

To Our Shareholders

We would like to take this opportunity to express our heartfelt appreciation to you for your continued support of PACIFIC METALS CO., LTD.

We hereby report the overview of the Group's business for the 96th fiscal year (from April 1, 2021 to March 31, 2022).

Masayuki Aoyama
President Director & Representative Director

Company Philosophy

Leverage the power of people to deliver the earth's resources in more useful forms and contribute to the happiness of humankind

Company Policy

1. Integrate the management strategies of the entire Group to maximize the synergy effects of each Group company.
2. Focus on the development and quality improvement of world-class smelting technology, and establish the world-leading platform for management efficiency and competitiveness.
3. Promote compliance.
4. Secure appropriate profits through fair, transparent and free competition.
5. Actively tackle all environmental problems to protect the irreplaceable earth.
6. To develop the individuality of employees and fully demonstrate their creativity, pursue a sense of comfort and affluence both physically and mentally, and realize a rewarding workplace.
7. Promote wide-ranging exchanges with society and actively disclose fair corporate information.

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Securities Code 5541)

June 3, 2022

To Shareholders with Voting Rights:

Masayuki Aoyama
President Director & Representative
Director
PACIFIC METALS CO., LTD.
6-1, Otemachi 1-Chome, Chiyoda-ku,
Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 96TH ANNUAL GENERAL SHAREHOLDERS MEETING**

We would like to express our appreciation for your continued support and patronage.

Please be informed that the 96th Annual General Shareholders Meeting of PACIFIC METALS CO., LTD. (the “Company”) will be held for the purposes as described below.

If you do not attend the meeting, you may exercise your voting rights in writing or via electromagnetic means (the Internet, etc.). Please review the attached Reference Documents for the General Shareholders Meeting and, following the instructions stated in the Guide to Exercising Voting Rights on page 3 (Japanese original), exercise your voting rights by 5:30 p.m. Japan time on Thursday, June 23, 2022.

- 1. Date and Time:** Friday, June 24, 2022 at 10:00 a.m. Japan time
- 2. Place:** Iidabashi Rainbow Building (7F) located at
11 Ichigayafunagawaramachi, Shinjuku-ku, Tokyo
(For the location of the venue, please refer to the map of the venue of the
General Shareholders Meeting at the end of this document.)
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 96th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
 2. Non-consolidated Financial Statements for the Company’s 96th Fiscal Year (April 1, 2021 - March 31, 2022)
Proposals to be resolved:
 - Proposal 1:** Partial Amendments to the Articles of Incorporation
 - Proposal 2:** Election of nine (9) Directors

* The reception desk at the venue is scheduled to open at 9:00 a.m.

* Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Statement of Changes in Equity and Notes to Non-consolidated Financial Statements are posted on the Company’s website in accordance with provisions of laws and regulations as well as Article 17 of the Company’s Articles of Incorporation and therefore are not provided in the Appendix to this Notice. If there are any revisions in the Reference Documents for the General Shareholders Meeting, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, the revised versions will be posted on the Company’s website (Japanese only).

The Company’s website: <https://www.pacific-metals.co.jp>

Reference Documents for the General Shareholders Meeting

Proposals and References

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general shareholders meetings, the Company proposes that the Articles of Incorporation of the Company be amended as follows.

- (1) The proposed Article 17, Paragraph 1 provides that information contained in the reference documents for the general shareholders meeting, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 17, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the disclosure via Internet of reference materials for general shareholders meeting and deemed provision thereof (Article 17 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments to the Articles of Incorporation are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Disclosure via Internet of Reference Materials for General Shareholders Meeting and Deemed Provision Thereof)</u> <u>Article 17 For convocation of General Shareholders Meeting, the Company may be deemed to have provided to its Shareholders, information concerning matters to be stated or expressed in reference materials for General Shareholders Meeting, a business report, financial statements and consolidated financial statements by way of disclosure using the Internet in accordance with the provisions set forth in the ministerial ordinances of the Ministry of Justice.</u></p> <p style="text-align: center;"><Newly established></p>	<p style="text-align: center;"><Deleted></p> <p><u>(Measures for Electronic Provision, Etc.)</u> <u>Article 17 For convocation of a General Shareholders Meeting, the Company shall provide information contained in the reference documents for the General Shareholders Meeting, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

<p><Newly established></p>	<p><u>Supplementary provisions</u></p> <ol style="list-style-type: none"><li data-bbox="810 181 1406 398">1. <u>The deletion of Article 17 (Disclosure via Internet of Reference Materials for General Shareholders Meeting and Deemed Provision Thereof) of the Articles of Incorporation prior to the amendments and the establishment of Article 17 (Measures for Electronic Provision, Etc.) shall come into effect on September 1, 2022.</u><li data-bbox="810 405 1406 656">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 17 (Disclosure via Internet of Reference Materials for General Shareholders Meeting and Deemed Provision Thereof) of the Articles of Incorporation prior to the amendments shall remain in force with respect to a General Shareholders Meeting to be held on or before February 28, 2023.</u><li data-bbox="810 663 1406 819">3. <u>These supplementary provisions shall be deleted on March 1, 2023 or on the date when three months have elapsed from the date of the General Shareholders Meeting set forth in the preceding paragraph, whichever is later.</u>
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Proposal 2: Election of nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this year's Annual General Shareholders Meeting. Accordingly, the election of nine (9) Directors is proposed. The candidates are as follows.

Details about each candidate such as career summary, reason for nomination and other information are stated on pages 7 to 14.

No.	Name	Gender	Term of office	Position	Responsibilities	Attendance at Board of Directors meeting
1	Masayuki Aoyama <u>Reappointment</u>	Male	8 years	President Director	Representative Director Member of Nomination and Compensation Committee	23 out of 23 meetings (100.0%)
2	Yoshiharu Inomata <u>Reappointment</u>	Male	5 years	Director & Senior Managing Executive Officer	Assistant to the President, In charge of Corporate Planning, Recycling Business	23 out of 23 meetings (100.0%)
3	Kenichi Hara <u>Reappointment</u>	Male	4 years	Director & Managing Executive Officer	In charge of Procurement, General Manager of Sales & Marketing Dept.	23 out of 23 meetings (100.0%)
4	Terunobu Matsuyama <u>Reappointment</u>	Male	4 years	Director & Managing Executive Officer	In charge of Internal Control, IR, General Administration, Finance & Accounting, General Manager of Personnel & Labor Relation Dept.	23 out of 23 meetings (100.0%)
5	Hiroaki Ichiyanagi <u>Reappointment</u>	Male	2 years	Director & Senior Executive Officer	In charge of Quality Control & Environmental Management, General Manager, Resources & Technology Development Project Dept.	23 out of 23 meetings (100.0%)
6	Kazuo Iwadate <u>Reappointment</u>	Male	2 years	Director & Senior Executive Officer	In charge of Safety & Health Management, Utility & Maintenance and Production, General Manager of Business Process Reengineering Dept.	23 out of 23 meetings (100.0%)
7	Shinya Matsumoto <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Male	9 years	Outside Director	Chairperson of Nomination and Compensation Committee	22 out of 23 meetings (95.7%)
8	Hikari Imai <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Male	6 years	Outside Director	Member of Nomination and Compensation Committee	23 out of 23 meetings (100.0%)
9	Yukari Sakai <u>Reappointment</u> <u>Outside</u> <u>Independent</u>	Female	1 year	Outside Director	—	16 out of 16 meetings (100.0%)

- Notes: 1. Term of office, position and responsibilities are as at the time of this Annual General Shareholders Meeting.
2. Candidate for Director Yukari Sakai's attendance at the Board of Directors meetings is based on the Board of Directors meetings held after her assumption of office on June 25, 2021.

Reappointment: Candidate for Director to be reappointed

Outside: Candidate for Outside Director

Independent: Independent Director

Board of Directors Skills Matrix											
No.	Name	①Corporate management	②Finance / Accounting	③Marketing	④Manufacturing	⑤Research / Development / IT	⑥Law	⑦Risk management	⑧Personnel and labor relations	⑨Global management	⑩ESG and sustainability
1	Masayuki Aoyama	○			○			○			○
2	Yoshiharu Inomata	○			○	○		○	○		○
3	Kenichi Hara	○		○	○			○		○	○
4	Terunobu Matsuyama	○	○		○	○	○	○	○		○
5	Hiroaki Ichiyanagi	○		○	○	○		○		○	○
6	Kazuo Iwadate	○			○	○		○			○
7	Shinya Matsumoto	○					○	○			
8	Hikari Imai	○	○					○		○	
9	Yukari Sakai	○	○					○	○		

