

May 14, 2026

Company Name: Toyo Engineering Corporation

President & CEO: Eiji Hosoi

Stock Code: 6330, Stock Listing: Tokyo Stock Exchange Prime Market

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Notice Concerning Reduction of Capital Reserve and Appropriation of Surplus

Toyo Engineering Corporation (the “Company”) hereby announces that it has resolved at the meeting of the Board of Directors held today (May 14, 2026) to submit a proposal regarding the Reduction of Capital Reserve and Appropriation of Surplus to the 71st Annual General Meeting of Shareholders scheduled to be held on June 25, 2026.

Details

1. Purpose of Reduction of Capital Reserve and Appropriation of Surplus

The Company plans to cover the deficit in retained earnings to strengthen its financial position and enable an early resumption of dividend payments by reducing the amount of capital reserve and appropriating the surplus.

2. Details of Reduction of Capital Reserve

Pursuant to Article 448, paragraph (1) of the Companies Act, the Company will reduce its capital reserve and transfer the reduced amount to other capital surplus.

(1) Item and amount of reserves to be reduced

Capital reserve	JPY 4,549,744,713
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(2) Item and amount of surplus to be increased

Other capital surplus	JPY 4,549,744,713
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3. Details of Appropriation of Surplus

Pursuant to Article 452 of the Companies Act, the Company will transfer the amount of other capital surplus transferred from the capital reserve based on the transaction shown in 2. above to retained earnings carried forward, thereby offsetting a part of the retained loss carried forward.

(1) Item and amount of surplus to be reduced

Other capital surplus	JPY 4,549,744,713
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(2) Item and amount of surplus to be increased

Retained earnings carried forward	JPY 4,549,744,713
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4. Schedule for Reduction of Capital Reserve and Appropriation of Surplus

Date of the resolution at the meeting of the Board of Directors May 14, 2026

Date of the General Meeting of Shareholders June 25, 2026 (scheduled)

Effective date June 26, 2026 (scheduled)

(Note) As the reduction of capital reserve falls within the proviso to Article 449, paragraph (1) of the Companies Act, the procedures for creditor objections are not required.

5. Future Outlook

Both the reduction of capital reserve and the appropriation of surplus are reclassifications of the "net assets" account on the Company's balance sheet, and there is no change in the Company's profit and loss and the amount of net assets. Therefore, the impact of these transactions on the Company's business performance is none.

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