



I N T E G R A T E D R E P O R T 2 0 2 1

TWINBIRD CORPORATION

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

TEL: +81-256-92-6111

©2021 TWINBIRD CORPORATION



Who We Are

Founded:	1951	Number of employees*2 (including average temporary hires):	319
Tokyo Stock Exchange Second Section:	6897	Percentage of women*2:	32%
Net sales*1 (consolidated):	¥12,505 million	Percentage of women among new hires*1:	50%
Operating income*1 (consolidated):	¥608 million	Percentage of paid vacation taken*1:	69%
Equity ratio*2:	62.2%	Average hours of overtime worked per employee*1:	17.1 hours/month
DOE*2:	1.6%	Number of patents held*2:	93

*1 Results for the fiscal year ended February 28, 2021
*2 As of February 28, 2021

Editorial Policy

The *Twinbird Integrated Report 2021* is intended to provide shareholders, investors, and other stakeholders with a deeper understanding of the Company by clearly communicating our efforts to enhance corporate value over the medium to long term.

Scope of Disclosure

Twinbird Corporation and affiliated companies

Period of Disclosure

The report covers the fiscal year ended February 28, 2021 (March 1, 2020 to February 28, 2021). However, some parts may include activities or information outside of that period.

Referenced Guidelines

- Ministry of Economy, Trade and Industry: Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation
- Value Reporting Foundation (VRF): International Integrated Reporting Framework

Forward-Looking Statements

The performance forecasts and other forward-looking statements and projections in this report, including earnings forecasts, are based on widely-recognized current economic and social conditions generally accepted at the time this report was prepared and on certain assumptions that the Company deems reasonable, but the Company does not guarantee the accuracy of this information and it is subject to change without notice. The Company and its information providers are not responsible for any damages incurred based on this information, and the Company and its information providers assume no responsibility whatsoever.

Provide products and services that embody our brand promise, “Touch Hearts.” by staying close to and thoroughly understanding our customers.

Brand Promise

We began as a plating company in Niigata, Japan, and in the eighties, entered the appliance market.

We're small in a rich natural environment and live by a simple philosophy:

Eliminate unnecessary and complicated functions and stick with the real things that enrich life.

Our appliances offer intrinsic value and reliability combined with timeless features and functions.

With this in mind, we've collaborated with local artisans and renowned master craftspeople.

A legend in specialty coffee, Mamoru Taguchi, helped develop our Full Automatic Coffee Maker.

We developed the Portable Vaccine Freezer as well as the Freezer Refrigerator used

on the International Space Station based on the mass production of the free-piston Stirling Cooler.

Now, to mark our 70th anniversary,

we're announcing our two brand lines that all our products will fall under in the future.

Takumi Premium brings the skills of master craftspeople into your home.

Kando Simple for timeless necessities. Everything we make, we make to touch hearts.



Twinbird's Progress



Anniversary

Contents

- 1 Brand Promise
- 2 Our Progress
- 4 Our Management Philosophy Framework
- 6 Our Value Creation
- 8 President & CEO's Message
- 14 Future Developments of the Medium-Term Business Plan 2020–2022
- 17 COVID-19 Response
- 18 Optimizing the Supply Chain
- 20 CFO's Message
- 22 Financial and Non-Financial Highlights
- 24 Our ESG Strategy
- 38 Twinbird's Craftsmanship
- 48 Management Structure
- 50 10-Year Trends in Key Performance Indicators
- 52 Company Profile / Status of Stock



1951–1971 Foundation Era

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

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



Three-tiered candy tray (1960s)

1972–1981 Transformation Era

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

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



Pearl nickel plated trays (1973)

1982–1996 Base Building Era

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

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



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



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

1997–2010 Technology Building Era

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

- 1997 Opened the Hong Kong Office (moved to Shenzhen Office)
- 2000 Listed on the Second Section of the Tokyo Stock Exchange

- 2002 Developed technology to mass produce the Free Piston Stirling Cooler (FPSC)
- 2004 Switched the domestic sales organization from area-based to sales channel-based
- 2007 Opened the Shenzhen Office, later transferred to Twinbird Electrical Appliance (Shenzhen) Co., Ltd.
- 2008 Published the customer-focused newsletter Nichijo
- 2009 Received the Monodzukuri Nippon Grand Award's Special Prize for FPSC



LK-H299 Touch sensor inverter fluorescent lamp (2001)



SH-2793 MOMIDASH PRO, scalp massage and cleaning brush (2006)

2011– Second Transformation Era

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

- 2011 Celebrated our 60th anniversary
Shigeaki Nomizu named president & CEO, and Shigekatsu Nomizu named chairman
Founded local Chinese subsidiary Twinbird Electrical Appliance (Shenzhen) Co., Ltd.
Reformed after-sales service
- 2012 Launched the Voice of Customers (VOC) drive

- 2013 A refrigerator/freezer unit incorporating our FPSC was installed in the Japan Aerospace Exploration Agency (JAXA) Japanese Experiment Module "Kibo," a component of the International Space Station
- 2014 Started TWINBIRD branding
Established the official Facebook page
- 2015 Opened our own building Twinbird Nihonbashi Gate Office to house the Tokyo Branch
- 2016 Renovated the showroom in the entrance of our Head Office
Opened our official online store
Held the inaugural TWINBIRD x Tsubame-Sanjo Summer Festival, a regional outreach event
- 2017 Entered the refrigerator and washing machine markets
Opened Gate CAFE on the first floor of the Tokyo Branch
- 2018 Began sales of a fully automatic coffee maker
Selected for inclusion by the Ministry of Economy, Trade and Industry in an expanded list of "Companies Driving Regional Growth"
- 2019 Moved the Osaka Branch and opened the Osaka Showroom
- 2020 Introduced a business unit system as a product planning and development framework
- 2021 70th anniversary of our founding
Created a new corporate logo
Relaunched our website



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



CM-D457B Fully automatic coffee maker (2018)



SC-DF25WL DEEP FREEZER (2021)

Our Management Philosophy Framework

Our Management Philosophy Framework



Our Management Philosophy

01

Develop products that offer emotional impact and amenity

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

02

Build productive human relationships based on mutual trust

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

03

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

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

04

Achieve personal growth and a fulfilling life

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

Our Purpose

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

Our Values

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

Our Vision

No. 1 in Customer Satisfaction

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

Column: Change Leader Activities

The Change Leader Program was launched in fiscal 2020. As a driving force for change, the program fosters communication between departments and works to ensure that our brand definitions, such as the Purpose/Values/Vision (PVV) and the tagline, permeate each organization.

Our concrete initiatives include conducting PVV workshops and reinforcement weeks to ensure that each and every employee carries out their daily activities while keeping PVV at the forefront of their mind. At the workshops, to promote the permeation of PVV throughout the Company, we first targeted managers and confirmed what actions they were doing to achieve PVV, and deepened our understanding by sharing initiatives between departments. All employees participate in reinforcement weeks, which started with initiatives to encourage interest and familiarity with PVV. These include things like introducing best PVV practices and a quiz to promote understanding of the Tsubame-Sanjo area, one of the key points of PVV. By conducting regular interviews with employees and understanding the actual status of the organization, we will promote Company-wide PVV permeation as well as various branding activities.



Our New Logo



Our logo has always represented the spirit of a pair of birds aiming for co-creation. As manufacturing in the spirit of mutual prosperity is one of the Company's strong points, our new logo continues to depict a pair of birds.

The new logo, however, identifies them as swallows. This migratory bird, the symbol of Tsubame City, uses the sun as a landmark to reach its destination without wavering. The design is based on the dynamic flight of a swallow spreading its wings.

The color of the logo was changed from sky blue to immutable black, the color of swallows, and the letters were spaced out to make it easier to read.

Our Value Creation

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

Risks and Opportunities Related to Twinbird's Business Environment

Key Environmental Factors	Opportunities and Risks
<ul style="list-style-type: none"> ▶ Emergence of nationalism ▶ Heightened geopolitical risks 	<ul style="list-style-type: none"> ▶ Changes in global supply chains ▶ Impact of economic and financial chaos on consumer markets
<ul style="list-style-type: none"> ▶ COVID-19's growing impact and feared protraction 	<ul style="list-style-type: none"> ▶ Negative impact of the pandemic, especially on individual consumption, exceeds that of the previous global financial crisis ▶ Demand from stay-home lifestyles ▶ Vaccine transportation (building cold chains)
<ul style="list-style-type: none"> ▶ Declining and graying population and increase in small and one-person households 	<ul style="list-style-type: none"> ▶ Increasing business opportunities related to small and one-person households
<ul style="list-style-type: none"> ▶ Shift in consumption from goods to services to experiences ▶ Ongoing workstyle reforms 	<ul style="list-style-type: none"> ▶ Business opportunities for differentiation through branding, CRM, and meeting users' diversifying needs ▶ Opportunities to improve productivity and diversify employment opportunities
<ul style="list-style-type: none"> ▶ Evolution of information technologies (AI, IoT, big data, 5G, etc.) ▶ Accelerating digital transformation 	<ul style="list-style-type: none"> ▶ New business opportunities and threats ▶ Great impact on all industries and opportunities to enhance productivity

Our Strengths

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

Development Capabilities that Realize Value Sought by Customers

- Experience gained from repeated trial and error
- Ideas born of curiosity

The Flexible Manufacturing System of Our Head Office Plant

- A mother plant that seamlessly handles development and manufacturing
- Veteran manufacturing employees with abundant experience

Alliance between Manufacturing Experts and the Tsubame-Sanjo Community

- Creation of high added value through our regional network
- Approximately ¥700 billion in Tsubame-Sanjo industrial output



We have about 80 planning and development staff who underpin our manufacturing. The ratio of planning and development staff to total employees is approximately 27%, which is outstanding even among Japanese electric home appliance manufacturers. In addition to a compact and flexible organization, our experience and spirit of co-creation enable us to realize the "genuine value" that our customers seek.



By having a manufacturing line on the premises of the Head Office, we are able to carry out speedy manufacturing in conjunction with development. With the strength of our in-house integrated production system from planning to prototyping to manufacturing, we listen to our customers' feedback and work on commercialization with masterful manufacturing.



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

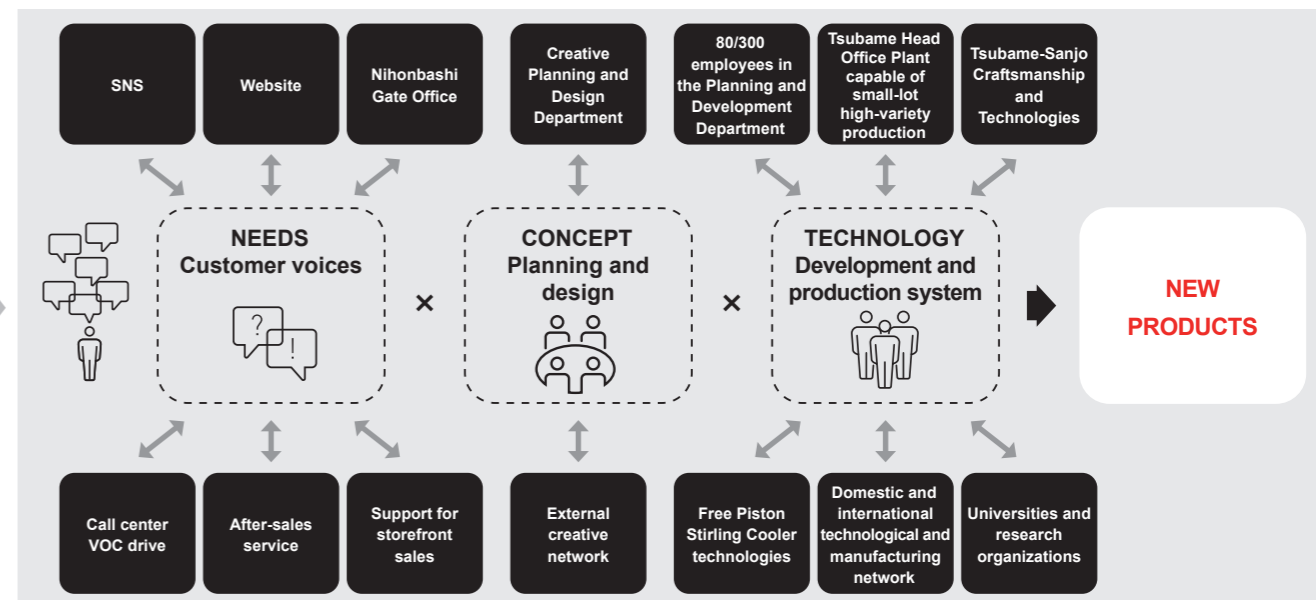
products and services that satisfy customers

Realizing Our Visions

No. 1 in Customer Satisfaction



Our Value Creation Process



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



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



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

President & CEO's Message

Looking 50 to 100 years into the future, we will strive to enhance the value of the TWINBIRD brand by providing customers with emotional impact and amenity based on management quality that will enable us to survive and grow.

Shigeaki Nomizu

President & CEO



Introduction

I would like to express my heartfelt sympathy to all those who have been affected by the COVID-19 pandemic. I would also like to express our deepest gratitude to the medical institutions and many others who are working hard to prevent the spread of the disease.

In 2021, Twinbird Corporation celebrated its 70th anniversary. I am sincerely thankful to all of our stakeholders for their support and cooperation.

Looking back over 2020, the unexpected impact of the global pandemic has caused significant changes in the Company. In the midst of dramatic changes in the external environment, the entire company pulled together under the slogan, "a crisis is an opportunity," and as a result, both sales and profits increased year on year, and fiscal 2020 will go down in the Company's history.



Thoughts on the 70th anniversary of the Company and looking toward the 100th anniversary

Twinbird Corporation celebrated its 70th anniversary in 2021. I would like to express my sincere gratitude to all of our stakeholders for their support and cooperation.

The name of the Company, Twinbird, means a pair of birds. We always think of the customers who use our products and us who create them as a pair of birds. The joy of our customers is our joy. This is the origin of Twinbird.

First, I would like to look at the history of Twinbird.

1951–1971 Foundation Era: The Company was founded in 1951 as Nomizu Denka Himaku Kogyosho, a subcontractor in the plating processing business, and we earned a reputation as the No. 1 company in the region with the best technology. Later, in order to break away from being a subcontractor, we transformed ourselves into a manufacturer of our own products.

1972–1981 Transformation Era: Products shifted from metal housewares to gift items, with a focus on our own products. In 1979, the Company changed its name to Twinbird Corporation and relocated its head office to Tsubame City to supplant the image of a plating processing business.

1982–1996 Base Building Era: During this era, we built the foundation and sales network needed to become a gift and home electric appliance manufacturer. In 1987, net sales surpassed ¥10 billion. At this time, the Company felt uncertain in its strategy of focusing only on the gift market, and decided to enter the home electric appliance market. In 1996, the Company was listed on the Niigata Stock Exchange (listed on the Second Section of the Tokyo Stock Exchange in 2000).

1997–2010 Technology Building Era: At this time, the Company began to build up its technology and sales network as a manufacturer of small home electric appliance products. The product lineup was enhanced, but the strength of the Company at that time was its affordable pricing. However, in the 2000s, the Company experienced five consecutive fiscal years of losses due to the pressure on its business performance caused by exchange rate fluctuations and other factors. Then, in 2002, we started research into the Free Piston Stirling Cooler (FPSC) business.

2011– Second Transformation Era: I took over the business from the previous president in 2011 and was appointed President & CEO.

First, I conducted an anonymous questionnaire to further deepen my understanding of the Company and its employees. Over the course of two years, we solved issues and requests one by one, and gradually built a relationship of trust with our employees. In parallel, I asked myself how will we satisfy our customers by establishing our brand, and how will we promote overseas expansion in the face of a declining domestic population. I also believed that it was essential for us to be of service to the world through our FPSC business, in which we had invested for many years since the time of the previous president.

The Head Office entrance, showroom, and work space were renovated to immediately improve the working environment for employees. In 2015, we invested a total of ¥1.6 billion to set up our own building in Tokyo, Japan's largest consumer area and gateway to the rest of the world. This was also meant to stimulate business negotiations with business partners in Japan and overseas by creating a hands-on showroom and utilizing the location, as well as improving the employee working environment and strengthening employee recruitment.

The starting point for improving our business performance is customer feedback, and we wanted to discover the social issues that we, Twinbird, should solve and manufacture products accordingly. Since 2015, we have been holding fan events at the Head Office in Niigata and the Tokyo Branch to facilitate direct contact between customers and employees, as well as to disseminate information. We subsequently opened the Gate CAFE on the first floor of the Tokyo Branch.

We have flexibly transformed our business model in response to changes in the external environment. Even as we continue to operate and transform the Company in the Tsubame-Sanjo area of Niigata Prefecture, a world-renowned manufacturing town, there is one thing that we have consistently maintained since our founding. It is our unchanging desire to be of service to the world through our management philosophy to "develop products that offer emotional impact and amenity." As we celebrate the 70th anniversary of our founding and the 10th anniversary of my appointment as president, I am determined to make the best use of the management resources we have been blessed with and look to the future as a company that can survive and grow for the next 50 or even 100 years.

Resolutions of the medium-term business plan 2020–2022

We arrived at the starting point that the joy of our customers is our joy.

In the postwar period, the home electric appliance industry was positioned as a key industry for the country, contributing to society by mass-producing high-quality products and providing them at lower prices. However, as we entered into the 21st century, competition in the home electric appliance industry has intensified due to a surplus of goods and

Management Philosophy

Develop products that offer emotional impact and amenity

Build productive human relationships based on mutual trust

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

Achieve personal growth and a fulfilling life

a shortage of emotional experiences, a shift from material wealth to spiritual wealth, and a declining population in Japan.

In such a drastically changing external environment, I have continued to implement various reforms after taking over the business, but we still had issues with our profitability and growth potential. Therefore, we decided to change our management.

First of all, in order to rejuvenate and strengthen our management team, we welcomed three professionals in finance, product development, and marketing and branding in the summer of 2019. We held a directors' camp to share the language of the corporate image we are aiming for, so that each person can maximize their abilities and create synergy as a team. Prior to the formulation of the medium-term business plan, we thoroughly discussed the purpose and values of Twinbird based on the management philosophy with the new management team members.

We also conducted a Company-wide anonymous questionnaire to solicit employees' true feelings and opinions about our corporate and business visions. Based on the results, we

Our Purpose

Purpose

1. Enhance the value of people's lives by providing emotional impact and amenity
* Value of people's lives means a rich life
* Emotional impact means providing value that far exceeds expectations
2. Drive regional economic growth and the creation of added value by leveraging the unique characteristics of the Tsubame-Sanjo area
3. Act globally and help solve domestic and international social issues

Our Values

Value standards

1. Stay committed to customers (end users) and put them first
2. See things through to the end with Tsubame-Sanjo craftsmanship
* Tsubame-Sanjo craftsmanship means technology, experience, and a never-give-up spirit
3. Take on urgent challenges and try new things
4. Work together across departments and job titles to achieve goals

Our Vision

Vision

No. 1 in Customer Satisfaction

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

arrived at the conclusion that the joy of our customers is our joy. All of us reaffirmed that Twinbird's purpose and our shared value is to listen carefully to customers and continue providing products and services that satisfy customers through masterful manufacturing in the Tsubame-Sanjo area. We have therefore set forth our business vision of "No. 1 in Customer Satisfaction" in our medium-term business plan and committed to making efforts to achieve it. In this way, after more than half a year of heated discussions, we have developed a medium-term business plan that will enable us to achieve sustainable management even in a rapidly changing external environment.

