

Topre Group

Integrated Report 2024

Topre

Marking the publication of the Topre Group Integrated Report 2024, the Group's first integrated report

Introduction

Since its founding in 1935, the Topre Group has provided high-quality products by applying its core technologies – press forming technology and die design technology – not only in automotive-related fields but also in the areas of constant-temperature logistics products, air-conditioning equipment, and electronic equipment. A key feature of Topre's operations is that we are supported by "Two Pillars" : our automotive equipment business, and our own-brand products business.

This is the first time that the Topre Group has issued an Integrated Report, and FY2024 represents a milestone year for us. As the "kickoff" for our approach to 2035, when we will celebrate our 100th anniversary, we have formulated our 16th Medium-term Management Plan. We have also launched a new management system, with the introduction of a delegated executive officer system.

The aim of this Integrated Report is to serve as an effective tool for fostering constructive dialog between the Topre Group and our stakeholders.

Besides seeking to get across to readers, through an overall picture of the Group, what kind of enterprise Topre is and how we are contributing to society, we have also compiled the story of how we are working to enhance corporate value, with an awareness of the Topre Group's past, its present, and our vision of its future. We will be delighted if this Integrated Report helps people to develop a more in-depth understanding of the Topre Group.

Going forward, we will be proactively engaging in dialog with our stakeholders, and we will be working steadily to realize sustainable growth and enhance our corporate value.

Integrated Report 2024 – Key Points

The contribution made by the Topre Group

P06

The Topre Group's Strengths

In this section, we explain, and provide a systematic description of, the contribution that the Topre Group makes to society through its different businesses, by means of outlining the Topre Group's core competencies (which constitute the background to this contribution) and the strengths that the Group has cultivated over the course of its history.

Our strategy for the period leading up to our 100th anniversary, and Topre's "Two Pillars"

P09

Top Message – Looking Ahead to the Future as We Approach Our 100th Anniversary

In this section, we present our long-term strategy looking ahead to Topre's 100th anniversary in 2035, with a focus on the "Two Pillars" that are a key feature of Topre. We are also outline our long-term management indicators.

Working to achieve sustainable growth

P25 – P39

Foundations and Initiatives for Realizing Sustainable Growth

In this section, we present, in summary form, the Topre Group's ESG-related strategies and initiatives, covering our response to climate change, our human capital management, corporate governance, etc.

Organizational scope covered by this report	As a general rule, the coverage in this report is limited to Topre Corporation and its consolidated subsidiaries.
Period covered	This report discloses information covering the period that includes the 2023 fiscal year (from April 1, 2023, to March 31, 2024) and also the period from then up until August 2024, when implementation of the new Medium-term Management Plan was scheduled to begin.
Compilation of the report	In compiling this report, reference was made to the international Integrated Reporting Framework advocated by the IFRS Foundation, and to the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry (METI).

Important points to note

The forecasts, plans, prospects and other information presented in this report that do not constitute historic facts have been compiled by Topre's managers using the data available to them at the time. Readers should therefore be aware that actual performance may differ substantially from the above, due to changes in various key factors. Regarding the data included in this Integrated Report, when data is presented in units of one hundred million yen, amounts of less than one hundred million yen are rounded off to the nearest hundred million, and when data is presented in units of one million yen, amounts of less than one million yen are rounded down.

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High-level Concepts

Creating the future of our world

We can take a newly-made sheet of metal and turn it into a wide range of different shapes. The items that we create are strong, lightweight, aesthetically pleasing, and precise. Ever since our founding in 1935, Topre has been constantly striving to maximize the potential of press forming technology.

The numerous different products that we create play a vital role in helping cars to drive safely and with consideration for the environment, and in enabling refrigerated vehicles to safeguard the food that they carry with more precision. Our unique technologies and concepts are also utilized in the air-conditioning equipment that keeps the air clean, and in the electric equipment that is indispensable for today's IT-enabled society.

Creating shapes enables the creation of new ways of living and new ways of doing business. Changing shapes can change how society functions. What Topre produces is a new shape for the whole world.

Basic Philosophy

The Topre Group's mission is to create products and services by maximizing its technical expertise in order to contribute positively to the societies in which it conducts business.

The group will not only pursue excellence in its economic performance, but also carry out business activities as a group of international companies with the highest ethical standards and common sense, which will promote a Topre Group image that will be acknowledged and respected.

This philosophy will guide the Topre Group's domestic and international business actions, while the Topre Group will also continuously be seeking to enhance its long term prosperity, and making positive contributions to the societies in which it is engaged.

Advanced technology, products,
and services

+

Ethical and conscientious
business operations

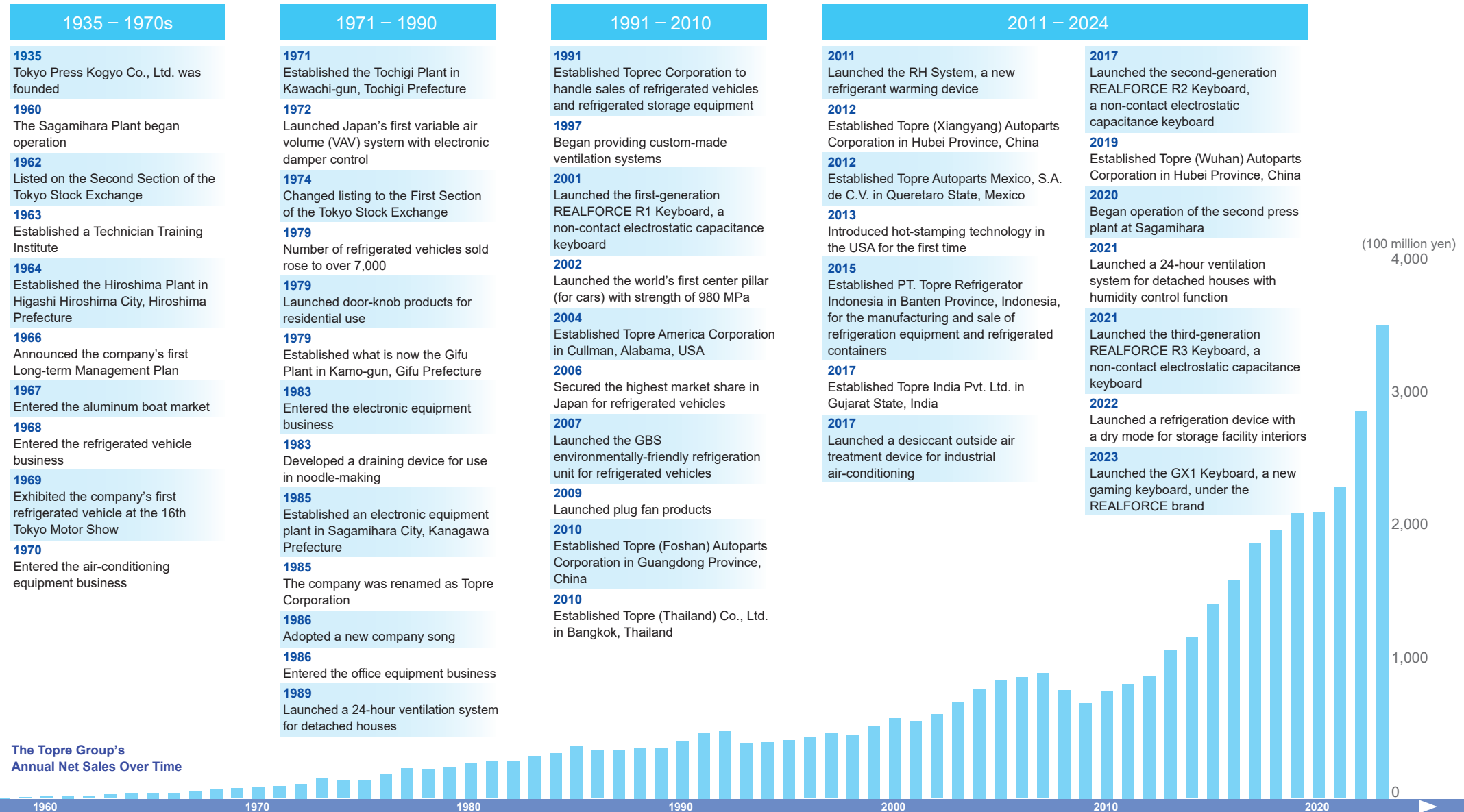
Code of Conduct

1. Compliance with law, internal regulations and social morality
2. Contributions to society
3. Fair and equitable relationships
4. Respect for human rights and diversity
5. Environmental protection
6. Safety and health
7. Safeguarding of company assets
8. Information security



Growth Path

We have been focused on growth ever since Topre was first established, and by meeting a diverse range of needs, the company and its employees have grown together, while creating value for society.



The Topre Group's Strengths

With a mindset that emphasizes the core competencies that we have developed over a period of many years, we contribute to our customers' development by effectively utilizing three key strengths.

Topre's Core Competencies

Core competencies that have continued to evolve

Ever since our founding in 1935, we have continued to develop our core competencies, which are press forming technology and die design technology, and to apply them to new fields.

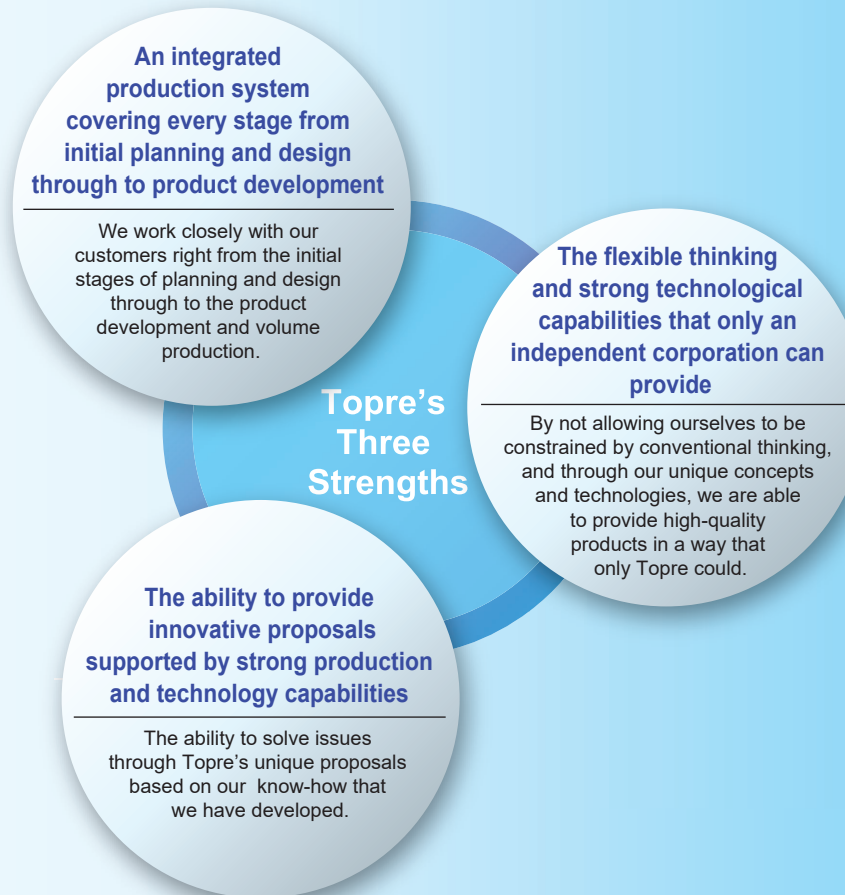
A spirit that pushes us to challenge ourselves by continuing to find new applications for technology

Over our long history, we have taken up the challenge of developing a wide range of new products by making effective use of our technology.

We have an approach to product development that is unique to Topre.

An attitude of striving to meet customers' real needs

We follow an approach whereby we are constantly liaising closely with the customer to help solve their problems, and working to determine the technologies that each customer really needs.



Topre's Contribution

Global Automotive Equipment Business Headquarters

Press-related Products Contributing to customers' automotive manufacturing through our global production system

Through our unique technology development capabilities, we are able to provide a wide range of customers with solutions to their problems, and with related product proposals.

Own-brand Products Business Headquarters

Temperature-Controlled Logistics-Related Products Contributing toward the maintenance of product safety and quality

We undertake integrated production of refrigerated vehicles that allow precise temperature management to maintain the optimal temperature for each cargo, along with production of other refrigeration devices and refrigerated containers.

Air-conditioning Equipment Contributing toward enriched lifestyles

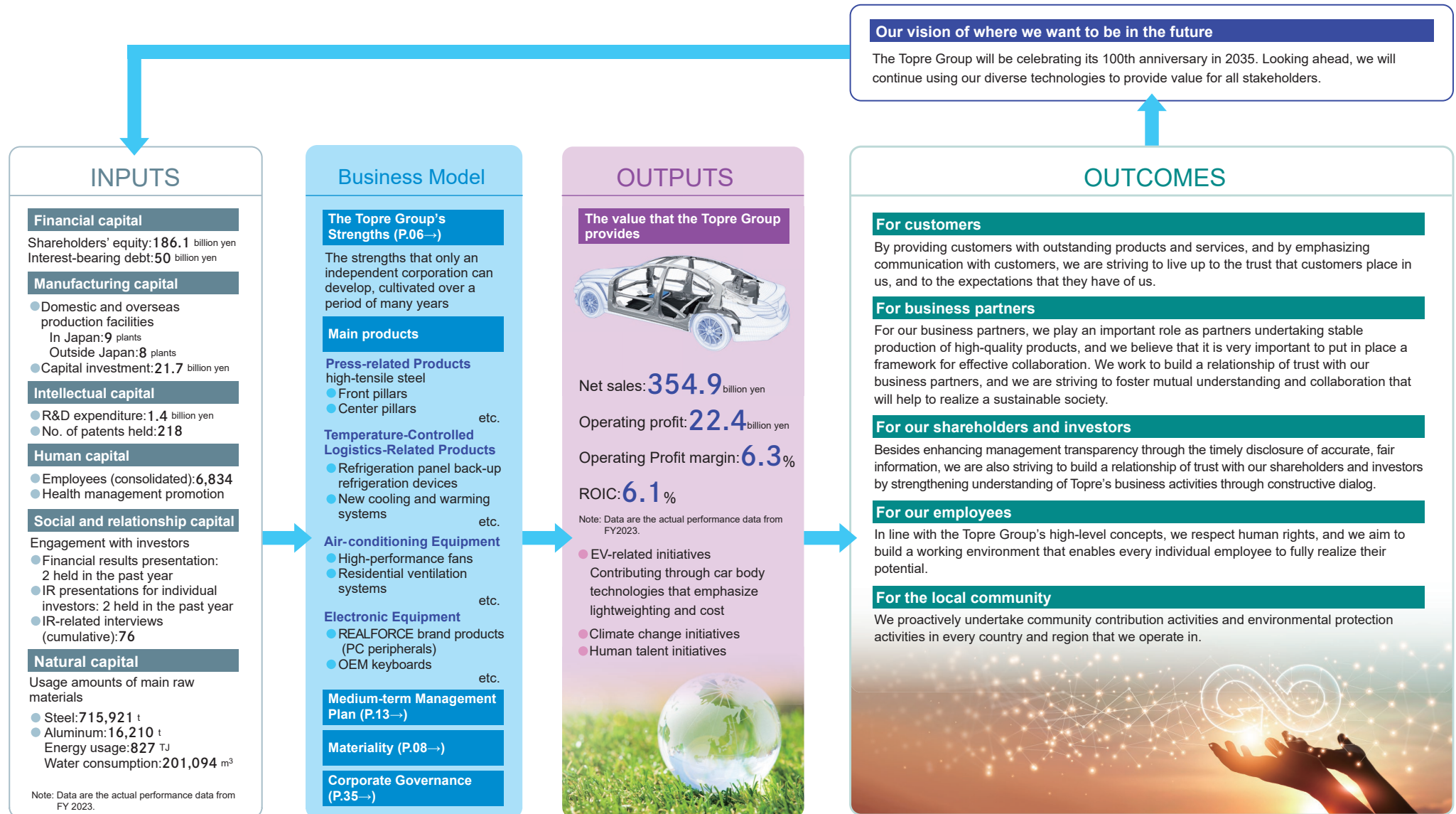
We provide solutions that realize a comfortable environment with clean air, meeting the needs of a wide range of different spaces.

Electronic Equipment Contributing to ease of use with the best work tools

We provide state-of-the-art device input equipment, including the REALFORCE brand.

Value Creation Process

Taking corporate activities that embody high ethical standards and conscientiousness as the foundation, we will be using our outstanding technology to respond to the changing business environment and create new value for society.



Key Issues (Materiality)

The process of identifying important CSR issues and associating them with the SDGs

In March 2022, the Topre Group defined the CSR Materiality (key issues) items that we need to address, by means of the following process.

1. Grasping of current state of CSR issues

Evaluate and make a list of the social impacts of development, procurement, production and sales with reference to the review items of the GRI standards and SRI evaluations.

2. Prioritization of issues

Prioritize social issues based on their level of impact on Topre and their level of impact on stakeholders, and evaluate their importance.

3. Evaluation of validity

Evaluate the validity of issues through discussions with related parties in each division and information gathering to scrutinize whether or not issues conform with changes in global conditions and the environment.

4. Setting of important CSR issues

Reconsider prioritization from the company and stakeholder perspectives, deliberate upon the issues at a meeting of the CSR Formulation Committee meeting headed by the President, and confirm.

