

**TPR**

# 2026 Medium-Term Management Plan

FY2024 - FY2026

TPR Co., Ltd.

# 2026 Medium-Term Management Plan

FY2024 - FY2026

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Environment / Society / Governance

## Political

- **Uncertainty in political situations**
- Rising **geopolitical risks**
- Importance of strengthening crisis response capabilities

## Economical

- **Progressing inflation, uncertainty in monetary policy and exchange rates**
- Volatility in resource and asset markets
- **Slowdown of the Chinese economy** and movements towards the fragmentation of the global economy
- Increased **supply chain risk** (including logistics)

## Social

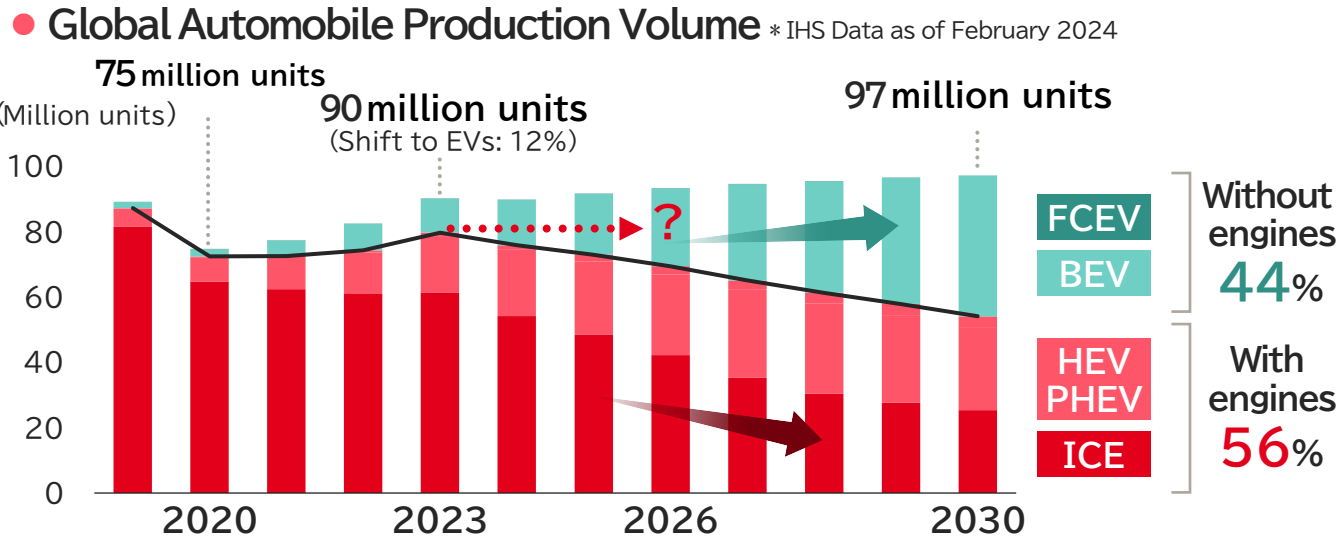
- Acceleration of **carbon neutrality**
- Population decline and the advent of a super-aging society
- Strengthening **the securing and development of human resources**, and visualization of human capital
- Diversity, Equity & Inclusion (DE&I) and respect for human rights

## Technological

- Trend towards **electrification of vehicles**, development of **CASE technology**
- **Technological innovation and open innovation**
- Evolution of foundational and production technologies
- Transformation of operations and business through DX and **generative AI**

**Strengthening our foundation, rapidly responding to uncertainties, and challenging new business and growth opportunities**

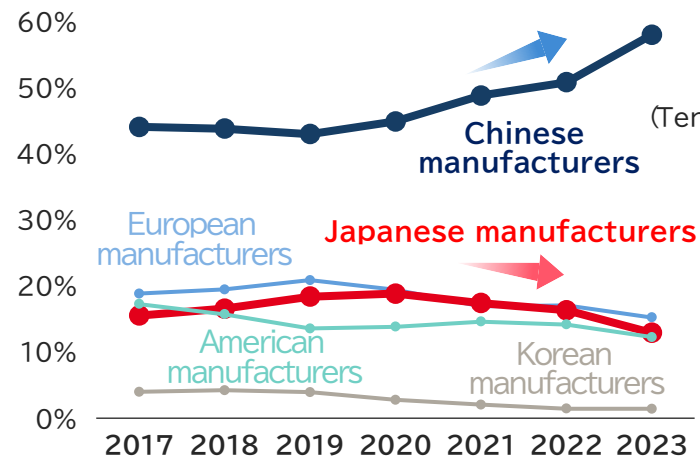
## Global Market



- 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, and there is a high possibility that internal combustion engines will peak out during the 2026 Medium-Term Management Plan period.
  - Carbon neutral fuel compatibility
  - Acceleration of CASE technology evolution
- Most recently, the transition to EVs has slowed. Moves to develop dedicated engines for HEVs and PHEVs.
- Changes in the competitive environment due to industry restructuring
- Rise of Chinese manufacturers and their acceleration of overseas expansion. Not only NEVs but also ICE vehicles are a threat to Japanese manufacturers (especially in China and Southeast Asian markets)

