

# Midterm Corporate Strategy (2024-2026)

~Innovation and Challenge,  
and to the Next Stage~

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**NPR-RIKEN Group**

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# 01. Group Philosophy



## *Mission*

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

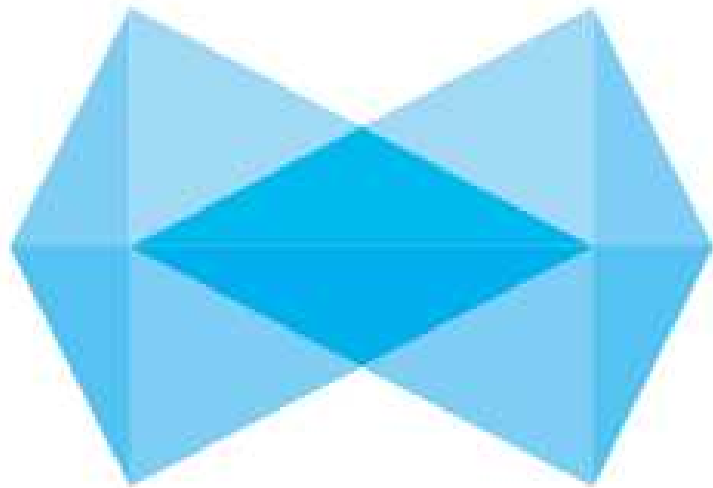
## *Vision*

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

## *Value*

- **'Circles' of Trust** : We will enhance corporate value by respecting our relationships with our stakeholders and by providing high-quality products and solutions.
- **'Circles' of Growth** : The company and employees will grow together by all employees recognizing and respecting each other's values and by continuing to take on new challenges.
- **'Circles' of Social Harmony** : We will strive to solve social issues related to living conditions and the environment wherever we operate.

## 02. Company Logo

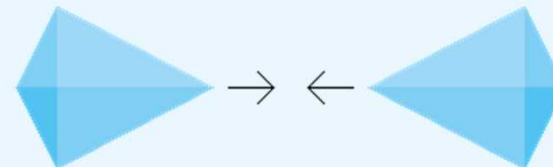


### ■ Philosophy behind the company logo

The company logo embodies NPR-RIKEN's strong desire to take on new challenges to fulfill our mission, **Build the competencies and capabilities to sustain our present and future.**

### ■ NPR-RIKEN logo with two triangular pyramids

The two triangular pyramids, which convey stability and innovation, represent RIKEN and Nippon Piston Ring, as well as the three *values* of NPR-RIKEN's management philosophy.

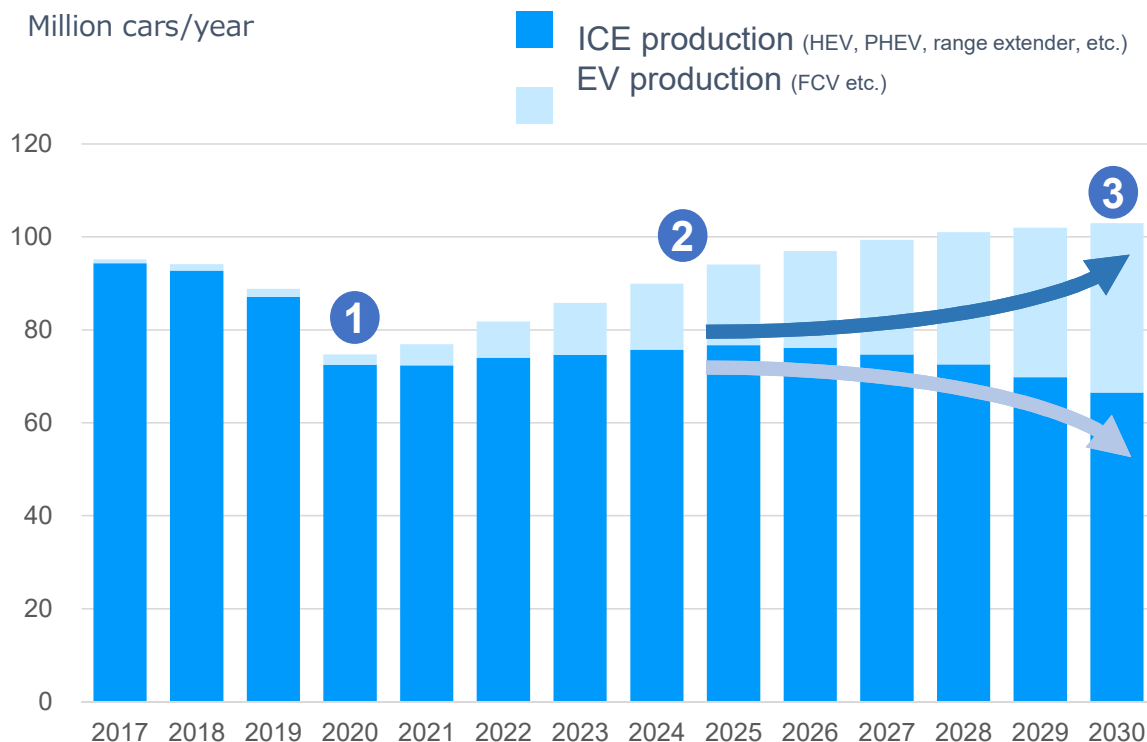


Overlapping of the two triangular pyramids represents the new energy that will be generated by the two companies working together, and the new future is expressed in this shape. The color is a bright, transparent blue that conveys sustainability.

