

Securities code: 5975
June 4, 2020

To : Shareholders

Shinichiro Uchigasaki,
Representative Director and President

Topre Corporation

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

**NOTICE OF CONVOCATION OF
THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially informed that the 125th Ordinary General Meeting of Shareholders (“Meeting”) will be held as detailed below.

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

- 1. Date and time** 10:00 a.m., Thursday, June 25, 2020 (reception starts at 9:00 a.m.)
- 2. Place** KKR Hotel Tokyo, 10th floor, Zuiho
4-1, Otemachi 1-chome, Chiyoda-ku, Tokyo
(For directions, please refer to the map provided at the end of this Notice of Convocation.)
- 3. Purpose**
Matters to be Reported
 1. The Business Report, the Consolidated Financial Statements for the 125th Term (from April 1, 2019 to March 31, 2020) and Audit Reports by the Independent Auditor and the Board of Auditors on the Consolidated Financial Statements
 2. The Financial Statements for the 125th Term (from April 1, 2019 to March 31, 2020)

Matters to be Voted on

- Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Appointment of 12 Directors

- If you attend the Meeting in person, please present the enclosed Form for Exercising Voting Rights at the reception desk.
- If there are any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements and the Consolidated Financial Statements, the revised matters will be posted on the Company’s website (<http://www.topre.co.jp/>).
- Every year, we hold the Business briefing session as a valuable opportunity for our officers to have direct dialogue with our shareholders, but we decided to cancel the session this year since we put first priority on the health and safety of our shareholders. We will also refrain from offering gifts. We would appreciate your understanding.

Guide to Exercise of Voting Rights

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

Attending the General Meeting of Shareholders



Please present the Voting Form to the reception desk.

Date and
time

10:00 a.m., Thursday, June 25, 2020 (reception starts at 9:00 a.m.)

Place

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

Voting in writing (by mail)



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

Exercise
deadline

Forms must be received by 5:30 p.m., Wednesday, June 24, 2020

Voting online



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

Exercise
deadline

Voting must be completed by 5:30 p.m., Wednesday, June 24, 2020

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

To institutional investors:

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

Guide to Exercise of Voting Rights Online

By Scanning Your QR Code

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

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



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

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



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

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

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

By Entering Your Login ID and Temporary Password

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

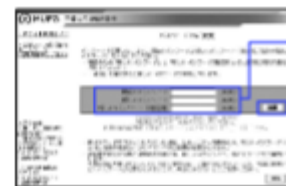
1. Please access the voting website.
2. Please enter the Login ID and Temporary Password indicated on the Voting Form and click on “Login”.



Enter your Login ID and Temporary

Click on “Login”

3. Please set up a new password.



Enter a new password

Click on “Submit”

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposal No. 1 Appropriation of Surplus

The Company proposes to appropriate surplus as follows.

Re: Term-end dividends

Taking into account performance in the term under review and in recent years as well as business development going forward and the strengthening of our management structure, we propose to distribute the 125th Term term-end dividends as follows:

Type of property to be distributed	Cash
Matters relating to allotment of dividends to shareholders and total amount	15 yen per common share of the Company. The total amount of dividends will be 788,762,370 yen. Annual dividends including interim dividends (30 yen per share) will be 45 yen per share.
The date dividends of surplus come into effect	June 26, 2020

Proposal No. 2**Appointment of 12 Directors**

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

The director candidates are as follows.

