



INTEGRATED REPORT

2024

[Our Credo]

EACH DAY
WITH RENEWED COMMITMENT
WE CREATE NEW VALUE
THROUGH PACKAGING

[Our Slogan]

We call creation a “dream”
We call challenges to creation “courage”
We call a heated discussion on creation “trust”

[Our Vision -To Be-]

Sustainable and profitable growth
in the packaging industry

Our Value to People and the Planet

Our proactive impact to realize
the Regenerative Society

Generate “Waku-Waku”
– No growth without “Waku-Waku” –

[Guideline for Action]

Changing along with changes

[Our Mission]

Fuji Seal will impact to realize
the Circular Society that brings peace and
happiness to all through packaging

Editorial Policy

In FY2023 as well, to build greater trust in us among stakeholders, we enhanced the content of the Integrated Report and actively had more opportunities than ever before for face-to-face communication with people outside the Company, including interviews with investors and participation as speakers at external seminars. We did so in the belief that direct dialogue between people is the best way to create real mutual understanding and empathy even if it takes time and effort. Therefore, we will continue to adopt this approach in the future.

Another highlight of FY2023 was the formulation of FSG.30, our new management plan with 2030 as the target year, in place of the previous kind of three-year medium-term management plan. This plan defines indicators for the progress of our global efforts toward business promotion to ensure that we will achieve stable corporate management in view of social issues from a medium- to long-term perspective.

We hope to arouse and fulfill high expectations for the Fuji Seal Group (FSG)’s further accelerated efforts toward 2030 among our stakeholders and to receive their honest feedback and encouragement.

Financial Information	Non-Financial Information
Annual Reports	Corporate Governance Reports
Various Accounting Materials	ESG DATA BOOKEnvironment Reports
IR Information Website	Sustainability Information Website
Integrated Report (Booklet / PDF)	

- Scope of Reporting

Fuji Seal International, Inc. and its consolidated subsidiaries

■ Period Covered

Mainly FY2023 (April 1, 2023 to March 31, 2024), with some events and activities before and after the period mentioned as necessary

■ Previous Integrated Report

Issued in August 2023

■ Reporting Cycle

One year (the next Integrated Report scheduled to be issued in August 2025)

■ Inquiries about This Report

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<https://www.fujiseal.com/en/contact/>

■ Referenced Guidelines

GRI Sustainability Reporting Standards
IIRC International Integrated Reporting Framework
SASB (Sustainability Accounting Standards Board) Standards (Containers & Packaging)
Ministry of Economy, Trade and Industry Guidance for Collaborative Value Creation 2.0

■ Information Modifications Due to M&A

None

■ Changes to Important Items

None

■ Positioning of the Integrated Report

Please also refer to our websites listed below for further understanding of our Group.
<IR Information> <https://www.fujiseal.com/en/ir/>
<Sustainability Information> <https://www.fujiseal.com/en/csr/>

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Working together and having “heated discussions” that build trust

Director,
Representative Executive Officer,
President and CEO
Shigeko Okazaki

岡崎 恵子

Focusing on Group-wide mindset transformation to meet our Guideline for Action: “Changing along with changes”

First, let me explain the changes that occurred in FY2023, both net sales and operating income remained good in Japan, the Americas, Europe, and the ASEAN regions. In the Americas, this result was due to us successfully revising selling prices more quickly than in Japan, the growth of the market itself, and our withdrawal from unprofitable businesses. In Europe, according to our analysis major factors behind the results were the selling price revisions, structural reforms implemented in FY2022, and a significantly enhanced purchasing function.

Another factor behind our good performance was increased production efficiency. Formerly, our top priority was to satisfy our customers although we also valued employee satisfaction. Therefore, we used to have our employees work overtime and follow complicated rules. However, considering the sustainability of our business itself, we have realized that we must launch new efforts to discuss our production efficiency with our customers and seek to gain their understanding. Therefore, we have transformed our mindsets so that we place high priority not only on adopting customer-centered approaches and standing in customers' shoes but also on achieving high employee satisfaction.

In addition, we set up a trust-type incentive plan (an employee stock option plan [ESOP] trust) for the first time in

13 years. We did so in hope of helping our employees increase their own motivation to participate actively in business and management from the perspective of a shareholder and delivering to them the message that the Company supports their medium- to long-term asset development. This initiative is limited to Japan because we have adopted an ESOP that is valid only in the country. However, we will continue our efforts to transform the mindsets of all FSG employees, including those outside Japan.

Of course, our efforts not only refer to employees. Since FSG shifted to a holding company structure in 2004, Fuji Seal International, Inc. (FSI), the holding company, has been in charge of Group-wide governance operations, including formulating and promoting management strategies and conducting audits. As a listed company and a company with nomination and other committees, FSI is always committed to strengthening its corporate governance and achieving more transparent management. We therefore proactively seek the opinions of external parties, including outside directors, shareholders, and investors, and strive to incorporate those opinions in our management. On the other hand, our Group companies tend to place high importance on the steadiness of their business operations making this a challenging gap.

Therefore, through various management meeting bodies, we have further strengthened and implemented the promotion of our management strategies and measures across FSG, thereby strengthening what is known as “group governance.”

From the perspective of our group companies, this may have caused some hesitation. Nevertheless, they listened and accepted the policies of the parent company and worked very positively with the awareness of the importance of their role in the Group management.

These measures have been producing obvious effects on our performance although they are still in progress. Some people point out that our business performance has not returned to what it was before the COVID-19 pandemic, but I believe our very lives have changed so drastically because of it that it is wrong to compare the current situation with the pre-pandemic one. If we can implement FSG's Guideline for Action “Changing along with changes,” we will be able to continue to move forward without being bound by what occurs. We have been establishing systems to ensure our ability to do so.

While maintaining a defensive stance, the seeds sown over the past three years have begun to sprout

Our major regret about the previous Medium-Term Management Plan for 2021 to 2023 is that, under the impact of the COVID-19 pandemic, the plan adopted a defensive stance and included few initiatives to take up new challenges. I have been reminded that taking up new challenges requires us to set high goals and dreams we want to realize.

Our implementation of the plan resulted in our acquisition of the ability to take action in the event of the realization of various risks, including cyberattack risks, so that we can contain their impacts within the scope of our expectations. Another result is several effective next-generation business models being created after our efforts. We were able to dedicate much time to such novel initiatives while being subject to activity restrictions, including prohibition on business trips.

Although the external challenges were quite difficult for us to take on, and we had to face tough situations, the seeds we had sowed within the Company began to sprout. This is my impression looking back on the past three years.

New management plan “FSG.30” aims for sustainable growth through three strategies

Based on our implementation of and reflection of the previous Medium-Term Management Plan (2021-2023), we have formulated our new management plan titled “FSG.30,” with 2030 as both the target year and a milestone. We recognize that we are now ready to envision our next stage and have a system in place to do so. Therefore, rather than drawing up a three-year plan just as we did in the past, we have formulated a management plan for a longer period to define our medium- to long-term ideals. We will also perform corporate management while clarifying what we must put into practice every year.

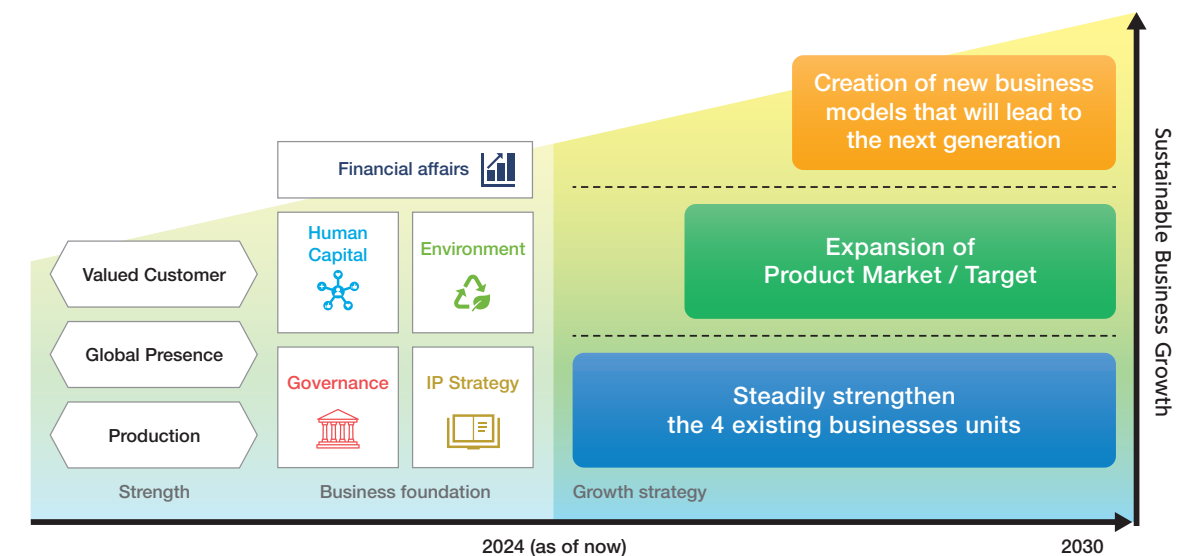
When we worked out our growth strategies, we re-identified our strengths and business foundation. We have re-identified our strengths in our valued customers, global presence, and production. Meanwhile, our business foundation comprises financial affairs, human capital, the environment, governance, and intellectual property (IP) strategy. Further refining our strengths and business foundation, we aim to achieve sustainable growth by implementing three strategies: steadily strengthening the four existing business units; expansion of product markets/targets; and creation of new business models that will lead to the next generation.

* FSG.30: Fuji Seal Sustainable Growth 2030 Strategy

Redefining the role of packaging from the perspectives of safety, security and, product management

We believe one of our strengths is our “production capabilities”, and underlying this is our desire to review the role and value that packaging plays in the midst of environmental issues being discussed.

First, the safety and protection aspects of packaging. Packaging protects products from tampering, impact, or dust and provides product information, such as the expiration dates and preservation instructions, thereby enabling consumers to handle and use those products with peace of





mind. Next, the product management aspect labels that provide product information enable the unification of containers for different products, which helps reduce inventories of containers and makes product design renewal an easier task as it can be performed by just changing the labels. In addition, by using soft pouches as containers, the size can be made more compact, thereby increasing transportation efficiency. Furthermore, in terms of functionality, labels with added light-shielding and heat-insulating functions contribute to reducing food loss, for example, by extending shelf life.

The strengths of our products lie not only in their decorative roles in differentiating products and brands from others and broadening their appeal to consumers but also in their roles related to safety, security, product management, and functionality, leading to their value. As a leading company, we believe it is our responsibility to communicate the role of packaging, including our efforts to contribute to a circular economy, to a wider range of people.

No growth without “Waku-Waku” —What is important is being in the batter's box

Among the five components of our business foundation, the key to our growth and success is human capital. As seen in our vision for human capital “Generate ‘Waku-Waku’—No growth without ‘Waku-Waku’—” we hope to offer our employees both in Japan and abroad many more opportunities to take up new challenges with excitement (“Waku-Waku”). An organization naturally imposes various restrictions on its members, so becoming a specialist in a particular job may be a good way of working in the organization. Nevertheless, I hope that our employees take on various tasks in parallel, such as project-based or time-limited ones, in addition to their main tasks. I believe that the only way of developing talent is having them be in the batter's box. Careful coaching is not sufficient. When you are at bat, you may strike out, get a hit, or be sometimes hit by a pitch... Each

of those experiences teaches you valuable lessons and helps you grow.

For employee education, we use skills matrices and other tools to clearly show what each employee should learn, and we support their skill development. We also partnered with a Belgian business school to provide a training program tailored to the specifications that FSG has defined. Members from various regions and professions get acquainted with each other there and work together to develop proposals for solutions to management issues through lively discussions. This program is aimed at producing candidates for next-generation management, and it is one of the initiatives we hope to continue to focus on.

Clearer IP strategy while aiming to achieve net-zero greenhouse gas (GHG) emissions by 2050

Our Intellectual Property (IP) strategy has undergone significant changes over the past several years. By organizing and systematizing our previously disparate patents and Idea Bank program, we have improved the accuracy of our judgments and made it easier to pass these patents and ideas on to the next generation. We also practiced IP landscaping,* which has enabled us to objectively assess the level of our IP in the market and our weaknesses in IP terms, thereby giving us a clear understanding of our own position.

As for the environment as a component of our business foundation, we will continue to promote our ongoing initiatives for both “creating value” by supplying environmentally friendly products and “protecting value” by reducing the environmental impact of manufacturing. Taking a further step, we have set an additional target of reducing GHG emissions to achieve net zero GHG emissions by 2050. The progress and details of our environmental efforts are reported to the Executive Meeting and the Board of Directors and are also shared with a wider range of people through a monthly environmental report.

* IP landscaping: Analyzing IP information and utilizing the analysis results to formulate management strategies and make corporate decisions

Expanding the pharmaceutical business by utilizing our accumulated expertise and proven track record

In pursuit of expansion of product markets/targets, one of our three growth strategies, we will focus more efforts on the pharmaceutical business, which offers greater potential for growth and has higher importance for society. We obtained a license and approval for pharmaceutical packaging and processing about 30 years ago, and we have the expertise and a proven track record in the business. To take the next step, we acquired all shares of Toride Pharma K.K. in June 2023. To enter the biotechnology market. We are also pursuing the strategy of expanding our pharmaceutical machinery business, including line engineering and rotary labelers, by making proactive capital investments, for example, in a new building at our factory in Italy.

Against a backdrop of the increasing use of generic drugs worldwide, customers in the pharmaceutical industry are increasingly focusing on in-house R&D while outsourcing packaging. We view this change in the market as a major business opportunity for us.

Developing new containers and innovative technologies to create businesses that can be passed on to the next generation

For our market-leading customers, the distribution industry is now one of their competitors. Distributors currently run their own private brands and sell their products at low prices, resulting in a wider choice of products for consumers and fiercer competition between their products and products of domestic brands. This situation requires market leaders to provide consumers with more valuable products to firmly establish the value of their own brands. That is also the case with us. One of our growth strategies is “creation of new business models that will lead to the next generation,” and we have launched various initiatives to implement the strategy. An example is container-related initiatives. Shrink sleeve labels and pressure sensitive labels are used on solid containers. Softer spouted pouches were originated from the idea of turning those labels into containers. They help significantly reduce the amount of plastic used compared to conventional solid containers. Our pouch products include spouted pouches, refill pouches, and pouches used in place of solid containers, and we are currently planning to develop new products.

A new business that has already reached the materialized is Deep IS®, a technology aimed at preventing counterfeit products and unauthorized resale. This is an innovative technology for identifying individual items by distinguishing slight fluctuations in printing that humans cannot notice which we developed in collaboration with a Swiss startup company. The global anti-counterfeit packaging market is expected to exceed 50 trillion yen by 2030, and we expect the Deep IS® technology to become our next growth driver.

Contributing to the realization of a sustainable society by establishing a system to increase recycling rates

As a packaging manufacturer, we take the stance that we will use whatever material we can use, whether plastic or paper. So why is plastic packaging so overwhelmingly prevalent? The answer is that it matches our customers' products best from hygienic, safety, and other perspectives. We believe that, if plastic issues mean environmental pollution caused by plastic wastes that flow into the sea and other waters, the most important thing is to increase plastic recycling rates. Therefore, we are promoting initiatives to achieve a circular economy from various perspectives so that labels and packaging can be recycled into resources.

The “Label-to-Label” technology is a process that removes the printed designs from used Shrink Sleeve Labels and recycles them into new labels and ink. We will contribute not

only to the effective use of resources but also to the reduction of GHG emissions by recycling labels that provide useful information to consumers into labels. In addition, RecShrink™ has brought us success in our Label-to-Bottle initiative to collect PET bottles with labels and recycle them into PET bottles. This product has obtained certification from the U.S.-based Association of Plastic Recyclers (APR) and has already been used by many customers.

Expanding packaging possibilities by changing its functions and value

We quite openly disclose information through this Integrated Report and other media, but we recognize the need to more clearly communicate the direction that the Company has taken, especially to our employees. In 2021, we formulated the Fuji Seal Way, which clearly defines various forms of our Value Behaviors dating back to our founding. In 2023, we also created a supplementary material for the Fuji Seal Way titled “Incidents, Lessons, and Innovations That We Should Remember and Pass Down,” which summarizes major past events. However, instead of assuming that such thorough efforts of ours will naturally help increase employees' understanding, we will continue to focus on inner and outer branding.

We believe that the functions and value of packaging will continue to rapidly change in the future, thereby opening up greater possibilities. In that sense, we will continue to uphold our Credo “Each day with renewed commitment, we create new value through packaging” and our Slogan “We call creation a ‘dream,’ we call challenges to creation ‘courage,’ and we call a heated discussion on creation ‘trust.’” I would like to request that not only FSG employees but also our customers, business partners, shareholders, and investors live up to the credo and slogan together with us.



New Management Plan - FSG.30

Aims of FSG.30 formulation

From the implementation of the previous Medium-Term Management Plan, we recognized that the time is now right and that it is ready to envision the next stage of the company's development. We envision what we want to be in the medium to long term (which is also a passing phase), not the three-year period, we will be committed to identifying what needs to be implemented each year.

FSG.30 = Fuji Seal Sustainable Growth 2030 Strategy

As a leading packaging company, and efforts to realize a Circular Society and Regenerative Society in which all people can live with a smile and peace of mind, The new management plan will be named after the year 2030, which is the goal of the plan

No change from the previous Medium-Term Management Plan.

Our Vision -To Be-

Sustainable and profitable growth in the packaging industry

Our Value to People and the Planet

Our proactive impact to realize the Regenerative Society

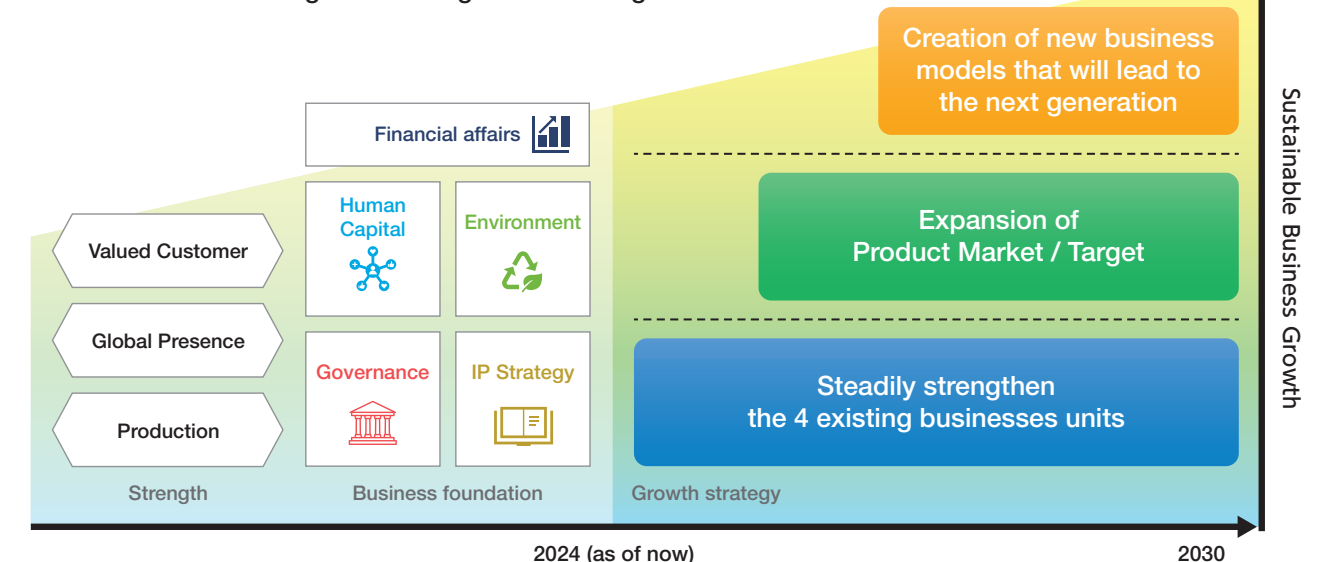
Generate "Waku-Waku" – No growth without "Waku-Waku" –

KPI Target Values (As of the time of the announcement of FSG.30)

Performance	Finance	Shareholder return
Sales 350 billion yen or more Current : 196.6 billion yen	ROE Double-digit% Current : 8.1%.	Profit Distribution same as Basic Policy
Operating Profits Double-digit% Current : 6.8%	PBR More than 1.5X Current : 0.9 X	Human capital Group key position Successor Sufficiency Rate 80% or more Current : -

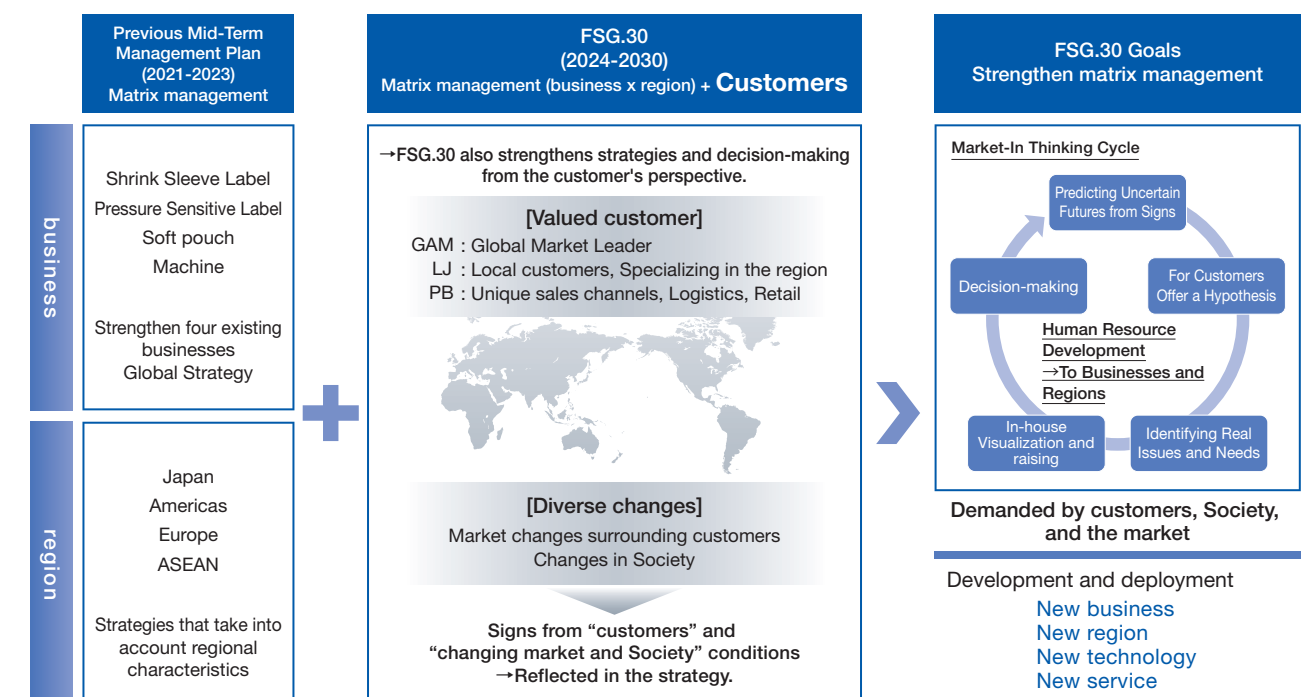
Growth Strategies

Further refining the strengths we have cultivated and our solid business foundation, we aim to achieve sustainable growth through three strategies



Business Strategy: Matrix Management + Decision Making from the Customer View

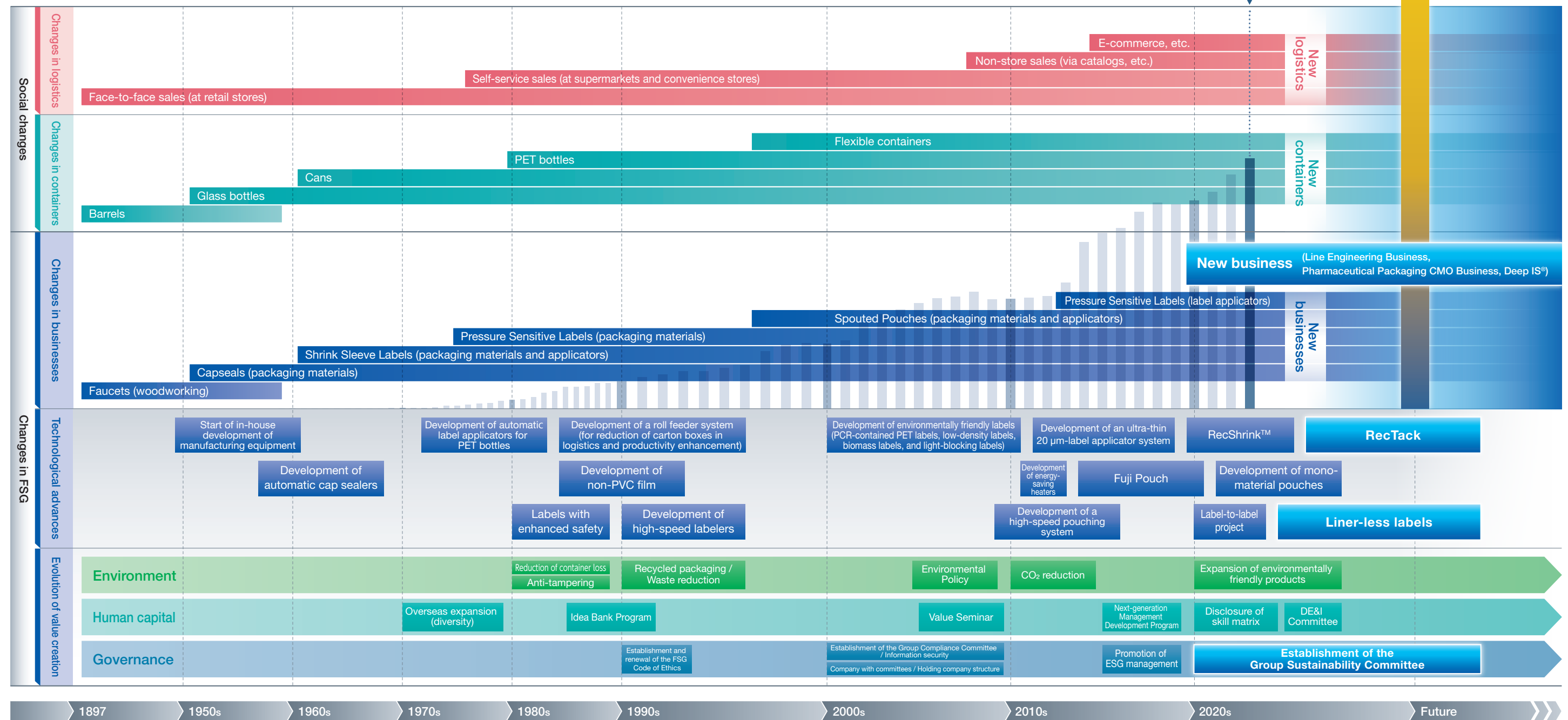
One of the Fuji Seal Group's strengths lies in its business with valued customers. We will grow our businesses together with our business partners in each region and business sector over the medium to long term while monitoring changes in the market and social conditions. By accelerating this, we will explore and promote new businesses, regions, technologies, and services. To achieve this, we believe that we must develop and recruit human resources with a forward-looking perspective, in addition to ensuring that staff in charge of customers grow our existing businesses.



Changing along with changes

The Fuji Seal Group was founded 127 years ago as a manufacturer of wooden products. Since then, social demands shifted from wooden barrels to glass bottles, cans, and plastic containers. In the 1950's, we developed shrink sleeve labels making a major shift in our business to become a packaging manufacturer, and we have continued to grow by quickly responding to changes in the market. We will continue to strive to be a company that is indispensable to society while listening more closely to our customers and society with the aim of creating a sustainable future.

History of Our Business / Changes in Net Sales



Company history	Establishment	Change of business	Entry into overseas business and expansion of the domestic network	100th anniversary of establishment	Transition to a holding company structure	Expansion of the business scope and the business network in Japan, the Americas, Europe, and the ASEAN region	Toward the Creation of New Value	Toward the Future beyond the Next 100 Years
	 <p>1897 Established as a manufacturer of wooden faucets for barrels.</p>	 <p>Late 1950s Developed shrink sleeve labels. Began to sell packaging systems with in-house designed and manufactured automatic label applicators.</p>	 <p>1970s Established subsidiaries in the Americas and Europe to collect information on overseas markets. Expanded the Company's network of business bases both in Japan and abroad.</p>	 <p>1997 Began over-the-counter trading of stocks.</p>	<p>2003 Listed on the First Section of the Tokyo Stock Exchange.</p> <p>2004 Adopted a committee system. Adopted a holding company structure with itself renamed as Fuji Seal International, Inc.</p>		<p>包むつながり。 未来へのつながり。</p>	<p>Dream together Change together</p> <p>Toward the Future beyond the Next 100 Years ~What We Can Do Now in View of Where We Will Be after a Decade~</p>

What the Fuji Seal Group has valued for over 50 years

Since its establishment, the Fuji Seal Group has conducted business with the belief that intangible assets, such as unique technologies, the creativity of its employees, an attitude of emphasizing diversity, and trusting relationships with our customers and business partners, form the foundation of the organization. For over 50 years, we have proposed packages that incorporate the culture of each region on a global scale. Even before the word “sustainability” became the focus of society, FSG has continued to value, practice, and embody it.