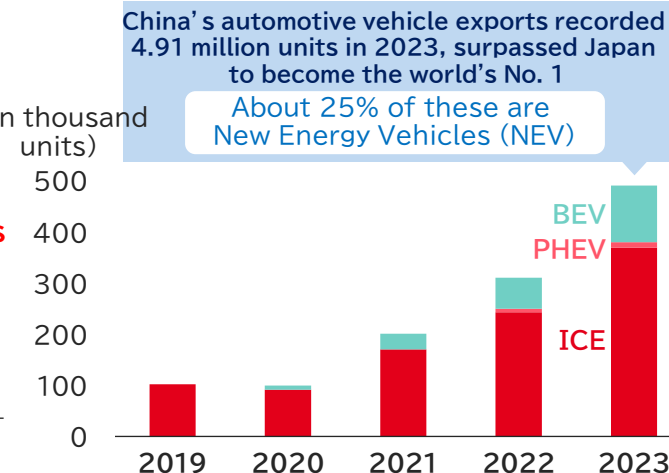
## Chinese Market

**Share of Automotive Sales in China**  
\*Data from Markline



**Automotive Vehicle Exports from China**

\* Created based on data from the China Association of Automobile Manufacturers



## Powertrain Business

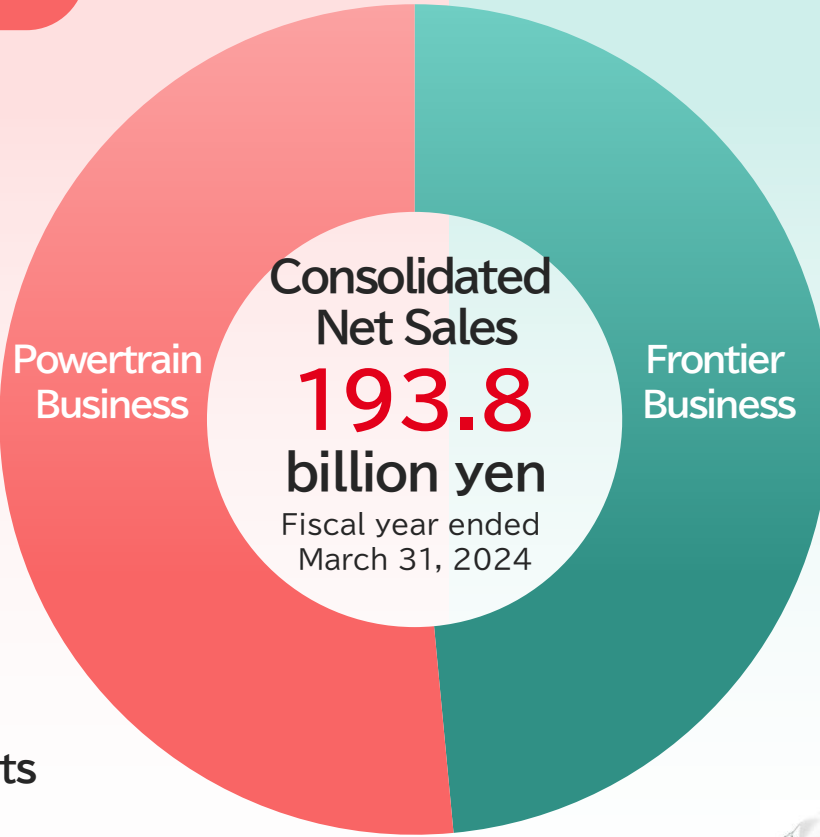
- Piston Rings



- Cylinder Liners



- Sintered Products such as Valve Seats and Valve Guides

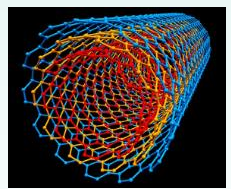


## Frontier Business

- Rubber and Resin Products



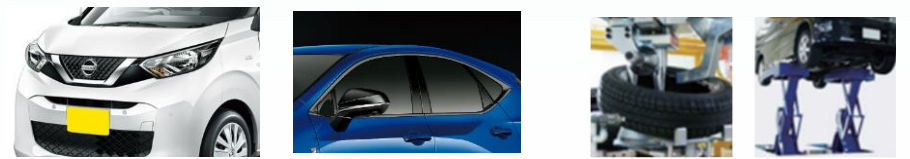
- EV-related Products



- Nanomaterials

- New Business

- Automotive Exteriors and Related Equipment



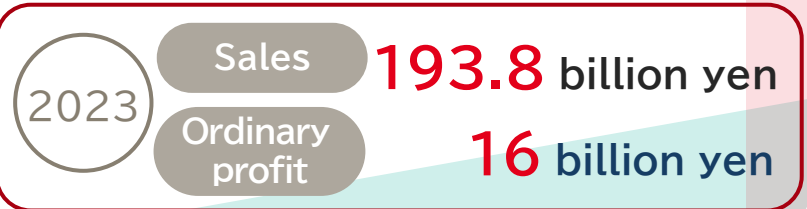
# Positioning of 2026 Medium-Term Management Plan

## IEGS2026

- I**nnovate
- E**xpand
- G**ame-changing
- S**ustainable

## 2026 Medium-Term Management Plan

Looking to the future, “Preparing for Further Growth”