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
1	Shinichiro Uchigasaki (March 27, 1954)	<p>April 1978 Joined the Company</p> <p>October 1999 Celco Plastics Ltd. (Canada), Representative Director and President</p> <p>September 2002 The Company, Foreign Operations Dept. North America Plant Preparatory Office Manager</p> <p>May 2003 Topre America Corporation, Representative Director and President</p> <p>April 2006 The Company, Foreign Operations Dept. Manager.</p> <p>June 2006 The Company, Director The Company, Operation and Planning Dept. Manager</p> <p>June 2007 The Company, R&D Headquarters General Manager and R&D General Manager</p> <p>January 2010 The Company, Executive Managing Director</p> <p>June 2011 The Company, Representative Director and President (present)</p> <p>June 2013 The Company, Product Business Headquarters General Manager</p> <p>June 2018 The Company, R&D Headquarters General Manager</p>	40,800
<p>Reasons for appointment: Mr. Shinichiro Uchigasaki has been Representative Director & President since June 2011; serving as the chairperson of the Board of Directors, he has demonstrated ability to direct and supervise management. With respect to the 13th Medium-Term Management Plan which started from FY 2014, he achieved the target for the final fiscal year one year ahead of the plan. With respect to the 14th Medium-Term Management Plan which started from FY 2017, he also has been a driving force in the management of the Company towards reaching the targets. The Company has determined that he is the appropriate person for sustained enhancement of the Company's corporate value, and thus would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
2	Takashi Sawa (July 24, 1958)	<p>February 1985 Joined the Company</p> <p>April 2006 The Company, Auto Parts Engineering Div. Manager belonging to Sales Dept.</p> <p>January 2008 The Company, Auto Parts Engineering Div. Sales Manager</p> <p>June 2012 The Company, Director</p> <p>April 2013 The Company, Auto Parts Headquarters Sales Manager</p> <p>October 2013 The Company, Auto Parts Headquarters Foreign Operations Dept. North America Manager</p> <p>June 2016 The Company, Auto Parts Headquarters Deputy General Manager</p> <p> The Company, Auto Parts Headquarters Foreign Operations Dept, Asia Manager (present)</p> <p>April 2017 The Company, Executive Managing Director (present)</p> <p> The Company, Auto Parts Headquarters General Manager (present)</p> <p>October 2017 The Company, Auto Parts Headquarters Production Business Manager</p>	16,900
<p>Reasons for appointment: Mr. Takashi Sawa is well-versed in administration of the sales divisions of the Auto Parts Headquarters, and has engaged in corporate management as a director since June 2012. Since April 2017 he has been leading the auto parts divisions of the Company as an Executive Managing Director and Auto Parts Headquarters General Manager and has contributed to the performance improvement. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
3	Yutaka Yamamoto (March 10, 1962)	<p>April 1984 Joined the Company</p> <p>May 2010 The Company, Auto Parts Engineering Div. Sagamihara Plant Manager and Hiroshima Plant Manager</p> <p>July 2010 The Company, Auto Parts Engineering Div. Sagamihara Plant Manager</p> <p>June 2011 The Company, Purchasing Headquarters Purchase Manager</p> <p>June 2014 The Company, Director</p> <p>June 2015 Tokyo Metal Pack Co., Ltd., Representative Director and President</p> <p>June 2016 The Company, Product Business Dept. Air-Conditioning Equipment Div. Manager (present) The Company, Product Business Dept., Electronic Equipment Div. Manager (present)</p> <p>June 2018 The Company, Executive Managing Director (present) The Company, Product Business Headquarters General Manager (present)</p>	6,600
<p>Reasons for appointment: Mr. Yutaka Yamamoto is well-versed in plant administration in the Auto Parts Division, Purchasing Division administration, and air-conditioning equipment and electronic equipment and other administration in the Product Business Division, and since June 2014 has engaged in corporate management as a director. Since June 2016 he has been the General Manager of the Air- Conditioning Equipment Division and Electronic Equipment Div. Manager, and since June 2018, as Executive Managing Director and Product Business Headquarters General Manager he has been leading the Company's Product Business Division and has contributed to improvement of the division's performance. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
4	Yoshinori Tsuyuki (June 9, 1960)	<p>April 1984 Joined the Company</p> <p>April 2006 The Company, General Affairs Manager and Secretariat Office Manager</p> <p>June 2010 Director, the Company (present)</p> <p>June 2011 The Company, General Affairs and Human Resources Manager and Secretariat Office Manager</p> <p> The Company, Foreign Operations Dept. Asia Manager</p> <p>February 2012 TOPRE (XIANGYANG) AUTOPARTS CORPORATION, Chairman</p> <p>April 2013 The Company, General Affairs and Human Resources Manager and Human Resource Development General Manager</p> <p>June 2014 TOPRE (FOSHAN) AUTOPARTS CORPORATION, Chairman and President</p> <p>October 2017 The Company, Purchasing Headquarters General Manager (present)</p>	23,600
<p>Reasons for appointment: Mr. Yoshinori Tsuyuki has held the positions of General Affairs Manager and Secretariat Office Manager, and since June 2010 has engaged in corporate management as a director. In June 2014, he became the Chairman and President of TOPRE (FOSHAN) AUTOPARTS CORPORATION, a consolidated subsidiary, and gained experience and knowledge as a corporate manager. He is currently the Purchasing Headquarters General Manager, implementing global cost management through concentrated purchasing and contributing to improved performance at the Company and all Group companies. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
5	Ryosuke Furusawa (February 25, 1957)	<p>April 1980 Joined the Company</p> <p>April 2009 The Company, Auto Parts Engineering Div. Manager belonging to Engineering Div.</p> <p>July 2012 The Company, Auto Parts Engineering Div. Technology General Manager</p> <p>April 2013 The Company, Auto Parts Headquarters Engineering Div. Technology General Manager</p> <p>June 2013 The Company, Director (present)</p> <p>October 2013 The Company, Auto Parts Headquarters Foreign Operations Dept. Asia Manager</p> <p>June 2016 The Company, Quality Headquarters General Manager</p> <p> The Company, Auto Parts Headquarters Production Dept. Manager, and Quality Control Manager</p> <p>January 2017 The Company, Quality Headquarters Quality Assurance Dept. 1 Manager and Quality Assurance Dept. 2 Manager</p> <p>October 2017 The Company, Quality Headquarters General Manager (present)</p>	10,800
<p>Reasons for appointment: Mr. Ryosuke Furusawa has served as Manager of the Technology Department in the auto parts division of the Company, and since June 2013 has engaged in corporate management as a director. He is currently the General Manager of Quality Headquarters, and with his wealth of technical experience and strong expertise which he gained in the auto parts division, he leads the quality improvement activities of the Company not only in the auto parts division, but also in the cold storage equipment division, the air-conditioning equipment division and the electronic equipment division. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
6	Katsuro Harata (May 31, 1958)	<p>April 1977 Joined the Company</p> <p>July 2001 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2006 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President (resigned in December 2011)</p> <p>April 2007 The Company, Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>December 2011 The Company, Cold Storage Equipment Div. Hiroshima Plant Manager and Auto Parts Engineering Div. Hiroshima Plant Manager</p> <p>April 2013 The Company, Merchandise Headquarters Cold Storage Equipment Div. Tochigi Plant Manager</p> <p>June 2013 Tokyo Kinzoku Industry Co., Ltd., Representative Director and President</p> <p>June 2016 The Company, Director (present) The Company, Product Business Department Cold Storage Equipment Div., Deputy Manager</p> <p>April 2017 The Company, Product Business Department Cold Storage Equipment Div. Manager (present)</p>	12,500
<p>Reasons for appointment: Mr. Katsuro Harata has served as the Tochigi Plant Manager and Hiroshima Plant Manager for the cold storage equipment division of the Company, is well-versed in the reefer business of the Company, and since June 2016 has engaged in corporate management as a director. He is currently the General Manager of the Cold Storage Equipment Division of the Product Business Department, quickly responding to recent increasing demand in the reefer market, expanding and strengthening plant and production capacity, and contributing to improved performance enhancement of this business. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
7	Masao Ohsaki (August 17, 1961)	<p>April 1985 Joined the Company</p> <p>July 2012 The Company, Auto Parts Engineering Div. Manager belonging to Technology Dept.</p> <p>April 2013 The Company, Auto Parts Headquarters Engineering Div. Manager belonging to Technology Dept.</p> <p>June 2016 The Company, Director (present) The Company, Auto Parts Headquarters Engineering Div. Technology Dept. Manager (present)</p> <p>April 2017 The Company, Auto Parts Headquarters Engineering Div. Manager (present)</p>	7,500
<p>Reasons for appointment: Mr. Masao Ohsaki has served as the Technology Department General Manager for the auto parts division, is well-versed in plastics processing technology, which is a core technology of the Company, and since June 2016 has engaged in corporate management as a director. He is currently Auto Parts Headquarters Engineering Division Manager and Technology Department Manager; through his efforts at further developing the Company's core technologies, he has contributed to the Company's ability to respond reliably to customer needs and to improvement of the auto parts business. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
8	Hideo Shimizu (July 16, 1963)	<p>April 1986 Joined the Company</p> <p>July 2008 The Company, Auto Parts Engineering Div. Production Management Manager</p> <p>January 2010 The Company, Auto Parts Engineering Div. Manager belonging to Production Management</p> <p>April 2013 Topre America Corporation, Representative Director and President (present)</p> <p>June 2016 The Company, Director (present)</p> <p> The Company, Auto Parts Headquarters, Foreign Operations Dept., North America Manager (present)</p> <p>(Important concurrent position)</p> <p>Topre America Corporation, Representative Director and President</p>	7,900
<p>Reasons for appointment: Mr. Hideo Shimizu has served as the Company, Auto Parts Engineering Div. Production Management Manager and as Topre America Corporation, a consolidated subsidiary, Representative Director and President, and since June 2016 has engaged in corporate management as a director. Currently, as President of Topre America Corporation, he has made that company grow to be the largest production base in the Group; he has overseen further capital investment in the North American plants, including Topre Auto Parts Mexico, S.A. de C.V., a consolidated subsidiary which he leads, and has contributed to improved performance in the Company's auto parts division. For the foregoing reasons, the Company would like him to continue as a director.</p>			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
9	* Masahiro Matsuo (April 1, 1966)	<div>April 1988</div> <div>January 2016</div> <div>July 2019</div> <div> Joined the Company TOPRE (THAILAND) CO., LTD., Representative Director and President The Company, Auto Parts Headquarters Sales Manager (present) </div>	1,600
Reasons for appointment: Mr. Masahiro Matsuo is well-versed in administration of the sales divisions of the Auto Parts Headquarters, and since 2016, he has expanded the business in Thailand as president of a consolidated subsidiary, TOPRE (THAILAND) CO., LTD. and he is currently Sales Manager for the Auto Parts Headquarters and has contributed to improved performance in the Group's auto parts division. For the foregoing reasons, the Company would like him to continue as a director.			

Candidate number	Name (Date of birth)	Work History, positions, responsibilities and major concurrent position(s)	Number of Company shares held
10	* Akemi Uchida (April 27, 1965)	<div>October 2016</div> <div>April 2017</div> <div>July 2017</div> <div>June 2019</div> <div> Joined the Company Manager belonging to Audit Dept. Audit Dept. Manager (present) Operation and Planning Dept. Manager (present) </div>	200
Reasons for appointment: Ms. Akemi Uchida has been the Company's Audit Dept. Manager and Operation and Planning Dept. Manager after having engaged in financial accounting-related work at a business company, and has been making efforts to enhance our management control system, including the maintenance of internal controls and the development of management plans. She has a wealth of knowledge and experience in management operations, and she is expected to contribute to the further development of the Group. For the foregoing reasons, the Company would like to appoint her as an outside director.			

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

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

Notes:

- * indicates newly appointed candidates for director.
- There are no special interests between any of the director candidates and the Company.
- Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara are candidates for outside directors.
- Mr. Tsuyoshi Takada is currently an outside director of the Company, and he will have served as an outside director for five years at the end of the Meeting. He was an outside auditor of the Company before he took office as an outside director, serving as an outside auditor for eight years.
- Mr. Naoshi Ogasawara is currently an outside director of the Company, and he will have served as an outside director for four years at the end of the Meeting.
- Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara under which their liability for damages under Article 423, Paragraph 1 of the same act is limited to the minimum liability amount set forth in Article 425, Paragraph 1 of the same act. If the reappointment of two candidates is approved, the Company intends to continue such agreements with them.
- Mr. Tsuyoshi Takada and Mr. Naoshi Ogasawara satisfy the requirements for independent officers pursuant to the regulations of the Tokyo Stock Exchange, and thus, if the reappointment of two candidates is approved, the Company intends to file notifications to the effect that they will continue as independent officers.
- The “Number of Company shares held” includes equity interests in the Officer Shareholders’ Association or the Employees Shareholders’ Association.

End

(Attached Materials)

Business Report

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



1. Current Condition of the Business Group

(1) Business Developments and Results of Operations

Reviewing the consolidated operating results of the Topre Group (the “Group”) for the consolidated fiscal year under review, net sales were 213,591 million yen, an increase of 12,226 million yen (6.1% increase) over the preceding fiscal year, while operating income was 13,827 million yen, a decrease of 6,126 million yen (30.7% decrease) from the preceding fiscal year. Ordinary income was 10,747 million yen, a decrease of 10,957 million yen (50.5% decrease) from the preceding fiscal year. As a result, net income attributable to shareholders of the parent company was 8,435 million yen, a decrease of 6,936 million yen (45.1% decrease) from the preceding fiscal year.

