

Securities code: 5975
June 7, 2023

To: Shareholders

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

NOTICE OF CONVOCATION OF THE 128TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially informed that the 128th Ordinary General Meeting of Shareholders (“Meeting”) of Topre Corporation (the “Company”) will be held as detailed below.

We would like to express our deepest sympathies to those of you who have been affected by the COVID-19 pandemic.

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

- 1 Date and time** 10:00 a.m., Wednesday, June 28, 2023 (reception starts at 9:00 a.m.)
- 2 Place** KKR Hotel Tokyo, 10th floor, Zuiho
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(For directions, please refer to the map provided at the end of this Notice of Convocation.)
- 3 Purpose**
Matters to be Reported
 1. The Business Report, the Consolidated Financial Statements for the 128th Term (from April 1, 2022 to March 31, 2023) and Audit Reports by the Independent Auditor and the Board of Auditors on the Consolidated Financial Statements
 2. The Financial Statements for the 128th Term (from April 1, 2022 to March 31, 2023)**Matters to be Voted on**
 - Proposal No. 1: Appropriation of Surplus
 - Proposal No. 2: Appointment of one (1) Director
 - Proposal No. 3: Appointment of two (2) Auditors

2 **Matters
Regarding
Provision in
Electronic
Format**

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

<The Company's website>

<https://www.topre.co.jp/en/ir/meeting.html>Please access the website above, select the "notice of convocation," and review it.



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

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

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



<Website posting materials for a General Meeting of Shareholders>

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

Please access the website above and review it.



- If you attend the Meeting in person, please present the enclosed Form for Exercising Voting Rights at the reception desk.
- If there are any revisions to the electronic provision measures matters, the fact thereof, the matters prior to revision, and the revised matters will be posted on each of the websites above.
- The Business briefing session which used to be held after the Meeting will not be held since we put first priority on the health and safety of our shareholders. We will also refrain from offering gifts. We would appreciate your understanding.

Guide to Exercise of Voting Rights

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

Attending the General Meeting of Shareholders



Please present the Voting Form to the reception desk.

Date and time

10:00 a.m., Wednesday, June 28, 2023 (reception starts at 9:00 a.m.)

Place

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

Voting in writing (by mail)



Please indicate agree or disagree on the proposals and mail the form; no stamp is needed. If you do not indicate whether you agree or disagree, we will treat it as a manifestation of your intention to agree.

Exercise deadline

Forms must be received by 5:30 p.m., Tuesday, June 27, 2023

Voting online



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

Exercise deadline

Voting must be completed by 5:30 p.m., Tuesday, June 27, 2023

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

To institutional investors:

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

Guide to Exercise of Voting Rights Online

By Scanning Your QR Code

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

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



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

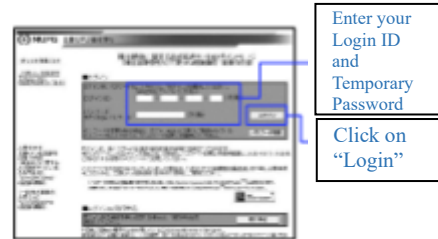
2. Please follow the instructions on the screen and enter your vote for or against the proposal.



By Entering Your Login ID and Temporary Password

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

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



3. Please set up a new password.



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

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Re: Term-end dividends

Taking into account performance in the term under review and in recent years as well as business development going forward and the strengthening of our management structure, we propose to distribute the 128th Term term-end dividends as follows:

| | |
|---|--|
| Type of property to be distributed | Cash |
| Matters relating to allotment of dividends to shareholders and total amount | 20 yen per common share of the Company. The total amount of dividends will be 1,051,651,700 yen. Annual dividends including interim dividends (10 yen per share) will be 30 yen per share. |
| The date dividends of surplus come into effect | June 29, 2023 |

Proposal No. 2 Appointment of One (1) Director

In order to further enhance corporate governance and further improve corporate value and management transparency, the Company will increase the number of outside directors by one; thus, we would like to appoint one (1) outside director.

The term of office for the director to be appointed in the Meeting will expire when the term of office for the other existing directors expires pursuant to the provisions of the Articles of Incorporation of the Company. The director candidate is as follows:

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

Notes:

1. There are no special interests between Ms. Midorikawa and the Company.
2. If Ms. Midorikawa takes office as a director, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will execute an agreement under which her liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act.
3. The Company has entered into directors and officers liability insurance agreements with the Directors, Auditors, and officers of the subsidiaries as the insured, and an outline of these agreements is set forth in section “3. Matters Concerning the Company Officers” of the Business Report. If Ms. Midorikawa is appointed and takes office, she will be included among the insured persons under the insurance agreements. In addition, insurance agreement will be renewed with the same details as the existing agreements at the time of the next renewal.
4. Ms. Midorikawa satisfies the requirements for independent officers pursuant to the regulations of the Tokyo Stock Exchange, and thus, if her appointment is approved, the Company intends to file notifications to the effect that she will take office as an independent officer.

Proposal No. 3 Appointment of Two (2) Auditors

The term of office for Auditor Jun Watanabe and Auditor Kazuaki Hosoi will expire at the end of the Meeting; and thus, the Company would like to appoint two (2) auditors.

The consent to submission of this proposal from the Board of Auditors has been obtained. The auditor candidates are as follows.

| Candidate number | Name (Date of birth) | Work History, positions, and major position(s) concurrently held | Number of Company shares held |
|---|--|---|----------------------------------|
| 1 | <p>Newly appointed Outside auditor Independent</p> <p>Masahiko Satoh (April 2, 1963)</p> | <p>October 1988 Joined Chuo Shinko Audit Corporation</p> <p>August 1992 Registered as a certified public accountant</p> <p>July 2007 Transferred to Shin Nihon Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>May 2011 Registered as a licensed tax accountant Established Satoh Accounting Office (present)</p> <p>June 2015 The Company, Substitute Auditor</p> <p>July 2017 Kubojima clinic Medical Corporation, Auditor</p> <p>July 2018 Oshima clinic Medical Corporation, Auditor</p> <p>(Major position(s) concurrently held) Satoh Accounting Office, Head</p> | 0 |
| Reasons for appointment: Mr. Satoh has advanced technical knowledge relating to accounting and tax affairs, which he cultivated through his career as a certified public accountant and a licensed tax accountant; we expect him to apply such skills to the Company's audit system. Although he has never been involved in the management of company directly, for the foregoing reasons, for the enhancement of the Company's audit system, the Company has determined that he is an appropriate appointment and would like to appoint him as an outside auditor. | | | |

| Candidate number | Name (Date of birth) | Work History, positions, and major position(s) concurrently held | Number of Company shares held |
|--|--|---|-------------------------------|
| 2 | <div style="border: 1px solid black; padding: 2px;">Newly appointed</div> <div style="border: 1px solid black; padding: 2px;">Outside auditor</div> <div style="border: 1px solid black; padding: 2px;">Independent</div> Hidekazu Tanaka (March 1, 1963) | April 1989 Admitted as an attorney and joined Endo & Mamba Law Office April 2000 Established Shichi & Tanaka Law Office June 2003 Tomoku Co., Ltd., Audit & Supervisory Board Member April 2008 Established Hidekazu Tanaka Law Office October 2011 Joined Ginza Law Office (present) (Major position(s) concurrently held) Ginza Law Office, Representative Partner | 0 |
| Reasons for appointment: Mr. Tanaka has the wealth of experience and high-level insight of a legal expert, which he has cultivated through his career as an attorney; we expect him to apply such skills to the Company's audit system. Although he has never been involved in the management of company directly, for the foregoing reasons, for the enhancement of the Company's audit system, the Company has determined that he is an appropriate appointment and would like to appoint him as an outside auditor. | | | |

Notes:

1. There are no special interests between any of the auditor candidates and the Company.
2. If Mr. Satoh and Mr. Tanaka take office as outside auditors, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company will execute agreements with Mr. Satoh and Mr. Tanaka under which their liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act.
3. The Company has entered into directors and officers liability insurance agreements with the Directors, Auditors, and officers of the subsidiaries as the insured, and an outline of these agreements is set forth in section "3. Matters Concerning the Company Officers" of the Business Report. If Mr. Satoh and Mr. Tanaka are appointed and take office, they will be included among the insured persons under the insurance agreements. In addition, insurance agreements will be renewed with the same details as the existing agreements at the time of the next renewal.
4. Mr. Satoh and Mr. Tanaka satisfy the requirements for independent officers pursuant to the regulations of the Tokyo Stock Exchange, and thus, if the appointment of two candidates is approved, the Company intends to file notifications to the effect that they will take office as independent officers.