CSR-related Initiatives and Targets

	Main Initiatives	Main targets and measures for FY2023 (final year of the 15th Medium-term Management Plan)	Actual results in FY2023	Main targets and measures for FY2026 (final year of the 16th Medium-term Management Plan)	Main targets and measures for FY2030 (long-term targets)
E Environment	Reduction of CO ₂ emissions in production activities	Promoting the reduction of CO ₂ emissions in Japan and overseas Integration of CO ₂ reduction items by the Environmental Improvement Committee of each division	Installation of solar panels, etc. (8 locations) Plan formulation using a unified format and completion of Groupwide rollout, both within and outside Japan	Identifying strategies for the achievement of FY2030 targets and formulating related plans	30% reduction compared to FY2020 (Scope 1 + 2 emissions)
	Acquisition of ISO 14001 certification: All domestic and overseas locations Integrated acquisition of ISO 14001 certification: All domestic locations	Acquisition of ISO 14001 certification: Saitama Plant (Integration with the Sagami-hara Plant)	Saitama Plant: Acquisition of ISO 14001 certification, and integration with the Sagami-hara Plant Head Office, and Topre Tokai Corporation: Holding of ISO 14001 Promotion Committee meetings	Acquisition of ISO 14001 certification: Head Office, Topre Tokai, Toho Transportation, Toprec ISO 14001 certification integration: Head Office, Topre Tokai, Mitsuike	Acquisition of ISO 14001 certification: Head Office, Toho Transportation, Toprec, Topre Tokai, Topre India Promoting integrated acquisition of ISO 14001 certification: Domestic
	Establishment and operation of internal management rules	Determination of management rules and application to each division Reduction of the use of PRTR specified substances (Class I designated chemical substances)	—	Establishment and operation of internal management rules	Continued operation of management rules, and elimination of the use of PRTR specified substances (Class I designated chemical substances)
	Development of renewable energy related equipment Proposal of technologies linked to environmental conservation	Commercialization of nano-hydroelectric power generation Building of new refrigeration systems for electric vehicles (EVs) and fuel cell vehicles (FCVs) Development of new products (enhancing the energy-saving performance of humidity control equipment)	Completion of verification testing of a 5kWh nano-hydro power generation system, and completion of a collaborative project with Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) Refrigeration: Expansion of monitoring of the availability of EVs suitable for use as refrigerated vehicles, and preparation for volume production of battery electric vehicle (BEV) systems Air-conditioning: Completion of field testing, and confirmation of energy-saving performance	R&D: Development of new, environmentally-friendly products Automotive: Establishment of multi-material technology Refrigeration: Commencement of volume production of energy-saving electric refrigeration units, and promotion of the replacement of existing refrigerants by low-GWP refrigerants Air-conditioning: Promotion of the switch to heat pump products that use low-GWP refrigerants Electronics: Development of products that use environmentally-friendly components	Automotive: Proposal of body structures that take life-cycle assessment (LCA) into account Refrigeration: Development of a lineup of new electric refrigeration equipment, including hot-gas heating and heat pump products, and adoption of low-GWP refrigerants Air-conditioning: Expansion of products with improved energy-saving performance through the use of inverters Electronics: Reduction of packaging material usage (use of recycled paper and elimination of outer packaging)
	Promotion of green procurement	Establishment of green procurement evaluation methods and start of evaluation	Distribution of the Topre Group Green Procurement Guidelines Implementation of CSR survey of 8 major automotive-related suppliers	Green procurement evaluation adjustment and establishment of support tools	—
S Social	Education on human rights and diversity	Implementation rate of 100% at Topre and Group companies	Implementation of internal training on diversity Reconfirmation of basic Group-wide policies on human rights and diversity	Establishment and implementation of a human rights and diversity education program (Topre Corporation only)	Completion of Group-wide rollout of a human rights and diversity education program
	Implementation of human rights due diligence	Implementation rate of 100% at Topre	—	Establishment of a risk management system (Topre Corporation only) Establishment of a framework for periodic human rights due diligence	Completion of Group-wide rollout of the risk management system
	Acquisition of IATF 16949 certification: Automotive related Acquisition of ISO 9001 certification: Own-brand product related	Acquisition of IATF 16949 certification: Sagami-hara Plant (automotive) (Topre, Metal Pack, Multi), Topre Kyushu	Sagami-hara Plant (automotive): Underwent periodic IATF 16949 certification review Topre India: Acquisition of ISO 9001 certification	Acquisition and integration of IATF 16949 certification: Kyushu	Acquisition of IATF 16949 certification: Topre Kyushu, Topre Tokai, Mitsuike, Topre America Acquisition of ISO 9001 certification: Toho Transportation, Toprec, Topre India
	Procurement	Promotion of CSR-aware procurement	Establishment of CSR-aware procurement methods and start of evaluation	Distribution of guidelines to Topre suppliers Implementation of CSR survey of 8 major automotive-related suppliers	CSR-aware procurement evaluation adjustment and establishment of support tools
G Governance	Governance	Building of Group governance	Inspection and strengthening of the Group management system	Realizing zero cases of misconduct in the Group Compliance education (using DVDs) undergone by 2,393 employees	Continuation of regular internal audits by the Audit Department Continuation of regular executive meetings, including at Group companies
	IR activities	Publication of the ESG Databook (CSR Report) Expansion of disclosed information	Expansion of non-financial information disclosure	Expanded disclosure of the company's long-term vision and Medium-term Management Plan Inclusion of non-financial information such as sustainability in disclosure and IR materials Ongoing dialog with institutional investors, etc.	100% completion of response to the revised Corporate Governance Code Enhancement of dialog with investors by expansion of meetings with institutional investors and related events (financial results briefings, and IR events for individual investors) Continuous improvement of information disclosure in IR materials (financial results briefing materials, distribution of financial results briefing content in audio format, etc.)
	Information management	Establishment of an information management system across the Group	Thorough implementation of management rules and maintenance of management tools	Implementation of information security education (for all employees)	Viewing of information security education videos by all employees Implementation of targeted e-mail attack prevention training Regular review of confidential information management records, and continuation of technical security training
	Risk management	Review of business continuity planning (BCP)	Responding to major earthquakes and epidemics Addition of climate change risk response to the company's response to the TCFD Recommendations	Additional review of BCP in regard to responding to major earthquakes and epidemics TCFD disclosure for the Press-related Product Business and the Temperature-Controlled Logistics-Related Business	Regular identification of risks at each business location, and implementation of countermeasures

Top Message

Looking Ahead to the Future as We Approach Our 100th Anniversary

Looking Ahead to the Future as We Approach Our 100th Anniversary

Continuing to provide customers with products that embody a diverse range of technologies

Yutaka Yamamoto

Representative Director, President, Executive Officer
Topre Corporation

Looking ahead to our 100th anniversary

The Topre Group will celebrate the 100th anniversary of its founding in 2035. As we look ahead over the next 10 years, the Topre Group has decided to issue this Integrated Report as a first step toward disseminating information about our initiatives aimed at realizing sustainable growth and enhancing corporate value over the medium to long term. The aim is not only to provide stakeholders with a comprehensive report on our strategies for enhancing the Topre Group's corporate value, our targets and the current state of our corporate activities, but also to provide a tool for constructive dialog with stakeholders.

Aiming to make a positive contribution for our customers, society, and humanity as a whole

In developing its business, the Topre Group relies on two pillars: our Press-related Products Business, which is oriented toward the automotive manufacturing sector, and our own-brand products – including our Temperature-Controlled Logistics-Related Business, our Air-conditioning Equipment Related Business, and our Electronic Equipment Related Business – which we supply to a wide range of different sectors.

- Providing products that support customers' automotive manufacturing operations
 - Contributing toward the manufacturing of electric vehicles (EVs) to help safeguard the planet
- Providing products that are directly linked to people's daily lives
 - Contributing toward the maintenance of food safety and quality through the integrated production of refrigerated vehicles that enable precise, optimal temperature control, together with other refrigeration devices and refrigerated containers
 - Contributing toward the creation of enhanced lifestyles through the realization of comfortable air-conditioned environments
 - Contributing toward the provision of optimal, easy-to-use tools for office work, by providing cutting-edge data entry devices

A key strength of the Topre Group is that, besides our Press-related Products Business supplying the automotive sector, we have also made effective use of our technological capabilities to roll out own-brand products. Also, in conducting our business, we prioritize making a positive contribution to society through our strengths. A particularly important point is that, by rolling out own-brand products in a diverse range of sectors, we are able to respond flexibly to external factors and changes in the business environment that are beyond our control. Looking ahead, we will be working to make the Topre Group an even stronger enterprise by further expanding the range of areas in which we can direct the course of our own business expansion.



Top Message

Looking Ahead to the Future as We Approach Our 100th Anniversary

Looking Ahead to the Future as We Approach Our 100th Anniversary

In each of our business areas, we have drawn up our strategy based on the market environment and other factors

Press-related Products Business

In the automotive sector, the transition toward widespread adoption of electric vehicles (EVs) is creating a growth market. There is thus a need for the Topre Group to continue undertaking growth-oriented investment in this area, while taking into account factors that include car manufacturers' investment strategies. It can be anticipated that, over the next few years, the automotive industry itself will see massive changes. In response to these circumstances, we will be working to provide car body structure proposals that meet EVs' requirements in terms of lightweighting and cost.

Against this background, the Topre Group will be proposing integrated car body structures that combine different materials. With the ongoing trend toward lighter vehicles, there is a need to make effective use of a diverse range of materials besides steel. Given this need, being able to provide technology for joining steel and non-ferrous metals such as aluminum, being able to supply reliable evidence of material properties based on analytical technology, and being able to offer proposals for optimal structures based on customers' actual needs, represent strengths that the Topre Group can be proud of. We are able to combine different materials into a single structure, and then perform analysis of that structure to verify its safety. This is why I believe that we can provide optimal car body proposals that will satisfy customers.

Multi-material combinations and meeting the need for stronger materials are also important in terms of safeguarding the environment. By developing technologies that realize these goals, we are aiming to differentiate ourselves and strengthen our competitiveness, so that we can continue to play an important role in supporting car manufacturers.



Press-related Products



Temperature-Controlled Logistics-Related Products



In our own-brand products businesses, which are being developed under the Own-brand Products Business Headquarters, we will be working to roughly double the scale of our business over the next 10 years

Temperature-Controlled Logistics-Related Business

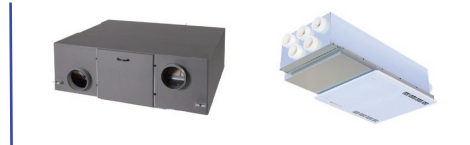
In food delivery, ensuring precise temperature control during transportation is vitally important in order to deliver food that is as delicious and as safe to consume as possible. To develop refrigerated vehicles that provide a high level of safety, the Topre Group is the only enterprise in Japan that provides integrated, completely made-to-order production for refrigerated containers and refrigeration units, thereby enabling us to realize high quality and superior performance. In terms of our strategy for the future, besides focusing on refrigerated vehicle development that takes into account the trend toward electrification of commercial delivery vehicles and the growing emphasis on making logistics more efficient, we will also be strengthening our sales activities in collaboration with our partners in the refrigerated vehicle market, and we will be working to expand our refrigerated warehouse and cargo container businesses. We will also be expanding overseas, continuing the development of overseas markets with a focus on Southeast Asia (taking Indonesia as the starting point).



Air-conditioning Equipment Related Business

We are proceeding with the development of new products, such as the Topre Group's innovative whole-building air conditioning solutions that make effective use of high-performance fans featuring our unique press-forming and welding technology. In addition, we will be contributing toward the provision of comfortable living spaces by further promoting sales of the Desitop product for residential building use that we developed using humidity management technology derived from our unique ventilation and heat pump technology.

Air-conditioning Equipment



Electronic Equipment Related Business

Our ergonomically designed REALFORCE products were developed using the Topre Group's unique non-contact electrostatic capacitance technology. We also provide a high level of support for gaming devices intended for use in e-sports, and we will be proceeding with further product development and sales promotion targeting business-to-consumer (B-to-C) segment products. At the same time, we plan to roll out new products that utilize our existing technology for various markets in the business-to-business (B-to-B) segment. Not only has our technology been incorporated in ATMs, automated vending machines, etc., our water-resistant, oil-resistant keyboard have also been widely adopted as data entry devices in industrial machinery, including machine tools and semiconductor manufacturing.

Electronic Equipment



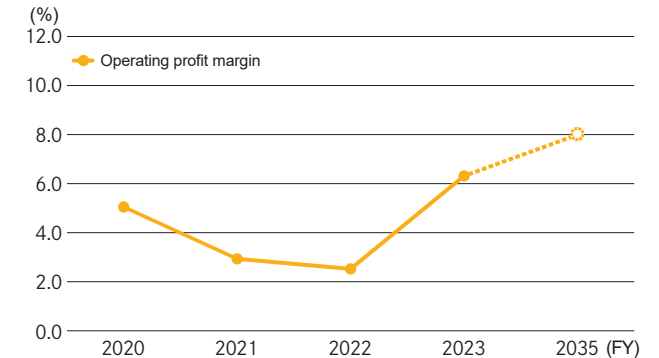
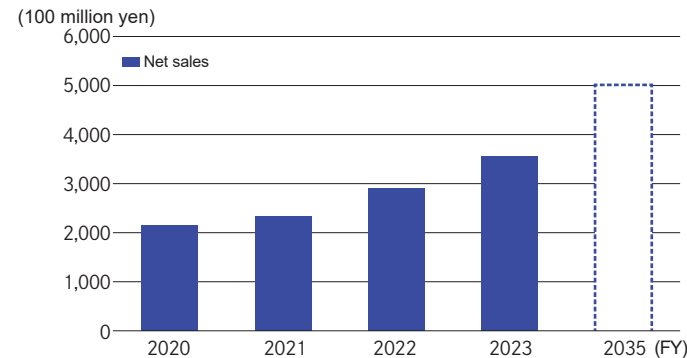
Top Message Looking Ahead to the Future as We Approach Our 100th Anniversary

Looking Ahead to the Future as We Approach Our 100th Anniversary

Management Targets

Our Targets for FY2035

- Net sales (consolidated): **500 billion yen**
 - Global Automotive Equipment Business Headquarters: 400 billion yen
 - Own-brand Products Business Headquarters: 100 billion yen
- Operating profit margin: **8%**



Targets

1 Realize labor-saving in production

2 Adoption of new technologies and implementation of new production methods by the Global Automotive Equipment Business Headquarters

3 Doubling of the scale of business activity by the Own-brand Products Business Headquarters

We have set ourselves three targets as we seek to realize our vision of where we want to be in 10 years' time, when we celebrate the company's 100th anniversary. To realize these targets, we will be striving to increase sales in line with our 16th Medium-term Management Plan. At the same time, as we face an environment in which it becomes increasingly difficult to recruit human talent, by promoting automation (i.e., labor-saving), we will be aiming to ensure that we can continue with our production activities over the long term.

Strategy

Global Automotive Equipment Business Headquarters Strategy

In the EV market, which is not yet fully mature, we will establish **technology for connecting steel with non-ferrous metals**, and **perform analysis to confirm that we are providing structures that meet customers' need for lightweighting and lower cost**.

By being able to **offer solutions across a wide range of market segments**, we will continue to play an important role for our customers, and will expand our market.

Integrated technology

Vehicle performance evaluation

Multi-material technology

Own-brand Products Business Headquarters Strategy

Temperature-Controlled Logistics

Leveraging our made-to-measure, integrated production system as a weapon for expanding into the cold chain segment in overseas markets and expanding our warehousing business.

Air-conditioning Equipment

We will strive to further develop our innovative whole-building air-conditioning and humidity control technology, to provide people with comfortable living spaces.

Electronic Equipment

By developing both B-to-B and B-to-C business, we will roll out and provide high-quality products.

The operations of the Topre Group are built on two key pillars – the Global Automotive Equipment Business Headquarters and the Own-brand Products Business Headquarters – whose products contribute to society across a wide range of usage scenarios. As we approach our 100th anniversary, we will continue to be a company that makes a positive contribution to all our stakeholders, by implementing the strategy outlined above.

Top Message Looking Ahead to the Future as We Approach Our 100th Anniversary

Formulating Our 16th Medium-term Management Plan

In May 2024, we drew up our 16th Medium-term Management Plan, targeting the first three years of the period leading up to our 100th anniversary in 2035; this plan thus represents the kickoff for the leadup to the anniversary.

Vision

We will celebrate our 100th anniversary in 2035 and will continue to provide a variety of products utilizing diverse technologies to our wide range of customers.

Basic Policy

- 1 We strive to foster talent and create a comfortable working environment, expanding opportunities for diversity-respecting individuals to excel, ensuring we remain a responsible company for the next generation of employees.
- 2 We will continue to enhance our company's competitiveness by promoting efficiency in production methods and technological innovation while pursuing the technical capabilities our customers demand.
- 3 With a steadfast commitment to realizing sustainability, we will continue to fulfill our social responsibilities as a global company.

	Results achieved			Target		
	15th Medium-term Management Plan			16th Medium-term Management Plan		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Net sales (100 million yen)	2,336	2,904	3,549	3,700	3,800	3,900
Operating profit (100 million yen)	69	73	224	200	260	230
Operating margin (%)	2.9	2.5	6.3	5.4	6.8	5.9

Group-wide Promotion of Sustainability

With the aim of realizing sustainability, we are striving to implement various economic, social and governance (ESG) initiatives, including efforts to reduce the burden on the environment, effective human capital management, making a contribution to society, and strengthening of governance. As our sales volume grows, so does the Topre Group's responsibility to society. Besides the steady implementation of these various initiatives, we also need to promote activities that address every aspect of sustainability throughout the Topre Group as a whole. I believe that it is important for all Topre Group employees to have a shared awareness of corporate social responsibility (CSR) initiatives, including those relating to sustainability, the UN Sustainable Development Goals (SDGs), and ESG.

Initiatives to reduce the burden on the environment

The Topre Group positions decarbonization initiatives as the most important category within its initiatives to reduce the burden on the environment.

With regard to reducing CO₂ emissions, we have set reduction targets (taking FY2020 as the baseline year), and we are proceeding with efforts to meet these goals, including measures to reduce energy usage and the installation of solar panels, etc. Of our various production facilities, the Saitama Plant and Gifu Plant were expected to become carbon neutral in FY2024 (April 2024 – March 2025).

Human capital management initiatives

The Topre Group aims to be an enterprise that contributes to society, and which is able to continue flourishing over the long term. To this end, we believe that it is vital to ensure employee diversity. We aim to build a working environment in which every individual employee is able to fulfil their potential to the maximum, regardless of ethnic background, beliefs, gender, nationality, age, LGBTQ status, religion, or disability. The new Medium-term Management Plan incorporates targets, to be achieved by FY2026, in relation to the percentage of employees who are female, the percentage of managerial personnel who are female, the percentage of eligible male employees taking childcare leave, and employee engagement surveys.

Within the Topre Group, our human resources policy is to "cultivate human resources who are independent in everything, always have a bird's-eye view of the situation, and work logically." One of the strategies outlined in the new Medium-term Management Plan is that we strive to foster talent and create a comfortable working environment, expanding opportunities for diversity-respecting individuals to excel, ensuring we remain a responsible company for the next generation of employees. We will also be focusing on health management, talent cultivation, and strengthening employee engagement.

Initiatives to strengthen governance

To realize speedier decision-making and enhance the efficiency of operational execution, Topre adopted a new delegated executive officer system on June 26, 2024, and we have also been working to strengthen the functioning of our Board of Directors. We have established a Nominations Committee to ensure that the procedures relating to the nomination of directors are fairer, more transparent and more objective than in the past. We have also established a Compensation Committee, to make the procedures regarding directors' compensation fairer, more transparent and more objective. In addition, we perform an annual assessment of the effectiveness of Topre Corporation's Board of Directors. The most recent assessment results indicate that there are no significant issues with the effectiveness of the Board.

As we approach the 100th anniversary of Topre's founding, the Topre Group is starting to move forward in line with the 16th Medium-term Management Plan. To realize our vision of the future, we will be driving business growth for our two pillars: our Press-related Products Business, which is oriented toward the automotive manufacturing sector, and our own-brand products – including our Temperature-Controlled Logistics-Related Business, our Air-conditioning Equipment Related Business, and our Electronic Equipment Related Business – which we supply to a wide range of different sectors. These two pillars constitute an important strength for the Topre Group, and we will be working earnestly to develop our business, underpinned by our basic stance, which is to prioritize using our strengths to make a positive contribution to society.

