

[Translation]

Securities code: 5975  
June 5, 2024

To: Shareholders

Yutaka Yamamoto,  
Representative Director and President  
**Topre Corporation**  
12-2, Nihonbashi 3-chome, Chuo-ku, Tokyo

## NOTICE OF CONVOCATION OF THE 129<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially informed that the 129<sup>th</sup> Ordinary General Meeting of Shareholders (“Meeting”) of Topre Corporation (the “Company”) will be held as detailed below.

We would like to express our deepest sympathies to those of you who have suffered from the 2024 Noto Peninsula Earthquake and sincerely wish for a speedy recovery.

Since you may exercise your voting rights for the Meeting in advance in writing, online, or by other means instead of attending the Meeting in person, we recommend that you read the “Reference Documents for the General Meeting of Shareholders” and exercise your voting rights in accordance with the “Guide to Exercise of Voting Rights.”

- 1 **Date and time** 10:00 a.m., Wednesday, June 26, 2024 (reception starts at 9:00 a.m.)
- 2 **Place** KKR Hotel Tokyo, 10<sup>th</sup> floor, Zuiho  
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo  
(For directions, please refer to the map provided at the end of this Notice of Convocation.)
- 3 **Purpose**  
**Matters to be Reported**
  1. The Business Report, the Consolidated Financial Statements for the 129<sup>th</sup> Term (from April 1, 2023 to March 31, 2024) and Audit Reports by the Independent Auditor and the Board of Auditors on the Consolidated Financial Statements
  2. The Financial Statements for the 129<sup>th</sup> Term (from April 1, 2023 to March 31, 2024)**Matters to be Voted on**
  - Proposal No. 1: Appropriation of Surplus
  - Proposal No. 2: Appointment of six (6) Directors
  - Proposal No. 3: Partial Amendment of Particulars of Performance-Based Stock Compensation Plan for Directors

2 **Matters Regarding Provision in Electronic Format**

To convene the Meeting, we take measures to provide the information in the Reference Documents for a General Meeting of Shareholders and the related documents (i.e., electronic provision measures matters) in electronic format, and post it on each of the following websites. Therefore, please access any of the websites and review it.

<The Company's website>

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

Please access the website above, select the “notice of convocation,” and review it.



<Tokyo Stock Exchange's website (Listed Company Search)>

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above (Listed Company Search), enter “Topre” in the issue name (company name) column or “5975” in the code column and perform a search, select “basic information” and “documents for public inspection/PR information,” and review it.



<Website posting materials for a General Meeting of Shareholders>

<https://d.sokai.jp/5975/teiji/>

Please access the website above and review it.



- If you attend the Meeting in person, please present the Form for Exercising Voting Rights at the reception desk.
- If there are any revisions to the electronic provision measures matters, the fact thereof, the matters prior to revision, and the revised matters will be posted on each of the websites above.
- The Business briefing session which used to be held after the Meeting will not be held, and we will also refrain from offering gifts. We would appreciate your understanding.
- For shareholders who exercised voting rights online in advance, regardless of whether for or against the proposals, we will present electronic gifts (equivalent to 500 yen) to 100 persons chosen by lottery.

If you consent to the information on the screen displayed after exercising voting rights, you will be transferred to a gift application site. Please fill in the required information to apply.

Notifications will be sent to those selected as winners by the lottery approximately two weeks after the Meeting. Please select the gifts you would like to receive on the gift reception site.

# Guide to Exercise of Voting Rights

Voting rights may be exercised using one of the following three methods.

## Attending the General Meeting of Shareholders

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Please present the Voting Form to the reception desk.

Date and time

10:00 a.m., Wednesday, June 26, 2024 (reception starts at 9:00 a.m.)

Place

KKR Hotel Tokyo, 10<sup>th</sup> floor, Zuiho  
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo  
(For directions, please refer to the map provided at the end of this Notice of Convocation.)

## Voting in writing (by mail)

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Please indicate agree or disagree on the proposals and mail the form; no stamp is needed.

If you do not indicate whether you agree or disagree, we will treat it as a manifestation of your intention to agree.

Exercise deadline

Forms must be received by 5:30 p.m., Tuesday, June 25, 2024

## Voting online or by other means

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Please access the voting website (<http://evote.tr.mufg.jp/>) using your computer or smartphone, enter your “Login ID” and “Temporary Password” indicated on the Voting Form, and vote agree or disagree on the proposals by following the instructions on the screen.

Exercise deadline

Voting must be completed by 5:30 p.m., Tuesday, June 25, 2024

If you vote more than once, the last vote will be deemed the valid vote. When you vote in duplicate using both a computer and a smartphone, the last vote will be deemed valid. When you vote in duplicate both in writing and online or by other means, the online vote or vote by other means will be deemed valid.

To institutional investors:

The Company participates in the electronic voting platform for Institutional Investors operated by ICJ, Inc.

# Guide to Exercise of Voting Rights Online or by Other Means

## By Scanning Your QR Code

You can log in to the voting website without entering your Login ID and Temporary Password indicated on the duplicate form of the Voting Form.

1. Please scan the QR code on the bottom right of the Voting Form.



\* QR code is a registered trademark of Denso Wave Inc.

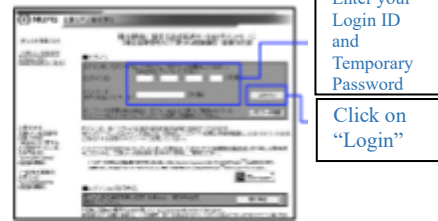
2. Please follow the instructions on the screen and enter your vote for or against the proposal.



## By Entering Your Login ID and Temporary Password

Voting website: <https://evote.tr.mufg.jp/>

1. Please access the voting website.
2. Please enter the Login ID and Temporary Password indicated on the Voting Form and click on “Login”.



3. Please follow the instructions on the screen and enter your vote for or against the proposal.

\*The operation screen is for illustration purposes only.

For questions regarding the exercise of the voting rights online—that is, by computer or smartphone—please contact:

Mitsubishi UFJ Trust and Banking Corporation  
Security Representative Services Department  
Helpdesk  
0120-173-027  
(Toll free: Hours: 9 a.m. to 9 p.m.)

Institutional investors can use the electronic voting platform for Institutional Investors operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### **Proposal No. 1** Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Re: Term-end dividends

Taking into account performance in the term under review and in recent years as well as business development going forward and the strengthening of our management structure, we propose to distribute the 129<sup>th</sup> Term term-end dividends as follows:

Type of property to be distributed	Cash
Matters relating to allotment of dividends to shareholders and total amount	30 yen per common share of the Company. The total amount of dividends will be 1,541,252,760 yen. Annual dividends including interim dividends (25 yen per share) will be 55 yen per share.
The date dividends of surplus come into effect	June 27, 2024

**Proposal No. 2** Appointment of Six (6) Directors

At the end of the Meeting, the term of office of all nine directors will expire. Therefore, in order to speed up decision-making by directors, the Company will decrease the number of directors by three; thus, we would like to appoint six (6) directors in total, consisting of three (3) inside directors and three (3) outside directors.

The director candidates are as follows:

Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
1	<p><b>Reappointed</b></p> <p>Yutaka Yamamoto (March 10, 1962)</p>	<p>April 1984      Joined the Company</p> <p>May 2010      The Company, Auto Parts Engineering Div. Sagamihara Plant Manager and Hiroshima Plant Manager</p> <p>July 2010      The Company, Auto Parts Engineering Div. Sagamihara Plant Manager</p> <p>June 2011      The Company, Purchasing Headquarters Purchase Manager</p> <p>June 2014      The Company, Director</p> <p>June 2015      Tokyo Metal Pack Co., Ltd., Representative Director and President</p> <p>June 2016      The Company, Product Business Dept., Air- Conditioning Equipment Div. Manager</p> <p>                    The Company, Product Business Dept., Electronic Equipment Div. Manager</p> <p>June 2018      The Company, Executive Managing Director</p> <p>                    The Company, Product Business Dept., General Manager</p> <p>June 2020      The Company, Administrative Headquarters General Manager</p> <p>June 2022      The Company, Representative Director and President (present)</p>	15,100
<p>Reasons for appointment: Mr. Yutaka Yamamoto is well-versed in plant administration in the Auto Parts Division, Purchasing Division administration, and administration of air-conditioning equipment, electronic equipment, and other administrative matters in the Product Business Division, and since June 2014 has engaged in corporate management as a director. In June 2016, he became the Manager of the Air- Conditioning Equipment Division and Electronic Equipment Div. Manager, and led the Company's Product Business Division and contributed to improvement of the division's performance. From June 2020, while serving as the General Manager of Administrative Headquarters, he demonstrated the appropriate ability to execute and supervise administration through general management. Since June 2022, he has served as the Representative Director and President and as the chairperson of the Board of Directors, and has led the management of the Company. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
2	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> Katsuro Harata (May 31, 1958)	<p>April 1977      Joined the Company</p> <p>July 2001      The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2006      Tokyo Kinzoku Industry Co., Ltd., Representative Director and President (resigned in December 2011)</p> <p>April 2007      The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>December 2011      The Company, Cold Storage Equipment Div. Hiroshima Plant Manager and Auto Parts Engineering Div. Hiroshima Plant Manager</p> <p>April 2013      The Company, Merchandise Headquarters Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2013      Tokyo Kinzoku Industry Co., Ltd., Representative Director and President</p> <p>June 2016      The Company, Director The Company, Product Business Dept. Cold Storage Equipment Div., Deputy Manager</p> <p>April 2017      The Company, Product Business Dept. Cold Storage Equipment Div. Manager (present)</p> <p>June 2020      The Company, Executive Managing Director (present) The Company, Product Business Headquarters General Manager (present)</p>	31,800
<p>Reasons for appointment: Mr. Katsuro Harata has served as the Tochigi Plant Manager and Hiroshima Plant Manager for the cold storage equipment division of the Company, is well-versed in the refrigerated vehicle business of the Company, and has engaged in corporate management as a director since June 2016 and as an executive managing director since June 2020. He is currently the General Manager of the Product Business Headquarters, where he has responded quickly to recent environmental changes in the refrigerated vehicle market and has led the division of this business. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> Yoshinori Tsuyuki (June 9, 1960)	April 1984      Joined the Company April 2006      The Company, General Affairs Manager and Secretariat Office Manager June 2010      The Company, Director June 2011      The Company, General Affairs and Human Resources Manager and Secretariat Office Manager The Company, Foreign Operations Dept. Asia Manager February 2012    TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman April 2013      The Company, General Affairs and Human Resources Manager and Human Resource Development General Manager June 2014      TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President October 2017    The Company, Purchasing Headquarters General Manager (present) June 2022      The Company, Executive Managing Director (present) The Company, General Manager of Administrative Headquarters (present)	32,300
<p>Reasons for appointment: Mr. Yoshinori Tsuyuki has held the positions of General Affairs Manager and Secretariat Office Manager, and has engaged in corporate management as a director since June 2010 and as an executive managing director since June 2022. In June 2014, he became the Chairman and President of TOPRE (FOSHAN) AUTOPARTS CORPORATION, a consolidated subsidiary, and gained experience and knowledge as a corporate manager. For the foregoing reasons, the Company would like him to continue as a director.</p>			



Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
4	<div data-bbox="403 674 587 703" style="border: 1px solid black; padding: 2px;">Reappointed</div> <div data-bbox="403 719 587 748" style="border: 1px solid black; padding: 2px;">Outside director</div> <div data-bbox="403 763 587 792" style="border: 1px solid black; padding: 2px;">Independent</div> Tsuyoshi Takada (July 28, 1972)	April 2000      Admitted as an attorney Joined Torikai Law Office May 2007      Maruetsu Inc., Outside Auditor (present) June 2007      The Company, Outside Auditor June 2015      The Company, Outside Director (present) January 2016    Established Wadakura Gate Law Office (present) November 2018    Armure Blanc. Inc. Outside Director (present) March 2020      IP Dream Inc., Outside Director (present) March 2021      Noritsu Koki Co., Ltd., Outside Director (present) June 2022      OpenDoor Inc., Outside Director (present) (Major position(s) concurrently held) Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc., Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co., Ltd., Outside Director OpenDoor Inc., Outside Director	0
Reasons for appointment and expected roles: Mr. Tsuyoshi Takada brings the professional perspective of an attorney and has strong knowledge about corporate legal affairs; at Board of Directors meetings we expect him to monitor management by expressing opinions from an objective and neutral standpoint, independent from the other executive officers of the Company. Although he has never been involved in the management of a company other than becoming an outside officer, for the foregoing reasons, for the sustained enhancement of the corporate value of the Company, the Company has determined that he is an appropriate appointment and would like him to continue as an outside director.			

Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
5	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Outside director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 2px;">Independent</div> Naoshi Ogasawara (August 19, 1965)	April 1989      Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)  December 1991      Joined Grant Thornton Taiyo Inc. (currently Grant Thornton Taiyo Accounting Service Inc.)  August 1992      Registered as a certified public accountant April 2007      Grant Thornton Taiyo ASG Inc. (currently Grant Thornton Taiyo Accounting Service Inc.), Representative Member  October 2008      Avantia GP, Representative (present) April 2010      Center for National University Finance and Management (currently National Institution for Academic Degrees and Quality Enhancement of Higher Education), Auditor (present)  June 2016      Tsuzuki Denki Co., Ltd., Outside Auditor The Company, Outside Director (present)  March 2022      Nikkiso Co., Ltd., Outside Auditor (present)  June 2022      Tsuzuki Denki Co., Ltd., Outside Director (present)  (Major position(s) concurrently held) Avantia GP, Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education, Auditor Tsuzuki Denki Co., Ltd., Outside Director Nikkiso Co., Ltd., Outside Auditor	0
Reasons for appointment and expected roles: Mr. Naoshi Ogasawara has a wealth of experience and strong knowledge relating to finance and accounting, which he cultivated as a certified public accountant; at Board of Director meetings we expect him to monitor management by expressing opinions from an objective and neutral standpoint independent from the other executive officers of the Company. Although he has never been involved in the management of a company other than becoming an outside officer, for the foregoing reasons, for the sustained enhancement of the corporate value of the Company, the Company has determined that he is an appropriate appointment and would like him to continue as an outside director.			