End

[Reference] Skills Matrix of Directors and Auditors If Proposals No. 2 and No. 3 are Approved

| Name | Positions After Approval | Management | Sales Procurement | Accounting | Personnel Affairs | Legal Affairs Risks | IT | Foreign Operations | Technical Development | Production | Quality | ESG |
|---------------------|-------------------------------------|------------|-------------------|------------|-------------------|---------------------|----|--------------------|-----------------------|------------|---------|-----|
| Yutaka Yamamoto | President (Representative Director) | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Katsuro Harata | Executive Managing Director | ● | ● | ● | | | | | ● | ● | ● | ● |
| Yoshinori Tsuyuki | Executive Managing Director | ● | ● | ● | ● | ● | | ● | | ● | ● | ● |
| Masao Ohsaki | Director | | | | | | | ● | ● | ● | ● | ● |
| Masahiro Matsuo | Director | ● | ● | | | | | ● | | ● | ● | ● |
| Katsuhiko Yamashiro | Director | ● | | | | | | ● | ● | ● | ● | ● |
| Tsuyoshi Takada | Outside Director | | | | | ● | | | | | | ● |
| Naoshi Ogasawara | Outside Director | | | ● | | | | | | | | ● |
| Yoshie Midorikawa | Outside Director | | | | | ● | | ● | | | | ● |
| Tomio Kitabayashi | Full-time Auditor | | ● | ● | ● | | ● | | | | | ● |
| Masahiko Satoh | Outside Auditor | | | ● | | | | | | | | ● |
| Hidekazu Tanaka | Outside Auditor | | | | | ● | | | | | | ● |

Business Report

(From April 1, 2022 to March 31, 2023)

1. Current Condition of the Business Group

(1) Business Developments and Results of Operations

Reviewing the consolidated operating results of the Topre Group (the “Group”) for the consolidated fiscal year under review, net sales were 290,416 million yen, an increase of 56,815 million yen (24.3% increase) over the preceding fiscal year, while operating income was 7,330 million yen, an increase of 477 million yen (7.0% increase) from the preceding fiscal year. Ordinary income was 16,518 million yen, a decrease of 494 million yen (2.9% decrease) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 10,009 million yen, a decrease of 989 million yen (9.0% decrease) from the preceding fiscal year.

| | |
|---|--|
| Net Sales 290,416 million yen An increase of 24.3% over the preceding consolidated fiscal year ↗ | Ordinary Income 16,518 million yen A decrease of 2.9% from the preceding consolidated fiscal year ↘ |
| Operating Income 7,330 million yen An increase of 7.0% from the preceding consolidated fiscal year ↗ | Net Income Attributable to Shareholders of the Parent Company 10,009 million yen A decrease of 9.0% from the preceding consolidated fiscal year ↘ |

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

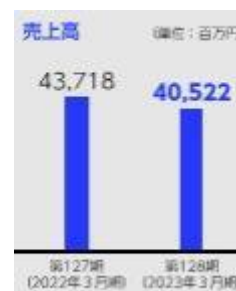
Press Products Business
 Sales: 239,555 million yen
 (up 32.7% over the preceding year)
 Percentage of sales: 82.5%

In the press products business, performance was affected by a shortage of semiconductors, but the volume of sales increased from the preceding year in Japan and North America. Due to that, the overall sales in the press products business increased to 239,555 million yen, up 59,085 million yen (32.7% increase) over the preceding year, including an increase in revenue as a result of the exchange rate. In regard to income, although it was affected by a shortage of semiconductors, the re-transmission of COVID-19 in China, and an increase of manufacturing costs due to labor shortages in North America, in the press products business, due to the increase of sales volume, segment income (operating income) totaled 3,465 million yen, up 2,791 million yen from the preceding year (414.5% increase).



Temperature-Controlled Logistics Business
 Sales: 40,522 million yen
 (down 7.3% from the preceding year)
 Percentage of sales: 14.0%

In the temperature-controlled logistics business, sales of repair services and related businesses in the service sector exceeded the preceding year, but sales of refrigerated vehicles considerably decreased from the preceding year due to a shortage of parts and suspension of shipment of chassis by the main partner companies. As a result, sales for temperature-controlled logistics businesses totaled 40,522 million yen, down 3,196 million yen from the preceding year (7.3% decrease). Segment income (operating income) came to 2,808 million yen, down 2,465 million yen from the preceding year



(46.7% decrease) due to a substantial rise in the cost of materials and related matters.

Other Business
Sales: 10,339
million yen
(up 9.8% from the
preceding year)
Percentage of sales:
3.5%

In the air conditioning equipment sector, since residential ventilation systems were replaced by high value-added products and some understanding of price pass-through due to a substantial rise in the cost of materials was displayed, both sales and operating income exceeded the preceding year. In addition, in the electronic equipment sector, since sales of “REALFORCE” keyboard and touch screen application products continued to be favorable, sales exceeded the preceding year. As a result, sales for Other Business reached 10,339 million yen, up 926 million yen from the preceding year (9.8% increase). Segment income increased to 1,057 million yen, up 151 million yen from the preceding year (16.7% increase).



(2) Capital Expenditures

During the consolidated fiscal year under review, the Group’s capital expenditures totaled 18,201 million yen. Major capital expenditures are as follows:

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

Press Products Business

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

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

Press Products Business

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

(3) Financing

During the consolidated fiscal year under review, a long-term borrowing of 7,900 million yen was obtained from a financial institution, as funding for the press products business.

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

N/A

(5) Challenges

The Group has formulated its 15th Medium-Term Management Plan (the “Plan”) covering the

period from FY 2021 to FY 2023, and is implementing its basic policies with the following vision(s): “Topre will evolve to contribute to the society of the future!” and “In order to solve our customers’ problems, we will further evolve our technological capabilities, and achieve sustainable growth.” We will continue to achieve further growth and development by responding flexibly to the diverse and changing environment while keeping a close eye on market trends.

<Vision for the 15th Medium-Term Management Plan>

Topre will evolve to contribute to the society of the future!

We will further evolve our technological capabilities and achieve sustainable growth.

<Basic Policy of the 15th Medium-Term Management Plan>

- We will pursue Topre’s value of “Art of Making (“*Monozukuri*”).”
- We will strengthen our development systems and improve our technological capabilities in order to solve our customers’ problems.
- We will aim to maintain and improve our quality in order to further earn the trust of our customers.
- We will build a new business and organizational structure that responds to the business environment.
- We will develop employees who can be active in the world.
- We will train and strengthen “Artisans (“*Takumi*”)” (skilled workers) who support Topre.

(6) Changes in Assets and Income

| Item | Unit | 125 th Term ended March 2020 | 126 th Term ended March 2021 | 127 th Term ended March 2022 | 128 th Term ended March 2023 (Consolidated fiscal year under review) |
|---|-------------|---|---|---|--|
| Net Sales | Million yen | 213,591 | 214,544 | 233,601 | 290,416 |
| Ordinary Income | Million yen | 10,747 | 16,487 | 17,013 | 16,518 |
| Net Income of Shareholders of Parent Company | Million yen | 8,435 | 12,559 | 10,998 | 10,009 |
| Net Income Per Share | Yen | 160.73 | 239.28 | 209.60 | 190.70 |
| Net Assets | Million yen | 149,395 | 165,632 | 180,465 | 194,551 |
| Total Assets | Million yen | 266,467 | 309,790 | 320,013 | 339,376 |

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

(7) Material Parent and Subsidiaries

(i) Parent company

N/A

(ii) Material subsidiaries

| | Company name | Capital | Company's share of voting rights | Main business |
|---------------|---|-------------------|----------------------------------|--------------------------------|
| Domestic | Toprec Corporation | 300 Million yen | 100% | Sales of refrigerated vehicles |
| | Toho Transportation Co., Ltd. | 282 Million yen | 50% | Transport business |
| | Topre Kyushu Corporation | 100 Million yen | 100% | Manufacture of auto parts |
| | Topre Tokai Corporation | 490 Million yen | 100% | Manufacture of auto parts |
| | MITSUIKE CORPORATION | 775 Million yen | 91.0% | Manufacture of auto parts |
| North America | Topre America Corporation | 61 US\$ million | 100% | Manufacture of auto parts |
| | Topre Autoparts Mexico, S.A. de C.V. | 327 Mex\$ million | 100% | Manufacture of auto parts |
| Asia | TOPRE (FOSHAN) AUTOPARTS CORPORATION | 2,000 Million yen | 100% | Manufacture of auto parts |
| | TOPRE (XIANGYANG) AUTOPARTS CORPORATION | 2,000 Million yen | 100% | Manufacture of auto parts |
| | TOPRE (WUHAN) AUTOPARTS CORPORATION | 2,000 Million yen | 100% | Manufacture of auto parts |
| | TOPRE (THAILAND) CO., LTD. | 835 THB million | 100% | Manufacture of auto parts |
| | Topre India Pvt. Ltd. | 2,330 INR million | 100% | Manufacture of auto parts |

