

Please note that the following is an unofficial English translation of Japanese original text of Notice of Convocation of the 107th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. The Company provides this translation for reference and convenience purposes only, without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Securities Code: 5901

June 10, 2020

To Our Shareholders:

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

Notice of Convocation of the 107th Ordinary General Meeting of Shareholders

We are pleased to announce that the 107th Ordinary General Meeting of Shareholders of Toyo Seikan Group Holdings, Ltd. will take place on June 25, 2020, as described below.

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

Please review the attached reference documents for the general shareholders meeting, and exercise your voting rights by 5:15 p.m., Wednesday, June 24, 2020, Japan time.

1. Time and Date: 10:00 a.m., Thursday, June 25, 2020

2. Place: 2F Meeting Room, Osaki Forest Building
2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo, Japan

3. Agenda

- Items to be reported:**
- (1) Business report and consolidated financial statements for the 107th term (from April 1, 2019 to March 31, 2020), and results of audit of the consolidated financial statements by the Accounting Auditor and the Audit and Supervisory Board
 - (2) Non-consolidated financial statements for the 107th term (from April 1, 2019 to March 31, 2020)

Items to be resolved:

- Proposal 1: Appropriation of surplus
- Proposal 2: Election of eleven (11) Directors
- Proposal 3: Election of three (3) Audit and Supervisory Board Members

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

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

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Reference Documents for the 107th General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

We submit the following proposal for the appropriation of surplus.

Matters concerning the year-end dividend

Rewarding shareholders is one of our most important management issues. Although we have posted a loss attributable to owners of parent of 520 million yen for the fiscal year under review, we would like to follow our basic dividend policy of ensuring stable and constant payout to shareholders. We have decided to pay an annual dividend of at least 14 yen per share for the years from fiscal 2018 to fiscal 2020, the period of the Toyo Seikan Group Fifth Mid-term Management Plan.

Based on the dividend policy, we intend to pay a year-end dividend for the fiscal year under review as follows:

- (1) Type of dividend property: Cash
- (2) Allotment of dividend property to shareholders and its total amount:
Year-end dividend for the Company's common shares: 7 yen per share
Total amount of payout: 1,316,503,426 yen
As the Company has already paid an interim dividend of 7 yen per share, the aggregate amount of annual dividend for the fiscal year under review will be 14 yen per share.
- (3) Effective date of the distribution of surplus: June 26, 2020

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Proposal 2: Election of Eleven (11) Directors

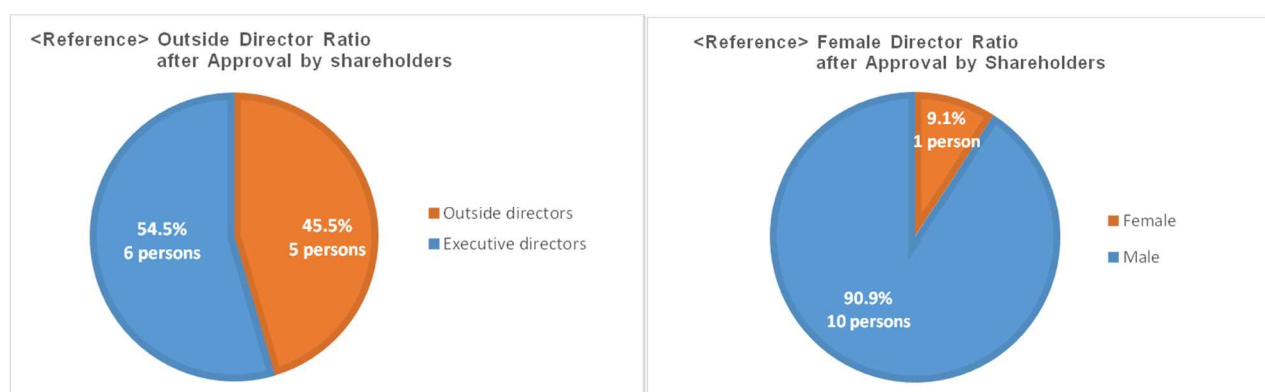
The term of office of the twelve existing directors of the board, including five outside directors, will expire at the close of the 107th Ordinary General Meeting of Shareholders. Thus, we ask our shareholders to approve the appointment of eleven new directors, including five outside directors.

The candidates for Directors are as follows:

No.	Name	Current position and responsibility at the Company		Attendance at Board of Directors Meetings during the 107th term
1	Ichio Otsuka	President and Representative Director; Chairman of Group Risk and Compliance Committee; Chairman of Group Environment Committee	Reelection	13 out of 13 times (100.0%)
2	Hirohiko Sumida	Director and Executive Vice President; Management of Toyo Kohan Co., Ltd.	Reelection	13 out of 13 times (100.0%)
3	Masakazu Soejima	Director and Executive Officer; Head of Corporate Strategy; Accounting, Finance, Investor Relations and Group Procurement Strategy	Reelection	13 out of 13 times (100.0%)
4	Kazuo Murohashi	Director and Executive Officer; CSR, Human Resources, HR Development and Group Risk & Compliance	Reelection	13 out of 13 times (100.0%)
5	Kouki Ogasawara	Director and Executive Officer; Secretariat, General Affairs, Legal Affairs, IT and Group Information Management	Reelection	13 out of 13 times (100.0%)
6	Tsuta Katayama	Director	Reelection Outside Independent	13 out of 13 times (100.0%)
7	Kei Asatsuma	Director	Reelection Outside Independent	13 out of 13 times (100.0%)
8	Hiroshi Suzuki	Director	Reelection Outside Independent	13 out of 13 times (100.0%)
9	Mami Taniguchi	Director	Reelection Outside Independent	10 out of 10 times (100.0%)
10	Takuji Nakamura	Executive Officer; Head of Group Technical Development; Head of Innovation Incubation Office	New election	—
11	Toshikazu Koike	—	New election Outside Independent	—

- Note: 1. Since Mami Taniguchi assumed the post of Director during the 106th Ordinary General Meeting of Shareholders held on June 25, 2019, the total number of board meetings she could attend was ten.
2. “Independent” marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and that of the Company.
3. The Company has notified TSE that it has appointed Tsuta Katayama, Hiroshi Suzuki and Mami Taniguchi as Independent Directors under TSE’s independent criteria, and will notify TSE of the appointment of Toshikazu Koike to Independent Director.
4. Kei Asatsuma is qualified for an Independent Director but has not been designated as such by the Company according to the policy of the law firm to which he belongs.

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions
1	<p>Ichio Otsuka (Nov. 24, 1959)</p> <p>Reelection</p> <p>Board meeting attendance: 13 out of 13 times (100.0%)</p> <p>Company share ownership: 15,900 shares</p> <p>Period in office: 2 years</p>	<p>Apr. 1983 Joined the Company</p> <p>Jun. 2005 Plant Manager, Hiroshima Plant</p> <p>Jun. 2006 Executive Vice President of Asia Packaging Industries (Vietnam) Co., Ltd.</p> <p>Jun. 2007 General Manager, Production Technology Department, Production & Operations Division</p> <p>Jun. 2009 General Manager, Quality Assurance Department, Production & Operations Division</p> <p>Jun. 2011 General Manager, International Operations Department, International Operations Division</p> <p>Apr. 2012 President of Next Can Innovation Co., Ltd.</p> <p>Apr. 2013 Operating Officer of Toyo Seikan Co., Ltd.; In charge of Management of Next Can Innovation Co., Ltd.</p> <p>Apr. 2014 Operating Officer; In charge of Business Development and CSR General Manager, Corporate Planning Department and International Business Development Department</p> <p>Jun. 2014 In charge of Business Development and CSR General Manager, Corporate Planning Department</p> <p>Apr. 2015 Executive Officer; In charge of Corporate Strategy and Investor Relations General Manager, Corporate Planning Department</p> <p>Apr. 2016 Senior Executive Officer and Director of Toyo Seikan Co., Ltd. (Assistant to President)</p> <p>Jun. 2016 President and Representative Director of Toyo Seikan Co., Ltd.</p> <p>Apr. 2018 Special Advisor</p> <p>Jun. 2018 President and Representative Director (up to present)</p> <p>Apr. 2019 Chairman of Group Risk and Compliance Committee (up to present) Chairman of Group Environment Committee (up to present)</p> <p>Significant concurrent position: • Director of Crown Seal Public Co., Ltd.</p> <p>Reason of nomination for Director: We have determined that Mr. Ichio Otsuka is qualified to lead the management of the Group for his track record as President of the Company in addition to the years of experience and extensive knowledge he has accumulated in the divisions of production & operations, international operations and corporate planning.</p>

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions	
2	Hirohiko Sumida (Aug. 21, 1956)	Feb. 1991	Joined Mitsubishi Corporation
	Reelection	Jan. 2003	Manager of IT Strategy Unit, Living Essentials Group, Mitsubishi Corp.
		Apr. 2008	CIO of Living Essentials Group, Mitsubishi Corp.
		Feb. 2011	Joined Toyo Kohan Co., Ltd.
		Apr. 2011	Executive Officer, Chief and General Manager of President’s Office, Toyo Kohan Co., Ltd.
		Apr. 2012	Chief of Strategic Planning Division and General Manager of Business Development Department, Toyo Kohan Co., Ltd.
	Board meeting attendance: 13 out of 13 times (100.0%)	Jun. 2012	Director of Toyo Kohan Co., Ltd.
		Apr. 2013	Chief of Strategic Planning Division, Toyo Kohan Co., Ltd.
	Company share ownership: 4,800 shares	Jun. 2014	President and Representative Director of Toyo Kohan Co., Ltd. Operating Officer of the Company
		Jun. 2018	Director and Executive Vice President (up to present) In charge of Management of Toyo Kohan Co., Ltd. (up to present)
Period in office: 2 years	Significant concurrent position: - Director of Toyo Kohan Co., Ltd.		
Reason of nomination for Director: We have determined that Mr. Hirohiko Sumida is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated as the President of a group company.			
3	Masakazu Soejima (Nov. 23, 1965)	Apr. 1988	Joined the Company
	Reelection	Jun. 2010	General Manager, Accounting & Finance Department, Corporate Administration Division
		Apr. 2012	Director, Can Machinery Holdings, Inc. (up to present)
		Apr. 2013	General Manager, Accounting & Finance Department
		May 2015	General Manager, Corporate Planning Department
		Apr. 2016	Operating Officer
	Board meeting attendance: 13 out of 13 times (100.0%)	Jun. 2017	Director (up to present) In charge of Corporate Strategy and Investor Relations
		Apr. 2019	Executive Officer (up to present) Head of Corporate Strategy; In charge of Investor Relations and Group Procurement
	Company share ownership: 1,300 shares	Apr. 2020	Head of Corporate Strategy; In charge of Accounting, Finance, Investor Relations and Group Procurement Strategy (up to present)
		Period in office: 3 years	
Reason of nomination for Director: We have determined that Mr. Masakazu Soejima is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the accounting and corporate planning divisions over many years.			

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions
4	Kazuo Murohashi (Sep. 24, 1963) Reelection Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 4,900 shares Period in office: 3 years	Apr. 1986 Joined the Company Jun. 2009 Plant Manager, Shimizu Plant, Production & Operations Division Oct. 2010 Plant Manager, Shizuoka Plant, Production & Operations Division Apr. 2012 General Manager, HR Department, Corporate Administration Division Apr. 2013 General Manager, General Affairs and HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd. Jul. 2015 General Manager, HR Department, Corporate Administration Division, Toyo Seikan Co., Ltd. Apr. 2016 General Manager, HR Department Apr. 2017 Operating Officer Jun. 2017 Director (up to present) In charge of General Affairs and Human Resources Jun. 2018 In charge of Secretariat and Human Resources Jun. 2019 In charge of Secretariat, Human Resources and Group Risk & Compliance Oct. 2019 Head of Risk Management Administration Office Apr. 2020 Executive Officer (up to present) In charge of CSR, Human Resources, HR Development and Group Risk & Compliance (up to present)
	Reason of nomination for Director: We have determined that Mr. Kazuo Murohashi is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the human resources and personnel administration divisions over many years.	
5	Kouki Ogasawara (Nov. 6, 1965) Reelection Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 3,500 shares Period in office: 2 years	Apr. 1988 Joined the Company Apr. 2013 General Manager, General Affairs Department Apr. 2017 Operating Officer Jun. 2018 Director (up to present) In charge of General Affairs and Legal Affairs Apr. 2020 Executive Officer (up to present) In charge of Secretariat, General Affairs, Legal Affairs, IT and Group Information Management (up to present)
	Reason of nomination for Director: We have determined that Mr. Kouki Ogasawara is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in the general affairs division over many years.	

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions	
6	Tsutao Katayama (Apr. 24, 1949) Reelection Outside Independent Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 1,300 shares Period in office: 5 years	Apr. 1983	Full-time Instructor, Faculty of Engineering, Doshisha University
		Apr. 1986	Assistant Professor, Faculty of Engineering
		Apr. 1991	Professor, Faculty of Engineering
		Apr. 2004	Vice President of Doshisha University
		Apr. 2008	Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University
		Jun. 2015	Director of the Company (up to present)
		Apr. 2020	Professor Emeritus, Doshisha University (up to present)
		Significant concurrent position: • Professor Emeritus, Doshisha University	
Reason of nomination for Outside Director: We have determined that Mr. Tsutao Katayama is qualified to act as Outside Director of the Company for the specialized knowledge and extensive experience he has accumulated as a university professor in the engineering and life and medical science fields over many years.			
7	Kei Asatsuma (Sep. 5, 1970) Reelection Outside Independent Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: None Period in office: 4 years	Apr. 1997	Admitted to bar (Daiichi Tokyo Bar Association) (up to present) Joined Nagashima & Ohno (currently, Nagashima Ohno & Tsunematsu) (up to present)
		Jan. 2005	Partner of Nagashima Ohno & Tsunematsu (up to present)
		Jun. 2016	Director of the Company (up to present)
		Significant concurrent position: • Lawyer (Partner of Nagashima Ohno & Tsunematsu)	
Reason of nomination for Outside Director: We have determined that Mr. Kei Asatsuma is qualified to act as Outside Director of the Company for the specialized knowledge and extensive experience he has accumulated as a lawyer. Although he has not been directly involved in corporate management, except serving as an outside director, we determined that he is capable of properly performing duties as Outside Director for the above-mentioned reason.			

