

# TOKAI RIKA

## Integrated Report 2025





# Do what others won't do



**Yoshio Kato**  
Founder

In 1948, three years after the end of the War, it was explained to our founder Kato that manufacturing switches took a lot of trouble and nobody wanted to do it. He thought, “Even if nobody wants to do it, somebody has to. This is just the field that we should expand into.” He decided to produce switches and established Tokai Rika Co., Ltd. in Nishibiwajima Town, Nishikasugai District, Aichi Prefecture (present-day Kiyosu City). A business cannot sustain itself if it cannot secure profits when it has to.

Since our founding, we have honed our development capabilities to discern and shape societal needs; our production engineering capabilities to independently develop equipment and molds when necessary and produce at appropriate costs; and our ability to swiftly commercialize and monetize products that others have not pursued.

Even as society changes and the products we handle evolve, the founding spirit of “We do what others won’t do” remains our guiding light for the future.



Our original switch tail lamp

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Basic Structure

Tokai Rika's Values	Long-Term Strategy	Execution Strategy	Results and Key Performance Indicators (KPIs)	Governance
Founding Spirit	Value Creation Process	TRV 2030	Results and Key Performance Indicators (KPIs)	Governance
Our Journey of Value Creation	Competitive Advantages of the Tokai Rika Group	Initiatives to Advance Our Strategy		
At a Glance	Materiality			
Purpose, Vision, and Value	Message from the President			

Editorial policy

We have been publishing the Tokai Rika Report as an integrated report since 2017. Last year we renamed it the “Tokai Rika Integrated Report.” This year, we will center our value creation story around TRV 2030, our new mid-term management plan reflecting our Purpose, Vision, Value, value creation process, and materiality. This plan will outline how we will create value and achieve sustainable growth going forward.

Applicable scope

This document reports the activities of Tokai Rika Co., Ltd. and the Tokai Rika Group.

Target period

From April 1, 2024 to March 31, 2025

Some activities and plans for April 2025 and onward are also introduced, in order to give a deeper understanding of our activities. The job titles and positions stated are those that were held at the time of the activities.

Issuance date

October 2025 (Previous issue: November 2024; Next issue: Scheduled for September 2026; issued once a year)

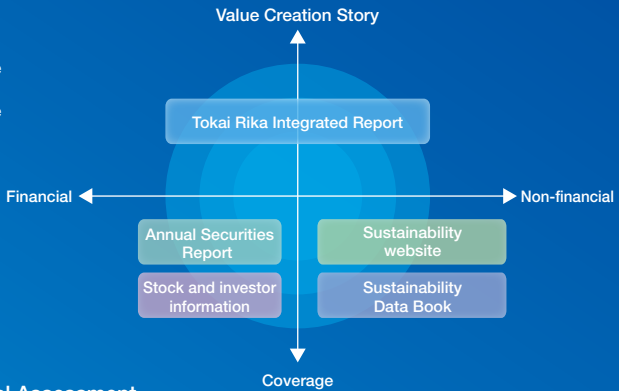
Reference guidelines External Assessment

- ISO 26000 (ISO)
- The International Integrated Reporting Framework (IIRC)
- GRI Standard (Global Reporting Initiative)
- Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry)
- Environmental Reporting Guidelines 2018 (Ministry of the Environment)

The data published in this report has been revised to the latest data (as of the end of FY2024). (It may vary from the data published in previous reports.)

[Note regarding future prospects]

This report contains plans and strategies regarding the company's future and forecasts, and prospects regarding business performance. These descriptions are expectations based on assumptions and beliefs that are founded on judgments made from the information available to us at the present time. Please understand that they may vary from the actual results as a result of changing circumstances, and actual business performance may differ from the company's expectations.



External Assessment

**ESG Assessment**

**FTSE Blossom Japan Index**

**FTSE Blossom Japan Sector Relative Index**

**Other Certifications**

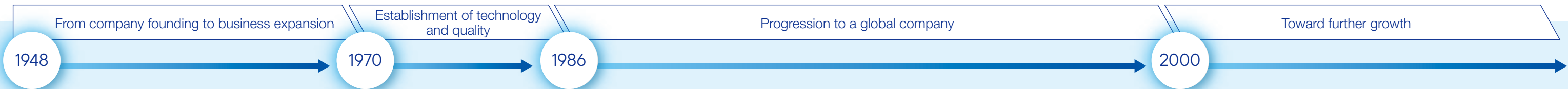
**2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

**健康経営優良法人 2025**

**DX認定**

# Our Journey of Value Creation

Since our founding, we have swiftly responded to societal needs, achieving higher quality designs and more comfortable operation. Our business scope has now expanded beyond the automotive sector.



## Swiftly responding to societal needs

1948



### Tail Lamp Switch

Our company was founded by the deliberate choice to tackle switch products that were difficult, time-consuming, and that no one else wanted to handle—embracing the philosophy of “Do what others won’t do.”

1966



### Reversible Key

We cut grooves on both sides of the key, developing a key that could be inserted either way.

1981



### Outer Mirror

We developed outer mirrors in anticipation of the lifting of domestic restrictions on door mirrors.

1989



World's First

### Mechanical Airbag

We developed an affordable mechanical system as an alternative to the then-expensive electrical systems, greatly contributing to the widespread adoption of airbags.

1962



### Two-point Seatbelt

We developed a seatbelt based on our estimation that a time was coming in which vehicle occupants would demand greater safety.

1967



### Shift Lever

Recognizing that automatic transmissions were becoming more and more common in the United States, we developed a shift lever.

1983



### Remote Key

At the request of a courier company, we developed an electric key that enables locking and unlocking doors at a distance from the vehicle.

1993



World's First

### Water-Blown Foam Molded Polyurethane Steering Wheel

We developed the world's first water-blown urethane foam molding technology, eliminating the use of CFCs (chlorofluorocarbons).

1994



### Immobilizer

We adopted encryption technology due to the ever-growing need for vehicle theft prevention, and we hastened the pace of making security products electronic.

2003



### Seatbelt with Motor Retractor

We developed a seatbelt for a pre-crash safety system that improves safety by activating before an impact.

2018



Japan's First

### Digital Outer Mirror

We developed a housing that combines aerodynamic characteristics and design.

1993



Japan's First

### Power Window Switch (with Anti-pinch Function)

We built in an electronic protective circuit to improve safety with regard to pinching accidents.

1997



### Seatbelt with Force Limiter

We added a function to lower the force of seatbelt being wound up by the pretensioner.

2008



Japan's First

### Steering Wheel Using 3D Dry Transfer

We achieved decoration on complex curved surfaces using a low-environmental-impact transfer film.

2020



### TOKAI RIKAI Digitalkey®

Full-scale launch of digital key business and establishment of TOKAI RIKAI Digitalkey® brand. In FY 2022, we launched Bqey, a company car management system service, and Uqey, an unmanned car rental system service.

## Achieving higher quality designs and more comfortable operation

1963



### Lever-style Blinker Switch

We moved switches on the instrument panel to the area around the steering column to enable easy operation at your fingertips.

1965



### Power Window Switch

In response to the trend toward higher-end vehicles, we developed a switch for power window operation.

1976

Japan's First

### Seatbelt with Tension Reducer

We added a function to loosen the seatbelt while it is being worn.

1970s



### Multi-function Switch

In addition to blinkers, we moved the various light and wiper switches to the area around the steering column for improved operability and safety.

1978



### Resin Wheel Covers

We developed resin wheel covers offering greater design flexibility and weight reduction advantages compared to metal.

1999

Japan's First

### Key Free System

We developed Japan's first smart key system, which combines theft prevention with convenience.

2003

Japan's First

### Shift by Wire Shifter

We developed an electronic shift lever ideal for hybrid vehicles and electric vehicles.

2010

World's First

### High-Brightness Coating Emblem

We achieved a metallic gloss with high-brightness coating.

2023



### ZENAIM Keyboard

Leveraging expertise in automotive switches, we developed the ultimate gaming keyboard.

2000

World's First

### Solid Wood Steering Wheel

Carved from premium woods like walnut, blending master craftsmanship with modern production techniques.

2003

World's First

### Smart Entry and Start System

We developed a smart key system that provided even more advanced theft prevention and convenience.

2014

World's First

### Touch Pad

We developed an advanced control device based on smartphone-style touch control and pulsation feedback.

2025

World's First

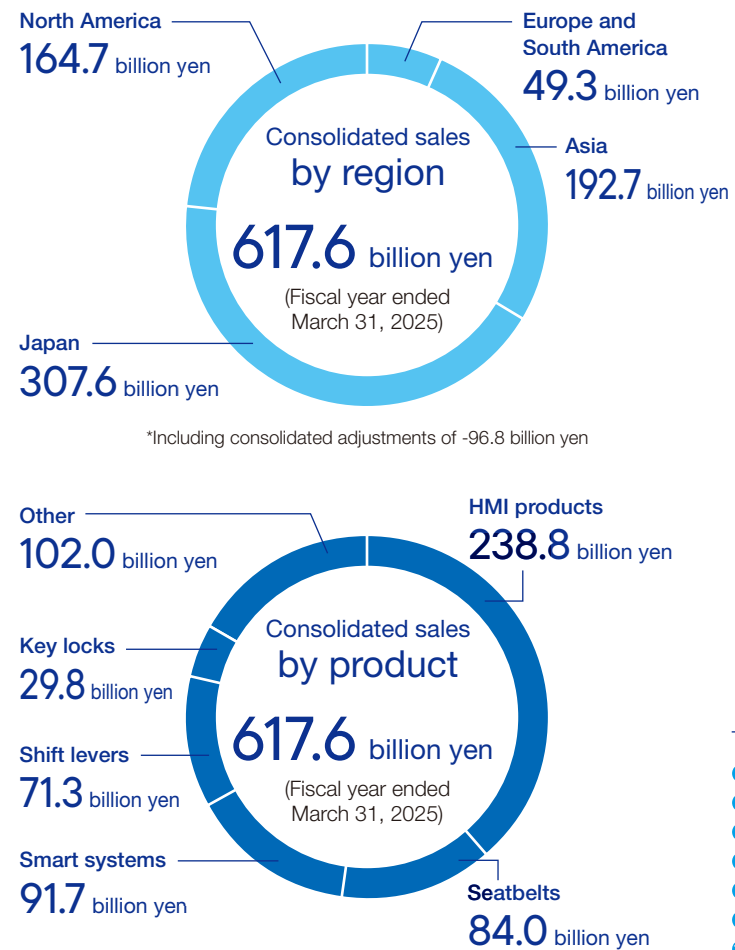
### WFO® (Wheel Full Ornament)

Using a newly developed coating specifically for skeletal aluminum wheels, we achieved a decorative finish with a texture that rivals that of aluminum wheels.



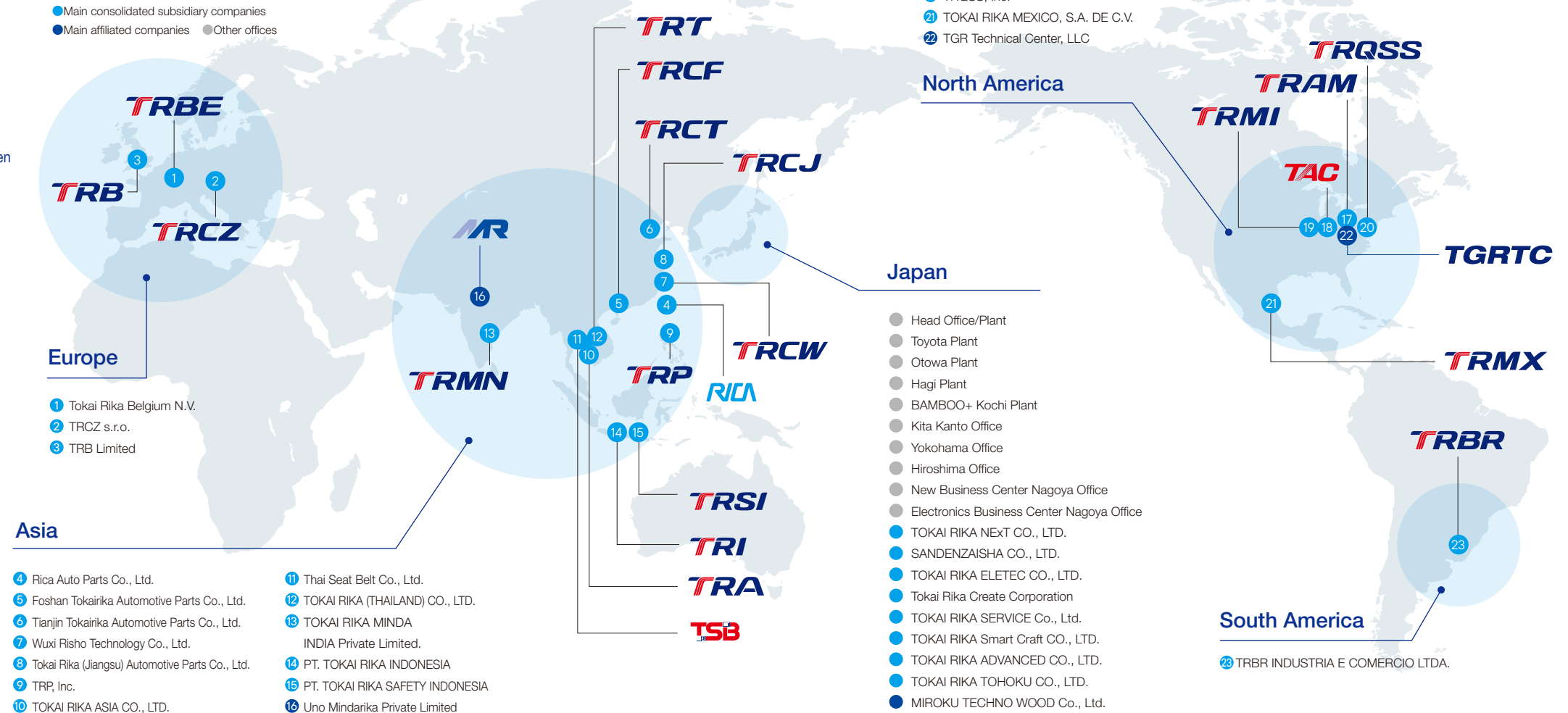
# At a Glance

## Consolidated Net Sales \*Fiscal year ended March 31, 2025

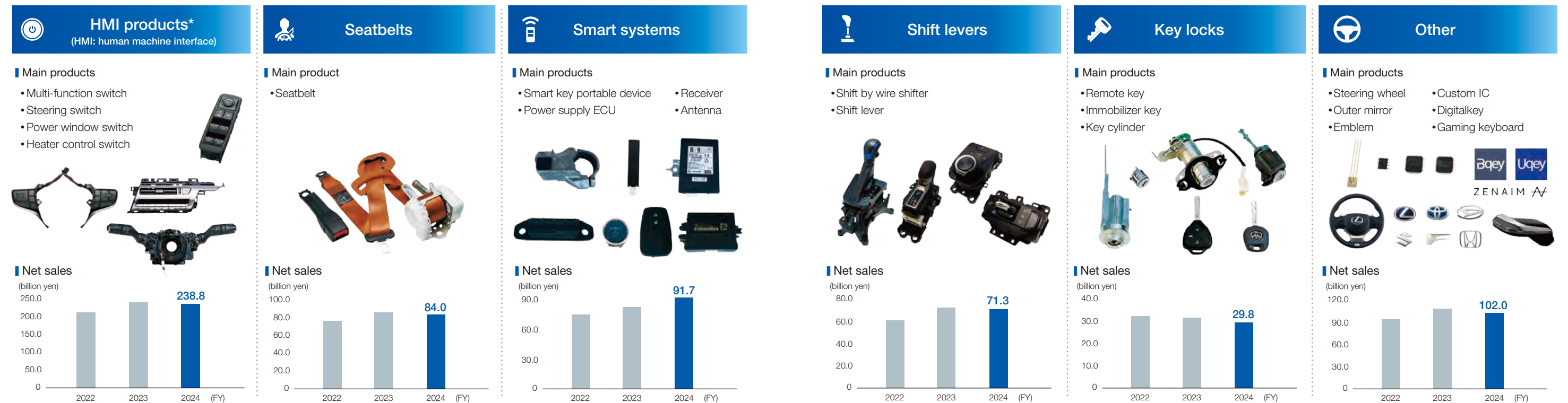


## Global Network

- Main consolidated subsidiary companies
- Main affiliated companies
- Other offices



## Products



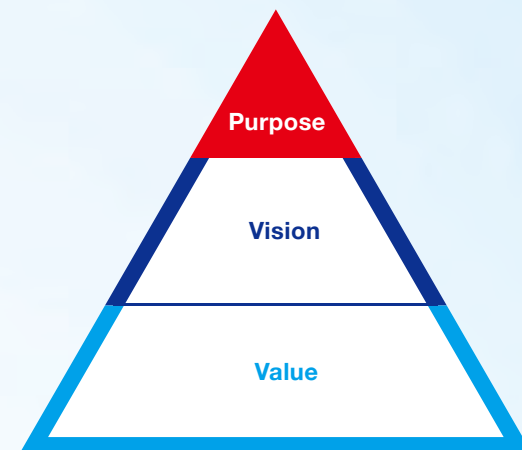
\*A product designed to reliably and smoothly convey the driver's intentions



## Tokai Rika's Ideal

In May 2024, we established our Purpose (aspiration and importance of our existence) along with our Vision, which outlines the initiatives to realize our aspiration, and our Value, which defines the shared values and code of conduct for employees working toward achieving our Purpose.

To help each employee better visualize the realized state of our Purpose, mid-career and young employees selected from executives, each center, and functional headquarters discussed what Tokai Rika would look like in 10 years. Based on these discussions, the new mid-term management plan, TRV 2030, outlines the ideal state Tokai Rika aims to achieve by 2030.



### Purpose

Aspiration & importance of our existence

Pass on our founding spirit\* and forge connections between **technological evolution and people to turn the delight into reality.**

\*If it's something necessary in the world, we do what others won't do.

### Optimally connecting people, cars, and society

As an HMI system supplier, we connect hardware and systems to enhance safety and comfort, enabling people to experience the evolution of technology and products.



### Vision

Initiatives to realize our aspiration

Enhance our technologies in the fields of physics, chemistry, electronics, and machinery that we have nurtured through vehicle development to provide products and services that contribute to the community and the environment, and to **help realize an ever safer, more secure, and higher quality of life.**

### Connecting to solve social issues

Leveraging technology cultivated over 77 years and its combinations, we connect people and vehicles through HMI products, and connect to solving social issues through our experience and achievements in the automotive and mobility fields.



### Value

Values & code of conduct

#### “A Call to Thought and Action” booklet issued to the Tokai Rika group

- Safety and quality first.
- Continuous kaizen by genchi-genbutsu.
- Following the founding spirit, take on challenges and develop new corporate value.
- Demonstrate maximum individual efforts to realize superior results.
- Be honest, truthful, and sincere.
- Be grateful and humble, and strive for coexistence and shared prosperity.



### Connecting our vision with employee values

While establishing the Tokai Rika Group's “A Call to Thought and Action” as our shared values, we aim to create a virtuous cycle between the company's “Ideal” and “social value” and each employee's “career development,” “job satisfaction,” and “abundance.”



# Value Creation Process

The Tokai Rika Group will utilize its management capital to the fullest, using appeals from society and social issues as triggers. We will provide value to society through our products and services by promoting sustainability based on our business philosophy and growth strategy (mid-term management plan).

## Input

### Management Capital

(FY 2024 figures)

P.12

### Business Model

P.11

## Output

### Products and Services

P.25-32

## Outcome

### Value Created

(FY 2024 figures)

#### Financial capital

- ROE 8.8%
- P/B Ratio 0.6

#### Production capital

- Bases 10 domestic locations  
23 overseas locations
- Capital expenditures 33.6 billion yen

#### Intellectual capital

- R&D expenses 31.6 billion yen
- No. of patents held 2,445

#### Human capital

- No. of unconsolidated employees 5,998 people
- No. of consolidated employees 20,157 people
- Unconsolidated training cost per person 40,000 yen

#### Social capital

- No. of business partners 1,337 companies
- Feedback to management based on information disclosure and dialogue

#### Natural capital

- Energy usage (consolidated) 1.17 million GJ
- Raw material input (unconsolidated) 23,928 t
- Water withdrawal (consolidated) 855 thousand m<sup>3</sup>

The Spirit of RiKa DenKi  
(Physics, Chemistry,  
Electronics, Machinery)

01

Competitive Advantages  
of the Tokai Rika Group

02

Capability to  
Combine  
Technologies  
to Create  
New Value

03

Corporate Culture of  
Collaboration and  
Mutual Support

### Mid-term Management Plan TRV2030

Environment

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Society

P.53-60

Corporate Governance

P.67-71

Materiality

P.13-14

Founding spirit: *Do what others won't do*

P.1

#### Appeals from society and social issues

- Global warming
- Air pollution
- Aging society with declining birth rate
- Change in vehicles
- Diversification of consumption and lifestyle behaviors
- DX promotion

#### HMI Business Center (Human-Machine Interface)

- Switch
- Shift lever
- Various sensors
- Outer mirror
- Ornaments

#### Electronics Business Center

- Smart systems
- Various ECUs
- Custom ICs

#### Safety Business Center

- Seatbelt

#### New Business Center

- Bqey
- Uqey
- Gaming keyboard

#### Financial capital

- Net sales 617.6 billion yen
- Dividend 8.1 billion yen

#### Production capital

- Acquired BAMBOO+ Kochi Plant
- New factories Tokai Rika Tohoku and Tokai Rika Minda India begin shipments

#### Intellectual capital

- Patent applications 342

#### Human capital

- Annual total working hours per person 2,210 hours
- Female manager ratio 2.0%

#### Social capital

- 60 dialogues with institutional investors and analysts

#### Natural capital

- CO<sub>2</sub> emissions reduction rate -5.1%
- Reduction rate of water usage -6.0%
- Waste materials reduction rate -5.0%



## Competitive Advantages of the Tokai Rika Group

Since our founding, we have cultivated a corporate culture centered on the spirit of tackling anything through “physics, chemistry, electronics, and machinery,” the ability to create new value by combining technologies, and mutual support through collaboration both internally and externally during challenging times. Numerous technological developments and production technologies are built upon these three key concepts.

01

### The Spirit of “RiKa DenKi” (Physics, Chemistry, Electronics, Machinery)

The name “Rika Denki” in our official company name, “Tokai Rika Denki Seisakusho,” embodies the founder’s vision: “to tackle anything through physics, chemistry, electricity, and machinery” and “to build a company with balanced production, technical, sales, and capital capabilities.”

02

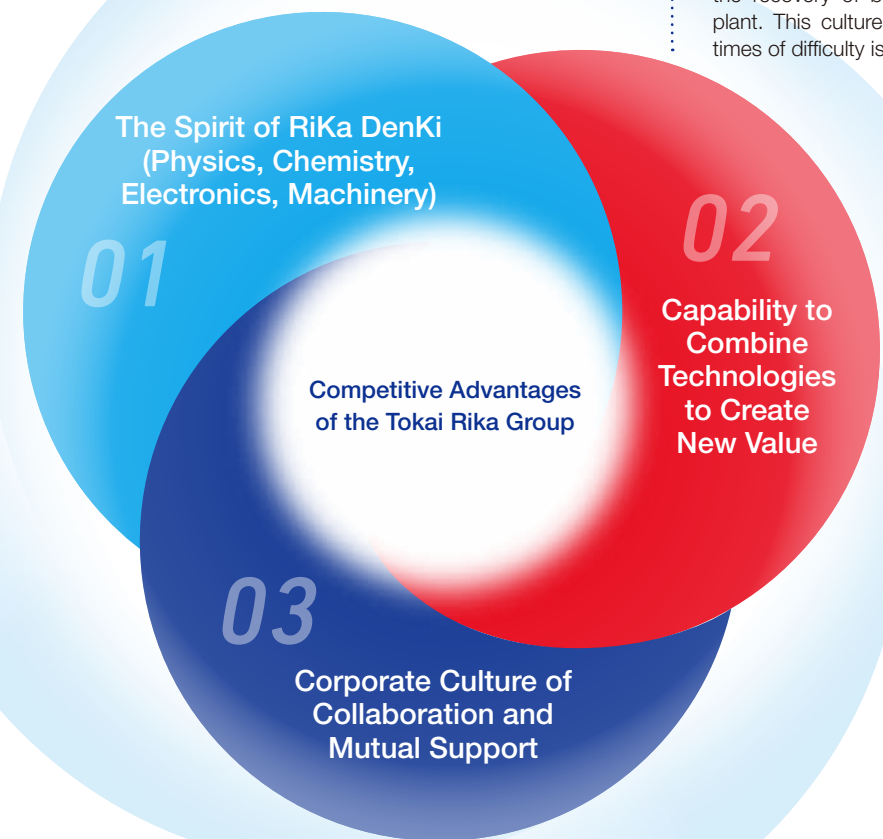
### Capability to Combine Technologies to Create New Value

We didn’t stop with assembly—by working on molding, machine pressing, casting, forging, dies, facilities, semiconductors, electronic assembly, and software, we gave ourselves a wide range of proprietary technology. We also combined technology with the evolution of vehicles to create new value.

03

### Corporate Culture of Collaboration and Mutual Support

Our company has a corporate culture that springs into action immediately when customers face difficulties, which led to new orders for shift levers and other products in 1967. Furthermore, when our Nishibiwajima Plant was damaged during the 2000 Tokai Flood, employees proactively took initiative regardless of department to work toward the recovery of both the region and the plant. This culture of immediate action in times of difficulty is deeply ingrained.



#### World-leading products created through three key concepts



No matter how cutting-edge the technology or system, it’s useless if it doesn’t align with human intuition. To implement technological evolution in society, that “final touch” is needed to bridge that gap. Based on three key concepts, our company has created value by providing that “final touch.”

## Six Types of Capital for Enhancing 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 enriching our management capital.



### Financial Capital

P.41

Operating profit for FY 2024 reached a record high, achieving the FY 2025 target set in our mid-term management plan one year ahead of schedule. This was primarily due to a smaller-than-expected decline in existing products and steady progress in sales expansion. It reflects the results of our consistent efforts in cost planning, rationalization, sales promotion activities, and cost recovery.



### Production Capital

P.5

We have acquired a new factory in Konan City, Kochi Prefecture, to commence production of the biomass composite material BAMBOO+. Additionally, shipments have begun domestically from Tokai Rika Tohoku Co., Ltd. and internationally from the new factory of Tokai Rika Minda India Pvt. Ltd. in India.



### Intellectual Capital

P.33

We invest 5–6% of our sales into research and development every year. Through integrated activities combining management strategy, development strategy, and intellectual property strategy, we will leverage intellectual property as a source of value creation and business growth to enhance corporate value.



### Human Capital

P.53

In May 2024, we announced our commitment to advancing human capital management. Under TRV 2030, we will drive this initiative through three pillars: “Promotion of Health Management,” “Nurture human resources capable of leading transformation,” and “Further expand opportunities to take on challenges, grow, and participate actively.”



### Social Capital

P.77

We believe multi-stakeholder engagement is essential to actively advance solutions to social issues through our business. Therefore, in addition to our annual briefing sessions with business partners, we conduct individual visits. We also increase dialogue with institutional investors and analysts, and hold annual community meetings with residents near our factories.



### Natural Capital

P.47

We have set the “Carbon-neutral Strategy 2030” goals and will work toward achieving them by addressing the entire lifecycle from the perspectives of products, production, logistics, and procurement.

# Materiality

After identifying risks and opportunities for materiality, goals (KPIs) are set and policies are managed.

To enhance its effectiveness, we revised our materiality in September 2024 following a Board of Directors resolution, taking into account the impact on our business and recent social conditions and business environment.

## Solving problems through business

### Solve social issues through innovative product development

- Product development that solves social issues



### Support customer safety and security

- Customer safety and quality assurance
- Promotion of information security and cyber security



## Basic activities that support business

### Increase motivation to work and promote growth and contribution to society

- Promotion of health management
- Human resource development
- Diversity & inclusion



### Reduce the burden on the environment

- Response to climate change
- Sustainable resource use



### Reduce barriers to fair business practices

- Respect for human rights
- Fair trade (anti-corruption and anti-competitive behavior)
- Sustainability penetration in the supply chain



## Materiality formulation process

Regarding materiality, we work with third-party organizations to determine it so that we do not become complacent.

### 1 Internal evaluation of international guideline items (stratified by importance to us)

From the viewpoint of importance to our company, we interviewed related divisions in our company regarding a total of 37 items, 36 items from GRI and 1 item from SDGs, and scored them (three-grade evaluation).

### 2 External evaluation of international guideline items (stratified by the degree of interest of our stakeholders)

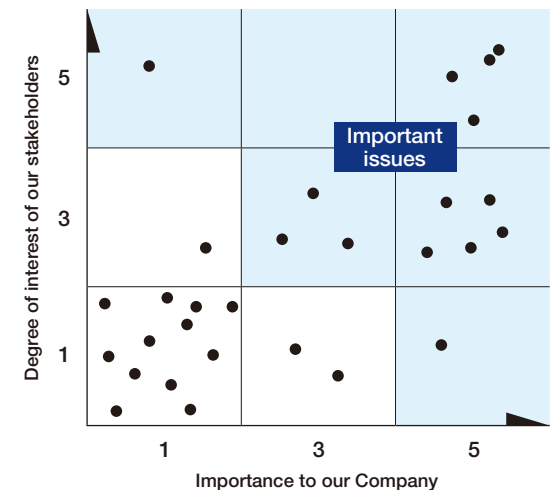
Adding points to the issues that the external evaluation organization pays attention to and the number of companies that consider items important among the four benchmark companies, we stratified them into three grades (evaluated by a third-party organization).

### 3 Confirmation of important issues (materiality)

Items that are located in the "particularly high area" of importance to our company and degree of interest of our stakeholders are judged to be the most important issues.

### 4 Identification of important issues (materiality)

Five important themes and 11 important issues (14 issues were aggregated) have been identified.



Materiality	Risks	Opportunities	Goals (KPIs)	2024 Targets	2024 Results	2025 Targets	Vision for 2030	Related SDGs
<b>Product development that solves social issues</b>	<ul style="list-style-type: none"> <li>Decline in competitiveness</li> <li>Loss of business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Value creation beyond the framework of existing businesses</li> </ul>	<ul style="list-style-type: none"> <li>Digitalkey Business Expand Bqey sales and grow Uqey operations</li> <li>Develop and sell products beyond existing domains, such as upcycled goods (Think Scrap) and pest control bait materials (Puritto Bait)</li> </ul>	<ul style="list-style-type: none"> <li>Bqey: Sales of 453 million yen</li> <li>Uqey: Business viability assessment through test marketing</li> <li>Think Scrap: Sales of 36 million yen</li> </ul>	<ul style="list-style-type: none"> <li>Bqey: Sales of 435 million yen</li> <li>Uqey: Test marketing completed</li> <li>Think Scrap: Sales of 22 million yen</li> </ul>	<ul style="list-style-type: none"> <li>Bqey: Sales of 782 million yen</li> <li>Uqey: 1,200 registered vehicles</li> <li>Think Scrap: Sales of 30 million yen</li> </ul>	<ul style="list-style-type: none"> <li>Help realize an ever safer, more secure, and higher quality of life by identifying global social challenges and contributing to their resolution</li> <li>Products and services that contribute to solving social challenges such as assisting the transportation disadvantaged and preventing vehicle theft</li> </ul>	
<b>Customer safety and quality assurance</b>	<ul style="list-style-type: none"> <li>Damage to customers</li> <li>Decrease in productivity</li> </ul>	<ul style="list-style-type: none"> <li>Gain of customer trust</li> </ul>	<ul style="list-style-type: none"> <li>Sold vehicles dealt with</li> <li>Critical defects (regulations and functions)</li> <li>Serious incidents</li> </ul>	0 cases	<ul style="list-style-type: none"> <li>Sold vehicles dealt with: 2 cases</li> <li>Critical defects (regulations and functions): 23 cases</li> <li>Serious incidents: 2 cases</li> </ul>	0 cases	<ul style="list-style-type: none"> <li>Provide safe and reliable products and services to our customers (end users, automakers, and service providers), so that our quality makes us the preferred choice.</li> </ul>	
<b>Promotion of information security and cyber security</b>	<ul style="list-style-type: none"> <li>Shutdowns due to cyber attacks</li> <li>Impact on customer operations</li> <li>Decreased reputation</li> </ul>	<ul style="list-style-type: none"> <li>New customer development</li> </ul>	<ul style="list-style-type: none"> <li>Number of Major Accidents Occurring</li> </ul>	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> <li>Prevent leaks of confidential information, tampering with data, and service disruptions through proper management of information assets to help realize an ever safer, more secure, and higher quality of life</li> </ul>	

