

Notice of Electronic Disclosure Measures Regarding the Convening of an Extraordinary
General Meeting of Shareholders
Electronic Provision Measures

TOYO INNOVEX Co., Ltd.
(April 1, 2024 to March 30, 2025)

Nissei Plastic Industrial Co., Ltd.

The above items have been omitted from the documents (Documents Containing Electronic Provision Measures) provided to shareholders who requested written delivery, in accordance with laws and regulations and the provisions of our Articles of Incorporation.

NOTICE: This is a translation of a part of the notice issued on June 6, 2025 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

BUSINESS REPORT
(From April 1, 2024 to March 31, 2025)

1. Matters Regarding the Status of the Corporate Group

(1) Progress and Achievement in Business

The global economy during the current consolidated fiscal year experienced soaring prices of natural resources and worldwide price increases due to the protracted Russia-Ukraine situation, and has entered a period predominated by uncertainty about the future, including an economic slowdown against the backdrop of the downward trend in the real estate market in China as well as armed conflict in the Middle East. Also, although it was observed that the domestic economy showed a mild improvement underpinned by more active consumer spending and inbound spending, the domestic market experienced prolonged rising raw material costs and an increase in prices caused by the drastic depreciation of the yen and has entered a difficult situation.

The industry to which the Company belongs has also entered an extremely severe market environment affected by price increases of procured materials and rising energy prices due to prolonged sluggish global demand and a drastic depreciation of the yen.

Under the foregoing market environment, the Group moved ahead on its business activities based on the Medium-term Management Plan 2026, in which the business year ending March 2027 is the final year, and took measures to ensure continued growth and stable revenue from a medium- to long-term perspective such as “enhancement of the sales ratio of a competitive die-casting machine,” “enhancement of systematic production of mainstream models of an injection molding machine,” “creative innovation in molding and advancement of Customers’ Value UP” and “formulation of personnel strategy interlocked with management strategy.” Nonetheless, under the effect of a worldwide decline in demand for molding machines, intensifying competition, and economic slowdown in China, we achieved, in the current consolidated fiscal year, an amount of orders received of JPY 27,462 million (an increase of 3.5% compared with the preceding term), and sales amount of JPY 27,024 million (a decrease of 6.3% compared with the preceding term), among which the domestic sales amount was JPY 8,238 million (an increase of 0.5% compared with the preceding term) and the foreign sales amount was JPY 18,786 million (a decrease of 9.0% compared with the preceding term), which resulted in a 69.5% ratio of foreign sales amount. In terms of profit and loss, due to an insufficient recovery of fixed costs caused by a lowering of the capacity utilization rate as production decreased and by a rise of product cost impacted by price increases of materials, the result was an operating loss of JPY 521 million and ordinary loss of JPY 427 million, and, net profit for the year attributable to the owners of the parent of JPY 845 million caused by, in addition to the aforementioned impacts, other factors including an accrual of deferred income taxes of JPY 227 million due to a reversal of deferred tax assets.

The status of the sales amounts of the respective products is as follows.

[Injection Molding Machine]

As for the injection molding machine, domestic sales recorded an increase in automobile-related and housewares-related sales, while foreign sales recorded a decrease in medical device-related and automobile-related sales in China and housewares-related sales in the Americas, however, an increase was recorded in the medical device-related and automobile-related sales in Southeast Asia and South Asia.

As a result of the foregoing, the amount of orders received was recorded at JPY 20,299 million (an increase of 4.4% compared with the preceding term) and the sales amount was recorded at JPY 19,789 million (a decrease of 8.3% compared with the preceding term). Among the sales amount, the foreign

sales amount was JPY 13,552 million (a decrease of 12.5% compared with the preceding term), which resulted in a 68.5% ratio of foreign sales amount.

[Die-casting Machine]

As for the die-casting machine, domestic sales recorded a decrease in the sales related to industrial supplied materials and automobiles. In terms of foreign sales, while a substantial decrease was recorded in the sales related to automobiles and industrial supplied materials in China, an increase was recorded in the automobile-related sales in Southeast Asia and South Asia.

As a result of the foregoing, the amount of orders received was recorded at JPY 7,163 million (an increase of 1.1% compared with the preceding term) and the sales amount was recorded at JPY 7,235 million (a decrease of 0.4% compared with the preceding term). Among the sales amount, the foreign sales amount was JPY 5,234 million (an increase of 1.4% compared with the preceding term), which resulted in a 72.3% ratio of foreign sales amount.

(2) Status of Capital Expenditures

The aggregated amount of capital expenditure for the current consolidated fiscal year amounted to JPY 1,608 million. The major capital expenditures included those for monitoring devices and displaying devices for construction of the new large machinery assembling plants and for expansion of sales.

(3) Status of Financing

The funds for the capital expenditure stated above have been covered by borrowing from financial institutions.

Also, to ensure efficient financing of operating capital, the Company has continuously executed a loan commitment agreement with Sumitomo Mitsui Banking Corporation.

The total amount of the loan commitment: JPY 2,000 million

(4) Transitional Situation of Assets and Profit and Loss

(Unit: JPY million)

Classification	148th Term (FY 2021)	149th Term (FY 2022)	150th Term (FY 2023)	151st Term (Current FY)
Net sales	33,273	35,298	28,842	27,024
Ordinary income (loss)	1,970	1,538	(64)	(427)
Net profit (loss) for the year attributable to owners of parent	1,277	648	(1,293)	(845)
Per share net income (loss) for the year (yen)	62.21	31.59	(62.99)	(41.18)
Total assets	31,141	31,901	30,062	30,100
Net assets	19,595	19,985	18,584	17,657
Per share net assets (yen)	940.49	955.97	883.30	835.82

(Note) Per share net profit or loss for the year is calculated based on the average number of outstanding shares during the term, and per share net assets are calculated based on the number of outstanding shares as of the end of the term. Both the average number of outstanding shares during the term and the number of outstanding shares as of the end of the term are calculated excluding the number of treasury shares.

(5) Issues to be Addressed

We forecast that the market environment surrounding the Group will remain dim because of geopolitical risks such as the protracted Russia-Ukraine situation and armed conflict in the Middle East, and, moreover, other factors including the remaining uncertainness of economic recovery in China and confusion over reciprocal customs tariffs imposed by the U.S. on various countries around the world.

On the other hand, in the market in which the Group does business, while positive signs are observed, such as an increase of automobile-related capital investment and increase of the amount of orders received in the market in the remarkably growing India, it is believed that the environment surrounding orders received is transitioning to a severe market environment due to a downturn in demand associated with stagnation of the Chinese economy as well as soaring prices of natural resources, energy, and raw material due to a drastic depreciation of the yen.

In the midst of the aforesaid market environment, the Group recognizes automatization as a solution to the labor shortage and creation of high-value added products to address customer needs such as product development that contributes to carbon neutrality, a focus on rebuilding the product portfolio, realization of quick turn and strengthening of after-sale services, are measures and policies of priority, and the Group will implement the following strategies for growth.

First, as a product strategy, we endeavor to enhance market penetration of “Si-7,” the latest version of the injection molding machine, raise awareness about the product, and attempt to thoroughly control costs. As for the die-casting machine, we will expand the sales of “BD-V7EX” in a focused manner, especially strengthening cultivation of the EV market. Also, in addition thereto, we will focus on proposing solutions to provide customers with newly added value by means such as labor-saving through utilization of artificial intelligence (AI) and formulating automatic systems. In terms of production, while we are commencing production of medium- and large-sized machines, the demand for which has been increasing for molding the parts of products, including those of automobile and consumer electronics, at the new factory building which was completed in April 2025, we will increase systematic production to hold in stock half-finished goods of small-sized machines that fill the volume category, to enhance productive efficiency and prompt a customized response, as well as to shorten the delivery time. Furthermore, we will strengthen our supply system of service parts by utilizing the service distribution center established in April 2024 to enhance the level of customer satisfaction. The Group will, in conjunction with making steady progress in these efforts, endeavor to strengthen our management foundation towards sustainable growth and enhancement of corporate value under the purpose, vision, basic policy and managerial strategy which are the medium to long-term indicators set forth in the “Medium-term Management Plan 2026.”

Although there are ongoing possibilities that factors, such as sharp exchange rate fluctuations, prolonged lead time for procured parts and price increases, could have an adverse impact on corporate management, we will attempt to ensure achievement by minimizing risks and taking all measures necessary to ensure profit.

As for the forecast of consolidated achievements for the term ending in March 2026, we predict that the amount of sales will be JPY 30,000 million (an increase of 11.0% compared to the preceding term), the operating profit will be JPY 300 million (while the preceding term recorded an operating loss of JPY 521 million), the ordinary profit will be JPY 400 million (while the preceding term recorded an ordinary loss of JPY 427 million), and the net profit of the year attributable to owners of the parent will be JPY 150 million (while the preceding term recorded a net loss of the year attributable to owners of the parent of JPY 845 million).

(6) Situation of Major Subsidiaries and Affiliated Companies

Company Name	Capital	The Company's Equity Ratio	Major Business
(Subsidiaries)		%	
Toyo Koki Co., Ltd.	JPY million 20	100.0	Manufacture of peripherals for injection molding machine and die-casting machine; manufacture and sale of conveyer
Toyo Machinery Engineering Co., Ltd.	10	100.0	Maintenance services and installation of modeling machine; sale of precision molds
TOYO MACHINERY (CHANGSHU) CO., LTD.	RMB million 47	100.0	Manufacture and sale of injection molding machine and die-casting machine
(Affiliated Companies)	CHF million	%	
GM-Injection AG	0.5	30.2	Sale of and maintenance services for injection molding machine

(Note) Consolidated subsidiaries are ten (10) companies comprising the three major subsidiaries described above and TOYO MACHINERY (M) SDN. BHD., TOYO MACHINERY (T) CO., LTD., TOYO MACHINERY & METAL (SHANGHAI) CO., LTD., TOYO MACHINERY (CHANGSHU) CO., LTD., TOYO INNOVEX (TAIWAN) CO., LTD., TOYO MACHINERY VIETNAM CO., LTD., and PT TOYO MACHINERY AND METAL INDONESIA.

(7) Outline of the Major Business (as of March 31, 2025)

The major products which the Group manufactures and sells are as follows:

Category	Name of Major Products
Injection Molding Machine	Plastic Injection Molding Machine and Its Peripherals
Die-casting Machine	Die-casting Machine and Its Peripherals

(8) Major Business Locations (as of March 31, 2025)

(i) Major Business Locations of the Company

Business Locations	Located In:
Head office/Factory	Akashi City, Hyogo Prefecture
Tokyo Branch Office [Nishi-kanto Branch Office]	Yokohama City, Kanagawa Prefecture
Kansai Branch Office	Higashi-Osaka City, Osaka Prefecture
Chubu Branch Office	Nagoya City, Aichi Prefecture
Saikyo Branch Office [Higashi-kanto Branch Office]	Kawaguchi City, Saitama Prefecture
Nishi-nihon Branch Office	Akashi City, Hyogo Prefecture
Hong Kong Branch Office	Hong Kong SAR, China
India Branch Office	Gurugram, India

(ii) Major Business Locations of Subsidiaries

Business Locations	Located In:
Toyo Koki Co., Ltd.	Akashi City, Hyogo Prefecture
Toyo Machinery Engineering Co., Ltd.	Akashi City, Hyogo Prefecture
TOYO MACHINERY (CHANGSHU) CO., LTD.	Changshu, Jiangsu Province, China
TOYO MACHINERY (M) SDN. BHD.	Selangor, Malaysia
TOYO MACHINERY (T) CO., LTD.	Bangkok, Thailand
TOYO MACHINERY & METAL (SHANGHAI) CO., LTD.	Shanghai, China
TOYO MACHINERY (GUANGZHOU) CO., LTD.	Guangzhou, Guandong Province, China
TOYO INNOVEX (TAIWAN) CO., LTD.	Taipei, Taiwan
TOYO MACHINERY VIETNAM CO., LTD.	Hanoi, Viet Nam
PT TOYO MACHINERY AND METAL INDONESIA	Prov. Jawa Barat, Indonesia

(9) Situation of Employees (as of March 31, 2025)

Number of Employees	Year to Year Change
737	Decreased by 11

(Note) The number of employees means the number of working employees.

