

Please note that the following is an unofficial English translation of Japanese original text of Notice of Convocation of the 109th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. The Company provides this translation for reference and convenience purposes only, without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5901

June 2, 2022

To Our Shareholders:

Ichio Otsuka
President
Toyo Seikan Group Holdings, Ltd.
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo

Notice of Convocation of the 109th Ordinary General Meeting of Shareholders

We are pleased to announce that the 109th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. will take place on June 24, 2022, as described below.

This year's general shareholders meeting will be conducted with appropriate measures taken to prevent the spread of the novel coronavirus diseases. In order to avoid the risk of infection, we kindly ask you to exercise your voting rights in writing or via the internet prior to the meeting, and to refrain from visiting the venue on the date of the meeting, regardless of your health conditions.

Please review the attached reference documents for the general shareholders meeting, and exercise your voting rights by 5:15 p.m., Thursday, June 23, 2022, Japan time.

1. **Time and Date:** 10:00 a.m., Friday, June 24, 2022
2. **Place:** 2F Meeting Room, Osaki Forest Building
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, Japan
3. **Agenda**
 - Items to be reported:**
 - 1) Business report and consolidated financial statements for the 109th term (from April 1, 2021 to March 31, 2022) and results of audit of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Board
 - 2) Non-consolidated financial statements for the 109th term (from April 1, 2021 to March 31, 2022)
 - Items to be resolved:**
 - Proposal 1: Appropriation of Surplus
 - Proposal 2: Amendment to the Articles of Incorporation
 - Proposal 3: Election of Nine (9) Directors
 - Proposal 4: Election of Two (2) Audit and Supervisory Board Members

When you attend the meeting, please present the enclosed Voting Form at the reception of the venue on the date of the meeting.

If any amendment is made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-Consolidated Financial Statements, the amended documents will be posted on the Internet website of the Company (<https://www.tskg-hd.com/>).

[Translation for Reference and Convenience Purposes Only]

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Reference Documents for the 109th General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

We submit the following proposal for the appropriation of surplus.

Matters concerning the year-end dividend

Rewarding shareholders is one of our most important management issues. Following our basic dividend policy of ensuring stable and constant payment, we will distribute dividends for the five years from fiscal 2021 (the year under review) to 2025 in accordance with the following criteria stated in our Mid-Term Management Plan 2025: i) we aim for a payout ratio of 50 percent or higher on a consolidated basis, and ii) we set a minimum annual dividend of 46 yen per share and will gradually increase the amount.

Based on the above-mentioned policy, we have decided to distribute the year-end dividend for the year under review as follows:

- 1) Type of dividend property: Cash
- 2) Allotment of dividend property to shareholders and its total amount
Year-end dividend for the Company's common shares: 65 yen per share
Total amount of payout: 11,835,605,145 yen
As the Company has already paid an interim dividend of 23 yen per share, the aggregate amount of annual dividend for the year under review will be 88 yen per share.
- 3) Effective date of the distribution of surplus: June 27, 2022

<Reference> Shareholder return policy of the Mid-Term Management Plan 2025

We will distribute profit to our shareholders with a target total return ratio of 80 percent during the period of the Mid-Term Management Plan 2025.

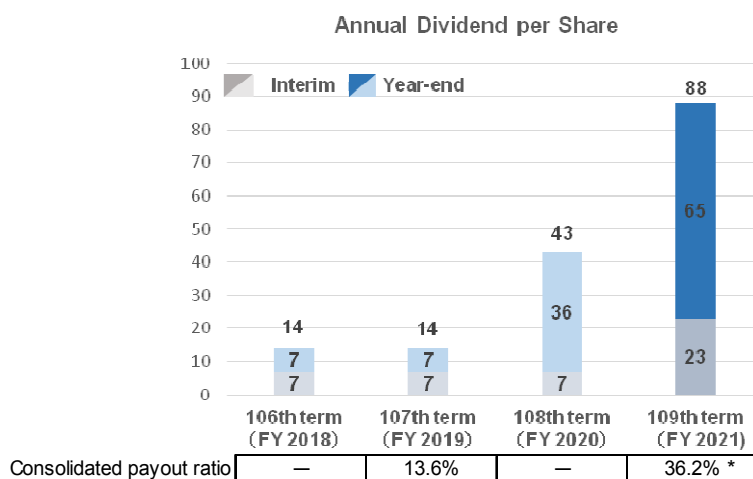
i) Dividend

We aim for a payout ratio of 50 percent or higher on a consolidated basis. We set a minimum annual dividend of 46 yen per share and will gradually increase the amount.

ii) Share repurchase

We will implement share repurchase in an agile manner.

Note: The extraordinary income and losses arising from the disposal of assets are not taken into account, in principle, when we calculate the total return ratio and the consolidated payout ratio.



* The deemed consolidated payout ratio for fiscal 2021 is 50.3% on a basis excluding gain on sale of investment securities.

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Proposal 2: Amendment to the Articles of Incorporation

1) Reasons for amendment

The amended provisions stipulated in the proviso to Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. We therefore propose to make the following amendments to the Articles of Incorporation in order to prepare for the introduction of a system for electronic provision of materials for general meetings of shareholders.

i) The proposed Article 16 provides that information contained in reference documents for the general meeting of shareholders shall be provided electronically, and limits the scope of matters included in the paper copy of such reference documents to be sent to shareholders upon request.

ii) The provisions related to the internet disclosure and deemed provision of reference documents for the general meeting of shareholders (the current Article 16 of the Articles of Incorporation) will become redundant and therefore be deleted.

iii) Following the above establishment and deletion of provisions, supplementary provisions regarding the effective date will be established.

2) Details of amendment

The details of amendment are as follows.

(The underlined part is to be changed.)

Current provisions	Amended provisions
1-15 (Omitted)	1-15 (Unchanged)
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders)</u></p>	<p>[Deleted]</p>
<p>16. <u>In convening a general meeting of shareholders, the Company may be deemed to have provided its shareholders with information related to matters to be stated or indicated in reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements by disclosing such information on the Internet in accordance with the provisions of the Ordinance of the Ministry of Justice.</u></p> <p>[Newly established]</p>	<p><u>(Measures for Electronic Provision of Information)</u></p> <p>16. <u>The Company shall, when convening a general meeting of shareholders, electronically provide information contained in reference documents for the general meeting of shareholders.</u></p> <p><u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy of such reference documents to be sent to shareholders who have requested it by the record date of voting rights.</u></p>
17-38 (Omitted)	17-38 (Unchanged)

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<p>[Newly established]</p>	<p>(Supplementary provisions)</p> <p>1. <u>The deletion of the current Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders) and the establishment of the proposed Article 16 (Measures for Electronic Provision of Information) shall come into effect on September 1, 2022.</u></p>
<p>[Newly established]</p>	<p>2. <u>Notwithstanding the provisions of the preceding paragraph, the current Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders) shall remain effective with respect to any general meeting of shareholders held on or before February 28, 2023.</u></p> <p><u>The pre-amended Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders)</u></p> <p><u>In convening a general meeting of shareholders, the Company may be deemed to have provided its shareholders with information related to matters to be stated or indicated in reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements by disclosing such information on the Internet in accordance with the provisions of the Ordinance of the Ministry of Justice.</u></p>
<p>[Newly established]</p>	<p>3. <u>These supplementary provisions shall be deleted on March 1, 2023 or after the lapse of three months from the date of the general meeting of shareholders stated in the preceding paragraph, whichever is later.</u></p>

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Proposal 3: Election of Nine (9) Directors

The term of office of the eleven existing directors of the board, including five outside directors, will expire at the close of the 109th Ordinary General Meeting of Shareholders. We thus ask our shareholders to approve the appointment of nine new directors, including four outside directors, as listed below:

Candidates for Directors of the Company

No.	Name	Current position and responsibilities at the Company		Board meeting attendance during the 109th term	Period in office (years)
1	Ichio Otsuka	President and Representative Director; Chairman of Group Sustainability Committee; Chairman of Group Risk and Compliance Committee	Reelection	13 out of 13 times (100.0%)	4
2	Masakazu Soejima	Director and Executive Officer; Head of Corporate Strategy; Accounting, Finance, Investor Relations, and Group Procurement Strategy	Reelection	13 out of 13 times (100.0%)	5
3	Kazuo Murohashi	Director and Executive Officer; CSR, Human Resources, HR Development, and Group Risk & Compliance	Reelection	13 out of 13 times (100.0%)	5
4	Kouki Ogasawara	Director and Executive Officer; Secretariat, General Affairs, Legal Affairs, IT, and Group Information Management	Reelection	13 out of 13 times (100.0%)	4
5	Takuji Nakamura	Director and Executive Officer; Head of Group Technical Development; Head of Innovation Incubation Office	Reelection	13 out of 13 times (100.0%)	2
6	Kei Asatsuma	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	6
7	Hiroshi Suzuki	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	4
8	Mami Taniguchi	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	3
9	Toshikazu Koike	Director	Reelection Outside Independent	13 out of 13 times (100.0%)	2

- Notes: 1. “Independent” marked in the above table means that the relevant candidates are independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and those of the Company.
2. The Company has registered Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE’s independent criteria.
3. Kei Asatsuma is qualified as Independent Director but has not been registered as such with TSE in accordance with the policy of the law firm to which he belongs.

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<Reference> Director Candidates' Skills Matrix

The matrix shows the skills and specialty domains strongly expected of directors of the Company.

We have selected seven core domains fundamental to the management of a holding company:

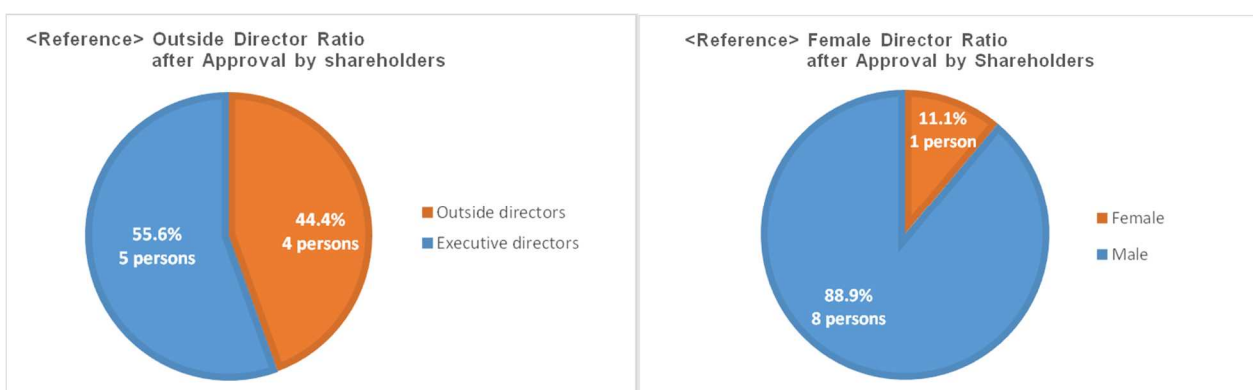
- Corporate Management (Experience as President)
- Financing / Accounting
- General & Legal Affairs / Compliance / Risk Management
- Internationality / Overseas Operations
- Management Strategy / M&A
- Personnel & Labor Affairs / Human Resource Development
- Production / Technology / R&D / Innovation.

We have also selected two other domains related to our initiatives to address the major issues stated in the Mid-Term Management Plan 2025 for the five years from 2021 to 2025:

- Environment / CSR / Diversity
- Information Systems / IoT / DX.

Name	Corporate Management (Experience as President)	Financing / Accounting	General & Legal Affairs / Compliance / Risk Management	Internationality / Overseas Operations	Management Strategy / M&A	Personnel & Labor Affairs / Human Resources Development	Production / Technology / R&D / Innovation	Environment / CSR / Diversity	Information Systems / IoT / DX
Ichio Otsuka	✓			✓	✓		✓		
Masakazu Soejima		✓		✓	✓				
Kazuo Murohashi			✓			✓		✓	
Kouki Ogasawara			✓						✓
Takuji Nakamura							✓		✓
Kei Asatsuma			✓	✓	✓				
Hiroshi Suzuki		✓							
Mami Taniguchi				✓		✓		✓	
Toshikazu Koike	✓			✓	✓	✓		✓	

Note: This matrix does not indicate all fields of expertise and experience of each director candidate.



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Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
1	<p>Ichio Otsuka (Nov. 24, 1959) (62)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 34,600 shares</p> <p>Potential share ownership: 12,022 shares</p> <p>Period in office: 4 years</p>	<p>Apr. 1983 Joined the Company</p> <p>Jun. 2005 Plant Manager, Hiroshima Plant</p> <p>Jun. 2006 Executive Vice President of Asia Packaging Industries (Vietnam) Co., Ltd.</p> <p>Jun. 2007 General Manager, Production Technology Department, Production & Operations Division</p> <p>Jun. 2009 General Manager, Quality Assurance Department, Production & Operations Division</p> <p>Jun. 2011 General Manager, International Operations Department, International Operations Division</p> <p>Apr. 2012 President of Next Can Innovation Co., Ltd.</p> <p>Apr. 2013 Operating Officer of Toyo Seikan Co., Ltd.; In charge of Management of Next Can Innovation Co., Ltd.</p> <p>Apr. 2014 Operating Officer; In charge of Business Development and CSR General Manager, Corporate Planning Department and International Business Development Department</p> <p>Jun. 2014 In charge of Business Development and CSR General Manager, Corporate Planning Department</p> <p>Apr. 2015 Executive Officer; In charge of Corporate Strategy and Investor Relations General Manager, Corporate Planning Department</p> <p>Apr. 2016 Senior Executive Officer and Director of Toyo Seikan Co., Ltd. (Assistant to President)</p> <p>Jun. 2016 President and Representative Director of Toyo Seikan Co., Ltd.</p> <p>Apr. 2018 Special Advisor</p> <p>Jun. 2018 President and Representative Director (up to present)</p> <p>Apr. 2019 Chairman of Group Risk and Compliance Committee (up to present) Chairman of Group Environment Committee</p> <p>Jun. 2020 Chairman of Group CSR Committee</p> <p>Apr. 2022 Chairman of Group Sustainability Committee (up to present)</p> <p>Significant concurrent position: -</p>
<p>Reason for nomination as Director: We have determined that Mr. Ichio Otsuka is qualified to lead the management of the Group for his track record as President of the Company in addition to the years of experience and extensive knowledge he has accumulated in the divisions of production & operations, international operations and corporate planning.</p>		

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Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
2	<p>Masakazu Soejima (Nov. 23, 1965) (56)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 3,200 shares</p> <p>Potential share ownership: 7,694 shares</p> <p>Period in office: 5 years</p>	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2012 Director, Can Machinery Holdings, Inc. (up to present)</p> <p>Apr. 2013 General Manager, Accounting & Finance Department</p> <p>May 2015 General Manager, Corporate Planning Department</p> <p>Apr. 2016 Operating Officer</p> <p>Jun. 2017 Director (up to present) In charge of Corporate Strategy and Investor Relations</p> <p>Apr. 2019 Executive Officer (up to present) Head of Corporate Strategy; In charge of Investor Relations and Group Procurement</p> <p>Apr. 2020 Head of Corporate Strategy; In charge of Accounting, Finance, Investor Relations and Group Procurement Strategy (up to present)</p> <hr/> <p>Significant concurrent position: -</p>
<p>Reason for nomination as Director: We have determined that Mr. Masakazu Soejima is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the accounting and corporate planning divisions over many years.</p>		
3	<p>Kazuo Murohashi (Sep. 24, 1963) (58)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 7,600 shares</p> <p>Potential share ownership: 7,694 shares</p> <p>Period in office: 5 years</p>	<p>Apr. 1986 Joined the Company</p> <p>Jun. 2009 Plant Manager, Shimizu Plant, Production & Operations Division</p> <p>Oct. 2010 Plant Manager, Shizuoka Plant, Production & Operations Division</p> <p>Apr. 2012 General Manager, HR Department, Corporate Administration Division</p> <p>Apr. 2013 General Manager, General Affairs and HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd.</p> <p>Jul. 2015 General Manager, HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd.</p> <p>Apr. 2016 General Manager, HR Department</p> <p>Apr. 2017 Operating Officer</p> <p>Jun. 2017 Director (up to present) In charge of General Affairs and Human Resources</p> <p>Jun. 2018 In charge of Secretariat and Human Resources</p> <p>Jun. 2019 In charge of Secretariat, Human Resources and Group Risk & Compliance</p> <p>Oct. 2019 Head of Risk Management Administration Office</p> <p>Apr. 2020 Executive Officer (up to present) In charge of CSR, Human Resources, HR Development and Group Risk & Compliance (up to present)</p> <hr/> <p>Significant concurrent position: -</p>
<p>Reason for nomination as Director: We have determined that Mr. Kazuo Murohashi is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the human resources and personnel administration divisions over many years.</p>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
4	<p>Kouki Ogasawara (Nov. 6, 1965) (56)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 6,100 shares</p> <p>Potential share ownership: 7,694 shares</p> <p>Period in office: 4 years</p>	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2013 General Manager, General Affairs Department</p> <p>Apr. 2017 Operating Officer</p> <p>Jun. 2018 Director (up to present) In charge of General Affairs and Legal Affairs</p> <p>Apr. 2020 Executive Officer (up to present) In charge of Secretariat, General Affairs, Legal Affairs, IT and Group Information Management (up to present)</p> <hr/> <p>Significant concurrent position: —</p>
<p>Reason for nomination as Director: We have determined that Mr. Kouki Ogasawara is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the general affairs division over many years.</p>		
5	<p>Takuji Nakamura (Dec. 27, 1963) (58)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 3,000 shares</p> <p>Potential share ownership: 7,694 shares</p> <p>Period in office: 2 years</p>	<p>Apr. 1988 Joined Toyo Kohan Co., Ltd.</p> <p>Aug. 2004 General Manager of Films Producing Department, Toyo Kohan Co., Ltd.</p> <p>Apr. 2009 General Manager of Laminating Department, Toyo Kohan Co., Ltd.</p> <p>Apr. 2010 Plant Manager of Laminating & Film Producing Plant, Toyo Kohan Co., Ltd.</p> <p>Apr. 2012 Chief of Films Division / In charge of Production Operations / General Manager of Films Department, Toyo Kohan Co., Ltd.</p> <p>Jan. 2013 General Manager of Technology Planning Department, Toyo Kohan Co., Ltd.</p> <p>Apr. 2016 Operating Officer / In charge of Technical Development, Toyo Kohan Co., Ltd.</p> <p>Apr. 2017 Deputy Chief of Technical Development, Toyo Kohan Co., Ltd.</p> <p>Apr. 2018 Chief of R&D Center, Toyo Kohan Co., Ltd.</p> <p>Apr. 2019 Operating Officer of the Company Head of Innovation Incubation Office (up to present) Deputy Head of Group Technical Development</p> <p>Nov. 2019 Head of Group Technical Development (up to present)</p> <p>Apr. 2020 Executive Officer (up to present)</p> <p>Jun. 2020 Director (up to present)</p> <hr/> <p>Significant concurrent position: —</p>
<p>Reason for nomination as Director: We have determined that Mr. Takuji Nakamura is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in technical development-related divisions over many years.</p>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
6	<p>Kei Asatsuma (Sep. 5, 1970) (51)</p> <p>Reelection Outside Independent</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: None</p> <p>Period in office: 6 years</p>	<p>Apr. 1997 Admitted to bar (Daiichi Tokyo Bar Association) (up to present) Joined Nagashima & Ohno (currently, Nagashima Ohno & Tsunematsu) (up to present)</p> <p>Jan. 2005 Partner of Nagashima Ohno & Tsunematsu (up to present)</p> <p>Jun. 2016 Director of the Company (up to present)</p>
	<p>Significant concurrent position:</p> <ul style="list-style-type: none"> • Lawyer (Partner of Nagashima Ohno & Tsunematsu) 	
<p>Reason for nomination and major role expected as Outside Director: We have determined that Mr. Kei Asatsuma is qualified to act as Outside Director of the Company for the expert knowledge and extensive experience he has acquired as a lawyer. With his knowledge and experience and from an objective perspective independent from the Company's management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to legal risks. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company's Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</p> <p>Although he has not been directly involved in corporate management, except serving as an outside director, we have concluded that he is capable of properly performing duties of Outside Director for the above-mentioned reason.</p>		