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

(8) Main Businesses (as of March 31, 2023)

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

(9) Major Offices and Plants (as of March 31, 2023)

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

(10) Employees (as of March 31, 2023)

(i) Group employees

| Business segment | Number of employees | Change from a year earlier |
|---|---------------------|----------------------------|
| Press products business | 5,271 | 444 |
| Temperature-controlled logistics business | 882 | -4 |
| Other business | 249 | 3 |
| Total | 6,402 | 443 |

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

(ii) Company's employees

| Number of employees | | Change from a year earlier | Average age | Average length of service (years) |
|---------------------|-------|----------------------------|-------------|-----------------------------------|
| Male | 1,406 | -55 | 39.3 | 15.9 |
| Female | 102 | - | 36.5 | 10.5 |
| Total or average | 1,508 | -55 | 39.1 | 15.5 |

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

(11) Major Lenders (as of March 31, 2023)

| Lender | Borrowing balance |
|-----------------------|---|
| Resona Bank, Limited. | 13,348 Million Yen |
| Mizuho Bank, Ltd. | 1,990 Million Yen 500 Million US Dollars 37 Million RMB |
| MUFG Bank, Ltd. | 1,600 Million Yen 43 Million RMB |

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

N/A

2. Company Shares (as of March 31, 2023)

- (1) **Total number of shares authorized to be issued** 81,240,000 shares
- (2) **Total number of outstanding shares** 52,582,585 shares (excluding 1,439,239 treasury shares)
- (3) **Number of shareholders** 8,571
- (4) **Major Shareholders**

| Shareholder | Shares (Thousands of shares) | Shareholding ratio (%) |
|--|---------------------------------|---------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 6,103 | 11.60 |
| Custody Bank of Japan, Ltd. (trust account) | 3,218 | 6.12 |
| Naoko Ishii | 2,660 | 5.05 |
| Resona Bank, Limited. | 2,493 | 4.74 |
| Mitsubishi UFJ Trust and Banking Corporation | 2,491 | 4.73 |
| Nippon Life Insurance Company | 2,135 | 4.06 |
| Topre Corporation Client Stock Ownership | 1,521 | 2.89 |
| Sumitomo Life Insurance Company | 1,429 | 2.71 |
| GOVERNMENT OF NORWAY | 1,404 | 2.67 |
| Mizuho Bank, Ltd. | 1,265 | 2.40 |

Note: The Company owns 1,439,239 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The 1,439,239 treasury shares do not include the 88,684 Company shares owned by the Officer Compensation BIP Trust Account. The shareholding ratios are calculated without treasury shares.

(5) Other Important Matters Concerning Shares, etc.

N/A

3. Matters Concerning the Company Officers

(1) Directors and Auditors (as of March 31, 2023)

| Position | Name | Responsibilities at the Company, and major position(s) concurrently held |
|--|---------------------|--|
| President (Representative Director) | Yutaka Yamamoto | |
| Executive Managing Director | Katsuro Harata | Product Business Dept. General Manager and Product Business Dept. Cold Storage Equipment Div. Manager |
| Executive Managing Director | Yoshinori Tsuyuki | Administrative Headquarters General Manager and Purchasing General Manager |
| Director | Masao Ohsaki | Quality General Manager |
| Director | Masahiro Matsuo | Auto Parts Headquarters Sales Div. Manager |
| Director | Katsuhiko Yamashiro | Auto Parts Headquarters Sales Div., Foreign Operations Dept. Manager |
| Director | Tsuyoshi Takada | Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc. Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co., Ltd., Outside Director OpenDoor Inc., Outside Director |
| Director | Naoshi Ogasawara | Avantia GP, Legal Representative and CEO National Institution for Academic Degrees and Quality Enhancement of Higher Education, Director TSUZUKI DENKI CO., LTD. Outside Director Nikkiso Co., Ltd., Outside Auditor |
| Full-time Auditor | Tomio Kitabayashi | |
| Auditor | Jun Watanabe | Watanabe Law Office, Attorney |
| Auditor | Kazuaki Hosoi | Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Rubber Industry K. K. Outside Auditor |

Notes:

1. Director Tsuyoshi Takada and Naoshi Ogasawara are outside directors.
2. Auditors Jun Watanabe and Kazuaki Hosoi are outside auditors.
3. The Company has determined that Director Tsuyoshi Takada, Director Naoshi Ogasawara, Auditors Jun Watanabe and Kazuaki Hosoi do not have any conflicts of interest with general shareholders and are highly independent, and has appointed the four officers as independent officers pursuant to the rules of the Tokyo Stock Exchange and filed with the TSE as such.
4. Auditor Kazuaki Hosoi is a certified public accountant and a certified public tax accountant, who possesses a considerable level of knowledge concerning finance and accounting.
5. In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and all outside directors and auditors have entered into agreements limiting their liability to compensate the Company for damage pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act.
6. The Company has entered into a directors and officers liability insurance contract with the Directors, Auditors, and officers of the subsidiaries as the insured. The insurance premiums are fully paid by the Company. The contract covers damage that may arise from the insured assuming responsibility for the execution of their duties or receiving claims related to the enforcement of such responsibility. However, there are certain exemptions, such as damage caused by acts committed with the knowledge that such acts are in violation of laws and regulations, which will not be covered.

(2) Director and Auditor Compensation

| Category | Number | Total amount of compensation (million yen) | Compensation by type (million yen) | | |
|---|-----------|--|------------------------------------|---------------------------------|---------------------------------------|
| | | | Base compensation | Performance-linked compensation | Performance-linked stock compensation |
| Directors (of which are outside directors) | 13 (2) | 191 (20) | 167 (20) | 20 (-) | 3 (-) |
| Auditors (of which are outside auditors) | 4 (2) | 39 (18) | 39 (18) | - | - |
| Total (of which are outside officers) | 17 (4) | 230 (38) | 206 (38) | 20 (-) | 3 (-) |

Notes:

1. The base compensation amounts and the number of the five (5) directors and one (1) auditor who resigned at the end of the 127th Ordinary General Meeting of Shareholders held on June 28, 2022 are included in the above.
2. Director compensation does not include the employee portion of salary for directors who also have employee positions.
3. The Company recorded 48 million yen other than the amounts above for the five (5) directors who resigned during the term under review with respect to the performance-linked stock compensation.

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

(i) Basic Policy

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

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

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

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

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

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

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

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

As for compensation linked to short-term corporate performance, during the term under review, the Company had a "consolidated operating income ratio" of 2.5% and a "consolidated revenue growth ratio" of 24.3%. As for compensation linked to medium- to long-term corporate performance, during the term under review, the Company had a "consolidated operating income coefficient" of 7,330 million yen and an "ROE (rate of net income on equity) coefficient" of 5.4%.

(ii) Director Compensation

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

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

(iii) Auditor Compensation

An independent compensation amount is respectively determined for each individual through consultations by Auditors. From the perspective of their performing the function of auditing the

directors' execution of their duties, auditors are not paid performance-linked compensation.

(4) Matters relating to Outside Officers, etc.

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

| Category | Name | Major position(s) concurrently held |
|----------|------------------|--|
| Director | Tsuyoshi Takada | Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc., Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co. Ltd., Outside Director OpenDoor Inc., Outside Director |
| Director | Naoshi Ogasawara | Avantia GP, Legal Representative and CEO National Institution for Academic Degrees and Quality Enhancement of Higher Education, Auditor TSUZUKI DENKI CO., LTD., Outside Director Nikkiso Co., Ltd., Outside Auditor |
| Auditor | Jun Watanabe | Watanabe Law Office, Attorney |
| Auditor | Kazuaki Hosoi | Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura COMPOSITE Inc. Outside Auditor |

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

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

N/A

(iii) Major activities in the term under review

| Category | Name | Outline of major activities and duties performed with regard to roles expected of Outside Directors |
|----------|------------------|--|
| Director | Tsuyoshi Takada | Director Takada attended all of 13 Board of Directors Meetings held during the term under review. On the basis of his professional knowledge and experience as an attorney, he mainly expressed his opinion from the perspective of having no interests in the Company. |
| Director | Naoshi Ogasawara | Director Ogasawara attended all of 13 Board of Directors Meetings held during the term under review. On the basis of the experience and knowledge that he has cultivated as a certified public accountant, he mainly expressed his opinion from the perspective of having no interests in the Company. |
| Auditor | Jun Watanabe | Auditor Watanabe attended all of 13 Board of Directors Meetings and all of 11 Board of Auditors Meetings held during the term under review, and on the basis of his experience and knowledge as a legal expert that he has cultivated as prosecutor and attorney, he expressed his opinion from the perspective of having no interests in the Company. |
| Auditor | Kazuaki Hosoi | Auditor Hosoi attended all of 13 Board of Directors Meetings and all of 11 Board of Auditors Meetings held during the term under review, and on the basis of his experience and knowledge as a certified public accountant and tax accountant, he expressed his opinion from the perspective of having no interests in the Company. |

4. Independent Auditor

(1) Name of independent auditor

Grant Thornton Taiyo LLC

(2) Summary of limitation on liability agreements

N/A

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

| | Payment |
|---|----------------|
| Amount of compensation, etc. paid to the independent auditor during the term under review | 42 million yen |
| Total amount of money and other property interests payable to the independent auditor by the Company and its subsidiaries | 50 million yen |

Notes:

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

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

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

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

5. Company System and Policies

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

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

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

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

Basic Principles

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

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

This philosophy will guide The Topre Groups domestic and international business actions, while also

continuously seeking to enhance the Group's long term prosperity and making positive contributions to the societies in which it is engaged.