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions
8	Hiroshi Suzuki (Sep. 17, 1952) Reelection Outside Independent Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 800 shares Period in office: 2 years	Apr. 1975 Joined the Tokyo Regional Taxation Bureau Jul. 2000 Professor, National Tax College Jul. 2002 Judicial Research Official, Tokyo District Court Jul. 2004 Examiner, Fourth Large Enterprise Examination Department, Tokyo Regional Taxation Bureau Jul. 2005 District Director, Saku Tax Office Jul. 2006 Chief Litigation Officer (International Group), Office of Litigation, First Taxation Department, Tokyo Regional Taxation Bureau Jul. 2008 Director, Rulings and Legal Affairs Division, First Taxation Department, Tokyo Regional Taxation Bureau Jul. 2009 Director (Appeals Judge), National Tax Tribunal, Tokyo Regional Taxation Bureau Jul. 2011 Director, Tax Counsel Office, Management and Co-ordination Department, Tokyo Regional Taxation Bureau Jul. 2012 District Director, Chiba Higashi Tax Office Aug. 2013 Registered as Certified Tax Accountant (up to present) Established Certified Tax Accountant Office (up to present) Jun. 2017 Audit and Supervisory Board Member of the Company Jun. 2018 Director of the Company (up to present)
		Significant concurrent position: • Certified Tax Accountant
	Reason of nomination for Outside Director: We have determined that Mr. Hiroshi Suzuki is qualified to act as Outside Director of the Company for the specialized knowledge and extensive experience he has accumulated while serving in the Tokyo Regional Taxation Bureau, National Tax Agency, over many years. Although he has not been directly involved in corporate management, except serving as an outside director and an outside auditor, we determined that he is capable of properly performing duties as Outside Director for the above-mentioned reason.	
9	Mami Taniguchi (Jun. 8, 1966) Reelection Outside Independent Board meeting attendance: 10 out of 10 times (100.0%) Company share ownership: None Period in office: 1 year	Apr. 1996 Assistant Professor, Department of Economics, Hiroshima University of Economics Apr. 1999 Associate Professor, Department of Economics, Hiroshima University of Economics Apr. 2000 Associate Professor, Department of Management Studies, Graduate School of Social Sciences, Hiroshima University Apr. 2003 Associate Professor, School of Commerce and Graduate School of Commerce, Waseda University Apr. 2007 Associate Professor, Graduate School of Commerce, Waseda University Apr. 2008 Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University (up to present) Jun. 2019 Director of the Company (up to present)
		Significant concurrent position: • Professor, Faculty of Commerce and Graduate School of Commerce, Waseda University
	Reason of nomination for Outside Director: We have determined that Ms. Mami Taniguchi is qualified to serve as Outside Director of the Company for the vast experience and specialized knowledge she has accumulated as a university professor of international business administration. Although she has not been directly involved in corporate management, except serving as an outside director, we determined that she is capable of properly performing duties as Outside Director for the above-mentioned reason.	

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Candidate No.	Name (Date of birth)	Career summary, status, responsibilities and significant concurrent positions
10	Takuji Nakamura (Dec. 27, 1963) New election	Apr. 1988 Joined Toyo Kohan Co., Ltd. Aug. 2004 General Manager of Films Producing Department, Toyo Kohan Co., Ltd. Apr. 2009 General Manager of Laminating Department, Toyo Kohan Co., Ltd. Apr. 2010 Plant Manager of Laminating & Film Producing Plant, Toyo Kohan Co., Ltd. Apr. 2012 Chief of Films Division / In charge of Production Operations / General Manager of Films Department, Toyo Kohan Co., Ltd. Jan. 2013 General Manager of Technology Planning Department, Toyo Kohan Co., Ltd. Apr. 2016 Operating Officer / In charge of Technical Development, Toyo Kohan Co., Ltd. Apr. 2017 Deputy Chief of Technical Development, Toyo Kohan Co., Ltd. Apr. 2018 Chief of R&D Center, Toyo Kohan Co., Ltd. Apr. 2019 Operating Officer of the Company Head of Innovation Incubation Office (up to present) Deputy Head of Group Technical Development Nov. 2019 Head of Group Technical Development (up to present) Apr. 2020 Executive Officer (up to present)
		Significant concurrent position: • Director of TOMATEC Co., Ltd.
	Reason of nomination for Director: We have determined that Mr. Takuji Nakamura is qualified to lead the management of the Group for the vast experience and extensive knowledge he has accumulated while serving in technical development-related divisions over many years.	
11	Toshikazu Koike (Oct. 14, 1955) New election Outside Independent	Apr. 1979 Joined Brother Industries, Ltd. Oct. 1992 Director, Brother International Corporation (U.S.A.) Jan. 2000 President, Brother International Corporation (U.S.A.) Jun. 2004 Director, Brother Industries, Ltd. Jan. 2005 Chairman, Brother International Corporation (U.S.A.) Apr. 2005 Director and Executive Officer, Brother Industries, Ltd. Apr. 2006 Senior Executive Officer, Brother Industries, Ltd. Jun. 2006 Representative Director and Senior Executive Officer, Brother Industries, Ltd. Jun. 2007 President and Representative Director, Brother Industries, Ltd. Jun. 2018 Chairman and Representative Director, Brother Industries, Ltd. (up to present)
		Significant concurrent position: • Chairman and Representative Director, Brother Industries, Ltd.
	Reason of nomination for Outside Director: We have determined that Mr. Toshikazu Koike is qualified to act as Outside Director of the Company for the vast experience and extensive knowledge he has accumulated over many years as a management member of an international corporate group, where he has been instrumental in developing its core businesses.	

- Notes:
1. There are no special interests between the Company and each of the above-named candidates for Directors.
 2. Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki, Mami Taniguchi and Toshikazu Koike are candidates for Outside Directors.
 3. Outline of Liability Limitation Agreement with Outside Directors
 - (1) In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act, individually with Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki and Mami Taniguchi. The maximum amount of liability based on the agreement shall be the higher of either 10 million yen or the amount set by the

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Companies Act. If the election of the aforementioned four candidates is approved at the 107th Ordinary General Meeting of Shareholders, the Company will extend these agreements.

- (2) If the election of Toshikazu Koike is approved at the shareholders meeting, the Company will conclude with him an liability limitation agreement with the same content as the above-mentioned one.
4. “Independent” marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and that of the Company.
 5. The Company has notified TSE that it has appointed Tsutao Katayama, Hiroshi Suzuki and Mami Taniguchi as Independent Directors under TSE’s independent criteria, and will notify TSE of the appointment of Toshikazu Koike to Independent Director.
 6. Kei Asatsuma is qualified for an Independent Director but has not been designated as such by the Company according to the policy of the law firm to which he belongs.

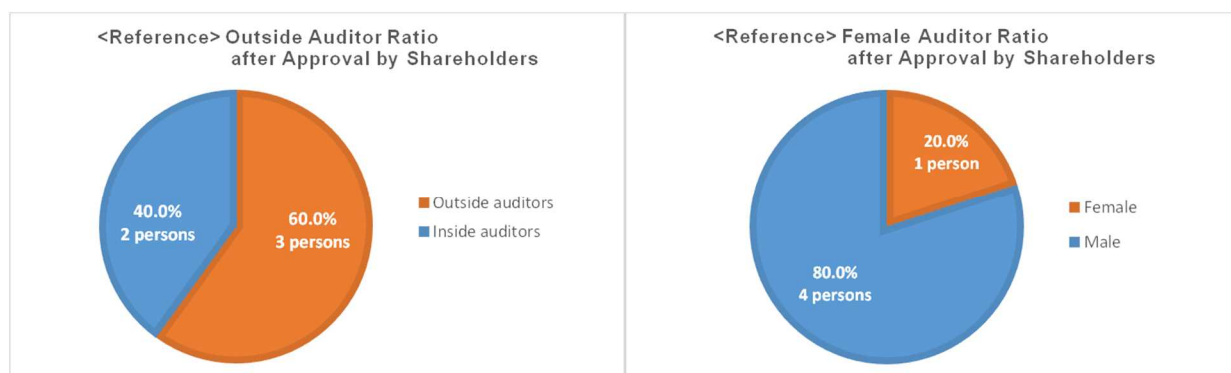
Proposal 3: Election of Three (3) Audit and Supervisory Board Members

The term of office of the three existing members of the Audit and Supervisory Board (Mr. Kunio Okawa, Mr. Ryusaku Konishi and Mr. Fuminari Hako) will expire at the close of the 107th Ordinary General Meeting of Shareholders. Thus, we ask our shareholders to approve the appointment of three new auditors, including two outside auditors.

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

No.	Name	Current position and responsibility at the Company		Attendance at Board of Directors Meetings during the 107th term	Attendance at Audit and Supervisory Board Meetings during the 107th term
1	Fuminari Hako	Audit and Supervisory Board Member	Reelection Outside Independent	13 out of 13 times (100.0%)	14 out of 14 times (100.0%)
2	Masashi Gobun	Director Assistant to President	New election	13 out of 13 times (100.0%)	—
3	Ikuko Akamatsu	—	New election Outside Independent	—	—

- Notes:
1. “Independent” marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and that of the Company.
 2. The Company has notified TSE that it has appointed Fuminari Hako as Independent Director under TSE’s independent criteria, and will notify TSE of the appointment of Ikuko Akamatsu to Independent Director under TSE’s independent criteria.



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Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions
1	Fuminari Hako (Sep. 5, 1969) Reelection Outside Independent Board meeting attendance: 13 out of 13 times (100.0%) Audit & Supervisory Board meeting attendance: 14 out of 14 times (100.0%) Company share ownership: 2,100 shares Period in office: 4 year	Oct. 1994 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Apr. 1998 Registered as Certified Public Accountant (up to present) Oct. 2000 Founded Hako Accounting Office Sep. 2004 Registered as Certified Tax Accountant (up to present) Jun. 2011 Founded tax accountant corporation Aoyama Trust (currently Reson Partners Tax Accountant Co.) Representative Partner of the accountant corporation (up to present) Jun. 2016 Audit and Supervisory Board Member of the Company (up to present)
		Significant concurrent position: • Certified Public Accountant / Certified Tax Accountant (Representative Partner of Reson Partners Tax Accountant Co.) • Outside Director (Audit Committee member) of Showa Chemical Industry Co., Ltd.
	Reason for nomination for Outside Audit and Supervisory Board Member: We have determined that Mr. Fuminari Hako is qualified to serve as Audit and Supervisory Board Member of the Company for the specialized knowledge and extensive experience he has accumulated as a certified public accountant and a certified tax accountant.	
2	Masashi Gobun (Apr. 11, 1956) New election Board meeting attendance: 13 out of 13 times (100.0%) Company share ownership: 19,820 shares	Apr. 1979 Joined the Company Jun. 2005 General Manager, Information Technology Department, Corporate Administration Division Jun. 2008 General Manager, Accounting & Finance Department, Corporate Administration Division Apr. 2012 Operating Officer Apr. 2013 In charge of Accounting and IT Apr. 2014 Executive Officer May 2015 In charge of Accounting, Finance and IT Jun. 2015 Director (up to present) Apr. 2016 Senior Executive Officer Dec. 2016 In charge of Accounting, Finance, IT and Group Information Management Jun. 2017 Head of Accounting, Finance and IT; In charge of Group Information Management Apr. 2018 In charge of Accounting, Finance, IT and Group Information Management Apr. 2020 Assistant to President (up to present)
	Reason for nomination for Audit and Supervisory Board Member: We have determined that Mr. Masashi Gobun is qualified to serve as Audit and Supervisory Board Member of the Company for the vast experience and extensive knowledge he has accumulated while serving in the accounting, finance and IT divisions over many years.	

