

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
The Japanese original of 2026 Medium-Term Management Plan was published on May 15, 2024. The English summary of 2026 Medium-Term Management Plan was published on May 16, 2024.

May 15, 2024

To whom it may concern

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Establishment of New Medium-Term Management Plan and Action To Implement Management with an Awareness of Cost of Capital and Share Price

TPR Co., Ltd. (the “Company”) is pleased to announce that our Board of Directors today has resolved to establish the Medium-Term Management Plan for FY2024 to FY2026 (hereinafter, “2026 Medium-Term Management Plan”) and to take action to implement management with an awareness of cost of capital and share price. The details are as follows:

1. Corporate Message

With the advancement of power mechanisms as our starting point, the Company has contributed to the realization of a clean and high quality global society by developing highly functional parts that contribute to lower fuel consumption and weight reduction of internal combustion engines and by providing a stable supply of these parts on a global basis.

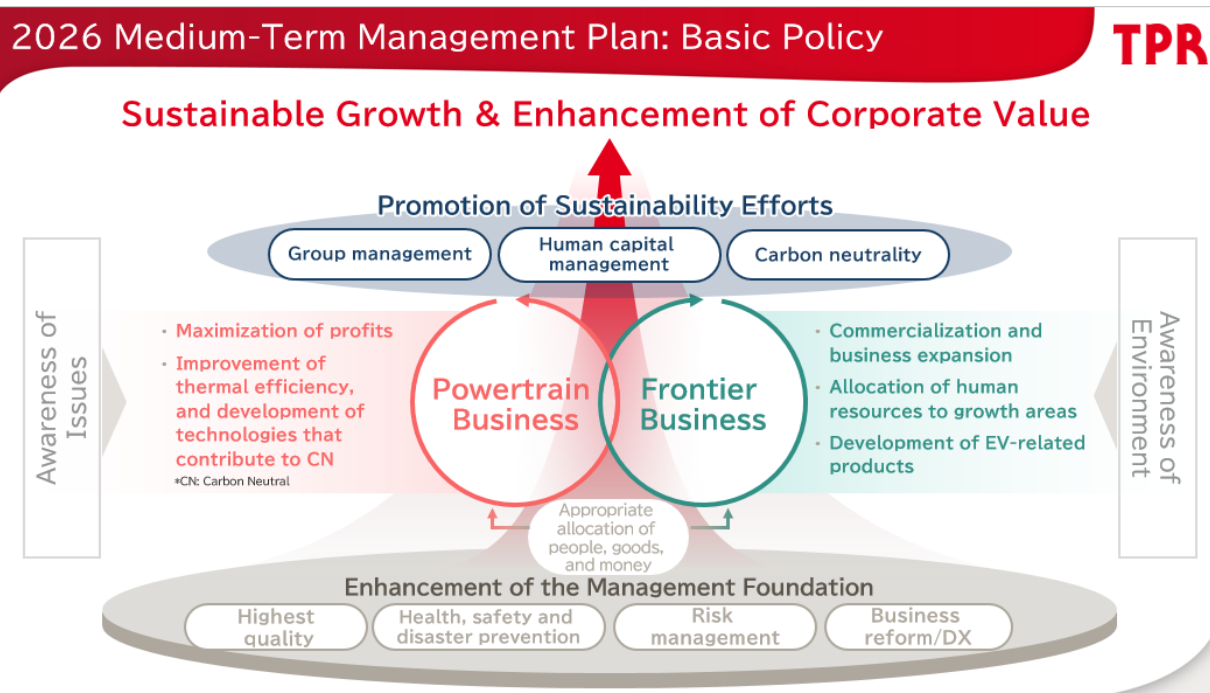
On the other hand, the business environment surrounding the Company is expected to undergo a once-in-a-century revolution, such as the shift to EVs due to the acceleration of carbon neutrality and the development of CASE technology. In addition, we believe that we are entering an era that values beautiful and prosperous lifestyles that are in tune with people’s diversifying and changing tastes and aspirations.

Under these circumstances, the Company aims to expand the concept of traditional power mechanisms to various aspects of “motion” - not limited to objects and vehicles but also including people and hearts. With the aspiration to become an indispensable presence in the living spaces of people, we have established our corporate message as “**TPR: Delivering ‘Motion’ and ‘Emotion’ to the world.**”

And aiming to realize this corporate message, we have compiled a future vision of what we should work on over the next three years and formulated it as the 2026 Medium-Term Management Plan, designating the plan’s period as the stage of “preparing for further growth.”

2. Basic Policy of 2026 Medium-Term Management Plan

We will strongly promote a two-wheeled management approach: maximizing profits in the “Powertrain Business,” which manufactures engine parts such as Piston Rings, Cylinder Liners, and Valve Seats, and expanding and growing the “Frontier Business,” which are businesses other than Powertrain. By enhancing the management foundation and engaging in sustainability management, we aim to achieve sustainable growth and enhance corporate value.



[Management Goals (FY2026)]

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

3. Priority Measures

We will undertake the following priority measures to achieve the basic policy of the 2026 Medium-Term Management Plan and attain our management goals.

- (1) Powertrain Business - Realizing industry-leading manufacturing and maximizing profits
 - Development of products compatible with carbon neutral fuels (hydrogen and multiple-fuels)
 - Technology development focusing on HEVs and PHEVs
 - Optimization of global sales and production systems
 - Cost structure optimization and promotion of DX
- (2) Frontier Business - Fostering new core businesses through active investment in growth areas
 - Aggressive investment for growth (capital investment, R&D, and strategic investment) to expand five business areas:
 - i) Expand business related to rubber and resin
 - ii) Develop EV-related products and commercialize them globally
 - iii) Accelerate commercialization of nanomaterials
 - iv) Create technologies to support a beautiful and prosperous future - initiatives in new fields by employing backcasting
 - v) Strengthen business related to automotive exteriors and related equipment
 - Investment of 2 billion yen in human capital, shifting and reskilling of “people” and strengthening of the organizational structure

4. Taking Action to Implement Management with an Awareness of Cost of Capital and Share Price

Based on the recognition that the current level of the Company’s ROE cannot exceed the cost of shareholders’ equity required by the market, we aim to achieve capital profitability that exceeds the cost of shareholders’ equity through improved profitability and capital efficiency, and strengthen dialogue with stakeholders to achieve **“ROE of 8% and PBR above 1.0x in FY2026.”**

- (1) Improvement of profitability

By implementing the aforementioned priority measures, we will improve profitability. In addition, we will strive for sustainable growth through aggressive cash allocation to growth areas.

 - Capital investment in the Powertrain Business: 14 billion yen
 - “Capital investment and growth investment” in Frontier Business: 44 billion yen
- (2) Enhancement of capital efficiency

By reviewing the operating status and significance of asset holdings, we will reduce low-profit assets, such as cross-shareholdings, and promote effective use of funds within our group to enhance capital efficiency.