# 03. Business Environment



## Forecast of ICE & EV global production



Source: LMCA G LVPTF - Data - Quarter 4 2022 (Release date January 31, 2023)  
 Note: YR2030 is our forecast

## Business environment outlook

### ICE production will reach its peak in 2024-2027

- 1 Automobile production volume **declined by 20%** due to the COVID pandemic. Since then, overall production volume has been recovering, but **ICE production has not returned to the pre-pandemic volume and the shift to EVs has accelerated.**
- 2 ICE production is expected to reach its peak in 2024-2027
- 3 EVs are expected to exceed 30% of production by 2030

**Facing this once-in-a-century transition, we will enter into a new stage through this business consolidation**

# 04. Midterm Corporate Strategy

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

### 1. Generate synergies through consolidation

Completely merge in FY 2026  
Transform to a robust cost structure

Implement synergies through integration of  
resources and capabilities of both  
companies

Consolidation  
Synergies  
×  
Growth of New  
Business

### 2. Reform business portfolio

Establish next core and new product  
businesses in non-ICE fields, and increase  
the sales ratio

Improve profitability in existing ICE fields

### 3. Strengthen sustainability management and develop a foundation for growth

Strengthen carbon neutral initiatives

Promote diversity

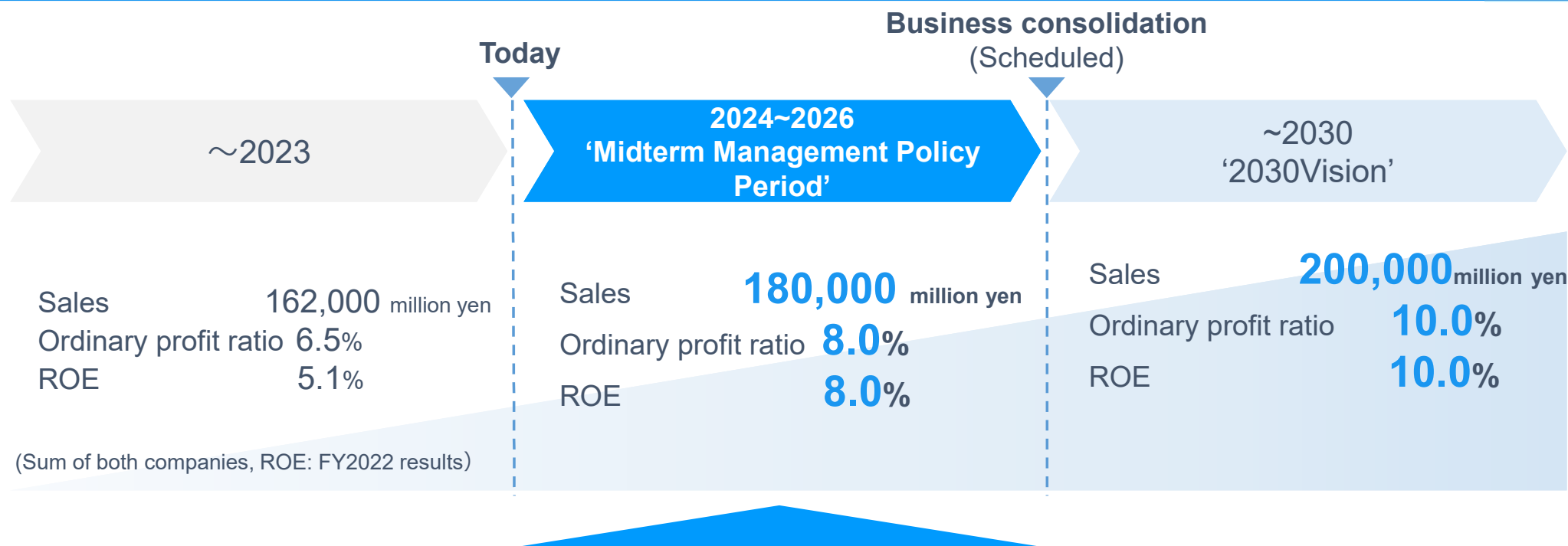
Improve employees engagement and  
develop employees training strategy

Establish safe and secure workplace

Advance Corporate Governance

Contribute to local communities

# 05. Quantitative Target・Capital Strategies



## Capital Strategies

### Strategic cash allocation to enhance our corporate value

- Active investment on capital expenditure, M&As, and R&D expenditures to transform business portfolio
- Improve ROE and further enhance shareholder returns (raise total payout ratio)
- Improve stock price with the aim to realize PBR of 1

# 06. Business Strategies

## Reorganize business portfolio to achieve sustainable sales and profit growth

### Increase profitability



#### Piston Ring Business

Win a higher share in this business and earn stable profits continuously

Marine and industrial, heavy-duty commercial, and aftermarket

- Steady, long term demand for markets such as aftermarket and industrial applications.  
**This business consolidation will expand the source for stable earnings.**

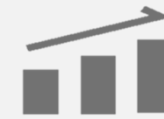


#### Fundamental Business

Increase profitability

Sintered products, engineered plastic products, piping products, casting components and precision components

### Increase sales to become core business



#### Next Core Business

Expand this business through aggressive investment

Existing businesses in growth areas, new products businesses

- Allocate management resources to **next core/new products businesses to increase sales and profits in the mid-and-long-term.**

- **Expand human capital base to support business growth** by increasing investment in human capital as well as utilizing our diversified human resources.
- Decrease sales ratio of ICE parts for passenger cars