

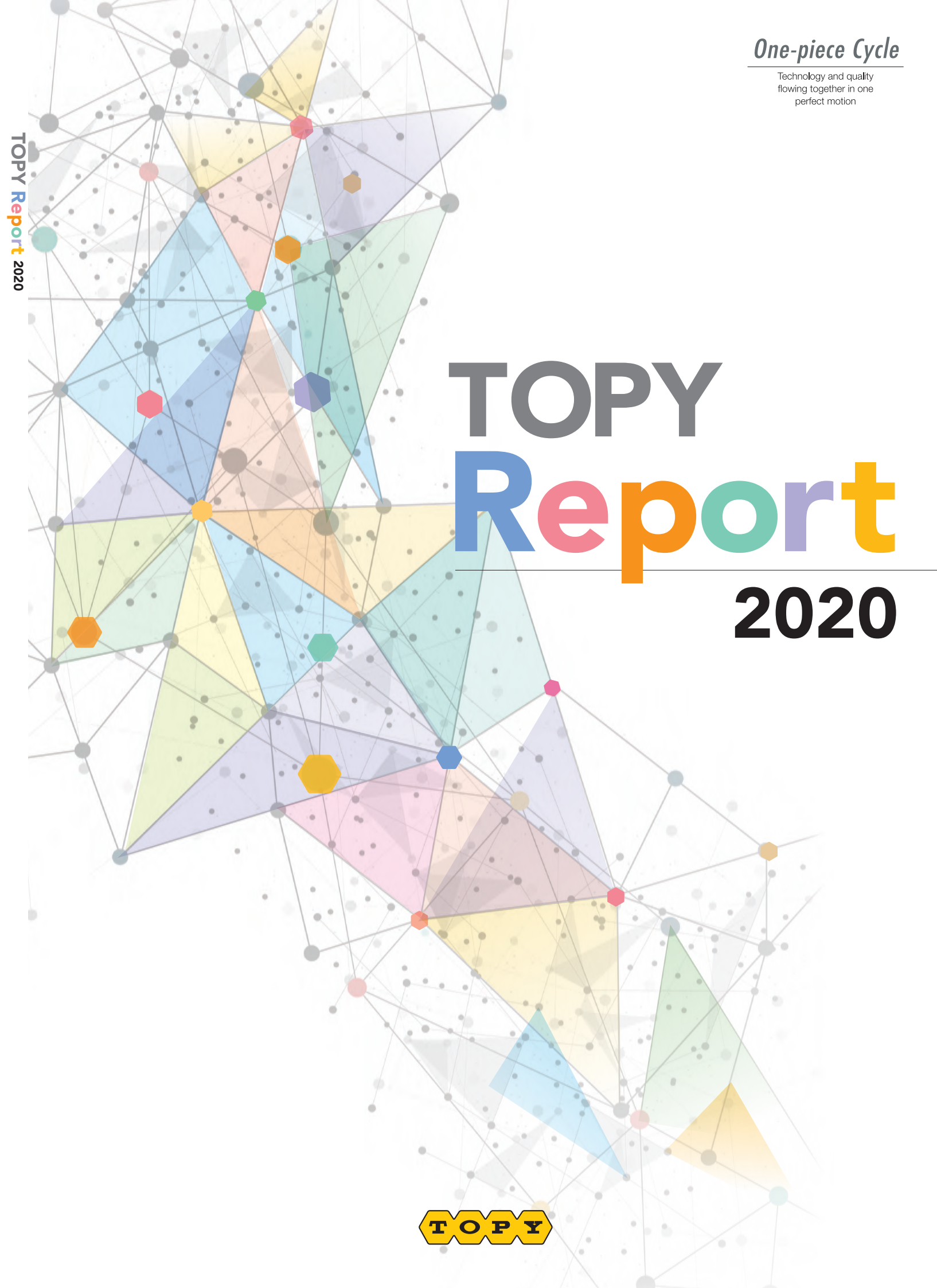


TOPY Report 2020



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TOPY Report 2020

One-piece Cycle

Technology and quality
flowing together in one
perfect motion

TOPY Report 2020





The Topy Industries Group Corporate Basic Philosophy

Win the trust and respect of society
through the continuance and development
of the Topy Industries Group
and the execution of one's duty
as a public institution.



The Topy Industries Group Corporate Code of Conduct

— To win the trust and respect of society —

Under the Corporate Philosophy, the management and employees
of the Topy Industries Group shall strictly abide by all applicable
laws and ordinances, the spirit reflected, and the Corporate Code
of Conduct, while accepting full corporate social responsibility and
fostering an open-minded and creative corporate culture.



Editorial Policy

Basic Policy

Topy Report 2020 provides selected important information focusing on the company's management strategies to improve corporate value in the medium to long term, including information related to its business activities, operating results, social responsibilities, and management control system. The aim of this report is to encourage candid dialogue with our stakeholders, including shareholders, investors and related parties.

The IIRC's International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation were used as references in the creation of this report.



Reporting Scope

This report covers all companies listed as subsidiaries of the Topy Industries Group (consolidated basis). However, some activities and data represent only Topy Industries, Ltd. In principle, activities where the scope is not specified refer to those of the Topy Industries Group. Where it is necessary to specify the applicable scope, activities by Topy Industries alone are identified within the headline or descriptions as Topy Industries, and activities by an individual Group company are identified by its corporate name.

Reporting Period

Covers mainly FY2019 (April 1, 2019 to March 31, 2020), but also includes some activities that occurred on and after April 1, 2020.

Date of Issue

October 2020

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Businesses of the Topy Industries Group

The Topy Industries Group is a comprehensive metal processing group with an integrated production system from raw material production to the fabrication of finished products. Within this, the steel business engages in raw material supply and the automotive and industrial machinery components business unit deals in material processing, both of which are interrelated. The Group is also striving to diversify its businesses, which now encompass the wholesaling of electricity, manufacture and sale of mica and crawler robots, leasing of real estate, and operation of sports clubs.

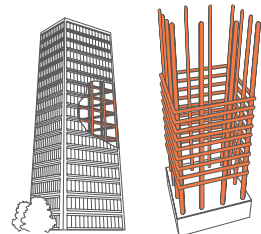
Steel Business

A raw material business operated since our foundation

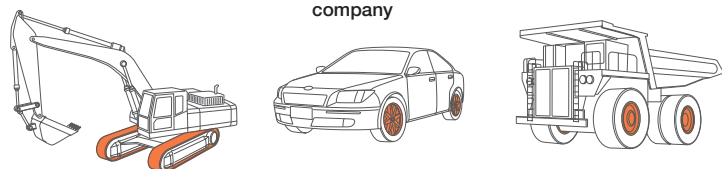
At the Topy Industries Group, the steel business unit produces steel using electric furnaces as well as a wide variety of steel bars. Wide flange beams, standard structural shapes and deformed bars are shipped as construction materials chiefly to customers in both domestic and overseas markets, while special sections are largely supplied to the company's automotive and industrial machinery components business unit where they are turned into finished products. This business unit includes companies engaging in the collection and recycling of steel scrap, a transportation company, and a trading company that acts as the logistic and trading arms of the unit. In addition to inter-group business transactions, it also sells products and provides services to customers outside the Topy Industries Group.



Steel construction materials



Steel materials for ships and industrial machinery



Steel for use within the company

Automotive and Industrial Machinery Components Business

A world-leading comprehensive manufacturer of wheels and undercarriage components for construction machinery

We manufacture and sell products including steel and aluminum wheels for automobiles, wheels for mining vehicles, undercarriage components for construction machinery (track shoes* and tracks**), and industrial steel fasteners such as precision leaf springs.

*Track shoes: Component of tracks manufactured by processing and heat-treating hot rolled steel materials (special steel). Track shoes and other components are assembled to form tracks.
**Tracks: A general name for the assembled undercarriage components of construction machinery vehicles, which are generally called a steel track belt.

Wheels for passenger vehicles



Aluminum

Steel

Wheels for trucks and buses



Steel

Ultra-large wheels for mining dump trucks (SGOR®)



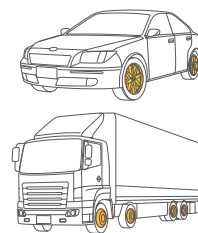
Undercarriage components for construction machinery



Track shoes

Tracks

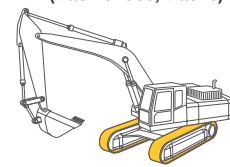
Wheels



Industrial fasteners



Undercarriage components for construction machinery (track shoes, tracks)



Industrial fasteners (precision leaf springs, etc.)



Power Generation Business

Focusing on the stable supply of electricity while paying utmost consideration to maintaining harmony with the surrounding environment

We took electricity deregulation as an opportunity to construct a coal thermal power plant (Toyohashi-shi, Aichi) while paying utmost consideration to maintaining harmony with the surrounding environment, and began to operate our electricity wholesale business in 2000.

Power plant



Other Businesses

Creating new sources of profit

We are expanding sales of mica, which is used for cosmetics and other products, in Japan and other countries, while developing applications for crawler robots that can move left, right, forward and backward. We also lease real estate, such as Topy-Rec Plaza (Minami-Suna, Koto-ku, Tokyo), and operate sports clubs, including OSSO.

Crawler robots

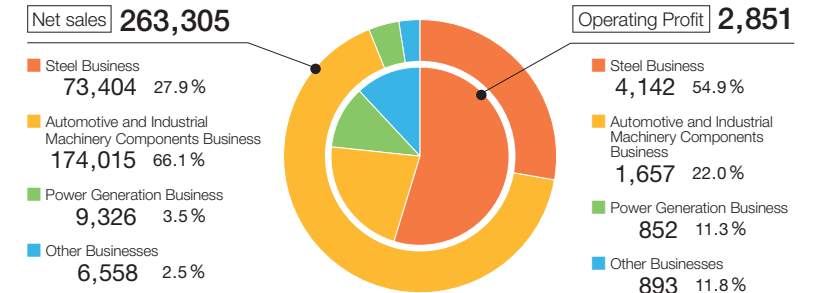


Mica for use in cosmetics



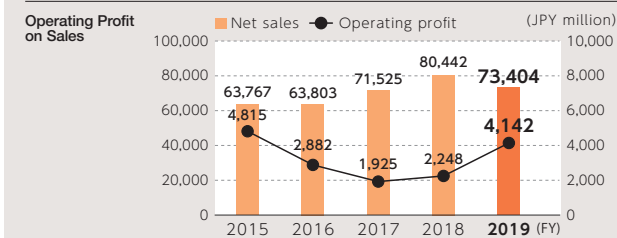
Net Sales and Operating Profit by Segment in FY2019

(Unit: JPY million)

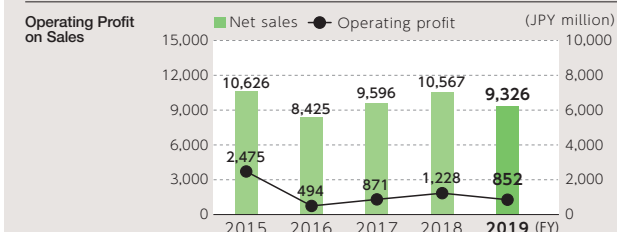


Net sales and operating profit by segment and constituent ratios shown are amounts prior to adjustments (total: JPY 7,545 million).

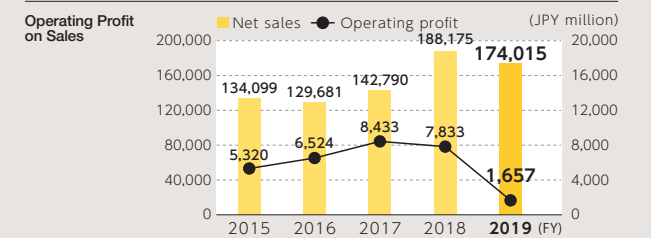
Steel Business



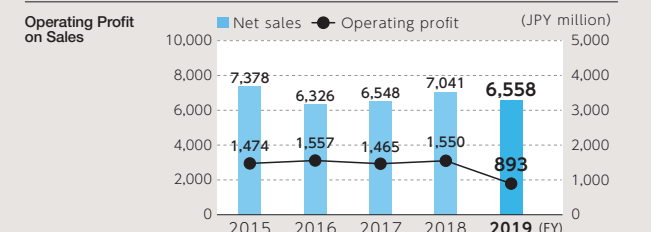
Power Generation Business



Automotive and Industrial Machinery Components Business



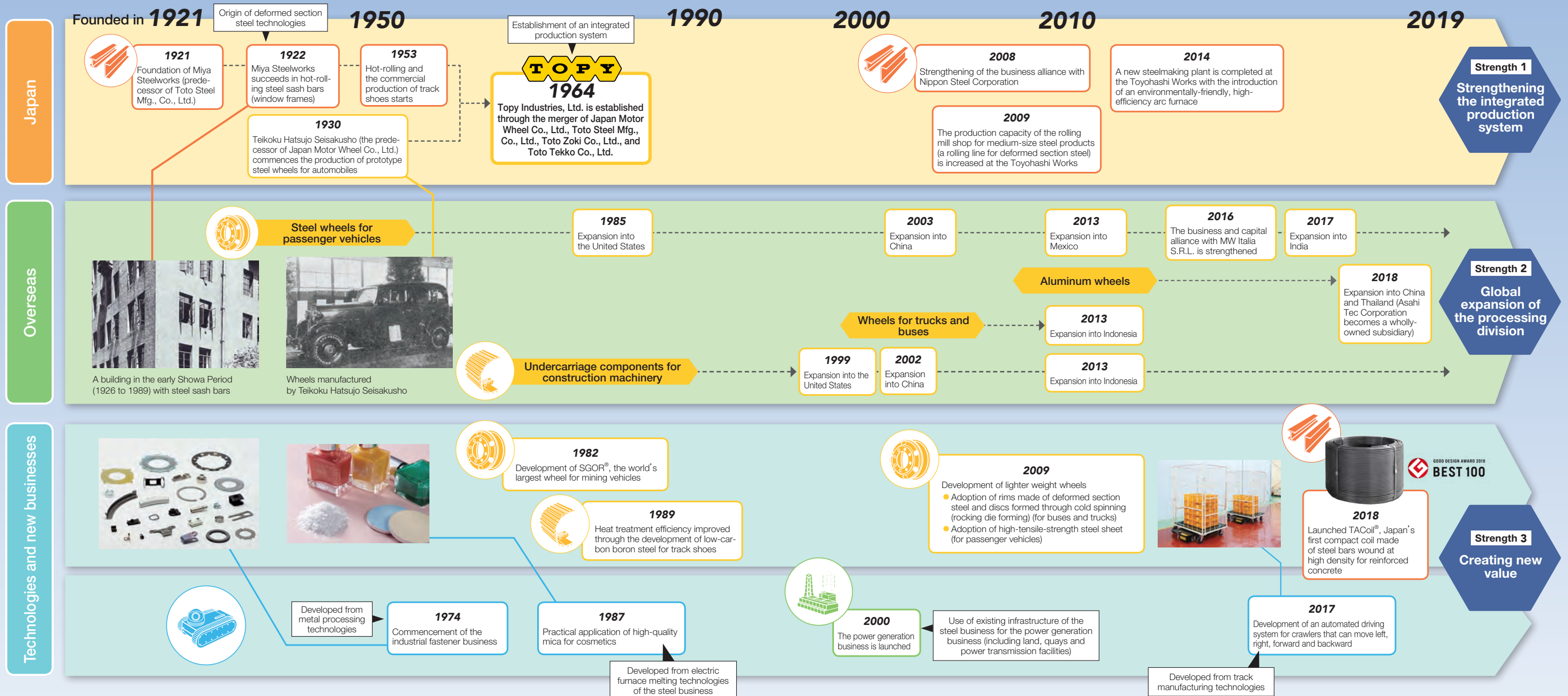
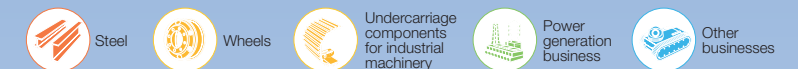
Other Businesses



History of the Topy Industries Group

Three strengths developed over our 100-year history

In 1964, our integrated production system for producing and making full use of steel was completed through the merger of four companies (engaging in businesses concerning steel and wheels, undercarriage components for construction machinery, and others). The integration of different businesses has led to the global development of the automotive and industrial machinery parts business and the creation of new businesses (industrial fasteners, mica, power generation, and other businesses), creating management stability and contributing to earnings growth.



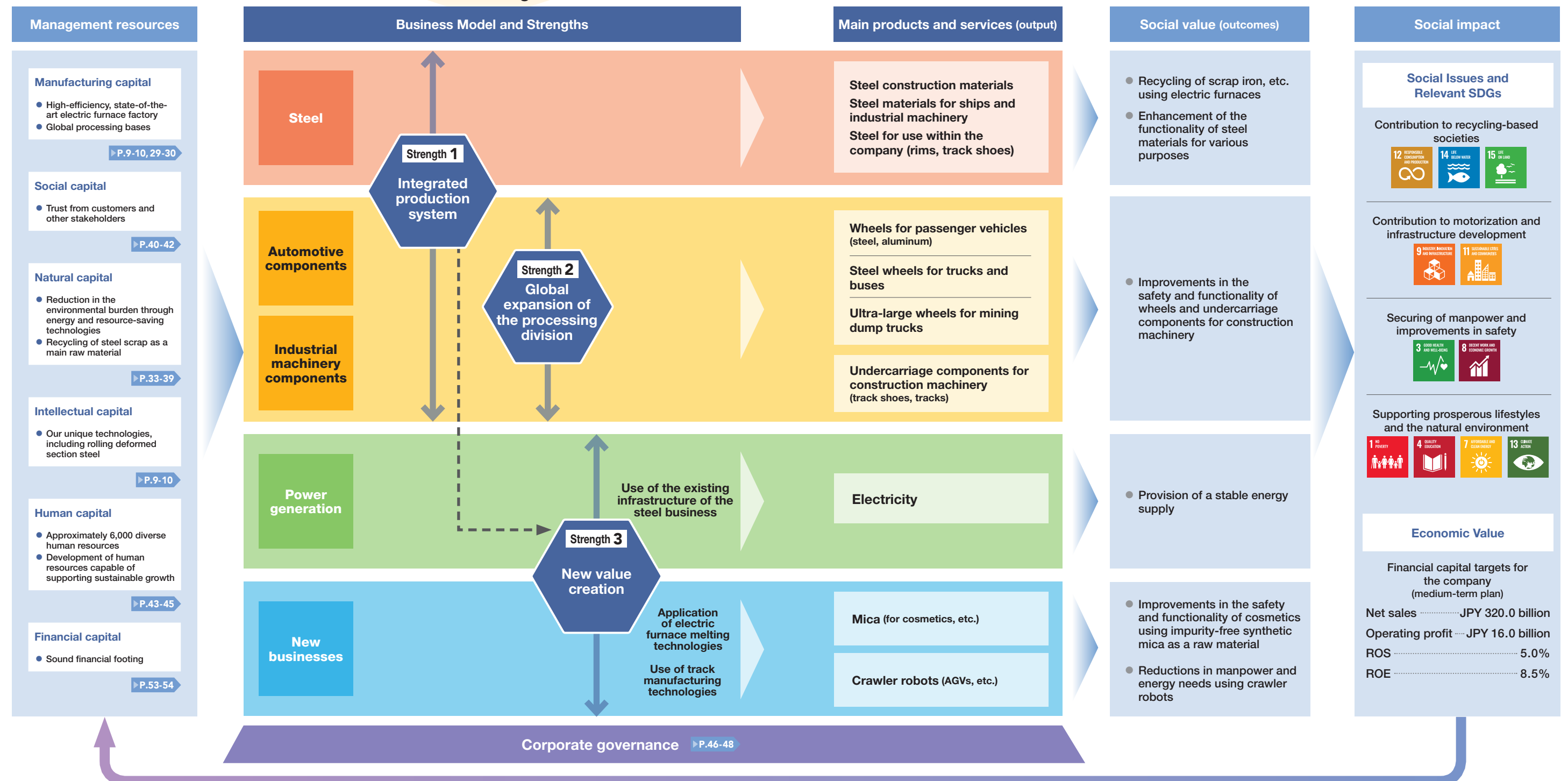
Value Creation Process of the Topy Industries Group

Creating social value and achieving sustainable growth based on an integrated production system for producing and making full use of steel

The Topy Industries Group
Corporate Basic Philosophy
Medium-Term Management Plan
Growth & Change 2021

P.15-18

The Group has paved the way for global expansion by providing products and services that meet the needs of customers and society based on its advanced technological capabilities and integrated production system for producing and making full use of steel and continued to grow by applying its core technologies to expand business into peripheral fields. Going forward, we will continue to achieve sustainable growth by maximizing the strengths and management resources we have developed over the years, while working to solve social issues and create social value.