Candidate number	Name (Date of birth)	Work history, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
6	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Female</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside director</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> Yoshie Midorikawa (May 8, 1979)	December 2007 Admitted as an attorney January 2008 Joined Mori Hamada & Matsumoto September 2014 Joined (seconded to) Allen & Gledhill in Singapore January 2015 Admitted as an attorney in New York October 2016 Joined Freshfields Bruckhaus Deringer October 2017 Joined Nozomi Sogo Attorneys at Law January 2019 Miura & Partners, Partner (present) June 2019 IPS, Inc., Outside Auditor June 2019 SOSiLA Logistics REIT, Inc., Supervisory Officer (present) May 2022 BayCurrent Consulting, Inc., Outside Auditor May 2023 BayCurrent Consulting, Inc., Outside Director (Audit and Supervisory Committee Member) (present) June 2023 JustSystems Corporation, Outside Director (present) The Company, Outside Director (present) (Major position(s) concurrently held) Miura & Partners, Partner SOSiLA Logistics REIT, Inc., Supervisory Officer BayCurrent Consulting, Inc., Outside Director (Audit and Supervisory Committee Member) JustSystems Corporation, Outside Director	0
Reasons for appointment and expected roles: Ms. Midorikawa brings the professional perspective of an attorney and has high-level insight into corporate legal affairs, both domestic and overseas; at Board of Directors meetings we expect her to monitor management by expressing opinions from an objective and neutral standpoint, independent from the other executive officers of the Company. Although she has never been involved in the management of a company other than becoming an outside officer, for the foregoing reasons, for the sustained enhancement of the corporate value of the Company, the Company has determined that she is an appropriate appointment and would like her to continue as an outside director.			

Notes:

1. There are no special interests between any of the director candidates and the Company.
2. Mr. Tsuyoshi Takada is currently an outside director of the Company, and he will have served as an outside director for nine years at the end of the Meeting. He was an outside auditor of the Company before he took office as an outside director, serving as an outside auditor for eight years.
3. Mr. Naoshi Ogasawara is currently an outside director of the Company, and he will have served as an outside director for eight years at the end of the Meeting.
4. Ms. Yoshie Midorikawa is currently an outside director of the Company, and she will have served as an outside director for one year at the end of the Meeting.
5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with Mr. Tsuyoshi Takada, Mr. Naoshi Ogasawara, and Ms. Yoshie Midorikawa under which their liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act. If the reappointment of each candidate is approved, the Company intends to continue such agreements with them.
6. The Company has entered into directors and officers liability insurance agreements with the Directors, Auditors, and officers of the subsidiaries as the insured, and an outline of these agreements is set forth in section "3. Matters Concerning the Company Officers" of the Business Report. If a candidate is appointed and takes office, he or she will be included among the insured persons under the insurance agreements. In addition, insurance agreements will be renewed with the same details as the existing agreements at the time of the next renewal.

7. Mr. Tsuyoshi Takada, Mr. Naoshi Ogasawara, and Ms. Yoshie Midorikawa satisfy the requirements for independent officers pursuant to the regulations of the Tokyo Stock Exchange, and thus, if the reappointment of each candidate is approved, the Company intends to file notifications to the effect that they will continue as independent officers.
8. The “Number of Company shares held” includes equity interests in the Officer Shareholders’ Association.

[Reference] Skills Matrix of Directors and Auditors If Proposal No. 2 is Approved

Name	Positions After Approval	Management	Sales Procurement	Accounting	Personnel Affairs	Legal Affairs Risks	IT	Foreign Operations	Technical Development	Production	Quality	ESG
Yutaka Yamamoto	Representative Director President and Chief Executive Officer	●	●	●	●	●	●	●	●	●	●	●
Katsuro Harata	Director Executive Operating Officer	●	●	●					●	●	●	●
Yoshinori Tsuyuki	Director Executive Operating Officer	●	●	●	●	●		●		●	●	●
Tsuyoshi Takada	Outside Director					●						●
Naoshi Ogasawara	Outside Director			●								●
Yoshie Midorikawa	Outside Director					●		●				●
Tomio Kitabayashi	Full-time Auditor		●	●	●		●					●
Masahiko Satoh	Outside Auditor			●								●
Hidekazu Tanaka	Outside Auditor					●						●

**Proposal No. 3** Partial Amendment of Particulars of Performance-Based Stock Compensation Plan for Directors

The Company has introduced a performance-based stock compensation plan (“Plan”) for its directors (excluding outside directors and overseas resident directors; hereinafter the same applies in this proposal) by obtaining shareholder approval at the 121<sup>st</sup> Ordinary General Meeting of Shareholders held on June 28, 2016.

Recently, taking into account changes in the management environment, economic environment, etc. after the introduction of the Plan, we reviewed officer compensation serving as an incentive necessary for promotion of continuous improvement of our corporate value, and the Company requests that a partial amendment of the particulars of the Plan be approved for the purpose of increasing the rate of the Plan within overall officer compensation.

The purpose of the partial amendment of the particulars of the Plan is to make clearer the link between director’s compensation and the Company’s performance and shareholder value and to heighten awareness of the importance of contributing to improvement of the Company’s medium- to long-term performance and increase in its corporate value, and we believe that the partial amendment is appropriate.

The number of directors eligible to receive compensation under the Plan will be three if Proposal 2: Appointment of Six (6) Directors is approved as proposed.

1. Amount and Particulars of Compensation under the Plan

(1) Particulars of amendment of the Plan

The maximum amount of monies to be contributed by the Company, the maximum number of Company shares, etc. to be acquired by directors, and the financial results achievement conditions under the current Plan will be changed. With respect to the five fiscal years that are the periods subject to the Plan, the maximum amount of monies to be contributed by the Company will increase to 500 million yen in total, the maximum number of Company shares, etc. to be acquired by directors will increase to 130,000 points (shares) in total, and non-financial indicators will be added to the particulars of financial results achievement conditions.

(2) Overview of the Plan

The Plan is a stock compensation plan whereby a trust created by the Company acquires Company shares using an amount of director compensation contributed by the Company as the source of funds and the Company grants and delivers (“Grants”) to directors Company shares and monies equivalent to the proceeds from conversion and disposal of Company shares (“Company Shares”) through that trust (the details are set forth in (3) and thereafter).

(i) Persons eligible to receive Grants of Company Shares subject to this Proposal	<ul style="list-style-type: none"><li>Company directors (excluding outside directors and overseas resident directors)</li></ul>
(ii) Impact of Company shares subject to this Proposal on the total number of outstanding shares	
Maximum amount of monies to be contributed by the Company (as set forth in (3) below)	<ul style="list-style-type: none"><li>Total of 500 million yen over five fiscal years</li></ul>
Maximum number of Company Shares to be acquired by directors	<ul style="list-style-type: none"><li>The maximum number of points (number of shares) to be granted to directors during the term of the trust shall be 26,000 points (shares) per annum and a total of 130,000</li></ul>

and method of acquisition (as set forth in (3) and (4) below)	<p>points (shares) over five years, which is approximately 0.25% of the total number of outstanding shares (as of March 31, 2024; after excluding treasury shares).</p> <ul style="list-style-type: none"> <li>The Company shares will be acquired from the stock market or from the Company (disposal of treasury shares).</li> </ul>
(iii) Particulars of financial results achievement conditions (as set forth in (4) below)	<ul style="list-style-type: none"> <li>To be modified according to the degree of achievement of target values for Company performance indicators (consolidated operating profit, ROE, etc.) and non-financial indicators during each fiscal year.</li> <li>The number of shares is to be determined within a range of 0% to 150%.</li> </ul>
(iv) Timing of Grants of Company Shares to directors (as set forth in (5) below)	<ul style="list-style-type: none"> <li>At the time of resignation</li> </ul>

### (3) Maximum amount of monies to be contributed by the Company

Currently, the Plan covers five fiscal years from the fiscal year ended on the last day of March 2022 to the fiscal year ended on the last day of March 2026 (“Subject Periods”; the two fiscal years from the fiscal year ended on the last day of March 2025 to the fiscal year ended on the last day of March 2026, “Initial Subject Periods”).

During each Subject Period, the Company will contribute a maximum total of 500 million yen (with respect to the Initial Subject Periods, 200 million yen) as compensation to directors and shall create (including extensions of the trust term specified below; hereinafter the same applies) a trust (“Trust”) with a five-year trust term for which directors who fulfill the beneficiary conditions are beneficiaries. The Trust will acquire Company shares from the stock market or the Company (disposal of treasury shares) in accordance with instructions from the trust administrator using entrusted monies as the source of funds. During the trust term, the Company shall grant points (as set forth in (4) below) to directors, and the Trust shall carry out Grants of Company Shares equivalent to the accumulated number of points granted (“Cumulative Number of Points”) when a director resigns (if a director dies, then at the time of death; hereinafter the same applies).

When the term of the Trust expires, instead of creating a new Trust, the current Trust may be continued by revising the trust agreement and making an additional entrustment. In this case, the term of the Trust shall be extended only for a period equal to the initial trust term, and the Subject Periods shall be the five fiscal years since the extension of the trust term. During each extended trust term, the Company shall make additional contributions of a maximum total of 500 million yen, and the grants of points and Grants of Company Shares to directors shall continue during the extended trust term. However, in the case where an additional contribution is made, if there are any Company shares (excluding Company shares equivalent to points granted to directors for which Grants were not completed) and monies remaining in the trust assets (“Residual Shares”) on the last day of the trust term before extension, the aggregate amount of Residual Shares and the trust monies additionally contributed shall be no more than 500 million yen.

### (4) Method of calculation of Company shares to be acquired by directors (including number of shares subject to conversion and disposal) and the maximum number thereof

The number of Company shares to be granted to directors (including the number of shares subject to conversion and disposal) will be determined based on the Cumulative Number of Points specified

below. One point is equal to one share, and in the case where the number of Company shares belonging to the Trust increases or decreases as a result of a share split, allotment of shares without contribution, consolidation of shares, or the like, the Company shall adjust the number of Company shares to be granted per point (including the number of shares subject to conversion and disposal) according to the ratio of the increase or decrease.

In June of each trust term, directors will be granted points obtained by multiplying the number of base points specified for each rank in advance by a performance-linked variable that varies according to the degree of financial results achievement during the fiscal year ended on March 31 of the same year.

The points granted in each fiscal year will vary within a range of 0% to 150% of base points according to the degree of achievement of performance targets for each fiscal year. As the indicators for evaluating the degree of financial results achievement, consolidated operating profit, ROE, and non-financial indicators will be used.

The Trust will carry out Grants of Company Shares equivalent to the Cumulative Number of Points calculated according to the formula above to persons who fulfill the beneficiary conditions.

The total number of points that the Trust may grant to directors per annum is up to 26,000. Further, the number of Company shares that the Trust acquires to grant to directors is up to the number of shares equal to the total number of such points per annum (26,000 points) multiplied by five, which is the number of years of the trust term (130,000 shares; however, with respect to the Initial Subject Periods, consisting of two fiscal years, 52,000 points). The maximum number of shares that may be granted is set taking into consideration the most recent share prices and other factors based on the maximum trust amount specified in (3) above.

#### (5) Timing of Grants of Company Shares to directors

Directors who fulfill the beneficiary conditions shall receive Grants of the Company Shares equivalent to the Cumulative Number of Points calculated in accordance with (4) above at the time of resignation as a director. At that time, the relevant directors shall receive a grant of the number of Company shares (fractional shares shall be rounded down) equivalent to 70% of that number of points, and with regard to the remainder, shall receive a payment of monies equal to the conversion and disposal proceeds following conversion by the Trust.

In the case where a director dies during the trust term, in principle, the Company shares corresponding to the Cumulative Number of Points at that time shall be converted by the Trust, and the director's heirs shall receive a payment of monies equal to the conversion and disposal proceeds.

Further, if a director becomes an overseas resident director during the trust term, in principle, the Company shares corresponding to the Cumulative Number of Points at that time shall be converted by the Trust, and the director shall receive a payment from the Trust of monies equal to the conversion and disposal proceeds. During the period in which a director is an overseas resident director, instead of shares, monies will be paid to the director.

#### (6) Voting rights concerning Company shares in the Trust

In order to ensure independence from management, voting rights shall not be exercised with regard to the Company shares held by the Trust (i.e., the Company shares before Grants to directors pursuant to (5) above) during the trust term.

#### (7) Other details of the Plan

The Board of Directors shall determine other details relating to the Plan when the Trust is created, when the trust agreement is revised, and when additional contributions are made to the Trust.



(Reference)

The Company plans to introduce a stock compensation plan for the Company's delegated executive officers, the particulars of which are the same as those of the Plan.

End





## Business Report

(From April 1, 2023 to March 31, 2024)

### 1. Current Condition of the Business Group

#### (1) Business Developments and Results of Operations

Reviewing the consolidated operating results of the Topre Group (the “Group”) for the consolidated fiscal year under review, net sales were 354,922 million yen, an increase of 64,505 million yen (22.2% increase) over the preceding fiscal year, while operating income was 22,406 million yen, an increase of 15,075 million yen (205.6% increase) from the preceding fiscal year. Ordinary income was 37,840 million yen, an increase of 21,322 million yen (129.1% increase) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 17,099 million yen, an increase of 7,089 million yen (70.8% increase) from the preceding fiscal year.

