



**TWINBIRD**

---

# INTEGRATED REPORT 2020

---

## TWINBIRD CORPORATION

2084-2 Yoshida-Nishiota, Tsubame, Niigata 959-0292, Japan

TEL: +81-256-92-6111

©2020 TWINBIRD CORPORATION

---

The performance forecasts and other forward-looking statements in this report are based on widely recognized current economic and social conditions and certain assumptions that the Company deems reasonable. Actual performance results and other outcomes may differ due to various factors. The Company bears no obligation to update these forward-looking statements based on new information or future developments.

---



# Not everything. The right thing.

TWINBIRD is not a brand known by everyone.  
This, we think, is what lets us stand out.

Our ideas are informed by a natural curiosity about the world.  
Our knowledge and expertise are the products of tenacious trial and error  
and experience from failure.  
Tsubame-Sanjo, the place we call home, was built on the hammer and  
craftsmanship is in our blood.

From factory floor to sales, our team is a mere 300 people.  
We are small and tight knit which means we bring not only speed,  
but a detail-oriented approach to every single project we undertake.  
We are good listeners. Each and every idea gets its turn.  
We aren't perfect, but that is exactly what drives us to learn, to grow,  
and to continue moving forward. We can help you to do the same.

As lifestyles change, we will continue to be the home appliance maker  
that nurtures and helps that journey along.  
The size of our wings does not determine where or how far we can fly.  
Come spread your wings.



# Our History



**Contents**

- 2 Our History
- 4 Our Management Philosophy Framework
- 6 Our Value Creation
- 8 2020 Highlights
- 9 Overview of the Medium-Term Business Plan 2020–2022
- 10 President & CEO's Message
- 16 Our Medium-Term Business Plan
- 24 CFO's Message
- 26 Financial and Non-Financial Highlights
- 28 Our Dedication to Craft
- 32 Our ESG Strategy
- 46 10-Year Summary Financial Data
- 48 Company Profile / Status of Stock

## 1951–1971 Foundation Era

**Determined to become the No. 1 plating plant in Niigata Prefecture, the Company gradually developed as a manufacturer.**

- 1951 Jutaro Nomizu (aged 32) founded Nomizu Denka Himaku Kogyosho, a surface treatment business focused on metal plating in Kitayokkamachi, Sanjo, Niigata Prefecture
- 1962 Founded Nomizu Denka Co., Ltd. in Nishihonjoji, Sanjo City Began manufacturing and exporting frying pans Began manufacturing and selling coat racks
- 1963 Began manufacturing and exporting metal candy trays
- 1968 Began zinc barrel-plating
- 1971 Began manufacturing and exporting two- and three-tiered serving stands



Three-tiered candy tray (1960s)

## 1972–1981 Transformation Era

**Twinbird products of this era spanned metal housewares to generic gifts.**

- 1972 Founded the sales company Sakae Co., Ltd.
- 1973 Began selling silver-plated products
- 1975 Finished construction of the Sakae Building
- 1977 Established the Planning and Development Department, marking the start of Twinbird's own development
- 1979 Changed the company name to Twinbird Corporation
- 1981 Moved the Head Office to the town of Yoshida (today part of Tsubame City)



Pearl nickel plated trays (1973)

## 1982–1996 Base Building Era

**During this era, we built the foundation and sales network needed to become a gift and home electric appliance manufacturer.**

- 1983 Began selling small home electric appliance gift products
- 1984 Jutaro Nomizu named chairman, and Shigekatsu Nomizu named president & CEO
- 1985 Established the Tokyo Branch Established the Osaka Branch and began R&D and import operations
- 1987 Absorbed Sakae Co., Ltd. through a merger Created a new corporate logo
- 1988 Received the Niigata Prefecture Economic Promotion Award Made Kita-Nihon Trading Co., Ltd. a subsidiary Opened sales offices in Kyushu and Nagoya
- 1989 Jutaro Nomizu retired from the position of chairman
- 1993 Opened a sales office in Niigata Prefecture
- 1994 Opened a sales office in western Tokyo (now closed)
- 1996 Listed on the Niigata Stock Exchange, acquired ISO 9001 certification, and launched a website



HS-221 Hot Stream, electric water heater (1984)



SD-501 Shoes Pal U, shoe dryer (1988)

## 1997–2010 Technology Building Era

**During this era, we built a sales network and technologies for manufacturing small home electric appliances.**

- 1997 Opened the Hong Kong Office (closed in 2006)
- 2000 Listed on the Second Section of the Tokyo Stock Exchange
- 2001 Acquired ISO 14001 certification

- 2002 Developed technology to mass produce the Free Piston Stirling Cooler (FPSC)
- 2004 Switched the domestic sales organization from area-based to sales channel-based
- 2007 Opened the Shenzhen Office (closed in 2010) Sold all shares in the consolidated subsidiary Kita-Nihon Trading Co., Ltd.
- 2008 Published the customer-focused newsletter *Nichijo*
- 2009 Received the Monodzukuri Nippon Grand Award's Special Prize for FPSC



LK-H299 Touch sensor inverter fluorescent lamp (2001)



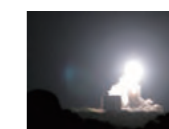
SH-2793 MOMIDASH PRO, scalp massage and cleaning brush (2016)

## 2011– Second Transformation Era

**We strive to expand globally while listening carefully to our customers and working with them to create shared value.**

- 2011 Celebrated our 60th anniversary Shigeaki Nomizu named president & CEO, and Shigekatsu Nomizu named chairman Founded local Chinese subsidiary Twinbird Electrical Appliance (Shenzhen) Co., Ltd. Reformed after-sales service

- 2012 Launched the Voice of Customers (VOC) drive
- 2013 A refrigerator/freezer unit incorporating our FPSC was installed in the Japan Aerospace Exploration Agency (JAXA) Japanese Experiment Module "Kibo," a component of the International Space Station
- 2014 Start TWINBIRD branding Established the official Facebook page
- 2015 Opened our own building Twinbird Nihonbashi Gate Office to house the Tokyo Branch Relaunched our website
- 2016 Renovated the showroom in the entrance of our Head Office Opened our official online store Held the inaugural TWINBIRD × Tsubame-Sanjo Summer Festival, a regional outreach event
- 2017 Entered the refrigerator and washing machine markets Opened Gate CAFE on the first floor of the Tokyo Branch
- 2018 Began sales of a fully automatic coffee maker Selected for inclusion by the Ministry of Economy, Trade and Industry in an expanded list of "Companies Driving Regional Growth"
- 2019 Moved the Osaka Branch and opened the Osaka Showroom
- 2020 Introduced a business unit system as a product planning and development framework



Launch of Kounotori, H-IIB Launch Vehicle No. 4 (2013)



LE-H841B/W Aired, LED desk lamp (2014)



CM-D457B Fully automatic coffee maker (2018)

## Our Management Philosophy Framework

### Our Management Philosophy Framework



### Our Management Philosophy

01

Develop products that offer emotional impact and amenity

Continue to creatively develop products that thrill people and add new delight to their lives.

02

Build productive human relationships based on mutual trust

Placing importance on a relationship of trust with the customer, act like a pair of birds aiming for mutual prosperity.

03

Share in the creation of a pleasant workplace and contribute to social development

Increase your own significance by continuing to explore new jobs and potentials, thereby contributing to social development.

04

Achieve personal growth and a fulfilling life

Seek to grow as a person through your work and achieve a fulfilling life.

### Our Purpose

1. Enhance the value of people's lives by providing emotional impact and amenity
2. Drive regional economic growth and the creation of added value by leveraging the unique characteristics of the Tsubame-Sanjo region
3. Act globally and help solve domestic and international social issues

### Our Values

1. Stay committed to customers (end users) and put them first
2. See things through to the end with Tsubame-Sanjo craftsmanship
3. Take on urgent challenges and try new things
4. Work together across departments and job titles to achieve goals

### Our Vision

#### No.1 in Customer Satisfaction

Listen carefully to customers and continue providing products and services that satisfy customers through masterful manufacturing

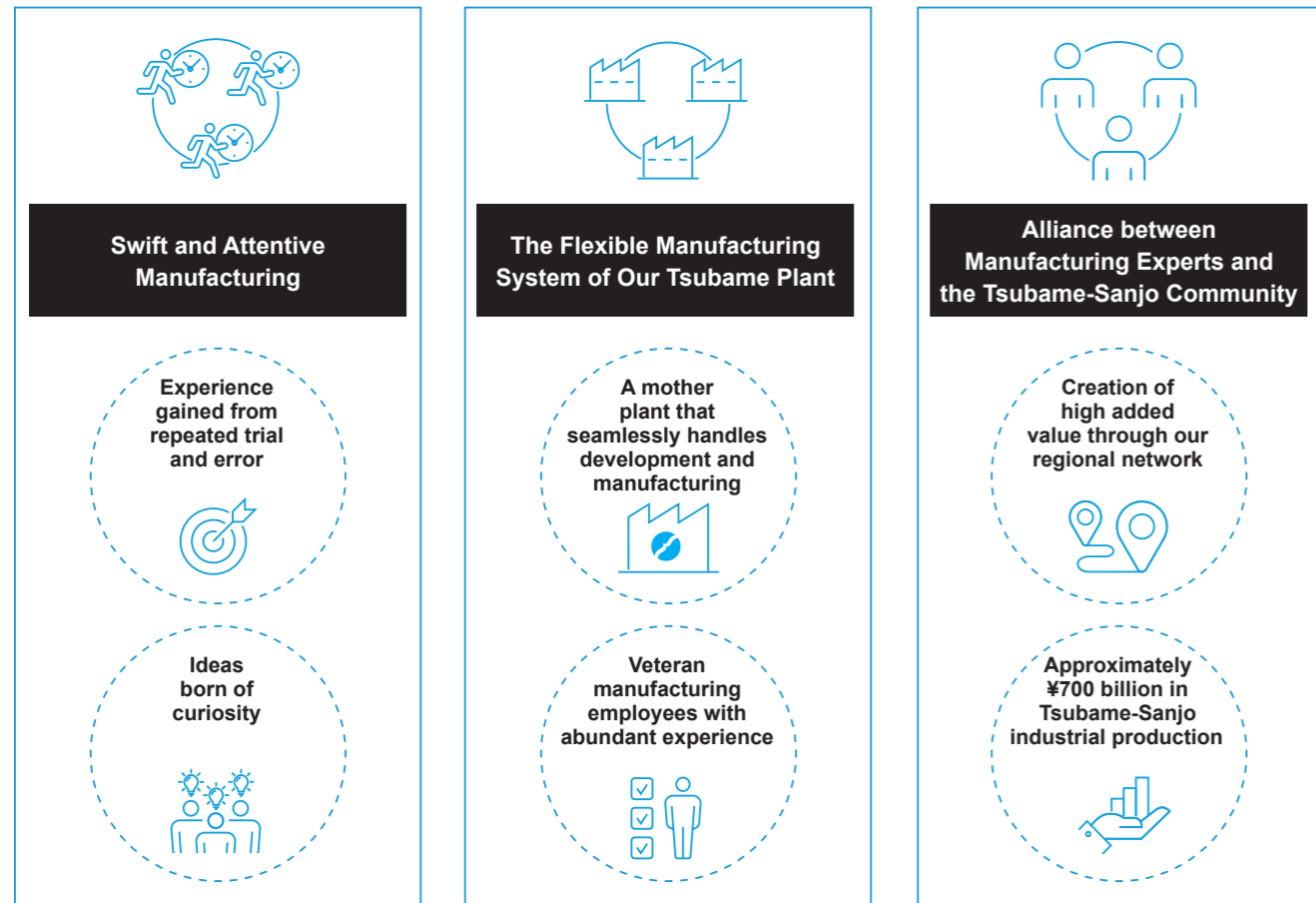


## Our Value Creation

Listen carefully to customers and continue providing products and services that satisfy customers through masterful manufacturing

### Our Strength

Making full use of the Tsubame-Sanjo region's technical capabilities and network



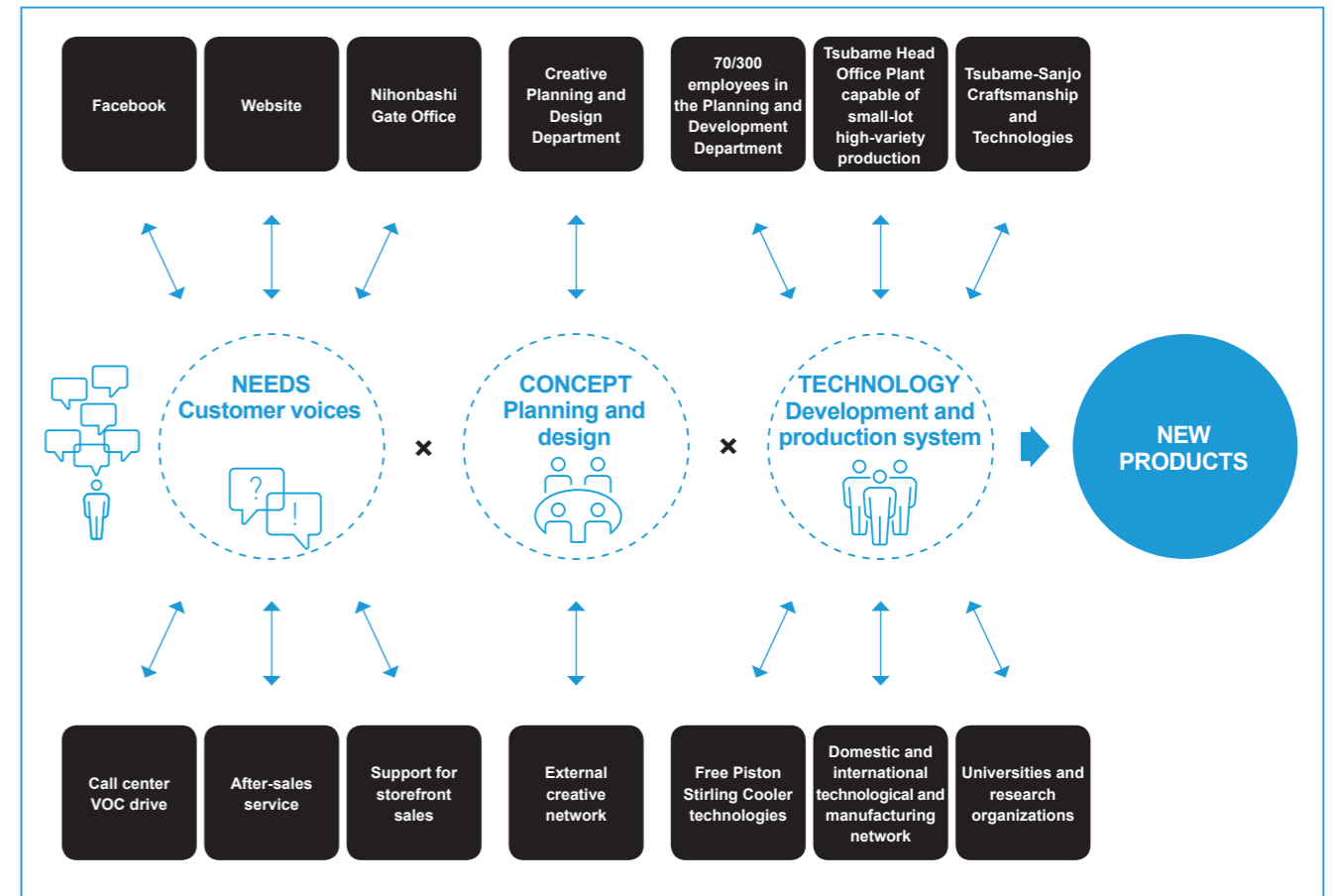
Our 70 or so planning and product development employees underpin our manufacturing operations. They make up around 20% of all our employees, by far the highest such ratio among Japan's home electric appliance manufacturers. And, because of our compact, flexible organization, our manufacturing .

Major home electric appliance manufacturers do not undertake development unless it is for lots comprising tens of thousands of units. In contrast, Twinbird will develop even small lots of a few thousand units. In making products, we first focus on carefully listening to customers' opinions. No insight is too small. We take note and then leverage the strength of our integrated in-house operations, which encompass everything from planning to prototyping.

Tsubame-Sanjo, where our Head Office is located, is world-renowned for manufacturing and has accumulated state-of-the-art technologies. With access to this robust network of technologies and experts cultivated over many years, it is not an overstatement to say, "There's nothing we can't build."

### Our Value Creation Process

No. 1 in Customer Satisfaction



For even a single switch, we conduct tens of thousands of tests. We inspect durability with scenarios involving unthinkably rough use, meticulously collect data, and reflect test results in our designs. All our products undergo this kind of rigorous testing before hitting store shelves.

Our products are meticulously assessed by staff who receive specialized training. Moreover, to ensure our employees stay focused on the user experience, newly finished products are actually first used by the families of our staff. Only after passing these real-life tests do our products go to market.

TWINBIRD's Call Center is in the Head Office and near R&D Division. We receive over 6,000 customer opinions every month, and these are passed right along to our product development team. Beyond being polite, our people are also informed. While dealing with customers in real time, our staff benefit from having actual product samples at hand to better respond and fully understand each customer's queries.