Business Model of the Topy Industries Group

Building a competitive value chain and supplying high-quality products worldwide through the One-piece Cycle

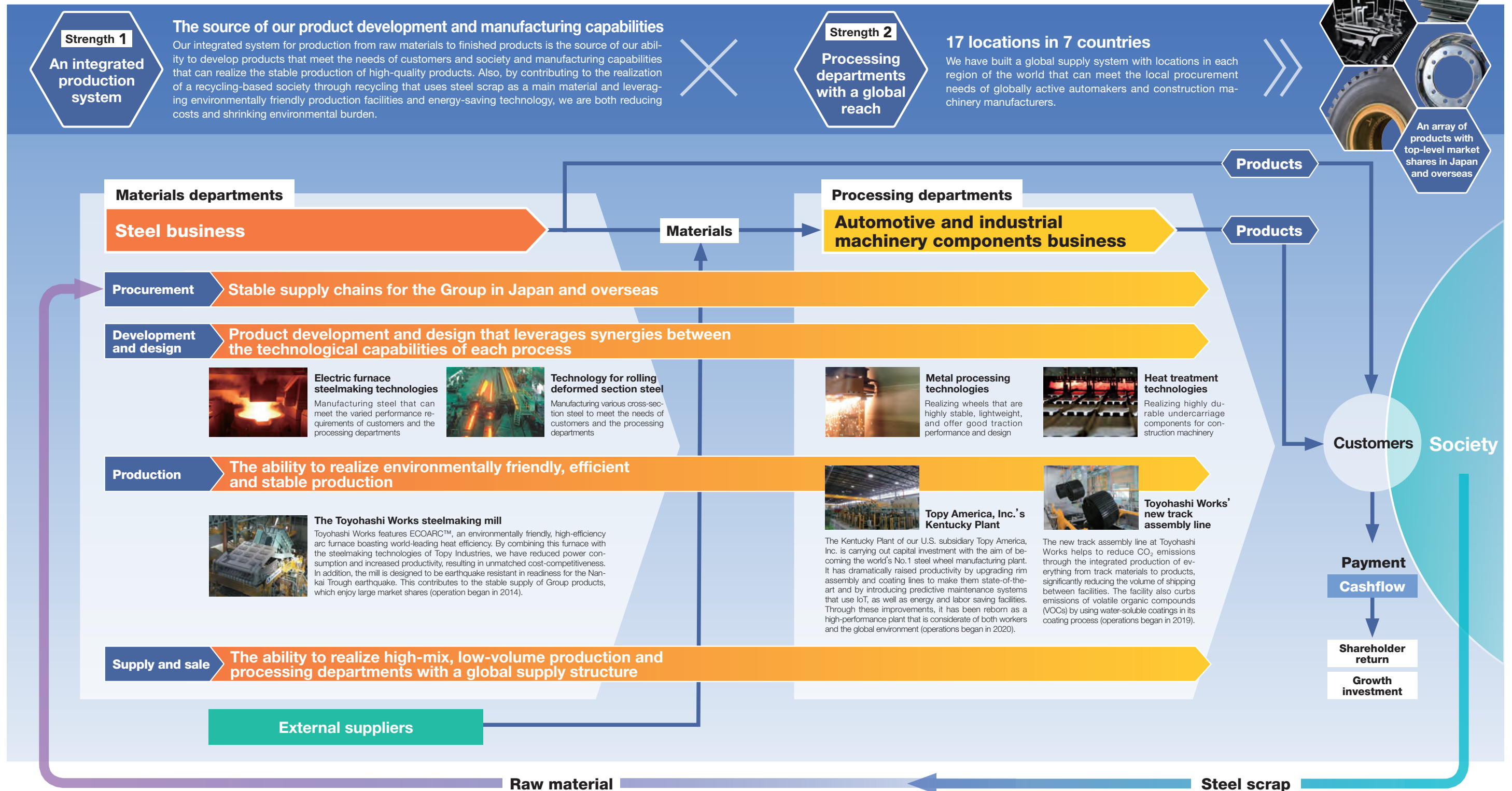
- Value chain of our core businesses of steel production and automotive and industrial machinery components -



One-piece Cycle

Technology and quality
flowing together in one
perfect motion

The Topy Industries Group wants to realize a more prosperous and comfortable society by leveraging the "technology and quality" it has cultivated over many years using steel as a medium to create a new movement as a cycle that brings society together. This approach has been incorporated into the "One-piece Cycle."



Top Message



Mr. Takemata

Representative Director, President and CEO
Topy Industries, Ltd.

We will seize on the challenging business environment as an opportunity to transform ourselves, aiming for sustainable growth beyond the 100th anniversary of our founding.

Foreword

I would like to express our condolences for those who have passed away as a result of the COVID-19 pandemic and our deepest sympathies to those who have been affected.

The Topy Industries Group will continue to fulfill the responsibility to supply products to our customers who are supporting industry and society while ensuring we have thorough infection prevention measures in place to control the spread of the pandemic. Our priority is the safety and health of our customers, suppliers, local communities, and employees and their families.

Creating value based on an integrated production system and global supply structure

Based on outstanding technical capabilities for “making and mastering steel,” the Topy Industries Group provides high quality, high functionality products in Japan and overseas by sharing technology and know-how developed in a number of business units. Among these products, our wheels for automobiles, wheels for mining vehicles, and undercarriage components for construction machinery have captured a leading share of the global market. Our integrated production system under which we complete everything in-house from raw material production to finished product processing is what makes this possible.

We have built a competitive value chain based on the ability to develop and produce by constantly going back to the properties of raw materials. Moreover, in our automotive and industrial machinery components business, which is a processing unit, we have built a global supply structure in collaboration with 17 production sites in seven countries around the world and our alliance partners to meet the component procurement needs of Japanese, European, and U.S. automobile and industrial machinery manufacturers operating worldwide.

In FY2019, we launched our medium-term management plan “Growth & Change 2021” (G&C 2021), positioned as the final stage of the series of medium-term management plans under which we have promoted global “Growth” and “Change” to achieve a highly profitable business structure. Our priority is increasing the earning power of businesses that were enhanced under the previous medium-term business plan as well as strengthening the development of new businesses and products to capture the needs of customers and society with the aim of sustainable growth beyond 2021, the 100th anniversary of our founding.

Changes in Market Structure

In FY2019, the first year of G&C 2021, sales volume of wheels for mining vehicles, and undercarriage compo-



nents for construction machinery declined significantly as the global economy continued to slow with an additional impact from the COVID-19 pandemic toward the end of the fiscal year. Consequently, although we increased cost improvements through such measures as consolidating production lines, results on the business performance front were extremely tight. The difficulty of the current circumstances is unprecedented due to the sharp slowdown in the global economy associated with the COVID-19 global pandemic. It will also take considerable time for the global economy to return to its pre-pandemic growth trajectory, and changes in the environment surrounding the Topy Industries Group that have been present for some time are expected to accelerate going forward. These include changes in the supply chains of finished vehicle manufacturers, such as local production for local consumption and on-shoring of production owing to conflict between the U.S. and China and geopolitical risk, as well as a growing need for lighter vehicle bodies due to increasingly severe global warming.

Given these conditions, we are reconsidering our initiatives under G&C 2021, which put a priority on increasing earning power, to include additional measures, and will implement measures with a sense of speed once they are drafted.

Implement Business Structure Reform to Increase Earning Power

Structural reform of production in the automotive and industrial machinery components business

We are working to reduce fixed costs in line with demand as a top priority issue. We are optimizing the domestic production system in the automotive and industrial machinery components business, including steel wheels for passenger vehicles where falling demand due to a decrease in Japanese automobile production and rising use of aluminum wheels has led to excess capacity. We will also assess changes in market structure and future profitability to review the production system and work to reduce fixed costs at overseas locations. Moreover, we

will use the opportunity to reinforce the mother factory functions of domestic sites, paving the way to increasing the competitiveness of overseas locations.

Enhance Strategic Products

Faced with sluggish demand, we are seeking to differentiate and promote higher value-added products and services while aiming to secure sales volume. First, we will provide high quality products that satisfy customers through constant efforts to upgrade technological capabilities and workplace skills. We will also leverage the unique technology of the Topy Industries Group to further enhance and increase sales of strategic products that meet the needs of customers and society. This includes deformed section steel products that help shorten processing, TACoil®, a compact coil for reinforced concrete steel bars that facilitates use of automatic processing machinery and also features high storage efficiency, aluminum wheels for automobiles that meet the need for lighter vehicle bodies and higher design quality, and the replacement parts market in undercarriage components for construction machinery and wheels for mining vehicles.

Venture into New Businesses

Although mica and crawler robots businesses are currently being impacted by a slowdown in marketing activities due to the COVID-19 pandemic, demand is expected to expand over the medium-to-long term, and we have implemented initiatives aimed at full-scale commercialization. For mica, which has received high acclaim as a raw material for cosmetics, we will take advantage of its advanced barrier properties and safety due to being derived from natural materials to develop demand as an alternative packaging material to plastic in addition to its conventional use in cosmetics. In the area of crawler robots for automated guided vehicles (AGVs), we will speed up development and sales expansion of products with specialized applications and functions.

Strengthen a Sustainable Management Foundation

Create Shared Value Through Resource Recycling and Energy Conservation

Although the Topy Industries Group recycles and reuses scrap iron, a valuable domestic resource, as a principal raw material, we consume a large volume of energy, and regard resource recycling and energy conservation as key issues for sustainable growth.

In resource recycling, the Group has promoted the recycling of low grade scrap iron such as end-of-life automobiles and miscellaneous scrap, using Japan's largest shredder plant and unique steelmaking technology. In 2021, we plan to introduce advanced metal sorting equipment, and, by doing this, we will aim to further increase recycling volume and improve the quality of sorted and recycled iron and non-ferrous metals.

In energy conservation, we have achieved one of the best levels of energy efficiency in the electric furnace industry utilizing cutting-edge, environmentally-friendly, high-efficiency electric furnaces, and our unique operating technology and know-how. In addition, we have been developing Ene-katsu 2020, a company-wide energy and electricity conservation campaign, since FY2013. The campaign's achievements include "Electricity Consumption Visualization and Display," which won the Energy Conservation Grand Prize and a reduction in the amount of contracted electricity through the introduction of the Energy Conservation Meister Program to drive energy conservation activities in manufacturing sites. Going forward, the Group will continue working on both tangible and intangible initiatives aimed at conserving energy and preventing global warming.

The Topy Industries Group will continue creating both social and economic value through these initiatives.

Train Human Resources and Reform Organizational Culture to Cope with Change

Society is changing at an ever-accelerating speed. In order to achieve sustainable growth, the Topy Industries Group

must adapt to social change more quickly than ever before. We will use the COVID-19 pandemic as an opportunity to accelerate workstyle reform and promotion of health management with the aim of creating more efficient and innovative workplaces and bringing about a transformation in the individual awareness and actions of employees. In addition, in FY2019, we renamed the activities for improving work satisfaction mainly led by young employees, implemented since FY2016, as the Communication Promotion Committee in order to take them to the next stage. The committee is promoting measures to stimulate vertical and horizontal communication with the objective of sharing the company's vision and goals and enhancing employee satisfaction. In addition, we are hoping to boost the employment and training of human resources at overseas locations. In the past, we dispatched employees from Japan, and our overseas locations have been based on the "Japan-style." However, we are putting a focus on training diverse human resources who can play active roles in the culture and customs of individual countries and building systems to provide support from Japan as the mother factory through teleworking and other methods.

Achieve Sustainable Growth Through Transformation

Although the Group's core businesses of steel and the automotive and industrial machinery components business are affected by fluctuations in the economy, they play a role in supporting resource recycling, industry, and social infrastructure, and demand is expected to continue growing over the long term alongside global economic growth. We will seize on the challenging business environment as an opportunity for transformation and promote business structure reform aimed at increasing earning power so that we are able to return to our growth trajectory quickly after the COVID-19 pandemic.

In addition, by transforming ourselves to adapt to social changes and continuing to create social and economic value based on our integrated production system for "making and mastering steel," we will aim for sustainable growth beyond the 100th anniversary of our founding.



Medium-Term Management Plan

Growth & Change 2021

Basic Policy

Under the slogan of Growth & Change, we have positioned this as the final stage of our medium-term management plan, in which we will promote global growth and change to build a highly profitable business structure.

Under the basic policy of accomplishing G&C and preparing for the next stage of growth, we will focus on improving the profitability of the businesses we expanded in G&C 2018 and continue to develop new businesses and products that meet the needs of our customers and society, aiming for sustainable growth beyond our 100th anniversary in 2021.

Issues up to the previous medium-term management plan

Steel business		Maximize capabilities of state-of-the-art steel-making plants and leverage our strengths in a wide array of products to expand sales volumes
Automotive components business		<ul style="list-style-type: none"> Optimize steel wheels for passenger vehicle production systems in Japan Strengthen the competitiveness of each production location Capture global demand for steel and aluminum wheels for passenger vehicles Develop appealing products in response to factors such as the need for lighter vehicle bodies and the spread of EV
Industrial machinery components business		Engage growth markets and the market for replacement parts
New fields	Synthetic mica	Capture the growing demand for cosmetics
	Crawler robots	Make a full-scale entry into the AGV market

Our Business Environment

Overseas economy	<ul style="list-style-type: none"> Prolonged friction between the US and China Growth in emerging countries and gradual slowdown in China 	Steel business	<ul style="list-style-type: none"> While domestic demand will be maintained over the medium term, it will shrink over the long term Increasing steel demand in Asian emerging countries, gentle slowdown in China
Japanese economy	<ul style="list-style-type: none"> Falling demand due to low birthrate and aging population Increased investment in labor-saving and efficiency Fall in production numbers of automobiles and construction machines 	Automotive components business	<ul style="list-style-type: none"> Although demand in Japan is decreasing, global demand has grown Advances in CASE and MaaS, tighter environmental regulations Increase in the aluminum wheels installation rate due to the need to reduce vehicle weight and improve design
Society and environment	<ul style="list-style-type: none"> Shrinking working population Shift toward automated and easily usable equipment and facilities Far-reaching efforts to tackle environmental burden Promotion of AI and IoT usage and streamlining of work 	Industrial machinery components business	<ul style="list-style-type: none"> Decline in domestic demand Although global demand will expand moderately over the long term, there will be a lot of volatility over the medium term
		New businesses	<ul style="list-style-type: none"> The cosmetic industry has continuously grown both in Japan and overseas Rapid growth in the robot market due to a shortage of workers and the promotion of automation in the fourth industrial revolution

Growth & Change



Major Topics

1 Increase Earnings Power

- Increase earnings power with a focus on operating profit (quality)
- Steadily reap the results of growth measures implemented in G&C 2018
- Implement measures based on customer needs and the Group's strengths and weaknesses
- Achieve further cost improvements across the entire value chain in response to the expanding scale of the company

2 Leverage Group Synergies

- Synergies with the subsidiary Ring Techs Co., Ltd.
Optimize production systems for steel wheels for passenger vehicles in Japan and overseas and share designs, technology, and purchasing to reduce costs and improve productivity
- Synergies with the subsidiary Asahi Tec Corporation
Coordinate sales of steel wheels for passenger vehicles and aluminum wheels to realize mutual sales growth and share designs, technology, and purchasing to reduce costs and improve productivity

3 Enhance Strategic Products

- Steel business
Deformed section steel and TACoil®, a new bar for reinforced concrete
- Automotive and industrial machinery components business
Lightweight wheels, high-quality design wheels, and mining vehicle wheels for the replacement parts market, etc.
- New fields
Synthetic mica as a base material for cosmetics, AGV crawler robots differentiated from existing tire-system vehicles

4 Embrace the Challenge of Innovation

- Increase investment in R&D and strengthen product and technological development capabilities
- Utilize IoT at production sites to shift toward smart factories
- Secure and cultivate human resources by fostering creative workplaces through continuous engagement in activities that improve job satisfaction and promote diversity

