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(Securities Code: 4100)

June 9, 2021

To our shareholders:

Shigeru Takaragi
President and Representative Director
TODA KOGYO CORP.
1-23 Kyobashi-cho, Minami-ku,
Hiroshima

Notice of the 88th Annual General Meeting of Shareholders

We are pleased to announce the 88th Annual General Meeting of Shareholders of TODA KOGYO CORP. (the “Company”), which will be held as described below.

From the standpoint of preventing the spread of the novel coronavirus disease (COVID-19), the Company requests that you exercise your voting rights prior to the Meeting in writing (by postal mail) or via the Internet and other means if possible, and carefully decide whether or not to attend the Meeting in person after taking careful consideration of your physical condition.

Please exercise your voting rights no later than 5:30 p.m. on Thursday, June 24, 2021 (JST), after reviewing the attached Reference Documents for the General Meeting of Shareholders.

1. **Date and Time:** Friday, June 25, 2021, at 10:00 a.m. (JST)
2. **Venue:** Banquet Hall “Fuyo,” 2F, Hiroshima Grand Intelligent Hotel
1-4 Kyobashi-cho, Minami-ku, Hiroshima
The number of available seats will be limited as the space between seats will be increased to prevent the spread of COVID-19, and your entry may be refused upon having arrived at the venue on the day of the Meeting. We greatly appreciate your understanding in advance.
3. **Purpose of the Meeting:**
Matters to be reported:
 1. The Business Report and the Consolidated Financial Statements for the 88th fiscal year (from April 1, 2020 to March 31, 2021), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors
 2. The Non-consolidated Financial Statements for the 88th fiscal year (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal No. 1: Election of Seven Directors
- Proposal No. 2: Election of Three Corporate Auditors
- Proposal No. 3: Determination of Specific Terms of Share Options for Share-based Remuneration for Directors

1. When attending the Meeting in person, please present the enclosed voting form to the reception counter.
Reception will open at 9:00 a.m. (JST)
2. Of the documents that should be provided with this Notice of Annual General Meeting of Shareholders, pursuant to the provisions of laws and regulations and Article 13 of the Articles of Incorporation of the Company, the following matters are posted on the Company's website (<https://www.todakogyo.co.jp/>) (Japanese only) and are therefore not attached to this Notice: "Systems to Ensure Appropriate Business Operations and Overview of Its Operational Status" of the Business Report, "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements."
Accordingly, the documents attached to this Notice of Annual General Meeting of Shareholders are part of the Business Report that was audited by the Corporate Auditors, and the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by the Corporate Auditors and the Financial Auditor, when preparing the Audit Reports.
3. For any revisions to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Report or the Consolidated and Non-consolidated Financial Statements prior to the day before the Meeting, please understand in advance that we will notify you of the revisions either by mail or via the Company's website, which is stated above.

<Requests to prevent the spread of COVID-19>

- The following matters may be revised depending on the status of the spread of infection ahead of the day of the Meeting and the details of further announcements by the government, etc. Please confirm the latest information on the Company's website, which is stated above.
- Alcohol-based hand sanitizer for shareholders will be available near the reception counter at the venue. (Shareholders attending the meeting in person need to wear face masks.)
- The temperature of attending shareholders will be measured near the entrance of the venue. Note that persons who have a high temperature, appear to be feeling unwell or have returned from overseas within 14 days prior to the Meeting may be refused entry and asked to leave the venue. Please inform the receptionist if you have returned from overseas within 14 days.
- Doors and windows at the venue will be opened for ventilation.
- The Company will check physical conditions of staff in charge of organizing the Meeting beforehand including temperature checks, and the staff will wear face masks.
- Given that the meeting time should be shortened to prevent the spread of COVID-19, the Company is not going to offer detailed explanation for matters to be reported (including reports on results of audits) and proposals at the Meeting. Shareholders are advised to look through this Notice in advance.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Election of Seven Directors

The terms of office of all seven Directors will expire at the conclusion of the Meeting. Therefore, the Company proposes the election of seven Directors.

The nomination of the candidates for Director has been deliberated at the Nomination Advisory Committee, whose membership is made up of a majority of independent officers.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibility in the Company	Attendance at Board of Directors meetings for the current fiscal year
1	Shigeru Takaragi Reelection	President and Representative Director - General Manager of Research & Development Division	100% (18/18)
2	Hiroshi Oka Reelection	Director and Senior Managing Executive Officer - In charge of Sales Division and Production Technology Division, and General Manager of Business Coordination Department	100% (18/18)
3	Tetsuo Tsurui Reelection	Director and Executive Officer - In charge of Production Division, General Manager of Corporate Administration Division and Internal Control Officer	100% (18/18)
4	Tsuneaki Kubo New election	Executive Officer - General Manager of Core Business Division and in charge of Procurement and Logistics Department	— —
5	Takafumi Mizuno Reelection Outside Independent	Outside Director	100% (18/18)
6	Dai Matsuoka Reelection Outside	Outside Director	100% (18/18)
7	Taro Ikushima Reelection Outside	Outside Director	100% (18/18)

Candidate
No.
1

Shigeru Takaragi
(Date of birth: May 19, 1960)
Reelection

Number of the Company's shares owned	2,900
Number of years in office as a Director	8 years
Attendance at Board of Directors meetings	18/18
Relationship of special interest in the Company	None

