December 5, 2022

To Those Shareholders with Voting Rights

Toshiya Kohno
President and Chief Executive Officer
TOYO Corporation
1-6, Yaesu 1-chome, Chuo-ku, Tokyo

NOTICE OF THE 70th ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. Date and Time 10:00 a.m., Thursday, December 22, 2022
(Reception starts at 9:00 a.m.)

2. Place Room 2-3, BELLESALLE Yaesu 3F
(Yaesu First Financial Building)
3-7, Yaesu 1-chome, Chuo-ku, Tokyo

3. Agenda of the Meeting:

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 70th Fiscal Term (from October 1, 2021 to September 30, 2022) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 70th Fiscal Term (from October 1, 2021 to September 30, 2022)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Three Directors
Proposal No. 4: Election of One Corporate Auditor
Proposal No. 5: Election of One Substitute Corporate Auditor

Matters relating to attached documents and Reference Documents for the General Meeting of Shareholders

If the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements or the Reference Documents for the General Meeting of Shareholders requires amendment, the information subject to amendment shall be published on the Company's website in its amended form.

The Company's website: https://www.toyo.co.jp/english/ir/financial_data/highlight/

<Voting methods>

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

1. By attending the Ordinary General Meeting of Shareholders to be held on Thursday, December 22, 2022 at 10:00 a.m. (Japan Time)

2. By postal mail

   Deadline for exercise: Your ballot must reach us by post no later than 5:30 p.m. on Wednesday, December 21, 2022 (Japan Time).

3. Via the Internet

   Deadline for exercise: Enter your vote by no later than 5:30 p.m. on Wednesday, December 21, 2022 (Japan Time).

<Instructions on filling out your Voting Rights Exercise Form>

Please indicate your approval or disapproval using the method shown below.

Proposals 1, 2, 4 and 5:

If you approve:	Put a circle in the box marked “賛” [Approve]
If you disapprove:	Put a circle in the box marked “否” [Disapprove]

Proposal No. 3:

If you approve all candidates:	Put a circle in the box marked “賛” [Approve]
If you disapprove all candidates:	Put a circle in the box marked “否” [Disapprove]
If you selectively disapprove certain candidates:	Put a circle in the box marked “賛” [Approve], and also write the candidate number for each candidate you disapprove.

<Matters decided for convocation>

(1) Handling of duplicated exercise of voting rights both in writing and via the Internet

If you exercise your voting rights both in writing and via the Internet, the vote exercised via the Internet will be treated as valid.

(2) Handling of duplicated exercise of voting rights via the Internet

If you exercise your voting rights more than once via the Internet, the last vote will be treated as valid.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

TOYO Corporation (the "Company") regards the return of profits to shareholders as an important management priority, and intends to pay stable and proactive dividends selecting the larger of a dividend on equity (DOE) of 4% or a consolidated dividend payout ratio of 60%.

Based on this policy, the Company proposes that the appropriation of surplus in the current fiscal year be as follows:

Year-End Dividend

(1) Type of dividend property
Cash

(2) Appropriation of dividend property to shareholders and total amount
Payment of ¥30 per common share
Total amount of dividend: ¥702,341,340

(3) Effective date of distribution of surplus
December 23, 2022

Note: Dividends for the fiscal year ended September 30, 2022
If this proposal is approved, combined with the interim dividend of ¥20 already disbursed, the total amount of the annual dividends for the fiscal year ended September 30, 2022 will be ¥50 per share.

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) Amendments to the business purposes

The Company proposes to partially amend the business purposes in Article 2 of the current Articles of Incorporation to accommodate the Company's future business development.

(2) Introduction of the system for providing informational materials for the general meeting of shareholders in electronic format

The Company proposes to partially amend the current Articles of Incorporation as follows, since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) were enforced on September 1, 2022, and the system for providing informational materials for the general meeting of shareholders in electronic format was introduced.

(i) Article 16, paragraph 1 in "Proposed Amendments" below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.

(ii) Article 16, paragraph 2 in "Proposed Amendments" below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.

(iii) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.

(iv) Accompanying the aforementioned deletion, supplementary provisions will be established.

2. The details of the amendments

The details of the amendments are as follows:

(Underlined parts are amended.)