Net Sales 354,922 million yen An increase of 22.2% over the preceding consolidated fiscal year 	Ordinary Income 37,840 million yen An increase of 129.1% from the preceding consolidated fiscal year 
Operating Income 22,406 million yen An increase of 205.6% from the preceding consolidated fiscal year 	Net Income Attributable to Shareholders of the Parent Company 17,099 million yen An increase of 70.8% from the preceding consolidated fiscal year 

Next, we would like to report on sales by business segment.

From the consolidated fiscal period for the first quarter, due to a partial revision of the classification for managing operating results within the Group, operating results of the transportation business, which were previously included in the “Press Products Business” and “Temperature-Controlled Logistics Business,” are included in “Other Business.” For comparison with the preceding year as stated below, we have compared and analyzed the figures after reclassifying the figures for the preceding year to the revised segment classification.

Press Products Business  
Sales: 294,505 million yen  
(up 23.6% over the preceding year)  
Percentage of sales: 83.0%

In the press products business, the impact of a semiconductor shortage was mitigated, and the volume of sales increased from the preceding year in Japan and North America. Due to that, the overall sales in the press products business increased to 294,505 million yen, up 56,297 million yen (23.6% increase) over the preceding year. In regard to income, although it was affected by a sales volume decrease in China, in the press products business, due to the increase of sales volume, segment income (operating income) totaled 16,313 million yen, up 13,082 million yen from the preceding year (404.8% increase).



Temperature-Controlled Logistics Business  
Sales: 45,187 million yen (up 24.1% from the preceding year)  
Percentage of sales: 12.7%

In the temperature-controlled logistics business, sales of refrigerated vehicles increased from the preceding year as the impact of a parts shortage was mitigated. As a result, sales for temperature-controlled logistics businesses totaled 45,187 million yen, up 8,764 million yen from the preceding year (24.1% increase). Segment income (operating income) came to 4,556 million yen, up 1,962 million yen from the preceding year (75.6% increase) due to various reasons, including some understanding of price pass-through being displayed.



Other Business  
Sales: 15,230 million yen (down 3.5% from the preceding year)  
Percentage of sales: 4.3%

In the electronic equipment sector, sales of “REALFORCE” gaming keyboards increased due to enhancement of functions; however, sales of touchscreen application products and OEM custom keyboards decreased. As a result, both sales and operating results fell below those for the preceding year. For the transportation business, both sales and operating results fell below those for the preceding year. In the air conditioning equipment sector, since residential ventilation systems were replaced by high value-added products and some understanding of price pass-through due to a substantial rise in the cost of materials was displayed, both sales and operating income exceeded the preceding year. As a result, sales for Other Business were 15,230 million yen, down 556 million yen from the preceding year (3.5% decrease). Segment income (operating income) increased to 1,527 million yen, up 72 million yen from the preceding year (5.0% increase).



## (2) Capital Expenditures

During the consolidated fiscal year under review, the Group’s capital expenditures totaled 21,723 million yen. Major capital expenditures are as follows:

### (i) Major capital expenditures completed during the consolidated fiscal year under review

#### Press Products Business

- Dies and molds and assembly production equipment (Topre Corporation)
- Building, dies, and molds and assembly production equipment (Topre Kyushu Corporation)
- Dies and molds and assembly production equipment (Topre Tokai Corporation)
- Dies and molds and assembly production equipment (Topre America Corporation)
- Dies and molds and laser processing equipment (Topre Autoparts Mexico, S.A. de C.V.)

### (ii) Major capital expenditures continuing during the consolidated fiscal year under review

#### Press Products Business

- Dies and molds and assembly production equipment (Topre Corporation)
- Building, dies, and molds and assembly production equipment (Topre Kyushu Corporation)
- Building, dies, and molds and assembly production equipment (Topre America Corporation)
- Building and press production equipment (TOPRE (XIANGYANG) AUTOPARTS CORPORATION)

### (3) Financing

During the consolidated fiscal year under review, a long-term borrowing of 10 billion yen was obtained from a financial institution, as funding for the press products business.

### (4) Acquisition or Disposition of Other Company Shares or Other Equity or Share Warrants

N/A

### (5) Challenges

The Group has formulated its 16th Medium-Term Management Plan covering the period from FY 2024 to FY 2026, and is implementing its basic policies with the following vision: “Marking its 100th year since its establishment in 2035, Topre will continue to provide products for diverse customers with various technologies.” We will continue to achieve further growth and development by responding flexibly to the diverse and changing environment while keeping a close eye on market trends.

<Vision for the 16th Medium-Term Management Plan>

Marking its 100th year since its establishment in 2035, Topre will continue to provide products for diverse customers with various technologies.

<Basic Policy of the 16th Medium-Term Management Plan>

1. We will continue to be a company responsible for employees that will lead the next generation by making efforts to develop human resources and developing a good working environment and expanding fields where talents with diversity awareness are able to play an active role.
2. We will continue to improve our competitiveness, pursuing technological capability that corresponds to our customers’ needs, through improving efficiency of means of production and promoting technological innovation.
3. We will fulfill our social responsibility as a global company, always having a high level of awareness for realization of sustainability.

### (6) Changes in Assets and Income

Item	Unit	126 <sup>th</sup> Term ended March 2021	127 <sup>th</sup> Term ended March 2022	128 <sup>th</sup> Term ended March 2023	129 <sup>th</sup> Term ended March 2024 (Consolidated fiscal year under review)
Net Sales	Million yen	214,544	233,601	290,416	354,922
Ordinary Income	Million yen	16,487	17,013	16,518	37,840
Net Income of Shareholders of Parent Company	Million yen	12,559	10,998	10,009	17,099
Net Income Per Share	Yen	239.28	209.60	190.70	326.71
Net Assets	Million yen	165,632	180,465	194,551	216,726
Total Assets	Million yen	309,790	320,013	339,376	365,525

Note: Net income per share was calculated based on the average number of outstanding shares (number of shares less number of treasury shares) during the term under review. The “Officer Compensation BIP Trust” was introduced in the 122<sup>nd</sup> Term, and Company shares held by said trust are included in treasury shares for computation.

### (7) Material Parent and Subsidiaries

#### (i) Parent company

N/A

(ii) Material subsidiaries

	Company name	Capital	Company's share of voting rights	Main business
Domestic	Toprec Corporation	300 Million yen	100%	Sales of refrigerated vehicles
	Toho Transportation Co., Ltd.	282 Million yen	50%	Transport business
	Topre Kyushu Corporation	100 Million yen	100%	Manufacture of auto parts
	Topre Tokai Corporation	490 Million yen	100%	Manufacture of auto parts
	MITSUIKE CORPORATION	50 Million yen	100%	Manufacture of auto parts
North America	Topre America Corporation	211 US\$ million	100%	Manufacture of auto parts
	Topre Autoparts Mexico, S.A. de C.V.	327 Mex\$ million	100%	Manufacture of auto parts
Asia	TOPRE (FOSHAN) AUTOPARTS CORPORATION	2,000 Million yen	100%	Manufacture of auto parts
	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	2,000 Million yen	100%	Manufacture of auto parts
	TOPRE (WUHAN) AUTOPARTS CORPORATION	2,000 Million yen	100%	Manufacture of auto parts
	TOPRE (THAILAND) CO., LTD.	835 THB million	100%	Manufacture of auto parts
	Topre India Pvt. Ltd.	2,330 INR million	100%	Manufacture of auto parts

Note: The Company has 14 consolidated subsidiaries, including the 12 above.

**(8) Main Businesses** (as of March 31, 2024)

Business segment	Sales category	Main products
Press products business	Automotive	Automotive press products
	Dies and Molds	Press dies and molds, resin dies and molds, tools
Temperature-controlled logistics business	Refrigeration Equipment	Manufacture, sale, and construction of refrigerated containers, refrigeration equipment, chillers and refrigerators, temperature controlled warehousing and logistic centers, etc.
Other business	Air-conditioning Equipment	Vavcon, fans, clean room equipment, residential ventilation systems
	Electronic Equipment	Keyboards, touch screens
	Other	Transportation business

**(9) Major Offices and Plants** (as of March 31, 2024)

Domestic	Topre Corporation	Head Office	Chuo-ku, Tokyo
		Sagamihara Office	Chuo-ku, Sagamihara-shi, Kanagawa
		Hiroshima Office	Higashi Hiroshima-shi, Hiroshima
		Tochigi Office	Kaminokawa-machi, Kawachi-gun, Tochigi
		Gifu Office	Kawabe-cho, Kamo-gun, Gifu
	Toprec Corporation	Saitama Plant	Tokigawa-cho, Hiki-gun, Saitama
		Head Office	Chuo-ku, Tokyo
		Sendai Service Center	Wakabayashi-ku, Sendai, Miyagi
		Saitama Service Center	Kawaguchi-shi, Saitama
		Atsugi Service Center	Isehara-shi, Kanagawa
	Toho Transportation Co., Ltd.	Osaka Service Center	Settsu-shi, Osaka
		Kyoto Service Center	Kyoto-shi, Kyoto
	Topre Kyushu Corporation	Head Office	Chuo-ku, Sagamihara-shi, Kanagawa
		Atsugi Office	Atsugi-shi, Kanagawa
		Head Office Plant	Kurume-shi, Fukuoka
Topre Tokai Corporation	Engineering Center	Kurume-shi, Fukuoka	
	Kanda Plant	Kanda-machi, Miyako-gun, Fukuoka	
	Toin Head Office Plant	Toincho, Inabe-gun, Mie	
	Yokkaichi Plant	Yokkaichi-shi, Mie	
North America	Suzuka Plant	Suzuka-shi, Mie	
	Topre America Corporation	Head Office Plant	Alabama, U.S. A.
Asia	Topre Autoparts Mexico, S.A. de C.V.	Head Office Plant	Queretaro, Mexico
	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Head Office Plant	Guangdong Prov, China
	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Head Office Plant	Hubei Prov, China
	TOPRE (WUHAN) AUTOPARTS CORPORATION	Head Office Plant	Hubei Prov, China
	TOPRE (THAILAND) CO., LTD.	Head Office Plant	Samut Prakarn, Thailand
	Topre India Pvt. Ltd.	Head Office Plant	Gujarat, Republic of India
	PT. TOPRE REFRIGERATOR INDONESIA	Head Office Plant	Banten, Indonesia

**(10) Employees** (as of March 31, 2024)

(i) Group employees

Business segment	Number of employees	Change from a year earlier
Press products business	5,631	360
Temperature-controlled logistics business	742	-140
Other business	461	212
<b>Total</b>	<b>6,834</b>	<b>432</b>

Note: Employee numbers do not include temporary employees or employees on probation.

(ii) Company's employees

Number of employees		Change from a year earlier	Average age	Average length of service (years)
Male	1,397	-9	39.6	15.9
Female	107	5	37.4	11.0
<b>Total or average</b>	<b>1,504</b>	<b>-4</b>	<b>39.5</b>	<b>15.6</b>

Note: Employee numbers do not include temporary employees or employees on probation.

**(11) Major Lenders** (as of March 31, 2024)

Lender	Borrowing balance
Resona Bank, Limited.	9,686 Million Yen
Mizuho Bank, Ltd.	4,285 Million Yen 25 Million RMB
MUFG Bank, Ltd.	1,597 Million Yen 28 Million RMB

**(12) Other Important Matters Concerning the Current Situation of the Group**

N/A

## 2. Company Shares (as of March 31, 2024)

- (1) **Total number of shares authorized to be issued** 81,240,000 shares
- (2) **Total number of outstanding shares** 51,375,092 shares (excluding 2,646,732 treasury shares)
- (3) **Number of shareholders** 7,130
- (4) **Major Shareholders**

Shareholder	Shares (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,889	11.46
Custody Bank of Japan, Ltd. (trust account)	3,694	7.19
Naoko Ishii	2,660	5.17
Resona Bank, Limited.	2,493	4.85
Nippon Life Insurance Company	2,135	4.15
Topre Corporation Client Stock Ownership	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	1,076	2.09

Note: The Company holds 2,646,732 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The 2,646,732 treasury shares do not include the 126,934 Company shares owned by the Officer Compensation BIP Trust Account. The shareholding ratios are calculated without treasury shares.