## 2020 Highlights



Founded:	<b>April 1962</b>	Number of employees* <sup>2</sup> (including full-time and temporary workers):	<b>325</b>
Tokyo Stock Exchange Second Section:	<b>6897</b>	Percentage of women* <sup>2</sup> :	<b>32%</b>
Net sales* <sup>1</sup> :	<b>¥12,159 million</b>	Percentage of women among new hires* <sup>1</sup> :	<b>54%</b>
Operating income* <sup>1</sup> :	<b>¥178 million</b>	Percentage of paid vacation taken* <sup>1</sup> :	<b>65%</b>
Equity ratio* <sup>2</sup> :	<b>54.6%</b>	Average hours of overtime worked per employee* <sup>1</sup> :	<b>11.3 hours/month</b>
DOE* <sup>2</sup> :	<b>1.5%</b>	Number of patents held* <sup>2</sup> :	<b>90</b>

\*1 Results for the fiscal year ended February 29, 2020  
\*2 As of February 29, 2020

## Overview of the Medium-Term Business Plan 2020–2022

### Basic Policy

Shift to a robust business structure

Leverage our strong financial standing to grow through profitable businesses

### Basic Strategy

#### 01 Enhance the value of the Twinbird brand

- ▶ Create loyal customers
- ▶ Growing markets × Product serialization = Scale
- ▶ Develop well-crafted products catering to customer needs

#### 02 Enhance management quality

- ▶ Optimize our product portfolio
- ▶ Be Continually Mindful of Product Quality and Costs
- ▶ Optimize the supply chain
- ▶ Promote digitization
- ▶ Strengthen personnel training and human resources

#### 03 Develop growth businesses

- ▶ Effectively cultivate overseas sales channels and business partnerships
- ▶ Expand the FPSC businesses by strengthening sales engineering

#### Quantitative Business Targets (Consolidated)

(Millions of yen)

	FY2020 (published value)	FY2021	FY2022
Net sales	12,200	12,600	13,400
Operating income	250	350	600
Ordinary income	130	230	450
Net profit attributable to owners of the parent	60	150	300

#### Financial Strategy

	FY2020	FY2021	FY2022
ROE	0.9%	2.3% or more	4.6% or more
Equity ratio	Around 59%	Around 60%	Around 62%

President & CEO's Message

**We listen carefully to customers, as we aim to continue providing them with products and services that satisfy customers through masterful manufacturing for which the Tsubame-Sanjo region of Niigata Prefecture is famed.**



**Shigeaki Nomizu**  
President & CEO

**Our Inherited DNA**  
**Develop Products that Offer Emotional Impact and Amenity**

Twinbird Corporation will celebrate its 70th anniversary in 2021. The symbolic pair of birds that form our name represent our customers (the product users) and ourselves (the product creator). Our customers' joy is our joy. This is the "bedrock principle" underlying all Twinbird does.

The Company was founded in 1951 as Nomizu Denka Himaku Kogyosho, a plating processing business, and achieved growth early on by developing products suitable as gifts for weddings, funerals, celebrations, and corporate anniversaries. Over the years, the Company has been sensitive to changes in the external environment and transformed its operations in response. For example, when the time was



right, we were quick to shift our mainstay product focus to the home electric appliance sector.

Twinbird has continued to operate out of the Tsubame-Sanjo region of Niigata Prefecture, a world-renowned manufacturing hub. Throughout our transformation, Twinbird has continued to safeguard what has, since its founding, made our Company truly unique: **an unwavering commitment to being useful to the world by "developing products that offer emotional impact and amenity."** This, indeed, is our management philosophy.

**Management Continues to Evolve for the Future**

Since assuming the reins in 2011 from the previous president, my father, I have continued to reform the Company to adapt to the drastic changes of the external environment. However, over the past few years, I have sensed a gap emerging between the vision I have for the Company and reality. Finally, the discrepancy between performance targets and results was widening under the 2018–2020 medium-term business plan. This made me question if we really had gotten back to basics, providing customers with true "emotional impact and amenity."

For the Japanese home electric appliance industry, the 20th century was an era when the mass production (and consumption) of home electric products enriched people's lives. Looking back, this is clear to see. In the 21st century, however, we are transitioning from an era of material wealth to an era of emotional wealth. To provide "emotional impact and amenity" to customers amid this drastically changed external environment, I think we should practice management that leverages the unique traits that set Twinbird apart from other major manufacturers. Thus far, these traits have allowed Twinbird to lead the way for the Japanese home electric appliance industry.

Twinbird has a business structure that enables it to secure profit through manufacturing mastery that provides "emotional impact and amenity," even for small-lot production. In addition, the expert manufacturing ecosystem formed by relationships of mutual cooperation in the Tsubame-Sanjo region of Niigata Prefecture has overcome countless recessions and buoyed many regional companies. I have come to believe that Twinbird should aim to survive and grow, with an eye toward the next 50 or 100 years, while leveraging the management resources with which Twinbird has been blessed.

Our excellent products and services are born of our employees' pride and sense of worth, necessitating the construction of organizations and systems to create new added value that everyone can feel enthusiastic about. Given the rapidly changing external environment, you could say that our management resources are shifting from "people, things and money" to "people, people and people." To transform the Company in this way, **we in management have committed fully to changing ourselves.**

In the previous year, against the backdrop of these ideas, we invited three professionals in finance, product development, and marketing and branding to join us in a number of vigorous discussions. Over the course of more than half the year, these discussions sought to rejuvenate those holding management positions and strengthen our systems. Together we formulated a new three-year medium-term business plan covering fiscal 2020 through fiscal 2022 and announced it on April 24, 2020.

**New Medium-Term Business Plan 2020–2022**  
**Corporate Vision: No. 1 in Customer Satisfaction**

Amid a rapidly changing external environment, we keep asking how sustainable management can be realized. Before formulating the new medium-term business plan, we thoroughly discussed Twinbird's purpose and values with the new members of management in light of our management philosophy. In addition, we conducted an anonymous survey of all employees to solicit their thoughts and opinions on our corporate vision for the future. What we arrived at was, of course, the basic principle that our customers' joy

is our joy. We all reaffirmed that our shared values, and Twinbird's purpose, is to sincerely listen carefully to customers and continue providing products and services that satisfy customers through masterful manufacturing. Under the new medium-term business plan, we **established being "No. 1 in customer satisfaction" as our corporate vision and committed to working together toward that goal.**

**Making Our Business Structure Robust**

On January 11, 2019, Twinbird announced a three-year medium-term business plan spanning fiscal 2018 through fiscal 2020 and pursued growth strategies along three vectors: branding and direct marketing; promoting overseas business; and promoting the FPSC business. However, because we did not achieve our business growth goals, profitability stagnated.

Under the new medium-term business plan (2020–2022), rather than pursuing business scale expansion, we will focus on improving business "quality." In short, we will first **shift to a robust business structure, enhance profitability and asset efficiency, and raise our ability to generate cash flows to strengthen our financial standing.** Leveraging that strengthened business profitability and financial standing, we will establish a foundation for further business growth and reinforce the sustainability of our businesses.

Under these basic policies, we formulated three basic strategies. The first of these strategies is to **"enhance the value of the Twinbird brand."** As an expert manufacturer we aspire to create products that offer genuine value on top of our efforts to continue to provide products and services overflowing with incomparable originality as well as to enhance brand value by gaining the reliable support of our customers. In this way, customers will value us as highly as the value we provide, thereby improving our profitability.

The second strategy is to **"enhance management quality,"** which we will achieve while strengthening our cost competitiveness by thoroughly eliminating inefficiencies and irregularities in all business activities. In addition, we will promote the digitization of the operating processes and data systems that constitute our infrastructure and work to strengthen personnel training and human resources.

**Vision**

**No. 1 in Customer Satisfaction**

Listen carefully to customers and continue providing products and services that satisfy customers through masterful manufacturing

**Basic Strategy**

**Shift to a robust business structure**  
**Leverage our strong financial standing to grow through profitable businesses**

Enhance the value of the Twinbird brand

Enhance management quality

Develop growth businesses

Finally, the third strategy is to “develop growth businesses.” During the period of this new medium-term business plan, we will upgrade the foundations of the drivers of our future business growth, namely, our “overseas business” and the “Free Piston Stirling Cooler (FPSC) business.”

**Basic Strategy 1: Enhance the value of the Twinbird brand**

**(1) Create loyal customers**

**Communicate the “genuine value” of products and services to customers**

To enhance the value of the Twinbird brand, we think it is important to communicate to customers the “genuine value” of the products and services that Twinbird provides. By engaging with customers before they make a purchase (through, for example, advertising, press releases, store-front promotions, social media, and websites), we can help customers realize just how good our products and services are, and we can maintain that connection with customers post purchase through communication and after-sales service.

By cultivating customers’ various connections with Twinbird, we will continue striving to ensure they appreciate the “genuine value” of our products and services.

We relentlessly work to ensure that the trust and affection our loyal customers feel for the Twinbird brand grows over the course of their lives. By encouraging future purchases of our products and services, we aim to maximize the value we bring to each customer (lifetime value).

**(2) Growing markets × Product serialization = Scale Honing in on target users and serializing products that align with their values**

The 20th century was a time of development based on rationalization and higher efficiency. This was also a time of mass production and mass consumption, including of the three must-have home electric appliances in the post-war era: televisions, refrigerators and washing machines. Consumer demand focused on convenience and price. In an era in which the drive toward sales maximization, higher efficiency and competitiveness meant people had to work that much harder just to keep up, society evolved into one where considerations of happiness for oneself, one’s friends or anyone else, fell by the wayside.

What kind of era is the 21st century shaping up to be? In the dawning era, emotional wealth is increasingly favored over material wealth, meaning that greater consideration is being given to needs, human-focused design, design concepts, emotional value and user experience. In this era, “enjoyment of life, emotions, empathy, passion and happiness will be necessary,” according to Takashi Maeno, a professor at Keio University. Among diversifying and splintering customer needs, we will hone in on target users

and provide products and services that align with their values to enhance the value of the Twinbird brand.

Although the total population of Japan is on a downward trend, the number of smaller and one-person households is on the rise. Of this group, we are especially targeting customers who aspire to a simple but sophisticated lifestyle.

For these target users, we will carry out a serialization strategy with customer engagement for each genre of products. For example, to keep up with the growing popularity of frozen foods, we offer a series of refrigerators that maximize freezer storage. In addition, to gain loyal customers, we will also carry out a serialization strategy covering each aspect of daily life. For example, we are targeting coffee lovers with a fully automatic coffee maker that recreates a legendary drip style.

In high growth potential target markets, we are scaling up our business in terms of sales and profit by providing products and services that fit customers’ values.

**(3) Develop well-crafted products catering to customer needs**

**The strength of not owning everything Creating added value through our co-creation network**

Twinbird’s aim is not necessarily to become a mega manufacturer of home electric appliances with billions of yen in net sales. Our most recent net sales were around ¥12 billion. Rather, unlike a conglomerate, our business is structured to secure profit even with small lot production thanks to our mastery of manufacturing, which provides emotional impact and amenity. We have the ability to carefully craft products and will adapt to the needs of an era characterized by diversification and fragmentation. Basically, I think it is important to directly address our customers and, quite simply, make outstanding products that offer them an extraordinary emotional experience.

In the Tsubame-Sanjo region of Niigata Prefecture, the expert manufacturing ecosystem formed by relationships of mutual cooperation among local companies has a history of overcoming countless recessions. When we have hit a wall in the development process, the management resources of



this network have resolved the issue, contributing to our development successes. I firmly believe the expertise and management resources of Tsubame-Sanjo constitute the true foundation of Twinbird’s manufacturing strength.

In addition, Twinbird embraces the concept of “co-creation” or creating together. We maintain two-way communication with customers through events, social media, and websites and reflect their input in our manufacturing. We also create added value through this open “co-creation” network from a “professional perspective,” including specialists in each sector; the “meister perspective,” including technicians, researchers, and artisans; and the “creator perspective,” including art directors and ad agencies.

We have shifted from an R&D-focused approach to a market-focused approach. Twinbird’s efforts to create added value always begin with our customers. To ensure that employees working in all our functional organizations are keenly aware of our target users and better understand our customers, we established six business unit lines based on the existing functional organizations. We have also built a system that can promote total business from product development to sales, by product genre. By continuing to create products and services that create an extraordinary emotional experience for each business unit, including home electric appliances, we will continue contributing to the enhancement of the value of the Twinbird brand.

**Basic Strategy 2: Enhance management quality**

**(1) Optimize our product portfolio**

**Maximize the sales volume of highly profitable products Seize knock-on effects and raise profitability**

The second basic strategy is to “enhance management quality.” Having identified various management quality issues, including in the Company’s business structure and operating processes, we are strengthening initiatives to resolve them from a number of angles.

Over its history, Twinbird has provided many small home electric appliances for gift catalogs and mail order markets, handling over 600 unique products (SKU basis), an extremely high number for its business scale. Our rapid product development capability gives us a major competitive advantage; however, it also generates business inefficiencies that may lower management quality. An examination of existing items in our product lineup reveals that the majority of our profit comes from only some of products. Therefore, by reducing low-profit products, we will be able to greatly improve our profitability.

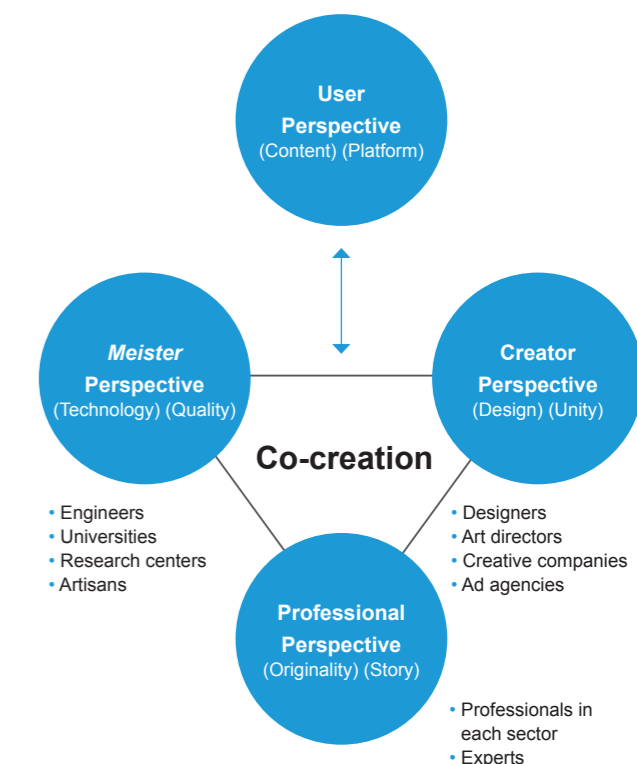
We have begun by separating the Company’s products into three clearly defined categories, namely: 1) luxury items, which include our fully automatic coffee makers and electric beauty devices, in short, products that have strong differentiating features, appeal to customers’ emotions and help create markets; 2) lifestyle support products, which



include many innovative and small home electric appliances such as shoes dryers and sake warmers, the main characteristics of lifestyle support products are their wide variety and specific market niches, which include sales through gift catalogs and direct sales channels; and 3) essentials, which include washing machines, refrigerators, cleaners and microwave ovens, products that are expected to see stable annual repeat orders driven by new lifestyle demand.

In this way, we have clarified the mission of each product category, significantly reducing the number of low-profit

Creating Added Value through Our Co-creation Network





products, and maximized sales volumes of high-profit products to enhance overall profitability.

In addition, by focusing on a narrower range of unique products, we expect to see various knock-on effects that will further improve profit margins. For example, we are striving to increase the sophistication of our product planning by focusing on key products. To ensure stable quality and reduce costs by enhancing development efficiency, we are stepping up specialization in development, and increasing production volume per product. Furthermore, we will reduce supply chain management costs in part by reducing inventory, increasing sales productivity, and reaping the benefits of more focused product promotion. We will continue to accelerate these initiatives and improve profitability.

#### (2) Be continually mindful of product quality and costs Aim to reduce manufacturing cost 2% to 3% per year by increasing focus on costs and quality

As a manufacturer, good management entails keeping a sharp eye on costs and product quality.

In addition to expanding Value Analysis/Value Engineering (VA/VE) activities for existing products, we are working to reduce manufacturing cost 2% to 3% per year by diligently implementing processes that ensure costs and product quality are considered in the course of new product development. Specifically, based on the cost composition of previous product models, we apply VA to tweak our specifications and thereby continually reduce costs and improve quality.

#### (3) Optimize the supply chain Optimizing the supply chain by consolidating and visualizing internal and external information

Twinbird has built a supply chain that encompasses a number of partner companies, including component suppliers and manufacturers (both domestic and international), its own factories, and sales and distribution partners.

By centrally managing relevant internal and external information we strive to visualize the entire supply chain. Leveraging the data yielded by this information infrastructure, we work to optimize the entire supply chain by crafting



Personnel training: TWINBIRD Academy

sales, as well as production and supply plans, that reflect customer purchase information and actual sales data.

The expected effects of supply chain optimization include a shrinkage in inventory, a reduction in logistics costs, the prevention of opportunity cost, and the improvement of working asset efficiency.

#### (4) Promote digitization Building the Twinbird platform to support management's decision making

To enhance management quality in various business activities, we need an information infrastructure that supports decision making and the swift assessment of management information. We strive to thoroughly integrate data by fully utilizing digital technologies, including data sharing tools, and existing system data. In this way, we will integrate and consolidate data on the "Twinbird Platform" and greatly strengthen our IT infrastructure and thereby facilitate swift and accurate management decision making.

#### (5) Strengthen personnel training and human resources Enhancing employee happiness by creating rewarding workplaces

I firmly believe that the excellence of our products and services is attributable to the pride and sense of worth enjoyed by our executives and employees. We therefore need to build organizations and systems that create new added value that employees are enthusiastic about and that enhance management quality.

Twinbird defines its personnel vision as "Becoming an Inspiring Company (Person) That Offers Emotional Impact and Realizes No. 1 Customer Satisfaction" and "professionals who strive to inspire hearts and spontaneously take action to this end."

We will continue to consider the "realization of employee happiness" as a material management issue, to this end offering career support, developing talent, maintaining human resource systems, and defining roles that respect diverse values and are suited to individual workstyles.