Current Articles of Incorporation	Proposed Amendments
Article 1 (Omitted)	Article 1 (Unchanged)
Article 2 The purpose of the Company shall be to engage in the following business activities:	Article 2 The purpose of the Company shall be to engage in the following business activities:
1. Import and export, domestic sales, manufacture, lease, and repair of the following goods, as well as wholesaling, brokerage, and sales agency businesses	1. Import and export, domestic sales, manufacture, lease, and repair of the following goods, as well as wholesaling, brokerage, and sales agency businesses
(1) Machinery, equipment, tools, electronic appliance devices and equipment, electrical communication devices and equipment, medical equipment, veterinary equipment, steel, non-ferrous metal, ores, vehicles, vessels, civil engineering materials, fertilizer, food products, liquor, agriculture and livestock products, animal feed, and other daily necessities	(1) Machinery, equipment, tools, electronic appliance devices and equipment, electrical communication devices and equipment, medical equipment, veterinary equipment, steel, non-ferrous metal, ores, vehicles, vessels, civil engineering materials, fertilizer, food products, liquor, agriculture and livestock products, animal feed, and other daily necessities
(2) Explosives, agrochemicals, industrial chemicals, chemicals, pharmaceuticals, veterinary pharmaceuticals, and poisonous and deleterious substances	(2) Explosives, agrochemicals, industrial chemicals, chemicals, pharmaceuticals, veterinary pharmaceuticals, and poisonous and deleterious substances
2. Shipping agency business, shipping brokerage business, real estate leasing business, property & casualty insurance business, and <u>construction work design supervision and contracting business</u>	2. Shipping agency business, shipping brokerage business, real estate leasing business, property & casualty insurance business, and <u>architecture and civil engineering construction and contracting business</u>
3. All businesses that are incidental or related to those mentioned in the preceding items.	3. All businesses that are incidental or related to those mentioned in the preceding items.

Current Articles of Incorporation	Proposed Amendments
Articles 3 to 15 (Omitted)	Articles 3 to 15 (Unchanged)
Article 16 When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.	(Deleted)
(Newly established)	Article 16 1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format. 2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.
Articles 17 to 42 (Omitted)	Articles 17 to 42 (Unchanged)
(Newly established)	(Supplementary Provisions) 1. Article 16 of the Articles of Incorporation prior to amendment shall be effective for general meetings of shareholders whose date of the general meeting of shareholders falls on a date within six months from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement"). 2. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.

Proposal No. 3: Election of Three Directors

Messrs. Mitsuru Onodera, Noriyuki Kato and Nobuyoshi Akiyama, the three (3) incumbent Directors of the Company, will complete their term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of three (3) Directors.

Having received a recommendation from the Nomination and Compensation Committee, the Board of Directors nominates Directors who have a deep understanding of the Group's corporate philosophy, have excellent management capabilities and leadership, qualities, broad perspective and foresight necessary for global management, and who have a strong desire to participate in management decisions to achieve sustainable growth of the Group as a member of society. As for candidates for Outside Directors, we nominate human resources who are expected not only to provide advice from an objective perspective to ensure the validity and appropriateness of decision-making by the Board of Directors, but also to make proactive recommendations based on their extensive experience and knowledge, including expertise in specialized fields, etc., for the execution of business in the Company's business divisions.

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career summary	Number of shares of the Company held
1 Reelection	Mitsuru Onodera (Male) (May 18, 1962) Term of office for Director: 8 years Attendance at the Board of Directors meetings: 18/18 (100%)	September 1991 Joined the Company January 2005 Department Manager, Information and Communication Technologies 2nd. Sales Department of the Company January 2010 Executive Officer, Department Manager, Information and Communication Technologies 2nd. Sales Department of the Company December 2014 Director, in charge of Information and Communication Technologies 1st. and 2nd. Sales Department, and Software Solutions of the Company December 2021 Director, Executive VP, in charge of Information Systems Solution Division, Software Solutions, and Life Science & Materials of the Company **October 2022 Director, Executive VP, in charge of Physics and Chemistry Measurement Division, and Software Solutions of the Company (current position)** (Responsibilities in the Company) **Director, Executive VP, in charge of Physics and Chemistry Measurement Division, and Software Solutions**	16,400 shares
Reasons for nomination as candidate for Director	Mr. Mitsuru Onodera has abundant business experience and extensive knowledge in the sales field, and has contributed to improving sales capabilities and securing revenues, among others, in a wide range of business fields, including the Information and Communication Technologies / Cyber Security segment. As he can be expected to use his past experience to continue contributing to enhancing the Company's corporate value, the Company proposes his election as Director.		

