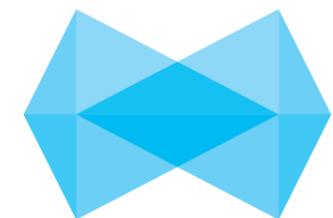




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Chiyoda-ku, Tokyo 102-0075 Japan



**NPR-RIKEN**

**INTEGRATED REPORT**

**2025**

# Toward the Realization of Consolidation Synergies

Creating consolidation synergies is an important management issue to us and one of the themes of our First Midterm Management Plan. Regarding cost synergies, we have set targets for achieving them by FY2026 at an early stage, and have been promoting and executing various measures to steadily achieve them.

Furthermore, we are also promoting and executing various measures aimed at realizing top-line synergies (sales synergies) and innovation synergies (synergies through knowledge creation that begins with the sharing of tacit knowledge), which require time frames in the medium to long term.

## Status of Consolidation Synergies (FY2024 measures aimed at creating synergies (partial list))

### ■ Cost synergies

#### Business divisions

- Reduced costs through joint purchasing
- Integration of specifications of purchased products
- Procurement of cheaper products with the same specifications
- Transfer and consolidation of processing processes
- Consolidation of logistics bases



#### Management divisions (including financial synergies)

- Integration of corporate divisions
- Introduction of a management system for Group funds
- Funding through positive impact financing
- Expanded investment in next core business
- Expanded green investment that contributes to improved competitiveness



### ■ Top-line synergies

#### (Sales synergies)

- Organizational integration of sales and development divisions  
⇒ Improved efficiency of existing businesses  
⇒ Shifted resources to the next core business that will lead the way in the future
- Expansion of sales of new products of next core business



### ■ Innovation synergies

#### Synergies through intellectual creation that begins with the sharing of tacit knowledge

- Shared manufacturing expertise at the manufacturing department level
- Held practical workshops for knowledge creation
- Built a company portal using groupware and operated it as infrastructure for sharing knowledge

### ■ Target time frame of synergies

We will realize synergies that span different time frames and link them to sustainable growth and enhancement of corporate value for the Group over the medium to long term.

#### Intended synergies

Innovation synergies

Time frame for realization:  
Long term

Top-line synergies

Time frame for realization:  
Medium term

Cost synergies

Time frame for realization:  
From establishment onwards (2026 target: 3 billion yen)

Time frame

Enhanced sustainable corporate value and contribution to the development of society

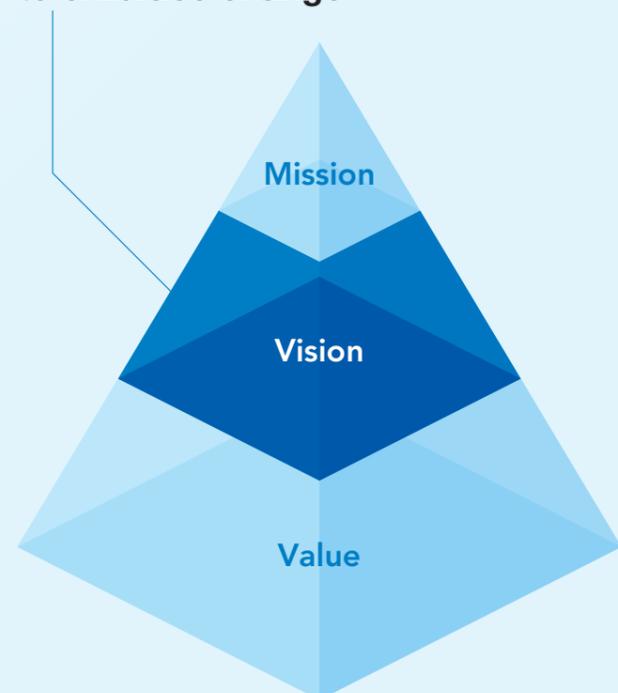




# Three Challenges

Create innovation through the blending of people and technology while continuing to embrace change.  
NPR-RIKEN will address three challenges to build the competencies and capabilities to sustain our present and future.

Create innovation through the blending of people and technology while continuing to embrace change



## Challenge 01

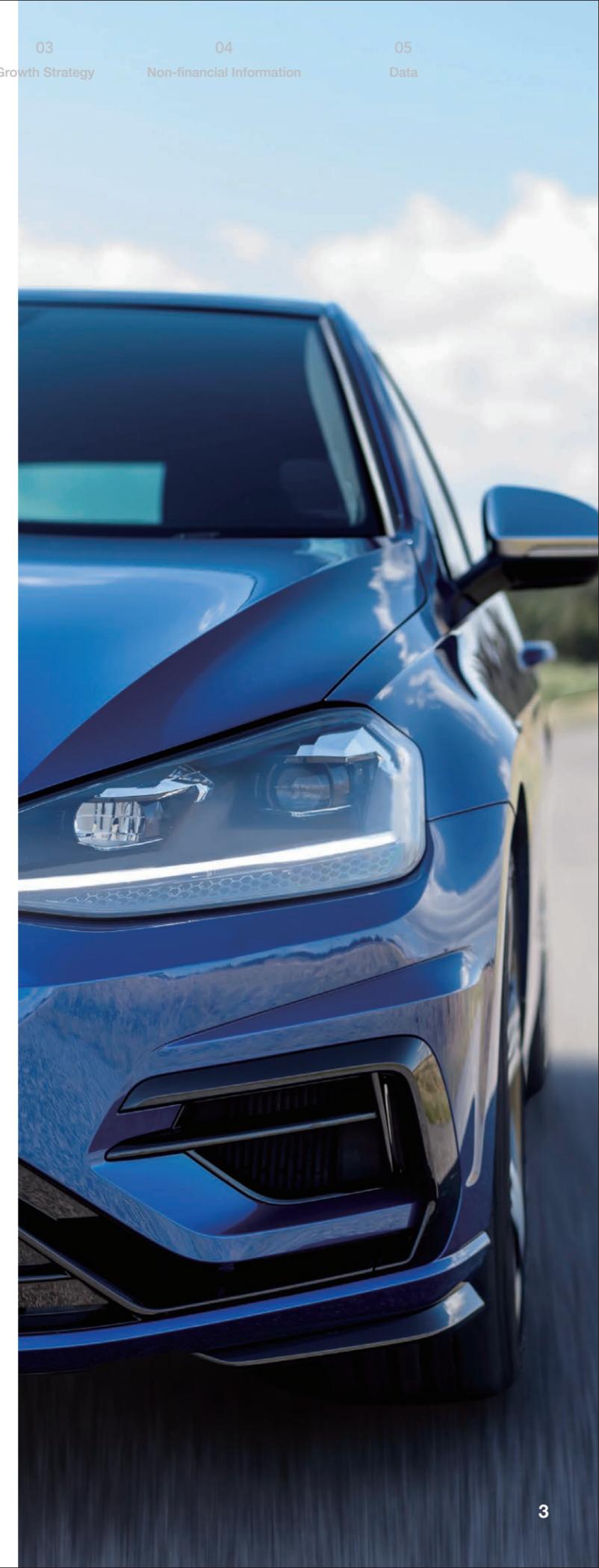
### To face the changing market

Reducing CO<sub>2</sub> emissions to achieve carbon neutrality as a measure against global warming is a global challenge, and the demand for internal combustion engine (ICE) parts, which account for more than half of the Group's sales, is expected to decline in the medium to long term as automakers, the Group's main customers, shift to battery electric vehicles (BEVs).

On the other hand, shifting to BEVs alone is not the absolute option for achieving carbon neutrality, and the demand for ICEs that burn carbon-neutral fuels (such as synthetic fuels made from hydrogen and CO<sub>2</sub> (e-fuel), biofuels made from plants that absorb CO<sub>2</sub> through photosynthesis, and green hydrogen) is expected to continue and increase, mainly for commercial vehicles, marine vessels, and industrial use.

As a Group that has been continued to hone its technology, develop, manufacture, and supply ICE parts for over 100 years and currently boasts the top global share in automotive piston rings, we believe that securing profits even in a period of declining demand, reducing environmental impact, and continuing to provide products that contribute to the realization of a carbon-neutral society are important in realizing our management philosophy.

Specific initiatives: P. 12-13, 36-37, 44





## Challenge 02

### To meet new demands

In contrast to the area of ICE parts, in the non-ICE area, demand is expected to remain strong and increase over the medium to long term for products that respond to factors such as labor-saving measures in the construction industry due to labor shortages, the continued growth of cloud computing and the spread of next-generation communication standards, the expansion of the use of robots due to labor shortages, the evolution of medical equipment due to the aging of the global population and advances in medical care, the increase and complexity of sensors and control devices installed in mobile vehicles, and the shift from using thermal energy produced by burning fossil fuels to using electrical resistance heating.

We believe that the Group has a business portfolio that can supply products that meet these new demands, including potential demands. However, the scale of these businesses is still small, and they are not yet able to compensate for the decline in demand for ICE parts or become new sales and profit pillars.

We believe that developing and improving (expanding) sales of these “next core business and new product business” in order to respond to a wide range of new demands is important in realizing our management philosophy.

Specific initiatives: P. 40–43, 45



## Challenge 03

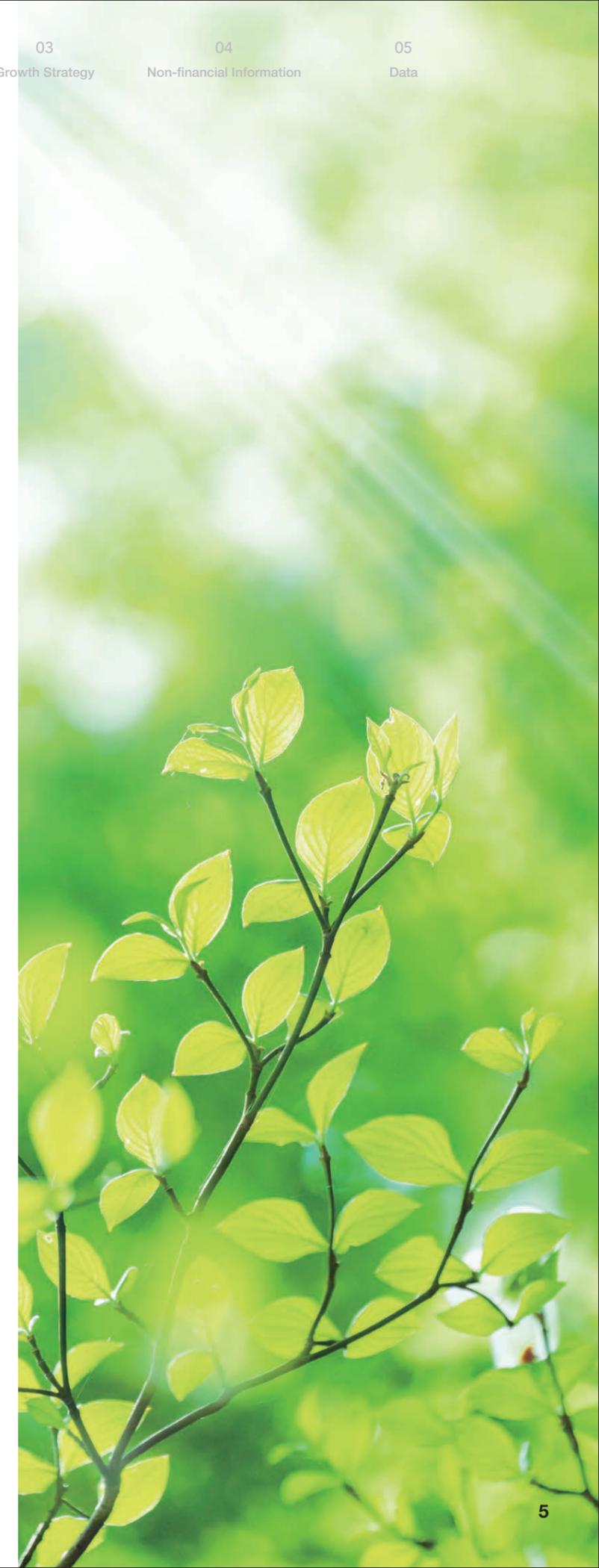
### To realize a sustainable society

Realizing a sustainable society is a global challenge, and the Group is expected to contribute to this realization through both the products we provide and by strengthening our own management foundation.

For example, the SDGs have 17 goals and 169 targets, and issues surrounding sustainability are becoming more diverse. This makes it essential for the Group to promote sustainability management as a company-wide, integrated initiative.

Furthermore, we believe that promoting sustainability management is not only beneficial to society, but is also related to the sustainable growth of the Group as a foundation for growth, and that a planned and sincere approach to this issue is important for realizing our management philosophy.

Specific initiatives: P. 28–29, 46–67



# Long-Term Management Vision

The NPR-RIKEN Group has defined a long-term management vision to evolve into a completely new leading company and achieve sustainable growth and enhanced corporate value. The First Midterm Management Plan is positioned as a period for building the base for this by working to “Generate synergies through consolidation,” “Reform business portfolio,” and “Strengthen sustainability management and develop a foundation for growth.”



As the automotive industry undergoes a once-in-a-century transformation, the Two Companies will leverage the brand power they have built up over the years to reallocate management resources and foster the development of the next core businesses under an integrated governance.

**NPR-RIKEN established**

FY2023	
Net sales	168.6 billion yen
Ordinary profit ratio	8.1%
ROE	6.2%

**First Midterm Management Plan**  
(FY2024-FY2026)

'Innovation' and 'Challenge,' and to the New Stage

FY2026	
Net sales	180.0 billion yen
Ordinary profit ratio	9% or more
ROE	8% or more

**Evolution into a completely new leading company**

**Realization of sustainable growth and enhanced corporate value**

## Next core business grows to be a new pillar

- Establish a base for sustainable sales and profit growth by reorganizing the business portfolio
- Establish and improve a base for sustainable growth through sustainability management

Note: If 12-month results of Riken and NPR are reflected (excluding gain on bargain purchase)



# Group Philosophy

## Mission

**Build the competencies and capabilities to sustain our present and future**

## Vision

**Create innovation through the blending of people and technology while continuing to embrace change**

## Value



### [Editorial Policy]

This document is published to present how the Group is trying to achieve sustainability management. It introduces our ESG initiatives to our shareholders, investors, and other stakeholders, in addition to the Group's business strategies that aim for sustainable development of society and sustainable enhancement of corporate value, such as contributing to the achievement of the SDGs and providing products with superior environmental performance more widely putting our corporate philosophy into practice.

### [Special Note on Forward-looking Statements]

This document contains forward-looking statements. These are based on NPR-RIKEN's judgment at the time this document was prepared and include risks, uncertainties, and other factors. Please be aware that changes in conditions may cause actual results and performance to differ materially from those described in this document.

### [Period of Report]

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)  
Note: Some activities outside the period covered are also introduced.

### [Scope of Report]

NPR-RIKEN CORPORATION and consolidated subsidiaries  
Note: Part of this report covers only NPR-RIKEN CORPORATION and group companies in Japan.

### [Reference Guideline]

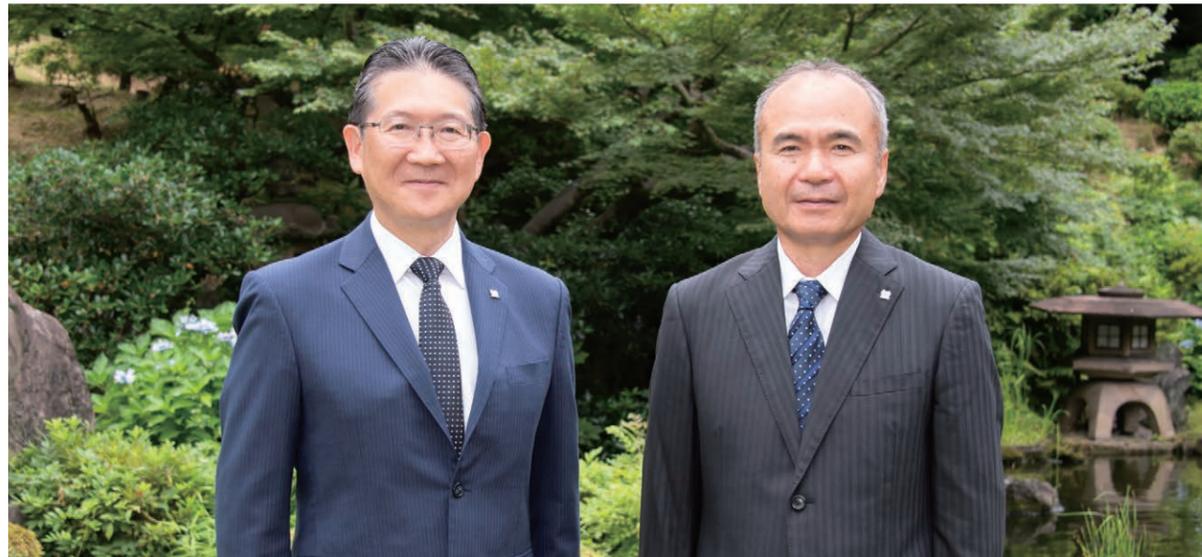
- Value Reporting Foundation (VRF): International Integrated Reporting Framework
- Ministry of Economy, Trade and Industry: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation

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NPR-RIKEN Website  
<https://www.npr-riken.co.jp/en/>

# Message from Top Management



**Yasunori Maekawa**  
Representative Director, Chairman and CEO

**Teruo Takahashi**  
Representative Director, President and COO

## We will achieve transformation and sustainable growth through the fusion of people and technology

We have now completed the second fiscal year since our establishment in October 2023, following the business integration of Riken Corporation and Nippon Piston Ring Co., Ltd. (the "Two Companies"). In our third fiscal year, our goal is complete integration (group reorganization), including the transition of strategic business units to an operating holding company. I would like to take this opportunity to express my heartfelt gratitude to all of our myriad stakeholders.

The global situation and the business environment surrounding the Company are becoming increasingly opaque and uncertain due to factors such as continued upward pressure on prices, major changes in the trade policies of various countries, and increasing geopolitical risks.

Looking back, one of the objectives of our business integration was to achieve sustainable growth and enhance corporate value, even as we face a once-in-a-century period of major transformation in the automotive industry. Even in these highly uncertain circumstances, it is the Group's mission to respond flexibly and rapidly to various risks and steadily implement the growth strategies outlined in The First Midterm Management Plan (FY2024 to FY2026, the "Midterm Plan") and our long-term vision (2030 Vision).

### Progress of The First Midterm Management Plan

The Midterm Plan focuses on the three themes: generate synergies through consolidation, reform the business portfolio, and strengthen sustainability management and develop a foundation for growth. It also lays out quantitative goals to

achieve a return on equity that exceeds the cost of shareholders' equity.

Looking first at reforming of our business portfolio, we aim to achieve sustainable sales and profit growth by pursuing thorough reform and preparing for the future. Specifically, we are strengthening the profitability of our existing businesses, centered on automotive engine parts. We aim to achieve this and secure revenues by creating synergies through business integration and proactively capturing and expanding demand for non-passenger car engine parts such as heavy-duty commercial, marine, and industrial, as well as aftermarket parts, even as demand for mainstay passenger car engine parts is peaking.

In order to expand sales and corporate scale in 2030 and beyond, we plan to shift management resources (people,

goods, and money) to our next core businesses, which we expect to grow in the future, and aim to increase sales by these businesses to a level that will make them a new pillar of the Group.

Our second fiscal year, FY2024, was the first fiscal year of the Midterm Plan, and our performance over the past year has improved thanks to the effects of the weak yen; the pass-through of sales prices; rationalization, including consolidation synergies; and the absorption of cost increases, particularly in labor costs, by making Shinwa Vanes Co., Ltd. a subsidiary. These efforts combined resulted in increased profits and were a solid step towards achieving the Midterm Plan. Our efforts to promote sustainability management are showing results and are currently progressing at a pace that exceeds the targets set out in the Midterm Plan.

### Relationship to the three synergies

Type of synergies	Main effect	Time frame (partially predicted)	Main management capital
Cost synergies	Cost reduction	First Midterm Management Plan period (From FY2024)	Organizations, assets
Top-line synergies	Expanded sales	Second Midterm Management Plan period (From FY2027)	Customers, products, businesses
Innovation synergies	New value creation	Long-term (From FY2030)	Human resources, intellectual capital

### Consolidation Synergies

The target for consolidation synergies in FY2026 is 3 billion yen per year, and with the corporate divisions of the Two Companies spearheading the integration, development and sales divisions will be unified into single organizations to streamline business operations. The business divisions are also optimizing production in each integrated department and division, including the piston ring business, and steady progress will be made toward maximizing consolidation synergies. In FY2025, we will continue to take the best parts of the Two Companies and immediately implement what we can, and we expect to achieve effects of approximately 1.5 to 2.0 billion yen from the measures implemented from FY2024 and new initiatives.

In addition to cost synergies, we are also working on the creation of top-line synergies. We are currently working on a variety of projects for top-line synergies that will lead to new business opportunities by using the resources freed up through efficiency improvements to cross-sell products and services, proactively approach customers we have not explored to date, complement and strengthen our product lineup, and consider and propose ways to incorporate products that customers are considering outsourcing. Although it will take three to five years for these ideas to materialize and develop into new products, we believe they will contribute to sales in the Second Midterm Management Plan (from FY2027 onwards).

To further build up synergies in the medium to long term, it is essential that we generate innovation by integrating the people, technology, and knowledge of the Two Companies. This is the core of the Group's Management Philosophy, and we are determined to capture the innovation synergies that are generated through knowledge creation.

To make this possible, we are starting by promoting the integration of our R&D divisions and open innovation, while also approaching it from the perspective of passing on and



Practical workshops for knowledge creation

sharing skills and know-how. Specifically, we are working to further enhance harmony throughout the Group and are sharing good examples in multiple fields, holding presentations, and conducting knowledge creation practice workshops. We have also begun efforts to build an internal portal on groupware and operate it as knowledge-sharing infrastructure.

We believe that these efforts will continue to bear fruit in the future beyond the span of current projects for top-line synergies. This will be achieved by wholeheartedly promoting the creation of an environment that nurtures innovation through the knowledge creation that begins with the sharing of tacit knowledge.



### Business Environment

Even before the business integration, the Group had been investing management resources in a variety of areas, including the semiconductor-related business, pipe fitting business, and medical field. Under the Midterm Plan, we will further accelerate these efforts as part of our reform of the business portfolio. Currently, passenger car internal combustion engine (ICE) parts account for approximately 50% of the Group's automotive parts sales, but we anticipate that the shift to BEVs will have a significant impact on our sales of ICE parts. We are continuously monitoring these trends as one of the important factors in the business environment.

In the current market environment, the growth of EV adoption in Europe and North America has slowed, but we recognize that the production of ICE-equipped vehicles has peaked, and we believe that the trend toward diversifying power sources and the shift to BEVs will continue in the medium to long term.

However, there are challenges to be overcome in the shift to BEVs, such as infrastructure and battery performance, and we do not expect all cars to become BEVs. We believe that, in addition to reducing environmental impact, our technologies and product lineup can continue to make a significant contribution to the evolution of engines, such as the

development of ICE parts that support carbon neutrality. With the number of cars owned worldwide reaching 1.6 billion, the repair market is also an important market.

We will continue to work on technological development and new projects for ICE parts for passenger cars so that we can contribute to the further evolution of engines and meet the needs of the market and our customers.

For non-passenger car ICE markets, such as heavy-duty commercial, marine, and industrial engines, as well as the repair market, we will ensure profits by further capturing global demand, in light of the future potential of these markets.

In order to expand sales and corporate scale through 2030 and further beyond, we will shift our management resources to the next core business with promising growth potential. We will continue to strive to be the First Choice in ICE for our customers around the world, while at the same time boldly reforming our business portfolio.

(Notes) ICE: Internal combustion engine  
BEV: Battery electric vehicle

### Hydrogen Business



A hydrogen-engine truck that has commenced test driving on public roads



The "Special Award" received from Toyota Motor Corp.

Since 2021, the Company has been working to develop hydrogen-related businesses, using hydrogen engines as a foothold in our hydrogen and new energy businesses, with the aim of contributing to a carbon-neutral society. We have introduced our own hydrogen engine evaluation facility, and conduct actual hydrogen engine evaluations for the public and private sectors, as well as supply piston rings for hydrogen engines. In 2025, we will expand the hydrogen engine evaluation facility at our Kashiwazaki Plant to make it the largest scale in Japan (based on our own research), allowing us to conduct long-term durability tests of various engines.

In order to popularize hydrogen engines in the future, it will be important to accumulate test and evaluation know-how by actually driving hydrogen engine-equipped vehicles on the road ourselves. We have independently designed and modified a hydrogen engine based on the engine of an existing commercially available truck, which we have evaluated for compatibility and performance at our own evaluation facilities. It has been installed in a vehicle, which has been registered and begun test driving on public roads. Going forward, we will promote the construction of hydrogen stations by 2026 and contribute to the utilization of hydrogen in the various regions.

These efforts have been well-received outside of the Company, and most recently, the "Feasibility Study on Hydrogen Conversion Project"<sup>\*1</sup> for Existing Heavy-Duty Vehicles," which we are conducting in collaboration with Tokyo City University and The Nisshin OilIIO Group, Ltd., was selected for the "FY2025 Development of Technologies for Realizing a Hydrogen Society/Regional Hydrogen Utilization Technology Development/Studies on the Potential for Hydrogen Production and Utilization" project for which NEDO<sup>\*2</sup> publicly called for submissions.

Additionally, Toyota Motor Corporation presented us with a special award for our hydrogen new energy business, as a

company that shares its philosophy and is proactively working on the issue. Going forward, we will focus on R&D related to hydrogen engines and work toward the goal of achieving hydrogen utilization, including hydrogen engine vehicles, and hydrogen engine conversion projects in the region.

The road to building a hydrogen society is long<sup>\*3</sup>. As we deepen our understanding of both the possibilities and difficulties of utilizing hydrogen through the development and use of hydrogen engines, we believe that hydrogen-related businesses are medium- to long-term endeavors that require major technological advances and broad changes in the social environment. By giving shape to the technology and handling it ourselves, we will develop and accumulate both technology and highly-developed human resources. This effort embodies the Company's Vision to "create innovation through the blending of people and technology while continuing to embrace change."

<sup>\*1</sup> **Hydrogen conversion:** The conversion of an existing diesel engine into hydrogen engine so that it can run on hydrogen energy  
**Hydrogen conversion project:** A business that accepts diesel-engine heavy-duty vehicles from customers, converts the engines into hydrogen engines, and returns the vehicles to the customer as hydrogen-engine heavy-duty vehicles  
<sup>\*2</sup> New Energy and Industrial Technology Development Organization  
<sup>\*3</sup> From Japan's "Basic Hydrogen Strategy"

### Human Capital Management

In order to advance our sustainability management, major materiality issues were selected for the Midterm Plan. Amongst the targets laid out for human resource nurturing and development are improvement of employee engagement and human resource development strategy, promotion of DE&I<sup>\*</sup>, and creation of safe and secure workplaces. In addition, shifting personnel to growing areas, conversion of human skill through re-skilling, human resource development, and introduction of new systems to reinforce DE&I initiatives will be defined under the banner of human investment and promoted with specific intentions.

<sup>\*</sup> DE&I: Diversity, Equity, & Inclusion

● **Values to be shared across the NPR-RIKEN Group**  
We have established four values that lay out the kind of human resources we want to develop and the values we want to share as the NPR-RIKEN Group through these efforts: open-mindedness that transcends boundaries, agility and flexibility, ability to create and implement new things, and acting with integrity. Developing human resources centered on these values is what will make it possible to promote management that includes business portfolio reform and sustainable growth. As such, we will promote the development of our internal environment, including the formulation of human resource development policies and revision of our personnel system. From FY2025, both Riken and Nippon Piston Ring have begun conducting personnel evaluations in accordance with personnel evaluation standards that are based on the values that NPR-RIKEN wants to share across the Group.

● **Employee engagement**  
To shift personnel to growing areas requires the company to decide policy and allocate resources, but it is also essential that each employee in each business fully understands and empathizes with the policy, and then undertakes reskilling and has initiative to autonomously explore uncharted territory. This has led to the recognition that increasing employee engagement is one of our most important issues.

In FY2024, both Riken and Nippon Piston Ring conducted the Group's first engagement survey using uniform Group standards. Many issues were identified in this process. Our initial response has been to set a goal of increasing the rate of

positive responses and increasing employee engagement by continuing our existing initiatives. These include Management Policy Plaza, regular distribution of messages from the top management on the company portal site, and interaction with employees, in addition to considering expanding education and holding new events.

### Affinity in M&As

In order to achieve the business portfolio reform outlined in the business strategies of the Midterm Plan, we are actively promoting inorganic growth (external collaboration, cooperation, partnerships, and M&A). In April 2025, we established a new Business Development Division, a specialized division in charge of examining and promoting M&A, and we plan to invest a cumulative total of 40 billion yen in growth investments, including M&A, over the three years of the Midterm Plan.

Looking back, in the area of piston rings, the Group's founding business, as well as in our engine parts-related and non-engine parts-related businesses, we have prospered by providing excellent products and services based on our unique technological, development, and proposal capabilities, and have grown as a corporate entity by contributing to the resolution of social issues related to daily life and the environment.

NIPPON PIPE FITTING Corp. and Shinwa Vanes Co., Ltd. recently joined the NPR-RIKEN Group. The two companies recorded sales of around 20 billion yen in FY2024, a significant contribution to the reform of our business portfolio. Both companies have a high affinity with our existing technologies, products, and business models.

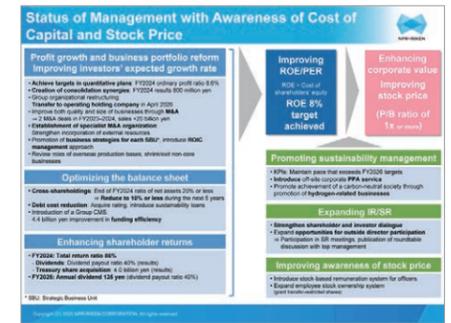
Compatibility with our corporate philosophy is an important factor in joining the Group. The Group's corporate philosophy and code of conduct are based on those of Riken and Nippon Piston Ring, which have always had a strong affinity. Following the business integration, we have been promoting activities to communicate the corporate philosophy and code of conduct as the NPR-RIKEN Group, and are working to ensure that they are firmly established and spread through activities such as confirming the degree to which the code of conduct is being implemented. The dissemination of our corporate philosophy will lead to a sense of unity within the Group, acting with integrity, and a reduction in risk. In our human resource development, we have set acting with integrity as one of the values to be shared across the NPR-RIKEN Group, and are calling on the leaders of each Group company to lead by example.