Note: The skills matrix classifies knowledge and experience considered to be important for the Company and indicates the fields in which the Directors have appropriate expertise and the fields for which the Company has high expectations of the Directors.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Masayuki Aoyama (December 7, 1954)	<p>April 1975 Joined the Company</p> <p>December 2004 Deputy General Manager, Utility & Maintenance Dept., Production Div. and Manager, Electric Power Sec.</p> <p>December 2008 Associate General Manager, Utility & Maintenance Dept., Production Div.</p> <p>April 2009 General Manager, Utility & Maintenance Dept., Production Div.</p> <p>May 2010 Director, Pacific Energy Center Co., Ltd.</p> <p>June 2011 Executive Officer, the Company</p> <p>June 2014 Director, Rio Tuba Nickel Mining Corporation</p> <p>June 2014 Director, Taganito Mining Corporation</p> <p>June 2014 Director, the Company</p> <p>June 2014 Senior Executive Officer</p> <p>June 2014 General Manager, Production Div.</p> <p>May 2017 President & Representative Director, Pacific Gas Center Co., Ltd.</p> <p>June 2018 Managing Executive Officer</p> <p>July 2019 In charge of Business Process Reengineering, Production and Recycling Business</p> <p>June 2020 President Director & Representative Director (to present)</p> <p>May 2021 Member of Nomination and Compensation Committee (to present)</p>	3,900
	Reason for nomination as candidate for Director	The Company nominated Masayuki Aoyama as a candidate for Director because he has experience in engaging in the creation of new ferronickel manufacturing technologies/facilities and maintenance of existing ones and dealing in electric power facilities, etc., and is also involved in the management of affiliates in Japan and overseas, and we determined that he has the experience and abilities suited to a chief executive officer of the Company by leveraging such experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Yoshiharu Inomata (June 6, 1954)	<p>April 1975 Joined the Company</p> <p>December 2004 Deputy General Manager, Quality Control Dept., Production Div. and Manager, Analysis Sec.</p> <p>December 2006 Deputy General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>December 2007 Associate General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>July 2008 General Manager, Quality Control Dept., Production Div., Manager, Quality Assurance Sec. and Manager, Analysis Sec.</p> <p>April 2009 General Manager, Quality Control Dept. and Manager, Quality Assurance Sec.</p> <p>June 2012 Executive Officer and General Manager, Quality Control Dept.</p> <p>June 2014 Senior Executive Officer</p> <p>June 2014 General Manager, Quality Control Dept. and General Manager, Environmental Management Dept.</p> <p>July 2016 General Manager, Quality Control & Environmental Management Dept.</p> <p>September 2016 General Manager, Quality Control & Environmental Management Dept., General Manager, Technical Research & Development Dept. and Manager, Pyrometallurgy Development Sec.</p> <p>June 2017 Director (to present)</p> <p>June 2017 In charge of Safety & Health Management, Quality Control & Environmental Management</p> <p>June 2017 General Manager, Technical Research & Development Dept.</p> <p>July 2019 In charge of Safety & Health Management and Resources & Technology Development Project</p> <p>July 2019 General Manager, Quality Control & Environmental Management Dept.</p> <p>June 2020 Managing Executive Officer</p> <p>June 2020 In charge of Corporate Planning, Safety & Health Management, Quality Control & Environmental Management</p> <p>June 2021 Senior Managing Executive Officer (to present)</p> <p>June 2021 Assistant to President (to present)</p> <p>June 2021 In charge of Corporate Planning, Recycling Business (to present)</p>	4,227
	Reason for nomination as candidate for Director	The Company nominated Yoshiharu Inomata as a candidate for Director because he has extensive experience in quality control, environmental management fields and technical research & development, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Kenichi Hara (May 20, 1964)	<p>April 1988 Joined the Company</p> <p>October 2010 Assistant General Manager, Environment & Recycle Business Dept.</p> <p>December 2011 Assistant General Manager, Ferro Nickel Sales Dept.</p> <p>December 2012 Associate General Manager, Ferro Nickel Sales Dept.</p> <p>June 2014 Executive Officer</p> <p>June 2014 General Manager, Ferro Nickel Sales Dept.</p> <p>June 2017 Senior Executive Officer</p> <p>March 2018 Director, Pacific Sowa Corporation (to present)</p> <p>June 2018 Director (to present)</p> <p>June 2018 In charge of Sales</p> <p>July 2019 General Manager, Sales & Marketing Dept. (to present)</p> <p>June 2020 In charge of Procurement (to present)</p> <p>June 2021 Managing Executive Officer (to present)</p>	2,900
	Reason for nomination as candidate for Director	The Company nominated Kenichi Hara as a candidate for Director because he has extensive experience in the sales field, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging his past experience and track record.	
4	Terunobu Matsuyama (December 16, 1969)	<p>April 1988 Joined the Company</p> <p>December 2010 Assistant General Manager, Finance & Accounting Dept.</p> <p>December 2013 Associate General Manager, Finance & Accounting Dept.</p> <p>May 2014 Auditor, Pacific Gas Center Co., Ltd.</p> <p>June 2014 General Manager, Finance & Accounting Dept., the Company (to present)</p> <p>June 2017 Executive Officer</p> <p>June 2018 Director (to present)</p> <p>June 2018 Senior Executive Officer</p> <p>June 2020 In charge of IR (to present)</p> <p>May 2021 Director, Taiheiyo Kosan Co., Ltd. (to present)</p> <p>June 2021 Managing Executive Officer (to present)</p> <p>June 2021 In charge of Internal Control (to present)</p> <p>June 2021 In charge of General Administration (to present)</p> <p>June 2021 In charge of Finance & Accounting (to present)</p> <p>June 2021 General Manager of Personnel & Labor Relation Dept. (to present)</p>	3,043
	Reason for nomination as candidate for Director	The Company nominated Terunobu Matsuyama as a candidate for Director because he has a wealth of knowledge in the accounting/financial fields, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Hiroaki Ichiyanagi (April 24, 1960)	<p>April 2003 Joined the Company</p> <p>December 2009 Deputy General Manager, Ore Purchasing & Mining Engineering Dept.</p> <p>December 2012 Associate General Manager, Ore Purchasing & Mining Engineering Dept.</p> <p>June 2014 Executive Officer</p> <p>June 2014 General Manager, Ore Purchasing & Mining Engineering Dept.</p> <p>June 2017 Senior Executive Officer (to present)</p> <p>June 2018 Director, Rio Tuba Nickel Mining Corporation (to present)</p> <p>June 2018 Director, Taganito Mining Corporation (to present)</p> <p>July 2019 General Manager, Resources & Technology Development Project Dept., the Company (to present)</p> <p>June 2020 Director (to present)</p> <p>June 2021 In charge of Quality Control & Environmental Management (to present)</p>	1,500
	Reason for nomination as candidate for Director	The Company nominated Hiroaki Ichiyanagi as a candidate for Director because he has a wealth of knowledge in the ore procurement and overseas resources development fields, and is also involved in the management of overseas affiliates, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging such experience and track record.	
6	Kazuo Iwadate (January 14, 1967)	<p>April 1985 Joined the Company</p> <p>December 2009 Deputy General Manager, Production Dept., Production Div.</p> <p>December 2012 General Manager, Production Dept., Production Div.</p> <p>November 2015 General Manager, Production Dept. and General Manager, Environmental Business Dept., Production Div.</p> <p>June 2017 Executive Officer</p> <p>June 2017 Assistant General Manager, Production Div., General Manager, Utility & Maintenance Dept. and General Manager, Environmental Business Dept.</p> <p>July 2019 General Manager, Business Process Reengineering Dept. (to present)</p> <p>May 2020 President & Representative Director, Pacific Gas Center Co., Ltd. (to present)</p> <p>June 2020 Director (to present)</p> <p>June 2020 Senior Executive Officer (to present)</p> <p>June 2020 In charge of Utility & Maintenance and Production (to present)</p> <p>June 2021 In charge of Safety & Health Management (to present)</p>	1,251
	Reason for nomination as candidate for Director	The Company nominated Kazuo Iwadate as a candidate for Director because he has extensive experience in the production and maintenance fields, and we determined that he has the experience and abilities suited to a Director who can take charge of the management of the Company by leveraging his past experience and track record.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	[Candidate for Outside Director] Shinya Matsumoto (August 12, 1959)	April 1987 Registered as attorney, joined Marunouchi Sogo Law Office July 1996 Partner and attorney June 2001 Outside Corporate Auditor, Impress Corporation (now Impress Holdings, Inc.) (to present) June 2006 Member of Special Committee, the Company June 2007 Outside Director, The Shibusawa Warehouse Co., Ltd. (to present) October 2011 Partner and Representative Attorney, Marunouchi Sogo Law Office (to present) June 2013 Outside Director, the Company (to present) May 2021 Chairperson of Nomination and Compensation Committee, the Company (to present)	0
	Reason for nomination as candidate for Outside Director and expected roles	The Company nominated Shinya Matsumoto as a candidate for Outside Director because we determined that he is capable of properly performing his duties as Outside Director based on his professional perspective and broad insight as an attorney. We expect him to promote the enhancement of compliance and improvement of corporate governance at the Company by leveraging the above-mentioned perspective and insight.	
8	[Candidate for Outside Director] Hikari Imai (July 23, 1949)	April 1974 Joined Yamaichi Securities Co., Ltd. January 1986 Joined Morgan Stanley Japan Securities Co., Ltd. April 1993 Joined Merrill Lynch Japan Incorporated January 1999 Deputy Chairman, and Chairman, Investment Banking Division, Merrill Lynch Japan Securities Co., Ltd November 2007 Vice-President and Director, RECOF Corporation April 2008 President July 2010 Advisor, Ebara Foods Industry, Inc. April 2012 Outside Director, Olympus Corporation June 2015 Outside Director, CYBERDYNE Inc. (to present) June 2016 Outside Director, the Company (to present) November 2019 Outside Director, SHIMACHU CO., LTD. May 2021 Member of Nomination and Compensation Committee, the Company (to present)	0
	Reason for nomination as candidate for Outside Director and expected roles	The Company nominated Hikari Imai as a candidate for Outside Director because we determined that he is capable of properly performing his duties as Outside Director based on his extensive experience as a corporate manager over many years. We expect him to promote the improvement of corporate governance and the enhancement of the foundation of corporate management at the Company by leveraging the above-mentioned experience.	

