

Six Capitals That Support Our Value Creation

Management capital is used as the foundation to respond to appeals from society and social issues. The Tokai Rika Group aims to achieve both social and corporate sustainability by repeating our value creation process and the cycle of enriching our management capital.



Financial Capital

P33-36

Our earning power is steadily improving due to the post-pandemic recovery of sales and the price pass-through of inflationary costs.

In FY 2023, we were able to secure a record level of operating profit in real terms, excluding the impact of quality-related expenses.

In FY 2024, we expect operating profit to increase compared to the previous year, despite the burden of advance investments in growth strategies and human resources.

We will work to further enhance our corporate value through our business and capital strategies.

FY 2023 Results

Operating profit **28.8 billion yen**

ROE **8.3%**

Shareholders' equity **248.9 billion yen**



Production Capital

In order to improve our production system in response to orders, we plan to complete the tertiary expansion: our Tokai Rika Tohoku plant to respond to sales expansion mainly to Toyota, our northern India base to respond to sales expansion to Suzuki, and our Mexico base to respond to sales expansion to North American OEMs, such as Ford.

FY 2023 Results

Bases **10 domestic locations**
24 overseas locations

Capital expenditures **23.5 billion yen**

➤ **Establishment of a new company and expansion of factory sales in conjunction with sales expansion**



Intellectual Capital

We invest 5-6% of our sales into research and development every year.

Research and development is essential for growth over the next 5 to 10 years. In recent years, R&D expenses in B-to-C businesses, such as digitalkey businesses and new businesses, which are growing fields, have continued to increase.

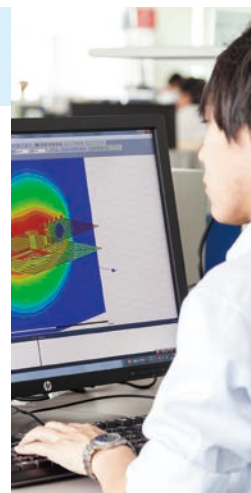
Additionally, as our B-to-C business expands, we are also focusing on protecting confidential information, including personal information and intellectual property. In May 2023, we obtained the Information Security Management System (ISMS) International Standard "ISO27001" certification.

FY 2023 Results

R&D expenses **30.5 billion yen**

No. of patents held **2,530**

➤ **Invest 5-6% of sales in R&D expenses every year**



Human Capital

P37-42

We believe that the key to realizing Tokai Rika's growth strategy is to promote our business strategy, which is the foundation for realizing our growth strategy, and our human resource strategy, which is linked to the business strategy. We will also accelerate the reinforcement of our corporate functions

We regard our employees as important assets or "capital" of the company, and have set forth three pillars in our basic human resources policy to continuously increase their value.

FY 2023 Results

Employees
Unconsolidated **6,061 people**

Consolidated **20,247 people**

Unconsolidated training cost per person **11,000 yen**

➤ **Reinforcement of corporate functions**



Social Capital

We are building relationships of trust through repeated dialogue with multiple stakeholders.

As our President made his declaration of "SDGs management" in 2021, we believe that multiple stakeholders are essential in order to proactively promote the resolution of social issues. Therefore, in addition to annual supplier briefings, we visit our suppliers proactively and increase dialogue with institutional investors and analysts. Furthermore, we hold a community meeting once a year with residents living near our plants, and also hold a meeting to listen to the requests of the local government as a whole.

FY 2023 Results

No. of suppliers **1,332 companies**

Dialogue with institutional investors and analysts **75 meetings**

➤ **Conducting dialogue with multiple stakeholders**



Natural Capital

P45-48

As part of the process to achieve carbon neutrality by 2050, we have set the goal of "Carbon Neutral Strategy 2030" and are steadily advancing our activities in the areas of production, products, and procurement to achieve its targets.

In order to further reduce carbon emissions after 2030, we will take on the challenge of making innovative changes to our designs, including the materials and construction methods we currently use, without being bound by conventional methods.

FY 2023 Results

Energy usage
Consolidated **1.14 million GJ**

Raw material input
Non-consolidated **23,282 t**

Water withdrawal
Consolidated **909 thousand m³**

➤ **Making innovating changes to our designs**