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Candidate No.	Name (Date of birth)	Career summary and significant concurrent positions
3	Ikuko Akamatsu (Feb. 27, 1968)	<p>Jan. 1995 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>Apr. 1997 Registered as Certified Public Accountant (up to present)</p> <p>Apr. 2008 Registered as Certified Fraud Examiner (up to present)</p> <p>Dec. 2010 Chief Researcher, Management Training and Consulting Division, Institute of Management, SANNO University</p>
	New election Outside Independent	<p>Apr. 2019 Senior Researcher, Management Training and Consulting Division, Institute of Management, SANNO University</p> <p>Jul. 2019 Board Director, The Japanese Institute of Certified Public Accountants (up to present)</p>
	Company share ownership: None	<p>Significant concurrent position:</p> <ul style="list-style-type: none"> • Certified Public Accountant • Certified Fraud Examiner • Director of the Japanese Institute of Certified Public Accountants • Outside auditor of Shinsei Bank, Limited
<p>Reason for nomination for Outside Audit and Supervisory Board Member: We have determined that Ms. Ikuko Akamatsu is qualified to serve as Audit and Supervisory Board Member of the Company for the specialized knowledge and extensive experience she has accumulated as a certified public accountant and a certified fraud examiner. Although she has not been directly involved in corporate management, except serving as an outside auditor or an outside director, we determined that she is capable of properly performing duties as Outside Audit and Supervisory Board Member for the above-mentioned reason.</p>		

- Notes:
1. There are no special interests between the Company and the above-named candidates.
 2. Fuminari Hako and Ikuko Akamatsu are candidates for Outside Audit and Supervisory Board Members.
 3. Outline of Liability Limitation Agreement with outside auditors
 - (1) In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has signed an agreement which limits the liability under Article 423, Paragraph 1 of the Companies Act, with Fuminari Hako. The maximum amount of liability based on the agreement shall be the higher of either 10 million yen or the amount set by the Companies Act. If his election is approved at the 107th Ordinary General Meeting of Shareholders, the Company will extend the agreement.
 - (2) If the election of Ikuko Akamatsu is approved at the shareholders meeting, the Company will conclude with her an liability limitation agreement with the same content as the above-mentioned one.
 4. “Independent” marked in the above table means that the relevant candidate is independent from the Company on the basis of both the independent criteria of the Tokyo Stock Exchange (TSE) and that of the Company.
 5. The Company has notified TSE that it has appointed Fuminari Hako as Independent Director under TSE’s independent criteria, and will notify TSE of the appointment of Ikuko Akamatsu to Independent Director under TSE’s independent criteria.
 6. Masashi Gobun is expected to assume the role of auditor for Toyo Kohan Co., Ltd. and Toyo Aerosol Industry Co., Ltd. as of June 19, 2020, for Toyo Glass Co., Ltd. as of June 23, 2020, and for Toyo Seikan Co., Ltd. as of June 24, 2020.

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

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

Independence Criteria

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

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

Notes:

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

The 107th Term Business Report

(From April 1, 2019, to March 31, 2020)

I. Current Status of the Group

1. Progress and Results of Business Operations

Although the Japanese economy was on a moderate recovery path until the end of 2019, the business environment has become extremely challenging due to the impact of the spread of the novel coronavirus diseases since early 2020, with corporate earnings and private consumption deteriorating rapidly.

Under such conditions, the Toyo Seikan Group has reported its business results for the fiscal year under review as described below. On a consolidated basis, net sales were 790,814 million yen, down 0.3% from the year earlier. Sales of packaging-related machinery and plastic products such as pouches increased, while those of functional materials decreased. Operating income and ordinary income rose over the previous year largely thanks to drops in raw material and energy prices, recording 27,271 million yen (up 7.2%) and 28,412 million yen (up 2.3%), respectively. With an impairment loss and an antitrust law-related loss incurred during the year under review, the Company posted a loss attributable to owners of parent of 520 million yen for the year, compared to the profit of 20,262 million yen for the previous year.

The overall operating results by segment were as follows:

Business segment	Net Sales		
	March 2020 (million yen)	March 2019 (million yen)	YOY Comparison (%)
Packaging business	658,567	655,671	100.4
Steel plate related business	62,924	61,764	101.9
Functional materials related business	36,811	41,072	89.6
Real estate related business	8,019	7,798	102.8
Other businesses	24,490	26,812	91.3
Total	790,814	793,119	99.7

[Packaging business]

The Group's packaging business recorded 658,567 million yen in net sales (up 0.4% year-on-year) and 20,507 million yen in operating income (up 3.4% year-on-year).

1) Manufacturing and sales of metal packaging

Sales of metal packaging products were in line with the previous year's level.

<Domestic>

Overall domestic sales remained basically unchanged from the previous year as a sales growth of cans for alcoholic beverages (canned *Chuhai* cocktails) was offset by decreased sales of cans for medical nutritional drinks and weaker sales of caps for coffee drinks.

<Overseas>

Overseas sales rose from the year earlier. Although sales of cans for energy drinks dropped in Thailand, increased sales of caps for beer and soft drinks in the country and a positive impact of foreign exchange pushed up the total sales of this segment.

2) Manufacturing and sales of plastic packaging

Sales of plastic packaging products increased from the previous year.

<Domestic>

Overall domestic sales grew year-on-year, with sales of films for household detergent refill pouches increasing and packages for clinical reagents and caps for jelly drinks performing well, while sales of PET bottles for carbonated soft drinks declined.

<Overseas>

Overseas sales were flat year-on-year, as the strong performance of beverage PET bottles in China along

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with a growth in contract filling volume of tea drinks was offset by a decline in plastic bottles for haircare products in the country.

3) Manufacturing and sales of paper products

Sales of paper products were largely unchanged from the previous year, as new purchase orders of containers for prepared meals sold at convenience stores and a sales growth for corrugated paper packaging for dairy products offset a sales drop for ice cream cups.

4) Manufacturing and sales of glass packaging

Total sales of glass packaging products fell from the previous year mainly due to a sluggish sales of housewares such as tableware used at restaurants, although sales of beverage glass bottles increased.

5) Contract filling and sales of aerosol products and general liquid-filled products

Overall sales of this category dropped year on year due to a decline in aerosol products for hair dye and a weak performance of general liquid-filled products, including hair care products.

6) Manufacturing and sales of packaging-related machinery and equipment

Overall sales of this category exceeded the previous year's results thanks to increases in sales of beverage-filling equipment in Japan and those of can and can-end making machines in overseas markets.

[Steel plate related business]

Net sales rose 1.9% from the previous year to 62,924 million yen, while operating income dropped 80.8% to 285 million yen.

Sales of materials for electrical and electronic components rose year-on-year as materials for automotive rechargeable batteries performed well.

Sales of materials for automotive and industrial machinery parts significantly fell from the previous year with lower sales of materials for driving system components.

Materials for construction and household electric appliances showed a weaker performance compared to the year earlier, as sales of refrigerator door materials decreased.

[Functional materials related business]

Net sales fell 10.4% year-on-year to 36,811 million yen, while operating income dropped 55.1% to 1,521 million yen.

Sales of aluminum substrates for magnetic disks were significantly lower than the year earlier level, largely affected by weaker demand for their use in hard disks of servers.

Optical functional films showed a weaker sales following a deterioration in market conditions for flat panel displays.

Sales of pigments and several other products also declined over the previous year.

[Real estate related business]

Net sales from leasing of properties, including office buildings and commercial facilities, rose 2.8% year-on-year to 8,019 million yen, while operating income gained 5.8% to 5,041 million yen.

[Other businesses]

This segment (including manufacturing and sales of automotive press dies, machinery and appliances, hard alloys and agricultural-use materials; sales of petroleum products; and non-life insurance agency business) recorded net sales of 24,490 million yen, down 8.7% year-on-year, and operating income of 1,739 million yen, compared to the loss of 314 million yen for the previous year.

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

In Japan, net sales declined 0.9% year-on-year to 671,993 million yen, while operating income rose 12.0% to 20,294 million yen over the previous year.

In Asia (including Thailand, China and Malaysia), net sales fell 0.1% year-on-year to 58,523 million yen, while operating income grew 16.9% to 6,164 million yen.

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As for other regions, including the U.S., net sales increased 6.7% year-on-year to 60,297 million yen, while operating income dropped 87.9% to 246 million yen from the year earlier.

As of the end of March 2020, the number of consolidated subsidiaries of the Company was 74 (down 1 from the year earlier), while that of affiliates accounted for under the equity method was 4 (unchanged). The change in consolidated subsidiaries during the year under review is as follows:

- Company removed from consolidated subsidiaries:
Toyo Seikan Guangzhou Co., Ltd.

Note: Toyo Seikan Guangzhou Co., Ltd. was liquidated as of December 2019.

2. Capital Investment

- (1) Capital investment made during the fiscal year under review amounted to 58,899 million yen. Total investment by segment and major projects during the year are as follows:

[Packaging business] 45,501 million yen

▶Toyo Seikan Co., Ltd.

- Production facilities for beverage PET bottles (Hiroshima Plant)
- Expansion of factory buildings, etc. (Toyohashi Plant)

▶Nippon Closures Co., Ltd.

- Expansion of warehouse buildings, etc. (Komaki Plant)

▶Toyo Glass Machinery Co., Ltd.

- New plant construction, etc. (Head Office Plant)

▶Bangkok Can Manufacturing Co., Ltd.

- New plant construction, etc. (Ayutthaya, Thailand)

[Steel plate related business] 5,959 million yen

▶Toyo Kohan Co., Ltd.

- Production facilities for nickel-plated steel sheet (Kudamatsu Plant)

[Functional materials related business] 4,306 million yen

▶Toyo Kohan Co., Ltd.

- Production facilities for optical functional films (Kudamatsu Plant)

[Real estate related business] 867 million yen

[Other businesses] 1,137 million yen

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

[Packaging business]

▶Nippon Closures Co., Ltd.

- Expansion of warehouse buildings, etc. (Komaki Plant)

▶Bangkok Can Manufacturing Co., Ltd.

- New plant construction, etc. (Ayutthaya, Thailand)

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

[Packaging business]

▶Toyo Seikan Co., Ltd.

- Production facilities for beverage cans (Ishioka Plant)
- Production facilities for beverage PET bottles (Hiroshima Plant)
- Expansion of factory buildings, etc. (Toyohashi Plant)

▶Nippon Closures Co., Ltd.

- Expansion of warehouse buildings, etc. (Komaki Plant)

▶Toyo Glass Machinery Co., Ltd.

- New plant construction, etc. (Head Office Plant)

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- ▶Toyo Seikan (Thailand) Co., Ltd.
 - Filling equipment for beverage PET bottles, etc. (Head Office Plant)

[Steel plate related business]

- ▶Toyo Kohan Co., Ltd.
 - Production facilities for nickel-plated steel sheet (Kudamatsu Plant)

[Functional materials related business]

- ▶Toyo Kohan Co., Ltd.
 - Production facilities for optical functional films (Kudamatsu Plant)

3. Financing

Not applicable.

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

On April 1, 2019, the Company completed an absorption-type company split in which the bicycle related operations of KY TECHNOLOGY CO., LTD., a consolidated subsidiary of the Company, were split off from the company and succeeded by another consolidated subsidiary KOHAN SHOJI CO., LTD.

5. Business Taken Over from Other Companies

Not applicable.

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

Not applicable.

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

Not applicable.

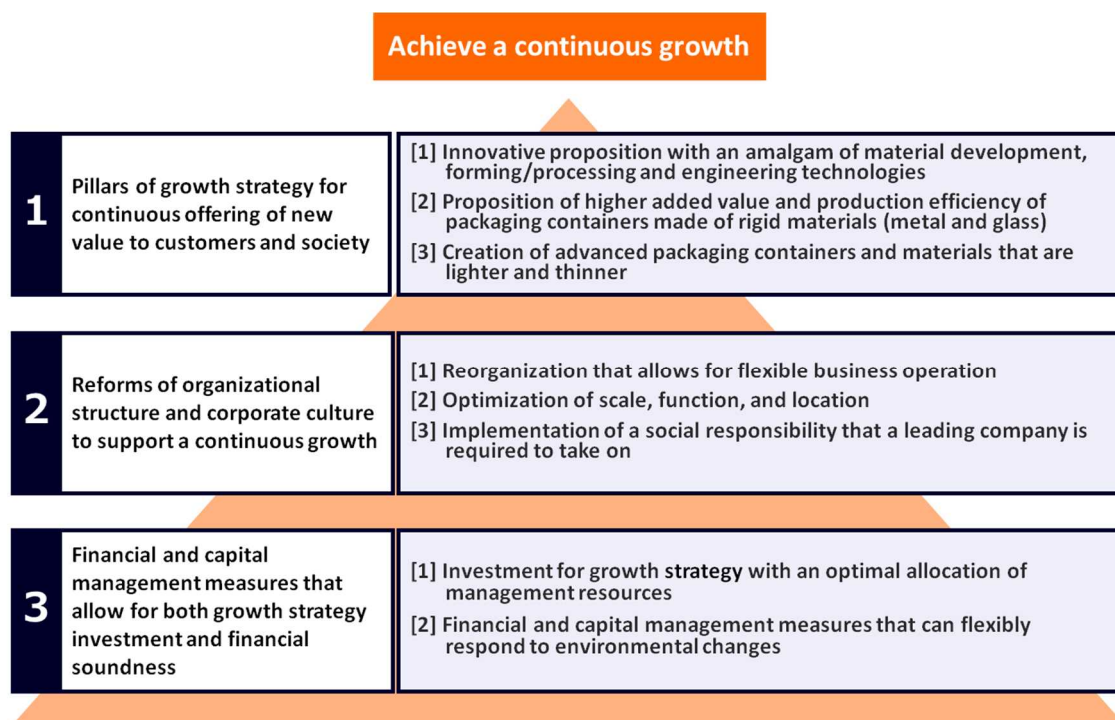
8. Issues to Address

The Group provides products closely related to people's daily life, including packaging containers for food, beverage, and household products and other daily essentials, while engaging in research and development activities to create novel and innovative products and services that best meet changing needs. We consider packaging containers as a social infrastructure, and therefore we, as a comprehensive packaging manufacturer, are responsible for supplying them even in emergencies such as natural disasters and situations like the ongoing spread of COVID-19.

The business environment surrounding the Group has been getting more challenging amid the prospect of limited growth for the domestic packaging container market. The labor shortage is driving up labor and logistics costs, while beverage makers (our customers) are increasing in-house production of PET bottles for their beverage products. In addition, although the COVID-19 pandemic has created additional demand for several types of packaging containers along with a growth in consumption at home, there is a concern over a sluggish consumer spending on leisure activities and food services.