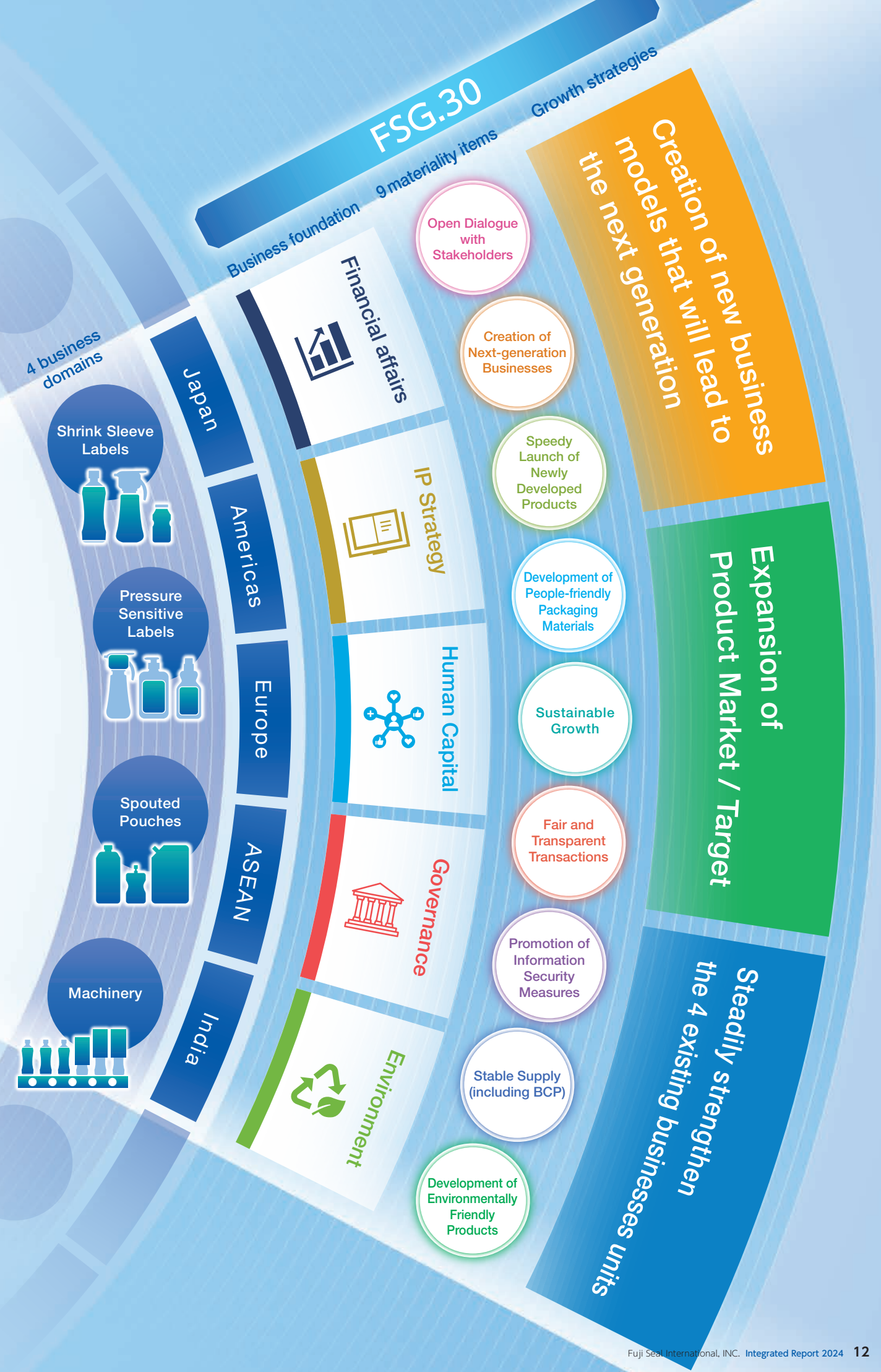
[Our Vision -To Be-]

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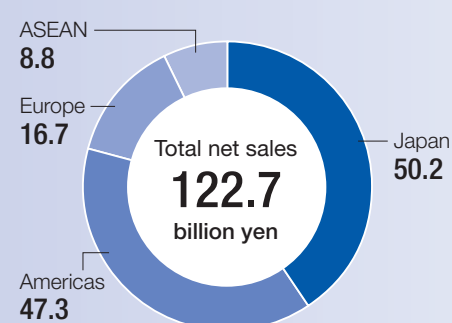
Shrink Sleeve Labels



Hideaki Umeda

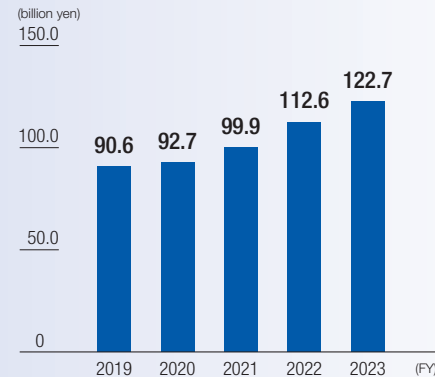
Executive Officer
(in Charge of the Shrink Sleeve Labels Division)

Net sales by Segment (FY2023)



* Since the figures for the respective regional segments include interregional transactions, their sum is not equivalent to the total net sales shown in the center of the pie chart.

Net sales of Shrink Sleeve Labels



Profitability improved through the efforts of each region

I believe that everyone involved in Shrink Sleeve Labels is responsible for growing this business as the Fuji Seal Group (FSG)'s core business and generating profits. However, during the previous medium-term management plan, we had to place higher priority on improving profitability than increasing sales under the influence of regional conflicts, rising fuel and raw material costs, and other factors. I am truly grateful to the members of each plant who, despite the difficult conditions, the staff of each factory were aligned with each other and continued their all-out efforts toward improvements, thereby transforming FSG into a corporate group structured to be able to earn profits just by manufacturing products.

Of our four regions, the Americas had the most distinctive business environment. Although the region was the only market that grew during the COVID-19 pandemic, inflation occurred as a backlash and things suddenly began to sell badly. We revised selling prices to address the pressure on profits caused by rising raw material costs, resulting in a V-shaped recovery in profitability. With a high growth rate of the market, we will continue to grow while making profits and invest these profits in further growth.

Expanding into new regions and enhancing product development

FSG.30, our new management plan, has set a sales target of 350 billion yen or more for the entire Group. As one of the measures to achieve this target, the Shrink Sleeve Labels business aims to expand into new regions. With 2030 as our target year, we will take on the challenge of entering high-potential markets, in South America and India. We will also promote and enhance product development. We have many excellent technical experts in Japan in particular, so we hope that they utilize their extensive experience and technical capabilities in other countries with high growth rates.

Japan still has room to grow, of course. In the country, there are still many fields where shrink sleeve labels are not used. In addition, the Japanese market is large. Furthermore, last year, we restructured our organization from a company system to a business division system, which has increased our agility and our speed of product development.

Taking advantage of changes as opportunities for business expansion

Environmental regulations are becoming more stringent in Europe, but we are optimistic about it in the belief that product development in timely response to new trends and changes will allow us to achieve the top market share. For example, we have succeeded in our Label-to-Bottle initiative with RecShrink™, which has obtained certification from the U.S.-based Association of Plastic Recyclers (APR). Against the backdrop of accelerating efforts to create systems for plastic recycling, our competitors are following suit and developing similar products, which are now becoming mainstream in the Americas market. This proves that we have been on the right track and that business will expand automatically as long as product development matches the local situation.

As a person in charge of a business, from now on, I must solve the challenge of how much human capital we can invest. We will devote energies to developing not only future management team members but also manufacturing, development, and sales staff and to creating an environment where talented people can demonstrate their capabilities while keeping in mind the need to assign the right people to the right positions.



Shrink sleeve labels recycled from post-consumer labels: Label-to-Label(Japan)



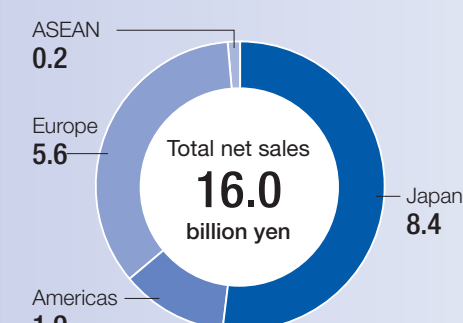
Pressure Sensitive Labels



Takeshi Kyogane

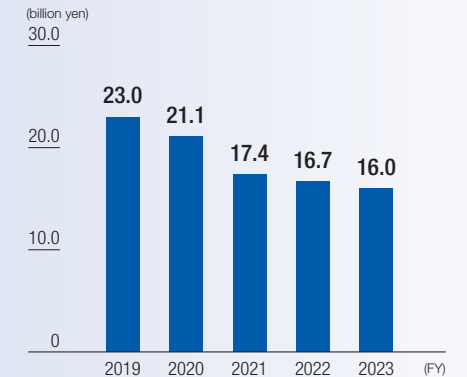
Executive Officer
(in Charge of Pressure Sensitive Labels Division)

Net sales by Segment (FY2023)



* Since the figures for the respective regional segments include interregional transactions, their sum is not equivalent to the total net sales shown in the center of the pie chart.

Net sales of Pressure Sensitive Labels



Sluggish European and American markets now on the road to recovery

The pressure sensitive label industry, particularly in Europe and the Americas, has faced significant challenges due to a decline in consumption driven by global inflation and regional armed conflicts. The business environment has been difficult in recent years, especially in FY2023. However, since the second half of FY2024, certain indicators have begun to show signs of recovery, primarily in Europe and the Americas. In Europe, the European Parliament has adopted the Packaging and Packaging Waste Regulation (PPWR), which will partially take effect in 2025. While this regulation will bring substantial changes across the packaging industry, we view it as a valuable opportunity for business expansion. We plan to utilize this by actively committing to the development of new products, strengthening relationships with customers, and collaborating with partner companies for co-creation.

Focusing on profitability improvement and QCD (quality, cost, delivery) enhancement

FY2023 was certainly tough in terms of market trends, but it was also a year in which we launched several initiatives. Amid soaring raw material and fuel costs, we improved profitability by changing materials and production methods with "product change" as our key word, instead of simply revising selling prices. We also focused on reducing unprofitable products and increasing our competitive advantage in QCD (quality, cost, delivery). Our customers involved in essential businesses require us to maintain a stable product supply both usually and in the event of an emergency. In addition, in recent years, there has been a trend among them toward valuing not only the volume of supply and prices but also quality and delivery time. Therefore, to meet customers' expectations of the value we would provide, we worked to improve our value chain while engaging in digital transformation (DX*) ending up with an increase in the quantities of orders we received. Meanwhile, we made a major management decision to withdraw from the ASEAN market, where we had not yet been able to utilize our strengths. The aim of this decision is to concentrate our management resources in Japan, Europe, and the Americas

to increase profitability. However, this withdrawal is merely temporary, and we hope to re-enter the market once we judge the business environment as favorable.

* digital transformation (DX): A company's utilization of digital technologies, such as AI and the IoT, to improve business processes and create new products, services, and business models

Creating a workplace where all employees' Waku-Waku (excitement) are linked together

Under FSG.30, our new management plan, we have adopted a business strategy of becoming No. 1 in the specific pressure sensitive label market. To achieve this strategy, we have launched upcyclable and sustainable RecTack while working to expand our business. We will also continue to focus on other environmentally friendly products, for example, by developing linerless labels, which help reduce waste.

The most urgent challenges we must solve are enrichment of human capital and development of the next generation of leaders. Rather than leaving this up to the HR division, it is important for the respective businesses and regions to work together to broaden the opportunity for employees to take up new challenges and feel Waku-Waku (excitement). We aim to create a workplace where all employees can demonstrate their capabilities and their Waku-Waku resonates with each other's Waku-Waku, thereby being linked with each other, through such measures as realizing smart work with lower workloads and higher production efficiency.



RecTack, a sustainable pressure sensitive label

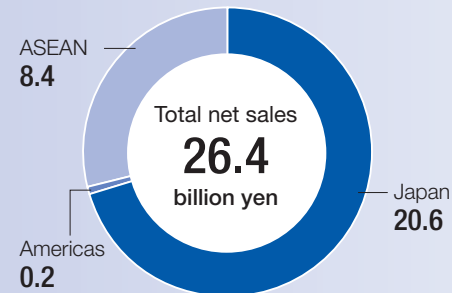


Spouted Pouches



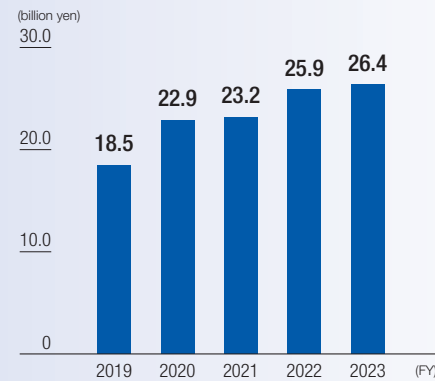
Masahisa Fukuda
Executive Officer
(in Charge of the Spouted
Pouches Division)

Net sales by Segment (FY2023)



* Since the figures for the respective regional segments include interregional transactions, their sum is not equivalent to the total net sales shown in the center of the pie chart.

Net sales of Spouted Pouches



Growing demand for products in a wide range of fields

Over the past several years, Japan has seen growing demand for large refill pouches, and this trend has continued to date. Formerly, the use of spouted pouches was limited to specific items, such as detergents and shampoos, among everyday necessities. However, spouted pouches are currently used for a wider variety of products, including gardening supplies and car goods. Beverage pouches were previously used mainly for energy drinks, but currently they are also used for a wider range of products, such as health and beauty care beverages. Demand for them is higher than before the COVID-19 pandemic. We have also experienced various changes, including our products being more often used by distribution companies for their private brands.

Compared to the Japanese market, the European and Americas markets have fewer refillable pouches and other products of similar kinds. However, we have received an increasing number of inquiries due to plastic reduction and other environmental challenges, as well as the benefits of flexible pouches, including their preserving effect, squeezability, and disposability. We predict that new trends will emerge in Europe, where environmental regulations have already come into effect. Meanwhile, in ASEAN countries,

demand for spouted refill pouches is gradually increasing. In addition, since small-volume pouches are used for many products and are causing waste problems, we predict that they will be replaced with larger pouches in the future.

Providing packaging aimed at creating a recycling-oriented society

While brand owners are launching initiatives to achieve their environmental goals, legal regulations are expected to spread globally. We believe that it is important to prepare a wide lineup of environmentally friendly packages, including mono-material ones, ones containing recycled materials, ones containing bio-materials, and paper packages. These are all difficult to process, but we hope to utilize the Fuji Seal Group's strength of being able to quickly verify both machinery and packaging materials to meet the needs of customers and society, who have set environmental goals, thereby contributing to realization of a sustainable future.

Developing the next core product

With a general trend toward plastic reduction against the backdrop of environmental issues, creating the next core product requires us to engage in packaging development that helps replace bottles with pouches, just as with the spread of refill pouches. To achieve this, we must form alliances with partner companies that are suitable for each project, regardless of the filling machine manufacturer or industry (not competitors), in order to improve development speed and create packaging that is safe for consumers, easy to use, and has a low environmental impact.

We predict that demand for pouches will continue to increase in the future, so we are planning to build a new factory in Yamagata to further expand our production capacity and create a manufacturing system with less environmental impact.

We hope to take advantage of this business opportunity, focus on developing products that will become the pillars of the next generation, and provide new value to the market of the future.



Motorcycle engine oil pouch



Fuji Pouch (seasoning paste for professional use)

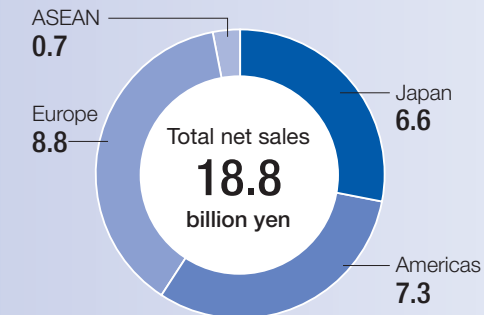


Machinery



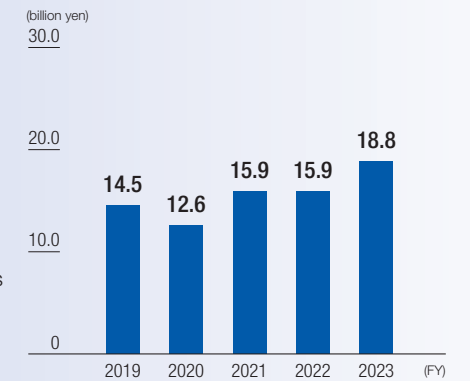
Yoichi Okazaki
Executive Officer
(in Charge of the Machinery
Division)

Net sales by Segment (FY2023)



* Since the figures for the respective regional segments include interregional transactions, their sum is not equivalent to the total net sales shown in the center of the pie chart.

Net sales of Machinery



Value-added products as the key in the Americas and the ASEAN region

Taking a look at the recent business situation by region, first of all, with regard to Japan, now that high-speed shrink label machines for beverages, the mainstay of the market, have almost completely penetrated the market, it is essential to sow the seeds for the next stage of growth. Meanwhile, sales in the Americas remain strong as the shift to shrink labels continues, and we believe this trend will continue for the time being. In Europe, the Packaging and Packaging Waste Regulation (PPWR) will come into full effect from 2030, but as the details have yet to be decided at this stage, the move is slow with investment being held back in areas that are not immediately necessary. In the ASEAN region, where price competition is intensifying due to the entry of local companies, we are working to provide machines and services with high added value so that we can be chosen by customers with a long-term perspective.

Fulfilling needs for environmentally friendly and labor-saving products

There are two major global trends, the first of which is the growing need for environmentally friendly products. Our Group is also strengthening our development of machinery that is friendly to both people and the environment, and we were the first in Europe to develop a new type of shrink tunnel that can significantly reduce energy consumption and water usage compared to conventional models. Another trend is the growing need for labor-saving products. In Europe and the Americas in particular, it is becoming increasingly difficult to secure an adequate number of operators, and even if an adequate number of operators are secured, few of them are highly skilled. Therefore, we are developing machines that anyone can operate easily, regardless of language or experience.

As a new business, we are working on a line engineering business in the pharmaceutical market. By utilizing the experience we have gained through the pharmaceutical packaging contract manufacturing organization (CMO)* business, which we are also focusing on, we are making proposals from the user's perspective on how to build lines that are easy to operate and have high production efficiency.

In Italy, our rotary labelers for the auto injector market have met with a favorable reaction, and we are currently building a new factory to begin operations in 2025.

* Contract manufacturing organization (CMO): A company or enterprise that manufactures pharmaceutical products on behalf of pharmaceutical companies under its contracts with them

Strengthening our development structure for further growth

FSG.30 defines a company-wide business strategy of expanding into new markets and new businesses, and we believe that the Machinery Business will play an even more important role in realizing new needs and new packages. We will also work hard to address issues that remained unresolved from the previous medium-term management plan, such as using data to increase operating rates and improve our services.

Also, as stated in relation with one of our materiality items helping customers in speedy launch of their new products and developments requires us to accelerate the development cycle of machines. We hope to strengthen our development structure through collaboration between our packaging materials and machinery businesses and with partner companies, leading to further growth.



Fuji Seal Italy's new factory (conceptual drawing)



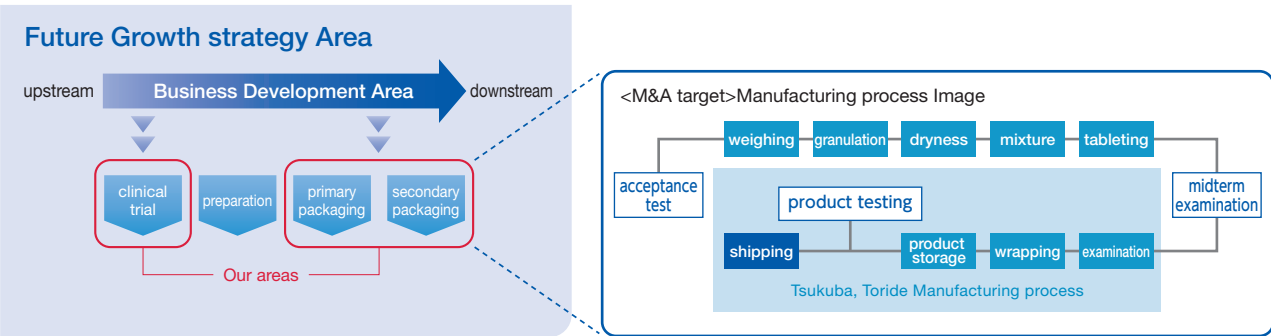
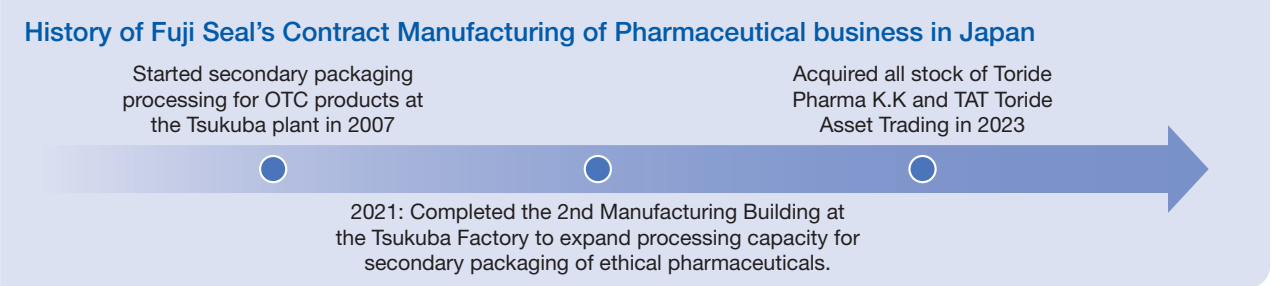
"FS-HS", a more environmentally friendly shrink tunnel

New Businesses(FSG.30 - Business Strategy)

Pharmaceutical packaging contract manufacturing organization (CMO) business

The business was separated from the Packaging Service (PS) business and became independent as a CMO business starting in October 2023.

We will further develop the pharmaceutical packaging business, which we have worked on to date, and grow it into a new business pillar that will enable us to achieve sustainable growth. In addition, as the growth strategy for the future, we will consider M&A and alliances in fields other than pharmaceuticals, aiming to expand our business.



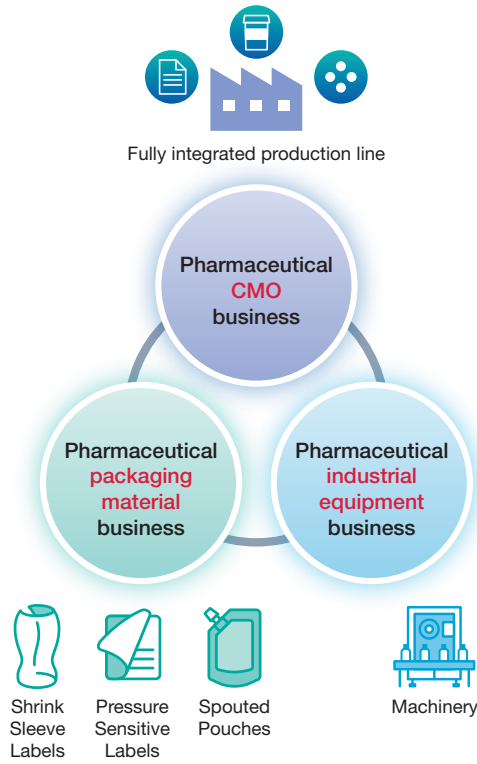
Line engineering business

In October 2023, we established a business division dedicated to the line engineering business for pharmaceutical manufacturers.

We will utilize our long-developed strengths in packaging materials, machinery, and the pharmaceutical packaging CMO business to meet customer demand for line engineering and grow the line engineering business into an additional business pillar. We can take charge of the entire line engineering process, from designing manufacturing lines to constructing them, by utilizing our accumulated know-how in the machinery and pharmaceutical fields.

[Features]

- Support for construction projects**
Supporting a wide range of construction operations, from the construction of new lines to line renovation and line relocation
- Production equipment**
Proposing use of production equipment suitable for customers' specification requirements, including those for weighing to packaging
- Line engineering**
Having well-experienced engineers support the entire range of line engineering operations, from construction, through electricity, air conditioning, sanitation, firefighting, to digital innovation(DI),digital transformation(DX), etc.
- Regulations**
Having engineers with experience of working at pharmaceutical manufacturers provide support for regulatory affairs



Deep IS® (technology for identifying individual items)

Innovative security system

Deep IS® protects products from counterfeiting or unauthorized resale!

The diagram shows two main components: Anti-counterfeiting technology (Stealth identifier, No special processing required, Authentication on smartphones available) and Technology for preventing unauthorized resale (Optional design setting, Registration of information about individual items, Traceable on PCs).

In collaboration with Dynamic Element, a Swiss startup, we have developed Deep IS® technology for identifying individual items based on image recognition technology with the aim of protecting product value and brands from counterfeiting and enabling traceability. Deep IS® is a security system that uses slight random fluctuations in printing.

Anti-counterfeiting technology

Deep IS® uses an algorithm to capture data on the random and irreproducible characteristics of printing on customers' product packaging, thereby preventing product packaging from being reproduced. Therefore, this technology can prevent counterfeiting with no changes to packaging required.

Image recognition technology

The process involves Image of printing condition, Imaging, Algorithm analysis, and Identification image after analysis. It compares the registered image with the authorized image to make individual identification.

Technology

The system captures and registers part of a printed design and uses an algorithm to make individual identification of the registered image by comparing it with the authorized image. Individual identification is made by detecting random characteristics of printing that cannot be distinguished by the human eye.

- Fine-grained identification:** Identification requires an area of less than 1 cm square.
- Dirt- and scratch-resistant:** Identification requires only a portion of information, so it does not affect the durability of packaging.
- Compatible with any packaging design*:** Existing designs can be used without modifications.
- Identifier that cannot be easily detected:** No third parties can detect the security identifier.

* Identification involves some requirements and restrictions, such as a sufficient printed area within a captured image and incompatibility with reflective surfaces with holograms, vapor disposition coating, etc., as well as the need for prior verification.

Deep IS® System

Stealth individual identification × smartphone-based authentication

The diagram shows three components: Utilizing existing package (Unlike previous technologies, it can be operated without using special processing (QR code or RFID) or special materials), Digital fingerprint (By using an algorithm to recognize individual printing irregularities that naturally occur during printing, we have achieved stealth individual identification using original design images), and Smartphone authentication (By installing the app on the several models of smartphone, individual identification and authentication becomes possible).

Example of Deep IS® users

日本MA-T工業会

The Japan MA-T Industrial Association was established to promote the innovative oxidation control technology "MA-T" born in Japan in various fields. The registration mark given to MA-T certified products is used as it is in the Society's demonstration experiment to counter the risk of counterfeit products in the future with smart phones.

Deep IS® Connect System

Stealth individual identification × traceability

The diagram shows the Deep IS Connect System, which is an innovative tracking system that no one can detect because of no need for modifications. It is applicable to various types of packaging: Boxes, Pouches, and Bottles.

Example of Deep IS® Connect System users

Dr.Recella

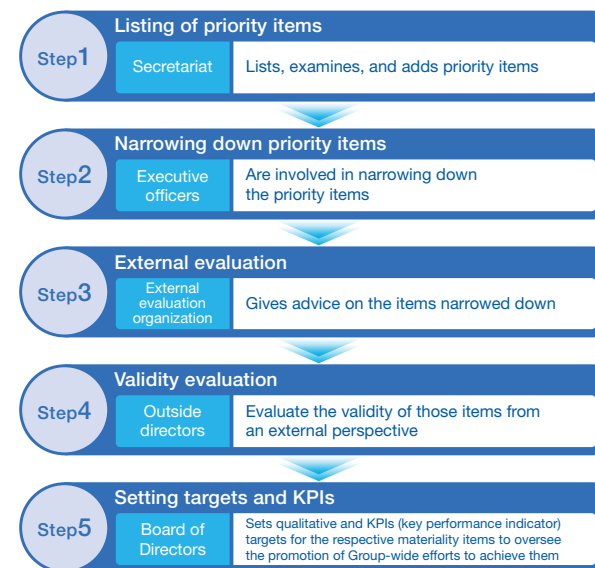
In order to counteract the increasingly sophisticated online fraudulent resale of cosmetics, we have launched an anti-fraudulent resale initiative using individual identification, with the aim of guaranteeing the quality of cosmetics. This initiative will be piloted on several products and expanded to various products in the future.

Materiality for the Fuji Seal Group

Our materiality items link directly to our Vision, leading us to contribute to a sustainable society.



Materiality identification process



In 2020, FSG identified nine materiality items that it should tackle to contribute to realizing a sustainable society and defined their connection with the SDGs.* In 2023, these materiality items were reviewed in cooperation with the outside directors from the perspective of whether they matched social requirements, resulting in updated qualitative and KPIs.