Candidate No.	Name (Date of Birth)	Career summary		Number of shares of the Company held
2 New candidate	Yoshimichi Imaizumi (Male) (December 29, 1963) Term of office for Director: – Attendance at the Board of Directors meetings: –	April 1987 October 2014 October 2018 December 2020 January 2021 **October 2022** (Responsibilities in the Company) **Executive Officer, in charge of EMC & Microwave Systems Division and Ocean Measurement Technology Division**	Joined the Company Division Manager, EMC & Microwave Systems of the Company Managing Director of TOYO Corporation China Executive Officer, Senior Division Manager, EMC & Microwave Systems of the Company Executive Officer, Senior Division Manager, EMC & Microwave Systems of the Company, and Chairman of TOYO Corporation China **Executive Officer, in charge of EMC & Microwave Systems Division and Ocean Measurement Technology Division of the Company, and Chairman of TOYO Corporation China (current position)**	10,400 shares
Reasons for nomination as candidate for Director	Mr. Yoshimichi Imaizumi has abundant business experience and extensive knowledge in the sales field, and has contributed to improving sales capabilities and securing revenues, among others, mainly in the EMC / Antenna Systems segment. Furthermore, as Chairman of TOYO Corporation China, he has contributed to expanding and promoting the Company's China business. As he can be expected to use his past experience to contribute to enhancing the Company's corporate value, the Company proposes his election as Director.			

Candidate No.	Name (Date of Birth)	Career summary		Number of shares of the Company held
3 New candidate Outside Independent	Katsuya Nishi (Male) (August 3, 1964) Term of office for Director: – Attendance at the Board of Directors meetings: –	April 1985 June 2009 June 2012 July 2015 June 2016 April 2018 June 2019 June 2021 (Responsibilities in the Company) –	Joined SANDEN CORPORATION Director, Corporate Officer, and General Manager, Corporate Planning Office of SANDEN CORPORATION Director, Executive Corporate Officer, in charge of Corporate Planning, Accounting, Finance, and General Affairs of SANDEN CORPORATION Director, Executive Corporate Officer, and General Manager, Accounting Division of SANDEN CORPORATION, and Representative Director and President of Sanden of America Inc. Director and Vice President of SANDEN CORPORATION Representative Director and Executive Vice President, in charge of Planning, Finance, Accounting, Administration, and Development and Manufacturing Strategy of SANDEN CORPORATION Representative Director and President of SANDEN CORPORATION Retired from Representative Director and President of SANDEN CORPORATION	1,000 shares
Reasons for nomination as candidate for Outside Director and overview of expected roles	Mr. Katsuya Nishi has served as Representative Director and President of SANDEN CORPORATION and has many years' experience in corporate planning, finance, accounting, and corporate management, giving him wide ranging knowledge and experience in these fields. Moreover, as he can be expected to provide appropriate opinions and guidance regarding the Company's overall management, and to be involved in the selection of candidates for officers and decisions on executive compensation, etc. from an objective and neutral standpoint, the Company proposes his election as Outside Director.			

Notes: 1. No conflict of interest exists between the Company and the above candidates for Directors.
2. Mr. Katsuya Nishi is a candidate for Outside Director.
3. The Company plans to designate Mr. Katsuya Nishi as an Independent Outside Director pursuant to the rules of Tokyo Stock Exchange, Inc.
4. If this proposal is approved, the number of the Company's Directors will be eight (8) (of whom three (3) are Outside Directors).
5. Overview of directors and officers liability insurance policy
The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2023.
If this proposal is approved as proposed and each candidate assumes office, the candidates will be insureds.
(i) Summary of insurance incidents covered
The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
(ii) Insurance premiums
Insurance premiums are borne by the Company.

<Policies for the election (nomination) of Directors>

We nominate Directors who have a deep understanding of the Group's corporate philosophy, have excellent management capabilities and leadership, qualities, broad perspective and foresight necessary for global management, and who have a strong desire to participate in management decisions to achieve sustainable growth of the Group as a member of society.

As for candidates for Outside Directors, we nominate human resources who are expected not only to provide advice from an objective perspective to ensure the validity and appropriateness of decision-making by the Board of Directors, but also to make proactive recommendations based on their extensive experience and knowledge, including expertise in specialized fields, etc., for the execution of business in the Company's business divisions.