In M&A, we carefully examine these affinities to ensure they are compatible with the trust we have earned from society. By accumulating successful examples of expanding the circle of the Group working together to achieve our management philosophy, we hope to contribute to the growth of the Company and the sustainable growth of society.

### Toward Improving P/B Ratio (Strengthening ROIC Management, Shareholder Returns, and Information Dissemination)

As we steadily implement the various measures outlined in the Midterm Plan, we are aiming to improve ROE and PER, achieve an ROE that exceeds the cost of shareholders' equity, and ultimately improve our corporate value and share price.

Regarding profit growth and business portfolio reform, we have set quantitative targets such as ordinary profit ratio and consolidation synergies, while also formulating and implementing business strategies for each SBU, introducing the concept of ROIC management, and promoting the expansion of both the quality and quantity of our businesses



through M&A.

We are taking the transition of strategic business units to an operating holding company that is planned for 2026 as a major opportunity for ROIC management, first creating an in-house textbook and conducting training to ensure that the concept is fully understood.

In terms of balance sheet optimization, we are further strengthening our efforts to reduce our cross-shareholdings and also working to reduce debt costs by utilizing our newly acquired external rating from R&I and sustainability loans. We are aiming to reduce of cross-shareholdings so the net asset ratio is 10% or less by the end of March 2030. As an intermediate milestone, we aim to reduce the net asset ratio to 15% or less by the end of March 2027, when the Midterm Plan ends. We expect that this will generate additional cash. We intend to use this cash to create new businesses (M&A, R&D) and to enhance shareholder returns, and we will announce any revisions to the plan once they have been made.

Regarding the enhancement of shareholder returns, we have progressed with shareholder returns in accordance with our medium-term policy, and as a result, our total return ratio for FY2024 was 86%. For FY2025, we plan to increase the dividend by 5 yen compared to the previous year, to 135 yen per share. We will continue to flexibly acquire treasury shares, taking into consideration factors such as the market share price and the Company's performance.

Analysis shows that our stock price has been overperforming compared to the TOPIX since our establishment on October 2, 2023. However, we will continue to communicate the market advantage, market share, and growth potential of our unique product lineup in our businesses other than automotive parts, the improvement of profit margins in the automotive parts business, and the feasibility of our plan to allocate a cumulative total of 40 billion yen over three years to growth investments, including M&A, in order to transform our business portfolio, to gain the understanding of our shareholders, which will lead to further improvement.

In addition to strengthening the dissemination of information, including IR and SR, with regard to growth investments, we will appropriately communicate our track record of successfully acquiring NIPPON PIPE FITTING and Shinwa Vanes, as well as the progress of new investments to the extent possible, and will also work to enhance our disclosure materials.

We will continue to implement various measures from FY2025 onwards and work towards improving our corporate value and share price. We would like to thank all our shareholders and other stakeholders for their continued understanding and support.

# Value Creation History

Riken and Nippon Piston Ring were each established as piston ring manufacturers and have contributed to the development of the global automotive industry for close to a century. Amid a once-in-a-century transformation in the automotive industry, we decided to implement a business integration, recognizing that this is the optimal choice for achieving sustainable growth and enhancing the corporate value of the Two Companies.

## 1926

- Dr. Keikichi Ebihara of the Institute of Physical and Chemical Research invented a piston ring manufacturing method that ensured uniform pressure on the inner wall of the cylinders



Dr. Keikichi Ebihara

## 1927

- Established Rikagaku Kogyo (the predecessor to Riken) to commercialize the inventions of the Institute of Physical and Chemical Research

## 1931

- Started mass production of piston rings for aircraft

## 1946

- Started mass production of large and small piston rings



## 1948

- Started production of TOP brand pipe fittings



## 1958

- Started production of PYROMAX, a high-performance, high-durability electric resistance heating element



## 1983

- Started production of high-performance engineered plastic products
- Constructed Tsurugi Plant, the world's largest steel ring factory



## 2007

- Kashiwazaki Plant was damaged in the Chuetsu-oki Earthquake



## 2020

- Started business collaboration with Taisei Plas Co., Ltd., a pioneer in dissimilar material joining technology

## 2023

- Made NIPPON PIPE FITTING Corp. a subsidiary



**2023**  
NPR-RIKEN established

### Riken

### Began with a discovery in the laboratory

After its establishment in 1927 to commercialize the research success of the Institute of Physical and Chemical Research, Riken has led the industry in its mainstay piston ring business by improving surface treatment, processing, and material technologies. In addition to automotive parts, the company expanded its business by developing diverse products such as piping, thermal engineering, and EMC by utilizing cultivated technologies.

### Nippon Piston Ring

### Began with self-learning in a workshop

Founded by Tomonori Suzuki, a self-taught piston ring manufacturer, Nippon Piston Ring (NPR) became a stock company in 1934 and succeeded in mass production of domestically produced piston rings. Since then, embodying the engineering spirit of the founder, NPR has contributed to the progress of global motorization by supplying a variety of high-quality products developed with its proprietary technologies.

## 1912

- Fascinated by engines, Tomonori Suzuki taught himself marine engine technology and opened Suzuki Seisakusyo
- He realized the need for domestic production of piston rings and committed to manufacturing them



Founder Tomonori Suzuki

## 1931

- Suzuki completed prototypes of piston rings, and changed the company name into Nippon Piston Ring Seisakusyo

## 1941

- Started mass production of chrome plated piston rings for airplanes which greatly improved their wear resistance



Kawaguchi Plant

## 1950

- Started mass production of chrome plated piston rings for automobiles

## 1967

- Developed oil seals and side seals for rotary engines in cooperation with Toyo Kogyo (currently Mazda Motor)



## 1970

- Developed special alloy valve seats for unleaded gasoline, and started mass production of cost-competitive environmentally friendly special sintered alloy valve seats the following year
- Started mass production of lightweight, cost-competitive sintered camshafts



## 1982

- Started operation of NPR Fukushima Works Co., Ltd., which is the main plant for manufacturing valve seats and cylinder liners



## 2011

- NPR Fukushima Works Co., Ltd. and NPR Iwate Co., Ltd. were damaged in the Great East Japan Earthquake

## 2014

- Acquired the business of metal injection molding from Sumitomo Metal Mining Co., Ltd.
- Acquired the business of dental implant from ISHIFUKU Metal Industry Co., Ltd.
- Established Medical Device Center in Tochigi Plant in 2015



Metal powder injection molding products

## 2022

- Made Normeca Asia Co., Ltd., a trading company specializing in disaster emergency medical products, a subsidiary



Medical treatment container installed by Normeca Asia Co., Ltd.

## 2024

Made Shinwa Vanes Co., Ltd. a subsidiary

In addition to strengthening the profitability of existing businesses centered on engine parts, we will work with a greater sense of speed to create our next core businesses and new products in other parts fields, evolving into a completely new leading company and aiming to further increase corporate value.

## Society's needs and the value we provide

### Need Domestic production and mass production

### Value Responding to rapidly increased demand

Riken and Nippon Piston Ring both succeeded in the domestic mass-production of piston rings, which were then imported products, and responded to the rapid increase in demand for piston rings for aircraft and automobiles.



Workers in the 1940s

### Recovery from postwar confusion

### Continued manufacturing

After the war, equipment and materials were used to produce everyday items (pots, kettles, etc.) that were in short supply. Maintaining our unique technology and equipment for piston ring production during the post-war chaos led to post-war reconstruction and the NPR-RIKEN of today.

### Birth of the piping equipment business

The TOP brand of piping equipment, which continues to contribute to the construction industry, was born from the ruins of the Kumagaya air raid, when approximately 60% of the factory was lost.



Postwar temporary sales office (the head office burned down in the Great Tokyo Air Raid)



TOP brand pipe fittings

### Realization of a sustainable society

### Products that contribute to reduced environmental impact

In particular, we have contributed to improving automobile fuel efficiency and reducing the environmental impact by providing low friction, high durability, and lightweight engine parts such as piston rings for passenger cars.



Low friction piston rings



Lightweight undercarriage parts



Low friction surface processing (laser texturing)

### Products that contribute to carbon neutrality

We develop thermal engineering products that contribute to the electrification of industry, as well as engines and parts for hydrogen, synthetic fuel (e-fuel), biofuel, and other next-generation fuels that will achieve carbon neutrality in internal combustion engines.



Thermal engineering products



Hydrogen fuel engine

# Value Creation Model

## Mission

Build the competencies and capabilities to sustain our present and future

## Vision

Create innovation through the blending of people and technology while continuing to embrace change

Values to be Shared Across the NPR-RIKEN Group

Open-mindedness that transcends boundaries, Agility and flexibility, Ability to create and implement new things, Acting with integrity

▶ NPR-RIKEN Code of Conduct <https://www.npr-riken.co.jp/company/philosophy/pdf/norm.pdf> (in Japanese only)



\*1 VUCA: The acronym stands for Volatility, Uncertainty, Complexity, and Ambiguity. It refers to social conditions that make it difficult to predict the future.  
 \*2 CASE: The term was coined from the initial letters of Connected, Automated/Autonomous, Shared & Service, and Electrification. A concept that represents the future vision of the entire automotive industry.  
 \*3 MaaS: Abbreviation for Mobility as a Service. Next-generation transportation services that combine various IT technologies, such as automated driving and AI, with conventional transportation means and services.

# Strengthening the Six Types of Capital and Links to the Solution of Social Issues

Capital	Inputs (FY2024)	Policies for Strengthening Capital	Initiatives		Outputs (FY2026 Target)	Outcomes / Related SDGs
			Profit growth, optimizing the balance sheet, strategic investment	Reducing the capital cost		
 <p><b>Financial Capital</b></p>	<ul style="list-style-type: none"> <li>Net assets: 219.0 billion yen</li> <li>Net sales: 170.3 billion yen</li> <li>Ordinary profit: 14.7 billion yen</li> </ul>	<ul style="list-style-type: none"> <li>Improve profitability</li> <li>Reduce low-profit assets</li> <li>Improve capital structure</li> <li>Promote dialogue with the market (investors)</li> </ul>	<ul style="list-style-type: none"> <li>Business portfolio reform (including M&amp;A)</li> <li>Achieve Midterm Management Plan targets (net sales, ordinary profit ratio)</li> <li>Improve revenue by executing business strategies</li> <li>Asset sales, including reduction of cross-shareholdings, and use of surplus funds</li> <li>Investment decisions that are based on cost of capital</li> </ul>	<ul style="list-style-type: none"> <li>Improve capital structure by utilizing interest-bearing debt and strengthening shareholder returns</li> <li>Eliminate information asymmetry through improved IR and SR activities</li> </ul>	<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>ROE: 8% or more</li> <li>Net sales: 180.0 billion yen</li> <li>Ordinary profit ratio: 9.0% or more</li> <li>Dividend payout ratio: 40% or more</li> <li>Total return ratio: 70% or more (FY2024–FY2026 average)</li> <li><b>Piston ring business</b> Net sales: 67.5 billion yen Operating profit ratio: 10% or more</li> <li><b>Fundamental business</b> Net sales: 80.0 billion yen Operating profit ratio: 7% or more</li> <li><b>Next core business</b> Net sales: 18.0 billion yen Operating profit ratio: 10% or more</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Provide environmentally friendly products, including products that contribute to CN</li> <li>Reduce environmental impact of business activities</li> </ul> 
 <p><b>Human Capital</b></p>	<ul style="list-style-type: none"> <li>Number of employees (consolidated): 6,809</li> <li>Investment in human resource development for employees (domestic consolidated): Compared to FY2022 results: +14.4%</li> </ul>	<ul style="list-style-type: none"> <li>Improving employee engagement</li> <li>Promotion of DE&amp;I (developing an environment in which diverse human resources can excel, developing capabilities)</li> <li>Building a human resources portfolio that can respond to future business portfolio reform</li> </ul>	<ul style="list-style-type: none"> <li>Shift employees to growth areas</li> <li>Transform human resource skills through reskilling</li> <li>Develop human resources to strengthen DE&amp;I initiatives</li> <li>Introduce new personnel systems</li> <li>Promote health-oriented management</li> </ul>	<ul style="list-style-type: none"> <li>Promote productivity improvement through new human resource development and personnel systems</li> <li>Promote productivity improvement through improved engagement</li> </ul>	<p><b>Non-financial</b></p> <ul style="list-style-type: none"> <li><b>Expansion of non-ICE products</b> Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> <li><b>Reduction of environmental impact (carbon neutrality)</b> Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> <li><b>Strengthening collaboration with local communities</b> New social contribution initiatives Increase in community and disaster volunteer participation</li> <li><b>Respect for human rights</b> Management system with human rights due diligence is working effectively.</li> <li><b>Diversity, equity, and inclusion</b> Ratio of female managers: 3% or more (domestic), 7% or more (consolidated) Ratio of male employees taking parental leave: 50% or more (domestic)</li> <li><b>Health-oriented management and work style reform</b> Obtain certification as a KIH Outstanding Organization for NPR-RIKEN</li> <li><b>Strengthening of human capital investment and human resource development</b> Employee engagement score (TBD) Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> <li><b>Safety and quality improvement</b> Number of serious occupational accidents: 0 Number of serious quality problems: 0</li> <li><b>Supply chain management</b> Management system with human rights due diligence is working effectively, including the supply chain</li> <li><b>Enhancement of corporate governance</b> Ratio of those practicing code of conduct: 80% or more</li> </ul>	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>Provide products with high safety and quality</li> <li>Realize a society in which human rights are respected</li> <li>Create an environment in which diverse human resources can work comfortably and grow</li> <li>Create a safe and secure work environment</li> <li>Realize a society with DE&amp;I</li> <li>Realize a sustainable supply chain in which human rights are respected throughout the supply chain</li> <li>Revitalize local communities</li> </ul> 
 <p><b>Manufacturing Capital</b></p>	<ul style="list-style-type: none"> <li>Capital investment: 6.8 billion yen</li> <li>Domestic bases: 6 areas</li> <li>Overseas production bases: 17 locations</li> </ul>	<ul style="list-style-type: none"> <li>Build a global supply structure</li> <li>Optimize the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Investment in new business areas, rationalization, etc.</li> <li>Equipment installation with an awareness of enhancing cost competitiveness</li> <li>Reduce investment through optimization of the production structure</li> <li>Reduce inventory, etc. (reduction of working capital requirements)</li> </ul>	<ul style="list-style-type: none"> <li>Reduce supply risks through the promotion of risk management and BCP</li> <li>Creation of safe and secure workplaces</li> </ul>	<p><b>Non-financial</b></p> <ul style="list-style-type: none"> <li><b>Expansion of non-ICE products</b> Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> <li><b>Reduction of environmental impact (carbon neutrality)</b> Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> <li><b>Strengthening collaboration with local communities</b> New social contribution initiatives Increase in community and disaster volunteer participation</li> <li><b>Respect for human rights</b> Management system with human rights due diligence is working effectively.</li> <li><b>Diversity, equity, and inclusion</b> Ratio of female managers: 3% or more (domestic), 7% or more (consolidated) Ratio of male employees taking parental leave: 50% or more (domestic)</li> <li><b>Health-oriented management and work style reform</b> Obtain certification as a KIH Outstanding Organization for NPR-RIKEN</li> <li><b>Strengthening of human capital investment and human resource development</b> Employee engagement score (TBD) Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> <li><b>Safety and quality improvement</b> Number of serious occupational accidents: 0 Number of serious quality problems: 0</li> <li><b>Supply chain management</b> Management system with human rights due diligence is working effectively, including the supply chain</li> <li><b>Enhancement of corporate governance</b> Ratio of those practicing code of conduct: 80% or more</li> </ul>	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>Realize a society in which human rights are respected</li> <li>Create an environment in which diverse human resources can work comfortably and grow</li> <li>Create a safe and secure work environment</li> <li>Realize a society with DE&amp;I</li> <li>Realize a sustainable supply chain in which human rights are respected throughout the supply chain</li> <li>Revitalize local communities</li> </ul> 
 <p><b>Intellectual Capital</b></p>	<ul style="list-style-type: none"> <li>R&amp;D expenses: 4.6 billion yen</li> <li>Global R&amp;D bases: 4 areas</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen R&amp;D in growth areas</li> <li>Improve development efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Actively allocate investments in growth areas such as differentiation of existing products and development of new product businesses</li> <li>Active investment in DX</li> </ul>	<ul style="list-style-type: none"> <li>Reduce infringement and non-infringement risks through Group intellectual property management</li> <li>Strengthen information security</li> </ul>	<p><b>Non-financial</b></p> <ul style="list-style-type: none"> <li><b>Expansion of non-ICE products</b> Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> <li><b>Reduction of environmental impact (carbon neutrality)</b> Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> <li><b>Strengthening collaboration with local communities</b> New social contribution initiatives Increase in community and disaster volunteer participation</li> <li><b>Respect for human rights</b> Management system with human rights due diligence is working effectively.</li> <li><b>Diversity, equity, and inclusion</b> Ratio of female managers: 3% or more (domestic), 7% or more (consolidated) Ratio of male employees taking parental leave: 50% or more (domestic)</li> <li><b>Health-oriented management and work style reform</b> Obtain certification as a KIH Outstanding Organization for NPR-RIKEN</li> <li><b>Strengthening of human capital investment and human resource development</b> Employee engagement score (TBD) Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> <li><b>Safety and quality improvement</b> Number of serious occupational accidents: 0 Number of serious quality problems: 0</li> <li><b>Supply chain management</b> Management system with human rights due diligence is working effectively, including the supply chain</li> <li><b>Enhancement of corporate governance</b> Ratio of those practicing code of conduct: 80% or more</li> </ul>	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>Realize a society in which human rights are respected</li> <li>Create an environment in which diverse human resources can work comfortably and grow</li> <li>Create a safe and secure work environment</li> <li>Realize a society with DE&amp;I</li> <li>Realize a sustainable supply chain in which human rights are respected throughout the supply chain</li> <li>Revitalize local communities</li> </ul> 
 <p><b>Natural Capital</b></p>	<ul style="list-style-type: none"> <li>Investment in the reduction of CO<sub>2</sub> emissions and waste</li> </ul>	<ul style="list-style-type: none"> <li>Provision of products with superior environmental performance</li> <li>Implement measures to reduce environmental impact that contribute to strengthening competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Development and commercialization of fuel-efficient technologies, hydrogen engines, biofuels, etc., which contribute to CN and a reduced environmental impact</li> <li>Active investment in CN</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the cost of dealing with environmental pollution after the fact</li> <li>Reduce the cost of reducing environmental impact in the future (carbon tax, etc.)</li> </ul>	<p><b>Non-financial</b></p> <ul style="list-style-type: none"> <li><b>Expansion of non-ICE products</b> Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> <li><b>Reduction of environmental impact (carbon neutrality)</b> Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> <li><b>Strengthening collaboration with local communities</b> New social contribution initiatives Increase in community and disaster volunteer participation</li> <li><b>Respect for human rights</b> Management system with human rights due diligence is working effectively.</li> <li><b>Diversity, equity, and inclusion</b> Ratio of female managers: 3% or more (domestic), 7% or more (consolidated) Ratio of male employees taking parental leave: 50% or more (domestic)</li> <li><b>Health-oriented management and work style reform</b> Obtain certification as a KIH Outstanding Organization for NPR-RIKEN</li> <li><b>Strengthening of human capital investment and human resource development</b> Employee engagement score (TBD) Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> <li><b>Safety and quality improvement</b> Number of serious occupational accidents: 0 Number of serious quality problems: 0</li> <li><b>Supply chain management</b> Management system with human rights due diligence is working effectively, including the supply chain</li> <li><b>Enhancement of corporate governance</b> Ratio of those practicing code of conduct: 80% or more</li> </ul>	<p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Provide environmentally friendly products, including products that contribute to CN</li> <li>Reduce environmental impact of business activities</li> </ul> 
 <p><b>Social Capital</b></p>	<ul style="list-style-type: none"> <li>Number of suppliers: More than 2,000</li> <li>Individual IR/SR meetings held: 43</li> <li>Contribution to the local communities</li> </ul>	<ul style="list-style-type: none"> <li>Improve engagement with all stakeholders</li> <li>Strengthen the corporate foundation</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen dialogue that will lead to improved engagement with all stakeholders</li> <li>Reduce production costs through stable supply realized through collaboration with business partners</li> <li>Promote activities that contribute to the local community</li> </ul>	<ul style="list-style-type: none"> <li>Reduce information asymmetry with shareholders and investors by strengthening IR and SR</li> <li>Promote CSR procurement throughout the entire supply chain</li> <li>Strengthen compliance</li> </ul>	<p><b>Non-financial</b></p> <ul style="list-style-type: none"> <li><b>Expansion of non-ICE products</b> Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> <li><b>Reduction of environmental impact (carbon neutrality)</b> Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> <li><b>Strengthening collaboration with local communities</b> New social contribution initiatives Increase in community and disaster volunteer participation</li> <li><b>Respect for human rights</b> Management system with human rights due diligence is working effectively.</li> <li><b>Diversity, equity, and inclusion</b> Ratio of female managers: 3% or more (domestic), 7% or more (consolidated) Ratio of male employees taking parental leave: 50% or more (domestic)</li> <li><b>Health-oriented management and work style reform</b> Obtain certification as a KIH Outstanding Organization for NPR-RIKEN</li> <li><b>Strengthening of human capital investment and human resource development</b> Employee engagement score (TBD) Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> <li><b>Safety and quality improvement</b> Number of serious occupational accidents: 0 Number of serious quality problems: 0</li> <li><b>Supply chain management</b> Management system with human rights due diligence is working effectively, including the supply chain</li> <li><b>Enhancement of corporate governance</b> Ratio of those practicing code of conduct: 80% or more</li> </ul>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>Compliance</li> <li>Information security</li> <li>Responsible procurement</li> </ul> 

# Strengthening the Value Chain

Our Group Philosophy is to enhance corporate value by respecting our relationships with our stakeholders and by providing high-quality products and solutions, and widen the 'circles' of trust. We also consider these 'circles' to be the value chain itself, and are working to strengthen it by setting policies for each business and product in the Midterm Management Plan.



<b>Overview</b>	We will continue to further refine our core technologies, including material surface treatment, evaluation, and simulation technologies, and provide even higher quality products and solutions through open innovation by partnering with external companies and research institutes.	By working together with our business partners, we are building a strong supplier network that not only supplies the Group's products, but also helps to establish a BCP system and promote sustainability management. We will leverage these relationships to build a global supplier network for the products of the next core business as well.	We have built a global production and quality control system, and provide high-quality products and services that bring trust and excitement to our customers. We are working to improve the environmental performance of our products and services, as well as to reduce the environmental impact throughout our supply chain, particularly in production, by reducing CO <sub>2</sub> emissions.	For the Group to provide high-quality products and solutions to our customers, it is essential that we build and maintain strong relationships of trust with our customers, while also making constant efforts to improve our ability to provide our own solutions. Through communication with a wide range of customers, we develop products that meet our sales proposals and customer needs and problems.
<b>Strengths and Related Capital</b>	<b>Technological and development capabilities refined by Riken and Nippon Piston Ring for more than a century</b> <ul style="list-style-type: none"> <li>Development capabilities that meet customer needs through in-house development that starts with materials</li> <li>Advanced analysis and evaluation technology supported by measuring equipment and simulation technology that is developed in-house</li> <li>Product and process design capabilities that meet customer needs</li> <li>Specialized human resources who support high-quality product development</li> </ul>	<ul style="list-style-type: none"> <li>Supplier network supporting stable procurement</li> <li>Global procurement system</li> <li>Procurement expertise that supports unique products as a specialized manufacturer</li> </ul>	<ul style="list-style-type: none"> <li>Global production system (6 areas in Japan and 16 overseas production bases)</li> <li>Group's quality management system</li> <li>In-house developed and unique jigs and equipment</li> <li>Production technology capabilities that include materials technology, shape forming technology, and surface improvement technology</li> <li>Specialized human resources who support improvement and problem-solving activities</li> </ul>	<ul style="list-style-type: none"> <li>Long-term stable customer base (conducting business with all domestic manufacturers of automobiles, construction machinery, agricultural machinery, shipbuilding and industrial equipment)</li> <li>Global sales network (13 overseas sales bases, overseas sales ratio of 50%)</li> <li>Specialized human resources who have in-depth knowledge of the Group's technologies and products and who support sales</li> </ul>
<b>Financial Capital</b>				
<b>Human Capital</b>				
<b>Manufacturing Capital</b>				
<b>Intellectual Capital</b>				
<b>Natural Capital</b>				
<b>Social Capital</b>				

**Initiative Policies in the Midterm Management Plan**

1. Generate synergies through consolidation
2. Reform business portfolio
3. Strengthen sustainability management and develop a foundation for growth

<b>Piston Ring Business</b> World's No. 1 supplier of piston rings	<ul style="list-style-type: none"> <li>Be a reliable solutions provider</li> <li>Have an extensive lineup and fast development speed</li> <li>Innovative product technologies for carbon neutrality (hydrogen and alternative fuel compatibility)</li> </ul>	<ul style="list-style-type: none"> <li>Create synergies and dramatically improve productivity</li> </ul>	<ul style="list-style-type: none"> <li>Be a reliable solutions provider</li> </ul>
<b>Fundamental Business</b> Precision machined parts: Become the world's niche top supplier Piping products: Improve presence in the construction field	<ul style="list-style-type: none"> <li>Identify and deepen competitive market product segments</li> </ul>	<ul style="list-style-type: none"> <li>Improve cost competitiveness through improved productivity and optimal production</li> </ul>	<ul style="list-style-type: none"> <li>Identify and deepen competitive market product segments</li> </ul>
<b>Next Core Business</b>			
<b>Thermal Engineering</b>	<ul style="list-style-type: none"> <li>Developing a full lineup of heater units for semiconductor manufacturing equipment</li> <li>Improving development and production capability applicable to carbon neutrality</li> </ul>		
<b>EMC</b>	<ul style="list-style-type: none"> <li>Sales expansion and improvement of added value of anechoic chambers and reinforcement of related businesses</li> </ul>		
<b>METAMOLD</b>	<ul style="list-style-type: none"> <li>Significantly improve competitive conditions (speed, cost, quality, material proposal, etc.)</li> <li>Build a foundation for expansion into overseas markets, concentrate resources on specialty fields and build a sales structure that delves deep into customer needs</li> </ul>		
<b>New Products and New Businesses</b> <ul style="list-style-type: none"> <li>Electric unit products</li> <li>Highly functional engineered plastic products</li> <li>Noise countermeasure products</li> <li>Medical equipment</li> </ul>	<ul style="list-style-type: none"> <li>Speed up development through integration of NPR-RIKEN technologies</li> <li>Expand new products and new businesses</li> </ul>		

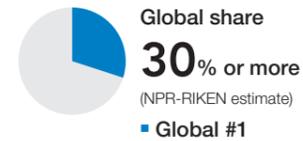
# NPR-RIKEN Businesses (FY2024 Results)

## Piston Ring Business Net sales: 68.0 billion yen Operating profit ratio: 8%

We provide high-performance, high-quality piston rings for passenger cars, heavy-duty commercial/industrial, aftermarket, and marine applications to a wide range of customers around the world in response to engine requirements for higher output, lower fuel consumption, and cleaner exhaust gas.



### Piston rings for automobiles



### Marine piston rings



## Fundamental Business Net sales: 80.8 billion yen Operating profit ratio: 6%

### Precision Machined Parts (For Automotive and Industrial Machinery)

• **Sintered products, engineered plastic products, and precision components**

We provide a wide range of seal parts, including those for cylinder liners, valve seats, valve lifters, camshafts, transmissions, compressors, and turbochargers that contribute to engine performance just like piston rings.



• **Casting components**

We provide automotive undercarriage parts such as steering knuckles, lower arms, damper forks, brake parts, and differential cases.



### Piping Products (For Construction and Industry)

Our lineup consists of a variety of piping materials, centered around pipe fittings, which play a major role in industrial sectors such as lifelines, disaster prevention systems, and plants that support comfortable and safe urban living.



### Housing type joints



Domestic share: **#1**  
Note: Based on domestic industry figures obtained by the Company (sales volume of housing type joints in the firefighting field as of April 2025)

## Next Core Business Net sales: 12.5 billion yen Operating profit ratio: 7%

### Thermal Engineering

We develop, manufacture, and sell our own heating elements, and also provide heating equipment such as industrial furnaces that utilize these elements, and provide them to a wide range of customers, including those in the semiconductor and electronics fields.



### EMC

The Group develops and sells anechoic chambers and other products for measuring electromagnetic waves as part of its EMC-related business.



### METAMOLD

We provide metal injection molded products that support our everyday lives in a variety of fields, including automotive parts (steering parts, etc.), robots, information communication/office automation equipment, precision medical equipment, and leisure goods.

NOTE: METAMOLD is a registered trademark of metal powder injection molding products.



### New Products and New Businesses

We develop unique products in which we apply and develop the Group's technologies for each market in growing sectors.

• **Electric unit products**

Compact and thin actuators and lightweight strain wave gears for the expanding industrial/nursing and medical robots and compact mobility markets. (Substitute engineered plastic materials for metal)

• **Highly functional engineered plastic products**

Products that substitute engineered plastic materials for metal utilizing weight reduction and dissimilar material joining technologies in anticipation of the expansion of the next-generation mobility and robotics markets. (Resin gears, millimeter wave radar cases, inverter parts for electric vehicles, etc.)

• **Noise countermeasure products**

Expansion of noise countermeasure products cultivated in EMC, easy-to-install electromagnetic interference countermeasure components for CASE. (Noise suppression sheets, radio wave absorber sheets, clamp nano crystal cores, etc.)

• **Medical equipment**

Implantable medical devices by NiFreeT® for an aging society with a declining birthrate, advanced medical care, and evolving medical devices.



Strengthen Profitability

Increase Sales to Become Core Business

# At a Glance

NPR-RIKEN was established through the business integration of Riken and Nippon Piston Ring, which were each established as piston ring manufacturers and have contributed to the development of the global automotive industry for many years.