* SDGs: 17 Sustainable Development Goals set for 2030, included in a resolution adopted at the United Nations Sustainable Development Summit

The Group Sustainability Committee, established in December 2020, also takes part in promoting the materiality update process as the leader in FSG's sustainability management. (See page 47.)

In addition, the FSI Sustainability Subcommittee supports the deliberations and activities of the Group Sustainability Committee and offers proposals to the committee.

[Group Sustainability Committee]

In charge of deliberating on ESG evaluation and analysis results submitted by an external evaluation organization and materiality update
▶ In FY2023, it met four times.

[FSI Sustainability Subcommittee]

In charge of drafting basic policies and managing and monitoring the progress of each measure
▶ In FY2023, it met 12 times to support various activities.

Latest update of the nine materiality items

	Our ideals and long-term vision	Key performance indicator (KPI) targets for FY 2026 to be achieved to fulfill the long-term vision	Main initiatives	Value to society	Main responsible department(s)	Meeting body in charge
Development of People-friendly Packaging Materials	<ul style="list-style-type: none"> Creating opportunities for all employees to take on the daily challenges of developing people-friendly packaging with a sense of purpose and pride 	<ul style="list-style-type: none"> Number of idea proposals submitted to the Idea Bank Jury: 2 or more per year from each base or business 	<ul style="list-style-type: none"> Promoting improvement activities at each base or business aimed at encouraging employees to submit idea proposals Establishing a system for producing ideas for sustainable growth 	<ul style="list-style-type: none"> Creation of products and services that contribute to the realization of a sustainable society Cultivation of a corporate culture of creating people-friendly packaging materials 	Idea Bank Secretariat	Idea Bank Jury
Sustainable Growth	<ul style="list-style-type: none"> Recruiting talent with appropriate skills and abilities while positioning human resources as the most important asset, and building a foundation for all employees to work with passion and "Waku-Waku" (excitement), thereby fostering a corporate culture of readily taking up new challenges 	<ul style="list-style-type: none"> Ratio of key FSG positions with successors: 80% Ratio of organizations with improved engagement scores (versus FY2024): 50% 	<ul style="list-style-type: none"> Talent management Culture creation Engagement & motivation Employer branding DE&I Committee Development & training Evaluation Digitalization of HR 	<ul style="list-style-type: none"> A company that continues to create value for society Creation of stable employment 	Executive officer in Charge of Human Resources	Executive officer meeting
Development of Environmentally Friendly Products	<ul style="list-style-type: none"> Providing environmentally friendly products to offer solutions to issues related to climate change, depletion of resources, and biodiversity through collaboration throughout the supply chain 	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 100% (Including recyclable products and products containing recycled material) 	<ul style="list-style-type: none"> Development and commercialization of recyclable products (such as RecShrink™ labels and mono-material pouches) Development and launch of products containing recycled material (such as recycled PET shrink sleeve labels and pressure sensitive labels) Development and provision of packaging materials, modes of transportation, and manufacturing systems which help reduce energy consumption and GHG emissions 	<ul style="list-style-type: none"> Mitigation of climate change Reduction of environmental burdens on water, air, and soil, etc. Conservation of biodiversity Innovation of environmentally friendly technologies Promotions for raising environmental awareness through our products and services 	Environmental Sustainability division	Group Sustainability Committee
Speedy Launch of Newly Developed Products	<ul style="list-style-type: none"> Effectively combining the high-level verification capabilities of FSG*1 with its wide range of technologies to create many new-launch projects for packaging materials and for machinery, where its strengths lie, as well as system solutions that utilize both 	<ul style="list-style-type: none"> SSL – Speeding up product-launch processes by working with partner companies for sustainable product development (environmental responsiveness x functionality x economic efficiency) Number of newly launched products: 20 or more per year (100 or more by the end of FY2026) PSL – Number of newly launched products, including global and regional ones: 3 or more per year Pouches – Number of projects to replace bottles with soft pouches from environmental and functional perspectives: 15 per year Machinery – Evaluating the results of collaboration with each business or package development project IP – Number of hypotheses offered as a result of intellectual property landscaping (IPL) mainly concerning development themes: 20 or more per year (75 or more in 3 years) 	<ul style="list-style-type: none"> SSL – Promoting (1) the development of RecShrink™'s additional functions, including compatibility with post-consumer recycling (PCR) and a light-barrier function, (2) the development of systems for labels that do not require refrigerated transportation or storage, (3) the commercialization of the Label-to-Label initiative in Japan, (4) the development of recyclable labels in the ASEAN region, and (5) the development of shrink systems that comply with the European Packaging and Packaging Waste Regulation (PPWR) PSL – Developing automation and labor-saving systems Pouches – Collaborating with filling machine manufacturers and implementing pouch-filling and OEM business strategies Machinery – Developing necessary machinery in line with the strategy of each business or package development project IP – Establishing IP strategies that support the four existing businesses and new development projects and utilizing IPL in formulating and promoting business and development strategies 	<ul style="list-style-type: none"> Improvement of labor shortage and Labor-Saving Reduction of energy consumption and materials loss Realization of a sustainable society Provision of smart work through system solutions Creation of high-value-added system solutions 	Executive officer in charge of each business; Intellectual Property Center	Development Meeting; Intellectual Property Strategy Meeting;
Creation of Next-generation Businesses	<ul style="list-style-type: none"> Creating projects to promote the creation of new businesses other than the existing businesses (Shrink Sleeve Labels, Pressure Sensitive Labels, and Spouted Pouches) 	<ul style="list-style-type: none"> Building a platform for next-generation businesses Number of projects created from the platform: At least 3 by FY2026 Number of newly started businesses: 1 by FY2026 	<ul style="list-style-type: none"> Implementing two a Development Meeting-led projects Completing prototype aPT Tube machines, making capital investment in the first machine, and starting product development with Brand owner Starting developing container design and considering equipment development for aPT PACK Promoting the Deep IS* business for "Creation of new business models that will lead to the next generation" Developing individual authentication technology and new technologies based thereon Entering overseas markets 	<ul style="list-style-type: none"> Development of containers that provide head-on solutions to two global social issues: plastic waste and global warming Establishment of a closed-loop recycling system Employees' Waku-Waku and society's Waku-Waku 	Business Development Division; Corporate Planning Division	Development Meeting; Board of Directors
Open Dialogue with Stakeholders	<ul style="list-style-type: none"> Increasing our corporate value through our interactive dialogue with stakeholders 	<ul style="list-style-type: none"> Number of investor-relations (IR) and shareholder-relations (SR) interviews: 120 or more per year Number of interviews between employees and directors: 4 per year 	<ul style="list-style-type: none"> Operating the Group Sustainability Committee Issuing the Integrated Report and ESG Data Book in a timely manner Disclosing supplementary financial results briefing materials in both Japanese and English at the same time Holding interviews between management and investors proactively 	<ul style="list-style-type: none"> Facilitation of all stakeholders' understanding of FSG Provision of investment opportunities to shareholders and investors 	Investor Relations, Branding division	Group Sustainability Committee
Stable Supply (including BCP)	<ul style="list-style-type: none"> Fulfilling our responsibility for product supply as an essential business 	<ul style="list-style-type: none"> Japan – Maintaining the supply chain based on autonomous occupational health and safety (OHS) management Americas – Constantly fulfilling our responsibility for a stable supply with an OTIF (on-time and in-full) of 95% or more Europe – Setting specific (Scope 1, 2 and 3) GHG emissions targets ASEAN – Tracking and improving figures for key metrics (numbers of occupational accidents and filed complaints, monetary metrics, and OTIF) 	<ul style="list-style-type: none"> Japan – Conducting OHS audits and developing OHS management human resources Americas [SSL] – Establishing a backup system for three SSL factories, including promoting the introduction of flexography [PSL] – Establishing and maintaining a BCP network utilizing external partners and our Europe region [Pouches] – Establishing and maintaining the BCP network utilizing our Japan and Europe regions Europe – Adopting a multiple-supplier system, building a multiple-location production system, and formulating and implementing GHG reduction action plans ASEAN – Setting a budget for safety investment, adopting safety measures for planned locations, and making properly planned investment in equipment renewal Visualizing the impact of occupational accidents, injuries, etc. and instructing employees to have a sense of crisis, thereby leading them to implement preventive measures 	<ul style="list-style-type: none"> Provision of a secure, safe, and comfortable work environment Contribution to secure and safe local communities Sustainable supply of secure and safe products Creation of people-friendly and high-value-added products and services 	Executive officer in charge of each region	Executive officer meeting
Fair and Transparent Transactions	<ul style="list-style-type: none"> Building a sustainable supply chain in line with the FSG Code of Ethics and Request Letter to FSG Business Partners (the Group Supplier Code of Conduct) 	<ul style="list-style-type: none"> Conducting sustainability dialogue with business partners with whom we place a high priority on sustainability: 100% 	<ul style="list-style-type: none"> Sustainable Supply Chain Lecture for FSG's purchasing personnel Conducting a sustainable supply chain questionnaire survey of sustainability-focused partner suppliers Informing business partners about the Group Supplier Code of Conduct, Sustainable Supply Chain Guidebook, and contacts for Consultation Hotline Having dialogue on sustainability with business partners 	<ul style="list-style-type: none"> Protection of our business partners' rights Responsible manufacturing and consumption forms (raw materials, procurement, manufacturing, sales and consumption) Sound corporate activities that serve as a model for others Respect for human rights 	Sustainability Subcommittee (Supply Chain)	Group Sustainability Committee
Promotion of Information Security Measures	<ul style="list-style-type: none"> Establishing an information security system to protect personal and other information obtained in relation with our customers, business partners, and other stakeholders, including information about new products 	<ul style="list-style-type: none"> Number of serious cases of information leakage: 0 	<ul style="list-style-type: none"> Implementing appropriate information security measures (maintaining and ensuring an adequate level of information security throughout the Group) Maintaining an effective emergency response system in case of an information security incident 	<ul style="list-style-type: none"> Protection of confidential information obtained in relation with our customers and business partners, including information about new products Sustainable supply of safe and secure packaging Protection of all personal information handled by FSG 	Legal & Risk Management division	Digital Transformation (DX) Meeting

*1 FSG: Fuji Seal Group *2 OHS: Occupational Health and Safety

Development of People-friendly Packaging Materials



Reasons for selecting materiality

FSG* aims to be a company that continues to be needed by society by providing value through packaging. We believe that it is important that our employees can realize their contribution to society by developing and providing people-friendly packages to our customers and carrying out product development and production with a sense of pride.

Regarding the KPI of the Materiality

The Idea Bank Program that FSG has developed is open to all employees. We will provide an opportunity for discussion based on our vision and valuable initiatives with all employees to realize more positive participation of employees by providing special themes for the Idea Bank based on the vision. We also place importance on all employee's perspectives on our contribution to society by engaging in the "development of people-friendly packaging."

Qualitative target	<ul style="list-style-type: none"> Creation of opportunities for all employees to take on the daily challenges of developing people-friendly packaging with a sense of purpose and pride
KPI (Key Performance Indicator) up to 2023	<ul style="list-style-type: none"> Number of FSG proposals submitted to the Idea Bank Program: 10,000 per year
Actual figures (as of March 31, 2024)	<ul style="list-style-type: none"> Idea Bank Program: Implemented in all business regions with 17,513 proposals submitted per year
Main initiatives	<ul style="list-style-type: none"> Initiatives targeting all employees Activities to disseminate the corporate vision Expansion of the Idea Bank Program and awards Strengthening intellectual property governance
Value to society	<ul style="list-style-type: none"> Creation of people-friendly and high-value-added products and services Provision of a fulfilling life to society

* FSG: Fuji Seal Group

What is the Idea Bank Program?

For 35 years, the Idea Bank has been one of FSG's activities for creating intellectual capital. The number of ideas for improvement and innovation proposed by our employees has been increasing every year. The ideas are not only submitted by the development division, but by all employees of all areas based on their awareness and improvement activities during daily operations including production sites, sales division, and staffing divisions, as well as from their daily production activities and improvement activities.

Outstanding ideas nominated by each division are subject to a final screening by a jury, which is composed of management executives, at the end of the fiscal year. The year's best ideas are shared with the relevant divisions and

are implemented under the responsibility of the management team to achieve the desired outcomes. The proposers of outstanding ideas are commended at Fuji Seal's anniversary celebration.

Each idea may be treated differently according to its details. It may be immediately scaled out to other divisions to be utilized for on-site improvements. It may be later patented or be registered as in-house know-how under the know-how management system.

An appropriate approach toward achieving the desired outcomes of a particular idea is discussed in the participation of the intellectual property division.

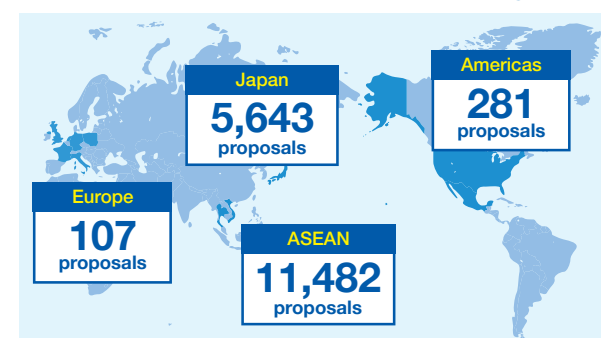
Initiatives in FY2023 and ongoing initiatives for achievement

Currently, all FSG employees, including those in overseas regions, participate in the Idea Bank Program, with the Idea Bank Jury examining all outstanding idea proposals from both Japan and abroad. This was done to ensure that employees around the world are aligned with each other in terms of their motivation for improvements, even though countries may differ in the issues they face. We aim to inform all employees of improvement ideas and Idea Bank Program promotion initiatives from different regions, thereby allowing

each region to take new perspectives and accelerating the achievement of outcomes.

In addition, outstanding ideas are shared via in-house newsletters and other media to increase the motivation of idea proposers. Those ideas are not only commended by the jury but are also considered in pursuit of the possibilities of further improvement, scaling out, and applications under the leadership of staff appointed to be in charge of promotion.

Number of proposals submitted in each region



AFS



Ube Factory



Yuki Factory



Nabari Factory

Corporate growth through the Idea Bank Program

The Idea Bank Program is an initiative promoted by top management itself, and its importance is emphasized both inside and outside the Group.

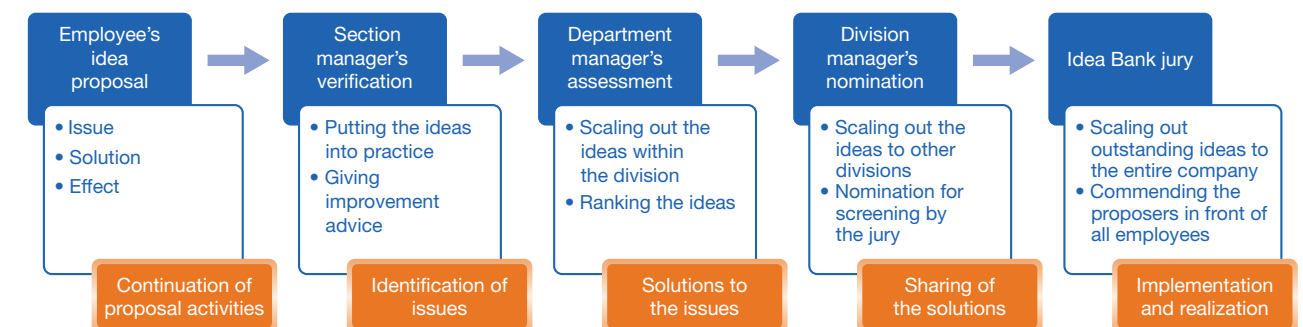
This program encourages employees to identify issues to be resolved at their workplaces in their daily work, consider solutions to those issues on their own, and propose any effective solutions to the Company. The program thus urges all employees, whether new recruits or managers, to get involved in improvement activities from their perspectives.

Proposed ideas are double-checked by the direct superiors of the proposers in terms of their contents and by the higher-ranking superiors in terms of their effects, and the results are fed back to the proposers. This process helps increase employees' skills in producing ideas and foster a culture of improvement in each division. In addition, it has

been made a rule to improve once proposed ideas.

With the belief that ideas are one of FSG's intellectual properties, the Idea Bank Jury discusses measures to encourage the creation of ideas. FSG also has a system in place to back up outstanding ideas so that they can be further developed into initiatives that will lead to corporate growth. This program allows idea proposers to realize that their ideas are taken seriously by the Group and are making a positive impact not only on their own workplace but also on other workplaces, divisions and regions, thereby increasing employee engagement.

FSG believes that the Idea Bank Program will help cultivate seeds of the Group's competitive advantage through human resource development and corporate growth.



Activities to promote the Idea Bank by the Intellectual Property Division

Since ideas created in the Idea Bank Program are a type of intellectual property, the intellectual property division takes the lead in managing and operating the Idea Bank Program.

The Intellectual Property (IP) Division implements various initiatives to enhance FSG's competitive advantage by further energizing the Idea Bank Program.

1. Encouraging idea proposals and raising awareness thereof

Staff of the Intellectual Property Division visit each business base to exchange opinions with idea proposers and managers. They give advice on the key to coming up with good ideas and how to improve such ideas in order to increase the quality of ideas. They also confirm the proposers' ideas on the spot and decide whether patent applications and know-how management are necessary, thereby protecting likely intellectual properties appropriately.

2. Idea proposal campaigns

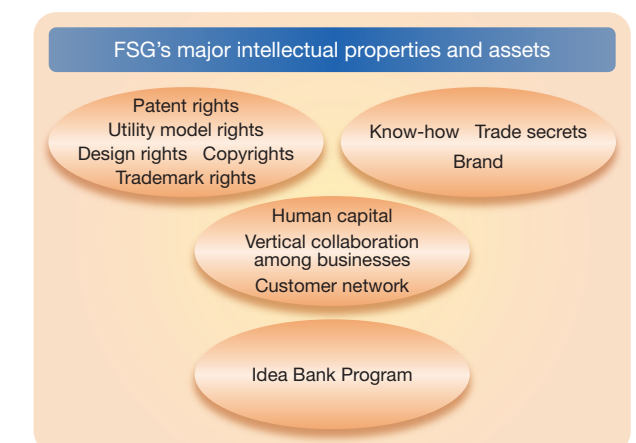
In addition to accepting idea proposals throughout the year, the Idea Bank Program occasionally runs a Group-wide "Time-limited Idea Bank" campaign to call for ideas focusing on particular time-limited themes with the aim of facilitating improvements that match the social situation. Moreover, the manager of each business base runs an original campaign to energize idea proposal activities focusing on challenges to be solved at the base.

3. Educating managers

To further upgrade ideas proposed by employees, the

intellectual property division provides managers with the opportunity to learn how to give effective guidance and the key to energizing Idea Bank activities. At the same time, the Intellectual Property Division also conducts case studies on ideas to be patented or managed as know-how, and promotes educational activities focusing on intellectual property.

Details about ideas that have produced successful outcomes are shared with other bases with the aim of not only further energizing the Idea Bank activities throughout the Group but also quickly improving operations by scaling out effective improvements.



Sustainable Growth



● Reasons for selecting materiality

FSG* believes that the growth of employees who share our values is fundamental to our sustainable growth. Therefore, we actively introduce advanced technology to establish and improve our operational systems and working environment to ensure the safe and healthy lives of employees. We also provide employees with the opportunity to develop themselves under a fair and equitable evaluation system to enable them to continue to fully demonstrate their abilities. This is because we desire to continue to be a good partner for our customers and suppliers in furthering our ongoing mutual development. We strive to be an exemplar employer to all stakeholders.

● Regarding the KPI of the Materiality

Keeping a closer eye on the effects and efficiency of our investments, we will establish a solid financial base for sustainable growth. Furthermore, we will continue to cultivate candidates for the next management team who will realize FSG's sustainable growth with the aim of enhancing the content of our HR programs.

Qualitative target	<ul style="list-style-type: none">● Solid financial base supporting sustainable growth● Development of candidates for the next management team who will realize sustainable growth
KPI (Key Performance Indicator) up to 2023	<ul style="list-style-type: none">● Net sales: 193.0 billion yen● Operating margin: 10.0%● Overseas sales ratio: 50%● ROE: 10.0%● Number of participants in the global manager development program: More than 100
Actual figures (as of March 31, 2024)	<ul style="list-style-type: none">● Net sales: 196.6 billion yen● Operating margin: 6.8%● Overseas sales ratio: 55%● ROE: 8.1%● Number of participants in the global manager development program: 120(cumulative)
Main initiatives	<ul style="list-style-type: none">● Introduction of investment guidelines to improve investment accuracy● Formulate a DE&I policy and positioned as an important strategy● Global enrichment of Value Seminars promotion● Enrichment of the Next-generation Management Development Program
Value to society	<ul style="list-style-type: none">● Investor return by dividend payment● Management base which continues to create value for society● Creation of stable employment

* FSG: Fuji Seal Group

Initiatives in FY2023 and ongoing initiatives for achievement

Human Capital Strategy

To enhance our global approach on our Human Capital strategy, we renewed our Global HR Policy as well as we have established a Global HR Framework, as a clear guideline for all global HR members, so we can in all regions work together towards our Human Capital goals and reach our targets.

To make our global approach on our Human Capital strategy also clear for external stakeholders and potential new employees, we have implemented a Human Capital and Career part on our global website in which our initiatives and actions are clearly visualized to attract potential new good talents.

Generate “Waku-Waku” (Excitement)
– No growth without “Waku-Waku” –

Encourage our employees to grow by providing opportunities to create and to meet new challenges with “Waku-Waku”

We emphasize the importance of creating a corporate culture that takes on challenges, and promote initiatives centering on “Respect for DE&I,” “Share our values,” and “Enrichment of human capital” in order to expand the framework for each employee to work with passion and Waku-Waku (excitement) and to realize growth through continuous creation and challenges.

Respect for DE&I The success of diverse human capital	We regard DE&I as one of the group strategies necessary for sustainable growth. On global and regional level pro-active measures and actions are defined and executed.
Shared Value Improve engagement	To retain our excellent employees and to have their best performance, we need them to be committed, excited and motivated to show drive and will power to act in FSG purpose.
Enrichment of Human Capital	To be ready for further growth, we need to challenge, train and develop them our employees and next generation leaders.

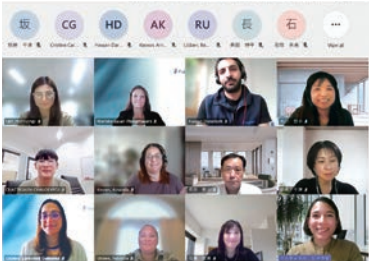
Respect for DE&I

Diversity, Equity & Inclusion (DE&I)

We regard DE&I as one of the group strategies necessary for sustainable growth. On global and regional level pro-active measures and actions are defined and executed.

Beginning of 2023, the Global DE&I Committee has been established, with members from each regions and departments. The members of the committee have diverse backgrounds and bring a big variety on perspectives. The committee has started to work towards our commitments as stated in our Global DE&I, starting with a regional gap analysis and defining actions per region to mitigate the gaps step by step. On a global base, we have invested in intensive DE&I trainings, for our Executive Board, Global Sr. Management and Global DE&I committee. The trainings are focused on a) awareness and understanding of the DE&I related topics and b) on which roles and actions the members can take to enable the transformation that is connected to a fully integrative DE&I approach. Important actions we are focusing on are related to communication, leadership, visibility, accountability, role modeling and mentorship.

We see diversity as critical factor to value different perspectives, reach a higher performance of employees and better decision taking, which will lead to more revenues and better profitability of the company.



Shared Value

Value Seminar

In 2023, Value Seminars were conducted in all regions for in total more than 125 members in key positions. The main purposes of the Value Seminars is to better understand the Fuji Seal values, to share learnings and best practices, to network with other colleagues, to grow as a leader, to generate new ideas and new thinking and to develop the members and make them consider deeply and with Waku-Waku (excitement) about their contribution to the growth and success of Fuji Seal. In all regions, the participants established action plans on how to further develop and grow based on their learnings.



Europe



Japan



Americas

VOICE

Join the Value Seminar

Participating in the Value Seminar was a great experience because I was able to see Fuji Seal's credo and slogan in a new light and learn about the responsibilities of colleagues in other departments and their views on work. The finance-oriented lectures were particularly helpful as learning how to read the financial statements will be useful for my work and give me a bird's eye view of the company. I would like to continue learning about this subject. In the future, I would like to engage in my daily duties with the mindset of not thinking first about the optimization of only my own department, but rather to think and act first about the optimization of the entire company.

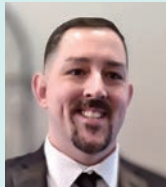


Yuka Terui
Fuji Seal, Inc.
Digital Transformation
Department (Japan)

VOICE

Join the FSI Challenge program

During my time with the FSI team challenge, I was able to hone my teamwork and project management skills. While collaborating with team members from diverse backgrounds I learned invaluable leadership techniques like effectively delegated tasks, facilitated communication, and coordinated efforts to meet project deadlines. I gained valuable experience in navigating cross-cultural dynamics and adapting to different working styles, contributing to the overall success of our team initiatives.



Mark Thompson
American Fuji Seal
Bardstown Production
Manager (AMERICAS)

Enrichment of Human Capital

Talent Management

In 2023, several activities regarding Talent Management have moved forward. Our regular Global High Potential program has continued and currently, we have world-wide 50 High Potentials from different backgrounds and nationalities in our program. With our Talent Management program we follow our sustainable growth strategy and focus on preparing our High Potentials to contribute in most optimal way to steadily improving our four existing businesses, to expand and to create new business. To do this, we provide our High Potential with several programs. One program is our FSI Challenge program in which 16 of our selected high potentials work on a real business challenge and help solving the challenge, such as for example reducing lead-times drastically in several business areas or a challenge related to digital transformation.



The other program we proceeded is called Executive leadership program supported by Belgium Business school, in which 17 of our selected High Potentials are learning about strategy mapping and implementation, global mindset, entrepreneurial mindset and leadership. During this program, participants work in parallel in international project groups on a challenge, which is this time focused on the topic of “how to utilize digitalization in Fuji Seal to improve decision making and overall company?”

The program is continuing in 2024 and we are looking forward to the outcomes of the projects so we can start the follow up and implementation of them.

Promote connections and networks between regions and develop highly skilled human resources toward an even stronger organization



Executive Officer in Charge of Human Resources Marieke Sauer-Ploegmakers

The characteristics of Fuji Seal's human resources strategy

Our company strategy focuses on strengthening our four existing business units, expanding the business, and developing new businesses. Therefore, we focus on having the right people with the right skills, motivation, and Waku-Waku (excitement) to achieve these goals. Consequently, we need people with the right knowledge and experience to improve our current business and make it more efficient and profitable. Moreover, we need people with the innovative and creative skills to expand or create new businesses.

As recruitment principles and approaches differ by region, our HR teams primarily handle recruitment at the regional level. Globally, we have supported recruitment activities by launching a Career page on our global website last year to provide an overview of our company's career opportunities to potential hires. Moreover, we recently established a Human Capital page to our global website to provide information about our efforts on human capital, such as DE&I, shared value, and human capital enrichment, to potential hires.

From a global HR point of view, we focus on developing our high potential. We have implemented several programs, including executive leadership programs, skill training, coaching, and business projects such as the FSI Challenge. This challenge is also an opportunity to expand our High Potential programs internationally. The high potentials can connect with high potentials from other regions, broadening their network and knowledge. This internationality presents a challenge in terms of language considering the different nationalities and languages among our high potentials. We mitigate this by providing English courses and translation efforts when applicable.

Employee engagement

This has been going on in Japan for several years now. In the Americas region, including Mexico, we conducted an engagement survey in early 2024. Meanwhile, we will conduct the first engagement survey in this global format in ASEAN and Europe by the end of 2024.

We are pleased that the results in some categories exceed the industry average. Other categories still have room for improvement, which we see as good opportunities to become even better. We appreciate our members' honest and transparent input, which allows us to continuously improve. Our top managers are very interested in this topic and take all efforts to engage and enable our employees to grow and improve.

It is always difficult to satisfy all members because each has unique needs and desires. Therefore, we try to find the best way to take as many measures as possible on the points that are not so positive, but we also keep our focus on the already positive points to strengthen them.

Policy regarding training successors

As previously stated, we have an High Potential program that focuses on training and developing the next generation of senior managers, directors, and executives. In each region, we are also working to train and develop regional talents who may become the next high potentials.

This allows us to focus on ongoing sourcing and development to cover both our regional and global succession plans.

Each region develops annual training plans that include technical, conceptual, and practical trainings. Employees and management can request such trainings based on business demand and necessary skill development.

From Global DE&I Committee members

The Fuji Seal Group, which prioritizes diversity, inclusiveness, and fairness, has established a Global DE&I Committee. We select committee members from various regions and develop our activities in collaboration with management.



Japan
Chizu Sakai
Fuji Seal International

Before joining, I had not actively considered my future. By learning about other companies' initiatives and interacting with members, I could recognize current issues. DE&I solutions are cultivated over many years and differ depending on social structure, culture, and business customs, making it impossible to simply use other regions' initiatives. However, by sharing goals, I could foster solidarity among members.



