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Securities Code No. 7864

June 4, 2021

President & CEO Shigeko Okazaki

**Fuji Seal International, Inc.**

4-1-9, Miyahara, Yodogawa-ku, Osaka

### **Convocation Notice of the 63th Annual General Meeting of Shareholders**

To our shareholders, thank you for your support.

You are cordially invited to attend the 63th Annual General Meeting of Shareholders as follows.

For this Annual General Meeting of Shareholders, we humbly request that shareholders exercise their voting rights in advance to secure the safety of shareholders and prevent the spread of COVID-19 and strongly urge that people refrain from attendance at the meeting regardless of the state of shareholders' health. In addition, you can exercise your voting rights by mail (voting form) or electronic voting (Internet). Please exercise your vote by 5:00 p.m. on Monday, June 21, 2021, after examining the following "Reference Documents for the General Meeting of Shareholders" on the following page.

Thank you.

#### **Request for Self-Restraint from Attendees**

From the standpoint of preventing the spread of COVID-19, we ask that all shareholders exercise their voting rights wherever possible in writing or online and strongly urge that you refrain from attending the Annual General Meeting of Shareholders, regardless of the state of your health.

In conjunction with the Convocation Notice of the 63rd Annual General Meeting of Shareholders, please examine the reference materials on the Company website to exercise your voting rights.

Company website: <https://www.fujiseal.com>

We have not prepared gifts for those shareholders who do attend the meeting.

**For details, please refer to the notes at the end of this notification**

1. Date and Time	11:00 a.m. on June 22, 2021 (Tuesday) (Reception will open from 10:30 a.m.)
2. Venue	5F “Canale,” Mielparque Osaka 4-2-1, Miyahara, Yodogawa-ku, Osaka
3. Agenda	<p><b>Matters to be Reported</b></p> <ol style="list-style-type: none"> <li>1. Report on the Business Report and the consolidated financial statements for the 63th business year (April 1, 2020 to March 31, 2021), and report on the audit results of the Business Report and consolidated financial statements by the outside accounting auditor and the Audit Committee</li> <li>2. Report on the non-consolidated financial statements for the 63th business year (April 1, 2020 to March 31, 2021)</li> </ol> <p><b>Matters to be Resolved</b> <b>Proposal</b> Election of six directors</p>

- The impact of COVID-19 may force changes in the venue or times. In the event of such an occurrence, the Company will post notification on its website as soon as the decision has been made. Shareholders who do choose to attend the Annual General Shareholders Meeting should confirm details on the day of the event.
- The Annual General Shareholders Meeting will be held for a shortened duration to prevent the spread of COVID-19.
- In accordance with laws and regulations and Article 14 of the Company’s Articles of Incorporation, certain documents to be submitted, specifically the “Consolidated Statements of Changes in Net Assets,” “Notes to the Consolidated Financial Statements,” “Non-Consolidated Statements of Changes in Net Assets” and “Notes to the Non-Consolidated Financial Statements,” are available on the Company’s website, rather than being attached to this Notice of Convocation. As a result, consolidated financial statements and non-consolidated financial statements attached to this Convocation Notice are included in the audited consolidated financial statements and non-consolidated financial statements during the creation of the accounting audit report and audit report by the Audit Committee.
- Any amendments to the Reference Documents for General Meeting of Shareholders, the Business Report, the consolidated financial statements, or the non-consolidated financial statements will be posted on the Company’s website.
- In conjunction with the Convocation Notice of the 63rd Annual General Meeting of Shareholders, please examine the reference materials on the Company website to exercise your voting rights.

Company’s website (<http://www.fujiseal.com>)

## Reference Documents for the Annual General Meeting of Shareholders

### Proposals and Reference Information

#### **Proposal:** Election of Six (6) Directors

All eight (8) directors' terms of office will expire at the end of this General Meeting of Shareholders.

Accordingly, the Company requests the election of six (6) directors based on the decision of the Nomination Committee. The Nomination Committee has selected appropriate candidates for directors making reference to the Selection Criteria for Directors.

The Director candidates are as follows:

Candidate No.	Name	Candidate characteristics	Present position and responsibilities
1	Fumio Kato	Reelection Outside Independent	Outside Director
2	Hiroumi Shioji	Reelection Outside Independent	Outside Director
3	Tatsundo Maki	Reelection Outside Independent	Outside Director
4	Yuichi Seki	Reelection Outside Independent	Outside Director
5	Shigeko Okazaki	Reelection	Director, President & CEO
6	Masayuki Shirokawa	Reelection	Director and COO

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>1 <b>Fumio Kato</b></p> <p>Reelection Outside Independent</p> <p>Born May 7, 1948</p>	<p><u>Career and Positions Held in the Company</u>  April 1972      Joined Tomen Corporation  May 1998      Joined Zoshinkai Publishers Inc.  April 2005      President, Representative Director,  Zoshinkai Publishers Inc.  June 2012      Director of the Company (current)  October 2013   Chairman of the Board of Education,  Shizuoka Prefecture</p> <p><u>Reasons for Nomination as Outside Director</u>  Mr. Kato has abundant experience and broad insight as the manager of a holding company and through his involvement in education. He has been nominated as a candidate for outside director as he can be expected to continue using this knowledge to provide advice regarding human resource development which is necessary for promoting the Group's functional systems and management as a holding company.  In the event that Mr. Kato is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Number of Years since Appointment as an Outside Director</u>  9 years</p> <p><u>Significant Concurrent Posts</u>  Corporate auditor of Fuji Seal, Inc.</p> <p><u>Number of the Company's Shares Owned</u>  1,279 shares</p>
<p>2 <b>Hiroumi Shioji</b></p> <p>Reelection Outside Independent</p> <p>Born January 28, 1957</p>	<p><u>Career and Positions Held in the Company</u>  April 1987      Registered as a lawyer  April 1991      Established Shioji Law Office  Director, Shioji Law Office (current)  June 2015      Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u>  Mr. Shioji has abundant experience and broad insight through his work as a lawyer, in addition to his experience as an outside director at a publicly listed company. He has been nominated as a candidate for outside director to provide accurate advice and supervision at the Board of Directors meeting. Furthermore, although Mr. Shioji has no prior experience with direct involvement in corporate management other than as an outside director, the Company considers him capable of performing the duties of an outside director appropriately for the reasons stated above.  In the event that Mr. Shioji is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Number of Years since Appointment as an Outside Director</u>  6 years</p> <p><u>Significant Concurrent Posts</u>  Director of Shioji Law Office  Outside Auditor of TACHIBANA ELETECH CO., LTD.</p> <p><u>Number of the Company's Shares Owned</u>  426 shares</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>3 <b>Tatsundo Maki</b></p> <p>Reelection Outside Independent</p> <p>Born September 14, 1972</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1997      Joined Asahi Audit Corp. (currently KPMG AZSA LLC)</p> <p>April 2000      Registered as a certified public accountant</p> <p>April 2009      Director of SCS Global Co., Ltd. (current)</p> <p>June 2017      Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u></p> <p>Mr. Maki has abundant experience and broad insight in global accounting, finance, and taxation as a certified public accountant. He has been nominated as a candidate for outside director as he can be expected to continue providing accurate advice and supervision regarding promotion of the Company's global management and Group management based on his expert perspective.</p> <p>In the event that Mr. Maki is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Number of Years since Appointment as an Outside Director</u></p> <p>4 year</p> <p><u>Significant Concurrent Posts</u></p> <p>Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK</p> <p><u>Number of the Company's Shares Owned</u></p> <p>– shares</p>
<p>4 <b>Yuichi Seki</b></p> <p>New appointment Outside Independent</p> <p>Born June 28, 1953</p>	<p><u>Career and Positions Held in the Company</u></p> <p>April 1978      Joined Kobe Steel, Ltd.</p> <p>June 2011      Senior Managing Director and General Manager of Technical Development Group, Kobe Steel, Ltd.</p> <p>June 2012      Representative Director, Member of the Board &amp; Executive Vice President, OSAKA Titanium technologies Co.,Ltd.</p> <p>June 2014      Representative Director, Member of the Board &amp; President, OSAKA Titanium technologies Co.,Ltd.</p> <p>June 2019      Director of the Company (current)</p> <p><u>Reasons for Nomination as Outside Director</u></p> <p>Mr. Seki has broad insight as a supervisor of safety, disaster preparedness and manufacturing primarily in the technology development field, as well as experience as the manager of a publicly listed company. He has been nominated as a candidate for outside director as he can be expected to continue providing accurate advice and supervision regarding the Company's technology management base using this knowledge.</p> <p>In the event that Mr. Seki is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Number of Years since Appointment as an Outside Director</u></p> <p>2 year</p> <p><u>Significant Concurrent Posts</u></p> <p>–</p> <p><u>Number of the Company's Shares Owned</u></p> <p>– shares</p>

