

Securities code: 5975
June 7, 2022

To : Shareholders

Shinichiro Uchigasaki,
Representative Director and President

Topre Corporation

12-2, Nihonbashi 3-chome, Chuo-ku, Tokyo

NOTICE OF CONVOCATION OF THE 127TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially informed that the 127th Ordinary General Meeting of Shareholders (“Meeting”) will be held as detailed below.

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

All shareholders are requested to exercise your voting rights for the Meeting in advance in writing, online, or other means as much as possible in order to prevent the spread of infection. Regardless of your health condition, we strongly recommend that you refrain from attending the Meeting in person.

- 1 **Date and time** 10:00 a.m., Tuesday, June 28, 2022 (reception starts at 9:00 a.m.)
- 2 **Place** KKR Hotel Tokyo, 10th floor, Zuiho
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(For directions, please refer to the map provided at the end of this Notice of Convocation.)
- 3 **Purpose**
Matters to be Reported
 1. The Business Report, the Consolidated Financial Statements for the 127th Term (from April 1, 2021 to March 31, 2022) and Audit Reports by the Independent Auditor and the Board of Auditors on the Consolidated Financial Statements
 2. The Financial Statements for the 127th Term (from April 1, 2021 to March 31, 2022)

Matters to be Voted on

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Partial Amendments to the Articles of Incorporation
- Proposal No. 3: Appointment of eight (8) Directors
- Proposal No. 4: Appointment of one (1) Auditor

- If you attend the Meeting in person, please present the enclosed Form for Exercising Voting Rights at the reception desk.
- If there are any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements and the Consolidated Financial Statements, the revised matters will be posted on the Company’s website (<http://www.topre.co.jp/>).
- The Business briefing session which used to be held after the Meeting will not be held since we put first priority on the health and safety of our shareholders. We will also refrain from offering gifts. We would appreciate your understanding.

Guide to Exercise of Voting Rights

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

Attending the General Meeting of Shareholders



Please present the Voting Form to the reception desk.

Date and
time

10:00 a.m., Tuesday, June 28, 2022 (reception starts at 9:00 a.m.)

Place

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

Voting in writing (by mail)



Please indicate agree or disagree on the proposals and mail the form; no stamp is needed.

Exercise
deadline

Forms must be received by 5:30 p.m., Monday, June 27, 2022

Voting online



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

Exercise
deadline

Voting must be completed by 5:30 p.m., Monday, June 27, 2022

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

To institutional investors:

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

Guide to Exercise of Voting Rights Online

By Scanning Your QR Code

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

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



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

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



You can log in using the QR code one time only.

If you vote a second time or exercise your voting rights without using your QR code, please enter your Login ID and Temporary Password shown at the right.

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

By Entering Your Login ID and Temporary Password

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

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



Enter your Login ID and Temporary Password

Click on “Login”

3. Please set up a new password.



Enter a new password

Click on “Submit”

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposal No.1 Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Re: Term-end dividends

Taking into account performance in the term under review and in recent years as well as business development going forward and the strengthening of our management structure, we propose to distribute the 127th Term term-end dividends as follows:

Type of property to be distributed	Cash
Matters relating to allotment of dividends to shareholders and total amount	10 yen per common share of the Company. The total amount of dividends will be 525,829,280 yen. Annual dividends including interim dividends (15 yen per share) will be 25 yen per share.
The date dividends of surplus come into effect	June 29, 2022

Proposal No.2 Partial Amendments to the Articles of Incorporation

1. Reasons for Proposal

Since the amended provisions set forth in the proviso of Article 1 of the Supplementary Provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into effect on September 1, 2022, a system for providing materials for a General Meeting of Shareholders in electronic format will be introduced; therefore, we will amend the Articles of Incorporation as follows:

- (1) Since we will be required to include language in the Articles of Corporation to the effect that we will take measures to provide the information in the Reference Documents for a General Meeting of Shareholders and the related documents in electronic format, we will establish paragraph 1 of Article 16 (Measures for Provision in Electronic Format) as set forth in the proposed amendment.
- (2) We will establish paragraph 2 of Article 16 (Measures for Provision in Electronic Format) as set forth in the proposed amendment, in order to make it possible to limit the scope of the matters regarding information in the Reference Documents for a General Meeting of Shareholders and the related documents to be provided in electronic format, which are stated in documents to be delivered to a shareholder who requests delivery of such documents, within the scope set forth in the Ministry of Justice Order.
- (3) After a system for providing materials for a General Meeting of Shareholders is introduced, the provisions of Article 16 of the current Articles of Incorporation (Provision for Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders and Related Documents) will become unnecessary; therefore, we will delete them.
- (4) We will establish Supplementary Provisions regarding the effect of the foregoing provisions that will be established and deleted. Furthermore, we will delete these Supplementary Provisions after the date set forth below.

2. Details of the Amendments

The details of the amendments are as follows.

(Underlining indicates amended portions)

Current Articles of Incorporation	Proposed Amendment
<p><u>(Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders and Related Documents)</u></p> <p><u>Article 16 To convene a General Meeting of Shareholders, the Company may deem that information regarding the matters that should be stated or displayed in Reference Documents for a General Meeting of Shareholders, Business Reports, Financial Statements, and Consolidated Financial Statements has been provided to a shareholder by the disclosure of such information by a method using the Internet in accordance with the Ministry of Justice Order.</u></p>	<p>(Deleted)</p>
	<p><u>(Measures for Provision in Electronic Format)</u></p>

(Established)

Article 16

1. To convene a General Meeting of Shareholders, the Company shall take measures to provide the information in the Reference Documents for a General Meeting of Shareholders and the related documents in electronic format.
2. The Company may omit all or part of the matters to be provided in electronic format that are set forth in the Ministry of Justice Order in documents to be delivered to a shareholder who requests a delivery of documents by the reference date for voting rights.

(Supplementary Provisions)

(Established)

1. The deletion of Article 16 of the current Articles of Incorporation (Disclosure on the Internet and Deemed Provision of Reference Documents for a General Meeting of Shareholders and Related Documents) and establishment of Article 16 (Measures for Provision in Electronic Format) as set forth in the proposed amendment shall come into effect on the date of entry into force of the amended provisions set forth in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Enforcement Date”).
2. Notwithstanding the provisions in the preceding paragraph, for a General Meeting of Shareholders, the date of which is within six months of the Enforcement Date, Article 16 of the current Articles of Incorporation shall continue to be effective.
3. These Supplementary Provisions shall be deleted on the later of the date which is six months after the Enforcement Date or three months after the date of the General Meeting of Shareholders referenced in the preceding paragraph.

Proposal No.3 Appointment of Eight (8) Directors

The term of office for all twelve (12) existing directors will expire at the end of the Meeting; thus, the Company would like to appoint eight (8) directors.

The director candidates are as follows:

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
1	Yutaka Yamamoto (March 10, 1962)	<p>April 1984 Joined the Company</p> <p>May 2010 The Company, Auto Parts Engineering Div. Sagamihara Plant Manager and Hiroshima Plant Manager</p> <p>July 2010 The Company, Auto Parts Engineering Div. Sagamihara Plant Manager</p> <p>June 2011 The Company, Purchasing Headquarters Purchase Manager</p> <p>June 2014 The Company, Director</p> <p>June 2015 Tokyo Metal Pack Co., Ltd., Representative Director and President</p> <p>June 2016 The Company, Product Business Dept., Air-Conditioning Equipment Div. Manager The Company, Product Business Dept., Electronic Equipment Div. Manager</p> <p>June 2018 The Company, Executive Managing Director (present) The Company, Product Business Dept., General Manager</p> <p>June 2020 The Company, Administrative Headquarters General Manager (present)</p>	10,200
<p>Reasons for appointment: Mr. Yutaka Yamamoto is well-versed in plant administration in the Auto Parts Division, Purchasing Division administration, and administration of air-conditioning equipment, electronic equipment, and other administrative matters in the Product Business Division, and since June 2014 has engaged in corporate management as a director. In June 2016, he became the Manager of the Air- Conditioning Equipment Division and Electronic Equipment Div. Manager, and led the Company's Product Business Division and contributed to improvement of the division's performance. Since June 2020, while serving as the General Manager of Administrative Headquarters, he has demonstrated the appropriate ability to execute and supervise administration through general management. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
2	Katsuro Harata (May 31, 1958)	<p>April 1977 Joined the Company</p> <p>July 2001 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2006 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President (resigned in December 2011)</p> <p>April 2007 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>December 2011 The Company, Cold Storage Equipment Div. Hiroshima Plant Manager and Auto Parts Engineering Div. Hiroshima Plant Manager</p> <p>April 2013 The Company, Merchandise Headquarters Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2013 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President</p> <p>June 2016 The Company, Director The Company, Product Business Dept. Cold Storage Equipment Div., Deputy Manager</p> <p>April 2017 The Company, Product Business Dept. Cold Storage Equipment Div. Manager (present)</p> <p>June 2020 The Company, Executive Managing Director (present) The Company, Product Business Headquarters General Manager (present)</p>	21,900
<p>Reasons for appointment: Mr. Katsuro Harata has served as the Tochigi Plant Manager and Hiroshima Plant Manager for the cold storage equipment division of the Company, is well-versed in the refrigerated vehicle business of the Company, and since June 2020 has engaged in corporate management as an executive managing director. He is currently the General Manager of the Product Business Headquarters, where he has responded quickly to recent environmental changes in the refrigerated vehicle market and leads the division of this business. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
3	Yoshinori Tsuyuki (June 9, 1960)	April 1984 Joined the Company April 2006 The Company, General Affairs Manager and Secretariat Office Manager June 2010 The Company, Director (present) June 2011 The Company, General Affairs and Human Resources Manager and Secretariat Office Manager The Company, Foreign Operations Dept. Asia Manager February 2012 TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman April 2013 The Company, General Affairs and Human Resources Manager and Human Resource Development General Manager June 2014 TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President October 2017 The Company, Purchasing Headquarters General Manager (present)	27,300
<p>Reasons for appointment: Mr. Yoshinori Tsuyuki has held the positions of General Affairs Manager and Secretariat Office Manager, and since June 2010 has engaged in corporate management as a director. In June 2014, he became the Chairman and President of TOPRE (FOSHAN) AUTOPARTS CORPORATION, a consolidated subsidiary, and gained experience and knowledge as a corporate manager. He is currently the General Manager of Purchasing Headquarters, implementing global cost management through concentrated purchasing. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
4	Masao Ohsaki (August 17, 1961)	<p>April 1985 Joined the Company</p> <p>July 2012 The Company, Auto Parts Engineering Div. Manager belonging to Technology Dept.</p> <p>April 2013 The Company, Auto Parts Headquarters Engineering Div. Manager belonging to Technology Dept.</p> <p>June 2016 The Company, Director (present) The Company, Auto Parts Headquarters Engineering Div. Technology Dept. Manager</p> <p>April 2017 The Company, Auto Parts Headquarters Engineering Div. Manager</p> <p>March 2021 The Company, Quality General Manager (present)</p>	11,200
<p>Reasons for appointment: Mr. Masao Ohsaki has served as the Technology Department General Manager for the auto parts division, is well-versed in plastics processing technology, which is a core technology of the Company, and since June 2016 has engaged in corporate management as a director. He is currently the General Manager of Quality Headquarters, and with his wealth of technical experience and the substantial expertise he gained in the auto parts division, he leads the quality improvement activities of the Company. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
5	Masahiro Matsuo (April 1, 1966)	April 1988 Joined the Company January 2016 TOPRE (THAILAND) CO., LTD., Representative Director and President July 2019 The Company, Auto Parts Headquarters Sales Manager (present) June 2020 The Company, Director (present) March 2022 The Company, Auto Parts Headquarters General Manager (present) The Company, Auto Parts Headquarters Foreign Operations Dept. Manager (present)	4,000
Reasons for appointment: Mr. Masahiro Matsuo is well-versed in administration of the sales divisions of the Auto Parts Headquarters, and since 2016, he has expanded the business in Thailand as president of a consolidated subsidiary, TOPRE (THAILAND) CO., LTD. and he currently serves as the General Manager of Auto Parts Headquarters and leads the Group's auto parts division. For the foregoing reasons, the Company would like him to continue as a director.			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
6	* Katsuhiro Yamashiro (September 11, 1965)	April 1989 Joined the Company April 2015 TOPRE (XIANGYANG) AUTOPARTS CORPORATION, President June 2016 TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman (present) October 2017 TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President (present) March 2019 TOPRE (WUHAN) AUTOPARTS CORPORATION, Chairman (present)	10,700
Reasons for appointment: Mr. Katsuhiro Yamashiro is well-versed in administration of the technical divisions of the Auto Parts Headquarters, has expanded the business in China as the president of our consolidated subsidiaries, TOPRE (XIANGYANG), TOPRE (FOSHAN), and TOPRE (WUHAN), and has contributed to improved performance at the Chinese sites of the Group. For the foregoing reasons, the Company would like to appoint him as a director.			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
7	Tsuyoshi Takada (July 28, 1972)	April 2000 Admitted as an attorney Joined Torikai Law Office May 2007 Maruetsu Inc., Outside Auditor (present) June 2007 The Company, Outside Auditor June 2015 The Company, Outside Director (present) January 2016 Established Wadakura Gate Law Office (present) November 2018 Armure Blanc. Inc. Outside Director (present) March 2020 IP Dream Inc., Outside Director (present) March 2021 Noritsu Koki Co., Ltd., Outside Director (present) (Major position(s) concurrently held) Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc., Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director Noritsu Koki Co., Ltd., Outside Director	0
<p>Reasons for appointment and expected roles: Mr. Tsuyoshi Takada brings the professional perspective of an attorney and has strong knowledge about corporate legal affairs; at Board of Directors meetings we expect him to monitor management by expressing opinions from an objective and neutral standpoint, independent from the other executive officers of the Company. For the foregoing reasons, for the sustained enhancement of the corporate value of the Company, the Company has determined that he is an appropriate appointment and would like him to continue as an outside director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
8	Naoshi Ogasawara (August 19, 1965)	<p>April 1989 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>December 1991 Joined Grant Thornton Taiyo Inc. (currently Grant Thornton Taiyo Accounting Service Inc.)</p> <p>August 1992 Registered as a certified public accountant</p> <p>April 2007 Grant Thornton Taiyo ASG Inc. (currently Grant Thornton Taiyo Accounting Service Inc.), Representative Member</p> <p>October 2008 Avantia GP, Representative (present)</p> <p>April 2010 Center for National University Finance and Management (currently National Institution for Academic Degrees and Quality Enhancement of Higher Education), Auditor (present)</p> <p>June 2016 Tsuzuki Denki Co., Ltd., Outside Auditor (present)</p> <p> The Company, Outside Director (present)</p> <p>March 2022 Nikkiso Co., Ltd., Outside Auditor (present)</p> <p>(Major position(s) concurrently held)</p> <p>Avantia GP, Representative</p> <p>National Institution for Academic Degrees and Quality Enhancement of Higher Education, Auditor</p> <p>Tsuzuki Denki Co., Ltd., Outside Auditor</p> <p>Nikkiso Co., Ltd., Outside Auditor</p>	0
<p>Reasons for appointment and expected roles: Mr. Naoshi Ogasawara has a wealth of experience and strong knowledge relating to finance and accounting, which he cultivated as a certified public accountant; at Board of Director meetings we expect him to monitor management by expressing opinions from an objective and neutral standpoint independent from the other executive officers of the Company. For the foregoing reasons, for the sustained enhancement of the corporate value of the Company, the Company has determined that he is an appropriate appointment and would like him to continue as an outside director.</p>			

Notes:

- * indicates newly appointed candidates for director.
- There are no special interests between any of the director candidates and the Company.
- Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara are candidates for outside directors.
- Mr. Tsuyoshi Takada is currently an outside director of the Company, and he will have served as an outside director for seven years at the end of the Meeting. He was an outside auditor of the Company before he took office as an outside director, serving as an outside auditor for eight years.
- Mr. Naoshi Ogasawara is currently an outside director of the Company, and he will have served as an outside director for six years at the end of the Meeting.
- Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara under which their liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act. If the reappointment of two candidates is approved, the Company intends to continue such agreements with them.
- The Company has entered into directors and officers liability insurance agreements with the Directors, Auditors, and officers of the subsidiaries as the insured, and an outline of these agreements is set forth in section "3. Matters Concerning the Company Officers" of the Business Report. If a candidate is appointed and takes office, he or she will be included among the insured persons under the insurance agreements. In addition, insurance agreements will be renewed with the same details as the existing agreements at the time of the next renewal.

8. Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara satisfy the requirements for independent officers pursuant to the regulations of the Tokyo Stock Exchange, and thus, if the reappointment of two candidates is approved, the Company intends to file notifications to the effect that they will continue as independent officers.
9. The “Number of Company shares held” includes equity interests in the Officer Shareholders’ Association or the Employees Shareholders’ Association.

Proposal No.4 Appointment of One (1) Auditor

The term of office for Auditor Koichi Kitagawa will expire at the end of the Meeting; and thus, the Company would like to appoint one (1) auditor.

The auditor candidate is as follows.