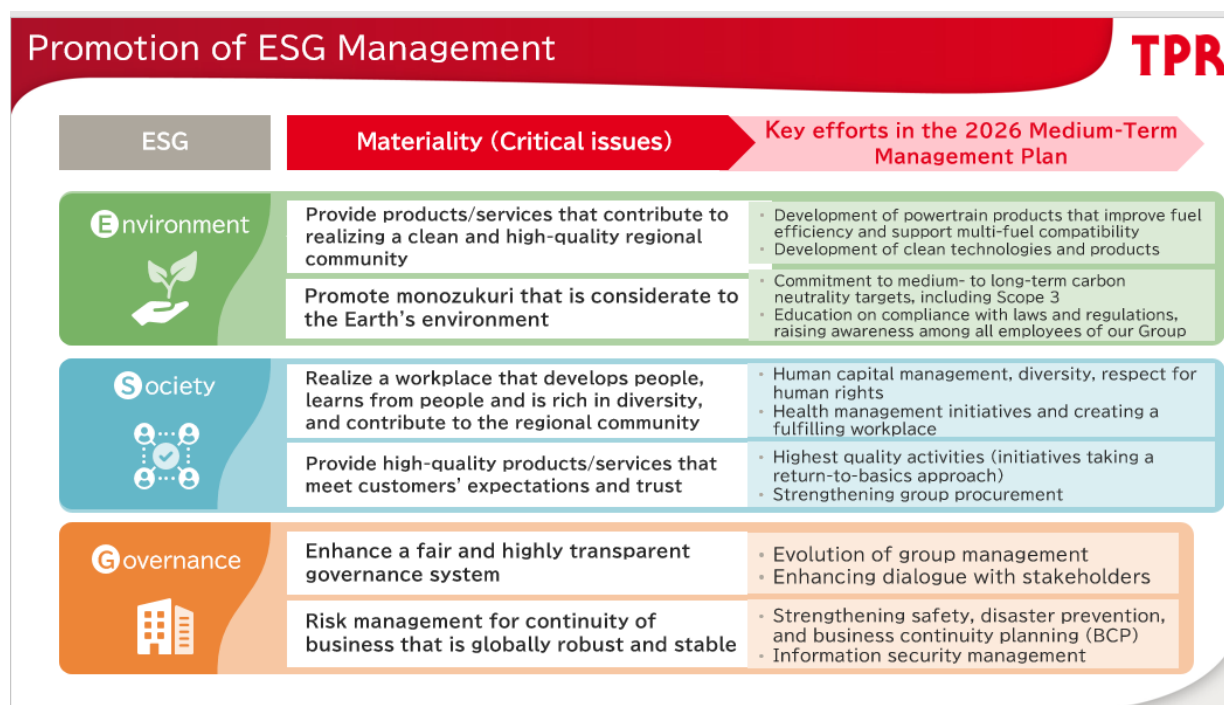
 - Reduction of low-profit assets by up to 10 billion yen (during the period of the Medium-Term Management Plan)
- (3) Strengthening shareholder return

Regarding shareholder dividends, we will strive to pay stable dividends on a continual basis, raising the dividend payout ratio from the previous 30% to over 40%. In addition, we will agilely implement acquisition of treasury shares and strive to control our equity.
- (4) Strengthening IR activities

We will enhance dialogue with shareholders, investors, and the market, and expand information disclosure to improve corporate value and share price.

5. ESG Management

We will continue to promote ESG management and sustainability management to support the sustainable growth of both society and companies.



For details of the 2026 Medium-Term Management Plan, please refer to the attached document.

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

END

The logo consists of the letters 'TPR' in a bold, red, sans-serif font. The background features abstract, overlapping circular shapes in shades of red and pink, creating a modern, dynamic feel.

TPR

2026 Medium-Term Management Plan

FY2024 - FY2026

TPR Co., Ltd.

2026 Medium-Term Management Plan

FY2024 - FY2026

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05

Promotion of ESG Management

Environment / Society / Governance

Political

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

Economical

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

Social

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

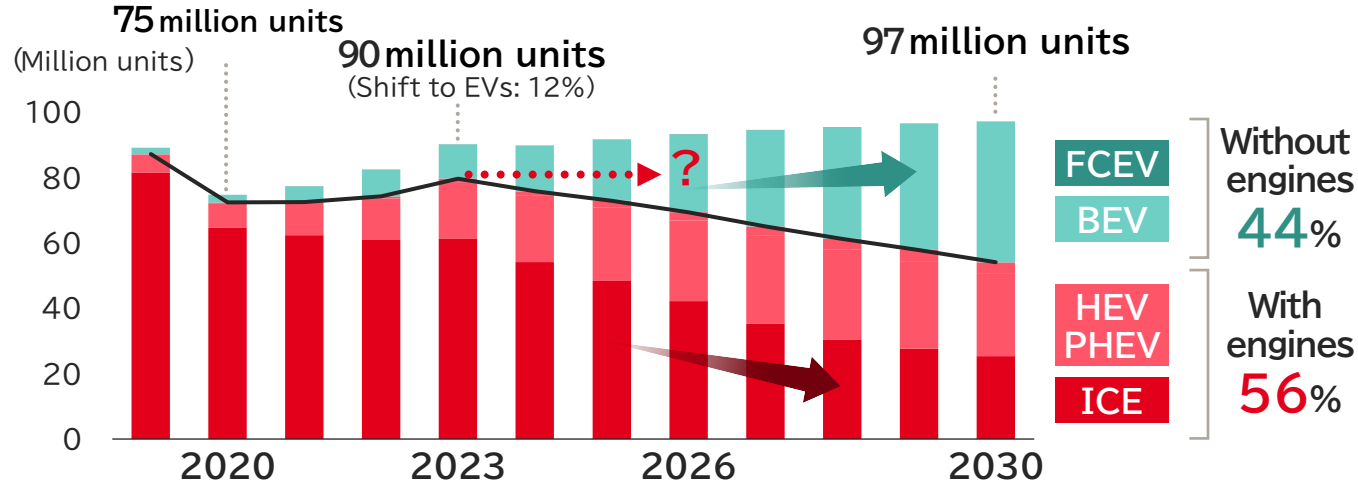
Technological

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

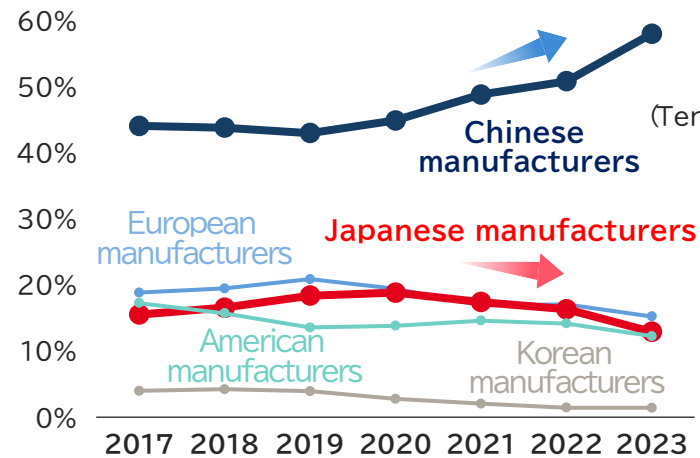
Strengthening our foundation, rapidly responding to uncertainties, and challenging new business and growth opportunities

Global Market

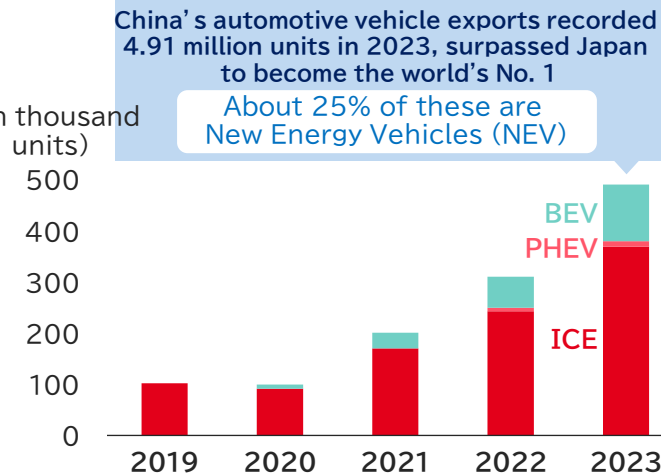
Global Automobile Production Volume * IHS Data as of February 2024



Share of Automotive Sales in China *Data from Markline



Automotive Vehicle Exports from China * Created based on data from the China Association of Automobile Manufacturers



Chinese Market

- Supply constraints due to semiconductor shortages have been resolved, and automobile production has recovered to pre-COVID-19 levels.
- The shift to EVs is irreversible, and there is a high possibility that internal combustion engines will peak out during the 2026 Medium-Term Management Plan period.
 - Carbon neutral fuel compatibility
 - Acceleration of CASE technology evolution
- Most recently, the transition to EVs has slowed. Moves to develop dedicated engines for HEVs and PHEVs.
- Changes in the competitive environment due to industry restructuring
- Rise of Chinese manufacturers and their acceleration of overseas expansion. Not only NEVs but also ICE vehicles are a threat to Japanese manufacturers (especially in China and Southeast Asian markets)