## (5) Other Important Matters Concerning Shares, etc.

N/A



### 3. Matters Concerning the Company Officers

#### (1) Directors and Auditors (as of March 31, 2024)

Position	Name	Responsibilities at the Company, and major position(s) concurrently held
President (Representative Director)	Yutaka Yamamoto	
Executive Managing Director	Katsuro Harata	Product Business Dept. General Manager and Product Business Dept. Cold Storage Equipment Div. Manager
Executive Managing Director	Yoshinori Tsuyuki	Administrative Headquarters General Manager and Purchasing General Manager
Director	Masao Ohsaki	Quality General Manager
Director	Masahiro Matsuo	Auto Parts Headquarters Sales Div. Manager
Director	Katsuhiko Yamashiro	Auto Parts Headquarters Sales Div. Deputy General Manager and Foreign Operations Dept. Manager
Director	Tsuyoshi Takada	Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc. Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co., Ltd., Outside Director OpenDoor Inc., Outside Director
Director	Naoshi Ogasawara	Avantia GP, Legal Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education, Director TSUZUKI DENKI CO., LTD. Outside Director Nikkiso Co., Ltd., Outside Auditor
Director	Yoshie Midorikawa	Miura & Partners, Partner SOSiLA Logistics REIT, Inc. (SLR), Supervisory Officer BayCurrent Consulting, Inc., Outside Director (Audit and Supervisory Committee Member) JustSystems Corporation, Outside Director
Full-time Auditor	Tomio Kitabayashi	
Auditor	Masahiko Sato	Sato Accounting Firm, Head, CPA, Certified Public Tax Accountant
Auditor	Hidekazu Tanaka	Ginza Law Office, Representative Partner

Notes:

- Directors Tsuyoshi Takada, Naoshi Ogasawara, and Yoshie Midorikawa are outside directors.
- Auditors Masahiko Sato and Hidekazu Tanaka are outside auditors.
- The Company has determined that Directors Tsuyoshi Takada, Naoshi Ogasawara, and Yoshie Midorikawa and Auditors Masahiko Sato and Hidekazu Tanaka do not have any conflicts of interest with general shareholders and are highly independent, and has appointed the five officers as independent officers pursuant to the rules of the Tokyo Stock Exchange and filed with the TSE as such.
- Auditor Masahiko Sato is a certified public accountant and a certified public tax accountant, who possesses a considerable level of knowledge concerning finance and accounting.
- In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and all outside directors and auditors have entered into agreements limiting their liability to compensate the Company for damage pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act.
- The Company has entered into a directors and officers liability insurance contract with the Directors, Auditors, and officers of the subsidiaries as the insured. The insurance premiums are fully paid by the Company. The contract covers damage that may arise from the insured assuming responsibility for the execution of their duties or receiving claims related to the enforcement of such responsibility. However, there are certain exemptions, such as damage caused by acts committed with the knowledge that such acts are in violation of laws and regulations, which will not be covered.
- The Company has introduced an executive officer system. The Company's executive officers are as follows (as of March 31, 2024, there are no executive officers who concurrently serve as directors):

Position	Name	Responsibility or Status of Important Positions Concurrently Held
Executive officer	Takehito Kinoshita	Product Business Dept. Air-Conditioning Equipment Div. Manager
Executive officer	Tomohiko Mochida	Product Business Dept., Electronic Equipment Div. Manager
Executive officer	Joji Yabuki	Product Business Dept. Cold Storage Equipment Div. Deputy Manager and Cold Storage Equipment Div. Technology Manager

Executive officer	Takayuki Noda	Administrative Headquarters Deputy General Manager and Administrative Headquarters General Affairs Manager
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## (2) Director and Auditor Compensation

Category	Number	Total amount of compensation (million yen)	Compensation by type (million yen)		
			Base compensation	Performance-linked compensation	Performance-linked stock compensation
Directors (of which are outside directors)	9 (3)	198 (28)	159 (28)	25 (-)	14 (-)
Auditors (of which are outside auditors)	5 (4)	36 (15)	36 (15)	-	-
Total (of which are outside officers)	14 (7)	235 (43)	196 (43)	25 (-)	14 (-)

Notes:

- The base compensation amounts and the number of auditors (two (2)) who resigned at the end of the 128<sup>th</sup> Ordinary General Meeting of Shareholders held on June 28, 2023 are included in the above.
- Director compensation does not include the employee portion of salary for directors who also have employee positions.

## (3) Policy Regarding Decisions on Officer Compensation Amounts or Calculation Method

### (i) Basic Policy

The Company has the following policies with respect to the determination of officer compensation amounts.

- Compensation plan that enhances directors' work performance motivation
- Compensation plan linked to corporate performance
- Compensation plan that is commensurate with director roles and responsibilities

In accordance with these policies, director compensation is comprised of base compensation, compensation linked to short-term corporate performance and compensation linked to medium- to long-term corporate performance. Auditor compensation consists only of base compensation.

The date of the resolution of the General Meeting of Shareholders on officer compensation was June 26, 2008 for "base compensation" and "performance-linked bonuses," which is compensation linked to short-term corporate performance, and the particulars of the resolution are that the amount of compensation for directors shall be no more than 350 million yen per year and the amount of compensation for auditors shall be no more than 60 million yen per year. As of the close of the said General Meeting of Shareholders, the number of directors was 12 (including 0 outside directors) and the number of auditors was 5 (including 3 outside auditors). "Performance-linked stock compensation," which is compensation linked to medium-term corporate performance, was resolved at the General Meeting of Shareholders held on June 28, 2016, and the particulars of the resolution thereof are that stock compensation will be provided to directors that is separate from the maximum amount of compensation for directors (350 million yen per year) resolved on June 26, 2008. As of the close of the said General Meeting of Shareholders, the number of directors was 15 (including 2 outside directors) and the number of auditors was 4 (including 2 outside auditors).

With respect to the authority to determine policies concerning Company officer compensation amounts or the method of calculating such amounts, the Board of Directors has delegated that authority to the Compensation Committee (Representative Director and President Yutaka Yamamoto, Executive Managing Director Yoshinori Tsuyuki, and Outside Directors Tsuyoshi Takada, Naoshi Ogasawara, and Yoshie Midorikawa), which is a voluntary decision-making body; with respect to compensation for directors, for the purpose of enhancing objectivity and appropriateness of such compensation, the

Compensation Committee shall, with the exception of stock compensation, determine the amount of monthly compensation and bonuses for each director in accordance with the regulations within the scope of the total amount of compensation approved at the General Meeting of Shareholders. The Board of Directors respects the details of the report and considers it to be in line with the aforementioned policy.

Stock compensation is granted in June of each year by multiplying a predetermined number of base points for each position by a performance-linked coefficient that varies according to the level of achievement in the fiscal year ending on March 31 of the same year. Monthly compensation for auditors is delegated to the Board of Auditors (consisting entirely of auditors), which determines the amount of compensation for each auditor within the scope of the total compensation approved at the General Meeting of Shareholders.

The Company's Compensation Committee meetings are held at least once a year to determine the amount of monthly compensation and bonuses linked to single-year performance to be paid to each director. The composition ratios of the compensation amount (base compensation: 75; compensation linked to short-term corporate performance: 15; compensation linked to medium-term corporate performance: 10) were determined at the meeting of the Board of Directors for the settling of accounts held in May 2016. In addition, the regulation on officer's compensation stipulates that the Company's indicators for performance-linked compensation are the "consolidated operating income ratio" and "consolidated revenue growth ratio" for compensation linked to short-term corporate performance and the "consolidated operating income coefficient" and "ROE (rate of net income on equity) coefficient" for compensation linked to medium- to long-term corporate performance with an aim to incentivize directors to improve corporate performance and to further share medium- to long-term interests with shareholders.

As for compensation linked to short-term corporate performance, during the term under review, the Company had a "consolidated operating income ratio" of 6.3% and a "consolidated revenue growth ratio" of 22.2%. As for compensation linked to medium- to long-term corporate performance, during the term under review, the Company had a "consolidated operating income" of 22,406 million yen and an "ROE (rate of net income on equity) coefficient" of 8.5%.

(ii) Director Compensation

Types of Compensation	Description
Base compensation	Monthly director compensation is determined through discussions by the Compensation Committee, which is a non-statutory decision-making body; an independent compensation amount is respectively determined for each individual.
Compensation linked to short-term corporate performance	Bonuses linked to performance in a fiscal year are determined through discussions by the Compensation Committee, which is a non-statutory decision-making body, taking into consideration each director's contribution to corporate performance and other factors; an independent compensation amount is respectively determined for each individual.
Compensation linked to medium- to long-term corporate performance	Company shares, etc. are issued based on the cumulative number of points rewarded according to the level of achievement of performance targets for each business year.

Compensation for outside directors consists solely of base compensation, which is not linked to corporate performance, from the perspective of their performing the function of supervising management from a position independent from the execution of business.

(iii) Auditor Compensation

An independent compensation amount is respectively determined for each individual through

consultations by Auditors. From the perspective of their performing the function of auditing the directors' execution of their duties, auditors are not paid performance-linked compensation.

**(4) Matters relating to Outside Officers, etc.**

(i) Relationship between the Company and the companies at which outside auditors hold concurrent position(s)

Category	Name	Major position(s) concurrently held
Director	Tsuyoshi Takada	Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc., Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co. Ltd., Outside Director OpenDoor Inc., Outside Director
Director	Naoshi Ogasawara	Avantia GP, Legal Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education, Auditor TSUZUKI DENKI CO., LTD., Outside Director Nikkiso Co., Ltd., Outside Auditor
Director	Yoshie Midorikawa	Miura & Partners, Partner SOSiLA Logistics REIT, Inc. (SLR), Supervisory Officer BayCurrent Consulting, Inc., Outside Director (Audit and Supervisory Committee Member) JustSystems Corporation, Outside Director
Auditor	Masahiko Sato	Sato Accounting Firm, Head, CPA, Certified Public Tax Accountant
Auditor	Hidekazu Tanaka	Ginza Law Office, Representative Partner

Note: There are no important transactional or other relationships between the companies at which the outside auditors hold concurrent positions and the Company.

(ii) Relationship with major business partners and specified related businesses

N/A

(iii) Major activities in the term under review

Category	Name	Outline of major activities and duties performed with regard to roles expected of Outside Directors
Director	Tsuyoshi Takada	Director Takada attended all 14 Board of Directors Meetings held during the term under review and made comments as appropriate based mainly on his professional knowledge and experience as an attorney. Further, he expressed his opinion from the perspective of having no interests in the Company.
Director	Naoshi Ogasawara	Director Ogasawara attended all 14 Board of Directors Meetings held during the term under review and made comments as appropriate based mainly on the experience and knowledge that he has cultivated as a certified public accountant. Further, he expressed his opinion from the perspective of having no interests in the Company.
Director	Yoshie Midorikawa	Director Midorikawa attended all ten Board of Directors Meetings held after she assumed the role of director on June 28, 2023 and made comments as appropriate based mainly on her professional knowledge as an attorney and deep insight into corporate legal affairs, including overseas matters. Further, she expressed her opinion from the perspective of having no interests in the Company.
Auditor	Masahiko Sato	Auditor Sato attended all ten Board of Directors Meetings and all 11 Board of Auditors Meetings held after he assumed the role of auditor on June 28, 2023, and on the basis of his experience and knowledge that he has cultivated as certified public accountant and tax accountant, he expressed his opinion from the perspective of having no interests in the Company.
Auditor	Hidekazu Tanaka	Auditor Tanaka attended all ten Board of Directors Meetings and all 11 Board of Auditors Meetings held after he assumed the role of auditor on June 28, 2023, and on the basis of his experience and knowledge as a legal expert that he has cultivated as an attorney, he expressed his opinion from the perspective of having no interests in the Company.

**4. Independent Auditor**

**(1) Name of independent auditor**

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**(2) Summary of limitation on liability agreements**

N/A

**(3) Amount of compensation, etc. paid to the independent auditor during the term under review**

	Payment
Amount of compensation, etc. paid to the independent auditor during the term under review	45 million yen
Total amount of money and other property interests payable to the independent auditor by the Company and its subsidiaries	52 million yen

Notes:

1. Because in the contract between the Company and the independent auditor no clear distinction is made between the amounts of compensation for auditing under the Companies Act and for auditing under the Financial Instruments and Exchange Act, and in actuality such a distinction is not possible, the amount of compensation paid to the independent auditor during the term under review is the total compensation for the two.
2. The Board of Auditors made the necessary verification of whether the content of the audit plan, status of performance of audit, and grounds for calculating compensation estimates were appropriate, and having done so, judged the amount of compensation for the independent auditor to be appropriate.
3. Some of the overseas subsidiaries of the Company are subject to audit by an independent auditor other than the Company's independent auditor.

**(4) Policy regarding decisions on dismissal or non-reappointment of the independent auditor**

If the independent auditor has not properly carried out its duties as an independent auditor or has otherwise been negligent in its duties or engaged in misconduct unsuitable as an independent auditor, and the Company believes that its remaining as the company's independent auditor would be a major obstacle for the Company, the Board of Auditors will dismiss the independent auditor in accordance with the provisions of Article 340 of the Companies Act pursuant to unanimous agreement by them.

In addition to the case above, if the Board of Auditors believes that the Company's independent auditor is ill-qualified, the particulars of a proposal for dismissal or non-reappointment will be determined.

**(5) Matters regarding disposition of suspension of operations to which the independent auditor was subject in the past two years**

Overview of the disposition announced by the Financial Services Agency as of December 26, 2023

(i) Subject of disposition

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(ii) Details of disposition

- Suspension of operations related to conclusion of new contracts for a period of three months (from January 1, 2024 to March 31, 2024, excluding the renewal of audit contracts and new contracts associated with the listing of companies with which an audit contract exists).
- Business improvement order (improvement of business management system)
- Prohibition of the partners materially responsible for the action that resulted in the disposition from performing a part of the audit services (examination regarding audit services) for a period of three months (from January 1, 2024 to March 31, 2024).

(iii) Reason for disposition

Two certified public accountants, who are partners of the above audit firm, neglected considerable care in auditing the amendment reports for another company, and certified that there were no material misstatements despite those financial documents containing material misstatements.

**5. Company System and Policies**

**(1) Systems for ensuring compliance of the execution of duties by Directors with laws, regulations and the Articles of Incorporation and other systems for ensuring the propriety of business operations**

The Company adopted a resolution regarding the said systems at the Board of Directors Meeting as follows.

(i) Fundamental Principles and Code of Conduct of the Topre Group

The Company has formulated the following Fundamental Principles and Code of Conduct as the basic guidelines to be followed by all officers and employees of the Topre Group in the performance of their duties.

### **Basic Principles**

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, which will promote a Topre Group image that will be acknowledged and respected.

