	Developed a cylinder liner with two-stage surface roughness for diesel engines
	Promoted development of sintered valve seats Improved wear resistance	Developed sintered valve guide material and started mass production Adopted by major customers	
Strengthened automatic temperature control valve business Developed infrared equipment Contributing to satisfaction of various industrial needs		Rubber sealing parts Resin and electrical parts Exterior parts	Developed injection molded resin seal rings, etc.; evolved nanomaterial technology for application in mass production; created application-specific products; developed EV-related products Proactively invested in growth areas and nurtured new businesses



TPR in Numbers

Consolidated Results (FY2023)

Net sales 193.8 billion yen

Net assets 189.6 billion yen

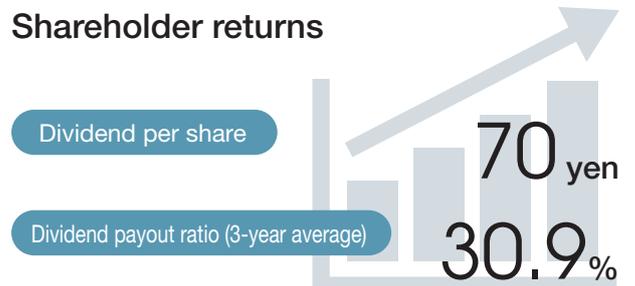
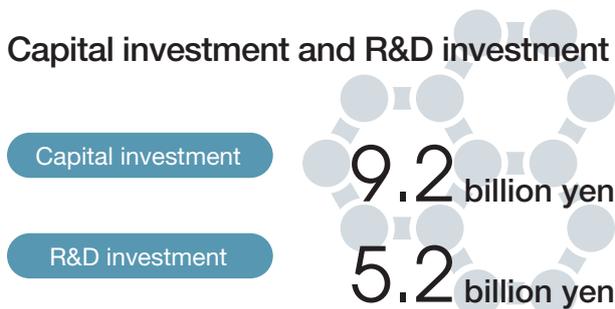
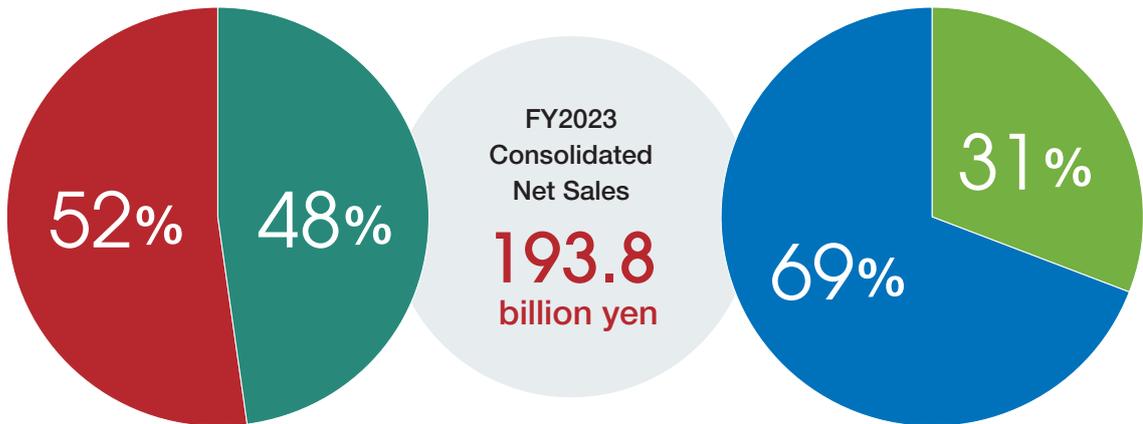
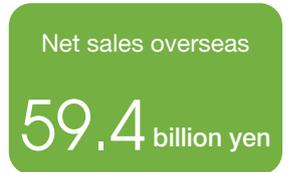
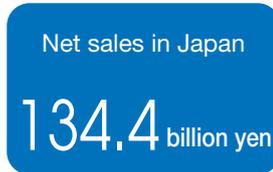
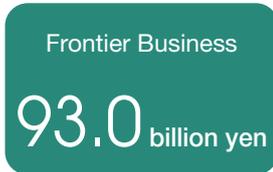
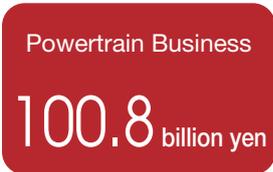
Operating profit 12.5 billion yen

Equity-to-asset ratio 54.2%

Ordinary profit 16.0 billion yen

ROE 5.6%

Profit attributable to owners of parent 8.1 billion yen



Powertrain Business

We offer parts (piston rings, cylinder liners, sintered products, seal rings, etc.) that support engines and transmissions used in automobiles, transportation machinery, industrial machinery, and power generation equipment. We also offer proposals based on advanced development and evaluation technologies.



Piston rings



Cylinder liners

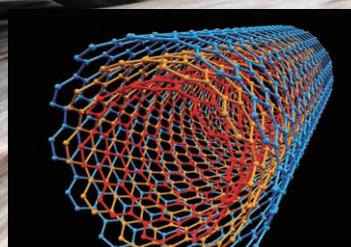


Valve seats, valve guides, and other sintered products

Frontier Business

Focusing on rubber and resin products, EV-related products, nanomaterials, creation of new technology for the future, and automotive exteriors and related equipment, we are promoting commercialization and business expansion.

- Rubber and resin products
- EV-related products
- Nanomaterials
- New business
- Automotive exteriors and related equipment





TPR's Vision for Growth

Corporate Message

TPR: Your World in Motion

Medium-Term Management Plan

Looking to the future, "Preparing for Further Growth"

Social Issues

Response to environmental issues and climate change

Reinforcement of human capital

Enhancement of awareness about safety and security

Stricter governance and compliance

Business Issues

Uncertainty of the global economy

Geopolitical risks

Shift to EVs

Progress of technological innovation

Materiality

→ P.38

See "Materiality and KPIs."

Input

Human capital

- Number of employees: 778 persons on a non-consolidated basis
6,959 persons on a consolidated basis

Manufactured capital

- Number of production sites: 8 sites in Japan
19 sites overseas
- Capital investment: 9.2 billion yen

Social capital

- Stakeholder engagement
- Industry-academia collaboration
- Contribution to local communities and society

Intellectual capital

- R&D investment: 5.2 billion yen
- Major R&D sites: 4 sites

Financial capital

- Equity-to-asset ratio: 54.2%
- Operating cash flow: 24.3 billion yen

Natural capital

- Water and electricity consumption
- Waste emissions

Business Model

R&D

Powertrain Business

Piston rings
Cylinder liners
Sintered parts

Core technologies

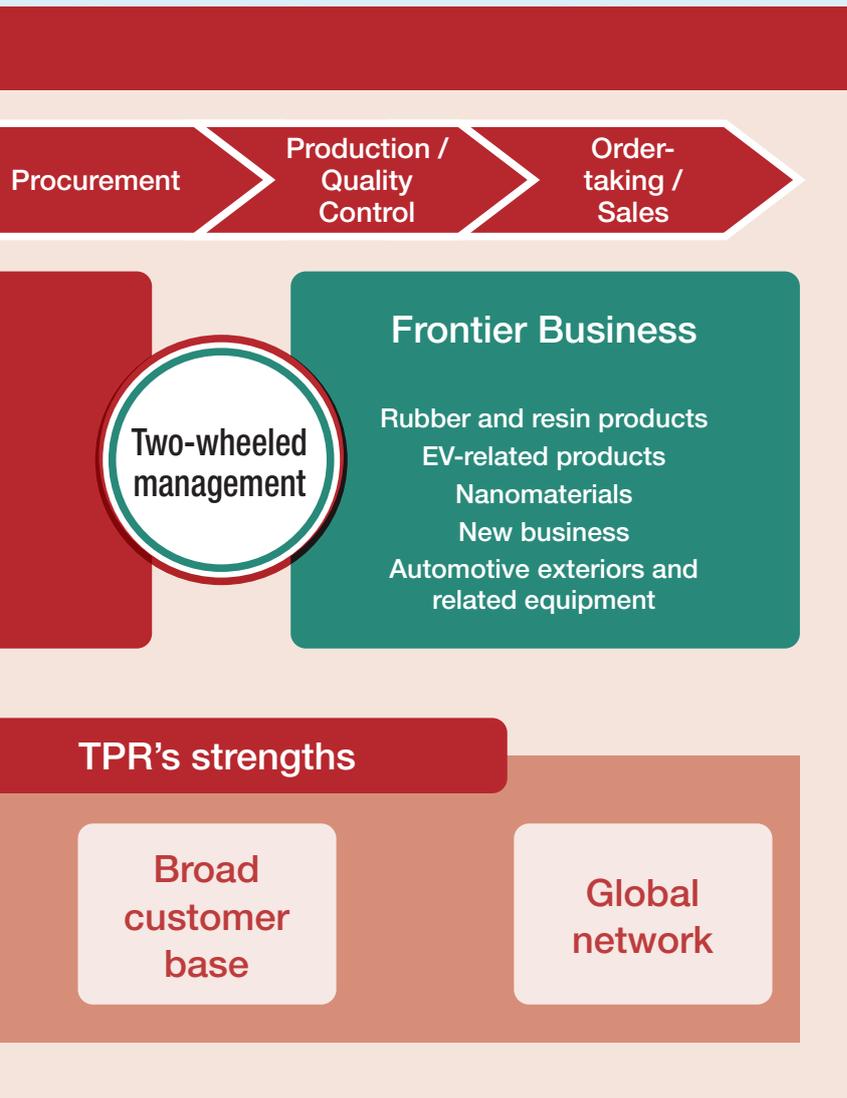
Corporate Governance

Risk Management

Quality and safety

*Figures presented are for fiscal 2023.

Leveraging its superior technological capabilities, global monozukuri strengths, and a broad network with our customers, the TPR Group strives to contribute to realization of continuous growth and a sustainable society based on the Corporate Philosophy: “With our origins in sophisticated powertrains, we shall try to achieve unlimited potential, and contribute to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value.”



Value Offered to Stakeholders and Society

- Environment**
 - Reduction of CO₂ emissions
 - Development of environmentally friendly products
- Shareholders and investors**
 - Enhancement of shareholder value over the medium to long term
 - Stable and sustainable shareholder returns
- Customers**
 - Provision of high-quality products and services
- Employees**
 - Comfortable workplace culture
 - Diverse human resources demonstrating their capabilities
- Suppliers**
 - Sustainable, fair, and equitable transactions
- Local communities**
 - Contribution to local communities
 - Contribution to education, culture, sports, and welfare

Outcome/ Economic Value

Net sales	193.8 billion yen
Ordinary profit	16.0 billion yen
ROE	5.6%
Dividend payout ratio	30.9% (3-year average)



Value Creation by Utilizing Capital

	TPR's Capital and Strengths	Value Creation Process Input (FY2023)
 Human capital	Based on the idea that “human resources are our greatest asset and enhancing their power is the source of value creation,” we have identified “Realize a rewarding and diverse workplace that develops people and learns from them” as one aspect of our materiality. We are striving to reinforce human capital by creating a working environment where diverse human resources can demonstrate their capabilities globally.	<ul style="list-style-type: none"> ● Number of employees: 778 persons on a non-consolidated basis 6,959 persons on a consolidated basis
 Manufactured capital	Based on our business sites around the world, we are enriching high-efficiency facilities, promoting businesses that accurately and quickly capture customer needs, and creating competitive products that contribute to the environment.	<ul style="list-style-type: none"> ● Number of production sites: 8 sites in Japan 19 sites overseas ● Capital investment: 9.2 billion yen
 Social capital	We have built stable and deep relationships of trust with our customers across a wide range of industries and sectors and have collaborated closely with suppliers and overseas partners. We are also vigorously engaged in contribution to local communities and society.	<ul style="list-style-type: none"> ● Stakeholder engagement ● Industry-academia collaboration ● Contribution to local communities and society
 Intellectual capital	Based on our guiding principles, “Create, Challenge, Pursue, and Discuss with Passion,” we are working to develop products, expand business, and create new technologies, utilizing the technologies and know-how we have accumulated over the years.	<ul style="list-style-type: none"> ● R&D investment: 5.2 billion yen ● Major R&D sites: 4 sites
 Financial capital	With a solid financial base, stable cash flow generation capabilities, and funding capabilities, we have achieved global growth that allows us to actively invest in growth fields.	<ul style="list-style-type: none"> ● Equity-to-asset ratio: 54.2% ● Operating cash flow: 24.3 billion yen
 Natural capital	As various types of natural capital are relevant to the Group's business activities, we are promoting decarbonization through our business and working to reduce environmental impacts through the development and manufacture of environmentally friendly products, with the aim of realizing a sustainable society and developing our business.	<ul style="list-style-type: none"> ● Water and electricity consumption ● Waste emissions

Creation of Outcome and Strengthening of Capital by Addressing Key Issues

Key Issues	Outcome and KPIs
<ul style="list-style-type: none"> ● Development of human resources ● Promotion of DE&I ● Enhancement of employee engagement 	<ul style="list-style-type: none"> ● Employee engagement survey ● “Health and productivity management”
<ul style="list-style-type: none"> ● Ongoing enhancement of workplace capabilities and technological capabilities ● Promotion of optimization of the global production system ● Transformation of manufacturing processes through DX promotion 	<ul style="list-style-type: none"> ● Promotion of cost reduction ● Global productivity improvement ● High-quality products ● Supply stability improvement
<ul style="list-style-type: none"> ● Fair and equitable transactions ● Reinforcement of relationships with stakeholders 	<ul style="list-style-type: none"> ● Enhancement of customer loyalty through high quality ● Provision of solutions to social and industrial issues ● Number of various commendations received
<ul style="list-style-type: none"> ● Evolution of technology in the Powertrain Business and application and development of technology in the Frontier Business ● Promotion of social implementation of a new business by utilizing IP landscaping 	<ul style="list-style-type: none"> ● Development of environmentally conscious products ● Development of products in response to CASE ● Tackling new businesses
<ul style="list-style-type: none"> ● Maintaining the financial base that supports growth ● Optimized cash allocation to growth investment and shareholder returns 	<ul style="list-style-type: none"> ● Improvement of ROE ● Stable dividend
<ul style="list-style-type: none"> ● Reduction of CO₂ emissions ● Development of environmentally friendly products ● Waste reduction and reuse 	<ul style="list-style-type: none"> ● Promotion of carbon neutrality ● Resource conservation



Ever since its founding in 1939, the TPR Group has been pursuing unlimited potential and offering products with superior value to the world. We have cultivated strengths including core technologies, a broad network with our customers, and global monozukuri strengths. By leveraging and further evolving these strengths, we will continue to provide high-value-added products globally.

1

Core technologies

Powertrains: evaluation, measurement, and analysis technologies

Evaluation of internal combustion engines, evaluation of motors

Various material sliding seal technologies

Castings, steel materials, sintered metals, engineering plastics, rubber

Nanostructured materials technologies

Carbon nanotubes, nanoporous materials

TPR's three strengths

2

Broad customer base

Automotive manufacturers in Japan and overseas

Two-wheeled vehicle and general-purpose equipment manufacturers

Agricultural machinery and outboard motor manufacturers

Construction machinery and equipment manufacturers

Housing equipment manufacturers

Emerging EV manufacturers

3

Global network

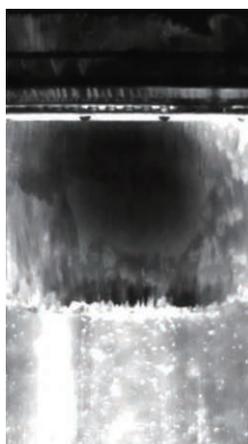
Global six-region structure

Global partners

Academic connections

Strength 1 Core technologies

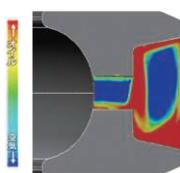
Leveraging our superior technological capabilities cultivated for internal combustion engines, we contribute not only to the sophistication of environmentally friendly powertrains but also to the creation of products in the diversification business and new business fields through proposals that meet customer needs.



Oil film visualization and analysis



Engine evaluation



Oil ring CFD analysis

Powertrains: evaluation, measurement, and analysis technologies

Our engine evaluation, measurement, and analysis technologies have evolved along with the development of internal combustion engine and automotive technologies over the years. Based on the evaluation results so far, we are promoting the transition to analytical simulation technology as DX technology to contribute to global environmental protection and CO₂ emissions reduction.



Piston rings



AsLock®

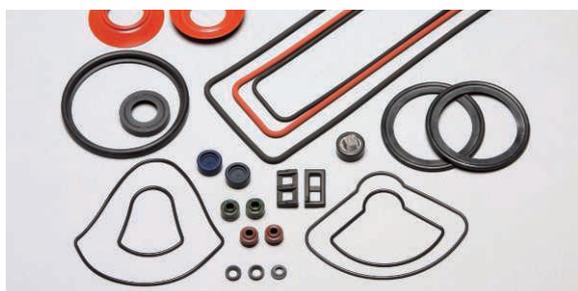
Fig. アスロック® ライナ
外周面拡大図 (AL13)

Various material sliding seal technologies

Centering on piston rings, which are critical functional parts of an engine block, we possess various surface treatment technologies corresponding to the sliding environment of internal combustion engines. By applying chromium nitride (CrN) and diamond-like carbon (DLC) using the physical vapor deposition (PVD) method, which is a dry coating method, in recent years, high durability and low fuel consumption have been achieved.

Cylinder liners are also critical functional parts of an engine block. AsLock® liners with bundled protrusions on the outer circumference achieved by the centrifugal casting method are used by customers around the world.

We also offer sealing parts made of polymer materials for applications other than internal combustion engines, such as seal rings made of engineering plastic materials for sliding environments in high-temperature oil and O-rings for pneumatic seals made of rubber materials.

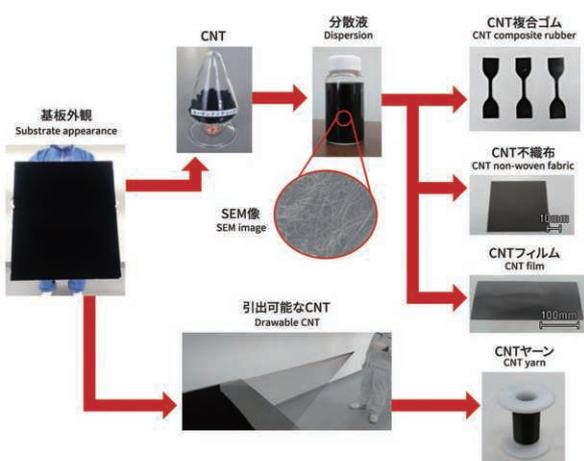


Rubber seal parts

Nanostructured materials technologies

Carbon nanotubes manufactured by TPR are long and have thin layers.

We are also developing technologies for various applications, including bioelectrodes, power generation elements, and electromagnetic shielding for use in various products



Strength

2

Broad customer base

Capitalizing on superior technological capabilities to offer unique products with superior value at low cost and global monozukuri strengths, we have earned a high reputation from customers around the world.

Customers

Value offered by TPR

Automotive manufacturers
EV manufacturers
Two-wheeled vehicle manufacturers
Construction machinery manufacturers
Agricultural machinery manufacturers
Outboard motor manufacturers
General-purpose equipment manufacturers



- Contribution to improved thermal efficiency, high durability, and low fuel consumption through various materials and surface treatment technologies
- Improved development efficiency (reduction of development time and significant reduction of fuel consumption during testing) by utilizing computer aided engineering (CAE)
- Provision of high-quality products at low cost
- Provision of socially and environmentally conscious products, cleaner exhaust gas
- Contribution to design through forming and decorating technologies

Equipment manufacturers
Automotive manufacturers
EV manufacturers



- High durability for peace of mind
- Provision of products that support industry at sites around the world

Housing equipment manufacturers



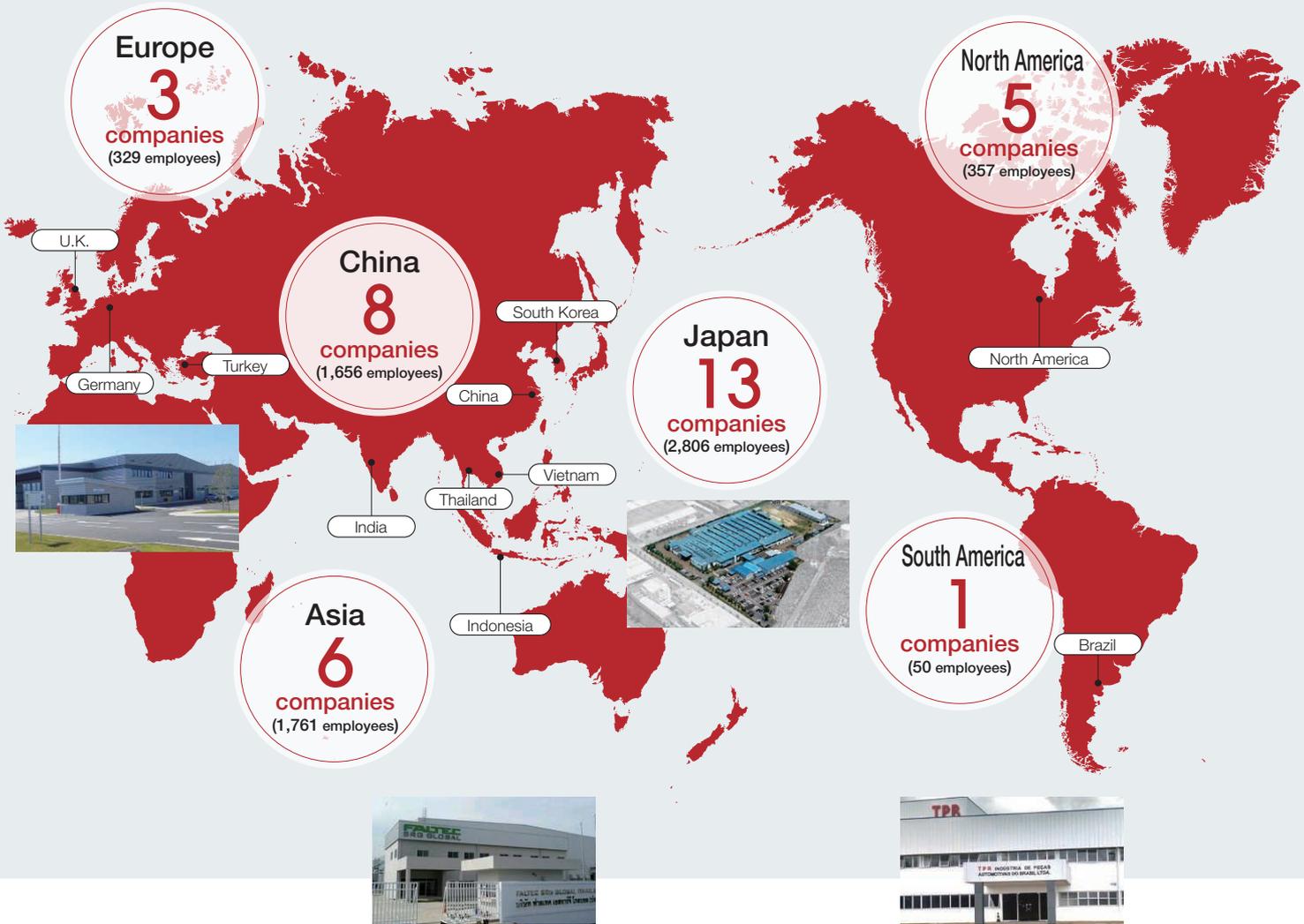
- Design conveying traditional beauty
- Thermal insulation for comfort and functionality
- Contribution to people's lifestyles in various scenes (offering of value)

Strength

3

Global network

We began overseas business development in the 1990s, built a global production and sales network spanning six regions across the globe, and have achieved continuous growth.