Through the business integration, we will combine the technological capabilities and knowledge that the Two Companies have cultivated to create things that have never been seen before.

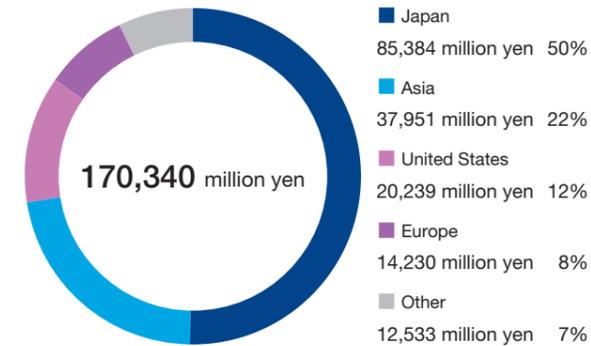
Also, in order to remain as a company that is trusted by all stakeholders, including shareholders, customers, suppliers, employees, and local communities, we will steadily fulfill our corporate social responsibilities toward the realization of a sustainable society, and will continue to work as a Group to take on the challenge of achieving further growth in order to further increase our corporate value.

<b>Net sales</b> <b>170.3</b> billion yen	<b>Ordinary profit</b> <b>14.7</b> billion yen	<b>Ordinary profit ratio</b> <b>8.6%</b>	<b>Net assets</b> <b>154.7</b> billion yen
<b>Equity ratio</b> <b>66.3%</b>	<b>Capital investment</b> <b>6.8</b> billion yen	<b>Depreciation</b> <b>9.4</b> billion yen	<b>R&amp;D expenses</b> <b>4.6</b> billion yen
<b>EPS</b> <b>323.32</b> yen	<b>DPS</b> <b>130</b> yen	<b>Dividend payout ratio</b> <b>40.2%</b>	<b>ROE</b> <b>6.1%</b>
<b>CO<sub>2</sub> emissions</b> <b>111,416</b> t	<b>Industrial waste volume</b> <b>46,099</b> t <small>NPR-RIKEN, Riken, and Nippon Piston Ring only</small>	<b>Ratio of overseas employees</b> <b>46%</b>	<b>Ratio of female employees</b> <b>18%</b> <small>NPR-RIKEN, Riken, and Nippon Piston Ring only</small>
<b>Ratio of female managers (Domestic)</b> <b>2.7%</b>	<b>Ratio of female managers (Consolidated)</b> <b>8.1%</b>	<b>Lost time injury frequency rate</b> <b>0.63%</b> <small>Riken, Nippon Piston Ring, and NPR Iwate only</small>	<b>Ratio of Outside Directors</b> <b>38%</b>

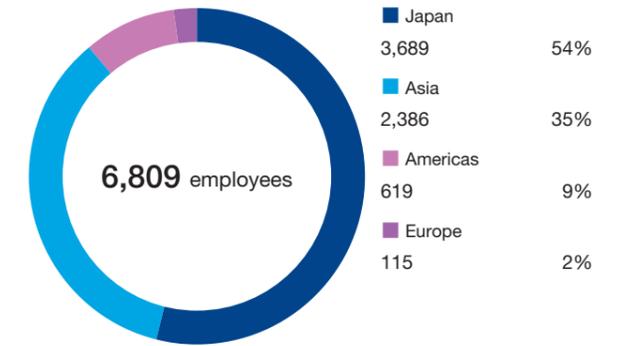
## Global Network

The NPR-RIKEN Group has manufacturing and sales bases in many countries, and we are expanding our business globally to serve customers around the world and provide high-quality products and solutions.

### Composition of Net Sales by Region



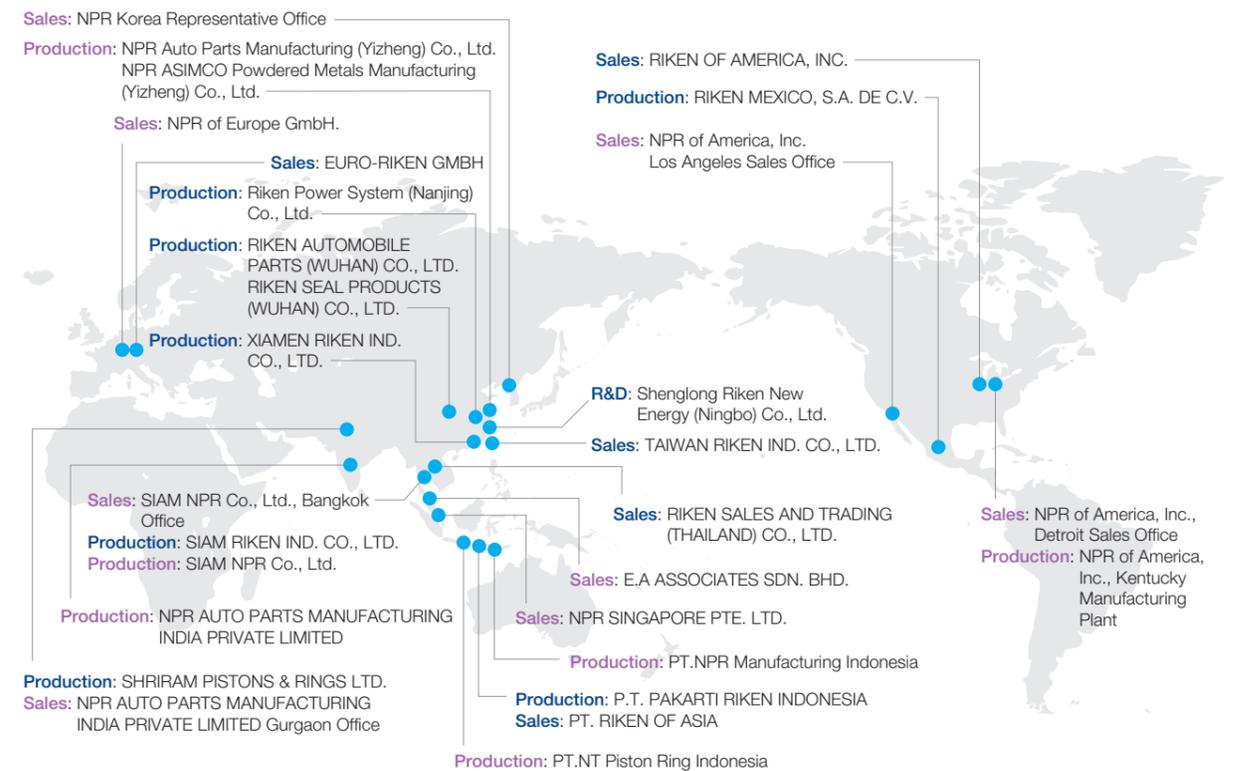
### Consolidated Ratio of Employees by Region



Note: Sales are based on the location of the customer and classified into countries or regions according to geographic proximity.

## Bases (as of October 2025)

[Domestic bases] 6 areas [Overseas production bases] 16 locations [Overseas sales bases] 13 locations



# Sustainability Policy and Materiality

In December 2023, the Company's Board of Directors formulated the Sustainability Policy. By linking these efforts to contributions to solving social issues such as the SDGs, we aim to achieve sustainable development of society and sustainable enhancement of corporate value.

## Sustainability Policy

With the mission of "Build the competencies and capabilities to sustain our present and future" as stated in our management philosophy, the Group will conduct business activities that earn the trust of our stakeholders, create unprecedented things, and sustainably enhance corporate value through the provision of high-quality products and solutions.

### Contribution to the Global Environment (Environment)

Recognizing that the preservation of the global environment is an important issue shared by all humankind, the Group will proactively work to reduce its environmental impact, including carbon neutrality.

### Respect for Diversity and Human Rights (Society)

The Group has established a policy for human resource development and internal environmental policies to ensure diversity, and understands and respects the internationally recognized principles of human rights.

### Sound Corporate Governance (Governance)

The Group strives to enhance corporate governance based on the principles of "ensuring the rights and equality of shareholders," "appropriate collaboration with stakeholders other than shareholders," "appropriate information disclosure," "improving management efficiency, legality, and transparency," and "promoting dialogue with shareholders," as well as to understand and comply with the laws and regulations of the countries and regions in which we operate.

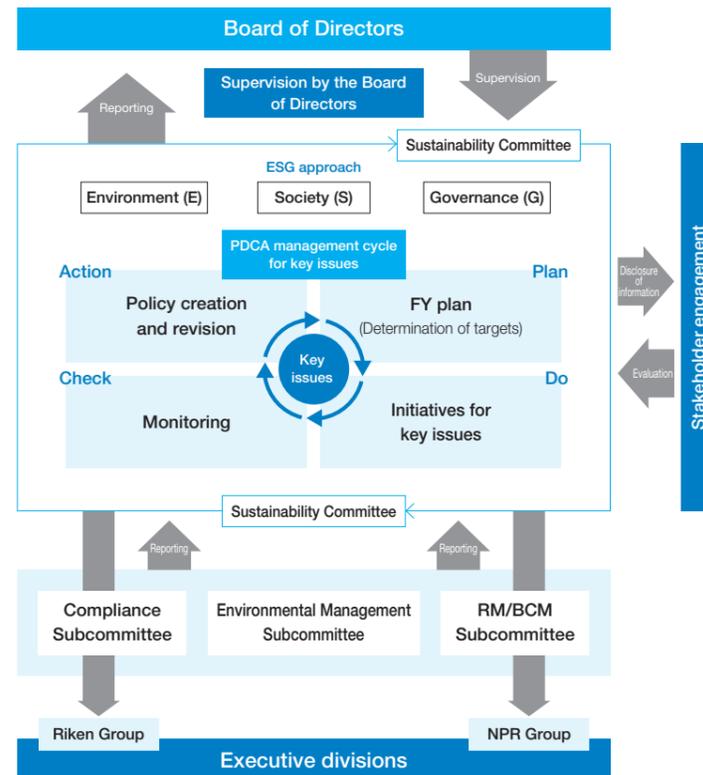
## Sustainability Promotion System

The Sustainability Committee, chaired by the COO, has been established under the Board of Directors to promote sustainability-related activities in a unified manner throughout the Group. The committee deliberates and decides on policies and measures related to sustainability activities, checks progress, and reports to the Board of Directors.

In addition, a Compliance Subcommittee, an Environmental Management Subcommittee, and a Risk Management/Business Continuity Management (RM/BCM) Subcommittee have been established under the Sustainability Committee to promote important Group issues by sector.

### Sustainability Committee's Main Topics (FY2024)

<b>September 2024</b>	<ul style="list-style-type: none"> <li>Sustainability activities; FY2024 first half results and second half plan</li> <li>Progress review of preparation of the Integrated Report</li> </ul>
<b>November 2024</b>	<ul style="list-style-type: none"> <li>FY2025 NPR-RIKEN environmental targets</li> <li>Identification of material risks and review of countermeasures</li> <li>Strengthening compliance systems (Establishment of compliance leaders)</li> </ul>
<b>March 2025</b>	<ul style="list-style-type: none"> <li>Sustainability activities: FY2024 second half results and FY2025 first half plan (Reported at the Board of Directors meeting in May 2025)</li> </ul>



## Materiality

We have identified the key sustainability issues (materiality) in our corporate activities through the following identification process. Furthermore, we will set specific initiatives/KPIs for each materiality issue and work steadily to achieve the tasks.

Area	Materiality	Issues to be addressed as part of our responsibility to society through our business	Issues to be addressed to strengthen our business foundation
Environment	1 Expansion of non-ICE* products	○	
	2 Reduction of environmental impact (carbon neutrality)	○	
Society	3 Strengthening collaboration with local communities	○	
	4 Respect for human rights		○
	5 Diversity, equity, and inclusion		○
	6 Health-oriented management and work style reform		○
	7 Strengthening of human capital investment and human resource development		○
	8 Safety and quality improvement		○
	9 Supply chain management		○
Governance	10 Enhancement of corporate governance		○

\* ICE: Internal combustion engine

## Materiality Identification Process

### Step 1 Recognize the issues

We referred to international frameworks such as the SDGs adopted by the United Nations in 2015, the UN Global Compact of 1999, and the Global Reporting Initiative (GRI), as well as the CSR Guidelines of the Japan Auto Parts Industries Association, to which we belong. We also exchanged opinions with institutional investors and experts to gather information and recognize important issues for sustainable growth with society.

### Step 2 Organize the issues

Each issue was mapped and priorities ranked according to two axes: importance to stakeholders and importance to the Group. Furthermore, after considering our current strengths and the role we should play in the future, we have organized the issues in the following two categories: (1) issues that we should address as our responsibility to society through our businesses; (2) issues that we should address in order to strengthen our business foundation.

### Step 3 Narrow down

For each issue, we have identified those that will have a significant impact on our financial and business strategies over the medium to long term, and those that we as a group can address specifically and continuously by setting KPIs.

### Step 4 Identify

After deliberations by the Sustainability Committee and the Management Meeting on the issues identified and their positioning in the Group, the Board of Directors has resolved to identify key sustainability issues (materiality) with the aim of achieving sustainable development of society and sustainable enhancement of corporate value.

## Sustainability Targets in the Midterm Management Plan

In our First Midterm Management Plan (FY2024–FY2026), we set non-financial targets for sustainability management. In particular, we have positioned six materiality issues that we consider necessary to develop a foundation for growth as key materiality issues, organized them into four areas of ESG and human capital investment, and set KPIs for that period to promote the plan.

Area	Six major items for sustainability management	Non-financial targets	KPIs
Environment	Strengthening efforts to achieve carbon neutrality	<ul style="list-style-type: none"> <li>GHG reductions (compared to 2013) (Scope 1 and 2)</li> </ul>	2026: -39% 2030: -51%
Society	Promotion of DE&I* Contribution to the local communities * Diversity, equity, and inclusion	<ul style="list-style-type: none"> <li>Ratio of female managers</li> <li>Acquisition rate of paternity leave</li> </ul>	3% or more (domestic) 7% or more (consolidated) 50% or more (domestic)
Governance	Improvement of corporate governance	<ul style="list-style-type: none"> <li>Ratio of those practicing code of conduct</li> </ul>	80% or more
Human capital investment	Improvement of employee engagement and human resource development Creation of safe and secure workplaces	<ul style="list-style-type: none"> <li>Ratio of positive responses in employee engagement survey</li> <li>Investment in human resource development for employees</li> </ul>	Compared to FY2024: +10% or more (domestic consolidated) Compared to FY2022: +30% or more (consolidated)

Risks and Opportunities, Targets and KPIs for Each Materiality Issue

ESG	Materiality	Risks	Opportunities	Initiatives	FY2024 Results	Targets and KPIs for FY2026 Initiatives	
Environment	<b>1</b> Expansion of non-ICE products 	<ul style="list-style-type: none"> <li>While sales of related parts account for the majority of sales, this declined due to decrease in the sales of ICE-equipped passenger cars and in demand for ICE-related parts as a result of regulations prohibiting sales as a measure to combat climate change.</li> </ul>	Secure sales and revenue by introducing differentiated and innovative products to the market, applying the Group's core technologies, in response to the expanding needs listed below. <ul style="list-style-type: none"> <li>Expanding needs for non-ICE related products</li> <li>Expanding needs for products that contribute to energy conservation/decarbonization, such as fuel-efficient technologies and engine components that burn hydrogen, biofuels, etc., which contribute to CN</li> </ul>	<ul style="list-style-type: none"> <li>New product and business development to expand next core business</li> <li>Business portfolio reform</li> </ul>	<ul style="list-style-type: none"> <li>Shifted resources to the next core business and continued new product development</li> <li>Commercialization and commenced mass production of "engineered plastic gears" with metallic inserts for electrically assisted bicycles</li> <li>Commenced sale of axial gap motors for agricultural support transport robots</li> <li>Commenced mass production of electromagnetic noise suppression sheets for automobiles and medical devices</li> </ul>	<ul style="list-style-type: none"> <li>Next core business sales: 18 billion yen (5.8 billion yen in FY2023)</li> </ul>	
	<b>2</b> Reduce environmental impact (carbon neutrality) 	<ul style="list-style-type: none"> <li>Difficulty in sales and reduced order intake due to our products lagging behind the competition in meeting environmental impact reduction/decarbonization needs</li> <li>Suspension of operations based on stricter regulations as a result of the continued use of environmentally hazardous raw materials or energy</li> <li>Increased costs to comply with laws and regulations due to delays in reducing CO<sub>2</sub> and hazardous substance emissions in the production process, and increased difficulty in obtaining licenses to operate</li> </ul>	<ul style="list-style-type: none"> <li>Expanding needs for products that contribute to the separation, removal, and purification of hazardous substances in the air, water, and soil</li> <li>Expanding needs for products that recycle resources and materials</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions through promotion of energy conservation and energy substitution activities, aggressive introduction of renewable energy, purchase of credits, etc.</li> <li>Reduction of environmental impact on air, water, soil, etc. (continuation of environmental management system certification)</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 47.6% reduction in CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated), compared to target of 39% reduction. Promoted initiatives including energy conservation and introduction of renewable energy.</li> <li>Established the Quality Assurance Division to oversee the Group's environmental management (including CN)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions (compared to FY2013 results) (consolidated): -39%</li> </ul>	
Society	<b>3</b> Strengthening collaboration with local communities 	<ul style="list-style-type: none"> <li>Community inactivity makes business activities more difficult.</li> </ul>	<ul style="list-style-type: none"> <li>Improve business continuity by becoming a company trusted by the community through community revitalization.</li> </ul>	<ul style="list-style-type: none"> <li>Continued communication with local residents and ongoing implementation and expansion of community social contribution activities that meet their needs</li> </ul>	<ul style="list-style-type: none"> <li>FY2024 total number of participants in volunteer activities: 308</li> <li>Continued existing initiatives, including donations to children's cafeterias and sending volunteers to disaster-hit areas that were commenced in the previous fiscal year.</li> </ul>	<ul style="list-style-type: none"> <li>New social contribution initiatives</li> <li>Increase in community and disaster volunteer participation</li> </ul>	
	<b>4</b> Respect for human rights 	<ul style="list-style-type: none"> <li>Damaged corporate reputation among stakeholders as a company that fails to respect human rights, lowered morale, difficulty in recruiting human resources, and decreased order intake</li> </ul>	<ul style="list-style-type: none"> <li>Earn stakeholders' trust through respect for human rights and disclosure.</li> </ul>	<ul style="list-style-type: none"> <li>Preparation to conduct human rights due diligence</li> <li>Regular human rights education</li> </ul>	<ul style="list-style-type: none"> <li>Trial implementation of human rights due diligence checks at domestic Group companies.</li> </ul>	<ul style="list-style-type: none"> <li>Management system with human rights due diligence is working effectively.</li> </ul>	
	<b>5</b> Diversity, equity, and inclusion 			<ul style="list-style-type: none"> <li>Consider and implement personnel and evaluation systems and work systems that make it comfortable/motivating to work for a diverse workforce.</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of female managers: 2.7% (domestic), 8.1% (consolidated)</li> <li>Ratio of male employees taking parental leave: 59.4% (domestic)</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of female managers: 3% or more (domestic), 7% or more (consolidated)</li> <li>Ratio of male employees taking parental leave: 50% or more (domestic)</li> </ul>	
	<b>6</b> Health-oriented management and work style reform 	<ul style="list-style-type: none"> <li>Shortage of human resources (recruitment difficulties, increased employee turnover) and low morale make stable business activities difficult.</li> <li>Damaged corporate reputation and difficulties in business activities due to inability to change business portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Creation of innovation, long-term growth potential, and transformation of the business portfolio through a diverse and talented workforce gained by creating an environment where they can work and grow easily</li> <li>Improve productivity and attract talent by enabling each employee to thrive in a safe and secure work environment.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain and maintain the certification as a KIH Outstanding Organization, and improve its initiatives</li> <li>Consider and implement new measures for work style reform</li> </ul>	<ul style="list-style-type: none"> <li>Obtain certification as a KIH Outstanding Organization for Riken and Nippon Piston Ring</li> </ul>	<ul style="list-style-type: none"> <li>Obtain certification as a KIH Outstanding Organization for NPR-RIKEN.</li> </ul>	
	<b>7</b> Strengthening of human capital investment and human resource development 			<ul style="list-style-type: none"> <li>Identify the current situation and the vision in order to build a human resource portfolio linked to the business strategy.</li> <li>Recruitment, staffing, and support for independent and autonomous career development toward the vision of the human resources portfolio</li> <li>Consider and implement a new human resources system in line with the objectives of human capital investment.</li> </ul>	<ul style="list-style-type: none"> <li>Riken and Nippon Piston Ring conducted a uniform employee engagement survey and set medium-term KPIs.</li> <li>Investment in human resource development for employees (compared to FY2022): +14.4% (consolidated)</li> <li>Number of serious occupational accidents: 0</li> <li>Established the Safety &amp; Health Division to oversee the Group's safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement score (TBD)</li> <li>Investment in human resource development for employees (compared to FY2022): +30% or more (consolidated)</li> </ul>	
	<b>8</b> Safety and quality improvement 		<ul style="list-style-type: none"> <li>Recalls, lawsuits, etc. due to quality problems, damage to corporate reputation among stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Improve competitiveness by providing safe and high-quality products to gain customer confidence and strong support.</li> <li>Improve cost competitiveness of products by reducing quality loss costs.</li> </ul>	<ul style="list-style-type: none"> <li>Improve the group safety and health management system.</li> <li>Improve the Group's quality management system.</li> <li>Obtain quality management system certification at each manufacturing site.</li> </ul>	<ul style="list-style-type: none"> <li>Number of serious quality problems: 0</li> <li>Established the Quality Assurance Division to oversee the Group's quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>Number of serious occupational accidents: 0</li> <li>Number of serious quality problems: 0</li> </ul>
	<b>9</b> Supply chain management 		<ul style="list-style-type: none"> <li>Damaged corporate reputation among stakeholders due to human rights issues and other scandals in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Earn stakeholders' trust through consideration of human rights throughout the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare to conduct human rights due diligence, including the supply chain.</li> <li>Introduce the NPR-RIKEN Group's sustainability management.</li> <li>Conduct and follow up on supplier CSR survey.</li> </ul>	<ul style="list-style-type: none"> <li>Formulated our Partnership Building Declaration</li> <li>Established the Procurement Division to oversee the Group's procurement</li> </ul>	<ul style="list-style-type: none"> <li>Management system with human rights due diligence is working effectively, including the supply chain.</li> </ul>
	<b>10</b> Enhancement of corporate governance 		<ul style="list-style-type: none"> <li>Damaged corporate reputation among stakeholders, increased cost of shareholders' equity, lowered morale, and difficulty in recruiting human resources due to corporate scandals caused by poor governance and compliance or by not being seen as a transparent and healthy company</li> </ul>	<ul style="list-style-type: none"> <li>Improve business continuity and reduce the cost of shareholders' equity by becoming a company trusted by stakeholders for having excellent governance and compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Establish the code of conduct, spread awareness, and call for its implementation.</li> <li>Enhance the diversity of the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Practicing rate based on code of conduct practicing rate check (consolidated): 89%</li> <li>Continued to implement code of conduct read-throughs in the workplace and legal</li> <li>Established the Legal &amp; Compliance Department to strengthen the Group's compliance</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of those practicing code of conduct: 80% or more</li> </ul>

Issues to be addressed as part of our responsibility to society through our business

Issues to be addressed to strengthen our business foundation

# Stakeholder Engagement

Recognizing that a company is a social entity, the NPR-RIKEN Group's management philosophy is to respect our relationships with our stakeholders, and to strive to solve social issues related to living conditions and the environment wherever we operate. To achieve this, we are working to build relationships of trust with our stakeholders through dialogue and collaboration.

Stakeholder	Basic Policy	Main Dialogue Channels	FY2024 Results
 <b>Employees</b>	<p>We recognize that society strongly demands that we view human resources as capital and invest in them to maximize their value, and that the realization of this demand will determine our sustainable growth.</p> <p>Under our human resources strategy, we will support our employees in their independent and self-directed career development, create an environment in which our human resources can continuously demonstrate their capabilities, grow, and take on new challenges by creating workplaces where diverse talent can work safely and securely, both physically and mentally, as well as strive to reward their abilities, achievements, and challenges.</p>	<ul style="list-style-type: none"> <li>• Job rotations</li> <li>• Internal recruitment system</li> <li>• Periodic evaluation and meeting with superior</li> <li>• Various skill development training</li> <li>• DE&amp;I (Diversity, Equity, &amp; Inclusion)</li> <li>• Internal social media</li> <li>• Management Policy Plaza</li> <li>• Internal whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution of messages at the Management Policy Plaza by the top management of NPR-RIKEN</li> <li>• Joint training course for new employees and new managers in the NPR-RIKEN Group</li> <li>• Knowledge creation workshops for engineers in new product development departments</li> <li>• Lecture on the topic of "The history of women's soccer and the work styles and careers of modern women," with the manager and a player from a women's soccer team as the lecturers (total number of participants: 110 people)</li> </ul>
 <b>Customers</b>	<p>Our Management Philosophy is to enhance corporate value by providing high-quality products and solutions to our customers. We have defined a Quality Policy to provide high-quality products and services that bring trust and excitement to our customers.</p> <p>We will strive to improve our corporate value by providing products that are attractive to our customers, products that contribute to problem solving, and products with competitive prices.</p>	<ul style="list-style-type: none"> <li>• Provision of high-quality products and services</li> <li>• Ongoing communication with customers (including ongoing implementation and follow-up of customer satisfaction surveys)</li> <li>• Technology exchange meetings</li> <li>• Exhibitions</li> <li>• Joint research, joint development, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented quality management system improvement activities</li> <li>• Received quality-related and cost of sales improvement-related awards from several customers</li> <li>• Exhibited at exhibitions such as "Automotive Engineering Exposition 2024 YOKOHAMA," "Japan Robot Week 2024," "Medical Creation Fukushima 2024," and "Niigata Environmental Festival 2024"</li> <li>• Our Hydrogen and New Energy Business received a "Special Award" from Toyota Motor Corporation → P. 12</li> </ul>
 <b>Business partners</b>	<p>Our business activities are supported by raw materials, equipment, and services that are provided by business partners around the world.</p> <p>We have formulated our 2024 Supplier CSR Guidelines, the Partnership Building Declaration, and will inform our business partners of these guidelines and ask them to promote CSR activities, aiming for mutual development together with our business partners.</p>	<ul style="list-style-type: none"> <li>• Daily procurement activities</li> <li>• Audits on quality, safety, etc.</li> <li>• Requests for surveys regarding conflict minerals, etc.</li> <li>• Held briefing sessions on our procurement policy</li> </ul>	<ul style="list-style-type: none"> <li>• Published our Partnership Building Declaration and Supplier CSR Guidelines</li> <li>• Conducted conflict mineral surveys</li> <li>• Held briefing sessions on our procurement policy</li> <li>• Conducted a CSR survey (NPR)</li> </ul>
 <b>Shareholders and investors</b>	<p>We will engage in fair and constructive dialogue with our shareholders in order to build long-term relationships of trust. In addition to making appropriate disclosures in accordance with laws and regulations and the rules established by the Tokyo Stock Exchange, we disclose information to ensure transparency and fairness in decision-making and realize effective corporate governance, and disclose information on ESG and other issues to report how we are working to achieve sustainability management.</p>	<ul style="list-style-type: none"> <li>• General Meeting of Shareholders</li> <li>• Financial results briefing attended by the Representative Director</li> <li>• Individual IR/SR meetings</li> </ul>	<ul style="list-style-type: none"> <li>• NPR-RIKEN held the 1st Ordinary General Meeting of Shareholders in June 2024</li> <li>• Held 46 individual IR/SR meetings</li> <li>• Held SR interviews with five life insurance companies and seven trust banks, etc.</li> </ul>
 <b>Local communities</b>	<p>We have defined in our code of conduct that, "In order to fulfill its role as a member of the local communities in which it operates, the NPR-RIKEN Group will actively participate in community development, volunteer work, disaster prevention and disaster recovery activities, and participate in social contribution activities in both the local and international communities." We will continue to work to contribute even further to the development of local communities.</p>	<ul style="list-style-type: none"> <li>• Support for local community events</li> <li>• Sponsorship of local community education and sports activities</li> <li>• Donation and support activities</li> <li>• Disaster assistance</li> </ul>	<p>In addition to the existing initiatives of the Two Companies, the following are being implemented.</p> <ul style="list-style-type: none"> <li>• Supported children's cafeterias in areas where our plants are located</li> <li>• Dispatched volunteer teams to areas affected by the 2024 Noto Peninsula Earthquake</li> <li>• Continue as top partner of the WE League team RB OMIYA ARDIJA WOMEN</li> </ul>

## Local Community Collaboration: Top Partnership of WE League Team RB OMIYA ARDIJA WOMEN

Since February 2024, we have been the top partner of the professional women's soccer club RB OMIYA ARDIJA WOMEN. RB OMIYA ARDIJA WOMEN is based in Saitama City, Saitama Prefecture, and belongs to the WE League, a professional women's soccer league. The club also runs an academy (for U-15s and U-18s) and provides support activities to enable women to continue playing soccer in the local community.

The WE League was just launched in 2020, and we are supporting the club as a top partner, as we agree with their challenging attitude, their involvement in the local community, and their efforts to realize a society in which women can play an active role.

We will continue to fully support RB OMIYA ARDIJA WOMEN in the 2025-26 season and give them even more enthusiastic encouragement.



Photos provided by RB OMIYA Inc.