(10) Major Lenders (as of March 31, 2025)

Lender	Outstanding Borrowings
Sumitomo Mitsui Banking Corporation	1,110 (JPY millions)
MUFG Bank, Ltd.	720 (JPY millions)
The Chugoku Bank, Limited	650 (JPY millions)
Mizuho Bank, Ltd.	400 (JPY millions)
The Minato Bank, Ltd.	300 (JPY millions)
The San-in Godo Bank, Ltd.	100 (JPY millions)
The Hyakujushi Bank, Ltd.	100 (JPY millions)
Resona Bank, Limited	100 (JPY millions)

2. Matters Regarding the Shares of the Company (as of March 31, 2025)

- (1) Total Number of the Authorized Shares: 80,000,000 shares
- (2) Total Number of the Outstanding Shares: 20,703,000 shares (including 235,151 treasury shares)
- (3) Number of Shareholders: 20,625 shareholders
- (4) Major Shareholders (the top 10 shareholders)

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Tatsuo KIYOHARA	1,473	7.20
The Japan Steel Works, Ltd.	1,450	7.08
UBE MACHINERY CORPORATION, Ltd.	1,450	7.08
Maruka Corporation	622	3.04
YAMAZEN CORPORATION	600	2.93
DAIICHI JITSUGYO CO., LTD.	400	1.95
MSIP CLIENT SECURITIES	207	1.01
DFA INTL SMALL CAP VALUE PORTFOLIO	201	0.98
The Master Trust Bank of Japan, Ltd. (Trust account)	192	0.94
Nomura Securities Co., Ltd.	143	0.70

(Notes)

1. The numbers of shares are described by truncating the shares of less than one thousand.
2. While the Company holds 235,151 treasury shares, the Company is excluded from the major shareholders specified above.
3. The holding ratio is calculated excluding the number of treasury shares.

(5) Situation of Shares Delivered to the Company's Officers During the Current Business Year as Compensation for the Execution of Their Duties

Classification	Number of Shares	Number of Recipients of the Issuance
Directors (excluding Outside Directors)	8,800	Four (4)
Outside Directors	—	—
Corporate Auditors	—	—

(Note) The particulars of the Company's stock-based compensation are as set forth in "3. Matters Regarding Corporate Officers (4) Determination Policy on Particulars of Individual Remuneration and the Like for Directors (iii) Determination Policy for Each Type of Remunerations and the Like 3) Non-monetary compensation (stock-based compensation)."

3. Matters Regarding Corporate Officers

(1) Name and Other Particulars of Directors and Corporate Auditors (as of March 31, 2025)

Position in the Company	Name	Responsibilities in the Company and material posts concurrently held
President and Representative Director	Yoshiaki TABATA	–
Director	Kenji TAKATSUKI	General Manager of Management Division and in charge of Sustainability and Risk Management
Director	Hiroyuki YAMAMOTO	General Manager of Sales Division
Director	Takao NAKAMURA	General Manager of Technology Division
Director	Mitsuo YAMADA	[Material post concurrently held:] Senior Managing Director, Entrepot Inc.
Director	Mari IGA	[Material posts concurrently held:] President and Representative Director, March Co., Ltd. Outside Director, Sumitomo Warehouse Co., Ltd.
Standing Corporate Auditor	Takayuki FUJIMOTO	–
Corporate Auditor	Yuka SHIMOKOBE	Attorney-at-law
Corporate Auditor	Amene SAWA	[Material posts concurrently held:] Representative, Sawa CPA Office Outside Audit & Supervisory Board Member of TOA Corporation

(Notes)

1. Among the Directors, Mr. Mitsuo YAMADA and Ms. Mari IGA are Outside Directors, each of whom has been registered at Tokyo Stock Exchange as an independent officer.
2. Corporate Auditors Ms. Yuka SHIMOKOBE and Mr. Amene SAWA are Outside Corporate Auditors, who have been respectively registered at Tokyo Securities Exchange as independent officers.
3. Ms. Yuka SHIMOKOBE, Corporate Auditor, is qualified as an attorney-at-law and has a substantial level of expertise in corporate legal affairs.
4. Mr. Amene SAWA, Corporate Auditor, is qualified as a certified public accountant and certified tax accountant and has a substantial level of expertise in finance and accounting.
5. There are no special interests between the Company and each of the other juridical entities in which Outside Directors or Outside Corporate Auditors hold a post.

(2) Transfers of the Directors and Corporate Auditors during the Current Business Year

(i) Assumption of Office

Mr. Takao NAKAMURA was elected as Director at the 150th Annual General Meeting of Shareholders held on June 25, 2024 and assumed his office.

(ii) Retirement from Office

Mr. Yasuhiro MIWA, Director, retired from his office upon expiration of his tenure at the conclusion of the 150th Annual General Meeting of Shareholders held on June 25, 2024. Also, Mr. Masaya TAKAHASHI, Corporate Auditor, resigned from his office at the conclusion of the 150th Annual General Meeting of Shareholders held on June 25, 2024.

(iii) Change in Position of Director during the Current Business Year

Name	New Position	Former Position	Date of Transfer
Hiroyuki YAMAMOTO	Director, General Manager of Sales Division	Director, General Manager of Sales Division and General Manager of Chinese Sales Department	April 1, 2024

(3) Aggregate Amount and Other Particulars of Remunerations for Directors and Corporate Auditors

Classification	Aggregate Amount of Remunerations (JPY million)	Total Amount of Remunerations per Type (JPY million)				Number of Eligible Recipient Officers
		Fixed compensation	Performance-linked compensation	Non-monetary compensation (RS)	Non-monetary compensation (PSU)	
Directors (Excluding Outside Directors)	63	53	—	10	—	5
Outside Directors	12	12	—	—	—	2
Corporate Auditors (Outside Corporate Auditors)	25 (12)	25 (12)	— (—)	— (—)	— (—)	4 (3)

(Notes)

1. The aggregate amount of remuneration for Directors does not include employee salaries and the like for Directors who serve concurrently as employees.
2. The resolutions regarding the amount of monetary compensation and non-monetary compensation (stock-based compensation) for Directors were as follows:
 - (i) The resolution that the amount of compensation for Directors of the Company shall be no more than JPY 200 million per annum (of which up to JPY 20 million is for Outside Directors, not including employee salaries and bonuses for Directors who serve concurrently as employees) has been passed at the 143rd Annual General Meeting of Shareholders held on June 23, 2017. The number of Directors at the conclusion of such General Meeting of Shareholders was eight (8) (of which the number of Outside Directors was two (2)).
 - (ii) The resolutions regarding remunerations apart from the amount of monetary compensation set forth in (i) above were passed as described in item 1) and 2) below at the 147th Annual General Meeting of Shareholders held on June 25, 2021. The number of Directors (excluding Outside Directors) at the conclusion of such General Meeting of Shareholders was four (4).
 - 1) Restricted Stock whereby a certain restricted stock is delivered every term
The total amount of compensation paid for granting restricted stock is no more than JPY 10 million per annum; and the total number of shares is no more than 25,000 shares per annum (Outside Directors are not eligible).
 - 2) Performance Share Unit whereby restricted stock is delivered in accordance with the degree of

achievement of performance goals specified in advance

The total amount of compensation to be paid for granting restricted stock as remuneration for three (3) business years is no more than JPY 90 million (of which no more than JPY 30 million is paid per annum); and the total number of shares is no more than 75,000 shares (of which no more than 25,000 shares are granted per annum) (Outside Directors are not eligible).

3. The amount of monetary compensation for Corporate Auditors was resolved at the 120th Annual General Meeting of Shareholders held on June 29, 1994 as no more than JPY 4 million per month. The number of Corporate Auditors at the conclusion of such General Meeting of Shareholders was four (4) (of which the number of Outside Corporate Auditors was two (2)).
4. Non-monetary compensation is the Company's restricted stock. Restricted Stock is awarded every business year, in principle, and a transfer restriction has been established under the allotment agreement ("Allotment Agreement") whereby eligible Directors may not transfer the allotted stock until the time of their retirement from the position of Director. Such transfer restriction shall be removed on the condition that an eligible Director has remained in the position of Director [of the Company] until the time of his/her retirement therefrom. Also, in the event of the confirmed retirement of an eligible Director from a position at the Company for any reason other than death, expiration of the term of office or other justifiable reasons, the Company shall acquire the shares at no cost. On the other hand, Performance Share Units shall be awarded for three (3) business years of the Medium-term Management Plan of the Company ("Award Period") in accordance with the degree of achievement of goals in performance, the [length of] terms of office, and other factors (the minimum final number of the shares to be awarded is zero (0)), and, upon the award, an allotment agreement shall be entered into corresponding, mutatis mutandis, to the Allotment Agreement for the Restricted Stock. However, in the event of a resignation for any reason other than death, expiration of the term of office and other justifiable reasons, no shares shall be awarded. The status of the delivery of such shares during the current business year is as described in "2. Matters Regarding the Shares of the Company (5) Situation of Shares Delivered to the Company's Officers During the Business Year as Compensation for the Execution of Their Duties." The aggregate amount of non-monetary compensation set forth in the schedule above is the amount recorded as expenses for the amount of stock-based compensation with transfer restrictions for the relevant business year (*i.e.*, JPY 10 million for five (5) Directors excluding Outside Directors).
5. As for individual remunerations and the like for Directors (excluding stock-based compensation), Yoshiaki TABATA, President and Representative Director, is entrusted for the determination thereof pursuant to the resolution of the Board of Directors. Under such entrustment, the President and Representative Director determines individual fixed compensation and individual performance-linked compensation (bonus). The authority described above was vested in the President and Representative Director considering that the decision-making by the President and Representative Director is most appropriate to determine the particulars of compensation from a higher perspective on the performance of the Company as a whole, while taking the status of execution of duties of each Director into account. For such authority to be appropriately exercised, an original proposition of the individual remunerations for Directors prepared by the President and Representative Director shall be submitted to the Personnel Remuneration Committee, in which Outside Officers form a majority, and which is chaired by an Outside Director; after the Board of Directors receives proposals from the Committee and studies these proposals, it shall resolve the entrustment to the President and Representative Director; and then the President and Representative Director shall make decisions on the particulars of the individual remunerations for Directors.

(4) Determination Policy on Details of Individual Remunerations and the Like for Directors

The Company has stipulated the determination policy on details of individual remunerations and the like for Directors by the resolution of the Board of Directors, the outline of which is described below. Upon such resolution at the Board of Directors, the proposition was submitted to the Personnel Remuneration Committee, in which Outside Officers form a majority, and which is chaired by an Outside Director, the proposals of which were received by the Board of Directors.

Also, as for the individual remunerations and the like for Directors, the Board of Directors has confirmed that the method of decision-making and the determined details of the remunerations and the like for the current business year conform to the said policy and that the proposals by the Personnel Remuneration Committee have been respected, and judged that the remunerations and the like are in accordance with

such determination policy.

(i) Basic Policy

- 1) The remunerations for executive Directors shall be basically at the level and in a system appropriate as an incentive to positively endeavor to enhance corporate value.
- 2) The remunerations for Outside Directors shall be at the level that ensures the Company continuously secures personnel capable of delivering advice to and exercising supervision over the execution of the Company's business from an independent viewpoint underpinned by professional knowledge and experience.

(ii) System

1) Remunerations and the like for executive Directors

Remunerations are composed of monthly fixed compensation and bonus as short-term performance-linked compensation, and non-monetary compensation (stock-based compensation) for the purposes of reflecting medium-term performance and sharing values with shareholders.

2) Remunerations and the like for Outside Directors

Remunerations are solely composed of monthly fixed compensation.

Considering that Outside Directors' exercise of their duties is non-executive, bonus as performance-linked compensation and non-monetary compensation (stock-based compensation) shall not be awarded.

(iii) Determination Policy for Each Type of Remunerations and the Like

1) Fixed compensation

Fixed compensation shall be in the amount prescribed as the fixed amount corresponding to the responsibilities for operation of the Company.

2) Bonus

- i. The consolidated operating profit shall be the index so that it functions as an incentive for short-term performance, computed based on the standard amount of bonus corresponding to each position, and determined by further adding the individual evaluation based on a performance assessment sheet.
- ii. The minimum amount of bonus shall be JPY 0.

3) Non-monetary compensation (stock-based compensation)

- i. Non-monetary compensation shall be restricted stock and comprised of two programs that are: the Restricted Stock program, whereby a certain restricted stock is delivered for every business year, and the Performance Share Unit program, whereby restricted stock is delivered in accordance with the degree of achievement of performance goals specified in advance.

- ii. Restricted Stock shall be awarded by conferring monetary compensation claims for the allotment of restricted stock to eligible Directors every business year, in principle, and having them contribute the said monetary compensation claims in kind. The amount of the said monetary compensation claims shall be computed based on the standard amount to be awarded that is equal for each position and determined by the Board of Directors.

- iii. Performance Share Units shall be awarded by conferring monetary compensation claims for granting restricted stock to eligible Directors in accordance with the degree of achievement of performance goals specified in advance during the three (3) business years comprising the Medium-term Management Plan of the Company and having them contribute the said monetary compensation claims in kind. The number of shares to be allotted shall be computed based on the standard number of shares determined in accordance with the position of an eligible Director, the degree of achievement of performance goals specified for the cumulative amount of consolidated operating profit during the period of the Medium-Term Management Plan, the degree of achievement of performance goals specified for ROE for the last business

year of the period for the Medium-term Management Plan as well as the [length of]terms of office, and the amount of the monetary remuneration claims in accordance with such number shall be determined by the Board of Directors.

iv. The standard amount to be awarded for each position that will be the basis for computing the monetary compensation claims in Restricted Stock and the standard amount to be awarded for each position, that will be the basis for computing the standard number of shares to be awarded in Performance Share Units, shall be equal.