[Translation for Reference and Convenience Purposes Only]

Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
7	<p>Hiroshi Suzuki (Sep. 17, 1952) (69)</p> <p>Reelection Outside Independent</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 1,700 shares</p> <p>Period in office: 4 years</p>	<p>Apr. 1975 Joined the Tokyo Regional Taxation Bureau</p> <p>Jul. 2000 Professor, National Tax College</p> <p>Jul. 2002 Judicial Research Official, Tokyo District Court</p> <p>Jul. 2004 Examiner, Fourth Large Enterprise Examination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2005 District Director, Saku Tax Office</p> <p>Jul. 2006 Chief Litigation Officer (International Group), Office of Litigation, First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2008 Director, Rulings and Legal Affairs Division, First Taxation Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2009 Director (Appeals Judge), National Tax Tribunal, Tokyo Regional Taxation Bureau</p> <p>Jul. 2011 Director, Tax Counsel Office, Management and Co-ordination Department, Tokyo Regional Taxation Bureau</p> <p>Jul. 2012 District Director, Chiba Higashi Tax Office</p> <p>Aug. 2013 Registered as Certified Tax Accountant (up to present) Established Certified Tax Accountant Office (up to present)</p> <p>Jun. 2017 Audit and Supervisory Board Member of the Company</p> <p>Jun. 2018 Director of the Company (up to present)</p> <hr/> <p>Significant concurrent position: • Certified tax accountant</p> <p>Reason for nomination and major role expected as Outside Director: We have determined that Mr. Hiroshi Suzuki is qualified to act as Outside Director of the Company for the expert knowledge and extensive experience he has acquired while serving in the Tokyo Regional Taxation Bureau, National Tax Agency, over many years. With his knowledge and experience and from an objective perspective independent from the Company's management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to taxation and accounting. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company's Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</p> <p>Although he has not been directly involved in corporate management, except serving as an outside director and an outside auditor, we have concluded that he is capable of properly performing duties of Outside Director for the above-mentioned reason.</p>

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Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
8	<p>Mami Taniguchi (Jun. 8, 1966) (56)</p> <p>Reelection Outside Independent</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: None</p> <p>Period in office: 3 years</p>	<p>Apr. 1996 Assistant Professor, Department of Economics, Hiroshima University of Economics</p> <p>Apr. 1999 Associate Professor, Department of Economics, Hiroshima University of Economics</p> <p>Apr. 2000 Associate Professor, Department of Management Studies, Graduate School of Social Sciences, Hiroshima University</p> <p>Apr. 2003 Associate Professor, School of Commerce and Graduate School of Commerce, Waseda University</p> <p>Apr. 2007 Associate Professor, Graduate School of Commerce, Waseda University</p> <p>Apr. 2008 Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University (up to present)</p> <p>Jun. 2019 Director of the Company (up to present)</p>
		<p>Significant concurrent position:</p> <ul style="list-style-type: none"> • Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University
<p>Reason for nomination and major role expected as Outside Director: We have determined that Ms. Mami Taniguchi is qualified to act as Outside Director of the Company for the knowledge and extensive experience she has acquired as a university professor in international business administration and diversity. With her knowledge and experience and from an objective perspective independent from the Company's management, she is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for general management issues of the Group. When elected, she will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company's Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</p> <p>Although she has not been directly involved in corporate management, except serving as an outside director, we have concluded that she is capable of properly performing duties as Outside Director for the above-mentioned reason.</p>		

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Candidate No.	Name (Date of birth) (Age)	Career summary, status, responsibilities and significant concurrent positions
9	Toshikazu Koike (Oct. 14, 1955) (66) Reelection Outside Independent Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 1,500 shares Period in office: 2 years	Apr. 1979 Joined Brother Industries, Ltd. Oct. 1992 Director, Brother International Corporation (U.S.A.) Jan. 2000 President, Brother International Corporation (U.S.A.) Jun. 2004 Director, Brother Industries, Ltd. Jan. 2005 Chairman, Brother International Corporation (U.S.A.) Apr. 2005 Director and Executive Officer, Brother Industries, Ltd. Apr. 2006 Senior Executive Officer, Brother Industries, Ltd. Jun. 2006 Representative Director and Senior Executive Officer, Brother Industries, Ltd. Jun. 2007 President and Representative Director, Brother Industries, Ltd. Jun. 2018 Chairman and Representative Director, Brother Industries, Ltd. (up to present) Jun. 2020 Director of the Company (up to present)
	Significant concurrent position: <ul style="list-style-type: none"> • Chairman and representative director, Brother Industries, Ltd. • Outside director (Audit and supervisory committee member), YASKAWA Electric Corporation 	
<p>Reason for nomination and major role expected as Outside Director: We have determined that Mr. Toshikazu Koike is qualified to act as Outside Director of the Company for the broad range of knowledge and extensive experience he has acquired over many years as an executive manager for many years at an international corporate group, where he has been instrumental in developing its core businesses. With his knowledge and experience and from an objective perspective independent from the Company's management, he is expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for various matters, including group-wide strategies and global business strategies. When elected, he will be involved in the nomination of candidates for directors and auditors and the determination of compensation for directors and operating officers, among other issues, as a member of the Company's Governance Committee, a voluntary advisory body, from an objective and independent viewpoint.</p>		

- Notes:
1. There are no special interests between the Company and each of the above-named candidates for Directors.
 2. Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike are candidates for Outside Directors.
 3. Outline of Liability Limitation Agreement with Outside Directors:
 In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act, individually with Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike. The maximum amount of liability based on the agreement shall be the higher of either 10 million yen or the amount set by the Companies Act. If the election of the aforementioned four candidates is approved at the 109th Ordinary General Meeting of Shareholders, the Company will extend these agreements.
 4. The Company has entered into a liability insurance contract with an insurance company for directors, auditors, operating officers and managers of the Company and its group companies in accordance with Article 430-3, Paragraph 1 of the Companies Act. The contract covers compensation for damages and court costs incurred in the event that claims for damages are made by shareholders, companies, employees or other third parties due to the insured's business activities during the insurance period. The candidates listed above are already insured under the relevant insurance contract, and, if their reelection is approved, they will continue to be the insured of the contract, which is expected to be renewed with the same terms and conditions during their term of office.
 5. "Independent" marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and those of the Company.
 6. The Company has registered Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE's independent criteria.
 7. Kei Asatsuma is qualified as Independent Director but has not been registered as such with TSE in

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accordance with the policy of the law firm to which he belongs.

8. "Potential share ownership" refers to the number of shares equivalent to the points expected to be granted to each Director under the equity compensation plan using a stock benefit trust for Directors.
9. The age of each candidate is as of the date of the 109th Ordinary General Meeting of Shareholders.

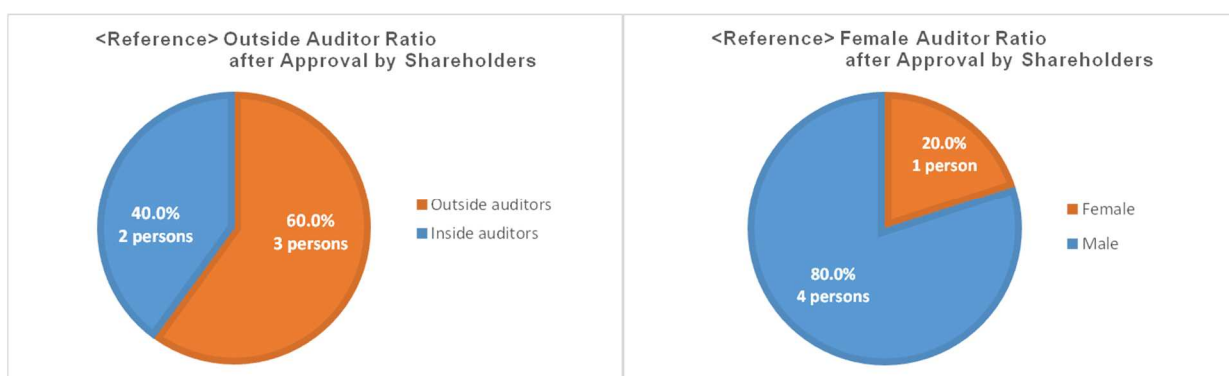
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Proposal 4: Election of Two (2) Audit and Supervisory Board Members

At the close of the 109th Ordinary General Meeting of Shareholders, the term of office of one existing member of the Audit and Supervisory Board (Toshitaka Uesugi) will expire, while Masashi Gobun will resign from the Audit and Supervisory Board. Thus, we ask our shareholders to approve the appointment of two new auditors. The Audit and Supervisory Board has already approved this proposal.

The candidates for Audit and Supervisory Board Members are as follows:

No.	Name	Current position and responsibility at the Company		Attendance at Board of Directors Meetings during the 109th term	Attendance at Audit and Supervisory Board Meetings during the 109th term
1	Toshitaka Uesugi	Audit and Supervisory Board Member	Reelection	13 out of 13 times (100.0%)	16 out of 16 times (100.0%)
2	Shunji Tanaka	Operating Officer in charge of Corporate Strategy	New election	—	—



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Candidate No.	Name (Date of birth) (Age)	Career summary, status and significant concurrent positions
1	Toshitaka Uesugi (Dec. 5, 1957) (64) Reelection Board meeting attendance: 13 out of 13 times (100.0%)	Apr. 1980 Joined the Company Jun. 2008 Head of Internal Audit Office Jun. 2014 Standing Audit and Supervisory Board Member (up to present)
	Audit & Supervisory Board meeting attendance: 16 out of 16 times (100.0%) Company share ownership: 5,420 shares Period in office: 8 years	(Significant concurrent position) <ul style="list-style-type: none"> • Auditor of Tokan Kogyo Co., Ltd. • Auditor of Nippon Closures Co., Ltd. • Auditor of Mebius Packaging Co., Ltd. • Auditor of TOMATEC Co., Ltd. • Auditor of Nippon Tokan Package Co., Ltd. • Auditor of Toyo Institute of Food Technology
	<p>Reason for nomination for Audit and Supervisory Board Member: We have determined that Mr. Toshitaka Uesugi is qualified to serve as Audit and Supervisory Board Member of the Company because he has years of experience of operations in the Company's audit division and has gained abundant knowledge and insight as an auditor at group companies.</p>	
2	Shunji Tanaka (Jun. 4, 1962) (60) New election Company share ownership: 1,800 shares	Apr. 1985 Joined the Company Apr. 2013 General Manager, Corporate Planning Department, Toyo Seikan Co., Ltd. Apr. 2016 Operating Officer, Toyo Seikan Co., Ltd. May 2018 Deputy Head of Corporate Planning, Toyo Seikan Co., Ltd. Apr. 2020 Operating Officer of the Company in charge of Corporate Strategy / in charge of management of Toyo Aerosol Industry Co., Ltd. Apr. 2022 Operating Officer of the Company in charge of Corporate Strategy (up to present)
	<p>Reason for nomination for Audit and Supervisory Board Member: We have determined that Mr. Shunji Tanaka is qualified to serve as Audit and Supervisory Board Member of the Company for the abundant experience and extensive knowledge and insight he has acquired over many years of service in the management of the Company's corporate planning division and group companies.</p>	

- Notes:
1. There are no special interests between the Company and the above-named candidates.
 2. Shunji Tanaka will assume the position of auditor for Toyo Seikan Co., Ltd. as of June 16, 2022, for Toyo Kohan Co., Ltd. as of June 21, 2022, and for Toyo Glass Co., Ltd. and Toyo Aerosol Industry Co., Ltd. as of June 23, 2022.
 3. The age of each candidate is as of the date of the 109th Ordinary General Meeting of Shareholders.
 4. The Company has entered into a liability insurance contract with an insurance company for directors, auditors, operating officers and managers of the Company and its group companies in accordance with Article 430-3, Paragraph 1 of the Companies Act. The contract covers

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compensation for damages and court costs incurred in the event that claims for damages are made by shareholders, companies, employees or other third parties due to the insured's business activities during the insurance period. The candidates listed above are already insured under the relevant insurance contract, and, if their reelection and election are approved, they will continue to be the insured of the contract, which is expected to be renewed with the same terms and conditions during their term of office.

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<For Reference> Independence Criteria for Outside Directors and Auditors of the Company

The Company hereby establishes the “Independence Criteria for Outside Directors and Auditors” to clearly set the criteria for independence to be fulfilled by Outside Directors⁽¹⁾ and Outside Audit and Supervisory Board Members⁽²⁾ (collectively, “Outside Directors and Auditors”).

Independence Criteria

The Outside Directors and Auditors shall not fall under any of the following:

- a) A person who is, or was within the past ten years, a Director (excluding an Outside Director), Audit and Supervisory Board Member (excluding an Outside Audit and Supervisory Board Member) or employee of the Company and its consolidated subsidiaries (collectively, the “Group”);
- b) A person who executes or executed business⁽⁴⁾ within the past three years at a major business partner⁽³⁾ of the Group or at a company or entity of which the Group is a major business partner;
- c) A person who is, or was within the past three years, a major shareholder⁽⁵⁾ of the Company (in the case where such major shareholder is a corporation, a person who executes or executed business of such corporation) or a person who executes or executed business of a company or entity of which the Group is a major shareholder;
- d) A lawyer, certified public accountant, certified tax accountant or other consultant who receives or received in any of the past three fiscal years from the Group cash and/or other property worth more than 10 million yen annually in addition to director compensation;
- e) A person who is, or was within the past three years, an employee, partner or associate of a law firm, auditing firm, tax accountant firm or other consulting company of which the Group is a major client;
- f) A person who receives or received in any of the past three fiscal years donations exceeding 10 million yen annually from the Group, or a person who executes business of a corporation or organization which receives or received in any of the past three fiscal years such donations; or
- g) A spouse or a relative within the second degree of kinship of any of the following individuals:
 - 1) A person who is, or was within the past three years, a Director, Audit and Supervisory Board Member or important employee⁽⁶⁾ of the Group; or
 - 2) A person who falls under the above b), c), d), e) or f) (if such person is an employee, this applies only to an important employee).

Notes:

1. Outside Director refers to an outside director as set forth under Article 2, Paragraph 15 of the Companies Act.
2. Outside Audit and Supervisory Board Member refers to an outside auditor as set forth under Article 2, Paragraph 16 of the Companies Act.
3. “Major business partner” means:
 - (1) in any of the past three fiscal years, i) a business counterparty with whom the Group performed transactions (sales or purchase) of an amount exceeding 2% of the annual consolidated net sales of the Group or ii) a business counterparty whose group performed with the Group transactions (sales or purchase) of an amount exceeding the higher of 100 million yen or 2% of the annual consolidated net sales of such group; or
 - (2) a financial institution group from which the Group borrows funds, if the outstanding amount of borrowings from such financial institution group exceeds 2% of the Group’s consolidated total assets as of the end of the previous fiscal year.
4. “Person who executes business” refers to a person who executes business as defined under Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act.
5. “Major shareholder” refers to a shareholder who directly or indirectly owns 10% or more of the total voting rights.
6. “Important employee” refers to an employee at or above a general manager level.

The 109th Term Business Report

(From April 1, 2021, to March 31, 2022)

I. Current Status of the Group

1. Progress and Results of Business Operations

The outlook of the Japanese economy, despite some signs of recovery, remained uncertain during the fiscal year ended March 2022 (fiscal 2021) due to concerns about COVID-19 resurgence and the impact of the situation in Ukraine.

Under such conditions, the Toyo Seikan Group has reported its business results for the fiscal year under review as described below.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020) and other applicable accounting standards to its consolidated financial statements from the year under review.

(in millions of yen, except for percentage changes)

	March 2021	March 2022	YOY	YOY (%)
Net sales	748,724	821,565	72,841	9.7%
Operating income	26,667	34,114	7,446	27.9%
Operating income margin	3.6%	4.2%	0.6%	-
Ordinary income	27,326	45,712	18,385	67.3%
Extraordinary income	-	18,426	18,426	-
Extraordinary losses	2,980	4,046	1,066	-
Profit attributable to owners of parent	15,946	44,422	28,475	178.6%

On a consolidated basis, net sales increased 9.7% from the year earlier to 821,565 million yen. Sales of can and can-end making machinery remained strong with the growing global demand for beverage cans, following the move from plastic packaging to alternatives, which began with the problem of marine plastic pollution. Sales of steel plate and those of packaging products, particularly of beverage containers, also increased after a significant decline caused by the spread of the coronavirus in the previous year. Operating income grew 27.9% from the year earlier to 34,114 million yen due to increased sales of steel plate and packaging products, the Company’s efforts to pass on rising raw material costs to the prices of some products, and gain on valuation of steel plate material inventory. Ordinary income rose over the previous year, recording 45,712 million yen (up 67.3%), mainly due to the increase in equity in earnings of affiliates. The Company posted a profit attributable to owners of parent of 44,422 million yen (up 178.6%), owing largely to gain on sale of investment securities.

The overall operating results by segment were as follows.

As the classification of reportable segments has been changed from the fiscal year under review, year-on-year changes in the table below are calculated by reclassifying the figures for the previous fiscal year to reflect the new segmentation. In addition, the impact of the application of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020) and other accounting standards is excluded from the following analysis results on factors contributing to year-on-year changes by product.

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(in millions of yen, except for percentage changes)

Business segment	Net sales				Operating income			
	Mar 2021	Mar 2022	YOY	YOY (%)	Mar 2021	Mar 2022	YOY	YOY (%)
Packaging	495,192	500,395	5,202	1.1%	13,816	11,282	-2,534	-18.3%
Engineering, filling, and logistics	127,812	167,113	39,301	30.7%	3,713	9,927	6,213	167.3%
Steel plate related	54,599	75,077	20,478	37.5%	-371	2,680	3,051	-
Functional materials related	40,373	48,594	8,220	20.4%	3,051	5,378	2,327	76.3%
Real estate related	7,801	7,976	175	2.2%	5,237	4,742	-495	-9.5%
Other businesses	22,944	22,408	-536	-2.3%	1,438	1,890	452	31.4%
Adjustment	-	-	-	-	-219	-1,787	-1,568	-
Total	748,724	821,565	72,841	9.7%	26,667	34,114	7,446	27.9%

[Packaging business]

The Group's packaging business generated 500,395 million yen in net sales, up 1.1% year-on-year, and 11,282 million yen in operating income, down 18.3% year-on-year.

1) Manufacturing and sales of metal packaging

Sales of metal packaging products increased from the previous year.

Sales remained strong due to an increase in sales of alcoholic beverage cans for *chuhai* cocktails with higher demand for "at-home" consumption, as well as a rebound in sales of cans for soft drinks, which had declined significantly as a result of the stay-at-home measures against the spread of the coronavirus, with new purchase orders for cans for carbonated soft drinks.

2) Manufacturing and sales of plastic packaging

Overall sales of plastic packaging products grew from the previous year.

Despite a decrease in sales of bottles for sanitizers, which had increased in the previous year due to the impact of the spread of the coronavirus, the overall sales were strong as the sales of PET bottles and caps for soft drinks showed a rebound from the considerable drop in the year earlier, mainly because of new purchase orders for bottles for carbonated soft drinks and bottle design changes for some tea drinks.

3) Manufacturing and sales of paper products

Overall sales of paper products exceeded those for the previous year. Sales of beverage paper cups increased after a significant decline due to the stay-at-home measures against the spread of the coronavirus. In addition, following the move from plastic packaging to alternatives, which began with the problem of marine plastic pollution, sales of paper containers for "bento" (lunch boxes) sold at convenience stores remained strong.

4) Manufacturing and sales of glass packaging

Total sales of glass packaging products increased from the previous year as sales of bottles for beer and housewares such as tableware rebounded, following a substantial fall in the preceding year due to the impact of the stay-at-home measures against the pandemic.

[Engineering, filling, and logistics businesses]

The Group's engineering, filling, and logistics businesses generated 167,113 million yen in net sales, up 30.7% year-on-year, and 9,927 million yen in operating income, up 167.3% year-on-year.