5 Further Strengthen the Management Foundation

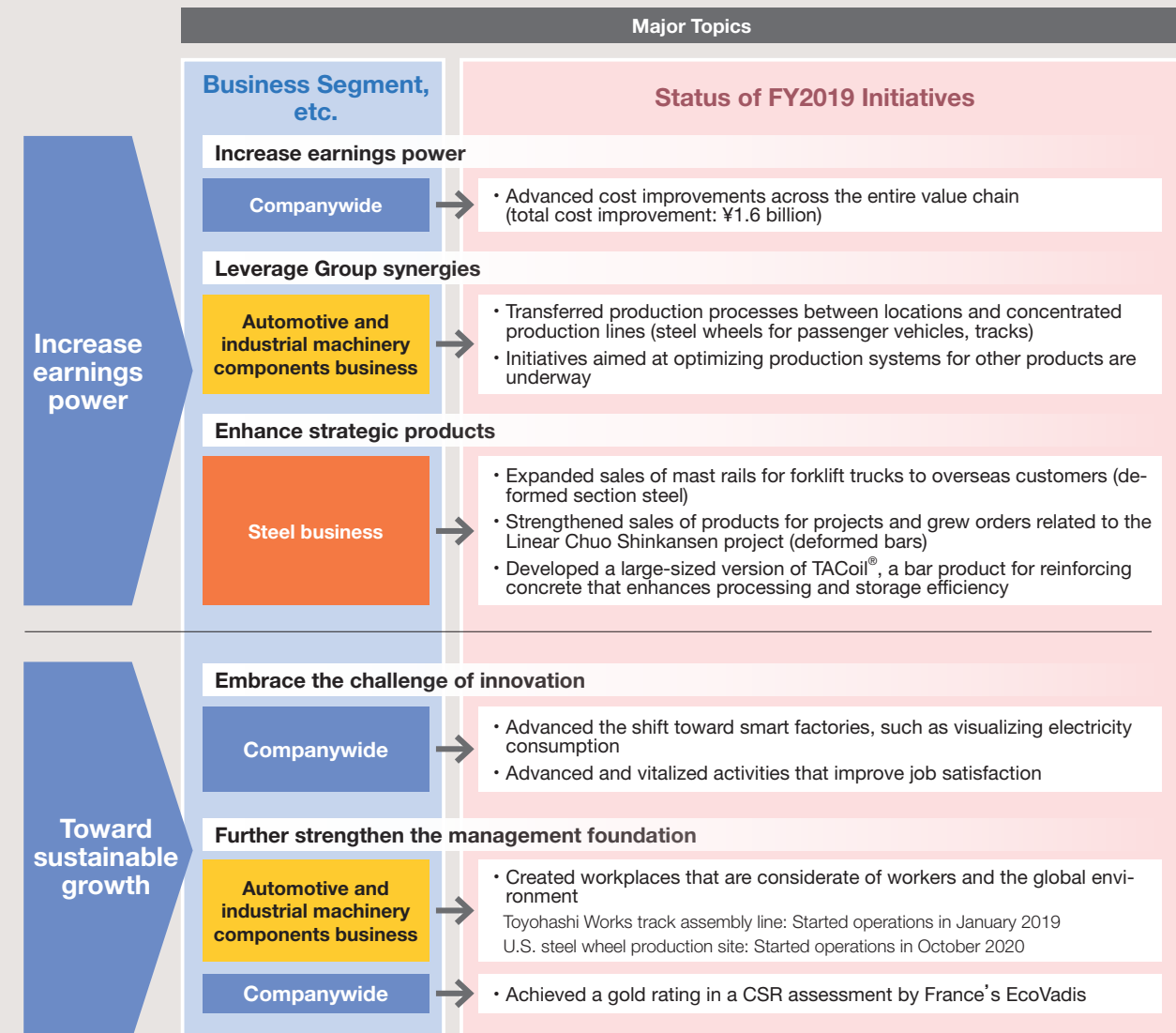
- [E]** Manufacture at eco-friendly and environmentally conscious production plants and bases
- [S]** Promote the provision of products that will contribute to society and regional contribution activities
- [G]** Strengthen the governance system that aims to prevent and minimize risks

Medium-Term Management Plan

Progress on Growth & Change 2021

Initiatives in the First Year of the Plan (FY2019)

As the global economy slowed in the second half of the year, we made increasing earnings power our top priority and advanced initiatives such as structurally reforming our automotive and industrial machinery components business and expanding sales of strategic products in the steel business. We also steadily implemented various measures aimed at realizing sustainable growth.



Changes in the External Environment

Going into 2020, the global economy experienced a huge slump due to the effects of the COVID 19 pandemic and the Group saw large declines in demand for automobiles and construction machinery in each country, which had a big impact on the automotive and construction machinery components business in particular. Additionally, factors such as the escalation of trade friction between the U.S. and China, a decline in automobile production in Japan, an increase in the percentage of automobiles being fitted with aluminum wheels, and the rise of local manufacturers in the Chinese construction machinery market are accelerating the changes in market structure anticipated in the G&C 2021 period.

Response to the COVID-19 Pandemic

Preventing Infection and the Current Status of the Group

We are following government policy in each country and prioritizing the health and safety of customers, business partners, local communities, and our employees and their families.

Head Office, etc.	Implementing remote working, staggered work hours, online meetings, and other initiatives
Production sites in Japan	In order to supply necessary products, production is continuing at all production sites based on thorough measures to prevent infection
Overseas production sites	Although production at sites in China, Southeast Asia, the U.S., and Mexico was temporarily suspended, all sites have been operational since June

Emergency Measures to Improve Earnings and Measures Concerning Finance and Capital

We have implemented various measures to minimize the impact of the pandemic on earnings, strengthen the Company's standing, and improve earnings. We have also carried out an appropriate response in terms of cash flows.

Emergency measures to improve earnings	<ul style="list-style-type: none"> Revised production structures to adjust for large declines in demand Reduced fixed costs to rebuild an earnings base Reduced officer compensation and management salaries (effective April 2020) Applied for an employment adjustment subsidy and implemented furloughs (effective April 2020)
Securing solid capital	<ul style="list-style-type: none"> Shrunk inventories Established a commitment line (immediate line of ¥10 billion)



Future Management Plan Initiatives

- Assuming that the slump in demand will continue, we will make improving earnings our top priority and accelerate measures to reduce fixed costs, such as optimizing Group production structures in the automotive and industrial machinery components business. We will also expand added value in terms of both quantity and price by differentiating existing products and enhancing strategic products.
- We will also steadily implement measures to strengthen the management foundation from an ESG perspective.

Steel Business

Along with satisfying customer needs by leveraging our unique technologies, we contribute to solving environmental and social problems.



Tsuyoshi Nakamura
Managing Executive Officer
in charge of the steel business
General Manager, Steel Division

Core Competencies

Strengths of the Business

In addition to being able to efficiently produce various types of products, such as steel sections and bars for construction, rims for automobile and construction machinery components, and deformed section steel for track shoes and the like, the Group's strength is product development capabilities that meet the needs of customers and society. As a result, we have built a broad and stable customer base. Furthermore, our recycling technologies using electric furnaces and energy saving technologies are also significant strengths.

Our Business Environment

Opportunities and Threats

Opportunities

- Global steel demand is expected to grow in the long-term, driven by infrastructure-related demand in emerging nations
- In regard to steel demand in Japan, there is continuing demand related to civil engineering projects, such as measures for building national resilience
- Companies are expected to tackle global environmental issues such as reducing greenhouse gas emissions and realizing a recycling-based society

Threats

- Steel demand in Japan is shrinking in the long-term
- Protectionism is becoming evident in many countries, and emerging nations are shifting to domestic production
- The price of steel scrap is rising due to increasing electric furnace steel production in China
- The slump in demand caused by the COVID-19 pandemic is becoming prolonged

Medium-Term Management Plan Policy (Basic Strategy)

We plan to increase earnings power by further expanding sales of strategic products (such as deformed section steel and TACoil®) and maximizing synergies between Group companies developing the recycling business.

Progress in FY2019 (First Year of the Medium-Term Management Plan)

We have enhanced and expanded sales of high added value strategic products such as TACoil®, a bar product for reinforcing concrete, fork-lift truck mast rails for overseas customers, and steel parts for tunnel construction on the Linear Chuo Shinkansen project. Also, in order to expand and strengthen our recycling business, we have decided to introduce advanced metal sorting equipment into our Akemi Recycling Center, Ltd. subsidiary (equipment scheduled to begin operating in 2021).



Mast rails for forklift trucks



Steel parts for tunnel construction on the Linear Chuo Shinkansen project

Issues to be Addressed

We are focusing on leveraging product development capabilities to enhance and expand sales of strategic products, as well as making further improvements to productivity and cost reductions. Additionally, we plan to increase earnings power by maximizing the effects of capital investment in the recycling business.

Topics

Completion of the Large-Sized Two-Ton TACoil®

We have completed development of a large-sized two-ton version of the TACoil®. We plan to penetrate the market by showing the increased advantages that a larger-sized coil offers customers, such as increased processing and storage efficiency and reduced losses on disposal (development of a three-ton coil scheduled within FY2020).



From left: The one-ton, two-ton, and three-ton versions of TACoil®

Application of the EcoLeaf Environmental Label Program

As part of our environmental initiatives, in October 2020 we applied the EcoLeaf Environmental Label Program*1 to six products, including H-section steel. Going forward, we will actively disclose information on the environmental performance of our steel products.

*1 A program for disclosing quantitative information about the environmental burden of a product or service over its entire lifecycle, from material procurement through to disposal or recycling



H-section steel

Automotive and Industrial Machinery Components Business (Wheels for Passenger Vehicles)

Our completed global network,
and maximizing synergies
as a comprehensive wheel
manufacturer

Koji Nanayama
Operating Officer in charge of
the automotive and industrial
machinery components business
General Manager, Wheel Division

Core Competencies

Strengths of the Business

The Group has built a global supply system for steel wheels for passenger vehicles by establishing locations in Japan, the U.S., Mexico, China, and India and forming a strategic alliance with MW Italia S.R.L. in Europe. We are also highly regarded for our high-quality designs and lightweight technology for aluminum wheels. These strengths have resulted in a broad sales network comprising major manufacturers of complete automobiles worldwide.

Our Business Environment

Opportunities and Threats

Opportunities

- As a result of economic growth worldwide, global automobile demand is expected to expand in the medium to long term, particularly in emerging nations
- The automotive industry is advancing technological innovation such as CASE*1 and MaaS*2

Threats

- Domestic automobile demand is contracting due to factors such as Japan's declining population.
- Protectionism is becoming evident around the world
- The slump in demand caused by the COVID-19 pandemic is becoming prolonged

*1 Connected, Autonomous, Shared/Service, Electric
*2 Mobility as a Service

Medium-Term
Management Plan
Policy
(Basic Strategy)

We plan to increase earnings power by optimizing the Group's production structure in Japan and strengthening the competitiveness of each production site with a focus on changes in market structure as well as to advance product development aimed at achieving the next stage of growth.

Progress in
FY2019
(First Year of the
Medium-Term
Management Plan)

For steel wheels, we optimized our production system with Ring Techs Co., Ltd., including concentrating production lines in response to a downturn in domestic demand. Additionally, in the U.S., which we have positioned as an important market, we steadily invested in renewing production sites to strengthen our supply structure (new production lines began operation in October 2020). For aluminum wheels, we collaborated with our subsidiary Asahi Tec Corporation to develop higher added value products and realize new orders.

Issues to be
Addressed

We will accelerate reforms to production structures, such as optimizing the Group's production structure in Japan for steel wheels for passenger vehicles and strengthening competitiveness by maximizing the effects of investment in U.S. production sites. We will also advance initiatives that maximize synergies with Ring Techs Co., Ltd. and Asahi Tec Corporation in the production field and all other areas, including sales, product development, and purchasing.

Topic

Receiving the PREMIO GTO 2020 Award
from Mexico's Guanajuato State

Topy MW Manufacturing Mexico S.A. de C.V. (TMMM), the Group's steel wheel production and sales site in Mexico, has been awarded the PREMIO GTO 2020 award for improvement from the government of Mexico's Guanajuato State. This award is presented to superior companies in the state following an assessment of improvement activities that involves both documentation and site visits. TMMM was given the award due to a high assessment of initiatives to improve productivity on its topcoat line, including improving productivity and reducing the ratio of refinishes needed.



Automotive and Industrial Machinery Components Business (Commercial and Off the Road Wheels)

Supplying products and services that anticipate the needs of society and customers all over the world through outstanding technological capabilities.



Masahiro Abe
Operating Officer in charge of the
automotive and industrial machinery
components business
General Manager, Commercial
Commercial and Off the Road
Wheel Division

Core Competencies

Strengths of the Business

For wheels for commercial vehicles, we are producing lightweight wheels using deformed section steel produced by the steel business as a material and our site in Indonesia means we can respond to local procurement needs of manufacturers of complete automobiles. For wheels for mining vehicles, we are realizing quality that can withstand harsh conditions at mines all over the world and producing SGOR®, which is one of the largest wheels in the world with a rim diameter of 63 inches (approximately 1.6 meters) and a weight of nearly three tons. These strengths mean we have an overwhelming share of the markets for wheels for commercial vehicles and mining vehicles.

Our Business Environment

Opportunities and Threats

Opportunities

- Global demand for commercial vehicles is expected to grow in the long-term
- Global demand for mining machinery is expected to grow in the long-term
- Demand for the inspections and repair business for mining machinery is expected to grow

Threats

- Commercial vehicle production in Japan is decreasing due to a decline in domestic demand and a shift to local production overseas
- Demand for commercial vehicles and mining machinery is decreasing due to business conditions
- The slump in demand caused by the COVID-19 pandemic is becoming prolonged

Medium-Term Management Plan Policy (Basic Strategy)

We plan to increase earnings power by restructuring domestic production systems for wheels for both commercial vehicles and mining machinery. We are also advancing product development and providing services that anticipate the needs of society and customers. For wheels for mining vehicles, we are strengthening frameworks for expanding sales in overseas markets and enhancing our inspections and repair business.

Progress in FY2019 (First Year of the Medium-Term Management Plan)

In addition to transferring and integrating production between lines in order to restructure production systems for commercial vehicle wheels in Japan, in the overseas business we focused on expanding sales to manufacturers of complete automobiles in Europe and the U.S. and acquired new commercial rights. Also, in our inspections and repair business for wheels for mining vehicles, we carried out local investigations and information gathering, particularly in North America, South America, and Australia, in order to identify the hidden needs of customers.

Issues to be Addressed

Amid concern about the effects of the prolongation of the COVID-19 pandemic, our top priority has become to increase earnings power by reducing fixed costs. We will advance initiatives such as concentrating production lines in order to restructure production systems for commercial vehicle wheels in Japan while also optimizing our product mix between Japan and our locations in Indonesia. We will also continue to advance initiatives such as making wheels for commercial vehicles lighter, developing new wheel for mining vehicles products that contribute to improving safety and operational efficiency for customers, and strengthening the inspections and repair business.

Topic

Advancing product development that contributes to the realization of a sustainable society

We are responding to the needs of automakers for lighter vehicle bodies by developing and manufacturing lightweight wheels that contribute to the realization of a sustainable society through effects such as saving energy and reducing CO₂ emissions.

At the Tokyo Motor Show 2019 held at Tokyo Big Sight in October last year, we exhibited wheels featuring new materials and forms, enabling our products to be viewed by a large number of customers.



A "Super Single" wheel which contributes to improved transportation efficiency and reduced fuel consumption. Compared to the conventional method of using double tires for the rear wheels of vehicles such as trucks and buses, these wheels enable lower fuel consumptions and the transportation of greater loads by making the vehicle lighter.

Automotive and Industrial Machinery Components Business (Undercarriage Components for Construction Machinery)

Achieve stable earnings and growth as a leading company in undercarriage components for construction machinery



Katsuyoshi Tanaka
Operating Officer in charge of the
automotive and industrial machinery
components business
General Manager, Undercarriage
Components Division

Core Competencies

Strengths of the Business

The undercarriage components for construction machinery business has gained high levels of trust from customers by involving them in the design process from the development stage and supplying high quality undercarriage components that meet their needs. We have a leading share of the global market for hydraulic excavator tracks and have established a global supply structure that includes North America, China, and Indonesia. We have also built an efficient production system that integrates processes from materials to finished products.

Our Business Environment

Opportunities and Threats

Opportunities

- Demand for construction machinery is expected to grow in the long-term, especially in emerging nations
- Demand for smaller product models is expected to rise as emerging nations become increasingly urbanized

Threats

- Movement toward protectionism is becoming evident around the world
- The slump in demand caused by the COVID-19 pandemic is becoming prolonged

Medium-Term Management Plan Policy (Basic Strategy)

We aim to achieve stable earnings and growth supported by the trust we have earned over the years from construction machinery manufacturers.

- We will improve our readiness for the supplemental components market as a strategic partner for construction machinery manufacturers.
- With the goal of sustainable growth, we will continue to plan and build a supply system to serve international growth markets.
- We will identify customer needs and enhance our system for developing new products and technologies in order to further improve customer satisfaction.

Progress in FY2019 (First Year of the Medium-Term Management Plan)

- We enhanced production capacity by starting operation of a new track assembly line (Toyohashi). We also upgraded our water-soluble coating equipment.
- We made the development department independent, strengthening our framework for identifying customer needs and developing new products and technology.

Issues to be Addressed

We will improve our readiness for the supplemental components market and plan a supply structure for global growth markets.

We will also enhance cost-competitiveness by automating production equipment.

Topic

Establishing new production equipment for mini excavator tracks

In the Chinese market, which is becoming increasingly urbanized, demand for mini excavators is growing due to factors such as rising investment in public infrastructure. Therefore, Topy Undercarriage (China) Co., Ltd., which is based in China's Shandong Province, has upgraded its equipment for producing tracks for construction machinery in line with the market.

It has also invested capital in environmentally friendly initiatives such as the installation of new exhaust systems that reduce emissions of volatile organic compounds (VOCs) in the coating process while at the same time enhancing processing capabilities.



Mini excavator processing equipment

New Fields

Becoming a global niche leader
in innovative technologies

Satoshi Fukura
Operating Officer
General Manager, Science Division

Mica

Core Competencies

Strengths of the Business

Our mica has received high acclaim as a safe base material for cosmetics due to its high levels of transparency and purity. It is also well regarded for the strong barrier properties it offers as an auxiliary material for food and other packaging.

**Medium-Term
Management
Plan Policy
and Progress
in FY2019**

Policy

We will capture demand for cosmetics in Japan and overseas which is expected to grow due to factors such as economic growth and a growing female workforce. We will also cultivate demand for materials to replace plastic in packaging.

Progress

We have installed enhanced production equipment as well as developed and increased sales of new products for use in both cosmetics and industry.

Crawler Robots

Core Competencies

Strengths of the Business

The AGVs we produce use crawler belts for propulsion and excel in getting over rises and handling rough terrain. We will strive to enhance the performance of products with functions such as the newly developed ability to freely and autonomously move left, right, forward and backward.

**Medium-Term
Management
Plan Policy
and Progress
in FY2019**

Policy

We will fully enter the AGV market, where demand is expected to grow as a consequence of labor shortages.

Progress

We collaborated with NEC Corporation to launch Sekisyu Crawler, a crawler-style autonomous mobile transportation support AGV equipped with a new control function that enables it to control multiple robotic transportation platforms. Additionally, for remote-type products, we collaborated with NIPPON EXPRESS Co., Ltd. to advance research and development focused on reducing manpower required for cargo handling work.