Powertrain Business

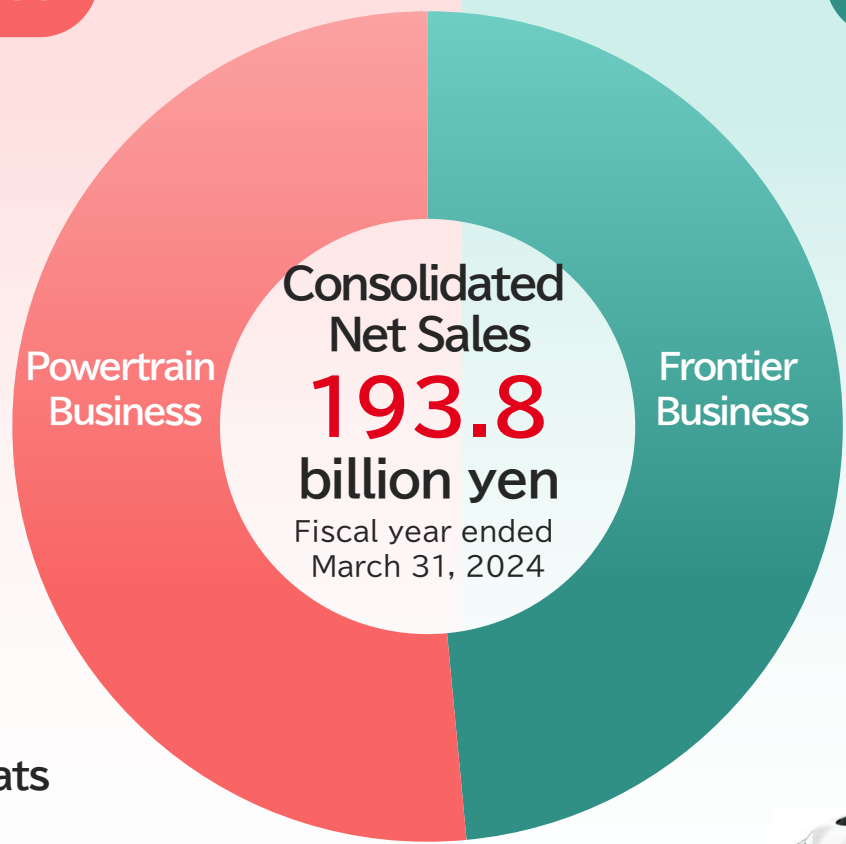
- Piston Rings



- Cylinder Liners



- Sintered Products such as Valve Seats and Valve Guides



Frontier Business

- Rubber and Resin Products

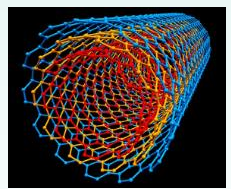


- EV-related Products

- Nanomaterials

- New Business

- Automotive Exteriors and Related Equipment



Positioning of 2026 Medium-Term Management Plan

IEGS2026

I

Innovate

E

Expand

G

Game-changing

S

Sustainable

2023

Sales 193.8 billion yen

Ordinary profit 16 billion yen



2026 Medium-Term Management Plan

Looking to the future, “Preparing for Further Growth”

2026

Sales 210 billion yen

Ordinary profit 22 billion yen

2030

Sales 230 billion yen

Ordinary profit 24 billion yen

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

Frontier Business

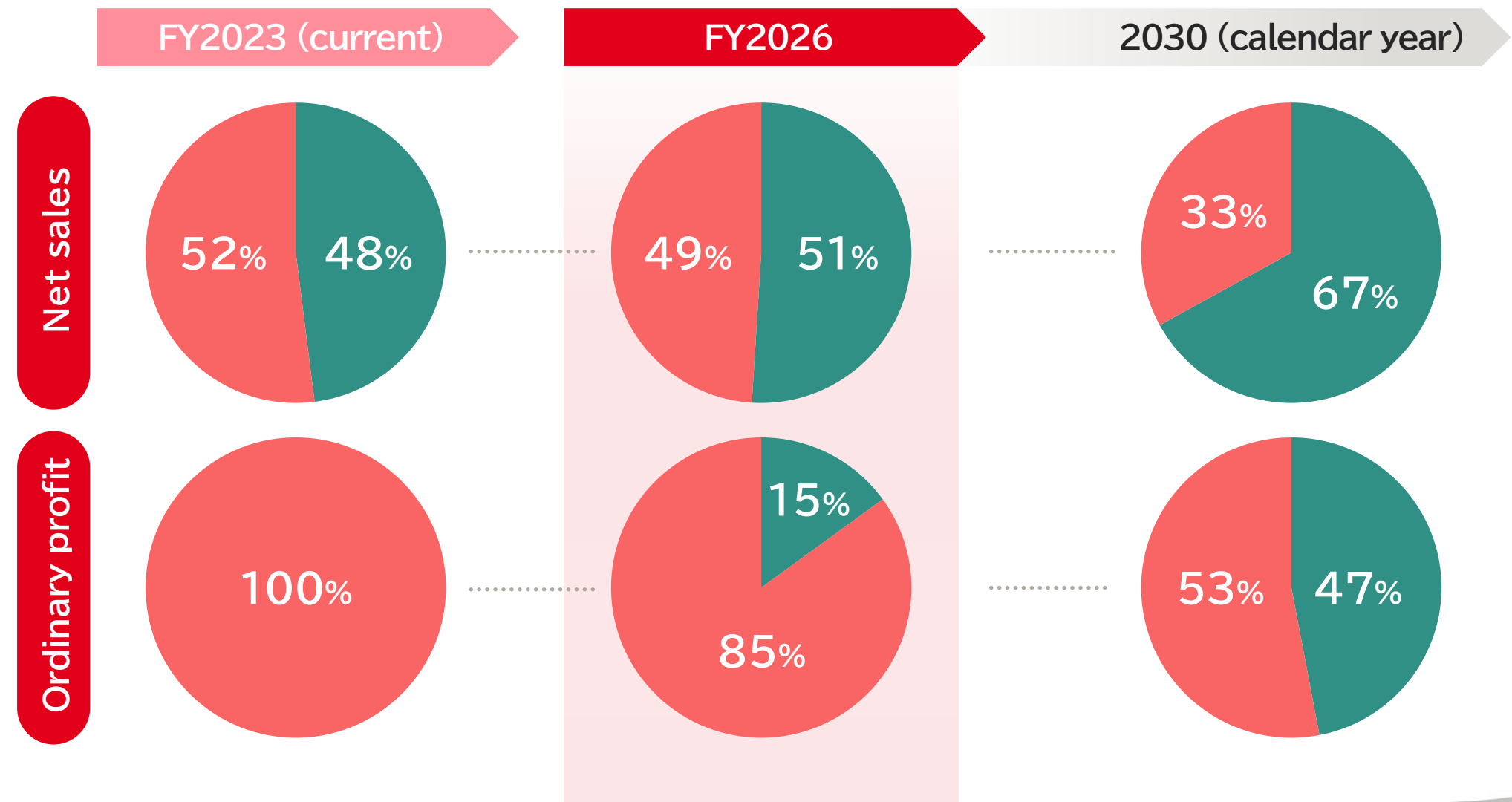
Powertrain Business

Toward the 100th Anniversary



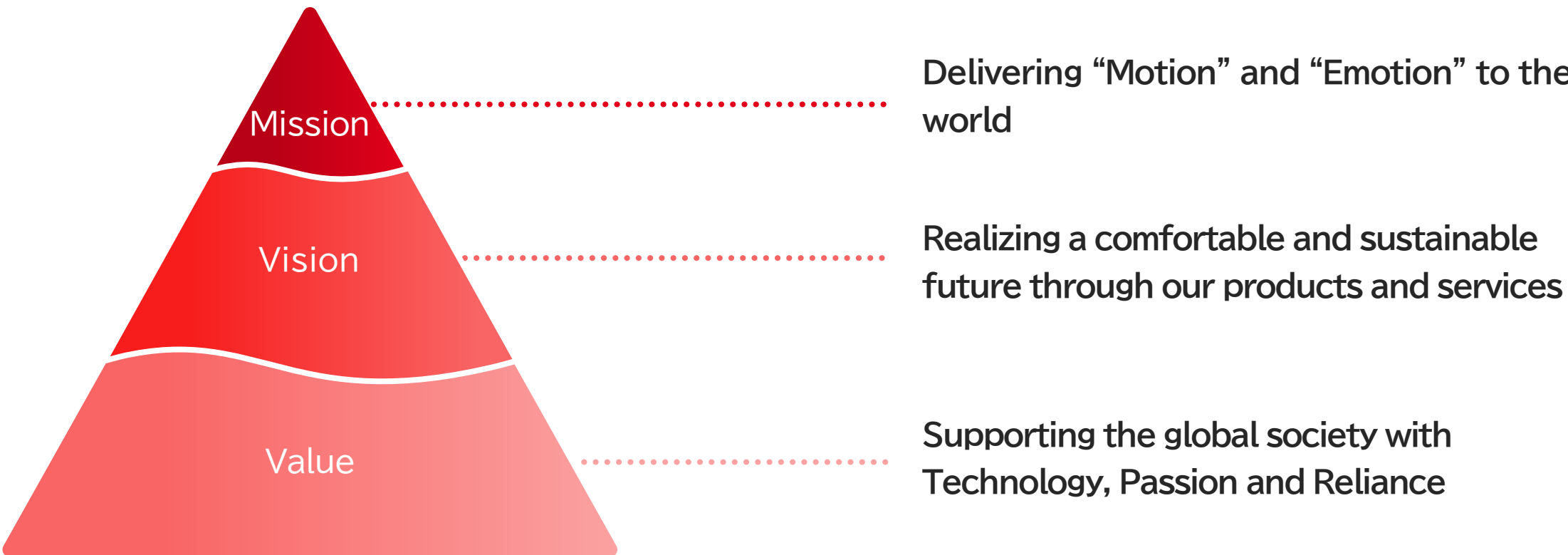
Looking to the future,
“Preparing for Further Growth”