1) Engineering business

Amid the continuing shift from plastic packaging to alternatives, which began with the problem of marine plastic pollution, the global demand for beverage cans increased over the previous year. As a result, sales of this category were significantly higher than in the year earlier due to strong sales of can and can-end making machinery in North America and other overseas markets.

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2) Contract filling business

Despite a decrease in sales of general liquid-filled products for sanitizers, which had increased in the previous year due to the spread of the coronavirus, overall sales of this category exceeded the previous year's level due to new orders for beverage-filled products for tea drinks in China and Thailand.

3) Logistics business

Sales of trucking and warehousing services rose from the previous year.

[Steel plate related business]

Net sales increased 37.5% year-on-year to 75,077 million yen with an operating income of 2,680 million yen, compared to the operating loss of 371 million yen for the previous year.

Net sales in this segment increased in reaction to the decrease in the previous year due to the impact of the coronavirus pandemic.

Sales of materials for electrical and electronic components grew over the year as demand rose for rechargeable battery materials for automotive and other applications.

Sales of materials for automotive and industrial machinery parts increased from the previous year with higher demand for materials for driving system components.

Sales of materials for construction and household electric appliances rose due to increased demand for bathroom interior materials.

[Functional materials related business]

Net sales grew 20.4% year-on-year to 48,594 million yen, with operating income surging 76.3% to 5,378 million yen.

Sales of aluminum substrates for magnetic disks rose from the previous year mainly due to an increase in server hard disk applications.

Optical functional films showed higher sales due to favorable market conditions for flat panel displays.

Sales of enamelware glazes and pigments increased over the previous year.

[Real estate related business]

While net sales from leasing of office buildings and commercial facilities rose 2.2% year-on-year to 7,976 million yen, operating income from this segment declined 9.5% to 4,742 million yen.

[Other businesses]

This segment (including manufacturing and sales of automotive press dies, machinery and appliances, hard alloys and agricultural-use materials; sales of petroleum products; and non-life insurance agency business) recorded 22,408 million yen in net sales, down 2.3% year-on-year, and 1,890 million yen in operating income, up 31.4% year-on-year.

The Group's operating results by region are as follows:

In Japan, net sales increased 3.7% year-on-year to 657,716 million yen, and operating income grew 3.6% to 18,240 million yen over the previous year.

In Asia (including Thailand, China and Malaysia), net sales increased 17.7% year-on-year to 61,090 million yen, and operating income grew 11.9% to 8,144 million yen.

As for other regions, including the U.S., net sales jumped 64.3% year-on-year to 102,758 million yen, while operating income surged 610.7% to 7,612 million yen from the year earlier.

As of the end of March 2022, the number of consolidated subsidiaries of the Company was 71 (unchanged), while that of affiliates accounted for under the equity method was 4 (unchanged).

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2. Capital Investment

- 1) Capital investment made during the fiscal year under review amounted to 47,283 million yen. Total investment by segment and major projects during the year are as follows:

[Packaging business]	29,205 million yen
▶Toyo Seikan Co., Ltd.	
•Production facilities for beverage cans (Ishioka Plant)	
•Production facilities for beverage PET bottles (Hiroshima Plant)	
•Expansion of factory buildings, etc. (Toyohashi Plant)	
[Engineering, filling, and logistics businesses]	4,508 million yen
[Steel plate related business]	5,717 million yen
▶Toyo Kohan Co., Ltd.	
•Production facilities for nickel-plated steel sheet (Kudamatsu Plant)	
[Functional materials related business]	3,129 million yen
[Real estate related business]	796 million yen
[Other businesses]	779 million yen

Note: The classification of reportable segments has been changed from the fiscal year under review.

- 2) Major facilities whose construction completed during the fiscal year under review:

[Packaging business]	
▶Toyo Seikan Co., Ltd.	
•Production facilities for beverage PET bottles (Hiroshima Plant)	
•Expansion of factory buildings, etc. (Toyohashi Plant)	

- 3) Ongoing construction and expansion of major facilities as of the end of the fiscal year under review:

[Packaging business]	
▶Toyo Seikan Co., Ltd.	
•Production facilities for beverage cans (Ishioka Plant)	
[Steel plate related business]	
▶Toyo Kohan Co., Ltd.	
•Production facilities for nickel-plated steel sheet (Kudamatsu Plant)	

3. Financing

Not applicable.

4. Transfer of Business, Absorption-Type or Incorporation-Type Company Split

Not applicable.

5. Business Taken Over from Other Companies

Not applicable.

6. Succession of Rights and Obligations with Respect to Business of Other Companies through Absorption-Type Merger or Split

Not applicable.

7. Acquisition and Disposal of Shares and Other Equity Interests or Stock Acquisition Rights in Other Companies

Not applicable.

8. Issues to Address

For over 100 years since its founding, the Toyo Seikan Group has contributed to the society by providing packaging and other products and services that are essential to people's daily lives.

The environment surrounding the Group is now changing beyond expectations, as various social issues to address are emerging. The COVID-19 pandemic has also significantly changed people's lifestyles.

Under these circumstances, in May 2021, we formulated a long-term management vision looking to the fiscal year 2050, the Long-Term Management Vision 2050 "The Future, Wrapped for All," in order to think about the society and the global environment from a long-term perspective to maximize the value we offer to all our stakeholders. Toward the realization of this vision, we have set the Mid- to Long-Term Management Goals 2030, which are quantitative and qualitative management targets to be achieved by 2030. As an action plan to achieve the Mid- to Long-Term Management Goals 2030, we have also formulated the Mid-Term Management Plan 2025 for the five years from fiscal 2021.

The outline is as follows.

1) Long-Term Management Vision 2050 "The Future, Wrapped for All"

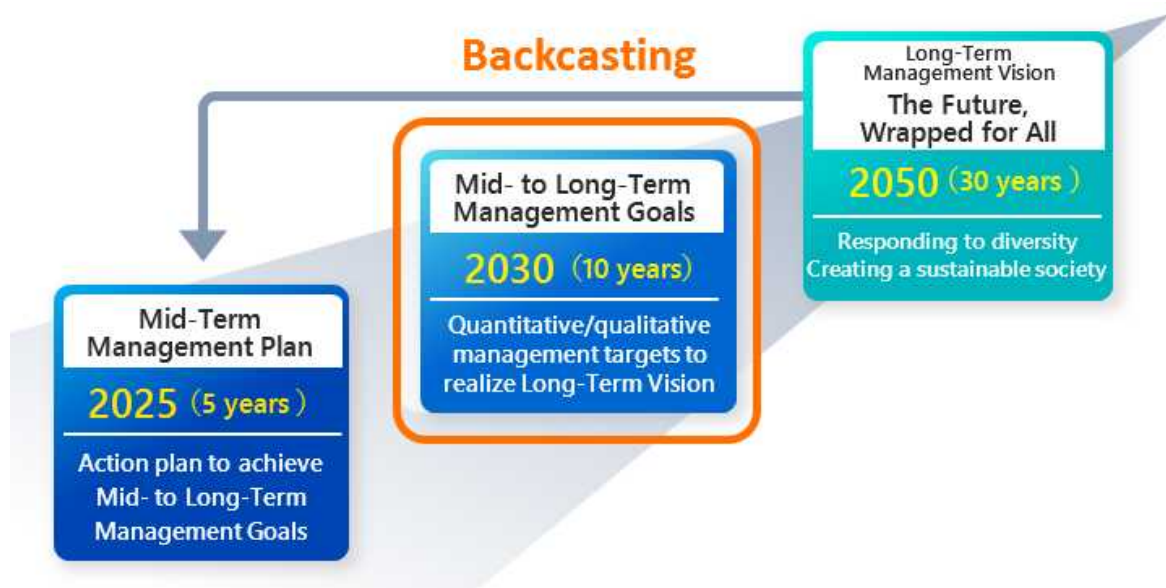
The new long-term vision has set a goal as to what we aim and want to be: a “daily living platform” for people all over the world to live safe, secure and fulfilling lives. It aims for a society that accepts differences and diversity to allow individual people to value their own lives and a society that continues to allow people to live happily into the future without harming the environment.

To this end, we will combine all abilities of the Group in the fields of "food and health," "comfortable living" and "environment, resources and energy" and utilize the technologies and know-how we have developed in material development, package processing and engineering to promote open innovation, internet of things and digital transformation. We will also work together with partners, including customers and suppliers, who have the same aim, creating new value that changes the society beyond the boundaries of packaging manufacturing.



2) Medium- to Long-Term Management Goals 2030

The following is an overview of the Mid- to Long-Term Management Goals 2030, which have been set as quantitative and qualitative management targets to be achieved by 2030 in order to realize the new Long-Term Management Vision.



Financial and social/environmental targets toward 2030 to increase corporate value

Financial value	<p>Net sales: 1 trillion yen Operating income: 80 billion yen</p>
Social and environmental value	<p>1. Key targets of Eco Action Plan 2030</p> <p>Zero-Carbon Society To be carbon-neutral by 2050 • 50% less CO2 emissions from operations (Scope 1 & 2) • 30% less CO2 emissions from supply chain (Scope 3) * Compared to FY2019</p> <p>Zero-Waste Society • 30% less use of exhaustible resources • 40% less use of fossil resources for plastic products * Compared to FY2013</p> <p>Society Coexisting with Nature • 30% cut in water consumption for operations * Compared to FY2013</p> <p>2. Building a sustainable value chain</p> <p>3. Creating a workplace that allows members with various characteristics to develop and demonstrate their own abilities</p>

Note: In November 2021, we revised the major CO2 reduction targets of our Eco Action Plan 2030 as follows, with an aim to obtain approval from the Science Based Targets initiative (SBTi)* on the revised targets as aligned to the SBTi’s new criteria reflecting its commitment to keeping global temperature increase to 1.5°C.

- CO2 reduction target for emissions from our operations (Scope 1 & 2): raised from 35% to 50%
- CO2 reduction target for emissions from our supply chain (Scope 3): raised from 20% to 30%

* The SBTi is an international initiative that examines the greenhouse gas reduction targets set by individual companies and approves them as consistent with scientific evidence through its target validation process.

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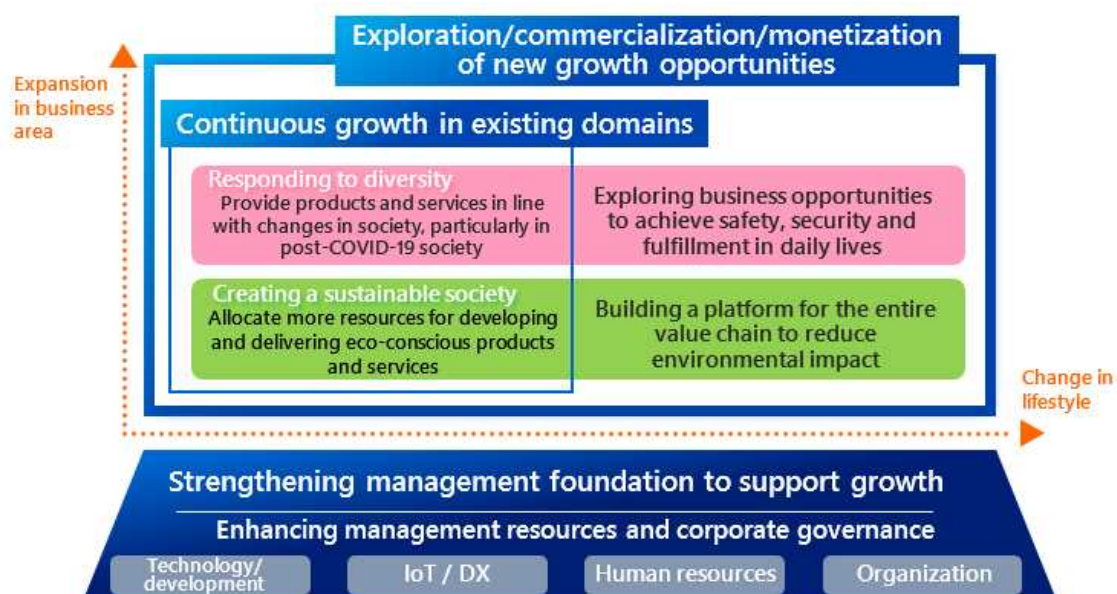
(3) Mid-Term Management Plan 2025

We are in the second year of the Mid-Term Management Plan 2025 (the "Mid-Term Management Plan") for the five years from fiscal 2021, an action plan to achieve the Mid- to Long-Term Management Goals 2030. The overview and the current progress of the Mid-Term Management Plan are as follows.

[Basic policy]

Under the Mid-Term Management Plan, we will pursue a continuous growth toward the "daily living platform" by working on three key issues to create a society we envision in the Long-Term Management Vision 2050.

[Three key issues and measures]



i) Continuous growth in existing business domains

We will aim to achieve continuous growth in our existing domains by drastically changing our business portfolio, without being bound by our traditional business structure, based on the two pillars of our long-term vision, "responding to diversity" and "creating a sustainable society," and from the perspective of continuous development.

<State of progress>

- As part of our efforts to move toward a plastic-free society, we are promoting the sales of aluminum can making equipment mainly in overseas markets.
- In order to expand the filling business, we started operation of TOYO PACK KIYAMA Co., Ltd. in March 2022, which was newly established in Japan in November 2020, while expanding the production capacity in Toyo Pack (Changshu) Co., Ltd. in China.
- We are adding our production capacity of rechargeable battery materials (nickel-plated steel sheet) for electric and hybrid vehicles to contribute to a zero-carbon society.

ii) Exploring, commercializing and monetizing new growth opportunities

In response to diversifying needs and emerging issues in the society, such as changes in lifestyles and efforts to reduce environmental impact, we will offer a new social infrastructure by creating new businesses in the areas of "food and health," "comfortable living" and "environment, resources and energy," based on the technologies we have accumulated in material development, package processing and engineering.

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<State of progress>

- We are developing new businesses to create the Group's future core businesses.
 - We have developed SiGRIN, a gradient index microlens for medical catheters, using our glass container manufacturing technologies. We aim to support people's health maintenance and enhancement by globally expanding our business in the life science field.
- We are exploring business opportunities to solve social issues through capital and business alliances with startups.
 - Partnership with DAIZ Inc.
The Group has developed technologies for filling, packaging, and transporting food products over many years for its packaging business. By providing these technologies to DAIZ Inc., a Japanese company that develops and produces germinated soybean-derived vegetable meat, we aim to address social issues such as reducing environmental impact and solving the food crisis.
 - Partnership with Agnavi Inc.
The Group has developed TSUME-TARO, a small size can filling equipment rental service. In alliance with Agnavi Inc., which sells various brands of Japanese sake in single-serve cans, we provide sake breweries with our containers and filling service to meet diversifying needs in society as well as to facilitate rural revitalization.
 - Partnership with Cellusion Inc.
Utilizing the technologies accumulated over many years in its packaging business, the Group has developed Wellbag, the world's first closed-system spheroid-forming bag. We have been offering the newly developed containers to Cellusion Inc., a Japanese startup conducting research and development for the implementation of corneal endothelial regeneration using iPS cells, with an aim to contribute to the development of regenerative medicine.

iii) Enhancing management foundation to support growth

We will enhance our management resources and strengthen our corporate governance to achieve a continuous growth.

- Technology and development
Promote research and development activities to create new businesses through cooperation with partners and exploration of new technologies.
- Internet of things (IoT) and digital transformation (DX)
Make use of digital technology to transform the value chain and expand business domains.
- Human resources
Develop a human resources platform that leads to new value creation.
- Organization
Strengthen Corporate Governance to earn the trust of society.

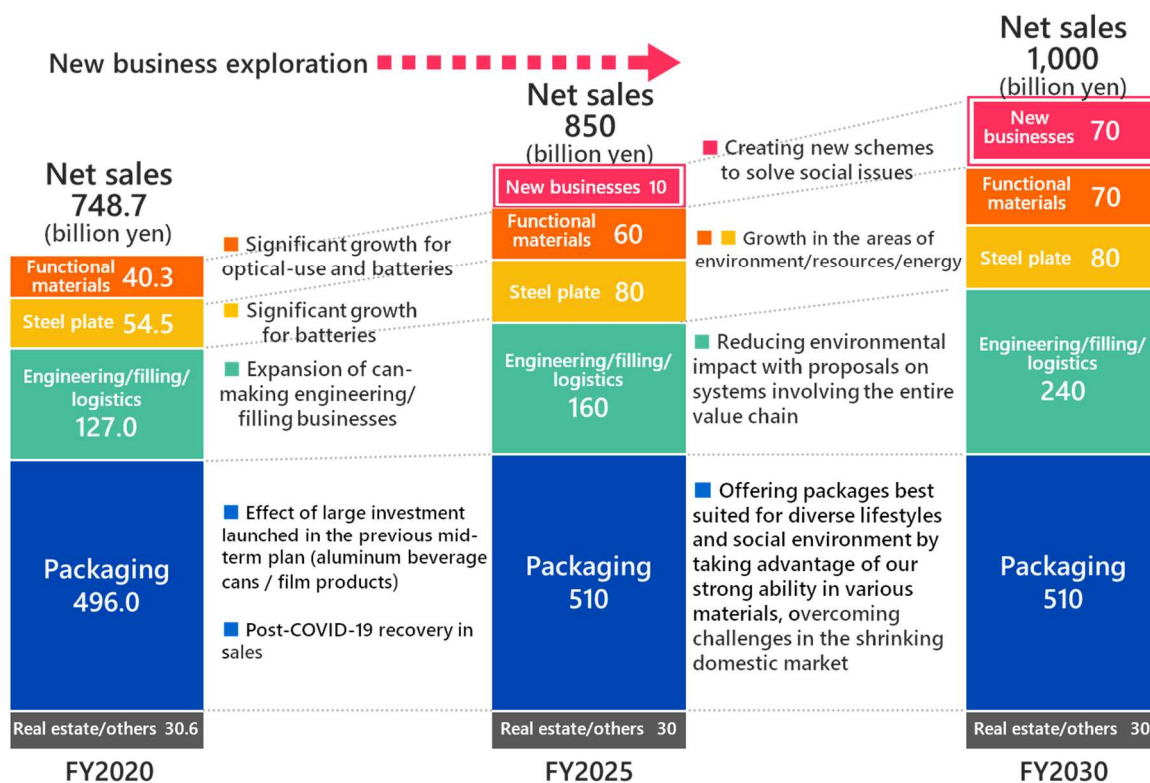
<State of progress>

- In July 2021, we expressed our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to advance our study into the impact of climate-related risks and opportunities on our business operations. Following our endorsement of the recommendations, we are conducting scenario analysis and other relevant activities.
- In March 2022, we issued the Integrated Report 2021, the Group's first integrated report, in our effort to strengthen our information dissemination and disclosure systems and inform our stakeholders of the measures we are taking to ensure the Group's sustainable growth. The Integrated Report 2021 is available on our website at:
https://ssl4.eir-parts.net/doc/5901/ir_material_for_fiscal_ym9/118681/00.pdf
- On April 1, 2022, we abolished the Group CSR Promotion Committee and the Group Environment Committee and established the Group Sustainability Committee to integrate our ongoing CSR and environmental activities at a higher level and conduct those activities in a more consistent manner.

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[Road map toward continuous growth]

Based on our packaging business, we will expand our value chain in the areas of engineering, filling and logistics while seeking growth of optical-use and battery materials in our steel plate related and functional material related operations. In new business fields, we will also create new schemes to solve social issues. With these strategies in place, we aim for net sales of one trillion yen for fiscal 2030.