Topic

Toyohashi Works receives a gold CSR assessment

Toyohashi Works, the Group's mica manufacturing plant, achieved a gold rating in a CSR assessment by EcoVadis, a French institution that assesses the sustainability of supply chains. This rating will contribute to raising our presence as a sustainable supplier in the global markets.

Additionally, it also enables us to handle natural origin indexes in compliance with ISO 16128, so we will work to capture growing demand for nature-based cosmetics.



Topic

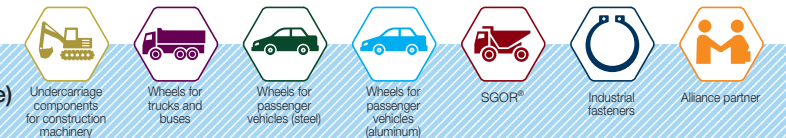
Demonstration given at International Robot Exhibition 2019

We exhibited together with NEC Corporation and NIPPON EXPRESS Co., Ltd. at International Robot Exhibition 2019 which was held from December 18 to 21, 2019 at Tokyo Big Sight. A demonstration of the Sekisyu Crawler, in which it showed its ability to skillfully control multiple transportation platforms over obstacles such as uneven terrain, rises, and openings, was well received by visitors to the event.



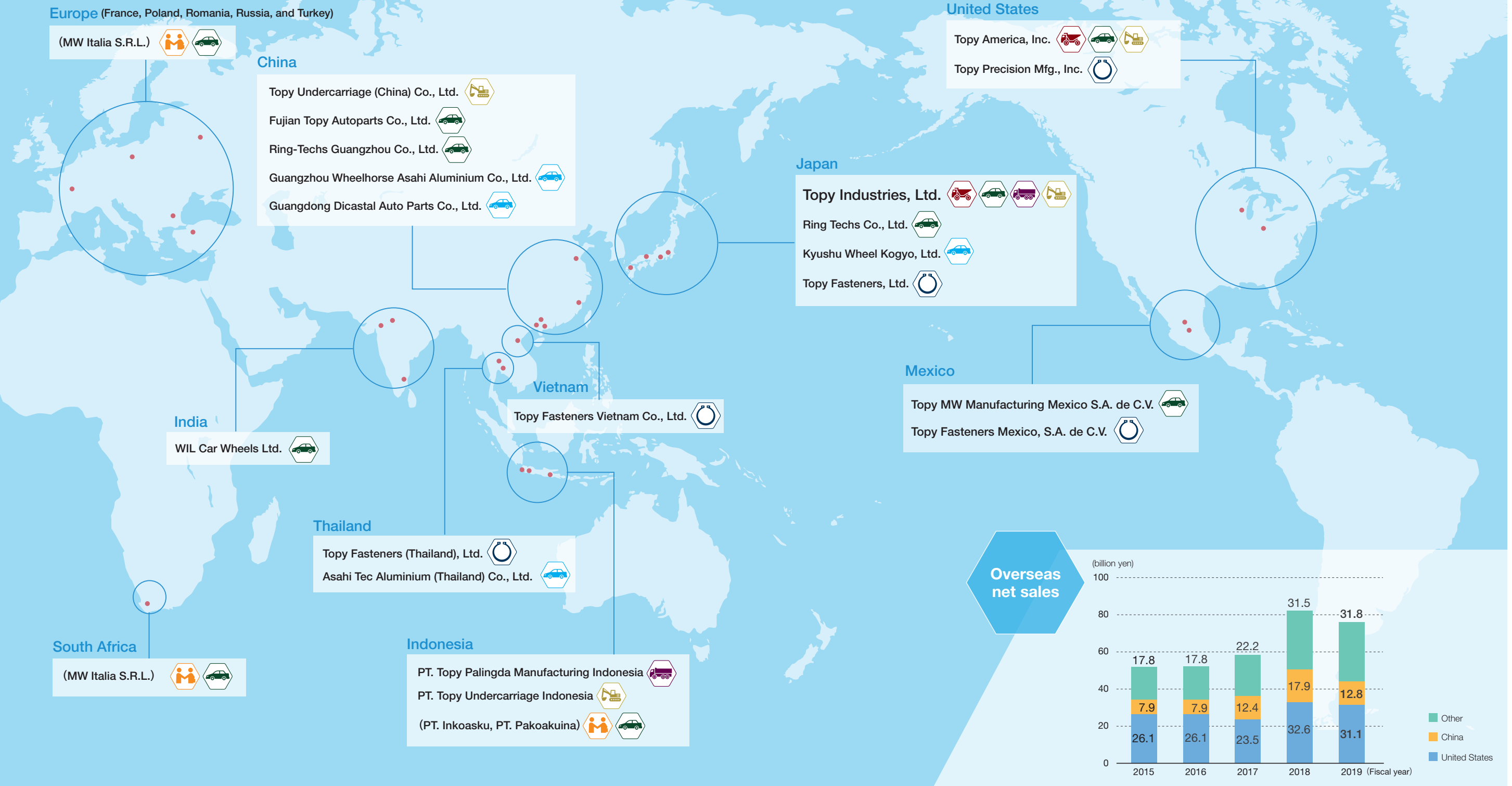
Global Expansion of the Topy Industries Group

Icon Legend (products produced at each base)



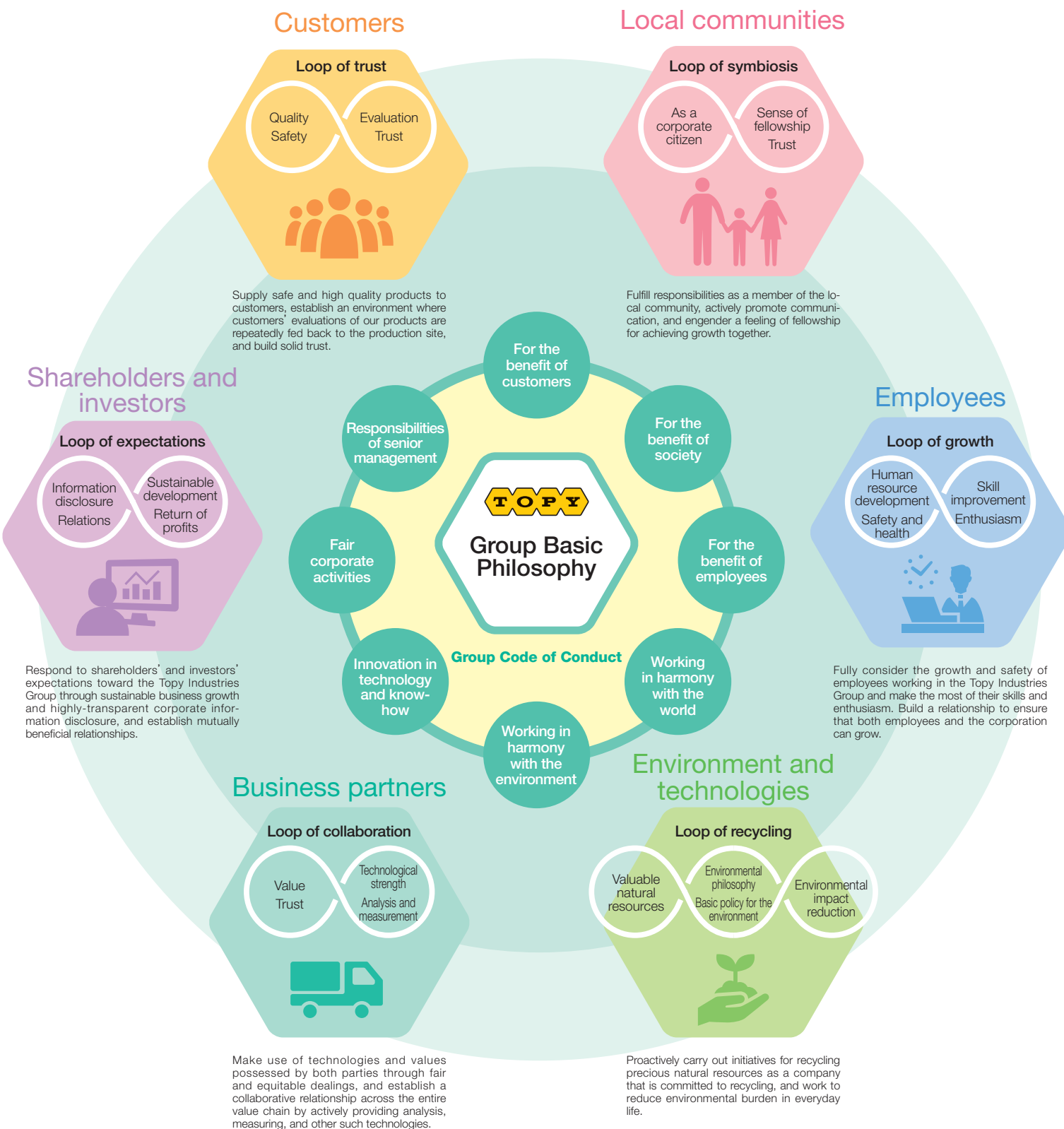
To capture some of the global increase in demand for automobile and construction machinery, we are expanding and strengthening the global supply system for our automobile and industry machinery components business.

To provide our customers worldwide with high-quality products that satisfy their needs, the Topy Industries Group is opening new production and sales facilities and conducting business with its alliance partners.



Sustainability Initiatives of the Topy Industries Group

At the Topy Industries Group, we see our relationship with stakeholders as shown below and aim to achieve sustainable growth by deepening mutual understanding through the six loops.



Corporate Basic Philosophy of the Topy Industries Group

[The Topy Industries Group Corporate Basic Philosophy]

Win the trust and respect of society through the continuance and development of the Topy Industries Group and the execution of one's duty as a public institution.

[The Topy Industries Group Corporate Code of Conduct]

— To win the trust and respect of society —

Under the Corporate Philosophy, the management and employees of the Topy Industries Group shall strictly abide by all applicable laws and ordinances, the spirit reflected, and the Corporate Code of Conduct, while accepting full corporate social responsibility and fostering an open-minded and creative corporate culture.

Article 1 For the benefit of customers

Produce and supply, high-quality and safety-oriented merchandise and service to gain customers and consumer confidence.

Article 2 For the benefit of society

1. Communicate widely with society as well as shareholders and actively disclose corporate information fairly and appropriately. Cooperate with local communities and actively work on social contribution activities as being a good corporate citizen.

2. Oppose resolutely any anti-social forces and parties posing a menace to social orders and security.

Article 3 For the benefit of employees

Respect the individual character and personality of employees, and provide safe-working environments allowing them to work with enthusiasm, and attain fulfilling lives.

Article 4 With the world

Pay due respect to different cultures and customs of all countries and regions, and perform business activities to contribute to the development and well-being of local communities.

Article 5 With the environment

Realize that a sensible approach to environmental conservation is essential to the existence and activities of the company, and behave voluntarily and actively.

Article 6 Technology and know-how innovation

Seek widely for knowledge and information both domestically and internationally, and continue the innovation of technology and knowhow by refining distinctive technologies and professional competence.

Article 7 Fairness in corporate activities

Operate business in a fair and transparent manner under free competition and appropriately keep an arm's length distance from politics and administrative agencies.

Article 8 Responsibilities of top management

1. Top management shall make example by leadership and inform the strict adherence to the Code of Conduct and ensure the compliance of the corporate ethics effectively administrating its management systems.

2. If and when any of the Code of Conduct is violated, management shall demonstrate an indomitable determination to personally solve the issue by launching an investigation and shall take actions to prevent the recurrence of such incidents. At the same time, top management shall make full disclosure within and outside the company promptly and precisely, and, upon determining the source of competence and responsibility, impose strict disciplinary action against those held responsible.

ESG Initiatives of the Topy Industries Group

	Environmental and social issues	Topy Industries' approach	
		Business opportunities	Response to risks and regulations
E S	Acceleration of global warming Water and resource depletion Air pollution	Environmentally-friendly product development Recycling business	Recycling Global warming reduction initiatives Chemical management Waste reduction initiatives
	Skilled worker shortages Tightening of laws and regulations in countries Local economic development	Products enhancing work efficiency Supplying safe, secure products (quality assurance)	Promotion of responsible procurement Local job creation
Supporting systems	System for promoting environmental activities Supply chain management	Small group activities Communication Promotion Committee	Diversity Recruitment and development of globally competitive human resources
		Strengthening governance Risk management system BCP (Business Continuity Plan)	Global management Compliance
	E	S	G



Environmental Initiatives

Environmental Philosophy and Basic Environmental Policy

Environmental Management

Environmental Philosophy

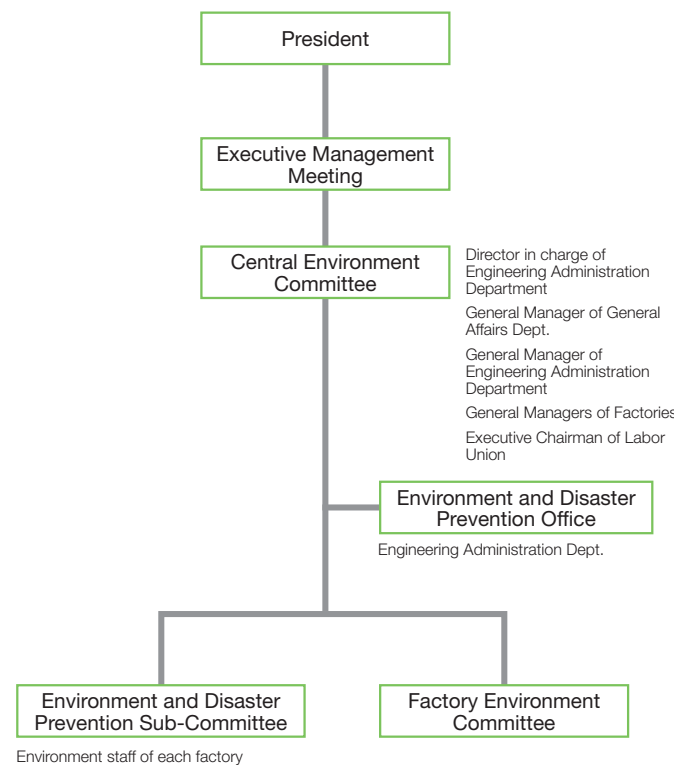
We believe it is our duty to preserve a rich and beautiful world for future generations to enjoy. In partnership and solidarity with local communities, we will work to promote continuous improvement in everything we make—from materials to finished products—to lay the foundation for the sustainable development of society.

[Basic Environmental Policy]

As part of its duty as a corporate citizen, Topy Industries ranks continuous improvement under the ISO 14001 environmental management system as among its top management priorities. Topy Industries has therefore established and implemented the following policies.

- 1. Complying with the Law**
Topy Industries will comply with all environmental regulations, protocols, and agreements in its manufacturing activities.
- 2. Working to Save Energy and Prevent Global Warming**
In all its manufacturing processes, Topy Industries will proactively strive to save energy and reduce greenhouse gases.
- 3. Reducing Our Environmental Footprint**
In order to bolster environmental management, Topy Industries will undertake cost-conscious efforts to reduce its environmental footprint by saving energy, lowering greenhouse gas emissions, using fewer resources, and recycling.
- 4. Developing Environmentally Conscious Products**
Topy Industries will develop environmentally-friendly products at every stage in their life cycle, from design and production to use and disposal.
- 5. Raising Environmental Awareness and Preserving the Environment at the Global Level**
Topy Industries will promote understanding of its environmental policy and raise environmental conservation awareness through environmental training and enrichment for its employees.
- 6. Conserving the Environment in Overseas Business Activities**
Topy Industries will remain mindful of its impact on local environments and implement measures in accordance with the needs of local communities.

Environmental conservation structure (Topy Industries)



ISO 14001 certification

Since the Wheel Division (Toyokawa and Ayase factories) launched a program to acquire ISO 14001 certification to promote environmental conservation activities in February 1998, all Topy manufacturing sites have undertaken the certification acquisition program, which was completed in June 1999.

Proper maintenance of our environmental management system has been confirmed through regular audits after this initial certification. We continue to carry out environmentally-friendly production activities by promoting scheduled and systematic environmental initiatives in line with our Basic Environmental Policy.

ISO 14001 Certification Status (Topy Industries)

Factory	ISO 14001 certification obtained	Transition to 2004 version	Transition to 2015 version
Toyohashi	Apr. 1999	Completed in Feb. 2006	Completed in Apr. 2018
Toyokawa	Nov. 1998	Completed in Oct. 2005	Completed in Aug. 2016
Ayase	Nov. 1998	Completed in Nov. 2005	Completed in Sept. 2016
Kanagawa	Jun. 1999	Completed in Jun. 2005	Completed in Jun. 2017

Environmental Initiatives

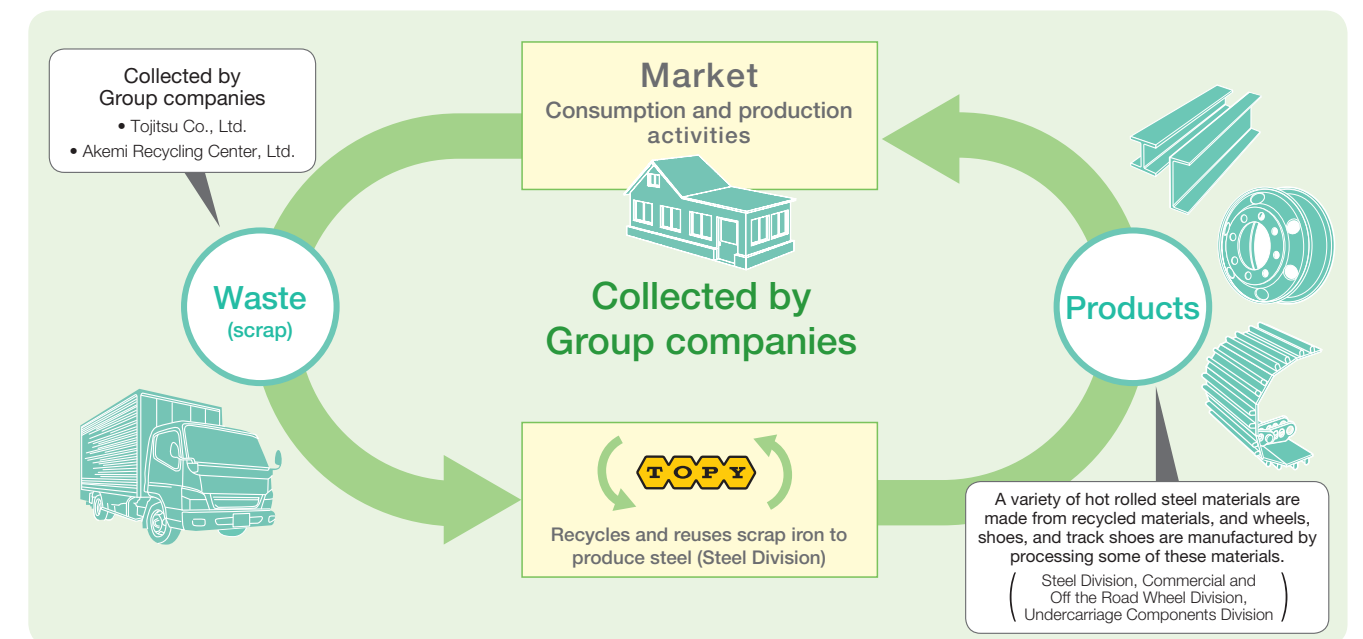
Nature of Our Business

Recycling

Topy Industries is a recycling corporation

Topy Industries manufactures steel products using scrap iron generated in the course of consumption and production activities around the world. In this business model, we have a vital role to play in production activities within society's recycling

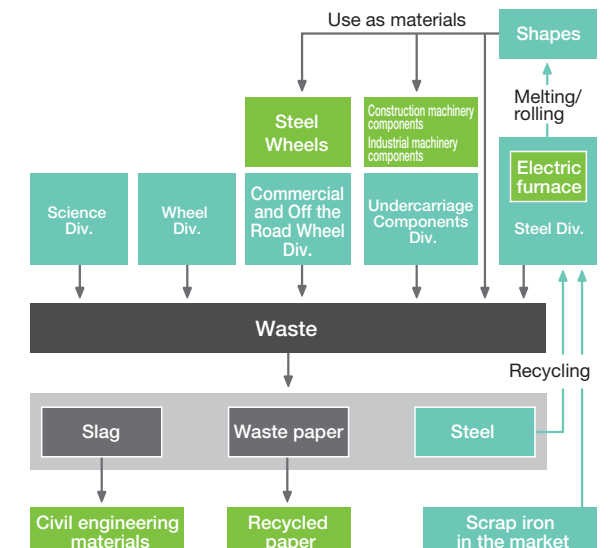
systems. Furthermore, we implement an original recycling system within our production flow for the reuse of resources.