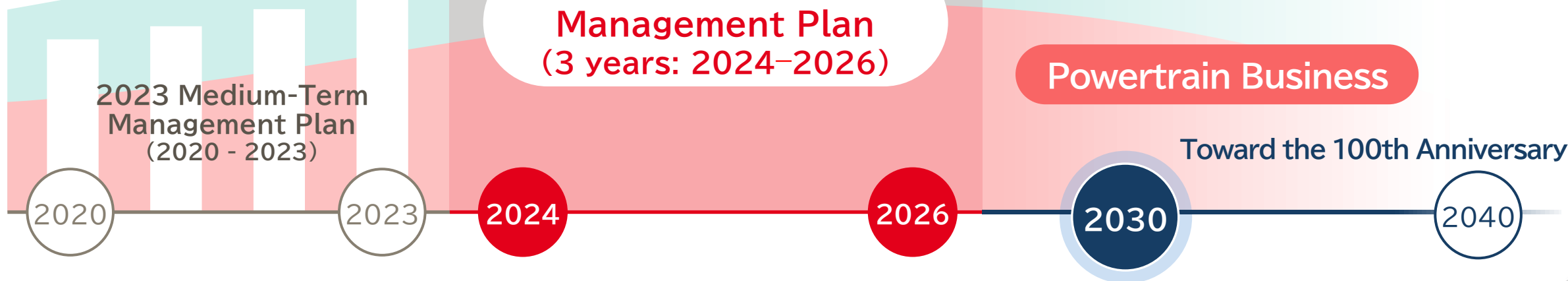


2026 Medium-Term Management Plan (3 years: 2024-2026)

Frontier Business

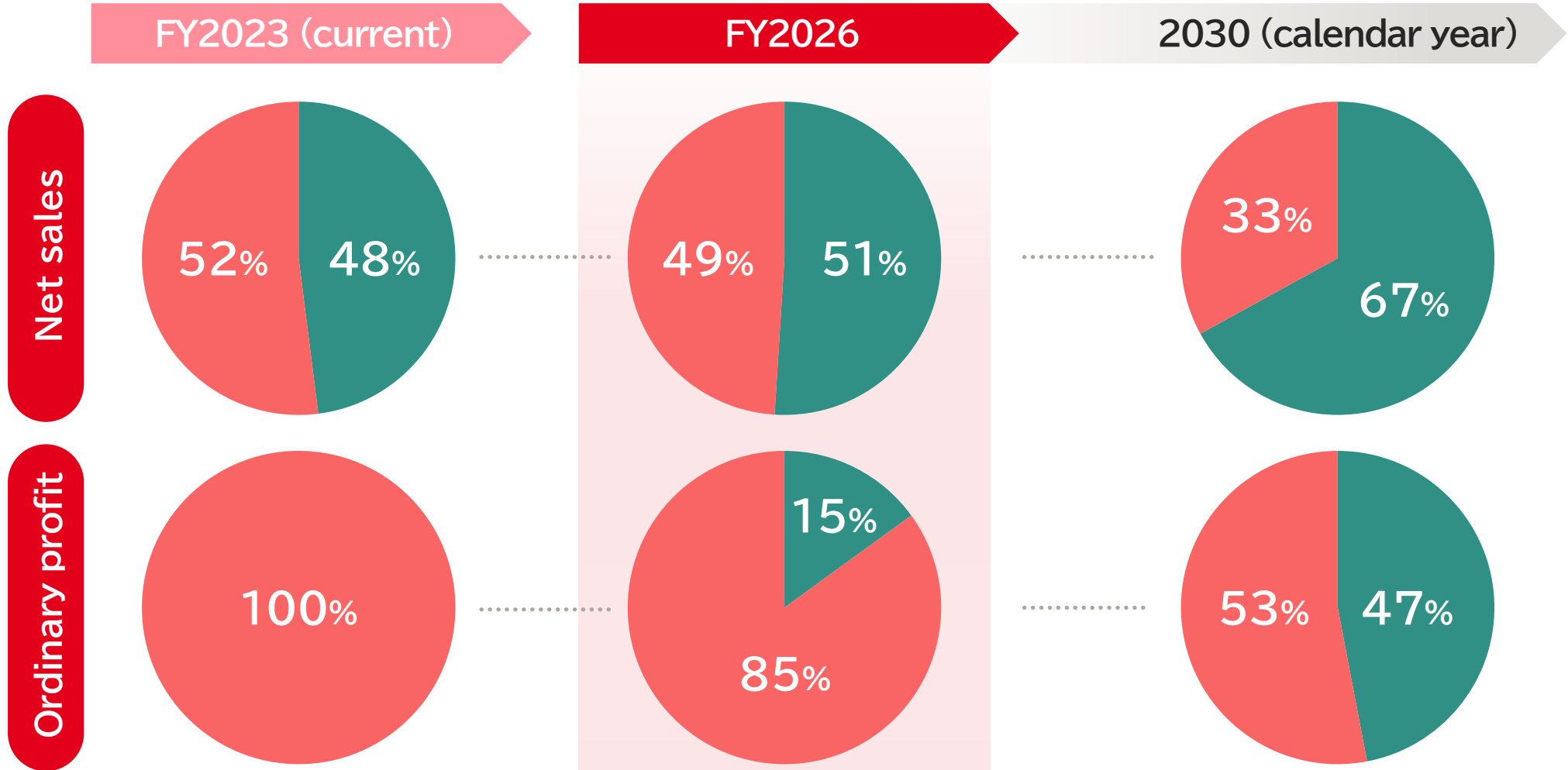
Powertrain Business

Toward the 100th Anniversary



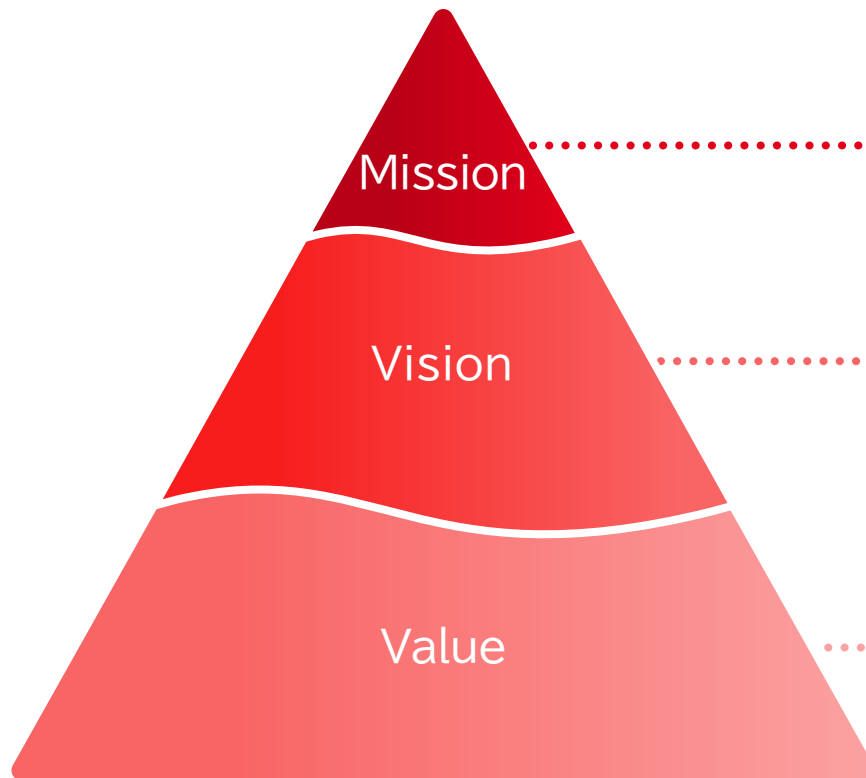
Looking to the future,  
“Preparing for Further Growth”

■ Powertrain Business ■ Frontier Business



## Corporate Message

# TPR: Your World in Motion



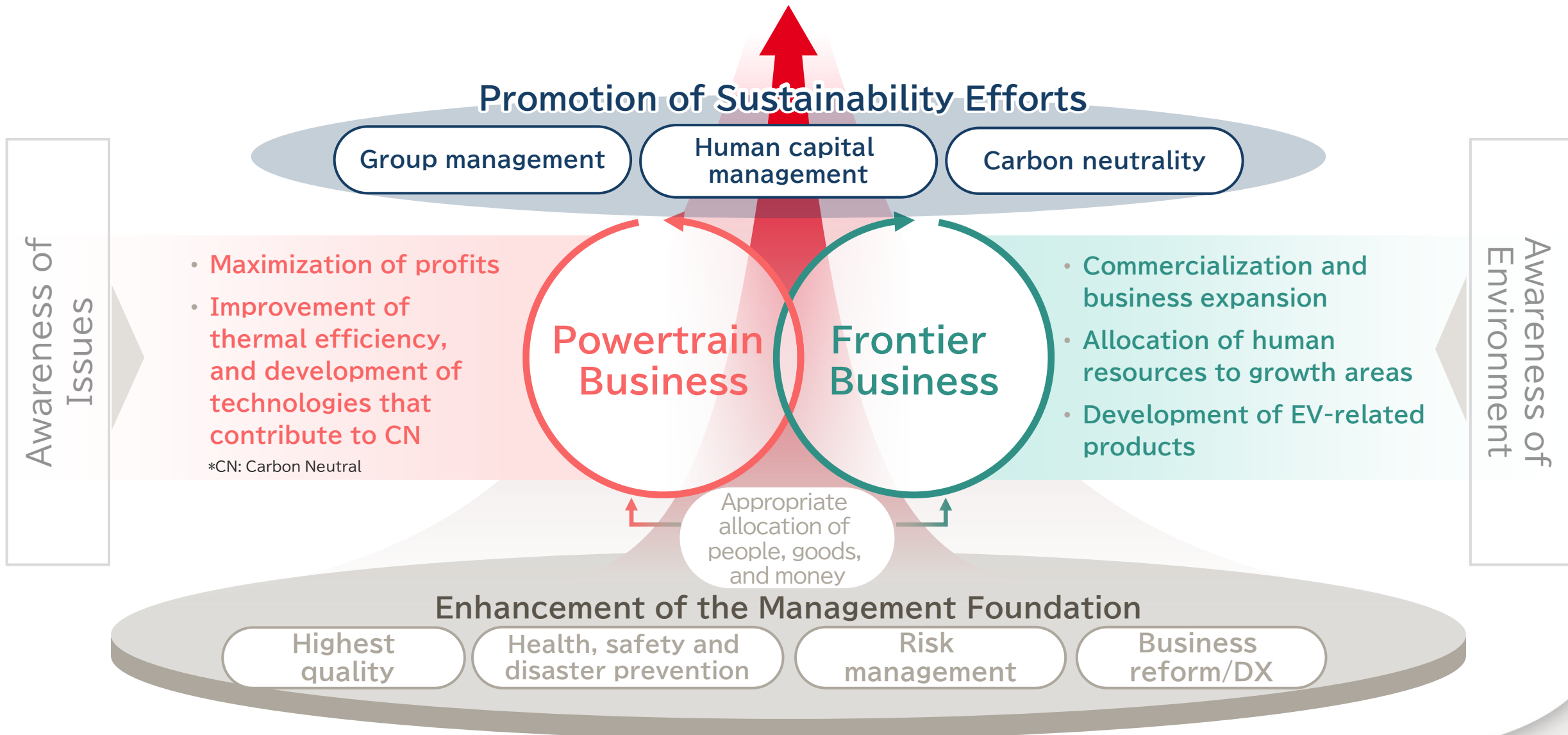
Delivering “Motion” and “Emotion” to the world

Realizing a comfortable and sustainable future through our products and services

Supporting the global society with Technology, Passion and Reliance



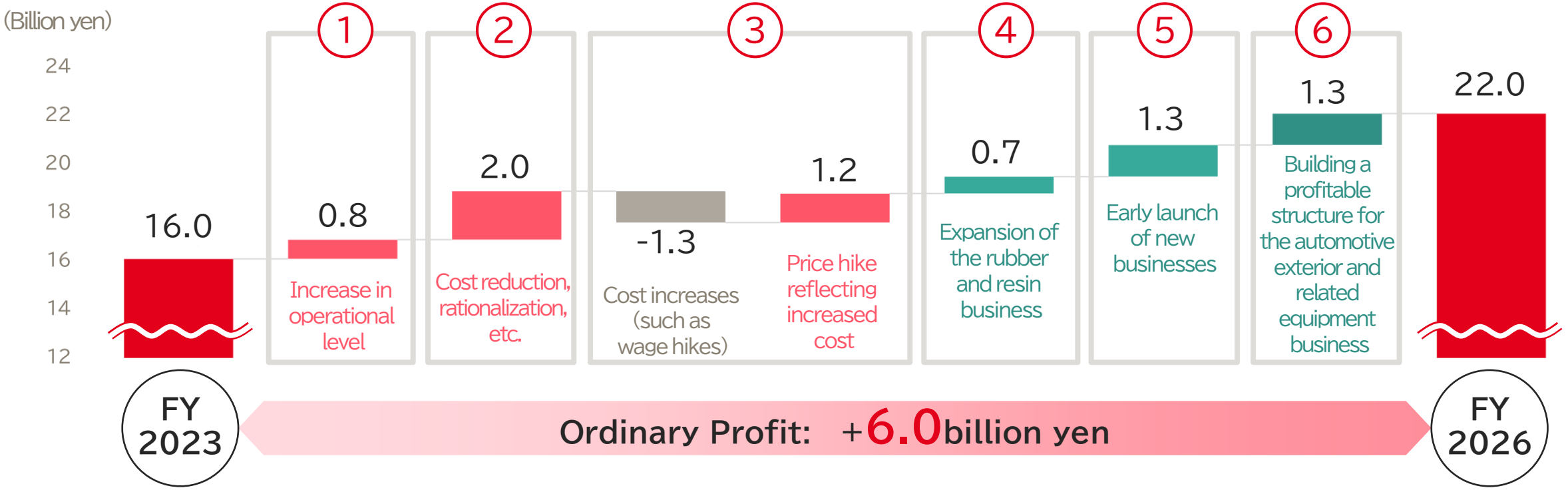
## Sustainable Growth & Enhancement of Corporate Value