[Translation for Reference and Convenience Purposes Only]

[Investment and financial policies]

We will use the cash generated from business operations and asset reduction initiatives to fund investment in future growth and platform enhancement.

i) Investment

Approximately 330 billion yen of investment (including M&A) toward the "daily living platform"

Purpose		Approximate amount (billion yen)	Remarks
Expansion of business opportunities in new growth areas and domains	Major investment purposes: <ul style="list-style-type: none"> ■ Investment to reduce environmental impact and increase environmental value ■ Developing a system for the entire value chain, beyond the traditional framework of packaging manufacturing ■ Seeking activities to create and grow new businesses, including cooperation with business partners and start-ups, focusing on the areas of "food and health," "comfortable living" and "environment, resources and energy." 	160	
Continuous growth in existing business domains	Enhancing foundation for existing core business areas	150	Replacement of equipment will be implemented in a manner that enables environmental impact reduction and labor saving.
Enhancement of management foundation	Advancing IoT and DX initiatives, developing new technologies and human resources, etc.	20	
Total		330	

Note: The breakdown in the above table is as of the time the plan was developed, and subject to revision based on the state of progress, the timing of business opportunities, and other factors before making investment decisions.

ii) Capital for investment

- Approximately 380 billion yen in operating cash flow that we expect to generate during the period of the Mid-Term Management Plan
- Approximately 40 billion yen in proceeds from the sale of so-called strategic shareholdings. The proceeds will be invested in growth areas.

[Financial targets]

For fiscal 2025, the final year of the Mid-Term Management Plan, we aim to achieve 850 billion yen in net sales and 50 billion yen in operating income with an EBITDA of 110 billion yen and an ROE of 5 percent.

(in billions of yen, except for percentages)

	March 2020 (FY 2019)	March 2021 (FY 2020)	March 2022 (FY 2021) (Year under review)	Target for March 2026 (FY 2025)
Net sales	790.8	748.7	821.5	850
Operating income	27.2	26.6	34.1	50
EBITDA	74.2	73.7	85.4	110
ROE	-0.1%	2.6%	7.0%	5.0%

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- Notes 1. Since the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020) and other applicable accounting standards to its consolidated financial statements from the year under review, the net sales target for fiscal 2025 is in accordance with these standards, which is estimated to have lowered the net sales target by approximately 20 billion yen.
2. While the Company plans to sell strategic shareholdings, including cross-shareholdings, worth approximately 40 billion yen during the period of the Mid-Term Management Plan, the impact of the share disposal is not taken into account in the financial targets above.

[Policy of rewarding shareholders]

We will distribute profit to our shareholders with a target total return ratio of 80 percent during the period of the Mid-Term Management Plan.

i) Dividend

- Aim for a payout ratio of 50 percent or higher on a consolidated basis.
- Set a minimum annual dividend of 46 yen per share and gradually increase the amount.

ii) Share repurchase

- Implement share repurchase in an agile manner.

Note: The extraordinary income and losses arising from the disposal of assets are not taken into account, in principle, when we calculate the total return ratio and the consolidated payout ratio.

<State of progress>

For the year under review (fiscal 2021), the Company has decided to pay an annual dividend of 88 yen (consisting of an interim dividend of 23 yen and a year-end dividend of 65 yen), and has also acquired 9.2 billion yen worth of treasury stock (6,500 thousand shares). The deemed total return ratio and the deemed consolidated payout ratio for the year under review will be 79.2 percent and 50.3 percent, respectively, on a basis excluding gain on sale of investment securities.

Although the business environment surrounding the Group is likely to become more challenging in the years ahead, we will continue to pursue a continuous growth by ensuring the implementation of the measures in the new mid-term management plan.

We would greatly appreciate continued support from our shareholders.

9. Asset Condition and Profit and Loss for the Recent Years

(in millions of yen except for per-share amounts)

	March 2019 (FY2018)	March 2020 (FY2019)	March 2021 (FY2020)	March 2022 (FY2021) (Year under review)
Net sales	793,119	790,814	748,724	821,565
Operating income	25,443	27,271	26,667	34,114
Ordinary income	27,784	28,412	27,326	45,712
Profit (Loss) attributable to owners of parent	20,262	-520	15,946	44,422
Profit (Loss) per share	103.05 yen	-2.71 yen	84.79 yen	240.61 yen
Total assets	1,068,781	1,025,095	1,036,081	1,082,282
Net assets	649,812	624,513	651,639	664,291
Net asset per share	3,239.81 yen	3,184.56 yen	3,327.70 yen	3,510.20 yen

Note: Since the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020) and other applicable accounting standards to its consolidated financial statements from the year under review, the figures for assets and earnings for fiscal 2021 in the above table are based on these standards.

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10. Material Status of the Parent Company and Subsidiaries

1) Parent company

Not applicable.

2) Significant subsidiaries

Company name	Capital (million yen)	Share of voting rights (%)	Major operations
Toyo Seikan Co., Ltd.	1,000	100.0	Manufacturing and sales of metal and plastic packaging products
Toyo Kohan Co., Ltd.	5,040	100.0	Manufacturing and sales of tinplate, steel sheets, surface-treated steel sheets and functional materials
Tokan Kogyo Co., Ltd.	1,531	100.0	Manufacturing and sales of paper and plastic containers
Nippon Closures Co., Ltd.	500	100.0	Manufacturing and sales of metal and plastic caps
Mebius Packaging Co., Ltd.	1,000	100.0	Manufacturing and sales of plastic packaging products
Toyo Glass Co., Ltd.	960	100.0	Manufacturing and sales of glass bottles
Toyo Aerosol Industry Co., Ltd.	315	100.0	Contract filling and sales of aerosol products and liquid-filled products
TOMATEC Co., Ltd.	310	100.0	Manufacturing and sales of glaze, pigment, gel coat and trace-element fertilizer
Nippon Tokan Package Co., Ltd.	700	55.0 [55.0]	Manufacturing and sales of corrugated paper products and paper container products, etc.
Bangkok Can Manufacturing Co., Ltd.	1,800 (million Thai baht)	99.9 [99.9]	Manufacturing and sales of beverage cans
Crown Seal Public Co., Ltd.	528 (million Thai baht)	47.6 [47.6]	Manufacturing and sales of metal and plastic caps
Stolle Machinery Company, LLC	—	100.0 [100.0]	Manufacturing and sales of can and can-end production machinery and related services

Notes: 1. The share of indirect voting rights is shown in parentheses in the column of the “Share of voting rights.”

2. The status of specific wholly owned subsidiary as of the end of the fiscal year under review is as follows.

Name of the subsidiary	Toyo Seikan Co., Ltd.
Address of the subsidiary	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Carrying value of the shares in the subsidiary on the Company’s balance sheet	191,675 million yen
Total assets of the Company	565,962 million yen

11. Major Operations (as of March 31, 2022)

Business segment	Major operations
Packaging business	Manufacturing and sales of metal packaging, plastic packaging, paper products and glass packaging
Engineering, filling, and logistics businesses	Manufacturing and sales of machinery and equipment related to packaging containers; contract manufacturing and sales of beverage-filled, aerosol and general liquid-filled products; and trucking and warehousing services
Steel plate related business	Manufacturing and sales of steel plate and related processed products
Functional materials related business	Manufacturing and sales of aluminum substrates for magnetic disks, optical functional films, glaze, pigment, gel coat and trace-element fertilizer

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Real estate related business	Leasing of office buildings and commercial properties
Other businesses	Manufacturing and sales of automotive press dies, machinery and appliances, hard alloys, and agricultural-use materials; sales of petroleum products; and non-life insurance agency business

Note: The classification of reportable segments has been changed from the fiscal year under review.

12. Major Offices and Plants (as of March 31, 2022)

Company name	Major facilities	
Toyo Seikan Group Holdings, Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Toyo Seikan Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chitose (Chitose-shi), Sendai (Miyagino-ku, Sendai-shi), Ishioka (Ishioka-shi), Kuki (Kuki-shi), Saitama (Yoshimi-cho, Hiki-gun), Yokohama (Tsurumi-ku, Yokohama-shi), Shizuoka (Makinohara-shi), Toyohashi (Toyohashi-shi), Shiga (Higashi-Omi-shi), Ibaraki (Ibaraki-shi), Osaka (Izumisano-shi), Hiroshima (Mihara-shi), Kiyama (Kiyama-cho, Miyaki-gun)
Toyo Kohan Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plant	Kudamatsu (Kudamatsu-shi)
Tokan Kogyo Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Atsugi (Ayase-shi), Shizuoka (Kakegawa-shi), Komaki (Komaki-shi), Fukuoka (Miyawaka-shi)
Nippon Closures Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ishioka (Ishioka -shi), Hiratsuka (Hiratsuka-shi), Komaki (Komaki-shi), Okayama (Shouo-cho, Katsuta-gun)
Mebius Packaging Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Ibaraki (Goka-machi, Sashima-gun), Kawasaki (Kawasaki-ku, Kawasaki-shi), Settsu (Settsu-shi), Izumisano (Izumisano-shi)
Toyo Glass Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Chiba (Kashiwa-shi), Shiga (Konan-shi)
Toyo Aerosol Industry Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Tsukuba (Ryugasaki-shi), Kawagoe (Kawagoe-shi), Mie (Iga-shi)
TOMATEC Co., Ltd.	Head Office	2-1-27 Oyodo Kita, Kita-ku, Osaka-shi, Osaka
	Plants	Osaka (Kita-ku, Osaka-shi), Komaki (Komaki-shi), Kyushu (Nakama-shi)
Nippon Tokan Package Co., Ltd.	Head Office	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
	Plants	Sendai (Taiwa-cho, Kurokawa-gun), Fukushima (Iwaki-shi), Ibaraki (Goka-machi, Sashima-gun), Koga (Koga-shi), Tochigi (Sakura-shi), Saitama (Soka-shi), Sagamihara (Minami-ku, Sagamihara-shi), Atsugi (Ayase-shi), Shizuoka (Kakegawa-shi), Aichi (Anjo-shi), Shiga (Kusatsu-shi), Osaka (Settsu-shi), Fukuoka (Shingu-machi, Kasuya-gun)
Bangkok Can Manufacturing Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani/Ayutthaya)
Crown Seal Public Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani)
Stolle Machinery Company, LLC	Head Office	United States (Delaware)
	Plant	United States (Colorado/Ohio)

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13. Employees (as of March 31, 2022)

1) Employees of the Group

Business segment	Number of employees	Year-on-year change in number
Packaging business	11,096 [1,871]	-224 [-76]
Engineering, filling, and logistics businesses	4,533 [722]	+418 [-35]
Steel plate related business	1,502 [102]	-37 [-14]
Functional materials related business	1,285 [111]	+20 [-21]
Real estate related business	7 [3]	-1 [±0]
Other businesses	865 [105]	-4 [-15]
Corporate (common)	470 [20]	+34 [±0]
Total	19,758 [2,934]	+206 [-161]

- Notes: 1. “Number of employees” consists of the number of employees who are working within the Group as of the date above, excluding those who are seconded to companies outside the Group and including those who are seconded from companies outside the Group to any of the group companies. In addition to the number of employees, the number of temporary workers is shown in [] as an annual average.
2. The temporary workers include contract employees, associate employees and part-time workers, and exclude temps dispatched from staffing agencies.
3. The employees in the category of “Corporate (common)” refer to the employees who belong to administrative departments that cannot be classified under any specific business segment.
4. As the classification of reportable segments has been changed from the fiscal year under review, year-on-year changes are calculated by reclassifying the figures for the previous fiscal year to reflect the new segmentation.

2) Employees of the Company

Number of employees		Year-on-year change in number	Average age (years)	Average years of service
Male	347 [16]	+23 [+1]	43.6	17.8
Female	123 [4]	+11 [-1]	39.1	13.4
Total	470 [20]	+34 [±0]	42.4	16.7

- Notes: 1. “Number of employees” consists of the number of employees who are working within the Group as of the date above, excluding those who are seconded to companies outside of the Group and including those who are seconded from companies outside of the Group to any of Group companies. In addition to the number of employees, the number of temporary workers is shown in [] as an annual average.
2. The temporary workers include contract employees, associate employees and part-time workers, and exclude temps dispatched from staffing agencies.
3. All employees of the Company are classified under the “Corporate (common)” category in the table of the previous section 13(1).

14. Major Lenders (as of March 31, 2022)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	57,950
Sumitomo Mitsui Trust Bank, Limited	18,776
MUFG Bank, Ltd.	10,195

15. Other Material Matters Concerning Current Status of the Group

Not applicable.

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II. Current Status of the Company

1. Equity of the Company (as of March 31, 2022)

- 1) Number of shares authorized: 450,000,000 shares
- 2) Number of shares issued: 202,862,162 shares
- 3) Number of shareholders: 14,571
- 4) Major shareholders (Top ten):

Name	Number of shares held (in thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	23,234	12.8
Toyo College of Food Technology	16,492	9.1
Toyo Institute of Food Technology	12,390	6.8
Custody Bank of Japan, Ltd. (Trust account)	7,628	4.2
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	6,288	3.5
Fukoku Mutual Life Insurance Company	5,600	3.1
Sumitomo Mitsui Banking Corporation	5,000	2.7
The Gunma Bank, Ltd.	4,219	2.3
Toyo Ink SC Holdings Co., Ltd.	3,798	2.1
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy : Mizuho Bank, Ltd., Settlement & Clearing Services Department)	2,997	1.6

Notes: 1. In addition to the above-stated shares, the Company holds 20,775,929 shares of treasury stock.

2. The 20,775,929 treasury shares are excluded from the total shares issued in calculation of the ownership ratio.

3. The shares of the Company held by the board benefit trust for directors are not included in the treasury shares.

- 5) Status of shares delivered to directors as compensation for performance of their duties for the fiscal year under review

Not applicable.

The details of the Company's equity compensation scheme are explained in the following section 3.3 Compensation for Directors and Audit and Supervisory Board Members.

2. Stock Acquisition Rights

Not applicable.

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3. Directors and Auditors of the Company

3.1 Directors and Audit and Supervisory Board Members (as of March 31, 2022)

Title	Name	Responsibility and significant concurrent positions
President and Representative Director	Ichio Otsuka	- Chairman of Group CSR Promotion Committee - Chairman of Group Risk and Compliance Committee - Chairman of Group Environment Committee - Director of Crown Seal Public Co., Ltd.
Executive Vice President and Director	Hirohiko Sumida	- Management of Toyo Kohan Co., Ltd. - Director of Toyo Kohan Co., Ltd.
Director	Masakazu Soejima	- Executive Officer - Head of Corporate Strategy - Accounting, Finance, IR and Group Procurement Strategy
Director	Kazuo Murohashi	- Executive Officer - CSR, Human Resources, HR Development and Group Risk & Compliance
Director	Kouki Ogasawara	- Executive Officer - Secretariat, General Affairs, Legal Affairs, IT and Group Information Management
Director	Takuji Nakamura	- Executive Officer - Head of Group Technical Development - Head of Innovation Incubation Office
Director	Tsutao Katayama	- Professor Emeritus, Doshisha University
Director	Kei Asatsuma	- Lawyer (Partner of Nagashima Ohno & Tsunematsu)
Director	Hiroshi Suzuki	- Certified tax accountant
Director	Mami Taniguchi	- Professor, Faculty of Commerce / Graduate School of Commerce, Waseda University
Director	Toshikazu Koike	- Chairman and representative director, Brother Industries, Ltd. - Outside director (Audit and supervisory committee member) of YASKAWA Electric Corporation
Standing Audit and Supervisory Board Member	Toshitaka Uesugi	- Auditor of Tokan Kogyo Co., Ltd. - Auditor of Nippon Closures Co., Ltd. - Auditor of Mebius Packaging Co., Ltd. - Auditor of TOMATEC Co., Ltd. - Auditor of Nippon Tokan Package Co., Ltd. - Auditor of Toyo Institute of Food Technology
Standing Audit and Supervisory Board Member	Masashi Gobun	- Auditor of Toyo Seikan Co., Ltd. - Auditor of Toyo Kohan Co., Ltd. - Auditor of Toyo Glass Co., Ltd. - Auditor of Toyo Aerosol Industry Co., Ltd.
Audit and Supervisory Board Member	Fuminari Hako	- Certified public accountant/ Certified tax accountant (Representative partner of Reson Partners Tax Accountant Corporation) - Outside director (Audit and supervisory committee member) of Showa Chemical Industry Co., Ltd.
Audit and Supervisory Board Member	Shoichi Ikuta	- Chairman, Financial Management Forums, Inc.
Audit and Supervisory Board Member	Ikuko Akamatsu	- Certified public accountant - Certified fraud examiner - Director of the Japanese Institute of Certified Public Accountants - Outside auditor of Shinsei Bank, Limited - Outside director of CAWACHI LIMITED

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- Notes:
1. Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike are Outside Directors.
 2. Fuminari Hako, Shoichi Ikuta and Ikuko Akamatsu are Outside Audit and Supervisory Board Members.
 3. The Company has registered Tsutao Katayama, Hiroshi Suzuki, Mami Taniguchi, Toshikazu Koike, Fuminari Hako, Shoichi Ikuta and Ikuko Akamatsu as Independent Directors with the Tokyo Stock Exchange (TSE) under TSE's independent criteria.
 4. Kei Asatsuma, Outside Director, is qualified as independent on the basis of both the independent criteria of TSE and those of the Company, but has not been registered as Independent Director with TSE in accordance with the policy of the law firm to which he belongs.
 5. Masashi Gobun, Standing Audit and Supervisory Board Member, has considerable insight into finance and accounting based on his experience as Operating Officer of the Company in charge of accounting and finance and General Manager of Accounting Department of the Company.
 6. Fuminari Hako, Audit and Supervisory Board Member, is a CPA and certified tax accountant and has considerable insight into finance and accounting.
 7. Ikuko Akamatsu, Audit and Supervisory Board Member, is a CPA and certified fraud examiner and has considerable insight into finance and accounting.
 8. Resignations from significant concurrent positions during the fiscal year under review are as follows:

Title	Name	Significant concurrent positions	Date of resignation
President and Representative Director	Ichio Otsuka	Director of Crown Seal Public Co., Ltd.	March 31, 2022
Executive Vice President and Director	Hirohiko Sumida	Director of Toyo Kohan Co., Ltd.	March 31, 2022

9. The Company abolished the Group CSR Promotion Committee and the Group Environment Committee and established the Group Sustainability Committee on April 1, 2022 to integrate CSR and environmental activities at a higher level and conduct those activities in a more consistent manner. The Chairman of the Group Sustainability Committee is Ichio Otsuka, President and Representative Director of the Company.

3.2 Outline of Liability Insurance Contract for Directors

The Company has entered into a liability insurance contract with an insurance company for directors, auditors, operating officers and managers of the Company and its group companies in accordance with Article 430-3, Paragraph 1 of the Companies Act. The contract covers compensation for damages and court costs to be borne by the insured in the event that claims for damages are made by shareholders, companies, employees or other third parties due to the insured's business activities during the insurance period. The full premiums of the insurance are borne by the Company and its group companies, not by the insured.

3.3 Compensation for Directors and Audit and Supervisory Board Members

1) Policy for the decision of directors' compensation

The Company's Board of Directors adopted in its meeting held on June 25, 2021 the policy for deciding the details of compensation for individual directors. Prior to the resolution, the Board has consulted with the Governance Committee of the Company, a voluntary advisory body consisting of the representative director and the independent outside directors, and received a report from the committee.

The Board has confirmed that the details of compensation for individual directors for the fiscal year under review have been determined in accordance with the directors' compensation policy by receiving a report from the Governance Committee based on prior consultation with the Committee by the Representative Director of the Company on the matter.

The details of the policy are as follows:

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a) Basic policy

The compensation scheme for the directors of the Company shall be based on the following basic policy.

The scheme shall:

- i) Be for the sake of the realization of the Group's management philosophy (the management policy, creed and vision);
- ii) Provide an appropriate level of director compensation that enables the Company to secure highly capable directors;
- iii) Be able to foster a sense of contribution to a medium- to long-term improvement in business performance and corporate value;
- iv) Be transparent and objective and tied to the Group's business performance;
- v) Allow the directors to share perspectives on profitability with shareholders and foster awareness of shareholder-oriented management; and
- vi) Contribute to encouraging appropriate risk-taking in business operations.

b) Determination of the amounts of basic compensation (in cash) as well as the timing and conditions of payment of the compensation

The basic compensation for directors shall be paid in cash every month as a fixed compensation and the amount for each director shall be determined according to their positions and responsibilities.

c) Determination of the details of performance-linked compensation and the method of calculating the compensation amount as well as the timing and conditions of payment of the compensation

The performance-linked compensation consists of performance-linked bonus (paid in cash) as a short-term incentive and performance-linked equity compensation using a board benefit trust system as a mid- to long-term incentive.

