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(Stock Exchange Code 3433)
June 3, 2021

To Shareholders with Voting Rights:

Noriyuki Mifune
President
TOCALO Co., Ltd.
4-4, 6-chome, Minatojima-Minamimachi,
Chuo-ku, Kobe

**NOTICE OF
THE 70TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are hereby informed that the 70th Annual General Meeting of Shareholders of TOCALO Co., Ltd. (the “Company”) will be held for the purposes described below.

If you do not attend the meeting, you can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by 5 p.m. on June 24, 2021, Japan time.

- 1. Date and Time:** Friday, June 25, 2021, at 10 a.m. Japan time (Reception desk opens at 9:30 a.m.)
- 2. Place:** “Kairaku” Meeting Room on the Main Building B1 floor of KOBE PORTOPIA HOTEL, located at 10-1, 6-chome, Minatojima Nakamachi, Chuo-ku, Kobe
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company’s 70th Fiscal Year (April 1, 2020–March 31, 2021)
 2. Results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for the Company’s 70th Fiscal Year (April 1, 2020–March 31, 2021)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Eight (8) Directors
- Proposal 3:** Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors and Part-time Directors)

- ◆ This year again, in order to prevent the spread of novel coronavirus infection, we have decided to cancel the company information session after the General Meeting of Shareholders. The provision of drinks and other refreshments will be cancelled. We appreciate your understanding.

4. Exercise of Voting Rights

You are kindly requested to review the Reference Documents and exercise your voting rights.
You can exercise your voting rights by any of the following three methods.

By attending the meeting	By postal mail	Via the Internet
Date and time of the meeting: 10:00 a.m., June 25, 2021 (Japan time)	Deadline for exercise: Your ballot must reach us by post no later than 5 p.m. on June 24, 2021 (Japan time).	URL: https://evote.tr.mufg.jp/ Deadline for exercise: Enter your vote by no later than 5 p.m. on June 24, 2021 (Japan time).

- ◆ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk
- ◆ For details regarding the exercise of voting rights via the Internet, please refer to pages 14-15.
- Handling in case voting rights are exercised multiple times
 - (1) In the event that voting rights are exercised both in writing and via the Internet, the vote via the Internet shall be deemed valid.
 - (2) In the event that voting rights are exercised multiple times via the Internet, the most recent vote shall be deemed valid.
- ◆ From among the documents to be provided together with the Notice of the 70th Annual General Meeting of Shareholders, the “Consolidated Statement of Changes in Net Assets,” “Notes to the Consolidated Financial Statements,” “Statement of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” are disclosed on the Company’s website (<https://www.tocalo.co.jp/>) pursuant to the laws, regulations and Article 15 of the Articles of Incorporation of the Company. Therefore, these documents are not included in the documents attached to this Notice. Also, the “Consolidated Statement of Changes in Net Assets,” “Notes to the Consolidated Financial Statements,” “Statement of Changes in Net Assets” and “Notes to the Non-consolidated Financial Statements” are included in the consolidated financial statements and non-consolidated financial statements audited by the Audit & Supervisory Board and the Accounting Auditor to prepare the Audit Reports.
- ◆ Should the Business Report, the Consolidated Financial Statements, the Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders require revisions, the revised versions will be posted on the Company’s website (<https://www.tocalo.co.jp/>).

Live streaming of 70th Annual General Meeting of Shareholders (in Japanese only)

For shareholders who are unable to attend the meeting, the video and audio of the proceedings will be streamed live over the Internet.

1. Date and time

Starting on Friday, June 25, 2021 at 10:00 a.m. Japan time

Note that the video will only show the areas around the seats of the chairman and executives in consideration of the privacy.

2. Using a personal computer, tablet or smartphone

URL of streaming website:

<https://3433.v-virtual-mtg.jp>



- (i) Access the streaming website using the above URL or QR code.
- (ii) Enter your ID and password to log in and submit your application.
- (iii) You can participate from around 9:30 a.m., 30 minutes before the meeting starts.