	FY2023		FY2026 target
<b>Sales</b>	193.8 billion yen	▶	210 billion yen
<b>Ordinary profit</b>	16 billion yen	▶	22 billion yen
<b>Ordinary profit margin</b>	8.3%	▶	10.5%
<b>Profit attributable to owners of parent</b>	8.1 billion yen	▶	12.5 billion yen
<b>ROE</b>	5.6%	▶	8.0%
<b>Shareholder return</b>	Dividend payout ratio: <b>30%</b> (Total of Medium-Term Management Plan period)	▶	Dividend payout ratio: 40% +Purchase of treasury shares

## Key Points for Achieving Management Goals

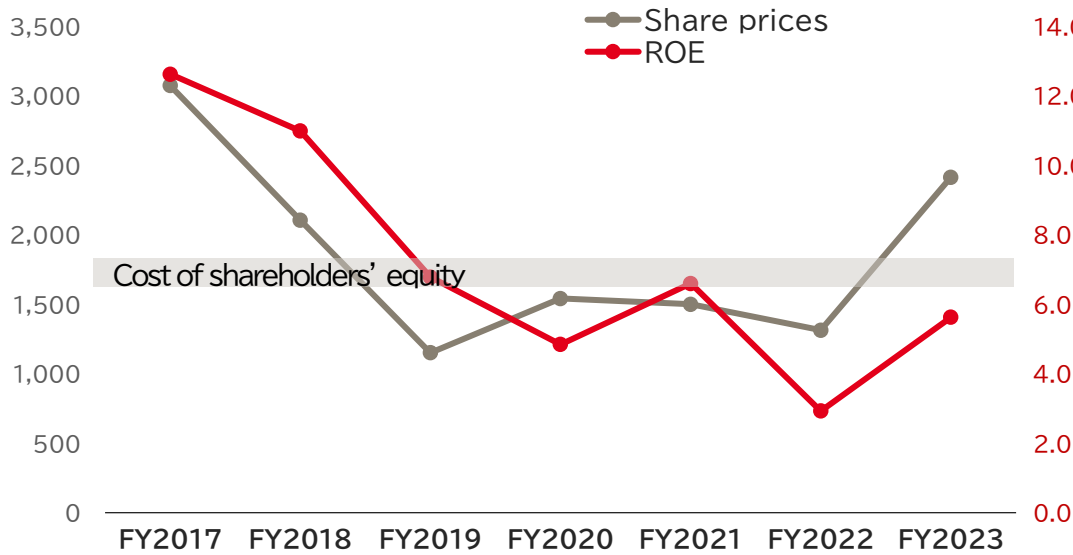
<h3 style="text-align: center; background-color: #f08080; border-radius: 10px; padding: 5px;">Powertrain Business</h3> <ul style="list-style-type: none"> <li>① Achieving operational level</li> <li>② Promoting cost reduction and optimizing the cost structure</li> <li>③ Reflecting cost increases in prices</li> </ul>	<h3 style="text-align: center; background-color: #20a397; color: white; border-radius: 10px; padding: 5px;">Frontier Business</h3> <ul style="list-style-type: none"> <li>④ Expansion of the rubber/resin business</li> <li>⑤ Early launch of new businesses</li> <li>⑥ Building a profitable structure for the automotive exterior business</li> </ul>
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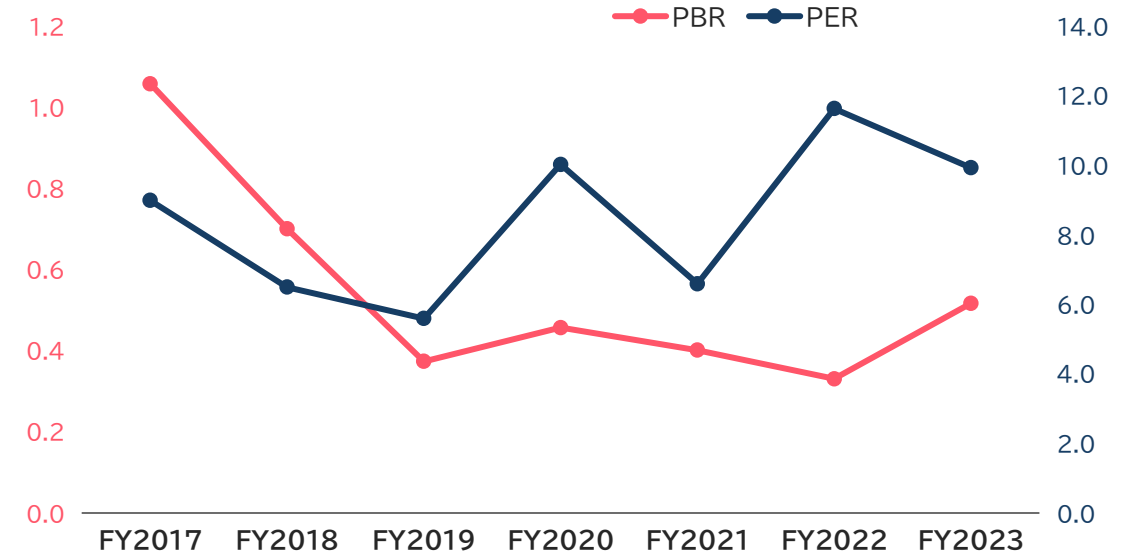
Awareness of Current Status

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

● Share prices



● PBR



## ● 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 our group

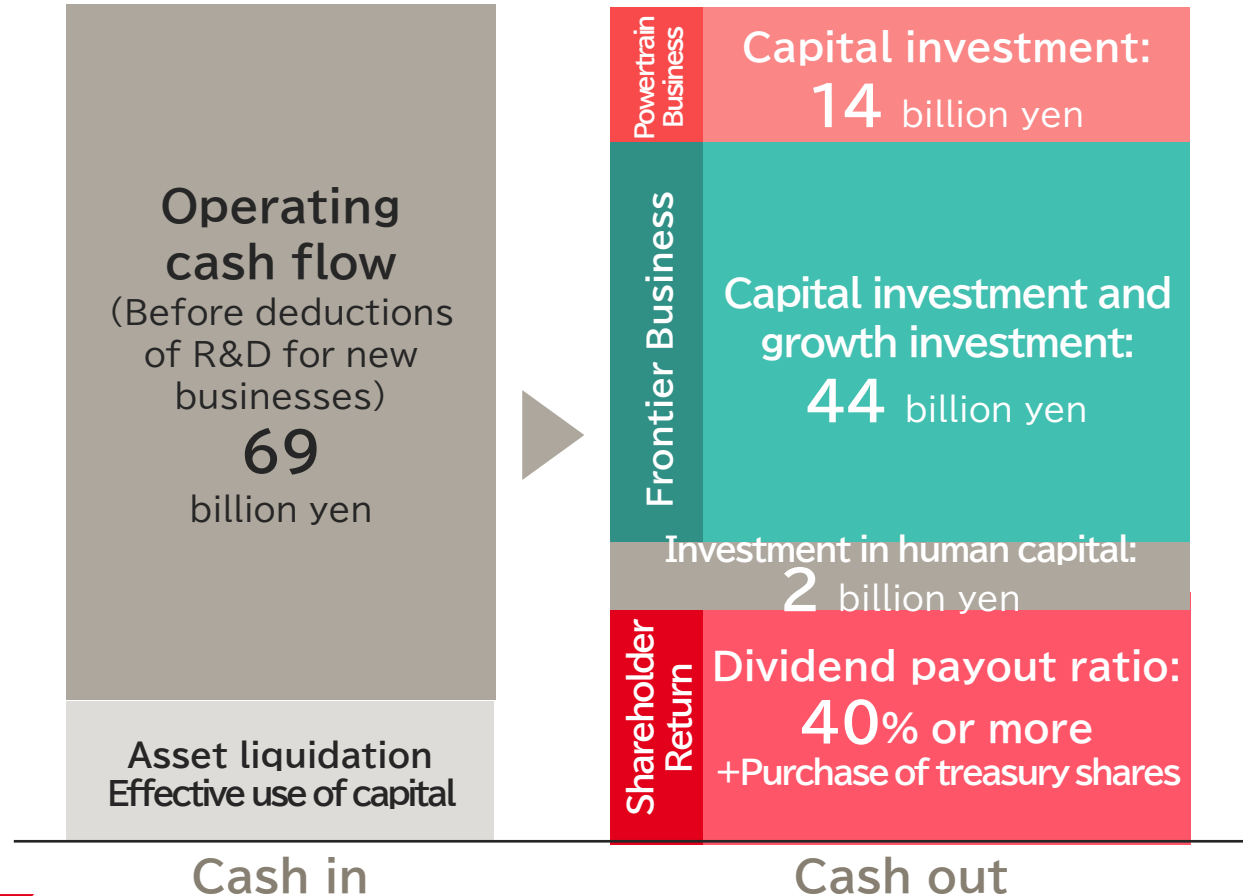
### Strengthening shareholder return

- ① Raising the dividend payout ratio (from the previous 30% to over 40%)
- ② Control of our 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)



