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

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Notice Regarding Recording of Extraordinary Income (Gain on Step Acquisitions) and Extraordinary Loss (Impairment loss on Goodwill)

Toyo Engineering Corporation (the “Company”) has consolidated TS Participações e Investimentos S.A. (“TSPI”), which was an equity method affiliate of the Company, through the additional acquisition of its shares in June, 2024, and also consolidated TSE S.A. and Estaleiros do Brasil Ltda., which were the subsidiaries of TSPI and equity method affiliates of the Company, as announced in the “Notice Regarding the Consolidation of Equity Method Affiliates” on April 25, 2024.

Accordingly, the Company hereby announces that it has recorded an extraordinary income (gain on step acquisitions) and extraordinary loss (impairment loss on goodwill) for the three months ended June 30, 2024 (April 1, 2024 through June 30, 2024).

1. Recording of extraordinary income (gain on step acquisitions)

In connection with the additional acquisition of the shares of TSPI, which was an equity method affiliate of the Company, the Company has revaluated the equity that had been owned prior to the additional acquisition at their acquisition-date fair value, and recorded a valuation gain (gain on step acquisitions) of 4,155 million yen as extraordinary income.

2. Recording of extraordinary loss (impairment loss on goodwill)

Regarding the goodwill recognized in the procedure to consolidate TSPI, the Company has recorded an impairment loss on goodwill of 4,154 million yen as extraordinary loss as a result of examining the recoverability based on TSPI’s future business prospect.

3. Impact on financial results

The recording of extraordinary income (gain on step acquisitions) and extraordinary loss (impairment loss on goodwill) has an immaterial impact on the full-year consolidated financial results forecast announced on May 15, 2024.