- ID Shareholder number (the eight-digit, single-byte number printed on the Voting Rights Exercise Form)
- Password Postal code (the seven-digit, single-byte number of the postal code of your registered address as of the end of March 31, 2021)

3. Notes

- (i) Shareholders who view the live stream cannot exercise their voting rights or ask questions on the day of the meeting. Make sure to exercise your voting rights in writing or via the Internet in advance.
- (ii) Only the shareholders listed on the Company's shareholder registry as of March 31, 2021 may view the video. Please refrain from viewing the video if you are not one of these shareholders.
- (iii) Sharing of your ID or password with any third person is strictly prohibited.
- (iv) Videoing and recording of audio is prohibited.
- (v) Please note that there may be disturbances or temporary disruptions in video or audio due to a system trouble, communication environment and other issues.
- (vi) Internet connection fees and any other communication expenses for viewing the video are borne by the shareholders.

4. Inquiries about the live streaming

Help desk number: 0120-191-060, available only on June 25 (the day of the meeting), from 9 a.m. until the meeting ends.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

Proposed appropriation of surplus for the 70th fiscal year is as follows:

The Company considers the returning of profits to be one of the most important managerial measures and makes it a basic policy to maintain the stable payment of dividends by reinforcing the corporate structure through the enhancement of earning capacity, while implementing the performance-based distribution of profits.

As a result of our discussion based on this policy, the year-end dividends for the fiscal year under review are proposed as follows:

- 1) Type of property for dividends
Cash
- 2) Allotment of property for dividends and total amount thereof
¥22.50 per share of the Company's common stock
Total amount: ¥1,367,884,440

Because the Company paid an interim dividend of ¥12.50 per share, the annual dividend, which combines the interim dividend and a year-end dividend, will become ¥35 per share for the fiscal year under review.

- 3) Effective date of distribution of surplus
June 28, 2021

Proposal 2: Election of Eight (8) Directors

The term of office of all fourteen (14) Directors will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of eight (8) Directors is proposed. In order to introduce an Executive Officer system as of the same day for purposes such as accelerating decision making, the Company has decided to reduce the number of Directors by six (6).

The candidates for Director are as follows:

No.	Name		Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Noriyuki Mifune	Reappointment	President & Representative Director	17 out of 17 meetings (100%)
2	Hiroshi Hisano	Reappointment	Senior Managing Director; General Manager, Production Headquarters	17 out of 17 meetings (100%)
3	Nobuyuki Kuroki	Reappointment	Senior Managing Director; General Manager, Sales Headquarters	17 out of 17 meetings (100%)
4	Hiroshi Goto	Reappointment	Director; Assistant General Manager, Administrative Headquarters	17 out of 17 meetings (100%)
5	Toshimitsu Kamakura	Reappointment	Director	16 out of 17 meetings (94%)
		Outside Director Independent		
6	Keiko Takihara	Reappointment	Director	17 out of 17 meetings (100%)
		Outside Director Independent		
7	Yoko Sato	Reappointment	Director	13 out of 13 meetings (100%)
		Outside Director Independent		
8	Kazuyuki Tomita	New appointment	—	—
			Outside Director Independent	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	<p data-bbox="256 353 458 450">Noriyuki Mifune (May 3, 1955) Reappointment</p> <p data-bbox="248 499 477 613">Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 14 years</p> <p data-bbox="248 663 477 748">Attendance at meetings of the Board of Directors during fiscal 2020:</p> <p data-bbox="248 759 477 815">Attended 17 of 17 meetings (100%)</p>	<p data-bbox="496 304 1214 333">April 2001 General Manager, Kitakyushu Plant of the Company</p> <p data-bbox="496 333 995 362">April 2005 General Manager, Akashi Plant</p> <p data-bbox="496 362 1094 392">June 2007 Director; General Manager, Akashi Plant</p> <p data-bbox="496 392 1174 450">June 2009 Director; Assistant General Manager, Production Headquarters</p> <p data-bbox="496 450 1182 508">June 2012 Managing Director, General Manager, Production Headquarters</p> <p data-bbox="496 508 1043 566">June 2013 President & Representative Director (to present)</p> <p data-bbox="496 566 858 595">[Significant concurrent positions]</p> <p data-bbox="496 595 1174 654">Number of companies where he concurrently assumes office: 0 None</p> <p data-bbox="496 654 1026 683">[Reason for selection as a candidate for Director]</p> <p data-bbox="496 683 1230 880">Mr. Noriyuki Mifune has shown leadership skills and contributed to the growth and the improvement of corporate value of the Company as President & Representative Director. Based on his extensive experience and performance in the management of the Company, we believe he is suitable for the position of Director of the Company and therefore reappoint Mr. Mifune as a candidate for Director.</p>	166,800
2	<p data-bbox="236 938 478 1034">Hiroshi Hisano (December 22, 1954) Reappointment</p> <p data-bbox="248 1084 477 1198">Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 12 years</p> <p data-bbox="248 1247 477 1332">Attendance at meetings of the Board of Directors during fiscal 2020:</p> <p data-bbox="248 1344 477 1400">Attended 17 of 17 meetings (100%)</p>	<p data-bbox="496 891 1235 949">June 2002 Division Manager, Production Div., Tokyo Plant of the Company</p> <p data-bbox="496 949 1179 978">July 2006 Division Manager, Production Div., Akashi Plant</p> <p data-bbox="496 978 1094 1008">June 2009 Director; General Manager, Akashi Plant</p> <p data-bbox="496 1008 1214 1037">June 2013 Director; General Manager, Production Headquarters</p> <p data-bbox="496 1037 1182 1095">October 2014 Managing Director, General Manager, Production Headquarters</p> <p data-bbox="496 1095 1139 1153">June 2019 Senior Managing Director, General Manager, Production Headquarters (to present)</p> <p data-bbox="496 1153 858 1182">[Significant concurrent positions]</p> <p data-bbox="496 1182 1174 1240">Number of companies where he concurrently assumes office: 1 Chairman of the Board, TOCALO USA, Inc.</p> <p data-bbox="496 1240 1026 1270">[Reason for selection as a candidate for Director]</p> <p data-bbox="496 1270 1230 1458">Mr. Hiroshi Hisano has led and controlled the Production Division of the overall Company, drawing on his many years' experience in plant management. Based on his high expertise and performance in management of the overall company, we believe he is suitable for the position of Director of the Company and therefore reappoint Mr. Hisano as a candidate for Director.</p>	89,800

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	<p data-bbox="247 392 478 481">Nobuyuki Kuroki (November 21, 1954) Reappointment</p> <p data-bbox="247 526 478 649">Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 10 years</p> <p data-bbox="247 694 478 851">Attendance at meetings of the Board of Directors during fiscal 2020: Attended 17 of 17 meetings (100%)</p>	<p data-bbox="494 302 1228 638"> April 2001 Division Manager, Sales Div., Tokyo Plant of the Company April 2005 General Manager, Tokyo Plant June 2011 Director June 2013 Director; Assistant General Manager, Sales Headquarters June 2016 Managing Director; General Manager, Sales Headquarters June 2019 Senior Managing Director, General Manager, Sales Headquarters (to present) </p> <p data-bbox="494 638 1228 940"> [Significant concurrent positions] Number of companies where he concurrently assumes office: 1 Chairman of TOCALO & HAN TAI TW CO., LTD [Reason for selection as a candidate for Director] Mr. Nobuyuki Kuroki has led and controlled the sales strategy of the overall Company, drawing on his experience in cultivating domestic and overseas customers and markets. Based on his high performance and broad insights into management of the Company, we believe he is suitable for the position of Director of the Company and therefore reappoint Mr. Kuroki as a candidate for Director. </p>	110,400
4	<p data-bbox="247 1153 478 1254">Hiroshi Goto (January 31, 1962) Reappointment</p> <p data-bbox="247 1299 478 1422">Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 3 years</p> <p data-bbox="247 1467 478 1624">Attendance at meetings of the Board of Directors during fiscal 2020: Attended 17 of 17 meetings (100%)</p>	<p data-bbox="494 952 1228 1467"> April 1984 Joined The Tokai Bank Ltd. (currently MUFG Bank, Ltd.) May 2010 General Manager, Higashi Branch of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) June 2013 Transferred from The Bank of Tokyo-Mitsubishi UFJ, Ltd. to NACHI-FUJIKOSHI CORP. Corporate Officer; General Manager, Global Finance Department and other posts, NACHI-FUJIKOSHI CORP. April 2016 Joined the Company; Division Manager, Accounting Div. April 2017 Division Manager, Accounting Div., and Division Manager, Corporate Planning Div. June 2018 Director June 2019 Director, Assistant General Manager, Administrative Headquarters (to present) </p> <p data-bbox="494 1467 1228 1825"> [Significant concurrent positions] Number of companies where he concurrently assumes office: 0 None [Reason for selection as a candidate for Director] Since Mr. Hiroshi Goto joined the Company, he has led administrative divisions, including the accounting, finance and corporate planning divisions, drawing on his experience of overseas duties and planning and administrative duties for banks and listed companies. Based on his global perspective and extensive experience, we believe he is suitable for the position of Director of the Company and therefore reappoint Mr. Goto as a candidate for Director. </p>	74,700