(iv) Policy regarding Determination of the Component Ratio of Fixed Compensation, Bonus, and Non-monetary Compensation (Stock-based Compensation)

The component ratio of fixed compensation, bonus and non-monetary compensation (stock-based compensation) is set so that it ensures an appropriate level of and system for executive Directors to positively address enhancement of corporate value, which shall be approximately 65:25:10, subject to variation according to the amount of consolidated operating profit or other factors.

(v) Policy regarding Determination of the Timing and Conditions for Grant of Remunerations and the Like

1) Fixed compensation

Upon entrustment by the Board of Directors to be held after the conclusion of the relevant Annual General Meeting of Shareholders, the Representative Director shall determine the fixed compensation for the period from July after such meeting to June in the following year, which shall be paid monthly.

2) Bonus

Upon entrustment by the Board of Directors to be held after the conclusion of the relevant Annual General Meeting of shareholders, the Representative Director shall determine the bonus for the preceding business year, which shall be paid on, in principle, the day immediately following such determination.

3) Non-monetary compensation (stock-based compensation)

As for Restricted Stock, a resolution will be passed by the Board of Directors after the conclusion of the relevant Annual General Meeting of shareholders, to confer the monetary compensation claims to grant restricted shares, which will be delivered in the month immediately following the month in which such resolution is passed.

As for Performance Share Units, after the closing of the last business year of the Medium-term Management Plan, in principle, a resolution will be passed at the meeting of the Board of Directors in which performance of the relevant business year becomes definite, to confer the monetary compensation claims to grant restricted shares, which will be delivered in the month immediately following the month in which such resolution is passed. In cases where Performance Share Units are allotted to a Director who retired in the business year during the period of the Medium-term Management Plan, it shall be delivered, in principle, in the month immediately following the month in which the resolution to confer the monetary compensation claims is passed.

(vi) Method of Determination of Details of Individual Remunerations and the Like

The Representative Director shall be entrusted with determination of individual remunerations and the like (excluding stock-based compensation) in accordance with the resolution passed by the Board of Directors and shall determine, upon such entrustment, the individual fixed compensation and individual bonus for Directors. For such authorization to be appropriately exercised, the original proposition prepared by the Representative Director on individual compensation for respective Directors shall be submitted to the Personnel Remuneration Committee, in which Outside Officers form a majority and which is chaired by an Outside Director, and the Board of Directors shall, after receiving the Committee's report, resolve to delegate to the Representative Director based on such

report. Then the Representative Director shall, pursuant to such resolution, determine the details of the individual remunerations and the like for respective Directors.

(5) Matters Regarding Performance-linked Compensation

(i) The particulars of or reasons for the selection of the performance index selected as a basis for the amount or computation of Performance-linked Compensation

1) Bonus

The performance index pertaining to bonus is consolidated operation profit, the performance of which is as set forth in “1. Matters Regarding the Status of Corporate Group (1) Progress and Achievement in Business.” The reason for the selection of such index was that it was judged as most appropriate to measure the added value created through business activities.

2) Performance Share Units

The performance index pertaining to Performance Share Units comprises the degree of achievement of performance goals in terms of the cumulative amount of consolidated operating profit for the three business years covering the period of the Medium-term Management Plan and the degree of achievement of performance goals in terms of ROE in the last business year of the period of the Medium-term Management Plan. The reason for the selection of the cumulative amount of consolidated operating profit during the three business years covering the period of the Medium-term Management Plan, was that the Company intends to conduct business as if the period subject to the Medium-term Management Plan is a single business year, and judged that the cumulative amount of consolidated operating profit during such period is significant as a direct goal of such business activities. Also, the reason for the selection of the degree of achievement of performance goals in terms of ROE in the last business year of the period for the Medium-term Management Plan is because the Company considers it significant as a target to enhance the Company’s corporate value.

(ii) Amount or method of computing Performance-linked Compensation

1) Bonus

The method of computing bonus is as set forth in “3. Matters Regarding Corporate Officers (4) Determination Policy on Details of Individual Remuneration and the Like for Directors (iii) Determination Policy for Each Type of Remunerations and the Like 2) Bonus.”

2) Performance Share Units

The particulars of the Company’s stock-based compensation are as set forth in “3. Matters Regarding Corporate Officers (4) Determination Policy on Details of Individual Remuneration and the Like for Directors (iii) Determination Policy for Each Type of Remunerations and the Like 3) Non-monetary compensation (stock-based compensation).”

(iii) Achievement regarding performance index used for computing the amount or number of Performance-linked Compensation and the like

1) Bonus

The achievement of consolidated operating profit is as set forth in “1. Matters Regarding the Status of Corporate Group (1) Progress and Achievement in Business.”

2) Performance Share Units

The degree of achievement of the performance target in terms of cumulative consolidated operating profit during the period of the Medium-term Management Plan as well as the degree of achievement of the performance target in terms of ROE shall become definite after the expiration of the period for the Medium-term Management Plan.

(6) Outline of the Agreement to Limit Liability

Pursuant to Article 427, paragraph (1) of the Companies Act of Japan (“Companies Act”), the Company has entered into an agreement with each of Mr. Mitsuo YAMADA and Ms. Mari IGA, Directors, and Mr. Takayuki FUJIMOTO, Ms. Yuka SHIMOKOBE and Mr. Amane SAWA, Corporate Auditors, to limit their liability under Article 423, paragraph (1) of the Companies Act for damages suffered by the

Company. The outline of such agreement is to limit the ceiling of liability of those Directors and Corporate Auditors to the minimum liability amount stipulated in Article 425, paragraph (1) of the Companies Act.

(7) Outline of the Contents of the Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy (“D&O Insurance”) as stipulated in Article 4303 paragraph (1) of the Companies Act with an insurance company, whereby the loss to be incurred by the insured(s) due to claims for damages made will be indemnified. However, there are certain exclusions, such as an exclusion that any loss arising out of an act committed knowing that it is an illegal act shall not be indemnified.

The insureds of such insurance policy are the Company’s Directors, Corporate Auditors, Executive Officers, managerial-level employees, officers dispatched to outside the Company, and retired officers, and the Company bears the premiums for all such persons including those for endorsements.

The term of the D&O Insurance policy is one (1) year, which has been renewed every year, after the Company reviewed the policy before the expiration of the term, and upon resolution of the Board of Directors.

(8) Matters Regarding Outside Officers

Status of major activities during the current business year

Position	Name	Status of major activities
Director	Mitsuo YAMADA	He attended all twelve (12) meetings of the Board of Directors held during this business year, in which he positively expressed questions and opinions, from a viewpoint independent from the execution of business, concerning technology, investment and all other aspects of corporate management based on his abundant experience at manufacturers related to product development, operation of business and management. Beyond that, he has fulfilled the significant role that the Company expected in relation to ensuring and enhancing transparency, fairness and diversity of the Company through his conduct of the proceedings as the chairperson of the Personnel Remuneration Committee, and, in conjunction therewith, his advice given and opinions exchanged from an outside position.
Director	Mari IGA	She attended all twelve (12) meetings of the Board of Directors held during this business year, in which she expressed questions and opinions positively from a viewpoint independent from the execution of business, concerning all aspects of corporate management based on her abundant experience and expertise as a management executive of a consulting company in relation to marketing as well as activation of personnel resources and organization. Beyond that, she has fulfilled the significant role that the Company expected in relation to ensuring and enhancing transparency, fairness and diversity of the Company through her attendance at the Personnel Remuneration Committee, and, in conjunction therewith, her advice given and opinions exchanged from an outside position.
Corporate Auditor	Yuka SHIMOKOBE	She attended all twelve (12) meetings of the Board of Directors and all thirteen (13) meetings of the Board of Corporate Auditors held in this business year, in which she expressed valuable opinions, based on her abundant practical experience as an attorney-at-law, concerning corporate legal affairs and all aspects of legal affairs. Beyond that, she has fulfilled the significant role in ensuring and enhancing transparency, fairness and diversity of the Company through her attendance at the Personnel Remuneration Committee, and, in conjunction therewith, her advice given and opinions exchanged from an outside position.

Corporate Auditor	Amane SAWA	<p>He attended all ten (10) meetings of the Board of Directors and all ten (10) meetings of the Board of Corporate Auditors held after his assumption of office as Corporate Auditor, in which he made statements appropriately based on his professional expertise as a certified public accountant and with a high degree of insight concerning all aspects of management. Beyond that, he has fulfilled the significant role in ensuring and enhancing transparency, fairness and diversity of the Company through his attendance at the Personnel Remuneration Committee, and, in conjunction therewith, his advice given and opinions exchanged from an outside position.</p>
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(9) Other Material Matters Regarding the Status of the Corporate Group

As of April 1, 2025, the Company has changed its company name (trade name) to TOYO INNOVEX Co., LTD.

4. Policy Regarding the Decision-making of Dividends of Surplus

The Company's basic position from a medium- to long-term perspective is to strengthen its financial position and business foundation while also maintaining stable dividends and appropriate return of profits to shareholders. It is scheduled that the internal reserve will be utilized for activities to develop new businesses in the long-term forecast, investment to achieve efficiency and labor-savings in management practices, and the like.

Also, we aim to conduct stable and sustainable dividends to shareholders by heightening capital efficiency and achieving ROE of greater than 8%, which is the goal of the Medium-term Management Plan, through consideration of capital cost and also utilizing interest-bearing debt in alignment with balanced financial soundness.

The timing of distribution of dividends is basically twice a year at the midterm and term-end. Pursuant to the provisions of Article 459, paragraph (1) of the Companies Act, the Company has stipulated in the Articles of Incorporation that the Board of Directors may decide matters regarding dividends of surplus without a resolution at the general meeting shareholders. The term-end dividends and interim dividends distributed in the current term were as described below:

[Term-End Dividends]

- Amount of dividends per share: JPY 17.50 per common share
- Total amount of dividends: JPY 358,187,358
- Effective date: June 25, 2025

[Interim Dividends]

- Amount of dividends per share: JPY 17.50 per common share
- Total amount of dividends: JPY 359,514,225
- Effective date: December 2, 2024

(Note)

1. The number of shares indicated in this Business Report is presented by truncating fractions less than the indicated unit. The figure for amounts is presented by rounding down the amount less than one yen and truncating the amount less than the indicated unit.
2. The ratio is presented by rounding up or down to the ratio nearest to the indicated unit.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

(Unit: JPY million)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	21,328	Current liabilities	9,156
Cash and deposits	4,829	Notes and accounts payable - trade	3,194
Notes and accounts receivable - trade	5,821	Electronically recorded obligations - operating	638
Electronically recorded monetary claims - operating	1,241	Short-term loans payable	2,300
Merchandise and finished goods	3,539	Long-term loans payable due within one year	340
Work in process	3,223	Accrued expenses	593
Raw materials and supplies	1,315	Income taxes payable	156
Other	1,366	Provision for product warranties	47
Allowance for doubtful accounts	(8)	Provision for loss on disaster	252
Non-current assets	8,771	Other	1,632
Property, plant and equipment	7,332	Non-current liabilities	3,286
Buildings and structures	4,243	Long-term loans payable	840
Machinery, equipment and vehicles	920	Net defined benefit liability	1,399
Tools, furniture and fixtures	95	Deferred tax liabilities	927
Land	782	Provision for share awards for directors	4
Leased assets	135	Other	116
Construction in progress	1,155	Total liabilities	12,443
Intangible assets	291	(Net assets)	
Software	145	Shareholders' equity	15,207
Software in progress	15	Capital stock	2,506
Other	130	Capital surplus	2,398
Investments and other assets	1,148	Retained earnings	10,383
Investment securities	976	Treasury shares	(80)
Deferred tax assets	124	Accumulated other comprehensive income	1,900
Other	659	Valuation difference on available-for-sale securities	170
Allowance for doubtful accounts	(611)	Deferred gains or losses on hedges	(6)
		Foreign currency translation adjustment	1,421
		Remeasurements of defined benefit plans	314
		Non-controlling interests	549
		Total net assets	17,657
Total assets	30,100	Total liabilities and net assets	30,100

(Note) Amounts of less than one million yen are rounded down.