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
9	[Candidate for Outside Director] Yukari Sakai (June 23, 1968)	<p>April 1991 Joined Nomura Securities Co., Ltd.</p> <p>January 2005 Director of Corporate Tune Co., Ltd.</p> <p>June 2005 Standing Outside Audit and Supervisory Board Member of UNITED ARROWS LTD.</p> <p>June 2008 Outside Auditor of REPROCELL Inc.</p> <p>September 2013 Outside Auditor of Beauty Kadan Co., Ltd.</p> <p>June 2016 Outside Director (Standing Audit and Supervisory Committee Member) of UNITED ARROWS LTD. (to present)</p> <p>October 2017 Outside Director (Audit and Supervisory Committee Member) of Tea Life Co., Ltd.</p> <p>March 2019 External Director (Audit & Supervisory Board Member) of Uzabase, Inc. (to present)</p> <p>June 2021 Outside Director, the Company (to present)</p>	0
	Reason for nomination as candidate for Outside Director and expected roles	The Company nominated Yukari Sakai as a candidate for Outside Director because we determined that she is capable of properly performing her duties as Outside Director based on her extensive experience as a corporate manager in a wide range of business fields. We expect her to promote the enhancement and reinforcement of corporate governance at the Company based on a variety of perspectives from the viewpoint of diversity, by leveraging the above-mentioned experience.	

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Contract for limited liability with Directors
The Company has entered into a contract for limited liability with each of the candidates for Directors Mr. Shinya Matsumoto, Mr. Hikari Imai, and Ms. Yukari Sakai pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act and Article 30 of the Articles of Incorporation, and plans to continue the said contract subject to the approval of their reappointment.
The gist of the said contract for limited liability is that the liability referred to in Article 423, Paragraph 1 of the Companies Act shall be limited to the amount provided for in laws and regulations when the three Directors have acted in good faith and without gross negligence in performing their duties as Directors.
 3. Directors and officers liability insurance contract with Directors
The Company has entered into a directors and officers liability insurance contract with an insurance company to cover damages and litigation expenses to be borne by the insureds, in the event of a claim for damages arising from the insured's conduct (including omissions) in the course of their duties as directors and officers of the Company. The candidates for Director will be insured under the relevant insurance contract. The contract is scheduled to be renewed with the same terms and conditions at the next renewal.
 4. Matters concerning Outside Directors are as follows.
 - (1) Candidates Mr. Shinya Matsumoto, Mr. Hikari Imai, and Ms. Yukari Sakai are candidates for Outside Directors provided for in Article 2, Paragraph 3 (vii) of the Ordinance for Enforcement of the Companies Act.
The Company has designated Mr. Shinya Matsumoto, Mr. Hikari Imai, and Ms. Yukari Sakai as Independent Directors pursuant to the regulations set forth by the Tokyo Stock Exchange and submitted a notification of their designation to the said exchange.
 - (2) Number of years served as Outside Directors by candidates for Outside Directors since their appointment
 - (i) Mr. Shinya Matsumoto will have served as Outside Director of the Company for nine years at the conclusion of this Annual General Shareholders Meeting.
 - (ii) Mr. Hikari Imai will have served as Outside Director of the Company for six years at the conclusion of this Annual General Shareholders Meeting.
 - (iii) Ms. Yukari Sakai will have served as Outside Director of the Company for one year at the conclusion of this Annual General Shareholders Meeting.
 - (3) Candidates Mr. Shinya Matsumoto, Mr. Hikari Imai, and Ms. Yukari Sakai have never been Executives or Officers (excluding those who are Executives) of a Specified Associated Service Provider (Article 2, Paragraph 3 (xix) of the Ordinance for Enforcement of the Companies Act) of the Company over the past ten years.
 - (4) Candidates Mr. Shinya Matsumoto, Mr. Hikari Imai, and Ms. Yukari Sakai each have held office as a director of other stock companies over the past five years, and there are no circumstances indicating unfair execution of business during their terms of office at these companies.

<Reference>

●Criteria for determining independence of independent officers

The Company has established the criteria for determining independence of its independent officers as follows.

1. An independent officer shall be an Outside Director or an Outside Auditor with no risk of conflict of interest arising with general shareholders.
2. An independent officer shall not be a major business partner (supplier or buyer) of the Company or a director, executive or auditor thereof.
3. An independent officer shall not be a consultant, attorney, certified public accountant, certified tax accountant, etc. to whom the Company pays annual compensation amounting to one million yen or more other than officer's compensation.
4. An independent officer shall not be a shareholder of the Company.
5. An independent officer shall not be a friend of a Director or Auditor of the Company.
6. An independent officer shall not formerly or currently be:
 - (1) A director, executive, auditor or accounting advisor of the Company or the Company's subsidiaries, etc.;
 - (2) A shareholder who holds 5% or more of the Company's shares or a director, executive or auditor of an institutional shareholder who holds 5% or more of the Company's shares;
 - (3) A director, executive or auditor of the parent company of the shareholder referred to in paragraph (2) above;
 - (4) A member of a corporation organized by a consultant, attorney, certified public accountant, certified tax accountant, etc. to whom the Company pays annual compensation amounting to one million yen or more other than officer's compensation;
 - (5) A major business partner (supplier or buyer) of the Company or a former member of such client other than director, executive or auditor thereof;
 - (6) A shareholder who holds 5% or more of the Company's shares or a former member of an institutional shareholder who holds 5% or more of the Company's shares other than director, executive or auditor thereof;
 - (7) A former member of the parent company of the shareholder referred to in paragraph (6) above other than director, executive or auditor of such parent company;
 - (8) A member of a company whose relationship with the Company involves having outside officers from both parties;
 - (9) A recipient of donations from the Company or a former member thereof; or
 - (10) A relative within third degree of kinship to any of the aforementioned persons.

●Board of Auditors Skills Matrix

Name	Gender	Term of office	Position	①Corporate management	②Finance / Accounting	③Audit	④Law
Kiichi Tatsunaka	Male	19 years	Permanent Auditor		○	○	○
Ken Yasuda	Male	4 years	Outside Auditor		○	○	○
Hideki Ogata	Male	3 years	Outside Auditor		○	○	○
Shuzo Ikeda	Male	2 years	Outside Auditor	○	○	○	○

- Notes: 1. The skills matrix classifies knowledge and experience considered to be important for the Company and indicates the fields in which the Auditors have appropriate expertise and the fields for which the Company has high expectations of the Auditors.
2. Term of office and position are as at the time of this Annual General Shareholders Meeting.

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Business Report

(April 1, 2021 - March 31, 2022)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year ended March 31, 2022, the Japanese economy was somewhat lackluster. The gradual easing of restrictions and other measures imposed to mitigate the impact of COVID-19 led to a pickup in corporate earnings and other factors, but some weakness remained due to the impact of COVID-19, and uncertainty increased as the situation in Ukraine became more tense.

As for overseas economies, while there were signs of recovery in the employment and income environment, partly due to economic stimulus measures aimed at economic normalization and the progress in vaccinations, the outlook remained uncertain due to concerns about the resurgence of COVID-19, the development of trade policies between the U.S. and China, financial and capital market fluctuations, and the impact of the tense situation in Ukraine.

Under these circumstances, in the stainless steel industry, the primary source of demand for the nickel business that accounts for the majority of the Group's sales and profit and loss, capacity utilization of production facilities remained firm in general. This is because demand picked up in line with trends towards the normalization of economic activities, although a sense of uncertainty remained over the impacts of COVID-19 trend, the electric power regulation issue in China, and other factors.

As a result, the demand for ferronickel continued to recover to a certain extent.

As for the procurement of nickel ore, the primary raw material for ferronickel products, mining companies' operations and shipments were generally stable, which allowed us to procure the volume sufficient to meet our production and sales. In addition, nickel ore prices have remained high against the backdrop of the impact of the Indonesia's unprocessed ore export ban and a robust demand for stainless steel, which resulted in higher production costs.

Nickel prices on the London Metal Exchange (LME) showed a temporary adjustment phase due to the continuation of the impact of financial and capital market fluctuations and unstable prices of crude oil and other commodities, as well as the major debt problem of the real estate conglomerate and the electric power regulation issues in China. Then, the prices trended upward due to the growing resumption of economic activities that had been restricted by the COVID-19 pandemic and against the backdrop of a sense of expectation for accelerated vaccination efforts. However, nickel prices spiked in the fourth quarter due to concerns over nickel supply triggered by the tense situation in Ukraine and other factors, and trading was temporarily suspended because of the market turmoil, and although trading resumed toward the end of the year, uncertainty remained.

In this situation, the Company's ferronickel sales volume increased by 30.1% year on year due to an increase in both domestic and overseas sales against the backdrop of the aforementioned environment in the stainless steel industry, despite a partial shift in raw material procurement by overseas stainless steel producers to nickel pig iron and other materials that are more price competitive.

The ferronickel production volume increased, generally following the same trend as the sales volume.

Amid continued responses to the increasingly uncertain business environment, the selling price of ferronickel products increased as the LME nickel price applicable to the Company increased by 33.8% year on year and the average exchange rate of Japanese yen applicable to the Company was 6.1% weaker year on year.