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	<p>Toshimitsu Kamakura (September 23, 1959) Reappointment</p> <p>Outside Director Independent Officer</p> <p>Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 2 years</p> <p>Attendance at meetings of the Board of Directors during fiscal 2020: Attended 16 of 17 meetings (94%)</p>	<p>April 1990 Registered as an Attorney at Law Joined Kamakura and Higaki Law Office (currently HIGAKI-KAMAKURA-TERAHIRO Law Office)</p> <p>April 1995 Partner, Kamakura and Higaki Law Office (to present)</p> <p>June 2018 Outside Audit & Supervisory Board Member, KINDEN CORPORATION (to present)</p> <p>June 2019 Director of the Company (to present)</p> <p>[Significant concurrent positions] Number of companies where he concurrently assumes office: 2 Partner, HIGAKI-KAMAKURA-TERAHIRO Law Office Outside Audit & Supervisory Board Member, KINDEN CORPORATION</p> <p>[Reason for selection as a candidate for Outside Director and expected roles, etc.] Although Mr. Toshimitsu Kamakura has no direct experience of participating in corporate management, he possesses extensive experience and a broad range of insights as an attorney at law. He also has experience as an Outside Audit & Supervisory Board Member at another company. We expect Mr. Kamakura to provide supervision and advice on the Company's overall management from the perspective of strengthening compliance and corporate governance, and therefore reappoint him as a candidate for Outside Director.</p>	0
6	<p>Keiko Takihara (March 13, 1956) Reappointment</p> <p>Outside Director Independent Officer</p> <p>Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 3 years</p> <p>Attendance at meetings of the Board of Directors during fiscal 2020: Attended 17 of 17 meetings (100%)</p>	<p>March 1986 Medical Doctor (Osaka University)</p> <p>April 2008 Professor, Osaka University Health Care Center (currently, Health and Counseling Center, Osaka University) and the Department of Cardiovascular Medicine, Osaka University Graduate School of Medicine</p> <p>April 2012 Director, Health and Counseling Center, Osaka University</p> <p>October 2014 Vice President, Osaka University</p> <p>April 2018 Director, National Cerebral and Cardiovascular Center (to present)</p> <p>June 2018 Director of the Company (to present)</p> <p>April 2021 Specially Appointed Professor, Health and Counseling Center, Osaka University (to present)</p> <p>[Significant concurrent positions] Number of companies where she concurrently assumes office: 2 Specially Appointed Professor, Health and Counseling Center, Osaka University Director, National Cerebral and Cardiovascular Center</p> <p>[Reason for selection as a candidate for Outside Director and expected roles, etc.] Although Ms. Keiko Takihara has no direct experience of participating in corporate management, she possesses a wealth of experience and broad insights she gained as a professor of the health management department of a university. We expect Ms. Takihara to provide supervision and advice on the Company's overall management from the perspectives of healthcare issues and health improvement, as well as workstyle reforms and diversity promotion, and therefore reappoint her as a candidate for Outside Director.</p>	0