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

### **Code of Conduct**

#### 1. Compliance with law, internal regulations and social morality

- We comply with all laws and regulations applicable to the company's activities.
- We establish and comply with internal regulations for the implementation of fair and transparent corporate activities.
- We observe morals and norms as a member of society.
- We have established an internal reporting window, respond appropriately to violations and prevent and correct them.
- Managers establish a corporate culture with high ethical standards.
- Managers establish internal systems preventing situations that would violate this Code of Conduct.

#### 2. Contributions to society

- We provide products and services that make society safer, more convenient and more comfortable.
- We respect the culture and customs of surrounding communities, engage in activities and contribute to their development.

#### 3. Fair and equitable relationships

- We build fair, equitable, and moderate relationships with stakeholders.
- We maintain transparency in our transactions and do not provide entertainment or exchange gifts that deviate from common sense.
- We have no relationships whatsoever with antisocial forces and respond resolutely and systematically to unreasonable demands.
- We disclose corporate information on the details of management and business activities in a timely and appropriate manner.
- We do not engage in wrongful conduct or acts that lack fairness and impartiality with regard to political and government officials.

#### 4. Respect for human rights and diversity

- We respect human rights and do not tolerate discrimination or harassment based on race, creed, gender, nationality, physical characteristics or any other reason in any case.

#### 5. Environmental protection

- The Topre Group as a whole is working on the protection of the global environment.
- We strive for resource savings by promoting the 3Rs of reduce, reuse and recycle.
- We work positively on the reduction of greenhouse gas emissions.

#### 6. Safety and health

- We give top priority to ensuring the safety and health of employees.

- We eliminate industrial accidents and create safe and healthy work environments.
7. Company assets
- We prohibit the private diversion of company assets and their use for anything other than business purposes.
  - We do not leak or use corporate information or assets illegally.
  - We acquire, use and dispose of assets by legitimate procedures and not for the interests of any specific person.
8. Information security
- We establish and comply with regulations, etc., on the management and protection of personal and confidential information.

In order to create a “compliant corporate culture” and “compliant structures” on the basis of the Group’s Fundamental Principals and Code of Conduct, we have established the following guidelines concerning internal control systems and will continue to endeavor to ensure proper and efficient execution of business.

(ii) Basic Guidelines for the Establishment of Internal Control Systems

Preface

In accordance with the Companies Act and other relevant laws and regulations, the Company has established the following Basic Guidelines for Internal Controls (Basic Guidelines for Systems for Ensuring the Propriety of Business Operations) which it will continue to review and revise in keeping with future business developments and changes in relevant laws and regulations. The Board of Directors of the Company has promulgated these Basic Guidelines to all of the Group’s employees and will work to maintain a corporate environment conducive to the effective functioning of internal controls.

Basic Guidelines for Systems for Ensuring the Propriety of Business Operation

**1. Systems to ensure compliance of execution of duties by officers and employees with laws and regulations and the Articles of Incorporation in the Group, including subsidiaries**

- 1) The Group officers and employees will strive to understand and implement the Group Fundamental Principals and Code of Conduct.
- 2) The Internal Controls Committee will oversee the development and implementation of internal controls for Group companies and when required will create subcommittees for specific purposes in order to more effectively and smoothly carry out its activities.
- 3) The Audit Department will receive reports from the Compliance Committee on a regular basis and will audit the implementation of compliance procedures.
- 4) If Group officers or employees know of any violations or potential violations of laws or regulations, they may report them to an “Internal Reporting Contact,” both inside and outside the Group.
- 5) Every Group officer and employee will steadfastly ensure that any and all relationships with antisocial forces or organizations, which threaten the order and security of civil society, are blocked and eliminated.

**2. Rules and systems regarding loss risk management etc. in the Group, including subsidiaries**

- 1) Group companies will classify risks associated with its business operations in accordance with its Risk Management Rules and establish units responsible for ongoing monitoring of those risks.
- 2) In order to deal with risks involving the entire company or multiple units, the Risk



- Management Subcommittee will coordinate the roles and duties of all involved units.
- 3) The Audit Department will receive reports on a regular basis from the Risk Management Subcommittee and audit the implementation of risk management at Group companies.
- 3. Systems for ensuring the efficient execution of duties by Directors at the Group including subsidiaries**
- 1) The Company will maintain a system to ensure that business operations are carried out efficiently, through division of duties, approval authority and other rules based on internal regulations at Group companies.
  - 2) The Company has established “Basic Policies” shared by all officers and employees of the Group, and every three years a new Medium-Term Management Plan is formulated in accordance with those policies.
  - 3) Performance targets by term for each business unit are established based on the Medium-Term Management Plan of the entire Group, with actual results reported to the Company’s Board of Directors on a monthly basis; when targets are not achieved, the relevant business unit makes a report analyzing the reasons why and proposing improvement measures.
- 4. Systems to preserve and manage information pertaining to the execution of duties by Directors**
- 1) Information pertaining to the execution of duties by Directors is filed together with related documents in accordance with the Document Management Rules.
  - 2) If a request is made by a Director or Auditor to review documents, the relevant documents will be made available at the Head Office within three business days from when the request was made.
- 5. Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries**
- 1) Members of the Internal Control Committee are selected from Group companies and systems are in place to ensure that discussions and information about internal controls are shared and that the communication of directives and requests is done efficiently.
  - 2) The Company’s Directors will receive reports regarding the status of business operations at the board of directors of each subsidiary, and will report the content thereof to the Company’s Board of Directors.
- 6. Matters concerning Group employees when an Auditor requests Group employees to assist with duties, matters concerning the independence from Directors of such employees, and matters concerning ensuring the effectiveness of instructions by Auditors to such employees**
- 1) If the Board of Auditors requests the placement of employees to assist in its duties, in principle such personnel will be placed within three months.
  - 2) The appointment, transfer and performance review of Auditors’ assistants requires a prior report from and consent of the full-time Auditor.
  - 3) Auditors’ assistants will perform their duties as instructed by Auditors.
- 7. Systems for Directors and employees to report to Auditors and other reporting systems to Auditors**
- Directors and employees of Group companies and auditors of each subsidiary will report promptly to the Company’s Auditors all matters stipulated in the Internal Control Rules and other matters important from the standpoint of internal controls.
- 8. Systems for ensuring that persons who report to the Auditors are not subject to**

### **disadvantageous treatment as a result of such reporting**

The companies of the Group do not engage in dismissal or other disadvantageous treatment of officers and employees on the grounds that a report was made to the Company's Auditors in accordance with the preceding item.

#### **9. Matters relating to procedures for advance payment or reimbursement of expenses arising in relation to the performance of duties by the Auditors and other policies on processing expenses and debts arising in relation to the performance of those duties**

The Company budgets in advance for expenses necessary for the performance of duties by the Company's Auditors and reimburses such expenses including expenses incurred on a provisional or emergency basis each time such expenses are incurred.

#### **10. Systems to ensure effective audits by the Auditors**

The Board of Auditors may at its own discretion engage lawyers, certified public accountants and other professionals in order to obtain advice in regard to its audit work.

#### **11. Systems to ensure proper financial reporting**

- 1) The Company prepares and revises as needed the rules etc. relating to its Accounting Rules based on accounting rules and standards, and promotes their dissemination and understanding, and compliance therewith.
- 2) The Financial Report Oversight Committee, in order to promote proper disclosure of financial reports required by the Financial Instrument Exchanges Act, works to ensure the accuracy and uniformity of operations regarding the accounting, cost and finance operations at all Group companies.

### Summary of Operational Status of Systems for Ensuring Propriety of Business Operation

#### **1. Measures relating to compliance**

- 1) In order to reinforce compliance by the entire Group, the Compliance Committee met four times during the term under review and took measures to further raise awareness of compliance by officers and employees. The Committee also investigated, reported on, and monitored the status of implementation of compliance procedures and made improvements when necessary.
- 2) Training and awareness-raising regarding compliance is conducted through periodic training prepared for individual ranks.
- 3) An internal reporting system and consultation hotline were established for Group companies, and measures are taken to inform employees about these systems and to create an environment that facilitates their use.
- 4) Internal reports that are periodically distributed include information regarding compliance awareness, and measures are taken to inform personnel about laws and regulations as well as internal rules and so on.

#### **2. Measures relating to risk management**

- 1) The Risk Management Committee met four times during the term under review, investigated risks relating to natural disasters, accidents, and domestic and overseas business sites, and reviewed management systems concerning those risks.
- 2) Potential risks in each division of Group companies were re-identified and re-evaluated and countermeasures were taken.

**3. Measures relating to increasing the appropriateness and efficiency of the execution of duties by directors**

- 1) The Board of Directors met 14 times during the term under review, made decisions regarding matters specified by laws, regulations, and the Articles of Incorporation as well as significant matters such as business plans and profit plans, and monitored the appropriate performance of duties.
- 2) Directors that have operational duties reported to the Board of Directors concerning the status of the execution of duties in order to ensure the appropriateness of the execution of duties by directors.

**4. Measures relating to ensuring the appropriateness of operations in the Group**

- 1) The Financial Report Oversight Committee meets to conduct periodic evaluations of asset management and accounting of all Group companies and ensure the appropriateness of finances.
- 2) The Accounting Division Global Training Conference meets to ensure the appropriateness and uniformity of operations in relation to accounting, record keeping, book values, and finances of all Group companies.

**5. Measures relating to Audit Systems**

- 1) The auditors conduct audits by engaging in close exchanges of information with the Audit Department, attending Board of Directors Meetings and other significant meetings, receiving reports from directors and employees, and conducting on-site investigations.
- 2) The Board of Auditors met 14 times during the term under review, requested reports and explanations from representative directors and others as necessary, and conducted audits concerning the execution of duties by directors.
- 3) The auditors conducted financial audits by closely collaborating with the independent auditor, receiving quarterly reports from the independent auditor, receiving explanations as necessary, and exchanging information.

**(2) Basic Policy Regarding Control of Stock Company**

N/A

Note: With respect to amounts, the number of shares and the ratio of shareholding set forth in this business report, decimal numbers were rounded down and ratios were rounded off to the nearest whole number.

## Consolidated Financial Statements

### Consolidated Balance Sheet

(As of March 31, 2024)

(Million yen)

Item		Amount	Item		Amount
(Assets)			(Liabilities)		
I	Current assets		I	Current liabilities	
	Cash and deposits	56,580		Notes payable and accounts payable	61,537
	Notes receivable and accounts receivable	66,849		Short-term borrowings	2,500
	Marketable securities	49		Long-term borrowings due within one year	5,067
	Products and goods	2,478		Corporate bonds to be redeemed within one year	20,000
	Works in progress	22,350		Corporate taxes payable	7,791
	Raw materials and stored goods	8,607		Bonus reserves	2,875
	Other	11,582		Bonus reserves for Officers	54
	Loan-loss reserves	-1		Reserves for product warranties	187
	Total current assets	168,498		Other	18,424
				Total current liabilities	118,438
II	Fixed assets		II	Fixed liabilities	
1	Tangible fixed assets			Bonds	10,000
	Buildings and structures	62,204		Long-term borrowings	12,395
	Machinery, equipment, and vehicles	60,681		Long-term accounts payable	7
	Tools, furniture, and fixtures	14,628		Tax deferred liabilities	6,564
	Land	10,891		PCB processing reserves	29
	Lease assets	716		Reserves for stock grant to Officers	76
	Construction in progress	14,114		Retirement benefit liabilities	307
	Total tangible fixed assets	163,237		Other	981
2	Intangible fixed assets	4,536		Total fixed liabilities	30,361
3	Investments and other assets			Total liabilities	148,799
	Investment securities	19,597			
	Long-term loans	378		(Net assets)	
	Deferred tax assets	3,778	I	Shareholders' equity	
	Other	5,509		Capital	5,610
	Loan-loss reserves	-10		Capital surplus	4,899
	Total investments and other assets	29,253		Earned surplus	179,462
	Total fixed assets	197,027		Treasury stock	-3,913
				Total shareholders' equity	186,059
			II	Other accumulated comprehensive income	
				Valuation difference on available-for-sale securities	6,699
				Foreign currency translation adjustment accounts	19,161
				Accumulated retirement benefit adjustments	1,323
				Total other accumulated comprehensive income	27,184
			III	Minority interest	3,482
				Total net assets	216,726
	Total assets	365,525		Total liabilities and net assets	365,525

Note: Amounts less than 1 million yen were rounded down.

**Consolidated Income Statement**  
(April 1, 2023-March 31, 2024)

(Million yen)

Item	Amount	
I Net sales		354,922
II Cost of goods sold		314,974
Gross income		39,948
III SG&A expenses		17,541
Operating income		22,406
IV Non-operating income		
Interest income	1,189	
Dividend income	436	
Rent income on fixed assets	57	
Reversal of allowance for doubtful accounts	37	
Foreign exchange gains	13,441	
Dividend income of insurance	108	
Income from subsidy	439	
Other non-operating income	276	15,986
V Non-operating expenses		
Interest expenses	123	
Interest on bonds	57	
Rent expenses on fixed assets	5	
Investment loss using equity method	199	
Other non-operating expenses	167	552
Recurring income		37,840
VI Extraordinary income		
Capital gains on the sale of fixed assets	105	
Insurance claim income	97	
Other extraordinary income	13	216
VII Extraordinary losses		
Loss on sales and retirement of non-current assets	150	
Loss on sales of investment securities	6	
Impairment losses	2,529	
Loss due to stolen fixed assets	86	
Expenses for addressing a system failure	467	
Other extraordinary losses	2	3,241
Net income before income taxes		34,815
Corporate taxes, resident taxes, and business taxes	12,461	
Corporate tax adjustments	5,112	17,573
Net income		17,242
Net income attributable to non-controlling shareholders		143
Net income attributable to shareholders of the parent company		17,099

Note: Amounts less than 1 million yen were rounded down.