Name, date of birth	Brief personal history, title, responsibilities and status of important concurrent positions
<p>5 <b>Shigeko Okazaki</b>  Reelection  Born April 5, 1957</p>	<p><u>Career and Positions Held in the Company</u>  August 1990    Joined the Company  December 1999    General Manager, Corporate Planning Department  January 2001    General Manager, Corporate Planning Center  June 2002    Director  June 2004    Director, Executive Officer  June 2006    Director, Executive Officer  (in charge of Corporate Planning)  March 2007    Representative Director and President of  Fuji Seal Europe S.A.S.  June 2007    Director, Executive Officer  (in charge of Corporate Planning, Europe Operations)  March 2008    Director, President and CEO (current)</p> <p><u>Reasons for Nomination as Director</u>  Ms. Okazaki has abundant experience and broad insight in management overall, including management strategies, as the manager of the Group. She has been nominated as a candidate for director as she can be expected to effectively strengthen the decision-making and supervisory capabilities of the Board of Directors, appropriately supervise the overall Group management using her prior experience and achievements, and improve continual growth as well as corporate value.  In the event that Ms. Okazaki is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Significant Concurrent Posts</u>  Representative Director and President, Soho KK</p> <p><u>Number of the Company's Shares Owned</u>  1,801,720 shares</p>
<p>6 <b>Masayuki Shirokawa</b>  Reelection  Born February 20, 1963</p>	<p><u>Career and Positions Held in the Company</u>  March 1985    Joined the Company  September 1998    General Manager, Europe Sales Division of Fuji Seal Europe Ltd.  January 2000    General Manager, Sale Division of American Fuji Seal, Inc.  October 2011    Vice President of American Fuji Seal, Inc.  June 2014    Executive Officer of the Company (In charge of the Americas  Operations)  Representative Director and President of American Fuji Seal, Inc.  June 2018    Director and Executive Officer of the Company (current)  March 2020    Director of Fuji Seal Packaging (Thailand) Co., Ltd. (current)</p> <p><u>Reasons for Nomination as Director</u>  Mr. Shirokawa has abundant experience and broad insight in management overall as a manager of a Group operating company, in addition to extensive experience in the management of overseas businesses. He has been nominated as a candidate for director as he can be expected to effectively strengthen the decision-making and supervisory capabilities of the Board of Directors, appropriately supervise the overall Group management using his prior experience and achievements, and improve continual growth as well as corporate value.  In the event that Mr. Shirokawa is selected, it is expected that he will be involved with decisions regarding selection of candidates and compensation, etc. for Group executives as a member of the Nominating Committee and Remuneration Committee from an objective and neutral perspective.</p> <p><u>Area of Responsibility</u>  In charge of development, India operations</p> <p><u>Significant Concurrent Posts</u>  Director of Fuji Seal Packaging (Thailand) Co., Ltd.</p> <p><u>Number of the Company's Shares Owned</u>  13,186 shares</p>

Notes:

1. No special interest exists between the candidates and the Company.
2. Selection Criteria for Directors

In the selection process for directors, the Company's Nomination Committee selects candidates based on the following Selection Criteria for Directors:

Field	Criteria
Basic	Practices the corporate philosophy
	Proactive participation
	Awareness of change
Formulation of strategy	Articulates vision
	Develops and decides on strategies
	Ability to set goals
Implementation of priorities	Ability to implement and execute
	Ability to solve problems
	Sensitivity to risk
	Leadership
Leadership	Sensitivity to change
	Ambition
Personal character	Reputation inside the company
	Reputation outside the company
	Earns trust
Experience and knowledge	Track record of developing new fields
	Performance history
	Expert knowledge, experience

3. Fumio Kato, Hiroumi Shioji, Tatsundo Maki and Yuichi Seki are candidates for outside directors as provided in Article 2, paragraph 3, item 7 of the Ordinance for Enforcement of the Companies Act. The Company has submitted notification that Fumio Kato, Hiroumi Shioji, Tatsundo Maki and Yuichi Seki are independent corporate officers as stipulated by Tokyo Stock Exchange, Inc. If their reelection is approved, the Company intends to continue to deem them to be independent corporate officers.
4. The Company has concluded liability limitation agreements to limit the liability of Fumio Kato, Hiroumi Shioji, Tatsundo Maki and Yuichi Seki to the minimum liability amount stipulated in Article 425 paragraph 1 of the Companies Act of Japan. If their re-election is approved, the Company plans to continue the same liability limitation agreements with them again.
5. Limitation of liability agreements for executives were signed between the Company and an insurance company. Under this agreement, the insured person shall be charged compensation resulting from actions (including failure to act) based on the status of company executive, and shall compensate for damages incurred and legal fees, etc. For other details, please refer to Page 29 of the Business Report. When each candidate is approved for reappointment, the candidate will be included as an insured person under the limitation of liability agreement. In addition, the Company plans to renew the agreement during the term with similar terms.
6. The Company's Nomination Committee deems the outside director candidates to be sufficiently independent for outside directors. They meet the criteria for outside directors stipulated in the Companies Act of Japan, as well as the criteria for independence of outside directors in the Selection Criteria for Directors determined by the Company's Nomination Committee.

Reference: Criteria for Independence of Outside Directors

As a criteria for independence of outside directors, the Selection Criteria for Directors stipulates that none of the following cases may apply to outside directors.

[Person Related to the Fuji Seal Group]

– A person from the Fuji Seal Group

- A person whose family member (spouse, child, relative within the second degree by blood or marriage) has been a director, executive officer, corporate auditor, or member of corporate management within the past five years

[Person Related to an Important Transaction Partner]

- An executive director, executive officer, or employee of an important transaction partner, where the transaction has accounted for 2% or more of net sales over the past three consecutive years of both or either of the Fuji Seal Group and the company to which the candidate belongs

[Person Providing Specialist Services (Lawyer, Accountant, Tax Accountant, Attorney, Judicial Scrivener, etc.)]