In this business environment characterized by continued uncertainty, the Group has strived to prevent infections by formulating the Behavioral Guidelines for Preventing the Spread of Infections, making efforts to reduce the COVID-19 impact on business activities while maintaining timely and appropriate communications with its customers and procurement partners across the world. Although the COVID-19 pandemic is expected to continue, the Company continues to implement these measures in response to the business environment. To further strengthen its earnings base, the Company is striving to reduce total cost

through energy conservation and low-cost production, strengthen facilities to build an optimal production system, work toward long-term and stable procurement of ore, and thoroughly focus on the profitability of orders, thereby building a flexible production and sales system. Furthermore, the Company continues its efforts to improve business performance and stabilize earnings through measures such as the early realization of overseas business development and new mine development as well as reinforcement of operational efficiency improvement measures to pursue cost minimization.

The ferronickel manufacturing facility's electric furnace molten material leakage incident that occurred just before the end of the fiscal year did not have an impact on the sales volume in the fiscal year under review and had only a minor impact on the production volume and business performance. On the other hand, the restoration of the one affected unit of the production facilities is scheduled for the third quarter of the next fiscal year in view of the lengthy delivery period for parts and materials due to recent supply chain disruptions and other factors.

As a result, consolidated net sales for the fiscal year under review increased by 77.3% year on year to ¥57,129 million. On the profit front, operating profit was ¥4,806 million (compared with operating loss of ¥493 million for the previous fiscal year), ordinary profit, reflecting the recording of ¥6,483 million in share of profit of entities accounted for using equity method under non-operating income increased by 288.6% year on year to ¥12,999 million. Profit attributable to owners of the parent increased by 877.8% year on year to ¥11,368 million.

Operating results by business segment are as follows.

(Nickel business)

The operating results of the nickel business are as described above.

As a result, net sales in this segment increased 85.2% year on year to ¥56,338 million, and operating profit was ¥4,950 million (compared with operating loss of ¥567 million for the previous fiscal year).

(Gas business)

In the gas business, the Company maintained a stable operation, but this segment recorded a loss due partly to increased costs associated with facility repair.

As a result, net sales in this segment decreased by 6.6% year on year to ¥576 million with operating loss of ¥10 million (compared with operating profit of ¥21 million for the previous fiscal year).

(Other)

The segment of other businesses recorded a loss. The real estate business recorded sales of land but the positive impact was limited, and the waste recycling business's order-taking was sluggish.

As a result, net sales in this segment decreased by 74.7% year on year to ¥324 million with operating loss of ¥142 million (compared with operating profit of ¥43 million for the previous fiscal year).

Net sales by business segment

Segment	95th Term Year ended March 31, 2021		96th Term Year ended March 31, 2022		Change	
	Amount	Share	Amount	Share	Amount	Share
	(Million yen)	%	(Million yen)	%	(Million yen)	%
Nickel business	30,419	94.4	56,338	98.6	25,919	85.2
Gas business	617	1.9	576	1.0	(40)	(6.6)
Other	1,283	4.0	324	0.6	(958)	(74.7)
Inter-segment eliminations	(103)	(0.3)	(109)	(0.2)	(6)	—
Total	32,217	100.0	57,129	100.0	24,912	77.3

Operating profit (loss) by business segment

Segment	95th Term Year ended March 31, 2021		96th Term Year ended March 31, 2022		Change	
	Amount	Share	Amount	Share	Amount	Share
	(Million yen)	%	(Million yen)	%	(Million yen)	%
Nickel business	(567)	115.1	4,950	103.0	5,518	—
Gas business	21	(4.4)	(10)	(0.2)	(31)	—
Other	43	(8.8)	(142)	(3.0)	(186)	—
Inter-segment eliminations	9	(1.9)	9	0.2	(0)	—
Total	(493)	100.0	4,806	100.0	5,300	—

(2) Issues to Be Addressed

1) Future Outlook

With regard to the consolidated financial forecast, the economic outlook remains highly uncertain as COVID-19 and the situation in Ukraine continue to affect the domestic and overseas economies.

On the volume front, the sales environment is firm. However, near the end of the fiscal year under review, during repair of one of the three electric furnaces, which are part of the ferronickel manufacturing facilities, molten materials remaining in the furnace leaked out of the furnace. Operation of this electric furnace has been suspended and the restoration of the furnace is scheduled for the third quarter of the next fiscal year. Therefore, the production and sales volumes are expected to decrease.

On the selling price front, demand for nickel is expected to remain robust in view of the recovery trend of the economies of various countries. The market is attracting a great deal of attention owing to complex factors associated with the tension in Ukraine. The LME nickel price applicable to the Company, which is used as an indicator for determining the selling price of the Company's ferronickel products, is expected to remain unstable.

On the procurement front, production costs are expected to be affected by higher prices of nickel ore, fuels, and other raw materials, but the volume of nickel ore sufficient to meet production needs will be secured.

Although the impacts of COVID-19 and the situation in Ukraine are expected to continue in the next fiscal year, response measures to address such business environment are consistent with activities to be undertaken under the basic policies set forth in the Group's Medium-term Management Plan, and the Company will continue to strongly push forward with these measures.

2) New Medium-Term Business Plan "PAMCO-2024"

In order to establish a management platform capable of responding to changes in the business environment and to achieve continuous growth, we established the long-term vision, "Become a world-class ferronickel manufacturer with comprehensive power," and endeavored to achieve this long-term vision.

However, the business environment surrounding the Company has become increasingly severe due to the materialization of resource nationalism in the nickel ore-producing countries, changes in the market structure of mainstay products, and other factors. The situation is unpredictable due to soaring resource and energy prices, etc., caused by the tense situation in Ukraine.

In this business environment, having positioned further strengthening of the platform, contributing to the SDGs, and becoming carbon neutral as important issues for the Company, we aim to evolve as a sustainable company by building and developing a business structure based on problem-solving.

Based on the above, we have set forth a new long-term vision, “A comprehensive materials company that co-creates a sustainable, recycling-oriented society,” and have formulated a new medium-term business plan covering the period from FY2022 to FY2024 (hereinafter, PAMCO-2024) to realize this vision.

- (1) Long-term vision: “A comprehensive materials company that co-creates a sustainable, recycling-oriented society”
- (2) Theme of PAMCO-2024: “Further strengthen the platform and promote the sustainability strategy”
- (3) Materiality and Priority Measures (1) to 9))
 - Contribute to the achievement of the SDGs through the resolution of material issues—
 - Restructuring of ferronickel production and sales systems with emphasis on profitability
 - 1) Establishment of optimal production system by reviewing production strategy
 - 2) Strengthening of cost competitiveness by reviewing procurement strategy
 - Acceleration of consideration of expansion into overseas smelting business
 - 3) Promotion of overseas smelting projects and start-up of production
 - Creation of new businesses that contribute to society
 - 4) Promotion of production and sales of raw materials for LIB materials
 - Diversification of business in Japan to contribute to a recycling-oriented society
 - 5) Restructuring of recycling business
 - Enhancement of corporate value by addressing sustainability issues
 - 6) Sustainability Promotion Council
 - Promotion of medium- and long-term initiatives related to material sustainability issues—
 - 7) Reduction of GHG emissions
 - 8) Promotion of symbiosis by contributing to the development of regions and resource-rich countries
 - 9) Promotion of constructive dialogue with stakeholders

For details, please also refer to our website (Medium-term Management Plan).

(<https://www.pacific-metals.co.jp/ir/term.php>)

We would like to ask for the continued support and encouragement of our shareholders.

- (3) Capital Expenditures, Etc. and Financing
The total amount of capital expenditures conducted in the fiscal year under review was ¥686 million.
The Company did not conduct any financing at the end of the fiscal year under review.
- (4) Transfer, Absorption-type Split or Incorporation-type Split of Businesses
Not applicable.
- (5) Acquisition of Business from Other Companies
Not applicable.
- (6) Succession of Rights and Obligations regarding Businesses of Other Corporations via Absorption-type Merger or Absorption-type Split
Not applicable.
- (7) Acquisition or Disposition of Shares and Other Equity or Share Acquisition Rights of Other

Corporations
Not applicable.

(8) Trends in Assets and Profit (Loss)

Item	(Million yen)			
	93rd Term Year ended March 31, 2019	94th Term Year ended March 31, 2020	95th Term Year ended March 31, 2021	96th Term Year ended March 31, 2022 (Fiscal year under review)
Net sales	49,062	44,133	32,217	57,129
Ordinary profit	3,451	972	3,344	12,999
Profit attributable to owners of parent	3,693	625	1,162	11,368
Basic earnings per share (yen)	189.37 yen	32.06 yen	59.61 yen	582.93 yen
Total assets	71,933	69,960	75,484	89,852
Net assets	64,439	63,506	67,014	80,153
Net assets per share (yen)	3,291.66 yen	3,242.70 yen	3,421.84 yen	4,095.12 yen

Notes: 1. Basic earnings (loss) per share is calculated based on the average number of shares issued and outstanding during the fiscal year, while net assets per share are calculated based on the number of shares issued and outstanding at the end of the fiscal year. Treasury shares are excluded from the total number of shares issued and outstanding.

2. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the fiscal year under review. In “Trends in Assets and Profit (Loss)” figures after application of the said accounting standards, etc. are presented.

