



July 19, 2024

To Whom It May Concern

Company: TOCALO Co., Ltd.
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Notice Regarding Disposition of Treasury Stock as Restricted Stock Awards

TOCALO Co., Ltd. (the Company) hereby provides notification of its decision regarding disposition of treasury stock (hereinafter, “subject treasury stock disposition” or “disposition”) as presented below at the Board of Directors meeting held on July 19, 2024 (hereinafter, the subject allocation decision date.)

1. Overview of the disposition

(1) Disposition date	August 9, 2024
(2) Classification and volume of disposition shares	Ordinary shares: 17,801 shares
(3) Disposition price	1,985 yen per share
(4) Disposition total cost	35,334,985 yen
(5) Disposition target and number of people receiving the disposition and disposition stock volume	Company directors (excluding external directors and non-regular directors): Five people 15,831 shares Executive officer with an assigned role not serving as a director: One person 1,970 shares

2. Purpose and reason for the disposition

The Company decided at the Board of Directors meeting on May 17, 2021 to provide restricted stock awards as a new compensation program (subject program) for directors other than external directors and non-regular directors (referred to as subject directors) and executive officers with an assigned role who do not hold director positions (subject directors, etc. along with subject directors) for the purpose of giving an incentive to continuously enhance enterprise value and promoting further commonality of values with shareholders. Additionally, at the 70th Regular Meeting of Shareholders held on June 25, 2021, the Company received approval to pay monetary claims within a range of 50,000,000 yen a year to subject directors as monetary compensation for use as investment assets to acquire the restricted stocks under the subject program (hereinafter, referred as the “restricted stock awards”) and issue or dispose of ordinary shares within a range of 50,000 shares annually with 30 years as the restriction period for restricted stock.

Refer below for an overview of the subject program.

[Overview of the subject program]

The subject directors, etc. shall pay the entire amount of monetary claims supplied by the Company under the subject program as contributed assets and receive issuance or disposition of the Company's ordinary shares. The Board of Directors shall decide the contribution amount per share based on the closing price of the Company's ordinary shares at the Tokyo Stock Exchange on the business day prior to the day of the Board of Directors' resolutions (if no transactions took place on the subject day, it shall be the closing price on the previous most recent transaction day).

Furthermore, the Company and subject directors, etc. shall conclude a restricted stock allocation contract related to the issuance or disposition of the Company's ordinary shares under the subject program that includes (1) prohibition of the transfer by the subject directors, etc. to third parties, setting collateral rights, and any other disposition of the Company's ordinary shares received under the restricted stock allocation contract for a certain period and (2) zero-cost acquisition of the subject ordinary shares by the Company in a case when certain reasons occur.

This time, considering advice and recommendations by the Nominating and Compensation Committee, the Company shall provide monetary claims totaling 35,334,985 yen (hereinafter, the subject monetary claims) and 17,801 ordinary shares with the purpose of further boosting motivation of subject directors, etc. based on an overall assessment of the program's purpose, the Company's business conditions, the scope of work responsibilities of the subject directors, etc. and various other circumstances.

Regarding the subject treasury stock disposition, under the subject program, the six subject directors, etc. who are the intended recipients of the allocations shall pay the entire amount of monetary claims to the Company as contributed assets and receive disposition of the Company's ordinary shares (hereinafter, the subject allocation shares). The following Section 3. presents an overview of the restricted stock allocation contract that will be concluded between the Company and the subject directors, etc. for the subject treasury stock disposition (hereinafter, the subject allocation contract).

3. Summary of the subject allocation contract

(1) Transfer restriction period

August 9, 2024 to August 8, 2025

(2) Criteria for removal of the transfer restriction

The transfer restriction shall finish for all subject allocated shares at completion of the transfer restriction period for subject directors, etc. who continuously served during the transfer restriction period as the Company's or the Company's subsidiary's director, executive officer with an assigned role who is not a director, auditor, consultant, advisor, or other comparable role.

(3) Treatment in the case of departure or retirement by the subject director, etc. during the transfer restriction period due to completion of the role period or other justified reason

Timing for removal of the transfer restriction

In the case of the subject director, etc. departing or retiring from being the Company's or the Company's subsidiary's director, executive officer with an assigned role who is not a director, auditor, consultant, advisor, or other comparable role due to completion of the role period or other justified reason (including departure or retirement because of death), the transfer restriction shall be removed immediately after the departure or retirement by the subject director, etc.

Number of shares covered by removal of the transfer restriction

The number of shares covered by the removal shall be the number determined by multiplying the number resulting from division of the number of months by 12 from the month that includes the allocation resolution day to the month that includes the departure or retirement date by the subject director, etc. (when the number is more than 1, it

is adjusted to 1) to the number of subject allocated shares owned at the timing of the subject departure or retirement specified in (however, when there is a fraction that is less than one as the result of the calculation, it shall be discarded).

(4) Zero-cost acquisition by the Company

The Company shall naturally acquire the subject allocated shares that remain under the transfer restriction at no cost at the time of completion of the transfer restriction period or the time of removal of the transfer restriction stipulated in (3) above.

(5) Share management

The subject allocated shares shall be managed in a special account opened by the subject director, etc. at Nomura Securities Co., Ltd. during the transfer restriction period to prevent transfer, setting collateral rights, and other disposition during the transfer restriction period. The Company has concluded a contract with Nomura Securities Co., Ltd. related to management of the account for the subject allocated shares owned by the subject directors, etc. to ensure the efficacy of the transfer restriction, etc. related to the subject allocated shares. Additionally, the subject directors, etc. shall consent to the content of management for the subject account.

(6) Treatment in reorganization, etc.

In the case of approval of items by the Company's shareholder general assembly during the transfer restriction period related to a merger contract that eliminates the Company, a stock exchange contract in which the Company becomes a wholly owned subsidiary, a share transfer plan, or other reorganization (however, this shall be the Company's Board of Directors in a case of a subject reorganization, etc. that does not require approval by the Company's shareholder general assembly), the subject transfer restriction shall be removed just before on the business day prior to the day on which the reorganization, etc. takes effect based on a Board of Directors' resolution for the number of shares determined by multiplying the number resulting from division of the number of months by 12 from the month that includes the allocation resolution day to the month that includes the subject approval date (when the number is more than 1, it is adjusted to 1) to the number of subject allocated shares owned at the subject timing (however, when there is a fraction that is less than one as the result of the calculation, it shall be discarded). Furthermore, the Company shall naturally acquire all of the subject allocated shares that remain under the transfer restriction at no cost just after removal of the subject transfer restriction.

4. Basis for calculating the pay-in amount and detailed content

The subject treasury stock disposition for parties slated to receive the allocation shall occur with monetary claims paid as restricted stock awards for the Company's 74th business fiscal year based on the subject program as the invested funds. Since the disposition price shall be a price that eliminates arbitrariness, the Company shall use 1,985 yen, the closing price for the Company's ordinary shares in the Tokyo Stock Exchange's Prime Market on July 18, 2024 (the business day prior to the Board of Directors' resolution day). This is the market share price just before the Board of Directors' resolution day and is reasonable and is not a particularly advantageous price.