- A person who has received compensation from the Fuji Seal Group of ¥10 million or more within the past five years

[Other]

- A person participating in a mutual dispatch of directors with another company
- A person in any other material interest in the Fuji Seal Group



## Business Report

(April 1, 2020 to March 31, 2021)

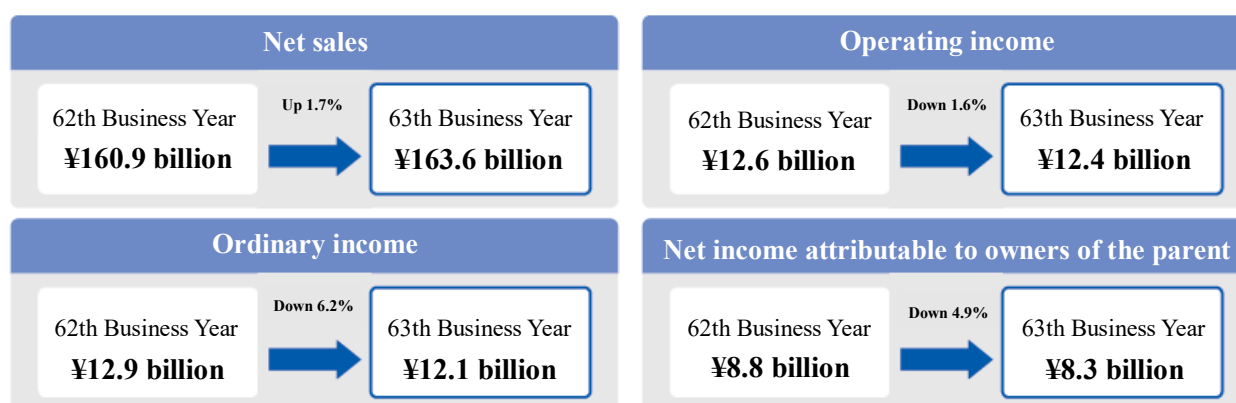
### 1. Status of the Group

#### (1) Status of operations during the fiscal year under review

##### (i) Business conditions and results

The Fuji Seal Group has embraced the mission statement of “Each day with renewed commitment we create new value through packaging.” Guided by this mission, the Group seeks to increase its corporate value by growing together with its customers. With “Our Value to People and the Planet” as our basic management policy, we strive to continue being the No. 1 global packaging company together with all our stakeholders including customers, employees, business partners, shareholders, and society.

As a result of our efforts, during the fiscal year under review, net sales at Fuji Seal International, Inc. came to ¥163,635 million (up 1.7% year on year), operating income was ¥12,428 million (down 1.6%), ordinary income totaled ¥12,104 million (down 6.2%), and net income attributable to owners of the parent was ¥8,375 million (down 4.9%).



The following is a breakdown of business performance by segment.

[Japan]

Sales of shrink labels decreased 8.4% year on year to ¥44,862 million. Sales of self-adhesive labels decreased by 3.2% to ¥10,926 million. Sales of soft pouches climbed 2.9% to ¥16,454 million. Machinery sales decreased 19.3% to ¥6,812 million. Pharmaceuticals and other order-customized packaging sales increased 10.6% to ¥8,633 million. Sales of other products decreased 14.1% to ¥8,145 million.

As a result, total sales in Japan came to ¥92,920 million (down 5.8% year on year). On the earnings front, operating income declined 14.1% to ¥8,145 million.

[Americas]

Sales of shrink labels decreased 7.7% (up 10.0% on a local currency basis) year on year to ¥28,981 million. Sales of other labels decreased 15.9% (up 18.4% on a local currency basis) to ¥1,390 million. Sales of self-adhesive labels decreased by 28.6% (down 27.1% on a local currency basis) to ¥798 million. Sales of soft pouches decreased 57.7% (down 56.8% on a local currency basis) to ¥663 million. Machinery sales increased 21.8% (up 24.3% on a local currency basis) to ¥4,065 million.

As a result, total sales in the Americas increased 5.2% (up 7.4% on a local currency basis) to ¥35,899 million. On the earnings front, operating income increased 18.3% (up 20.9% on a local currency basis) to ¥3,650 million.

[Europe]

Sales of shrink labels increased 3.0% (up 3.2% on a local currency basis) to ¥11,849 million. Sales of self-adhesive labels increased 1.2% (up 1.3% on a local currency basis) to ¥1,547 million. Sales of soft pouches decreased 55.4% (down 55.3% on a local currency basis) to ¥226 million. Machinery sales increased 7.6% (up 7.7% on a local currency basis) to ¥5,136 million.

As a result, total sales in Europe increased 2.5% (up 2.6% on a local currency basis) to ¥18,760 million. On the earnings front, operating income rose 311.6% (up 312.1% on a local currency basis) to ¥767 million.

[PAGO]

Sales of self-adhesive labels decreased 15.5% (down 15.4% on a local currency basis) to ¥8,201 million. On the earnings front, an operating loss of ¥494 million was recorded (compared to an operating loss of ¥265 million in the previous fiscal year).

[ASEAN]

Sales and profits both increased significantly due to Fuji Seal Packaging (Thailand) Co., Ltd. becoming a consolidated subsidiary. Sales of shrink labels increased 104.0% (up 108.3% on a local currency basis) year on year to ¥7,263 million. Sales of soft pouches were ¥7,922 million (¥423 million in the corresponding period of the previous fiscal year). Sales of other products increased 50.1% (up 53.3% on a local currency basis) to ¥959 million.

As a result, total sales in ASEAN increased 249.2% (up 256.6% on a local currency basis) to ¥16,145 million. On the earnings front, operating income rose 213.2% (up 219.9% on a local currency basis) to ¥642 million.

(ii) Status of capital expenditures

Capital expenditures during the fiscal year under review (excluding eliminations on consolidation) came to ¥5,916 million.

The main details of that investment were strengthening and updating production equipment in the shrink label, self-adhesive label and soft pouch businesses.

Breaking the amount down by segment, the Group spent ¥3,527 million in the Japan segment, ¥1,317 million in the Americas segment, ¥605 million in the Europe segment, ¥109 in the PAGO segment, and ¥699 in the ASEAN segment.

(iii) Status of fund procurement

During the fiscal year under review, the Company procured ¥5 billion in long-term debt from financial institutions in order to refinance short-term borrowings appropriated for funding share acquisition of Fuji Seal Packaging (Thailand) Co., Ltd. in the previous fiscal year and long-term debt conducted in 2016 for which payment will be completed in September 2021.

The Company also appropriated short-term borrowings from its own funds and financial institutions for capital expenditures and funds for the acquisition of treasury stock, etc.

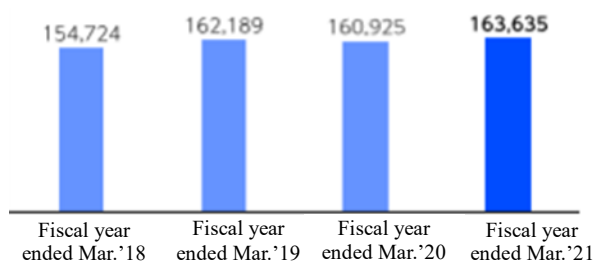
**(2) Status of assets and earnings in the last three business years**

	60th Business Year (Fiscal year ended March 2018)	61th Business Year (Fiscal year ended March 2019)	62nd Business Year (Fiscal year ended March 2020)	63rd Business Year (Fiscal year ended March 2021) (Fiscal year under review)
Net sales (¥ million)	154,724	162,189	160,925	163,635
Operating income (¥ million)	11,505	12,986	12,634	12,428
Ordinary income (¥ million)	10,998	12,542	12,901	12,104
Net income attributable to owners of the parent (¥ million)	6,204	8,259	8,808	8,375
Earnings per share (¥)	108.91	144.78	155.51	150.93
Total assets (¥ million)	149,507	152,131	152,694	159,367
Net assets (¥ million)	89,344	95,897	97,639	103,080
Net assets per share (¥)	1,566.53	1,681.01	1,757.22	1,869.58

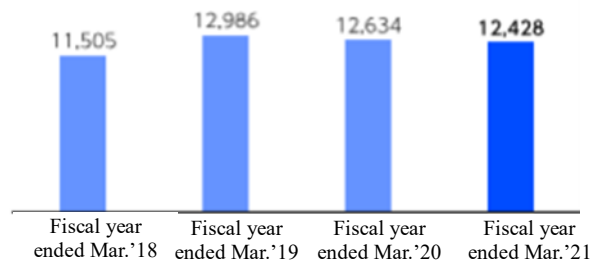
Notes: From the fiscal year ended March 31, 2019, the Company has adopted the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and related implementation guidance. The figure for total assets for the 60th business year has been retroactively restated to reflect the application of this accounting standard and related implementation guidance.