*Number of companies and number of employees are those for consolidated subsidiaries.

Overseas joint-venture partners



Anhui ARN Group Co., Ltd. (China)



Tenneco, Inc. (U.S.)



Yousung Enterprise Co., Ltd. (South Korea)



Manoyontchai Co., Ltd. (Thailand)

Nanjing Navigation and Navigation Mark Equipment General Factory (China)

SRG Global, LLC (U.S.)

Guangdong TGPM Automotive Industry Group Co., Ltd. (China)



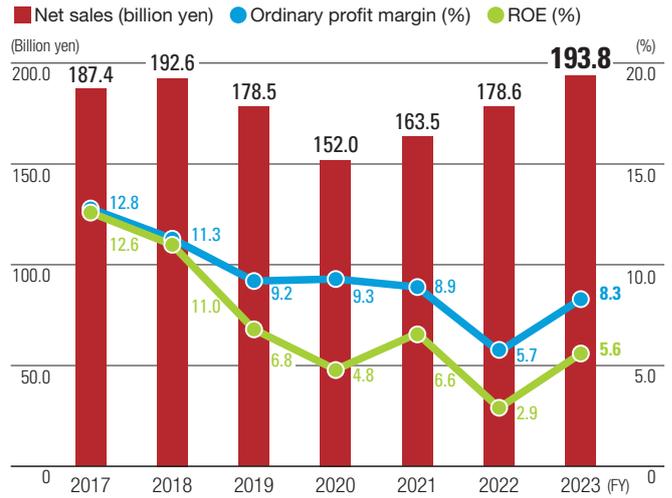
Looking Back on 2023 Medium-Term Management Plan

During the four years from fiscal 2020 to fiscal 2023, net sales remained steady owing to brisk orders, but ordinary profit and ROE were below the targets of the Medium-Term Management Plan because of changes in the business environment, including the COVID-19 pandemic, a worsening trade environment between the U.S. and China, regional conflicts, semiconductor shortages, and rising resource and energy prices, which were not anticipated when formulating the Medium-Term Management Plan. In particular, we faced increasingly fierce competition in the automotive market in China, and were affected by soaring labor costs in North America.

Evaluation of 2023 Medium-Term Management Plan

	FY2019 actual results	FY2023 initial Medium-Term Management Plan targets	FY2023 actual results
Net sales	178.5 billion yen	178.5 billion yen	193.8 billion yen
Ordinary profit	16.4 billion yen	21.0 billion yen	16.0 billion yen
ROE	6.8%	10% or more	5.6%
Equity-to-asset ratio	45.4%	45% or more	54.2%

Trend of financial results



Issue Awareness

In the powertrain business, although we were able to reflect cost increases in prices, we need to further address the strengthening of earning power. In the diversification business and new businesses, we promoted “selection and concentration” and have achieved some success in the response to EV parts, including establishment of an R&D center in China. However, issues remain concerning expansion of the rubber and resin business and acceleration of new businesses. Profit of the exterior business of the Faltec Group was affected by production fluctuations caused by the COVID-19 pandemic. We recognize the issue going forward is the need to build a more robust profit structure.

Major initiatives and issues by business

	Looking back on FY2020–FY2023	Issue awareness
Powertrain business	Reflected cost increases in prices, saw strong orders for spare piston rings	Issues in strengthening earning power, improve overall product competitiveness
Diversification business	Promoted “selection and concentration,” exited the copper business	Improve profitability of existing businesses, further expand rubber and resin
New businesses	Set long-term targets, established TPR ARN (Anhui) New Energy R&D Co., Ltd.	Respond to EVs, speed up commercialization
Faltec	Strengthened sites in Japan and overseas, reflected cost increases in prices	Build a lean and profitable structure, strengthen new products and technologies
E Environment	Promoted hydrogen development, set long-term targets for initiatives toward carbon neutrality	Respond to various types of fuels, develop environmental products, tackle CN Scope 3
S Society	Began measures to create a comfortable and fulfilling workplace	Human capital management, re-build quality structure, strengthen procurement function
G Governance	Strengthened IR/SR activities, responded to BCP risks	Evolve internal/external dialogue, BCP for cyberattacks, promote M&A

Management with an Awareness of Cost of Capital and Share Price

Based on the recognition that our ROE level currently does not exceed the cost of shareholders' equity required by the market, we will strive to improve profitability and capital efficiency to achieve capital profitability that exceeds the cost of shareholders' equity. In addition, we will strengthen dialogue with stakeholders and implement the following initiatives to achieve ROE of 8% and PBR of more than 1 in fiscal 2026. First, we will implement priority measures in the Powertrain Business and Frontier Business to increase profitability, and aim for sustainable growth through aggressive cash allocation to growth areas. Specifically, we will invest 14 billion yen in the Powertrain Business and 44 billion yen in capital investment and growth investment in the Frontier Business. Next, to improve capital efficiency, we will review the operating status of assets and the significance of holdings, reduce low-profit assets such as cross-shareholdings by up to 10 billion yen, and promote the effective use of funds within the Group. Furthermore, we will strengthen shareholder returns, pay stable and ongoing dividends, raise the dividend payout ratio from 30% to 40% or more, and flexibly execute the purchase of treasury shares to control equity. We will also strengthen dialogue with shareholders, investors, and the market, expanding information disclosure to enhance corporate value and increase the share price.

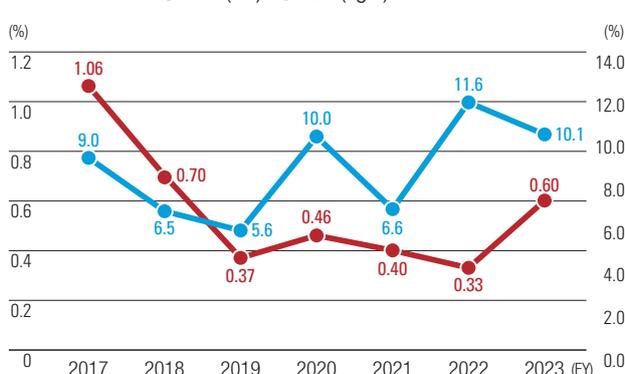
Awareness of current status

Cost of shareholders' equity	Approx. 7% (CAPM basis)
ROE	FY2022: 2.9%, FY2023: 5.6%, below the cost of shareholders' equity
PER	Currently around 10 times earnings, lower than industry average
PBR	Currently, approx. 0.5 times. To enhance corporate value and ROE, efforts to improve profitability and reduce capital costs are necessary.

Share prices / ROE



PBR / PER

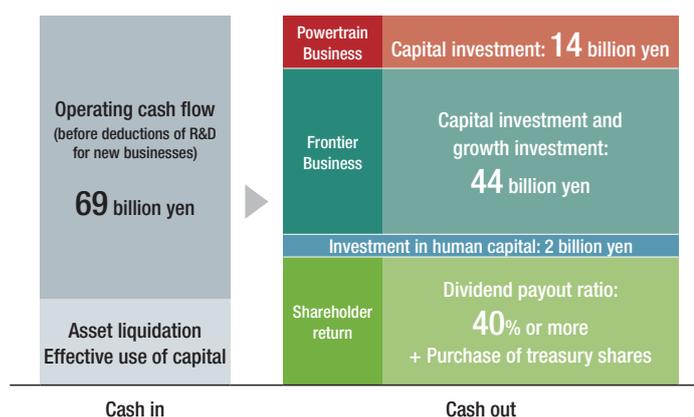


Measures to be taken

Improvement of profitability
① Implementation of the measures for the 2026 Medium-Term Management Plan ② Aggressive investment in growth areas
Enhancement of capital efficiency
① Reduction of low-profit assets (e.g., cross-shareholdings and non-business assets) ⇒ up to 10 billion yen (during the 2026 Medium-Term Management Plan period) ② Effective use of funds within the Group
Strengthening shareholder return
① Raising the dividend payout ratio (from the previous 30% to over 40%) ② Control of equity through the agile implementation of acquisition of treasury shares
Strengthening IR activities
① Enhancing dialogue with shareholders and investors ② Expansion of information disclosure

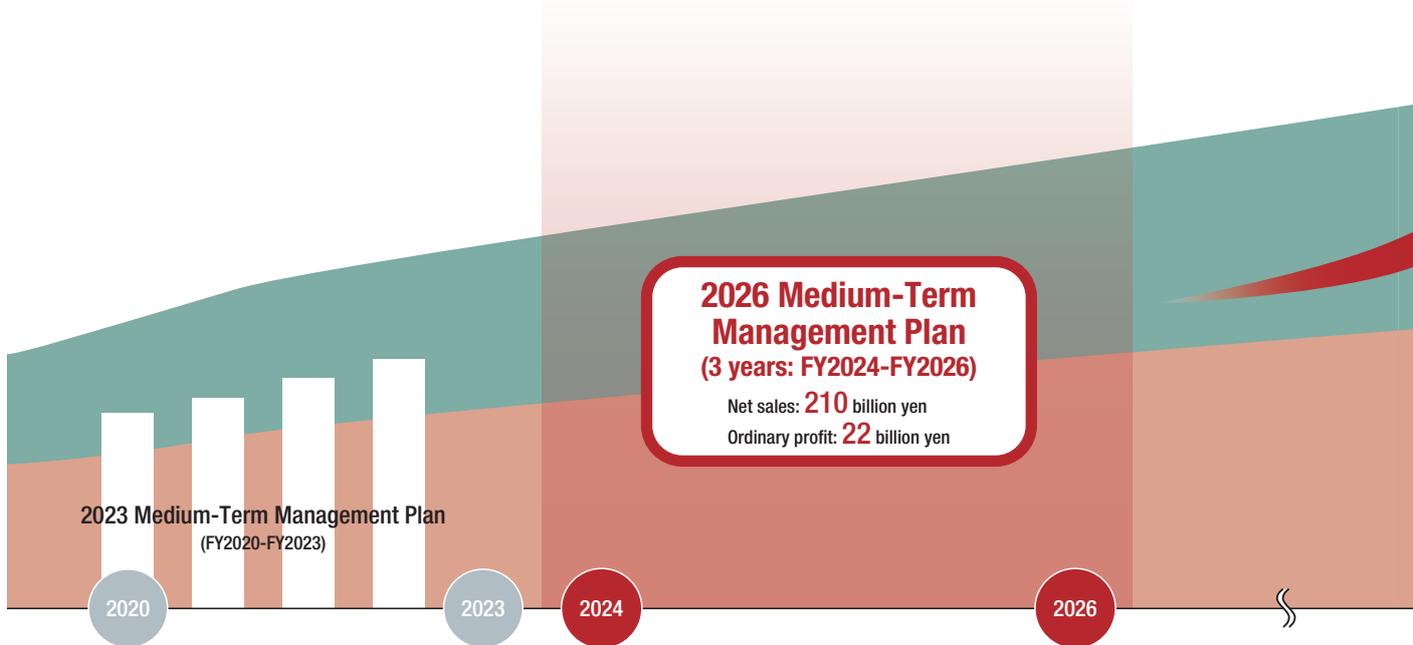
Cash allocation for the 2026 Medium-Term

Management Plan period (3-year cumulative total)



2026 Medium-Term Management Plan: Looking to the future, “Preparing for Further Growth”

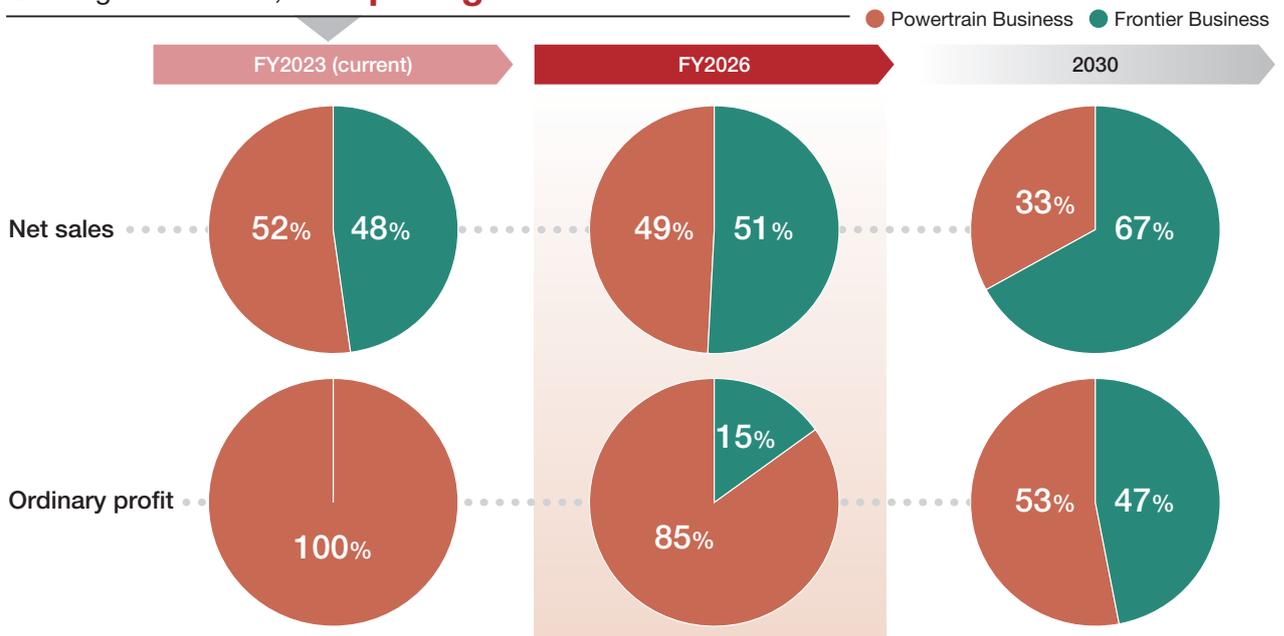
Positioning of New Medium-Term Management Plan

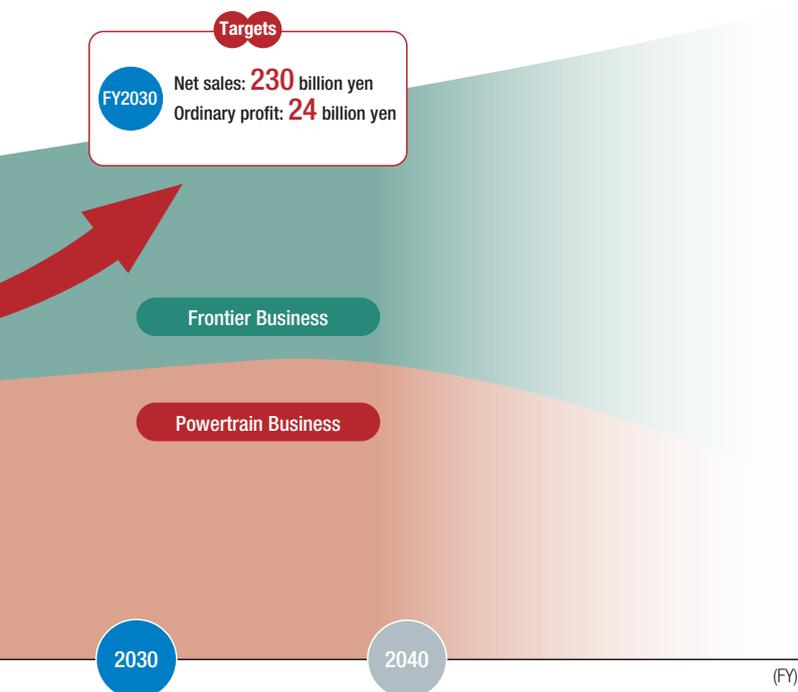


2026 Medium-Term Management Plan and Medium- to Long-Term Outlook

At present, although the Powertrain Business and the Frontier Business each account for roughly 50% of TPR’s net sales, the Powertrain Business accounts for 100% of ordinary profit. Although a part of the Frontier Business is profitable, it requires significant upfront investments, and only the Powertrain Business contributes to overall profits. During the 2026 Medium-Term Management Plan period, the sales structure will undergo a shift. By making the new business profitable, the Frontier Business is expected to account for 15% of ordinary profit and the Powertrain Business is expected to account for 85% of ordinary profit. By 2030, we expect the two businesses to contribute roughly equally to ordinary profit.

Looking to the future, “Preparing for Further Growth”





The period covered by the 2026 Medium-Term Management Plan is for “Looking to the future, ‘Preparing for Further Growth’.”

The figure depicts the outlook for the Medium-Term Management Plan period. The Powertrain Business is expected to grow for the time being but peak during the 2026 Medium-Term Management Plan and then gradually decrease.

On the other hand, in the Frontier Business, we are preparing for anticipated future growth by investing resources and personnel during the 2026 Medium-Term Management Plan period. We target net sales of 230 billion yen and ordinary profit of 24 billion yen by fiscal 2030, and we position the 2026 Medium-Term Management Plan period as one in which we will prepare for further growth.

Management Goals

We target incremental growth of net sales, ordinary profit of 22.0 billion yen, ordinary profit margin of more than 10%, profit attributable to owners of parent of 12.5 billion yen, and ROE of 8%. Regarding shareholder returns, while the current dividend payout ratio is 30%, we intend to maintain a dividend payout ratio of 40% or more and flexibly purchase treasury shares.

	FY2023 actual results	FY2026 targets
Net sales	193.8 billion yen	210.0 billion yen
Ordinary profit	16.0 billion yen	22.0 billion yen
Ordinary profit margin	8.3%	10.5%
Profit attributable to owners of parent	8.1 billion yen	12.5 billion yen
ROE	5.6%	8.0%
Shareholder return	Dividend payout ratio: (Total of Medium-Term Management Plan period) 30%	Dividend payout ratio: 40% or more + Purchase of treasury shares

Key points for achieving management goals

Powertrain Business

- ① Achieving operational level
- ② Promoting cost reduction and optimizing the cost structure
- ③ Reflecting cost increases in prices

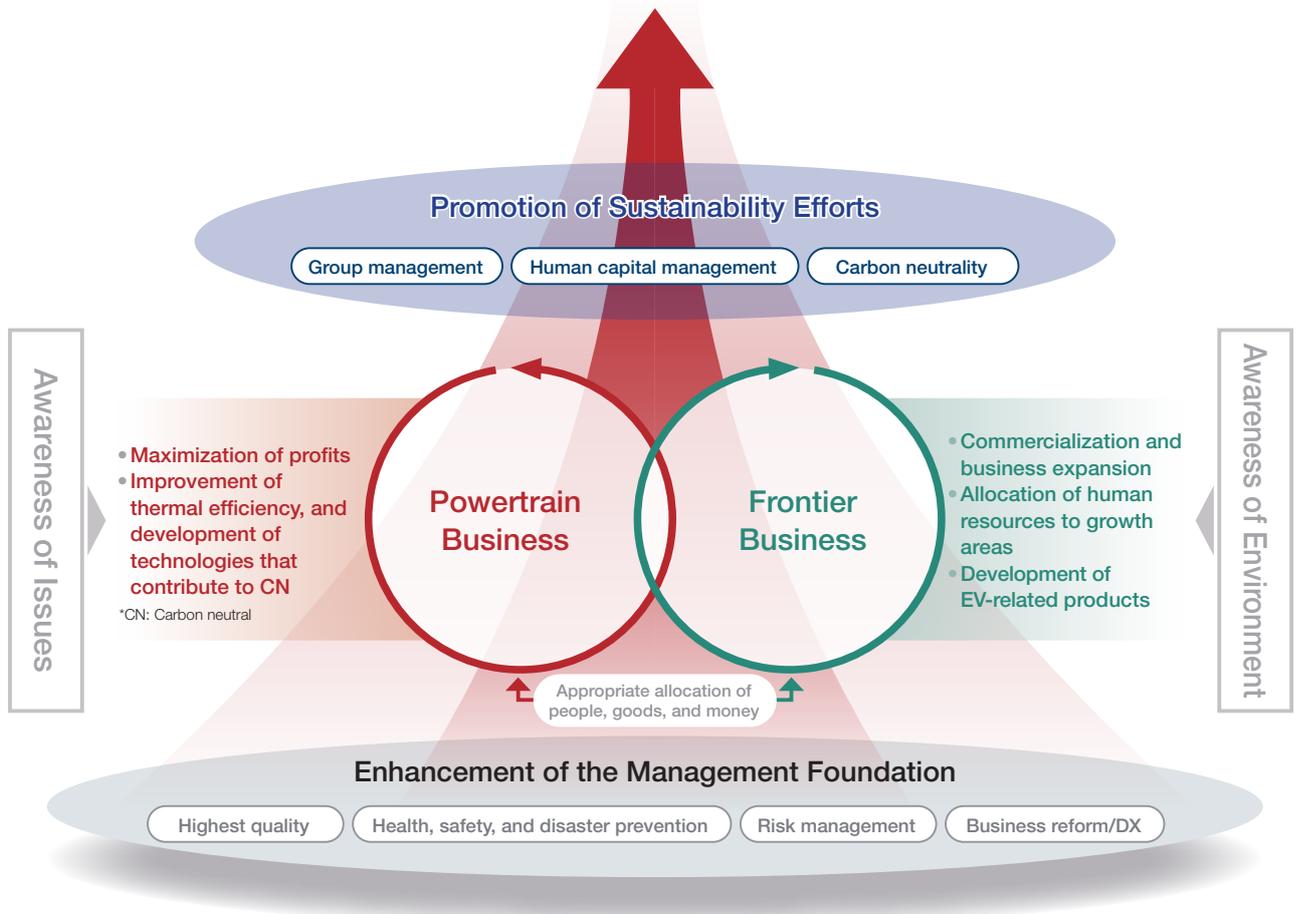
Frontier Business

- ④ Expansion of the rubber/resin business
- ⑤ Early launch of new businesses
- ⑥ Building a profitable structure for the automotive exterior business

2026 Medium-Term Management Plan: Basic Policy

We will strongly promote “two-wheeled management”—a strategy focused on maximizing profits of the Powertrain Business, which manufactures piston rings, cylinder liners, and sintered products for engine components, while expanding and driving growth of the Frontier Business, which comprises businesses other than the Powertrain Business. At the same time, by enhancing management foundation and engaging in sustainability management, we aim to achieve sustainable growth and enhance corporate value.