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	<p style="text-align: center;">Yoko Sato (July 23, 1960) Reappointment</p> <p style="text-align: center;">Outside Director Independent Officer</p> <p>Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: 1 year</p> <p>Attendance at meetings of the Board of Directors during fiscal 2020: Attended 13 of 13 meetings (100%)</p>	<p>September 1986 Joined Showa Ota & Co. (currently ERNST & YOUNG SHINNIHON LLC)</p> <p>March 1990 Registered as a Certified Public Accountant</p> <p>May 2011 Senior Partner, ERNST & YOUNG SHINNIHON LLC</p> <p>September 2019 Representative, Yoko Sato Certified Public Accountant Office</p> <p>June 2020 Director of the Company</p> <p>June 2020 Outside Corporate Auditor, Japan Cash Machine Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Number of companies where she concurrently assumes office: 2 Representative, Yoko Sato Certified Public Accountant Office Outside Corporate Auditor, Japan Cash Machine Co., Ltd. [Reason for selection as a candidate for Outside Director and expected roles, etc.] Although Ms. Yoko Sato has no direct experience of participating in corporate management, she possesses extensive experience in auditing and specialized knowledge in finance and accounting acquired over many years as a certified public accountant. Based on her broad perspective on such matters as finance strategy and corporate governance, we expect Ms. Sato to provide supervision and advice, and therefore reappoint her as a candidate for Outside Director.</p>	0
8	<p style="text-align: center;">Kazuyuki Tomita (April 23, 1958) New appointment</p> <p style="text-align: center;">Outside Director Independent Officer</p> <p>Term of office as a Director at the conclusion of this Annual General Meeting of Shareholders: —</p> <p>Attendance at meetings of the Board of Directors during fiscal 2020: —</p>	<p>April 1982 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>January 2004 General Manager, Elemental Technology Development Center, Panasonic Mobile Communications Co., Ltd.</p> <p>July 2007 President, Panasonic Eco Technology Center Co., Ltd.</p> <p>October 2015 President, Panasonic Environmental Technology Solutions Co., Ltd.</p> <p>April 2017 Chief Incubation Manager, Osaka Regional Head Office, the Organization for Small & Medium Enterprises and Regional Innovation (to present)</p> <p>[Significant concurrent positions] Number of companies where he concurrently assumes office: 1 Chief Incubation Manager, Osaka Regional Head Office, the Organization for Small & Medium Enterprises and Regional Innovation [Reason for selection as a candidate for Outside Director and expected roles, etc.] Mr. Kazuyuki Tomita possesses extensive experience and specialized knowledge in the process development and element development of thin films and semiconductors at a major manufacturing company and in the environment-related business as the manager of a subsidiary of the same company. Based on his broad perspective on such matters as corporate governance, we expect Mr. Tomita to provide supervision and advice, and therefore appoint him as a new candidate for Outside Director.</p>	0

(Notes)

1. There are no special interests between the Company and each candidate for Director.
2. Mr. Toshimitsu Kamakura, Ms. Keiko Takihara, Ms. Yoko Sato and Mr. Kazuyuki Tomita are candidates for Outside Director.
3. The Company has notified Tokyo Stock Exchange, Inc. that Mr. Toshimitsu Kamakura, Ms. Keiko Takihara and Ms. Yoko Sato are independent officers prescribed by the Exchange. Mr. Kazuyuki Tomita satisfies the requirements for independent officers prescribed by Tokyo Stock Exchange, Inc. The Company therefore intends to notify said Exchange that he is an independent officer.
4. The Company has an agreement to limit the liability for damages as set forth in Article 423, Paragraph 1, of the Companies Act with Mr. Toshimitsu Kamakura, Ms. Keiko Takihara and Ms. Yoko Sato. If the election of these candidates is approved, the Company intends to continue the same agreement with them. The limit of the liability under the contract shall be the amount prescribed by laws and regulations. If the election of Mr. Kazuyuki Tomita as Director is approved, the Company intends to conclude an agreement to limit the liability for damages as set forth in Article 423, Paragraph 1, of the Companies Act with him. The limit of the liability under the contract shall be the amount prescribed by laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company for its Directors and Audit & Supervisory Board Members and the executives of the Company's subsidiaries as the insured persons. The insurance contract covers damages that may arise from liability of insured persons in the course of their performing their duties or damage claims received pertaining to the pursuit of said liability. Candidates who assume office as Directors will become the insured persons of said insurance. No part of the premiums will be borne by the insured persons. The Company plans to renew said insurance contract under the same terms and conditions during their terms of office.
6. "Number of shares of the Company held" includes the number of shares (greater than unit shares) held by the employee shareholding association of the Company.