<b>Promotion of Health Management</b>	<ul style="list-style-type: none"> <li>Decrease of employee motivation</li> <li>Difficulty in securing human resources</li> </ul>	<ul style="list-style-type: none"> <li>Fostering and securing excellent human resources</li> </ul>	<ul style="list-style-type: none"> <li>Work-related accidents: 0 cases</li> <li>Reduction in rate of absence from work due to illness</li> <li>Reduction in productivity loss due to physical/mental health issues</li> <li>Reduction in rate of employees with medical findings</li> </ul>	<ul style="list-style-type: none"> <li>0 cases</li> <li>3.5%</li> <li>20.0%</li> <li>40%</li> </ul>	<ul style="list-style-type: none"> <li>20 cases</li> <li>3.5%</li> <li>21.6%</li> <li>42%</li> </ul>	<ul style="list-style-type: none"> <li>0 cases</li> <li>3.0%</li> <li>18.0%</li> <li>38%</li> </ul>	<ul style="list-style-type: none"> <li>Achieve health management (reducing losses due to health risks so each employee can maximize their capabilities)</li> </ul>	
<b>Human resource development</b>	<ul style="list-style-type: none"> <li>Depletion of human resources who will lead the next generation</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening managers' leadership skills</li> <li>Training programs are available to identify and acquire the skills and knowledge you need</li> </ul>	<ul style="list-style-type: none"> <li>Training for problem-solving training instructors → Improvement of leadership skills → Appropriate advice to trainees → Improved understanding</li> <li>Introduction of on-demand training → No. of trainees: 600</li> </ul>	<ul style="list-style-type: none"> <li>Completed training for problem-solving training instructors</li> <li>Introduced on-demand training → 627 participants</li> </ul>	<ul style="list-style-type: none"> <li>Supervisors and subordinates mutually trust each other</li> <li>Over 80% trust their direct supervisor</li> <li>Cultivated a culture of self-directed learning for career development</li> <li>Over 60% proactively study and gather information related to their work</li> <li>Promoted management practices that empower subordinates' career autonomy</li> <li>Over 70% of employees were presented with options by their supervisor for means to advance toward their future aspirations</li> </ul>	<ul style="list-style-type: none"> <li>Realize human capital management that drives challenge and transformation (fostering a workplace culture that encourages challenge, promoting proactive career development, creating a workplace environment where everyone can work comfortably)</li> </ul>	
<b>Diversity &amp; inclusion</b>	<ul style="list-style-type: none"> <li>Uniform thinking and judgment</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of innovation</li> </ul>	<ul style="list-style-type: none"> <li>Supervisors master diversity management skills to maximize the capabilities of diverse team members</li> <li>Cultivate regular opportunities to engage with information and perspectives essential for achieving diversity and inclusion</li> <li>Actively seek insights and knowledge from other industries and departments to gain new perspectives and build connections</li> </ul>	<ul style="list-style-type: none"> <li>Support for information communication and activities of subsidiaries, affiliated companies, and partner companies</li> <li>Holding lectures by leaders of different industries and cross-industrial exchange meetings</li> <li>Holding self-management training</li> <li>Holding diversity management training</li> <li>Information disclosure about job openings in a variety of career paths (beyond company assignments) as post-retirement options</li> <li>Introduction of a development program designed to prepare for life after club retirement</li> </ul>	<ul style="list-style-type: none"> <li>Support for information communication and activities of subsidiaries, affiliated companies, and partner companies</li> <li>Holding lectures by leaders of different industries and cross-industrial exchange meetings</li> <li>Diversity management training for supervisors</li> <li>Information disclosure about job openings in a variety of career paths (beyond company assignments) as post-retirement options</li> <li>Implementation of an in-house internship program designed to prepare for life after club retirement</li> </ul>	<ul style="list-style-type: none"> <li>Over 30% of management-level employees complete diversity management training</li> <li>Over 30% of employees in each department participate in or attend at least one diversity-related event annually</li> </ul>	<ul style="list-style-type: none"> <li>Realize an organization where diverse talent thrives to drive innovation</li> </ul>	
<b>Response to climate change</b>	<ul style="list-style-type: none"> <li>Increased risk of natural disasters and droughts</li> <li>Rising costs due to carbon taxes and soaring energy expenses</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to solving global warming issues</li> <li>Enhance added value through low CO<sub>2</sub> product development</li> </ul>	<ul style="list-style-type: none"> <li>Energy-related CO<sub>2</sub> emissions</li> <li>Renewable energy ratio (of total electricity used)</li> <li>Transportation-related CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>102,882 t-CO<sub>2</sub> or less (consolidated)</li> <li>43,495 t-CO<sub>2</sub> or less (unconsolidated)</li> <li>12.8% or more</li> <li>2,863 t-CO<sub>2</sub> or less</li> </ul>	<ul style="list-style-type: none"> <li>95,440 t-CO<sub>2</sub> (consolidated)</li> <li>38,096 t-CO<sub>2</sub> (unconsolidated)</li> <li>19.0%</li> <li>2,829 t-CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>97,920 t-CO<sub>2</sub> (consolidated)</li> <li>42,320 t-CO<sub>2</sub> (unconsolidated)</li> <li>15.0%</li> <li>2,831 t-CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>Scope 1 and 2: 60% reduction compared to FY 2013</li> <li>Achieve carbon neutrality at headquarters and headquarters factory</li> </ul>	
<b>Sustainable resource use</b>	<ul style="list-style-type: none"> <li>Increase of costs for resource procurement and waste disposal</li> </ul>	<ul style="list-style-type: none"> <li>Building of a sustainable production system</li> <li>Enhancing product value through low-CO<sub>2</sub> materials and recycled materials</li> </ul>	<ul style="list-style-type: none"> <li>Waste generation per unit</li> <li>Packaging materials per unit</li> <li>Water withdrawal</li> </ul>	<ul style="list-style-type: none"> <li>0.37 tons/million units or less</li> <li>0.542 tons/100 million yen or less</li> <li>551,000 m<sup>3</sup> or less</li> </ul>	<ul style="list-style-type: none"> <li>0.20 t/million units</li> <li>0.441 t/100 million yen</li> <li>488,000 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>0.37 t/million units</li> <li>0.536 t/100 million yen</li> <li>551,000 m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Realize a circular economy through efficient resource utilization</li> </ul>	
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>Decline in competitiveness of recruitment and stock price due to loss of reputation</li> <li>Suspension of transactions due to failure to meet procurement standards</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring employees and business partners can work with peace of mind</li> <li>Earning trust from customers, local communities, and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of human rights due diligence</li> </ul>	<ul style="list-style-type: none"> <li>Implement human rights education for the Group and suppliers</li> <li>Conduct human rights due diligence for the Group and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Implement human rights training for the Group and suppliers</li> <li>Conduct human rights due diligence for the Group and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Incidents violating human rights responsibilities: 0</li> </ul>	<ul style="list-style-type: none"> <li>Global consideration for human rights for all stakeholders</li> </ul>	
<b>Fair trade (anti-corruption and anti-competitive behavior)</b>	<ul style="list-style-type: none"> <li>Participation in misuse of power and position</li> <li>Promotion of unhealthy markets</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of sound public-private and private-private exchanges</li> <li>Establishment of a fair free competitive market</li> </ul>	<ul style="list-style-type: none"> <li>Number of incidents of bribery and competition law violations</li> </ul>	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> <li>Implement fair business activities free from corruption</li> </ul>	
<b>Sustainability penetration in the supply chain</b>	<ul style="list-style-type: none"> <li>Aiding and abetting anti-environmental and anti-social behavior</li> </ul>	<ul style="list-style-type: none"> <li>Creation of new value in the supply chain</li> <li>Improvement of environmental and social sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Number of major legal violations by business partners</li> </ul>	0 cases	0 cases	0 cases	<ul style="list-style-type: none"> <li>Contribute to solving social issues across the entire supply chain</li> <li>Prevent involvement in anti-environmental and anti-social activities</li> </ul>	



## Message from the President

**Embracing challenges and driving transformation, we harness the power to turn change into growth opportunities and co-create the future—a challenge to generate new value**

二之夕裕美

Hiro Yoshi Ninoyu  
President

### Preparation and Resolve to Adapt to Environmental Changes

Looking back on FY 2024, amidst a turbulent business environment, our company achieved sales of 617.6 billion yen (down 0.9% year-on-year) and an operating profit of 35.4 billion yen (up 23.0% year-on-year), the highest in our history. This enabled us to achieve the targets set in our mid-term management plan formulated in 2022 (hereinafter referred to as the previous mid-term plan) one year ahead of schedule. This achievement, attained while continuing proactive investments for the future, demonstrates the steady enhancement

of our earning power. The environment surrounding the automotive industry is still one where it's "anyone's game." Unpredictable changes—such as the shift toward EVs, geopolitical risks, and political factors—are occurring one after another. However, we have built a structure capable of responding swiftly to change, based on the assumption that "predictions rarely hold true." This flexibility and responsiveness are the very source of our competitiveness.

### FY 2024 Results and New Developments

Several key factors contributed to the improved performance in FY 2024. Externally, the weak yen boosted sales and profits. Internally, significant contributions came from cost reduction efforts following the establishment of the Profit Optimization Group, alongside profitability improvements achieved in parallel with investments for the future.

Additionally, orders for switches, which we had anticipated would decline, remained resilient, supporting our performance. Historically, the market transitioned toward touch panel switches, prompting some competitors to exit switch manufacturing. Consequently, we projected a sales decrease of approximately 80 billion yen in our previous mid-term plan. However, as touch panel switches proliferated, questions arose regarding their operability and safety. In Europe, the Euro NCAP (European New Car Assessment Programme), which evaluates automotive safety performance, announced plans to adopt direct operability as an evaluation criterion starting in 2026. This led to the established practice of using physical switches and touch panel switches selectively for different functions, resulting in switch demand declining less than anticipated. While competitors withdrew, Tokai Rika persisted in its business,

guided by its founding principle: "Do what others won't do." This persistence led to unexpected orders and kept the decline in sales modest.

In terms of business expansion, FY 2024 saw the launch of a new production base. TOKAI RIKKA TOHOKU CO., LTD. (Yokote City, Akita Prefecture) is our first base in the Tohoku region. Located near our major client Toyota Motor Corporation, it enables us to respond swiftly to customer needs. This base also symbolizes our commitment to regional contribution. We will deepen our ties with the local community through projects aimed at creating local employment and addressing regional challenges.

Furthermore, our northern India factory, located in a region with projected economic and automotive market growth, aims to expand business with numerous automakers, including Maruti Suzuki, which holds the top market share. This marks our first factory primarily serving customers other than Toyota Motor Corporation, embodying our strategic direction to move away from a manufacturing structure focused on a single company. We believe this global perspective in business development will be a key factor supporting our future growth.





## Message from the President

Technologically, we have developed the groundbreaking “Hidden Light Effect” technology, which has received very positive feedback from our customers. This technology uses a translucent decorative process to make switches invisible under normal conditions, only to appear when the engine is started. It can be installed on panels made of resin, metal, or leather. As a touch panel switch, it creates a simple, sophisticated, and premium cabin atmosphere, offering new value. We expect this technological innovation to enhance our brand value and contribute to increased customer satisfaction. Furthermore, we have developed the “WFO® (Wheel Full Ornament),” a resin cap for automakers’ aluminum wheels, and its deployment has begun starting with Toyota Motor Corporation’s Crown Estate. Automakers place great importance on aluminum wheels as a key design

element of the vehicle. However, the need for different aluminum wheels for each model type presented challenges, including an increase in part numbers and the required amount of aluminum material.

WFO® not only achieves the metallic luster of high-brightness machined aluminum wheels through a newly developed coating, but also contributes to improved vehicle fuel/electric efficiency (aerodynamic performance) by reducing the weight of the aluminum wheels. Furthermore, the cap-type WFO® is highly regarded for enabling diverse design variations through standardized aluminum wheels while reducing the number of part numbers and saving factory space. It is expected to be a groundbreaking solution.

## New Mid-term Management Plan “TRV 2030” Made by Leaders Shaping the Future

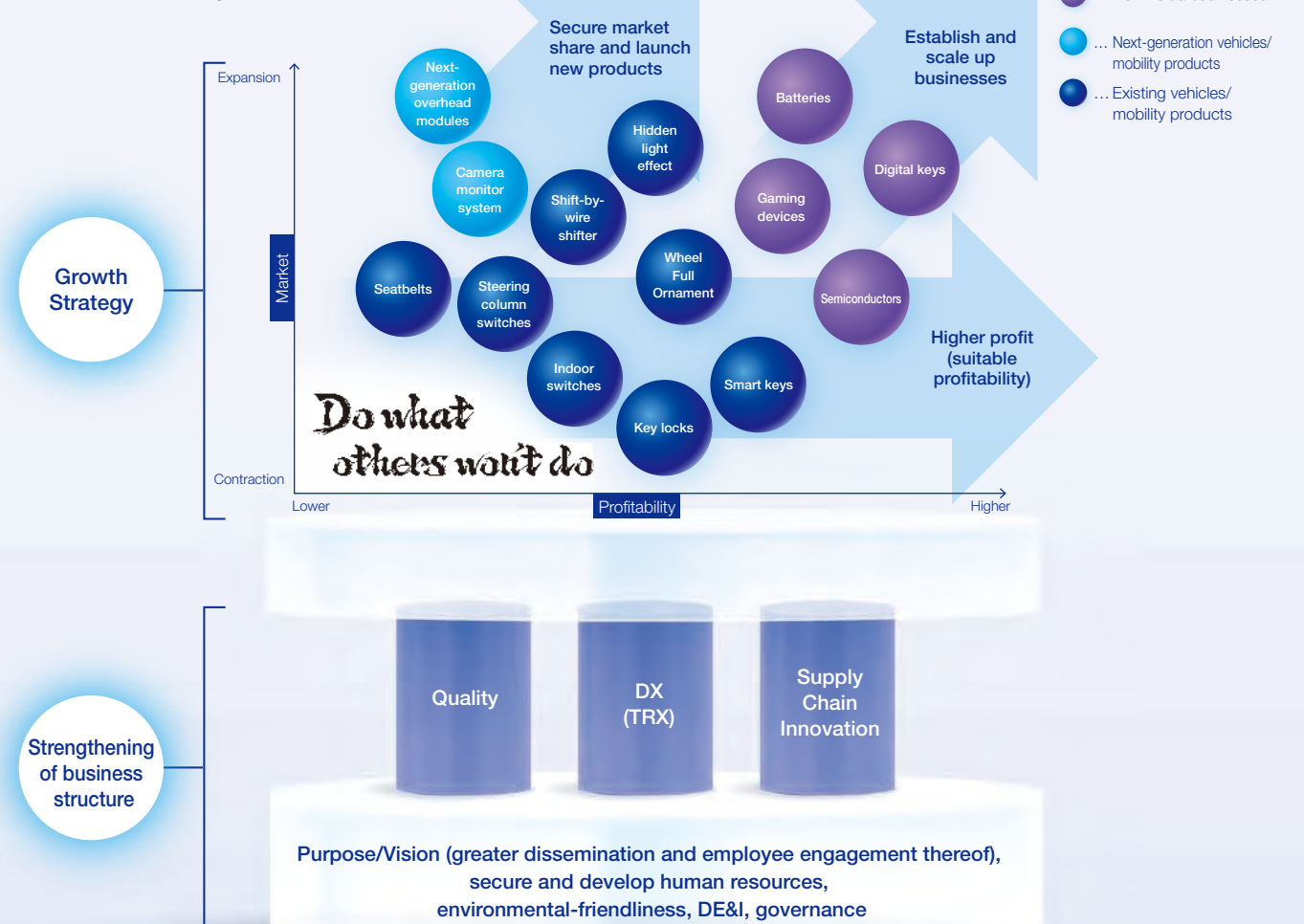
The new mid-term management plan “Tokai Rika Vision 2030 (TRV 2030),” launched in 2025, was formulated using an approach fundamentally different from a simple extension of previous plans. We deliberately did not include me, as the president, or Vice President Sato. Instead, we formed three task forces with members from our board, mid-career, and junior employees, and had them outline a vision for our company 10 years from now, guided by our Purpose, Vision, and Value. TRV 2030 was then created by backcasting from that vision. This symbolizes the very transformation of our corporate culture—where those who will shape the future take the lead in determining the company’s path, embodying the principle of “creating our own future.” The members of the task forces shared feedback such as, “It expanded my perspective beyond my own territory to discuss the company’s future,” and, “While envisioning that future, we considered what new products and services we could create and develop into businesses.” Hearing this, our directors felt renewed determination. They recognized that as automakers shift to mobility companies, they, the directors, themselves must be the first to change and demonstrate this new mindset to every single employee. Through this process, I believe we found the path our company should take.

Underpinning this initiative is the founding spirit: “Do what others won’t do.” For 77 years since our founding, we have consistently embraced new challenges, yet we also sensed the danger of resting on our stable business foundation. To navigate this era of rapid change, it is essential to redefine the founding spirit, empowering each employee to take ownership and become agents of transformation. Our purpose serves as the guiding principle for this endeavor.

Our purpose, “Forge connections between technological evolution and people to turn the delight into reality,” has evolved from the previous concept of connecting “technological evolution” and “cars” to one that more directly provides value to people’s lives. This shift reflects our aim to transform beyond being merely an automotive parts manufacturer into a company that enriches people’s lives, striving for our technology to help improve quality of life. This shift is already embodied in products within new domains, one being ZENAIM, launched as a gaming gear brand for e-sports. We are introducing products leveraging existing technologies into the PC gaming market, with the ZENAIM KEYBOARD gaming keyboard receiving positive reviews. We deliberately avoid prominently featuring the Tokai Rika company name. Instead, we provide products previously unavailable in the market under the ZENAIM brand, gaining recognition from consumers. Customers who purchase our keyboards only learn about our company through the name listed on the warranty card. We hope that through the ZENAIM brand, consumers will appreciate our technology and, ultimately, recognize the value Tokai Rika provides.

TRV 2030 sets numerical targets of 700 billion yen in sales, a 7% operating profit margin, and a 10% ROE. We aim to achieve these not through M&A-driven scale expansion, but by building a lean and muscular corporate structure. Securing 49 billion yen in operating profit (7% operating profit margin) is set as the necessary level to sustain shareholder returns, employee benefits, and future investments. These targets serve as benchmarks for achieving sustainable growth while fulfilling our responsibilities to all stakeholders. Achieving this requires the united efforts of every employee.

### New Mid-Term Management Plan TRV 2030 Overview



## Evolution of Growth Strategy: Value Creation Through Co-Creation

TRV 2030 adds a market growth axis to the traditional four-quadrant growth strategy, aiming to achieve more strategic business portfolio management. The core of this growth strategy lies in co-creation with diverse stakeholders both inside and outside the company. To create new business opportunities and growth areas, and to promote innovation across the entire organization, we form “co-creation teams” composed of members with diverse skills, knowledge, and perspectives, free from traditional organizational frameworks. By breaking down departmental silos and delegating appropriate authority, we enable swift, autonomous decision-making and high productivity. Already, new products have emerged in these areas, such as the “FamiCa,” which supports safe and secure driving for parents raising children, and the previously introduced gaming keyboard, ZENAIM KEYBOARD. These new products symbolize our challenges.

A symbolic success story in external co-creation is the development of an engine start system with alcohol detection capability, which can be added to our corporate

vehicle management system Bqey. This was achieved through collaboration with Global Mobility Service Inc., a company providing financial services utilizing IoT and FinTech to financial institutions and others. This contributes to solving the social issue of drunk driving prevention while also opening up new business areas for our company. In this way, we are actively deepening collaboration with external partners to create value that cannot be achieved by our company alone.

Construction is progressing on our New Technology Development Building, scheduled for completion in 2027. From design to operational policies, young and mid-career employees who will lead our future are taking the lead in making decisions. This is not merely facility construction; it is building a framework to foster new ways of working and new ideas. We are shifting from traditional top-down decision-making to field-led, rapid judgment and execution. This New Technology Development Building will become a crucial hub supporting our company’s future.



## Strengthening Our Business Structure

To execute our growth strategy and deliver results, TRV 2030 also focuses on strengthening our business structure, identifying three key priorities: Quality, DX (TRX), and Supply Chain Innovation. Reflecting on past quality issues, we will enhance the development of personnel responsible for quality while advancing the creation of systems that reduce reliance on human labor through DX implementation. We will transform operations and change how we work by leveraging data across the engineering chain and supply chain. This will enhance the efficiency of our business and strengthen our competitiveness.

Historically, the automotive industry has developed through individual companies building supply chains with numerous partner firms. Within Japanese manufacturing, small and medium-sized enterprises (SMEs) predominantly consist of specialized companies focused on specific tasks or firms dedicated to a single technology or process. Currently, this structure leads to inefficiencies and reduced competitiveness within the supply chain, making it difficult for

participating companies to gain benefits. To overcome this challenge, we will strengthen collaboration with our partner companies and jointly build a sustainable business model.

I believe that for our company to develop as a sustainable enterprise, it is essential that our partner companies, primarily small and medium-sized manufacturers, adopt a sustainable approach to manufacturing. By helping each partner company evolve into a business capable of handling multiple processes, we aim to secure the future of Japanese SMEs and enhance the competitiveness of Japan's entire manufacturing sector. We are currently engaging with an organization formed by volunteers, primarily successor candidates from partner companies, to work on building this sustainable business model. We are approaching supply chain reform with a medium-to-long-term perspective. In the immediate term, we support partner companies' operations through sharing necessary technologies and leveraging DX for data sharing, aiming to optimize the entire supply chain.

## Advancing Sustainability Management

Sustainability management requires a foundation of purpose, vision permeation, and initiatives focused on human resources and ESG. Regarding the environment, we have formulated the Carbon-neutral Strategy 2030, challenging ourselves to achieve carbon neutrality at our headquarters and main factory by 2030, with a global target of achieving it by 2050. Guided by the fundamental principle that "we take responsibility for the pollution we cause," we are not relying on carbon credits or renewable energy certificates from the outset. Instead, we are using our own funds to implement measures across the entire product manufacturing lifecycle. This is how we are walking the path of fulfilling our social responsibility regarding environmental challenges.

Regarding human resources, they are the driving force behind TRV 2030, and we are focusing on human capital management. While we are committed to developing human resources who lead health and productivity management and transformation, the foundation for advancing human capital management is DE&I (Diversity, Equity & Inclusion). Currently, the Diversity Promotion Department is advancing initiatives. For example, much of the existing workplace environment, including production equipment, is designed assuming use by able-bodied men. Providing the same environment uniformly without considering differences in physical capabilities may create disadvantageous conditions for female employees and those with disabilities. Furthermore, ensuring fair opportunities and environments for employees during childcare periods requires systems

enabling more flexible working arrangements than ever before. Moving forward, it is undeniably necessary to create an environment where employees can work fairly, including improvements to factory equipment. We expect these efforts to enrich our corporate culture and guide us toward becoming an organization that respects diversity.

Globally, DE&I policies are reaching a major turning point, particularly in the United States. However, Japan should not base its discussions solely on the same framework. Compared to Europe and the US, Japan's utilization of diverse talent is inherently limited. Both the government and companies have significant work to do. For our company, we will further advance DE&I to secure the talent needed to achieve the challenges and transformations outlined in TRV 2030. This will advance human capital management and strengthen our business structure.

Regarding talent utilization at overseas locations, we intend to strengthen management tailored to local cultures and increase the number of overseas subsidiaries led by local talent at the top. We believe the company should adopt a mindset focused on leveraging local talent capabilities and learning local approaches, rather than relying on technical guidance or management by Japanese expatriates. At the same time, we will firmly communicate Tokai Rika's Purpose and Vision to overseas subsidiaries and implement global governance to ensure they fulfill their responsibilities as members of the Group.



## Capital Strategy

In our capital strategy, we aim to achieve a 10% ROE by FY 2030. We will advance management that considers all stakeholders, driven by both our business strategy and capital strategy.

Funds generated through improved capital efficiency will be strategically allocated toward capital expenditures for sustainable growth, future-creating investments, investments in the people who will support the company's future, and enhanced shareholder returns.

Over the three-year period from FY 2025 to FY 2027, we will execute investments exceeding 95 billion yen as growth investments toward 2030. Regarding shareholder returns,

while prioritizing stable dividends based on sustained corporate value enhancement and valuing trust with long-term shareholders, we anticipate returns totaling approximately 55 billion yen over these three years. These investments are crucial measures to strengthen our competitiveness and support medium- to long-term corporate value growth.

While we hold 100 billion yen in cash as of the end of FY 2024, we expect this to be reduced to approximately 60 billion yen by the end of FY 2027 as a result of these activities. In this way, we will meet expectations by achieving sustainable growth and broadly returning the results to our stakeholders.

## Toward Enhancing Corporate Value

I believe my role in enhancing corporate value lies in raising our company's profile and driving cultural transformation. While low visibility is an inherent challenge for BtoB companies, it is crucial to actively communicate our advanced technological capabilities and social contribution activities so that all stakeholders understand our value. Through initiatives like sponsoring the Aichi Ekiden relay race and showcasing the achievements of our athlete, Kaito Oda—currently ranked world number one in men's wheelchair tennis singles (as of August 2025) and a gold medalist at the 2024 Paris Paralympics—we communicate our "corporate culture of taking on challenges" to society. These efforts also contribute to boosting employee motivation.

Precisely because we live in an era of rapid change, we return to our founding spirit of "do what others won't do" and persistently challenge ourselves to create new value.

TRV 2030 is not merely a business plan; it is a transformation program toward the corporate vision we aspire to achieve. We will leverage the strengths cultivated over 77 years while driving a cultural transformation to enhance our adaptability to change. We will work to create an environment where every employee can become an agent of change. This includes shifting mindsets from "defense" to "offense," promoting dialogue across hierarchical boundaries, and fostering a culture that embraces challenges without fear of failure. We believe this transformation will make our future brighter.

Together with all our stakeholders, we aim to realize a sustainable society and enhance corporate value. With the power to turn change into opportunity and the strength to co-create the future, Tokai Rika will advance to a new stage. I sincerely thank you for your continued support.

Mid-term Management Plan (FY 2025–2030)

TRV2030

Tokai Rika Vision

We have achieved the FY 2025 targets set out in our mid-term management plan announced in May 2022 ahead of schedule.

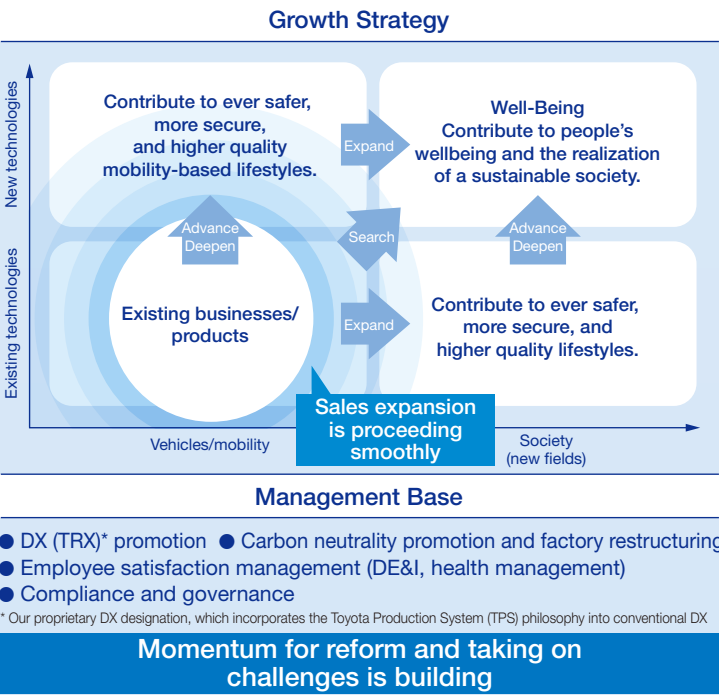
Our growth strategy involves advancing and deepening our “technologies” and “track record” cultivated in the automotive and mobility domains to contribute to safe, secure, and abundant mobility lifestyles. Simultaneously, we are expanding our business domains beyond automotive and mobility to contribute to a more enriched life and society, driving forward these initiatives.

The primary driver for achieving the FY 2025 targets ahead of schedule was the performance of existing businesses and products in the automotive and mobility sector. However, the promotion of our forward-looking growth strategy has also fostered a culture of challenge and innovation. This cultural transformation, while not directly quantifiable, is evident in our pursuit of new products and ventures.

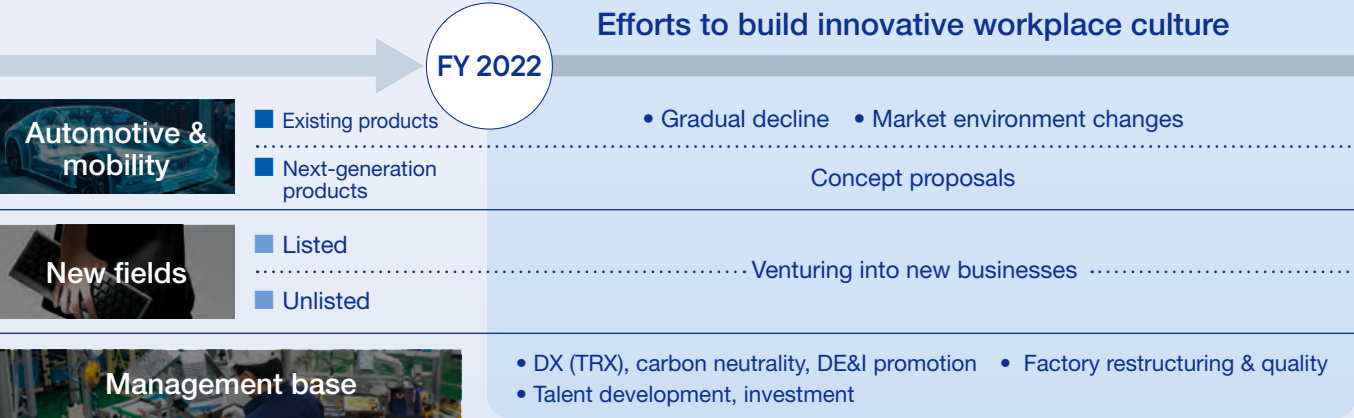
2022 Mid-term Management Plan: Review

	2022 Mid-term Management Plan FY 2025 Target	FY 2024 Results
▶ Consolidated net sales	520.0 billion yen	617.6 billion yen
▶ Operating profit	25.0 billion yen	35.4 billion yen
▶ Operating profit ratio	4.8%	5.7%
▶ ROE	8%	8.8%

The FY 2025 target was achieved one year ahead of schedule

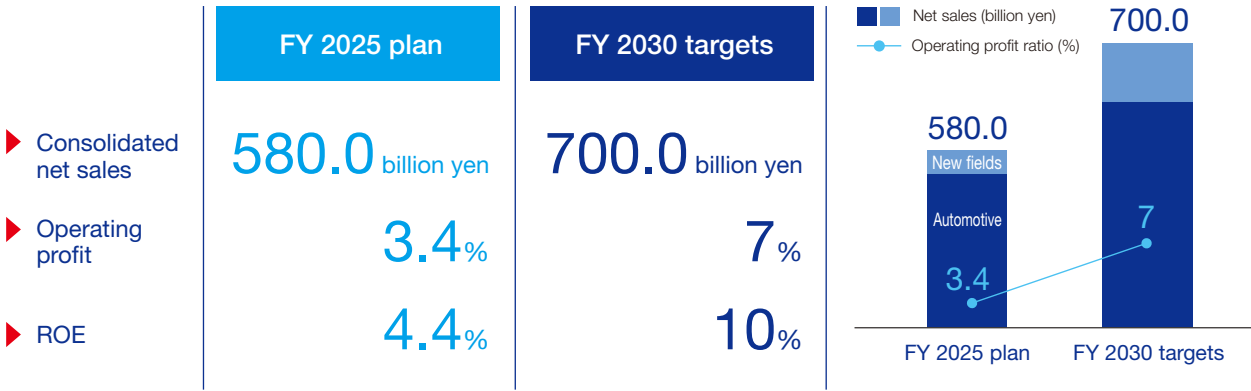


Milestones



Mid-term Management Plan TRV2030

TRV 2030 targets



Key Issues

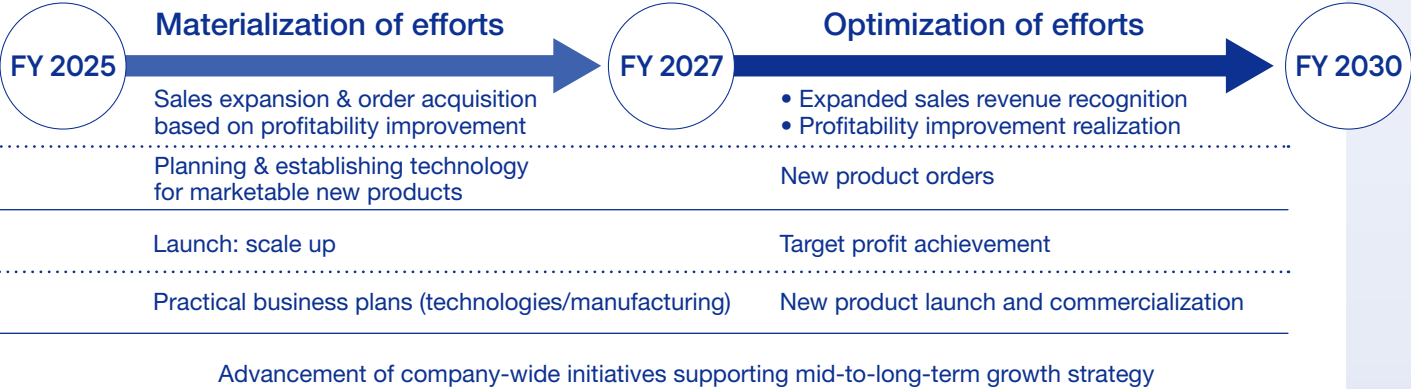


Following the early achievement of the FY 2025 targets set in the previous mid-term management plan, we have formulated a new mid-term management plan (TRV 2030), setting the FY 2030 targets as: 700 billion yen in sales, 7% operating profit margin, and 10% capital efficiency/ROE.

To achieve these targets, we will make upfront investments. As a result, profitability in the first half of the TRV 2030 period will be lower compared to FY 2024. However, starting in the second half, we will realize the results of these upfront investments and other initiatives to achieve our goals.

To reach these targets, we will continue our growth strategy: creating new value in the automotive and mobility sectors based on our accumulated technologies and achievements, while also challenging ourselves in areas beyond these traditional domains. Furthermore, we will focus more intensely than ever on “materializing” the results of our heightened drive to take on new challenges.

Focusing on the realization of tangible results, we aim to achieve sustainable businesses and enterprises.



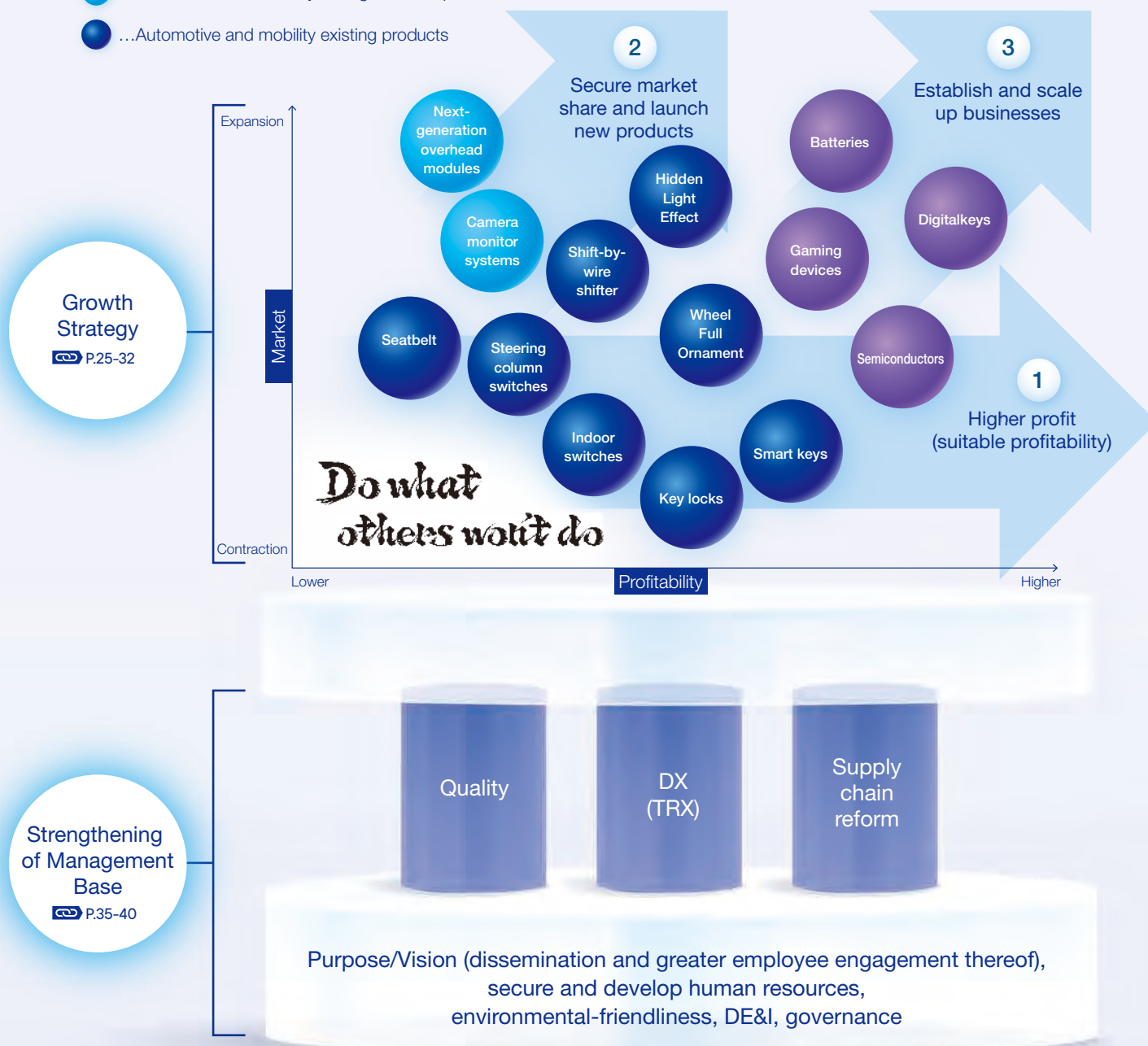


## TRV 2030 Overview

...New fields and new businesses

...Automotive and mobility next-generation products

...Automotive and mobility existing products



Growth Strategy

P.25-32

Strengthening of Management Base

P.35-40

Some of our existing businesses and products face limited market growth potential due to changes in automobiles.

However, these products remain essential for vehicles, and someone must continue developing and supplying them.

True to our founding spirit of "Do what others won't do," we will steadfastly continue developing and supplying existing products while striving to ensure their value is properly recognized and to enhance profitability.

Furthermore, we will accelerate the planning, development, and proposal of next-generation products aligned with automotive and mobility changes, aiming to expand their adoption.

We will also accelerate our challenges in areas beyond automobiles and mobility, aiming to materialize the results. To drive these growth strategies, we will vigorously advance the operational challenges of "quality," "DX (TRX)," and "supply chain reform."

As the foundation for this, we will intensify our efforts in developing people and workplaces, including motivation and culture, and in our corporate responsibilities: Environmental (E), Social (S), and Governance (G) initiatives.