(¥ million)

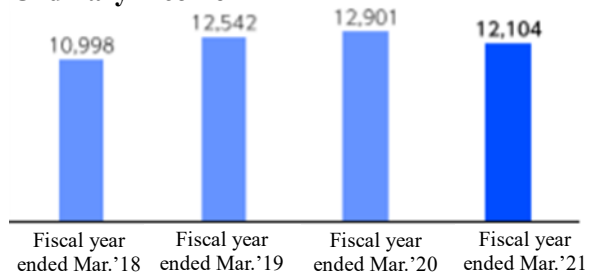
### Net sales



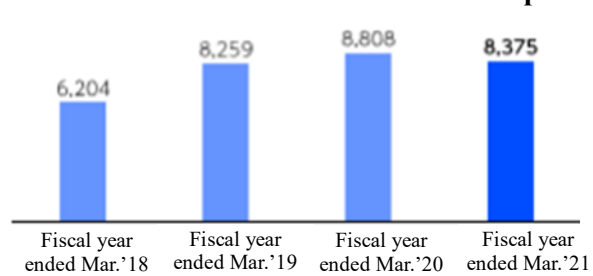
### Operating income



### Ordinary income



### Net income attributable to owners of the parent



#### **(4) Issues to be addressed by the Group**

Fuji Seal Group has reviewed its new mission and vision under a new medium-term management plan. We will address the following issues and conduct business operations to realize Our Vision and Company ideal.

- Fuji Seal Group recognizes that environmental issues such as resource depletion, ocean plastic (protection of biodiversity) and climate change are important issues common to all humanity that need to be resolved globally, so it is moving ahead on manufacturing with consideration for environmental aspects. In addition to reducing environmental loads, Fuji Seal Group develops and produces regenerative packaging and through its business activities will work not just within the Group but also with customers to achieve environmental targets.
- The Company will build, maintain and develop a global manufacturing structure that can rapidly resolve issues for customers facing changes such as diversifying economic conditions, accelerating markets, the speed of change in customers, diversifying consumer lifestyles and the expansion of consumer areas, as well as provide more services.
- Listen more closely to customers on their front lines to hear about their packaging challenges, improve the speed and quality of packaging solutions, and strengthen our developing systems to answer for the challenges of tomorrow.
- Develop human resources who will share the Group's values and accelerate its growth.
- Remain constantly aware of growing risks such as market changes, natural disasters and pandemics, and build a risk management system appropriate to the changes, and implement it properly.
- Strengthen the Group's financial structure and management and effectively use global funds to reinforce its financial base, while working to strengthen the legal foundation through upgrades to regulation systems in response to changes in risk, and strengthening information security measures.
- The Company aims to contribute to society through “people-friendly” packaging, and will promote and support such activities as encouraging and funding research and development and nurturing those engaged in that endeavor.
- The Company will strengthen corporate governance as a mechanism for transparent, fair, speedy, and bold decision-making.
- The Fuji Seal Group is engaged in businesses that it positions as essential businesses, such as beverages, home personal care and medical care and will build a framework to carry out stable supply both during peacetime and during emergencies.

Furthermore, in conjunction with the widespread damage caused by the COVID-19 pandemic, sudden and significant changes can be expected in the management environment due to socioeconomic conditions and the international situation. Even in such times of drastic change, the Group will continue to promote ESG management and grow along with its stakeholders, from customers to employees, business partners, shareholders, and society.

## 2. Current Status of the Company

### (1) Status of shares (March 31, 2021)

(i) Total number of shares authorized to be issued by the Company

200,000,000 shares

(ii) Total number of issued shares

60,161,956 shares

(iii) Number of shareholders

19,558 shareholders

(iv) Major shareholders (top 10)

Name of shareholder	Number of shares (thousand)	Percentage of shares held (%)
Soho KK	6,240	11.3
Fuji Seal Foundation	4,800	8.7
GOLDMAN, SACHS&CO. REG	4,616	8.4
Japan Trustee Services Bank, Ltd. (Trust account)	3,175	5.8
RBC IST 15 PCT NON LENDING ACCOUNT— CLIENT ACCOUNT	2,164	3.9
Shigeko Okazaki	1,801	3.3
The Master Trust Bank of Japan, Ltd. (Retail trust account 820079255)	1,800	3.3
Hiroko Fujiio	1,784	3.2
JP MORGAN CHASE BANK 385632	1,671	3.0
STATE STREET BANK AND TRUST COMPANY 505001	1,537	2.8

Notes:

- The Company holds 5,026,153 shares of treasury stock, but has been excluded from the above major shareholders.
- Treasury stock is excluded when calculating the percentage of shares held.

(v) Status of shares granted to company executives in compensation for performing duties during the fiscal year under review

- Total by category of shares granted to directors and other executives

Executive classification	Number of shares	Number of individuals granted shares
Outside Director	—	—
Directors (excluding Outside Directors)	—	—
Executive Officers	13,200 shares	12

Note: Details of stock remuneration are listed on Page 27 (3. Total amount of remuneration paid to directors and executive officers) of the Business Report.

(vi) Other important matters concerning shares

At a Board of Directors meeting held on November 10, 2020, the Company resolved to acquire treasury stock pursuant to the provisions of the Articles of Incorporation under Article 459, Paragraph 1 of the Companies Act, and acquired the treasury stock as outlined below.

- Class of shares acquired: The Company's common stocks
- Total number of shares repurchased: 446,100 shares
- Total purchase price of shares: ¥979,815,700

d) Period of acquisition:

November 11, 2020 to March 31, 2021

e) Acquisition method:

Market purchase on the Tokyo Stock Exchange

**(2) Status of stock acquisition rights**

No applicable information.



### (3) Status of directors and executive officers

#### i) Status of directors and executive officers (as of March 31, 2021)

Position	Name	Duties	Significant concurrent posts
Director	Fumio Kato	—	Corporate auditor of Fuji Seal Inc.
Director	Hiroumi Shioji	—	Director of Shioji Law Office Outside Auditor of TACHIBANA ELETECH CO., LTD.
Director	Tatsundo Maki	—	Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK
Director	Yuichi Seki	—	—
Director, President & CEO	Shigeko Okazaki	—	Representative Director and President, Soho KK
Director, Executive Officer	Masayuki Shirokawa	In charge of the India operations and Development	Director of Fuji Seal Packaging (Thailand) Co., Ltd.
Executive Officer	Takeshi Kyogane	In charge of Pressure Sensitive Labels Division	Representative Director and President of Fuji Tack, Inc. Representative Director and President of Fuji Tack East, Inc. Representative Director and Chairman of PAGO AG
Executive Officer	Masahisa Fukuda	In charge of Soft Pouch Division	Representative Director and President of Fuji Flex, Inc.
Executive Officer	Kosuke Matsuzaki	In charge of Japan operations	Representative Director and President of Fuji Seal, Inc.
Executive Officer	Akikazu Yada	In charge of the Americas operations	Representative Director and President of American Fuji Seal, Inc. Representative Director and President of Fuji Seal Packaging De Mexico, S.A. de C.V.
Executive Officer	Hiroyuki Usui	In charge of Europe operations	Representative Director and President of Fuji Seal B.V. Representative Director and President of Fuji Seal Europe S.A.S. Representative Director and President of Fuji Seal Europe B.V.
Executive Officer	Satoru Kawasaki	In charge of ASEAN operations	Representative Director and President of Fuji Seal Packaging (Thailand) Co., Ltd. Director and Chairperson of Fuji Seal Vietnam Co., Ltd.
Executive Officer	Fumiaki Takahashi	In charge of Finance and Risk Management	

#### Notes:

- Directors Fumio Kato, Hiroumi Shioji, Tatsundo Maki, and Yuichi Seki are outside directors pursuant to Article 2, item 15 of the Companies Act of Japan.
- After March 31, 2020, the following changes in executive officers occurred:

Name	New Position	Former Position	Date of change
Fumiaki Takahashi	In charge of Finance and Risk Management	—	June 23, 2020

- Mr. Takato Sonoda (in charge of Finance) retired upon completion of his term of office on June 23, 2020.
- Mr. Rikio Furusawa (in charge of Manufacturing (shrink labels and disaster readiness) retired upon completion of his term of office on June 23, 2020.
- Mr. Sakurai Shingo (in charge of Machinery Division) retired on December 31, 2020.
- Mr. Koji Arima (in charge of Information Systems) retired on January 31, 2021.