Net Sales 213,591 million yen An increase of 6.1% over the preceding consolidated fiscal year ↗	Ordinary Income 10,747 million yen A decrease of 50.5% from the preceding consolidated fiscal year ↘
Operating Income 13,827 million yen A decrease of 30.7% from the preceding consolidated fiscal year ↘	Net Income Attributable to Shareholders of the Parent Company 8,435 million yen A decrease of 45.1% from the preceding consolidated fiscal year ↘

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

<p>Press-Related Products Business Sales: 157,417 million yen (year-on-year change: up 10.5%) Percentage of sales: 73.7%</p>	<p>In the automotive field, an increase in sales due to the new consolidation of Mitsuike Corporation, which became a subsidiary in May 2019, and volume increases due to new model launches at Topre Autoparts Mexico, S.A. de C.V. lifted overall sales for the press-related products business to 157,417 million yen, up 14,992 million yen (10.5% increase) over the preceding year. However, new model launch expenses and heavy costs of mold production increased the cost of sales, and a new location launch required additional selling and administrative expenses. As a result, segment operating income totaled 6,419 million yen, down 6,283 million yen from the preceding year (49.5% decrease).</p>	 <table><caption>売上高 (単位: 百万円)</caption><tr><th>期</th><th>売上高</th></tr><tr><td>第124期 (2019年3月期)</td><td>142,424</td></tr><tr><td>第125期 (2020年3月期)</td><td>157,417</td></tr></table>	期	売上高	第124期 (2019年3月期)	142,424	第125期 (2020年3月期)	157,417
期	売上高							
第124期 (2019年3月期)	142,424							
第125期 (2020年3月期)	157,417							
<p>Temperature Controlled Logistics-Related Business Sales: 46,701 million yen (year-on-year change: down 4.4%) Percentage of sales: 21.9%</p>	<p>In the refrigerated vehicles area, even while light vehicle sales remained steady, sales of smaller vehicles were far below the forecast, accordingly, orders and production at the Group as a whole decreased year-on-year. As a result, sales for the temperature controlled logistics-related business totaled 46,701 million yen, down 2,146 million yen on the year (4.4% decrease); however, due to changes in vehicle type and vehicle composition and productivity improvement through rationalization, segment income came to 6,383 million yen, up 353 million yen over the preceding year (5.9% increase).</p>	 <table><caption>売上高 (単位: 百万円)</caption><tr><th>期</th><th>売上高</th></tr><tr><td>第124期 (2019年3月期)</td><td>48,847</td></tr><tr><td>第125期 (2020年3月期)</td><td>46,701</td></tr></table>	期	売上高	第124期 (2019年3月期)	48,847	第125期 (2020年3月期)	46,701
期	売上高							
第124期 (2019年3月期)	48,847							
第125期 (2020年3月期)	46,701							

Other Business Sales: 9,473 million yen (year-on-year change: down 6.1%) Percentage of sales: 4.4%	In the air-conditioning equipment area, although sales of ventilation systems for homes remained favorable, overall sales decreased year-on-year due to the decrease in sales of building air-conditioning systems, which were favorable in the preceding year. In the electronic equipment area, although sales of “REALFORCE” keyboards remained strong, sales of corporate products, such as touch screens, fell below year-on-year. As a result, sales for Other Business reached 9,473 million yen, down 618 million yen year-on-year (6.1% decrease). Segment income declined to 1,024 million yen, down 196 million yen from the preceding year (16.1% decrease).
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(2) Capital Expenditures

During the consolidated fiscal year under review, the Group's capital expenditures totaled 46,256 million yen. Major capital expenditures are as follows:

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

Press-related Products Business

- Building, dies and molds and assembly production equipment (Topre Corporation)
- Dies and molds and assembly production equipment (Topre Kyushu Corporation)
- Dies and molds and assembly production equipment (Topre Tokai Corporation)
- Building and assembly production equipment (Topre India Pvt. Ltd.)
- Building and assembly production equipment (Topre America Corporation)
- Building and assembly production equipment (Topre Autoparts Mexico, S.A. de C.V.)
- Building, dies and molds and assembly production equipment (TOPRE (FOSHAN) AUTOPARTS CORPORATION)

Temperature Controlled Logistics-Related Business

- Assembly production equipment (Topre Corporation)

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

Press-related Products Business

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

(3) Financing

During the consolidated fiscal year under review, a short-term loan for 6,105 million yen and a long-term loan of 15,707 million yen were obtained from a financial institution as funding for the press-related products business.

Furthermore, the first series debenture bond (with special provision regarding the same rank among bonds) was issued on October 21, 2019, and 20 billion yen was procured.

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

On May 9, 2019, the Company has acquired the shares of Mitsuike Corporation and has made it a consolidated subsidiary.

(5) Challenges

The economy is rapidly worsening due to the impact of COVID-19 and is facing a very severe situation. The outlook is that the severe situation is expected to continue due to the impact of COVID-19.

In this environment, the Group will put the safety and health of stakeholders, including our customers, clients, and employees, first and will appropriately implement measures to prevent infection from spreading. Based on that, the Group will proceed with the review of the business in order to minimize the impact on the Company's stakeholders and the Company's business activities and will also do our utmost to maintain our global production system.

(6) Changes in Assets and Income

Item	Unit	122 nd Term ended March 2017	123 rd Term ended March 2018	124 th Term ended March 2019	125 th Term ended March 2020 (Consolidated fiscal year under review)
Net Sales	Million yen	163,368	191,189	201,365	213,591
Ordinary Income	Million yen	19,678	24,665	21,704	10,747
Net Income of Shareholders of Parent Company	Million yen	13,655	16,887	15,372	8,435
Net Income Per Share	Yen	272.75	327.89	292.91	160.73
Net Assets	Million yen	126,111	148,695	159,269	149,395
Total Assets	Million yen	192,179	217,669	239,172	266,467

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

(7) Material Parent and Subsidiaries

(i) Parent company

N/A

(ii) Material subsidiaries

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

Notes:

The Company has 18 consolidated subsidiaries, including the 11 above.

(8) Main Businesses (as of March 31, 2020)

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

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

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

(10) Employees (as of March 31, 2020)

(i) Group employees

Business segment	Number of employees	Change from a year earlier
Press-related business	4,384	1,296
Temperature controlled logistics-related business	883	-12
Other business	279	14
Total	5,546	1,298

Notes:

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

(ii) Company's employees

Number of employees		Change from a year earlier	Average age	Average length of service (years)
Male	1,441	45	38.0	14.8
Female	94	6	33.8	8.8
Total or average	1,535	51	37.8	14.4

Notes:

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

(11) Major Lenders (as of March 31, 2020)

Lender	Loan balance
Resona Bank, Limited.	10,577 Million Yen 1.50 Million US Dollars
Mizuho Bank, Ltd.	6,393 Million Yen 18.50 Million US Dollars 40 Million RMB 40 Million THB
MUFG Bank, Ltd.	6,335 Million Yen 20 Million RMB

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

Absorption-type merger of consolidated subsidiary and non-consolidated subsidiary

The Company resolved, at the Board of Directors Meeting on April 14, 2020, to implement an absorption-type merger by which the Company becomes the surviving company and by which the Company's consolidated subsidiary, Top Kogyo Co., Ltd., and the non-consolidated subsidiary, Topre R&D Co., Ltd., will become the absorbed companies and the Company plans to implement the said merger on July 1, 2020. The details of the said merger are as set forth in "Notes concerning significant subsequent events" in Notes to Consolidated Financial Statements on the Consolidated Financial Statements.

2. Company Shares (as of March 31, 2020)

- (1) **Total number of shares authorized to be issued** 81,240,000 shares
- (2) **Total number of outstanding shares** 52,584,158 shares (excluding 1,437,666 treasury shares)
- (3) **Number of shareholders** 9,150
- (4) **Major Shareholders**

Shareholder	Shares (Thousands of shares)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (trust account)	3,040	5.78
The Master Trust Bank of Japan, Ltd. (trust account)	2,956	5.62
Naoko Ishii	2,660	5.05
Resona Bank, Limited.	2,493	4.74
Mitsubishi UFJ Trust and Banking Corporation	2,491	4.73
Nippon Life Insurance Company	2,135	4.06
Sumitomo Life Insurance Company	1,429	2.71
Topre Corporation Client Stock Ownership	1,405	2.67
Mizuho Bank, Ltd.	1,265	2.40
Government of Norway	1,131	2.15

Note: The Company owns 1,437,666 treasury shares; however, because these treasury shares are without voting rights, the Company is excluded from the above list of major shareholders. The 1,437,666 treasury shares do not include the 101,663 Company shares owned by the Officer Compensation BIP Trust Account. The shareholding ratios are calculated without treasury shares.