Americas
Rebecca Ubben
American Fuji Seal

Reactions have varied in many ways: when I told colleagues that I am leading, they said "sorry." However, after understanding DE&I, I can ensure I listen to these individuals. They need not change but must understand the company's values. In terms of personal changes, I have been more understanding and willing to listen. Open communication is important to attract employees.



Americas
Amanda Keown
American Fuji Technical Services

I believe I am more informed about how I perceive diversity and inclusion at work. I am more self-aware. I am surprised at how many people I work with have a negative attitude toward DE&I. We discovered that we can give each other suggestions and understanding to help move this initiative forward.



Europe
Cristina Carbonell
Fuji Seal B.V.

Since joining the Global DE&I Committee, the awareness and responsibility in implementing real-world solutions for all employees has increased. We must create an environment in which everyone feels safe and valued. In May, we will publish updates featuring success stories from Fuji employees. We are preparing a DE&I Summit for HR managers, aiming to use its contents for various audiences.



Europe
Hassan Daradkeh
Fuji Seal Germany

We have launched several initiatives to foster respect for DE&I. We conducted a survey to collect insights and feedback and have started interviewing employees to feature their stories in our newsletter. We have encountered challenges in ensuring widespread participation and overcoming resistance to change. However, we remain committed to promoting diversity, equity, and inclusion in the workplace.



ASEAN
Chattigarn Chaloeypoj (Pun)
Fuji Seal Packaging (Thailand)

Even within ASEAN, each country is unique and diverse (religion, language, culture, etc.) Designing a method to effectively improve this gap in all the countries is the challenge. I have worked with people from different cultures, helping me understand the benefits of these differences as we can acquire a variety of ideas and choose the best one.



ASEAN
Tam Nguyen
Fuji Seal Vietnam

To be honest, I was unconcerned about the FSVN policy. Previously, my main purpose for working was to support my family. However, after joining the committee, I believe I need to change this mindset and accept responsibility for conveying the opinions and expectations of employees (particularly workers) who have not had the opportunity to speak up.

From the secretariat



Yarased Martinez
Fuji Seal International

I have become more aware of the challenges each region faces, as well as how my own communication style must adapt to meet each workplace's needs. This has given me a broader perspective on possible solutions, and as secretariat, I must be available and flexible in all regions to facilitate our DE&I journey. Even small actions can have a ripple effect, leading to a more diverse, equitable, and inclusive workplace.

Development of Environmentally Friendly Products



Reasons for selecting materiality

FSG* recognizes that environmentally friendly products and manufacturing are essential issues common to all humankind. Therefore, we aim to develop environmentally friendly products and endeavor to achieve environmental targets not only for FSG but also for customers through our business activities.

Regarding the KPI of the Materiality

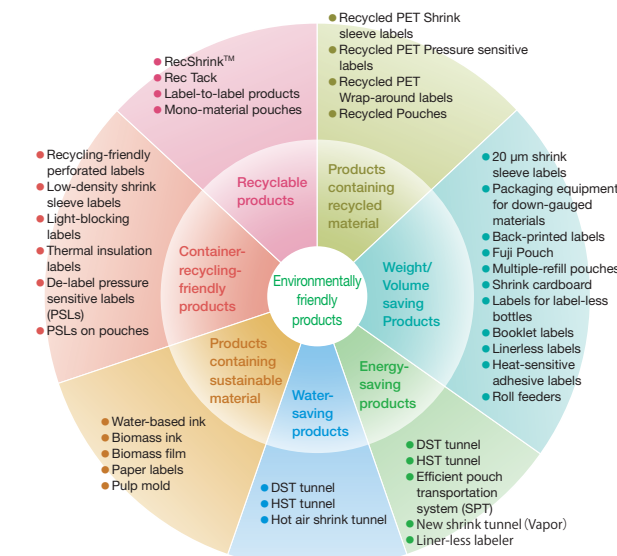
FSG is implementing initiatives for “creating value” focusing on development and supply of environmentally friendly products in order to realize a sustainable growth as a company in addition to social sustainability, while solving environmental issues such as climate change, marine plastic issues and depletion of resources.

Qualitative target	<ul style="list-style-type: none"> Reduction of environmental burdens in the entire supply chain associated with climate change, depletion of resources, and biodiversity Reflection of environmental activities in our business strategies
KPI (Key Performance Indicator) up to 2025	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 100% Sales ratio of recyclable products: 50% Sales ratio of products containing recycled material: 20%
Actual figures FY2023	<ul style="list-style-type: none"> Sales ratio of environmentally friendly products: 72% (Sales ratio of recyclable products: 14%; sales ratio of products containing recycled material: 5%)
Main initiatives	<ul style="list-style-type: none"> Promoting volume saving and container recycling and developing and providing products containing sustainable material Developing and providing packaging materials, modes of transportation, and manufacturing systems that help reduce resource and energy consumption and GHG emissions Development and commercialization of recyclable products (such as RecShrink™ labels and mono-material pouches) Development and launch of products containing recycled material (such as recycled PET shrink sleeve labels and pressure sensitive labels)
Value to society	<ul style="list-style-type: none"> Mitigation of climate change Reduction of environmental burdens on water, air, soil, etc. Conservation of biodiversity Innovation of environmentally friendly technologies Promotions for raising environmental awareness through our products and services

* FSG: Fuji Seal Group

Initiatives in FY2023

FSG continued its Group-wide efforts to develop and commercialize environmentally friendly products, including recyclable products and products containing recycled material.



Following from FY2022, the Shrink Sleeve Labels Business focused on adopting water-based printing, which helps reduce volatile organic compounds (VOCs) and consequently CO₂ emissions, and on introducing recyclable labels, which contributes to a recycling-oriented society. The business achieved growth in these fields. The Spouted Pouches Business worked to fulfill gradually increasing demand for mono-material pouches mainly in the ASEAN region and the Americas. The business will continue to expand this initiative. The Pressure Sensitive Labels Business provided a higher percentage of products containing recycled material than other businesses and made progress in marketing RecTack as a recyclable label.

The Machinery Business also promoted environmentally friendly machinery in combination with environmentally friendly packaging materials provided by each business.

Ongoing initiatives for achievement

In FY2023, we met demand from so many customers for recycling-oriented and GHG-reducing products and services. FSG will continue to provide and promote environmentally friendly products to accommodate such demand.

TOPICS

Promoting sales expansion of water-based printed labels

In March 2024, we had the privilege of entering into a capital and business alliance with SEKI Co., Ltd. The company has been engaged in the manufacturing and joint development of water-based flexography in Japan. We will continue to work towards the goal of ensuring more widespread use of water-based printed labels.

<Aims of the business alliance>

- (1) Provide environmentally friendly and people-friendly packaging materials
- (2) Promote joint development
- (3) Establish a system for a stable supply
- (4) Promote human capital development and work style reforms



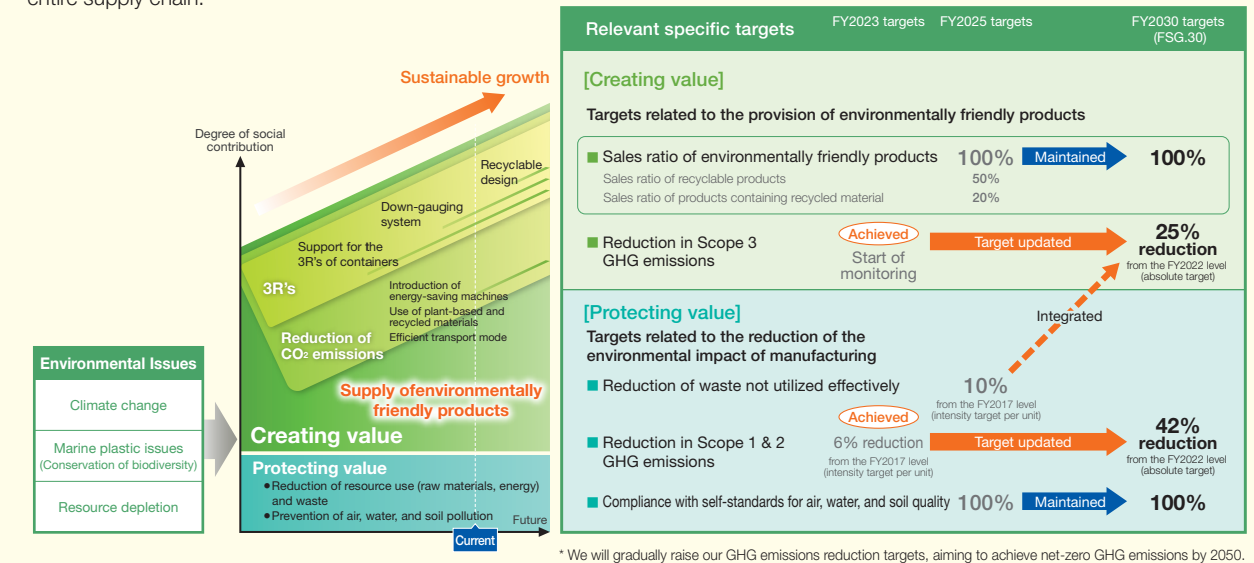
Comment from SEKI Co., Ltd.

Since we entered the water-based flexographic processing business, we have been collaborating with Fuji Seal in manufacturing, development, and other fields. We will utilize this capital and business alliance as a starting point for our closer collaboration in developing environmentally friendly products and providing new value to the market.

Hirohata Seki, President and Chief Operating Officer, Seki Co., Ltd.

Fuji Seal Group Environmental Vision

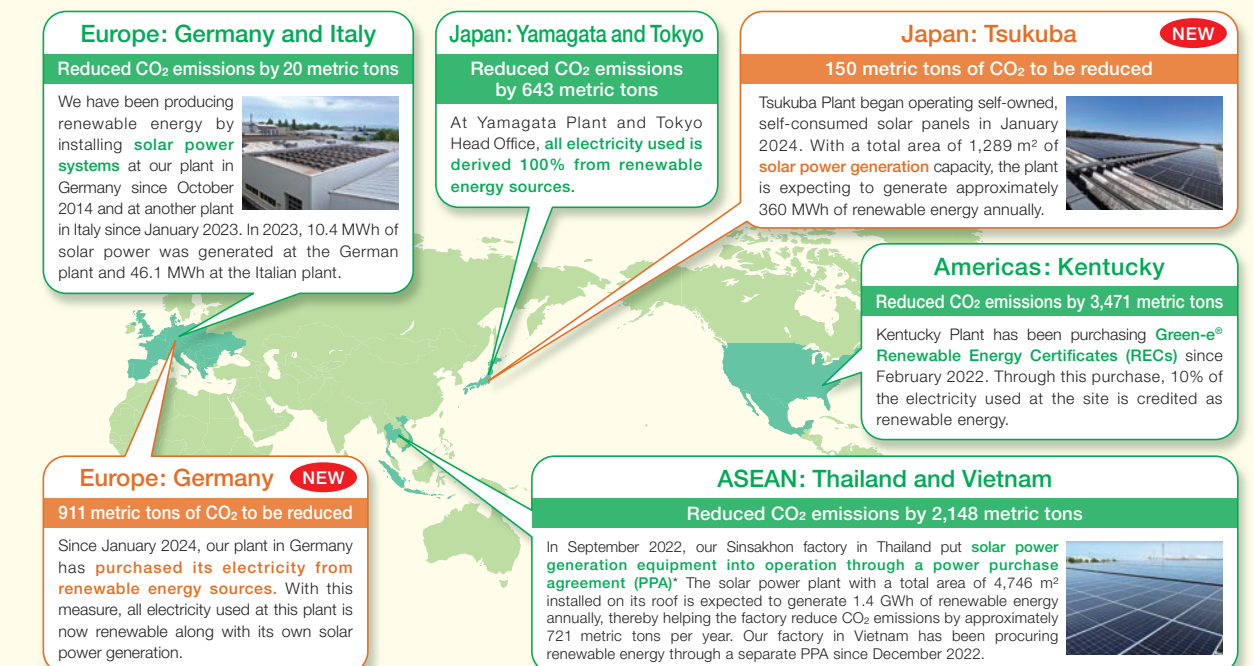
FSG aims to contribute to a sustainable society and achieve sustainable corporate growth while providing solutions to environmental issues, such as climate change, marine plastic issues, and resource depletion. To fulfill this aim, we devote energies to initiatives for “Creating Value,” focusing on the development and provision of environmentally friendly products, which is one of our materiality issues, while building on the foundation of initiatives for “Protecting Value” aimed at reducing the environmental impact of manufacturing. We maintain this principle in our targets for 2030 set in FSG.30, which requires us to achieve higher climate change-related targets while maintaining the high-level figures we have already reached in environmental KPIs, with a view to reducing low-carbon transition risks and acquiring more low-carbon transition opportunities. We have recently set GHG emissions reduction targets for FY2030 in keeping with the Science Based Targets initiative (SBTi) standards, with a view to achieving net-zero GHG emissions by 2050. Following our signing of the SBTi Commitment Letter in March 2023, we aim to obtain SBTi certification. We will work together with our employees, customers, and partner companies to achieve our new GHG emissions reduction targets set not only for our Group but also for our entire supply chain.



* We will gradually raise our GHG emissions reduction targets, aiming to achieve net-zero GHG emissions by 2050.

Action to protect value: Use of renewable energy

Before setting new GHG emissions reduction targets, FSG had made progress in energy conservation activities and the introduction of renewable energy in order to reduce GHG emissions. In 2023, we sourced 9,112.8 MWh of electricity, or 4.9% of our electricity consumption, from renewable energy. Furthermore, in January 2024, we started using renewable energy at our factories in Germany and Tsukuba, Japan. FSG will devote Group-wide efforts to further reducing GHG emissions, aiming to achieve the new reduction targets.



Renewable energy with actual results in 2023 (Jan-Dec) Newly introduced renewable energy sources in 2024

* Use of a PPA is a business model in which a PPA provider installs solar power generation equipment on the premises of a business operator (electricity consumer) free of charge, and the latter purchases the generated electricity. The PPA-based business model benefits the business operator (electricity consumer) by helping avoid bearing the financial burdens of upfront, maintenance, and management costs.

Initiatives to build a circular economy



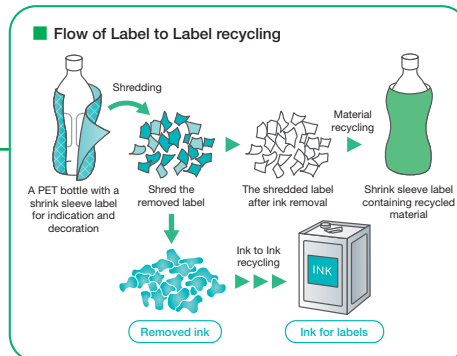
To build a circular society, the Fuji Seal Group (FSG) has included the expansion of its lineup of recyclable products in its environmental key performance indicator (KPI) targets and aims to achieve this target. The Group is considering recycling post-consumer labels and packages as resources on its own, in addition to developing recyclable products.

Below is an introduction to our Label-to-Label initiative to recycle shrink sleeve labels into shrink sleeve labels and our Label-to-Bottle initiative to recycle shrink sleeve labels and pressure sensitive labels into PET bottles, both of which further expanded in FY2023.

Label-to-Label initiative

The "Label-to-Label" is a technology that enables the recycling of post-consumer shrink sleeve labels from which printed designs are removed to produce new labels and ink.

In FY2023, we conducted a verification test on collecting and recycling labels not only from our own factories but also from customer factories and end consumers.

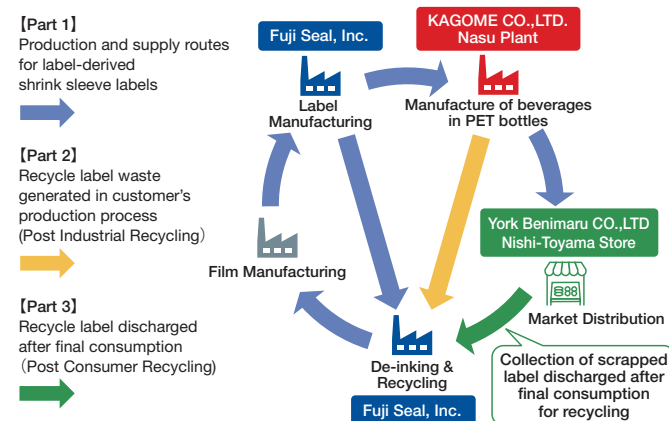


Verification test in collaboration with KAGOME Co., Ltd.

KAGOME Co., Ltd. adopted our labels in July 2023 and worked with us in collecting waste materials from its Nasu Plant. We also conducted a verification test on post-consumer collection with cooperation from consumers at the Nishi-Tomiya Store of York-Benimaru Co. Ltd. (from October to December 2023). The collected labels were recycled into labels and have come back onto the market.



Label with a symbol of the Label-to-Label initiative

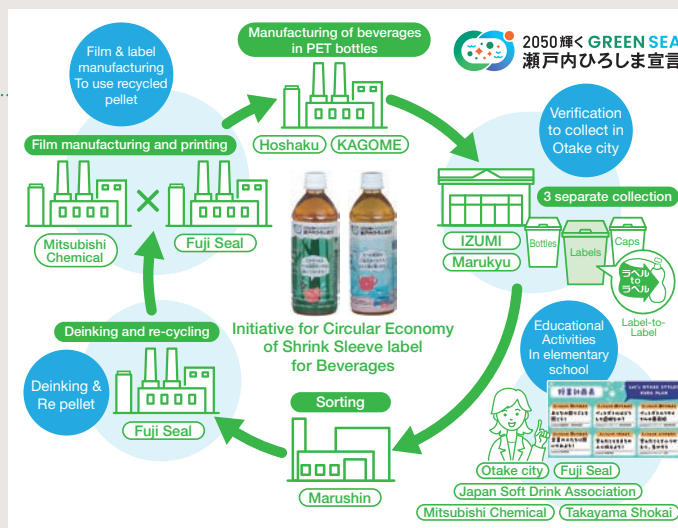


Verification test in collaboration with Hiroshima Prefecture-led Green Sea Setouchi Hiroshima Platform (GSHIP)

As a project selected under 2050 Shining Green Sea Setouchi Hiroshima Declaration, we conducted a verification test of establishing a collection system using recyclable labels launched in October 2023.

PET bottles distributed at elementary schools and events in Otake City, organized by Mitsubishi Chemical Corporation, the lead company for this feasibility study and the manufacturer of the film made from those labels, were collected at supermarkets in Otake City and recycled into new labels. Those bottles were collected at supermarkets in Otake City, and labels removed from them were recycled into labels.

We also gave outreach lectures at elementary schools in Otake City, where we discussed the recycling of labels with children as future leaders.



Label-to-Bottle

RecShrink™

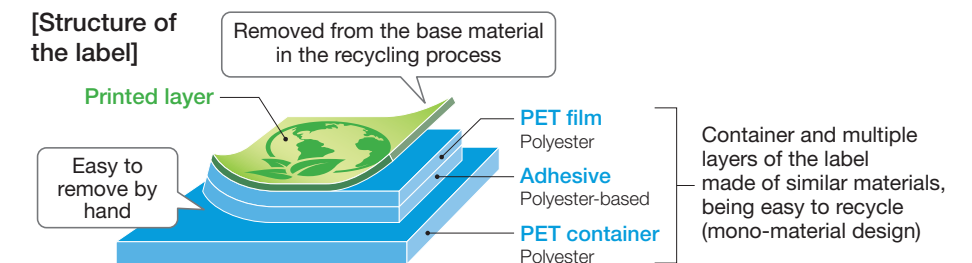
In 2019, the U.S.-based Association of Plastic Recyclers (APR) recognized the RecShrink™ label developed by FSG as a shrink sleeve label that can be recycled together with PET bottles into PCR-containing PET bottles. In the Americas, we will continue our efforts to apply this technology to bottles for products of our customers, mainly beverage manufacturers, thereby promoting its more widespread use to accelerate resource recycling. Now that RecShrink™ has been brought into use in the ASEAN region in addition to the Americas, there is growing demand from some customers that operate globally for the use of this product outside the Americas.

As part of further recycling efforts in the Americas, we are working to promote labels that combine RecShrink™ with a light-barrier function in order to facilitate a switch from colored bottles to easier-to-recycle clear PET bottles. As a solution for wider spread of recycling through the use of mono-material packaging, we promote the recycling of polyolefin labels into polyolefin bottles and have obtained certification from the Association of Plastic Recyclers (APR).



RecTack

In addition to shrink sleeve labels, pressure sensitive labels are also included in the scope of our Label-to-Bottle initiative. We work to increase the use of RecTack, a type of pressure sensitive label that is recyclable into PET bottles. This label has been selected by TOELL Co., Ltd. to be used on its three-gallon PET containers for use with water dispensers.



From Pouch to Something Valuable

Pouches are a packaging material featuring excellent environmental friendliness because they help reduce the amount of resin used even more drastically than plastic bottles. Multiple-refill pouches in particular can contribute to further reducing the amount of resin used and improving transportation efficiency. However, conventional pouches are made of different materials with high barrier properties, such as aluminum foil and vapor-deposited PET, to ensure a higher level of safety and preservability of their contents, resulting in considerable difficulty in recycling them. In recent years, an increasing number of customers have set targets for their ratio of recyclable products, so there has been growing demand both in Japan and abroad for mono-material pouches that are recyclable into higher-quality materials.

To meet such customer demand, FSG is working to develop and provide olefin-based mono-material pouches, where the body, closures, and spout are all made of olefin, while maintaining their function of protecting the contents.



Mono-material and multiple-refill pouch

This pouch can hold a high volume of content, which is typically challenging for ordinary mono-material pouches. It combines the convenience of a multi-refill pouch with the recyclability of a mono-material pouch.

Speedy Launch of Newly Developed Products



Reasons for selecting materiality

One of FSG's* strengths lies in the ability to combine packaging materials and machinery. The source of skills that support this strength is our capability to satisfy customer demand by combining various technologies and to evaluate and verify what we have done. This capability enables us to launch newly developed products in a short period of time.

Regarding the KPI of the Materiality

We will concentrate the efforts of all our businesses in the process of creating new global development projects that combine packaging materials and machinery, in which one of FSG's strengths lies. In addition, we will pursue speedy development by making the most of our high-level verification capacity and diversified technologies.

Qualitative target	● Creation of projects that combine packaging materials and machinery, one of FSG's strengths, by utilizing our combination of high-level verification capabilities and diversified technologies
KPI (Key Performance Indicator) up to 2023	● Number of new global development projects that combine packaging materials and machinery: 20 during the three years from 2020 to 2022
Actual figures (as of March 31, 2024)	● Number of new global development projects that combine packaging materials and machinery: 8 in 2023; 39 from 2020 to 2022
Main initiatives	<ul style="list-style-type: none"> ● Establishment and promotion of a machinery execution system for each business ● Development of human resources capable of promoting the provision of value based on combination of machinery and packaging materials
Value to society	<ul style="list-style-type: none"> ● Improvement of labor shortage and Labor-Saving ● Reduction of energy consumption and materials loss ● Realization of a sustainable society

* FSG: Fuji Seal Group

Intellectual property (IP) activities that support FSG

To realize Fuji Seal's vision "Our Value to People and the Planet," FSG has positioned its intellectual property (IP) as an intangible asset that is effective for its sustainable growth. To ensure fair decisions and operations in corporate management, the Group has in place an IP governance system led by the Intellectual Property Center so that FSG's intellectual property is effectively utilized by each deliberating body and business division.

1. Intellectual Property Center

As an organization inside Fuji Seal International (FSI), this center integrates FSG's IP-related departments. It has 15 IP personnel who work to ensure the appropriate protection and effective utilization of FSG's intellectual property overall, as well as promoting IP strategy proposal activities utilizing IP landscaping (IPL). The center collaborates with the IP staff of each business division.

2. Intellectual Property Strategy Meeting

Each business has an Intellectual Property Strategy Meeting, which comprises the manager of the business, developers, and the IP staff and meets every month. The meeting formulates and promotes IP strategies in line with each business's development and business policies. Members actively discuss strategies for growth through IP investment, including patent applications, the acquisition and utilization of patent rights, and the formulation of business and IP strategies utilizing IPL.

3. Trinity IP strategy

To ensure that all IP investments are made in line with the business policy of each business, the IP staff attend all development-related meetings held in the Group or in each business. We thus facilitate the formulation and implementation of IP strategies through collaboration between the R&D, Sales, and IP Departments in view of investment effects.

4. Discussions in the Management Meeting

In FSG, the management team is responsible for utilizing the Group's intellectual properties and making intellectual property investments in line with the Group's growth strategies. The Management Meeting, which comprises management team members, proactively discusses intellectual property strategies and issues raised by the intellectual property division.

The decisions are not only communicated to each business unit by the responsible managers, but the implementation status is also monitored and supervised by the IP department

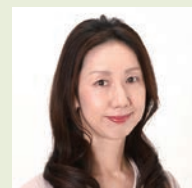
5. Involvement in the Global Development Meeting

The participants discuss proposals submitted on IP strategies for the fields of both new and existing products, as well as those proposals' applications to business strategy, while utilizing IPL.

VOICE

Strengthening FSG's IP governance through IP staff-led activities

At FSG, management in all regions recognizes the importance of an IP strategy. All staff are thoroughly informed that strengthening competitive advantages and accelerating development through IP investment are key challenges in the development process. Our IP team not only proposes solutions to these challenges based on their expertise but also proactively provides management with accurate information at the right time to aid in investment decisions. Moving forward, we will expand the impact of our IP activities, thereby increasing the success rate of new businesses and contributing to FSG's growth.



Fuji Seal International
Intellectual Property Center GM
Izumi Hongo

IP activities that support the sustainable growth of FSG

The Intellectual Property Center promotes IP activities based on three basic strategies for the sustainable growth of FSG.

1. Constructing new business models that will be effective in the next generation

- Conducting IPL to support the creation of new business models
- Planning and implementing IP strategies, with the IP staff participating in new business projects

2. Expanding target product markets and activity areas

- Organizing the patent portfolio for each product and visualizing target activity areas
- Understanding our strengths through IPL and exploring new markets

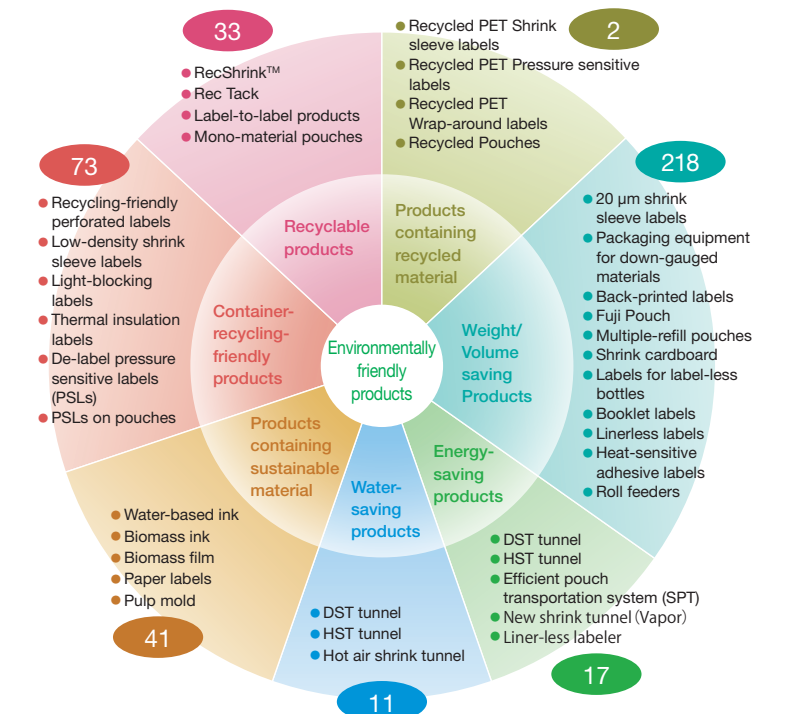
3. Steadily strengthening the four existing businesses

- Strengthening the patent network of our proprietary technologies
- Promoting the utilization of our IP
- Providing prompt IP support through a patent review system
- Enhancing our development capabilities, including reviewing the invention reward system

Intellectual property investments aimed at enhancing FSG's competitive advantage

FSG continued its Group-wide efforts to develop and commercialize environmentally friendly products, including recyclable products and products containing recycled material, as well as making active IP investments. The IP staff propose IP strategies, including conducting IPL and building a patent network, according to the current stage in the implementation of business strategy. They therefore continue to carry out IP activities to strengthen the competitive advantages of developed products.

IP investment targets in line with business strategies for developed products (the number of patent applications submitted)



Measures to strengthen intellectual property governance

Measures to strengthen IP governance are considered under the leadership of the IP Department so that IP investments will bring us competitive advantages and help increase our competitiveness. Those measures are proposed and implemented in a timely manner according to the current layer of business decisions or the challenges faced by each business.

Strengthening IP governance to contribute to the creation of FSG's corporate value



Creation of Next-generation Businesses



Reasons for selecting materiality

FSG* is constantly challenging the evolution of the packaging industry by creating new packages in response to changes in containers and distribution, including the world's first practical application of "20μm packaging material" and "biomass film." As technology evolves, it is essential to create next-generation businesses that maximize our strengths.