Career summary, and position and responsibility in the Company

Apr. 1984	Joined the Company
May 2007	General Manager of Otake Plant
July 2007	Executive Officer
Apr. 2012	Representative Director of TODA ISU CORPORATION
Apr. 2013	Senior Managing Executive Officer of the Company
June 2013	Vice President and Director
Oct. 2013	Vice President and Representative Director
June 2014	President and Representative Director
June 2019	President and Representative Director (current position)
Apr. 2021	General Manager of Research & Development Division (current position)

Reasons for nomination as candidate for Director

Shigeru Takaragi has accumulated abundant business experience and achievements in the research division, production division, etc. over many years and has insight and global knowledge regarding corporate management, which was cultivated at an operating company in South Korea. He has experience in overall management as Vice President and Director since June 2013 and President and Representative Director since June 2014. The Company judges him as suitable to continue to lead the Group, and proposes his reelection as Director.

[Message to shareholders from this candidate for Director]

Unfortunately, the prolonged COVID-19 pandemic has had a generally negative impact on the Company's business. We apologize deeply for the concern we have caused for our shareholders through our inability to achieve the recovery in business performance from the beginning of the fiscal year that we expected in fiscal 2020. By implementing efficient operations and continuing with stringent cost cutting activities during this period, we made up for the loss recorded in the first half of the fiscal year in the second half and managed to secure an operating profit in fiscal 2020.

Now that we will mark the Company's 200th anniversary in two years' time, we will take measures that are in step with the times, such as further strengthening ESG-focused management and digital marketing activities, in order to continue developing vigorously in the future. We look forward to your ongoing understanding and support.

Candidate
No.
2

Hiroshi Oka
(Date of birth: September 10, 1958)
Reelection

Number of the Company's shares owned	1,600
Number of years in office as a Director	7 years
Attendance at Board of Directors meetings	18/18
Relationship of special interest in the Company	None

Career summary, and position and responsibility in the Company

Apr. 1981	Joined the Company
Mar. 2010	General Manager of China Business Department
Oct. 2013	Executive Officer
June 2014	Director
June 2015	Managing Director
July 2017	General Manager of Production Division
June 2018	Senior Managing Director
June 2019	Director and Senior Managing Executive Officer (current position)
Jan. 2020	In charge of Production Technology Division (current position)
Apr. 2021	In charge of Sales Division and General Manager of Business Coordination Department (current position)

Reasons for nomination as candidate for Director

Hiroshi Oka has accumulated abundant business experience and achievements in the production division, sales division, etc., and has insight and global knowledge regarding corporate management, which was cultivated in the China Business Department. He has been responsible for the Company's management as Director since June 2014 and Senior Managing Director since June 2018. The Company judges him as suitable to utilize his abundant experience and capabilities, and proposes his reelection as Director.

[Message to shareholders from this candidate for Director]

I thank our shareholders for your ongoing support.

In fiscal 2020, we had planned significant improvement in profit across the entire company, but it was a year in which the impact of the COVID-19 pandemic was greater than expected. In particular, the downturn in the first half of the fiscal year was unprecedented. However, in the second half of the fiscal year, the cost cutting activities we had implemented were quite effective, and the target level came into view on the profit front to some extent. In fiscal 2021, we hope to maintain this same momentum and aim for a full V-shaped recovery.

Meanwhile, there is a high possibility that external factors, such as the prolonged COVID-19 pandemic and the deterioration in U.S.-China relations, will have a significant impact. We will implement a variety of initiatives that will allow the Company to transform its structure to withstand external factors, and we want to aim for a structure that can secure stable profit over the long term.

The challenging conditions will continue going forward, but we look forward to your ongoing support and cooperation.

Candidate
No.
3

Tetsuo Tsurui
(Date of birth: November 10, 1961)
Reelection

Number of the Company's shares owned	500
Number of years in office as a Director	5 years
Attendance at Board of Directors meetings	18/18
Relationship of special interest in the Company	None

Career summary, and position and responsibility in the Company

Apr. 1982	Joined the Company
Apr. 2010	Plant Manager of Otake Plant
Apr. 2014	Executive Officer General Manager of Onoda Plant and General Manager of Otake Plant
July 2014	General Manager of Production Division
Apr. 2016	President and Representative Director of Toda Fine Tech Inc. (current position)
June 2016	Director of the Company
July 2017	General Manager of Corporate Administration Division and Internal Control Officer (current position)
June 2019	Director and Executive Officer (current position)
Apr. 2021	In charge of Production Division (current position)

Reasons for nomination as candidate for Director

Tetsuo Tsurui was involved in the production division for many years, and has abundant business experience and achievements as he has been responsible for extensive management and operation, which includes being at manufacturing sites as Plant Manager and General Manager. Subsequently, he has taken part in negotiations with the labor union in the area of personnel and labor relations as the General Manager of the Corporate Administration Division since 2017. Furthermore, he has been responsible for the Company's management as Director since June 2016. The Company judges him as suitable to utilize his experience and capabilities, and proposes his reelection as Director.