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

Item	Amount	(Unit: JPY million)
Net sales	27,024	
Cost of sales	22,167	
Gross profit	4,856	
Selling, general and administrative expenses	5,378	
Operating loss	521	
Non-operating income		
Interest and dividend income	31	
Rent income on non-current assets	68	
Share of profit of entities accounted for using equity method	78	
Other	35	213
Non-operating expenses		
Interest expenses	30	
Rent expenses on non-current assets	8	
Foreign exchange losses	43	
Other	37	119
Ordinary loss		427
Extraordinary profit		
Gain on sales of investment securities	45	
Insurance income on disaster	301	346
Extraordinary losses		
Loss on valuation of investment securities	4	
Provision for loss on disaster	273	278
Loss before income taxes		359
Income taxes - current	209	
Income taxes - deferred	227	437
Net loss for the year		796
Net profit for the year attributable to non-controlling interests		48
Net loss for the year attributable to owners of parent		845

(Note) Amounts of less than one million yen are rounded down.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2024 to March 31, 2025)

(Unit: JPY million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	2,506	2,393	11,947	(32)	16,814
Changes of items during period					
Dividends of surplus			(718)		(718)
Net loss attributable to owners of parent			(845)		(845)
Purchase of treasury shares				(50)	(50)
Disposal of treasury shares		4		1	6
Net changes of items other than shareholders' equity					
Total changes of items during the consolidated fiscal year	–	4	(1,563)	(48)	(1,607)
Balance as of March 31, 2025	2,506	2,398	10,383	(80)	15,207

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2024	208	(17)	970	163	1,323	446	18,584
Changes of items during period							
Dividends of surplus							(718)
Net loss attributable to owners of parent							(845)
Purchase of treasury shares							(50)
Disposal of treasury shares							6
Net changes of items other than shareholders' equity	(37)	11	451	150	576	103	680
Total changes of items during the consolidated fiscal year	(37)	11	451	150	576	103	(927)
Balance as of March 31, 2025	170	(6)	1,421	314	1,900	549	17,657

(Note) Amounts of less than one million yen are rounded down.

NON-CONSOLIDATED BALANCE SHEET

(From April 1, 2024 to March 31, 2025)

(Unit: JPY million)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	16,015	Current liabilities	9,782
Cash and deposits	3,162	Accounts payable - trade	3,425
Notes receivable – trade	1,224	Electronically recorded obligations - operating	659
Electronically recorded monetary claims – operating	1,235	Short-term loans payable	3,000
Accounts receivable - trade	4,020	Long-term loans payable due within one year	340
Merchandise and finished goods	2,109	Accounts payable - other	195
Work in process	2,264	Accrued expenses	489
Raw materials and supplies	903	Income taxes payable	36
Prepaid expenses	32	Provision for product warranties	47
Accounts receivable - other	21	Provision for loss on disaster	252
Consumption taxes refund receivable	999	Advances received	468
Other	51	Accounts payable - facilities	582
Allowance for doubtful accounts	(8)	Other	284
Non-current assets	8,750	Non-current liabilities	2,928
Property, plant and equipment	6,538	Long-term loans payable	840
Buildings	3,443	Provision for retirement benefits	1,573
Structures	100	Deferred tax liabilities	401
Machinery, equipment	854	Other	112
Vehicles	3	Total liabilities	12,711
Tools, furniture and fixtures	63	(Net assets)	
Land	782	Shareholders' equity	11,889
Leased assets	135	Capital stock	2,506
Construction in progress	1,155	Capital surplus	2,398
Intangible assets	153	Legal capital surplus	2,028
Software	132	Other capital surplus	369
Software in progress	15	Retained earnings	7,065
Other	5	Legal retained earnings	203
Investments and other assets	2,058	Other retained earnings	6,862
Investment securities	539	Reserve for tax purpose reduction entry of non-current assets	719
Shares of subsidiaries and associates	670	General reserve	3,750
Investments in capital of subsidiaries and associates	828	Retained earnings brought forward	2,392
Other	20	Treasury shares	(80)
		Valuation and translation adjustments	164
		Valuation difference on available-for-sale securities	170
		Deferred gains or losses on hedges	(6)
		Total net assets	12,054
Total assets	24,765	Total liabilities and net assets	24,765

(Note) Amounts of less than one million yen are rounded down.

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

(Unit: JPY million)

Item	Amount
Net sales	23,749
Cost of sales	20,554
Gross profit	3,194
Selling, general and administrative expenses	4,153
Operating loss	958
Non-operating income	
Interest and dividend income	576
Other	166
	742
Non-operating expenses	
Interest expenses	19
Foreign exchange losses	8
Other	73
	101
Ordinary loss	317
Extraordinary profit	
Gain on sales of investment securities	45
Insurance income on disaster	301
	346
Extraordinary losses	
Loss on valuation of investment securities	4
Provision of reserve for loss on disaster	273
	278
Net loss before income taxes	249
Income taxes – current	28
Income taxes – deferred	197
	226
Net loss	475

(Note) Amounts of less than one million yen are rounded down.

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From April 1, 2024 to March 31, 2025)

(Unit: JPY million)

	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Reserve for tax purpose reduction entry of non-current assets
Balance as of April 1, 2024	2,506	2,028	364	2,393	203	730	3,750
Changes of items during period							
Reversal of reserve for tax purpose reduction entry of non-current assets						(11)	
Dividends of surplus							
Loss							
Purchase of treasury shares							
Disposal of treasury shares			4	4			
Net changes of items other than shareholders' equity							
Total changes of items during period	–	–	4	4	–	(11)	–
Balance as of March 31, 2025	2,506	2,028	369	2,398	203	719	3,750

	Shareholders' equity				Valuation and translation adjustments			Total net assets	
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
	Other retained earnings	Retained earnings brought forward							
Balance as of April 1, 2024	3,575	8,259	(32)	13,127	208	(16)	191	13,319	
Changes of items during period									
Reversal of reserve for tax purpose reduction entry of non-current assets	11	–		–				–	
Dividends of surplus	(718)	(718)		(718)				(718)	
Loss	(475)	(475)		(475)				(475)	
Purchase of treasury shares			(50)	(50)				(50)	
Disposal of treasury shares			1	6				6	
Net changes of items other than shareholders' equity					(37)	9	(27)	(27)	
Total changes of items during period	(1,182)	(1,194)	(48)	(1,237)	(37)	9	(27)	(1,265)	
Balance as of March 31, 2025	2,392	7,065	(80)	11,889	170	(6)	164	12,054	

(Note) Amounts of less than one million yen are rounded down.

INDEPENDENT AUDITOR'S REPORT

May 14, 2025

To the Board of Directors of TOYO INNOVEX Co., Ltd.

Grant Thornton Taiyo LLC
Osaka Office, Japan

Mamoru Arihisa
Designated Engagement Partner
Certified Public Accountant

Keisuke Toda
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of TOYO INNOVEX Co., Ltd. and its consolidated subsidiaries (the "Group"), which comprise the Consolidated Balance Sheet as of March 31, 2025, and the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes to Consolidated Financial Statements for the consolidated fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the professional ethical requirements in Japan that are relevant to our audit, and we have fulfilled our other ethical responsibilities as an auditor in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, to examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and also to pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed,

we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management, the Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern, and, where necessary, disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and events.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Group as a basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Corporate Auditors and the Board of Corporate Auditors the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and report to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate obstruction factors when such measures are employed, and the contents of safeguards used to reduce obstruction factors to permissible levels when such safeguards are employed.

Conflict of Interest

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Accounting Auditor's Audit Report

INDEPENDENT AUDITOR'S REPORT

May 14, 2025

To the Board of Directors of TOYO INNOVEX Co., Ltd.

Grant Thornton Taiyo LLC
Osaka Office, Japan

Mamoru Arihisa
Designated Engagement Partner
Certified Public Accountant

Keisuke Toda
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the Non-consolidated Balance Sheet as of March 31, 2025, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Equity, and the Notes to Non-consolidated Financial Statements and related supplementary schedules of TOYO INNOVEX Co., Ltd. (the "Company") for the 151st fiscal year from April 1, 2024 to March 31, 2025 (collectively, the "Non-consolidated Financial Statements, Etc.").

In our opinion, the Non-consolidated Financial Statements, Etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc." section of our report. We are independent of the Company in accordance with the professional ethical requirements in Japan that are relevant to our audit, and we have fulfilled our other ethical responsibilities as an auditor in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing our opinion.

Other Information

The other information comprises the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, the Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties within the maintenance and operation of the reporting process for the other information.

The scope of our opinion on the Non-consolidated Financial Statements, Etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the Non-consolidated Financial statements, Etc. is to read through the other information, and in the process of reading it, to examine whether there are material differences between the other information and the Non-consolidated financial statements, Etc. or the knowledge we have gained in the auditing process, and also to pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management, the Corporate Auditors and the Board of Corporate Auditors for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements, Etc. in accordance with accounting principles generally accepted in Japan. This includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of Non-consolidated Financial Statements, Etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements, Etc., management is responsible for assessing whether it is appropriate to prepare the Non-consolidated Financial Statements, Etc. with the assumption of the Company's ability to continue as a going concern, and, where necessary, disclosing matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for overseeing the Directors' execution of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the Non-consolidated Financial statements, Etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Non-consolidated Financial Statements, Etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Non-consolidated Financial Statements, Etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the Non-consolidated Financial Statements, Etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the Non-consolidated Financial Statements, Etc. or, if the notes to the Non-consolidated Financial Statements, Etc. on material uncertainty are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the Non-consolidated Financial Statements, Etc. and the notes thereto are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the Non-consolidated Financial Statements, Etc., including the related notes thereto, and whether the Non-consolidated Financial Statements, Etc. fairly present the underlying transactions and events.

We report to the Corporate Auditors and the Board of Corporate Auditors the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Corporate Auditors and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements regarding independence in Japan, and report to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate obstruction factors when such measures are employed, and the contents of safeguards used to reduce obstruction factors to permissible levels when such safeguards are employed.

Conflict of Interest

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

AUDIT REPORT

In regard to Directors' execution of their duties for the 151st business year from April 1, 2024 to March 31, 2025, the Board of Corporate Auditors has prepared this Audit Report, as a unanimous opinion of all Corporate Auditors, after deliberations based on the audit reports prepared by each Corporate Auditor, and reports as follows.

1. Method and Contents of Audits by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors determined the audit policies and the audit plan, etc. for the business year under review and received reports from each Corporate Auditor regarding the implementation status and results of their audits, in addition to which it received reports from Directors, etc. and the Accounting Auditor regarding the status of the execution of their duties and requested explanations as necessary.
- (2) In compliance with the audit standards of the Board of Corporate Auditors established by the Board of Corporate Auditors and in accordance with the audit policies and the audit plan, etc. for the business year under review, each Corporate Auditor communicated with Directors, the internal audit department, and other employees, etc., by utilizing the Internet and other means, endeavored to gather information and develop the audit environment, and conducted audits using the following methods.
 - (i) Corporate Auditors attended meetings of the Board of Directors and other important meetings, received reports from Directors and employees, etc. regarding the status of the execution of their duties and asked questions and offered opinions whenever necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets with respect to the head office and main business locations. Additionally, in regard to subsidiaries, the Corporate Auditors communicated and exchanged information with the directors and the corporate auditors, etc. of subsidiaries by utilizing the Internet and other means, requested the subsidiaries to make reports on their business as necessary, and inspected the status of operations and assets of subsidiaries. The results of the audits by the Board of Corporate Auditors were reported to the Board of Directors and persons responsible for relevant departments, and the status of the response thereto was confirmed at a later date.
 - (ii) In regard to the content of resolutions of the Board of Directors regarding the development of systems to ensure that Directors' execution of their duties complies with laws, regulations, and the Articles of Incorporation and other systems provided for in Article 100, paragraph (1) and paragraph (3) of the Regulations for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (*i.e.*, internal control systems) stated in the Business Report, Corporate Auditors received reports from Directors and employees, etc. regarding the status of the establishment and operation of those systems, requested explanations as necessary and expressed opinions in regard thereto.
 - (iii) Corporate Auditors oversaw and verified whether the Accounting Auditor maintained an independent position and conducted an appropriate audit, received reports from the Accounting Auditor on the status of the execution of its duties, and requested explanations as necessary. Additionally, Corporate Auditors received notification from the Accounting Auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), etc., it had developed systems for ensuring that the performance of its duties is being carried out correctly (*i.e.*, notification of the matters stated in the items of Article 131 of the Regulation on Corporate Accounting) and requested explanations as necessary.

Using the methods above, the Board of Corporate Auditors examined the Business Report, the supplementary schedules thereto, the Non-consolidated Financial Statements (*i.e.*, the Non-consolidated Balance Sheet, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Equity, and the Notes to the Non-consolidated Financial Statements), the supplementary schedules thereto, and the Consolidated Financial Statements (*i.e.*, the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements) for the business year.

2. Audit Results

- (1) Results of audit of the Business Report, etc.
 - (i) We find that the Business Report and the supplementary schedules thereto accurately present the status of the Company in accordance with laws, regulations, and the Articles of Incorporation.
 - (ii) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the Articles of Incorporation in relation to Directors' execution of their duties.
 - (iii) We find the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the Business Report or Directors' execution of their duties relating to the internal control systems.
- (2) Results of audit of Non-consolidated Financial Statements and supplementary schedules thereto
We find the methods and results of the audit by the Accounting Auditor, Grant Thornton Taiyo LLC, to be reasonable.
- (3) Results of audit of Consolidated Financial Statements
We find the methods and results of the audit by the Accounting Auditor, Grant Thornton Taiyo LLC, to be reasonable.