Sustainable Growth & Enhancement of Corporate Value



Promotion of ESG Management

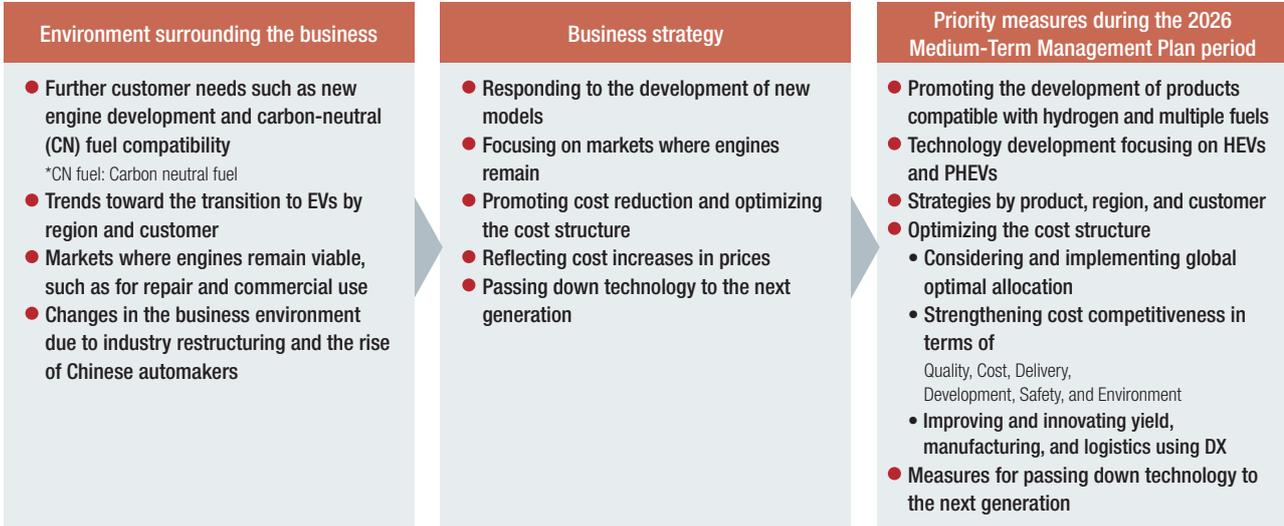
Our target for CO₂ emissions is to achieve carbon neutrality including Scope 3 in 2050, and we aim to reduce emissions by 50% or more in fiscal 2030 compared to fiscal 2013 and by 32% in fiscal 2026. We will also invest in human capital to foster a richly diverse workplace, promote contributions to the regional community, and strengthen a fair and highly transparent governance system, while reinforcing our responsibilities in the supply chain and as a supplier.

ESG	Materiality (Critical issues)	Key efforts in 2026 Medium-Term Management Plan
Environment	Provide products/services that contribute to realizing a clean and high-quality global society	<ul style="list-style-type: none"> Development of powertrain products that improve fuel efficiency and support multi-fuel compatibility Development of clean technologies and products
	Promote monozukuri that is considerate to the Earth's environment	<ul style="list-style-type: none"> Commitment to medium- to long-term carbon neutrality targets, including Scope 3 Education on compliance with laws and regulations, raising awareness among all employees of our Group
Society	Realize a workplace that develops people, learns from people and is rich in diversity, and contribute to the regional community	<ul style="list-style-type: none"> Human capital management, diversity, respect for human rights Initiatives for health and productivity management and creating a fulfilling workplace
	Provide high-quality products/services that meet customers' expectations and trust	<ul style="list-style-type: none"> Highest quality activities (initiatives taking a return-to-basics approach) Strengthening group procurement
Governance	Enhance a fair and highly transparent governance system	<ul style="list-style-type: none"> Evolution of group management Enhancing dialogue with stakeholders
	Risk management for continuity of business that is globally robust and stable	<ul style="list-style-type: none"> Strengthening safety, disaster prevention, and business continuity planning (BCP) Information security management

Powertrain Business

Objectives during the 2026 Medium-Term Management Plan period

Realizing industry-leading manufacturing



In the Powertrain Business, with the aim of “realizing industry-leading manufacturing,” in addition to our mainstay products such as piston rings, cylinder liners, and sintered products, we will respond to development of new models and focus on markets where engines remain.

Furthermore, promoting cost reduction and optimizing the cost structure, and reflecting cost increases in prices are also integral to the business strategy. We have established new priority measures to be implemented during the Medium-Term Management Plan period.

We will promote development of products compatible with hydrogen and multiple fuels, and technology development focusing on HEVs and PHEVs.

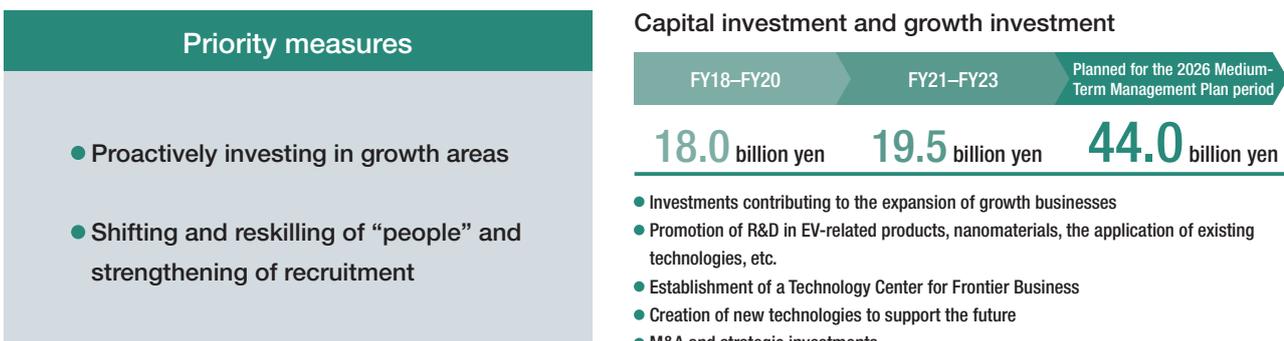
Frontier Business

Objectives during the 2026 Medium-Term Management Plan period

Proactively investing in growth areas and nurturing new core businesses



By proactively investing in growth areas, we will develop new businesses in five areas in the Frontier Business and aim to increase their sales so that they become core businesses. The 2026 Medium-Term Management Plan calls for capital investment and growth investment amounting to 44 billion yen to promote R&D in EV-related products, nanomaterials, the application of existing technologies, etc. while also establishing a Technology Center for Frontier Business. We will also focus on shifting and reskilling of “people” and strengthening of recruitment.





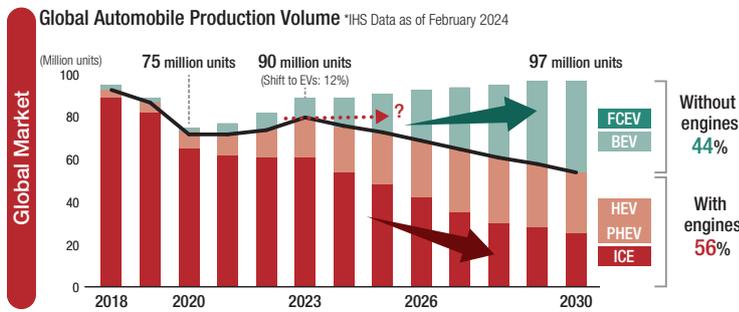
Powertrain Business

Line of Business

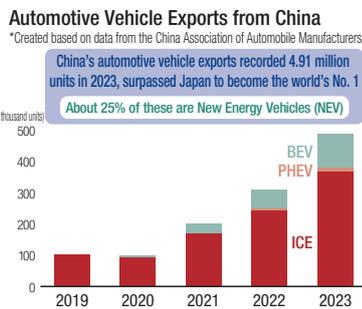
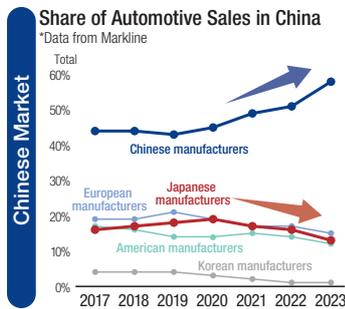
The main products of TPR's Powertrain Business include piston rings, cylinder liners, valve seats, valve guides, and other critical parts for automotive engines, as well as various sealing parts and other parts widely used in transportation machinery, industrial machinery, and power generation equipment.

Capitalizing on advanced evaluation, measurement, and analysis capabilities, as well as various technological expertise cultivated over many years, we are involved in design from the customer's development phases, and propose high-performance, high-precision surface treatment technologies and environmentally conscious products that excel in low friction, heat resistance, and wear resistance, thereby contributing to the realization of engines whose higher performance and lower fuel consumption are environmentally beneficial.

Business Environment Analysis



- Supply constraints due to semiconductor shortages have been resolved, and automobile production has recovered to pre-COVID-19 levels.
 - The shift to EVs is irreversible.
 - Trends toward the transition to EVs vary by region and customer.
 - Most recently, the transition to EVs has slowed.
 - Needs for development of dedicated engines for HEVs and PHEVs and of products compatible with hydrogen and other CN fuels
- *CN fuel: Carbon neutral fuel



- Changes in the competitive environment due to industry restructuring
- Rise of Chinese manufacturers and their acceleration of overseas expansion
- Not only their BEVs but also vehicles with engines are a threat to Japanese manufacturers (especially in China and Southeast Asian markets).



- Product superiority in terms of environmental performance (unique product, high market share)
 - Development and evaluation technology capabilities (simulation technology, etc.) cultivated over the years
 - Involved in design from the development phase and trusted by a wide range of customers
 - Providing highly functional and high-quality products
 - Global supply covering six regions across the globe and an alliance and collaboration structure
- Shrinking market for conventional internal combustion engine parts due to the ongoing transition to EVs
 - Decline in global automobile production and sales
 - Stricter environmental requirements, fuel regulations, etc.
 - Providing highly functional and high-quality products
 - Intensifying competition for the existing business
- Vigorous development of diversified next-generation CN fuels such as hydrogen, synthetic fuels (e-fuel), and ammonia
 - Expansion of market share for aftermarket parts
 - Application of sliding analysis, anti-wear and sealing function technologies
- Promoting the development of products compatible with hydrogen and multiple fuels; technology development focusing on HEVs and PHEVs
 - Strategies by product, region, and customer; focusing on markets where engines remain
 - Optimizing the cost structure
 - Considering and implementing global optimal allocation
 - Strengthening cost competitiveness in terms of Quality, Cost, Delivery, Development, Safety, and Environment
 - Improving and innovating yield, manufacturing, and logistics using DX
 - Measures for passing down technology to the next generation

Piston Ring Business

Piston rings control lubricating oil while maintaining airtightness in the cylinders, and because they are used in high-speed-motion engine parts, they are critical functional parts demanding high precision and high durability.



Business Strengths

1 Wide lineup

Design, development, manufacturing, and management of thousands of parts ranging from those for small general-purpose, two-wheeled vehicle and four-wheeled vehicle engines to those for large general-purpose engines and engines for transportation machinery.

2 Development of unique technology to meet the development needs of various engines

● Gasoline engine

As lighter and more fuel-efficient gasoline engines are in demand, reducing wear loss around pistons is also pursued. In addition to offering thin-width, low-tensile piston rings to accommodate compact pistons, we have improved PVD coating, and developed technology for making a special asymmetric outer circumference shape as well as hydrogen-free thick film DLC coating technology, and have succeeded in mass-producing piston rings with these new features.

● Diesel engine

Diesel engines that meet stringent emission regulations and achieve higher output, longer life, and fuel efficiency are in demand. We have added a radius to the corner of the oil ring outer circumference surface shape, changed the window pitch, and so on. We propose these diesel engine piston rings for customers who place importance on reducing friction, oil consumption, and wear loss.

● Multiple-fuel compatibility

Based on know-how cultivated for more than half a century, we have been engaged in joint development with our customers to optimize CN engines ready for hydrogen, synthetic fuels (e-fuel), ammonia, etc.

3 Global supply structure

In addition to the Nagano Factory in Japan, TPR has seven production sites in China, Indonesia, Vietnam, India, the U.S., and Germany.

4 Production technology and manufacturing capabilities that realize low costs

In order to handle a wide variety of products in small quantities, we have developed and introduced a proprietary fully automated setup line and automated inspection equipment.

Key Issues and Initiatives

In addition to long-term decline in demand for internal combustion engine parts, consolidation within the industry has further intensified market competition. The issues we face in these challenging times are manifold.

First, it is essential to further strengthen cost competitiveness. Through the establishment of an efficient production system and optimal allocation of resources, we will achieve cost performance unrivaled by competitors. Moreover, since development of engines is still ongoing, it is important to respond quickly to the development of new models and meet the market needs. Furthermore, regarding the passing of technology to the next generation, we will promote measures to pass on to the next generation of engineers the knowledge and skills we have cultivated over the years. In addition, we will take on the challenge of creating new markets by leveraging our existing surface treatment and sliding technologies, while expanding into the frontier business. Through these initiatives, we aim to achieve sustainable growth.

Topics

In the post-processing of steel compression rings at the Nagano Factory, we started operation of a highly efficient line for mass production based on a conventional fully automated setup line, which was developed in-house with the concept of improving production capacity, saving space, saving energy, and reducing hard manual labor. The aim is to consolidate factory space while doubling the production efficiency per line compared with the conventional line.





Cylinder Liner Business

Cylinder liners are integral to the engine block, and are one of the critical functional parts that form the combustion chamber. TPR is the first company in the world to develop AsLock® liners, which are cast-in liners for aluminum engine blocks and succeeded in mass production by a low-cost process.



Business Strengths

1 Offering good products at low prices

TPR's patented AsLock® liner has bundled protrusions on the outer circumference, improving airtightness compared to conventional cast-in liners. By controlling the height and density of the protrusions, we are able to further improve heat transfer to the engine block and contribute to more compact engines with higher output.

In terms of manufacturing, the centrifugal casting method, which has matured over the years, enables stable low-cost manufacturing, and our cost competitiveness has been further increased through initiatives to save labor such as automated inspections.

We also mass produce products such as thin-wall dry liners and wet liners, which are widely used in diesel engines and motorsports engines.

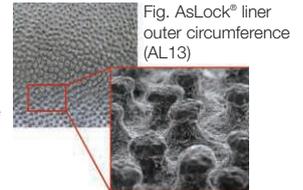


Fig. AsLock® liner outer circumference (AL13)

2 High market share

AsLock® cast-in liners for aluminum engine blocks are used by many Japanese automobile manufacturers for gasoline engines, and we maintain a high market share.

Currently, their use is spreading to non-Japanese manufacturers.

3 Global six-region supply structure

Currently, with production sites for cylinder liners in seven countries (China, the U.S., Vietnam, India, Korea, Brazil, and Turkey), we have established a supply structure for "uniform production and quality" not only in Japan but also worldwide.

Key Issues and Initiatives

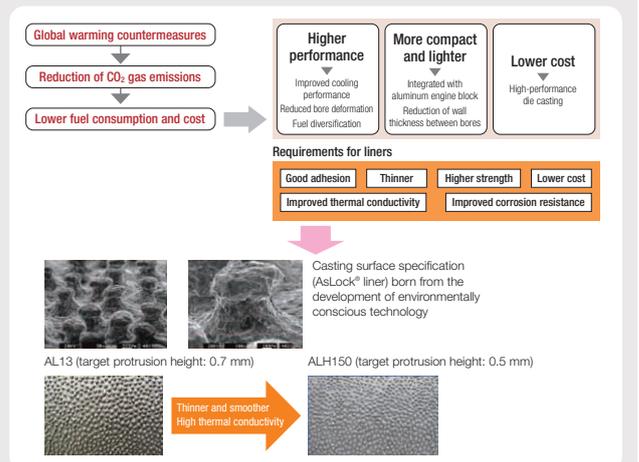
The key issue we face is to implement a flexible strategy from regional and customer perspectives in response to a shrinking market over the medium to long term. Therefore, it is important to establish a structure to meet customer expectations efficiently and promptly in the global market.

Furthermore, in order to strengthen competitiveness, we will promote global cost reduction activities, aiming to reduce production costs and improve the efficiency of worldwide procurement and manufacturing processes, thereby enhancing competitive advantage. Capitalizing on digital transformation (DX), we will improve and innovate manufacturing workplaces to increase productivity and enhance quality, lower the break-even point, and build a resilient structure.

Moreover, by applying the casting technology in which we excel, we will seek new business opportunities in other industries and new markets to expand growth potential and pursue sustainable growth.

Topics

In addition to weight reduction through the use of aluminum engine blocks, in recent years there is a growing trend toward improved cooling performance, reduced pitch between bores, and reduced wall thickness between bores, reflecting the need for higher performance, lower fuel consumption, and more compact engines. In order to meet these requirements, our cylinder liners offer improved adhesion with the aluminum engine block due to the change of the height of protrusions, and we are also working to reduce their thickness and cost. Furthermore, we have developed thermal-spray-treated cylinder liners offering increased adhesion (bonding strength) with the aluminum engine block and contributing to improved thermal conductivity.



Sintered Products Business

Valve seats and valve guides are our main sintered products. Valve seats and valve guides support the pedestal and stem of the engine intake and exhaust valves, respectively, and durability and high precision are required. Therefore, it is important to select powder metallurgy materials with high wear resistance and high heat resistance.

Our valve seats are made of a material in which hard particles, derived from a special alloy powder developed in-house, are dispersed. They are suitable for environmentally friendly engines with high output and low fuel consumption for both two-wheeled and four-wheeled vehicles. Because of their superior wear resistance at high temperatures, they are also adopted for gas engines that use alternative fuels, such as LPG and CNG, and are subject to a harsh thermal environment.



Topics

① Start of full-scale mass production of valve guides for engines for the global market

We began full-scale mass production of valve guides for engines, which are made of a high-wear-resistant material capable of withstanding high heat load, for the global market.



② Development of high-precision, high-density sintered products

Using newly introduced high-precision and high-pressure press equipment, we are developing high-precision, high-density sintered parts with complex shapes, in addition to valve guides and valve seats made of a high-wear-resistant material.



Solar panels at the Gifu Factory

③ Introduction of solar power generation at the Gifu Factory

To achieve carbon neutrality by 2050, we introduced solar power generation at our Gifu Factory in fiscal 2023, following its introduction at our factories in Yamagata and Nagano.

Development and Evaluation Technologies

We have further evolved our advanced analysis capabilities and evaluation technology cultivated in powertrain development.

- We have engine evaluation benches at Nagano and Gifu factories. This enables us to conduct comprehensive evaluations of the combustion system in the piston and to verify the performance of various powertrain components with high precision.
Moreover, evaluation of various materials using sliding seal technology is effective not only for combustion systems but also for applications beyond internal combustion engines, such as pneumatic components that use rubber and resin materials.
- In recent years, in response to customers' development needs for hydrogen and other carbon-neutral solutions, we have been vigorously promoting optimal product design and technology development for various fuels, and are advancing technological innovation to support the shift to sustainable energy.
Regarding hydrogen, we are conducting evaluations to obtain basic data on our hydrogen engine bench and linking it to R&D.
Furthermore, we have invested in i Labo Corporation, a company engaged in R&D of hydrogen engines, and have also entered into a technical alliance for a "hydrogenation conversion" business.
- In view of the transition to EVs, we introduced an EVs motor evaluation facility at the Gifu Factory and began operating the facility in January 2023. We are accelerating R&D of EV-related parts and addition of new items to our product lineup, both in Japan and overseas, by utilizing the actual equipment evaluation know-how we have cultivated in cooperation with major automobile manufacturers.
- Analysis technology utilizing computer aided engineering (CAE) is one of our major strengths. This technology not only greatly improves development efficiency, but also helps to improve quality in the manufacturing process. By optimizing products through simulation at the design stage by applying CAE, we have realized a shorter development process and improved product quality.
- The intellectual property strategy is also an important element of our technological capabilities. By strategically protecting and managing intellectual property in line with development of new technology, we ensure our competitive advantage. We protect the results of our innovations through acquisition of patents and licensing of technology.





Frontier Business

TPR will vigorously invest in growth areas to develop businesses that will be the new pillar.

With medium- to long-term targets, focusing on rubber and resin products, EV-related products, nanomaterials, creation of new technology for the future, and automotive exteriors and related equipment, we will vigorously promote business expansion. Regarding the rubber and resin business, we will strive to increase our share among major customers and develop new markets and will also engage in strengthening of technology and development of new products. With regard to EV-related products, we are promoting business expansion, including global business development, by demonstrating our strength in development and sales in China, a leading country in EVs. Regarding development of nanomaterials and creation of new technologies to support the future, we will accelerate commercialization by strengthening collaboration with external parties. Regarding automotive exterior and related equipment business, we will strive to expand the customer base, strengthen new products, and promote the response to new mobility.

By establishing a broad network within and beyond the TPR Group through investment in companies with which synergy can be expected, M&A, and other means unconstrained by precedent, we will continue to expand growth areas based on collaboration and co-creation.

The results and progress of the initiatives in the Frontier Business are presented and explained at various exhibitions.



Strategy for the Frontier Business

- 1 **Expansion of growth businesses and vigorous investment in technology for future growth**
To meet our customers' needs, we will strive to earn even greater trust by expanding investment while also making valuable proposals to potential customers, thereby building new relationships of trust.
- 2 **Promotion of R&D and early commercialization by the establishment of a Technology Center for Frontier Business**
We are considering establishing a new Technology Center for Frontier Business in a strategic location enabling quick and direct access to information, in order to consolidate development units engaged in new areas and enhance our comprehensive development capabilities.
- 3 **Shifting and reskilling of “people” and strengthening of recruitment**
We will conduct reskilling tailored to growth areas and strategically allocate human resources. At the same time, we will strengthen recruitment to ensure we have the human resources needed to form the foundation for growth.
- 4 **M&A and strategic investments**
We are seeking M&A and investment opportunities to drive growth, complement our businesses in the Frontier Business, and foster collaboration with other companies.

Rubber and Resin Business

We are working to develop superior products by taking advantage of the sealing technology that TPR has cultivated for piston rings, that is, the know-how related to sliding characteristics and wear resistance, and by applying the mechanism to rubber and resin products.

Moreover, with the aim of commercializing products for new applications, which is a theme that our new business development team is tackling, by combining new materials, such as carbon nanotubes (CNTs), with rubber and resin, we will endeavor to respond to customers' requests.

TPR's rubber and resin business supplies economical, environmentally friendly, high-quality products that meet customer needs based on integrated production from raw materials to finished products.

Our rubber products range from pneumatic equipment seal parts, O-rings, gaskets, packing products, and automotive connector packing, to electric/industrial equipment packing and Teflon-using products. We have a supply chain from global production locations focused in Japan, China, and Vietnam. From carbon master batch processing through products such as various types of extrusion sponges, solid products, and anti-vibration pads, we produce/supply from raw materials through to the finished products.

Regarding resin, we produce/supply not only resin seal parts for automobiles, but also home ancillary equipment with high heat insulation and sophisticated design, such as double-glazed window frames and artificial resin bamboo.

Product Strengths

1 Rubber-related upstream products (CMB)

We provide various high-quality rubber compound products based on advanced rubber compounding and rubber processing technologies.

We offer various standard rubber compound products in the hardness range of 50 degrees to 70 degrees, as well as custom products to meet customers' requirements.



CMB

2 Rubber-related downstream products (O-rings, various types of seal rings)

We provide a wide range of industrial rubber parts such as O-rings, seals, packing products, and PTFE-applied products.

We propose optimal materials with respect to various attributes such as adhesion, chemical resistance, cold resistance, friction resistance, heat resistance, weather resistance, and low distortion rate.



Industrial rubber parts



Rubber sealing parts

3 Injection molded resin seal rings, etc.

Resin seal rings with T-section spiral groove shape invented by TPR for automotive transmissions are made of our proprietary materials based on PEEK and PSS materials. These seal rings achieve both high sealing performance and wear resistance, as well as reduced friction due to their special shape.