- Ms. Atsumi Kikuchi (in charge of HR and IR) retired on January 31, 2021.
- With regard to remuneration for individual directors in the fiscal year under review, the Remuneration Committee has confirmed and determined that the method of confirming details of remuneration and details of the determined remuneration are aligned with this policy.

3. Committee members of the Company with a nomination committee as provided in the Companies Act Article 2 item 12 were selected at the Board of Directors meeting held on June 23, 2020 and appointed on the same day, pursuant to the Companies Act Article 400 paragraph 2.

Nomination Committee: Shigeko Okazaki (chairperson), Fumio Kato, Hiroumi Shioji, Tatsundo Maki, and Yuichi Seki

Compensation Committee: Shigeko Okazaki (chairperson), Fumio Kato, Hiroumi Shioji, Tatsundo Maki, and Yuichi Seki

Audit Committee: Fumio Kato (chairperson), Hiroumi Shioji, Tatsundo Maki, and Yuichi Seki

4. Directors Fumio Kato, Hiroumi Shioji, Tatsundo Maki, and Yuichi Seki have been designated as independent directors as stipulated in the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and the Company has submitted notification of this to the exchange.

5. The Company has assigned a full-time internal audit staff member to assist the Audit Committee in its duties and therefore does not appoint a full-time corporate auditor.

6. Director Tatsundo Maki is a certified public accountant and has knowledge of finance and accounting.

## ii) Policy regarding determination of remuneration for directors and executive officers by the Compensation Committee

The Compensation Committee has decided on the following policy regarding determination of remuneration details for individual directors and executive officers.

With regard to remuneration for individual directors in the fiscal year under review, the Remuneration Committee has confirmed and determined that the method of confirming details of remuneration and details of the determined remuneration are aligned with this policy.

### 1. Basic policy regarding remuneration

- The Company's remuneration system allows diverse and distinguished personnel who agree with its corporate philosophy to demonstrate their abilities, for which they are awarded.
- The remuneration system promotes achievement of business targets based on the Company's management strategy for continual growth.
- The remuneration system promotes continual improvement of corporate value, and shares profits with all the Company's shareholders.
- Determination processes for the remuneration system are objective and highly transparent.

### 2. Overview of remuneration system

#### a. Procedure

Policies for remuneration of directors and executive officers, remuneration structure, and performance-linked systems are determined through deliberation by the Remuneration Committee.

#### b. Composition of remuneration

Remuneration for directors, including outside directors, consists solely of basic remuneration in the form of fixed remuneration, while remuneration for executive officers is comprised of basic remuneration as well as short-term incentives in the form of variable remuneration as performance-linked remuneration and remuneration involving restricted stock as mid- to long-term incentives.

c. Basic remuneration

Standards for basic remuneration are to be determined after giving consideration to factors such as each individual's career, work history, duties, and responsibilities, and the Company's performance and economic environment.

d. Performance-linked remuneration

Performance-linked remuneration is an amount determined in accordance with the degree to which the divisions overseen by each executive officer achieve their performance targets that fluctuates in a range from 0—30% of total remuneration. Items used to calculate the amount include consolidated net sales on an annual basis, operating income margin, and key financial indicators for management strategies, as well as non-financial items such as environmental indicators and human resource development. When a certain level has been reached, part of the performance-linked remuneration is paid in shares of the Company.

e. Restricted stock remuneration

Restricted stock remuneration is paid as a medium- to long-term incentive for executive officers in order to share the same values as shareholders and to continually enhance the Fuji Seal Group's corporate value.

iii) Total amounts of remuneration paid to directors and executive officers

Executive classification	Total amounts of remuneration (Unit: thousand yen)	Total amount of remuneration by type of remuneration (Unit: thousand yen)			Number of executives applicable
		Basic remuneration	Performance-linked remuneration	Restricted stock remuneration	
Outside Director	29,628	29,628	—	—	4
Directors (Of which, Outside Directors)	—	—	—	—	0
Executive Officers	251,139	190,530	19,115	41,494	14

Notes:

- Number of personnel as of March 31, 2021 was six directors (including four outside directors), and nine executive officers (including two serving concurrently as directors).
- Remuneration for directors serving concurrently as executive officers is presented in the column for executive officers.
- Remuneration of executive officers serving concurrently as managing executive officers of subsidiaries is paid by the subsidiaries.
- Performance indicators related to performance-linked remuneration are listed in “2. Overview of remuneration system.” Performance-linked remuneration in the fiscal year under review was paid based on the degree of performance achievement in the previous consolidated fiscal year, among other factors. The primary achievements were a net sales achievement rate of 95% and an operating income achievement rate of 83% in contrast to the consolidated forecast disclosed on May 9, 2019.
- Non-monetary remuneration consists of restricted stock remuneration, the amount of which was recorded as an expense for the fiscal year under review. The status of stock granted for the fiscal year under review is listed under “2. (a) (v). Status of shares granted to company executives in compensation for performing duties during the fiscal year under review.”

6. In addition to the above, outside directors received remuneration of ¥1,200 thousand as executives of the Company's subsidiaries in the fiscal year under review.

iv) Matters concerning outside directors

a. Status of concurrent important positions held at other legal entities and relationship between the Company and the other legal entities

Director	Fumio Kato	Corporate auditor at Fuji Seal Inc. (Note)
Director	Hiroumi Shioji	Director of Shioji Law Office Outside Auditor of TACHIBANA ELETECH CO., LTD.
Director	Tatsundo Maki	Director of SCS Global Co., Ltd. Director of SCS Global Consulting KK
Director	Yuichi Seki	—

Note:

Fuji Seal Inc. is a wholly owned subsidiary of the Company and has transactions with the Company involving royalties and so forth. There are no other special relationships between the Company and the companies where the outside corporate officers hold key concurrent positions.