At present, we have clearly defined the code of conduct and value standards for realizing Twinbird's existence value and vision, and our executives and employees are working as one team to steadily implement the plan.

Status of the medium-term business plan 2020–2022

Home electric appliance product business

Overview of the medium-term business plan

The medium-term business plan 2020-2022 focuses on measure to (1) enhance the value of the TWINBIRD brand, (2) enhance management quality, and (3) develop growth businesses. In a nutshell, the idea is to focus on products that users will enthusiastically recommend and buy, build brand value through user engagement, and improve profitability as a result.

From a financial perspective, our basic strategy is to "shift to a robust business structure and use our strengthened financial position to establish a foundation for the next stage of business growth and to strengthen the sustainability of our business."

At the time we announced this medium-term business plan, we had not anticipated the spread of COVID-19, nor had we imagined that it would have such a long-lasting and serious impact on a global scale.

Looking at the activity status of the medium-term business plan

In 2020, as we were embarking on a new medium-term business plan that we had worked out with the new management team, we were suddenly confronted with the nationwide State of Emergency declaration in April. In the home electric appliance market, some mass merchandisers closed their stores for a period of time, resulting in a decrease in the number of customers and adjustments to distribution inventory. It also had a significant impact on the "solutions channel," particularly in the hospital and hotel industries, which are at the forefront of healthcare. We posted a loss for the second quarter, causing concern to our shareholders and other stakeholders.

On the other hand, the gross profit margin improved significantly due to the increased demand from stay-at-home lifestyles, combined with the effects of special government

benefits, and strong sales of our fully automatic coffee maker and other cooking home electric appliances, which led to a greater focus on sales of highly profitable products and cost reduction activities. In addition, we received a large order for vaccine carriers equipped with Stirling freezers, which will be discussed later, and achieved a V-shaped recovery in business performance, far exceeding the target for the first year of the medium-term business plan.

Optimizing product portfolio

Due to the large number of products handled and inefficiencies, we have narrowed down our product portfolio, focusing on products that offer high value, and maximized the sales volume of high-margin products. For fiscal 2020, the Company strategically reduced the SKUs (number of products) for low-profit products (from approximately 500 SKUs in 2018 to approximately 350 SKUs in 2020) and focused sales on products with high margins, which resulted in a significant improvement in profitability.

In fiscal 2021, we will continue to focus on improving profitability and enhancing management quality to promote the ripple effects of the SKU review, i.e., profitability improvement effects such as cost reduction, quality stabilization, development efficiency improvement, and management cost reduction.

Customer-driven product development

In the medium-term business plan, we have clarified our important target users as small households with a discerning lifestyles. The product planning and development system has been changed from a function-based organization to a product business-based system that integrates marketing, planning and development, and sales. By combining specialized functions and design at a high level, we will create a new market by offering the experience and emotional impact and amenity, which is the management philosophy of Twinbird, to our target users.

In particular, the fully automatic coffee maker has become a big hit due to demand generated by stay-home lifestyles during the COVID-19 pandemic, and has been well received by various media, including national TV programs. Furthermore, starting with the "Steam Microwave Oven (DR-F871W)," which will be launched as a model commemorating the 70th anniversary of the Company's founding, the Company will invest intensively in the development of strategic new products.



The first product of the new Twinbird, the Steam Microwave Oven (DR-F871W) has cooking expert Asuka Wada as its brand ambassador.



Creating loyal customers

We aim to maximize the lifetime value of our products by providing emotional impact and amenity through customer-driven product development and by increasing the number of Twinbird fans through continuous engagement with customers.

In March 2021, we entered into an agreement with Hakuhodo Incorporated, one of Japan's leading advertising companies, and began strategic investments to accelerate Twinbird's branding. While unifying the tone and manner of strategic media exposure and touch points with users, as well as strengthening communication with users through our own media to increase brand value, we will develop a system to expand our D2C business (e-commerce and direct sales), and as a result, aim to increase sales and profits.

In November 2021, we defined our brand promise as "Touch Hearts." and released two product lines. One is "Takumi Premium," which allows you to use craftsman techniques at home as much as you like, and the other is "Kando Simple," which offers a simple and essentially plentiful lifestyle.

We, Twinbird, are rebranding on the occasion of our 70th anniversary. The logo and official website have been redesigned, and the new product "Steam Microwave Oven (DR-F871W)" has cooking expert Asuka Wada as an ambassador to deliver a variety of content to our users.

In 2011, upon assuming the position of president, I positioned the year as the first year of branding, and have been promoting branding activities for Twinbird. In May 2021, we launched the "NEXT TWINBIRD Project" as an internal branding activity, in which all 300 employees participated to strengthen their relationship with the Company's brand and proactively change the corporate culture. As a result, we believe that we can express a brand full of originality that resonate with users around the world so they become fans through our products and services.

FPSC business

Impact of COVID-19 and response to new systems and measures

In April 2020, the Japanese government declared the first State of Emergency due to the spread of a new coronavirus, said to be a once-in-a-century pandemic.

At first, we didn't even know what the new coronavirus was, so our management team decided to make sure that none of our employees would become infected. In addition to practicing new lifestyle habits such as wearing masks, disinfecting hands, and taking temperatures, we implemented 16 consecutive days of leave during the Golden Week holidays to thoroughly prevent infection in the Company. We also introduced remote work in the Tokyo metropolitan area where the infection was significant, and made the safety and security of our employees our top priority.

Nervousness every day: Large orders for vaccine carriers

In the summer of 2020, the Ministry of Health, Labor and Welfare approached us about the use of our Deep Freezer products for transportation and storage at vaccination sites. Of the vaccines for COVID-19, the gene-type (mRNA) vaccine needs to be transported and stored in a frozen state to maintain efficacy. Our Deep Freezer (SC-DF25WL) uses a Stirling cooling module for its engine, which enables precise temperature control and is lightweight and compact, making it highly portable.

However, the order was for 10,000 units. To ensure the on-time delivery date, the production capacity needed to be increased tenfold, including investment in equipment and personnel, requiring a minimum investment of ¥400 million and some investment in development. In addition, we were nervous about the extremely important responsibility of carrying the COVID-19 vaccines.

The decision was triggered by the strong desire of the Ministry of Health, Labor and Welfare to protect the lives of 120 million people. After a thorough internal discussion of the various risks, we decided to accept the order. Above all, the fact that Twinbird's technology could be of help to the country and that we were the only ones who could do it made our executives and employees feel optimistic.

The Tsubame-Sanjo area of Niigata Prefecture has traditional techniques that are second to none and a history of rising to overcome dramatic changes in the world like a phoenix over and over again. I want to contribute to society through technology from the Tsubame-Sanjo area, which we have been investing in since the time of the previous president; technology, which has been enabled by our tremendous efforts. It was a historic achievement for the community to become part of one big team.

Technology development that we have been dreaming about and investing in for over 20 years

The Stirling cooling module used in the vaccine carriers is a unique cooling technology that Twinbird successfully commercialized and mass produced before any other company in the world. The impetus for the development of the FPSC technology came from the late Mr. Tadashi Sasaki, a scientist and legend in the home electric appliance industry, who provided technical guidance to us more than 20 years ago, and said, "A company with no proprietary technology has no future." The previous president made a very wise investment.

Although the theory behind FPSC has been around for 200 years, it is extremely difficult to commercialize or industrialize and requires very precise processing technology. This technology has benefitted greatly from the location of the Tsubame-Sanjo area. And even when we posted losses for five consecutive fiscal years in the 2000s, we continued to invest in our original technology and kept it alive.

In 2011, JAXA (Japan Aerospace Exploration Agency) asked us to develop a freezer/refrigerator for aerospace experiments to be used on the International Space Station. Despite many twists and turns, we completed the project in two years and installed it in the Japanese Experiment Module "Kibo" of the International Space Station. Today, two of our products are still being used in aerospace, proving that our Stirling cooling module technology, which is based on the Tsubame-Sanjo area's metal processing technology, can be used in aerospace development.



Future development: The next stage for Twinbird

Home electric appliance business: Realize enhanced profitability through strategic investments

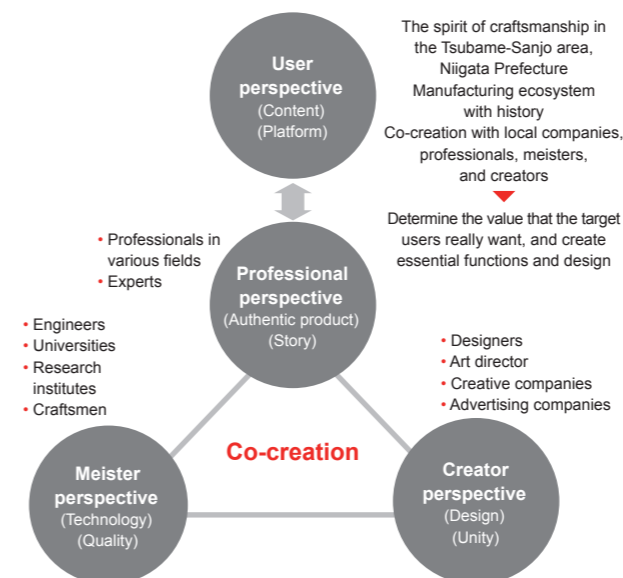
As we approach the turn of our three-year medium-term business plan 2020–2022, Twinbird will move forward to the next stage as one team. In particular, to realize enhancing the value of the TWINBIRD brand, we will further accelerate the medium-term business plan by developing strategic new products, branding through initiatives with the advertising company Hakuhodo Incorporated and making strategic investments in digital transformation. We will resolutely continue to enhance profitability.

Since the announcement of the medium-term business plan in April 2020, we have been working to improve profitability by implementing subtractive measures, mainly by reviewing SKUs.

We will vigorously promote measures to add to our portfolio by developing and introducing strategic new products, so-called "hero products," that provide emotional impact and amenity as per Twinbird's management philosophy. Twinbird's product development is a fusion of art and technology at a high level, combining specific essential functions and design by identifying the value users seek. In general, in the process of product development, you may face challenges that you have to overcome. Since our founding, we have cherished the spirit of co-creation, which means that if a problem cannot be solved with internal resources, we humbly ask for the help of external partners to help solve the problem and even bring about innovation.

We have embodied the concept of co-creation in many of our products in the past, and I will continue to evolve our products after taking over the business, such as with our fully automatic coffee makers, bran bread makers, waterproof head care devices, and vacuum cleaners.

We believe that customer-driven product development will become more important than ever to meet the increasingly diverse needs of individuals. The Tsubame-Sanjo area of Niigata Prefecture, where the Head Office is located, has a world-renowned reputation for manufacturing. We will continue to deliver products and services that only Twinbird can produce. We will do this based on our newly defined product lines "Takumi Premium" and "Kando Simple," in addition to our renewed brand promise "Touch Hearts." And we will do this in order to offer people a richer life in the Tsubame-Sanjo area, which is characterized by nature and highly reliable manufacturing. We are confident that by focusing on these activities, we will be able to further strengthen our profitability.



FPSC business: Accelerate activities for commercialization

We will develop new businesses based on our track record of delivering products to the Ministry of Health, Labour and Welfare and Takeda Pharmaceutical Company Limited. In Japan, to prepare for continuous vaccinations from 2022 onward, we have concluded a contract with SOHGO SECURITY SERVICES CO., LTD. and are promoting the establishment of an after-sales service system and maintenance business. Overseas, through international organizations such as the Japan International Cooperation Agency (JICA) and the World Health Organization (WHO), we would like to contribute to the containment of the pandemic by building on our successful track record in Japan to establish a cold chain in regions such as Asia and Africa where vaccination has yet to progress.

In addition, Global Cooling, Inc. (Ohio, USA), an important business partner of Twinbird for 20 years, has

integrated its business with BioLife Solutions, Inc., a manufacturer of equipment for the cell therapy field that listed on the NASDAQ in 2021. We are already discussing how to strengthen their strategies with their new management members, and will create new business opportunities.

By utilizing the technological advantages of the FPSC method, such as its portability and precise control even at cryogenic temperatures, in addition to the experience of establishing a safe and secure cold chain in Japan with gene-type (mRNA) vaccines manufactured by Moderna and Pfizer, the Company will consider expanding its business into the cold chain where strict temperature control is required. In general, medicines can be divided into two categories: preventive medicines such as vaccines and treatment medicines. We also plan to expand our business into the global growth market for pharmaceuticals that require a cold chain, specifically in the fields of biologics for antibody drugs, iPS and other cell therapies, as well as cutting-edge gene therapies. Like vaccines, these treatments require cold storage and preservation. They are expensive, and the market is expected to grow. In the future, the Company will implement strategic investments to secure human resources and develop technologies in the pharmaceutical field in order to newly expand the FPSC business into the pharmaceutical field.

In order to achieve one of the SDGs, "Good Health and Well-Being," we will continue to develop sustainable business so that our vaccine carriers and refrigeration technology will become the standard in the cold chain business.

In conclusion

Under the corporate vision "No.1 in Customer Satisfaction" based on our management philosophy, we aim to continue delivering products and services that satisfy our customers through masterful manufacturing in the Tsubame-Sanjo area of Niigata Prefecture. Although the uncertain business environment is expected to continue, we will strive to be a company that our stakeholders can count on over the long term, no matter how much the external environment changes. All executives and employees will unite as one team to realize our medium-term business plan.

We would like to thank you for your continued support and encouragement of Twinbird Corporation.

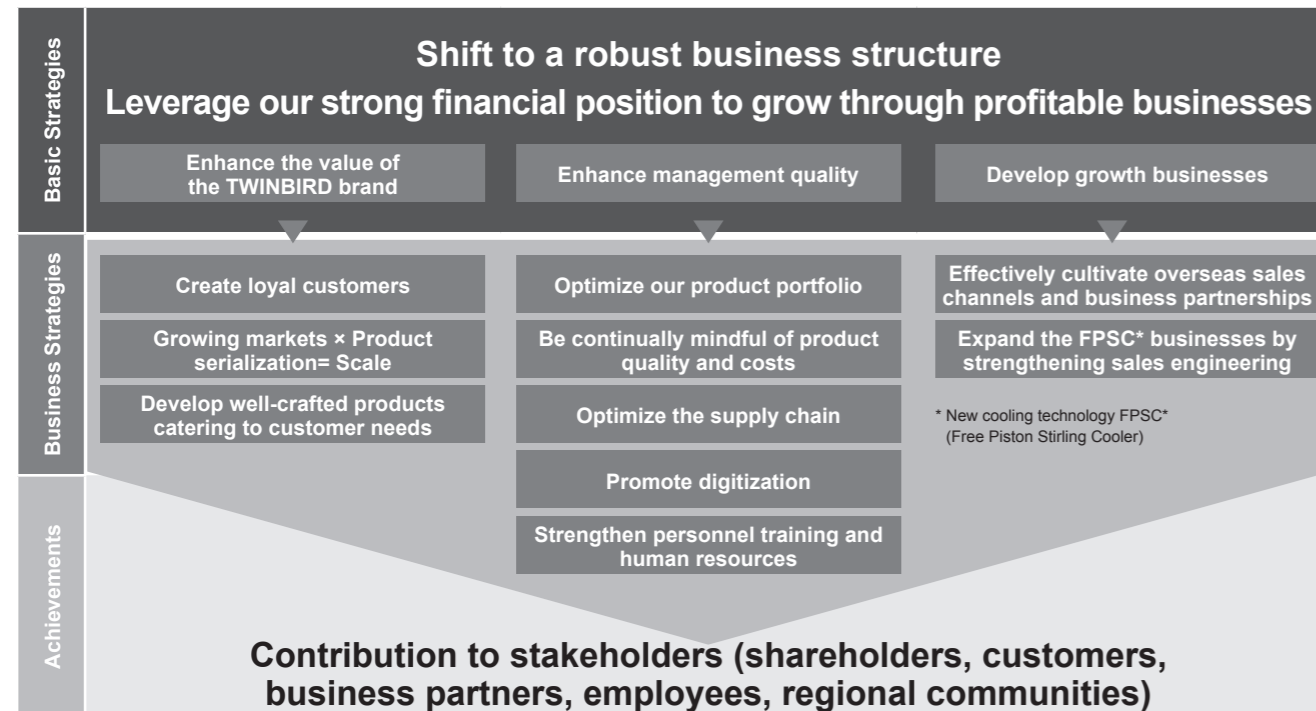


Shigeaki Nomizu
President & CEO
January 2022

Future Developments of the Medium-Term Business Plan 2020–2022

Basic and business strategies of the medium-term business plan (2020–2022)

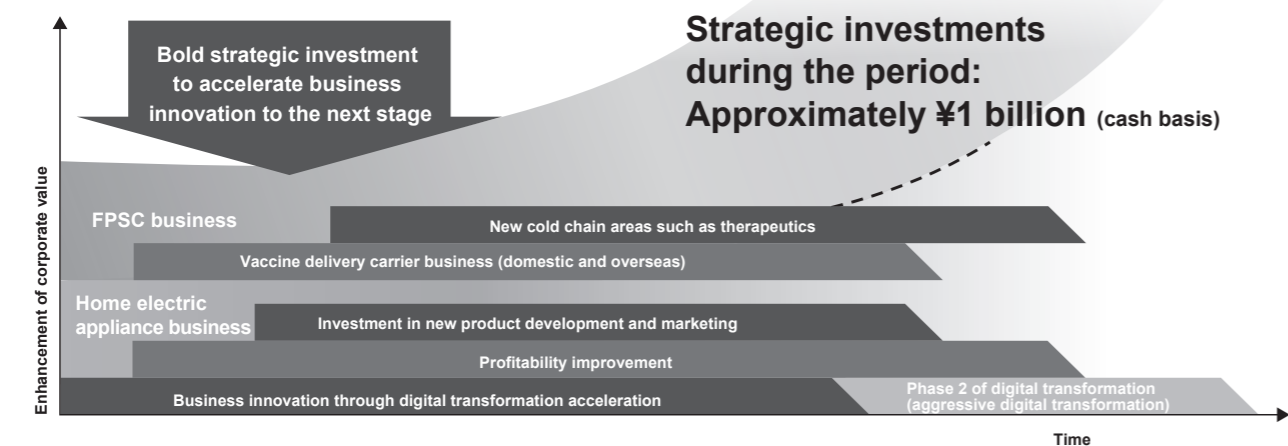
Under our basic policies of “shift to a robust business structure” and “leverage our strong financial position to grow through profitable businesses,” we are carrying out our three basic strategies to “enhance the value of the TWINBIRD brand,” “enhance management quality,” and “develop growth businesses.” We will contribute to our stakeholders (shareholders, customers, business partners, employees, and local communities) by promoting the 10 business strategies.