Under such conditions, the Toyo Seikan Group Fifth Mid-term Management Plan (the "Mid-term Plan"), which was launched in May 2018 for the years to fiscal 2020, has now entered its final year. The Mid-term Plan defines the fiscal 2018 as the year of a fresh start with the spirit of foundation and provides the Group's growth strategies and the measures to implement the strategies, including reforms of business structure and corporate culture as well as financial and capital management measures, based on which the Group continues to pursue sustainable development.

< Basic Strategy of the Fifth Mid-term Management Plan >



(1) Continuous offering of new value to our customers and society

We will continue to help people live more prosperous lives and propose environmentally-friendly systems, taking advantage of the combination of technologies the Group has accumulated in three key categories: material development, forming/processing, and engineering.

<Progress>

- We have been seeking to explore new markets through the development of high value-added products and services in various categories, as described below, using our proprietary ideas and technologies with all kinds of materials.
 - The combination of aTULC and an newly-developed end to double both the shelf life and the flavor preservation period of wine in cans
 - Rental service of canned sake filling equipment with more compact machines suited for small lot production at local events, which contributes to local community revitalization
 - Development of paper containers that meet the demand for switching from plastic to paper materials to reduce plastic consumption in an effort to address marine plastic pollution
 - Expansion of production of nickel-plated steel sheet to tap into the growing demand for rechargeable batteries used in eco-friendly electric and hybrid vehicles

(2) Pursuing reforms of organizational structure and corporate culture to support sustainable growth

We will take measures based on the following three policies:

- Reorganization that allows for flexible business operation
- Optimization of scale, function, and location
- Implementation of a social role that a leading company is required to take on

<Progress>

- In response to the increasing demand for aluminum cans used for alcohol drinks, consolidated subsidiary Toyo Seikan has decided to expand production capacity for beverage aluminum cans at the Ishioka Plant by installing an additional line that utilizes IoT technologies for more automated

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and labor-saving production. With this new line, the company aims to create the world's lightest aluminum can by introducing a new technology while pursuing manufacturing with fewer resources and less energy to reduce environmental burden. The new can line is expected to start operation from April 2021.

- (3) Carrying out financial and capital management measures that allow for both growth strategy investment and financial soundness

We will take measures based on the following two policies:

- Implementation of growth strategy investment through an appropriate allocation of management resources
- Carrying out measures related to financial and capital management that can flexibly respond to environmental changes

<Progress>

- Consolidated subsidiary Bangkok Can Manufacturing built a new plant to tap into the growing demand for beverage cans in Thailand. The new factory has been operating since November 2019.
- Consolidated subsidiary Toyo Seikan, which manufactures and sells flexible packaging containers with high growth potential, such as film pouches and plastic cups, is constructing a new factory building at its Toyohashi Plant to raise production capacity and significantly improve productivity for these products. The new facilities will start operation in stages from June 2020.
- In order to maximize its corporate value through achieving a more sound financial condition and higher capital efficiency to allow for future growth investment, the Company decided to buy back its own shares worth 30 billion yen during the period of the Mid-term Plan. It repurchased 9,523,300 shares, worth 19.9 billion yen, during fiscal 2018 and 5,265,300 shares, worth 9.9 billion yen, during fiscal 2019 (the year under review). As a result, the total value of shares repurchased under the plan (14,788,600 shares in total) amounted to 29.9 billion yen.

Although the business environment surrounding the Group is likely to become more challenging in the years ahead, we will continue to pursue a sustainable growth by ensuring the implementation of the measures in the Mid-term Plan.

We would greatly appreciate continued support from our shareholders.

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

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

	March 2017 (FY2016)	March 2018 (FY2017)	March 2019 (FY2018)	March 2020 (FY2019) (Year under review)
Net sales	779,469	785,278	793,119	790,814
Operating income	36,273	31,870	25,443	27,271
Ordinary income	36,098	29,244	27,784	28,412
Profit (Loss) attributable to owners of parent	12,183	-24,740	20,262	-520
Profit (Loss) per share	60.06 yen	-121.96 yen	103.05 yen	-2.71 yen
Total assets	1,140,003	1,113,994	1,068,781	1,025,095
Net assets	725,838	720,207	649,812	624,513
Net asset per share	3,234.69 yen	3,193.97 yen	3,239.81 yen	3,184.56 yen

Note: Since the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, issued on February 16, 2018) for its consolidated financial statements from fiscal 2018, figures for fiscal 2016 and fiscal 2017 are retrospectively adjusted according to the currently adopted standards.

10. Material Status of the Parent Company and Subsidiaries

(1) Parent company

Not applicable.

(2) Significant subsidiaries

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

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

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

Name of the subsidiary	Toyo Seikan Co., Ltd.
Address of the subsidiary	2-18-1 Higashi-Gotanda, Shinagawa-ku, Tokyo
Carrying value of the shares in the subsidiary on the Company’s balance sheet	195,247 million yen
Total assets of the Company	586,909 million yen

3. Tokan Material Technology Co., Ltd. changed its name to TOMATEC Co., Ltd. as of April 1, 2020.

11. Major Operations (as of March 31, 2020)

Business segment	Major operations
Packaging business	Manufacturing and sales of metal packaging, plastic packaging, paper products and glass packaging; contract manufacturing and sales of aerosol and general liquid-filled products; and manufacturing and sales of machinery and equipment related to packaging containers
Steel plate related business	Manufacturing and sales of steel plate and related processed products
Functional materials related business	Manufacturing and sales of aluminum substrates for magnetic disks, optical functional films, glaze, pigment, gel coat and trace-element fertilizer
Real estate related business	Leasing of office buildings and commercial properties
Other businesses	Manufacturing and sales of automotive press dies, machinery and appliances, hard alloys, and agricultural-use materials; sales of petroleum products; and non-life insurance agency business

12. Major Offices and Plants (as of March 31, 2020)

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

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Crown Seal Public Co., Ltd.	Head Office	Thailand (Pathumthani)
	Plant	Thailand (Pathumthani)
Stolle Machinery Company, LLC	Head Office	United States (Delaware)
	Plant	United States (Colorado)

Note: Tokan Material Technology Co., Ltd. changed its name to TOMATEC Co., Ltd. as of April 1, 2020.

13. Employees (as of March 31, 2020)

(1) Employees of the Group

Business segment	Number of employees	Year-on-year change in number
Packaging business	15,180 [2,771]	+284 [-100]
Steel plate related business	1,520 [141]	+22 [-6]
Functional materials related business	1,243 [118]	-16 [+21]
Real estate related business	7 [2]	+1 [+1]
Other businesses	910 [127]	+18 [+16]
Corporate (common)	447 [15]	+48 [-2]
Total	19,307 [3,174]	+357 [-70]

- Notes: 1. “Number of employees” consists of the number of employees who are working within the Group as of the date above, excluding those who are seconded to companies outside the Group and including those who are seconded from companies outside the Group to any of the group companies. In addition to the number of employees, the number of temporary workers is shown in [] as an annual average.
2. The temporary workers include contract employees, associate employees and part-time workers, and exclude temps dispatched from staffing agencies.
3. The employees in the category of “Corporate (common)” refer to the employees who belong to administrative departments that cannot be classified under any specific business segment.

(2) Employees of the Company

Number of employees	Year-on-year change in number	Average age (years)	Average years of service
Male 336 [11]	+37 [-1]	43.0	17.5
Female 111 [4]	+11 [-1]	38.3	12.6
Total 447 [15]	+48 [-2]	41.8	16.3

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

14. Major Lenders (as of March 31, 2020)

Lender	Loan amount (million yen)
Sumitomo Mitsui Banking Corporation	76,406
Sumitomo Mitsui Trust Bank, Limited	27,516
Mizuho Bank, Ltd.	12,124

15. Other Material Matters Concerning Current Status of the Group

The Company and its consolidated subsidiary Toyo Seikan Co., Ltd. (“Toyo Seikan”) were subjected to an onsite inspection on February 6, 2018 by the Japan Fair Trade Commission (JFTC) for alleged violation of

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the Antimonopoly Act related to beverage can transactions. The two companies fully cooperated with the commission's investigation. On September 26, 2019, Toyo Seikan has received a cease and desist order and a surcharge payment order from the commission and paid the surcharge of 12,014.09 million yen on April 27, 2020.

With respect to the food can transactions that were subjected to the JFTC's onsite investigation on April 20, 2017, the commission issued a caution to Toyo Seikan, stating that the company conducted activities that could lead to violation of the Antimonopoly Act.

We have seriously taken to heart the fact that we received the orders. Further enhancing our compliance framework as a whole group, we will continue with our efforts to prevent the recurrence of the violation.

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II. Current Status of the Company

1. Equity of the Company (as of March 31, 2020)

- (1) Number of shares authorized to be issued: 450,000,000 shares
- (2) Number of issued shares: 202,862,162 shares
- (3) Number of shareholders: 5,624
- (4) Major shareholders (Top ten):

Name	Number of shares held (in thousands)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	29,089	15.5
Toyo College of Food Technology	16,192	8.6
Toyo Institute of Food Technology	12,390	6.6
Japan Trustee Services Bank, Ltd. (trust account)	10,941	5.8
Fukoku Mutual Life Insurance Company	5,600	3.0
Sumitomo Mitsui Banking Corporation	5,000	2.7
The Gunma Bank, Ltd.	4,219	2.2
Sumitomo Mitsui Trust Bank, Limited	4,200	2.2
Toyo Ink SC Holdings Co., Ltd.	3,798	2.0
Hankyu Culture Foundation	2,940	1.6

Notes: 1. In addition to the above-stated shares, the Company holds 14,790,244 shares of treasury stock.
2. The 14,790,244 treasury shares are excluded from the total outstanding shares in calculation of the ownership ratio.

(5) Other material information about the equity

Share Repurchase

The Company repurchased its own shares as follows based on the resolution at the Board of Directors Meeting held on October 31, 2019.

Type of shares repurchased:	Common shares of the Company
Number of shares repurchased:	5,265,300 shares
Total price of repurchase:	9,999,869,400 yen
Period of repurchase program:	From November 1, 2019, to March 9, 2020

2. Stock Acquisition Rights

Not applicable.

3. Directors and Auditors of the Company

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2020)

Title	Name	Responsibility and significant concurrent positions
Chairman and Representative Director	Takao Nakai	<ul style="list-style-type: none"> - Chairman of Group CSR Promotion Committee - Chairman of Board of Directors, Toyo College of Food Technology - Chairman of Council, Toyo Institute of Food Technology
President and Representative Director	Ichio Otsuka	<ul style="list-style-type: none"> - Chairman of Group Risk and Compliance Committee - Chairman of Group Environment Committee - Director of Crown Seal Public Co., Ltd.
Executive Vice President and Director	Hirohiko Sumida	<ul style="list-style-type: none"> - Management of Toyo Kohan Co., Ltd. - Director of Toyo Kohan Co., Ltd.
Director	Masashi Gobun	<ul style="list-style-type: none"> - Senior Executive Officer - Accounting, Finance, Information System, and Group's IT Management - Director of Toyo Seikan Co., Ltd.
Director	Masakazu Soejima	<ul style="list-style-type: none"> - Executive Officer - Head of Corporate Strategy - Investor Relations and Group Procurement Strategy
Director	Kazuo Murohashi	<ul style="list-style-type: none"> - Operating Officer - Secretariat and Human Resources and Group Risk & Compliance - Head of Risk Management Administration Office
Director	Kouki Ogasawara	<ul style="list-style-type: none"> - Operating Officer - General Affairs and Legal Affairs
Director	Hideaki Kobayashi	<ul style="list-style-type: none"> - Outside Director of Densan Co., Ltd.
Director	Tsutao Katayama	<ul style="list-style-type: none"> - Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University
Director	Kei Asatsuma	<ul style="list-style-type: none"> - Lawyer (Partner of Nagashima Ohno & Tsunematsu)
Director	Hiroshi Suzuki	<ul style="list-style-type: none"> - Certified Tax Accountant
Director	Mami Taniguchi	<ul style="list-style-type: none"> - Professor, Faculty of Commerce / Graduate School of Commerce, Waseda University
Standing Audit and Supervisory Board Member	Kunio Okawa	<ul style="list-style-type: none"> - Auditor of Toyo Seikan Co., Ltd. - Auditor of Toyo Kohan Co., Ltd. - Auditor of Toyo Glass Co., Ltd. - Auditor of Toyo Aerosol Industry Co., Ltd. - Auditor of Toyo Institute of Food Technology
Standing Audit and Supervisory Board Member	Toshitaka Uesugi	<ul style="list-style-type: none"> - Auditor of Tokan Kogyo Co., Ltd. - Auditor of Nippon Closures Co., Ltd. - Auditor of Mebius Packaging Co., Ltd. - Auditor of Tokan Material Technology Co., Ltd. - Auditor of Nippon Tokan Package Co., Ltd.
Audit and Supervisory Board Member	Ryusaku Konishi	<ul style="list-style-type: none"> - President and Representative Director of Nippon Zoki Pharmaceutical Co., Ltd.
Audit and Supervisory Board Member	Fuminari Hako	<ul style="list-style-type: none"> - Certified Public Accountant/ Certified Tax Accountant (Representative Partner of Reson Partners Tax Accountant Corporation) - Outside Director (Audit Committee member) of Showa Chemical Industry Co., Ltd.
Audit and Supervisory Board Member	Shoichi Ikuta	<ul style="list-style-type: none"> - Professor, School of Business, Japan University of Economics