(5) Other Important Matters Concerning Shares, etc.

N/A

3. Matters Concerning the Company Officers

(1) Directors and Auditors (as of March 31, 2020)

Position	Name	Responsibilities at the Company, and major concurrent position(s)
President (Representative Director)	Shinichiro Uchigasaki	
Executive Managing Director (Representative Director)	Kunikazu Matsuoaka	Administrative Headquarters General Manager Mitsuike Corporation, Representative Director and President
Executive Managing Director	Takashi Sawa	Auto Parts Headquarters General Manager and Foreign Operations Dept. Asia Manager
Executive Managing Director	Yutaka Yamamoto	Product Business Dept. Air Conditioning Equipment Div. Manager, and Electronic Equipment Div. Manager
Director	Yoshinori Tsuyuki	Purchasing General Manager
Director	Ryosuke Furusawa	Quality General Manager
Director	Kiminari Imaizumi	Auto Parts Headquarters (in charge of Topre Tokai) Topre Tokai Corporation, Representative Director and President
Director	Katsuro Harata	Product Business Dept. Cold Storage Equipment Div. Manager
Director	Masao Ohsaki	Auto Parts Headquarters Engineering Div. Manager and Technology Manager
Director	Hideo Shimizu	Auto Parts Headquarters Foreign Operations Dept. North America Manager Topre America Corporation Representative Director and President
Director	Tsuyoshi Takada	Wadakura Gate Law Office, Representative Partner and Attorney Maruetsu Inc. Outside Auditor Armure Blanc. Inc., Outside Director IP Dream Inc., Outside Director
Director	Naoshi Ogasawara	Avantia GP, Legal Representative National Institution for Academic Degrees and Quality Enhancement of Higher Education, Director TSUZUKI DENKI CO., LTD. Outside Auditor
Full-time Auditor	Koichi Kitagawa	
Auditor	Jun Watanabe	Watanabe Law Office, Attorney
Auditor	Kazuaki Hosoi	Hosoi Accounting Office CPA, Certified Public Tax Accountant Fujikura Rubber Industry K. K. Outside Auditor Nippon Denko Co., Ltd. Outside Director

Notes:

1. Director Tsuyoshi Takada and Naoshi Ogasawara are outside directors.
2. Auditors Jun Watanabe and Kazuaki Hosoi are outside auditors.
3. The Company has determined that Director Tsuyoshi Takada, Director Naoshi Ogasawara, Auditors Jun Watanabe and Kazuaki Hosoi do not have any conflicts of interest with general shareholders and are highly independent, and has appointed the four officers as independent officers pursuant to the rules of the Tokyo Stock Exchange and filed with the TSE as such.
4. Auditor Kazuaki Hosoi is a certified public accountant and a certified public tax accountant, who possesses a considerable level of knowledge concerning finance and accounting.
5. In accordance with the stipulations of Paragraph 1, Article 427 of the Companies Act, the Company and all outside directors and auditors have entered into agreements limiting their liability to compensate the Company for damage pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum liability amount as set forth in Article 425, Paragraph 1 of the Companies Act.

(2) Director and Auditor Compensation

Category	Number	Compensation	Note
Directors	12	252 million yen	(includes 2 outside directors: 20 million yen)
Auditors	3	39 million yen	(includes 2 outside auditors: 18 million yen)
Total	15	292 million yen	

Notes:

- Director compensation includes bonuses pertaining to the term under review, and does not include the employee portion of salary for directors who also have employee positions.
- The Company recorded 0 million yen in provision of reserves for one director (director who lives overseas) for the term under review with respect to the performance-linked stock compensation approved by the 121st Ordinary General Meeting of Shareholders held on June 28, 2016.
- In addition to the foregoing, the Company recorded 11 million yen in provision of reserves for 9 directors (excluding outside directors and those who live overseas) for the term under review with respect to the performance-linked stock compensation approved by the 121st Ordinary General Meeting of Shareholders held on June 28, 2016.

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

(i) Basic Policy

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

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

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

(ii) Director Compensation

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

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

(iii) Auditor Compensation

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

(4) Matters relating to Outside Officers, etc.

- (i) Relationship between the Company and the companies at which outside auditors have concurrent position(s).

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

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

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

N/A

- (iii) Major activities in the term under review

Category	Name	Major activities
Director	Tsuyoshi Takada	Director Takada attended all of the Board of Directors Meetings held during the term under review, and on the basis of his professional knowledge and experience as an attorney, he expressed his opinion from the perspective of having no interests in the Company.
Director	Naoshi Ogasawara	Director Ogasawara attended all of the Board of Directors Meetings held during the term under review, and on the basis of the experience and knowledge that he has cultivated as a certified public accountant, he expressed his opinion from the perspective of having no interests in the Company.
Auditor	Jun Watanabe	Auditor Watanabe attended 14 out of 15 (93%) Board of Directors Meetings and all of the Board of Auditors Meetings held during the term under review, and on the basis of his experience and knowledge as a legal expert that he has cultivated as prosecutor and attorney, he expressed his opinion from the perspective of having no interests in the Company.
Auditor	Kazuaki Hosoi	Auditor Hosoi attended 14 out of 15 (93%) Board of Directors Meetings and all of the Board of Auditors Meetings held during the term under review, and on the basis of his experience and knowledge as a certified public accountant and tax accountant, he expressed his opinion from the perspective of having no interests in the Company.

4. Independent Auditor

(1) Name of independent auditor

Grant Thornton Taiyo LLC

(2) Summary of limitation on liability agreements

N/A

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

	Payment
Amount of compensation, etc. paid to the independent auditor during the term under review	39 million yen
Total amount of money and other property interests payable to the independent auditor by the Company and its subsidiaries	55 million yen

Notes:

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

(4) Details of non-auditing services

The Company has paid to the independent auditor the consideration for preparing the comfort letter concerning the first series debenture bond (with special provision regarding the same rank among bonds) which falls under services other than those under Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

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

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

5. Company System and Policies

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

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

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

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

Basic Principles

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

The Group will not only pursue excellence in its economic performance, but also carry out business activities as a group of international companies with the highest ethical standards, which will promote a

Topre Group image that will be acknowledged and respected.

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

Code of Conduct

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

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

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

2. Contribution to Society

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

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

3. Fair and Equal Relationships

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

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

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

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

4. Respect for Human Rights and Diversity

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

5. Environmental Protection and Health and Safety

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

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

6. Company Asset Protection

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

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

Company assets must be acquired, used, or released in a predefined manner and with full authorization. We

will neither act for the benefit of a third party nor allow any staff member to act for the benefit of himself/herself or a third party.

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

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

Preface

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

Basic Guidelines for Systems for Ensuring the Propriety of Business Operation

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

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

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

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

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

- 1) The Company will maintain a system to ensure that business operations are carried out efficiently, through division of duties, approval authority and other rules based on internal regulations at Group companies.
- 2) The Company has established “Basic Policies” shared by all officers and employees of the

Group, and every three years a new Medium-Term Management Plan is formulated in accordance with those policies.

- 3) Performance targets by term for each business unit are established based on the Medium-Term Management Plan of the entire Group, with actual results reported to the Company's Board of Directors on a monthly basis; when targets are not achieved, the relevant business unit makes a report analyzing the reasons why and proposing improvement measures.

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

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

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

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

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

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

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

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

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

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

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

The Company budgets in advance for expenses necessary for the performance of duties by the

Company's Auditors and reimburses such expenses including expenses incurred on a provisional or emergency basis each time such expenses are incurred.

10. Systems to ensure effective audits by the Auditors

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

11. Systems to ensure proper financial reporting

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

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

1. Measures relating to compliance

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

2. Measures relating to risk management

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

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

- 1) The Board of Directors met 15 times during the term under review, made decisions regarding matters specified by laws, regulations, and the Articles of Incorporation as well as significant matters such as business plans and profit plans, and monitored the appropriate performance of duties.
- 2) Directors that have operational duties reported to the Board of Directors concerning the status of the execution of duties in order to ensure the appropriateness of the execution of duties by directors.

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

- 1) The Financial Report Oversight Committee meets to conduct periodic evaluations of asset management and accounting of all Group companies and ensure the appropriateness of

- finances.
- 2) The Accounting Division Global Training Conference meets to ensure the appropriateness and uniformity of operations in relation to accounting, record keeping, book values, and finances of all Group companies.