■ Powertrain Business ■ Frontier Business

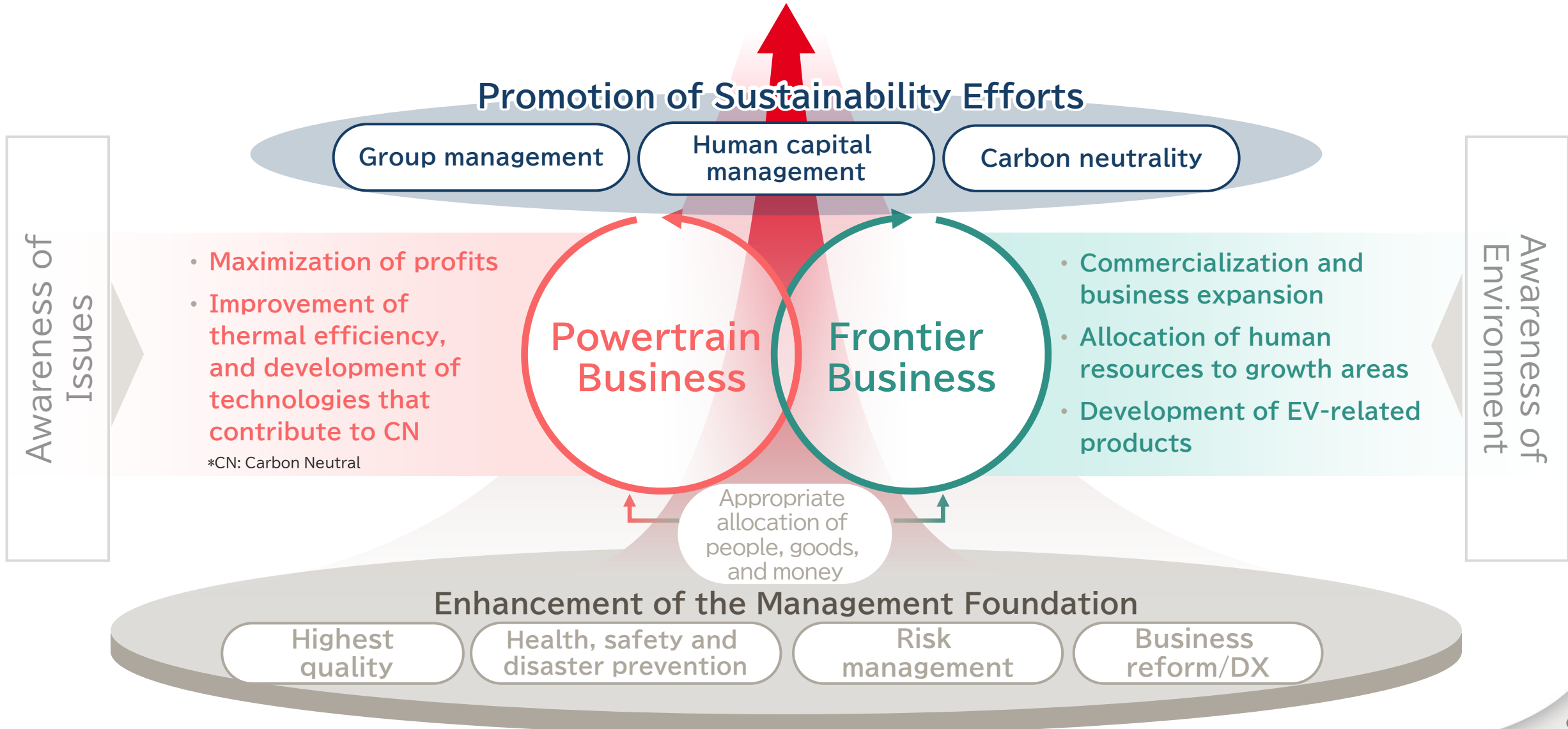


Corporate Message

TPR: Your World in Motion



Sustainable Growth & Enhancement of Corporate Value



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

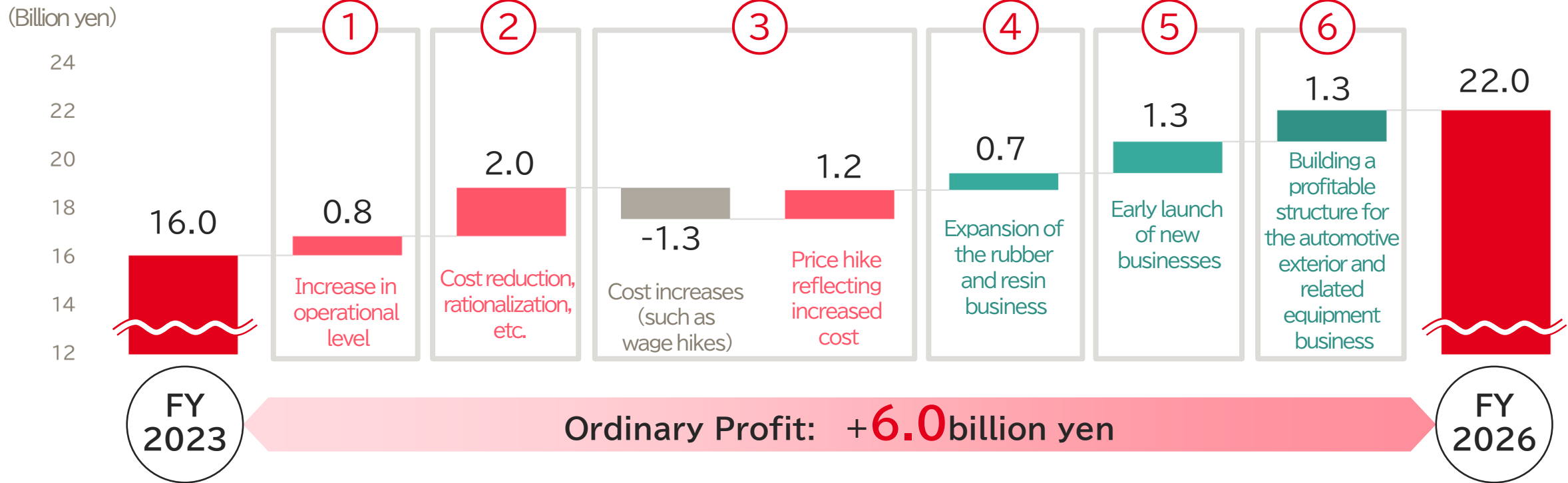
Key Points for Achieving Management Goals