### Basic Strategy 3: Develop growth businesses

#### (1) Effectively cultivate overseas sales channels and business partnerships

##### Cultivating local Asian partners with potential

In addition to activities aimed at transforming the home electric appliance business, especially in Japan, we are working to cultivate effectively overseas sales channels and business partners with the aim of realizing future business growth opportunities. We integrate local customer needs with value-added products that strongly reflect Twinbird's characteristics and work to build the Twinbird brand and expand sales channels through cooperation with local Asian partners.

#### (2) Expand the FPSC businesses by strengthening sales engineering

##### Accelerating contributions to the SDGs through the FPSC business

Through technology that uses helium gas, which has a zero global warming coefficient, as the refrigerant, the Free Piston Stirling Cooler can reduce environmental burden. We will continue helping to achieve the SDGs by solving issues in technical fields, such as the transport of biopharmaceuticals and the measuring of chemicals and fuels.

Specifically, in the pharmaceutical field, due to the increasing spread of COVID-19, when vaccines are eventually developed and approved, we expect to gain new business opportunities involving the transportation and storage of medical-grade vaccines that need to be kept within a certain temperature range to ensure effectiveness and safety. We see this as a major business chance and will accelerate the commercialization of FPSC technology with the aim of meeting stakeholder expectations and securing growth and profitability.

#### In Conclusion

To meet stakeholder expectations and return to the basic principles of a listed company, Twinbird outlined a new corporate vision based on its management philosophy: "No. 1 in customer satisfaction." We aim to continue providing products and services that satisfy customers through the masterful manufacturing of the Tsubame-Sanjo region of Niigata Prefecture and by listening carefully to customers. All executives and employees are coming together as one team, relentlessly working to achieve the goals of the new medium-term business plan.

In addition, going forward, we will expand opportunities for communication with stakeholders and strive to further promote understanding of the Company's initiatives.

I would like to thank everyone for their continued support of Twinbird Corporation.



*S. Nomizu*

October 2020  
President & CEO

## Our Medium-Term Business Plan 2020–2022

### Business Environment: Trends Shaping the Future

Management needs to act swiftly and accurately from a medium- to long-term perspective in order to adapt to rapid changes in macro trends, including the negative impact on individual consumption due to the COVID-19 pandemic. Among these trends, we are positioned to decisively seize business opportunities arising from the growing number of small and one-person households amid Japan's declining and graying population. In addition, the need to enhance productivity, in light of the ongoing digital transformation across all industries, is another urgent issue.

	Key Environmental Factors	Opportunities and Risks
<b>Political/Legal</b>	<ul style="list-style-type: none"> <li>Emergence of nationalism (U.S.-China trade tensions, etc.)</li> <li>Heightened geopolitical risks (Middle East, North Korea, Hong Kong, etc.)</li> <li>Brexit</li> </ul>	<ul style="list-style-type: none"> <li>Changes in global supply chains</li> <li>Impact of economic and financial chaos on consumer markets</li> <li>Increased burden due to growing complexity of European regulations</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>COVID-19's growing impact and feared protraction</li> <li>Postponement of the Tokyo Olympics and preparations for EXPO 2025 OSAKA, KANSAI, JAPAN</li> </ul>	<ul style="list-style-type: none"> <li>Negative impact of the pandemic, especially on individual consumption, exceeding that of the previous global financial crisis</li> <li>Expansion and contraction in individual consumption and strengthened data security</li> </ul>
<b>Social/Cultural</b>	<ul style="list-style-type: none"> <li>Declining and graying population and increase in small and one-person households</li> <li>Shift in consumption from goods to services to experiences</li> <li>Ongoing workstyle reforms</li> </ul>	<ul style="list-style-type: none"> <li>Increasing business opportunities related to small and one-person households</li> <li>Business opportunities for differentiation through branding, CRM, and meeting users' diversifying needs</li> <li>Opportunities to improve productivity and diversify employment opportunities</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>Evolution of information technologies (AI, IoT, big data, 5G, etc.)</li> <li>Accelerating digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>New business opportunities and threats (IoT home electric appliances, etc.)</li> <li>Great impact on all industries and opportunities to enhance productivity</li> </ul>

### Business Environment: Trends in Large Home Electric Appliances

Between 2009 and 2019, the average retail price of large home electric appliances rose. The average price of washing machines rose by around 90% while that of refrigerators rose by around 20%. The unique lifestyle needs of Japanese people cause them to focus more on function than price for these products. However, although the total population of Japan is already on the decline, the number of one-person households is expected to continue growing until 2035.

#### Japanese Market Strategy to Ensure Profitable Large Appliance Sales: High added value and high prices support profitability

- ✓ Increase in average storefront sales price in 2019, including at major home electric appliance stores
- ✓ Due to the high cost of importing finished products and the unique lifestyle needs of Japanese people, domestic manufacturers have remained competitive with regard to large refrigerators and washing machines, and overseas manufacturers have faced difficulty gaining a toehold in the market.

**Keywords: time-saving, convenience, energy efficiency**

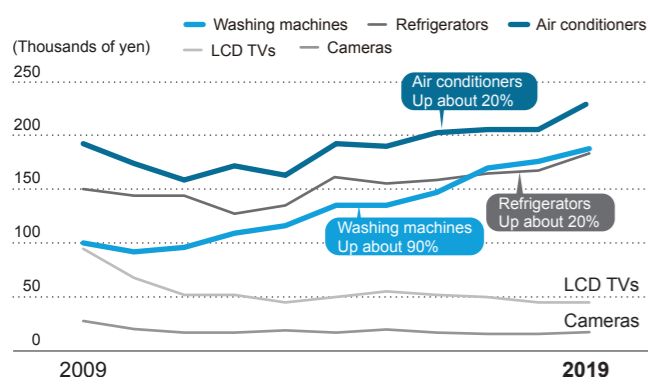
#### Shared Home Electric Appliance Services as More Emerging Countries Sell Low-Priced Products

- ✓ As the dominance of domestic companies begins to wane, emerging economy-based manufacturers are making their global debut in small and mid-size refrigerators and washing machines.

#### Declining and Graying Japanese Population and Rise in Small and One-Person Households

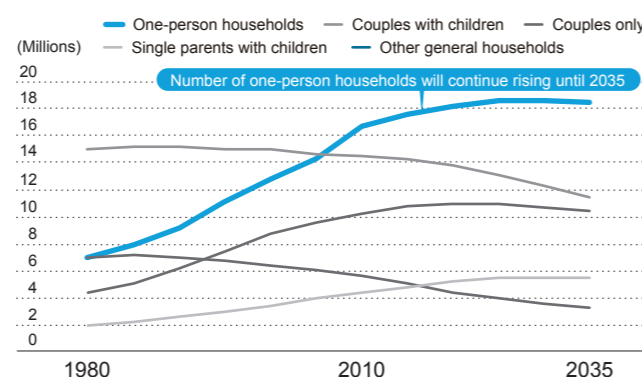
- ✓ Over the next 20 years, the number of total households is expected to decrease by around 5% but the number of one-person households is trending upward.

#### Sales Prices of Home Electric Appliances



\* Source: Association for Electric Home Appliances, Electric Home Appliance Handbook

#### Changes in and Forecasts for Households



\* Source: National Institute of Population and Social Security Research, 2014 estimates

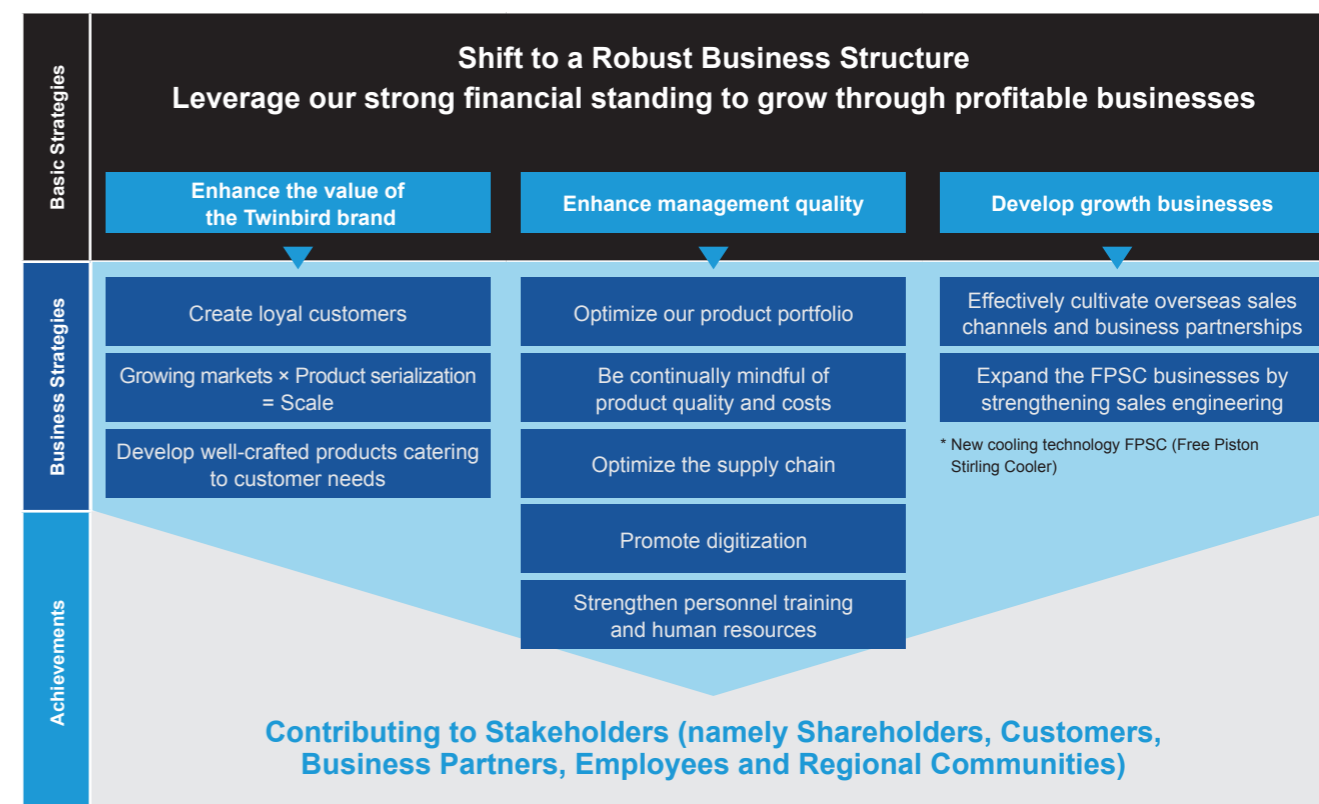
### Vision

Twinbird is strongly committed to its management philosophy of developing products that offer emotional impact and amenity. Members of the Company's largely revamped management thoroughly discussed Twinbird's purpose and values when revising the medium-term business plan at the summer corporate retreat in 2019. Based on these discussions and anonymous surveys of all employees, we established our vision: No. 1 in customer satisfaction.



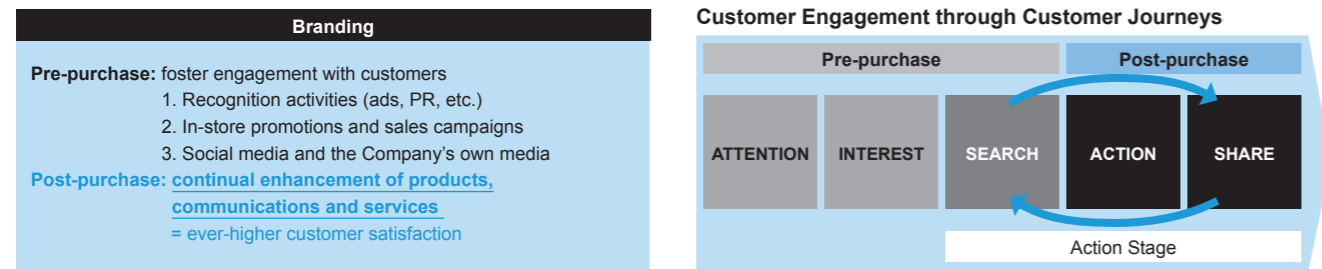
### Basic Policies and Business Strategies

Under our basic policies of “shift to a robust business structure” and “leverage our strong financial standing to grow through profitable businesses,” we are carrying out our three basic strategies of “enhancing the value of the Twinbird brand,” “enhancing management quality,” and “developing growth businesses.” We will continue promoting these strategies to contribute to stakeholders, namely shareholders, customers, business partners, employees, and regional communities.



**Business Strategy: Enhance the Value of the Twinbird Brand** Create Loyal Customers

We aim to maximize the lifetime value that Twinbird provides customers, which will inspire them to regularly purchase our products. This will entail maintaining connections with customers and ensuring their appreciation of our products. To this end, we will increase customer satisfaction through branding that fosters engagement with customers at the pre-purchase stage as well as at the post-purchase stage through the continual enhancement of products, communications and services. With the aim of achieving this enhancement, we established the Net Promoter Score (NPS®) as a quantitative indicator of loyal customer creation and customer satisfaction.



• The Net Promoter Score (NPS) measures how much an owner or user of a product or service recommends it to others. We used NPS as an indicator that measures customer satisfaction and the creation of loyal customers as we aim to improve both.

$$\text{Percentage of recommenders (\%)} - \text{Percentage of critics (\%)} = \text{NPS}$$

Note: Net promoter, net promoter system, NPS, and abbreviations used in relation to NPS are registered trademarks and service marks of Bain & Company, Fred Reichheld and Satmetrix.

**Business Strategy: Enhance the Value of the Twinbird Brand** Growing Markets × Product Serialization = Scale

Twinbird has identified small and one-person households as an important category of target users. We aim to serialize products for customers who want a more compact lifestyle and pursue individuality. We will serialize products for growing markets, such as our series of refrigerators with large volume freezer storage suited to Japanese lifestyle needs and our series of sleekly designed mirror-finish appliances, with the aim of scaling up sales and profit.

**Target Users**

**The Rising Number of Small and One-Person Households**

**Compact Lifestyles**

- Minimalism
- Support for the SDGs
- LOHAS (Lifestyles Of Health And Sustainability)
- Wanting high-quality goods that last a long time

**Pursuit of Individualism**

- Hobbies and interests (coffee lovers/health lovers)
- Enjoyment of unique lifestyles
- Enjoyment of free time

**Serialization**

**Serialization for Each Product Genre**

Serialization strategy to foster customer engagement  
For example: Our series of refrigerators with large volume freezer storage

**Serialization for Each Lifestyle Facet**

Strategy to gain loyal customers  
For example: Our series of mirror-finish designs

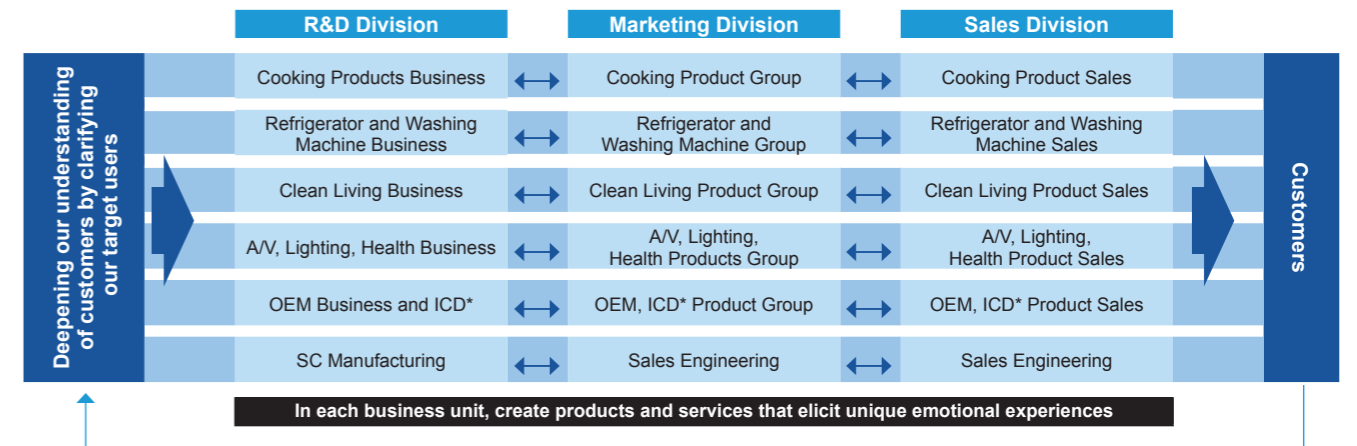


**Growing markets × Product serialization = Scale (Sales and Profit)**



**Business Strategy: Enhance the Value of the Twinbird Brand** Develop Well-Crafted Products Catering to Customer Needs

We have clarified our target users and shifted from an R&D-focused approach to a market-focused approach. In addition, we have reformed our existing function-specific organizations into a unified business structure encompassing everything from product development to marketing under six business unit lines. Within each business unit, we will continue to create products and services that elicit unique emotional experiences.



\* Interactive Communication Design

**Business Strategy: Enhance Management Quality** Optimize Our Product Portfolio

We aim to improve profit 1% to 2% per year through the reorganization of our product lineup and by maximizing the sales volume of highly profitable products. This will yield knock-on effects for each business function, including product planning and development, and will raise profit margins. Furthermore, Twinbird's products comprise luxury items, which are highly value-added and highly profitable; lifestyle support products, which drive profit; and essentials, which are expected to be repeatedly purchased.