Based on the recognition that the current ROE level is not sufficiently above the market's required cost of shareholders' equity, **we aim to achieve "ROE of 8% and PBR over 1.0 in FY2026"** through the measures above.

Objectives during the 2026 Medium-Term Management Plan period

## Realizing industry-leading manufacturing



Sintered Products such as  
Valve Seats and Valve Guides



### Environment Surrounding the Business

- Further customer needs such as new engine development and carbon-neutral (CN) fuel compatibility  
\*CN fuel: Carbon neutral fuel
- Trends toward the transition to EVs by region and customer
- Markets where engines remain viable, such as for repair and commercial use
- Changes in the business environment due to industry restructuring and the rise of Chinese automakers

### Business Strategy

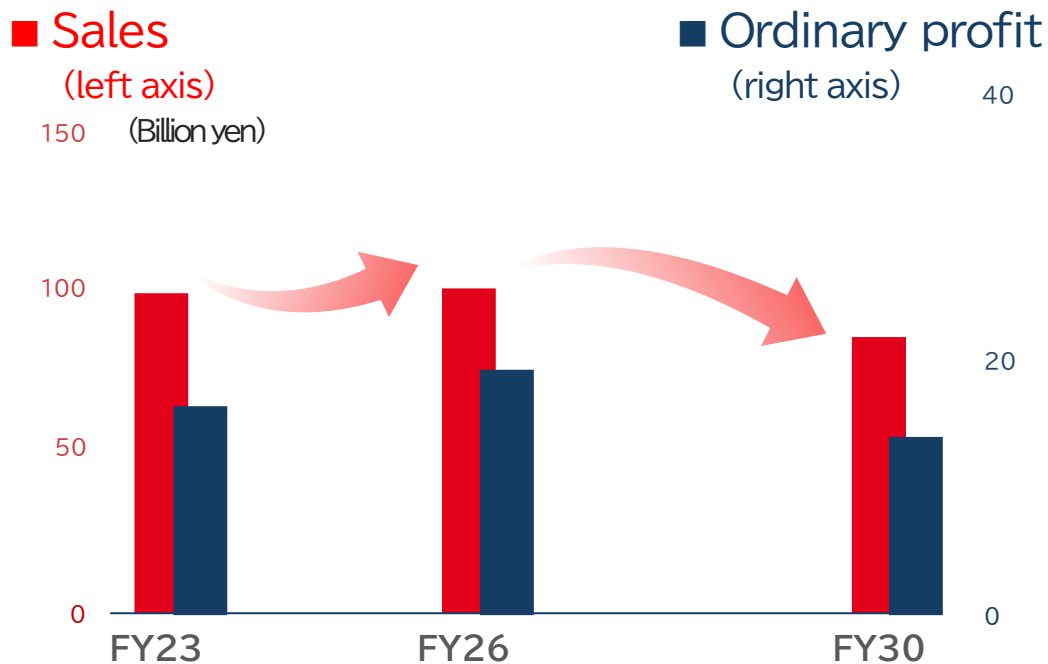
- Responding to the development of new models
- Focusing on markets where engines remain
- Promoting cost reduction and optimizing the cost structure
- Reflecting cost increases in prices
- Passing down technology to the next generation

### Priority Measures during the 2026 Medium-Term Management Plan period

- Promoting the development of hydrogen and multiple fuels compatible products
- Technology development focusing on HEVs and PHEVs
- Strategies by product, region, and customer
- 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

Objectives during the 2026 Medium-Term Management Plan period

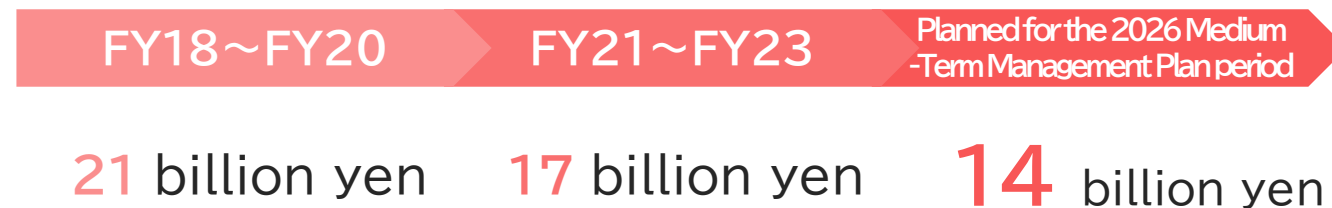
## Realizing industry-leading manufacturing



During the 2026 Medium-Term Management Plan period

**Powertrain Business**  
Strong orders and profit maximization

### Capital Investment



- **Actively making necessary investments**
  - Efficiency enhancement, manufacturing innovation, quality improvement
  - Investments contributing to workplace environment and safety
  - Optimal global production allocation
  - Maintenance and update
- **A sense of a lull in overseas capital investment**
- **Strategic shift to Frontier Business in some regions**

Objectives during the 2026 Medium-Term Management Plan period

Proactively investing in growth areas and nurturing new core businesses

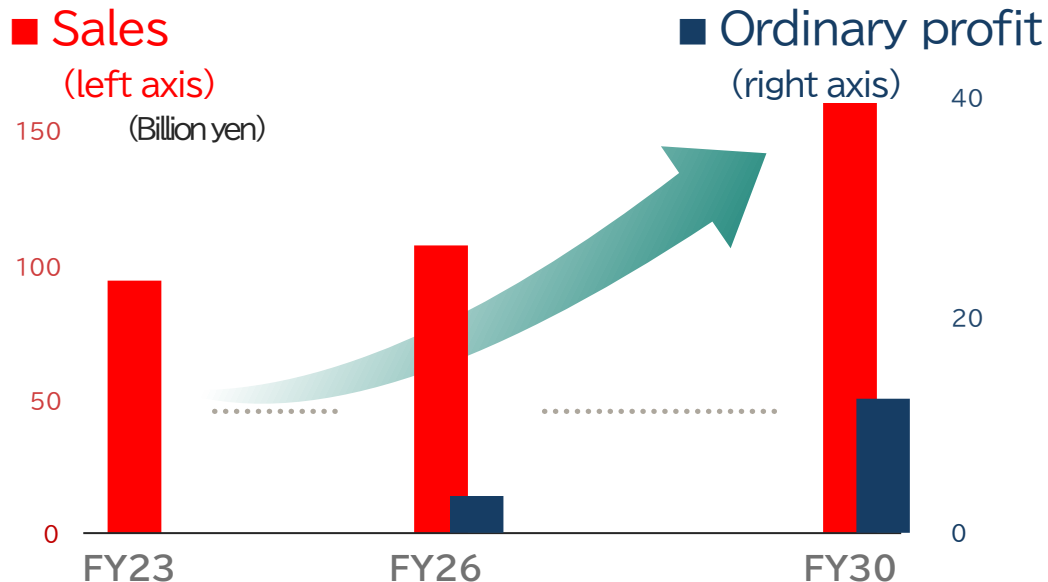
01 Expand the rubber and resin business

02 Develop EV-related products and commercialize them globally

03 Accelerate commercialization of nanomaterials

04 Create technologies to support a beautiful and prosperous future

05 Strengthen the automotive exterior and related equipment business



Priority Measures

- Proactively investing in growth areas
- Shifting and reskilling of "people" and strengthening of recruitment