Reuse of materials

At Topy Industries' Toyohashi Works, we produce various steel sections from molten steel made in an electric furnace. We have two sources of scrap iron, which is the major material for our steelmaking process: scrap gathered in-house and scrap procured externally. A substantial quantity of steel sections produced by the Steel Division is shipped to the Commercial and Off the Road Wheel Division and the Undercarriage Components Division to be used as raw materials in the production of various wheels and undercarriage components.

In-house recycling system





Environmental Initiatives

Business Opportunities

Recycling business (Akemi Recycling Center)

Recycling of end-of-life vehicles, end-of-life vending machines, and other waste

Akemi Recycling Center, Ltd. was established in 1991 as a member of the Topy Industries Group. Since then, the company has been recycling large volumes of iron scrap, end-of-life vehicles, and industrial wastes into major raw materials for producing steel and aluminum by making full use of its shredder plant, which is among the largest in Japan.

In 2004, Akemi Recycling Center and Topy Industries jointly developed a technology for recycling automobile shredder residue (ASR), which is generated when shredding end-of-life vehicles (ELVs), into an alternative to cokes used for electric furnaces. The companies established ASR recycling facilities and created the ideal recycling system that produces zero waste.

In 2013, Akemi Recycling Center significantly improved the quality of iron and nonferrous scrap obtained from ELVs and other industrial wastes by increasing the dust collection capacity of the shredder line and building a new line for screening out nonferrous metals.

The company also works to protect the environment by recovering CFCs from end-of-life vending machines and similar wastes while screening out fluorescent lamps and dry cells in advance.

Shredding and screening

ELVs, end-of-life vending machines, and other waste are crushed into tiny pieces with blades attached to a cylindrical drum that rotates at high speed in the shredder. The shredded pieces go through various screening processes in which they are sorted out into iron, nonferrous metals (e.g., copper and aluminum), and shredder dust (e.g., plastics and rubber)

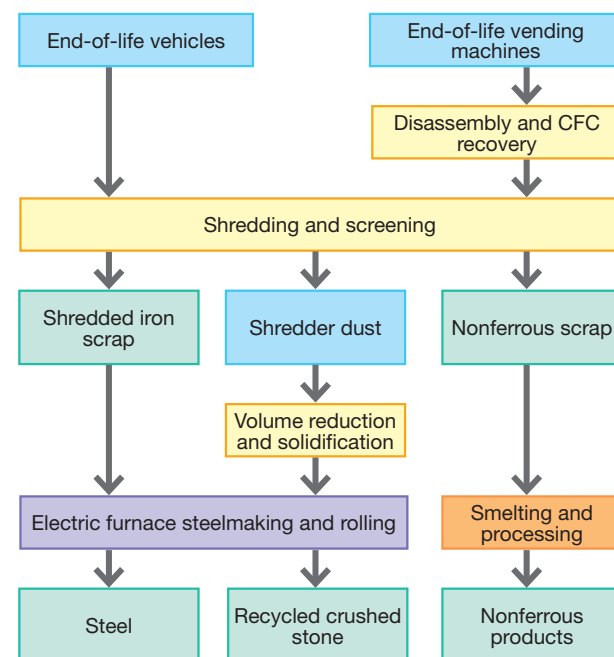


End-of-life vehicles and vending machines



Shredded iron scrap

Recycling flow chart



Volume reduction and solidification

Shredder dust is reduced in volume and solidified into shapes optimal for use in electric furnaces. The resulting product is used as an alternative to coke in the electric furnaces at Topy Industries' Toyohashi Works for thermal recycling.



A machine for reducing the volume of shredder dust and solidifying it



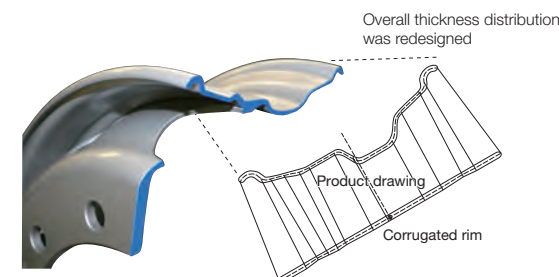
Combustion improver for electric furnaces

Development of Environmentally-friendly Products

Lightweight wheels

Helping improve fuel efficiency with about 15% lighter weight

Topy Industries has developed ISO-compliant wheels, which are about 15% lighter than corresponding conventional wheels, by combining an ECOD-processed disc with a corrugated rim created with the company's proprietary weight reduction technology. The corrugated rim is made from a rim section of an uneven thickness and corrugated tire-mounting surface, giving it optimal thickness distribution when roll-formed. The corrugated rim is a product of our integrated production system, which enabled us to combine our proprietary hot-rolling steel-making technologies with wheel analysis and design technologies. The ECOD disc is formed through cold spinning (rocking die forming) tubes made of steel plate. This enables a thinner, lighter disc while also ensuring the required strength.



Non-chrome pre-treatment of aluminum wheel painting

An industry first for chromium-free processing

Aluminum alloy wheels have long been surface-treated to achieve long-term corrosion resistance and anti-discoloring, and treatment with chromium was thought to be essential to confer anti-corrosion properties. However, in view of European environmental regulations, Japanese automobile manufacturers have turned their attention to surface treatments that avoid the use of heavy metals such as chromium. Topy Industries has spent substantial time on the study and technological development of alternative materials to replace chromium, and is the first in the industry to succeed in creating a chromium-free process.



Water-soluble coated tracks

Contributes to a significant reduction in environmental impact

Tracks used in the undercarriage of construction equipment are painted to prevent rust. While solvent-based paints have been used traditionally, we switched to water-soluble paints last year when a new crawler assembly line was built at Toyohashi Works. This has greatly reduced emissions of VOC (volatile organic compounds). In addition, the works has achieved integrated production of tracks from raw materials to finished products, significantly reducing transportation volume and contributing to a reduction in CO₂ emissions.



Ultra-large diameter wheel for mining dump trucks (SGOR®)

The world's largest wheel contributing to efficient mining operations and hauling

SGOR® (Super Giant Off-the-Road Rim) wheels are ultra-large diameter wheels that we have developed for dump trucks used at large mines across the world. Currently, the largest wheels available have rim diameter of 63 inches (about 1.6 m), are 44 inches (about 1.1 m) wide, and weigh as much as 2.83 tons each, making them about five times the diameter of ordinary passenger car wheels. SGOR® wheels meet the demanding requirements of mining applications in terms of functionality and hauling capacity, and contribute to reducing environmental burden.





Environmental Initiatives

Risk Response

Initiatives for Preventing Global Warming

Reduction of CO₂ emissions

Every Topy Industries factory undertakes a range of improvement activities appropriate to the products and production equipment it handles to achieve the CO₂ reduction target outlined in the Action Plan for Low Carbon Society stipulated by the Japan Business Federation. In FY2019, CO₂ emissions from energy sources at Topy Industries were 482,000 tons, which is below the FY1990 level set as the target. The amount of CO₂ emitted by Topy Industries is regularly reported to the relevant government authorities through data that includes emissions from its offices and emissions from energy management factories designated in the Revised Act on the Rational Use of Energy, which came into effect in FY2009. With regard to the Ayase Factory and the Kanagawa Factory in Kanagawa Prefecture, we submit our plans for counteracting global warming in our business activities in accordance with Kanagawa Prefecture's Law Concerning the Promotion of the Measures to Cope with Global Warming. In FY2010, we began reporting the actual CO₂ emissions and improvements that we have made in accordance with our reduction plan. For the Toyohashi Works and the Toyokawa Factory in Aichi Prefecture, we submit our plans to tackle global warming in accordance with Aichi Prefecture's Law Concerning the Promotion of the Measures to Cope with Global Warming.

To further promote energy saving, Topy Industries has implemented the Energy Conservation Meister Program at all companies since FY2018. Energy Conservation Meisters propose and give advice on tasks to all employees up to factory manager level at their production sites, while also promoting energy-saving activities throughout the site. The Kanagawa Factory, which was the first site to implement the Energy Conservation Meister Program, received the Chairman of the Energy Conservation Center, Japan Award in the Best Practice Category of the Energy Conservation Grand Prize for FY2017, which is hosted by the Energy Conservation Center, Japan and sponsored by the Ministry of Economy, Trade and

Industry, while the Energy Conservation Meister who led the way was awarded the Chairman's Prize for Meritorious Achievements of the Kanto District Electric Use Rationalization Committee in FY2019.

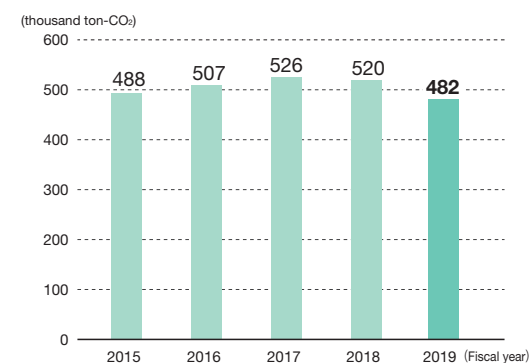


Taking on the challenge of achieving a decarbonized society

Topy Industries is participating in Challenge Zero, a new project launched by the Japan Business Federation (Keidanren) in FY2019. Challenge Zero is an initiative by Keidanren in collaboration with the Japanese government to address climate change and encourage innovative actions to achieve a decarbonized society. Topy Industries is taking on the challenge of achieving zero carbon through the Energy Conservation Meister Program.

Pilot introduction of a solar power generation facility

We are promoting Energy Saving Action 2020, which aims to preserve the global environment through energy conservation. As part of the Promotion of Energy Efficiency Investments, the main initiative of Energy Saving Action 2020, we have experimentally deployed a solar power generation facility at the Toyohashi Works and began assessing it in March 2014. The facility has a total solar panel area of 270 m² and estimated output of some 46,000 kWh per year. In the pilot deployed, three different panels (single-crystal panel, multi-crystal panel, and CIS panel) were installed at the same time to compare output and power generation characteristics. In another experiment, we laid oxidized slag aggregates produced in-house on the ground of the pilot facility to check their effectiveness for preventing weeds and their effects on the pilot equipment and its power generation performance. Through these and other initiatives, we are striving to help protect the global environment in a variety of ways.

CO₂ emissions from energy sources (Topy Industries)

Biodiversity Preservation

Biodiversity initiatives

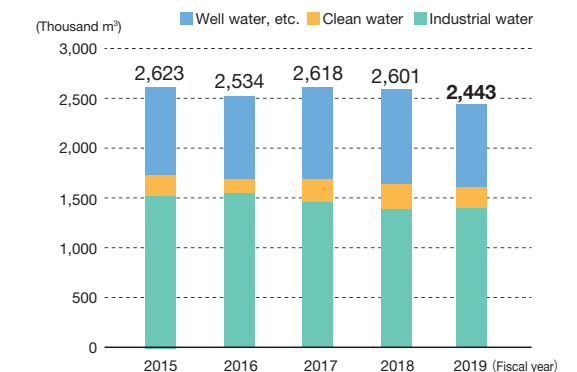
The business and manufacturing operations of Topy Industries do not involve activities such as deforestation and other activities that may disrupt the ecosystem. We recognize that biodiversity conservation and global warming prevention are essential for a sustainable society. As a part of efforts to conserve biodiversity and forest resources in developing countries, we encourage the use of paper made from domestically-produced materials and recycled paper.

Water resource conservation initiatives

To conserve water resources, Topy Industries is working to reduce water consumption by circulating and reusing cooling water at its factories. Also, to prevent environmental pollution,

we are using treatment facilities to purify our drainage to within environmental regulatory limits.

Water consumption (Topy Industries)

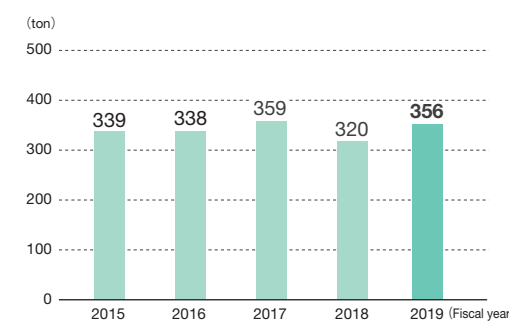


Chemical Management

Substance emissions and management under the PRTR Act

In accordance with the PRTR Act (the Pollutant Release and Transfer Register Act; the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management thereof), business entities that handle chemical substances are obliged to manage and report to administrative offices the amount of environmental emissions and transfers of chemical substances that are hazardous to humans and ecosystems at each of their business sites. Based on this system, we submit annual reports to the respective regulatory bodies while also using this process to continuously manage chemical substance and emission reductions. FY2018 saw a reduction over FY2017 as planned, and further systematic reductions will be made.

Total amounts of environmental releases and transfers of substances regulated under the PRTR Act (Topy Industries)



Air pollution prevention initiatives

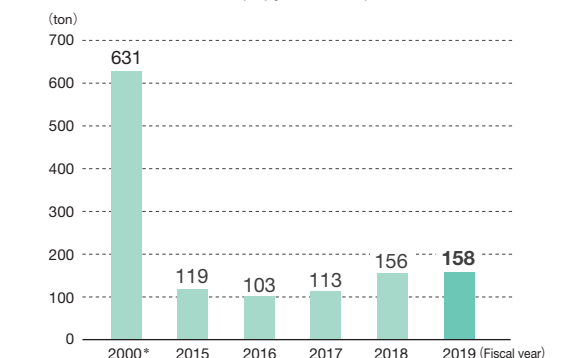
With the revision of the Air Pollution Control Law in May 2004, it became necessary to comply with regulations governing VOC emissions, and a reduction of 30% compared to FY2000 on a year-on-year basis was presented as the domestic reduction target by the end of FY2010.

As a proactive approach for the prevention of air pollution, Topy Industries voluntarily measures VOC concentrations from VOC generating facilities at its four major factories while also reviewing actions items related to production technologies for the reduction of emissions.

In FY2019, VOC emissions were about the same as in FY2018. However, the emissions level—roughly a 75% reduction compared to the FY2000 level—was far below the guideline level established in the Air Pollution Control Act.

We will continue striving to reduce the emissions in a well-planned manner.

Total amounts of environmental releases and transfers of VOC (Topy Industries)



*Figures for 2000 do not include Toyohashi.



Environmental Initiatives

Risk Response

Initiatives for Reducing Waste (Topy Industries)

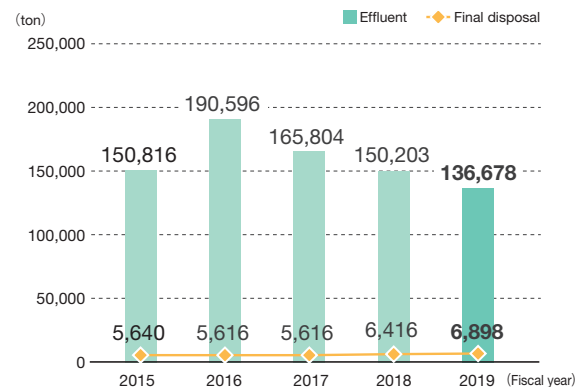
Waste reduction and recycling

A part of the metal scrap (steel) generated during production activities is reused directly in-house as a raw material in electric furnaces. As for other waste, we are engaged in reducing final waste disposal volumes through re-resourcing efforts such as collecting scrap iron and collecting zinc from melted dust. Oxidized slag generated from steelmaking is recycled and reused for civil engineering and concrete materials.

The amount of discharged industrial waste decreased about 9% year-on-year in FY2019 due to a drop in crude steel production, among other factors.

We continue to promote recycling and reduce final disposal volumes of industrial waste by expanding and improving our 3R activities.

Industrial waste emissions (Topy Industries)



Metalworking oil recycling through purification

Topy Industries uses various types of metalworking oil in its manufacturing processes, and the reuse of such oil has become one of the major concerns in terms of environmental impact. At the Ayase Factory, used metalworking oil is purified and reused. We plan to deploy this system at all other factories.

Effective utilization of electric furnace slag (electric furnace oxidized slag aggregate)

Toyohashi Works has deployed a slag cooling facility and crushing facility to separate, treat, process, and recycle oxidized slag generated within the electric furnace during the refining process, and has reduced the slag discharged from the ladle after continuous casting subsequent to the refinery process. In April 2013, the factory obtained "JIS A 5011-4: Slag aggregate for concrete Part 4: Electric arc furnace oxidizing slag aggregate" certification. In December 2013, the factory acquired another certificate for the Revised JIS A 5011-4 and started to produce and sell electric furnace oxidized slag aggregate for concrete.