Powertrain Business

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

Frontier Business

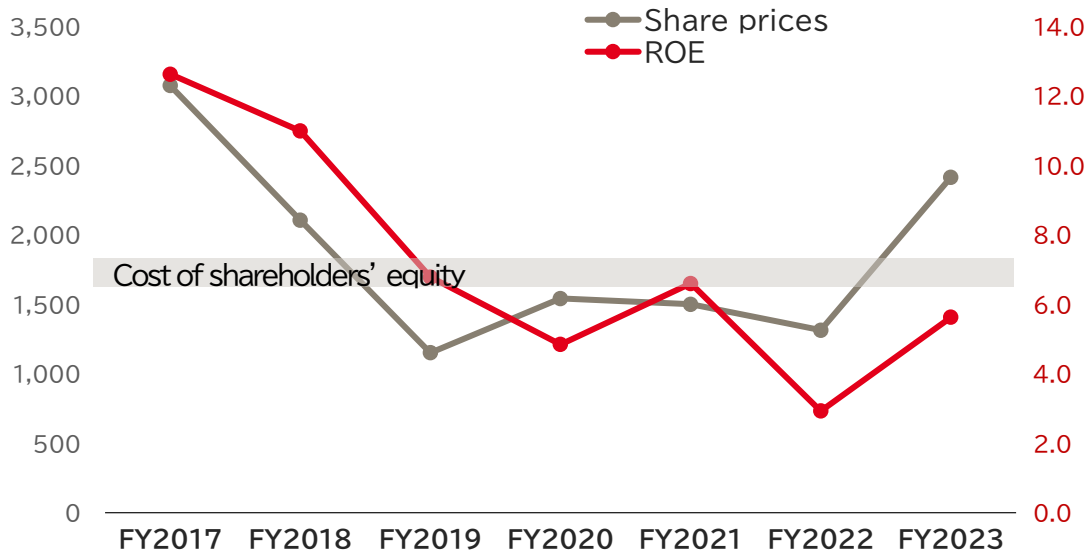
- ④ Expansion of the rubber/resin business
- ⑤ Early launch of new businesses
- ⑥ Building a profitable structure for the automotive exterior business



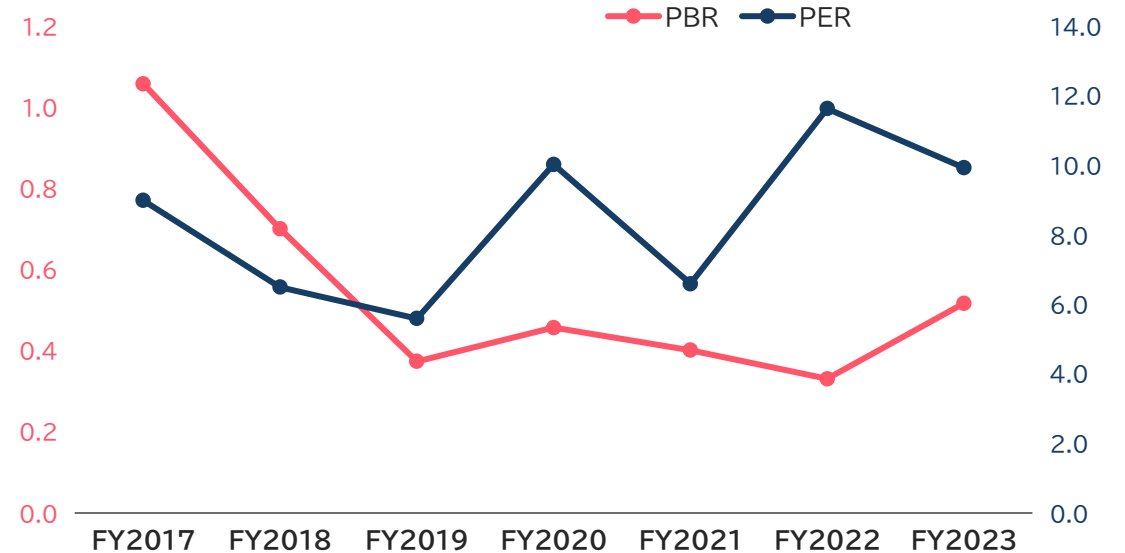
Awareness of Current Status

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

● Share prices



● PBR



Measures to be Taken

Improvement of profitability

- ① Implementation of the measures for the 2026 Medium-Term Management Plan
- ② Aggressive investment in growth areas

Enhancement of capital efficiency

- ① Reduction of low-profit assets (e.g., cross-shareholdings and non-business assets)
⇒ up to 10 billion yen (during the 2026 Medium-Term Management Plan period)
- ② Effective use of funds within our group

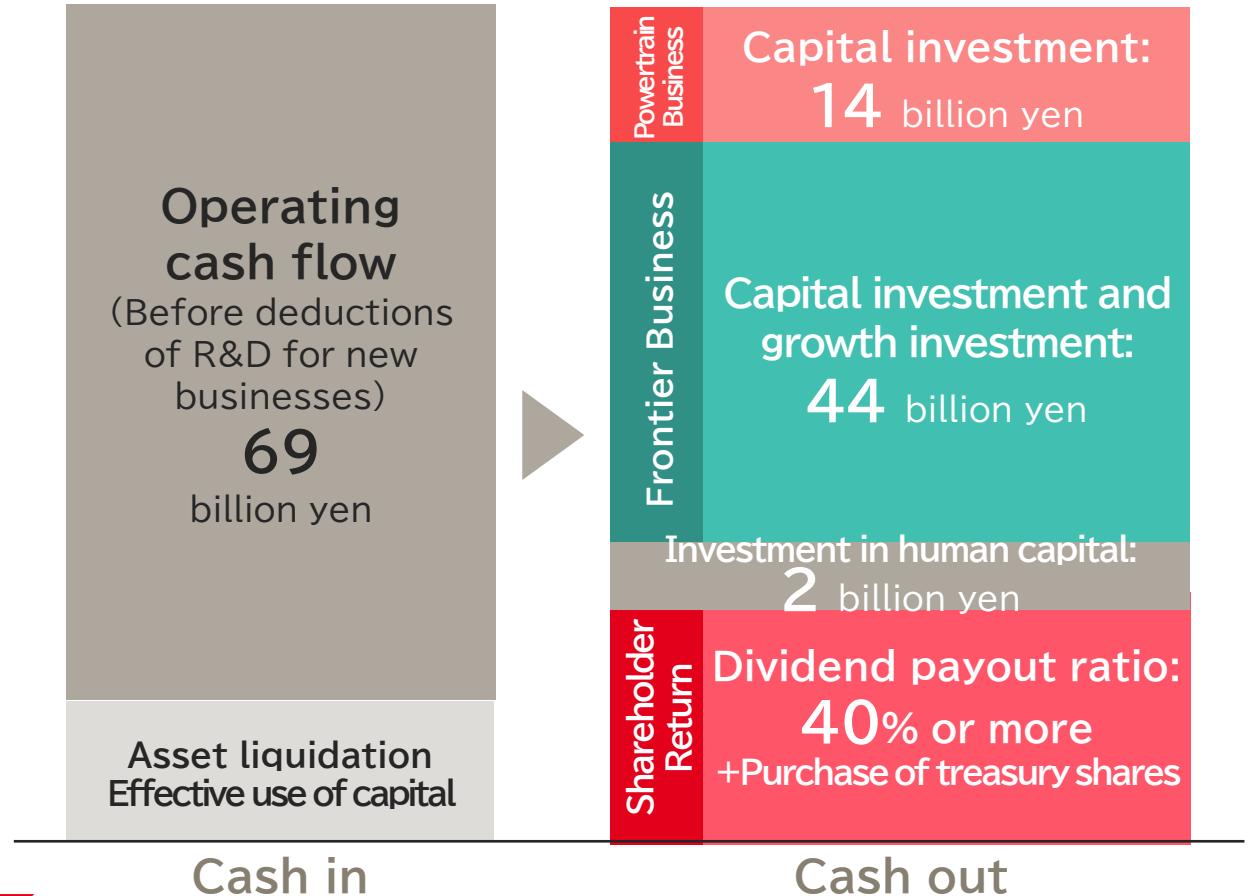
Strengthening shareholder return

- ① Raising the dividend payout ratio (from the previous 30% to over 40%)
- ② Control of our equity through the agile implementation of acquisition of treasury shares

Strengthening IR activities

- ① Enhancing dialogue with shareholders and investors
- ② Expansion of information disclosure

Cash allocation for the 2026 Medium-Term Management Plan period (3-year cumulative total)