We will continue to move steadily forward, aiming to realize sustainable growth and enhance corporate value over the medium and long term. I hope that we will continue to benefit from our stakeholders' continued support in the future.



Topre's 16th Medium-term Management Plan

The Topre Group has formulated its 16th Medium-term Management Plan, covering the three years from FY2024 to FY2026, as we look ahead to the next ten years. Going forward, we will be aiming to realize sustained growth and to enhance corporate value over the medium to long term.

Vision

As we look ahead to the year 2035, which will mark the 100th anniversary of the company's founding, we will continue to use a wide range of technology to provide products for diverse customers.

Basic Policy

1. We strive to foster talent and create a comfortable working environment, expanding opportunities for diversity-respecting individuals to excel, ensuring we remain a responsible company for the next generation of employees.
2. We will continue to enhance our company's competitiveness by promoting efficiency in production methods and technological innovation while pursuing the technical capabilities our customers demand.
3. With a steadfast commitment to realizing sustainability, we will continue to fulfill our social responsibilities as a global company.

Targets for FY2026

Net sales:

390 billion yen

ROE: 8~10%

ROIC: 5~7%

Operating profit:

23 billion yen

Dividend payout ratio: 20~30%

PBR: 0.7~1.0

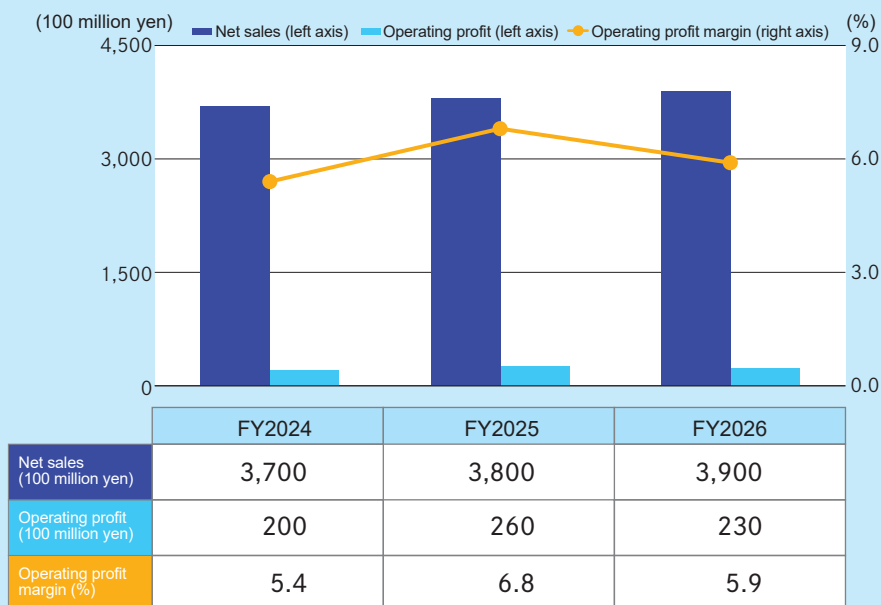
Net sales target

As our net sales target for FY2026, we have set ourselves the goal of increasing net sales by 10% compared to the total of 354.9 billion yen achieved in FY2023, to 390 billion yen.

Operating profit target

As our operating profit target for FY2026, we have set ourselves the goal of increasing operating profit by 3% compared to the total of 22.4 billion yen achieved in FY2023, to 23 billion yen.

Consolidated net sales, operating profit and operating profit margin (changes over the three-year period covered by the 16th Medium-term Management Plan)



During the period of implementation of the 15th Medium-term Management Plan, we were affected by economic downturn caused by the COVID-19 pandemic and the Russian invasion of Ukraine, and by semiconductor shortages. However, we met our net sales target in FY2023, the final year of implementation of the Plan, thanks to an upturn in sales volumes in our Press-related Products Business, an easing of the semiconductor shortage, and an easing of the shortage of materials in our refrigeration business. There was also an improvement in ROE and ROIC.

In the 16th Medium-term Management Plan, we are paying more attention to capital cost and returning value to shareholders, and we have set ROIC, dividend payout ratio, and PBR as additional numerical indicators. We believe that, through dialog with our partners in the market, we can achieve these targets.

Topre's 16th Medium-term Management Plan

Initiatives to Increase Corporate Value

Press-related Products Business

- We will be undertaking growth-oriented investment, tailored to meet the needs of our customers and the capabilities of our production facilities, while taking into account car manufacturers' investment strategies (in terms of transitioning to EVs, etc.)
Note: Topre America will be implementing around US\$140 million of capital investment in response to the transition to EVs.
- We will be developing technology that enables us to differentiate ourselves from our competitors, while taking account of the need to safeguard the environment (This will include expanding our technologies for multi-material combination, developing new, high-strength materials, etc.)

Temperature- Controlled Logistics-Related Business

- We will be developing refrigerated vehicles that meet the needs created by the trend toward electrification of commercial trucks, and the emphasis on making logistics more efficient.
- We will be aiming to expand our refrigerated warehouse and refrigerated container business.
- We will be working to develop overseas markets, taking Indonesia as the starting point.

Air-conditioning Equipment Related Business

- We will be undertaking the development of new products (including innovative whole-building air-conditioning systems, etc.)
- We will be focusing on further increasing sales of our Desitop product for residential building use.

Electronic Equipment Related Business

- We will be implementing product development and sales promotion efforts for our REALFORCE product series.
- We will be focusing on rolling out new products that utilize our existing technologies (including oil-resistant keyboards, etc.) for various different sectors.

Medium and Long-term Management Indicators

ROE

Aiming to improve the sales profit margin of each segment, targeting a rate exceeding the current cost of equity capital (7% to 8%).

ROIC

Pursuing optimal capital structure to enhance earning power relative to raised capital.

Dividend payout ratio

Setting a new numerical target of 30% for the dividend payout ratio, while continuously considering the purchase of treasury shares (approximately 10 billion yen during the current medium-term management plan period) to enhance shareholder returns.

PBR

Aiming to enhance corporate value through the above measures and achieve a price-to-book ratio of 1.

Financial Strategy – Chief Financial Officer's Message

Striving to Enhance ROE and PBR, and Realizing an Increase in Corporate Value Over the Medium to Long Term

Engaging in ongoing dialog with stakeholders, implementing strategic investment, and working toward the achievement of our goals

Yoshinori Tsuyuki
Director, Senior Executive Officer

A look back at the 15th Medium-term Management Plan, and an examination of how we will achieve the goals of the 16th Medium-term Management Plan

In FY2021 and FY2022, operating profit fell due to the impact of the economic downturn caused by the COVID-19 pandemic and the Russian invasion of Ukraine, and due to semiconductor shortages. In FY2023, the shortage of supply of semiconductors for automotive use eased, and the Press-related Products Business was able to achieve an increase in sales volumes both in Japan and in North America. The Temperature-Controlled Logistics-Related Business also saw an increase in both sales revenue and profits, thanks to an easing of component shortages in the refrigeration segment.

The targets set for FY2023, the final year of implementation of the 15th Medium-term Management Plan, were to achieve net sales of 280 billion yen, an operating profit margin of 8.6%, and ROE of 8.9%. The net sales target was achieved, as we posted net sales of 354.9 billion yen in FY2023. In our basic approach to the 16th Medium-term Management Plan, which is being implemented over the period from FY2024 to FY2026, we

are focusing on all four of our main businesses. The key measures are outlined below.

●Press-related Products Business

We will establish new technologies in response to the transition to EVs, and we will differentiate ourselves and enhance our competitiveness by offering multi-material, integrated structure technology solutions

●Temperature-Controlled Logistics-Related Business

We will develop refrigerated vehicles that contribute toward solving temperature control issues in relation to food transport, and we will develop overseas markets

●Air-conditioning Equipment Related Business

We will be rolling out innovative Topre Group whole-building air-conditioning systems

●Electronic Equipment Related Business

We will be developing new REALFORCE products and promoting sales of this product line, as well as developing the business-to-business (B-to-B) market segment.



Regarding our investment strategy, in the Press-related Products Business we will be investing US\$140 million in strengthening our ability to respond to the transition toward EVs, and we are planning to expand our production facilities in the USA. In the past, our Press-related Products Business has mainly involved production of high-tensile components for the upper frame portion of a car body. With the growth of EVs, in which the batteries are usually extremely heavy, car body structure has become even more important. We will be focusing on the development of protective battery housings in the lower part of the car frame, and we will be proceeding with the development of proposals for lower-cost car body structure solutions for EVs. In our Temperature-Controlled Logistics-Related Business, we will be adding new production sites and expanding our network of service and maintenance locations. In terms of production locations, we will be expanding our existing setup (which currently has annual production capacity of around 15,000 units), and we will be working to further increase the scale of our business.

As regards the business environment, sales in the Japanese domestic market are healthy, with large orders coming in. In overseas markets, however, although there has been growth in sales volume, the overall situation remains difficult. Besides the impact of exchange rate fluctuations and stock market volatility, there is also a major problem with shortages of human talent, particularly at production facilities in the USA. In addition to difficulties with recruitment, employee retention rates are also low, and this has affected productivity. However, at some production areas active measures are being taken to address this issue, for example by converting agency staff to regular, full-time employee status. We will be proceeding with new initiatives in this field, such as addressing the problem of talent shortages by adopting new recruitment strategies that emphasize diversity. In addition, we will be implementing a number of key measures that are not directly related to individual businesses, such as enhancing capital efficiency, strengthening the return of profits to shareholders, and engaging in proactive dialog with investors.

Financial Strategy – Chief Financial Officer's Message

Implementing Management with Greater Awareness of Capital Cost and of the Stock Price

In terms of investment, our main medium – and long-term management indicators are as follows:

•ROE

Aiming to improve the sales profit margin of each segment, targeting a rate exceeding the current cost of equity capital (7% to 8%).

•ROIC

Pursuing optimal capital structure to enhance earning power relative to raised capital.

•Dividend payout ratio

Setting a new numerical target of 30% for the dividend payout ratio, while continuously considering the purchase of treasury shares to enhance shareholder returns.

•PBR

Through the above measures, we are aiming to achieve a price-to-book value ratio (PBR) of 1.0.

The Topre Group has been using ROE as a management indicator for many years now. Currently, the cost of shareholders' equity for the Group is around 7 – 8%. By enhancing the profit margin in each segment, we will be working to boost ROE to above this level. (In FY2023, our ROE was 8.5%)

PBR has remained at less than 1.0. We take this situation very seriously, and we recognize the need for improvement. As a first step, we will be working to achieve a PBR of 1.0, which is the level recommended by the Tokyo Stock Exchange.

As regards the specific capital strategies that we will be adopting, we will be making effective use of interest-bearing debt, and we will be investing efficiently in our growth strategy, in human capital, and in ESG activities. By combining efforts to enhance performance with contributions to society, we are aiming to enhance the market competitiveness of the Topre Group and realized sustained growth.



As a measure for returning value to shareholders, we have set a numerical target for dividends. In the past, we did not have such a target, but now, after dialog with investors and careful monitoring of industry trends, we have set ourselves the target of realizing a dividend payout ratio of at least 30% by FY2030, while in our 16th Medium-term Management Plan, we have set the dividend payout ratio target range at 20 – 30%. During the period of implementation of the new Medium-term Management Plan, we will also be considering share buybacks; by raising the total shareholder return ratio, we want to increase the extent to which profits are returned to shareholders.

We will also be working to strengthen our investor relations (IR) activities. Besides striving to promote information disclosure (including non-financial data relating to sustainability, etc.) and other IR activities, we will also be strengthening communication, by continuing to engage in dialog with institutional investors, etc., and by creating more opportunities to hold IR presentations for individual investors.

Environmental Protection Initiatives and Human Capital Management

The Topre Group is also focused on undertaking measures that embody concern for the environment. In the 16th Medium-term Management Plan, we have set CO₂ emissions reduction targets in relation to our production activities.

•FY2026 (final year of implementation of the 16th Medium-term Management Plan)

10% reduction

•FY2030

30% reduction

•FY2050

100% reduction (achievement of carbon neutrality)

Note: FY2020 was taken as the baseline year.

In implementing the 16th Medium-term Management Plan, besides continuing with measures that we had already planned, such as energy-saving strategies and the installation of solar panels, we will also be considering which strategies should be implemented in light of the circumstances at individual Topre Group



companies and formulating plans on the basis of this, and we will be linking these to strategies aimed at helping to realize the goals of the upcoming 17th Medium-term Management Plan. By FY2026, the final year of implementation of the 16th Medium-term Management Plan, we anticipate that we will have implemented a cumulative total of around 1.6 billion yen of capital investment, and will have reduced CO₂ emissions by a cumulative total of approximately 3,800 tons. In order to promote the pursuit of technological capabilities and realization of sustainability that constitute the basic approach of the 16th Medium-term Management Plan, investment in human capital is vital. To this end, the Plan's basic approach also clearly stipulates the need to cultivate human talent and build an employee-friendly working environment.

Our targets for FY2026, which is the final year of implementation of the 16th Medium-term Management Plan, are as follows.

•Female employees as share of total:

At least 10% (7.0%)

•Female managers as share of total:

At least 3% (1.5%)

•Share of eligible male employees taking childcare leave:

100% (41.9%)

•Employee engagement score

At least 3.7 (3.4)

(Figures in parentheses are the actual performance of Topre Corporation in FY2023)

With regard to the employee engagement score, which is an indicator that can be used for evaluating various initiatives from the employee's perspective, we have set a target of increasing this score by at least 0.1 per year (compared to FY2023).

By demonstrating sincerity in our dealings with stakeholders – including investors and shareholders, business partners, and employees – and by setting and achieving targets for strategic business development and other indicators, the Topre Group will be striving to enhance its corporate value over the medium to long term.

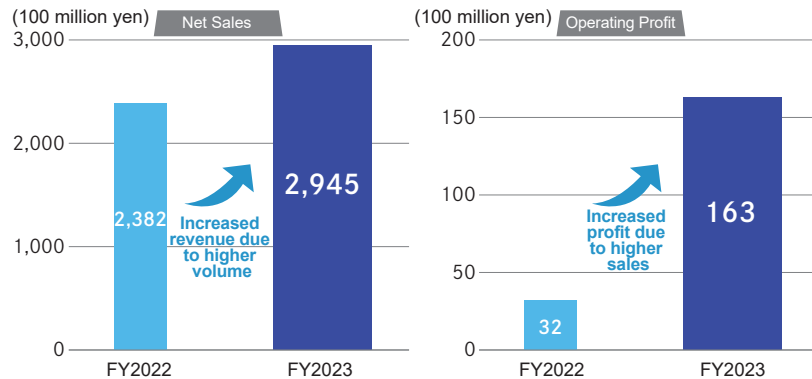
Business Strategy

Press-related Products

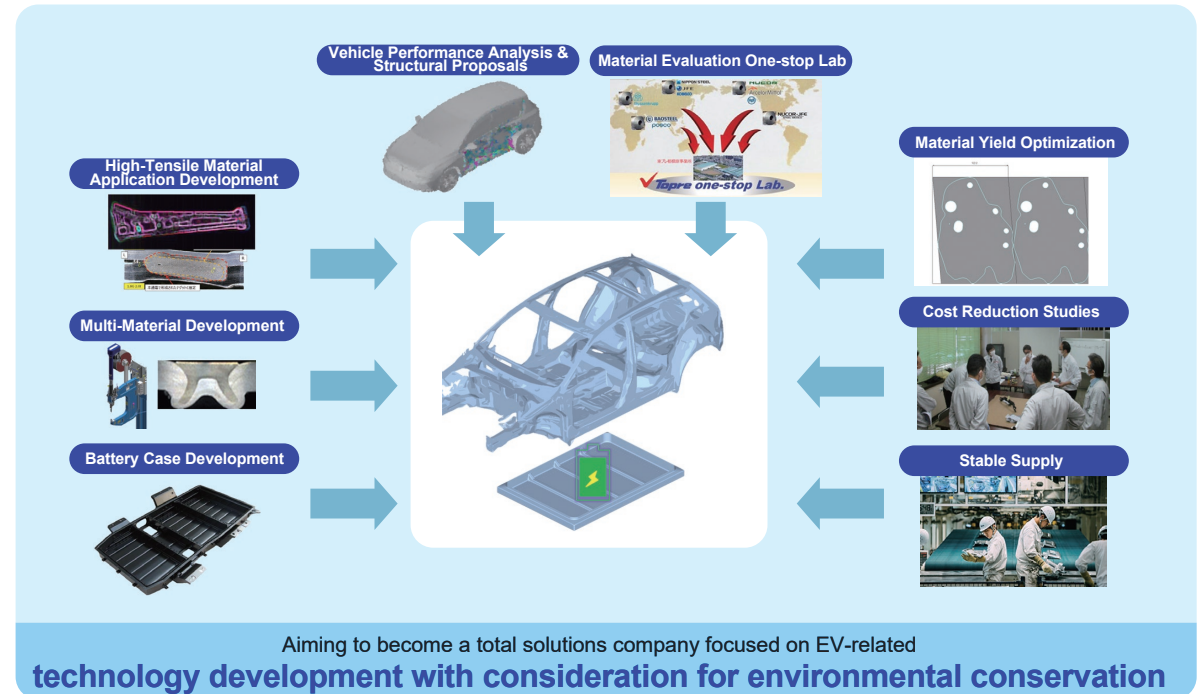
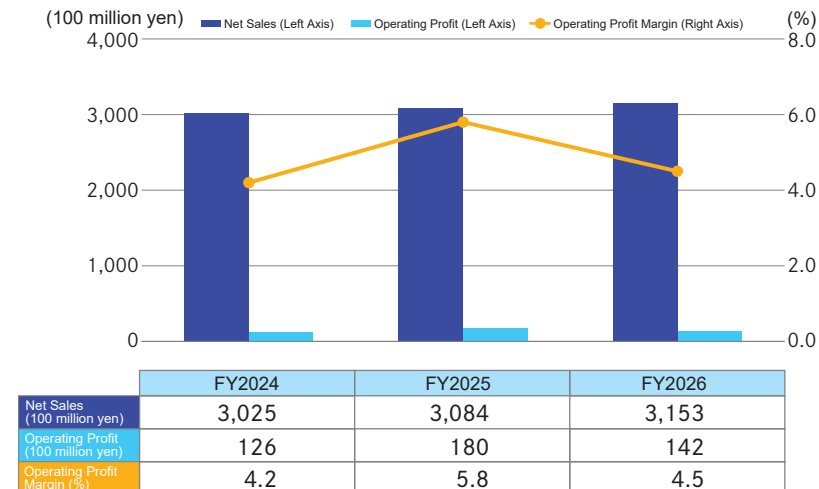
About the Press-related Products Business

The press processing technology that Topre has refined over approximately 90 years enables us to produce high-tensile materials that are difficult to form and create automotive parts that boast industry-leading strength. Furthermore, we have achieved further weight reduction and increased strength through our patented proprietary methods. Using advanced CAD/CAE, we support the automotive industry with Topre's wisdom and technology.