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- Notes: 1. Hideaki Kobayashi, Tsutao Katayama, Kei Asatsuma, Hiroshi Suzuki and Mami Taniguchi are outside Directors.
2. Ryusaku Konishi, Fuminari Hako and Shoichi Ikuta are outside Audit and Supervisory Board Members.
3. The Company has notified the Tokyo Stock Exchange (TSE) that it has appointed Hideaki Kobayashi, Tsutao Katayama, Hiroshi Suzuki, Mami Taniguchi, Ryusaku Konishi, Fuminari Hako and Shoichi Ikuta as Independent Directors under TSE's independent criteria.
4. Kei Asatsuma meets both the independent criteria of TSE and that of the Company but has not been designated as Independent Director of the Company according to the policy of the law firm to which he belongs.
5. Kunio Okawa, Standing Audit and Supervisory Board Member, has considerable insight into finance and accounting based on his experience as General Manager of the Accounting Department of the Company.
6. Fuminari Hako, Audit and Supervisory Board Member, is a CPA and certified tax accountant and has considerable insight into finance and accounting.
7. Mamoru Shibasaka resigned from the Board of Directors upon his death on November 21, 2019.
8. Resignations from significant concurrent positions during the fiscal year under review are as follows:

Title	Name	Significant concurrent positions	Date of resignation
Director	Masashi Gobun	Director of Toyo Seikan Co., Ltd.	March 31, 2020
Director	Tsutao Katayama	Professor, Department of Biomedical Engineering, Faculty of Life and Medical Sciences, Doshisha University	March 31, 2020
Audit and Supervisory Board Member	Shoichi Ikuta	Professor, School of Business, Japan University of Economics	March 31, 2020

9. Tokan Material Technology Co., Ltd. changed its name to TOMATEC Co., Ltd. as of April 1, 2020.

(2) Total amount of compensation paid to Directors and Audit and Supervisory Board Members

	Basic compensation		Bonus		Total Amount (million yen)
	Number of persons	Amount Paid (million yen)	Number of persons	Amount Provided (million yen)	
Directors (of the above, outside Directors)	16 (6)	331 (37)	13 (5)	36 (5)	367 (42)
Audit and Supervisory Board Members (of the above, outside Audit and Supervisory Board Members)	5 (3)	67 (20)	5 (3)	10 (3)	78 (23)
Total (of the above, outside Directors and Audit and Supervisory Board Members)	21 (9)	399 (58)	18 (8)	46 (8)	445 (66)

- Notes: 1. The 93rd Ordinary General Meeting of Shareholders held on June 29, 2006, resolved that the total amount of compensation paid to Directors will be no more than 430 million yen per year (excluding the employee salary portion if a Director concurrently serves as an employee).
2. The 104th Ordinary General Meeting of Shareholders held on June 27, 2017, resolved that the total amount of compensation paid to Audit and Supervisory Board Members will be no more than 110 million yen per year.

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3. Under the “Basic compensation” for Directors in the above table, “Number of persons paid” includes three Directors who retired due to the expiration of term of office upon the close of the 106th Ordinary General Meeting of Shareholders held on June 25, 2019, and “Amount paid” includes the compensation paid to the Directors.
4. Under the “Basic compensation” and the “Bonus” for Directors in the table above, “Number of persons” includes one director who resigned from the position upon his death on November 21, 2019, and “Amount paid” and “Amount provided” include the compensation amount and the bonus amount for the director, respectively.

(3) Outside directors and auditors

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

Name	Significant concurrent positions outside the Company
Hideaki Kobayashi	Outside director of Densan Co., Ltd.
Kei Asatsuma	Lawyer (Partner of Nagashima Ohno & Tsunematsu)

- Notes: 1. There are no special interests between the Company and Densan Co., Ltd.
 2. There are no special interests between the Company and Nagashima Ohno & Tsunematsu.

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

Name	Significant concurrent positions outside the Company
Ryusaku Konishi	President and Representative Director of Nippon Zoki Pharmaceutical Co., Ltd.
Fuminari Hako	Certified Public Accountant/ Certified Tax Accountant (Representative Partner of Reson Partners Tax Accountant Corporation) Outside director (Audit committee member) of Showa Chemical Industry Co., Ltd.

- Notes: 1. There are no special interests between the Company and Nippon Zoki Pharmaceutical Co., Ltd.
 2. There are no special interests between the Company and Reson Partners Tax Accountant Corporation.
 3. There are no special interests between the Company and Showa Chemical Industry Co., Ltd.

- iii) Major activities in the fiscal year under review

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

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

Name	Position	Record of attendance		Participation status
		Board of Directors Meeting	Audit and Supervisory Board Meeting	
Hideaki Kobayashi	Outside Director	13 out of 13 times	—	He properly expresses opinions mainly based on his years of international experience and broad knowledge as a diplomat.
Tsutao Katayama	Outside Director	13 out of 13 times	—	He properly expresses opinions mainly from a professional viewpoint of a professor in the engineering and life and medical science fields.

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Kei Asatsuma	Outside Director	13 out of 13 times	—	He properly expresses opinions mainly from a professional viewpoint of a lawyer.
Hiroshi Suzuki	Outside Director	13 out of 13 times	—	He properly expresses opinions mainly from a professional viewpoint of a certified tax accountant.
Mami Taniguchi	Outside Director	10 out of 10 times	—	She properly expresses opinions mainly from a professional viewpoint of a professor of international business administration.
Ryusaku Konishi	Outside Audit and Supervisory Board Member	11 out of 13 times	12 out of 14 times	He properly expresses opinions mainly based on his abundant experience in corporate management.
Fuminari Hako	Outside Audit and Supervisory Board Member	13 out of 13 times	14 out of 14 times	He properly expresses opinions mainly from a professional viewpoint of a CPA and certified tax accountant.
Shoichi Ikuta	Outside Audit and Supervisory Board Member	10 out of 10 times	10 out of 10 times	He properly expresses opinions mainly based on his abundant experience and broad knowledge acquired while working with government agencies and private corporations.

- Notes: 1. Since Mami Taniguchi assumed the post of Director during the 106th Ordinary General Meeting of Shareholders on June 25, 2019, the total number of Board of Directors meetings she could attend was ten.
2. Since Shoichi Ikuta assumed the post of Audit and Supervisory Board Member during the 106th Ordinary General Meeting of Shareholders on June 25, 2019, the total numbers of Board of Directors meetings and Audit and Supervisory Board meetings he could attend were ten each.
3. In addition to the above-stated meetings, outside directors and auditors have actively been engaged in activities such as the outside directors' meeting, which is held in principle on a monthly basis to exchange views and opinions with Representative Directors, and on-site inspections of group companies in Japan and overseas on a timely basis.
4. Outside Directors also participate in the Governance Committee, a voluntarily-established consultative body consisting of two representative directors and five independent outside directors, to discuss such issues as the nomination of director and auditor candidates and the remuneration of directors and officers.

iv) Outline of the limited liability agreements

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

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4. Accounting Auditor

(1) Name of Accounting Auditor: Sohken Nichiei Audit Corporation

Note: Sohken Audit Corporation merged with Nichiei Audit Corporation and changed the name to Sohken Nichiei Audit Corporation as of October 1, 2019.

(2) Audit fees

		Payment Amount (million yen)
1)	Amount of audit fees to be paid to the Accounting Auditor for the fiscal year under review	53
2)	Amount of monetary and other economic benefits to be paid to the Accounting Auditor by the Company and its subsidiaries	210

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

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

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

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

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

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

(1) System to Ensure Appropriateness of Business

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

- i) System to ensure that business execution by directors and employees at the Company and its group companies complies with laws and regulations and the Articles of Incorporation
 - (a) The Company shall formulate the Toyo Seikan Group Code of Conduct and Guidelines of Behavior, which provide standards for directors, operating officers and employees of the Company and its group companies (collectively, "Officers and Employees") to comply with laws and regulations, the Articles of Incorporation and corporate ethics.
 - (b) The Company shall establish the Group Risk and Compliance Committee, which governs the entire

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- group's commitment to compliance. Under the supervision of the Committee, the Company shall provide training opportunities for Officers and Employees to fully understand compliance-related issues.
- (c) The Company and its group companies shall develop a system of reporting and consultation about compliance issues for the prevention, early detection and correction of compliance violations. They establish internal and external compliance hotlines to provide a means for their employees to directly report law violations and alleged non-compliance, and set rules for operating the hotline system.
- ii) System to retain and manage information regarding the business execution by directors of the Company and its group companies
 - (a) In accordance with laws and regulations and internal regulations, the Company and its group companies shall record and retain information related to the execution of duties by their directors, including minutes of shareholders meetings, board of directors meetings and management meetings, deliberation records and approval documents, for a period of time set forth by the relevant regulations in an appropriate and easy-to-search manner, in a hard copy or electronic form, to allow their directors and auditors to access such information at all time.
 - (b) The Company shall oversee information management of the Company and its group companies under the supervision of the Group Risk and Compliance Committee, and formulate information management rules to ensure appropriate information control across the group.
 - iii) Rules and framework for controlling the risk of loss at the Company and its group companies
 - (a) The Company shall formulate the "Group Risk and Crisis Management Regulations" and establish a group-wide risk and crisis management framework under the Group Risk and Compliance Committee. Through this framework, the Company shall check the risk management status at each group company and take necessary measures to improve and correct situations.
 - (b) In the event of unforeseen circumstances, the Company shall establish a crisis management headquarters that supervises group companies' emergency control action, or relevant group companies shall individually establish a crisis management headquarters, as appropriate, to prevent and minimize the escalation of damage to the entire group.
 - iv) System to ensure efficient performance of duties by respective Directors of the Company and each Group company
 - (a) The Company shall stipulate matters to be resolved and reported at the Board of Directors meetings. In addition, the Board of Directors meetings of the Company shall be held once per month, in principle, and at other times, as needs dictate, to make appropriate and quick decisions with regard to Group-wide management policies and strategies, as well as important issues in relation to the execution of business operations.
 - (b) The Company shall stipulate matters to be discussed and reported at the management meetings. In addition, the management meetings of the Company shall be held three times per month, in principle, and at other times, as appropriate, to discuss important issues relating to the execution of business operations of the Company and each Group company to help the Board of Directors of the Company improve the efficiency and effectiveness of deliberations. Each Group company shall also establish management meetings, etc., in principle, to help its Board of Directors improve the efficiency and effectiveness of deliberations.
 - (c) At the Company and each Group company, business operations based on the decisions regarding a course of action made by the Board of Directors shall be executed by each department in charge according to rules governing the division of duties, final decisions (*kessai*) and authority, which shall be stipulated by the Company or each Group company through prior consultation with the Company and shall be checked or rectified by Directors, as necessary.
 - v) Other systems to ensure the appropriateness of operations at the Company and each Group company
 - (a) As the holding company that controls the overall businesses of all the Group companies, the Company shall confirm and validate the scope of business, operating performance, etc., by holding regular meetings with each Group company.
 - (b) The Company shall formulate the "Group Companies Management Regulations" and streamline systems to receive reports on business operations, etc., from each Group company and provide it with business administration and support in the pursuit of seeking the appropriate management of each

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Group company.

- (c) The Internal Audit Division of the Company shall audit the internal control systems at the Company and each Group company and report the audit results to the President and Representative Director.
- (d) The Company and each Group company shall streamline and operate appropriate internal management systems to ensure proper financial reporting in accordance with the Financial Instruments and Exchange Act and other applicable Japanese laws and regulations.
- vi) System of employees assigned to assist the duties of Audit and Supervisory Board Members, as well as matters for ensuring independence of said employees from Directors and the effectiveness of the directions given by Audit and Supervisory Board Members to said employees
 - (a) Based on discussion with Audit and Supervisory Board Members on the required number of such assistants, Directors shall appoint assistants who are dedicated employees assigned to assist the duties of Audit and Supervisory Board Members.
 - (b) The aforementioned assistants shall receive directions and orders only from the Audit and Supervisory Board Members in executing their duties and shall never receive any orders from Directors. Evaluations of the assistants will be made by the relevant Audit and Supervisory Board Member, while the Directors, with the consent of the Audit and Supervisory Board, shall make decisions on the appointment, dismissal and reassignment of such assistants.
- vii) System to report to Audit and Supervisory Board Members by Directors and employees, etc., of the Company and each Group company, as well as other systems for reporting to Audit and Supervisory Board Members
 - (a) The Officers and Employees shall make timely and appropriate reports to the Audit and Supervisory Board Members regarding important matters that might have an impact on business operations or performance through management meetings, etc.
Despite the above, Audit and Supervisory Board Members may, whenever necessary, request reports from the Officers and Employees and attend important meetings on various business operations at the Company and each Group company.
 - (b) The Internal Audit Division of the Company shall regularly hold reporting sessions for Audit and Supervisory Board Members to report the current circumstances of the internal audits, compliance, risk management, etc., at the Company and any relevant Group companies.
 - (c) The Company and each Group company shall streamline their respective systems that allow the Officers and Employees to appropriately report compliance-related issues to any Audit and Supervisory Board Member.
 - (d) The Company and each Group company shall ensure that anyone who has reported to Audit and Supervisory Board Members does not suffer from detrimental treatment for the reason of having made said report, and streamline the system to this end.
- viii) Other systems to ensure the effectiveness of audits by Audit and Supervisory Board Members
 - (a) The Audit and Supervisory Board Members shall strive to continually fulfill and improve their professional duties by mutually exchanging information and ideas with the President and Representative Director, the Internal Audit Division and Accounting Auditor.
 - (b) When problems or issues arise in the operation or management of the Company's internal control system, the Audit and Supervisory Board Members may discuss with the Board of Directors and request measures to address those problems.
 - (c) The Company and each Group company shall immediately treat expenses in their respective accounting procedures that have accrued in relation to the performance of duties by Audit and Supervisory Board Members, by taking into account the opinion of the relevant Audit and Supervisory Board Member, except as otherwise recognized that such expenses are not necessary for the performance of said Audit and Supervisory Board Member's duties.
- ix) Basic principles and structures for eliminating antisocial forces
 - (a) The Company and each Group company shall have a resolute stance of no association with any antisocial forces that pose a threat to the order and safety of society, and if such association exists, immediate action shall be taken to eliminate any connection and all demands refused.
 - (b) The Company and each Group company shall establish their respective corporate codes of conduct and other guidelines to deal with antisocial forces, which shall be made widely known to the Officers

and Employees, and other stakeholders.