Name (Date of birth)	Work History, positions, responsibilities, and major position(s) concurrently held	Number of Company shares held
* Tomio Kitabayashi (December 13, 1963)	January 1992 Joined the Company October 2013 The Company, Accounting Manager April 2017 The Company, Operational Reform Promotion Manager October 2017 The Company, Operational Reform Promotion Manager and Information Systems Manager April 2018 The Company, Operational Systems Reform Manager July 2019 The Company, Information Systems Manager (present)	13,500
Reasons for appointment: Mr. Tomio Kitabayashi has worked mainly in the personnel affairs, accounting, and information systems divisions after joining the Company, and has contributed to the improved efficiency of administration in all management divisions. Since he has a wealth of experience in management divisions, he is expected to contribute to the enhancement of management auditing. For the foregoing reasons, the Company would like to appoint him as an auditor.		

Notes:

1. *indicates newly appointed candidates for auditor.
2. There are no special interests between any of the auditor candidate and the Company
3. The Company has entered into directors and officers liability insurance agreements with the Directors, Auditors, and officers of the subsidiaries as the insured, and an outline of these agreements is set forth in section "3. Matters Concerning the Company Officers" of the Business Report. If a candidate is appointed and takes office, he or she will be included among the insured persons under the insurance agreements. In addition, insurance agreements will be renewed with the same details as the existing agreements at the time of the next renewal.

End

[Reference] Skills Matrix of Directors and Auditors If Proposals No. 3 and No. 4 are Approved

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

(Attached Materials)

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

1. Current Condition of the Business Group

(1) Business Developments and Results of Operations

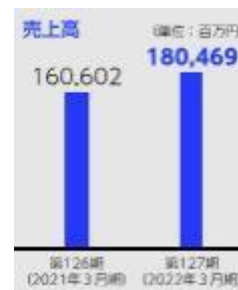
Reviewing the consolidated operating results of the Topre Group (the “Group”) for the consolidated fiscal year under review, net sales were 233,601 million yen, an increase of 19,057 million yen (8.9% increase) over the preceding fiscal year, while operating income was 6,853 million yen, a decrease of 3,980 million yen (36.7% decrease) from the preceding fiscal year. Ordinary income was 17,013 million yen, an increase of 526 million yen (3.2% increase) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 10,998 million yen, a decrease of 1,561 million yen (12.4% decrease) from the preceding fiscal year.

Net Sales 233,601 million yen An increase of 8.9% over the preceding consolidated fiscal year ▲	Ordinary Income 17,013 million yen An increase of 3.2% from the preceding consolidated fiscal year ▲
Operating Income 6,853 million yen A decrease of 36.7% from the preceding consolidated fiscal year ▼	Net Income Attributable to Shareholders of the Parent Company 10,998 million yen A decrease of 12.4% from the preceding consolidated fiscal year ▼

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

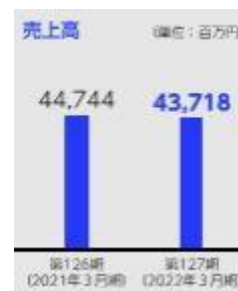
Press Products Business
Sales: 180,469 million yen
(up 12.4% over the preceding year)
Percentage of sales: 77.3%

In the automobile-related sector, compared to the preceding year when the volume considerably decreased due to the transmission of COVID-19, the volume increased mainly in North America, but performance was largely affected by a shortage of semiconductors, which has lifted overall sales to 180,469 million yen, up 19,866 million yen (12.4% increase) over the preceding year, including an increase in revenue as a result of the exchange rate. In regard to income, since manufacturing costs increased due to labor shortages and delays in preparation for production in North America, a reduction in losses was delayed; therefore, segment income (operating income) totaled 673 million yen, down 2,362 million yen from the preceding year (77.8% decrease).



Temperature-Controlled Logistics Business
Sales: 43,718 million yen
(down 2.3% from the preceding year)
Percentage of sales: 18.7%

In the temperature-controlled logistics business, sales of distribution warehouse businesses in the logistics systems sector considerably exceeded the preceding year, but orders and production of refrigerated vehicles, mainly of small-sized vehicles, decreased from the preceding year due to a shortage of parts. As a result, sales for temperature-controlled logistics businesses totaled 43,718 million yen, down 1,025 million yen from the preceding year (2.3% decrease). Segment income (operating income) came to 5,273 million yen, down 1,529 million yen from the preceding year (22.5% decrease) due to a substantial rise in the cost of materials and related matters.



Other Business
Sales: 9,413 million
yen
(up 2.4% from the
preceding year)
Percentage of sales:
4.0%

In the air conditioning equipment sector, since sufficient production could not be maintained due to a global shortage of semiconductors and parts, and a decrease in the acceptance of orders was unavoidable, both sales and operating income fell below the preceding year. On the other hand, in the electronic equipment sector, since sales of corporate products, such as touch screen application products, continued to be favorable, both sales and operating income exceeded the preceding year. As a result, sales for Other Business reached 9,413 million yen, up 216 million yen from the preceding year (2.4% increase). Segment income declined to 905 million yen, down 88 million yen from the preceding year (8.9% decrease) due to a global and substantial rise in the cost of raw materials.



(2) Capital Expenditures

During the consolidated fiscal year under review, the Group's capital expenditures totaled 20,946 million yen. Major capital expenditures are as follows:

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

Press Products Business

- Building, dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Dies and molds and assembly production equipment (Topre Tokai Corporation)
- Building and assembly production equipment (Topre America Corporation)
- Building, dies and molds and assembly production equipment (TOPRE (WUHAN) AUTOPARTS CORPORATION)

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

Press Products Business

- Dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Building and assembly production equipment (Topre America Corporation)
- Building and assembly production equipment (TOPRE (WUHAN) AUTOPARTS CORPORATION)
- Dies and molds and assembly production equipment (Topre Autoparts Mexico, S.A. de C.V.)

(3) Financing

During the consolidated fiscal year under review, a short-term borrowing of 528 million yen and a long-term borrowing of 3,271 million yen was obtained from a financial institution, as funding for the press products business.

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

N/A

(5) Challenges

The Group has formulated its 15th Medium-Term Management Plan (the “Plan”) covering the period from FY 2021 to FY 2023, and is implementing its basic policies with the following vision(s): “Topre will evolve to contribute to the society of the future!” and “In order to solve our customers’ problems, we will further evolve our technological capabilities, and achieve sustainable growth.” We will continue to achieve further growth and development by responding flexibly to the diverse and changing environment while keeping a close eye on market trends.

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

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

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

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

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

(6) Changes in Assets and Income

Item	Unit	124 th Term ended March 2019	125 th Term ended March 2020	126 th Term ended March 2021	127 th Term ended March 2022 (Consolidated fiscal year under review)
Net Sales	Million yen	201,365	213,591	214,544	233,601
Ordinary Income	Million yen	21,704	10,747	16,487	17,013
Net Income of Shareholders of Parent Company	Million yen	15,372	8,435	12,559	10,998
Net Income Per Share	Yen	292.91	160.73	239.28	209.60
Net Assets	Million yen	159,269	149,395	165,632	180,465
Total Assets	Million yen	239,172	266,467	309,790	320,013

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

(7) Material Parent and Subsidiaries

(i) Parent company

N/A

(ii) Material subsidiaries

	Company name	Capital	Company's share of voting rights	Main business
		Million yen	%	
Domestic	Toprec Corporation	300	100	Sales of refrigerated vehicles
	Toho Transportation Co., Ltd.	282	50	Transport business
	Topre Kyushu Corporation	100	100	Manufacture of auto parts
	Topre Tokai Corporation	490	100	Manufacture of auto parts
	Mitsuike Corporation	775	51.6	Manufacture of auto parts
North America	Topre America Corporation	25 (US\$ million)	100	Manufacture of auto parts
	Topre Autoparts Mexico, S.A. de C.V.	327 (Mex\$ million)	100	Manufacture of auto parts
Asia	TOPRE (FOSHAN) AUTOPARTS CORPORATION	2,000	100	Manufacture of auto parts
	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	2,000	100	Manufacture of auto parts
	TOPRE (WUHAN) AUTOPARTS CORPORATION	2,000	100	Manufacture of auto parts
	TOPRE (THAILAND) CO., LTD.	835 (THB million)	100	Manufacture of auto parts
	Topre India Pvt. Ltd.	1,730 (INR million)	100	Manufacture of auto parts

Notes:

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

(8) Main Businesses (as of March 31, 2022)

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

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

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

(10) Employees (as of March 31, 2022)

(i) Group employees

Business segment	Number of employees	Change from a year earlier
Press products business	4,827	-134
Temperature-controlled logistics business	886	-3
Other business	246	-3
Total	5,959	-140