**Profit Composition by Existing Product Category**

**Product Planning:** Enhance business sophistication by focusing on planning

**Product Development:** Enhance development efficiency and expertise by reducing the number of products under development

**Procurement and Production:** Reduce costs and stabilize manufacturing quality

**Sales and Marketing:** Narrow focus of promotions and improve sales productivity

**SCM (Supply Chain Management):** Shrink inventory and reduce storage costs

**Quality of Life: Health & Beauty**

**Convenient: Better Life**

**Essentials: Time Saving**

1. **Luxury items (highly value-added, highly profitable products)**  
Coffee makers, beauty products, whole wheat bread baking machines, etc.  
► Emphasis on differentiation, market creation and emotional value
2. **Lifestyle support products (diverse ideas and small home electric appliances)**  
Shoes dryers, sake warmers, etc.  
► Emphasis on specific niches, diverse product types, and photogenic products
3. **Essentials (repeats)**  
Refrigerators, washing machines, cleaners, microwave ovens, etc.  
► Emphasis on uniqueness, design, and market positioning with less competition

**Business Strategy: Enhance Management Quality** Be Continually Mindful of Product Quality and Costs

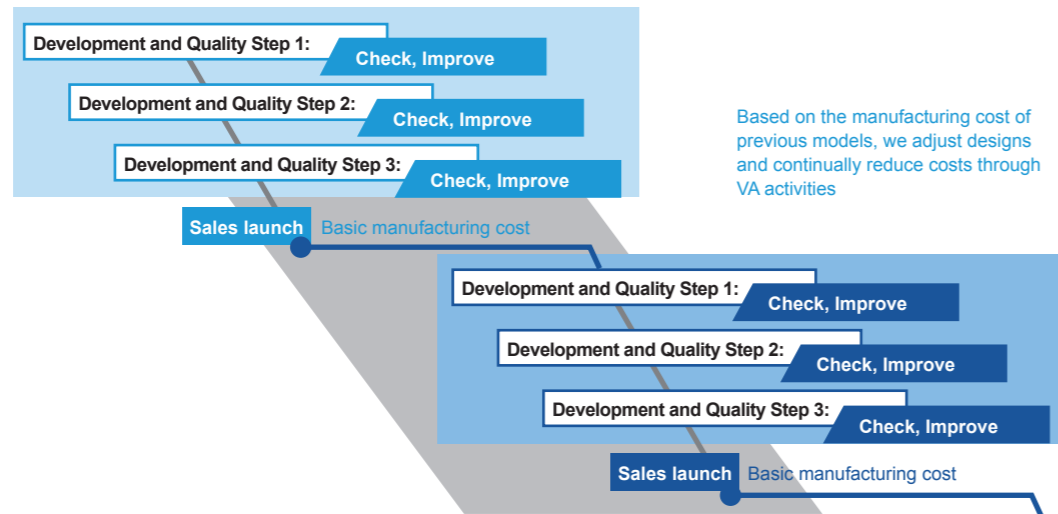
In the interests of enhancing management quality, we will be continually mindful of quality and costs. We aim to reduce the manufacturing cost 2% to 3% per year, adding earlier processes to increase focus on quality and costs during new product development. We will also adjust our cost structure through small changes to existing products and reduce costs through value analysis (VA) and value engineering (VE).

**VA/VE Activities for Existing Products**

- ☑ Improve cost structure through small changes
- ☑ Reduce costs through VA/VE

**Continual Data Gathering**

- ☑ Cultivate new manufacturing contractors
- ☑ Implement benchmarks for competitors' products

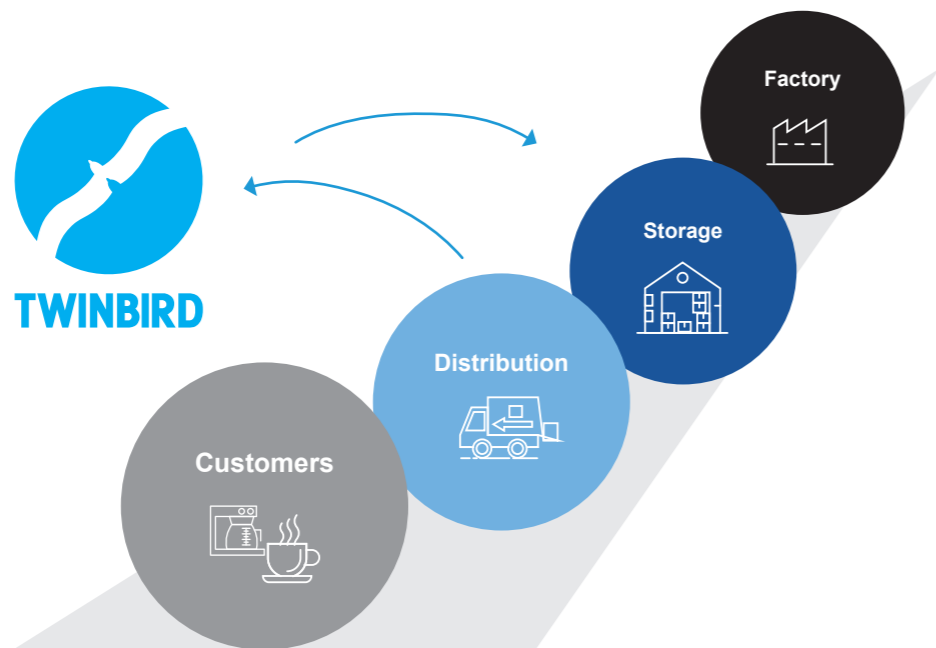


**Business Strategy: Enhance management quality** Optimize the Supply Chain

Optimizing the supply chain to enhance management quality, we will create sales and production plans based on customer purchase data (actual sales) and visualize the entire supply chain from partner factory to customer. In this way, we centrally manage internal and external data and strive for overall optimization to eventually maximize our contribution margin.

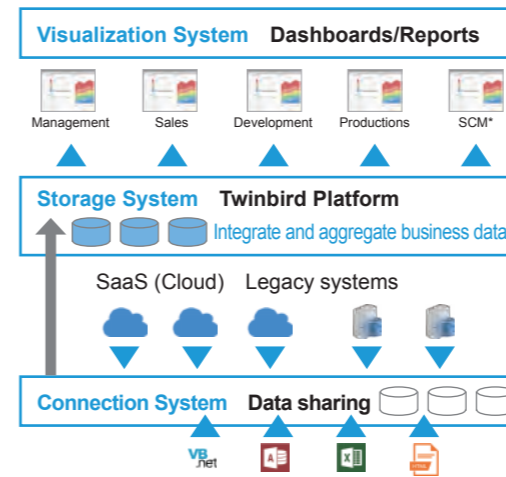
**Maximization of Contribution Margin**

- ☑ Shrink inventory
- ☑ Reduce logistics costs
- ☑ Prevent opportunity cost
- ☑ Improve working asset efficiency



**Business Strategy: Enhance management quality** Promote digitization

In the promotion of digitization to enhance management quality, we will build the Twinbird Platform, an IT base that supports swift decision making and the assessment of business results and data. First, we will use data sharing tools to build a system to stay connected, aggregating internally accumulated business data in the Twinbird Platform. By fully leveraging this storage system, we will realize a system that enables each department, including management and sales, to access dashboards and reports that visualize the aggregate data.



\* Supply Chain Management

Basic policy	Key measures
Swift assessment of business results and data (real-time management)	• Unify and automatically display business data
Enhance operational productivity	• Upgrade teleworking environment • Streamline and automate office operations to reduce labor
Strengthen data security	• Strengthen risk management systems and internal controls
Strengthen BCP and data recovery measures	• Enhance the availability of system base servers • Shift from internal servers to remote data recovery sites
Reduce IT development and operational costs	• Build system bases that prioritize overall optimization

**Business Strategy: Enhance Management Quality** Strengthen Personnel Training and Human Resources

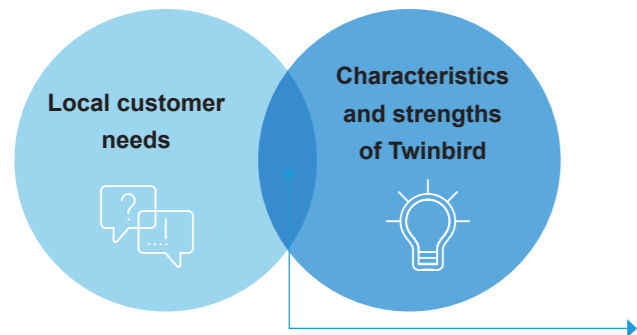
In the course of strengthening personnel training and human resources to enhance management quality based on our personnel vision, we will build rewarding workplaces and increase employee happiness. Twinbird defines its personnel vision as "Becoming an Inspiring Company (Person) That Offers Emotional Impact and Realizes No. 1 Customer Satisfaction" and "professionals who strive to inspire hearts and spontaneously take action to this end." To realize this vision, we will continue offering career support, developing talent, maintaining human resource systems, and defining roles that respect diverse values and are suited to individual workstyles.

**Personnel Vision**  
 Becoming an **inspiring company (person)** that offers emotional impact and realizes No. 1 customer satisfaction  
 Professionals who strive to inspire hearts and spontaneously take action to this end

<p><b>Introduce and maintain new personnel systems</b></p> <ul style="list-style-type: none"> <li>• Grading, evaluation, and wage systems that support diverse workstyles</li> </ul>	<p><b>Visualize capabilities and skills</b></p> <ul style="list-style-type: none"> <li>• Support to achieve individual career goals</li> <li>• Talent management</li> <li>• Expanding content of TWINBIRD Academy</li> </ul>	<p><b>Set up and run systems</b></p> <ul style="list-style-type: none"> <li>• Functions to establish and support consultation systems and hotlines</li> <li>• Career interviews</li> <li>• Strengthening the operations of TWINBIRD Academy</li> </ul>
--	--	--

**Business Strategy: Develop growth businesses** Effectively Cultivate Overseas Sales Channels and Business Partnerships

We aim to cultivate effectively overseas sales channels and business partnerships to develop growth businesses. We will cultivate local Asian partners who have potential, making use of Twinbird's network. We will integrate local customer needs with value-added products that strongly reflect Twinbird's characteristics and work to build the Twinbird brand and expand sales channels through cooperation with local Asian partners. In Taiwan, we are already taking measures to raise awareness of the Twinbird brand with local Taiwanese partners, beginning with our high-quality fully-automated coffee makers, which are acclaimed in Japan.



Example: Taiwan market  
Raise awareness of the Twinbird brand through collaboration with local Taiwanese partners, beginning with our high-quality fully-automated coffee makers, which are acclaimed in Japan

**Business Strategy: Develop growth businesses** Expand the FPSC Businesses by Strengthening Sales Engineering

Working to expand the Free Piston Stirling Cooler business by strengthening sales engineering, we established operations in the key fields of chemicals and energy; metrology and the environment; pharmaceuticals and biotech; and food and logistics. By developing more transactions with key customers and applying successful cases throughout the Company, we strive to expand our shares of various markets.



**Quantitative Targets and Roadmap**

Our forecast for fiscal 2020 (ending February 28, 2021) includes net sales of ¥12,200 million, operating income of ¥250 million, net income of ¥60 million, ROE of 0.9%, and an equity ratio of approximately 59%. Under our medium-term business plan, our fiscal goals for fiscal 2022 are net sales of ¥13,400 million, operating income of ¥600 million, net income of ¥300 million, ROE of 4.6% or more, and an equity ratio of approximately 62%. In the first stage of our roadmap, from fiscal 2019 to 2022, we will work to improve profitability and asset efficiency, enhance equity, and secure investment capacity. Then, in the second stage, from fiscal 2023 onward, we aim to leverage our strengthened financial standing to achieve growth in tandem with profitability.

This plan does not factor in the possible impacts of further spread or protraction of the COVID-19 pandemic.

(Millions of yen)	FY2018 Results	FY2019 Results	FY2020 Results Forecast	FY2021 Business Plan Goals	FY2022 Business Plan Goals
	Net sales	11,625	12,159	12,200	12,600
Operating income	113	178	250	350	600
Operating income ratio	1.0%	1.5%	2.1%	2.8%	4.5%
Ordinary income	57	66	130	230	450
Net profit (loss) attributable to owners of the parent	18	(133) 29*	60	150	300
ROE	0.3%	(2.1%) 0.5%*	0.9%	2.3% or more	4.6% or more
Equity ratio	51.9%	54.6%	Around 59%	Around 60%	Around 62%

\* Excluding loss on valuation of investment securities (¥211 million)

**The Relation between Our Businesses and the SDGs**

We want to soar with our customers—like a pair of birds. We want to know the joy of customers who use Twinbird products as our own joy, an ideal reflected in the Company's name. Through business, Twinbird strives to deepen its connections with stakeholders. Together, we seek to help realize a more bountiful society and achieve the SDGs.

Business Activities	Relevant SDGs	Relevant Purposes
<b>FPSC Business (Free Piston Stirling Cooler)</b>	3, 8, 9, 13, 17	<ul style="list-style-type: none"> <li>Help increase the sophistication of healthcare for the transport of pharmaceuticals, including vaccines</li> <li>Reduce environmental burden by using helium gas, which has a zero global warming coefficient, as the refrigerant</li> <li>Contribute to solutions to problems in technical fields, including chemical substances and petroleum analysis</li> <li>Develop products that are enriched by technology and our expert network in the Tsubame-Sanjo region</li> </ul>
<b>Coordinated Initiatives in the Tsubame-Sanjo Region (Initiatives in Coordination with Local Companies and Municipalities)</b>	8, 17	<ul style="list-style-type: none"> <li>Collaborations and alliances with more than 30 partner companies in the Tsubame-Sanjo region</li> <li>Facilitate consumer experiences of food, goods, and services through data sharing activities conducted by Gate CAFÉ</li> <li>Hold summer festivals as a community outreach event in the Tsubame-Sanjo region</li> </ul>
<b>Enhance product planning and after-sales service based on customer opinions</b>	12	<ul style="list-style-type: none"> <li>Sell components and consumables, enhance convenience, and help lengthen the usable period</li> <li>Set up a call center in the Head Office</li> </ul>
<b>Women activities (Formulate action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace)</b>	5	<ul style="list-style-type: none"> <li>Recognized as a Happy Partner Company (Happy Partner Companies program sponsored by Niigata Prefecture)</li> <li>Actively promote female managers</li> </ul>
<b>Create environments where employees can work easily</b>	5, 8	<ul style="list-style-type: none"> <li>Promote telework in light of the COVID-19 pandemic</li> <li>Formulate action plans to train the next generation</li> </ul>

## CFO's Message

We will accelerate the shift of our profit structure and the strengthening of our financial base with the aim of achieving sustainable business growth.



### Tetsuya Takagi

Chief Financial Officer (CFO)  
Executive Officer, Group Executive of the General Administration Division

### Financial Strategy

Twinbird is working hard to transform its business by transforming its home electric appliance business and promoting the Free Piston Stirling Cooler as a pillar of new business. To implement this strategy and achieve sustainable growth, I consider it essential that our first step be improving our balance sheet and ensuring the soundness of our financial structure.

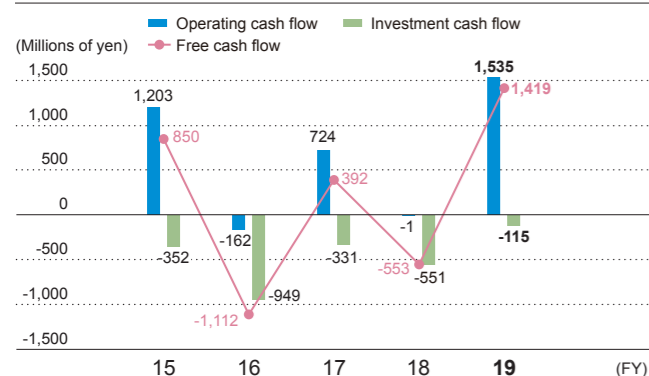
In fiscal 2019, we greatly improved the efficiency of inventory assets by overhauling our product lineup with an eye to eliminating low-profit items. This significantly improved our operating cash flow, contributing to a ¥900 million decrease in the balance of outstanding loans from the previous fiscal year-end, increasing the equity ratio 2.7 points to 54.6%, and strengthening our financial soundness.

In fiscal 2020, we are promoting the sale and securitization of unused assets and raising working capital efficiency by, for example, further shrinking inventory while pursuing rationalization and cost reductions.

Based on a determination by the Board of Directors, around 60% (on a book value basis) of the Company's cross-shareholdings were divested in the first half of fiscal 2020.

Due to the effects of these measures, we expect our financial standing to continue strengthening in fiscal 2020.

### Cash Flow



Notes: Free cash flow = Operating cash flow + Investment cash flow

### Business Investment to Shift Our Profit Structure

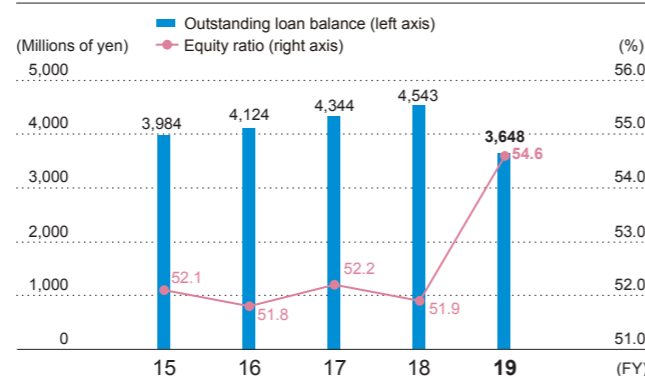
Aiming for sustainable shareholder value, Twinbird is working to maintain a sound financial base and realize business profitability that will ensure a stable ROE exceeding shareholder capital costs over the medium to long term.

To this end and in line with the new medium-term business plan, we will make our home electric appliance business more robust. We will also leverage business funding gained through the strengthening of the financial base (via the improvement of operating cash flow and asset recycling) to strategically reinvest in branding, rebuilding IT infrastructure and the growth-oriented development of strategic products, while keeping a close eye on maintaining the funds needed for shareholder returns.