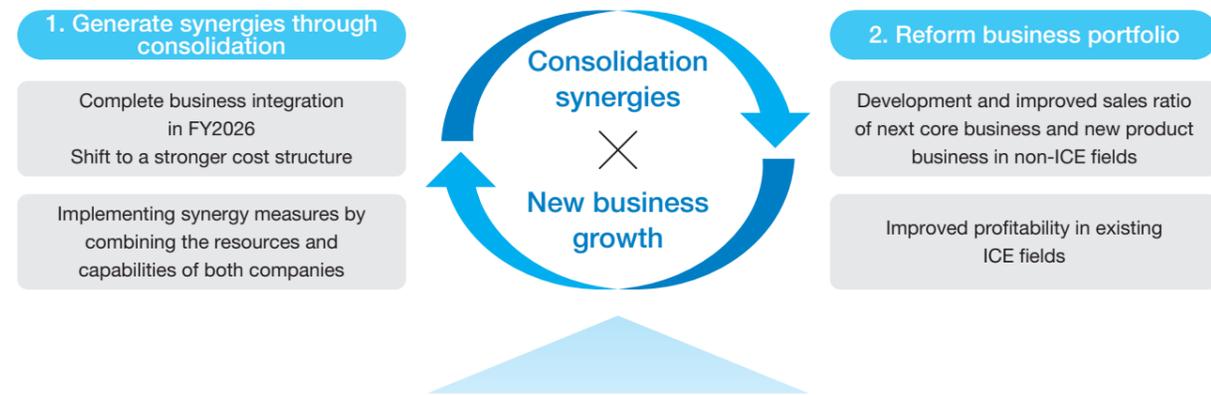
## Shareholder and Investor Dialogue

We held 44 IR meetings during the fiscal year ended March 31, 2025. We held two SR meetings and had discussions with a total of 22 companies. At the SR meetings, we discussed important management themes such as our Midterm Management Plan, consolidation synergies, capital policy, efforts to achieve a P/B ratio of 1x, sustainability activities, and governance, and our outside directors also participated in some of the meetings. The opinions received during the dialogue have been shared as feedback internally and reflected in the company briefing sessions we have held and the integrated report that we have published, and have been utilized in subsequent IR and SR activities.

# Midterm Management Policy

The Group's sales of parts for automobile engines, especially passenger car engines (passenger ICE), account for almost half of its total business, but ICE production numbers are forecast to shrink as the market shifts to electrification. In this business environment, the Group has formulated a Midterm Management Policy with the pillars of "Generate synergies through consolidation," "Reform business portfolio," and "Strengthen sustainability management and develop a foundation for growth." Our quantitative targets are net sales of 180 billion yen, ordinary profit ratio of at least 9%, and ROE of at least 8% in FY2026 (during the period of the First Midterm Management Plan). In addition, we aim to achieve 200 billion yen in net sales, ordinary profit ratio of at least 12%, and ROE of at least 10% by FY2030.

## 'Innovation' and 'Challenge,' and to the New Stage



FY2023	FY2024-FY2026 Midterm Management Plan period	FY2030 2030 Vision
Net sales <b>168.6</b> billion yen	Net sales <b>180.0</b> billion yen	Net sales <b>200.0</b> billion yen
Ordinary profit ratio <b>8.1%</b>	Ordinary profit ratio <b>9%</b> or more	Ordinary profit ratio <b>12%</b> or more
ROE <b>6.2%</b>	ROE <b>8%</b> or more	ROE <b>10%</b> or more

Note: If 12-month results of Riken and NPR are reflected (excluding gain on bargain purchase)

## Progress of the First Midterm Management Plan (FY2024-FY2026)

### Financial Targets

In FY2024, the first year of the Midterm Management Plan, net sales was 170.3 billion yen, ordinary profit was 14.7 billion yen, and the ordinary profit ratio was 8.6%, representing an increase in both sales and profits compared to FY2023, before the business integration.

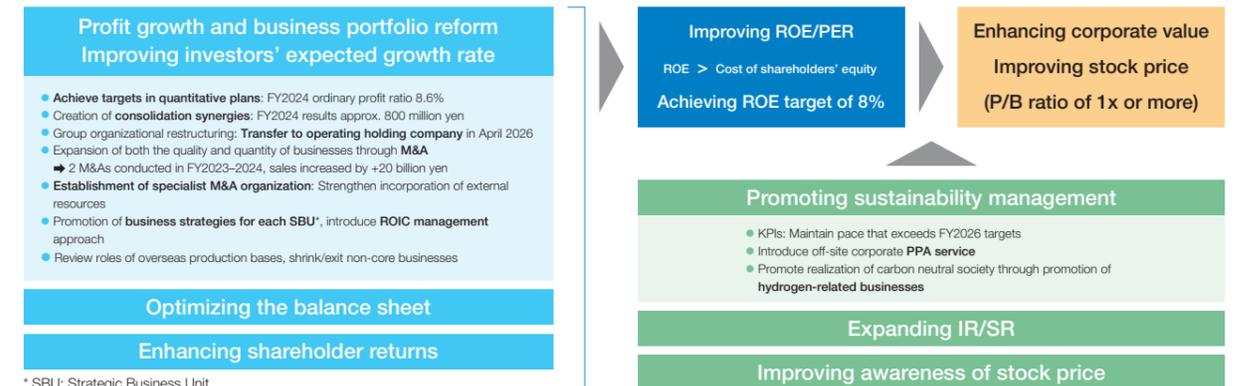
Regarding **consolidation synergies**, as a result of efforts to improve manufacturing in the piston ring business, which is an overlapping business between the Two Companies, joint procurement, logistics efficiency, sales bases integration, and personnel resource shifting, approximately 800 million yen has accumulated, which are included in these results.

Approximately one and a half years have passed since the business integration in October 2023, and the integration of corporate cultures and work styles has progressed smoothly. Regarding R&D and sales activities, unified initiatives as the NPR-RIKEN Group have already commenced since April last year. In manufacturing, too, the active incorporation of the strengths of both companies has led to synergy effects such as improved productivity and quality. Cost synergies are expected to reach 1.5 to 2.0 billion yen in FY2025 (cumulative amount since FY2024).

Regarding **shareholder returns**, in accordance with the targets of the First Midterm Management Plan period (FY2024-FY2026), we paid a total annual dividend of 130 yen per share (interim dividend of 45 yen and year-end dividend of 85 yen) in FY2024, which is a dividend payout ratio of 40.2%, and total shareholder returns were 85.6% including the acquisition of 4 billion yen in treasury shares conducted in May 2024. Regarding **R&D and capital investments**, we improved the efficiency of our existing businesses (piston ring business and fundamental business) through consolidation and also progressed with the shift of resources to the next core business. We recognize that we need to further strengthen our efforts to achieve the targets in the Midterm Management Plan regarding the **operating profit of each business** and the **return on equity (ROE) of the Group as a whole**.

We will continue with the business portfolio reform, creation of synergies, and optimization of the balance sheet in order to achieve an ROE that exceeds the cost of shareholders' equity. Due to the uncertain business environment, including the impact of U.S. tariff policies, we currently expect a decrease in both sales and profits in FY2025. However, we will not revise the midterm targets for FY2026 at this time and will aim to achieve them.

		FY2024 Results	Midterm Management Plan Period FY2024-FY2026	
Midterm quantitative targets	Net sales	170.3 billion yen	180.0 billion yen	
	Ordinary profit ratio	8.6%	9% or more	
	ROE	6.1%	8% or more	
Consolidation synergies		Approx. 800 million yen	3.0 billion yen/year	
Shareholder return	Dividend payout ratio	40.2%	40% or more	
	Treasury share acquisition	4.0 billion yen	10.0 billion yen (3-year cumulative)	
	Total return ratio	86%	70% or more (3-year average)	
Strategic investment		Capital investment: 6.8 billion yen R&D expenses: 4.6 billion yen	Growth investment: 40.0 billion yen (capital investment, M&A) Compared to previous R&D expenses: 3.0 billion yen increase	
Business strategy	Piston Ring business	Net sales	68.0 billion yen	67.5 billion yen
		Operating profit ratio	8%	10% or more
	Fundamental business	Net sales	80.8 billion yen	80.0 billion yen
		Operating profit ratio	6%	7% or more
	Next core business	Net sales	12.5 billion yen	18.0 billion yen
		Operating profit ratio	7%	10% or more



### Non-financial Targets

As part of our efforts to increase corporate value, we are working to improve ROE, eliminate information asymmetry by **promoting sustainability management** and enhancing investor relations and shareholder relations, and reduce the cost of shareholders' equity. Regarding the six major items for sustainability management, we have set KPIs directed at achieving the FY2026 targets in the Midterm Management Plan, and are working on them. We have determined that our initiatives for each of the items progressed further than planned in FY2024.

Item	BM	FY2026 target in Midterm Management Plan	March 31, 2025 results (forecast results for some)
Greenhouse gas emissions	Compared to FY2013 results	-39% (consolidated) (2020-2024)	-47.5%
Ratio of female managers	FY2022 results	3% or more (consolidated)	2.7% (domestic)
Ratio of male employees taking parental leave	FY2022 results	7% or more (consolidated)	8.1% (consolidated)
Ratio of those practicing safe of conduct	FY2022 results	50% or more (domestic)	59.4% (domestic)
Investment in human resource development for employees	Compared to FY2022 results	80% or more (consolidated)	89%
Ratio of positive responses to employee engagement	Compared to FY2024	+30% (consolidated)	+14.4% (domestic consolidated)
		+10% (consolidated)	The Midterm Management Plan target for this item was set in 2024.

# Financial Strategy

## Basic Policy on Financial Strategy

In the Vision of our management philosophy, we have stated that we will “continue to embrace change,” and in the business strategy of our Midterm Management Policy, we have stated that we will “reorganize business portfolio to achieve sustainable sales and profit growth.” To achieve this, we will strengthen the profitability of the piston ring business and fundamental business, and expand sales scale of the next core business and make it a core business.

In order to continuously increase our corporate value now and in the future through transformation, we believe that we must have adequate sales and revenue to realize our investments in the next core business, and we have set numerical financial targets in our 2030 Vision and Midterm Management Plan.

## Key Financial Targets

	FY2023 Results (Simple aggregate of both companies, for reference only)	FY2024 Results	FY2026 The First Midterm Management Plan	FY2030 2030 Vision
Net sales	168.6 billion yen	170.3 billion yen	180.0 billion yen	200.0 billion yen
Ordinary profit ratio	8.1%	8.6%	9% or more	12% or more
ROE	6.2%	6.1%	8% or more	10% or more

The numerical targets for FY2026 in the Midterm Management Plan set sales at 180 billion yen, ordinary profit ratio at 9% or more, and ROE at 8% or more.

We will aim to achieve our ROE target by setting it above the cost of shareholders’ equity, promoting strategic allocation of management resources and business portfolio reform, and conducting operations with an emphasis on capital efficiency, including judging the profitability of individual investments with an awareness of the cost of capital.

## Strategic Investment

We will strategically implement medium- to long-term capital investment and R&D, as well as M&A, even in a rapidly changing business environment, to continuously improve our corporate value.

Each implementation policy will be formulated and carried out in accordance with the business strategy of reorganizing business portfolio to achieve sustainable sales and profit growth, which is stated in the Midterm Management Policy and Midterm Management Plan, and in line with the portfolio classification, taking into account capital cost.

### Investment policy by portfolio classification

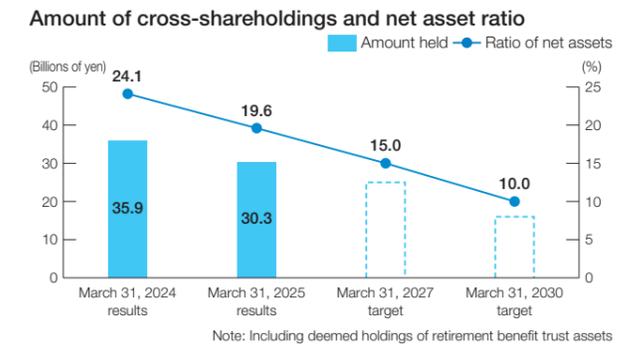
	Capital investment	M&A	R&D
Next core business	Investments for sales scale expansion to become core business • Carbon neutrality (CN) related investments		
Piston ring and fundamental businesses	Investments for strengthening (stabilizing) profitability • Equipment installation with an awareness of enhancing cost competitiveness • CN-related investments		
			• Differentiation of existing products • Development and commercialization of fuel-efficient technologies, hydrogen engines, biofuels, etc., which contribute to CN



## Optimizing the Balance Sheet

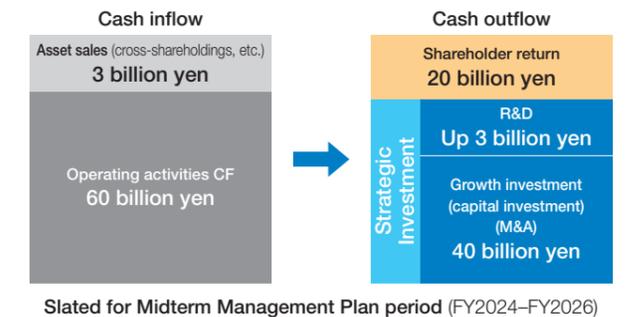
In order to improve capital efficiency, it is also essential to improve asset efficiency. We will work on improving working capital and selling cross-shareholdings and other assets. In particular, we have set a new target (from FY2025) to reduce the net asset ratio of cross-shareholdings.

We aim to reduce the net asset ratio to below 10% by the end of March 2030, with an intermediate milestone of reducing it to below 15% by the end of the First Midterm Management Plan (end of March 2027). We are also obtaining credit ratings and introducing sustainability loans with the aim of reducing the cost of debt.



### Distribution of cash generated

During the period of our Midterm Management Plan (FY2024–FY2026), we plan to generate a cumulative total of 63 billion yen through business growth and asset sales. About two-thirds of this amount will be allocated to strategic investments to achieve further growth (business portfolio reforms, maintenance and expansion of the earnings base, human investment, etc.), and the remainder will be allocated to shareholder returns and distributed appropriately.



## Shareholder Return

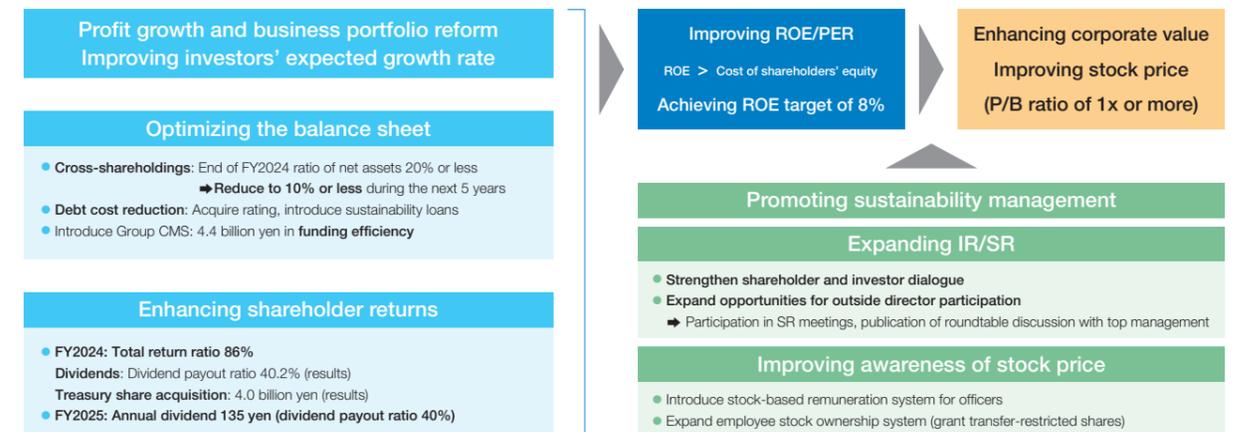
We have positioned returning profits to shareholders as a key management issue, and have adopted a basic policy of continuing to pay stable dividends (twice a year, interim and year-end dividends) while flexibly acquiring treasury shares, and also providing shareholder returns with an awareness of capital efficiency and total return ratio, taking into consideration the balance between investment for growth and corporate value enhancement and financial soundness.

During the period of the Midterm Management Plan (FY2024–FY2026), we aim to achieve a dividend payout ratio of 40% or more, a three-year average of 70% or more for the total return ratio, and total shareholder returns of 20 billion yen (including 10 billion yen on the acquisition of treasury shares); as a result, the DOE for FY2026 is expected to be 3%, and the policy is to raise the level of shareholder returns compared to previous results. The FY2024 annual dividend was 130 yen per share (interim dividend of 45 yen and year-end dividend of 85 yen), which is a dividend payout ratio of 40.2%, and total shareholder returns were 85.6% including the acquisition of 4 billion yen in treasury shares conducted in May 2024.

The dividend forecast for FY2025 is to increase the full-year dividend by 5 yen to 135 yen per share (interim dividend of 50 yen and year-end dividend of 85 yen). Regarding the acquisition of treasury shares, we intend to make flexible decisions based on our cash position and stock market trends.

## Improving P/B Ratio

We aim to increase corporate value and stock price (P/B ratio of 1x or more) by improving ROE and reducing cost of shareholders’ equity through profit growth, improving investors’ expected growth rate, optimizing the balance sheet, strengthening shareholder returns, promoting sustainability management, and improving IR and SR.



# Business Strategy

## Piston Ring Business

**FY2024**

Net sales **68.0** billion yen

Operating profit ratio **8%**

➔

**FY2026 target**

Net sales **67.5** billion yen

Operating profit ratio **10% or more**

Composition of Net Sales

# 40%

### Status in FY2024

Global automobile production remained roughly at the same level as the previous year, thanks to growth in the Chinese market and despite a decline in the domestic market due to issues such as the certification fraud issue. In terms of profits, the piston ring business saw an increase in both sales and profits compared to the previous year, thanks to the effects of the weak yen, passing on price increases, and progress in rationalization, including the creation of synergies.

Starting from FY2024, we are establishing an integrated sales and development division, as well as conducting initiatives aimed at fundamental productivity improvements, including consolidating and streamlining research and development themes, consolidating development bases, optimizing processes for some products, and leveraging consolidation synergies in overlapping areas. Specifically, we are withdrawing from piston ring production in Taiwan and promoting the integration of our domestic cast iron piston ring business. We also plan to gradually realize synergies through the integration of design processes and specifications, as well as further consolidation of bases.



### SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Close relationships with a wide range of customers</li> <li>Wide product lineup and production methods</li> <li>Large share (passenger cars)</li> </ul>	<p><b>Global supply structure</b></p> <ul style="list-style-type: none"> <li>High performance, high quality products</li> <li>Development capabilities that anticipate customer needs</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Response to inexpensive, good quality products (low-priced products)</li> <li>Long lead time</li> <li>Creation of synergies in areas where the Two Companies overlap</li> <li>Currently expanding the share in non-passenger cars</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Expand the share in non-passenger cars</li> <li>Restructuring of the automotive parts industry, carbon neutral automobiles = demand for next-generation fuels (hydrogen, synthetic fuels (e-fuel)) and biofuel-compatible ICE</li> <li>Demand for local procurement in new mega markets</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Number of ICE production will peak out</li> <li>Declining prices of non-CASE automotive parts</li> <li>Intensifying competitive environment</li> <li>Customer risk aversion (headwind against capturing market share)</li> </ul>	

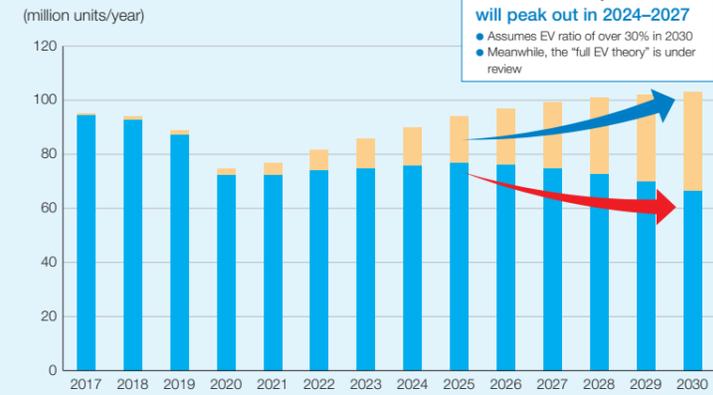
### Issues, policies, outlook, and strategy of the First Midterm Management Plan

Issues	Basic policy
<ul style="list-style-type: none"> <li>Shrinking market: Maintain and expand sales, improve profit ratio</li> <li>Strengthen cost competitiveness</li> <li>Deepen carbon neutrality measures and lead the way in improved next-generation engine functionality</li> </ul>	<p><b>World's No. 1 supplier of piston rings</b></p> <ul style="list-style-type: none"> <li>Be a reliable solutions provider</li> <li>Create synergies and dramatically improve productivity</li> <li>Have an extensive product lineup and fast development speed</li> <li>Innovative product technologies for carbon neutrality (hydrogen and alternative fuel compatibility)</li> </ul>
Business prospects	Business strategy
<p><b>Passenger cars</b></p> <ul style="list-style-type: none"> <li>Power source diversification</li> <li>Progressing shift to EVs</li> <li>Shrinking market</li> </ul> <p><b>Aftermarket parts</b></p> <ul style="list-style-type: none"> <li>1.6 billion-vehicle market (Total number of vehicles worldwide)</li> <li>Will remain strong</li> </ul> <p><b>Heavy-duty commercial and industrial</b></p> <ul style="list-style-type: none"> <li>ICE will continue to be mainstay</li> <li>Demand is levelling off/slightly increasing</li> </ul> <p><b>Marine</b></p> <ul style="list-style-type: none"> <li>Increased newbuilds</li> <li>Accelerated new fuel technologies</li> <li>Increased marine cargo movement (demand for replacements)</li> </ul>	<p><b>Selective sales expansion targeting "remaining engines" and development of technological proposal sales</b></p> <ul style="list-style-type: none"> <li>Use of hydrogen/alternative fuel engine test equipment</li> <li>Promotion of industry-academia and industry-industry collaboration</li> </ul> <p><b>Strengthening responsiveness at overseas bases</b></p> <ul style="list-style-type: none"> <li>Pursuing cost reduction by combining production technologies of the Two Companies, building an optimal production system, improving resource efficiency, and improving profit ratio through automation</li> </ul> <p><b>Concentrating resources on promising customers and markets</b></p> <p><b>Expanding sales with new technologies for new fuels (methanol, ammonia, and hydrogen)</b></p> <ul style="list-style-type: none"> <li>Improving efficiency of production and development systems</li> </ul>

### Automotive market

In the piston ring business, the sales of piston rings for automobile engines, especially passenger car engines (ICE), account for around half of our total business, but technological innovation in the automobile industry, such as the development and practical application of electric vehicles and automated driving, is progressing. Although some consider that the rate of decline in ICE production due to electrification has slowed, we believe that it has already peaked globally. There are also concerns about the impact of changes in the United States' tariff policy on global automobile demand.

### Global ICE and EV production trend forecast



On the other hand, we expect strong demand for piston rings for aftermarket, and for heavy-duty commercial, industrial, and marine use where the shift to EVs is not expected to progress easily. Regarding passenger car engines, we expect demand for hybrid electric vehicles (HEVs) and engines that burn alternative fuels to continue for the time being.

In light of this outlook, we are working to create synergies in sales, production, and development in order to expand our market share for the "remaining engines," thereby maintaining and improving our business sales and profit ratio.

### Business Topics

## Hydrogen and New Energy Businesses

We are developing solutions for next-generation fuels—such as synthetic fuels (e-fuels) and biofuels—that enable carbon neutrality in internal combustion engines, and we are also working on hydrogen engine components. Both initiatives fully leverage our deep expertise in engines and our technical capabilities in sealing and tribology. Regarding hydrogen in particular, we have established the Hydrogen & Alternative Energy Project Department with the aim of active participation in hydrogen energy-related businesses. We are working to realize local production for local consumption of energy and carbon-neutral society, based on developing the business to convert existing engine vehicles into hydrogen engine vehicles (hydrogen engine conversion business development).

### Three Pillars of the Hydrogen and New Energy Businesses and Recent Activities

#### A. Activities that contribute to the diffusion of hydrogen engines in society

In order to raise the level of hydrogen engine development technology and accelerate the trend in hydrogen engine development, we have expanded our hydrogen engine evaluation facility to the largest scale in Japan (per our research), and we are actively participating in national projects and consortia for hydrogen engine development, as well as undertaking evaluation contracts.



Enhance the hydrogen engine evaluation facility

#### B. Activities to realize a hydrogen engine conversion business for diesel heavy vehicles

We have been promoting an in-house project to modify and develop hydrogen engines as a step towards realizing a hydrogen engine conversion business that will accelerate carbon neutrality. We produced a prototype vehicle in April 2025 by converting the engine of a small truck used by the Company into a hydrogen engine.

Additionally, in June 2025, our joint project with Tokyo City University and The Nisshin OilIIO Group, Ltd. to conduct demonstration tests and research into commercialization of a hydrogen engine conversion bus was selected for a NEDO public tender project. Furthermore, we have signed a four-party collaboration agreement regarding this initiative that includes Yokohama City. We will continue to conduct research and demonstration projects under this collaboration, as well as demonstrate the commercial use of our own small truck, with the aim of realizing the hydrogen engine conversion business from FY2026 onwards.



Scan the code below to see a YouTube video of the hydrogen engine truck, including footage of it driving

#### C. Activities that contribute to local production for local consumption of clean energy

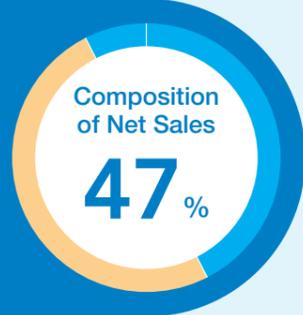
Kashiwazaki City, Niigata Prefecture, where the Group has a base, has formulated the Kashiwazaki City's Zero-Carbon City Promotion Strategy and is aiming to quickly realize a decarbonized society. We support Kashiwazaki City's policy and have been promoting the construction and operation of a hydrogen station with the aim of popularizing fuel cell vehicles, in order to promote decarbonization in the Kashiwazaki area. Our hydrogen station is scheduled to open in the spring of 2026 and will be available to local residents and will also serve as a relay point for fuel cell vehicles traveling from Niigata Prefecture to Toyama Prefecture and Nagano Prefecture.



Image of completed hydrogen station

Construction of a hydrogen station

# Business Strategy Fundamental Business



FY2024	Net sales 80.8 billion yen	FY2026 target	Net sales 80.0 billion yen
	Operating profit ratio 6%		Operating profit ratio 7% or more

## Precision machined parts (for automotive and industrial machinery)

- Sintered products, engineered plastic products, and precision components

Cylinder liners, valve seats, valve lifters, and camshafts contribute to engine performance just like piston rings. We also offer a wide range of sealing components for transmissions, compressors, turbochargers, etc. that comply with strict quality standards for automobiles, ships, and aircraft to a wide variety of customers worldwide.



- Casting components

Mainly automotive undercarriage parts such as steering knuckles, lower arms, damper forks, brake parts, and differential cases, achieving both reliability and weight reduction through advanced materials, design, and manufacturing technologies. We pursue environmental performance.



## SWOT Analysis: Precision machined parts

<b>Strengths</b> <ul style="list-style-type: none"> <li>Close relationships with major customers</li> <li>Global supply structure</li> <li>Technologies that differentiate each product</li> <li>High performance, high quality and large-scale production technologies</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>Limited customer base</li> <li>High-quality and special raw materials</li> <li>Some products have low profitability</li> <li>Some products have large capital investment and maintenance costs</li> <li>Lack of new product sales</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>Restructuring of the automobile and automotive parts industry</li> <li>Carbon neutral automobiles = demand for next-generation fuels (hydrogen, synthetic fuels (e-fuel)) and biofuel-compatible ICE</li> <li>High efficiency, lightweight, and plastic-based automobiles</li> <li>Technologies and products that can be applied to non-automotive fields</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>Demand for ICE parts will peak out</li> <li>Rising raw material prices and regulations</li> <li>Changes in trends of major business partners</li> <li>Advances in customer needs</li> </ul>

## Piping products (for construction and industry)

Piping products play a major role in industrial sectors such as lifelines, disaster prevention systems, and plants that support comfortable and safe urban living.

The Group provides piping products that impress customers through technological innovation under the trusted TOP and Yubiwa brands, which have received various certifications and accreditations from JIS, JWWA, JPF, the Fire Equipment and Safety Center of Japan, and Japan Stainless Steel Association.



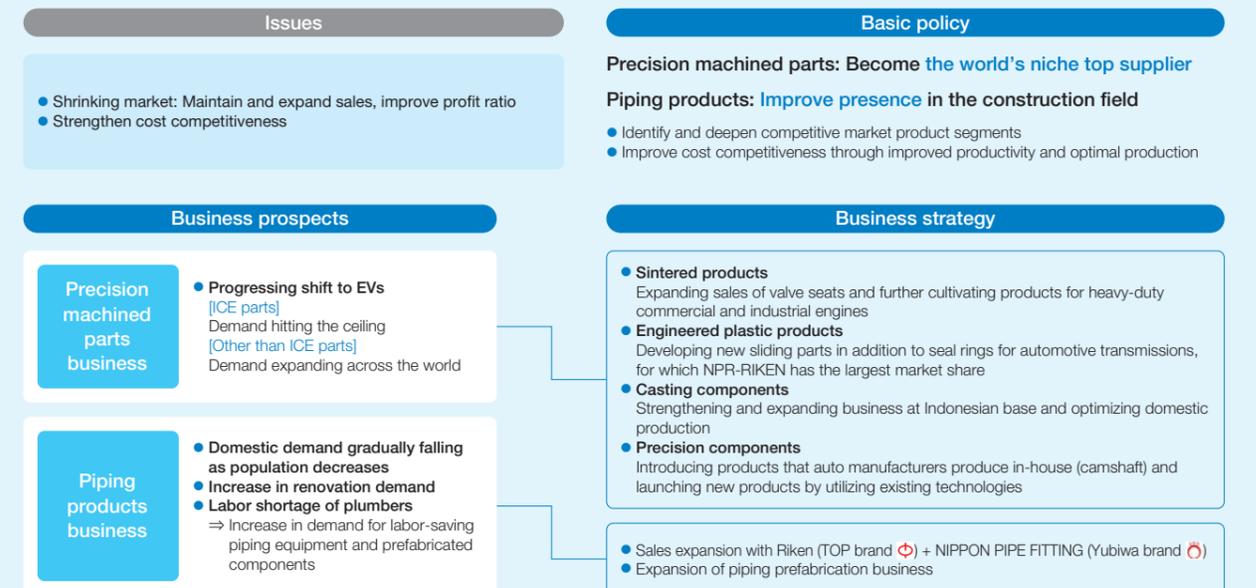
## SWOT Analysis: Piping products

<b>Strengths</b> <ul style="list-style-type: none"> <li>A trusted brand that is certified and approved for JIS and other standards</li> <li>Integrated production at domestic plants</li> <li>Product lineup that meets customer needs such as labor-saving in the construction industry</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>Sales weight bias towards the construction sector</li> <li>Bias towards iron and stainless steel materials</li> <li>Saturation of existing products</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>Increased demand for labor-saving and prefabricated manufacturing in the construction industry</li> <li>Survivor benefits</li> <li>Industry restructuring</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>Further increases in raw material prices</li> <li>Diversification of pipe types (from iron and stainless steel to engineered plastics)</li> <li>Slump in construction demand due to decline in the domestic population</li> </ul>

## Status in FY2024

Regarding precision machined parts, as with the piston ring business, sales were generally the same compared to the previous year due to its close relationship with global automobile production, while profits benefited from the effects of the weak yen, passing on price increases, and progress in rationalization, including the creation of synergies. Regarding piping products, we have expanded the sales of value-added products that contribute to labor saving at construction sites. Through these initiatives, the fundamental business as a whole saw sales and profits increase year on year.