## Growth Strategy

Higher profit  
(suitable profitability)

1

> Existing products (automotive/mobility)

Return to Physical Switches

U.S. and Chinese BEV manufacturers are introducing vehicles with interiors that integrate switches into displays. As a result, safety and operability concerns are being conveyed to users, prompting a reevaluation of switches in programs like Euro NCAP, the European new car safety assessment program, and China's national standard specifications (GB).



Secure market share and launch new products

2

> Next-generation products (automotive/mobility)

- Variations of Hidden Light Effect
- Horizontal expansion of Digitalkey technology
- Seatbelt evolution driven by automotive transformation

While our products' core functions—occupant operation/input, entry, and safety restraint—remain unchanged, we continuously evolve them to adapt to evolving vehicles and interiors.

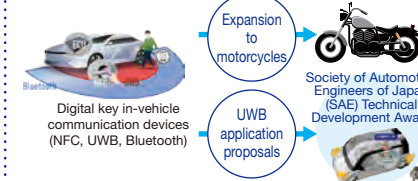
Hidden Light Effect (transparent lighting)



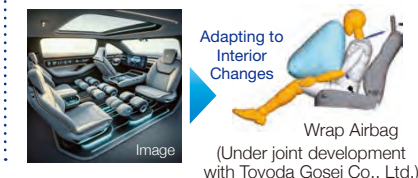
Decorative versions / applicable models / expanded areas



Digitalkey



Seatbelts



Establish and scale up businesses

3

> New fields/businesses

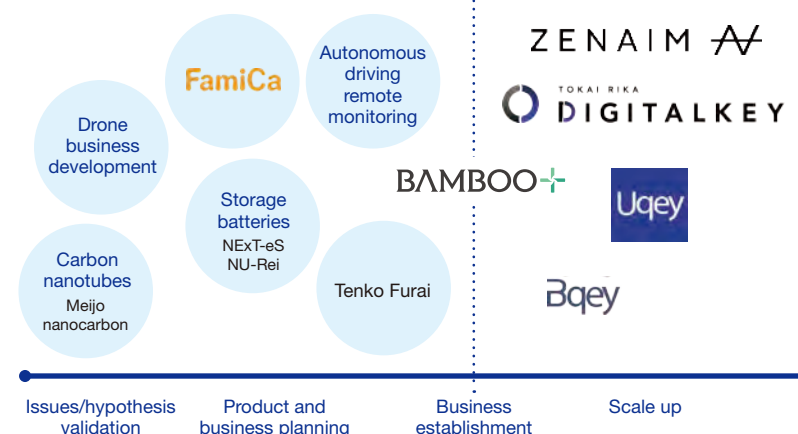
- Scale existing products and services toward target achievement
- Strengthen promotion systems for projects under business feasibility study: internal companies and co-creation teams

A major achievement is the heightened internal momentum to challenge beyond cars and mobility.

Moving forward, we will ensure this momentum does not stagnate and transition into a phase of tangible results and scaling.

Target: market launch/commercialization

Target: scale up



# HMI Business Center

We develop systems that connect our products and technologies to create new value.

Toshinori Nagakura  
General Manager,  
HMI Business Center



Our center is evolving through merging existing technologies with new innovations and collaborating with other companies to create next-generation HMI products and services that connect people and vehicles. This enables a new future of mobility where anyone can safely and confidently master the functions of their car.

## Steering column switches

Even as autonomous driving advances, situations requiring manual operation by drivers will persist. Therefore, we believe the steering column area—which enables hands-on operation—will remain a key focus area. We aim to expand sales through a dual-pronged strategy: products that enhance added value by expanding steering column functionality, and products that drive cost reductions by advancing standardization of components.

## Shift-by-wire shifter

From the perspective of operability and cabin space, we predict toggle-type and steering column-type shifters will become mainstream. To accommodate various vehicle types, we will

promote standardization and commonality. Furthermore, to address the need for space in the center console to accommodate Qi (wireless charging) and cup holders, we developed the world's smallest, ultra-thin shift-by-wire shifter. This achieves both design appeal and vehicle mountability while enabling space preservation in the center console.

## Hidden Light Effect (transparent decorative panel switches)

While switches around the instrument panel are increasingly being integrated into the display's touch panel, there is a trend toward reevaluating physical switches (direct operation). The Hidden Light Effect creates new value for these switches. It appears only when needed, combining high design quality with operability enabled by haptic technology. We will expand panel and mounting position variations to enable adoption across various vehicle grades.

## Business opportunities

### Steering column area

- Demand for in-hand switch operation

### Shift-by-wire shifter

- Know-how to provide various operating modes

### Hidden Light Effect

- Re-evaluation of physical switches (direct operation)

## Competitors

### Steering column area

- Panasonic Automotive
- Toyodenso • Kostal • Valeo

### Shift-by-wire shifter

- Kostal • Marquardt • GHSP
- SL Corporation • Atsumitec

### Hidden Light Effect

- Panasonic Automotive

## Strengths

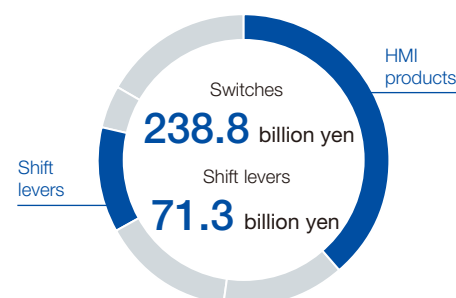
- Ergonomics achieving ease of use and clarity
- Design capabilities and decorative technologies enhancing sensory quality
- Sensing technology utilizing in-house semiconductors

## Risks

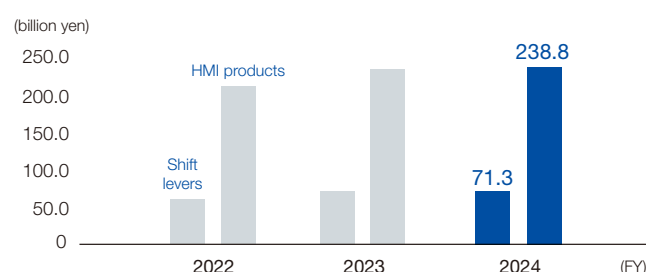
- Reduction in switches due to touch panel or voice operation
- Productization meeting the era's demand for software-first updates and customization

## Main products Consolidated sales for FY 2024

- Switches
- Shift levers
- Various sensors
- Outer mirrors
- Ornaments



## Net sales



## Growth Strategies in the Mid-Term Management Plan "TRV 2030"

We are advancing new product development to consistently deliver new value and services from input to output.

### Steering column switch

- A dual-pronged strategy targeting expanded sales: products that enhance added value and products that advance standardization of components to achieve cost reductions

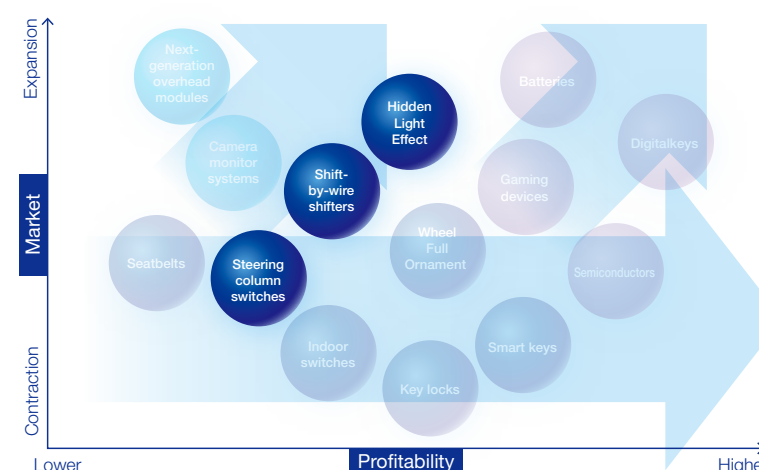
### Shift-by-wire shifter

- Promote standardization and popularization primarily for toggle-type and steering column-type shifters, aiming for the world's top market share
- Develop the world's smallest ultra-thin shift-by-wire shifter, achieving both design appeal and vehicle compatibility

### Hidden Light Effect

- Creating new value for switches around the instrument panel through transparent decoration technology
- Expanding panel and mounting position variations to enable adoption across various vehicle grades

## Positioning of growth strategies



For existing technologies and products, we will continue to refine our long-cultivated operational expertise and commitment to quality, enhancing reliability and usability.

Furthermore, in developing new technologies and products, we will actively incorporate advanced technologies such as AI, sensing, and UX (user experience) design to shape the next generation of HMI experiences.

## Progress Toward Goal Achievement

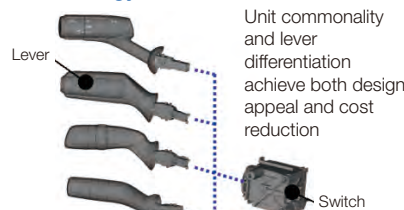
### Steering column switches

#### Steering module development

Function-integrated modules adapted to changing mobility needs contribute to safety, simplicity, and a spacious field of view

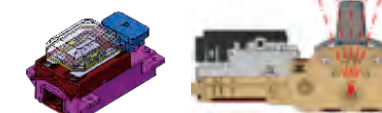


#### Combination switch standardization technology



### Shift-by-wire shifter

Achieving development efficiency and low cost through standardized and shared design



#### Compact/Thin Design

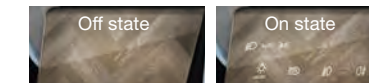
Contributing to a comfortable cabin space through high-design and functional lighting



### Hidden Light Effect

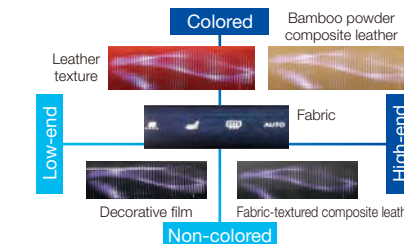
#### Vivid and beautiful symbol illumination

The unique aperture method enables lighting unaffected by the color or pattern of the decorative layer



#### Rich decorative variations

Selectable materials (color, hardness, texture)





# Electronics Business Center

We will identify market shifts,  
build business models,  
and challenge new markets.

Taketoshi Sakurai

General Manager,  
Electronics Business Center  
Corporate Officer



## Digitalkey

Digitalkey represents a next-generation system that anticipates the evolving nature of mobility and social infrastructure (such as smartphones and the cloud). Building on our track record with smart keys and in-vehicle technology, we will refine Digitalkey to create a new market and cultivate this product as a future business.

To grow this business, we are simultaneously working to develop a new business model while tackling product development—which includes the software development and operation of cloud servers, as well as approaches to quality assurance.

## Smart keys

Smart keys, which offer more convenience, will expand globally by becoming standard equipment across all vehicles. We are expanding sales to emerging markets such as India, as well as into the two-wheel and micromobility vehicle sectors.

## Semiconductors

We had been targeting low-volume consumer products, a strategy known as the long tail. But you can't turn a profit with too few units, and with greater volume, competition emerges from consumer electronics manufacturers.

Since our company does not use fine pitch technology, it is difficult to be competitive when building the same functionality necessitates larger ICs and higher costs. Therefore, we are investing in 0.35μm fine-pitch technology to enhance our competitiveness.

On the other hand, automotive products have strict requirements for high voltage resistance and quality assurance. Due to these special circumstances, consumer electronics manufacturers tend to hesitate about entering this market. This has created a situation where there are users who want these products, but no players willing to supply them. We have therefore shifted our strategy to target users in need and increase our customer base, aiming to achieve sales of 3.2 billion yen by 2030 and 5 billion yen by 2035.

## Business opportunities

### Digitalkey / Smart key

- Expansion into the two-wheeler business

### Semiconductors

- A medium-sized automotive market

## Competitors

### Digitalkey / Smart key

- Continental AG, Alps Alpine (four-wheelers)
- Nidec Mobility (two-wheelers)

### Semiconductors

- Phenittec Semiconductor
- MinebeaMitsumi
- Nisshinbo

## Strengths

### Digitalkey / Smart key

- Communication and encryption technologies essential for security

### Semiconductors

- Know-how to develop and manufacture a small volume of diverse semiconductor products at low cost and with short lead times

## Risks

### Digitalkey / Smart key

- Cannot maintain a competitive edge over other companies with digital keys alone

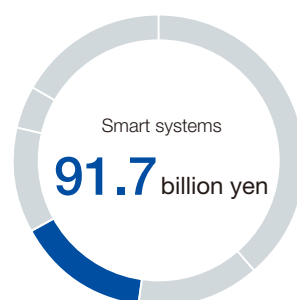
### Semiconductors

- General-purpose semiconductors lack price competitiveness

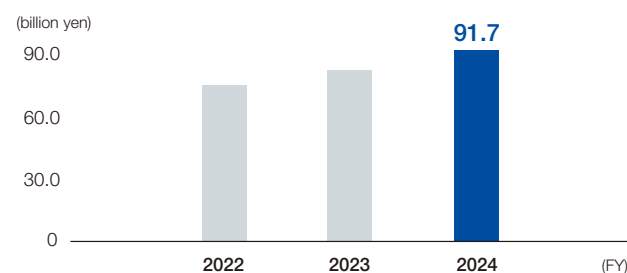
## Main products

- Smart systems
- Various ECUs
- Custom ICs

## FY 2024 consolidated net sales



## Net sales



## Growth strategy in the Mid-Term Business Plan, TRV 2030

### Digitalkey / Smart key

- Advance development in anticipation of the shift from smart systems to Digitalkeys after 2030
- Make Tokai Rika a Tier 1 supplier for Digitalkey systems and collaborate with Indian parts manufacturers to expand sales to Indian OEMs
- Expand sales of smart keys for two-wheelers

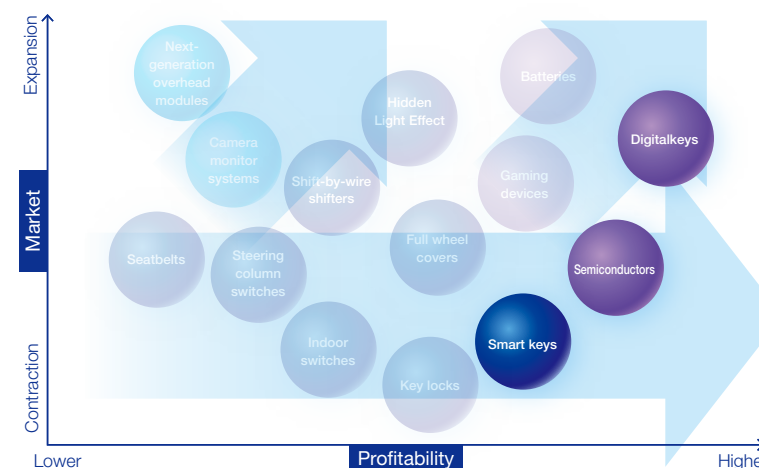
### Semiconductors

Shift our main target from the long tail (low-volume) to the medium-sized automotive market, aiming for sales of 3.2 billion yen by 2030 and 5 billion yen by 2035

### Systems

Contribute to development in the systems field by collaborating with seat, interior, and steering wheel manufacturers on cabin items that add value

## Positioning of our growth strategy



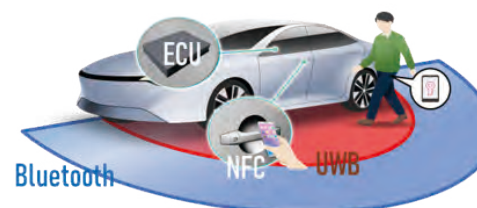
Since commercializing Japan's first digital key system in 1999, smart keys and Digitalkeys have been positioned as pillars of revenue for Tokai Rika. We will continue to target stable earnings with these product lines, driven by their high convenience.

Furthermore, we aim to evolve our custom IC design and manufacturing technologies—which have contributed to in-house production since 1980—to generate added value. We strive to have these technologies used by many customers as a new revenue source going forward.

## Moving toward our goals

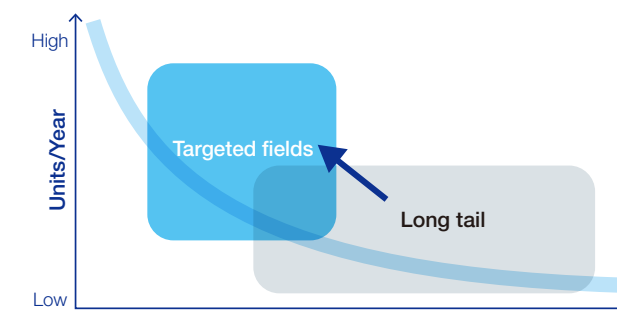
### Developing digital keys

We believe that ultra-wideband (UWB), Bluetooth, and other radio wave technologies used in Digitalkeys (smartphone keys)—a market expected to further expand—hold the potential to create a wide variety of application products. One such example is our UWB-based detection system for children left inside vehicles, which received the Technology Development Award at the Society of Automotive Engineers of Japan.



### Semiconductor targets

We will add the automotive custom IC market as a new target and drive business acquisition by increasing competitiveness with our 0.35μm process.



# Safety Business Center

We create high-quality, low-cost products in a short timeframe by leveraging CAE and other technologies to respond to diverse occupant protection needs

Yasuma Tominaga  
General Manager,  
Safety Business Center



## Seatbelts

Until the unfortunate occurrence of traffic accidents is reduced to zero, seatbelts remain an essential product worldwide. We conduct research and development to save as many lives as possible.

To promote the development of safer vehicles, the New Car Assessment Program (NCAP) provides an international framework for evaluating the safety performance of new cars. While implemented with different standards across various regions such as Europe, Japan, the United States, and China, a significant portion of the score is based on occupant protection during collisions, which is heavily influenced by seatbelt performance. NCAP evaluation criteria continue to be updated in order to make increasingly advanced vehicles even safer.

Moving forward, changes will be made toward diversity. We are advancing efforts not only for seatbelts but for overall vehicle safety, ensuring sufficient protection even in

circumstances that combine various factors. These include diverse vehicle occupants of varying physiques and ages, changes in seating positions due to autonomous driving, and a wide range of collision types from low to high speeds.

Viewing these changes as business opportunities, we are anticipating changes in NCAP regulation to proactively engage in product development and propose solutions to our customers. In addition, while using CAE to conduct development virtually, we are also advancing Simultaneous Engineering (SE)\*, which involves designing component molds, assembly processes, and assembly equipment in parallel. This enables us to create high-quality, low-cost products in a short timeframe.

Furthermore, because the performance of airbags and seats also significantly impacts vehicle safety, we conduct joint development with manufacturers before proposing solutions to our customers.

\* Simultaneous Engineering: A development methodology where all relevant departments collaborate in parallel from the initial development stage to optimize quality, cost, and delivery time.

## Business opportunities

- Changes in each country's New Car Assessment Program (NCAP)
- India's expanding market
- Changes in seat layout due to autonomous driving

## Competitors

- Autoliv
- ZF LIFETEC
- Joyson Safety Systems

## Strengths

- Development that anticipates market changes
- Collaboration with seat and airbag manufacturers
- Global deployment of in-house factories that handle everything from parts manufacturing to product assembly

## Risks

- Significant investment burden to respond to market changes

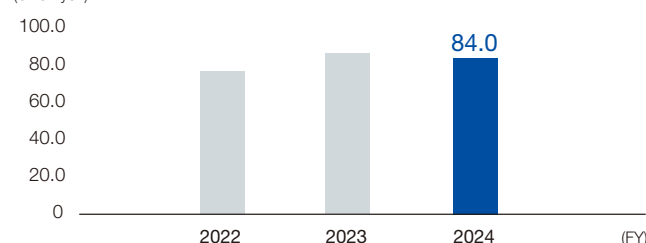
## Main product

- Seatbelt

## Consolidated sales for FY 2024

## Net sales

(billion yen)



Seatbelts  
84.0 billion yen



## Growth strategy in the Mid-Term Management Plan "TRV 2030"

10 Years  
from now

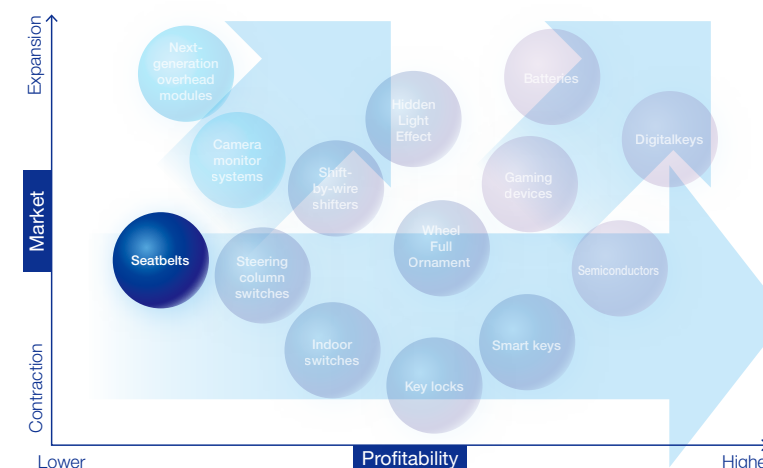
Operating profit ratio of 7%: Make seatbelts one of Tokai Rika's pillars of revenue! (Operating profit: 10 billion yen, Net sales: 140 billion yen)

Mid-Term KPIs

2030: 5 billion yen in operating profit, 110 billion yen in net sales

- ▶ Develop new products with an eye on Europe's advanced NCAP standards and incrementally expand globally
- ▶ Continuously strengthen competitiveness by improving productivity with automated assembly, process integration, and unmanned transport
- ▶ Increase profitability by achieving sales expansion with minimal investment
- ▶ Aim to expand sales and secure orders through local procurement and production at TOKAI RIKKA MINDA INDIA Private Limited's new factory. In addition, establish R&D in India.

## Positioning of our growth strategy



Since our company started producing two-point seatbelts in 1962, we have contributed to greater occupant protection by developing high-performance, high-functionality seatbelts.

Because seatbelts are products whose performance directly impacts the lives of occupants, ensuring quality is essential to guarantee reliable performance even in the event of an emergency.

Furthermore, because seatbelts only function properly when worn, we are also working on products that are soft and cause minimal pressure, ensuring our customers will not feel discomfort.

## Moving toward our goals

## Responding to diverse occupant protection needs

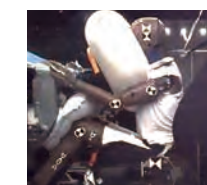
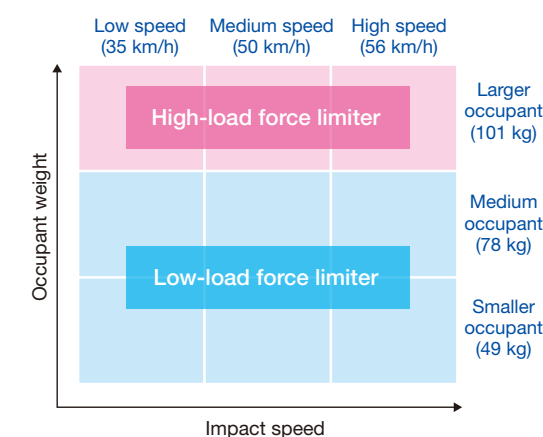
### Selectable force limiter

Instantly adjusts the protective load from low to high depending on the occupant's physique and impact speed

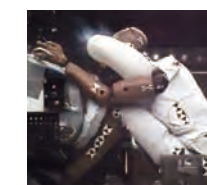
- Smaller occupants: Gentle protection with lower load
- Larger occupants: Firm protection with higher load

### Product under development

By evolving this selectable force limiter and enabling finer load control, we can save even more occupants. (Mass production scheduled to begin in 2028.)



Low speed, smaller occupant



High speed, larger occupant



# New Business Center

We continue to challenge ourselves in the uncharted territory of the BtoC market through new customer service approaches and organizational structures.

Takehiko Ban  
General Manager,  
New Business Center



## Bqey

Launched in 2022, the company car management service Bqey contributes to streamlining vehicle management operations and reducing costs for businesses. It is now used by over 600 companies. We also perform continuous feature updates, recently implementing an alcohol interlock function. This contributes to eliminating traffic accidents caused by drunk driving and reducing or avoiding risks for companies.

Moving forward, we will continue developing features that address societal and customer challenges while strengthening our sales infrastructure, aiming to achieve 5 billion yen in sales by 2030.

## Uqey

As a new mobility service, we launched the unmanned car rental service Uqey in 2023. Starting in Okinawa, this service has now expanded to 14 prefectures. Utilizing Digitalkey technology and a cloud-based platform, it provides a system where users can complete everything from reservation to unlocking and returning the vehicle using just their smartphone. Compared to traditional brick-and-mortar rental car services, it enables 24/7, contactless use, meeting demands that were difficult for conventional services to address, such as late-night and early-morning usage. As a result, it is steadily increasing its user base.

It also contributes to solving challenges for operators facing labor shortages and vehicle utilization issues by reducing front desk duties while extending business hours.

These features meet high demand from overseas users who may be uncertain about procedures. Marketing is currently focused on Asia to capture inbound demand.

Moving forward, we aim to expand services tailored to user needs, evolve as a new mobility option in local communities, and contribute to realizing a sustainable mobility society. Our goal is to achieve 5 billion yen in sales by 2030.

## ZENAIM

ZENAIM applies precision sensing and operation feedback technologies cultivated through automotive component development to deliver products meeting the demands of e-sports athletes and high-end users. Launched in 2023, the ZENAIM KEYBOARD, co-developed with top professionals, combines outstanding response speed and durability. It is increasingly adopted in competitive scenes by pro gamers and streamers, receiving high praise from users, particularly for its "exceptional operational precision."

While developing new products like a 60% size keyboard and arcade controllers, we restructured this year to form a co-creation team, accelerating product development speed and enabling faster decision-making.

We will continue to develop compelling products through ongoing collaboration with top pros, contributing to the growth of gaming culture while aiming for 5 billion yen in sales by 2030.

## Business Opportunities

### Bqey

- Work-style reform and DX promotion trends
- Legal changes and heightened compliance awareness

### Uqey

- Expansion of the rental car market
- Entrenchment of contact-free demand
- Increased tourism demand and inbound visitors
- Problem of transit deserts

### ZENAIM

- Expansion of the e-sports market
- Overseas expansion

## Competitors

### Bqey

- Ubiteq

### Uqey

- d Car Share
- Times CAR RENTAL

### ZENAIM

- Logitech
- Razer
- Wooting
- Corsair

## Strengths

### Bqey Uqey ZENAIM

- Quality and reliability cultivated over many years in automotive parts, underpinned by the founding spirit deeply ingrained in the company: "Do what others won't do."

### Bqey Uqey

- Technology enabling digital key implementation in existing vehicles without vehicle modifications
- Development framework supporting continuous integration and deployment

### ZENAIM

- Product development closely aligned with top professionals
- Precision sensing technology
- Quality and reliability image as a Japanese brand

## Risks

### Bqey Uqey

- Increased competition
- Risk of price competition
- Longer capital recovery period

### ZENAIM

- Risk of differentiation becoming obsolete in a short period
- Cost risk due to rising procurement costs
- Competitors with strong brand power and distribution networks

## Main products

- Bqey
- Uqey
- Gaming keyboard



## Growth Strategy in the Mid-Term Management Plan "TRV 2030"

### Bqey

We will enhance added value and increase customer spending for large corporations and build a sustainable channel sales foundation, aiming for 5 billion yen in sales by 2030.

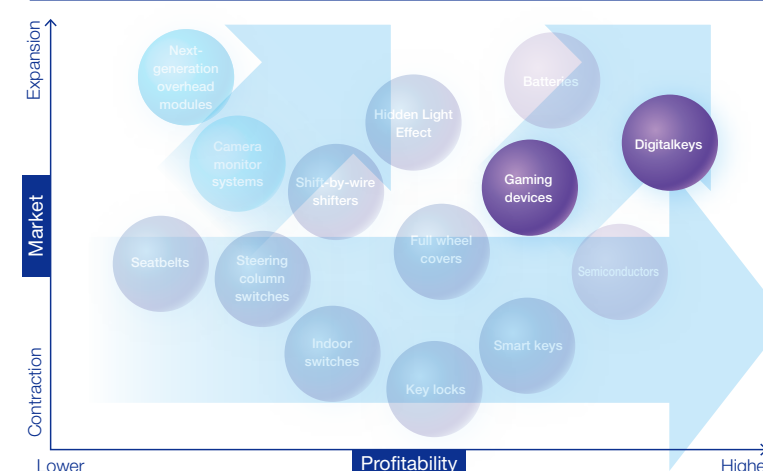
### Uqey

By expanding service areas through partnerships with nationwide operators, developing features for inbound customers, and capturing demand through enhanced marketing, we aim to achieve 5 billion yen in sales by 2030.

### ZENAIM

Through attractive product development in collaboration with top professionals, accelerated development speed, and overseas market expansion, we aim for 5 billion yen in sales by 2030.

## Positioning of the Growth Strategy



Our core products are the Bqey and Uqey digital key business, which applies electronic key communication and encryption technology, and the ZENAIM KEYBOARD, which applies precision sensing and operation feedback technology for switches.

As a BtoB company venturing into the unfamiliar territory of BtoC business, we are reevaluating our existing organizational structure and operational processes while exploring ways to respond to this rapidly changing market.

Furthermore, through these challenges in new business ventures, we aim to instill a "culture of taking on challenges," "a sense of urgency," "breaking away from a contract-based mindset," and "co-creation with companies in different industries" into our existing businesses. This will create a virtuous cycle between our existing and new businesses, driving profitability.

## Progress Toward Goal Achievement

### Digitalkey



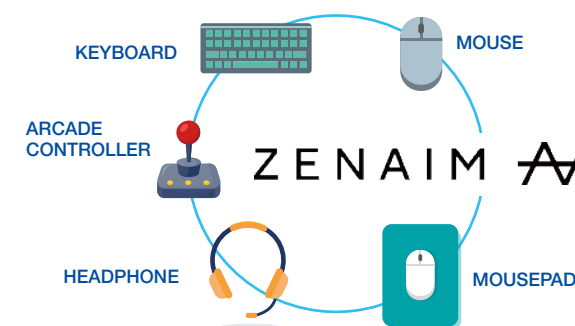
We will build a SaaS business that includes apps and server maintenance, adding value beyond standalone Digitalkeys to include vehicle operation management, alcohol interlocks, and more.



### ZENAIM Expansion

We plan to expand the "gear that redefines the norm" concept introduced with the ZENAIM KEYBOARD to other gaming devices going forward.

We aim to develop devices that provide comfort of use for all customers.





## Enhancing Corporate Value and Sustainable Social Contributions

### Creating One-of-a-Kind, Top-Tier Technologies to Shape the Future and Proactive Intellectual Property Strategy

Takashi Nagao

General Manager,  
Technology Development Center



"We do what others won't do." This phrase, coined by our founder Yoshio Kato, remains a timeless spirit passed down through generations of Tokai Rika employees. To fulfill our Purpose—forge connections between technological evolution and people to turn their delight into reality—we aim to reexamine our intellectual property strategy moving forward.

Until now, our intellectual property strategy has primarily focused on "defense"—protecting our own products from imitation and infringement. By filing and securing patents in tandem with product development, we have ensured differentiation from competitors and secured market advantage, thereby supporting product reliability and brand value.

Moving forward, we will build upon this defensive foundation and transition to an offensive intellectual property strategy. We will focus on creating unique, top-tier technologies. These technologies will not only be commercialized into products but also leveraged as intellectual property rights for licensing-based business ventures. A business model centered on patent licensing offers high profit margins relative to sales and has proven to support overall corporate profitability. By providing the

technology itself as a valuable asset, we will establish a new revenue pillar distinct from the traditional product sales model. By "providing experiences" rather than just "selling products," we will build a structure capable of achieving high profitability even with a small workforce.

The cornerstone supporting this intellectual property strategy is technological development. We will build a development framework that combines speed and flexibility, not confined to in-house development, but actively engaging in external co-creation, investments, and M&A. This will enable us to simultaneously enhance technological capabilities and cultivate talent, laying the foundation for future business.

To ensure these initiatives function effectively, it is essential not only to strengthen development capabilities but also to enhance the intellectual property department's functions and deepen its collaboration with management. By integrating management strategy, development strategy, and intellectual property strategy as a unified whole, we will maximize the value of our technologies.

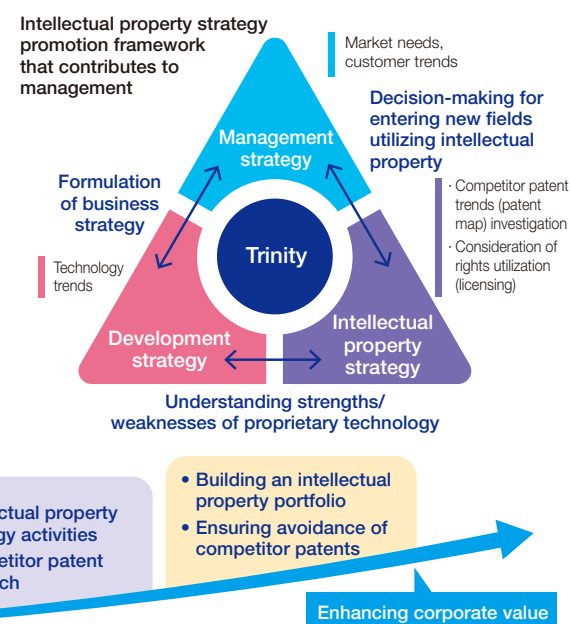
As a result, we aim to enhance corporate value and achieve sustainable social contribution.

### Corporate Value Enhancement Scenario

Our company challenges itself to solve societal issues and create new value based on our core technologies—technologies that connect people and vehicles—such as "human interface systems," "security systems," and "safety systems." Supporting this challenge is our intellectual property strategy. Through intellectual property strategy activities, we strive to build an intellectual property portfolio early on and secure competitive advantage.

Furthermore, based on TRV 2030, we position intellectual property as a key management resource and strengthen its integration with our management and development strategies. By collaborating early with management strategy and development departments, and comprehensively organizing and analyzing patent and non-patent information, we provide insights that support management decisions, optimizing business direction and investment.

These initiatives enable the selection of development themes that support management, achieving sustainable growth and enhanced competitiveness. We position the creation and utilization of intellectual property as a key management priority and will accelerate efforts to enhance corporate value.



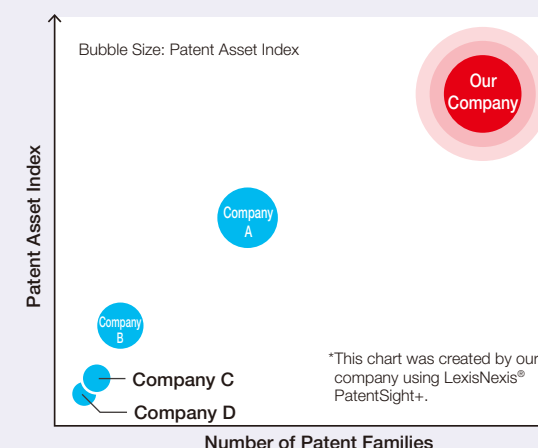
### Human Capital in Intellectual Property Activities

Our company aims to foster a corporate culture that generates innovation and nurtures talent by promoting activities where employees propose inventions. As part of these efforts, we are reviewing our inventor incentive program (reward system) and will strengthen appropriate evaluation and rewards for inventors, including engineers. Particularly for inventions that significantly contribute to corporate growth and enhanced competitiveness, we will design a system that fairly rewards creative efforts, thereby driving improvements in both technical capabilities and the quality of intellectual property. Moving forward, we will continue to maximize the value of human capital through intellectual property activities and ensure fair evaluation and compensation for inventors.

### Example of Securing Patent Advantage

1

#### Building a Proactive Patent Portfolio by Learning from Difficult Experiences



In our company's past, regarding a dial-type shift-by-wire shifter, a patent that applied the shifter's basic performance to the dial type was acquired by another company ahead of us, and we had the difficult experience of being forced to accept a license agreement.

Learning from this experience, we have preemptively secured patents for new shifter types like toggle and steering column styles, which are expected to enter the market but were not yet patented, ensuring we hold the intellectual property before any competitors. As a result, we have built a robust patent portfolio for each type.