Business scenario: Monetization of the home electric appliance business and new development of the FPSC business

As a result of the steady implementation of the medium-term business plan started in 2020, we significantly improved our financial position and secured investment capacity, and we will focus on monetizing the home electric appliance business and developing the FPSC business. Specifically, in the home electric appliance business, we will continue to focus on products with high profitability, and in the future, we will invest in the development and marketing of strategic new products that appeal to the value of experience. In the FPSC business, based on the successful track record of our vaccine carriers in Japan, we will steadily proceed to expand sales in overseas regions and countries where vaccination has not yet progressed. In addition, after vaccines, we are planning to utilize FPSC technology to establish a cold chain and expand our business in the pharmaceutical field, especially in biologically-derived pharmaceuticals. To accelerate digital transformation, we will invest in each business domain based on the digital transformation roadmap and in IT infrastructure enhancement. As a result of the above, we will make strategic investments of approximately ¥1 billion in fiscal 2021.

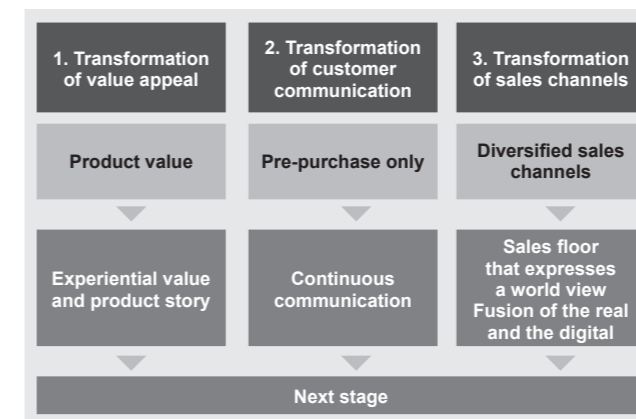
1. Enhance brand value 2. Further development of the FPSC business 3. Accelerating digital transformation



1 Enhance brand value

To enhance brand value, we will make three changes through strategic investments to move to the next stage. In the area of transformation of value appeal, we are shifting from appealing through the value of the product itself (through attributes such as performance, specifications, and price), to accentuating the appeal of the experience and the story of the product. In the area of “transformation of customer communication,” we previously focused on the pre-purchase phase, but now we will also focus on ongoing communication post-purchase to encourage as many people as possible to become Twinbird fans and continue purchasing our products. In the area of “transformation of sales channels,” in addition to the integrated renewal of website and e-commerce site, we will increase the number of sales channels that express the Twinbird worldview, and integrate real and digital media to maximize the value of the customer experience.

Of these, the shift to a value-added experience will increase our focus. Previously, we offered a variety of entry-level products to a diverse range of users. Going forward, we will target consumers with small households, whose lifestyles are selective and minimalistic. In addition, we will accelerate our investment in product development to expand our lineup of products that offer experiential value through great comfort and emotional connection.



About experiential value

Products with experiential value: Fully automatic coffee maker

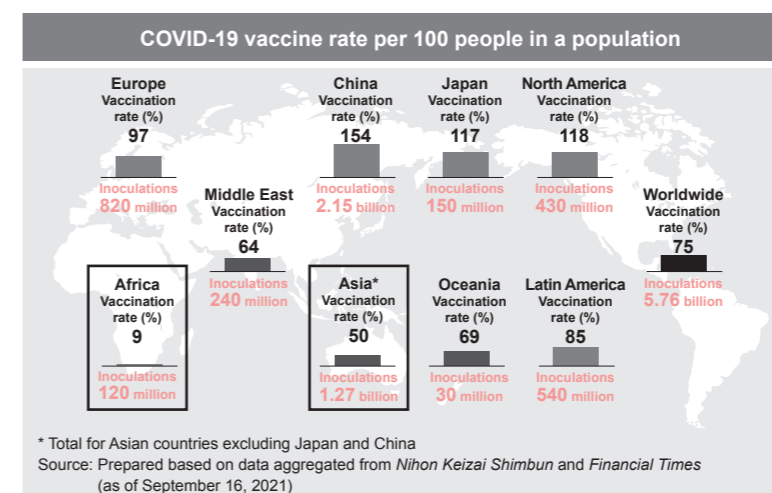
- Provides a delicious experience with an uncompromisingly mellow and even cup
- A beautiful design that creates the sizzle of hand-drip coffee
- Tsubame-Sanjo's metalworking technology and artisanal spirit transform coffee beans into uniformly sized particles
- Passionate engineers faithfully reproducing professional hand drip quality

2 Further development of the FPSC business

In the FPSC business, we have a successful track record in the vaccine carrier business in the Japanese market, contributing to the vaccination of 25 million people. Worldwide, the COVID-19 vaccination rate per 100 people is increasing in Japan, Europe, the United States, and China, while it is 50% in other Asian countries and less than 10% in Africa. In terms of population, it is estimated that 1.2 billion people in Asia and 1.1 billion people in Africa are waiting to be vaccinated. Twinbird hopes to contribute to the containment of the infection by working to establish a cold chain in these regions where vaccination is particularly lagging.

We will also challenge ourselves to enter new business areas by building cold chains. By leveraging our experience in establishing a cold chain for genetically modified vaccines and the technological superiority of the FPSC method, such as its portability and ability to precisely control temperature at cryogenic temperatures, the Company plans to expand its business into cold chain establishment in areas that require precise temperature control, such as biological antibody drugs, iPS and other cell therapy drugs, and cutting-edge gene therapy drugs.

Note: Estimated from the total import volume of Moderna COVID-19 vaccine



Challenging ourselves with new business domains by building cold chains

Track record of constructing safe and secure cold chains for gene-type (mRNA*) vaccines

Expanding into the cold chain business, where strict temperature control is required

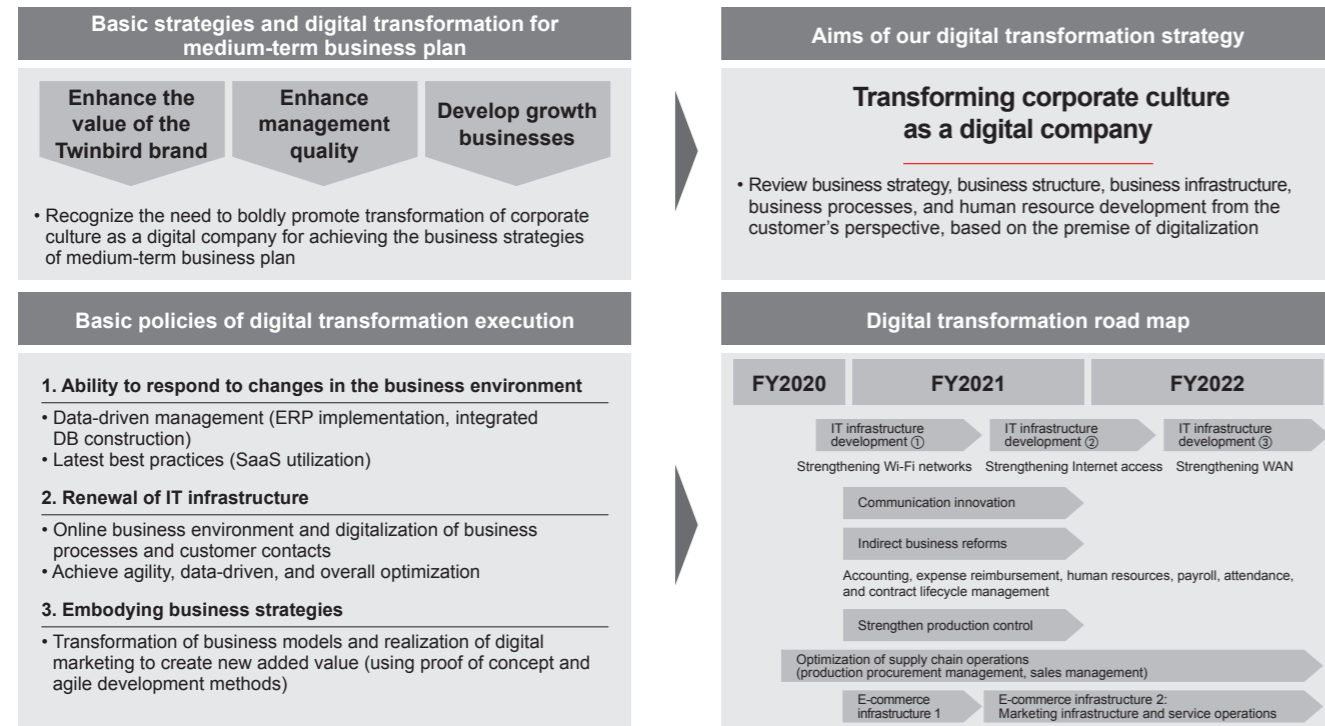
- Hospital treatments
- Medical research
- Clinical trials
- Advanced therapeutic drugs

Utilizing the technological superiority of the FPSC method

1. Excellent portability, can be transported and stored for continuous use
2. Temperature can be set in 1°C increments for refrigerated, frozen, and deep frozen
3. Easy to use, just like home electric appliances, and highly reliable due to domestic production
4. Power saving, compatible with household power and cigarette lighter power

3 Accelerating digital transformation

We recognize that in order to implement our medium-term business strategy and continuously increase our corporate value, it is essential to transform our corporate culture as a digital company. In order to achieve this, from fiscal 2020, through the implementation of digital transformation, we will build digital infrastructure that enables digitization and visualization, and we will automate and improve efficiency based on best practices, mainly in indirect operations. Furthermore, we will work on business model innovation and digital marketing to create new added value.



For details, please refer to "Progress of medium-term business plan and future business development for the second quarter of the fiscal year ending February 28, 2022" (Japanese).
https://www.twinbird.jp/wordpress/wp-content/uploads/2021/11/ir_news_20211025.pdf

Our business and the SDGs

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

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

COVID-19 Response



Internal efforts to prevent infection

Our basic policy is to avoid behaviors and close-contact environments that pose a high risk of infection, and to strike a balance between safety, such as social distancing, and the improvement of work productivity while maintaining vital communication. We are taking the following measures to thoroughly prevent infection.

We are implementing measures such as consistent mask wearing, temperature checks, alcohol disinfection, social distancing, installation of droplet prevention panels, and regular ventilation.

In addition, in light of the requests of governments, including the Tokyo Metropolitan Government, we are implementing remote work, and the Tokyo Branch, Osaka Branch, Nagoya Sales Office, and Fukuoka Sales Office are working in shifts, with approximately 60% of the workforce coming to the office in person.

Also, to accelerate the vaccination process, we provided the venue and managed a joint vaccination program with neighboring companies at our Head Office. The first round of inoculations for employees and their families and acquaintances was held on September 3 and 4, 2021 for 819 people, and the second round was held on October 1 and 2 for 818 people.

Contributing to society through business activities

Our "Deep Freezer" vaccine carrier was highly evaluated for its light weight, compactness, portability, and precise temperature control, and we received orders for more than 10,000 units from the Ministry of Health, Labor and Welfare and Takeda Pharmaceutical Company Limited for the transportation and storage of COVID-19 vaccines.

In order to meet the short delivery deadline, we expanded our manufacturing facilities and increased production with the support of local partner companies, and were able to successfully meet the prioritized vaccination schedule for the Moderna vaccine. A shipping ceremony was held on April 16, 2021, and after the ceremony, a joint press conference was held with Tsubame City to announce that the Deep Freezer would be used in the Tsubame City cold chain planned by the city for the frozen transfer and storage of Pfizer vaccines.

In order to achieve one of the SDGs, "Good Health and Well-Being," we will participate in the creation of a cold chain based on the latest technology and the expansion of medical services on a global scale through our domestic and international networks, and will work to make our Stirling refrigeration technology one of the standards in the medical field.



Workplace vaccination for COVID-19



Deep Freezer (SC-DF25WL)



Shipping ceremony on April 16, 2021

Optimizing the Supply Chain

Tsutomu Sato
Senior Managing Director
Group Executive in
Charge of Production



Supply chain optimization and the production system

We have been a manufacturer since our founding and our supply chain is indispensable to our manufacturing operations. In recent years, globalization has made the supply chain both more complex and efficient, even as supply system instability has increased, such as for semiconductors and electronic components.

In the summer of 2020, the Ministry of Health, Labour and Welfare (MHLW) and Takeda Pharmaceutical Company Limited gave us an inquiry of 10,000 units of our Deep Freezer to use for vaccines. The MHLW praised this carrier for its precise low temperature control and lightweight portability for use in the transportation and storage of COVID-19 vaccines. We formally accepted the order with the determination to help confront the crisis sweeping the nation, but we needed to deliver 10,000 units with in four months after receipt to ensure that the vaccinations could be carried out as quickly as possible. Our everyday supply and production systems were not up to this task, and it was difficult to estimate the preparation time required for parts procurement and production facility expansion. In addition, considering the risk that vaccines will become unusable, there must be zero defects in terms of function and quality.

However, the Deep Freezer's production supply chain is centered in the Tsubame-Sanjo area, where the Head Office is located, and we were able to take advantage of the region's concentration of manufacturing technologies. We visited dozens of local companies one by one to ask for their cooperation. Supported by their passion for manufacturing and excellent technology, we were able to solve the difficulties posed by a lack of equipment and manpower by pooling our knowledge and working as one team.

Under our new rebranding, we will continue to develop and offer new products in the two product lines of Takumi Premium and Kando Simple. In the midst of changes in the external environment, such as in country risks and exchange rate volatility, we will build a production system for products with distinctive features in a spirit of co-creation with local companies, drawing on our experience with the Deep Freezer.

Supply chain optimization

The Company's supply chain encompasses many business partners, from domestic and overseas parts suppliers, manufacturing partners, and our own factories to sales and distribution partners.

In the midst of the need to respond flexibly to market trends in supply and demand, we will further strengthen our ability to adjust our own supply and demand, in a manner consistent with the delivery of products (services) to customers, through appropriate supply, procurement, production, and sales.

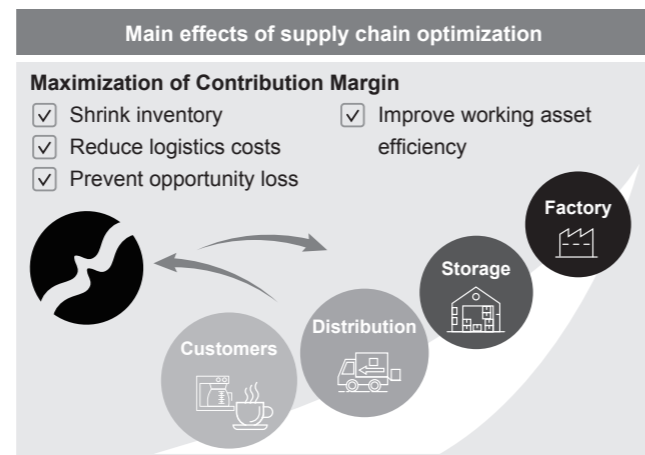
PSI is shorthand for:

- Production
- Sales
- Inventory

Within PSI, we have been trying to maximize the efficiency of our shipping logistics by having our logistics department perform inventory management functions. We will promote supply chain management (SCM) to optimize the entire Company by visualizing the entire supply chain, from

partner factories to customers, and unifying internal and external information.

Through the optimization of the supply chain, we aim to maximize profit margins by reducing inventory, cutting logistics costs, avoiding opportunity losses, and improving working asset efficiency.



Establishing a flexible and sustainable supply chain and restructuring customer-driven systems

We are striving to build a flexible and sustainable supply chain based on our vision of "No. 1 in Customer Satisfaction" so that we can provide the products and services that our customers need in a timely manner against the backdrop of various changes in the social environment.

In addition, as part of Company-wide digital transformation, while continuing to promote the reforms that have been

implemented to date, we will review all operations related to the supply chain, such as shortening lead times and optimizing inventory, from the customer's perspective, and rebuild each system, including production, procurement management, and sales management.

Implementing digital transformation in the supply chain	Strengthening business infrastructure
<ul style="list-style-type: none"> • Value creation through the establishment of digital infrastructure 	<ul style="list-style-type: none"> • Reorganization of the core system for more sophisticated business management
<ul style="list-style-type: none"> • Promoting efficiency through system and operation innovation 	<ul style="list-style-type: none"> • Building a highly flexible and resilient SCM infrastructure that is also sustainable
<ul style="list-style-type: none"> • Improving the accuracy and speed of decision-making through real-time business and operational data 	<ul style="list-style-type: none"> • Build a business foundation that can respond to changes in demand and new business models

Managing risks and the value chain

The value chain is inseparable from the supply chain. By optimizing the supply chain with an eye to value, we will realize differentiation and competitive advantage over other companies, and aim to become even more profitable.

One of the risks facing the supply chain is a shortage of labor in production and logistics sites due to the decreasing working-age population. Increased natural disasters in recent years have had a major impact on corporate activities, including physical losses and disruptions to transportation networks. In order to continue our business activities in a stable and efficient manner, we will promote productivity

gains and environmental friendliness within Twinbird and throughout our entire supply chain. As a company with a global production network, risk management in overseas supply chains is also important.

In order to provide better products and services to our customers in a stable manner, we will work together with our business partners to secure inventory through more resilient inventory distribution as we promote activities such as legal compliance, environmental protection, and community contribution.



CFO's Message

We will accelerate the strengthening of our financial base and the transformation of our profit structure to achieve sustainable business growth and maximize shareholder value.

Keizo Watanabe

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



Basic policy

Our basic policy is to achieve a stable return on equity (ROE) that exceeds the cost of equity, the level of return demanded by shareholders, in order to create sustainable shareholder value.

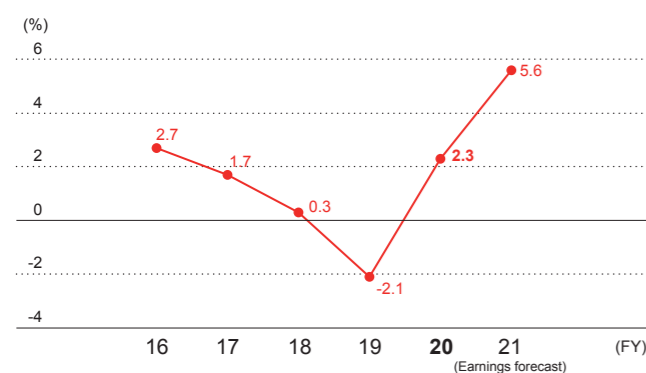
In fiscal 2021, we benefited from the measures taken to strengthen our financial position under our medium-term business plan (fiscal 2020–2022). In addition, due to the rapid growth of the Free Piston Stirling Cooler (FPSC) business, ROE is expected to rise to 5.6%, rapidly recovering to a level near our assumed 6% cost of equity.

Financial strategy

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

In the home electric appliance business, we are working to improve profitability by boldly reducing the number of SKUs, especially for low-profit products, as well as working to optimize inventory levels and improve working capital efficiency.