May 23, 2025

The Board of Corporate Auditors, TOYO INNOVEX Co., Ltd.
Takayuki Fujimoto, Full-time Corporate Auditor [Seal]
Yuka Shimokobe, Outside Corporate Auditor [Seal]
Amane Sawa, Outside Corporate Auditor [Seal]

NOTICE: This is a translation of a part of the notice issued on June 6, 2025 in Japanese and is made solely for the convenience of the foreign shareholders. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

To: Shareholders

**Other Electronic Provision Measures Matters on
Convocation of the 151st Annual General Meeting
(Matters Not Set Forth in the Delivered Documents)**

MATTERS REGARDING ACCOUNTING AUDITOR	-----	p. 1
SYSTEMS FOR ENSURING PROPER BUSINESS ACTIVITIES AND STATUS OF OPERATING SUCH SYSTEMS	-----	p. 3
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	-----	p. 7
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Pursuant to the laws, regulations, and the Articles of Incorporation of the Company, the presentation of matters above is omitted on the documents (document containing Electronic Provision Measures Matters) delivered to shareholders who requested the delivery of documents.

TOYO INNOVEX Co., LTD.

MATTERS REGARDING ACCOUNTING AUDITOR

(1) Name of Accounting Auditor

Grant Thornton Taiyo LLC

(2) Amount of Remuneration and the Like of the Accounting Auditor

Category	Amount of Remuneration and the Like
(i) Amount of remuneration and the like payable by the Company	JPY24 million
(ii) Total amount of cash and other proprietary interest payable by the Company and its subsidiaries	JPY24 million

(Notes)

1. In accordance with the “Practical Guidelines regarding Coordination with Accounting Auditors” publicized by the Japan Audit & Supervisory Board Members Association, the Company’s Board of Corporate Auditors, as a result of its confirmation and review of the content of the Accounting Auditor’s audit plan, the status of execution of its accounting audit duties, and the grounds for calculation of the estimated remuneration, consented to the amount of remuneration and the like for the Accounting Auditor.
2. The audit agreement executed between the Company and the Accounting Auditor does not make a distinction between remuneration for audit under the Companies Act of Japan (the “Companies Act”) and the remuneration under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”), nor is it substantially able to make such distinction, thus, the amount of remuneration and the like described above is the total amount thereof.
3. Among material subsidiaries of the Company, TOYO MACHINERY (CHANGSHU) CO., LTD. has been subject to a statutory audit by an auditing firm other than the Company’s Accounting Auditor.

(3) The Company’s Policy of Decisions on Dismissal/Non-reappointment of Accounting Auditors

The Company prescribed its policy described below for its Board of Corporate Auditors to make decisions on dismissal or non-reappointment of Accounting Auditors elected at the Company’s General Meeting of Shareholders. This policy was approved at the meeting of the Board of Corporate Auditors held on March 25, 2016.

[Policy of Decisions]

- (i) In cases where the Accounting Auditor falls under any of the events enumerated below, depending on the case, the Board of Auditors shall dismiss the Accounting Auditor by unanimous consent of all Corporate Auditors, or determine the details of an agenda on dismissal or non-reappointment of such Accounting Auditor to be submitted to the General Meeting of Shareholders.
 - i) In cases where it is determined that the Accounting Auditor falls under any of the events stipulated in Article 340, paragraph (1), item 1 or 2 of the Companies Act.
 - ii) In addition to item (1) above, in cases where it is determined difficult for the Accounting Auditor to execute the audit appropriately from the viewpoint of its auditing quality, quality control, independence, comprehensive capability and the like.
- (ii) Regardless of the existence or absence of the events enumerated in (i) above, in order to secure further appropriate audit environment, the Board of Corporate Auditors shall review, every five (5) years in principle after the initial assumption of office of the subject Accounting Auditor, the appropriateness of the continuous execution of audits by the subject Accounting Auditor, and, if it determines that a replacement is appropriate, it shall determine the details of the proposal for dismissal or non-reappointment of such Accounting Auditor to be submitted to the General Meeting of Shareholders.

(4) Disposition to suspend license rendered to the Accounting Auditor during the past two (2) years

Outline of the disposition publicized by the Financial Agency on December 26, 2023

1. Person subject to the disposition

Grant Thornton Taiyo LLC

2. The details of the disposition

Suspension of business regarding the execution of new contracts for three (3) months (from January 1, 2024 to March 31, 2024, excluding any renewal of a term of an auditing contract or execution of a new contract associated with the listing of the company subject to the audit with whom an auditing contract has been executed).

3. Grounds for the disposition

With respect to audit of another company's ratification report or the like, two (2) certified public accountants who were partners of the subject accounting auditor have, in negligence of due care, attested that financial documents containing material false matters are those containing no material false matters, mistakes or omissions.

SYSTEMS FOR ENSURING PROPER BUSINESS ACTIVITIES AND STATUS OF OPERATING SUCH SYSTEMS

(1) Systems for Ensuring Proper Business Activities

The Company has, pursuant to the provisions of Article 362, paragraph (4), item 6 of the Companies Act and Article 100 of the Regulations for Enforcement of the Companies Act, resolved at its Board of Directors on the improvement of systems to ensure proper business activities of the Company and other matters as described below.

(i) Systems to ensure that the execution of the duties of Directors and employees conform to laws, regulations and the Articles of Incorporation

The Company's corporate group composed of the Company and its subsidiaries (the "Group") will stipulate its corporate code of conduct and other provisions concerning the compliance system as a standard for Directors and employees to act in compliance with laws, regulations, the Articles of Incorporation, and social norms. Also, in an attempt to maintain and enhance the compliance system, the Company shall establish the Internal Control Committee that involves Outside Directors and corporate lawyers as its members, and thereby realize a system in which the Committee submits a report to the Executive Director and President, and the Board of Directors, on material matters regarding the ensuring of proper operation of business, and in conjunction therewith, specific measures therefor shall be implemented through the Compliance and Risk Control Committee or other organs. The Audit Office shall audit the status of compliance within the Group in cooperation with the Internal Control Committee and Compliance and Risk Control Committee. A hotline will be established and administered as a means for employees to directly provide information concerning acts or the like that are questionable under laws and regulations.

(ii) Systems regarding retention and management of information in relation to the execution of the duties of Directors

In accordance with the Rules for Document Control, the Company shall record and store information in relation to the execution of the duties of Directors in written documents or electromagnetic media. Directors and Corporate Auditors shall be entitled to view those documents at any time under the Rules for Document Control.

(iii) Rules and other systems related to management of the risk of loss

As for risks pertaining to compliance, environment, disasters, quality, information security, export control and other matters within the Group, the respective divisions in charge shall, including the subsidiaries, establish regulations and rules, provide education and implement training sessions, and prepare and distribute guidelines. Also, cross-sectoral supervision and handling of risk status in the Group shall be borne by the respective committees or a certain division serving as the secretariat therefor, and they shall perform risk control for the entire Group. As for risks arising anew, Director(s) shall be designated, at the meeting of the Board of Directors, to be responsible for promptly taking measures therefor.

(iv) Systems to ensure that the duties of Directors are executed efficiently

For duties of Directors to be executed efficiently, a meeting of the Board of Directors shall be held once a month whereby material managerial matters are deliberated and decided. Extraordinary meetings are held from time to time as needed, whereby prompt deliberations and decisions shall be made. For the duties of Directors to be executed in a further expeditious manner, a system of Corporate Officers is adopted to realize a system in which business is promptly executed through delegation of duties which are segregated among Corporate Officers. Also, a Management Council comprising of Directors and Corporate Officers will be established to make efficient decisions. At the meetings of the Board of

Directors and Management Council, deliberations shall be made on matters such as establishing medium-term management plans, setting performance goals and budgets, and reviewing and enhancing improvements in monthly achievements. An internal division in charge of addressing respective subsidiaries will be established, which endeavors to enhance the soundness, efficiency and the like of the management of the entire Group through consultations and exchange of information between such division and subsidiaries on certain material matters.

(v) Systems to ensure proper business activities in the corporate group comprising of the Company and its subsidiaries

The Company shall build a system in an integrated manner involving subsidiaries to enable them to control compliance and risks and ensure the appropriateness and efficiency of business through consolidation. Also, the entire Group has improved its internal control system concerning financial reporting. As for material subsidiaries, material managerial matters and achievements are reported regularly, to ensure efficient execution of business of the Group. The general activities of subsidiaries are subject to the internal audit performed by the Audit Office of the Company.

(vi) Matters regarding employees who were appointed to assist the duties of Corporate Auditors, matters regarding independence of such employees from Directors, and matters regarding ensuring the effectiveness of instructions given to such employees

In cases where Corporate Auditors need an employee to assist with their duties, they may order a staff member who belongs to the Audit Office or otherwise holds professional expertise to conduct the matters necessary for the audit work. Staff members who are so ordered shall not be subject to any supervision and instruction of Directors and/or their immediate superior managers. Also, personnel performance evaluations of the employees who assist, etc., Corporate Auditors in the Audit Office requires approval of the Corporate Auditors.

(vii) A system for Directors and employees of the Company and its subsidiaries to submit reports to the Board of Corporate Auditors, a system regarding other reports to Corporate Auditors, and a system for ensuring that persons who make such reports are not treated disadvantageously on grounds of submission of reports

The Directors or employees shall report to the Board of Corporate Auditors not only matters statutorily required but also matters that they become aware of that may cause a significant impact on the Company and the Group, any contravention of laws, regulations or the Articles of Incorporation, tortious acts and the like. The Directors and employees of subsidiaries may directly blow a whistle to the Corporate Auditors. Also, any person who receives whistleblowing shall report all of such whistleblowing to the Corporate Auditors. The person who provided information to the Corporate Auditors shall not be treated detrimentally because of the provision of information. The Corporate Auditors shall attend the meetings of the Board of Directors and other significant meetings to comprehend material decision-making processes and the status of business reports, and, in conjunction therewith, view material documents pertaining to execution of business, including written requests for managerial decisions, and ask Directors or employees for explanations.

(viii) Other systems to ensure that audits by the Corporate Auditors are performed effectively

The Board of Corporate Auditors may, when it deems it necessary upon implementation of the audit, independently receive advice from independent professionals including attorneys-at-law and accountants. Upon request by the Corporate Auditors for expenses therefor, the Company shall bear such expenses.

(2) Outline of Status of Operating Systems to Ensure Proper Business Activities

The outline of the status of operating systems to ensure proper business activities of the Company in the current business year is as follows.

- (i) Every month, the meetings of the Board of Directors and the Management Counsel were held, wherein matters stipulated by laws, regulation and rules as well as material managerial matters such as planning of budgets, capital investments and following up on performance were deliberated. Also, the sharing of information and reviewing of progress towards managerial goals were engaged in for the entire Group through the Group's Management Council.
- (ii) The meetings of the Board of Corporate Auditors were held thirteen (13) times, wherein audit policies and audit plans were decided, and audits were conducted regarding the status of the execution of business by Directors and executive personnel pursuant to such policies and plans, as well as the status of compliance with laws, regulations, the Articles of Incorporation and the like. Also, the audits were conducted considering internal information obtained by Standing Corporate Auditors at material meetings and other occasions as well as the results of business operation audits by the Audit Office.
- (iii) The Audit Office conducted the business operation audits of the respective business divisions based on audit plans and implemented monitoring, as to the entire Company, on the status of internal control, status of compliance with laws, regulations, codes, quality standards and the like as well as the appropriateness of business processes. The results of the audits and the like were reported to the Executive Director and President and shared with Corporate Auditors, and, in conjunction therewith, such results were communicated to the respective business divisions and followed up through suggestions and/or corrections by the Audit Office.
- (iv) To strengthen the high level managerial base and enhance transparency of the management, the Group has established an internal control system as stipulated in the Companies Act and designed the Group's internal disciplinary rules and systems, and, to ensure appropriate operation of the systems, the meetings of the Internal Control Committee, involving Outside Directors and corporate lawyers as members, were held twice a year, wherein the status of compliance with laws, regulations, and the Articles of Incorporations were assessed and monitored, and the procedure and present issues were discussed. On the other hand, the meetings of the Internal Control Committee pertaining to financial reporting under the Financial Instruments and Exchange Act were held three (3) times a year, wherein the effectiveness of the business process and IT control were assessed and monitored and thereby the reliability of the financial reporting was secured. Also, suggestions and follow-ups on points to be corrected were made, leading to an improvement of the business.
- (v) To practice sound compliance management, the Group designated every October as "Corporate Ethics Month" to cultivate awareness and establish corporate culture. Specifically, the Executive Director and President, as the top person in the Company, delivered messages regarding compliance through an in-house journal, and in conjunction therewith, training on the "Code of Conduct of Toyo Machinery & Metal Co., Ltd" (currently, the "Code of Conduct of the TOYO INNOVEX Group") was thoroughly implemented to all employees of the Group, including foreign local staff. Also, provision of information concerning compliance by the general affairs division to the entire Company enabled enhancement and edification of employees' knowledge concerning laws and regulations.
- (vi) As measures against harassment, training in the form of classroom lectures were provided by outside lecturers for senior staff who are section heads or higher, and web-based training to test the level of understanding of prevention of harassment were conducted. Furthermore, we endeavored to prevent power harassment by deepening understanding and consciousness through discussions in respective working places regarding harassment.
- (vii) The "Survey by Questionnaire on Pleasantness in the Workplace" was implemented among the

staff members of the Group in October, in which questions were prepared regarding specific possible internal compliance-related situations, and reality in the workplace and possible issues in relation to compliance were verified. Also, as for the operation of the whistle-blowing system, messages regarding its purposes, confidentiality and prohibition of detrimental treatment were transmitted through an in-house journal, and in conjunction therewith, contact information for whistleblowing, including those of a third-party law office, was re-communicated by way of displaying a poster.