The performance-linked bonus is paid to executive directors in June of each year, aiming to raise awareness of financial performance improvement for each fiscal year. The bonus amount is calculated based on the degree of achievement of each year's financial target measured with net sales and operating income margin, both on a consolidated basis, which we select as key performance indicators (KPIs).

The target for consolidated net sales is equivalent to the estimated net sales for the relevant fiscal year we announce in the summary of financial results for the previous year, while that for consolidated operating income margin* is set at the level of "the recent five-year average plus 0.5 percent."

Note*: The operating income margin target is set within the range from minus 2% to plus 5% of "the simple average of annual operating margins for the past five years plus 0.5%."

The performance-linked equity compensation is paid in shares of the Company to executive directors at the time of their retirement. The number of shares delivered to each director corresponds to the number of points given to the director based on the position and responsibility of the director and the degree of achievement of three performance indicators we set as KPIs related to our mid- to long-term management plan to motivate the directors to contribute to growth in corporate value over the mid- to long-term. The three indicators are ROE, EBITDA and a sustainability index.

The targets of the performance indicators are decided upon the approval of the Board of Directors through examination by the Governance Committee. The targeted levels of ROE and EBITDA are set based on the financial targets in the mid- to long-term management plan, while the sustainability index target is determined by taking account of the general progress of ESG related activities, including the implementation of the Eco Action Plan 2030, our environmental action guidelines.

d) Determination of the mix of the compensation components for individual directors

The determination of the mix of compensation components for executive directors shall be based on the premise that the director compensation is set at an appropriate level that allows the Company to secure talented executives who can contribute to continuous development of the Group's business, in accordance with its management philosophy. The mix shall be decided according to the directors'

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respective duties and responsibilities so as to provide an appropriate incentive to improve financial performance, taking account of the business environment surrounding the Company and the compensation structures of peer group companies that are shown by external surveys.

As a benchmark peer group, we refer to manufacturing companies listed on the first section* of the Tokyo Stock Exchange (TSE) with annual sales of 500 billion to 1 trillion yen to judge the appropriateness of compensation structure, taking into consideration the results of surveys on directors' compensation, among others.

We assume a basic structure that consists of 60% basic, 20% short-term performance-linked, and 20% mid- to long-term performance-linked compensation (based on the standard performance).

Directors who are not executive directors will receive only basic compensation based on their responsibilities.

Note*: In conjunction with the market reorganization of the TSE on April 4, 2022, the Company resolved at its Board of Directors meeting on May 13, 2022 to change the benchmark peer group from the above-mentioned companies listed on the first section of the TSE to those listed on the prime market of the TSE.

e) Determination of the details of compensation for individual directors

In order to ensure transparency and objectivity, the types of director compensation and their mix, levels and calculation methods shall be discussed in advance by the Governance Committee, a voluntary advisory body consisting of the representative director and independent outside directors, and shall be decided by the Board of Directors based on the committee's report within the range of compensation amount approved by the shareholders meeting.

With respect to the payment amount for individual directors, the President of the Company shall determine the amount of basic compensation of each director as well as the amount of performance-linked bonus and the number of points for performance-linked equity compensation of each executive director under the delegation of the Board of Directors based on the decision of the Board of Directors on the types of director compensation and their mix, levels and calculation methods.

2) Total amount of compensation for Directors and Audit and Supervisory Board Members

	Basic compensation		Bonus				Non-cash compensation		Total Amount (million yen)
	Fixed		Fixed		Performance-linked		Performance-linked		
	Number of persons	Amount (million yen)	Number of persons	Amount (million yen)	Number of persons	Amount (million yen)	Number of persons	Amount (million yen)	
Directors (of the above, outside directors)	11 (5)	256 (49)	- (-)	- (-)	6 (-)	67 (-)	6 (-)	82 (-)	407 (49)
Audit and Supervisory Board Members (of the above, outside auditors)	5 (3)	82 (29)	2 (-)	9 (-)	- (-)	- (-)	- (-)	- (-)	92 (29)
Total (of the above, outside directors and auditors)	16 (8)	339 (79)	2 (-)	9 (-)	6 (-)	67 (-)	6 (-)	82 (-)	499 (79)

Notes: 1. The 108th Ordinary General Meeting of Shareholders held on June 25, 2021 resolved that the total amount of compensation paid to Directors shall be no more than 330 million yen per year, including no more than 55 million yen per year for Outside Directors, excluding the employee salary portion for a Director concurrently serving as an employee. The number of Directors at the close of the 108th Ordinary General Meeting of Shareholders will be eleven (including five outside directors).

The 108th Ordinary General Meeting of Shareholders held on June 25, 2021 also resolved that the Company would introduce, in addition to the cash compensation system, a performance-linked equity compensation scheme, in which the Company would contribute up to 500 million yen for five fiscal years for the scheme to acquire its shares to be delivered to Directors (other than Outside

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Directors), and in which the maximum total number of points granted to Directors (other than Outside Directors) shall be 100,000 points per fiscal year (one point is equivalent to one share). The number of eligible directors for the scheme is six as of the close of the 108th shareholders meeting.

2. The 104th Ordinary General Meeting of Shareholders held on June 27, 2017, resolved that the total amount of compensation paid to Audit and Supervisory Board Members shall be no more than 110 million yen per year. The number of Audit and Supervisory Board Members at the close of the 104th Ordinary General Meeting of Shareholders will be five (including three Outside Audit and Supervisory Board Members).
3. As for the details of the performance indicators to determine the performance-linked compensation (KPIs), the reasons for selecting these indicators, and the calculation method of the performance-linked compensation, please refer to the item c) of the previous section 1) Policy for the decision of directors' compensation.

The performance-linked compensation paid in the year under review was based on the KPIs for the year (fiscal 2021), for which the actual consolidated net sales and operating income margin* were 821,565 million yen and 3.94 percent, respectively, against their targets of 770 billion yen and 4.28 percent, respectively. The performance-linked equity compensation paid in the year under review was also based on the KPIs for the year (fiscal 2021), for which the actual consolidated ROE and EBITDA were 7.0 percent and 85.4 billion yen, respectively, reaching their respective targets stated in the Mid-Term Management Plan 2025. The sustainability index was rated "B" (the third from the top among the five ratings of S, A, B, C, and D) against the sustainability index target set in the Eco Action Plan 2030, and an estimated figure corresponding to the rating was used to calculate the amount of provision for the performance-linked equity compensation for the year under review.

* The actual operating income margin as a KPI for directors' compensation determination takes into account the impact of impairment losses, and thus becomes lower than the operating income margin based on the published statement of income.

4. The non-cash compensation is paid in shares of the Company. For the conditions of share allotment and other details, please refer to the item c) of the previous section 1) Policy for the decision of directors' compensation. The status of delivery of shares for the fiscal year under review is shown in the previous section 1 (5) Status of shares delivered to directors as compensation for performance of their duties for the fiscal year under review.
5. With respect to the compensation amount for individual directors, Ichio Otsuka, President of the Company, has determined the amounts of basic compensation for each director, performance-linked compensation for each executive director, and bonus for each outside director under the delegation of the Board of Directors based on its decision on the types of director compensation and their mix, levels and calculation methods. The Board of Directors' decision is in accordance with the report issued by the Governance Committee based on prior discussion on the compensation amount for individual directors, and the amount has been determined within the range of compensation amount approved by the shareholders meeting. The delegation to the president is on the grounds that the president is deemed appropriate to evaluate duties of individual directors while taking overall business performance of the Company into consideration.

3.4 Outside directors and auditors

- 1) Significant positions concurrently held by Outside Directors (in the case where the relevant director executes business or serves as an outside director or auditor at a corporation other than the Company)

Name	Significant concurrent positions outside the Company
Kei Asatsuma	Lawyer (Partner of Nagashima Ohno & Tsunematsu)
Toshikazu Koike	Chairman and representative director, Brother Industries, Ltd. Outside director (Audit and supervisory committee member), YASKAWA Electric Corporation

- Notes: 1. There are no special interests between the Company and Nagashima Ohno & Tsunematsu.
2. There are no special interests between the Company and Brother Industries, Ltd.
3. There are no special interests between the Company and YASKAWA Electric Corporation.

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- 2) Significant positions concurrently held by Outside Audit and Supervisory Board Members (in the case where the relevant auditor executes business or serves as an outside director or auditor at a corporation other than the Company)

Name	Significant concurrent positions outside the Company
Fuminari Hako	Certified public accountant/ Certified tax accountant (Representative partner of Reson Partners Tax Accountant Corporation) Outside director (Audit and supervisory committee member) of Showa Chemical Industry Co., Ltd.
Ikuko Akamatsu	Director of the Japanese Institute of Certified Public Accountants Outside auditor of Shinsei Bank, Limited Outside director of CAWACHI LIMITED

- Notes: 1. There are no special interests between the Company and Reson Partners Tax Accountant Corporation.
2. There are no special interests between the Company and Showa Chemical Industry Co., Ltd.
3. There are no special interests between the Company and the Japanese Institute of Certified Public Accountants.
4. There are no special interests between the Company and Shinsei Bank, Limited.
5. There are no special interests between the Company and CAWACHI LIMITED.

- 3) Major activities in the fiscal year under review

Each Outside Director sufficiently fulfilled management supervisory functions by providing advice and making proposals in a proper and timely manner to ensure the validity and appropriateness of decision-making by the Board of Directors.

Each Outside Audit and Supervisory Board Member sufficiently fulfilled auditing functions by expressing questions and opinions necessary for deliberations at the Board of Directors meetings as well as exchanging opinions and discussing audit matters at the Audit and Supervisory Board meetings.

Name	Position	Record of attendance		Status regarding the expression of opinion and the performance of duties to fulfill expected roles as outside directors
		Board of Directors Meeting	Audit and Supervisory Board Meeting	
Tsutaō Katayama	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired as a university professor in engineering and life and medical science for many years, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for the Group's R&D and technical development activities from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the Group's manufacturing processes and utilization of intellectual property. As a member of the Governance Committee, he has also engaged in discussions on the nomination of executive candidates and the remuneration of directors and officers from an independent and objective standpoint.
Kei Asatsuma	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired as a lawyer, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory

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				support mainly for matters related to legal risks from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for legal risks in the Group's transactions. As a member of the Governance Committee, he has also engaged in discussions on the nomination of executive candidates and the remuneration of directors and officers from an independent and objective standpoint.
Hiroshi Suzuki	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience he has acquired while serving in the Tokyo Regional Taxation Bureau, National Tax Agency, over many years, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support mainly for matters related to taxation and accounting from an objective perspective independent from the Company's management. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the tax treatment of the Group's business schemes. As a member of the Governance Committee, he has also engaged in discussions on the nomination of executive candidates and the remuneration of directors and officers from an independent and objective standpoint.
Mami Taniguchi	Outside Director	13 out of 13 times	—	With the expert knowledge and extensive experience she has acquired as a university professor in international business administration and diversity, she has been expected to provide supervision and advisory support for general management issues from an objective perspective independent from the Company's management. She has expressed opinions on a wide range of management issues in a systematic and practical way, thereby contributing to continuous growth of the Group and further increase in its corporate value. She has properly performed her duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support, in particular for the Group's overseas operations, management structure, and business plan formation for continuous growth. As a member of the Governance Committee, she has also engaged in discussions on the nomination of executive candidates and the remuneration of directors and officers from an independent and objective standpoint.
Toshikazu Koike	Outside Director	13 out of 13 times	—	With the broad range of knowledge and extensive experience he has acquired as an executive manager for many years at an

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				international corporate group, where he has been instrumental in developing its core businesses, he has been expected to contribute to continuous growth of the Group and further increase in its corporate value by providing supervision and advisory support for various matters, including group-wide strategies and global business strategies. He has properly performed his duties to secure the validity and appropriateness of the Company's decision-making by providing supervision and advisory support in stakeholder engagement and project management from an executive manager's perspective. As a member of the Governance Committee, he has also engaged in discussions on the nomination of executive candidates and the remuneration of directors and officers from an independent and objective standpoint.
Fuminari Hako	Outside Audit and Supervisory Board Member	13 out of 13 times	16 out of 16 times	He has properly expressed opinions from a professional viewpoint as a CPA and certified tax accountant.
Shoichi Ikuta	Outside Audit and Supervisory Board Member	13 out of 13 times	16 out of 16 times	He has properly expressed opinions based on his abundant experience and broad knowledge acquired while working with government agencies and private corporations.
Ikuko Akamatsu	Outside Audit and Supervisory Board Member	13 out of 13 times	16 out of 16 times	She has properly expressed opinions from a professional viewpoint as a CPA.

Note: In addition to the above-mentioned meetings, the Outside Audit and Supervisory Board Members, along with other members of the Audit and Supervisory Board, have actively been engaged in activities such as exchanging views and opinions with the representative director of the Company, the representative directors and audit and supervisory board members of key group companies and the accounting auditor of the Company.

4) Outline of the limited liability agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed with each outside Director and outside Audit and Supervisory Board Member an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act. Based on the agreement, the maximum amount of liability for each of them shall be the higher of either 10 million yen or the amount set by the Companies Act.

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4. Accounting Auditor

4.1 Name of Accounting Auditor: Sohken Nichiei Audit Corporation

4.2 Audit fees

		Payment Amount (million yen)
1)	Amount of audit fees to be paid to the Accounting Auditor for the fiscal year under review	56
2)	Amount of monetary and other economic benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	209

- Notes: 1. The audit agreement entered into by the Company and the Accounting Auditor does not clearly distinguish between audit fees derived from audits under the Companies Act and that derived from audits under the Financial Instruments and Exchange Act, and practically cannot do so. Therefore, the payment amount of 1) of the above table shows the combined amount of such audit fees.
2. The Audit and Supervisory Board carefully examined the Accounting Auditor's explanation of the accounting audit plan for the fiscal year under review, the results of the previous year's audit work, the implementation status of its audit activities, and the calculation basis for its audit fee estimates. Based on the explanation, the Board has determined that the amount of audit fees to be paid to the Accounting Auditor is appropriate and has approved it.

Among the Company's major subsidiaries, Bangkok Can Manufacturing Co., Ltd., Crown Seal Public Co., Ltd. and Stolle Machinery Company, LLC have been subject to statutory audits (limited only to audits under the Companies Act or the Financial Instruments and Exchange Act, or any foreign law equivalent to the foregoing Japanese laws) by certified public accountants or audit corporations other than the Company's Accounting Auditor, including those who hold foreign licenses equivalent to licenses required for the foregoing entities in Japan.

4.3 Company's policy for the decision on dismissal or non-reappointment of the Accounting Auditor

If the Audit and Supervisory Board determines that the Accounting Auditor has become significantly inappropriate for the Company's accounting auditor, including the case where the Accounting Auditor has violated any of its professional obligations, neglected its duties or committed any misconduct, the Board shall dismiss the Accounting Auditor with its unanimous consent in accordance with the provisions of Article 340, paragraph 1 of the Companies Act.

In addition, if the Accounting Auditor cannot properly perform its duties due to the occurrence of circumstances that impair qualification and/or independence of the Accounting Auditor, or if the Board determines that the replacement of the Accounting Auditor should be reasonable to enhance the appropriateness of audits, the Board shall determine a proposal for the dismissal or refusal of reelection of the Accounting Auditor, which will be submitted to the General Meeting of Shareholders.

5. System to Ensure Appropriateness of Business and Its Operating Status

5.1 System to Ensure Appropriateness of Business

The Company's Board of Directors resolved the following to establish systems and frameworks that ensure the appropriateness of business operations.

- 1) System to ensure that business execution by directors and employees of the Company and its group companies complies with laws and regulations and the Articles of Incorporation
 - a) The Company shall formulate the Toyo Seikan Group Code of Conduct and Guidelines of Behavior, which provide standards for directors, operating officers, and employees of the Company and its group companies (collectively "Officers and Employees") to comply with laws and regulations, the Articles of Incorporation and corporate ethics.
 - b) The Company shall establish the Group Risk and Compliance Committee, which governs the entire Group's commitment to compliance. Under the supervision of the Committee, the Company shall provide training opportunities for Officers and Employees to fully understand compliance-related issues.
 - c) The Company and its group companies shall develop a system of reporting and consultation about compliance issues for the prevention, early detection and correction of compliance violations. They shall establish internal and external compliance hotlines to provide a means for their employees to directly report law violations and alleged non-compliance, and set rules for operating the hotline system.
- 2) System to retain and manage information regarding business execution by directors of the Company and its group companies
 - a) In accordance with laws and regulations and internal regulations, the Company and its group companies shall record and retain all information related to the execution of duties by their directors, including minutes of shareholders meetings, board of directors meetings and management meetings, deliberation records and approval documents, for a period of time set forth by the relevant regulations in an appropriate and easy-to-search manner, in a hard copy or electronic form, to allow their directors and Audit and Supervisory Board Members to access such information at all time.
 - b) The Company shall oversee information management of the Company and its group companies under the supervision of the Group Risk and Compliance Committee, and formulate information management rules to ensure appropriate information control across the Group.
- 3) Rules and framework for controlling the risk of loss to the Company and its group companies
 - a) The Company shall formulate the Group Risk and Crisis Management Regulations and establish a group-wide risk and crisis management framework under the supervision of the Group Risk and Compliance Committee. Through this framework, the Company shall check the risk management status at each group company and take necessary measures to make improvements and corrections.
 - b) In the event of any unforeseen circumstances, the Company shall establish a crisis management headquarters that supervises group companies' emergency control action, or relevant group companies shall individually establish a crisis management headquarters, as appropriate, to prevent and minimize the spread of damage to the entire Group.
- 4) System to ensure efficient business execution by directors of the Company and its group companies
 - a) The Company shall stipulate matters to be resolved and reported at its Board of Directors meetings, which shall be held once per month in principle, and at other times as needed, to make appropriate and quick decisions on important issues related to the Group's management policies, management strategies and business execution.
 - b) The Company shall stipulate matters to be deliberated and reported at its management meetings, which shall be held three times per month in principle, and at other times as needed, to discuss issues related to important business execution by the Company and its group companies and thereby improve the efficiency and effectiveness of deliberations at its Board of Directors meetings. Each group company shall also set up management meetings in principle to improve the efficiency and effectiveness of deliberations at its board of directors meetings.
 - c) Business operations based on decisions by the board of directors of the Company or its individual group companies shall be implemented by departments in charge and examined and corrected by

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- relevant directors as needed in accordance with the rules on division of duties and approval authorities formulated by the Company or by its individual group companies based on prior consultation with the Company.
- 5) Other systems to ensure appropriate business operations at the Company and its group companies
 - a) As the holding company that controls the businesses of the entire Group, the Company shall check and review business details and performance of its group companies by holding regular meetings with each group company.
 - b) The Company shall formulate the Rules for the Management and Administration of Group Companies and develop a framework for managing and supporting its group companies, including a business operation reporting system, to ensure appropriate management of each group company.
 - c) The internal audit division of the Company shall audit the internal control systems of the Company and its group companies and report the results to the President.
 - d) The Company and its group companies shall establish and operate necessary and appropriate internal control systems to ensure proper financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable laws and regulations.
 - 6) System related to assignment of audit assistants and matters related to ensuring their independence from directors and the effectiveness of Audit and Supervisory Board Members' directions
 - a) Directors shall assign employees to serve as dedicated audit assistants who assist Audit and Supervisory Board Members with their execution of duties. The number of audit assistants required shall be determined based on prior discussion with Audit and Supervisory Board Members.
 - b) Audit assistants shall be given directions and orders only by Audit and Supervisory Board Members, not by directors, in performing their duties. Evaluations of audit assistants shall be conducted by Audit and Supervisory Board Members, while their assignment, dismissal and reassignment shall be determined by directors with the consent of the Audit and Supervisory Board.
 - 7) System related to reports to Audit and Supervisory Board Members by Officers and Employees
 - a) Officers and Employees shall, through reporting channels such as management meetings, report to Audit and Supervisory Board Members appropriately on important matters that might have an impact on business operations or performance of the Company and its group companies. Notwithstanding the foregoing, Audit and Supervisory Board Members may, whenever necessary, request reports from Officers and Employees and attend important meetings on individual business operations of the Company and its group companies.
 - b) The internal audit division of the Company shall regularly hold meetings with Audit and Supervisory Board Members to report the status of internal auditing, compliance and risk management at the Company and its group companies.
 - c) The Company and its group companies shall establish a reporting system that allows Officers and Employees to report to Audit and Supervisory Board Members appropriately on compliance-related issues.
 - d) The Company and its group companies shall establish a system to ensure that no Officers and Employees suffer detrimental treatment due to their reporting to Audit and Supervisory Board Members.
 - 8) Other systems to ensure effective audits by Audit and Supervisory Board Members
 - a) Audit and Supervisory Board Members shall strive to fulfill and improve their duties by mutually exchanging information and ideas with the President and Representative Director, the internal audit division and the accounting auditor of the Company.
 - b) When recognizing problems in the development and operation of the Company's internal control system, Audit and Supervisory Board Members may give their opinions to the Board of Directors and request them to formulate remedial measures.
 - c) The Company and its group companies shall record without delay expenses that have incurred during the execution of duties by their Audit and Supervisory Board Members, by taking into account the opinion of relevant Audit and Supervisory Board Member(s), except for expenses recognized as unnecessary for the execution of their duties.