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

Objectives during the 2026 Medium-Term Management Plan period

Realizing industry-leading manufacturing



Sintered Products such as
Valve Seats and Valve Guides



Environment Surrounding the Business

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

Business Strategy

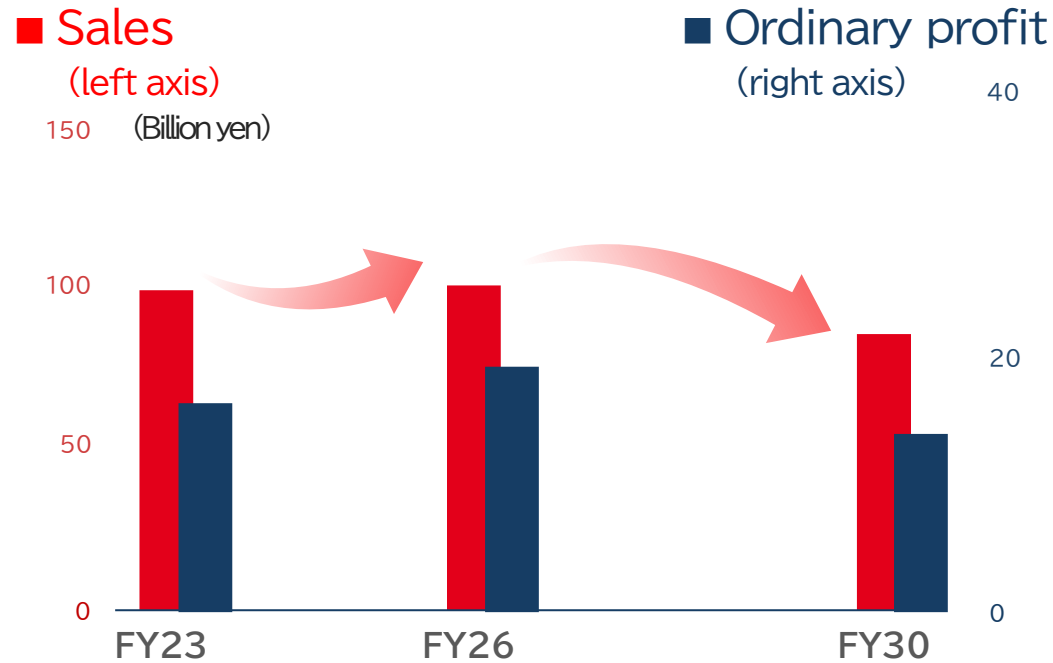
- Responding to the development of new models
- Focusing on markets where engines remain
- Promoting cost reduction and optimizing the cost structure
- Reflecting cost increases in prices
- Passing down technology to the next generation

Priority Measures during the 2026 Medium-Term Management Plan period

- Promoting the development of hydrogen and multiple fuels compatible products
- Technology development focusing on HEVs and PHEVs
- Strategies by product, region, and customer
- Optimizing the cost structure
 - Considering and implementing global optimal allocation
 - Strengthening cost competitiveness in terms of Quality, Cost, Delivery, Development, Safety, and Environment
 - Improving and innovating yield, manufacturing, and logistics using DX
- Measures for passing down technology to the next generation

Objectives during the 2026 Medium-Term Management Plan period

Realizing industry-leading manufacturing

During the
2026 Medium-
Term
Management
Plan period**Powertrain Business**
Strong orders and
profit maximization

● Capital Investment

FY18~FY20

FY21~FY23

Planned for the 2026 Medium
-Term Management Plan period

21 billion yen

17 billion yen

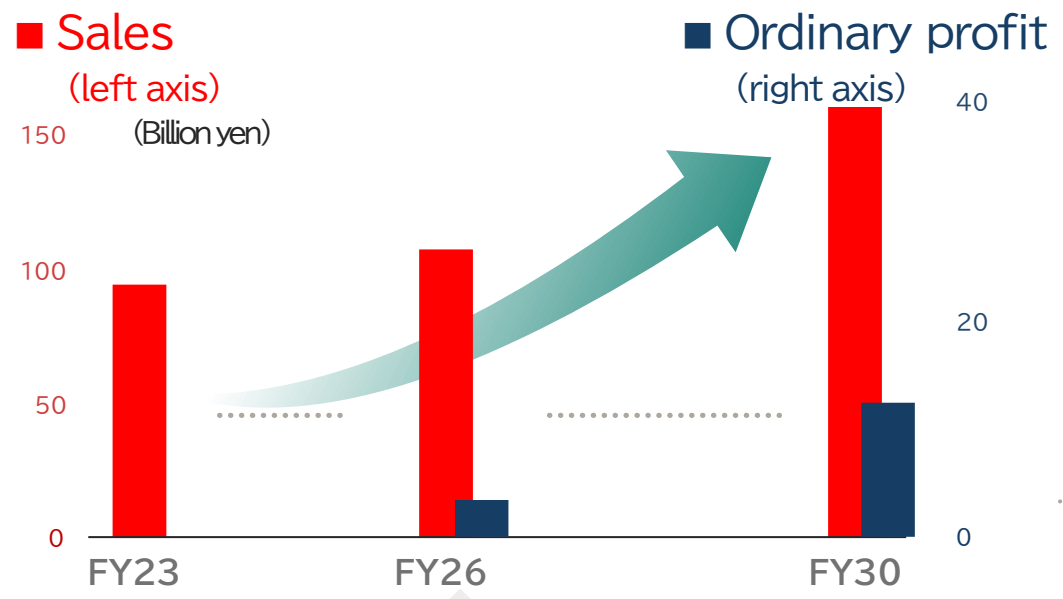
14 billion yen

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

Objectives during the 2026 Medium-Term Management Plan period

Proactively investing in growth areas and nurturing new core businesses

- 01 Expand the rubber and resin business
- 02 Develop EV-related products and commercialize them globally
- 03 Accelerate commercialization of nanomaterials
- 04 Create technologies to support a beautiful and prosperous future
- 05 Strengthen the automotive exterior and related equipment business



Priority Measures

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

Capital investment and growth investment



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

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

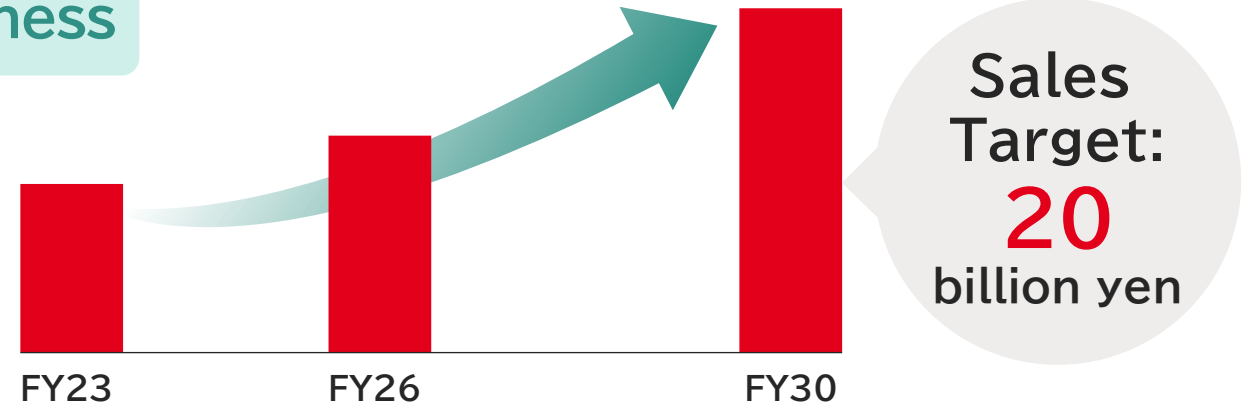
During the 2026 Medium-Term Management Plan period

Frontier Business

Strengthening profitability and early commercialization of businesses

01 Expand the rubber and resin business

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



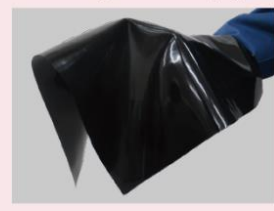
Rubber

Upstream products

Carbon master batch (CMB)



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



Downstream products

O-rings



Various types of seal parts



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

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

Resin

Various types of seal rings made of resin



Increasing demand for lightweight products

Lighter weight and high-performance sliding and seal parts

Stricter environmental regulations

Development of alternative resin materials to PFAS compliant with European regulations

- Development of environmentally friendly resin materials for housing



02 Develop EV-related products and commercialize them globally

● Leveraging strengths in China, a leading country in EVs

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

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

- Advancing development for Japanese manufacturers in CASE-related technologies and new products
- Establishing a joint venture in Mexico for EV parts production