Notes:

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

(ii) Company's employees

Number of employees		Change from a year earlier	Average age	Average length of service (years)
Male	1,461	-36	38.8	15.3
Female	102	2	35.2	9.6
Total or average	1,563	-34	38.5	15.0

Notes:

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

(11) Major Lenders (as of March 31, 2022)

Lender	Borrowing balance
Resona Bank, Limited.	12,158 Million Yen
	4,795 Million Yen
Mizuho Bank, Ltd.	31 Million US Dollars
	54 Million RMB
MUFG Bank, Ltd.	4,311 Million Yen
	54 Million RMB

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

N/A

2. Company Shares (as of March 31, 2022)

- (1) **Total number of shares authorized to be issued** 81,240,000 shares
- (2) **Total number of outstanding shares** 52,582,928 shares (excluding 1,438,896 treasury shares)
- (3) **Number of shareholders** 16,832
- (4) **Major Shareholders**

Shareholder	Shares (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	5,131	9.75
Custody Bank of Japan, Ltd. (trust account)	3,050	5.80
Naoko Ishii	2,660	5.05
Resona Bank, Limited.	2,493	4.74
Mitsubishi UFJ Trust and Banking Corporation	2,491	4.73
Nippon Life Insurance Company	2,135	4.06
Sumitomo Life Insurance Company	1,429	2.71
Topre Corporation Client Stock Ownership	1,407	2.67
Mizuho Bank, Ltd.	1,265	2.40
Nippon Steel Corporation	994	1.89

Note: The Company owns 1,438,896 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The 1,438,896 treasury shares do not include the 113,951 Company shares owned by the Officer Compensation BIP Trust Account. The shareholding ratios are calculated without treasury shares.

(5) Other Important Matters Concerning Shares, etc.

N/A

3. Matters Concerning the Company Officers

(1) Directors and Auditors (as of March 31, 2022)

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

Notes:

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

(2) Director and Auditor Compensation

Category	Number	Total amount of compensation (million yen)	Compensation by type (million yen)		
			Base compensation	Performance-linked compensation	Stock compensation
Directors (of which are outside directors)	12 (2)	237 (20)	210 (20)	18 (-)	8 (-)
Auditors (of which are outside auditors)	3 (2)	39 (18)	39 (18)	-	-
Total (of which are outside officers)	15 (4)	276 (38)	250 (38)	18 (-)	8 (-)

Notes:

1. Director compensation does not include the employee portion of salary for directors who also have employee positions.
2. The Company recorded 8 million yen in provision of reserves for ten (10) directors (excluding outside directors) for the term under review with respect to the performance-linked stock compensation.

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

(i) Basic Policy

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

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

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

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

With respect to the authority to determine policies concerning Company officer compensation amounts or the method of calculating such amounts, the Board of Directors has delegated that authority to the Compensation Committee (Representative Director and President, Director in charge of General Affairs, and Outside Directors), which is a voluntary decision-making body; with respect to compensation for directors, for the purpose of enhancing objectivity and appropriateness of such compensation, the Compensation Committee shall, with the exception of stock compensation, determine the amount of monthly compensation and bonuses for each director in accordance with the regulations

within the scope of the total amount of compensation approved at the General Meeting of Shareholders. The Board of Directors respects the details of the report and considers it to be in line with the aforementioned policy.

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

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

(ii) Director Compensation

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

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

(iii) Auditor Compensation

An independent compensation amount is respectively determined for each individual through consultations by Auditors. From the perspective of their performing the function of auditing the directors' execution of their duties, auditors are not paid performance-linked compensation.

(4) Matters relating to Outside Officers, etc.

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

position(s).

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

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

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

N/A

(iii) Major activities in the term under review

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

4. Independent Auditor

(1) Name of independent auditor

Grant Thornton Taiyo LLC

(2) Summary of limitation on liability agreements

N/A

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

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

Notes:

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

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

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

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

5. Company System and Policies

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

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

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

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

Basic Principles

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

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

This philosophy will guide The Topre Groups domestic and international business actions, while also continuously seeking to enhance the Group's long term prosperity and making positive contributions to the societies in which it is engaged.

Code of Conduct

1. Compliance with Laws, Company Rules, and the Moral Code

We will comply with relevant legislation and regulations when conducting our business. Our company rules have been established as a means of fulfilling our business activities with fairness and transparency. We will also continue to conduct our business in an ethical manner. We have in place an internal reporting system (hotline) to prevent and correct any act that breaches or is suspected of breaching the above.

The management are responsible for taking the initiative in complying with the Code of Conduct to establish a highly ethical corporate culture and for maintaining an internal system to prevent situations that breach the Code of Conduct.

2. Contribution to Society

We will contribute to a safe, convenient, and comfortable society through our products and services.

We respect the culture and values of the countries and communities in which our company is based, and actively involve ourselves in local activities and development.

3. Fair and Equal Relationships

We will continue to establish ethical relationships with our business partners.

We will maintain honest business practices with our partners, subcontractors, suppliers, etc. We will have no relationship whatsoever with anti-social forces, and systematically and firmly respond to any unreasonable demands.

We will also disclose our corporate activities and operating information in a timely and proper manner so that our investors can make informed investment decisions.

In addition, we will not engage in any fraudulent, unfair or unjust act in the context of our relationship with politics and administration.

4. Respect for Human Rights and Diversity

We will continue to respect all human rights and will never permit any form of discrimination concerning race, beliefs, gender/sexuality, nationality, physical differences, or language or other various forms of harassment.

5. Environmental Protection and Health and Safety

We will continue to promote the “3Rs” (Reduce, Reuse, Recycle) and energy conservation in conducting our business as an environment-friendly corporation.

Also, we ensure the safety and health of our staff members, we have minimized on-the-job accidents and injuries, and we are committed to continuous improvement of working conditions.

6. Company Asset Protection

We will conduct our business ethically and prohibit any private use or misuse of company assets.

Also, we ensure that company-owned information or assets will neither be leaked without following specified procedures nor be used for unauthorized and improper purposes.

Company assets must be acquired, used, or released in a predefined manner and with full authorization. We will neither act for the benefit of a third party nor allow any staff member to act for the benefit of himself/herself or a third party.

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

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

Preface

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

Basic Guidelines for Systems for Ensuring the Propriety of Business Operation

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

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

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

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

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

- 1) The Company will maintain a system to ensure that business operations are carried out efficiently, through division of duties, approval authority and other rules based on internal regulations at Group companies.
- 2) The Company has established "Basic Policies" shared by all officers and employees of the Group, and every three years a new Medium-Term Management Plan is formulated in accordance with those policies.
- 3) Performance targets by term for each business unit are established based on the Medium-Term Management Plan of the entire Group, with actual results reported to the Company's Board of Directors on a monthly basis; when targets are not achieved, the relevant business unit makes a report analyzing the reasons why and proposing improvement measures.

4. Systems to preserve and manage information pertaining to the execution of duties by Directors

- 1) Information pertaining to the execution of duties by Directors is filed together with related documents in accordance with the Document Management Rules.
- 2) If a request is made by a Director or Auditor to review documents, the relevant documents will be made available at the Head Office within three business days from when the request was made.

5. Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and its subsidiaries

- 1) Members of the Internal Control Committee are selected from Group companies and systems are in place to ensure that discussions and information about internal controls are shared and that the communication of directives and requests is done efficiently.
- 2) The Company's Directors will receive reports regarding the status of business operations at the board of directors of each subsidiary, and will report the content thereof to the Company's Board of Directors.

6. Matters concerning Group employees when an Auditor requests Group employees to assist with duties, matters concerning the independence from Directors of such employees, and matters concerning ensuring the effectiveness of instructions by Auditors to such employees

- 1) If the Board of Auditors requests the placement of employees to assist in its duties, in principle such personnel will be placed within three months.
- 2) The appointment, transfer and performance review of Auditors' assistants requires a prior report from and consent of the full-time Auditor.
- 3) Auditors' assistants will perform their duties as instructed by Auditors.

7. Systems for Directors and employees to report to Auditors and other reporting systems to Auditors

Directors and employees of Group companies and auditors of each subsidiary will report promptly to the Company's Auditors all matters stipulated in the Internal Control Rules and other matters important from the standpoint of internal controls.

8. Systems for ensuring that persons who report to the Auditors are not subject to disadvantageous treatment as a result of such reporting

The companies of the Group do not engage in dismissal or other disadvantageous treatment of officers and employees on the grounds that a report was made to the Company's Auditors in accordance with the preceding item.