5. Measures relating to Audit Systems

- 1) The auditors conduct audits by engaging in close exchanges of information with the Audit Department, attending Board of Directors Meetings and other significant meetings, receiving reports from directors and employees, and conducting on-site investigations.
- 2) The Board of Auditors met 14 times during the term under review, requested reports and explanations from representative directors and others as necessary, and conducted audits concerning the execution of duties by directors.
- 3) The auditors conducted financial audits by closely collaborating with the independent auditor, receiving quarterly reports from the independent auditor, receiving explanations as necessary, and exchanging information.

(2) Basic Policy Regarding Control of Stock Company

N/A

Notes:

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

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2020)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
I Current assets		I Current liabilities	
Cash and deposits	28,024	Notes payable and accounts payable	43,880
Notes receivable and accounts receivable	41,151	Short-term borrowings	7,497
Marketable securities	230	Long-term borrowings due within one year	8,126
Products and goods	1,948	Corporate taxes payable	1,016
Works in progress	23,769	Bonus reserves	1,862
Raw materials and stored goods	4,106	Bonus reserves for Officers	68
Other	9,061	Reserves for product warranties	136
Loan-loss reserves	-85	Other	14,395
		Total current liabilities	76,983
Total current assets	108,206	II Fixed liabilities	
II Fixed assets		Bonds	20,000
1 Tangible fixed assets		Long-term borrowings	15,137
Buildings and structures	38,253	Long-term accounts payable	51
Machinery, equipment, and vehicles	38,593	Tax deferred liabilities	2,588
		PCB processing reserves	43
Tools, furniture, and fixtures	12,725	Reserves for stock grant to Officers	74
Land	10,033	Retirement benefit liabilities	799
Lease assets	856	Other	1,392
Construction in progress	37,534	Total fixed liabilities	40,087
Total tangible fixed assets	137,996	Total liabilities	117,071
2 Intangible fixed assets	3,164	(Net assets)	
3 Investments and other assets		I Shareholders' equity	
Investment securities	13,993	1 Capital	5,610
Long-term loans	183	2 Capital surplus	4,446
Deferred tax assets	2,000	3 Earned surplus	135,968
Other	931	4 Treasury stock	-1,111
Loan-loss reserves	-9	Total shareholders' equity	144,913
Total investments and other assets	17,099	II Other accumulated comprehensive income	
		1 Valuation difference on available-for-sale securities	2,427
		2 Foreign currency translation adjustment accounts	-15
		3 Accumulated retirement benefit adjustments	-1,046
		Total other accumulated comprehensive income	1,366
		III Minority interest	3,116
Total fixed assets	158,260	Total net assets	149,395
Total assets	266,467	Total liabilities and net assets	266,467

Notes:

Amounts less than 1 million yen were rounded down.

Consolidated Income Statement
(April 1, 2019-March 31, 2020)

(Million yen)

Item		Amount	
I	Net sales		213,591
II	Cost of goods sold		184,745
	Gross income		28,846
III	SG&A expenses		15,019
	Operating income		13,827
IV	Non-operating income		
	Interest income	247	
	Dividend income	453	
	Rent income on fixed assets	107	
	Foreign exchange gains	—	
	Dividend income of insurance	126	
	Income from subsidy	131	
	Investment return using equity method	377	
	Other non-operating income	190	1,635
V	Non-operating expenses		
	Interest expenses	296	
	Interest on bonds	17	
	Rent expenses on fixed assets	15	
	Foreign exchange losses	4,130	
	Loss on disaster	3	
	Allowance for doubtful accounts	30	
	Foreign withholding tax	14	
	Bond issue cost	92	
	Other non-operating expenses	116	4,716
	Recurring income		10,747
VI	Extraordinary income		
	Capital gains on the sale of investment securities	646	
	Capital gains on the sale of fixed assets	1,197	
	Gain from negative goodwill	254	
	Other extraordinary gains	104	2,202
VII	Extraordinary losses		
	Loss on sales and retirement of non-current assets	241	
	Loss on valuation of investment securities	890	
	Loss on sales of investment securities	324	
	Other extraordinary losses	1	1,458
	Net income before income taxes		11,491
	Corporate taxes, resident taxes, and business taxes	4,304	
	Corporate tax adjustments	-1,450	2,854
	Net income		8,636
	Net income attributable to non-controlling shareholders		201
	Net income attributable to shareholders of the parent company		8,435

Notes:

Amounts less than 1 million yen were rounded down.

Consolidated Shareholders' Equity Statement

(April 1, 2019-March 31, 2020)

(Million yen)

	Shareholders' Equity				
	Capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Beginning-of-term balance	5,610	8,251	130,688	-1,110	143,439
Changes during the term under review					
Dividends on surpluses			-3,155		-3,155
Net income attributable to shareholders of the parent company			8,435		8,435
Buyback of own shares				-0	-0
Changes in the equity of the parent company pertaining to transactions with non-controlling shareholders		-3,805			-3,805
Beginning-of-term (net) change in items excluding shareholders' equity					—
Total change in the term under review	—	-3,805	5,280	-0	1,474
End-of-term balance	5,610	4,446	135,968	-1,111	144,913

(Million yen)

	Total other accumulated comprehensive income				Non-controlling shareholders interest	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment accounts	Accumulated retirement benefit adjustments	Total other accumulated comprehensive income		
Beginning-of-term balance	4,295	2,148	-555	5,888	9,941	159,269
Changes during the term under review						
Dividends on surpluses						-3,155
Net income attributable to shareholders of the parent company						8,435
Share buyback						-0
Changes in the equity of the parent company pertaining to transactions with non-controlling shareholders						-3,805
Beginning-of-term (net) change in items excluding shareholders' equity	-1,867	-2,163	-491	-4,522	-6,825	-11,347
Total change in the term under review	-1,867	-2,163	-491	-4,522	-6,825	-9,873
End-of-term balance	2,427	-15	-1,046	1,366	3,116	149,395

Notes:

Amounts less than 1 million yen were rounded down.

Notes to Consolidated Financial Statements

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

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 18 Toprec Corporation
Toho Transportation Co., Ltd.
Tokyo Metal Pack Co., Ltd.
Top Kogyo Co., Ltd.
Topre Kyushu Corporation
Topre Tokai Corporation
Mitsuike Corporation
Tochigi Mitsuike Co., Ltd.
Topre America Corporation
Topre Autoparts Mexico, S.A. de C.V.
TOPRE (FOSHAN) AUTOPARTS CORPORATION
TOPRE (XIANGYANG) AUTOPARTS CORPORATION
TOPRE (WUHAN) AUTOPARTS CORPORATION
Guangzhou Mitsuike Corporation
Shenzhen Mitsuike Corporation
TOPRE (THAILAND) CO., LTD.
Topre India Private Limited
PT.Topre Indonesia Autoparts

Among the foregoing, PT.Topre Indonesia Autoparts was newly established and hence was included in the scope of consolidated subsidiaries.

Furthermore, as the shares of Mitsuike Corporation were acquired, Mitsuike Corporation was included in the scope of consolidation. Accompanying therewith, the subsidiaries of Mitsuike Corporation, Tochigi Mitsuike Co., Ltd., Guangzhou Mitsuike Corporation, and Shenzhen Mitsuike Corporation, are included in the scope of consolidation.

- (2) Number of non-consolidated subsidiaries: 5

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

2. Items related to the application of the equity method

- (1) The number of affiliates to which the equity method applied: 2
Marujun Co., Ltd. / AAPICO Mitsuike (Thailand) CO., Ltd.

As we acquired the shares of Mitsuike Corporation, its affiliate, AAPICO Mitsuike (Thailand) CO., Ltd., was included in the scope of the application of the equity method.

- (2) With regard to the investments in five non-consolidated subsidiaries which do not apply the equity method, the aggregate net profits and earned surpluses etc. corresponding to our equity in these companies will have only a negligible effect on the consolidated net profits and

consolidated earned surpluses, etc., and are unimportant even when their figures are combined. Accordingly, we apply the cost method instead of the equity method.

3. Items related to the business years of consolidated subsidiaries

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

Among the consolidated subsidiaries, the book-closing date of Guangzhou Mitsuike Corporation and Shenzhen Mitsuike Corporation is December 31. With respect to the preparation of the consolidated financial statements of these consolidated subsidiaries, the financial statements as of said book-closing date are used.

However, necessary adjustments for consolidated accounting are made with respect to material transactions made during the period from January 1 to the consolidated book-closing date, March 31 of these consolidated subsidiaries.