## Issues, policies, outlook, and strategy of the First Midterm Management Plan



## Business Topics

### New products that contribute to labor saving at construction sites (piping products)



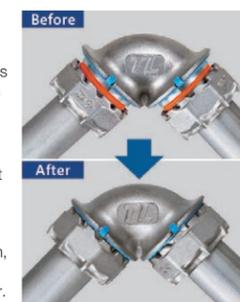
#### Achieve reliable confirmation of installation

##### Pre-installation

Before installation, or if the joint has not been tightened, the orange line is visible on the thread of the fitting, as shown in the photo.

##### Post-installation

Installation is complete when the nut is tightened until it cannot be tightened any further. The joint may not be tight enough even if the orange line cannot be seen, so it is necessary to tighten the nut until it cannot be tightened any further.



##### Dark location

The orange line uses fluorescent paint that radiates in ultraviolet light, so by using a black light it is easy to check whether the joint has been completely fastened even in a dark location, as shown in the photo.

In recent years, the Group's piping products business has developed and provided new products that meet the need for labor-saving construction work due to the shortage of tradesmen at construction sites caused by the declining population and other factors, and these products have been well received.

In addition, NIPPON PIPE FITTING (formerly JFE Pipe Fitting Mfg.), which has strengths in gas pipe fittings and prefabricated piping systems, joined the Group in FY2023, further expanding our product lineup and customer base.

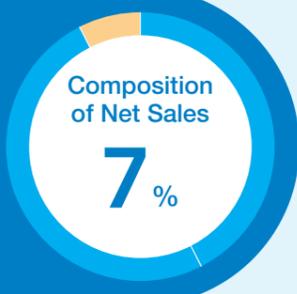
Domestic demand for piping products for new construction is expected to gradually shrink due to the declining population, but demand itself is expected to remain strong due to redevelopment, factory construction, etc. We also expect the need for labor-saving at construction sites to continue to increase.

In light of this outlook, we are working to create synergies in sales, production, and development in order to improve and expand sales of our labor-saving construction product lineup, thereby maintaining and improving our business sales and profit ratio.



**Business Strategy**

# Next Core Business



Composition of Net Sales  
**7%**

FY2024

Net sales **12.5** billion yen

Operating profit ratio **7%**

➔

FY2026 target

Net sales **18.0** billion yen

Operating profit ratio **10% or more**

Among the existing businesses and new product businesses in growth areas, we have positioned the businesses that will expand sales and become new core businesses in the next generation (targeting 2030 and beyond) as next core businesses.

In the thermal engineering area, which is deeply connected to the semiconductor and electronics business, by acquiring Shinwa Vanes Co., Ltd. as a subsidiary, we have gained a product lineup that covers a wide range of applications and temperature ranges for heating elements required for semiconductor manufacturing equipment, a market that is expected to continue to expand in the long term. Combined with the Group's existing resources, this has enabled us to significantly expand the business. In addition to expanding and strengthening the foundation of next-generation businesses such as the EMC area, we will also actively invest in the development of new products such as electric unit products, highly functional engineered plastic components, noise countermeasure products, and medical equipment, and will work to turn these into core businesses.



Thermal engineering EMC



METAMOLD

### Status in FY2024

The next core business saw significant increases in both revenue and profit due to increased sales of products for semiconductor manufacturing equipment in the thermal engineering business following the acquisition of Shinwa Vanes Co., Ltd. as a subsidiary. Regarding EMC, we develop and sell our mainstay anechoic chambers, including low-frequency anechoic chambers that comply with the latest standards, as well as anechoic chambers that can perform highly reliable EMC testing for autonomous driving and in-vehicle network systems. The company is also working to secure large-scale projects through a unified effort between development, manufacturing, and sales. METAMOLD has the advantage of being able to handle high density, high strength, complex shaped products, and is now being used in ball screw recirculation parts for automobile suspensions in addition to conventional electric power steering. We are also working to expand into new fields such as CASE-related parts, robots, sensors, and medical treatment. Regarding new products, we announced that we will adopt and mass-produce plastic gears with metal inserts for electrically assisted bicycles and axial gap motors using pressed powder cores for agricultural support transport robots. We are working on development to further expand sales.

### SWOT Analysis: Thermal engineering

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Strong customer base</li> <li>High performance and highly-durable products</li> <li>A comprehensive thermal engineering group that performs everything from manufacturing heating elements to designing, manufacturing, and constructing application products</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Limited customer base / high dependency on specific customers</li> <li>Establishing a system to respond to increased demand</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Trend of expansion in semiconductor market</li> <li>Expansion in overseas markets</li> <li>Carbon neutrality (Conversion of heat sources in industry from fossil fuels to electricity = electrification)</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Changes in trends of major business partners (industries)</li> <li>Trends of emerging competitors</li> </ul>

### SWOT Analysis: EMC

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Includes manufacturing of radio wave absorbers and related equipment</li> <li>A comprehensive manufacturer specializing in the design and construction of anechoic chambers</li> <li>Total solution services (Maintenance of anechoic chambers and related facilities, calibration of measuring equipment, etc.)</li> <li>High expertise</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Limited customer base / high dependency on specific customers</li> <li>Expansion of anechoic chamber business overseas</li> <li>Cash outflow-first business (as a construction company)</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Spread of CASE</li> <li>Accelerated shift to electrification of automobiles</li> <li>Advances in communication technology</li> <li>Industry restructuring</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Intensifying competitive environment</li> <li>Changes in trends of main business partners</li> <li>Rising costs of construction materials and labor</li> <li>Labor shortages in the construction industry</li> </ul>

### Policies, outlook, and strategy of the First Midterm Management Plan

**Thermal engineering**

- Development, manufacture, and sale of proprietary heating elements and provision of heater units and industrial furnaces that use these elements
- Applications in a wide range of industrial fields (especially semiconductor manufacturing equipment)



Basic policy	Business prospects	Business strategy
<ul style="list-style-type: none"> <li>Developing a full lineup of heater units for semiconductor manufacturing equipment</li> <li>Reinforcing development and production capability applicable for carbon neutrality</li> </ul>	<ul style="list-style-type: none"> <li><b>Heater units for semiconductor manufacturing equipment</b> Production of semiconductor manufacturing equipment increases as the semiconductor industry expands</li> <li><b>Promoting carbon neutrality projects (conversion of combustion heat into electrical resistance heat)</b> Delivery of heater unit prototypes for multiple carbon neutrality projects</li> </ul>	<ul style="list-style-type: none"> <li><b>Securing a full lineup for variety of usages and temperature ranges</b> ▶ Use of Shinwa Vanes Co., Ltd. (acquired in FY2023)</li> <li><b>Developing heater units and enhancing production capacity</b></li> <li><b>Securing competitiveness through substantial improvement of QCD</b> ▶ Promotion of cost reduction through process improvements and acceleration of development of low-cost, long-life heating elements</li> <li><b>Significantly increasing production capacity, including new factory construction</b></li> </ul>

**EMC**

- Development and sales of anechoic chambers and radio wave absorbers that are necessary for EMC testing\*
- Comprehensive handling of anechoic chambers, from design and construction management to after-sales support
- Wide range of customers including automobile and electronic equipment manufacturers

\* EMC (Electromagnetic Compatibility) testing: Testing that checks whether radio waves (noise) emitted by electronic devices have a negative effect on other devices, and whether they malfunction when receiving radio waves emitted by other devices



Basic policy	Business prospects	Business strategy
<ul style="list-style-type: none"> <li>Sales expansion and improvement of added value of anechoic chambers and reinforcement of related businesses</li> </ul>	<ul style="list-style-type: none"> <li><b>Sound business environment supported by market</b> The spread of CASE, advances in communication technology Revision of industry's related standards</li> </ul> <p style="text-align: center;">▶</p> <p style="text-align: center;">Growing demand for construction of new anechoic chambers or renovation of existing ones</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Growing demand for equipment related to demonstration measurements</p>	<ul style="list-style-type: none"> <li><b>Sales expansion of anechoic chambers and radio wave absorbers</b> ▶ Receiving orders for anechoic chambers mainly from the automotive industry (total support including related equipment) ▶ Proposing and receiving orders for maintenance business and renovation work for anechoic chambers ▶ Expanding export sales ▶ Developing technologies ahead of the latest technology and regulations</li> <li><b>Promotion of new business</b> ▶ Related equipment, countermeasure materials, measurement services, etc.</li> </ul>

**METAMOLD®\***

- Metal injection molding (MIM) products for complex shaped parts used in a wide range of applications including automotive, aerospace, industrial, and medical equipment

\* METAMOLD is NPR's registered trademark for metal powder injection molding products.



Basic policy	Business prospects	Business strategy
<p><b>Strengthening project acquisition capability</b></p> <ul style="list-style-type: none"> <li>Significantly improve competitive conditions (speed, cost, quality, material proposal, etc.)</li> <li>Concentrate resources on specialty fields and build a sales structure that delves deep into customer needs</li> <li>Prepare for sales expansion in overseas markets</li> </ul>	<p>FY 2023 global MIM market sales: <b>Approx. 4 billion dollars (approx. 590 billion yen)</b></p> <p>CAGR (2018–2029): <b>10.7%</b></p> <p><small>Source: Secondary Sources, Expert Interviews and QYResearch, 2023</small></p> <p><b>High demand for molded parts in the medical and defense industries, where high precision is required</b></p>	<p><b>Sales</b></p> <ul style="list-style-type: none"> <li>Building an efficient marketing system tailored to the targets</li> <li>Strengthening overseas market research</li> </ul> <p><b>Development &amp; production</b></p> <ul style="list-style-type: none"> <li>Speeding up trial production and mass production</li> <li>Reinforcing new material development structure</li> <li>Implementing thorough cost reductions</li> <li>Strengthening collaboration with overseas companies</li> </ul>

**New products and new businesses**

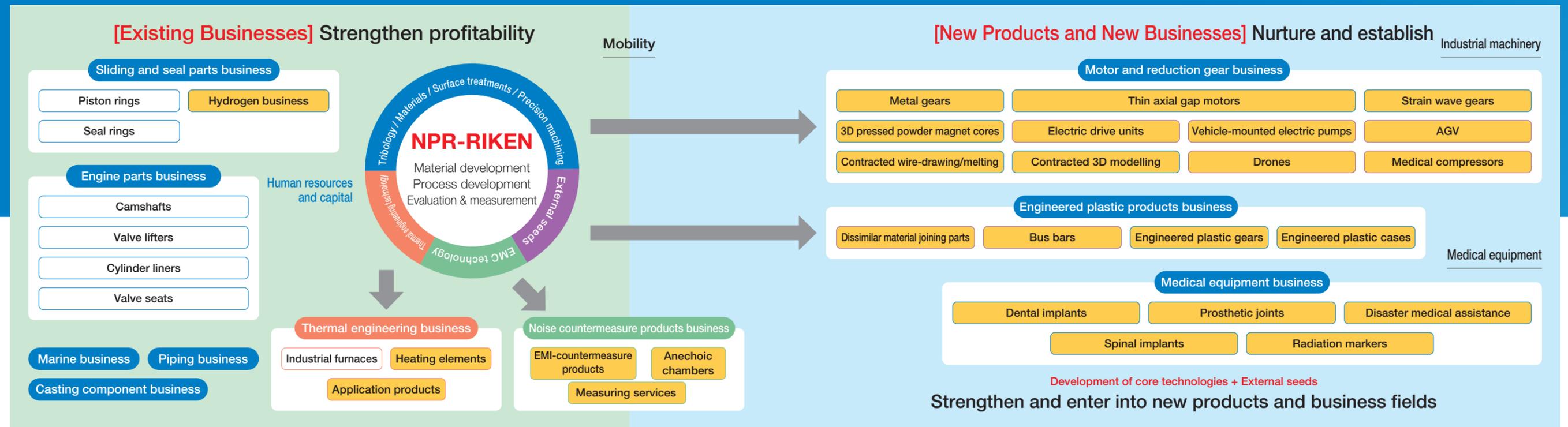
- Electric unit products
- Highly functional engineered plastic products
- Noise countermeasure products
- Medical equipment



Basic policy	Main development products			
<ul style="list-style-type: none"> <li>Speeding up development through integration of NPR-RIKEN technologies</li> <li>Expanding new products and new businesses</li> </ul>	 Super flat actuator	 Compact actuator	 Clamp nano crystal cores	 MIM for medical use

# New Products and New Businesses of the Next Core Business

By combining the development of our core technologies with external seeds, we aim to strengthen and enter into new products and business fields, and create new pillars of revenue in the medium term (targeting 2030).



## Motor and Reduction Gear Products

We are strengthening and accelerating product development aimed at entering next-generation mobility and robotics-related businesses, including motor core components that use our technology as well as compact, thin actuators and lightweight strain wave gears (engineered plastic instead of metal). Motor core components are already being used in mass-produced agricultural support transport robots as a thin, high-torque axial gap motor, and development projects are currently underway with multiple customers for both motors and reduction gears.



Product using the motor: Agricultural support transport robot CP200 (Photo supplied by DONKEY Corporation)



Axial gap motor and pressed powder core

## Engineered Plastic Products

We handle products that substitute metal for engineered plastic materials utilizing weight reduction and dissimilar material joining technologies in anticipation of the expansion of the next-generation mobility and robotics markets. (Plastic gears, millimeter wave radar cases, inverter parts for electric vehicles, etc.) Engineered plastic gears with metallic inserts have been adopted for use in electrically assisted bicycles, and mass production has commenced. Leveraging this track record, we are developing and expanding sales, aiming to enter the automobile, motorcycle, robot, industrial equipment, food, and semiconductor-related markets.



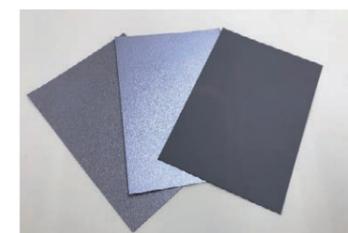
Metal insert engineered plastic gears



Electrically assisted bicycle (image)

## Noise Countermeasure Products

We respond to CASE and next-generation communication technology areas through expansion of noise countermeasure products cultivated in the EMC business and easy-to-install electromagnetic interference countermeasure components (noise suppression sheets, radio wave absorber sheets, clamp nano crystal cores, etc.). We develop and supply products that are extremely heat resistant and have the advantage of providing high noise suppression in the GHz band. They have been adopted in automobiles and medical analysis equipment from 2024 and are being mass-produced.



Electromagnetic noise countermeasure sheets



Clamp-style noise suppression cores



## Medical Equipment

NiFreeT<sup>®</sup>, a titanium-tantalum alloy that we developed independently by taking advantage of the materials and surface treatment technologies we have cultivated in the development of automobile engine parts, has strength close to that of human bone, is nickel-free, non-magnetic, and highly biocompatible, making it suitable for use as a component in implantable devices. We are currently working on joint development with leading manufacturers and research institutes both in Japan and overseas to commercialize the product, and will respond to the needs of an aging society with a declining birthrate, advancing medical treatment, and the evolution of medical equipment.



NiFreeT<sup>®</sup> implantable devices

# Global Strategy

The Group currently operates in 11 countries and regions, supplying products and services to customers around the world, with a focus on ICE parts. As a broad expansion of supply of both existing and new products, including new customers and markets, is necessary to ensure the future sustainable growth of the Group, we are formulating and promoting global strategies for each business segment and working to further utilize our global network.

## Piston Ring Business

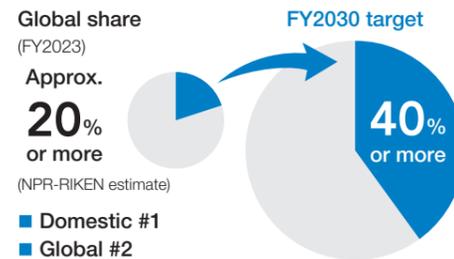
We recognize that the shift to EVs has already led to a decline in demand for passenger car ICE and their piston rings. On the other hand, we expect strong demand for piston rings for the aftermarket, and for heavy-duty commercial, industrial, and marine use where the shift to EVs is not expected to progress easily, and we are shifting the resources that have been made more efficient through the consolidation from conventional passenger car piston rings to strengthening sales expansion of piston rings for the "remaining ICE."

Since major customers for the "remaining ICE" are global companies with locations both inside and outside of Japan, we are strengthening our sales structure in the sales divisions by, for example, providing training to acquire product knowledge about piston rings for the remaining ICE, and by increasing the number of staff in our global sales divisions.

In particular, regarding marine piston rings, we expect an increase in replacement demand in the medium to long term due to an increase in demand for new ships, the acceleration of new fuel technologies, and an increase in marine cargo movement, and we position this market as one of the important markets for the NPR-RIKEN Group. During the period of the First Midterm Management Plan (FY2024 to FY2026), we aim to increase sales to 1.5x that of FY2023. In September 2025, we established a new Marine & Industrial Components Division to oversee the Group's marine and industrial business, including marine piston rings, and we are working to improve productivity and production capacity by combining the strengths of Riken and Nippon Piston Ring, as well as strengthening our global sales structure, with a focus on China and Korea, which have a high share of new shipbuilding.



### Marine piston rings



Also, in the passenger vehicle ICE sector, demand for ICE for hybrid electric vehicles (HEVs) and those that burn alternative fuels is expected to continue for the time being, and as these are also "remaining ICE," we will continue to work on technological development and new projects to meet the needs of the market and customers, using the resources made more efficient through the consolidation, and we will continue to provide products that not only reduce environmental impact but also contribute to the realization of a decarbonized society.

In light of this outlook, we are working to create synergies in sales, production, and development in order to expand our market share for the "remaining ICE" globally, thereby maintaining and improving our business sales and profit ratio.

## Fundamental Business

Regarding the precision machined parts of the Fundamental Business, we are shifting to strengthening global sales expansion of parts for the "remaining ICE" vehicles, just like in the piston ring business. As a unique initiative, we are also working to expand sales by having our customers outsource parts that they previously produced in-house, and then producing and supplying these products from our global bases as products that offer benefits to our customers in terms of quality, cost, and delivery time.



## Next Core Business

In the industrial sector, electrification, or switching from fossil fuels to electricity as a heat source, is currently progressing in order to reduce CO<sub>2</sub> emissions and achieve zero CO<sub>2</sub> emissions when combined with renewable energy. Electrification requires a high-temperature heat source that can withstand several hundred degrees, and the Group's high-performance electric resistance heating elements are currently being tested at an overseas customer's experimental plant.

Also, as products for semiconductor manufacturing equipment, which are also a mainstay of the thermal engineering business, are being affected by the trends of semiconductor manufacturers globally, we are working closely with our direct customers, the semiconductor manufacturing equipment manufacturers, to understand these trends. In this way, we are developing and selling attractive products that anticipate global needs, while also investing to strengthen our development, sales, and production systems in order to further capture that demand and increase sales and profits in the medium to long term.

We also want to grow the other new products and new businesses of the next core business (motors and reduction gear products, engineered plastic products, noise countermeasure products, and medical equipment) into a new pillar of the Group by capturing global demand and expanding sales. For this purpose, we are currently promoting the establishment of alliances with and delivery of our products to leading end product manufacturers both in Japan and overseas, and we are working to build a track record that demonstrates our reliability in the industry and to develop sales channels. For our next core products, we are focused on building up a track record of supplying unique and attractive products that function in special and harsh environments, even on a small scale, and are exploring global needs and working to expand sales, including by utilizing the customer network we have cultivated through the supply of ICE products.



## Global Network

● Overseas sales ratio: **50%** ● Number of overseas Group employees: **3,120**

### Responding to diversifying needs

In recent years, the number of regions where exhaust gas and fuel consumption regulations are becoming stricter and where ethanol fuel is being used is expanding, and ICE specifications vary depending on the destination, even for the same customer. There is also a growing need for local procurement in emerging markets. We develop and propose specifications for ICE parts tailored to the customer's destination, and utilize our global production bases to supply products from the most suitable locations in terms of quality, cost, and delivery time.

### Business portfolio reform

As we move forward with the business portfolio reform, we are conducting a global review of our production and sales systems. Most recently, we have made TAIWAN RIKEN IND. CO., LTD. a specialist sales company and transferred its manufacturing functions to XIAMEN RIKEN IND. CO., LTD., and we are also progressing the transfer of production bases to overseas bases and have begun considering further utilization of overseas production functions.

### Global R&D bases and human resources utilization

We are currently working on several projects in new product business development, in which our development bases in Japan and Chinese subsidiaries are collaborating. In addition, the Indian company we have invested in has started a motor business, and in the future, we hope to accelerate the development of new products by not only co-creating businesses but also by interacting with talented Indian personnel. In addition, as part of our efforts to promote the transformation of our domestic human resources into global human resources, we offer an overseas trainee system that utilizes our overseas bases, an overseas study program, language education as a part of work, and subsidize the costs of external courses and tuition fees, such as language courses taken voluntarily by employees.

# Environment

## Basic Approach

The Group's management philosophy pledges to respect our relationships with our stakeholders, and we have identified the "reduction of environmental impact" as a materiality issue of our corporate activities. To realize this goal, we have formulated an Environmental Policy and a medium- to long-term vision, and are promoting activities accordingly.

### Environmental Policy

We recognize that the preservation of the global environment is an important issue common to all humankind, and we will implement the following actions Group-wide.

1. **Legal compliance**  
We will comply with environmental laws and regulations and work to prevent environmental pollution through open and fair activities.
2. **Environmental conservation**  
We aim to achieve carbon neutrality through efficient use of resources and energy, and work to reduce our environmental impact and improve our environmental performance.
3. **Product development**  
We will contribute to solving environmental social issues by developing environmentally friendly products and providing them to our customers.
4. **Continual improvement**  
We will operate and utilize our environmental management system globally to achieve our environmental goals.
5. **Contribution to the local community**  
As a member of the local communities in which we operate, we will actively engage in support and cooperation activities for environmental protection with an awareness of biodiversity.

## Key Issues and Promotion System

We are working to reduce environmental burdens by defining the Vision for FY2030 (long-term policy) and FY2026 (the final year of the First Midterm Management Plan), and incorporating them into key issues and promotion plans.

To promote this, we have established an Environmental Management Division to address management issues such as reducing environmental impact, carbon neutrality, biodiversity, and the circular economy, and are working to further reduce environmental impact and protect the environment through business integration.

In addition, key issues and promotion plans are developed in each division and affiliated company and incorporated into specific action plans, and progress is reported at each Environmental Committee meeting to enable checking and follow-up.

In addition, to prevent recurrence and occurrence, we have a system in place for immediate reporting of environmental accidents and other defects and for immediate countermeasures.

Key issues	Vision for FY2026	FY2024 initiatives (Critical implementation items)
<b>Zero environmental accidents and complaints</b>	Effective environmental management systems in place	Operation of an environmental management system based on the PDCA cycle
<b>Zero landfill waste, industrial waste recycling rate of 85% or more (FY2030)</b>	Constant implementation of 3R measures, visualization of effectiveness and efficiency (recycling rate: 83%, reduction of landfill waste)	Recycling of resources through sorting, promotion of recycling of final disposal waste Total waste generated: 46,099 t, Industrial waste recycling rate: 81.2%
<b>Contribution to biodiversity conservation</b>	Well-established as a business activity, with contributions being recognized	Participation in local environmental protection activities Ex.: Participated in volunteer activities such as cleaning up the Kashiwazaki coast, Satoyama environment creation network activities (Kashiwazaki), and invasive plant removal activities in the Watarase floodplain (Saitama Head Office, Tochigi)

### Environmental management systems

We have introduced and are promoting the ISO 14001 Environmental management systems, an international standard, in order to establish a management system that protects the environment and responds to changing environmental conditions while balancing socio-economic needs.

**Certification status:** Obtained at all domestic and overseas manufacturing sites of the Group. (100%)

### Non-compliance with environmental laws and regulations, occurrence of incidents, and corrective measures

The NPR-RIKEN Group (NPR-RIKEN and domestic affiliates) had no cases of environmental pollution (environmental complaints and violations of environmental laws and regulations) in FY2024. We will continue to thoroughly monitor air, water, noise, vibration, odor, etc., and systematically implement source control measures in order to reduce the generation of pollution to zero. In addition, we will prevent sudden environmental accidents by conducting emergency response training and thorough daily management.

## Efforts to Achieve Carbon Neutrality (Reduction of CO<sub>2</sub> Emissions)

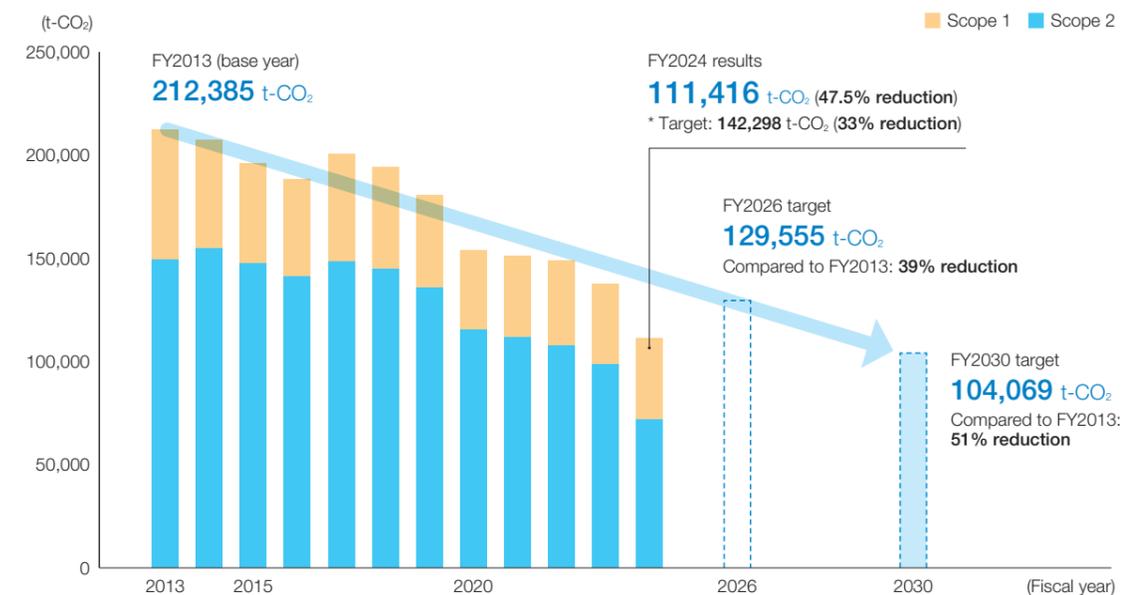
The Group has identified the strengthening of carbon neutrality initiatives as a key sustainability management item in its Midterm Management Plan.

We aim to reduce CO<sub>2</sub> emissions from our business activities to virtually zero by 2050, and have set a CO<sub>2</sub> emissions reduction target for the milestone year of 2030 (Scope 1 and 2 domestic consolidated). To achieve this goal, we set single-year targets, and we are planning and implementing measures in each of the four pillars: promotion of energy conservation, promotion of energy substitution activities, aggressive introduction of renewable energy, and purchase of credits.

We will also promote efforts to reduce CO<sub>2</sub> emissions in a wider scope of supply chains in the future by setting targets on a consolidated basis, including overseas, and by identifying Scope 3.



### CO<sub>2</sub> emissions (domestic consolidated)



### CO<sub>2</sub> emission reduction activities (FY2024)

Classification	Scope 1	Scope 2
<b>Energy conservation</b>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction by changing dissolution methods</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> reduction through the introduction of high-efficiency equipment</li> <li>Reduction of grinding fluid tanks by unifying the grinding fluid</li> <li>Reducing power consumption by switching to machines equipped with inverters</li> <li>Automatic equipment shutdown through interlocking and a review of programs</li> </ul>
<b>Renewable energy</b>	—	<ul style="list-style-type: none"> <li>Purchase of non-fossil certificate (CO<sub>2</sub> free electricity)</li> <li>On/off-site PPA x solar/wind</li> <li>Private solar power generation</li> </ul>
<b>Energy substitution</b>	<ul style="list-style-type: none"> <li>Electric furnace conversion of cupola (coal coke)</li> </ul>	—
<b>Credit</b>	—	<ul style="list-style-type: none"> <li>Purchase of J-Credit</li> </ul>

## Case studies of CO<sub>2</sub> emission reduction activities

### Introduce off-site corporate PPA service

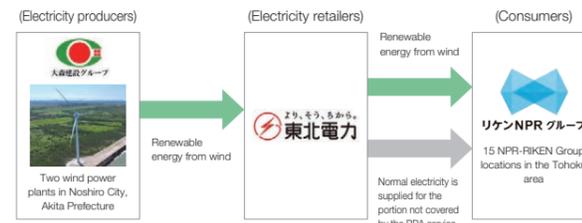
Reduction in CO<sub>2</sub> emissions: 8,300 t-CO<sub>2</sub>/year

We entered into an off-site corporate PPA service with Tohoku Electric Power Co., Inc. in January 2025. This service involves Tohoku Electric Power, a retail electricity supplier, supplying renewable energy generated at a wind power plant in Noshiro City, Akita Prefecture, to a total of 15 business locations of NPR-RIKEN Group companies in the Tohoku area.