The Company and each Group company shall cooperate with authorities to obtain information through the General Affairs Department as the response team that takes action against any such antisocial forces, and shall maintain close connections with law enforcement agencies and attorneys in order to act swiftly to prohibit further activity by such groups.

(2) Operating Status of System to Ensure Appropriateness of Business

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

i) Overall internal control system

The Company and its group companies operate an internal control system, and the status of improvement and operation of the system and the status of compliance are checked through regular internal audit work performed by the Internal Audit Office, the Company's internal audit division. Based on the results of audit, corrective measures are implemented if necessary. The audit results are reported by the Internal Audit Office to the directors and auditors of the Company via the Board of Directors, the Executive Management Meeting and the Audit and Supervisory Board.

ii) Risk management

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

As of October 1, 2019, the Company established the Risk Management Administration Office, a permanent organization dedicated for risk and crisis management, in order to build up a solid framework for the risk and crisis management across the group. It also launched, on the same day, the Group Information Management Committee to oversee group-wide information management, and the Information Management Committee to supervise the holding company's information management.

For addressing the COVID-19 pandemic, the newly established group-wide Novel Coronavirus Crisis Management Committee, consisting of operating officers of the Company and its group companies, has been meeting on a daily basis to take comprehensive measures for the entire group, including foreign subsidiaries, since February 2020. To ensure the continuity of the Group's operations related to food, beverages and household products, which are essential for maintaining social functions, while protecting the health of employees, the committee has been leading the efforts to contain the spread of coronavirus diseases through promoting working from home at the head office and other business offices and steadily implementing infection preventive measures at production facilities.

iii) Compliance

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

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

On February 6, 2018, the Company and its consolidated subsidiary Toyo Seikan Co., Ltd. ("Toyo Seikan") were subjected to an onsite inspection by the Japan Fair Trade Commission (JFTC) for alleged violation of the Antimonopoly Act related to beverage can transactions. The two companies fully cooperated with the JFTC's investigation. On September 26, 2019, Toyo Seikan has received a cease and desist order and a surcharge payment order from the commission.

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As we have taken these facts seriously, the board of directors of the Company adopted the “Declaration of Complete Separation from Cartel Involvement” on December 20, 2019, in order to enhance our framework to comply with the Antimonopoly Act.

Declaration of Complete Separation from Cartel Involvement

The Toyo Seikan Group (the “Group”) shall conduct transactions through free and fair competition that complies with the Antimonopoly Act (the “Act”) and shall not engage in any activity that violates the Act or that leads to a suspected violation of the Act with any business operator that competes with companies in the Group.

We, as the entire group, will commit ourselves to the following actions to further enhance our compliance system and surely implement measures to prevent the violation from recurring.

1. Implementation of stricter rules related to compliance with the Antimonopoly Act
2. Implementation of education programs for compliance with the Antimonopoly Act on a continuous basis
3. Clarification of disciplinary punishment policy against violations of the Antimonopoly Act
4. Implementation of appropriate job rotation
5. Enhancement of internal audit function
6. Promotion of the use of internal reporting system

As operating companies in the Group have been implementing their respective rules to comply with the Antimonopoly Act, the Company, as the holding company, formulated its own regulations to comply with the law as of April 30, 2020, to enhance its compliance as well as to encourage the group companies’ compliance, ensuring that business activities are conducted based on fair and free competition.

Through implementing these measures to enhance our compliance framework, we will make every effort to restore trust as an enterprise that fulfills social responsibility.

iv) Governance Committee

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

v) Management of group companies

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

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

vi) Performance of duties by Audit and Supervisory Board Members

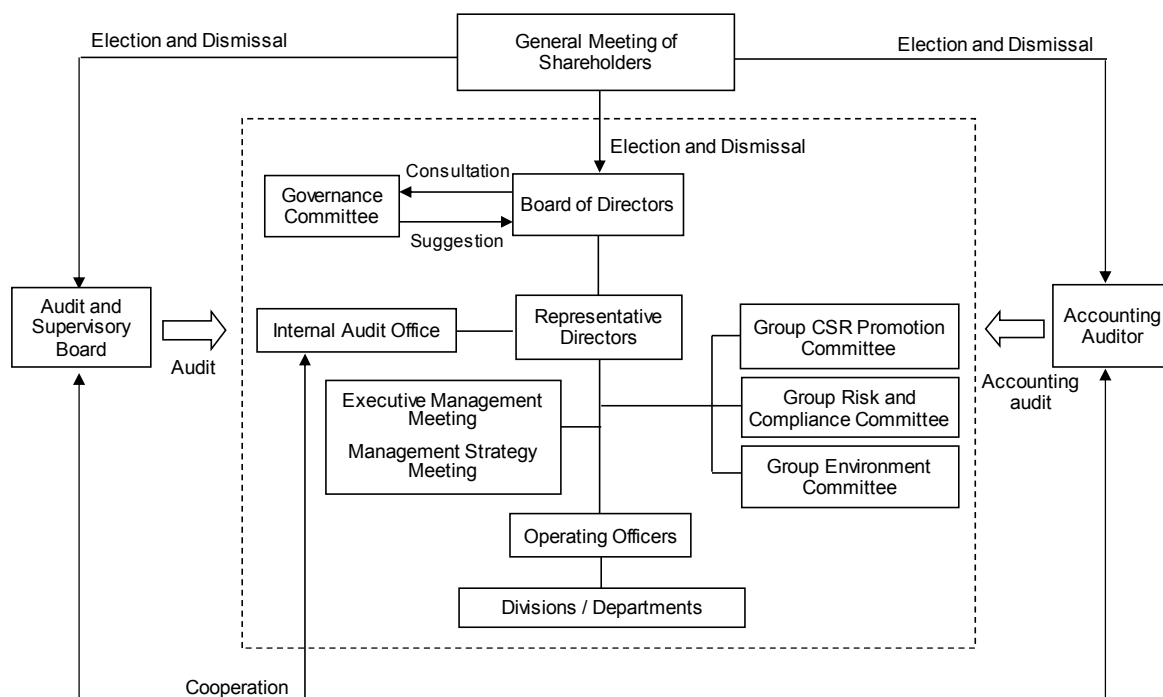
Audit and Supervisory Board Members, including outside Audit and Supervisory Board Members, have checked and supervised the business execution status through holding Audit and Supervisory Board Meetings (14 times during the year under review) and receiving report on important management issues at the Board of Directors Meetings and the management meetings, which are attended by Standing Audit and Supervisory Board Members.

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

<Reference>

The chart below illustrates the corporate governance structure of the Company.

The Company's Corporate Governance Structure



Board of Directors

The Board of Directors, established as a management decision-making and supervising body, is composed of twelve members (including five outside Directors) and meets once a month in principle. The term of office of the Directors is set at one year in order to clarify their management responsibility and to flexibly establish a management system that can swiftly respond to changes in business environment. The Article of Incorporation of the Company stipulates that the number of seats on the Board of Directors shall not exceed fifteen.

Audit and Supervisory Board

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

Management Strategy Meeting / Executive Management Meeting

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

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

Internal Audit Office

For thorough compliance with laws and regulations in its business activities and higher efficiency in management, the Company has established the Internal Audit Office to strengthen its internal auditing system.

Governance Committee

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

Group CSR Promotion Committee

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

Group Risk and Compliance Committee

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

Group Environment Committee

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

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

(1) Outline of the Basic Policy

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

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

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

The Company believes that such buyer is not appropriate to gain control over decisions about the Company’s financial and business policies and that, therefore, necessary and reasonable countermeasures against such large-scale acquisition should be taken to protect its corporate value and the common interests of its shareholders.

(2) Details of activities to implement the Basic Policy

A. Specific activities that contribute to the implementation of the Basic Policy

Mid-Term Management Plan

In May 2018, the Group launched its Fifth Mid-term Management Plan for the period from fiscal 2018 to 2020, and the plan has now entered its final year. Under the plan, which defines the fiscal 2018 as the year of a fresh start with the spirit of foundation, we have been pursuing the Group’s growth strategy to achieve a sustainable growth with various measures that drive the strategy, including business structure and corporate culture reforms and finance and capital management measures.

Reinforcement of corporate governance

The Company believes that the enhancement of corporate governance under the Group’s management philosophy, including its management policy, creed, and vision, is one of the most important

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management issues in improving its corporate value and continuing new development and evolution while contributing to the society through its business activities. Based on this point of view, it has formulated the “Basic Corporate Governance Policy” to continuously address this issue.

i) Holding company structure

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

ii) Structures of outside directors and auditors

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

The Board of Directors is composed of twelve members, five of whom are Independent Outside Directors. The Independent Outside Directors therefore represent more than one-third of the Board members. The Director’s term of office is set as one year in order to clarify the Directors’ management responsibility and flexibly establish a management system that can swiftly respond to changes in business environment.

The Outside Directors, together with Outside Audit and Supervisory Board Members, hold the outside directors’ meeting on a monthly basis in principle, where they make straightforward discussions to enhance transparency and objectivity in management. They are also actively engaged in other duties, including on-site inspections of domestic and overseas group companies.

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

iii) Executive structure

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

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

iv) Structure of internal control system operation

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

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

B. Outline of measures to prevent any party deemed inappropriate in light of the Basic Policy from controlling decisions on the Company's financial and business policies

i) The Company updated the countermeasure plan against large-scale acquisitions of shares in the Company (takeover defense measures) following resolutions at the Board of Directors meeting held on May 15, 2018, and the 105th Ordinary General Meeting of Shareholders held on June 27, 2018 (the "Plan"). Details of the Plan are explained in the next section (ii).

ii) Outline of the Plan

As set forth in the Basic Policy, the Board of Directors believes that any party who would conduct a large-scale acquisition of shares in the Company that does not contribute to the Company's corporate value and its shareholders' common interests is inappropriate to control decisions on the Company's financial and business policies. The Plan is designed to prevent such party from performing such acquisition and controlling decisions on the Company's financial and business policies. In the event of an attempt to make a large-scale acquisition, the Plan allows the Board to make a counter proposal to shareholders, secure necessary information and time for shareholders to decide whether or not to accept such acquisition, and negotiate with the potential buyer for the benefit of shareholders.

The Plan sets forth necessary procedures to achieve the above-mentioned objectives in the event that a potential buyer intends to own a 20 percent or more stake in the Company, including demanding information from such potential buyer in advance.

Only if the Board resolves not to trigger the Plan in accordance with the procedures provided in the Plan, the buyer may conduct such large-scale acquisition after the resolution by the Board.

If an buyer does not follow the procedures set forth in the Plan, or if an acquisition of a large stake in the Company could harm its corporate value and, in turn, the common interests of its shareholders, and in the case where such acquisition satisfies the triggering requirements of the Plan, the Company shall implement a gratis allotment of stock acquisition rights with an exercise condition that does not allow in principle the buyer to exercise the rights as well as an acquisition clause that enables the Company to acquire the stock acquisition rights from shareholders other than the buyer and its related parties in exchange for shares of the Company, or shall take any other reasonable measures under the Japanese laws and regulations and the Company's Articles of Incorporation.

If the Company implements a gratis allotment of stock acquisition rights in accordance with the Plan and then its shareholders, except the buyer, receive additional shares in the Company as a result of their exercising the rights or the Company's acquiring the rights from them in exchange for its shares, the buyer's share of the voting rights in the Company may be diluted by up to approximately 50%.

In order to avoid any arbitrary decision of Directors about whether to implement a gratis allotment of stock acquisition rights and whether to acquire the rights from shareholders under the Plan, the Company establishes the Special Committee, in accordance with the Rules for Special Committee, that is composed solely of members who are independent from the management of the Company, such as Outside Directors, to ensure objective decision-making. In addition, the Board of Directors will convene a shareholders meeting to confirm the intent of the shareholders.

These procedures are implemented with appropriate information disclosure to the shareholders to maintain the transparency of the process. The effective period of the Plan will expire upon the close of the ordinary general shareholders meeting related to the last fiscal year ending within three years after the close of the 105th Ordinary General Meeting of Shareholders held on June 27, 2018.

(3) The Board of Directors' judgment on the specific measures and grounds for the judgment

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

[Translation for Reference and Convenience Purposes Only]

The Plan is also in line with the Basic Policy since it forms a framework for the Company to protect its corporate value and, in turn, the common interests of its shareholders in case of massive acquisition of shares in the Company.

Furthermore, in order to pay due attention to the intent of the Company's shareholders, the Plan (i)fully satisfies the three principles provided in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests"; (ii)has obtained the approval of shareholders for its renewal; (iii)incorporates a system to confirm the intent of shareholders at the shareholders meeting regarding the triggering of the Plan if needed; (iv)includes a so-called "sunset clause" to set the effective period of the Plan to approximately three years; and (v)allows the shareholders to decide at the shareholders meeting to abolish the Plan even before the expiration of its effective period. The Plan is also guaranteed fairness and objectivity by (i)reasonable and objective requirements set forth to trigger the Plan; (ii)the Special Committee consisting solely of independent outside directors that practically makes a decision to trigger the Plan; (iii)the Committee's ability to use external expert advice at the Company's cost; and (iv)Director's term of office that is set at one year.