(9) Significant Subsidiaries

Company name	Capital	The Company's share of voting rights	Major business lines
	(Thousand yen)	%	
Taiheiyo Kosan Co., Ltd.	50,000	74.00	Transportation and contracting, real estate-related business, etc.
Pacific Gas Center Co., Ltd.	100,000	50.00	Manufacture and sale of gases

Notes: 1. The Company has two (2) consolidated subsidiaries and seven (7) associates accounted for using the equity method.

2. An overview of their business results for the fiscal year under review is stated above in “(1) Business Progress and Results” (Pages 15-16).

(10) Principal Business (as of March 31, 2022)

Business segment	Major business lines
Nickel business	Manufacture and sale of ferronickel and slag products
Gas business	Manufacture and sale of gases
Other	Waste recycling business, transportation and contracting, real estate-related business, etc.

(11) Principal Business Locations (as of March 31, 2022)

1) The Company

Business location name	Location
Head Office	Chiyoda-ku, Tokyo
Hachinohe Head Office	Hachinohe City, Aomori

2) Significant subsidiaries

Business location name	Location
Taiheiyō Kosan Co., Ltd.	Hachinohe City, Aomori
Pacific Gas Center Co., Ltd.	Hachinohe City, Aomori

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

Number of employees	Year-on-year increase (decrease)
460	2

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

Not applicable.

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

- (1) Total number of shares authorized to be issued 50,000,000 shares
- (2) Total number of shares issued and outstanding 19,502,730 shares
(excluding 74,341 treasury shares)
- (3) Number of shareholders 14,422 persons (up 317 from the end of the previous fiscal year)
- (4) Major shareholders (top ten shareholders)

Shareholder's name	Number of shares held	Percentage of shareholding
	Thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	4,773	24.47
NIPPON STEEL Stainless Steel Corporation	2,049	10.51
Custody Bank of Japan, Ltd. (Trust account)	1,586	8.14
STATE STREET BANK AND TRUST COMPANY 505103	997	5.11
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	890	4.57
Tachibana Securities Co., Ltd.	662	3.40
RBC IST 15 PCT LENDING ACCOUNT - CLIENT ACCOUNT	349	1.79
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	326	1.67
Matsui Securities Co., Ltd.	205	1.06
Business Partners' Shareholding Association, PACIFIC METALS CO., LTD.	196	1.00

- Notes: 1. Numbers of shares held have been rounded down to the nearest thousand.
2. Percentage of shareholding has been calculated based on the number of shares (19,502,730 shares) obtained by subtracting treasury shares from the total number of shares issued and outstanding.

- (5) Other important matters concerning shares
Not applicable.

- (6) Distribution of shareholdings by owner

3. Share Acquisition Rights, etc., of the Company (as of March 31, 2022)

- (1) Status of share acquisition rights, etc. held by the officers of the Company that are issued as remuneration for the execution of duties
Not applicable.
- (2) Status of share acquisition rights, etc. issued to employees of the Company as remuneration for the execution of duties during the fiscal year under review
Not applicable.
- (3) Other significant matters concerning share acquisition rights, etc.
Not applicable.

4. Company Officers

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

Position	Name	Responsibilities and significant concurrent positions
President Director	Masayuki Aoyama	Representative Director, Member of Nomination and Compensation Committee
Director & Senior Managing Executive Officer	Yoshiharu Inomata	Assistant to the President, In charge of Corporate Planning, Recycling Business
Director & Managing Executive Officer	Kenichi Hara	In charge of Procurement, General Manager of Sales & Marketing Dept. Director, Pacific Sowa Corporation
Director & Managing Executive Officer	Terunobu Matsuyama	In charge of Internal Control, IR, General Administration, Finance & Accounting, General Manager of Personnel & Labor Relation Dept. Director, Taiheiyo Kosan Co., Ltd.
Director & Senior Executive Officer	Hiroaki Ichiyanagi	In charge of Quality Control & Environmental Management, General Manager, Resources & Technology Development Project Dept. Director, Rio Tuba Nickel Mining Corporation Director, Taganito Mining Corporation
Director & Senior Executive Officer	Kazuo Iwadate	In charge of Safety & Health Management, Utility & Maintenance and Production; General Manager of Business Process Reengineering Dept. President & Representative Director, Pacific Gas Center Co., Ltd.
Director	Shinya Matsumoto	Chairperson of Nomination and Compensation Committee Outside Auditor, Impress Holdings, Inc. Outside Director, The Shibusawa Warehouse Co., Ltd. Partner and Representative Attorney, Marunouchi Sogo Law Office
Director	Hikari Imai	Member of Nomination and Compensation Committee Outside Director, CYBERDYNE Inc.
Director	Yukari Sakai	Outside Director (Standing Audit and Supervisory Committee Member), UNITED ARROWS LTD.
Permanent Auditor	Kiichi Tatsunaka	
Auditor	Ken Yasuda	
Auditor	Hideki Ogata	
Auditor	Shuzo Ikeda	External Auditor, NIHON PLAST CO., LTD.

- Notes: 1. At the conclusion of the Annual General Shareholders Meeting on June 25, 2021, Director Mr. Tamaki Fujiyama retired from his position due to the expiry of his term.
2. At the Annual General Shareholders Meeting on June 25, 2021, Ms. Yukari Sakai was newly elected as Director and assumed office.
3. Messrs. Shinya Matsumoto and Hikari Imai and Ms. Yukari Sakai are Outside Directors as set forth in Article 2, Item 15 of the Companies Act. Furthermore, the Company has designated Messrs. Shinya Matsumoto and Hikari Imai and Ms. Yukari Sakai as Independent Directors pursuant to the regulations set forth by the Tokyo Stock Exchange and submitted a notification of their designation to the said exchange.
4. Messrs. Ken Yasuda, Hideki Ogata, and Shuzo Ikeda are Outside Auditors as set forth in Article 2, Paragraph 16 and Article 335, Paragraph 3 of the Companies Act. Furthermore, the Company has designated Auditors Messrs.

- Ken Yasuda, Hideki Ogata, and Shuzo Ikeda as Independent Auditors pursuant to the regulations set forth by the Tokyo Stock Exchange and submitted a notification of their designation to the said exchange.
5. Prior to his assumption of office as Auditor, Permanent Auditor Mr. Kiichi Tatsunaka belonged to the Finance & Accounting Department of the Company, and he possesses considerable knowledge in the finance and accounting fields.
 6. Auditors Messrs. Ken Yasuda, Hideki Ogata, and Shuzo Ikeda all hail from financial institutions and possess considerable knowledge in the finance and accounting fields and also as auditors.

Reference: The other Executive Officers are as follows. (As of March 31, 2022)

Position	Names
Senior Executive Officers	Chitaru Okamura, Satoshi Kawabata
Executive Officers	Tomoyuki Matsumura, Tetsushi Kimura

- (2) **Summary of Agreement on Limitation of Liability**
 The Company and two (2) Outside Directors and three (3) Outside Auditors have entered into contracts to limit liability for damages pursuant to the respective provisions of Article 427, Paragraph 1 of the Companies Act, Article 30 of the Articles of Incorporation, which stipulates the contract to limit liability of Outside Directors, and Article 39 of the Articles of Incorporation, which stipulates the contract to limit liability of Outside Auditors. The limit of liability for damages under the said contracts shall be the amount provided for by laws and regulations.
- (3) **Summary of Directors and Officers Liability Insurance Contract**
 The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. Directors, Auditors, Executive Officers, and managerial employees of the Company are within the scope of the insured under the said insurance contract, and the insured do not bear the premiums. The said insurance contract covers legal expenses and damages for claims brought against the insured during the insurance period.
 However, in order to ensure that the insured's execution of their duties is not impaired, there are certain exemptions, such as coverage not being provided for damages arising from an act committed by the insured with knowledge that the act was in violation of the law.
- (4) **Remuneration, etc. of Directors and Auditors in the Fiscal Year Under Review**
 - 1) **Matters regarding the policy for determining the content of remuneration for individual Directors and Auditors**
 The Company's Nomination and Compensation Committee has established the policy described below for determining the content of remuneration for individual Directors. This basic policy has been decided by the Company's Board of Directors as the Officers' Remuneration Rules.
 The Company's policy for determining the content of remuneration for individual Auditors has also been decided by the Company's Board of Directors as the Officers' Remuneration Rules, and the maximum amount was resolved at the General Shareholders Meeting and the details are determined through mutual consultation among the Auditors.
 - 2) **Summary of the determination policy**
 - i) **Basic policy**
 The basic policy for Director's remuneration is to link the remuneration system with the benefits of shareholders in order to make the system fully functional, as an incentive to pursue the sustainable improvement of corporate value, and to determine the individual Director's remuneration at an appropriate level according to his/her responsibilities.
 Specifically, Directors' remuneration consists of "basic remuneration for officers" as fixed remuneration and "bonuses for officers (cash and shares)" as performance-linked remuneration. Regarding Outside Directors who assume the responsibility of oversight, only "basic remuneration for officers" is paid in light of their duties.
 - ii) **Policy for determining the amounts of basic remuneration (monetary compensation) for individual Directors (including policy regarding the determination of the timing or conditions of granting remuneration)**

Basic remuneration for Directors of the Company is fixed monthly remuneration and its amount is deliberated and determined by the Nomination and Compensation Committee.

iii) Policy for determining the contents and the amount or quantity of performance-linked remuneration (including policy regarding the determination of the timing or conditions of granting remuneration)

Regarding performance benchmark, performance-linked remuneration is payable when dividends are paid. Using net income as the source of funds, performance-linked remuneration is calculated based on the distribution standard according to the level of net income determined separately. The performance benchmark is selected to raise awareness of the performance improvement for each fiscal year, contribute to the improvement of corporate value, and share benefits with all stakeholders.