9. Matters relating to procedures for advance payment or reimbursement of expenses arising in relation to the performance of duties by the Auditors and other policies on processing expenses and debts arising in relation to the performance of those duties

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

10. Systems to ensure effective audits by the Auditors

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

11. Systems to ensure proper financial reporting

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

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

1. Measures relating to compliance

- 1) In order to reinforce compliance by the entire Group, the Compliance Committee met 12 times during the term under review and took measures to further raise awareness of compliance by officers and employees. The Committee also investigated, reported on, and monitored the status of implementation of compliance procedures and made improvements when necessary.
- 2) Training and awareness-raising regarding compliance is conducted through periodic training prepared for individual ranks.
- 3) An internal reporting system and consultation hotline were established for Group companies, and measures are taken to inform employees about these systems and to create an environment that facilitates their use.
- 4) Internal reports that are periodically distributed include information regarding compliance awareness, and measures are taken to inform personnel about laws and regulations as well as internal rules and so on.

2. Measures relating to risk management

- 1) The Risk Management Committee met 12 times during the term under review, investigated risks relating to natural disasters, accidents, and domestic and overseas business sites, and reviewed management systems concerning those risks.
- 2) Potential risks in each division of Group companies were re-identified and re-evaluated and countermeasures were taken.

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

- 1) The Board of Directors met 13 times during the term under review, made decisions regarding matters specified by laws, regulations, and the Articles of Incorporation as well as significant matters such as business plans and profit plans, and monitored the appropriate performance of duties.
- 2) Directors that have operational duties reported to the Board of Directors concerning the status of the execution of duties in order to ensure the appropriateness of the execution of duties by directors.

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

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

5. Measures relating to Audit Systems

- 1) The auditors conduct audits by engaging in close exchanges of information with the Audit

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

(2) Basic Policy Regarding Control of Stock Company

N/A

Notes:

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

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
Cash and deposits	49,903	Notes payable and accounts payable	45,287
Notes receivable and accounts receivable	47,257	Short-term borrowings	3,015
Marketable securities	201	Long-term borrowings due within one year	14,678
Products and goods	2,318	Corporate taxes payable	5,729
Works in progress	17,801	Bonus reserves	1,963
Raw materials and stored goods	6,264	Bonus reserves for Officers	48
Other	9,673	Reserves for product warranties	151
		Other	16,744
Total current assets	133,419	Total current liabilities	87,618
II Fixed assets		II Fixed liabilities	
1 Tangible fixed assets		Bonds	30,000
Buildings and structures	55,873	Long-term borrowings	16,042
Machinery, equipment, and vehicles	62,779	Long-term accounts payable	32
		Tax deferred liabilities	4,594
Tools, furniture, and fixtures	17,212	PCB processing reserves	45
Land	10,339	Reserves for stock grant to Officers	89
Lease assets	615	Retirement benefit liabilities	58
Construction in progress	12,435	Other	1,066
Total tangible fixed assets	159,256	Total fixed liabilities	51,928
2 Intangible fixed assets	5,341	Total liabilities	139,547
3 Investments and other assets		(Net assets)	
Investment securities	14,010	I Shareholders' equity	
Long-term loans	371	1 Capital	5,610
Deferred tax assets	4,502	2 Capital surplus	4,446
Other	3,176	3 Earned surplus	155,773
Loan-loss reserves	-65	4 Treasury stock	-1,130
Total investments and other assets	21,996	Total shareholders' equity	164,699
Total fixed assets	186,594	II Other accumulated comprehensive income	
		1 Valuation difference on available-for-sale securities	3,255
		2 Foreign currency translation adjustment accounts	8,751
		3 Accumulated retirement benefit adjustments	38
		Total other accumulated comprehensive income	12,045
		III Minority interest	3,720
		Total net assets	180,465
Total assets	320,013	Total liabilities and net assets	320,013

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

Consolidated Income Statement
(April 1, 2021-March 31, 2022)

(Million yen)

Item		Amount	
I	Net sales		233,601
II	Cost of goods sold		212,055
	Gross income		21,545
III	SG&A expenses		14,692
	Operating income		6,853
IV	Non-operating income		
	Interest income	153	
	Dividend income	348	
	Rent income on fixed assets	83	
	Foreign exchange gains	9,022	
	Dividend income of insurance	91	
	Income from subsidy	633	
	Investment return using equity method	349	
	Other non-operating income	190	10,871
V	Non-operating expenses		
	Interest expenses	211	
	Interest on bonds	57	
	Rent expenses on fixed assets	7	
	Allowance for doubtful accounts	8	
	Allowance for Absence from work	309	
	Other non-operating expenses	117	711
	Recurring income		17,013
VI	Extraordinary income		
	Capital gains on the sale of fixed assets	63	
	Capital gains on the sale of investment securities	631	
	Other extraordinary income	4	699
VII	Extraordinary losses		
	Loss on sales and retirement of non-current assets	39	
	Loss on sales of investment securities	39	
	Other extraordinary losses	22	102
	Net income before income taxes		17,610
	Corporate taxes, resident taxes, and business taxes	8,274	
	Corporate tax adjustments	-1,728	6,546
	Net income		11,064
	Net income attributable to non-controlling shareholders		65
	Net income attributable to shareholders of the parent company		10,998

Notes:

Amounts less than 1 million yen were rounded down.

Consolidated Shareholders' Equity Statement

(April 1, 2021-March 31, 2022)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Beginning-of-term balance	5,610	4,446	146,175	-1,096	155,135
Changes during the term under review					
Dividends on surpluses			-1,577		-1,577
Net income attributable to shareholders of the parent company			10,998		10,998
Buyback of treasury shares				-34	-34
Disposal of treasury shares		0		0	0
Number of changes due to amendments to the fiscal years of the consolidated subsidiaries			177		177
Beginning-of-term (net) change in items excluding shareholders' equity					-
Total change in the term under review	-	0	9,598	-34	9,563
End-of-term balance	5,610	4,446	155,773	-1,130	164,699

(Million yen)

	Total other accumulated comprehensive income				Non-controlling shareholders interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment accounts	Accumulated retirement benefit adjustments	Total other accumulated comprehensive income		
Beginning-of-term balance	4,303	3,037	-333	7,007	3,489	165,632
Changes during the term under review						
Dividends on surpluses						-1,577
Net income attributable to shareholders of the parent company						10,998
Share buyback						-34
Disposal of treasury shares						0
Number of changes due to amendments to the fiscal years of the consolidated subsidiaries						177
Beginning-of-term (net) change in items excluding shareholders' equity	-1,047	5,714	372	5,038	231	5,269
Total change in the term under review	-1,047	5,714	372	5,038	231	14,833
End-of-term balance	3,255	8,751	38	12,045	3,720	180,465

Notes:

Amounts less than 1 million yen were rounded down.

Notes on Consolidated Financial Statements

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

1. Scope of consolidation

(1) Consolidated subsidiaries

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

Tochigi Mitsuike Co., Ltd. was excluded from the scope of the consolidation due to its liquidation in April 2021.

(2) Non-consolidated subsidiaries

- Number of non-consolidated subsidiaries: 5
- Reasons for exclusion from scope of consolidation:

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

2. Items related to the application of the equity method

(1) Affiliates to which the equity method applied

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

Marujun Co., Ltd.

AAPICO Mitsuike (Thailand) CO., Ltd.

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

● Reasons for not applying the equity method:

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

3. Items related to the business years of consolidated subsidiaries

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

With respect to Guangzhou Mitsuike Corporation, the financial statements dated December 31 were used and necessary adjustments for consolidated accounting are made with respect to material transactions made by the year prior to the consolidated fiscal year. However, starting from the beginning of the consolidated fiscal year, this was changed to the consolidated method based on the provisional settlement of accounts as of March 31, the consolidated book-closing date. As a result, for the consolidated fiscal year, profits and losses for the three months from January 1, 2021 to March 31, 2021 were adjusted and consolidated in earned surplus.