FY2023 Net Sales and Operating Profit



16th Medium-Term Management Plan Targets



16th Medium-Term Management Plan Business Strategy

Building an Operational Structure

- Determining optimal personnel, equipment, and workload for each location
- Considering/implementing measures to build an optimally balanced operational structure

Innovation in Production Methods

- Utilization of collaborative robots
 - Expansion of semi-automation
- Strengthening automation/IT infrastructure
 - Determining methods for utilizing production data
 - Acquiring Expertise in Automation/AI of Specialized Technology/Knowledge
 - Devising automation systems that can leverage Topre's strengths
- Building infrastructure for IoT

Establishing Differentiated Technology with Consideration for Environmental Conservation

- Establishing multi-material combination technology
- Expanding EV-related technology
- Responding to high-tensile requirements

Building an Active Workplace Where Organizational Strength Can Be Demonstrated

- Planning ideal offices/factories that attract talent
- Implementing internal award systems and other motivation-increasing measures
- Utilizing and developing global talent

Business Strategy

Press-related Products

Material Evaluation Initiatives



Materials from steel manufacturers in various countries are gathered at the Sagami-hara Lab for unified material characteristics evaluation and database creation

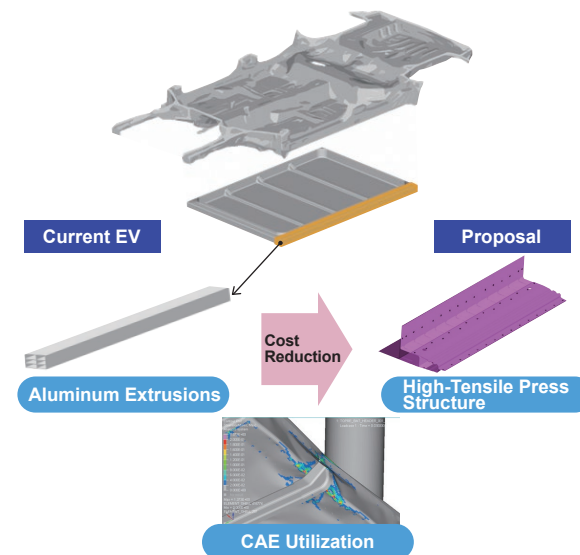
The Sagami-hara Lab's latest material evaluation equipment enables the acquisition of high-precision material data using Topre's original evaluation methods developed through years of production experience.

The acquired data is used for forming analysis and strength analysis during development stages, and for identifying causes of defects during mass production. Through this system, Topre provides high-quality and stable products to customers in a timely manner at any location worldwide.

EV Structure Proposals

Initiatives EV Structure Development

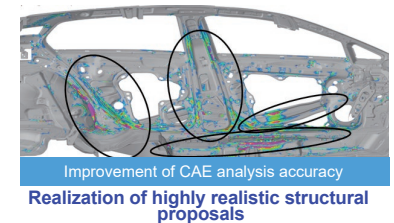
Development of competitive battery protection structures using high-tensile press components



High-precision structural proposals based on actual vehicle testing



Result feedback



Proposing Cost-reduction Structures for EVs

Topre proposes steel plate structures using high-tensile press forming to achieve cost reduction while maintaining weight reduction, addressing the challenge of high costs.

To meet customer quality requirements, we conduct in-house structural analysis to ensure proposals that guarantee performance from the customer's perspective.

Regarding vehicle analysis technology, we will conduct collision tests using actual vehicles in FY2024 to acquire CAE analysis capabilities at a level equivalent to OEMs.

The results will be fed back into CAE to lead to even higher quality proposals.

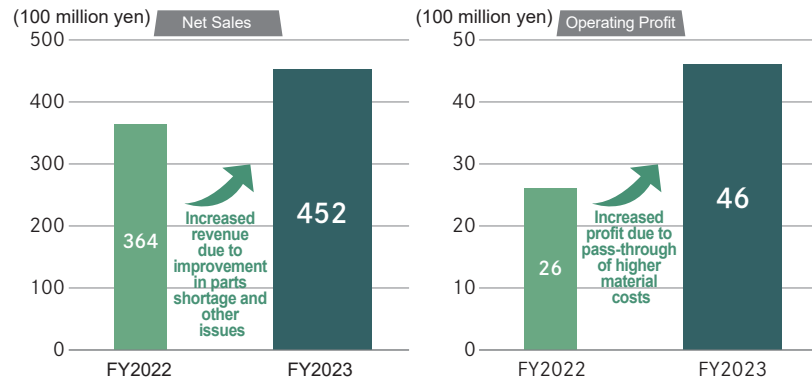
Business Strategy

Temperature-Controlled Logistics-Related Products

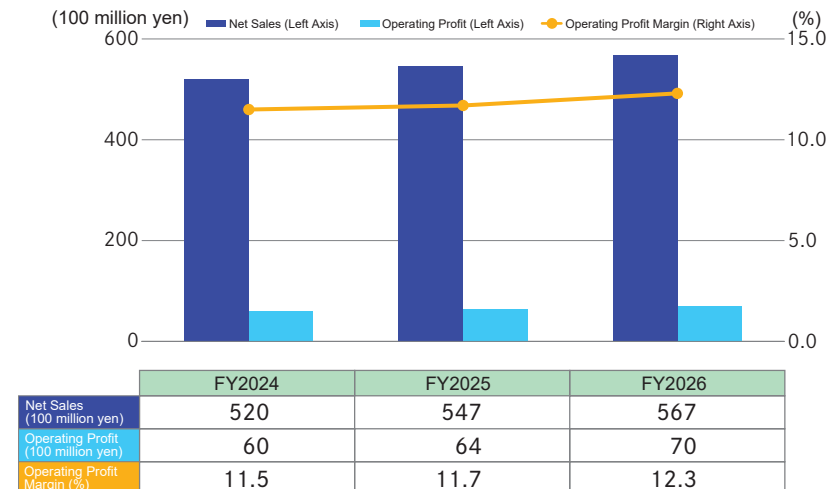
About the Temperature-Controlled Logistics-Related Business

The difference between Topre and other companies lies in our production system. Refrigerated vehicles are broadly divided into containers and refrigeration units, and Topre is the only company in Japan that develops and integrates both in-house. This enables us to respond to customer needs with custom orders, leads to shorter delivery times and improves maintainability, meaning that customers choose us as the only company that can sell delivery temperature to customers.

FY2023 Net Sales and Operating Profit



16th Medium-Term Management Plan Targets



Industry Trends

Logistics Business

Further expansion in demand for medium and large trucks is expected for logistics efficiency improvements, against the background of the 2024 problem (driver working hour regulations).

Truck Business

While market supply continued to stagnate, particularly for small trucks, due to truck model changes accompanying environmental regulation compliance, it is now showing signs of recovery.

Environmental Response

Major logistics-related businesses are advancing plans to introduce electric trucks due to the revised Energy Conservation Act's non-fossil energy conversion targets.



16th Medium-Term Management Plan Business Strategy Establishing an overwhelming position in the temperature-controlled logistics industry by strengthening manufacturing and sales integration

(1) Development of refrigerated vehicles capturing commercial truck electrification and logistics efficiency

- Mass production of BEV and FCEV refrigerated vehicles corresponding to each truck manufacturer
- Creating lineup of high-efficiency electric refrigeration units
- Enhancement of cargo handling support products (drying mode, container options, etc.)

(2) Production capacity improvement and labor reduction centered on production equipment automation

- Structure and method changes for automated equipment introduction
- Promotion of increased CAM-applicable equipment

(3) Concept and system development for manufacturing-sales integration

- Determination of new system concept (order forms, production planning, inventory management)
- Strengthening of sales support tools (proposal drawings, loading capacity, cooling performance)

(4) Creation and commercialization of new product items

- New development of cold chain related products
- Lineup creation and product enhancement of cargo containers

(5) Strengthening TR (PT.Topre REFRIGERATOR INDONESIA) business structure

- Establishment of profitable structure through production equipment introduction and local procurement
- Building sales and service networks for ASEAN expansion

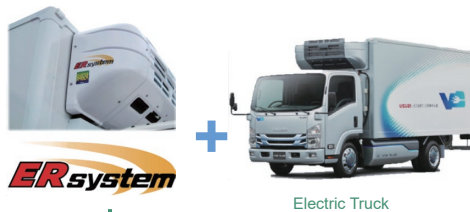
Business Strategy

Temperature-Controlled Logistics-Related Products

Commercial truck electrification and logistics efficiency-oriented refrigerated vehicle development

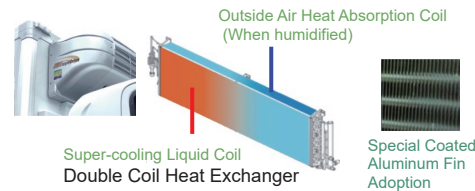
- Mass production preparation underway for electric refrigeration systems compatible with power supply from electric trucks
- Expansion of heat pump unit lineup contributing to energy saving and delivery efficiency
- Development of refrigerated containers focused on reducing driver cargo handling workload

Electric Refrigeration System



- Completed software and hardware basic development
- Market performance and reliability are being verified by introduction of monitor

Heat Pump Unit



- Industry's first large vehicle 2-compressor HP unit under development
- Equipped with drying mode to speed up delivery temperature changes

Refrigerated Container



- One-touch sliding door model change in preparation
- Smart key compatible door development

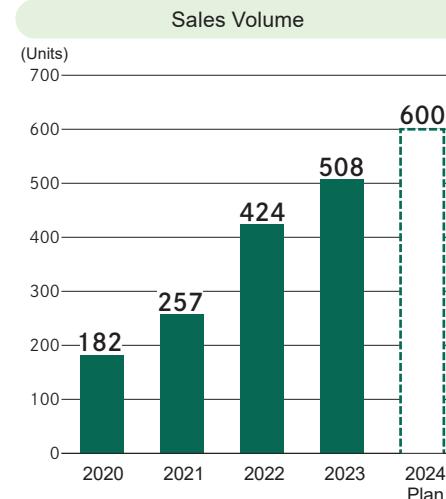
Strengthening overseas business structure

Capturing growth demand in Southeast Asia through introduction of locally adapted products considering high temperature and humidity climate and road conditions.

Basic Information

Name: PT.Topre REFRIGERATOR INDONESIA
Established: May 2015
Sales Destinations: Indonesia, Philippines (CKD sales)

FY2023 Sales Results: 508 units



Investigating Vietnam

as a potential new CKD sales destination
Planning to deploy monitor vehicles in FY2024

*CKD...Kit sales, local assembly

We began mass production of new electric refrigeration systems corresponding to commercial truck electrification in August 2024. The electric refrigeration system contributes to environmental measures in the temperature-controlled logistics industry by incorporating power control coordinated with vehicles to accommodate vehicle electrification. Additionally, the new unit for large vehicles currently under development utilizes Topre's unique heat pump technology to enable response to a wide range of delivery needs from freezing to heating, and is equipped with an interior drying mode function enabling speedy temperature switching, aimed at improving delivery efficiency, a challenge in the logistics industry. For refrigerated containers, we are proceeding with container model changes and development of optional parts such as smart keys considering the reduction of truck driver workload.

Our overseas expansion of the temperature-controlled logistics division began with production and sales in Indonesia in May 2015. Sales volume has increased year by year, reaching 508 units in FY2023. We have begun investigating ASEAN countries for further sales expansion. As the next sales base, we consider Vietnam to be a strong candidate with its rising population and GDP. Given that it took time for Topre's refrigerated vehicles to be recognized in the Indonesian market, we consider early market entry important in Vietnam as well, and plan to introduce monitor vehicles to the market in FY2024.

Business Strategy

Air-conditioning Equipment / Electronic Equipment

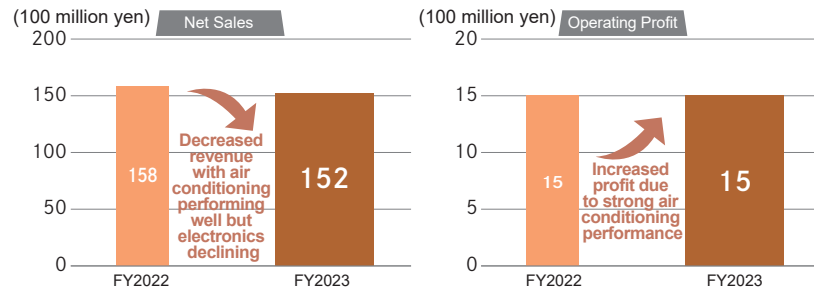
About the Air-conditioning Equipment Related Business

The uniqueness of the plastic (press) processing technology and thermal control technology we have developed up to now is one reason why Topre products are chosen. Topre's air conditioning products are active in a wide range of spaces, from residential ventilation systems with over 1 million cumulative shipments to large intelligent buildings, large-scale commercial facilities, semiconductor factories, and hospital operating rooms.

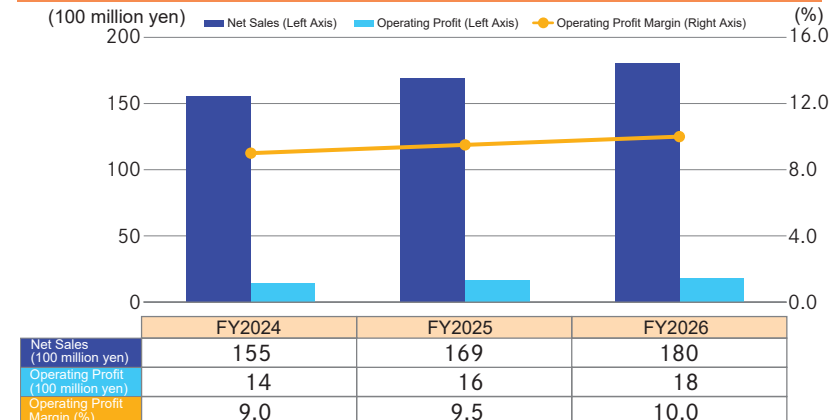
About the Electronic Equipment Related Business

With flexible thinking unique to an independent company and high technical capabilities enabling original development as our foundation, we develop from planning through design and development. With the concept of "the finest work tools befitting serious professionals," we maintain a manufacturing mindset that never forgets the user's perspective and continue to actively evolve and challenge ourselves.

FY2023 Net Sales and Operating Profit



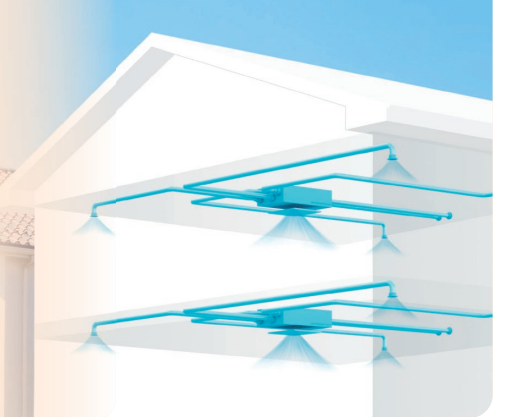
16th Medium-Term Management Plan Targets



Air-conditioning Equipment Related Business Strategy

Implementing the following three measures to complete 10 billion yen business foundation

- (1) New Product Introduction
 - Establishment of Topre original whole-house air conditioning
 - Establishment of outer rotor type ventilation fan
- (2) Pursuit of Profit
 - 3% increase in operating profit margin (1% increase each year)
- (3) Factory Expansion/New Construction
 - Assembly factory dedicated to heat pump products



Electronic Equipment Related Business Strategy

Implementing the following three measures to complete 10 billion yen business foundation

- (1) Development of new REALFORCE brand products
 - Expansion of keyboard product variations
 - Development and mass production of office environment products
 - Development and mass production of new input devices
- (2) Product development applying existing technology for OEM
 - Development and mass production of oil-resistant keyboards for machine tool industry
 - Development and mass production of custom products for medical/financial/industrial machinery industries
 - Development and mass production of ATM input devices
- (3) Production system planning and cooperative factory development in anticipation of volume increase
 - Factory expansion/new construction consideration



Business Strategy

Air-conditioning Equipment / Electronic Equipment

Residential Whole-House Air Conditioning

Planning to build an “experimental house” with prototype equipment installed at Gifu Operations with the aim of launching original whole-house air conditioning for detached houses.
We will verify and accumulate data on energy transition and room temperature transition in the experimental house, leading to customer proposals while also promoting its use as a facility that customers can visit for a hands-on experience.

Construction Image



Northwest Face



Southwest Face

With the revision of the Building Energy Conservation Act in FY2025, housing performance (airtightness and insulation) is expected to improve, reducing housing energy loss and increasing demand for whole-house air conditioning. Topre also began sales in FY2021 in response to requests from major building material manufacturers. Based on the know-how gained there, we continue developing original whole-house air conditioning with an eye on expanding sales to house builders, and as of July 2024, we have begun prototype production → performance verification while conducting interviews with various house builders to confirm market needs. We will proceed with specification determination and installation in experimental housing during FY2024, aiming for product launch at the end of FY2026 while advancing equipment verification and product PR.

Product Development

Expanding “REALFORCE” brand product lineup

- Development of new REALFORCE keyboard lineup for office use
- Development of new REALFORCE keyboard lineup for gaming
- Development of new input devices

OEM Related

- Development of oil-resistant keyboards for industrial machine operation panels
- Development of business-use keyboards
- Release of PCI Ver6 PIN pad



REALFORCE R3 Keyboard



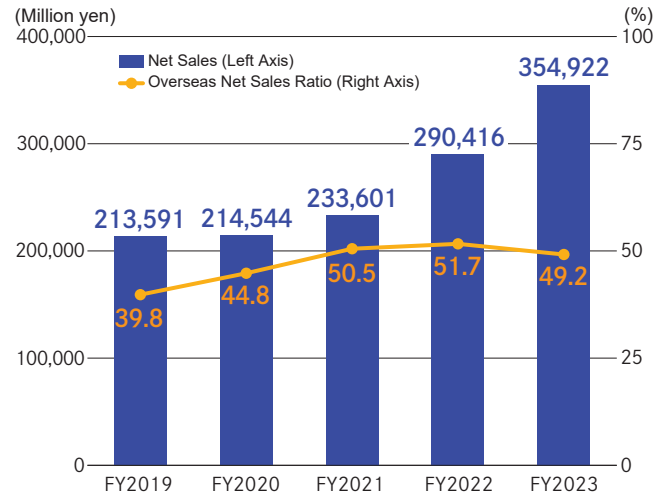
REALFORCE GX1 Keyboard

For our own brand “REALFORCE” series, we are developing new products with new functions and new designs to increase the lineup for office and gaming use. For OEM-related products, we are developing keyboards that can handle special environments such as waterproof and oil-resistant, and business-use keyboards that can deliver cost reductions.