The payment is made at a fixed time each year in an amount calculated based on the performance for each fiscal year as a bonus.

iv) Policy for determining the amount of monetary remuneration and the amount of performance-linked remuneration as percentages of the amount of remuneration for individual Directors

a. Fixed monthly remuneration

◇ Basic remuneration for officers

- Fixed remuneration in cash according to the position based on the degree of responsibilities

b. Performance-linked remuneration

◇ Bonuses for officers (cash)

- Performance-linked remuneration as a short-term incentive, which fluctuates based on the Company's business performance during a fiscal year.
- Up to the amounts of individual monthly fixed remuneration for five months
- The payment of remuneration shall be made annually after the determination of the Company's performance and other items for each fiscal year.

◇ Bonuses for officers (shares)

- As performance-linked stock remuneration, points will be granted for delivery of shares during the term of office in order to promote the sharing of benefits and risks with shareholders from a medium- to long-term perspective.
- Shares, etc. will be issued to Directors at the time of their retirement.

Regarding the ratio by remuneration type, the ratio of fixed remuneration to performance-linked remuneration is in the range between 10:0 and 7:3.

v) Matters relating to the determination of the content of remuneration for Directors

In determining a draft proposal on monthly individual Directors' remuneration, the Director President carefully evaluates the role expected of each Director by the Company, submits the draft proposal to the Nomination and Compensation Committee, which deliberates and determines remuneration for individual Directors, and then the Director President submits the proposal on the total amount to the Board of Directors, which makes a decision.

The total amount of bonuses for Directors, which are performance-linked remuneration, is determined in accordance with the distribution standards, and the Director President submits a proposal on the total amount to be paid to the Board of Directors, which makes a decision. Distribution to individuals is done proportionally based on the amount of fixed monthly remuneration according to position.

3) Matters regarding the resolution of the General Meeting of Shareholders concerning remuneration of Directors and Auditors

The 80th Annual General Shareholders Meeting on June 29, 2006 passed a resolution to stipulate that the amount of monetary remuneration for Directors shall be up to 350 million yen per year (excluding the portion of employee salary of Directors who concurrently serve as employees). There were ten (10) directors (including one (1) Outside Director) at the time of the conclusion of the said Annual General Shareholders Meeting.

The 80th Annual General Shareholders Meeting on June 29, 2006 passed a resolution to stipulate that the amount of monetary remuneration for Auditors shall be up to 60 million yen per year. There were four (4) auditors at the time of the conclusion of the said Annual General Shareholders Meeting.

4) Matters regarding the entrustment of the determination of remuneration, etc. for individual Directors

Regarding the amount of each individual Director's remuneration, the maximum amount was resolved at the General Shareholders Meeting, and the Nomination and Compensation Committee, entrusted by the Board of Directors, deliberates on the total amount of remuneration to be paid to Directors for the applicable period based on the Directors' Remuneration Policy established separately, and the President submits the proposal

reflecting results of its deliberations to the Board of Directors, which makes a decision.

The reason for delegating authority to the Nomination and Compensation Committee is to ensure the fairness, transparency, and objectivity of the procedures for determining remuneration since the Nomination and Compensation Committee, of which a majority of members are Outside Directors, is a voluntary advisory body to the Board of Directors of the Company.

The Board of Directors has taken measures to ensure that such authority is properly exercised by the Nomination and Compensation Committee, which deliberates on the matter and, based on its report, the Director President submits the matter to the Board of Directors for decision. Since the amount of individual Director's remuneration is determined through such procedures, the Board of Directors believes that the content of such remuneration is in line with the determination policy.

Regarding the details pertaining to the fiscal year under review, the Nomination and Compensation Committee (Chairperson: Outside Director Mr. Shinya Matsumoto; Members: Director President Mr. Masayuki Aoyama, Outside Director Mr. Hikaru Imai) determined the details of remuneration for individual Directors. The content of its authority is defined by the Committee's Regulations and covers formulation of the basic policy regarding the remuneration system, proposals on the remuneration framework (including the calculation method), and specific amounts of remuneration for individual Directors (including the calculation method).

4) Total amount of remuneration, etc. of Directors and Auditors

Officer Category	Total amount of remuneration, etc. (million yen)	Total amount by remuneration type (million yen)			Number of eligible officers
		Basic (fixed) remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (of which, Outside Directors)	210	148 (17)	62 (—)	— (—)	10 (3)
Auditors (of which, Outside Auditors)	45	37 (18)	8 (—)	— (—)	4 (3)

- Notes: 1. The amount of remuneration to Directors includes that for one (1) Director who retired at the conclusion of the 95th Annual General Meeting of Shareholders held on June 25, 2021.
2. Bonuses for officers were paid to Directors and Auditors as performance-linked remuneration, etc. The details of the performance benchmark selected for the calculation of performance-linked remuneration and the reason for the selection are described in 2) iii) above on page 25. Profit attributable to owners of the parent for the fiscal year under review (96th term) was ¥11,368 million. Until the previous fiscal year (95th term), the amounts of performance-linked remuneration was up to 2% of the aggregate amounts of dividends of surplus (up to the amounts of individual monthly fixed remuneration for five months). The changes in the aggregate amounts of dividends of surplus over time were as follows: ¥1,072 million in the year ended March 31, 2019; ¥487 million in the year ended March 31, 2020; and ¥390 million in the year ended March 31, 2021.
3. The Board of Directors' meeting, held on May 22, 2006, resolved to abolish the retirement benefits system for officers, and the 80th Annual General Shareholders Meeting, held on June 29, 2006, resolved to grant final payments in conjunction with the abolishment of the retirement benefits system. The total amount of the final payments in the future as of the end of the fiscal year under review is as follows.
A total of 6 million yen for one Auditor
4. Outside Directors and Auditors do not receive officers' remuneration, etc., from subsidiaries.

(4) Outside Directors and Auditors

1) Status of Activities at the Board of Directors During the Fiscal Year Under Review

Name	Position at the Company	Significant concurrent positions	Main activities and summary of duties performed with respect to the role expected of Outside Directors
Shinya Matsumoto	Director Independent Officer	Outside Auditor, Impress Holdings, Inc. Outside Director, The Shibusawa Warehouse Co., Ltd. Partner and Representative Attorney, Marunouchi Sogo Law Office	Mr. Matsumoto attended 22 of the 23 Board of Directors meetings held during the fiscal year under review, expressing opinions from the perspective of compliance with laws and regulations based on his professional perspective and broad insight as an attorney. (Board of Directors attendance rate: 95.7%) In addition, by leveraging the above-mentioned perspective and insight, he serves as the chairperson of the Nomination and Compensation Committee of the Company and is playing an appropriate role in enhancing the fairness and transparency of the Company's Board of Directors.
Hikari Imai	Director Independent Officer	Outside Director, CYBERDYNE Inc.	Mr. Imai attended 22 of the 23 Board of Directors meetings held during the fiscal year under review, expressing opinions from the perspective of enhancing and strengthening corporate management, based on his extensive experience as a corporate manager over many years. (Board of Directors attendance rate: 95.7%) In addition, by leveraging the above-mentioned experience, he serves as a member of the Nomination and Compensation Committee of the Company and is playing an appropriate role in enhancing the fairness and transparency of the Company's Board of Directors.
Yukari Sakai	Director Independent Officer	Outside Director (Standing Audit and Supervisory Committee Member), UNITED ARROWS LTD.	Ms. Sakai attended 16 of the 16 Board of Directors meetings held during the fiscal year under review, expressing opinions from the perspective of enhancing and strengthening corporate management, based on her extensive experience as a corporate manager over many years. (Board of Directors attendance rate: 100.0%) In addition, by leveraging the above-mentioned experience, she is providing advice, as appropriate, on various issues related to the Company's corporate management based on a variety of perspectives from the viewpoint of diversity and is playing an appropriate role in enhancing the effectiveness of the Company's Board of Directors.

2) Status of Activities at the Board of Auditors During the Fiscal Year Under Review

Name	Position at the Company	Significant concurrent positions	Main activities
Ken Yasuda	Auditor Independent Officer		Mr. Yasuda attended 23 of the 23 Board of Directors meetings and 14 of the 14 Board of Auditors meetings held during the fiscal year under review, expressing opinions from the perspective of appropriate auditing, based on his operational experience. (Board of Directors attendance rate: 100%; Board of Auditors attendance rate: 100%)
Hideki Ogata	Auditor Independent Officer		Mr. Ogata attended 23 of the 23 Board of Directors meetings and 14 of the 14 Board of Auditors meetings held during the fiscal year under review, expressing opinions from the perspective of appropriate auditing, based on his operational experience. (Board of Directors attendance rate: 100%; Board of Auditors attendance rate: 100%)
Shuzo Ikeda	Auditor Independent Officer	External Auditor, NIHON PLAST CO., LTD.	Mr. Ikeda attended 23 of the 23 Board of Directors meetings and 14 of the 14 Board of Auditors meetings held during the fiscal year under review, expressing opinions from the perspective of appropriate auditing, based on his operational experience. (Board of Directors attendance rate: 100%; Board of Auditors attendance rate: 100%)

- Notes:
1. There are no transactional relationship or special interests between Directors Messrs. Shinya Matsumoto and Hikari Imai and Ms. Yukari Sakai and Auditors Messrs. Ken Yasuda, Hideki Ogata, and Shuzo Ikeda and the Company.
 2. There are no special interests between the corporations, etc. where Directors Messrs. Shinya Matsumoto and Hikari Imai and Ms. Yukari Sakai and Auditor Mr. Shuzo Ikeda serve in concurrent positions and the Company.
 3. Director Ms. Yukari Sakai's attendance at meetings is for Board of Directors meetings held after she assumed office on June 25, 2021.