Supplied by Tohoku Electric Power

Annual production: Approx. 18 million kWh/year  
Commenced operations: From September 2025 Service life: 20 years



### CO<sub>2</sub> reduction by changing dissolution methods

Reduction in CO<sub>2</sub> emissions: 2,457 t-CO<sub>2</sub>/year



At Nippon Piston Ring's Fukushima Plant, the shift from melting using a cupola (using coke as fuel) to melting using an electric furnace during the production of cast iron materials will significantly reduce CO<sub>2</sub> emissions per unit of melting. **Start of operations:** Planned for September 2025

### CO<sub>2</sub> reduction through the introduction of high-efficiency equipment

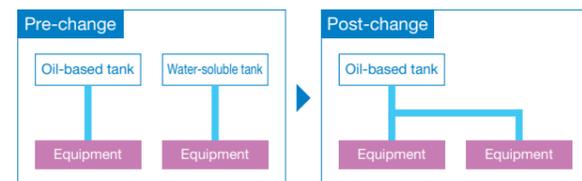
Reduction in CO<sub>2</sub> emissions: 275 t-CO<sub>2</sub>/year



At NPR Iwate's Ichinoseki Plant and Nippon Piston Ring's Fukushima Plant, we have reduced power consumption by updating our processing lines to more efficient equipment and consolidating the number of equipment units.

### Reduction of grinding fluid tanks by unifying the grinding fluid

Reduction in CO<sub>2</sub> emissions: 122 t-CO<sub>2</sub>/year



The manufacturing process at NPR Iwate's Senmaya Plant used two types of grinding fluid, oil-based and water-soluble, and each was stored in its own central tank. When the time came to replace the water-soluble tank due to corrosion, we discontinued the use of the water-soluble fluid and unified the oil-based fluid. We reduced the amount of electricity used by reducing the number of types of grinding fluid and the number of central tanks.

### Reducing power consumption by switching to machines equipped with inverters

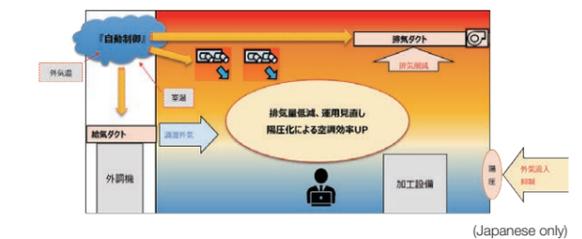
Reduction in CO<sub>2</sub> emissions: 120 t-CO<sub>2</sub>/year



At several of the Group's plants, we have changed the equipment that is continuously operating at rated power, such as air compressors, hydraulic units, dust collectors, and various fans, to inverter-equipped machines. We have reduced power consumption by adjusting the operation status according to need.

### Reducing gas consumption by using outdoor air conditioning units

Reduction in CO<sub>2</sub> emissions: 104 t-CO<sub>2</sub>/year



(Japanese only)

At the Riken Kashiwazaki Plant, excessive exhaust within the plant resulted in poor air conditioning efficiency and heavy consumption of city gas. By optimizing exhaust volumes and reviewing air conditioning operation methods, we were able to reduce the amount of gas used for air conditioning while maintaining the environment. We are working to further improve efficiency by electrifying the air conditioning and utilizing automated controls.

### Automatic equipment shutdown through interlocking and a review of programs

Reduction in CO<sub>2</sub> emissions: 45 t-CO<sub>2</sub>/year



Air dryer

Operation interlocking switch

At NPR Iwate's Ichinoseki Plant and Nippon Piston Ring's Tochigi Plant, ancillary equipment such as compressors and air dryers attached to the main equipment were still operating even when the main equipment was stopped. We were able to reduce power consumption by linking them with the main equipment and stopping them at the same time.

## TCFD

### Governance

The Group recognizes that environmental issues, including climate change, are important management issues and has established an Environmental Management Subcommittee (managed by the Environmental Management Division) as an expert subcommittee under the Sustainability Committee (chaired by the COO). Through this subcommittee, we are promoting activities to address climate change issues, such as specific CO<sub>2</sub> emission reductions in cooperation with each division of each Group company.

### Strategy

In order to achieve sustainability management, the Group analyzes, identifies, and responds to the impact of climate change on its business and the resulting risks (transition risk, physical risk) and opportunities, with reference to the scenarios and reports of the IEA and IPCC.

### Analysis objectives and assumptions

Scope of coverage	Applicable period	Area	Main adoption scenarios
All businesses	2023-2030 (Physical risk is up to the year 2050)	Countries and regions of operation of NPR-RIKEN Group	Transition risk: IEA NZE scenario, STEPS Physical risk: SSP5-8.5

### Identification of major risks and opportunities

Risks	Type	Identified risks	Impact	Type	Countermeasures
	Transition risk	Regulations	Expansion of regulations banning the sale of ICE vehicles Carbon taxation	Large	Decrease in sales Increase in cost
Physical risk	Acute	Suspension of operations due to increased frequency and scale of climate disasters (especially internal water damage caused by typhoons or abnormal rainfall)	Large	Increase in cost	<ul style="list-style-type: none"> <li>Conduct material preparation and periodic installation, including renovation work on aqueducts and water sealing</li> </ul>
	Chronic	Decrease in production and suspension of operations due to drought caused by climate change	Large (2 consolidated manufacturing subsidiaries in India)	Decrease in sales	<ul style="list-style-type: none"> <li>Consider the installation of a water circulation system and a water storage tank (cistern).</li> </ul>

Opportunities	Type	Identified opportunities	Impact	Type	Countermeasures
	Products & services		Higher demand for ICE parts that achieve low fuel consumption and for ICE parts compatible with carbon-neutral fuels	Large	Increase in sales
		Demand for thermal engineering products such as electric heating wires is increasing as the industry moves towards electrification, switching from fossil fuels to electricity as a heat source.	Large	Increase in sales	<ul style="list-style-type: none"> <li>Promote business portfolio transformation to increase sales in the next core business, which includes the thermal engineering business. Conduct proactive resource shifting and investment</li> </ul>
		Growing demand for electric vehicle parts due to growing demand for electric vehicles (BEVs)	Large	Increase in sales	<ul style="list-style-type: none"> <li>Promote "business portfolio transformation" that will increase the sales of the next core business in the non-ICE and growing sectors (semiconductors, electrification, and carbon neutrality). Conduct proactive resource shifting and investment</li> </ul>
		Increased demand for disaster prevention products due to increased severity and frequency of natural disasters/ extreme weather events.	Medium	Increase in sales	<ul style="list-style-type: none"> <li>Continue to contribute to the disaster medical area and promote the acquisition of new commercial rights.</li> </ul>

Note: Effect of financial impact on ordinary profit: large (500 million yen or more), medium (approx. 100 to 500 million yen), small (100 million yen or less)

## Risk Management

Led by the Risk Management/Business Continuity Management (RM/BCM) Subcommittee under the Sustainability Committee, the Group identifies and assesses risks within the Group, prioritizes them, formulates a risk response plan, manages the progress of the plan, and reports to the Board of Directors. In addition to risks related to climate change, this process also assesses risks related to business risk, information security, and compliance.

## Indicators and Targets

The Group aims to reduce CO<sub>2</sub> emissions from its business activities to virtually zero by 2050. As a milestone toward achieving this goal, we have set a reduction target for FY2030. In addition, we will continue to monitor Scope 3 emissions and take steps to reduce them.

Fiscal year	Results		Target		
	2013	2024	2026	2030	2050
CO <sub>2</sub> total emissions (Scope 1 + 2) [t-CO <sub>2</sub> ]	Benchmark 212,385	-47.5% 111,416	-39% 129,555	-51% 104,069	<b>Carbon neutrality</b>

# Quality

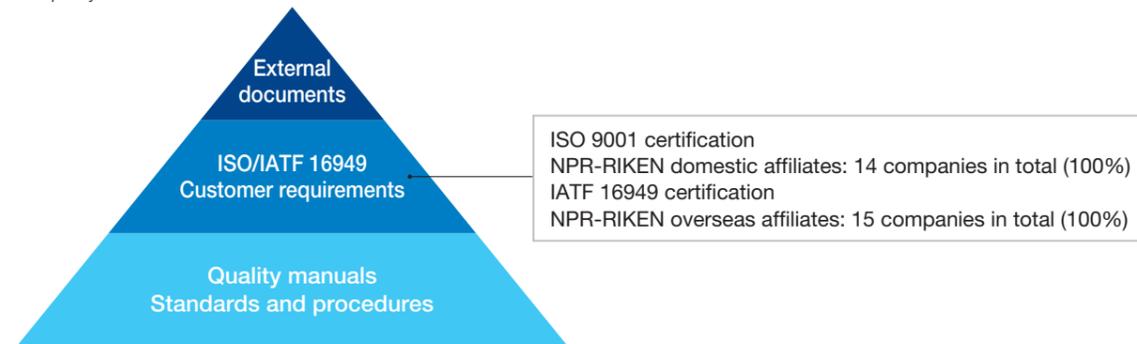
## Basic Approach

Quality assurance is one of our materiality issues, and enhancing customer satisfaction is essential to the continuity of our company. Aiming for safe, high-quality manufacturing that can be used with peace of mind, we are working to prevent quality problems and improve process assurance. The Group is operating a quality management system based on three guiding principles under the Quality Policy "We will provide high-quality products and services that bring trust and excitement to our customers." Under the leadership of the NPR-RIKEN Quality Assurance Division, quality assurance and quality control activities are conducted with an emphasis on compliance.

### Quality Policy

We will provide high-quality products and services that bring trust and excitement to our customers.

- 1. Compliance with laws, regulations, and standards**  
We will strive to foster a corporate culture that enables compliance with laws, regulations, and internal standards, and to enhance trust.
- 2. Improving customer satisfaction**  
We will improve the quality of everything we do and meet diverse customer requirements with both quality and economic efficiency.
- 3. Promoting continual improvement**  
We will promote continuous improvement through the use of our quality management system, with all employees having a high level of quality awareness.



## Quality Management System

The NPR-RIKEN Group has obtained ISO 9001, the international certification for quality management systems, and has also acquired IATF 16949 (formerly ISO/TS 16949) certification in response to trends in the automotive industry, and is making concerted efforts to further enhance the reliability of its stakeholders in Japan and overseas. Regarding the manufacture of materials for medical devices, parts for medical devices, implant products, and other medical devices, we have acquired the international certification EN ISO 13485. We are working together both domestically and overseas to further improve the trust of our stakeholders.

### Quality awards by customers (FY2024)

#### Leading examples

- **Toyota Motor Corporation:** Outstanding Quality Control Award (four consecutive years)
- **Honda Motor Co., Ltd.:** Supplier Award 2024: Excellence Appreciation Award, Quality Category
- **General Motors Company:** Supplier Quality Excellence Award 2024
- **Jatco Mexico:** Zero Claims Quality Award



## Management of Chemical Substances for Product Safety

We collect information on laws and regulations according to our customer's destination and determine the legality of the chemical substances contained in our products. Also, in response to requests from customers not to use prohibited substances, we prioritize supplier management of the non-use of prohibited substances, excluding cases where analysis is unavoidable, thereby ensuring the thorough management of chemical substances contained in our products.

### Key Topic

- **Promotion of automated inspection using AI:** Promoted its introduction to some production lines and conducted the rollout to other lines
- **Raising compliance awareness:** Distributed educational materials on preventing quality fraud throughout the company

# Procurement

## Basic Approach

As stated in the Value section of our Group Philosophy, we aim to enhance both the corporate value of our Group and the coexistence and co-prosperity with our supply chain partners.

To this end, we have established a Procurement Division to oversee the Group's procurement activities and established a Procurement Policy that promotes open and fair procurement activities by comprehensively evaluating and selecting suppliers and contractors of goods and services from the perspectives of price competitiveness, quality, delivery time, environmental impact, CSR initiatives, and business continuity, while building partnerships for coexistence and co-prosperity.

### Procurement Policy

- 1. Fair and transparent purchasing transactions**
- 2. Legal compliance**
- 3. Building partnerships**  
(▶ Partnership Building Declaration [https://www.npr-riken.co.jp/sdgs/pdf/pdf\\_08.pdf](https://www.npr-riken.co.jp/sdgs/pdf/pdf_08.pdf)) (in Japanese only)
- 4. Reduction of environmental impact (promotion of green procurement)**
- 5. Responsible mineral procurement**



## Promoting CSR Procurement

The Group believes that the promotion of CSR procurement is essential for coexistence and co-prosperity with suppliers in the supply chain. To this end, we conduct ongoing in-house education and awareness programs to ensure compliance with laws and regulations such as the "Act on the Promotion of Subcontracting Small and Medium-sized Enterprises" and the "Appropriate Subcontracting Guidelines," as well as industry policies.

In addition, the Group is committed to social responsibility initiatives in various areas, including the environment and safety, and has established the NPR-RIKEN Code of Conduct, which outlines actions that employees should practice, and is being communicated to all employees. We believe it is important that our suppliers understand these initiatives and share our awareness while working in tandem, so in April 2024 we published the NPR-RIKEN Supplier CSR Guidelines.

Going forward, we will familiarize our suppliers with these guidelines and ask them to promote CSR activities. We will also conduct CSR questionnaires (in which suppliers are asked to fill out a check sheet and receive feedback on the results, as well as visits to each company to confirm the degree of achievement of their initiatives), which will help us promote CSR activities throughout the entire supply chain.

## Responsible Mineral Procurement

In recent years, there has been concern that mineral resources mined in conflict-affected and high-risk areas have become a source of funding for armed groups that are causing human rights abuses and environmental destruction.

From the perspective of CSR procurement, we recognize the issue of conflict minerals as an important issue in our supply chain.

The Company, as well as Riken and Nippon Piston Ring, our operating subsidiaries, procure minerals that are conflict-free and do not involve human rights abuses or other injustices in regions in conflict-affected and high-risk areas. We conduct a survey every year on each supplier's approach towards responsible procurement, taking into account the policies of our customers and the industry (Japan Auto Parts Industries Association). The results of the review show that no conflict minerals are being used in connection with human rights abuses or other injustices. With the cooperation of our suppliers, we are preparing to launch a human rights due diligence program with the divisions in charge of governance to identify, prevent, and mitigate risks of human rights violations not only in conflict minerals, but also in the entire supply chain.

# Feature | Fostering the NPR-RIKEN Corporate Culture

## Corporate Culture We Are Aiming For

As we have changed from a conventional operating company to an integrated holding company, it is a very important management issue to ensure that our Group policies are understood throughout the entire Group. In addition to our Group Philosophy and Management Philosophy, we have also established the Values to be shared across the NPR-RIKEN Group, which form the core of our human resource development. We aim to further foster a sense of unity within the Group by educating employees about these values, encouraging them to act in a way that embodies them, and properly evaluating them.

### Values to be shared across the NPR-RIKEN Group

<p><b>Open-mindedness that transcends boundaries</b></p> <ul style="list-style-type: none"> <li>Openly acknowledge and incorporate best practices and policies, without insisting on the conventional way of doing things.</li> <li>Respect diversity and collaborate with diverse actors.</li> </ul>	<p><b>Agility and flexibility</b></p> <ul style="list-style-type: none"> <li>Foster a corporate culture that encourages taking on challenges and a fast cycle of observation, adaptation, decision-making, action, and improvement.</li> </ul>	<p><b>Ability to create and implement new things</b></p> <ul style="list-style-type: none"> <li>While nurturing the sensitivity to capture change, compensate for what is lacking in creation and execution through personal learning and collaboration with others inside and outside the Company, and execute with decisiveness to resolutely push forward on the path of the unexplored.</li> </ul>	<p><b>Acting with integrity</b></p> <ul style="list-style-type: none"> <li>Understand and practice the NPR-RIKEN Code of Conduct and act ethically to meet the expectations of society and stakeholders.</li> </ul>
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## Management Policy penetration activities

The CEO and COO hold webinars (Management Policy Plaza) to communicate in their own words the Group's future outlook, policies, and values they wish to share with the Group's employees, as well as to answer their daily questions. Recently, a total of 604 employees from six countries participated.

Additionally, periodic messages from the members of top management and interaction with employees are posted on the in-house portal site on a rotating basis, with the messages focusing on themes such as promoting knowledge creation, based on familiar examples and experiences.

### Management Policy Plaza



### Messages from top management on internal social media

#### ■ 高橋さんメッセージ

**大学生との交流**

先日7月3日埼玉大学にて講義を行ってきました。これは埼玉大学の共通講座として設定されている「地域金融×地域創生入門」という講座で、講義テーマは「地域と産業」についてです。埼玉県内の企業経営者の皆さんが講演する寄付講義です。4月頃に依頼があり、お受けしてから、どんな話が良いか色々考えましたが、結果的に演題としては次のように決めました。

「地域と産業」を野をルーツに ～「モノづくり」は製造業から創産業へ～

対象の学生さんは学部を問わず、1年から4年生まで250人でした。かなり人気の講座なので定員で締め切っているそうです。大勢の学生さんに前に、一番不安に思った事は、言葉が通じるのか？でした。ザ・昭和の私vs平成Z世代、コロナの頃は中学生が高校生だったわけですが、講義中は大変まじめで居眠りしている学生は見当たらず、最初に会社創業の話を始めたとき、一斉に「ピストンリングをググって検索していました。出欠時、代返（ダイヘン）をしたり（そもそも出欠を取りませんが）、部屋でタムロしたり・・・自分の通い慣れたパンカラな学生時代の事でした。（「パンカラ」もすぐにググってました(笑)）。

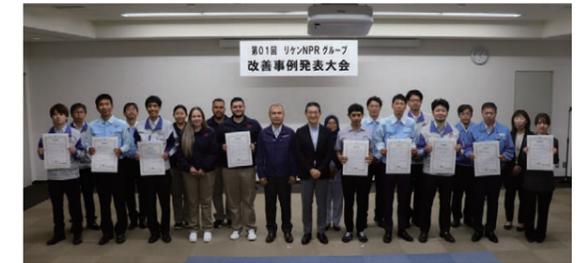
82nd message from top management on July 28, 2025 (excerpt)

(Japanese only)

## Initiatives to support challenges

### Technology presentations and improvement presentation competitions by group companies

The Group holds technology presentations and improvement presentation competitions where each Group company presents its own case studies and awards are issued, as an opportunity to share with everyone the initiatives that embody the values that are practiced within the Group, such as taking on new challenges, not sticking to conventional methods, self-study, and internal and external collaboration.



### Lecture introducing Group company's successful use of AI

Group company Shinwa Vanes held a hybrid lecture both in person and online to share a successful example of providing young employees with short-term training through the introduction of AI and passing on technology, which was attended by 150 Group employees. The question and answer session after the seminar saw lively discussion from various perspectives based on practice, which helped the Group to further consider and promote the use of AI, including the sharing of tacit knowledge.



### Internal open recruitment and transfer to the next core business

As we aim for business portfolio reform, we are shifting resources from existing businesses to the next core business. Within this business, the Group company involved in the thermal engineering business, which is particularly active in the manufacture and sale of heater products that contribute to decarbonization and heater products for semiconductor manufacturing equipment, conducted an internal open recruitment process within the Group to increase its staff, and just under 10 employees transferred to the company from April 2024. As an important initiative to support employees in taking on new challenges and lead the creation of a human resources portfolio linked to our business strategies, discreet interviews were conducted with the employees applying to transfer and the workplaces that would accept them, and feedback was provided.



## Initiatives to respect diversity

The NPR-RIKEN Group conducts training and events that promote respect for diversity.

### Unconscious bias training

In March 2025, we conducted unconscious bias training for officers and department heads. By aiming to recognize and become aware of their own unconscious assumptions, this training helped prevent harassment and increased empathy and understanding for those in different positions.



### Mental and physical care course

In July 2025, we held a mental and physical care course for managers on the theme of women's health and management. The participants learned basic knowledge about changes in the physical condition of female employees and appropriate ways to provide support in the workplace. Feedback such as "Understanding the health of female employees has made communication in the workplace smoother" was received from participants. In addition, a session titled Guide to Female Hormones and the Body was held for general employees, and feedback such as "I want to aim to improve health and the work environment" was received.



## To act with integrity

### Communication and training on the Code of Conduct

The NPR-RIKEN Group continues to provide awareness education on the Code of Conduct with the aim of spreading the sincere behavior to understand and practice the Code of Conduct and act ethically to meet the expectations of society and stakeholders, which is a value to be shared across the NPR-RIKEN Group, and improving corporate governance.



Read through the Code of Conduct in the workplace

### Establishment of compliance leaders

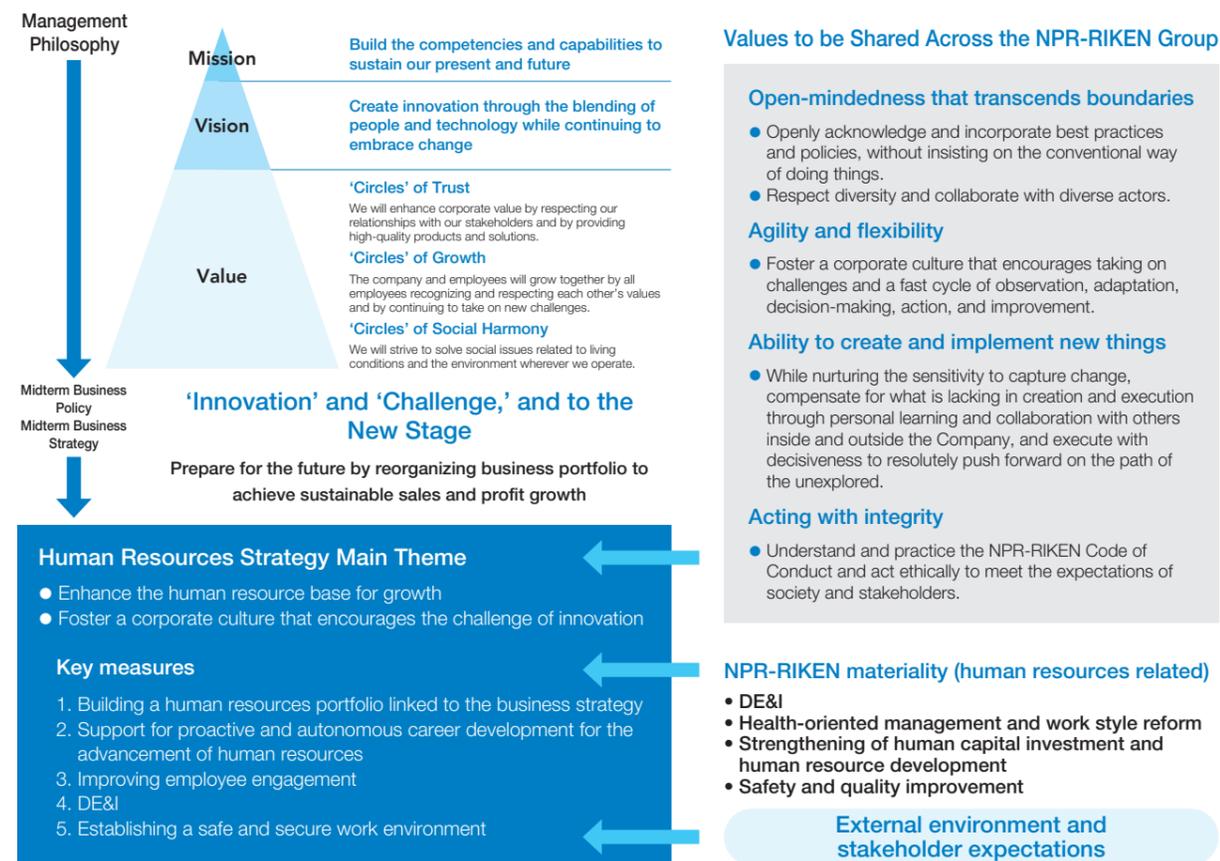
To further strengthen its compliance promotion function, the Group has established a dedicated organization, the Legal & Compliance Department, and has appointed compliance officers (compliance leaders) in each division and subsidiary to provide self-directed education and training and check the status of compliance with laws, regulations, and rules.

# Human Resources

## Basic Approach

The Two Companies, the majority of whose sales are ICE-related parts, merged and established the Company in response to a sense of crisis in the face of a business environment of declining demand due to the shrinking production of ICE vehicles as well as ICEs, as a result of the shift to electrification. Therefore, "Change and Challenge" is an important keyword in our management philosophy. As for our Midterm Business Strategy, we will reorganize our business portfolio (to increase the ratio of non-ICE sales) and aim for sustainable sales and profit growth. We also recognize that society strongly demands that we view human resources as capital and invest in them to maximize their value, and that the realization of this demand will determine our sustainable growth.

Based on these business and social environments, our policies, and the values we want to share, which are communicated to our employees by top management, we have established and are promoting a five-pillar human resource strategy with the main themes of "enhance the human resource base for growth" and "foster a corporate culture that encourages the challenge of innovation."



### 1. Building a human resources portfolio linked to the business strategy

As we seek to reorganize our business portfolio, we expect that the human resources portfolio required today and in the future will differ greatly. Therefore, we are visualizing the current human resource portfolio and skills, as well as clarifying the human resources portfolio and skills that will be required in the future. We will formulate and promote specific measures based on the results. In addition, since it will be necessary to establish and operate an education system that will contribute to the future transformation of our human resources portfolio and a system that supports voluntary learning, we are currently working to integrate the personnel systems as NPR-RIKEN, including the education system.

### 2. Support for proactive and autonomous career development for the advancement of human resources

FY2026 KPI: Investment in human resource development for employees +30% from FY2022 FY2024 results: +14.4% from FY2022

In advancing our human resources to build a new human resources portfolio, the Group emphasizes the development of professionals and managers in each field through on-the-job training (OJT), education and training based on the rank of position, and education based on division. At the same time, we believe it is important to support the independent and autonomous career development of individual employees and provide opportunities for further growth and challenges.

Accordingly, as a unified group, we will operate various systems that are currently in place at individual Group companies with positive results, such as an internal open recruitment system, an overseas trainee system, an overseas study abroad system, a distance learning course placement and financial assistance, and financial assistance for external courses and tuition fees voluntarily taken by employees. We will also formulate and promote new systems, such as the regular implementation of career follow-up interviews.

#### Employee Interviews



**M.E., Next-generation Processing Technology Development Department, Development Head Office**

I am in charge of the technical development of METAMOLD products, and am involved in manufacturing from prototyping to mass production of new products, quality improvement, new material development, and responding to defective products. Working as a team to develop new technologies and products and contribute to mass production is very rewarding. In addition to our wide range of technology, I believe that our company's strength lies in the fact that it provides an equal environment for men and women, and an environment that supports growth both inside and outside the company, including support for obtaining qualifications. In the future, I would like to deepen my understanding of sales, design, manufacturing, and other operations, and work as a product professional. I also hope to serve as a career model for female engineers and contribute to creating an even more comfortable working environment for women.



**K.H., Quality Management Department, Quality Assurance Division**

I am in charge of quality control and improvement at overseas bases, providing support to those bases and conducting on-site audits. I believe that in order to contribute to quality improvement, it is important to emphasize communication with local staff, build relationships of trust, and develop a shared awareness of quality so that we can work together to improve quality. I feel that our company's strengths are its open workplace, where employees are given the opportunity to take on important responsibilities, and an environment that supports growth, such as support for obtaining qualifications and attending external seminars. I will focus on process management and "Sangen Shugi" (which emphasizes visiting the actual site, knowing the actual situation, and being realistic), hone my skills by supporting overseas bases, and aim to play an active role throughout the Group.

### 3. Improving employee engagement

FY2026 KPI: Ratio of positive responses in employee engagement survey: +10% or more compared to FY2024 results

In order to increase employee engagement, we believe it is important to instill in our employees that we are contributing to the sustainable development of society through our very business activities based on our management philosophy, such as providing products with superior environmental performance, and that this is linked to the values of each and every employee.

#### Conducting and utilizing engagement surveys

We are using the integration of Riken and Nippon Piston Ring as an opportunity to conduct the same employee engagement survey to understand the current situation from a common Group perspective.

The results of the stress check and engagement survey of employees of both Riken and Nippon Piston Ring which was conducted this year revealed that, compared to the average among companies in the manufacturing industry surveyed by the same survey company, work engagement\*1 was higher than employee engagement\*2 at both companies, and that stress levels were also higher.

Based on the results of this survey, we will consider and implement stress management initiatives and measures to improve employee engagement across the entire Group.

\*1 Attitude and behavior toward work (voluntary behavior, positive emotions, etc.) \*2 Attitude and behavior toward the organization (a sense of unity with the organization, etc.)

### Event titled “How to utilize your individuality in a team or organization”

#### RB OMIYA ARDIJA WOMEN Top Partner Event

In July 2025, we welcomed manager Rina Yanai, goalkeeper Sumire Nakamura, and forward Yuma Saito from RB OMIYA ARDIJA WOMEN to our Saitama head office and held an internal event titled “How to utilize your individuality in a team or organization.” On the day, the main venue was connected to each of our domestic bases online, providing a valuable opportunity for our employees to interact with the professional women’s soccer manager and players.

The theme of the event was “how to utilize your individuality,” which is an important keyword in everyday work, and overlaps with the individual career development support that we provide at our company, in which we ask questions like “what is your individuality?” and “how can you make the most of your individuality?” Many of the employees who attended expressed a strong interest in the importance of rediscovering their own individuality, respecting the individuality of others, and improving teamwork.

In a society that is becoming more diverse every day and in the workplace after the consolidation, we will increase engagement within the company by recognizing and utilizing each other’s individuality and strengths, including those of customers, partner companies, and fellow employees, and continue to develop independent and autonomous human resources who can overcome change and achieve even greater results.



## 4. DE&I

	FY2023 results	FY2024 results	FY2026 KPIs
Ratio of female managers	2.0% (domestic) 6.9% (consolidated)	2.7% (domestic) 8.1% (consolidated)	3% or more (domestic) 7% or more (consolidated)
Ratio of male employees taking parental leave	31.4% (domestic)	59.4% (domestic)	50% or more (domestic)

The Group aims to create a workplace where diverse human resources can play an active role with confidence for all people regardless of gender, nationality, and other aspects. In addition to ensuring an open workplace environment, we are working to diversify our human resources by hiring women, foreign nationals, senior employees, etc.

### Promotion of women to management positions

In addition to efforts to realize diverse work styles, including the expansion of diverse work arrangements and support for nursing care and childcare, the Group’s priority is to create an employment environment in which everyone feels fulfilled and comfortable in exercising their abilities, regardless of gender or time constraints. On this basis, we will actively recruit female employees, train them, promote them to executive positions, and increase the ratio of female managers. In addition, we will also keep a close eye on the ratio of female managers among full-time female employees.