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

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

Consolidated Balance Sheet

(As of March 31, 2020)

(All amounts are in millions of yen)

Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	494,750	Current liabilities	198,590
Cash and deposits	124,643	Notes and accounts payable—trade	87,708
Notes and accounts receivable—trade	192,926	Short-term loans payable	24,931
Electronically recorded monetary claims—operating	25,729	Income taxes payable	2,330
Merchandise and finished goods	83,318	Provision for directors' bonuses	418
Work in process	17,485	Provision for pollution load levy	117
Raw materials and supplies	30,672	Other	83,083
Other	22,427		
Allowance for doubtful accounts	(2,451)		
		Non-current liabilities	201,990
		Bonds payable	5,000
		Long-term loans payable	109,238
		Deferred tax liabilities	9,433
		Provision for special repairs	5,671
		Provision for pollution load levy	2,419
		Provision for directors' retirement benefits	911
		Net defined benefit liability	57,382
		Other	11,934
Non-current assets	530,344		
Property, plant and equipment	342,979		
Buildings and structures	109,291		
Machinery, equipment and vehicles	110,502		
Land	82,306		
Construction in progress	27,172		
Other	13,706		
Intangible assets	29,062	Total liabilities	400,581
		(Net assets)	
		Shareholders' equity	542,378
		Capital stock	11,094
		Capital surplus	11,468
		Retained earnings	549,817
		Treasury shares	(30,003)
		Accumulated other comprehensive income	56,548
		Valuation difference on available-for-sale securities	47,995
		Deferred gains or losses on hedges	95
		Foreign currency translation adjustment	13,885
		Remeasurements of defined benefit plans	(5,427)
		Non-controlling interests	25,587
		Total net assets	624,513
Total assets	1,025,095	Total liabilities and net assets	1,025,095

Consolidated Statement of Income

〔 From April 1, 2019
to March 31, 2020 〕

(All amounts are in millions of yen)

Accounting title	Amount	
Net sales		790,814
Cost of sales		676,302
Gross profit		114,511
Selling, general and administrative expenses		87,240
Operating income		27,271
Non-operating income		
Interest income	547	
Dividend income	2,481	
Rent income	1,260	
Other	5,133	9,422
Non-operating expenses		
Interest expenses	1,404	
Rent expenses on non-current assets	888	
Loss on retirement of non-current assets	1,243	
Foreign exchange losses	157	
Share of loss of entities accounted for using equity method	1,206	
Other	3,381	8,281
Ordinary income		28,412
Extraordinary income		
Compensation for transfer	2,482	2,482
Extraordinary losses		
Loss related to anti-monopoly law	12,052	
Impairment loss	5,637	
Loss on valuation of investment securities	1,855	
Loss on valuation of shares of subsidiaries and associates, etc.	2,111	
Other	2,310	23,967
Profit before income taxes		6,927
Income taxes—current	5,139	
Income taxes—deferred	360	5,499
Profit		1,427
Profit attributable to non-controlling interests		1,948
Loss attributable to owners of parent		520

Consolidated Statement of Changes in Equity

〔 From April 1, 2019
to March 31, 2020 〕

(in millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	11,094	11,468	553,742	(20,002)	556,303
Cumulative effects of changes in accounting policies			(696)		(696)
Restated balance at beginning of current period	11,094	11,468	553,045	(20,002)	555,606
Changes of items during period					
Dividends of surplus			(2,706)		(2,706)
Profit/Loss attributable to owners of parent			(520)		(520)
Purchase of treasury shares				(10,001)	(10,001)
Net changes in items other than shareholders' equity					
Total changes of items during period	—	—	(3,227)	(10,001)	(13,228)
Balance at end of current period	11,094	11,468	549,817	(30,003)	542,378

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains/losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	61,274	(10)	11,336	(2,525)	70,074	23,434	649,812
Cumulative effects of changes in accounting policies							(696)
Restated balance at beginning of current period	61,274	(10)	11,336	(2,525)	70,074	23,434	649,115
Changes of items during period							
Dividends of surplus							(2,706)
Profit/Loss attributable to owners of parent							(520)
Purchase of treasury shares							(10,001)
Net changes in items other than shareholders' equity	(13,279)	106	2,548	(2,902)	(13,526)	2,153	(11,373)
Total changes of items during period	(13,279)	106	2,548	(2,902)	(13,526)	2,153	(24,602)
Balance at end of current period	47,995	95	13,885	(5,427)	56,548	25,587	624,513

Notes to Consolidated Financial Statements

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

1. Scope of Consolidation

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

Number of consolidated subsidiaries: 74

(Toyo Seikan Co., Ltd. / Toyo Kohan Co., Ltd. / Tokan Kogyo Co., Ltd. / Nippon Closures Co., Ltd. / Toyo Glass Co., Ltd. / Mebius Packaging Co., Ltd. / Toyo Aerosol Industry Co., Ltd. / Tokan Material Technology Co., Ltd. / Can Machinery Holdings, Inc. / 65 other subsidiaries)

Toyo Seikan Guangzhou Co., Ltd. is excluded from the scope of consolidation for the year under review since it was liquidated.

Tokan Material Technology Co., Ltd. changed its name to TOMATEC Co., Ltd. as of April 1, 2020.

- (2) Non-consolidated subsidiaries

The 13 non-consolidated subsidiaries, including ISHIKAWA INK CO., LTD., are excluded from the scope of consolidation since their respective total assets, sales, profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) are relatively small and have no significant effect on the consolidated financial statements.

2. Application of the Equity Method

Number of associates accounted for using the equity method: 4

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

The non-consolidated subsidiaries (ISHIKAWA INK CO., LTD. and 12 others) and associates (Takeuchi Hi-Pack Co., Ltd., and 7 others) are not accounted for using the equity method since they have no significant importance and their respective profit or loss (the portion corresponding to equity held by the Company) and retained earnings (the portion corresponding to equity held by the Company) have no significant effect on the consolidated financial statements.

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

3. Book-Closing Date for Accounting of Consolidated Subsidiaries

Of the consolidated subsidiaries, 33 companies (including 7 companies stated below) close their accounts on December 31. Because the difference between their book-closing date and the book-closing date for consolidated accounting is three months or less, the financial statements they prepared for their own fiscal years are used for the consolidated financial statements.

Stolle Machinery Company, LLC

Next Can Innovation Co., Ltd.

Bangkok Can Manufacturing Co., Ltd.

Toyo Seikan (Thailand) Co., Ltd.

Crown Seal Public Co., Ltd.

TOYO-MEMORY TECHNOLOGY SDN. BHD.

Tokan (Changshu) High Technology Containers Co., Ltd.

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

4. Accounting Policies

- (1) Valuation basis and method for major assets

- i) Securities

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

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Available-for-sale securities

- With fair value: Valued based on market values as of the book-closing date. (The valuation gains and losses are all recorded in the net assets section. The cost of securities sold is calculated using the moving-average method.)
- Without fair value: Valued at cost using the moving-average method.
- ii) Derivatives Valued at fair value.
- iii) Inventories Principally valued at cost using the weighted-average method (the valuation is subject to the book value reduction method based on decreased profitability).

(2) Depreciation and amortization methods of major assets

- i) Property, plant and equipment (excluding leased assets)
Depreciated using the straight-line method.
- ii) Intangible assets (excluding leased assets)
Amortized using the straight-line method.
- iii) Leased assets (related to non-ownership-transfer financial lease transactions)
Depreciated over the lease period using the straight-line method with no residual value.

(3) Accounting for major reserves

- i) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an amount of uncollectible receivables based on the actual rate of bad-debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.
- ii) Provision for directors' bonuses
The provision for directors' bonuses is provided at an amount that is expected to be sufficient to cover payouts of bonuses to Directors.
- iii) Provision for special repairs
The provision for repairs of glass furnaces, which are conducted periodically, is provided at an amount equivalent to the portion of the estimated cost for the next repair that corresponds to the elapsed time.
- iv) Provision for pollution load levy
The provision for pollution load levy is provided at the amount of pollution load levy payable in the future that is reasonably estimated according to the amount of pollutant emission pursuant to the Law Concerning Pollution-Related Health Damage Compensation and Other Measures.

(4) Accounting standards for the amount and cost of completed work

The percentage-of-completion method is applied to projects where the cumulative percentage of work completed until the end of the fiscal year under review can be determined clearly (the percentage of completion is estimated mainly based on the cost-to-cost method), while the completed-contract method is applied to other projects.

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

- i) Hedge accounting method
The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to "*furiate-shori*", an exceptional accounting treatment for foreign exchange contracts, if they satisfy the requirements of the treatment.
- ii) Accounting for consumption taxes
Transactions subject to the consumption tax and local consumption tax are recorded excluding the consumption taxes.
Nondeductible consumption taxes related to assets are recorded as period expenses for the fiscal year in which such consumption taxes are incurred.

[Translation for Reference and Convenience Purposes Only]

iii) Method and period of goodwill amortization

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

iv) Application of Consolidated Taxation System

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

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

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

vi) Accounting procedure regarding employees' retirement benefits

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

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

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

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

◆ Note to Changes in Accounting Policies

(The US Financial Accounting Standards Board ASC 606: Revenue from contracts with customers)

The consolidated subsidiaries that adopt the US generally accepted accounting standards (GAAP) have applied the Accounting Standards Codification (ASC) No. 606 (Revenue from contracts with customers) to their accounting since the beginning of the fiscal year under review. Under this accounting principle, a company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The accounting policy change is applied retrospectively, and the cumulative effect of the change is reflected in the value of retained earnings on the consolidated balance sheet at the beginning of the fiscal year under review. As a result, the value of retained earnings at the beginning of the period declined by 696 million yen, while net sales and profit before income taxes for the period increased by 2,301 million yen and 409 million yen, respectively, on a consolidated basis.

◆ Note to Consolidated Balance Sheet

1. Accumulated depreciation on property, plant and equipment: 1,230,956 million yen

2. Pledged assets

Pledged assets

▪ Buildings:	726 million yen
▪ Land:	1,414 million yen

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3. Guaranteed loans

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

- Employees (housing loans): 607 million yen
- TOSYALI TOYO CELIK ANONIM SIRKETI (bank loans): 35,018 million yen
(321 million dollars)

◆ Notes to Consolidated Statement of Income

1. Matters concerning extraordinary income

- Compensation for transfer

The income was related to the expropriation of the site of a domestic consolidated subsidiary.

2. Matters concerning extraordinary losses

(1) Loss related to anti-monopoly law

Consolidated subsidiary Toyo Seikan Co., Ltd. received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission (JFTC) for violation of the Antimonopoly Act related to beverage can transactions. Based on the surcharge payment order, the company posted a loss related to anti-monopoly law.

(2) Impairment loss

The Group posted impairment losses on the following asset groups.

Location	Uses of assets	Type of assets	Loss amount (million yen)	Collectible value
Mebius Packaging Co., Ltd. Ibaraki Plant (Goka-machi, Ibaraki)	Manufacturing facilities for plastic products	Buildings and structures, machinery, equipment and vehicles, and others	3,030	Net sales price
Toyo Seikan Co., Ltd. Hiroshima Plant (Mihara, Hiroshima)	Manufacturing facilities for food/beverage cans, etc.	Buildings and structures, machinery, equipment and vehicles, construction in progress	2,169	Net sales price
Tokan (Changshu) High Technology Containers Co., Ltd. (Changshu, China)	Manufacturing facilities for plastic products, etc.	Buildings and structures, machinery, equipment and vehicles, and others	437	Use value

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

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

The collectible amounts for individual asset groups were based on the use values or net sales prices; the use values are calculated by discounting the future cash flow by 5%, in principle, while the net sales prices are determined according to the estimated disposal values.

The following table describes the details of the impairment loss (5,637 million yen) posted under extraordinary losses.

(in millions of yen)						
Location	Buildings and structures	Machinery, equipment and vehicles	Construction in progress	Other (of Property, plant and equipment)	Intangible assets	Total
Mebius Packaging Co., Ltd. Ibaraki Plant	1,938	1,009	-	73	8	3,030

[Translation for Reference and Convenience Purposes Only]

Toyo Seikan Co., Ltd. Hiroshima Plant	528	750	891	-	-	2,169
Tokan (Changshu) High Technology Containers Co., Ltd.	423	11	-	1	-	437
Total	2,891	1,771	891	75	8	5,637

(3) Loss on valuation of investment securities

The loss was recognized as a result of a significant fall in the value of part of the strategic shareholdings, including cross-shareholdings, of the Company and its domestic consolidated subsidiaries.

(4) Loss on valuation of shares of subsidiaries and associates, etc.

The loss was recognized mainly as a result of a deterioration in financial conditions of foreign subsidiaries.