[Message to shareholders from this candidate for Director]

Ahead of the milestone of our 200th anniversary in 2023, we positioned fiscal 2020 as a year for our transformation to a high profit structure and worked on the various issues that needed to be addressed. However, due to the impact of the prolonged COVID-19 pandemic, sales and capacity utilization dropped significantly, particularly in the first half of the fiscal year, and we apologize sincerely for the disappointing results.

We take this very seriously, and we will continue to fulfill our responsibilities as a *monozukuri* (manufacturing) company with officers and employees working together to enhance the management base with a focus on business expansion, improve corporate value, and strengthen organizational capabilities.

We look forward to your support, guidance and encouragement.

Candidate No. 4	Tsuneaki Kubo	Number of the Company's shares owned	—
	(Date of birth: October 7, 1964)	Number of years in office as a Director	—
	New election	Attendance at Board of Directors meetings	—
		Relationship of special interest in the Company	None

Career summary, and position and responsibility in the Company

Apr. 1988	Joined the Company
Mar. 2009	General Manager of Zhejiang Toda DMEGC Magnetic Co., Ltd.
June 2012	General Manager of TODA MAGNET (SHENZHEN) Co., Ltd.
Apr. 2016	General Manager of Onoda Plant, Production Division of the Company
Apr. 2018	Corporate Officer
Oct. 2018	General Manager of Production Division, General Manager of Onoda Plant, and Department Manager of Procurement and Logistics Department
June 2019	Executive Officer (current position)
Apr. 2021	General Manager of Core Business Division and in charge of Procurement and Logistics Department (current position)

Reasons for nomination as candidate for Director

Tsuneaki Kubo has abundant experience and achievements in the production technology division and the production division, etc. since joining the Company as well as global knowledge regarding corporate management, which was cultivated at operating companies in China. In addition, he has been in charge of overall operations in the production area since 2018. In April 2021, he was appointed as General Manager of the Core Business Division, which will cover and penetrate all the functions of the Company from the viewpoint of Core Business. The Company judges him as suitable to utilize his experience and capabilities for the Company's management, and proposes his election as a new Director.

[Message to shareholders from this candidate for Director]

I have been nominated as a candidate for a new Director. I apologize sincerely for the trouble caused to our stakeholders by the losses in our financial results for fiscal 2020, which include substantial impairment losses associated with business restructuring.

Today's management environment is described by the acronym VUCA (volatility, uncertainty, complexity, and ambiguity), and the times are becoming increasingly uncertain due to larger-scale natural disasters and COVID-19. Under these circumstances, we are committed to pressing ahead with a greater sense of speed based on the belief that it is our duty to deepen collaboration throughout the TODA KOGYO Group, identify short-term and long-term opportunities and risks globally, meet the needs of customers from a market-in perspective, fulfill our social responsibilities, and enhance our corporate value.

We look forward to the expectations and warm support of our shareholders.

Candidate
No.
5

Takafumi Mizuno

(Date of birth: February 27, 1948)

Reelection Outside Independent Relationship of special interest in the Company None

Number of the Company's shares owned —
Number of years in office as a Director 3 years
Attendance at Board of Directors meetings 18/18

Career summary, and position and responsibility in the Company

Apr. 1971 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
Jan. 1996 General Manager of Development Management Division
June 2007 Senior Managing Director of TOKAI RIKA CO., LTD.
June 2011 Advisor
July 2013 Advisor of TOYO Corporation
June 2018 Outside Director of the Company (current position)

Reasons for nomination as candidate for outside Director and outline of expected role

Takafumi Mizuno was involved in the technology division of Toyota Motor Corporation for many years, and also has abundant experience as a business manager of TOKAI RIKA CO., LTD. The Company nominated with the expectation that he will continue to supervise the Company's management and offer advice on overall management from a perspective that is not tied to conventional frameworks, based on his advanced knowledge and insight. Moreover, if he is elected, it is planned that he will continue to be involved in decisions on selection of candidates for the Company's officers and remuneration, etc. for officers from an objective and neutral standpoint as a member of the Nomination Advisory Committee.

[Message to shareholders from this candidate for Director]

In fiscal 2020, due to the global impact of COVID-19, business results deteriorated again as in the previous fiscal year. Despite these circumstances, the Company steadily pressed forward with development and production technology for its foundation businesses based on "Toda Spirits," which sums up the starting point for *monozukuri*, and established a growth strategy through the Board of Directors and other bodies. On the human resource development front, the Company provided training on the "Large Lot vs. Small Lot" approach to production in its *monozukuri* training for managers and others, and also steadily disseminated the "5S + S (standard)," which is key for product quality and safety.

It is also necessary to implement a Business Continuity Plan (BCP) so as not to inconvenience customers due to unexpected disasters and accidents, so I will devote my utmost efforts to contributing to enhancement of the Company's corporate value through the wide range of perspectives and ideas gained from my business experience in the automotive industry.