As shown in the left figure, our patents related to shift-by-wire shifters exceed competing companies in both quantity (number of patent families) and quality (Patent Asset Index: the comprehensive competitiveness of our patent portfolio). We will powerfully drive product sales using this intellectual property as a strategic weapon.

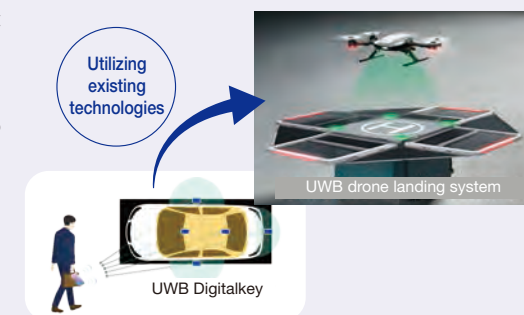
2

#### Creating Markets Through Standardization and Intellectual Property

The high-precision UWB ranging technology we have cultivated for smart keys and Digitalkeys can be applied to solve landing accuracy challenges in drone delivery.

Currently, international standards for drone landing are not yet established. We are working to develop these standards by proposing our technology to industry associations, aiming to accelerate their implementation in society. Concurrently, we are strategically advancing technology development and intellectual property acquisition. This allows us to secure the technological domains tied to the standards, building a sustainable framework to continuously solve societal challenges as a profitable business.

Through this dual-pronged approach of standardization and intellectual property, we will realize the creation of new markets.



### Intellectual Property Strategy Details

Our company is implementing both "defensive strategies" and "offensive strategies" utilizing intellectual property to achieve sustainable business growth and enhance competitiveness.

For existing automotive products, we maintain market advantage through "defensive strategies" aimed at protecting our proprietary rights.

For next-generation automotive products, we will advance an "offensive strategy" alongside the "defensive strategy." This involves leveraging patent information to identify key focus areas and file applications intensively, aiming to secure competitive advantage.

In new non-automotive domains, we collaborate with relevant departments from the planning stage to leverage patent and non-patent information for market entry decisions and strategy formulation, accelerating commercialization. Based on these strategies, we will intensify our "offensive strategy" by thoroughly pursuing proactive invention creation activities to build an intellectual property portfolio ahead of competitors.

Category	Purpose	Strategy
A Existing automotive products	Protect existing products	Defensive strategy
B Next-generation automotive products	Secure competitive advantage	Offensive and defensive strategy
C New non-automotive domains	Accelerate commercialization	Offensive strategy

■ Defense ■ Offense

### Intellectual Property Training and Talent Development

Based on our established intellectual property strategy, we conduct IP education tailored to different employee groups, such as mid-level engineers and new hires, striving to enhance IP literacy.

Furthermore, for new initiatives in IP strategy activities, we ensure internal adoption by utilizing external seminars and providing practical, on-the-job training (OJT) in collaboration with development and IP departments.



# Quality



## Vision

## Tokai Rika: Selected for Quality

**We identify quality products and deliver safe, reliable quality at affordable prices**

**Koichiro Yamagishi**  
General Manager,  
Quality Assurance Center



We define quality as “the degree to which we meet the needs of our customers and society.” We strive to ensure reliability not only by complying with regulations and meeting required quality standards, but also by focusing on how products are used through dedicated development and evaluation.

Through our engineering divisions, production engineering divisions, and production divisions, we identify the conditions for producing good products and rigorously implement the

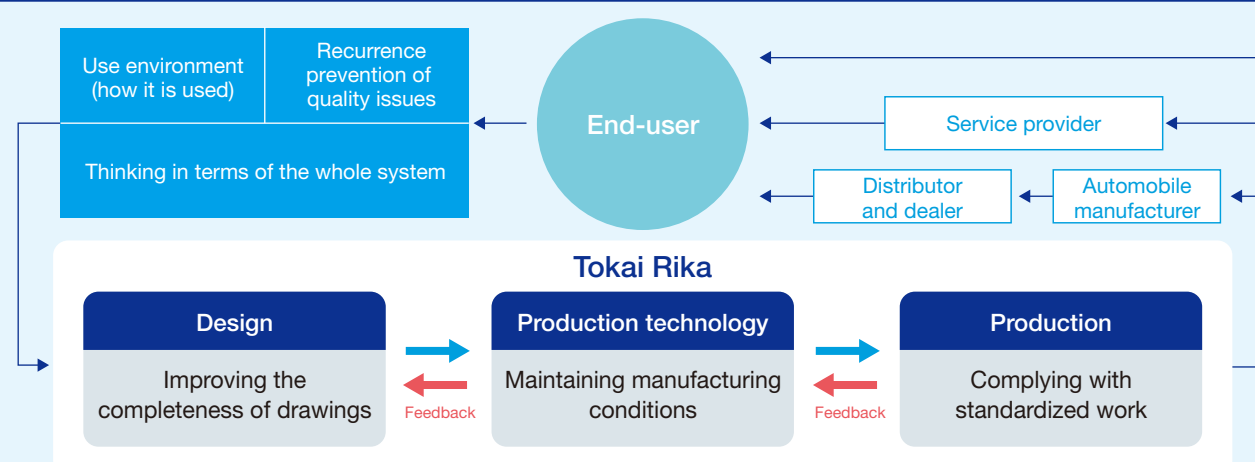
principle that “quality is built into the process.” This ensures customer safety and peace of mind, and delivers products that satisfy our customers.

Furthermore, guided by the principle that “manufacturing is about human development,” we place strong emphasis on cultivating quality-focused talent. Working as one united company, we engage in quality improvement activities, aiming to become a Tokai Rika that is “selected for quality.”

## Toward “Tokai Rika: Selected for Quality”



## Concept of quality improvement promotion activities



## Key Initiatives

### 1 Quality Assurance toward Becoming “Recall Free”

We practice design and evaluation that thoroughly prioritizes customer safety and peace of mind. During the development phase, we ensure seamless integration of all functions and work to clarify essential quality characteristics by utilizing CAE analysis, ergonomics, and other methodologies.

Furthermore, through consistent design verification activities that reliably reflect design information through to mass production, we strive to prevent critical defects before they occur.

Additionally, through rigorous daily management, we ensure manufacturing quality that “does not generate defects and does not allow defects to escape,” aiming to establish a recall-free production system.



### 2 Creating a production environment that consistently delivers mass-production quality

To achieve stable mass production quality, we are promoting the establishment of quality conditions that focus not only on producing good products but also on maintaining them.

While building a production environment resilient to abnormalities and change points, we are also establishing systems that enable swift improvements. This involves accurately capturing changes and signs within processes and visualizing defects and issues. Furthermore, enhanced traceability allows us to clearly identify the source of problems and accelerate responses.

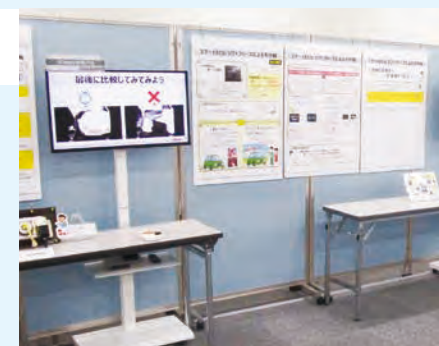
We are also striving to improve quality through thorough recurrence prevention measures.



### 3 Strengthening the development of quality talent and fostering a quality-oriented culture

We are committed to developing human resources with a quality-first mindset, advancing the establishment of our training system and enhancing quality training. Through tiered and role-specific training programs, we are working to enhance practical skills and strengthen our quality foundation.

Furthermore, we strive to pass down past quality issues and the lessons learned from them to the next generation, maintaining and reinforcing a culture that prioritizes product safety above all else. As part of this effort, we have established a Quality Room where anyone can freely learn, aiming to improve quality awareness and knowledge.



## Quality Assurance Initiatives for New Business Ventures

As we embark on new ventures, we strive to gain a deeper understanding of our customers’ expectations and usage experiences. We aim to provide value that satisfies our customers, going beyond simply offering products, and incorporate a customer success perspective. In our after-sales service, we sincerely address customer concerns and work to improve customer satisfaction and provide a better experience by reflecting the valuable opinions and feedback we receive daily into our products and services.



## DX (TRX)



## Vision

## Accelerating value creation through DX connecting people and technology

### Refining TPS with DX ~Digital Business Transformation Through Data Utilization~

Koichiro Yamagishi  
Corporate Officer  
in charge of DX



In advancing DX, our company takes a return to the fundamentals of the Toyota Production System (TPS) as our starting point. We aim to obtain necessary information at the appropriate time, determine what is normal and abnormal, swiftly investigate causes when abnormalities occur, and drive the improvement cycle. This applies not only to manufacturing sites but to all workplaces involved in development, production, and logistics, striving to enhance operational efficiency and enable high-quality work. We are committed to advancing the entire manufacturing process—not merely improving operational efficiency, but also ensuring product reliability through enhanced design quality precision, strengthening competitiveness by embedding cost control, shortening lead times from development to mass production through streamlined production preparation, and implementing leaner (waste-free and efficient) production planning and execution.

Based on this philosophy, we have established the following perspectives as the core pillars of our initiatives.

**1 Re-evaluate and radically overhaul business workflows**  
Re-examine and transform the flow of tasks and information: Does each task generate value in subsequent processes? What information is needed where?

**2 Build and enhance the data use infrastructure**

Strengthen master data management and data integration systems to ensure necessary data is available when needed.

**3 Streamline through standardization and automation**

Standardize repetitive tasks by formalizing tacit knowledge into explicit knowledge and automating them (automation incorporating human wisdom). This enables members to take on more creative tasks.

**4 Improve quickly and have flexibility**

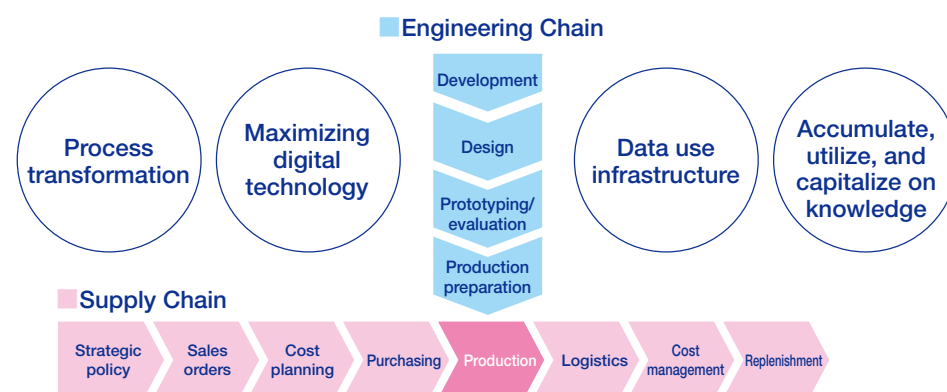
Test in small steps and accelerate the improvement cycle. Evolve beyond merely “visualizing” data to a form that is genuinely and effectively utilized on the front lines.

Citizen development using low-code tools has become more accessible, and generative AI continues to evolve at an astonishing pace year after year. It is crucial to properly benchmark and leverage these technologies. To that end, we will also enhance education on IT literacy and the effective use of generative AI.

Through these initiatives, we will vigorously drive forward the enhancement of corporate value and sustainable growth for the future, with everyone participating.

## Key Initiatives

### Company-wide DX Achieved Through the Integration of Engineering and Supply Chains



We are undertaking activities to fundamentally reexamine our manufacturing flow by integrating two chains and aiming for company-wide optimization through the renewal of business processes. By formalizing knowledge across the entire product lifecycle—from development to production and logistics—and establishing mechanisms for sharing and utilizing this knowledge throughout the organization, we strive to achieve both higher quality and faster speed in our operations. As a result, we aim for further improvement in QCD (quality, cost, delivery).

Within the engineering chain, building in “quality” as the source of competitiveness is paramount. By leveraging 3D technology between design and production engineering, and using digital technology to harness on-site wisdom and expertise, we produce superior product functionality and highly efficient, stable production processes. In the supply chain, we intelligently manage and improve “cost” by linking cost planning to cost control based on information from the engineering chain. We also enhance “delivery” precision by rapidly completing production preparations and executing efficient, waste-free production plans during mass production. Furthermore, we build a system capable of flexibly devising region-specific strategies based on data such as market trends and global production strategies.

## Four Foundations Supporting DX Advancement

To create a sustainable future, we position the following four elements as the foundations supporting DX advancement. At the core of these initiatives lies the concept of human capital management. We prioritize the growth and value creation of each individual employee to realize “value creation through the collaboration of people and technology.”

### DX and IT Talent Development

Enhance IT literacy and cultivate talent capable of independently planning and driving business transformation through low-code tools and data utilization.

### AI Utilization Platform

Build a foundation that continuously incorporates AI advancements to support operational efficiency and deployment across products and production processes.

### Data Use Infrastructure

- Establish an infrastructure for integrated data management that ensures quality and security
- Enhance decision-making through timely information provision

### Organizational Culture Transformation

Foster a culture that values transformation, cultivating talent and organizations that embrace a mindset of challenge and proactively drive improvement.

## Human Capital Management

## Example of DX Use

## Reducing production setup lead time

During the production preparation stage for parts, we utilize 3D/3DA\* data to achieve automated dimensional measurement and automated report generation. We standardize and automate tasks prone to variation, accumulate high-precision data, and analyze it using AI. By feeding this back into the next model's design, we improve the precision of the first-time molds and move away from the traditional trial-and-error process. This contributes not only to stabilizing quality but also to shortening development time.

While envisioning the future ideal of automated mold design, we are currently making steady progress.

\*3DA: abbreviation for “3D annotated”; refers to 3D data with added manufacturing information such as dimensions and annotations

## Digitization of Production Performance Data

The task of compiling production results based on paper forms had become a burden on the workload at the production site.

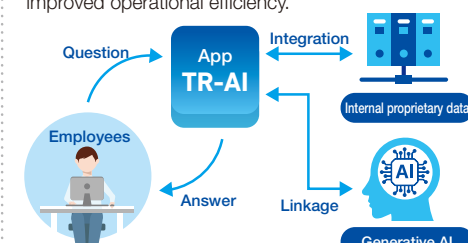
We have now established a system that enables real-time digital acquisition and sharing of actual data, allowing managers to focus on improving quality and productivity. Through these efforts to connect the production site and management with data, we are expanding the scope of data utilization.



## AI Utilization in the Technical Department

We have begun implementing a system where generative AI learns from accumulated in-house design requirements documents, design know-how, and case studies of past failure. This enables the AI to instantly provide expertise addressing technical challenges faced by designers.

This eliminates the need for designers to manually search through vast amounts of documentation. It has established a process where designers first organize their own concepts before consulting their supervisors, leading to faster decision-making and improved operational efficiency.





## Design Process Reform

## The Challenge of Passing Down Technology and Driving Developmental Innovation

Toshiki Nogami  
Corporate Officer  
In charge of Design  
Process Reformation

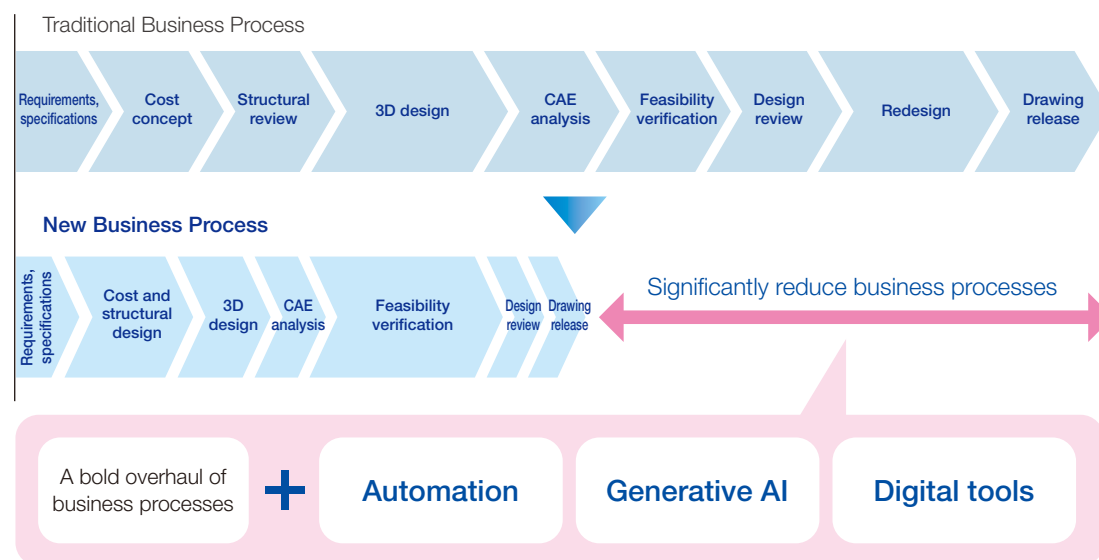


Our development is entering a major transition period marked by increasing product complexity, accelerated development speeds, and generational shifts in our workforce. In this environment, formally documenting the expertise held by veteran engineers and integrating it with digital technology is a critical key to strengthening our future competitiveness.

Current design sites reveal numerous challenges stemming from inadequate knowledge transfer mechanisms. These include time-consuming searches for design documents; design reviews that are overly dependent on individual expertise, making it difficult to incorporate company-wide insights; and inexperienced designers unfamiliar with manufacturing processes repeatedly making mistakes, leading to persistent rework.

Therefore, based on the principles of the Toyota Production System (TPS), we are reorganizing the flow of physical items and information. We are boldly reexamining business processes that have become entrenched as sacred cows through long-standing habits, thereby establishing the foundational infrastructure necessary for digital adoption. By integrating digital technology onto this foundation, we are building an environment where design information can be reflected in downstream processes in real time. We are also advancing the creation of mechanisms that leverage generative AI to support junior designers, enabling the immediate incorporation of past knowledge. We will start by conducting trials on a small scale, aiming to evolve away from the traditional development style involving design changes and toward a development culture that builds mass-production quality without rework.

## Resolving business process challenges through digital transformation initiatives



We are promoting “automation” that starts with a bold reexamination of business processes, thoroughly entrusting machines with tasks that do not require human intervention. By digitizing design requirements, manufacturing requirements, applicable regulations, past failure cases, and the wisdom of veteran engineers, and actively utilizing generative AI, we support high-precision design. This enables product design that balances quality and cost, reduces development man-hours by minimizing losses from redesign, and simultaneously achieves both quality and cost objectives. Simultaneously, we provide designers with hands-on experience in manufacturing environments to instill a production-side perspective. By redirecting limited development resources toward higher-value creative processes, we aim to enhance overall development productivity and competitiveness.

## Supply Chain Reform



## Vision

## Growth Strategy Developed Together with Our Business Partners

Whether in mobility or new fields, collaboration with our business partners is paramount. We build strategic supply chains that connect people and technology.

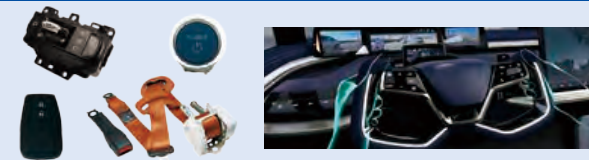
Taro Kondo  
General Manager,  
Purchasing Group



Purchasing functions must evolve into key drivers of strategic supply chain development that supports corporate growth. Amidst significant shifts in markets and business environments, strengthening relationships with our business partners is essential. We will deepen trust while enhancing supply chain stability and flexibility, thereby strengthening our medium- to long-term competitiveness.

## Mobility field

- Building a supply chain that will complement our production going forward
- Strategic collaboration with partners possessing technologies we do not have



- Build robust collaboration through mutual learning and share competitive production technologies to survive together
- Align “seeds” and needs with specialists in areas beyond our technology portfolio, implement new materials, new finishes, and new electronic devices in vehicles ahead of competitors, pool strengths, and realize growth strategies

## New Fields and New Businesses

- Embarking on new businesses alongside our partners

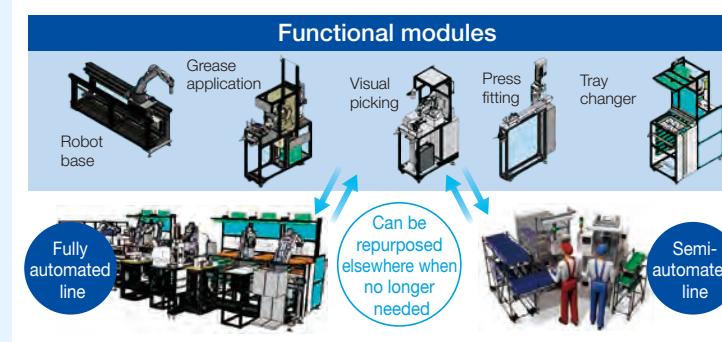


- Developing next-generation growth cores by leveraging partners' networks and development resources
- Realizing specifications and UX demanded in new markets through SE activities in collaboration with partners

## Example 1 Flexible Universal Module Line

By combining versatile modules, production lines can be flexibly configured to accommodate fluctuations in output. This enables improved equipment utilization rates and more efficient use of production space.

Going forward, we will also focus on expanding usage among our business partners to enhance competitiveness across the entire supply chain.



## Case 2 Compact Paint Booth

We have developed a painting booth that saves space and reduces infrastructure costs compared to conventional booths. This enables low-cost introduction of painting equipment at our customers' facilities.



## Case 3 ZENAIM Keyboard

Leveraging core technologies cultivated through the development and manufacturing of automotive components, along with our commitment to high-quality manufacturing, we deliver new value to the gaming gear market.

ZENAIM



## Message from the General Manager of the Profit Optimization Group



**To improve our corporate value, we will implement management that satisfies all stakeholders driven by both business strategy and capital strategy.**

**Eiji Kagohashi**  
General Manager, Profit Optimization Group

### Review of FY 2024 and Outlook for FY 2025

In FY 2024, net sales were 617.6 billion, a decrease of 5.9 billion yen (0.9%) compared to the previous fiscal year. This was primarily due to reduced production volumes at major customers. However, operating profit increased by 6.6 billion yen (23.0%) to 35.4 billion yen. This growth was driven by the impact of a weaker yen, cost improvements, and the absence of quality-related expenses incurred in the previous year. Both operating profit and net profit reached record highs.

In FY 2025, we anticipate a decrease in both revenue and profit compared to the previous fiscal year. This is due to the impact of a stronger yen, increased development costs and investment burdens for future business creation associated with strong orders for HMI products, and the additional impact of U.S. tariffs. The revenue forecast for FY 2025 is for net sales of 580 billion yen and an operating profit of 20 billion yen as of the announcement of the first quarter results.

Figures in parentheses show profit margin

Consolidated Results	FY 2023 results	FY 2024 results	Amount of change	Percentage change (%)	FY 2025 forecast	Amount of change (YOY)	Percentage change (%) (YOY)
Net sales	☆623.5 billion yen	617.6 billion yen	-5.9 billion yen	-0.9%	580.0 billion yen	-37.6 billion yen	-6.1%
Operating profit (Operating profit ratio)	28.8 billion yen (4.6%)	☆35.4 billion yen (5.7%)	+6.6 billion yen	23.0%	20.0 billion yen (3.4%)	-15.4 billion yen	-43.6%
Ordinary profit (Ordinary profit ratio)	☆39.5 billion yen (6.3%)	34.4 billion yen (5.6%)	-5.1 billion yen	-12.9%	20.0 billion yen (3.4%)	-14.4 billion yen	-42.0%
Profit attributable to owners of parent (Net profit ratio)	24.8 billion yen (4.0%)	☆27.8 billion yen (4.5%)	+3.0 billion yen	11.9%	14.0 billion yen (2.4%)	-13.8 billion yen	-49.7%
USD rate	143 yen	151 yen	+8 yen	—	135 yen	-16 yen	—
EUR rate	155 yen	162 yen	+7 yen	—	155 yen	-7 yen	—

☆ is for record highs

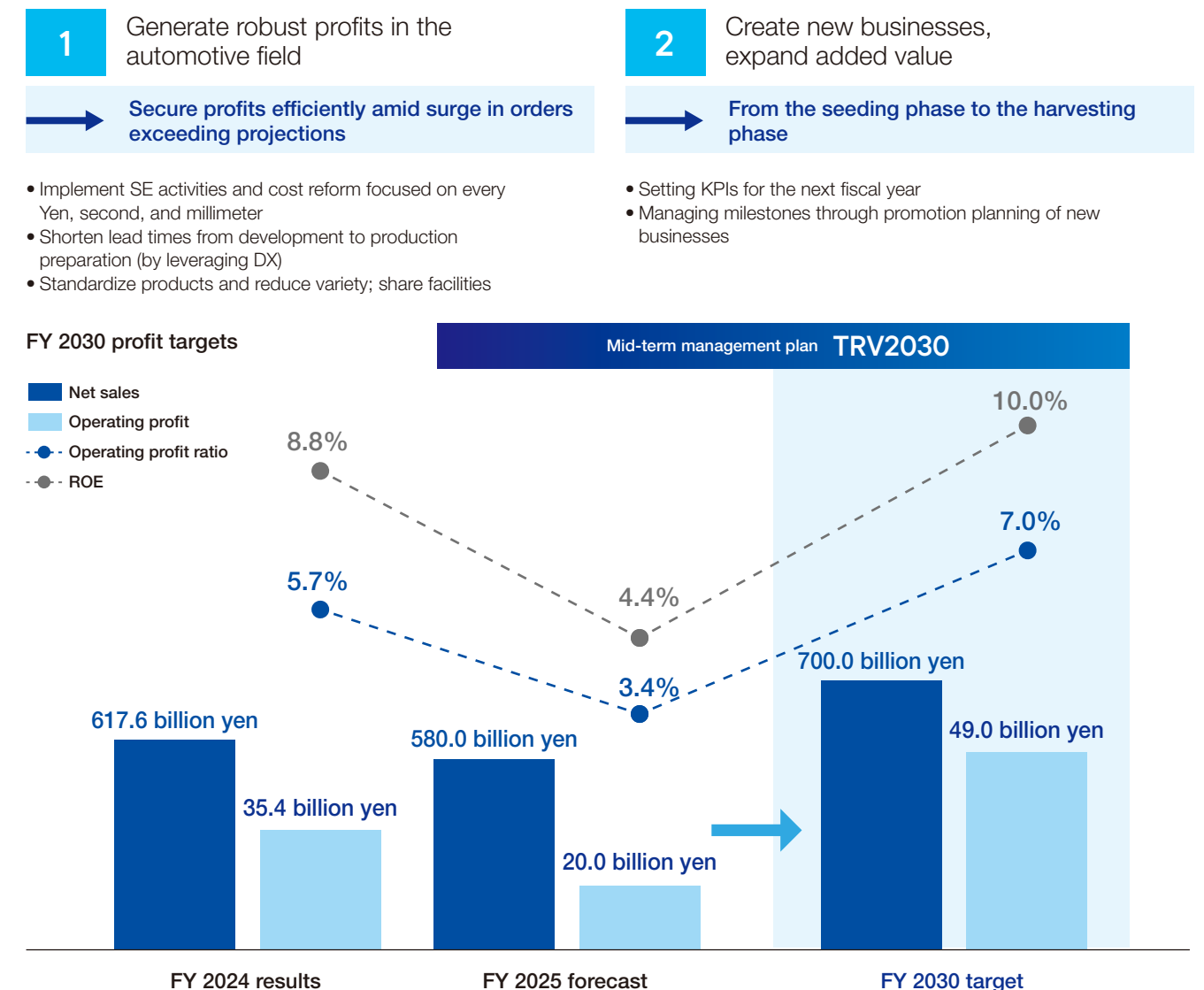
### TRV 2030 Goals

TRV 2030, announced in May 2025, outlines the goal of building a structure capable of bringing about and harvesting results through FY 2030 while maintaining and improving profitability. To achieve this, our Vision is focused on generating robust profits in the automotive field as well as creating new businesses and expanding added value. KPIs for FY 2030 are set at 700 billion yen in sales, a 7% operating profit ratio (49 billion yen in operating profit), and a 10% ROE.

To achieve these targets, (1) in the existing automotive field, we are strengthening Simultaneous Engineering (SE) activities focused on every Yen, second, and millimeter; shortening lead times from development to production preparation by leveraging DX; and improving efficiency in development, design, procurement, and manufacturing by standardizing products and reducing variety. We are also building a more efficient and stable profit structure by expanding sales of next-generation products such as WFO® and Hidden Light Effect. (2) In new domains and businesses, we are working to expand added value and create new businesses—such as Digitalkey services, BAMBOO+®, and remote monitoring systems for autonomous driving—that address social issues. To reliably translate these products and businesses into profits, we will strongly advance the promotion planning (managing milestones) of new businesses in order to firmly support commercialization while managing and reallocating resources.

### FY 2030 Targets

• **Operating profit ratio: 7% (49 billion yen)** • **ROE: 10%**





Message from the General Manager of the Profit Optimization Group

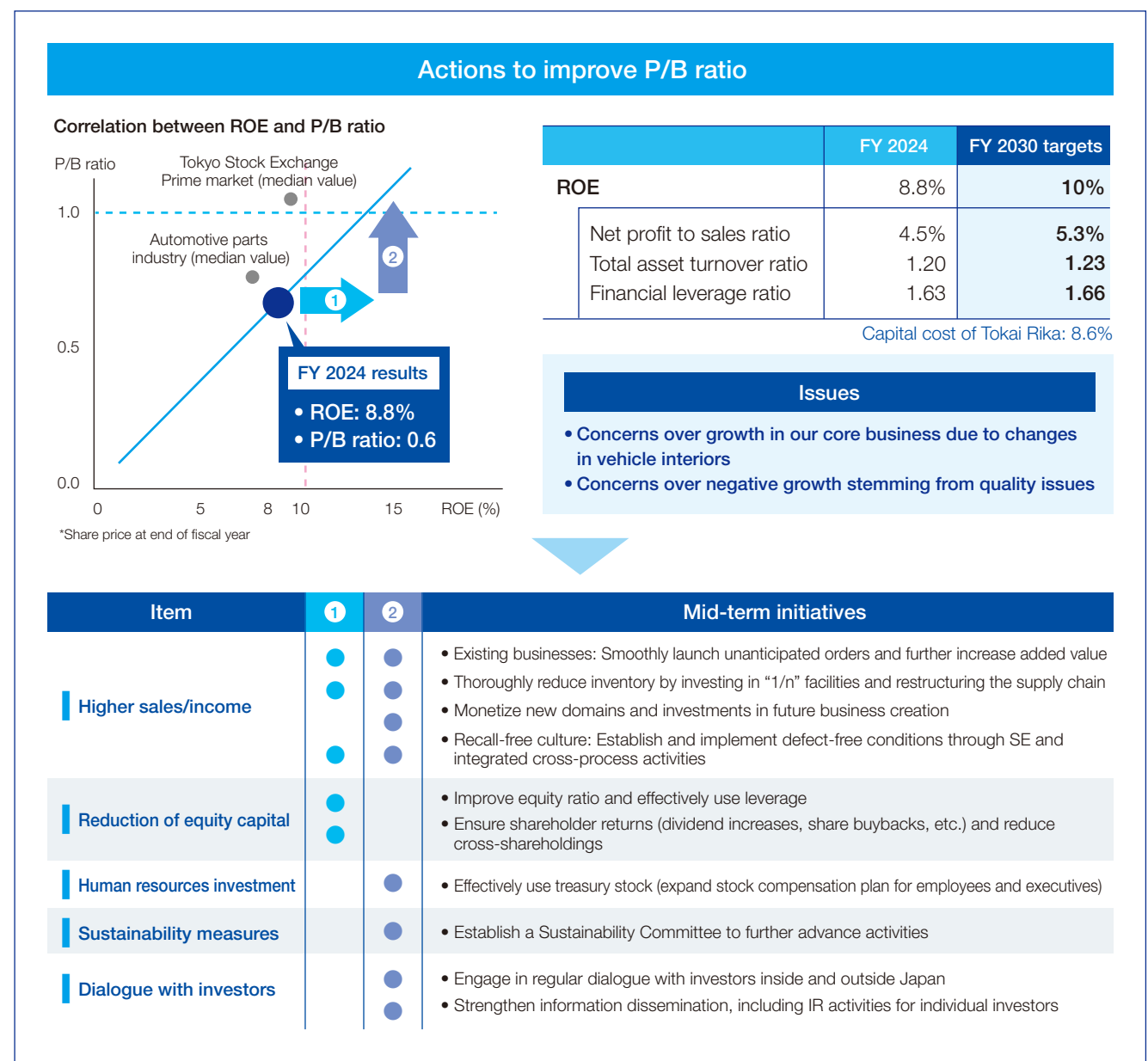
Initiatives to Improve Corporate Value

1 Actions to improve P/B ratio

We will advance efforts to improve our P/B ratio by driving forward both business strategy and capital strategy. Specifically, as shown in the table below, we categorized mid-term initiatives into those that will (1) improve ROE and/or (2) increase the expected growth rate. We have also set concrete targets for, and are working to improve, KPIs such as the net profit to sales ratio, total asset turnover ratio, and financial leverage ratio by prioritizing our FY 2030 target of a 10% ROE.

Our business strategy focuses on increasing the competitiveness of existing businesses by rigorously improving efficiency to boost profitability and expanding sales of next-generation products. At the same time, we will take firm action to more quickly commercialize and monetize new businesses, striving to increase net profits while maintaining a balance with investments for the future.

Our capital strategy will focus on improving capital efficiency and promote management practices—such as reducing equity capital—that are mindful of capital costs. We will also strive to sustainably enhance corporate value by strengthening shareholder return policies and engaging in dialogue with investors.



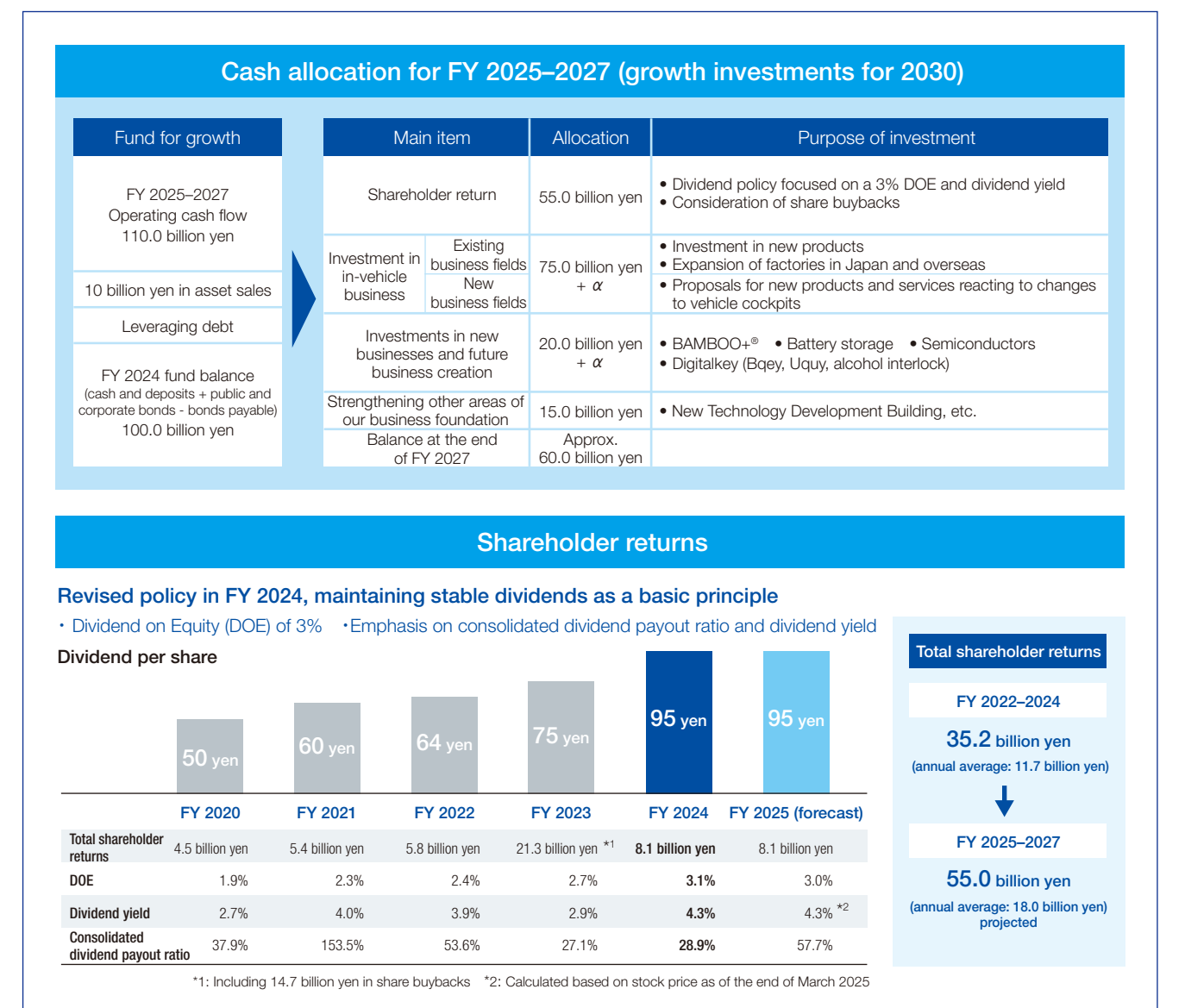
2 Cash allocation and shareholder return

From FY 2025–2027, we have allocated over 75 billion yen for our in-vehicle business and over 20 billion yen for new businesses and future business creation. Positioning these as growth investments toward our 2030 goals, we will focus on allocating capital to areas that will become future sources of revenue.