Oxidized slag aggregate has a larger specific gravity than natural materials such as sand and gravel which have traditionally been used as concrete aggregate materials, and we therefore expect slag to be used for heavy concrete aggregate such as wave dissipation blocks. Increasing sales of oxidized slag aggregate for concrete reduces the extraction of natural aggregate materials and thus mitigates its impact on the natural environment while also curbing energy consumption. We will continue working to reduce our environmental load by reviewing our business activities.

Effective utilization of electric furnace slag (electric furnace slag for recycled road-bed material)

The electric furnace slag for recycled road-bed materials (product name: ECO Stone™) is a recycled roadbed material made by crushing, sheaving, and mixing oxidized slag and reduced slag. The ECO Stone™ obtained a license on August 31, 2014 under the Aichi Prefecture Recycle Materials Evaluation System (pet name: AIKURU), which started in 2002. The license certifies that the materials meet quality, performance, and environmental safety requirements, and that they can be used for public works (Certificate Number: 2)-201).

ECO Stone™ passes environmental standards by a wide margin in terms of elution and inclusion of hazardous materials.



Social Responsibility

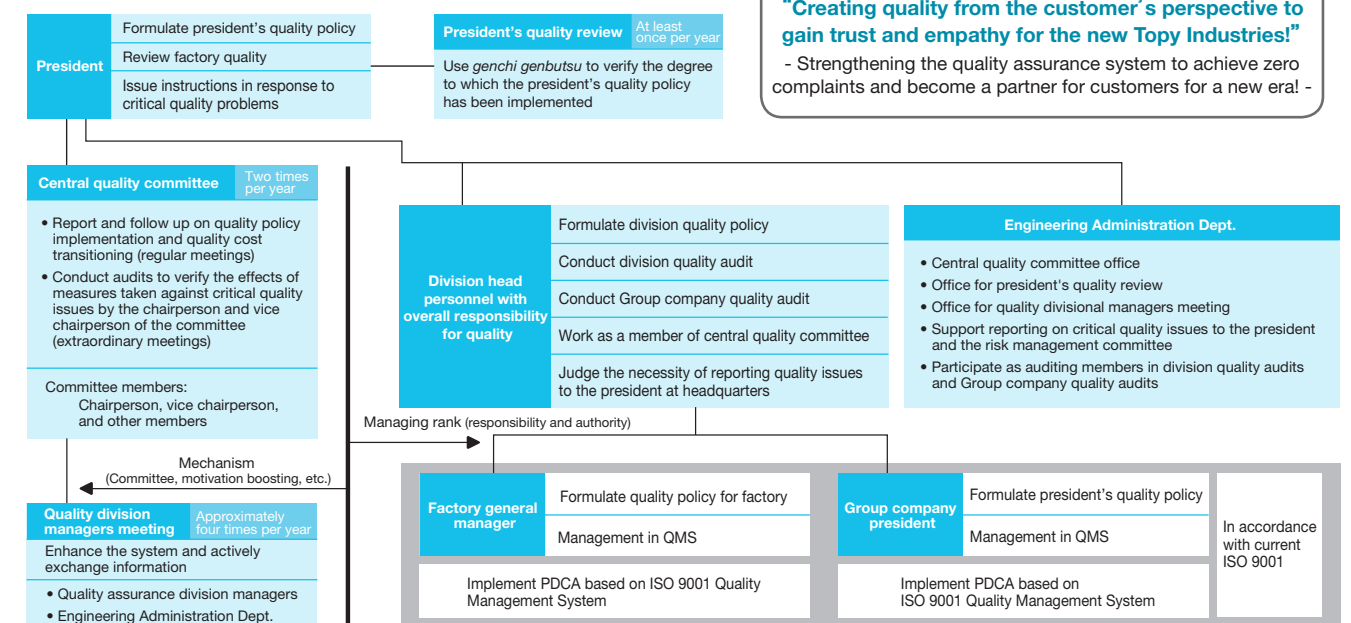
Relationship with Customers

Quality Assurance Philosophy

Topy Industries is committed to making customers its first priority and strives to contribute to society by delivering safe and high-quality products and services that always satisfy customers, while continuously improving the effectiveness of its quality management system (QMS).

1. Always anticipate the expectations and needs of customers ahead of time, react to their requirements promptly and precisely, and continue to introduce and deliver quality products and services that satisfy customers
2. Focus on building quality in the design and development stages, and stabilize product quality while improving reliability
3. Recognize the importance of education and training and enhance the quality awareness of all employees at the company
4. Recognize that quality defects are caused by multiple factors and promptly investigate the true causes of problems to make substantial improvements

Quality Management Structure



Topic Received the Gold award in the EcoVadis (France) CSR rating

Our Toyohashi Works received the Gold award, as one of the top 6% of approximately 65,000 companies surveyed worldwide, in the CSR rating by EcoVadis, a French sustainability and supply chain rating organization.

EcoVadis's CSR rating is a comprehensive assessment in four areas: environment, labor and human rights, ethics, and sustainable procurement. We have received a particularly high rating in the environmental field for our proactive efforts to reduce our environmental impact.



Topic Received the highest level of SQEP certification from Caterpillar (US) for the eighth consecutive year

For the eighth consecutive year, we have been certified as a Platinum Level supplier of wheels for mining vehicles in Caterpillar's (US) 2019 SQEP* (Supplier Quality Excellence Process). We also received the Platinum certification as a supplier of undercarriage components for construction machinery, which means we received the highest rating in two categories. Out of more than 8,000 suppliers, we are one of only three that have achieved platinum certification for more than eight consecutive years.

In addition, we have received awards as an excellent supplier of automotive wheels from organizations including Daihatsu Motor Co., Ltd., Honda of America, and FCA.

*SQEP: Supplier Quality Excellence Process





Social Responsibility

Relationship with Society

Contribution Through Business Products with high work efficiency

TACoil®
deformed reinforcing bars

TACoil® is an advanced solution to problems faced by users in rebar industry, such as labor shortages, processing losses, and storage space.

- (1) Product name : TACoil®
 (2) Sizes : D10, D13, D16
 (3) Weight: 1 ton, 2 tons, 3 tons
 (scheduled to be developed during FY2020)
 (4) Features:
- 1) Combined with an NC processor, it significantly increases processing efficiency and resolves labor shortages.
 - 2) It is capable of minimizing the loss generated during the process and increasing the yield rate.
 - 3) Highly dense and compact, it saves storage space while enabling excellent transportation efficiency.
 - 4) Maintains the same performance as existing deformed reinforcing bars even when used as a straightened bar.



Densely rolled compact coil is drawn and put into the NC processor.



NC processor



Examples of a TACoil® processed with an NC processor

Crawler mechanism for moving left, right, forward and backward
AGV Sekisyu CRAWLER

We are making further improvements to spread this product in a wide range of areas to reduce labor shortages and heavy-duty labor, which have become a major issue in various industries. Examples of applications include conveying goods in logistics warehouses and transporting materials at construction sites.



Features

- 1) The crawler type can smoothly carry heavy loads with its unique traversability, even on uneven terrain.
- 2) Reduces power consumption to reduce the amount of heavy-duty labor at job sites, and at the same time, improves safety by preventing the cart from tipping over and avoiding accidents where workers get their fingers and hands caught in the cart.
- 3) It is possible to run more than one machine automatically.



Examples of use for saving labor at existing work sites

- Conveyance in a warehouse or outside from one factory to another



Proposals for improving the safety of cart transport

- Automation of cart transport in various warehouses, improving safety by conserving power and manpower



Contribution to Local Communities

Activities Being Conducted at Each Site

■ (Head Office) Support for the Shinagawa Kids' Cafeteria Network

Of the Head Office's stocks of emergency provisions for disasters, we donated 600 meals that are one year from expiration to the Shinagawa Kids' Cafeteria Network, an organization run by the Shinagawa City Council of Social Welfare. We will continue making such donations to help combat food waste and contribute to local communities through such new CSR activities.



■ (Toyohashi Works) Certified as an Aichi Brand Company

Toyohashi Works was recognized as an Aichi Brand Company by Aichi Prefecture, which recognizes outstanding manufacturing companies in the prefecture. Since 2003, Aichi Prefecture has been working to develop Aichi's manufacturing into a global brand, and 386 companies in the prefecture have been certified to date.



■ (Toyokawa Factory) Joint fire drills with the city of Toyokawa

In conjunction with the Toyokawa City Fire Department, we conduct fire drills simulating the outbreak of a fire every year. These joint drills help us to build a robust system of mutual assistance with local communities while ensuring their safety and strength.



■ (Ayase Factory) "Agreement on the Use of Facilities during Disasters" signed with the city of Ayase

As part of the Ayase City Urban Development Plan for Disaster Readiness, in July 2018 we signed an agreement with the city that allows it to use our Ayase Factory in the event of a disaster. The city can now use the factory as a temporary shelter for victims of earthquakes or other disasters.



Tours for Elementary and Junior High School Students

■ Workplace visits for junior high school students

Our Head Office accepts junior high school students from all over Japan for company visits as part of the career education support activities conducted by the NPO School Support Center. In addition, at the Toyohashi Works, we made visits to local junior high schools as part of a career education project sponsored by the Toyohashi Chamber of Commerce and Industry to give students an opportunity to learn about the company and the products it manufactures. We hope this effort helped to broaden the students' view of society and benefit them in the future.



■ Factory tour for elementary school students

As part of our efforts to communicate with local communities, our factories provide tours to local elementary schools and other such organizations. Allowing participants to see, touch, and feel where products are made, the tours have been very popular experiences.

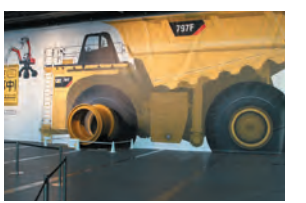


Support for cultural activities and sports

As a good corporate citizen, we continue to support cultural activities and sports in a low-profile manner by working together with local communities.

In cultural activities, we have sponsored exhibitions and other events related to our business, including the special exhibition "Deep Sea" as well as the planned exhibition "Under Construction!"

In the field of sports, we have been an official sponsor of the San-En Neophoenix, a professional basketball team in the B. League since FY2018. We will continue to engage in support activities for revitalizing local communities and other purposes.



SGOR®, ultra-large diameter wheels for mining dump trucks, as shown during the "Under Construction!" planned exhibition





Social Responsibility

Relationships with Employees

Initiatives for Employees

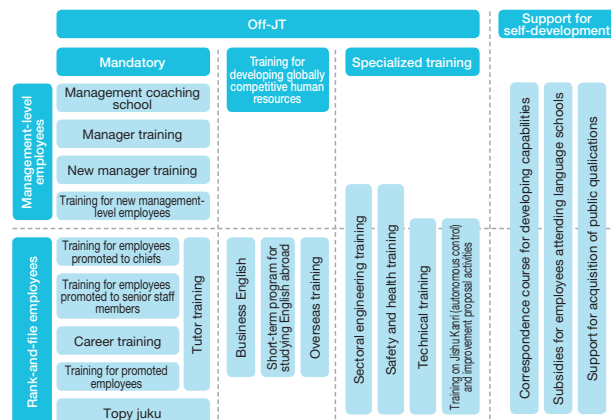
Human Resource Development

Our philosophy and basic policy on human resources development

The Topy Industries Group declares in Article 3 of the Code of Conduct (for the benefit of employees) that it will “Respect the individual character and personality of employees, and provide safe working environments that allow them to work with enthusiasm, and attain fulfilling lives.” We promote initiatives for reinforcing our human resources in the belief that they are our greatest asset and that improving their capabilities creates our value itself.

- Create human resources (human assets) who continue to develop
- Strengthen employees' capability to respond to environmental changes
- Support employees in their autonomous career development
- Continue to produce future business leaders
- Create an organizational environment that permits diverse human assets to work actively in various ways

Training Programs (Topy Industries)



New employee training

We provided Topy Juku, a new employee training program, for a period of about four months. In FY2019, the training was provided to 23 trainees, who were allocated to different factories to receive on-the-job practical training and telework training. The on-the-job training saw participants learn the fundamentals of manufacturing through actual tasks at production sites, while in the practical training they took part in continuous improvement activities under the guidance of senior workers. After the completion of Topy Juku, a debriefing session on the training was held at the headquarters, and all of the trainees reported on their achievements from the training.



Global HR development

In FY2017, we introduced Long-Term Overseas Training with the aim of developing young employees who can demonstrate their capabilities in the different cultural environments of other countries. The employees who undergo this training are dispatched to overseas group companies as trainees and receive practical on-the-job training under the guidance of local managers in accordance with a training plan, thereby experiencing and learning about overseas work. They also acquire the ability to communicate in different languages, along with intercultural skills.



Presentation of trainee accomplishments at the production facilities management functions division of Topy America, Inc.

[Outline of the program]

Period: One year
Destination: Overseas group company
Requirement for trainees: TOEIC® score of 600 or higher



Diversity Initiatives

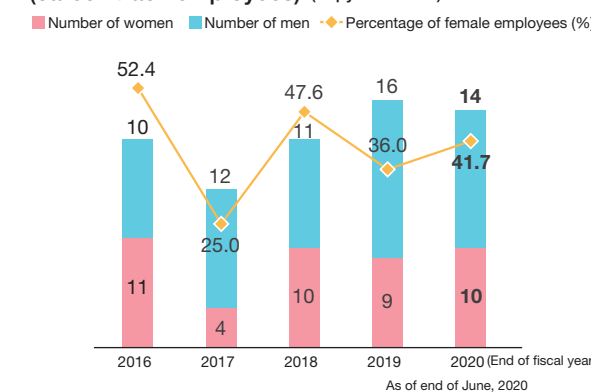
Support for women's empowerment

Topy Industries stipulates that it shall “Respect the individual character and personality of employees” in the Topy Industries Group Corporate Code of Conduct and implements initiatives for promoting the active participation of female employees as a measure for promoting diversity. As one of the initiatives, we launched a diversity promotion project in FY2014. In this project, we identified new issues and determined measures to be taken by FY2015, and enhanced related programs and introduced measures related to career development support. At present, we are carrying out an action plan targeting the following, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, with the aim of allowing female employees to participate actively and fulfill their

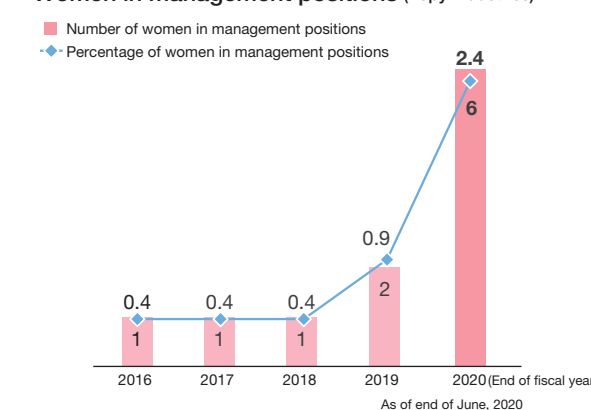
potential. (Plan period: April 1, 2016 to March 31, 2021)

- We will maintain the percentage of women among new recruits (career-track employees) at 40% or higher.
- We will proactively support employees' career development. We will increase the percentage of women among management-level employees (executives) five-fold compared to the current level.

Percentage of women among new recruits (career-track employees) (Topy Industries)



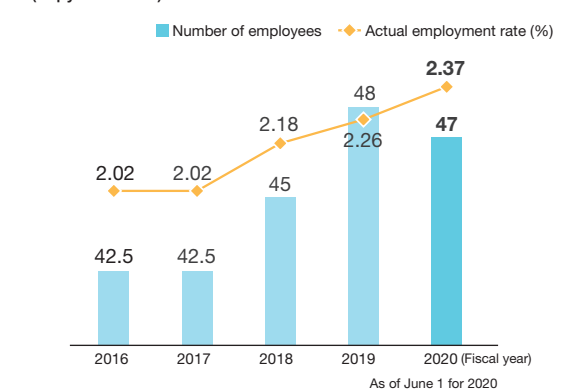
Women in management positions (Topy Industries)



Promoting employment of people with disabilities

Topy Industries actively employs people with disabilities, and with an employment rate of 2.37% (as of June 1, 2020), the company is above the legal employment rate (2.2%). In the same manner as other employees, employees with disabilities are employed in a variety of workplaces, from the manufacturing floor to the administrative division, according to their individual aptitudes.

Employment of people with disabilities (Topy Industries)



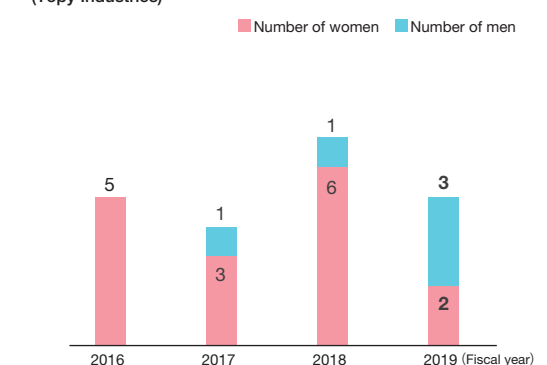
Work-life Balance Initiatives

Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children

We are implementing an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children with the aim of enabling all employees to fulfill their potential by balancing work and childcare. (Plan period: July 1, 2015 to March 31, 2025)

- Increase the rate of taking childcare leave to the standard or a higher level during the plan period.
Male employees: Achieve the rate of taking childcare leave of 7% or higher.
Female employees: Achieve the rate of taking childcare leave of 75% or higher.
- We will examine and develop systems to enable employees to achieve a work-life balance and promote flexible work styles.