Candidate
No.
6

Dai Matsuoka
(Date of birth: May 13, 1963)
Reelection Outside

Number of the Company's shares owned	—
Number of years in office as a Director	2 years
Attendance at Board of Directors meetings	18/18
Relationship of special interest in the Company (Note 2)	

Career summary, and position and responsibility in the Company

Apr. 1991	Joined TDK Corporation
Jan. 2016	Manager, Advanced Agriculture Development Group, New Business Promotion Center
July 2016	General Manager, Technology HQ
June 2017	Corporate Officer and General Manager of Technology and Intellectual Property HQ
June 2019	Outside Director of the Company (current position)
Apr. 2021	Corporate Officer and Chief Quality & Safety Officer of TDK Corporation (current position)

Significant concurrent positions outside the Company

Corporate Officer and Chief Quality & Safety Officer of TDK Corporation

Reasons for nomination as candidate for outside Director and outline of expected role

Dai Matsuoka was involved for many years in the technology and development divisions of TDK Corporation, and he was appointed as its Chief Quality & Safety Officer in April 2021. The Company nominated with the expectation that he will utilize his experience and wide-ranging knowledge and insight in supervision of the Company's management, and that he will continue to offer advice to ensure the legality and appropriateness of decision-making by the Company's Board of Directors.

[Message to shareholders from this candidate for Director]

Fiscal 2020 was a year when the world changed significantly due to the global acceleration of DX owing to the COVID-19 pandemic. As a result, this spurred the laying of foundations aimed at the next stage of sustainable growth for the TODA KOGYO Group. The Company's strategy of applying the strengths of its fine particle control technology cultivated through wet synthesis of iron oxides to electronic materials is making steady progress while anticipating changes in customer needs.

I have represented stakeholders, including shareholders, as an outside Director since fiscal 2019. I will utilize my own experience in the design and development of electronic devices to oversee senior management from the standpoint of customers to guard against short-sighted management at the Company. Now that consideration for the global environment is also becoming important, I am committed more than ever to striving toward the creation of new value for the TODA KOGYO Group.

Candidate No. 7	Taro Ikushima	Number of the Company's shares owned	—
	(Date of birth: December 9, 1969)	Number of years in office as a Director	2 years
	Reelection	Attendance at Board of Directors meetings	18/18
	Outside	Relationship of special interest in the Company (Note 2)	

Career summary, and position and responsibility in the Company

Apr. 1993	Joined TDK Corporation
Apr. 2015	General Manager of Corporate Planning Department, Electronic Components Business Company
Apr. 2017	General Manager of Corporate Planning Group, Corporate Strategy HQ
June 2019	Outside Director of the Company (current position)
Apr. 2021	Corporate Officer and CEO, Electronic Components Business Company of TDK Corporation (current position)

Significant concurrent positions outside the Company

Corporate Officer and CEO, Electronic Components Business Company of TDK Corporation

Reasons for nomination as candidate for outside Director and outline of expected role

Taro Ikushima was involved for many years in the corporate planning of TDK Corporation, and he was appointed as Corporate Officer and CEO at its Electronic Components Business Company in April 2021. The Company nominated with the expectation that he will utilize his abundant knowledge and insight related to overall management in supervision of the Company's management, and that he will continue to offer advice to ensure the legality and appropriateness of decision-making by the Company's Board of Directors.

[Message to shareholders from this candidate for Director]

In fiscal 2020, the Company's business results in the first half of the fiscal year were greatly impacted by COVID-19, and, although sales in some of its businesses subsequently recovered, full-year sales were down on the previous fiscal year. However, it is because of this situation that we have been working to strengthen ESG, including reinforcing governance, introducing evaluation of the effectiveness of the Board of Directors, and environmental measures. Going forward, the business environment will continue to change significantly due to the impact of COVID-19 and decarbonization initiatives. TODA KOGYO must also adapt to changes in the industrial structure and shift the focus of its business while maintaining its technical strengths. I will continue actively making proposals from my position as an outside Director aiming for TODA KOGYO to become a company that is sensitive to changes in the market with the ability to reflect such changes appropriately and swiftly in development and production. I look forward to the understanding and support of shareholders.

- Notes:
1. Takafumi Mizuno, Dai Matsuoka and Taro Ikushima are candidates for outside Director.
 2. Relationship of special interest in the Company
TDK Corporation is a major shareholder of the Company, holding 21.86% of the Company's shares (Ownership ratio excluding the Company's 335 thousand shares of treasury stock). There are trading relationships between TDK Corporation and the Company involving the sales of products, etc.
 3. In accordance with the provisions of Article 427, paragraph (1) of the Company Act, the Company's Articles of Incorporation stipulate that it may enter into agreements that limit liability for damages provided in Article 423, paragraph (1) of the Companies Act, and the Company has entered into such liability limitation agreements with Takafumi Mizuno, Dai Matsuoka and Taro Ikushima. If their reelection is approved, the Company plans to renew the aforementioned agreements with them. Pursuant to this agreement, the defined maximum amount of liability for damages, if the outside Director has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
 4. The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and an outline of the main details of the insurance policy is as described on page 36 of the Business Report (Japanese only). If the election of each candidate for Director is approved, they will be included as insured persons under the insurance policy. The Company also plans to renew the insurance policy with the same details at the next renewal.
 5. Takafumi Mizuno meets the requirements of an independent officer as defined by Tokyo Stock Exchange, Inc., and the Company has submitted notification that he is an independent officer. If his reelection is approved, the Company plans to continue having him as an independent officer.

Proposal No. 2: Election of Three Corporate Auditors

The terms of office of Corporate Auditors Shinsuke Hasegawa and Kazuya Uraisami will expire and Corporate Auditor Takayuki Nakagawa will resign at the conclusion of the Meeting. Therefore, the Company proposes the election of three Corporate Auditors.