Regarding the KPI of the Materiality

We will aggressively promote new business projects that will lead to net sales of 3.0 billion yen, as envisioned in the current Medium-Term Management Plan, and enable us to leap in the next Medium-Term Management Plan, which will begin in 2023.

Qualitative target	<ul style="list-style-type: none"> Create projects to promote new businesses other than the existing businesses (Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch)
KPI (Key Performance Indicator) up to 2023	<ul style="list-style-type: none"> Number of new next-generation businesses: 3 * In the three years from 2020 to 2022
Actual figures (as of March 31, 2024)	<ul style="list-style-type: none"> Number of new next-generation business projects: 3 in progress
Main initiatives	<ul style="list-style-type: none"> Investment in candidate projects for new next-generation businesses Collaboration with partner manufacturers: 5 in progress
Value to society	<ul style="list-style-type: none"> Development of containers that provide head-on solutions to two global social issues: plastic waste and global warming Realization of sustainable society Employees' Waku-Waku, Society's Waku-Waku

* FSG: Fuji Seal Group

Initiatives in FY 2023

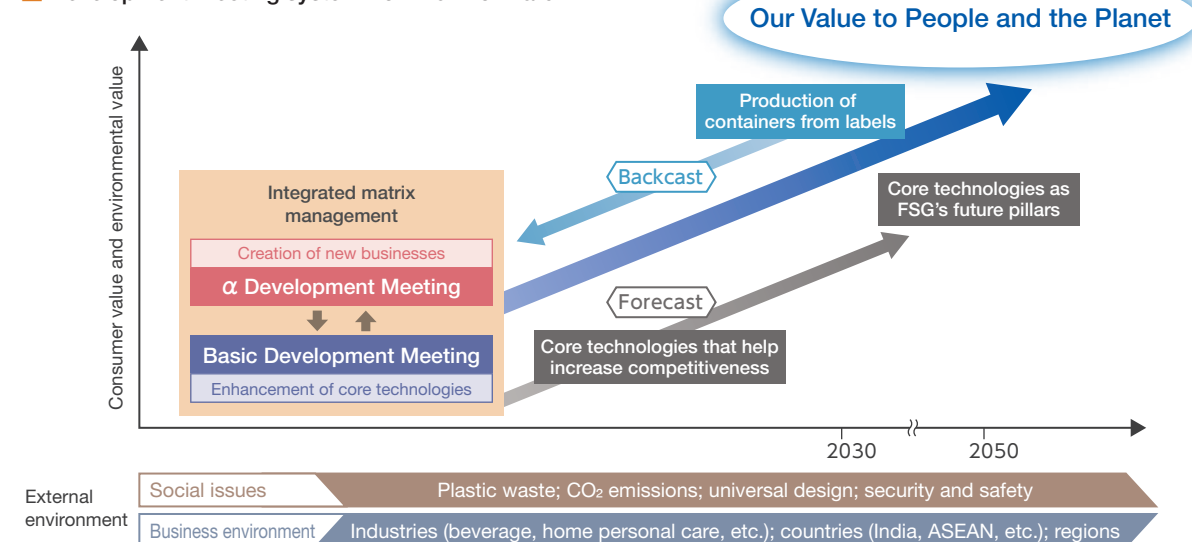
FSG's specialized core technologies are Shrink Sleeve Labels, Pressure Sensitive Labels (PSL), Spouted pouch, and the machinery that manufactures them.

While these technologies are the most advanced initiatives in the industry, we continue to develop these core technologies deeper. From the perspective of creating new businesses successfully linking these unique core technologies horizontally, new business possibilities will

emerge that could not be created in the past.

Therefore, since 2021, we have worked to strengthen horizontal collaboration between these core technologies under a newly established committee. Through these initiatives, three new technological projects have been launched and have been developed with the aim of being completed in 2024.

Development Meeting system from 2021 onward



As shown in the diagram above, FSG has in place a Development Meeting system that comprises two deliberating bodies, whose most important mission is to fulfill FSG's Vision of providing "Our Value to People and the Planet" through packaging and containers.

The Basic Development Meeting, the older deliberating body, now focuses mainly on enhancing FSG's core technologies (shrink sleeve labels, pressure sensitive labels, spouted pouches, and machinery). This meeting aims to constantly increase FSG's competitiveness by further

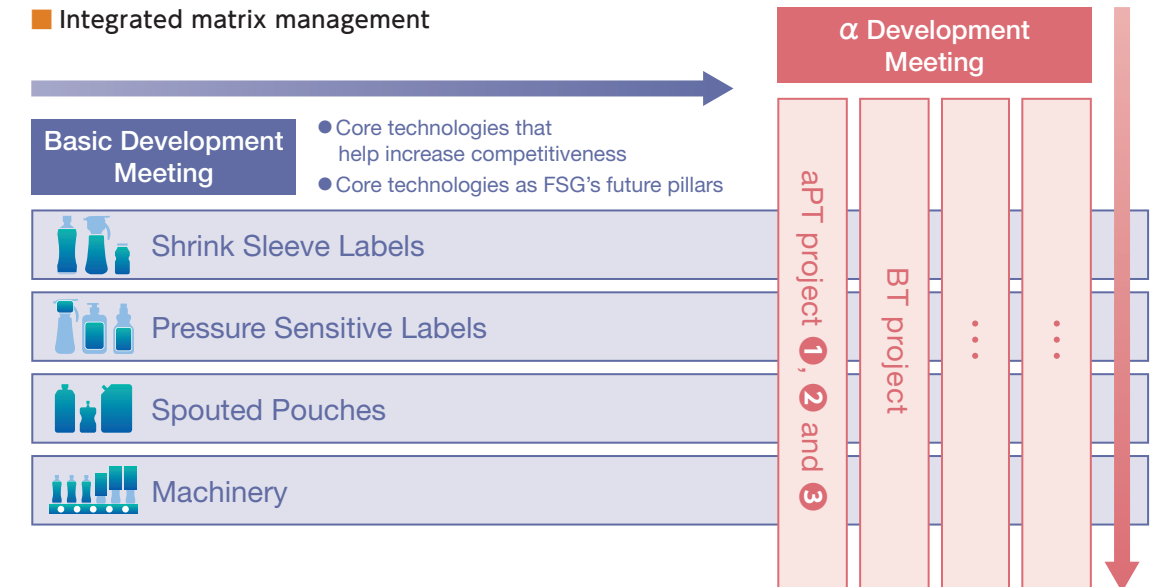
improving its core technologies that help increase competitiveness, and creating core technologies that will become its pillars in the future.

In 2021, FSG newly established an α Development Meeting. The purpose of this meeting is to create new businesses. It aims to develop containers that provide head-on solutions to the global social issues of plastic waste and global warming, and create new businesses based on the development outcomes.

These two deliberating bodies will be managed in an integrated matrix with a view to guiding FSG to explore new fields beyond its current business fields by leveraging core technologies developed by the Basic Development Meeting. We believe that powerful core technologies will allow us to

achieve business expansion with a competitive advantage even in new fields. Progress in development will result in new core technologies in new fields as well. We have a mechanism for feeding back such new core technologies to the Basic Development Meeting to further upgrade them.

Integrated matrix management



Further improving the performance of rapid prototyping

We facilitate the creation of new businesses by following a development cycle of idea creation, design, prototyping, evaluation, and feedback. The most time-consuming step in this cycle is prototyping. Our industry in general has adopted a typical approach of creating prototype models using 3D CAD, but the film packaging we are aiming to develop cannot be completed with 3D CAD models alone. We have developed elemental technologies for 3D CAD, adhesion,

modeling resin, etc. and have discovered a method of assessing physical properties without creating a mold. Their development helps more than double the speed of the development cycle.

Improved performance of rapid prototyping contributes to speeding up a cycle of trial and error, thereby reducing the time required for development and increasing the likelihood of new business being created.

Ongoing initiatives for achievement

In the field of new-business creation, FSG aims to expand into the primary packaging business by utilizing its powerful core technologies.

- Development of film packaging using closed-loop recyclable materials **Recycle**
→ r-PET material (recycled PET from beverage bottles)
- Active participation in establishing a closed-loop recycling system **Recycle**
→ Establishment of the world's first system for recycling PET derived from non-beverage containers
- Development of film packaging that can be used in place of rigid plastic containers **Reduce**
- Development of functional dispensers that complement the usability of film packaging **Reduce**
- Realization of safe and secure packaging **Safety**

To achieve these goals, we will not rely only on our own technologies but will seek partnership with a wide range of parties, including those from other industries, to proactively develop products together with them. By doing so, we aim to take our first step by 2025 toward achieving sales of three billion yen in new fields in the future.

Open Dialogue with Stakeholders



Reasons for selecting materiality

FSG* strives to increase its engagement with stakeholders through not only conventional financial disclosures but also non-financial disclosures. We place particular importance on strengthening our relationships of trust with stakeholders through dialogue to clearly understand the level of each stakeholder's expectations and to meet those expectations, thereby raising the stakeholders' awareness of the significance of our contribution.

Regarding the KPI of the Materiality

We will establish a system for accurate and timely disclosure of financial and non-financial information about the entire Group to all stakeholders with the aim of increasing our engagement with them and improving the ratings given to us by external rating agencies.

Qualitative target	<ul style="list-style-type: none">Improvement of ESG ratings given to us by external organizations through accurate non-financial disclosures to stakeholders
KPI (Key Performance Indicator) up to 2023	<ul style="list-style-type: none">Continue to be selected as a constituent of the FTSE Blossom Japan IndexContinue to acquire an EcoVadis Silver Medal
Actual figures (as of March 31, 2024)	<ul style="list-style-type: none">Selected as a constituent of the FTSE Blossom Japan Index in FY2023Awarded an EcoVadis Gold Medal
Main initiatives	<ul style="list-style-type: none">Operation of the Group Sustainability CommitteeTimely issuance of the Integrated Report and the ESG Data BookProvision of the opportunity for employees to have an in-person dialogue with the Company's directors
Value to society	<ul style="list-style-type: none">Provision of investment opportunities to shareholdersRevitalization of regional communities and creation of employmentGreater satisfaction of employees and their family members/ Initiatives up to 2022

* FSG: Fuji Seal Group

Stable Supply (including BCP)



Reasons for selecting materiality

FSG*¹ is engaged in businesses classified as essential, such as beverages, HPC (home personal care), and medical care. Since products in these businesses are indispensable to daily lives, we believe that it is our social responsibility to ensure a stable supply of these products both at ordinary times and during emergencies.

Regarding the KPI of the Materiality

By promoting a safe and secure working environment throughout FSG by implementing the Group's OHS*² Management System, we aim to have zero occupational accidents for 365 days a year at one or more factories in each business region. Rather than being content with fulfilling the conventional function of an order reception center only, we will build a future-oriented ordering and reception system to establish a comprehensive business continuity planning (BCP) system designed from the customer's point of view.

Qualitative target	<ul style="list-style-type: none">Establishment of the Group's OHS management system by aligning with all business bases
KPI (Key Performance Indicator) up to 2023	<ul style="list-style-type: none">Achieve zero occupational accidents for 365 days a year at one or more factories in each business region
Actual figures (as of March 31, 2024)	<ul style="list-style-type: none">Achieve zero occupational accidents for 365 days a year at one or more factories in all business regions
Main initiatives	<ul style="list-style-type: none">Improvement of the OHS management system in a unified manner within the GroupConduct OHS audits to assess the compliance with laws and regulations by external organizations
Value to society	<ul style="list-style-type: none">Provision of a secure, safe and comfortable work environmentContribution to secure and safe local communitiesSustainable supply of secure and safe products

¹ FSG: Fuji Seal Group ² OHS: Occupational Health and Safety

Initiatives in FY2023

Intended for investors

- Holding two telephone-conference-style financial results briefings (in May and November)
- Number of investor-relations (IR) and shareholder-relations (SR) interviews held: 106
- Enhancing dialogue with management's active involvement in IR and SR interviews
- Upgrading our corporate management, business strategies, and ESG disclosures by creating supplementary financial results briefing materials with heightened awareness of capital costs
- Disclosing supplementary financial results briefing materials in both Japanese and English on our website at the same time

Intended for employees

- Holding quarterly internal financial results briefings for the management team of each region with the participation of directors
- Number of reports submitted to the Board of Directors and the Executive Officer meeting on feedback given during investor interviews: 3

Intended for customers

- Participated in exhibitions around the world

Region	Exhibition name	Period	Location	No. of exhibitors
Japan	Sustainable Materials Expo	October 4-6, 2023	Chiba (Japan)	Approx. 850
	Interphex Week Tokyo	July 5-7, 2023	Tokyo (Japan)	Approx. 900
	Interphex Week Osaka	March 13-15, 2024	Osaka (Japan)	250
	COSME Week Osaka	September 27-29, 2023	Osaka (Japan)	210
ASEAN	ProPak Asia	June 14-17, 2023	Bangkok (Thailand)	780
	ALLPack INDONESIA Expo	October 11-14, 2023	Jakarta (Indonesia)	Approx. 800
	ProPak Vietnam	November 8-10, 2023	Ho Chi Minh City (Vietnam)	Approx. 450
Europe	interpack	May 4-10, 2023	Düsseldorf (Germany)	Approx. 2,700

Intended for regional communities

- Holding Sustainability Workshops in the U.S., Poland, Japan (Yamagata), Thailand, and Vietnam

Ongoing initiatives for achievement

FSG strives to have open and active two-way dialogue with all stakeholders, including shareholders and investors.

Information disclosure

We disclose both financial information and non-financial information, including information about management strategies, management issues, risks, and governance, appropriately as required by law and regulations. We also make timely and fair disclosures outside the scope of the legal and regulatory requirements as much as possible. In FY2023 as well, we disclosed Our Credo, management strategies, and Medium-Term Management Plan mainly on our website and in financial results briefing materials. In addition, we devote active efforts to disclosing our basic corporate governance policy and our sustainability, human capital, and environmental initiatives. From now on too, we will continue our efforts to provide even more transparent corporate information and share our corporate value in a timely, accurate, and consistent manner.



Scenes from regional sustainability workshops

Initiatives in FY2023

System for stable product supply

To respond appropriately to situational changes, including labor shortages at manufacturing sites, we introduced automatic packaging equipment that works with shrink sleeve labels (rolls), our main product, at our Nabari Factory in 2019. Meanwhile, many years of meeting customer demand with package materials tailored to each product had led to us failing to reach our initial target for the operating rate. In FY2023, we launched a project to improve our operating rate. Close and consistent cooperation between the Production, Design, Sales, and Management Divisions in the full range of steps, from re-examining equipment functions to submitting reports and proposals to customers, allowed us to successfully raise the operating rate by demonstrating FSG's comprehensive capabilities. The idea for this project was highly rated as an outstanding idea in the Idea Bank Program, our major initiative for the "Development of People-friendly Packaging Materials." We are planning to scale out the project to other factories in the future.



Automatic packaging equipment working with shrink sleeve label rolls

Ongoing initiatives for achievement

Digital transformation (DX)-based project to reduce safety and disaster risks

In Japan, an OHS and Accident Prevention Department was established in FY2022. As a company-wide organization, the department continued its safety- and disaster-risk assessment activities, including scaling out good practices of each business base or division to other bases and divisions. As a result, we achieved zero occupational accidents for 365 days a year at one or more factories in all business regions in FY2023. In addition, in the first half of FY2023, we launched a DX-based project to utilize in-house data on OHS and accident prevention with the aim of further reducing OHS risks in the future. In phase 1 of the project, we completed various surveys aimed at formulating a future vision of our ideal way of data utilization and a simulation-based verification of the applicability of AI.

In phase 2, which started earlier in FY2024, we have completed clarifying requirements for putting an OHS system into operation by the end of May. Internal discussions are currently under way with the aim of completely putting the system into practice within FY2024. This initiative is expected to produce beneficial effects mainly on the management and sharing of data and the identification, monitoring, and analysis of risks.

DX-based OHS and accident prevention project

Phase 1	Formulating a future vision of our ideal OHS risk management and verifying the applicability of AI	Completed in FY2023
Phase 2	Designing and creating a management dashboard for occupational accident data analysis	Scheduled to be completely put into operation in FY2024
Phase 3	Establishing a system for saving labor devoted to occupational accident risk management	Consideration to be begun in 2025

Creating a safe workplace and improving work efficiency

Fair and Transparent Transactions



● Reasons for selecting materiality

FSG* places an emphasis on performing transactions with our customers and business partners with peace of mind. We consider it important to realize fair and transparent transactions with business partners carefully selected from comprehensive perspectives based on respect, not only of prices but also quality management and quality assurance system, together with experience, past performance, social factors.

● Regarding the KPI of the Materiality

We will fulfill our responsible manufacturing and consumption form based on social consideration shared with major business partners by obtaining their consent to our Group Supplier Conduct Policy (Request to Our Business Partners) in line with our vision.

Qualitative target	● Establish responsible, socially conscious manufacturing and consumption systems based on relationships of mutual trust and development with all business partners
KPI (Key Performance Indicator) up to 2023	● Percentage of business partners who give consent for the Group Supplier Conduct Policy in their responses to the Sustainable Supply Chain Questionnaire: 80% on a purchase amount basis
Actual figures (as of March 31, 2024)	● Account for procurement amount 88% in Japan 96% in the Americas 92% in Europe 86% in ASEAN
Main initiatives	● Establishment and operation of the Group Sustainability Committee ● Establishment and revision of group policies ● All-region survey using the Sustainable Supply Chain Questionnaire ● Sustainable Supply Chain Lecture for FSG's purchasing personnel
Value to society	● Protection of our business partners' rights ● Responsible manufacturing and consumption forms (raw materials, procurement, manufacturing, sales and consumption) ● Sound corporate activities that serve as a model for others ● Respect for human rights

* FSG: Fuji Seal Group

Promotion of Information Security Measures



● Reasons for selecting materiality

FSG* protects and properly manages information provided by customers and business partners and employees' personal information. We also believe that it is important to eliminate the risk of cyberattacks to ensure business continuity.

● Regarding the KPI of the Materiality

FSG regards the prevention of leaks of confidential information handled (including information of business partners) as the most important management risk. We believe that it is critical to continue to improve information security measures, aiming to establish protection systems that do not enable information leakage.

Qualitative target	● Efforts to maintain a system that strives to ensure information security that does not enable information leakage
KPI (Key Performance Indicator) up to 2023	● Zero cases of leaks of confidential information handled by FSG
Actual figures (as of March 31, 2024)	● Number of serious cases of information leakage: 1
Main initiatives	● Implementation of measures to respond to and recover from a cyber attack and to prevent the recurrence of similar cases ● Strengthening defenses against external attacks on servers and personal computers ● Maintenance of all IT-related equipment and devices ● Internal compliance training for all employees concerning information leakage and IT literacy ● Revision of the Information Security Management Rules
Value to society	● Protection of all business partner information ● Protection of all personal information handled by FSG ● Sustainable supply of secure and safe products

* FSG: Fuji Seal Group

Initiatives in FY2023

Sustainable supply chain training

Just as in FY2022, to facilitate initiatives throughout the supply chain, we provided an online program for sustainable supply chain training, based on the Sustainable Supply Chain Guidebook, intended mainly for FSG purchasing staff in Japan, the Americas, Europe, and the ASEAN region. The program was attended by 80 people (100% of our purchasing staff).

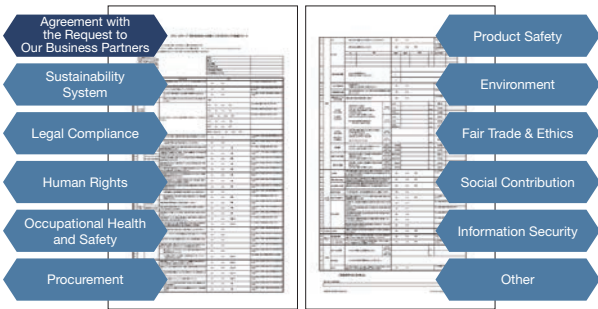
Since many of the FY2023 participants had taken part in the FY2022 program and already mastered the basics, they asked many questions based on their daily communication with business partners.

Sustainable Supply Chain Questionnaire Survey

The Sustainable Supply Chain Questionnaire Survey was launched as an initiative limited to Japan in FY2020. Since FY2021, major business partners of all FSG companies around the world have been included in the scope of intended respondents to this survey. This survey was conducted in

FY2023 as well. Now that the survey has marked its fourth year, some respondents expressed reluctance to be asked the same questions every year. However, we again asked for their understanding of the survey being aimed at monitoring their ESG initiatives, assessing risks, and resolving issues, resulting in a high percentage of business partners responding to the survey and agreeing with our policies.

■ Overview of the Sustainable Supply Chain Questionnaire Survey

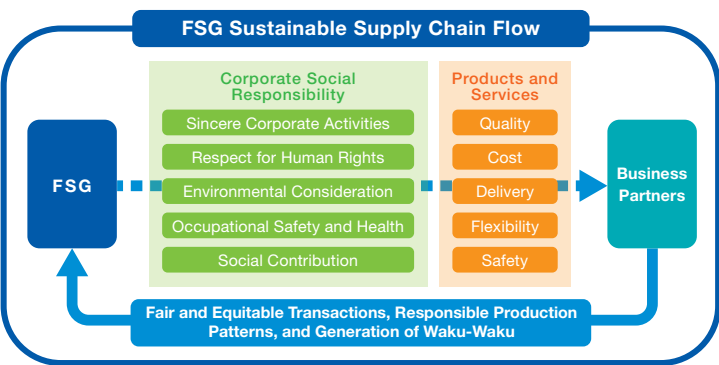


Ongoing initiatives for achievement

We have so far used survey results to facilitate our dialogue with business partners, but we are considering how to utilize the survey results more suitably for the time that the respondents have used to answer it. We are currently working to examine survey responses from all responding business partners in order to visualize their ESG initiatives with a view to providing feedback to them in the future.

Through such sustainability dialogue with our business partners, we will continue our efforts to construct a sustainable supply chain.

■ FSG Sustainable Supply Chain Flow



Initiatives in FY2023 and review

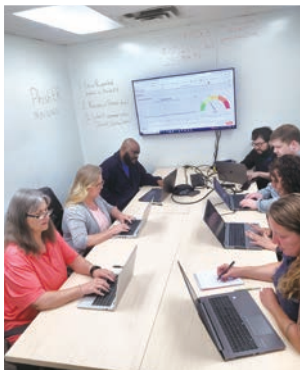
Damage and lessons from a ransomware attack

In August 2023, FSG companies in the U.S. suffered a ransomware attack and the resulting damage.

After detecting abnormalities, local staff swiftly began recovery work to return to normal production activities while making an initial response and trying to minimize the damage, as well as taking other recovery and investigation actions, with support from external experts, including a local information security consulting company. (This attack is thought to have caused leakage of personal information related to employees of the FSG companies in the U.S. It has not been confirmed that information related to customers or business partners was leaked outside the companies.)

Information about this cyber attack was not only reported to FSI first but also immediately reported to and deliberated on by the Executive Meeting and the Board of Directors. The Company and the members of those deliberating bodies confirmed that there had been no similar damage or cyber attacks in regions other than the Americas (Japan, Europe, and the ASEAN region). They also confirmed the Group's IT security level and raised it.

Both directors and executive officers have again learned from this incident that cyber attacks can have an extremely serious impact on corporate management and that it is important and necessary to build an information security system based on a so-called "zero trust" policy at the usual time before an incident occurs while promoting and continuing such efforts.



Meeting at American Fuji Seal

Information Security Policy

As part of its Group Sustainability Policy, FSG has established an Information Security Policy, which defines the Group's basic policies, including formulating internal information security policy, complying with them, and building of an information security management system.

Information security management system

The FSG risk map positions "information leakage" and "system failures and cyber attacks" as among the most important issues. For this reason, the Board of Directors and the Group Compliance Committee have constantly deliberated on cyber security measures. From now on, the Digital Transformation (DX) Meeting, which will meet monthly, will also take advantage of the ransomware incident in the Americas as an opportunity to review and strengthen FSG's overall IT security.

Information security education and information security auditing

In line with its Information Security Policy, FSG provides employee education to raise information security awareness throughout the Group and help employees obtain necessary knowledge, while conducting information security audits.

For example, in our Japan region, we conducted an information security education program from July to August 2023, which was attended by over 2,400 employees. In August and September after the program, we also administered an information security exam to help the program participants achieve complete mastery over the knowledge imparted to them. Moreover, from November 2023 to February 2024, we conducted an information security audit in collaboration with an external consulting company. We are currently examining issues pointed out during the audit and considering countermeasures.

Corporate Governance

Corporate Governance System

FSG transitioned to a "Company with a Nominating Committee, etc." (then called "Company with Committees") as early as 20 years ago in June 2004. As of December 25, 2023, only 92 of the listed companies in Japan have adopted for this system.

The Nominating Committee considers and makes decisions on the appointment and dismissal of director and executive officer candidates in light of the standards for appointment with the aim of contributing to the establishment of appropriate management systems for the Group. This committee also deliberates and submits proposals on the nomination of officers of FSG companies from the perspectives of enhancing Group management and developing next-generation human resources.

To ensure transparency in Group management, the Remuneration Committee deliberates and decides on the remuneration of not only FSI directors and executive officers but also officers of other FSG companies from the perspectives of enhancing Group management and developing next-generation human resources. In the fiscal year ended March 31, 2024, the committee reviewed the remuneration structure and standards with a view to increasing fairness and transparency in the remuneration system.

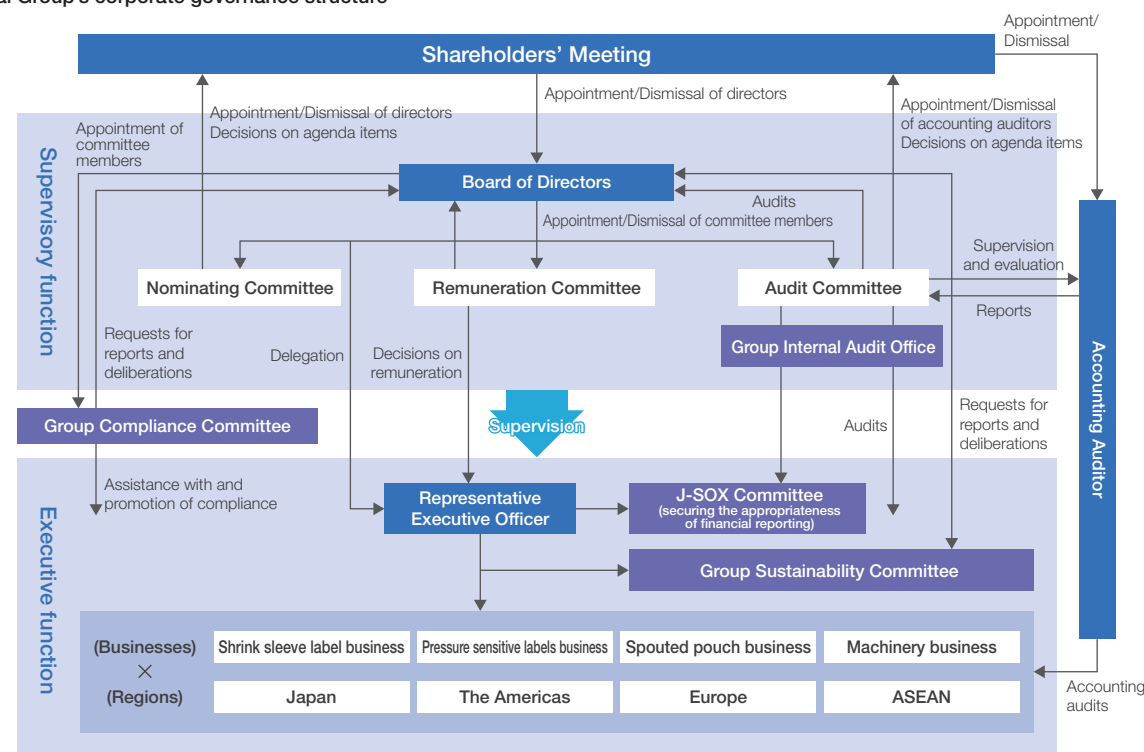
The Nominating Committee and Remuneration Committee (both chaired by CEO Shigeko Okazaki) are composed of four members each: one inside director and three outside directors.

The Audit Committee has been established to secure legitimate, appropriate and efficient operations of the Group, which means operations based on the annual policy and medium- to long-term management policy. The Audit Committee is composed of three outside directors. (The Audit Committee is chaired by Outside Director Yuichi Seki.)