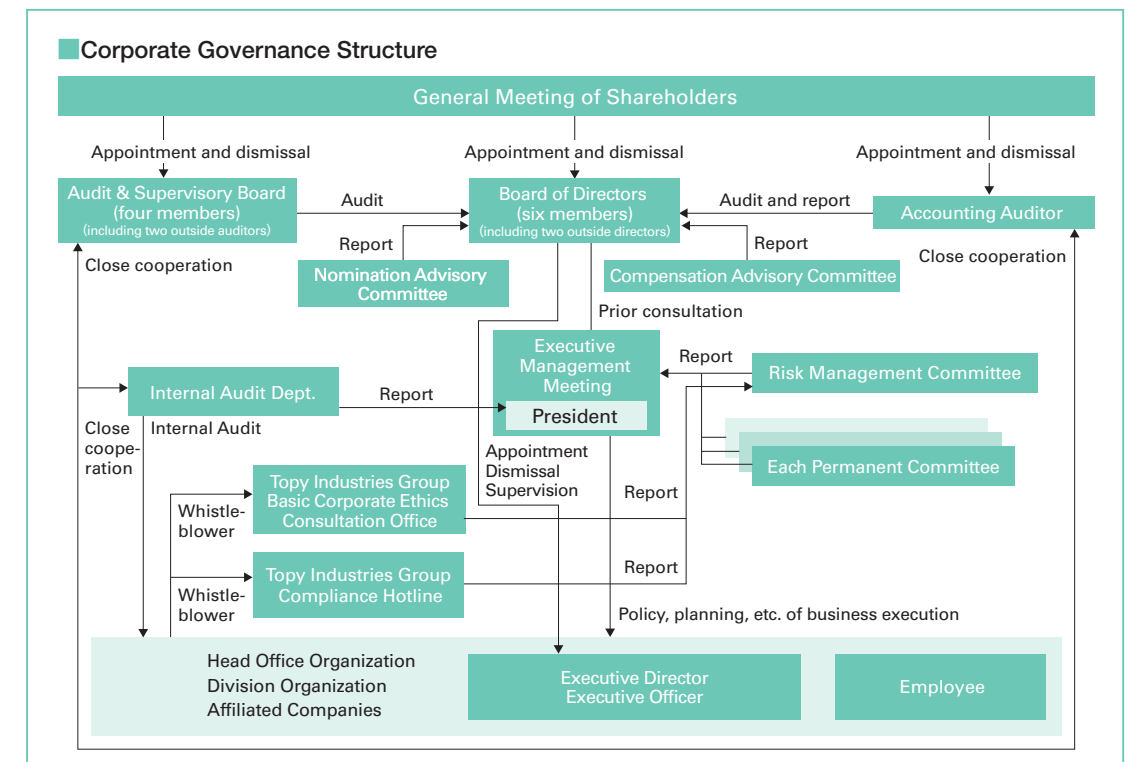
Number of employees taking childcare leave (Topy Industries)



Efforts to Improve ES (employee satisfaction)

(1)	Mentor program	(12)	Discussions with managers
(2)	Corporate culture improvement workshop for managers	(13)	Encouraging interpersonal greeting
(3)	Workplace culture survey	(14)	Activity-Based Working (ABW) implementation
(4)	Topy Cafe sessions (general employee meetings)	(15)	Self-led measures by committee-member departments
(5)	Manager meetings	(16)	Installation of engagement bookshelves
(6)	Operational improvement activities	(17)	Promotion of 5S in the workplace
(7)	Thanksgiving activities	(18)	Deployment of IT tools to support sales
(8)	Women's meetings	(19)	Re-examination of age restrictions for bachelor dormitories
(9)	Inter-departmental mixers		
(10)	Department self-introduction sessions		
(11)	Anniversary Leave program implementation		

Manufacturing site	Total working hours	Number of accidents	Frequency (%)	Severity (%)
Kanagawa	432,530	0	0	0.00
Ayase	887,134	6	6.76	0.06
Toyohashi	1,573,902	2	1.27	0.10
Toyokawa	769,453	1	1.30	0.00
Total	3,663,019	9	2.46	0.06



Corporate Governance

Outside Officers

Independence of Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members)

In accordance with independence standards established by financial instruments exchanges in Japan, the company determines the independence of its outside officers (outside directors and outside Audit & Supervisory Board members) based on their interests in the company, which include personal relationships, capital ties, and business relationships with the company. The company deems all of its officers to be independent and has notified financial instruments exchanges of such.

Compensation for Directors and Audit & Supervisory Board Members

Basic Policies

In accordance with its basic principle of improving company performance and value, the company uses compensation standards and a compensation system appropriate to individual employees' job responsibilities. The company also uses survey data compiled by outside experts to improve the objectivity of compensation standards.

Procedure for Determining Compensation

The Compensation Committee deliberates on the level of Board member compensation, which is determined by considering the compensation policy, the business performance of the company, and other factors. Based on the results of the deliberation, the amount of compensation for each director is determined by the Board of Directors, and that of each member of the Audit & Supervisory Board is determined through deliberation by all members of the Audit & Supervisory Board within the total amounts of compensation for which resolutions were passed in advance at the General Meeting of Shareholders.

Incentive Compensation System and Compensation Composition

Compensation types	Details of compensation	Performance indicators	Payment model
Performance-based stock compensation (medium to long term incentives)	<ul style="list-style-type: none">The amount of this compensation is linked to the level of achievement of the Medium-Term Management Plan.The standard amount of this compensation is 5% of the basic compensation, varying from 0% to 10%.	<ul style="list-style-type: none">Level of achievement of performance indicators set in the Medium-Term Management Plan, including net sales, operating profit, profit attributable to owners of parent, operating profit on sales, operating margin, ROE, ROA, and debt equity ratio.	Stocks, cash
Performance-based compensation (short-term incentives)	<ul style="list-style-type: none">This is linked to company performance and individual performance in the previous fiscal year.The standard amount of this compensation is 30% of the basic compensation, varying from 0% to 75%. The portion based on the company's business performance ranges from 0% to 65%, while that based on individual performance ranges from 0% to 10%.	<ul style="list-style-type: none">One is the result of quantitative evaluation, which is calculated based on return on equity (ROE) as the key indicator, and the level of achievement of performance indicators such as return on assets (ROA), operating profit on sales, and debt equity ratio. The other is the result of qualitative evaluation, which is determined in consideration of management activities and other situations.Level of achievement of individual missions	Cash

Compensation for Outside Directors and Audit & Supervisory Board Members

Compensation for outside directors and members of the Audit & Supervisory Board consists of only a fixed basic compensation. This is in consideration of their independent position, which is unaffected by the company's business performance.

Position	Total amount of compensations (million yen)	Amount of compensation by type (million yen)			Number of subject officers
		Basic compensation	Bonus	Stock-based compensation	
Directors (excluding outside directors)	228	222	—	6	4
Members of the Audit & Supervisory Board (excluding outside members)	47	47	—	—	2
Outside officers	42	42	—	—	4

Internal Control and Risk Management System

Internal Control Systems in General

To ensure the effectiveness of the internal control systems of Topy Industries and its Group companies, and to make continuous improvements to these systems, the company's Internal Audit Department monitors Topy Industries Group companies for compliance with internal control rules established by the Companies Act and Financial Instruments and Exchange Act based on the company's annual auditing policies and plans.

Compliance System

We have formulated the Group Basic Philosophy and the Group Code of Conduct and ensure that all the officers and employees of the Topy Industries Group are familiar with them through such means as our websites, in-house newsletter, and Group Compliance Guidebook. Moreover, under the leadership of the Risk Management Committee of the company, employees in each department of the company and Group companies formulate annual activity plans to ensure full compliance, engage in compliance improvement activities, and share relevant information. In addition, company divisions that include those supervising compliance provide a range of compliance education to employees at each level of the Topy Industries Group. Regarding the whistle-blowing system, the Rules concerning the Topy Industries Group Basic Corporate Ethics Consultation Office and the Topy Industries Group Compliance Hotline stipulate that reports and consultations from employees are held in strict confidence and will not become the basis for any unfair treatment. We also provide outside counsel as recipients of such reports and consultations.

Risk management system

Under the leadership of the Risk Management Committee of the company, employees in each department of the company and group companies formulate annual activity plans for risk management and engage in risk management improvement activities. When an issue related to risk management occurs or is likely to

occur in the Topy Industries Group, it is reported to organizations including the Risk Management Committee, with the necessary instructions provided through the risk management system. The activities of the Risk Management Committee are reported to the Board of Directors to confirm their effectiveness. In the event of a major disaster, a special task force headed by the Representative Director and President is established to respond to the situation. We also work to improve the earthquake resistance of company buildings and production facilities while regularly conducting drills and other activities to cope with emergencies.

Execution of duties by Directors

The Board of Directors resolves matters required by laws and regulations or the articles of incorporation, as well as important issues of the company as stipulated in the Board of Directors Regulations. Moreover, prior deliberations of matters to be resolved by the Board of Directors are held at the Executive Management Meeting, which comprises the Executive Directors and others. Prior explanations of the agenda for Board of Directors Meetings are provided to Outside Directors who do not attend the Executive Management Meeting. In addition, the company endeavors to ensure efficient deliberations by the Board of Directors and rationality in the course of its decision-making by means such as establishing Bylaws concerning Preparation of Agenda Documents for Board of Directors Meetings.

Business management of the group companies

In accordance with the Group Company Management Regulations, the division of the company supervising the group companies receives reports therefrom regarding their business policies, plans, results and other matters as necessary, while important matters are resolved at Executive Management Meetings or Board of Directors Meetings. In addition, the company promotes the autonomous management of each group company and conducts management soundness evaluations to ascertain business results and risk management status, among other aspects, of each group company for every fiscal year. Based on the results of such evaluations, the division of the company supervising the group companies provides instructions and support to the group companies.

Audits by the Audit & Supervisory Board

Through Board of Directors Meeting attendance, as well as by Executive Management Meeting and other important meeting attendance by full-time members of the Audit & Supervisory Board, Audit & Supervisory Board members receive reports on the activities of such organizations as the Internal Audit Department and Risk Management Committee and other matters that have a significant influence on the Topy Industries Group. In addition, the Representative Director and Audit & Supervisory Board members hold regular meetings to exchange opinions. Information sharing sessions are also conducted among outside directors and Audit & Supervisory Board members. When an issue related to risk management occurs or is likely to occur in the Topy Industries Group, it is also reported to Audit & Supervisory Board members in accordance with the Group Risk Manage-

ment Regulations. In addition, the company has developed a structure in which whistle-blowing is reported to Audit & Supervisory Board members in accordance with the Rules Concerning the Topy Industries Group Basic Corporate Ethics Consultation Office and the Topy Industries Group Compliance Hotline.

Information Disclosure

Adequate information disclosure

Article 2 (For the benefit of society) of the Topy Industries Group Corporate Code of Conduct stipulates that the Group will "Communicate widely with society as well as shareholders and proactively disclose corporate information fairly and appropriately. Cooperate with local communities and be philanthropically active as a good corporate citizen." From the standpoint of securing management transparency we are endeavoring to disclose corporate information in a fair and equitable manner in accordance with the related laws and regulations such as the Financial Instruments and Exchange Act.

Initiatives to vitalize general meetings of shareholders

We are taking the following initiatives to vitalize general meetings of shareholders as a place for communication among the company, shareholders, and investors and to facilitate the seamless exercising of voting rights:

- (1) Enrichment and early dispatch of notice to convene general meetings of shareholders
- (2) Use of the internet for notices to convene general meetings of shareholders
- (3) Exercise of voting rights via the internet
- (4) Preparation of notices to convene general meetings of shareholders in English (summary)

Financial results briefings

We believe that the opportunity for our top executives to directly explain our management plan and financial results helps us earn the trust of our investors. Such sessions are held after financial results are disclosed at the end of the second quarter and at the end of the fiscal year for analysts and institutional investors. The president himself presents our financial results as well as our medium to long term consolidated management plans. This management plan session can be watched via streaming from the IR Library on our website for shareholders and investors.

Financial results briefings held in FY2019

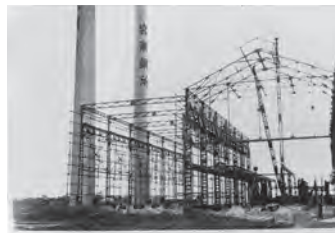
Date	Content	Number of participants
November 20, 2019	2Q financial results briefing	25 members
June 2, 2020	Full-year financial results briefing	(*)



(*) Held online to prevent the spread of the coronavirus

Our History

1936



Open hearth furnace plant under construction at Miya Steelworks

1958



View of Toyohashi Steel Mill Plant at Toto Steel Mfg., Co., Ltd.

1964



Signing ceremony for the merger of four companies

1985



Topy International, Inc. (current Topy America, Inc.)

1991



Kimi to Boku Hall at Toyohashi Works

2008



Concluded an agreement with Nippon Steel Corporation to strengthen general business cooperation

2013



Topy MW Manufacturing Mexico S.A. de C.V. was founded

2010

2011

Topy Undercarriage (China) Co., Ltd. was founded

2013

PT. Topy Palingda Manufacturing Indonesia was founded
PT. Topy Undercarriage Indonesia was founded
Topy MW Manufacturing Mexico S.A. de C.V. was founded

2014

PT. Topy Undercarriage Indonesia commenced operation
The new steel making plant commenced commercial operation at Toyohashi Works

2015

Topy Fasteners Mexico S.A. de C.V. was founded

2016

The business and capital alliance with MW Italia S.R.L. was strengthened

2017

WIL Car Wheels Ltd., a joint venture with Wheels India Limited, was established (India)

2018

Ring Techs Co., Ltd. was made into a wholly-owned subsidiary
Asahi Tec Corporation was made into a wholly-owned subsidiary

1920

1921

Miya Steelworks (predecessor of Toto Steel Mfg., Co., Ltd.) was founded

1922

Miya Steelworks succeeded in hot-rolling of steel sashes

1926

Tokyo Shearing Co., Ltd. (predecessor of Toto Steel Mfg., Co., Ltd.) was founded

1930

1930

Teikoku Hatsujo Seisakusho (predecessor of Japan Motor Wheel Co., Ltd.) commenced production of prototype steel wheels for automobiles

1934

Tokyo Sharin Seisakusho Co., Ltd. (predecessor of Japan Motor Wheel Co., Ltd.) was founded

1940-1950

1941

Tokyo Sharin Seisakusho and Abe Tekkosho Co., Ltd. merged to form Japan Motor Wheel Co., Ltd.

1943

Miya Steelworks and Tokyo Shearing Co., Ltd. merged to form Toto Steel Mfg., Co., Ltd.

1955

Toto Zoki Co., Ltd. was founded

1956

Toto Tekko Co., Ltd. was founded

1958

Toyohashi Steel Mill Plant of Toto Steel Mfg., Co., Ltd. (current Toyohashi Works of Topy Industries, Ltd.) was established

1960-1970

1961

Chigasaki Seisakusho of Toto Zoki Co., Ltd. (current Kanagawa Factory of Topy Industries, Ltd.) was established
Toyokawa Plant of Japan Motor Wheel Co., Ltd. (now Toyokawa Factory of Topy Industries, Ltd.) was established

1964

Ayase Plant of Japan Motor Wheel Co., Ltd. (current Ayase Factory of Topy Industries, Ltd.) was established
Japan Motor Wheel Co., Ltd., Toto Steel Mfg. Co., Ltd., Toto Zoki Co., Ltd., and Toto Tekko Co., Ltd. merged to form Topy Industries, Ltd.

1969

Topy International, Inc. (current Topy America, Inc.) was founded

1972

Technology Research Center (current R&D center) was opened at Toyohashi Works

1977

Sales of synthetic mica started

1980

1980

Concluded a technical assistance agreement with PT. Inkoasku (Indonesia)

1982

Concluded a technical assistance agreement with PT. Palingda Nasional (Indonesia)
Developed tubeless tire wheels for heavy- and medium-duty trucks and buses at Ayase Factory
Super-Giant Off-the-Road Rim (SGOR®) vehicle wheels for mining dump trucks were developed

1985

Topy Corporation (current Topy America, Inc.) was founded

1987

Succeeded in the practical application of high-quality synthetic mica for cosmetics

1988

Concluded a technical assistance agreement with PT. Pakoakuina (Indonesia)

1989

A plant for undercarriage components for construction equipment commenced operation at Toyohashi Works

1990

1990

Akemi Plant of Toyokawa Factory commenced operation

1991

Kimi to Boku Hall was completed at Toyohashi Works

1992

Kurate Plant of Toyokawa Factory commenced operation

1995

A mill for deformed concrete bars commenced operation at Toyohashi Works

1998

Obtained ISO 9001 certification at all production sites

1999

Topy International, U.C.A. Inc. (current Topy America, Inc.) was founded
ISO 14001 certification was obtained for all production sites

2000

2000

Akemi Electric Power Ltd., which engages in the power supply business, commenced operation

2003

Took a stake in Fujian Yuan Shing Topy Ltd. (current Fujian Topy Auto-parts Co., Ltd.)

2004

Hamura Plant of Ayase Factory commenced operation

2007

Topy America, Inc. was founded (merger of Topy International, Inc., Topy Corporation, and Topy International U.C.A. Inc.)
Head Office moved to Osaki, Shinagawa-ku, Tokyo

2008

Science Division was established
Concluded an agreement with Nippon Steel Corporation to strengthen general business cooperation

Management Team



Representative Director and President Nobuhiko Takamatsu

1979 Joined Nippon Steel Corporation
2011 Executive Officer General Manager, Head of Division, Ironmaking Technology Division, Nippon Steel Corporation
2012 Advisor, Nippon Steel Corporation; Executive Officer in charge of technology/quality, Usiminas Siderúrgicas de Minas Gerais S.A.
2014 Executive Vice President in charge of business planning, Usiminas Siderúrgicas de Minas Gerais S.A.
2016 Managing Executive Officer and Vice Head of Global Business Development Sector, Nippon Steel & Sumitomo Metal Corporation
2016 Director at Usiminas Siderúrgicas de Minas Gerais S.A.
2017 Senior Executive Officer, Appointed as Assistant to the President of Topy Industries, Ltd.; Advisor, Nippon Steel & Sumitomo Metal Corporation
2017 Representative Director and President (to present)



Director and Executive Vice President Norio Saito

1979 Joined Topy Industries, Ltd.
2007 Operating Officer, Deputy General Manager of Wheel Div.
2011 Director, General Manager of Wheel Div.
2013 Managing Executive Officer, Automotive and Machinery Components Business, General Manager of Wheel Div.
2015 Managing Executive Officer, General Manager of Corporate Planning Dept.
2017 Director of Topy Undercarriage (China) Co., Ltd., Senior Managing Operating Officer of Corporate Planning Dept. and Finance Dept., Senior Managing Director of Corporate Planning Dept. and Finance Dept.
2018 Senior Managing Director in charge of Corporate Planning Dept., Finance Dept., and Sales Administration Dept.
2019 Director and Executive Vice President (to present)

Assistant to the President
In charge of Corporate Planning, Finance, and Sales



Senior Managing Director Hiroyuki Kinoshita

1981 Joined Nippon Steel Corporation
2011 Operating Officer, Technical Coordination (Manager, Special Matters) of Topy Industries, Ltd.
2012 Operating Officer, Deputy General Manager of Undercarriage Components Div. and General Manager of Kanagawa Factory, Undercarriage Components Div.
2015 Managing Executive Officer, General Manager of Undercarriage Components Div.
2017 Senior Executive Officer, General Manager of Undercarriage Components Div.
2018 Senior Managing Director in charge of Engineering Administration Dept., Internet of Things Promotion Dept., and Safety at Topy Industries, Ltd.
2020 Senior Managing Director (to present)

In charge of Technology, Business Innovation, Safety, and Smart Promotion



Audit & Supervisory Board Member Yukihiko Ogawa

1982 Joined Topy Industries, Ltd.
2007 Manager of Educational Issues at Personnel Dept.
2010 Senior Manager of General Affairs Dept. (PR, IR)
2014 Deputy General Manager of General Affairs Dept.
2015 Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member Koichi Sakamoto