The Company proposes the election of Kunihiro Kochi, who is a candidate for Corporate Auditor, as the substitute for Takayuki Nakagawa. As provided for in the Company’s Articles of Incorporation, his term of office will be until the conclusion of the 90th Annual General Meeting of Shareholders scheduled to be held in June 2023, which is when the term of office of Corporate Auditor Takayuki Nakagawa will expire.

In addition, the consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for Corporate Auditor are as follows:

Candidate No.	Kunihiro Kochi (Date of birth: January 21, 1957)	Number of the Company’s shares owned — Number of years in office as a Corporate Auditor — Relationship of special interest in the Company None
1	New election	

Career summary, and position and responsibility in the Company

- Apr. 1979 Joined the Company
- Feb. 2009 Executive Officer, General Manager of Onoda Plant
- Apr. 2010 Representative Director and President of Toda Material Corp.
- Apr. 2015 Department Manager of Personnel and General Affairs Department, Corporate Administration Division of the Company
- Apr. 2016 Corporate Officer
- Apr. 2019 **Counsellor, Department Manager of Human Resources Development Department, Corporate Administration Division (current position)**

Reasons for nomination as candidate for Corporate Auditor

Since joining the Company, Kunihiro Kochi has gained experience in the production technology and production divisions and been involved in overall management of plant operations including being present at a manufacturing site as General Manager. He has also served as President of an operating company in Japan and as a Department Manager in the Company’s corporate administration division. Based on this experience, he has a wide range of knowledge spanning the Company’s operations and insight related to corporate management. The Company proposes his election as Corporate Auditor, judging him suitable to be responsible for ensuring the soundness of management from a neutral and objective perspective.

Candidate
No.
2

Shinsuke Hasegawa

(Date of birth: January 8, 1966)

Reelection Outside Independent

Number of the Company's shares owned —
Number of years in office as a Corporate Auditor 4 years
Relationship of special interest in the Company None

Career summary, and position and responsibility in the Company

Oct. 1989 Joined Arthur Andersen LLC (currently KPMG AZSA LLC)
Apr. 2001 Joined Nomura Securities Co., Ltd.
Aug. 2005 Joined Morgan Stanley Japan Securities (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)

Dec. 2008 Representative of Hasegawa CPA Office (current position)

Mar. 2014 Outside Auditor of Hinokiya Group Co., Ltd. (current position)

June 2017 Outside Corporate Auditor of the Company (current position)

Significant concurrent positions outside the Company

Representative of Hasegawa CPA Office
Outside Auditor of Hinokiya Group Co., Ltd.

Reasons for nomination as candidate for outside Corporate Auditor

Shinsuke Hasegawa has abundant experience and broad insight as a certified public accountant. Since June 2017, he has contributed as outside Corporate Auditor to strengthening the functions of the Board of Directors and supervising the execution of business, by checking and identifying risks particularly in finance and accounting. He has also contributed to enhancing the effectiveness of audits by the Board of Corporate Auditors. The Company proposes his reelection as outside Corporate Auditor in order to strengthen its audit functions.

Candidate No.	Kazuya Uraisami (Date of birth: November 28, 1957)	Number of the Company's shares owned	—
		Number of years in office as a Corporate Auditor	1 year
3		Relationship of special interest in the Company	None

Reelection Outside Independent

Career summary, and position and responsibility in the Company

Apr. 1981	Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Dec. 1993	General Manager of Credit Department of Union Bank of Switzerland (currently UBS) and other positions
May 1997	General Manager of Credit Department of Merrill Lynch Securities Co., Ltd. and other positions
Feb. 2005	General Manager of Head Office Financial Evolution Planning and Promotion Division of SANYO Electric Co., Ltd. and other positions
June 2011	President of MBK Co., Ltd. and other positions
May 2013	Executive Vice President of Kameichi Co., Ltd.
May 2014	Senior Managing Director of Asahi Techno Plant Co., Ltd.
Apr. 2019	Managing Director of Kagoshima College (current position)
June 2020	Outside Corporate Auditor of the Company (current position)

Significant concurrent positions outside the Company

Managing Director of Kagoshima College

Reasons for nomination as candidate for outside Corporate Auditor

Kazuya Uraisami was involved in the credit departments of financial institutions for many years and also has abundant experience and broad insight as a corporate manager. Since June 2020, he has contributed as outside Corporate Auditor to strengthening the functions of the Board of Directors and supervising the execution of business, by checking and identifying risks from a wide-ranging perspective not only in terms of finance and accounting. He has also contributed to enhancing the effectiveness of audits by the Board of Corporate Auditors. The Company proposes his reelection as outside Corporate Auditor in order to strengthen its audit functions.