We also anticipate returning 55 billion yen to shareholders over the next three years. In addition to maintaining stable dividends, we will implement aggressive capital policies, including further reductions in cross-shareholdings and possible share buybacks. As for dividends, we revised our dividend policy in FY 2024. Based on the principle of maintaining stable dividends, we will determine the dividend amount by aiming for a dividend on equity (DOE) of around 3% and by comprehensively taking into account factors such as earnings and financial position, together with the consolidated payout ratio and dividend yield.

Based on this, we project a full-year dividend of 95 yen for FY 2025, representing a dividend yield of 4.3%. We will continue to ensure a level that remains attractive to our shareholders.

Through these efforts, we aim to maximize corporate value while balancing growth and shareholder returns. Our company will continue to work together as one to meet the expectations of all our stakeholders.



## Sustainability Dialogue

Sustainability Dialogue

### Strengthening Tokai Rika's Business Structure Through Advancing Environmental and Human Resource Sustainability



**Katsuyuki Imaeda**  
Director, Corporate Officer

General Manager of the Production Engineering Center,  
CN/CE\* Promote Strategy Department  
\* CN: carbon neutrality; CE: circular economy

**Sumikazu Sasaki**  
Corporate Officer

General Manager of Corporate Group,  
in charge of Diversity Promotion Department

#### Understanding the External Environment Surrounding Sustainability Promotion

**Imaeda:** Mr. Sasaki and I joined the company at the same time. In our younger days, we enjoyed outdoor activities together like skiing and fishing. But now, with less snow and fewer fish, I feel we can no longer take these things for granted. I believe corporate responsibility is crucial to protecting and restoring our planet's environment, which risks further loss if we continue down this path.

**Sasaki:** That's correct. Our company also formulated the Carbon-neutral Strategy 2030 in 2021 and has been advancing its initiatives. However, due to the heightened sense of crisis across society, higher-level efforts and information disclosure are now being demanded, such as compliance with the CSRD (Corporate Sustainability Reporting Directive) and the SSBJ (Sustainability Standards Board Japan) Sustainability Disclosure Standards.

**Imaeda:** The impacts of climate change, such as frequent extreme weather events, are undeniable. Even if there is a temporary backlash against ESG, I believe the trend will only accelerate further. Moreover, the challenges to achieving a sustainable society extend beyond the environmental sphere to include issues like labor shortages due to declining birthrates and an aging population. We are entering an era where a company's stance on sustainability will be scrutinized as part of its corporate responsibility.

**Sasaki:** Recently, there's also a demand for LCA (life cycle assessment) initiatives that comprehensively evaluate all processes from production to disposal. What are your thoughts on this approach?

**Imaeda:** A system for sharing environmental data, primarily within the European automotive industry, has been established, and Japan has also developed a system to connect with it. Our company must also follow suit. While our data collection framework is not yet fully developed, we will work diligently on it in cooperation with the JAPIA (Japan Auto Parts Industries Association).

**Sasaki:** To be honest, I feel that our work is still struggling to keep up with these societal trends, barely managing to respond to disclosure requests. We haven't yet reached the ideal state we should be aiming for. Topics like ESG and sustainability are difficult for employees to internalize as their own concerns. Therefore, we need to carefully communicate to both internal and external stakeholders what is expected of the company, the background and purpose behind these initiatives, and the company's specific actions.

**Imaeda:** Let's clearly define the vision we aim for and communicate it to our employees.

#### Progress on the "Carbon-neutral Strategy 2030" and Initiatives for the Next Phase

**Sasaki:** Achieving carbon neutrality is extremely important for the company's future growth and is positioned as one of the pillars supporting our business structure within TRV 2030. How is progress on the Carbon-neutral Strategy 2030 coming along?

**Imaeda:** We have established strategies for the four areas of products, procurement, logistics, and production through 2030. Among the goals set within these strategies—such as reducing product CO<sub>2</sub> emissions by 10% (through the use of low-CO<sub>2</sub> materials, etc.) and achieving carbon neutrality at our



headquarters factory—we have now reached a stage where their attainment is foreseeable.

Additionally, regarding production CO<sub>2</sub>, we have concluded an off-site PPA\* with Chubu Electric Power Miraiz Co., Inc. to accelerate the introduction of renewable energy, aiming to achieve a 60% reduction.

However, achieving the long-term goal of group-wide carbon neutrality by 2050 has limitations if we continue along the existing path; innovative production engineering development is essential. We must accelerate the development of new methods for the three major CO<sub>2</sub> emission sources: painting, casting, and heat treatment. In painting, we have developed technologies like "in-mold coating" and "compact coating booths" that achieve significant energy savings and space reduction, and mass production is now within sight. I feel my role is to spearhead the creation of second and third innovative technologies, building on this initial success.

**Sasaki:** The necessity of considering environmentally conscious design and production engineering has not yet been fully embraced, so we must advance in that area. We must move toward a field where our own work connects with our contribution to the environment, making it something we personally care about.

**Imaeda:** I believe it's essential to make each initiative tangible—to demonstrate how much CO<sub>2</sub> reduction or environmental risk mitigation it achieves. Our newly refreshed environmental slogan, "TRy for the future (which we can change with our thoughts and actions)" embodies our approach. We must firmly embed this mindset across the entire group, ensuring everyone works together toward the same goal. Furthermore, we must focus on activities that deliver tangible results. Given the rapidly changing environmental landscape, we need to flexibly review our strategies and KPIs. However, even as we strive for carbon neutrality, we should not resort to easily purchasing credits. Instead, we should select measures that genuinely reduce CO<sub>2</sub> emissions and contribute to climate change mitigation, such as promoting energy-saving activities and expanding the adoption of renewable energy.

#### Advancing Human Capital Management and Mechanisms for Fostering "Thoughts and Actions"

**Sasaki:** In 2024, our company announced a human capital management policy aimed at creating a company where every employee can feel a sense of fulfillment in their work, as part of our HR strategy for enabling everyone to thrive. We are building an organizational culture where all individuals can work vibrantly and contribute effectively. Based on this corporate culture, we support employees in autonomously taking on challenges and excelling. We are also establishing mechanisms to generate



results. We are advancing various initiatives under these three pillars. Currently, we are systematically advancing each necessary task. Concurrently, under TRV 2030, we announced our commitment to advancing human capital management that enables both challenge and transformation. This aims to build a company that can "materialize results" from "challenges." We will focus on three key priorities: "Promote health and productivity management," "Nurture human resources capable of leading transformation," and "Further expand opportunities to take on challenges, grow, and participate actively."

**Imaeda:** Considering our company's age structure, as the number of employees in their 50s and 60s increases, I believe measures to enable this generation to thrive and the development of human resources will be key to the company's growth.

**Sasaki:** That's correct. We will shift to a system linked to role performance, aiming to enhance motivation and growth aspirations for employees who continue to contribute actively, including those over 60. Regarding talent development, strengthening management capabilities is essential to foster a workplace culture that encourages employee challenges. We will shift the focus from "completing tasks" to "member growth" and work to elevate overall management standards. Furthermore, while various training programs have historically been centered around OJT, we will systematically reorganize the training the company requires, clearly defining the necessary skills and competencies.

**Imaeda:** Improving motivation, strengthening management skills, and establishing a robust training system—all are extremely important. Let's make sure we advance these initiatives thoroughly as a company.

**Sasaki:** I believe promoting DX and utilizing AI will be key to future growth. What are the challenges in production engineering and manufacturing initiatives?

**Imaeda:** On the production floor, we've begun collecting real-time data via IoT sensors and introducing AI for predictive detection of equipment abnormalities and quality issues. To leverage DX and AI, we must cultivate talent with digital literacy and data analysis skills, in addition to traditional technical expertise. We will build a system where skilled workers on the floor can utilize data themselves and propose improvements. Regarding HR strategy, I believe we must set KPIs and advance activities even when quantification is more difficult than it is for environmental items. This is a very challenging situation, but I expect you to guide our employees in a positive direction with your inherent brightness and performance.

**Sasaki:** While design largely determines the components, production engineering ultimately enhances product quality. We have proven that "production engineering can transform manufacturing." I look forward to your continued contributions, including innovative technological developments in environmental aspects.

\* Off-site PPA (power purchase agreement): A system whereby electricity consumers (such as companies or municipalities) purchase power under long-term contracts from renewable energy power plants located off their own premises.



# Environmental Strategy

## Basic Ideas and Strategies

The Tokai Rika Group has adopted the environmental slogan “TRy for the future (which we can change with our thoughts and actions)” and has defined the direction of its environmental activities for the conservation of the global environment and the realization of a sustainable society in its Environmental Policy. Each of our employees will maintain a constant awareness of these five policies, and will think and act on them for the sake of the future of the earth.

### Environmental slogan



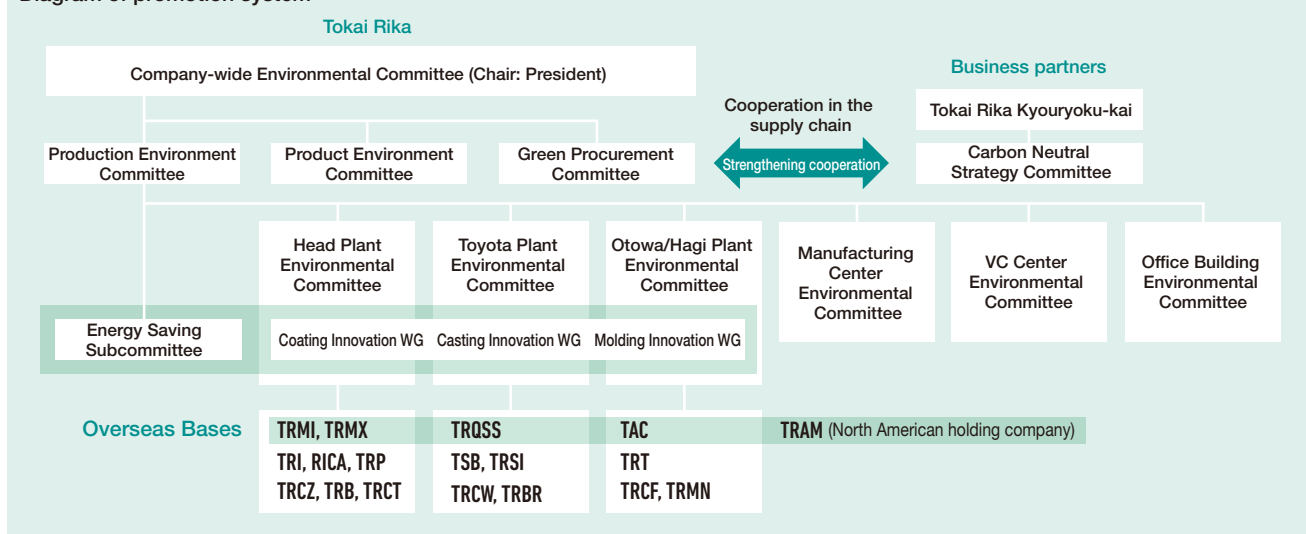
### Environmental Policy

1. Take the initiative in promoting activities on all fronts
2. Pursue environmental technologies for the future
3. Go beyond legal compliance to enrich local nature
4. Increase and expand our circle with society
5. Everyone thinks and acts for the Earth

### Promotion system

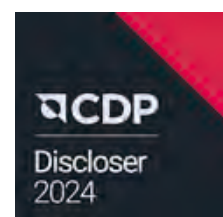
The Company-wide Environmental Committee, chaired by the President, deliberates and decides upon our policies for environmental conservation activities, as well as our medium- to long-term targets and responses to important issues. To advance the initiatives decided upon by the Environmental Committee, we have established committees underneath for production environment, product environment, and green procurement. Below the Production Environment Committee, we have established committees at the plant and district level to promote initiatives within each plant and department, as well as the Energy Saving Subcommittee to promote energy-saving activities across all factories. Furthermore, we have established a Carbon Neutral Strategy Committee within the Tokai Rika Kyouryoku-kai, which is comprised of our major business partners, to advance initiatives within the supply chain. This committee collaborates with the Environmental Committee to advance our initiatives.

#### Diagram of promotion system



### CDP: Achieved A- ratings in Climate Change and Water Security

We achieved an A- rating, corresponding to the Leadership level, in both the “Climate Change” and “Water Security” categories of the corporate questionnaire conducted by the Carbon Disclosure Project (CDP), a global environmental nonprofit organization. This marks the first time we have received an A- score in both categories. Moving forward, we will continue to proactively advance the disclosure of environmental information alongside measures that address environmental risks, starting with carbon-neutral initiatives.



## TCFD and TNFD Disclosure

We have identified the tackling of climate change as one of our materialities (important issues). By formulating policies and plans to address the risks and opportunities identified based on the principles of the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD), we will ensure that risks are mitigated and that opportunities expand.

### Governance

#### Board supervision of risks and opportunities

The Board of Directors receives regular reports on, and reviews, progress of the mid-term Carbon-neutral Strategy. Regarding the budget to execute this strategy, the Board makes comprehensive resolutions each fiscal year, exercising judgment and oversight over annual plans. For projects requiring significant investment, the Board receives individual reports and makes resolutions.

#### Management's role in assessing and managing risks and opportunities

The company-wide Environmental Committee, chaired by the President, determines the Carbon-neutral Strategy, which will serve as our policy for addressing risks and opportunities; approves targets and implementation plans; and oversees the progress and review of those plans.

### Strategy

Regarding climate change, we have established two distinct scenarios, where transition risks and physical risks each reach their maximum levels, and have conducted scenario analysis to identify risks and opportunities. For risks, the Environmental Committee will consider initiatives to strengthen resilience and incorporate them into the mid-term plan, thereby enabling the company to respond in a reliable and systematic manner.

#### Scenarios considered

##### 1.5°C Scenario

A society that has successfully limited temperature rise to within 1.5°C. In this scenario, society works collectively to curb global warming, speeding up decarbonization as a result of greenhouse gas and renewable energy policies, technological innovation, and infrastructure development.

While physical risks from rising temperatures are mitigated, transition risks are set as the highest in this scenario due to the need to adapt to societal changes, such as stricter regulations and shifting stakeholder demands.

##### 4°C Scenario

A society where global warming could not be halted, resulting in a 4°C temperature rise. Climate change accompanying this temperature increase is projected to increase acute risks from natural disasters, such as more frequent torrential rains and typhoons. Chronic risks will also emerge, such as water shortages due to altered rainfall patterns. This scenario represents the maximum physical risk.

#### Risks and opportunities (climate change-related)

Type		Risks and opportunities over the short, medium, and long term			Impact on business, strategy, finance	
		Category	Description	Timeframe	Likelihood	Cost of impact (yen)
Transition (1.5°C)	Regulatory	Risk	Increase in operating costs due to the introduction of a carbon tax	Medium-term	High	1.0 billion
		Opportunity	Cost reduction (carbon tax, electricity charges, etc.) by reducing greenhouse gases	Medium-term	–	1.5 billion
	Reputational	Risk	Termination of business with customers due to not aiming for decarbonization	Long-term	High	20.0 billion
		Opportunity	Stable funding through information disclosure regarding carbon-neutral measures	Long-term	–	–
	Technological	Risk	Increase in material costs due to material changes aimed at lower carbonization	Long-term	Medium	5.0 billion
		Opportunity	Increase in orders by developing low-CO <sub>2</sub> products	Long-term	–	1.0 billion
Physical (4°C)	Acute	Risk	Sales decline due to intensified natural disasters causing plant suspensions and supply chain disruptions	Long-term	Medium	10.0 billion
		Risk	Increase in air conditioning costs due to the rise in average temperature	Long-term	High	0.1 billion
	Chronic	Risk	Water-supply shortage due to changes in precipitation	Long-term	Low	3.0 billion

#### Risks and opportunities (nature-related)

Type		Risks and opportunities over the short, medium, and long term			Impact on business, strategy, finance	
		Category	Description	Timeframe	Likelihood	Cost of impact (yen)
Transition	Regulatory	Risk	Suspension of plant operations due to stricter water quality regulations for river discharge water and the inability to discharge water into the river	Long-term	Low	3.0 billion
	Reputational	Opportunity	Improvement of evaluation from stakeholders through active efforts in biodiversity conservation activities	Medium-term	—	—
		Opportunity	Stable funding through information disclosure regarding nature and biodiversity conservation measures	Long-term	—	—
	Technological	Opportunity	Increasing orders by developing products that contribute to biodiversity conservation	Medium-term	—	0.1 billion
Physical	Acute	Risk	Suspension of product manufacturing due to unavailability of natural resources as a result of loss of the natural environment	Long-term	Medium	1.0 billion

\*Timeframe: Short-term is less than 5 years; Medium-term is between 5 and 10 years; Long-term is 10 years or more.

## Environmental Strategy

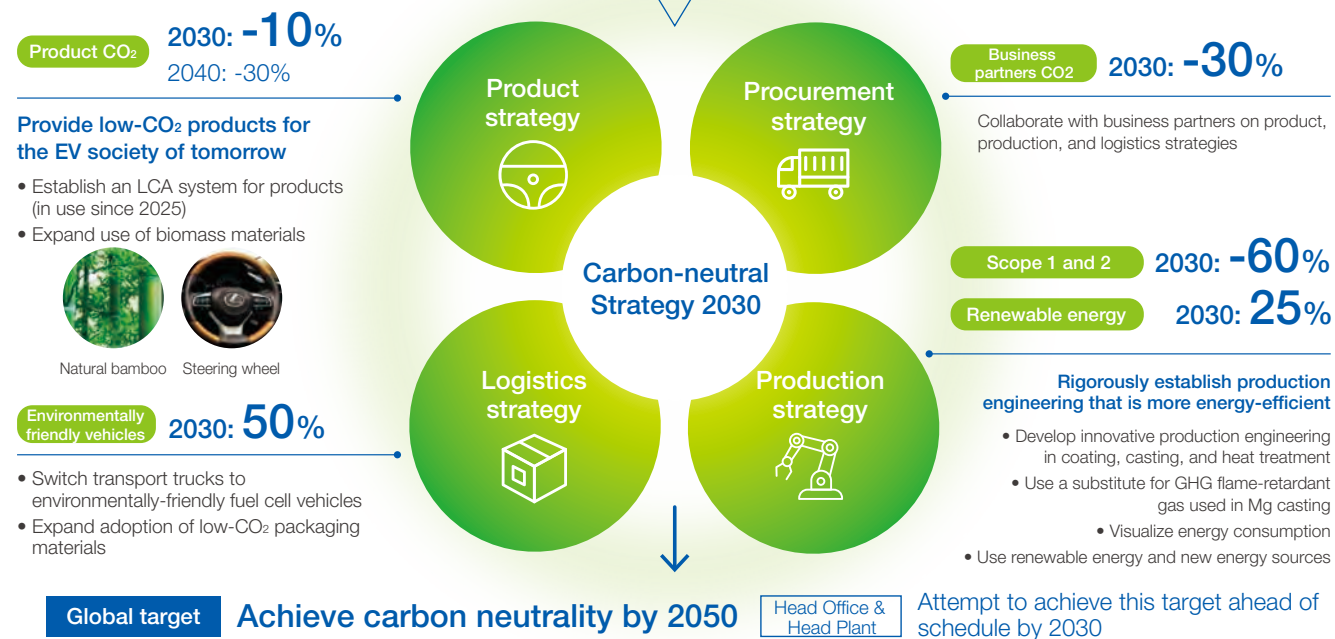
## Risk management

We identify risks and assess their potential impact by conducting analysis with reference to climate change scenarios such as the IEA's Net Zero by 2050 and the IPCC's Representative Concentration Pathways. We also strive to forecast the potential impact of risks in monetary terms to understand their financial implications. For identified risks and opportunities, we incorporate specific measures and targets into the policies and plans of our environmental initiatives, and track progress accordingly. Furthermore, to respond flexibly to changing circumstances, we regularly update risks and opportunities based on the latest scenarios and societal trends.

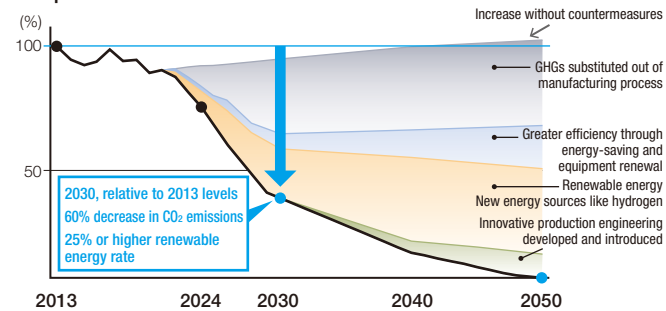
## Indicators and targets

## Carbon-neutral Strategy 2030

Contribute over the whole life cycle with our products, production, logistics, and procurement



## Scope 1 and 2 reduction scenarios



## Short-term KPIs (FY 2025)

KPI	Scope	FY 2025 target	
		Base year	Target
Plant CO <sub>2</sub> emissions (t-CO <sub>2</sub> ) (energy-related)	Consolidated	2013	97,920 or less (-25%)
	Non-consolidated	2013	42,320 or less (-25%)
Renewable energy rate (%)	Consolidated		15% or higher
Transport CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	Non-consolidated	2013	2,831 or less (-12%)
Water withdrawal (1,000 m <sup>3</sup> )	Non-consolidated	2019	551 or less (under base year results)

## Greenhouse gas emissions (Consolidated)

Classification		FY 2023	FY 2024
Scope 1	Direct greenhouse gas emissions by Tokai Rika itself	125,809	87,687
Scope 2	Indirect emissions from the use of electricity, etc. supplied by others	93,404	78,210
Scope 3 (upstream)	Emissions by others related to Tokai Rika's activities	1,494,538	1,459,847
Category 1	Purchased goods and services	1,324,065	1,267,551
Category 2	Capital goods	80,847	115,925
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	12,703	12,968
Category 4	Upstream transportation and delivery	50,786	49,068
Category 5	Waste generated in operations	497	405
Category 6	Business travel	2,743	3,327
Category 7	Employee commuting	22,897	10,603
Category 8	Upstream lease assets	Included in Scope 1 or Scope 2	
Total		1,713,751	1,625,744

Third-party verification: To ensure reliable disclosure, Scope 1 and 2 emissions have been verified by SGS Japan Inc. For details, please refer to our company website.

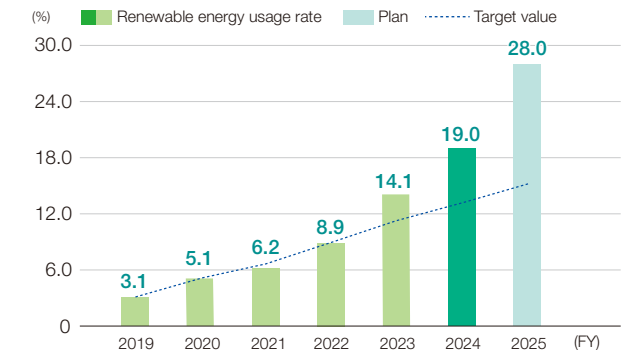
## Initiatives to Become Carbon Neutral

## Expanding the adoption of renewable energy

In addition to installing solar power generation equipment on-site, we are substantially increasing our adoption of renewable energy by using new, scalable off-site PPAs.\*<sup>1</sup> In FY 2024, we installed solar power generation equipment totaling 3,980 kW across 10 locations in Japan and overseas. Furthermore, by procuring environmental value through off-site VPPAs,\*<sup>2</sup> our renewable energy usage rate increased to 19%, achieving our 15% target for FY 2025 ahead of schedule.

\*<sup>1</sup> Off-site Power Purchase Agreement: A method of directly procuring electricity from dedicated renewable energy sources installed off-site.  
\*<sup>2</sup> Virtual Power Purchase Agreement: A method of procuring only the environmental value associated with electricity generated from renewable energy sources.

## Renewable energy usage rate



## Thin-Film Solar Panels

We are adopting glassless and frameless thin-film solar panels, which differ from conventional silicon-based solar panels, and are conducting tests to establish ways to install solar power generation equipment on roofs with low load-bearing capacity and flat roofs—where installation was previously difficult. In FY 2024, we installed 60kW thin-film solar panels on flat roofs using an adhesive method and conducted tests to verify matters regarding construction, durability, and power output.



## Forest J-Credits

We purchase Forest J-Credits\* that have been generated through appropriate forest management. Beyond reducing CO<sub>2</sub> emissions, these credits contribute to local communities in many ways, from preventing landslides to supporting regional economies and conserving biodiversity. We purchase these credits to offset CO<sub>2</sub> emissions from energy sources where fuel conversion is difficult.

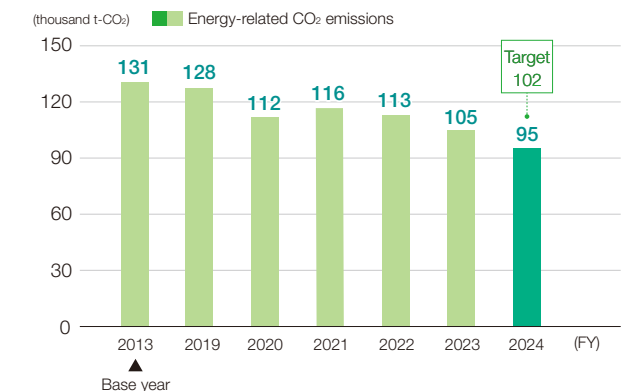


\*Forest J-Credits: Credits calculated based on CO<sub>2</sub> absorption from three methods of forest growth: forest management, afforestation, and reforestation.

## Reduction of energy consumption

To achieve carbon neutrality, we are implementing various initiatives to minimize energy consumption. These include thoroughly eliminating waste, upgrading to high-efficiency equipment, switching fuels, revising construction methods, and developing innovative production engineering. When installing new equipment, we incorporate energy-saving specifications based on our internal energy-saving guidelines and make investment decisions that consider CO<sub>2</sub> emissions in addition to cost.

Furthermore, we have implemented a system that visualizes energy consumption by production line, allowing anyone to check usage status in real time via the company intranet. This helps us immediately respond to abnormalities, identify waste by analyzing daily usage, and consider measures to tackle high CO<sub>2</sub> emission hotspots, leading to further reductions in energy consumption.

Energy-related CO<sub>2</sub> emissions (Global consolidated)

## Awarded at the Energy Conservation Grand Prize

At the FY2024 Energy Conservation Grand Prize, our initiative, the "Development of an Atmospheric Reflow Soldering Method to Achieve Carbon Neutrality," received the Energy Conservation Center Chairman's Award in the Energy Conservation Best Practice category. Traditionally, nitrogen had been used in the soldering process for automotive electrical components. However, we newly developed\* a nitrogen-free solder paste that offers equivalent soldering performance and long-term reliability. This new method helps reduce energy consumption by approximately 14% compared to conventional methods.

\*This development was conducted jointly with Senju Metal Industry Co., Ltd.



## Internal Carbon Pricing System

We are introducing Internal Carbon Pricing (ICP) to promote capital investment that can contribute to the reduction of CO<sub>2</sub> emissions. By setting an in-house carbon price of 16,000 yen/t-CO<sub>2</sub> and evaluating the economic effect of CO<sub>2</sub> reduction as an investment effect, we are promoting carbon-neutral strategy investment. The introduction of ICP makes it possible to visualize the economic impact of CO<sub>2</sub> emissions, leading to appropriate investment decisions. It is also applied to risk and opportunity scenario analysis to provide a quantitative assessment of the impact of climate change on the company, its countermeasures, and strategies.

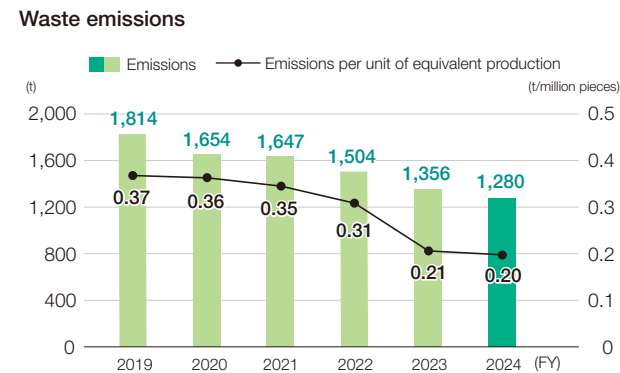


## Environmental Strategy

### Initiatives to Build a Circular Economy

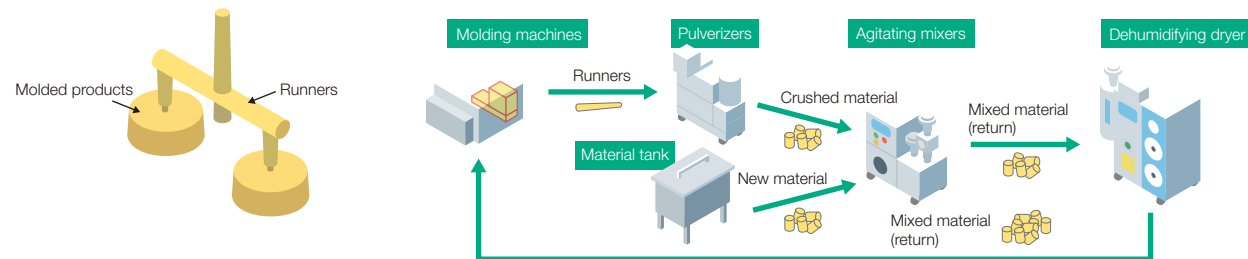
#### Reduction of waste materials in production

We are working on reducing the discharge of waste materials and using resources efficiently by engaging in renewable activities such as recycling resin materials and developing upcycled products using waste materials, in addition to thoroughly implementing the 3Rs such as improving production yield, reducing the rate of defects, reusing metal waste materials, and making materials paperless. We manage the amount of waste generated and the status of waste treatment using the comprehensive waste management service GENESYS ECO. In addition, once a year, we confirm that waste disposal is being conducted properly through on-site inspections and written confirmation with waste disposal contractors.



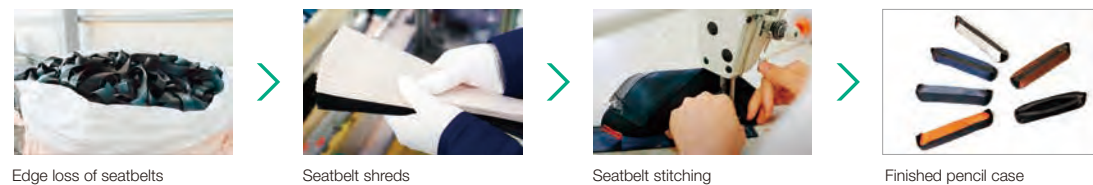
#### Plastic reuse

We are working on in-process reuse of runners generated in the molding process. The runners generated are crushed in a crusher, and then mixed with crushed material and new material at a certain ratio in an agitator-type mixer, allowing them to be reused in molding materials without affecting quality. This eliminates runner waste and allows plastic materials to be used without waste. In addition, to reduce plastic waste throughout the supply chain, we have established a resource recycling system in cooperation with our business partners. Plastic scraps from our partners are collected and carried in the unused space in logistics trucks, processed into recycled materials at recycling plants, and sold. This ensures the scraps are reused without becoming waste.



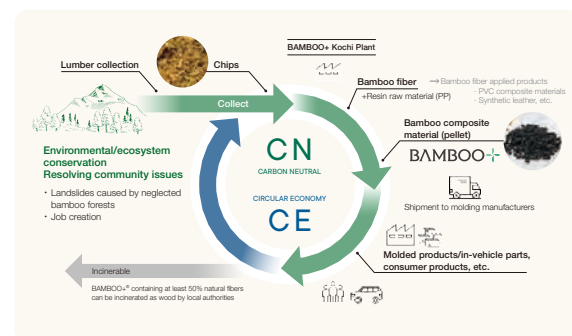
#### Upcycling Brand “Think Scrap”

Think Scrap is our upcycling brand that transforms seatbelt scraps—that would otherwise be discarded—into valuable products. Leveraging the durability and texture of seatbelt material, we create products such as pencil cases, pouches, and bags. By using the scraps directly as raw material, we reduce waste without expending extra energy on processing, creating new value in the form of products. We will continue to challenge ourselves in developing attractive, recycling-oriented products in order to fulfill our responsibility as a manufacturing company to create things.



#### Began production of BAMBOO+®, a biomass composite resin material

BAMBOO+® is a biomass material made from locally collected bamboo chips that have been converted into fiber using our proprietary technology and then composited with resin for industrial molding use. BAMBOO+® reduces consumption of petroleum-derived materials, given that up to 55% of it is composed of bamboo fiber processed with our proprietary technology. Furthermore, because bamboo grows rapidly and can be used sustainably, it can help reduce environmental impact in numerous ways, from absorbing CO<sub>2</sub> during its growth phase to the preservation of satoyama. This project was realized through collaboration with local residents. To achieve a sustainable society, we will continue to develop innovative technologies as a manufacturing company while collaborating with local communities to create products that are kind to both people and the planet.

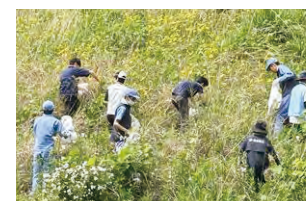


### Initiatives to Become Nature Positive

#### Activities to protect, connect, and expand

To become a company that coexists with nature and community, we take action to preserve ecosystems by protecting endangered species and removing invasive species; connect ecosystem networks by developing biotopes and other such measures; and expand the circle of participation by collaborating with local communities and neighboring companies, and even involving our employees' families. Efforts to eradicate coreopsis lanceolata, a designated invasive alien species, are being undertaken in collaboration with local governments and neighboring companies. We have been working toward regional eradication, expanding our area of activity and seeing participation increase year by year. At the Yanami wetlands in Toyota City, a Ramsar Convention-registered wetland where endangered species like the Shiratama-hoshikusa and Mikawa-shiogama grow, we conduct conservation activities on an ongoing basis with the city and local preservation groups.

Additionally, in FY 2024, we built a new grassy biotope on the rooftop of our Head Office cafeteria to serve as a habitat for birds such as lapwings and ducks. We also hold events at this biotope for employees' children to experience nature firsthand. Combined with our ongoing efforts to help manage the biotope at a nearby elementary school, these activities help convey the importance of nature to children.



Extermination of coreopsis lanceolata



Conservation activities at Toyota City's Yanami wetlands



A nature outing at the newly established biotope



Helping manage the biotope at a nearby elementary school

#### Recognized at the Good Life Award for our initiative to eradicate Argentine ants

Our initiative to eradicate Argentine ants received the Executive Committee Special Award for Sustainable Design at the 12th Good Life Award hosted by the Ministry of the Environment. The Good Life Award is a project that supports environmentally and socially beneficial activities undertaken by companies, schools, NPOs, local governments, communities, and individuals, broadly recognizing initiatives that embody the SDGs. Argentine ants are designated as specific invasive species due to their high reproductive capacity and tendency to displace native species. To eradicate them, we have been collaborating with local governments in the area to conduct habitat surveys and implement control measures. In August 2024, we developed the pesticide “Puritto Bait,” leveraging the expertise and technology we had cultivated through our automotive parts manufacturing business, and began selling it to local governments. We will continue to engage in efforts that protect biodiversity by collaborating with local governments and communities working to eradicate designated invasive species.