Furthermore, in order to strengthen the supervisory function of business execution, we nominate human resources who meet the following requirements as independent Outside Directors.

- Oversee management through important decision making by the Board of Directors
- Oversee conflicts of interest between the Company, management and controlling shareholders, etc.
- Appropriately reflect the opinions of minority shareholders and other stakeholders to the Board of Directors
- Oversee management from an objective standpoint independent of management
- Ensure there is no risk of conflict of interest with general shareholders

<Procedures for the election (nomination) of Directors>

Regarding the procedure for nominating candidates for Directors, after receiving the deliberation and recommendation of the Nomination and Compensation Committee, the Board of Directors will make a resolution and submit it to the General Meeting of Shareholders.

<Criteria for judging independence>

The Company selects candidates for Independent Directors and Corporate Auditors in accordance with the requirements of independence of the Tokyo Stock Exchange, Inc.

Proposal No. 4: Election of One Corporate Auditor

Ms. Kiyo Morikawa will complete her term of office at the closing of this General Meeting of Shareholders. Consequently, the Company proposes the election of one (1) Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Corporate Auditor is as follows:

Name (Date of Birth)	Career summary and position in the Company		Number of shares of the Company held
Kiyo Morikawa (Name in family register: Kiyo Igarashi) (Female) (February 15, 1970) Reelection Outside Independent Attendance at the Board of Directors meetings: 18/18 (100%) Attendance at the Board of Corporate Auditors meetings: 9/9 (100%)	October 2001 October 2010 December 2014 September 2015 June 2020 [Significant concurrent positions] Attorney-at-Law (Morikawa Law Office) Outside Corporate Auditor of TEMONA Inc. Outside Auditor of INFOCOM CORPORATION	Registered as Attorney-at-Law (Dai-Ichi Tokyo Bar Association) Joined Okamura Law Office Opened and serves as representative of Morikawa Law Office (current position) Corporate Auditor of the Company (current position) Outside Corporate Auditor of TEMONA Inc. (current position) Outside Auditor of INFOCOM CORPORATION (current position)	0 shares
Reasons for nomination as candidate for Outside Corporate Auditor	Ms. Kiyo Morikawa, serving as Outside Corporate Auditor of the Company, has provided beneficial opinions and guidance based on highly considerable expertise and abundant experience as an attorney-at law, including advice and guidance to Directors and Corporate Auditors. As she can be expected to continue providing appropriate opinions and guidance for compliance with laws and regulations and the Articles of Incorporation as well as for the maintenance and improvement of the Company's compliance system, the Company proposes her election as Outside Corporate Auditor. Although she has no past experience of direct involvement in corporate management other than as an outside corporate officer, the Company comprehensively judged that she is able to perform her duties appropriately, taking into account her aforementioned knowledge and practical experience, and so forth.		

Notes: 1. No conflict of interest exists between the Company and the above candidate for Corporate Auditor.
2. Ms. Kiyo Morikawa is a candidate for Outside Corporate Auditor.
3. The Company has registered Ms. Kiyo Morikawa as an Independent Corporate Auditor pursuant to the rules of Tokyo Stock Exchange, Inc. If she is reelected, the Company intends to continue to designate her as an Independent Corporate Auditor.
4. Ms. Kiyo Morikawa is an incumbent Outside Corporate Auditor of the Company. She will have held the position of Corporate Auditor for eight (8) years at the closing of this General Meeting of Shareholders.
5. If this proposal is approved, the number of the Company's Corporate Auditors will be three (3) (all of whom are Outside Corporate Auditors).
6. Overview of directors and officers liability insurance policy
   The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2023.
   If this proposal is approved as proposed and the candidate assumes office, the candidate will be an insured.
   (i) Summary of insurance incidents covered
   The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.
   (ii) Insurance premiums
   Insurance premiums are borne by the Company.

<Reference>

The Skills Matrix of the Board of Directors after Proposals No. 3 and No. 4 are approved as proposed, is as follows:

Skills Matrix of the Company's Board of Directors

In light of the Company's medium- to long-term management direction and business strategy, the expertise and experience of the Company's officers have so that the Board of Directors of the Company appropriately exercises its decision-making and supervisory functions toward realization of the Medium-term Management Plan are as below.