- Production is scheduled to start from FY2024

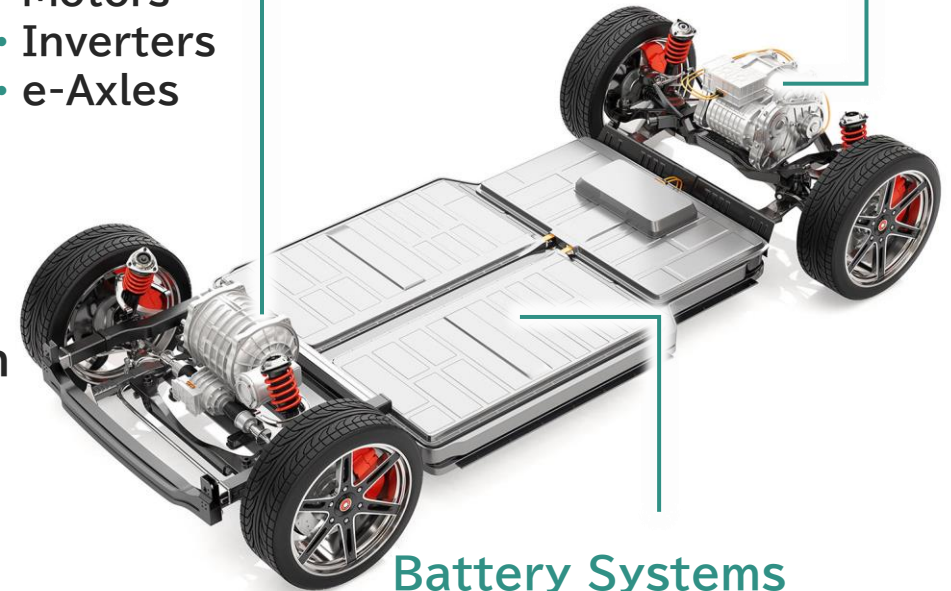
TPR ARN Manufacturing Mexico S.A de. C.V (Abbreviation: TAM)



Drive Systems

- Motors
- Inverters
- e-Axles

Thermal Management Systems

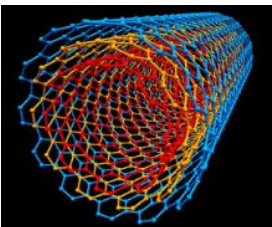


Battery Systems

- Battery cases
- Enhancing safety and durability

03 Accelerate commercialization of nanomaterials

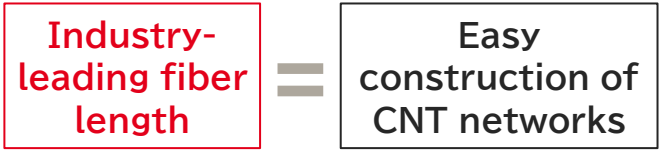
Carbon Nanotube (CNT) is a material composed of carbon atoms arranged in a hexagonal network (graphene sheet) that forms a single-layer or multi-layer coaxial tubular structure.



• Features of Carbon Nanotubes

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

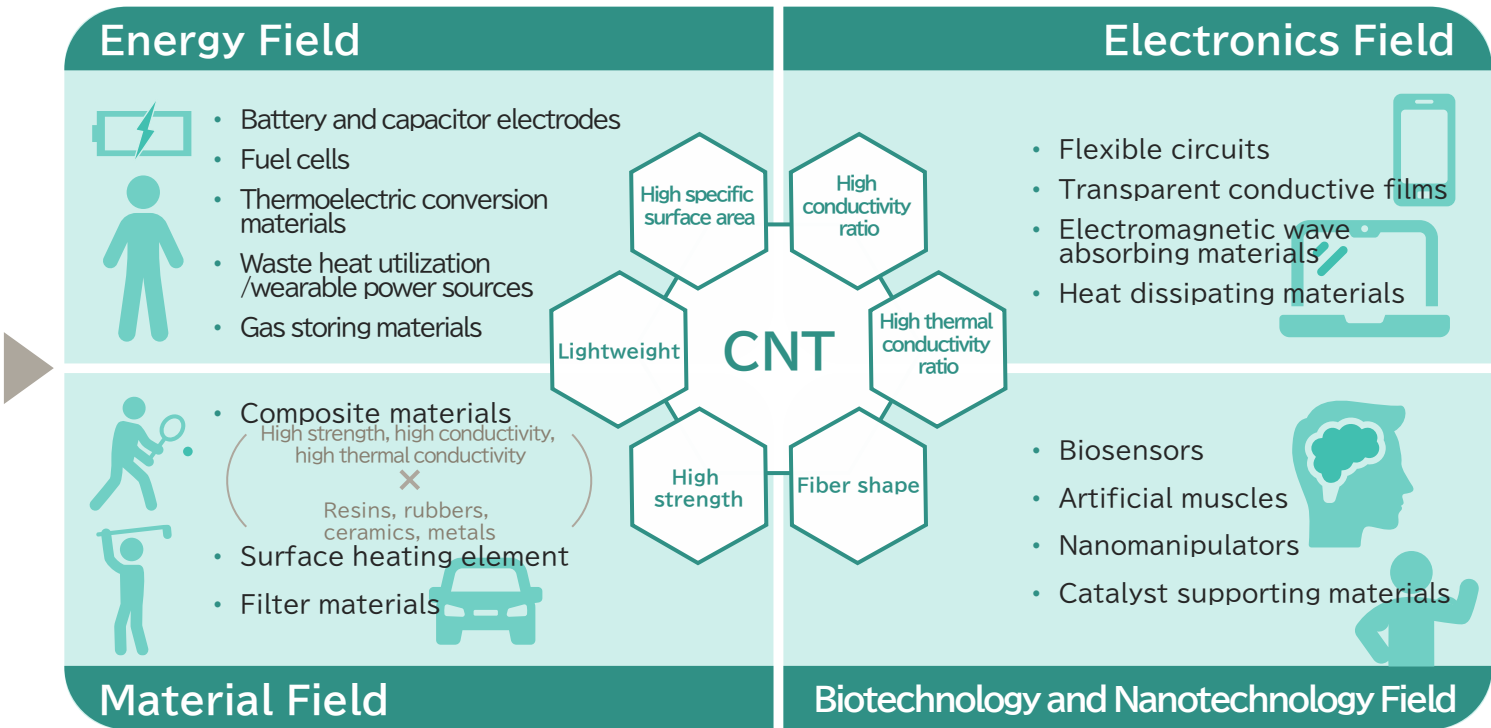
• Features of CNT made by TPR



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



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



04 Create technologies to support a beautiful and prosperous future

● Initiatives in new fields using future insights and backcasting thinking

Future predictions up to 2050

Extracting opportunity areas

Generating specific ideas

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

Emotion prediction platform Care Robot CoRoMoCo®

- Started test sales for proof-of-concept



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

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



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

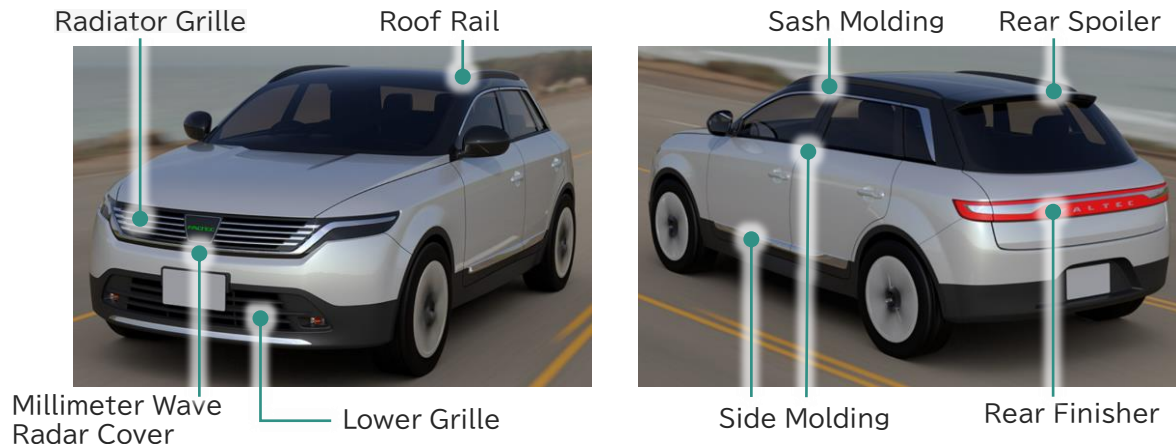
Infotainment Field Next-generation mobility services

Investment in DUAL MOVE Co., Ltd.