- (viii) As measures for the protection and prevention of divulsion of the Company's secret information, we endeavored to enhance awareness of information security by implementing training against targeted mail for those to whom personal computers are loaned, and retraining was provided to participants who failed. Also, the meetings of the Information Security Committee were held twice a year in which deliberations were conducted on the sharing of information relating to information security, prevention measures for security incidents, measures against emergency circumstances including occurrence of material incidents, risk assessment and employee training.
- (ix) As measures to prevent recurrence of an incident of private use of cash and deposits by a local employee which took place in TOYO MACHINERY & METAL (SHANGHAI) CO., LTD., accounting regulations and compliance regulations to be applied to foreign subsidiaries were established and communicated, and compliance trainings were provided to personnel who will become overseas staff. Also, since it was pointed out that the delay in reporting from the local office was one of the causes of the occurrence of the aforementioned incident, the provision of "Bad News First" was incorporated into the "Code of Conduct of Toyo Machinery & Metal Co., Ltd" (currently, the "Code of Conduct of the TOYO INNOVEX Group"), as a rule that bad information, rather than other information, shall be reported to the immediate manager or other superior staff in a more expeditious manner, and was communicated thoroughly to the entire Group in the Corporate Ethics Month, which has been implemented every October. Furthermore, accounting staff of the head office visited TOYO MACHINERY & METAL (SHANGHAI) CO., LTD., and TOYO MACHINERY (CHANGSHU) CO., LTD. in September 2024, and implemented a business audit on whether or not accounting businesses were operated in accordance with the accounting regulations. Also, in addition thereto, regular online monitoring was continuously performed by the head office on bank accounts of overseas subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Notes regarding Significant Matters as Bases for Preparation of the Consolidated Financial Statements

1. Matters regarding scope of consolidation

The number of consolidated subsidiaries: ten (10) companies

Name of the consolidated subsidiaries:

Toyo Koki Co., Ltd., Toyo Machinery Engineering Co., Ltd., TOYO MACHINERY (M) SDN. BHD., TOYO MACHINERY (T) CO., LTD., TOYO MACHINERY & METAL (SHANGHAI) CO., LTD., TOYO MACHINERY (CHANGSHU) CO., LTD., Toyo Machinery (Guangzhou) Co., Ltd., TOYO INNOVEX (TAIWAN) CO., LTD., TOYO MACHINERY VIETNAM CO., LTD., and PT TOYO MACHINERY AND METAL INDONESIA.

2. Matters regarding application of the equity method

(1) The number of the affiliated companies to which the equity method is applied and the name of such companies and other organizations

The number of the affiliated companies to which the equity method is applied: One (1) company

Name of the affiliated company to which the equity method is applied:

GM-Injection AG

(2) As for amortization of investment differential of an equity method affiliate, an equal amortization over five (5) years is applied.

3. Matters regarding the business year and other matters concerning the consolidated subsidiaries

The closing date of the overseas consolidated subsidiaries is December 31, and the closing date of the consolidated subsidiaries in Japan is March 31.

Consolidated financial statements were prepared based on financial statements as of the closing dates of respective subsidiaries. However, an adjustment necessary for consolidation was made in relation to significant transactions that occurred during the period between such dates and the consolidated closing date.

4. Matters regarding accounting policies

(1) Basis and method for valuation of material assets

(i) Securities

Other securities

Securities other than shares without a market price:

The market value method was adopted.

(Evaluation difference was dealt with by the all-inclusive method, and the moving average method was adopted for the cost of products sold.)

Shares without a market price:

The moving average cost method was adopted.

(ii) Derivatives

The market value method was adopted.

(iii) Inventory

(a) Products and work in process

The cost method based on the specific identification method (or the method of write-down of the book value for the amounts in the Balance Sheet based on a decrease in profitability) was adopted.

(b) Raw materials and supplies

The cost method based on the weighted average method (or the method of write-down of the book value for the amounts in the Balance Sheet based on a decrease in profitability) was adopted.

(2) Method for depreciation of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

Although the declining balance method was adopted, the straight-line method was adopted for the overseas consolidated subsidiaries. The useful life and residual value adhere to the same standard as stipulated under the Corporation Tax Act of Japan (“Corporation Tax Act”).

However, the straight-line method was adopted for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016. Also, for those acquired before March 31, 2007, the method of equal installment for the period of five (5) years was adopted, commencing in the year immediately following the year in which amortization up to the depreciable amount was completed.

(ii) Intangible assets

The straight-line method was adopted. For the software (for internal use), the straight-line method based on the internal availability period (*i.e.*, five (5) years) was adopted.

(iii) Leased assets

For the leased assets held under a finance lease without transfer of ownership, the straight-line method was adopted, in which the lease term is regarded as the useful life and the residual value is deemed as zero (0).

(3) Method of recording significant provisions

(i) Allowance for doubtful accounts

To prepare for bad debt loss, an estimated uncollectible amount was recorded after reviewing collectability based on a loan loss ratio for general accounts receivable and on an individual review for respective specific accounts receivable such as doubtful debts.

(ii) Provision for product warranties

To prepare for the disbursement of after-sales services pertaining to molding machines, an estimated amount to be required in the current consolidated fiscal year was recorded based on past records pursuant to the terms and conditions set forth in the warranty certificate.

(iii) Provision for loss on disaster

To prepare for the disbursement of repair expenses pertaining to properties suffering damage, the amount expected to accrue in the future was recorded.

(iv) Provision for share-based remuneration for directors and other officers

To prepare for the award of the Company’s shares for directors and other officers under the Regulation of Share-based Remuneration for Directors and Other Officers, this amount was recorded based on the estimated amount of payable share-based remuneration as of the end of the current consolidated fiscal year.

(4) Basis for the translation of significant foreign currency assets or liabilities to Japanese *yen*

Foreign currency receivables and payables were translated into *yen* currency at the spot exchange rate as of the end of the current consolidated fiscal year and the translation difference was classified as

profit and loss. The assets and liabilities as well as income and expense of overseas subsidiaries were translated into *yen* currency at the spot exchange rate as of the end of their respective accounting periods, and the translation difference was included in the translation adjustments and non-controlling interest in the section of net assets.

(5) Methods for significant hedge accounting

(i) Hedge accounting methods

Deferral hedge accounting was adopted. For foreign currency receivables and payables under foreign currency contracts, allocation treatment was applied.

(ii) Hedging instruments and hedged items

Hedging instrument: Foreign currency forward transactions

Hedged items: Foreign currency trade receivables and forecast foreign currency transactions

(iii) Hedging policy

Foreign exchange forward contracts were used to hedge the risks of future fluctuation of exchange rates for foreign currency transactions in the ordinary course of business.

(iv) Methods to assess effectiveness of hedging

Considering that material conditions for foreign currency forward as the hedging instrument and foreign currency trade receivables and forecast foreign currency transactions as the hedged items are the same, it was judged that the hedging is highly effective.

(6) Basis for recording significant revenue and cost

The details of material performance obligations pertaining to significant business in relation to revenue arising from contracts between the Company and/or its consolidated subsidiaries and their customers, and normal timing to fulfill such performance obligations (normal timing to recognize the revenue), are as follows.

The Group is engaged in the sale of injection molding machines, die-casting machines and their peripherals and parts or the like as well as maintenance services and installation work for products sold by the Company, wherein the Group is obliged to deliver goods and provide services under sales contracts with customers.

The revenue from transactions to sell goods and provide services to customers in Japan was recognized upon completion of acceptance by the respective customers. The revenue from the sale of products to customers in Japan, installation for which is located overseas, was recognized upon delivery to the warehouses designated by the respective customers.

The revenue from transactions to sell goods to customers overseas was recognized on the issue date of the bill of lading (*i.e.*, B/L date). Incoterms, the rules determining trade conditions regarding international trading, are FOB, CIF and the like; on the other hand, transactions referred to as D-terms including DDU are de-minimis. Also, transactions to provide services overseas were recognized upon completion of acceptance by the relevant customer.

For the avoidance of doubt, in cases where alternative treatment set forth in Section 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” was applied and where parts or the like of products was sold and the period from the shipment of which until the control thereof was transferred to the customer was as per normal, the revenue was recognized upon shipment.

The net sales were measured by subtracting the rebate according to sales from the amount of

consideration agreed under the contract with the customer.

(7) Other basic material matters in preparing the Consolidated Financial Statements

Methods for account treatment pertaining to retirement benefits

To prepare for the retirement benefits for employees, based on the estimated amount as of the end of the current consolidated fiscal year, the amount after subtracting the amount of plan assets from the retirement benefit obligation was recorded. The calculation of the retirement benefit obligation was made based on straight-line attribution as a method to attribute the amount of the estimated retirement benefits up until the end of the current consolidated fiscal year.

The past service cost was dealt with as expenses according to the straight-line method for a certain number of years (*i.e.*, five (5) years) within the average remaining service period of employees then current on accrual.

Actuarial gains and losses were primarily dealt with as expenses, from the respective consolidated fiscal years immediately after the year of the accrual, according to the straight-line method for a certain number of years (*i.e.*, thirteen (13) years) within the average remaining service period of employees then current on accrual.

Unrecognized actuarial gains and losses were recorded, after having adjusted the tax effect thereof, as the accumulated adjusted amount pertaining to retirement benefits in the accumulated amount of comprehensive income in the section of net assets.

II. Notes regarding Changes in Accounting Estimates

1. A change in the number of years in which the actuarial gains and losses were dealt with as expenses in the accounting treatment regarding retirement benefits

In the accounting treatment regarding retirement benefits, although the number of years in which the actuarial gains and losses had been previously dealt with as expenses for a certain number of years (*i.e.*, fifteen (15) years) within the average remaining service period of employees then current on accrual during the respective consolidated fiscal years, such number of years was changed to thirteen (13) years for the current consolidated fiscal year and subsequent fiscal years because of the shortening of the average remaining service period.

The impact of this change on the profit and loss of the current consolidated fiscal year is minimal.

III. Notes regarding Accounting Estimates

1. Collectability of deferred tax assets

(1) Amount recorded in the consolidated financial statements of the current consolidated fiscal year

Deferred tax asset: JPY 124 million Deferred tax liability: JPY 927 million

The figures of the deferred tax asset and deferred tax liability specified above indicate the respective amounts after the offsetting for each of the taxable entities.

(2) Information regarding the particulars of significant accounting estimates pertaining to recognized items

Deferred tax asset was recorded for deductible temporary difference judged as recoverable based on the scheduling of future taxable income, deductible temporary differences and the like.

The possibility of an accrual of future taxable income was judged based on the business plan prepared by corporate managers. We judged that there is a recoverability of deferred tax asset pertaining to temporary difference for which scheduling is possible.

In reviewing the recoverability of deferred tax asset, the judgement on estimated accrual of taxable income was regarded as the dominant assumption. In cases where such assumption needs re-examination due to unpredictable changes in economic conditions in the future or other factors, there is a possibility that it could materially affect the amount of deferred tax assets in the Consolidated Financial Statements in the following consolidated fiscal year and subsequent consolidated fiscal years.

IV. Notes to Consolidated Balance Sheet

1. Cumulative amount of depreciation of property, plants and equipment	JPY 14,034 million
2. The amount of transfers of negotiable instruments by endorsement	JPY 8 million
3. The amounts accrued in relation to the misconduct pertaining to the use of money for private purposes by an ex-employee of a consolidated subsidiary of the Company were included as follows:	
Non-current assets	
Investments and other assets	
Other	
Long-term other accounts receivable	JPY 611 million
Allowance for doubtful accounts	(JPY 611 million)

V. Notes to Consolidated Statement of Changes in Equity

1. Class and aggregate number of outstanding shares at the end of this consolidated fiscal year	
Common stock	20,703,000 shares
2. Matters regarding dividends	
(1) Amount of dividend payment	

Resolution	Class of shares	Aggregate dividends (Unit: JPY million)	Dividend per share (Unit: yen)	Record date	Effective date
Meeting of the Board of Directors held on April 24, 2024	Common stock	359	17.50	March 31, 2024	June 26, 2024
Meeting of the Board of Directors held on October 30, 2024	Common stock	359	17.50	September 30, 2024	December 2, 2024

(2) Dividends with a record date within the current consolidated fiscal year and an effective date in the next fiscal year

Resolution	Class of shares	Source of funds for dividends	Aggregate dividends (Unit: JPY million)	Dividend per share (Unit: yen)	Record date	Effective date
Meeting of the Board of Directors held on April 23, 2025	Common stock	Retained earnings	358	17.50	March 31, 2025	June 25, 2025

3. Matters regarding rights to subscribe for new shares
Not applicable.

VI. Notes regarding the Status of Financial Instruments

1. Matters regarding the status of financial instruments
(1) Policy to deal with financial instruments

As to fund management, the Group manages funds by focusing on short-term financial assets, and as to fund procurement, the Company procures funds through debt financing by bank loans. Derivatives are used to avoid the risk of foreign exchange currency rate fluctuations in the future in the ordinary course of business, and no speculative transactions are engaged in at all.