Code of Conduct

1. Compliance with law, internal regulations and social morality
 - We comply with all laws and regulations applicable to the company's activities.
 - We establish and comply with internal regulations for the implementation of fair and transparent corporate activities.
 - We observe morals and norms as a member of society.
 - We have established an internal reporting window, respond appropriately to violations and prevent and correct them.
 - Managers establish a corporate culture with high ethical standards.
 - Managers establish internal systems preventing situations that would violate this Code of Conduct.
2. Contributions to society
 - We provide products and services that make society safer, more convenient and more comfortable.
 - We respect the culture and customs of surrounding communities, engage in activities and contribute to their development.
3. Fair and equitable relationships
 - We build fair, equitable, and moderate relationships with stakeholders.
 - We maintain transparency in our transactions and do not provide entertainment or exchange gifts that deviate from common sense.
 - We have no relationships whatsoever with antisocial forces and respond resolutely and systematically to unreasonable demands.
 - We disclose corporate information on the details of management and business activities in a timely and appropriate manner.
 - We do not engage in wrongful conduct or acts that lack fairness and impartiality with regard to political and government officials.
4. Respect for human rights and diversity
 - We respect human rights and do not tolerate discrimination or harassment based on race, creed, gender, nationality, physical characteristics or any other reason in any case.
5. Environmental protection
 - The Topre Group as a whole is working on the protection of the global environment.
 - We strive for resource savings by promoting the 3Rs of reduce, reuse and recycle.
 - We work positively on the reduction of greenhouse gas emissions.
6. Safety and health
 - We give top priority to ensuring the safety and health of employees.
 - We eliminate industrial accidents and create safe and healthy work environments.
7. Company assets
 - We prohibit the private diversion of company assets and their use for anything other than business purposes.
 - We do not leak or use corporate information or assets illegally.
 - We acquire, use and dispose of assets by legitimate procedures and not for the interests of any specific person.

8. Information security

- We establish and comply with regulations, etc., on the management and protection of personal and confidential information.

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

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

Preface

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

Basic Guidelines for Systems for Ensuring the Propriety of Business Operation

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

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

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

- 1) Group companies will classify risks associated with its business operations in accordance with its Risk Management Rules and establish units responsible for ongoing monitoring of those risks.
- 2) In order to deal with risks involving the entire company or multiple units, the Risk Management Subcommittee will coordinate the roles and duties of all involved units.
- 3) The Audit Department will receive reports on a regular basis from the Risk Management Subcommittee and audit the implementation of risk management at Group companies.

3. Systems for ensuring the efficient execution of duties by Directors at the Group including subsidiaries

- 1) The Company will maintain a system to ensure that business operations are carried out efficiently, through division of duties, approval authority and other rules based on internal

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

expenses and debts arising in relation to the performance of those duties

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

10. Systems to ensure effective audits by the Auditors

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

11. Systems to ensure proper financial reporting

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

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

1. Measures relating to compliance

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

2. Measures relating to risk management

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

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

- 1) The Board of Directors met 13 times during the term under review, made decisions regarding matters specified by laws, regulations, and the Articles of Incorporation as well as significant matters such as business plans and profit plans, and monitored the appropriate performance of duties.

- 2) Directors that have operational duties reported to the Board of Directors concerning the status of the execution of duties in order to ensure the appropriateness of the execution of duties by directors.

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

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

5. Measures relating to Audit Systems

- 1) The auditors conduct audits by engaging in close exchanges of information with the Audit Department, attending Board of Directors Meetings and other significant meetings, receiving reports from directors and employees, and conducting on-site investigations.
- 2) The Board of Auditors met 11 times during the term under review, requested reports and explanations from representative directors and others as necessary, and conducted audits concerning the execution of duties by directors.
- 3) The auditors conducted financial audits by closely collaborating with the independent auditor, receiving quarterly reports from the independent auditor, receiving explanations as necessary, and exchanging information.

(2) Basic Policy Regarding Control of Stock Company

N/A

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

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2023)

(Million yen)

| Item | Amount | Item | Amount |
|--|---------|---|---------|
| (Assets) | | (Liabilities) | |
| I Current assets | | I Current liabilities | |
| Cash and deposits | 49,873 | Notes payable and accounts payable | 58,303 |
| Notes receivable and accounts receivable | 59,830 | Short-term borrowings | 2,500 |
| Marketable securities | 50 | Long-term borrowings due within one year | 16,417 |
| Products and goods | 2,452 | Corporate taxes payable | 4,254 |
| Works in progress | 18,132 | Bonus reserves | 2,352 |
| Raw materials and stored goods | 6,861 | Bonus reserves for Officers | 56 |
| Other | 10,399 | Reserves for product warranties | 170 |
| Loan-loss reserves | -0 | Other | 16,263 |
| Total current assets | 147,598 | Total current liabilities | 100,318 |
| II Fixed assets | | II Fixed liabilities | |
| 1 Tangible fixed assets | | Bonds | 30,000 |
| Buildings and structures | 58,788 | Long-term borrowings | 7,384 |
| Machinery, equipment, and vehicles | 63,493 | Long-term accounts payable | 29 |
| Tools, furniture, and fixtures | 15,178 | Tax deferred liabilities | 5,371 |
| Land | 10,572 | PCB processing reserves | 41 |
| Lease assets | 1,002 | Reserves for stock grant to Officers | 44 |
| Construction in progress | 10,051 | Retirement benefit liabilities | 225 |
| Total tangible fixed assets | 159,085 | Other | 1,409 |
| 2 Intangible fixed assets | 4,503 | Total fixed liabilities | 44,505 |
| 3 Investments and other assets | | Total liabilities | 144,824 |
| Investment securities | 15,773 | | |
| Long-term loans | 376 | (Net assets) | |
| Deferred tax assets | 8,326 | I Shareholders' equity | |
| Other | 3,758 | 1 Capital | 5,610 |
| Loan-loss reserves | -46 | 2 Capital surplus | 4,735 |
| Total investments and other assets | 28,187 | 3 Earned surplus | 164,730 |
| Total fixed assets | 191,777 | 4 Treasury stock | -1,082 |
| | | Total shareholders' equity | 173,993 |
| | | II Other accumulated comprehensive income | |
| | | 1 Valuation difference on available-for-sale securities | 4,218 |
| | | 2 Foreign currency translation adjustment accounts | 12,509 |
| | | 3 Accumulated retirement benefit adjustments | 375 |
| | | Total other accumulated comprehensive income | 17,103 |
| | | III Minority interest | 3,454 |
| | | Total net assets | 194,551 |
| Total assets | 339,376 | Total liabilities and net assets | 339,376 |

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

Consolidated Income Statement
(April 1, 2022-March 31, 2023)

(Million yen)

| Item | Amount | |
|---|--------|---------|
| I Net sales | | 290,416 |
| II Cost of goods sold | | 266,574 |
| Gross income | | 23,842 |
| III SG&A expenses | | 16,511 |
| Operating income | | 7,330 |
| IV Non-operating income | | |
| Interest income | 472 | |
| Dividend income | 406 | |
| Rent income on fixed assets | 60 | |
| Foreign exchange gains | 7,756 | |
| Dividend income of insurance | 154 | |
| Income from subsidy | 408 | |
| Investment return using equity method | 231 | |
| Other non-operating income | 187 | 9,677 |
| V Non-operating expenses | | |
| Interest expenses | 188 | |
| Interest on bonds | 57 | |
| Rent expenses on fixed assets | 6 | |
| Allowance for Absence from work | 130 | |
| Other non-operating expenses | 107 | 490 |
| Recurring income | | 16,518 |
| VI Extraordinary income | | |
| Capital gains on the sale of fixed assets | 143 | |
| Capital gains on the sale of investment securities | 52 | |
| Other extraordinary income | 22 | 218 |
| VII Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 1,210 | |
| Loss on sales of investment securities | 2 | |
| Other extraordinary losses | 19 | 1,232 |
| Net income before income taxes | | 15,504 |
| Corporate taxes, resident taxes, and business taxes | 8,360 | |
| Corporate tax adjustments | -3,031 | 5,328 |
| Net income | | 10,175 |
| Net income attributable to non-controlling shareholders | | 165 |
| Net income attributable to shareholders of the parent company | | 10,009 |