### Procuring Equity Financing to Fully Expand the FPSC Business

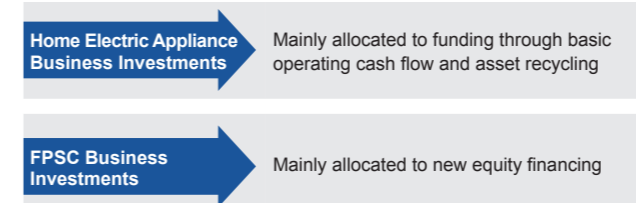
On August 24, 2020, we disclosed the Notice Regarding the Conclusion of a Facility Agreement (with Conditions Stipulating the Suspension of Execution) and the Issuance of New Stock Acquisition Rights through Third-Party Allocation (with Conditions Revising the Exercise Price). As stated above, we decided to procure equity financing with the aim of positioning operations related to FPSC, a new

### Outstanding Loan Balance and Equity Ratio



high-performance, highly efficient, eco-friendly cooling technology, as a new business pillar second to the home electric appliance business.

When choosing a funding procurement method, we consider business characteristics, such as the novelty, associated business risks and growth potential of the FPSC business, which differ from those of the home electric appliance business. I believe the aforementioned funding procurement is optimal because it allowed us to employ diverse funding procurement methods in response to changes in the business environment and build a robust financial base while limiting the effects on existing shareholdings. In this way, even after making new strategic investments related to FPSC operations, we will continue maintaining an optimal capital composition and sound financial base.



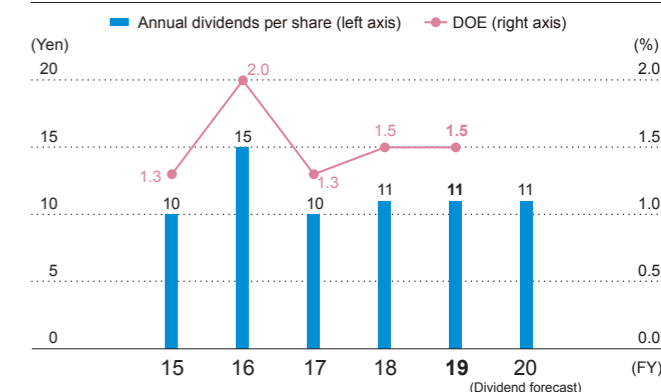
### Carrying out Stable and Sustainable Shareholder Returns

Twinbird recognizes that a key management issue is increasing shareholder value by enhancing corporate value. Our basic policy is to ensure stable and sustainable shareholder returns (dividends and share buybacks) by enhancing business results and strengthening our financial standing.

Regarding dividends, we aim to stably secure dividends on equity ratio (DOE) of 1.5% or more and incrementally increase it. In fiscal 2020, we expect to pay out annual dividends of ¥11 per share.

On the other hand, regarding share buybacks, with the primary aim of enhancing capital efficiency, we will dynamically carry this out at appropriate times while comprehensively considering such factors as the business environment, operating results, the level of free cash flow and financial leverage, and our forecasts of demand for future business funding.

### Annual Dividends per Share and DOE



### Medium-Term Business Plan (FY2020–2022) Financial Policy

Financial Guidelines	
<b>Strengthen Financial Stability</b>	<ul style="list-style-type: none"> <li>Strengthen business earnings</li> <li>Reduce inventory, return receivables and payables to appropriate levels, sell or securitize unused assets, and shrink cross-shareholdings</li> <li>Match business asset risks with funding procurement methods</li> <li>Equity ratio: Stably maintain at 60% or more and retain financial soundness</li> </ul>
<b>Investments in Strategic Areas</b>	<ul style="list-style-type: none"> <li>Conduct key investments in the strategic areas of strategic product development, IT infrastructure upgrades, and branding</li> <li>Dynamically invest and choose funding procurement methods suited to business characteristics if there are strategic investment prospects</li> <li>Choose and use appropriate funding (basic operating cash flow, asset recycling, new funding procurement) according to the business characteristics with the prerequisite of maintaining financial soundness</li> </ul>
<b>Shareholder Returns Policy</b>	<ul style="list-style-type: none"> <li>Ensure stable and sustainable shareholder returns (dividends and share buybacks)</li> <li>Secure DOE of 1.5% or more and incrementally raise it as well as conduct dynamic share buybacks</li> </ul>

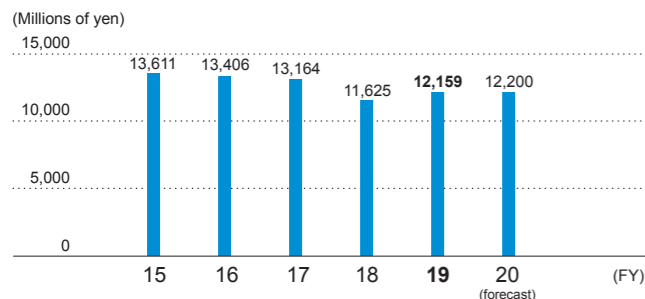
### Medium-Term Business Plan (FY2020–2022) Financial Targets

	FY2019 results	FY2020 forecast	FY2021 plan target	FY2022 plan target
<b>ROE</b>	0.5%*	0.9%	2.3% or more	4.6% or more
<b>Equity ratio</b>	54.6%	Around 59%	Around 60%	Around 62%

\* Excluding loss on valuation of securities (¥211 million)

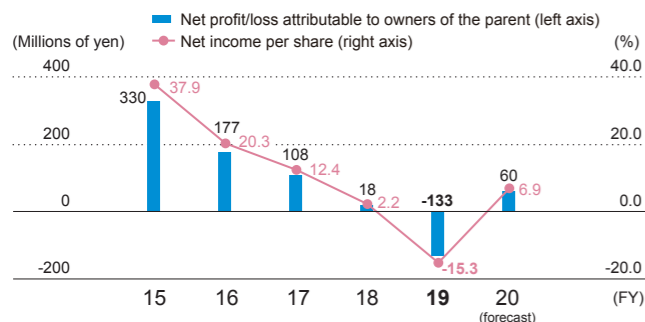
## Financial Highlights

### Net Sales



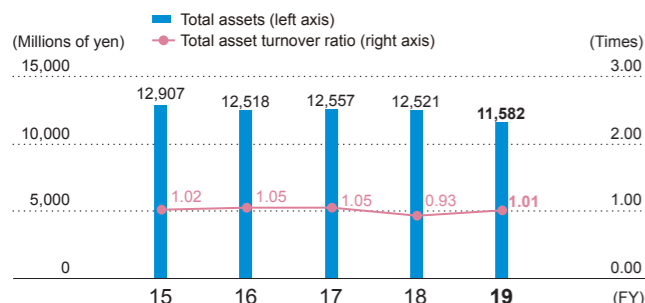
In line with our basic policy of focusing management on building a solid corporate structure and profit, we have shifted the greater part of our attention to achieving a robust business structure rather than expanding our business scale.

### Net Profit/Loss Attributable to Owners of the Parent and Net Income per Share



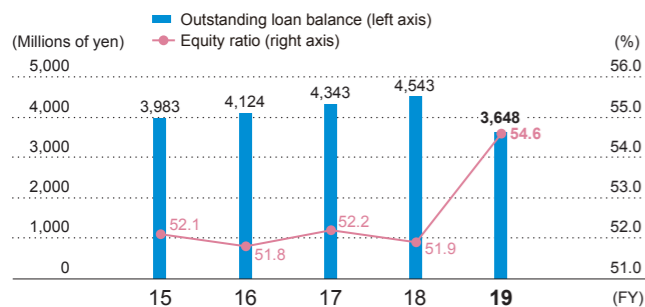
In fiscal 2019, we were in the red due to recording a loss on valuation of investment securities (an extraordinary loss) caused by stagnation in the stock market, but we forecast a return to profit in fiscal 2020.

### Total Assets and Total Asset Turnover Ratio



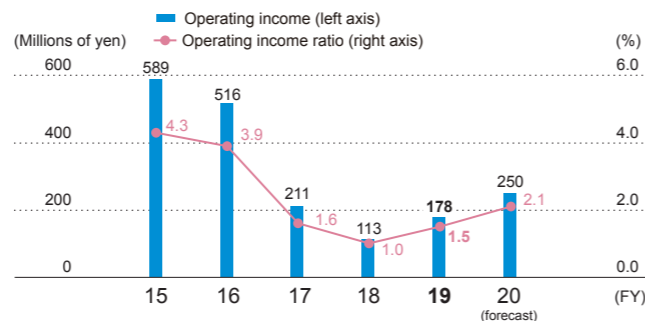
We will reduce inventory and return receivables and payables to appropriate levels while improving the asset turnover ratio and selling and securitizing unused assets.

### Outstanding Loan Balance and Equity Ratio



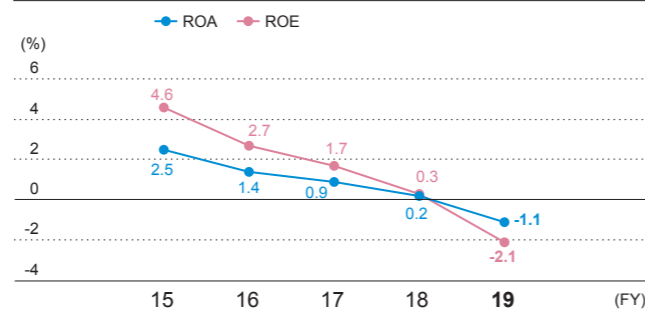
As a result of shrinking total assets, we are repaying short- and long-term loans and significantly improving our financial standing.

### Operating Income and Operating Income Ratio



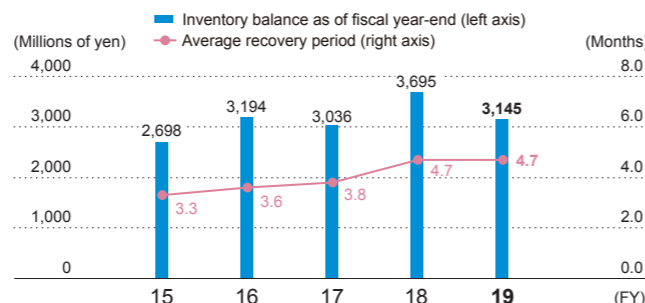
We are working to improve profitability by reducing manufacturing cost and significantly cutting back on the number of products for sale (SKU basis), especially products with relatively low profitability.

### ROA and ROE



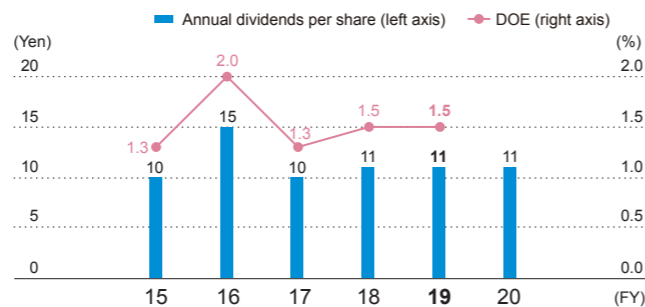
Although profitability (ROA and ROE) have been trending down and were negative in fiscal 2019 due to an extraordinary loss, we aim to achieve an ROE of 4.6% or more in fiscal 2022 by improving profitability and asset efficiency under the new medium-term business plan (FY2020-2022).

### Inventories and Average Recovery Period



We will continue to return inventories to a more appropriate level in part by significantly revising the number of products for sale (SKU basis), strengthening supply chain management, and disposing of accumulated inventory.

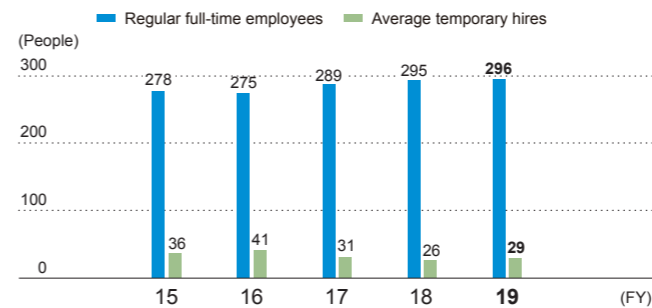
### Annual Dividends per Share and DOE



Our basic policy is to ensure stable and sustainable shareholder returns.

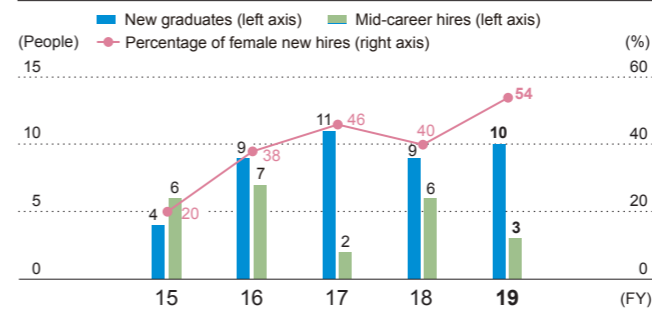
## Nonfinancial Highlights (Nonconsolidated)

### Number of Employees (as of the fiscal year-end, based on the securities report)



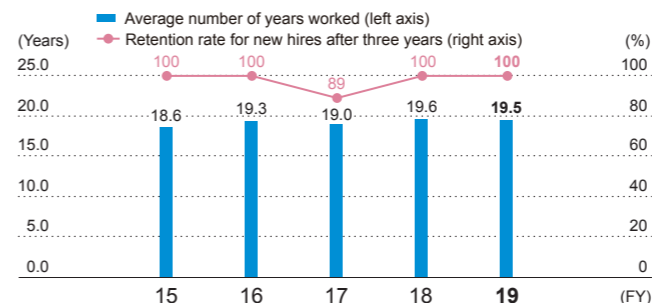
We slightly increased the total number of employees with an emphasis on improving productivity.

### Number of New Hires and Percentage of Female New Hires



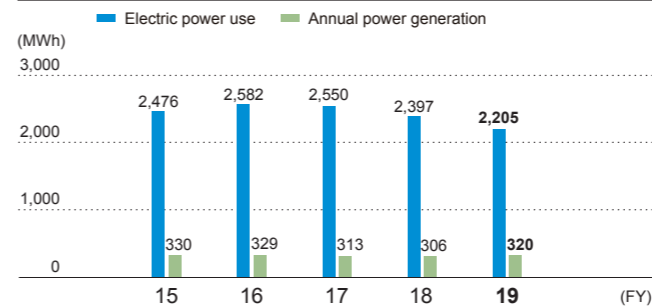
We are strengthening our strategic position by recruiting mid-career employees and regularly hiring new graduates. As part of our efforts to promote diversity, we are bolstering our hiring of female employees.

### Average Number of Years Worked and Retention Rate for New Hires after Three Years



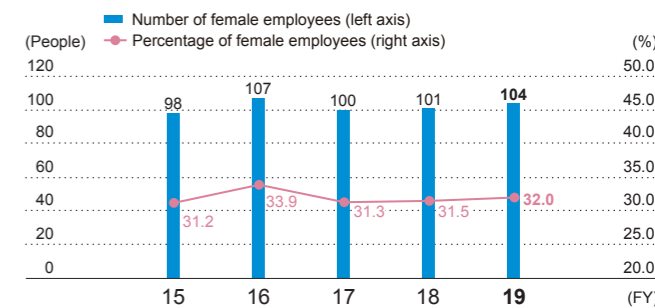
We will continue to maintain a high retention rate and further expand programs at the corporate internal university TWINBIRD Academy.

### Electric Power Use (Head office and Tokyo Branch) and Electric Power Generation



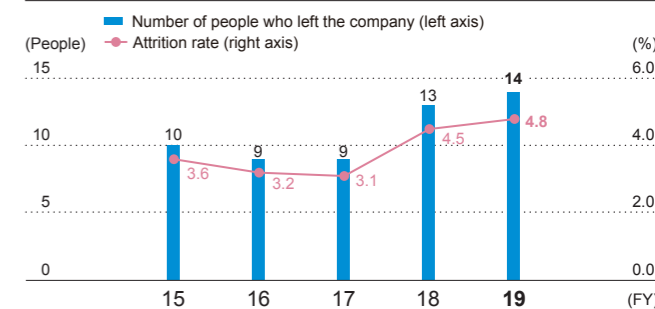
In consideration of the natural environment, we are promoting Twinbird's solar power generation business and reining in our electric power use (net).

### Number and Percentage of Female Employees (as of the fiscal year-end, based on the securities report)



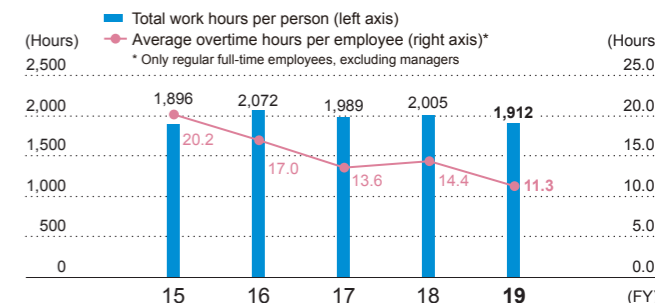
As a part of our efforts to promote diversity, we are focusing on creating a work environment where women can thrive.

### Number of People who Left the Company and Attrition Rate



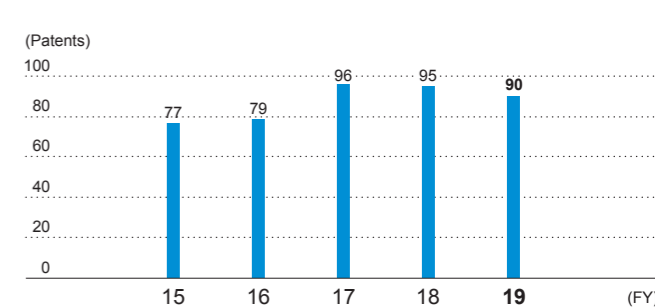
The number of people who have left the Company has remained at a low level compared with the average for the industry.