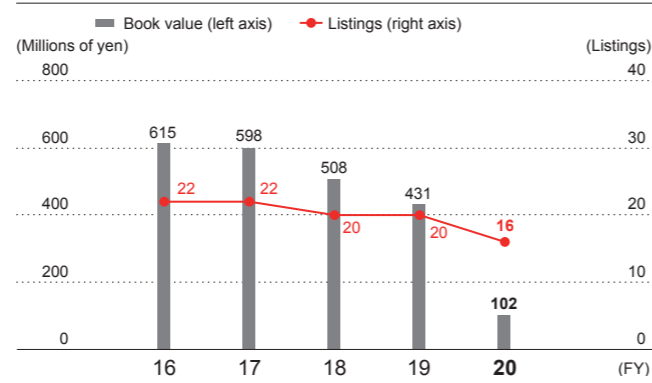
Return on Equity (ROE)



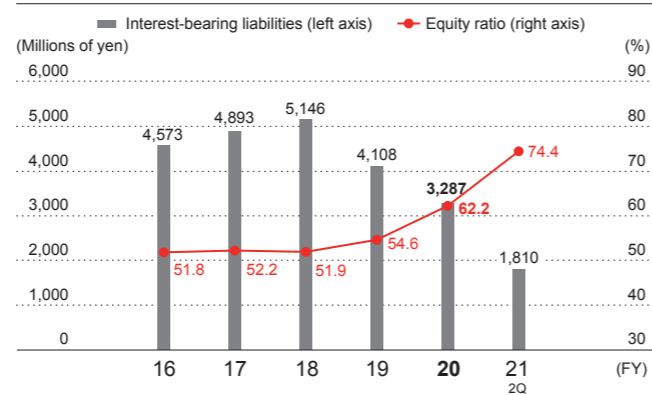
In addition, based on the results of the Board of Directors' review of the benefits and risks associated with cross-shareholdings, we have substantially reduced the balance of shares held to approximately ¥100 million on a book value basis. We are also implementing asset rationalization, including the sale and liquidation of unused assets.

On the other hand, the FPSC business will be developed to become a pillar of new business following the existing home electric appliance business by taking advantage of its features such as high performance, high efficiency, and

Changes in Cross-Shareholdings



Interest-Bearing Liabilities and Equity Ratio



a new cooling system that is environmentally friendly. For this purpose, we raised approximately ¥1.5 billion in equity capital in fiscal 2020 through the "First Series of Stock Acquisition Rights through Third Party Allotment (with a clause to revise the exercise price)." We have already invested approximately ¥400 million to increase our production capacity, and plan to make strategic investments in development and other areas.

As a result of the above improvements in profitability and asset efficiency, as well as equity financing, the balance of interest-bearing debt decreased to approximately ¥1.8 billion at the end of the second quarter of fiscal 2021, a reduction of half from the end of fiscal 2019, before the start of this medium-term business plan. This boosted the equity ratio to over 74%. We have significantly strengthened our financial soundness and secured strategic investment capacity for future business growth.

Financing approach

In selecting financing methods, we will take into account the characteristics of each business, such as growth potential, novelty, and business risk. At the same time, our policy is to adjust our financial leverage to achieve an optimal capital structure while ensuring the financial soundness of our overall balance sheet.

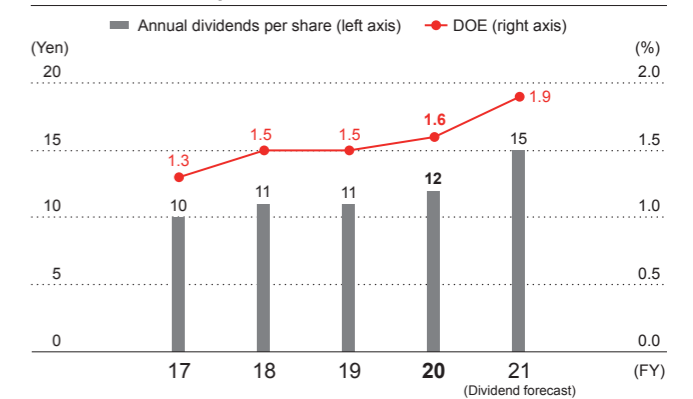
In the case of the above investment financing for the FPSC business, we chose equity financing in consideration of the high growth potential and relatively high business risk associated with the novelty. We have determined that this is the best option because it will ensure a strong financial base while limiting the impact on existing shareholders to a certain extent, and will allow us to flexibly respond to future changes in the business environment.

Carrying out stable and sustainable shareholder returns

The Company recognizes that increasing shareholder value is an important material issue. It is our policy to provide stable and sustainable returns to our shareholders by improving our business performance and strengthening our financial position.

Regarding dividends, we aim to stably secure dividends on equity ratio (DOE) of 1.5% or more and incrementally increase it. For fiscal 2021, we expect to pay an annual dividend of 15 yen per share (including a commemorative dividend of 3 yen per share for the 70th anniversary of our founding). On the other hand, we will flexibly implement share repurchases at an appropriate time, taking into consideration the business environment, business performance, the level of financial leverage, and the outlook for future business funding needs.

Annual Dividends per Share and DOE



Medium-Term Business Plan (FY2020–2022) Financial Guidelines	
Strengthen Financial Stability	<ul style="list-style-type: none"> Strengthen business earnings Reduce inventory, return receivables and payables to appropriate levels, sell or liquidize unused assets, and shrink cross-shareholdings Match business asset risks with funding procurement methods ✓ Equity ratio: Stably maintain at 60% or more and retain financial soundness
Investments in Strategic Areas	<ul style="list-style-type: none"> Conduct key investments in the strategic areas of strategic product development, IT infrastructure upgrades, and branding Dynamically invest and choose funding procurement methods suited to business characteristics if there are strategic investment prospects ✓ Choose and use appropriate funding (basic operating cash flow, asset recycling, new funding procurement) according to the business characteristics with the prerequisite of maintaining financial soundness
Shareholder Returns Policy	<ul style="list-style-type: none"> Ensure stable and sustainable shareholder returns (dividends and share buybacks) ✓ Secure DOE of 1.5% or more and incrementally raise it as well as conduct dynamic share buybacks

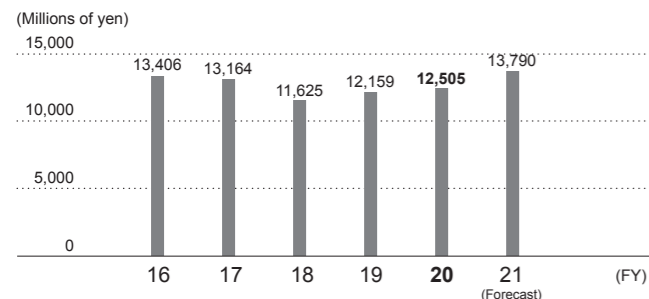
Medium-Term Business Plan (FY2020–2022) Financial Targets and Progress

(Millions of yen)	FY2019	FY2020		FY2021		FY2022
	Results	Results	Plan target	Forecast**	Plan target	Plan target
Net sales	12,159	12,505	12,200	13,790	12,600	13,400
Operating income	178	608	250	820	350	600
Ordinary income	66	484	130	670	230	450
Profit for the year *	(133)	164	60	470	150	300
ROE	(2.1%)	2.3%	0.9%	5.6%	2.3% or higher	4.6% or higher
Equity ratio	54.6%	62.2%	Approximately 59%	74.4%***	Approximately 60%	Approximately 62%

* Attributable to owners of the parent ** Announced on July 8, 2021 *** Actual results at the end of the second quarter of fiscal 2021
Note: Figures in parentheses represent negative numbers

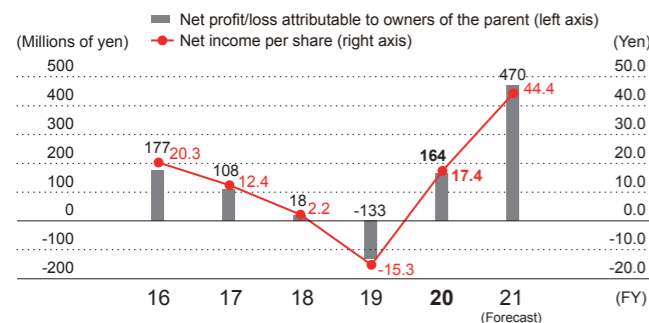
Financial Highlights

Net Sales



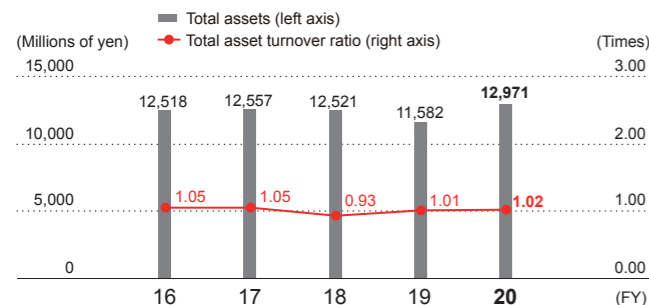
In line with our basic policy of focusing management on building a solid corporate structure and profit, we have shifted the greater part of our attention to achieving a robust business structure rather than expanding our business scale.

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



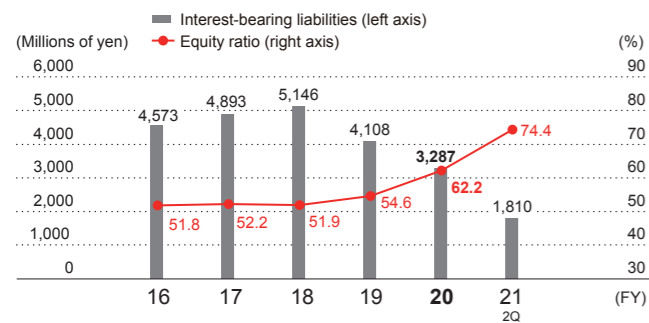
In fiscal 2019, we were in the red due to recording a loss on valuation of investment securities (an extraordinary loss) caused by stagnation in the stock market. However, we expect a significant increase in profit in fiscal 2021.

Total Assets and Total Asset Turnover Ratio



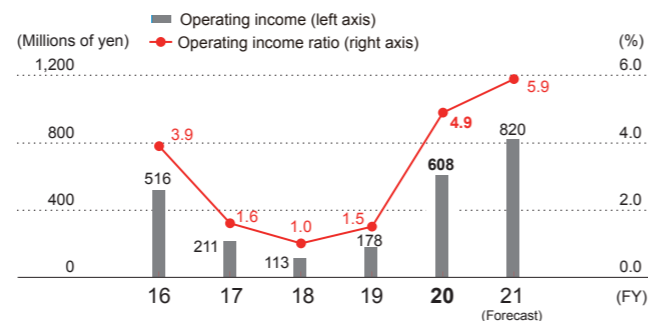
We will reduce inventory and return receivables and payables to appropriate levels while improving the asset turnover ratio and selling and securitizing unused assets.

Interest-Bearing Liabilities and Equity Ratio



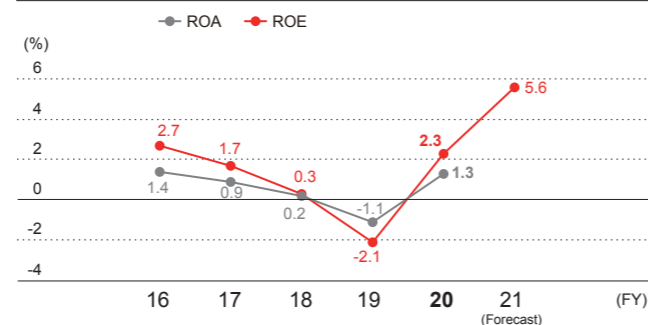
By reducing average total assets and raising equity capital, we have been able to repay our long- and short-term debt, and our financial position has improved significantly.

Operating Income and Operating Income Ratio



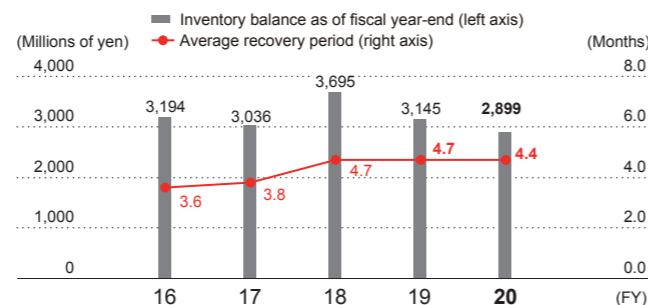
The main drivers of improved profitability were reduced numbers of low-margin products (SKUs) in the home electric appliance business and the expansion of the FPSC business.

ROA and ROE



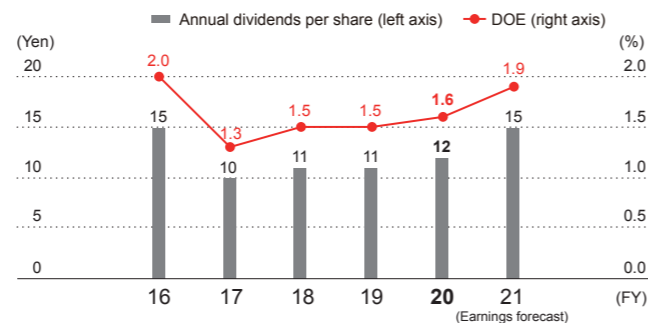
Although profitability (ROA and ROE) were previously trending down and were negative in fiscal 2019 due to an extraordinary loss, we aim to improve profitability and asset efficiency and achieve an ROE that exceeds our cost of equity (6%) during the period of our medium-term business plan (FY2020–2022).

Inventories and Average Recovery Period



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

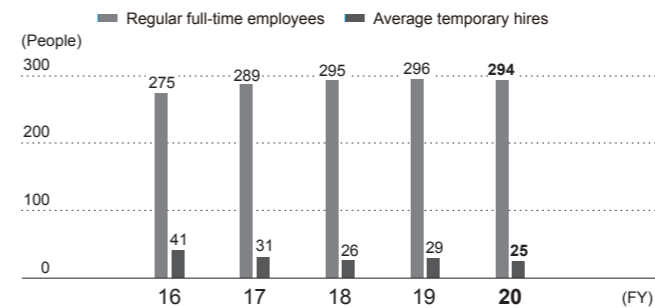
Annual Dividends per Share and DOE



Our basic policy is to ensure stable and sustainable shareholder returns. The annual dividend of 15 yen per share for fiscal 2021 includes an additional dividend of 3 yen per share to commemorate the 70th anniversary of the Company's founding.

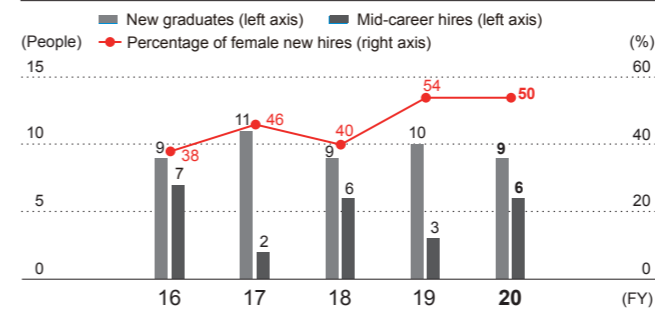
Non-Financial Highlights (Non-Consolidated)

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



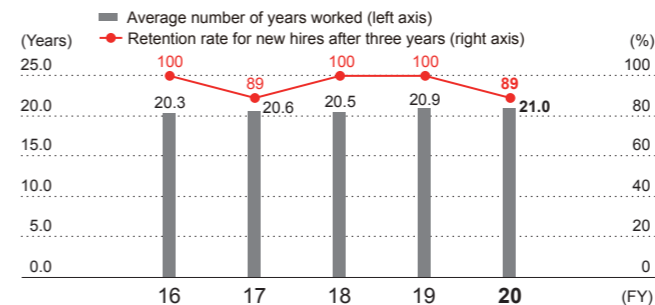
The total number of employees will remain about the same, but we will emphasize improving productivity.

Number of New Hires and Percentage of Female New Hires



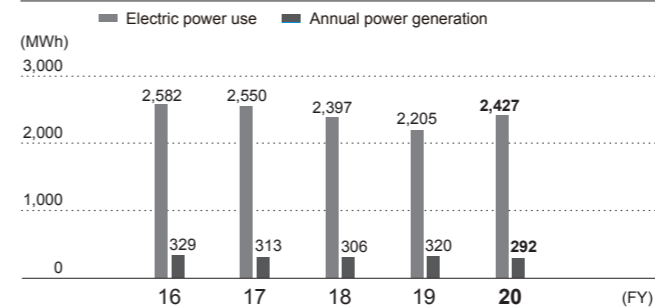
We are strengthening our strategic position by recruiting mid-career employees and regularly hiring new graduates. As part of our efforts to promote diversity, we are bolstering our hiring of female employees.

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



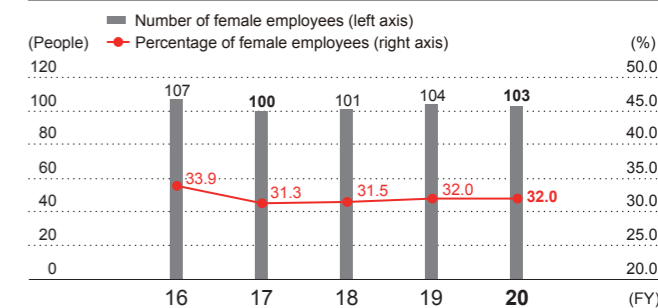
We will continue to maintain a high retention rate and further expand programs at TWINBIRD Academy, our internal corporate university.

Electric Power Use (Head Office and Tokyo Branch) and Electric Power Generation



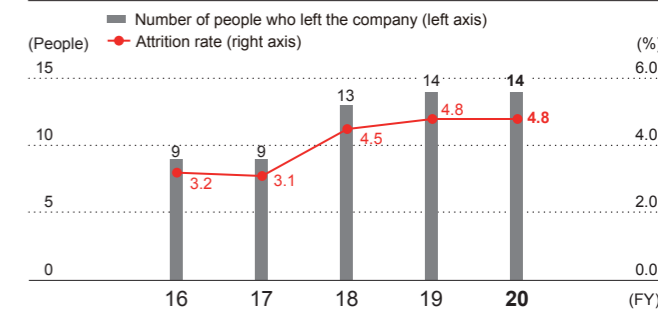
In consideration of the natural environment, we are promoting Twinbird's solar power generation business and reining in our electric power use (net).

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



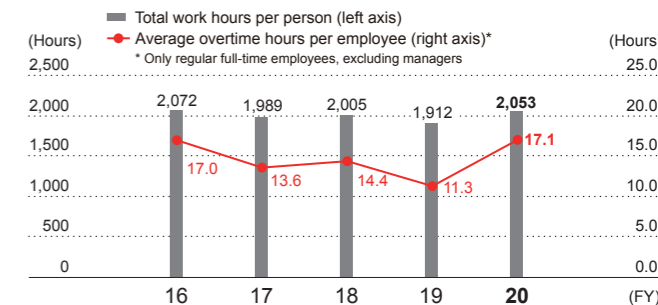
As a part of our efforts to promote diversity, we are focusing on creating a work environment where women can thrive.

Number of People who Left the Company and Attrition Rate



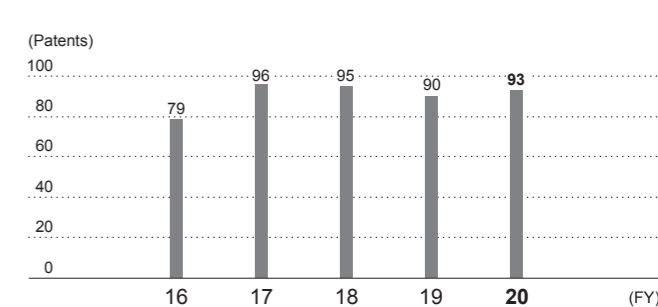
The number of people who have left the Company has remained at a low level compared with the industry average.