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

Consolidated Shareholders' Equity Statement

(April 1, 2022-March 31, 2023)

(Million yen)

| | Shareholders' Equity | | | | |
|---|----------------------|-----------------|----------------|----------------|----------------------------|
| | Capital | Capital surplus | Earned surplus | Treasury stock | Total shareholders' equity |
| Beginning-of-term balance | 5,610 | 4,446 | 155,773 | -1,130 | 164,699 |
| Changes during the term under review | | | | | |
| Dividends on surpluses | | | -1,051 | | -1,051 |
| Net income attributable to shareholders of the parent company | | | 10,009 | | 10,009 |
| Share Buyback | | | | -0 | -0 |
| Disposal of treasury shares | | | | 48 | 48 |
| Change in interests of the parent company related to transactions with non-controlling shareholders | | 288 | | | 288 |
| Beginning-of-term (net) change in items excluding shareholders' equity | | | | | - |
| Total change in the term under review | - | 288 | 8,957 | 47 | 9,294 |
| End-of-term balance | 5,610 | 4,735 | 164,730 | -1,082 | 173,993 |

(Million yen)

| | Total other accumulated comprehensive income | | | | Non-controlling shareholders interest | Total net assets |
|---|---|--|--|--|---------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment accounts | Accumulated retirement benefit adjustments | Total other accumulated comprehensive income | | |
| Beginning-of-term balance | 3,255 | 8,751 | 38 | 12,045 | 3,720 | 180,465 |
| Changes during the term under review | | | | | | |
| Dividends on surpluses | | | | | | -1,051 |
| Net income attributable to shareholders of the parent company | | | | | | 10,009 |
| Share buyback | | | | | | -0 |
| Disposal of treasury shares | | | | | | 48 |
| Change in interests of the parent company related to transactions with non-controlling shareholders | | | | | | 288 |
| Beginning-of-term (net) change in items excluding shareholders' equity | 962 | 3,758 | 336 | 5,057 | -266 | 4,791 |
| Total change in the term under review | 962 | 3,758 | 336 | 5,057 | -266 | 14,085 |
| End-of-term balance | 4,218 | 12,509 | 375 | 17,103 | 3,454 | 194,551 |

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

Notes on Consolidated Financial Statements

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

1. Scope of consolidation

(1) Consolidated subsidiaries

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

(2) Non-consolidated subsidiaries

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

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

2. Items related to the application of the equity method

(1) Affiliates to which the equity method applied

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

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

J-MAX Co., Ltd. changed its trade name from Marujun Co., Ltd. as of July 1, 2022.

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

- Reasons for not applying the equity method:

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

3. Items related to the business years of consolidated subsidiaries

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

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

(i) Marketable securities

Other marketable securities

Items other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Cost method based on the moving average method

(ii) Derivative transactions

Market value method

(iii) Inventory assets

Inventories owned for normal sales purposes

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

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

(2) Depreciation method for important depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Straight-line method

- (ii) Intangible fixed assets (excluding lease assets)
 - Straight-line method
 - However, software that the Company uses is depreciated using the straight-line method over the estimated in-house working life of five years.
- (iii) Lease assets
 - Lease assets related to finance lease transactions in which ownership is transferred
 - The same depreciation method applied to fixed assets owned by the Company is applied.
 - Lease assets related to finance lease transactions in which ownership is not transferred
 - Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.
- (3) Standards for recording important reserves
 - (i) Loan-loss reserves
 - To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and an estimated unrecoverable amount is allocated.
 - (ii) Bonus reserves
 - To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.
 - (iii) Bonus reserves for Officers
 - The Company and its domestic consolidated subsidiaries prepare for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the consolidated fiscal year under review.
 - (iv) Reserves for stock grant to Officers
 - The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the relevant consolidated fiscal year under review.
 - (v) Reserves for product warranties
 - Estimated warranty costs based on past results are recorded as reserves to prepare for defect liability of products sold.
 - (vi) PCB processing reserves
 - To prepare for the payment of costs for processing PCBs and other waste that the Company stores, for expenses that can be reasonably estimated, the amounts expected to be incurred going forward are recorded.
- (4) Other important items that form the basis for creating consolidated financial statements
 - Standards for recording of retirement benefit liabilities
 - In the calculation of employee retirement liabilities, when attributing an estimated amount of retirement benefits to the period up to the end of the consolidated fiscal year under review, the estimated benefits method is mainly used.
 - Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a

period (10 years) equal to or less than the average remaining service years of employees for the fiscal year in which the differences occurred, commencing with the following consolidated fiscal year.

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

(5) Standards for recording significant revenue and expenses

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

(i) Press products business

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

(ii) Temperature-controlled logistics business

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

(6) Important methods of account hedging

(i) Method of account hedging

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

(ii) Hedging methods and transactions subject to hedging

Hedging methods

Interest swap

Transactions subject to hedging

Interest payable on specific borrowings

(iii) Hedging policy

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

(iv) Method of evaluating effectiveness

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

2 Notes on changes in accounting policy

(Application of the Implementation Guidance on Accounting Standards for Fair Value Measurement)

We applied the “Implementation Guidance on Accounting Standards for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; the “Implementation Guidance on Accounting Standards for Fair Value Measurement”) starting from the beginning of the consolidated fiscal year under review and decided to apply the new accounting policy provided in the Implementation Guidance on Accounting Standards for Fair Value Measurement prospectively in accordance with the transitional measures provided in paragraph 27-2 of the Implementation Guidance on Accounting Standards for Fair Value Measurement. There was no impact on the consolidated financial statements caused by the foregoing.

3 Notes on accounting estimates

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

1. Deferred tax assets: 8,326 million yen.

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

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

2. Tangible fixed assets: 159,085 million yen
Intangible fixed assets: 4,503 million yen

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

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

(Million yen)

| | Assets or asset group | | Consolidated fiscal year under review |
|------|-----------------------------|-------------------------|---------------------------------------|
| (i) | Topre America Corporation | Tangible fixed assets | 61,411 |
| | | Intangible fixed assets | 49 |
| (ii) | Topre India Private Limited | Tangible fixed assets | 5,156 |
| | | Intangible fixed assets | 433 |

After consideration, we did not record impairment losses. However, assumptions in the business plans and the like on which the calculation of undiscounted future cash flow was premised contains a high degree of uncertainty; accordingly, if the preconditions and assumptions have changed due to changes in the business environment and other factors, impairment losses may

arise in the tangible fixed assets.

4 Notes on recognition of revenue

(1) Breakdown of revenue

(Million yen)

| | Reporting Segments | | | Other (Note) | Total |
|--|----------------------------|---|---------|-----------------|---------|
| | Press products business | Temperature controlled logistics business | Total | | |
| Automotive press parts | 212,148 | — | 212,148 | — | 212,148 |
| Refrigerated containers | — | 28,891 | 28,891 | — | 28,891 |
| Other | 27,406 | 11,630 | 39,036 | 10,339 | 49,375 |
| Revenue resulting from agreements with customers | 239,555 | 40,522 | 280,077 | 10,339 | 290,416 |
| Other revenue | — | — | — | — | — |
| Sales to outside customers | 239,555 | 40,522 | 280,077 | 10,339 | 290,416 |

Note: “Other” is business segments not included in the reporting segments and includes air-conditioning equipment, electronic equipment, and other items.

(2) Basic information for understanding revenue

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

5 Notes on the Consolidated Balance Sheet

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

(1) Assets furnished as security

| | |
|------------------------------------|--------------------------|
| Buildings | 275 million yen |
| Machinery, equipment, and vehicles | 1 million yen |
| Land | 827 million yen |
| <u>Total</u> | <u>1,105 million yen</u> |

(2) Obligations pertaining to the security

| | |
|-----------------------|--------------------------|
| Long-term borrowings | 470 million yen |
| Short-term borrowings | 1,479 million yen |
| <u>Total</u> | <u>1,950 million yen</u> |

2. Cumulative depreciation on tangible fixed assets 234,241 million yen

3. Fixed asset reduction entries

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

6 Notes on the Consolidated Shareholders' Equity Statement

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

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

| Resolutions | Share type | Total dividends (Million yen) | Source of dividend | Dividends per share (Yen) | Record date | Effective date |
|---|---------------|----------------------------------|--------------------|------------------------------|--------------------|-------------------|
| Ordinary General Meeting of Shareholders of June 28, 2022 | Common shares | 525 | Earned surplus | 10.00 | March 31, 2022 | June 29, 2022 |
| Board of Directors Meeting on November 14, 2022 | Common shares | 525 | Earned surplus | 10.00 | September 30, 2022 | December 13, 2022 |

Notes:

1. The total dividend amount approved at the Ordinary General Meeting of Shareholders held on June 28, 2022, includes the 1 million yen in dividends on the 113,951 Company shares owned by the Officer Compensation BIP Trust Account.
2. The total dividend amount approved by the Board of Directors meeting held on November 14, 2022, includes the 0 million yen in dividends on the 88,684 Company shares owned by the Officer Compensation BIP Trust Account.