### Total Work Hours per Person and Average Overtime Hours per Employee



We will return total work hours per person to a more appropriate level by further promoting work-life balance and continually improving operational productivity.

### Number of Patents Owned (In effect as of the fiscal year-end)



We are strengthening R&D and increasing the number of patents, while working to enhance their quality, to differentiate our products and services.

### Twinbird's Dedication to Craft



The craftsmanship native to the Tsubame-Sanjo region is our manufacturing style.

**Making full use of the Tsubame-Sanjo region's technical capabilities and network**

The Tsubame-Sanjo region, where Twinbird is headquartered, is a manufacturing town that has accumulated world-renowned technologies. Our strong ties and interactions with the community constitute a major asset for us.



**Our Small Organization Enables Swift and Attentive Manufacturing**

A basic principle of manufacturing is that success is rooted in experience gained from repeated trial and error. Ideas born of curiosity are incorporated into our products.



**Our Unique Manufacturing System Creates Safe and Trusted Products**

Around 20% of all employees work in planning and development, a remarkably high percentage even for a home electric appliance manufacturer. We uncover what customers want and continually create high-quality products to meet that want as our highest priority.



**Free Piston Stirling Cooler FPSC, which Has Flown to Outer Space**

This cooling technology—a crystallization of Tsubame-Sanjo technology—was achieved through collaboration between companies in the region. It is also garnering attention for its application in refrigerators for the International Space Station and pharmaceutical transportation.



We continue to streamline.  
Our individuality therefore stands out.



**COANDA AIR**

We relentlessly worked to achieve a refreshing breeze and eventually arrived at a minimal design that seamlessly blends into interior decor.



**Upright Vacuum Cleaner**

Surprisingly lightweight with powerful suction power. A vacuum cleaner created with a focus on ease of use.



**Fully Automatic Coffee Maker**

An artisanal cup of coffee at your fingertips. Extraneous bells and whistles have been shed to recreate professional techniques, from grinding to pouring.



**Refrigerators and Freezers**

We offer lifestyle options that prioritize freezer space with simple designs that meld with the interior design.



**Waterproof Head Care Device**

Realistically recreate the "god's hand" head spa treatment. Massages your scalp, firming up your profile.

 **GOOD DESIGN**

2020  
2 products



Care Dryer



Flatbed microwave with sensor

2019  
3 products



Fully automatic coffee maker



Bottle-shaped vacuum cleaner



Handheld steamer

MAINTS  
2018



IH cookware Hot Trivet



Fan COANDA AIR



Wireless wearable neck speakers



LED desk light Aired

We have consecutively won the Good Design Award, receiving praise for our designs, functions and concepts tailored to customer needs.

## Creating a Workplace in Which Employees Find Their Jobs Rewarding

### 01: Human Resource Policies



In line with our human resource vision, we will create a workplace in which everyone finds their job rewarding and thereby enhance employee happiness.

#### Human Resource Vision and Human Resource Management Policy

In the face of rapid changes in the external environment, businesses are being called upon to accurately assess the needs of society and customers as they work to solve pressing challenges via a transition to new business models. Accordingly, nurturing human resources capable of contributing to these endeavors is a matter of utmost importance.

Previously, the key management resources a business relied on were typically defined as “manpower,” “goods,” and “capital.” Today, however, the success of a business depends much more on the capabilities of its human resources. With this in mind, our human resource development efforts are focused on securing excellent candidates and helping them realize their full potential.

In fiscal 2019, we positioned “Becoming an Inspiring Company (Person) That Offers Emotional Impact and Realizes No. 1 Customer Satisfaction” as our human resource vision. This move was intended to clearly communicate the Company’s value systems and judgement criteria to employees as it works toward the realization of its business vision of “Realizing No. 1 Customer Satisfaction” under the new medium-term business plan. Guided by this human resource vision, we also declared as our human resource management policy, “Supporting Your Pursuit of Ideals,” in which we lay out the direction of and important standards for our human resource strategies.

Aiming to realize the vision and policy, in fiscal 2020 we introduced a new human resource management system designed to respect diversity in employee values pertaining to work and help each individual realize their full potential.



\* This refers to both a manufacturing company that produces inspiring products and an individual who strives to accomplish an inspiring job.

#### Concepts behind Job Rank, Employee Evaluation and Wage Systems under the New Human Resource Management System

Job categories “Nests”	Determination of targets for each job	Concepts behind evaluation systems	Concepts behind wage systems
<b>Managerial nest (management class)</b> • Take on organizational and staff management	• Translate individual performance commitments directly into targets	• Place greater emphasis on achieving job-based targets while serving as an employee role model by adhering to the Code of Conduct	• Reflect achievements of managerial employees in wage levels • Wage range is set robustly with the aim of retaining competitive human resources
<b>Professional nest (specialist class)</b> • Contribution in one’s area of specialty	• Individual targets are determined upon consultation with the managerial nest	• Aim for a balanced approach to simultaneously achieving job-based targets and adhering to the Code of Conduct	• Rewarded by flexibly adjusted wages commensurate with labor value
<b>Regular nest (operational class)</b> • Pursue the foundational development of talent and career vision • Take on frontline operations	• Individual targets are determined upon consultation with the managerial nest	• Place greater emphasis on adherence to the Code of Conduct than achieving job-based targets	• Eligibility for an annual wage hike contributes to confidence while encouraging workers to shape their career visions

#### New Human Resource Management System

Under a new human resource management system, we have defined three job categories to better accommodate employees’ diverse values and visions regarding their careers. We call these job categories



“Nests.” Like those of their avian counterparts, these nests are designed to nurture human resources, helping them fully realize their competencies vis-à-vis their respective duties. First, the “managerial nest” consists of those holding key managerial positions and thus bearing organizational and staff management responsibilities. Second, the “professional nest” consists of those expected to contribute their specialist skills and experience in particular fields. Third, the “regular nest” consists of those tasked mainly with front-line operations and at the initial stages of developing their talents and career visions. Based on these categories, we have established evaluation and wage systems finely tuned to reward these individuals in light of the roles they are expected to fulfill.

We are thus striving to maximize our organizational capabilities by engaging in human resource management, talent development and career assistance in a way that aligns with employees’ diverse value systems pertaining to work and helps them achieve their career goals. In these ways, we will enhance employee happiness.

### 02: Human Resource Strategies



We have in place a human resource development system dubbed “TWINBIRD Academy.” This system also provides a strategic and structural linkage with the medium-term business plan and the new human resource management system.

#### Corporate University “TWINBIRD Academy”

Helping employees achieve personal growth is essential to achieving the goals of the medium-term business plan. We also believe that our corporate growth directly hinges on the success of this endeavor. Based on this belief, in fiscal 2019 we established “TWINBIRD Academy,” a corporate university aimed at empowering each employee to spontaneously pursue the betterment of their knowledge and expertise no matter what their age or experience. The academy is striving toward the creation of a corporate culture in which everyone helps one another gain knowledge even as they themselves continue to study.

As of fiscal 2020, more than 130 original programs are offered by TWINBIRD Academy. Looking ahead, we will focus mainly on enhancing the content of programs linked with the medium-term business plan and the new human resource management system.

Five Concepts Supporting TWINBIRD Academy	
01:	An educational system consistent with the Company’s vision, philosophy, strategy and human resource management system
02:	A five-year program aimed at nurturing new hires and developing leaders, a group constituting an essential workforce component, during their earlier years
03:	Creation of a human resource nurturing-oriented corporate culture in which everyone helps one another gain knowledge even as they themselves continue to study
04:	Everyone acquires new insight through teaching
05:	An innovative human resource development framework that takes advantage of a combination of digital and physical programs

<b>characteristic 01: Web-based learning programs</b>	Video-based and other programs are made available online to employees (anywhere, anytime) to help them pursue effective learning.
<b>characteristic 02: Joint training and external training opportunities (face-to-face)</b>	In-house and external lecturers contribute their insights to support necessary learning to address the needs of employees in light of their job ranks and categories.
<b>characteristic 03: Facility tour and observance</b>	Employees participate in on-site tours at Twinbird plants as well as facilities run by its suppliers to enhance their understanding of the Company’s operations.
<b>characteristic 04: Assessment of proficiency and comprehension</b>	Follow-up tests are used to confirm knowledge acquisition from the above programs.
<b>characteristic 05: Systematic management of completion status</b>	Status of progress in knowledge acquisition is checked on an individual basis to support employees’ personal growth.

#### Promoting Diversity and Developing an Inclusive Working Environment

As we strive to empower our diverse human resources to fully live up to their competencies and thereby achieve happiness via career development, we believe that it is

important to create an organizational culture and working environment that encourages all to respect one another’s values and personalities.

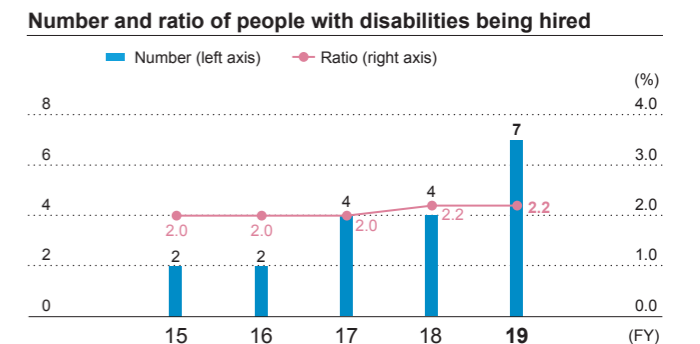
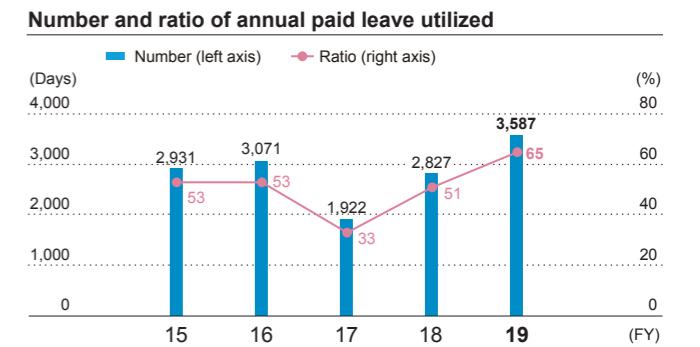
Accordingly, we are developing an inclusive workplace environment that allows all to work with confidence regardless of gender and helps them to strike a balance between duties and family life. We are also stepping up initiatives to help women raise their competencies and offer them higher positions. Thanks to these proactive efforts, in 2013 we were certified as a corporation registered under the **Happy Partner Companies program sponsored by Niigata Prefecture (a certified Enterprise Promoting Gender Equality; registration No. 539)**. In 2019, we were additionally certified by the prefecture as “an Enterprise Supporting Child Rearing.”



As part of our initiatives to develop an environment that allows employees to smoothly take childcare leave and then be reinstated once such leave is over, we have formulated an action plan in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace. This plan is focused on rehiring the type of employees who once decided to resign due to marriage, childbirth or other family reasons. Moreover, we have prepared another action plan under which we strive to help nurture the next generation by helping employees smoothly take annual paid leave and otherwise strike an optimal work-life balance. As a result, from fiscal 2017 onward, we have seen steady improvements in the ratio of annual paid leave utilized each year.

In addition, we have set the retirement age at 65 to ensure an environment in which veteran employees can work with confidence and are better positioned to pass down their abundant knowledge and experience to younger generations.

We have also hired people with disabilities in a proactive manner and in fiscal 2019 we succeeded in overcoming our previous shortfall in the mandatory hiring ratio.





**1-6. FPSC for Use in Aerospace Application**

In 2011, we initiated the development of an FPSC for aerospace applications upon the request of the Japan Aerospace Exploration Agency (JAXA). As a result, our FPSC was installed in the FROST, a portable refrigerator/freezer unit created in 2013 for use in the Japanese Experiment Module “Kibo” (meaning hope in Japanese), a component of the International Space Station (ISS), to store experimental specimens and other substances collected by astronauts. In August of the same year, the FROST was also loaded on the cargo transfer spacecraft “Kounotori” (meaning white stork in Japanese), which was launched to the ISS from the Tanegashima Space Center. Moreover, in February 2017, the FROST 2, a newer version of the unit, was launched from the John F. Kennedy Space Center in Florida, the United States.

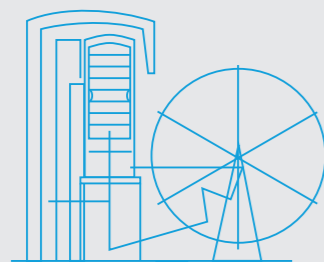


Twinbird goes to space.



FROST is used as on-board equipment in the microgravity environment of “Kibo,” where it is being used to cool the interior of a 12-liter container to minus 70°C, lowering the temperature by precise 0.1°C increments.

**column**



The fundamental mechanisms of the FPSC are the invention of the Scotland-based Robert Stirling in 1816. Over the years, a number of corporations have tried and failed to commercialize products that employ the Stirling Cycle. Until recently, the prevailing view among specialists was that despite its theoretical and technological excellence, the Stirling Cycle was an unlikely candidate for mass production.

**2. Twinbird Supports the Natural Environment via Solar Power Generation**



Utilizing renewable energy in its business operations, Twinbird installed solar power generation systems on the premises of its Head Office, with their maximum output totaling 250kW.

**Our Contribution to Society**

**Interacting with Community Neighbors via the TWINBIRD × Tsubame-Sanjo Summer Festival**

We host this annual event on the premises of the Twinbird Head Office to express our gratitude to the communities in which we operate. Held with the cooperation of other companies based in Tsubame-Sanjo,\* the event focuses on providing an inspiring summertime experience for all attendees, with opportunities to enjoy food and other regional specialties. The scale of the event has grown steadily, and the latest round held in 2019 attracted more than 2,500 people. Looking ahead, Twinbird will strive to remain a company loved by its neighboring communities.

\* Located in the middle of Japan, the Tsubame-Sanjo region is home to an industrial cluster that traces its heritage to ancient traditions of craftsmanship



## Harmoniously Coexisting with Regional Communities

### Business Activities Employing Unique Manufacturing Resources in the Tsubame-Sanjo Region of Niigata Prefecture

In December 2018, Twinbird was selected by the Ministry of Economy, Trade and Industry (METI) to be included in the list of “Companies Driving Regional Growth” as part of METI’s additional selection campaign aimed at identifying businesses expected to play key roles in the future growth of regional economies. Under this campaign, a total of 1,543 companies were selected from regions around Japan, with 53 being chosen among businesses based in Niigata Prefecture.

Leveraging government-led support measures given to companies included in the list, Twinbird will act as an advocate for regional communities in the course of business operations. To this end, we will communicate the appeal of these communities to people at home and abroad, and thereby contribute to the vitalization of their economies.



### Co-Sponsoring an Interaction Project Connecting the Tokyo Yakult Swallows and Tsubame City



Twinbird is an official sponsor of the Tokyo Yakult Swallows (professional baseball team). Our decision to become an official sponsor of this team in 2012 was in recognition of a bond formed by the coincidence of the name of the city—Tsubame—being the same as the Japanese word for the bird known as a swallow in English. Through initiatives like those described above, we are striving to contribute to the vitalization of the city and the success of the team.

### Co-Sponsoring the “Hero Prize” at Swallows’ Home Games in Jingu Baseball Stadium

We provide funds for the “Hero Prize,” which is awarded to outstanding players when the team wins a victory at a home game.

### “Swallows Rice Farm Project”

#### Facilitating Interaction between Tsubame City and the Swallows

Swallows baseball fans and other citizens participate alongside “Tsubakurou,” the Swallows’ team mascot in this project, which includes planting and harvesting events at rice paddies in Tsubame City, Niigata Prefecture. At these events, Twinbird sets up a booth so visitors can try out some of its products and get a photo taken holding a “Hero Prize” plaque.

## Gate CAFE at TWINBIRD Nihonbashi Gate Office



Twinbird’s Nihonbashi Gate Office in Tokyo was opened in 2015 to provide a venue for direct interaction with users of its products.

Within the office, a showroom equipped with a kitchen, living room and bathroom provides visitors with a hands-on opportunity to experience the Company’s products. Employing this showroom, we are proposing home electric appliances that align with users’ lifestyles and deliver what they truly need in various situations.

On the ground floor of the building, we have opened Gate CAFE to offer a taste of the specialties from the Tsubame-Sanjo region. The facility employs Twinbird products to cook foodstuffs from Niigata. The authentic meals it serves also feature cutlery manufactured in the prefecture.



### CAFE

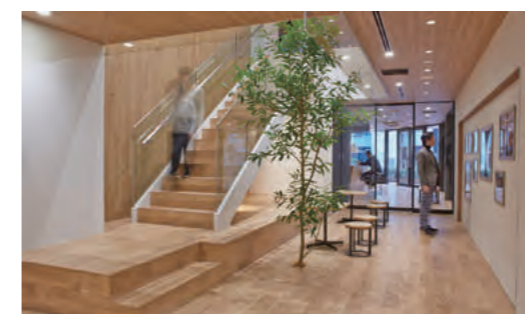
**Offering a Taste of the Delicacies of Tsubame-Sanjo**  
Gate CAFE invites patrons to experience a taste of the healthy dietary lifestyle choices proposed by Twinbird. To this end, it serves low-carb bran breads as well as meals incorporating fresh vegetables and other foodstuffs delivered every morning from Niigata.

Gate CAFÉ  
Open from 8:00 to 17:30 (Last order: 17:00)  
Closed on Saturdays, Sundays and national holidays



### ANTENNA SHOP

**Offering Hands-on Experience of “Made in Tsubame-Sanjo”**  
At the antenna shop, visitors can get a close look at Twinbird products. Moreover, the shop displays Tsubame Tsuiki Douki, traditional handcrafted copperware that is well known as a premium brand representing the Tsubame-Sanjo region, as well as cutlery and other goods made by local manufacturers. In this way, the antenna shop is actively communicating the appeal of Tsubame-Sanjo by letting visitors know about the outstanding craftsmanship unique to the region.