[For reference] Management composition (plan) upon approval of Proposal 2

Name	●: Male ○: Female	Outside Director	Areas of experience/expertise* especially expected by the Company							
			Corporate management/management strategy	Sales/marketing	Manufacturing/technology	Legal affairs/compliance	Finance/accounting	Internationality/diversity	Environment/social issues	
Directors	Noriyuki Mifune	●		●	●	●			●	
	Hiroshi Hisano	●		●	●	●				●
	Nobuyuki Kuroki	●		●	●	●			●	
	Hiroshi Goto	●		●			●	●	●	
	Toshimitsu Kamakura	●	●				●			●
	Keiko Takihara	○	●						●	●
	Yoko Sato	○	●					●	●	
	Kazuyuki Tomita	●	●	●		●				●
	Audit & Supervisory Board Members	Takeshi Miki	●		●	●	●			
Toshihiko Koyama		●		●	●	●				
Toshihiko Yoshida		●	●				●			
Takuya Nakata		●	●					●		

*The above table does not describe all of the experience and expertise possessed by each person.

[For reference] List of 14 Executive Officers (as of June 25, 2021)

Name	Serving also as Director	Positions, etc. (as expected at conclusion of this General Meeting of Shareholders)
Noriyuki Mifune	●	Representative Director; President and Executive Officer
Hiroshi Hisano	●	Director; Senior Managing Executive Officer, in charge of technology development, environment, equipment maintenance and information security
Nobuyuki Kuroki	●	Director; Senior Managing Executive Officer, in charge of overseas business, intellectual property and new business
Hidetoshi Shin		Managing Executive Officer; General Manager, Quality Management Headquarters
Yuji Chiba		Managing Executive Officer; Representative Director and President, Japan Coating Center Co., Ltd.
Hiroshi Goto	●	Director; Managing Executive Officer; General Manager, Administrative Headquarters
Takayuki Yoshizumi		Managing Executive Officer; General Manager, Sales Headquarters
Kazuya Kobayashi		Managing Executive Officer; General Manager, Production Headquarters
Hirosuke Hamada		Executive Officer; Division Manager, Overseas Business Division
Tatsuo Suizu		Executive Officer; General Manager of Thermal Spraying Technology R&D Laboratories
Hiroyuki Aisaka		Executive Officer; General Manager, Kitakyushu Plant
Katsunori Nakai		Executive Officer; Division Manager, Personnel and General Affairs Division
Yasuki Nakahira		Executive Officer; General Manager, Tokyo Plant
Takeshi Takabatake		Executive Officer; General Manager, Akashi Plant

Proposal 3: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Outside Directors and Part-time Directors)

The aggregate amount of compensation for the Company's Directors was approved to be within ¥400,000 thousand (of which within ¥30,000 thousand for Outside Directors; however, not including the employee salary portion of Directors serving concurrently as employees) per year at the 67th Annual General Meeting of Shareholders held on June 28, 2018.

As a part of the review of the executive compensation system, the Company proposes to pay compensation to grant restricted stock to the Company's Directors (excluding Outside Directors and Part-time Directors; hereinafter referred to as "Eligible Director(s)"), within the amount of compensation stated above, to provide incentives to the Eligible Directors to enhance the Company's corporate value in a sustainable manner as well as to further share values with the shareholders.