◆ Notes to Consolidated Statement of Changes in Equity

1. Matters concerning class and total number of issued shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Issued shares				
Common shares	202,862	-	-	202,862
Treasury shares				
Common shares	9,524	5,265	-	14,790

Note: The breakdown of increase in treasury shares:

- Shares acquired under Article 156 of the Companies Act as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act:
- Purchase of shares in odd lots:

5,265 thousand shares
0 thousand shares

2. Matters concerning dividends

(1) Amount of dividends paid

Resolution on the payment	Class of shares	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2019	Common shares	1,353	7.00	March 31, 2019	June 26, 2019
Board of Directors Meeting on October 31, 2019	Common shares	1,353	7.00	September 30, 2019	December 5, 2019

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

Resolution on the payment	Class of shares	Dividend resource	Total payout (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2020	Common shares	Retained earnings	1,316	7.00	March 31, 2020	June 26, 2020

◆ Notes to Financial Instruments

1. Status of financial instruments

(1) Policy on treatment of financial instruments

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

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

Notes and accounts receivable are operating receivables and exposed to customer credit risk. To control this risk, we regularly check due dates and balances for each business partner and the credit status of major business partners. For several operating receivables denominated in foreign currencies, their currency risk is hedged using forward exchange contracts. Most of investment securities are held-to-maturity bonds and shares of the companies with which we have business relationships. These securities are exposed to market risk, and we control the risk by regularly monitoring market prices and financial and other conditions of issuers and business partners.

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

Loans (borrowings) are used to collect funds needed mainly for business transactions and capital investment, while bonds are used to raise funds mainly for capital investments. The market risk for several loans is hedged through the use of derivatives (interest rate swaps).

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

Operating debts and loans are exposed to liquidity risk. We control this risk with the financing plan drawn up and renewed by the Company's finance division, maintaining liquidity at or above a certain level and concluding a commitment line agreement with financial institutions.

[Translation for Reference and Convenience Purposes Only]

2. Matters concerning fair values of financial instruments

The table below indicates carrying values and fair values of financial assets and liabilities on the consolidated balance sheet and the difference between carrying and fair values as of the end of the fiscal year under review. Please note that several financial assets and liabilities are excluded from the table since the determination of fair values of such assets and liabilities is extremely difficult. (See Note 2.)

(in millions of yen)

	Carrying value	Fair value	Difference
(1) Cash and deposits	124,643	124,643	-
(2) Notes and accounts receivable	192,926		
(3) Electronically recorded monetary claims	25,729		
Allowance for doubtful accounts	(1,724)		
	216,931	216,931	-
(4) Investment securities			
1) Bonds held to maturity	10,300	10,465	165
2) Available-for-sale securities	102,579	102,579	-
Total assets	454,453	454,619	165
(1) Notes and accounts payable	87,708	87,708	-
(2) Short-term loans payable	24,931	24,931	-
(3) Income taxes payable	2,330	2,330	-
(4) Bonds payable	5,000	5,008	8
(5) Long-term loans payable	109,238	109,306	67
Total liabilities	229,209	229,285	76
Derivatives*			
Without application of hedge accounting	-	-	-
With application of hedge accounting	137	137	-
Total derivatives	137	137	-

* Receivables or payables arising from derivative transactions are shown as a total net amount.

Note 1: Methods to calculate fair values of financial instruments and matters concerning securities and derivatives

Assets

(1) Cash and deposits

Since this item is settled in a short period of time, its fair value is nearly equal to its carrying value. Therefore, the fair value is the same amount as the carrying value.

(2) Notes and accounts receivable / (3) Electronically recorded monetary claims

Because these items are settled in a short period, their fair values are in accordance with their carrying values less the estimated amount of doubtful accounts where credit risks are reflected. The fair value of some accounts receivable is in accordance with the price presented by transacting financial institutions as these items are subject to procedures for appropriation treatment such as forward exchange contracts (refer to “Derivatives” below).

(4) Investment securities

The fair value of a stock is in accordance with the price on the relevant stock exchange, whereas that of a bond is in accordance with the price presented by the transacting financial institutions.

Liabilities

(1) Notes and accounts payable

Because this item is settled in a short period, its fair value is nearly equal to its carrying value. Therefore, the notes and accounts payable are stated at their carrying value.

(2) Short-term loans payable / (3) Income taxes payable

Because these items are settled in a short period, their fair values are nearly equal to their carrying values. Therefore, fair value is in accordance with the carrying value.

(4) Bonds payable

Fair value is in accordance with the present value determined by calculating the total of principal and interest at a discount rate which incorporates the remaining period of said bonds and credit risks.

(5) Long-term loans payable

Fair value is in accordance with present value, which is calculated at a discount rate obtained under the assumption that a similar loan is newly provided to the total of principal and interest.

[Translation for Reference and Convenience Purposes Only]

Derivatives

The fair value of derivatives is stated at the price presented by financial institutions with which the Group has traded derivatives.

Since several transactions subject to *furiate-shori* (an exceptional accounting treatment), such as forward foreign exchange contracts, are treated by being included in accounts receivable that are hedged, the fair value of such transactions is included in that of the accounts receivable (See (2) of the Assets section).

Note 2: Financial instruments for which the determination of fair values is extremely difficult

Unlisted shares (carrying value on the consolidated balance sheet: 8,725 million yen) and investments in equity of subsidiaries and associates (carrying value: 7,319 million yen) do not have market prices and the estimation of their future cash flow is not available. The determination of fair values of these items are therefore deemed extremely difficult, and they are excluded from “ii) available-for-sale securities” under “(4) Investment securities” in the table above.

◆ **Note to Leasing Property**

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

(in millions of yen)				
Use of properties	Carrying value	Revenue	Expenses	Fair value
Office buildings	18,736	5,052	2,355	87,097
Commercial facilities	2,476	675	241	14,207
Others	11,078	2,362	730	43,462
Total	32,291	8,090	3,327	144,767

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

◆ **Note to Per Share Information**

Net assets per share: 3,184.56 yen
Loss per share: 2.71 yen

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

[Translation for Reference and Convenience Purposes Only]

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(All amounts are in millions of yen)

(All amounts are in millions of yen)			
Accounting title	Amount	Accounting title	Amount
(Assets)		(Liabilities)	
Current assets	117,950	Current liabilities	75,250
Cash and deposits	74,285	Short-term loans payable	11,648
Short-term loans receivable	37,349	Lease obligations	93
Accrued receivable	7,965	Accounts payable—other	2,997
Other	305	Accrued expenses	1,539
Allowance for doubtful accounts	(1,955)	Income taxes payable	32
		Deposits received	58,880
		Provision for directors' bonuses	46
		Other	12
		Non-current liabilities	112,828
		Long-term loans payable	105,828
		Lease obligations	158
		Deferred tax liabilities	1,433
		Provision for retirement benefits	71
Non-current assets	468,959	Provision for asbestos	155
Property, plant and equipment	29,067	Asset retirement obligations	582
Buildings	20,231	Other	4,599
Structures	300		
Machinery and equipment	456	Total liabilities	188,079
Vehicles	17		
Tools, furniture and fixtures	648	(Net assets)	
Land	7,153	Shareholders' equity	353,501
Leased assets	232	Capital stock	11,094
Construction in progress	27		
		Capital surplus	1,361
Intangible assets	1,239	Legal capital surplus	1,361
Software	604	Retained earnings	371,048
Other	635	Legal retained earnings	2,773
		Other retained earnings	368,275
Investments and other assets	438,651	Reserve for advanced depreciation of non-current assets	266
Investment securities	104,057	General reserve	328,441
Shares of subsidiaries and associates	303,181	Retained earnings brought forward	39,567
Long-term loans receivable from subsidiaries and associates	31,229		
Other	265	Treasury shares	(30,003)
Allowance for doubtful accounts	(83)		
		Valuation and translation adjustments	45,329
		Valuation difference on available-for-sale securities	45,329
		Total net assets	398,830
Total assets	586,909	Total liabilities and net assets	586,909

Non-Consolidated Statement of Income

(From April 1, 2019
to March 31, 2020)

(All amounts are in millions of yen)

Accounting title	Amount	
Operating revenue		
Management fee income from subsidiaries and associates	3,502	
Income from operations consignment by subsidiaries and associates	5,034	
Dividends from subsidiaries and associates	8,229	
Rent income of real estate	6,605	23,372
Operating expenses		
Expenses of real estate rent	2,982	
General and administrative expenses	10,468	13,451
Operating income		9,921
Non-operating income		
Interest and dividend income	3,499	
Foreign exchange gains	390	
Reversal of allowance for doubtful accounts for subsidiaries and associates	1,266	
Other	713	5,869
Non-operating expenses		
Interest expenses	880	
Other	399	1,279
Ordinary income		14,510
Extraordinary losses		
Loss on valuation of investment securities	1,558	1,558
Profit before income taxes		12,951
Income taxes—current	1,222	
Income taxes—deferred	348	1,571
Profit		11,380

[Translation for Reference and Convenience Purposes Only]

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

〔 From April 1, 2019
to March 31, 2020 〕

(in millions of yen)

(in millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus	Retained earnings					Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings		
				Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward			
Balance at beginning of period	11,094	1,361	2,773	268	328,441	30,892	362,375	(20,002)	354,828
Changes during period									
Reversal of reserve for advanced depreciation of non-current assets				(1)		1	-		-
Dividends of surplus						(2,706)	(2,706)		(2,706)
Profit						11,380	11,380		11,380
Purchase of treasury shares								(10,001)	(10,001)
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	(1)	-	8,675	8,673	(10,001)	(1,327)
Balance at end of period	11,094	1,361	2,773	266	328,441	39,567	371,048	(30,003)	353,501

[Translation for Reference and Convenience Purposes Only]

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

〔 From April 1, 2019
to March 31, 2020 〕

(in millions of yen)

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	57,840	15	57,856	412,684
Changes during period				
Reversal of reserve for advanced depreciation of non-current assets				-
Dividends of surplus				(2,706)
Profit				11,380
Purchase of treasury shares				(10,001)
Net changes in items other than shareholders' equity	(12,511)	(15)	(12,527)	(12,527)
Total changes during period	(12,511)	(15)	(12,527)	(13,854)
Balance at end of period	45,329	-	45,329	398,830

Notes to Non-Consolidated Financial Statements

◆ Notes to Significant Accounting Policies

1. Valuation basis and method for securities

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

2. Valuation basis and method for derivatives

Derivatives are valued based on fair values.

3. Depreciation and amortization methods of non-current assets

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

4. Accounting for reserves

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

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

- 1) Hedge accounting method
The Company has adopted the deferral method for hedging activities. Certain forward foreign exchange contracts are subject to "*furiate-short*", an exceptional accounting treatment for foreign exchange contracts, if they satisfy the requirements of the treatment.
- 2) Accounting for consumption taxes
Transactions subject to the consumption tax and local consumption tax are recorded excluding the consumption taxes.
Nondeductible consumption taxes related to assets are recorded as period expenses for the fiscal year in which such consumption taxes are incurred.
- 3) Application of consolidated tax payment system
The Company has adopted the consolidated tax payment system.

[Translation for Reference and Convenience Purposes Only]

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

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

◆ Notes to Non-Consolidated Balance Sheet

(in millions of yen)

1. Accumulated depreciation on property, plant and equipment:	30,082
2. Guarantee of liabilities	
The Company has guaranteed loans from financial institutions, etc. and other liabilities for the following subsidiaries:	
• Stolle Machinery Company, LLC (loans, etc.):	15,448
• Stolle Machinery do Brasil Industria e Comercio Equipamentos Ltda. (loans, etc.):	1,074
• Stolle Machinery (Guangzhou) Co., Ltd. (loans, etc.):	117
• Stolle Machinery Company, LLC (lease contract):	1,112
• Tokan Trading Corporation (accounts payable):	41
3. Monetary receivables due from subsidiaries and associates:	43,149
4. Monetary payables due to subsidiaries and associates:	60,798

◆ Note to Non-Consolidated Statement of Income

Volume of trading with subsidiaries and associates	(in millions of yen)
Operating revenue:	17,931
Operating expenses:	276
Amount of non-operating transactions:	1,160

◆ Note to Non-Consolidated Statement of Changes in Equity

Matters concerning class and total number of treasury shares

(All numbers are in thousands)

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Common shares	9,524	5,265	-	14,790

Note: Breakdown of increase in treasury shares:

- Shares acquired under Article 156 of the Companies Act as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of the Act: 5,265 thousand shares
- Purchase of shares in odd lots: 0 thousand shares

[Translation for Reference and Convenience Purposes Only]

◆ Note to Tax-Effect Accounting

Breakdown of deferred tax assets and liabilities by cause

Deferred tax assets	(in millions of yen)
Shares of subsidiaries and associates	15,088
Excessive depreciation	1,053
Loss on valuation of shares of subsidiaries and associates	8,156
Other	1,675
Subtotal of deferred tax assets	25,973
Valuation allowance related to total deductible temporary differences	(8,994)
Subtotal of Valuation allowance	(8,994)
Total of deferred tax assets	16,978
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(18,072)
Reserve for advanced depreciation of non-current assets	(117)
Assets adjusted for gains or losses on transfer	(172)
Other	(49)
Total of deferred tax liabilities	(18,411)
Net deferred tax liabilities	(1,433)

◆ Note to Transactions with Related Parties

Subsidiaries

1. Transactions with related parties

Attribute	Company name	Ownership of voting rights (Parent's share)	Relationship with the related party	Description of transactions	Transaction amount (million yen)
Subsidiary	Toyo Seikan Co., Ltd.	Direct 100%	Business management/ Concurrent post of officers	Management fee/ Contract service fee ⁽¹⁾	3,541

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

2. The transaction amounts do not include consumption taxes.

2. Loan guarantees by the Company

Attribute	Balance at end of period (million yen)
Subsidiary	17,794

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

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

3. Loan guarantees for the Company

Attribute	Balance at end of period (million yen)
Subsidiary	94,181

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

[Translation for Reference and Convenience Purposes Only]

◆ Notes to Per Share Information

Net assets per share:	2,120.63 yen
Profit per share:	59.31 yen

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