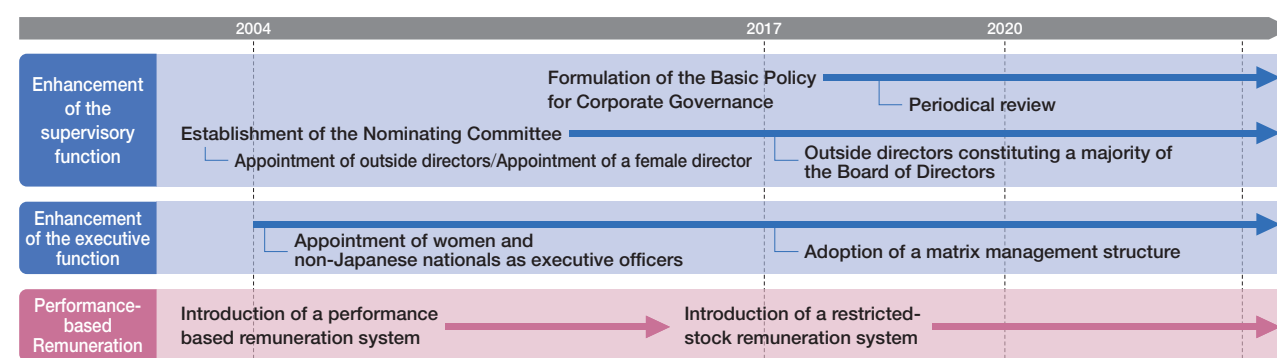
Enhancement of the executive function

At FSI, each executive officer is delegated by the Board of Directors to make decisions on the execution of business operations and to execute the business operations under the overall supervision of the CEO. In addition, FSI has had women and non-Japanese nationals appointed as among its executive officers since its transition to a Company with a Nominating Committee, etc., thereby promoting corporate management from diverse perspectives. Moreover, in FY2021, the Company adopted a matrix management structure that combines the two axes of business and region. By appointing an executive officer in charge of each business or region, the Company has speeded up decision-making and business execution to respond flexibly to the challenges it faces.

Fuji Seal Group's corporate governance structure



History of corporate governance measures



Effective Governance

Structure of the Board of Directors

The Board of Directors is composed of six directors, including three independent outside directors (as of the closure of the General Meeting of Shareholders held in June 2023). We give full consideration to diversity among the Board members. The inside directors are highly experienced in different fields such as corporate management in general, including management strategy, the management of a business company in the Group, and overseas business management.

The three outside directors—an attorney-at-law, a certified public accountant, and a technological development expert—also have rich insights as responsible supervisors of safety and disaster prevention, manufacturing, and the management of a listed company. Of the 6 Directors, one is female. While the nationality of all Directors is Japanese, they have abundant and extensive knowledge, and a broad range of experience and capabilities, including business experience in overseas business.

Assessment of the effectiveness of the Board of Directors

All FSI directors respond to an annual questionnaire survey for self-assessment of the effectiveness of the Board of Directors, and then they deliberate on the survey results and issues to be solved.

In the previous survey and deliberation process, the Board of Directors referred to the Guidance for Collaborative Value Creation 2.0, which was formulated by the Japanese Ministry of Economy, Trade and Industry and revised in August 2022, and selected eight items of guidance on governance as themes: (1) Division of roles and functions between the board of directors and top management, (2) Ensuring the strength of the board, (3) Skills and diversity of CEOs and top management, (4) Skills and diversity of outside directors, (5) Monitoring strategic decisions, (6) Shareholder return and reinvestment policies, (7) Compensation policies, and (8) Reviewing board effectiveness and identifying priority items. The Board then formed its opinion on the assessment of its own current condition and the issues it should solve in the future.

The results of the latest survey (conducted in April 2024) is being examined with a benchmark of the results of the previous survey in order to review the initiatives implemented by the Board in FY2023 and the assessment results thereof and re-clarify commendable initiatives and issues to be solved in the future, with the aim of increasing the effectiveness of the Board of Directors itself.

Remuneration of Directors and Executive Officers

The Remuneration Committee has determined the following system remunerations received by each director and executive officer. Based on this system, the Remuneration Committee determines the individual remunerations received by directors and executive officers.

The Remuneration Committee has also confirmed and judged that the method of deciding on remunerations awarded to each director and executive officer and that the decisions conform with this policy.

1. Basic policy on remunerations

- The remuneration system must enable and reward diverse and talented human resources in agreement with FSG's corporate philosophy.
- The remuneration system must encourage the achievement of performance targets based on the management strategy for sustainable growth.
- The remuneration system must encourage the sustainable enhancement of corporate value and share profits with shareholders.
- The decision-making process for the remuneration system should be objective and transparent.

2. Overview of the remuneration system

a) Procedures

The policy, remuneration system, and performance-linked system for directors and executive officers are deliberated and decided by the Compensation Committee.

b) Composition of compensation

Directors, including outside directors, receive only "base remuneration" as fixed remuneration, while executive officers receive "base remuneration" and variable remuneration consisting of "performance-linked remuneration" as a short-term incentive and "restricted stock remuneration" as a medium- to long-term incentive.

c) Basic remuneration

The level of base remuneration is determined in accordance with each person's career, professional background, duties, and responsibilities, and in consideration of the Company's business performance and business environment.

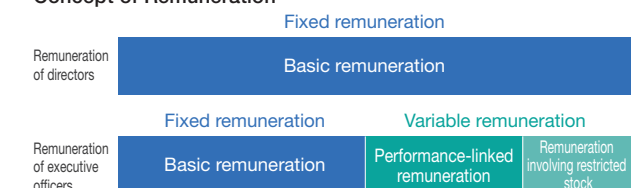
d) Performance-based remuneration

Performance-linked compensation is determined by the Remuneration Committee based on the degree of achievement of the division under the control of each executive officer, and the percentage of the total remuneration varies between 0% and 30%. Calculation items include consolidated sales and operating profit margin for a single fiscal year, financial indicators important for management strategy, and non-financial indicators such as environmental indicators and human resource development. When the performance-linked remuneration reaches a certain amount, a portion of it will be paid in the Company's stocks.

e) Restricted-stock remuneration

Restricted-stock remuneration is paid as a medium- to long-term incentive to executive officers in order to share the same values as shareholders and to sustainably increase the corporate value of the Group.

Concept of Remuneration



Management



From left: Tatsundo Maki, Yuichi Seki, Hiroumi Shioji, Shigeko Okazaki, Yoichi Okazaki, and Akikazu Yada

As of June 20,2024

Hiroumi Shioji

Outside Director
Independent Director

Born on January 28, 1957

Brief history
April 1987: Registered as an Attorney-at-law
April 1991: Established the Shioji Law Office
Director, Shioji Law Office
June 2015: Director, Fuji Seal International, Inc. (to date)
January 2022: Representative Partner, Shioji Law Office (a legal professional corporation) (to date)

Length of service as an outside director
9 years

Tatsundo Maki

Outside Director
Independent Director

Born on September 14, 1972

Brief history
April 1997: Joined Asahi & Co. (currently KPMG AZSA LLC)
April 2000: Registered as a Certified Public Accountant
April 2009: Representative Partner, SCS Global LLC (to date)
June 2017: Director, Fuji Seal International, Inc. (to date)

Length of service as an outside director
7 years

Yuichi Seki

Outside Director
Independent Director

Born on June 28, 1953

Brief history
April 1978: Joined Kobe Steel, Ltd.
June 2011: Senior Managing Director, General Manager of the Technical Development Group, Kobe Steel, Ltd.
June 2012: Executive Vice President and Representative Director, OSAKA Titanium technologies Co., Ltd.
June 2014: President and Representative Director, OSAKA Titanium technologies Co., Ltd.
June 2019: Director, Fuji Seal International, Inc. (to date)
June 2021: Corporate Auditor, Fuji Seal, Inc. (to date)

Length of service as an outside director
5 years

Shigeko Okazaki

Born on April 5, 1957

Brief history
August 1990: Joined Fuji Seal International, Inc.
December 1999: General Manager of the Corporate Planning Department, Fuji Seal International, Inc.
January 2001: General Manager of the Corporate Planning Center, Fuji Seal International, Inc.
June 2002: Director, Fuji Seal International, Inc.
June 2004: Director and Executive Officer, Fuji Seal International, Inc.
March 2007: President and Representative Director, Fuji Seal Europe S.A.S.
March 2008: Director, Representative Executive Officer, and President, Fuji Seal International, Inc.
June 2020: Director, Representative Executive Officer, President, and CEO, Fuji Seal International, Inc.
June 2021: Director, Representative Executive Officer, Chairperson, and CEO, Fuji Seal International, Inc.
March 2023: Director, Representative Executive Officer, President, and CEO, Fuji Seal International, Inc. (to date)

Yoichi Okazaki

Born on July 26, 1982

Brief history
October 2012: Joined Fuji Seal International, Inc.
January 2017: General Manager of the Machinery Segment, Pago Etikettiersysteme GmbH (currently Fuji Seal Germany GmbH)
February 2019: Representative Director and President, Pago Etikettiersysteme GmbH
January 2020: General Manager of the Corporate Planning Division, Fuji Seal International, Inc.
February 2022: General Manager of the Machinery Division, Fuji Seal, Inc.
June 2022: Executive Officer, Fuji Seal International, Inc. (to date)
December 2022: Executive Officer in charge of the Machinery Division and European region (to date)
Representative Director and President, Fuji Seal B.V. (to date)
June 2023: Director, Fuji Seal International, Inc. (to date)

Akikazu Yada

Born on March 25, 1963

Brief history
July 2018: Joined American Fuji Seal, Inc.
Representative Director and President, American Fuji Seal, Inc.
Representative Director and President, American Fuji Technical Services, Inc.
Representative Director and President, Fuji Seal Packaging de Mexico, S.A. de C.V.
June 2019: Executive Officer, Fuji Seal International, Inc.
December 2022: Executive Officer and Chief Financial Officer (CFO), Fuji Seal International, Inc. (to date)
June 2023: Director, Fuji Seal International, Inc. (to date)
June 2024: Representative Director and President, Fuji Seal Packaging (Thailand) Co.,Ltd. (to date)

Executive Officers

Shigeko Okazaki
Representative Executive Officer,
President and CEO

Hideaki Umeda
Executive Officer
(in charge of the Shrink Sleeve
Labels Division)

Takeshi Kyogane
Executive Officer
(in charge of the Pressure
Sensitive Labels Division)

Masahisa Fukuda
Executive Officer
(in charge of the Spouted
Pouches Division)

Yasuhiro Shibata
Executive Officer
(in charge of Japan region)

Satoru Kawasaki
Executive Officer
(in charge of the American region)

Yoichi Okazaki
Executive Officer
(in charge of the Machinery
Division and European region)

Akikazu Yada
Executive Officer
(in charge of Finance ,CFO and
ASEAN region)

Fumiaki Takahashi
Executive Officer
(in Charge of Legal Affairs and
Risk Management)

Marieke Sauer-Ploegmakers
Executive Officer
(in charge of Human Resources)

Honey Hiranand Vazirani
Executive Officer
(in charge of India region)

	Field	Items
Standards for Appointment of Directors The Nominating Committee appoints candidates for directors based on the Standards for Appointment of Directors as shown right:	Basis	Practices our mission statement / Participatory Awareness / Capability to detect changes
	Formulation of strategies	Show one's vision / Formulates and decides strategies / Capability of setting goals
	Implementation of initiatives to solve challenges	Capability of implementation and practice / Capability of analyzing problems / Capability of detecting risks / Leadership
	Leadership	Capability to respond to changes / Determination to take on new challenges
	Traits	Credibility within the Company / Credibility outside the Company / Gaining credibility
	Experience and knowledge	Achievements in developing new business fields / Positive track record/ expertise and experience

Skill Chart

Skills	Reason for selection	Number of applicable directors
Corporate Management	Directors with experience and a track record in management are required to establish and implement growth strategies centered on ESG and realize the Group's vision "Our Value to People and the Planet" amid a dramatically changing business environment as a leading packaging company.	6
Sustainability and environmental management	Directors with knowledge about decarbonization, eco-design, diversity, and work-life balance as well as the ability to promote initiatives in those areas are required to be a company that contributes to realizing a sustainable society by solving ESG issues with packaging.	2
Marketing	Directors with the experience to listen to the market and customers, understand the essence of their needs, and leads us to grow together are key in achieving sustainable growth in the packaging market.	6
Manufacturing and development	Directors with experience promoting various innovations, solid knowledge in the fields of technology, quality, and the environment, and respective experience in strategic planning are required to develop and bring to market eco-friendly products to realize a circular society.	3
Global Business	Directors with business management experience overseas and ample knowledge and experience regarding things like business conditions, lifestyles, and culture overseas to respond to local needs are required to accelerate global expansion and strengthen profitability.	5
Human Resource Development	A human resource strategy capable of maximizing the potential of every employee as they adapt to change and grow is needed to achieve sustainable growth. Directors with solid knowledge in the field of human resource development, including promoting diversity, and respective experience in strategic planning are required.	6
Financial Strategy	Directors with solid knowledge in the fields of finance and accounting and respective experience in strategic planning are required to build a strong financial base, promote growth investments (including M&A) targeting sustainable enhancement of corporate value improvement, and strengthen shareholder returns.	5
Compliance, governance, and risk management	Establishment of an appropriate governance system is the foundation for sustainable enhancement of corporate value needed by society. Directors with solid knowledge in the fields of corporate governance, risk management, compliance, and respective experience in strategic planning are also required to enhance the effectiveness of management supervision by the Board of Directors.	6
Digital transformation (DX) promotion	Directors capable of driving change utilizing data and digital technology are needed to create exciting new value and maintain and strengthen competitiveness in the market.	2

Name	Outline of expectations	Expected skills & experience
Hiroumi Shioji	Has broad insight in general corporate legal affairs gained through office management and his work as an attorney-at-law providing useful suggestions and opinions regarding the Company's overall management. He also has experience as an outside director (member of an audit and supervisory committee) at another publicly listed company. We expect that he will provide appropriate advice on the Company's overall management and contribute to the strengthening of corporate governance from an independent standpoint.	<ul style="list-style-type: none">●Corporate management●Sustainability and environmental management●Human resource development●Compliance, governance, and risk management
Tatsundo Maki	Has broad insight and experience in accounting, finance, and taxation gained as a certified public accountant. We expect he will provide appropriate advice regarding the Company's overall management from an independent standpoint based on his expert perspective and contribute to strengthening corporate governance.	<ul style="list-style-type: none">●Corporate management●Global business●Financial strategy●Compliance, governance, and risk management
Yuichi Seki	Has broad insight as a supervisor of safety, disaster preparedness and manufacturing primarily in the fields of manufacturing and development, as well as experience as the manager of a publicly listed company. We expect he will provide appropriate advice regarding the Company's overall management from an independent standpoint and contribute to strengthening corporate governance.	<ul style="list-style-type: none">●Corporate management●Manufacturing and development●Human resource development●Compliance, governance, and risk management
Shigeko Okazaki	Has abundant experience and broad insight in management overall, including management strategies, as the manager of the Group in working to effectively strengthen the decision-making and supervisory capabilities of the Board of Directors. As the director of the company, we expect she will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value.	<ul style="list-style-type: none">●Corporate management●Marketing●Human resource development●Promotion of digital transformation (DX)
Yoichi Okazaki	Has experience in formulating the Company's medium-term management strategy and promoting new business development, in addition to enhancing the Company's corporate value by promoting innovation as manager of global machinery business. We expect that he will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value based on his experience and achievements.	<ul style="list-style-type: none">●Corporate management●Sustainability and environmental management●Manufacturing and development●Global business
Akikazu Yada	Has experience as the manager of one of the Group's overseas regions, as well as abundant insight in marketing and is committed to contribute to the enhancement of the Company's corporate value. We expect that he will appropriately supervise overall Group management and contribute to sustainable growth and enhancement of corporate value based on his experience and achievements.	<ul style="list-style-type: none">●Corporate management●Marketing●Financial strategy●Promotion of digital transformation (DX)

Messages from Outside Directors



Hiroumi Shioji
Outside Director
(nine years in office)

Aiming for governance that leads to happiness for workers

Governance is a very broad concept and a difficult topic to discuss succinctly, but I believe what is extremely important is to discuss it from a wide variety of perspectives. Fortunately, the Fuji Seal Group's Board of Directors is made up of members with a variety of backgrounds, including us outside directors, so it's an atmosphere where it's easy to voice your opinions. However, I have the impression that people inside the company slightly less often share their views, so I believe that the meetings would become even more lively if they speak up more actively. I also hope that by adding more members with different backgrounds and experiences, the Board will become even more diverse.

I often talk about people-centered management, and I hope that the Fuji Seal Group will become an organization that values people, making employees feel satisfied with their being employees of the Group. In recent years, the Fuji Seal Group has been promoting Diversity, Equity & Inclusion (DE&I) initiatives. I hope that FSG will continue to strive to create a workplace where people can feel motivated and an open culture where discussions can be held freely and frankly and to aim for governance that leads to the well-being of each individual. I will do my best to play a part in achieving this.

Turning the financial indicators in the new management plan into “living” indicators

Throughout its history, the Fuji Seal Group's finances have been extremely solid, characterized by high equity capital and low debt. While this is healthy from a fundraising perspective, some argue that it is not the optimal capital structure and that the Group should invest more aggressively by procuring borrowings. As we have had a series of investor relations (IR) and shareholder relations (SR) interviews, our stock price is beginning to recover, but I think it is extremely important for us to continue to provide detailed explanations to people outside the company about the goals for which the balance sheet is intended, including shareholder returns.

The Fuji Seal Group conducts business globally, including in Japan, the Americas, Europe, and the ASEAN region. It is extremely difficult for the Group to optimize financial operations with different currencies and geopolitical risks. Therefore, to obtain and share information in a timely manner, the Group has appointed not only a CFO (Chief Financial Officer) for the entire Group but also CFOs for the respective regions. I believe it will become increasingly important for them to fulfill their expected roles. Portfolio management has also evolved over the past year, and I hope that the indicators set out in FSG.30, the Group's new management plan, will become “living” indicators.



Tatsundo Maki
Outside Director
(seven years in office)



Yuichi Seki
Outside Director
(five years in office)

Fostering Waku-Waku (excitement) through serious commitment to innovation

One of the growth strategies in FSG.30, the new management plan, is creating new business models that will lead to the next generation. To achieve this, technological development and innovation are essential. It is generally said that only 1% or less of companies succeed in this, but the Fuji Seal Group is boldly taking on this difficult challenge in view of future growth. What's important then is that everyone involved in the company's management clearly communicates their firm determination to all employees. And I also believe that it is important to make Group-wide efforts to foster an atmosphere where employees can take on new challenges with Waku-Waku. In addition, it takes time for new businesses to produce results, making it difficult for employees to feel a sense of accomplishment. Therefore, I believe it is also necessary to adopt a personnel evaluation system that differs from that used for existing businesses, such as setting milestones for each fiscal year.

The Fuji Seal Group has also focused on developing environmentally friendly products. This is both a requirement of society and a business opportunity. I hope that employees work with a stronger sense of ownership and greater initiative in their workplaces so that they can offer the world impactful proposals that only the Fuji Seal Group can do.

Risk Management

The Fuji Seal Group (FSG) has established the "Group Risk Management Rule" to define basic policy and management systems to respond to risks entailed by business operations. This rule is intended to guide the Group to make its management sounder, more stable, and more efficient, thereby enhancing both the interests of shareholders and the Group's social credibility.

At usual times, we use risk maps to share risk awareness and constantly consider responses to these risks (avoidance, transfer, reduction, acceptance, etc.) and implement action plans.

In addition, in the event of a problem (emergency), "Group Risk Management Headquarters" will be established at the regional and Group levels as necessary to ensure a swift and appropriate response across the Group.

Emergency contact network

FSG has established a Group-wide emergency contact network to ensure that in the unlikely event of a risk event or

incident, it is reported to management as quickly as possible depending on the impact and importance of the risk.

Previously, we used email and telephones as communication tools, but in FY2023, we began using a business chat tool. This tool has enabled us to quickly share information and risk awareness and to respond and give instructions quickly, no matter which Group company faces an incident, whether in Japan or overseas, and regardless of where the management team members are.

Risk maps

FSG's basic framework for risk management requires that potential risks be periodically identified and located on (regional and Group-wide) risk maps according to their level of impact on management and likelihood of realization and that systems be established to address those risks, based on the risk maps.

VOICE

Voice of the Executive Officer in Charge of Risk Management

Optimizing risk management = Utilizing insurance functions

Under the leadership of the head office, our Group has striven to establish a risk management system and constantly improve our risk management capabilities in usual times and to improve our capabilities for response and recovery in case of an emergency. We have also utilized global group insurance (global insurance) as a measure to reduce and transfer risks.

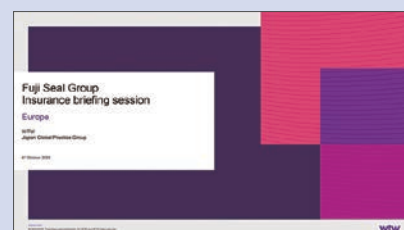
FSG has long received support from Willis Towers Watson (WTW), a leading global insurance broker, for risk advice and associated global insurance arrangements, with the aim of providing optimal risk management and structuring global insurance for the company. When renewing the Group's insurance, we utilize risk surveys conducted by insurance companies while receiving specialized and accurate advice from WTW, which allows us to promote and improve disaster prevention measures for our factory facilities while also reducing the amount of insurance premiums we pay (optimizing the total cost of risk [TCOR]). In 2023, WTW also held global insurance briefings in Europe and the ASEAN region. These events provided a good opportunity for each region's executives and management to review the contents of the insurance program and its coverage, as well as to reconsider efforts to minimize risks and rationalize insurance premiums.



Fumiaki Takahashi
Executive Officer
in Charge of Legal Affairs and
Risk Management



Cover of the Renewal Report



Slide used at an insurance briefing

Compliance

We have established the Fuji Seal Group (FSG) Code of Ethics, and we distribute Compliance Cards to all Group executives and employees for educational purposes. In FY2023 in particular, we created a digest video of the contents of the FSG Code of Ethics in 11 languages used in the areas where our Group companies operate, with the aim of increasing the efficiency and effectiveness of our global awareness-raising activities. Through these efforts, we have not only complied with laws and internal regulations but have also defined Guidelines for Action in line with corporate ethics.

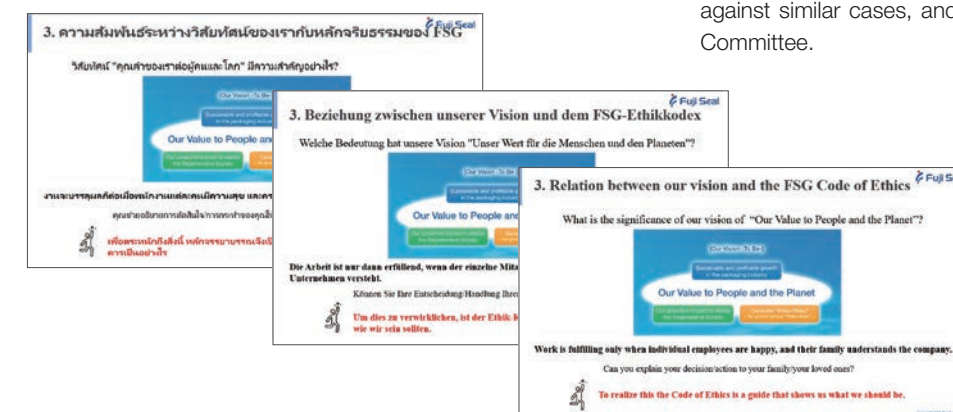
In addition, the Group Compliance Committee holds periodical meetings to determine topics concerning compliance and initiatives, and also implements awareness-raising activities, planning and reports compliance-related plans to the Board of Directors. The Group officers are signatories to the Compliance Declaration.

To spread the values aimed at in the FSG Code of Ethics

The activities we have conducted thus far for compliance promotion and awareness-raising intended for employees include holding training sessions and seminars, distributing Compliance Cards, hosting such events as Family Festivals and company anniversary celebrations, displaying awareness-raising posters at workplaces, and publishing articles that explain about compliance in our in-house newsletter.

At the Family Festival, which resumed after the COVID-19 pandemic had come to an end, top management themselves remind employees of the sentence written on the Compliance Card: "Can you explain that judgment (action) of yours to your family (loved ones)?" This phrase means that the Company believes it is important to continue a style of open management that can be explained to one's family and supported by one's family.

In addition to such on-site training, we also use e-learning and other tools to provide Group employees with the opportunity to consider such questions as "Why does the FSG Code of Ethics exist?" and "What are the values that we should cherish as members of FSG?" By doing so, we aim to raise and spread awareness of FSG's Mission Statement and Vision and corporate ethics throughout the Group.



Slide about the digest version (video with sound) of the FSG Code of Ethics, created in 11 languages: Japanese, English, Thai, Vietnamese, Indonesian, French, Spanish, German, Italian, Polish, and Dutch.

Consultation Hotline

To detect injustices, such as human rights infringements and harassment, as well as bribery and other compliance-related problems as early as possible and respond appropriately and promptly to them, we have in place a Consultation Hotline (whistleblowing system), which allows employees to report suspected cases directly to their company. Under this system, consultation requests and reports are accepted not only by the relevant in-house departments (including the Group Internal Audit Office) but also by external law offices and specialist companies.

The Consultation Hotline operates while ensuring complete confidentiality and preventing any disadvantageous treatment of whistleblowers. The system can be used anonymously. The status of acceptance of whistleblowing reports is regularly reported to the Group Compliance Committee, the Board of Directors, and the Audit Committee to improve Group compliance and risk management.

Group-wide compliance management system

Fuji Seal International (FSI) has in place the Group Compliance Committee to promote and support compliance management throughout the Group.

The Group Compliance Committee submits reports and deliberation requests on important issues related to compliance to the Board of Directors. The duties under the responsibility of this committee include devising and deciding on organizations and systems related to compliance; deliberating on the revision and abolishment of provisions in the FSG Code of Ethics; developing and finalizing compliance-related action plans for FSG as a whole; and monitoring the implementation of those action plans. Specifically, the committee adopts a "Group Compliance Slogan" and deliberates on and determines annual topics and initiatives, while monitoring compliance-related issues.

In addition, each region has its own Compliance Committee, which devises and implements regional compliance promotion measures, monitors progress in those measures, provides employees with compliance-related education and information, responds to requests for consultation on compliance violations and consultation requests and reports submitted to contacts for whistleblowing, devises and implements preventive measures against similar cases, and reports to the Group Compliance Committee.

Activities of the Group Sustainability Committee

Enhancement of sustainability management

The Fuji Seal Group (FSG) cherishes the vision “Our Value to People and the Planet,” aiming to enable “Our proactive impact to realize the Regenerative Society.” The Group has also defined its mission as follows: “Fuji Seal will impact to realize the Circular Society that brings peace and happiness to all through packaging.”

To achieve these ideals of ours, we constantly review our sustainability management system.

Organizational structure and roles of the Group Sustainability Committee

In December 2020, we established the Group Sustainability Committee to promote and support sustainability management in the Group. The Group Sustainability Committee, chaired by the President (CEO), comprises all executive officers and has the FSI Sustainability Subcommittee as its subordinate organization. Furthermore, in each region, we have in place a Regional Sustainability Committee chaired by the executive officer in charge of the region to ensure that a regional system is built to apply and enact the Group’s sustainability policy and that regional sustainability measures are implemented appropriately.

〈 Board of Directors 〉

Receives requests for deliberation and reports from the Group Sustainability Committee, determines policies and regulations related to sustainability management for the entire Group, sets goals, determines promotion plans and systems, and monitors and supervises the status of relevant activities.

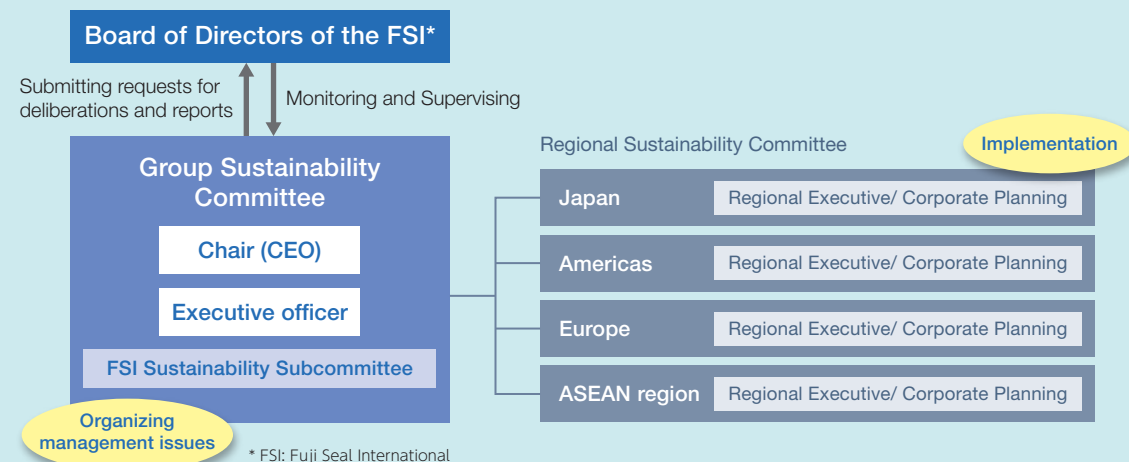
〈 Group Sustainability Committee 〉

Serves as the hub for the promotion of FSG’s sustainability management by considering and formulating basic policies, including reviewing materiality items, submitting proposals and reports to the Board of Directors on action plans, their results, and other sustainability-related matters, and managing and monitoring the progress of sustainability management.