4. Items related to accounting policy

(1) Valuation standards and valuation methods of important assets

(i) Marketable securities

Other marketable securities

Those with market value

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

Those with no market value

Cost method or amortized cost method based on the moving average method

(ii) Derivative transactions

Market value method

(iii) Inventory assets

Inventories owned for normal sales purposes

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

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

(2) Depreciation method for important depreciable assets

(i) Tangible fixed assets (excluding lease assets)

Straight-line method

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

Standards for recording of retirement benefit liabilities

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

Prior service costs are amortized using the straight-line method over a period based on a set number of years (10 years) equal to or less than the employees' average remaining service years. Actuarial differences are amortized using the straight-line method over a

period (10 years) equal to or less than the average remaining service years of employees for the fiscal year in which the differences occurred, commencing with the following consolidated fiscal year.

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

(5) Important methods of account hedging

(i) Method of account hedging

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

(ii) Hedging methods and transactions subject to hedging

Hedging methods

Interest swap transactions

Transactions subject to hedging

Interest payable on specific borrowings

(iii) Hedging policy

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

(iv) Method of evaluating effectiveness

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

(6) Other important matters in preparing the consolidated financial statements

Accounting treatment of consumption taxes

Taxes are excluded.

2 Notes on the Consolidated Balance Sheet

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

(1) Assets furnished as security

Buildings	327 million yen
Machinery, equipment, and vehicles	2 million yen
Land	827 million yen
Total	1,158 million yen

(2) Obligations pertaining to the security

Long-term borrowings	1,211 million yen
Short-term borrowings	561 million yen

2. Cumulative depreciation on tangible fixed assets 156,814 million yen

3. Fixed asset reduction entries

For tangible fixed assets acquired prior to the consolidated fiscal year under review, the reduction entry amount subtracted from the acquisition prices were 14 million yen for Buildings and 1 million yen

for Machine Equipment.

3 Notes on the Consolidated Shareholders' Equity Statement

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

Common shares 54,021,824 shares

2. Dividends

(1) Dividends paid

Resolutions	Share type	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders of June 26, 2019	Common shares	1,577	30.00	March 31, 2019	June 27, 2019
Board of Directors Meeting on November 14, 2019	Common shares	1,577	30.00	September 30, 2019	December 4, 2019
Total		3,155			

(Note)

1. The total dividend amount approved at the Ordinary General Meeting of Shareholders held on June 26, 2019, includes the 3 million yen in dividends on the 101,663 Company shares owned by the Officer Compensation BIP Trust Account.

2. The total dividend amount approved by the Board of Directors meeting held on November 14, 2019, includes the 3 million yen in dividends on the 101,663 Company shares owned by the Officer Compensation BIP Trust Account.

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

The following proposal for dividends on common shares will be proposed at the Ordinary General Meeting of Shareholders to be held on June 25, 2020.

Total dividends	788 million yen
Dividends per share	15.00 yen
Record date	March 31, 2020
Effective date	June 26, 2020

Dividends are to be sourced from earned surplus.

(Note) The total dividend amount above includes the 1 million yen in dividends on the 101,663 Company shares owned by the Officer Compensation BIP Trust Account.

4 Notes on financial products

1. Situation regarding financial products

(1) Handling of financial products

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

(2) Details of financial products and their risks

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

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

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

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

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

(3) Risk control systems related to financial products

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

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

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

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

(4) Supplementary explanation on financial product prices

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

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

2. Market prices of financial products, etc.

The following are amounts provided in the Consolidated Balance Sheet as of March 31, 2020, market prices, and the differences between the two. Those for which it is extremely difficult to obtain market prices are not included in the table (please see Note 2).

(Million yen)

	Amount recorded on the Consolidated Balance Sheet	Market price	Difference
(1) Cash and deposits	28,024	28,024	—
(2) Notes receivable and accounts receivable Allowance for doubtful accounts (*1)	41,151 -9		
	41,142	41,142	—
(3) Short-term loans Loan-loss reserves (*2)	195 -76		
	119	119	—
(4) Marketable securities and investment securities Other marketable securities	11,306	11,306	—
Affiliate shares	2,495	865	-1,660
(5) Long-term loans	183	192	8
Total assets	83,272	81,650	-1,621
(1) Notes payable and accounts payable	43,880	43,880	—
(2) Short-term borrowings	7,497	7,497	—
(3) Corporate taxes payable	1,016	1,016	—
(4) Bonds	20,000	19,898	-102
(5) Long-term borrowings	23,264	23,312	47
(6) Long-term accounts payable Long-term accounts payable (installment)	52	52	-0
Long-term accounts payable (other long-term accounts payable)	19	19	0
Total liabilities	95,731	95,675	-54
Derivatives transactions (*3)	(175)	(175)	—

(*1) Allowance for doubtful accounts recorded in the notes receivable and accounts receivable have been deducted.

(*2) Loan-loss reserves recorded in the short-term loans have been deducted.

(*3) Receivables and payables recorded in derivatives transactions are shown on a net basis, and those which are net payable overall are shown in parentheses.

Note 1: Methods for calculating the market price of financial products, as well as items related to marketable securities and derivatives transactions

Assets

(1) Cash and deposits, (2) notes receivable and accounts receivable and (3) short-term loans

Since these are settled over the short term and market prices are close to the book price, the book prices themselves are used.

(4) Marketable securities and investment securities

The prices of these are based on share prices of the stock exchange, while those for bonds are based on the price provided by the financial institution with which the transaction is made.

(5) Long-term loans

The loan amounts of long-term loans to subsidiaries are calculated by discounting to present value the anticipated principal and interest collection amount reflecting loan recoverability at an interest rate for the remaining loan period having a high level of safety. Loans to employees are regularly updated based on variable interest rates and thus the market value is very similar to the book value. Accordingly, the book value is used.

Liabilities

(1) Notes payable and accounts payable and (2) short-term borrowings, (3) corporate taxes payable

Since these are settled over the short term and the market price is close to the book price, the book prices themselves are used.

(4) Bonds

The price of the corporate bonds are based on the market price.

(5) Long-term borrowings and (6) Long-term accounts payable (installment)

The price of these is the present value of total principal and interest discounted by the interest rate assumed if similar borrowings, etc. were to take place again. Long-term borrowings based on variable interest rates are subject to special processing via interest rate swaps (please see derivatives transactions below), and are calculated by discounting the total amount of principal and interest processed as part of the interest rate swap concerned by the interest rate reasonably estimated if a similar borrowing was to take place.

(6) Long-term accounts payable (other long-term accounts payable)

The price of long-term accounts payable is the present value calculated by discounting the government bond interest rate based on the payment date which is reasonably estimated.

Derivatives transactions

Please see “5 Derivatives transactions”.

Note 2: Financial products for which ascertaining the market price is recognized as extremely difficult

(Million yen)	
Category	Amount recorded on consolidated balance sheet
Non-listed shares	420

We recognize that ascertaining the price of the above securities is extremely difficult since there is no market price. We therefore have not included these under (4) Marketable securities and investment securities.

5 Derivatives transactions

1. Derivatives transactions for which hedge accounting is not applicable

Currency related

Category	Transaction type	Contract amount (Million yen)	Those exceeding one year (Million yen)	Market price (Million yen)	Valuation gains/losses (Million yen)
Non-market transactions	Currency forward transactions				
	Short Commitment THB	400	133	-66	-66
	Long Commitment Yen	1,075	777	-109	-109
Total		1,476	911	-175	-175

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

2. Derivatives transactions for which hedge accounting is applicable

Interest-rate related Special treatment of interest rate swaps

Hedge Accounting Method	Transaction type	Main transactions subject to hedging	Contract amount, etc. (Million yen)	Contracts exceeding one year (Million yen)	Market price (Million yen)
Special treatment of interest rate swaps	Interest rate swap (Paid/fixed and received/floating)	Long-term borrowings	719	412	-5

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

6 Notes regarding per share information

- Net assets per share 2,787.21 yen
- EPS 160.73 yen

Notes: The Company shares remaining in the Officer Compensation BIP Trust Account and recorded as treasury stock under net assets are included in treasury stock, which is deducted from the total number of issued shares as of the end of a fiscal year, for the purpose of calculating net assets per share, and are likewise included in treasury stock, which is deducted from the average number of issued shares during a fiscal year, for the purpose of calculating EPS. The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 101,663, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 101,663.

7 Notes concerning significant subsequent events

Absorption-type merger of consolidated subsidiary and non-consolidated subsidiary

At the Board of Directors Meeting held on April 14, 2020, the Company deliberated on and approved the absorption-type merger between Top Kogyo Co., Ltd. (consolidated subsidiary) and Topre R&D Co., Ltd. (non-consolidated subsidiary) (each, "Top" and "R&D") by which the Company becomes the company surviving an absorption-type merger and Top and R&D become the companies absorbed in an absorption-type merger.