## Consolidated Shareholders' Equity Statement

(April 1, 2023-March 31, 2024)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Beginning-of-term balance	5,610	4,735	164,730	-1,082	173,993
Changes during the term under review					
Dividends on surpluses			-2,367		-2,367
Net income attributable to shareholders of the parent company			17,099		17,099
Share Buyback				-2,854	-2,854
Disposal of treasury shares		40		24	64
Change in interests of the parent company related to transactions with non-controlling shareholders		124			124
Beginning-of-term (net) change in items excluding shareholders' equity					
Total change in the term under review	—	164	14,732	-2,830	12,065
End-of-term balance	5,610	4,899	179,462	-3,913	186,059

(Million yen)

	Total other accumulated comprehensive income				Non-controlling shareholders interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment accounts	Accumulated retirement benefit adjustments	Total other accumulated comprehensive income		
Beginning-of-term balance	4,218	12,509	375	17,103	3,454	194,551
Changes during the term under review						
Dividends on surpluses						-2,367
Net income attributable to shareholders of the parent company						17,099
Share buyback						-2,854
Disposal of treasury shares						64
Change in interests of the parent company related to transactions with non-controlling shareholders						124
Beginning-of-term (net) change in items excluding shareholders' equity	2,480	6,652	948	10,081	28	10,109
Total change in the term under review	2,480	6,652	948	10,081	28	22,174
End-of-term balance	6,699	19,161	1,323	27,184	3,482	216,726

Note: Amounts less than 1 million yen were rounded down.

## Notes on Consolidated Financial Statements

### 1 Notes on essential items that serve as the basis for creating these consolidated financial statements

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries

- Number of consolidated subsidiaries: 14
- Names of consolidated subsidiaries: Toprec Corporation  
Toho Transportation Co., Ltd.  
Topre Kyushu Corporation  
Topre Tokai Corporation  
MITSUIKE CORPORATION  
Topre America Corporation  
Topre Autoparts Mexico, S.A. de C.V.  
TOPRE (FOSHAN) AUTOPARTS CORPORATION  
TOPRE (XIANGYANG) AUTOPARTS CORPORATION  
TOPRE (WUHAN) AUTOPARTS CORPORATION  
Guangzhou Mitsuike Corporation  
TOPRE (THAILAND) CO., LTD.  
Topre India Private Limited  
PT.Topre Indonesia Autoparts

##### (2) Non-consolidated subsidiaries

- Number of non-consolidated subsidiaries: 4
- Reasons for exclusion from scope of consolidation:

Information on non-consolidated subsidiaries has been omitted since each company is small in terms of total assets, sales, net profits (based on the Company's investment stake) and earned surpluses (based on the Company's investment stake) and since the non-consolidated subsidiaries together do not have a substantial influence on consolidated financial accounts.

#### 2. Items related to the application of the equity method

##### (1) Affiliates to which the equity method applied

- Number of affiliates to which the equity method applied: 2
- Names of affiliates to which the equity method applied:

J-MAX Co., Ltd.  
AAPICO Mitsuike (Thailand) CO., Ltd.

##### (2) Non-consolidated subsidiaries which do not apply the equity method

- Reasons for not applying the equity method:

With regard to the investments in four non-consolidated subsidiaries which do not apply the equity method, the aggregate net profits and earned surpluses etc. corresponding to our equity in these companies will have only a negligible effect on the consolidated net profits and consolidated earned surpluses, etc., and are unimportant even when their figures are combined. Accordingly, we apply the cost method instead of the equity method.

3. Items related to the business years of consolidated subsidiaries

With respect to Topre Autoparts Mexico, S.A. de C.V., TOPRE (FOSHAN) AUTOPARTS CORPORATION, TOPRE (XIANGYANG) AUTOPARTS CORPORATION, TOPRE (WUHAN) AUTOPARTS CORPORATION, and Guangzhou Mitsuike Corporation, they were consolidated after the provisional accounting was carried out therefor on the consolidated book-closing date of March 31.

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

(i) Marketable securities

Other marketable securities

Items other than stocks and other securities with no market price

Valued at market value based on the market price as of the fiscal year-end date (revaluation differences are all included as a component of shareholder equity while cost of sales is determined by the moving average method)

Stocks and other securities with no market price

Cost method based on the moving average method

(ii) Derivative transactions

Market value method

(iii) Inventory assets

Inventories owned for normal sales purposes

The cost method (in which book price is reduced as profitability declines) is used as the valuation method

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

(2) Depreciation method for important depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Straight-line method

(ii) Intangible fixed assets (excluding lease assets)

Straight-line method

However, software that the Company uses is depreciated using the straight-line method



over the estimated in-house working life of five years.

(iii) Lease assets

Lease assets related to finance lease transactions in which ownership is transferred  
The same depreciation method applied to fixed assets owned by the Company is applied.

Lease assets related to finance lease transactions in which ownership is not transferred  
Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.

(3) Standards for recording important reserves

(i) Loan-loss reserves

To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and an estimated unrecoverable amount is allocated.

(ii) Bonus reserves

To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.

(iii) Bonus reserves for Officers

The Company and its domestic consolidated subsidiaries prepare for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the consolidated fiscal year under review.

(iv) Reserves for stock grant to Officers

The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the relevant consolidated fiscal year under review.

(v) Reserves for product warranties

Estimated warranty costs based on past results are recorded as reserves to prepare for defect liability of products sold.

(vi) PCB processing reserves

To prepare for the payment of costs for processing PCBs and other waste that the Company stores, for expenses that can be reasonably estimated, the amounts expected to be incurred going forward are recorded.

(4) Other important items that form the basis for creating consolidated financial statements

Standards for recording of retirement benefit liabilities

In the calculation of employee retirement liabilities, when attributing an estimated amount of retirement benefits to the period up to the end of the consolidated fiscal year under review, the estimated benefits method is mainly used.

Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a period (10 years) equal to or less than the average remaining service years of employees for the fiscal year in which the differences occurred, commencing with the following consolidated fiscal year.

Actuarial differences and prior service costs yet to be recognized are recorded under shareholders' equity under other accumulated comprehensive income with accumulated retirement benefit adjustments recorded after making tax effect adjustments.

(5) Standards for recording significant revenue and expenses

The details of the primary performance obligations of the primary businesses relating to revenue resulting from agreements with customers of the Company and its consolidated subsidiaries, and the usual time at which those performance obligations are satisfied (the time at which revenue is recognized) are as follows.

(i) Press products business

The press products business mainly manufactures and sells automotive press parts, office equipment parts, and press dies. With respect to automotive press parts and office equipment parts, revenue is recognized when the products are delivered to customers. With respect to press dies, revenue is recognized when the products are delivered and inspected by the customer. For automotive press parts and office equipment parts, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the products is transferred to customers is a normal period of time.

(ii) Temperature-controlled logistics business

The temperature-controlled logistics business mainly manufactures and sells refrigerated containers, refrigeration equipment, chillers and refrigerators, temperature controlled warehousing and logistics centers, and other items related to total temperature-controlled logistics, and recognizes revenue when the products are delivered to customers. Revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to customers is a normal period of time.

(6) Important methods of account hedging

(i) Method of account hedging

Interest swap transactions meet the requirements of special processing of interest swap and are thus based on special processing.

(ii) Hedging methods and transactions subject to hedging

Hedging methods

Interest swap

Transactions subject to hedging

Interest payable on specific borrowings

(iii) Hedging policy

The purpose is to avoid potential losses on borrowings due to interest rate fluctuations

(iv) Method of evaluating effectiveness

Because it is envisioned that the notional principal of the hedging means and important conditions regarding hedge transactions will be the same and that when hedging begins and subsequently, cash flow fluctuations will be completely offset, evaluation of hedging effectiveness is omitted.

## 2 Notes on changes in accounting policy

N/A

## 3 Notes on accounting estimates

Items for which amounts are recorded in the consolidated financial accounts for the consolidated fiscal year under review due to accounting estimates and which may have a substantial influence on the consolidated financial accounts for the following consolidated fiscal year are as follows:

1. Deferred tax assets: 3,778 million yen.

The likelihood of realizing deferred tax assets is determined according to whether or not such assets have the potential to reduce future amounts of tax burden based on the sufficiency of taxable income before addition and subtraction of temporary differences, etc. and the sufficiency of taxable temporary differences on the basis of earning power and tax planning.

Therefore, if it becomes necessary to change the relevant estimate due to changes in the external environment because of fluctuations in economic conditions and the market environment, etc., the amount of deferred tax assets may be reduced and tax expenses may be recorded in the consolidated financial accounts for the following consolidated fiscal year.

2. Tangible fixed assets: 163,237 million yen  
Intangible fixed assets: 4,536 million yen  
Impairment losses: 2,529 million yen

With regard to the asset groups in the Company's consolidated subsidiary TOPRE (WUHAN) AUTOPARTS CORPORATION that have signs of impairment, the Company decided to recognize the impairment losses, and recorded such impairment losses.

With regard to the fixed assets or asset groups that have signs of impairment, the Group compared the total amount of undiscounted future cash flow that can be obtained from the assets or asset groups with their book price, and when the Group determined that impairment losses should be recognized, it reduced the book price to the recoverable amount, and recorded such decrease as impairment losses.

The major assets or asset groups that had signs of impairment in the consolidated fiscal year under review are as follows:

(Million yen)

	Assets or asset group		Consolidated fiscal year under review
(i)	Topre America Corporation	Tangible fixed assets	65,731
		Intangible fixed assets	92
(ii)	Topre India Private Limited	Tangible fixed assets	7,515
		Intangible fixed assets	477
(iii)	TOPRE (WUHAN) AUTOPARTS CORPORATION	Tangible fixed assets	2,222
		Intangible fixed assets	300

After consideration, we recorded impairment losses of 2,529 million yen for the Company's consolidated subsidiary TOPRE (WUHAN) AUTOPARTS CORPORATION and did not record impairment losses for Topre America Corporation or Topre India Private Limited. However, assumptions in the business plans and the like on which the calculation of undiscounted future cash flow was premised contains a high degree of uncertainty; accordingly, if the preconditions and assumptions have changed due to changes in the business environment and other factors,

impairment losses may arise in the fixed assets.

#### 4 Notes on recognition of revenue

##### (1) Breakdown of revenue

(Million yen)

	Reporting Segments			Other (Note 1)	Total
	Press products business	Temperature controlled logistics business	Total		
Automotive press parts	268,983	—	268,983	—	268,983
Refrigerated containers	—	36,744	36,744	—	36,744
Other	25,521	8,442	33,964	15,230	49,194
Revenue resulting from agreements with customers	294,505	45,187	339,692	15,230	354,922
Other revenue	—	—	—	—	—
Sales to outside customers	294,505	45,187	339,692	15,230	354,922

Note 1: “Other” covers business segments not included in the reporting segments and includes the air-conditioning equipment business and electronic equipment business of Toho Transportation Co., Ltd. and the Company.

Note 2: From the consolidated fiscal year under review, due to a partial revision of the classification for managing operating results within the Group, operating results of the transportation business, which were previously included in the “Press Products Business” and “Temperature-Controlled Logistics Business,” are included in “Other Business.”

##### (2) Basic information for understanding revenue

Basic information for understanding revenue is described in “(5) Standards for recording significant revenue and expenses in Section 4. Items related to accounting policy in Section 1. Notes on essential items that serve as the basis for creating these consolidated financial statements.”

#### 5 Notes on the Consolidated Balance Sheet

##### 1. Assets furnished as security and obligations pertaining to the security

###### (1) Assets furnished as security

Buildings	258 million yen
Machinery, equipment, and vehicles	1 million yen
Land	827 million yen
<u>Total</u>	<u>1,087 million yen</u>

###### (2) Obligations pertaining to the security

Long-term borrowings	259 million yen
Short-term borrowings	1,632 million yen
<u>Total</u>	<u>1,891 million yen</u>

##### 2. Cumulative depreciation on tangible fixed assets of 261,446 million yen

### 3. Fixed asset reduction entries

For tangible fixed assets acquired prior to the end of the consolidated fiscal year under review, the reduction entry amount subtracted from the acquisition prices were 14 million yen for Buildings and 4 million yen for Machine Equipment.

### 4. Bills, etc. matured at the end of the consolidated fiscal year

With regard to the accounting treatment for bills, etc. that matured at the end of a consolidated fiscal year, payments are processed on the date of bill clearance and the bank transfer date. Because the last day of the consolidated fiscal year under review was a non-business day of financial institutions, the following bills, etc. that matured at the end of the consolidated fiscal year are included in the balance at the end of the consolidated fiscal year:

Notes receivable and accounts receivable: 499 million yen

Notes payable and accounts payable: - million yen

## 6 Notes on the Consolidated Income Statement

### 1. Impairment losses

In the consolidated fiscal year under review, the Group recorded impairment losses for the following assets group:

#### (1) Overview of the assets group for which impairment losses were recognized

Location	Application	Type
TOPRE (WUHAN) AUTOPARTS CORPORATION	Business assets	Buildings and structures; machinery, equipment, and vehicles; tools, furniture, and fixtures; and software

#### (2) Background of impairment losses being recognized

As signs of impairment due to a profitability decline caused by market and environmental changes were found for the assets group, after considering future collectability, the Company reduced the book price to the recoverable amount, and recorded such decrease in the extraordinary losses as impairment losses.

#### (3) Amount of impairment losses

(Unit: million yen)

Type	Amount
Buildings and structures	278
Machinery, equipment, and vehicles	1,922
Tools, furniture, and fixtures	326
Software	0
Total	2,529

#### (4) Method of grouping of assets

For the Company's consolidated subsidiaries, assets are grouped by each company.