(2) Details of financial instruments and risks therein

Among trade receivables, notes and accounts receivable (trade) and electronically recorded monetary claims (operating) are exposed to credit risk. To address such risk, a control system has been established

pursuant to the Group's credit management regulations, through which an effort has been made to diminish such risk. Also, although foreign currency trade receivables accruing from our activities to develop worldwide business are exposed to foreign currency risk, a part of such receivables has been hedged against by using foreign currency forward.

Also, investment securities have been composed of stocks of listed companies as well as other stocks of corporations with which the Company has a business relationship and are exposed to the risk of fluctuations in market prices.

Among trade liabilities, payment due dates for all notes and accounts payable (trade), and electronically recorded obligations (operating) is within one (1) year. Also, although some of such liabilities are denominated in foreign currency associated with importation of raw materials, which are exposed to foreign currency risk, they have been hedged against by using foreign currency forward. Loans payables are mainly used for operation funds and funds for equipment. Since most interest rates are floating interest rates, they are exposed to fluctuation risk.

Derivative transactions are used to avoid the risk of foreign exchange currency rate fluctuations in the future in the ordinary course of business, and no speculative transactions are engaged in at all. Hedged items, hedging policies, and assessment of hedge effectiveness in relation to hedge accounting are as specified in the aforementioned "4. Matters regarding accounting policies (5) Methods for significant hedge accounting."

(3) Risk control system for financial instruments

(i) Control of credit risk

As for trade accounts receivable, the Group regularly obtains an understanding of the situation of customers pursuant to its credit management regulations, and endeavors to mitigate the concern about collection.

(ii) Control of market risk

A part of foreign currency trade receivables and foreign currency trade accounts payable has been hedged against by using foreign currency forward.

As for investment securities, an understanding of fair values, financial situation of issuing entities and other elements has been regularly obtained, and the ownership situation has been continuously reviewed.

As for derivative transactions, monthly trading results have been reported to officers in charge of accounting.

(iii) Control of liquidity risk

Although trade payables and loans payable are exposed to liquidity risks, the Group has controlled liquidity risks by timely preparing and revising its cashflow management plan.

2. Matters regarding fair value of financial instruments

The amount recorded in the Consolidated Balance Sheet, the fair value, and the difference between them as of March 31, 2025 (consolidation closing date of this fiscal year) are as described below. The shares without a market price were omitted (see (Note 2.)).

(Unit: JPY million)

	Amount recorded in the Consolidated Balance Sheet	Fair value	Difference
Investment securities			

Securities - other	504	504	—
Total assets	504	504	—
Long-term loans payable due within one year and other long-term loans payable	1,180	1,173	6
Total liabilities	1,180	1,173	6
Derivative transactions (*2)			
Items to which hedge accounting is applied	(6)	(6)	—
Total derivative transactions	(6)	(6)	—

(*1) Considering that items of “cash and deposits,” “notes and accounts receivable - trade,” “electronically recorded monetary claims (operating),” “notes and accounts payable (trade),” “electronically recorded monetary obligations (operating),” and “short-term loans payable” are cash, and their fair values approximate the book value since they are settled in the short term, the description thereof is omitted.

(*2) Net receivables and liabilities accrued from derivative transactions are shown on a net basis, and the losses recorded as a net loss in total are enclosed in parentheses.

(Note 1) Matters regarding investment securities

Matters to be noted with respect to each holding purpose are as follows:

The acquisition cost, amounts recorded in the Consolidated Balance Sheet for each kind of security, and differences thereof are as follows:

(Unit: JPY million)

Classification	Kind	Acquisition cost	Amount recorded in the Consolidated Balance Sheet	Difference
Item whose amount recorded in the Consolidated Balance Sheet exceeds its acquisition cost	Stock	257	504	247
Item whose amount recorded in the Consolidated Balance Sheet does not exceed its acquisition cost	Stock	—	—	—
Total		257	504	247

(Note 2) Matters regarding other investment securities sold within the consolidated fiscal year

(Unit: JPY million)

Classification	Kind	Sales value	Total amount of revenue from the	Total amount of loss on sale
Item whose amount recorded in the Consolidated Balance Sheet exceeds its acquisition cost	Stock	93	45	—
Item whose amount recorded in the Consolidated Balance Sheet does not exceed its acquisition cost	Stock	—	—	—
Total		93	45	—

(Note 3) Shares without a market price are not included in the item “investment securities.” The amount of such financial instruments recorded in the Consolidated Balance Sheet is as follows.

Classification	The current consolidated fiscal year (JPY million)
Unlisted stock	471

3. Matters regarding the breakdown for each level for the fair value of financial instruments

The fair values of financial instruments have been classified into three levels described below according to observability and importance of inputs pertaining to the calculation of fair value.

Level 1: Among inputs pertaining to calculation of observable fair value, the fair value calculated based on quoted prices in active markets for assets or liabilities subject to such calculations

Level 2: Among inputs pertaining to calculation of observable fair value, the fair value calculated using inputs other than those included in Level 1

Level 3: The fair value calculated using inputs pertaining to the calculation of unobservable fair value

In cases where there are multiple inputs that may have significant impact on the calculation of a fair value, the relevant fair value has been classified into, among the levels into which those inputs are classified, the lowest level in the order of precedence in the calculation of the fair value.

(1) Financial assets and liabilities whose fair value amounts have been recorded in the Consolidated Balance Sheet

The current consolidated fiscal year (March 31, 2025)

Classification	Fair value (Unit: JPY million)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	504	—	—	504
Total assets	504	—	—	504
Derivative transactions				
Currency-related	—	(6)	—	(6)
Total liabilities	—	(6)	—	(6)

(2) Financial assets and liabilities with no fair value amount recorded in the Consolidated Balance Sheet

The current consolidated fiscal year (March 31, 2025)

Classification	Fair value (Unit: JPY million)			
	Level 1	Level 2	Level 3	Total
Long-term loans payable due within one year and other long-term loans payable	—	1,173	—	1,173
Total liabilities	—	1,173	—	1,173

(Note) Description of the valuation method used in the calculation of the fair value and inputs pertaining to the calculation of the fair value

Investment securities:

The fair value of listed shares is assessed using quoted prices. The fair value of listed shares is classified as a Level 1 fair value because it is traded in active markets.

Derivative transactions:

The fair value of foreign currency forward is calculated based on prices and the like quoted by financial institutions that deal with the Group and classified as a Level 2 fair value.

Long-term loans payable due within one year and other long-term loans payable:

Among long-term loans, those with a variable interest rate reflect the market rate of interest for a short period of time. Since it is considered that the fair value thereof approximates the book value, because the Company's credit standing has not fluctuated since the execution, they are measured by the book value, and thus, they are classified as Level 2 fair value.

Also, those with a fixed interest rate are measured by the current value discounting the expected interest rate in cases where the total amount of the principal and interest are newly borrowed, and thus, are classified as a Level 2 fair value.

VII. Notes regarding Investment and Rental Property

1. Matters regarding the status of investment and rental properties

The Company owns rental properties in Akashi City, Hyogo Prefecture and other regions.

2. Matters regarding the fair market value of investment and rental properties

(Unit: JPY million)

Amount recorded in the Consolidated Balance Sheet	Fair market value
47	1,004

(Notes) 1. The amount recorded in the Consolidated Balance Sheet is the amount of acquisition value after excluding accumulated impairment losses.
 2. For the fair market value as of the end of the current consolidated fiscal year, an amount reasonably adjusted based on the assessed value of non-current assets is used.

VIII. Notes regarding Revenue Recognition

Sales revenue arising from contracts with customers which are disaggregated by type of the kind of material goods and services based on contracts with customers:

1. Information of the disaggregation of revenue arising from contracts with customers

(Unit: JPY million)

	Sales revenue
Injection molding machine	19,789
Die-casting machine	7,234
Sales revenue arising from contracts with customers	27,024
Others	—
Sales revenue from outside customers	27,024

2. Basic information to understand the revenue arising from contracts with customers

Basic information to understand the revenue arising from contracts with customers is as described in “4. Matters regarding accounting policies (6) Basis for recording significant revenue and cost.”

3. Information regarding the relations between a fulfillment of performance obligations under contracts with customers and the cash flow to be generated therefrom, as well as the amounts and the timing of the revenue which is estimated to be recognized in the subsequent fiscal year and thereafter arising from contracts with customers who exist as of the end of the current consolidated fiscal year

(1) The balances of contractual assets and contractual liabilities

	The current consolidated fiscal year (JPY million)
Receivables arising from contracts with customers (beginning balance)	6,889
Receivables arising from contracts with customers (ending balance)	7,062
Contract liabilities (beginning balance)	880
Contract liabilities (ending balance)	492

Contract liabilities relate to advances from customers mainly pertaining to the sale of products.

Contract liabilities are to be reversed in accordance with the recognition of the revenue.

The amount of revenue recognized in the current consolidated fiscal year that was included in the contract liabilities as of the beginning of the period was JPY 859 million.

(2) Transaction price allocated to remaining performance obligations

Since there are no material contracts in which the initially predicted contract period exceeds one (1) year, the practical expedient is applied hereto, and the description thereof is omitted.

IX Notes Regarding Per Share Information

Per share net assets	835.82 yen
Per share net loss in this fiscal year	38 円460銭 yen

X Others

1. Consolidated Statement of Income

As for reversal of provision for the loss on disaster in the amount of JPY 273 million recorded as an extraordinary loss, such loss is for injuries and other damage suffered by a hailstorm that occurred on

April 16, 2024 on the property, plant and equipment, including buildings, facilities attached to buildings and machinery, equipment at the factory of the Company's head office located in *Futami-cho*, Akashi City, Hyogo Prefecture. Such amounts accrued as restoration expenses for the property, plant and equipment as well as other losses related to disaster.

Also, insurance income on disaster of JPY 301 million recorded as extraordinary profit accrued in association with that the payment of insurance benefits to indemnify the property loss became definite on September 30, 2024 in relation to the damage suffered by a hailstorm that occurred on April 16, 2024 at the factory at the Company's head office.

2. Amendment of the amounts of deferred tax assets and deferred tax liabilities due to the change of tax rates including corporate income tax

The Act Partially Amending the Income Tax Act and Other Acts (Act No.13 of 2025) was promulgated in the Diet session on March 31, 2025, whereby the “special defense corporation tax” shall be imposed in and after the consolidated fiscal year that commences on April 1, 2026.

In accordance therewith, the statutory tax rate to be used in calculation of deferred tax assets and liabilities for the temporary difference for which resolution is expected in or after the consolidated fiscal year that commences on April 1, 2026 were calculated by changing the statutory tax rate.

The impact caused by this change is minimal.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

1. Matters Regarding Significant Accounting Policies

(1) Basis and method for valuation of securities

(i) Other securities	Securities other than shares that do not have a market value	.....	Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method)
	Shares that do not have a market value	.....	Moving average cost method
(ii)	Shares of subsidiaries and shares of affiliate companies	.....	Moving average cost method

(2) Basis and method for valuation of derivatives Fair value method

(3) Basis and method for valuation of inventory

(i)	Finished goods and work in process	.....	Cost method based on the specific identification method (or the method of write-down of the book value for the amounts in the Non-consolidated Balance Sheet based on a decrease in profitability)
(ii)	Raw materials and supplies	.....	Cost method based on the weighted-average method (or the method of write-down of the book value for the amounts in the Non-consolidated Balance Sheet based on a decrease in profitability)

(4) Depreciation method for non-current assets

(i) Property, plant and equipment (excluding leased assets)

The declining balance method was adopted. The useful life and residual value adhere to the same standard as stipulated under the Corporation Tax Act.

However, the straight-line method was adopted for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, as well as facilities attached to buildings and structures acquired on or after April 1, 2016. Also, for those acquired before March 31, 2007, the method of equal installments for the period of five (5) years was adopted, commencing in the year immediately following the year in which amortization up to the depreciable amount was completed.

(ii) Intangible assets

The straight-line method was adopted. For the software (for internal use), the straight-line method based on the internal availability period (*i.e.*, five (5) years) was adopted.

(iii) Leased assets

For the leased assets held under a finance lease without transfer of ownership, the straight-line method, in which the lease term is regarded as the useful life and the residual value is deemed zero (0), was adopted.