Capital investment and growth investment



18.0 billion yen    19.5 billion yen    **44.0** billion yen

- Investments contributing to the expansion of growth businesses
- Promotion of R&D in EV-related products, nanomaterials, and the application of existing technologies, etc.
- Establishment of a Technology Center for Frontier Business
- Creation of new technologies to support the future
- M&A and strategic investments

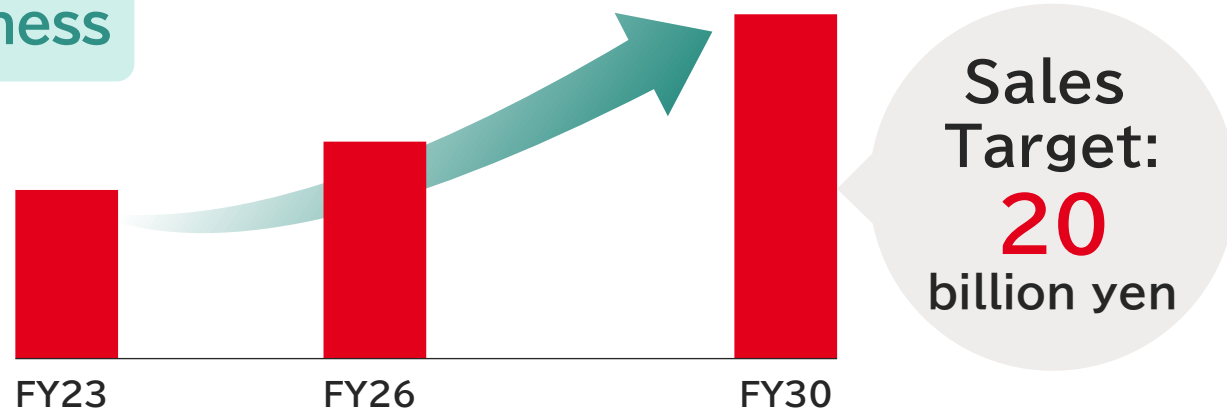
During the 2026 Medium-Term Management Plan period

**Frontier Business**  
Strengthening profitability and early commercialization of businesses



# 01 Expand the rubber and resin business

- Increasing our share among major customers and developing new markets
- Strengthening technology for rubber-related upstream and downstream products
- Developing new products by integrating nanomaterial technology
- Developing environmentally friendly resin materials for housing equipment



## Rubber

### Upstream products

Carbon master batch (CMB)



CNT電磁波吸収シート  
CNT Electromagnetic Wave Absorbing Sheet



### Downstream products

O-rings



Various types of seal parts



Increase in millimeter-wave band communication due to the spread of autonomous driving and 6G communication

With growing needs for noise suppression and electromagnetic wave absorption products, expand demand for the corresponding products

## Resin

Various types of seal rings made of resin



Increasing demand for lightweight products

Lighter weight and high-performance sliding and seal parts

Stricter environmental regulations

Development of alternative resin materials to PFAS compliant with European regulations

- Development of environmentally friendly resin materials for housing



## 02 Develop EV-related products and commercialize them globally

### ● Leveraging strengths in China, a leading country in EVs

- Strengthening the China Technology Development Center and sales activities
- Collaboration with local partners

Securing numerous orders for EV-related parts  
Commencement of mass production from FY2023

### ● Advancing development for Japanese manufacturers in CASE-related technologies and new products

### ● Establishing a joint venture in Mexico for EV parts production

- Production is scheduled to start from FY2024

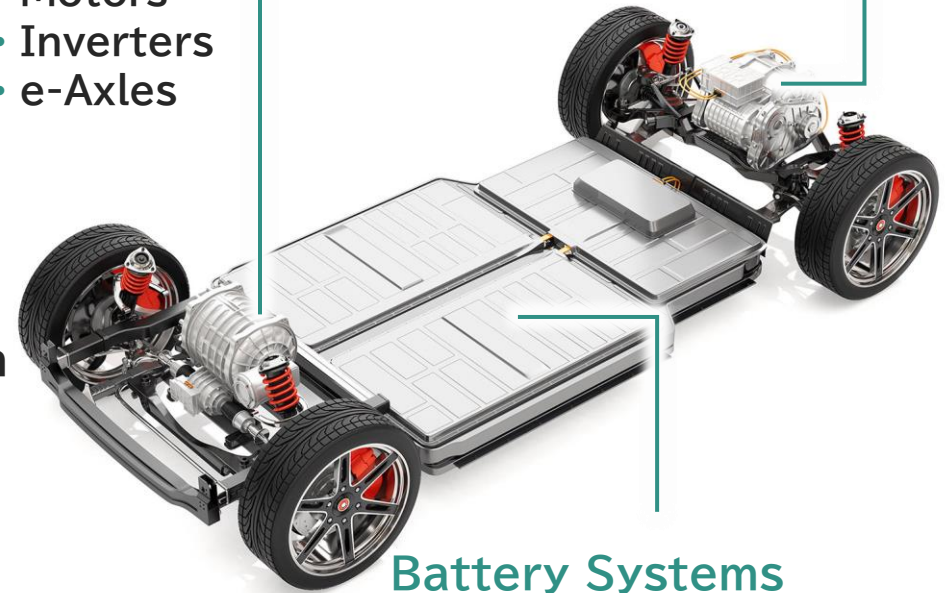
TPR ARN Manufacturing Mexico S.A de. C.V (Abbreviation: TAM)



### Drive Systems

- Motors
- Inverters
- e-Axles

### Thermal Management Systems

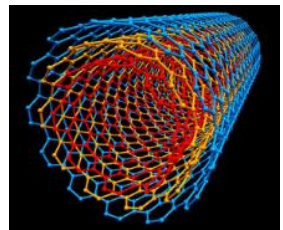


### Battery Systems

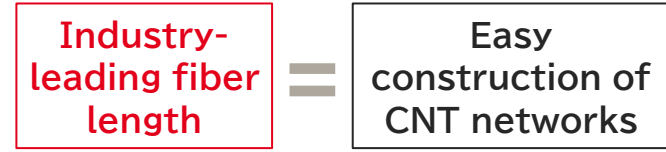
- Battery cases
- Enhancing safety and durability

### 03 Accelerate commercialization of nanomaterials

Carbon Nanotube (CNT) is a material composed of carbon atoms arranged in a hexagonal network (graphene sheet) that forms a single-layer or multi-layer coaxial tubular structure.