(5) Calculation of recoverable amount

The recoverable amount is calculated as the value in use.

The value in use is calculated based on future cash flow (discount rate: mainly 11%).

2. Expenses for addressing a system failure

This refers to various expenses concerning a system failure due to cyberattacks against the Company's consolidated subsidiary Topre America Corporation and includes mainly payments for investigations and recovery fees and other relevant expenses of external experts.

## 7 Notes on the Consolidated Shareholders' Equity Statement

1. Type and number of outstanding shares at the end of the consolidated fiscal year under review

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

Resolutions	Share type	Total dividends (Million yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders of June 28, 2023	Common shares	1,051	Earned surplus	20.00	March 31, 2023	June 29, 2023
Board of Directors Meeting on November 14, 2023	Common shares	1,315	Earned surplus	25.00	September 30, 2023	December 13, 2023

Notes:

1. The total dividend amount approved at the Ordinary General Meeting of Shareholders held on June 28, 2023, includes the 1 million yen in dividends on the 88,684 Company shares owned by the Officer Compensation BIP Trust Account.
2. The total dividend amount approved by the Board of Directors meeting held on November 14, 2023, includes the 3 million yen in dividends on the 126,934 Company shares owned by the Officer Compensation BIP Trust Account.

(2) Those dividends having a record date falling in the consolidated fiscal year under review and an effective date in the next term.

The following proposal for dividends on common shares will be proposed at the Ordinary General Meeting of Shareholders to be held on June 26, 2024.

Total dividends	1,541 million yen
Dividends per share	30.00 yen
Record date	March 31, 2024
Effective date	June 27, 2024

Dividends are to be sourced from earned surplus.

Note: The total dividend amount above includes the 3 million yen in dividends on the 126,934

Company shares owned by the Officer Compensation BIP Trust Account.

## **8 Notes on financial products**

### 1. Situation regarding financial products

#### (1) Handling of financial products

The Group invests its funds in highly safe financial assets and procures necessary funds from financial institutions in accordance with its capital investment plan. We make use of derivatives to avoid risks discussed later, but not for speculative purposes.

#### (2) Details of financial products and their risks

Notes and accounts receivable (trade receivables) are exposed to customers' credit risk.

Marketable securities are mainly assets for investment such as bonds, while investment securities are mainly equities and bonds, and both securities are exposed to market fluctuation risk.

Notes and accounts payable (trade payables) come due within one year.

Borrowings and bonds are mainly made for procuring funds for capital investments and the repayment date is five years from the settlement date at the latest.

Derivative transactions are interest rate swap transactions for hedging against interest rate fluctuation risk related to borrowings as well as currency forward transactions and currency swap transactions for hedging against forex fluctuation risk related to foreign currency-denominated borrowings and loans. We engage in these transactions only to the extent of actual demand in accordance with each company's internal rules and accompanying regulations. Hedging methods, transactions subject to hedging, hedging policies, and the method of evaluating the effectiveness of hedging are as mentioned earlier in "(6) Important methods of account hedging" under "4. Items related to accounting policy" in "1. Notes on essential items that serve as the basis for creating these consolidated financial statements" above.

#### (3) Risk control systems related to financial products

Regarding trade receivables, based on each company's credit management standards, sales control division of each business division regularly monitors the status of the transaction counterparty, manages the dates and balances for each counterparty, and takes steps as early as possible to detect and reduce the counterparty's collection risk due to deterioration in its financial situation.

For marketable securities, credit risk is negligible since the bonds are mostly high-grade ones based on each company's internal company rules and accompanying regulations.

The market prices of shares and bonds, which is one of the investment securities are regularly monitored and reported to the Board of Directors.

Additionally, while trade payables and borrowings are exposed to liquidity risk, the division in charge manages them by drafting a funding plan as necessary based on the reports of each division.

#### (4) Supplementary explanation on financial product prices

The prices of financial products include the prices calculated based on market prices, and if there is no market price, a price reasonably calculated is used. Since the calculation of such prices include variables, prices may fluctuate from time to time due to the adoption of different assumptions.

2. Market prices of financial products, etc.

The following are amounts provided in the Consolidated Balance Sheet as of March 31, 2024, market value, and the differences between the two. Stocks and other securities with no market price are not included in the table (please see Note 2).

(Million yen)

	Amount recorded on the Consolidated Balance Sheet	Market value	Difference
(1) Marketable securities and investment securities			
Other marketable securities	15,368	15,368	-
Affiliate shares	4,016	1,244	-2,772
(2) Long-term loans	378	405	26
Total assets	19,764	17,018	-2,745
(1) Corporate bonds (including corporate bonds to be redeemed within one year)	30,000	29,936	-64
(2) Long-term borrowings (including long-term borrowings due within one year)	17,462	17,474	12
(3) Long-term accounts payable (other long-term accounts payable)	7	7	-0
Total liabilities	47,469	47,417	-52

Note 1: “Cash and deposits,” “notes receivable and accounts receivable,” “short-term loans,” “notes payable and accounts payable,” “short-term borrowings,” and “corporate taxes payable” are omitted since these are cash and settled over the short term, and market values are close to the book price.

Note 2: Stocks and other securities with no market price are not included in “(1) marketable securities and investment securities.” The amounts recorded on the consolidated balance sheet for those financial instruments are as follows:

(Million yen)

Category	Amount recorded on consolidated balance sheet
Non-listed shares	262

3. Breakdown of the market values of financial products by level

The market values of financial products are classified according to the following three levels, based on the observability and materiality of the input for calculating market values.

Level 1 Market Value: Market value calculated based on quoted market prices for assets or liabilities, for which such market value is calculated in active markets, among the inputs used for calculating observable market value.

Level 2 Market Value: Market value calculated using inputs other than that for Level 1, among the inputs used for calculating observable market value.

Level 3 Market Value: Market value calculated using inputs for calculating market value that are not observable.

When multiple inputs that have a significant effect on calculating market values are used, those market values are classified into levels with the lowest priority in the calculation of market values among the levels to which those inputs belong.



(1) Financial products recorded on the consolidated balance sheet at market value

Consolidated fiscal year under review (March 31, 2024)

(Million yen)

Category	Market values			Total
	Level 1	Level 2	Level 3	
Marketable securities and investment securities				
Other marketable securities				
Stock	13,508			13,508
Bonds		931		931
Other		928		928
Total assets	13,508	1,859	—	15,368

(2) Financial products other than those recorded on the consolidated balance sheet at market values

Consolidated fiscal year under review (March 31, 2024)

(Million yen)

Category	Market values			Total
	Level 1	Level 2	Level 3	
Long-term loans		405		405
Affiliate shares	1,244			1,244
Total assets	1,244	405	—	1,650
Corporate bonds (including corporate bonds to be redeemed within one year)		29,936		29,936
Long-term borrowings (including long-term borrowings due within one year)		17,474		17,474
Long-term accounts payable		7		7
Total liabilities	—	47,417	—	47,417

Note: Explanations of valuation techniques used in calculating market values and inputs for calculating market values

Marketable securities, investment securities, and affiliate shares

Listed stocks and bonds are evaluated using quoted market prices. Since listed stocks are traded in active markets, their market values are classified as Level 1 market values. On the other hand, bonds held by the Company are classified as Level 2 market values because they are traded infrequently in the market and are unauthorized for use as quoted market prices in active markets.

Long-term loans

The market values of long-term loans are calculated using the discounted present value method, based on the interest rate set in consideration of the future cash flow and credit risks of the local entity, and classified as Level 2 market values.

Corporate bonds

The market values of bonds issued by the Company are calculated based on market prices. The fair values of corporate bonds are classified as Level 2 market values because the corporate bonds have market prices but are not traded in active markets.

Long-term borrowings

The market values of long-term borrowings are calculated using the discounted present value method, based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt as well as credit risks, and are classified as Level 2 market values.

Long-term accounts payable

The market values of long-term accounts payable are calculated using the discounted present value method, based on the average remaining period of the debt and the interest rates on long-term government bonds, and are classified as Level 2 market values.

## **9 Notes regarding per share information**

- |    |                      |              |
|----|----------------------|--------------|
| 1. | Net assets per share | 4,161.01 yen |
| 2. | EPS                  | 326.71 yen   |

Notes: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS. The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 126,934, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 110,213.

## **10 Notes concerning significant subsequent events**

N/A

## **11 Other notes**

Amounts less than 1 million yen were rounded down.

# Financial Statements

## Balance Sheet (As of March 31, 2024)

(Million yen)

Item (Assets)	Amount	Item (Liabilities)	Amount
I Current assets		I Current liabilities	
Cash and deposits	23,492	Notes payable	14,493
Notes receivable	4,775	Accounts payable	19,791
Accounts receivable	38,130	Long-term borrowings due within one year	2,244
Goods	427	Corporate bonds to be redeemed within one year	20,000
Works in progress	4,144	Lease obligations	3
Raw materials	1,557	Accounts payable	352
Stored goods	181	Accrued expenses	1,611
Prepaid expenses	144	Corporate taxes payable	5,286
Accrued revenues	7,705	Consumption taxes payable	776
Other current assets	105	Deposits received	8,832
Total current assets	80,665	Advances received	124
		Bonus reserves	1,376
II Fixed assets		Bonus reserves for Officers	25
Tangible fixed assets		Reserves for product warranties	181
Buildings	7,620	Equipment-related notes payable	809
Structures	1,200	Other current liabilities	0
Machinery and equipment	5,986	Total current liabilities	75,910
Vehicles	41		
Tools, furniture, and fixtures	1,549	II Fixed liabilities	
Land	1,914	Bonds	10,000
Lease assets	12	Long-term borrowings	7,856
Construction in progress	3,097	Lease obligations	9
Total tangible fixed assets	21,421	Tax-deferred liabilities	2,307
		PCB processing reserves	29
Intangible fixed assets		Reserves for stock grant to Officers	58
Software	668	Long-term deposits received	29
Software in progress	15	Total fixed liabilities	20,288
Right of utilization	10	Total liabilities	96,199
Total intangible fixed assets	694		
		(Net assets)	
Investments and other assets		I Shareholders' equity	
Investment securities	13,422	Capital	5,610
Affiliate shares	52,100	Capital surplus	
Investments	1	Capital reserves	4,705
Long-term loans	77,306	Other capital surpluses	2,579
Guarantee deposits	48	Total capital surplus	7,285
Prepaid pension expenses	1,972	Earned surplus	
Other investments	53	Retained earnings	1,197
Loan-loss reserves	-366	Dividend reserves	400
Total investments and other assets	144,539	Reserve for reduction entry of land	589
Total fixed assets	166,655	Reserve for reduction entry of replaced property	842
		Reserve for reduction entry of noncurrent assets	99
		Special reserves	18,914
		Earned surplus carried over	114,146
		Total earned surplus	136,189
		Treasury stock	-4,390
		Total shareholders' equity	144,694
		II Valuation and translation adjustments	
		Valuation difference on available-for-sale securities	6,426
		Total valuation and translation differences	6,426
		Total net assets	151,121
Total assets	247,320	Total liabilities and net assets	247,320

Note: Amounts less than 1 million yen were rounded down.

**Income Statement**  
(April 1, 2023-March 31, 2024)

(Million yen)

Item		Amount	
I	Net sales		161,716
II	Cost of goods sold		144,835
	Gross income		16,880
III	SG&A expenses		6,156
	Operating income		10,724
IV	Non-operating income		
	Interest income	2,882	
	Dividend income	8,686	
	Rent income on fixed assets	59	
	Foreign exchange gains	11,407	
	Dividend income from insurance	78	
	Other non-operating income	710	23,825
V	Non-operating expenses		
	Interest expenses	30	
	Interest on bonds	57	
	Rent expenses on fixed assets	5	
	Other non-operating expenses	142	235
	Recurring income		34,315
VI	Extraordinary income		
	Capital gains on the sale of fixed assets	23	
	Other extraordinary income	6	29
VII	Extraordinary losses		
	Loss on sales and retirement of non-current assets	124	
	Loss on valuation of shares of subsidiaries	1,936	2,060
	Net income before income taxes		32,284
	Corporate taxes, resident taxes, and business taxes	7,667	
	Corporate tax adjustments	-542	7,124
	Net income		25,160

Note: Amounts less than 1 million yen were rounded down.

## Shareholders' Equity Statement

(April 1, 2023–March 31, 2024)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus			Earned surplus
		Capital reserves	Other capital surplus	Total capital surplus	Retained earnings
Beginning-of-term balance	5,610	4,705	2,552	7,258	1,197
Changes during the current term					
Dividends on surpluses					
Net income					
Reversals of reserve for reduction entry of replaced property					
Reserve for reduction entry of non-current assets					
Reversal of reserve for reduction entry of noncurrent assets					
Share buyback					
Disposal of treasury shares			27	27	
(Net) change in items excluding shareholders' equity in the consolidated fiscal year					
Total change in the current term	—	—	27	27	—
End-of-term balance	5,610	4,705	2,579	7,285	1,197

(Million yen)

	Shareholders' Equity					
	Earned surplus					
	Other earned surplus					
	Dividend reserves	Reserve for reduction entry of land	Reserve for reduction entry of replaced property	Reserve for reduction entry of fixed assets	Special reserves	Retained earnings brought forward
Beginning-of-term balance	400	589	874	82	18,914	91,338
Changes during the current term						
Dividends on surpluses						-2,367
Net income						25,160
Reversals of reserve for reduction entry of replaced property			-31			31
Reserve for reduction entry of non-current assets				22		-22
Reversal of reserve for reduction entry of noncurrent assets				-5		5
Share buyback						
Disposal of treasury shares						
(Net) change in items excluding shareholders' equity in the fiscal year						
Total change in the current term	—	—	-31	16	—	22,808
End-of-term balance	400	589	842	99	18,914	114,146

(Million yen)

	Shareholders' Equity			Valuation and translation differences		Total net assets
	Earned surplus	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation differences	
	Total earned surplus					
Beginning-of-term balance	113,396	-1,573	124,692	4,146	4,146	128,839
Changes during the current term						
Dividends on surpluses	-2,367		-2,367			-2,367
Net income	25,160		25,160			25,160
Reversals of reserve for reduction entry of replaced property	—		—			—
Reserve for reduction entry of non-current assets	—		—			—
Reversal of reserve for reduction entry of noncurrent assets	—		—			—
Share buyback	—	-2,854	-2,854			-2,854
Disposal of treasury shares	—	37	64			64
(Net) change in items excluding shareholders' equity in the fiscal year	—		—	2,280	2,280	2,280
Total change in the current term	22,792	-2,817	20,002	2,280	2,280	22,282
End-of-term balance	136,189	-4,390	144,694	6,426	6,426	151,121

Note: Amounts less than 1 million yen were rounded down.