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

The following proposal for dividends on common shares will be proposed at the Ordinary General Meeting of Shareholders to be held on June 28, 2023.

| | |
|---------------------|-------------------|
| Total dividends | 1,051 million yen |
| Dividends per share | 20.00 yen |
| Record date | March 31, 2023 |
| Effective date | June 29, 2023 |

Dividends are to be sourced from earned surplus.

Note: The total dividend amount above includes the 1 million yen in dividends on the 88,684 Company shares owned by the Officer Compensation BIP Trust Account.

7 Notes on financial products

1. Situation regarding financial products

(1) Handling of financial products

The Group invests its funds in highly safe financial assets and procures necessary funds from financial institutions in accordance with its capital investment plan. We make use of derivatives to avoid

risks discussed later, but not for speculative purposes.

(2) Details of financial products and their risks

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

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

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

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

Derivative transactions are interest rate swap transactions for hedging against interest rate fluctuation risk related to borrowings as well as currency forward transactions and currency swap transactions for hedging against forex fluctuation risk related to foreign currency-denominated borrowings and loans. We engage in these transactions only to the extent of actual demand in accordance with each company's internal rules and accompanying regulations. Please see "Important methods of account hedging" under "Items related to accounting policy" mentioned earlier for hedging methods, transactions subject to hedging, hedging policy, and for the method of evaluating the effectiveness of hedging.

(3) Risk control systems related to financial products

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

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

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

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

(4) Supplementary explanation on financial product prices

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

As for the contracted amount of derivatives as mentioned in the notes regarding derivatives transactions, the amount itself does not indicate the market risk of the derivative transaction.

2. Market prices of financial products, etc.

The following are amounts provided in the Consolidated Balance Sheet as of March 31, 2023, market value, and the differences between the two. Stocks and other securities with no market price are not included in the table (please see Note 2).

(Million yen)

| | Amount recorded on the Consolidated Balance Sheet | Market value | Difference |
|---|---|---------------|---------------|
| (1) Marketable securities and investment securities | | | |
| Other marketable securities | 11,541 | 11,541 | — |
| Affiliate shares | 4,060 | 1,671 | -2,389 |
| (2) Long-term loans | 376 | | |
| Allowance for doubtful accounts (*3) | -37 | | |
| | 339 | 376 | 37 |
| Total assets | 15,941 | 13,589 | -2,352 |
| (1) Bonds | 30,000 | 29,948 | -52 |
| (2) Long-term borrowings (including long-term borrowings due within one year) | 23,801 | 23,824 | 22 |
| (3) Long-term accounts payable (other long-term accounts payable) | 29 | 29 | -0 |
| Total liabilities | 53,831 | 53,802 | -29 |
| Derivatives transactions (*4) | (47) | (47) | — |

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

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

(Million yen)

| Category | Amount recorded on consolidated balance sheet |
|-------------------|---|
| Non-listed shares | 221 |

Note 3: Loan-loss reserves recorded on the long-term loans have been deducted.

Note 4: Receivables and payables recorded on derivatives transactions are shown on a net basis, and those which are net payable overall are shown in parentheses.

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

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

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

Level 2 Market Value: Market value calculated using inputs other than that for Level 1, among the

inputs used for calculating observable market value.

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

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

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

Consolidated fiscal year under review (March 31, 2023)

(Million yen)

| Category | Market values | | | |
|---|---------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Marketable securities and investment securities | | | | |
| Other marketable securities | | | | |
| Stock | 10,021 | | | 10,021 |
| Bonds | | 631 | | 631 |
| Other | | 888 | | 888 |
| Total assets | 10,021 | 1,519 | — | 11,541 |
| Derivatives transactions | | | | |
| Currency-related | | 47 | | 47 |
| Total liabilities | — | 47 | — | 47 |

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

Consolidated fiscal year under review (March 31, 2023)

(Million yen)

| Category | Market values | | | |
|---|---------------|---------|---------|--------|
| | Level 1 | Level 2 | Level 3 | Total |
| Long-term loans | | 376 | | 376 |
| Affiliate shares | 1,671 | | | 1,671 |
| Total assets | 1,671 | 376 | — | 2,047 |
| Corporate bonds | | 29,948 | | 29,948 |
| Long-term borrowings (including long-term borrowings due within one year) | | 23,824 | | 23,824 |
| Long-term accounts payable | | 29 | | 29 |
| Total liabilities | — | 53,801 | — | 53,801 |

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

Marketable securities, investment securities, and affiliate shares

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

Derivatives transactions

The market values of interest rate swaps and currency forward exchange contracts are evaluated using observable inputs, such as prices quoted by the financial institutions that have entered into those contracts, and are classified as Level 2 market values.

Long-term loans

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

Corporate bonds

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

traded in active markets.

Long-term borrowings

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

Long-term accounts payable

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

8 Derivatives transactions

1. Derivatives transactions for which hedge accounting is not applicable

Currency related

| (Million yen) | | | | | |
|-------------------------|------------------|-----------------|--------------------------|--------------|------------------------|
| Category | Transaction type | Contract amount | Those exceeding one year | Market price | Valuation gains/losses |
| Non-market transactions | Long position | | | | |
| | Yen | 181 | — | -47 | -47 |
| Total | | 181 | — | -47 | -47 |

Note: Method for calculating price
The price is calculated based on the price, etc. provided by the financial institution with which the transaction took place.

2. Derivatives transactions for which hedge accounting is applicable

Interest-rate related

| (Million yen) | | | | | |
|--|---|--------------------------------------|-----------------------|------------------------------|--------------|
| Hedge Accounting Method | Transaction type | Main transactions subject to hedging | Contract amount, etc. | Contracts exceeding one year | Market price |
| Special treatment of interest rate swaps | Interest rate swap (Paid/fixed and received/floating) | Long-term borrowings | 32 | — | 0 |

Note: Method for calculating price
The price is calculated based on the price, etc. provided by the counterparty financial institution.

9 Notes regarding per share information

1. Net assets per share 3,640.37 yen
2. EPS 190.70 yen

Notes: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS. The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 88,684, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 95,237.

10 Notes concerning significant subsequent events

N/A

11 Other notes

Amounts less than 1 million yen were rounded down.

Financial Statements

Balance Sheet (As of March 31, 2023)

(Million yen)

| Item (Assets) | Amount | Item (Liabilities) | Amount |
|------------------------------------|---------|---|---------|
| I Current assets | | I Current liabilities | |
| Cash and deposits | 12,091 | Notes payable | 13,603 |
| Notes receivable | 4,060 | Accounts payable | 20,137 |
| Accounts receivable | 33,914 | Long-term borrowings due within one year | 12,800 |
| Goods | 568 | Lease obligations | 4 |
| Works in progress | 4,722 | Accounts payable | 680 |
| Raw materials | 1,286 | Accrued expenses | 1,468 |
| Stored goods | 148 | Corporate taxes payable | 2,237 |
| Prepaid expenses | 148 | Consumption taxes payable | 787 |
| Accrued revenues | 8,483 | Deposits received | 15,520 |
| Other current assets | 413 | Advances received | 212 |
| Total current assets | 65,837 | Bonus reserves | 1,293 |
| | | Bonus reserves for Officers | 20 |
| II Fixed assets | | Reserves for product warranties | 164 |
| 1 Tangible fixed assets | | Equipment-related notes payable | 470 |
| Buildings | 7,928 | Total current liabilities | 69,400 |
| Structures | 1,215 | II Fixed liabilities | |
| Machinery and equipment | 6,690 | Bonds | 30,000 |
| Vehicles | 37 | Long-term borrowings | 100 |
| Tools, furniture, and fixtures | 4,125 | Lease obligations | 9 |
| Land | 1,905 | Long-term account payables | 1 |
| Lease assets | 13 | Tax-deferred liabilities | 1,844 |
| Construction in progress | 927 | PCB processing reserves | 41 |
| Total tangible fixed assets | 22,843 | Reserves for stock grant to Officers | 44 |
| 2 Intangible fixed assets | | Long-term deposits received | 29 |
| Software | 638 | Total fixed liabilities | 32,069 |
| Software in progress | 309 | Total liabilities | 101,469 |
| Right of utilization | 10 | (Net assets) | |
| Total intangible fixed assets | 957 | I Shareholders' equity | |
| 3 Investments and other assets | | 1 Capital | 5,610 |
| Investment securities | 10,113 | 2 Capital surplus | |
| Affiliate shares | 31,637 | Capital reserves | 4,705 |
| Investments | 1 | Other capital surpluses | 2,552 |
| Long-term loans | 97,869 | Total capital surplus | 7,258 |
| Guarantee deposits | 47 | 3 Earned surplus | |
| Prepaid pension expenses | 1,744 | Retained earnings | 1,197 |
| Other investments | 71 | Dividend reserves | 400 |
| Loan-loss reserves | -816 | Reserve for reduction entry of land | 589 |
| Total investments and other assets | 140,669 | Reserve for reduction entry of replaced property | 874 |
| Total fixed assets | 164,471 | Reserve for reduction entry of noncurrent assets | 82 |
| | | Special reserves | 18,914 |
| | | Earned surplus carried over | 91,338 |
| | | Total earned surplus | 113,396 |
| | | 4 Treasury stock | -1,573 |
| | | Total shareholders' equity | 124,692 |
| | | II Valuation and translation adjustments | |
| | | Valuation difference on available-for-sale securities | 4,146 |
| | | Total valuation and translation differences | 4,146 |
| | | Total net assets | 128,839 |
| Total assets | 230,308 | Total liabilities and net assets | 230,308 |