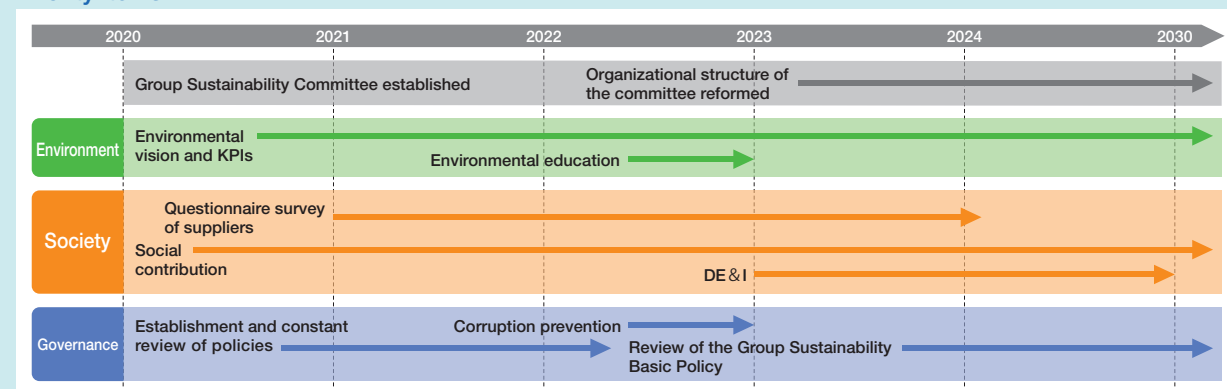
〈 FSI Sustainability Subcommittee 〉

Drafts basic policies, proposes them to the Group Sustainability Committee, manages and monitors the progress of measures and regional KPIs, and implements CO₂ reduction and other policies in order to support the deliberations and activities of the Group Sustainability Committee.

Chart of the organizational structure of the Group Sustainability Committee



Priority items



ESG

FY2023 External Evaluation

Various external organizations have highly rated us as a company that promotes initiatives to help realize a sustainable society. We are actively committed to obtaining such external ratings as indicators of the outcomes of the activities of the Group Sustainability Committee.

■ EcoVadis

EcoVadis is Third-party organization which provides holistic sustainability ratings service of companies via a global cloud-based SaaS platform.

The EcoVadis Rating covers a broad range of non-financial management systems including Environmental, Labor & Human Rights, Ethics and Sustainable Procurement impacts. Each company is rated on the material issues as they pertain to their company’s size, location and industry.

Winning the gold medal in FY2023, for the second consecutive year
(Gold medal winners account for only the top 5% of more than 100,000 companies in 175 countries around the world.)



■ Sedex

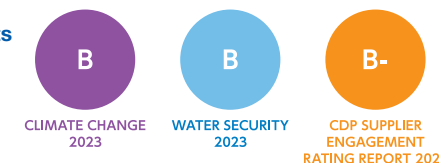
Sedex is a platform for sharing data on various social responsibilities in supply chains, such as responsibilities concerning working conditions, human rights, the environment, and business ethics. On this platform, information is disclosed to our customers in Japan and abroad about each of our factories, based on their reports.



■ CDP

CDP is a not-for-profit organization established in the UK in 2000 that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP’s global disclosure system is renowned for presenting highly influential data, which are used by major purchasing companies.

CDP 2023 assessment results



■ FTSE Blossom Japan Index

FSG has been selected since FY2021.

■ MSCI Japan Empowering Women Index (WIN)

FSG has been selected since FY2019

■ S&P/JPX Carbon Efficient Index

2nd Decile Classification

■ SOMPO Sustainability Index

FSG has been selected since FY2021



FTSE Blossom Japan

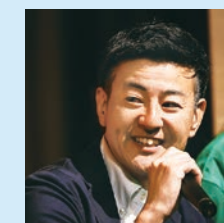


Sompo Sustainability Index

TOPICS

EcoVadis World Tour Japan '23

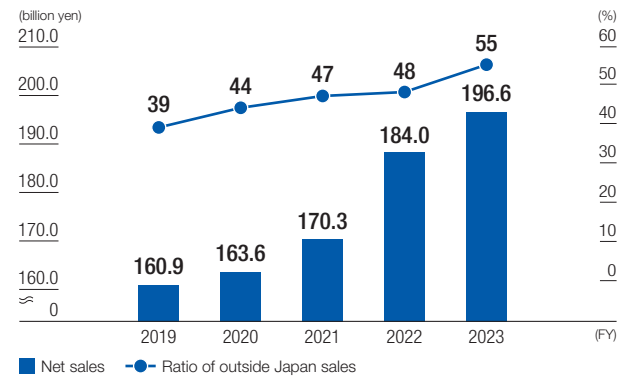
In full recognition of the Fuji Seal Group’s efforts, EcoVadis World Tour Japan ’23, held in Shibuya, Tokyo, on October 27, 2023, selected the Group from among many companies to speak at the event. Representing the Group, Secretary General Suto of the Group Sustainability Committee took the stage as a panelist. Buyers, suppliers, and research institutes from a variety of industries attended the event, held at an environmentally designed hotel. The session provided us with the opportunity to widely share awareness of our environmental efforts.



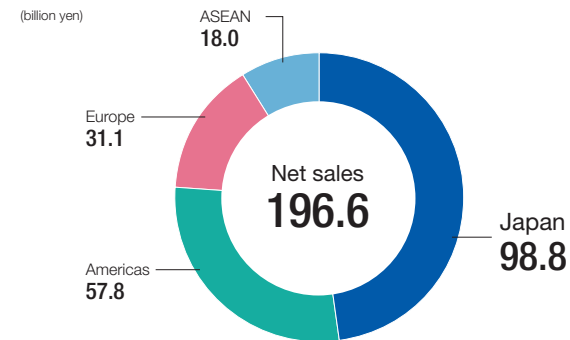
Akiyuki Suto
FSI Machinery Division
Head of the Group Sustainability Committee Secretariat

Financial Highlights

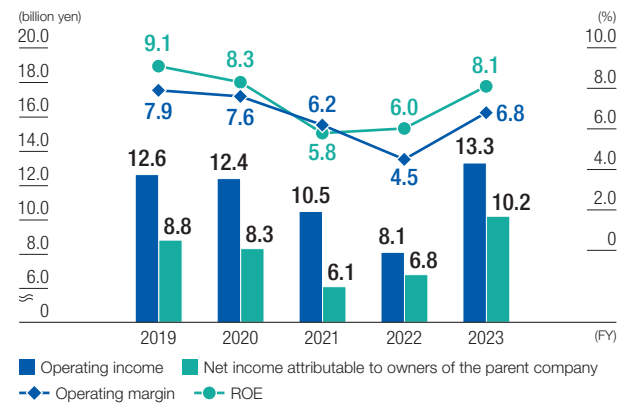
Net sales / Ratio of outside Japan sales



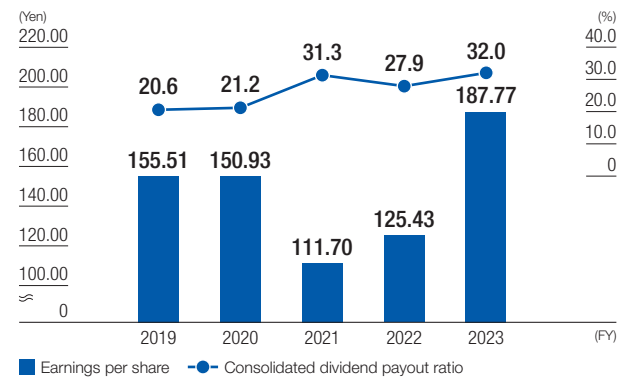
Net sales by Segment (FY2023)



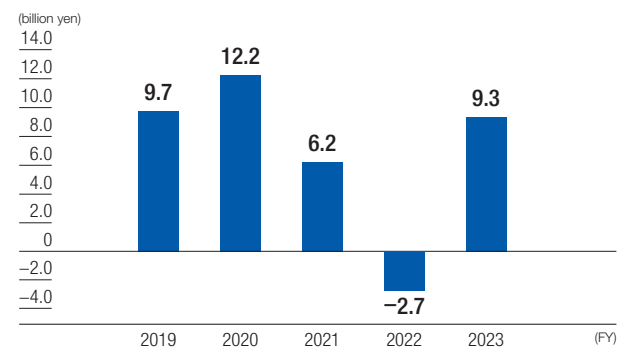
Operating income / Net income attributable to owners of the parent company/ Operating margin / ROE



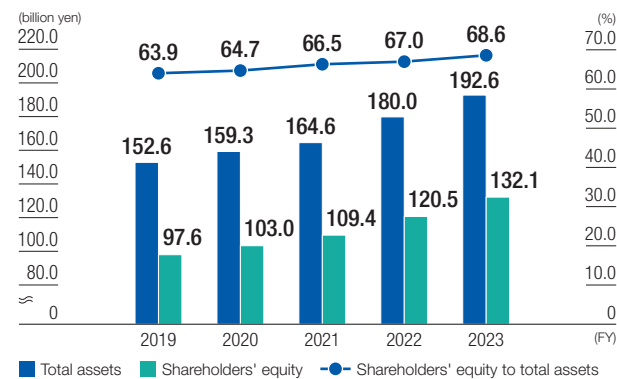
Earnings per share / Consolidated dividend payout ratio



Free cash flow

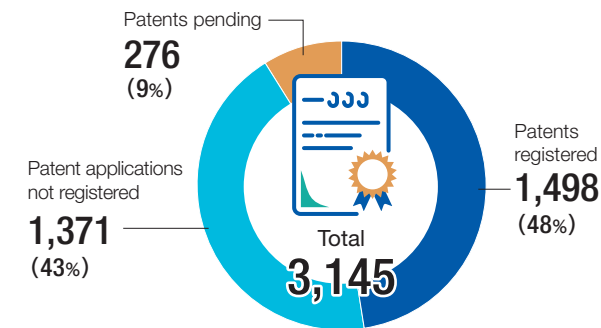


Total assets / Shareholders' equity/ Shareholders' equity to total assets



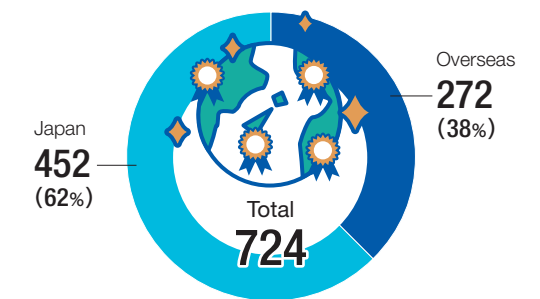
Non-financial Highlights

No. of patents applied for (from 1973 to March 31, 2024)

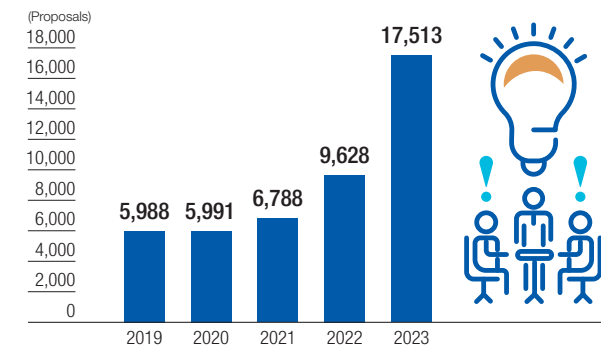


* Limited to patent applications from within Japan

No. of patents held (in Japan / Overseas) (as of March 31, 2024)

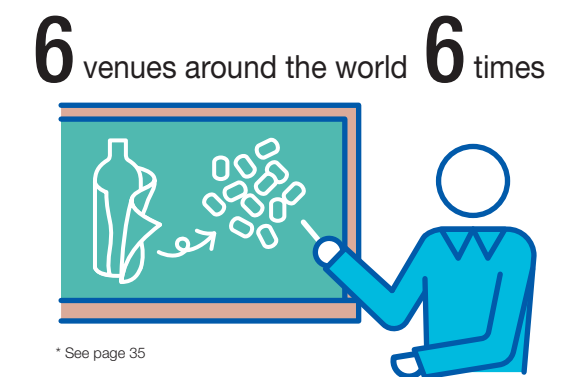


No. of proposals submitted in the Idea Bank Program*



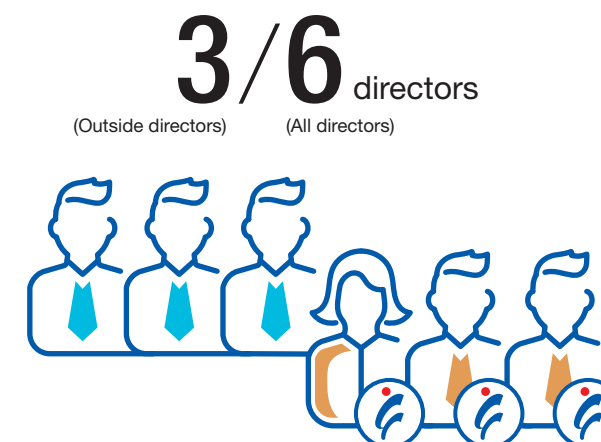
* See page 21-22.

Implementation of a sustainability workshops (visiting lectures)



* See page 35

Outside directors (elected at the General Meeting of Shareholders on June 20, 2024)



Business deployment areas (as of March 31, 2024)



Aiming to achieve the targets set in FSG.30, our new management plan, by making prompt investments essential for growth

Director,
Executive Officer in Charge of Finance, CFO
Akikazu Yada

矢田 彰一



Looking back on FY2023

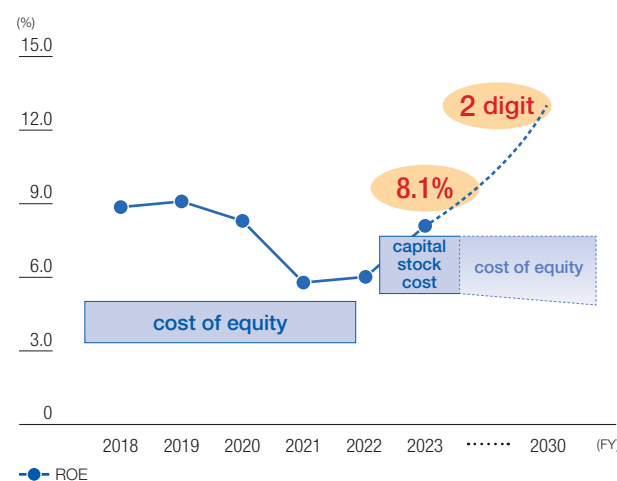
We initially anticipated a recovery in demand by FY2023. However, the reality was different: global inflation rose, weakening consumer demand and putting our industry in a challenging position. While material costs decreased in Europe and the Americas, they continued to rise in Japan. Additionally, rising interest rates in Europe and the Americas further impacted our business. Navigating the Group through these challenges required difficult decisions on securing funds and reducing interest expenses. It was an ever-changing particularly challenging financial situation.

Recovery in the Operating Profit Margin and Return on Equity (ROE)

For FY2023, we achieved an operating profit margin of 6.8%, exceeding 4.5% in FY2022 and 6.2% in FY2021. Return on equity (ROE) was 6.0% in FY2022 and 5.8% in FY2021, and it recovered to 8.1% in FY2023. We hope to ensure that ROE will reach 9.1%, the peak it hit in FY2019, as soon as possible. Moreover, cash flows from operating activities reached an all-time high, and free cash flows turned from negative to positive. The equity ratio remains healthy at 68.6%.

These results are primarily due to the recovery of our core business worldwide. However, in FY2023, we established specific regional reduction targets and implemented improvement measures for all components of the cash conversion cycle (CCC)—purchasing, inventory management, and accounts receivable. We were deeply committed to achieving these goals, and we believe this commitment significantly impacted our business results.

ROE and cost of equity



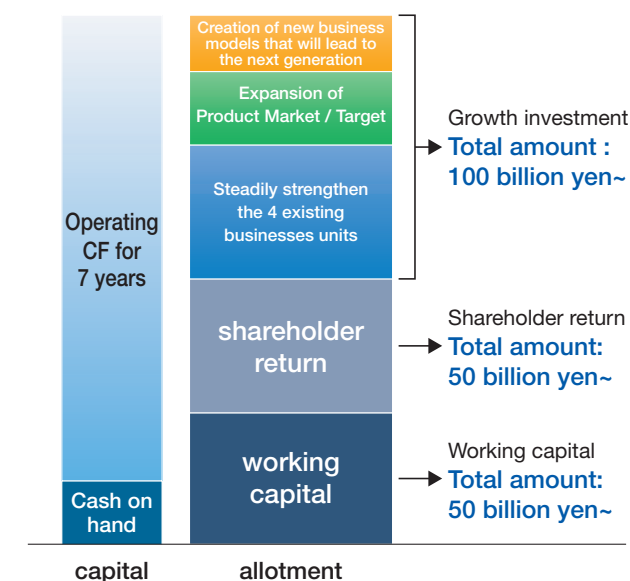
FSG.30, a new management plan that outlines the strategic direction FSG aims to pursue

In FY2023, we increased our opportunities to have dialogues with investors, receiving valuable feedback from a wide range of stakeholders both in Japan and overseas. We are truly grateful to them for taking the time out of their busy schedules to meet with us. Many investors expressed a desire for FSG to more clearly communicate its strengths, business foundation, and growth strategies, which had not been effectively conveyed. In response, in FY2024, we will strive to articulate more clearly our direction, the challenges we face, and the areas we will enhance, ensuring our aspirations are better understood.

The new management plan FSG.30, shows the direction that FSG should take in capital allocation for FY2024 to FY2030. In order to make the most effective use of these resources, as a first step, the plan envisions that FSG will use the sum of deposits on hand as of the end of FY2023 and cash flows from operating activities over the past seven years as funds. Toward the most effective use of these resources, we have decided to invest 100 billion yen or more in pursuit of the three strategies of creating new business models that will lead to the next generation, expanding product markets/targets, and steadily strengthening the four existing business units.

This was our initial attempt at disclosing capital allocation, but investors have shown their interest in it and have been engaged in lively dialogue with us. We also believe that our attempt to show the targets to FSG employees has enabled us to clarify the direction the Group should take.

FSG.30 Capital Allocation (FY2024 - FY2030)



Revisions to our dividend policy and cost of equity

Our former financial policies were somewhat conservative in terms of growth investments and shareholder returns while placing us on a solid financial footing. To achieve the KPI targets set toward the accomplishment of FSG.30, we will adopt a completely new financial approach and shift to active growth investments and shareholder returns.

We recognize that we need to further increase our corporate value in the future and that we are now at a turning point in our policy. Therefore, we revised our dividend policy in the second half of FY2023. The revisions are as follows: 1) we will invest in sustainable growth (technology development, human resource development, capital investment, M & A); 2) we will aim to achieve a target consolidated dividend payout ratio of 30%, in principle, and to steadily and constantly increase dividends per share while taking into comprehensive consideration the level of our Dividend on equity (DOE), changes in the business environment, etc.; and 3) we will build a stable financial foundation in preparation for emergencies and flexibly acquire and dispose of treasury stock. Compared to our previous policies, these revised policies are more aggressive and clearer, especially regarding shareholder returns.

We also reviewed our cost of equity. Previously, we had calculated the cost of equity capital by closely following our own capital asset pricing model (CAPM) of calculation and had estimated it to be around 5%. However, we realized that investors might expect to receive more returns than anticipated and that it would be more appropriate to consider multiple indicators, rather than limiting ourselves to one, in our use of the CAPM. After taking into consideration the opinions of securities companies, analysts, and investors, we have recently revised the figure for our cost of equity capital to 6–8%.

As a result of this review of the weighted average cost of capital (WACC), which provides the basis for calculating the cost of equity capital, has also increased by 1 to 3 points. Consequently, the hurdle rates have also increased by 1 to 3 points compared to the previous level. This means that some projects will not be approved as investment targets under the revised guidelines even if they would have been previously. In other words, as a result of the increase in the hurdle rates, larger investment projects planned toward the accomplishment of FSG.30 will be required to achieve higher profit margins. It can be said that we now have a mechanism in place to automatically improve ROE.

Three initiatives to achieve ROE targets

FSG.30 sets an ambitious target of achieving a double-digit ROE that sufficiently exceeds the cost of equity. The most recent ROE is 8.1%, so we believe we can achieve this by 2030. However, it is still a challenging target and one that cannot be achieved by following the same old path. Therefore, the finance department has devised three specific initiatives: 1) expanding future profits, 2) improving capital efficiency, and 3) pursuing an optimal capital structure.

Expanding future profits, initiative (1), is concerned with the abovementioned capital allocation envisioned in FSG.30, which is an effort to increase both future profits and profit margins by optimizing resource allocation and expanding growth through active investment.

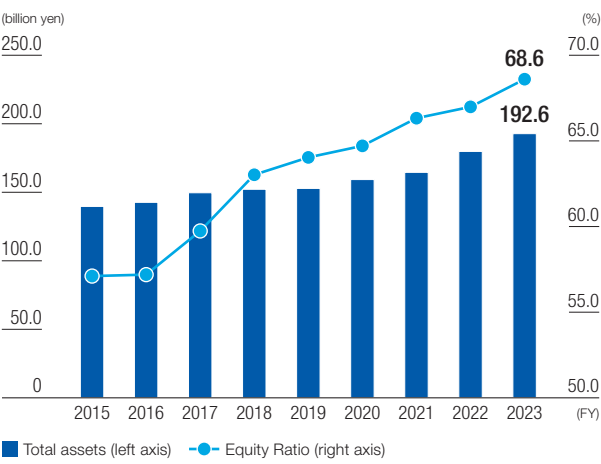
Improving capital efficiency, initiative (2), will mainly involve reviewing our business portfolio. By reducing unprofitable businesses and assets, we will ultimately improve capital efficiency. Needless to say, we had been reviewing our business portfolio before, but due to a decline in profitability triggered by rising raw material prices during the COVID-19 pandemic, unprofitable businesses peaked in 2022, so we went back to the basics and rebuilt our framework. Unprofitable businesses are now placed in a performance review box, separately placed and managed from other businesses. The head of each of those businesses develops a business plan to achieve a recovery in performance. As a first stage, the Board of Directors will determine the rationality of that business plan and whether or not that business should be continued. We have established a system in which, even if the Board of Directors determines that an unprofitable business should be continued, it will remain within the performance

review box during the period of the business plan, and the Board of Directors will periodically monitor the progress of the plan. If there are any significant deviations from the business plan, a second-stage decision will be made on whether or not the business should be continued. In FY2023, we used this framework and compensated for the deterioration in profit margins due to rising raw material costs with price revisions, thereby significantly reducing unprofitable businesses. In FY2024, we will continue to strictly apply this framework to remaining unprofitable businesses, aiming to further reduce the number of unprofitable businesses.

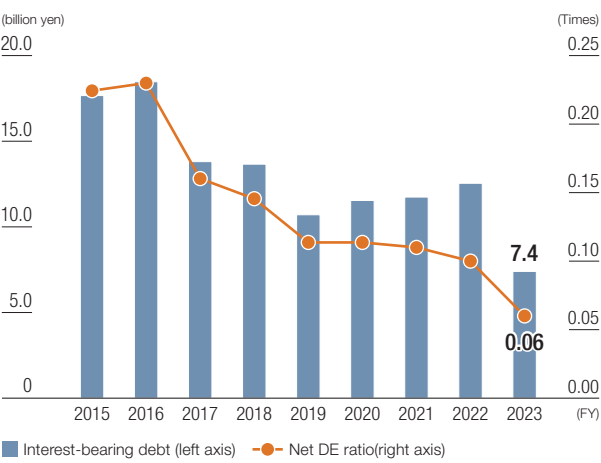
Initiatives (1) and (2) above focus on improving net income, which is the numerator in the ROE formula, while initiative (3), pursuing an optimal capital structure, is an initiative focused on reducing equity capital, which is the denominator in ROE. As shown in the graph on the next page, the equity ratio has been rising each year due to the accumulation of net income, while the net debt-to-equity ratio has been declining. This means that equity capital, which is the denominator of ROE, is swelling, and no matter how much profitability is improved, an increase in ROE will be limited. Therefore, as a measure to reduce equity capital, we have revised our dividend policy as mentioned above to pay dividends more actively. In addition, as envisioned in FSG.30, we will flexibly acquire treasury stock with an eye to the future to further reduce equity capital. In this way, we will address both the numerator and denominator and accelerate the improvement of ROE.

By rigorously and steadily implementing the above initiatives (1) to (3) through 2030 under the leadership of the finance department, we will ensure the realization of a double-digit ROE.

Total Assets/Equity Ratio



Interest-bearing debt/net DE ratio



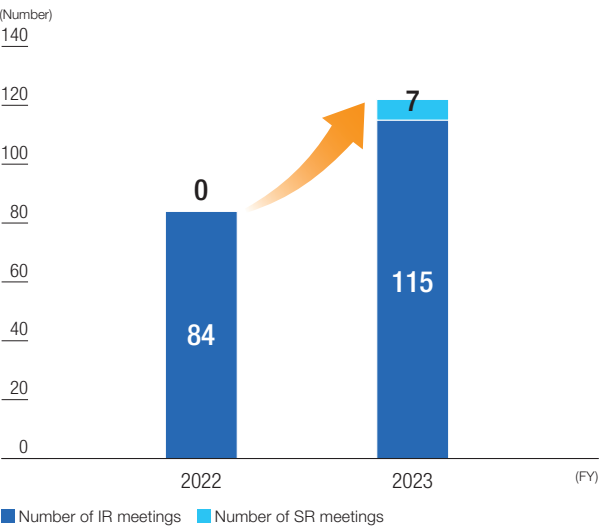
Deepening shareholders' understanding through detailed dialogue

The stock price, which had been sluggish in the first half of FY2023, recovered after the Company was able to revise its earnings forecast upward in the third quarter. However, it is still not at a satisfactory level for our shareholders and investors. We aim to achieve a further increase in our share price by achieving a further recovery in our business performance, clearly explaining and executing our growth strategies while at the same time steadily and constantly increasing dividends. As of June, the price-to-book ratio (PBR) was just under 1, recovering slightly as the stock price has recovered. However, given that it was 2.0 in the past, meeting the expectations of our shareholders naturally requires us to achieve the target of 1.5 or more set in FSG.30. We believe that the key to achieving this is to clarify our equity story, that is, our strategies for recovery and growth.

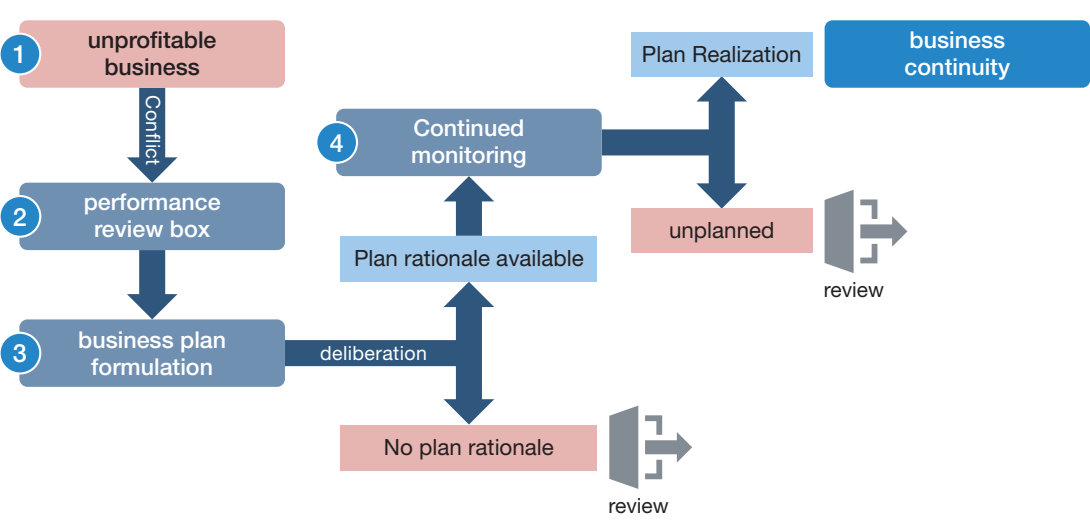


We hold approximately 80 investor relations (IR) interviews per year to discuss our performance and growth strategies. In FY2023, we added to them shareholder relations (SR) interviews to discuss sustainability and other issues, ending up with more than 100 interviews in total. In FY2024, we will continue to proactively hold IR and SR interviews to provide our shareholders and investors with detailed explanations of our medium- to long-term sustainability initiatives, as well as our corporate governance and efforts to increase corporate value. Through this kind of detailed dialogue, we hope to deepen their understanding of the Fuji Seal Group and to listen carefully to their requests.