- Notes:
1. Shinsuke Hasegawa and Kazuya Uraisami are candidates for outside Corporate Auditor.
 2. In accordance with the provisions of Article 427, paragraph (1) of the Company Act, the Company's Articles of Incorporation stipulate that it may enter into agreements that limit liability for damages provided in Article 423, paragraph (1) of the Companies Act, and the Company has entered into such liability limitation agreements with Shinsuke Hasegawa and Kazuya Uraisami. If their reelection is approved, the Company plans to renew the aforementioned agreements with them. The Company also plans to enter into the agreements with Kunihiro Kochi if his election is approved. Pursuant to this agreement, the defined maximum amount of liability for damages, if the Corporate Auditor has acted in good faith and without gross negligence in performing his duties, is the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act.
 3. The Company has entered into a directors and officers liability insurance policy provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and an outline of the main details of the insurance policy is as described on page 36 of the Business Report (Japanese only). If the election of each candidate for Corporate Auditor is approved, they will be included as insured persons under the insurance policy. The Company also plans to renew the insurance policy with the same details at the next renewal.
 4. Shinsuke Hasegawa and Kazuya Uraisami meet the requirements of independent officers as defined by Tokyo Stock Exchange, Inc., and the Company has submitted notification that they are independent officers. If their reelection is approved, the Company plans to continue having them as independent officers.

Proposal No. 3: Determination of Specific Terms of Share Options for Share-based Remuneration for Directors

The Company had its remuneration amount and details for share options for share-based remuneration for Directors (excluding outside Directors), and the allocation of share acquisition rights as share options for share-based remuneration, approved at the 82nd Annual General Meeting of Shareholders held on June 26, 2015.

Responding to the recent revision of the Companies Act, the Company wishes to add new details (underlined portions) to the reason for allotting share acquisition rights and details of those share acquisition rights that were approved as remuneration to Directors (excluding outside Directors), and to again in the future allot share acquisition rights in accordance with the details described below.

There are currently seven Directors (of which three are outside Directors), and if Proposal No. 1 is approved and adopted as proposed, the number of Directors will be seven (of which three are outside Directors). These share acquisition rights will not be granted to outside Directors.

Details concerning the distribution of share option remuneration to each Director, and the timing of such payment shall be left to the discretion of the Board of Directors in line with the policy on decisions regarding the content of remuneration, etc. for individual Directors.

The maximum remuneration amount for share options remains the amount that was approved at the 82nd Annual General Meeting of Shareholders, and that remuneration amount for Directors (excluding outside Directors), which must be no more than ¥50 million per year, is the amount obtained by multiplying the total number of allotted share acquisition rights by the fair value of one share acquisition right, which is calculated on the day the total number of share acquisition rights are allotted.

In addition, the Company determines the policy for remuneration to Directors at the Board of Directors meeting, and an overview of those details is provided on page 36 of the Business Report under “4. Matters Concerning Company Officers; (2) Status of Remuneration to Directors and Corporate Auditors” (Japanese only). The details of this proposal are deemed to be in line with the aforementioned policy and appropriate.

1. Reasons for allotting share acquisition rights as remuneration for Directors

The Company will allot share acquisition rights to Directors (excluding outside Directors) with the purpose of having them share in the merits of increasing and risks of decreasing the share price with the shareholders and raising the willingness to contribute to improving the corporate value.

2. Details of share acquisition rights as share options

(1) Class and number of shares that are the subject of the share acquisition rights

The shares to be delivered upon exercise of share acquisition rights shall be the Company’s common shares, and the number of shares to be delivered upon exercise of each share acquisition right (hereinafter the “Number of Shares Granted”) shall be 10 shares.

Provided that, if the Company implements a share split (including an allotment of common shares of the Company without contribution; the same shall apply to the description of the share split hereinafter), or share consolidation with respect to its common shares after the date on which the share acquisition rights are allotted (hereinafter referred to as the “Allotment Date”), the Company shall make an adjustment to the Number of Shares Granted in regard to the share acquisition rights that have not been exercised as of the date of such share split or share consolidation, by the following formula:

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Ratio of split or consolidation

In addition, upon the occurrence of any unavoidable event that requires the adjustment of the Number of Shares Granted other than those set forth above, the Company may adjust the Number of Shares Granted as deemed necessary by the Board of Directors.

Fractional shares less than one share resulting from the above adjustment shall be rounded down.

(2) Total number of share acquisition rights

The number of share acquisition rights to be allotted within one year from the date of the Annual General Meeting of Shareholders for each business year shall not exceed 1,500 units.

(3) Amount to be paid in for share acquisition rights

The amount to be paid in for each share acquisition right shall be determined by the Board of Directors based on the fair value of the share acquisition rights, which is computed by a fair calculation method including the Black-Scholes model, upon the allotment of the share acquisition rights.

The recipient of the allotment of share acquisition rights (hereinafter the “Share Acquisition Rights Holder”) shall not be required to pay in money as the remuneration claims from the Company shall be offset against the amount to be paid in.

(4) Value of property to be contributed upon exercise of share acquisition rights

The amount of property to be contributed upon exercise of share acquisition rights shall be obtained by multiplying the Number of Shares Granted by ¥1, which is the amount per share receivable through delivery by exercise of share acquisition rights.

(5) Exercise period of share acquisition rights

The exercise period of share acquisition rights shall be determined by the Board of Directors of the Company within the scope of 30 years from the date immediately following the Allotment Date.

(6) Conditions for exercise of share acquisition rights

(i) The Share Acquisition Rights Holder may only exercise his/her share acquisition rights at one time, during a period of 10 days (if the 10th day is a holiday, the next business day) from the day immediately following the date on which a Director or Executive Officer of the Company ceased to hold any of such positions.

(ii) If the Share Acquisition Rights Holder dies, that person’s heir can only exercise the share acquisition rights in one lump transaction.