(5) Method of recording provisions

(i) Allowance for doubtful accounts

To prepare for the bad debt loss, an estimated uncollectible amount was recorded after reviewing collectability based on a loan loss ratio for general accounts receivable and on an individual review for respective specific accounts receivable such as doubtful debts.

(ii) Provision for product warranties

To prepare for the disbursement of after-sales services pertaining to molding machines, an

estimated amount to be required in the current fiscal year was recorded based on past records pursuant to the terms and conditions set forth in the warranty certificate.

(iii) Provision for share-based remuneration for directors and other officers

To prepare for the award of the Company's shares for Directors and other officers under the Regulation of Share-based Remuneration for Directors and Other Officers, this amount was recorded based on the estimated amount of payable share-based remuneration as of the end of the current fiscal year.

(iv) Provision for loss on disaster

To prepare for the disbursement of repair expenses pertaining to properties suffering damage, the amount expected to accrue in the future was recorded.

(v) Provision for retirement benefits

To prepare for the retirement benefits for employees, this amount was recorded based on the estimated amount of the retirement benefit obligation and the amount of plan assets as of the end of the current fiscal year. The calculation of the retirement benefit obligation was made based on straight-line attribution as a method to attribute the amount of estimated retirement benefits up until the end of the current fiscal year.

The past service cost was dealt with as expenses according to the straight-line method for a certain number of years (*i.e.*, five (5) years) within the average remaining service period of employees then current on accrual.

Actuarial gains and losses were dealt with as expenses, from the respective consolidated fiscal years immediately after the year of the accrual, according to the straight-line method for a certain number of years (*i.e.*, thirteen (13) years) within the average remaining service period of employees then current on accrual.

(6) Basis for the translation of significant foreign currency assets or liabilities to Japanese *yen*

Foreign currency receivables and payables were translated to *yen* currency at the spot exchange rate as of the end of the current fiscal year and the translation difference was classified as profit and loss.

(7) Methods for significant hedge accounting

(i) Hedge accounting methods

Deferral hedge accounting was adopted. For foreign currency receivables and payables under foreign currency contracts, allocation treatment was applied.

(ii) Hedging instruments and hedged items

Hedging instrument: Foreign currency forward transactions

Hedged items: Foreign currency trade receivables and forecast foreign currency transactions

(iii) Hedging policy

Foreign exchange forward contracts are used to hedge the risks of future fluctuation of exchange rates for foreign currency transactions in the ordinary course of business.

(iv) Methods to assess effectiveness of hedging

Considering that material conditions for foreign currency forward as the hedging instrument and foreign currency trade receivables and forecast foreign currency transactions as the hedged items

are the same, it is judged that the hedge is highly effective.

(8) Basis for recording significant revenue and cost

The details of material performance obligations pertaining to significant business in relation to revenue arising from contracts between the Company and customers, and normal timing to fulfill such performance obligations (normal timing to recognize the revenue), are as follows.

The Company is engaged in the sale of injection molding machines, die-casting machines and their peripherals or parts and the like as well as maintenance services and installation work for products sold by the Company, wherein the Company is obliged to deliver goods and provide services under sales contracts with customers.

The revenue from transactions to sell goods and provide services to customers in Japan was recognized upon completion of acceptance by the respective customers. The revenue from the sale of products to customers in Japan, installation for which is located overseas, was recognized upon delivery to the warehouse designated by respective customers.

The revenue from transactions to sell goods to customers overseas was recognized on the issue date of the bill of lading (*i.e.*, B/L date). Incoterms, the rules determining trade conditions regarding international trading, are FOB, CIF and the like; on the other hand, transactions referred to as D-terms including DDU are de-minimis. Also, transactions to provide services overseas were recognized upon completion of acceptance by the relevant customer.

For the avoidance of doubt, in cases where alternative treatment set forth in Section 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” was applied and where parts or the like of products was sold and the period from the shipment of which until the control thereof was transferred to the customer was as per normal, the revenue was recognized upon shipment.

The net sales were measured by subtracting the rebate according to sales from the amount of consideration agreed under the contract with the customer.

(9) Other basic significant matters in preparing non-consolidated financial statements

Methods for account treatment pertaining to retirement benefits

The treatment of unrecognized actuarial gains and losses, and unrecognized prior service cost, in the Non-consolidated Balance Sheet is different from the treatment in the Consolidated Balance Sheet.

2. Notes regarding Changes in Accounting Estimates

A change in the number of years in which the actuarial gains and losses were dealt with as expenses in the accounting treatment regarding retirement benefits

In the accounting treatment regarding retirement benefits, although the number of years in which the actuarial gains and losses had been previously been dealt with as expenses for a certain number of years (*i.e.*, fifteen (15) years) within the average remaining service period of employees then current on accrual during the respective fiscal years, such number of years was changed to thirteen (13) years for the current fiscal year and subsequent fiscal years because of the shortening of the average remaining service period.

The impact of this change on the profit and loss of the current fiscal year is minimal.

3. Notes regarding Accounting Estimates

(1) Collectability of deferred tax assets

Amount recorded in the non-consolidated financial statements of the current fiscal year

Deferred tax liability: JPY 401 million

The figure of the deferred tax liability specified above indicate the amount after offsetting the deferred tax asset.

(2) Information regarding the particulars of significant accounting estimates pertaining to recognized items

Deferred tax assets was recorded for deductible temporary difference judged as recoverable based on the scheduling of future taxable income, deductible temporary difference and the like.

The possibility of accruing future taxable income was judged based on the business plan prepared by corporate managers. We judged that there is a recoverability of deferred tax asset pertaining to temporary difference for which scheduling is possible.

In reviewing the recoverability of deferred tax asset, the judgement on estimated accrual of taxable income was regarded as the dominant assumption. In cases where such assumption needs re-examination due to unpredictable changes in economic conditions in the future or other factors, there is a possibility that it could materially affect the amount of deferred tax assets in the Non-consolidated Financial Statements in the following business year and subsequent business years.

4 Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation for property, plant, and equipment	JPY13,008 million
(2) Short-term monetary assets and liabilities to associates and subsidiaries	
Short-term monetary assets	JPY 918 million
Short-term monetary liabilities	JPY 1,474 million

5. Notes to Non-Consolidated Statement of Incomes

Amount of transactions with associates and subsidiaries	
Net sales	JPY 2,983 million
Purchases	JPY 2,430 million
Selling, General and Administrative Expenses	JPY 306 million
Amount of transactions from transactions other than operating transactions	JPY 629 million

6. Notes to Non-Consolidated Statement of Changes in Equity

Matters regarding treasury shares at the end of this fiscal year	
Common shares	235,151 shares

7. Notes regarding Tax Effects

(1) Breakdown of the significant components of deferred tax assets and liabilities	(Unit: JPY million)
(Deferred tax assets)	
Accrued bonuses	113
Accrued enterprise taxes	7
Revaluation loss of inventory	329
Provision for retirement benefits	494
Allowance for doubtful accounts	2
Provision for product warranties	14
Provision for loss on disaster	77
Revaluation loss of investment securities	1
Excess depreciation	8
Impairment loss	114
Revaluation loss of shares of associates and subsidiaries	4
Loss carried forward	407
Other	23

	Sub total	1,599
Valuation allowance		(1,594)
Total deferred tax assets		5
(Deferred tax liabilities)		
Reserve for advanced depreciation of non-current assets		(330)
Valuation difference on available-for-sale securities		(76)
Total deferred tax liabilities		(407)
Net amount of deferred tax liabilities		(401)

(2) Amendment of the amounts of deferred tax assets and deferred tax liabilities due to the change of tax rates including corporate income tax

The Act Partially Amending the Income Tax Act and Other Acts (Act No.13 of 2025) was promulgated in the Diet session on March 31, 2025, whereby the “special defense corporation tax” shall be imposed in and after the business year that commences on April 1, 2026.

In accordance therewith, the statutory tax rate to be used in calculation of deferred tax assets and liabilities for the temporary difference for which resolution is expected in or after the business year that commences on April 1, 2026 were calculated by changing the statutory tax rate.

The impact caused by this change is minimal.

8. Notes regarding Revenue Recognition

Revenue is recognized at the time of transfer to the customer of the control over the property or services as agreed, in the amount estimated to be received in exchange for such property or services. The ordinary timings to recognize the details of material performance obligations and the revenue in significant businesses are as described in “NOTES TO CONSOLIDATED FINANCIAL STATEMENTS VIII Notes to Revenue Recognition.”

9. Notes regarding Non-current Assets Used on Lease

In addition to the non-current assets recorded in the Non-consolidated Balance Sheet, a portion of the tools, furniture and fixtures are used under lease agreements.

10. Notes regarding Transactions with Related Parties

Subsidiaries and affiliate companies

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Description	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	Toyo Koki Co., Ltd	Akashi City, Hyogo Prefecture	20	Manufacture of molding machines	Direct ownership 100%	One (1)	Entrustment of manufacturing molding machines	Rental revenue (Note 2) (1)	10	—	—
								Dividend income	31	—	—

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Description	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	Toyo Machinery Engineering Co., Ltd	Akashi City, Hyogo Prefecture	10	Maintenance and services for molding machines	Direct ownership 100%	Two (2)	Entrustment of maintenance and services for molding machines	Rental revenue (Note 2) (1)	13	—	—
								Purchase of parts Receipt of	1,882	Accounts payable - other	9

								services (Note 2) (3)		Accounts payable - trade	565
								Dividend income	252	—	—

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Description	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	TOYO MACHINERY (CHANGSHU) CO., LTD.	Changshu, Jiangsu Province, China	RMB 47 million	Manufacture and sale of molding machines	Direct ownership 100%	—	Entrustment of manufacturing molding machines	Recovery of funds (Note 2) (2)	400	—	—
								Interest on loans (Note 2) (2)	1	Accounts receivable - other	12
								Receipt of royalty (Note 2) (4)	52		
								Sales of parts (Note 2) (3)	122	Accounts receivable - trade	99

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Description	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	TOYO MACHINERY & METAL (SHANGHAI) CO., LTD..	Shanghai, China	RMB 3 million	Maintenance and services for molding machines	Direct ownership 100%	One (1)	Entrustment of maintenance and services for molding machines	Dividend income	146	—	—

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Item	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	TOYO INNOVEX (TAIWAN) CO., LTD.	Taipei, Taiwan	NTD 8 million	Maintenance and services for molding machines	Direct ownership 100%	One (1)	Entrustment of maintenance and services for molding machines	Dividend income	33	—	—

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Item	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	TOYO MACHINERY (T) CO., LTD.	Bangkok, Thailand	THB 8 million	Maintenance and services for molding machines	Direct ownership 49%	One (1)	Entrustment of maintenance and services for molding machines	Borrowing of funds	700	Short-term loans payable	700
								Repayment of funds	400		
								Interest on borrowings	3	Accrued expenses	3

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Item	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Consolidated subsidiary	TOYO MACHINERY (M) SDN. BHD.	Selangor, Malaysia	RM 0 million	Maintenance and services for molding machines	Direct ownership 100%	One (1)	Entrustment of maintenance and services for molding machines	Dividend income	85	—	—

(Unit: JPY million)

Category	Name of the entity	Address	Capital stock	Outline of business	Voting rights ownership (owned) ratio	Relationship		Particulars of transaction	Transaction amount	Item	Ending balance
						Officers who concurrently hold their offices	Business relationship				
Subsidiary of affiliated company	TOYO europe srl.	Lombardia, Italy	EUR 0.1 million	Sale of, and maintenance and services for, molding machines	Indirect ownership 30.2%	—	Entrustment of sale of, and maintenance and services for, molding machines	Sale of molding machines and parts therefor (Note 2) (3)	2,602	Accounts receivable - trade	776

(Note 1) The transaction amounts do not include consumption taxes.

(Note 2) Determination policies and the like of trade terms and conditions

- (1) Rental revenue is determined taking into account neighborhood transaction comparables and other factors.
- (2) The interest rates for loans and repayments are determined taking into account the market rate of interest.
- (3) The sale of molding machines, purchase/sale of parts and the receipt of services are determined upon consultations taking into account general terms and conditions.
- (4) The royalty is calculated based on the contractual rate that was determined by and between both companies upon mutual consultation.

11. Notes regarding Per Share Information

1. Net assets per share: JPY 588.94
2. Net loss per share in this fiscal year: JPY 23.17

12. Other Notes

(Non-consolidated Statement of Income)

As for reversal of provision for the loss on disaster in the amount of JPY 273 million recorded as an extraordinary loss, such loss is for injuries and other damage suffered by a hailstorm that occurred on April 16, 2024 on the property, plant and equipment, including buildings, facilities attached to buildings and machinery, equipment at the factory of the Company's head office located in Futami-cho, Akashi City, Hyogo Prefecture. Such amounts accrued as restoration expenses for the property, plant and equipment as well as other losses related to disaster. Also, insurance income on disaster of JPY 301 million recorded as extraordinary profit accrued in association with that the payment of insurance benefits to indemnify the property loss became definite on September 30, 2024 in relation to the damage suffered by a hailstorm that occurred on April 16, 2024 at the factory of the Company's head office.