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- 9) Basic principles and framework for eliminating the influence of organized crime groups
 - a) The Company and its group companies shall have no association whatsoever with organized crime groups and related parties that threaten social order and security. The Company and its group companies shall eliminate any relationship with organized crime groups by taking a firm stand against them and decisively rejecting any illegal request.
 - b) The Company and its group companies shall stipulate how to cope with organized crime groups in their respective corporate codes of conduct and guidelines, and share it with Officers and Employees and other stakeholders of the Group. The Company and its group companies shall establish a framework that enables them to, under the supervision of their respective general affairs departments, take prompt action against organized crime groups whenever necessary by gathering relevant information from police organizations and other authorities concerned and cooperating closely with those authorities and attorneys.

5.2 Operating Status of System to Ensure Appropriateness of Business

Summarized below is the operating status of the system to ensure the appropriateness of business in the fiscal year under review.

1) Overall internal control system

The Company and its group companies develop and operate an internal control system, and the effectiveness of the system is checked through internal audit work performed by the Internal Audit Office, the Company's internal audit division, on the effectiveness, efficiency, and legality of the Group's business operations. The audit results are reported by the Internal Audit Office to the directors and auditors of the Company via the Board of Directors, the Executive Management Meeting and the Audit and Supervisory Board.

2) Risk management

The Company and its group companies reinforce their risk management systems based on the "Group Risk and Crisis Management Regulations", which have been formulated to prevent the risks that could have an impact on business continuity, achieve a stable foundation for their business management, and, in the event of a crisis, quickly restore and resume operation. The Company has established the Group Risk and Compliance Committee to supervise risk control, crisis management and compliance across the Group. The Committee checks information related to material risks and takes necessary action to improve situations and prevent risk occurrence. In addition, the Company and its group companies individually develop crisis management rules and crisis response manuals and review their risk management status under their respective management systems.

With respect to the COVID-19 situation, we are taking comprehensive measures for the entire group, including foreign subsidiaries, by establishing a group-wide COVID-19 crisis management committee consisting of directors and officers of the Company and its group companies, which meets as appropriate, and by sharing information about the current situation of infection and governmental measures through the Group's internal database on a daily basis. To ensure the continuity of the Group's operations related to food, beverages and household products, which are essential for maintaining social functions, while protecting the health of employees, the committee has been leading the efforts to contain the spread of infection through promoting working from home at the head office and other business offices and steadily implementing preventive measures at production facilities.

3) Compliance

The Group carries out compliance activities, such as Group Risk and Compliance Committee meetings and various training programs, with a flexible, cross-organizational approach to ensure compliance awareness and prevent violations.

The Company and its group companies endeavor to ensure that employees are properly informed of the compliance hotlines and that these hotlines are easy to use. The information received through the hotlines is investigated and addressed by the relevant division under the instruction of the officer in charge of compliance, and then reported to the Group Risk and Compliance Committee.

The Company has also initiated activities to grasp the full scope of generally assumed compliance risks, identify compliance risks related to the Group's business operations, and thereby establish an appropriate compliance promotion system based on the concept of a risk-based approach.

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4) Governance Committee

The Company has established the Governance Committee, which consists of the representative director and the five independent outside directors, to further enhance corporate governance. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

5) Management of group companies

Based on the “Group Companies Management Regulations”, an important decision for a group company is discussed by such group company’s management meeting before being discussed at a management meeting of the Company.

The Company regularly holds meetings with major group companies, including the Group Management Promotion Committee, to share and discuss business issues across the Group.

6) Performance of duties by Audit and Supervisory Board Members

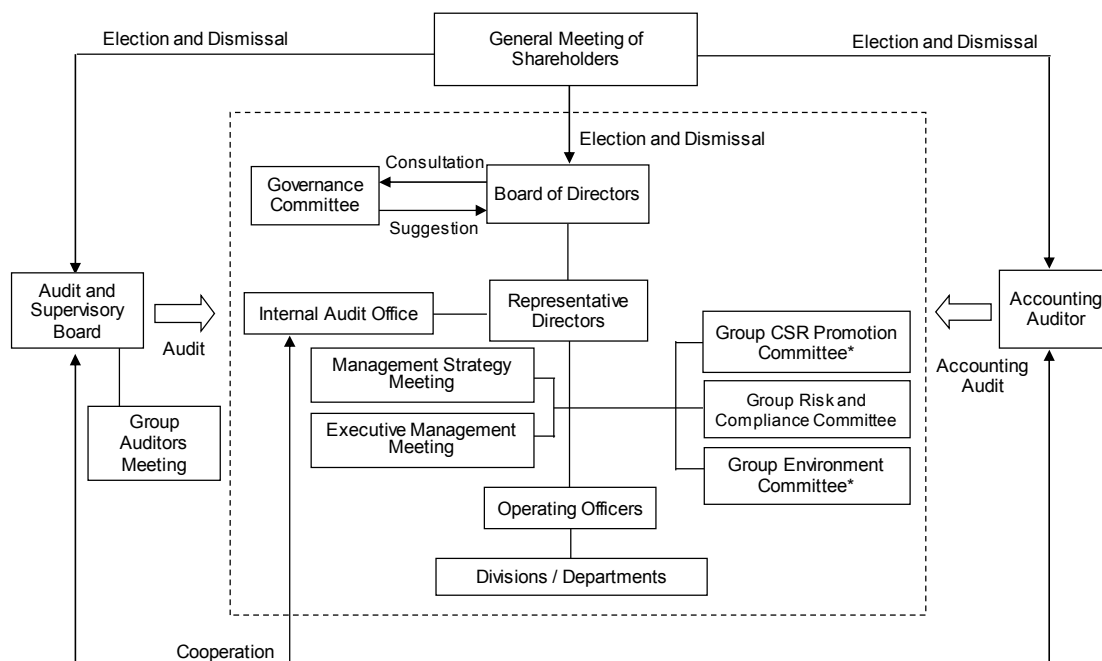
Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, have checked and supervised the business execution status through holding Audit and Supervisory Board Meetings (16 times during the year under review) and receiving report on important management issues at the Board of Directors meeting and the management meeting that is attended by Standing Audit and Supervisory Board Members.

Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, appropriately share management issues with the representative director of the Company, the representative directors and audit and supervisory board members of key group companies and with the Company’s accounting auditor through regular meetings and other opportunities to exchange opinions.

<Reference>

The corporate governance structure of the Company is as follows:

The Company's Corporate Governance Structure



Board of Directors

The Board of Directors, established as a management decision-making and supervising body, is composed of eleven members (including five outside Directors) and meets once a month in principle.

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The term of office of the Directors is set at one year in order to clarify their management responsibility and to flexibly establish a management system that can swiftly respond to changes in business environment. The Article of Incorporation of the Company stipulates that the number of seats on the Board of Directors shall not exceed fifteen.

Audit and Supervisory Board

The Audit and Supervisory Board is responsible for auditing important management issues. It is composed of five members (including three outside Audit and Supervisory Board Members) and meets once a month in principle.

Management Strategy Meeting / Executive Management Meeting

The Company has introduced an operating officer system for the purpose of distinguishing and clarifying responsibilities for decision-making/supervisory functions and business execution. To develop the basic management policy and take necessary measures swiftly and appropriately for strong management, it regularly conducts the Management Strategy Meeting and the Executive Management Meeting; the former is held on a monthly basis and comprised of full-time Directors, Heads in charge of key organizational functions, and Executive Officers, while the latter is scheduled twice a month in principle and attended by full-time Directors, Heads in charge of key organizational functions, Executive Officers, and Presidents of major group companies.

Standing Audit and Supervisory Board Members attend both the Management Strategy Meeting and the Executive Management Meeting to present their opinions as appropriate.

Internal Audit Office

The Internal Audit Office (consisting of nine employees including three certified internal auditors) has been established as an independent organization under the direct control of the Representative Director, and works closely with the Accounting Auditor and Audit and Supervisory Board Members by exchanging information and opinions in order to enhance the effectiveness of audits.

Governance Committee

The Company has established the Governance Committee, a voluntary consultative body consisting of the representative director and five independent outside directors, to further enhance corporate governance. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

Group Auditors Meeting

The Company has established the Group Auditors Meeting, aiming to facilitate information sharing among the audit and supervisory board members of the Company and its group companies and enhance their relationships. The meeting is held seven times a year, in principle, to secure the efficiency and effectiveness of their duties.

Group CSR Promotion Committee*

The Group CSR Promotion Committee develops and manages the framework to promote CSR activities and implement CSR initiatives in order to drive CSR management across the group.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee supervises risk management, crisis management and compliance across the group. Its responsibilities include confirming information on significant risks and preventing, mitigating and correcting risk situations.

Group Environment Committee*

The Group Environment Committee develops and manages the framework to promote environmental activities and implement environmental initiatives in order to drive the group-wide environmental management.

Note*: The Company abolished the Group CSR Promotion Committee and the Group Environment Committee and established the Group Sustainability Committee on April 1, 2022 to integrate CSR and environmental activities at a higher level and conduct those activities in a more consistent manner.

6. Basic Policy for Control of the Company (the “Basic Policy”)

6.1 Outline of the Basic Policy

The Company believes that those who control decisions on its financial and business policies need to understand the source of the Company’s corporate value and be able to constantly and stably generate and improve the corporate value and, in turn, the common interests of its shareholders.

The Company would not necessarily reject a large-scale acquisition of its shares if such acquisition could contribute to its corporate value and shareholders’ common interests. The Company also believes that the final decision as to whether or not accepting a proposal of acquisition that leads to a change in control of the Company should be made based on the overall shareholders’ intention.

However, there have been quite a few large-scale share acquisitions performed with a purpose that could result in obvious damage to the target company’s value and its shareholders’ common interests as well as other negative outcomes. If a buyer who acquires massive amount of shares in the Company never understands the source of its corporate value nor has the capability to maintain and increase the source over the medium- to long-term, the Company’s value and its shareholders’ common interests would be impaired.

Since such buyer is not appropriate to gain control over decisions about the Company’s financial and business policies, the Company will take appropriate measures against such proposals, if any, in accordance with the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations, by requesting such buyer to provide necessary and sufficient information for shareholders to make an appropriate decision on whether or not to accept the proposed large-scale share acquisition, disclosing the opinions of the Board of Directors, and securing the time and information necessary for shareholders to consider the matter.

6.2 Details of specific activities that contribute to the implementation of the Basic Policy

Mid-Term Management Plan and related matters

In May 2021, we formulated a long-term management vision looking to the fiscal year 2050, the Long-Term Management Vision 2050 "The Future, Wrapped for All," in order to think about the society and the global environment from a long-term perspective to maximize the value we offer to all our stakeholders. Toward the realization of this vision, we have set the Mid- to Long-Term Management Goals 2030, which are quantitative and qualitative management targets to be achieved by 2030. As an action plan to achieve the mid- to long-term goals, we have also formulated the Mid-Term Management Plan 2025 for the five years from fiscal 2021.

Enhancing corporate governance

We believe that the enhancement of corporate governance under the Group’s management philosophy, including its management policy, creed, and vision, is one of the most important management issues in improving our corporate value and continuing new development and evolution while contributing to the society through our business activities. Based on this point of view, we have formulated the “Basic Corporate Governance Policy” to continuously address this issue.

1) Holding company structure

Under a holding company structure, the Group has been operating flexibly and effectively by setting clear management strategies and goals for the entire group and optimizing the allocation of management resources across the group. This allows the Group to separate the functions for the development of management strategies from the business execution functions as well as to establish a more definite management responsibility structure.

2) Structures of outside directors and auditors

The Company has set the “independence criteria for outside directors and auditors” in order to clarify independence standards based on which its outside directors and auditors are designated as Independent Directors and Independent Audit and Supervisory Board Members of the Company.

The Board of Directors is composed of eleven members, five of whom are Independent Outside Directors. The Independent Outside Directors therefore represent more than one-third of the Board members. The Director’s term of office is set as one year in order to clarify the Directors’ management

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responsibility and flexibly establish a management system that can swiftly respond to changes in business environment.

In addition to active discussions at the Board meetings, the outside Directors and Audit and Supervisory Board Members provide monitoring on management with an objective view of an outsider, which ensures that the surveillance function for the Company's management structure works effectively.

3) Executive structure

The Company has introduced an operating officer system to ensure management efficiency and flexibility as well as to distinguish and clarify responsibilities for decision-making/supervision and business execution. It conducts on a monthly basis the Management Strategy Meeting, which consists of full-time Directors, Heads in charge of key organizational functions, and Executive Officers. The Company also holds twice a month in principle the Executive Management Meeting, which is attended by full-time Directors, Heads in charge of key organizational functions, Executive Officers, and Presidents of major group companies. Standing Audit and Supervisory Board Members attend both the Management Strategy Meeting and the Executive Management Meeting and present their opinions as appropriate. The Company provides its directors and officers with training opportunities as needed to support them in acquiring and continuously updating necessary knowledge for appropriate performance of their duties.

The Company has also established the Governance Committee, a voluntary consultative body consisting of the representative director and five independent outside directors. The committee is designed for more objective, transparent and timely decision-making of the Board of Directors regarding such issues as the appointment of representative directors and director and auditor candidates and the remuneration of directors and officers.

4) Structure of internal control system operation

The Company and its group companies operate an internal control system, and in order to ensure thorough compliance in business activities and improve management efficiency, the status of improvement and operation of the system and the status of compliance are checked through regular internal audit work performed by the Internal Audit Office, the internal audit division that is directly under the Representative Director of the Company. Based on the results of audit, corrective measures are implemented if necessary.

The Group will pursue the enhancement of corporate governance with the aforementioned measures, increasing the corporate value of the Company and, in turn, generating and improving the common interests of its shareholders.

6.3 The Board of Directors' judgment on the specific measures and grounds for the judgment

The Company's mid-term management plan and various other measures to strengthen corporate governance have been formulated to continuously enhance its corporate value and the common interests of its shareholders, and therefore they are fully in line with the Basic Policy of the Company.

With the above-mentioned facts, it is obvious that the goal of the specific activities described above is not to maintain the status of Directors and Audit and Supervisory Board Members of the Company but to contribute to its corporate value and, in turn, the common interests of its shareholders.

Note: The amounts of money and the numbers of shares stated in this Business Report are rounded down to the nearest unit. The ratios are rounded off to the nearest unit.

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Consolidated Balance Sheet

(As of March 31, 2022)

(All amounts are in millions of yen)

Accounting title (Assets)	Amount	Accounting title (Liabilities)	Amount
Current assets	537,682	Current liabilities	280,033
Cash and deposits	126,449	Notes and accounts payable—trade	104,091
Notes and accounts receivable— trade, and contract assets	200,106	Short-term loans payable	52,520
Electronically recorded monetary claims—operating	28,113	Income taxes payable	10,917
Merchandise and finished goods	96,366	Provision for directors' bonuses	540
Work in process	22,096	Provision for pollution load levy	104
Raw materials and supplies	40,090	Other	111,858
Other	27,148		
Allowance for doubtful accounts	(2,690)		
		Non-current liabilities	137,957
Non-current assets	544,599	Long-term loans payable	54,931
Property, plant and equipment	356,186	Deferred tax liabilities	10,630
Buildings and structures	117,711	Provision for special repairs	6,166
Machinery, equipment and vehicles	118,963	Provision for pollution load levy	2,224
Land	84,542	Provision for directors' retirement benefits	1,032
Construction in progress	19,629	Net defined benefit liability	51,188
Other	15,339	Other	11,782
Intangible assets	25,484		
		Total liabilities	417,990
Investments and other assets	162,927	(Net assets)	
Investment securities	115,484	Shareholders' equity	579,875
Net defined benefit asset	21,915	Capital stock	11,094
Deferred tax assets	12,298	Capital surplus	11,468
Other	16,700	Retained earnings	596,286
Allowance for doubtful accounts	(3,472)	Treasury shares	(38,974)
		Accumulated other comprehensive income	57,472
		Valuation difference on available- for-sale securities	40,199
		Deferred gains or losses on hedges	(266)
		Foreign currency translation adjustment	12,440
		Remeasurements of defined benefit plans	5,099
		Non-controlling interests	26,943
		Total net assets	664,291
Total assets	1,082,282	Total liabilities and net assets	1,082,282

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Consolidated Statement of Income

〔 From April 1, 2021
to March 31, 2022 〕

(All amounts are in millions of yen)

Accounting title	Amount	
Net sales		821,565
Cost of sales		712,708
Gross profit		108,856
Selling, general and administrative expenses	.	74,742
Operating income		34,114
Non-operating income		
Interest income	370	
Dividend income	2,780	
Rent income	1,057	
Foreign exchange gains	2,374	
Share of profit of entities accounted for using equity method	7,884	
Other	4,719	19,187
Non-operating expenses		
Interest expenses	783	
Rent expenses on non-current assets	1,123	
Loss on retirement of non-current assets	1,245	
Provision of allowance for doubtful accounts	416	
Other	4,020	7,589
Ordinary income		45,712
Extraordinary income		
Gain on sales of investment securities	18,426	18,426
Extraordinary losses		
Impairment loss	2,264	
Early extra retirement payments	1,035	
Loss on valuation of shares of subsidiaries and associates	746	4,046
Profit before income taxes		60,092
Income taxes—current	13,180	
Income taxes—deferred	421	13,601
Profit		46,490
Profit attributable to non-controlling interests		2,068
Profit attributable to owners of parent		44,422

Consolidated Statement of Changes in Equity

(From April 1, 2021
to March 31, 2022)

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,094	11,468	563,131	(30,003)	555,691
Changes of items during period					
Transfer to capital surplus from retained earnings		246	(246)		—
Dividends of surplus			(11,020)		(11,020)
Profit/Loss attributable to owners of parent			44,422		44,422
Purchase of treasury shares				(10,017)	(10,017)
Disposal of treasury shares		(246)		1,046	799
Net changes in items other than shareholders' equity					
Total changes of items during period	—	—	33,155	(8,971)	24,183
Balance at end of current period	11,094	11,468	596,286	(38,974)	579,875

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	59,342	(133)	7,366	3,578	70,153	25,794	651,639
Changes of items during period							
Transfer to capital surplus from retained earnings							—
Dividends of surplus							(11,020)
Profit/Loss attributable to owners of parent							44,422
Purchase of treasury shares							(10,017)
Disposal of treasury shares							799
Net changes in items other than shareholders' equity	(19,143)	(132)	5,074	1,521	(12,680)	1,149	(11,531)
Total changes of items during period	(19,143)	(132)	5,074	1,521	(12,680)	1,149	12,652
Balance at end of current period	40,199	(266)	12,440	5,099	57,472	26,943	664,291

Notes to Consolidated Financial Statements

◆ Significant Matters That Serve as the Basis for Preparing Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of significant consolidated subsidiaries

Number of consolidated subsidiaries: 71

(Toyo Seikan Co., Ltd. / Toyo Kohan Co., Ltd. / Tokan Kogyo Co., Ltd. / Nippon Closures Co., Ltd. / Toyo Glass Co., Ltd. / Mebius Packaging Co., Ltd. / Toyo Aerosol Industry Co., Ltd. / TOMATEC Co., Ltd. / Can Machinery Holdings, Inc. / 62 other subsidiaries)

(2) Non-consolidated subsidiaries

The 14 non-consolidated subsidiaries, including ISHIKAWA INK CO., LTD., are excluded from the scope of consolidation since their respective total assets, sales, profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) are relatively small and have no significant effect on the consolidated financial statements.