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

(i) Marketable securities

Other marketable securities

Items other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Cost method based on the moving average method

(ii) Derivative transactions

Market value method

(iii) Inventory assets

Inventories owned for normal sales purposes

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

- Goods, products, and works in progress
 - Weighted average method, actual cost method
- Raw materials and stored goods
 - FIFO method
- (2) Depreciation method for important depreciable assets
 - (i) Tangible fixed assets (excluding lease assets)
 - Straight-line method
 - (ii) Intangible fixed assets (excluding lease assets)
 - Straight-line method
 - However, software that the Company uses is depreciated using the straight-line method over the estimated in-house working life of five years.
 - (iii) Lease assets
 - Lease assets related to finance lease transactions in which ownership is transferred
 - The same depreciation method applied to fixed assets owned by the Company is applied.
 - Lease assets related to finance lease transactions in which ownership is not transferred
 - Useful life is based on the lease period duration, and straight-line depreciation is applied with an assumed residual value of zero.
- (3) Standards for recording important reserves
 - (i) Loan-loss reserves
 - To prepare for losses due to bad debt claims, general claims are treated using the loan loss ratio. For specific loans such as those classified as loans with default possibility, the likelihood of loan recovery is considered individually and an estimated unrecoverable amount is allocated.
 - (ii) Bonus reserves
 - To pay employee bonuses, a bonus reserve is allocated based on the expected payment amount.
 - (iii) Bonus reserves for Officers
 - The Company and its domestic consolidated subsidiaries prepare for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the consolidated fiscal year under review.
 - (iv) Reserves for stock grant to Officers
 - The Company prepares for the grant of Company stock to Company Directors under the stock-granting plan by recording reserves for grant of stock based on the expected stock-granting obligations as of the end of the relevant consolidated fiscal year under review.
 - (v) Reserves for product warranties
 - Estimated warranty costs based on past results are recorded as reserves to prepare for defect liability of products sold.
 - (vi) PCB processing reserves
 - To prepare for the payment of costs for processing PCBs and other waste that the Company stores, for expenses that can be reasonably estimated, the amounts expected

to be incurred going forward are recorded.

(4) Other important items that form the basis for creating consolidated financial statements

Standards for recording of retirement benefit liabilities

In the calculation of employee retirement liabilities, when attributing an estimated amount of retirement benefits to the period up to the end of the consolidated fiscal year under review, the estimated benefits method is mainly used.

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

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

(5) Standards for recording significant revenue and expenses

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

(i) Press products business

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

(ii) Temperature-controlled logistics business

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

(6) Important methods of account hedging

(i) Method of account hedging

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

(ii) Hedging methods and transactions subject to hedging

Hedging methods

Interest swap

Transactions subject to hedging
Interest payable on specific borrowings

(iii) Hedging policy

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

(iv) Method of evaluating effectiveness

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

2 Notes on changes in accounting policy

(1) Application of accounting standards for recognition of revenue

We applied the “Accounting Standards for Recognition of Revenue” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; the “Accounting Standards for Recognition of Revenue”) and similar provisions starting from the beginning of the consolidated fiscal year under review and decided to recognize revenue in the amount we expected to receive in exchange for the promised goods or services, when control of the promised goods or services has been transferred to customers.

The application of the Accounting Standards for Recognition of Revenue conforms to transitional measures provided in the proviso of paragraph 84 of the Accounting Standards for Recognition of Revenue, and the cumulative effect of the retroactive application of the new accounting policy prior to the beginning of the consolidated fiscal year under review was added to or deducted from earned surplus at the beginning of the consolidated fiscal year under review, and the new accounting policy was applied from the balance as of the beginning of the term.

As a result, there was no effect on profits and losses for the consolidated fiscal year under review. There also was no impact on the beginning balance of earned surplus.

(2) Application of accounting standards to calculations of market value

We applied the “Accounting Standards for Fair Value Measurement” (Accounting Standards Board of Japan Statement No. 30, July 4, 2019; the “Accounting Standards for Fair Value Measurement”) and similar provisions starting from the beginning, and decided to apply the new accounting policy provided in the Accounting Standards for Fair Value Measurement and similar provisions prospectively in accordance with the transitional measures provided in paragraph 19 of the Accounting Standards for Fair Value Measurement and paragraph 44-2 of the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan Statement No. 10, July 4, 2019). There was no impact on the consolidated financial statements.

In addition, in the “Notes on Financial Products,” we decided to provide notes on items such as the breakdown of the market value of financial products by level.

3 Notes on accounting estimates

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

Deferred tax assets: 4,502 million yen.

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

Therefore, if it becomes necessary to change the relevant estimate due to changes in the external

environment because of fluctuations in economic conditions and the market environment, etc., the amount of deferred tax assets may be reduced and tax expenses may be recorded in the consolidated financial accounts for the following consolidated fiscal year.

4 Notes on recognition of revenue

(1) Breakdown of revenue

(Million yen)

	Reporting Segments			Other (Note)	Total
	Press products business	Temperature controlled logistics business	Total		
Automotive press parts	150,902	—	150,902	—	150,902
Refrigerated containers	—	31,852	31,852	—	31,852
Other	29,566	11,865	41,432	9,413	50,845
Revenue resulting from agreements with customers	180,469	43,718	224,187	9,413	233,601
Other revenue	—	—	—	—	—
Sales to outside customers	180,469	43,718	224,187	9,413	233,601

(Note)

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

(2) Basic information for understanding revenue

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

5 Notes on the Consolidated Balance Sheet

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

(1) Assets furnished as security

Buildings	294 million yen
Machinery, equipment, and vehicles	1 million yen
Land	827 million yen
<u>Total</u>	<u>1,123 million yen</u>

(2) Obligations pertaining to the security

Long-term borrowings	764 million yen
Short-term borrowings	1,185 million yen
<u>Total</u>	<u>1,950 million yen</u>

2. Cumulative depreciation on tangible fixed assets 205,731 million yen

3. Fixed asset reduction entries

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

for Machine Equipment.

6 Notes on the Consolidated Shareholders' Equity Statement

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

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

Resolutions	Share type	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders of June 24, 2021	Common shares	788	15.00	March 31, 2021	June 25, 2021
Board of Directors Meeting on November 12, 2021	Common shares	788	15.00	September 30, 2021	December 13, 2021
Total		1,577			

(Note)

1. The total dividend amount approved at the Ordinary General Meeting of Shareholders held on June 24, 2021, includes the 1 million yen in dividends on the 93,351 Company shares owned by the Officer Compensation BIP Trust Account.

2. The total dividend amount approved by the Board of Directors meeting held on November 12, 2021, includes the 1 million yen in dividends on the 113,951 Company shares owned by the Officer Compensation BIP Trust Account.

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

The following proposal for dividends on common shares will be proposed at the Ordinary General Meeting of Shareholders to be held on June 28, 2022.

Total dividends	525 million yen
Dividends per share	10.00 yen
Record date	March 31, 2022
Effective date	June 29, 2022

Dividends are to be sourced from earned surplus.

(Note) The total dividend amount above includes the 1 million yen in dividends on the 113,951 Company shares owned by the Officer Compensation BIP Trust Account.

7 Notes on financial products

1. Situation regarding financial products

(1) Handling of financial products

The Group invests its funds in highly safe financial assets and procures necessary funds from financial institutions in accordance with its capital investment plan. We make use of derivatives to avoid risks discussed later, but not for speculative purposes.

(2) Details of financial products and their risks

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

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

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

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

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

(3) Risk control systems related to financial products

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

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

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

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

(4) Supplementary explanation on financial product prices

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

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

2. Market prices of financial products, etc.

The following are amounts provided in the Consolidated Balance Sheet as of March 31, 2022, market value, and the differences between the two. Stocks and other securities with no market price are not included in the table (please see Note 2).

(Million yen)

	Amount recorded on the Consolidated Balance Sheet	Market value	Difference
(1) Marketable securities and investment securities			
Other marketable securities	10,317	10,317	—
Affiliate shares	3,669	1,540	-2,128
(2) Long-term loans	371		
Allowance for doubtful accounts (*3)	-56		
	315	362	47
Total assets	14,302	12,221	-2,081
(1) Bonds	30,000	29,939	-61
(2) Long-term borrowings	30,721	30,758	36
(3) Long-term accounts payable (other long-term accounts payable)	32	32	0
Total liabilities	60,754	60,729	-24
Derivatives transactions (*4)	(97)	(97)	—

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

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

(Million yen)

Category	Amount recorded on consolidated balance sheet
Non-listed shares	225

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

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

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

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

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

Level 2 Market Value: Market value calculated using inputs other than that for Level 1, among the inputs used for calculating observable market value.

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

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

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

Consolidated fiscal year under review (March 31, 2022)

(Million yen)

Category	Market values			Total
	Level 1	Level 2	Level 3	
Marketable securities and investment securities				
Other marketable securities				
Stock	8,598			8,598
Bonds		687		687
Other		894		894
Total assets	8,598	1,581	—	10,179
Derivatives transactions				
Currency-related		97		97
Total liabilities	—	97	—	97

Notes: The market value of investment trusts is not included in the above. The amount recorded on the consolidated balance sheet for investment trusts is 137 million yen.

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

Consolidated fiscal year under review (March 31, 2022)

(Million yen)

Category	Market values			Total
	Level 1	Level 2	Level 3	
Long-term loans		362		362
Affiliate shares	1,540			1,540
Total assets	1,540	362	—	1,902
Corporate bonds		29,939		29,939
Long-term borrowings		30,758		30,758
Long-term accounts payable		32		32
Total liabilities	—	60,729	—	60,729

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

Marketable securities, investment securities, and affiliate shares

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

Derivatives transactions

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

Long-term loans

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

Corporate bonds

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

traded in active markets.