b. Status of principal activities during the business year under review

Name (position)	Status of activities in the fiscal year under review and overview of duties which outside directors are expected to perform
Director Fumio Kato	<p>Mr. Kato attended all six meetings of the Board of Directors and all seven meetings of the Audit Committee held in the fiscal year under review. He performed an appropriate role to ensure the soundness and appropriateness of decision-making, providing advice necessary for the deliberation of proposals and so forth, while drawing on his abundant experience and broad insight as the manager of a holding company and a person involved in education.</p> <p>During the fiscal year under review, he gave lectures at the Next Generation Management Development Program and contributed to human resources.</p> <p>At the Nomination and Remuneration Committees, he helped to increase objectivity with regard to selection of the Company's directors and executive officers as well as remuneration.</p>
Director Hiroumi Shioji	<p>Mr. Shioji attended all six meetings of the Board of Directors and all seven meetings of the Audit Committee held in the fiscal year under review. He performed an appropriate role to ensure the soundness and appropriateness of decision-making, providing advice necessary for the deliberation of proposals and so forth, drawing on his abundant experience and broad insight cultivated through his work as a lawyer over many years.</p> <p>At the Nomination and Remuneration Committees, he helped to increase objectivity with regard to selection of the Company's directors and executive officers as well as remuneration.</p>
Director Tatsundo Maki	<p>Mr. Maki attended all six meetings of the Board of Directors and all seven meetings of the Audit Committee held in the fiscal year under review. He performed an appropriate role to ensure the soundness and appropriateness of decision-making, providing advice necessary for the deliberation of proposals and so forth, drawing on his abundant experience and broad insight in global accounting, finance, and taxation.</p> <p>At the Nomination and Remuneration Committees, he helped to increase objectivity with regard to selection of the Company's directors and executive officers as well as remuneration.</p>
Director Yuichi Seki	<p>Mr. Seki attended all six meetings of the Board of Directors and similarly attended all seven meetings of the Audit Committee held in the fiscal year under review. He performed an appropriate role to ensure the soundness and appropriateness of decision-making, providing advice necessary for the deliberation of proposals and so forth, while drawing on his abundant experience and broad insight in manufacturing as a supervisor of safety, disaster preparedness and manufacturing primarily in the technology development field, as well as experience as the manager of a publicly listed company.</p> <p>At the Nomination and Remuneration Committees, he helped to increase objectivity with regard to selection of the Company's directors and executive officers as well as remuneration.</p>

Note:

At the meetings of the Company's Board of Directors, deliberations were held four times over two days for each meeting (a total of 8 days), with two deliberations held in 1 day. In the fiscal year under review, a total of 52 hours of deliberations were held over 10 days. In addition to the above meetings held by the Board of Directors, there were 29 resolutions in writing, which are deemed to be equivalent to resolutions passed in meetings of the Board of Directors, in accordance with Article 370 and Article 22 of the Company's Articles of Incorporation.

c. Outline of limitation of liability agreement

To ensure that it can obtain useful human resources to serve as outside directors, the Company's current Articles of Incorporation have a provision enabling it to enter agreements with its outside directors for limiting their liability to the Company within a certain scope. In accordance with this provision, outside directors Fumio Kato, Akira Toyama, Hiroumi Shioji, and Tatsundo Maki have entered such limitation of liability agreements

with the Company.

An overview of these agreements follows.

“If the outside director becomes liable for damages to the Company due to negligence of duties, he or she shall bear this liability, limited to the minimum liability amount provided in Article 425 paragraph 1 of the Companies Act of Japan. The above liability limitation may be recognized only in cases where the outside director has acted in good faith and without gross negligence in executing the duty that caused his or her liability.”

d. Criteria for Independence of Outside Directors

Criteria for independence are listed in the “Reference Documents for the General Meeting of Shareholders” in this convocation notice.

v) Overview of limitation of liability agreement

The Company has entered into a limitation of liability agreement with an insurance company which designates all directors, executive officers and those in managerial positions at the Company and all its subsidiaries as insured persons. Under this agreement, the insured person shall be charged compensation resulting from actions (including failure to act) based on the status of company executive, and shall compensate for damages incurred and legal fees, etc. As a measure to ensure the appropriateness of execution of duties by the insured person, damages to the executive who committed a criminal act such as bribery or intentionally violated a law will be exempt from the target of compensation. The Company will pay all insurance payments for this liability agreement.

#### (4) Outside accounting auditor

i) Name Deloitte Touche Tohmatsu LLC

ii) Remuneration amount

	Amount payable
1. Amount of remuneration payable to the outside accounting auditor for the fiscal year under review for duties provided under Article 2 paragraph 1 of the Certified Public Accountants Act	¥38,840 thousand
2. The total amount of remuneration and other financial benefits payable to the outside accounting auditor by the Company and its subsidiaries	¥58,382 thousand

Notes:

1. Important consolidated subsidiaries of the Company overseas audited by certified public accountants and auditing companies (including entities with corresponding qualifications in overseas countries) other than the outside accounting auditor of the Company. They are audited only on the items specified by the Companies Act and the Financial Instruments & Exchange Act, or corresponding laws of overseas companies.
2. The amount of remuneration for audits pursuant to the Companies Act and the amount of remuneration for audits pursuant to the Financial Instruments and Exchange Act are not divided in the auditing agreement concluded between the Company and the outside accounting auditor. Since they are not practically separable, the total amount of remuneration is presented for the fiscal year under review.
3. The Audit Committee performed the required verification of the outside accounting auditor’s audit plan details, the status of accounting audit execution, and the grounds for calculation of the remuneration estimate and so forth to determine whether they were appropriate, and agreed with the outside accounting auditor’s remuneration

amount pursuant to the Article 399 paragraph 1 of the Companies Act.

iii) Details of non-auditing duties

The Company and affiliated companies have paid the outside accounting auditor consideration for advisory services related to guidance and advice on introduction of the revenue recognition accounting standard and advisory duties related to ESG disclosure, which are classified as duties other than the duties provided under Article 2, Paragraph 1 of the Certified Public Accountants Act.

iv) Dismissal or Non-reappointment of Accounting Auditor

If the Audit Committee judges that it is appropriate to dismiss or not reappoint the outside accounting auditor, it determines the details of a proposal for the dismissal or non-reappointment of the outside accounting auditor to be submitted at the General Meeting of Shareholders in accordance with the Audit Committee Regulations.

If the Audit Committee acknowledges that the outside accounting auditor is subject to any of the conditions set forth in Article 340 paragraph 1 of the Companies Act, it shall dismiss the outside accounting auditor by a unanimous resolution of all the Audit Committee members. In such cases, the dismissal and the reason shall be reported at the next General Meeting of Shareholders held after the dismissal by an Audit Committee member appointed by the Audit Committee.

v) Outline of Limitation of liability agreement

No applicable information.

**(5) System for ensuring appropriate business execution**

The Company has a system for ensuring that the directors' execution of duties complies with laws and regulations and with the Articles of Incorporation and a system for ensuring that other operations of the corporate group formed by the Company and its subsidiaries (hereinafter "the Group") are appropriate. An overview of the details decided for these systems is given below.

i) Matters concerning directors and employees assigned to assist the duties of the Audit Committee

The Group Internal Audit Office is the organization responsible for assisting the duties of the Audit Committee. The employees responsible for providing assistance (hereinafter "audit officers, etc.") are the Group Internal Audit Office Manager and other staff of the Group Internal Audit Office, who are assigned to that office, as well as other audit officers who are appointed by the Group Internal Audit Office Manager with the approval of the Audit Committee.

ii) Matters regarding the independence of the directors and employees of the preceding item from executive officers, and matters regarding ensuring the effectiveness of instructions given by the Audit Committee

Transfers, performance reviews, and salary revision of audit officers, etc. shall require prior consent of the Audit Committee.

Moreover, executive officers must take care that audit officers, etc., are not subject to unjustified restrictions in the execution of their duties. If the audit officers, etc. are subject to unjustified restrictions in the

course of executing their duties, they shall be able to report this to the Audit Committee or to an Audit Committee member and request the unjustified restriction to be lifted. Audit officers must follow the instructions of the Audit Committee.

- iii) System for reporting by the Group's directors, executive officers, and employees to the Audit Committee and system for other reports made to the Audit Committee

The Audit Committee may have persons other than Audit Committee members attend its meetings as needed to hear their reports and opinions. In this way, the directors, executive officers, and other employees (hereinafter "executives and employees") who attend an Audit Committee meeting must explain matters to the Audit Committee as the committee requests. Executives and employees shall be able to report to the Audit Committee via the Group Internal Audit Office. The Company is not allowed to dismiss the executives and employees who make such reports or subject them to any other disadvantage because of having made the report.

Executives and employees should report the following matters.