- (1) Summary of merger
 - (i) Name of acquired company and its business description
 - (a) Name of acquired company: Top Kogyo Co., Ltd.
Business description: manufacture and sales of freezer cars, refrigeration cars, refrigeration equipment, etc.
 - (b) Name of acquired company: Topre R&D Co., Ltd.
Business description: Surveys, research and development consignments, etc.
 - (ii) Main reason for merger
Top, which had been conducting the manufacturing and sales of freezer and refrigeration cars, and R&D, which had been conducting investigation, research and development for Topre, are now dormant companies; thus, we decided to conduct an absorption-type merger of Top and R&D for the management efficiency and effective use of management resources within the Group.
 - (iii) Scheduled merger date
July 1, 2020
 - (iv) Legal method of merger
It shall be by way of absorption-type merger by which the Company survives, and Top and R&D will dissolve.
 - (v) Corporate name after merger
No name change was made.
 - (vi) Details of allotment pertaining to merger
This merger is a merger with the Company's wholly owned subsidiary, and there will be no allotment or delivery of shares or other property including money, etc.
Furthermore, there is no issuance of new shares or increase of stated capital.
- (2) Summary of accounting treatment
It will be treated as a common control transaction pursuant to "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10).

Borrowing of large amount of funds

The Company resolved to borrow the following funds at the Board of Directors Meeting on April 14, 2020.

- (1) Usage of funds: capital investment funds and operation funds accompanying the expansion of North America plant
- (2) Lenders: Resona Bank, Limited., Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, totaling four banks
- (3) Amount of borrowings: 20,000 million yen
- (4) Implementation date of borrowing: Scheduled from May 2020 to June 2020
- (5) Borrowing period: Four years

8 Other notes

Amounts less than 1 million yen were rounded down.

Financial Statements

Balance Sheet (As of March 31, 2020)

(Million yen)

Item (Assets)	Amount	Item (Liabilities)	Amount
I Current assets		I Current liabilities	
Cash and deposits	12,598	Notes payable	17,164
Notes receivable	3,911	Accounts payable	13,137
Accounts receivable	43,137	Short-term borrowings	2,000
Marketable securities	100	Long-term borrowings due within one year	6,792
		Lease obligations	9
Goods	694	Accounts payable	2,120
Works in progress	5,942	Accrued expenses	1,690
Raw materials	1,100	Corporate taxes payable	180
Stored goods	110	Deposits received	12,277
Prepaid expenses	109	Advances received	422
		Bonus reserves	1,103
Accrued revenues	4,753	Bonus reserves for Officers	27
Short-term loans	5,415	Reserves for product warranties	128
Other current assets	1,050	Equipment-related notes payable	2,406
Loan-loss reserves	-76	Total current liabilities	59,459
Total current assets	78,849	II Fixed liabilities	
II Fixed assets		Bonds	20,000
1 Tangible fixed assets		Long-term borrowings	12,339
Buildings	4,990	Lease obligations	9
Structures	1,091	Long-term account payables	8
		Tax-deferred liabilities	1,218
Machinery and equipment	3,739	PCB processing reserves	43
Vehicles	96	Reserves for stock grant to Officers	74
Tools, furniture, and fixtures	5,134	Long-term deposits received	34
Land	1,918	Total fixed liabilities	33,726
Lease assets	17	Total liabilities	93,185
Construction in progress	7,720		
Total tangible fixed assets	24,707	(Net assets)	
2 Intangible fixed assets		I Shareholders' equity	
Software	257	1 Capital	5,610
Software in progress	173	2 Capital surplus	
Right of utilization	10	Capital reserves	4,705
Total intangible fixed assets	441	Other capital surpluses	2,552
3 Investments and other assets		Total capital surplus	7,258
Investment securities	7,726	3 Earned surplus	
Shares of subsidiaries and affiliates	25,439	Retained earnings	1,197
Investments	1	Dividend reserves	400
Long-term loans	56,034	Reserve for reduction entry of land	589
		Reserve for reduction entry of replaced property	118
Guarantee deposits	52	Reserve for reduction entry of replaced property special subaccount	867
Prepaid pension expenses	717	Reserve for advanced depreciation of noncurrent assets	78
Other investments	68	Special reserves	18,914
Loan-loss reserves	-2	Earned surplus carried over	64,844
Total investments and other assets	90,038	Total earned surplus	87,009
		4 Treasury stock	-1,602
		Total shareholders' equity	98,276
		II Valuation and translation adjustments	
		Valuation difference on available-for-sale securities	2,576
		Total valuation and translation differences	2,576
Total fixed assets	115,188	Total net assets	100,852
Total assets	194,038	Total liabilities and net assets	194,038

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

Income Statement
(April 1, 2019-March 31, 2020)

(Million yen)

Item		Amount	
I	Net sales		127,203
II	Cost of goods sold		114,438
	Gross income		12,764
III	SG&A expenses		5,970
	Operating income		6,794
IV	Non-operating income		
	Interest income	1,232	
	Dividend income	1,559	
	Rent income on fixed assets	147	
	Dividend income from insurance	98	
	Other non-operating income	137	3,175
V	Non-operating expenses		
	Interest expenses	55	
	Interest on bonds	17	
	Rent expenses on fixed assets	26	
	Foreign exchange losses	705	
	Loss on disaster	3	
	Allowance for doubtful accounts	30	
	Bond issue cost	92	
	Other non-operating expenses	31	961
	Recurring income		9,008
VI	Extraordinary income		
	Capital gains on the sale of investment securities	645	
	Capital gains on the sale of fixed assets	1,171	
	Other extraordinary gains	20	1,837
VII	Extraordinary losses		
	Loss on sales of investment securities	117	
	Loss on valuation of investment securities	697	
	Loss on sales and retirement of non-current assets	157	971
	Net income before income taxes		9,874
	Corporate taxes, resident taxes, and business taxes	1,676	
	Corporate tax adjustments	626	2,302
	Net income		7,571

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

Shareholders' Equity Statement
(April 1, 2019-March 31, 2020)

(Million yen)

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

(Million yen)

	Shareholders' Equity					
	Earned surplus					
	Other earned surplus					
	Dividend reserves	Reserve for reduction entry of land	Reserve for reduction entry of replaced property	Reserve for reduction entry of replaced property special subaccount	Reserve for advanced depreciatio n of noncurrent assets	Special reserves
Beginning-of-term balance	400	730	251	8	56	18,914
Changes during the current term						
Dividends on surpluses						
Net income						
Provision of reserve for reduction entry of land		9				
Reversals of reserve for reduction entry of land		-149				
Reversals of reserve for reduction entry of replaced property			-133			
Provision of reserve for reduction entry of replaced property special subaccount				867		
Reversals of reserve for reduction entry of replaced property special subaccount				-8		
Provision of reserve for advanced depreciation of noncurrent assets					29	
Reversal of reserve for advanced depreciation of noncurrent assets					-7	
Share buyback of own shares						
(Net) change in items excluding shareholders' equity in the fiscal year						
Total change in the current term	—	-140	-133	859	21	—
End-of-term balance	400	589	118	867	78	18,914

(Million yen)

	Shareholders' Equity				Valuation and translation differences		Total net assets
	Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation differences	
	Retained earnings brought forward	Total retained earnings					
Beginning-of-term balance	61,034	82,592	-1,601	93,860	4,254	4,254	98,114
Changes during the current term							
Dividends on surpluses	-3,155	-3,155		-3,155			-3,155
Net income	7,571	7,571		7,571			7,571
Provision of reserve for reduction entry of land	-9	—		—			
Reversals of reserve for reduction entry of land	149	—		—			
Reversals of reserve for reduction entry of replaced property	133	—		—			—
Provision of reserve for reduction entry of replaced property special subaccount	-867	—		—			—
Reversals of reserve for reduction entry of replaced property special subaccount	8	—		—			
Provision of reserve for advanced depreciation of noncurrent assets	-29	—		—			—
Reversal of reserve for advanced depreciation of noncurrent assets	7	—		—			—
Share buyback		—	-0	-0			-0
(Net) change in items excluding shareholders' equity in the fiscal year					-1,677	-1,677	-1,677
Total change in the current term	3,809	4,416	-0	4,415	-1,677	-1,677	2,738
End-of-term balance	64,844	87,009	-1,602	98,276	2,576	2,576	100,852

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

Notes to Standalone Financial Statements

1 Notes to matters relating to important accounting standards

1. Valuation standards and valuation methods of assets

(1) Marketable securities

(i) Shares in subsidiaries and affiliates

Cost method based on the moving average method

(ii) Other marketable securities

Those with market value

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

Those with no market value

Cost method or amortized cost method based on the moving average method

(2) Inventory assets

Inventory owned for normal sales purposes

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

Goods, products, and works in progress

Weighted average method, actual cost method

Raw materials and stored goods

FIFO method

2. Depreciation method for important fixed assets

(1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets (excluding lease assets)

Straight-line method

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

(3) Lease assets

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

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

3. Standards for recording reserves

(1) Loan-loss reserves

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

(2) Bonus reserves

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

(3) Bonus reserves for Officers

The Company prepares for bonus payments to Officers by allocating bonus reserves for Officers based on the expected payment amount for the term under review.