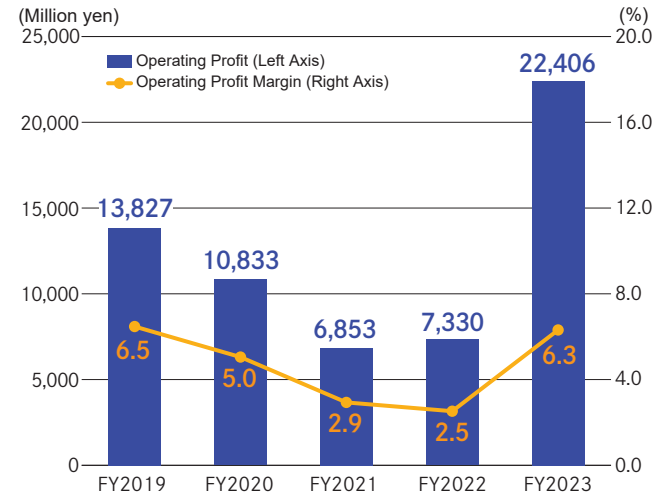
Furthermore, we will provide products that meet customer needs such as built-in security PIN pads and touch panel monitors for industrial machinery. We will continue to evolve and challenge ourselves to provide products that are chosen by professionals in all scenes.

Financial Highlights

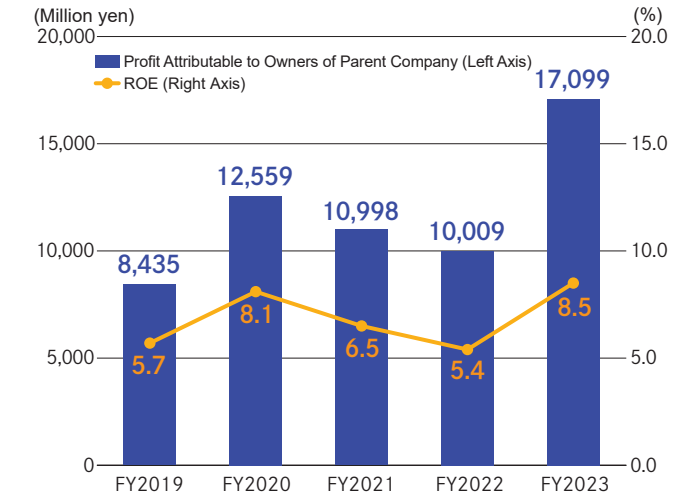
(1) Net Sales/Overseas Net Sales Ratio



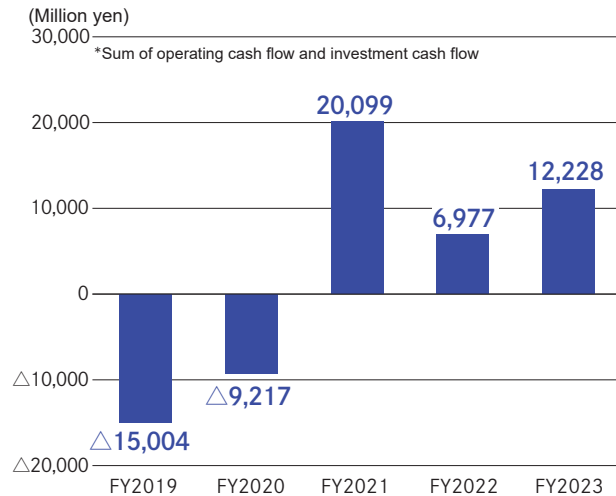
(2) Operating Profit/Operating Profit Margin



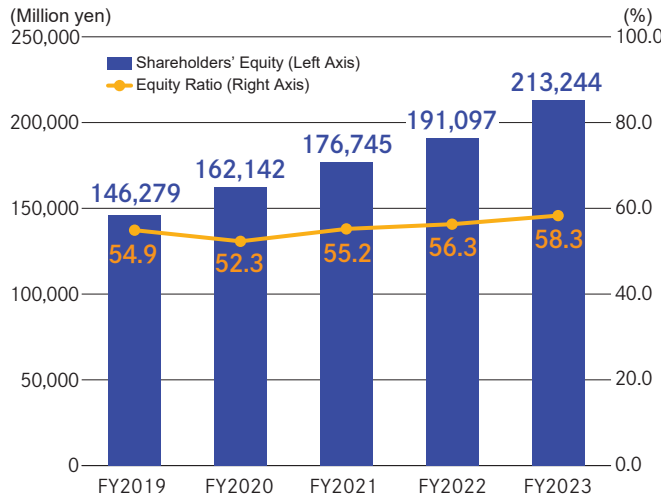
(3) Profit Attributable to Owners of Parent Company/ROE



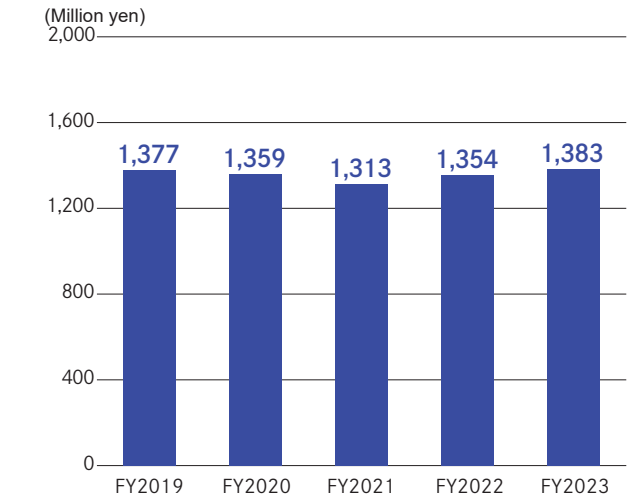
(4) Free Cash Flow



(5) Shareholders' Equity/Equity Ratio

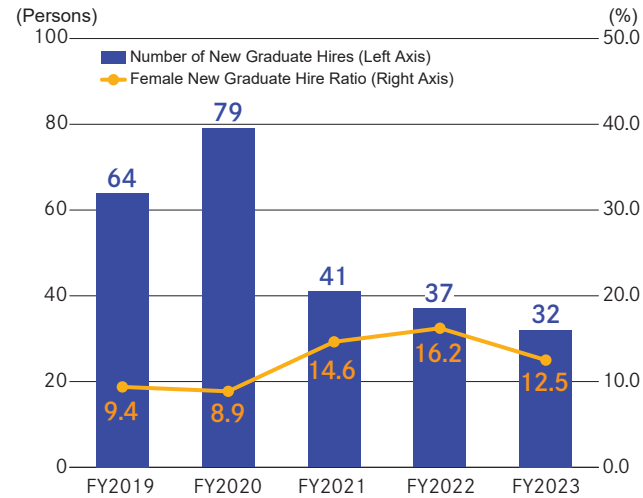


(6) R&D Expenses

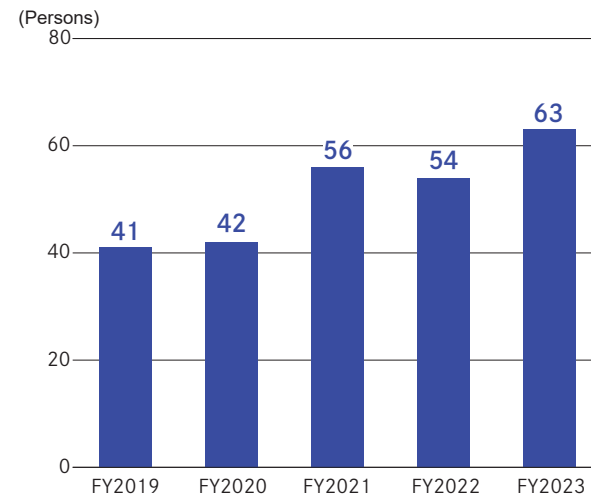


Non-financial Highlights

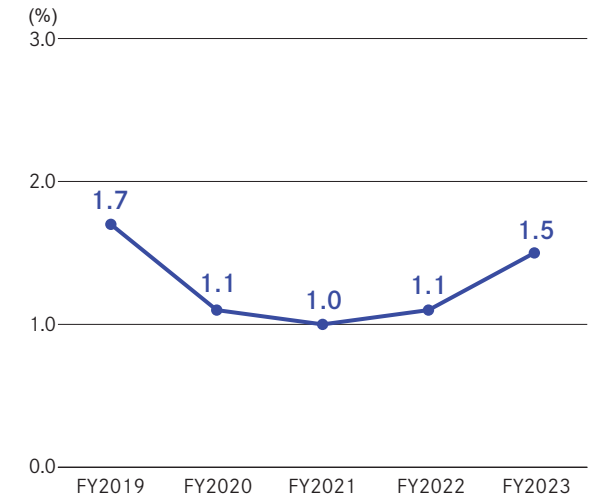
(1) Number of New Graduate Hires/Female New Graduate Hire Ratio (Non-consolidated)



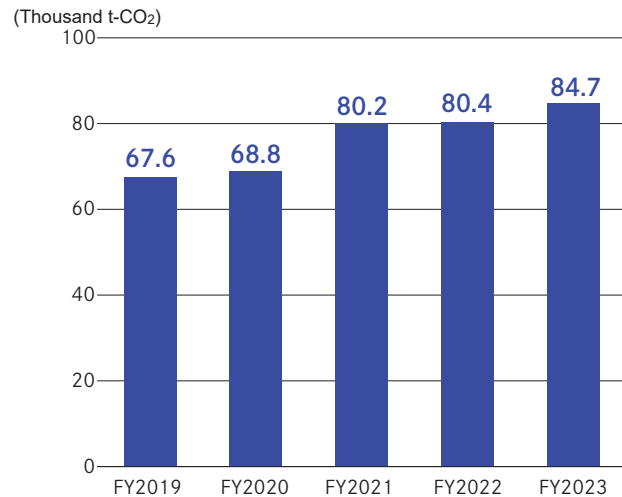
(2) Number of Mid-career Hire Managers (Non-consolidated)



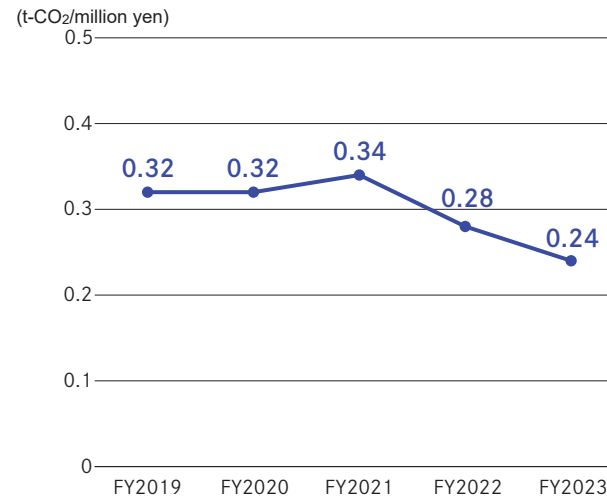
(3) Female Manager Ratio (Non-consolidated)



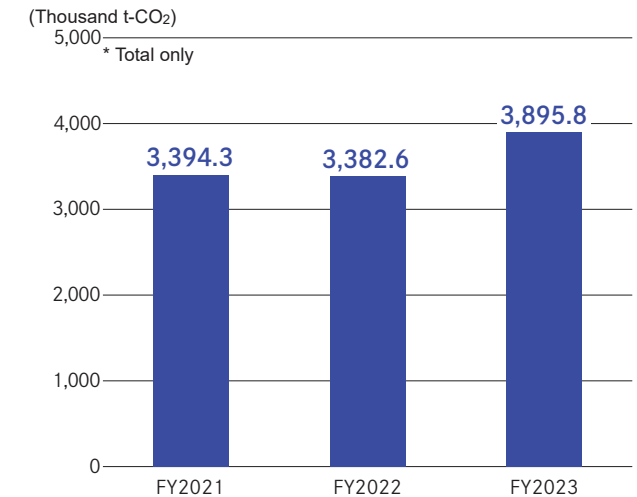
(4) CO₂ Emissions [Scope 1,2] (Global)



(5) CO₂ Sales Intensity [Scope 1,2] (Global)



(6) CO₂ Emissions [Scope 3] (Global)



Sustainability

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Approach to Sustainability

The basic philosophy of the Topre Group, to contribute to society and seek to enhance the Group's long term prosperity, directly aligns with CSR/sustainability. To this end, the Topre Group will contribute to realizing a sustainable society by working together to address various social issues, including environmental ones, with a sense of urgency.

Basic CSR Policy

Basic way of thinking

Topre contributes to society by giving top priority to the provision of products and services that reduce environmental impacts.

- 1.As a company, we strive for fairness and transparency by complying thoroughly with ethical standards and laws and regulations.
- 2.We promote social contribution activities and initiatives for sustainability.
- 3.The company as a whole responds to environmental problems and implements environmental conservation initiatives positively. In particular, we emphasize efforts to combat climate change (CO₂ reductions).
- 4.We enhance and develop technologies to provide products and services useful to society through customer satisfaction.
- 5.We provide safe and healthy work environments for all employees.
- 6.We promote CSR activities cooperatively through communication with stakeholders.

The sharing of the CSR spirit

To strengthen activities with a common awareness of CSR, we distribute these portable cards with the Topre group's Basic Philosophy and Code of Conduct to all Topre group employees. These are the high-level concepts of the Topre Group and fundamental to our CSR initiatives. We also prepare and distribute these cards translated into local languages at overseas bases.

CSR education

●e-learning

We are implementing specialized CSR education in an e-learning format for selected participants in each division. By producing educational materials internally, we are able to keep educational content up-to-date, and we will use this knowledge and information in the improvement of understanding of initiatives aimed at CSR and climate change measures and in dialogue with customers from now on. In fiscal year 2023, 222 people received this education across the group as a whole.

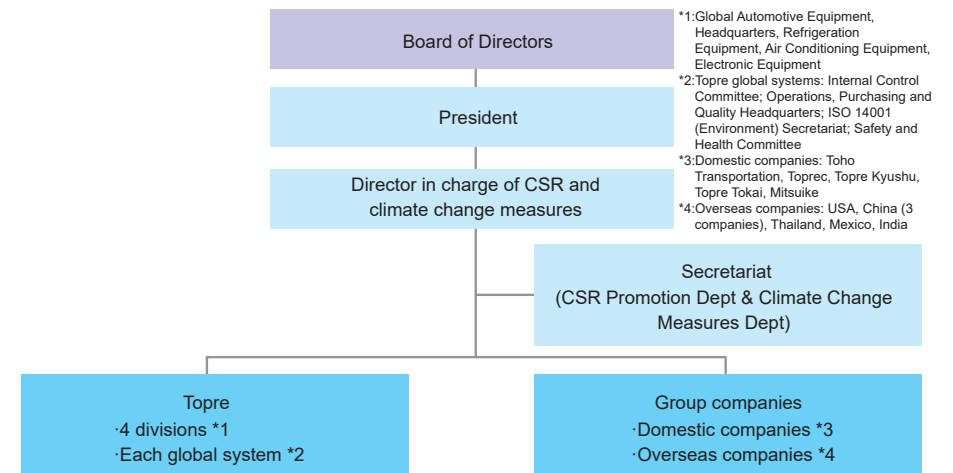
●Regular Information Provision

Since October 2022, we have been publishing "Topre CSR Information" bimonthly, providing basic sustainability education and latest information to all employees.

The CSR promotion system and climate change measures system

The Topre Group has established the promotion of CSR and climate change measures under the same system with the Board of Directors at the top. The Board of Directors is composed of all Directors, including External Directors, with the President assuming the role of chair. The secretariat reports to the Board of Directors under the direction of the Director in charge of CSR and climate change measures. The results of and plans for sustainability initiatives are reported at Topre Group CSR Meetings held regularly twice a year, and the results of Topre Group CSR Meetings are reported to the Board of Directors. In addition, the Board of Directors conducts reviews through the Director in charge of CSR and climate change measures when important issues related to sustainability initiatives occur.

■The CSR promotion system and climate change measures system



Environment

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Environmental Management

Environmental policy

In preventing environmental pollution caused in relation to our business activities, products and services, and implementing continuous improvements to our environmental preservation activities for the reduction of waste and pollutants, we share and implement the following policy throughout the Topre Group. In addition, we are working on environmental activities with all-employee participation through the enhancement of awareness of all employees involved in ordering, design, development, production and delivery.

Environmental policy

Basic way of thinking

We promote our business activities while recognizing that conservation of the global environment is the most important issue for all humankind.

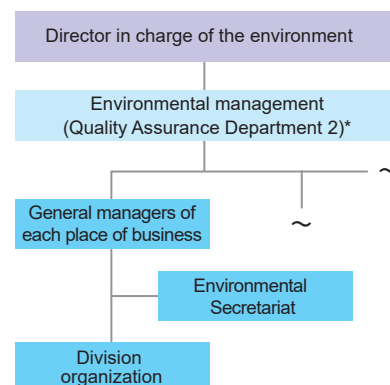
We aim to be an environmentally friendly company, strive to save resources by promoting the 3Rs of reduce, reuse, recycle, and work positively on the reduction of greenhouse gas emissions.

1. We have established an environmental management system and each and every employee carries out environmental activities.
2. We promote the development and purchasing of environmentally-friendly technologies and products aimed at the reduction of environmental impacts.
3. We strive for the reduction of greenhouse gas emissions by suppressing energy use and improving efficiency.
4. We promote the efficient use and reuse of resources.
5. We comply with laws, regulations and other requirements and manage chemical substances appropriately.
6. We strive for the prevention of environmental pollution and the protection of the environment by suppressing the use and discharge of harmful substances.
7. We strive to conserve biodiversity through local contribution activities.

Environmental management system

In order to operate our environmental activities properly, we have acquired ISO 14001 certification for each place of business of production bases and have established an environmental management system.

■The Topre Group system



*:Climate Change Measures Department is in charge of measures to reduce CO₂ emissions.

Compliance with environmental laws and regulations

We identify and comply thoroughly with applicable environmental laws and regulations. In implementing our environmental management systems, we obtain information on laws and regulations and other requirements related to our business activities and products, identify applicable laws and regulations, and communicate them to related divisions.

If laws and regulations are established or revised, if there is a change in the business environment such as the introduction of new equipment due to the launch of new products, or a request from a stakeholder, we review our systems each time.

In addition, we also conduct internal audits on compliance with laws and regulations.