	Name	Corporate Management	Science & Technology	Sales/Marketing	Global Business	Finance/Accounting /Human Resources	Legal/Risk Management
Inside Director	Toshiya Kohno	●	●	●	●		
	Masataka Kashiwa	●			●	●	●
	Mitsuru Onodera		●	●	●		
	Yasushi Kumagawa		●	●	●		
	Yoshimichi Imaizumi	●	●	●	●		
Outside Director	Yoshiyuki Imabayashi		●	●	●	●	
	Miyuki Suka			●	●	●	
	Katsuya Nishi	●			●	●	
Outside Corporate Auditor	Kazuhiko Nozaki	●			●		●
	Kiyo Morikawa		●				●
	Shigehisa Horinokita					●	●

Proposal No. 5: Election of One Substitute Corporate Auditor

To prepare for a contingency in which the Company does not have the number of Corporate Auditors required by laws and regulations, the Company proposes the election of one (1) Substitute Corporate Auditor.

The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidate for Substitute Corporate Auditor is as follows:

Name (Date of Birth)	Career summary		Number of shares of the Company held
Hironobu Matsuo (Male) (July 22, 1958)	April 1982	Joined Komatsu Ltd.	0 shares
	January 2006	Vice President of Komatsu (China) Ltd.	
	April 2008	General Manager, Corporate Controlling Department of Komatsu Ltd.	
	June 2012	General Manager, Internal Auditing Department of Komatsu Ltd.	
	April 2013	Executive Officer of Komatsu Ltd.	
	June 2017	Standing Audit & Supervisory Board Member of Komatsu Ltd.	
	June 2021	Retired from Standing Audit & Supervisory Board Member of Komatsu Ltd.	
	October 2021	Temporary employee of the Company (current position)	
Reasons for nomination as candidate for Substitute Corporate Auditor	Mr. Hironobu Matsuo worked in the accounting and audit departments of Komatsu Ltd. for many years, and served as its Standing Audit & supervisory Board Member. Since October 2021, he has been providing guidance and advice to the Company's accounting department, and the Company therefore proposes his election as Substitute Corporate Auditor.		

Notes: 1. No conflict of interest exists between the Company and the above candidate for Substitute Corporate Auditor.

2. Overview of directors and officers liability insurance policy

The Company has concluded a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act with the officers, etc. of the Company and its consolidated subsidiaries as insured persons, which is scheduled to be renewed in April 2023.

If this proposal is approved as proposed and the candidate assumes office as Corporate Auditor, the candidate will be an insured.

(i) Summary of insurance incidents covered

The policy covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties as an officer or a person at a certain position, or receipt of claims pertaining to the pursuit of such liability.

(ii) Insurance premiums

Insurance premiums are borne by the Company.

(Attached documents)

Business Report
(From October 1, 2021 to September 30, 2022)

Business Overview of the Company and affiliated companies (the "Group")

Business Performance

Progress and Results of Operations

Consolidated net sales for the fiscal year under review increased by 12.7% year on year to ¥26,490 million, which comprised domestic sales of ¥24,826 million and overseas sales, mainly to China and the U.S., of ¥1,663 million. Operating income increased by 35.2% year on year to ¥2,332 million, ordinary income increased by 24.5% year on year to ¥2,777 million, and net income attributable to owners of parent increased by 10.7% year on year to ¥1,919 million.

Orders came to ¥30,226 million (up 17.8% year on year), and the order backlog was ¥15,547 million (up 31.6% year on year), reflecting brisk order activity in Japan in fields such as carbon neutrality and next-generation automotive technology, as well as favorable orders in China and the United States.

The fiscal year under review was the first fiscal year of the Medium-Term Management Plan "TY2024" (Management targets for the fiscal year ending September 30, 2024: net sales ¥30.0 billion, operating income ¥3.5 billion, ROE 8.0%). The Company achieved all of the operating results forecast at the beginning of the year (net sales ¥26.0 billion, operating income ¥2.1 billion, ordinary income ¥2.3 billion, net income attributable to owners of parent ¥1.6 billion). We will continue to promote growth strategies, aiming to achieve the targets of the medium-term management plan.

The results by business segment were as follows:

(Information and Communication Technologies / Cyber Security)

In the Information and Communication Technologies / Cyber Security business, strong demand continued from telecommunication carriers for testing towards commercial 5G services and from companies for testing telecommunication quality associated with promotion of DX. Moreover, sales of information security products for enterprises were strong. However, due to shipment delays caused by electronic component shortages and so forth, net sales decreased and the order backlog increased. As a result, net sales decreased by 0.6% year on year to ¥6,806 million and segment income decreased by 8.9% year on year to ¥693 million.