5. Accounting Auditor

- (1) Accounting Auditor's Name
KPMG AZSA LLC
- (2) Amount of accounting auditor's remuneration, etc. and reasons for the Board of Auditors to have agreed on accounting auditor's remuneration, etc. for the fiscal year under review

Category	Amount paid (Million yen)
Remuneration for the year ended March 31, 2022	38
Total amount of cash and other property interest payable by the Company or its subsidiaries to Accounting Auditor	38

Notes: 1. The audit agreement between the Company and the accounting auditor does not differentiate the amount of accounting auditor's remuneration, etc. under the Companies Act from the amount of remuneration for the audit under the Financial Instruments and Exchange Act. And as such differentiation is practically impossible, the amount of remuneration, etc. is presented as the total of these amounts.

2. No certified public accountant or audit firm other than the Company's accounting auditor conducts audits of the financial statements of the Company's consolidated subsidiaries.

3. Description of non-audit services
The Company has concluded a Procedural Work Contract Pursuant to Article 21, Paragraph 2, Item 3 of the Enforcement Regulation of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Ministry of Economy, Trade and Industry Ordinance No. 46) (October 2021), and pays ¥0 million as remuneration for the said contract.

4. Based on the Practical Guidelines for Collaboration with Accounting Auditors published by Japan Audit & Supervisory Board Members Association, the Board of Auditors has given consent to the remuneration, etc. to be paid to the Accounting Auditor pursuant to Article 399, Paragraph 1 of the Companies Act as a result of confirming actual audit hours per audit item and grade in the auditing schedules of past years, trends in remuneration amounts, and the status of the execution of duties by the accounting auditor and examining the validity of auditing schedule and the remuneration amount for the fiscal year under review.

- (3) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor
The Company's Board of Auditors shall dismiss the Accounting Auditor with the unanimous consent of all Auditors if it is judged that the Accounting Auditor falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act. In such an event, an Auditor selected by the Board of Auditors shall report the dismissal of the Accounting Auditor and the reasons for that dismissal at the first General Meeting of Shareholders convened after the dismissal.

The Board of Auditors shall decide on the reappointment or non-reappointment of the Accounting Auditor taking into account factors such as the number of years of continuous provision of audits by the Accounting Auditor.

6. Systems to Ensure the Appropriateness of the Company's Business Operations and the State of Their Implementation

- (1) System of retention and management of information concerning the execution of duties of the Directors of the Company
 - 1) Reports related to the execution of duties of Directors are made in writing or in electronic media.
 - 2) Information concerning the execution of duties of Directors is retained and managed according to the document control rules and other internal rules of the Company.
- (2) Rules and other systems concerning the management of risk of loss of the Company
 - 1) In order to cope with major accidents, disasters, and corporate scandals, the Company has established the Crisis Management Rules to clarify the positioning and functions of the Crisis Response Committee which takes measures at normal times, and the Crisis Response Headquarters which is established in emergency situations.
 - 2) Business management risks are presented to the Board of Directors to determine countermeasures.
 - 3) Daily operational risks are handled by documenting management rules and business execution manuals, etc.
- (3) System to ensure the efficient execution of duties of the Directors of the Company and its subsidiaries
 - 1) The Company has introduced an executive officer system to vitalize the Board of Directors through clarifying that the role of the Board of Directors is to determine the

- overall corporate management policies and supervise business execution. The Company works to accelerate decision-making and enhance the business execution function at the practical level through clarifying the roles and responsibilities of persons responsible for business execution.
- 2) In the business operation of the Company, the Management Planning Committee, consisting of Directors and the General Manager of the department in charge, formulates operation policy and management plans. The Board of Directors discusses and determines the said policy and plans, and systematic and organizational execution of business is conducted based on the policy and plans. Executive Officers in charge regularly report the progress of business execution to the Board of Directors for verification.
 - 3) The Company has set basic rules and other matters concerning IT control in order to ensure the efficiency of the business execution of the Company and its subsidiaries.
 - 4) The Company has formulated rules and introduced a teleconference system between the Hachinohe Head Office and the Tokyo Head Office in order to enable the participation of Outside Directors in all the Board of Directors' meetings for decision-making.
- (4) System to ensure the execution of duties of Directors and employees of the Company in compliance with laws and regulations and the articles of incorporation of the Company
- 1) The Board of Directors has set the Management Policy, the Corporate Code of Ethics, and the Standard of Corporate Conduct, among others.
 - 2) The Company works to enhance compliance through establishing the Internal Control Committee as a structure to ensure the execution of duties of the Directors and employees in compliance with laws and regulations and the articles of incorporation of the Company.
 - 3) The Company eliminates any relationship with anti-social forces and other similar groups that threaten the order and safety of civic society, and resolutely rejects any requests from them. The Company has already established a contact point, and centrally manages information and always collaborates with the police, the Tokyo Metropolitan Police Department's Special Violence Prevention Measures Association (Tokubouren), and external expert institutions.
 - 4) The Company has introduced a teleconference system between the Hachinohe Head Office and the Tokyo Head Office in order to enable the participation of Outside Directors in all the Board of Directors' meetings for decision-making.
 - 5) The Company has established the Internal Audit Dept. under the direct control of the Board of Directors, and the department implements "organizational and system audits," "operational audits," "accounting audits," and "daily monitoring" in collaboration with Auditors.
 - 6) The Company has established a whistle-blowing system (internal and external contact points) based on the Rules of Whistle-blowing System. Whistle-blowing reports are submitted to the Board of Auditors, and specific cases are reported to the Board of Directors.
Disadvantageous treatment of whistle-blowers as a result of whistle-blowing is prohibited.
- (5) System to ensure the appropriateness of duties at the Group
- 1) The Company has established a system to ensure the appropriateness of duties of subsidiaries through assigning persons in charge of internal control and crisis management at its subsidiaries under the guidance of the Company and making the persons attend the Internal Control Committee and the Crisis Response Committee at the Company as necessary.
 - 2) The Internal Audit Dept. of the Company implements audits in order to ensure the appropriateness of duties at consolidated subsidiaries.
 - 3) Directors of each consolidated subsidiary regularly report the operating conditions of the consolidated subsidiary to the Board of Directors.
 - 4) The Company has established a whistle-blowing system (internal and external contact points) based on the Rules of Whistle-blowing System. Whistle-blowing reports are submitted to the Board of Auditors, and specific cases are reported to the Board of Directors.
The whistle-blowing system covers matters concerning subsidiaries, associates, and business partners, and other related entities. The Company ensures that the whistleblowers will not receive disadvantageous treatment in association with such

internal reporting and prohibits such disadvantageous treatment.

- (6) System of employees to support the duties of Auditors of the Company
At the requests of Auditors, the Company may appoint employees belonging to the Internal Audit Dept. as persons to support the duties of Auditors, in order to strengthen the collaboration between Auditors and the Internal Audit Dept., and have the employees support Auditors to the extent that it does not negatively affect their primary duties. The Board of Directors exchanges opinions with the Board of Auditors as needed.
- (7) System for Directors and employees of the Company to report to Auditors of the Company
- 1) Directors of the Company immediately report to Auditors in accordance with laws and regulations, when they identify facts which may potentially cause substantial damage to the Company.
 - 2) Directors of the Company allow Auditors to attend the Board of Directors' meetings and other important meetings. Directors follow the instruction of Auditors with regard to the inspection of Auditors' important documents and the investigation into the business and assets of the Company.
 - 3) As regards whistle-blowing reports to Auditors, employees, etc. of the Company, directors, auditors, and employees, etc. of its subsidiaries, and those who have received reports from them shall not be treated disadvantageously.
 - 4) The Company shall promptly process the prepayment and redemption of expenses incurred in connection with the execution of duties of Auditors, expenses for the execution of the said duties, and debt disposal.
 - 5) For the fair execution of duties of Directors of the Company, the Company enables all of the four Auditors (of which three are Outside Auditors), including part-time Auditors, to attend all Board of Directors' meetings.
- (8) System to ensure the reliability of financial reports of the Company
In order to ensure the reliability of financial reports of the Company and its subsidiaries, the Company sets various related rules, identifies and manages the risks of causing fraud or error in financial reports, designs, operates and evaluates prevention and monitoring functions, and corrects deficiencies, if any.
- (9) Overview of the status of implementation of systems to ensure the appropriateness of the Company's business operations
- 1) The Board of Directors met 23 times to decide on matters stipulated by laws and regulations, etc. and important matters concerning management. Communication among the Directors is encouraged, and the Directors oversee the execution of each other's duties.
 - 2) The Board of Auditors met 14 times to discuss and decide audit policies and schedules and to audit the Directors' execution of their duties and the status of compliance with laws and regulations, the articles of incorporation, etc.
 - 3) The Crisis Response Committee met 11 times to confirm the status of management of risks concerning the Company as a whole and activity policies for the following year, deal with accidents, and conduct tsunami evacuation plans and training. The Committee has also established a Crisis Management Manual for situations that are anticipated to cause a material impact on management and is making efforts to establish measures for dealing with such events and preventing them from happening.
 - 4) The Internal Control Committee met four times to evaluate the establishment of internal control systems and the status of their implementation. It is also working to strengthen compliance through regular confirmation of the status of compliance with laws and regulations and through education.
 - 5) Auditors and the internal audit division held four information exchange meetings and they exchange information when necessary regarding internal audit results, etc. Outside Directors also take part in these information exchanges.
 - 6) Whistle-blowing contact points have been established within and outside the Company for reporting breaches of laws and regulations and internal rules, etc. They provide thorough protection of whistleblowers and strive for the early detection and remediation of breaches, etc.