The compensation to be paid to the Eligible Directors for granting restricted stock under this proposal shall be monetary compensation claims and the aggregate amount thereof shall be within ¥50,000 thousand per year. In addition, the specific time of delivery and distribution to the Eligible Directors shall be determined by the Board of Directors.

The number of Directors is currently fourteen (14) (including five (5) Outside Directors), and if Proposal 2 "Election of Eight (8) Directors" is approved as proposed, the number of Directors will be eight (8) (including four (4) Outside Directors).

Based on the resolution by the Company's Board of Directors, the Eligible Directors shall pay all of the monetary compensation claims to be paid under this proposal as contribution in kind to receive issuance or disposal of the Company's common stock. The total number of the Company's common stock to be issued or disposed of shall be within 50,000 shares per year (provided, however, that in the event of a stock split (including a gratis allotment of the Company's common stock), a reverse stock split of the Company's common stock, or any other event requiring adjustment to the total number of the Company's common stock to be issued or disposed of, on or after the date of approval of this proposal, the Company shall adjust such total number of shares to the reasonable extent).

The amount to be paid in per share shall be determined by the Board of the Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of each Board of Directors meeting (if there is no trading on the same day, the closing price of the most recent trading day prior to that day). In addition, the issuance or disposal of the Company's common stock and the payment of monetary compensation claims as contribution in kind shall be subject to the conclusion of a Restricted Stock Transfer Allotment Agreement (the "Allotment Agreement") including the items between the Company and Eligible Directors as described below. Furthermore, the Company considers that the maximum amount of compensation under this proposal, the total number of shares of the Company's common stock to be issued or disposed of, and other conditions for granting restricted stock to the Eligible Directors under this proposal are appropriate, given that they have been determined by taking into account the aforementioned purposes, the business conditions of the Company, the policy for the determination of the content of compensation, etc. to individual Directors of the Company (for details of this policy, please see pages 36 to 37 of the Japanese version of this Notice of the 70th Annual General Meeting of Shareholders) and other various conditions.

[Overview of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors shall not transfer, pledge or otherwise dispose of the Company's common stock allotted to them under the Allotment Agreement (the "Allotted Shares") for 30 years from the date of allocation under the Allotment Agreement (the "Transfer Restriction Period") (the "Restriction on Transfer").

(2) Treatment at the time of retirement

If an Eligible Director retires from the position of executive or employee of the Company or its subsidiaries, as determined in advance by the Company's Board of Directors, prior to the expiry of the Transfer Restriction Period, the Company shall acquire the Allotted Shares without consideration as a matter of course, unless there is a legitimate reason for such retirement, such as expiry of the term of office or death.

(3) Lifting of the Restriction on Transfer

Notwithstanding the provisions of (1) above, the Company shall lift the Restriction on Transfer for all the Allotted Shares at the expiry of the Transfer Restriction Period, provided that the Eligible Director has continuously served in the position of executive or employee of the Company or its subsidiaries, as determined in advance by the Company's Board of Directors during the Transfer Restriction Period.

However, if such Eligible Director retires from the position of executive or employee of the Company or its subsidiaries, as determined in advance by the Company's Board of Directors, prior to the expiry of the Transfer Restriction Period due to a legitimate reason such as expiry of the term of office, death, or any other reason as stipulated in (2) above, the Company shall reasonably adjust the number of the Allotted Shares for which the Restriction on Transfer is to be lifted and the time of the lifting of the Restriction on Transfer as necessary. In addition, in accordance with the above provisions, the Company shall acquire any Allotted Shares without consideration as a matter of course, for which the Restriction on Transfer has not been lifted at the time immediately after the lifting of the Restriction on Transfer.

(4) Treatment in the event of reorganization, etc.

Notwithstanding the provision of (1) above, in the event that a proposal of a merger agreement in which the Company becomes a non-surviving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other reorganization, etc. is approved at a General Meeting of Shareholders of the Company (or at the Company's Board of Directors meeting, if the said reorganization, etc. does not require the approval of the General Meeting of Shareholders of the Company) during the Transfer Restriction Period, the Company shall, by a resolution of the Company's Board of Directors, lift the Restriction on Transfer before the effective date of such reorganization, etc. for a certain number of the Allotted Shares reasonably determined considering the period from the commencement date of the Transfer Restriction Period to the date of approval of such reorganization, etc. In such a case, the Company may acquire the Allotted Shares for which the Restriction on Transfer has not been lifted, without consideration as a matter of course, at the time immediately after the Restriction on Transfer is lifted.