(Mechatronics / Noise & Vibration)

In the Mechatronics / Noise & Vibration business, net sales and segment income both increased as R&D investment in the vibration and noise field recovered to pre-COVID-19 pandemic levels. Furthermore, the order backlog increased with the receipt of a large order for solutions for automated driving development from a major U.S. automaker. As a result, net sales increased by 13.0% year on year to ¥4,926 million, while segment income increased by 20.6% year on year to ¥894 million.

(Physics / Energies)

In the Physics / Energies business, measurement systems for next-generation battery development, particularly all-solid-state batteries and so forth, and quick charge evaluation devices for electric vehicles (EVs) performed favorably amid continued investment in carbon neutrality. Net sales increased due to securing strong inventories of high-demand products, driving a significant increase in segment income. As a result, net sales increased by 23.2% year on year to ¥6,036 million, while segment income increased by 64.8% year on year to ¥1,397 million.

(EMC / Antenna Systems)

In the EMC / Antenna Systems business, in the EMC field, demand for use in automobiles and industrial machines recovered. In the OTA and antenna field, demand increased due to vigorous new investment. Furthermore, sales increased dramatically as installation calibration operations in Japan by overseas technicians and shipments in China became possible again after delays due to the resurgence of COVID-19. In addition, segment income also increased, despite an increase in selling general and administrative expenses due to advance investments in in-house development. As a result, net sales increased by 32.4% year on year to ¥4,324 million, while segment income increased by 7.8% year on year to ¥287 million.

(Ocean / Defense & Security)

In the Ocean / Defense & Security business, net sales and segment income both increased due to sales of a large project related to special equipment. Meanwhile, orders decreased, mainly reflecting a halt in manufacturing of mainstay products related to the ocean due to an electronic component shortage. As a result, net sales increased by 31.7% year on year to ¥1,712 million, while segment income increased by 38.5% year on year to ¥300 million.

(Software Quality and Productivity)

In the Software Quality & Productivity business, net sales rose due to solid demand in the field of game development, application security, and automotive software development; however, segment income decreased due to a decline in the gross profit margin following strategic sales expansion initiatives such as collaboration with secondary sales agents. As a result, net sales increased by 6.6% to ¥1,835 million and segment income decreased by 0.9% to ¥377 million.

(Life Science / Materials)

In the Life Science / Materials business, net sales fell due to sluggishness in sales for image enhancing software in the life science field and sales in the material science field. As a result, net sales decreased by 24.3% to ¥849 million and segment loss was ¥9 million (segment loss of ¥11 million in the previous fiscal year).

Consolidated Balance Sheet

(As of September 30, 2022)

(Thousands of yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current assets	**17,047,173**	**Current liabilities**	**7,344,124**
Cash and deposits	3,787,571	Notes and accounts payable - trade	1,768,756
Notes and accounts receivable - trade, and contract assets	4,774,545	Income taxes payable	153,902
Securities	2,436,363	Contract liabilities	3,941,225
Merchandise and finished goods	3,116,224	Provision for bonuses	832,027
Other	2,932,968	Provision for directors' bonuses	73,000
Allowance for doubtful accounts	(500)	Other	575,212
Non-current assets	**24,545,739**	**Non-current liabilities**	**4,850,403**
Property, plant and equipment	**14,992,407**	Net defined benefit liability	654,627
Buildings and structures	2,651,587	Long-term advances received	4,060,080
Vehicles	10,793	Other	135,696
Tools, furniture and fixtures	627,338	**Total liabilities**	**12,194,528**
Land	11,507,790	**Net assets**	
Construction in progress	194,897	**Shareholders' equity**	**29,380,999**
Intangible assets	**948,172**	Capital stock	4,158,000
Goodwill	93,370	Capital surplus	4,603,500
Software	539,146	Retained earnings	23,664,469
Software in progress	217,913	Treasury stock	(3,044,970)
Other	97,740	**Accumulated other comprehensive income**	**(118,800)**
Investments and other assets	**8,605,159**	Valuation difference on available-for-sale securities	(30,177)
Investment securities	6,005,615	Deferred gains or losses on hedges	79,600
Net defined benefit asset	598,576	Foreign currency translation adjustments	(121,509)
Deferred tax assets	803,891	Remeasurements of defined benefit plans	(46,714)
Long-term time deposits	700,000	**Subscription rights to shares**	**136,186**
Other	529,511		
Allowance for doubtful accounts	(32,435)	**Total net assets**	**29,398,384**
Total assets	**41,592,913**	**Total liabilities and net assets**	**41,592,913**

Note: Amounts are rounded down to the nearest thousand yen.