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

Income Statement
(April 1, 2022-March 31, 2023)

(Million yen)

| Item | | Amount | |
|------|---|--------|---------------|
| I | Net sales | | 125,405 |
| II | Cost of goods sold | | 111,560 |
| | Gross income | | 13,844 |
| III | SG&A expenses | | 5,816 |
| | Operating income | | 8,028 |
| IV | Non-operating income | | |
| | Interest income | 2,191 | |
| | Dividend income | 1,937 | |
| | Rent income on fixed assets | 63 | |
| | Foreign exchange gains | 6,991 | |
| | Dividend income from insurance | 112 | |
| | Other non-operating income | 229 | 11,525 |
| V | Non-operating expenses | | |
| | Interest expenses | 46 | |
| | Interest on bonds | 57 | |
| | Rent expenses on fixed assets | 7 | |
| | Allowance for Absence from work | 67 | |
| | Allowance for doubtful accounts | 69 | |
| | Other non-operating expenses | 65 | 313 |
| | Recurring income | | 19,240 |
| VI | Extraordinary income | | |
| | Capital gains on the sale of investment securities | 44 | |
| | Capital gains on the sale of fixed assets | 65 | 109 |
| VII | Extraordinary losses | | |
| | Loss on sales and retirement of non-current assets | 1,142 | |
| | Loss on valuation of shares of subsidiaries | 117 | 1,259 |
| | Net income before income taxes | | 18,090 |
| | Corporate taxes, resident taxes, and business taxes | 4,762 | |
| | Corporate tax adjustments | 76 | 4,838 |
| | Net income | | 13,251 |

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

Shareholders' Equity Statement

(April 1, 2022-March 31, 2023)

(Million yen)

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

(Million yen)

| | Shareholders' Equity | | | | | |
|---|----------------------|-------------------------------------|--|---|------------------|-----------------------------------|
| | Earned surplus | | | | | |
| | Other earned surplus | | | | | |
| | Dividend reserves | Reserve for reduction entry of land | Reserve for reduction entry of replaced property | Reserve for reduction entry of fixed assets | Special reserves | Retained earnings brought forward |
| Beginning-of-term balance | 400 | 589 | 906 | 88 | 18,914 | 79,101 |
| Changes during the current term | | | | | | |
| Dividends on surpluses | | | | | | -1,051 |
| Net income | | | | | | 13,251 |
| Reversals of reserve for reduction entry of replaced property | | | -31 | | | 31 |
| Reversal of reserve for reduction entry of noncurrent assets | | | | -5 | | 5 |
| Share buyback | | | | | | |
| Disposal of treasury shares | | | | | | |
| (Net) change in items excluding shareholders' equity in the fiscal year | | | | | | |
| Total change in the current term | — | — | -31 | -5 | — | 12,236 |
| End-of-term balance | 400 | 589 | 874 | 82 | 18,914 | 91,338 |

(Million yen)

| | Shareholders' Equity | | | Valuation and translation differences | | Total net assets |
|---|----------------------|----------------|----------------------------|---|---|------------------|
| | Earned surplus | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation differences | |
| | Total earned surplus | | | | | |
| Beginning-of-term balance | 101,196 | -1,621 | 112,444 | 3,170 | 3,170 | 115,615 |
| Changes during the current term | | | | | | |
| Dividends on surpluses | -1,051 | | -1,051 | | | -1,051 |
| Net income | 13,251 | | 13,251 | | | 13,251 |
| Reversals of reserve for reduction entry of replaced property | — | | — | | | — |
| Reversal of reserve for reduction entry of noncurrent assets | — | | — | | | — |
| Share buyback | — | -0 | -0 | | | -0 |
| Disposal of treasury shares | — | 48 | 48 | | | 48 |
| (Net) change in items excluding shareholders' equity in the fiscal year | — | | | 975 | 975 | 975 |
| Total change in the current term | 12,199 | 47 | 12,247 | 975 | 975 | 13,223 |
| End-of-term balance | 113,396 | -1,573 | 124,692 | 4,146 | 4,146 | 128,839 |

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

Notes on Standalone Financial Statements

1 Notes on matters relating to important accounting policy

1. Valuation standards and valuation methods of assets

(1) Marketable securities

(i) Shares in subsidiaries and affiliates

Cost method based on the moving average method

(ii) Other marketable securities

Items other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Cost method based on the moving average method

(2) Inventory assets

Inventory owned for normal sales purposes

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

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

2. Depreciation method for important fixed assets

(1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

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

(3) Lease assets

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

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

3. Standards for recording reserves

(1) Loan-loss reserves

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

(2) Bonus reserves

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

- (3) Bonus reserves for Officers

The Company prepares for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the term under review.
 - (4) Reserves for stock grant to Officers

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

Estimated guarantee costs based on past results are recorded as reserves to prepare for defect liability of products sold.
 - (6) Retirement benefit reserves

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

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

To prepare for payment of costs for processing PCBs and other waste that the Company stores, reasonably estimated funds expected to be accessed in the future are allocated.
4. Methods of account hedging
- (1) Method of account hedging

Currency forward transactions meeting the requirements for deferral hedge accounting are accounted for by deferral hedge accounting, and interest swap transactions meeting the requirements for special processing are accounted for using special processing.
 - (2) Hedging methods and transactions subject to hedging

Hedging methods
 Currency forward transactions, Interest rate swaps

Transactions subject to hedging
 Foreign currency loans, Interest payable on specific borrowings
 - (3) Hedging policy

Pursuant to internal rules relating to derivative transactions, currency fluctuation risk and interest fluctuation risk are hedged to a certain extent.
 - (4) Method of evaluating hedging effectiveness

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

5. Standards for recording revenue and expenses

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

(i) Press products business

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

(ii) Temperature-controlled logistics business

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

2 Notes on changes in accounting policy

(Application of the Implementation Guidance on Accounting Standards for Fair Value Measurement)

We applied the “Implementation Guidance on Accounting Standards for Fair Value Measurement” (Accounting Standards Board of Japan Guidance No. 31, June 17, 2021; the “Implementation Guidance on Accounting Standards for Fair Value Measurement”) starting from the beginning of the fiscal year under review and decided to apply the new accounting policy provided in the Implementation Guidance on Accounting Standards for Fair Value Measurement prospectively in accordance with the transitional measures provided in paragraph 27-2 of the Implementation Guidance on Accounting Standards for Fair Value Measurement. There was no impact on the financial statements caused by the foregoing.

3 Notes on accounting estimates

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

| | the fiscal year under review (Million yen) |
|------------------|--|
| Affiliate shares | 31,637 |

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

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

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

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

losses.