Resin seal rings

4 Home ancillary equipment (double-glazed window frames, artificial fence)

Variable extrusions with a width ranging from 10 mm to 500 mm can be formed.

We have strengths in multi-layer and multi-color molded products.



Home equipment



Artificial resin bamboo

Topics

In preparation for future sales expansion and increased production of rubber products, we opened a new factory in Sakura City, Chiba Prefecture, from the viewpoint of optimizing the Group's production.

We are also expanding facilities in Vietnam and promoting production optimization between Japan and Vietnam in anticipation of future growth in demand for the products of the rubber and resin business.





EV-related Products

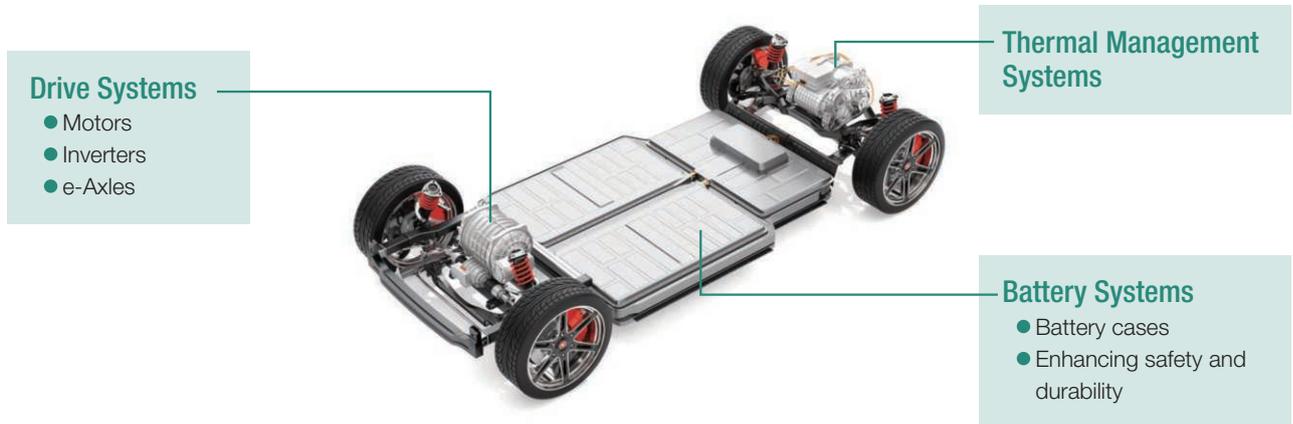
In this once-in-a-century paradigm shift in the automotive industry, we are promoting development of technologies in response to CASE and new products.

We have received many orders for EV-related parts in China, a leading country in EVs, and have started mass production.

Development of Technologies in Response to CASE and New Products

To improve infrastructure supporting R&D, we are upgrading and expanding analysis and evaluation facilities and testing facilities, improving the efficiency of design and development work, strengthening the engineer training system, and enhancing collaboration with external research institutions and other organizations.

In response to the rapid shift to EVs, we are vigorously introducing new technologies and developing new products, including composite products such as resin/rubber and seal products to reduce weight for drive systems, thermal management systems, and battery systems, and are promoting the search for new business fields.



Strengthening Technology Development and Sales Activities in China

We are conducting marketing and sales activities based on the trust as an automotive parts manufacturer we have cultivated over many years in the powertrain business in China. Centering on TPR ARN (Anhui) New Energy R&D Co., Ltd. (TANE), which we established, we have received numerous inquiries for parts from EV manufacturers and are rapidly developing and manufacturing prototypes, leading to mass production.

Topics

Establishment of EV-related parts production site in Mexico

We are strengthening the supply system to respond to the development of the global EV market.

Our mass production of EV-related parts in China and our track record of supply to customers were highly regarded and we received an order for mass production of EV battery-related parts in North America. Therefore, we have established a new joint-venture company, TPR ARN Manufacturing Mexico S.A. de C.V (TAM), in Mexico.

We will continue to develop new technologies and products for EVs and in response to CASE, and contribute to carbon neutrality and promotion of SDGs management.



León, Guanajuato, Mexico



Factory building under construction

Nanomaterials

As for the development of new materials, we have started manufacturing nanoporous materials and carbon nanotubes (CNTs) with long length and few layers. We are developing not only materials but also composite products to meet customer needs.

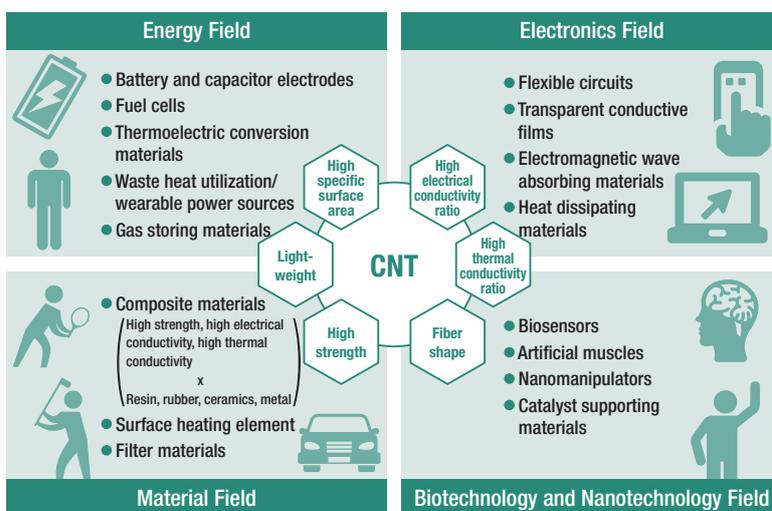
Product Strengths

Carbon Nanotubes

TPR produces CNTs with long length and few layers. CNTs with long length offer lower resistance and higher strength when applied and are expected to offer higher durability. The few-layer structure allows CNTs to exhibit their properties effectively with minimal additive amounts. TPR has established mass-production technology employing a production method for highly efficiently growing CNTs perpendicularly from a large-surface-area substrate.

Features of Carbon Nanotubes

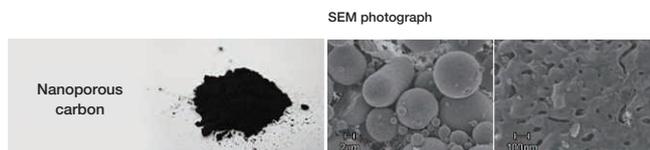
Fiber Shape			
High strength	Hardness	compared to diamond	Twice
Lightweight	Weight	compared to aluminum	Half
High specific surface area	Tensile shear strength	compared to steel	100 times
High thermal conductivity	Thermal conductivity	compared to copper	10 times
High electrical conductivity	Current characteristics	compared to copper	1000 times



Nanoporous Materials

Nanoporous materials are porous materials with numerous microscopic pores.

Our nanoporous carbon is characterized by large specific surface area, high crystallization, high electrical conductivity, and low moisture absorption, and is being considered for applications in filters, catalyst carriers, micro sensors, sustained release materials, and adsorbents.



Topics

TPR receives Material Award at a nanotechnology exhibition

We participated in seven exhibitions, including those for the automotive industry, nursing care, energy, and materials.

In the energy and materials field, we exhibited at nano tech 2024, Fishing Fest 2024 in Yokohama, and the 21st SMART ENERGY WEEK [March]. At nano tech 2024, TPR received the Material Award in recognition of the wide range of applications of the carbon nanotubes produced by TPR. The Material Award is for particularly outstanding nanomaterials technology/products that are equivalent to Grand Prize winners.



Material Award ceremony



nano tech 2024



Create Technologies to Support a Beautiful and Prosperous Future

We are working to create new business through open innovation in various industry-academia-government collaborations based on insights into the future with a 2050 time horizon. By sharing these insights into the future with all employees, a framework has been established to solicit ideas as needed, with the aim of facilitating generation of ideas through a bottom-up approach.

Various ideas are currently being generated, and we are selecting the most promising ones from among them. We are promoting creation of new businesses while ascertaining which should be commercialized by TPR in view of market and technological trends.

Furthermore, we are actively investing in and acquiring shares of partner companies that can leverage our strengths, with the aim of increasing corporate value through collaboration with each partner company.

Partner Companies

i Labo Corporation

Conversion of existing diesel engines to run on hydrogen simply and at low cost

DUAL MOVE Co., Ltd.

Development of cross reality (XR) platform for automotive application

Astroscale Holdings Inc.

Development of on-orbit services, including active debris removal in satellite orbits

dishwill Co., Ltd.

Vertically integrated business operation from production of soybeans and other grains at plant factories to processing of plant-based foods

Bashow, Ltd.

Development and construction of the platform system for on-board contents

AQUARIUS Engines (A.M.) Ltd.

Development of Free Piston Linear Engine generators realizing ultra compactness, low cost, and high efficiency



Topics

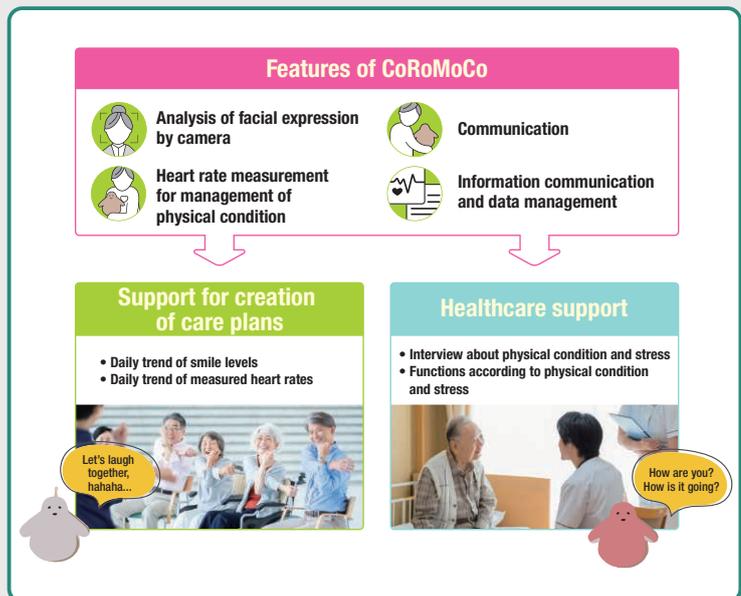
CoRoMoCo™ is a communication support robot for nursing care homes that can measure vital signs and feelings of users when they hold the robot in their arms.

We developed this product based on the idea that holding someone in one's arms is a symbolic act of "love," which enhances the user's peace of mind and sense of self-worth.

CoRoMoCo™ is an integral part of seniors' daily lives, sharing their routines at nursing care homes.

When a user holds CoRoMoCo™ in their arms, it measures the user's vital signs and transmits the conversation content, along with the user's feelings, to caregivers via an administration terminal.

Multiple units of CoRoMoCo™ can be used simultaneously for recreational activities. The robot also serves as a comforting companion for the elderly, easing feelings of anxiety during lonely nights or providing a partner for casual conversation.



Automotive Exterior and Related Equipment Business

The automotive exterior and related equipment business provides superior products, including automotive exterior parts, OEM parts, and automotive-related equipment, by applying its outstanding technological, developmental, and solution-proposing capabilities.

Product Strengths

Resin Products (Radiator Grilles, Roof Rails, Other Exterior Parts)

From small to large resin parts, we offer products utilizing molding technologies that meet customers' needs.

To reduce losses arising at material input, material changeovers are automated and recycling is promoted.

Surface treatment is applied to resin molding to create aesthetically pleasing radiator grilles and millimeter-wave radar covers.



Metal Products (Roof Rails, SUS Moldings, Window Moldings, Etc.)

We develop metal products utilizing bend processing, roll forming, and extrusion technologies.

For aluminum roof rails, three-dimensional bend processing is utilized to produce roof rails that follow the roof panel. Resin is adopted instead of aluminum to meet customer needs, contributing to lighter vehicles.

Regarding window moldings, we provide roll-formed metal products covered with resin.



Photo top: Made of metal
Photo below: Made of resin

Electrical and Electronic Parts (Radiator Grilles with Illumination, Fog Lamps, Remote Control Engine Starters, TCU)

Customers' requirements are constantly changing in line with functionality and design trends, and we supply parts in response to the changes.

Our stylish products, rich in originality and utilizing illumination and lighting, help make cars more appealing. As well as offering many products that leverage electrical and electronic technology, we are striving to enhance safety by utilizing digital technology.



TCU

Automotive Related Equipment

We provide vehicle inspection and maintenance equipment used for automobile maintenance, etc. handled by car dealers' service and maintenance shops; automobile manufacturing facilities and equipment for vehicle production lines; and power systems such as emergency power units and gas engines for air conditioning.

Topics

Opening of Mikawa Plant, a new site

In response to an increase in orders in the Chukyo region, we established a new site for product assembly and shipping operations in Toyota City, Aichi Prefecture, in order to shorten the distance to the point of delivery.

WUHAN TGPM-FALTEC CO., LTD., a new joint-venture company in Hubei Province, China, is scheduled to begin operation in October 2024.



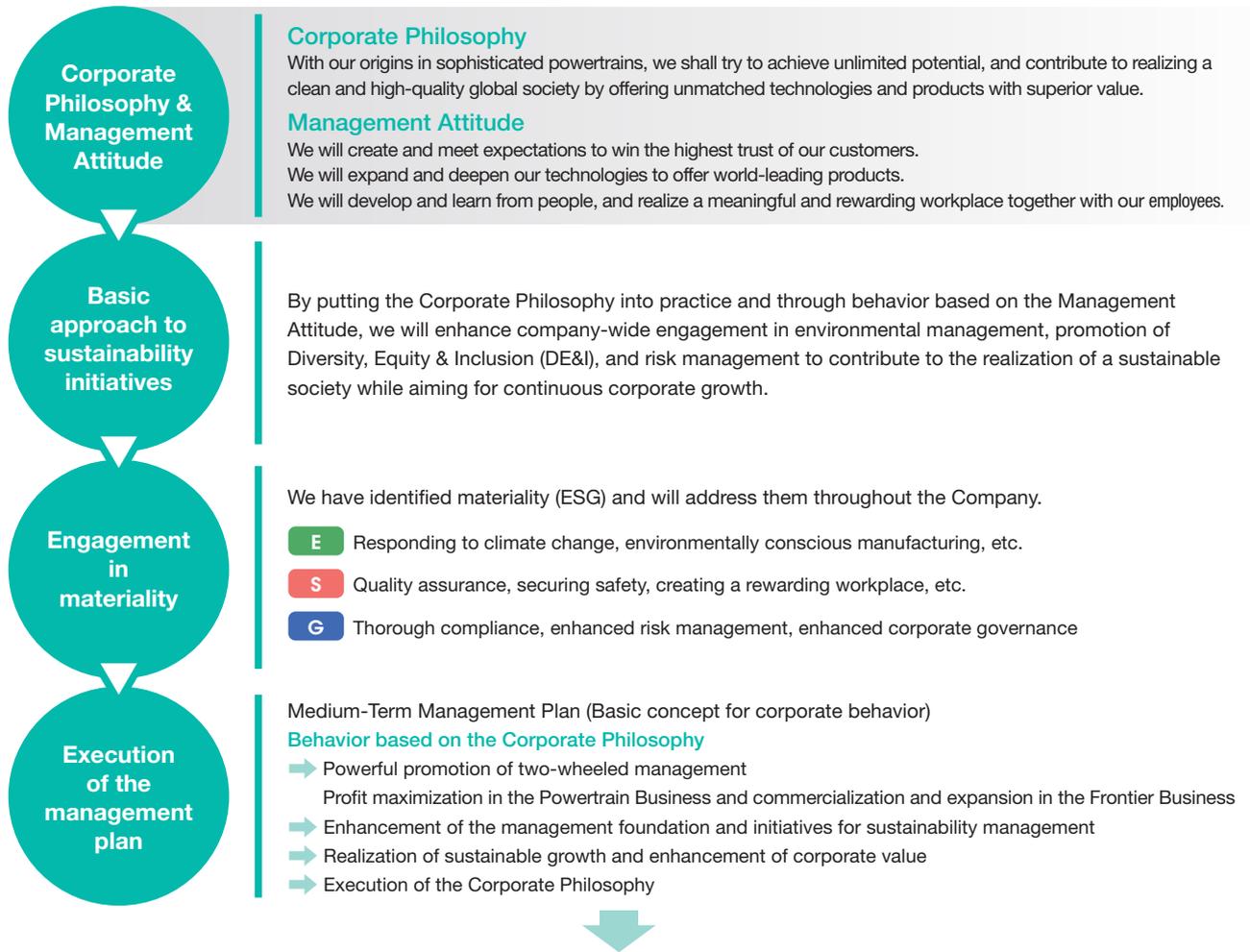


Approach to Sustainability and Policy

In accordance with the Corporate Philosophy, “to contribute to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value,” the TPR Group is striving to resolve social issues.

With the aim of promoting our initiatives systematically, we have established a sustainability management promotion structure and identified materiality. By pursuing these initiatives throughout the Company, we will contribute to the realization of a sustainable society while aiming for continuous corporate growth.

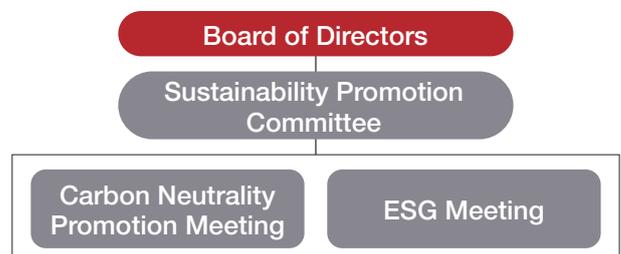
Sustainability Management Promotion Structure



Response to sustainability issues and contribution to the SDGs through business activities

Structure

We have established the Sustainability Promotion Committee and are tackling various sustainability issues through meeting forums focused on the environment, quality, safety, etc. To promote the initiatives of the meeting forums more systematically, the Sustainability Promotion Committee identifies critical issues, sets various policies and directions of initiatives, conducts follow-up of activities, and reports to the Board of Directors.



Materiality and KPIs

From among various social issues, the TPR Group has identified sustainability-related critical issues (materiality) through the following process and is addressing them across the Group.

Materiality identification process

Step 1: Each department sets their KPIs in cooperation with the secretariat based on the 17 SDGs

Step 2: Determine the degree of importance of the KPIs set in Step 1 by mapping them in terms of their importance for TPR and for stakeholders, and identify the materiality

Step 3: The Sustainability Promotion Committee deliberates on the identified materiality and grants approval

ESG	Materiality	KPIs	Targets	Achievement year	FY2022 actual results	FY2023 actual results	Relevant SDGs
E	Provide products/services that contribute to realizing a clean and high-quality global society	Ratio of products utilizing environmentally friendly technologies to OEM parts sales volume	YoY increase	FY2024	60%	62%	     
		Number of development themes for environmentally conscious products	YoY increase	FY2024	45 themes	+7 from FY2022	
	Promote monozukuri that is considerate to the Earth's environment	Total CO ₂ emissions from manufacturing processes	50% reduction in FY2030 vs. FY2013	FY2030	27.0% reduction	24.5% reduction	
		Total water consumption	30% reduction in FY2030 vs. FY2013	FY2030	20.9% reduction	25.9% reduction	
		Total volume of combustible and landfill waste discharged	30% reduction in FY2030 vs. FY2013	FY2030	32.6% reduction	46.5% reduction	
		Number of serious environmental incidents and cases of regulatory non-compliance	Zero	FY2024	1 incident	2 incidents	
		Number of serious cases of non-compliance with internal regulations	Zero	FY2024	2 incidents	1 incident	
S	Provide high-quality products/services that meet customers' expectations and trust	Number of major quality incidents	Zero	FY2024	2 incidents	2 incidents	     
	Realize a workplace that develops people, learns from people and is rich in diversity, and contribute to the regional community	Number of serious accidents and near-serious accidents	Zero	FY2024	Zero	Zero	
		Engagement score	5% or more increase YoY	FY2024	—	3.8%	
		Ratio of increase in investment in human resources development	50% increase YoY	FY2024	—	52% increase	
		Ratio of female managers	20% in FY2030	FY2030	3.1%	3.8%	
		Ratio of childcare leave acquisition by men	100%	FY2024	8.3%	25%	
G	Enhance a fair and highly transparent governance system	Number of serious violations of laws and regulations	Zero	FY2024	Zero	Zero	   
		Report of Compliance Committee's activities to the Board of Directors	2 times/year	FY2024	2 times	2 times	
	Risk management for continuity of business that is globally robust and stable	Number of business continuity planning (BCP) drills conducted	6 times/year	FY2024	6 times	9 times	
		Number of cyberattack education and training sessions conducted	10 times/year	FY2024	2 times	8 times	



Environmental Initiatives

Environmental Policy

1. Provide environmentally friendly products

We are committed to reducing environmental impacts through design and development of mechanical parts and provision of products that contribute to the realization of powertrains with minimal environmental impact.

2. Reduce CO₂ emissions toward realization of a carbon-free society and realize environmentally conscious business activities

In all business activities,

- ① We aim to achieve carbon neutrality by 2045 following our mid-term target of a 50% reduction in fiscal 2030 compared to fiscal 2013. (Scope 1 and 2)
- ② We aim to achieve carbon neutrality, including Scope 3, by 2050.
- ③ We comply with laws and regulations, save energy, save resources, reduce waste and convert waste into resources, recycle, manage harmful substances, and pursue green procurement.

3. As a corporate citizen

To secure the reliance and empathy of society, we will proactively communicate and protect biodiversity.

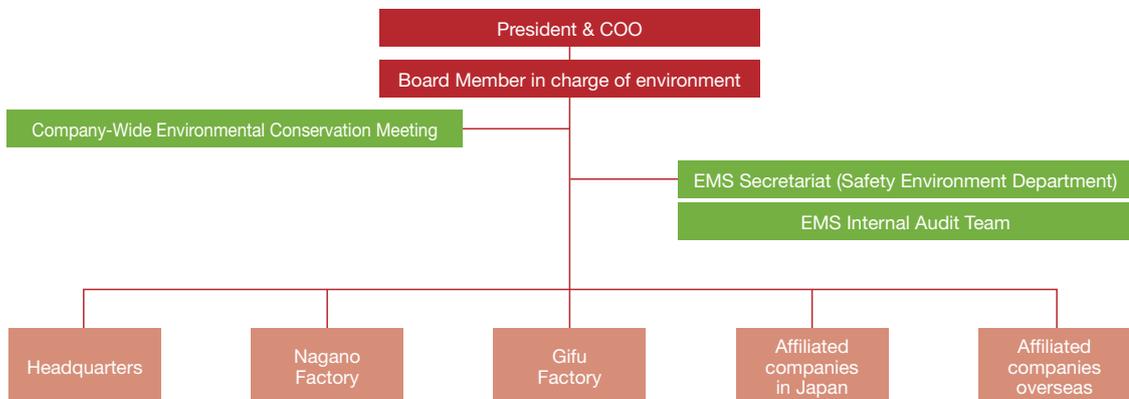
4. Realize more effective environmental activities

By carrying out education and training for all employees and affiliated companies, we will endeavor to boost awareness of the criticality of environmental activities and adherence to the law.