Pesticide “Puritto Bait”



Ants swarming around the pesticide



Good Life Award Ceremony

#### Aichi Biodiversity Company Certification

We were recognized for our wide range of activities that contribute to biodiversity, such as the extermination of alien species, the conservation of rare species, and the formation of ecosystem networks, and acquired Aichi Biodiversity Company Certification. Going forward, we will strengthen our collaboration with society, further expand the scope of our activities, and promote initiatives that help conserve the natural environment.



#### All Toyota Green Wave Project

We are participating in the All Toyota Green Wave Project, which aims to create a future where humans and nature coexist. By sharing our initiatives and working collaboratively with other Toyota Group companies, we are effectively promoting biodiversity conservation while expanding the scope of our activities.



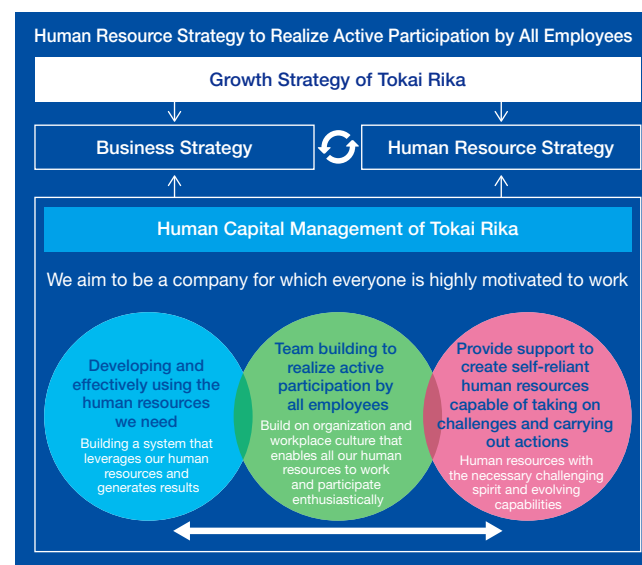


# Promoting Human Capital Management

## Promotion of business centered on human capital capable of taking on challenges and realizing transformation

### Sumikazu Sasaki

Corporate Officer,  
General Manager, Corporate  
Group, in charge of Diversity  
Promotion Department



In May 2025, as part of TRV 2030, we announced that we would undertake “business centered on human capital capable of taking on challenges and realizing transformation” in order to accelerate our growth strategy. In addition, we set forth three key initiatives. The first is to promote health and productivity management. We will implement various health initiatives to ensure that employees can continue working in good physical and mental health, full of vitality, and in a cheerful and energetic manner. The second is to nurture human resources capable of leading transformation. We will cultivate human resources who possess both strong willpower and character and can consistently deliver results. The third is to further expand opportunities for employees to take on challenges, grow, and actively participate. We will implement measures to accelerate risk-taking and growth by providing opportunities for each employee to update their skillsets and translate them into contributions.

Centered on these three key initiatives, we will nurture human resources capable of realizing next-generation products and new businesses unique to Tokai Rika. By supporting employees in taking on challenges and creating change, we aim to realize the company's sustainable growth.

Team building to realize active participation by all employees

## Health and Productivity Management Initiatives

The health of our employees is the foundation for doing good work and is essential to our sustainable growth. The company is united in its commitment to health and productivity management, to ensure that every employee can continue working in good physical and mental health, full of vitality, and with a smile for years to come.

### Health and productivity management targets

We believe that for each employee to maximize their capabilities and for the company to enhance its overall productivity, potential losses due to health risks must be reduced.

We have set targets for health and productivity management, as shown on the right, to achieve by 2030 and are focusing our efforts on measures that aim to improve lifestyle habits highly correlated with health risks.

### Survey of health habits

The company regularly surveys all employees to verify the effectiveness of health measures and foster awareness of healthy habits. We survey five health habits—diet, exercise, sleep, smoking, and alcohol consumption—and use the results as benchmarks to monitor.

Each of the five health habits is assigned one point, and the average total score serves as the target value.

### Targets and indicators for health and productivity management

		FY 2024	FY 2025 targets	FY 2030 vision
1	Reduction in absenteeism due to illness	Absenteeism 3.5%	Absenteeism 3%	Absenteeism 2%
2	Reduction in productivity loss due to physical and mental health issues	Presenteeism 21.6%	Presenteeism 18%	Presenteeism 12.4%
3	Reduction in the percentage of employees with abnormal findings in health checkups	Employees with abnormal findings in health checkups 42.0%	Employees with abnormal findings in health checkups 38%	Employees with abnormal findings in health checkups 35%

### Behavioral change indicators for health

		FY 2024	FY 2025 target	FY 2030 vision
	Total score for health habits survey (average)	3.3 points	3.5 points	4.0 points

## Transforming our culture to achieve effective health and productivity management

To further advance health and productivity management, we have in place a health policy and promote health activities based on two key principles: that employees should both strive to maintain and improve their own health (duty of personal health) and take care to ensure they can work safely and in good physical and mental health (duty of care for safety).

Based on the results of regular health checkups, we have established thresholds (red and yellow zones) that require employees to care for their safety and created a system to follow up with such employees until improvements are made. These initiatives will raise the health awareness of employees.

We also invite leading experts on health management in Japan to give lectures in order to deepen our understanding of our own health and productivity management practices.

Red zone (work restrictions required)				Yellow zone (work restrictions pending)			
	Item	Threshold	Unit		Item	Threshold	Unit
Circulation	Systolic blood pressure	Above 180	mmHg	Circulation	Systolic blood pressure	160-179	mmHg
	Diastolic blood pressure	Above 110	mmHg		Diastolic blood pressure	100-109	mmHg
Blood glucose	HbA1c	Above 10	%	Blood glucose	Electrocardiogram (ECG)	Re-exam/Detailed exam/Treatment	
					Blood glucose HbA1c	8.4-9.9	%
Anemia	Hemoglobin (Hb)	Below 8	g/dl	Anemia	Hemoglobin (Hb)	8-10	g/dl
Liver function	AST/ALT	Above 200	U/l	Lipids	LDL cholesterol	Above 200	mg/dl
Kidney function	Creatinine	Above 2.0	mg/dl	Respiratory system	Chest X-ray	Re-exam/Detailed exam/Treatment	

Note: Red zone values were determined based on the Ministry of Health, Labour and Welfare's research report, "Consensus study on health management for individuals with abnormal findings in health checkups."

Supporting affected employees	After the employee's health checkup, have them promptly consult an occupational physician and consider work restrictions
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Supporting affected employees	<ul style="list-style-type: none"> <li>Recommend a secondary examination</li> <li>If the employee's examination results are not reported within two months of the health checkup, have them consult an occupational physician and consider work restrictions</li> </ul>
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## Expanding health checkups

Purpose	Offerings	Making use of health checkups
We expanded our health checkup system in FY 2025 to enable early detection and treatment of treatable diseases and prevent our employees and their families from experiencing sorrow. The goal is to enable early detection, across different age groups, of a wide range of diseases with high incidence risks.	This system allows employees to receive the following health checkups at no cost. <ul style="list-style-type: none"> <li><b>Milestone health screening (Every five years for ages 35 and up)</b> More thorough than a standard health screening</li> <li><b>Cerebrovascular exam (Every five years for ages 46 and up)</b> Head MRI and MRA, neck ultrasound</li> <li><b>In-house health checkup</b> Screens additional items for diseases with increased risk by age group</li> <li><b>Cancer screening</b> Cancer screenings, which have a proven effect in reducing mortality rates, are a component of in-house health checkups</li> </ul>	A health checkup is not simply an exam to undergo, but a vital opportunity to understand one's current health status and detect areas that must be addressed. We provide 1-on-1 guidance and video materials to help each employee review their results and independently manage their health. Our goal is to establish a health management system that empowers employees to live in good health for many years, including after retirement.

## Initiatives that encourage walking

Walking, which is linked to various daily activities, is fundamental and essential for good health. In our annual Walking Event, workplace-based teams compete in step counts that are tracked by a smartphone app, allowing the entire Company to be mindful of good walking habits. In FY 2024, we conducted walking posture events at all factories to help employees walk effectively with correct posture.

In FY 2025, we upgraded the Walking Event to the Walking Challenge. This revamped initiative uses InBody, a body composition analyzer, to help employees improve their body composition through walking. We will continue to support our employees in maintaining their health, not only during work, but also through daily walking.



## Certified as a Health and Productivity Management Outstanding Organization White 500

Recognized for our health and productivity management efforts, we have been certified as a Health and Productivity Management Outstanding Corporation White 500 for six consecutive years since 2020.





## Promote Human Capital Management

Team building to realize active participation by all employees

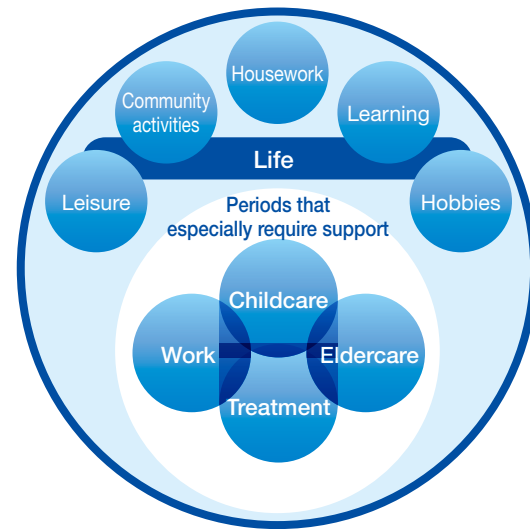
### Improving the Enthusiasm and Motivation of Employees

As life stages and personal values diversify, there is a growing need for work styles to accommodate individual life styles with a range of demands, from childcare and eldercare to health and personal growth. At Tokai Rika, we are enhancing flexible systems and support structures so that each employee can work while being themselves and maintaining a healthy work-life balance.

#### 1 Supporting work-life balance

##### Our vision

Based on the belief that all employees are navigating life while balancing work and personal time, our support for work-life balance extends to every employee, not just those in the midst of childcare, eldercare, or treatment. We have established a system for outside challenges (side jobs) and, starting in 2025, extended the validity period of annual paid leave from two years to three. We support our employees in making use of these systems to adjust their work and personal time, making it possible for them to work in a way that respects their values and life events.



##### Key measures

##### Childcare period

- Introduced a handbook on supporting work-life balance during childcare (February 2024) (For supervisors, employees on childcare leave, and male employees)
- Introduced career development support for mothers by arranging six meetings between an employee's pregnancy and return from childcare leave (February 2024)
- Introduced briefing sessions on supporting the balance of work and childcare (February 2024) Held monthly; 302 participants in FY 2025
- Introduced a system to ask about childcare and eldercare situations during career counseling sessions (April 2025)
- Expanded leave eligibility for childcare-related reasons (April 2025) Now available for children up to sixth grade



##### Eldercare period

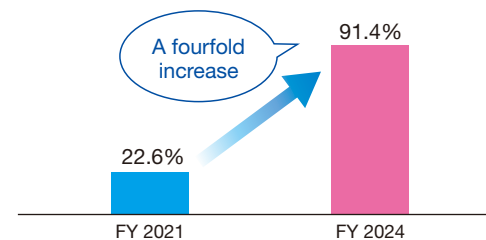
- Relaxed requirements for eldercare leave (April 2025) Now available for those certified with level 1 support or higher
- Introduced briefing sessions to support the balance of work and eldercare (September 2025) 648 participants in FY 2025
- Offered 1-on-1 consultations in collaboration with community support centers

##### Treatment period

- Introduced a reduced-hour work system for treatment (February 2025) Available to employees needing cancer treatment

#### Childcare leave acquisition rate for male employees

Since launching a series of initiatives one year ago, employee feedback in surveys has significantly changed, and a workplace atmosphere that supports the work-life balance of everyone is gradually spreading. Furthermore, the childcare leave acquisition rate for male employees has increased dramatically from 22.6% in FY 2021 to 91.4% in FY 2024.



#### 2 Creating an environment that supports further success

##### Our vision

We aim to create an environment where every employee, regardless of age or life stage, can take on challenges with enthusiasm, feel motivated in their work, and grow.

We believe it is important to foster an environment where everyone can actively participate by leveraging their unique experiences and skills, thereby boosting the vitality of the entire organization.

#### Introduced a continuous employment system for those past the age of 65

In May 2025, we removed the upper age limit for re-employment and introduced a continuous employment system that allows employees to continue working regardless of age. Under this system, employees can continue working past the age of 65 if their willingness aligns with the company's needs. We will provide opportunities for employees to contribute to the company with their accumulated experience and skills, while also supporting them in starting new chapters in their lives.

Team building to realize active participation by all employees

### Diversity

We view diversity and inclusion as one of the key pillars supporting our management foundation, and are working to foster systems and an organizational culture where diverse human resources can thrive.

#### Transforming our culture so that everyone can thrive

To build an organization where diverse values naturally coexist and innovation continues to flourish, we must not only transform the employees themselves but also our surrounding environment and corporate culture itself. As part of this cultural transformation, we began providing training for managers in FY 2025.

We will foster a culture where the entire organization collectively considers how to best manage and maximize each employee's unique strengths and translate that into business success.

#### Improving diversity management capabilities

Our diversity management training helps managers reaffirm both the company's objectives for diversity initiatives as well as key considerations for their implementation. In addition, we provide managers with the opportunity to consider how to best support their subordinates' career development by having them reflect on their own careers and engage in role-play exercises of actual meetings.

#### Creating opportunities to learn outside

We believe that engaging with different corporate cultures is essential to embracing and leveraging diverse values, and we host various events to facilitate this.



#### Lectures by leaders from other industries

We host lectures by various leaders, including an individual with extensive management experience in advertising and an executive who had previously been a professional athlete. By inviting experts from a wide range of fields to speak, we continue to broaden and elevate our perspective on matters.

#### Cross-industry networking events

We network broadly with companies from various industries beyond the automotive parts sector, including home appliances, transportation, printing, and office supplies. By engaging with people and insights previously unencountered, we aim to enrich our employees' ideas and foster an organizational culture that sparks innovation. These cross-industry events are held periodically with discussion topics set for each session, bringing together a diverse set of participants such as female engineers, young leaders on the production floor, developers from design departments, and others.

#### Keiko Kimura

Office Manager of the Diversity Promotion Department



In addition, as part of our efforts to support people with disabilities, we actively work to foster a deeper understanding of disabilities by visiting special needs schools and special subsidiaries that employ people with disabilities.

#### Career support

We host a seminar for those in their 50s on vibrant living to help senior-level employees at the milestone age of 50 contemplate their futures from a career-oriented perspective.



Alumni interview articles

In addition, we interview former employees who are enjoying their post-retirement lives about their current lifestyles and personal outlooks. This helps current employees envision their future careers while continuing to thrive.

#### Employee socializing

In addition to outside exchanges, we also proactively encourage employees to interact across our own departments and factories.

#### Mix Up Talk

By having product developers in new fields share their experiences and answer questions—e.g., on the rewards of venturing into new areas and the obstacles overcome to bring products to market—both employees working on existing products and in new fields are able to deepen their understanding of one another.



#### Social gatherings for mid-career and new graduate hires

We hold social gatherings that bring together new hires with prior work experience and those who joined Tokai Rika as new graduates. By having mid-career hires share their perspective of Tokai Rika from the outside and new graduates share aspects of Tokai Rika not visible from the outside, we foster opportunities for both groups to be inspired and gain fresh insights.

## Promote human capital management

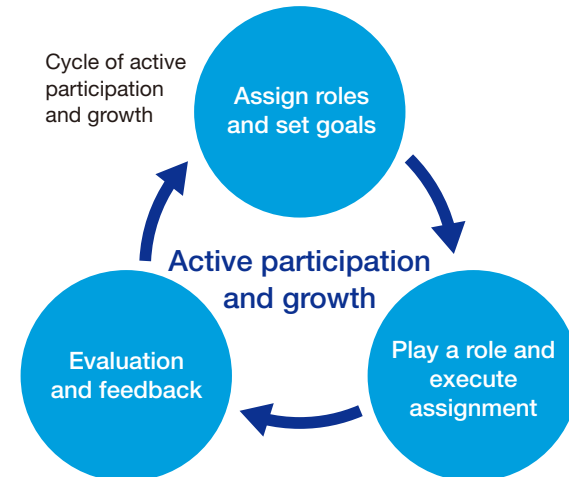
Supporting human resources to independently take on challenges and thrive

## Human Resource Development

Nurturing the spirit of originality, enthusiasm and innovative challenge, we aim to build an energetic and promising workplace where dreams abound by stimulating our workplaces and raising the level of organizational capabilities through improvement activities.

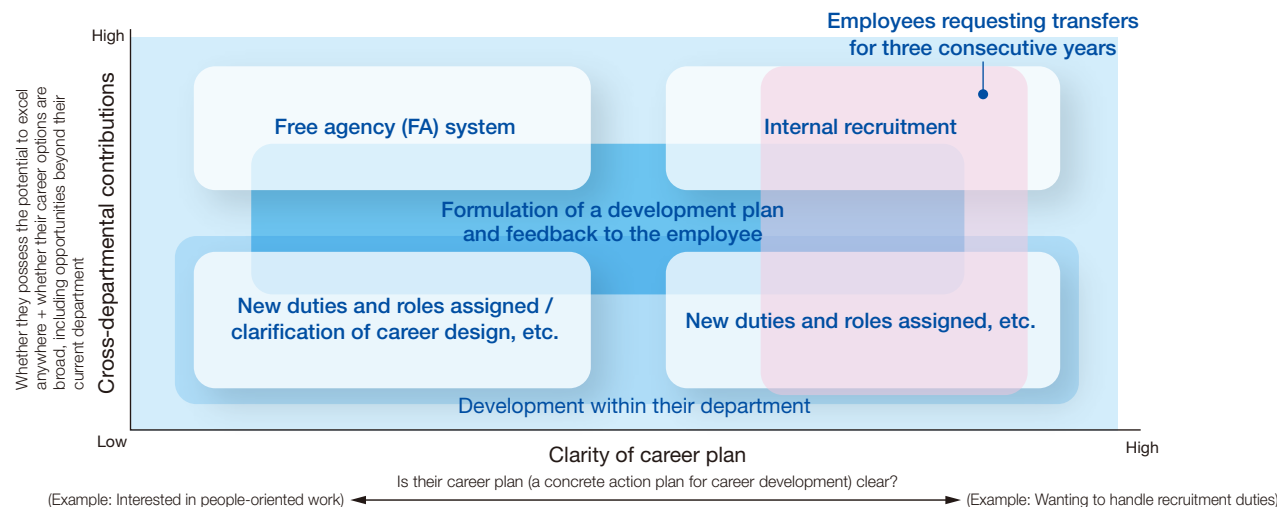
## Human resource development initiatives

To enable each and every employee to maximize their abilities, we firmly implement the “cycle of active participation and growth” by having a regular interview three times a year between superiors and subordinates and conducting various types of training consisting of training by job grade, function, and workplace. In particular, in training by job grade, we implement “preparatory training” to acquire the mindset, stance, and skills equivalent to higher role qualifications, aiming to smooth role fulfillment after promotion. We also provide reskilling opportunities to existing employees. Specifically, by learning the skills to respond to digitalization in line with market needs, we will expand the field of activity and realize the growth of the employees and the company. Along with this, Tokai Rika Training School's educational curriculum is also shifting to a focus on software.



## Supporting self-reliant career development

Our Company supports self-reliant career development in order to promote employees' individual growth (which drives company growth) by leveraging their experiences, skills, and unique qualities. We implement various initiatives to help our employees foster self-reliant careers.



## 1 Transfer and development plans for employees requesting transfers for three consecutive years

To support each employee in developing their own career, we have introduced a new system where workplaces systematically respond to employees who have submitted transfer requests for three consecutive years. The company's basic policies for this system are to have employees formulate a development plan and engage in dialogue with supervisors. Last fiscal year, 223 employees submitted requests, leading to the formulation of transfer plans for 37 employees, of whom 26 were successfully transferred. This fiscal year, 167 employees have requested transfers for the third consecutive year. We are encouraging more dialogue about career direction by reviewing each employee's transfer and development plans.

## FY 2024 transfer requests / Transfer and development plans

FY 2022-2024 consecutive transfer applicants <b>223</b>	Planned transfers and transfers realized for FY 2024	26 of 37 employees transferred	108 employees (with transfer plans formulated between FY 2024-2026)
	Planned transfers for FY 2025 & 2026	71 employees	
	Non-transfer development plans	115 employees	

## FY 2025 transfer requests / Transfer and development plans

FY 2023-2025 consecutive transfer applicants <b>167</b>	Planned transfers for FY 2025	Formulated by each department by the end of August 2025
	Planned transfers for FY 2026 & 2027	
	Non-transfer development plans	

## 2 A new free agency (FA) system

We newly introduced a free agency (FA) system to support our employees' aspirations for growth. This system provides highly-rated and promotion-eligible employees—who demonstrate strong motivation to take on new challenges, even if their career direction is not yet clear—with new opportunities to thrive within the company. Our scouting department requests interviews based on the information of registered employees, and transfers are finalized after coordinating with the employee's current department. By lowering the barriers to transfer, we support our employees in carving diverse career paths and moving closer to their future goals by allowing them to gain experience in workplaces suited to their interests and talents.

## 3 Expanded the incentive program

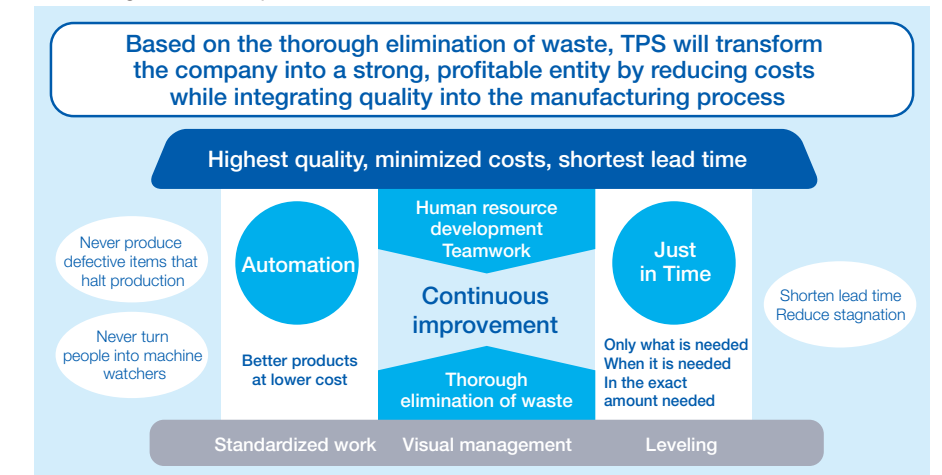
To spur more employees in challenging themselves, we expanded the scope of our incentive program introduced in January 2024 to include advanced examinations and qualifications equivalent to national certifications. We subsidize examination fees for all exam-takers and provide a lump-sum bonus to those who pass.

As of August 2025, there have been 61 employees who have applied and are taking on a challenge.

## 4 Developing human resources who can think and act independently based on principles

Building upon the philosophy of the Toyota Production System (TPS), we are developing human resources who can think and act independently based on principles. In addition to the ongoing use of TPS at our factories, we began implementing it within our offices for all Company activities in 2025. Through ongoing efforts, we aim to strengthen our corporate foundation and uphold the Tokai Rika spirit.

## The management concept of TPS



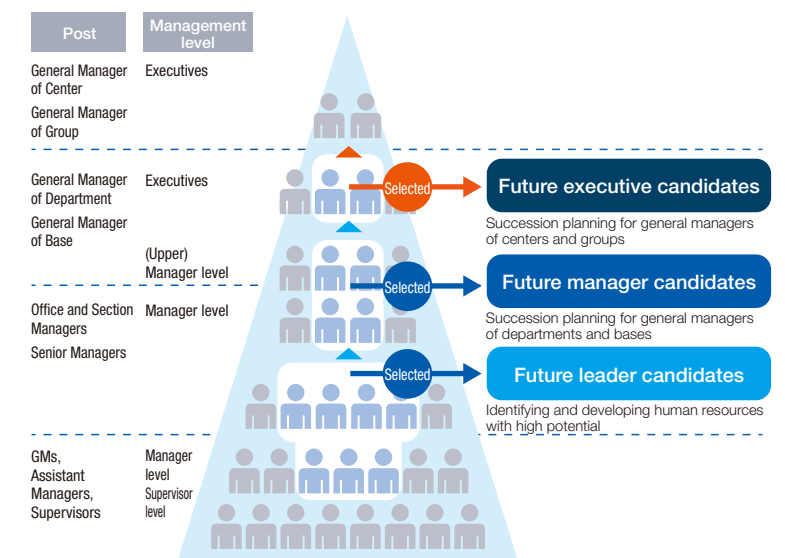
## Developing and effectively using the human resources we need

Our Company implements measures to develop the next generation of executives, leaders, managers, as well as young employees, to cultivate human resources who will enhance corporate value. We also provide training for line managers to strengthen their management skills in order to foster workplaces that encourage employees to take on challenges. For young employees, we offer an overseas trainee program that develops cross-cultural understanding and problem-solving skills, thereby promoting their growth as human resources that can thrive globally.

## 1 Development of select human resources

Our development program for future management, launched in FY 2025, aims to develop human resources that can enhance corporate value, selecting candidates for the next generation of executives, managers, and leaders. For executive candidates, we offer a program where they can experience management reforms through the implementation of TPS, cultivating their management perspective, as well as their ability to make decisions and take initiative. For future managerial candidates, we conduct developmental training aimed at fostering leaders who take initiative and inspire others, helping them build a foundation for adapting to internal and external changes. For future leadership candidates, we will provide them with opportunities that enhance their practical skills through difficult experiences and broaden their career possibilities.

## Overview of our development program for future management



## 2 Training for line managers

We began implementing a training program for line managers (managerial level) in 2025 that aims to strengthen their management skills. First reaffirming the role of management, line managers then systematically learn how to both set goals that encourage employees to take on challenges and provide feedback that fosters growth. The program aims to instill these skills by having them practiced in the workplace and providing ongoing follow-ups. Through this training, we seek to improve our mindset towards human resource development and adopt management practices that encourage risk-taking.

## 3 Overseas trainee program

Tokai Rika offers an overseas trainee program for young employees to cultivate a global perspective and grow through difficult experiences. Trainees spend one year working at overseas locations under local managers, developing cross-cultural understanding and problem-solving skills. By working overseas, our employees gain new insights and opportunities for growth, enabling them to thrive in global business environments.



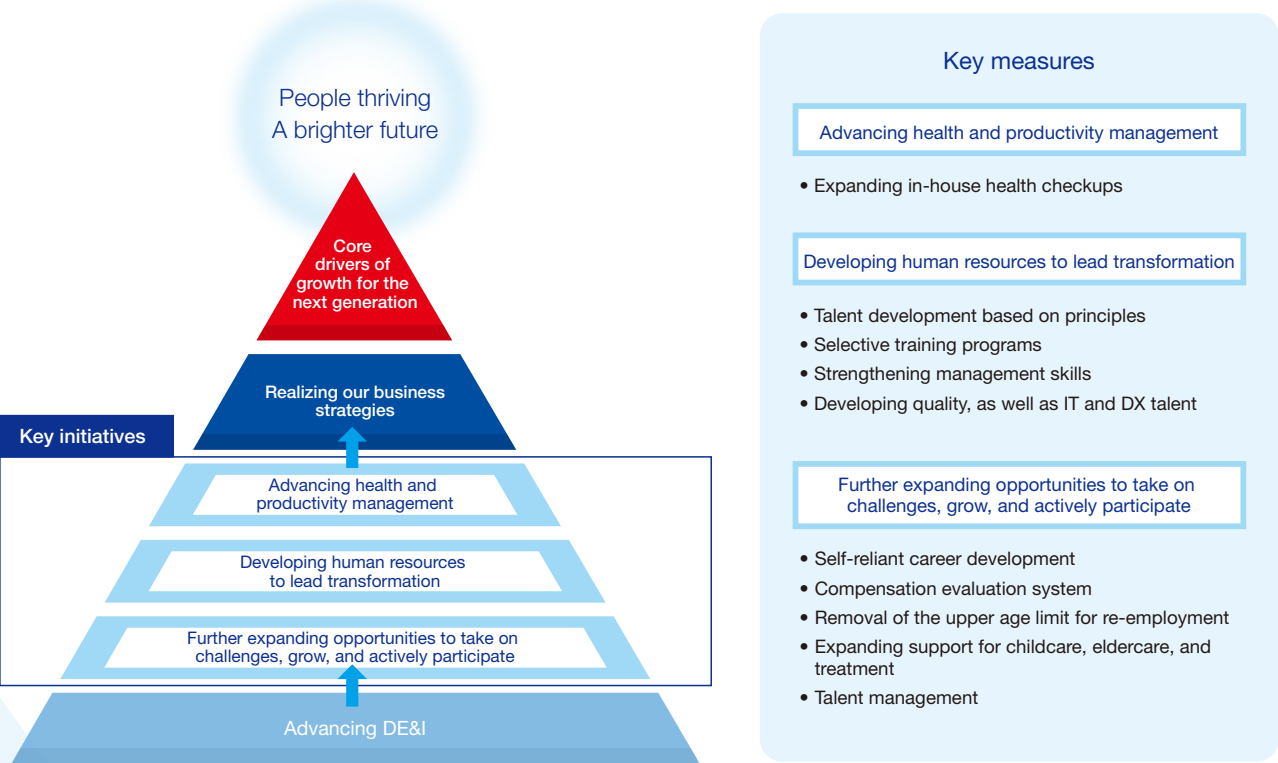
Indicators and Targets

We implement measures using the following indicators to realize our strategies, and our targets and results related to the indicators are as shown below.

	Vision	Indicators	FY 2024	FY 2030 Targets	Measures
Team building to realize active participation by all employees	Building an organizational culture where all human resources can work with vitality and thrive	Percentage of respondents who are happy to work for their current company	71.2%	Over 80%	• Strengthening career counseling • Training line managers
		Rate of absence from work due to illness	3.5%	2%	• Expanding health checkups (milestone health screenings, cerebrovascular exams, etc.) • Walking Challenge
		Decrease in productivity due to poor mental and physical health (presenteeism rate)	21.6%	12.4%	
		Percentage of employees with abnormal findings in health checkups	42%	35%	
		Childcare leave acquisition rate for male employees	91.4%	Over 90%	• Introducing a handbook on supporting work-life balance during childcare • Briefing sessions on supporting the balance of work and childcare
		Average days of childcare leave taken by male employees	88.3 days	90 days	
		Percentage of female managers	2.0%	5.1%	
		Percentage of female supervisors	5.5%	8.5%	
Support human resources to independently take on challenges and thrive	Encouraging the human resources we need to take on challenges and evolve	Participation rate in diversity activities (cumulative)	15%	100%	• Diversity management training • Cross-industry leadership lectures and networking events
		Employees using the incentive program (who earned a certification bonus)	34	100	• Expanding incentive programs • Strengthening career counseling/Planning transfers and development • Overseas trainee program
Developing and effectively using the human resources we need	Building a system that leverages our human resources and generates results	Employees using the outside challenges (side job) system	87	100	
		Employees taking part in on-demand training	635	1,400	
		Overseas trainees dispatched	0	30	

To Achieve Tokai Rika Vision (TRV) 2030

To achieve our FY 2030 goals, we will further evolve our human capital management. Amid rapid environmental changes and technological innovation, the company's sustainable growth will require us to maximize the capabilities and motivation of each employee and enhance the organization's overall capacity for transformation. Therefore, we will pursue the following key priorities to achieve our goals for FY 2030 and sustainably enhance corporate value.



Respect for Human Rights

1

Basic philosophy and framework

At Tokai Rika, our philosophy is “to honor the language and spirit of the law and the ethics of every nation, and to work in harmony with nature and local communities,” and we recognize the importance of respecting human rights in all of our business activities. We support the United Nations Guiding Principles on Business and Human Rights, and promote efforts to respect human rights based on our Group Human Rights Policy.  
<https://www.tokai-rika.co.jp/en/sustainability/society/human-rights/pdf/policy.pdf>

2

Conducting human rights due diligence

Scope of investigation

We annually assess the risks to human rights for our Company, Group companies in Japan and overseas, and major business partners.

Implementing risk assessment methods

We identify risks by appropriately relying on both surveys and interviews.

Consideration for foreign technical interns

We investigate the placement of interns on an individual basis and have in place an evaluation and improvement process that covers items such as working conditions, housing, living support, and fees.

3

Expanding activities that educate and raise awareness

Joint education with Group companies and business partners

We bring together—both in-person and online—our own executives and department general managers, Group companies in Japan and overseas, and business partners for education on human rights concepts and due diligence. We had approximately 150 participants in FY 2024.

Human rights training for new employees

We also conduct human rights education during April's new employee training, including for new hires from Group companies, given that we believe such knowledge to be essential for working professionals.

4

Expanding consultation services

We have in place various consultation services both inside and outside the company, workplace counselors, and family counseling services. By making these services more accessible to both internal and external parties, and by continuously training our consultation and counseling staff, we maintain a system capable of providing appropriate responses.

5

Future goals and specific commitments

• Expand training beyond new hires to include all employees and, from FY 2025, incorporate human rights education into training for employees being promoted.

• Create a human-rights risk map to identify risks in detail and address issues for our Company, our Group companies in Japan and overseas, and our major business partners.

• Incorporate items related to harassment in our engagement surveys, conduct regular workplace interviews to understand what actually has taken place, and promote efforts to prevent and eradicate such issues.



## Special Dialogue

Dialogue between the External Directors and the President and Vice President



[Photo] Back row, left to right Masahiko Sato, Kazushi Ambe, Hiroyoshi Ninoyu Front row, left to right Minako Miyama, Kei Fujioka

## “We shape our own future.”

We foster a culture of challenging new ventures beyond automobiles, supporting the execution of our new mid-term management plan TRV 2030

Three external directors supporting Tokai Rika from an outside perspective engaged in a dialogue with President Ninoyu and Vice President Sato from the executive side. We heard their views on the nature of our corporate governance, their thoughts on the new mid-term management plan TRV 2030, the culture of venturing into new businesses, and future challenges and expectations.

### Dialogue Participants

**Hiroyoshi Ninoyu**

Representative Director  
and President

**Masahiko Sato**

Representative Director  
and Executive Vice President

**Kei Fujioka**

External Director

**Minako Miyama**

External Director

**Kazushi Ambe**

External Director

### Regarding Our Corporate Governance

Looking at the breakdown of board meeting agenda items over the past five years, there has been a significant increase in items related to governance and strategy. How do you perceive the changes in our corporate governance and the nature of our Board of Directors?

**Miyama:** The Board of Directors used to focus primarily on reviewing numbers and formal reports, but I feel its substance has significantly changed as discussions now center on strategy and new business ventures. The frequent agenda items concerning next-generation products and new ventures are the result of the management team's consistent messaging about “aiming for a new Tokai Rika.” During last year's integrated report interview, I mentioned that it would be interesting to see Tokai Rika become a company that makes people wonder, “What do they even make?” I believe we are now starting to see actual signs of that happening.

**Ambe:** It's been a year since I joined as an external director, and I've witnessed significant progress during this time. Particularly in formulating our mid-term management plan, we extensively debated using a four-quadrant framework to clearly define our direction for 2030. We've now entered the execution phase toward achieving those goals. While anyone might feel uncertain when tackling new challenges, I believe we can execute effectively because our path forward is clearly defined.

**Fujioka:** It's been ten years since I took office. We finally established a clear backbone by formulating our first mid-term management plan in 2022 and then introducing our new Purpose, Vision, and Value in 2024. The leap forward since then has been remarkable. I believe it's rare for a company to achieve such a significant leap in its second management plan. I also highly commend the management team's current focus on embedding the plan throughout the organization and accelerating execution speed. They are actively promoting various initiatives to transform the corporate culture itself, ensuring every employee internalizes the strategy as their own responsibility. This feels like a major step forward.