2. Application of the Equity Method

Number of associates accounted for using the equity method: 4

(Asia Packaging Industries (Vietnam) Co., Ltd. / T&T Enertechno Co., Ltd. / TOSYALI TOYO CELIK ANONIM SIRKETI / PT FUJI TECHNICA INDONESIA)

The non-consolidated subsidiaries (ISHIKAWA INK CO., LTD. and 13 others) and associates (Takeuchi Hi-Pack Co., Ltd., and 4 others) are not accounted for using the equity method since they have no significant importance and their respective profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) have no significant effect on the consolidated financial statements.

As for associates accounted for using the equity method with a book-closing date that is different from the book-closing date for consolidated accounting, the financial statements they prepared for their own fiscal years are used for the consolidated financial statements.

3. Book-Closing Date for Accounting of Consolidated Subsidiaries

Of the consolidated subsidiaries, 32 companies (including 6 companies stated below) close their accounts on December 31. Because the difference between their book-closing date and the book-closing date for consolidated accounting is three months or less, the financial statements they prepared for their own fiscal years are used for the consolidated financial statements.

Stolle Machinery Company, LLC

Next Can Innovation Co., Ltd.

Bangkok Can Manufacturing Co., Ltd.

Toyo Seikan (Thailand) Co., Ltd.

Crown Seal Public Co., Ltd.

TOYO-MEMORY TECHNOLOGY SDN. BHD.

As for material transactions performed during the period between their closing date (December 31) and the consolidated closing date (March 31), necessary adjustments are made for the purposes of consolidated accounting.

4. Accounting Policies

(1) Valuation basis and method for major assets

i) Securities

Bonds held to maturity: Valued at amortized cost by the straight-line method.

Available-for-sale securities

Securities excluding stocks and others without quoted market prices:

Valued based on market values as of the book-closing date. (The valuation gains and losses are all recorded in the net assets section. The cost of securities sold is calculated using the moving-average method.)

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Stocks and others without quoted market prices:

Valued at cost using the moving-average method.

ii) Derivatives Valued at fair value.

iii) Inventories Principally valued at cost using the weighted-average method (the valuation is subject to the book value reduction method based on decreased profitability).

(2) Depreciation and amortization methods of major assets

i) Property, plant and equipment (excluding leased assets)
Depreciated using the straight-line method.

ii) Intangible assets (excluding leased assets)
Amortized using the straight-line method.

iii) Leased assets (related to non-ownership-transfer financial lease transactions)
Depreciated over the lease period using the straight-line method with no residual value.

(3) Accounting for major reserves

i) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at the amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.

ii) Provision for directors' bonuses
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.

iii) Provision for special repairs
The provision for repairs of glass furnaces, which are conducted periodically, is provided at an amount equivalent to the portion of the estimated cost for the next repair that corresponds to the elapsed time.

iv) Provision for pollution load levy
The provision for pollution load levy is provided at the amount of pollution load levy payable in the future that is reasonably estimated according to the amount of pollutant emission pursuant to the Law Concerning Pollution-Related Health Damage Compensation and Other Measures.

(4) Accounting standards for revenue and expenses

Concerning revenue from contracts with customers of the Company and its group companies, the content of primary performance obligations in relevant businesses and the timing of fulfillment of the performance obligations are as follows.

The Group's businesses mainly consist of the packaging business, the engineering, filling, and logistics businesses, the steel plate related business, the functional materials related business, and the real estate related business. The performance obligations of the packaging business are the manufacturing and delivery of packaging made of metal, plastic, paper, and glass, and the performance obligations of the engineering, filling, and logistics businesses are the manufacturing and delivery of machinery and equipment related to packaging containers, the contract manufacturing and delivery of filled products, and cargo transportation. The performance obligations of the steel plate related business are the manufacturing and delivery of steel plate and related products, while those of the functional materials related business are the manufacturing and delivery of functional materials such as aluminum substrates for magnetic disks, optical functional films, flit, pigment, and gel coat.

These performance obligations are fulfilled upon the transfer of promised goods or services to customers, and the Company recognizes revenue in an amount that it expects to receive in exchange for those goods or services. For domestic transactions, revenue is recognized at the time of shipment if the period from the time of shipment to the time of transfer of the control of the shipped item or product to the customer is a normal length of time.

Some contracts in the packaging business and the filling business provide that raw materials purchased

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from a customer should be processed and sold back to the customer. In such transactions, revenue is recognized in the net amount received from the customer, less the raw material prices paid to the customer.

Some of the Company's consolidated subsidiaries offer rebates on goods and products they sell subject to the achievement of their target sales volume or sales amount. In such cases, the transaction prices are the consideration promised from customers in the contract, less the estimated amount of relevant rebates. Such rebates are estimated based on the mode approximation method in consideration of the contract terms and conditions, and are recognized only when it is highly probable that there will be no significant reversal.

The consideration promised from customers is usually collected within one year from the time when the goods or services are transferred to the customers, and does not include significant financing components.

(5) Other significant matters in preparing the consolidated financial statements

i) Hedge accounting method

The Company has adopted the deferral method for hedging activities. Forward exchange contracts that satisfy the requirements of "*furiate-shori*," an exceptional accounting treatment for foreign exchange contracts, are subject to the treatment.

ii) Method and period of goodwill amortization

Goodwill is amortized under the straightforward depreciation method over a period of five to ten years. If the value of goodwill is insignificant, the goodwill is amortized at once in the fiscal year in which it is recognized.

iii) Application of Consolidated Taxation System

The Group has adopted the Consolidated Taxation System, with the Company being as the parent company under the system.

iv) Treatment of tax effect accounting for transition from Consolidated Taxation System to Group Tax Sharing System

The Company and some of its domestic consolidated subsidiaries will transition from the Consolidated Taxation System to the newly established Group Tax Sharing System in the following fiscal year. However, regarding the transition and the several changes in accounting policies of the Single Taxation System following the aforementioned transition under the Act on Partial Revision of Income Tax Act (Act No. 8, 2020), the Company and some of its domestic subsidiaries calculate deferred tax assets and deferred tax liabilities based on the corporate tax law before revision, notwithstanding the provisions of Section 44 of the ASBJ Implementation Guidance on Tax Effect Accounting (Guidance No. 28, February 16, 2018), pursuant to Section 3 of the ASBJ Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020).

From the beginning of the following fiscal year, the Company will adopt the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021), which provides for the accounting of national and local corporation taxes and tax effect accounting under the Group Tax Sharing System and the disclosure of such accounting treatment.

v) Accounting procedure regarding employees' retirement benefits

The amount of retirement benefit obligations after deducting the plan assets was reported as "Net defined benefit liability", based on the projected retirement benefits as of the end of the fiscal year under review. In calculating the retirement benefit obligations, the benefit formula basis is used to allocate the projected retirement benefits to the years of service up to the end of the fiscal year under review.

Prior service cost is amortized at one time in the fiscal year in which such cost is incurred.

Actuarial gains or losses are amortized on a straight-line basis from the following year of the fiscal year of recognition over a period (10 years) within the average remaining service years for employees at the time of recognition.

Unrecognized actuarial gains or losses are reported as remeasurements of defined benefit plans under "Accumulated other comprehensive income" in the net assets section after adjusting tax effects.

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◆ Notes to Changes in Accounting Policies

[Application of accounting standards for revenue recognition]

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other applicable accounting standards since the beginning of the fiscal year under review. Under this accounting principle, the Company recognizes revenue in the amount to be received in exchange for promised goods or services at the time when their control is transferred to the customer. For domestic transactions, revenue is recognized at the time of shipment if the period from the time of shipment to the time of transfer of the control of the shipped item or product to the customer is a normal length of time.

Major changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows:

(1) Revenue recognition for buy and sell back transactions

The Company previously recognized revenue in the total amount of consideration received from customers. However, the revenue recognition method has been changed such that revenue for buy and sell back transactions, in which the Company purchase raw materials, etc. from a customer and process and sell them back to the customer, is recognized in the net amount received from customers, less the purchase prices of raw materials, etc. paid to the customers.

(2) Revenue recognition for sell and buy back transactions

The Company previously recognized the extinguishment of inventory assets for sell and buy back transactions, in which the Company is obligated to repurchase the raw materials, etc. that have been sold to customers, while the Company has changed the recognition method such that the ending inventory of such raw materials, etc. held by customers is recognized as inventory assets.

(3) Logistics costs incurred for contract fulfillment

Logistics costs, which were previously recorded as selling, general and administrative expenses, include physical distribution costs incurred for the delivery of goods to customers. The Company has changed the method of recognizing such distribution costs, and therefore distribution costs incurred for the fulfillment of contracts are recorded as cost of sales.

The Company has adopted the Accounting Standard for Revenue Recognition in accordance with the transitional treatment prescribed in Section 84 of the standard. The Company has adopted the new accounting policy for the value of retained earnings on the consolidated balance sheet from the beginning of the fiscal year under review by adding to or subtracting from the retained earnings at the beginning of the period the cumulative effects of applying retrospectively the new accounting policy to the years before the year under review. However, the Company applied the procedure provided for in Section 86 of the Accounting Standard for Revenue Recognition to contracts where virtually all revenue had been recognized prior to the beginning of the year under review, and did not retroactively apply the new policy to them. In addition, the Company followed the procedure prescribed in Section 86 (1) of the Accounting Standard for Revenue Recognition for contracts that have been modified before the beginning of the year under review, and performed accounting procedures based on the modified contract terms, reflecting their cumulative effects in the value of retained earnings at the beginning of the period.

As a result, net sales, cost of sales and selling, general and administrative expenses for the fiscal year under review decreased by 23,824 million yen, 11,064 million yen and 13,043 million yen, respectively. Decreases of 23,897 million yen in net sales and of 23,897 million yen in cost of sales were mainly due to the impact of revenue recognition for buy and sell back transactions. Selling, general and administrative expenses decreased by 12,846 million yen and cost of sales increased by 12,846 million yen due to changes in the recognition of logistics costs incurred for the fulfillment of contracts.

The accounting policy change had no impact on profit before income taxes for the period or the value of retained earnings on the consolidated balance sheet at the beginning of the period.

In accordance with the application of the Accounting Standard for Revenue Recognition, notes and accounts receivable—trade presented as current assets on the consolidated balance sheet for the previous fiscal year is included in notes and accounts receivable—trade, and contract assets on the consolidated balance sheet for the fiscal year under review.

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[Application of accounting standards for fair value measurement]

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) and other applicable accounting standards from the beginning of the fiscal year under review, and, in accordance with the transitional treatment set forth in Section 19 of the Accounting Standard for Fair Value Measurement and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company will adopt the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement and others from the following year and thereafter. The accounting policy change had no impact on the consolidated financial statements for the year under review.

◆ Notes to Accounting Estimates

[Matters regarding the impairment of non-current assets]

1. Amount recorded in the consolidated financial statements for the year under review

(in millions of yen)

Impairment loss	2,264
Property, plant and equipment	356,186
Intangible assets	25,484

2. Information on the details of important accounting estimates related to identified items

- (1) Calculation method of the amounts recorded in the consolidated financial statements for the year under review

The Group estimates the future cash flows of an asset group in which it identifies signs of impairment, and, if it concludes the profitability of such asset group is unlikely to recover, it reduces the book value of the asset group to a recoverable amount and posts the reduction in the value as an impairment loss. The Group's assets are grouped based on management accounting categories (by plant or by office for operational assets and by property for leasing assets and idle assets). The recoverable amount of an asset group is the greater of its value in use or net selling price. The value in use is calculated by discounting the future cash flows with a discount rate based on the weighted average cost of capital, while the net selling value is determined as equivalent to the estimated disposal value.

- (2) Key assumptions used in the calculation of the amounts recorded in the consolidated financial statements for the year under review

The calculation of future cash flows uses several factors stated in the mid-term management plan and other business plans for individual reporting units of the Group. These plans include certain assumptions based on past experiences and growth rates and current economic prospects.

With respect to the impact of the COVID-19 pandemic, the outlook is still uncertain because the pandemic remains unlikely to be contained. However, people's work styles and lifestyles have changed in various ways, and we do not expect the market environment to return to its previous state even when the pandemic is over. Therefore, we have estimated the future cash flow considering the potential impact of the pandemic on our business plans.

- (3) Impact on the consolidated financial statements for the following fiscal year

The timing and amount of cash flows may be affected by future uncertainties of changes in economic conditions, and if the actual timing and amount of cash flows differ from estimates, this may have a material impact on the consolidated financial statements for the following fiscal year. Therefore, the key assumptions described in the previous section (2), which are based on the best estimate, may differ from the results depending on the COVID-19 situation and economic conditions going forward.

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◆ Notes to Consolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment: 1,256,401 million yen

2. Guaranteed loans

The Company has provided credit guarantees on loans from financial institutions as follows:

- Employees (housing loans): 337 million yen
- TOSYALI TOYO CELIK ANONIM SIRKETI (bank loans): 30,525 million yen
(249 million dollars)
- TOSYALI TOYO CELIK ANONIM SIRKETI (L/C transactions):
1,855 million yen
(15 million dollars)
- TOYO PACK KIYAMA Co., Ltd. (bank loans): 3,720 million yen

◆ Note to Consolidated Statement of Income

1. Matters concerning extraordinary losses

1) Impairment loss

The Group posted impairment losses on the following asset group.

Location	Uses of assets	Type of assets	Loss amount (million yen)	Collectible value
Toyo Seikan Co., Ltd. Kiyama Plant (Kiyama- cho, Miyaki-gun, Saga)	Manufacturing facilities for food/beverage cans, etc.	Buildings and structures, machinery, equipment and vehicles, and others	2,264	Use value

The Group classifies owned assets based on management accounting categories; business assets are mainly classified by plant or by office, while leasing assets and idle assets are classified by property.

The Group estimated the future cash flow of the asset groups for which profitability significantly declined. As for an asset group whose profitability is unlikely to recover, its book value is reduced to a collectible amount, and the reduction amount is posted as an impairment loss under extraordinary losses.

The collectible amounts for individual asset groups were based on their use values or net selling prices; the use values are calculated by discounting the future cash flow with a discount rate of 5 percent, in principle, while the net selling prices are determined according to the estimated disposal values.

The following table describes the details of the impairment loss (2,264 million yen) posted under extraordinary losses.

Location	(in millions of yen)						
	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other (of Property, plant and equipment)	Intangible assets	Total
Toyo Seikan Co., Ltd. Kiyama Plant	667	1,326	—	147	122	—	2,264

2) Early extra retirement payments

Early extra retirement payments include early retirement bonuses due to voluntary retirement programs conducted in the Company's domestic consolidated subsidiaries.

3) Loss on valuation of shares of subsidiaries and associates

Loss on valuation of shares of subsidiaries and associates was recorded due to deterioration in the financial conditions of the Company's overseas subsidiaries and associates.

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◆ Notes to Consolidated Statement of Changes in Equity

1. Matters concerning class and total number of issued shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	202,862	-	-	202,862
Treasury shares				
Common shares	14,790	7,016	515	21,291

Note: 1. The number of treasury shares at the end of period includes 515 thousand shares of the Company held by the board benefit trust for directors.

2. The breakdown of increase in treasury shares:

- Shares acquired under Article 156 of the Companies Act as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act: 6,500 thousand shares
- Purchase of shares in odd lots: 0 thousand shares
- Purchase by the board benefit trust for directors: 515 thousand shares

3. The breakdown of decrease in treasury shares:

- Disposal by third party allotment to the board benefit trust for directors: 515 thousand shares

2. Matters concerning dividends

(1) Amount of dividends paid

Resolution on the payment	Class of shares	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2021	Common shares	6,770	36.00	March 31, 2021	June 28, 2021
Board of Directors Meeting on October 29, 2021	Common shares	4,250	23.00	September 30, 2021	December 3, 2021

Note: The total payout resolved at the Board of Directors meeting on October 29, 2021 includes dividends of 11 million yen for the shares of the Company held by the board benefit trust for directors.

(2) Dividends with a record date belonging to the fiscal year under review whose effective date for payment falls in the following fiscal year

Resolution on the payment	Class of shares	Dividend resource	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2022	Common shares	Retained earnings	11,835	65.00	March 31, 2022	June 27, 2022

Note: The total payout to be resolved at the Ordinary General Meeting of Shareholders on June 24, 2022 includes dividends of 33 million yen for the shares of the Company held by the board benefit trust for directors.

◆ Notes to Financial Instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

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The Toyo Seikan Group only uses highly secured financial assets for its fund management. It raises funds necessary for implementing its business plan primarily through bank loans and bond issuances. The cash management service (CMS) is also effectively utilized for the appropriate management of Group's funds. The Group engages in derivatives trading only for the purpose of hedging currency risk and interest rate risk, among other risks, arising from its business activities, and uses derivatives only based on actual demand and not based on speculation.

(2) Details of financial instruments, their risks and related risk management system

Since notes and accounts receivable, which are operating receivables, are exposed to customer credit risk, we regularly check due dates and balances for each business partner and the credit status of major business partners. For several operating receivables denominated in foreign currencies, their currency risk is hedged using forward exchange contracts.

We also use currency swaps to hedge currency risk for certain foreign currency-denominated loans to consolidated subsidiaries.

Investment securities are mainly held-to-maturity bonds and shares of the companies with which we have business relationships. As most of them are exposed to market risk, we control the risk by regularly monitoring market prices and financial and other conditions of the issuers and the business partners.

Notes and accounts payable are operating debts, and most of them are due within a year. For several operating debts denominated in foreign currencies, their currency risk is hedged using forward exchange contracts.

Loans payable are used mainly for financing business transactions and capital investment, while bonds are issued to raise funds mainly for capital investments.

Derivatives trading is managed through a mutual check between the executing division and the accounting division and by monitoring derivatives positions with individual counterparties, and the trading status is regularly reported to the Board of Directors (derivatives are used only based on actual demand and not based on speculation to aim for capital gains). We engage in derivatives transactions only with major financial institutions with high creditworthiness in order to reduce credit risk arising from the transactions.

Operating debts and loans payable are exposed to liquidity risk, which is managed by the Group's finance division by formulating and renewing financing plans, maintaining liquidity at or above a certain level, and concluding a commitment line agreement with financial institutions.

2. Matters concerning fair values of financial instruments

The table below indicates carrying values and fair values of financial assets and liabilities on the consolidated balance sheet and the difference between carrying and fair values as of the end of the fiscal year under review. Stocks and other securities without quoted market prices (27,337 million yen recorded on the consolidated balance sheet) are not included in "Investment securities, ii) Available-for-sale securities" in the table below. In addition, notes concerning cash are omitted, and notes concerning deposits, notes and accounts receivable—trade, and contract assets, electronically recorded monetary claims, notes and accounts payable, short-term loans payable, and income taxes payable are also omitted since these instruments are settled in the short term and the fair values approximate the book values.

	(in millions of yen)		
	Carrying value	Fair value	Difference
Investment securities			
1) Bonds held to maturity	9,500	9,695	195
2) Available-for-sale securities	87,949	87,949	-
Total—assets	97,449	97,645	195
Long-term loans payable	54,931	54,677	(254)
Total—liabilities	54,931	54,677	(254)
Derivatives*			
Without application of hedge accounting	(1,718)	(1,718)	-
With application of hedge accounting	(381)	(381)	-
Total derivatives	(2,099)	(2,099)	-

* Receivables and payables arising from derivative transactions are shown as a total net amount, and net payables are presented in parentheses.