Environmental Management Structure

TPR's environmental management is spearheaded by the Company-Wide Environmental Conservation Meeting overseen by the President. The Company-Wide Environmental Conservation Meeting, attended by TPR Board Members, affiliated companies' Board Members, and General Managers of each business, deliberates and determines how best to tackle environment-related matters ranging from current pressing problems to medium- to long-term issues.

Also, at each business site, domestic affiliated company, and overseas affiliated company, a person is selected to be in charge of environmental matters, including the fostering of communication across the TPR Group.



Environmental Objectives and Results

To effectively promote environmental protection, the TPR Group undertakes various initiatives, having set quantitative targets, such as reduction of total CO₂ emissions and total water consumption. Progress is monitored and the extent of target achievement is evaluated through forums like the Environmental Conservation Meeting. (For quantitative targets, see the page on materiality. ⇒P.38)

Increased Use of Recycled Materials (Recycling)

By increasing the number of items that reuse waste materials generated in production, we strive to reduce the consumption of procured natural resources and promote production activities that contribute to a recycling-oriented society.

Specific initiatives

- When the jigs used for manufacturing circular piston rings wear out and exceed specification limits, we modify them for reuse in producing piston rings with larger diameters.
- We use waste and heat from factory facilities for small-scale power generation, which is then used to power lighting and supply hot water (for baths) in the factories, combined with heat pumps. This approach allows us to effectively harness exhaust energy.

Waste Reduction

As a medium-term objective under the Environmental Policy, we are committed to reducing waste emissions. The target is to achieve 30% reduction in combustible and landfill waste by 2030, compared to fiscal 2013, with each site working to achieve this goal.

Specific initiatives

- Waste acids and alkalis generated during the manufacturing process are reused as neutralizing agents in our wastewater treatment facilities, reducing the volume of effluents that require treatment by external vendors.
- While promoting the reuse of jigs, those that can no longer be modified or reused are melted down and reused as materials, rather than being discarded.
- Oily cardboard, previously disposed of as combustible waste, is now converted into refuse-derived paper and plastic densified fuel (RPF), thereby reducing waste emissions.

Raising Employees' Environmental Awareness and Initiatives for Biodiversity

We are committed to raising our employees' environmental awareness. In line with our environmental management systems, we regularly conduct training in-house and encourage our employees to take the Certification Test for Environmental Specialists (Eco Test) to increase the number of certified environmental specialists (TPR "eco-people").

We are also actively engaging in community-based biodiversity and species diversity initiatives, such as our Nagano Factory's participation in the "Lake Suwa Adapt Program," contributing to the maintenance and conservation of natural capital.

External Evaluation

For the CDP Climate Change Questionnaire, we received a CDP score of "B-" in December 2023, an improvement of one level from the "C" score in fiscal 2022.

Responding to Climate Change

Having identified “promotion of environmentally conscious manufacturing” as one aspect of materiality, TPR is responding to climate change. We have declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are participating in the TCFD Consortium.

In addition, we disclose information on the impact of climate change-related risks and opportunities on the Group’s business activities and earnings, as well as the measures we are taking to address them, in accordance with the TCFD recommendations.

Governance and Risk Management

For sustainability, we have established the Sustainability Promotion Committee, which identifies critical issues, sets various policies and directions of initiatives, conducts follow-up of activities, and reports to the Board of Directors. We position the response to climate change as a priority management issue. Based on various policies, etc. that the Sustainability Promotion Committee formulates, the Carbon Neutrality Promotion Meeting and various ESG meetings deliberate and determine how best to tackle environment-related matters ranging from current pressing problems to medium- to long-term issues.

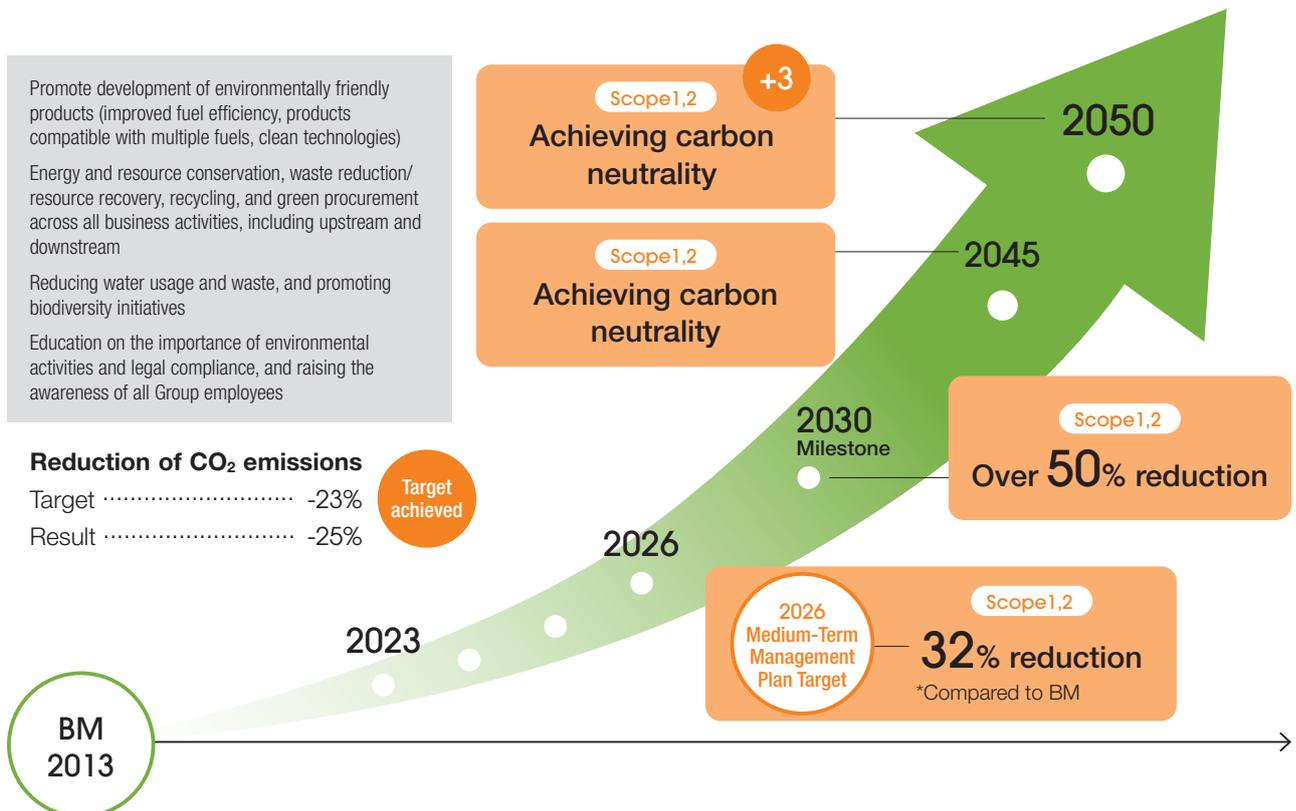
At TPR, the Risk Management Committee evaluates and recognizes risks related to the execution of TPR’s business, deliberates on risk management at TPR and each Group company, and monitors critical risk matters.

The identification of and response to climate-related risks and opportunities are carried out in line with the framework recommended by the TCFD, based on scenario analysis.

Carbon Neutrality

As a medium- to long-term target under the Environmental Policy, we aim to achieve carbon neutrality. As a milestone, we have set a target of reducing Scope 1 and 2 emissions by 50% or more by fiscal 2030 compared to fiscal 2013, with the goal of achieving carbon neutrality by 2045. To reach this target, we have formulated the CO₂ emissions reduction master plan and are systematically promoting improvement activities. Furthermore, we aim to achieve carbon neutrality across all scopes, including Scope 3, by 2050.

Materiality	<p>Provide products/services that contribute to realizing a clean and high-quality global society</p> <p>Promote monozukuri that is considerate to the Earth’s environment</p>
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Response to Risks and Opportunities

The TPR Group has classified the impact of climate change into “transition risks” and “physical risks” and organized the potential risks and opportunities based on the environmental changes to be considered and their impact on the business.

We then consider our response, the degree of impact on our business, and the timing of risk manifestation.

Scenario	Category	Key environmental changes and external environment to consider	Risks and opportunities and impact on business		Our response	Degree of impact on business	Timing of risk manifestation
Transition risk (1.5°C)	Policies / Laws and regulations	<ul style="list-style-type: none"> Introduction of carbon tax, introduction of emission regulations Setting of CO₂ emissions target Introduction of a policy for energy conservation 	Risks	<ul style="list-style-type: none"> Increase in procurement cost Increase in capital investment and costs Taxes on exported products 	<ul style="list-style-type: none"> Reduction of total GHG emissions; implementation of energy conservation and cost reduction activities Systematic capital investment and optimization of manufacturing locations Monitoring of regulatory trends, export of products suitable for export 	Medium	Medium to long
			Opportunities	<ul style="list-style-type: none"> Capturing of opportunities through differentiation as environmentally friendly products Reduction in expenditures through energy conservation Increase in sales of products compliant with the regulations 	<ul style="list-style-type: none"> Development of environmentally conscious products/specifications and expansion of their applications Introduction of renewable energy through on-site/off-site PPAs and non-fossil fuel certificates Reflecting costs in product pricing 	Medium	Medium to long
	Technology / Market	<ul style="list-style-type: none"> Decrease in sales of new gasoline and diesel vehicles 	Risks	<ul style="list-style-type: none"> Decrease in net sales 	<ul style="list-style-type: none"> Development of new businesses in response to changing social needs Promotion of diversification of products that do not depend on internal combustion engines 	Large	Medium
			Opportunities	<ul style="list-style-type: none"> Transition from fossil fuels to non-fossil fuels 	<ul style="list-style-type: none"> Development of products compatible with non-fossil fuels (hydrogen, bio, etc.) 	Medium	Medium
		<ul style="list-style-type: none"> Acceleration of diffusion of EVs 	Risks	<ul style="list-style-type: none"> Review of business and product portfolio 	<ul style="list-style-type: none"> Development of new businesses in response to changing social needs Promotion of diversification of products that do not depend on internal combustion engines Reinforcement of initiatives for new businesses through reorganization and reallocation of personnel 	Large	Long
			Opportunities	<ul style="list-style-type: none"> Creation of new businesses Expansion of products for EVs 	<ul style="list-style-type: none"> Development of products for EVs and expansion of parts supply 	Large	Long
	<ul style="list-style-type: none"> Increasing needs for energy-saving and environmentally friendly technologies 	Risks	<ul style="list-style-type: none"> Increase in capital investment and development costs 	<ul style="list-style-type: none"> Reflecting costs in product pricing 	Medium	Long	
		Opportunities	<ul style="list-style-type: none"> Greater opportunities for environmentally friendly products Expansion of products designed to save energy and reduce CO₂ emissions 	<ul style="list-style-type: none"> Development of environmentally conscious products/specifications and expansion of their applications Expansion of application of materials using proprietary technologies and parts for surface treatment to extend component lifespan 	Medium	Medium to long	
	Reputation	<ul style="list-style-type: none"> Change in mindsets of stakeholders/customers 	Risks	<ul style="list-style-type: none"> Decline in corporate value Avoidance of investment, divestment Deterioration of reputation, difficulty in obtaining financing 	<ul style="list-style-type: none"> Presentation of corporate stance/growth strategy Enhancing dialogue with stakeholders 	Medium	Medium to long
			Opportunities	<ul style="list-style-type: none"> High evaluation for high-value-added products Enhancement of reputation through progressive initiatives and information disclosure 	<ul style="list-style-type: none"> Creation of high-value-added products and new businesses in response to changing mindsets Enhancing dialogue with stakeholders 	Medium	Medium to long
Physical risk (4°C)	Acute	<ul style="list-style-type: none"> Frequent occurrence of extreme weather 	Risks	<ul style="list-style-type: none"> Factory shutdown Instability in raw material procurement 	<ul style="list-style-type: none"> Implementing comprehensive BCP covering production sites, suppliers, and customers Reinforcement of procurement sources; effective use of overseas sites within the Group 	Large	Short to medium
			Opportunities	<ul style="list-style-type: none"> High evaluation for enhanced BCP response and increased reliability 	<ul style="list-style-type: none"> Presentation of corporate stance/growth strategy Enhancing dialogue with stakeholders Development of emergency and disaster response products, increase in sales 	Medium	Short to medium
	Chronic	<ul style="list-style-type: none"> Changes in weather patterns 	Risks	<ul style="list-style-type: none"> Shutdown due to water shortage Rising production and transportation costs 	<ul style="list-style-type: none"> Reinforcement of mutually complementary production systems at multiple sites Transition to disaster-resistant buildings 	Large	Short to medium
			Opportunities		<ul style="list-style-type: none"> Production network in Japan and overseas 	–	
		<ul style="list-style-type: none"> Increase in average temperature 	Risks	<ul style="list-style-type: none"> Health hazards, rising costs 	<ul style="list-style-type: none"> Ensuring employee health Improving the working environment and securing workplaces 	Small to medium	Short to medium

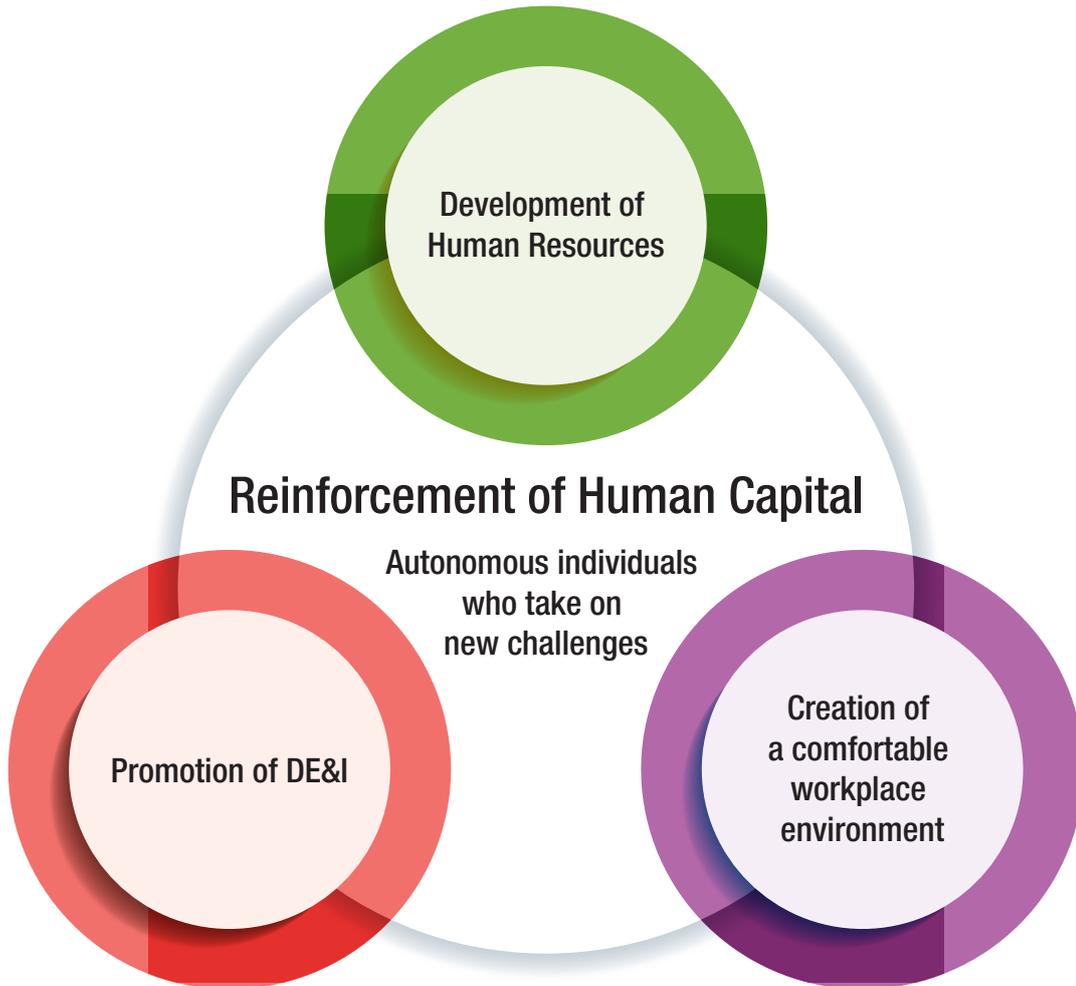


Social Initiatives

Reinforcement of Human Capital

The TPR Group has been pursuing the sophistication of powertrains for more than 80 years. As the automotive industry is undergoing a period of transformation, we recognize the importance of actively investing in “people” to meet the challenges of this new era. To rise to the challenges, we ensure that diverse individuals can realize their full potential while maintaining high motivation. Aligned with our sustainability initiatives’ materiality policy of “Realizing a workplace that develops people, learns from people and is rich in diversity, and contributing to the regional community,” we aim to develop autonomous individuals who take on challenges. Our priority measures include “development of human resources,” “promotion of Diversity, Equity & Inclusion (DE&I),” and “creation of a comfortable workplace environment.”

- Enhanced training opportunities, including position-specific and specialized education programs
- Support for autonomous career development through initiatives such as the overseas trainee system and the internal open recruitment system



- Career development programs for female employees and training programs for managers to develop female employees
- Strengthening of recruitment from overseas in cooperation with universities

- Enhancement of employee engagement through continuous improvement of the workplace environment
- Creation of a workplace environment where all employees can maintain and enhance high productivity and motivation

Development of Human Resources

Amid drastic changes of the environment in which companies operate and individuals exist, we aim to foster the motivation to take on the challenges of the next stage and maximize individual performance through the autonomous actions of each employee. For this purpose, we conduct systematic education and training, including position-specific training for young employees, mid-level employees, and managers, as well as education for all employees on compliance, safety, and the environment. As our business continues to develop and grow, we will sharpen our focus on “human resource development” to improve the abilities, skills, and expertise of each employee.

Metrics

The target for the annual investment in human resource development is an increase of 50% or more compared to the previous fiscal year. In fiscal 2023, investment in education and training rose 52% from the previous fiscal year. We will continue to expand the education and training system in fiscal 2024 with the goal of achieving the annual target.

Measures

- ① **New employee training (English, financial, technical, on-site training, etc.)**
Provide learning opportunities to encourage challenges. Training at technology and manufacturing sites to deepen understanding of TPR products
- ② **Training for new managers**
Develop approaches to dealing with various issues while taking on new roles as managers
- ③ **Education using e-learning**
Provide opportunities for independent study to support employees' career development
- ④ **Various types of group training**
Enhance the expertise and skills of employees at all levels to foster personal growth
- ⑤ **Internal open recruitment system**
Expand opportunities for employees to actively demonstrate their abilities on their own initiative and encourage proactive career development
- ⑥ **Overseas trainee system**
Provide opportunities for young employees to be posted overseas to cultivate a global perspective and expand the scope of their future careers

Promotion of Diversity, Equity & Inclusion (DE&I)

As part of our DE&I promotion, we aim to create a workplace where diverse individuals can embrace challenges and realize their full potential while maintaining high motivation.

Regarding active participation of women, we are working to improve the environment throughout the TPR Group, enabling female employees to pursue long-term career development while going through various life stages such as childbirth and child rearing.

Metrics

We aim to increase the ratio of female managers to 20% by fiscal 2030. In fiscal 2023, we increased the number of new female managers and the ratio reached 3.7%. We will continue to promote diverse human resources, including foreign nationals and mid-career hires, to vitalize TPR.

Measures

- ① **Promotion of active participation of women**
Promote career development for female employees and hold seminars for their supervisors
- ② **Promotion of foreign human resources**
Recruit new graduates from overseas with an eye to future global human resources
- ③ **Promotion of employment of people with disabilities**
Create employment opportunities through expansion of work styles
- ④ **Continued employment of senior employees**
Review the mandatory retirement system and post-retirement systems
- ⑤ **System for promoting fixed-term employees to regular employees**





Creation of a Comfortable Workplace Environment

To grasp the effect of its investment in people comprehensively, we have been conducting an engagement survey periodically since fiscal 2020 and using its scores as an indicator. By running the cycle of improvement based on analysis of issues, implementation of measures, surveys, and subsequent measures, we identify priority areas and take action to create a comfortable workplace environment.

Additionally, we have set targets for childcare leave and annual paid leave so that our employees can proactively take the leave, to further enhance their work-life balance.

Metrics

By promoting human capital investment initiatives, our target is to achieve a 5% year-on-year improvement in the engagement score. (Score for fiscal 2023 improved by 3.8% year-on-year.)

With regard to the use of childcare leave, the rate of childcare leave acquisition by female employees has already reached 100%, and that by male employees was 25% in fiscal 2023. Our target in fiscal 2024 is to increase the rate of childcare leave acquisition by men to 50%, and we are promoting ongoing activities to achieve this goal.

As for annual paid leave, our target for fiscal 2023 was 12 days of annual paid leave taken, and more than 95% of employees achieved this target. From fiscal 2024 onward, our target is for all employees to take at least 12 days of annual paid leave.

Measures

① Engagement survey

Survey all employees' "expectations" and "satisfaction" concerning factors related to motivation and quantify the results

② Improvement of the rate of annual paid leave acquisition

Set an annual target and follow up at each workplace to ensure that all employees achieve the target

③ Encouraging the taking of childcare leave (men and women)

Establish a backup system during leave at each workplace to make it easier for employees to take leave

Health and Safety

We place the highest priority on health and safety in our actions, striving to create a safe workplace for our employees, their families, the community, and our customers.

In all of our operations, we pledge to place the highest priority on safety, focusing on fire and explosion prevention activities, and ensuring the health and safety of our employees.

Through continuous improvement and education, we aim to achieve a safe workplace environment and enhance the awareness of all employees of the importance of ensuring safety, including fire and explosion prevention activities. By doing so, we strive to cultivate a safety culture in collaboration with our employees and to create a working environment where they can work with peace of mind.

Measures

① Prevention of work-related accidents

- Identify "risks that may cause serious accidents" through the involvement of all employees and systematically implement work-related accident prevention activities by utilizing risk assessments
- Review work standards, clarify safety points, and create a system to provide guidance and confirm implementation without omissions
- Conduct safety patrols by safety experts to identify and address unsafe behavior
- Conduct self-inspections of *kiken yochi* training (KYT; danger prediction training), near-miss/close-call incidents, and accident cases to raise safety awareness and continuously improve all areas of concern

② Reinforcement of disaster prevention and fire prevention systems

- Conduct on-site fire prevention inspections by top management and establish a company-wide fire prevention system as part of activities to prevent fires and explosions
- Reinforce the initial fire extinguishing system and implement drills
- Establish manuals for assumed contingencies as part of the BCP, conduct systematic training, and continuously remediate defects

③ Prevention of occupational diseases

- Create a safe working environment by implementing working environment measurements and making necessary improvements

④ Workplace culture that promotes traffic safety and good driving behavior

- Ensure compliance with the rules of society and raise awareness of the importance of legal compliance

Health and Productivity Management

We have established a Health Declaration and are implementing health and productivity management initiatives to resolve health issues, such as employees' physical and mental health issues and decreased production due to illness, while promoting the creation of a meaningful and rewarding workplace.

We empower individual employees to objectively grasp their own health conditions, helping them manage their health so that they can work with vigor and vitality.

Policy

Health Declaration: TPR declares that it will promote health and productivity management toward “realization of a meaningful and rewarding workplace” as stated in the Management Attitude, and strive to create a workplace environment where employees can work with greater dynamism and enthusiasm and in good physical and mental health.