## Notes on Standalone Financial Statements

### 1 Notes on matters relating to important accounting policy

#### 1. Valuation standards and valuation methods of assets

##### (1) Marketable securities

###### (i) Shares in subsidiaries and affiliates

Cost method based on the moving average method

###### (ii) Other marketable securities

Items other than stocks and other securities with no market price

Valued at market value (revaluation differences are all included as a component of shareholders' equity while cost of sales is determined by the moving average method)

Stocks and other securities with no market price

Cost method based on the moving average method

##### (2) Inventory assets

Inventory owned for normal sales purposes

The cost method (in which book price is reduced as profitability declines) is used as the valuation method

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

#### 2. Depreciation method for important fixed assets

##### (1) Tangible fixed assets (excluding lease assets)

Straight-line method

##### (2) Intangible fixed assets (excluding lease assets)

Straight-line method

Software that the Company uses is depreciated using the straight-line method over the estimated in-house working life of five years.

##### (3) Lease assets

Lease assets related to finance lease transactions in which ownership is not transferred

Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.

#### 3. Standards for recording reserves

##### (1) Loan-loss reserves

To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and the estimated unrecoverable amount is recorded.

##### (2) Bonus reserves

To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.

(3) Bonus reserves for Officers

The Company prepares for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the term under review.

(4) Reserves for stock grant to Officers

The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the term under review.

(5) Reserves for product warranties

Estimated guarantee costs based on past results are recorded as reserves to prepare for defect liability of products sold.

(6) Retirement benefit reserves

To prepare for employee retirement benefits, reserves are recorded based on estimated retirement benefit liabilities and pension assets as of the end of the term under review. If the estimated pension assets amount exceeds the estimated retirement benefits liabilities amount at the end of the business year, the surplus amount is recorded as prepaid pension expenses.

Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a period (10 years) equal to or less than the average remaining service years of employees for the business year in which the differences occurred, commencing with the following business year.

(7) PCB processing reserves

To prepare for payment of costs for processing PCBs and other waste that the Company stores, reasonably estimated funds expected to be accessed in the future are allocated.

4. Methods of account hedging

(1) Method of account hedging

Currency forward transactions meeting the requirements for deferral hedge accounting are accounted for by deferral hedge accounting, and interest swap transactions meeting the requirements for special processing are accounted for using special processing.

(2) Hedging methods and transactions subject to hedging

Hedging methods

Currency forward transactions, Interest rate swaps

Transactions subject to hedging

Foreign currency loans, Interest payable on specific borrowings

(3) Hedging policy

Pursuant to internal rules relating to derivative transactions, currency fluctuation risk and interest fluctuation risk are hedged to a certain extent.

(4) Method of evaluating hedging effectiveness

Because it is envisioned that the notional principal of the hedging methods and important conditions regarding hedge transactions will be the same and that when hedging begins and subsequently, cash flow fluctuations will be completely offset, evaluation of hedging effectiveness is omitted.



## 5. Standards for recording revenue and expenses

The details of the primary performance obligations of the primary businesses relating to revenue resulting from agreements with customers of the Company, and the usual time at which those performance obligations are satisfied (the time at which revenue is recognized) are as follows.

### (i) Press products business

The press products business mainly manufactures and sells automotive press parts, office equipment parts, and press dies. With respect to automotive press parts and office equipment parts, revenue is recognized when the products are delivered to customers. With respect to press dies, revenue is recognized when the products are delivered and inspected by the customer. For automotive press parts and office equipment parts, revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the products is transferred to customers is a normal period of time.

### (ii) Temperature-controlled logistics business

The temperature-controlled logistics business mainly manufactures and sells refrigerated containers, refrigeration equipment, chillers and refrigerators, temperature controlled warehousing and logistics centers, and other items related to total temperature-controlled logistics, and recognizes revenue when the products are delivered to customers. Revenue is recognized at the time of shipment if the period from the time of shipment to the time when control of the product is transferred to customers is a normal period of time.

## 2 Notes on accounting estimates

### (1) Amount recorded in the financial statements for the fiscal year under review.

	the fiscal year under review (Million yen)
Affiliate shares	52,100

The above includes shares in Topre India Private Limited of 3,994 million yen, which are affiliate shares of which the actual value is declining considerably.

### (2) Information on the nature of significant accounting estimates for identified items

A cost method based on the moving average method has been adopted as a valuation standard and a valuation method of shares in subsidiaries and affiliates.

With regard to shares with no market prices, even if their actual value declines considerably due to deterioration of the financial condition of the company issuing the relevant shares, in cases where the likelihood of recovery of their actual value is supported by sufficient evidence based on production plans for each automobile model presented by customers, and future business plans established on the basis of an assumed situation involving inquiries, negotiations, etc., we have not recognized impairment losses.

Therefore, if it becomes necessary to change the relevant estimates due to future business plans being affected by changes in the external environment caused by fluctuations in economic conditions and the market environment, etc., it may have a substantial influence on the financial accounts for the following fiscal year.

## 3 Notes on recognition of revenue

### (1) Breakdown of revenue

This has been omitted because the same information is presented in the “Notes on recognition of revenue” in the Notes on Consolidated Financial Statements.

(2) Basic Information for understanding revenue

The basis for “5. Standards for recording revenues and expenses” in “1. Notes on matters relating to important accounting standards”

**4 Notes on the Balance Sheet**

1. Cumulative depreciation on tangible fixed assets	81,122 million yen
2. Short-term claims against affiliates	25,788 million yen
Long-term claims against affiliates	77,241 million yen
Short-term debts owed to affiliates	18,555 million yen
3. Guarantee obligations	

The Company provides guarantees for borrowings from financial institutions for the following companies.

Borrowings from financial institutions	
TOPRE (WUHAN) AUTOPARTS CORPORATION	1,106 million yen
TOPRE (FOSHAN) AUTOPARTS CORPORATION	26 million yen
Total	1,132 million yen

**5 Notes on Profit/Loss Statement**

Trade volume with affiliates	
Sales	40,243 million yen
Purchases	79,900 million yen
Trade volume other than business trades	10,955 million yen

**6 Notes on Statements of Changes in Net Asset**

1. Type and number of outstanding shares at the end of the term under review	
Common shares	54,021,824 shares
2. Type and number of treasury shares at end of the term under review	
Common shares	2,773,666 shares

## 7 Notes relating to deferred tax assets and liabilities

(Breakdown of the major causes of deferred tax assets and deferred tax liabilities)

### (1) Deferred tax assets

Loss on valuation of inventory assets	65	million yen
Lump-sum depreciable assets	29	
Bonus reserves	421	
Social insurance premium related to bonus reserves	67	
Unpaid business taxes	276	
Amount recorded on estimates for product warranties	28	
Reserves for product warranties	55	
Reserves for stock grant to Officers	17	
PCB processing reserves	8	
Evaluation loss on investment securities	124	
Impairment loss	593	
Subsidiary loan-loss reserves	111	
Other	5	
Deferred tax asset total	1,805	

### (2) Deferred tax liabilities

Prepaid pension expenses	-603	million yen
Reserve for reduction entry of land	-259	
Reserve for reduction entry of replaced property	-371	
Reserve for reduction entry of noncurrent assets	-43	
Valuation difference on available-for-sale securities	-2,833	
Deferred tax liability total	-4,112	
Net deferred tax assets (liabilities)	-2,307	

## 8 Notes on transactions with related parties

(Subsidiaries, etc.)

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
Subsidiary	Toprec Corporation	Directly own 100%	Purchaser of goods	Product sale	29,902	Accounts receivable	12,835
			Company supplier	Purchase of parts and equipment	300	Accounts payable	17
			Entrustment of operating funds	Entrustment of funds	-	Deposits	1,000
			Concurrent officers	Refund of funds	7,000		
Subsidiary	Toho Transportation Co., Ltd.	Directly own 50%	Outsourcing of transport services	Outsourcing of transport services, etc.	827	Accounts payable	1

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
			Entrustment of operating funds	Entrustment of funds	100	Notes payable	-
				Collection of funds	-	Unpaid expenses	86
			Concurrent officers			Deposits	6,300
Subsidiary	Topre Kyushu Corporation	Directly own 100%	Company supplier	Component purchase	35,559	Accounts payable	3,326
			Equipment arrangements, etc.	Equipment arrangements, supply of parts	15,179	Notes payable	1,344
			Financial assistance	Lending of funds	-	Accounts receivable - other	1,772
			Concurrent officers	Collection of funds	233	Advance payments	-
						Long-term loans	700
Subsidiary	Topre Tokai Corporation	Directly own 100%	Company supplier	Component purchase	29,822	Accounts payable	2,993
			Equipment arrangements, etc.	Equipment arrangements, supply of parts	14,592	Accounts receivable - other	2,013
			Financial assistance	Lending of funds	-	Long-term loans	1,667
			Concurrent officers	Collection of funds	1,342		
Subsidiary	MITSUIKE CORPORATION	Directly own 100%	Company supplier	Component purchase	4,499	Accounts payable	554
			Equipment arrangements, etc.	Equipment arrangements, supply of parts	2,491	Notes payable	131
			Financial assistance	Lending of funds	650	Accounts receivable - other	302
			Concurrent officers	Collection of funds	-	Advance payments	0
						Long-term loans	1,650
Subsidiary	Topre America Corporation	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	5,175	Accounts receivable	4,064
			Company supplier	Component purchase	114	Accounts payable	14
			Financial	Lending of	9,615	Long-term	60,014

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
			assistance  Concurrent officers	funds Collection of funds Debt equity swap (DES) Receipt of interest	9,254 22,392 2,270	loans	
Subsidiary	Topre Autoparts Mexico, S.A. de C.V.	Directly own 100%	Purchaser of goods  Company supplier Financial assistance  Concurrent officers	Component, dies and molds, equipment sales  Component purchase Lending of funds Collection of funds Receipt of interest	2,326  0 - 3,766 151	Accounts receivable  Accounts payable Long-term loans	2,794  - 3,114
Subsidiary	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods  Company supplier  Concurrent officers	Component, dies and molds, equipment sales  Component purchase Guarantee of obligations	346  12 26	Accounts receivable  Accounts payable	158  -
Subsidiary	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods  Company supplier Financial assistance  Concurrent officers	Component, dies and molds, equipment sales  Component purchase Lending of funds Collection of funds Receipt of interest	257  17 - 950 5	Accounts receivable  Accounts payable Long-term loans	133  - -
Subsidiary	TOPRE (WUHAN) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods  Financial assistance	Component, dies and molds, equipment sales  Lending of funds Collection of funds Receipt of	35  - 750 23	Accounts receivable  Long-term loans	19  1,875

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
			Concurrent officers	interest Guarantee of obligations	1,106		
Subsidiary	TOPRE (THAILAND) CO., LTD.	Directly own 100%	Purchaser of goods Company supplier Financial assistance Concurrent officers	Component, dies and molds, equipment sales Component purchase Lending of funds Collection of funds Receipt of interest	694 4 - 1,334 11	Accounts receivable Accounts payable Long-term loans	68 - 246
Subsidiary	TOPRE India Pvt. Ltd.	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest	1,308 - 807 81	Accounts receivable Long-term loans	985 7,631
Subsidiary	PT.TOPRE INDONESIA AUTOPARTS	Directly own 100%	Financial assistance Concurrent officers	Lending of funds Collection of funds Receipt of interest	45 30 0	Loans Long-term loans	15 30
Affiliate	J-MAX Co., Ltd.	Directly own 20.7%	Company supplier Equipment arrangements, etc. Concurrent officers	Component, dies and molds, equipment sales Equipment arrangements, supply of parts	7,138 4,216	Accounts payable Notes payable Accounts receivable - other	833 344 435

Notes :Transaction terms and policy, etc. for deciding the transaction terms

- (1) Decisions on the arrangement of equipment, the supply, etc. of materials, and the purchase of components and products are made by presenting the Company's desired price, taking into consideration the market price and the total costs, through negotiation.
- (2) Decisions on the sale of components, dies and molds and equipment, and sales of products are made by presenting the Company's desired price, taking into consideration the market price and the total costs, through negotiation.
- (3) The interest rate for loans is reasonably determined by taking into consideration the market interest rate.

## **9 Notes regarding per share information**

1. Net assets per share            2,948.82 yen
2. EPS                                480.73 yen

Note: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS.

The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 126,934, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 110,213.

## **10 Notes concerning significant subsequent events**

N/A

## **11 Other notes**

Amounts less than 1 million yen were rounded down.