Long-term borrowings

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

Long-term accounts payable

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

8 Derivatives transactions

1. Derivatives transactions for which hedge accounting is not applicable

Currency related

(Million yen)					
Category	Transaction type	Contract amount	Those exceeding one year	Market price	Valuation gains/losses
Non-market transactions	Long position Yen	479	181	-97	-97
Total		479	181	-97	-97

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

2. Derivatives transactions for which hedge accounting is applicable

Interest-rate related

(Million yen)					
Hedge Accounting Method	Transaction type	Main transactions subject to hedging	Contract amount, etc.	Contracts exceeding one year	Market price
Special treatment of interest rate swaps	Interest rate swap (Paid/fixed and received/floating)	Long-term borrowings	129	32	0

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

9 Notes regarding per share information

1. Net assets per share 3,368.57 yen
2. EPS 209.60 yen

Notes: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS. The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 113,951, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 110,565.

10 Notes concerning significant subsequent events

N/A

11 Other notes

Amounts less than 1 million yen were rounded down.

Financial Statements

Balance Sheet (As of March 31, 2022)

(Million yen)

Item (Assets)	Amount	Item (Liabilities)	Amount
I Current assets		I Current liabilities	
Cash and deposits	20,765	Notes payable	10,485
Notes receivable	3,330	Accounts payable	13,431
Accounts receivable	26,421	Long-term borrowings due within one year	10,246
		Lease obligations	5
Goods	630	Accounts payable	323
Works in progress	3,572	Accrued expenses	1,448
Raw materials	1,203	Corporate taxes payable	4,361
Stored goods	157	Consumption taxes payable	918
Prepaid expenses	246	Deposits received	14,358
Accrued revenues	5,135	Advances received	752
Other current assets	1,133	Bonus reserves	1,072
		Bonus reserves for Officers	18
Total current assets	62,597	Reserves for product warranties	143
		Equipment-related notes payable	749
II Fixed assets		Total current liabilities	58,314
1 Tangible fixed assets		II Fixed liabilities	
Buildings	7,454	Bonds	30,000
Structures	1,292	Long-term borrowings	12,900
		Lease obligations	14
Machinery and equipment	7,682	Long-term account payables	4
Vehicles	58	Tax-deferred liabilities	1,337
Tools, furniture, and fixtures	6,940	PCB processing reserves	45
Land	1,906	Reserves for stock grant to Officers	89
Lease assets	17	Long-term deposits received	30
Construction in progress	2,245	Total fixed liabilities	44,420
Total tangible fixed assets	27,598		
		Total liabilities	110,336
2 Intangible fixed assets		(Net assets)	
Software	534	I Shareholders' equity	
Software in progress	1,429	1 Capital	5,610
Right of utilization	10	2 Capital surplus	
Total intangible fixed assets	1,974	Capital reserves	4,705
		Other capital surpluses	2,552
3 Investments and other assets		Total capital surplus	7,258
Investment securities	8,714	3 Earned surplus	
Affiliate shares	25,927	Retained earnings	1,197
Investments	1	Dividend reserves	400
Long-term loans	90,631	Reserve for reduction entry of land	589
Guarantee deposits	49	Reserve for reduction entry of replaced property	906
Prepaid pension expenses	1,520	Reserve for reduction entry of noncurrent assets	88
Other investments	101	Special reserves	18,914
Loan-loss reserves	-766	Earned surplus carried over	79,101
Total investments and other assets	126,179	Total earned surplus	101,196
		4 Treasury stock	-1,621
Total fixed assets	155,753	Total shareholders' equity	112,444
Total assets	218,351	II Valuation and translation adjustments	
		Valuation difference on available-for-sale securities	3,170
		Total valuation and translation differences	3,170
		Total net assets	115,615
		Total liabilities and net assets	218,351

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

Income Statement
(April 1, 2021-March 31, 2022)

(Million yen)

Item		Amount	
I	Net sales		100,744
II	Cost of goods sold		88,698
	Gross income		12,045
III	SG&A expenses		5,635
	Operating income		6,410
IV	Non-operating income		
	Interest income	1,418	
	Dividend income	1,747	
	Rent income on fixed assets	85	
	Foreign exchange gains	7,455	
	Dividend income from insurance	67	
	Other non-operating income	198	10,973
V	Non-operating expenses		
	Interest expenses	73	
	Interest on bonds	57	
	Rent expenses on fixed assets	8	
	Allowance for Absence from work	110	
	Allowance for doubtful accounts	716	
	Other non-operating expenses	73	1,039
	Recurring income		16,343
VI	Extraordinary income		
	Capital gains on the sale of investment securities	544	
	Capital gains on the sale of fixed assets	7	551
VII	Extraordinary losses		
	Loss on sales and retirement of non-current assets	7	
	Loss on valuation of shares of subsidiaries	425	432
	Net income before income taxes		16,461
	Corporate taxes, resident taxes, and business taxes	4,670	
	Corporate tax adjustments	-281	4,388
	Net income		12,072

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

Shareholders' Equity Statement

(April 1, 2021-March 31, 2022)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus			Earned surplus
		Capital reserves	Other capital surplus	Total capital surplus	Legal retained earnings
Beginning-of-term balance	5,610	4,705	2,552	7,258	1,197
Changes during the current term					
Dividends on surpluses					
Net income					
Reversals of reserve for reduction entry of replaced property					
Provision of reserve for reduction entry of noncurrent assets					
Reversal of reserve for reduction entry of noncurrent assets					
Share buyback					
Disposal of treasury shares			0	0	
(Net) change in items excluding shareholders' equity in the consolidated fiscal year					
Total change in the current term	—	—	0	0	—
End-of-term balance	5,610	4,705	2,552	7,258	1,197

(Million yen)

	Shareholders' Equity					
	Earned surplus					
	Other earned surplus					
	Dividend reserves	Reserve for reduction entry of land	Reserve for reduction entry of replaced property	Reserve for reduction entry of replaced property special subaccount	Reserve for reduction entry of noncurrent assets	Special reserves
Beginning-of-term balance	400	589	938	—	93	18,914
Changes during the current term						
Dividends on surpluses						
Net income						
Reversals of reserve for reduction entry of replaced property			-31			
Provision of reserve for reduction entry of noncurrent assets					7	
Reversal of reserve for reduction entry of noncurrent assets					-12	
Share buyback of treasury shares						
Disposal of treasury shares						
(Net) change in items excluding shareholders' equity in the fiscal year						
Total change in the current term	—	—	-31		-5	—
End-of-term balance	400	589	906	—	88	18,914

(Million yen)

	Shareholders' Equity				Valuation and translation differences		Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation differences	
	Retained earnings brought forward	Total retained earnings					
Beginning-of-term balance	68,569	90,701	-1,586	101,983	4,143	4,143	106,127
Changes during the current term							
Dividends on surpluses	-1,577	-1,577		-1,577			-1,577
Net income	12,072	12,072		12,072			12,072
Reversals of reserve for reduction entry of replaced property	31	—		—			—
Provision of reserve for reduction entry of noncurrent assets	-7	—		—			—
Reversal of reserve for reduction entry of noncurrent assets	12	—		—			—
Share buyback		—	-34	-34			-34
Disposal of treasury shares		—	0	0			0
(Net) change in items excluding shareholders' equity in the fiscal year		—			-972	-972	-972
Total change in the current term	10,532	10,495	-34	10,461	-972	-972	9,488
End-of-term balance	79,101	101,196	-1,621	112,444	3,170	3,170	115,615

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

Notes on Standalone Financial Statements

1 Notes on matters relating to important accounting policy

1. Valuation standards and valuation methods of assets

(1) Marketable securities

(i) Shares in subsidiaries and affiliates

Cost method based on the moving average method

(ii) Other marketable securities

Items other than stocks and other securities with no market price

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

Stocks and other securities with no market price

Cost method based on the moving average method

(2) Inventory assets

Inventory owned for normal sales purposes

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

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

2. Depreciation method for important fixed assets

(1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

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

(3) Lease assets

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

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

3. Standards for recording reserves

(1) Loan-loss reserves

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

(2) Bonus reserves

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

- (3) Bonus reserves for Officers

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

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

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

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

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

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

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

Hedging methods
Currency forward transactions, Interest rate swaps

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

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

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

The details of the primary performance obligations of the primary businesses relating to revenue

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

(i) Press products business

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

(ii) Temperature-controlled logistics business

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

2 Notes on changes in accounting policy

(1) Application of accounting standards for recognition of revenue

We applied the “Accounting Standards for Recognition of Revenue” (Accounting Standards Board of Japan Statement No. 29, March 31, 2020; the “Accounting Standards for Recognition of Revenue”) and similar provisions starting from the beginning of the consolidated fiscal year under review and decided to recognize revenue in the amount we expected to receive in exchange for the promised goods or services, when control of the promised goods or services has been transferred to customers.