(5) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Company's Board of Directors.

<Procedures for Voting via the Internet>

If you exercise your voting rights via the Internet, please read and understand the following matters before you exercise your rights.

If you attend the meeting, you do not need to take procedures for exercise of your voting rights by postal mail (Voting Rights Exercise Form) or via the Internet.

1. About the voting rights exercise website

- (1) For the exercise of voting rights via the Internet, please use only the voting rights exercise website (<https://evote.tr.mufg.jp/>) designated by the Company from either a personal computer, a smartphone or a mobile phone. (However, the website will be unavailable between 2 a.m. and 5 a.m. every day.)
- (2) When you use a personal computer or a smartphone for the exercise of voting rights, if firewalls, etc., are in use for the Internet connection, antivirus software is in use, proxy servers are in use or the TLS encryption is not designated, etc., it might not be possible to use the website depending upon the Internet environment of the shareholder.
- (3) You cannot use a mobile phone that does not have the TLS encryption function or handle the data transmission to exercise your voting rights for the sake of security.
- (4) Although the exercise of voting rights via the Internet will be available until 5 p.m. on Thursday, June 24, 2021 (Japan time), early exercise is highly appreciated, and please contact our Help Desk if you have any questions.

2. Exercise method for voting rights via the Internet

(1) Using a personal computer or a mobile phone

- Your “Login ID” and “Temporary password” are indicated on the enclosed Voting Rights Exercise Form. Please input them on the voting rights exercise website ([https:// evote.tr.mufg.jp/](https://evote.tr.mufg.jp/)), and indicate your vote for or against the proposals by following the on-screen instructions.
- To prevent unauthorized access by third-party non-shareholders (spoofing) and falsification of the content of the exercise of voting rights, you will be asked to change the “Temporary password” on the voting rights exercise website.
- Every time a General Meeting of Shareholders is convened, a new “Login ID” and “Temporary password” will be sent to each shareholder.

(2) Using a smartphone

- You can access the voting rights exercise website and exercise your voting rights by using your smartphone to scan the “Login QR code” on the Voting Rights Exercise Form. (There is no need to input your “Login ID” and “Temporary password” in this case.)
- For security purposes, the exercise of voting rights using the QR code is possible only once. When you access the voting rights exercise website a second time and thereafter, you need to input your “Login ID” and “Temporary password” even after scanning the QR code.
- Login using a QR code might not be possible depending on the smartphone model. In such a case, please exercise your voting rights using the method for (1) Using a personal computer or mobile phone, above.
*QR code is a registered trademark of DENSO WAVE INCORPORATED.

3. Handling in case voting rights are exercised multiple times

- (1) In the event that voting rights are exercised both in writing and via the Internet, the vote via the Internet will be deemed valid.
- (2) In the event that voting rights are exercised multiple times via the Internet, the most recent vote will be deemed valid. In the event that voting rights are exercised using multiple devices such as a personal computer, a smartphone and/or a mobile phone, the most recent vote will be deemed valid.

4. Expenses arising due to accessing the voting rights exercise website

Please note that shareholders are solely responsible for any expenses (Internet connection fees, etc.) incurred while accessing the voting website. In case of using a mobile phone, etc., you will need to pay a packet fee and other charges, which are also borne by shareholders.

5. Method for receiving the Notice of the Annual General Meeting of Shareholders

From the next Annual General Meeting of Shareholders, it is possible to receive a Notice of the Annual

General Meeting of Shareholders by e-mail. If you wish to do so, please follow the procedure via the voting rights exercise website using a personal computer or smartphone. (This process cannot be done using a mobile phone.)

Inquiries related to systems, etc.
Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (Toll-free)
Business Hours: 9 a.m. to 9 p.m. (Japan time)