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3. Matters concerning the breakdown of fair values of financial instruments by appropriate classification

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair values measured by quoted prices of the assets or liabilities subject to the measurement of fair values formed in an active market among observable valuation inputs

Level 2: Fair values measured by inputs other than those included in Level 1 among observable valuation inputs

Level 3: Fair values measured by unobservable valuation inputs

If multiple inputs with a significant impact are used for the fair value measurement of a financial instrument, the fair value of the financial instrument is classified to the lowest priority level of fair value measurement to which each input belongs.

(1) Financial instruments recorded on the consolidated balance sheet at fair value

(in millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	87,949	-	-	87,949
Total—assets	87,949	-	-	87,949
Derivatives				
Currency derivatives	-	2,099	-	2,099
Total—liabilities	-	2,099	-	2,099

(2) Financial instruments not recorded on the consolidated balance sheet at fair value

(in millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Bonds held to maturity				
Corporate bonds	-	9,695	-	9,695
Total—assets	-	9,695	-	9,695
(1) Long-term loans payable	-	54,677	-	54,677
(2) Derivatives				
Currency derivatives	-	276	-	276
Total—liabilities	-	54,954	-	54,954

Note: Description of the valuation methods and inputs used in fair value measurements:

i) Investment securities

The fair values of listed stocks are based on their quoted market prices. Since listed stocks are traded in active markets, their fair values are classified as Level 1. On the other hand, the fair values of corporate bonds held by the Company are classified as Level 2 because they are not considered to be quoted prices in active markets due to low trading frequency in the market.

ii) Derivatives

The fair values of derivatives are determined as the prices presented by financial institutions with which the Group has traded derivatives. Since they are not considered to be quoted prices in active markets, the fair values of derivatives are classified as Level 2.

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Currency swaps are used to hedge loans extended by the Company to its consolidated subsidiaries. As these inter-company transactions are offset in the Group's financial statements, hedging accounting is not applied to the transactions.

iii) Long-term loans payable

The fair values of long-term loans payable are in accordance with their present values, which are calculated by discounting the total of principal and interest at an expected interest rate for a new, similar loan, and they are classified as Level 2.

◆ Note to Leasing Property

The Company and several consolidated subsidiaries own office buildings (including land) and commercial facilities for leasing in Tokyo and other regions. The carrying values, earnings and fair values of these properties are described in the following table.

(in millions of yen)

Use of properties	Carrying value	Revenue	Expenses	Fair value
Office buildings	17,333	4,919	2,250	81,504
Commercial facilities	2,416	641	240	15,170
Others	11,686	2,010	912	46,710
Total	31,435	7,571	3,404	143,385

- Notes: 1. "Carrying value" is acquisition costs of assets, net of accumulated depreciation expenses and impairment loss.
 2. Revenue includes rent income, while expenses include depreciation expenses, repair expenses, insurance premiums, and taxes and dues.
 3. Fair values as of the end of the fiscal year under review are mainly based on real estate appraisal reports or real estate inspection reports provided by external real estate appraisers.

◆ Notes to Revenue Recognition

1. Breakdown of revenue from contracts with customers

The breakdown of revenue from contracts with customers is as follows:

(in millions of yen)

	Reportable segments						Other*	Total
	Packaging business	Engineering, filling, and logistics businesses	Steel plate related business	Functional materials related business	Real estate related business	Subtotal		
Revenue from contracts with customers	500,395	167,113	75,077	48,594	—	791,180	22,408	813,588
Other revenue	—	—	—	—	7,976	7,976	—	7,976
Sales to external customers	500,395	167,113	75,077	48,594	7,976	799,157	22,408	821,565

Note*: "Other" refers to businesses that do not belong to any of the reportable segments and includes manufacturing and sales of automotive press dies and hard alloys, and non-life insurance agency business.

"Other revenue" refers to rent revenue from real estate included in the scope of the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue from contracts with customers is provided in the previous section, Significant Matters That Serve as the Basis for Preparing Consolidated Financial Statements - 4. Accounting Policies (4) Accounting standards for revenue and expenses.

[Translation for Reference and Convenience Purposes Only]

3. Information for understanding the amounts of revenue for the fiscal year under review and for the following fiscal year and thereafter

Contract liabilities mainly consist of consideration received from customers before the delivery of products, and are included in other current liabilities on the consolidated balance sheet.

Receivables arising from contracts with customers, contract assets and contract liabilities for the fiscal year under review are as follows:

Receivables arising from contracts with customers	223,090 million yen
Contract assets	5,130 million yen
Contract liabilities	41,492 million yen

The amount of revenue recognized for the fiscal year under review that includes the contract liability balance as of the beginning of the period is immaterial. In addition, the amount of revenue recognized for the fiscal year under review from performance obligations fulfilled in previous periods is immaterial.

◆ Note to Per Share Information

Net assets per share: 3,510.20 yen

Profit per share: 240.61 yen

Note: The Company has introduced a board benefit trust for directors since the fiscal year under review, and the shares of the Company held by the trust are included in treasury shares that are deducted from the total number of shares issued at the end of the year under review in the calculation of net assets per share. The shares of the Company held by the trust are also included in treasury shares that are deducted from the average number of shares issued during the year under review in the calculation of profit per share. The number of treasury shares held by the trust at the end of the year under review was 515 thousand shares, and the average number of treasury shares during the year under review was 343 thousand shares.

Note: Yen amounts shown in the Consolidated Financial Statements are rounded down to the nearest million yen.

Non-Consolidated Balance Sheet

(As of March 31, 2022)

(All amounts are in millions of yen)

Accounting title (Assets)	Amount	Accounting title (Liabilities)	Amount
Current assets	115,299	Current liabilities	107,312
Cash and deposits	58,938	Short-term loans payable	35,448
Short-term loans receivable	51,318	Accounts payable—other	5,279
Accrued receivable	5,948	Accrued expenses	1,791
Other	352	Income taxes payable	6,205
Allowance for doubtful accounts	(1,259)	Deposits received	58,418
		Provision for directors' bonuses	77
		Other	92
		Non-current liabilities	59,998
		Long-term loans payable	54,932
		Provision for retirement benefits	135
		Asset retirement obligations	582
		Other	4,348
Non-current assets	450,663		
Property, plant and equipment	29,723		
Buildings	18,068		
Tools, furniture and fixtures	677		
Land	10,229		
Other	748		
		Total liabilities	167,311
		(Net assets)	
		Shareholders' equity	360,638
		Capital stock	11,094
		Capital surplus	1,361
		Legal capital surplus	1,361
Intangible assets	2,098	Retained earnings	387,157
		Legal retained earnings	2,773
		Other retained earnings	384,383
		Reserve for advanced depreciation of non-current assets	263
Investments and other assets	418,841	Reserve for investment in special business development companies	52
Investment securities	90,675	General reserve	328,441
Shares of subsidiaries and associates	299,610	Retained earnings brought forward	55,627
Long-term loans receivable from subsidiaries and associates	27,104		
Deferred tax assets	2,390	Treasury shares	(38,974)
Other	261		
Allowance for doubtful accounts	(1,200)	Valuation and translation adjustments	38,013
		Valuation difference on available-for-sale securities	38,013
		Total net assets	398,651
Total assets	565,962	Total liabilities and net assets	565,962

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Statement of Income

〔 From April 1, 2021
to March 31, 2022 〕

(All amounts are in millions of yen)

Accounting title	Amount	
Operating revenue		
Management fee income from subsidiaries and associates	3,167	
Income from operations consignment by subsidiaries and associates	5,270	
Dividends from subsidiaries and associates	6,894	
Rent income of real estate	6,092	21,423
Operating expenses		
Expenses of real estate rent	2,876	
General and administrative expenses	11,255	14,132
Operating income		7,290
Non-operating income		
Interest and dividend income	3,514	
Foreign exchange gains	1,883	
Other	266	5,664
Non-operating expenses		
Interest expenses	533	
Other	343	876
Ordinary income		12,078
Extraordinary income		
Gain on sales of investment securities	16,895	16,895
Profit before income taxes		28,974
Income taxes—current	7,004	
Income taxes—deferred	(261)	6,742
Profit		22,231

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Statement of Changes in Equity (1/2)

(From April 1, 2021
to March 31, 2022)

(in millions of yen)

	Shareholders' equity											
	Capital stock	Capital surplus			Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings				Total retained earnings		
						Reserve for advanced depreciation of non-current assets	Reserve for investment in special business development companies	General reserve	Retained earnings brought forward			
Balance at beginning of period	11,094	1,361	-	1,361	2,773	264	34	328,441	44,678	376,192	(30,003)	358,644
Changes during period												
Transfer to capital surplus from retained earnings			246	246					(246)	(246)		-
Reversal of reserve for advanced depreciation of non-current assets						(1)			1	-		-
Reserve for investment in special business development companies							17		(17)	-		-
Dividends of surplus									(11,020)	(11,020)		(11,020)
Profit									22,231	22,231		22,231
Disposal of treasury shares			(246)	(246)							1,046	799
Purchase of treasury shares											(10,017)	(10,017)
Net changes in items other than shareholders' equity												
Total changes during period	-	-	-	-	-	(1)	17	-	10,948	10,964	(8,971)	1,993
Balance at end of period	11,094	1,361	-	1,361	2,773	263	52	328,441	55,627	387,157	(38,974)	360,638

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Statement of Changes in Equity (2/2)

(From April 1, 2021
to March 31, 2022)

(in millions of yen)

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	55,923	55,923	414,567
Changes during period			
Transfer to capital surplus from retained earnings			-
Reversal of reserve for advanced depreciation of non-current assets			-
Reserve for investment in special business development companies			-
Dividends of surplus			(11,020)
Profit			22,231
Disposal of treasury shares			799
Purchase of treasury shares			(10,017)
Net changes in items other than shareholders' equity	(17,910)	(17,910)	(17,910)
Total changes during period	(17,910)	(17,910)	(15,916)
Balance at end of period	38,013	38,013	398,651

[Translation for Reference and Convenience Purposes Only]

Notes to Non-Consolidated Financial Statements

◆ Notes to Significant Accounting Policies

1. Valuation basis and method for securities

- 1) Bonds held to maturity:
Valued based on amortized cost (straight-line method).
- 2) Shares of subsidiaries and associates:
Valued at cost using the moving-average method.
- 3) Available-for-sale securities
 - Securities excluding stocks and others without quoted market prices: Valued based on market values as of the book-closing date. (The valuation gains and losses are all recorded in the net assets section. The cost of securities sold is calculated using the moving-average method.)
 - Stocks and others without quoted market prices: Valued at cost using the moving-average method.

2. Valuation basis and method for derivatives

Derivatives are valued based on fair values.

3. Depreciation and amortization methods of non-current assets

- 1) Property, plant and equipment (excluding leased assets):
Depreciated using the straight-line method.
- 2) Intangible assets:
Amortized using the straight-line method.
- 3) Leased assets (related to non-ownership-transfer finance lease transactions):
Depreciated over the lease period using the straight-line method with no residual value.

4. Accounting for reserves

- 1) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an estimated irrecoverable amount based on actual default rates for ordinary receivables, and based on the degree of recoverability that is estimated for each of particularly doubtful receivables.
- 2) Provision for directors' bonuses
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.
- 3) Provision for retirement benefits
The provision for retirement benefits is provided at an amount calculated based on the projected benefit obligations at the end of the fiscal year under review.

5. Accounting for revenue

As a holding company, the Company is mainly obliged to provide management guidance and contract services to its subsidiaries based on contracts. Since subsidiaries will receive benefits as the Company fulfills its obligations over time, the Company recognizes revenue considering that these performance obligations are satisfied over a certain period of time. The consideration for such transactions does not include any significant financing components.

In addition, revenue from dividends received from subsidiaries is recognized when the rights to receive the dividends are established, and rent revenue from real estate is recognized evenly over the entire contract period.

[Translation for Reference and Convenience Purposes Only]

6. Other important matters in preparing the non-consolidated financial statements

1) Hedge accounting method

The Company has adopted the deferral method for hedging activities. Forward exchange contracts and other contracts that satisfy the requirements of “*furiate-shori*,” an exceptional accounting treatment for foreign exchange contracts, are subject to the treatment.

2) Application of consolidated tax payment system

The Company has adopted the consolidated tax payment system.

3) Treatment of tax effect accounting for transition from Consolidated Taxation System to Group Tax Sharing System

The Company will transition from the Consolidated Taxation System to the newly established Group Tax Sharing System in the following fiscal year. However, regarding the transition and the several changes to accounting policies of the Single Taxation System following the aforementioned transition under the Act on Partial Revision of Income Tax Act (Act No. 8, 2020), the Company calculates deferred tax assets and deferred tax liabilities based on the corporate tax law before revision, notwithstanding the provisions of Section 44 of the ASBJ Implementation Guidance on Tax Effect Accounting (Guidance No. 28, February 16, 2018), pursuant to Section 3 of the ASBJ Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020).

From the beginning of the following fiscal year, the Company will adopt the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021), which provides for the accounting of national and local corporation taxes and tax effect accounting under the Group Tax Sharing System and the disclosure of such accounting treatment.

◆ Note to Changes in Accounting Policies

[Application of accounting standards for revenue recognition]

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other applicable accounting standards since the beginning of the fiscal year under review. Under this accounting principle, the Company recognizes revenue in the amount to be received in exchange for promised goods or services at the time when their control is transferred to the customer.

The Company has adopted the Accounting Standard for Revenue Recognition in accordance with the transitional treatment prescribed in Section 84 of the standard. The Company has adopted the new accounting policy for the value of retained earnings on the balance sheet from the beginning of the fiscal year under review by adding to or subtracting from the retained earnings at the beginning of the period the cumulative effects of applying retrospectively the new accounting policy to the years before the year under review. However, the Company applied the procedure provided for in Section 86 of the Accounting Standard for Revenue Recognition to contracts where virtually all revenue had been recognized prior to the beginning of the year under review, and did not retroactively apply the new policy to them. In addition, the Company followed the procedure prescribed in Section 86 (1) of the Accounting Standard for Revenue Recognition for contracts that have been modified before the beginning of the year under review, and performed accounting procedures based on the modified contract terms, reflecting their cumulative effects in the value of retained earnings at the beginning of the period.

The accounting policy change had no impact on the financial statements for the year under review.

[Translation for Reference and Convenience Purposes Only]

◆ Notes to Accounting Estimates

[Allowance for doubtful accounts]

1. Amount recorded in the non-consolidated financial statements for the year under review

Allowance for doubtful accounts: 2,460 million yen

2. Information on the details of important accounting estimates related to identified items

- (1) Calculation method of the amounts recorded in the non-consolidated financial statements for the year under review

The allowance for doubtful accounts is provided at the amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. The recorded allowance for doubtful accounts is mainly related to loans receivable from subsidiaries and associates of the Company. The amount is calculated by deducting the recoverable value determined based on the most recently available financial statements of the relevant subsidiaries and associates and the discounted present value of estimated future cash flows from the relevant loan amount.

- (2) Key assumptions used in the calculation of the amounts recorded in the non-consolidated financial statements for the year under review

The calculation of future cash flows uses several factors stated in the mid-term management plan and other business plans for individual subsidiaries and associates to which the loans are extended. These plans include certain assumptions based on past experiences and growth rates and current economic prospects.

With respect to the impact of the COVID-19 pandemic, the outlook is still uncertain because the pandemic remains unlikely to be contained. However, people's work styles and lifestyles have changed in various ways, and we do not expect the market environment to return to its previous state even when the pandemic is over. Therefore, we have estimated the future cash flow considering the potential impact of the pandemic on our business plans.

- (3) Impact on the non-consolidated financial statements for the following fiscal year

The timing and amount of cash flows may be affected by future uncertainties of changes in economic conditions, and if the actual timing and amount of cash flows differ from estimates, this may have a material impact on the financial statements for the following fiscal year. Therefore, the key assumptions described in the previous section (2), which are based on the best estimate, may differ from the results depending on the COVID-19 situation and economic conditions going forward.

◆ Notes to Non-Consolidated Balance Sheet

(in millions of yen)

1. Accumulated depreciation on property, plant and equipment:	32,323
2. Guarantee of liabilities	
The Company has guaranteed loans from financial institutions and other liabilities for the following subsidiaries:	
• Stolle Machinery Company, LLC (loans, etc.):	13,774
• Stolle Machinery Company, LLC (lease contract):	1,204
• Stolle Asia Pacific Co., Ltd. (loans, etc.):	50
• Tokan Trading Corporation (accounts payable):	138
• TOYO PACK KIYAMA Co., Ltd. (loans, etc.):	3,720
• Polytech America, LLC (lease contract):	236
3. Monetary receivables due from subsidiaries and associates:	57,499
4. Monetary payables due to subsidiaries and associates:	61,816

[Translation for Reference and Convenience Purposes Only]

◆ Note to Non-Consolidated Statement of Income

Volume of trading with subsidiaries and associates	(in millions of yen)
Operating revenue:	16,467
Operating expenses:	128
Amount of non-operating transactions:	965

◆ Note to Non-Consolidated Statement of Changes in Equity

Matters concerning class and total number of treasury shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Common shares	14,790	7,016	515	21,291

- Note: 1. The number of treasury shares at the end of period includes 515 thousand shares of the Company held by the board benefit trust for directors.
2. The breakdown of increase in treasury shares:
- Shares acquired under Article 156 of the Companies Act as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act: 6,500 thousand shares
 - Purchase of shares in odd lots: 0 thousand shares
 - Purchase by the board benefit trust for directors: 515 thousand shares
3. The breakdown of decrease in treasury shares:
- Disposal by third party allotment to the board benefit trust for directors: 515 thousand shares

◆ Note to Tax-Effect Accounting

Breakdown of deferred tax assets and liabilities by cause

Deferred tax assets	(in millions of yen)
Shares of subsidiaries and associates	15,088
Excessive depreciation	1,305
Loss on valuation of shares of subsidiaries and associates	8,189
Other	2,098
Subtotal of deferred tax assets	26,682
Valuation allowance related to total deductible temporary differences	(9,260)
Subtotal of Valuation allowance	(9,260)
Total of deferred tax assets	17,421
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(14,719)
Reserve for advanced depreciation of non-current assets	(116)
Assets adjusted for gains or losses on transfer	(172)
Other	(22)
Total of deferred tax liabilities	(15,030)
Net deferred tax assets	2,390

[Translation for Reference and Convenience Purposes Only]

◆ **Note to Transactions with Related Parties**

Subsidiaries

1. Transactions with related parties

Attribute	Company name	Ownership of voting rights (Parent's share)	Relationship with the related party	Description of transactions	Transaction amount (million yen)
Subsidiary	Toyo Seikan Co., Ltd.	Direct 100%	Business management/ Concurrent post of officers	Management fee/ Contract service fee ⁽¹⁾	3,475

Note: 1. The fee amount is determined based on certain reasonable standards for the purpose of business management.

2. The transaction amounts do not include consumption taxes.

2. Loan guarantees by the Company

Attribute	Balance at end of period (million yen)
Subsidiary	19,123

Note: 1. The Company provides guarantees on bank loans to subsidiaries.

2. The Company provides guarantees on rent for the remaining lease period of subsidiaries' lease agreements.

3. Loan guarantees for the Company

Attribute	Balance at end of period (million yen)
Subsidiary	66,884

Note: Subsidiaries provide guarantees on bank loans to the Company.

◆ **Note to Revenue Recognition**

Basic information for understanding revenue from contracts with customers is provided in the previous section, 5. Accounting for revenue in Notes to Significant Accounting Policies.

◆ **Note to Per Share Information**

Net assets per share: 2,195.57 yen

Profit per share: 120.41 yen

Note: The Company has introduced a board benefit trust for directors since the fiscal year under review, and the shares of the Company held by the trust are included in treasury shares that are deducted from the total number of shares issued at the end of the year under review in the calculation of net assets per share. The shares of the Company held by the trust are also included in treasury shares that are deducted from the average number of shares issued during the year under review in the calculation of profit per share. The number of treasury shares held by the trust at the end of the year under review was 515 thousand shares, and the average number of treasury shares during the year under review was 343 thousand shares.

Note: Yen amounts shown in the Non-Consolidated Financial Statements are rounded down to the nearest million yen.