The application of the Accounting Standards for Recognition of Revenue conforms to transitional measures provided in the proviso of paragraph 84 of the Accounting Standards for Recognition of Revenue, and the cumulative effect of the retroactive application of the new accounting policy prior to the beginning of the consolidated fiscal year under review was added to or deducted from earned surplus at the beginning of the consolidated fiscal year under review, and the new accounting policy was applied from the balance as of the beginning of the term.

As a result, there was no effect on profits and losses for the consolidated fiscal year under review. There also was no impact on the beginning balance of earned surplus.

(2) Application of accounting standards to calculations of market value

We applied the “Accounting Standards for Fair Value Measurement” (Accounting Standards Board of Japan Statement No. 30, July 4, 2019; the “Accounting Standards for Fair Value Measurement”) and similar provisions starting from the beginning, and decided to apply the new accounting policy provided by the Accounting Standards for Fair Value Measurement and similar provisions prospectively in accordance with the transitional measures provided in paragraph 19 of the Accounting Standards for Fair Value Measurement and paragraph 44-2 of the “Accounting Standards for Financial Instruments” (Accounting Standards Board of Japan Statement No. 10, July 4, 2019). There was no impact on the financial statements.

3 Notes on recognition of revenue

(1) Breakdown of revenue

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

(2) Basic Information for understanding revenue

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

4 Notes on accounting estimates

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

	the fiscal year under review (Million yen)
Affiliate shares	25,927

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

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

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

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

5 Notes on the Balance Sheet

1. Cumulative depreciation on tangible fixed assets	74,155 million yen
2. Short-term claims against affiliates	20,363 million yen
Long-term claims against affiliates	90,577 million yen
Short-term debts owed to affiliates	19,916 million yen
3. Guarantee obligations	

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

Borrowings from financial institutions	
Topre America Corporation	3,794 million yen
TOPRE (WUHAN) AUTOPARTS CORPORATION	1,996 million yen
TOPRE (FOSHAN) AUTOPARTS CORPORATION	120 million yen
Total	5,911 million yen

6 Notes on Profit/Loss Statement

Trade volume with affiliates	
Sales	35,030 million yen
Purchases	39,645 million yen
Trade volume other than business trades	3,139 million yen

7 Notes on Statements of Changes in Net Asset

1. Type and number of outstanding shares at the end of the term under review

Common shares	54,021,824 shares
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2. Type and number of treasury shares at end of the term under review

Common shares	1,552,847 shares
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8 Notes relating to deferred tax assets and liabilities

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

(1) Deferred tax assets

Loss on valuation of inventory assets	54	million yen
Lump-sum depreciable assets	49	
Bonus reserves	328	
Social insurance premium related to bonus reserves	51	
Unpaid business taxes	237	
Amount recorded on estimates for product warranties	26	
Reserves for product warranties	43	
Reserves for stock grant to Officers	27	
PCB processing reserves	13	
Evaluation loss on investment securities	127	
Impairment loss	23	
Subsidiary loan-loss reserves	233	
Other	6	
Deferred tax asset total	1,224	

(2) Deferred tax liabilities

Prepaid pension expenses	-465	million yen
Reserve for reduction entry of land	-259	
Reserve for reduction entry of replaced property	-399	
Reserve for reduction entry of noncurrent assets	-38	
Valuation difference on available-for-sale securities	-1,398	
Deferred tax liability total	-2,561	
Net deferred tax assets (liabilities)	-1,337	

9 Notes on transactions with related parties
(Subsidiaries, etc.)

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
Subsidiary	Toprec Corporation	Directly own 100%	Purchaser of goods	Product sale	25,092	Accounts receivable	9,722
			Company supplier	Purchase of parts and equipment	299	Accounts payable	27
			Entrustment of operating funds Concurrent officers	Entrustment of funds	2,000	Deposits	7,000
Subsidiary	Toho Transportation Co., Ltd.	Directly own 50%	Purchaser of goods and Outsourcing of transport services	Sales of by-products (Scraps)	382	Accounts receivable	50
				Outsourcing of transport services, etc.	762	Accounts payable	4
			Entrustment of operating funds Concurrent officers	Entrustment of funds	1,000	Unpaid expenses Deposits	86 6,100
Subsidiary	Topre Kyushu Corporation	Directly own 100%	Company supplier	Component purchase	14,622	Accounts payable	1,145
			Equipment arrangements, etc.	Equipment arrangements, supply of parts, etc.	4,409	Notes payable Accounts receivable	914 479
			Entrustment of operating funds	Entrustment of funds	-	Advance payments Deposits	280 4
			Financial assistance	Refund of funds	1,000		
			Concurrent officers	Lending of funds Collection of funds	1,366	Long-term loans	2,301

Subsidiary	Topre Tokai Corporation	Directly own 100%	Company supplier Equipment arrangements, etc. Financial assistance Concurrent officers	Component purchase Equipment arrangements, supply of parts, etc. Lending of funds Collection of funds	16,554 9,736 1,800 2,272	Accounts payable Accounts receivable Long-term loans Advances paid	2,077 2,667 5,184 2
Subsidiary	Mitsuike Corporation	Directly own 51.6%	Purchaser of goods Company supplier Equipment arrangements, etc. Financial assistance Concurrent officers	Sales of components Component purchase Equipment arrangements, etc., supply of parts, etc. Guarantee of obligations Collection of funds	0 2,487 961 - -	Accounts receivable Accounts payable Notes payable Advance payments Long-term loans	0 273 59 146 739 1,000
Subsidiary	Topre America Corporation	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest Guarantee of obligations	5,021 18,585 5,184 984 3,794	Accounts receivable Accounts payable Short-term loans Long-term loans — Unpaid expenses	2,790 18 59,687 -
Subsidiary	Topre Autoparts Mexico, S.A. de C.V.	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest	2,356 - 2,526 281	Accounts receivable Long-term loans	1,909 8,732
Subsidiary	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods Financial assistance	Component, dies and molds, equipment sales Lending of funds Collection of	722 - 1,586	Accounts receivable Long-term loans	513 -

				funds Receipt of interest Guarantee of obligations	10 120	—	
			Concurrent officers				
Subsidiary	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	484	Accounts receivable	355
			Company supplier Financial assistance	Purchase of parts, etc. Lending of funds Collection of funds Receipt of interest Guarantee of obligations	7 - 420 15 -	Accounts payable Long-term loans	- 1,490
			Concurrent officers				
Subsidiary	TOPRE (WUHAN) AUTOPARTS CORPORATION	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	151	Accounts receivable	51
			Financial assistance	Lending of funds Collection of funds Receipt of interest Guarantee of obligations	- - 29 1,996	Long-term loans	3,000
Subsidiary	TOPRE (THAILAND) CO., LTD.	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	497	Accounts receivable	56
			Company supplier Financial assistance	Purchase of parts Lending of funds Collection of funds Receipt of interest	0 850 1,124 52	Accounts payable Long-term loans	- 2,873
			Concurrent officers				
Subsidiary	TOPRE (India) Pvt. Ltd.	Directly own 100%	Purchaser of goods	Component, dies and molds, equipment sales	252	Accounts receivable	207
			Company supplier Financial assistance	Purchase of parts Lending of funds Collection of funds Receipt of interest	2 1,770 74 50	Accounts payable Long-term loans	- 5,964
			Concurrent				

			officers				
Subsidiary	PT.TOPRE INDONESIA AUTOPARTS	Directly own 100%	Financial assistance	Lending of funds Collection of funds Receipt of interest	- - 0	Long-term loans	30
			Concurrent officers				
Affiliate	MARUJUN Co., Ltd.	Directly own 20.2%	Company supplier	Purchase of component, dies and molds, equipment	3,582	Accounts payable	616
			Equipment arrangements, etc.	Equipment arrangements, supply of parts, etc.	1,827	Notes payable Accounts receivable	250 218
			Concurrent officers				

Note : Transaction terms and a policy etc. for deciding the transaction terms

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

10 Notes regarding per share information

1. Net assets per share 2,203.51 yen

2. EPS 230.08 yen

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

The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 113,951, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 110,565.

11 Notes concerning significant subsequent events

N/A

12 Other notes

Amounts less than 1 million yen were rounded down.