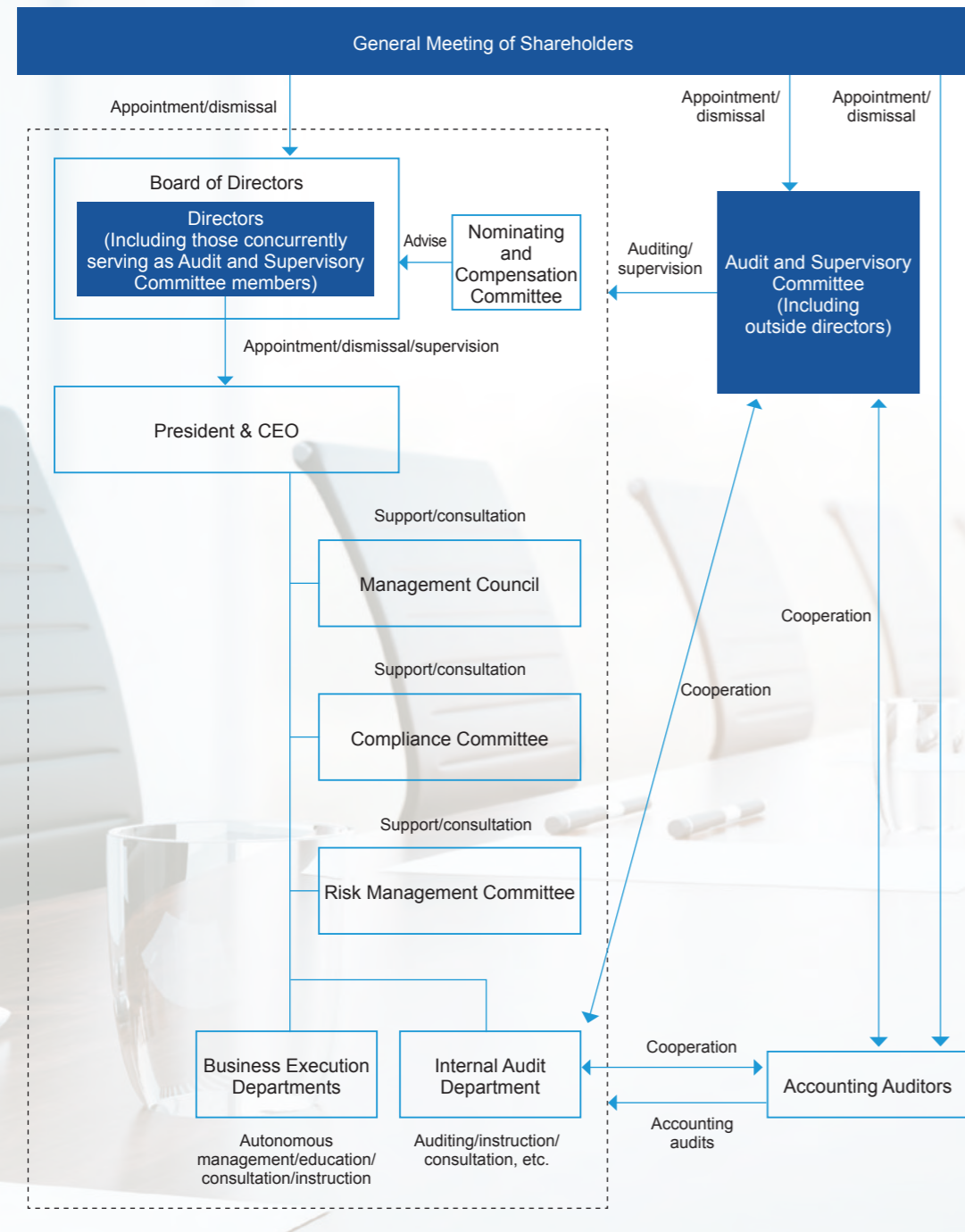
### EVENTS

#### Teaching People about Life in Tsubame-Sanjo

In line with a policy of taking heed of customers’ voices, Twinbird organizes various events, including summer festivals and Facebook-based fan events. Employing Gate CAFE, the Company also holds events aimed at turning people into fans of Twinbird and Tsubame-Sanjo. These Gate CAFE events are also intended to promote the co-creation of new value in tandem with customers. To this end, we invite patrons who stop by to enjoy a taste of the rich dietary heritage of the Tsubame-Sanjo region while learning about the region’s craftsmen, their outstanding techniques and their unparalleled passion for manufacturing.

# Corporate Governance

## Corporate Governance Structure



## Fundamental Stance on Corporate Governance

The following basic policies are central to our corporate governance:

- (a) Enhance the transparency of decision-making process
- (b) Strengthen information disclosure and clarify accountability
- (c) Maintain strict compliance
- (d) Implement thorough risk management

In line with these policies, we strive to establish and maintain favorable relationships with shareholders, suppliers, local society, employees, and all other stakeholders while developing systems for ensuring sound and rational business execution. Therefore, we constantly work to enhance the functions of the Internal Audit Department and the Compliance Committee and to secure the structure in which these bodies act in collaboration with the Audit and Supervisory Committee and accounting auditors.

## Outline of Our Management Structure for the Execution, Audit and Supervision of Business

The majority of the Audit and Supervisory Committee's membership is accounted for by outside directors. At present, we are endeavoring to further strengthen corporate governance by upgrading the supervisory functions of the Board of Directors, which includes four outside directors, while appointing individuals well-versed in Twinbird's operations as executive directors to ensure a swift management approach that aligns with the Company's actual operational status.

### (a) Board of Directors

The Board of Directors consists of six directors, three of whom are members of the Audit and Supervisory Committee. In general, the Board of Directors holds periodic meetings on a monthly basis to discuss and make decisions pertaining to the Company's fundamental management policies and other important matters.

### (b) Management Council

The Management Council is attended by executive directors, executive officers, group executives and other key personnel. In general, the council holds periodic meetings on a monthly basis and, in a way that conforms with fundamental management policies formulated by the Board of Directors, discusses and makes decisions on important management matters.

### (c) Audit and Supervisory Committee

The Audit and Supervisory Committee includes three outside directors who concurrently serve as Audit and Supervisory Committee members. In general, the committee holds periodic meetings on a monthly basis to determine audit policies, receive reports on the status of audits, improve the content of audit items and carry out other audit-related tasks.

Audit and Supervisory Committee members also attend Board of Directors meetings to strengthen the committee's audit functions and help enhance management transparency.

Furthermore, the Audit and Supervisory Committee engages with accounting auditors to ensure smooth information sharing and otherwise exchange opinions with them in the course of accounting audits. To this end, they also accompany these auditors and observe their audits.

### (d) Nominating and Compensation Committee

The Nominating and Compensation Committee, a non-mandatory governance body established by the Company, acts as an advisory body for the Board of Directors. The committee deliberates such matters as proposals to be submitted to the General Meeting of Shareholders regarding the appointment and dismissal of directors. Also, the committee appoints and dismisses executive officers while discussing policies associated with the determination of compensation to be paid to individual directors and executive officers in addition to deliberating the content of such compensation. Thus, the committee advises the Board of Directors. Currently, the committee consists of five directors, including outside directors who make up majority, and is chaired by an outside director.

## Director Compensation System

Compensation for directors (excluding outside directors and directors who have concurrent membership in the Audit and Supervisory Committee) consists of basic compensation, which is determined based on position held, as well as bonuses and performance-linked share compensation designed to provide recipients with greater incentives for their medium- to long-term efforts to improve the Company's business results and corporate value. Bonuses are determined with due consideration given to such factors as prevailing economic conditions, the Company's recent operating results, the size of bonuses being paid to peers at other companies, and the extent of bonuses being paid to the Company's employees.

Compensation for outside directors and directors who have concurrent membership in the Audit and Supervisory Committee consists only of fixed compensation, which is determined based on their duties and the external trends in compensation being paid to those in similar positions, as their sole role is to supervise and advise top management from an independent standpoint that sets them apart from business execution.

Compensation for directors, excluding those who concurrently serve as Audit and Supervisory Committee members, is determined by the Board of Directors within the limit of the total amount approved by the General Meeting of Shareholders. After receiving advice from the Nominating and Compensation Committee, whose majority membership is accounted for by independent outside directors, the Board of Directors decides on such compensation upon the consent of the Audit and Supervisory Committee to ensure the independence and objectivity of its decisions. In addition, share compensation is paid to recipients in the form of

Company shares in a number calculated based on their positions. Until a director steps aside from his/her position, the Company holds shares awarded as compensation in a stock benefit trust. Once the director steps down, said compensation is paid to the recipient.

As for directors who concurrently serve as Audit and Supervisory Committee members, compensation for such directors, including bonuses, is determined via discussion between such directors within the limit of the total amount approved by the General Meeting of Shareholders.

The Board of Directors passed a resolution to introduce a performance-linked share compensation plan at its meeting held on April 8, 2016. In addition to providing directors with compensation paid in cash as described above, this move was intended to utilize a stock benefit trust to reward these individuals. Upon this resolution, the Board of Directors proposed the introduction of the plan to the 54th Ordinary General Meeting of Shareholders held on May 27, 2016. Based on this proposal, said General Meeting of Shareholders approved the plan and agreed to pay performance-linked share compensation to individuals who served as directors during the two fiscal years from March 1, 2016 to February 28, 2018. This plan has been in place since then. On April 12, 2018, the Board of Directors decided to propose the partial revision of the plan and the renewal of the period subject to the plan. These proposals were approved on May 29, 2018 at the 56th Ordinary General Meeting of Shareholders.

This plan is designed to secure a clearer linkage between director compensation and the Company's stock value to ensure that directors receive the same benefits and are exposed to the same risks arising from stock price fluctuations as shareholders and are thus highly motivated to contribute to the medium- to long-term improvement of the Company's business results and corporate value. Under this plan, the stock benefit trust, which was established via funding from the Company, acquires shares, while the Company provides recipients with shares through the trust in a number equivalent to points granted to each director based on a calculation using the formula presented below. (One point = One share; however, in the case of a share split, reverse share split, the allotment of shares requiring no contribution or other circumstances by which the number of shares to be granted to recipients per point is deemed inappropriate and in need of adjustment, the Company may carry out rational adjustments in light of the ratio of said share split or reverse share split or other factor.)

In addition, if new directors were to be appointed midway through the fiscal periods subject to the plan, the following formula is equally applied to the calculation of share compensation for such individuals. In general, recipients are eligible to receive share compensation only when they step aside from director positions.

Also, upon the finalization of the number of shares to be granted to each director under this plan, the trust converts 30% of such shares into cash. These portions are granted to recipients in cash at fair value instead of shares, with the aim of ensuring smooth tax withholding in which the

Company sets aside funds for the payment of individual income and other taxes on behalf of recipients.

In cases where a director has passed away during the period subject to the plan, the Company will provide his/her bereaved families with shares that would otherwise have been granted to such director.

If due to the announcement of a tender offer aimed at acquiring the Company's shares (excluding a tender offer announced by the Company itself; hereinafter the "tender offer") the trust is compelled to sell shares entrusted to it by the Company in exchange for cash, the Company will not provide directors with shares, rather it will pay them in cash in an amount equivalent to proceeds from the sale of the shares according to the number of shares that would otherwise have been granted to them.

In cases where a director resigns during the term of office due to personal reasons (excluding for reasons deemed nonprejudicial by the Board of Directors, i.e., due to a disease, injury or other situation arising from the execution of a director's duties) or upon dismissal or voluntary resignation due to damage the director caused the Company to sustain, points that have been granted to that individual can be entirely revoked upon the decision by the Board of Directors at the time of resignation or dismissal.

#### The Formula for Calculating Points (excerpt)

In general, points are granted to each recipient on the annual grant date to reward recipients for their performance during each evaluation period.\*1 The number of points is calculated using the following formula.

$$\text{Number of points to be granted} = \text{Basic points (determined by position)}^*2 \times \text{Performance coefficient}^*3$$

Note: Number shall be rounded to the nearest whole number.

\*1 Evaluation period: Most recent fiscal year (from the beginning of March to the end of February of the subsequent year) ended prior to each annual grant date. The first evaluation period is defined as the period spanning March 1, 2016 to February 28, 2017.

\*2 Basic points: Determined by the position of the recipient at the beginning of the evaluation period. The number of basic points to be granted by position is presented in the chart below. However, the number of basic points to be granted to an individual who was appointed as director midway through the evaluation period shall be determined based on his/her position at the time of appointment.

\*3 Performance coefficient: See "Performance Coefficient" below.

Position	Basic points to be granted
Chairperson	12,673
President	12,673
Vice president	11,521
Senior managing director	10,369
Managing director	8,065
Director (not in any positions listed above)	7,373

#### Performance Coefficient:

The degree of director accomplishment is determined based on consolidated operating income recorded in the consolidated statement of income as part of the Company's *Yukashouken Houkokusho* (securities report) for the fiscal year that coincides with the evaluation period. Specifically, the Company calculates this coefficient based on the ratio of its operating income to the operating income forecast announced at the beginning of said fiscal year. If the Company were to post an operating loss on a consolidated basis in the fiscal year that coincides with the evaluation period, the ratio would be zero. The details of calculation are as presented below.

The ratio of operating income to operating income forecast	Coefficient
120% or more	1.20
115% to less than 120%	1.15
110% to less than 115%	1.10
105% to less than 110%	1.05
100% to less than 105%	1.00
95% to less than 100%	0.95
90% to less than 95%	0.90
85% to less than 90%	0.85
Less than 85%	0.80

For more details, please also refer to the Company's *Yukashouken Houkokusho* (securities report). (Japanese only)

[http://www.twindbird.jp/user\\_data/packages/default/client/company\\_pdf/irnews/news\\_200617\\_01.pdf](http://www.twindbird.jp/user_data/packages/default/client/company_pdf/irnews/news_200617_01.pdf)

#### Director Compensation for Fiscal 2019

Category	Total compensation (¥ thousands)	Total compensation by type (¥ thousands)				Number of recipients
		Basic compensation	Bonus	Share compensation	Retirement benefits	
Directors (excluding those serving as Audit and Supervisory Committee members and outside directors)	84,254	73,694	—	10,560	—	3
Directors serving as Audit and Supervisory Committee members (excluding outside directors)	4,200	4,200	—	—	—	1
Outside directors	12,150	12,150	—	—	—	5

Notes: 1. Figures presented above include one outside director (with no concurrent membership in the Audit and Supervisory Committee) who retired from office at the close of the 57th Ordinary General Meeting of Shareholders held on May 29, 2019 and two directors, including one outside director, who had concurrently served as Audit and Supervisory Committee members, and retired from the office on the same date.

2. In fiscal 2019 (the year ended February 29, 2020), one director who has concurrent membership in the Audit and Supervisory Committee and is not an outside director, was granted compensation for only the three months from March to May. Also, two outside directors received compensation for only the three months from March to May and the six months from June to February of the subsequent fiscal year, respectively.

#### Share Compensation Plan for Executive Officers with Restriction on Transfer

In fiscal 2019, the Company introduced a share compensation plan (hereinafter the "plan") for executive officers. The plan is aimed at ensuring that executive officers receive the same benefits and are exposed to the same risks arising from stock price fluctuations as shareholders and are thus highly motivated to contribute to increasing the Company's stock price and improving its business results and corporate value over the medium to long term. Furthermore, the plan encourages the Company's executive officers to strive toward the targets of the new medium-term business plan. Shares to be granted to executive officers under the plan entail restrictions on transfer for a period of three years.

Specifically, upon a resolution by the Board of Directors, the executive officers are eligible for claims on monetary compensation in the form of share compensation. All of such claims are paid as compensation in-kind. Executive officers will thus be allotted shares with restrictions on transfer. In addition, other details of the allotment of shares with restrictions on transfer have been decided by the Board of Directors based on conclusions reached through discussion by the Nominating and Compensation Committee and upon the confirmation of such decisions by the Audit and Supervisory Committee.

#### Status of Development of Internal Control Systems

The Company has established a basic policy on the development of internal control systems in accordance with

relevant laws. In addition to preventing the occurrence of corporate misconduct, our efforts to develop and operate internal control systems are intended to maintain sound and sustainable corporate development. Believing that the success of these efforts represents a critical management issue, we are hard at work to secure the effectiveness, efficiency, and appropriateness of our business operations.

To this end, we are strengthening the functions of the Board of Directors, Management Council, and Audit and Supervisory Committee, all of which constitute key components of the Company's management structure for auditing and supervising business execution. Moreover, we have in place the Compliance Committee tasked with promoting thorough legal compliance as well as the Internal Audit Department, a dedicated body specializing in internal audits. We are also working to enhance the functions of these bodies.

#### Status of the Development of Risk Management Structure

The Company's Risk Management Committee is tasked with managing various risks confronting the Twinbird Group as a whole in a comprehensive and integrated manner. To strengthen risk management, we are currently endeavoring to ensure even closer collaboration between the Audit and Supervisory Committee and accounting auditors and between the Audit and Supervisory Committee and the Internal Audit Department.

## Management Structure (As of September 1, 2020)

### Directors and Audit and Supervisory Committee Members




**Shigeaki Nomizu**  
President & CEO

**Career Summary**  
Mar. 1989 Joined the Company  
Dec. 1999 Deputy General Manager, Hong Kong Representative Office  
Mar. 2004 General Manager, Overseas Sales Department  
Mar. 2005 Deputy Group Executive, Sales Division  
June 2007 Director, Deputy Group Executive, Sales Division  
Oct. 2009 President, Soei Co., Ltd. (current position)  
June 2010 Senior Managing Director, General Manager, Corporate Planning Office, Export Control Office, and Information Management Department of the Company  
June 2011 President & CEO (current position)  
Apr. 2014 Director, Twinbird Electrical Appliance (Shenzhen) Co., Ltd.  
May 2017 Chairman, Twinbird Electrical Appliance (Shenzhen) Co., Ltd.