Reduction of Environmentally Hazardous Substances

Chemical substance management

●Initiatives to reduce environmentally hazardous substances

We are working on the management and reduction of chemical substances that lead to environmental impacts in products designed by Topre. We are promoting initiatives aimed mainly at the reduction of chemical substances subject to the PRTR Act and the management of chemical substances contained in products.

Press-related Products

Chemical substances for automotive parts are controlled using the automotive industry's IMDS system^{*1}.

We have stipulated chemical substance management rules based on ISO 14001 for our various purchased items, and are implementing chemical substance management. We have also stipulated a "List of Controlled Chemical Substances," a management standard, and ask business partners to manage the chemical substances in the products they deliver with that and to deliver products managed under the same thinking as that of Topre.

(Included in the "Topre Group Green Procurement Guidelines")

Temperature-Controlled Logistics-Related Products

We are advancing initiatives to reduce the use of toluene, xylene, and methylbenzene, which are chemical substances with high emissions in manufacturing processes. In particular, we are transitioning from conventional paints to alternative paints aimed at reducing use of the chemical substances listed in the PRTR law.

Air-conditioning Equipment

The paints used in the blower product production process were subject to the PRTR Act, but after testing and evaluation, we obtained customer approval and switched to paints that did not fall under the PRTR Act. Due to this initiative, we were able to consider the health of workers and management became easier too as we were able to unify three kinds of paint into one.

Electronic Equipment

We have introduced a dedicated management system for information on chemical substances contained in products and parts. Due to this initiative, we have become able to handle survey requests from customers and the work of providing answers smoothly, as well as searches specifying laws and regulations based on information on contained substances tabulated at the product, intermediate material and part levels.

By managing information on chemical substances contained in products positively, it becomes possible to obtain good evaluations from customers. With purchased electronic products, we manage chemical substances using chemSHERPA^{*2}.



List of Controlled Chemical Substances
https://www.topre.co.jp/sustainability/environ/chemical_list.pdf

^{*1} IMDS: A supply chain environmental information transmission system developed by the Verband der Automobilindustrie (VDA) of Germany with the ELV Directive in mind.

^{*2} chemSHERPA: A data creation support tool led by the Ministry of Economy, Trade and Industry for the proper management of information on chemical substances contained in products throughout the supply chain, from upstream companies to downstream companies

Environment

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024: https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Responses to Climate Change

The Topre Group established a Climate Change Measures Department in December 2021 to grasp the current state of CO₂ emissions throughout the Topre Group and to manage action plans aimed at the reduction of CO₂ emissions. Aiming for carbon neutrality by 2050, we built a climate change measures system consisting of top management, and are working on this.

Responses to climate change, a global-scale issue, are now a necessity. As an initiative towards the achievement of carbon neutrality, the Topre Group has grasped CO₂ emissions in its production activities and set long-term targets for their reduction. The Topre Group as a whole, both in Japan and overseas, will advance reductions step-by-step to achieve "a 30% reduction in CO₂ emissions in fiscal year 2030" and "carbon neutrality in fiscal year 2050," based on improvements in energy saving, the installation of solar panels, purchasing of renewable electricity, and the trading of CO₂ emissions credits.

The Topre Group will fulfill its social responsibilities towards the realization of a sustainable society by implementing various measures.

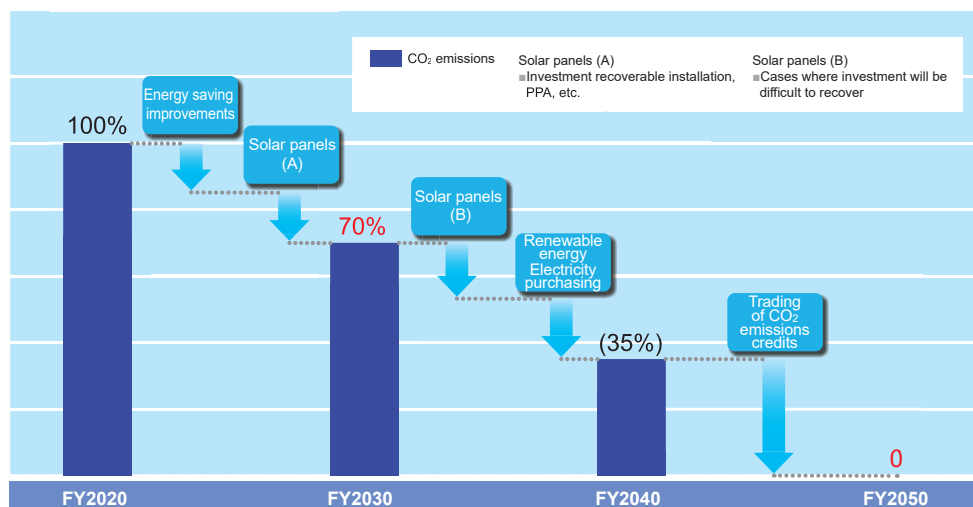
CO₂ emissions reduction targets

We set the target values using fiscal year 2020 as the base year.

- CO₂ emissions in production activities
 - FY2030: 30% reduction in emissions
 - FY2050: Carbon neutrality

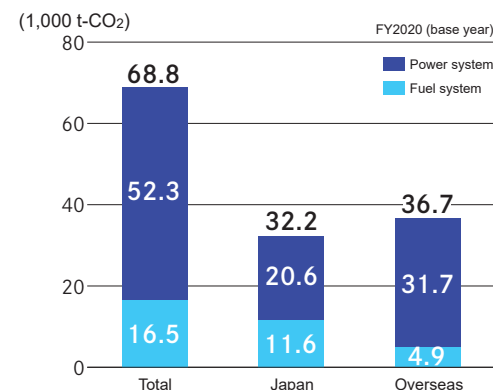
* Base year is fiscal year 2020	Annual target	FY2021 - 2030	FY2031 - 2050	
		3.0%	(3.5%)	
Long-term reduction target		FY2030: 30%	(FY2040: 65%)	FY2050: 100%

- Subject Topre Group companies: -Japan: Topre, Toho Transportation, Toprec, Topre Kyushu, Topre Tokai, Mitsuike
- Overseas: USA, China, Mexico, Thailand, India



CO₂ emissions based on the Topre Group base fiscal year

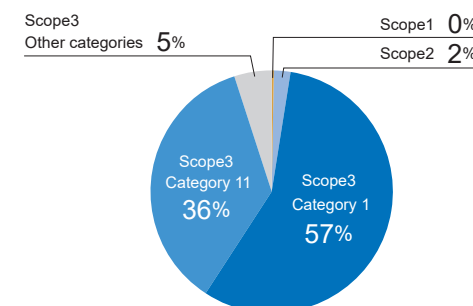
The Topre Group's CO₂ emissions associated with fuel consumption and power consumption were about 68,800 tons in the base year, fiscal year 2020. We plan to reduce these emissions in line with the targets.



Grasping of Scope 3 emissions

Scope 3 emissions are those by other companies aside from CO₂ emissions in production activities. The Topre Group's biggest sources of Scope 3 emissions are in "Category 1 Purchased products and services (57%)" and "Category 11 Use of products sold (36%)."

Breakdown of supply chain emissions (FY2023 results)



Scope 3 reduction targets

The Topre Group recognizes that the reduction of Scope 3 emissions is also an important issue, and has set targets for efforts in categories where there are high emissions and the suppression of CO₂ can be expected.

Subject category	Subject sector	2030 target(Compared to FY2020)	2050 target(Compared to FY2020)
1	Automotive Equipment Division	30% reduction	100% reduction
11	Product Division	25% reduction	75% reduction
7	Domestic group companies		

We will consider the selection and purchase of low-CO₂ materials and parts to reduce Category 1 emissions. With regard to Category 11 reductions, we will develop a lineup of refrigerated vehicles equipped with electric refrigeration equipment and promote replacement with low-GWP refrigerants. We are promoting subsidies for the purchase of electric vehicles with regard to the reduction of commuting by Category 7 employees.

Release of CDP answers

Topre has been responding to the CDP questionnaire since 2017. We are currently publishing the answers and evaluation results.



Environment

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Response to TCFD Recommendations

The Topre Group recognizes that climate change problems are an important issue in the environmental area of corporate sustainability. The Topre Group raised a CO₂ emissions reductions target in March 2022 and is advancing initiatives systematically towards its achievement.

In addition, the Topre Group has expressed its support for TCFD as an indication of its positive response to climate change. We will analyze scenarios of the risks and opportunities presented by climate change, and promote the disclosure of climate related information in line with the TCFD framework. Following on from the Topre Group's main business, press-related products business, we have set risks and opportunities in the Topre Group's other major business, temperature-controlled logistics-related business, from fiscal year 2024.

Governance

The Topre Group has built a framework for initiatives headed by the Board of Directors, which is presented under "Sustainability." The Board of Directors reviews reports on the results and plans of climate change measures, and discusses important issues related to climate change measures when they occur through the Director in charge of CSR and climate change measures.

Refer to "The CSR promotion system and climate change measures system" on p25

Risk management

The Topre Group analyzes in detail corporate risks, including sustainability risks, in each division. Reevaluation is carried out once a year in each division and the results are reported to the Risk Management Subcommittee. Risks judged to be of high importance are listed and managed by the Risk Management Subcommittee. New risks that are judged to require the formulation of new plans or existing risks that are judged to require a review are considered and dealt with in each division without restrictions on the timing of the reevaluation of risk. The results are reflected in the reevaluation of risk.

The Risk Management Subcommittee asks each base to implement BCP initiatives with regard to risks on the list concerning all bases as required to enhance the BCP. Even if climate-related risks are not related to all bases, the Risk Management Subcommittee requests BCP initiatives as required based on the regional and geographical conditions of each base, and plans to manage them in relation to the risk management at each base.

In addition, Climate Change Countermeasures Department is promoting the Topre Group's reduction of CO₂ emissions, but a dedicated department in charge of the promotion of carbon neutrality activities has been established separately in the large Automotive Equipment Division. In line with the TCFD framework, climate-related risks are evaluated and reviewed once a year by the dedicated department and related parties who grasp the latest information on the automotive industry, and the results are reported to the Board of Directors.

Indicators and targets

The Topre Group's climate change targets are as indicated under "Responses to climate change" on the previous page. The Topre Group's CO₂ emissions reduction measures (energy-saving measures, installation of solar panels, etc.) have become gradually more effective due to solar panels since fiscal year 2023. In addition, some bases are planning to achieve carbon neutrality ahead of schedule by "switching to renewable energy-derived electricity" and "purchasing non-fossil certificates with tracking." The results for the group's Scope 1 and 2 and Scope 3 CO₂ emissions are as shown under "ESG data."

Strategy

The Topre Group analyzed two scenarios in regard to the impact of climate change on the company's press-related products business and temperature-controlled logistics-related business, one with a global average temperature rise of four degrees Celsius and one with a global average temperature rise of less than two degrees Celsius, and identified the "transition" and "physical" risks and opportunities in consideration of the size of their impacts. The tables are disclosed separately as there is a difference in business structure between press-related products business and temperature controlled logistics-related business. The Topre Group will promote its response so that we can minimize the risks and create opportunities.

In press-related products business, in addition to the further development of hot stamp processing technologies, we are continuously developing technologies such as cold ultra high tensile plates processing technology, which will be effective in the reduction of CO₂ emissions by reducing fuel and weight during production, as an alternative technology to hot stamp processing. We are working to contribute to the future reduction of CO₂ emissions.

In temperature-controlled logistics-related business, we are developing highly efficient, lightweight products and their production facilities in anticipation of the conversion of refrigerated trucks to BEVs and FCEVs, continuing to develop products compatible with new refrigerants in relation to the Fluorocarbon Emissions Control Act, and working to contribute to future CO₂ emission reductions.

Major risks and opportunities

Financial impact: Large (10 billion yen or more), Medium (1 billion to less than 10 billion yen), Small (less than 1 billion yen)

Time horizon: Short (to 2026), Mid (to 2030), Long (to 2050)

Assumed scenarios

Less than 2°C scenario

This is a scenario based on the premise that the rise in temperature will be limited to less than 2°C, and assumes that energy use without CO₂ emissions will be implemented sufficiently to achieve that, and that the process will be able to circulate.

[Reference material]

• IPCC (Intergovernmental Panel on Climate Change) SSP1-1.9/2.6

• IEA (International Energy Agency) NZE (Net-Zero Emissions by 2050 Scenario)

4°C scenario

This is a scenario under which average temperatures will continue to rise as decarbonization policies are not strengthened, and natural disasters will become more frequent and more severe. It assumes that energy use without CO₂ emissions will not be implemented sufficiently.

[Reference material]

• IPCC (Intergovernmental Panel on Climate Change) SSP5-8.5

• IEA (International Energy Agency) STEPS (Stated Policies Scenario)

Environment

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Response to TCFD Recommendations

■Press-related Products Business

Major classification	Middle classification	Minor classification	Time horizon	Scenario		Risks	Opportunities	Response	Financial impact
				4°C	below 2°C				
Transition	Policies and regulations	Introduction of carbon tax	Mid to long-term	—	○	Deterioration of profit and loss in association with increases in procurement costs, production costs and tax burden	Avoidance of additional taxation and acquisition of preferential tax treatment by achieving CO ₂ reductions	Promotion and partial acceleration of CO ₂ emission reduction measures	Small
		Regulations on gasoline vehicle sales	Mid to long-term	—	○	Decrease in unit sales → decrease in sales	Increase in orders for hydrogen, FCV and EV parts for non-gasoline vehicles	Proposal of methods considerate of CO ₂ reductions	Small
		Market	Mid to long-term	—	○	Decrease in orders due to changes in body structure	Expansion of opportunities for new portions due to structural changes	Technology proposals using new materials and technologies	Large
		Technology	Mid to long-term	—	○	Increase in carbon lowering costs	Expansion of cold ultra-high tensile parts to replace hot stamp parts	Development of processing technology, etc., for cold ultra-high tensile parts	Small
		Reputation	Mid to long-term	—	○	Decrease in orders from customers (car manufacturers)	Increase in orders due to the achievement of CO ₂ reductions	Promotion and partial acceleration of CO ₂ emission reduction measures	Large
Physical	Chronic	Average temperature rise (Occurrence of abnormal weather)	Short, mid, long-term	○	—	Suspension or shutdown of plant production capacity due to restrictions on power use	Strengthening of BCP through installation of solar panels, storage batteries, etc.	Continuous BCP review	Medium
	Acute	Greater frequency of flooding and flood damage	Mid to long-term	○	—	Suspension of plant operations and suspension of employee attendance	Build disaster-resistant factories and establish BCP	Continuous BCP review	Medium

■Temperature-Controlled Logistics-Related Business

Major classification	Middle classification	Minor classification	Time horizon	Scenario		Risks	Opportunities	Response	Financial impact
				4°C	below 2°C				
Transition	Policies and regulations	Revised Energy Conservation Act	Mid to long-term	—	○	Decrease in demand for existing products in association with decrease in diesel trucks	Increase in demand due to conversion to BEVs and FCEVs	Development of BEV and FCEV compatible products and support for production facilities	Small
		Fluorocarbon Emissions Control Act	Mid to long-term	—	○	Deterioration in availability of current refrigerants, increased repair costs	Increase in orders received due to introduction of new refrigerants	Development of products compatible with new refrigerants	Large
		Market	Mid to long-term	—	○	Decrease in orders due to non-handling or delayed handling of weight reductions, electric refrigeration systems, etc.	Increase in orders due to conversion to BEVs and FCEVs	Development of BEV and FCEV compatible products and support for production facilities	Small
		Conversion from fossil fuel equipment to electrified equipment	Short, mid, long-term	—	○	Increase in equipment installation costs	Use ICP to promote capital investment	Promotion of low-carbon investment and measures	Medium
		Changes in costs associated with increased electricity prices	Short, mid, long-term	—	○	Increase in burden of renewable energy procurement costs	Expansion of use of internal power generation (clean energy)	Promotion and partial acceleration of CO ₂ emission reduction measures	Medium
Physical	Chronic	Average temperature rise (Handling in products)	Mid to long-term	○	—	Decrease in orders received due to non-handling or delay in handling of increased cold retention and cooling performance	Increase in orders received due to strengthening of container and refrigeration equipment specifications matched to the environment	Development of refrigerated vehicles matched to the environment	Large
	Acute	Handling when more intensive disasters occur	Short, mid, long-term	○	—	Suspension of production and supply chain	Build disaster-resistant factories and establish BCP	Continuous BCP review	Medium

Carbon Neutral Initiatives

■Domestic bases

Bases		Results of initiatives in FY2023
Topre	Sagamihara Plant	<ul style="list-style-type: none"> Reduction of power consumption by switching to LED lighting in the plant and offices Reduction effect 21,170 kWh / year (replaced 329 fluorescent lamps and floodlights) Reduction of CO₂ by upgrading to battery-powered forklifts Reduction effect 18.8 t-CO₂ / year (upgraded 4 vehicles) Installation of EV quick-charging facilities Installation of solar panels Press Plant 2 and Saitama Plant: Reduction effect 356 t-CO ₂ / year
	Hiroshima Plant	<ul style="list-style-type: none"> Control of air compressor emission pressure: Reduction effect 2.3 t-CO₂ / year Installation of solar panels Welfare building and Plant 7: Reduction effect 35 t-CO ₂ / year
	Tochigi Plant	<ul style="list-style-type: none"> Installation of solar panels Trestle-type installation on top of balancing reservoir: Reduction effect 321 t-CO₂ / year Replaced gasoline-powered company vehicle with electric vehicle (1 vehicle) Reduction effect 2.9 t-CO₂ / year Installation of EV quick-charging facilities Reduction of power consumption by upgrading to battery-powered forklifts Reduction effect 4.1 t-CO₂ / year (upgraded 1 vehicle)
	Gifu Plant	<ul style="list-style-type: none"> Reduction of power consumption by air-conditioner demand control Reduction effect 8 t-CO ₂ / year
Toho Transportation		<ul style="list-style-type: none"> Replacement with low-carbon trucks (12 vehicles) Switched 76 indoor and outdoor fluorescent lights and 5 mercury lights to LED: Reduction effect 5.5 t-CO₂ / year Upgrading of air conditioners in head office meeting rooms: Reduction effect 0.6 t-CO₂ / year Reduction of power consumption by electrification and upgrading of forklifts Reduction effect 8.2 t-CO ₂ / year (upgraded 3 vehicles)
Toprec		<ul style="list-style-type: none"> Replaced gasoline-powered company vehicles with hybrid vehicles (39 vehicles) Reduction effect 49.5 t-CO₂ / year Upgrading of Head Office air-conditioning equipment (23 places)
Topre Kyushu		<ul style="list-style-type: none"> Installation of solar panels Kurume Plant: Reduction effect 221 t-CO₂ / year Converted heaters to heat pump-type, Kurume Plant: Reduction effect 21 t-CO₂ / year Converted hydraulic pumps to inverter-type, Kanda Plant: Reduction effect 36 t-CO₂ / year
Topre Tokai		<ul style="list-style-type: none"> Reduction of power consumption by switching from fluorescent lighting to LED lighting (758 places) Toin Plant (buildings and warehouse), Suzuka Plant (buildings): Reduction effect 68.3 t-CO₂ / year Installation of solar panels Toin Plant: Reduction effect 175 t-CO₂ / year
Mitsuike		<ul style="list-style-type: none"> Switched fluorescent lights at Totsuka Plant to LED (520 lights): Reduction effect 20 t-CO₂ / year

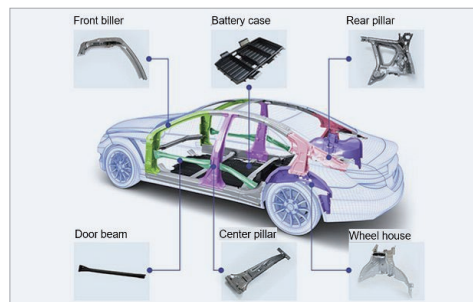
Environment

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Environmentally-Considerate Products

Press-related Products

One of the Topre Group's major strengths is its high-tensile steel plate processing technology. The Topre Group makes products from high-tensile steel, which is particularly strong and extremely difficult to mold, with its advanced technological capabilities. To support the reduction of CO₂ emissions while ensuring automobile safety, we will pursue further weight reductions and greater strength for each part and provide technologies for the global environment and a new automotive society.