Consolidated Statement of Income

(From October 1, 2021 to September 30, 2022)

(Thousands of yen)

Account Title	Amount	
Net sales		**26,490,197**
Cost of sales		**14,930,310**
Gross profit		**11,559,886**
Selling, general and administrative expenses		**9,227,075**
Operating income		**2,332,810**
Non-operating income		
Interest income	118,964	
Dividend income	64,830	
Foreign exchange gain	262,519	
Other	59,439	505,754
Non-operating expenses		
Interest expenses	808	
Compensation expenses	31,000	
Share of loss of entities accounted for using equity method	18,275	
Loss on investments in investment partnerships	8,920	
Other	1,629	60,634
Ordinary income		**2,777,931**
Extraordinary income		
Gain on sales of non-current assets	52,554	52,554
Extraordinary losses		
Loss on disposal of non-current assets	1,412	
Loss on liquidation of subsidiaries and associates	4,794	6,206
Income before income taxes		**2,824,278**
Income taxes - current	541,736	
Income taxes - deferred	362,645	904,382
Net income		**1,919,896**
Net income attributable to owners of parent		**1,919,896**

Note: Amounts are rounded down to the nearest thousand yen.

Consolidated Statement of Changes in Net Assets

(From October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	4,158,000	4,603,500	23,411,295	(2,721,684)	29,451,111
Cumulative effects of changes in accounting policies			(552,185)		(552,185)
Restated balance	4,158,000	4,603,500	22,859,110	(2,721,684)	28,898,926
Changes of items during the period					
Dividends of surplus			(1,112,408)		(1,112,408)
Net income attributable to owners of parent			1,919,896		1,919,896
Purchase of treasury stock				(373,566)	(373,566)
Disposal of treasury stock			(2,129)	50,280	48,151
Net changes of items other than shareholders' equity					
Total changes of items during the period	–	–	805,358	(323,285)	482,073
Balance at the end of current period	4,158,000	4,603,500	23,664,469	(3,044,970)	29,380,999

	Accumulated other comprehensive income					Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	196,647	6,239	(86,861)	32,093	148,118	137,808	29,737,038
Cumulative effects of changes in accounting policies							(552,185)
Restated balance	196,647	6,239	(86,861)	32,093	148,118	137,808	29,184,853
Changes of items during the period							
Dividends of surplus							(1,112,408)
Net income attributable to owners of parent							1,919,896
Purchase of treasury stock							(373,566)
Disposal of treasury stock							48,151
Net changes of items other than shareholders' equity	(226,824)	73,361	(34,647)	(78,808)	(266,919)	(1,622)	(268,541)
Total changes of items during the period	(226,824)	73,361	(34,647)	(78,808)	(266,919)	(1,622)	213,531
Balance at the end of current period	(30,177)	79,600	(121,509)	(46,714)	(118,800)	136,186	29,398,384

Note: Amounts are rounded down to the nearest thousand yen.

Non-consolidated Balance Sheet

(As of September 30, 2022)

(Thousands of yen)