Special Dialogue

Dialogue between the External Directors and the President and Vice President



By welcoming external directors with diverse talents and varied experience, the Board has evolved into a forum for strategic discussion

**Ninoyu:** For a long time, our company worked within the limited world of Toyota's vehicle manufacturing. To be honest, I believe we operated with little awareness of the outside world. By making a significant shift and welcoming external directors with diverse talents and experiences, our Board has evolved from a venue for superficial reporting to one where we discuss strategy. Furthermore, we've begun practical-level exchanges with individuals from different industries, and I truly feel we are finally breaking out of our inward-looking shell.

Toward the Evaluation and Implementation of the New Mid-term Management Plan "TRV 2030"

Please share your thoughts on the review of the formulation process for our new mid-term management plan TRV 2030 and your opinions regarding its implementation.

**Fujioka:** In formulating this second mid-term management plan for Tokai Rika, we began by involving mid-level and junior employees in discussions about our desired state ten years from now. This fundamentally shifted the planning process from a traditional top-down approach to a bottom-up one. Few companies involve so many employees in plan formulation. I believe the process itself—where employees proactively think and envision the future, guided by our purpose—is more important than simply creating the plan. Establishing this foundation represents a major evolution.

**Ninoyu:** In 2022, our company, standing on the brink, formulated its first mid-term management plan and has been executing it for the past three years. Furthermore, I feel a shift in employee mindset has emerged during the process of establishing our Purpose, Vision, and Value. More employees are now asking themselves, "Where is Tokai Rika headed?" and embracing the mindset of "Let's shape our own future," rather than simply following a predetermined path. We've also seen employees begin to proactively challenge themselves in new ventures to realize the work they want to do. We expect this trend to grow, spreading a mindset shift even among more conservative employees,

prompting them to think, "I need to change too."

**Ambe:** The Board of Directors has been listening to the perspectives of mid-career and younger employees on multiple occasions. Their dedication to thinking deeply about what we must do to prepare for the next decade was beyond what I could have imagined. While the execution phase ahead is the critical test, I can watch with confidence because this plan was crafted through such thorough discussion. I see my role as supporting this challenge and providing the necessary assistance.

**Miyama:** When I joined Tokai Rika three years ago, the first mid-term management plan was already in place. However, this second plan was formulated in a truly bottom-up manner, with mid-level and younger employees seriously considering "what kind of company do we want to be in the future?" This represents a significant change for Tokai Rika, and I feel expectations for the future are growing ever higher. Furthermore, the fact that many employees participated in the formulation process of this new mid-term management plan holds great significance for enhancing its subsequent permeation. However, the pace of societal change is extremely rapid, so there is a possibility the plan may deviate from its initial assumptions. I intend to provide support that firmly underpins the plan while also enabling flexible adaptation to change.

**Ninoyu:** The Human Resources Division has finally recognized the necessity of personnel measures and begun taking concrete action, treating this as their own responsibility. However, merely initiating efforts is insufficient; they must be seen through to the end to be meaningful. While our company has historically struggled with seeing things through, this time we possess a strong resolve to follow through completely.

Toward the Realization of Achievements in New Fields

How do you feel about the challenge of exploring new fields and technologies geared toward moving beyond the automobile?

**Miyama:** What struck me first upon joining Tokai Rika was how similar it was to Dai Nippon Printing, where I currently work—both companies had developed over many years as "order-driven industries." Because they grew by receiving challenges from their clients and developing technologies to address them, they inevitably viewed society through the lens of their clients. I felt they lacked sufficient ability to see society directly. However, recently, new business ideas, starting with keyboards, have emerged. I truly feel President Ninoyu's strong message—"to expand business into fields beyond automobiles"—is steadily taking root.

**Ambe:** Based on my experience at Sony, I see the major difference between Tokai Rika and Sony in the BtoC versus BtoB structure. Personally, I initially found this difference very refreshing. At the same time, I've gained a lot of insights from aspects unique to BtoB, such as the strong trust relationships with customers and the commitment to quality. In BtoC business, consumer preferences and trends change rapidly. To survive in the market, you must constantly anticipate that speed and keep challenging yourself. It's a constant race to keep pace with the ever-changing world. Conversely, BtoB business relies on strong, rock-solid trust with clients and a deep commitment to quality as its strengths. However, this structure inevitably limits external touchpoints. Given these structural differences, I find it highly significant that the company has boldly adopted a strategy of "venturing into the BtoC domain while cherishing BtoB strengths," refusing to rest on its laurels. From my perspective, having experienced the challenges of BtoC for many years, this is a challenge I wholeheartedly support.



It was precisely because of the sense of urgency that "if we don't act now, it will be too late" that led to this mid-term management plan.

**Sato:** That's very reassuring to hear. Looking back, I believe our challenge to break away from the automotive sector wouldn't have gained real momentum without the president's strong words about being "on the brink." It was precisely that sense of urgency—that "if we don't act now, it will be too late"—that led to this mid-term management plan. Stepping into non-automotive areas signifies a shift away from our previous management and culture dependent on Toyota. This mid-term plan and new ventures are precisely for that purpose. Particularly in our BtoC ventures, we aim not only to apply insights gained in BtoB but also to bring lessons learned in BtoC back to BtoB. By leveraging knowledge from both domains and creating synergies, we seek to drive significant transformation across the company. Executing this mid-term management plan demonstrates Tokai Rika's resolve to stand on its own. We believe that only by transforming our business can each employee truly feel that the company has genuinely changed.

**Ambe:** If we aim to venture into the BtoC domain and then bring the lessons learned from BtoC back to BtoB, it

inevitably means we must broaden our connections with partner companies, competitors, and end users. As Ms. Miyama mentioned, it's true that Tokai Rika has historically had limited external connections. However, rather than viewing this as something we "have not sufficiently built up until now," I believe we should see it as an opportunity for the future. We should embrace this as a chance, actively expand our external connections, and gain new insights. If we can combine this with the powerful know-how cultivated in BtoB, I have high expectations that Tokai Rika's competitiveness will significantly increase and evolve.

**Sato:** To give one example, there's a fundamental difference in sales approaches between BtoB and BtoC. Having worked in sales for many years, I know that in BtoB, you understand everything—like which department and who at the client company holds decision-making authority—so you can approach the decision-maker directly from the start. It requires less manpower and is more efficient. However, observing the sales efforts for our new digital key business, I see salespeople making relentless sales calls from morning till night just to get companies to adopt digital keys for their company vehicles. Even then, it's a world where you might get one hit out of ten calls, if that. Compared to BtoB sales, where 8 to 9 out of 10 calls lead to results, the success rate is extremely low.

**Miyama:** Because the business structure is different, attempting BtoC will inevitably present numerous challenges that cannot be addressed using traditional BtoB methods. It is inappropriate to criticize sales staff who are making efforts by saying, "A success rate of only 10% is too low." I believe the crucial point is whether we can create an environment that supports and encourages employees who take on these challenges.

**Sato:** For those who've only ever worked in BtoB, it's tempting to scoff at a salesman for "only" achieving a 10% success rate. The challenge is learning to resist that impulse. Seeing firsthand how difficult BtoC is has taught me that what's truly important isn't just patience, but genuine support.

Initiatives to Enhance Corporate Value

What do you think Tokai Rika needs to do now to strengthen its competitiveness?

**Fujioka:** Maintaining competitiveness in our existing BtoB business isn't achieved simply by valuing our clients. As President Ninoyu stated, "coexistence and mutual prosperity" is key—it's crucial to consider how we can grow



## || Special Dialogue ||

Dialogue between the External Directors and the President and Vice President

together with our clients. While “coexistence and mutual prosperity” doesn’t follow a one-size-fits-all approach and requires time and effort on a case-by-case basis, I highly commend the proactive exploration of this path.

**Ambe:** To compete in the BtoC sector, it is essential to maintain broad engagement with society, which inherently means continuing to operate as a global enterprise. Since Tokai Rika already conducts business globally, I believe we should actively incorporate a global perspective by involving young employees working overseas in discussions about our mid-term management plan. After all, the seeds and opportunities for new business creation may well be buried within the very global operations themselves.

Seeds and opportunities  
for new business creation  
lie buried within the global  
business field

**Sato:** You’re absolutely right. Until now, Japanese employees have managed everything, but we’re actively working to entrust leadership roles to local talent and shift operations overseas. Equally important is ensuring our overseas employees participate with the mindset that “we create our own future.” We believe it’s crucial to thoroughly share our Purpose, Vision, and Value, along with this management plan, so everyone is aligned while advancing operations tailored to each region’s specific circumstances.

### Human Resource Development and a Culture of Challenge

What initiatives do you believe are necessary to instill the mindset that “we shape our own future” and foster a culture of challenge?

**Ninoyu:** Over the past few years, our company has been working to improve the workplace environment (offices, break rooms, restrooms, etc.). Initially, the facilities team would present standard design proposals, but we changed our approach to “let the actual users decide from now on.” We simply set a budget ceiling, and the users enthusiastically took the lead, having fun discussing the options amongst themselves. Through these small

experiences, a mindset of “we create our own future” began to take root, leading them to take on new challenges spontaneously and with genuine enjoyment. This “enjoyment” is particularly crucial, and I believe the real challenge for management is figuring out how to guide them towards it.

**Miyama:** I believe they all gathered not because they were told to by the company, but because they genuinely wanted to make decisions about their own office space, proactively and enthusiastically. From the perspective of diversity and inclusion, it’s crucial that each person acts with conviction, not just because “the company says so.” Homogeneous organizations tend to have similar viewpoints, making it harder to generate new value and sometimes creating environments where critical risks go unnoticed. Each individual must understand these dangers, take ownership, recognize their own diversity, and actively communicate it. In the past, there was likely an aspect where an attitude of reliably completing what was assigned—such as “delivering a high-quality product by the deadline”—was valued. Moving forward, the ideal is a significant shift in approach, where each employee genuinely understands that “I am someone who creates value” and translates that understanding into action. That, I believe, is the true meaning of a culture of challenge.

A true culture of challenge is  
one where every employee acts  
on the belief that they are  
a value-creating entity

**Ninoyu:** Management is now intentionally encouraging challenges to let people experience taking on small tasks, but what’s truly needed is genuine “full participation.” While many projects have merely paid lip service to full participation in the past, unfortunately, none have actually achieved it. However, I sense a gradual yet definite shift, and we are steadily approaching true “full participation.”

**Miyama:** I think it’s wonderful how you deliberately lower the barrier associated with the word “challenge” in your explanations, crafting your message so people feel, “I can take on a challenge too.” While everyone interprets words differently, you consciously use expressions that make people think, “A challenge doesn’t have to be that serious,”

which I feel makes it easier to take that first step. During a past production department meeting where we toured the manufacturing floor, only men were assigned to explain the processes. I heard that over 20% of the actual workers on the floor were women, so I asked, “Why aren’t women explaining?” From the next meeting onward, both men and women took on the role of explainers, and seeing the women speak with confidence left a strong impression on me. I believe it’s this step-by-step accumulation that leads to “full participation.”

**Ninoyu:** The challenge I currently perceive is that middle management, which should be the key to driving transformation, is often instead acting as a brake on innovation. If they step forward and shift their mindset to “we shape our own future,” I believe spontaneous action will naturally become more active, and a culture of challenge will permeate the organization all at once.

**Sato:** Middle managers, often referred to as group leaders in technical departments, are frequently caught between the demands of their superiors and the pressure from their teams below. They are the layer most burdened with concerns. Precisely because they are in a position where it’s difficult to maneuver, it’s not uncommon for them to end up halting new initiatives. That’s why it’s essential to properly recognize the efforts of middle management and establish systems that allow them to experience enjoyment and a sense of accomplishment.

**Ambe:** Sony faced similar challenges. Even when a corporate culture supporting challenges is deeply ingrained, once a company reaches a certain scale, management often finds itself needing to support and protect that culture to ensure stable daily operations. While not intending to halt new challenges, they tend to become cautious, envisioning potential problems arising from them one after another, and unconsciously becoming pessimistic about the whole thing. In formulating this plan, we involved many mid-level managers from the outset. We expect this will help avoid various constraints and further embed a culture that supports challenges.

### What We Expect from Tokai Rika Going Forward

Please share your expectations for the future and the challenges that should be addressed over the long term.

**Fujioka:** Above all else, it is crucial that we see our mid-term management plan TRV 2030 through to completion. We will provide robust support to ensure the plan’s execution and, should adjustments become necessary, we will strongly

Achieving our mid-term management

plan TRV 2030 will be a major success story

and will undoubtedly pave the way

to our next phase of growth



back any course corrections. I firmly believe that successfully completing this plan will be a major success story and will undoubtedly pave the way for our next phase of growth.

**Miyama:** To achieve results from here on, I firmly believe that “people” are everything. While the Board of Directors currently doesn’t discuss human resource development as frequently as it should, I expect themes like creating forums for diverse opinions, fostering environments where individuals with varied backgrounds can thrive, and cultivating leaders will inevitably emerge. It is desirable to recognize the importance of human resource strategy alongside business strategy and advance both as equally important pillars.

Furthermore, one of the roles I have set for myself as an external director at Tokai Rika is to “foster the emergence of female executives who have risen through the ranks.” I consider this an important challenge that I must continue to tackle responsibly.

**Ambe:** I believe the true value of the Board of Directors lies in “dialogue.” However, the opportunities and time for dialogue are inevitably limited. I would like the executive side to avoid reacting solely to or becoming fixated on the words spoken in the moment. Instead, I urge them to take a bird’s-eye view, consider the broader implications, and apply the insights to various scenarios. By expanding the scope of the limited dialogue, generalizing its insights, and applying them to execution, we can achieve valuable utilization that contributes to realizing the mid-term management plan. I strongly encourage all of you to make the most of the dialogue within the Board of Directors.



# Corporate Governance

## Corporate governance system

In line with the spirit of innovation “Do what others won’t do,” Tokai Rika is working to achieve sustainable growth and improve corporate value. The basic philosophy guiding our business practice is to earn the trust and keep meeting the expectations of all stakeholders, especially shareholders. We are enhancing management effectiveness through diverse perspectives and working to further improve corporate governance by appointing external directors with varied backgrounds, including the addition of female external directors. Our Board of Directors meets monthly to oversee decision-making and execution of important matters such as statutory requirements and management strategies, while management meetings are held at least twice monthly to make decisions and receive reports regarding business execution.

Furthermore, in May 2025, we established a Sustainability Committee to strengthen company-wide initiatives in response to societal demands and concerns regarding sustainability.

■ Board of Directors

The Board of Directors, chaired by the President, is composed of internal and external officers, including three external directors and two external Audit & Supervisory Board Members. Therefore, we can combine diverse experiences and wisdom. On the board, we discuss and decide on important management matters and future business directions. Also, we ensure transparency so that we can monitor the soundness of the execution system from a variety of perspectives and make corrections. With an internal control system and a risk management system already in place, we are well prepared for aggressive management.

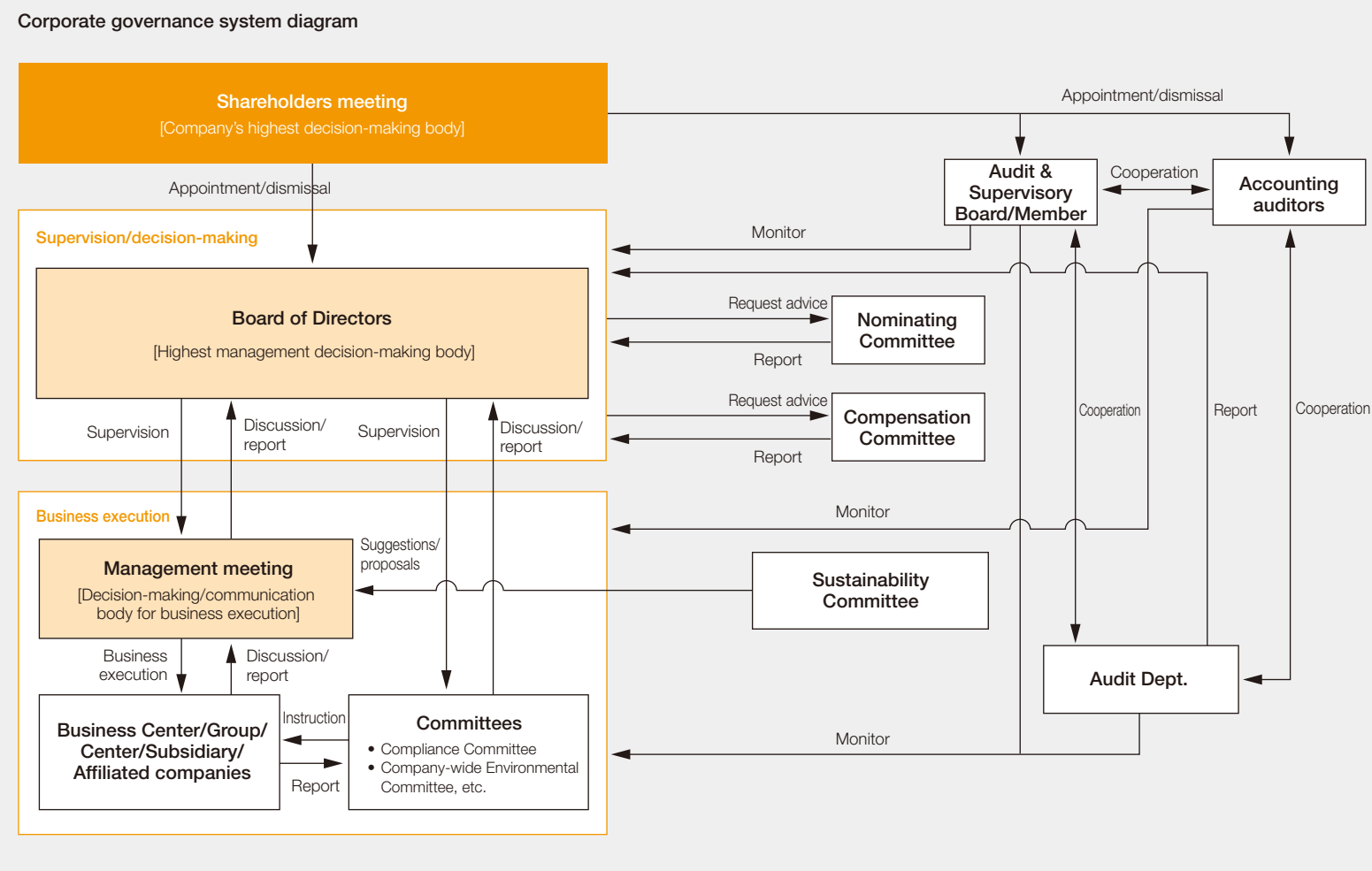
■ Audit & Supervisory Board

The Audit & Supervisory Board formulates audit policies and plans for Audit & Supervisory Board Members, reports monthly activity of full-time Audit & Supervisory Board Members, reviews annual audit activities by Audit & Supervisory Board Members, deliberates and prepares audit reports of the Audit & Supervisory Board, and makes resolutions for the reappointment and non-reappointment of accounting auditors throughout the year. Each

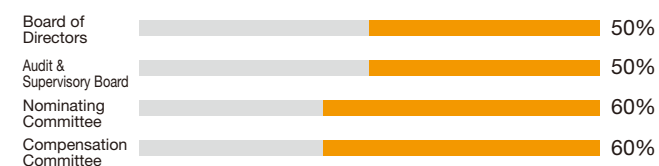
Audit & Supervisory Board Member performs audits in accordance with the Audit & Supervisory Board Member Auditing Standards and the Regulations of the Audit & Supervisory Board. Specifically, they attend important meetings such as those of the Board of Directors and management, audit the proceedings and details of proposals, and express their opinions as necessary.

### Changes in the number of external directors and external Audit & Supervisory Board Members

		June 2021	June 2022	June 2023	June 2024	June 2025
Director	Internal/ External	4/2	3/3	3/3	3/3	3/3
	Total	6	6	6	6	6
Composition of external directors		Kei Fujioka	Kei Fujioka	Kei Fujioka	Kei Fujioka	Kei Fujioka
		Shoji Tsuzuki	Shoji Tsuzuki	Minako Miyama	Minako Miyama	Minako Miyama
			Minako Miyama	Motomi Niwa	Kazushi Ambe	Kazushi Ambe
Audit & Supervisory Board Member	Internal/ External	2/3	2/3	2/2	2/2	2/2
	Total	5	5	4	4	4
Composition of external Audit & Supervisory Board Members		Tadashi Yamashina	Tadashi Yamashina	Yoshinori Yamada	Yoshinori Yamada	Yoshinori Yamada
		Minoru Chida	Minoru Chida	Minoru Chida	Minoru Chida	Akihiro Deshimaru
		Yoshinori Yamada	Yoshinori Yamada			
Ratio of external directors		33%	50% •First female director	50%	50%	50%



## Ratio of external officers



## Members (attendance rate)

Name	Position	Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board
Hiroyoshi Ninoyu	Representative Director President	◎ 13 times/13 times (100%)	2 times/2 times (100%)	4 times/4 times (100%)	—
Masahiko Sato	Representative Director Executive Vice President	13 times/13 times (100%)	1 time/1 time (100%)	2 times/2 times (100%)	—
Katsuyuki Imaeda	Director Corporate Officer	10 times/10 times (100%)	—	—	—
Kei Fujioka <span>External</span>	Director	13 times/13 times (100%)	◎ 2 times/2 times (100%)	◎ 4 times/4 times (100%)	—
Minako Miyama <span>External</span>	Director	13 times/13 times (100%)	2 times/2 times (100%)	4 times/4 times (100%)	—
Kazushi Ambe <span>External</span>	Director	10 times/10 times (100%)	1 time/1 time (100%)	2 times/2 times (100%)	—
Toshiaki Tsuchiya	Full-time Audit & Supervisory Board Member	13 times/13 times (100%)	—	—	◎ 13 times/13 times (100%)
Toshiki Akita	Full-time Audit & Supervisory Board Member	8 times/10 times (80%)	—	—	8 times/10 times (80%)
Yoshinori Yamada <span>External</span>	Audit & Supervisory Board Member	13 times/13 times (100%)	—	—	13 times/13 times (100%)
Akihiro Deshimaru <span>External</span>	Audit & Supervisory Board Member	Attended from June 2025	—	—	Attended from June 2025

\*◎ indicates the chairperson or Committee chair.

■ Nominating Committee

Deliberation and report on proposals for the appointment and dismissal of directors and corporate officers

Members	Hiroyoshi Ninoyu, Representative Director and President
	Masahiko Sato, Representative Director
	Kei Fujioka, Director (external and chair)
	Minako Miyama, Director (external)
	Kazushi Ambe, Director (external)

■ Compensation Committee

Deliberation and report on compensation system for directors and corporate officers, and individual compensation (monthly compensation, bonuses, and restricted stock, etc.)

Members	Hiroyoshi Ninoyu, Representative Director and President
	Masahiko Sato, Representative Director
	Kei Fujioka, Director (external and chair)
	Minako Miyama, Director (external)
	Kazushi Ambe, Director (external)

- Committees (Compliance Committee, Company-wide Environmental Committee)

These committees address specific themes centered on materiality, reporting to the Board of Directors twice a year and receiving regular guidance.

The Compliance Committee was established to deliberate on important compliance-related measures and other matters.

To support daily activities, we are working to ensure that activities suitable for the workplace can be conducted continuously through not only the compliance management division, but also by appointing a compliance general manager/compliance manager in each department.

The Company-wide Environmental Committee is organized for the purpose of continuous and effective operation of the environmental management system, in order to contribute to the construction of a sustainable society through our business activities. We are working to address global environmental issues such as climate change from a medium- to long-term perspective under the three pillars of our activities: “Carbon Neutrality,” “Circular Economy,” and “Nature Positive.”

■ Sustainability Committee

To further advance the integration of sustainability into our management, we established a Sustainability Committee in May 2025.

Board of Directors

**Efforts to revitalize the deliberation of the Board of Directors**  
We will post the agenda and related materials for the Board of Directors (including the extraordinary Board of Directors) to the meeting system of the Board of Directors three days before the date of the Board of Directors meeting according to the “three-day-before rule,” so that external directors and external Audit & Supervisory Board Members can view them in advance.

In order to facilitate constructive discussions and exchanges of opinions at Board of Directors meetings, we provide external officers with advance explanations of materials two days before the meetings, and also share materials and minutes of management meetings. Proposals for meetings of the Board of Directors and other conference bodies are explained using simple and

clear materials, and we also try to secure the deliberation time. Regarding participation in online conferences and paper deliberations, we always operate them in a timely and accurate manner that satisfies both immediacy and interactivity.

**Skill matrix**  
In order to continue to contribute to society and achieve sustainable growth in the midst of major changes in society and the environment surrounding our company, we need to take on the challenge of solving social issues while strengthening our business foundation. Positioning the above as our future growth strategy, we have selected the following items for the skill matrix.

Skill matrix

Position	Name	Gender	Corporate management governance	Technology development	SDGs		IT & DX	Compliance	Foreign operation	Manufacturing	Sales	Finance
					Diversity	Carbon neutrality						
Representative Director President	Hiroyoshi Ninoyu	Male	●		●	●	●	●	●	●		●
Representative Director Executive Vice President	Masahiko Sato	Male	●		●	●	●		●		●	●
Director Corporate Officer	Katsuyuki Imaeda	Male	●	●		●	●			●		
Director External	Kei Fujioka	Male	●		●			●	●		●	●
Director External	Minako Miyama	Female	●	●	●		●					
Director External	Kazushi Ambe	Male	●		●			●	●			
Full-time Audit & Supervisory Board Member	Toshiaki Tsuchiya	Male	●		●	●		●	●		●	
Full-time Audit & Supervisory Board Member	Toshiki Akita	Male	●	●			●	●		●		
Audit & Supervisory Board Member External	Yoshinori Yamada	Male	●					●				●
Audit & Supervisory Board Member External	Akihiro Deshimaru	Male	●	●		●			●	●		

Reasons for Skill Selection

Corporate management governance	Amidst changing business environments, it is necessary to exercise appropriate decision-making and oversight functions to achieve sustainable growth and enhance corporate value.
Technology development	To contribute to realizing a sustainable society as outlined in the mid-term management plan, it is necessary to strengthen existing technologies and promote the development of new technologies.
Diversity	Recognizing this as a key component of our talent strategy, we must foster systems and a corporate culture that enable diverse talents to thrive.
Carbon neutrality	To achieve net-zero CO <sub>2</sub> emissions by 2050, we must advance initiatives across all fronts: “Carbon Neutrality,” “Circular Economy,” and “Nature Positive.”
IT & DX	To maintain corporate competitiveness, we must promote internal DX transformation and the utilization of digital technologies.
Compliance	To become a company trusted by all stakeholders, we must ensure strict compliance with laws and regulations.
Foreign operation	To maintain competitiveness in the global market and realize international growth strategies, we must adopt a global perspective and viewpoint.
Manufacturing	To continuously provide customers with safe, high-quality products and services, we must drive ongoing improvement and productivity enhancement initiatives.
Sales	To accurately respond to diversifying customer needs, we must advance market analysis and the formulation and execution of sales strategies.
Finance	To drive growth investments aimed at enhancing corporate value and achieve appropriate shareholder returns, we must ensure accurate financial reporting and advance the formulation of capital policies and the establishment of systems based on management strategy.

Effectiveness of the Board of Directors

We have set an ideal for what the Board of Directors should be like through a resolution at a meeting of the Board of Directors (in July 2021), and we will evaluate the effectiveness of the Board of Directors each year and work to improve it to realize the ideal.

We continue to make improvements in areas such as the degree of advance explanations given by the Board of Directors, the timing of disclosure of materials, the volume of materials, the ease of reading, and the creation of an atmosphere conducive to speaking up at the meetings of the Board of Directors, etc., and we evaluate that a certain level of effectiveness has been secured.

Furthermore, by clarifying the key points of reports, we will optimize time allocation for each agenda item. This will free up surplus time for strategic deliberations and discussions on issue resolution. We will also establish a new “Board Member Strategy Sharing Meeting.” Based on monthly themes set after coordination with relevant departments, this meeting will serve as a forum for deeper exchange of views among board members, aiming to enhance the effectiveness of the Board of Directors.

External director/external Audit & Supervisory Board Member

Reason for appointment

Position	Name	Reason for appointment
External Director	Kei Fujioka	Mr. Kei Fujioka has abundant knowledge in a variety of fields such as corporate management, and extensive experience in the logistics field through having worked for Mitsui-Soko Holdings Co., Ltd. We have appointed him as an independent officer in the hope that we can receive supervision, advice, etc. on business execution from a professional perspective, regarding overall management centered on the logistics field, making use of his abundant experience, perception, and wisdom.
	Minako Miyama	Ms. Minako Miyama has a proven track record at Dai Nippon Printing Co., Ltd. as a leader in ensuring diversity in addition to her experience in the research, planning and development, and human resource development fields. We have appointed her as an independent officer in the expectation that she will utilize her extensive experience, perception, and wisdom to provide advice on management reforms from her objective and scientific perspective.
	Kazushi Ambe	Mr. Kazushi Ambe has experience working in the Human Resources and General Affairs Department of Sony Group Corporation in addition to management experience at an overseas subsidiary of that company. We have appointed him as an independent officer in the expectation that we can receive supervision, advice, etc. on management overall centered on human resources strategy and organizational reform, making use of his wide-ranging and abundant experience, perception, and wisdom.
External Audit & Supervisory Board Member	Yoshinori Yamada	We have appointed Mr. Yoshinori Yamada as an Audit & Supervisory Board Member to obtain his highly specialized knowledge as a certified public accountant, his wide range of wisdom cultivated through many years of corporate auditing, and his experience as an external auditor and director of other companies to contribute to our auditing. Also, he met the independence standards set by the stock exchange and there is no risk of a conflict of interest with general shareholders.
	Akihiro Deshimaru	Mr. Akihiro Deshimaru has no direct experience in corporate management. However, he has been involved in the field of automotive interior design at Toyota Motor Corporation for many years and possesses specialized experience, knowledge, and insight in this area. We have appointed him as an external Audit & Supervisory Board member to leverage his extensive experience, knowledge, and insight in our company’s audit activities.

Support system for external directors and external Audit & Supervisory Board Members

When an external director or external Audit & Supervisory Board Member is appointed, in addition to briefing the outline of the company’s business, finance, organization, products, etc., we do disclosure of management meeting materials and minutes, inspec-

tion of manufacturing and improvement status of production sites at a production division meeting. We also ask him or her to participate in our in-house mid-term management plan formulation meeting, and strive to gain an understanding of our future business initiatives.

Appointment and dismissal of management executives and nomination of candidates for directors and Audit & Supervisory Board Members

The nomination of candidates for directors and corporate officers is drafted by the President, and deliberated by the Nominating Committee chaired by an external director, which was established to enhance the independence and transparency of the process of selecting and dismissing officers. The Board of Directors will make a resolution based on the report from the

Nominating Committee. In addition, the nomination of candidates for Audit & Supervisory Board Members is comprehensively examined from the perspectives of knowledge of finance and accounting and whether they have various perspectives on corporate management.

Improvements

- ① Determine key annual priorities and regularly report progress to the Board of Directors as agenda items (e.g., mid-term management plan, annual profit plan)
- ② Create a glossary of frequently used company terminology with explanations to support external directors

Items that need further improvement

- ① Effectively utilize advance explanations of board meeting agenda items to external directors to reduce presentation time during board meetings and free up time for discussion.
- ② Hold Board Member Strategy Sharing Meetings to discuss strategy, quality, DX, and other topics on-site and hands-on, fostering deeper understanding.



Internal control

We adopt group management through common policies, such as the business philosophy and group policies, as a system for ensuring the appropriateness of the business conducted in the corporate group consisting of our company and subsidiaries. Furthermore, with regard to the management of subsidiaries, we maintain control by stipulating matters for approval, reporting,

Policy for determining officers' compensation

**Basic policy**  
As a basic compensation policy to meet the mandates of shareholders, the compensation system is designed to increase the motivation of officers to improve their business performance and contribute to the long-term increase in corporate value. The compensation level has been established according to the officer's position, taking into consideration the degree of each type of responsibility. It consists of basic compensation (monthly compensation), short-term incentive (bonus), and medium- to long-term incentive (stock compensation).

Compensation composition and its beneficiaries			
Classification	Monthly compensation	Bonus	Stock compensation
Internal directors/ corporate officers	●	●	●
External Directors	●	—	—
Audit & Supervisory Board Members/External Audit & Supervisory Board Members	●	—	—

Compensation composition for the President			
Compensation composition	Fixed compensation		Variable compensation
			Short term
			Long term
	Monthly compensation	Bonus	Stock compensation
	50%	25%	25%
Payment		Cash	Stock

The compensation for the President is set at a base amount where monthly compensation accounts for approximately 50%, stock compensation for 25%, and bonuses for 25%. We aim to increase the stock compensation to 30%. As external directors are responsible for monitoring and supervising management from an independent standpoint, they are not paid cash bonuses or stock compensation.

**Monthly compensation**  
The monthly compensation for each director and corporate officer is drafted after analyzing their responsibilities, salary levels of employees, and the levels of other companies, decided by the Board of Directors after deliberation and reports by the Compensation Committee chaired by an external director, which was established as an advisory body to the Board of Directors to enhance the independence and transparency of the decisions of the Board of Directors. Also, the compensation for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members. Monthly compensation is determined within the maximum amount of total compensation set by a resolution of the shareholders meeting.

etc., while respecting their independence. By doing so, we have established a system to confirm the appropriateness and legality of the operations of our subsidiaries. Please refer to the Annual Securities Report and the Corporate Governance Report for information in regard to directors and corporate officers.

**Bonus**  
Bonuses for each director (excluding external directors) and corporate officers are drafted based on consolidated operating profit that reflects the results of the company's primary operating activities, taking into consideration the business environment and bonus payments to employees, and evaluations of the activities of each individual. The draft is deliberated and reported by the Compensation Committee, which was established as an advisory body to the Board of Directors to enhance the independence and transparency of decisions made by the Board of Directors and is chaired by an external director; the total bonus payment is approved at the shareholders meeting, after which the Board of Directors decides the bonus amount.

**Stock compensation**  
The purpose of the stock compensation of each director (excluding external directors) and corporate officers (restricted stock) is to encourage them to make efforts to improve the corporate value of the company over the medium to long term, to take a high degree of responsibility as a manager, and to manage the company from the same perspective as shareholders. Its draft is prepared in consideration of the business environment and the standards of other companies. As with monthly compensation and bonuses, the draft is deliberated and reported by the Compensation Committee, which was established as an advisory body to the Board of Directors and is chaired by an external director, after which the Board of Directors decides the amount. Effective June 2025, we revised the stock compensation allowance and the maximum number of shares to increase the proportion of stock compensation within total compensation. This aims to promote management focused on enhancing medium- to long-term corporate value, strengthening governance, and achieving sustainable growth while sharing value with shareholders.