7. Policy Concerning Decisions on Distribution of Surplus, etc.

(1) Dividend Policy

The Company considers the return of profits to shareholders to be an important management issue and distributes dividends with the aim of a consolidated payout ratio of 30%, while working to enhance and strengthen the corporate structure.

The Company also positions internal reserves as a fund for responding functionally to changes in the management environment and will use them for various purposes, including securing resources, the development of new technologies, capital expenditure, and the acquisition of treasury shares as part of the Company's capital policy.

(2) Distribution of Surplus

Pursuant to Article 41 of the articles of incorporation, by resolution of the Board of Directors, the Company decided on the distribution of surplus under Article 459, Paragraph 1 of the Companies Act as follows.

Status of resolution by the Board of Directors on distribution of surplus according to the record date belonging to the fiscal year under review

- | | |
|---------------------------------------|----------------|
| 1) Total amount of dividends | ¥3,022 million |
| 2) Dividend per share of common stock | ¥155 |
| 3) Record date | March 31, 2022 |

As no interim dividend was issued, the annual dividend will be ¥175.

The amounts shown in this Business Report and the figures for the number of shares are rounded to the unit used for presentation.

Consolidated Balance Sheets

(Million yen)

Description	(Reference) As of March 31, 2021	As of March 31, 2022	Description	(Reference) As of March 31, 2021	As of March 31, 2022
Assets			Liabilities		
Current assets	47,853	57,882	Current liabilities	4,529	5,508
Cash and deposits	21,486	26,332	Notes and accounts payable - trade	1,575	1,341
Notes and accounts receivable - trade	7,879	13,994	Accrued expenses	1,127	1,761
Securities	3,000	2,999	Income taxes payable	35	1,026
Merchandise and finished goods	5,670	5,649	Provision for bonuses	258	444
Work in process	333	453	Other	1,533	935
Raw materials and supplies	6,279	5,587	Non-current liabilities	3,941	4,190
Other	3,206	2,867	Retirement benefit liability	571	122
Allowance for doubtful accounts	(1)	(2)	Deferred tax liabilities	1,266	2,077
Non-current assets	27,631	31,970	Deferred tax liabilities for land revaluation	654	631
Property, plant and equipment	7,606	7,734	Provision for environmental measures	33	5
Buildings and structures	2,758	2,592	Provision for loss on litigation	28	34
Machinery, equipment and vehicles	69	115	Provision for loss contract	1,377	1,306
Land	4,777	4,777	Other	9	11
Other	1	248	Total liabilities	8,470	9,699
Intangible assets	1	1	Net assets		
Investments and other assets	20,023	24,234	Shareholders' equity	64,903	75,542
Investment securities	19,594	23,903	Share capital	13,922	13,922
Other	435	336	Capital surplus	3,481	3,481
Allowance for doubtful accounts	(5)	(5)	Retained earnings	47,950	58,590
Total assets	75,484	89,852	Treasury shares	(449)	(450)
			Accumulated other comprehensive income	1,833	4,323
			Valuation difference on available-for-sale securities	2,659	4,603
			Deferred gains or losses on hedges	(37)	-
			Revaluation reserve for land	644	593
			Foreign currency translation adjustment	(1,108)	(969)
			Remeasurement of defined benefit plans	(325)	95
			Non-controlling interests	276	287
			Total net assets	67,014	80,153
			Total liabilities and net assets	75,484	89,852

Consolidated Statements of Income

(Million yen)

Description	(Reference) From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Net sales	32,217	57,129
Cost of sales	30,056	48,962
Gross profit	2,160	8,167
Selling, general and administrative expenses	2,654	3,360
Selling expenses	1,143	1,665
General and administrative expenses	1,510	1,694
Operating profit (loss)	(493)	4,806
Non-operating income	4,224	8,461
Interest income	5	8
Dividend income	274	418
Rental income from real estate	109	103
Share of profit of entities accounted for using equity method	3,539	6,483
Foreign exchange gains	113	1,311
Other	181	135
Non-operating expenses	385	268
Interest expenses	0	0
Rental expenses on facilities	26	20
Commitment fees	27	27
Commission for syndicated loans	11	90
Foreign withholding tax	37	58
Settlement on contract	215	20
Other	66	50
Ordinary profit	3,344	12,999
Extraordinary income	1	192
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	-	192
Extraordinary losses	1,946	396
Impairment losses	1,896	317
Loss on retirement of non-current assets	47	78
Loss on sale of investment securities	1	-
Profit before income taxes	1,399	12,795
Income taxes - current	370	1,462
Income taxes - deferred	(151)	(46)
Profit	1,180	11,379
Profit attributable to non-controlling interests	17	10
Profit attributable to owners of parent	1,162	11,368

Non-Consolidated Balance Sheets

(Million yen)

Description	(Reference) As of March 31, 2021	As of March 31, 2022	Description	(Reference) As of March 31, 2021	As of March 31, 2022
Assets			Liabilities		
Current assets	47,437	57,413	Current liabilities	4,488	5,390
Cash and deposits	21,033	25,759	Accounts payable - trade	1,586	1,350
Accounts receivable - trade	7,810	13,931	Accounts payable - other	1,218	487
Securities	3,000	2,999	Accrued expenses	1,128	1,734
Merchandise	633	442	Income taxes payable	23	1,011
Finished goods	5,116	5,329	Provision for bonuses	234	412
Raw materials	5,291	4,542	Other	295	395
Work in process	337	462	Non-current liabilities	3,463	4,080
Supplies	982	1,045	Provision for retirement benefits	286	180
Advance payments to suppliers	2,233	1,914	Deferred tax liabilities	1,073	1,909
Other	998	986	Deferred tax liabilities for land revaluation	654	631
Allowance for doubtful accounts	(0)	(0)	Provision for environmental measures	33	5
Non-current assets	14,492	18,383	Provision for loss on litigation	28	34
Property, plant and equipment	7,422	7,547	Provision for loss contract	1,377	1,306
Buildings	2,639	2,450	Other	9	11
Land	4,777	4,777	Total liabilities	7,952	9,471
Other	5	318	Net assets		
Intangible assets	0	0	Shareholders' equity	50,761	61,190
Investments and other assets	7,069	10,835	Share capital	13,922	13,922
Investment securities	5,394	8,130	Capital surplus	3,481	3,481
Shares of subsidiaries and associates	1,251	2,378	Legal capital surplus	3,481	3,481
Other	430	332	Retained earnings	33,807	44,237
Allowance for doubtful accounts	(5)	(5)	Legal retained earnings	382	382
Total assets	61,930	75,797	Other retained earnings	33,425	43,855
			General reserve	10,300	10,300
			Retained earnings brought forward	23,125	33,555
			Treasury shares	(449)	(450)
			Valuation and translation adjustments	3,217	5,135
			Valuation difference on available-for-sale securities	2,609	4,542
			Deferred gains or losses on hedges	(37)	-
			Revaluation reserve for land	644	593
			Total net assets	53,978	66,325
			Total liabilities and net assets	61,930	75,797

Non-Consolidated Statements of Income

(Million yen)

Description	(Reference) From April 1, 2020 to March 31, 2021	From April 1, 2021 to March 31, 2022
Net sales	31,601	56,527
Cost of sales	29,504	48,416
Gross profit	2,096	8,110
Selling, general and administrative expenses	2,623	3,333
Selling expenses	1,206	1,734
General and administrative expenses	1,416	1,599
Operating profit (loss)	(526)	4,776
Non-operating income	4,185	8,275
Interest income	5	8
Dividend income	3,794	6,734
Rental income from real estate	119	113
Foreign exchange gains	113	1,311
Other	152	106
Non-operating expenses	385	268
Interest expenses	0	0
Rental expenses on facilities	26	20
Commitment fees	27	27
Commission for syndicated loans	11	90
Foreign withholding tax	37	58
Settlement on contract	215	20
Other	66	50
Ordinary profit	3,272	12,783
Extraordinary income	1	192
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	-	192
Extraordinary losses	1,946	396
Impairment losses	1,896	317
Loss on retirement of non-current assets	47	78
Loss on sale of investment securities	1	-
Profit before income taxes	1,327	12,579
Income taxes - current	354	1,442
Income taxes - deferred	(90)	(22)
Profit	1,064	11,159