(iii) Other conditions for exercise of share acquisition rights shall be determined by the Board of Directors meeting that decides the subscription requirements for share acquisition rights.

(7) Restriction on acquisition of share acquisition rights by transfer

Acquisition of share acquisition rights by transfer shall require approval of the Board of Directors of the Company.

(8) Term and conditions for acquiring share acquisition rights

(i) In the event that before the Share Acquisition Rights Holders exercise such rights, share acquisition rights can no longer be exercised under the provisions stipulated in (6) above or under the provisions of a share acquisition rights allotment agreement, the Company may acquire those share acquisition rights for no consideration on a day separately determined by the Board of Directors of the Company.

(ii) In the event that a proposal of below-mentioned a), b), c), d) or e) is approved at the General Meeting of Shareholders of the Company (if a resolution by the General Meeting of Shareholders is not necessary, it is read as “in the event that such item is approved by the Board of Directors of the Company), the Company may acquire share acquisition rights for no consideration on the date separately determined by the Board of Directors of the Company.

a) Proposal for approval of a merger agreement in which the Company is the disappearing company

b) Proposal for approval of a corporate split agreement or corporate split plan in which the Company is the splitting company

c) Proposal for approval of a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary

d) Proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of all shares issued or to be issued by the Company is subject to the approval of the Company

e) Proposal for approval of an amendment to the Articles of Incorporation of the Company to provide that the acquisition by transfer of shares of a certain class purposed for delivery by share acquisition rights is subject to the approval of the Company, or that all of the shares of such class may be acquired by the Company by a resolution of a General Meeting of Shareholders of the Company.

(9) Other details of share acquisition rights

Any other details related to share acquisition rights shall be decided at the meeting of the Board of Directors that decides the subscription requirements for share acquisition rights.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

As of March 31, 2021

Assets	
Current assets	
Cash and deposits	6,629
Notes and accounts receivable - trade	8,180
Merchandise and finished goods	3,362
Work in process	1,409
Raw materials and supplies	2,146
Other	1,342
Allowance for doubtful accounts	(6)
Total current assets	<u>23,065</u>
Non-current assets	
Property, plant and equipment	
Buildings and structures, net	2,340
Machinery, equipment and vehicles, net	1,294
Land	6,317
Leased assets, net	18
Construction in progress	177
Other, net	560
Total property, plant and equipment	<u>10,709</u>
Intangible assets	200
Investments and other assets	
Investment securities	3,526
Investments in capital of subsidiaries and associates	2,741
Long-term loans receivable	689
Other	853
Allowance for doubtful accounts	(3)
Total investments and other assets	<u>7,807</u>
Total non-current assets	<u>18,718</u>
Total assets	<u>41,783</u>

(Millions of yen)

As of March 31, 2021

Liabilities	
Current liabilities	
Notes and accounts payable - trade	3,995
Short-term borrowings	9,372
Current portion of long-term borrowings	3,756
Lease obligations	14
Income taxes payable	165
Provision for bonuses	259
Provision for environmental measures	60
provision for loss on factory closings	80
Other	1,345
Total current liabilities	<u>19,051</u>
Non-current liabilities	
Long-term borrowings	10,070
Lease obligations	24
Retirement benefit liability	2,080
Deferred tax liabilities	878
Other	303
Total non-current liabilities	<u>13,356</u>
Total liabilities	<u>32,408</u>
Net assets	
Shareholders' equity	
Share capital	7,477
Capital surplus	4,344
Retained earnings	(3,224)
Treasury shares	(1,513)
Total shareholders' equity	<u>7,083</u>
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	779
Foreign currency translation adjustment	281
Remeasurements of defined benefit plans	(9)
Total accumulated other comprehensive income	<u>1,052</u>
Share acquisition rights	66
Non-controlling interests	1,173
Total net assets	<u>9,375</u>
Total liabilities and net assets	<u>41,783</u>

Consolidated statements of income

	(Millions of yen)
	Fiscal year ended March 31, 2021
Net sales	29,024
Cost of sales	24,246
Gross profit	4,778
Selling, general and administrative expenses	4,766
Operating profit	11
Non-operating income	
Interest income	38
Dividend income	52
Rental income	41
Foreign exchange gains	34
Subsidies for employment adjustment	181
Miscellaneous income	115
Total non-operating income	464
Non-operating expenses	
Interest expenses	214
Share of loss of entities accounted for using equity method	831
Miscellaneous losses	30
Total non-operating expenses	1,076
Ordinary loss	(600)
Extraordinary income	
Gain on disposal of non-current assets	8
Gain on sale of investment securities	1
Total extraordinary income	10
Extraordinary losses	
Loss on disposal of non-current assets	63
Loss on valuation of investment securities	739
Impairment losses	2,223
Provision for loss on factory closings	77
Total extraordinary losses	3,104
Loss before income taxes	(3,694)
Income taxes - current	240
Income taxes - deferred	42
Loss	(3,977)
Profit attributable to non-controlling interests	165
Loss attributable to owners of parent	(4,142)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,477	8,886	(3,624)	(1,512)	11,227
Changes during period					
Loss attributable to owners of parent			(4,142)		(4,142)
Purchase of treasury shares				(1)	(1)
Deficit disposition		(4,542)	4,542		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(4,542)	399	(1)	(4,143)
Balance at end of period	7,477	4,344	(3,224)	(1,513)	7,083