- a. Matters regarding the reporter's decision on a matter entrusted by a resolution of the Board of Directors
- b. Discovered facts that could cause significant loss to the Company

- iv) Matters regarding policies on prepayment of expenses incurred by Audit Committee members when executing their duties, reimbursement procedures, and other handling of expenses and liabilities arising in connection to the duties

When Audit Committee members request prepayment of expenses and so forth for executing their duties, as provided by the Companies Act, provided the execution of the duties is not considered unnecessary, the Company shall promptly process the liabilities, including such expenses.

- v) Other systems for ensuring that Audit Committee's audits are conducted effectively

The Audit Committee conducts regular liaison meetings to report and coordinate with the Group Internal Audit Office.

Furthermore, the Audit Committee has established the Group Internal Audit Regulations, and has a structure in place to manage internal audits smoothly and effectively. Furthermore, the committee maintains close coordination with the outside accounting auditor and holds regular meetings with the outside accounting auditor to exchange opinions about the audit policy and audits.

The Group Internal Audit Office establishes the internal audit mechanisms for the Group, and oversees policy and management risk. In this way, the office aims to maintain the Group's internal controls and upgrade the internal audit system.

- vi) System for ensuring appropriateness of reports to the Company on matters relating to execution of duties by the directors and other executives in the Group and appropriateness of other Group operations

As a holding company, the Company manages and administers the entire Group in line with the Group management strategy. The Board of Directors therefore decides and approves important matters concerning Group management, and hears reports on business execution by all Group companies.



The Company has formulated the Group Company Management Regulations, stipulating the basic policy on Group management, the management system, operation standards and so forth, and positional authority for the entire Group. Group companies can receive advance approval from the Company on certain important matters regarding management circumstances and matters affecting Group management based on these regulations, and through reporting to the Company on certain items, they also support unified operation of the Fuji Seal Group's business operations and support management.

The Group Internal Audit Office coordinates with the departments responsible for the operations of each Group company to determine their internal control status. The office reports on this to the Audit Committee and proposes measures for improvement.

The Company has established a Group Sustainability Committee and formed a system under the supervision of the Board of Directors to establish goals related to ESG for the overall Group and implement, promote and report monitoring of progress in order to promote and support the Group's sustainability management.

vii) System for ensuring execution of duties by the Group's directors, other executives, and employees is compliant with laws and regulations, and with the Articles of Incorporation

The FSG Code of Ethics, sets forth the universal standards that every individual director, executive officer, corporate officer and employee should observe from the corporate ethic standpoint to gain society's trust as the Ethical Standard, and the standards of behavior that support faithful implementation of Ethical Standard in its Conduct and Behavior Standard. In addition, the Group Compliance Management Regulations set out the Group's compliance policy, systems, procedures, and so forth.

The Compliance Committee (at the Group and regional levels) deliberates and decides on revisions of operation processes and other measures to prevent recurrences of material problems and serious infringements, as well as other relevant issues. The committee reports to the Board of Directors on the maintenance, and upgrading of the compliance system, as well as awareness raising and education, and requests the deliberation and decision of the board in cases that require important management decisions. Moreover, the Consultation Hotline provides a system that enables personnel to report directly to a consultation and reporting desk (including an outside law office and the Group's Internal Audit Office) regarding suspicious behavior and so forth. This enables the Company to quickly identify compliance issues and respond to them appropriately.

The Company has also taken steps to ensure and reinforce the appropriateness of its financial reporting by formulating the Group Internal Control Regulations and establishing the Internal Control Committee.

viii) System for storage and management of information relating to the execution of duties by executive officers  
Executive officers shall store important information relating to the executives execution of duties, such as minutes of General Meetings of Shareholders and Board of Directors meetings of Group companies, approval request documents, calculation documents relating to financial reports, and contracts, for at least 10 years. Moreover, they shall take the measures required to be in accordance with the Group Information Security Policy and be prepared to accommodate requests to browse the documents from the Audit Committee and others.

ix) Rules and other systems related to managing the risk of loss in the Group

The Group has established the Group Risk Management Regulations, which stipulate the basic policy and management system regarding business execution risks facing the Group. The Group strives to ensure sound, stable management, thereby enhancing management efficiency and increasing shareholder benefit and trust in the Company. The Group has organized the materiality of latent risks on a Groupwide and regional basis into a risk map. For each risk, systems have been established as a basic framework of its risk management.

In accordance with the regulations, the Group has established disaster response and crisis management systems. The Group strives to make foreseeable risks known to employees and share this information with them. It will also implement measures to relay information and respond rapidly and appropriately in case a risk should materialize, and take action to prevent a recurrence.

x) System to ensure the efficient execution of duties by the Group's directors and other officers

The Company has established a system for correct and efficient execution of duties through positional authority and decision-making rules based on a system of regulations centered on the abovementioned Group Company Management Regulations. (In June 2019, the Company revised the Administrative Authority Regulations, separate materials to these regulations)

Based on the medium-term management plan and the annual business plan formulated in line with the corporate philosophy, the executive officers work to achieve the targets, report the status of their execution of duties to the Board of Directors, and receive an assessment from the Board of Directors. The Company uses IT to streamline operations through teleconferencing and other means. It has a system for identifying important management information through business reports, risk reports, and so forth provided regularly and as needed, and securely feeding this information back to the Board of Directors.

**(6) Overview of operational status of systems for ensuring appropriateness of operations**

i) Operational status of Group compliance system

The Group's Compliance Committee held regular meetings, set themes annually related to compliance and matters to be addressed and reported on implementation and plans for awareness-raising activities. The Group's executives have signed a compliance declaration and Compliance Cards have been distributed to Group executives and employees in addition to an education program. Through these measures, the Group provided clear guidance on observing laws and regulations, as well as internal company regulations, and acting in accordance with corporate ethics, and took initiatives to ensure their effectiveness.

With regard to the Consultation Hotline, the Group ensures that the confidentiality of informants is protected and that informants are not subjected to disadvantages. The status of reports to the hotline is reported regularly to the Compliance Committee, the Board of Directors and the Audit Committee.

ii) Operation status of the Group's risk management system

The Group has organized the materiality of latent risks on a Groupwide and regional basis into a risk map based on the Group Risk Management Regulations. For each risk, systems have been established, action plans

for each region have been formulated, based on the risk map, and initiatives are continuously carried out. The risk map assesses risks based on their likelihood of occurrence and impact on management, looking at the many types and varieties of risk the Company faces, including leaking of customer information, fire, labor issues, system breakdowns and cyberattacks, bribery and fraudulent demands on business partners, natural disasters and pandemic and environmental issues. At the same time, an emergency contact network has been established for the case of an irregular situation that could have a serious impact on the Group's management.

As a risk monitoring function, internal audits are conducted by the Group Internal Audit Office under the direction of the Audit Committee, and risk management system audits are conducted by independent auditors as needed. The results are reported to the Audit Committee and the president & CEO.

iii) Status of execution of duties by directors and others in the Group

The Group held five Board of Directors meetings during the fiscal year under review, in accordance with the Rules for Directors (a total of more than 51 hours of deliberations were held over nine days).

The Board of Directors proactively deliberated on issues such as ESG (Environment, Society, Governance), the state of the Group's management, relationship with stakeholders, and making an equity-method associate a wholly owned subsidiary, as well as the medium- term management plan, business strategy, the annual business plan, the investment strategy, and financial management. Furthermore, the Group heard reports on the status of execution of duties at each Group company, and discussed progress on achieving targets, management priorities and risks, and related response measures.

iv) Status of initiatives to ensure appropriate operations within the Group

The Audit Committee met 6 times during the fiscal year under review in accordance with the Audit Committee Regulations. The Audit Committee deliberated on the audit plan and audit policy, internal controls, and related matters.