- ① We will strive to resolve health issues through health management initiatives.
- ② Increased health awareness prevents ill health and productivity loss caused by disease, which are key health issues.

Metrics

In promoting health and productivity management, we have set targets for the following health-related data: (1) periodic health checkups (examination participation rate), (2) persons requiring detailed medical examination (implementation rate), (3) specified health guidance (implementation rate), (4) stress checks (implementation rate), and (5) employees working long hours (percentage of employees working 30 hours or less of overtime per month) and absenteeism (number of days off due to illness during the past year) and presenteeism (evaluation of one's own work performance over the past four weeks, assuming that one's work performance when one is not ill or injured is 100%).

Implemented Items

- ① Regarding overtime hours and annual leave acquisition, implementation of measures by each department and follow-up by the Human Resources & General Affairs Dept.
- ② With the target of maintaining 100% implementation of periodic health checkups, strengthened follow-up for those who need to undergo detailed medical examination and those who are subject to specified health guidance
- ③ Feedback on results of the engagement survey and stress checks for improvement and implementation of workplace improvements
- ④ Holding of various health-related education to improve health knowledge (for all employees, for smokers, for women, etc.)
- ⑤ Holding of health-related events (walking, offering healthy menus in the cafeteria, etc.)

Engagement with Local Communities

The TPR Group addresses social issues in various fields and regions and contributes to the sustainable development of society as a whole.

Environmental Protection

- TPR is involved in community cleanup activities and biodiversity protection, and also holds meetings to exchange information on the environment with local communities and local government.

Social Welfare

- Support for single-parent households
We support single-parent households through donations to Single Mothers Forum, a certified NPO.

Education and Research

- Social technology exchange with universities and research institutions
We continuously donate to schools, contribute to scholarships, and have social technology exchange with universities and research institutions, etc.

Support for Culture and Sports

- We support the arts and sports through donations.

VC NAGANO TRIDENTS
(V1 League member)
official sponsor



Quality Control

Basic Approach

Based on the Corporate Philosophy, we will continuously strengthen customer trust in the TPR Group and customer satisfaction, through pursuit of the highest quality, making the best and the most in the world, quickly and affordably.

For this purpose, we are executing operations based on the Quality Way, the guiding principles, indicated below.

Quality Way (Guiding Principles)

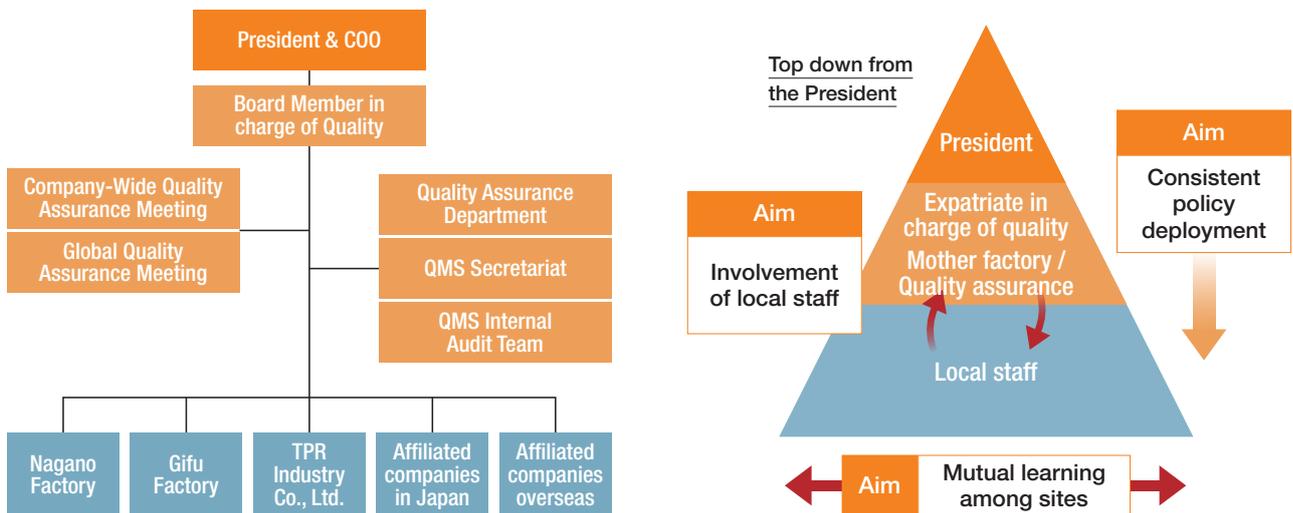
- 1 Genchi-genbutsu (actual place, actual thing) (scientific approach)**
 - Increase quality-related skills, adopt a scientific approach
- 2 Continuous improvement (hard and soft)**
 - Continue hard and soft improvement to continuously increase product quality and work quality
- 3 Own process completion (The next process is done by the customer)**
 - Resolve concerns in your own process, only pass good products onto the next process
- 4 Full participation by all members (autonomy)**
 - Take ownership of all concerns and issues

Quality Control Promotion Structure

Our quality management is spearheaded by the Company-Wide Quality Assurance Meeting and the Global Quality Assurance Meeting overseen by the President.

At the Company-Wide Quality Assurance Meeting, attended by TPR Board Members, heads of each site, and the quality control departments, the results of activities of each site and key measures are reported and improvement is pursued.

The Global Quality Assurance Meeting is held to strengthen the quality foundation of overseas sites, and TPR's sites are working to achieve uniform quality worldwide. Based on these two meetings we are striving to continuously improve the TPR Group's reliance and customer satisfaction.



Quality Awards Received

- In Japan, we received six awards, including the Outstanding Achievement Award of Toyota Motor Corporation's Quality Control Award and the Quality Excellence Award from Yamaha Motor Co., Ltd.
- Overseas, we received 11 awards, including the Outstanding Supplier Award from Changan Mazda Engine Co., Ltd. and the Award of Excellence in Delivery 2023 from PT. Yamaha Indonesia Motor Manufacturing.

*Awards for various activities in fiscal 2023

Basic Approach

The TPR Group engages in various transactions with over 3,700 suppliers. To achieve medium- to long-term growth, establishing a robust supply chain is essential. We carry out procurement activities in accordance with the TPR Group Procurement Policy, which stipulates compliance with laws, regulations, and social norms; fair and equitable business opportunities; mutual trust with suppliers; and adherence to promotion standards.

Additionally, we communicate the TPR Group Procurement Policy to our suppliers and request their agreement to comply with it. We emphasize building mutual relationships and fostering open and fair procurement practices, aiming to achieve sustainable manufacturing and a sustainable society.

TPR Group Procurement Policy (Summary)

To effectively manage the increasingly complex and diverse risks within the supply chain and to promote compliance and sustainable procurement, we have established the TPR Group Procurement Policy, which integrates both the Policy and Guidelines. Through this and other initiatives, we are strengthening supply chain management.

- **Basic Procurement Policy**

- (1) We will conduct procurement activities based on a relationship of mutual trust with our business partners.
- (2) We will comply with laws, regulations, social norms, etc., and conduct procurement activities with a high sense of business ethics.
- (3) We will work with our business partners to fulfill our corporate social responsibilities and engage in sustainable procurement activities.
- (4) We will provide our business partners (including potential partners) with opportunities for fair and equitable transactions.

- **Compliance with Promotion Standards**

- **Selection of Business Partners**

- **Procurement Action Guidelines**



For the full text of the TPR Group Procurement Policy, please visit our website.
URL: https://tpr.co.jp/tp_e/csr/society/procurement/management.html

Selection of Business Partners

In conducting procurement transactions, we will select suppliers who agree with and implement the following (1) through (8) below.

- (1) Open and fair trade
- (2) Compliance with laws, regulations, and social norms, as well as prevention of corruption
- (3) Consideration for the environment
- (4) Consideration for human rights and occupational health and safety
- (5) Sound business management and information disclosure
- (6) Ensuring superior quality
- (7) Information security and protection of intellectual property
- (8) Establishment of a stable supply system and uninterrupted supply in the event of unforeseen disasters, etc.



Corporate Governance

Basic Approach

We believe that increasing corporate value through improved management efficiency and optimized allocation of management resources is key to maintaining and continuously expanding the interests of stakeholders, including shareholders, employees, business partners, and local communities. Accordingly, we believe the cornerstone of corporate governance to be the effective supervision and monitoring of management to support the long-term growth of corporate value.

Specifically, we are working to raise the effectiveness of corporate governance through the basic policies set forth below.

- (1) Respect the rights of shareholders and ensure fairness.
- (2) Cooperate appropriately with all stakeholders, including shareholders, employees, business partners, and local communities.
- (3) Ensure transparency by appropriately disclosing corporate information.
- (4) Ensure directors and audit & supervisory board members recognize their fiduciary responsibility and accountability to shareholders and appropriately fulfill the respective roles and obligations expected of them.
- (5) Make efforts to engage in constructive dialogue with shareholders.

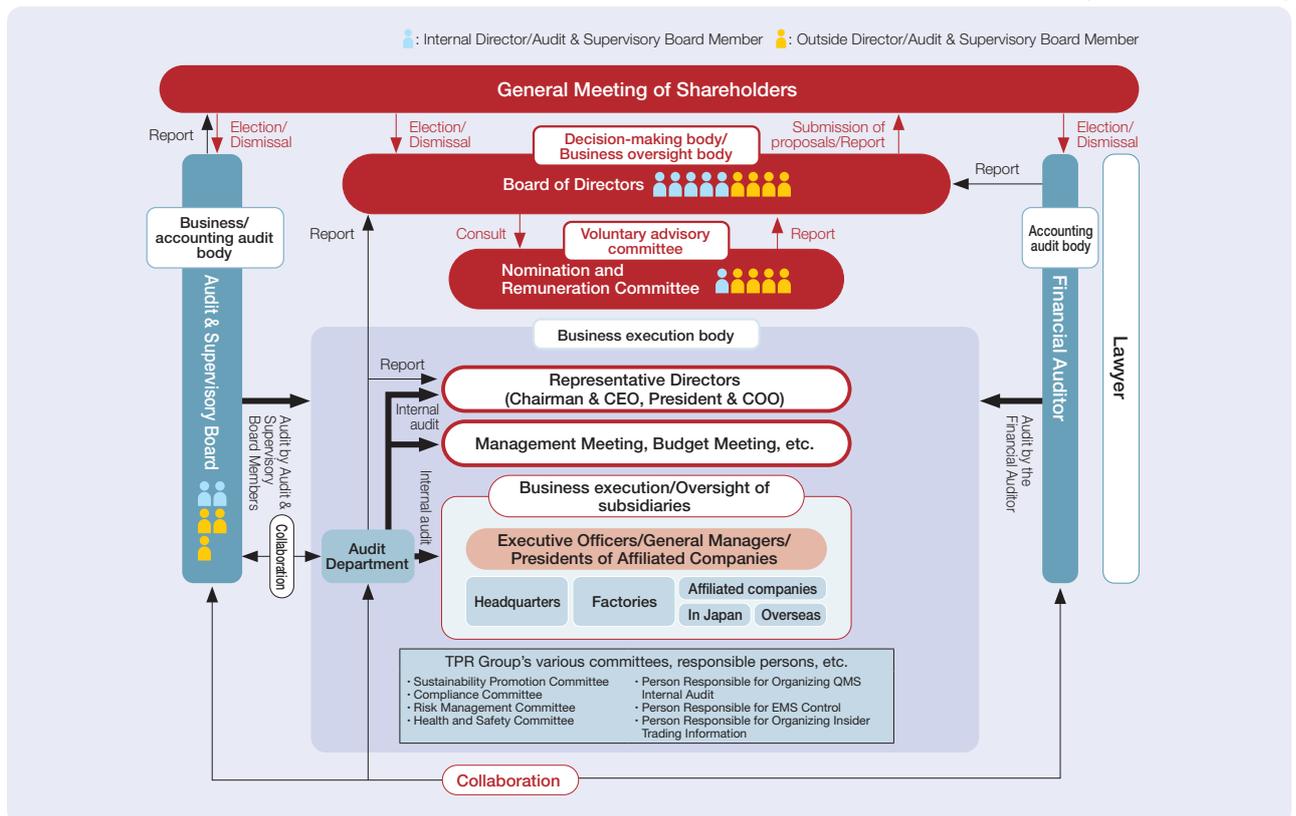
Corporate Governance Structure

The Company has adopted a company with an Audit & Supervisory Board structure as its organizational framework and it is striving to build a corporate governance system that ensures management transparency and soundness and that facilitates sustainable growth.

We have strengthened the transparency, objectivity, and oversight from an external perspective of the Board of Directors by appointing multiple highly independent Outside Directors and outside Audit & Supervisory Board Members, and by establishing a Nomination and Remuneration Committee, of which more than half the members are independent Outside Directors, as an advisory body. We have also established various committees, including the Sustainability Promotion Committee, Compliance Committee, Risk Management Committee, and Health and Safety Committee, to enhance the soundness of management. As an organization which is independent from the Board of Directors, the Audit & Supervisory Board audits the execution of duties by Directors and coordinates closely with the Internal Audit Department and Internal Controls Department to carry out audits as appropriate.

We have also introduced an Executive Officer System to speed up decision-making and make management practice more efficient by separating management supervision and business execution functions.

(as of June 27, 2024)



Role of Each Body

● Board of Directors

The Board of Directors comprises nine Directors, including four independent Outside Directors with diverse backgrounds in the financial and manufacturing industries, the legal profession, and foreign companies, to strengthen the Company's corporate governance.

The Board of Directors recognizes its fiduciary responsibility and accountability to shareholders, and shall appropriately fulfill its roles and obligations, which include promoting the Company's sustainable growth, enhancing corporate value over the medium to long term, and improving profitability, capital efficiency, etc.

● Audit & Supervisory Board

The Audit & Supervisory Board comprises five members, three of whom are independent outside Audit & Supervisory Board Members to ensure a neutral and objective audit structure.

The Audit & Supervisory Board cooperates with the Internal Audit Department and also periodically carries out exchange of opinions with the financial auditor to perform suitable and appropriate audits in order to enhance corporate governance. Moreover, Audit & Supervisory Board Members conduct audits in line with the audit policy and division of duties defined by the Audit & Supervisory Board.

● Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall consist of at least three members, with a majority being independent Outside Directors. As of June 2024, the committee consists of five Directors, of whom four are Outside Directors.

As an advisory body for the Board of Directors, the committee's objective is to enhance the transparency and objectivity of nomination and remuneration of senior management.

The committee deliberates on matters regarding nomination and dismissal of Directors and Audit & Supervisory Board Members, matters regarding the composition of the Board of Directors, matters regarding the policy on composition of compensation, etc., matters regarding remuneration limits, and other matters.

● Management Meeting

Chaired by the Representative Director, Chairman & CEO, the Management Meeting consists of the Representative Director, President & COO, Directors, and board members in charge of the relevant departments (including Overseas Operations, Sales, Production, Administration, and Technology).

To increase the efficiency and vitality of deliberations at Board of Directors meetings, the Management Meeting discusses important matters and, in principle, submits only agreed-upon items to the Board of Directors.

Activities of the Board of Directors, Nomination and Remuneration Committee, and Audit & Supervisory Board

The table below indicates the number of and attendance at meetings of the Board of Directors, Nomination and Remuneration Committee, and Audit & Supervisory Board held in fiscal 2023.

	Name	Number of meetings held and attendance		
		Board of Directors	Nomination and Remuneration Committee	Audit & Supervisory Board
Directors	Hiroshi Suehiro	16/16	8/8	—
	Kazumi Yano	16/16	—	—
	Takehiko Karasawa	15/16	—	—
	Akihiko Ii	16/16	—	—
	Noriaki Ayuzawa	13/13	—	—
	Masataka Honke (Outside)	15/16	8/8	—
	Toshihisa Kato (Outside)	16/16	8/8	—
	Kanako Osawa (Outside)	16/16	8/8	—
	Kenji Muneto (Outside)	13/13	6/6	—
Audit & Supervisory Board Members	Hiroshi Kato	16/16	—	17/17
	Yutaka Sukegawa (Outside)	16/16	—	17/17
	Masahiro Kitahara	13/13	—	13/13
	Takashi Yonekawa (Outside)	16/16	—	17/17
	Shinya Tanaka (Outside)	16/16	—	17/17

Analysis and Evaluation of Effectiveness of the Board of Directors

To ensure the effectiveness of the Board of Directors as a whole, a questionnaire survey of Directors and Audit & Supervisory Board Members is conducted.

Evaluation items in the questionnaire

- ① Effectiveness of the composition ② Effectiveness of the operation ③ Effectiveness of the agenda
④ Effectiveness of the support system ⑤ Other matters

Evaluation results

Regarding the effectiveness of the Board of Directors, we conducted a survey of all Directors and Audit & Supervisory Board Members individually, followed by analysis and evaluation. The evaluation results confirm that the effectiveness of the Board of Directors is ensured. We will continue our efforts to further enhance the effectiveness of the Board of Directors.

Policy on Election of Directors

Under the Articles of Incorporation of the Company, the number of Directors is set as ten or less, which is believed to be an appropriate size for the continuous promotion of swift decision-making.

When nominating a Director candidate, we create a matrix that lists each candidate's skills, work experience, and expertise, and comprehensively review individuals from the perspective of assigning the right person to the right position regardless of nationality or gender, giving consideration to the knowledge, experience, capability and so forth of the candidate, such as their capability for accurate and swift decision-making in the Board of Directors, their capability to conduct appropriate business management from a global standpoint, their capability to monitor the business execution of other Directors, and their capability to take charge of the general operations of the business division under their control.

Independence Standards and Qualification for Independent Outside Directors

The Company appoints Outside Directors and Outside Audit & Supervisory Board Members who are independent officers, in accordance with the "Independence Standards for Independent Outside Directors" established by the Company based on the requirements for outside directors and outside company auditors stipulated in the Companies Act and the independence standards established by financial instruments exchanges.

● Independence Standards for Independent Outside Directors

In order for the Outside Directors and Outside Audit & Supervisory Board Members of the Company to be judged as being independent, such Outside Directors and Outside Audit & Supervisory Board Members must not fall under any of the following items.

- (1) An executive director, executive officer (*shikkoyakuin*) or other employee of the Company and its subsidiaries
- (2) A party whose major client or supplier is the Company¹ or an executive thereof
- (3) Major client or supplier of the Company² or an executive thereof
- (4) A consultant, accounting professional or legal expert who receives a substantial amount of cash and/or other assets from the Company besides officer compensation³ (when a person who receives such assets is an organization such as a corporation or an association, a person who belongs to such organization)
- (5) A party who fell under any of the items (2) to (4) in the past year
- (6) A spouse or relative within the second degree of kinship of a party who falls under any of the items (1) to (5) above (excluding unimportant positions)

¹ "A party whose major client or supplier is the Company" is one who received payment from the Company during the latest fiscal year at least equivalent to 2% of the party's annual consolidated net sales or 100 million yen, whichever is greater.

² "Major client or supplier of the Company" is one who made payment to the Company during the latest fiscal year at least equivalent to 2% of the Company's annual consolidated net sales or 100 million yen, whichever is greater.

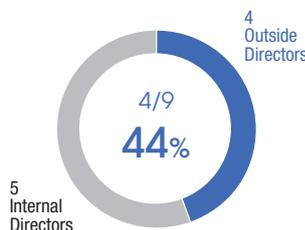
³ "Receives a substantial amount of cash and/or other assets from the Company besides officer compensation" means receiving from the Company during the latest fiscal year monetary consideration or property at least equivalent to 2% of net sales or total revenue of such party or 10 million yen, whichever is greater, in addition to officer compensation.

Skills Matrix of Directors and Audit & Supervisory Board Members (as of June 27, 2024)

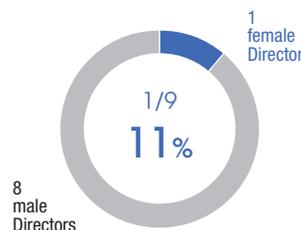
Name	Position	Fields of expertise						Nomination and Remuneration Committee
		Corporate Management	Finance	Production, Engineering and/or IT	Sales	Global	Legal Affairs and/or Risk Management	
Hiroshi Suehiro	Representative Director, Chairman & CEO	●	●			●	●	●
Kazumi Yano	Representative Director, President & COO	●		●	●			
Goji Fujishiro	Director, Deputy President and Executive Officer	●	●		●	●		
Akihiko Ii	Director, Senior Managing Executive Officer			●	●	●		
Noriaki Ayuzawa	Director, Executive Officer			●	●	●		
Masataka Honke	Director (Outside)	●	●				●	●
Toshihisa Kato	Director (Outside)			●		●	●	●
Kanako Osawa	Director (Outside)		●			●	●	●
Kenji Muneto	Director (Outside)	●		●	●	●		●
Yutaka Sukegawa	Full-Time Audit & Supervisory Board Member (Outside)		●	●			●	
Masahiro Kitahara	Full-Time Audit & Supervisory Board Member				●	●	●	
Ryoji Kojima	Full-Time Audit & Supervisory Board Member		●				●	
Takashi Yonekawa	Audit & Supervisory Board Member (Outside)		●		●		●	
Shinya Tanaka	Audit & Supervisory Board Member (Outside)	●	●				●	

Officer Composition

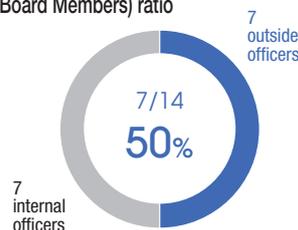
Independent Outside Director ratio



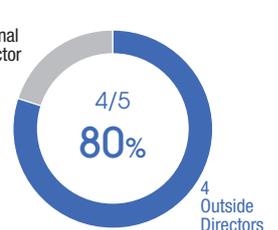
Female Director ratio



Outside officer (Outside Directors and Outside Audit & Supervisory Board Members) ratio



Outside Director ratio in Nomination and Remuneration Committee members



Officer Remuneration

The Company's basic policy is to ensure that the Director remuneration is linked to the Company's business performance and medium- to long-term corporate value so that it can fully function as an incentive for the sustainable enhancement of corporate value, and to determine the remuneration of individual Directors at an appropriate level based on their respective responsibilities and achievements. The remuneration of executive Directors shall consist of ordinary remuneration, variable remuneration, and share-based remuneration for officers granted by the Board Benefit Trust as an incentive to raise awareness about enhancing corporate value. In contrast, non-executive Directors receive ordinary remuneration and share-based remuneration while Audit & Supervisory Board Members receive only ordinary remuneration.

● Breakdown of Director remuneration

(1) Ordinary remuneration (monetary remuneration)

Ordinary remuneration is a fixed monthly salary, determined by considering the position, the level of compensation for similar duties at other organizations, performance of the Company, and the level of employee salaries from a broad perspective.

(2) Variable remuneration (monetary remuneration)

Variable remuneration aims to increase a Director's incentive to enhance business performance each year. The amount is calculated based on the business environment, the Company's performance in the previous fiscal year, and the contributions to the performance by each executive Director, divided by 12, and then paid together with the ordinary remuneration. Based on the business environment, the Company has established the targets for business performance such as the consolidated ordinary profit laid out in the Medium-Term Management Plan or proper indicators according to the duties of each executive Director when preparing plans. Such targets or indicators are appropriately revised based on the report of the Nomination and Remuneration Committee, in which independent Outside Directors constitute the majority, according to changes in the business environment.