1982 Joined Topy Industries, Ltd.
2015 Operating Officer of Topy Industries, Ltd., Director and CEO of Qingdao Topy Machinery Co., Ltd., and Director and CEO of Topy Undercarriage (China) Co., Ltd.
2016 Operating Officer of Topy Industries, Ltd. and Director and CEO of Topy Undercarriage (China) Co., Ltd.
2017 Councilor of Topy Industries, Ltd. and Director and CEO of Topy Undercarriage (China) Co., Ltd.
2018 Councilor to General Affairs Dept. of Topy Industries, Ltd., Audit & Supervisory Board Member (to present)

Managing Executive Officers

General Manager of Business Process
Innovation & Promotion Dept.
Masayoshi Takezawa

General Manager of Internal Audit Dept.
Katsuyoshi Daido

General Manager of Corporate Planning Dept.
Hiroji Kobayashi

General Manager of Steel Division,
in charge of Steel Business
Tsuyoshi Nakamura

Operating Officers

General Manager of Science Division
Satoshi Fukura

General Manager of Finance Dept.
Takanori Kawano

General Manager of General Affairs Dept.
Shuichi Tachibana

General Manager of Commercial and Off the
Road Wheel Division, in charge of Automotive
and Industrial Machinery Components Business
Masahiro Abe

General Manager of Undercarriage Components
Division, in charge of Automotive and Industrial
Machinery Components Business
Katsuyoshi Tanaka

General Manager of Personnel Dept.
Tetsuya Sakai

General Manager of Press Division, in charge of
Automotive and Industrial Machinery
Components Business
Koji Nanayama

General Manager of Marketing Administration &
Planning Dept.
Hideo Katsuyama

General Manager of Toyokawa Factory,
Wheel Division
Makoto Shimura

Deputy General Manager of Wheel Division
Shuichi Taguchi

Deputy General Manager of Wheel Division and
Representative Director and President of
Asahi Tec Corporation
Hideki Aoyama

Deputy General Manager of Wheel Division
Masaru Yasuhara

General Manager of Engineering
Administration Dept.
Yoshihito Kano



Managing Director Masayuki Yamaguchi

1984 Joined Mita Kogyo Co., Ltd.
1999 Joined Topy Industries, Ltd.
2013 Operating Officer, General Manager of General Affairs Department, and Chief of Secretariat
2017 Operating Officer, General Manager of Internal Audit Department
2018 Managing Executive Officer, Representative Director and President of Ring Techs Co., Ltd.
2018 Advisor, Representative Director and President of Ring Techs Co., Ltd.
2020 Managing Executive Officer in charge of General Affairs, Personnel, and Risk Management
Assists Vice President Saito in matters related to corporate planning
2020 Managing Director (to present)

In charge of General Affairs, Personnel, and Risk Management
Assists Vice President Saito in matters related to corporate planning



Director Sumio Moriwaki

1981 Registered as lawyer (to present)
Joined Ishii Law Office (to present)
1991 Partner of Ishii Law Office (to present)
1999 Instructor, the Training and Research Institute for Court Officials, Supreme Court of Japan
2007 Visiting Professor, the University of Tokyo Graduate Schools for Law and Politics
2015 Chairman, Research Committee on the Judicial System, Japan Federation of Bar Associations
2017 Director of Topy Industries, Ltd. (to present)
Outside Auditor of JSR Corporation (to present)



Director Takeshi Kiriya

1986 Joined the Development Bank of Japan
2008 Chief Representative in London, Development Bank of Japan
2010 DBJ Europe Limited CEO
2013 Director of Industrial Research, Development Bank of Japan
2015 Operating Officer, Director of Corporate Investment
2018 Chairman of the Board, DBJ Asset Management Co., Ltd. (to present)
2020 Director of Topy Industries, Ltd. (to present)
Director of Japan Economic Research Institute Inc. (to present)



Audit & Supervisory Board Member Tetsuya Kawagishi

1978 Joined The Fuji Bank, Limited
2005 Executive Officer,
General Manager of Corporate Banking Division No. 2 of Mizuho Corporate Bank, Limited
2009 Managing Executive Officer, Chief Risk Officer and Chief Personnel Officer of Mizuho Corporate Bank, Limited
2010 Managing Executive Officer, Head of Global Transaction Banking Unit,
Head of Global Asset Management Unit of Mizuho Corporate Bank, Limited
2011 Outside Audit & Supervisory Board Member of Tokyo Tatemono Co., Ltd.
2011 Full-time Audit & Supervisory Board Member of TANAKA Holdings Co., Ltd.
2013 Director and Deputy General Manager of Technology & Marketing Division, TANAKA Holdings Co., Ltd.
2015 Executive Officer, General Manager of CSR & Public Relations Department and President's Office of TANAKA Holdings Co., Ltd.
2020 Advisor of TANAKA Holdings Co., Ltd. (to present)
2020 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)



Audit & Supervisory Board Member Akio Sakai

1982 Joined Yasuda Life Insurance Company
2012 Executive Officer, General Manager of Osaka Headquarters of Meiji Yasuda Life Insurance Company
2014 Managing Executive Officer, General Manager of Corporate Sales Division of Meiji Yasuda Life Insurance Company
2016 Senior Managing Executive Officer, General Manager of Corporate Sales Division of Meiji Yasuda Life Insurance Company
2018 Representative Director and President of Meiji Yasuda General Insurance Co., Ltd. (to present)
2020 Audit & Supervisory Board Member of Topy Industries, Ltd. (to present)

*Directors Sumio Moriwaki and Takeshi Kiriya are outside directors.
Audit & Supervisory Board Members Tetsuya Kawagishi and Akio Sakai are outside audit & supervisory board members.

Consolidated Financial Performance for the Past 11 Years

Fiscal year	2009	2010	2011	2012	2013		2014	2015	2016	2017	2018	2019
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■ Operating Results (Fiscal year) (Million yen)

Net sales	196,848	221,413	240,534	226,912	234,682		237,677	215,872	208,237	230,462	286,227	263,305
Operating profit	355	7,006	10,554	6,990	5,308		6,422	10,000	7,180	7,997	7,505	2,851
Ordinary profit	626	5,241	7,304	6,234	4,485		6,037	8,806	6,116	8,034	9,357	3,597
Profit (loss) before income taxes	(1,641)	4,765	6,118	5,842	4,249		4,476	4,681	10,897	7,933	10,345	1,741
Profit (loss) attributable to owners of parent	(1,032)	2,072	3,918	3,409	1,914		2,360	1,700	7,191	5,500	7,114	(4,497)
Capital expenditure	7,659	7,170	8,982	20,477	25,458		20,374	8,815	9,874	12,132	25,100	13,397
Depreciation and amortization	11,195	10,057	9,310	8,957	10,086		10,315	11,321	10,631	10,599	11,110	12,332
Research and development costs	1,288	1,245	1,271	1,212	1,519		1,202	1,059	1,137	1,131	1,096	1,115

■ Financial Position (End of fiscal year) (Million yen)

Total assets	201,138	203,956	212,828	208,781	232,714		252,456	231,583	223,050	248,102	284,198	254,659
Shareholders' equity	81,087	79,500	82,389	89,522	94,363		106,187	98,893	103,951	108,959	111,304	102,732
Net assets	81,884	80,165	83,096	91,258	96,219		107,941	99,973	104,853	109,859	112,362	103,800
Interest-bearing debt	62,358	61,759	58,091	53,534	62,453		77,516	70,070	55,831	61,096	79,676	76,782

■ Cash Flows (Fiscal year) (Million yen)

Cash flows from operating activities	12,010	6,236	16,010	16,770	7,251		19,440	19,346	10,130	10,780	11,725	16,206
Cash flows from investing activities	(7,507)	(3,681)	(7,703)	(14,770)	(17,478)		(29,141)	(7,529)	(1,016)	(5,861)	(20,835)	(16,048)
Cash flows from financing activities	(2,236)	(1,952)	(4,983)	(4,997)	7,538		13,157	(8,391)	(16,861)	1,834	15,936	(6,461)

■ Per Share Information (Yen)

Net profit (loss) per share	(42.96)	86.37	165.20	143.76	80.76		99.65	71.80	303.90	234.25	302.85	(191.42)
Dividends per share	20	40	40	40	20		40	60	80	80	90	40

■ Financial Indices (%)

Operating profit on sales	0.2	3.2	4.4	3.1	2.3		2.7	4.6	3.4	3.5	2.6	1.1
Return on equity	(1.3)	2.6	4.8	4.0	2.1		2.4	1.7	7.1	5.2	6.5	(4.2)
Equity ratio	40.3	39.0	38.7	42.9	40.5		42.1	42.7	46.6	43.9	39.2	40.3

Number of employees at period end [Average number of temporary employees not included in the above]	4,242 [422]	4,151 [432]	4,135 [428]	4,374 [491]	4,515 [538]		4,596 [573]	4,408 [597]	4,568 [587]	5,034 [581]	6,241 [869]	6,181 [1,016]
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* A one-for-10 reverse stock split of common stock went into effect on October 1, 2016. Data per share is thus calculated on the assumption that the reverse stock split was executed at the beginning of FY2009.

Detailed financial data are available on the following page of our official website.
<https://www.topy.co.jp/ja/stock/library.html>

Major Subsidiaries & Affiliates

Company name	Head office location	Capital (millions of yen)	Business segment	Voting rights held or owned by (%)
(Consolidated Subsidiaries) Topy Enterprises, Ltd.	Shinagawa-ku, Tokyo	480	Steel, Automotive and Industrial Machinery Components	100
Topy Marine Transport, Ltd.	Toyohashi-shi, Aichi Pref.	225	Steel	100
Topy Fasteners, Ltd.	Matsumoto-shi, Nagano Pref.	310	Automotive and Industrial Machinery Components	100
Topy-Rec, Ltd.	Koto-ku, Tokyo	300	Others	100
Kyushu Wheel Kogyo, Ltd.	Miyako-gun, Fukuoka Pref.	100	Automotive and Industrial Machinery Components	100
Tojitsu Co., Ltd.	Toyohashi-shi, Aichi Pref.	80	Steel	100 (100)
NE-Tojitsu, Ltd.	Urayasu-shi, Chiba Pref.	34	Steel	100 (100)
Autopia, Ltd.	Hachioji-shi, Tokyo	30	Automotive and Industrial Machinery Components	100 (100)
Akemi Recycling Center, Ltd.	Toyohashi-shi, Aichi Pref.	200	Steel	100 (30)
Sanwa Buhin Co., Ltd.	Bando-shi, Ibaraki Pref.	200	Automotive and Industrial Machinery Components	100
Akemi Electric Power, Ltd.	Toyohashi-shi, Aichi Pref.	205	Power Generation	100
Ring Techs Co., Ltd.	Kurashiki-shi, Okayama Pref.	100	Automotive and Industrial Machinery Components	100
Seibu Wheels Co., Ltd.	Kurashiki-shi, Okayama Pref.	10	Automotive and Industrial Machinery Components	100 (100)
ATC Holdings Co., Ltd.	Kikugawa-shi, Shizuoka Pref.	100	Automotive and Industrial Machinery Components	100
Asahi Tec Corporation	Kikugawa-shi, Shizuoka Pref.	100	Automotive and Industrial Machinery Components	100 (100)
Topy America, Inc.	Kentucky, U.S.A.	600 U.S. dollars	Automotive and Industrial Machinery Components	100
Topy Precision Mfg., Inc.	Illinois, U.S.A.	50,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (100)
Topy Fasteners (Thailand), Ltd.	Chonburi, Thailand	50 million baht	Automotive and Industrial Machinery Components	90 (55)
Fujian Topy Autoparts Co., Ltd.	Fujian, China	194 million renminbi	Automotive and Industrial Machinery Components	100
Topy Undercarriage (China) Co., Ltd.	Qingdao, China	606 million renminbi	Automotive and Industrial Machinery Components	100
Topy Fasteners Vietnam Co., Ltd.	Yen My District, Hung Yen Province, Vietnam	6,240,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (80)
PT. Topy Palingda Manufacturing	Indonesia Karawang Regency, West Java, Indonesia	710.5 billion rupiah	Automotive and Industrial Machinery Components	90
PT. Topy Undercarriage	Indonesia Bekasi Regency, West Java, Indonesia	2,850,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (3)
Topy MW Manufacturing Mexico S.A. de C.V.	Silao City, State of Guanajuato, Mexico	867 million pesos	Automotive and Industrial Machinery Components	95
Topy Fasteners Mexico, S.A. de C.V.	San Luis Potosi City, State of San Luis Potosi, Mexico	167 million pesos	Automotive and Industrial Machinery Components	100 (100)
Ring-Techs Guangzhou Co., Ltd.	Guangzhou City, Guangdong Province, China	188 million renminbi	Automotive and Industrial Machinery Components	90 (90)
Asahi Tec Aluminium (Thailand) Co., Ltd.	Khlong Tamru, Chonburi, Thailand	1,480 million baht	Automotive and Industrial Machinery Components	100 (100)
Asahi Tec North America, Inc.	Troy, Michigan, U.S.A.	90,000 U.S. dollars	Automotive and Industrial Machinery Components	100 (100)
Guangzhou Asahi Dongling Research & Development Co., Ltd.	Guangzhou City, Guangdong Province, China	11 million renminbi	Automotive and Industrial Machinery Components	51 (51)
(Equity-method affiliate) Hokuetsu Metal Co., Ltd.	Nagaoka-shi, Niigata Pref.	1,969	Steel	35.8 (1.4)
Guangzhou Wheelhorse Asahi Aluminium Co., Ltd.	Guangzhou City, Guangdong Province, China	216 million renminbi	Automotive and Industrial Machinery Components	49 (49)
Guangzhou Dicastal Asahi Aluminium Co., Ltd.	Guangzhou City, Guangdong Province, China	40 million renminbi	Automotive and Industrial Machinery Components	25 (25)
(Other affiliates) Nippon Steel Corporation	Chiyoda-ku, Tokyo	419,524	Manufacture and sales of steel products and engineering	0.1 (Owned by) 20.8 (0.2)

Notes:

- The respective business segments are listed in the "Business segment" column (excluding other affiliated companies).
- Topy America, Inc. and Topy Precision Mfg., Inc. have paid premiums of U.S. \$62,999,400 and U.S. \$4,950,000, respectively, aside from the capital mentioned above, totaling capital of U.S. \$63,000,000 and U.S. \$5,000,000, respectively.
- Topy Enterprises, Ltd., Topy America, Inc., Fujian Topy Autoparts Co., Ltd., Topy Undercarriage (China) Co., Ltd., PT. Topy Palingda Manufacturing Indonesia, Topy MW Manufacturing Mexico S.A. de C.V., Ring-Techs Guangzhou Co., Ltd., and Asahi Tec Aluminium (Thailand) Co., Ltd. are specified subsidiaries
- Hokutsu Metal Co., Ltd. and Nippon Steel Corporation issue official financial statements separately. Nippon Steel & Sumitomo Metal Corporation changed its trade name to Nippon Steel Corporation on April 1, 2019.
- The sales ratio of Topy Enterprises, Ltd. as a proportion of the consolidated sales of the Topy Industries Group exceeds 10% (excluding internal sales among consolidated Topy Industries Group companies).

Major financial information	(1) Net sales	96,272 million yen
	(2) Operating profit	1,240 million yen
	(3) Net profit	849 million yen
	(4) Net assets	9,936 million yen
	(5) Total assets	33,275 million yen
- On April 1, 2020, Tojitsu Co., Ltd. and NE-Tojitsu, Ltd. merged with each other in an absorption-type merger, with Tojitsu Co., Ltd. as the surviving company and NE-Tojitsu, Ltd. as the absorbed company.
- The values in parentheses in the "Voting rights held or owned by" column represent indirect holding percentages or percentages of voting rights indirectly owned by the company, which are each included in the value above.

As of March 31, 2020

IR Information

Stock exchange listings First Section of the Tokyo Stock Exchange & First Section of the Nagoya Stock Exchange
(Securities code 7231)

Number of authorized shares 88,300,000

Number of outstanding shares 24,077,510

Number of shareholders..... 11,600

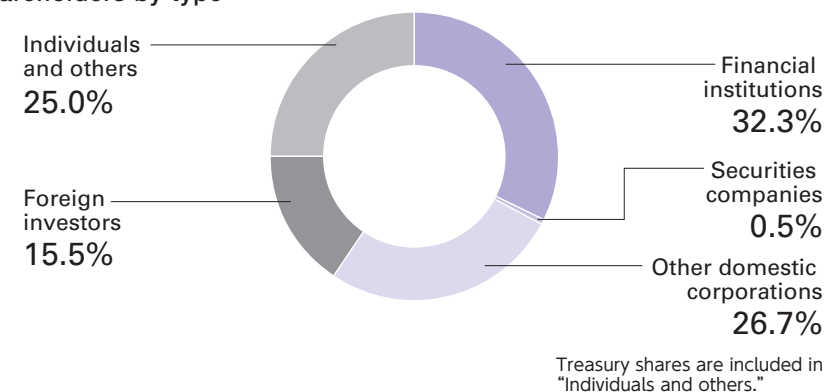
- Top 10 major shareholders

Name	Number of shares held	Shareholding ratio (%)
Nippon Steel Corporation	4,818,264	20.46
Topy Fund Business Association	1,133,710	4.81
Meiji Yasuda Life Insurance Company	975,134	4.14
The Master Trust Bank of Japan, Ltd. (trust account)	896,300	3.81
Mizuho Bank, Ltd.	787,802	3.35
Japan Trustee Services Bank, Ltd. (trust account)	718,227	3.05
Employee Shareholding Association of Topy Industries, Ltd.	588,843	2.50
DFA Intl Small Cap Value Portfolio	537,400	2.28
Mizuho Trust & Banking Co., Ltd.	489,300	2.08
Sompo Japan Insurance Inc.	474,600	2.02

Notes:

1. Topy Industries, Ltd. owns 526,804 treasury shares but is excluded from the major shareholders listed above. Treasury shares do not include the Company's shares held in trust for the stock compensation plan for directors.
2. The shareholding ratios were calculated by excluding treasury shares.
3. Topy Fund Business Association is the name of the shareholding association of Topy Industries, Ltd., its affiliates, and its business partners.

- Breakdown of shareholders by type



Treasury shares are included in "Individuals and others."

Fiscal year end March 31

Ordinary general meeting of shareholders June

Record date March 31 (ordinary general meeting of shareholders, year-end dividend)
September 30 (interim dividend)

Share unit number 100

Shareholder registry administrator Sumitomo Mitsui Trust Bank, Limited
(special account management institution) 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Contact for inquiries Stock Transfer Agency Business Planning Dept.
Sumitomo Mitsui Trust Bank, Limited
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
Phone: 0120-782-031 (toll free)

As of March 31, 2020