The Group Internal Audit Office conducted an audit of the Group companies based on the direction of the Audit Committee, and proposed improvements. A Consultation Hotline Desk was also established in the Internal Audit Office, so that reports can now also be made to the Audit Committee, which is composed solely of outside directors.

## (7) Policy regarding determination of dividend from surplus

Fuji Seal will impact to realize the Circular Society that brings peace and happiness to all through packaging, and aims to raise corporate value in the fiscal year ending March 31, 2022, the first year under a new Mid-term Management Plan. It positions continual increase of profit returns, while returning profits to shareholders based on consolidated results to be the most important management issue.

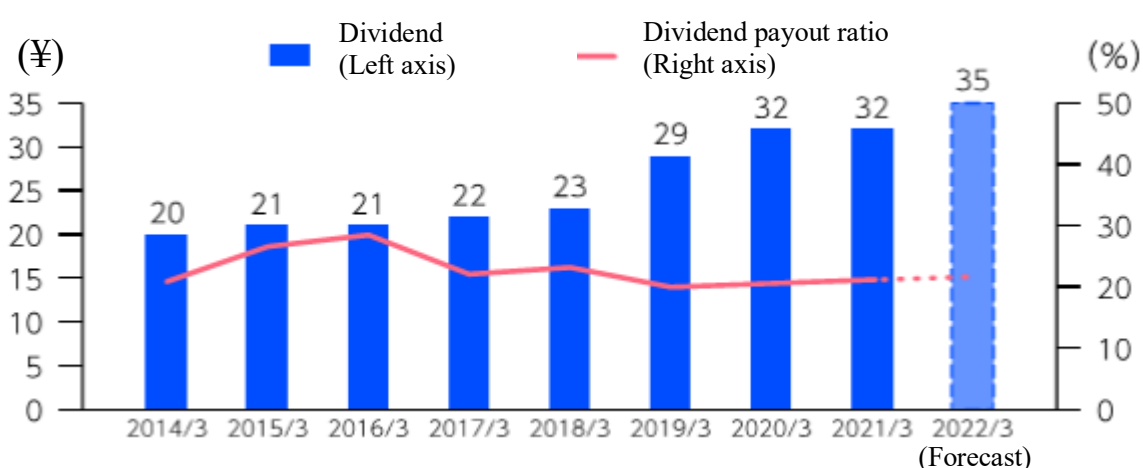
As such, the Company's view on profit allocation is as follows.

- Invest in continued growth (technology development, human resource development, capital expenditures, M&A)
- Targeting a consolidated dividend payout ratio of 20-25%
- Increase the dividend per share in a stable and sustained manner
- Build a stable financial base prepared for emergencies and flexibly acquire and dispose of treasury stock (increase capital efficiency)

Due to the COVID-19 pandemic, the management environment encompassing the Fuji Seal Group was extremely harsh in the fiscal year ended March 31, 2021, but the Company achieved net income greater than the earnings forecast announced on May 13, 2020.

The Board of Directors decided at a meeting held on May 20, 2021 to pay a year-end dividend for the fiscal year ended March 31, 2021 of ¥16 per share, the initial forecast. The Company will thus pay an annual dividend of ¥32 per share for the fiscal year ended March 31, 2021, which includes the already paid interim dividend (¥16 per share), for a consolidated dividend payout ratio of 21.2%.

In the fiscal year ending March 31, 2022, the Group plans to pay an annual dividend of ¥35 per share based on the aforementioned basic policies. As a result, the Group expects to achieve a consolidated dividend payout ratio of 21.7% for the fiscal year ending March 31, 2022.



(Monetary amounts and numbers of shares presented in this business report have been rounded down to the units of presentation, while year-on-year comparisons and other figures have been rounded to the nearest unit.)

**Consolidated Balance Sheets**  
(As of March 31, 2021)

(Unit: ¥ Thousand)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Total current assets</b>	<b>93,734,159</b>	<b>Total current liabilities</b>	<b>46,474,620</b>
Cash and deposits	21,688,185	Notes and accounts payable	13,104,143
Notes and accounts receivable	40,973,998	Electronically recorded monetary obligations	11,655,095
Electronically recorded monetary claims	8,686,946	Short-term borrowings	5,416,141
Merchandise and finished products	8,537,483	Current portion of long-term debt	1,085,434
Work in process	3,458,110	Lease obligations	78,744
Raw materials and supplies	6,762,554	Other accounts payable	4,685,162
Other current assets	3,837,433	Income taxes payable	991,933
Allowance for doubtful accounts	(210,552)	Accrued bonuses	1,713,642
<b>Total noncurrent assets</b>	<b>65,632,853</b>	Other current liabilities	7,744,322
<b>Total tangible fixed assets</b>	<b>54,881,610</b>	<b>Total long-term liabilities</b>	<b>9,811,661</b>
Buildings and structures – net	22,714,611	Long-term debt	5,115,163
Machinery, equipment and vehicles	20,044,067	Lease obligations	134,624
Tools, furniture and fixtures	1,509,051	Deferred tax liabilities	1,153,400
Land	6,257,343	Net defined benefit liabilities	2,594,238
Lease assets – net	277,423	Other	814,236
Construction in progress	3,113,400	<b>Total liabilities</b>	<b>56,286,282</b>
Other – net	965,713	<b>Net assets</b>	
<b>Total intangible assets</b>	<b>1,501,634</b>	<b>Total shareholders' equity</b>	<b>98,410,599</b>
Goodwill	159,627	Common stock	5,990,186
Other	1,342,006	Capital surplus	6,584,959
<b>Total investments and other assets</b>	<b>3,829,536</b>	Retained earnings	93,372,952
Investment securities	3,825,484	Treasury stock	(7,537,499)
Net defined benefit asset	2,811,663	<b>Total accumulated other comprehensive income</b>	<b>4,670,131</b>
Deferred tax assets	2,109,327	Unrealized gain on available-for-sale securities	1,318,410
Other	556,699	Foreign currency translation adjustments	1,815,978
Allowance for doubtful accounts	(57,618)	Remeasurements of defined benefit plans	1,535,742
		<b>Total net assets</b>	<b>103,080,730</b>
<b>Total assets</b>	<b>159,367,012</b>	<b>Total liabilities and net assets</b>	<b>159,367,012</b>

**Consolidated Statements of Income**  
(April 1, 2020 to March 31, 2021)

(Unit: ¥ Thousand)

Item	Amount	
<b>Net sales</b>		<b>163,635,934</b>
Cost of sales		132,337,560
<b>Gross profit</b>		<b>31,298,374</b>
Selling, general and administrative expenses		18,869,596
<b>Operating income</b>		<b>12,428,777</b>
<b>Non-operating income</b>		
Interest income	14,874	
Dividend income	63,155	
Interest on tax refund	74,411	
Recycling income	27,707	
Other	40,942	221,091
<b>Non-operating expenses</b>		
Interest expenses	67,954	
Foreign exchange loss	389,533	
Other	87,440	544,928
<b>Ordinary income</b>		<b>12,104,941</b>
<b>Extraordinary gains</b>		
Gain on sale of tangible fixed assets	19,033	
Insurance income	1,101,108	
Gain on sale of investment securities	69,177	
Subsidy income	42,504	1,231,823
<b>Extraordinary losses</b>		
Loss on sale and disposal of tangible fixed assets	354,478	
Loss on reduction entry of non-current assets	848,532	
Complaint settlement money	299,751	
Factory reorganization costs	145,945	
Impairment loss	56,788	
Loss on sale of golf club membership	1,290	1,706,787
<b>Income before income taxes</b>		<b>11,629,976</b>
Current	3,889,207	
Deferred	(634,254)	3,254,953
<b>Net income</b>		<b>8,375,023</b>
<b>Net income attributable to owners of the parent</b>		<b>8,375,023</b>