(3) Share-based remuneration (non-monetary remuneration)

Non-monetary remuneration is share-based remuneration through the Board Benefit Trust and is paid in accordance with the "Officer Stock Benefit Rules" in order to ensure that the remuneration system is linked to medium- to long-term corporate value enhancement. Specifically, non-monetary remuneration shall be a point system based on position wherein points are assigned according to a table at a certain time each year. In addition, the timing of payment shall be at the end of the Director's term of office, with each point earned during the term of office being converted into one share, which shall be paid at the time of retirement. In the event that shares are paid out during the term of office of a Director, the transfer or other disposition of such shares shall be restricted until the retirement of said Director by entering into a restricted transfer agreement. Directors who engage in certain illegal or inappropriate acts shall lose their rights to receive the provision of the Company share, etc.

● Determination of the ratio of remuneration by type

The Nomination and Remuneration Committee considers the ratio of each type of Director remuneration based on a standard level of remuneration in reference to corporate groups with approximately the same business scale or in the relevant industry, so that Directors in higher positions receive higher proportion of the remuneration which links with the Company's business performance and corporate value. The Board of Directors shall respect the report of the Nomination and Remuneration Committee and determine the ratio of each type of remuneration as indicated in the report.

● Determination of remuneration for each Director

The specific details about the amount of remuneration for each Director shall be delegated to the Representative Director, Chairman & CEO by resolution of the Board of Directors, and his authority shall be to decide the amount of ordinary remuneration and the amount of variable remuneration based on the evaluation of the business performance of each Director.

The Board of Directors shall consult with the Nomination and Remuneration Committee on the original proposals prepared by the Representative Director, Chairman & CEO to ensure the Representative Director, Chairman & CEO is appropriately exercising this authority, and the Representative Director, Chairman & CEO shall make a decision in accordance with content of that report.

● Total amount of remuneration, etc. by officer classification, total amount of remuneration, etc. by type, and number of eligible officers

Officer classification	Total amount of remuneration, etc. (Million yen)	Total amount of remuneration, etc. by type (Million yen)					Number of eligible officers (Persons)
		Ordinary remuneration	Variable remuneration	Performance-linked remuneration	Retirement benefits	Share-based remuneration	
Directors (excluding Outside Directors)	259	174	41	—	—	44	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	37	37	—	—	—	—	3
Outside officers	69	63	—	—	—	6	7



Compliance

Basic Approach

The Company has established the TPR Group Compliance Basic Rules and TPR Compliance Rules. Based on these rules, we promote the maintenance and improvement of Group-wide compliance structures.

In accordance with the TPR Group Compliance Basic Stance described below, our employees execute their day-to-day business activities.

TPR Group Compliance Basic Stance

TPR and TPR Group companies share the belief that engaging in sincere corporate activities is essential with respect to responding to the trust of all stakeholders, including customers, shareholders, employees, business partners, and local communities.

In addition, each and every employee, etc. of TPR and TPR Group companies shall recognize that compliance is one of the most important corporate foundations, alongside quality, environment, safety, and disaster prevention, and shall strive to conduct sincere and sound corporate activities by ensuring compliance with laws and regulations, as well as social norms, always adhering to high ethical standards.

- 1 Sincere Behavior
- 2 Assuring Transparency and Soundness of Management
- 3 Transactions Based on Fair and Free Competition
- 4 Making Safe and Comfortable Workplaces
- 5 Contribution to the Society

Compliance Structure

Based on the above rules, with the Chairman & CEO as the overall responsible person, the Compliance Committee comprising Management Meeting members has been established. Within this framework, each General Manager promotes the maintenance and improvement of compliance structures as the person responsible.

The Group Governance Department serves as the secretariat and its responsibilities encompass all domestic and overseas Group companies. Its role is to prevent unlawful or unethical actions throughout the TPR Group, such as improper accounting processes. For this purpose, it has established a mechanism for early detection of any such actions, aiming to enhance Group governance. Furthermore, compliance training is a mandatory component of the employee education curriculum.

Major Initiatives

● Whistleblowing system

We have established Group-wide common whistleblowing channels to which officers and employees of the Group can report violations of laws and regulations, unauthorized actions, and harassment actions. There are three whistleblowing channels: the Compliance Committee, Audit & Supervisory Board Members, and an external law firm, with multiple reporting methods available: telephone, email, postal mail, and letters. While ensuring convenience for whistleblowing, we thoroughly inform officers and employees about the protection of whistleblowers.

Regarding whistleblowing, matters are periodically reported to the Board of Directors and initiatives are monitored.

● Education and compliance awareness improvement

At the Company-Wide Management Meeting, the Chairman & CEO delivers a message to promote compliance activities, and top management takes opportunities and sends messages to promote compliance, such as in the New Year's address.

We provide training for new employees and mid-career hires, as well as newly appointed managers, overseas assignees, officers, and managers, on a regular or ad-hoc basis. In training, we use e-learning and other methods to ensure effective implementation, and we also monitor and analyze the level of understanding to reflect it in measures.

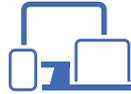
In addition, the Group Governance Department implements the following initiatives to raise compliance awareness.

- Monitoring compliance information at each site and sharing information among sites with the person in charge of compliance and heads of sites
- Based on monthly compliance information, making a summary of the background and perspectives, preparing educational materials, and deploy them to each site
- Monitoring compliance with the Competition Law based on contact reports with other companies in the same industry

Respect for Human Rights (TPR Group Human Rights Policy)

The TPR Group (TPR Co., Ltd. and its consolidated subsidiaries) believe that it is our important social responsibility as a company to promote business activities and respect the human rights of all people involved in our business activities based on the Corporate Philosophy, “contribute to realizing a clean and high-quality global society by offering unmatched technologies and products with superior value.”

We have established the TPR Group Human Rights Policy based on the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and other international norms.



For the full text of the “TPR Group Human Rights Policy,” please visit our website.
<https://www.tpr.co.jp/csr/society/humanrights/> (in Japanese)

Risk Management

The TPR Group has formulated the “TPR Group Risk Management Basic Regulations” to accurately evaluate and recognize risks related to business execution, and establish measures to prevent the materialization of such risks, or measures to minimize losses arising from such materialization of risks. We are promoting the development and operation of a Group-wide risk management structure to deal with increasingly diverse and complex risks.

Risk Management Structure

Based on the above regulations, the Risk Management Committee meets regularly to discuss internal and external risks of the Company and Group companies, monitor critical risk matters, evaluate risks related to business execution, and implement measures to identify and prevent materialization of risks and minimize damage when they occur. Moreover, important issues related to risk management activities are reported periodically to the Board of Directors.

Priority Risk Management Activities

Against the backdrop of the growing importance of BCP in recent years, we have been working to make BCP more practical and preparing and reviewing disaster response manuals across all of our sites. In order to prioritize human life and maintain business continuity in the event of a disaster such as an earthquake or torrential rain, we continuously engage in initial response and recovery response training. In the course of its business activities, the TPR Group handles various personal and confidential information. Information security measures are in place for handling such information and maintaining its confidentiality. To strengthen countermeasures for cyberattacks against companies, which have become more frequent in recent years, we are reinforcing information security by providing education and training for employees, introducing software as countermeasures, and implementing countermeasures based on diagnoses by third-party organizations.

Major Risks

Market risks	<ul style="list-style-type: none"> ● Competition with other companies ● Trends of economic environment and automotive market demand 	Risks related to politics, regulations, legal procedures, disasters, etc.	<ul style="list-style-type: none"> ● Legal regulations, etc. ● Earthquake, fire, etc. ● Spread of infectious diseases ● Environmental regulations ● Information security ● Intellectual property rights
Business risks	<ul style="list-style-type: none"> ● Innovation and response to customer needs ● Investment in affiliated companies ● Business alliances with other companies ● Procurement of raw materials and parts ● Product quality defects 	Recruitment and turnover risks	<ul style="list-style-type: none"> ● Aging of employees ● Recruitment and turnover
Financial, economic, and market conditions risks	<ul style="list-style-type: none"> ● Exchange rate fluctuations ● Investment securities ● Retirement benefit obligations ● Impact of raw material price fluctuations ● Impact of logistics price fluctuations 		



Directors and Audit & Supervisory Board Members

(as of June 27, 2024)

Directors

Representative Director,
Chairman & CEO

Hiroshi Suehiro



- Apr. 1981 Joined The Fuji Bank, Limited (Currently Mizuho Bank, Ltd.)
- Apr. 2008 Executive Officer, General Manager of Corporate Banking Division No. 7 of Mizuho Corporate Bank, Ltd.
- Apr. 2011 Managing Executive Officer, Head of Asia & Oceania
- Apr. 2014 Managing Executive Officer, Head of the Americas of Mizuho Bank, Ltd.
- Apr. 2015 Senior Managing Executive Officer, Head of the Americas
- Apr. 2017 Deputy President & Senior Executive Officer, Head of the Americas of Mizuho Financial Group, Inc. Deputy President & Executive Officer, Head of the Americas of Mizuho Bank, Ltd.
- May 2018 Deputy President and Executive Officer of the Company
- June 2018 Director, Deputy President and Executive Officer
- June 2019 Chairman of the Board of FALTEC Co., Ltd. Representative Director, Chairman & CEO of the Company (current position)
- Apr. 2021 Director of FALTEC Co., Ltd.
- June 2024 Chairman of the Board (current position)

Representative Director,
President & COO

Kazumi Yano



- Aug. 1982 Joined the Company
- June 2006 General Manager of Production Engineering Department of Nagano Plant
- June 2009 General Manager of Engineering Development Department
- June 2011 General Manager of Production Engineering Department of Nagano Plant
- June 2012 Executive Officer, Plant Manager of Nagano Plant, and General Manager of Production Planning Department
- Dec. 2013 Executive Officer, Plant Manager of Nagano Plant
- June 2017 Director, Managing Executive Officer of the Company Representative Director and President of TPR Industry Co., Ltd.
- June 2019 Director, Senior Managing Executive Officer
- Apr. 2021 Representative Director, President & COO (current position)
- June 2021 Director of Faltec Co., Ltd. (current position)

Director, Deputy President
and Executive Officer

Goji Fujishiro



- Apr. 1987 Joined The Fuji Bank, Limited (Currently Mizuho Bank, Ltd.)
- Apr. 2015 Executive Officer and General Manager of Executive Secretariat of Mizuho Financial Group, Inc.
- Apr. 2016 Managing Executive Officer in charge of Sales of Mizuho Bank Ltd.
- Apr. 2018 Managing Executive Officer and Head of Global Products Unit of Mizuho Financial Group, Inc.
- Apr. 2019 Managing Executive Officer, Head of Asset Management Company and Head of Global Products Unit
- Apr. 2020 Senior Managing Executive Officer in charge of West Japan of Mizuho Bank Ltd.
- Apr. 2021 Deputy President and Executive Officer in charge of West Japan
- May 2021 Deputy President and Executive Officer in charge of West Japan and Head of Kansai Regional Group
- June 2023 Deputy President and Executive Officer of the Company
- June 2024 Director of Faltec Co., Ltd. (current position)
- June 2024 Director, Deputy President and Executive Officer of the Company (current position) Head of Overseas Operations

Director,
Senior Managing Executive Officer

Akihiko Ii



- Nov. 1990 Joined the Company
- June 2009 General Manager of Nagoya Sales Office
- June 2014 General Manager of Marketing & Business Planning Department
- June 2015 Executive Officer in charge of Sales for Japanese firms
- June 2019 Director, Managing Executive Officer Head of Sales & Marketing
- Apr. 2021 Director, Senior Managing Executive Officer Head of Sales & Marketing
- Apr. 2024 Director, Senior Managing Executive Officer (current position) Head of Sales & Marketing, Head of Purchasing

Director,
Executive Officer

Noriaki Ayuzawa



- Apr. 1990 Joined the Company
- June 2014 General Manager of Product Development Department
- June 2019 Executive Officer Head of Ring, Liner, Sintering Technology General Manager of Product Development Department
- Apr. 2021 Executive Officer Head of Ring, Liner, Sintering Technology General Manager of Technical Planning Department, and General Manager of CASE Handling Development Department
- Apr. 2022 Executive Officer Head of Technology General Manager of Technical Planning Department
- Apr. 2023 Executive Officer Head of Technology
- June 2023 Director, Executive Officer (current position) Head of Technology

Outside Director

Masataka Honke



- Apr. 1968 Joined Bank of Japan
- May 1990 General Manager of Matsuyama Branch
- Apr. 1992 Deputy General Manager of Osaka Branch
- Oct. 1994 Deputy General Manager of Bank Examination Department
- May 1996 Director-General of Currency Issue Department
- Aug. 1997 Senior Managing Director of YAMANE TANSHI CO., LTD.
- Apr. 1998 Representative Director and President
- Apr. 2001 Representative Director and President of CENTRAL TANSHI CO., LTD.
- June 2007 Representative Director and Chairman
- Mar. 2013 Chairman of The Central Council for Financial Services Information
- June 2016 Outside Director of the Company (current position)

Outside Director

Toshihisa Kato



- Apr. 1978 Joined Ajinomoto Co., Inc.
- July 1996 Associate General Manager of Central Research Laboratories
- July 1998 Associate General Manager of Research and Development Department
- July 2000 General Manager of Production Division No. 1 of Tokai Plant
- Apr. 2005 General Manager of Fine Chemical & Pharmaceutical Industrialization Center
- July 2006 General Manager of Tokai Plant
- July 2007 Corporate Executive Officer, General Manager of Tokai Plant
- July 2009 Corporate Executive Officer, General Manager of AOC Department, Bioscience Products & Fine Chemicals Division
- Oct. 2010 Corporate Executive Officer, General Manager of Material Development & Application Labs, Bioscience Products & Fine Chemicals Division
- July 2011 Corporate Vice President, Deputy Chief Technology Officer In charge of Open Innovation Affairs and Intellectual Property Affairs
- July 2013 Corporate Vice President, General Manager of Institute For Innovation
- July 2017 Advisor
- June 2019 Outside Director of the Company (current position)

Outside Director

Kanako Osawa



Mar. 1998 Graduated from Legal Training and Research Institute of Japan (the 50th Class), Supreme Court of Japan
Apr. 1998 Registered as an attorney at law
Apr. 1998 Joined Kajitani Law Offices (current position)
Oct. 2005 Admitted to the bar of the State of New York, USA
June 2015 Outside Director (Audit & Supervisory Committee Member) of LINTEC Corporation (current position)
June 2021 Outside Director of the Company (current position)
Mar. 2022 Outside Audit & Supervisory Board Member of Otsuka Holdings Co., Ltd. (current position)
June 2022 Outside Audit & Supervisory Board Member of Toshiba Tec Corporation (current position)

Outside Director

Kenji Muneto



Apr. 1985 Joined Diesel Kiki Co., Ltd.
Apr. 2004 General Manager, Business Planning Department, Sales Division, Head Office of Bosch Automotive Systems Corporation
Apr. 2007 General Manager, No. 2 Sales Department, Fuel Injection System Unit of Bosch Corporation
Apr. 2009 Executive Officer, Fuel Injection System Unit, General Manager of Sales Division
Aug. 2013 Senior Managing Executive Officer, and President of Bosch Fuel Injection Business Japan Division
June 2021 Retired from Bosch Corporation
Sept. 2021 Management consultant (current position)
June 2023 Outside Director of the Company (current position)

Audit & Supervisory Board Members

Outside Full-Time Audit
& Supervisory Board Member

Yutaka Sukegawa



Apr. 1983 Joined The Yasuda Mutual Life Insurance Company
Apr. 2009 General Manager, in charge of System Risk Management of Information Systems Department of Meiji Yasuda Life Insurance Company
Apr. 2014 Seconded to Meiji Yasuda System Technology Company Limited, Affiliate Relations Dept. of Meiji Yasuda Life Insurance Company (General Manager of ICT Development Division, IT Solutions Business Unit)
Apr. 2015 Director, General Manager of ICT Development Division, IT Solutions Business Unit of Meiji Yasuda System Technology Company Limited
Apr. 2018 Counselor of IT Solutions Business Unit
June 2018 Full-Time Audit & Supervisory Board Member of the Company (current position)

Full-Time Audit
& Supervisory Board Member

Masahiro Kitahara



Apr. 1981 Joined the Company
Oct. 2010 General Manager of New Business Department
June 2014 Assigned to Senior Manager of Overseas Operations Department No. 1 Seconded to TPR (Tianjin) Co., Ltd. (General Manager)
June 2015 Executive Officer of the Company
General Manager of TPR (Tianjin) Co., Ltd.
June 2017 Executive Officer of the Company
Corporate Vice President, General Manager of Management & Administration Center, and General Manager of HR & General Affairs Department of Faltec Co., Ltd.
June 2018 Executive Officer of the Company
Managing Director of TPR Nobukawa Co., Ltd.
Managing Director of TPR Nobukawa Trading Co., Ltd.
June 2022 Executive Officer of the Company
Managing Director of TPR Osaka Seimitsu Kikai Co., Ltd.
June 2023 Full-Time Audit & Supervisory Board Member of the Company (current position)

Full-Time Audit
& Supervisory Board Member

Ryoji Kojima



Mar. 1991 Joined Takasaki Paper Co., Ltd.
Jan. 2004 Joined the Company
Mar. 2007 Manager of Financial Department
Sept. 2011 Manager of New Business Department
June 2015 Manager of Corporate Planning Department
Mar. 2018 Senior Manager of Corporate Planning Department
June 2019 General Manager of Financial Department
June 2024 Full-Time Audit & Supervisory Board Member (current position)

Outside Audit
& Supervisory Board Member

Takashi Yonekawa



Apr. 1982 Joined The Yasuda Fire & Marine Insurance Co., Ltd. (currently Sampo Japan Insurance Inc.)
Apr. 2012 Executive Officer, General Manager of Financial Institutions Department of Sampo Japan Insurance Inc.
Apr. 2013 Executive Officer, General Manager of Corporate Product Department
Executive Officer, General Manager of Corporate Product Department of NIPPONKOA Insurance Company, Limited
Apr. 2014 Managing Executive Officer of Sampo Japan Insurance Inc.
Managing Executive Officer of NIPPONKOA Insurance Company, Limited
Sept. 2014 Managing Executive Officer of Sampo Japan Nipponkoa Insurance Inc.
Apr. 2016 Director, Managing Executive Officer, and General Manager of Kansai Regional Headquarters I
Apr. 2018 Senior Managing Executive Officer, General Manager of Kansai Regional Headquarters I
Apr. 2020 Deputy President and Executive Officer of Sampo Japan Insurance Inc.
June 2020 Outside Audit & Supervisory Board Member of the Company (current position)
Advisor to Sampo Japan Insurance Inc.
July 2020 Chairman of the Yasuda Nipponkoa Health Insurance Association (current position)
Chairman of the Tokyo Federation of Health Insurance Societies (current position)
June 2021 Outside Corporate Auditor of Fuyo General Lease Co., Ltd. (current position)
Apr. 2024 Vice Chairman of the Federation of Health Insurance Societies (current position)

Outside Audit
& Supervisory Board Member

Shinya Tanaka



Apr. 1983 Joined The Yasuda Trust & Banking Co., Ltd.
June 2006 Advisory Manager of Real Estate Investment of Mizuho Trust & Banking Co., Ltd.
Apr. 2009 Executive Officer, General Manager of Real Estate Planning Department
Apr. 2011 Managing Executive Officer
Apr. 2012 Managing Executive Officer, Head of Real Estate Unit
Apr. 2013 Managing Executive Officer, Deputy Officer of Investment Banking Unit of Mizuho Financial Group, Inc.
Apr. 2016 Representative Director and Vice President of Mizuho Realty Co., Ltd.
Mar. 2017 Representative Director and President
Apr. 2022 Adviser
June 2022 Audit & Supervisory Board Member of the Company (current position)
June 2024 Outside Corporate Auditor of ID Holdings Corporation



11-Year Summary

	(Unit)	FY2013	FY2014	FY2015	FY2016
Operating Results					
Net sales	(Million yen)	149,081	165,849	174,628	175,398
Japan	(Million yen)	42,302	45,286	42,909	42,076
Asia	(Million yen)	19,516	26,200	32,191	32,580
North America	(Million yen)	9,077	12,165	14,670	15,008
Other regions	(Million yen)	2,162	2,651	2,439	2,245
FALTEC Group	(Million yen)	76,022	79,546	82,416	83,487
Gross profit	(Million yen)	35,263	43,067	47,522	47,317
Operating profit	(Million yen)	13,554	19,393	21,334	20,514
Ordinary profit	(Million yen)	15,551	23,063	24,134	23,313
Profit attributable to owners of parent	(Million yen)	6,364	12,658	11,810	12,281
Capital investment	(Million yen)	10,389	10,089	14,266	13,541
Depreciation	(Million yen)	7,667	8,519	8,994	9,694
R&D investment	(Million yen)	3,605	3,858	4,736	5,335
Cash Flows					
Cash flows from operating activities	(Million yen)	16,048	16,226	25,213	27,651
Cash flows from investing activities	(Million yen)	(9,146)	(11,882)	(13,117)	(12,127)
Free cash flows	(Million yen)	6,902	4,344	12,096	15,524
Cash flows from financing activities	(Million yen)	(5,366)	(5,225)	(8,048)	(8,863)
Financial Position					
Cash and deposits	(Million yen)	19,877	20,275	25,199	31,592
Interest-bearing debt	(Million yen)	46,887	46,120	43,722	39,702
Equity	(Million yen)	60,547	77,725	80,184	89,482
Total assets	(Million yen)	174,994	201,102	197,147	208,932
Financial Indicators					
Operating profit to net sales	(%)	9.0	11.7	12.2	11.7
Return on assets (ROA)	(%)	3.6	6.2	5.9	5.8
Return on equity (ROE)	(%)	12.2	18.3	15.0	14.5
Net profit margin	(%)	4.2	7.6	6.7	7.0
Equity-to-asset ratio	(%)	34.6	38.6	40.7	42.8
Net debt-to-equity (D/E) ratio	(Times)	0.45	0.33	0.23	0.09
Per Share Information					
Dividend payout ratio	(%)	14.4	13.4	14.4	14.7
Basic earnings per share (EPS)	(Yen)	180.8	358.9	334.0	346.8
Dividend per share (DPS)	(Yen)	26.0	48.0	48.0	51.0
Net assets per share (BPS)	(Yen)	1,718.8	2,201.2	2,264.9	2,525.4
Number of employees	(Persons)	5,412	6,052	6,536	6,928