Total Work Hours per Person and Average Overtime Hours per Employee



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

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



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

Creating a Workplace in which Employees Find Their Jobs Rewarding

Human Resource Strategies

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



Human resource vision and human resource management policy

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

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

The medium-term business plan (2020-2022) sets forth our corporate vision of being “No. 1 in Customer Satisfaction.” To realize this and clarify what we value in our employees (the values and decision criteria Twinbird upholds), we have established our human resource vision as “Becoming an Inspiring Company That Offers Emotional Impact and Realizes No. 1 Customer Satisfaction.” Guided by this human resource vision, we also declared as our human resource management policy, “Supporting Your Pursuit of Ideals,” in which we lay out the direction of and important standards for our human resource strategies.

Aiming to realize the vision and policy, in fiscal 2020 we introduced a new human resource management system

Human resource vision	Human resource management policy (strategic direction and important standards)	Managerial nest (management class)	Professional nest (specialist class)	Regular nest (operational class)
<p>“Becoming an Inspiring Company (Person) That Offers Emotional Impact and Realizes No. 1 Customer Satisfaction”*</p> <ul style="list-style-type: none"> Professionals who strive to inspire hearts and spontaneously take action to this end 	<p>“Supporting Your Pursuit of Ideals”</p> <p>We will:</p> <ul style="list-style-type: none"> Support those who take on higher goals Seek out potential innovators and offer them promotional opportunities Create work employees can be proud of 	<ul style="list-style-type: none"> Reflect achievements of managerial employees in wage levels and set wage range robustly with the aim of retaining competitive human resources 	<ul style="list-style-type: none"> Rewarded by flexibly adjusted wages commensurate with labor value 	<ul style="list-style-type: none"> Eligibility for an annual wage hike contributes to confidence while encouraging workers to shape their career visions

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

Respecting diverse values and implementing the human resource management system, talent development, and career support

By implementing the human resource management system, talent development, and career support according to the diverse work values and career plans of each individual, we seek to maximize organizational capabilities and “employee happiness” throughout their careers.

Key Human Resource Strategies 2020	Key Human Resource Strategies 2021	Key Human Resource Strategies 2022
<p>Introduce and establish of new human resource management system</p> <ul style="list-style-type: none"> Grading system, evaluation system, and wage system to support diverse work styles 	<p>Visualization of abilities and skills</p> <ul style="list-style-type: none"> Support for the realization of individual career goals Talent management Expanding content at TWINBIRD Academy 	<p>System development and operation</p> <ul style="list-style-type: none"> Consultation system, establishment of contact points, and support functions Career interviews Strengthen operations of TWINBIRD Academy

designed to respect diversity in employee values pertaining to work and help each individual realize their full potential.

New human resource management system

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



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

Human Resource Strategies

Personnel training in conjunction with the medium-term business plan and new human resource management system



Internal university “TWINBIRD Academy”

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

As of September 2021, more than 160 original programs are offered by TWINBIRD Academy. Looking ahead, we will focus mainly on enhancing the content of programs linked with the medium-term business plan and the new human resource management system.

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

- characteristic 01: Web-based learning programs**

Video-based and other programs are made available online to employees (anywhere, anytime) to help them pursue effective learning.
- characteristic 02: Joint training and external training opportunities (face-to-face)**

In-house and external lecturers contribute their insights to support necessary learning to address the needs of employees in light of their job ranks and categories.
- characteristic 03: Facility tour and observance**

Employees participate in on-site tours at Twinbird plants as well as facilities run by its suppliers to enhance their understanding of the Company’s operations.
- characteristic 04: Assessment of proficiency and comprehension**

Follow-up tests are used to confirm knowledge acquisition from the above programs.
- characteristic 05: Systematic management of completion status**

Status of progress in knowledge acquisition is checked on an individual basis to support employees’ personal growth.

TWINBIRD AWARD, an in-house award system

The TWINBIRD AWARD is an initiative of the new human resource management system launched in fiscal 2021. In line with our human resource vision, this new award system recognizes employees who have taken on the challenge of creating new value and promoting the development of our “Inspiring Company (Person).”

In choosing the recipients of the TWINBIRD AWARD, each division selects employees who have contributed to the Company’s performance, with top performers awarded based on votes by employees and judging by executives. Fiscal 2021 was the first time to hold the event and numerous entries were received. With all employees gathered to celebrate their colleagues, the award ceremony was held as a general morning meeting that transcended the boundaries of departmental divisions.

By visualizing and rewarding each department’s efforts and contributions, we encourage taking on challenges and the realization of our corporate vision of “No. 1 Customer Satisfaction.” The values this promotes will lead to the growth of individual employees and the Company as a whole.



Recipients of the 2020 TWINBIRD AWARD



At TWINBIRD Academy

Human Resource Strategies
Promoting diversity and improving the working environment



Promoting Diversity

As we strive to empower our diverse human resources to fully live up to their competencies and thereby achieve happiness via career development, we believe that it is important to create an organizational culture and working environment that encourages all to respect one another's values and personalities.

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

In 2019, we were additionally certified by the prefecture as "an Enterprise Supporting Child Rearing."



In addition, we have formulated an action plan for the development of the next generation and are promoting the usage of annual paid leave to enhance work-life balance. As a result, the ratio of annual paid leave utilized has made steady improvement each year since fiscal 2017.

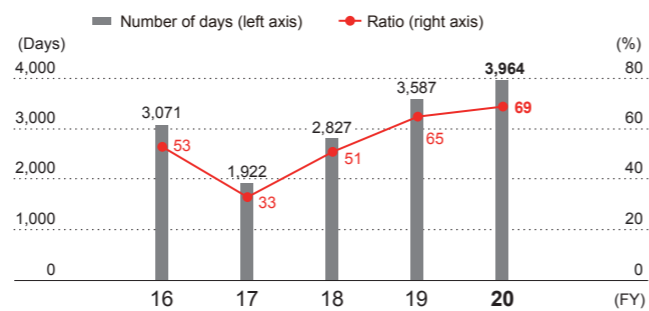
We have set the retirement age at 65 to ensure an environment in which veteran employees can work with confidence and are better positioned to pass down their abundant knowledge and experience to younger generations.

As a result of actively promoting the employment of people with disabilities, we achieved the legally mandated employment ratio in fiscal 2019. In cooperation with Public Employment Security Office and the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers, we accept company tours and participate as instructors in training sessions for vocational support to help promote employment of persons with disabilities.

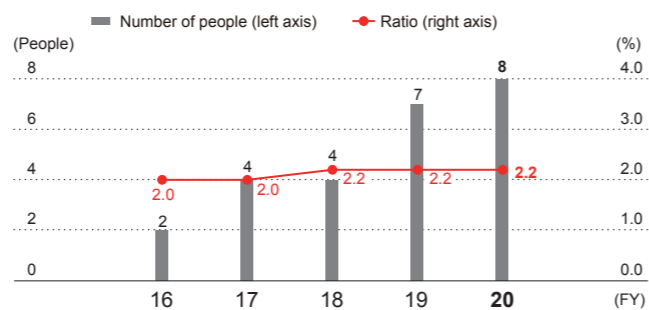


Workshop on employment of people with disabilities

Number and ratio of annual paid leave days utilized



Number and ratio of people with disabilities being hired



Improving the working environment

To create a comfortable working environment, we conduct interviews and detailed questionnaires with our employees every year to reflect their opinions in our management. We visualize the workplace environment and employee awareness, and analyze the results on an organizational basis for improvement.

We take the opinions and issues raised by each and every employee in the survey very seriously, and have been improving the office environment and facilities, introducing internal communication tools, and promoting greater work efficiency.

In response to the frank opinions expressed in the questionnaires, the Company's response and improvement policies are clearly stated on the internal platform, and progress in solving issues is shared with employees on a regular basis.

In addition to communicating with employees digitally through detailed questionnaires, we also place importance on communicating directly with employees in order to understand their situation and awareness. Through these interviews, we check on employees' career aspirations and health status, as we seek to foster a workplace environment where employees enjoy peace of mind.

Our Contribution to Society

Harmoniously Coexisting with Regional Communities

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

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

Note: In 2020 and in 2021 we decided that the health and safety of all visitors and people involved is our top priority and cancelled the event.



Photos from the 2019 event

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

Twinbird is an official sponsor of the Tokyo Yakult Swallows (professional baseball team). Our decision to become an official sponsor of this team in 2012 was in recognition of a bond formed by the coincidence of the name of the city—Tsubame—being the same as the Japanese word for the bird known as a swallow in English. We support the local community and the baseball team through exchange programs between the team and Tsubame City.

"Swallows Rice Farm Project" Facilitating Interaction between Tsubame City and the Swallows

Swallows baseball fans and other citizens participate alongside "Tsubakourou," the Swallows' team mascot in this project, which includes planting and harvesting events at rice paddies in Tsubame City, Niigata Prefecture. On the day of the event, visitors were able to experience our products at the Twinbird booth.

Note: In 2020 and in 2021, we decided that the health and safety of all visitors and people involved is our top priority and cancelled the event.



Photos from the 2019 event

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



地域未来牽引企業
Logo of companies Driving Regional Growth

In December 2018, Twinbird was selected by the Ministry of Economy, Trade and Industry (METI) to be included in the list of "Companies Driving Regional Growth" as part of METI's additional selection campaign aimed at identifying businesses expected to play key roles in the future growth of regional economies.

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

Gate CAFE at TWINBIRD Nihonbashi Gate Office

TWINBIRD Nihonbashi Gate Office in Tokyo was opened in 2015 to provide a venue for direct interaction with users of its products. Within the office, a showroom equipped with a kitchen, living room and bathroom provides visitors with a hands-on opportunity to experience the Company's products. Employing this showroom, we are proposing home electric appliances that align with users' lifestyles and deliver what they truly need in various situations.

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



CAFE

Offering a Taste of the Delicacies of Tsubame-Sanjo

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

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



SHOWROOM

Offering Hands-on Experience of "Made in Tsubame-Sanjo"

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



EVENTS

Teaching People about Life in Tsubame-Sanjo

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

Initiatives for the Environment

Twinbird Supports the Natural Environment via Solar Power Generation

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



Progress of the Medium-Term Business Plan and Initiatives Related to Corporate Governance



Kazunori Kobayashi

Executive Officer
Group Executive,
Corporate Planning Division

Progress of the Medium-Term Business Plan (2020–2022)

Twinbird revamped its management lineup between 2018 and 2019. The new management team, with newly added members, formulated the medium-term business plan (2020–2022) and announced it in April 2020.

In fiscal 2020, the launch of the new business plan came amid the completely unforeseeable COVID-19 pandemic.

However, as the pandemic spread, a cold chain was needed for Moderna's mRNA COVID vaccine. To build this chain, the Ministry of Health Labour and Welfare and Takeda Pharmaceutical Company Limited ordered 10,000 units of Twinbird's vaccine carrier Deep Freezer (SC-DF25WL) to be delivered by April 2021. We were able to achieve this unprecedented increase in production by collaborating with companies in the Tsubame-Sanjo area.

As a result, in the first year of the plan, we were able to strengthen our financial position and improve profitability. In the first year of our medium-term business plan, fiscal 2020 (ended February 28, 2021), we set targets of net sales of ¥12.2 billion, operating income of ¥250 million, and net profit attributable to owners of the parent of ¥60 million. We achieved net sales of ¥12.5 billion, operating income of ¥608 million, and net profit attributable to owners of the parent of ¥164 million, resulting in a significant increase in business performance.

First, the FPSC business received a large order, which greatly contributed to the business performance, and net sales reached ¥1.55 billion, five times greater than the previous year. In addition, in the home electric appliance business, we focused on optimization of the product portfolio, a key measure in our medium-term business plan, i.e., narrowing the focus to highly profitable products and sales. As a result, the gross profit margin improved significantly by 2.4 percentage points year on year. Operating income and net profit attributable to owners of the parent improved

significantly, and ROE was 2.3%. Secondly, as a result of the thorough reduction of inefficient assets and the procurement of funds by issuing the first series of stock acquisition rights through a third-party allotment for the strategic expansion of the FPSC business, the equity ratio increased significantly to 62.2%, up 7.6 percentage points from the end of the previous fiscal year, and we were able to further improve our financial position.

We would not have been able to achieve all this without the cooperation of the local industrial community in the Tsubame-Sanjo area. Based on the manufacturing made possible through co-creation with the local industrial community, we intend to continue developing with our neighbors going forward.

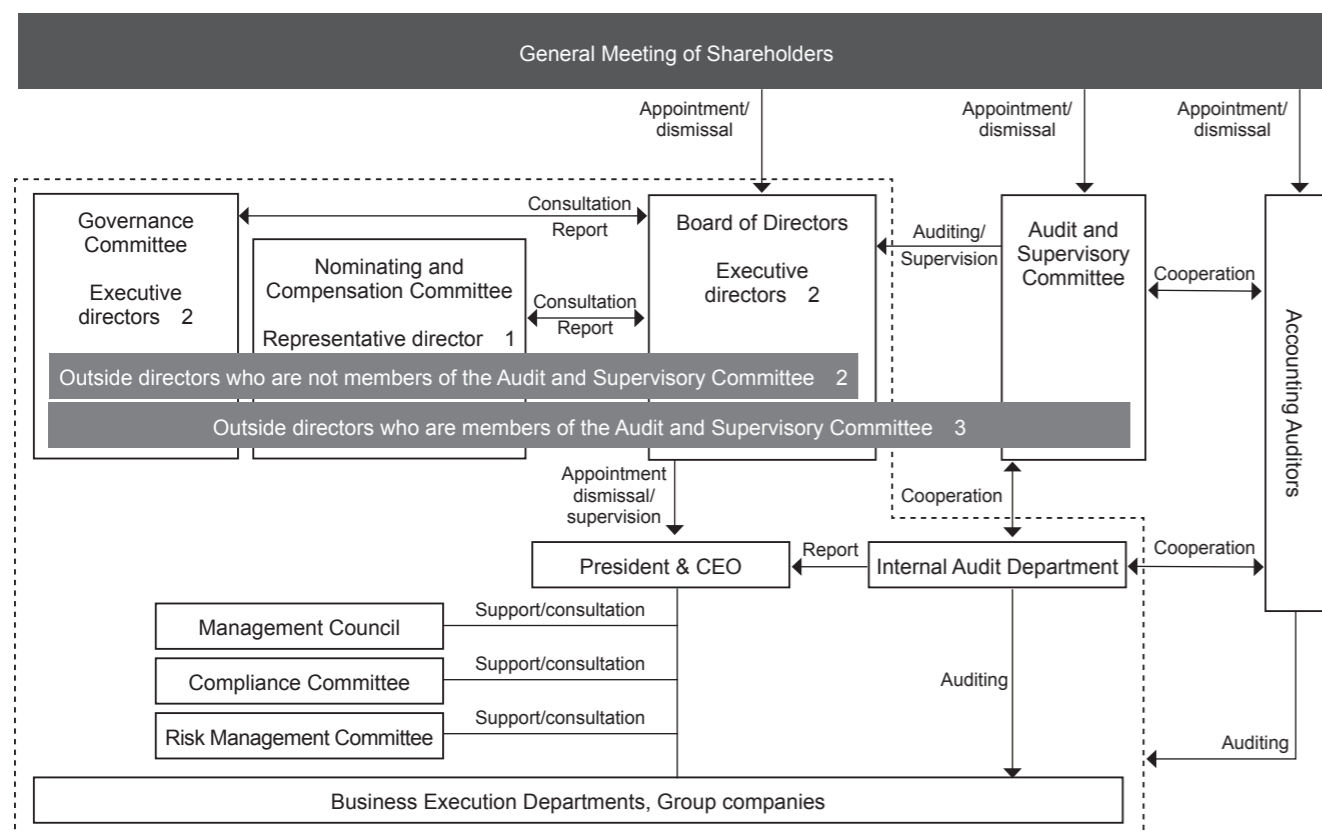
Initiatives Related to Corporate Governance

In June 2021, we established the Governance Committee, which comprises seven directors and is chaired by an independent outside director. The purpose of the committee is to engage in the discussion of management strategies and governance systems, with reference to the perspectives of outside directors; to increase management transparency and fairness; ensure sustainable growth; and enhance medium- to long-term corporate value. The committee also intends to utilize the opinions and advice of outside directors to improve management strategies and corporate governance, taking advantage of their diverse range of expertise and experience.

In addition, in June 2021, there was a revision to the Corporate Governance Code. To date, Twinbird has striven to strengthen its governance by, for example, ensuring that over half of its directors are outside directors. And in 2021, we were able to enhance governance in terms of diversity as well with the appointment of the first female outside director. We think that building a system for promoting sustainability will be a major issue going forward.

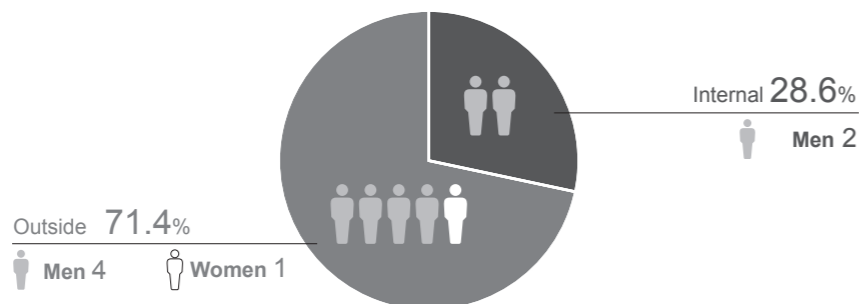
Corporate Governance

Corporate governance structure



Ratio of outside directors

7 directors



Key expertise and experience of directors

Position	Name	Business management strategy	Industry knowledge	Sales Marketing	Planning and development Manufacturing and technology	Human resource strategies Human resource development	Finance Taxes Accounting	Global	Legal Risk management
President & CEO	Shigeaki Nomizu	○	○	○	○			○	
Senior Managing Director	Tsutomu Sato	○	○		○				
Outside Director	Yoshitaka Kato	○					○	○	
Outside Director	Takako Hagiwara	○				○		○	
Outside Director (Audit and Supervisory Committee Member)	Fumihiro Komamiya						○	○	○
Outside Director (Audit and Supervisory Committee Member)	Masazumi Shimada	○			○				
Outside Director (Audit and Supervisory Committee Member)	Takashi Komura								○

Note: The above summary does not include all of the knowledge and experience the directors possess.

Fundamental stance on corporate governance

The following basic policies are central to our corporate governance:

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

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

Outline of our management structure for the execution, audit, and supervision of business

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

(a) Board of Directors

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

(b) Management Council

The Management Council, which consists of two executive directors, meets regularly once a month in general to deliberate and make decisions on important management matters based on the fundamental management policies established by the Board of Directors.

(c) Audit and Supervisory Committee

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

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

Furthermore, the Audit and Supervisory Committee engages with accounting auditors to ensure smooth information sharing and otherwise exchange opinions

with them in the course of accounting audits. To this end, they also accompany these auditors and observe their audits.