**Yoshitaka Kato**  
Outside Director

**Career Summary**  
Oct. 1983 Joined Pricewaterhouse (currently PricewaterhouseCoopers Aarata LLC)  
Mar. 1988 Registered as a Certified Public Accountant  
Oct. 1990 Joined Fidelity Investments Management (Japan) Limited (currently Fidelity Investments (Japan) Limited)  
May 1994 Joined Yamada Accounting Office (currently Grant Thornton Yamada & Partners)  
Nov. 1999 Representative Partner, YUSEI Audit & Co. (currently Grant Thornton Taiyo LLC)  
Mar. 2002 General Representative Partner, YUSEI Audit & Co.  
Jan. 2017 Chairman and Representative Partner, YUSEI Audit & Co.  
June 2017 Appointed Outside Audit & Supervisory Board Member of Alfresa Holdings Corporation (current position)  
July 2018 Representative Director and President, Crowe ProC.A Inc. (current position)  
May 2019 Appointed Outside Director of the Company (current position)



**Masazumi Shimada**  
Outside Director  
(Audit and Supervisory Committee Member)

**Career Summary**  
Mar. 1982 Joined Shimada Printing Paper Co., Ltd.  
Apr. 1989 Managing Director, Shimada Printing Paper Co., Ltd.  
Feb. 1997 Representative Director and President (current position), Shimada Printing Paper Co., Ltd.  
June 2004 Appointed Outside Audit & Supervisory Board Member of the Company  
May 2016 Appointed Outside Director (Audit and Supervisory Committee Member) of the Company (current position)




**Tsutomu Sato**  
Senior Managing Director  
Director in Charge of R&D Division  
Group Executive in Charge of Production  
Group Executive, Quality Assurance Division

**Career Summary**  
Mar. 1979 Joined the Company  
Mar. 1994 General Manager, Production Control Department  
June 2007 Deputy Group Executive, R&D and Production divisions  
June 2008 Director, Deputy Group Executive, R&D and Production divisions  
June 2011 Managing Director, Deputy Group Executive, R&D and Production divisions  
Mar. 2012 Managing Director, Group Executive, Production Division  
Mar. 2014 Managing Director, Group Executive, Quality Assurance and Production Control Division  
May 2017 Senior Managing Director, Group Executive, R&D and Production Division  
Jan. 2020 Director, Twinbird Electrical Appliance (Shenzhen) Co., Ltd.  
Mar. 2020 Senior Managing Director, Director in Charge of R&D and Production Division Group Executive, Quality Assurance Division (current position)  
Chairman, Twinbird Electrical Appliance (Shenzhen) Co., Ltd. (current position)



**Fumihiko Komamiya**  
Outside Director  
(Audit and Supervisory Committee Member)

**Career Summary**  
July 1985 Director, Fukui Prefecture Obama Tax Office  
July 1986 Deputy Director, International Tax Division, Tax Bureau, Ministry of Finance  
May 1988 JETRO San Francisco Office Representative  
July 1991 Deputy Director, Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency  
July 1994 Associate Professor, Faculty of Law, Niigata University (Graduate school)  
July 1997 Professor, Faculty of Law, Niigata University (Graduate school)  
Feb. 2005 Registered Attorney at Law  
Founded Komamiya Law and Tax Office as Representative (current position)  
May 2017 Appointed Outside Director of the Company  
Apr. 2018 Professor Emeritus, Niigata University (current position)  
Sep. 2018 Specially Appointed Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University (current position)  
May 2019 Appointed Outside Director (Audit and Supervisory Committee Member) of the Company (current position)  
Appointed Auditor of Twinbird Electrical Appliance (Shenzhen) Co., Ltd. (current position)  
Appointed Outside Corporate Auditor, MAINTS CORPORATION (current position)  
Apr. 2020 Specially Appointed Professor, Graduate Institute for Entrepreneurial Studies (current position)



**Takashi Komura**  
Outside Director  
(Audit and Supervisory Committee Member)

**Career Summary**  
Nov. 1994 Passed the bar examination  
Apr. 1997 Registered as Attorney at Law  
Joined Ban Law Office (currently Ban Bill Law Office)  
Oct. 2002 Founded Komura Law Office as Representative (current position)  
May 2019 Appointed Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

### Executive Officers



**Kazunori Kobayashi**  
Executive Officer  
Group Executive, Corporate Planning Division

**Career Summary**  
Prior to joining the Company in fiscal 2013, he worked at a bank-related systems developer and handled general planning in addition to launching new businesses. He also served as the general manager of several departments associated with public projects and outsourcing.



**Takayuki Asami**  
Executive Officer  
Group Executive, Marketing Division  
General Manager, Brand Strategy Department

**Career Summary**  
Prior to joining the Company in fiscal 2018, he worked at a major home electric appliance manufacturer and took on domestic and overseas marketing in addition to supervising solutions and consumer businesses in the United States, Europe, and other locations abroad.



**Koji Kuramata**  
Executive Officer  
Group Executive, Sales Division

**Career Summary**  
Prior to joining the Company in fiscal 2020, he worked at a major home electric appliance manufacturer and supervised departments in charge of product and sales strategies targeting the domestic market, holding such positions as director and branch manager in charge of a sales division.



**Takeyuki Fumizono**  
Executive Officer  
For Special Mission to Group  
Executive of Sales Division

**Career Summary**  
Prior to joining the Company in fiscal 2009, he worked at a major audio and visual device manufacturer, taking on such operations as domestic sales and marketing, holding such positions as supervisor of a local base, a volume sales division and promotional campaigns.



**Tetsuya Takagi**  
Executive Officer  
Chief Financial Officer  
Group Executive, General Administration Division

**Career Summary**  
Prior to joining the Company in fiscal 2019, he served at a major multi-function copier manufacturer as the CFO of a regional headquarters company operating abroad and as an executive officer tasked with supervising the head office's general corporate planning department. He also has experience as a managing executive officer at a major real estate company.



**Yoshiaki Kawamura**  
Executive Officer  
Group Executive, R&D Division

**Career Summary**  
Prior to joining the Company in fiscal 2019, he worked at a major home electric appliance manufacturer and took on a broad range of operations from planning, development, and manufacturing to sales, holding such positions as president of an overseas subsidiary and executive officer in charge of a business division of a domestic subsidiary.



**Tsuyoshi Miyai**  
Executive Officer  
For Special Mission to Group  
Executive of Sales Division

**Career Summary**  
Prior to joining the Company in fiscal 2013, he worked at a major material manufacturer where he took on R&D, new business development projects, and a broad range of other assignments, including the operation of a joint venture established in tandem with a U.S.-based firm in connection with the development of new applications for optical elements and bio materials.



## 10-Year Trends in Key Performance Indicators

	The 49th fiscal period Fiscal 2010 (non-consolidated basis)	The 50th fiscal period Fiscal 2011	The 51st fiscal period Fiscal 2012	The 52nd fiscal period Fiscal 2013	The 53rd fiscal period Fiscal 2014	The 54th fiscal period Fiscal 2015	The 55th fiscal period Fiscal 2016	The 56th fiscal period Fiscal 2017	The 57th fiscal period Fiscal 2018	The 58th fiscal period Fiscal 2019		
<b>Consolidated Statements of Income Items (millions of yen)</b>												
Net sales	13,054	15,006	12,396	11,144	13,357	13,611	13,406	13,164	11,625	12,159		
Operating income	1,576	1,582	313	354	216	589	516	211	113	178		
Ordinary income	780	1,499	324	327	523	410	256	105	57	66		
Net profit/loss attributable to owners of the parent	728	938	150	226	338	330	177	108	18	(133)		
Comprehensive income	—	985	540	306	1,334	(1,009)	(134)	179	39	(83)		
Depreciation and amortization	51	70	82	83	102	154	185	202	195	195		
R&D expenses	497	521	603	503	568	572	605	448	469	419		
<b>Consolidated Balance Sheet Items (millions of yen)</b>												
Net assets	4,846	5,765	6,262	6,525	7,786	6,726	6,485	6,554	6,504	6,322		
Total assets	8,217	9,401	9,475	9,605	13,792	12,907	12,518	12,557	12,521	11,582		
<b>Consolidated Cash Flow Items (millions of yen)</b>												
Cash flows from operating activities	960	1,119	219	133	(175)	1,203	(162)	724	(1)	1,535		
Cash flows from investment activities	(670)	(536)	(450)	(398)	(1,744)	(352)	(949)	(331)	(551)	(115)		
Cash flows from financial activities	(794)	(250)	312	7	1,677	320	(107)	(3)	(46)	(1,163)		
Cash and cash equivalents at the end of the year	471	1,008	1,084	851	633	1,794	557	947	365	627		
<b>Per Share Data (yen)</b>												
Net assets per share	555.27	660.70	717.72	747.85	892.63	771.22	743.62	750.18	744.46	723.61		
Profit/loss for the year per share	83.52	107.55	17.29	25.99	38.83	37.93	20.34	12.43	2.17	(15.32)		
<b>Management Indicators</b>												
Stability	Current A/L ratio (%)	Current assets / Current liabilities	252.6	246.0	303.4	363.7	219.3	253.9	261.1	245.8	222.3	225.1
	Liquidity ratio (%)	Liquid assets / Current assets	180.9	169.8	184.4	200.0	105.3	154.3	141.6	141.2	102.8	118.0
	Noncurrent ratio	Noncurrent assets / Net assets	60.2	52.4	49.5	48.9	71.1	69.4	79.7	76.6	78.2	75.3
	Long-term noncurrent adaptation ratio	Noncurrent assets / (Net assets + Noncurrent liabilities)	47.7	44.4	42.0	40.7	55.2	48.3	53.3	52.9	55.4	55.7
	Equity ratio (%)	Net assets / Total assets	59.0	61.3	66.1	67.9	56.5	52.1	51.8	52.2	51.9	54.6
Profitability	Profit margin (%)	Profit for the year / Net sales	5.6	6.3	1.2	2.0	2.5	2.4	1.3	0.8	0.2	(1.1)
	Total asset turnover (times)	Net sales / Average total assets	1.61	1.70	1.31	1.17	1.14	1.02	1.06	1.05	0.93	1.01
	ROA (%)	Profit for the year / Average total assets (synonymous with Profit margin × Total asset turnover)	9.0	10.7	1.6	2.4	2.9	2.5	1.4	0.9	0.2	(1.1)
	Financial leverage (%)	Average total assets / Average net assets	1.8	1.7	1.6	1.5	1.6	1.8	1.9	1.9	1.9	1.9
	ROE (%)	Profit for the year / Average shareholders' equity (synonymous with ROA × Financial leverage)	16.2	17.7	2.5	3.5	4.7	4.6	2.7	1.7	0.3	(2.1)
Share price valuation status	Price earnings ratio (PER) (times)	Share price / Profit for the year per share (synonymous with Market capitalization / Profit for the year)	4.61	3.97	13.59	8.58	8.01	8.33	30.72	58.73	229.27	(26.82)
	Price book-value ratio (PBR) (times)	Share price / Net assets per share	0.69	0.65	0.33	0.30	0.35	0.41	0.84	0.97	0.67	0.57
Shareholder returns	Cash dividends per share (yen)		7.50	5.00	5.00	5.00	7.00	10.00	15.00	10.00	11.00	11.00
	Dividend on equity ratio (DOE) (%)	Cash dividends per share / Net assets per share (synonymous with Total cash dividends / Net assets)	1.4	0.8	0.7	0.7	0.8	1.3	2.0	1.3	1.5	1.5
Growth potential	Total assets growth ratio (%)	(Total assets for the year – Total assets for the previous year) / Total assets for the previous year	2.4	14.4	0.8	1.4	43.6	(6.4)	(3.0)	0.3	(0.3)	(7.5)
	Net sales growth ratio (%)	(Net sales for the year – Net sales for the previous year) / Net sales for the previous year	5.6	15.0	(17.4)	(10.1)	19.9	1.9	(1.5)	(1.8)	(11.7)	4.6
<b>Other data</b>												
Number of employees (excluding permanent and temporary employees) (non-consolidated basis)			294 [27]	295 [28]	296 [28]	289 [25]	278 [22]	278 [36]	275 [41]	289 [31]	295 [26]	296 [29]

Notes: 1. Consumption and other taxes are not included in net sales.

2. The Company began disclosing comprehensive income from the 50th fiscal period.

3. R&amp;D expenses represent the sum of selling, general and administrative expenses as well as manufacturing costs.

4. The Company has been operating a stock benefit trust from the 55th fiscal period onward to reward its directors. Company shares held by the stock benefit trust are, in the course of calculating net assets per share, deemed treasury stock and therefore excluded from the total number of shares outstanding at the end of the year. Similarly, in the course of calculating profit/loss for the year per share, shares deemed treasury stock are excluded from the calculation of average number of shares during the year.

5. Number of employees indicates number as of the end of each fiscal year.

6. Figures in parentheses represent negative number.

## Company Profile (As of September 1, 2020)

### Corporate Outline

<b>Company name</b>	TWINBIRD CORPORATION
<b>Start of operations</b>	1951
<b>Inauguration</b>	1962
<b>Capital</b>	JPY 1,742.4 million
<b>Net sales</b>	JPY 12,100 million (consolidated basis for the fiscal year ended February 2020)
<b>Fiscal year-end</b>	End of February
<b>Business sector</b>	Manufacture and sale of home electric appliances, etc.
<b>Number of employees</b>	303 (as of February 2020)
<b>Market listing</b>	Second Section of Tokyo Stock Exchange

### Head Office, Main Branches and Sales Offices

<b>Head Office</b>	2084-2, Yoshida-Nishiota, Tsubame, Niigata 959-0292 TEL. +81-256-92-6111 FAX. +81-256-92-7582
<b>Tokyo Branch</b>	TWINBIRD Nihonbashi Gate Office 14-4, Nihonbashi Kodenmachi, Chuo-ku, Tokyo 103-0001 TEL. +81-3-3663-8774 FAX. +81-3-3663-8642
<b>Osaka Branch</b>	4th floor, Shimamachi Daini Nomura Building, 4-9, Shimamachi 2-chome, Chuo-ku, Osaka-shi, Osaka 540-0034 TEL. +81-6-6946-0811 FAX. +81-6-6946-0833
<b>Niigata Sales Office</b>	2084-2, Yoshida-Nishiota, Tsubame, Niigata 959-0292 TEL. +81-256-92-6119 FAX. +81-256-93-4422
<b>Nagoya Sales Office</b>	3rd floor, Marunouchi 3-chome Building, 14-32, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 460-0002 TEL. +81-52-231-7551 FAX. +81-52-231-4221
<b>Fukuoka Sales Office</b>	7th floor, Octave Tenyamachi Building, 6-25 Tenyamachi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0025 TEL. +81-92-281-2600 FAX. +81-92-281-2601
<b>Twinbird Electrical Appliance (Shenzhen) Co., Ltd.</b>	Room 1106, 11F, 1st Building, Guangchang Dasha, Baoming Road East, Xinan Sub-District, Baoan District, Shenzhen, China TEL. +86-755-2963-6045

## Status of Stock (As of September 1, 2020)

### Stock Information

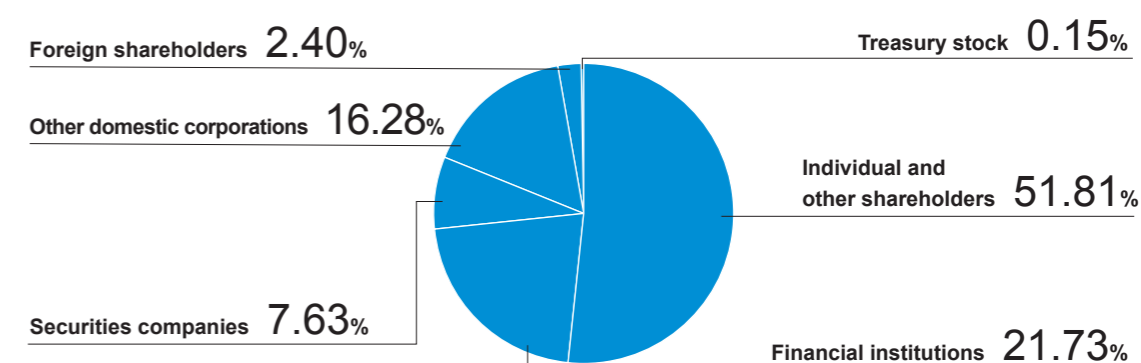
#### Number of shares

Total number of authorized shares	34,000,000
Total number of shares outstanding	9,030,000
	(including treasury stock totaling 13,592 shares)

#### Number of shareholders

5,337

#### Breakdown by type of shareholder (shareholding ratio)



#### Major shareholders (top 10)

Name	Number of shares held (thousands)	Shareholding ratio (%)
Soei Co., Ltd.	1,190	13.20
Twinbird Employee Shareholding Association	416	4.62
The Daishi Bank, LTD.	403	4.48
Development Bank of Japan Inc.	276	3.06
Shigekatsu Nomizu	270	3.00
Shigeaki Nomizu	269	2.99
Custody Bank of Japan, Ltd. (Trust Account)	254	2.82
Toshikatsu Nomizu	224	2.49
UEDA YAGI TANSHI Co., Ltd.	217	2.42
The Master Trust Bank of Japan, Ltd. (Trust Account)	180	2.00

Note: The number of shares held is calculated by rounding off figures less than one thousand. With regard to the shareholding ratio, figures are calculated after deducting the number of treasury stock (13,592 shares) and rounded to the nearest unit.