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
187,398	192,619	178,530	152,002	163,537	178,619	193,834
45,706	50,392	47,821	41,018	46,063	49,464	52,834
35,907	32,956	29,775	29,446	36,589	39,843	41,086
15,444	15,419	13,205	10,175	10,228	13,514	15,377
2,847	3,176	2,472	1,644	1,729	2,290	2,919
87,493	90,673	85,254	69,715	68,925	73,506	81,615
47,485	46,203	40,555	33,894	36,633	34,246	41,337
20,775	18,309	13,923	9,896	10,701	6,856	12,526
24,023	21,765	16,400	14,138	14,633	10,215	16,066
12,154	11,515	7,318	5,466	8,087	3,843	8,195
13,074	13,916	14,426	10,172	11,785	10,840	9,204
10,211	10,483	10,885	10,996	10,910	12,410	12,389
5,566	6,008	5,706	5,242	5,328	5,267	5,268
26,882	24,824	21,524	16,251	19,859	21,088	24,386
(19,734)	(14,315)	(10,377)	(9,375)	(13,439)	(14,568)	(9,611)
7,148	10,509	11,147	6,876	6,420	6,520	14,775
(1,538)	(9,819)	(1,135)	(11,372)	(10,350)	(3,919)	(10,547)
40,554	39,248	47,193	42,370	40,792	45,347	52,005
45,053	40,271	46,898	45,578	38,946	40,136	35,654
103,017	106,519	109,268	116,232	128,793	133,756	157,375
233,502	232,275	240,458	244,059	255,403	264,702	290,109
11.1	9.5	7.8	6.5	6.5	3.8	6.5
5.2	4.9	3.0	2.2	3.1	1.4	2.8
12.6	11.0	6.8	4.8	6.6	2.9	5.6
6.4	5.9	4.0	3.5	4.9	2.1	4.2
44.0	45.9	45.4	47.6	50.4	50.5	54.2
0.04	0.01	(0.00)	0.03	(0.01)	(0.04)	(0.10)
15.2	16.6	29.1	28.5	24.7	51.4	28.8
342.8	324.5	206.1	154.5	234.5	112.9	243.0
52.0	54.0	60.0	44.0	58.0	58.0	70.0
2,903.7	3,001.9	3,078.2	3,370.9	3,734.2	3,969.2	4,667.0
7,104	7,171	6,923	6,886	6,672	6,935	6,959

Consolidated Balance Sheet

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	45,347	52,005
Notes receivable - trade	8,151	8,976
Accounts receivable - trade	35,750	36,851
Merchandise and finished goods	15,219	15,983
Work in process	6,802	6,787
Raw materials and supplies	10,953	11,524
Other	5,742	5,170
Allowance for doubtful accounts	(59)	(67)
Total current assets	127,908	137,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,320	58,774
Accumulated depreciation	(32,596)	(35,188)
Buildings and structures, net	23,724	23,585
Machinery, equipment and vehicles	125,036	133,101
Accumulated depreciation	(96,929)	(105,901)
Machinery, equipment and vehicles, net	28,107	27,199
Land	8,903	9,730
Leased assets	3,330	4,159
Accumulated depreciation	(1,440)	(1,830)
Leased assets, net	1,890	2,329
Construction in progress	5,312	4,135
Other	29,319	29,573
Accumulated depreciation	(25,689)	(25,888)
Other, net	3,630	3,685
Total property, plant and equipment	71,567	70,665
Intangible assets		
Goodwill	—	1,031
Other	2,416	2,761
Intangible assets	2,416	3,793
Investments and other assets		
Investment securities	31,602	38,076
Long-term loans receivable	183	231
Investments in capital	15,207	16,270
Retirement benefit asset	8,214	16,075
Deferred tax assets	2,237	1,935
Other	5,549	6,054
Allowance for doubtful accounts	(184)	(224)
Total investments and other assets	62,809	78,417
Total non-current assets	136,793	152,876
Total assets	264,702	290,109

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,143	17,347
Electronically recorded obligations - operating	8,962	10,362
Short-term borrowings	26,174	22,894
Lease liabilities	1,801	1,509
Income taxes payable	942	1,609
Provision for bonuses	2,177	2,461
Other	12,239	12,171
Total current liabilities	70,440	68,356
Non-current liabilities		
Long-term borrowings	10,538	8,995
Lease liabilities	1,623	2,255
Deferred tax liabilities	9,266	14,395
Retirement benefit liability	4,968	4,600
Provision for retirement benefits for directors (and other officers)	712	574
Provision for share awards for directors (and other officers)	246	306
Asset retirement obligations	194	174
Other	809	810
Total non-current liabilities	28,358	32,112
Total liabilities	98,798	100,468
Net assets		
Shareholders' equity		
Share capital	4,758	4,758
Capital surplus	3,965	3,965
Retained earnings	102,782	108,974
Treasury shares	(1,012)	(963)
Total shareholders' equity	110,493	116,735
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,106	19,003
Foreign currency translation adjustment	9,319	13,866
Remeasurements of defined benefit plans	1,836	7,769
Total accumulated other comprehensive income	23,262	40,639
Share acquisition rights	147	129
Non-controlling interests	31,999	32,135
Total net assets	165,903	189,640
Total liabilities and net assets	264,702	290,109

Consolidated Statement of Income

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	178,619	193,834
Cost of sales	144,372	152,496
Gross profit	34,246	41,337
Selling, general and administrative expenses	27,390	28,811
Ordinary profit	6,856	12,526
Non-operating income		
Interest income	541	725
Dividend income	903	1,222
Share of profit of entities accounted for using equity method	1,900	1,711
Other	1,057	833
Total non-operating income	4,403	4,492
Non-operating expenses		
Interest expenses	239	282
Foreign exchange losses	449	380
Other	354	288
Total non-operating expenses	1,043	952
Ordinary profit	10,215	16,066
Extraordinary profit		
Gain on sale of non-current assets	90	106
Gain on sale of investment securities	32	136
Gains on cancellation of employee retirement benefit trust	—	320
Other	—	18
Total extraordinary income	122	582
Extraordinary losses		
Loss on retirement of non-current assets	101	70
Loss on valuation of investment securities	929	131
Impairment losses	906	611
Quality incident cost	—	1,037
Other	67	126
Total extraordinary losses	2,004	1,976
Profit before income taxes	8,334	14,671
Income taxes - current	2,671	4,273
Income taxes - deferred	501	(333)
Total income taxes	3,172	3,939
Profit	5,161	10,732
Profit attributable to non-controlling interests	1,317	2,537
Profit attributable to owners of parent	3,843	8,195

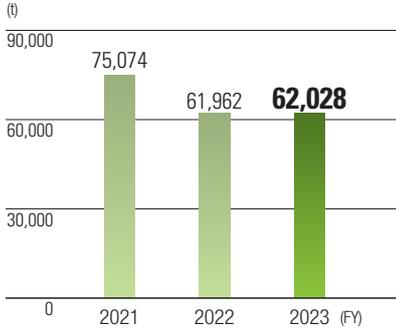
Consolidated Statement of Cash Flows

(Million yen)

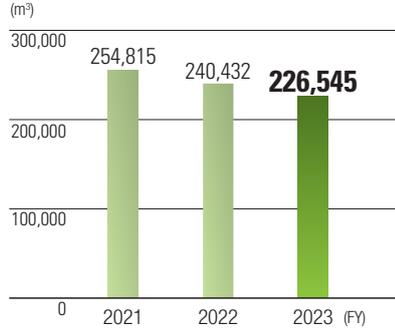
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	8,334	14,671
Depreciation	12,410	12,389
Impairment losses	906	611
Amortization of goodwill	133	179
Share of loss (profit) of entities accounted for using equity method	(1,900)	(1,711)
Decrease (increase) in retirement benefit asset	115	(59)
Increase (decrease) in retirement benefit liability	(752)	(265)
Increase (decrease) in provision for bonuses	5	217
Increase (decrease) in allowance for doubtful accounts	4	42
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(125)	(220)
Increase (decrease) in provision for share awards for directors (and other officers)	85	89
Interest and dividend income	(1,445)	(1,947)
Interest expenses	239	282
Foreign exchange losses (gains)	(215)	391
Loss (gain) on sale of non-current assets	(82)	(106)
Loss on retirement of non-current assets	101	70
Loss (gain) on valuation of investment securities	929	131
Loss (gain) on sale of investment securities	(31)	(136)
Gains on cancellation of employee retirement benefit trust	—	(320)
Decrease (increase) in trade receivables	2,671	(87)
Decrease (increase) in inventories	(2,502)	612
Increase (decrease) in trade payables	189	(527)
Other, net	718	1,438
Subtotal	19,787	25,745
Interest and dividends received	4,896	2,444
Interest paid	(241)	(281)
Income taxes paid	(3,354)	(3,522)
Net cash provided by (used in) operating activities	21,088	24,386
Cash flows from investing activities		
Payments into time deposits	(6,081)	(1,761)
Proceeds from withdrawal of time deposits	1,818	1,533
Purchase of property, plant and equipment and intangible assets	(9,454)	(10,155)
Proceeds from sale of property, plant and equipment and intangible assets	107	317
Purchase of investment securities	(505)	(107)
Proceeds from sale of investment securities	144	809
Net decrease (increase) in loans receivable	56	49
Other, net	(653)	(296)
Net cash provided by (used in) investing activities	(14,568)	(9,611)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,800	(2,202)
Proceeds from long-term borrowings	6,000	5,200
Repayments of long-term borrowings	(7,184)	(7,860)
Repayments of lease liabilities	(1,907)	(1,800)
Proceeds from sale and leaseback transactions	1,895	1,945
Purchase of treasury shares	(995)	(0)
Dividends paid	(2,033)	(1,968)
Dividends paid to non-controlling interests	(1,492)	(3,861)
Net cash provided by (used in) financing activities	(3,919)	(10,547)
Effect of exchange rate change on cash and cash equivalents	1,712	1,314
Net increase (decrease) in cash and cash equivalents	4,312	5,541
Cash and cash equivalents at beginning of period	40,244	44,557
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	642
Cash and cash equivalents at end of period	44,557	50,742

Environment

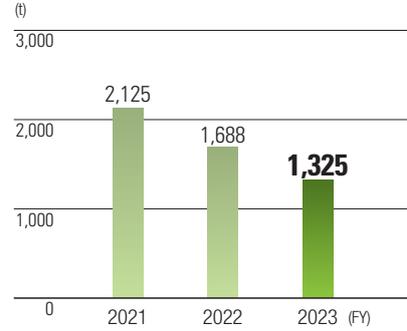
CO₂ emissions



Water consumption



Waste emissions

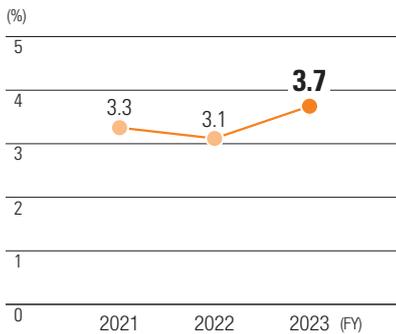


*Total data for Nagano Factory, Gifu Factory, and TPR Industry Co., Ltd.

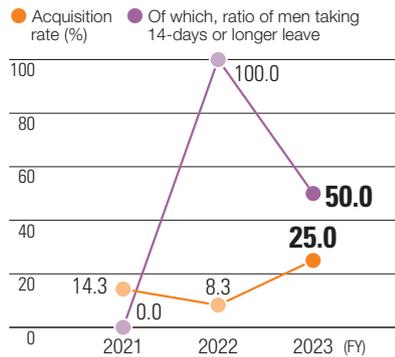
*Waste emissions have decreased since FY2022 owing to TPR Industries Co., Ltd.'s implementation of cardboard recycling.

Society

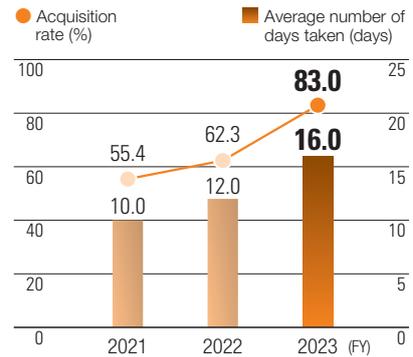
Ratio of female managers



Ratio of childcare leave acquisition by men



Annual paid leave acquisition



*Figures are for TPR Co., Ltd. on a non-consolidated basis.

Governance

Ratio of Outside Directors on the Board of Directors

44% (4/9 persons)

Ratio of female Directors on the Board of Directors

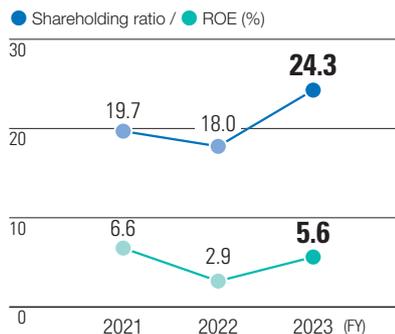
11% (1/9 persons)

Attendance rate of Board of Directors meetings by outside officers

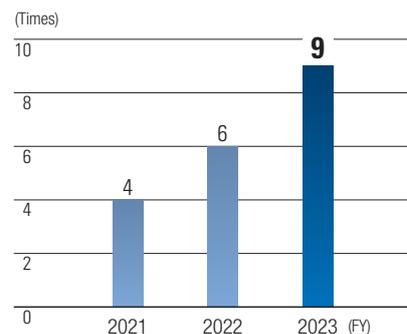
*Including Audit & Supervisory Board Members

99% (FY2023)

Ratio of the value of cross-shareholdings to net assets / ROE



Number of business continuity planning (BCP) drills conducted



*Major sites in Japan

Overseas Group Companies (37 sites)

China

- **Anqing TP Goetze Piston Ring Co., Ltd. [ATG]**
Anqing City, Anhui Province
- **Anqing TP Powder Metallurgy Co., Ltd. [ATP]**
Anqing City, Anhui Province
- **Anqing TP Goetze Liner Co., Ltd. [ATGL]**
Anqing City, Anhui Province
- **Anqing TPR Engineering Plastic Co., Ltd. [ATEP]**
Anqing City, Anhui Province
- **Anqing ATGE Engineering Co., Ltd. [ATGE]**
Anqing City, Anhui Province
- **Anqing Dixin Machine Manufacturing Co., Ltd. [ADXM]**
Anqing City, Anhui Province
- **Federal-Mogul (Anqing) Powder Metallurgy Co., Ltd. [FMAP]**
Anqing City, Anhui Province
- **TPR ARN (Anhui) New Energy R&D Co., Ltd. [TANE]**
Anqing City, Anhui Province
- **TPR (Tianjin) Co., Ltd. [TPRT]**
Tianjin
- **China United Piston Ring Co., Ltd. [CUPR]**
Lang Fang City, Hebei Province
- **Nanjing TP Thermal Engineering Co., Ltd. [NTEC]**
Nanjing City, Jiangsu Province
- **Sunlight Rubber Products (Shang Hai) Co., Ltd. [SLS]**
Shanghai City
- **FOSHAN FALTEC AUTOMOTIVE PARTS Co., Ltd. [FAP]**
Foshan City, Guangdong Province
- **HUBEI FALTEC AUTOMOTIVE PARTS Co., Ltd. [FH]**
Xiangyang City, Hubei Province
- **WUHAN TGPM-FALTEC CO., LTD. [WFT]**
Wuhan City, Hubei Province
- **ALTIA AUTOMOTIVE SERVICE EQUIPMENT (CHINA) CO., LTD. [GAC]**
Guangzhou City, Guangdong Province

Indonesia

- **PT. TPR SALES Indonesia [TSIN]**
DKI Jakarta
- **PT. TPR Indonesia [TPRIN]**
Bekasi

India

- **TPR Autoparts Mfg. India Pvt. Ltd. [TPRI]**
Rajasthan
- **Federal-Mogul TPR (INDIA) Ltd. [FMTPRI]**
Karnataka
- **OSK Precision Machinery Pvt. Ltd.**
Telangana

South Korea

- **Y&T Power Tech., Inc. [Y&T]**
Chungcheongbuk-do
- **OSK KOREA CO., LTD.**
Gyeonggi-do

Vietnam

- **TPR Vietnam Co., Ltd. [TPRV]**
Ho Chi Minh City

Thailand

- **TPR Asian Sales (Thailand) Ltd. [TST]**
Bangkok
- **FALTEC SRG Global (Thailand) Co., Ltd. [FST]**
Chachoengsao
- **ALTIA ENGINEERING SERVICE (THAILAND) CO., LTD. [AES]**
Bangkok

U.S.A.

- **TPR America, Inc. [TPRA]**
Illinois
- **Federal-Mogul TP Liners, Inc. [FTL]**
Minnesota
- **TPR Federal-Mogul Tennessee, Inc. [TFT]**
Tennessee
- **United Piston Ring, Inc. [UPR]**
Wisconsin
- **FALTEC AMERICA, INC. [FA]**
Georgia

Germany

- **TPR Europe GmbH [TPRE]**
Dusseldorf, North Rhine-Westphalia
- **Federal-Mogul TP Europe GmbH & Co. KG. [FTE]**
Burscheid, North Rhine-Westphalia

Turkey

- **Federal-Mogul TP Liner Europe Otomotiv Ltd. Sti. [FTLE]**
Istanbul

United Kingdom

- **Faltec Europe Limited [FEL]**
Sunderland, Tyne & Wear

Brazil

- **TPR Industria de Pecas Automotivas do Brasil Ltda. [TPRBR]**
Sao Paulo

*Names in square brackets are abbreviations.

Group Companies in Japan (19 sites)

- **TPR Industry Co., Ltd.**
Sagae City, Yamagata Prefecture
- **TPR Trading Co., Ltd.**
Shinjuku-ku, Tokyo
- **TPR Total Service Co., Ltd.**
Okaya City, Nagano Prefecture
- **TPR Premec Co., Ltd.**
Okaya City, Nagano Prefecture
- **TPR Engineering Co., Ltd.**
Okaya City, Nagano Prefecture
- **TPR Business Co., Ltd.**
Okaya City, Nagano Prefecture
- **Clever Insurance Office Co., Ltd.**
Okaya City, Nagano Prefecture
- **TPR Altex Co., Ltd.**
Tsuyama City, Okayama Prefecture
- **TPR Sunlight Co., Ltd.**
Misato City, Saitama Prefecture
- **TPR Enpla Co., Ltd.**
Tonami City, Toyama Prefecture
- **TPR Nobukawa Co., Ltd.**
Chiyoda-ku, Tokyo
- **TPR Osaka Seimitsu Kikai Co., Ltd.**
Higashi-Osaka City, Osaka
- **KT Motors Co., Ltd.**
Hirakata City, Osaka
- **DUAL MOVE Co., Ltd.**
Chiyoda-ku, Tokyo
- **FALTEC Co., Ltd.**
Kawasaki City, Kanagawa Prefecture
- **Altia Co., Ltd.**
Chuo-ku, Tokyo
- **Kitakyushu Faltec Co., Ltd.**
Kitakyushu City, Fukuoka Prefecture
- **Technosash Co., Ltd.**
Tomioka City, Gunma Prefecture
- **Ishikawa Faltec Co., Ltd.**
Kitakyushu City, Fukuoka Prefecture

Company Outline / Stock Information

Company Information

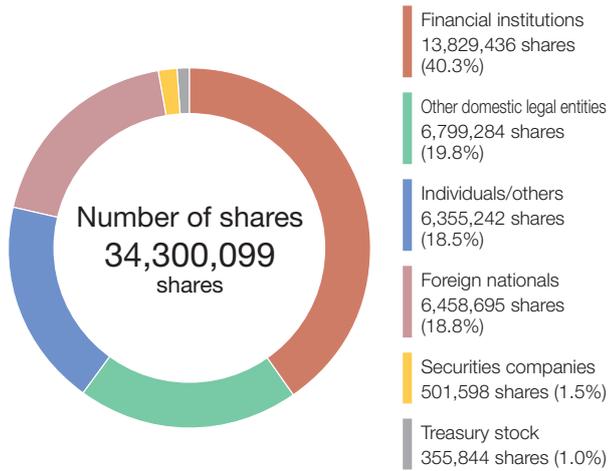
Name	TPR Co., Ltd.
Headquarters	10th Floor, Shinmarunouchi Center Building, 1-6-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Founded	1939
Capital	4,758 million yen (as of March 31, 2024)
Business	Manufacture and sale of functional parts for engine blocks and other products
Number of employees	6,959 persons on a consolidated basis (as of March 31, 2024)

Stock Information (as of March 31, 2024)

Securities code	6463
Listed market	Prime Market of the Tokyo Stock Exchange
Fiscal year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	June every year
Number of shares constituting one unit	100 shares
Total number of shares authorized to be issued	135,000,000 shares
Total number of issued shares	34,300,099 shares
Number of shareholders	21,962 shareholders
Shareholder register administrator	1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.

Share Distribution by Shareholder Type

(as of March 31, 2024)



Major Shareholders

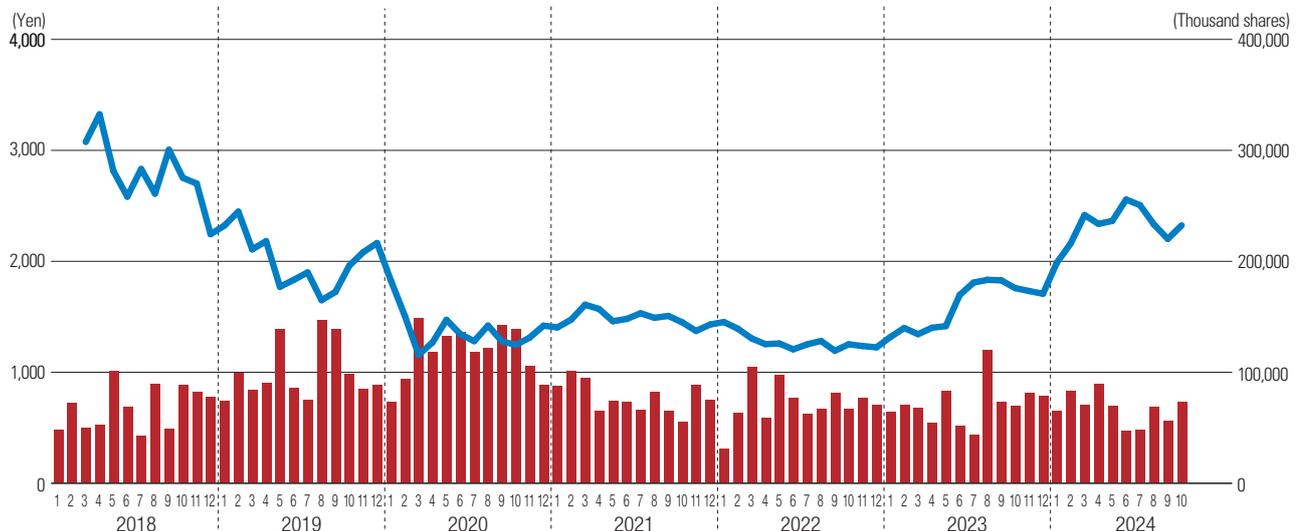
(as of March 31, 2024)

Shareholder name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,654	7.82
Meiji Yasuda Life Insurance Company	2,395	7.05
Sompo Japan Insurance Inc.	2,293	6.75
Mizuho Bank, Ltd.	1,518	4.47
Custody Bank of Japan, Ltd. (Trust Account)	1,307	3.85
Hulic Co., Ltd.	1,231	3.62
Tokyo Tatemono Co., Ltd.	933	2.75
TPR Business Partner Shareholding Association	863	2.54
Mizuho Trust & Banking Co., Ltd.	766	2.25
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust Account / Trust Account for Hino Motors, Ltd. Retirement Benefits)	744	2.19

Note: Shareholding ratios are calculated excluding treasury stock (355,844 shares).

Share Price and Trading Volume

● Share price (yen) ■ Trading volume (thousand shares)



TPR

TPR Co., Ltd.

10th Floor, Shinmarunouchi Center Building, 1-6-2 Marunouchi, Chiyoda-ku, Tokyo
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https://www.tpr.co.jp/tp_e