Number of IR/SR meetings



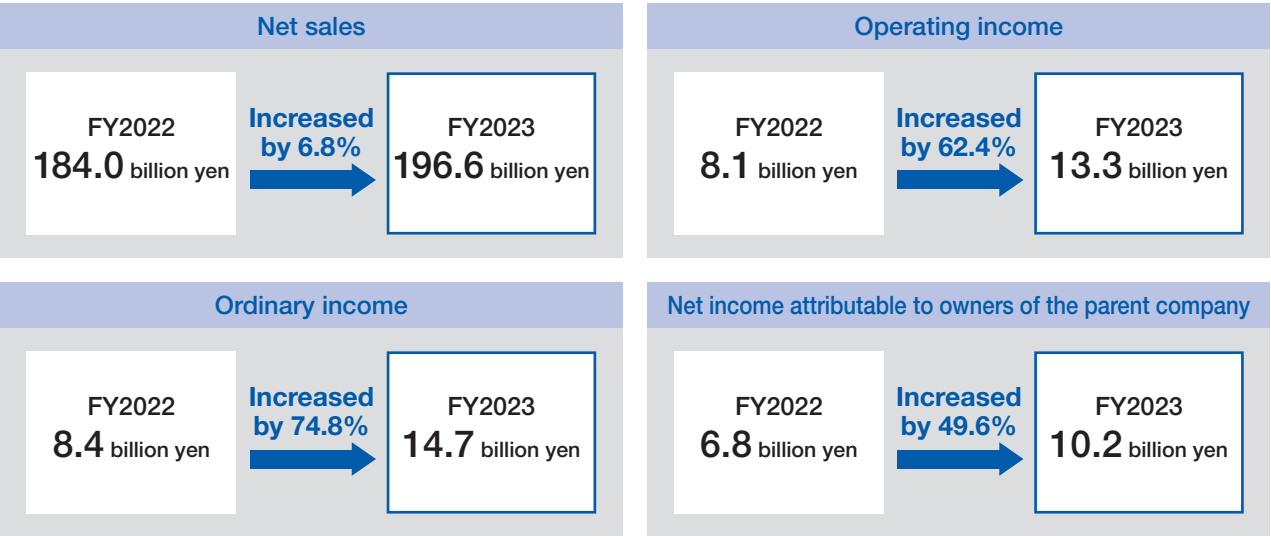
Business Portfolio Review Framework



Consolidated Results (Profit/Loss) for FY2023

In the fiscal year 2023, amid continued instability of the international situation, the business environment surrounding FSG remained severe mainly due to low personal consumption caused by high prices and concern about a slowdown in the global economy, despite signs of improvements in corporate earnings and employment. Even in such a situation, our sustained efforts in price revisions, structural reforms, productivity improvement measures,

business portfolio transformation, etc. contributed to net sales of 196,624 million yen for the fiscal year, an increase of 6.8% year on year. Operating income was 13,309 million yen (an increase of 62.4% year on year), ordinary income was 14,732 million yen (an increase of 74.8% year on year), and net income attributable to owners of the parent was 10,277 million yen (an increase of 49.6% year on year), resulting in increases in all profit levels.



Cash Flows

Cash and cash equivalents at the end of FY2023 were 22,788 million yen, increase of 5,440 million yen from the end of FY2022. The main details are as follows:

Cash flows		
(Unit: million yen)		
	End of FY2023	
Total of cash and deposits at the beginning of the fiscal year	17,347	
Cash flows from operating activities	19,930	Income before income taxes: +13,862; Depreciation breakdown: +8,366; increase in notes and accounts payable: +434; notes and accounts receivable: -4,314; inventories: +1,571; income taxes paid: -2,289
Cash flows from investing activities	△ 10,568	Purchase of tangible fixed assets: -6,074
Cash flows from financing activities	△ 4,338	Debts:-3,402; cash dividends paid: -1,917
Effect of exchange rate changes on cash and cash equivalents	415	
Total cash and cash equivalents at the end of year	22,788	
Free cash flows	9,362	

Management Indicator Targets

New management plan: FSG.30

The Fuji Seal Group completed its previous medium-term management plan in the fiscal year ended March 2024. Anticipating rapid changes in customers, markets, and social conditions in the future, we will make appropriate decisions in response to such changes and continue to grow without sticking to our past success. To achieve this, we have formulated FSG.30 = Fuji Seal Sustainable Growth 2030 for the seven-year period up to 2030, positioned as a turning point. Under FSG.30, we aim to achieve consolidated management targets set for the fiscal year ending March 2031: net sales of 350 billion yen or more and an operating profit margin of a double-digit percentage.

To tackle this challenge, the Group will continue to grow by utilizing its “Ability to respond exibly and agilely with a local manufacturing and sales development system to meet the diverse packaging needs of customers who are leading the

global market, and to deploy the technologies and experience cultivated in other regions”, and it’s “Ability to respond to and verify market demands and to provide QCD through the possession of integrated technology covering materials technology, production, customer applications, and after-sales service, and “Strong relationships with innovative global customers cultivated through the above.”

Overview of FSG.30

FSG.30 was formulated to realize the future vision of the Group. We will accelerate our global efforts to implement three business strategies for sustainable growth by utilizing our strengths—“Valued customers”, “Global presence”, and “Production”—as well as the business foundation we have built thus far—comprising “Financial affairs”, “Human capital”, “Governance”, “Intellectual Property (IP) strategy”, and the “Environment”.

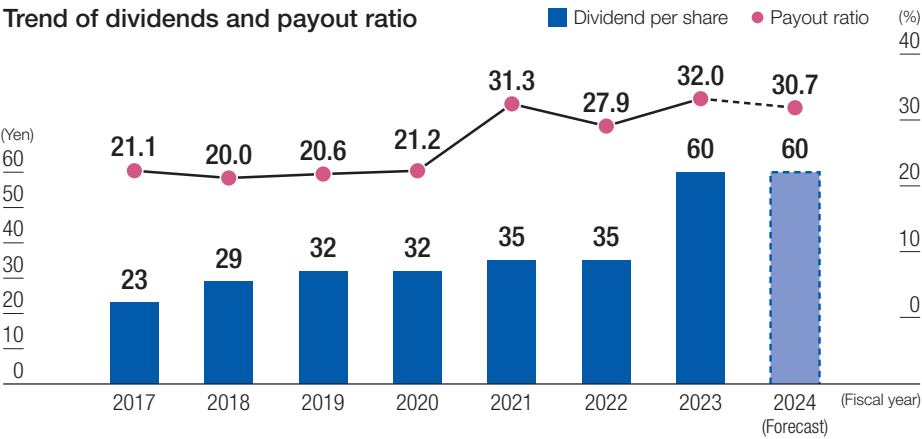
Dividends

By providing packaging, we aim to contribute to realization of a recycling-oriented, sustainable society where all people can live with smiles and peace of mind, thereby increasing our corporate value. We recognize that our most important management challenge is to constantly and stably provide shareholders with return on investment in accordance with our consolidated business performance for each fiscal year. For these reasons, we have adopted the following approaches to dividend payment:

- Investing in continuous growth (technology development, human resource development, capital investment, and M & A)
- Aiming to achieve a consolidated dividend payout ratio of 30%, in principle, and to stably and continuously increase the amount of dividend per share in comprehensive consideration of the DOE level, changes in the business environment, and other factors.
- Building a stable financial foundation in preparation for emergencies and acquiring and disposing of treasury stock in an agile manner.

Even in such a situation, our sustained efforts in price revisions, structural reforms, productivity improvement measures, business portfolio transformation, etc. contributed to net profit vastly exceeding the forecast value announced on May 11, 2023. For the fiscal year ended March 2024, we provided a year-end dividend of 43 yen per share, taking into consideration our approaches to profit distribution and our business performance for that fiscal year. As a result, the total amount of the annual dividend for the fiscal year ended March 2024, including the interim dividend (17 yen per share) was decided to be 60 yen per share, with a consolidated payout ratio of 32.0%. For the fiscal year ending March 2025, we are planning to provide an annual dividend of 60 yen per share based on the abovementioned basic policies. With this amount of annual dividend, the projected consolidated dividend payout ratio for the fiscal year ending March 2025 will be 30.7%.

Trend of dividends and payout ratio



Summary of Consolidated Financial Results (1)

Fiscal year	2019	2020	2021	2022	2023
Net sales (million yen)	160,925	163,635	170,321	184,035	196,624
YoY growth (%)	−0.8	1.7	4.1	8.1	6.8
Gross profit (million yen)	31,289	31,298	30,638	29,677	35,855
YoY growth (%)	−1.3	0.0	−2.1	−3.1	20.8
Ratio of gross profit to net sales (%)	19.4	19.1	18.0	16.1	18.2
Operating income (million yen)	12,634	12,428	10,572	8,194	13,309
YoY growth (%)	−2.7	−1.6	−14.9	−22.5	62.4
Operating margin (%)	7.9	7.6	6.2	4.5	6.8
Ordinary income (million yen)	12,901	12,104	10,600	8,426	14,732
YoY growth (%)	2.9	−6.2	−12.4	−20.5	74.8
Ordinary income to net sales (%)	8.0	7.4	6.2	4.6	7.5
Net income (million yen)	8,808	8,375	6,117	6,869	10,277
YoY growth (%)	6.7	−4.9	−27.0	12.3	49.6
Net income to net sales (%)	5.5	5.1	3.6	3.7	5.2
Earnings per share (yen)	155.51	150.93	111.70	125.43	187.77
Shareholders' equity (million yen)	97,639	103,080	109,492	120,571	132,142
Total assets (million yen)	152,694	159,367	164,646	180,004	192,684
Shareholders' equity to total assets (%)	63.9	64.7	66.5	67.0	68.6
Return on equity (ROE) (%)	9.1	8.3	5.8	6.0	8.1
Shareholders' equity per share (yen)	1,757.22	1,869.58	1,999.85	2,201.40	2,435.66
Net sales by Product	(million yen)				
Shrink sleeve labels	90,581	92,671	99,877	112,642	122,697
(Composition ratio)	56.3%	56.6%	58.6%	61.2%	62.4%
Pressure sensitive labels	23,034	21,073	17,398	16,697	16,014
(Composition ratio)	14.3%	12.9%	10.2%	9.1%	8.1%
Other labels	1,199	1,390	—	—	—
(Composition ratio)	0.7%	0.8%	—	—	—
Spouted pouches	18,492	22,906	23,246	25,865	26,443
(Composition ratio)	11.5%	14.0%	13.6%	14.1%	13.4%
Machinery	14,543	12,558	15,949	15,945	18,829
(Composition ratio)	9.0%	7.7%	9.4%	8.7%	9.6%
Contract packaging for pharmaceuticals and others	7,805	8,633	—	—	—
(Composition ratio)	4.9%	5.3%	—	—	—
Other	5,268	4,401	13,849	12,884	12,639
(Composition ratio)	3.3%	2.7%	8.1%	7.0%	6.4%

* From FY2021, "Pharmaceutical and other order-customized packaging" and "Other labels" are included in "Other."

By segment						(Unit: Million-yen)
Net sales by Segment						
Japan	98,707	92,990	92,305	97,135	98,861	
(External customers)	(97,454)	(91,286)	(90,457)	(95,194)	(96,784)	
Americas	34,134	35,899	42,261	50,149	57,882	
(External customers)	(34,075)	(35,888)	(42,254)	(50,111)	(57,873)	
Europe	18,311	18,760	27,658	28,118	31,140	
(External customers)	(15,626)	(14,802)	(23,742)	(24,468)	(26,807)	
PAGO	9,701	8,201	—	—	—	
(External customers)	(9,298)	(7,980)	—	—	—	
ASEAN	4,623	16,145	16,237	17,460	18,089	
(External customers)	(4,470)	(13,678)	(13,866)	(14,261)	(15,159)	
Eliminations	−4,553	−8,361	−8,141	−8,828	−9,350	
Operating income by segment						
Japan	9,482	8,145	7,597	7,623	8,779	
Americas	3,084	3,650	3,539	1,749	3,368	
Europe	186	767	−837	−1,079	801	
PAGO	−265	−494	—	—	—	
ASEAN	205	642	341	94	482	
Eliminations	−58	−282	−68	−193	−122	
* From FY2021, "PAGO" is included in "Europe."						
Foreign exchange rates applied to overseas subsidiaries	USD (yen)	109.03	106.76	109.90	131.62	140.67
	EUR (yen)	122.03	121.88	129.91	138.14	152.11

Summary of Consolidated Financial Results (2)

Fiscal year	2019	2020	2021	2022	2023
(Profitability)					
Return on equity (ROE)	9.1%	8.3%	5.8%	6.0%	8.1%
Return on assets (ROA)	8.5%	7.8%	6.5%	4.9%	7.9%
(Safety)					
Current ratio	173.4%	201.7%	208.1%	200.9%	221.2%
Ratio of long-term capita	65.1%	58.1%	54.7%	55.9%	54.1%
Debt equity ratio (times)	0.12	0.12	0.11	0.10	0.06
Interest coverage ratio (times)	288.8	317.6	217.4	79.4	50.2
Cash flows (million yen)					
Cash flows from operating activities	19,086	18,847	14,021	8,269	19,930
Cash flows from investing activities	−9,316	−6,582	−7,804	−11,014	−10,568
Cash flows from financing activities	−6,400	−2,088	−4,834	−5,793	−4,338
Capital expenditure breakdown (million yen)	7,771	5,916	10,503	11,068	7,032
Capital expenditure breakdown by region (million yen)					
Japan	4,839	3,527	3,988	4,302	2,802
Americas	626	1,317	3,720	5,478	2,747
Europe	1,434	605	728	541	959
PAGO	430	109	—	—	—
ASEAN	488	699	1,934	722	508
Depreciation breakdown (million yen)	8,160	8,056	8,069	7,738	8,366
Depreciation breakdown by region (million yen)					
Japan	4,092	3,996	3,963	3,165	3,430
Americas	2,301	2,029	1,795	2,336	2,849
Europe	1,048	940	1,433	1,208	1,146
PAGO	523	395	—	—	—
ASEAN	220	886	891	1,051	1,058
R&D expenses (million yen)	2,539	2,394	2,493	2,464	2,524
Employees (Person)	5,719	5,741	5,892	5,767	5,692

* From FY2021, "PAGO" is included in "Europe."

Consolidated Balance Sheet

(Unit: Million-yen)					
Fiscal Year	2019	2020	2021	2022	2023
Assets:					
Current assets:	85,264	93,734	101,126	110,023	117,064
Cash and time deposits	11,832	21,688	25,860	22,034	22,806
Notes and accounts receivable	41,510	40,973	40,854	45,951	50,695
Electronically recorded monetary claims	8,451	8,686	10,206	11,353	12,628
Merchandise and finished products	9,154	8,537	7,772	9,142	10,227
Work in process	3,492	3,458	4,127	5,239	6,033
Raw materials and supplies	7,135	6,762	7,956	11,140	9,093
Other	3,957	3,837	4,533	5,353	5,684
Allowance for doubtful accounts	−270	−210	−183	−192	−105
Noncurrent assets:	67,429	65,632	63,519	69,981	75,620
Tangible fixed assets:	57,853	54,881	55,958	61,989	62,774
Buildings and structures	23,166	22,714	21,131	21,345	26,182
Machinery, equipment and vehicles	22,563	20,044	18,976	19,335	21,185
Land	6,203	6,257	6,989	8,346	8,748
Other	5,920	5,865	8,861	12,962	6,657
Intangible fixed assets:	1,538	1,501	1,510	1,549	2,383
Consolidation adjustment	203	159	107	50	997
Other	1,335	1,342	1,402	1,498	1,386
Investments and other assets	8,037	9,249	6,050	6,442	10,462
Total Assets	152,694	159,367	164,646	180,004	192,684
Liabilities:					
Current liabilities:	49,162	46,474	48,596	54,769	52,917
Notes and accounts payable	13,321	13,104	13,758	15,279	17,474
Electronically recorded monetary obligations	12,308	11,655	11,179	12,254	11,118
Short-term debts	7,192	5,416	4,382	9,034	4,020
Current portion of long-term debt	2,427	1,085	5,038	2,699	756
Income taxes payable	759	991	817	1,000	1,960
Accrued bonuses	1,559	1,713	1,630	1,591	2,246
Other	11,594	12,508	11,790	12,910	15,340
Long-term liabilities:	5,891	9,811	6,557	4,663	7,624
Long-term debts	1,207	5,115	2,387	56	1,841
Net defined benefit liabilities	2,460	2,594	2,630	2,791	2,865
Other long-term liabilities	2,222	2,102	1,538	1,815	2,916
Total liabilities	55,054	56,286	55,153	59,432	60,542
Net assets:					
Shareholders' equity:					
Common stock	5,990	5,990	5,990	5,990	5,990
Capital surplus	6,572	6,584	6,603	6,600	6,599
Retained earnings	86,776	93,372	97,677	102,629	110,990
Treasury stock	−6,586	−7,537	−8,512	−8,479	−9,556
Total shareholders' equity	92,752	98,410	101,758	106,740	114,024
Accumulated other comprehensive income:					
Unrealized gains on available-for-sale securities	1,362	1,318	1,297	1,773	1,342
Deferred gains or losses on hedges	—	—	—	—	−3
Foreign currency translation adjustment	2,603	1,815	6,259	11,898	16,781
Remeasurements of defined benefit plans	921	1,535	176	158	−1
Total accumulated other comprehensive income	4,887	4,670	7,733	13,830	18,118
Total net assets	97,639	103,080	109,492	120,571	132,142
Total liabilities and net assets	152,694	159,367	164,646	180,004	192,684

Consolidated Profit and Loss Statement

(Unit: Million-yen)					
Fiscal Year	2019	2020	2021	2022	2023
Net sales	160,925	163,635	170,321	184,035	196,624
Cost of sales	129,635	132,337	139,683	154,358	160,768
Gross profit	31,289	31,298	30,638	29,677	35,855
Selling, general and administrative expenses	18,654	18,869	20,066	21,482	22,546
Operating income	12,634	12,428	10,572	8,194	13,309
Non-operating income:	388	221	254	542	2,012
Interest income	21	14	24	122	352
Dividend income	64	63	70	78	82
Foreign exchange gains	16	—	—	2	1,409
Equity in earnings of affiliates	200	—	—	—	—
Other	85	143	159	338	167
Non-operating expenses:	121	544	225	310	590
Interest expenses	62	67	72	100	382
Foreign exchange losses	—	389	35	—	—
Equity in losses of affiliates	—	—	—	—	—
Other	59	88	117	210	208
Ordinary income	12,901	12,104	10,600	8,426	14,732
Extraordinary income	777	1,231	266	147	68
Extraordinary losses	1,105	1,706	1,416	840	938
Income before income taxes	12,573	11,629	9,449	7,733	13,862
Income taxes – current	3,744	3,889	3,202	2,604	3,731
Income taxes – deferred	20	−634	129	−1,740	−147
Net income attributable to owners of the parent company	8,808	8,375	6,117	6,869	10,277
Other comprehensive income	−1,791	−217	3,063	6,097	4,287
Comprehensive income	7,017	8,157	9,180	12,966	14,565

Consolidated Cash Flows

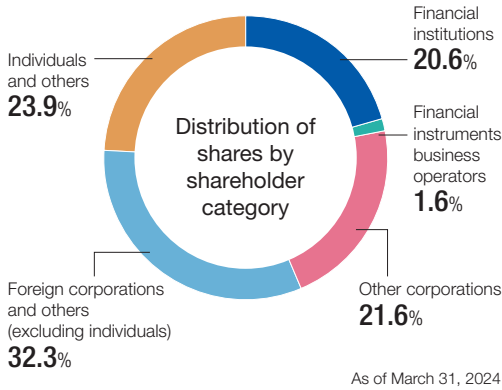
(Unit: Million-yen)					
Fiscal Year	2019	2020	2021	2022	2023
Cash flows from operating activities	19,086	18,847	14,021	8,269	19,930
Cash flows from investing activities	−9,316	−6,582	−7,804	−11,014	−10,568
Cash flows from financing activities	−6,400	−2,088	−4,834	−5,793	−4,338
Effect of exchange rate changes on cash and cash equivalents	7	30	1,172	1,781	415
Net increase (decrease) in cash and cash equivalents	3,376	10,207	2,555	−6,757	5,440
Cash and cash equivalents at beginning of the period	7,966	11,342	21,549	24,105	17,347
Cash and cash equivalents at the end of the period	11,342	21,549	24,105	17,347	22,788

Dividends to Shareholders

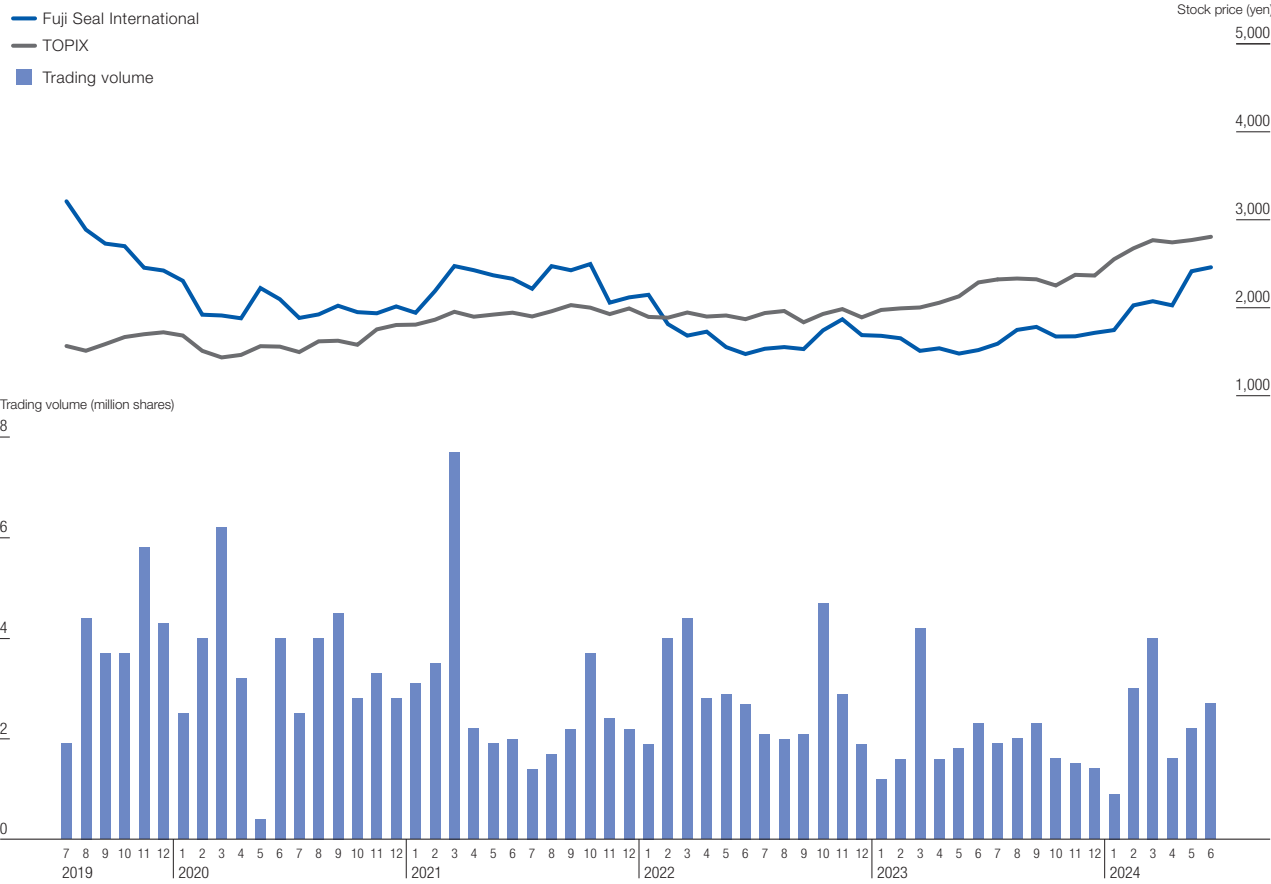
Fiscal Year	2019	2020	2021	2022	2023
Cash dividends per share (yen)	32	32	35	35	60
Total dividends (million yen)	1,794	1,771	1,916	1,916	3,287
Consolidated net sales (million yen)	160,925	163,635	170,321	184,035	196,624
Consolidated net income (million yen)	8,808	8,375	6,117	6,869	10,277
Net income per share (yen)	155.51	150.93	111.70	125.43	187.77
Consolidated dividend payout ratio	20.6%	21.2%	31.3%	27.9%	32.0%
Average number of shares outstanding during the period (Share)	56,642,827	55,489,651	54,764,416	54,764,711	54,735,245

As of March 31, 2024

Shareholders and Stock Information	
Securities Code	7864
Company Name	FUJI SEAL INTERNATIONAL, INC.
Established	October, 1958
Date of Stock Listing	December 25, 2003 (First Section of Tokyo Stock Exchange*) * Transitioned to the Prime Market on April 4, 2022 October 28, 1997 (JASDAQ)
Type of Business	Other manufacturing industries
Listed Stock Exchanges	Tokyo Stock Exchange
Date of Fiscal Year End	March 31
Midterm Dividend Payout	Yes
The number of Shares Per One Unit of Share	100 shares
Number of Shares Outstanding	60,161,956 shares
Number of Shareholders	19,244 persons



Stock Price and Trading Volume Trends



As of March 31, 2024

Company Information	
Company Name	Fuji Seal International, INC.
Established	October 18, 1958 (Founded in 1897) * Fuji Seal Co. changed its name on October 1, 2004, after adopting the holding company structure
Common Stock	5.99 billion yen
Consolidated Net Sales	196.624 billion yen
Representative	Shigeko Okazaki, Director, Representative Executive Officer President and CEO
Main Businesses	Group holding company responsible for strategic and managerial functions as well as internal audit of the group companies. *Fuji Seal Group provides shrink sleeve labels, pressure sensitive labels, spouted pouches and label-application systems.
Number of Employees	48(2) (Consolidated group employees: 5,692 (316) / as of March 31, 2024) *The number of employees refers to the total of full-time employees. Part-time and temporary employees are indicated in parentheses.
Head office	Osaka Head Office: 4-1-9 Miyahara, Yodogawa-ku, Osaka 532-0003, Japan TEL: (06) 6350-1080

As of March 31, 2024

Principal Shareholders			
Name	Address	Number of shares held (thousand)	Ratio of ownership to the total number of shares outstanding (excluding treasury stock) (%)
Soho KK	SUITA CITY, OSAKA, JAPAN	8,043	14.7
The Master Trust Bank of Japan, Ltd. (Trust account)	AKASAKA INTERCITY AIR, 1-8-1 AKASAKA, MINATO-KU, TOKYO, JAPAN	5,896	10.8
Fuji Seal Foundation	4-1-9 MIYAHARA, YODOGAWA-KU, OSAKA, JAPAN	4,800	8.8
Custody Bank of Japan, Ltd. (Trust account)	HARUMI ISLAND TRITON SQUARE TOWER Z, 1-8-12 HARUMI, CHUO-KU, TOKYO, JAPAN	3,265	6.0
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A (SHINAGAWA INTERCITY TOWER A, 2-15-1 KONAN, MINATO-KU, TOKYO, JAPAN)	2,195	4.0
The Master Trust Bank of Japan, Ltd. (Retail trust account 820079255)	AKASAKA INTERCITY AIR, 1-8-1 AKASAKA, MINATO-KU, TOKYO, JAPAN	1,800	3.3
Hiroko Fujio	SUITA CITY, OSAKA, JAPAN	1,784	3.3
JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (SHINAGAWA INTERCITY TOWER A, 2-15-1 KONAN, MINATO-KU, TOKYO, JAPAN)	1,671	3.1
BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP (Standing Proxy: MUFG Bank, Ltd.)	747 3RD AVE FL 2 NEW YORK NEW YORK 10017 U.S.A. (2-7-1 MARUNOUCHI, CHIYODA-KU, TOKYO, JAPAN)	1,477	2.7
RBC IST 15 PCT NON LENDING ACCOUNT-CLIENT ACCOUNT (Standing Proxy: Citibank, N.A., Tokyo Branch)	7TH FLOOR, 155 WELLINGTON STREET WEST TORONTO, ONTARIO, CANADA, M5V 3L3 (6-27-30 SHINJUKU, SHINJUKU-KU, TOKYO, JAPAN)	1,322	2.4
Total	-	32,258	58.9

Notes: 1. Of the abovementioned number of shares held, the number of shares held in the trusts is as follows:
The Master Trust Bank of Japan, Ltd. (Trust account): 5,890 thousand shares
Custody Bank of Japan, Ltd. (Trust account): 2,933 thousand shares
Those shares consist of 4,283 thousand shares for investment trusts, 592 thousand shares for pension trusts, and 3,948 thousand shares for other trusts.
2. The number of treasury shares held by the Company is 5,370 thousand (excluding 538 thousand held in the employee stock option plan [ESOP] trust account), which is not indicated in the above table of principal shareholders.
3. Since the shares held under the name of Soho KK are substantially held by Shigeko Okazaki, the number of treasury shares includes 240 thousand shares held by Shigeko Okazaki.
4. An amendment to a Substantial Shareholding Report dated September 19, 2023, available for public inspection, indicates that Global Alpha Capital Management Ltd. held the following number of shares as of September 15, 2023. However, the Company has been unable to confirm the number of shares substantially held by Global Alpha Capital Management Ltd. as of March 31, 2024, and therefore that company is not included in the above table of principal shareholders.
For reference, the content of the said Substantial Shareholding Report amendment is shown below.

Name	Address	Number of share certificates held (thousand)	Ratio of share certificates held to the total number of shares outstanding (excluding treasury stock) (%)
Global Alpha Capital Management Ltd.	1800 MCGILL COLLEGE SUITE 1300, MONTREAL, QUEBEC, CANADA	3,654	6.1



Fuji Seal International, Inc.

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<https://www.fujiseal.com/en>



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