(d) Nominating and Compensation Committee

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

(e) Governance Committee

The Governance Committee was established in June 2021 for the purpose of enhancing the transparency and fairness of management by continuously consulting and reporting on the Group's management strategy and governance system from the perspective of outside directors, and to promote the sustainable growth and medium- to long-term corporate value of the Group. The committee consists of seven directors, chaired by an independent outside director, and the majority of whom are independent outside directors.

Director compensation system

Compensation for directors of the Company (excluding outside directors and directors who have concurrent membership in the Audit and Supervisory Committee) consists of basic compensation that takes into account the balance between their position, Japanese standards and employee salaries, and an executive bonus, as well as two forms of share compensation (a performance-linked share compensation system and a restricted share compensation plan) to further enhance their motivation to contribute to the improvement of the Company's medium- to long-term performance and corporate value. Bonuses are based on economic conditions, the Company's performance, the standards of other companies, and the bonus level of our employees.

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

Basic compensation for directors, excluding those who concurrently serve as Audit and Supervisory Committee members, is determined by the Board of Directors within the limit of the total amount approved by the General Meeting of Shareholders. After receiving advice from the

Nominating and Compensation Committee, whose majority membership is accounted for by independent outside directors, the Board of Directors decides on such compensation upon the consent of the Audit and Supervisory Committee to ensure the independence and objectivity of its decisions. In addition, share compensation is paid to recipient in the form of Company shares, with the number calculated based on the recipient's position and performance coefficient. Until a director steps aside from his/her position, the Company holds shares awarded as compensation in a stock benefit trust. Once the director steps down, said compensation is paid to the recipient.

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

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

Performance-linked share compensation plan

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

In addition, if new directors were to be appointed midway through the fiscal periods subject to the plan, the following formula is equally applied to the calculation of share

compensation for such individuals. In general, recipients are eligible to receive share compensation only when they step aside from director positions.

Also, upon the finalization of the number of shares to be granted to each director under this plan, the trust converts 30% of such shares into cash. These portions are granted to recipients in cash at fair value instead of shares, with the aim of ensuring smooth tax withholding in which the Company sets aside funds for the payment of individual income and other taxes on behalf of recipients.

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

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

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

Formula for calculating points (excerpt)

In general, points are granted to each recipient on the annual grant date to reward recipients for their performance during each evaluation period.*1

The number of points is calculated using the following formula.

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

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

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

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

*3 Performance coefficient: See "Performance Coefficient" on the following page.

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

Performance coefficient

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

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

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

https://www.twinbird.jp/wordpress/wp-content/uploads/2021/11/2020_59_4.pdf

Director compensation for fiscal 2020

Category	Total compensation (¥ thousands)	Total compensation by type (¥ thousands)				Number of recipients
		Basic compensation	Bonus	Share compensation	Retirement benefits	
Directors (excluding those serving as Audit and Supervisory Committee members and outside directors)	74,369	61,569	—	12,800	—	2
Directors serving as Audit and Supervisory Committee members	9,600	9,600	—	—	—	3
Outside directors (excluding those serving as Audit and Supervisory Committee members)	3,600	3,600	—	—	—	2

Notes: 1. The above figures include one director (excluding directors who have concurrent membership in the Audit and Supervisory Committee) who retired at the conclusion of the 58th Ordinary General Meeting of Shareholders held on May 22, 2020.

2. At the 59th Ordinary General Meeting of Shareholders held on May 25, 2021, a resolution was passed to grant restricted share compensation of up to ¥42 million per year to the two eligible directors separately from the above annual compensation as follows

Restricted share compensation plan for directors and executive officers

The Company's directors (excluding outside directors and directors who have concurrent membership in the Audit and Supervisory Committee) and executive officers shall share the benefits and risks of stock price fluctuations with shareholders, and shall further raise awareness of the need to contribute to stock price appreciation, medium- to long-term performance improvement and increased corporate value. The Company has introduced a share compensation plan that allocates restricted stock to eligible directors and executive officers for a period of three years, with the aim of encouraging the directors and executive officers to work together to achieve the goals of the medium-term business plan. In order to encourage the directors and executive officers to work together to achieve the goals of the medium-term business plan, the Company has introduced a share compensation plan under which directors (excluding outside directors and directors who have concurrent membership in the Audit and Supervisory Committee) and executive officers are allotted restricted shares with a three-year transfer restriction period.

Specifically, upon a resolution by the Board of Directors, the directors (excluding outside directors and Audit and Supervisory Committee members) and executive officers are eligible for claims on monetary compensation in the form of share compensation. All of such claims are paid as compensation in-kind. Such directors and executive officers

will thus be allotted shares with restrictions on transfer. In addition, other details of the allotment of shares with restrictions on transfer have been decided by the Board of Directors based on conclusions reached through discussion by the Nominating and Compensation Committee and upon the confirmation of such decisions by the Audit and Supervisory Committee.

Status of development of internal control systems

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

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

Management that Utilizes Diverse Knowledge and Ideas

Outside Director Symposium



Twinbird strives to enhance deliberations at Board of Directors meetings and ensure transparency in decision-making by utilizing the advice and objective perspective provided by its outside directors and their diverse knowledge and experience. To discuss the insight they bring to Board meetings, five outside directors joined an online symposium connecting the Head Office in Niigata and the Tokyo Branch.

Twinbird's Corporate Governance

Kato: From President Nomizu's words and actions at Board meetings and other events, I can tell that he believes in having good governance in order to succeed as a listed company.

When looking at a company, one important point I value is how active the president is in maintaining governance. I also look at whether the company has robust relationships of trust with its directors, executive officers, and managers.

Varied opinions, questions, and items for consideration are raised at Board meetings. Of course, there are times when we discuss and exchange opinions on the spot, but there are also times when the executive side takes the information back to the office, explores the issue, and provides a fuller explanation at the next Board meeting. After the Board meeting, the president, secretariat, executive directors, executive officers, and other related parties gather to confirm the results. There is strong follow-through with clear priorities. Execution proceeds quickly and smoothly.

The atmosphere at Board of Directors meetings is free and open for deliberation. If time runs out at the meeting, deliberations can continue through frank question-and-answer sessions at either the Governance Committee or Nominating and Compensation Committee meetings. When I asked the president to create such an opportunity, the Governance Committee was immediately established in June 2021. At some companies, presidents and executive directors are often reluctant to accept feedback or suggestions, so I really appreciate that Twinbird operates with such openness.

Komamiya: When I first became an outside director three years ago, Board discussions were not very vigorous. At the time, I remember first mentioning that if I was to be appointed as the Company's very first outside director, it would be necessary to have proper discussions at Board of Directors meetings. I think the Board of Directors has

changed a lot in the past three years, as discussions are now very lively and the time allotted always feels too short.

When I became an outside director, I did a lot of research on how an outside director should do their job. At the time, one particular company had adopted a cutting-edge outside director system that was highly regarded by the public, but subsequently suffered a serious scandal. The takeaway is that form alone is insufficient. Just having an outside director does not prevent scandals. I think it is more important to see how seriously a company takes the input of its outside directors and how it responds to them.

As Mr. Kato mentioned, the outside directors' proposals are taken very seriously by the executive directors, and responses are made at the next Board or relevant meeting, so the meetings are managed with substance. I believe that this is a strong point of the Company, compared to other corporations.

What I find most important is the extent to which management awareness is shared with the general employees. No matter how much thought management puts into changing and reforming the organization, it will not go well unless the purpose of the change is properly communicated to the employees. I strive to be conscious of whether information is being properly conveyed to all levels of employees.

Shimada: As Mr. Kato and Mr. Komamiya mentioned, the president of Twinbird is very approachable, and the executives are very serious about listening to the opinions of outside directors and implementing their ideas. I feel that we have become a fresh and lively Board that quickly addresses changes in the market environment, and always stays current.

Since August 2021, the Governance Committee has met once a month, in addition to the Board of Directors meetings. This is an important initiative that is indispensable for the long-term enhancement of the Company's corporate value.

People, goods, and money are commonly recognized as three major management resources, but market analysis and the ability to utilize "information," such as technology and know-how, is the fourth major resource. In addition, I think it is important to look at the management of a company to see if it has a fifth major management resource, by adding "persistence" to make use of that information.

The Free Piston Stirling Cooler (FPSC), for example, was introduced into mass production and launched in the market by Twinbird, with some technological assistance from Global Cooling, Inc. (a U.S. company) about 20 years ago, and at the time it was very popular. Difficulties ensued after its popularity receded, and there were numerous calls to withdraw from the business due to the huge costs involved. Even so, the management and staff at the time continued the business and technological development without wavering. This is exactly the kind of "persistence" that supported the Company's future, and it is the reason why we believe that the five management resources, including people, goods, and money, are insufficient without the fifth resource, persistence.

Komura: The Company's basic governance policy has four goals. The first is to enhance the transparency of the decision-making process. The second is to strengthen information disclosure and clarify accountability. The third is to maintain strict compliance. And the fourth is to implement through risk management. I appreciate that we have been able to achieve all of these goals.

To give an example of the first goal, President Nomizu sometimes says at Board meetings, "We have nothing to hide from our outside directors, because we are fully open." This is exactly what happened when I brought up a recent matter. I feel that even information that could be inconvenient for the Company is being reported in detail.

As a lawyer, I pay special attention to two points in Board deliberations: first, whether the decisions are appropriate in light of laws and regulations such as the Companies Act and internal rules; and second, whether the outcomes are in the best interest of stakeholders, especially those in vulnerable positions such as minority shareholders and employees.

Hagiwara: I just became a new member in May 2021. Because of COVID-19, I still haven't had the chance to meet many of you in person yet, but everyone is certainly active and expressive at the Board of Directors meetings. Opinions are exchanged so vigorously that I sometimes wonder whether going that far is acceptable. I feel that I can participate in the meetings very candidly. I am stimulated by the discussions, enjoy them, and learn from them, while simultaneously thinking about what I can add and what issues I can propose.

I have been involved in the manufacturing and service industries for many years, with a focus on human resources

and organization. Nowadays, the world changes very quickly, and I think the key is how well we can detect these changes, how actively we can engage in them, and how proactively we can act on them. In this sense, I am very interested in the way Twinbird is moving forward. The bold changes being made are evident in the medium-term business plan. I am very proud and excited to be involved.

The Role of Outside Directors in an Era of Rapid Change

Hagiwara: In my 30 years of experience in the business world, I believe that "change" is essential. In terms of organization, human resources and diversity, we have always been committed to anticipating change and proactively confronting change, both from an organizational and an individual perspective.

Twinbird will be exposed to major changes in the future, but I think it is important to be both flexible and acutely aware of what we do and do not want to change.

We should be willing to change the things that need to be changed while remaining ever mindful of our corporate philosophy, our relationship with society in Tsubame City (a very unique strength), and the things that we definitely want to preserve.

People can be resistant to change, so it is important to create organizations, personnel, relationships, and environments that allow people to enjoy that change. In particular, it would be beneficial for the people in charge of core businesses at the Head Office in Tsubame City to be aware of how to create an environment where they can enjoy change.

Komura: Next, I will speak about what to do when a problem arises.

We appreciate the fact that when problems occur, the Company does not hide information from the outside directors, but responds openly and promptly, which leads to positive results in the end.

Shimada: Seventeen years ago, I was appointed as an Audit & Supervisory Board member at Twinbird. I feel that over this time, the executive side of the Company has made very sophisticated use of computers. For example, meeting documents have become much easier to understand. Now, you can grasp the contents just by looking at the document.

Because of this, discussions at Board meetings can start one step ahead, and jump right into questions and deliberations. Everyone asks tough questions and engages in discussions at the Board meetings, and I think the executive side responds well to those questions by creating solid briefings.



I hope that the executive side will continue to consolidate accurate information from business sites to create even more comprehensive briefing materials. In this sense, I would like to see growth through friendly mutual competition.

Komamiya: Thirty years ago, in 1990, I was attending university in the United States. Something I learned at my classes there was that individuals would soon be able to transmit all kinds of information through the Internet, and how important it would be for us to think about how we can monetize this tool for our business.

Since then, as we all know, everyone has started to post various things on the Internet, and now there is an overflow of information. It was only 30 years ago that this huge change took place, but now it is impossible to imagine life without the Internet.

In this quickly-changing world, it is impossible to accurately predict what life will be like in 20 or 30 years. How can we keep up with the changes?

In my opinion, we shouldn't try to haphazardly catch up with every single change. The most important thing is to aim and strive for the kind of company we want to be or the kind of person we want to be, rather than trying to anticipate what changes are coming and simply reacting.

In other words, society may change, but by continuing to pursue our vision, we will stay true to what we have worked towards, even if the results differ from what we imagined due to the change. On the other hand, if you abandon what you originally aimed for and try to adapt to all the changes to mimic society, you may end up regretting that you didn't continue to follow your vision 10 or 20 years later when the situation ends up being different anyway. I would like to set a vision for what to do at both the individual level and the company level, and strive to achieve that goal.

Kato: My specialty is finance and accounting, and I run my own company and provide consulting services for business management, both listed and unlisted. I utilize this expertise when I speak at Board meetings.

I would like to share some boardroom vignettes to make three points. The first concerns financial proposals. For example, issues like the inventory turnover ratio and whether it is possible to improve the turnover ratio, or what measures can be taken to increase the equity ratio. Issues

like these are very rewarding because the executive side immediately looks into them.

The second case involves investor relations. When I mentioned at a Board meeting that we needed to enhance our efforts and send more timely messages to stakeholders, the president and other executive officers responded immediately with a very positive comment: "We are already doing this, but we will work to strengthen it further." I appreciate that they were able to make a quick judgement and handle the situation without bias.

Thirdly, as I mentioned earlier, I would like to make more and more proposals that include the perspectives of the young people who will shape the future, while maintaining a clear distinction between what to change and what to keep.

For example, I feel that in the next year or two there will be a clear distinction between the companies that succeed in digital transformation and those that do not. For success, the most basic prerequisite is the motivation of the president. President Nomizu does his own thorough research, takes the initiative in creating project teams, and has a strong desire to lead from a place of great responsibility.

At Board of Directors' meetings, I speak from the perspective that I want the Company to be proactive and bold in its efforts.

Contribution to Society

Shimada: The Company has been producing unique hit products that major appliance manufacturers have not tackled. These include compact and new-concept home electric appliances. In the COVID-19 pandemic, our vaccine transport storage equipment made with the FPSC made a great contribution to society. I believe this is the beginning of a new direction for Twinbird into the pharmaceutical field. Since the pharmaceutical field is directly related to health, there is no room for quality failures in the product development and manufacturing process. In other words, it is a serious challenge, and we hope to use this opportunity to improve Twinbird's quality control standards to meet those of the pharmaceutical field. On top of that, I would like the Company to aim to be unique and deliver genuine value to its customers as our tagline says, "Not everything. The right thing."

In early August every year, Twinbird holds a summer festival in the Tsubame-Sanjo area as a place to meet and interact with local residents. Twinbird opens its premises to the community, and has established an internal university, TWINBIRD Academy, to enhance its human resource management system.

Going forward, I would like Twinbird to keep contributing to the local community in big ways. In 2021, Twinbird celebrated the 70th anniversary of its founding. I look forward to seeing what the world will be like 30 years from now, when Twinbird celebrates its 100th anniversary, and to seeing what kind of company Twinbird will have grown into.

Komura: The Company has been contributing to the world through its management philosophy, "develop products that offer emotional impact and amenity." Current products include vaccine transport freezers with FPSC technology, fully automatic coffee makers, and bathroom televisions. All of these are in line with our management philosophy. As domestic consumption is not expected to grow, I hope that we can expand sales of these wonderful products overseas. Although we are a local company in Japan, I hope that our activities will extend further on the global stage.

Hagiwara: I believe that Twinbird's products and technological capabilities will be able to provide answers and proposals to future social and environmental issues. This is because we depend on masterful manufacturing. We are a Company of people devoted to improving their expertise and technical capabilities, individuals who work together with confidence and pride. One of the Company's values is "Work together across departments and job titles to achieve goals."

Underlying the spirit of mutual prosperity, as well as the idea of co-creation in communities such as Tsubame City, is the idea that individuals with strengths to share can connect with each other to create a network and become even stronger. In this way, individuals will be able to further broaden their horizons.

By keeping abreast of global trends and needs, we will be able to perceive environmental issues, social contributions, and the issues required by the Sustainable Development Goals (SDGs). We will be able to act on our own initiative to see what we can do. I believe that a company can become even stronger by creating and maintaining a sense of societal contribution by further refining its existing strengths from a management perspective.

Komamiya: COVID-19 is the major factor impacting the business environment, and we can't be sure of what will ensue with regard to the pandemic in two or three years. COVID-19 has changed people's lifestyles. That is for certain, but I think it is better not to blindly accept assumptions about the future before seeing how lifestyles and the operations of the Company will eventually settle down.

Kato: The 17th-century Japanese traveling merchants had a famous business concept called *sampo yoshi* (good for all three parties), which expresses the idea of "good for the sellers, the buyers, and the wider community." I believe that nowadays, "good for the Earth" should also be included, especially considering the SDGs. I believe that all 17 of the SDGs apply to the Company with varying degrees of intensity.

In terms of being "good for the wider community," I have high expectations that Twinbird, going forward, will continue to be very active in investor relations. I hope that the Company will maintain its current pace.

For the Company's next steps, I wonder if we can use the freezer for vaccine transportation as an entry point to conduct broader marketing activities. President Nomizu's words struck me when he said that no matter how hard it was, he would make a great contribution to society. I can truly understand his desire to contribute to the world.

For the "good for the merchant" aspect of *sampo yoshi*, Twinbird is making great efforts to increase employee happiness to the fullest. I would love for the Company to become a place that really appeals to today's youth.

For the "good for the buyer" aspect of *sampo yoshi*, we need to think globally, as I mentioned earlier. President Nomizu is also starting to think about carrying this "good for the buyer" philosophy overseas. We need bold ideas to break out of the existing shell, so I hope that young people will expand their business to the fullest while cherishing their ideas.

I would like to see the Company maintain a very high level of happiness for each and every employee, and become a company with the spirit of "reflecting individual ideas to the fullest in the business" in order to increase the number of Twinbird fans around the world, while giving employees a sense of purpose in their life and work.

Not everything. The right thing.

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

Our ideas are informed by a natural curiosity about the world.

Our knowledge and expertise are the products of tenacious trial and error
and experience from failure.

Tsubame-Sanjo, the place we call home, was built on the hammer and
craftsmanship is in our blood.

From factory floor to sales, our team is a mere 300 people.

We are small and tight knit which means we bring not only speed,
but a detail-oriented approach to every single project we undertake.

We are good listeners. Each and every idea gets its turn.

We aren't perfect, but that is exactly what drives us to learn, to grow,
and to continue moving forward. We can help you to do the same.

As lifestyles change, we will continue to be the home appliance maker
that nurtures and helps that journey along.

The size of our wings does not determine where or how far we can fly.
Come spread your wings.



Twinbird's Craftsmanship

Twinbird's Mission

Takayuki Asami

Executive Officer
Group Executive,
Marketing Division



The role of Twinbird

As we move from an age of material scarcity to an age of material surplus, people's lives are becoming more materially satisfying, and it is said that providing emotional value is becoming more important than providing functional value.