(4) Reserves for stock grant to Officers

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

(5) Reserves for product warranties

Estimated guarantee costs based on past results are recorded as reserves to prepare for defect liability of products sold.

(6) Retirement benefit reserves

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

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

(7) PCB processing reserves

To prepare for payment of costs for processing PCBs and other waste that the Company stores, reasonably estimated funds expected to be accessed in the future are allocated.

4. Methods of account hedging

(1) Method of account hedging

Currency forward transactions meeting the requirements for deferral hedge accounting are accounted for by deferral hedge accounting, and interest swap transactions meeting the requirements for special processing are accounted for using special processing.

(2) Hedging methods and transactions subject to hedging

Hedging methods

Currency forward transactions, Interest rate swaps

Transactions subject to hedging

Foreign currency loans, Interest payable on specific borrowings

(3) Hedging policy

Pursuant to internal rules relating to derivative transactions, currency fluctuation risk and interest fluctuation risk are hedged to a certain extent.

(4) Method of evaluating hedging effectiveness

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

5. Other important matters in preparing the financial statements
 - Accounting treatment of consumption taxes
 - Taxes are excluded.

2 Notes on the Balance Sheet

1. Cumulative depreciation on tangible fixed assets	65,849 million yen
2. Short-term claims against affiliates	42,185 million yen
Long-term claims against affiliates	55,962 million yen
Short-term debts owed to affiliates	19,264 million yen

3. Guarantee obligations

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

Loans from financial institutions	
Mitsuike Corporation	500 million yen
Topre America Corporation	2,013 million yen
TOPRE (FOSHAN) AUTOPARTS CORPORATION	474 million yen
Total	2,987 million yen

4. Fixed asset reduction entries

For tangible fixed assets acquired up to the term under review, the reduction entry amount subtracted from the acquisition price was 14 million yen for Buildings.

3 Notes on Profit/Loss Statement

Trade volume with affiliates	
Sales	53,602 million yen
Purchases	48,189 million yen
Trade volume other than business trades	2,525 million yen

4 Notes on Statements of Changes in Net Asset

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

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

Common shares	1,529,329 shares
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5 Notes relating to deferred tax assets and liabilities

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

(1) Deferred tax assets

Bonus reserves	337	million yen
Unpaid business taxes	52	
Inventory asset impairment loss	39	
Reserves for product warranties	53	
Loan-loss reserves	53	
Accounts payable	39	
Impairment loss	23	
Evaluation loss on investment securities	23	
Over depreciation	142	
PCB processing reserves	13	
Reserves for stock grant to Officers	22	
Subsidiary corporation impairment loss	37	
Other	27	
Total	866	
Deferred tax asset total	866	

(2) Deferred tax liabilities

Fixed liabilities

Reserve for reduction entry of land	259	million yen
Reserve for reduction entry of replaced property special subaccount	382	
Reserve for reduction entry of replaced property	52	
Reserve for advanced depreciation of noncurrent assets	34	
Valuation difference on available-for-sale securities	1,135	
Prepaid pension expenses	219	
Total	2,084	
Deferred tax liability total	2,084	
Net deferred tax assets (liabilities)	-1,218	

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

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
Subsidiary	Toprec Corporation	Directly own 100%	Purchaser of goods	Product sale	29,230	Accounts receivable	13,370
			Entrustment of operating funds	Entrustment of funds	5,000	Deposits	5,000
			Concurrent officers				
Subsidiary	Toho Transportation Co., Ltd.	Directly own 50%	Outsourcing of transport services	Outsourcing of transport services, etc.	1,177	Accounts payable	4
						Unpaid expenses	314
			Entrustment of operating funds	Entrustment of funds	200	Deposits	4,100

Type	Name of company, etc.	% of voting rights owned (owned by)	Relationship with related party	Transaction	Transaction amount (million yen)	Category	Balance at end of term (million yen)
			officers				
Subsidiary	Topre Kyushu Corporation	Directly own 100%	Company supplier	Component purchase	19,504	Accounts payable	1,915
			Equipment arrangements, etc.	Equipment arrangements, supply of parts, etc.	5,484	Notes payable	959
						Accounts receivable	616
			Entrustment of operating funds	Advance payments			249
				Deposits	800		800
			Financial assistance	Entrustment of funds	800		
			Concurrent officers	Refund of funds	1,200		
				Lending of funds	3,400	Long-term loans	3,400

Subsidiary	Topre Tokai Corporation	Directly own 100%	Company supplier Equipment arrangements, etc. Financial assistance Concurrent officers	Component purchase Equipment arrangements, supply of parts, etc. Lending of funds Collection of funds	19,494 11,338 2,100 1,988	Accounts payable Accounts receivable Long-term loans —	1,674 2,023 7,414
Subsidiary	Mitsuike Corporation	Directly own 51.6%	Financial assistance Concurrent officers	Guarantee of obligations	500	—	—
Subsidiary	Topre America Corporation	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds Collection of funds Receipt of interest Guarantee of obligations	15,449 15,089 3,701 720 2,013	Accounts receivable Short-term loans Long-term loans — —	15,010 5,223 23,113 — —
Subsidiary	Topre Autoparts Mexico, S.A. de C.V.	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds Collection of funds	4,939 5,134 2,364	Accounts receivable Long-term loans	2,781 10,548
Subsidiary	TOPRE (FOSHAN) AUTOPARTS CORPORATION	Directly own 100%	Financial assistance Concurrent officers	Lending of funds Guarantee of obligations	1,700 474	Long-term loans —	2,291 —
Subsidiary	TOPRE (XIANGYANG) AUTOPARTS CORPORATION	Directly own 100%	Financial assistance Concurrent officers	Collection of funds	764	Long-term loans	1,541
Subsidiary	TOPRE (THAILAND) CO., LTD	Directly own 100%	Financial assistance Concurrent officers	Collection of funds	988	Long-term loans	3,250
Subsidiary	TOPRE (INDIA) PVT., LTD	Directly own 100%	Purchaser of goods Financial assistance Concurrent officers	Component, dies and molds, equipment sales Lending of funds	1,983 2,390	Accounts receivable Long-term loans	1,941 3,690
Affiliate	MARUJUN Co., Ltd.	Directly own 19.9%	Company supplier	Purchase of component, dies and molds,	5,744	Accounts payable	725

			Equipment arrangements, etc. Concurrent officers	equipment Equipment arrangements, supply of parts, etc.	1,620	Notes payable Accounts receivable	1,098 256
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Note 1: Of the foregoing amounts, the transaction amount does not include consumption taxes, whereas the balance at the end of term does include consumption taxes.

Note 2: Transaction terms and a policy etc. for deciding the transaction terms

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

7 Notes regarding per share information

1. Net assets per share 1,921.64 yen

2. EPS 144.28 yen

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

The number of such shares of treasury stock as of the end of the fiscal year deducted for the purpose of calculating net assets per share was 101,663, and the average number of such shares during the fiscal year deducted for the purpose of calculating EPS was 101,663.

8 Notes concerning significant subsequent events

Absorption-type merger of consolidated subsidiary and non-consolidated subsidiary

At the Board of Directors Meeting held on April 14, 2020, the Company deliberated on and approved the absorption-type merger between Top Kogyo Co., Ltd. (consolidated subsidiary) and Topre R&D Co., Ltd. (non-consolidated subsidiary) (each, “Top” and “R&D”) by which the Company becomes the company surviving an absorption-type merger and Top and R&D become the companies absorbed in an absorption-type merger.

For a summary, please refer to the Consolidated Financial Statements, 7. Notes concerning significant subsequent events.

Borrowing of large amount of funds

The Company will implement the borrowing of funds as follows at the Board of Directors Meeting on April 14, 2020.

For a summary, please refer to the Consolidated Financial Statements, 7. Notes concerning significant subsequent events.

9 Other notes

Amounts less than 1 million yen were rounded down.