### Promotion of foreign nationals to management positions

The Group carries out recruitment activities that are open to all nationalities, and the domestic Group companies (both Riken and Nippon Piston Ring) have 13 non-Japanese employees. Also, in the overseas operating companies that support the Group, the majority of both managers and executives are non-Japanese. Based on the concept of harnessing diversity throughout the Group, we will continue to appoint foreign nationals to management positions in the right places at the right time.

### Promotion of male employees to take parental leave

The Company believes that creating an environment in which men can actively participate in childcare will lead to the promotion of women’s active participation, as well as to the creation of a comfortable workplace environment for both men and women. As such, we have set a goal to promote the use of parental leave by male employees, are making the system known to all employees, and improving the environment. Performance against targets is monitored on a regular basis, and promotional activities are carried out with a view to upwardly revising targets accordingly.

## 5. Establishing a safe and secure work environment

Establishing a safe and secure work environment, both mentally and physically, is essential for human resources to continuously demonstrate their abilities, grow on their own, and improve their human capital. We will share the initiatives currently being implemented at individual Group companies and achieving positive results in terms of work style reform (improvement of productivity, correction of long working hours, promotion of holiday leaves, diverse work styles, etc.), health-oriented management, and occupational safety and health initiatives throughout the Group, and define and promote KPIs.

### Health-oriented management

Our wholly owned subsidiary, Nippon Piston Ring Co., Ltd., has been certified as a KENKO Investment for Health (KIH) Outstanding Organization for six consecutive years, and Riken was certified for the first time in March 2025. The Group is developing safe and secure work environments and continuing to promote initiatives for health-oriented management with the goal to improve productivity and attract talent by enabling each employee to thrive in such work environments.

# Occupational Safety and Health

## Basic Approach

The Group has identified “safety and quality improvement” as one of its materiality issues, as well as the “creation of safe and secure workplaces” as a key element of sustainability management in its Midterm Management Plan. We have established an Occupational Safety and Health Policy to build a workplace culture that prioritizes safety, educate all employees in the Group, and clarify the basic principles and priorities of employee behavior.

### NPR-RIKEN Group Occupational Safety and Health Policy

The safety and health of all employees working in the Group’s workplaces, as well as those involved, takes precedence over everything else.

We will work as one to continuously promote the operation and activities of the occupational safety and health management system, and aim to eliminate occupational accidents and maintain and promote health by improving the level of our activities.

#### 1. Compliance with laws, regulations, and rules

We will improve occupational safety and health in accordance with the Industrial Safety and Health Act, related laws and regulations, and internal rules.

#### 2. Creating a safe and secure workplace

We will clarify hazardous and harmful factors through the implementation of risk assessment and continuously work on safety measures in the workplace.

#### 3. Creating a healthy and comfortable workplace

We will promote a vibrant workplace by working to improve mental and physical health.

#### 4. Human resource development through enhanced occupational safety and health education

We will work to nurture people with a high level of sensitivity to safety by ensuring that all employees and related personnel continuously learn the relevant laws and regulations, internal rules, work procedures, and other rules related to occupational safety and health, and by enhancing mutual communication.

## System and Initiatives

We have established a management system for occupational safety and health and are promoting its initiatives. In line with the Occupational Safety and Health Policy and the basic principle of safety first, we have established the Vision for FY2030 (long-term policy) and FY2026, and are promoting them by incorporating them into our key issues and Occupational Safety and Health Plan. To promote this, we have established a Safety & Health Division to oversee the promotion of safety and health within the group, and are working to build a safer culture through the business integration.

In addition, the Group has newly established a Safety & Health Promotion Committee, and the key issues and Occupational Safety and Health Plan decided by the committee are developed in each division and affiliated company and incorporated into specific action plans, and progress is reported at each Occupational Safety and Health Committee meeting to enable checking and follow-up (a BNF\* reporting structure). Moreover, to prevent recurrence and occurrence across the entire Group, we have a system in place for immediate reporting of occupational accidents and fires and for immediate countermeasures.

\* Bad News First/FAST

Key issues	Vision for FY2026	FY2024 initiatives (Critical implementation items)
Zero occupational accidents	Achieve zero occupational accidents by making facilities and operations intrinsically safe, raising safety awareness, and enhancing the safety management system	Improvement of facilities, reorganization of procedural documents, reevaluation of risk assessment, improvement of countermeasures for frequent abnormal suspensions, various types of training, and monthly safety circle activities in each workplace
Zero workplaces working in extreme heat and engaging in strenuous physical labor	Realization of an age-friendly workplace where older workers can work with peace of mind	Environmental measurements and measures
Zero fires (including small fires)	Improved risk containment and initial firefighting response capabilities	Firefighting drills, fire prevention patrols, posting of fire extinguisher maps on each floor, review and dissemination of fire prevention measures for equipment equipped with lithium-ion batteries

# Contributing to and Strengthening Collaboration With the Local Communities

Recognizing that a company is a social entity, the NPR-RIKEN Group's management philosophy is to respect our relationships with our stakeholders, and to strive to solve social issues related to living conditions and the environment wherever we operate. Our code of conduct also states, "In order to fulfill its role as a member of the local communities in which it operates, the NPR-RIKEN Group will actively participate in community development, volunteer work, disaster prevention and disaster recovery activities, and participate in social contribution activities in both the local and international communities."

Based on this philosophy, we have undertaken the following initiatives as one example, and will continue to do so as we broaden the scope of our activities to further contribute to the needs of the local community.

## Donation of books, equipment, etc. to elementary and junior high schools

Since 1999, we have donated books, science lab equipment, information devices, and other school materials to elementary and junior high schools in Kashiwazaki City, Niigata Prefecture and Kumagaya City, Saitama Prefecture, where our Group companies are located, as part of our efforts to help educate the youth of the region.



Donated books Donated science lab equipment

## Volunteer participation in removal of non-native plants in riverbeds

Employees of the Company volunteered to participate in the removal operation of willows and tall goldenrod at Watarase-yusuichi, which adjoins one of the Group's sites. The tall goldenrod is an invasive plant of the Asteraceae family native to North America that can displace native plants, including endangered species.



Tall goldenrod

## Donations to children's cafeteria and food pantry

To help address a social issue, each month our employees donate rice produced in Niigata, where the Group is located, to a children's cafeteria and food pantry in Kumagaya City, Saitama Prefecture, where the Group is also located, and employees also volunteer at the food pantry's activities.



Donated rice Food pantry

## Volunteer participation in Satoyama preservation activity

Our employees volunteer in the Satoyama environment creation network in Kashiwazaki City, Niigata Prefecture, where the Group is located, on an ongoing basis. This is an activity to pass on the nature and culture of the Satoyama to children and the next generation through the conservation and restoration of the Satoyama, including tree planting and forest creation.



## Internship program to acquire vocational skills

Since 2024, our Group company SIAM NPR Co., Ltd. (Thailand) has offered a two-year internship program aimed at helping students who have not had the opportunity to receive adequate education to acquire vocational skills. 15 participants started the program in 2024, and 10 participants started in 2025.



## Collaboration with orphanage

Group company RIKEN MEXICO, S.A. DE C.V. invited 30 children from an orphanage in the Las Palmas district of Aguascalientes, where the company is located, to its family day event for employees and their families. In collaboration with the orphanage, activities, a museum tour, games, meals, and gifts that everyone could enjoy were provided. The lively atmosphere brought together employees' families and children from the orphanage, making it a warm and meaningful experience for everyone who attended.



## River cleaning activity

Each year, our Group company P.T. PAKARTI RIKEN INDONESIA (Indonesia) conducts normalisasi (dredging and cleaning) activities in the river adjacent to the company.



## Tree planting on World Environment Day

On June 5th, which is World Environment Day, employees of our Group company NPR AUTO PARTS MANUFACTURING INDIA PRIVATE LIMITED (India) and their families planted trees within the company's site and in a nearby nature park for environmental conservation.



## Respect for the aged activity for the Double Ninth Festival

Group company XIAMEN RIKEN IND. CO., LTD. (China) visits a local senior citizens' association every year on the Double Ninth Festival (September 9th in the lunar calendar) and gives a donation towards the association's activity expenses.



## Repair and maintenance activities at a local elementary school

Group company PT. NT Piston Ring Indonesia (Indonesia) conducted repairs and maintenance on the grounds and school buildings of seven elementary schools near the industrial park as part of the 2024-2025 activities of the Mitra no Kai, a group of Japanese companies within the industrial park where the company is located.



# Board Members (as of June 24, 2025)



- 1**

Nomination and Compensation Committee

Representative Director, Chairman and CEO

## Yasunori Maekawa

After presiding over overseas sales, domestic sales, and overseas business for many years, he has played a leading role in management, contributing to the Group's sustainable growth and the enhancement of corporate value over the medium to long term.

● Number of shares held **66,700**

● Attendance at Board meetings **16/16**
- 2**

Nomination and Compensation Committee

Representative Director, President and COO

## Teruo Takahashi

After presiding over the technology and development divisions for many years, he has played a leading role in management, contributing to the Group's sustainable growth and the enhancement of corporate value over the medium to long term.

● Number of shares held **26,006**

● Attendance at Board meetings **16/16**
- 3**

Director, Executive Vice President

## Motonori Wakabayashi

He has held key positions at Mizuho Financial Group, Inc., and has a high level of expertise, particularly in the areas of risk management and compliance.

● Number of shares held **1,600**

● Attendance at Board meetings **13/13**
- 4**

Director, Managing Executive Officer

## Hidehiro Sakaba

With a high level of expertise in corporate planning, accounting and finance, and business administration divisions, he has contributed to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term.

● Number of shares held **26,100**

● Attendance at Board meetings **16/16**
- 5**

Director, Managing Executive Officer

## Masaaki Fujita

With a high level of expertise in overseas business, corporate planning, and business administration divisions, he has contributed to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term.

● Number of shares held **19,802**

● Attendance at Board meetings **16/16**

- 6**

Director, Managing Executive Officer

## Zhongliang Yang

With a high level of expertise in technology and manufacturing divisions, he has contributed to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term. He also has extensive knowledge, experience, and a proven track record in all aspects of management.

● Number of shares held **15,561**

● Attendance at Board meetings **13/13**
- 7**

Director, Managing Executive Officer

## Hiroyuki Kobayashi

With a high level of expertise in technology and development divisions, he has contributed to the sustainable growth of the Group and the enhancement of its corporate value over the medium to long term.

● Number of shares held **24,100**

● Attendance at Board meetings **N/A**
- 8**

Nomination and Compensation Committee

Outside Director

## Eiji Hirano

He has held important positions at the Bank of Japan and has a high degree of expertise in overall corporate management, including financial institutions, as well as a wealth of international experience and broad insight, and has actively provided opinions on overall group management from an objective perspective and has also played a role in supervising management.

● Number of shares held **0**

● Attendance at Board meetings **14/16**
- 9**

Nomination and Compensation Committee

Outside Director

## Masako Kurosawa

With her involvement in management of a research institution as Vice President of the National Graduate Institute for Policy Studies and having held various posts as a government delegate, she has actively provided opinions on overall group management from an objective perspective and has also played a role in supervising management.

● Number of shares held **0**

● Attendance at Board meetings **16/16**
- 10**

Outside Director (Audit and Supervisory Committee Member)

## Osamu Honda

He has a high level of expertise in overall corporate management, including financial institutions, a wealth of experience and broad insight, and experience in the management of other companies. He has audited the execution of duties by Directors from an objective and fair standpoint, thereby contributing to ensuring sound management.

● Number of shares held **0**

● Attendance at Board meetings **16/16**
- 11**

Director (Audit and Supervisory Committee Member)

## Hiroto Koeba

He has a high level of expertise mainly in the accounting division, and has audited the execution of duties by Directors from an objective and fair standpoint, thereby contributing to ensuring sound management of the Group.

● Number of shares held **1,919**

● Attendance at Board meetings **16/16**
- 12**

Nomination and Compensation Committee

Outside Director (Audit and Supervisory Committee Member)

## Tatsuya Sakuma

He has abundant experience and broad insight in the legal profession and has experience as an outside director of other companies. He has audited the execution of duties by Directors from an objective and fair standpoint, thereby contributing to ensuring sound management.

● Number of shares held **0**

● Attendance at Board meetings **16/16**
- 13**

Outside Director (Audit and Supervisory Committee Member)

## Takahiro Ono

He has abundant experience and broad insight in all aspects of management in the life insurance industry, and has a high level of expertise, particularly in corporate planning.

● Number of shares held **0**

● Attendance at Board meetings **N/A**

Notes: Attendance of Directors at Board meetings refers to FY2024 attendance.  
 Differences in the number of meetings held are due to differences in the timing of appointments.  
 The number of shares held is as of March 31, 2025.  
 The Nomination and Compensation Committee met four times in FY2024, with all members attending each time.

# 2nd Roundtable Discussion Between Top Management and Outside Directors

Meeting to exchange opinions aimed at achieving sustainable growth



With a view towards the complete business integration of Riken Corporation and Nippon Piston Ring Co., Ltd. in April 2026, a roundtable discussion was held between Chairman Maekawa, President Takahashi, and the outside directors on the themes of “optimizing the business portfolio” and “deepening human capital management,” which will serve as the basis for maximizing the effects of the integration.

## Selection and concentration are essential for optimizing the business portfolio

**Maekawa:** The selection and concentration of businesses is a strategic approach to making the most of limited management resources, and the expansion (deepening) of management resources and the business portfolio through integration has greatly broadened the scope of our business strategy considerations. I see this as one of the major synergy effects of the business integration.

**Hirano:** Related to that, the establishment of the specialist M&A division called the Business Development Division, which takes on new business ventures, is a timely strategy that can be praised as a compass for advancing the business portfolio reform outlined in the Midterm Management Plan. However, even as we move forward with full-scale optimization of the business portfolio, I would like us to remain strongly committed to the numerical targets set out in the Midterm Management Plan and proactively implement concrete actions such as reducing cross-shareholdings.

**Takahashi:** In recent years, the automotive parts industry has been creating an environment in which companies can collaborate and cooperate across boundaries with other companies in the same industry and with competitors regarding businesses that are difficult to sustain on their own. This has never happened before.

**Kurosawa:** The benefits and strengths of Japan’s manufacturing culture are also evident in such cases.

**Ono:** “Optimizing the business portfolio” and “deepening

human capital management” are urgent corporate issues, and I fully understand their importance, but when viewed from the perspective of human resources (capital), isn’t it the reality that there is a shortage of personnel who can respond to the management strategies that are being pursued?

For example, when it comes to reskilling employees in existing businesses to transfer them to new fields, depending on factors such as compatibility with the work they have performed to date, there may be various issues to address before they can become valuable assets. I believe it is necessary to consider this in conjunction with external recruitment of mid-career personnel.

**Takahashi:** As you pointed out, there are some departments where it is relatively easy to transfer to a new business, such as R&D division, but there are also other departments where employees have to relearn everything from scratch. Also, in order to secure human resources for our new businesses, it is necessary to recruit mid-career personnel and to consider transferring people to positions where they can utilize their expertise in areas such as sales and development.

**Honda:** I highly value the fact that our company has a corporate culture that respects the opinions and suggestions of the outside directors and responds promptly, and that top management’s policies are well-established. This year’s themes of the “business portfolio” and “human resources portfolio” have each become more diverse and complex due to the business consolidation, and the more I get to know the organization, the more I can imagine that management has many concerns, such as ties to the past. There will be difficult

decisions, but I hope that you always maintain a strong future-oriented attitude and respond quickly while being conscious of time costs.

**Sakuma:** The corporate cultures that the Two Companies have cultivated are very different, so one way to unify them and make decisions quickly would be to appoint a new CFO and have that person consider the business portfolio. In order to accelerate the consideration of the ratio of new businesses, I feel that some kind of effort (or system) is needed in the process.

## Reaffirm the importance of working and learning, and maximize the benefits of integration

**Kurosawa:** As we move forward with a scrap-and-build stance under the policy of selection and concentration of businesses, it is important to invest in acquiring the skills required for the new businesses, but it is also essential, especially at this time, to invest in the mindsets of our employees. It is important that the purpose and vision are communicated throughout the entire organization from the top, that organizational development is undertaken to create an environment that is psychologically safe and inclusive, and that the foundations are laid for a corporate culture known for learning organization (the concept of the entire organization learning from each other).

**Ono:** It is said that reskilling becomes more difficult as someone gets older, but looking at the current situation, many companies are still dependent on the knowledge and know-how of their senior employees, and these companies have few young and mid-career employees, which makes them anxious about the approaching future. What can be done to increase the motivation of these senior employees?

**Kurosawa:** Some people are reluctant to work in a new field due to physical limitations or a feeling of being bad with new technology, but we are conveying the importance of continuing to learn, and since there is no age difference when it comes to feelings of fulfillment and accomplishment, it is important to help them increase their satisfaction with their work and humbly work on developing their own abilities, thereby creating a cycle that allows for upward momentum. Our company has cultivated an accepting culture that allows employees to achieve these things, and I would like to see this culture continue to grow.

**Maekawa:** Just looking at overseas expansion, Riken Corporation was established as a joint venture and managed

in collaboration with partner companies, whereas Nippon Piston Ring Co., Ltd.’s business strategy was to establish everything in-house from scratch, so it is only natural that there are differences in the way each company sees things and thinks. As these Two Companies with such different values come together, in order to maximize the benefits of the consolidation, why not go back to basics and reaffirm the concept of “working and learning?”

I believe we can open up a new future and deepen our human capital management by sharing values such as why we must work and why we must learn, and by communicating with each other and understanding each other’s motivations, feelings of accomplishment, and passion.

**Takahashi:** I completely agree, and I think this is also in line with the idea of knowledge creation that Professor Kurosawa is endorsing.

**Hirano:** In human capital management, the strategic development of DX talent and improving engagement are essential in the current era of digital transformation. In order to support work improvement through DX, why not hold a presentation event such as a work improvement proposal competition, and recognize employees who are putting in effort?

**Takahashi:** We have held improvement example presentations in the past, but in preparation for the integration in April 2026, we are planning to establish a specialized department such as a manufacturing improvement promotion department and create initiatives that will contribute to comprehensive manufacturing improvements, including human resource development. I would like to plan a presentation event similar to an improvement proposal competition as part of this.

**Maekawa:** Last year, as it was the first year since the merger, we exchanged opinions mainly on health-oriented management and well-being initiatives aimed at improving employee vitality and revitalizing the organization. However, this year, with the full business integration scheduled for April 2026 just six months away, we have discussed the themes of “optimizing the business portfolio” and “deepening human capital management,” with a focus on maximizing the effects of the integration.

This time too, there have been new ideas and realizations that would not have been possible through internal discussions alone, making this a very valuable experience. I would like to continue holding such meetings to deepen discussions aimed at improving our corporate value.

## 1st meeting with outside directors regarding important risks

Meeting to exchange opinions aimed at improving the effectiveness of the Board of Directors



In August 2025, the first informal meeting with the outside directors to discuss business risks was held. The purpose of this meeting was to improve the management and supervisory functions of the Board of Directors by engaging in a frank exchange of opinions with the outside directors, and a valuable exchange of opinions was held that will lead to the improved effectiveness of the Board of Directors.

At the beginning, Chairman Maekawa explained the purpose of holding the meeting, followed by a report from the secretariat on an overview of the risks that the Company faces. Finally, the general managers in charge explained how the Company will respond to the overseas risks and information security risks that have been identified as important risks.

In the report on overseas risks, there was lively discussion on three issues: US tariff hikes, the impact of the bases in China, and strengthening overseas governance systems, and the outside directors provided valuable opinions from their respective specialist positions. We believe that unconventional, informal meetings like this are a highly effective initiative that also contributes to improving corporate value, and we will continue to hold them.

# Corporate Governance

## Basic Approach

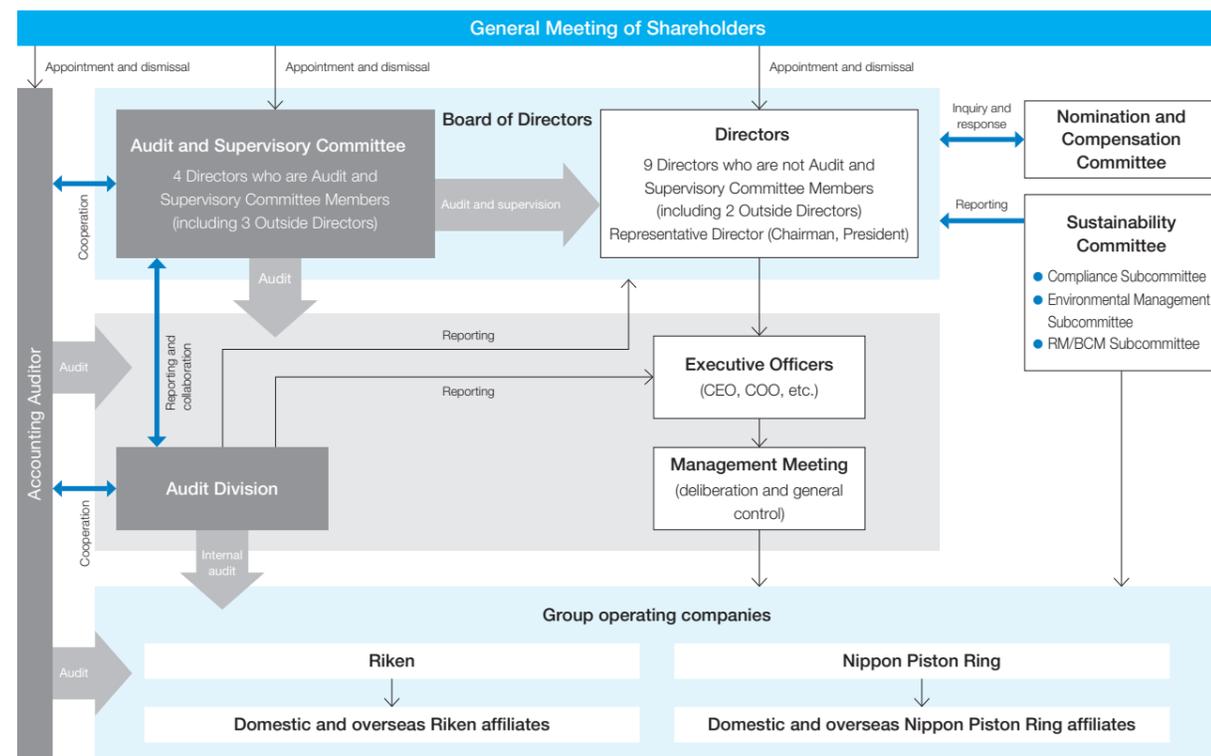
The Group positions sustainable corporate growth and the enhancement of long-term stable corporate value as key management issues, and is working to enhance corporate governance based on the principles of “ensuring the rights and equality of shareholders,” “appropriate collaboration with stakeholders other than shareholders,” “appropriate information disclosure,” “improving management efficiency, legality, and transparency,” and “promoting dialogue with shareholders.”

▶ Corporate Governance Report [https://www.npr-riken.co.jp/en/sdgs/pdf/pdf\\_01.pdf](https://www.npr-riken.co.jp/en/sdgs/pdf/pdf_01.pdf)

## Corporate Governance System

### Corporate governance system diagram

Note: ■ indicates an audit function



### Board of Directors

The Company has strengthened the auditing and supervisory functions of the Board of Directors by making Audit and Supervisory Committee Members, who are responsible for auditing and supervision of the execution of duties by Directors, members of the Board of Directors.

The Company's Board of Directors consists of nine Directors (excluding Directors who are Audit and Supervisory Committee Members; including two Outside Directors), and four Directors who are Audit and Supervisory Committee Members (including three Outside Directors). The Board of Directors deliberates and decides on basic management policies, Group management strategies, and other important business matters, and supervises the execution of duties by individual Directors and Executive Officers.

### Approach to the diversity of the Board

Currently, the Company's Board of Directors consists of 13 Directors with international experience, including five Outside Directors (one of whom is a female director) who have extensive experience at other companies, broad insight, and an international perspective, and who supervise our business execution from an independent standpoint.

Based on the Company's management philosophy, management strategies, and management policies, the Company identifies skills that are representative of the knowledge, experience, and abilities that the Board of Directors as a whole should possess.

Nominations of candidates for Directors will be made by the Board of Directors after deliberations by our voluntary Nomination and Compensation Committee, of which the majority of members are independent outside officers. The candidates will be determined by taking into consideration the combination of skills of the entire Board of Directors, as well as diversity aspects such as gender, who can appropriately perform their duties as Directors, have a wealth of experience in management, and are internationally minded and of good character and insight.

We are also considering setting targets to further increase the diversity of the Board of Directors, with the goal of increasing the ratio of Outside Directors on the Board of Directors as well as the ratio of female officers to the Board of Directors to at least 30% by FY2030.

	FY2024
Ratio of Outside Directors	38% (5/13 persons)
Ratio of women and foreign nationals	8% (1/13 persons)

### Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance, thereby ensuring transparency and objectivity in the procedures for appointing and dismissing directors and determining their remuneration.

#### Roles and responsibilities

- Passes resolutions on matters consulted by the Board of Directors and reports to the Board of Directors.
- (1) Approach to the composition of the Board
- (2) Policy and criteria for the appointment and dismissal of directors
- (3) Selection criteria for outside directors (criteria for determining independence, term of office, qualifications, etc.)
- (4) Policy and criteria for the selection and removal of directors with titles
- (5) Matters concerning the selection and removal of directors with titles
- (6) Directors' remuneration system, policy for deciding remuneration
- (7) Consideration of disclosures regarding matters listed in the above items
- (8) Other matters deemed necessary by the Board

#### Composition

The Committee is composed of at least five members from the internal directors and independent outside directors, with a majority of independent outside directors, and is chaired by an independent outside director. The current members (as of June 30, 2025) are:  
 Chair: Eiji Hirano (Independent Outside Director)  
 Members: Yasunori Maekawa (Representative Director, Chairman)  
 Teruo Takahashi (Representative Director, President)  
 Masako Kurosawa (Independent Outside Director)  
 Tatsuya Sakuma (Independent Outside Director)

The Committee met four times in FY2024, and all members attended each of the meetings.

### Officer Remuneration System

Remuneration of the Company's Directors shall be appropriate to attract and retain talented individuals who will practice the realization of the Company's corporate philosophy and motivate them to adequately fulfill their expected roles for the sustainable enhancement of the Company's corporate value and shareholder value.

In addition, the content of remuneration for Directors is designed to be rational, objective, and transparent in terms of both the content of remuneration and the decision-making process, in order to adequately fulfill accountability to shareholders and other stakeholders. The standard total remuneration consists of fixed remuneration, with the standard amount based on position and other relevant factors, paid monthly in cash, and performance-linked remuneration. Furthermore, the performance-linked remuneration is structured into cash bonuses paid based on annual performance, and stock-based remuneration (restricted stock), which is incentive remuneration that fluctuates based on performance, provided with the intention to share a sense of profit with shareholders and to motivate them to achieve medium- and long-term goals.

Directors who are Audit and Supervisory Committee Members, Outside Directors, and foreign national Directors who receive an annual salary are paid only fixed remuneration and are not subject to company or individual performance evaluation.

Cash bonuses, which are short-term performance-linked remuneration, are paid annually at a predetermined time after the end of the relevant fiscal year, in an amount determined according to the level of performance against the target consolidated ordinary profit for each fiscal year set out in the Midterm Management Plan and other factors. As non-monetary remuneration, the Company has introduced stock-based remuneration (restricted stock), which is an incentive remuneration that fluctuates based on performance, with a restricted transfer period that lasts from the date of issuance until resignation from all positions as director of the Company and its subsidiaries. Stock-based remuneration (restricted stock) is granted at a certain time each year in the number of shares determined based on factors such as position (role), responsibilities, and stock price.

The following table shows the ratio of remuneration by type.

Officer classification	Composition of officer remuneration			Total
	Monetary remuneration		Stock-based remuneration	
Director	Fixed remuneration	Short-term performance-linked (bonus)	Long-term performance-linked	100%
	63%	24%	13%	

With respect to officer remuneration, a distinction is made between Directors (excluding those who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members. Remuneration for Directors (excluding those who are Audit and Supervisory Committee Members) shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee. Remuneration for Directors who are Audit and Supervisory Committee Members is determined after deliberation by the Audit and Supervisory Committee.

## Evaluation of the Board of Directors' Effectiveness

In order to increase the effectiveness of the Board of Directors, the Company conducts a self-evaluation survey and collates the results, and is developing the system and operations to further improve the quality of the Board of Directors by allowing for deeper discussions on problems and issues.

The summary of the results of the Board of Directors effectiveness evaluation for FY2024 is as follows.

### 1. Evaluation process

A survey consisting of 25 questions across five evaluation items was conducted on all of the Directors and Audit and Supervisory Committee Members.

#### [Evaluation items]

- (1) Composition and operation of the Board of Directors, (2) Management strategy and business strategy,
- (3) Corporate ethics and risk/crisis management, (4) Performance monitoring and evaluation of management,
- (5) Dialogue with shareholders, etc.

### 2. Evaluation results

#### (1) Overview of the evaluation results

“The effectiveness of the Board of Directors is being secured.”

- 1 The size and composition of the Board of Directors is well-balanced and made up of diverse personnel, and a system has been established to exercise its supervisory function over management.
- 2 Free and open discussions are held at Board of Directors meetings, with all members actively and substantively discussing matters.
- 3 Outside directors are briefed on the agenda at least one day in advance of Board of Directors meetings to ensure that sufficient deliberations can take place.
- 4 The Board of Directors meets once a month in principle, and in accordance with the Board of Directors Regulations, it deliberates important matters in a timely and appropriate manner, including important management and business strategies aimed at improving corporate value over the medium to long term.
- 5 The results of dialogue with shareholders are reported to the Board of Directors by the relevant division as appropriate.

Comments included requests for more in-depth reporting and discussion on cost of capital management, optimization of the business portfolio, human capital management, and corporate risks including U.S. tariff risks, as well as strengthening the compliance system and reducing cross-shareholdings. On the other hand, there was also a management-related request to conduct formal reports efficiently and to spend more time on matters related to proactive issues (business strategies, etc.) as well as defensive issues.