Account Title	Amount	Account Title	Amount
Assets		**Liabilities**	
Current assets	**14,637,329**	**Current liabilities**	**5,830,745**
Cash and deposits	2,925,515	Notes payable - trade	90,646
Notes and accounts receivable - trade, and contract assets	4,721,058	Accounts payable - trade	1,426,697
Securities	2,436,363	Accounts payable - other	387,593
Merchandise	2,754,003	Income taxes payable	149,930
Advance payments - trade	201,461	Contract liabilities	2,758,070
Other	1,599,426	Provision for bonuses	830,000
Allowance for doubtful accounts	(500)	Provision for directors' bonuses	73,000
Non-current assets	**25,847,685**	Other	114,806
Property, plant and equipment	**14,945,525**	**Non-current liabilities**	**4,800,231**
Buildings	2,644,135	Provision for retirement benefits	660,207
Structures	7,452	Long-term advances received	4,060,080
Vehicles	10,793	Asset retirement obligations	44,594
Tools, furniture and fixtures	600,223	Other	35,350
Land	11,507,790	**Total liabilities**	**10,630,976**
Construction in progress	175,130	**Net assets**	
Intangible assets	**867,705**	**Shareholders' equity**	**29,668,429**
Software	545,635	Capital stock	4,158,000
Software in progress	224,328	Capital surplus	4,603,500
Other	97,740	Legal capital surplus	4,603,500
Investments and other assets	**10,034,454**	Retained earnings	23,951,899
Investment securities	5,943,333	Legal retained earnings	581,208
Shares of subsidiaries and associates	400	Other retained earnings	23,370,691
Investments in capital of subsidiaries and associates	390,200	General reserve	17,000,000
Long-term loans receivable	1,400	Retained earnings brought forward	6,370,691
Long-term loans receivable from subsidiaries and associates	722,601	Treasury stock	(3,044,970)
Insurance funds for directors	292,805	**Valuation and translation adjustments**	**49,423**
Prepaid pension cost	671,487	Valuation difference on available-for-sale securities	(30,177)
Deferred tax assets	767,244	Deferred gains or losses on hedges	79,600
Long-term time deposits	700,000	**Subscription rights to shares**	**136,186**
Other	700,056		
Allowance for doubtful accounts	(155,075)	**Total net assets**	**29,854,039**
Total assets	**40,485,015**	**Total liabilities and net assets**	**40,485,015**

Note: Amounts are rounded down to the nearest thousand yen.

Non-consolidated Statement of Income

(From October 1, 2021 to September 30, 2022)

(Thousands of yen)

Account Title	Amount	
Net sales		**25,192,706**
Cost of sales		**13,977,313**
Gross profit		**11,215,392**
Selling, general and administrative expenses		**8,639,706**
Operating income		**2,575,686**
Non-operating income		
Interest income	1,255	
Interest on securities	115,998	
Dividend income	64,830	
Foreign exchange gain	188,559	
Provision of allowance for doubtful accounts	27,984	
Other	39,329	437,957
Non-operating expenses		
Interest expenses	808	
Loss on investments in investment partnerships	8,920	
Other	846	10,575
Ordinary income		**3,003,069**
Extraordinary income		
Gain on sales of non-current assets	52,554	52,554
Extraordinary losses		
Loss on disposal of non-current assets	1,412	
Loss on valuation of shares of subsidiaries and associates	21,993	
Loss on liquidation of subsidiaries and associates	4,794	28,199
Income before income taxes		**3,027,424**
Income taxes - current	534,000	
Income taxes - deferred	374,487	908,487
Net income		**2,118,936**

Note: Amounts are rounded down to the nearest thousand yen.

Non-consolidated Statement of Changes in Net Assets

(From October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus	Retained earnings			Total retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings				
				General reserve	Retained earnings brought forward			
Balance at the beginning of current period	4,158,000	4,603,500	581,208	17,000,000	5,933,713	23,514,921	(2,721,684)	29,554,737
Cumulative effects of changes in accounting policies					(567,420)	(567,420)		(567,420)
Restated balance	4,158,000	4,603,500	581,208	17,000,000	5,366,293	22,947,501	(2,721,684)	28,987,317
Changes of items during the period								
Dividends of surplus					(1,112,408)	(1,112,408)		(1,112,408)
Net income					2,118,936	2,118,936		2,118,936
Purchase of treasury stock							(373,566)	(373,566)
Disposal of treasury stock					(2,129)	(2,129)	50,280	48,151
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	–	–	1,004,398	1,004,398	(323,285)	681,112
Balance at the end of current period	4,158,000	4,603,500	581,208	17,000,000	6,370,691	23,951,899	(3,044,970)	29,668,429

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at the beginning of current period	196,647	6,239	202,886	137,808	29,895,433
Cumulative effects of changes in accounting policies					(567,420)
Restated balance	196,647	6,239	202,886	137,808	29,328,012
Changes of items during the period					
Dividends of surplus					(1,112,408)
Net income					2,118,936
Purchase of treasury stock					(373,566)
Disposal of treasury stock					48,151
Net changes of items other than shareholders' equity	(226,824)	73,361	(153,463)	(1,622)	(155,086)
Total changes of items during the period	(226,824)	73,361	(153,463)	(1,622)	526,026
Balance at the end of current period	(30,177)	79,600	49,423	136,186	29,854,039

Note: Amounts are rounded down to the nearest thousand yen.