Outline of restricted stock	
Target persons	Directors (excluding external directors) and corporate officers
Stock compensation allowance	Within 70 million yen per year to directors
Maximum number of shares	Within 70,000 shares per year to directors
Transfer restriction period	Period until the date of retirement from the role of directors, Audit & Supervisory Board Members, and corporate officers

Compliance

Promotion system and structure

We have established a Compliance Committee, chaired by the President, in order to deliberate on important measures regarding compliance. Furthermore, in order to support daily activities, we are working to ensure that activities suitable for the workplace

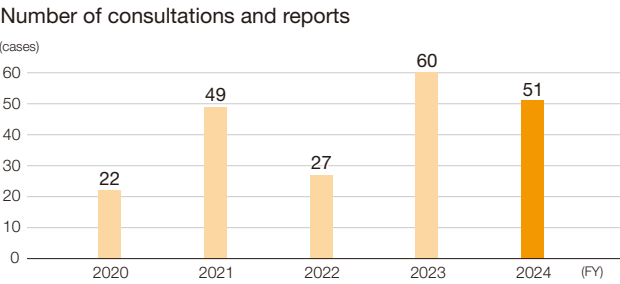
	Prevention	Discovering and taking measures
General Manager of Business Center/Plant	Culture/ climate and policy	Investigation/recurrence prevention measures development
General Manager, Division	Communication, education and policy	Monitoring, investigation/ recurrence prevention measures development
Cross organizational groups and centers, division in charge of legal compliance	Policy support and education in each department	Monitoring support, investigation/recurrence prevention measures development

Specific activities

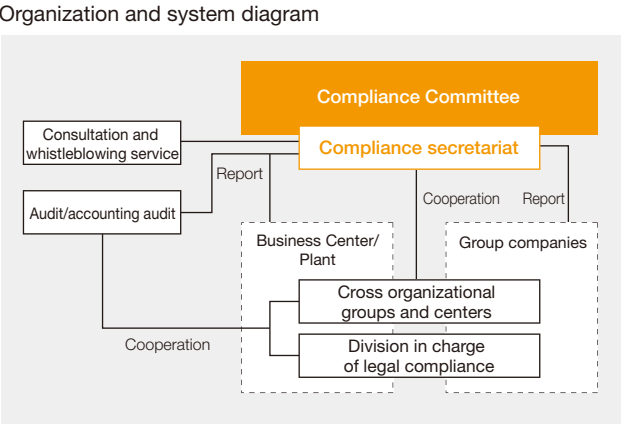
**Compliance Highlight Month activities**  
In the "Compliance Highlight Month activities" implemented in October every year, we aim to maintain and raise awareness regarding compliance. Besides opportunities to debate compliance matters in workplaces, things like messages when starting up PCs, company newsletters, officers' lectures, DVD screenings and so on are also included in the activities.

**Group compliance**  
With the compliance management division and divisions in charge of legal compliance as our core, our domestic and overseas subsidiaries have been jointly organizing systems and carrying out awareness activities in accordance with the status and circumstances of each company.

**Consultation reporting**  
In order to detect and solve internal problems at an early stage, we have established a consultation and whistleblowing service. To make the service more accessible, we named it "Nandemo Soudan Madoguchi (Consult-us-about-anything Service)." Inside the company, a consultation and whistleblowing service has been established at the Head Office and in each plant, in order to collect knowledge of problems from a broad range at an early stage as far as possible and we have also introduced a



can be conducted continuously through not only the compliance management division, but also by appointing a compliance general manager/compliance manager in each department.



system that allows direct reporting to the President. Furthermore, outside the company, we have established a whistleblowing service in an external law firm as a "compliance call" service so that employees who feel apprehensive about using the internal consultation will feel more at ease. We have also set up a service that enables consultation with the labor union. Confidentiality will be strictly maintained to ensure the anonymity of the caller. As shown in the following graph, there are a certain number of consultations every year, and the service is bringing early resolutions to problems.

**Initiatives to prevent bribery and corruption**  
We have developed detailed bribery prevention guidelines for public servants. The compliance division then examines the legality of each case brought up by each division that has the potential to lead to corruption. We also provide consultations throughout the year on how to respond to each case. We invite external attorneys to conduct company-wide training on appropriate interactions with government agencies and public servants. Additionally, we are continuing to provide education on bribery risks to employees who will be posted overseas.

**Prevention of anti-competitive behavior**  
We invite a lawyer who specializes in antitrust law cases to provide training related to the basics of antitrust law for all employees, including new employees, and training for officers and executives using past violations as themes to prevent them from being forgotten. The supervising division continues to respond to daily compliance consultation regarding antitrust law from trading divisions and conduct prior checks under antitrust law in transactions with other parties. In particular, we continue to conduct more detailed prior checks before proceeding with collaborative projects.

# Risk Management

Defining risk as matters that could significantly impact company operations, performance, stock price, or other such areas, we identify important risks and consider countermeasures. Here we highlight two representative risks.

## Mitigating the risk of natural disasters

To prepare for large-scale disasters such as a Nankai Trough earthquake, we conduct evacuation drills for all employees during both day and night shifts.

We also conduct drills for emergency task force personnel that simulate the immediate aftermath of an earthquake in order to

cultivate personnel with crisis management capabilities who can take the initiative and act decisively. In FY 2023, we clarified the roles of each division in the transition from disaster response to production recovery, and we are conducting drills for this transition to strengthen our preparedness.



Emergency task force / indoor sheltering



Outdoor first-aid station



Training for PHV power supply & on-site power generation

## Mitigating the risk of fire

In workplaces with special processes that pose a fire hazard, we have set up dedicated committees for four key areas—semiconductor manufacturing, as well as the casting, coating, and mounting processes—to promote initiatives to mitigate disaster risk based on annual plans. Regular audits of dedicated committee activities are conducted by executives and auditors so that we can proactively

develop human resources and create a workplace environment that prevents disasters.

For the past two years, we have been visiting Toyota Motor Corporation's disaster prevention training facility, Kodokan, and using it to cultivate disaster-prepared personnel in order to achieve a zero-fire workplace.



## Production recovery drills

Based on our code of conduct, we undertake annual, planned drills at all of our plants in Japan. These drills simulate natural disasters and other emergencies, and train personnel who would respond in such events. Personnel are trained to restore production power, repair damaged production equipment, and engage in back-up procedures involving cooperation with our business partners.

These drills will continue to heighten crisis awareness throughout the company, starting with executives.

Code of conduct during a major earthquake

- Humanitarian aid (prioritize human life, rescue operations)
- Early recovery of disaster-affected areas
- Restore our own operations and production

## Preventive measures

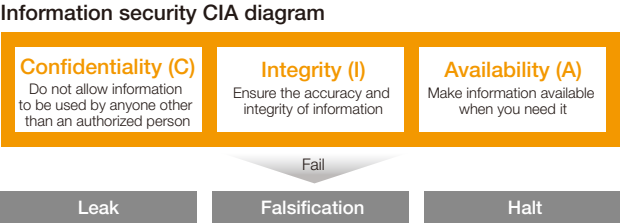
To protect the lives of our employees, we are promoting measures to mitigate the effect of disasters, starting with the safety of evacuation routes. We are also working to create a workplace that protects people, such as by anchoring production equipment along evacuation routes to prevent them from tipping over, and implementing measures to ensure that employees do not slip and fall around everyday office equipment such as monitors, copiers, and cabinets. To ensure that our business can continue uninterrupted during any emergency (i.e., to not inconvenience our customers), we are currently installing new emergency power sources and implementing measures to mitigate the effect of disasters for production equipment.



## Information security

We are working to strengthen security and protect company information and client/customer information from threats such as information leaks and cyberattacks.

Based on the premise that incidents and accidents are unavoidable, we are working to build an information management system and improve its operation.



**Establishment of information security policy**

We are working on the following education and awareness activities, and will continue to do so in the future. We have been making efforts to ensure that activities appropriate for the workplace can be implemented continuously through the appointment of managers.

- Training by job grade at the time of joining the company or at the time of promotion
- Security training for managers
- Training on responding to suspicious emails for all employees
- Awareness-raising activities through Confidentiality Management Reinforcement Month and the internal bulletin board
- Activities to raise the level of security incident countermeasures by suppliers

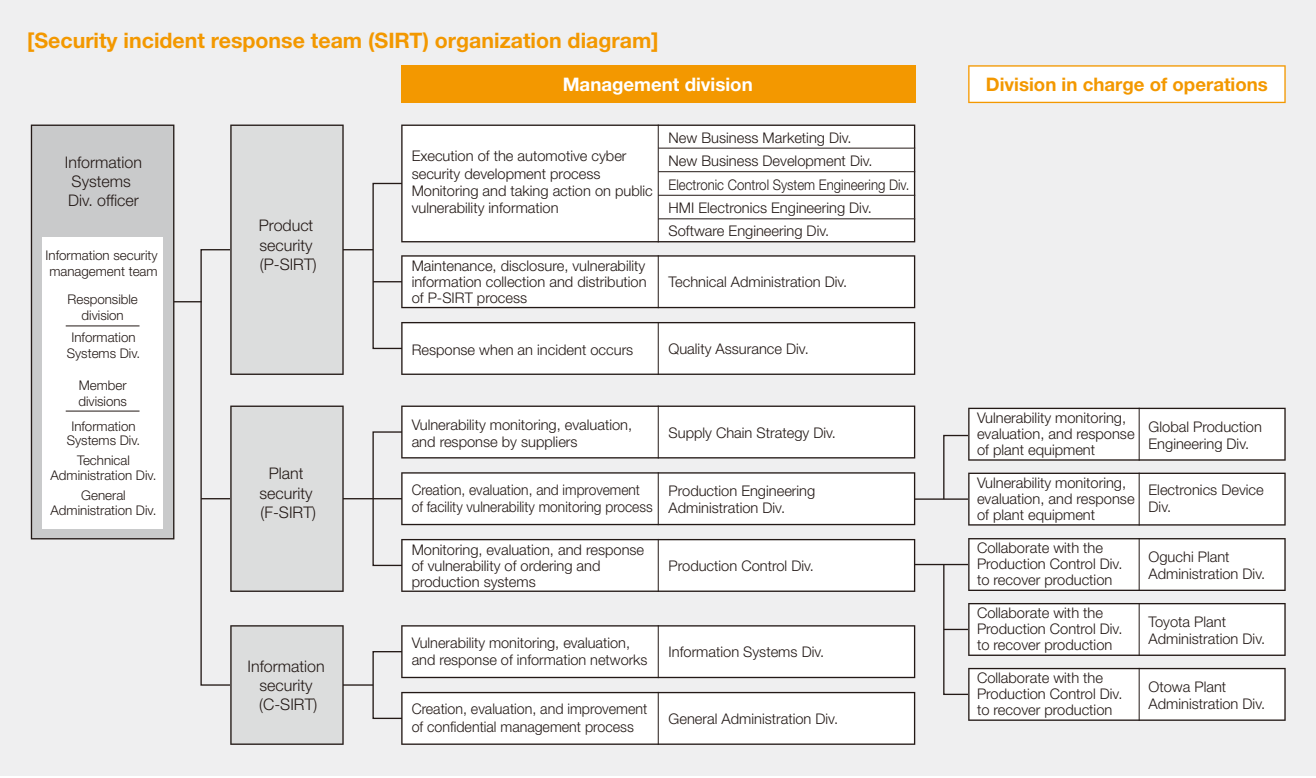
**Information security policy**

- We regard information security as an important management issue and, after establishing an information security management system, we will continue to engage in information security activities.
- We evaluate and analyze information security risks and implement appropriate human, organizational, technical, and physical security measures.
- We will continue to provide education and training on information security to further improve the information security level of all employees.
- When an information security incident occurs, we will promptly report it to all concerned parties, take initial measures to prevent further spread of damage, investigate the cause, and take appropriate recurrence prevention measures.
- We regularly inspect all information security initiatives, such as the management system, compliance with rules, and the effectiveness of measures, and carry out continuous correction and improvement activities.

## Establishment of vulnerability monitoring and incident response guidelines

As one of our corporate social responsibilities, we will thoroughly implement information security measures and protect our information assets. We will strengthen governance by assuming risks, formulat-

ing rules, and building systems for their management and operation. By doing so, we strive to ensure that the use of information does not impair the rights and interests of the information providers.





# Executive Management

## Members of the Board



**Hiroyoshi Ninoyu**

President

April 1984 Joined Toyota Motor Corporation  
April 2017 Managing Officer  
Jan. 2020 Executive Vice President, Tokai Rika Co., Ltd.  
June 2020 Representative Director and President, Tokai Rika Co., Ltd. to the present



**Masahiko Sato**

Representative Director

April 1985 Joined Tokai Rika Co., Ltd.  
June 2009 General Manager, Sales Div. I  
June 2013 Associate Director  
June 2016 Corporate Officer  
June 2018 Director (retired in June 2020)  
April 2023 Executive Vice President, to the present  
June 2023 Director  
June 2024 Representative Director, to the present



**Katsuyuki Imaeda**

Director

April 1990 Joined Tokai Rika Co., Ltd.  
June 2016 General Manager, Security Production Engineering Division, Security Business Group  
April 2019 Corporate Officer  
Jan. 2020 Higher Senior Management  
April 2021 Corporate Officer, to the present  
June 2024 Director, to the present



**Toshiaki Tsuchiya**

Full-time Audit & Supervisory Board Member

Mar. 1991 Joined Tokai Rika Co., Ltd.  
June 2012 General Manager, Sales Div. I  
Jan. 2014 Executive Vice President, Tokai Rika Belgium N.V.  
Jan. 2018 General Manager, General Planning Div.  
June 2018 Associate Director  
Jan. 2020 General Manager, Business Planning Div.  
April 2023 Project General Manager, Business Strategy Dept.  
June 2023 Audit & Supervisory Board Member, to the present



**Toshiaki Akita**

Full-time Audit & Supervisory Board Member

April 1985 Joined Tokai Rika Co., Ltd.  
June 2009 General Manager, Switch Engineering Division, Switch Business Group  
June 2013 Corporate Officer  
June 2017 Managing Director, Member of the Board  
June 2018 Director, Member of the Board (retired in June 2020)  
Jan. 2020 Corporate Officer, to the present  
June 2024 Audit & Supervisory Board Member, to the present

## Corporate Officers

Kazuhiro Ikai

Toshiki Nogami

Taketoshi Sakurai

Katsuyuki Imaeda

Koichiro Yamagishi

Satoru Ishida

Sumikazu Sasaki

Yoshihiro Sato



**Kei Fujioka**

External Director

April 1977 Joined Mitsui-Soko Co., Ltd.  
June 2012 President, Mitsui-Soko Co., Ltd.  
Oct. 2014 President & CEO, Mitsui-Soko Holdings Co., Ltd.  
June 2017 External Director, Tokai Rika Co., Ltd., to the present  
June 2017 Corporate Advisor, Mitsui-Soko Holdings Co., Ltd.  
June 2021 Retired Corporate Advisor, Mitsui-Soko Holdings Co., Ltd., to the present



**Minako Miyama**

External Director

April 1986 Joined Dai Nippon Printing Co., Ltd.  
July 2014 General Manager of Recruiting and Training Dept., Dai Nippon Printing Co., Ltd.  
June 2018 Corporate Officer, Dai Nippon Printing Co., Ltd.  
June 2021 Director, Dai Nippon Printing Co., Ltd.  
June 2022 External Director, Tokai Rika Co., Ltd., to the present  
June 2024 Managing Director, Dai Nippon Printing Co., Ltd., to the present



**Kazushi Ambe**

External Director

April 1984 Joined Sony Corporation (currently Sony Group Corporation)  
Oct. 2001 VP, Sony Ericsson Mobile Communications AB  
April 2006 SVP, Sony Corporation of America  
Nov. 2014 Corporate Executive and SVP, Sony Corporation  
June 2018 Executive Vice President and Corporate Executive Officer  
June 2020 Senior Executive Vice President and Corporate Executive Officer  
April 2021 Senior Executive Vice President and Corporate Executive Officer, Sony Group Corporation  
June 2024 External Director, Tokai Rika Co., Ltd., to the present  
April 2025 Senior Advisor, Sony Group Corporation, and President, Sony University, to the present



**Yoshinori Yamada**

External Audit & Supervisory Board Member

Oct. 1988 Joined Audit Corporation Ito Accounting Office  
Sep. 2006 Rep. Partner, Arata Audit Corporation (currently Pricewaterhouse Coopers Aarata LLC)  
July 2012 Director, CPA Yoshinori Yamada Office, to the present  
Dec. 2012 Director, Tax Accountant Yoshinori Yamada Office, to the present  
July 2013 Senior Researcher, JICPA  
June 2015 External Audit & Supervisory Board Member, Tokai Rika Co., Ltd., to the present



**Akihiro Deshimaru**

External Audit & Supervisory Board Member

April 1993 Joined Toyota Motor Corporation  
Sep. 1993 Assigned to Body Engineering Division 1, Toyota Motor Corporation  
Jan. 2007 Seconded to Toyota Motor Engineering & Manufacturing North America, Inc.  
May 2015 General Manager of Interior Design Department No. 1, Interior Design Division, Toyota Motor Corporation  
Dec. 2021 General Manager of Lexus Body Engineering Division, Toyota Motor Corporation, to the present  
June 2025 External Audit & Supervisory Board Member, Tokai Rika Co., Ltd., to the present

## Stakeholder Engagement

We strive to maintain sincere dialogue with our stakeholders.

Rather than just making statements and listening to each other, we are having repeated discussions from the perspective of “what we can do for a sustainable society.”



We clearly state in our basic purchasing policy that we are committed to building sound and good business relationships with our suppliers over the long term and take action based on this.

Every April, we hold the “Tokai Rika Group Policy” and “Purchasing Policy” briefing and “Supplier Awards,” and in April 2024, 135 major suppliers participated.

Business partners

Customers



We regularly hold new product exhibitions for automobile and auto body manufacturers.

In addition to regular sales activities, in the digitalkey business, business-to-consumer (BtoC) business is expanding; therefore we are enhancing the exhibitions and contact point for end-user inquiries.

TOKAI RIKA

Local communities



Based on the principle of “local co-creation,” we consider local issues from the same perspective as the local residents, and seek solutions to their concerns.

In Oguchi Town, Aichi Prefecture, where our Head Office is located, we cultivated strawberries to utilize abandoned farmland and create opportunities for people with disabilities to play active roles. Meanwhile, in Yokote City, Akita Prefecture, where our new base Tokai Rika Tohoku is located, we aim to become a company rooted in the community by interacting with local residents through traditional events.

Employees



We have been selected as a “Health and Productivity Management Outstanding Organization” for six consecutive years since 2020. In addition, in an internal survey, 68.4% of respondents in FY 2023 responded favorably to the question, “I am very happy to work for my current company,” and this figure increased to 71.2% in FY 2024.



Shareholders, investors

In addition to quarterly earnings announcements, we report on our business and growth strategies to enhance corporate value at the full-year financial results briefing held in May and the shareholders meeting held in June. In addition, at the shareholders meeting, we hold facility tours for shareholders. Other than these, in the past few years we have been focusing on dialogues with institutional investors and analysts, conducting 60 dialogues in FY 2024.

We are actively announcing new products and services associated with our new business expansion and business alliances.

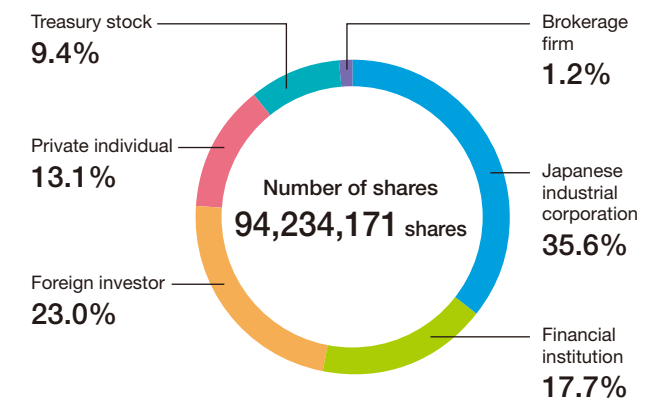
## Corporate Data

<b>Company name</b>	TOKAI RIKA CO., LTD.
<b>Head Office location</b>	3-260 Toyota, Oguchi-cho, Niwa-gun, Aichi 480-0195, Japan
<b>Establishment</b>	August 30, 1948
<b>Employees</b>	20,157 (Consolidated, as of March 31, 2025)
<b>Capital</b>	22.8 billion yen (as of March 31, 2025)
<b>Net sales</b>	Consolidated: 617.6 billion yen, Unconsolidated: 267.4 billion yen (Year ended March 2025)
<b>Ordinary profit</b>	Consolidated: 27.8 billion yen, Unconsolidated: 23.6 billion yen (Year ended March 2025)

### Stock Information (as of the end of March 2025)

<b>Total number of shares authorized to be issued</b>	200,000,000 shares
<b>Number of shares issued and outstanding</b>	94,234,171 shares (including 8,836,546 treasury stock)
<b>Number of shareholders</b>	10,659
<b>Listing stock exchanges</b>	Tokyo Stock Exchange, Nagoya Stock Exchange Stock code: 6995
<b>Audit corporation</b>	Deloitte Touche Tohmatsu LLC
<b>Transfer agent</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
<b>Handling Office</b>	3-15-33 Sakae, Naka-ku, Nagoya, Aichi Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department

### Status of Distribution of Shares, by Holder (as of the end of March 2025)



### Major Shareholders (as of the end of March 2025)

Shareholders	No. of shares held (thousand shares)	Shareholding ratio (%)
Toyota Motor Corporation	29,367	34.38
The Master Trust Bank of Japan, Ltd. (trust account)	8,469	9.91
State Street Bank and Trust Company 505001	2,754	3.22
Custody Bank of Japan, Ltd. (trust account)	2,513	2.94
The Dai-ichi Life Insurance Company, Limited	2,275	2.66
Tokai Rika Employee Shareholding Association	1,898	2.22
JPMorgan Chase Bank, N.A. 380684	1,542	1.80
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,340	1.56
Tokai Rika Kyoeikai	1,264	1.48
J.P. Morgan Bank Luxembourg S.A. 381572	1,117	1.30

Note: The shareholding ratio is calculated by deducting the number of treasury stocks (8,836,546 shares) from the number of shares issued and outstanding. Furthermore, the company has introduced an “Employee Stock Ownership Trust” program. As trust assets related to this program, 358,900 shares of the company's stock held by Custody Bank of Japan, Ltd. (trust account) are not included in treasury stock.

Inquiries about “TOKAI RIKA Integrated Report 2025”

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TEL: +81-(0) 587-95-5211  
<https://www.tokai-rika.co.jp/en/inquiry/>

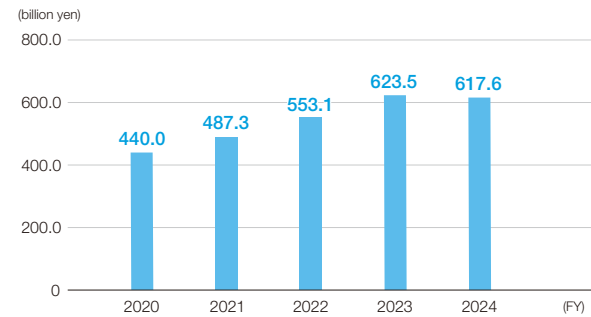




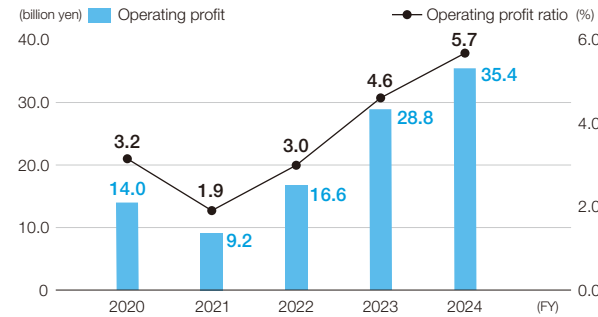
# Financial and Non-financial Highlights

## Financial highlights

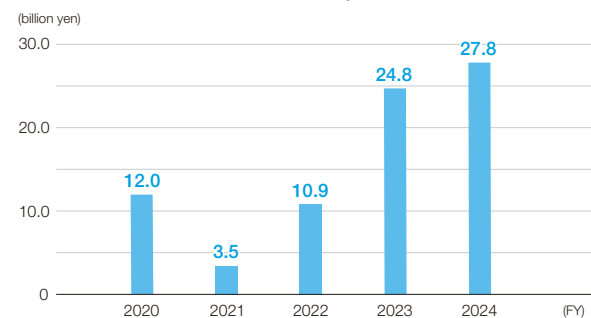
### Net sales



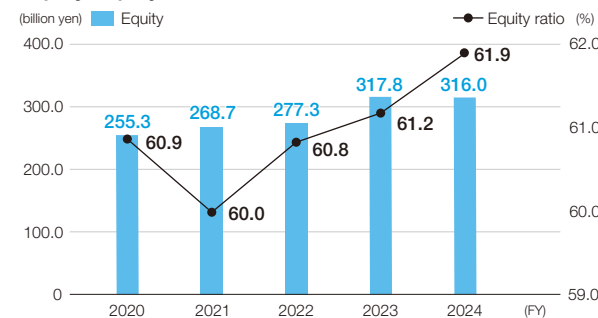
### Operating profit/Operating profit ratio



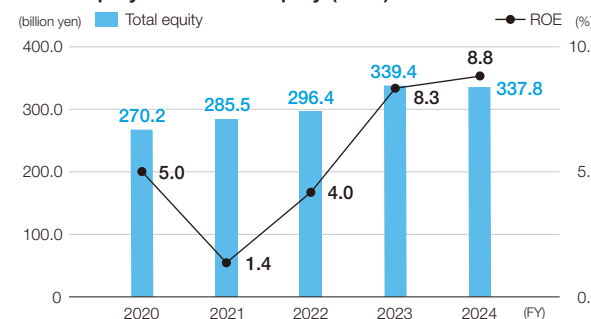
### Profit attributable to owners of parent



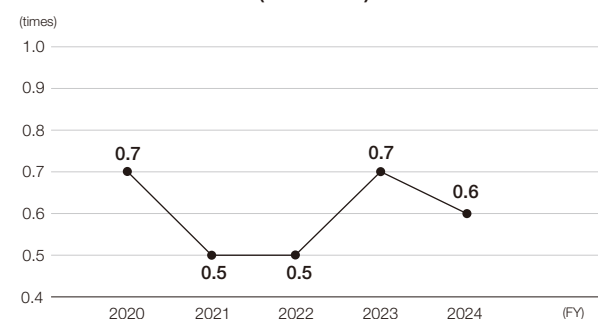
### Equity/Equity ratio



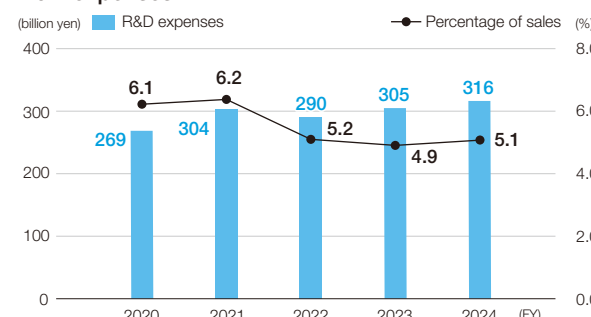
### Total equity/Return on Equity (ROE)



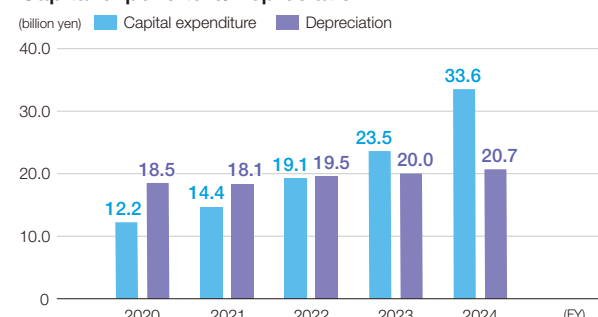
### Price-book value ratio (P/B Ratio)



### R&D expenses

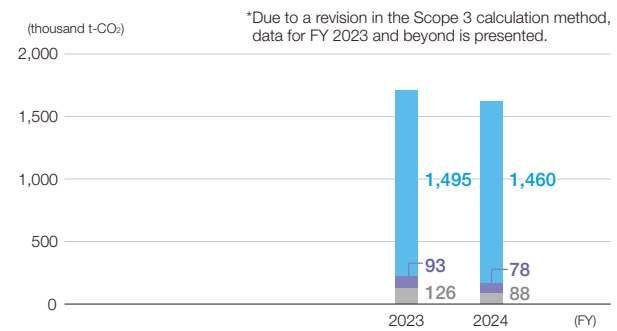


### Capital expenditure/Depreciation

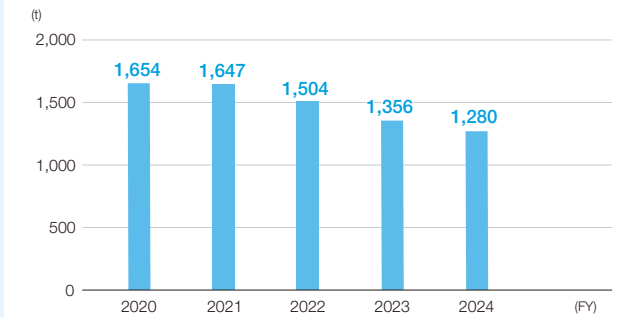


## Non-financial highlights

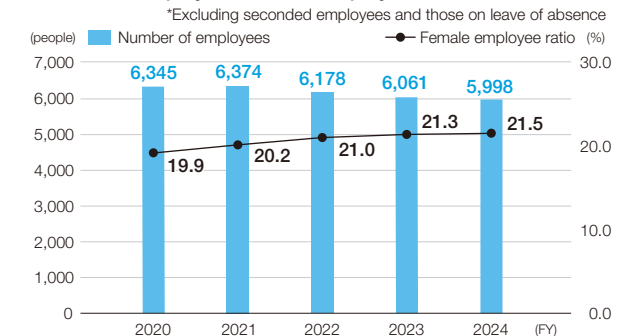
### GHG emissions (Tokai Rika Group)



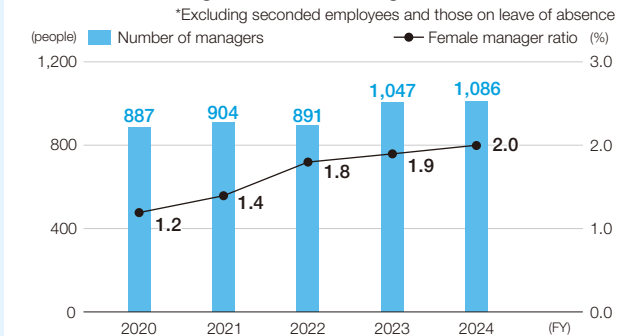
### Discharge of waste materials (Tokai Rika Group)



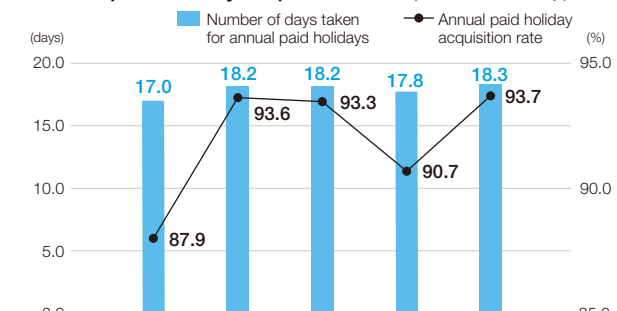
### Number of employees/Female employee ratio (Tokai Rika Group)



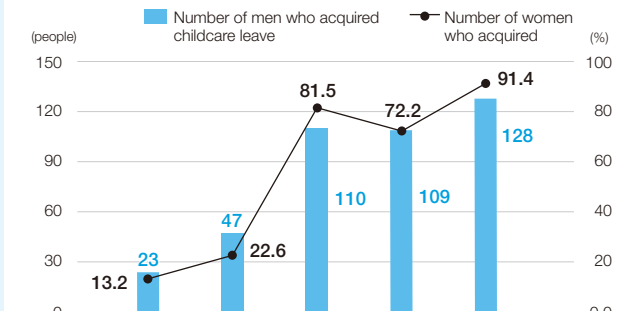
### Number of managers/Female manager ratio (Tokai Rika Group)



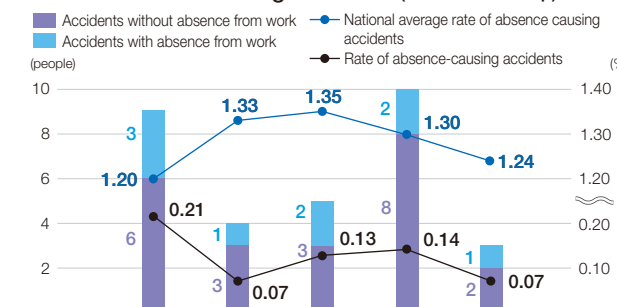
### Number of days taken for annual paid holidays/ Annual paid holiday acquisition rate (Tokai Rika Group)



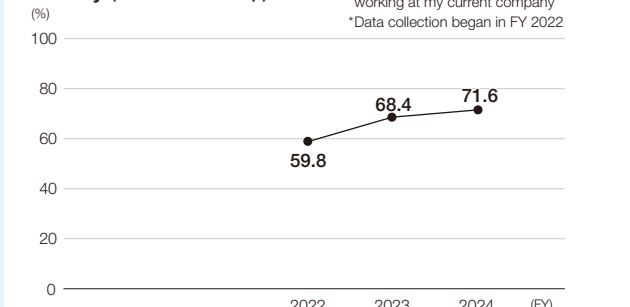
### Number and rate of childcare leave acquired by men (Tokai Rika Group)



### Rate of absence-causing accidents/National average rate of absence-causing accidents (Tokai Rika Group)



### Employee Satisfaction Survey (Tokai Rika Group)



Eleven-year Consolidated Financial Summary

		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Net sales	(million yen)	452,195	476,202	459,070	481,945	507,645	500,002	440,061	487,303	553,124	623,558	617,660
Cost of sales	(million yen)	384,525	403,372	394,486	414,318	436,242	435,663	387,937	432,334	488,478	531,983	528,005
Selling, general and administrative expenses	(million yen)	36,478	38,221	34,061	36,756	41,784	41,741	38,078	45,758	47,989	62,753	54,214
Operating profit	(million yen)	31,192	34,608	30,522	30,871	29,618	22,597	14,045	9,211	16,656	28,822	35,439
Profit attributable to owners of parent	(million yen)	19,730	5,591	-4,336	22,014	18,090	15,067	12,026	3,569	10,900	24,850	27,808
Capital expenditure	(million yen)	24,186	21,908	22,299	20,139	25,307	23,065	12,210	14,401	19,190	23,502	33,698
R&D expenses	(million yen)	22,527	25,006	25,669	25,398	25,856	28,119	26,976	30,470	29,080	30,505	31,696
Cash flows from operating activities	(million yen)	40,571	20,747	33,497	20,826	37,919	40,346	34,682	14,677	26,755	53,266	39,312
Cash flows from investing activities	(million yen)	-36,413	-22,347	-11,606	-19,769	-31,933	-22,289	-27,505	-26,005	-8,695	-31,446	-26,172
Cash flows from financing activities	(million yen)	-11,375	-7,713	-7,020	3,539	-8,033	-6,772	-4,525	-6,437	-6,078	-22,574	-7,980
Profit per share	(yen)	217.45	61.36	-47.54	241.26	198.25	165.12	131.77	39.10	119.37	276.80	328.34
Annual dividend	(yen)	58.00	60.00	60.00	64.00	64.00	62.00	50.00	60.00	64.00	75.00	95.00
Dividend payout ratio	(%)	26.7	97.8	-	26.5	32.3	37.5	37.9	153.5	53.6	27.1	28.9
Total assets	(million yen)	375,195	363,343	368,666	382,880	387,556	378,489	419,259	447,834	456,146	519,718	510,942
Total equity	(million yen)	239,216	221,750	212,343	232,127	241,435	241,023	270,276	285,538	296,401	339,488	337,877
Equity ratio	(%)	60.6	58.0	54.5	57.5	59.0	60.3	60.9	60.0	60.8	61.2	61.9
Return on Equity (ROE)	(%)	9.3	2.6	-2.1	10.5	8.1	6.6	5.0	1.4	4.0	8.3	8.8
Price-book value ratio (P/B Ratio)	(times)	1.1	0.9	1.0	0.9	0.8	0.5	0.7	0.5	0.5	0.7	0.6





Cover Illustration

**“The Future Emerges  
from the Switch”  
by Aimi Mine**

This piece was commissioned from Ms. Mine, a two-time recipient of the Tokai Rika Award at the Paralympic Art World Cup\*, as part of Tokai Rika's ongoing commitment to supporting artists. (This initiative follows the postponement of the Paralympic Art World Cup 2024.)

\*An art contest held by the Shougaisha Jiritsu Suishin Kikou Association for people with disabilities around the world, of which we are a co-sponsor.

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# **TOKAI RIKA CO.,LTD.**

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