*CO₂ emissions reduction effect 15,455 t-CO₂ / year
[Gross product weight (980, 1180 Mpa high tensile)]
*weight reduction rate (compared with 590 Mpa high tensile)
*fuel efficiency improvement rate (gasoline reduction)
*gasoline CO₂ emission factor]

Expansion of application of cold-formed 1,470 MPa material to press parts

We are advancing the development of technology for cold-formed 1,470 MPa press parts, which have the same strength as the hot stamp method with little CO₂ generated compared to the hot stamp method, which generates a large amount of CO₂.

Development and manufacture of battery cases for electric vehicles

With battery cases for electric vehicles, it is important to ensure characteristics such as water-tightness, battery storage capacity and strength, and we are developing technologies that lead to high quality and low cost by making full use of our production technology know-how and structural analysis.

Temperature-Controlled Logistics-Related Products

GBS

GBS, one of the major products of our Temperature-Controlled Logistics-Related Business, is a refrigeration system equipped with a generator. This enables the refrigerated and frozen vehicles to stop idling, which was previously not possible, and contributes to the reduction of CO₂ emissions by not idling during cargo handling.



* CO₂ emissions reduction effect 4,871 t-CO₂ / year
[Number of units operating in the GBS market x fuel reduction effect (diesel) x diesel CO₂ emission coefficient]

Adoption of low global warming potential refrigerants

We have led the industry in adopting R452A refrigerants (for low temperatures) and R513A refrigerants (for medium temperatures) in refrigerated vehicles. These are replacement refrigerants with a low environmental impact at about half the impact conventional refrigerants have on global warming.



* Global warming potential
R452A 46% reduction (compared with conventional refrigerant: R404A)
R513A 56% reduction (compared with conventional refrigerant: R134a)

Air-conditioning Equipment

DesiTop desiccant humidity control ventilator for buildings

As part of Japan's energy-saving policies, CO₂ emissions in the commercial and household sectors in 2030 will have to be drastically reduced by about 40% compared to fiscal year 2013. Equipment for greater energy saving will be essential due to the promulgation of the Act on the Improvement of Energy Consumption Performance of Buildings and the future ZEB target. The Topre Group used the technology it has accumulated in heating and cooling, ventilation and air blowing to commercialize and sell the DesiTop outdoor air processing unit, which has energy-saving effects. This product is a heat pump type that does not require a heat source (cold / hot water, outdoor unit). A total heat exchanger, heat pump and desiccant rotor are built in to control indoor humidity in three stages. It saves energy of air conditioning systems, of course, and also realizes a comfortable indoor preserving stable humidity. This desiccant system saves about 30% of energy annually compared to conventional systems.



* CO₂ emissions reduction effect (per system) 1.7 t-CO₂ / year
[Power saving (compared with conventional air conditioning system) × power CO₂ emission factor]

Electronic Equipment

Non-contact electrostatic capacitive keyboards

Topre's ergonomically-considerate keyboards realize quiet typing and exceptional key touch. In addition, because they minimize fatigue for users, even with extended use, and are highly durable, they are used by various customers as specialized input devices in a range of commercial settings such as financial institutions, data entry at data processing centers, logistics, transportation, medicine, ATMs in convenience stores and broadcasting environments. The REALFORCE series of keyboards for general sale use the same non-contact electrostatic capacitive type system as the business keyboards, which have gained high acclaim in OEM production. They have also been adopted as Sagami City hometown tax payment goods, and they are at the top of the popularity rankings as people regard their good durability highly.



* CO₂ emissions reduction effect 433 t-CO₂ / year
[High durability (comparison with general keyboards) × Number of units produced × CO₂ emission coefficient of plastic waste]

Social

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Human Capital Management

Basic policy on human capital management

The Topre Group's human resource policy is to "cultivate human resources who are independent in everything, always have a bird's-eye view of the situation, and work logically." As economic activities become more globalized and the birthrate in Japan declines and the population ages, we are aiming to become "a group that grasps the situation objectively and acts logically towards the achievement of goals."

In addition, we raised "We strive to develop human resources and create an environment that is easy to work in, and expand opportunities for people with awareness of diversity to play active roles. We will continue to be a company that is responsible to the employees who will lead the next generation" as one of our basic policies in the 16th Medium-Term Management Plan, which started in fiscal year 2024.

Key themes / ideal situation

1.Respect for human rights

- Understanding and penetration through the continuous implementation of education on human rights and diversity
- Reduction of governance risk by implementing human rights due diligence

2.Activities of diverse human resources

- Creation of accepting and diverse workplaces
- Creation of an organization that allows flexible work styles
- Training and guidance tailored to the individuality of each employee

The creation of rewarding workplaces

●Employee engagement surveys

We conduct "engagement surveys" aimed at grasping the current situation and extracting issues for future development.

Based on the results of the fiscal year 2023 survey, we understood that the level of the engagement score overall can be raised by promoting improvements and new measures related to human resource development and personnel evaluations.

We will continue fixed point observation of the state of engagement to grasp issues and changes that need to be resolved with priority, leading to the execution of new measures and the measurement of their effectiveness.

●The creation of opportunities for meetings with employees

Topre provides opportunities mainly for young employees to regularly meet with Human Resources Division personnel. During these meetings, employees are asked about their physical and mental condition, and the required follow-up is provided.

In addition, we grasp the state of execution of work of each individual and their current issues, consider future development plans, and encourage skill improvement by taking "hierarchical education" and "education by function" as required.

Respect for Human Rights

Topre Group basic policy on respect for human rights

Basic way of thinking

In conducting business activities, we fulfill our responsibility to respect human rights, which are fundamental human rights. We raise "respect for human rights" in the Topre Group Code of Conduct, which is the standard for employee behavior, and are implementing initiatives for human rights and labor having clarified in the Code of Conduct that "In order to respect human rights and accept diversity in the conduct of business activities, the company will not discriminate or harass on grounds of race, creed, gender, nationality, physical characteristics or any other reason." Through this policy, we will build a system for the respect of human rights and handle this appropriately. This policy applies to all officers and employees of the Topre Group.

1. Respect for human rights

- In order to respect human rights and accept diversity, we respect the diverse abilities, individuality and sense of value of each and every employee.
- We do not tolerate discrimination based on race, creed, gender, nationality, physical characteristics or any other reason, or any harassment that harms human rights or somebody's personality.
- We do not tolerate child labor, forced labor or human trafficking.

2. Responses to human rights risks

We apprehend human rights violations as a human rights risk and build and manage appropriately processes to identify, mitigate and prevent human rights risks.

3. Protection and relief of human rights

We will strive for the protection and relief of human rights if a human rights violation is made clear.

4. Appropriate labor management

We comply with laws and regulations concerning labor that are applicable in each country and region, and provide and manage appropriate work environments for employees.

5. Education and enlightenment

We implement appropriate education and enlightenment activities for all officers and employees.

6. Business partners

We ask all business partners to understand this policy, and to respect and not violate human rights.

7. Information disclosure

We disclose the state of implementation of our initiatives for the respect of human rights to the general public.

Social

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Human Resource Development

Human resource development policy

“Increasing competitive human resources”

~ Supporting people who take on challenges and rewarding people who achieve results ~

To realize continuous business growth and success, being an organization that can continue to provide value to customers is essential. We think it is important to shape employees towards new leaps forward by allowing them to evolve field, technological and product capabilities based on free and flexible ideas. We will continue to pursue this kind of dynamic organization where we advance towards our goals while everybody enjoys and is excited about change.

Internal environment development policy

For further growth in the future, Topre will support the potential of people who take on challenges and appropriately reward people who achieve results.

1. Desired human resource image

Go beyond your limits: Enjoy the challenge of breaking the mold! This will lead to new leaps forward by allowing the evolution of field, technological and product capabilities. These include evolution as a person, the evolution of manufacturing and the evolution of the company based on free and flexible ideas.

2. Support

It is up to individuals to take on challenges and grasp opportunities, and to use them for their own growth. Take on challenges one after the other without fear of failure. We will continue to provide opportunities for diverse people with individuality to gather and grow through friendly competition.

3. Compensation

We reward people who take on challenges and achieve results. Regardless of age, gender, nationality or educational background, if you have ability and motivation, there are endless opportunities to flourish. If you take on challenges and do well, the company will reward you for your achievements.

Improvement of the management ability of managers and the career awareness of all employees

1. An organization that uses diversity and the improvement of people management abilities
2. Support for employee career autonomy
3. Systematic development of next-generation human resources

We are rebuilding our company-wide education system under the three key themes above. With regard to “An organization that uses diversity and the improvement of people management abilities,” which we emphasize in particular, we provide opportunities for organization leaders to recognize the differences in values and thinking styles in an organization with diverse human resources, and to refine their human skills centered on communication ability. In addition, for “Support for employee career autonomy,” we provide training opportunities by age for new employees in their 20s, mid-career employees in their 30s, and veteran employees in their 40s and 50s, and have prepared a system for people to think about their careers in life from various perspectives, which enhances their independence and leads to the improvement of work performance.

Next generation production human resources development program

Aimed at the steady passing on of “Topre’s unique strengths” mainly in manufacturing concepts and methods, and at the further improvement of the skills of manufacturing human resources, we have prepared multiple training programs that employees who wish to can participate in. Some of the programs are taught by executive officers, and because anybody can participate regardless of affiliation, qualifications, or responsibilities, etc., it produces the effects of raising skill levels company-wide, and promoting the sharing of information and functional collaboration across divisions.

Development of global human resources

The Topre Group implements overseas training mainly for young employees. By experiencing and learning practical business in a global business environment, participants develop a broad perspective, the ability to think freely, an international outlook and leadership skills. Such training is aimed at developing systematically the human resources who will become the core of the Topre Group in the near future.

Social

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Promotion of Diversity

Recruitment of diverse human resources

While we carry out human resource recruitment activities continuously, we are working positively on the recruitment of women as well as foreign nationals and people with disabilities. In particular, we recognize that the employment of people with disabilities is a responsibility that companies should fulfill and view it as an important issue for the creation of new value based on the realization of diversity. For the maintenance and expansion of the recruitment of people with disabilities, we are conducting internal education and awareness raising activities on consideration and safety measures at the workplace level tailored to individual circumstances, and the recruitment of people with disabilities, and promoting the building and maintenance of an environment in which people with disabilities can work with peace of mind.

Introduction of referral and alumni recruitment

In light of the intensification of competition to procure human resources due to the decline in the working population, as well as the increasingly active job change market and growing mobility of human resources, we started the introduction of "referral and alumni recruitment" in April 2024 as a measure to acquire the human resources the Topre Group is looking for stably. Although still at the trial operation level, we plan to establish a system that will lead to the securing of human resources and improvement of the retention rate, and transition to full-scale operation during fiscal year 2024.

Hiring of foreign employees

Foreign employees from six countries of North America and East Asia are working actively at the Topre Group. In recruitment activities, we conduct fair screening of all applicants, and this also applies to foreign nationals. We hire people in accordance with their skills and experience, regardless of race, nationality, etc. If hiring foreign nationals in particular, we assist the acquisition of work visas, provide a residence, and support various procedures. In addition, we also accept foreign technical trainees positively, which leads to the invigoration of Topre through diversity.

Promotion of female participation

Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the Topre Group has formulated an action plan to create an employment environment in which women can participate, and is implementing initiatives towards its achievement.

General Employer Action Plan based on Act on Promotion of Women's Participation and Advancement in the Workplace (April 1, 2021 to March 31, 2026)

Goal 1: Employ at least 130 full-time female employees

Details of initiatives

- Participation in and holding of briefings for female students
- Analysis and improvement of issues related to the assignment of female employees
- Implementation of unconsciousness bias training for managers
- Implementation of diversity and inclusion training for managers

Goal 2: Male employees: At least 30 take childcare leave during the plan period; Female employees: Maintain 100% taking of childcare leave within the plan period

Details of initiatives

- Promotion of awareness of various systems such as prenatal and postnatal leave, childcare leave, and childcare leave benefits
- Promotion of awareness of the shorter work hours system and flexible work hours system for employees after childcare leave
- Secure substitute personnel during childcare leave, and review the details of work and work systems
- Implementation of unconsciousness bias training for managers
- Implementation of diversity and inclusion training for managers
- Implement initiatives to improve the abilities of employees after childcare leave

Creating Employee-friendly Workplaces

Support for flexible work styles

The Topre Group is promoting the establishment of an environment so that employees can work flexibly tailored to individual work characteristics, workloads, etc., including a flexible work hours system, working from home depending on the details of work, and staggered work hours. Furthermore, in addition to annual paid leave, Topre grants "special leave (refresh leave)" in accordance with years of service, and provides "welfare services" that employees and their families can select from a range of content numbering about 3.5 million. Through the use of such systems and services, we are aiming to realize an environment in which each and every employee can lead a fulfilling life and stay healthy both physically and mentally, thereby enabling them to continue working vigorously with high motivation.

Initiatives Regarding Overtime Work

Under the Labor Standards Act, the premium wage rate for overtime work is at least 25 percent, but Topre's premium wage rate is 30 percent. Similarly, we have also set premium wage rates above the statutory rates for holiday work at 40% (above the statutory rate of 35%) and late-night work at 30% (above the statutory 25%).

Certified by the Ministry of Health, Labour and Welfare as an "Excellent Health Management Corporation 2024" (large corporations section)

The Topre Group is developing health management measures through a specialist organization that the President is responsible for. In addition, "health management promoters" have been appointed at each place of business to promote measures and confirm the situation at each place of business and workplace. As specific measures, we are promoting

- The strengthening of smoking rules aimed at the reduction of smoking rates (expansion of restrictions on smoking hours and locations, establishment of no smoking days, etc.)
- Regular implementation of internal education on "employee health and mental health" and "the balancing of work and childcare," etc.
- Promotion of the shortening of work hours (effective use of flex-time and working from home, planned taking of annual paid leave, etc.), etc., and have been able to obtain a certain level of effects. As a result of these initiatives, we were certified as an "Excellent Health Management Corporation 2024 (large corporations section)" in March 2024.



2024
健康経営優良法人
Health and productivity

Social

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Quality Management

Quality Policy

At the Topre Group, we are conscious of our quality assurance philosophy in all processes and at all bases, and in order to unify and improve the Topre brand, we have formulated the Topre Group Quality Policy to be worked on and have rolled it out to related divisions.

In addition, every year, each plant and related division prepares a Quality Activity Plan based on the Medium Term Management Plan, the Quality Policy, and the Quality Management Policy, and engages in quality activities.

Topre Group Quality Policy

Basic way of thinking

We provide products and services of a quality that can make all customers feel at ease to establish the "Topre quality" that our customers recognize.

1. We have established a quality management system and each and every employee carries out quality assurance activities.
2. We take on the challenge of improving quality in work at all times, from development to production and sales.
3. We identify market needs and trends accurately, and provide customers with optimal products, services and information.
4. We develop human resources through education and training in order to maintain quality activities.
5. We strive to ensure quality and safety while complying with customer requirements and laws and regulations.
6. We follow the PDCA cycle at all times to make continuous improvements.
7. We maintain good relations with cooperating manufacturers and strive to improve quality.

Quality management system

The Topre Group's plants, global subsidiaries and suppliers have standardized their quality assurance systems based on the standard requirements of ISO 9001 or IATF 16949,*1customer requirements and legal requirements, and built quality management systems that they now operate and manage.

The Topre Group has built a global system with Quality Headquarters positioned at the top of the organization. In addition, Quality Assurance Department 1 is responsible for maintaining and managing the quality system for press-related products produced at the Topre Group and suppliers, and Quality Assurance Department 2 is responsible for maintaining and managing the quality system for company products related to temperature controlled logistics, air conditioning equipment, and electronic equipment.

*1:IATF16949 This is a QMS based on the international standard ISO 9001 with additional requirements specific to the automotive industry.

Supply Chain Management

Purchasing policy

Topre Group Purchasing Policy

Basic way of thinking

The Topre Group has shared the following policy with the Topre Group as a whole for the procurement of materials. We build relationships of trust with business partners, promote procurement emphasizing CSR and environmental conservation, and roll-out initiatives towards the development of a sustainable society.

1. Compliance with law, regulations and social morality

We promote fair and transparent purchasing activities in compliance with related laws and regulations as well as social morality and norms.

2. Environmental protection

We implement purchasing activities that lead to environmental conservation based on our environmental policy, and promote "green procurement activities."

3. Fair and equitable transactions

We provide open, fair and equitable entry opportunities regardless of nationality, company size or whether or not we have a track record of business.

4. Selection of business partners

We select based on comprehensive consideration of quality, cost, technology, delivery time and other capabilities, as well as management attitudes and systems. In addition, we strengthen cooperation among each division, domestic and overseas bases and affiliated companies to ensure the optimal procurement of materials by using the mass benefits of centralized purchasing.

5. Building of relationships of trust

We establish relationships of trust with business partners through fair and transparent transactions, and promote mutual development. By strengthening trust with suppliers, we realize flexible and timely parts provision to customers.

6. Information protection

We manage confidential information properly and do not disclose it without mutual approval.

Strengthening of supplier partnerships

Our business partners are important for us to produce high-quality products, and we believe the building of cooperative systems is important.

The Topre Group holds a supplier conference once a year to explain the Topre group's current situation, strategies, purchasing policy and Topre initiatives.

We will promote procurement that emphasizes CSR and the environment, strive to build relationships of trust with business partners throughout the Topre group, and aim to contribute to the realization of a sustainable society.