In the area of home electric appliances, Twinbird's main area of expertise, fierce competition among manufacturers has resulted in competition of functions without regard for the users, and from the user's point of view, it appears that there is an overflow of products with functions that are not usually used. In this context, we believe that it is the role of Twinbird to stay close to consumers, thoroughly understand their concerns and needs (both latent and apparent), and provide solutions.

Value provided by Twinbird

With "No. 1 in Customer Satisfaction" as its vision, Twinbird will provide unique value that no other company can offer by providing products and services based on a thorough understanding of customers and our characteristic craftsmanship and co-creation philosophy.

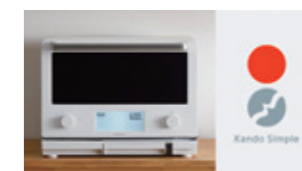
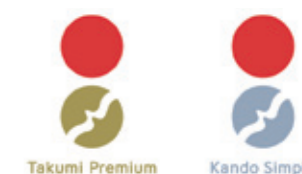
Twinbird has only 300 employees, which is a relatively small number. We don't have an impressive research and development institution, but I think there are things we can do even better because we are a small company. Our corporate tagline is "Not everything. The right thing," based on our desire to provide products and services that focus on the functions that only we, as a company that is close to our employees and customers, can provide, rather than feature-packed, excess quality products aimed at the mass market.



Communication with customers

Since March 2021, we have been working on improving our branding and market communication after entering into an outsourcing agreement with Hakuholdo Incorporated to ensure that our differentiated products and services with high customer value are properly understood.

We have two product lines: "Takumi Premium," which embodies the skills of experts in the field (as typified by our fully automatic coffee maker) using Twinbird technology to provide essential richness that users do not yet know, and "Kando Simple," which solves users' essential problems in the simplest form (function and design). We hope that our customers will understand the value of our products through product-based communication. We will also work to ensure that as many customers as possible become Twinbird fans by gaining their satisfaction and maintaining an ongoing relationship with them as they continue to use our products. What both product lines have in common is that we provide products and services that touch the hearts of our customers through a more comprehensive understanding of their wishes. We believe that Twinbird's mission is to continue to provide products and services that inspire our customers in accordance with our management philosophy.



For details, please see the TWINBIRD brand website below. (Japanese only)

<https://brand.twinbird.jp/>

Twinbird's Craftsmanship

The Origin of Twinbird's Craftsmanship

A concentration of the world's leading metalworking industries

Twinbird's Head Office is located in the Tsubame-Sanjo area of Niigata Prefecture, which is known worldwide for its manufacturing. The area covering Tsubame City and Sanjo City is known as the Tsubame-Sanjo area, where the metalworking industry has flourished since the Edo period (1603-1868), to the point where it is said that any metalwork can be made in Tsubame-Sanjo area. Cutting, pressing, welding, polishing, and other processes are handled by multiple companies to create a single product. Japanese nails, which increased in popularity during the Edo period due to frequent fires, were cast individually by hand and are said to be so strong they can last more than a thousand years. Today, Sanjo is a major center of local industry, excelling in

iron processing and Tsubame in stainless steel and copper materials. It was this reliance on the Tsubame-Sanjo area that enabled Twinbird to make the leap from a plating processing business to a home electric appliance manufacturer, and to be the first in the world to successfully mass produce the Free Piston Stirling Cooler (FPSC).

The backbone of Twinbird is a culture of independence and friendly rivalry, in which we have all improved our skills to become among the world's leading metalworkers. The highly skilled manufacturing network and longstanding relationships of trust that we have cultivated since our founding in 1951 will support the future of Twinbird.



Good Design Award-Winning Products



2021



Steam microwave oven

Deep Freezer 25L
1 other product

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

2020

Care Dryer



Flatbed microwave with sensor



2019



Fully automatic coffee maker



Bottle-shaped vacuum cleaner



Handheld garment steamer

2018

IH cookware Hot Trivet



2017

Fan COANDA AIR



2016

Wireless wearable neck speakers



2015

LED desk light Airled
1 other product



Customer-Driven Product Development

Yoshiaki Kawamura
Executive Officer,
R&D Division



Major changes in Twinbird's manufacturing

In the medium-term business plan (2020–2022), we have made a major change in the direction of our approach to manufacturing, placing “No. 1 in Customer Satisfaction” as the new starting point. We have changed our value chain from product planning to development, production, sales, and service to an integrated product-based system, with all operations aiming toward the customer.

Twinbird's product development system consists of approximately 80 employees, each of whom works with the goal of satisfying customers and creating products that will be loved and trusted for a long time.

Quality, Cost, and Delivery date (QCD)

The QCD acronym expresses the importance of making trustworthy products that satisfy customers and can be used for a long time. To fulfill this goal, we pay special attention to “Q” (quality). Quality consists of three major elements: design quality, manufacturing quality, and service quality. The R&D Division has been focusing on design quality and started a project to improve it in fiscal 2020, setting up selection criteria for each component by verifying its reliability in detail. Next comes “C” (cost), which is about more than just being cheaper than other companies. It is also about customer-oriented cost, where the value of

customer satisfaction exceeds the set price. Fostering this value includes product specifications and sophisticated design, and also the outstanding technology of the Tsubame-Sanjo area where the Head Office is located (for example, the metal processing technology used in the mill blades of the fully automatic coffee maker). The fusion of sophisticated design and outstanding technology is one of Twinbird's manufacturing goals. Finally, “D” (delivery date) does not simply refer to the date by which the product is to be delivered, but rather the date by which we aim to provide an optimal supply chain for our customers and sales channel.

Future goal: More value created through co-creation

Customer satisfaction is a value that cannot be created by the Company alone. Our concept of co-creation is the foundation and arises on multiple fronts:

- Co-creation with professionals who have outstanding technology and knowledge to realize customer satisfaction,
- Co-creation with those in the sales channels who deliver the products to customers, and

- Co-creation in development with ODM (Original Design Manufacturing) manufacturers who design and mass-produce the products.

These three concepts form the basis for the creation of Twinbird's product value.

Twinbird will continue to develop products that deliver on the value of “No. 1 in Customer Satisfaction.”

Aiming to be No. 1 in Customer Satisfaction by Putting Quality First

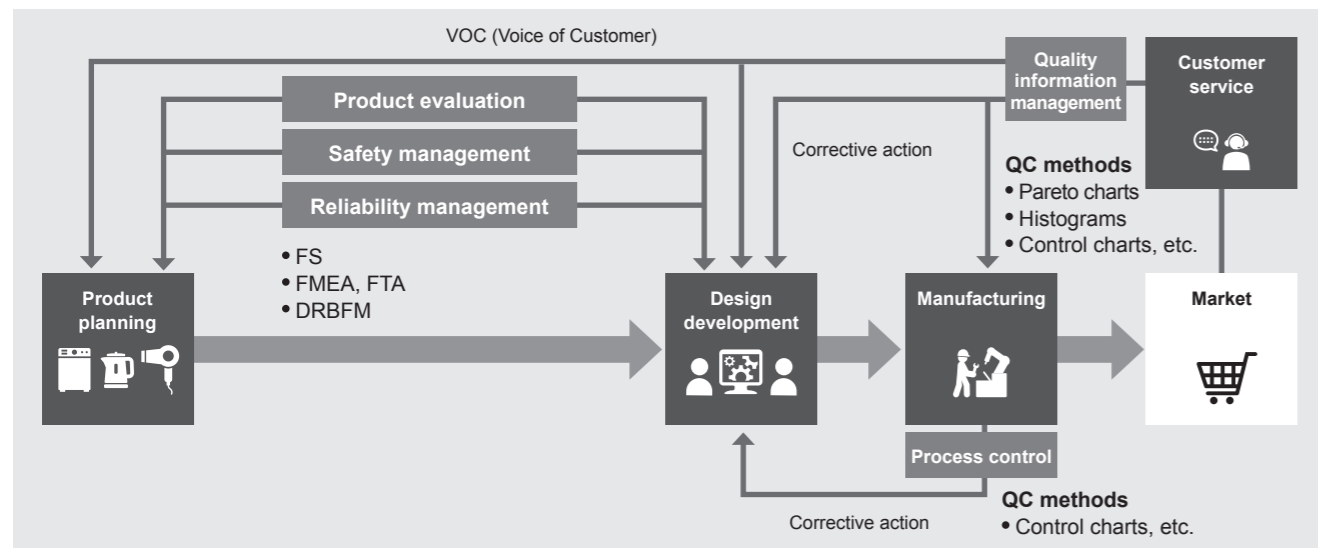
Eiichi Watanabe
Executive Officer
Group Executive,
Quality Assurance Division



No tricks, just enhanced quality

To continue to meet the ever-changing needs of our customers, we have established and are operating a Quality Management System (QMS) that enables us to maintain manufacturing quality from the planning and development stages of new products through production preparation, production, distribution, sales, and beyond.

This system realizes the maintenance and improvement of product quality and manufacturing quality by conducting audits and providing corrective actions and guidance as necessary, both to the Company itself and also to its partner factories.



Quality Control (QC) System working closely with on-site QC

As a result of the review and optimization of our existing product portfolio in conjunction with the launch of our medium-term business plan, we shared our goals and completed the review and re-signing of quality contracts with our partner factories.

In addition to holding regular quality meetings based on quality data sharing with Company factories and partner factories, it is becoming increasingly important to confirm the on-site implementation status of improvements. We have established a production engineering line within the quality department to solve quality issues on site, improve the quality of the manufacturing process, and accelerate the improvement of production preparation accuracy. In addition, we have established overseas local quality bases where we can check on-site conditions (Niigata Head Office plant, South China region, East China region) near our partner factories, and this is linked to our Company-wide supply chain optimization activities.



Building quality

It goes without saying that quality assurance starts from the new product planning and development stage. We plan new products based on our product portfolio (luxury items, lifestyle support products, and essentials). Since the quality requirements of customers differ for each product, the planning and product platform information is shared among the relevant departments at an early stage of planning and development.

We reflect the latest market information from the manufacturing site in important decisions directly related to safety and security, such as feasibility studies including the selection of our own and partner factories at the planning stage, and multiple facets of the safety and reliability (design life) of individual products.

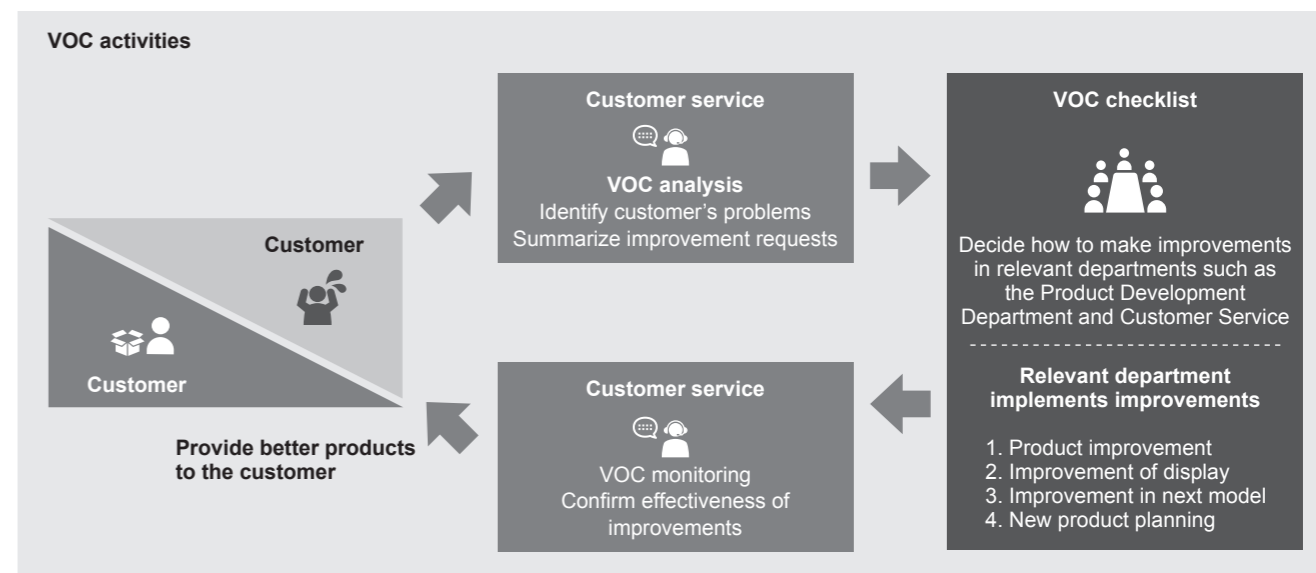
In addition, the on-site quality control system is used not only to maintain and improve quality, but also to check and improve the status of on-site production preparation for new products. We will continue to improve our system to meet the needs of high value-added products.



Making the most of customer feedback

Our customer service center (call center and repair) is located within the quality assurance division, and we have built a system and structure that allows us to quickly and accurately incorporate the Voice of Customer (VOC) information from customers and business partners regarding requests, malfunctions, and repairs into our QMS as quality information.

Customer feedback is reflected in the planning stage of new products, which is the most upstream stage of the process, so that all employees in all departments can work in a continuous cycle to realize the “No. 1 in Customer Satisfaction” vision.



Twinbird's Craftsmanship

FPSC Origin Story, Part 1

The near-impossible challenge of mass production that inspired our craftsmen

A company with no proprietary technology has no future.

In the late 1990s, the late Mr. Tadashi Sasaki, a legendary scientist who laid the foundation for Japan as an electronics nation, gave us the idea to develop the Free Piston Stirling Cooler (FPSC).

The basic principle of the system, the Stirling Cycle, was invented by the Scottish minister Robert Stirling in 1816. Unlike early steam engines that caused explosions, this was an external combustion engine that heated and cooled the gas (or air) in a sealed cylinder and utilizes the change in the volume of the gas. However, the design did not gain uptake in a market soon overwhelmed by improved steam engines, as well as the gasoline and diesel internal combustion engines that were put into practical use after the 1880s. In recent years, the Stirling engine has come back into the limelight with its high thermal efficiency, low pollution, and diversity of heat sources. Many companies have attempted to put it into mass production, but failed. Although the theory and technology were excellent, experts theorized that mass production was almost impossible.

How the Stirling cooler works

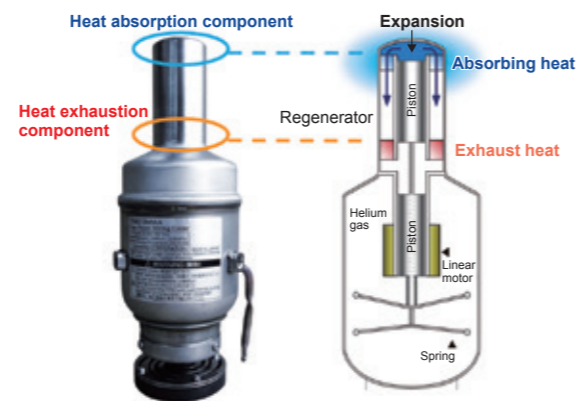
The Stirling cooler takes advantage of the unique properties of gases, which increase in temperature when compressed and cool when expanded. In other words, the Stirling Cycle is powered by supplying heat, but ours is actually a reverse Stirling Cycle, where the heat is pumped by supplying power.

The Twinbird FPSC consists of two pistons arranged vertically in a cylinder filled with a small amount of helium gas as coolant. The lower piston is driven by a linear motor, while the upper piston is moved indirectly by the gas pressure fluctuation caused by the drive. The FPSC employs the free piston method with a pair of pistons moving freely in a reciprocal manner within a cylindrical stainless-steel casing in a repeating cycle of helium gas compression and inflation to cool a heat absorption component at the head of the

casing. The high-speed reciprocating motion of 4,800 times per minute reaches minus 80°C in a few minutes, allowing precise temperature control in 0.1°C increments.

One thing that stood in the way of mass production of FPSC was the fact that it has more than a hundred parts and requires extremely precise processing technology. For example, the gap between a cylinder and a piston is only 0.1 mm, which means that only a few tens of micrometers, or one-hundredth of a millimeter, are allowed for variation in parts. The FPSC requires precision ten times more accurate than an automobile engine. About 30 companies are involved in the production of this product, including the supply of parts, and it can be said that the concentration of Tsubame-Sanjo's manufacturing technologies, such as deep-drawing metal processing technology, has made it possible to achieve mass production.

It took us five years to develop our own special machine tools, and we were finally able to start mass production in 2003.



Features of FPSC

The FPSC is an environment-friendly and completely CFC-free system that uses natural helium gas. Small and portable, it is widely used for precise temperature control, mainly below minus 50°C.

<p>Suitable for below minus 40°C Can be used for temperatures between minus 40°C to 10°C</p> <p>Best suited for applications requiring a temperature of minus 50°C or lower</p>	<p>Low heat generation</p> <p>Reliable interior climate control</p>	<p>Precise temperature control ± 0.1°C</p> <p>Precise, accurate, and continuous temperature control is possible in 1°C increments.*1 Unlike compressors, there is no on/off.</p>
<p>Compact size encourages portability</p> <p>It serves as a compact all-in-one cooling unit (it is easily installed in a compact space of Ø115mm × 264mm)</p>	<p>CFC-free, so it's environmentally-friendly</p> <p>It takes advantage of helium gas, a coolant completely free of global warming potential, thereby helping to reduce the environmental burden.</p>	<p>Tsubame-Sanjo area, Niigata Prefecture</p> <p>This product incorporates the skills and networks of craftsmen in the Tsubame-Sanjo area of Niigata Prefecture.</p>

*1 Provided that a small volume of substance is cooled within a proper heat insulation structure
*2 Data for the SC-TD08

FPSC Origin Story, Part 2

Targeting industrial applications and expanding through aerospace applications

The FPSC was initially marketed to the consumer market as a refrigerator for cooler boxes, but was not very successful.

The turning point came in 2011, when we were first asked to work with the Japan Aerospace Exploration Agency (JAXA). In this project, FPSC was to be used to build a portable refrigerator-freezer for experiments in space to store samples collected by astronauts on the Japanese Experiment Module "Kibo" of the International Space Station (ISS). Although we initially turned down the project due to infeasibility, it was brought up again and we were commissioned to develop elemental technology and supply FPSC, and to see how far our technology could go. Despite the short period of about 10 months, various requirements were met and the FPSC prototype and test report were completed in February 2013, and a refrigerator-freezer with this technology was completed and named "FROST." In August of the same year, the refrigerator-freezer was loaded onto the "Kounotori," a cargo transporter to the International Space Station, and launched from the Tanegashima Space Center to the ISS. Then, in February 2017, the second generation "FROST 2" refrigerator-freezer was launched into space from the Kennedy Space Center in Florida, United States. This success was picked up by the media, and awareness of the Company and FPSC grew.

In 2013, the FPSC business achieved its long-held goal of profitability. Furthermore, in June 2014, we received a large order from a U.S. medical device manufacturer for vaccine coolers, and the FPSC business blossomed for industrial use, entering a period of successful business expansion.



(C) JAXA/NASA



(C) JAXA/NASA

The FROST has a 12-liter capacity and is used in the zero-gravity environment of the Kibo module. Its internal temperature can be set in 0.1°C increments from room temperature to minus 70°C.