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	201	142	(58)	284	49	1,029	12,590
Changes during period							
Loss attributable to owners of parent							(4,142)
Purchase of treasury shares							(1)
Deficit disposition							–
Net changes in items other than shareholders' equity	578	139	49	767	17	143	928
Total changes during period	578	139	49	767	17	143	(3,215)
Balance at end of period	779	281	(9)	1,052	66	1,173	9,375

Non-consolidated financial statements
Non-consolidated balance sheets

(Millions of yen)

As of March 31, 2021

Assets	
Current assets	
Cash and deposits	3,117
Notes receivable - trade	641
Accounts receivable - trade	5,104
Merchandise and finished goods	1,854
Work in process	815
Raw materials and supplies	943
Prepaid expenses	13
Accounts receivable - other	159
Short-term loans receivable	1,768
Current portion of long-term loans receivable	1,141
Other	25
Allowance for doubtful accounts	(529)
Total current assets	15,058
Non-current assets	
Property, plant and equipment	
Buildings	1,299
Structures	114
Machinery and equipment	622
Vehicles	0
Tools, furniture and fixtures	76
Land	5,674
Leased assets	2
Construction in progress	100
Total property, plant and equipment	7,891
Intangible assets	
Patent right	3
Software	128
Other	67
Total intangible assets	198
Investments and other assets	
Investment securities	2,109
Shares of subsidiaries and associates	2,970
Investments in capital of subsidiaries and associates	5,905
Long-term loans receivable from employees	9
Long-term loans receivable from subsidiaries and associates	1,128
Prepaid pension costs	7
Other	69
Allowance for doubtful accounts	(48)
Total investments and other assets	12,151
Total non-current assets	20,241
Total assets	35,299

(Millions of yen)

As of March 31, 2021

Liabilities	
Current liabilities	
Accounts payable - trade	2,060
Short-term borrowings	8,630
Current portion of long-term borrowings	3,728
Lease obligations	0
Accounts payable - other	170
Accrued expenses	234
Income taxes payable	53
Advances received	34
Deposits received	46
Unearned revenue	8
Provision for bonuses	172
Accounts payable for facilities	193
Other	26
Total current liabilities	15,361
Non-current liabilities	
Long-term borrowings	9,953
Lease obligations	2
Deferred tax liabilities	379
Provision for retirement benefits	1,766
Provision for loss on guarantees	248
Other	31
Total non-current liabilities	12,381
Total liabilities	27,742
Net assets	
Shareholders' equity	
Share capital	7,477
Capital surplus	
Legal capital surplus	1,869
Other capital surplus	2,419
Total capital surplus	4,288
Retained earnings	
Other retained earnings	
Reserve for tax purpose reduction entry of non-current assets	86
Retained earnings brought forward	(3,628)
Total retained earnings	(3,541)
Treasury shares	(1,513)
Total shareholders' equity	6,710
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	779
Total valuation and translation adjustments	779
Share acquisition rights	66
Total net assets	7,556
Total liabilities and net assets	35,299

Non-consolidated statements of income

	(Millions of yen)
	Fiscal year ended March 31, 2021
Net sales	17,284
Cost of sales	14,573
Gross profit	2,711
Selling, general and administrative expenses	3,471
Operating loss	<u>(760)</u>
Non-operating income	
Interest income	51
Dividend income	186
Rental income	42
Foreign exchange gains	158
Reversal of provision for loss on guarantees	178
Subsidies for employment adjustment	123
Miscellaneous income	77
Total non-operating income	<u>816</u>
Non-operating expenses	
Interest expenses	166
Provision of allowance for doubtful accounts	529
Miscellaneous losses	10
Total non-operating expenses	<u>707</u>
Ordinary loss	<u>(650)</u>
Extraordinary income	
Gain on sale of investment securities	1
Gain on disposal of non-current assets	8
Total extraordinary income	<u>10</u>
Extraordinary losses	
Loss on disposal of non-current assets	55
Loss on valuation of shares of subsidiaries and associates	603
Impairment losses	2,196
Total extraordinary losses	<u>2,856</u>
Loss before income taxes	<u>(3,496)</u>
Income taxes - current	45
Loss	<u>(3,541)</u>

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
Balance at beginning of period	7,477	4,234	4,597	8,831	86	(4,629)	(4,542)
Changes during period							
Transfer from legal capital surplus to other capital surplus		(2,364)	2,364	-			-
Deficit disposition			(4,542)	(4,542)		4,542	4,542
Loss						(3,541)	(3,541)
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	(2,364)	(2,177)	(4,542)	-	1,000	1,000
Balance at end of period	7,477	1,869	2,419	4,288	86	(3,628)	(3,541)

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,512)	10,253	201	201	49	10,503
Changes during period						
Transfer from legal capital surplus to other capital surplus		-				-
Deficit disposition		-				-
Loss		(3,541)				(3,541)
Purchase of treasury shares	(1)	(1)				(1)
Net changes in items other than shareholders' equity			578	578	17	596
Total changes during period	(1)	(3,542)	578	578	17	(2,946)
Balance at end of period	(1,513)	6,710	779	779	66	7,556