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

4 Notes on recognition of revenue

(1) Breakdown of revenue

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

(2) Basic Information for understanding revenue

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

5 Notes on the Balance Sheet

| | | |
|----|--|--------------------|
| 1. | Cumulative depreciation on tangible fixed assets | 77,929 million yen |
| 2. | Short-term claims against affiliates | 24,941 million yen |
| | Long-term claims against affiliates | 97,817 million yen |
| | Short-term debts owed to affiliates | 25,239 million yen |
| 3. | Guarantee obligations | |

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

| | |
|--|-------------------|
| Borrowings from financial institutions | |
| TOPRE (WUHAN) AUTOPARTS CORPORATION | 1,489 million yen |
| Topre America Corporation | 667 million yen |
| TOPRE (FOSHAN) AUTOPARTS CORPORATION | 72 million yen |
| Total | 2,230 million yen |

6 Notes on Profit/Loss Statement

| | |
|---|--------------------|
| Trade volume with affiliates | |
| Sales | 33,900 million yen |
| Purchases | 57,049 million yen |
| Trade volume other than business trades | 3,724 million yen |

7 Notes on Statements of Changes in Net Asset

| | | |
|----|---|-------------------|
| 1. | Type and number of outstanding shares at the end of the term under review | |
| | Common shares | 54,021,824 shares |
| 2. | Type and number of treasury shares at end of the term under review | |
| | Common shares | 1,527,923 shares |

8 Notes relating to deferred tax assets and liabilities

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

(1) Deferred tax assets

| | | |
|---|-------|-------------|
| Loss on valuation of inventory assets | 59 | million yen |
| Lump-sum depreciable assets | 46 | |
| Bonus reserves | 395 | |
| Social insurance premium related to bonus reserves | 63 | |
| Unpaid business taxes | 144 | |
| Amount recorded on estimates for product warranties | 33 | |
| Reserves for product warranties | 50 | |
| Reserves for stock grant to Officers | 13 | |
| PCB processing reserves | 12 | |
| Evaluation loss on investment securities | 124 | |
| Impairment loss | 1 | |
| Subsidiary loan-loss reserves | 249 | |
| Other | 5 | |
| Deferred tax asset total | 1,199 | |

(2) Deferred tax liabilities

| | | |
|---|--------|-------------|
| Prepaid pension expenses | -533 | million yen |
| Reserve for reduction entry of land | -259 | |
| Reserve for reduction entry of replaced property | -385 | |
| Reserve for reduction entry of noncurrent assets | -36 | |
| Valuation difference on available-for-sale securities | -1,828 | |
| Deferred tax liability total | -3,044 | |
| Net deferred tax assets (liabilities) | -1,844 | |

9 Notes on transactions with related parties

(Subsidiaries, etc.)

| Type | Name of company, etc. | % of voting rights owned (owned by) | Relationship with related party | Transaction | Transaction amount (million yen) | Category | Balance at end of term (million yen) |
|------------|-------------------------------|-------------------------------------|---|---------------------------------|----------------------------------|---|--------------------------------------|
| Subsidiary | Toprec Corporation | Directly own 100% | Purchaser of goods | Product sale | 24,424 | Accounts receivable | 13,903 |
| | | | Company supplier | Purchase of parts and equipment | 306 | Accounts payable | 25 |
| | | | Entrustment of operating funds | Entrustment of funds | 1,000 | Deposits | 8,000 |
| Subsidiary | Toho Transportation Co., Ltd. | Directly own 50% | Purchaser of goods and Outsourcing of transport | Sales of by-products (Scraps) | 238 | Accounts receivable Accounts payable | - 3 |

| Type | Name of company, etc. | % of voting rights owned (owned by) | Relationship with related party | Transaction | Transaction amount (million yen) | Category | Balance at end of term (million yen) |
|------------|---------------------------|-------------------------------------|---------------------------------|--|----------------------------------|-----------------------------|--------------------------------------|
| | | | services | | | | |
| | | | | Outsourcing of transport services, etc. | 735 | Notes payable | - |
| | | | Entrustment of operating funds | Entrustment of funds | 100 | Unpaid expenses | 78 |
| | | | Financial assistance | Lending of funds | - | Deposits | 6,200 |
| | | | | Collection of funds | - | | |
| | | | Concurrent officers | | | | |
| Subsidiary | Topre Kyushu Corporation | Directly own 100% | Company supplier | Component purchase | 24,425 | Accounts payable | 3,632 |
| | | | | | | Notes payable | 1,202 |
| | | | Equipment arrangements, etc. | Equipment arrangements, supply of parts | 10,329 | Accounts receivable - other | 1,822 |
| | | | | | | Advance payments | - |
| | | | Financial assistance | Lending of funds | - | Long-term loans | 935 |
| | | | | Collection of funds | 1,366 | | |
| | | | Concurrent officers | | | | |
| Subsidiary | Topre Tokai Corporation | Directly own 100% | Company supplier | Component purchase | 21,874 | Accounts payable | 2,801 |
| | | | Equipment arrangements, etc. | Equipment arrangements, supply of parts | 13,439 | Accounts receivable - other | 3,741 |
| | | | Financial assistance | Lending of funds | - | Long-term loans | 3,010 |
| | | | | Collection of funds | 2,173 | Advances paid | 2 |
| | | | Concurrent officers | | | | |
| Subsidiary | MITSUIKE CORPORATION | Directly own 91.0% | Purchaser of goods | Sales of components | 0 | Accounts receivable | - |
| | | | Company supplier | Component purchase | 3,445 | Accounts payable | 411 |
| | | | Equipment arrangements, etc. | Equipment arrangements, supply of parts | 1,688 | Notes payable | 107 |
| | | | | | | Accounts receivable - other | 553 |
| | | | | | | Advance payments | 326 |
| | | | Financial assistance | Collection of funds | - | Long-term loans | 1,000 |
| Subsidiary | Topre America Corporation | Directly own 100% | Purchaser of goods | Component, dies and molds, equipment sales | 4,019 | Accounts receivable | 1,267 |
| | | | | | | Accounts payable | 6 |

| Type | Name of company, etc. | % of voting rights owned (owned by) | Relationship with related party | Transaction | Transaction amount (million yen) | Category | Balance at end of term (million yen) |
|------------|---|-------------------------------------|---|--|---------------------------------------|--|--------------------------------------|
| | | | Company supplier Financial assistance Concurrent officers | Component purchase Lending of funds Collection of funds Receipt of interest Guarantee of obligations | 95 15,376 7,547 1,614 667 | Long-term loans Unpaid expenses | 72,725 - |
| Subsidiary | Topre Autoparts Mexico, S.A. de C.V. | Directly own 100% | Purchaser of goods Company supplier Financial assistance Concurrent officers | Component, dies and molds, equipment sales Component purchase Lending of funds Collection of funds Receipt of interest | 3,203 10 - 3,416 247 | Accounts receivable Accounts payable Long-term loans | 2,299 - 6,204 |
| Subsidiary | TOPRE (FOSHAN) AUTOPARTS CORPORATION | Directly own 100% | Purchaser of goods Company supplier Concurrent officers | Component, dies and molds, equipment sales Component purchase Guarantee of obligations | 655 0 72 | Accounts receivable Accounts payable | 298 - |
| Subsidiary | TOPRE (XIANGYANG) AUTOPARTS CORPORATION | Directly own 100% | Purchaser of goods Company supplier Financial assistance Concurrent officers | Component, dies and molds, equipment sales Component purchase Lending of funds Collection of funds Receipt of interest | 379 20 - 540 11 | Accounts receivable Accounts payable Long-term loans | 174 7 950 |
| Subsidiary | TOPRE (WUHAN) AUTOPARTS CORPORATION | Directly own 100% | Purchaser of goods Financial assistance | Component, dies and molds, equipment sales Lending of funds | 39 - | Accounts receivable Long-term loans | 22 2,625 |

| Type | Name of company, etc. | % of voting rights owned (owned by) | Relationship with related party | Transaction | Transaction amount (million yen) | Category | Balance at end of term (million yen) |
|------------|------------------------------|-------------------------------------|---|--|----------------------------------|--|--------------------------------------|
| | | | | Collection of funds Receipt of interest Guarantee of obligations | 375 29 1,489 | | |
| Subsidiary | TOPRE (THAILAND) CO., LTD. | Directly own 100% | Purchaser of goods Financial assistance Concurrent officers | Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest | 528 - 1,327 31 | Accounts receivable Long-term loans | 94 1,578 |
| Subsidiary | TOPRE India Pvt. Ltd. | Directly own 100% | Purchaser of goods Financial assistance Concurrent officers | Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest | 268 3,098 623 63 | Accounts receivable Long-term loans | 287 8,438 |
| Subsidiary | PT.TOPRE INDONESIA AUTOPARTS | Directly own 100% | Financial assistance Concurrent officers | Lending of funds Collection of funds Receipt of interest | - - 0 | Long-term loans | 30 |
| Affiliate | J-MAX Co., Ltd. | Directly own 20.2% | Company supplier Equipment arrangements, etc. Concurrent officers | Component, dies and molds, equipment sales Equipment arrangements, supply of parts | 4,958 2,913 | Accounts payable Notes payable Accounts receivable - other | 783 231 310 |

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

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

10 Notes regarding per share information

1. Net assets per share 2,454.36 yen

2. EPS 252.47 yen

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

The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 88,684, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 95,237.

11 Notes concerning significant subsequent events

N/A

12 Other notes

Amounts less than 1 million yen were rounded down.