#### (2) Future themes for improvement

##### [Countermeasures based on individual evaluations]

Amidst currency exchange issues and rising energy and raw material prices, we will enhance our risk response that takes into account the supply chain, and the analysis and discussion of BCPs and risk scenarios.

##### [Countermeasures based on evaluation of important topics]

We will report on company-wide human resource development and education plans based on human capital management

##### [Countermeasures based on evaluation comments]

- We will improve discussions on corporate risks, including cost of capital management, optimization of the business portfolio, human capital management, and U.S. tariffs.
- We will improve discussions on topics such as strengthening compliance systems and reducing cross-shareholdings.
- We will conduct formal reports efficiently and secure time for discussions on proactive issues (business strategies) as well as defensive issues.

##### [Comprehensively considered countermeasures]

As part of our efforts to achieve management that takes cost of capital and the stock price into consideration, we will hold IR/SR meetings in a planned manner in order to strengthen IR/SR activities and enhance information disclosure, and assist management decisions by reporting market evaluations in a timely manner.

## Cross-Shareholdings

### (1) Cross-shareholdings policy

The Company believes that cooperative relationships with various companies are essential for continuing its sustainable growth, and, from the perspective of improving medium- to long-term corporate value, the Company holds shares from other companies based on comprehensive consideration of factors such as importance in business strategy, strengthening relationships with transaction partners, etc. Additionally, we annually assess shares quantitatively to see if benefits from holding them justify our capital cost on a stock-by-stock basis, and also qualitatively based on the strategic rationale for holding them, and work to reduce any shares deemed to have no necessity for holding as a result of that assessment by selling those shares.

➔ Status of reduction of cross-shareholdings: P. 35

### (2) Standards for exercising voting rights related to cross-shareholdings

Regarding the exercise of voting rights for the shares we hold, in cases where a company's performance has been sluggish for a long period of time or where a scandal has occurred, we will carefully examine the content of the proposals, with consideration given to the company's circumstances, and exercise our voting rights appropriately after determining whether the proposals will contribute to increasing shareholder value.

## Skills Matrix

Based on our management philosophy, management strategies, and management policies, the Company identifies skills that are representative of the knowledge, experience, and abilities that the Board of Directors as a whole should possess.

Nominations of candidates for Directors are made by the Board of Directors after deliberations by our voluntary Nomination and Compensation Committee, of which the majority of members are independent outside officers. The candidates are determined by taking into consideration the combination of skills of the entire Board of Directors, as well as diversity aspects such as gender, who can appropriately perform their duties as Directors, have a wealth of experience in management, and are internationally minded and of good character and insight.

		Main areas in which Directors are expected to have experience							
		Skills for realizing growth strategies				Skills for strengthening corporate governance			
		Corporate management	Global experience	Engineering / Manufacturing / R&D	Sales / Marketing	Risk management / Legal affairs / Governance	Financial / Finance	Human resource development / Diversity	Sustainability
Directors	Yasunori Maekawa	●	●		●				●
	Teruo Takahashi	●	●	●					●
	Motonori Wakabayashi	●	●			●	●		
	Hidehiro Sakaba	●	●				●		●
	Masaaki Fujita		●			●	●	●	
	Zhongliang Yang		●	●		●			●
	Hiroyuki Kobayashi		●	●					●
	Eiji Hirano	Outside	●	●		●	●		
Directors who are Audit and Supervisory Committee Members	Masako Kurosawa	Outside		●				●	●
	Osamu Honda	Outside	●				●	●	
	Hiroto Koeba		●			●	●		
	Tatsuya Sakuma	Outside				●	●		
	Takahiro Ono	Outside	●			●	●		

Note: This table does not indicate the complete knowledge and experience of each Director; it only indicates up to four of the main skills each is expected to demonstrate in terms of management strategy for executing the Midterm Management Plan.

## Reasons for Selection of Each Skills Matrix Item

		Skill item	Reason for selection
Skills for realizing growth strategies	Corporate management		To accurately assess risks and opportunities in the context of our business, formulate management strategies to sustainably enhance our corporate value, and lead the way in creating new value amid substantial changes in the circumstances surrounding us, we need Directors with extensive experience and a proven track record in management.
	Global management		To deploy global business strategies, we need Directors with management experience overseas and familiarity with foreign customs and cultures, and who effectively utilize the six forms of capital (financial, manufacturing, intellectual, human, social, and natural) and have the capacity to maximize outcomes.
	Engineering / Manufacturing / R&D		To continue developing technology leading to the creation of new value and the creation of new businesses while utilizing the Company's core technologies cultivated to date, we need Directors with a proven track record of promoting innovation and solid knowledge and experience in research and development and manufacturing technology.
	Sales / Marketing		To achieve the sales targets in our Medium- to Long-Term Management Plan, we need Directors with the capacity to draft and execute marketing strategies and the in-depth knowledge and outstanding negotiating skills to provide genuine solutions to various problems.
Skills for strengthening corporate governance	Risk management / Legal affairs / Governance		To comply with domestic and international laws, regulations, and rules pertaining to management and business operations, and use proper risk management activities to drive management cycles, we need Directors who are familiar with laws, regulations, and the like and have expert knowledge and extensive experience.
	Financial / Finance		We need Directors with solid knowledge and experience for building a strong financial base and executing management conscious of our share price and capital costs—for example, resource control, cash allocation, shareholder returns, share price improvement, and other capital and financial strategies set out in our Midterm Management Plan—and business knowledge and experience in the capital market.
	Human resource development / Diversity		We need Directors to dynamically manage our human resources portfolio in response to changes in the circumstances surrounding the Company and our management strategies, and the knowledge and experience to implement human capital management, for example, diversity, equity, and inclusion (DE&I), reskilling, employee engagement, and health-oriented management.
	Sustainability		To provide value to the environment, society, and the economy while improving our corporate value, we need Directors with the knowledge and experience to strengthen initiatives for carbon neutrality, promote DE&I, contribute to local communities, improve our corporate governance, improve employee engagement, implement human resource development strategies, and create reliably safe workplaces as outlined in our Midterm Management Plan.

# Risk Management

## Basic Approach

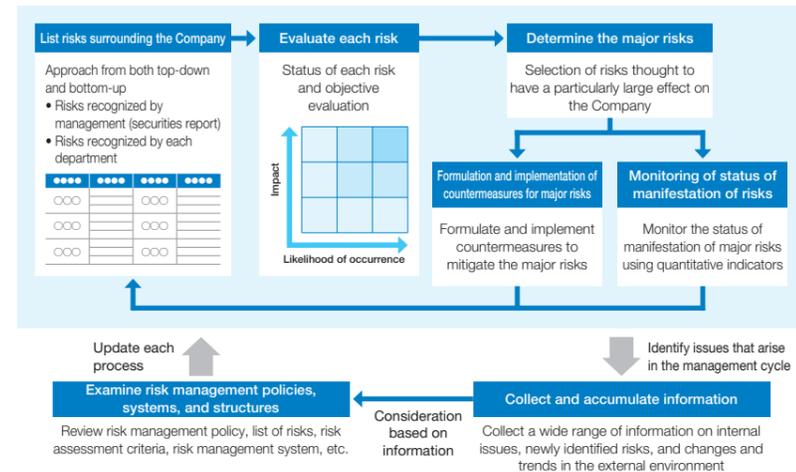
For the purpose of business continuity, corporate survival, sustainable enhancement of corporate value, and securing the trust of stakeholders, we have established a basic policy for business continuity management (BCM) and risk management-related regulations, and are taking systematic actions. These actions are designed to minimize the risk of losses, and include preparing appropriate countermeasures in advance according to the size of the risk and the likelihood of its occurrence.

▶ **Basic Policy on Business Continuity Management** [https://www.npr-riken.co.jp/sdgs/pdf/pdf\\_04.pdf](https://www.npr-riken.co.jp/sdgs/pdf/pdf_04.pdf) (in Japanese only)

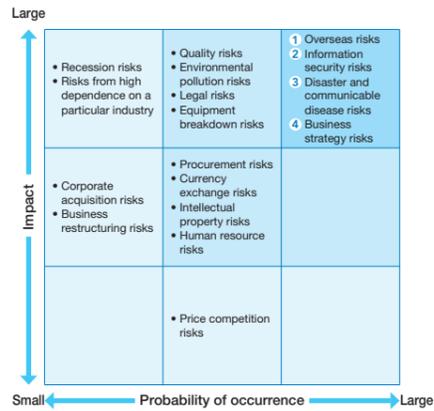
## Risk Management Structure and Response to Major Risks

The Risk Management/Business Continuity Management (RM/BCM) Subcommittee was established under the Sustainability Committee, chaired by the COO, to build a risk management system for the entire Group and to implement appropriate risk responses. The subcommittee promotes activities necessary to manage risks and to ensure that business continuity plans are firmly in place and thoroughly implemented. Led by the RM/BCM Subcommittee, risks in the Group are selected (identified) and assessed each year using a comprehensive top-down and bottom-up approach, prioritized, and a risk response plan is developed. Each division takes countermeasures and action on any risks or problems that arise, and progress is reported to the Board of Directors.

### Risk management process



### 2025 company-wide major risks heat map



### Overview of the most significant company-wide risks (high monitoring level)\*

Themes of most significant risks	Anticipated risk events	Response
1 Overseas risks	<ul style="list-style-type: none"> <li>Increased import tariffs in various countries</li> <li>Economic downturn, export restrictions, and declining ICE vehicle sales in various countries</li> <li>Failures in overseas governance</li> </ul>	<ul style="list-style-type: none"> <li>Consider appropriate price transfers to customers, review of distribution channels, and review of production systems</li> <li>Research trends in each country, impact assessment, and monitoring</li> <li>Strengthen overseas governance system</li> </ul>
2 Information security risks	<ul style="list-style-type: none"> <li>Information leaks and system failures due to cyber attacks, human error/misconduct, natural disasters, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen and develop measures as a Group (partial list below) Physical: Monitor devices, network communications, and authentication, introduce multi-factor authentication, back up important data Human: Information security literacy education, including rules for handling confidential information, development of an emergency response system, integrated management of vulnerabilities</li> </ul>
3 Disaster and communicable disease risks	<ul style="list-style-type: none"> <li>Earthquake (wide-area earthquake), wind and flood damage, pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Promote the formulation of an all-hazards BCP that integrates and develops each BCP</li> <li>Conduct group-wide response drills</li> </ul>
4 Business strategy risks	<ul style="list-style-type: none"> <li>High reliance on ICE parts sales</li> </ul>	<ul style="list-style-type: none"> <li>Development and improved sales ratio of next core business and new product business in non-ICE fields as "business portfolio reform"</li> </ul>

\* For the most significant risks, we are improving the effectiveness of the response by providing an opportunity (outside of the Board of Directors meeting) for the department in charge of each risk to explain the status of the response and discuss among the Representative Directors and Outside Directors.

## BCP and Emergency Response System

The Company has established a BCM system for emergency situations to minimize risks such as customer impact and loss of corporate reputation due to interruption of important operations in the event that management and production activities are disrupted and business continuity is extremely difficult due to various events (emergencies) such as earthquake, fire, windstorm, flood, infectious disease, cyber attack, or power shortage, or if the same events are expected to last for a prolonged period of time, and has formulated a BCP to prepare for the risk of disasters and other emergencies.

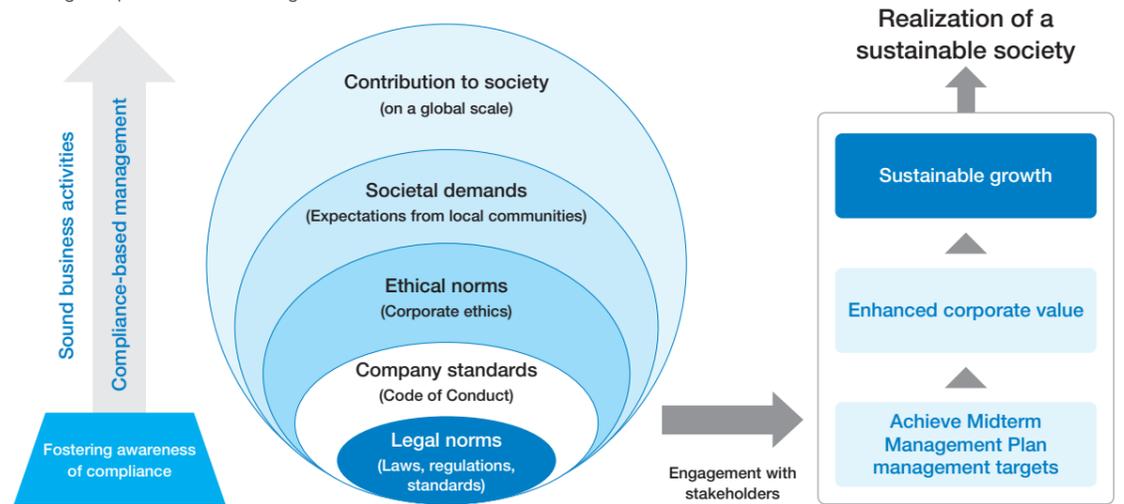
Furthermore, we will strive to prevent disasters, large-scale accidents, and scandals from occurring at ordinary times, and in the unlikely event that a situation occurs that directly and significantly affects the management and production activities and is expected to cause damage to the Company or the Group, an emergency response organization headed by the President (or the President's designee) has been established to provide a system to respond to such situations.

To ensure the effectiveness of these measures, we conduct regular training and continually review the BCP to improve the effectiveness of our BCM.

# Compliance

## Basic Approach

The compliance activities that we aim to undertake are activities that will enable each of us to continue to conduct sound business activities in harmony with the expectations of local communities and societal demands by complying with legal norms (laws, regulations, standards), company standards (Code of Conduct, etc.), and ethical norms (corporate ethics). We aim to achieve sustainable corporate growth while also implementing compliance-based management.



## Compliance Promotion System

In order to establish a management system trusted by society, a Compliance Subcommittee has been established within the Sustainability Committee, a company-wide committee chaired by the COO, to promote various activities necessary to ensure that compliance is firmly established and thoroughly implemented. Furthermore, from April 2025, for the purpose of further strengthening our compliance promotion function, we have established a dedicated organization, the Legal & Compliance Department, and have appointed compliance leaders as the compliance officers in each division and subsidiary to deploy self-directed activities, plan and implement education and training, and check the status of compliance with laws, regulations, and rules.

## Compliance Education and Awareness-Raising

We have formulated the NPR-RIKEN Code of Conduct, which sets out the basics of compliance, and are working to ensure its thorough dissemination, along with conducting education that consists of a combination of rank-based education such as new employee education and supervisor education, workplace-based (group) education, e-Learning, and occupation-based education. Additionally, we have designated November of every year as Compliance Month, during which we plan and promote further education and awareness-raising activities, such as issuing a message from top management regarding compliance and holding special training sessions led by compliance leaders.

Training	Target participants	Overview of education
Rank-based education	New employees, mid-career recruits, newly appointed assistant managers, managers, general managers, and officers	Deepen the knowledge of compliance that is necessary for each rank and raise awareness of legal compliance
Workplace-based education	Group employees	Deepen the basic understanding of compliance through periodic compliance training in the workplace and conducting read-throughs of the Code of Conduct
e-Learning	Group employees	Deepen the knowledge of compliance using e-Learning and test-based training
Occupation-based education	Sales divisions, procurement divisions, etc.	Deepen the basic knowledge and understanding of laws and regulations related to sales and procurement divisions (Anti-Monopoly Act, Subcontract Act, etc.)

## Internal Whistleblower System

Each Group company has set up a whistleblowing hotline for employees to seek advice on compliance or report misconduct, etc., and we are working to ensure thorough awareness of the system. 14 reports were received in FY2024.

The details of reports are investigated after ensuring that the person making the report is thoroughly protected, including strictly adhering to the principle of non-retaliation, so that the person is not identified and does not feel any anxiety. If a problem is confirmed, we deal with it swiftly and take appropriate measures in accordance with the Employment Regulations and other company rules. Additionally, from FY2025, the Group is unifying its reporting channels with an external law firm.

# Consolidated Financial Statements

## Consolidated Balance Sheets

	(Millions of yen)	
	FY2023	FY2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,440	28,021
Notes and accounts receivable - trade, and contract assets	38,709	37,557
Merchandise and finished goods	22,736	22,252
Work in process	7,348	6,828
Raw materials and supplies	7,497	7,235
Other	3,680	3,520
Allowance for doubtful accounts	(63)	(39)
Total current assets	104,348	105,376
<b>Non-current assets</b>		
Property, plant, and equipment		
Buildings and structures, net	16,108	16,079
Machinery, equipment, and vehicles, net	19,703	19,517
Land	8,623	9,038
Construction in progress	1,986	2,269
Other, net	3,773	3,640
Total property, plant, and equipment	50,195	50,546
Intangible assets		
Leased assets	1,247	843
Goodwill	2,806	2,551
Customer-related intangible assets	1,796	1,676
Technology-related intangible assets	2,054	1,917
Other	1,232	1,393
Total intangible assets	9,137	8,381
Investments and other assets		
Investment securities	40,401	37,109
Deferred tax assets	1,443	1,427
Retirement benefit asset	13,412	14,838
Other	1,252	1,422
Allowance for doubtful accounts	(26)	(57)
Total investments and other assets	56,482	54,740
Total non-current assets	115,816	113,668
<b>Total assets</b>	<b>220,164</b>	<b>219,045</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	10,915	11,033
Electronically recorded obligations - operating	9,148	4,879
Short-term borrowings	7,816	3,772
Current portion of long-term loans payable	2,404	2,260
Income taxes payable	1,587	1,410
Provision for bonuses	2,794	3,169
Other	9,999	9,201
Total current liabilities	44,668	35,726
<b>Non-current liabilities</b>		
Long-term borrowings	9,565	13,305
Retirement benefit liability	3,835	3,381
Provision for product warranties	285	268
Provision for retirement benefits for directors (and other officers)	189	207
Deferred tax liabilities	9,253	8,457
Other	2,947	3,027
Total non-current liabilities	26,077	28,648
Total liabilities	70,745	64,375
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,061	5,212
Capital surplus	25,590	25,699
Retained earnings	89,884	95,462
Treasury shares	(6)	(3,867)
Total shareholders' equity	120,530	122,506
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	7,750	5,202
Deferred gains or losses on hedges	(111)	(47)
Foreign currency translation adjustment	6,116	11,425
Remeasurements of defined benefit plans	6,147	6,070
Total accumulated other comprehensive income	19,902	22,651
Share acquisition rights	118	97
Non-controlling interests	8,867	9,414
Total net assets	149,418	154,669
<b>Total liabilities and net assets</b>	<b>220,164</b>	<b>219,045</b>

## Consolidated Statements of Income (Millions of yen)

	FY2023	FY2024
Net sales	138,586	170,340
Cost of sales	108,602	129,547
Gross profit	29,983	40,792
<b>Selling, general, and administrative expenses</b>		
Freight and packing costs	2,781	3,304
Sales commission	244	437
Provision for retirement benefits for directors (and other officers)	15	60
Provision for bonuses	1,243	1,691
Remuneration, salaries, and allowances for directors (and other officers)	5,682	8,467
Retirement benefit expenses	142	54
Research and development expenses	2,458	3,877
Other	8,651	11,092
Total selling, general, and administrative expenses	21,219	28,985
Operating profit	8,764	11,807
<b>Non-operating income</b>		
Interest and dividend income	873	1,214
Share of profit of entities accounted for using equity method	1,465	2,270
Foreign exchange gains	348	—
Other	530	541
Total non-operating income	3,217	4,027
<b>Non-operating expenses</b>		
Interest expenses	167	224
Foreign exchange losses	—	649
Other	179	280
Total non-operating expenses	347	1,155
Ordinary profit	11,635	14,678
<b>Extraordinary income</b>		
Gain on sale of non-current assets	12	42
Gain on sale of investment securities	197	279
Gain on bargain purchase	19,182	—
Total extraordinary income	19,391	321
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	246	546
Loss on sale of non-current assets	19	0
Impairment losses	933	1,301
Loss on sale of investment securities	62	—
Loss on valuation of investment securities	9	—
Total extraordinary losses	1,272	1,848
Profit before income taxes	29,753	13,151
Income taxes - current	2,745	3,509
Income taxes - deferred	740	402
Total income taxes	3,486	3,911
Profit	26,267	9,240
Profit (loss) attributable to non-controlling interests	(56)	483
Profit attributable to owners of parent	26,324	8,756

## Consolidated Statements of Comprehensive Income (Millions of yen)

	FY2023	FY2024
Profit	26,267	9,240
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,978	(2,649)
Deferred gains or losses on hedges	(114)	63
Foreign currency translation adjustment	1,659	5,435
Remeasurements of defined benefit plans, net of tax	3,642	56
Share of other comprehensive income of entities accounted for using equity method	1,144	322
Total other comprehensive income	12,308	3,228
Comprehensive income	38,575	12,468
<b>Comprehensive income attributable to</b>		
owners of parent	38,439	11,505
non-controlling interests	137	963

## Consolidated Statements of Cash Flows (Millions of yen)

	FY2023	FY2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	29,753	13,151
Depreciation	6,763	9,437
Amortization of goodwill	—	255
Impairment losses	933	1,301
Share of loss (profit) of entities accounted for using equity method	(1,465)	(2,270)
Increase (decrease) in retirement benefit liability	(808)	(316)
Decrease (increase) in retirement benefit asset	(6,351)	(1,426)
Increase (decrease) in allowance for doubtful accounts	(17)	4
Increase (decrease) in provision for product warranties	—	(16)
Interest and dividend income	(873)	(1,214)
Interest expenses	167	224
Gain on bargain purchase	(19,182)	—
Loss (gain) on sale of investment securities	(134)	(279)
Loss on retirement of non-current assets	246	558
Loss (gain) on sale of non-current assets	7	(42)
Decrease (increase) in accounts receivable - trade, and contract assets	1,013	2,178
Decrease (increase) in inventories	1,857	2,635
Increase (decrease) in trade payables	(458)	(4,945)
Other, net	7,265	162
Subtotal	18,717	19,399
Interest and dividends received	1,732	2,213
Interest paid	(167)	(237)
Income taxes paid	(1,785)	(3,897)
Net cash provided by (used in) operating activities	18,496	17,477
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	1,600	98
Purchase of property, plant, and equipment	(5,834)	(7,259)
Proceeds from sale of property, plant, and equipment	140	126
Purchase of intangible assets	(257)	(460)
Purchase of investment securities	(0)	—
Proceeds from sale and redemption of investment securities	1,088	1,115
Loan advances	(712)	(458)
Proceeds from collection of loans receivable	757	375
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,530)	—
Other payments	(889)	(819)
Other proceeds	89	197
Net cash provided by (used in) investing activities	(13,548)	(7,085)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	4,706	8,295
Repayments of short-term borrowings	(5,535)	(12,454)
Proceeds from long-term borrowings	3,000	6,000
Repayments of long-term borrowings	(6,310)	(2,404)
Repayments of lease liabilities	(136)	(294)
Purchase of treasury shares	(8)	(4,003)
Proceeds from disposal of treasury shares	0	0
Dividends paid	(1,477)	(3,166)
Dividends paid to non-controlling interests	(157)	(297)
Payments from changes in ownership interests in investments in capital of subsidiaries that do not result in change in scope of consolidation	(2,697)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(77)
Net cash provided by (used in) financing activities	(8,615)	(8,404)
Effect of exchange rate change on cash and cash equivalents	513	1,510
Net increase (decrease) in cash and cash equivalents	(3,153)	3,498
Cash and cash equivalents at beginning of period	20,205	22,261
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	5,209	—
Cash and cash equivalents at end of period	22,261	25,760

# Company Data and Stock Information

## Company Profile (as of March 31, 2025)

Trade Name	NPR-RIKEN CORPORATION
Head Office Address	8-1, Sanbancho, Chiyoda-ku, Tokyo
Established	October 2, 2023
Capital	5,212 million yen
Number of Employees	Consolidated: 6,809 (as of March 31, 2025)

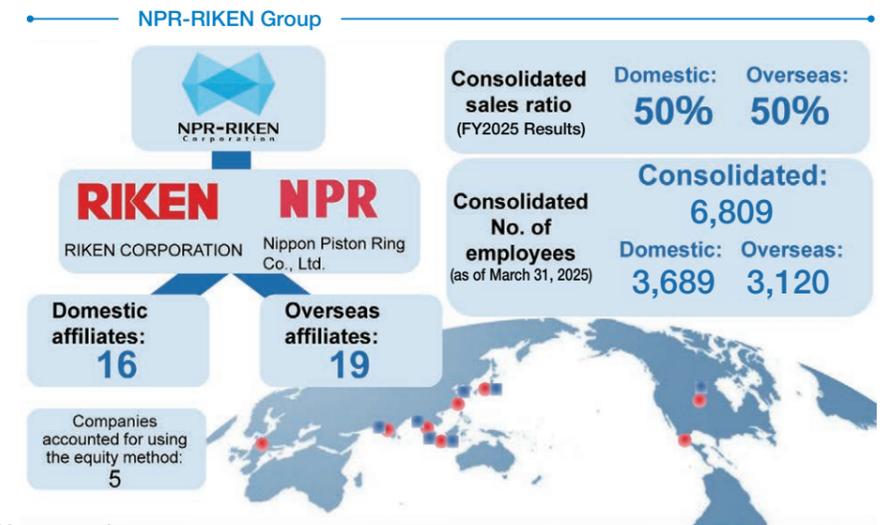
## Shares (as of March 31, 2025)

Total number of authorized shares	59,935,000
Total number of shares issued	28,247,910
Number of shareholders	19,912

## List of Group Companies (Domestic)

Riken Corporation / Head office	Nippon Piston Ring Co., Ltd. / Head office
Riken Corporation / Kashiwazaki Plant (Kashiwazaki)	Manufacture of automotive parts such as piston rings, drive and chassis parts
Riken Corporation / Kashiwazaki Plant (Tsurugi)	Manufacture of piston rings
Riken Castec Co., Ltd.	Manufacture of camshafts, design and manufacture of dies
Riken Kikai Co., Ltd.	Manufacture and processing of automotive parts
Riken EP Corporation	Manufacture of engineered plastic products
Nihon Mekki Industry Co., Ltd.	Surface treatment processing of piston rings
Kashiwazaki Piston Ring Co., Ltd.	Manufacture of marine piston rings
Riken Corporation / Kumagaya Plant	Manufacture of automotive parts
Riken Environmental System Co., Ltd.	Manufacture and sale of anechoic chamber equipment
RIKEN HEAT TECHNO Corporation	Manufacture and sale of heating elements, manufacture and sale of industrial furnaces
Riken Kumagaya Kikai Co., Ltd.	Processing of automotive parts
CK Riken JV Co., Ltd.	Manufacture of fittings and piping products
NIPPON PIPE FITTING Corp.	Manufacture of fittings and piping products
Nippon Piston Ring Co., Ltd. / Tochigi Plant	Manufacture of assembled sintered camshafts, valve train parts, piston rings for land and marine use, MIM products, etc.
Nippon Piston Ring Co., Ltd. / Nogi Branch of Tochigi Plant	Manufacture of automotive piston rings and MIM products
Nippon Piston Ring Co., Ltd. / Fukushima Plant	Manufacture of valve seats, cylinder liners, etc.
NPR Iwate Co., Ltd. / Ichinoseki Plant	Manufacture of automotive/land and marine piston rings, rotary engine parts, etc.
NPR Iwate Co., Ltd. / Senmaya Plant	Manufacture of automotive/land and marine piston rings

RKE Co., Ltd.	Shinwa Vanes Co., Ltd.
Riken Trading Co., Ltd.	Normeca Asia Co., Ltd.
Yaesu Trading Co., Ltd.	



## List of Group Companies (Overseas)

### Production and R&D bases

RIKEN MEXICO, S.A. DE C.V.	Manufacture and sale of automotive parts
XIAMEN RIKEN IND. CO., LTD.	Manufacture and sale of cast products for automobiles and motorcycles, including piston rings and camshafts
RIKEN AUTOMOBILE PARTS (WUHAN) CO., LTD.	Manufacture and sale of automotive parts such as piston rings
RIKEN SEAL PRODUCTS (WUHAN) CO., LTD.	Manufacture of engineered plastic products
Riken Power System (Nanjing) Co., Ltd.	Manufacture and sale of automotive parts such as piston rings
Shenglong Riken New Energy (Ningbo) Co., Ltd.	R&D of automotive parts, etc.
SIAM RIKEN IND. CO., LTD.	Manufacture and sale of piston rings
P.T. PAKARTI RIKEN INDONESIA	Manufacture and sale of cast products such as camshafts
SHRIRAM PISTONS & RINGS LTD.	Manufacture and sale of piston rings, pistons, and engine valves
NPR of America, Inc. / Kentucky Manufacturing Plant	Manufacture of piston rings
NPR of America, Inc. / Michigan Manufacturing Plant	Manufacture of valve seats
NPR Auto Parts Manufacturing (Yizheng) Co., Ltd.	Manufacture and sale of piston rings, etc.
NPR ASIMCO Powdered Metals Manufacturing (Yizheng) Co., Ltd.	Manufacture of valve seats
PT.NT Piston Ring Indonesia	Manufacture of piston rings and valve seats
PT.NPR Manufacturing Indonesia	Manufacture of cast iron piston rings
SIAM NPR Co., Ltd.	Manufacture and sale of valve seats, etc.
NPR AUTO PARTS MANUFACTURING INDIA PRIVATE LIMITED	Manufacture and sale of valve seats

### Sales bases

RIKEN OF AMERICA, INC.	NPR of Europe GmbH.
TAIWAN RIKEN IND. CO., LTD.	NPR SINGAPORE PTE. LTD.
PT. RIKEN OF ASIA	E.A ASSOCIATES SDN. BHD.
RIKEN SALES AND TRADING (THAILAND) CO., LTD.	SIAM NPR Co., Ltd. / Bangkok Office
EURO-RIKEN GMBH	NPR AUTO PARTS MANUFACTURING INDIA PRIVATE LIMITED / Gurgaon Office
NPR of America, Inc. / Los Angeles Sales Office	NPR Korea Representative Office
NPR of America, Inc. / Detroit Sales Office	