### Features of CNT made by TPR



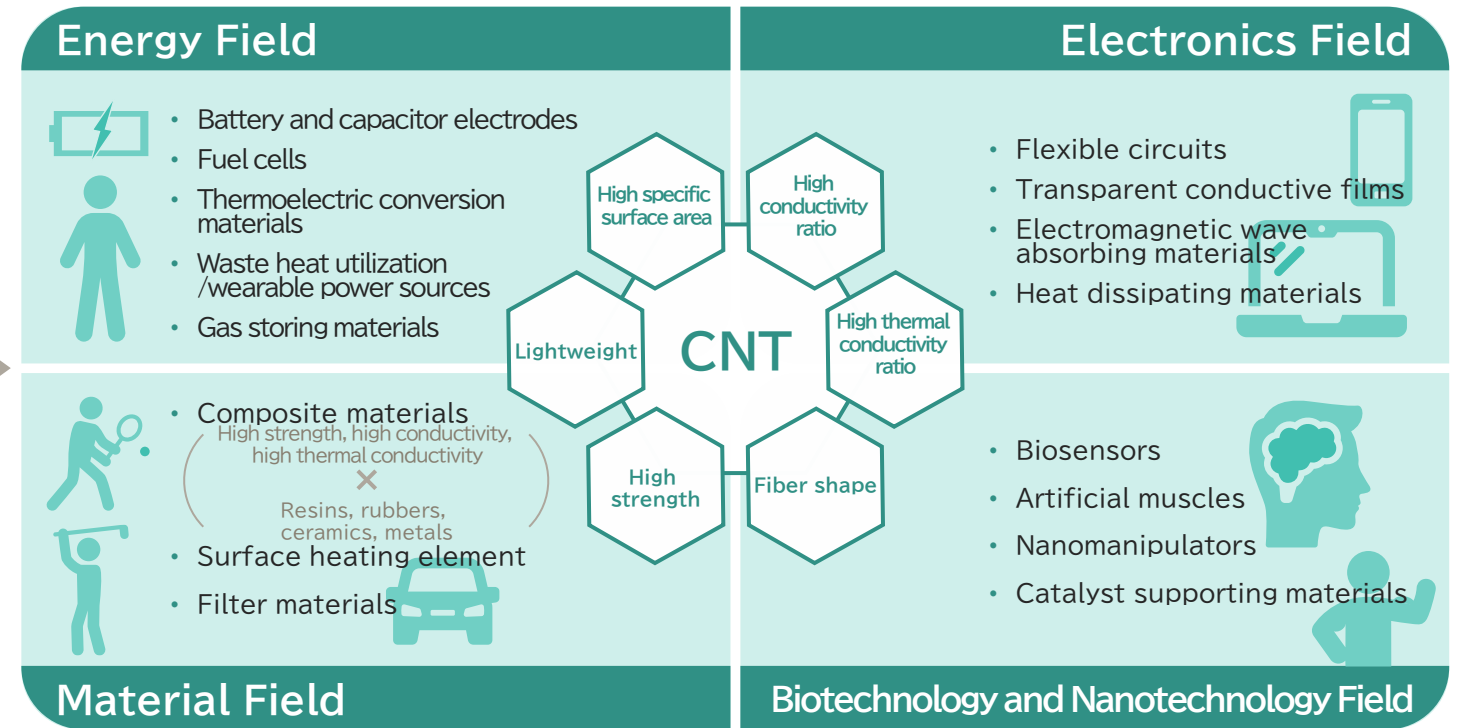
- Multiple effects achieved with small additions
- Capable of forming into non-woven fabrics and yarns (threads)



Awarded the grand-prize equivalent "Material Prize" at "nano tech 2024"

### 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



## 04 Create technologies to support a beautiful and prosperous future

### ● Initiatives in new fields using future insights and backcasting thinking

Future predictions up to 2050

Extracting opportunity areas

Generating specific ideas

Creation of technologies and products that delivers  
“Motion” and “Emotion”

#### Emotion prediction platform Care Robot CoRoMoCo®

- Started test sales for proof-of-concept



Exhibited for two consecutive years at “CareTEX Tokyo,” one of the largest events in the domestic nursing care industry

#### Agri-food tech company Investment in dishwill Co., Ltd.



Sharing and developing technology related to plant factory businesses for growing soybeans and other grains

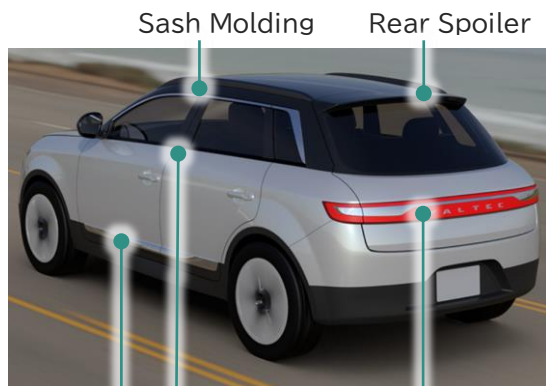
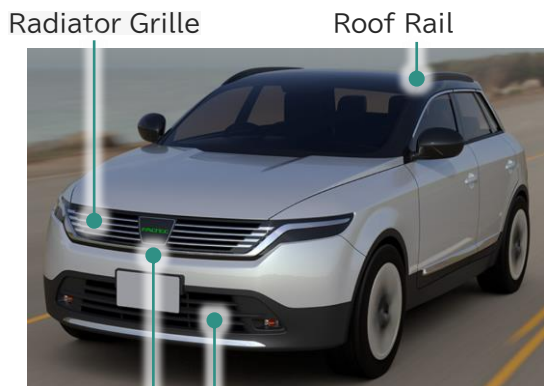
#### Infotainment Field Next-generation mobility services

Investment in DUAL MOVE Co., Ltd.

05 Strengthen the automotive exterior and related equipment business

Exterior Business

- Expanding customer base and creating group synergies
- Manufacturing, pursuing the highest quality
- Strengthening new technologies and products compatible with carbon neutrality (CN) and CASE
- **Decorative technology** ..... New exterior products for next-generation vehicles
- **Electrical parts technology** ..... Expanding connected business and developing elemental technologies
  - TCU (Telematics Communication Unit) - vehicle on-board communication equipment
  - Unmanned systems for rental cars, etc.



Millimeter Wave Radar Cover Lower Grille

Side Molding Rear Finisher

Automotive-Related Equipment Business

- Adapting to changes in automotive maintenance and inspection equipment
- Responding to new mobility solutions

Increase in EVs, hydrogen and other CN fuel vehicles, and flying cars



Creating new business opportunities



Automotive inspection/maintenance machinery, etc.



Equipment for manufacturing automotive vehicles



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

Materiality

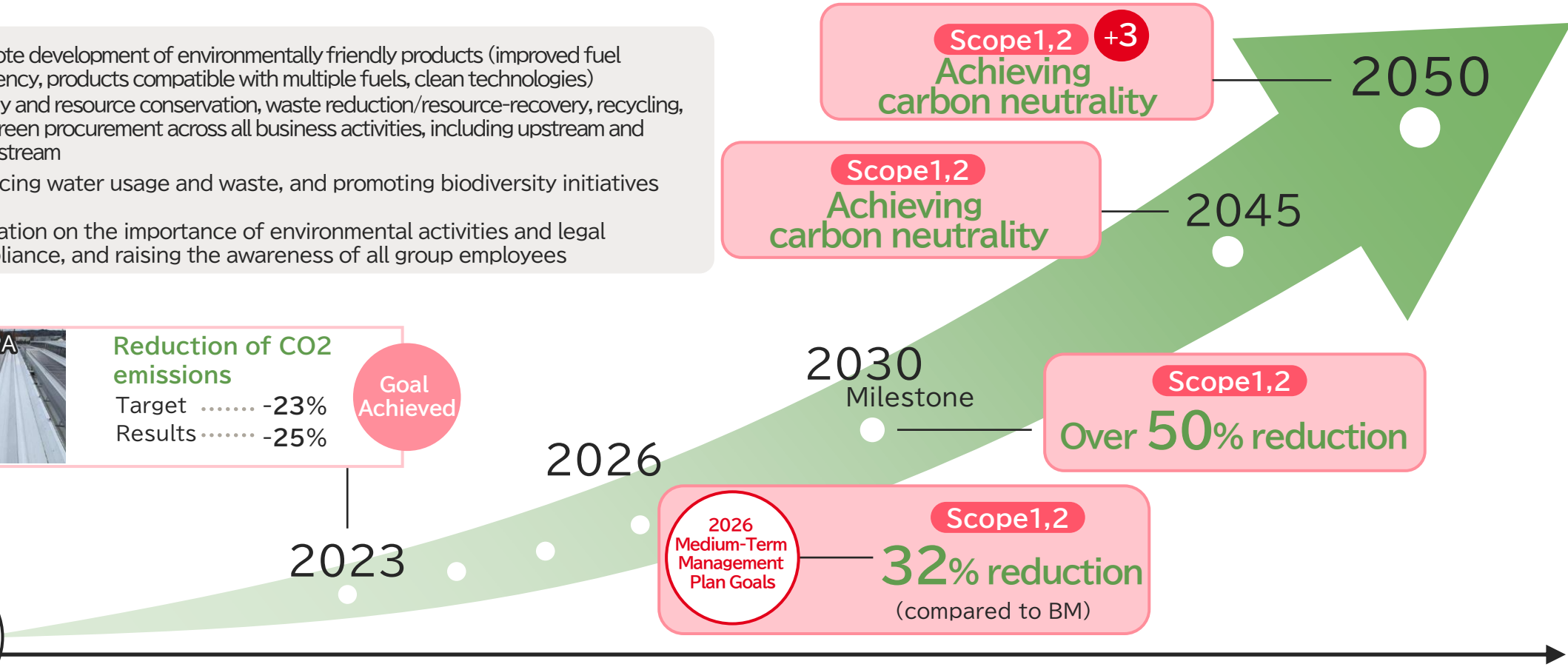
Provide products/services that contribute to realizing a clean and high-quality regional community  
Promote monozukuri that is considerate to the Earth's environment