Background of development of FPSC					
2002		2010	2014	2017	
Launched in-house development	Initiated joint technological development with a major overseas company	Developed extremely-low temperature cooling technologies	Began market cultivation in the low-temperature transportation field	Secured a significant volume of orders for vaccine coolers	Expansion of European and U.S. markets in the following fields
		Initiated the development of overseas markets			• Pharmaceutical transportation • Petroleum inspection
		Technological development	The creation of new markets	Achieved profitability on full fiscal year results	A phase of growing revenues and expanding operations

Twinbird's Craftsmanship

FPSC Origin Story, Part 3

Contributing to society through vaccine transportation and storage by utilizing the unique features of FPSC



The "Deep Freezer," a compact freezer using FPSC, has been adopted as a carrier for storing and transporting the new coronavirus vaccine manufactured by Moderna, Inc. We delivered 5,000 units to the Ministry of Health, Labour and Welfare in February 2021 and 5,000 units to Takeda Pharmaceutical Company Limited in April 2021. In July, the Ministry of Health, Labor and Welfare placed an additional order worth ¥300 million. Four companies were selected for this project, and our Deep Freezer was highly praised for its light weight, compact size, portability, and precise temperature control, while other companies' products are all stationary.

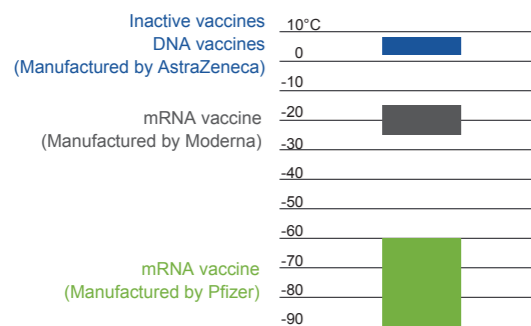
In April 2020, when the first state of emergency was declared in Japan due to the rapid spread of COVID-19, we submitted a proposal to the Ministry of Health, Labor and Welfare and received an order for 10,000 units about two months later. The period up to the delivery deadline was short, and the monthly production volume had to be increased to 4,000 units, which was more than ten times the previous levels, so we were more apprehensive than happy to receive the order.

Who else can do it? We are the only ones who can. In October, we expanded our production line. By the end of November, we had 50 additional workers from subcontractors to make a total of 100 workers, and we were able to overcome the difficulties thanks to a large increase in the number of parts procured from suppliers and short delivery times.

In Tsubame City, Niigata Prefecture, the Deep Freezer has been used to establish the Tsubame City cold chain for Pfizer vaccines to increase vaccine efficiency. It has succeeded in significantly extending the maximum transport time and shelf life. By taking advantage of the Deep Freezer's ability to transport and store products at temperatures below minus 15°C, we have been able to extend the transportation time from less than three hours to up to 24 hours and the storage period from five days to 14 days. This helps reduce the burden on regional governments' vaccination programs, increases the range of options for transportation and storage, and reduces vaccine waste.

Compatible with various vaccine control temperature requirements to help advance last-mile vaccinations (transport to vaccination sites)

Vaccine storage temperature*



		Bio-vaccine cold storage box SC-BV25 Refrigerated temperature range +4 ± 2°C
		Deep Freezer 25L SC-DF25 (Refrigerated freezing temperature range +10 to -40°C)
		Global Cooling Inc. UTL25NEU from Stirling Ultracold * Twinbird freezer boxes (Freezing and cryogenic temperature range: -20°C to -86°C)

* Prepared by the Company based on materials from the Ministry of Health, Labour and Welfare; storage temperature is the temperature range of the storage method for the maximum effective period

FPSC Origin Story, Part 4

Future Prospects for the FPSC Business

Tsuyoshi Miyai
Executive Officer
For Special Mission
to the Group



We believe that FPSC is the most suitable product for Tsubame-Sanjo area, which has its background in precise metal processing technology. Precision is directly linked to efficiency and reliability. By repeatedly undergoing endothermic reactions due to adiabatic expansion, our technology can reach temperatures below -100°C. It has received high praise from overseas customers who find it fascinating and unique.

On the other hand, the question of what to use this ultra low temperature technology for has been limited to very specific needs in a relatively mature industry: the freezing and refrigeration (cooling) market.

Market transformation

The environment surrounding the freezing and refrigeration (cooling) market has changed drastically over the past two years since the start of the COVID-19 pandemic. The Deep Freezer for mRNA vaccines is now known worldwide, and fresh food delivery has become a commonplace, widespread part of our daily lives. These devices and services have gone from "nice to have" to truly indispensable.

Responding to transformation

In the FPSC business, we have set our four focus areas as pharmaceuticals, logistics, energy, and metrology, and we are continuing our sales activities by targeting the North American and European markets. Under the medium-term business plan, in order to expand the FPSC business, the Company will accelerate engineering support to pursue further improvement of the customer experience, in addition to participating in international exhibitions on a global scale as it has been doing so far. In the pharmaceutical field, we will strengthen collaboration with pharmaceutical-related

industries in various countries to contribute to the field of ultra low temperature transport, which is indispensable for the transport of the COVID-19 vaccine, as well as other future virus therapeutics and vaccines.

Specific applications

In the pharmaceutical field, the ability to strictly control ultralow temperatures is expected to contribute to the global transport network for COVID-19 therapeutics and vaccines that are being developed. Vaccination against COVID-19 has cycled through several developed countries, but it is expected to be in full swing in many other countries. We also expect that our products will be useful in countries where it is difficult to establish a stable cold chain. In the energy field, the technology is expected to be used for inspections to confirm safety in cryogenic environments; in the metrology field, it is expected to be used for calibration of thermometers and inspection of electronic components in low temperature regions; and in the logistics field, it is expected to be used for online delivery transportation, for which demand is rapidly increasing.

Product strategy

In line with business expansion in the four focus areas in the medium-term plan, we will develop new FPSC products. We believe that the market requirements for the four focus areas are (1) further improvement of reliability and (2) versatile price proposals. Therefore, as a major direction, rather than pursuing the expansion of advanced functions, we would like to develop products that are both reliable and cost effective and can be used in more applications. Please look forward to the future development of the FPSC business.

Areas of focus

--	--	--	--

Management Structure (As of December 20, 2021)

Directors and Audit and Supervisory Committee Members



Career Summary

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

Shigeaki Nomizu
President & CEO



Career Summary

- Mar. 1979 Joined the Company
- Mar. 1994 General Manager, Production Control Department
- June 2007 Deputy Group Executive, R&D and Production divisions
- June 2008 Director, Deputy Group Executive, R&D and Production divisions
- June 2011 Managing Director, Deputy Group Executive, R&D and Production divisions
- Mar. 2012 Managing Director, Group Executive, Production Division
- Mar. 2014 Managing Director, Group Executive, Quality Assurance and Production Control Division
- May 2017 Senior Managing Director, Group Executive, R&D and Production Division
- Jan. 2020 Director, Twinbird Electrical Appliance (Shenzhen) Co., Ltd.
- Mar. 2020 Senior Managing Director, Director in Charge of R&D and Production Division Group Executive, Quality Assurance Division (current position) Chairman, Twinbird Electrical Appliance (Shenzhen) Co., Ltd. (current position)
- Sep. 2020 Senior Managing Director, Director in Charge of R&D and Production Division Appointed to Group Executive, Quality Assurance Division
- May 2021 Senior Managing Director, Managing Director in Charge of Production Division (current position)

Tsutomu Sato
Senior Managing Director
Group Executive,
Production Division



Career Summary

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

Takashi Komura
Outside Director
(Audit and Supervisory
Committee Member)



Career Summary

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

Yoshitaka Kato
Outside Director



Career Summary

- Apr. 1984 Joined Sony Corporation (currently Sony Group Corporation)
- Apr. 2014 Representative Director, Sony Hikari Corporation (currently Sony Kibou/Hikari Corporation) Representative Director, Sony Kibou Corporation (currently Sony Kibou/Hikari Corporation)
- Feb. 2015 Director and Chief Health Officer, Green House Co., Ltd. Managing Executive Officer, Green Food Management Systems Co., Ltd. Managing Director, G-H-F Management Co., Ltd. Director, Green Hospitality Management Co., Ltd. Senior Managing Director, Senshu Global Co., Ltd.
- Jul. 2020 Representative Director, DDD Corporation (current position)
- May 2021 Appointed Outside Director of the Company (current position)

Takako Hagiwara
Outside Director
(Newly Appointed)

Executive Officers



Career Summary

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

Kazunori Kobayashi
Executive Officer
Group Executive,
Corporate Planning
Division



Career Summary

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

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



Career Summary

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

Fumihiko Komamiya
Outside Director
(Audit and Supervisory
Committee Member)



Career Summary

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


Masazumi Shimada
Outside Director
(Audit and Supervisory
Committee Member)



Career Summary

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


Yoshiaki Kawamura
Executive Officer
Group Executive,
R&D Division



Career Summary

Prior to joining the Company in fiscal 1990, he was engaged in the introduction of new U.S. laser technology and electrical and electronic design of machine tools at a general engineering manufacturer.

Eiichi Watanabe
Executive Officer
(Newly Appointed)
Group Executive, Quality
Assurance Division



Career Summary

Prior to joining the Company in fiscal 2021, he was in charge of domestic and overseas finance and accounting at a manufacturer of instruments and sensors. He also has experienced serving as an executive officer and general manager of a finance control department and business management control department.

Keizo Watanabe
Executive Officer
Chief Financial Officer
(Newly Appointed)
Group Executive, General
Administration Division



Career Summary

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

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

10-Year Trends in Key Performance Indicators

		The 50th fiscal period Fiscal 2011	The 51st fiscal period Fiscal 2012	The 52nd fiscal period Fiscal 2013	The 53rd fiscal period Fiscal 2014	The 54th fiscal period Fiscal 2015	The 55th fiscal period Fiscal 2016	The 56th fiscal period Fiscal 2017	The 57th fiscal period Fiscal 2018	The 58th fiscal period Fiscal 2019	The 59th fiscal period Fiscal 2020	
Consolidated Statements of Income Items (millions of yen)												
Net sales		15,006	12,396	11,144	13,357	13,611	13,406	13,164	11,625	12,159	12,505	
Operating income		1,582	313	354	216	589	516	211	113	178	608	
Ordinary income		1,499	324	327	523	410	256	105	57	66	484	
Net profit/loss attributable to owners of the parent		938	150	226	338	330	177	108	18	(133)	164	
Comprehensive income		985	540	306	1,334	(1,009)	(134)	179	39	(83)	317	
Depreciation and amortization		70	82	83	102	154	185	202	195	195	177	
R&D expenses		521	603	503	568	572	605	448	469	419	540	
Consolidated Balance Sheet Items (millions of yen)												
Net assets		5,765	6,262	6,525	7,786	6,726	6,485	6,554	6,504	6,322	8,068	
Total assets		9,401	9,475	9,605	13,792	12,907	12,518	12,557	12,521	11,582	12,971	
Consolidated Cash Flow Items (millions of yen)												
Cash flows from operating activities		1,119	219	133	(175)	1,203	(162)	724	(1)	1,535	887	
Cash flows from investment activities		(536)	(450)	(398)	(1,744)	(352)	(949)	(331)	(551)	(115)	(56)	
Cash flows from financial activities		(250)	312	7	1,677	320	(107)	(3)	(46)	(1,163)	539	
Cash and cash equivalents at the end of the year		1,008	1,084	851	633	1,794	557	947	365	627	1,989	
Per Share Data (yen)												
Net assets per share		660.70	717.72	747.85	892.63	771.22	743.62	750.18	744.46	723.61	763.38	
Profit/loss for the year per share		107.55	17.29	25.99	38.83	37.93	20.34	12.43	2.17	(15.32)	17.44	
Management Indicators (%)												
Stability	Current A/L ratio	Current assets / Current liabilities	246.0	303.4	363.7	219.3	253.9	261.1	245.8	222.3	225.1	259.4
	Liquidity ratio	Liquid assets / Current assets	169.8	184.4	200.0	105.3	154.3	141.6	141.2	102.8	118.0	166.5
	Noncurrent ratio	Noncurrent assets / Net assets	52.4	49.5	48.9	71.1	69.4	79.7	76.6	78.2	75.3	55.4
	Long-term adaptation ratio	Noncurrent assets / (Net assets + Noncurrent liabilities)	44.4	42.0	40.7	55.2	48.3	53.3	52.9	55.4	55.7	46.1
	Equity ratio	Net assets / Total assets	61.3	66.1	67.9	56.5	52.1	51.8	52.2	51.9	54.6	62.2
Profitability	Profit margin (%)	Net profit for the year / Net sales	6.3	1.2	2.0	2.5	2.4	1.3	0.8	0.2	(1.1)	1.3
	Operating income ratio (%)	Operating income / Net sales	10.5	2.5	3.2	1.6	4.3	3.9	1.6	1.0	1.5	4.9
	Total asset turnover (times)	Net sales / Average total assets	1.70	1.31	1.17	1.14	1.02	1.06	1.05	0.93	1.01	1.02
	ROA (%)	Profit for the year / Average total assets (synonymous with Profit margin × Total asset turnover)	10.7	1.6	2.4	2.9	2.5	1.4	0.9	0.2	(1.1)	1.3
	Financial leverage (times)	Average total assets / Average net assets	1.7	1.6	1.5	1.6	1.8	1.9	1.9	1.9	1.9	1.7
	ROE (%)	Profit for the year / Average shareholders' equity (synonymous with ROA × Financial leverage)	17.7	2.5	3.5	4.7	4.6	2.7	1.7	0.3	(2.1)	2.3
Share price valuation status	Price earnings ratio (PER) (times)	Share price / Net profit for the year per share (synonymous with Market capitalization / Profit for the year)	3.97	13.59	8.58	8.01	8.33	30.72	58.73	229.27	(26.82)	80.26
	Price book-value ratio (PBR) (times)	Share price / Net assets per share	0.65	0.33	0.30	0.35	0.41	0.84	0.97	0.67	0.57	1.83
Shareholder returns	Cash dividends per share (yen)		5.00	5.00	5.00	7.00	10.00	15.00	10.00	11.00	11.00	12.00
	Dividend on equity ratio (DOE) (%)	Cash dividends per share / Net assets per share (synonymous with Total cash dividends / Net assets)	0.8	0.7	0.7	0.8	1.3	2.0	1.3	1.5	1.5	1.6
Growth potential	Total assets growth ratio (%)	(Total assets for the year – Total assets for the previous year) / Total assets for the previous year	14.4	0.8	1.4	43.6	(6.4)	(3.0)	0.3	(0.3)	(7.5)	12.0
	Net sales growth ratio (%)	(Net sales for the year – Net sales for the previous year) / Net sales for the previous year	15.0	(17.4)	(10.1)	19.9	1.9	(1.5)	(1.8)	(11.7)	4.6	2.9
Other data												
Number of employees (excluding average temporary hires) (non-consolidated basis)		295 [28]	296 [28]	289 [25]	278 [22]	278 [36]	275 [41]	289 [31]	295 [26]	296 [29]	294 [25]	

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

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

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

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

5. Figures in parentheses represent negative number.

Company Profile (As of August 31, 2021)

Corporate Outline

Company name	TWINBIRD CORPORATION
Start of operations	1951
Inauguration	1962
Capital	JPY 2,507.09 million
Net sales	JPY 12,500 million (consolidated basis for the fiscal year ended February 2021)
Fiscal year-end	End of February
Business sector	Manufacture and sale of home electric appliances, etc.
Number of employees	302 (consolidated, as of February 2021)
Market listing	Second Section of Tokyo Stock Exchange

Head Office, Main Branches and Sales Offices

Head Office	2084-2, Yoshida-Nishiota, Tsubame, Niigata 959-0292 TEL. +81-256-92-6111 FAX. +81-256-92-7582
Tokyo Branch	TWINBIRD Nihonbashi Gate Office 14-4, Nihonbashi Kodenmachi, Chuo-ku, Tokyo 103-0001 TEL. +81-3-3663-8771 FAX. +81-3-3663-8641
Osaka Branch	4th floor, Shimamachi Daini Nomura Building, 4-9, Shimamachi 2-chome, Chuo-ku, Osaka-shi, Osaka 540-0034 TEL. +81-6-6946-0811 FAX. +81-6-6946-0833
Niigata Sales Office	2084-2, Yoshida-Nishiota, Tsubame, Niigata 959-0292 TEL. +81-256-92-6119 FAX. +81-256-93-4422
Nagoya Sales Office	3rd floor, Marunouchi 3-chome Building, 14-32, Marunouchi 3-chome, Naka-ku, Nagoya, Aichi 460-0002 TEL. +81-52-231-7551 FAX. +81-52-231-4221
Fukuoka Sales Office	7th floor, Octave Tenyamachi Building, 6-25 Tenyamachi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0025 TEL. +81-92-281-2600 FAX. +81-92-281-2601
Twinbird Electrical Appliance (Shenzhen) Co., Ltd.	Room 1106, 11F, 1st Building, Guangchang Dasha, Baoming Road East, Xinan Sub-District, Baoan District, Shenzhen, China TEL. +86-755-2963-6045

Status of Stock (As of August 31, 2021)

Stock Information

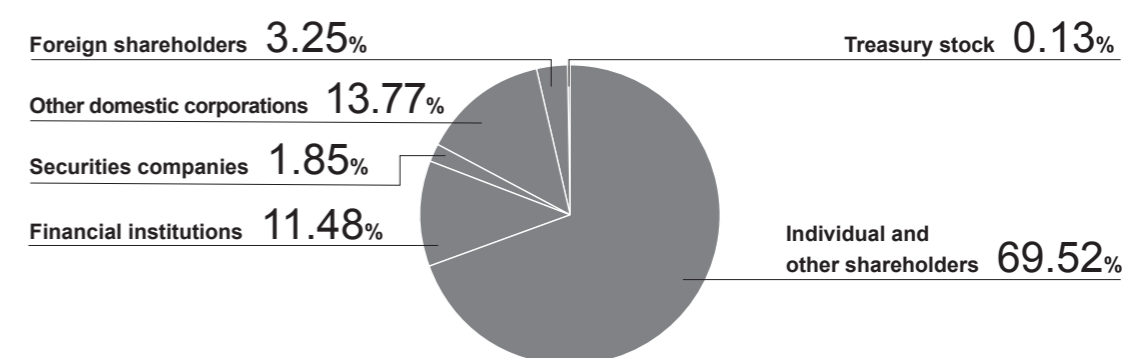
Number of shares

Total number of authorized shares	34,000,000
Total number of shares outstanding	10,843,600
	(including treasury stock totaling 13,592 shares)

Number of shareholders

15,239

Breakdown by type of shareholder (shareholding ratio)



Major shareholders (top 10)

Name	Number of shares held (thousands)	Shareholding ratio (%)
Soei Co., Ltd.	1,190	10.99
Twinbird Employee Shareholding Association	329	3.04
Development Bank of Japan Inc.	276	2.55
Shigeaki Nomizu	271	2.51
Shigekatsu Nomizu	270	2.50
Custody Bank of Japan, Ltd. (Trust Account)	259	2.39
Toshikatsu Nomizu	211	1.95
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	119	1.10
Daishi Hokuetsu Bank, Ltd.	109	1.01
Aioi Nissay Dowa Insurance Co., Ltd.	106	0.98

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