05 Strengthen the automotive exterior and related equipment business

Exterior Business

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

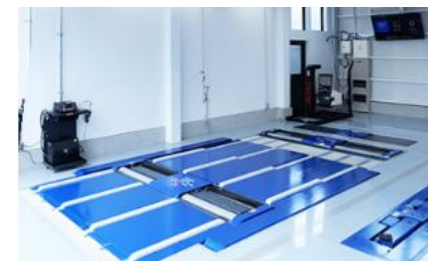


Automotive-Related Equipment Business

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

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

Creating new business opportunities



Automotive inspection/maintenance machinery, etc.



Equipment for manufacturing automotive vehicles

ESG

Materiality (Critical issues)

Key efforts in the 2026 Medium-Term Management Plan

Environment



Provide products/services that contribute to realizing a clean and high-quality regional community

Promote monozukuri that is considerate to the Earth's environment

- Development of powertrain products that improve fuel efficiency and support multi-fuel compatibility
- Development of clean technologies and products
- Commitment to medium- to long-term carbon neutrality targets, including Scope 3
- Education on compliance with laws and regulations, raising awareness among all employees of our Group

Society



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

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

- Human capital management, diversity, respect for human rights
- Health management initiatives and creating a fulfilling workplace
- Highest quality activities (initiatives taking a return-to-basics approach)
- Strengthening group procurement

Governance



Enhance a fair and highly transparent governance system

Risk management for continuity of business that is globally robust and stable

- Evolution of group management
- Enhancing dialogue with stakeholders
- Strengthening safety, disaster prevention, and business continuity planning (BCP)
- Information security management

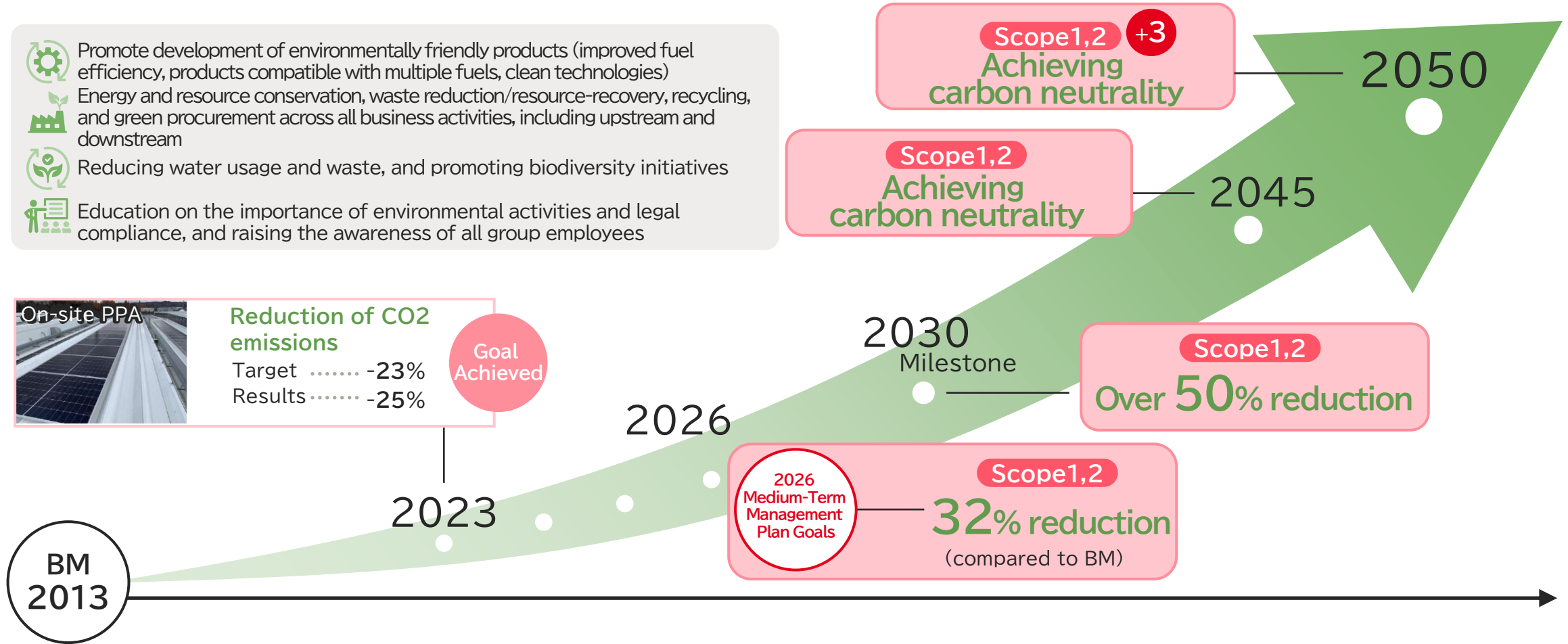
Materiality

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

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

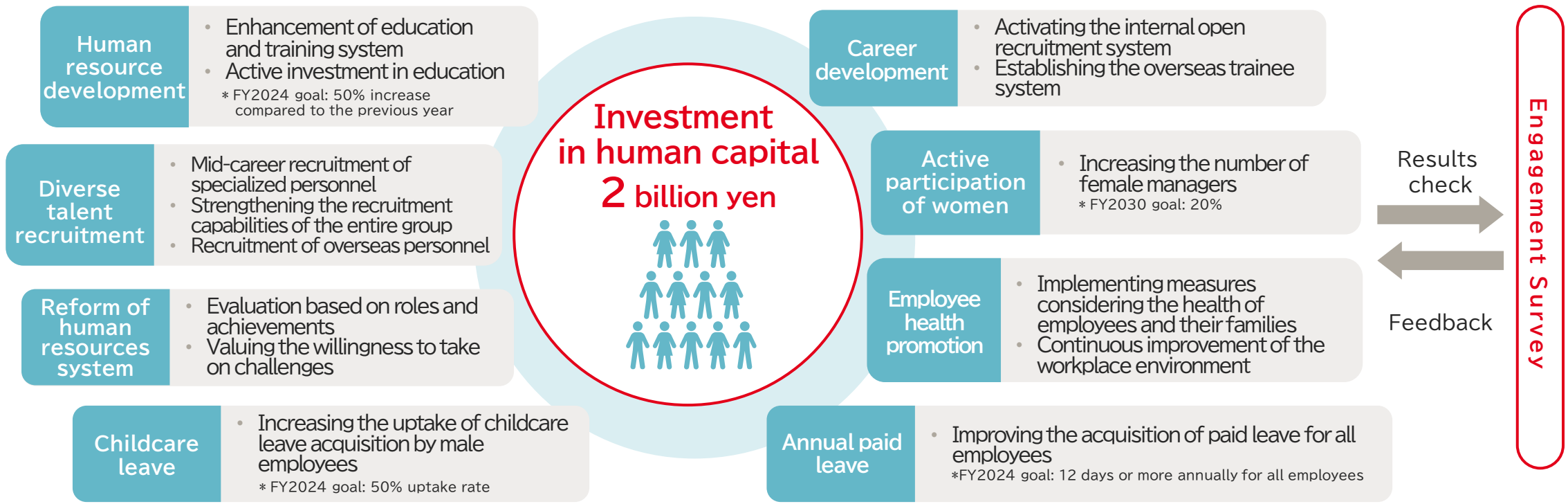


Reduction of CO2 emissions
Target -23%
Results -25%
Goal Achieved



Materiality

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



Materiality

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

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

Materiality

Enhance a fair and highly transparent governance system

Supervision
by the Board
of Directors



- Enhancing group management and optimal allocation of management resources
- Compliance activities in response to changes in systems and environments
- Organizational structure to strengthen governance



Dialogue with
stakeholders

Materiality

Risk management for continuity of business that is globally robust and stable

Occurrences such as natural disasters, cyber-attacks, and supply chain disruptions



BCP

Evolving activities to fulfill supply responsibilities and maintain customer trust (human life is the top priority)

Safety and
disaster
prevention

Activities		Goals
Prevention of work-related accidents	Establishing and utilizing risk assessments, guiding unsafe behavior, and adhering to work standards	Zero work-related accidents
Strengthening disaster and fire prevention systems	Enhancing disaster and fire prevention systems	Zero fires

Disclaimer

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