- Promote development of environmentally friendly products (improved fuel efficiency, products compatible with multiple fuels, clean technologies)
- Energy and resource conservation, waste reduction/resource-recovery, recycling, and green procurement across all business activities, including upstream and downstream
- Reducing water usage and waste, and promoting biodiversity initiatives
- Education on the importance of environmental activities and legal compliance, and raising the awareness of all group employees

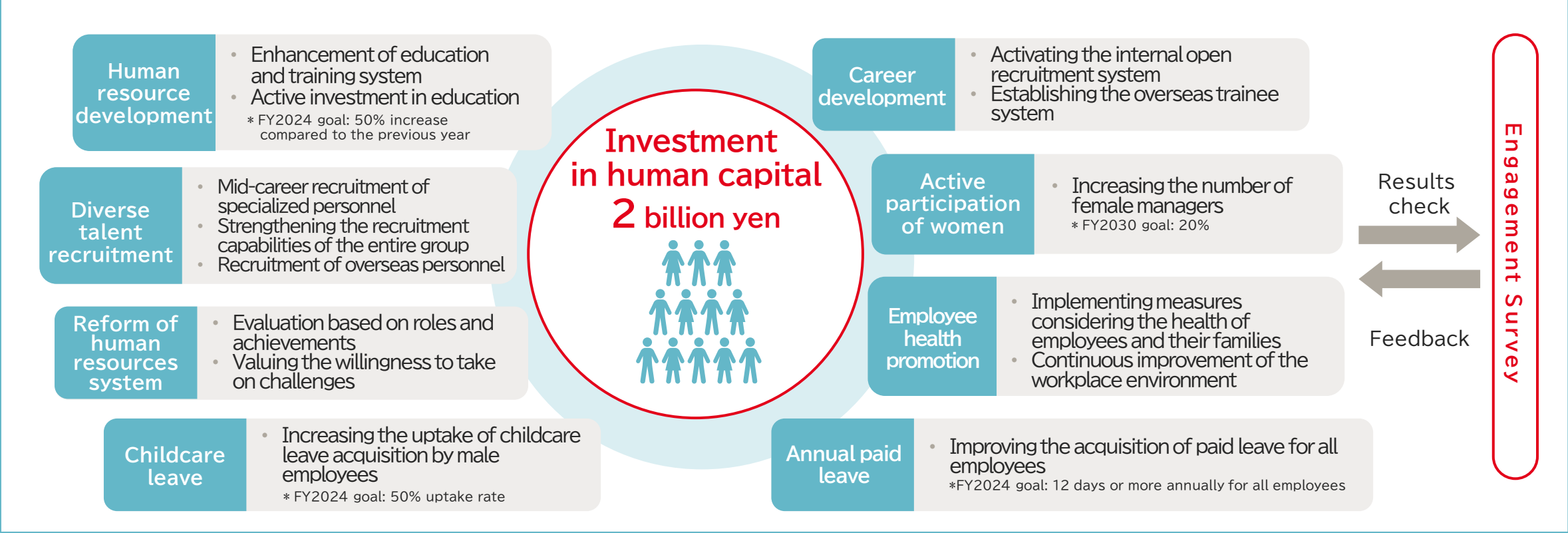


**Reduction of CO2 emissions**  
 Target ..... -23%  
 Results ..... -25%  
 Goal Achieved

BM 2013



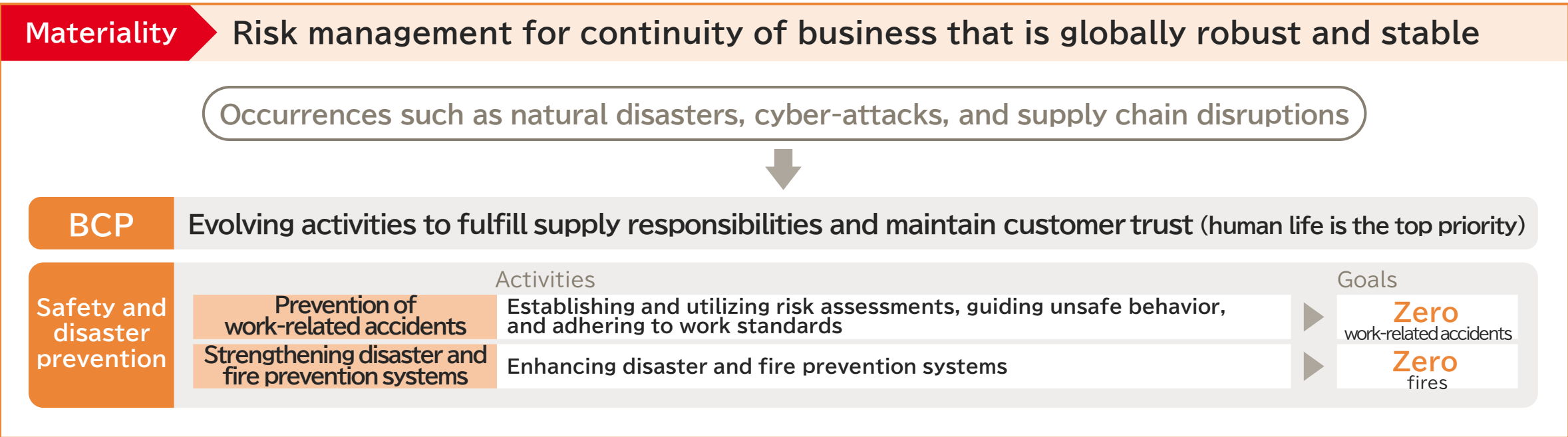
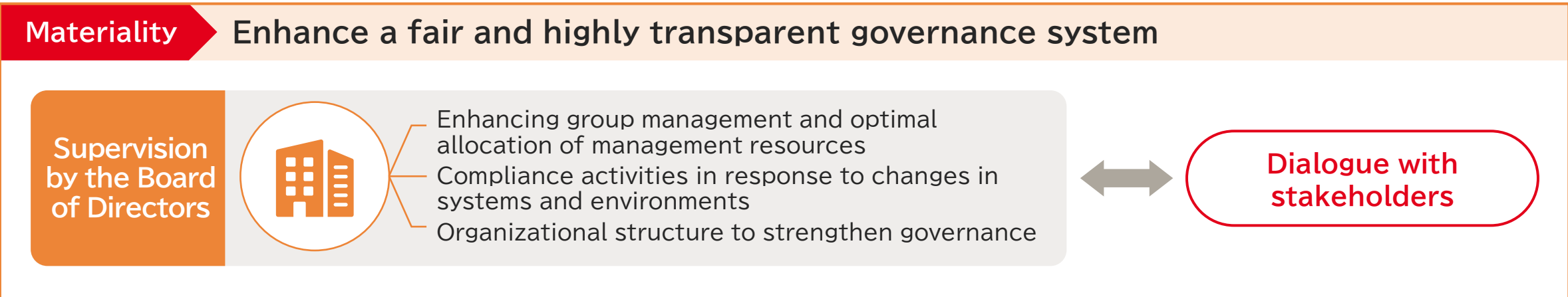
**Materiality** Realize a workplace that develops people, learns from people and is rich in diversity, and contribute to the regional community



**Materiality** Provide high-quality products/services that meet customers' expectations and trust

- Highest quality activities (initiatives taking a return-to-basics approach)
- Strengthening group procurement





## Disclaimer

Please note that the future figures stated in this document are based on information available to the Company at the time of preparation and the Company's judgments. Accordingly, actual results may differ significantly from forecasts due to various risks, uncertainties and other factors.