Governance

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024: https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Corporate Governance

Executive compensation

Topre has established the following policies regarding the determination of the amounts of compensation for officers.

- 1) A compensation system that motivates directors to perform their duties
- 2) A compensation system linked to business results
- 3) A compensation system suitable for the roles and responsibilities of directors

Based on these policies, the compensation system for directors consists of basic compensation, short-term results-linked compensation and medium to long-term results-linked compensation. The Board of Directors delegates matters concerning compensation for directors to the Compensation Committee aimed at improving objectivity and appropriateness.

Compensation Committee

The Compensation Committee is an optional decisionmaking body comprised of the President and Director and Directors appointed by the President and Director, with External Directors occupying a majority of positions. The Compensation Committee establishes the amount of monthly compensation and bonuses for each Director based on the regulations within the total amount of compensation approved by the General Meeting of Shareholders, excluding stock compensation.

Compensation system

● Basic compensation

Monthly compensation is determined for each Director based on the discussions of the Compensation Committee.

● Short-term results-linked compensation

Bonuses linked to results for a single fiscal year are determined based on the discussions of the Compensation Committee taking into consideration each Director's contribution to results.

● Medium to long-term results-linked compensation

Topre provides its own shares, etc., based on the cumulative number of points granted in accordance with the degree of achievement of management indicators for each fiscal year.

The compensation system for Auditors includes only basic compensation.

Evaluation of the effectiveness of the Board of Directors

Topre implements questionnaires on evaluations of the effectiveness of the Board of Directors to improve the functions of the Board of Directors and enhance the corporate governance system further. The results are compiled and analyzed, and an overview of the results and directions for improvement are reported to the directors. Based on the results of the most recent questionnaire on evaluations of the effectiveness of the Board of Directors, we have evaluated that there are no problems with the effectiveness of the Board of Directors overall.

Internal Control

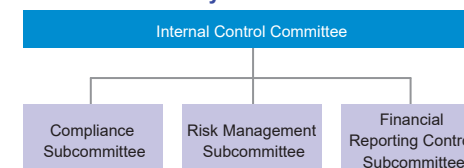
Internal control system

- The effectiveness and efficiency of business
- The reliability of financial reporting
- Compliance with laws and regulations concerning business activities

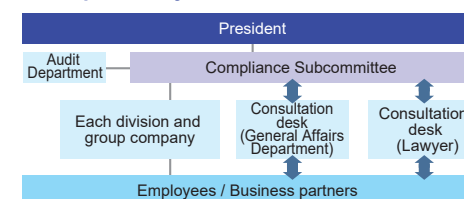
The processes that are incorporated into work and executed by all employees in order to ensure the above constitute the internal control system. In order to promote work efficiently and comply with laws and regulations, the activities involve establishing a "corporate culture that does not violate laws and regulations," "a system that does not violate laws and regulations" and "a system for preparing correct accounting documents," and evaluating and correcting the current situation continuously.

Topre established an Internal Control Committee and the following three subcommittees in order to develop and promote this internal control system.

■ Internal control system



■ Compliance system



Compliance Subcommittee

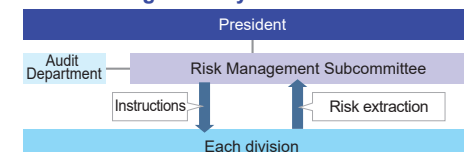
For the strengthening of compliance management throughout the Topre Group, we hold meetings of the Compliance Subcommittee to diffuse awareness of compliance further among officers and employees.

Risk Management Subcommittee

The Risk Management Subcommittee holds meetings to investigate natural disaster risks, accident and disaster risks, and risks at each overseas base, and to review the management system for such risks.

Each company in the Topre Group re-extracts and re-evaluates the possible risks for each division and formulates countermeasures against them.

■ Risk management system



Financial Reporting Control Subcommittee

The Financial Reporting Control Subcommittee conducts regular evaluations of the asset management and accounting of the Topre Group as a whole to ensure the appropriateness of financial affairs.

The Topre Group holds Accounting Division global training sessions to ensure the accuracy and consistency of work related to accounting, costs and finance of the Topre Group as a whole

Governance

Directors and Auditors



Representative
Director, President,
Executive Officer

Yutaka
Yamamoto



Director,
Senior Executive
Officer

Katsuro
Harata



Director,
Senior Executive
Officer

Yoshinori
Tsuyuki



Outside Director

Tsuyoshi
Takada



Outside Director

Naoshi
Ogasawara



Outside Director

Yoshie
Midorikawa



Full-time Auditor

Tomio
Kitabayashi



Outside Auditor

Masahiko
Sato



Outside Auditor

Hidekazu
Tanaka

Message from Outside Director



Outside Director Naoshi Ogasawara

1. As an Outside Director, while supervision of management including risk management and involvement in management planning are important roles, what perspective do you consider most important?

As for the significance of outside directors, I consider two perspectives to be of utmost importance. One is the external perspective, the perspective of long-term shareholders. To ensure corporate survival, maintaining profitability is essential, and to further develop the company, it is necessary to boldly execute capital investment, research and development investment, and human resource investment. I believe it is necessary to effectively utilize necessary interest-bearing debt, optimize procurement capital, and pay attention to improving profitability indicators that take into account capital efficiency such as ROIC and ROE, as well as shareholder return measures such as dividends and share buybacks.

The other is the internal perspective, the perspective of officers and employees who face management issues directly and formulate and execute solutions. Since outside directors bear the same management responsibility as internal directors, it is important to share management issues and their solutions with internal officers and employees. Furthermore, I believe outside directors have a responsibility to express opinions on behalf of internal staff regarding essential matters that are difficult to discuss internally due to various constraints. In this sense, I believe it is crucial to maintain smooth communication with internal staff at all times.

Governance

Message from Outside Director

2. What are your expectations from the perspectives of business growth strategy, financial strategy, and sustainability in the 16th Medium-Term Management Plan?

Regarding business growth strategy, I have expectations for capital investment and research and development related to products addressing future global warming. First, in the press-related products business, I expect the company to create markets by responding to car manufacturers' increased EV production facilities, expanding multi-material combination technologies considering environmental conservation, and addressing high-strength materials to meet worldwide customer needs.

In addition, I have high expectations for expanding investment in facilities and development to explore new customers and markets, such as developing electric commercial trucks, developing refrigerated trucks designed to improve logistics efficiency, and expanding cargo containers in the Temperature-Controlled Logistics-Related Business, developing new products like original whole-building air conditioning systems in the Air-conditioning Equipment Related Business, and further product development of the REALFORCE series in the Electronic Equipment Related Business.

3. Please share your opinion of Topre's initiatives from the perspective of management that considers capital costs and stock price.

I am very impressed with Topre's approach to improving medium to long-term corporate value, as they have long set ROE as a key financial indicator and aim for ROE targets that exceed the expected shareholder capital cost of 7-8%, as well as targeting ROIC that exceeds WACC when considering interest-bearing debt.

I believe it is necessary to first achieve the dividend payout ratio target of 30% or more, significantly increase

Regarding financial strategy, I understand through Board of Directors discussions that management is very conscious of balancing growth investment and shareholder returns, as ROE and ROIC are incorporated as key financial indicators alongside sales and operating profit margins, along with optimizing interest-bearing debt financing and shareholder return policies including dividends. Therefore, I expect enhanced IR activities such as continued dialogue with institutional investors and IR presentations for individual investors as part of stock price measures.

In terms of sustainability, "CO₂ emission reduction" is recognized as the most important issue in terms of urgency, realizing a sustainable society, and financial impact on Topre, and I am very impressed that specific strategies and reduction targets are being steadily implemented under the strong leadership of top management within a governance structure that includes establishing specialized departments. I expect further efforts toward achieving carbon neutrality by fiscal 2050.

the total return ratio including share buybacks to build long-term trust with shareholders, and then, since Topre is a B to B company that is less recognizable to general investors, make further efforts through IR activities to raise awareness of how they are fulfilling their social responsibilities worldwide by gathering diverse talent as a global company, refining production technology, and improving production efficiency.

4. What do you think are Topre's challenges for sustainable corporate growth?

Securing global talent, succession planning, and increasing added value are cited as Topre's challenges. As the automotive market is expected to undergo intense and significant changes amid continuing US-China tensions, and as technological changes such as electric vehicles, autonomous driving, and flying cars will have a major impact on Topre's management, it is necessary to secure more global talent that can respond to these changes. At the same time, it is necessary to establish a more robust succession plan while developing human resources by including global site management in

rotation.

As an independent press parts manufacturer and a dominant player in the domestic refrigerated truck business market, Topre needs to continue refining its capital investment, research and development investment, and human resource investment, and secure the added value necessary for these future investments. To achieve this, I believe pricing management that can compete with automakers is necessary while maintaining reliable advanced technology as an independent company to increase added value.

5. Topre will celebrate its 100th anniversary in 2035. We have formulated a long-term policy accordingly. What are your expectations for Topre going forward?

Starting in 1935 as a manufacturer and developer of automotive press parts, Topre has established itself as a major player in automotive press parts by actively expanding overseas to meet automakers' local procurement needs as an independent company, while simultaneously becoming a top market share manufacturer in the refrigerated vehicle industry for safely delivering food and other materials. In addition, by developing core press processing technology and die design technology, the company has also established a presence in air conditioning system products and electronic device parts such as REALFORCE.

I have visited not only domestic sites like Sagami-hara but

also important overseas sites in the US, Mexico, and India, and I was very impressed by the awareness of issues at these sites, the high motivation and consciousness of each individual in solving them, and the excellent teamwork at the sites. These individual strengths and organizational capabilities are Topre's invaluable corporate culture and intangible assets, and I am convinced that this translates into advanced technical capability and increased customer trust. As the company approaches its 100th anniversary in 2035, I expect it to achieve significant growth while deepening and expanding its business domains and gaining greater trust from stakeholders.

Governance

■Please see the ESG Databook for detailed initiatives. Topre ESG Databook 2024:https://www.topre.co.jp/en/sustainability/reports/pdf/en_topre_ESG_2024.pdf

Intellectual Property Activities

Basic way of thinking

The Topre Group promotes the creation of intellectual property in Japan and overseas and the acquisition of intellectual property rights and uses them effectively in business. At the same time, Topre conducts activities to avoid patent disputes and other risks, and to contribute to the strengthening of its development and sales capabilities.

Activities that contribute to business

Intellectual Property Division participates regularly in meetings of divisions related to intellectual property, such as Development Division and Technology Division, to discuss invention-finding activities and application strategies to promote business superiority. It also conducts intellectual property activities linked with business activities.

In addition, to create effective patents at an early stage, the division uses patent maps that digitize and visualize patent information to understand the state of applications and development directions in specific fields and create patent strategies. The division lists patents related to business regularly and shares information with related departments to consider applications for intellectual property rights (patent rights, utility model rights, design rights, trademarks, etc.) and their effective use.

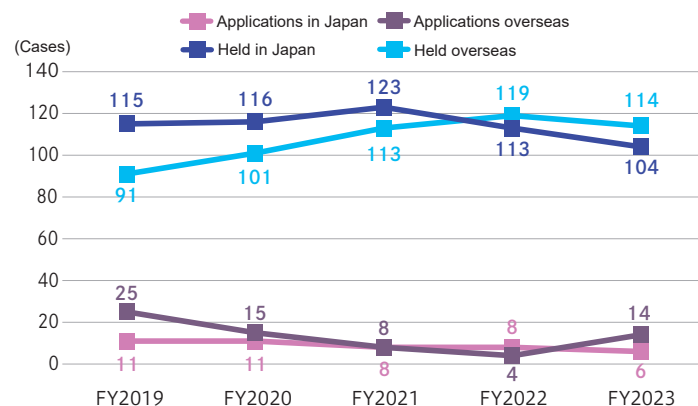
Development of human resources for intellectual property

There are many situations in which knowledge of intellectual property rights is required in corporate activities, and we provide education as part of compliance education, as well as education for Development Division and Technology Division to increase their basic knowledge of intellectual property and awareness of applications.

For Intellectual Property Division, we are striving for human resource development in accordance with each stage in order to enhance expertise in areas such as human resource development by external organizations, support for the creation of intellectual property and the planning of intellectual property strategies.

In addition, in order to encourage inventors to produce inventions, etc., we have enhanced our employee invention incentive system, which provides incentive payments to inventors in accordance with their applications, registrations and results for inventions, etc., as an encouragement for inventions, etc., worthy of future application.

■Numbers of patent, utility model and design applications, and rights held



Responsibility to Shareholders and Investors

Thinking on information disclosure and dialogue

Topre's corporate information is concentrated in General Affairs Department, the department responsible for the handling of information. General Affairs Department judges the necessity of information disclosure. When it does so, it judges the appropriateness of disclosure not only in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange, but also from the perspective of building and maintaining relationships of trust with the stakeholders surrounding Topre.

1. Information on decisions and financial reports

The Board of Directors discusses important facts about Topre and its decisions are communicated promptly to General Affairs Department (the department responsible for the handling of information) via the Secretary's Office, the secretariat of the Board of Directors. In addition, information on financial reports is communicated to General Affairs Department by Accounting Department.

2. Information on the facts of occurrence

Each division sends information to General Affairs Department.

3. Strengthening of disclosure systems at subsidiaries

We are explaining the timely disclosure of corporate information relating to subsidiaries again to each subsidiary in order to promote understanding of the Timely Disclosure Rules in regard to important facts, and Topre is also involved positively in information collection.

Dialogue with shareholders and investors

Relationships with individual investors

We are making efforts to have Topre known among individual investors.

Twice a year, we issue shareholder newsletters so that shareholders can deepen their understanding of Topre. Shareholder newsletters can be viewed on Topre's website.

Relationships with institutional investors

We hold financial results briefings twice a year for institutional investors and securities analysts, giving them overviews of results, and explaining business reports and our future prospects. In addition, we also hold individual interviews and teleconferences throughout the year and make efforts to promote understanding of Topre among institutional investors.

Information disclosure on the website

We have set up dedicated pages on Topre's website for shareholders and investors that provide the latest information such as information on financial reports and press releases. The company discloses materials concerning quarterly financial reports, shareholder newsletters and other materials, and carries out activities aimed at promoting understanding of Topre.

Shareholder returns

We recognize that profit distribution is an important mission for companies to fulfill and our basic policy is to realize stable dividends continuously. Topre will also make investments using retained earnings in readiness for future business development and the strengthening of our management structure, such as capital investment in accordance with technological innovation in related industries and R&D investment to increase future corporate value.

Topre's basic policy is to pay dividends from surplus funds twice a year, an interim dividend and year end dividend.

General meetings of shareholders

Topre holds an ordinary annual general meeting of shareholders in June each year. We believe that general meetings of shareholders are a valuable forum for dialogue with shareholders and are making efforts to invigorate general meetings of shareholders and facilitate the exercise of voting rights. Examples of our main initiatives are as follows.

- Setting of general meetings of shareholders avoiding days when such meetings are concentrated
- Exercise of voting rights by electromagnetic means
- Provision of an English version of the Notice of Convocation (summary)

General meetings of shareholders

<https://www.topre.co.jp/en/ir/meeting.html>

Consolidated Financial Summary

Item	Unit	Fiscal Year								
		2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Sales	Million yen	145,390	163,368	191,189	201,365	213,591	214,544	233,601	290,416	354,922
Operating Profit	Million yen	18,150	20,431	23,738	19,954	13,827	10,833	6,853	7,330	22,406
Profit attributable to owners of parent Company	Million yen	10,428	13,655	16,887	15,372	8,435	12,559	10,998	10,009	17,099
Shareholders' equity	Million yen	106,826	118,581	139,856	149,327	146,279	162,142	176,745	191,097	213,244
Cash flows from operating activities	Million yen	22,175	27,991	26,876	23,502	21,545	24,718	38,604	25,234	38,771
Cash flows from investing activities	Million yen	△22,425	△21,065	△21,658	△30,188	△36,549	△33,935	△18,505	△18,257	△26,543
Cash flows from financing activities	Million yen	△4,007	△4,723	△620	470	17,874	19,515	△12,456	△9,753	△12,065
Average exchange rate (vs. USD)	Yen	121.05	108.87	112.19	110.91	108.75	106.06	112.38	135.48	144.62
Shareholders' equity ratio	%	62.0	61.7	64.3	62.4	54.9	52.3	55.2	56.3	58.3
Earnings per share	Yen	208.24	272.75	327.89	292.91	160.73	239.28	209.60	190.70	326.71
Return on equity (ROE)	%	10.1	12.1	13.1	10.6	5.7	8.1	6.5	5.4	8.5
Net assets per share	Yen	2,132.98	2,363.24	2,665.03	2,845.25	2,787.21	3,089.02	3,368.57	3,640.37	4,161.01
Dividend per share	Yen	37.00	46.00	58.00	60.00	45.00	30.00	25.00	30.00	55.00
Capital investment	Million yen	20,224	19,002	25,454	38,786	46,258	33,597	20,946	18,201	21,723
Depreciation	Million yen	8,732	10,010	12,467	14,539	17,450	20,429	23,725	27,264	27,608
Research and development expenses	Million yen	1,001	1,129	1,148	1,311	1,377	1,359	1,313	1,354	1,383

Company Information and Stock Information (As of March 31, 2024)

Company Overview

Company Name: Topre Corporation

English Name: Topre Corporation

Date of Establishment: April 30, 1935

Capital: 5.61 billion yen

Stock Exchange: Tokyo Stock Exchange Prime Market

Head Office: Asahi Building, 3-12-2 Nihonbashi,

Chuo-ku, Tokyo 103-0027

Representative: Yutaka Yamamoto,

Representative Director, President,

Executive Officer

Number of Employees: 1,504

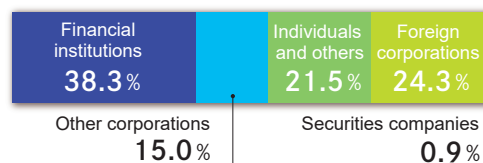
Stock Information

Total number of authorized shares: **81,240,000** shares

Total number of shares issued: **54,021,824** shares

Number of shareholders: **7,130**

Distribution of shares by owner type (excluding treasury stock)



Major shareholders (excluding treasury stock)

Shareholder name	Number of shares held (thousands)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	6,016	11.71
Custody Bank of Japan, Ltd.	4,639	9.03
Naoko Ishii	2,660	5.17
Resona Bank, Limited	2,493	4.85
Nippon Life Insurance Company	2,135	4.15
Topre Business Partners Shareholding Association	1,556	3.03
Sumitomo Life Insurance Company	1,429	2.78
Mizuho Bank, Ltd.	1,265	2.46
Mitsubishi UFJ Trust and Banking Corporation	1,245	2.42
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A. Tokyo Branch)	1,076	2.09

Stock price and trading volume trends

